

Quotas threaten operations at European wire rod processor

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A northern European wire rod processor says that it may need to halt production temporarily at the end of the year as EU quotas for the import of wire rod in Europe are rapidly filling. Dutch-headquartered Van Merksteijn International processes wire rod mainly for the construction sector.

The group, with operations in Holland, France and Belgium, uses some 1.2 million tonnes of wire rod each year, with the raw material supplies coming mainly from imports.

The company confirms to **Kallanish** that the lack of wire rod availability due to the new quotas could well force the group to stop production at the Dutch company before the end of the year. "The French unit should be fine, but the Dutch plant is under pressure," the head of Van Merksteijn International, Kris van Ginderdeuren says. He adds that the group has already placed wire rod orders for January delivery, but these could remain unused as the quotas might be filled by then.

van Ginderdeuren is also the head of Eunirpa, the European association for independent wire rod processors. The organisation has been campaigning about the problems created by the imposition of the quotas systematically during recent months.

"We also need to point out that wire rod is not easy to stock, as large volumes would take too much physical space in the warehouses," van Ginderdeuren continues.

According to Kallanish calculation, over 70% of the allocated quota for carbon wire rod imports into the EU has been used so far. Overall the wire rod quota allocated for the period ending in February 2019 is slightly over 1 million tonnes.

It is important to note also that the rate at which the quota for wire rod is being allocated is growing faster than for most of the other products included in the safeguard system. Overall, around 50% of the quotas of all the products included in the system has been used so far.