



ASSOFERMET
ASSOCIAZIONE NAZIONALE DEI COMMERCianti IN FERRO E ACCIAIO,
METALLI NON FERROSI, ROTTAMI FERROSI, FERRAMENTA E AFFINI

Milano, 06 April 2020

Dear Mrs President

Ursula Von Der Leyen,

the Covid19 Emergency is hitting all the European Countries, their people and their economies during this difficult time, now more than ever.

We are grate for the determinations the Commission will take in order to cope with it, but we would like to share with you some elements that should inspire the EU Commission.

All the Industry Sectors are appealing to the EU Institutions describing themselves as "strategic" or "essential". This a competition among losers, it's not a win-win strategy.

In most of the cases, it is just a request for subsidies at the expenses of other Sectors or Segments of the value chain. All the Businesses perceive themselves as essential, a self-referring attitude is common, but the Institutions cannot follow these requests.

Steel Distribution is just ring in very long value chain, that starts from the Raw materials' Producers, moves to the Steel Production and Distribution and finally arrives to the End-Users' segments.

Not a single ring in that value chain is essential or strategic, but all together they represent such a relevant part of our Economy, that we cannot forget to act for supporting them.

European Steel Market is under pressure: it is not due the misrepresented Import flows into the EU market, but to the weakness of the Steel-consuming Businesses within the European Union.

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The increasing Protectionism is weakening our Industries: forcing them to pay more expensive Steel is not the way to recover competitiveness.

An additional level of Protectionism would only create an artificial price increase of Steel in the EU market, allowing EU Steel Producers not to follow the innovation path and to sit on granted profits.

The recent request of the EU Steel Producers to additionally tighten the Steel Safeguard System would be detrimental for the all Union Industry.

The wide System of Protection Measures in place (17 Antidumping duties, Antisubsidy duties and finally the Safeguard System on Import of Steel from non-EU Countries), represents something unprecedented in our Economy and is just a mean for shifting profits to the Steel Producers at the expenses of Steel Distributors and End-Users.

It is not a value-creating system, conversely, in the medium run, it makes the downstream businesses less competitive and therefore destroying value.

Our proposal, as ASSOFERMET is that:

- Steel Safeguard System must **remain unchanged** (we should also consider that any revision should enter into force at least 5 months after its announcement, in order to manage the incoming flows that normally requires 5 months from the signing to the delivery);
- Antidumping Systems will have **not to be extended** at their natural expiry. This is necessary in order to restore a sufficient level of competition within the EU market;
- A wide system of support from the EU Commission should be deployed in the following way:

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- **Additional Credit Lines** granted to all the EU Companies that operate in the upper part of the value chain: Raw material, Steel Production, Steel Distribution, Steel Processing. These Credit Lines should be backed by EU funds, with no financing costs for the borrowers, they should be targeted to manage the Covid19 Emergencies;
- **Non Re-Payable Loans** for both consumer spending and investment expenditure.

The best way to support the Steel Business (both Production and Distribution) is boosting the Steel consumption in Europe.

With Europe being still self-sufficient for 96% of its Consumption (159,4 mln ton. of Steel Production within the EU28, vs 166,8 mln ton. of Apparent Consumption), these non re-payable loans will have a significant multiplier effect on the EU Economy and therefore will be beneficial mainly for the EU Steel Companies (Production, Distribution and Consumption).

We remain at your disposal for any further clarification.

With best regards.

Tommaso Sandrini

ASSOFERMET STEEL PRESIDENT

Riccardo Benso

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