ECONOMIC REPORT

Economic and steel market outlook 2023-2024

Third quarter report
Data up to, and including, first quarter 2023

July 2023

EUROFER
THE EUROPEAN STEEL ASSOCIATION

Introduction

The downside factors severely impacting apparent steel consumption in 2022 and leading to recession (-7.2%) – i.e., war-related disruptions, poor demand outlook and severe rises in energy prices and production costs - are expected to continue to weigh until the second quarter of 2023 included as a result of the prolonged effects of Russia's war in Ukraine and increasing inflation-led economic uncertainty.

Consequently, apparent steel consumption is projected to contract even further in 2023, with a steeper rate of decline than previously foreseen (-3%, revised downwards from -1%). This would mark the fourth annual recession in the past five years. However, in 2024 apparent steel consumption is set to recover at a faster rate (+6.2%, previous estimate +5.4%), conditional on more favourable developments in the industrial outlook and improvement in steel demand.

The overall evolution of steel demand remains subject to high uncertainty, which is expected to continue undermining real demand from steel-using sectors at least for the first half of 2023. It is anticipated that quarterly positive developments in apparent steel consumption will only start to emerge from the third quarter of 2023.

EU steel market overview

During the first quarter of 2023, apparent steel consumption in the EU continued to drop significantly (-11.7%), following another major contraction (-19.3%) in the preceding quarter. The total volume reached 34.5 million tonnes, representing an improvement compared to the fourth quarter of 2022, which had experienced the lowest level ever recorded since the exceptional drop due to COVID in the second quarter of 2020. However, these volumes remained relatively low compared to the levels seen in 2021 and the first half of 2022.

Domestic deliveries continued to mirror weak demand during the first quarter of 2023 and decreased (-6.2%) for the fourth consecutive quarter, albeit at a slower pace than in the preceding quarter (-15.1%). In 2021, deliveries had rebounded significantly (+11.9%), after the sharp drop in 2020 (-9.6%) and the already negative performance in 2019 (-2.9%). As a result of the unfavourable developments in the last two quarters of the year, in 2022 domestic deliveries markedly dropped (-7.9%).

Mirroring the continued and quick deterioration in steel demand, imports into the EU – including semi-finished products – sharply decreased also in the first quarter of 2023 (-28%, after -33% in the preceding quarter). Overall, total imports from third countries in 2022 fell (-6.7%). However, it is worth noting that the drops in imports seen in the last three quarters essentially reflected weak demand conditions. Therefore, the share of imports out of apparent consumption remained considerably high in historical terms, even in the first quarter of 2023 (22%).

EU steel-using sectors

Despite the challenges posed by Russia's invasion of Ukraine and rising energy prices, EU steel-using sector's output showed unexpected resilience and continued to grow up to the first quarter of 2023. The Steel Weighted Industrial Production index (SWIP) improved again (+3.7%, following +2.5% in the fourth quarter of 2022).

The overall positive evolution in the first quarter of 2023 was a combination of very favourable developments in the automotive, mechanical engineering and transport sectors on one hand, and a decline in output in domestic appliances, tubes and metalware on the other. The construction sector experienced almost flat growth (+0.1%) and is anticipated to face recession in 2023. The positive trend started after the pandemic had continued so far in spite of rising energy prices impacting production costs, component shortages and lower output that took their toll on total production activity in steel-using sectors in the second half of 2022.

The deterioration of the economic and industrial outlook in the EU – especially due to high inflation and the subsequent interest rate hike by the ECB – has had only a limited impact on steel-using sectors' output so far. Steel-using sectors' output grew (+3.1%) also in 2022 following the post-COVID rebound (+6.7%) in 2021. However, growth is expected to slow down in 2023 but less than initially expected (+1.3%, revised upwards from +0.3%), albeit with wide differences among individual European economies. In 2024, steel-using sectors' output growth is projected to further decelerate once again (+0.4%), largely due to a likely downturn in the automotive sector.

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The EU steel market: supply

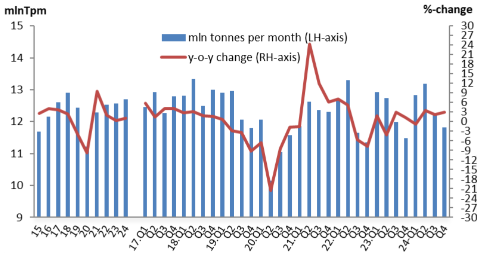
Real steel consumption

Real steel consumption in the first quarter of 2023

In the first quarter of 2023 real steel consumption increased (+1.8%), further to the contraction in the fourth quarter of 2022 (-7.7%).

Real steel consumption rebounded strongly in 2021 (+9.6%, after -9.8% in 2020), continued to grow in 2022 (+2.0%, revised upwards from +0.3%) while it is expected to slow down in 2023(+0.3%), before gaining some speed again in 2024 (+1.0%).

EU REAL STEEL CONSUMPTION
Forecast from Q2-2023



The two consecutive recessions of 2019 and 2020 were caused by a considerable slowdown in the activity of steel-using sectors due a downturn in manufacturing and trade, and the COVID crisis, respectively. The counter-cyclical destocking trend that started in late 2019 persisted throughout 2020. It only began to reverse in the first quarter of 2021 when growth in steel demand was expected to continue. The trend of weak demand conditions is expected to continue in 2023, given the impact of the war, high inflation and the uncertain global industrial outlook and energy prices.

Real steel consumption increased in 2022 (+2%, revised upwards from +0.3%) and is projected to do so only marginally in 2023 (+0.3%), before a modest increase in 2024 (+1%). The expected improvement in the industrial outlook and steel demand aligns with SWIP developments (see page 12).

Apparent steel consumption

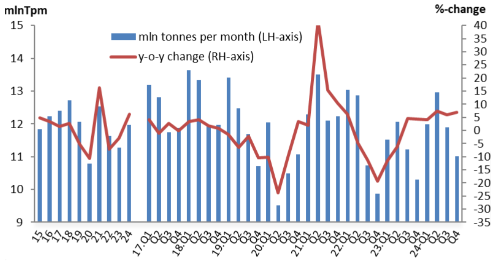
FORECAST FOR REAL CONSUMPTION - % CHANGE YEAR-ON-YEAR

Period	Year 2022	Q1'23	Q2'23	Q3'23	Q4'23	Year 2023	Q1'24	Q2'24	Q3'24	Q4'24	Year 2024
% change	**2.0**	1.8	-4.2	2.9	1.2	**0.3**	-0.7	3.6	2.2	2.9	**1.0**

Apparent steel consumption in the first quarter of 2023

The positive trend in apparent steel consumption, seen post-COVID throughout 2021, came to an end in the second quarter of 2022. It was impacted by ongoing war-related disruptions, a poor demand outlook, and severe rises in energy prices and production costs. These downside factors have had an even more severe impact over the second half of 2022, and are expected to continue until the second quarter of 2023 included. As a result of the prolonged effects of the war in Ukraine and increasing inflation-led economic uncertainty, in the first quarter of 2023, apparent steel consumption dropped considerably again (-11.7%, after shrinking by -19.3% in the preceding quarter), totalling a volume of 34.5 million tonnes. Despite marking an improvement compared to the fourth quarter of 2022 - the lowest level ever recorded after the exceptional drop due to COVID in the second quarter of 2020 - volumes remained rather low compared to 2021 and the first half of 2022.

EU APPARENT STEEL CONSUMPTION
Forecast from Q2-2023



In 2021, apparent steel consumption had rebounded (+16.3%) after plummeting dramatically due to the pandemic in 2020 (-10.7%). However, the heavy consequences of the conflict in Ukraine on steel-using industries and the worsened overall economic outlook have taken their toll on apparent steel consumption. This resulted in a recession (-7.2%), due to quarterly drops over the second, third and fourth quarters of 2022. Ongoing downside factors such as the war, uncertainty over energy prices and high inflation), coupled with a worsened economic outlook for 2023, mean apparent steel consumption is set to contract again in 2023, albeit more moderately (-3%, formerly -1%). This would represent the fourth annual recession out of the last five years. In 2024, conditional on more favourable developments in the industrial outlook and improvement in steel demand, apparent steel consumption is set to recover at a faster rate than previously forecasted (+6.2% vs. +5.4%).

