

EUNIRPA lambasts Eurofer's campaign to limit imports

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European wire rod processors strongly oppose Eurofer's campaign to toughen safeguard measures, claiming it is aimed at virtually sealing off the steel market in Europe, the Non-Integrated Wire Rod Processors Association (Eunirpa) said.

"Eurofer is using as a pretext the temporary economic downturn resulting from the current Covid-19 sanitary crisis in an unprecedented attempt to close the EU borders in order to pursue undisturbed, its aggressive downstream integration strategy at the expense of the EU non-integrated steel industry in an increasing number of sectors," Eunirpa said in an open letter to Eurofer on Wednesday June 10.

"This is yet another attempt by the EU vertically integrated steel industry to control, and ultimately eliminate, non-integrated downstream industries in many sectors, including, rather prominently, the wire rod processing industry," it added in the letter, which Fastmarkets has seen.

The [EC initiated a second review of the existing safeguard measures into a variety of imported steel products](#) in the middle of February, which should finish before June 30, it said. Early in April, European steel association Eurofer requested an [immediate reduction of 75% to EU safeguard quotas for imported steel](#) to support the European industry during the Covid-19 pandemic. And Eurofer - on behalf of European steelmakers - has since [urged the EC to improve the draft of reviewed safeguard measures to the World Trade Organization](#). The safeguard review process allows "changed circumstances" to be addressed, such as those caused by a severely negative impact on the economy and markets as a result of the pandemic.

Eunirpa has strongly criticized Eurofer's policy, stating that it goes against the core principles of free competition. "There is no doubt that the EU steel sector is facing an unprecedented challenge as a result of the Covid-19 pandemic. The European Commission and the Member States should adopt strong measures aimed at financially supporting this industry through an ambitious EU recovery plan," it said in the letter.

"However, the steel industry is not limited to a group of mostly large multinational steel mills represented by Eurofer," it added. "The steel industry is also composed of tens of thousands of small and medium sized enterprises distributing and processing steel for hundreds of thousands of downstream applications that absolutely need uninterrupted supplies of steel to continue their industrial activities."

Wire rod processors in Europe are experiencing severe shortages of the commodity and squeezed margins compared with fully integrated EU steel producers, Fastmarkets understands. Any attempts to limit imports of wire rod would have terrible consequences for the non-integrated downstream industry, Eunirpa said

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“EU industrial users need a continuous and uninterrupted flow of diversified sources of supply of steel products in terms of quantity and quality, both within the EU and through imports from third countries,” it said. “Eurofer’s self-centered interests completely ignore the concerns of the downstream steel industry, which is mostly composed of SMEs with limited financial means to support the current crisis.”

A significant number of non-integrated wire rod processors have gradually resumed operations after the easing of nationwide lockdowns. Since they are likely to operate at steady levels in the coming months, they will need uninterrupted flows of steel products from their regular suppliers.

As of June 9, zero tonnes of Turkish non-alloy wire rod were awaiting allocation to that country’s specific annual quota. This would mean that 100% of the yearly allowance for 312,208 tonnes of Turkish non-alloy wire rod entering Europe has already been taken up for the period between July 1 last year and June 30 this year.

The allowance remaining for shipments of non-alloy wire rod into Europe from the second most-popular import source - Russia - also totaled zero tonnes on June 9, meaning it has now used 100% of its 316,075-tonne allocation.

The construction sector, which is the major consumer of steel reinforcement products, including wire rod, has been more resilient during the Covid-19 pandemic than other industries, Eunirpa said. Consequently, supply of construction materials should not be disrupted.

“With the exception of a limited number of countries where operations have been partially or completely shut down on a temporary basis (such as France, Italy, Spain and the UK), demand has remained stable and is expected to continue to perform throughout the year,” it noted.