

EU longs market cautious as quotas fill up

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The first 100 days of the implementation of Europe's temporary safeguard measures have passed, and the longs market is becoming more cautious about importing, according to sources.

The quota for wire rod in particular is filling up and it looks like imports could become risky before the year ends, sources said.

“The quota for wire rod will be finished in the middle of December -- there is only 29% left -- and it will be a disaster for us,” a wire rod buyer said. “It was a terrible decision for Europe to do this without considering products that have a [domestic] shortage. We don't know what to do. We will have to risk paying the 25% tariff in January because we will need material.”

EUNIRPA, the European Non-Integrated Wire Rod Processors Association, has expressed serious concerns about the safeguard measure and the allocated quota amount, citing a shortage of wire rod in Europe's "free" market because of the downstream investments of many wire rod producers.

Buyers of wire rod can import 317,857 mt before having to pay the 25% tariff, from a balance of 1,058,110 mt.

As for rebar, Turkish sellers have been trying to push out as much material as possible at attractive prices before its quota fills up. The rebar quota balance reached 280,928 mt as of Friday, down from an initial amount of 714,964 mt issued [on July 19](#), when the quota came into effect, according to the European Commission's quota website.

There has been talk in the European steel market that the EU may extend the current import quota system in November to last beyond the current period, which ends in February 2019.

The industry is also closely observing Turkey-US relations, as a reshuffle in Turkey's export allocations could impact other major markets. If the US lowers Turkey's import tariff back to 25%, Turkey would not be as much of a threat to the European domestic market, as it is likely that Turkey would once again have its sights set on exporting to the US.

This could impact the EU's decision on quotas. In July, when the measures first came into effect, the EC said it will reach its final conclusion by early 2019 at the latest. If all conditions are met, definitive safeguard measures may be imposed as a result.