The overall evolution of steel demand remains subject to very high uncertainty. Quarterly positive developments in apparent steel consumption are only expected to begin from the third quarter of 2023.

EU domestic and foreign supply

In the first quarter of 2023, domestic deliveries continued to mirror weak demand and decreased (-6.2%). This was the fourth consecutive drop, albeit lower than the decline recorded in the preceding quarter (-15.1%). Deliveries had rebounded noticeably in 2021 (+11.9%), following the sharp drop in 2020 (-9.6%) that marked the second consecutive yearly decline after 2019 (-4.2%). Due to negative developments in the last two quarters of the year, domestic deliveries fell markedly (-7.9%) in 2022.

In line with the continued and quick deterioration in steel demand, imports into the EU including semi-finished products also shrunk in the first quarter of 2023 (-28%), following a drop in the previous quarter (-33%) and resulting in an overall annual decrease (-6.7%). However, it is worth noting that the drops in imports over the last two quarters of 2022 essentially mirrored weak demand conditions. Therefore, the share of imports out of apparent consumption remained considerably high in historical terms, even in the first quarter of 2023 (22%).

EU APPARENT STEEL CONSUMPTION - IN MILLION TONNES PER YEAR

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 (f)	2024 (f)
Million tonnes	136	142	147	149	153	145	129	150	140	135	144

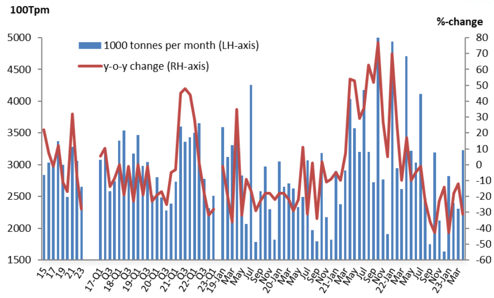
FORECAST FOR EU APPARENT STEEL CONSUMPTION - % CHANGE YEAR-ON-YEAR

Period	Year 2022	Q1'23	Q2'23	Q3'23	Q4'23	Year 2023	Q1'24	Q2'24	Q3'24	Q4'24	Year 2024
% change	**-7.2**	-11.7	-6.2	4.6	4.4	**-3.0**	4.2	7.5	6.0	6.9	**6.2**

Imports

During the first quarter of 2023, total steel imports (including semis) into the EU decreased (-28% year-on-year), following the drop seen in the fourth quarter of 2022 (-33%). During the first four months of 2023, imports of all steel products similarly fell (-28%) compared to the corresponding period of the previous year. In 2022, total imports fell (-7.3%) compared to 2021, when they dramatically increased (+30%).

EU TOTAL STEEL IMPORTS, FINISHED PRODUCTS

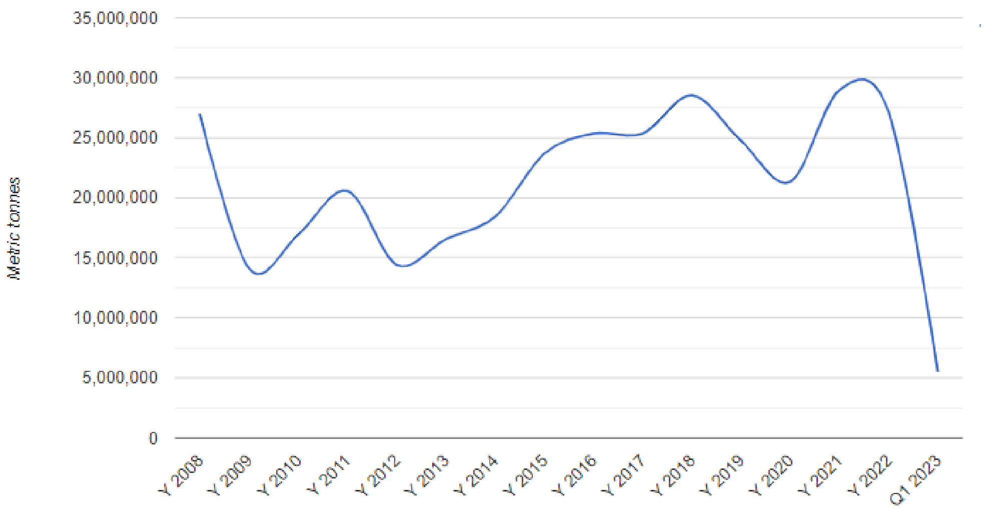


Imports of finished products also fell (-30%) in the first quarter of 2023, after a slightly more pronounced decrease in the preceding quarter (-33%). Over the same period, imports of flat products dropped (-35%, after -42% in the fourth quarter of 2022), along with imports of long products (-15%, vs. +3% in the preceding quarter).

In 2022, imports of finished products decreased overall (-5%). Specifically, imports of flat products fell (-9%), whereas imports of long products increased (+10%).

Imports remained volatile throughout 2022, similar to their fluctuations in 2020 and 2021. After the outbreak of COVID-19, imports surged again for certain products and showed some volatility over the second half of 2020. However, the increase became much more pronounced during 2021, particularly over the second and third quarters, reaching high levels in historical terms. This development mirrored buoyant steel demand conditions up to end-2021, while volatility continued over the fourth quarter of 2021 and throughout 2022. Reflecting much weaker demand since the first quarter of 2022, imports have been declining in volumes over the second half of 2022 and until the first quarter of 2023, albeit continuing to show volatility. However, over the entire year 2022, imports remained at elevated historical levels, resulting in high import shares out of apparent consumption (22%), as well as in a widening trade deficit vis-à-vis third countries.

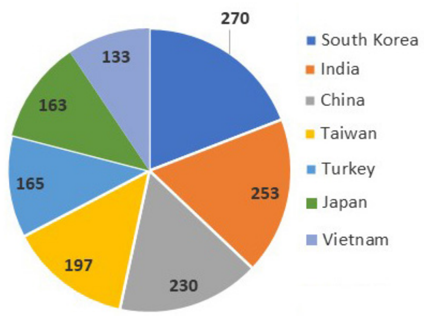
TOTAL IMPORTS FROM THIRD COUNTRIES, FINISHED STEEL PRODUCTS
2008-2022



Imports by country of origin

In the first four months of 2023, the main countries of origin for finished steel imports into the EU market were, in descending order: South Korea, India, China, Taiwan and Turkey, followed by Japan and Vietnam. The top 5 exporting countries in the first quarter of 2023 together represented 52% of total EU finished steel imports. Contrary to what was observed in the preceding quarters, Turkey is no longer the largest exporter of finished steel products to the EU. South Korea has taken over this role (12.5% share), followed by India (11.7%), China (10.6%), and Taiwan (9.1%). Turkey now only holds the fifth-largest share (7.6%).

EU FINISHED STEEL IMPORTS BY COUNTRY
4M-2023, monthly '000 metric tonnes

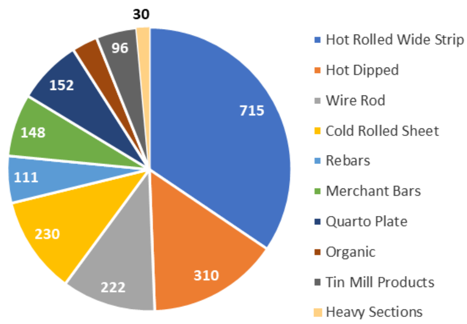


Over the first quarter of 2023, imports from major exporting countries continued to show diverging developments: imports of finished products from Turkey, India, Vietnam, China and South Korea dropped (-64%, -16%, -14%, -5% and -2%, respectively), whereas imports from Japan and Taiwan rose (+65% and +5%, respectively).

Imports by product category

According to customs data, imports of both flat and long products into the EU market decreased (-35% and -15%, respectively) in the first four months of 2023. The share of long products out of total finished steel product imports was 24%. Overall, imports of finished products also dropped (-30%).

