GFSEC Steel Excess Capacity Monitoring Bulletin

June 2026

The third edition of the GFSEC Steel Excess Capacity Monitoring Bulletin reviews the latest developments on a range of indicators that monitor capacity imbalances, steel trade dynamics. and trade remedy developments between Q3 2025 and Q1 2026. This period saw continued rising global steel excess capacity (section 1), the first drop in China's finished steel exports since 2020.. India became a net exporter (section 2), while trade remedy activities continued to increase (section 3). The bulletin also shows the rise in Chinese market share in steel wire rod exports over a slightly longer period (section 4).

Key takeaways

Overview

- In Q4 2025, steel excess capacity recorded its sharpest increase, rising to an estimated 211 mmt and bringing global excess capacity for the year to 640 mmt.
- The People's Republic of China (hereafter "China") remains the principal contributor to global excess capacity. Its share of global excess capacity rose from 54% in Q3 2025 to 56.6% in Q4 2025.

Notable changes in steel trade until Q1 2026

- The first quarter of 2026 was marked by early signals indicating a slowdown in China's finished steel exports, an estimated 19.9% drop compared to Q4 2025 (-9% y/y).
- As of October 2025, India became a net exporter of finished steel, with a trade surplus growing from 0.39 mmt in Q4 2025 to 0.69 mmt in Q1 2026.
- GFSEC finished steel trade contracted in the last quarter of 2025, with both exports and imports decreasing by 13% y/y and 11% y/y, respectively.

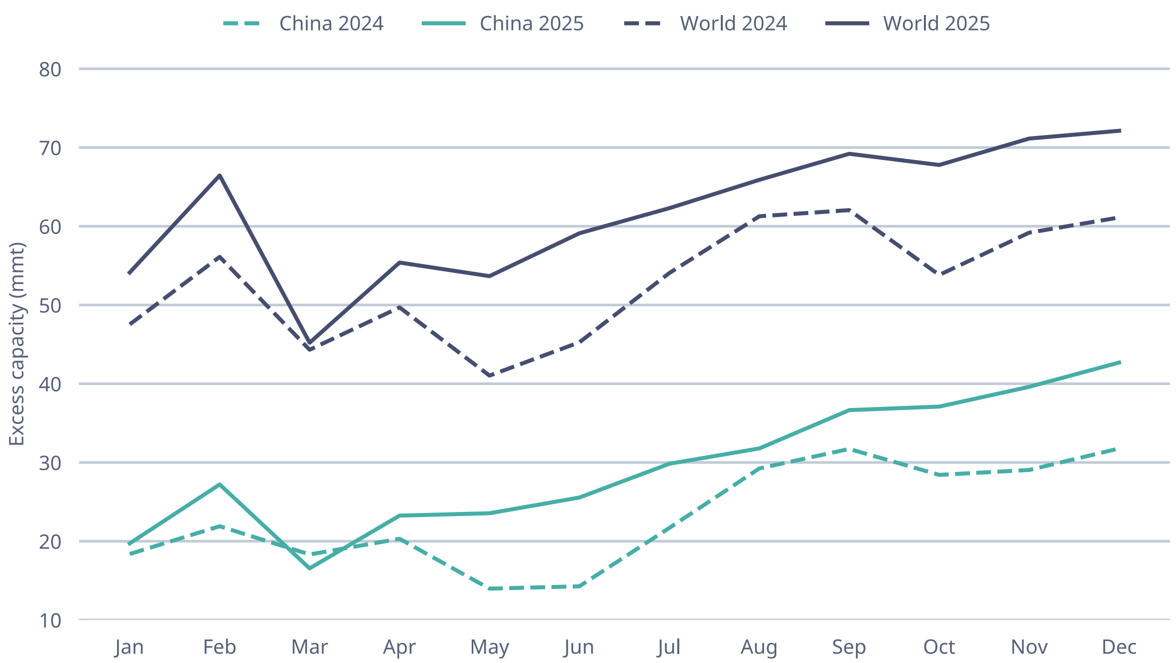
Latest trade remedy activities

- Trade investigations launched in Q4 2025 on steel trade covered an estimated value of $575.5 million, with China accounting for over 90% of the affected volume.
- The imposition of preliminary duties in Q4 2025 has had mixed impacts on imports of Chinese finished steel products in early 2026. While imports declined in Australia and Türkiye, South Africa continued to record an increase in imports of Chinese steel products.

