

EU quota allocations concern wire rod processors

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Independent and non-integrated wire rod processors in Europe, represented by the trade association Eunirpa, are concerned about the limited EU import quotas remaining for the product. Association president Kris van Ginderdeuren, also head of processor Van Merksteijn International, tells Kallanish that the wire rod quota is being rapidly used up.

According to official data, currently only slightly over 50% of the allocated tariff-free quotas are still available, making steel wire rod among the products most under pressure from the new safeguard system. At this rate quotas could be finished before the end of the year, impacting seriously the availability of raw materials for processors in Q1 2019. Overall the wire rod quota allocated for the period ending in February 2019 was slightly over 1 million tonnes, of which some 560,000t are still available to be allocated.

"It is important to note that the last 10% of the quotas are nearly not workable for an importer. The quotas are allocated during custom clearance and the risk of being subject to a 25% tariff is too high as the volumes available are nearing the limit," van Ginderdeuren says.

"We believe the product under number 16 of the new quotas system (steel wire rod) deserves a different approach from the authorities. It is clear that in a market where there is a big shortage, with a quota based on old figures, the downstream users will have a huge problem," he adds. "The situation of wire rod is exceptional because of the big increase in the EU demand for downstream products and much less availability and access in the market because of the downstream investments of most of the wire rod producers. This, in combination with a real existing shortage that started in 2014."

Eunirpa is requesting a higher quota for wire rod compared to the average import volume of the last three years. They are also asking that this remains global, to secure flexibility of supply.

The overall system is currently under discussion as the provisional measures expire in the first quarter of 2019. Earlier this week sources mentioned the possibility that the system would be changed to calculate the volumes specifically for each country of origin (see Kallanish 10 October). This would create issues nevertheless, due to the existing anti-dumping measures that have changed the flow of products into Europe drastically during the last three years