EU FINISHED STEEL IMPORTS BY PRODUCT
4M-2023, monthly '000 metric tonnes



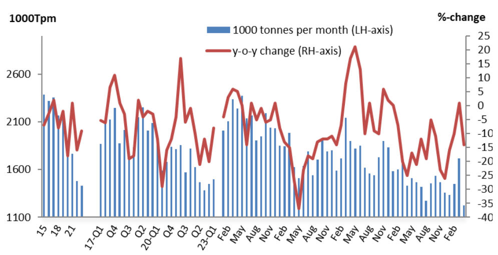
Within the flat product market segment, imports of all flat products decreased during the first four months of 2023 compared to the same period in 2022. The only exceptions were imports of tin mill products (+11%) and quarto plate (+4%). In contrast, imports of all other flat products dropped significantly, particularly cold-rolled sheet (-44%), hot dipped (-46%), coated sheet (-48%), organic (-52%) and, to a lesser extent, hot-rolled wide strip (-6%).

Regarding long products, imports during the first four months of 2023 showed positive developments only for heavy sections (+15%). In contrast, imports of rebars, wire rod, and merchant bars all declined (-30%, -24%, and -22%, respectively).

Exports

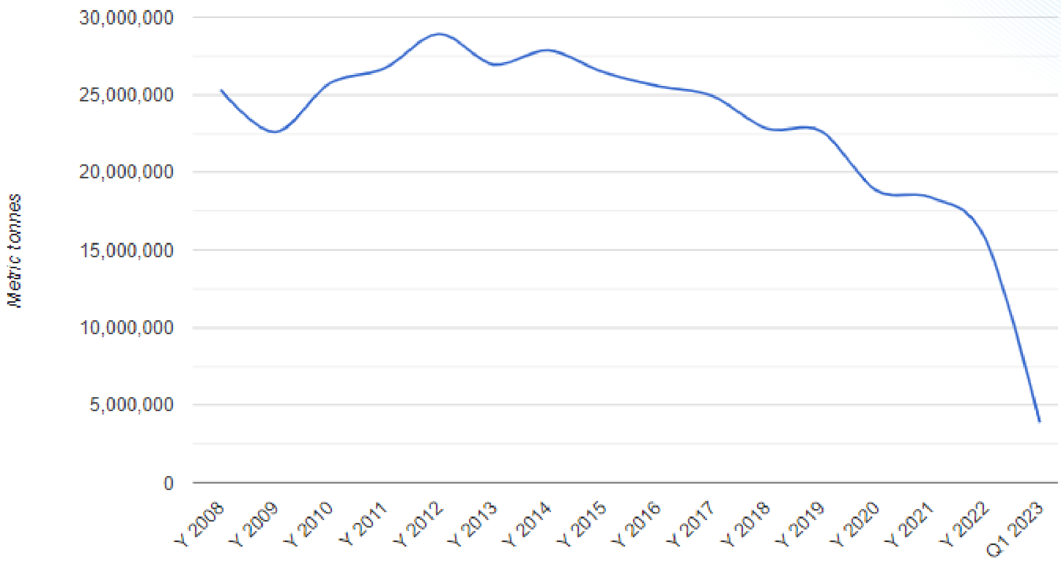
In the first quarter of 2023 total EU exports of steel products to third countries decreased (-8%). Exports of finished steel products fell (-10%), and both flat and long products recorded a drop (-12% and -6% respectively). During the first four months of 2023, total exports declined (-9.0%), as well as exports of finished products (-11%), flat products (-14%) and long products (-6%).

EU TOTAL STEEL EXPORTS



Throughout the entire year of 2022, exports of finished products fell (-14%), due to a decline in both flat and long product exports (-10% and –22%, respectively).

EU TOTAL STEEL EXPORTS – FINISHED PRODUCTS
2008-2022

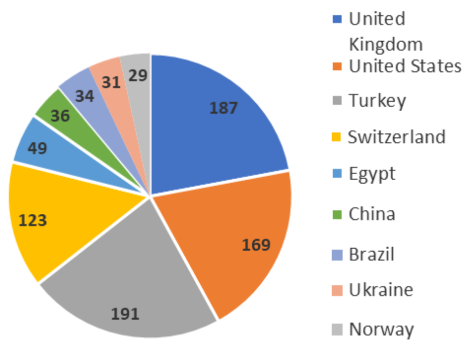


Exports by country

During the first four months of 2023, the main destinations for EU steel exports were the United Kingdom, the United States, Turkey, Switzerland and Egypt, followed by China, Brazil, Ukraine and Norway. The first five destinations together accounted for 55% of total EU finished product exports.

Among the major export destinations, exports of finished products experienced an enormous increase to Ukraine (+209%), due to improved trade functioning and compensating for the low figures recorded in the same months of 2022 when Russia invaded Ukraine. Additionally, exports rose to Egypt (+35%), whereas they declined to Brazil (-1%), the United States (-10%), Switzerland -18%), the United Kingdom (-20%), Norway (-26%) and China (-26%).

EU FINISHED STEEL EXPORTS BY DESTINATION
4M-2023, monthly '000s metric tonnes



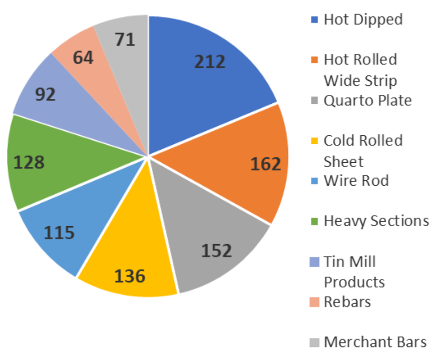
Exports by product category

During the first quarter of 2023, flat product exports dropped (-12%, after -18% in the fourth quarter of 2022), as well as long product exports (-6%, after -29% in the fourth quarter of 2022). Overall, exports of finished products decreased (-10%, after -22%; in the preceding quarter).

In the first four months of 2023, exports of finished products declined (-11%), as well as exports of flat (-14%) and long products (-6%).

During the same period, flat products accounted for 67% of finished product exports overall.

EU FINISHED STEEL EXPORTS BY PRODUCT
4M-2023, monthly '000s metric tonnes



In 2022, exports of finished products dropped (-14%), due to a decrease in the exports of both flat products (-10%) and long products (-22%).

In the first four months of 2023, exports of all individual flat products decreased compared to the same period of the previous year. In particular, organic and hot rolled wide strip exports recorded the most severe drops (-31% and -29% respectively), followed by tin mill products (-21%), quarto plate (-17%), and cold rolled sheet (-9%).

Exports of all long products declined, in particular rebars (-27%), wire rod (-22%), merchant bar (-12%), heavy sections (-1%).

Trade balance

In the first quarter of 2023, the EU's total steel product trade deficit (finished plus semis) surpassed 1 million tonnes per month1,008 kilotonnes, recording a further increase compared to the fourth quarter of 2022 (864 kilotonnes). In the first four months of 2023, the total trade deficit amounted to 1.3 million tonnes 1,257 kilotonnes. In 2022, the total trade deficit reached 1.6 million tonnes per month (1,579 kilotonnes), compared to 1.5 million tonnes (1,517 kilotonnes) in 2021.

As for finished products, the trade deficit of the first quarter of 2023 was 535 kilotonnes per month, higher than the 446 kilotonnes recorded inr the fourth quarter of 2022. In the first four months of 2023, trade deficit for finished products stood at 766 kilotonnes per month. In 2022, the deficit of finished products amounted to 1 million tonnes per month (1,017 kilotonnes), compared to 907 kilotonnes in 2021.

In the first quarter of 2023, both flat and long products recorded a deficit amounting to 467 kilotonnes per month (295 kilotonnes in the fourth quarter of 2022) and 68 kilotonnes per month (151 kilotonnes in the preceding quarter), respectively. During the first four months of 2023, trade deficits for flat and long products amounted to 658 and 109 kilotonnes per month respectively.

The largest trade deficits for finished products with individual trade partners during the first four months of 2023 were with South Korea (246 kilotonnes), China (235 kilotonnes), India (212 kilotonnes), Taiwan (186 kilotonnes), Japan (152 kilotonnes) and Vietnam (101 kilotonnes).

The major destination countries for EU finished steel exports with a finished product trade surplus during the first four months of 2023 were the United States (166 kilotonnes), Switzerland (87 kilotonnes), the United Kingdom (77 kilotonnes) and Turkey (19 kilotonnes).

