

Safeguarding EU Steel

Support the industry: why we need the safeguard

What's at Stake: the EU Steel Industry

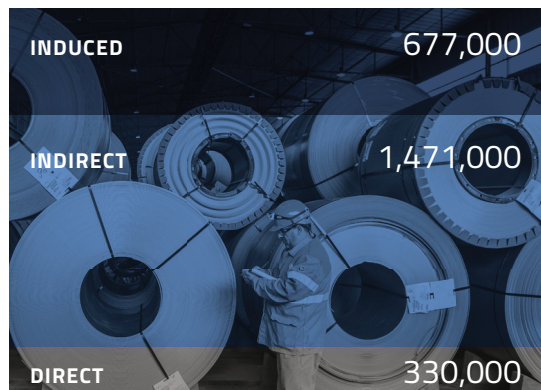
The steel industry employs around **330,000 workers** in **22 member states**. However, the total contribution across the EU-28 is close to **2.5 million jobs** - the same as the total number of people employed in Finland.

European Steel Industry's Economic Footprint Across the EU

GROSS VALUE ADDED (GVA)

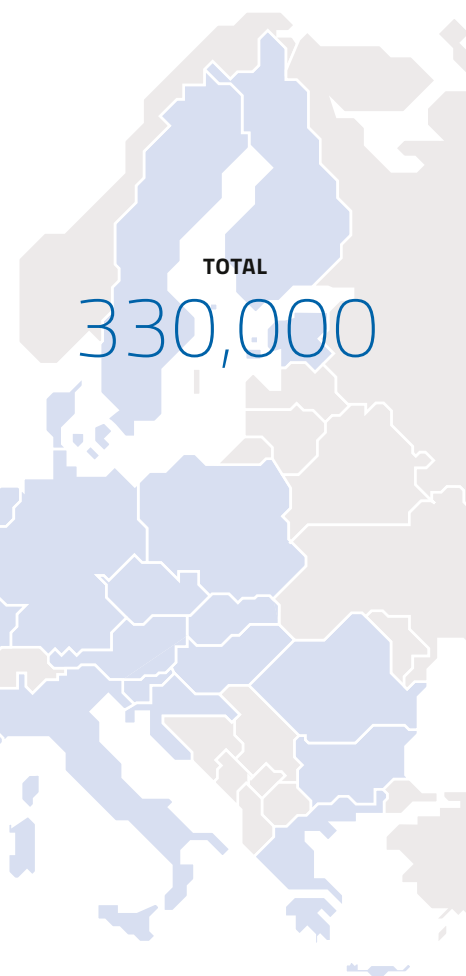


EMPLOYMENT



NUMBER OF DIRECTLY EMPLOYED PERSONS

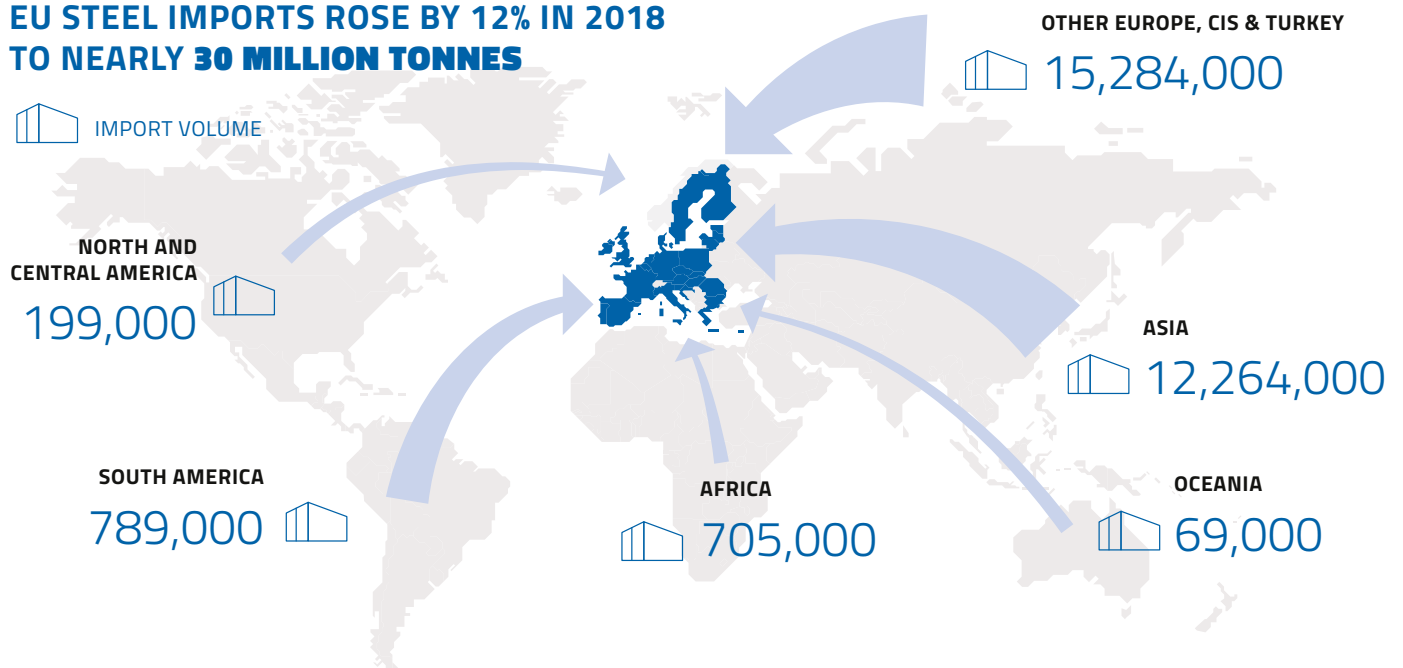
1	Germany	84,200
2	Italy	33,400
3	Poland	24,100
