

This week: Europe and US far from trade dispute resolve, risk decarbonisation path

The EU is pushing the US for a “noticeable improvement” in its management of tariff-rate quotas (TRQs), which the EU considers “rigid”, European Commission vice president Valdis Dombrovskis said on Monday referring to the progress made in Global Arrangement on Sustainable Steel and Aluminium (GASSA) negotiations.

The comments came following an EU Trade Council meeting, the outcome of which European steelmakers’ association Eurofer criticised for showing there is still a gulf between the EU and US positions.

The two sides failed to reach a deal on GASSA in time for the EU-US summit in Washington last month and subsequently extended the deadline for negotiations till year-end.

The main stumbling block was the “unwillingness of the US side to provide a clear pathway towards definitely withdrawing the 232 tariff-rate quotas which the US is currently imposing on EU exports,” Dombrovskis commented during Monday’s press conference.

While negotiations continue, the sides “need to manage the situation” approaching on 1 January, which would see US Section 232 tariffs and EU retaliatory measures come back into force if no agreement is reached.

“We are in an asymmetric situation where we [EU] have completely suspended our measures but the US still continues to impose if not tariffs, then tariff-rate quotas; but also the management of TRQs is quite rigid and certainly can be improved,” Dombrovskis noted.

The main discussion now is on improving the TRQ management before the EU side decides on the next steps, he concluded.

Eurofer called the meeting a missed opportunity to settle the trade dispute before the COP28 summit in Abu Dhabi beginning on Thursday.

“Without a carbon-neutral industry at global scale, it will be impossible to achieve the 1.5 nor the 2 degrees Celsius objective in 2050. An ambitious international binding agreement tackling the existential challenges the steel industry is facing worldwide should not become the collateral damage of different views across the Atlantic on the approach to solve the US Section 232 issue while we share the same values,” says Eurofer director general Axel Eggert.

The absence of a GASSA deal “risks jeopardising the European steel industry’s decarbonisation efforts and shows the limits of EU global climate and trade diplomacy”, he adds.

“We urge the EU and the US to find a common path forward, positively conclude the negotiations, and avoid postponing solutions for global challenges,” Eggert concludes.

Exports of carbon finished steel products from Europe

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
TURKEY	4,411	3,923	4,152	3,936	4,458	3,023	3,656	3,186	2,962	2,488
U.S.A.	2,742	3,581	3,255	3,044	3,224	3,276	2,473	1,647	2,229	2,370
SWITZERLAND	1,876	1,828	1,704	1,838	1,886	1,871	1,702	1,554	1,701	1,543
MEXICO	790	716	577	730	870	1,197	1,012	961	1,230	914
CHINA	916	1,059	882	992	1,120	1,085	887	1,042	842	551
CANADA	394	551	745	619	531	664	713	732	723	539
EGYPT	331	320	425	465	475	537	596	643	495	460
BRAZIL	376	401	336	171	439	390	254	238	283	424
NORWAY	452	487	435	519	483	480	461	415	441	410
INDIA	555	637	641	722	429	472	443	411	417	381
OTHERS	15,743	15,866	14,576	13,833	12,346	11,175	11,626	9,052	8,116	6,576

Source: Eurofer

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KORE INDEX

Index	50%	62%	80%
Week % Change	-3.06%	-1.40%	-1.20%
01 Dec	122.59	123.53	145.43
30 Nov	121.35	121.70	143.62
29 Nov	119.28	120.63	142.99
28 Nov	119.65	121.35	143.07
27 Nov	123.58	122.38	144.71
Average	121.31	122.94	143.87
24 Nov	124.38	123.88	145.61
23 Nov	124.98	124.03	145.75
22 Nov	126.11	124.38	145.94
21 Nov	125.25	123.93	145.82
20 Nov	124.47	124.12	145.87
Average	125.14	123.99	145.82

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Important Note:

The last KSW report of the year will be published on December 19th, and the new issue will begin on January 9th, 2024.

Global Overview

Americas:

- HRC, CRC prices both increase in the US at the end of November
- US plate mills issue price hikes
- US Scrap market speculates flat prices impact on domestic scrap trading