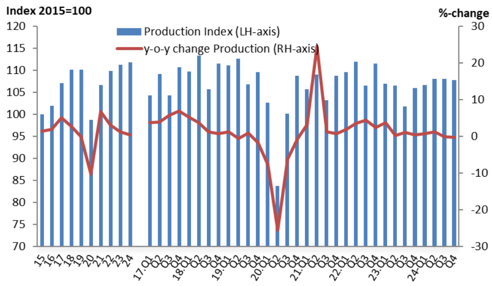
The EU steel market: final use

Outlook for steel-using sectors

Total steel-using sector activity in the first quarter of 2023

Despite Russia's invasion of Ukraine and above-average energy prices, EU steel-using sector's output has continued to grow up to the first quarter of 2023, showing unexpected resilience. The Steel Weighted Industrial Production index (SWIP) increased further (+3.7%, following +2.5% in the fourth quarter of 2022).

EU STEEL USING SECTORS
Production Activity - forecast from Q2-2023



The positive trend in all sectors' output in the first quarter of 2023 was a combination of very favourable developments in the automotive, mechanical engineering and transport sectors on one hand, and a drop in domestic appliances, tubes and metalware output on the other. The construction sector was nearly flat (+0.1%) and is expected to experience recession in 2023. This positive trend which began after the pandemic had continued so far in spite of soaring energy prices impacting production costs, component shortages and lower output that took their toll on total production activity in steel-using sectors in the second half of 2022.The deterioration of the overall economic and industrial outlook in the EU – particularly due to high inflation and the subsequent interest rate hike by the ECB - have so far impacted steel-using sectors' output only to a limited extent.

The ongoing economic uncertainty is set to continue taking its toll on growth also over the upcoming quarters. However, the toughest period for the EU industry appears to be over (notably, the last quarter of 2022 and the first quarter of 2023). Nonetheless, the rest of 2023 is expected to be characterised by a combination of uncertainty in energy prices, low industry demand and inflation-driven economic challenges.

Total steel-using sectors forecast 2023-2024

Total steel-using sectors' output rebounded in 2021 (+6.7%), after the sharp decline recorded in 2020 (-10.2%) due to impact of COVID-19. In 2022, output grew more than expected (+3.1%). However, a slowdown is forecasted in 2023, but less than initially expected (+1.3%, revised upwards from +0.3%), albeit with wide differences among individual European economies. In 2024, steel-using sectors' output growth will lose speed once again (+0.4%), due to a likely downturn in automotive.

YEAR-ON-YEAR %-CHANGE IN EU STEEL WEIGHTED INDUSTRIAL PRODUCTION (SWIP) INDEX												
	% Share in total Consumption	Year 2022	Q1'23	Q2'23	Q3'23	Q4'23	Year 2023	Q1'24	Q2'24	Q3'24	Q4'24	Year 2024
Construction	35	**4.9**	0.1	-1.3	0.5	-1.4	**-0.5**	-0.2	1.0	0.1	1.8	**0.7**
Mechanical engineering	14	**7.9**	6.0	-1.9	1.1	-0.9	**1.0**	0.0	0.5	1.2	2.9	**1.2**
Automotive	18	**3.5**	15.7	5.7	4.2	0.6	**6.4**	-5.1	-4.0	-5.2	-1.9	**-4.0**
Domestic appliances	3	**-4.4**	-4.7	-3.2	-2.2	2.1	**-2.1**	1.7	1.0	0.7	1.6	**1.3**
Other Transport	2	**7.0**	4.2	0.7	0.8	2.1	**2.0**	-5.4	9.6	-3.0	4.3	**1.2**
Tubes	13	**1.4**	-3.5	-6.8	1.2	0.4	**-2.4**	0.9	1.1	0.6	3.1	**1.4**
Metal goods	14	**3.1**	-3.2	-4.8	1.1	0.6	**-1.7**	0.9	2.4	0.2	1.5	**1.3**
Miscellaneous	2	**4.8**	-0.2	-5.8	1.3	1.2	**-0.9**	2.2	1.8	-4.0	0.0	**0.0**
TOTAL	100	**3.1**	3.7	0.2	1.1	0.5	**1.3**	0.7	1.3	-0.1	-0.2	**0.4**

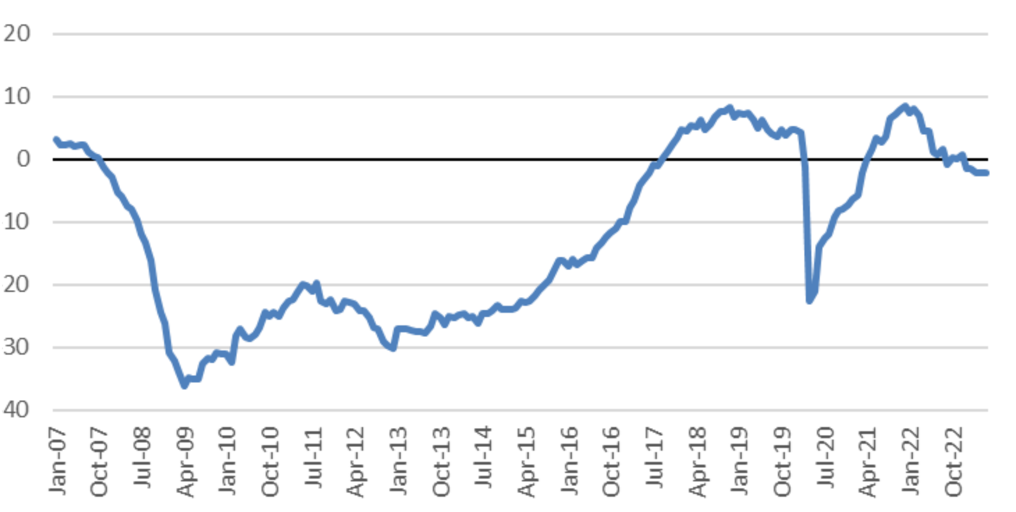
Construction industry

Construction industry activity in the first quarter of 2023

The sustained increase in construction material prices, coupled with labour shortages in certain EU countries and growing economic uncertainty, has finally impacted the positive trend in construction output observed since the fourth quarter of 2020 (eight consecutive quarters of growth). In the fourth quarter of 2022, output recorded for the first time a slight decline (-0.1%), while it was nearly flat (+0.1%) in the first quarter of 2023. The sector had experienced a vigorous rebound throughout 2021 and 2022, largely boosted by generous governmental support schemes at EU and national level, which benefitted the private residential and civil engineering sub-sectors.

In line with real production volumes, gross fixed investment in construction dropped in the first quarter of 2023 (-0.4% on a yearly basis), after eight consecutive quarterly increases (+0.8% in the preceding quarter). However, it is worth noting that two out of the last three quarter-on-quarter developments showed a clear slowdown in construction investment (-0.7% in the third quarter of 2022, -1% in the fourth quarter, +1% in the first quarter of 2023), signalling that activity in the sector has lost ground due to the multiple downside factors mentioned above.

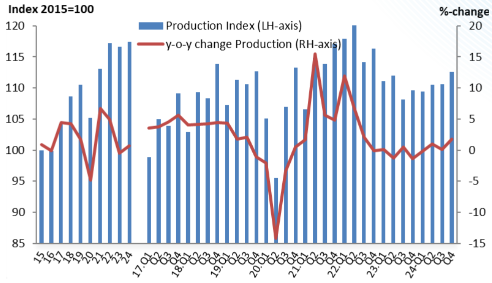
CONSTRUCTION CONFIDENCE INDICATOR
BALANCE OF POSITIVE AND NEGATIVE ANSWERS



Growth was driven by positive developments in 'other construction' investment (+1.9%, after +2.9% in the preceding quarter), particularly in civil engineering. Its expansion is projected to continue during 2023, but at a much slow pace due to lower public expenditure in construction. As expected, residential investment continued to drop, (+2.7% in the first quarter of 2023, after -1.3% in the preceding quarter), due to higher mortgage rates resulting from monetary policy tightening by the ECB to curb inflation. Overall, growth in construction output continued to be boosted also by generous housing and renovation supporting schemes in place in many EU Member States. Governments have been using public construction spending as a countercyclical tool since the COVID-led recession of 2020 to bolster recovery (thanks also to NextGenerationEU programmes). However, the impact of these publicly-funded construction schemes is expected to ease considerably due to multiple downside factors such as supply chain issues and the war in Ukraine, including the shortage of construction materials as well as their rising prices.

