STEEL CONSUMPTION IN EASTERN AND SOUTHEASTERN EUROPE:

KEY TRENDS FOR 2026

April 2026

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1. Introduction

The year 2026 will mark a “great divergence” for the steel market in Eastern and Southeastern Europe (CSEE). Whereas the region previously moved in lockstep with the broader European economy, today we are seeing a fragmentation into three distinct zones: a stable industrial core, dynamic “infrastructure engines” in the south, and a number of slowly recovering economies. This report analyzes how demand for steel is forming across various countries in end-use sectors. It examines how this is influenced by the era of high energy costs, the implementation of CBAM, and the global restructuring of supply chains.

The main driver of regional steel consumption in 2026 was not industry, but capital construction. Southeast Europe is experiencing an investment boom.

- Thanks to its preparations for EXPO 2027, Serbia has become the region’s largest construction site.

- In Greece, megaprojects such as the “smart city” The Ellinikon are creating abnormally high demand for rebar.

- In the Baltic states, the Rail Baltica project has reversed the trend from decline to growth.

The Western Balkans are showing particularly strong growth.

- In Bosnia and Herzegovina (BiH), demand is driven by the construction of the Pan-European Transport Corridor Vc, where steel consumption reaches 35,000–40,000 tons per 10 km of road on particularly challenging mountainous sections (such as the “Prene” tunnel).

- In Slovenia, the key drivers are the Divaca–Koper railway and the Karavanke road tunnel.

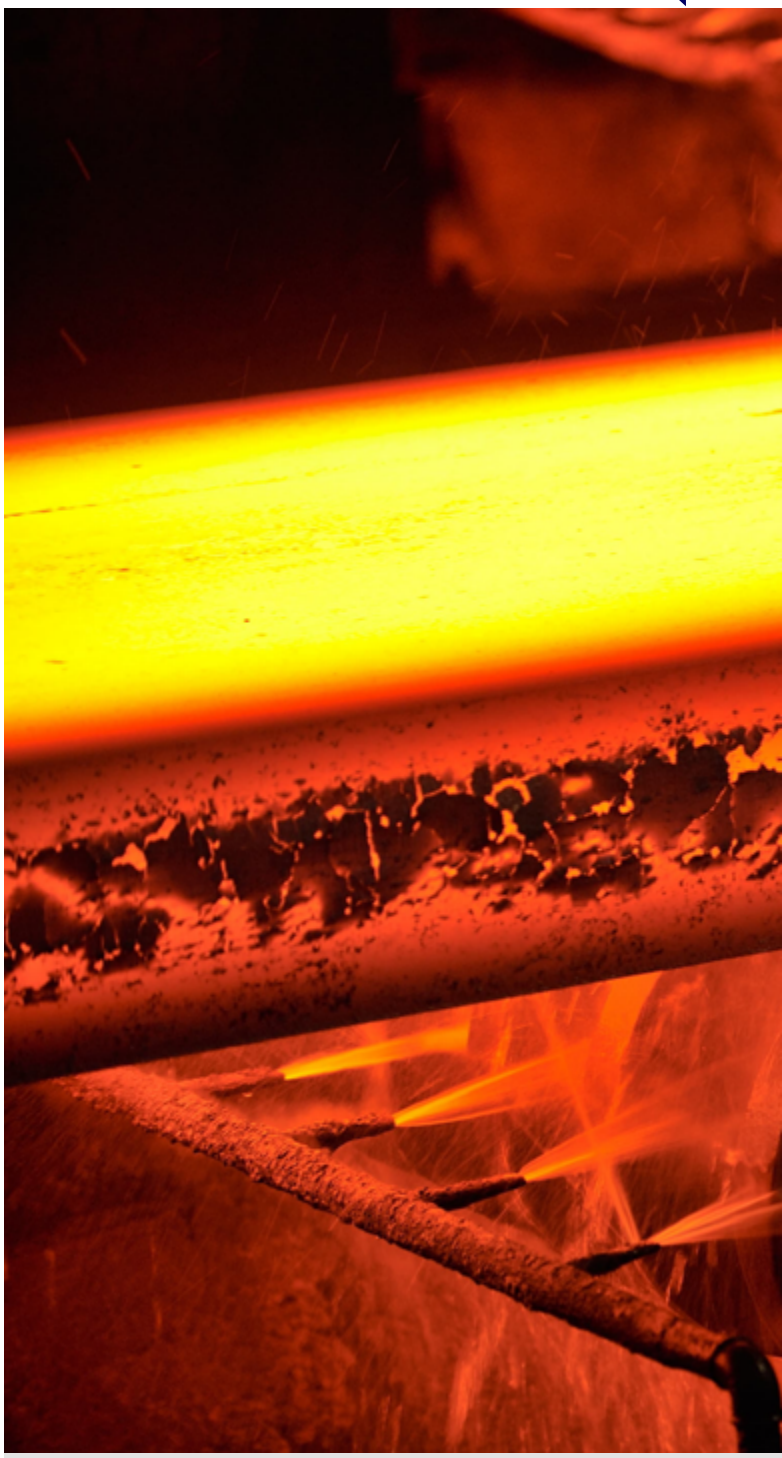
- Croatia, on the other hand, relies on the housing sector, although the market there has reached a price ceiling (€4,000/m²), which has forced the government to implement state investment programs for affordable housing.

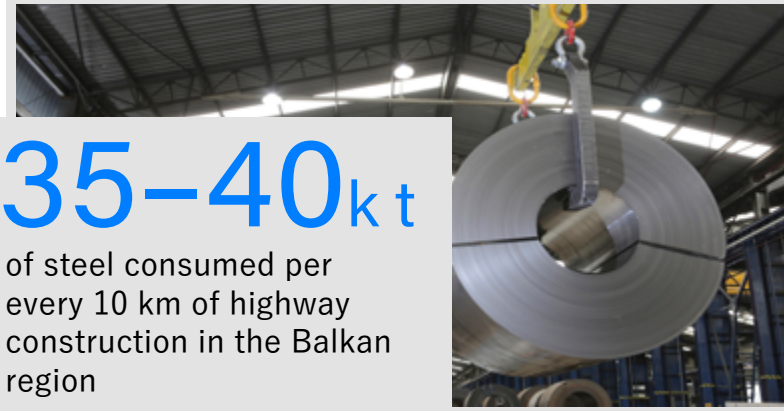
The region’s industrial landscape is undergoing a radical transformation.

- The Czech Republic and Slovakia, traditional leaders, have faced a systemic crisis among their old industrial giants.

- Hungary has aggressively pursued investments from the East, becoming a European hub for the Chinese auto industry (BYD, CATL).

- Slovenia is reaffirming its status as a technology leader: the Revoz plant launched full-scale production of Twingo electric vehicles in 2026, and the Hisense

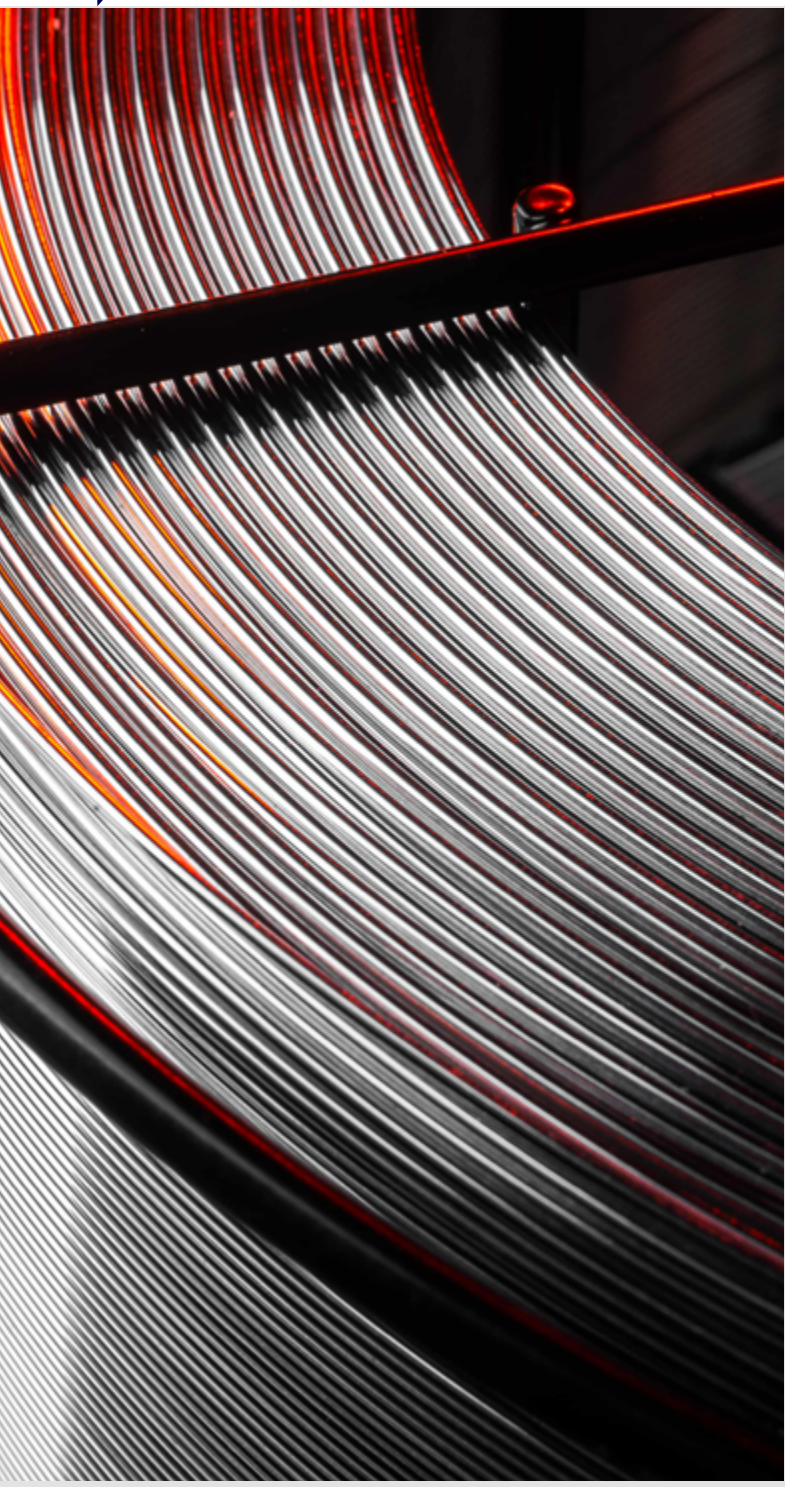




35–40 kt

of steel consumed per every 10 km of highway construction in the Balkan region

1.



Group (Gorenje) increased its EU market share to 10%, ensuring stable demand for flat-rolled steel.

- Bulgaria has cemented its role as a “rolling mill” successfully serving various EU markets.

Poland is doing everything in its power to preserve its steel industry and sustain steel consumption in the construction sector, while simultaneously pursuing a green transition.

Ukraine holds a special place, as its market demonstrates phenomenal resilience. Growth in consumption to 3.4 million tons by 2025 is driven not only by the needs of the defense industry but also by the systematic restoration of the energy and logistics sectors.

This momentum is spreading to neighboring countries: Moldova and Romania are actively investing in cross-border corridors and energy bridges (the Isaccea–Vulcanesti power line, among others).

However, problems are brewing within the countries themselves: in Bosnia and Herzegovina, the inefficiency of the steel mill in Zenica has led to local rebar costing $20–30 per ton more than Turkish rebar, triggering a surge in imports.

Protectionism has become the main risk of the year. BiH’s plans to impose a 30% tariff on steel imports could lead to a 10% increase in construction costs and the suspension of fixed-price government contracts.

At the same time, the introduction of CBAM began to radically change the cost of imported billets, forcing processors to seek local suppliers. The entire region is also plagued by a labor shortage, which is already limiting the pace of project implementation in Ukraine and the Baltic states.

By 2026, Eastern and Southeastern Europe had ceased to be merely a “production hub” for Western Europe. Today, it is an autonomous growth center with its own drivers—ranging from Poland’s ambitious energy transition to the investment boom in the Balkans.

The state and outlook of steel consumption in 2026 confirm that real demand for steel is growing in those countries that, despite geopolitical challenges, have been able to implement government programs and projects, providing industries that consume steel (construction, machinery manufacturing, the automotive industry, and the energy sector) a stable planning horizon.

3.4 mln t

the size of Ukraine’s steel market in 2025

2. Steel consumption in Poland: stability or stagnation?

2.

The market needs new incentives for growth

Demand for steel in Poland has remained within the range of 12–13 million tons over the past 10 years. The increase up to and including 2018 reflects the overall upturn in the Polish and European economies. This was followed by the consequences of the COVID-19 crisis and anti-crisis economic measures. Then came the adaptation to the energy crisis in Europe caused by the Russian-Ukrainian war. We can say that the main steel-consuming industries are resilient to external challenges. Do they have opportunities for further progress, or has the market reached saturation? GMK Center sought answers.

Market profile

Most steel sales in Poland are flat products (about two-thirds of the total). Sheet rolling and pipe production were the most affected by the crisis in the Polish steel industry. This refers to the closure and bankruptcy of the Huta Czestochowa steel plant, the Walcownia Rur Andrzej, Huta Pokój, Walcownia Blach Batory, Huta Krolewska, and Rurexpol steel mills.

According to the Polish Steel Association (PSA), in 2024, consumption of flat rolled products in Poland amounted to 7.4 million tons, and steel pipes – 1.2 million tons. The capacity of local producers in these segments is 2 million tons and 0.9 million tons, respectively. In the long products segment, consumption in 2024 amounted to 4.5 million tons, with domestic production capacity of 4.4 million tons.

The construction industry generates the main demand for steel in Poland. In 2024, it used 4.4 million tons of long products and 1.6 million tons of flat products. The second largest consumer is the hardware industry, with 2 million tonnes.
The automotive industry rounds out the top three, with 1.2 million tonnes. An assessment of their current state will allow conclusions to be drawn about the immediate prospects for steel sales.

Construction industry

Polish housing construction is in a difficult situation. At the end of 2024, the housing stock across the country had expanded by 16.16 million m2. According to data from the Polish Statistical Office (GUS), between January and November 2025, the commissioning of new housing increased by 3% to 184,100 units. There are further indications of a significant decline. In the first 11 months of 2025, the number of building permits for new housing decreased by 11.4%, and the number of projects started decreased by 9.9%.
In 2026, the sector is expected to experience a serious decline.

Industrial construction, including logistics facilities, is also under pressure. As of the end of March, projects with a total area of 1.4 million square meters were

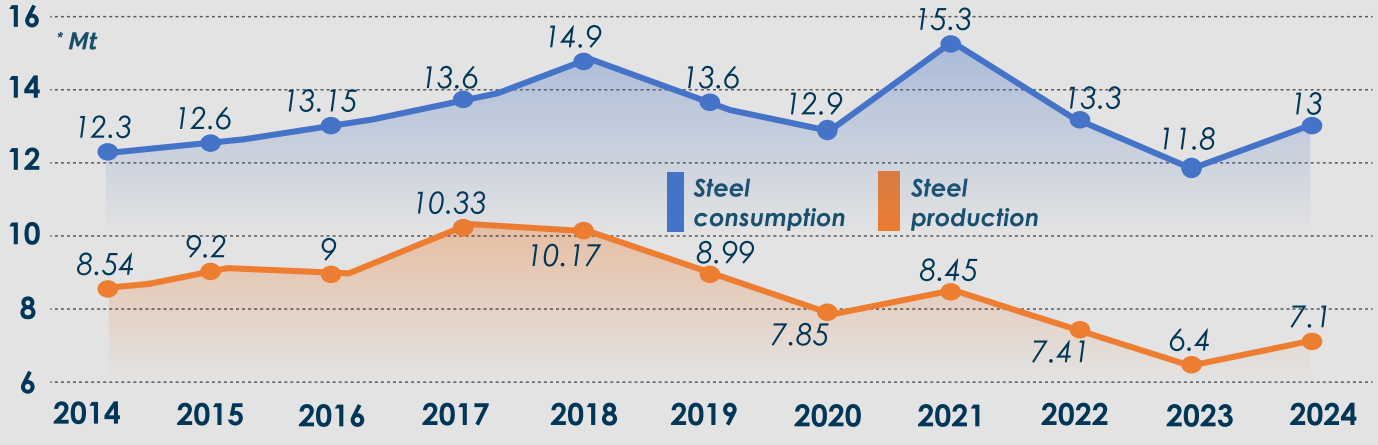
12–13 mln t

steel demand in Poland over the last 10 years

7.4 mln t

flat steel consumption in Poland (2024)

DYNAMICS OF STEEL CONSUMPTION AND PRODUCTION IN POLAND*



Source: PSA

2. Poland

under construction (41% less than a year earlier). According to estimates by consulting firm Cushman & Wakefield, this is the lowest figure since 2018. The segment is highly concentrated, with 92% of all projects under construction located in the Mazovia and Łódź provinces.

The overall vacancy rate for warehouse and industrial space in Poland increased by 0.3% year-on-year to 8.5% in Q1.
At the end of Q3, the figure fell to 8.2%, 0.2% higher than a year earlier. In Q1 2025, deals were concluded for the lease of 1.1 million m² of industrial space. This is 16% more than a year earlier, but 11% less than the average for Q1 in 2020–2024, which implies a lack of demand for new construction of such facilities.

1.4mln m2

of industrial construction projects in Poland under way (end of March 2026)

$2.8bn

in government funding for Polish railway upgrades through 2027

The volume of space under construction increased slightly by October 1 to 1.56 million square meters, which is 20% less than on the same date in 2024. Cushman & Wakefield attributes 45% of this to speculative investments. These are projects under construction that currently have no end buyers/ tenants, industrial and logistics companies. A deferred supply is forming, which will negatively affect construction volumes in 2026.

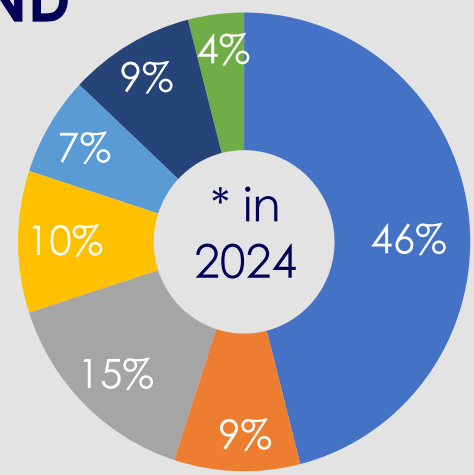
Government investment under the National Recovery Plan (KRO) remains the real driver. It includes road and railway construction programs. In 2025, 400 km of new roads were planned to be put into operation. These are bypass roads around cities and towns, involving the construction of a large number of bridge junctions and crossings – extremely steel-intensive structures.

In March last year, the government announced that it would allocate $2.8 billion to modernize 800 km of railways by 2027. Forty projects were approved for implementation. Most of them are related to the modernization of line 104, which is part of the North-South trans-European transport corridor.

In addition to national funding, these projects are also receiving money from European funds managed by the European Commission.
The EU is giving Poland $9.22 billion to develop its railway industry in 2021–2027. Large-scale construction projects that generate demand for steel receive support not only from the national budget, but also from the European budget.

Other major programs include the Eastern Shield, which involves the construction of 800 km of fortifications on the border with Belarus and Russia by 2028. The Interreg NEXT Poland-Ukraine 2021–2027 project is aimed at developing transport infrastructure on the border with Ukraine. As part of this program, railway line 101 is being modernized in Poland.

STRUCTURE OF STEEL CONSUMPTION IN POLAND*



Source: PSA

Poland 2.

Warsaw has an ambitious «green transition» program that envisages the phasing out of coal-fired power plants and the development of nuclear and offshore wind energy.

The country's first nuclear power plant with a capacity of 1.1 GW will be built by the American-Japanese corporation Westinghouse Electric Co. in 2026–2030 in the coastal town of Lyubyatovo. The cost of the first phase of the project is $15 billion. In the future, it is planned to increase the capacity to 3.75 GW. The cost of the second phase is also estimated at $15 billion.

There are plans to build a second nuclear power plant, the location of which has yet to be determined. The project will be operated by a consortium led by the South Korean state-owned corporation Korea Hydro & Nuclear Power Co.

Wind energy in Poland is developing rapidly, supporting demand for steel structures. In 2020, the total capacity of wind farms was 6.27 GW, and by the beginning of 2025, it will reach 10.15 GW.
By 2040, the government aims to increase this figure to 18 GW, primarily through the construction of offshore wind farms.

One of the most notable projects is the Baltic Power wind farm, construction of which began in 2025. The planned capacity of the facility will reach 1.2 GW. The total height of the steel structures of one wind turbine is 250 m, and 76 of them are planned to be installed. These are very steel-intensive facilities.
An even larger project is the Baltic Power 2 wind farm with a capacity of 1.5 GW. It is planned to be completed by the end of 2027. The wind farm will consist of 107 floating wind turbines. The project will cost $3.7 billion, of which $1.5 billion will be allocated by the government from the budget as part of the CRO. The remaining funds will be invested by the state-owned company PGE.

Automotive industry

The Polish car market grew by 16.1% in 2024, with 551,568 new passenger cars registered.

Car production fell by 28.7% – to 216,200 units. The increase in demand did not affect the capacity utilization of local car factories.

This problem is characteristic of the European automotive industry as a whole – weak tariff protection of the EU car market makes its products uncompetitive. Demand for sheet steel in these conditions was supported by an increase in the production of buses – by 38.8% to 7,113 units – and trucks and tractors – by 7.7% to 332,043 units.

The decline in passenger car production is partly due to a decrease in foreign sales. In 2024, Polish auto exports, including components, fell by 9.5% in monetary terms, to €45.5 billion.
The bulk of foreign sales by Polish car manufacturers is accounted for by components rather than finished

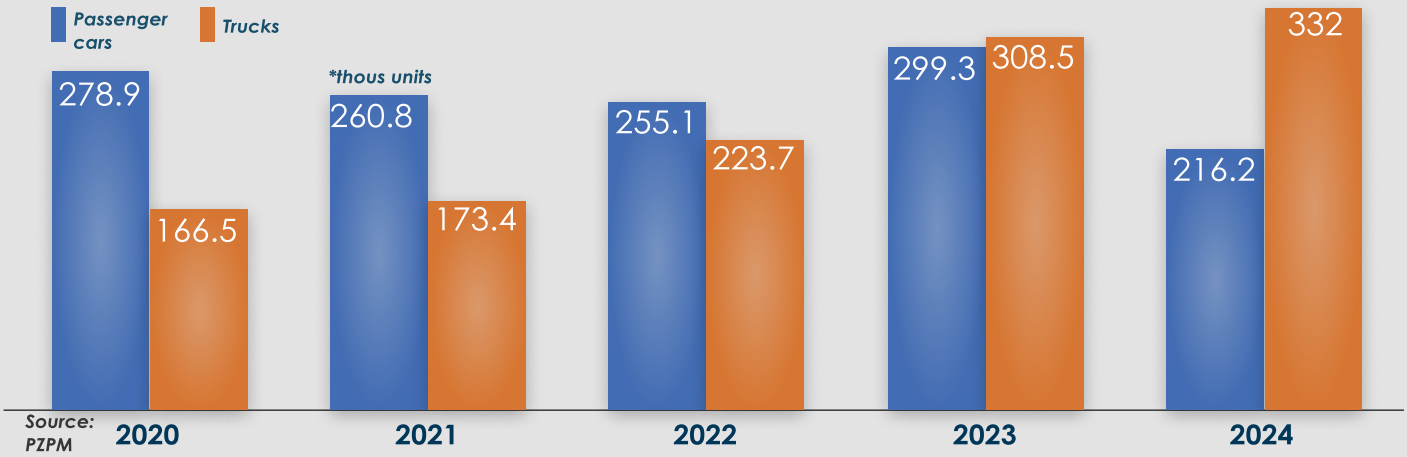
18GW

of installed wind power capacity in Poland by 2040

28.7% decline

in passenger car production in Poland in 2024

DYNAMICS OF CARS PRODUCTION IN POLAND*



Source: PZPM

2. Poland

cars. In 2023, finished cars accounted for only €7.19 billion of the total car exports of €50.3 billion. The volume of supplies here depends on the domestic situation in the automotive industry of other countries. The main destinations for Polish car exports are Italy and Germany.

In 2024, deliveries to Turkey, Egypt, and Morocco began for the first time. The new destinations will not be able to fully compensate for the decline in the main sales markets. Until the EU at the official Brussels level takes adequate measures to support the European automotive industry, Polish car exports will continue to decline, as will production volumes and demand for flat-rolled products.

Poland's automotive industry continued to decline in 2025. From January to September, passenger car production totaled 75,500 units, with an average monthly output of 8,400 units. In 2024, Polish car factories produced an average of 18,000 units per month, in 2023 – 24,900 units, and in 2022 – 21,300 units.
The production of trucks and tractors decreased to approximately the 2023 level. In January-September 2025, the average monthly figure was 25,783 units, in 2024 it was 27,670 units, and in 2023 it was 25,705 units.

9.5%

drop in Poland's auto exports by value in 2024

8.400 units

units - average monthly passenger car output in Poland, Jan–Sept 2025

production of buses, down to 510.5 units in January-September 2025, compared to 592.8 units in 2024, 427 units in 2023, and 421.7 units in 2022. This creates the conditions for a deterioration in the automotive industry's final performance in 2025 and 2026.

The only sector of the engineering industry in which the Poles managed to achieve positive dynamics is the production of construction and road machinery. Here, in 2020-2024, the average annual increase in production was 8.59%.

Conclusions

- The increase in steel consumption to 15.3 million tonnes in 2021 demonstrates the potential of the Polish market, provided there is large-scale government support, primarily in the form of financing for infrastructure and energy development programmes. The dynamics in 2026 will depend on the implementation of the CRD.
- The most problematic area remains flat steel consumption, as there are no government incentives here, unlike in India and China. We are talking about tax breaks under the trade-in program for exchanging old cars for new ones.
- The application of the European CETA in 2026 will lead to an increase in the cost of foreign supplies for the Polish steel market, creating an additional financial burden on end consumers.

3. Steel consumption in the Czech Republic: in search of new drivers

3.

Demand from the construction and automotive industries was unable to prevent market contraction

The Czech Republic is way ahead of other EU countries in terms of steel consumption per capita. According to World Steel, in 2024, this figure was 532.3 kg, compared to 388.5 kg in Italy and 312.7 kg in Germany. In absolute terms, the market capacity is small, at 5.6 million tons. Over the past five years, it has declined by a third, despite positive production dynamics in the main industries that drive demand for steel, namely automotive and construction. They cannot maintain steel sales at pre-crisis levels, so new growth points are needed.

Market profile

The Czech steel industry is concentrated in two centers: Ostrava and Trinec. The Ostrava steelworks, the country's largest rolled steel producer with an annual capacity of 4 million tons, changed owners in July 2025. The new management faced a difficult task: to pull the company out of the abyss into which it had fallen under the management of the British Liberty Steel Group in 2020–2024.

This is largely why steel production in the Czech Republic has almost halved over the past five years, while the share of imports in the steel consumption balance has increased.

The second largest steel producer, Třinecke zelezarny, which manufactures long products, and the Vitkovice Steel Jindal steelworks in Ostrava, which specializes in thick plate, are facing certain problems. These problems are not related to a lack of domestic demand from major consumers in the construction and automotive industries, despite the market contraction in recent years.

The demand situation

The Czech automotive industry has recovered from the effects of the COVID crisis and has confidently regained its lost positions. Against the backdrop of a downturn in the European industry, Czech car manufacturers are showing strong momentum. As in other Eastern European countries, domestic demand for new cars is of secondary importance to local manufacturers due to their export orientation. Sales in the Czech Republic account for approximately 15-20% of total car production.

It is worth noting a 16.1% reduction in production in 2025, to 276,000 units, at the Hyundai car plant in Nošovice and a 1.9% reduction, to 207,000 units, at the Toyota plant in Kolín. Thanks to Skoda Auto, part of the Volkswagen AG group, the Czech automotive industry ended last year with record results, supporting demand for sheet steel.

