SUMMARY

Trade defense study of Latin America

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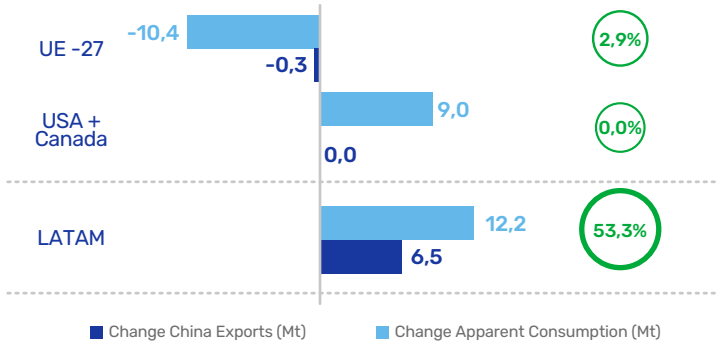
Objective

To reveal information about trade defense measures (TDM) applied to steel products in Latin America (LATAM) and globally, and to compare the characteristics of these measures and their investigation processes, with the aim of identifying an effective trade defense strategy for LATAM in the context of the rise of Chinese exports and global excess capacity.

Conclusion

- LATAM should implement a rapid and effective trade defense strategy to ensure fair competition, with **faster and more forceful measures** (such as tariff increases), following the example of developed countries. It is advisable to apply countervailing duties (CVD), broader safeguard measures (SG), and anti-circumvention measures (AC), which have been used less frequently compared to anti-dumping measures (AD) in the region.
- **It should reduce the time between the start of the investigation and the implementation of AD measures,** approaching the global average (from 462 to 398 days), and shorten the duration of the pre-investigation stages, which in LATAM approximately the total of 27.4% longer than in developed economies.
- It should determine higher *ad valorem* margins for AD and CVD measures against countries that do not compete under fair conditions, as has been observed in the case of China.
- So far, LATAM's response has been insufficient, and as a result, more than half of the increased steel demand (12 Mt) between 2010 and 2023 was captured by Chinese products (6.5 Mt).

Chinese steel exports vs apparent regional consumption. 2010-2023.



Source: ALACERO based on data from WTO, TDM (for Chinese exports), worldsteel (for apparent consumption) and own estimates

- United States, Canada, and the EU-27 managed to isolate themselves from the advance of Chinese exports thanks **to the combination of AD, SG, CVD, AC measures, and the use of tariffs, reflecting the strategic importance of the steel sector for these countries.**
- **China is the country most frequently subject to TDM.** Out of the total 618[1] AD measures on steel applied between 2010 and 2023, 29.1% were specifically targeted at the Asian giant. In the case of CVD, with a total of 85 cases applied, China's participation was 45.9%. Lastly, in SG measures, out of 34 cases in total, at least 76.5% included China.

1 It is important to clarify that if a country initiated or applied a TDM against two countries, it was counted twice, since the impacts on trade flows differ for each targeted country.

Trade flows: China captures the market through subsidies

Between 2010 and 2024, China increased its crude steel production by 57%, reaching 1,005 Mt, which accounted for 53% of share in the global total in 2024. In a scenario of declining domestic consumption in China, its external sales increased by 181% between 2010 and 2024 (from 42 Mt to 117 Mt). In **the same period, Chinese exports of rolled steel and semifinished products to LATAM grew from 4.2 Mt to 14.1 Mt (233%).**

In 2024, China's external steel sales increased 24.5% compared to 2023 (117 Mt, representing 26.1% of the global total), while the rest of the world (excluding China) registered a slight decline of -0.4%.

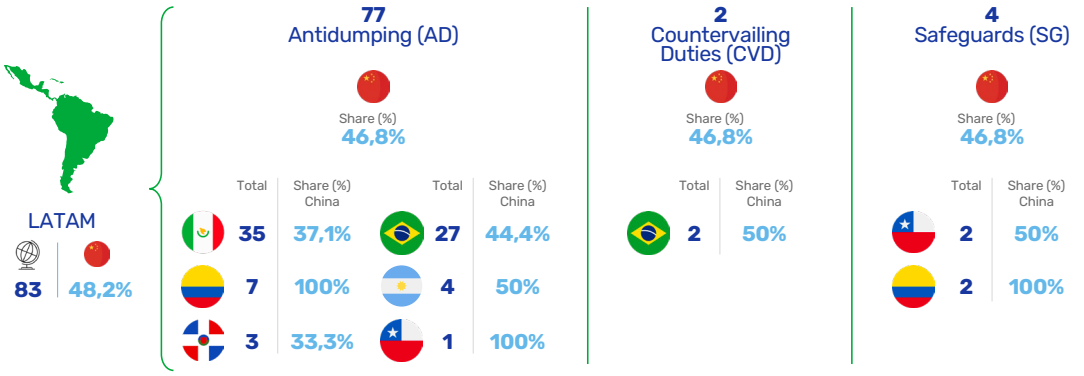
In addition to the upward trend in exports, the sector faces a scenario characterized by a **global capacity surplus** – estimated at 721 Mt of steel by 2027 – exacerbated by increased Chinese production supported by **subsidies up to ten times higher** than those of the member countries of the Organisation for Economic Co-operation and Development (OECD),[2] even amid adverse conditions such as the sharp decline in domestic demand.