EU CONSTRUCTION SECTOR

Production Activity - forecast from Q2-2023



Construction industry analysis forecast for 2023-2024

The European construction sector experienced a significant decline in 2020 (-4.8%) due to the COVID-19 pandemic but rebounded in 2021 (+6.7%). The growth continued in 2022, resulting in an annual output increase (+4.9%), reflecting a combination of bullish developments in the first half of the year and a considerable slowdown in the second, culminating in a tiny drop (-0.1%) in the fourth quarter. This sluggish trend continued in the first quarter of 2023 (+0.1%), although the seasonal pattern of the sector usually sees subdued construction activity in the first quarter of each year, particularly in civil engineering. However, this trend is expected to worsen over the next three quarters, due to the impact of rising construction material prices, construction workers' shortage, and in particular the impact of continued monetary policy tightening on housing demand.

Construction confidence in the EU has substantially improved since the lows seen in mid-2020 due to the pandemic, almost reaching 2018 levels in the course of 2021. However, issues all along the supply chain and the overall deterioration of the economic and industrial outlook have started impacting the sector since February 2022, resulting in declining confidence as confirmed by latest available data (May 2023). While overall construction activity is expected to continue benefitting – albeit at rather low rates - from governmental housing supporting schemes and public construction schemes, their impact is expected to ease substantially in the course of 2023.

Looking at construction sub-sectors, the expected rise in interest rates – as a consequence of policy rate hikes by the ECB and other central banks – is set to impact residential construction demand. Civil engineering is expected to continue providing the strongest contribution to the construction sector's performance, but to a lower extent. This segment will continue to be supported by EU-wide public policies (NextGenerationEU, etc.), but their effects have become increasingly uncertain and difficult to quantify due to the recent deterioration of the economic outlook. The suspension of the Stability and Growth Pact has been extended until the end of 2023, which will leave room for government spending in infrastructure. However, the visible effects in terms of construction output related to these projects will be lagged over time.

The private non-residential construction subsector (offices, commercial buildings, etc.) paid the highest toll to the pandemic in 2020 and also partly in 2021 with increasing vacancy rates, and recovered only partially since then. The subdued business investment outlook remains unfavourable to investment in non-residential projects in the near future.

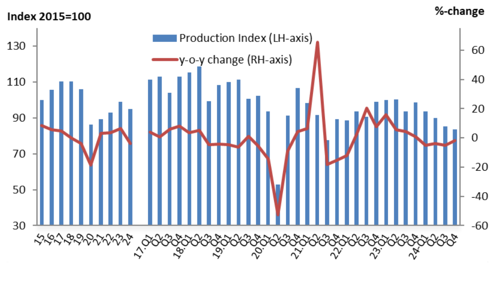
As a result, the construction sector is expected to experience a mild recession in 2023 (-0.5%) and to recover modestly (+0.7%) in 2024.

Automotive industry

Automotive activity in the first quarter of 2023

In the first quarter of 2023, the automotive sector's output increased for the fourth consecutive time (+15.7%, following +7.8% of the previous quarter). This rebound is mostly due to the comparison with the very low output volumes seen one year earlier.

EU AUTOMOTIVE SECTOR
Production Activity - forecast from Q2-2023



Automotive was hit more than any other steel-using sector during the pandemic in 2020, but its output rebounded in early 2021. However, the sector has been suffering from the severe supply chain issues that have taken a heavy toll on output, as well as from the overall uncertain outlook of the sector, also on the demand side due to ongoing consumer uncertainty and low confidence. Despite the increases recorded over the last three quarters, output in the sector remains well below the levels seen before the pandemic and even below those seen before the pre-COVID recession in 2019 due to rising trade tensions and a downturn in the manufacturing sectors. Since the third quarter of 2018, downside factors such as sluggish domestic and export demand, trade-related uncertainties, emissions rules, shifting patterns in ownership and model ranges, have been felt across the sector. The continued supply chain issues that materialised over the summer of 2021 increasingly resulted in shortage of components and semiconductors, rise in energy prices and in production costs, and slowdown in global trade (automotive is a largely export-oriented sector).

However, consumer resilience – despite subdued disposable income growth and uncertainty over EV implementation – has somewhat fuelled demand in the last three quarters, leading to a rebound in sector's output since the second half of 2022.

EU passenger car vehicle demand

Ongoing disruptions on the supply side, in particular the shortage of semiconductors affecting vehicle production as well as the unprecedented hike in energy prices, took a considerable toll on the automotive industry also in 2022. This situation has contributed to continued depressed demand and consumer uncertainty. Supply chain and war-related disruptions, coupled with low consumer confidence and squeezed incomes due to high inflation and economic uncertainty, have continued to weigh on vehicle output.

This picture has shown constant improvement in recent months, driven by easing energy prices, and resulting in a rebound of consumer demand. As a result, the latest monthly passenger car registrations data for May 2023 indicates that new car registrations in the EU continue to perform well, with passenger car sales recording a 18.5% year-on-year growth. This marks the tenth consecutive month of growth. However, year-to-date sales are still 23% lower compared to the same period in 2019 (4.4 million vs. 5.7 million). Worth noting is that in May 2023, the market share of electric vehicles (EVs) in the EU out of total car sales increased from 9.6% to 13.8%. Hybrid electric cars hold the second-largest market share (25%), while petrol cars still maintain the largest share at 36.5%.

In spite of that, in 2022 the overall number of newly-registered passenger cars saw a drop (4.6%), mainly due to the impact of component shortages in the first half of the year. Although the market improved from August to December 2022, cumulative volumes stood at 9.3 million units, the EU's lowest level since 1993.

Automotive industry forecast 2023-2024

After a severe slump (-18.7%) in 2020 due to the pandemic, automotive output modestly rebounded (+3.3%) in 2021. In 2022, the sector experienced almost the same growth (+3.5%), mostly due to the very low output levels seen for several quarters since 2021.

Demand is projected to remain weak until the macroeconomic picture and consumer disposable income substantially improve. This has now become less likely given the worsening economic outlook and more subdued economic growth perspectives. However, demand has shown resilience. Uncertainties around the implementation of EVs and delays in the launch of new models - many are hybrid or fully electric, preparing the ground for the ban of petrol cars by 2035 – have proven unsupportive factors of consumer demand. Coupled with the lack of facilities such as recharging points, they have also delayed investment decisions by carmakers.

Full recovery in global trade and external demand from major markets such as the United States - where the IRA is expected to boost production of EV in the US -, China and Turkey will remain a key factor for EU car exporters. The potential EU market share held by Chinese EV producers is another source of concern for the future. In the longer-term, political commitment at EU level towards the full adoption of EVs by 2035 should prove somewhat supportive, despite the fact that general car demand appears to be dependent on fragile consumer confidence throughout 2023 and possibly 2024.

Despite the overall subdued investment outlook, growth in output is expected to rebound more robustly in 2023 (+6.4%, previously +1.2%). However, output levels will still remain relatively low in historical terms, far below the levels seen in 2018 and 2019, and the sector will experience another drop in output in 2024 (-4%).

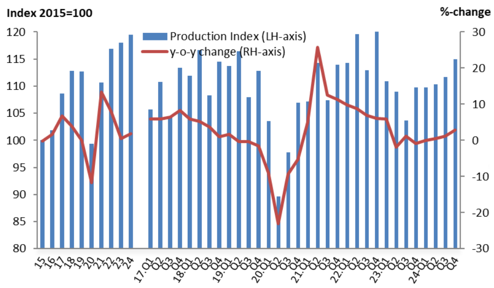
Mechanical engineering

Mechanical engineering activity in the first quarter of 2023

In the first quarter of 2023, output in the mechanical engineering sector continued to grow (+6%), recording the nineth consecutive quarterly increase (+6.1% in the preceding quarter). Driven by the post-COVID industrial recovery, the rebound brought output back to absolute high levels, even above those recorded before 2019.

