

EUROFER SUPPORTS EU WTO ACTION ON INDONESIA

Brussels, 22 November 2019 – The EU has launched a WTO challenge against Indonesian export restrictions on the raw materials used in stainless steel production. The European Steel Association (EUROFER) welcomes the announcement by the European Commission that they are taking Indonesia to the WTO in order to protest against the distortive effects of these measures.

The European Commission said that, ‘these restrictions unfairly limit access of EU producers to raw materials for steel production, notably nickel as well as scraps, coal and coke, iron ore and chromium. The EU is also challenging subsidies that encourage the use of local content by Indonesian producers and give preference to domestic over imported goods, which goes against WTO rules’.

“Indonesia has been engaging in an aggressive expansion of its nickel processing and stainless steel sectors”, said Axel Eggert, Director General of EUROFER. “This began in 2014, with Indonesia banning the exports of nickel-bearing raw materials to ensure its nascent domestic stainless production had access to below-market price inputs. Although the restriction was partially eased in 2017, a full export ban will be restored on 1 January 2020”.

Nickel is an important component in the production of stainless steels. 55% of all stainless steels contain nickel because it improves corrosion resistance and improves the alloy’s properties. Indonesia’s hoarding of this material inflates the competitiveness of its stainless steel industry.

“Indonesia is sitting on the world’s largest reserves of nickel whilst also building up an export-oriented stainless steel sector with the intent to break into other markets using WTO-busting means”, emphasised Mr Eggert. “From a near-zero share of the EU market for stainless in 2017, Indonesia has taken 18% of the import segment in the second quarter of 2019. Given that nickel represents 45% of stainless steel’s production cost, they are gaining this share through unjustified means”.

Indonesia’s stainless steel exports have made it the world’s second-largest exporter, having been only marginal players with near-zero market share as recently as 2016.

“What worries EUROFER – apart from being unfairly undercut by foreign players breaking international trade rules – is that the ‘integrated’ production route Indonesia uses to produce their stainless steel is up to seven times more CO₂-intensive than the scrap-based Electric Arc Furnace methods used in Europe”, stressed Mr Eggert. “The risk is that artificially cheap, highly polluting steel displaces cleaner steels from both domestic EU producers and traditional trade partners”.

“We welcome that the European Commission has opted to take action against Indonesia at the WTO on the basis of a clear violation of trade rules, wedded to a greater environmental cost, in this multi-layered case”, concluded Mr Eggert. “200,000 direct and indirect European jobs depend on stainless steel, and they should not be put at risk because of the unfair activities of other countries”.

Notes for Editors

Contact

Charles de Lusignan, Spokesman & Communications Manager, +32 2 738 79 35, charles@eurofer.be

PDF

A PDF of this Press Release is available: [here](#)

EUROFER Manifesto – Steel 2019-2024

This manifesto sets out the footprint and importance of European steel to the EU economy, and explains why we need to make the industry more innovative, skilled and sustainable while also ensuring there is a robust trade policy that defends the sector against the challenges posed by overcapacity and trade surges. The manifesto can be downloaded: [here](#)

Infographic explains EU steel safeguard (July 2018)

The EU put in place a safeguard in the wake of the US' decision to impose a 25% tariff on all steel product imports into the US. This action, when seen in the context of massive global steel production overcapacity, risked causing massive deflection of steel volumes to the EU market, which an open market. Imports surged in 2018, rising by 12%. This infographic explains how the safeguard works and identifies some of the problems with it. The images are below and a PDF version can be downloaded: [here](#)

About the European Steel Association (EUROFER)

EUROFER AISBL is located in Brussels and was founded in 1976. It represents the entirety of steel production in the European Union. EUROFER members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations in Switzerland and Turkey are associate members.

The European Steel Association is recorded in the EU transparency register: 93038071152-83.

About the European steel industry

The European steel industry is a world leader in innovation and environmental sustainability. It has a turnover of around €170 billion and directly employs 330,000 highly-skilled people, producing on average 160 million tonnes of steel per year. More than 500 steel production sites across 22 EU Member States provide direct and indirect employment to millions more European citizens. Closely integrated with Europe's manufacturing and construction industries, steel is the backbone for development, growth and employment in Europe.

Steel is the most versatile industrial material in the world. The thousands of different grades and types of steel developed by the industry make the modern world possible. Steel is 100% recyclable and therefore is a fundamental part of the circular economy. As a basic engineering material, steel is also an essential factor in the development and deployment of innovative, CO₂-mitigating technologies, improving resource efficiency and fostering sustainable development in Europe.