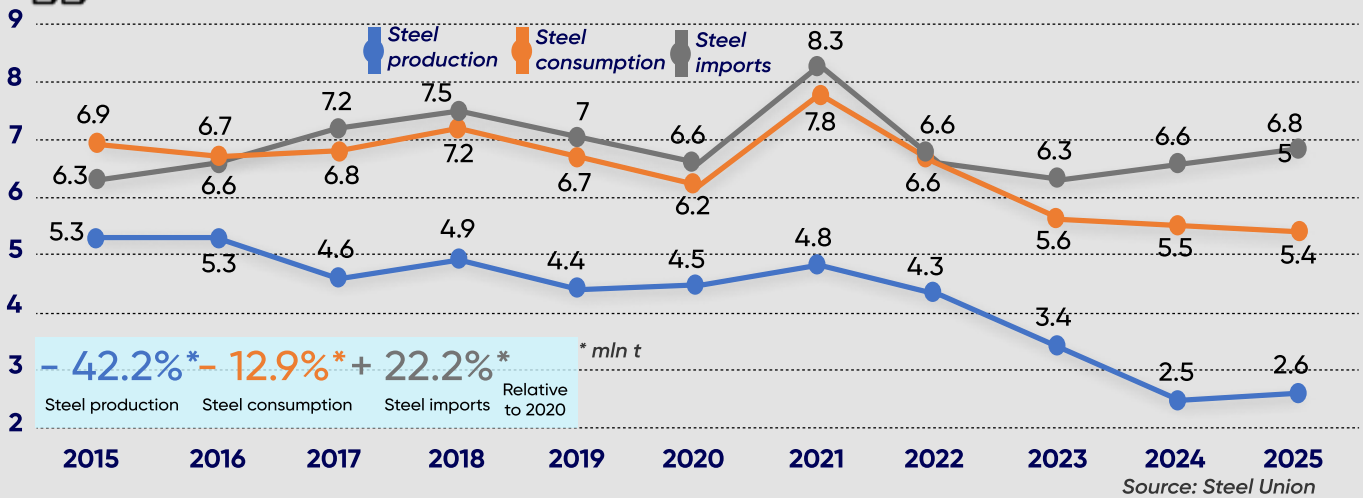
5.6 M t

annual capacity of the Czech steel market

42.2%

decline in Czech steel output, 2020–2025

DYNAMICS OF THE CZECH STEEL MARKET*



Source: Steel Union

3. Czech Republic

This was further supported by a 27% increase in bus production in January-November, to 5,075 units. The Iveco CR plant in Vysoké Mýto accounted for the largest share of the volume (4,640 units), with an increase of 27.7%. This plant also manufactures components for further assembly at the Italian Iveco plant in Foggia.

The Czech construction industry returned to its previous levels in 2025 after a decline in 2023–2024, but the situation here is also ambiguous. According to estimates by the consulting company CBRE, investments in commercial real estate construction amounted to almost €4 billion.

27%

increase in Czech bus production, Jan–Nov 2025

€4B

investment in Czech commercial real estate construction, 2025

"Never before has so much money been invested in Czech offices, shopping centers, or warehouses," said Claire Sheils, CEO of CBRE in the Czech Republic.

Last year, developers commissioned less than 27,000 m² of new space, which is a modern minimum. Record investments by investors did not affect the dynamics in the sector.

There is a negative trend in residential construction. In January-June 2025, only 16,295 apartments were started in the Czech Republic, the lowest number since 2017. As of July 1, housing completions increased by 40% to 3,775 apartments. The completion of old projects has accelerated, but there is no basis for increasing volumes in the near future. The high figures are due to the low comparative base of 2024.

A similar situation was observed in the second half of the year. In October, the number of projects started increased by 34.5%, and those completed by 58.1%. The industry was brought into the black by infrastructure projects financed from the national and European budgets. The growth in construction and automotive production did not lead to an increase in overall steel consumption in 2025.

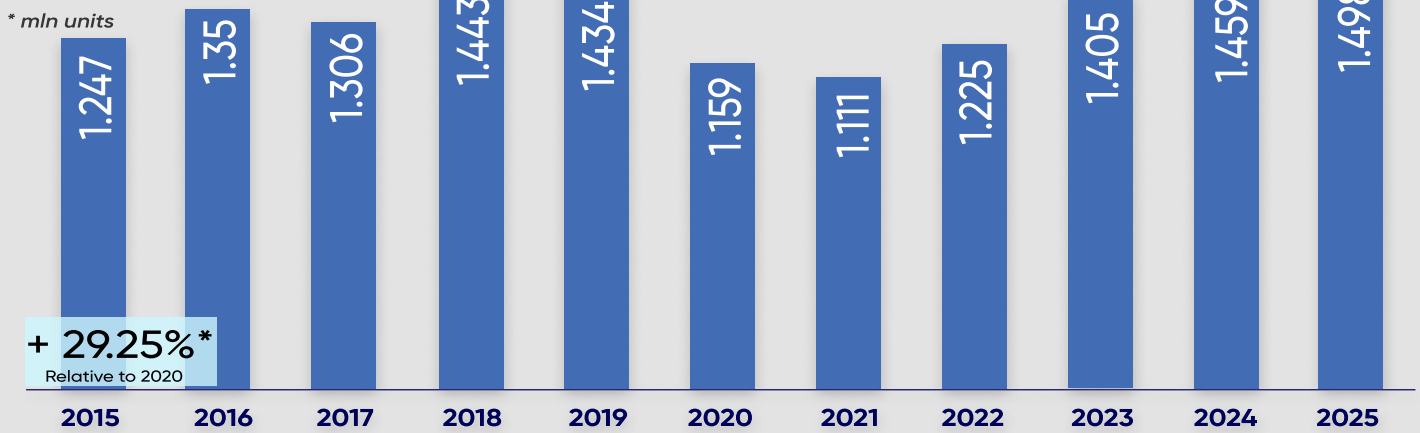
This was due to the situation in other sectors of Czech engineering, primarily in power engineering and the defense industry. According to the German Engineering Federation (VDMA), this is indicated by a reduction in the number of people employed in the industry from 126,000 in 2022 to 123,000 in 2025.

The decline in sheet steel consumption in 2022–2025 was also negatively affected by the curtailment of pipe production at the Liberty Steel plant in Ostrava.

Outlook for 2026

According to Martin Jan, president of the Czech Automotive Industry Association, car production in the Czech Republic reached its maximum level in 2025 given the existing production capacity. In his opinion, this figure may increase by several tens of thousands of units in 2026, but no more.

PASSENGER CARS PRODUCTION IN THE CZECH REPUBLIC*



Source: CEIC

Czech Republic 3.

This forecast is linked to Toyota Motors' plans to start production of its first European electric car at its plant in Kolín. To this end, the Japanese corporation is investing €680 million in expanding the plant, which will increase its area from 152,000 to 173,000 m².

The construction industry is also likely to be able to increase production volumes. According to Igor Forberger, CEO of Xella for the Czech Republic and Slovakia, residential construction volumes in 2026 will be roughly at last year's level.

"No radical changes are to be expected in the coming year," he stressed.

Mortgage rates remain too high, at over 4%. The Czech National Bank has tightened its requirements for issuing mortgage loans. The changes will take effect on April 1.

CBRE forecasts that the volume of commercial space commissioned in 2026 will grow to 30,700 m². This is a slight improvement, while the completion of a number of large projects already underway is expected after 2027.

There is significantly greater potential in the industrial construction segment. In the third quarter of 2025, 130,800 m² of new space was commissioned. According to the consulting company Colliers, their total volume reached 12.9 million m². At the end of the year, 2.8 million m² of new industrial facilities were in the final stage of obtaining building permits, and another 2.6 million m² were in the process of approval.

There are prerequisites for an increase in construction and car production this year. Steel sales may grow if the new owners, SPV NH Ostrava and SPV NH Koksovna, are able to resume pipe production at the Ostrava plant. This is not easy to do, as it requires significant financial investment.

In 2020–2024, the government allocated approximately €400 million to the company. This did not help to avoid bankruptcy and the shutdown of production. Now the Czech authorities have a certain and quite understandable skepticism about new expenditures for this project.

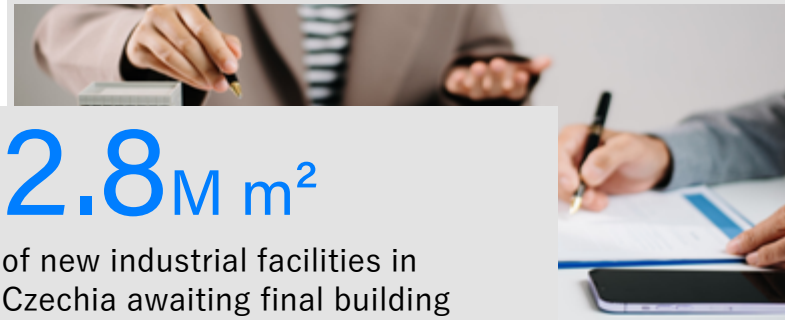
The Třinecke zelezarny steelworks has not yet received €1.7 billion in government funding for its decarbonization program, as promised in a previously signed memorandum. As a result, it has been forced to suspend its "green" projects.

The new owners of the Ostrava plant will probably have to rely solely on their own resources. The increase in pipe production in the Czech Republic is in question, as is the expansion of the steel market in 2026.

In a number of countries, including neighboring Poland and Germany, the development of wind energy provides significant support for steel demand. In the Czech Republic, there are no such prospects due to natural and climatic features. Most of the territory is forested and mountainous. As of the end of 2025, the capacity of Czech wind farms was only 0.356 GW. As part of the green transition, the government plans to develop solar and nuclear energy.

Solar power plants are not steel-intensive facilities, unlike nuclear power plants, which can increase demand for steel. Preparations are currently underway for the construction of two new reactors at the Dukovany nuclear power plant, each with a capacity of over 1 GW. They are expected to be commissioned in the second half of the 2030s. This will not affect current steel consumption.

Improvements in the performance of machine-building enterprises and/or a construction boom could restore demand for steel in the Czech Republic to pre-crisis levels, but there are currently no prerequisites for this. Steel sales in 2026 are likely to remain within the range of 5.5–5.6 million tons.



2.8M m²

of new industrial facilities in Czechia awaiting final building permits (YE 2025)

5.5–5.6m t

forecasted 2026 Czech steel sales

4. Steel consumption in Romania: a test of strength

Demand for steel in Romania will face serious challenges in 2026

Romania has low per capita steel consumption compared to the industrially developed countries of the European Union. This indicates significant potential for the local market, which has been stagnant in recent years.

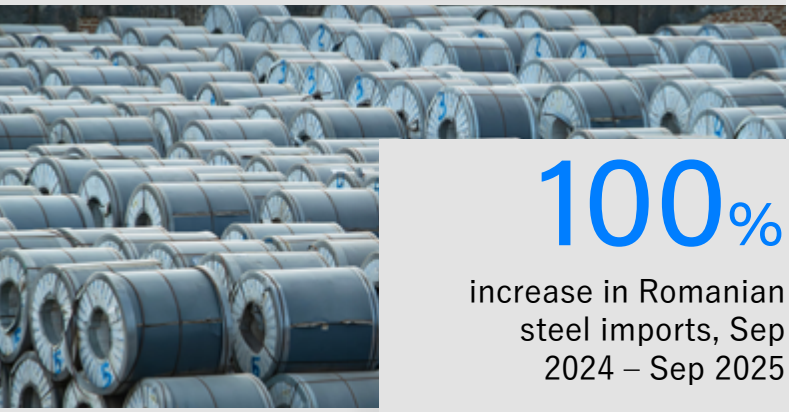
Even post-COVID government economic stimulus programs have not led to a surge in steel demand in 2021–2022, unlike in Poland, Italy, Germany, Turkey, and a number of other countries. The situation may deteriorate significantly in 2026.

Market profile

Importers are gradually taking over the Romanian steel market amid problems faced by local producers.

€3.394B

Romanian steel imports value, Sep 2024 – Sep 2025



100%

increase in Romanian steel imports, Sep 2024 – Sep 2025

First and foremost is the Galati steelworks, the only flat steel producer owned by the British company Liberty Steel Group.

The financial difficulties of the parent company GFG Alliance led to months of downtime at the Liberty Galati plant and its bankruptcy (currently in the preliminary stage). A similar situation is observed at other Liberty Steel plants in the Czech Republic, Hungary, Belgium, Luxembourg, and France. The cause of the crisis is not related to the actions of the Romanian authorities.

The metallurgical plant in Hunedoara, a large producer of long products owned by ArcelorMittal, has been experiencing prolonged disruptions. The main factor is the high cost of electricity, which affects the profitability of steel smelting in electric arc furnaces. The other five Romanian electric steel mills, including Ductil Steel, owned by the Romanian company Invest Nikarom, and Donasid Calarasi, owned by the French group Tenaris, are in a similar situation.

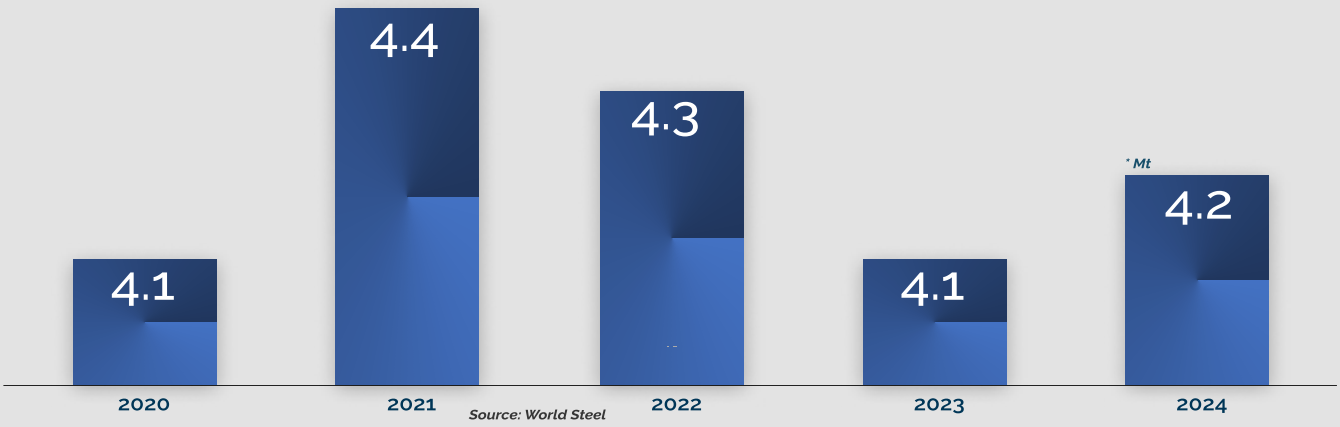
Steel production in Romania has halved over the past few years. Domestic demand for steel products has remained stable, leading to a sharp increase in imports. According to customs data, from September 2024 to September 2025, the monetary value of steel imports increased by 100% – to €3.394 billion. The main suppliers were metallurgical companies from Turkey, Italy, Ukraine, Bulgaria, and Egypt.

Local producers often lose out to foreign competitors, mainly due to high electricity costs. According to SteelOrbis, in 2025, Romanian rebar was offered on the domestic market at €585–590/t FOT, from Egypt at €485–490/t CFR, and from Turkey at €475–490/t CFR.

Demand for flat products

Demand for flat products is driven by the automotive industry, which in Romania is represented by two large enterprises: the Ford Otosan plant in Craiova and Automobile Dacia in Mioveni.
The industry has successfully recovered from the

DYNAMICS OF STEEL CONSUMPTION IN ROMANIA*



Source: World Steel

COVID shock and set a new production record in 2024.

It was not possible to maintain the positive momentum in 2025. In January–November, passenger car production decreased by 2.48% to 505,859 units. Total car sales in Romania increased again, reaching 156,803 units. This is 3.77% more than in 2024. Truck production in the first half of the year fell by 33% to 6,696 units.

Statistics show the key role of exports for Romanian car manufacturers. The main destinations for foreign sales are Germany, Italy, and France. Demand for flat-rolled products from factories in Craiova and Mioveni depends primarily on the situation in the automotive markets of these countries, which is not improving at present.

Domestic demand remains high, but there are signs that it may weaken. These are related to the sharp curtailment of the long-standing Radla state program, under which the state provides subsidies to car owners when they exchange old cars for new ones. In 2025, the program only began in September. The delay is explained by the government's policy of reducing spending and minimizing the budget deficit.

In 2024, Radla also operated under restrictions. Initially, €200 million in funding was announced, but in fact, only 30,000 car deals fell under its scope, and in 2025, only 19,000. The Association of Romanian Automobile Manufacturers (ACAROM) claims that the program's curtailment could lead to the loss of 5,000 jobs in the industry.

The government promises to look into extending Radla in 2026, depending on the budget. Most likely, the program won't get the same support as before because of Bucharest's tight budget policy.

The wind energy sector, which has also been stagnant in recent years, has good prospects. At the end of 2024, the total capacity of Romanian wind farms was 3.013 GW, the same as in 2021. No new facilities have been commissioned in three years.
The situation is changing. In December 2024, the European Commission approved €3 billion in funding for Romania to develop wind and solar energy. In 2025, construction began on a 140 MW wind farm in Vaslui and a 190 MW wind farm in Buzău. Danish company Vestas, a leading European manufacturer of wind farm equipment, announced that it had received orders to supply two wind farms in Romania, each with a capacity of 150 MW.

At the end of 2024, Energy Minister Sebastian Burduja announced the government's plans to increase the share of wind energy in the country's energy balance to 36% by 2032 (currently 16%). This involves the construction of new wind farms with a total capacity of at least 3 GW.

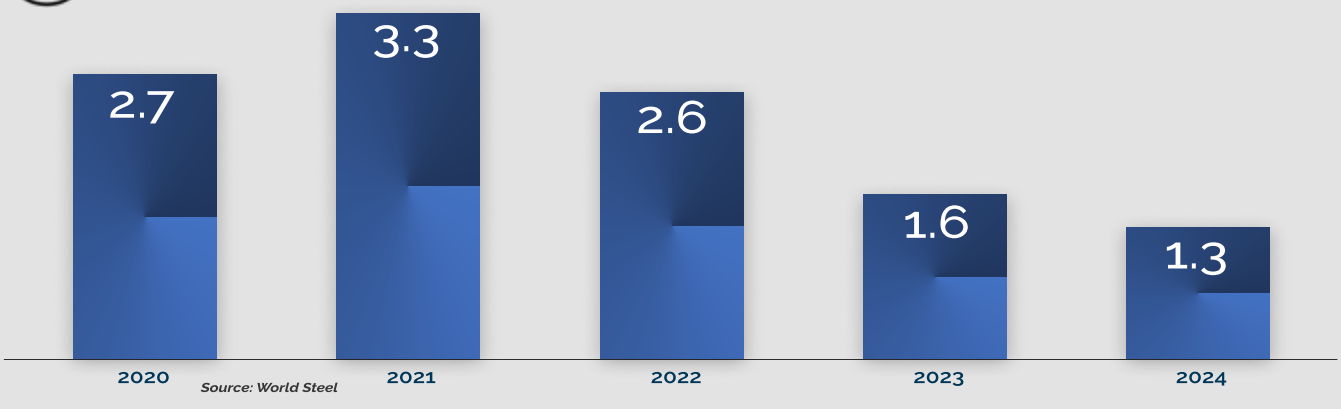
Demand for long-length rolled products

The current dynamics of the construction industry, the main consumer, look very strong.

2.48%
drop in Romanian passenger car output, Jan–Nov 2025

3.013GB
Romanian wind power total capacity, YE 2024

DYNAMICS OF STEEL PRODUCTION IN ROMANIA*



Source: World Steel

4. Romania

According to the National Institute of Statistics (INS), in January–October 2025, the volume of work performed increased by 10%. From October 2024 to October 2025, it increased by 4.6%. The indicators improved last year, overcoming the decline, which amounted to 4.9% at the end of 2024.

A detailed analysis reveals worrying signs for steel demand. The growth was mainly driven by capital repairs and reconstruction, which grew by 48.7%, while new construction grew by only 7.8%. Reconstruction projects are less metal-intensive than building facilities from scratch.

The housing sector remains the most problematic. Here, growth was 9.9% after a 21.4% collapse in 2024. It is impossible to talk about a recovery in the housing construction market; the positive dynamics were achieved due to a low base of comparison and the completion of previously started projects. As of July 1, 2025, the number of projects under construction decreased by 5%. There were prerequisites for a deterioration in the final indicators in both 2025 and 2026.

10%

growth in Romanian construction works, Jan–Oct 2025

Infrastructure projects, most of which are financed from the EU budget, remain the driving force behind the industry. In 2025, more than 700 km of roads were built, while many commercial and industrial construction projects were frozen. According to consulting firm Cushman & Wakefield, the introduction of new retail and office space amounted to no more than 200,000 m2.

ING Bank's chief economist for Romania, Valentin Tataru, predicts that activity in the residential sector will remain low in 2026. Mortgage rates will remain at current levels until at least July, putting pressure on demand.

«Developers may postpone or scale back projects until there are clearer signs of lower interest rates, improved consumer spending, or government support,» the expert suggested.

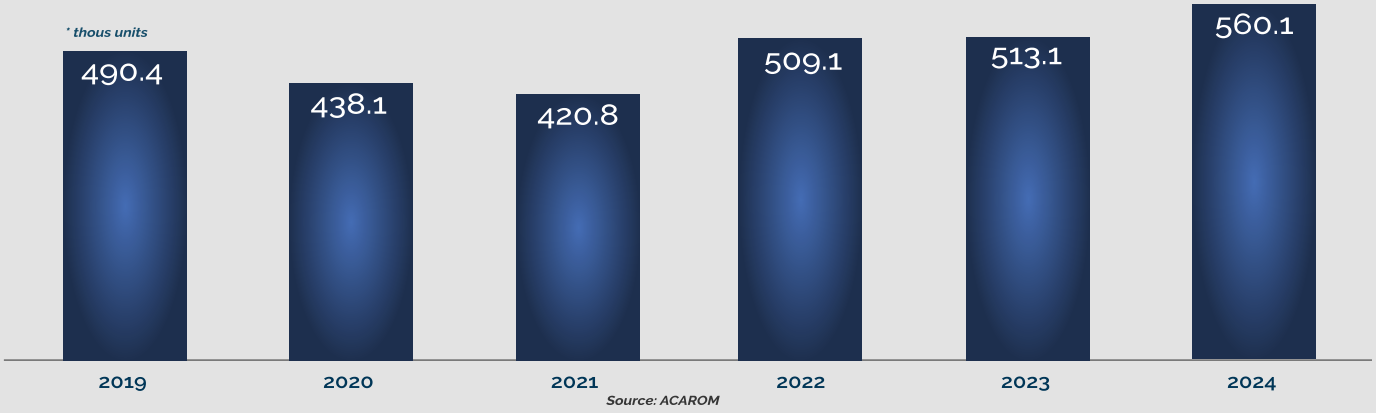
The industrial construction segment will remain stable thanks to foreign direct investment in industrial and logistics facilities. Commercial construction may slow down due to the growing number of vacant spaces in office and shopping centers.

700+km

km of Romanian roads constructed in 2025

Infrastructure projects financed with the support of the European Union will continue to drive demand for steel in the construction industry. Romania's own budgetary capacity in 2026 is very limited by strict austerity measures.

DYNAMICS OF PASSENGER CAR PRODUCTION IN ROMANIA*



Source: ACAROM

Conclusions

The main challenge for steel demand in Romania this year is the tight fiscal policy of the official Bucharest. The projected budget deficit for 2025 will be 8.4%. In 2026, the government aims to reduce it to 6%. To this end:

- From August 1, the standard VAT rate increased from 19% to 21%. This applies to all building materials and cars.
- The previous property tax rates of 5% and 9% have been replaced by a single rate of 11%. A transitional rate of 9% will apply throughout 2026 to dwellings with a usable area of less than 120 m2 and an estimated value of up to €117,900.
- Tax rates on cogeneration (COG) have been increased, which will lead to higher electricity prices for steel producers and, accordingly, their products for consumer industries.
- The minimum income threshold below which personal income tax is not levied has been reduced from €60 to €40.

A significant increase in the tax burden on households will weaken demand for new cars and housing amid the curtailment of government spending stimulus programs such as Radla. Conditions have been created for a decline in production in the automotive and construction sectors, which will lead to a contraction in Romania's steel market.

The 6.8% increase in the minimum wage to €849.8 from January 1, 2026, will not compensate for the decline in the purchasing power of end consumers.

6%

projected Romanian state budget deficit, 2026

6.8%

increase in Romanian minimum wage from 1 January 2026

5. Steel consumption in Ukraine: increased by 12% in 2025

Steel trading companies recorded an average increase in sales of 10–15% in real terms

The Ukrainian steel market ended 2025 with growth: steel consumption increased by 12%, and market capacity reached 3.4 million tons. These figures reflect a combination of weakening sales amid slower demand in the infrastructure sector and lower output caused by power supply disruptions at many customer facilities. They also point to intense competition, compressed margins, labor shortages, and delays in payments under government contracts. GMK Center investigated what was happening on the Ukrainian rolled steel market.

12%
increase in Ukrainian steel consumption, 2025

15.5%
growth in Ukrainian construction works, 2025

Overall market dynamics

In 2025, steel consumption in Ukraine grew by 12% after increasing by 10% in 2024. According to Metinvest-SMC estimates, the capacity of the Ukrainian steel market last year was 3.4 million tons (excluding polymer-coated sheets, stainless rolled products, seamless pipes, and tinplate).

During the year, the dynamics of steel consumption in different segments were uneven. In the construction segment, the season got off to a slightly delayed start in May. After that, typical seasonal patterns prevailed, with demand peaking in mid-year and easing slightly in November and December.

The pattern was different in the machinery sector. Demand for steel products was strongest in the first half of the year and then declined in the second half. TAKT Metal attributes this downturn to insufficient funding for the defense industry.

Steel trading companies surveyed by GMK Center reported an average 10-15% increase in steel product sales volumes in 2025. However, overall sales of the leading market participants have yet to return to pre-war levels.

Market trends

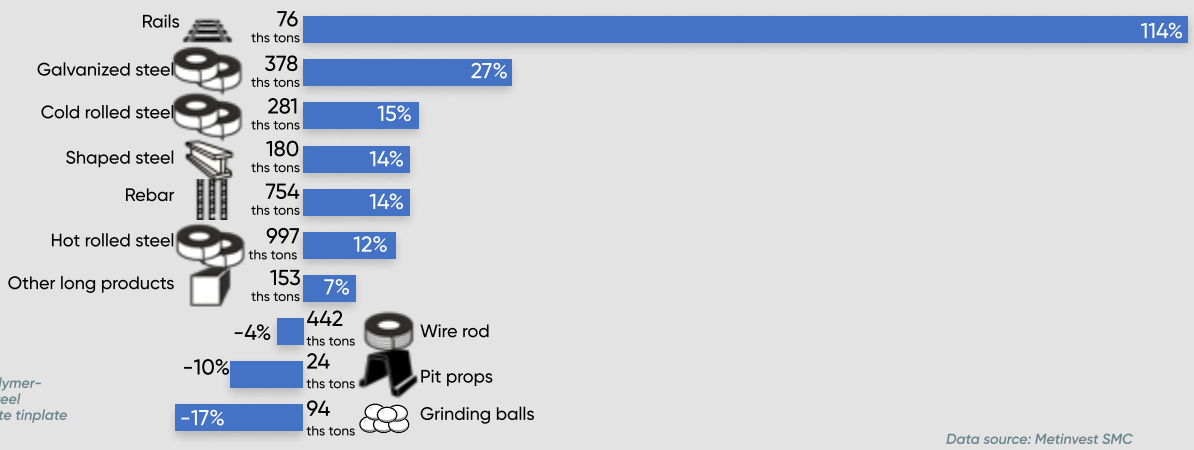
Steel traders highlight the following key market trends:

- Slowdown in steel consumption in infrastructure construction. For most of 2025, state funding for infrastructure projects remained low. Only in the fall, after the resumption of systematic attacks on energy infrastructure, did the authorities begin to strengthen the protection of energy facilities again. Last year the volume of construction work completed in Ukraine increased by 15.5 y/y. The sector returned to growth only in the summer. In January-May 2025, construction activity was still down 7.5% compared to the same period a year earlier.
- Declining margins in many segments. According to estimates by Vitaliy Prytula, director of Euro Metal, net margins rarely exceed 5% today.