However, the sector's output growth remains exposed to continued downside risks, including the disruptive impact of Russia's invasion of Ukraine and the quick deterioration of the economic and industrial outlook in early 2023. While the latter has not yet been fully reflected in mechanical engineering's output, its growth is expected to shrink in the second quarter of 2023 and in the fourth quarter. The sector is expected to return to positive territory in the first half of 2024.

EU MECHANICAL ENGINEERING
Production Activity - forecast from Q2-2023



Mechanical engineering forecast 2023-2024

Following a sharp decline (-11.8%) in 2020 due to the pandemic, which was preceded by a small drop (-0.1%) in 2019 due to global trade tensions and a downturn in the manufacturing sectors, mechanical engineering output had a robust rebound (+13.4%) in 2021. This was due to thanks to the strong recovery of industrial sectors in the EU, particularly in the first half of the year. Despite the impact of war-related disruptions and a severe energy shock, mechanical engineering output grew robustly also in 2022 (+7.9%).

However, it is expected to experience only a very moderate increase in 2023 (+1%, revised upwards from +0.5%). This is due to the continued weakness of the overall manufacturing sector and inflation-led economic uncertainty. Assuming overall improvements in the economy and industry in the second half of 2023, along with substantial improvements in the industrial outlook, the sector is expected to achieve slightly higher output growth in 2024 (+1.2%).

Steel tube industry

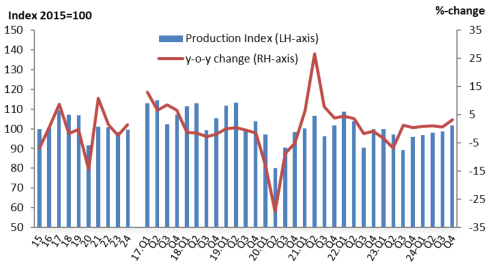
Steel tube industry activity in the first quarter of 2023

In the first quarter of 2023, output in the steel tube sector contracted for the third consecutive quarter (-3.5%, after -0.9%). The positive trend in the sector, which had lasted for six consecutive quarters, was abruptly interrupted by war-related disruptions and supply chain issues in the second half of 2022.

Steel tube industry forecast 2023-2024

After a rebound in 2021 (+10.9%), output in the EU steel tube sector increased moderately in 2022 (+1.9%). However, it is expected to experience a sharper-than-expected drop in 2023 (-2.4%, revised downwards from 1.8%), followed by a moderate recovery in output (+1.4%) in 2024.

EU STEEL TUBE SECTOR
Production Activity - forecast from Q2-2023



In 2020, output in the EU steel tube industry was heavily impacted by the industrial shutdown due to the pandemic. Likewise for other steel-using sectors, the rebound seen during 2021 eased considerably throughout 2022 as a result of severe global supply chain issues and the disruptions linked to Russia's war in Ukraine. These factors have further delayed ongoing projects and impacted the availability of materials. In the longer term, demand for large welded tubes from the oil and gas sector is not expected to improve substantially as the EU has accelerated its transition towards LNG shipping of oil and gas for its energy needs, thereby reducing its reliance on gas transported via pipelines.

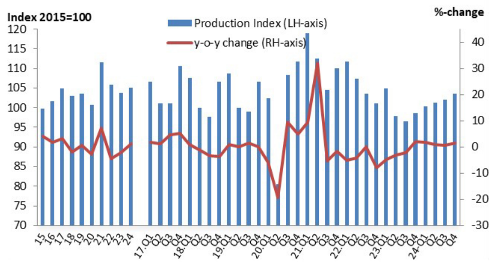
On one hand, global oil demand is not expected to boost the launch or the implementation of new pipelines in the short-term, due to high geopolitical uncertainty and a poor global economic outlook. Oil demand is likely to ease over the rest of 2023 and in 2024 also in the EU. On the other hand, demand from the construction sector is also set to ease and thus provide a modest contribution to growth in output, whereas tube demand from the automotive and engineering sectors is forecast to remain relatively stronger.

Electrical domestic appliances industry

Electrical domestic appliances industry activity in the first quarter of 2023

In the first quarter of 2023, the electrical domestic appliances sector experienced the second steep decline in a row in output (-4.7%, after -8%). These figures are in line with the declining trend observed since the second quarter of 2021, which marked the end of a bigger-than-expected post-COVID recovery in output.

ELECTRICAL DOMESTIC APPLIANCE SECTOR
Production Activity - forecast from Q2-2023



Widespread remote working across the EU boosted demand for home appliances and other related goods over the second half of 2020 and the first half of 2021, but afterwards the sector cycle has considerably eased. This was due to multiple downside factors such as gradual return to offices after the pandemic, supply chain issues, rising energy costs, the war in Ukraine and the recent deterioration in the EU industrial outlook over the first half of 2023.

On an annual basis, in 2020 output fell more moderately (-2.7%) compared to other EU steel-using sectors and rebounded (+7.1%) in 2021, thanks to very positive performances recorded over the first half of the year. However, it slowed down considerably over the second half and recorded year-on-year drops or very modest growth at every quarter until the first quarter of 2023. This trend is expected to continue at least until the third quarter of 2023 included.

Electrical domestic appliances industry forecast 2023-2024

Output in the domestic appliances sector dropped less than expected in 2022 (-4.4%, revised upwards from -5%) and is projected to experience another moderate recession in 2023 (-2.1%, revised downwards from -0.6%), before recovering moderately in 2024 (+1.3%). Growth is expected to remain negative until the third quarter of 2023 due to the prolonged weakness of the manufacturing sectors and subdued economic outlook that continue to hinder industrial activity and impact consumer demand.

However, some supportive factors will partly offset these downside factors, and continue providing some incentives to growth. Remote working will remain widely practiced across the EU in the next years, albeit to a much lesser extent than during the pandemic. In the longer term, developments linked to the so-called 'Internet of Things' (smart applications that enable the connection of home appliances and devices) should also benefit the sector, although their impact is not likely to be visible before 2024.

EU economic outlook 2023-2024

GDP growth

Despite the impact of Russia's war in Ukraine, ongoing supply chain issues, and rising energy and commodity prices coupled with very high inflationary pressures, real GDP growth in the EU in 2022 reached +3.5% (previously set at +3.3%). EUROFER's GDP forecasts for the EU in 2023 have been marginally revised upwards compared to the previous outlook (+0.7% vs. +0.6%; +1% according to the latest European Commission forecast released in May 2023). However, overall economic uncertainty still lingers for 2023 and 2024. Thanks to the resilience of the economy and a buoyant contribution from the service sector, coupled with overall positive developments in the first half of the year, the EU avoided an economic recession in 2022 and is projected to achieve +0.7% growth in 2023. This marks a slowdown compared to 2022, mainly due to the impact of inflation reaching high historical levels and monetary policy tightening. Looking ahead to 2024, EU economic growth is expected to gain some ground again (+1.5%).

During 2023, domestic demand, particularly private consumption, is projected to make a very modest contribution to GDP growth, given persistently high inflation that reduces household disposable income. Services, which have rebounded strongly after the pandemic, will provide the primary contribution to GDP growth, while manufacturing is expected to remain weak, contrary to the post-pandemic rebound experienced in 2021 and up to the first quarter of 2022.

The economic outlook has deteriorated considerably over the second half of 2022 due to the energy prices shock in July 2022, particularly in relation to natural gas prices which reached all-time highs in the following August (€342/MWh), before cooling off remarkably to pre-war levels (€34/MWh) in July 2023. In the first quarter of 2023, the EU economy avoided a technical recession as real GDP grew marginally quarter-on-quarter after a drop of -0.1% in the fourth quarter of 2022. However, Germany and the euro area as a whole did not fare as well, with Germany recording real GDP declines of -0.5% and -0.3% in the last two quarters, respectively, and the euro area seeing a decline of -0.1% each quarter. On a year-on-year basis, the EU's real GDP continued to grow, albeit at a slower pace (+1% in the first quarter of 2023, following +1.7% in the fourth quarter of 2022).