4	Romania	22,500
5	France	21,900
6	Spain	17,400
7	Czech Republic	17,800
8	United Kingdom	15,800
9	Sweden	15,700
10	Austria	15,700
11	Belgium	11,300
12	Slovakia	10,700
13	Netherlands	9,500
14	Finland	8,100
15	Hungary	5,700
16	Luxembourg	4,300
17	Slovenia	4,200
18	Bulgaria	4,100
19	Greece	1,400
20	Portugal	1,000
21	Denmark	400
22	Croatia	190
23	Estonia	9



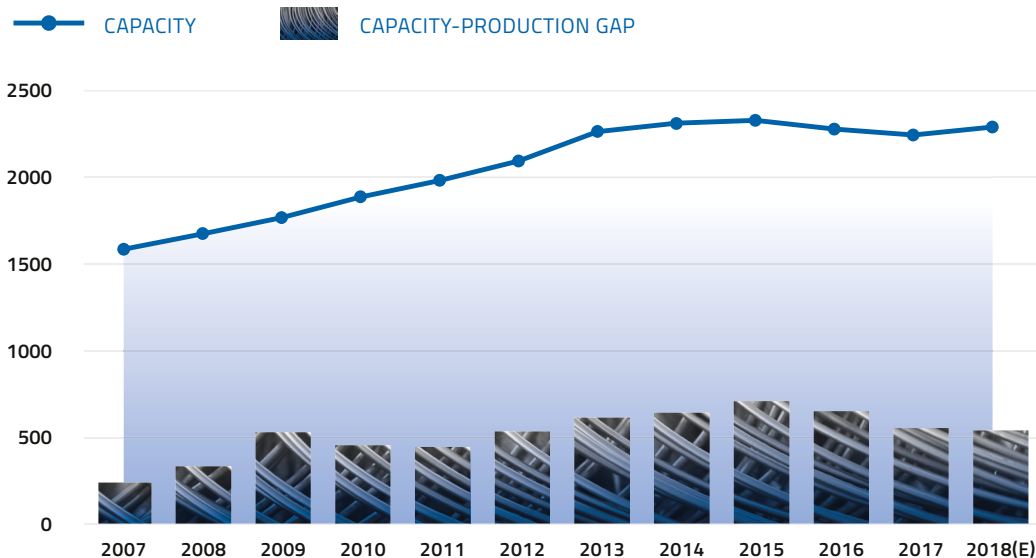
An Intensively Traded Product: Global Trade and Capacity

Steel is an intensively traded product in a market suffering from significant global overcapacity. This is affecting the financial and economic sustainability of the steel sector.

