

Economic press release

Worst seems to be behind, but steel demand to remain negative in 2023

Brussels, 03 May 2023 – The year 2022 came to a close with a sharper-than-anticipated recession in apparent steel consumption (-7.2%) as steel demand shrank significantly, due to the energy crisis and the impact of the war in Ukraine. Although the worst seems to be over after the fourth quarter of 2022, apparent steel consumption is still projected to be negative (-1%) in 2023, before rebounding in 2024 (+5.4%). However, high uncertainty continues to cast a shadow on the outlook for 2023, which remains bleak. Although steel imports have decreased in tandem with demand, their market share is still historically high (23.4%).

“The steel industry was severely knocked at the end of 2022 and is striving to recover, but the conditions are not yet conducive. Energy prices, production costs and inflation are still much higher than pre-crisis levels. Decarbonisation projects are underway, but we need access to affordable fossil-free electricity as of now, if we want the EU steel sector to transition whilst staying competitive at global level”, said Axel Eggert, Director General of the European Steel Association (EUROFER). “Most EU provisions do not account for the critical role of industrial energy consumers such as steel in achieving net zero in the EU, while cheap steel imports from third countries continue to flood the European market despite a slump in demand”, he added.

EU steel market overview

In the fourth quarter of 2022, apparent steel consumption collapsed to 29.6 million tonnes (-19.3%), recording the second worst performance after the pandemic (second quarter of 2020). This has further weakened the overall apparent steel consumption for 2022, down to -7.2% from the previous -4.6%. The trend is expected to reverse only from the second half of this year, marking the fourth recession in five years in 2023 (-1%) and bouncing back in 2024 (+5.4%), albeit subject to positive developments in the industrial outlook and steel demand.

Domestic deliveries also fell dramatically (-15.2%) for the third consecutive time, leading to a significant drop (-8%) for the entire 2022. Following the remarkable decline in steel demand, also imports into the EU shrank in the last quarter of 2022 (-32.5%), resulting in an overall annual decrease (-6.6%). However, the market share of imports out of apparent consumption, remained considerably high in historical terms, even at the end of 2022 (23.5%).

EU steel-using sectors

Steel-using sectors displayed more robust-than-projected resilience, ending 2022 with positive growth (+2.5% in the fourth quarter and + 3.1% for the whole year), largely thanks to the relative recovery of the automotive industry and the steady performance of the construction sector (+3.3% and +4.8% in 2022, respectively).

The effects of the ongoing challenging circumstances are anticipated to become more visible in 2023, resulting in modest output (+0.6%) for steel-using sectors before growth gains some momentum again in 2024 (+2.3%), subject to high uncertainty.

Notes for editors

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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 the United Kingdom 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 €125 billion and directly employs around 310,000 highly-skilled people, producing on average 153 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.