Among the biggest EU economies, Germany experienced a second GDP drop of -0.5% (-0.5% year-on-year) in the first quarter of 2022, primarily due to ongoing issues affecting its manufacturing sector, especially in the automotive industry. This second negative performance pushed the country into a technical recession. On the other hand, other major euro area economies performed better: Italy recorded a modest growth of +0.6% (+1.9% year-on-year), while Spain and France both achieved positive but small GDP growth (+0.6% and +0.2% respectively; +4.2% and +0.9% year-on-year). Despite the latest leading indicators, which continue to signal weakness in the manufacturing sector (see confidence indicators on page 25), it appears unlikely that some economies (Germany, euro area) will experience a second consecutive real GDP drop in the second quarter of 2023, provided that the contribution to growth from the services sector remains positive as expected. The GDP data for the fourth quarter of 2022 and the first quarter of 2023 should mark the trough of the current war-struck economic cycle.

However, the outlook for 2023 remains exposed to many downside factors and economic growth appears to be weak and fragile. Among individual economies, Germany is projected to experience a moderate recession in 2023 (-0.4%), before recovering (+1.2%) in 2024, Sweden is also expected to face a moderate recession (-0.4%) in 2023 and a subsequent recovery in 2024 (+1.4%). The forecasts for France, Italy and Spain predict their economies will grow in real terms by +0.5%, +1.2% and +2.3% in 2023 and by +0.8%, +1.1% and +2.1% in 2024, respectively.

The latest IMF World Economic Outlook (April 2023) forecasts GDP growth of + 0.8% and +1.6% in the euro area for 2023 and 2024, respectively (with +0.1% and +1.4% projected for Germany). The OECD, in its latest Outlook (June 2023), estimates GDP growth in the euro area to be +0.9% in 2023 and +1.5% in 2024 (Germany: flat growth and +1.3% respectively).

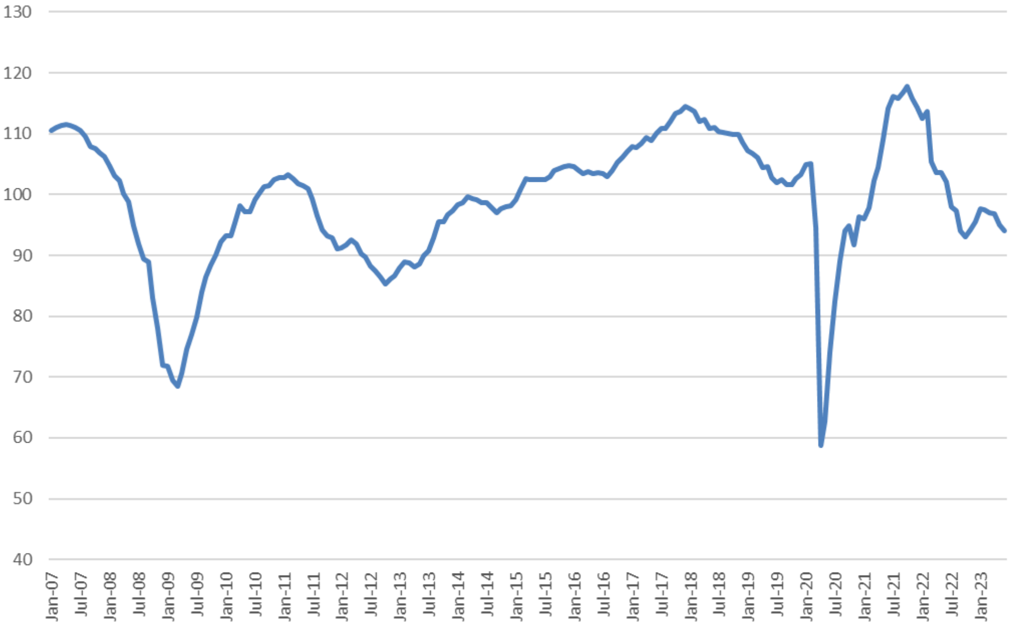
The consequences of Russia's invasion of Ukraine will persist over time. Economic sanctions to Russia as well as other war-related disruptions, high energy prices and record-high inflation, are also expected to stay. The TTF Natural Gas Price Index reached 342 EUR per MW/h in August 2022 - 20 times the average value seen in 2021 -, before easing considerably to €34/MWh in June 2023. Among the reasons, a lower gas demand outlook due to the economic slowdown and a mild winter, the EU's price cap and the successful switch from Russian pipeline gas to shipborne liquefied natural gas (LNG) from other suppliers. However, the index remains around higher levels compared to the long-term average (€20-30/MWh).

Inflation, at first perceived as temporary, has become a growing concern and reached highs unseen since 1985 in the EU. Inflationary pressures initially stemmed from the persisting bottlenecks affecting supply chains and scarcity of components, but they have continued to intensify and, as a result, inflation rate peaked at 11.5% in the EU in October 2022. It was just 1.3% in February 2021. Data from May 2023 (7.1%) show some signs of easing. However, there are significant differences among EU member states: in June 2023, in Spain the inflation rate was below 2% (1.6%), while it was 6.8% in Germany. Although energy prices have decreased considerably (from 41% in June 2022 to -0.3% in May 2023), core inflation has increased from 5% in October 2022 to 5.4% in May 2023. This points to the fact that inflationary developments seem to be driven more by endogenous factors than by external shocks. Prices are expected to overall cool off in 2023 and 2024 (6.7% and 3.1% according to the European Commission, and 5.4% and 3% according to the European Central Bank, respectively). EUROFER foresees an inflation rate of 5.7% in 2023, further decreasing to 2% in 2024. This means that, despite some moderation, inflation is still set to remain around historically high levels throughout 2023.

Due to the highest inflation rate over the last 35 years, central banks in advanced economies were bound to quickly reverse their hyper-expansionary monetary policy stance. The ECB has raised its policy rate eight times since July 2022, from zero up to 4.00%, with the last hike in June 2023. At least an additional hike is expected in July, as real interest rates remain negative and inflation is expected to remain well above the 2% ECB inflation target throughout 2023. This will inevitably reduce the room for manoeuvre for supportive fiscal policies, in particular government spending by EU member states, as borrowing costs will be higher, especially for highly-indebted economies. In addition, the ECB terminated its PEPP (the COVID-led exceptional Asset Purchase Programme), which helped keep government bond yields low for highly-indebted countries. On the other hand, the ECB also approved its new Transmission Protection Instrument (TPI) to ensure continuity with the former PEPP and help stabilise government bond secondary markets. Due to the impact of Russia's invasion of Ukraine and the need to continue providing public support to the economy, the Stability and Growth Pact has been suspended until the end of 2023.

Confidence and leading indicators

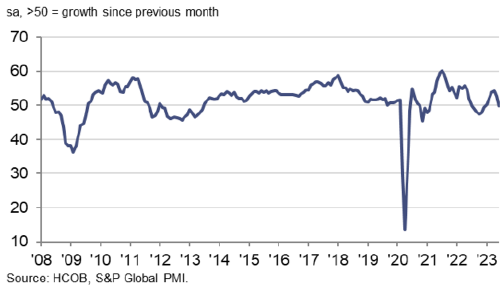
ECONOMIC SENTIMENT INDICATOR (ESI), EU
(long-term average=100)



After the spectacular improvement in confidence recorded in the summer of 2021 following the post-pandemic economic recovery, a downward trend due to widespread concerns over supply chain issues and inflation reached a 10-month low in July 2022 (92.6, the lowest level seen since October 2013). After showing some improvement up to March 2023 (97.4), Confidence dropped again in June (94).

The HCOB Eurozone Manufacturing PMI was revised downwards to 43.4 in June 2023 from the 43.6, indicating the sharpest deterioration in the sector since May 2020. Manufacturing demand conditions were considerably weak, with factory output declining for the third consecutive month, and total new order intakes experiencing the strongest decline in eight months. Additionally, business confidence dipped to a seven-month low. The resulting steep production decline was driven by an increasingly sharp downturn in new orders for goods, which fell to the greatest extent since last October.