EU STEEL IMPORTS ROSE BY 12% IN 2018 TO NEARLY 30 MILLION TONNES



GLOBAL CRUDE STEELMAKING CAPACITY (IN MILLION TONNES)



Global overcapacity was around

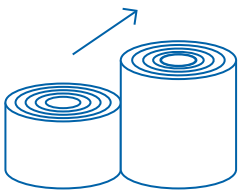
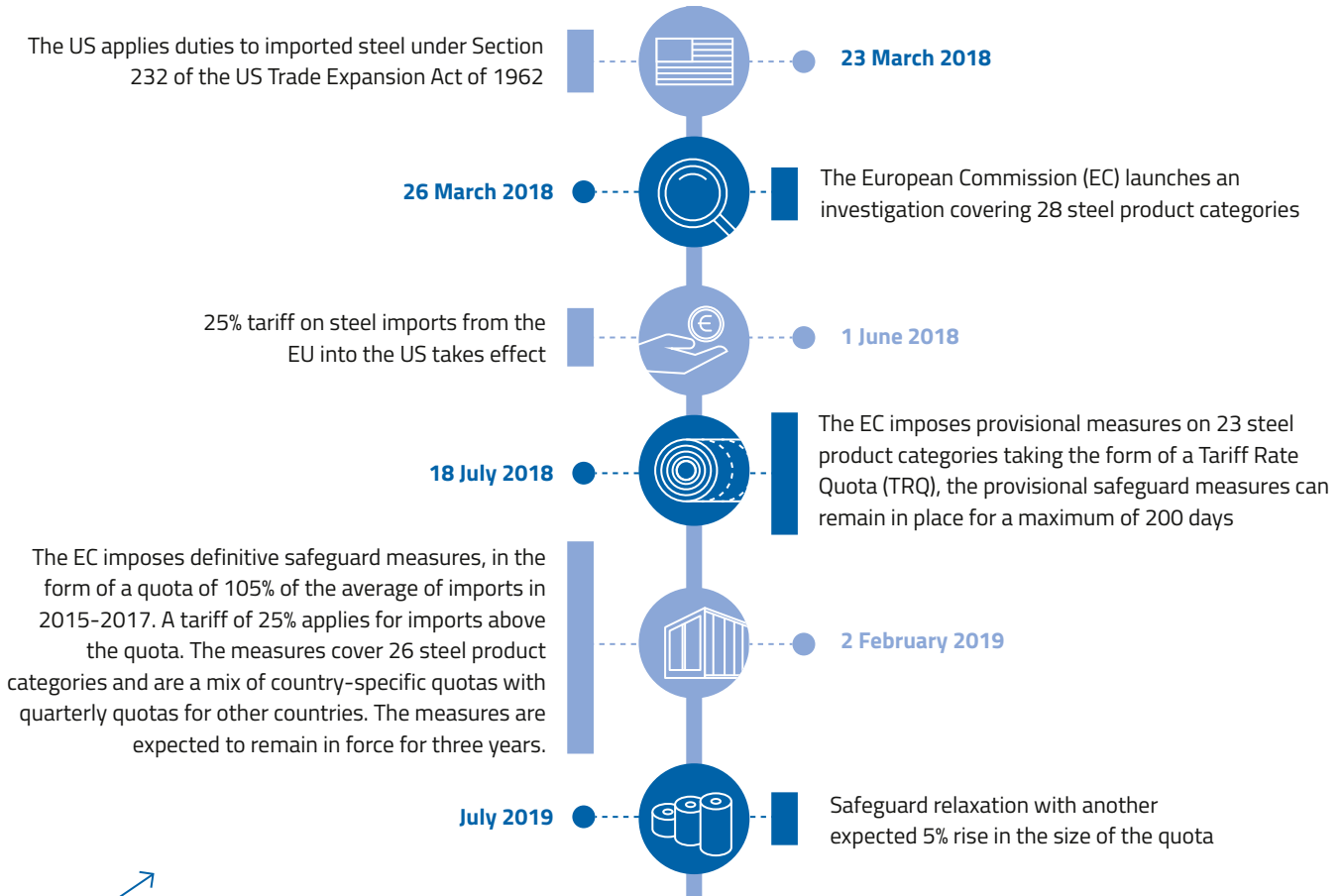
550 million tonnes

in 2018 – equivalent to almost

25%

of total global steel production capacity.

Timeline of the EU Steel Safeguard Measure



EU steel imports have increased significantly, up from 18 million tonnes in 2013 to a record **30 million tonnes** in 2018, **up by 12%** compared to 2017.

