

# Economic press release

## Rebound in third quarter of 2020 fails to compensate for exceptionally poor first half performance

### Key messages

- EU28 apparent steel consumption fell (-11.6%) year-on-year in the third quarter of 2020
- The continued downturn in steel demand led to the eighth consecutive fall year-on-year in domestic deliveries in the EU in the third quarter of 2020.
- Total output in steel-using sectors fell in the third quarter of 2020 (-6.4%).

### Main body of press release

**Brussels, 10 February 2021 – The European Steel Association (EUROFER)’s newly released Economic and Market Outlook report reflects on the effects the COVID-19 outbreak has had on steel output and use. The pandemic has slashed EU steel consumption forecasts and punctured the overall economic outlook.**

Axel Eggert, Director General of the EUROFER said, “The third quarter of 2020 was a period between two waves of the pandemic. Some measures had been relaxed and a partial economic recovery occurred in the third quarter, but the fourth quarter was marred by the reimposition of measures. 2020 is likely to be one of the worst years on record, even if we will see positive figures in the fourth quarter”.

Shutdown measures implemented by governments that began in earnest in March 2020 severely impacted manufacturing activity and steel-using industrial sectors. However, some of the measures that had the greatest impact on the economy were loosened as of June 2020, though many measures remain in effect or have been reinforced in recent months.

“The EU should use this crisis as an opportunity to use the recovery fund to support industry in meeting its decarbonisation ambitions – starting with sectors, such as steel, that have already shown how they can help support the aim”, added Mr Eggert. “Europe wants to come back from this crisis in a greener, more sustainable way. The European steel industry is ready – under the right conditions, with the appropriate regulatory framework, and a means to ensure a global level playing field – to roll out new technologies and approaches to revolutionise steelmaking”.

## EU steel market overview

EU28 apparent steel consumption fell (-11.6%) year-on-year in the third quarter of 2020 (that is for the seventh consecutive quarter, after an unprecedented drop (-25%) in the second quarter) and amounted to 32.8 million tonnes.

The volume for the third quarter 2020, albeit higher than the record low seen in the second quarter, reflects the unprecedented deterioration in steel demand due to the severe disruption brought by the Covid-19 pandemic, in addition to the negative factors that had materialised in the preceding quarters and had already led to a sharp, continued reduction in steel consumption.

As a result, the downturn in steel demand led to the eighth consecutive fall year-on-year in domestic deliveries in the EU in the third quarter of 2020 (i.e. -8%, much lower than -28.1% recorded in the second quarter).

Data for the third quarter also showed the continued downturn in imports from third countries. After the severe drop (-16.8%) in the second quarter of 2020, imports from third countries dropped even more severely in the third quarter of 2020, with a year-on-year fall (-25.4%), that is the fourth consecutive quarterly drop of more than 10%.

## EU steel-using sectors

The COVID-19 outbreak has further hit EU industrial sectors at a time when these had already been experiencing a severe downturn and were coping with serious challenges. Over the course of 2019, business conditions in the manufacturing industry had continued to deteriorate. This downward trend has gained speed in the second half of 2019, particularly in the automotive industry, while the construction sector has continued to outperform other major steel-using sectors.

This has resulted in a pronounced slowdown in output growth in steel-using sectors. This has culminated in unprecedented drops over the second quarter 2020, mainly as a result of the severe lockdown measures imposed by governments in March and April 2020. Total output in steel-using sectors fell (-24.4%) in the second quarter of 2020. In the third quarter of 2020, output in steel-using sectors has rebounded compared to the previous quarter – thanks to restarted industrial activity across the EU – but has nevertheless fallen year-on-year (-6.4%).

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## 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.