GMK CENTER

Ukrainian think-tank and media-source continues its work to share relevant information about the economy of Ukraine during the war. We call for attention to the devastating effects of war on civilians and infrastructure, as well as the negative effects for the whole world.

Steel semis supply to EU IS UNDER THREAT

34% of slab import to EU or **2.3 mln tons** provided by Ukraine in 2021

84% of semis import to EU is under threat

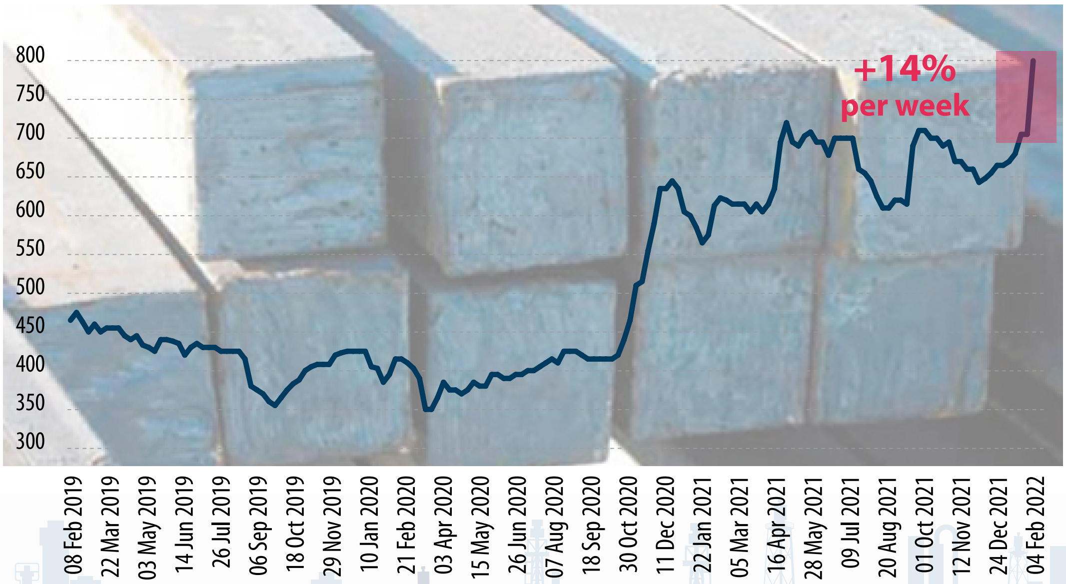
Demand on raw materials for re-rolling mills in EU was traditionally covered with imports from Ukraine and Russia – 84% of steel semis imports in 2021. There is no supply of commercial semi-finished products within the EU. And now high dependence from CIS supply is a great risk for EU steel processing plants. Utilization of steel rolling mills in the EU is in doubt, as well as thousands of jobs at these plants.

All Ukrainian steel plants that produced flat steel products and semis (Azovstal, Illych Iron and Steel Works, Zaporizhstal) were put in suspension mode as well as long products producer ArcelorMittal Kryvyi Rih. Ukraine satisfied 34% of slabs demand in EU in 2021 and about 50% of square billet.

European business deliberately refuses to buy Russian products, which is exacerbated by sanctions against major shareholders of some mills, restrictions on the reception of Russian ships in ports and difficulties in settlements.

We could see increased demand for products from Turkey and India. At the same time, Turkish mills are also experiencing difficulties with the supply of semi-finished products, as they were large buyers of products from Ukraine. Prices on square billet from Turkey raised by $100 per ton during the week.

Square billet prices export from Ukraine, $ FOB



Data source: Kallanish Commodities

There are even rumors about the interest of Chinese mills in deliveries to the EU.

High demand for steel products from Turkey led to the rise in prices for ferrous scrap to historical highs – about $600 per ton (+20% a week).
It will be impossible to replace the supply of raw materials and finished products from the CIS, in the medium term the situation could worsen.

STOP THE WAR