How the EU Steel Safeguard Works



The safeguards are a justified trade policy response to **import surges caused by external factors**. The quota itself is based on the average volume data from 2015–2017. The quota increased by **5% in February 2019** and is schedule to increase by another **5% in July 2019**. This expansion of the quota size is **independent of the growth of the overall EU steel market**.



The quota structure takes the form of a set of **tariff-rate quotas**, based on the average volume of traditional imports over 2015–17 plus 5%.



Only once the quota is exceeded, does a **25% tariff** apply to other imported products, with major traditional steel importers retaining their own country-specific quotas.



All other countries are assigned to a product-specific, **'residual quota' pool**. In contrast to the country specific quotas, this residual quota is divided into quarters.




Developing countries that have **less than 3% import share are excluded** from the measures.

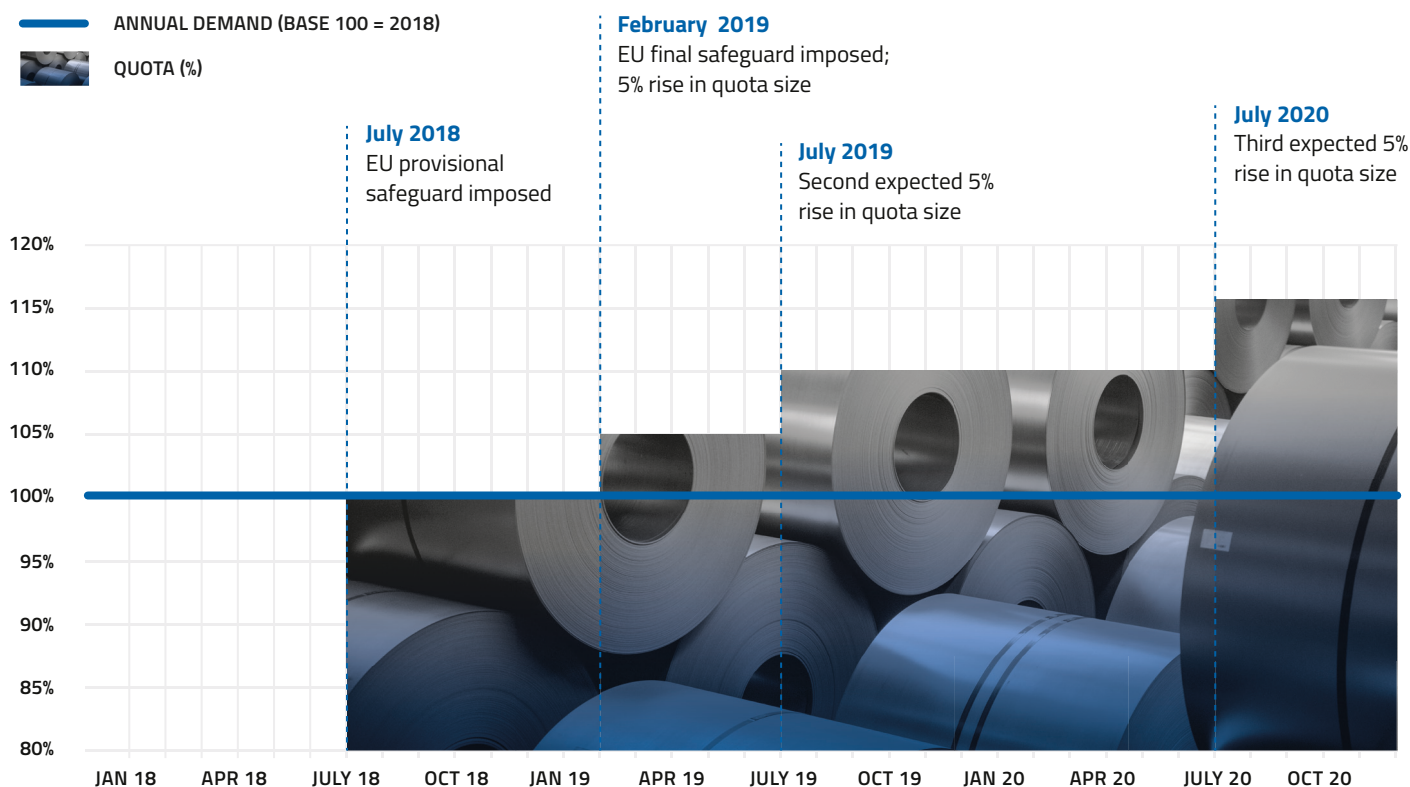


When a quarterly quota is under-utilised, the volume is **rolled over into the next quarter** (but not from 'year to year').