UKRAINIAN STEEL CONSUMPTION in 2025

3.4* million tons — the volume of steel consumption

12% — compared to 2024



* – does not include polymer-coated steel,stainless steel seamless pipes and white tinplate

Data source: Metinvest SMC

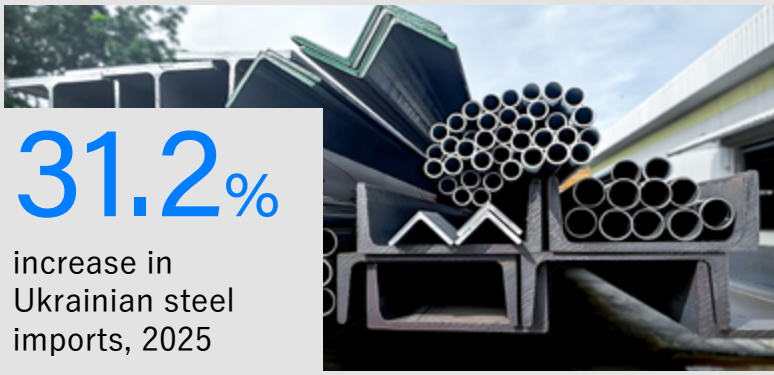
Ukraine 5.

- Impact of power outages. Steel service centers are generally able to operate using generators. However, power shortages reduce effective demand: customers are forced to partially or completely halt production or construction. This impact was particularly noticeable at the end of 2025.
- High competition. The market continues to experience fierce price competition with instances of dumping, which significantly limits traders' ability to raise prices.
- Increase in imports of steel products. According to Ukrmetallurgprom, in 2025, imports of rolled steel products increased by 31.2% y/y, and the share of imports in steel consumption increased by 2.5 p.p. to 40.1%. This is the highest figure since Ukraine gained independence. Turkey and China remain the main importing countries.
- Increasing staff shortages. Labor shortages are pushing wages higher, but in a highly competitive market this pressure is largely absorbed through lowering margins. In some companies, staff shortages reach 30% of total requirements.
- Increased importance of fast delivery. The demand for prompt shipment requires sufficient warehouse stocks, which leads to the freezing of working capital in commodity assets.
- Deferred payments on government contracts. According to Roman Anzin, CEO of Vartis, this puts a serious strain on the working capital of suppliers and manufacturers and forces them to borrow.
- Shift in sales of construction products to western regions. In 2025, the region saw active construction of logistics hubs, warehouses, grain elevators, and industrial facilities, alongside robust growth in residential and recreational development.

At the end of 2025, serious logistical disruptions reemerged for the first time since the western border crossings were unblocked in the spring of 2024. The main reason was a series of systematic Russian strikes targeting port infrastructure in Odesa and the Danube ports. This risk is likely to remain relevant in 2026.

«A lot of steel is imported from Turkey by barges. Currently, a large number of barges are waiting to be unloaded in Romanian territorial waters. Many Turkish shipowners who used to deliver steel products to Ukraine have refused to enter Ukrainian ports. This has already led to a shortage in the 30–50 mm plate segment,» said Vitaliy Prytula.

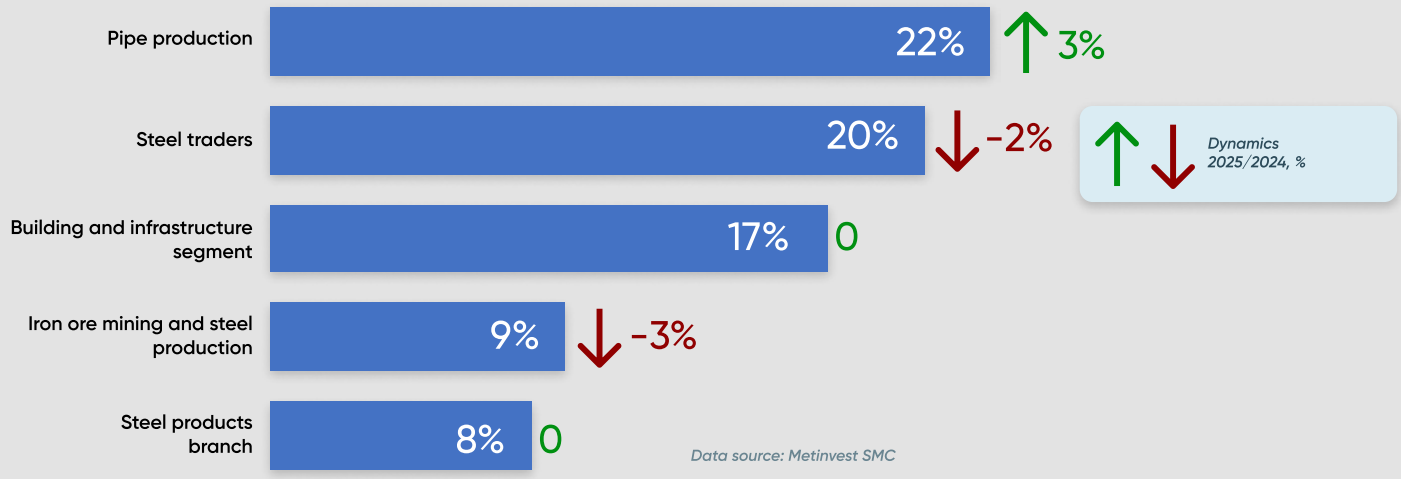
Internal logistical problems may prove to be just as serious.



31.2%
increase in Ukrainian steel imports, 2025

40.1%
import share in the Ukrainian steel balance, 2025

STEEL DEMAND BY BRANCHES IN UKRAINE in 2025, %



Data source: Metinvest SMC

5. Ukraine

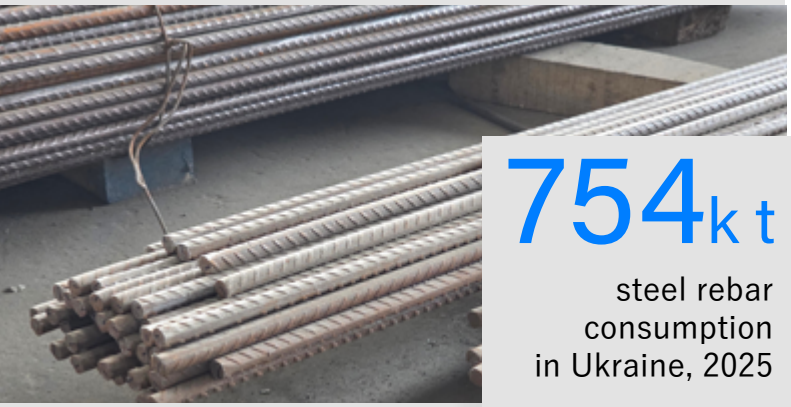
«There has been a reduction in the supply of logistics services due to a shortage of drivers and vehicles, which is putting pressure on pricing and causing significant fluctuations in the cost of services. There are difficulties with delivering goods to eastern regions and transporting products from production facilities in high-risk areas. Logistics companies often refuse to work in these areas, which complicates the continuity of supplies,» Roman Anzin emphasized.

An additional challenge for road transport in the first half of 2026 may be damaged roads after a harsh winter.

Demand by type of steel products

According to Metinvest-SMC, the capacity of the rebar segment grew by 14% to 754,000 tonnes. Infrastructure and defense projects were the main drivers. Additional support came from growth in commercial, residential, and recreational construction in the western regions.

The second subgroup of the construction product range, structural shapes, also showed growth. Consumption of beams, angles, and channels increased by 14% to 180,000 tonnes, while rails increased by 114% to 76,000 tonnes. The largest growth in the rail segment was ensured by the delivery of previously contracted volumes to Ukrzaliznytsia for the construction and repair of railway tracks. Other structural shapes (strip, round and square bar) grew by 7% to 153,000 tons.



754k t

steel rebar consumption in Ukraine, 2025

12%

increase in Ukrainian HRC consumption, 2025

The flat rolled products segment showed positive dynamics at the end of 2025:

- galvanized sheets – by 27%, to 378 thousand tons;
- cold sheets– by 15%, to 281 thousand tons;
- hot sheets– by 12%, to 997 thousand tons.

According to Olexander Vedernikov, Head of Analytics and Pricing at Metinvest-SMC, growth in the hot-rolled sheet segment was driven primarily by stronger domestic demand from pipe manufacturers amid rising consumption of pipe products. Meanwhile, expansion in the galvanized sheet segment was linked to higher output of polymer-coated sheets and increased demand for galvanized coils.

Last year, consumption declined across several categories of rolled steel products

- grinding balls – −17%, to 94 thousand tons, due to a decrease in iron ore production and a reduction in the utilization rate of iron ore mining and processing enterprises;
- pit props (mine supports) – −10%, to 25 thousand tons, amid the scaling back of operations at mines located in the combat zone, most notably the suspension of coking coal extraction at the Pokrovske mine;
- wire rod – −4%, to 442 thousand tons, due to increased competition from Chinese and Turkish manufacturers in both the domestic and European markets.

For comparison: in 2024, pit props were the only market segment that showed a significant decline – by 2.5 times, to 28 thousand tons (for the same reasons as in 2025). The grinding ball segment showed the highest growth in 2024 – by 71% to 113 thousand tons, thanks to increased consumption at Ukrainian iron ore mines, which increased production after the opening of the sea corridor for the export of raw materials. This clearly illustrates how the structure of demand for certain types of rolled steel products is changing in the context of the war.

Particular attention should be paid to rising consumption in the machinery sector, which is heavily oriented toward defense orders.

«The largest growth was observed in the segment of special and alloy steels, calibrated rolled products, and products with increased quality requirements. Demand for standard items remained subdued, while demand for niche and technically complex products increased. In 2025, sales of calibrated rolled products increased by 16%, which correlates with the overall dynamics of demand in this segment,» said Igor Udovychenko, Director of Marketing and Sales at TAKT Metal.

Sectoral and regional consumption structure

An analysis of demand by end-use sector in 2025, based on data from Metinvest-SMC, indicates the following shifts compared with 2024The pipe industry became the largest consumer: its share in the total portfolio increased from 19% to 22%.

- The pipe industry became the largest consumer: its share in the total portfolio increased from 19% to 22%.
- Steel traders ranked second in terms of volume, but their share in the sales structure decreased to 20% from 22% a year earlier.
- The share of construction companies remained at 17%.
- The share of iron and steel companies decreased by 3 percentage points to 9% due to lower production at mines and reduced output at mining and processing plants.
- The share of steel processing companies remained stable at 8%.

The main sources of demand in 2025 were the defense industry and the construction industry. Within the defense-oriented segment of the machinery steel market, related engineering and repair industries account for roughly 50% of the order book.

«The main growth was driven by defense orders and a partial renewal of industry. Civil engineering has not yet achieved stable growth: there was a significant decline in railcar manufacturing and mining machinery manufacturing. Agricultural engineering showed positive dynamics,» said Igor Udovychenko.

The regional structure of steel product sales remained largely unchanged. According to Alexander Vedernikov, the majority of shipments to end users remain concentrated in industrialized regions that include cities with populations exceeding one million, namely Dnipropetrovsk, Kyiv, Kharkiv, Odesa, and Lviv regions. Together, they accounted for 74% of total sales. The smallest volumes of supplies were recorded in the frontline regions of Chernihiv, Sumy, and Kherson, as well as in Rivne region.

Market development forecast

The state of the steel trading market is determined primarily by the nature of hostilities and the general state of the economy. In both areas, there are few grounds for optimism in 2026. Metinvest-SMC expects that, under a conservative scenario, market capacity could grow by 3.5% y/y to 3.5 million tons. Vartis forecasts growth in steel product sales of no more than 10% if hostilities continue.

22%

share of pipe sector in total Ukrainian steel consumption, 2025

3.5M t

projected steel consumption in Ukraine, 2026

Steel consumption in Eastern and Southeastern Europe: key trends for 2026

6. Steel consumption in Greece: a long road to recovery

Demand for steel in Greece is slowly recovering after the default crisis of the 2010s

The economic downturn of 2008–2015, caused by a huge budget deficit, caused Greece's GDP to plummet by 26.8% – to €177 billion. Gradually, the country managed to climb out of the debt abyss and return to a growth trajectory, which affected the consumption of finished steel. However, even now, the capacity of the steel market is still half of what it was before the crisis, which is often compared to the Great Depression of the 1930s in the United States.

Market profile

The main local player is the Viohalco holding company, which owns the Sidenor Steel electric steel mills in Thessaloniki and Sovel in Almiros with a total capacity of 2 million tons per year.

2M t

annual steel production capacity in Greece

85–90%

of long products demand met by local production

The Hellenic Halyvourgia plant also has an active status. It has a small steel production volume and focuses mainly on rolling.

These manufacturers specialize in rebar, long products, and wire rod. Local production covers 85-90% of the market in this segment. The rest is accounted for by imports of specific steel beams from Italy, as well as rebar from Bulgaria and Turkey. It is purchased in the northern regions due to cheaper logistics compared to deliveries from Thessaloniki and Almiros.

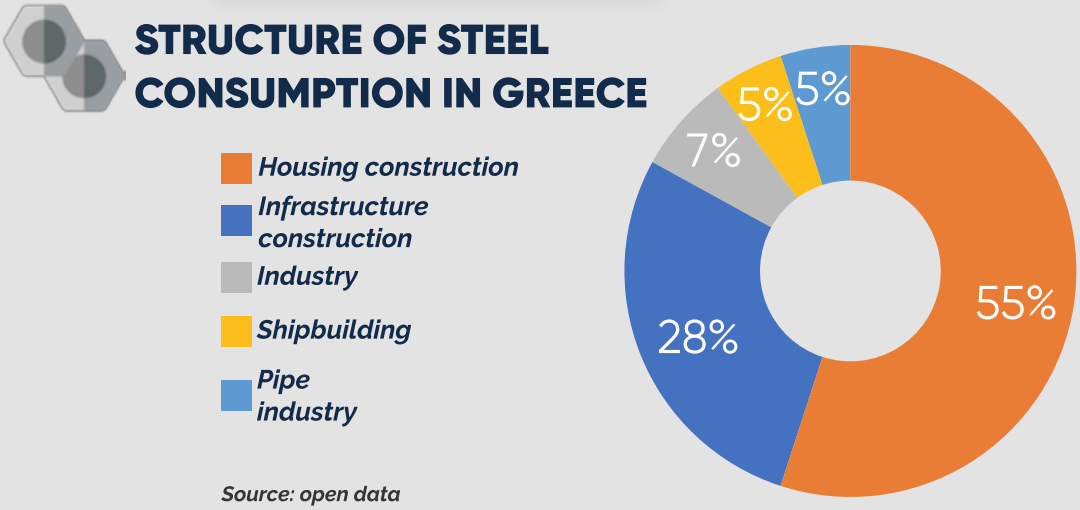
In 2015–2018, when the construction industry was testing the bottom, Greek steel mills exported most of their products. Now they mainly work for the domestic market. Small volumes are shipped to the Balkan countries, Cyprus, and Libya.

An interesting fact: Viohalco used to periodically send steel billets to Egypt if the load on its own rolling capacities was less than the smelting capacity. Now, Greek steel mills themselves purchase additional billets in Bulgaria, where Viohalco also has steel production facilities.

The situation is different with flat rolled products. The only producer, Hellenic Steel in Elefsina, has not been operating since 2015, and the demand for sheet rolled products is covered by imports. Mostly hot-rolled coils and galvanized steel are supplied from Turkey ($339 million in 2024). In addition to beams, premium thick-gauge rolled products are delivered from Italy to Greece, which are purchased by shipyards ($192 million).

Sheet rolled products from Austria and France are high-tech steel for wind energy ($155 million and $153 million). China closes the top 5 importers with sales of $143 million. These are mainly steel products and cheap flat rolled products for the budget segment in construction and the production of household appliances.

STRUCTURE OF STEEL CONSUMPTION IN GREECE



Source: open data

Demand for flat rolled products

There is no machine building industry as such in Greece. Industrial consumption of steel sheets is provided by several industries, among which shipbuilding stands out. Until 2018, the situation was critical. Changes began after the acquisition of shipyards in Elefsina and Syros by the American Onex Group, owned by Greek-born businessman Panos Xenokostas.

Large-scale investments made it possible to resume ship repair first and foremost. As a result, Onex Neorion Shipyards and Onex Elefsina Shipyards significantly increased their purchases of thick steel sheets needed to replace ship hull structures.

The Greek Ministry of Defense's program to build frigates for the local navy contributed to the revival of the industry. The French Naval Group became the general contractor, with most of the production taking place in France at the shipyard in Lorient. The Greek shipyard Salamis Shipyards is participating in the project by manufacturing individual sections of the hulls for these ships.

The first frigate, HS Kimon, was delivered to the customer in December 2025. The completion of the frigates HS Nearchos and HS Formion is scheduled for 2026.

The pipe industry is one of the main consumers of flat rolled products. The Corinth Pipeworks (CPW) plant, owned by Viohalco, has a capacity of 1 million tons per year and is one of the world's leading manufacturers of large diameter pipes (LDP).

In 2024, the company reported a record portfolio of new orders. This made it possible to increase production in 2025 and boost strip purchases. CPW's pipe production volumes now exceed the previous record set in 2017, when there was a peak in deliveries of large-diameter pipes for the TAP gas pipeline, even though there are no similar new landmark projects in Europe.

One of the main drivers of demand for flat rolled products is wind energy, which is developing rapidly in Greece. The level of localization during the construction of wind farms is quite high, at around 50%.

In particular, the Greek company EKME manufactures wind turbine tower sections at its own metalworking plants under a contract with the Danish wind turbine manufacturer Vestas. The reinforcement used is 100% Greek-made and is supplied by Sidenor Steel and Hellenic Halyvourgia. The steel for lattice towers and transformer substation buildings, which connect the wind farm to the grid, is also predominantly Greek.

The rest of the sheet steel consumption is accounted for by the production of household appliances. Greece is one of the leading manufacturers of solar water heaters, built-in appliances, and refrigeration equipment in the EU. Among the main buyers of finished rolled products are:

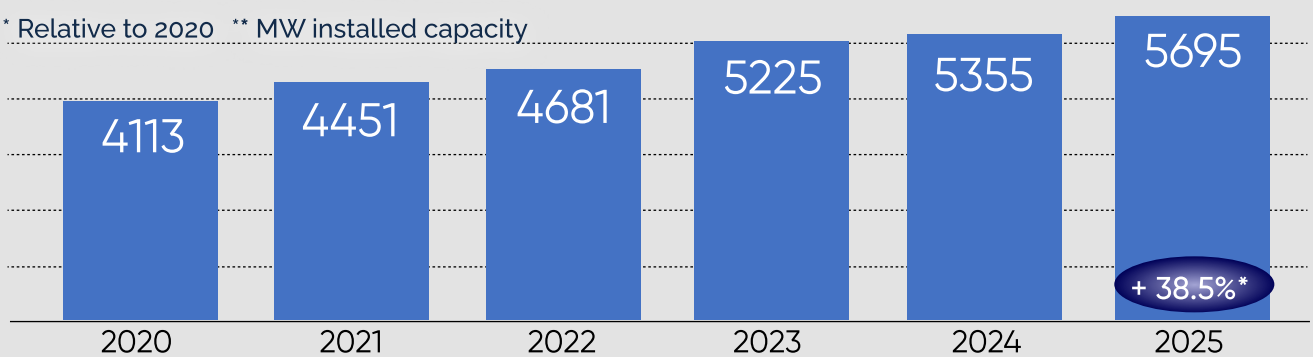
1 Mt

annual pipe production capacity in Greece

About 50%

localization level in Greek wind farm construction

WIND ENERGY DEVELOPMENT IN GREECE**



Source: EuroWind

6. Greece

- DIMAS Solar – the largest manufacturer of solar water heaters in the country;
- Cosmosolar – the second largest player in the market;
- HELIONAL – a large factory producing solar water heaters in Thessaloniki;
- Pitsos (part of the Bosch/Siemens group) – leader in the built-in appliances and refrigerators segment for the Greek market;
- Pyramis – global player in the production of kitchen sinks and built-in appliances.

Approx 45%

of all long products sales come from the residential sector

About 40%

share of the infrastructure sector in long products sales

Demand for long-length rolled products

The construction industry, like the economy, is gradually recovering from the debt crisis. However, even now, market volumes are half of the peak recorded in 2006.

The residential sector is the main consumer of rebar and rolled steel, accounting for approximately 45% of all sales. It partially overlaps with the third largest consumer, the tourism sector, which accounts for almost 15%. Some villas and boutique hotels are registered by their owners as ordinary residential buildings.

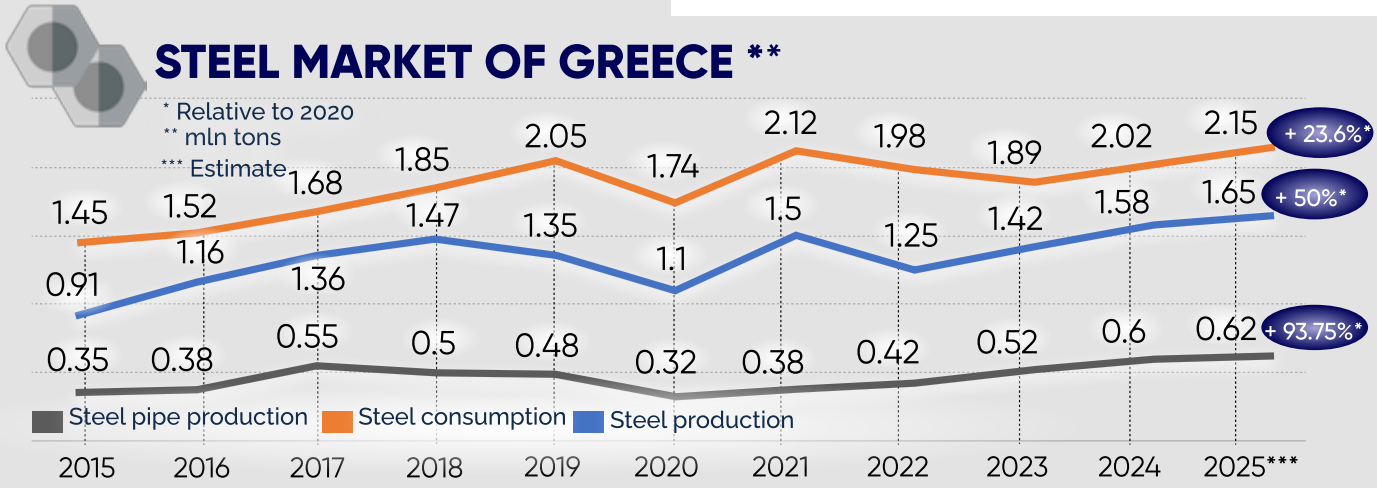
Since 2021, the pace of residential construction has accelerated sharply. The Golden Visa program, which grants a residence permit in exchange for an investment of at least €250,000, has contributed to the mass construction of apartments for citizens of China, Israel, and Arab countries.

Another driver was the Spiti Mou («My Home») state program, which was active in 2023–2024. It provided government-subsidized mortgage loans for young people at a rate of 1–1.5%.

Greek banks ran aggressive marketing campaigns in 2022, offering fixed mortgage rates of 3–3.5%, while the EU average was 5–6%. The housing sector in Greece continued to grow even when most EU countries were experiencing a decline.

The revival of infrastructure construction, which accounts for approximately 40% of long-term rolled steel consumption, began after 2020 with the advent of European budget financing programs (RRF). Among the largest projects are:

- Interconnection of the power systems of the islands of Serifos, Milos, Santorini, and Folegandros. A large amount of galvanized steel is used here for supports and protective structures during cable laying and substation construction.



Source: World steel, Eurofer

- Construction of the fourth line of the Athens metro. This creates a steady demand for reinforcement for tunnels and deep-level stations. The tunnel laying phase is scheduled to be completed by the end of the year.

- Construction of the Flyover flyover over the ring road in Thessaloniki. This is one of the largest consumers of bridge steel structures.

The Ellinikon megaproject stands out in particular—the construction of Europe's largest "smart" city on the site of the former airport of the same name near Athens. It combines residential (skyscraper construction) and infrastructure construction. Colossal amounts of long-length rolled steel are used here.

Such buildings consume 2–2.5 times more steel than a typical five-story building. Due to the high seismicity in Greece, the strictest technical requirements for building strength (Eurocode 8 standard) apply. An average of 45–55 kg of reinforcement is used per 1 m^2 of living space, and for skyscrapers, this figure is 80–100 kg/m^2.

The buildings in Ellinikon (in particular, the Riviera Tower with a planned height of 200 m) are comparable to infrastructure projects in terms of steel consumption, but the infrastructure projects themselves are even more ambitious. The underground section of Poseidonos Avenue alone is worth mentioning — a 2.5 km long tunnel. Sidenor Steel is the exclusive supplier of reinforcement and rolled steel for Ellinikon.

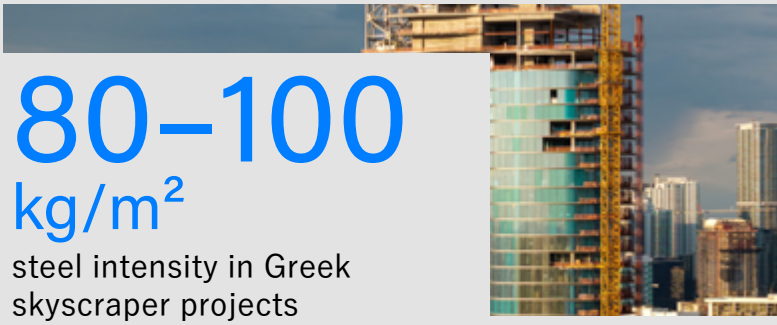
Consumption outlook: flat rolled products

The revival of Greek shipbuilding continues. In December 2025, Onex Shipyards signed its first commercial contract for new construction in Greece in several decades. The agreement provides for the construction of four harbor tugs.

At the end of last year, the Greek Ministry of Defense ordered the construction of a fourth frigate from Naval Group. Salamis Shipyards will likely retain its status as a subcontractor for this project.

Wind energy is developing at a pace that exceeds the national target of 7 GW of installed wind power capacity by 2030. According to the most conservative estimates, it will reach 6.1–6.2 GW by the end of 2026. If Greek bureaucracy loosens its grip a little, the annual figure could be significantly higher. Currently, projects exceeding 1.1 GW already have contracts, but final permits are required to connect to the power grid.

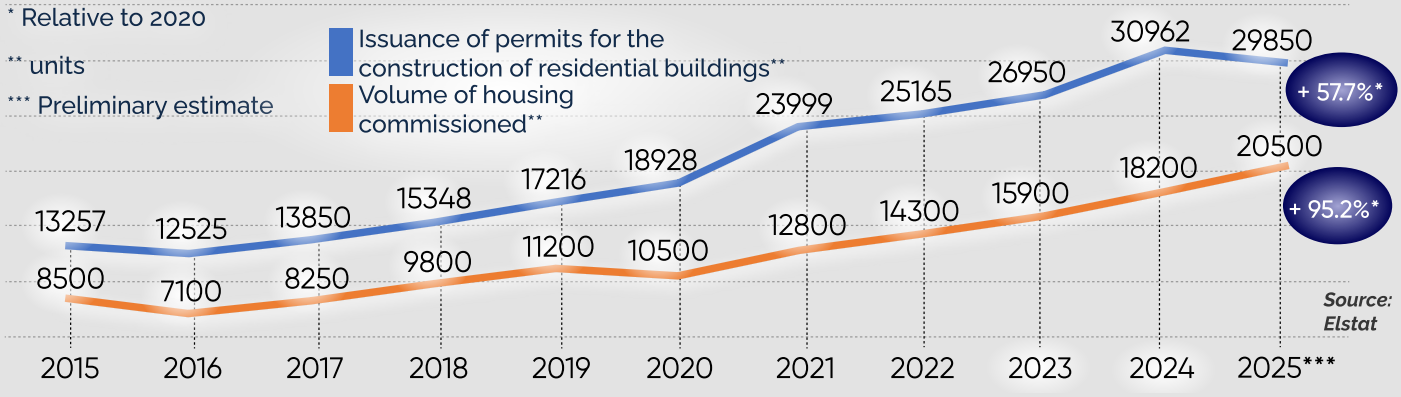
CPW's demand for strips has all the prerequisites for growth. One of the EU's largest gas transmission system operators, Gasunie, through its subsidiaries Gasunie Netherlands and Gasunie Germany, completed a large-scale tender in December 2025 for the purchase of TBD for hydrogen (H2), gas (NG), and carbon dioxide (CO2) infrastructure. As a result, CPW was officially selected as a strategic supplier. The contract is valid for four years with the possibility of renewal for a similar period.



