

## Steel Using Industries

### Joint Statement on the EU Steel Safeguard Investigation

This coalition of downstream users of steel – including the automotive, technology industries, electricity transmission and distribution equipment, construction equipment, wind energy, agriculture machinery, home appliance, and packaging sectors – express their continued concern regarding the steel safeguard investigation launched in March and the subsequent provisional measures adopted in July.

The European steel industry is a key business partner in all our sectors. It is vital for us that the steel industry does well to maintain stability in our supply chains.

EU manufacturers will often prefer to source from a European producer because of a long-standing close relationship between supplier and manufacturer as well as the shorter lead times and competitiveness on price. The prices for steel on non-EU markets is very often closely aligned with EU market prices. In general, the cost of imported steel will exceed the EU price once shipping costs, lead times, possible additional duties such as anti-dumping, inventory cost, etc. are taken into account.

We question the real impact of the US national security measures on steel in causing a significant diversion of trade towards the EU. In recent years the price in the US for steel products has generally been significantly higher than elsewhere in the world, making it an attractive market for exporters. However, the very steep increase in US steel prices since early 2018, and the highly significant price differential between the EU and the US markets, means that it remains more attractive for EU producers to find customers in the US. On average US steel prices are 35.6% higher than in the EU, so producers here can afford to pay the 25% US national security duties while maintaining competitiveness in the US market.

The fundamental reality is that US prices across a very wide range of steel products are so significantly higher than in any other region in the world, that steel producers globally can afford to export to the US and still earn a higher margin than selling on their domestic markets. Across a wide range of leading steel products the average difference in price between the US and China was 37.8%, between the US and CIS 32.6% and between the US and the average Asian market price it was 31.2%.<sup>1</sup>

While imports to the EU have increased for many of the product categories under investigation between 2013 and 2017, it reflects an increase in demand from European manufacturing during the strong European economic recovery, allied to the high capacity

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<sup>1</sup> Data sourced from MEPS International <http://www.meps.co.uk/world-price.htm>. Averages cover the following products: hot rolled coil, hot rolled plate, cold rolled coil, hot dipped galvanised coil, electro-zinc coil, wire rod (mesh), structural sections and beams, rebar and merchant bar for May 2018.

utilisation of European producers in certain cases, that has driven this need for additional imports. Demand for steel products is only expected to grow over the foreseeable future.

In its justification for the steel safeguard measures, the EU considers it sufficient to protect the Unions' steel-user industries by defining import quotas based on traditional trade flows, without considering increasing demand in key sectors. Import quotas and additional tariffs will limit growth rates and future investment in those sectors.

Moreover, European steel producers have reported very high profitability for 2017 and throughout the course of 2018. Over the last two years several steel producers have reported multiple successive quarters of their highest earnings in a decade. The continued consolidation in the European steel sector will further restrict competition in the European steel market.

In our opinion, in its analysis leading to the provisional safeguard measures, the European Commission failed to establish the existence of serious injury based on a steep, sudden or sharp increase of imports or the threat of serious injury.

Our industries strongly support the statements of the EU in favour of the multilateral trading system at this turbulent time. We also feel it is important that the Commission scrupulously applies the required legal thresholds of the WTO Agreement on Safeguards when considering any measures on steel. It is clear, based on the request for consultations already submitted at the WTO on the preliminary measures<sup>2</sup>, that many countries are observing closely how the EU will conclude its investigation.

We once again urge the European Commission to take into account the interest of the downstream steel users when it makes a decision on definitive measures. The current union interest analysis insufficiently addresses the economic impact for many end-user industries. Together, the associations represented here, employ approximately 20 million people in Europe. The competitiveness of European manufacturing needs to be preserved.

All European businesses deserve the right to be protected from unfair competition. We do not believe that a safeguard measure is the appropriate tool with which to do this and strongly query the basis on which preliminary measures have been taken. We remain hopeful that the decision on definitive measures can bring a different result.

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<sup>2</sup> So far Brazil, China, Japan, Korea, Switzerland, Turkey and Ukraine.