1. Overview

In 2025, global steel markets experienced increasing levels of excess capacity, driven primarily by capacity additions outpacing reductions, especially in China, against a backdrop of declining production. On a quarterly basis, steel excess capacity rose by an estimated 211 million metric tonnes (mmt) in Q4 2025, representing a 21.2% year-on-year (y/y) increase compared to the same period in 2024. At the same time, global crude steel consumption contracted by 4.5% year on year, further exacerbating the global demand/capacity gap. Excess capacity economies continued to channel surplus output into export markets, reinforcing downward pressures on prices through high volume and low-priced shipments.

Figure 1. Excess capacity trends, January 2024 to December 2025



Source: OECD.
Note: The global estimates were revised on a monthly basis, compared to the Q1 2026 bulletin, with a country coverage of 93 countries.

China's steel sector imbalances reached record levels in 2025. The gap between domestic steel demand and production capacity widened significantly, expanding within a range of 8.3% to 40% y/y across the four quarters of 2025. In Q4 2025, China's contribution to global steel excess capacity was estimated to reach 56.6%, significantly higher than in the preceding three quarters of 2025. The structural imbalances in the Chinese steel sector significantly deteriorated in the final quarter of the year, with demand falling significantly (-28.9 mmt), against the background of net capacity additions of 2.95 mmt at the end of the year.

Capacity utilisation rates in a number of steel-producing countries outside the GFSEC declined, while the export share of their production increased. Among 40 non-GFSEC steel producing economies, 18 recorded a decline in capacity utilisation rates between Q4 2024 and Q4 2025. At the same time, export-oriented production, measured as the share of crude steel exports in total production, increased significantly in these countries. In particular, this share increased from 22.6% to 50% in Algeria, from 21% to 27% in the Russian Federation and from 18% to 21% in China, alongside smaller but notable increases in India, Morocco and Pakistan.

Excess capacity is expected to continue growing, albeit with significant uncertainties. On the supply side, an additional steelmaking capacity of 7.9 mmt is projected to come online in 2026, mainly driven by expansions in Iran (4.2 mmt), Bangladesh (1.5 mmt), Uzbekistan (1.1 mmt) and Morocco (1 mmt). However, recent geopolitical developments are likely to delay Iran's planned capacity expansion, with the 4.2 mmt previously expected for 2026 likely to be postponed. On the demand side, early indications for mid-2026 point to a continued decline in global steel demand, suggesting that global steel excess capacity could exceed 719 mmt in 2027.

2. Steel trade shifts until Q1 2026

Notable trade shifts in China and India

In Q1 2026, early signals pointed to a slowdown in China's finished steel exports. China's export volumes of finished steel declined by an estimated 19.9% quarter on quarter compared to Q4 2025 (and by 9% year on year), marking the first contraction since 2020. It remains unclear whether this decline will continue and what factors are driving it. It could be driven by trade remedy measures imposed against China in 2024-2025, or the re-introduction of China's steel export licencing system for low-value added steel[1]. At the same time, shipments of high-value added finished steel fell by 5.6% year on year in Q1 2026, corresponding to a 17.6% decrease compared to the previous quarter.

India became a net exporter of finished steel in Q4 2025. India's finished steel exports rose sharply to 3 mmt, reflecting a 27.6% year-on-year increase, while imports fell to 2.6 mmt, down 14.8% from the previous year. Key export destinations of Indian finished steel in Q4 included Italy, Viet Nam, Belgium, the United Arab Emirates (UAE) and Spain. Following its shift to net exporter status in Q4 2025, India's trade surplus more than doubled, from 0.39 mmt in Q4 2025 to 0.69 mmt in Q1 2026, although it remains modest in absolute terms.