2 *OECD (2025), OECD Steel Outlook 2025*, OECD Publishing, Paris May 2025. Available: https://doi.org/10.1787/28b61a5e-en. Among the main forms of subsidies are: a) loans, credit lines, and preferential interest rates and guarantees; b) grants; c) tax exemptions and reductions; d) programs targeting tariffs on imports and indirect levies; e) artificially low values for goods and services, including inputs, land use, water, and electricity; f) equalization programs.

Trade defense measures: global experience and lessons for LATAM[3]

The delay in adopting TDM in LATAM has left the region more exposed to the global surplus. While the more advanced economies resort to immediate-application tariffs, broad coverage SG measures, as well as AD and CVD actions, LATAM has been slow to respond, which has led to exports being redirected toward the region.

Total measures applied in LATAM. 2010-2023



Source: ALACERO based on WTO data

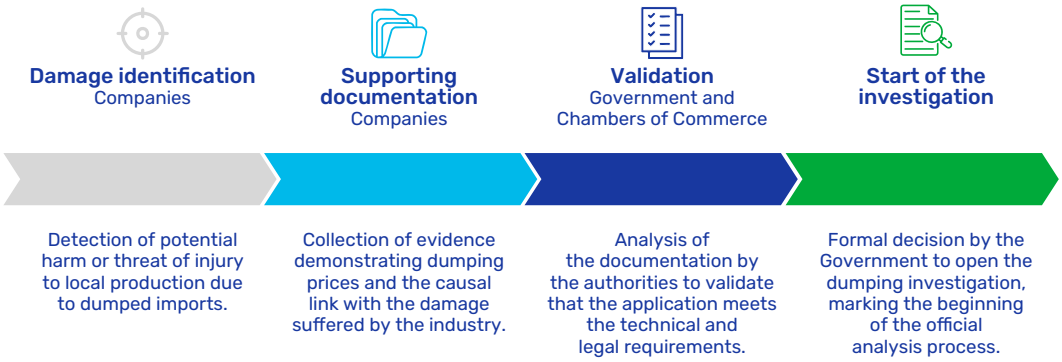
Ninety-three percent of the TDM in the region were conducted within the business-to-business, through the implementation of 77 AD measures concentrated in two countries, Mexico and Brazil (which together account for 80.5% of all regional measures).

Furthermore, AD measures generally require more investigation time compared to other types of trade defense instruments. The worldwide average duration of AD processes was 398 days. In LATAM, this process extended even further, reaching an average of 462 days. Additionally, LATAM countries took approximately 27.4%[4] longer than the global average between the initial period under analysis (damage period) and the approval to start investigations, known as the preliminary phase before the investigation.

3 There are several studies relating to the Chinese role in global trade and TDM adopted against them. This study develops indicators for steel industry.

4 Out of the 618 measures, the dates of 60 randomly selected processes were verified: 30 from LATAM and 30 from countries in the EU bloc, the US, and Canada. The average time between the period under study (the initial date when damage was identified) and the start of investigations by the governments was compared.

Preliminary stages of an AD investigation process

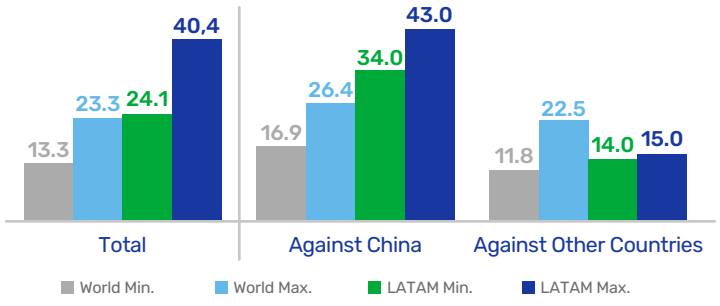


Source: ALACERO based on WTO data

Another feature observed is that the *ad valorem* rates applied under AD measures are higher in LATAM. This data does not necessarily indicate stricter enforcement in the implementation of the measure but **rather actions in extreme cases that require higher rates to restore the trade balance**. When analyzing the rates specifically applied to China, the percentages are even higher. The graph below provides a detailed illustration of this data.

