

# Ultimate plea to save the European Processing Industry from the market distorting effects of the EU safeguard measures on steel (Product Category 16).



EUNIRPA

The European Non-Integrated Wire Rod Processors Association (“EUNIRPA”) regroups 15 non-integrated wire rod processors located in 12 EU countries employing directly over five thousand people. Our members process and transform wire rod into finished products for applications mainly in the construction and automotive sectors. In total, EUNIRPA accounts for over 3.2 million tons of processed wire rod and represents a very important source of value creation in the EU.

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MACCAFERRI **B**

**BEKAERT**  
better together

## EUNIRPA calls for urgent action by policymakers to save their industry

The ever increasing lack of wire rod available on the free market in the EU is reluctantly forcing us to source well over 50% of our needs from non-EU countries. We account for virtually all the wire rod imported under Product Category 16. When definitive safeguard measures were imposed, the uniqueness of the wire rod market was absolutely not taken into consideration.

- **We are not traders, but processors!** Wire rod cannot be stockpiled and we cannot afford to speculate. The lack of material which was exacerbated by the imposition of the safeguard measures severely distorted our normal business operations and forced us to delay the implementation of any investments.
- **EU consumption of wire rod has increased** and continues to increase, due to the sustained growth of the construction industry. This growth was expressly acknowledged by EUROFER in its recent report on the Economic and Steel Market Outlook for 2019-2020.
- **EU steel producers have become increasingly vertically integrated** and reserve the majority of their wire rod for captive use. As a result, the availability of wire rod on the free market is increasingly scarce, exacerbating the persistent shortage on the EU market that we have been denouncing ever since the integrated EU industry has seen us as competitors on their own downstream operations.
- **There is a well-documented shortage of wire rod on the EU market** due to an increase in consumption and in captive use. EU producers are simply not able (or willing) to supply us the volumes of wire rod we need to operate under normal business conditions.
- **Statistical evidence shows that there is no trade diversion** following the adoption of US trade measures (Section 232) concerning certain steel products.
- **Antitrust concerns:** our members have provided substantial supporting evidence to the Commission that, over the period 2018-2019, most of the large EU producers have consistently refused to supply wire rod (other than very small tonnages and in very limited specifications, which are simply not sufficient to operate under viable conditions). We are very concerned that those large EU producers may not be operating independently and under normal business conditions on the wire rod market. We are clearly under the impression they are jointly aiming at eliminating EU independent wire rod processors from the market.

**EXELFIL**

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INTERNATIONAL

# Ultimate plea to save the European Processing Industry from the market distorting effects of the EU safeguard measures on steel (Product Category 16).



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## Our position is untenable!

We are experiencing severe wire rod shortages on the EU market and severe margin squeeze because fully integrated EU steel producers increasingly see us as competitors on their own downstream operations.

At the same time, we are facing increased competition from non-EU countries which import directly into the EU the same finished products that we are processing.

The imposition of safeguard measures is profoundly distorting the entire non-integrated wire rod processing market by further restricting our sources of supply. The measures are causing us serious harm to the point that our economic survival in the EU is at stake. We will either need to relocate (a process which has already started for some of us) or simply go bankrupt (like Sotralentz, the second largest non-integrated mesh wire rod processor in the EU, back in September 2016).

**We urgently call upon the policymakers to support the repeal of the safeguard measures imposed on wire rod or at the very least to adjust significantly upwards the level of the current quotas.**

At a minimum, the quota for product category 16 should represent the yearly average of the volume of imports of wire rod in 2016-2018 (rather than 2015-2017), increased by 20% (rather than 5%).

We consider this adjustment in the level of the quotas as a fair balance between the interests of the EU steel industry and the interests of the EU independent wire rod processors. The proposed total quota increase, which represents approximately 700,000 tons from current levels, is insignificant compared to the 20 million tons of wire rod produced by the EU industry. Yet, it would ensure the economic survival of EU independent wire rod processors, support their value creation in the EU and maintain thousands jobs in this sector.

Kris Van Ginderdeuren  
President EUNIRPA

