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Swedish EU Presidency focusing on economy, employment and climate change

On 1 July 2009, Sweden took over the EU Presidency from the Czech Republic. The Presidency's work programme focuses on the economy, employment and climate which are seen as the most important challenges. The work programme is therefore focusing on

- working to counter the negative impact of the crisis on growth and jobs,
- working for the adoption of a new climate agreement during the international climate negotiations in Copenhagen in December 2009.

Sweden considers the economic crises "an opportunity for the EU to strengthen its competitiveness, create new jobs and contribute to a better environment". The ambition of the Presidency is to develop cooperation between different policy areas so that positive economic growth can be combined with reduced burden on the climate and environment. This would require advanced policy instruments, increased innovative capacity and renewal of the European business sector. A cornerstone of this objective is the concept of a "[European eco-efficient economy](#)" as presented in a report of the Stockholm Environment Institute). The report highlights the important achievements of the steel industry with reductions of 50 % in CO₂ emissions over the last 50 years, 100 % recyclability of steel, and it recognizes the specific situation of steel:

- "While the energy sources can be switched to non-fossil ones, replacing carbon for the reduction of iron ore has proven to be more difficult. In order to reach further improvements and reductions in CO₂ emissions, the industry invests in long term research and development projects, for instance in carbon capture and storage (CCS) applications",
- "The competition from emerging economies, in particular China, represents a major challenge for EU [steel] production. In the longer perspective, there is even a risk for excess supply when emerging economy infrastructure growth slows down".

The work programme and more information about the Swedish EU Presidency can be found on www.se2009.eu

Anti-dumping / Complaint against stainless steel fasteners from India and Malaysia

On 30 June 2009, the European Industrial Fasteners Institute (EIFI) filed anti-dumping and anti-subsidy complaints with the European Commission against imports of stainless steel fasteners originating from India and Malaysia. Since 2006 imports from these two countries have increased dramatically and literally flooded the EU market in 2008, causing considerable injury to the European industries concerned. The complainants have strong indications that exports from India and Malaysia are dumped and subsidised.

Regarding the importance of the EU fasteners industry as a downstream market for EU stainless steel wire rod producers, EUROFER and its members have given active support to the complaints.

Market Situation / Economic and Steel Market Outlook 2009-2010

EUROFER's June report on the *Economic and Steel Market Outlook 2009-2010* shows that the EU Steel Market is seen becoming more balanced again during the 2nd half of 2009.

While hard data has so far continued to provide evidence of the EU sinking deeper into recession, recent surveys and leading indicators suggest that the economic downturn could bottom out over the coming months. However, any recovery is expected to be fragile and still surrounded by uncertainties and downward risks.

The report shows that output of the EU's steel using sectors - such as automotive and the construction sector - fell by almost 25% year-on-year in the 1st quarter of 2009; a similar drop in output is estimated for the 2nd quarter. The steep drop in order intakes since early 2009 implies strongly reduced capacity utilisation rates for the remainder of the year. On balance, this leads to a very bleak outlook for the steel using sectors for 2009 with output more than 18% down on 2008 and a low-level stabilisation in 2010.

Due to this dramatic fall in output and continued destocking in the steel supply chain, steel demand (apparent steel consumption) declined by 43% year-on-year in the 1st half of 2009.

According to the report, destocking and weak activity in the steel using sectors will continue to depress apparent steel consumption in the 3rd quarter of 2009. However, from the 4th quarter onwards the market is expected to see a low-level equilibrium as the negative effect of the stock cycle starts to ease.

On average, apparent steel consumption will fall by almost 33% in 2009 compared to 2008. However, in 2010, the stock cycle reversing to slightly positive will result in apparent steel consumption growing by almost 14%.

The full report can be downloaded on www.eurofer.eu

Anti-dumping / Commission sets 24 % duty on wire rod imports from China

The EU Member States in June agreed to support a proposal of the European Commission to impose an anti-dumping duty of 24 % on imports of wire rod from China. The measure is applicable for five years as from the beginning of August 2009. EUROFER strongly welcomes the decision as it sends out the clear message that unfair trade practices are not tolerated by the EU.