Finished and semi-finished steel exports

Previous sustained growth in finished steel products exports has been driven by specific product segments, particularly in China. Up to Q4 2025, Chinese finished steel exports grew by 2.8% year-on-year, mainly supported by strong export growth in long products (+ 29% y/y). However, this trend has slowed in Q1 2026 with long products export rising only by 4.2% year on year and declining by 18.1% compared with Q4 2025. In the Middle East, Iran's exports of finished steel increased by 5% in Q4 2025 (y/y) driven mainly by flat products (+114% y/y), while in North Africa, Morocco's exports sharply rose by 122% y/y similarly led by flat products (+162% y/y). In Southeast Asia, Indonesia exported more finished steel (+37% y/y) with large increases for flat and long products. By contrast, in East Asia, exports contracted in Chinese Taipei by 12.8% y/y in Q4 2025.

Semi-finished steel exports remained an important part of total exports for China and Iran. Semi-finished steel exports continue to play a central role in China's export mix, despite recent policy tightening. In Q4 2025, China's semi-finished steel exports reached

[1] The list of low-value steel products subject to China's export licences cover raw and semi-finished products, billets, hot-rolled coil, cold-rolled coil, coated, and other steel types, based on HS-10 level.

record levels, rising to 4.07 mmt up 42% year on year. In Q1 2026, after China re-introduced an export licensing system on lower value-added steel products, semi-finished exports were still 28.8% higher than a year earlier, although they fell by 19.6% compared to the previous quarter.

In Q4 2025, Iran exported 1.58 mmt of steel ingots (a strong increase of 77% y/y) and 0.8 mmt of other semi-finished products, particularly steel billets and slabs (10.6% y/y). In early 2026, these trade flows have been affected by the disruptions in the Strait of Hormuz.

Steel trade imbalances

Non-GFSEC trade deficits with China have widened in a few key regions. Between Q3 2025 and Q4 2025 China ran a larger steel trade surplus with **31** trade partners. In Q4 2025, China's trade surplus with Southeast Asian countries expanded from 7.1 mmt to 8.6 mmt, while the surplus with African countries (excluding South Africa) increased from 2.2 mmt to 2.56 mmt.

GFSEC situation

GFSEC steel trade contracted in the last quarter of 2025. In Q4 2025, GFSEC imports of finished steel fell by 11% y/y to 42.6 mmt, mainly driven by lower imports of flat (-3.3 mmt) and long products (-1.4 mmt). Over the same period, finished steel exports declined by 13% y/y to 42.5 mmt, mainly driven by a 4.2 mmt drop in flat products exports. With GFSEC exports contracting faster than imports, the GFSEC trade deficit widened by around 0.5 mmt year on year in Q4 2025.

Import penetration rates across GFSEC economies remain elevated. Crude steel demand in the GFSEC area recorded a slight increase, rising from 119 mmt in Q3 2025 to 120 mmt in Q4 2025. With GFSEC imports decreasing rapidly in Q4 2025, the import share in demand for steel fell to 15.6% from 20.9% in Q4 2024, against a backdrop of stagnant or declining GFSEC production. Import penetration rates continued to rise in several GFSEC economies, including in Australia, Argentina and Brazil.

Figure 2. Steel import penetration by source economy and market region, Q4 2025

Regional markets

Source economies	Africa	CIS and Ukraine	EU27	Middle East	North America	South America	Southeast Asia
China	36.3 ↓	4.7 ↓	6.5 ↑	24.8 ↓	1.7 ↓	29.7 ↑	58.9 ↓
Egypt	1.0 →	0.0 →	0.7 ↓	0.2 ↓	0.0 →	0.7 →	0.6 ↑
India	0.6 ↓	0.1 →	3.7 ↑	2.2 ↑	0.9 ↑	0.3 ↓	2.4 ↑
Iran	0.0 →	0.0 ↓	0.1 →	0.2 ↓	0.0 →	0.0 →	0.0 ↓
Kazakhstan	1.8 ↑	0.0 →	0.3 ↑	0.0 →	0.0 →	0.0 →	0.3 ↑
Morocco	0.1 →	0.0 →	0.0 →	0.0 →	0.0 →	0.0 →	0.0 →
Pakistan	0.0 →	0.0 →	0.1 ↑	0.0 →	0.0 →	0.0 →	0.0 →
EC economies	39.8 ↓	4.8 ↓	12.9 ↑	27.7 ↓	3.7 ↓	30.8 ↑	65.8 ↓

Penetration rate (%): 10 20 30 40 50 60

Source: OECD calculations based on ISSB, UN Comtrade and WorldSteel.
Note: Data points refer to the import penetration level from a source economy to a region/country based on data available in Q4 2025. The increases/decreases in import penetration growth are presented as up/down arrows and are based on the same quarter in 2024 for comparison.