Median of the minimum and maximum *ad valorem* margins of AD in the world and LATAM. 2010-2023

As a % of the customs value of the product



Source: Prepared by the author using data from the WTO

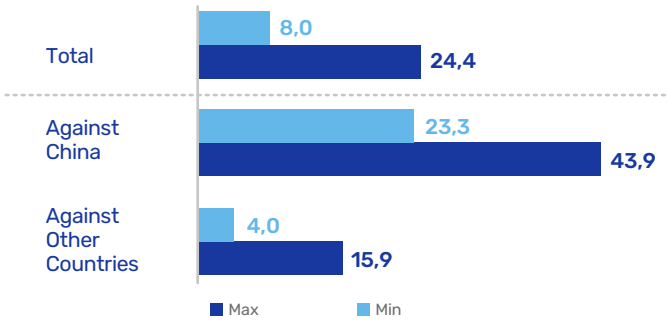
Among the measures applied on a country-by-country basis, two CVDs were applied in Brazil and four SG measures, two of which were implemented in Colombia and two in Chile. SG measures in LATAM during 2010–2023 were characterized by a narrow product scope and short validity periods.[5]

5 The specified products correspond to the following customs codes: Chile (2015, valid for 200 days): 72132000, 72139110, 72139120, 72139190, 72271000, 72272000 and 72279000; Chile (2016, valid for 6 months), on the same codes as in 2015; Colombia (2013): 7214200000 a nd 7213100000; and Colombia (2013): 7213200000, 7213911000, 7213919000, 7213990010, 7213990090 and 7227900010. The latter two were published on the same day, although without an effective date available on the WTO website.

Regarding CVD measures, this study indicates the limited use of this instrument in the region, as well as significantly higher *ad valorem* rates applied against China globally, compared to other countries. **This reflects the high level of subsidies characteristic of the Chinese steel industry.**

Median of the minimum and maximum *ad valorem* CVD margins globally and against China. 2010-2023

As a % of the product's customs value



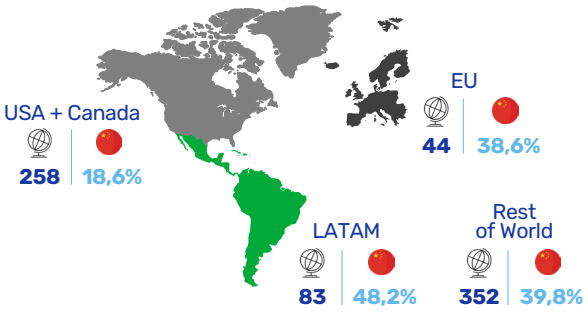
Source: Own elaboration of WTO data

Applied trade defense measures in the steel sector at a global level 2010-2023

World totals and % against China 2010-2023

	Total	Share Chino (%)
Antidumping (AD)	618	29,1%
Countervailing Duties (CVD)	85	45,9%
Saveguards (SG)	34	76,5%
AD + CVDs + SG	737	33,2%