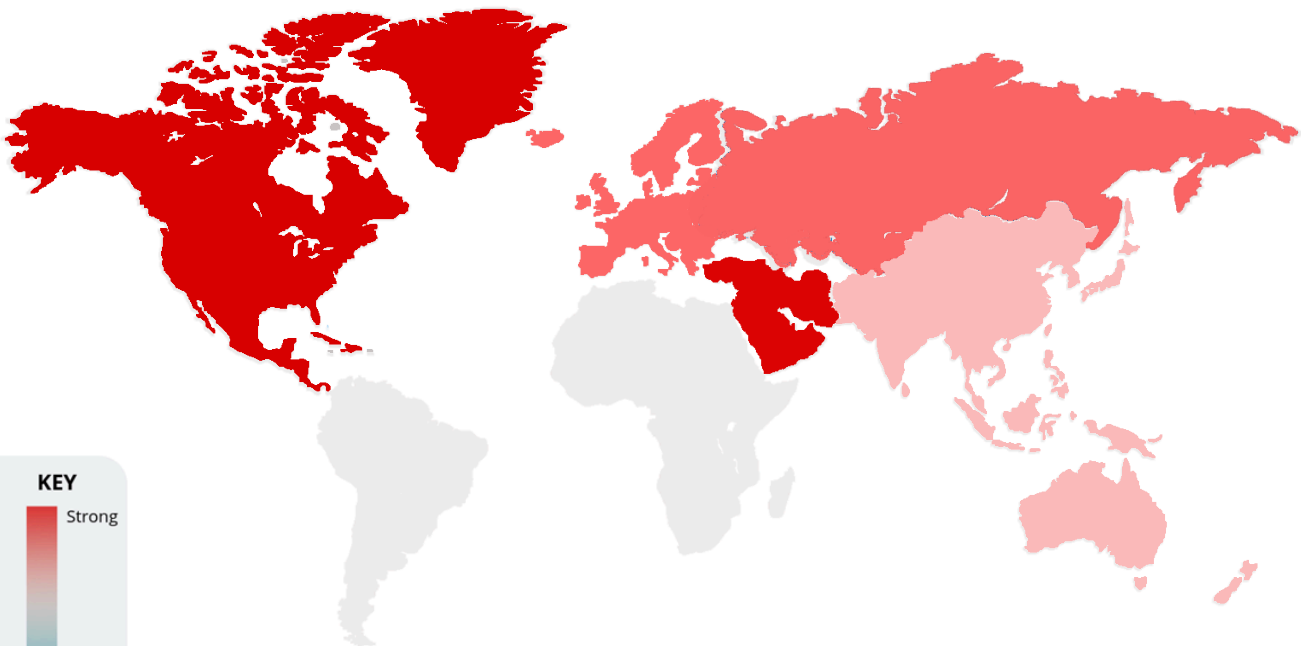
Europe:

- European suppliers hike longs offers
- Scrap prices seen increasing further in Europe
- AST stops production

Asia:

- Iron ore prices firm
- Outlook for Chinese steel in 2024 positive
- Nippos Steel evaluates opportunities to acquire raw materials assets

KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



KEY

Strong

Weak

[Click here to view this map online](#)

CIS:

- Russian billet remains unwanted despite scrap surge
- Higher flats prices lift Russian slab

Middle East:

- Turkish scrap skyrockets
- Turkish mills hike longs prices, Israel return buoys
- Chinese suppliers dominate GCC HRC market

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Special Feature

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- ▶ The competitive bidding to acquire US Steel (USS) has reached a moment of truth, with at least five potential suitors specifying the terms of their offers for the 122-year-old Pittsburgh, Pennsylvania-based steelmaker.

Depending upon who wins, the results may represent a major reshuffling of protagonists controlling North American steel production, according to market participants. The new owner's handling of the mill assets also could signal the degree of confidence in integrated steelmaking as a competitive player in the decarbonising trend in the coming decades.

The first suitor to make a public bid for US Steel was domestic competitor Cleveland-Cliffs, which in August offered \$35 worth of stock and cash for each US Steel share. US Steel rejected the overtures but quickly acknowledged that it would explore strategic alternatives.

That announcement unleashed a de facto auction for the iconic company, founded in 1901. Among the other interested parties are fellow North American producers, overseas-based steelmakers who covet US domestic capacity, private equity opportunists and possibly various partnerships involving two or

more of the above.

Sources at ArcelorMittal have confirmed to Kallanish that the London-based giant has been involved in the bidding process for US Steel. Market participants and published reports also indicate that Canada's Stelco and Argentina-based Techint's Ternium division are among the bidders.

The overseas bidders, particularly ArcelorMittal, also may have plans for the US Steel Europe operation in Kosice, Slovakia.

A private-equity acquirer also is possible and likely would avoid immediate antitrust barriers, although any subsequent divestitures would immediately resurrect calls for anti-competitiveness scrutiny. Early in US Steel's strategic review, Pennsylvania-based industrial investor Esmark Inc. announced an offer of \$35/share.

By: Dom Yanchunas, North America Editor - Steel

"This is an exciting time as the entire American steel industry is restructuring," Esmark chairman and ceo James P. Bouchard said at the time. However, Esmark promptly withdrew that offer after the United Steelworkers labour union specified its preference for a takeover by Cleveland-Cliffs.

Word of the week

Cogging Mill

A cogging mill is a heavy duty rolling mill that is used for shaping reheated steel ingots into blooms or slabs. The mill allows the ingot to pass and re-pass through the rolling stand until the profile that is desired is achieved.

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