3. Latest trade remedy activities

After reaching record levels in 2024, trade remedy activity has continued steadily in 2025. In the fourth quarter of 2025, eight trade remedy investigations were initiated on finished steel products from non-GFSEC economies, comprising seven anti-dumping (AD) cases and one countervailing duty (CVD) case. Globally, 75 new investigations were launched in 2025, a decrease from 90 cases in 2024. In Q4, steel import markets[2] targeted by newly initiated AD and CVD investigations were valued at $575.5 million, corresponding to approximately 135 thousand tonnes in volumes, with flat products being the main target of these investigations.

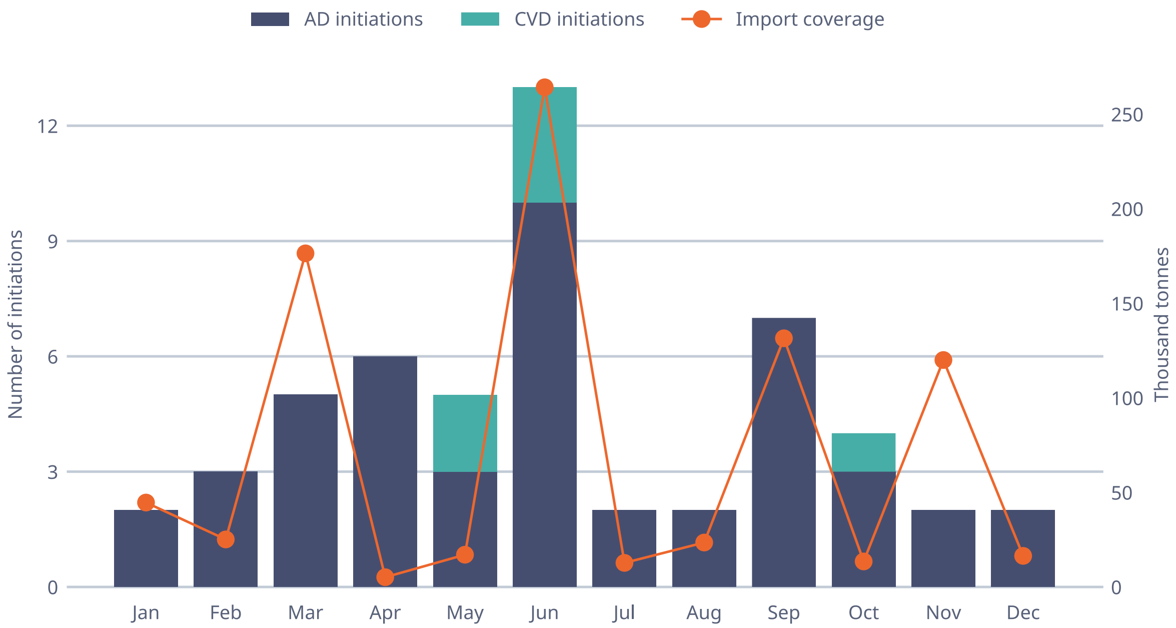
Both GFSEC and non-GFSEC countries have initiated anti-dumping investigations on certain Chinese steel products. Of the seven cases initiated against non-GFSEC countries in Q4 2025, China was the target of six AD cases from a group of five countries: Australia, Chinese Taipei, Korea, South Africa and the UAE. These investigations covered

[2] The import coverage of trade remedy initiations is an estimate of monthly imported volume of steel products affected by the measure. This estimate is calculated using the average monthly bilateral import flows of the targeted HS6 product categories between the defendant country and the imposing country during the three months preceding the initiation of the measure.

certain Chinese steel products like flat rolled steel products, representing over 90% of the total volume of imports covered by newly-initiated AD measures during Q4 (by volume, 112 thousand tonnes).

