

Economic press release

Ongoing COVID pandemic piles pressure on steel sector in mid-2020

Key messages

- Apparent steel consumption in the EU fell (-25.5%) year-on-year in the second quarter of 2020, after a drop (-12%) in the first quarter.
- The continued downturn in steel demand led to the seventh consecutive fall year-on-year in domestic deliveries in the EU in the second quarter of 2020.
- Total output in steel-using sectors fell (-21.3%) in the second quarter of 2020 after falling (-6.5%) in the first quarter.

Main body of press release

Brussels, 28 October 2020 – The COVID-19 pandemic continues to rage across Europe, with all steel-using sectors being affected. Apparent steel consumption in the EU fell (-25.5%) year-on-year in the second quarter of 2020, after a drop (-12%) in the first quarter. This was the most severe drop in EU steel consumption ever recorded.

Axel Eggert, Director General of EUROFER, said, “The exceptionally negative trend in steel demand seen in the second quarter of 2020 is – as widely expected – the result of the economic and industrial lockdown in response to the Covid-19 pandemic”.

Industrial activity restarted over the third quarter – when government COVID measures were largely lifted. Figures for the period will likely show a considerable rebound in GDP as well in industrial production, compared to record lows observed in the second quarter. This brief recovery may now be at risk if there is a COVID-induced ‘double-dip’ recession.

“The unprecedented nature and evolution of this crisis means uncertainty and volatility surrounding possible developments in the coming months is still high,” emphasised Mr Eggert. “The outlook for this year and for 2021 remains very uncertain, given that COVID-measures are now being reimposed across the EU”.

Total output in steel-using sectors fell (-21.3%) in the second quarter of 2020 after falling (-6.5%) in the first quarter.

The continued downturn in steel demand led to the seventh consecutive fall year-on-year in domestic deliveries in the EU in the second quarter of 2020 (i.e. -28.6%, steeper than -8.2% recorded in the first quarter).

After a considerable drop (-20%) in the first quarter of 2020, the downward trend in imports from third countries continued in the second quarter of 2020, with a year-on-year fall (-16.7%). This equated with 7.1 million tonnes in absolute volumes, accounting for 24% of EU steel demand (in historical terms, slightly up from 23.5% in the first quarter of 2018).

“The onset of the COVID-19 pandemic has therefore dramatically impacted the already challenging steel market situation, with unprecedented consequences for the steel industry. Capacity idling, reductions in the workforce and cuts in production have already taken place at an unprecedented scale”, added Mr Eggert. “This is an urgent, worsening situation”.

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 Switzerland 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 €170 billion and directly employs 330,000 highly-skilled people, producing on average 160 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.