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## Notes for editors

- The signatories to the statement are ACEA, APPLiA, CECE, CEMA, CLEPA, Metal Packaging Europe, Orgalime, T&D Europe, and WindEurope.
- ACEA represents the 15 major Europe-based car, van, truck and bus manufacturers: BMW Group, DAF Trucks, Daimler, Fiat Chrysler Automobiles, Ford of Europe, Honda Motor Europe, Hyundai Motor Europe, Iveco, Jaguar Land Rover, PSA Group, Renault Group, Toyota Motor Europe, Volkswagen Group, Volvo Cars, and Volvo Group.  
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More information: [www.acea.be](http://www.acea.be) | @ACEA\_eu.
- APPLiA is a Brussels-based trade association that provides a single, consensual voice for the home appliance industry in Europe. It promotes the industry's general mission to increase product innovation while reducing the environmental impact of appliances. The home appliance industry is an important European economic player, generating wealth – the total annual turnover of the industry in Europe is €47.6bn (2016); providing good employment – total employment as a result of the presence of the sector: approximately 889.192 jobs; direct employment: 202.089 jobs; investment in the future: €1.4bn contribution to research and development activities in Europe. More information: [www.applia-europe.eu](http://www.applia-europe.eu) | @APPLiA\_Europe.
- CECE, the Committee for European Construction Equipment, represents the interests of 1,200 construction equipment manufacturers through national trade associations in 13 European countries: Germany, the UK, France, Italy, Spain, Czech Republic, Sweden, Finland, The Netherlands, Belgium, Austria, Russia and Turkey. CECE manufacturers generate €40 billion in yearly revenue, export a sizeable part of the production, employ around 300,000 people overall. They invest and innovate continuously to deliver equipment with highest productivity and lowest environmental impact. Efficiency, safety and high-precision technologies are key. More information: [www.cece.eu](http://www.cece.eu) | @CECE\_Europe.
- CEMA is the European association representing the agricultural machinery industry. With 10 national member associations, the CEMA network represents both large multinational companies and numerous European SMEs active in this sector. CEMA includes 4,500 manufacturers of agricultural equipment producing 450 different types of machines, and generating an aggregated annual turnover of more than €28 billion. 135,000 people are directly employed in the sector, with a further 125,000 people working in distribution and maintenance. More information: [www.cema-agri.org](http://www.cema-agri.org) | @CEMAagri.
- CLEPA is the European Association of Automotive Suppliers. 121 of the world's most prominent suppliers for car parts, systems and modules and 23 national trade associations and European sector associations are members of CLEPA, representing more than 3,000 companies, employing 5 million people and covering all products and services within the automotive supply chain. European automotive suppliers

invest €22bn in RDI per year. Based in Brussels, Belgium, CLEPA is recognised as the natural discussion partner by the European Institutions, United Nations and fellow associations (ACEA, JAMA, MEMA, etc.). More information: [www.clepa.be](http://www.clepa.be) | @CLEPA\_eu.

- Metal Packaging Europe gives Europe's rigid metal packaging industry a unified voice, by bringing together manufacturers, suppliers, and national associations. We proactively position and support the positive attributes and image of metal packaging through joint marketing, environmental and technical initiatives. We represent the industry's views and voice opinions so that stakeholders understand how metal packaging contributes to the Circular Economy. Our goal is to make metal the preferred choice for consumer and industrial packaging.  
More information: [www.metalpackagingeurope.org](http://www.metalpackagingeurope.org) | @metal\_packaging.
- Orgalime, the European Technology Industries, speaks for 45 trade federations representing the mechanical, electrical, electronic, metalworking and metal articles industries of 23 European countries. The industry employs nearly 11 million people in the EU and in 2017 accounted for some €2,000 billion of output. The industry represents over a quarter of the output of manufactured products and over a third of the manufactured exports of the European Union.  
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More information: [www.orgalime.org](http://www.orgalime.org) | @Orgalime.
- T&D Europe is the European Association of the Electricity Transmission & Distribution Equipment and Services Industry, representing 12 national associations and 5 corporate members (ABB, GE, Ormazabal, Schneider-Electric and Siemens). The companies represented by T&D Europe account for a production worth over €25 billion, and employ over 200,000 people in Europe.  
More information: [www.tdeurope.eu](http://www.tdeurope.eu) | @BetterGrids.
- WindEurope is the voice of the European wind industry representing 450 members, active in over 40 countries. In addition to wind turbine manufacturers with a leading share of the world wind power market, our membership encompasses component suppliers, research institutes, national wind and renewables associations, developers, contractors, electricity providers, finance and insurance companies, and consultants. Our industry employs 263,000 people in Europe and contributes €8bn exports and €36bn yearly to EU GDP.  
More information: [www.windeurope.org](http://www.windeurope.org) | @WindEurope.