EUROPE'S SHEET METALWORKING SECTOR
A MARKET OVERVIEW

Europe's cultural and economic diversity continues to present both challenges and opportunities to high technology manufacturers

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STEEL SUPPLY & DISTRIBUTION

Sheet steel is the most important semi-finished product for many industry sectors, including vehicle construction and white goods. According to the World Steel Association (www.worldsteel.org), global steel production for 2012 totalled 1,547 million tonnes. Figuring among the major steel producing countries are Russia (70 million tonnes), Germany (43), Turkey (36), Ukraine (33), Italy (27), France (16), Spain (14), UK (10).Thus the most important steel-producing countries in western Europe are Germany, Italy, Spain and France. The EU countries use around 10% of world steel production, other European countries 2.5%

The European steel industry is represented by Eurofer, the European Steel Association (www.eurofer.org). Eurofer's 60 members are steel companies and national steel federations, located throughout the EU; and the major steel companies and national steel federations in Switzerland and Turkey are associate members.

Eurofer members are responsible for a turnover of €170 billion, which represents all steel production in the EU, spread across over 500 production and processing sites. A full listing of members, with locations and company URLs, which includes all significant companies can be found at the website. In 2012, crude steel production in the EU amounted to 168 million tonnes, 5% down on 2011. As with 2011, output dropped in the second half of the year, reflecting an adjustment to production in response to weakening activity in the steel using industries in the EU, and inventory reductions in the steel distribution chain. Total activity is expected to decline by around 1.5% this year. For 2014 a moderate recovery is pencilled in, supported by exports and domestic demand as investment and private consumption start to recover cautiously.

In June this year the European Commission unveiled its Community Steel Action Plan for the European Steel industry. The Plan aims to help the steel sector to confront today's main economic, social and environmental challenges, creating a 'new' industrial policy framework to preserve a competitive steel industry and maintain its workforce in Europe. Amongst other things, the Action Plan takes a comprehensive view of energy and energy-efficiency issues and states creating a "regulatory environment conducive to sustainable growth" in this area as one of its central goals. Measures suggested include guidance on long-term electricity contracts, which could reduce energy costs for the steel industry, and an analysis of the impact of the EU Emissions Trading Scheme on electricity prices.

Macroeconomic parameters, especially recession and financial crisis, affected the framework of the steel sector in general and of steel distribution in particular in 2012. Across Europe, the responsibility for supply of strip mill products is approximately split 50:50 between mills and distributors, the latter generally servicing a radius of around 200km. Thus Steel stockholders and service centres are important links in the supply chain for the sheet metal user sectors. The service centres operate slitting and cut-to-length lines, and often ancillary services such as deburring and chamfering, and manufacture of parts and assemblies.

Eurometal (www.eurometal.net) is the umbrella organisation for steel suppliers and distributors, and embraces DISMET - Association of European Distributors of Steel, Tubes and Metals – 13 members; EASSC - European Association of Flat Steel Service Centres (www.eassc.org) - 23 members; NATFED – Federation of European National Associations of Steel, Tube and Metal Distribution – 25 members; and STSG – European Steel Trading Study Group – 8 members. There are also 21 Associate Members. The Eurometal website (www.eurometal.net) gives listings of all members – companies and associations - with links to individual sites. These members represent 3,500 companies, responsible for 65% of the steel consumed within the EU.