HCOB EUROZONE COMPOSITE PMI OUTPUT INDEX



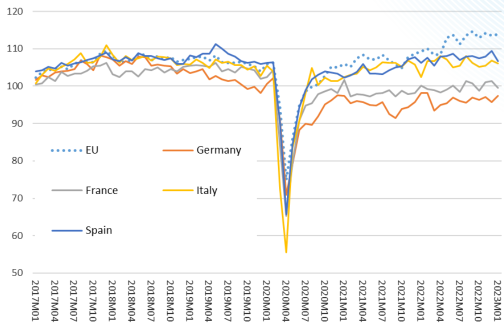
In the first five months of 2023, global supply chain issues have been easing, primarily driven by softening demand conditions due to inflationary pressures affecting consumer demand. The Global Supply Chain Pressure Index (GSCPI) dropped to -1.71 in May 2023 (revised downward from -1.35). This marked the fifth consecutive month of decline, reaching its lowest level on record.

On a quarterly basis, EU industrial production has shown significant recovery since the pandemic trough, achieving year-on-year growth for eleven consecutive quarters. Despite the ongoing impact of the war and energy crisis, in the first quarter of 2023 industrial production in the EU increased (+1.4%, +3.3% in the previous quarter). Germany's industrial production recovered (+2%, after -0.4%), primarily due to the growing impact of the war and supply chain disruptions on its automotive sector. Meanwhile, other major euro area economies also experienced industrial output growth, such as France (+0.6%, following +2.2% in the fourth quarter of 2022) and Spain (+1.7%, after +1.3%).

In contrast, Italy's manufacturing output decreased year-on-year for the second consecutive quarter (-0.2% after -0.8%).

The latest available monthly data (up to May 2023) indicates that industrial output volumes in the EU have shown signs of recovery from the exceptional losses experienced during the pandemic. However, there are national disparities, and the output levels remain below the all-time highs recorded during the strong cycle of 2017. Notably, industrial output has returned to pre-pandemic levels in Italy and Spain, but not in France, and to an even larger extent, in Germany. During the second half of 2023, industrial output is likely to continue being impacted due to uncertainty linked to the war, high inflation (and higher interest rates), and future developments in energy prices.

INDUSTRIAL PRODUCTION INDEX,S.A., MONTHLY DATA (2015=100)



Reflecting these developments, the EU experienced a pronounced drop in industrial production (-8.1%) in 2020, followed by a vigorous rebound in 2021 (+7.7%), and achieved modest but resilient growth in 2022 (+1.6%). However, this growth is expected to plateau in 2023 due to continued downside factors, such as uncertainty in energy prices, subdued consumer demand, and overall manufacturing weakness. Subsequently, a rebound of +1.9% (previously estimated at +3%) is projected for 2024.

Other economic fundamentals

Despite the long-lasting impact of the COVID-19 pandemic on the economy and more recent downside factors (supply chain issues, energy crisis and war in Ukraine), labour market fundamentals have continued to prove resilient in most EU countries. However, job creation continued to be affected by lower levels of production activity in industry and persistent uncertainty about short-term business conditions.

The EU unemployment rate, which had remained around late-2019 levels, peaked at 7.8% in September 2020 to constantly ease to 6% in October 2022. It has remained unchanged up to May 2023 (5.9%), as the labour market proved quite resilient and reacted slowly to the deterioration of the macroeconomic environment. However, unemployment levels have continued to conceal considerable differences across member states (still at 12.8% in Spain) as well as economic sectors. Consumers have been suffering from substantial decreases in their in disposable income due to inflation rates at their 30-year highs. This dynamic has slashed domestic demand and private consumption is expected to provide a very modest contribution to GDP growth in 2023, due to persistently high inflation that reduces household disposable income, while households have continued to increase their savings propensity throughout 2021 and partly in 2022.

Despite government support and increased social expenditure to mitigate the impact of the pandemic first and then the energy crisis for households and industries, uncertainty will continue to weigh down on consumer confidence at least until the end of 2023, due to slashed growth outlook triggered by existing downside factors.

Government investment and public expenditure are expected to continue to play a countercyclical role and could provide a strong contribution to the growth of domestic demand, although room for manoeuvre is now reduced due to the end of ECB asset purchase programme. The NextGeneration EU package will continue to be implemented (until 2026), but its most noticeable effects will only be visible from the first half 2024.

EUROFER MACROECONOMIC DATA, EU ANNUAL % CHANGE, UNLESS OTHERWISE INDICATED

	2020	2021	2022	2023	2024
GDP	-5.9	5.3	3.4	0.7	1.4
Private consumption	-7.3	3.9	4.4	0.4	1.9
Government consumption	0.7	4.3	1.5	-0.2	0.9
Investment	-6.0	6.9	3.0	1.1	1.1
Investment in mach. equip.	-10.9	8.3	3.4	2.5	2.0
Investment in construction	-4.6	6.8	2.5	-0.2	0.9
Exports	-10.1	11.1	7.2	2.2	3.2
Imports	-9.1	10.4	8.0	1.2	3.2
Unemployment rate (level)	8.1	7.7	6.9	6.9	6.8
Inflation	0.5	2.5	8.1	5.8	2.2
Industrial production	-8.1	8.3	1.6	0.0	1.9

Glossary of terms

Sector definitions according to NACE Rev.2

Building & Civil Engineering

41 Construction of buildings

42 Civil engineering

43 Specialised construction activities

25.1 Manufacture of metal structures and part of structures

25.2 Manufacture of tanks. generators. radiators. boilers

Mechanical Engineering

28 Manufacture of machinery and equipment

27.1 Manufacture of electric motors. generators. transformers

25.3 Manufacture of steam generators. except central heating hot water boilers

Automotive

29 Manufacture of motor vehicles and trailers

Domestic Appliances

27.51 Manufacture of electric domestic appliances

Other Transport Equipment

30 Manufacture of other transport equipment

30.1 Building and repair of ships

30.2 Manufacture of railway locomotives and rolling stock

30.91 Manufacture of motorcycles

Steel Tubes

24.2 Manufacture of steel tubes

Metal Goods

25 Manufacture of fabricated metal products excluding 25.1-25.2-25.3

Other sectors

26 Manufacture of computer. electronic and optical products

27 Manufacture of electric motors. generators. transformers and electricity distribution and control apparatus excluding 27.1 and 27.5

EU steel market definitions

SWIP: ababbreviation for Steel Weighted Industrial Production index. It is used as a proxy for real steel consumption. Activity in the steel-using sectors is weighted with the relative share of each sector in total steel consumed by all sectors.

Real steel consumption: Real consumption is the use of all steel products used by steel-using sectors in their production processes, also referred to as the 'final use' of steel products, adjusted for the stock cycle.

Apparent steel consumption: Apparent consumption is also referred to as 'steel demand'. It is total deliveries of all steel products and qualities by EU producers plus imports less 'receipts' into the EU, minus exports to third countries. In other words, apparent consumption is deliveries by EU producers plus imports minus receipts (that is, imports by EU producers themselves of material that is further processed), minus exports to third countries. EUROFER's definition of apparent consumption includes all qualities, including stainless, and all finished products and semi-finished products.

If apparent consumption exceeds real steel consumption, the surplus is stocked in the distribution chain. If apparent consumption is less than real steel consumption, inventories are being withdrawn.

Steel industry receipts: In both the apparent consumption and market supply statistics, the imports component of the calculation is written, in the EUROFER definition, as 'imports less receipts'.

The 'receipts' in this instance mean imports by EU producers themselves of finished or semi-finished steel products that are further processed by the producer and transformed into other products. In the publicly available EUROFER figures, only finished products are shown and thus impacted by the receipts calculation.

This correction is important because it prevents double-counting that would artificially inflate the size of the market. If an EU producer imports a tonne of hot rolled strip that it further processes into a tonne of cold rolled which it then delivers to the EU market - in an uncorrected calculation the import of one tonne would then become one imported tonne plus one EU-processed and delivered tonne. The imported tonne is thus corrected out in the import side of the market supply and apparent consumption figures.

Narrow definition: EUROFER applies the so-called "narrow definition" which excludes steel tubes and first transformation products from the product scope used for calculating steel consumption. Hence, the steel tube sector is a steel-using sector under this definition.

Steel intensity: the ratio of real steel consumption to steel weighted production in the steel-using sectors. This reflects the usually slightly negative impact on consumption of innovation in steel products, inter-material substitution, improvements in process efficiency and design, etc.

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 the United Kingdom 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 €130 billion and directly employs 306,000 highly-skilled people, producing on average 152 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, CO_2-mitigating technologies, improving resource efficiency and fostering sustainable development in Europe.

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