

## **Eurometal: “Consumption mood in Europe is rather positive”**

*Anna Smyk, Metal Expert, Duesseldorf*

*Eurometal, the voice of European intermediation, takes under its wings 18 national associations and represents interests of about 3,000 steel distributors and service centres. EU steel distribution is a vital part of the market chain between 200 steel and tube producers and more than one million end users.*

*During the 3rd Steel Plate Conference Europe in Duesseldorf, Germany, on March 10, Metal Expert took an opportunity to communicate with Mr. Georges Kirps, Director General of Eurometal, and discussed with him the current situation in European distribution and its prospects.*



*Mr. Georges Kirps, Director General, Eurometal*

### **How was the year of 2016 for European distribution? What peculiarities in the performance of different regions could you point out?**

The year of 2016 was a mixed one for European distribution. Multi-product & proximity steel distribution shipments grew by about 1%. At the same time, for flat steel service centres, it was a better year because shipments increased by 2-3% on average in 2016.

Regarding regions, I would say that Southern Europe started to come back. Central Europe was not too bad. Nordic regions also had rather good performance. Meanwhile, business activity in the UK and France slowed down.

### **The EU steel producers demand increasingly more trade protection amid a glut of steel imports. What changes could we see in steel distribution in this regard?**

The problem of steel distributors in light of steel trade cases is that most probably its impact will result to the limited supply of commodity products. This may lead in some sectors to disruptions in the supply chains to end-users. Imports have always been a part of EU plate market supply. Historically non-EU imports in plate segment accounted 15-20% of the total market supply. It has been tremendously surging with the market share of 26.2% and 27.8% over the years 2015 and 2016, respectively.

At the same time, trade cases are essential for EU steel industry. Antidumping duties have helped to reduce imports from China but there is also an opposite effect by increasing shipments from India, Russia, Brazil, Indonesia, etc. If you look at the last information released by Eurofer, they carefully examine the statistics and have already seen a rather spectacular increase in the imports from other destinations. So, I wouldn't exclude further tightening of trade measures, which surely influence distributors.

### **Distribution is experiencing the real boom of digital technologies and on-line trading. What changes have they already brought to traditional distribution and how do you see the future development?**

Digitalization is suitable for the business model in steel distribution called proximity business. Clearly, some success has been already achieved there with some companies introducing digitalization and e-commerce into their business models, some big distributors in Germany in particular. This business model let smaller customers order tiny volumes of steel. So, e-commerce is a way to consist customers.

On the other hand, distribution business is also related to contract business. From this point of view, this kind of activity in my today perception suits less to be introduced into e-commerce. For the time being major processors in steel distribution for instance typical steel service centres which supply industrial customers, see fewer opportunities in digitalization. Meanwhile, this might change in future. It is really something that is going to happen in steel distribution.

**European distributors serve more than 1 million customers; construction and automotive industries are among the main consumers. What prospects do you see for these segments? What other sectors could be considered as promising?**

We see that distribution in the construction sector is improving in 2017. We expect it would develop over some years ahead at least.

European automotive market will not be bad. At the same time, automotive suppliers do a lot of business with the UK, the US, and China. In this regard, there are some question marks. Nobody knows how the tax will change after Britain will quit the EU. On the other hand, the future of the Chinese market for the automotive industry is unclear as well.

As a promising sector, I see mechanical engineering as consumption mood in Europe is rather positive. Moreover, European mechanical producers from Germany, Italy, France and Spain are selling a lot of products to the world market which is good performed.

I believe one more perspective consuming sector is white goods.

**Distributors provide 59% of EU market supply in plates. How do you see the development of this segment in 2017 and next coming years?**

In 2016 European market supply in plates reached 10 million t, which is an increase of 3.1% compared to 2015. The number 10 million t excludes pre-material of around 2 million t, which mills deliver to the tube mills because those volumes are not available for distributors. But if to compare this number with 2008 when market supply was at 12.2 million t, you see that now in 2016 we are still 15-20% below golden age that the EU reached in 2007-2008. So, we lost a lot in 2009 and 2010. However, from 2011 we are recovering step by step.

End-users in plate segment have the intention to get smaller volumes of material at short lead times. And these two points are the main reasons why the share in favour of steel distribution in EU has developed a little bit in the last years and will maintain to grow. European plate mills are producing big volumes and they are struggling to sell big lots as well. If you go to a mill with an aim to order minimal volume, you will have to wait for material between 6-8 weeks for commodities. For premium products, delivery time can range between 3-6 months depending on a producer. But end-users have no time to wait. That's an argument in favour of distributors which have stocks, additional processing, and services, capable carrying also the logistics for small orders at a short delivery period.

[Back to top](#)

## WORLD STEEL NEWS

### Subscription, trials

[www.metalexpert.com](http://www.metalexpert.com)  
[subscriptions@metalexpert.com](mailto:subscriptions@metalexpert.com)

+38 056 231 42 23,  
+38 056 370 12 06,  
+38 056 370 12 07,  
+7 499 346 09 35

### Feedback

Comments from readers are welcome.  
Please email to Andrey Pupchenko  
[a.pupchenko@metalexpert.com](mailto:a.pupchenko@metalexpert.com)  
or call +38 056 370 12 06 (ext. 160)

**Metal Expert** World Steel News is published by Metal Courier Ltd.

**Head Office:** Metal Courier Ltd. 48-B Naberezhna Peremogy, Dnipro, 49094 Ukraine.  
Tel. +38 056 239 88 50, e-mail [subscriptions@metalexpert.com](mailto:subscriptions@metalexpert.com)

**European Union:** Metal Expert Europe OÜ. Silmu 7, Tallinn, 13516, Estonia.  
Tel. +3 725 191 30 33, e-mail [t.gorbunova@metalexpert.com](mailto:t.gorbunova@metalexpert.com)

**U.S.A.:** Metal Expert LLC: 2470 Hodges Bend Cir., Sugar Land, TX 77479. Tel. +1 832 545 50 23,  
e-mail [k.hashimova@metalexpert.com](mailto:k.hashimova@metalexpert.com)

**Russia:** Metal Expert Ltd. Moscow. Tel. + 7 495 780 30 93, 775 60 55,  
e-mail [subscriptions@metalexpert.com](mailto:subscriptions@metalexpert.com)

**Disclaimer** This publication is for information purposes only. The information contained in this document has been compiled from sources believed to be reliable. Metal Expert cannot be made liable for any loss no matter how it may arise.

**Copyright** 2017 Metal Expert. All rights reserved. No part of this publication (text, data or graphic) may be reproduced, stored in corporate data retrieval systems or transmitted in any form without obtaining prior written consent of Metal Expert. To find out about multiple user accounts or corporate subscription packages please contact us on e-mail [O.Rushtin@metalexpert.com](mailto:O.Rushtin@metalexpert.com) or call to Olga Rushtin +38 056 239 88 50 (ext. 140).