

Joaquin Fernández Martin
Head of Unit Relations with third countries for Trade
Defence matters
Rue de la Loi 170
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12 April 2021

Subject: Review of the safeguard measures against imports of certain steel products

Dear Mr Fernández Martin,

With respect to the review of the safeguard measures against imports of certain steel products¹, Orgalim expresses its continued concern regarding these measures, imposed provisionally since July 2018 and definitively since January 2019².

While the COVID-19 pandemic severely impacted Europe's technologies industries in 2020, production levels are now increasing and are expected to continue to do so as the economy recovers during 2021.

Orgalim questions that the US tariffs on steel against third countries such as China cause a significant re-direction of steel trade from China and other third countries towards the EU. Moreover, the import quotas currently provided for in the safeguard measures are insufficient and some of them have already been exhausted. Furthermore, there is also the need to import certain steel products, which are not produced in sufficient quantity in Europe by the European steel industry. Also, the steel safeguard measures that have been in place for the past three years and three months have not had the effect of increasing the steel production capacity in the EU to the level needed by our industries (see annex I for steel data).

As a result, following the review of the steel safeguard measures, we ask that the safeguard measures are abolished.

Such abolition or, at least, a significant increase of steel quotas is crucial to the competitiveness of Europe's technology industries, as prices of European steel products rose substantially in the second half of 2020 and have increased further in Q1 2021. This reflects decreased competition in the European steel sector, making it harder for downstream users to negotiate their contract prices. Moreover, some specific steel products, which are currently affected by the safeguard measures, are essential to meet the ambitious key targets set by the EU for a greener and more energy-efficient economy.

¹ https://eur-lex.europa.eu/legal-content/EN/TXT/?toc=OJ%3AC%3A2021%3A0666%3ATOC&uri=uriserv%3AOJ.C_.2021.066.01.0050.01.ENG

² Commission Implementing Regulation (EU) 2018/1013 of 17 July 2018 imposing provisional safeguard measures with regard to imports of certain steel products https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2018.181.01.0039.01.ENG&toc=OJ:L:2018:181:TOC

Orgalim represents Europe's technology industries, comprised of 770,000 companies that innovate at the crossroads of digital and physical technology. Our industries develop and manufacture the products, systems and services that enable a prosperous and sustainable future. Ranging from large globally active corporations to regionally anchored small and medium-sized enterprises, the companies we represent directly employ 11.55 million people across Europe and generate an annual turnover of €2,298 billion. Orgalim is registered under the European Union Transparency Register – ID number: 20210641335-88.

In addition, steel safeguards are exceptional measures under WTO rules. If the steel safeguards are prolonged after July 2021, Europe will face the possibility of retaliatory trade-restrictive measures by third countries. Finally, the possible future Carbon Border Adjustment Mechanism (CBAM) could also potentially increase the cost of steel for our industries.

We therefore once again urge the European Commission to take into account the interests of the downstream steel users when making a decision on the steel safeguard measures. The union interest analysis should address the economic impact on our end-user industries. The competitiveness of Europe's technology industries – representing a third of Europe's manufacturing base with over 11.5 million direct jobs – needs to be preserved, especially in the context of the recovery from the COVID-19 crisis.

We also note in this context that Switzerland should be exempt from any steel safeguard measures in the same way as the European Economic Area countries, given the close economic ties between the European Union and Switzerland.

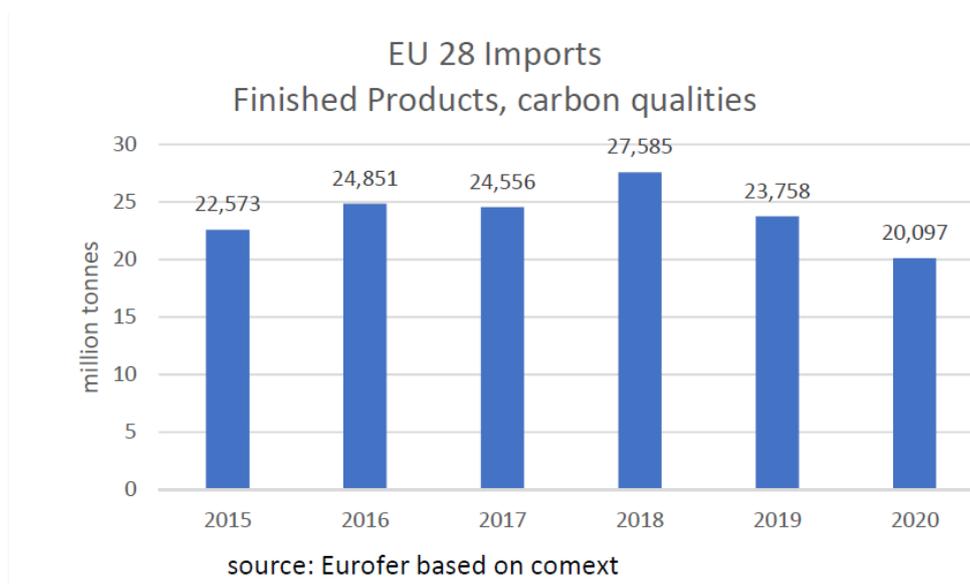
All European businesses deserve the right to be protected from unfair competition. We do not believe however that safeguard measures are the appropriate tools to do this in the case of steel imports. We therefore remain hopeful that the review of the safeguard measures will abolish them.

With kind regards,



Malte Lohan
Director General

ANNEXION STEEL DATA



Data Source: EUROFER - see <https://www.eurofer.eu/statistics/trade-statistics/imports/>

Steel exports from third countries to the EU

Table: Steel Exports (million metric tonnes)

	2016	2017	2018	2019	Change 2019 / 2016
China	107,5	74,2	68,1	63,0	-44,5
Japan	40,4	37,4	35,8	33,1	-7,3
EU	32,9	34,1	32,1	31,9	-1,0
Korea	30,5	31,2	30,0	29,9	-0,6
Russia	31,1	31,1	33,3	29,4	-1,7
Turkey	15,1	16,1	19,6	19,4	4,3
Brazil	13,4	15,3	13,9	13,3	-0,1
India	9,9	16,0	10,7	13,0	3,1
USA	8,9	10,1	8,5	7,2	-1,7
Global w/o Intra-EU	360,1	337,9	329,2	308,3	-51,8

Data Source: EUROFER - see <https://www.eurofer.eu/statistics/trade-statistics/imports/> pages 25-27

Recent evolution of steel scrap

Steel scrap is a secondary raw material that is well suited to measure steel prices in international markets. The prices for steel scrap have been on an upward trend since summer 2020. From July 2020 to the beginning of April 2021, prices increased by over 80%.



Data Source: Steel Scrap Price; London metal exchange (LME) 6/4/2021