Regional total and % against China 2010-2023

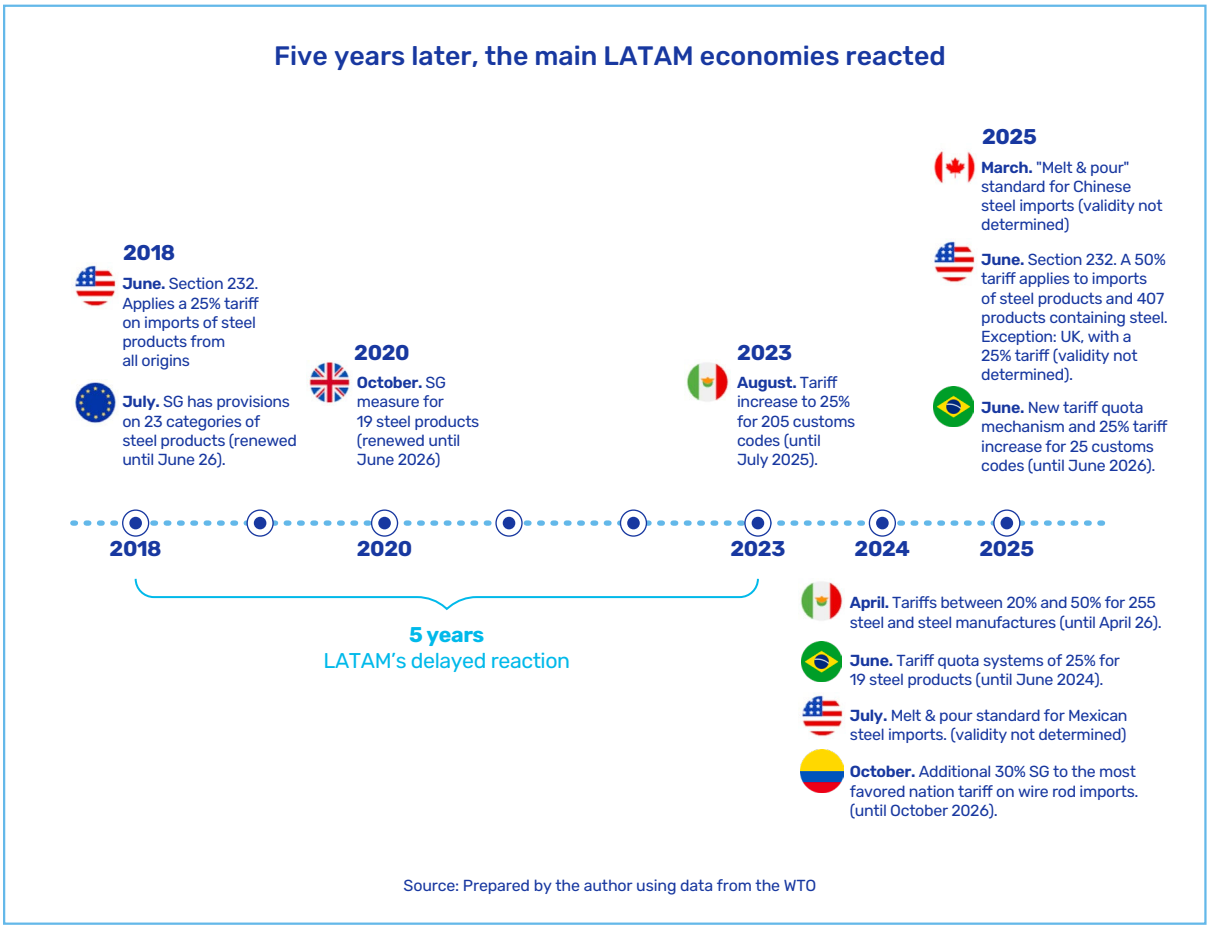


Source: Own elaboration of WTO data

Recent trends: tariffs and new TDM

Section 232 of 2018 implemented by the U.S. marked a milestone in the steel industry because, combined with other measures (131 AD and 52 CVD), it succeeded in slowing down the advance of exports from the Asian giant. Furthermore, this action prompted other countries to strengthen their own defenses, as with the U.S. market doors closed, the Chinese surplus accumulated even more, seeking new destinations and markets. In this context:

- **July-18:** The EU imposed a broad SG[6] measure mechanism on 23 steel products.
- **October-2020:**[7] Following the decision to stop participating in the EU ("Brexit"), the United Kingdom adopted a broad SG measure for 19 steel products.



Source: Prepared by the author using data from the WTO

6 23 categories of steel products (including coils, sheets, rebar, wire rods, rails, seamless tubes, welded tubes, wires, among others) Available: https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S007.aspx?MetaCollection=WTO&Id=246854&Language=

7 The measure was applied to the following tariff codes: 7208, 7209, 7210, 7211, 7212, 7213, 7214, 7215, 7216, 7217, 7221, 7222, 7225, 7226, 7227, 7228, 7302, 7305, and 7306.

Mexico increased import tariffs to 25% on 205 tariff fractions in August-23 until July-2025. The measure was interpreted as a response to the excess imports from countries like China, South Korea, and India without trade agreements. Later, in April-24 and effective for two years, tariffs of between 20% and 50% were set for 544 customs codes, of which 255 were for steel and steel manufactures.[8] The aim of the increase is to stabilize the Mexican industry and eliminate trade distortions.

