

CONFAPI CEAPME COMMENTS on the initiation of a safeguard investigation concerning imports of steel products (2018 / C 111/10)

SUBJECT

No to the imposition of *limiting quota* to the import of steel.

For stainless steel, Europe is not self-sufficient to supply its industries consumption.

Yes to anti-dumping measures.

EU must not artificially alter the regular conduct of commerce imposing *quotas* not supported by evidence-based damage, but only on potential risks. Furthermore, due to the lack of raw material, the small and medium industries will experience loss of competitiveness and workplaces.

CONSIDERATIONS OF THE EUROPEAN COMMISSION – POTENTIAL RISKS

1. Due to the US duties on steel and aluminum (25% steel, 10% aluminum) mainly directed to Europe, China, South Korea, Canada and Mexico, the European Commission has activated a safeguard investigation on the importation of 26 categories of steel products (over 400 customs codes).
2. The possible risk is of an excess of imports for any steel products not absorbed by the American market.
3. By these premises, there would be a consequent oversupply, a fall in the prices of products and of profits of European producers.

THE STAINLESS STEEL MARKET - The actual situation. [Category 8 and 9 of the safeguard survey]

1. The data investigated focused on two of the 26 categories, considered particularly critical for the business of small and medium-sized European manufacturers. The categories investigated concern flat stainless steel laminates.
2. The steel plants (so-called producers) situation is particularly positive in 2016-2017, and firmly in the hands of four major European multinationals - the first three alone held about 91% of the market (data 2017). Their profits (aggregated) reported an increase of + 365% in the last three years (in aggregate terms, € 260 million in 2015 - € 1.08 billion in 2017).

3. The European market (users) needs more than 10 million tons of flat rolled stainless steel products; the production of the European steelworks covers about 9 million tons - that is approximately 85% of the needs of manufacturing companies. Hence, there is a structural shortage of about 1 million tons per year, which must necessarily be compensated by imports: this is demonstrated by the data on imports for the three-year period 2015-2017, which shows a substantial stability in the level of European imports.

4. The Italian Small and Medium-Sized Industries - i.e. mainly users of stainless steel - account for 40% of the total European steel import. These numbers demonstrate once again and unequivocally how Italy is a country of small and medium-sized transforming raw materials, but at the same time it is a weak producer of stainless steel (compared to European competitors). This situation clearly shows how Italy is at risk in case of an unbalanced *import-quota* action

CONCLUSIONS

1. It is correct to introduce anti-dumping measures to defend European steel producers, adopted by the European Community in recent years in order to limit the phenomena of unfair competition from Chinese stainless steel producers.

We are in favor of the duties introduced in response to the American duties against Europe.

2. Other defense measures - such as imports of stainless steel import quotas - would represent distortive manipulations of the market, generating a further increase in the profits of European steel mills, but a simultaneous lack of stainless steel for end users. This would turn out in a further increase in prices, a collapse in competitiveness for European SMEs in those countries with a predominant nature of steel transformer industries.

3. Similar safeguards - limiting the importation of raw materials - would lead companies to relocate, leaving Europe in order to remain competitive with non-European partners.