

## **EUNIRPA demands higher wire rod quotas to help smaller European processors**

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European wire rod processors are demanding an increase in the EU's safeguard quota for imports of the material, the European Non-Integrated Wire Rod Processors Association (Eunirpa) said on Tuesday July 9.

"We urgently call on the policymakers to support the repeal of the safeguard measures imposed on wire rod, or at the very least to adjust significantly upward the level of the current quotas," Eunirpa said.

"At a minimum, the quota for product category 16 [wire rod] should represent the yearly average of the volume of imports of wire rod in 2016-18, rather than 2015-17, [and should be] increased by 20% [each year], rather than 5%," it added.

The group also said that its members were concerned that larger processors in Europe may be reducing the commercial viability of the smaller independent processors that comprise Eunirpa's membership.

EU wire rod processors were experiencing severe shortages of the commodity and squeezed margins compared with fully integrated EU steel producers.

At the same time, competition has increased with non-EU countries which import directly into the EU finished products that are similar to those manufactured by domestic processors.

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

European steel association Eurofer forecasts that demand from the construction sector will increase by 2.1% in 2019 and by 1.7% in 2020, both year-on-year.

Eunipra claims that it has provided substantial supporting evidence to the European Commission showing that, "over the period 2018-19, 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."

It added: "We are very concerned that those large EU producers may not be operating independently and under normal business conditions in the wire rod market. We are under the impression they are jointly aiming at the elimination of EU independent wire rod processors from the market."

## Press Clippings

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The European Commission (EC) [initiated a review of its steel import safeguard measures](#) on May 17 this year.

The current safeguard mechanism increases the level of tariff-free quotas for each product category by 5% year-on-year from July 1, 2019, which was the end of the first quota period.

European steelmakers have asked the EC to make several changes to the trade restrictions, [including the removal of the 5% yearly increase in quotas](#).

As of July 9, 175,233 tonnes of Turkish non-alloy wire rod were awaiting allocation to that country's specific annual quota. This would mean that 56% of the yearly allowance for Turkish non-alloy wire rod would already be taken up.

Material awaiting allocation from the second most popular import source, Russia, totalled 30,402 tonnes on July 9, which would comprise 9.6% of the 316,075 tonne quota for Russian non-alloy wire rod.

Fastmarkets' weekly domestic price assessment for [steel wire rod, mesh-quality, domestic, delivered Northern Europe](#), was €500-510 (\$561-572) per tonne delivered on July 3. [Prices were expected to remain stable](#) during the seasonal market slowdown in the second half of the summer.