



Brussels, 2 May 2022

## **Subject: 4<sup>th</sup> Review of EU Steel Safeguard Measures**

In light of record high prices over the past year, a coalition of downstream users of steel request that the European Commission terminates the steel safeguard measure.

Over the last 20, months European steel users have had to bear the cost of record high prices and a shortage of supply for their manufacturing. This is despite much lower demand from certain key industrial sectors.

While steel producers predicted that the unprecedented prices seen in the first half of 2021 would drop significantly, they instead remained strong throughout the whole year and into 2022. Now, the conflict in Ukraine has pushed prices to new record highs in the last weeks.

In such a situation, the safeguard measure on imports of steel only serves to add to the inflationary pressure in the market and to increase prices for European manufacturers. This is in addition to a general inflationary trend in many aspects of our production base, which has seen significant cost increases for almost all our manufacturing inputs and for logistics. In particular, the latter provides additional incentives to source steel domestically.

Our sectors fully support the measures being taken to respond to Russia's aggression against Ukraine. However, we are concerned about how the safeguard limits European manufacturers' access to steel. The sanctions on steel imports from Russia and Belarus along with the loss of Ukrainian production are impacting the European market. Furthermore, limitations regarding the import of raw materials used in steel production and the effect that sanctions are having on energy prices are likely to create difficulties in the European steel supply chain. Ultimately, these factors could lead to lower production volumes by European suppliers and to prices that go even further beyond their current record highs.

Meanwhile, European based steel producers have been granted a 3.3 million ton exemption by the United States from its national security '232 measure' on steel. The potential loss of such significant quantities from the European market needs to be examined.

In light of this, we believe that there is a legitimate cause to request a significant reassessment of the steel safeguard at this time. We believe that the safeguard measure is unnecessary and the sustained price peaks that steel has attained over the last 20 months is proof of this. Likewise, the Commission should also re-examine the need for certain anti-dumping measures at this time.

Our sectors request that the Commission goes beyond the limited parameters of the 'functioning review' proposed for the safeguard in 2022 and choose instead to terminate the measure.

Should the removal of the safeguard not be possible, we then urge the Commission to dramatically adjust the measures in order to address the above-mentioned market imbalances.