In June-24, **the Brazilian government** introduced a temporary measure for one year, applying tariff quotas for 13 steel products (with 25% of tariff that exceed the quotas), along with tariff increases for another six products. In June-25, **Brazil renewed this same mechanism for an additional 12 months** but added six codes[9] that had been used to evade existing tariffs, totaling 25 tariff positions, of which 19 with tariff quotas and six with 25% tariff increases. Under the quota calculation method, a quota equivalent to 130% of the average import volume from 2020 to 2022 was established. Although the measure was significant, the level of protection for the domestic industry was low because the quota was applied to import volumes from 2020-2022, which were already high values.

In October-24[10], **Colombia** adopted a SG measure of 30%, in addition to the most favored nation tariff rate of 5%, on wire rod imports from countries without an existing trade agreement, including China. The measure is valid for two years.

Finally, during the first half of 2025, the U.S. government adopted new provisions under Section 232, aimed at strengthening the protection of its domestic steel industry. In June-25, the increase in tariffs applicable to steel and aluminum imports was officialized, doubling the current rate from 25% to 50%[11] *ad valorem*. Additionally, the scope of the measure was expanded to include 407 additional categories of steel and aluminum-derived products, which are now subject to an extra tariff of 50% on the value of the metallic content. This provision seeks to prevent the tariffs on steel from stimulating the importation of goods that are intensive in steel products, i.e., the indirect importation of steel.

In response to the decisions implemented by the second government of Donald Trump, **Canada** has taken measures,[12] including: as announced on June 19, 2025,

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8 It was established at 25% for cold-rolled and hot-rolled coils; and between 25% and 35% (depending on the case) for profiles, coated materials, reinforcement bars, wire rods, and tubes.

9 Codes added in June 2025: Sheets and coils of other alloy steels (72253000, 72255090, 72259200 and 72259990). Codes added in August 2025: profiles (72163200 and 72163300_. Although these last two were approved only in August 2025, they have the same validity period as the other codes, until June 2026.

10 Available: https://www.trade.gov/country-commercial-guides/colombia-trade-agreements.

11 Available: Disponible: https://www.mincit.gov.co/normatividad/decretos/2024/decreto-1294-del-18-de-octubre-de-2024.

12 Available: https://www.pm.gc.ca/en/news/news-releases/2025/07/16/prime-minister-carney-announces-new-measures-protect-and-strength

it reduced tariff quotas for steel from countries without a free trade agreement (FTA) from 100% to 50% of the volumes from 2024. Once this limit is reached, a 50% tariff will be applied. For countries with FTAs – except the U.S. – tariff quotas will be introduced for steel with a 50% tariff once the 100% volume threshold of 2024 is reached. Finally, for the U.S., a 25% tariff will be applied as a reciprocal duty, matching the rate applied by that country. Additionally, in July-25, Canada imposed an extra 25%[13] tariff on steel imports from all countries – except the U.S. – containing melted and poured steel from China. **This marks another growing trend: the attempt to block triangulation or trade circumvention in a scenario where China faces increasing restrictions on its steel production.**

13 Available: https://orders-in-council.canada.ca/attachment.php?attach=47105&lang=en

Recommendations

To ensure fair competition, LATAM must implement an agile and effective trade defense strategy:

- **Act whenever harm is proven, not just in extreme cases.**
- **Increase customs tariffs,** as this is a faster and more comprehensive instrument rather than AD and CVD;
- **Apply broader CVD, SG, and AC measures,** which have been applied less frequently compared to AD. CVD counteract the effects of subsidies granted by foreign governments, SG are effective instruments for limiting sudden increases in imports that harm domestic industry, AC measures seek to strengthen the effectiveness of previously adopted trade defense actions, preventing them from being circumvented through practices such as trade diversion or minimal product transformation;
- **Reduce the time** between the start of an investigation and the application of measures, moving closer to the global average (from 462 to 398 days);
- **Reduce the duration of the preliminary stages of the investigation,** from the identification of injury to the effective commencement of investigations, from an average of 529 days in LATAM to 415 days (U.S., EU, and Canada).
- **Establish higher *ad valorem* margins for direct and indirect trade defenses measures against countries that do not compete on a level playing field,** as has been verified in the case of China. Furthermore, countries adopting TDM against China should be aware of the risk of transshipment or circumvention through third countries with significant Chinese investment, particularly in ASEAN countries.
- **Continuously monitor direct and indirect steel imports and associated TDM,** given their potential impact on the industrial value chain.