Since the onset of the financial and economic crisis a proliferation of protectionist measures worldwide has been noticed, affecting about 70% of world steel production. Europe is notable by the absence of protectionist measures on its market. However, the consequence of this is that protectionism elsewhere drives dumped imports onto the open European market.

Energy / New EU energy taxation directive in the pipeline

At a stakeholder meeting on 15 July 2009, the European Commission presented elements of the revision of the EU energy taxation directive (ETD) foreseen to be adopted in the first half of 2010 and entering into force in 2013:

- adapting the directive to the EU climate and energy package, inter alia, meeting the 2020 climate and energy efficiency targets and setting the right incentives,
- introducing minimum taxation levels for CO₂-emissions which are not covered by the ETS directive (small industrial installations, transport, services, households, etc.),
- removing the huge differences between the effective minimum rates per energy content (e.g. minimum taxation level for petrol is currently at 10.5 €/GJ whereas diesel is at 8 €/GJ).

EUROFER will closely follow the issue. The next stakeholder meeting with the Commission will take place at the end of September.

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Waste / Stakeholder consultation on the adaptation of Annex II of the ELV directive

In June 2009, the Commission launched a stakeholder consultation for the fourth adaptation of Annex II of the End-of-Life Vehicles directive (ELV). The consultation is timed very tightly and will be closed on 3 August 2009.

On trial is, inter alia, the exemption for lead in machining steels and zinc coatings. EUROFER members are therefore asked to participate in the consultation: <http://rohs-elv.exemptions.oeko.info>.

The ELV directive tasks Member States to ensure that materials and components of vehicles put on the market do not contain lead, mercury, cadmium or hexavalent chromium other than in cases listed as exemptions in its Annex II. The exemptions granted by this Annex II must be frequently reviewed and adapted in line with scientific and technical progress.

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Industrial Emissions / Council adopts revision of the IPPC directive

On 25 June 2009, the Council adopted its Common Position on the Industrial Emissions Directive (IED), which revises the existing IPPC directive (Integrated Pollution, Prevention and Control). The directive regulates industrial emissions other than green house gases.

The Council in its decision followed the principal request of EUROFER and other industry federations to keep the flexibility approach of the existing IPPC directive when setting emission limit values (ELVs) for installations: The national authorities may, "in specific cases, on the basis of an assessment of the environmental and economic costs and benefits taking into account the technical characteristics of the installation concerned, its geographical location and the local environmental conditions, set emission limit values that exceed the emission levels associated with the best available techniques". This decision is in contradiction with the approach taken by the European Parliament, which earlier this year followed a proposal by its Liberal rapporteur, Holger Krahmer (Germany, ALDE Group), to establish a so-called European Safety Net (ESN), which is a maximum ELV that under no circumstances can be exceeded. A second reading between the two institutions now seems inevitable.

However, the Council followed the EP, though with higher values, in adopting ELVs for NO_x from *combustion plants firing blast furnace, coke oven and basic oxygen gas* (200-300 mg/Nm³), and in addition for *gas turbines using other than natural gas as a fuel* (120 mg/Nm³). These values, for which no flexibility is foreseen, are vital for the steel industry as they take account of the specific situation of process gas (waste gas) recovery.

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Forthcoming Events

17-18 September 2009, Brussels: At the *REACH workshop* of the European Powder Metallurgy Association (EPMA), Toni Newson of EUROFER will make a presentation on the mapping of the uses of steel and exposure scenarios. More information on www.epma.com

18 September 2009, Milan: As the key note speaker at the joint members meeting of the International Pig Iron Association and the Hot Briquetted Iron Association, EUROFER director general Gordon Moffat will give a presentation on the outlook for the European steel industry.

28-30 September 2009, Geneva: *WTO Public Forum 2009* entitled *Global Problems, Global Solutions - Towards Better Global Governance*. EUROFER trade director Karl Tachelet will speak on 30 September at the session "The Global Financial Crisis - WTO Rules and the Role of the State" on the increase of steel trade restrictions and trade defence during the economic crisis. Further information on www.wto.org