

EU wire rod processors call for continued imports to ‘relieve’ margin pressure

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Margin pressures felt by non-integrated European wire rod processors “will be mitigated only if access to imports, at commercially viable quantities and reasonable prices, is maintained,” according to the European Non-Integrated Wire Rod Processors Association (Eunirpa).

“[We are] concerned that, in spite of growing wire rod consumption in the EU, the non-integrated wire rod processors are not able to benefit from the positive market environment to the same extent as integrated EU wire rod producers,” Eunirpa said on Tuesday November 14.

Wire rod import volumes into the EU fell by 4.63% to 1.30 million tonnes in January-August 2017, in comparison to 1.36 million tonnes in the corresponding period in 2016, according to official EU trade statistics.

“A significant number of non-integrated processors are suffering from a continued margin-squeeze pressure exercised on downstream production,” Eunirpa said, adding that integrated producers are currently enjoying very healthy margins.

Rising costs for graphite electrodes, refractory materials and ferro-alloys have helped to support prices for long steel products in recent months, but have also affected the profit margins of non-integrated European wire rod processors, according to Eunirpa.

Metal Bulletin’s average price assessment for domestic mesh-quality wire rod in Northern Europe so far in the fourth quarter of 2017 is €538.33 (\$627.49) per tonne delivered, up sharply from €466.15 per tonne in the second quarter of the year after rising through the summer.

Metal Bulletin’s average EU import mesh-quality wire rod price so far over the fourth quarter of 2017 is €521.67 per tonne cfr main EU port Northern Europe, compared with €478.85 per tonne in the second quarter.

Eunirpa was formed in July 2016 after rumors emerged in April that year that the European steel association, Eurofer, had started to collect evidence about alleged dumping of wire rod from Belarus, Russia, Turkey and Ukraine, and was preparing to decide whether to file a complaint with the European Commission (EC).

Eunirpa now consists of 12 member companies based in seven countries, with combined processing capacity for more than 3.8 million tonnes per year of wire rod.