The start of year 2026 saw more attention to anti-circumvention cases. In April 2026, Viet Nam introduced an anti-circumvention provisional measure, imposing a 27.83% import duty on certain hot-rolled steel products originating from China that underwent minor modifications.

Figure 3. Global trade remedy measures targeting non-GFSEC countries and import coverage, 2025



Note: As mentioned earlier in this Bulletin, trade remedies analysed currently exclude safeguard measures.
Source: OECD calculations based on JISF, ISSB and UN Comtrade data.

GFSEC imports of certain finished steel products declined in early 2026, following the imposition of additional anti-dumping and countervailing duties in Q4 2025 against Chinese products. Of the 56 trade remedy cases initiated between January and September 2025, 29 resulted in preliminary duties during 2025. Subsequent import responses to these measures varied across destination markets and targeted products, for example:

- After Türkiye imposed a preliminary duty on Chinese stainless steel cold-rolled flat products in November 2025, imports dropped by 38.8% over the subsequent three months[3] (by 18.8% year on year).
- South Africa introduced a preliminary duty on Chinese zinc coated flat rolled products in November 2025; however, monthly imports have continued to rise moderately, according to the last available data of February 2026.
- In December 2025, Australia imposed a preliminary duty on Chinese hot-rolled coil, coinciding with a decline in imports of these products of 11.5% in Q1 2026 (-17% y/y).

[3] The data here refer to the months of December 2025, January and February 2026 rather than Q4 2025 or Q1 2026.

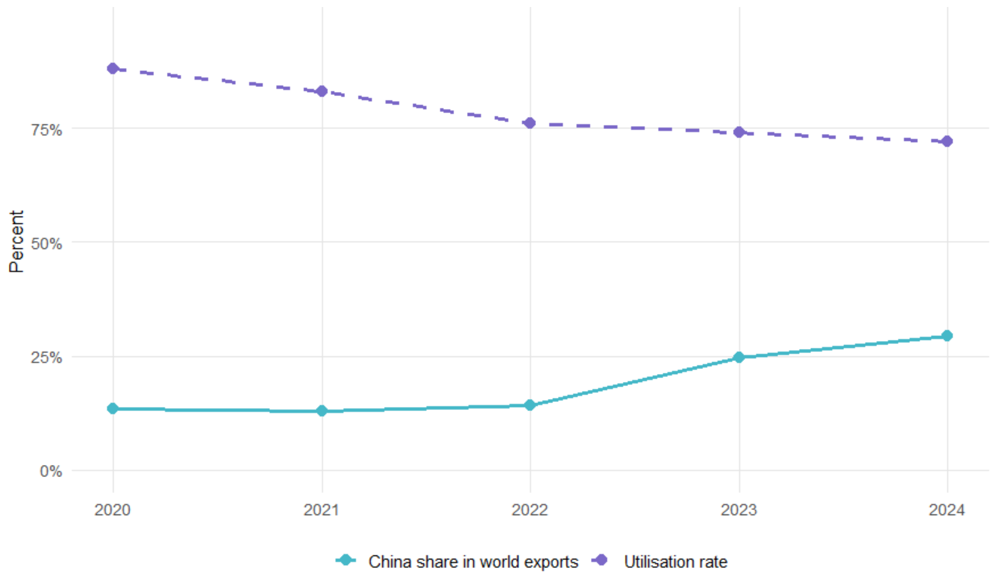
4. Zoom in: China's steel wire rod shows declining capacity utilisation and a rising export market share

In recent years, China has gained export market share in steel wire rod, which more than tripled, rising from 13.4% in 2020 to 41% in late 2024. At the same time, capacity utilisation rates for these products fell from 90.6% in 2020 to 71% in 2024.

Southeast Asia is becoming a key destination for Chinese wire rod exports, driven by strong demand for infrastructure. In Q4 2025, over 30% of the China's total exports for this category of steel went to Southeast Asia. Notably, exports to Viet Nam surged by 42.3% y/y compared to the same period of 2024, to Thailand by 19% y/y, to Malaysia by 73.7% y/y, to the Philippines by 40.3% y/y, and to Indonesia by 26% y/y.