80–100 kg/m^2
steel intensity in Greek skyscraper projects

6.1–6.2 GW
expected wind energy capacity in Greece, late 2026

CONSTRUCTION INDUSTRY IN GREECE*



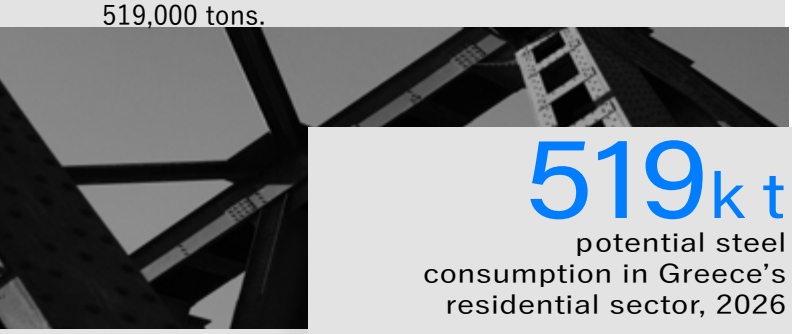
6. Greece

These are the main drivers of demand growth for flat rolled products in 2026. As for Greek manufacturers of household appliances, they confidently occupy niche market segments where it is very difficult to displace such manufacturers. This implies at least stable steel consumption on their part.

Consumption outlook: long products

The construction boom in Greece will continue in 2026–2027, which will require additional volumes of long products. A distinctive feature of the Greek housing market is that construction takes a long time. The period from excavation to completion of a finished building averages 2–2.5 years (in neighboring Bulgaria, it is 1.5–2 years). Therefore, the record volumes of new residential space commissioned in 2025 were achieved on the basis of permits issued back in 2023.

The construction of buildings for which the maximum number of permits was issued in 2024 will be completed this year. Considering that in 2024 developers received permits to build 7.2 million m² of residential space, and in the first half of 2025 another 3.1 million m², the potential for steel consumption by the residential sector alone in 2026 is approximately 519,000 tons.



519 k t
potential steel consumption in Greece's residential sector, 2026

2.25–2.3 M t
projected Greek steel consumption by 2026

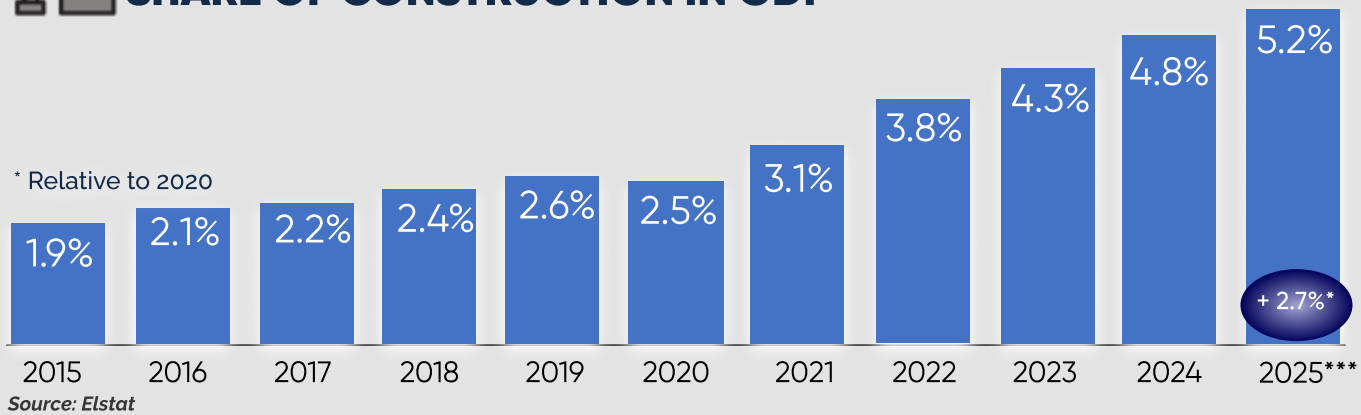
Among the current market drivers, the following can be highlighted:

- The minimum investment threshold for obtaining a «golden visa» has been raised to €800,000 in popular regions and €400,000 in others, effective September 1, 2024. As a result, instead of foreign individuals, large investment funds from Israel, the UAE, and Northern Europe are now the main buyers of new housing in Greece. They are purchasing entire residential complexes with ready-made infrastructure rather than individual apartments.
- In 2025, Greece set a historic record in tourism, welcoming an estimated 37.98-40 million visitors. This contributed to the construction of new villas and boutique hotels, which are registered as residential buildings.
- The government launched the Spiti Mou II program. Its funding was doubled to €2 billion. Half of the funds are provided by the European Union. The age limit for participation has been extended from 39 to 50 years. A loan of up to €190,000 is provided at 0% for half of the amount (at the expense of the RRF) and at a low interest rate for the second half.
- In November 2025, the government extended the VAT exemption (base rate 24%) for new buildings until the end of 2026. Developers are trying to make the most of this window of opportunity.

Infrastructure construction will continue and expand. This year, there are plans to start construction of a new branch of the second line of the Athens metro towards the Ilion district, as well as the reconstruction of port infrastructure. Ellinikon and other projects are still far from completion.

Given this, steel consumption in Greece could grow to 2.25–2.3 million tons in 2026. Imports of flat products from non-EU countries (primarily Turkey and China) will decline by approximately 25–30% under the influence of CBAM.

SHARE OF CONSTRUCTION IN GDP



Source: Elstat

7. Outlook for steel demand in Hungary: cautious optimism

7.

The coming year may be more successful for the Hungarian steel market than 2025.

Hungary is weathering the pan-European economic crisis much more severely than other EU members. Since 2022, the country has not received any money from European budget funds due to the official position of Budapest on a number of domestic political issues. While in Italy, Poland, and Romania, steel demand is significantly supported by EU funding for infrastructure projects, Hungary is deprived of this opportunity. The resumption of European funding remains unrealized potential for the expansion of the Hungarian steel market.

Hopes for improved steel sales in 2026 are linked to the restoration of funding for development programs by Viktor Orbán's government and foreign investment in industry. The example of Hungary shows that the state can stimulate steel consumption even without direct budgetary expenditure, by attracting private investment into the economy.

Market profile

The country's only steel mill, Dunaferr, a manufacturer of flat-rolled products with an annual capacity of 2 million tonnes, has been in a critical situation for many years. Its current owner, the British Liberty Steel Group, is unable to get the plant fully operational due to its own financial problems.

In 2022, steel production at Dunaferr amounted to 0.9 million tons, in 2023 – 0.5 million tons, and in 2024 – 0.2 million tons. In 2025, production was halted, and in June-July, the administration laid off 1,700 workers from the rolling mills and 800 workers from the steelmaking shops.

Steel demand in Hungary is almost entirely met by imports. Its volume can be used to estimate market capacity, since in 2022-2024, about 30-40% of Dunaferr's production was shipped under export contracts, mainly to Germany, according to information from Hungarian steel traders.

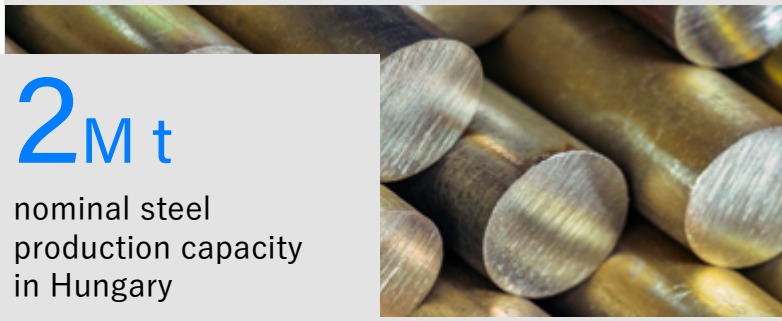
Steel sales have now returned to 2018 levels, following a surge in 2021–2022 when the government heavily financed anti-crisis economic programs using European budget funds.

Demand for flat-rolled products

The Hungarian automotive industry, the main driver of demand for flat-rolled products, consists primarily of the Audi plant in Győr, Mercedes-Benz in Kecskemét, Suzuki in Esztergom, and the Ikarus bus factory in Székesfehérvár.

In 2023, the industry managed to come close to the record set in 2016. The surge was short-lived, with negative dynamics returning in 2024.

Complete data for 2025 is not yet publicly available. According to the Hungarian Central Statistical Office (HCSO), production in the automotive industry fell by 4.5% in January-November.



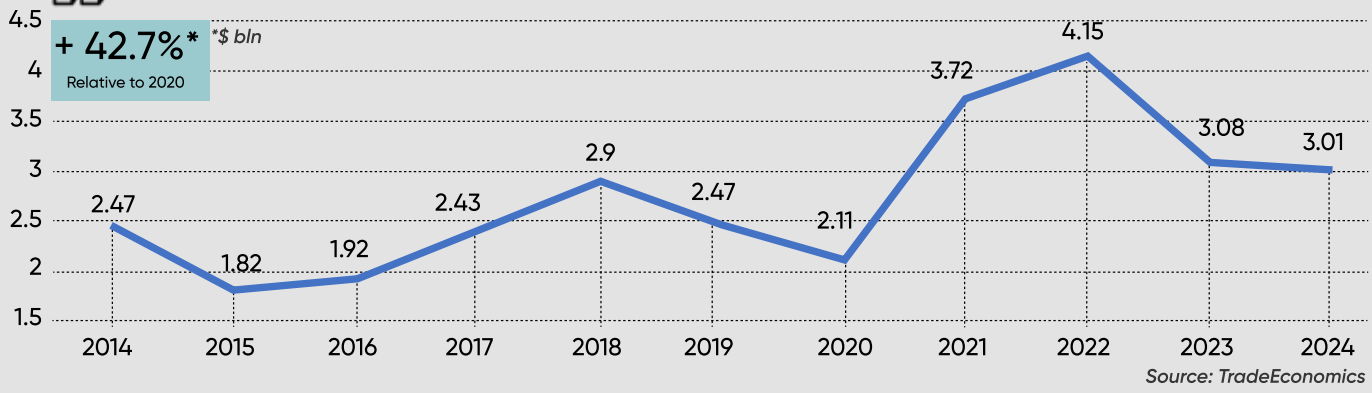
2 M t

nominal steel production capacity in Hungary

4.5%

decrease in Hungarian automotive production, Jan–Nov 2025

DYNAMICS OF STEEL IMPORTS TO HUNGARY*



Source: TradeEconomics

7. Hungary

This means that the decline continued even though, for example, the Audi plant operated at full capacity in three shifts throughout 2025, according to data from the Hungarian Association of Automobile Manufacturers (MAGE).

The industry is strongly export-oriented, with domestic sales accounting for only 20–25% of total passenger car production. Hungary is not a wealthy country by European standards. Most households prefer to buy used cars. In 2024, new registrations of used cars increased by 10% to 909,000 units, while new cars increased by 12.9% – to 121,610 units.

Domestic factors are not decisive for the Hungarian automotive industry, and therefore for the demand for sheet steel. In 2025, new car registrations increased by 6.44% to 129,440 units. This did not help the industry overcome the decline caused by the economic situation in Germany,

129,440 units

new car sales in Hungary, 2025

2.5% increase

increase in Hungarian construction volumes, Jan–Oct 2025

Italy, Romania, France, the US, and the UK, which are the main destinations for Hungarian car exports.

Demand for long products

The Hungarian construction industry, the main consumer of long products, is in a difficult situation. In 2023, production volumes fell by 5.4%, and in 2024 by another 0.4%. This is due to the aforementioned lack of European budget support for infrastructure projects. Building construction declined by only 0.5%, while bridge and road construction fell by 17.1%. Financing difficulties led to a 15.7% increase in the volume of unfulfilled contracts in the construction industry by the end of 2024.

Housing construction cannot compensate for the decline due to the low purchasing power of Hungarian households. If even buying a new car is an unaffordable luxury for many, then what can be said about new housing?

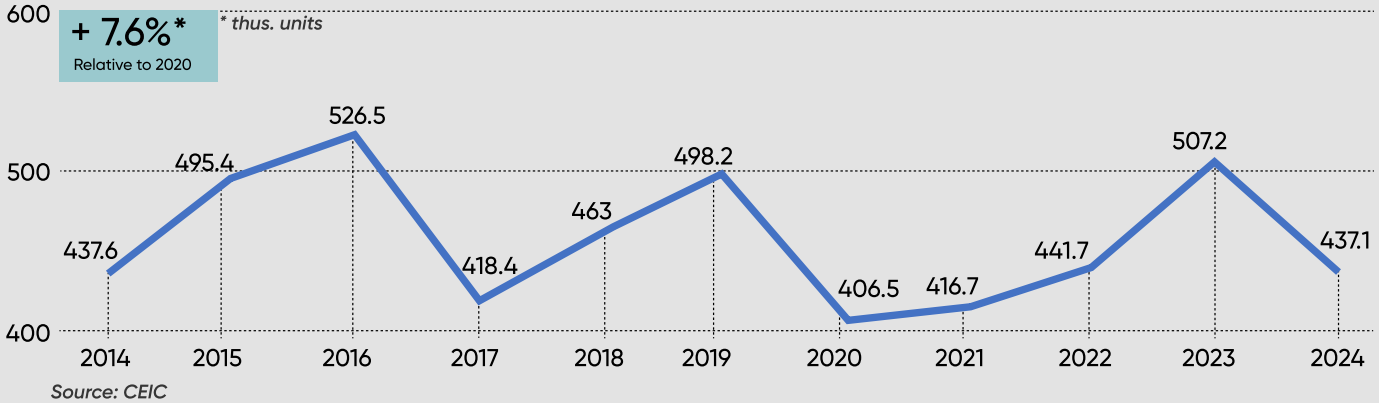
The industry entered 2025 with a very poor track record. By the end of December 2024, the volume of new contracts for the construction of buildings had decreased by 5.2%, and for the construction of infrastructure facilities by 15.1%. This is despite the government's efforts to revive the market: the portfolio of construction orders in the public sector increased by 24.9%.

In January-September, the number of apartment buildings commissioned decreased by 14% to 7,490 units. In January-October, construction volumes in the industry increased by 2.5%, according to HCSO data. This indicates an improvement in the construction of industrial and infrastructure facilities, which supported demand for long products.

Outlook for 2026

It does not appear that Budapest and Brussels will be able to resolve their differences in the near future, which means that an infrastructure boom triggered by the resumption of European funding is not expected. There will also be no surge in demand for long-term loans.

DYNAMICS OF PASSENGER CARS PRODUCTION IN HUNGARY*



Source: CEIC

However, it is important to note the government's efforts to attract investment from large foreign companies to set up production facilities in Hungary. All these projects are related to industrial construction, as they are exclusively greenfield projects. Among other industries, the automotive industry stands out.

- In early October 2025, German automotive group BMW AG opened its new plant in Debrecen with a capacity of up to 150,000 cars per year. The investment amounted to approximately €2 billion.
- In May 2025, German automaker Mercedes-Benz Group AG completed construction of a plant in Kecskemét with a capacity of up to 350,000 cars per year. It was announced that production of the most popular A Class model would be transferred from the German plant in Rastatt to this site.
- In the first quarter of 2026, Chinese carmaker BYD will complete the first phase of construction of a plant in Szeged with a capacity of 150,000 cars per year. The investment volume is €4 billion.

All these projects include a full production cycle. This means a significant increase in car production in Hungary in 2026. Also noteworthy are Audi's plans to launch engine production in Győr and global carmaker Stellantis' plans to expand Opel engine production at its plant in Szentgotthárd in 2026. These are the prerequisites for growth in flat steel consumption, but the situation is far from clear-cut.

- At the end of December 2025, Audi AG announced upcoming staff cuts at its plant in Győr in 2026. This indicates plans to reduce car production.
- In July 2025, BYD decided to transfer a significant amount of productionfrom Szeged to its new plant in Manisa, Turkey. As a result, the utilization rate of BYD's Hungarian facilities will be just over 50% of the design capacity. For 2027, representatives of the Chinese carmaker are talking about plans for significant growth in Manisa and insignificant growth in Szeged, meaning that the Hungarian project will not be BYD's flagship in the European market.
- As part of its expansion, Ikarus Group Kft has decided to build its second plant not in Hungary, but in Azerbaijan. The plant will have an annual capacity of 600 buses and is scheduled to start operations in 2027.

The operation of new plants and the expansion of auto component production at existing ones may offset these negative effects on the industry and increase steel consumption.

New automotive projects are also driving industrial construction and demand for long rolled products. Here are just a few of them:

- In 2025, Chinese battery manufacturer CATL began construction of the second phase of its plant in Debrecen. The project cost €7.4 billion. This is a much larger facility.
- At the end of 2025, Chinese battery manufacturer Sunwoda began construction of a plant in Hungary. The first phase involves an investment of €245 million. Plans for further expansion to €1.5 billion have been announced.
- Chinese battery separator film manufacturer Semcorp announced in June 2025 that it would build its second plant in Hungary.
- South Korean company EcoPro BM is building a plant in Hungary to produce cathodes for car batteries.
- In 2025, Chinese corporation Zhejiang Huashuo Technology began construction of a plant to produce parts for electric vehicles in Debrecen and announced the creation of a plant to produce auto parts in Miskolc.

In 2025, Prime Minister Viktor Orbán announced the launch of an ambitious program called "100 New Factories." It covers industry as a whole, not just the automotive sector.

For example, in 2025, German manufacturer of equipment for the pharmaceutical and packaging

350,000 units/y
capacity of the new Mercedes-Benz plant in Hungary

€4B
BYD investment in a new car plant in Hungary

7. Hungary

industries Harro Hofliger began construction of the second phase of its plant in Debrecen. This is a relatively small project with an investment of €160 million. If Hungary manages to implement the program even with such a scale of new enterprises, it will be a very large investment with huge construction volumes.

The government's assistance consists primarily of creating a convenient transport infrastructure for new production facilities. Thus, in 2025, Hungary's largest project to build a 165 km double-track railway line between Szeged, Kecskemét, Csegled, and Budapest was launched. Its cost will amount to €2 billion. The project includes the construction of a multimodal transport hub in Kecskemét.

The goal is to serve the BYD car factory in Szeged and the BMW factory in Debrecen, creating convenient logistics for the delivery of finished products to Western European countries. The project will require significant volumes of rolled steel and steel products. In terms of steel demand, the "100 New Factories" program will have a multiplier effect.

The Home Start state program, launched in 2025, is also having a positive impact on the construction industry. It provides for the allocation of mortgage loans to households in the amount of up to €130,000 (in forints) at 3% per annum. Largely thanks to this instrument, the construction of apartment buildings worth €650 million began in the second quarter.

This is the highest figure in the last 10 years. In the third quarter, the figure was €520 million, and the average for 2024 was €370 million per quarter. This allows us to predict a significant improvement in construction dynamics in 2026 and an increase in demand for long-term loans.

€2B

cost of Hungary's largest ongoing railway project

€650M

construction value of apartment buildings started in Q2 2025

8. Steel consumption in the Central Balkans: a phase of expansion

8.

The shortage of domestic supply in Serbia, Montenegro, North Macedonia, and Albania will grow even further

The Central Balkans are positioning themselves as Europe's premier construction hub. The residential construction boom in Albania and Montenegro, along with large-scale infrastructure projects in Serbia and North Macedonia, are the main drivers of steel sales. Significant changes are on the horizon for this market.

Market profile

The main local player is the Serbian integrated steel mill Zelezara Smederevo (part of the Chinese HBIS Group). It is a major producer of cold-rolled and hot-rolled coil with an annual capacity of 2.2 million tons. Long products are produced by electric arc furnace plants: North Macedonian Makstil (owned by the Swiss Duferco Group) in Skopje and Albanian Kurum International in Elbasan. Their capacities are 1.35 million tons and 0.7 million tons, respectively.

Zelezara Smederevo and Makstil have been steadily increasing steel production in recent years in response to rising demand. Kurum's steelmaking facilities are largely idle for various reasons. The company focuses on rolling imported billets.

Two pure rolling mills that do not have their own steelmaking operations are the Serbian steel mill Metalfer Steel Mill in Sremska Mitrovica and Liberty Skopje. The former produces long products and rebar, while the latter produces cold-rolled coils and galvanized steel. Both operate at high capacity. Their design capacities are 0.5 million tons and 0.75 million tons, respectively.

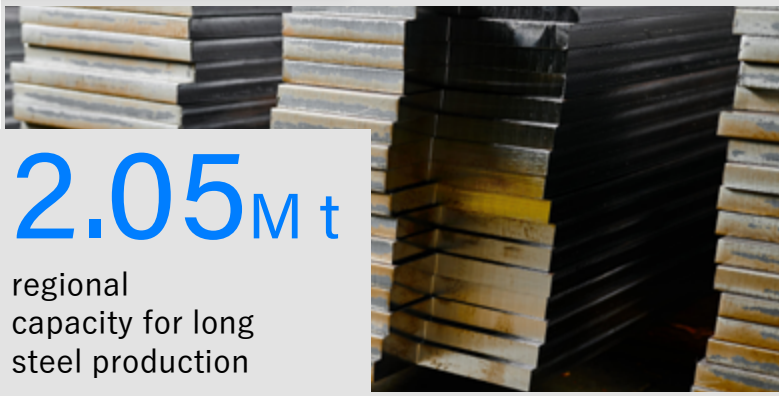
The Montenegrin integrated steel mill Zelezara Niksic, managed by the Turkish Tosyalı Holding, operated until spring 2021, after which production was halted. It is now owned by the state-owned energy company EPCG. The plant requires significant modernization of its steelworks, which the new owner is unable to finance. A restart in the near future is not expected. Annual capacity is 0.25 million tons.

Serbia is the only net exporter in the region, thanks to Zelezara Smederevo. In North Macedonia, a significant portion of imports consists of steel slabs for Liberty Skopje. Montenegro's import statistics include shipments of finished rolled steel that Zelezara Smederevo ships to customers via the Montenegrin port of Bar.

The situation in Albania is particularly interesting. Despite huge domestic demand, Kurum exports most of its production. The main destinations are Italy and Serbia. There are specific reasons for this:

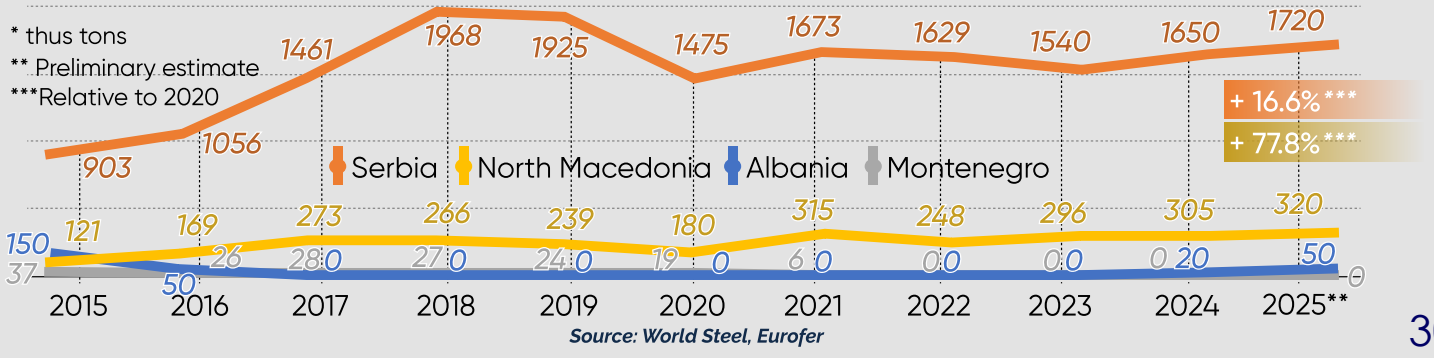
- Foreign currency revenue is more advantageous for Kurum International, as part of its expenses are denominated in euros (primarily the purchase of scrap).
- Dumping from Turkey due to economies of scale. Turkish giants Erdemir and Kardemir often dump their stockpiles of rebar onto the Albanian market at prices below market rates.

2.2 Mt
regional capacity for flat steel production



2.05 Mt
regional capacity for long steel production

STEEL PRODUCTION IN THE CENTRAL BALKAN REGION*



Source: World Steel, Eurofer

8. Central Balkans

- Price-to-quality ratio. Albanian developers most often need only rebar. The plant in Elbasan is certified to EU quality standards. It is more profitable for it to sell to Italy or for complex infrastructure projects in Serbia, where buyers are willing to pay a premium for certification and compliance with Eurocodes.

As a result, the Albanian market is dominated by long products from Turkey. The Serbian company Metalfer ships most of its production to Montenegro (over 40% of total imports there). In Serbia itself, structural steel and rebar are also mostly of foreign origin.

Demand for flat steel

The machinery manufacturing sector—the main consumer of flat steel—exists only in Serbia and North Macedonia. The largest Serbian consumers of sheet steel are:

- The automobile plant in Kragujevac, owned by the global Stellantis Group. Previously, the main model assembled here was the Fiat 500L; now it is the Fiat Grande Panda electric vehicle.
- The Siemens Mobility railcar plant in Kragujevac. It manufactures trams, most of which are exported to Germany.
- The FMP Agromehanika machine-building plant—a manufacturer of tractors and agricultural attachments.
- The Gorenje plant in Valjevo (part of the Chinese Hisense Group), which produces a wide range of home appliances.

In North Macedonia, these include, first and foremost, the bus factory in Skopje, owned by the Belgian Van Hool Group, and the diversified machine-building plant Brako in Veles.

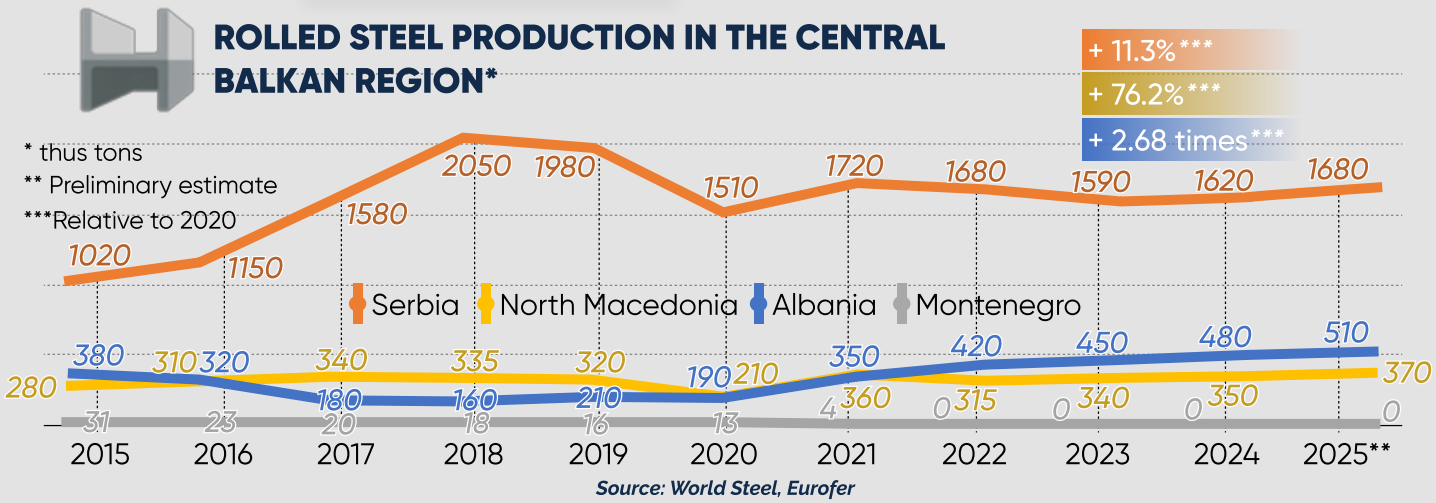
262 MW
total capacity of Serbian wind farms

Steelworking — the second-largest consumer of flat-rolled steel—is the most developed sector in North Macedonia. The largest steel structure plants, Fakom and Rade Končar, manufacture bridges, frames for thermal power plants, wind towers for wind farms, and mine structures. The majority of their products are exported to Germany and Austria. The main supplier of rolled steel is Makstil.

Wind energy has limited potential in mountainous terrain, but it does exist. The largest wind farm, Čibuk 1, with a capacity of 158 MW, is located in Serbia. The total capacity of Serbian wind farms is 262 MW. The 66-MW Kostolac wind farm is under construction, commissioned by the state-owned energy company EPS.

12 k t
current steel consumption potential in regional wind energy

The combined capacity of the Montenegrin wind farms Krnovo and Možura is 118 MW, and the 54-MW Gvozd wind farm is under construction. In North Macedonia, the Bogoslovec and Bogdanci wind farms, with a combined capacity of 73 MW, have been commissioned. All of these facilities were commissioned in 2024–2025, influencing demand dynamics.



Source: World Steel, Eurofer

The sector's current steel consumption capacity is approximately 12,000 tons. There are currently no wind farms in Albania, but there are plans to build them.

