

Commissioner Malmström
European Commission
Rue de la Loi / Wetstraat 200
1049 Brussels
Belgium

Wednesday, 13 March 2019

Dear Commissioner Malmström,

As you are aware, the safeguard measures do not apply to any product originating in a developing country member of the WTO as long as its import share into the Union does not exceed 3%.

However, the Commission has not included Indonesia despite the fact that imports from Indonesia of stainless steel hot rolled sheets and strips, and stainless steel cold rolled sheets and strips, have dramatically increased in the second half of 2018, already largely exceeding the 3% threshold.

With regard to stainless steel hot rolled flat products, Indonesia moved from 0% import share in 2017 to an astonishing 10.1% import share in 2018. More worryingly, Indonesian import share soared up to 18.2% if considering the second half of 2018 only (see Annex).

Indonesia's massive capacity expansion is fuelled both by subsidised Chinese state owned steel companies and Indonesian domestic subsidies along with export restrictions on raw materials. These unfair advantages allow Indonesian producers to benefit from significantly lower production costs and to distort stainless steel prices worldwide. As a result, The EU stainless steel industry, representing more than 100,000 direct, indirect and induced jobs, saw its deliveries to the EU market drop significantly (-5.3% y-o-y in the second half of 2018) and its base prices falling by -30%, with considerable negative consequences on the sector's margins.

Unlike the discretionary substantial reviews of the measures foreseen by the review clause, the revision of the developing countries' list is purely mechanical and based on import statistics. Delaying the assessment to July 2019 would only encourage a further increase in imports from Indonesia and promote stock-building to cover the Union market for the remaining part of the year.

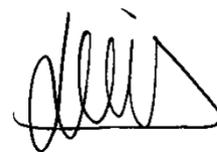
The European steel industry and its workers therefore urge the Commission to immediately revise the list of the developing countries to which the safeguard measures apply according to the available 2018 import figures.

EUROFER and industriAll Europe thank you for your timely consideration of this request, and we remain at your disposal for any further detail you may need.

Sincerely yours,



Axel Eggert,
Director General
European Steel Association (EUROFER)

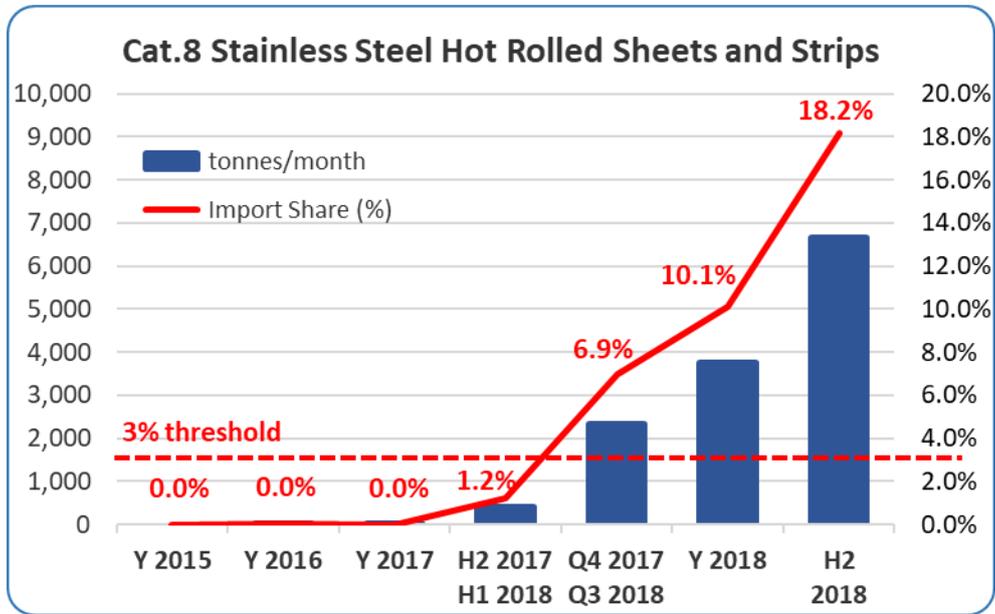


Luis Colunga
Deputy Secretary General
industriAll Europe

Cc: Mr. Jean-Luc Demarty

Annex

Graph 1: EU28 Import evolution from Indonesia for Stainless Steel Hot Rolled Sheets and Strips and import shares



Graph 2: EU28 Import evolution from Indonesia for Stainless Steel Cold Rolled Sheets and Strips and import shares