By simply examining China's export statistics, it is clear that the average price per ton ($/MT) of Chinese wire rod exports was very low in 2025. On average, the price per ton of Chinese exports was only $476 in 2025, a nearly 40% drop from an export price per ton of $789 in 2022. The impact of these exports can be felt throughout the supply chain as both wire rod producers and downstream consumers/users are exposed to these prices.

Figure 4. China's market share of wire rod surges despite declining utilisation



Source: OECD calculation based on JISF, ISSB and UN Comtrade.

More recently, steel wire rod imports from China have come under increased scrutiny from trade remedy authorities in the EU 27, the United Kingdom, and the United States. Since October 2021, Chinese wire rod exports to the EU 27 have been subject to import duties ranging from 7.9% to 24%. The United Kingdom also applied measures on Chinese wire rod since July 2022, with a renewed review initiated in January

2026. The United States maintained AD/CVD orders on certain alloy steel wire rod from China. In response, wire rod exports from China have increasingly redirected toward third markets, particularly in Southeast Asia and the Middle East.

Glossary

Anti-Dumping (AD): A remedy applied by governments for injurious unfair foreign pricing behavior determined when a company sells its product at a lower price in the importing country than it does in its home country, or below its cost of production.

Capacity utilisation: Domestic crude steel production as a share of capacity**.**

Countervailing Duties (CVD): A remedy applied by governments to offset the injury to its domestic industry caused by unfairly subsidized imports.

Domestic demand: Domestic crude steel production plus steel imports minus steel exports (in crude terms).

Finished steel: Finished steel products include flat products, long products, steel tubes and stainless steel.

Import penetration: ratio of imports to domestic demand.

Semi-finished steel: Semi-finished steel products include blooms, billets, slabs, and steel for castings, covered under the following HS6 codes: 720711, 720712, 720719, 720720, 721891, 721899.

Sources of excess capacity: For ease of reference, the term 'excess capacity' in this bulletin is an estimate of the gap in capacity and demand at the country/group level. Sources of excess capacity refers to non-member countries where capacity was found to exceed domestic demand based on the data available. This group includes Bahrain, China, Egypt, India, Iran, Kazakhstan, Morocco, Pakistan, Qatar and Chinese Taipei.

Region classification

African countries: Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Eswatini, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Tanzania, Togo, Tunisia, Uganda, Zambia and Zimbabwe.

CIS and Ukraine: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

EU 27 countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain and Sweden.

GFSEC countries: The GFSEC aggregate includes Argentina, Australia, Austria, Belgium, Brazil, Canada, Finland, France, the European Union (EU 27), Germany, Greece, Hungary, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, Norway, Poland, Slovak Republic, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom and the United States.

Middle East countries: Armenia, Azerbaijan, Bahrain, Georgia, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates and Yemen.

North American countries: Canada, Mexico and the United States.

Non-GFSEC countries: Non-GFSEC countries refer to an indicative list of countries with available information including Algeria, United Arab Emirates, Bahrain, Belarus, Chile, China, Colombia, Cuba, Ecuador, Egypt, Guatemala, India, Iran, Iraq, Jordan, Kazakhstan, Kuwait, Libya, Morocco, North Macedonia, New Zealand, Oman, Pakistan, Peru, Paraguay, Qatar, Russia, Saudi Arabia, El Salvador, Serbia, Thailand, Tunisia, Chinese Taipei, Ukraine, Uruguay, Venezuela, Viet Nam and Yemen.

South America and the Caribbean countries: Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, Uruguay and Venezuela.

Southeast Asian countries: Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste and Viet Nam.

