

08/04/2020

Mr Phil HOGAN  
Trade Commissioner  
European Commission

**Subject: Urgent action to amend the EU Steel Safeguard**

Dear Commissioner,

In the last months, the Commission started the Second Review of the EU Steel Safeguard in order to adjust it to the needs of the sector and consequently, to respond to the strong urge to modify it. The nowadays COVID-19 crisis changes the parameters of a review request that is clearly not adequate anymore. During the last month, the steel market outlook has changed fundamentally due to COVID-19. Steel demand has fallen by over 50% in different sectors, EU steel consumption fell sharply and is expected to remain significantly down for the rest of the year.

The spreading of the virus is reaching unforeseen proportions. Since the COVID-19 emergency has been recognised not only at European but also at global level, concerns are growing. The emergency affects us all and in all sectors: health, social, economic, and commercial first and foremost. The crisis is increasingly affecting our economy and we must do whatever we can in order to ensure stability and security to European companies. In particular, European companies in the steel sector are facing a crisis of unforeseen proportions and desperately need an immediate action from the EU institutions. In fact, the impact of COVID-19 is emptying order books, forcing massive cuts in production, therefore imposing short-time working hours and temporary lay-offs of workers. Furthermore, some Governments have shut down all manufacturing, including steel production.

We believe that, facing the clearly falling of the EU steel demand due to COVID-19, the current Tariff Rate Quotas in the Safeguard are obsolete, no longer reflecting the nowadays European market. Furthermore, considering the global character of this crisis, the risk of deflection of imports towards the EU market is higher than never before. In addition, we must take into account the eventuality of any future increase of infections, which could lead to a re-imposition of the current measures, with devastating effects to European companies.

We strongly believe that, allowing imports in large volumes, while recovering from the current situation, could cause additional devastating damages to the steel industry, especially considering its fragile situation.

European steel companies need desperately an urgent action. A strong political awareness of the unprecedented crisis we are living it is strongly needed, Europe must act rapidly and beyond extreme technicality in order to defend our economy and our companies.

Consequently, we ask the Commission to reconsider the Tariff Rate Quotas volumes in the current revision of Safeguard, setting them below traditional levels of imports. In fact, we believe that to prevent this destructive scenario, the Commission should consider changing the Safeguard for the rest of 2020, to reflect the decline in real steel consumption.

Thanking you for the work you are doing to help us cope with this crisis, we thank you for your consideration and we look forward to hearing from you.

Sincerely,

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