

European market lambasts amended steel safeguards

02/07/2020 – Metal Bulletin

The European Commission (EC) presented its definitive decision in the safeguard case on June 30. The adjusted measures include stricter controls over some steel products.

Long steel products

Although the EC has not changed its quota systems for either rebar or wire rod imports, it has introduced restrictions on access to residual quotas.

The EC established that those countries that have exhausted their country-specific quotas would be able to access the residual quota in the final quarter of a period. The authorities have also set up three regimes for access to the residual quota.

Importers of product category 16 - wire rod will not have further access to the residual quota when the year ends. And limited access will be given to product category 13 - rebar.

“Importing is becoming hell,” one source in Northern Europe told Fastmarkets.

The access regimes to the residual quota for all product categories created one of the major concerns among buyers.

“There will be no access to the residual quota for wire rod and limited access for rebar. That makes importing a hell,” one major buyer said.

“We have significant volumes of long [steel products] bought from different sources in recent months, scheduled for delivery by end-July. And I guess we are not alone - quotas will be filled by the end of this week,” another source added.

A call from European steel association Eurofer to make “significant, short-term changes to the EU steel safeguards to preserve the industry during this pandemic-induced economic downturn” also triggered a wave of criticism from the market.

“We have seen a collapse by 50% in EU steel demand since March, but the tariff-free import quota has been further raised. Objectively, this makes no sense,” Eurofer director general Axel Eggert said.

“We had expected a clear decision for European industry. This did not happen,” he added. “The resulting marginal technical changes may help one or other steel product group, but most of our industry has been left in the cold.”

This view was contested by downstream market participants.

“Eurofer said [in its release on June 30] that demand [for steel] has dropped by 50%. The automotive industry did slow down because of the pandemic, but construction is running fantastic [in the North]. It is better than last year, actually,” the president of the European Non-Integrated Wire Rod Producers’ Association (Eunirpa), Kris Van Ginderdeuren, told Fastmarkets.

Several sources presumed that Eurofer wanted to urge the EC to apply measures similar to Section 232 in the United States, to temporarily limit steel imports into the EU.

“There’s an old document called Chapter 17 or something like that. Technically, it can be applied for a short term to limit imports into the EU significantly. It’s only rumors for now, but it sounds realistic,” one steel trader told Fastmarkets.

Eurofer and trade union IndustriAll requested a meeting with the EC after they expressed their disappointment in the safeguard measures.

In April this year, Eurofer requested an immediate 75% reduction in the EU safeguard quotas for imported steel to support European industry during the Covid-19 pandemic.