

EU steel makers say action needed against cheap imports

posted by [Alison Ratcliffe](#)
in [Procurement](#), [Supplier relations](#), [Supply chain](#)

🕒 21 April 2016



British steel's agonies are not unique. "The whole continent is suffering from dumping," says Charles de Lusignan, spokesman for [Eurofer](#), the EU steel association. China and, to a lesser extent, Russia are accused of exporting a state-subsidised surplus at below cost price.

"The volumes are not huge," says De Lusignan. "Seven million tonnes of imports into the EU is around a third of the total, but the prices of these exports really hit the bottom line when you're trying to sell your own steel."

[ArcelorMittal](#), the world's largest steelmaker, recorded an \$8bn loss in 2015 and has announced a five-year restructuring, including a \$3bn increase in capital, asset sales, a brake on investments, and reorganisation of some plants. In October 2015, ArcelorMittal announced layoffs, halts in production and cuts in investments in Spain. This February, production at the Basque plant at Sestao was temporarily – but indefinitely – suspended. Investment is planned at ArcelorMittal Atlantique-Lorraine in France, but lay-offs may hit Fos-sur-Mer,

Italy's Ilva, Europe's biggest plant by output capacity, is in dire straits. The government's £1.61bn attempt to save 16,000 jobs there fell foul of an EU ban on state aid, though private offers have been made. Belgium's Duferco has also repaid £170m of government funds which were adjudged to be state aid. The German steel industry is perceived as Europe's healthiest, yet 45,000 workers recently took to the streets to protest against dumping.

European steel makers bemoan a lesser EU duty on unfair imports (13% in a recent measure on cold-rolled steel, compared with 265% in the US) and slow implementation (tariffs take twice as long to take effect in Europe as in America). The EU's lesser duty rule prevents it imposing higher tariffs on unfair trade. De Lusignan says the UK government has led a band of countries blocking the lifting of the rule. "The reform of trade defence instruments would have stopped prices from falling to levels steel companies find unsustainable to produce at. This issue would never have arisen had we decided to defend against unfair dumping quickly and effectively."

Steel makers fear the crisis could worsen if the EU grants China market economy status (MES) at the end of 2016. This would make dumping harder to prove as prices will be benchmarked against China's low domestic steel price, and not against comparable countries.

"We should not grant MES if China does not meet the requirements," says De Lusignan. "At the moment it only meets four of the EU's five criteria to be called a market economy – so if an economy is not a market economy it shouldn't be granted that status."

Some European steel makers have changed strategies. Austria's Voestalpine, Europe's fourth-largest steelmaker, has diversified into high-value-added products for rail and aviation. But De Lusignan says funding that kind of innovation isn't easy: "This will have a knock-on effect. Once we reach the fourth trading period of the Emissions Trading Scheme in 2021, carbon prices will be considerably higher.

"If you can't invest now in innovation to cut your carbon output you'll face higher costs. European steel could meet its environmental objectives by stopping production, yet the global footprint of the steel used in Europe would rise because it will be imported from less efficient producers."

[EU](#) [Procurement](#) [Steel](#)



Popular Articles

[The seven stages of a sourcing strategy](#)

[10 interview questions every buyer should know](#)

[Explaining the procurement challenge](#)

[The five secrets of supplier relationship management](#)

[Questions to expect at interview](#)

LATEST JOBS

Group Procurement Systems Manager

Bristol (City Centre), City of Bristol
Attractive salary + benefits
GPA Procurement

IT Commercial Director - Big Deals - London

London
GBP90000 - GBP130000 per annum + bonus + pension
Bramwith Consulting

SEARCH JOBS



SIGN UP TO OUR DAILY GLOBAL
NEWS BULLETINS

Email address

GO

Find us on



CIPS Knowledge

Find out more with [CIPS Knowledge](#):

- best practice insights
- guidance
- tools and templates