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Position Paper EUNIRPA

On 11 June 2021, the European Commission made available to interested parties the Notification pursuant to Article 12.1(C) of the Agreement on Safeguard (extension) (“**Notification**”), as submitted to the to the World Trade Organisation. A corrigendum of that Notification was issued on 14 June 2021 (“**Corrigendum**”).

In the Notification, the EU proposes that, since there is evidence that the safeguard measure continues to be necessary to prevent or remedy serious injury or threat thereof and that the industry concerned is adjusting, these measures should be prolonged another three years, until 30 June 2024. According to the proposal, the extended measure does not introduce any changes to its scope, neither in terms of product definition, nor in terms of geographical coverage.

The position taken by the Commission is clearly based on purely political motives that do not take into consideration any economic factors of the EU steel market. The EU’s proposal is in stark contrast with the Statement of Intended Preliminary Decision, published on 19 May 2021 by the UK Trade Remedies Investigations Directorate (“**TRID**”). Although the TRID set up a brand new trade defence instrument mechanism following the Brexit, it has produced a remarkable document of over 100 pages in which it has made a very detailed economic analysis for each one of the product categories. In contrast, the Commission produced a meagre six page document in which it considered on an aggregate basis all the product categories. The Commission even had to issue on a corrigendum a few days later! In the original Notification, Table 6 (imports and production volume) reported that the volume of imports was 34,180,000 tons for a market share of 20.3% in 2020. In the Corrigendum, the Commission revised Table 6 by reporting significantly lower import volumes, i.e., 25,019,000 tons, and a substantially lower market share of imports, i.e., 14.8%, over the same period. Despite the dramatic decrease in the volume of imports in absolute and relative terms resulting from this correction, the EU is still proposing to extend the measures!

We understand that the EU has faced tremendous pressure from the intense lobbying campaign of the European Steel Association (“**Eurofer**”). But this is not a reason to completely ignore the downstream steel industry – which employs thousands of people and is responsible for the creation of some high added valued products in the EU – and the consumers in the EU. And whatever discussions might be taking place between the EU and the US, there is no excuse for holding the user industry hostage of this situation!



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The industrial users have been facing serious distortions in the supply chain as a result of the imposition of the safeguard measures. Imports are subject to uncertain rules which have become more and more a **casino game**. This is all the more problematic since imports are necessary to remedy the known shortages of steel products in the EU and in particular as regards product category 16 (wire rod). Prices are now stellar high and there are no signs that the tightness of the market will loosen up in the near future.

This is not the purpose of safeguard measures, which is to temporarily protect the EU industry from an increase in imports of steel products which has been recent enough, sudden enough, sharp enough, and significant enough under the meaning of EU and WTO rules, and which have caused serious injury caused to the EU industry.

Based on the following, the proposed liberalization rate of 3% is absolutely not enough to give the EU steel processing industry the chances to grow in the next upcoming years. Besides the obvious and significant risk of retaliation from other WTO members, the economic squeeze of the user industry is not fair and even dangerous. More and more end-products will be imported in the EU if there is not enough steel to process within the EU. Thus, a **liberalization of an absolute minimum 15% to 20% per year** would be an adequate compromise to preserve the interests of both the EU steel industry and the EU industrial users.