THE QUOTA IS SET TO RISE FAR FASTER THEN EXPECTED GROWTH IN DEMAND

— ANNUAL DEMAND (BASE 100 = 2018)

 QUOTA (%)

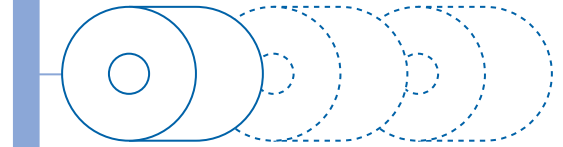


Preventing Deflection



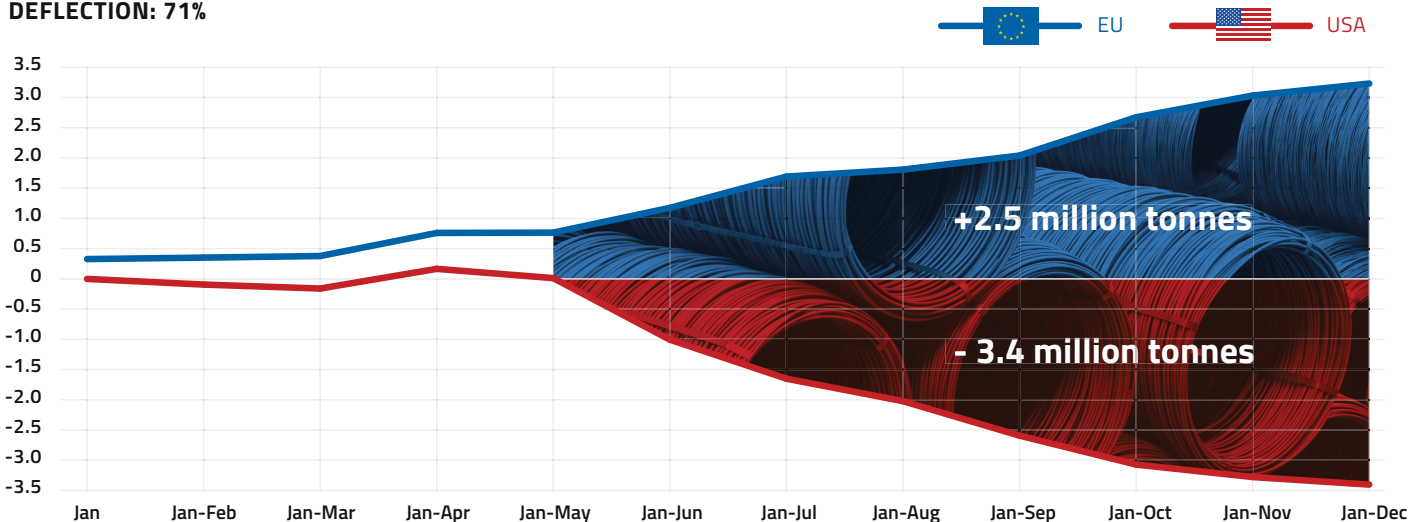
The safeguard is a response to clear evidence of an import surge risk. The Commission has responded to this risk — in particular, the deflection caused by the US Section 232, which is estimated at a rate of **71%** — rather than adding additional restrictions on fairly traded steel.

Currently, **for every 3 tonnes of steel deflected from the US market as a result of Section 232, 2 tonnes arrive in the EU's open market.** Other factors, such as global overcapacity and other countries' protectionist measures, are also behind the import surge.



CUMULATED IMPORTS EVOLUTION: 2018 VS 2017 (TONNES)*

DEFLECTION: 71%



* Steel product categories included in the Definitive Safeguard measures (26 categories)

These measures ensure that the EU market remains open, and will maintain traditional trade flows. I am convinced that they strike the right balance between the interest of EU producers and users of steel, who rely on imports.

- Commissioner for Trade, Cecilia Malmström

The European Steel Association (EUROFER) AISBL is an international not-for-profit organisation under Belgian law, based in Brussels. EUROFER was founded in 1976 and represents the entirety of steel production in the European Union

EUROFER
The European Steel Association