

Brussels, 10 June 2020

**Open letter to EUROFER**

EUNIRPA, the European Non Integrated Wire Rod Processing Association, calls for Eurofer to stop immediately its self-centered and misleading campaign aimed at virtually sealing off completely the steel market in Europe.

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. However, the steel industry is not limited to a group of mostly large multinational steel mills represented by Eurofer. 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.

As the representative of this user industry, EUNIRPA fundamentally opposes the extravagantly protectionist measures advocated by Eurofer in response to the COVID-19 pandemic which have no other purpose than bluntly seeking to shield the European market from all imports of steel products by adjusting the safeguard quotas in ways that are incompatible with basic EU and WTO principles.

**Eurofer's position completely ignores the interests of the EU industrial users and distributors.** 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. EU industrial users are the backbone of the European steel industry. They account for hundreds of thousands of jobs in the EU. They are at the core of huge technological breakthroughs and create tremendously high added value on the downstream market. 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.

**Eurofer's position reflects a short-sighted view of the EU steel landscape with the sole aim to achieve short-term goals.** The vast network of downstream industries operating throughout the EU is the most crucial backbone of the steel sector. Eurofer's demands completely contradict the long-term vision of creating value to this promising EU downstream sector which is frequently at the core of technological innovation and at the leading edge of the EU steel industry as a whole.



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**Eurofer's proposals reveal the hidden agenda of many of its members to eliminate EU industrial users and distributors in a number of sectors.** 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. 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.

**Eurofer's concerns do not reflect the realities of the state of the steel market.** There is mounting evidence from business operators in most sectors - including evidence provided by Eurofer itself - indicating that the worst of the disruptive effects of the COVID-19 pandemic are behind. Production plants in the EU have resumed production and are expected to operate at normal production capacities in the next coming months. Steady input flows of steel products from their regular suppliers should not be interrupted at this critical moment for any industrial steel user.

**Eurofer misplaces the objectives of the European Green Deal.** In its position paper of 8 June 2020, Eurofer misplaces the objectives of the European Green deal to push its own monopolistic agenda. The current safeguard measures in place serve a very specific goal: to protect the European market from increasing imports and trade distortions stemming from Section 232 of US tariffs on steel and aluminium. There is clear consensus that the EU has a vital role to play in setting sustainable targets. However, this cannot be achieved by closing all borders, eliminating competition and killing innovation in the downstream industry. Safeguard measures are not the appropriate tool. The EU should use a comprehensive set of carefully balanced rules that will lead to a successful transition to carbon neutrality that is fair, sustainable and allows all the industrial operators in the steel industry to remain globally competitive.

**Eurofer's proposals, if applied indistinctively to all steel products, would have particularly adverse effects on a number of sectors, including, in particular, the construction sector.** The construction sector has been particularly resilient and has outperformed other steel-using sectors. With the exception of a limited number of countries where operations have been partially or completely shut down on a temporary basis (such as in France, Italy, Spain and the UK), demand has remained stable and is expected to continue to perform throughout the year. This has been the case in particular for the demand of concrete steel reinforcement products, such as wire rod. Furthermore, the EU and the governments of Member States are supporting, or are expected to support, the public and private construction sectors as a tool to stimulate the economy in order to offset the negative effects of the COVID-19 pandemic. In this context, it is absolutely critical to ensure that the supply chains of construction materials are not disrupted.



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**Eurofer's proposals are at the exact opposite to the EU's commitment to the free trade rules set out by the WTO.** Eurofer is asking the Commission to mimic the protectionist trade policy applied by the administration of the United States by taking measures that would directly contradict the position taken by Trade Commissioner Hogan in his recent speeches. On 30 March 2020 at the G20 Virtual Ministerial he urged that "*maintaining open trade and avoiding unnecessary disruption of supply chains is essential*" and on 16 April 2020 at the Informal meeting of EU Trade Ministers he advocated that "*an open trade policy will need to be part of any future economic recovery plan*" and that "*we [the EU] need open and rules-based trade and to lead by example*". The EU should not turn its back on the free trade values for which it proudly stands. The Commission and the EU Member States should not cater to the specialised interests of a handful of powerful and large steel producers which would be catastrophic to the large EU industrial steel user and distributor industry.

Yours sincerely,

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