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聞 This week:

EU confirms safeguard measures, Turkey concerned by increasing imports

The European Commission issued a statement to the WTO at the end of last week confirming the decision to extend the safeguard measures in place until the end of June 2024.

A review of the measures was initiated at the end of 2022.

After careful consideration, the EC noted that justification for the safeguard measures continue to exist in the market (such as the section 232 in the US) and added that the gloomy outlook for the European steel sector did not justify a termination of the measures.

From July 2023 the level of available tariff-free quotas for importers will increase a further 4%, continuing the original liberalisation rate of the safeguard measures of 4%.

As a result of the review, the EC also confirms that Malaysia will have in the period July 2023-June 2024 a specific country rate quota for imports of HRC assigned. The review also reviewed the list of developing countries to which safeguards measures apply; as a result all developed countries will now be subject to the measures related to imports of HDG for automotive use (group 4b) as well as organic coated sheets (group 5) and large welded tubes (group 25b).

A source at a major South European service centres commented that the decision is not set to alter the European market, also giving the fact that for many quarters the usage of safeguard quotas has been relatively minor. Earlier during the last months service centres and steel users called for the European Commission to terminate the safeguard measures at the end of June 2023, as reported by Kallanish.

TURKEY

"Considering the fact the capacity of the sector has doubled over domestic consumption, in order to re-establish the deteriorated balance and to support the closing of the foreign trade deficit – at least to previous levels – necessary measures, similar to those in the USA and the EU, should be taken and imports should be brought under control," says Turkish Steel Producers Association (TCUD) general secretary Veysel Yayan.

Yayn notes the priority should be the restriction on imports within the scope of the Inward Processing Regime and imports of products with sufficient domestic production capacity.

Turkey's April crude steel production decreased 20.6% on-year to 2.7 million tonnes.

Due to the temporary suspension in February of mills in the earthquake-hit region, the decline in exports and domestic buyers' redirection to imports, four-month production fell 21.3% onyear to 10.1mt. This caused Turkey's steel industry to fall to tenth place in the global output ranking.

April finished steel consumption rose 16.2% on-year to 3.5mt, while January-April consumption increased by 7.9% to 12.5mt.

Exports of steel products, however, slumped 55.2% in April to 629,900t, while falling 59.9% in value to \$566.4 million. Four-month exports fell 50.1% to 2.8mt and 53.8% to \$2.5 billion.

April imports rose 30.4% to 1.7mt while falling 0.2% in value to \$1.4 billion. January-April imports thus rose 11.9% to 5.9mt while declining by 12.6% in value to \$4.9 billion.

"Imports increased to a great extent due to the fact that Far Eastern countries, which have advantages in input costs, turned to our market. Domestic consumption, which increased by 25% on average in the last two months and by 8% in the first four months of the year, was met by imports, causing great discomfort," says Yayan.

The ratio of four-month exports to imports slumped to 49.8:100 from 94.3:100 in January-April 2022, clearly proving the negative trend in steel foreign trade.

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Will China rebound lift Turkish prices further?

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Global Overview

Americas:

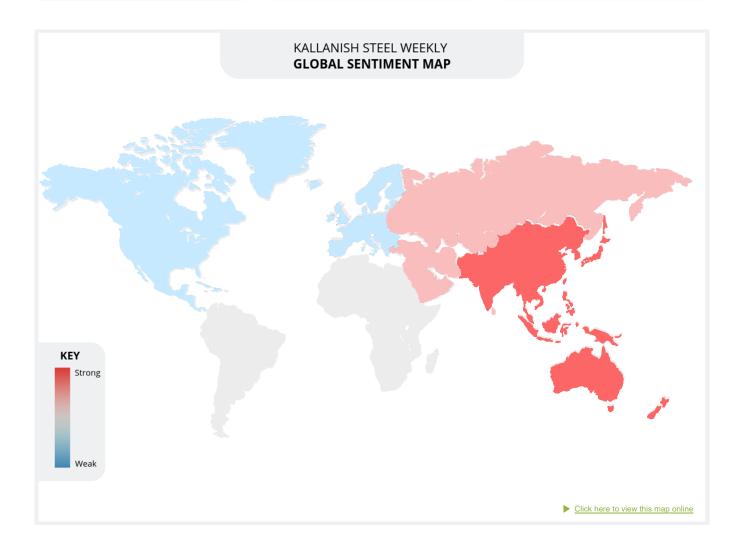
- HRC, plate, OCTG spot prices soften in the US
- Scrap pricing likely to decline in
- US extends Ukraine's Section 232 tariff exemption

Europe:

- European scrap prices try to rebound
- Rebar prices remain under pressure
- Import offer of plates pressure

Asia:

- Chinese steel prices bottoming out
- Iron ore slightly up Vietnamese HRC market benefit from stronger Chinese futures



India:

- Indian imported scrap offers drop Indian HRC offers fall amid global slowdown
- Bangladesh bulk scrap offers fall amid delayed financing, sluggish demand

Middle East:

- Turkish scrap stands fast Turkish rebar mills halt sales,
- some raise prices GCC HRC goes silent after earlier deals

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Word of the week

HMS 1 and HMS 2

HMS stands for heavy melting scrap, and this is composed of two different categories. The main difference between the two is that HMS1 does not contain galvanized and blackened steel unlike HMS2. Because both grades guarantee a minimum piece thickness – at least 1/4inch (6.3mm) for HMS 1, and 1/8in for HMS 2 – consignments have a high density. Both also have defined maximum dimensions (usually 60in x 24in), and should be prepared to facilitate handling and charging to a furnace. This density, sizing and preparation makes for efficient furnace operation by minimising the time to charge enough scrap for a full melt. In contrast, thin mixed scrap greatly increases charging time, cutting furnace productivity.



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