

 This week:

# Europe, US end steel trade dispute, start new collaboration on sustainability

The European Union and the US have reached an agreement to end the ongoing trade dispute involving steel products, initiated with the imposition by the Trump administration of Section 232 tariffs.

The latest announcements confirm that steel trade barriers for European suppliers to sell into the US will be adjusted. As expected, the US administration has agreed to give to European suppliers a tariff-free volume quota beyond which the 25% duty will continue to be implemented. The quota volume is to be determined according to historical trading levels. Negotiations have been ongoing since earlier in 2021.

"The US decision to restore past trading volumes of EU steel and aluminium exports means we can move on from a major irritant with the US. It gives us breathing space to work on a comprehensive solution to tackle global overcapacity. The EU will therefore reciprocate this de-escalation by suspending our own rebalancing measures. We can now focus on a more forward-looking transatlantic trade agenda, while also working on a final, lasting outcome to this issue," Valdis Dombrovskis, EU trade commissioner, says.

Before the S232 tariff was imposed, Europe sold to the US some 3.3 million tonnes of finished products. Now the tariff-free quota will be of the same magnitude.

The EU and the US also add that the resolution of this trade dispute opens a new collaboration on sustainable steel and aluminium production. "The global arrangement will add a powerful new tool in our quest for sustainability, achieving climate neutrality, and ensuring a level playing field for our steel and aluminium industries," Ursula von der Leyen, EC president, says.

The European Steel Association (EUROFER) welcomes the statement of the EU and the US to tackle jointly shared challenges in the steel and aluminium sectors, including negotiating an arrangement on carbon intensity and global overcapacity, and replacing the current 25% tariff measure of the US Section 232 on EU steel imports by a tariff-rate quota regime (TRQ) based on historical volumes.

"We welcome the announcement of the agreement which could be the starting point of a new, transatlantic partnership tackling global trade distortions and climate change together, addressing the inter-linkage between both," says Axel Eggert, director general of the European Steel Association (EUROFER). "State-supported steel production and capacity built with CO2 intensive technologies contribute significantly to climate change. The global steel industry is responsible for almost 10% of global direct and indirect CO2 emissions, while the less CO2 intensive EU steel industry accounts for only about 0.5%. The arrangement between the US and the EU is therefore the first important commitment towards a global, market-based and decarbonised industry even before COP26 negotiations have really taken-off."

The American Iron and Steel Institute also praised the freshly inked agreement.

"We thank Secretary Raimondo and Ambassador Tai for their efforts to ensure that, as the United States works to develop a renewed partnership with the EU to address global steel excess capacity, a tariff-rate quota will be maintained under Section 232 to prevent another steel import surge that would undermine our industry and destroy good paying American jobs," says institute president Kevin Dempsey in a statement.

"We hope that with the conclusion of this agreement, the United States and the EU will now work on a common action plan for challenging non-market industrial policies and other government interventions that fuel overcapacity in steel," Dempsey says. "We urge the US and EU to take active steps to hold China and other countries that employ trade-distorting policies to account."

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## KORE INDEX

Index	58%	62%	65%
W-o-w % Change	-2.74%	-3.52%	-4.52%

29 Oct	85.24	109.10	129.20
28 Oct	86.69	112.80	132.13
27 Oct	92.02	120.48	142.32
26 Oct	92.76	121.24	143.74
25 Oct	92.33	120.85	143.90
<b>Average</b>	<b>89.81</b>	<b>116.90</b>	<b>138.26</b>

22 Oct	92.45	120.82	144.09
21 Oct	90.66	118.13	141.32
20 Oct	92.95	122.03	145.80
19 Oct	92.86	122.41	146.30
18 Oct	92.76	122.43	146.50
<b>Average</b>	<b>92.34</b>	<b>121.16</b>	<b>144.80</b>

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## Global Overview

### North America:

- US flat prices hold at historic highs
- US obsolete-grade scrap prices expected to rise in November
- US energy tubular pricing rises by 20%

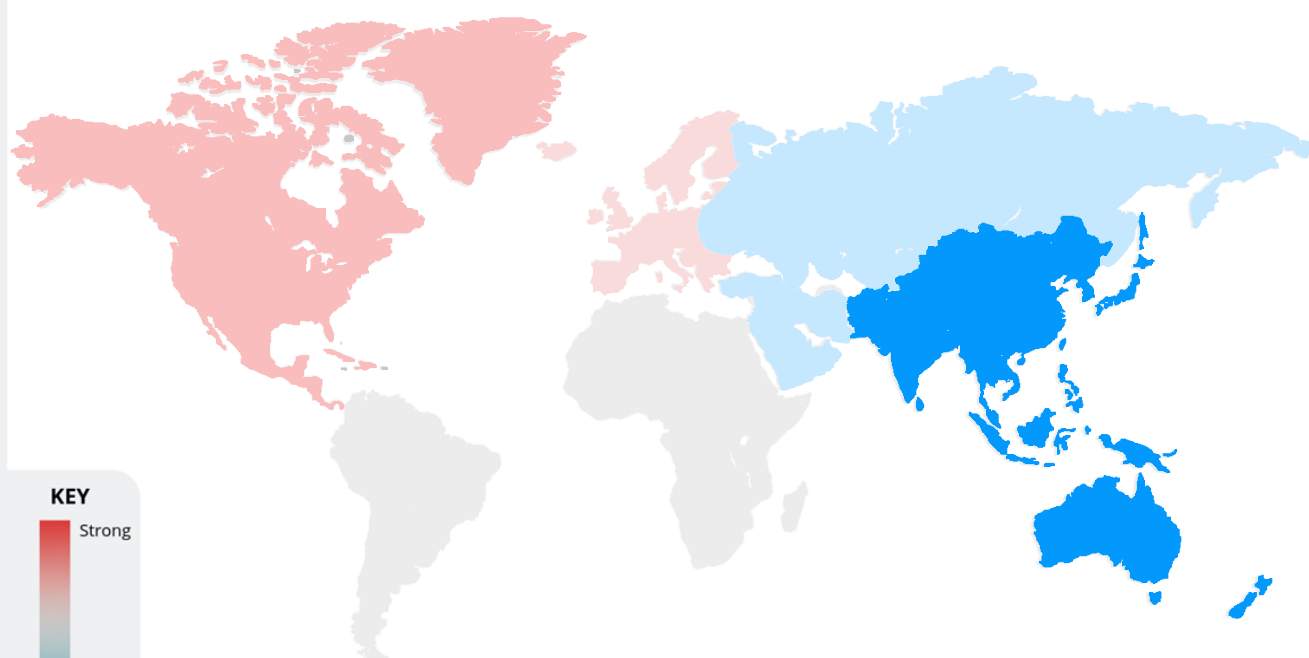
### Europe:

- Eurofer lifts 2021 outlook
- EU coils long term negotiations in NW Europe heat up
- Spanish Megasa starts night-only production

### Asia:

- Chinese steel sentiment slides
- Chinese iron ore down again
- Asian market sentiment hit by Chinese uncertainties

### KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



#### KEY



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### Latin America:

- Brazilian flats sales under pressure
- Argentinian steel production hit record

### CIS:

- CIS billet market seemingly peaks
- CIS pig iron trade stalls

### Middle East:

- Turkish scrap bookings take breather amid holiday
- Turkish rebar sold to Canada
- Hadeed rolls over rebar price

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## Word of the week

# Ladle Metallurgy



A process typically applied in a ladle furnace for alloying, deoxidation, desulphurisation as well as for temperature adjustment prior to casting of quality steels.

## Contact

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