Demand for long products

The construction industry — the main consumer of long products and rebar — is the driving force behind the regional economy. In Serbia and North Macedonia, demand is primarily driven by infrastructure projects funded by the EU and China. In Montenegro and Albania, residential construction dominates, fueled by a tourism boom.

The region has one of the highest levels of steel consumption in Europe per €1 million of the construction sector's contribution to GDP. This is due to the mountainous terrain — any building or road requires massive retaining walls and deep pile foundations. The construction of just one bridge, the "Moracica" in Montenegro on the "Bar–Boljari" highway, required approximately 15,000 tons of rebar.

Construction GDP in Serbia reached a historic high by the end of 2025 — over 108 billion RSD per quarter. Key projects are related to preparations for the EXPO-2027 World's Fair in Belgrade:

- construction of a national exhibition complex;
- construction of a residential complex in Surčin (intended to house exhibition participants and guests; after the exhibition, it will become part of the housing stock);
- modernization of the railway station and airport in Belgrade.

Another landmark project, completed in the fall of 2025, was the construction of the high-speed (up to 200 km/h) "Belgrade–Subotica" railway. This is the Serbian section of the new "Belgrade–Budapest" route, financed by Chinese state-owned banks as part of the "Belt and Road" initiative.

In North Macedonia, the construction sector's 19% growth in 2025 was almost entirely driven by work on transport corridors 8d and 10d, which connect Albania with Bulgaria and Greece with Austria.

This includes 109 km of new highways and a new railway line on the "Kriva Palanka – Bulgarian border" section. Large volumes of steel structures are being used here for bridges and interchanges.

In Montenegro and Albania, the main driver of demand for finished steel is residential construction. As in Greece, this is stimulated by foreign investment in tourism real estate. Villas and mini-hotels are registered as residential buildings.

Buyers believe that after integration into the European Union, prices for these properties in Albania and Montenegro will match those in Croatia and Greece, so they are rushing to invest in the "last cheap gems of the Adriatic."

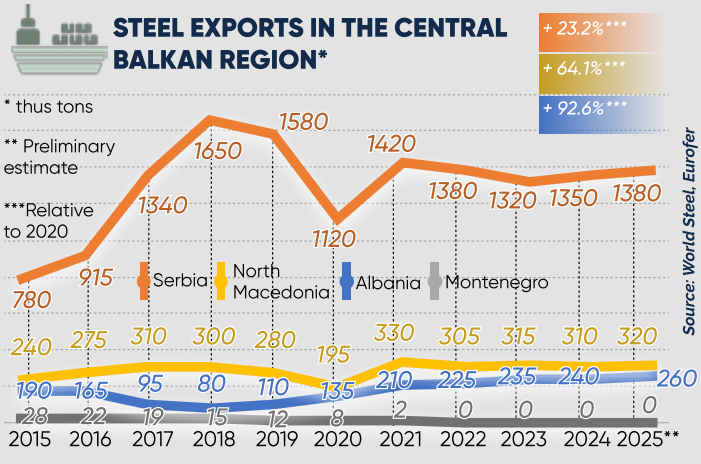
A likely significant increase in tourist traffic to Albania is also anticipated following the opening of the new airport in Vlora, scheduled for late June 2026.

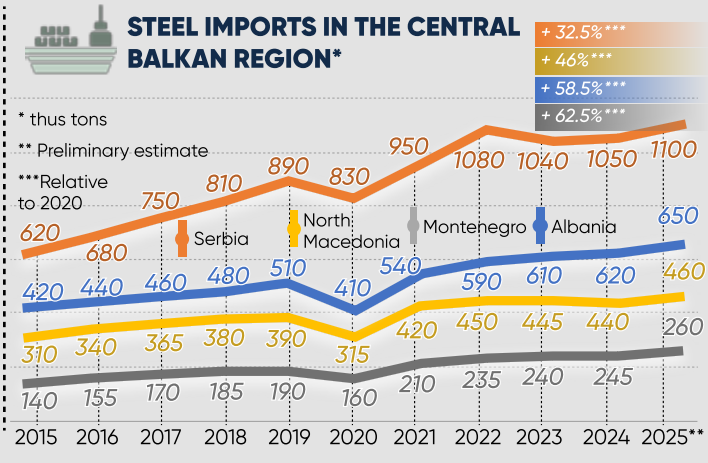
15 k t

rebar consumption for a single bridge construction in Montenegro

19%

growth in North Macedonia's construction sector, 2025





Source: World Steel, Eurofer

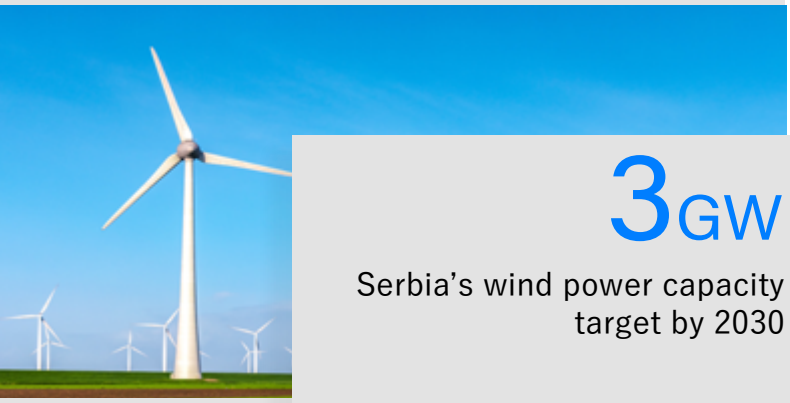
8. Central Balkans

Outlook for 2026

Industrial demand for flat-rolled products will remain stable. Balkan-quality products are comparable to German and Italian ones but at lower production costs, which is why Serbian and Macedonian mills often win tenders to supply products to Germany and Italy. This ensures the stability of their market positions.

Plans to develop wind energy could drive demand growth. The pace of their implementation depends not so much on market conditions as on local bureaucracy.

- Serbia plans to increase its wind power capacity to 3 GW by 2030. The first auctions under the government program were held in 2023–2024.
- Montenegro has announced plans to export green electricity to Italy, which involves the construction of new wind farms. The announced projects are estimated at 100 MW.



3 GW

Serbia's wind power capacity target by 2030

120-140 kt

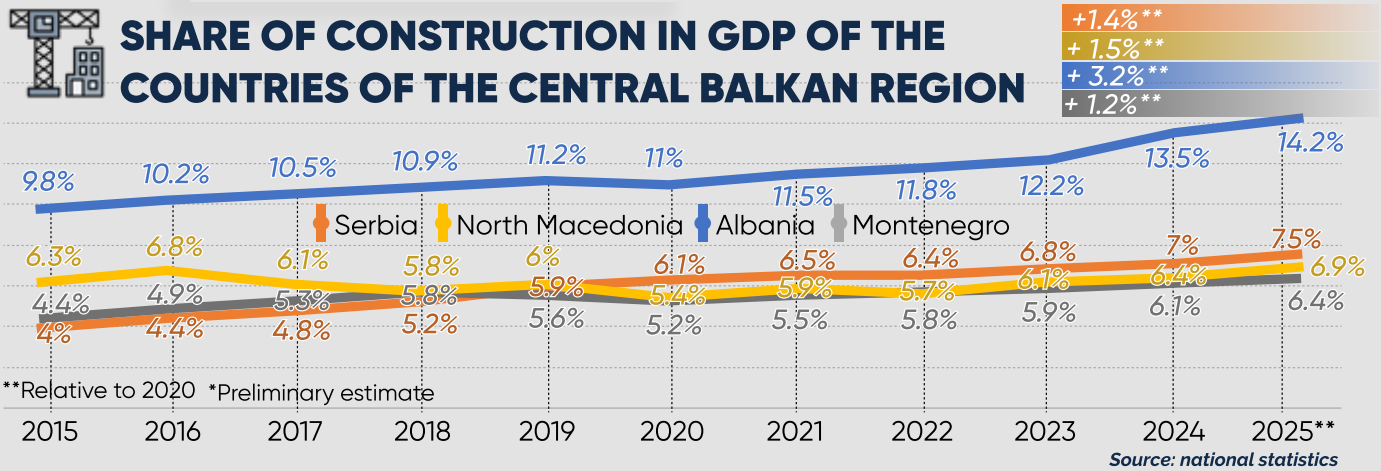
regional steel demand for new wind energy projects

- In North Macedonia, plans for new wind farms totaling 150 MW are on paper. The client is the state-owned energy company ESM.
- In Albania, construction of the first 150 MW wind farms in mountainous regions is expected to begin.

In total, these projects will require 120,000–140,000 tons of rolled steel. Part of this volume will likely go to Makstil, which is certified to supply sheets up to 100 mm thick for wind turbine tower sections.

Demand for long products will continue to grow. The construction boom in the region is ongoing. This is indicated by statistics on new permits issued for 2025.

- In Serbia, the figure fell by 2.4% – to 31,027, but this follows a record-breaking 2024. Construction permits were issued for over 40,000 apartments in high-rise buildings, 5,705 of which were issued in December alone.
- In Albania, construction permits were issued for projects with a total value of €1.07 billion and a total area of 2.47 million m² — 19.5% and 14.3% more than in 2024. The number of permits issued rose by 4.6% to 1,684.
- In Montenegro, the slowdown in the first and second quarters (30 and 10 permits were issued, respectively) is attributed to regulatory changes. Authority was transferred to municipalities, and time was needed for adaptation. In the fourth quarter, the slump was offset—277 permits were issued, which is 4.7 times more y/y. By year-end, the construction of 2,283 apartments is planned.
- In North Macedonia, the number of permits decreased by 11%, to 3,621, also following a record-breaking 2024. The second reason is developers' shift toward more expensive and larger-scale projects. Approximately 70% of all permits are for high-rise buildings (residential buildings and office centers), and nearly 12% are for road infrastructure projects. The construction of over 8,000 apartments is planned.

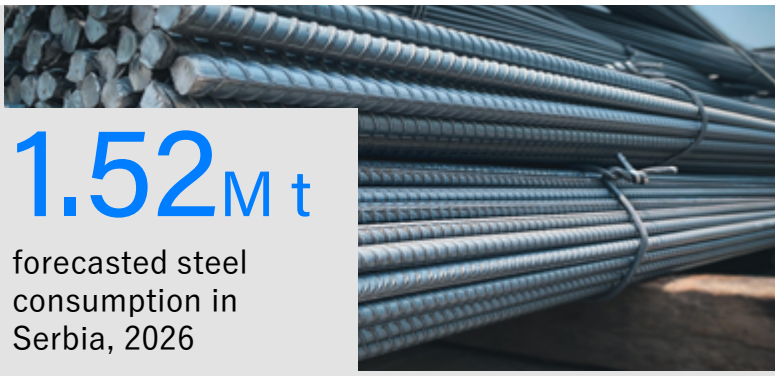


Central Balkans 8.

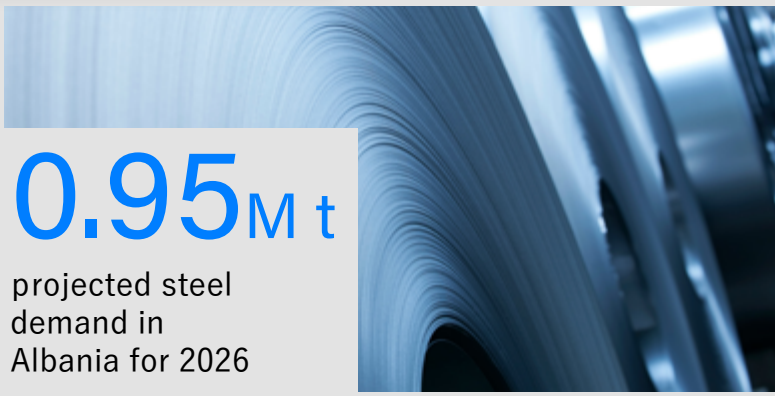
This year, a new large-scale infrastructure project will begin in Belgrade — the construction of the first metro line. Tunnel boring is scheduled to begin in the second half of 2026. A significant amount of structural steel will be required to complete the work.

In Albania, construction of the 84.3-km-long Vlora–Rogozina railway will begin in the second half of the year. It will connect the airport to the main transport network.

Taking this into account, an increase in regional steel consumption can be expected in 2026: in Serbia — up to 1.52 million tons, in Albania — up to 0.95 million tons, in North Macedonia — up to 0.56 million tons, and in Montenegro — up to 0.29 million tons.



1.52 M t
forecasted steel consumption in Serbia, 2026



0.95 M t
projected steel demand in Albania for 2026

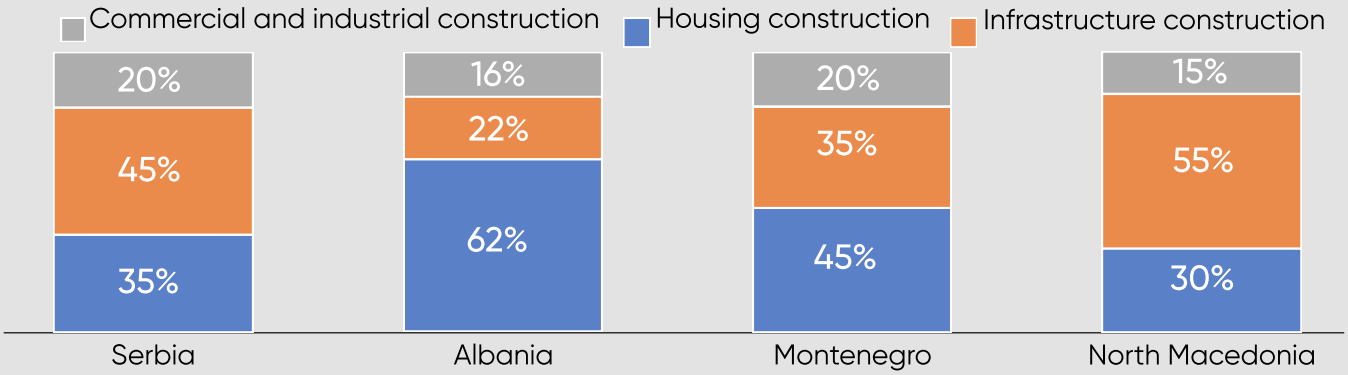
Market developments

Effective January 1, 2026, the Serbian government has imposed import quotas on flat steel, rebar, and wire rod for a period of six months (with the possibility of extension). Shipments exceeding the quota are subject to a 50% tariff.

Metalfer's own production capacity is insufficient to meet domestic demand. Imports will continue, but prices will rise. Local producers will raise their selling prices. This could affect demand from private developers in addition to the impact of the SVA.

The main foreign suppliers are Turkish steel mills. They will likely attempt to redirect the volumes of long products they can no longer sell in Serbia to neighboring Montenegro, Albania, and North Macedonia. There, excess supply will drive down prices, encouraging additional purchases.

STRUCTURE OF THE CONSTRUCTION INDUSTRY IN THE CENTRAL BALKAN REGION



Source: analytical data

9. Steel consumption in the Western Balkans: threat of a decline

The main risks in 2026 are new tariff barriers and a Europe-wide economic crisis

Overall, steel demand in Slovenia is projected to grow by 2.6% in 2026, reaching 1.15* million tons; in Croatia, by 3.4%, reaching 1.065* million tons; and in Bosnia and Herzegovina (BiH) by 3.8%, to 685* thousand tons (*CSE). If the risks mentioned above materialize, steel consumption will decline.

Market profile

The steel sector in Slovenia is represented by the companies of the SIJ Group. Steelmaking with a capacity of 726,000 tons per year is carried out at SIJ Acroni and SIJ Metal Ravne (90,000 tons). These facilities produce high-margin steel grades — such as tool steel and electrical steel.

2.6%

growth in Slovenia's steel demand forecasted for 2026

1.065M t*

forecasted steel consumption in Croatia, 2026

SIJ Acroni specializes in coil and heavy plate products, while SIJ Metal Ravne focuses on long products.

There is also the SIJ Ravne Systems rolling mill, which produces industrial knives and rolls for rolling mills, as well as SIJ SUZ. Its specialization is wire and shaped rolled products with high dimensional accuracy for the machine-building industry.

In total, the SIJ Group's rolling capacity allows for the production of 370–400 thousand tons per year. Surplus volumes of steel billets are exported.

In Croatia, the only local player is the ABS Sisak EAF plant with a capacity of 350 thousand tons per year, which is part of the Italian Danieli Group. Currently, ABS Sisak smelts steel and sends billets for rolling to Italy, to the ABS Udine plant. Danieli is modernizing the Croatian asset, and construction of a rolling mill is underway. In the future, the facility is expected to produce high-quality long products for the machine-building and energy sectors.

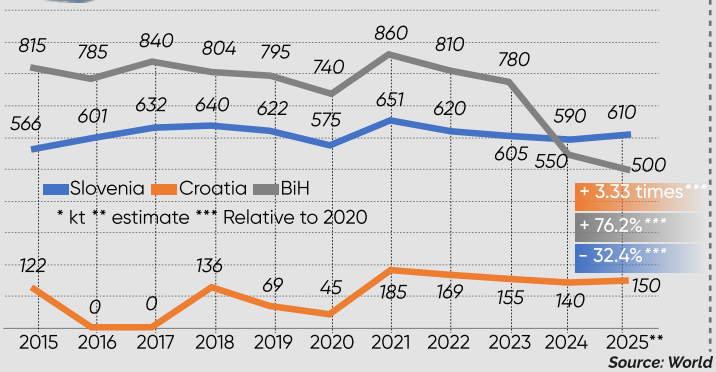
In Bosnia and Herzegovina, the main producer is the integrated steelworks Nova Zeljezara Zenica, with an annual capacity of 1 million tons, which specializes in long products for the construction sector. Part of the billets produced here is used by the local rolling mill Ze-Steel (20,000 tons per year), also located in Zenica.

Another rolling mill is Metal Tehnologija in Derventa, the largest producer of expanded steel in the Balkans with a capacity of 1.7 million m² per year. This company purchases coiled steel primarily from the Serbian steel mill Zelezara Smederevo.

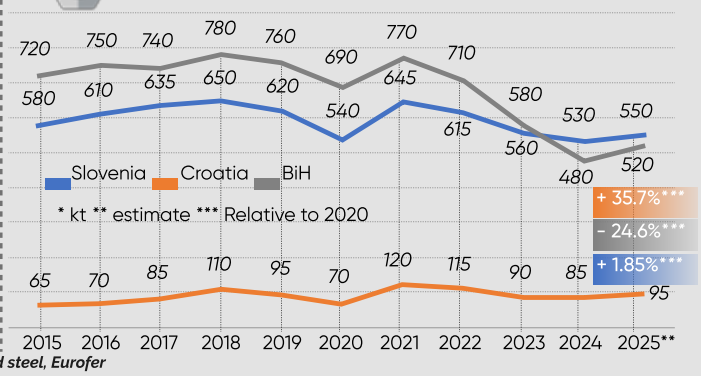
Despite significant volumes of rolled steel production in Slovenia and Bosnia and Herzegovina, imports account for a fairly high share of steel consumption there—70% and 75% (projected for 2025).

In Slovenia, this situation is due to the narrow specialization of SIJ Group's plants. Standard cold-rolled coils and galvanized steel for the automotive industry and home appliance manufacturing, as well as heavy plate for shipbuilding, are sourced from Italy (Arvedi and Marcegaglia), Austria (Voestalpine), and Serbia (Zelezara Smederevo).

STEELMAKING IN THE WESTERN BALKANS REGION*



ROLLED STEEL PRODUCTION IN THE WESTERN BALKANS*



Source: World steel, Eurofer

The activities of steel service centers in Ljubljana and Celje must also be taken into account. They purchase sheet steel from Turkey and Southeast Asia, then ship finished structures and profiled sheet to Croatia. This is transit steel when considering final consumption in Slovenia.

In Bosnia and Herzegovina, the dominance of imports is caused by problems at Nova Zeljezara Zenica, which previously belonged to the ArcelorMittal group. As with other steel enterprises in Eastern Europe acquired by Lakshmi Mittal's company, there were no significant investments in production modernization here. As a result, the company's own coke plant had to be shut down in 2024 for environmental reasons.

The switch to 100% imported coke negatively impacted production costs, as did the underloading of the blast furnace. Reinforcing bars manufactured in Zenica turned out to be $20–30/t more expensive than those imported into Bosnia and Herzegovina from Turkey. Although, by definition, converter steel should be cheaper than electric arc furnace steel. Moreover, Turkish EAF plants operate on imported scrap steel, while the Bosnian steel mill uses iron ore mined in-house from the mining and processing plant in Prijedor.

Nevertheless, imports of rebar from Turkey in 2025 rose by 885% compared to the average for the previous four years. Shipments of rebar mesh from Serbia increased by 192%. Imported products accounted for over 50% of domestic steel consumption.

In Croatia, the share of imports reaches 97% due to the lack of domestic steel production.

The steel market in the Western Balkans is characterized by heterogeneity. In industrially developed Slovenia, demand for flat products predominates, while in Bosnia and Herzegovina and Croatia, demand for long products is higher. These structural differences stem from varying degrees of integration into the EU economic area. Slovenia joined the European Union in 2004, and Croatia in 2013. Bosnia and Herzegovina remains a candidate country.

In Slovenia, the share of the machinery sector in the economy — and consequently, the consumption of flat steel — is on par with that of developed EU countries. In Bosnia and Herzegovina, the main demand comes from the construction sector, which uses long steel. Croatia occupies an intermediate position.

Demand for flat steel

Slovenia's machine-building industry is deeply integrated into the German and Italian automotive sectors, as well as into the global energy sector. Unlike its neighbors, Slovenia consumes not just steel, but complex alloys and flat steel products with high added value.

The main consumers of flat steel products:

- The Ledinek Engineering plant in Hoče, a global leader in the production of woodworking equipment and cross-laminated timber production lines.A major consumer of tool steel.

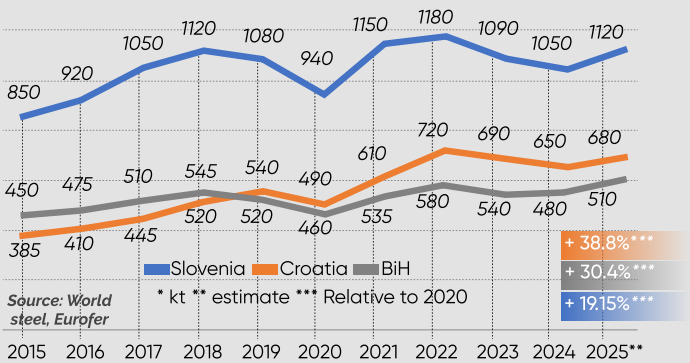
885%

surge in Turkish rebar imports to Serbia in 2025

97% share

of imports in Croatia's steel balance

STEEL CONSUMPTION IN THE WESTERN BALKANS*



Source: World steel, Eurofer

STEEL IMPORTS IN THE WESTERN BALKANS*

Source: World steel, Eurofer

9. Western Balkans

- The Litostroj Power plant in Ljubljana, a major manufacturer of hydro turbines and pumping equipment.
- The Palfinger plant in Maribor, owned by the Austrian group of the same name. It carries out large-scale production of hydraulic cranes and lifting systems.
- The Revoz plant in Novo Mesto, part of the Renault Group. It is the main consumer of galvanized flat steel for automotive body parts.
- The Gorenje plant in Velenje, part of the Chinese Hisense Group. A major consumer of cold-rolled and painted steel sheets for the bodies of refrigerators, stoves, and washing machines.

In 2024, Slovenia's machinery manufacturing sector returned to production levels seen a decade earlier due to stagnation in industrial production in Germany, its primary export market.

A recovery was observed in 2025, driven primarily by a low base effect.

In 2025, Hisense increased its market share in Europe to 9–10% by investing €65 million in the development of its plant in Velenje. This also improved industry performance and stimulated growth in steel consumption.

Shipbuilding in the Western Balkans is concentrated in Croatia and is currently facing difficult times. Local shipyards primarily manufacture yachts and small coastal vessels. They also perform maintenance and repairs on pleasure and fishing boats. However, positive trends emerged in 2025.

The Croatian shipyard Maj in Rijeka received a large order from the Scenic Group to build polar cruise liners. Croatia's largest shipyard, Brodosplit in Split, signed a contract with the Italian shipbuilding group Fincantieri to supply hull sections for mega-liners.

The situation is currently best at the Viktor Lenac shipyard in Rijeka. There is a steady flow of orders here from major ferry operators and the U.S. Navy. Croatian shipbuilders' demand for heavy plate for the current year stands at 17–18 thousand tons, taking into account projects already underway.

17k–18k t

heavy plate demand from Croatian shipbuilders for 2026

Croatia is the leader in wind energy development in the Western Balkans. By the end of 2025, the installed capacity of local wind farms had reached 1.26 GW. In 2025, construction began on the 120 MW Ljubovo wind farm. The Ukrainian group DTEK is building the 127 MW Brda Umovi wind farm.

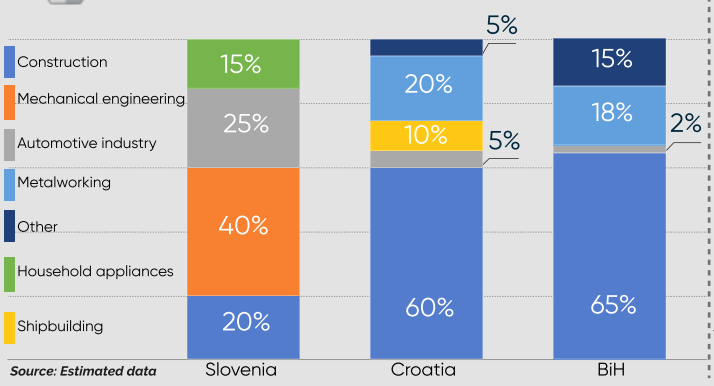
In Bosnia and Herzegovina, the total capacity of wind farms stood at 310 MW as of early 2026. Work has been completed on the Ivan Sedlo (25 MW) and Ivovik (84 MW) wind farms. Construction has begun on a 125 MW wind farm near Livno.

1.26GW

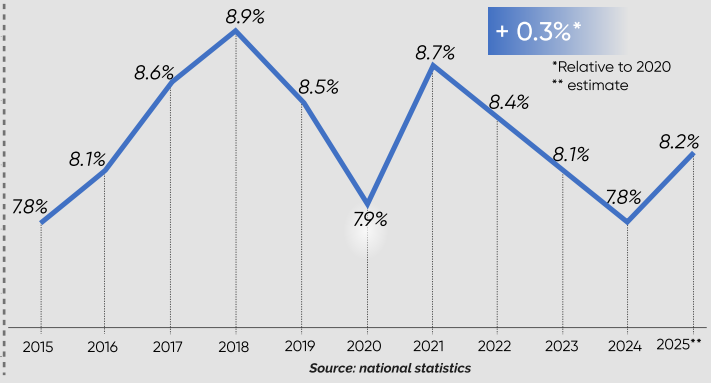
installed wind power capacity in Croatia by year-end 2025

Slovenia is one of the few EU countries with virtually no wind energy. Projects have been blocked for years due to protests by local communities over environmental concerns.

STRUCTURE OF WESTERN BALKAN STEEL CONSUMPTION



SHARE OF MECHANICAL ENGINEERING IN SLOVENIA'S GDP



Demand for long products

The construction sector varies in structure across the countries of the region. In Slovenia and Bosnia and Herzegovina, infrastructure construction dominates, while in Croatia, the residential sector is the main driver.

In Bosnia and Herzegovina, the bulk of construction work and demand for long-length steel is generated by the construction of the Pan-European Transport Corridor Vc. It will connect Budapest with the Croatian port of Ploče.

In Slovenia, the largest infrastructure projects in 2025 are the Karawanke road tunnel on the border with Austria and the construction of the Divaca–Koper railway. The latter project, despite its short length (27 km), is extremely steel-intensive. It involves the construction of seven tunnels and three viaducts with a total length of 20 km.

In addition to infrastructure projects, the country is seeing the construction of many logistics centers and industrial buildings. Slovenian companies are constantly expanding their production. For example, in 2025, the local pharmaceutical giant Lek began construction on two new plants in Lendava and Brnik, costing $400 million and $440 million, respectively.

The dominance of the residential sector in Croatia is linked to the reconstruction of housing stock destroyed after the powerful earthquake in 2020, as well as the rapid development of the tourism industry. As in many Balkan countries, small hotels and guest villas are often registered here as ordinary residential properties.

The number of building permits in Croatia is twice as high as in neighboring countries. While Slovenia and Bosnia and Herzegovina primarily see the construction of multi-story residential complexes, 90% of permits in Croatia are issued for single-story buildings — specifically, villas and small hotels.

