

EC safeguards threaten non-integrated wire rod processors - EUNIRPA

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The European Commission's imposition of tariff rate quotas on 23 steel products earlier this year is severely threatening non-integrated downstream wire rod consumers who have become increasingly reliant on imports over the last few years, the European Non-Integrated Wire Rod Processors Association (Eunirpa) said.

Wire rod imports into Europe have increased sharply in the past three years - the timeframe for the calculation of the allowable import volume over one year before a 25% tariff rate kicks in - and the quota amount is wholly insufficient for those companies whose reliance on imports is still growing, according to Kris Van Ginderdeuren, commercial director at Van Merksteijn International and president of Eunirpa.

The [EC set the preliminary safeguard measures in response to the change in international trading patterns](#) brought about by the United States' imposition of import tariffs under its Section 232 powers, ostensibly to deter the dumping of steel products formerly earmarked for the US into Europe. The safeguards came into effect [on July 19](#), and the wire rod quota is already almost half filled.

As at the end of last week, around 46.85% or 495,797 tonnes of the quota for wire rod had been used up so far, according to the weekly EU tariff quota consultation. A further 26,229 tonnes was awaiting allocation to the quota.

"The wire rod quota is running out quicker than we expected, and that's a problem. At this rate, it will be gone by the third week of December," Van Ginderdeuren, whose association represents European non-integrated processors of wire rod and other long steel products in all EU trade, customs and anti-trust matters, told Fastmarkets.

"People are not stocking it. There's a shortage because there is big demand in Europe for wire rod in reinforced products and in autos, and the integrated producers do not supply the non-integrated processors."

Van Ginderdeuren argues that the goal of the EC's safeguards to protect against the danger of injury to markets does not apply to the mesh-quality wire rod market, and the sweeping imposition of the quota system will only harm the non-integrated members of this sector. With an already limited number of sources supplying non-integrated wire rod processors, any move to further expand the safeguards to cover quarterly volumes or specific-country volumes will only exacerbate the issue.

"[Eunirpa is] not against the quotas, but I wonder if the EU took the time or interest to talk to the downstream users with a problem," Van Ginderdeuren said. "Most countries have no non-integrated producers of wire rod left. The shortage is there in a big market."