Monthly summary of trade remedy initiations

Month	Number	Imposing countries/economies	Defendant countries/economies	Products	Type
2025-01	2	Peru	China (People's Republic of)	Long products, Stainless steel, Steel tubes	AD
2025-02	3	Colombia, Malaysia	China (People's Republic of), Viet Nam	Flat products, Steel tubes	AD
2025-03	5	Chinese Taipei, Korea, Mexico, South Africa, Ukraine	China (People's Republic of), Viet Nam	Flat products	AD
2025-04	6	Canada	China (People's Republic of), Chinese Taipei, India, Malaysia, Thailand, Viet Nam	Long products	AD
2025-05	5	Australia, Canada	China (People's Republic of), Viet Nam	Flat products, Long products, Other	AD, CVD
2025-06	13	Australia, Brazil, United Kingdom, United States	Algeria, Bulgaria, China (People's Republic of), Egypt, India, Indonesia, Russia, Viet Nam	Flat products, Long products, Other, Stainless steel	AD, CVD
2025-07	1	Japan	China (People's Republic of)	Flat products, Other, Stainless steel	AD
2025-08	2	Canada, Japan	China (People's Republic of), Philippines	Flat products, Steel tubes	AD
2025-09	7	European Union, India, Indonesia	China (People's Republic of), Chinese Taipei, India, Indonesia, Viet Nam	Flat products, Other, Stainless steel	AD
2025-10	4	Australia, South Africa, United Arab Emirates	China (People's Republic of), Mozambique	Flat products, Long products, Other	AD, CVD
2025-11	2	Dominican Republic, Korea	China (People's Republic of), Costa Rica	Flat products, Long products	AD
2025-12	2	Chinese Taipei, South Africa	China (People's Republic of)	Flat products, Other	AD

Note: "Imposing countries/economies" refers to those that initiated one or more trade measures during the specified month. "Defendant countries/economies" refers to those that were subject to one or more measures during the same period.
Source: OECD calculations based on JISF data.

List of finished steel products by category and Harmonized System (HS) code

Category	HS6 codes						
Steel flat	7208.10	7208.25	7208.26	7208.27	7208.36	7208.37	7208.38
	7208.39	7208.40	7208.51	7208.52	7208.53	7208.54	7208.90
	7209.15	7209.16	7209.17	7209.18	7209.25	7209.26	7209.27
	7209.28	7209.90	7210.11	7210.12	7210.20	7210.30	7210.41
	7210.49	7210.50	7210.61	7210.69	7210.70	7210.90	7211.13
	7211.14	7211.19	7211.23	7211.29	7211.90	7212.10	7212.20
	7212.30	7212.40	7212.50	7212.60	7219.11	7219.12	7219.13
	7219.14	7219.21	7219.22	7219.23	7219.24	7219.31	7219.32
	7219.33	7219.34	7219.35	7219.90	7220.11	7220.12	7220.20
	7220.90	7225.11	7225.19	7225.30	7225.40	7225.50	7225.91
	7225.92	7225.99	7226.11	7226.19	7226.20	7226.91	7226.92
	7226.99						
Steel long	7213.10	7213.20	7213.91	7213.99	7214.10	7214.20	7214.30
	7214.91	7214.99	7215.10	7215.50	7215.90	7216.10	7216.21
	7216.22	7216.31	7216.32	7216.33	7216.40	7216.50	7216.61
	7216.69	7216.91	7216.99	7217.10	7217.20	7217.30	7217.90
	7221.00	7222.11	7222.19	7222.20	7222.30	7222.40	7223.00
	7227.10	7227.20	7227.90	7228.10	7228.20	7228.30	7228.40
	7228.50	7228.60	7228.70	7228.80	7229.20	7229.90	7301.10
	7301.20	7302.10	7302.30	7302.40	7302.90		
Steel tubes	7304.11	7304.19	7304.22	7304.23	7304.24	7304.29	7304.31
	7304.39	7304.41	7304.49	7304.51	7304.59	7304.90	7305.11
	7305.12	7305.19	7305.20	7305.31	7305.39	7305.90	7306.11
	7306.19	7306.21	7306.29	7306.30	7306.40	7306.50	7306.61
	7306.69	7306.90	7307.19	7307.21	7307.22	7307.23	7307.29
	7307.91	7307.92	7307.93	7307.99			
Stainless steel	7218.10	7218.91	7218.99	7219.11	7219.12	7219.13	7219.14
	7219.21	7219.22	7219.23	7219.24	7219.31	7219.32	7219.33
	7219.34	7219.35	7219.90	7220.11	7220.12	7220.20	7220.90
	7221.00	7222.11	7222.19	7222.20	7222.30	7222.40	7223.00
	7304.11	7304.22	7304.24	7304.41	7304.49	7305.31	7306.11
	7306.21	7306.40	7306.61	7306.69			
Steel wire rod	7213.20	7213.91	7213.99	7221.00	7227.10	7227.20	7227.90