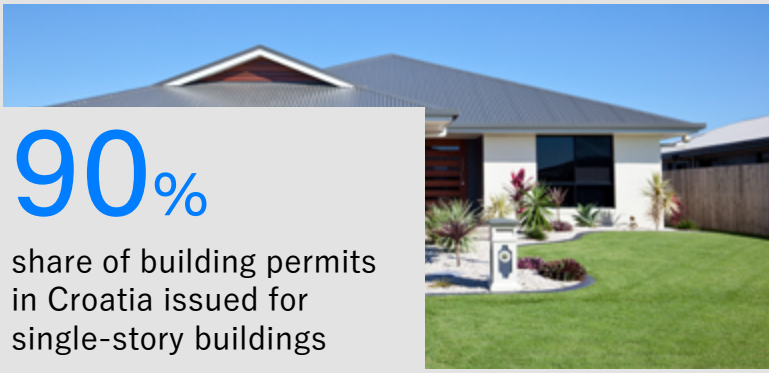
Despite the comparable share of construction in GDP, the steel intensity of the industry in Croatia is significantly higher than in Slovenia.

In Slovenia, expensive projects with complex engineering solutions predominate, utilizing steel structures made from premium steel grades with special requirements. In Croatia, construction relies on concrete and rebar. Hence, higher steel consumption per €1 million of GDP contribution.

Outlook for flat steel consumption

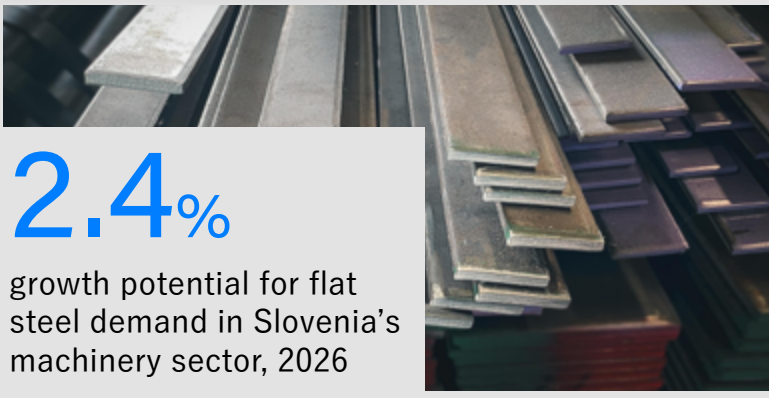
Theoretically, demand for steel sheet in Slovenia from the machinery manufacturing sector is expected to grow by 2.4% by the end of 2026. Key drivers:

- Hisense Europe plans to increase its revenue to €5.5 billion, up from €4.8 billion in 2025. This means expanding production, which will require more coiled steel.
- Renault has chosen Revoz as the base site for full-scale production of the budget-friendly Twingo electric vehicles. Mass production began in the first quarter, with an expected capacity of up to 150,000 units per year.



90%

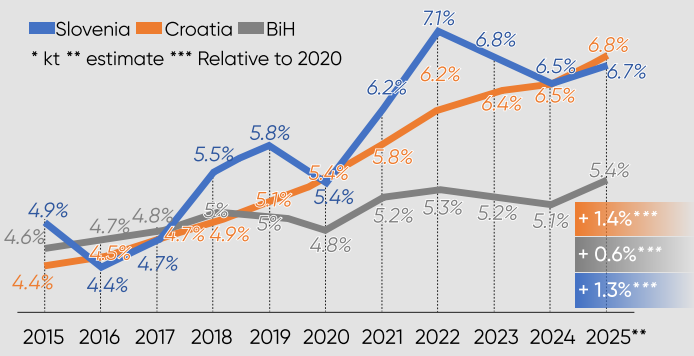
share of building permits in Croatia issued for single-story buildings



2.4%

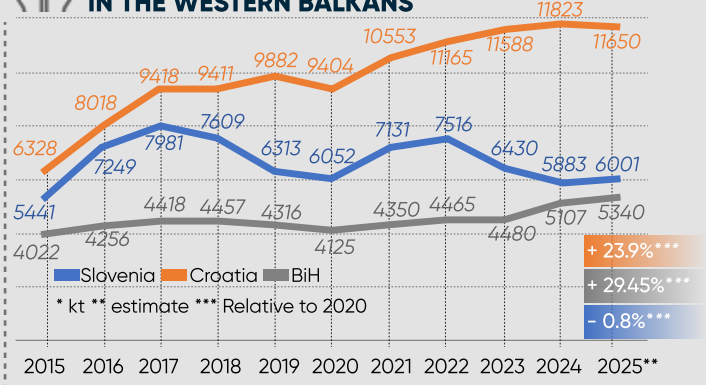
growth potential for flat steel demand in Slovenia's machinery sector, 2026

THE SHARE OF CONSTRUCTION IN THE GDP OF THE WESTERN BALKAN COUNTRIES



Source: national statistics

NUMBER OF BUILDING PERMITS IN THE WESTERN BALKANS



Source: national statistics

9. Western Balkans

It is unlikely that wind energy will help boost demand for flat-rolled steel. According to local experts, the construction of wind farms in Slovenia will not begin before 2028 (if it begins at all).

In Croatia and Bosnia and Herzegovina, wind energy is a real driver of steel sales.

- The Croatian government has set a target of 1.64 GW of total wind power capacity by 2030. To achieve this, an additional 3–4 wind farms with a combined capacity of 400 MW need to be built.
- The government of Bosnia and Herzegovina has included 3.8 GW of wind power projects in its national program. Their implementation is planned by 2035. Taking into account existing capacity, an additional 3.5 GW is needed. This is the most promising market in the region.

3.8GW

wind energy project pipeline in BiH included in the strategy until 2035

1.64GW

planned wind power capacity in Croatia by 2030

Outlook for long products

In Slovenia, construction remains not a driver but a stabilizer of steel demand. The main infrastructure projects are the continuation of work on the Karawanke road tunnel and the construction of the Divaca–Koper railway line.

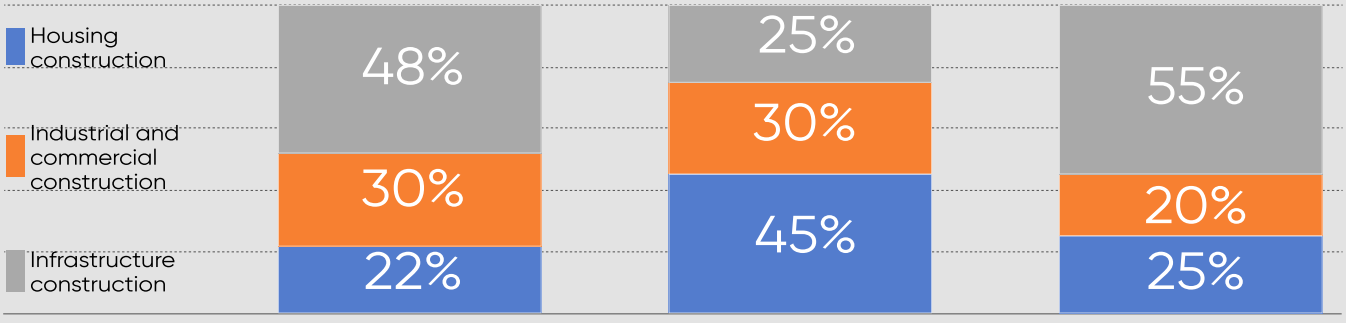
The first phase of these projects has already been completed. At the end of March, traffic was opened in the second tunnel tube for cars and trains to the Port of Koper, and the second phase began immediately. It involves a major overhaul of the first Karavanke tunnel tube (opened in 1991) and the construction of the second Divaca–Koper railway line (currently open to one-way traffic). The projects are scheduled for completion by 2029 and 2030.

In Bosnia and Herzegovina, demand for steel is driven by ongoing work on the Vc motorway corridor. In its southern section, in the mountains of Herzegovina, the most complex and steel-intensive projects are currently being implemented. These include the 11-km-long Prenj Tunnel, one of the longest in Europe, and the 14-km-long Mostar North–Mostar South section. This section consists entirely of bridges and tunnels in rocky terrain. Under such conditions, 35–40 thousand tons of steel are used for every 10 km of the route. Work on Section Vc is scheduled to be completed by 2030.

A risk factor for the local steel market is the BiH government's plans to impose a 30% tariff on steel imports in response to an abnormal increase in supplies from Turkey and Serbia in 2025. The relevant document was drafted by the Ministry of Foreign Trade and Economic Relations, but has not yet been approved by the Cabinet of Ministers.

If this decision is adopted, despite the objections of local business associations, construction companies will face a $20–30/ton increase in the cost of rebar and steel sections. As a rule, companies carrying out government contracts operate on a fixed-price basis.

STRUCTURE OF THE CONSTRUCTION INDUSTRY IN THE WESTERN BALKANS



Source: estimated data

If contractors in Bosnia and Herzegovina did not account for the risk of steel tariffs in their tender documentation, they will not be able to pass these additional costs on to the government retroactively, which will result in direct losses for construction companies and the risk of work stoppages.

Tariff protectionism will also hit the housing sector. The purchasing power of domestic buyers in Sarajevo or Banja Luka (the main centers of urban development) is significantly lower than in Croatia. A sharp 10% increase in the price per square meter due to the introduction of a 30% steel tariff could simply cut off half of potential customers.

To avoid passing on the additional costs, many Bosnian builders stockpiled massive quantities of Turkish rebar at the end of last year in anticipation of the tariffs. This allows them to maintain current prices through the first half of 2026. Once those stocks run out, they will have to either raise prices sharply or halt construction.

In Croatia, the driving force remained the same—residential construction—but the situation is mixed. In Zagreb and the Adriatic resort areas, the momentum of the frenzied investment demand that emerged after 2017 persisted through 2023–2025. Against the backdrop of Croatia's upcoming accession to the eurozone (effective January 1, 2023), foreigners were snapping up residential and tourist real estate in new developments en masse.

This allowed developers to adjust prices in response to every increase in construction material costs in 2023–2024. Construction margins were so high that even 20–30% spikes in rebar prices in 2025 were not critical for developers—they had built up a reserve of financial stability.

Prices for new housing rose by 12–15% in 2025. Zagreb and Split proved to be particularly overheated. Average prices reached €3,600/m² and €4,000/m². This made housing in Zagreb one of the least affordable in the EU (alongside Prague and Amsterdam) relative to local residents' incomes.

In 2026, prices hit a "ceiling," and the number of transactions began to decline. This means that buyers are no longer willing to pay any price. There is nowhere left to pass on the costs—the market will grind to a halt. Rising steel prices (due to CBAM or local tariffs) will no longer hit buyers' wallets but will instead threaten the very survival of the construction industry in Croatia and reduce steel consumption.

In response to the situation, the Croatian government passed the Affordable Housing Act (Zakon o priuštivom stanovanju) in February 2026. The law provides for €2 billion in government investment by 2030 to build 20,000 housing units. This suggests that steel consumption will increase. However, if developers raise prices by another 5% to offset the cost of steel, they risk failing to find buyers.

12–15%

increase in new housing prices in Croatia during 2025

20k

residential units planned for construction in Croatia by 2030

10.

10. Steel consumption in Slovakia: ceiling of possibilities

Slovak demand for steel has peaked under current market conditions

Slovakia has held the top spot in the world for many years in terms of car production per capita – 190-200 units. As a result, it is also among the top five countries in the European Union in terms of specific steel consumption. There is potential for further growth, but for a number of reasons, this is unlikely to happen in the foreseeable future.

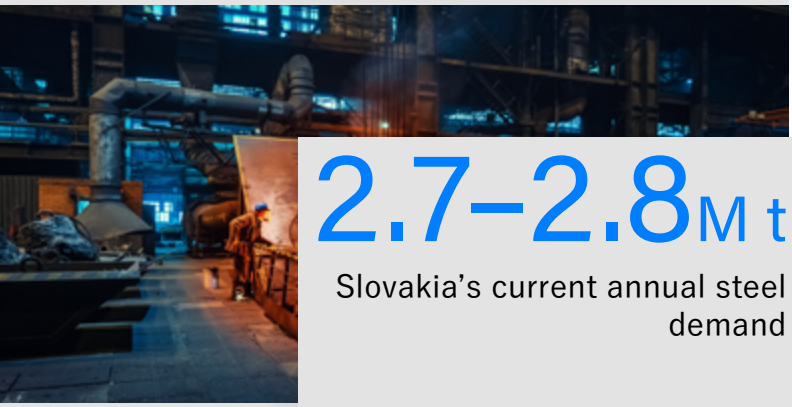
Market profile

The main local player is the integrated Steel Kosice plant, a manufacturer of rolled sheet steel. In June 2025, the plant became the property of the Japanese corporation Nippon Steel, along with all other assets of the American US Steel. Things are not going well for Steel Kosice. In 2025, production fell by 5.1%, and by 25% over the last five years as a whole.

The situation is currently uncertain.

25% drop

in Slovak steel output over the past 5 years



2.7–2.8 M t

Slovakia's current annual steel demand

The Japanese company is deciding which US Steel plants it will further strengthen and which it will weaken.

There is also the Max Aicher Slovakia Steel Mills electric steel plant in Strazske, owned by the small German group Max Aicher. This is a manufacturer of reinforcing and profile rolled products with an annual capacity of 620,000 tons, which has been idle since 2015. The local market's demand for construction rolled products is fully met by imports.

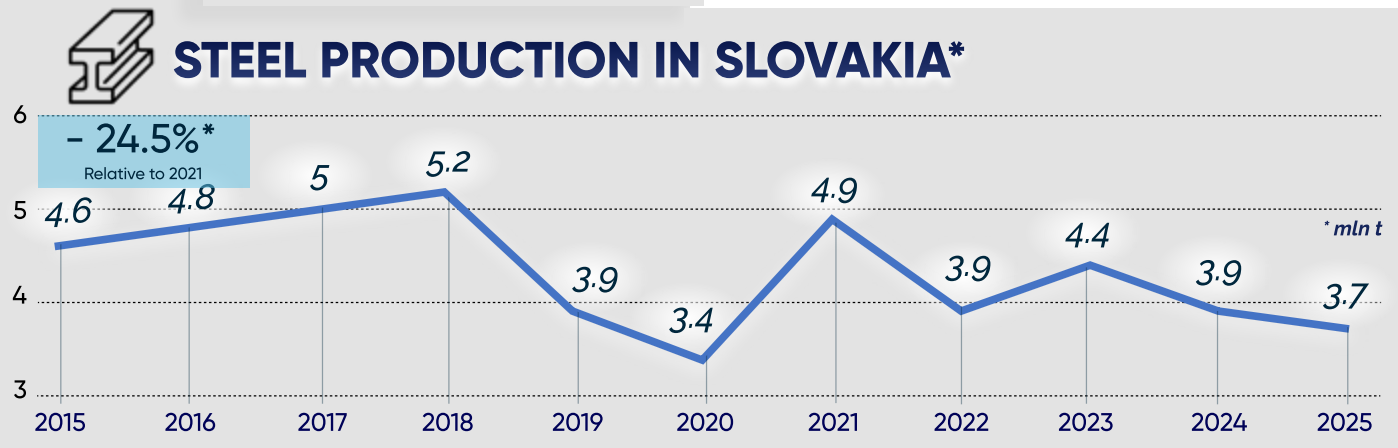
The share of long rolled products in steel consumption is small for reasons discussed below. Most foreign supplies are sheet products. Demand for these products is driven by the automotive industry. From July 2024 to July 2025 inclusive, steel imports to Slovakia fell by 15.65% to 1.41 million tons, according to the Sinoimex platform. The main destinations were the Czech Republic, Germany, Poland, Italy, and Slovenia.

At the same time, demand remained stable, based on data on car production for this period. Therefore, we can assume an increase in the presence of local rolled products on the market. The overall decline in production at Steel Kosice is explained by a reduction in exports. From August 2024 to August 2025, it fell by 17.7% – to $2.407 billion.

There is no current information on the volume of the Slovak steel market. We can use data from the US International Trade Commission, according to which the figure was 2.7 million tons in 2016. That year, Slovak car production was at 1.04 million units, and in 2025, it was 1.07 million units. Thus, current steelconsumption is within the range of 2.7-2.8 million tons. Approximately 50% of this volume is accounted for by imports.

Demand for long-term rentals

Housing construction in Slovakia is at a minimum. In 2025, only 2,800 new apartments were sold, according to consulting firm Cushman & Wakefield. This is the highest result since 2021. At the same time, 3,874 new apartments were built in 99 residential complexes. In other words, supply significantly exceeds demand.



Source: World Steel

High mortgage rates, the main brake on the sector in European countries, do not play a major role in this case. According to the National Bank of Slovakia, in 2024, only 24% of real estate purchases were financed by mortgages. 34% were financed by personal funds. The rest were gifts and inheritances.

The main reason why almost no new housing is being built in Slovakia is the lack of demand for it. As of the end of 2023, 93.6% of all households lived in their own homes. For comparison, in Germany this figure is 47.6%.

The bulk of construction is focused on infrastructure. However, the government's investment opportunities are limited, with European budget funds being the main source of financing.

One example is the 7.5 km long Višnévo car tunnel, the longest in the country. This is an extremely steel-intensive project, which was commissioned in December 2025. Its construction continued··· since 2008. This is a fairly vivid illustration of Slovakia's own capabilities in infrastructure development.

That is why the share of long products in total steel consumption is insignificant. For the same reasons, Max Aicher has not yet resumed production at its plant in Strazske.

Demand for flat-rolled steel

The automotive industry accounts for 52% of Slovakia's total industrial production. It is the main consumer of flat-rolled steel. The industry is represented by Jaguar Land Rover in Nitra, PSA in Trnava, Kia Motors in Žilina, and Volkswagen in Bratislava. The COVID crisis forced them to slow down somewhat, but not too significantly. Thus, demand for flat-rolled products is characterized by stability.

In 2025, car production grew by 7.8%. At the same time, the Kia plant reported a 15% decline to 296,600 units. This is although production of the Kia EV4 started there in August. Usually, the launch of a new model allows for a significant increase in sales.

This is an alarming signal for the industry. Since most of the cars produced are exported, it is linked to the downturn in foreign markets. First and foremost in Germany, the Czech Republic, Poland, and Austria – the main destinations for foreign sales.

Domestic demand cannot sustain production volumes. In 2025, Slovakia recorded only 93,060 new car registrations, 5.75% more than in 2024. The share of domestic sales was less than 10%. In neighboring Eastern European countries, where the automotive industry is also export-oriented, this figure is between 15-20%.

Market prospects

Demand for flat rolled products may increase, given that three car plants produced 1.04 million units in 2016. In 2018, Jaguar Land Rover joined them. However, its capacity is modest, at 150,000 units per year. In other words, the potential for growth is modest.

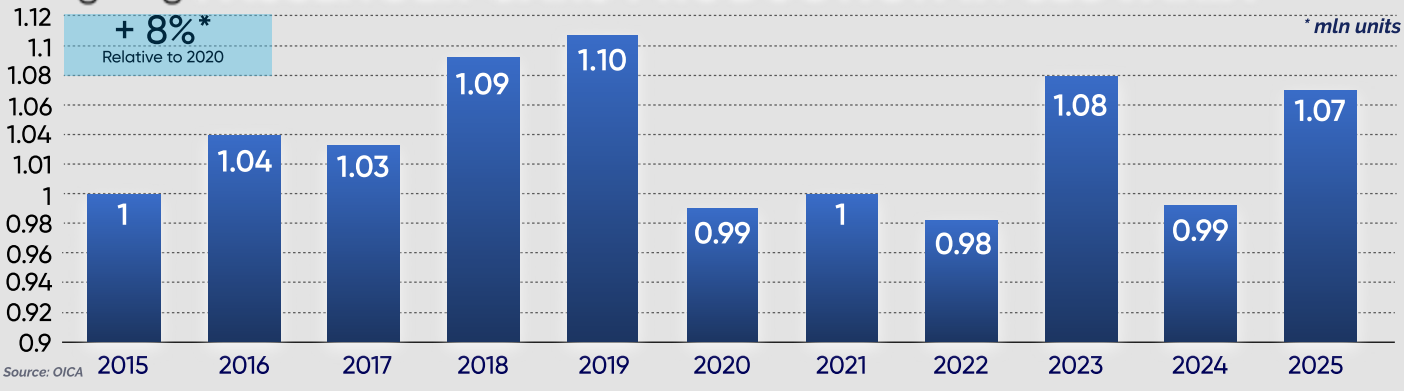
52%

of Slovak industrial output generated by the automotive sector

93,060

new cars registered in Slovakia in 2025

PASSENGER CARS PRODUCTION IN SLOVAKIA*



Source: OICA

10. Slovakia

And its implementation is highly questionable, according to Alexander Matushek, president of the Slovak Automobile Manufacturers Association (ZAP SR).

“We have results (for 2025 – ed.), but we are losing the conditions for further development. If this trend does not stop, the automotive industry in Slovakia will not disappear suddenly, but will gradually fade away,” he emphasizes.

According to the head of ZAP SR, the main reason is the authorities’ overly strict fiscal policy.

“The tax burden has already exceeded its maximum. The future of the industry is increasingly under threat due to the deterioration of conditions for business and investment,” he said.

This thesis is confirmed by the same Kia plant, which paid €226 million to the state in 2024. This is 4(!) times more than a year earlier. It is clear that the growth in tax payments does not correlate at all with production dynamics. Hence its deterioration as early as 2025.

It should also be noted that at the end of 2025, Slovakia ranked last in the list of the 36 most successful economies compiled by the British magazine The Economist. In the annual economic competitiveness ranking compiled by the World Bank, Slovakia ranks 63rd out of 69 countries.

66,600
companies
closed in Slovakia during 2025

311k m²
pipeline of new logistics facilities in Slovakia by the beginning of 2026

In 2025, a record number of companies in Slovakia’s modern history closed down – 66,600, according to the local publication Finstat. Only 42,000 new companies were registered.

“This is apparently a reaction to legislative changes related to fiscal consolidation measures and an increase in the number of inspections by employment authorities,” the publication believes.

Based on this, Slovakia does not have the opportunity, like neighboring Hungary, to actively attract foreign investment to the country, including the construction of new industrial enterprises. This includes car factories. This means that demand for sheet steel will, at best, only be able to maintain last year’s volumes.

The development of wind energy will not be able to become a new driver, as there are no suitable natural and climatic conditions. The authorities have plans to build a third nuclear power plant, but they are still far from the practical stage.

In January 2026, Slovakia and the US signed an intergovernmental agreement on cooperation in nuclear energy. Local experts conclude from this that the construction will be entrusted to the Japanese-American corporation Westinghouse Electric Inc. However, no contract has been signed with it yet. Therefore, practical implementation is still a long way off.

The Slovak authorities have a large-scale infrastructure project in their portfolio – the construction of the Bratislava-Prague high-speed railway, jointly with the Czech Republic. However, it is only just getting started this year. As part of this project, a new railway station will be built in Stupava. And, remembering how many years it took to build the Vyshneve road tunnel, we can assume that this project will not have a significant impact on steel demand.

There are prerequisites for an increase in long product sales thanks to the revival of commercial construction. In the first half of 2025 alone, investment in this segment exceeded €500 million. This is more than for the whole of 2024, according to Europa Property. Logistics facilities are mainly being built. By the beginning of 2026, 311,000 m2 were under construction. The total area of existing warehouses is 4.6 million square meters.

Without an improvement in the business climate and government support for business, the economic situation in Slovakia will continue to deteriorate. This is already having a negative impact on the ability to attract investment. As a result, the local market is threatened with a serious decline.

11. Steel consumption in Bulgaria: setting new records

11.

Demand for steel in the country is currently at its highest level in 11 years

The construction and engineering industries in Bulgaria successfully adapted to the European economic crisis of 2022–2023 caused by the surge in energy prices. It can be said that they were hardly affected by it. Consumption of finished steel remained high here even when other EU countries experienced a sharp decline. This is what makes the Bulgarian market case unique.

Market profile

Virtually all steel in Bulgaria is smelted at a single plant — the Stomana Industry EAF plant in Pernik, which is part of the Greek Viohalco group. It is the only manufacturer of thick sheet steel in the region, which is in high demand in shipbuilding and mechanical engineering. This plant was particularly affected by the rise in gas and electricity prices in Europe, as can be seen from the dynamics of steelmaking production.

At the end of 2024, the Bulgarian government introduced compensation for high electricity prices for energy-intensive enterprises, which enabled Stomana Industry to increase its production capacity. The plant periodically purchases imported billets when order volumes exceed steelmaking capacity.

Another major producer is the Promet Steel rolling mill in Burgas, which is owned by the Ukrainian Metinvest Group. It operates entirely on imported billets and specializes in rebar and wire rod. The plant's annual capacity is up to 800,000 tons.

The presence of such a large rolling mill, together with Stomana Industry's strategy, makes Bulgaria a rolling hub for Southeast Europe. It mainly imports semi-finished steel products and exports finished rolled products.

The small Helios-Metalurg rolling mill in Plovdiv produces rebar and wire. Its customers are local construction companies.

Stomana Industry and Promet Steel export significant volumes, up to 70% of their production.

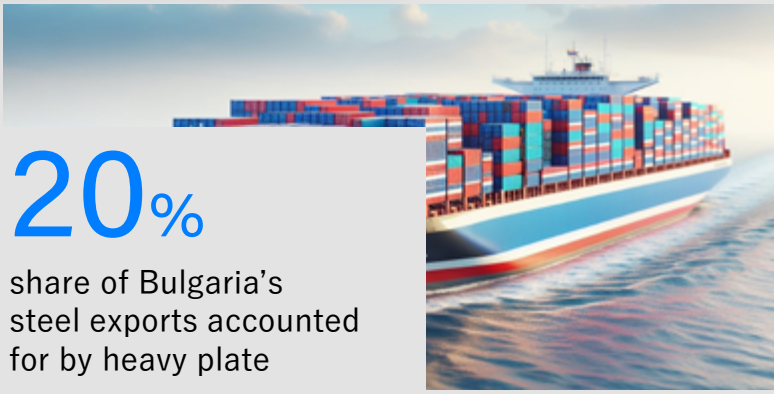
Rebar and wire rod account for approximately 60-65% of Bulgaria's total steel exports, while thick plate accounts for approximately 20%. The main export destinations for long products are Romania, Serbia, North Macedonia, and Hungary, while sheet products are mainly exported to Germany and Greece.

Sanctions against Russian steel companies and the Belarusian Iron and Steel Plant have enabled Bulgarian players (especially Stomana Industry) to fill their niche in Central European countries. Steel and rolled steel production in Bulgaria is growing, and with it, exports.

The increase in foreign shipments by Bulgarian manufacturers amid growing domestic demand is forcing local consumers to purchase more and more imported rolled products. Bulgaria does not produce the hot-rolled and cold-rolled coils needed for mechanical engineering. It also does not produce the painted and galvanized rolled products used in construction. In these segments, imports account for 100% of the market, with the main supplies coming from Turkey, Italy, and Romania.

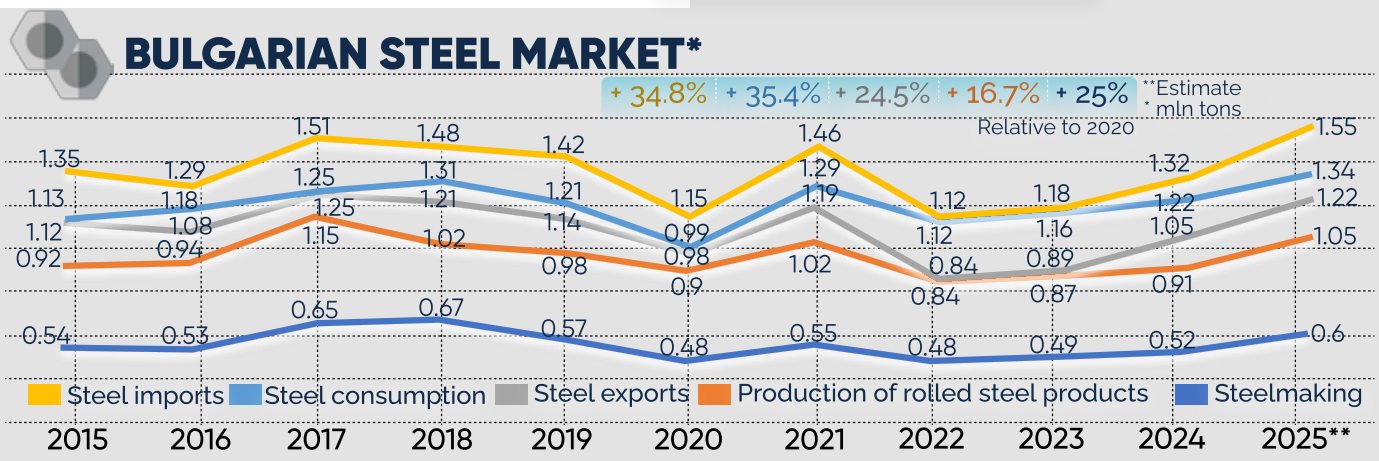
60–65%

of Bulgarian steel exports consist of rebar and wire rod



20%

share of Bulgaria's steel exports accounted for by heavy plate



Source: World Steel, Eurofer, BAMI, NSI

11. Bulgaria

Demand for flat rolled products

Unlike the Baltic states and Moldova, Bulgaria has managed to preserve its Soviet legacy of heavy engineering. The UNITRAF, BULTRAF, ZA VN-Dobrich, and Elprom Heavy Industries (formerly Vasil Komarov) plants manufacture transformers.

The M+S Hydraulic, Caproni, HidroPnevmoTehnika, Industrialtechnic, Haskovo Hydraulics, and Badestnos factories located in Kazanlak specialize in the production of hydraulics and pumps. Bulgaria is one of the world leaders in this field. Balkancar, a large manufacturer of forklifts, is one of the companies that has survived since Soviet times.

In the 2000s, European automotive companies began to transfer the production of auto components to Bulgaria. Now, 9 out of 10 passenger cars assembled in the EU have parts manufactured in Bulgaria. The country is also one of the five largest bicycle manufacturers in the European Union.

90%

of EU-assembled cars utilize Bulgarian-made parts

11

year streak of continuous growth for the Bulgarian machinery industry

This explains the higher share of mechanical engineering in the structure of steel consumption.

Bulgaria's machine building industry has not experienced a recession or downturn for 11 consecutive years. The growth in orders from NATO for hydromachine companies and stable market positions (Bulgarian hydraulics are used in Deere&Co agricultural machinery, TM John Deere) are the secrets to the industry's stability.

The specifics of transformer manufacturing should also be taken into account. The order portfolio here is formed several years in advance, so production dynamics are almost independent of the current economic situation.

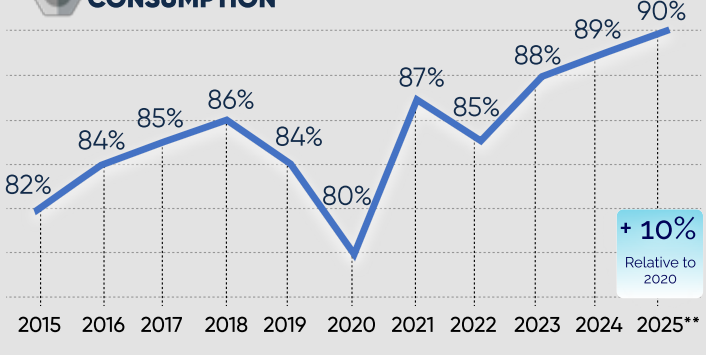
Bulgaria's wind energy sector was on hold in 2020–2025 due to regulatory barriers. Obtaining all the necessary permits for the construction of wind farms took 5–7 years, so investors switched en masse to solar generation.

The resumption of growth in 2025 was linked to the start of the modernization of existing wind farms—the replacement of old 0.8–1 MW turbines with modern 4–6 MW ones. This also contributed to an increase in demand for flat rolled products.

The main suppliers of wind turbines for Bulgarian wind farms are Denmark's Vestas, America's GE Renewable Energy, and Germany-Spain's Siemens Gamesa, meaning that replacing the equipment will have no impact on steel sales in Bulgaria. However, new, taller wind towers need to be built for them. Such structures are manufactured at Bulgarian steelworking plants in Ruse and Radomir according to the specifications of Vestas and other companies. Rolled steel is also needed to build new foundations for the towers.

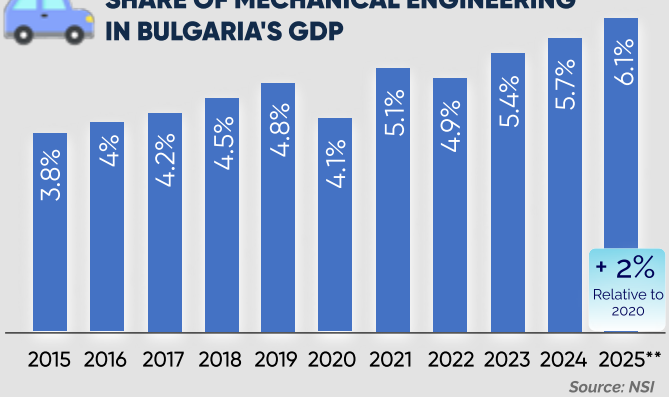
Additional demand for flat rolled products is generated by the highly developed network of SSC steel service centers in Bulgaria. These enterprises purchase hot-rolled coils, cut them into finished sheets, which are then used by other factories to manufacture steel furniture (cabinets, racks). These products are then exported to the EU.

SHARE OF IMPORTS IN BULGARIA'S STEEL CONSUMPTION



Source: Eurofer, BAMI, NSI

SHARE OF MECHANICAL ENGINEERING IN BULGARIA'S GDP



Source: NSI

Demand for long-term rentals

The Bulgarian residential construction market is unique. The country has one of the highest rates of home ownership in the European Union – 86.1%. The volume of work performed and, accordingly, the demand for long-term rentals are growing year by year.

There is an explanation for this phenomenon. The stock market in Bulgaria is underdeveloped, and deposit rates are close to zero. Investing in residential real estate in such conditions is practically the only way to preserve savings, which is why Bulgarians are actively investing in "concrete."

Bulgarian banks are overflowing with liquidity, which is why they are very active in issuing mortgage loans. Interest rates on these loans remain low – 2.6–3.5% in leva compared to 4–5% in euros.

The transition to the euro became one of the main drivers of investment in real estate in 2023–2025. Bulgarians took out cheap loans in the national currency to purchase "hard" assets (real estate) before the final entry into the eurozone (from January 1, 2026). As a result, according to realtors' estimates, up to 25–30% of apartments in new buildings in Sofia are unoccupied — they are simply instruments for preserving funds.

It should be noted that the existing housing stock in Bulgaria consists mainly of prefabricated buildings constructed in 1960–1980. New residential construction often involves the demolition of these old buildings. A significant portion of Bulgarians work in other EU countries, and their savings drive demand for modern, comfortable housing.

Since 2023, the share of infrastructure construction has begun to grow thanks to the inflow of funds under the European Recovery and Resilience Plan. This has made it possible to finalize previously frozen large projects: the longest (2 km) road tunnel in Bulgaria, Zheleznitsa, the third line of the Sofia metro, the Balkan Stream gas pipeline, and the IGB gas interconnector on the border with Greece.

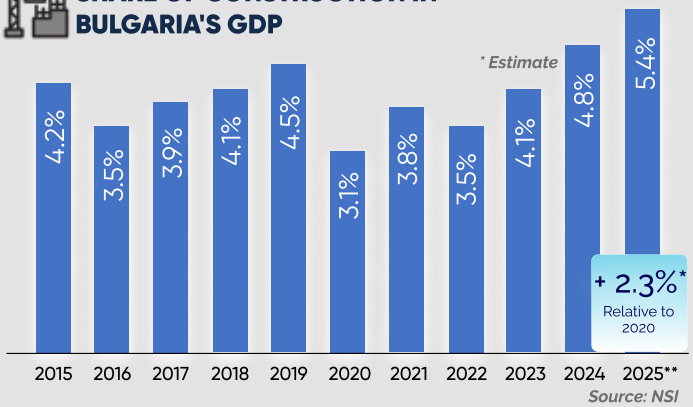
This segment's share in the total volume of construction work in 2020–2025 increased from 38% to 45%, creating additional demand for steel. Among the projects currently under implementation, the following can be highlighted:

- Modernization of the Elin Pelin–Kostenets railway line. This is the most expensive and complex railway project with dozens of bridges and tunnels for high-speed trains (up to 160 km/h).
- Construction of the Vidin-Botevgrad high-speed motorway. It will connect the New Europe Bridge over the Danube with the main road network.
- Construction of the Bulgarian section of the Europe motorway. Work is currently underway on the section from Sofia to Kalotina (border with Serbia).

86.1%
homeownership rate in Bulgaria

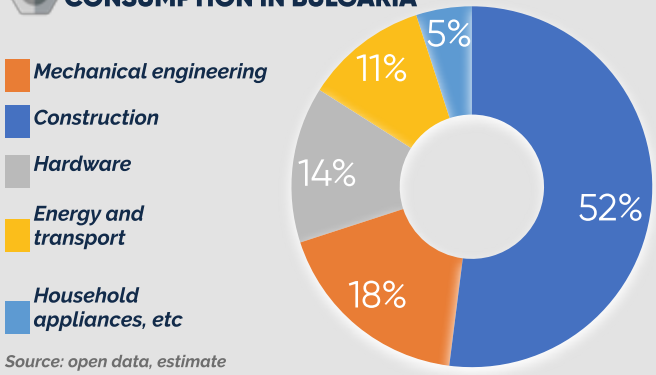
45%
share of infrastructure in Bulgaria's total construction volume

SHARE OF CONSTRUCTION IN BULGARIA'S GDP



Source: NSI

STRUCTURE OF STEEL CONSUMPTION IN BULGARIA



Source: open data, estimate

11. Bulgaria

Prospects for demand for long-term leasing

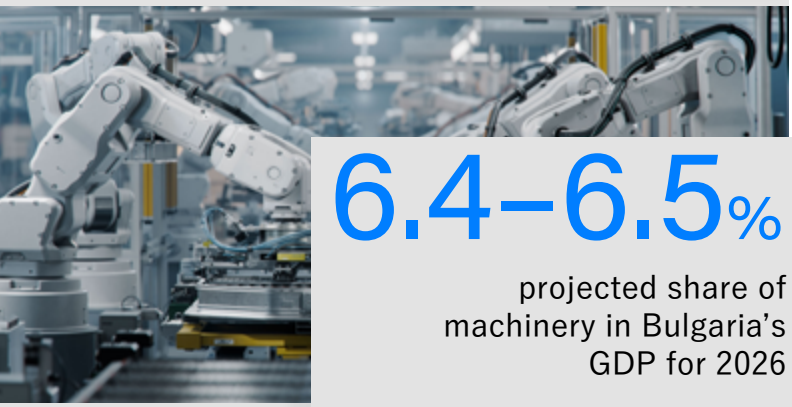
These facilities will remain drivers of demand for long-term leasing in the infrastructure sector in 2026. Its share will continue to grow thanks to new projects.

On January 1, 2025, Bulgaria and Romania became full members of the Schengen area by land. This abolished border controls on bridges across the Danube and sharply increased the need to expand capacity. Currently, there are only two bridges between Bulgaria and Romania on a 400 km stretch of the border.

In 2026, construction is expected to begin on the Ruse-Giurgiu-2 bridge, costing €2.5 billion. The funds are being allocated by the EU, and the project is awaiting approval by the European Commission. The Bulgarian government is also discussing the construction of the Nikopol-Turnu Măgurele bridge with officials in Brussels.

85%

EU-funding rate for Bulgarian infrastructure projects



6.4–6.5%

projected share of machinery in Bulgaria's GDP for 2026

According to statements by the Bulgarian authorities, major repairs to the bridge in Ruse (Friendship Bridge) will continue in 2026.

In February, Bulgaria, Greece, and Romania intensified efforts to create the Aegean Sea–Black Sea transport corridor with the Thessaloniki–Alexandroupolis–Bucharest axis by signing an agreement on the development of a road and rail network.

The plan is to build the Silistra-Kelerashi bridge between Bulgaria and Romania, border bridges between Bulgaria and Greece, develop the Constanta-Burgas route, and restore passenger rail service on the Thessaloniki-Sofia route. It is expected that 85% of the costs will be financed by the European Commission.

The basis for further growth in residential construction in 2026–2027 will also be the record growth in the number of permits issued in 2025.

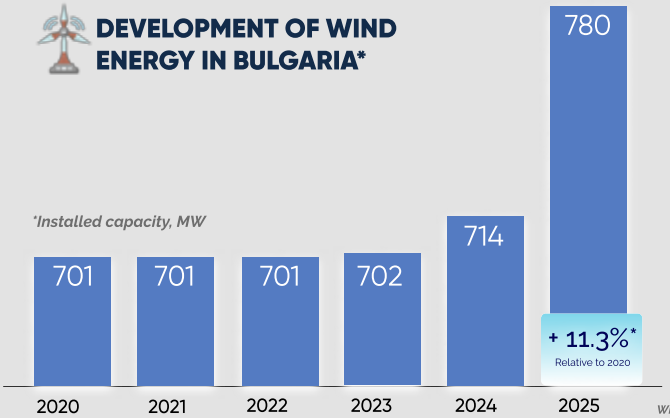
Outlook for demand for flat rolled products

According to analysts' estimates, the share of mechanical engineering in Bulgaria's GDP could reach 6.4–6.5% in 2026. The main driver here is the relocation of production from Southeast Asia. In particular, amid European anti-dumping duties on Chinese electric bicycles, Maxcom, in partnership with the Austrian Pierer Group, is completing the construction of a new plant in Bulgaria.

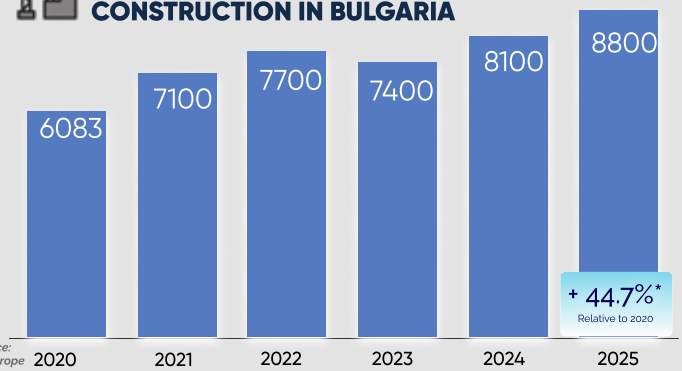
European manufacturers are also moving here due to low taxes and the cheapest labor in the EU. For example, British-Czech BTL Industries has built a large medical equipment manufacturing plant in Plovdiv. According to company representatives, it will become the main production site for customers from the European Union and the Middle East.

In 2025, French company Schneider Electric completed the expansion of its electrical equipment factory in Plovdiv. Previously, components for these devices were ordered from China. Now, production will be completely localized.

DEVELOPMENT OF WIND ENERGY IN BULGARIA*



NUMBER OF PERMITS FOR RESIDENTIAL CONSTRUCTION IN BULGARIA



Source: WindEurope

The launch of new enterprises and the stable operation of existing ones create the conditions for further growth in production in the machine-building industry and demand for finished steel.

Wind energy will also contribute. In 2026, Petroceltic will build the country's first 5 MW offshore wind farm near Varna. Also this year, the government plans to hold tenders for the creation of floating wind farms with a capacity of up to 1 GW. They are expected to be commissioned by 2027.

To this end, an agreement was signed in Athens in January this year to create a cross-border offshore wind energy cluster. Thanks to the harmonization of regulations, investors will be able to build joint wind farms on the maritime border between Bulgaria and Romania, where the strongest winds blow.

Conclusions

The main challenge for Bulgarian steel consumption in 2026 will be price increases caused by the introduction of the CBAM. Previously, imports of Turkish long products reduced domestic prices. Now, the cost of Turkish and Bulgarian rebar on the local market has equalized.

Producers' costs in Bulgaria have risen because the CBAM has made imports of steel billets, mainly from Ukraine, more expensive. This is not so critical for infrastructure projects financed by the EU budget, but it may have a negative impact on residential construction.

The situation with flat rolled products is similar. Due to the introduction of the CVA, the cost of Turkish and Egyptian sheet steel in Bulgaria has increased by approximately €60/t by February 2026. This makes Bulgarian engineering products less competitive in foreign markets. As a result, steel consumption growth in Bulgaria may slow down. It is likely that its volume will reach 1.39 million tons in 2026, exceeding the record pre-pandemic figure of 2018.

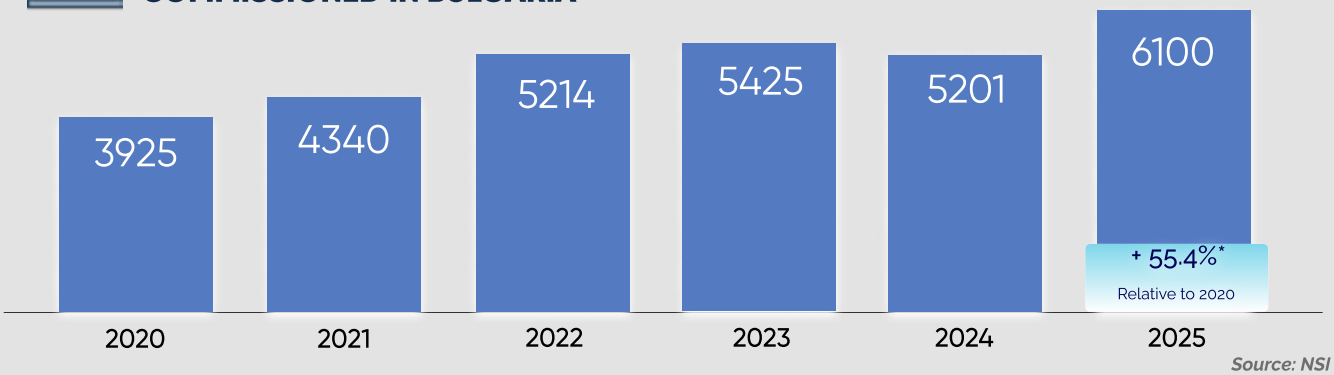
1 GW

capacity of floating offshore wind farms to be tendered in Bulgaria in 2026

1.39 M t

projected steel consumption in Bulgaria for 2026

NUMBER OF RESIDENTIAL BUILDINGS COMMISSIONED IN BULGARIA



Source: NSI

12.

12. Steel consumption in the Baltics: a change in trend

Demand for steel in Estonia, Latvia, and Lithuania has begun to grow again

The Baltic steel market was able to overcome the post-COVID decline faster than Germany, Italy, and other EU countries. Growth in 2025 was achieved thanks to increased production in the machine-building and construction industries, which are the main consumers of flat and long products. The outlook for the current year is also positive, indicating the sustainability of changes not related to a situational rebound from the low comparative base of 2023–2024.

Market profile

The only producer in the region, the Liepājas metalurgs electric steel mill, finally ceased operations in 2016. The demand for finished steel in Estonia, Latvia, and Lithuania is fully covered by imports. The volume of imports can be used to estimate the capacity of the local market.

$210M

rebar imports to Latvia in 2025

$215M

total value of rebar imported by Lithuania in 2025

All three Baltic countries saw a sharp increase in demand for steel in 2021, driven by post-COVID economic stimulus programs. After funding for infrastructure projects was cut, the figures began to decline again. Similar dynamics can be seen in other EU member states.

The growth in steel imports in monetary terms in 2021–2022 was caused not only by physical volumes but also by a price rally in the market. In 2025, European prices for finished rolled products stabilized, so the improvement in indicators reflects real demand from industrial enterprises and construction companies.

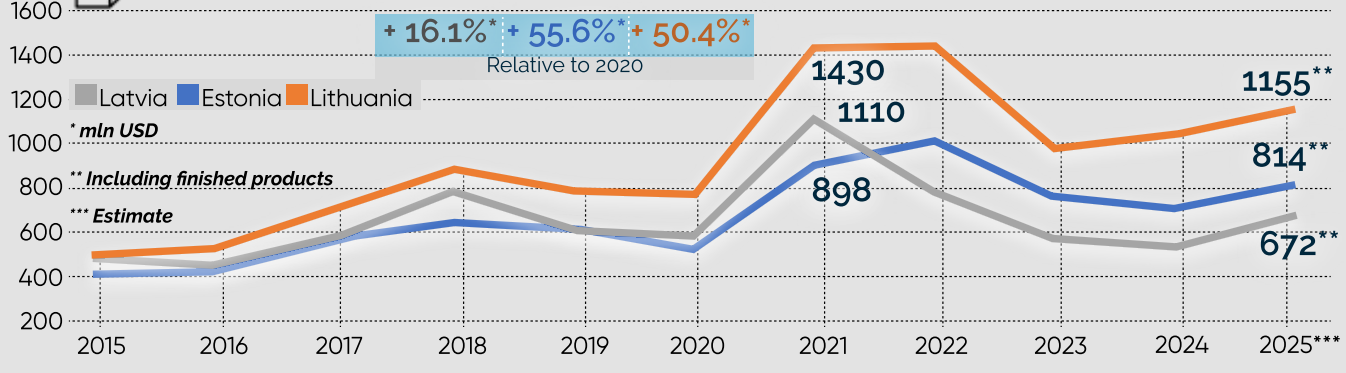
Until 2022, a significant share of Baltic imports, especially rebar and flat products, came from Russia and Belarus. Subsequently, there was a reorientation towards new partners, mainly steel producers from Poland and Germany. Ukrainian companies remain important suppliers of pipes and certain types of long products. Some shipments to Riga and Tallinn from South Korea and Vietnam were recorded in 2025, but European steel companies continue to play the main role.

There are certain differences in the structure of steel imports. Latvian consumers mainly purchase rebar, with CMC Poland being the main supplier. In Latvia, demand for steel is generated mainly by the construction industry. According to customs data, in 2025 Latvia imported almost as much rebar as Lithuania – $210 million versus $215 million, although the Latvian economy is significantly smaller than the Lithuanian one.

Lithuania and Estonia mainly import flat rolled products. In Lithuania, the most industrially developed economy in the Baltics, cold-rolled and galvanized sheet for instrument making and the automotive industry are in highest demand.

Estonian imports are distinguished by their focus on premium-segment coated steel, particularly stainless steel. The main suppliers are Sweden's SSAB and Finland's Outokumpu. Lithuania leads in terms of import volumes, but it is Estonian companies that buy the most expensive steel.

Steel imports to Estonia, Latvia and Lithuania*



Source: Trade Economics

Demand for flat rolled products: mechanical engineering and wind energy

Mechanical engineering in the Baltic states went through a crisis of deindustrialization linked to the collapse of the USSR and the breakdown of former cooperative ties. Estonia emerged from it with the least losses, with the highest share of this industry in GDP in 2015. Since 2022, regional leadership has passed to Lithuania, where new machine-building plants have appeared in the free economic zones of Klaipėda and Kaunas.

Most new machine-building enterprises in the Baltic countries produce high-tech products with very low steel intensity. This should be taken into account when analyzing the situation in Baltic machine building. An important feature of this industry is its export orientation.

Foreign orders account for 66–85% of the portfolio of local enterprises. They are almost independent of domestic demand. The key advantage is quality, which is on par with German and Swedish counterparts, but costs are 15–20% lower. This allows them to compete successfully in foreign markets.

In 2025, the manufacturing industry in Lithuania, Latvia, and Estonia grew by 5.5%, 3.6%, and 3.1%, respectively, confirming their adaptation to the new conditions. The share of mechanical engineering in the manufacturing industry of these countries is 25–28%.

At the end of 2022, the total capacity of Baltic wind farms was 1.2 GW. The turning point came in 2023, when the Lithuanian government simplified legislation. This allowed 0.513 GW of new capacity to be commissioned in 2024. Lithuania became the regional leader. In 2025, the pace slowed, with an increase of 0.3 GW after the launch of the Kelme I and II wind farms.

In 2025, Estonia began to actively commission new capacity after many years of delays due to height restrictions on wind towers. In Latvia, new wind farms appeared near Talsi and Ventspils.

As a result, by the beginning of 2026, the total installed capacity of wind farms in the Baltic States reached 3.337 GW. Of these, 2.5 GW are in Lithuania, 0.7 GW in Estonia, and 0.137 GW in Latvia.

Lithuania managed to maintain its leadership in steel consumption not only thanks to positive dynamics in mechanical engineering, but also thanks to the rapid development of wind energy.

Demand for long steel: construction

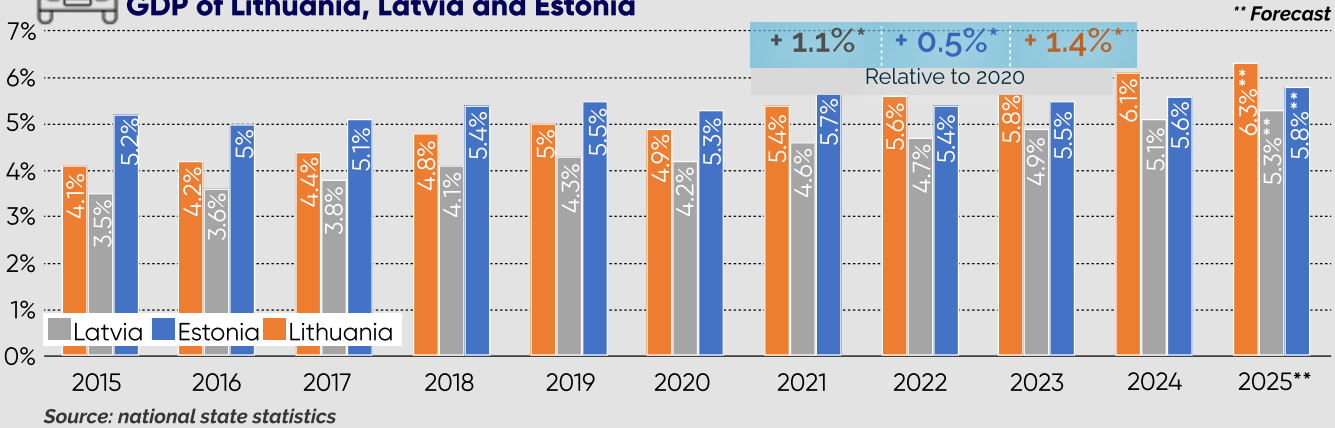
The construction industry in the Baltic countries reached its peak in 2019. This period saw the peak commissioning of housing, offices, shopping centers, and new industrial enterprises.

In 2025, only Lithuania was able to return to pre-pandemic construction volumes and, accordingly, demand for long steel . This was made possible by the contribution of the housing sector, which remains weak in Estonia and especially in Latvia.

66–85%
share of foreign orders in the portfolio of Baltic machinery enterprises

3.337 GW capacity
of wind farms in the Baltic states as of early 2026

The share of mechanical engineering in the GDP of Lithuania, Latvia and Estonia



Source: national state statistics

12. Baltics

Here, we could talk about the negative impact of high interest rates on mortgage loans on the industry, but the cost of mortgages is roughly the same in all Baltic countries. Lithuania is the clear leader in terms of new housing construction, as it is the strongest regional economy with the highest purchasing power of households. Thanks to their proximity to Poland, Lithuanian developers were quicker to switch to purchasing building materials that were previously imported from Russia and Belarus.

In 2025, the number of residential transactions in Lithuania exceeded 50,000, including secondary housing. This is the third highest historical figure. Only 2005 and 2021 saw higher figures.

In Estonia, the final statistics for 2025 were somewhat marred by a 12% decline in the volume of foreign construction by local companies. According to Invego CEO Kristian-Thor Vahi, there are still grounds for business optimism in the market.

«Some people like to claim that we have a large stock of unsold apartments and that buyer interest is lower than we would like it to be. In fact, it was a successful year in every sense. Yes, we are still very far from the peak sales levels we once achieved, but we have recovered well after the recent downturn,» Vahi emphasized.

First and foremost, the industry was pulled out by the commercial construction sector. In 2025, a record amount of new office space (almost 100,000 m²) was built in Estonia.

«Estonia has never had such a fruitful year in this sector. The last time Tallinn received such a large amount of modern commercial space at once was perhaps 45 years ago, on the eve of the 1980 Olympic Games,» said the head of one of Estonia's largest developers.

The main driver of infrastructure construction in all Baltic countries is the joint Rail Baltica project. It involves the creation of a high-speed (up to 249 km/h) railway line «Tallinn-Riga-Kaunas-Polish border» (with a branch to Vilnius) with a length of 870 km. The total cost of the work is estimated at €23.8 billion, 85% of which is being provided by the European Union. This mega-project is boosting the construction industry in the Baltic states and is currently in the active implementation stage.

50.000+

residential property deals recorded in Lithuania during 2025

€23.8B

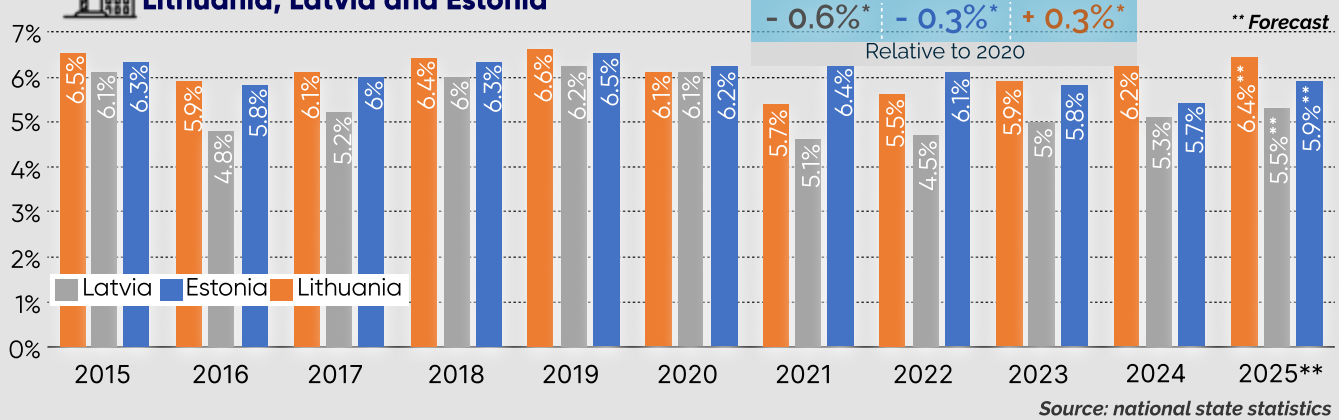
total cost of the Rail Baltica project

Outlook for 2026: flat

The continuation of «Industrialization 2.0» in the Baltic states is hampered by demographic problems. In Latvia, according to government data, 20% of registered citizens officially reside outside the republic. The situation is similar in Estonia and Lithuania. When setting up new factories there, investors face a labor shortage.

Industrial production growth in the Baltic states is forecast at only 2-3%. This assumption is based on the expectation of a further reduction in the European Central Bank's discount rate. This should stimulate demand in EU countries that consume products from machine-building plants in Latvia, Lithuania, and Estonia.

The share of construction in the GDP of Lithuania, Latvia and Estonia



Source: national state statistics

Machine building in these countries may further increase steel consumption thanks to military contracts. In 2025, a number of local agricultural machinery companies mastered the production of dual-use components (e.g., platforms for transporting goods). Orders are financed from the NATO budget and are not included in official statistics.

Wind energy will also contribute to the growth in steel consumption. The driver of its development was the synchronization of the Baltic countries' power system with the European ENTSO-E, which was completed on February 9, 2025. Now, wind power producers in Lithuania, Latvia, and Estonia can export surpluses to Poland. These will appear after the launch of new projects.

- In 2026, the Lithuanian authorities will determine the winner of the tender for the construction of a 0.7 GW offshore wind farm. It will be located 30–36 km from the coast near Klaipėda.
- In 2026, the Latvian authorities will hold an auction for the right to build the 1 GW ELWIND offshore wind farm.
- In 2025–2026, the Estonian authorities put up for auction the construction of offshore wind farms with a total capacity of up to 1.5 GW.

Construction of these facilities will begin in 2027, and the manufacture of the necessary steel structures is planned for this year. As part of the preparations, in 2026, the ports of Klaipėda and Riga will undergo a large-scale reconstruction of port terminals for the transshipment of steel blades over 100 m long. This work will require additional volumes of rolled steel.

Outlook for 2026: long-length rolled products

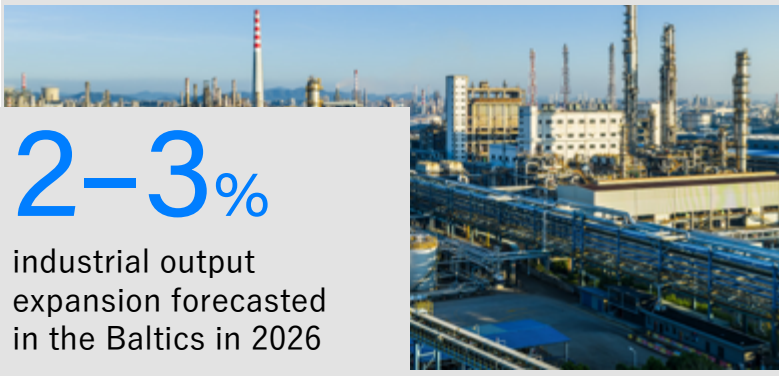
Rail Baltica will continue to generate demand for long-length rolled products and railway hardware in the Baltic countries. Railway tracks are currently being laid in Lithuania on the section from the Polish border to Panevėžys, a transport railway hub is being built in Riga, Latvia, and bridge crossings are being erected in Estonia for the future railway line, but there is still uncertainty surrounding this project.

In early February, Marten Kokk, Secretary General of the Estonian Ministry of Climate, said that Latvia is several years behind in implementing its part of the work. According to him, the Estonian government is allocating €500 million to this project for the current year, while Latvia is allocating only €250 million. The European Union is covering most of the costs. As noted by Edijs Kupčs, chairman of the board of the Latvian Builders Association (LBA), there are unresolved issues regarding the redistribution of EU funds between sectors. This could delay the completion of the work and increase its cost. According to estimates, the current underfunding of the project in its Latvian part amounts to €3-4 billion.

In 2026, LBA expects the growth rate of the Latvian construction industry to slow down to 3–4% compared to 6–8% in 2025.

In Lithuania, the residential sector will continue to support positive dynamics thanks to an increase in household purchasing power. According to government estimates, the average salary in 2026 will grow by 8.5%, while housing prices will grow by 7–7.5%, according to Ober-Haus estimates. The growth in disposable income will outpace the rise in prices offered by developers.

In Estonia, additional demand for long steel may be driven by residential construction in 2026. The main positive signal for the industry was the doubling of the number of permits for new housing construction in January-September 2025 to 2,215 units. This is the highest figure since the end of 2021 and a good springboard for increasing volumes in 2026.



2–3%
industrial output expansion forecasted in the Baltics in 2026

1.5GW
capacity of offshore wind farms with tenders open in Estonia in 2025–2026

12. Baltics

Conclusions

- Machine building in the Baltic states creates steady demand for flat rolled products, but growth potential is limited by the focus on high-tech manufacturing and demographic factors that hinder the creation of new enterprises.
- Growth in demand for long rolled products due to residential construction is possible in Lithuania and Estonia.
- The Rail Baltica project remains a long-term factor supporting demand for long-length rolled products. The completion of the first part, which involves the construction of a single-track railway line (with a second track to be laid later), is planned for 2030.
- Consumers in the Baltic states will face rising prices for rolled steel in 2026 due to the closure of the EU market to steel imports from third countries (CBAM and tighter quotas). They will either have to buy more expensive products from European manufacturers or switch to new suppliers.

3–4%

projected growth for Latvia's construction sector in 2026

2x

increase in residential building permits issued in Estonia (Jan–Sep 2025)

13. Steel consumption in Moldova: crisis overcome

13.

Market participants have adapted to the new operating conditions

The war in Ukraine caused Moldovan demand for finished steel to plummet in 2022-2023 due to the collapse of the previous supply structure and the associated price increases. However, the same military factor proved to be a powerful stimulus for the development of logistics in Moldova. It has become an important hub for the transit of goods from and to Ukraine. As a result, steel consumption has almost returned to pre-war levels in 2024-2025. However, its structure has changed significantly.

Market profile

The capacity of the region's only producer, Moldovan Steel Plant (MMZ), is capable of meeting the needs of the entire country several times over. However, it is more profitable for the company to sell steel to the EU and other countries. Therefore, its share of the local market was between 10% and 15% until 2021. Up to 70% was occupied by the Ukrainian plant ArcelorMittal Kryvyi Rih and Russian suppliers.

Due to the war, imports from Ukraine and Russia ceased, and Moldovan builders partially replaced them with MMZ products. Its share in 2022-2023 increased to 25-30%. However, this company only produces rebar, wire, and wire rod. Shaped rolled products began to be imported from neighboring Romania and Turkey. In 2024-2025, MMZ's presence in the local market decreased to 20%.

Firstly, supplies from Ukraine have resumed (worth $105 million in 2024). Secondly, there are political risks. Legally, MMZ is a Moldovan enterprise. But in fact, it is located in the unrecognized Pridnestrovian Moldavian Republic.

Any deterioration in relations between the official Chisinau and the self-proclaimed authorities in Tiraspol threatens to halt the steel trade. Therefore, Moldovan consumers prefer to diversify their steel imports. Flat and shaped rolled products now come mainly from Romania, while rebar comes from Turkey.

The domestic market in Moldova mainly consumes rebar, wire rod, and shaped rolled products. Therefore, the dynamics of steel sales and construction volumes in the republic are practically identical.

Demand for flat rolled products

Machine building, the main consumer of flat rolled products, accounts for an insignificant share of total steel sales. In Soviet times, the Chisinau factories Vibropribor and Schetmash consumed thousands of tons of steel per month. But today, the industry is focused on the production of high-tech components with low steel content. Or large-scale assembly. For example, at MTZ Lider, which receives ready-made MTZ tractor kits from Belarus.

Major consumers include:

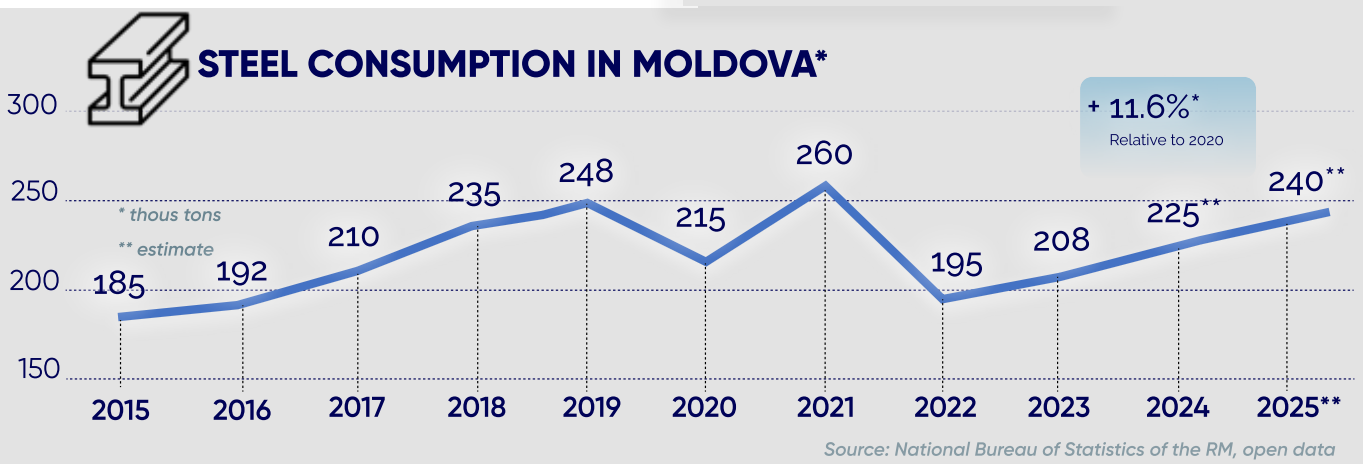
- Moldagrotehnica (Bălți) and Agrotehnica (Chișinău) agricultural machinery factories. They account for 4-5% of total steel consumption (estimated).

20%

market share of the local producer in Moldova's long products market

$105M

steel imports from Ukraine to Moldova in 2024



Source: National Bureau of Statistics of the RM, open data

13. Moldova

- Hidrotehnica (Chișinău) factory, manufacturer of vacuum pumps and hydraulics – 3%.
- Electromash factory (Tiraspol), manufacturer of electric motors – 2%;

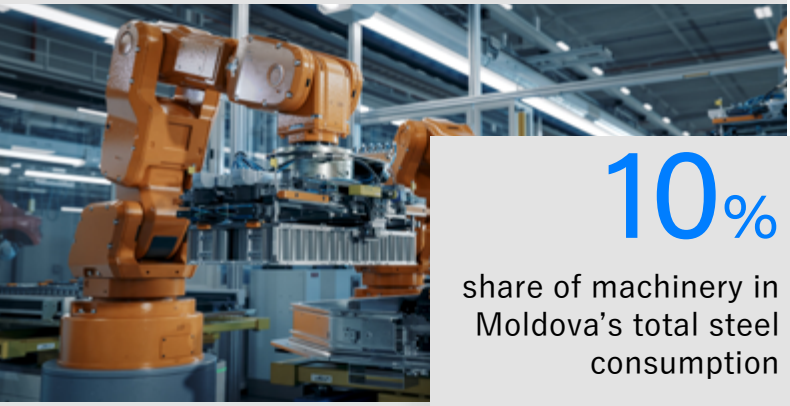
The development of wind energy is increasing demand for flat rolled products in Moldova. Over the past five years, the capacity of operating wind farms here has increased tenfold. The country has good wind potential, which provides an opportunity to reduce dependence on electricity imports from Ukraine and Romania.

Demand for long rolled products

An important difference between the construction industry in Moldova and that in European countries is that the main driver here is the housing segment. In 2018, the government launched the Prima Casa («First Home») program. It provides compensation for 30-70% of the cost of mortgage loans. Thanks to this, a housing boom began in the country in 2019.

43%

share of construction in Moldova's total steel demand



10%

share of machinery in Moldova's total steel consumption

It contributed to the growth of construction volumes and steel consumption.

The COVID crisis caused a slowdown in the industry. However, this was due to the freeze on commercial projects, while residential construction continued. Record figures were achieved in 2021 thanks to the resumption of activity in the commercial segment.

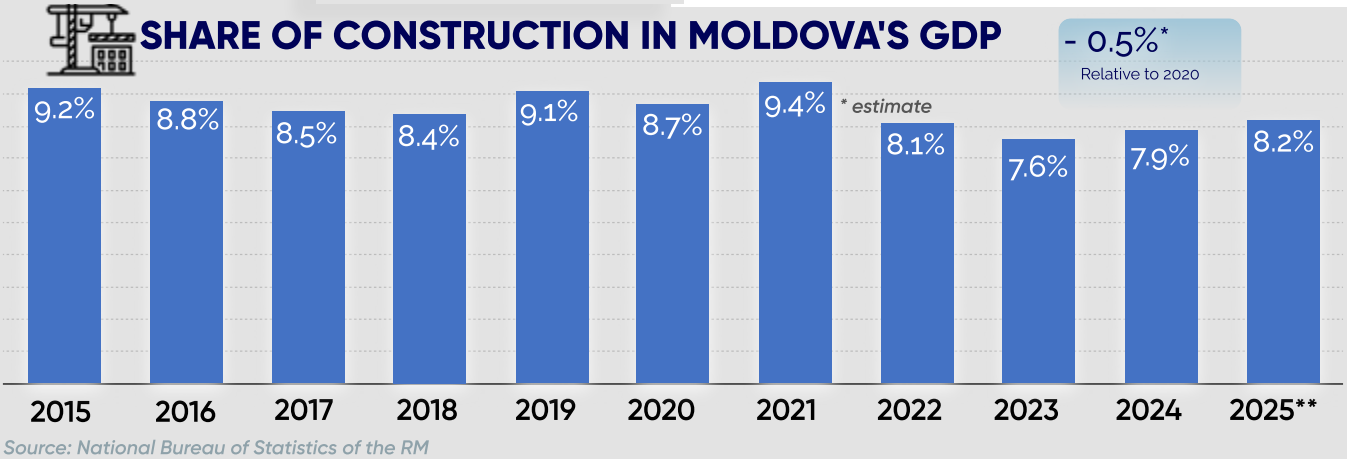
The subsequent decline in 2022-2023 is explained by the aforementioned market transformation and its reorientation towards new suppliers of building materials, including rolled steel. According to representatives of construction companies, deliveries from former contractors in Ukraine and Russia have doubled in price, as they are now carried out via Romania. Plus, the cost of borrowing has increased. The average mortgage rate in Moldovan banks in 2022-2023 was 15-18% in lei. Construction of many projects has stopped.

Growth in 2024-2025 is not just a "rebound" from the low comparative base of the previous period. It is an adaptation to new directions in steel imports. In addition, starting in 2024, the government has updated the terms of the state program to the Prima Casa Plus version.

In particular, the maximum amount of the mortgage loan to which it applies has been doubled to $146,600. The loan term has been extended from 25 to 30 years. This has further stimulated demand for new housing, and construction and steel consumption have returned to growth.

The share of infrastructure construction in total production continues to increase. This is due to funding from the European Union (through the European Bank for Reconstruction and Development, the European Investment Bank, and direct budget support in the form of grants). Among the significant projects are:

- Construction of the Isaccea–Vulcanesti–Chisinau power line;
- Reconstruction of the M3 Chisinau–Giurgiulesti and M5 Balti–Chisinau–Tiraspol highways;



Source: National Bureau of Statistics of the RM

- Modernization of border bridges with Romania: Leuseni–Albita, Sculeni–Sculeni, Giurgiulesti–Galati;

As a result, the share of infrastructure construction in steel consumption increased from 20-25% in 2022-2023 to 32% (estimated) in 2025.

It is important to note that these projects are largely related to the restructuring of Ukrainian logistics to Romanian ports. In particular, the reconstruction of the M3 and M5 highways includes the construction of bypass roads and bridge junctions for heavy goods vehicles (primarily grain trucks). The reconstruction of bridges involves modernizing and strengthening structures to increase vehicle traffic flow and expand capacity.

Steel consumption outlook

Flat steel consumption will increase slightly in 2026. According to forecasts by Moldova's Ministry of Economic Development, industrial production will grow by 3.5%. The share of mechanical engineering in this volume is only 6-8%.

The construction of wind farms will expand. In October 2025, the government held a tender for the construction of wind energy facilities with a total capacity of 60 MW. In 2026, a tender for another 165 MW will be launched. The revival of the sector is linked to the arrival of European investors. In particular, the French company Qair announced in 2025 that it would build a 27.5 MW wind farm in Moldova.

This will increase consumption of flat rolled products. However, long rolled products remain in the lead. At the same time, the share of the housing sector in the total volume of construction work will continue to decline: in 2025, the number of permits for new housing construction fell by 9% to 2,955, according to the National Bureau of Statistics.

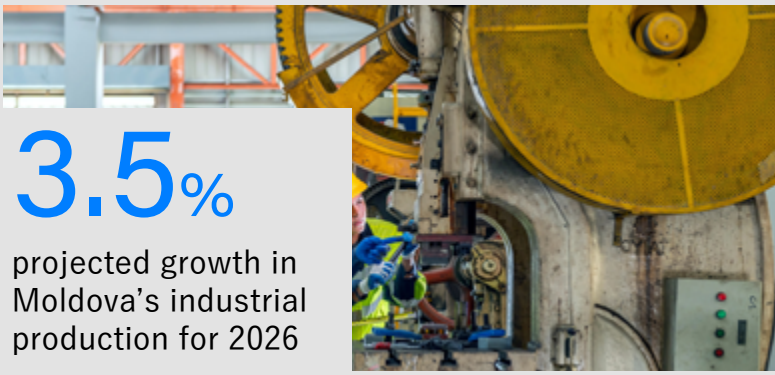
However, thanks to the increase in infrastructure construction, the industry as a whole will significantly improve its steel consumption figures.

In particular, there are plans to build new bridges across the Prut River connecting Moldova with Romania: "Ungheni-Ungheni," "Leova-Bumbata," Stolnicieni-Fălciu, and Luncea-Bărboian.

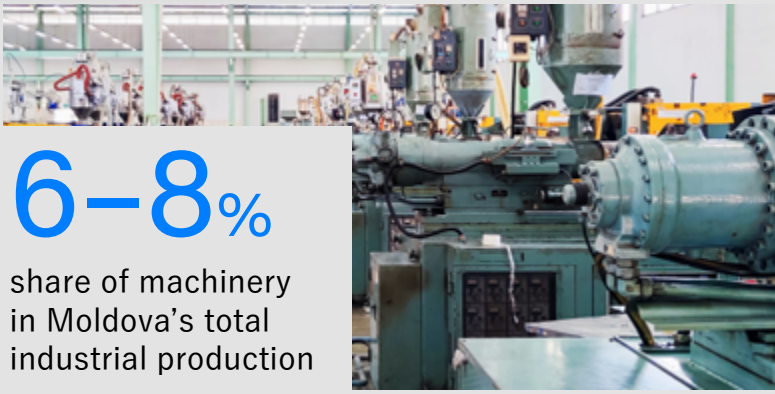
These projects are designed to relieve congestion on major highways and increase the capacity of road transport between the two countries. Funding for these projects is being provided by the Romanian government and the European Commission through the Connecting Europe Facility program.

Another landmark project is the construction of the Iasi–Ungheni–Chisinau railway line from Romania to Moldova, with a European standard gauge of 1,435 mm. Preparatory work began in 2025, with the main purchase of rails and related railway hardware expected in 2026.

Also in 2026, work will continue on the modernization of the Bendery-Căușeni-Giurgiulești railway.

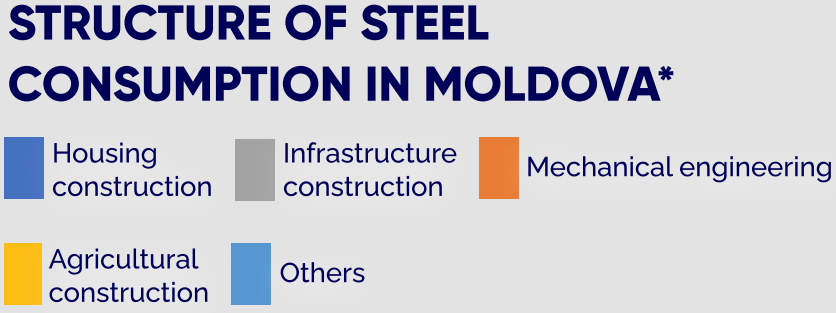


3.5%
projected growth in Moldova's industrial production for 2026



6–8%
share of machinery in Moldova's total industrial production

STRUCTURE OF STEEL CONSUMPTION IN MOLDOVA*



Source: open data based estimate

13. Moldova

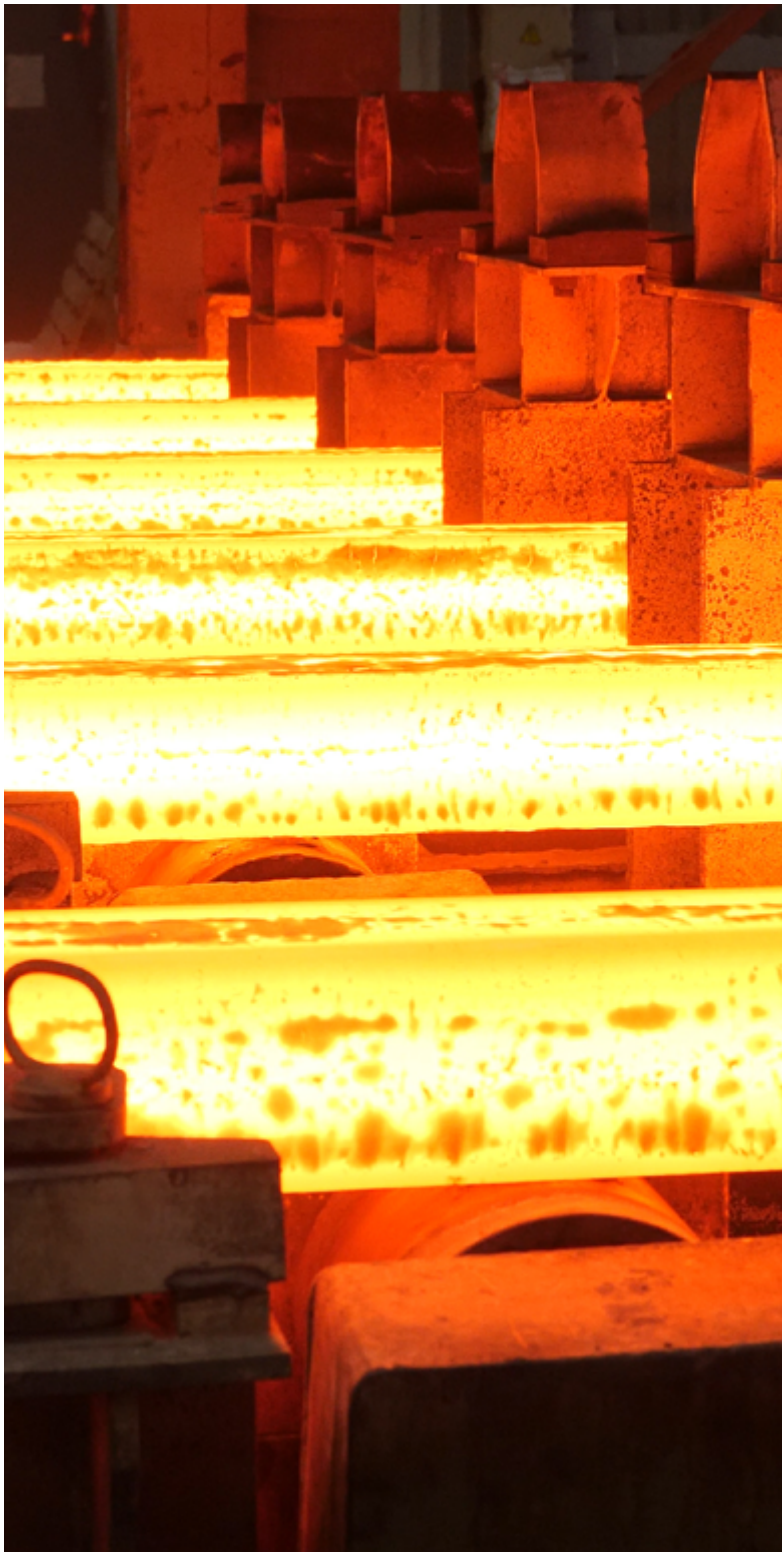
This work began in 2025 and involves the replacement of turnouts, rails, and railway fastenings to accommodate heavy trains carrying grain from Ukraine.

In 2025, steel structures were purchased for this project to reinforce the roadbeds.Therefore, the Moldovan Ministry of Economic Development's forecast of a 12% increase in construction volumes in 2026 seems realistic. Accordingly, the consumption of long rolled products will increase.

Conclusions

The transformation of Moldova's steel market continues. First, the structure of consumption is changing, with infrastructure construction playing an increasingly important role, as in developed EU countries. Second, new changes in the geography of supplies can be expected in 2026.

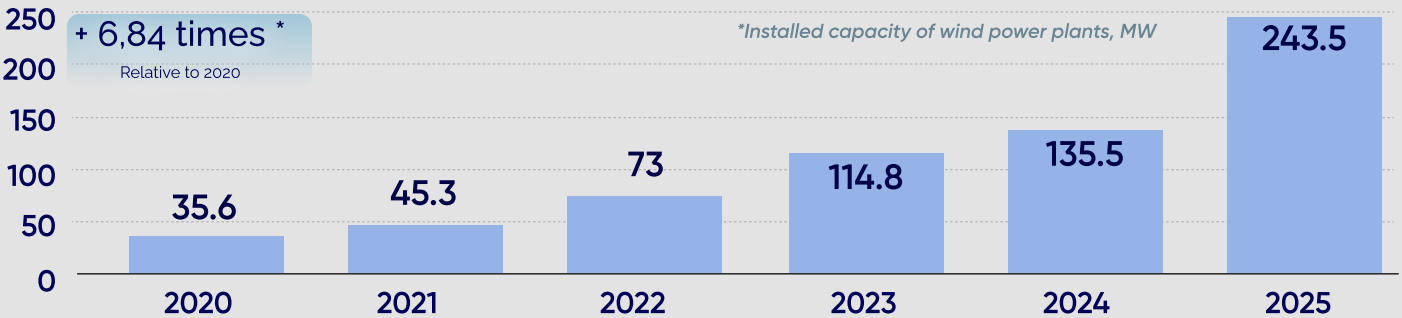
Measures to close the EU to steel imports are leading to higher selling prices by European steel mills, including Romanian ones. In these conditions, offers from Turkey, Egypt, Algeria, and China are becoming more attractive to Moldovan consumers.



165MW
capacity of wind power tenders to be launched in Moldova in 2026

9%
decrease in residential building permits issued in Moldova in 2025

WIND ENERGY DEVELOPMENT IN MOLDOVA



Source: Ministry of Energy of Moldova and the National Energy Development Center

Steel consumption in Eastern and Southeastern Europe: key trends for 2026

Attention!

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