The Northern European steel market 2026 : transformation amid crisis

June 2026

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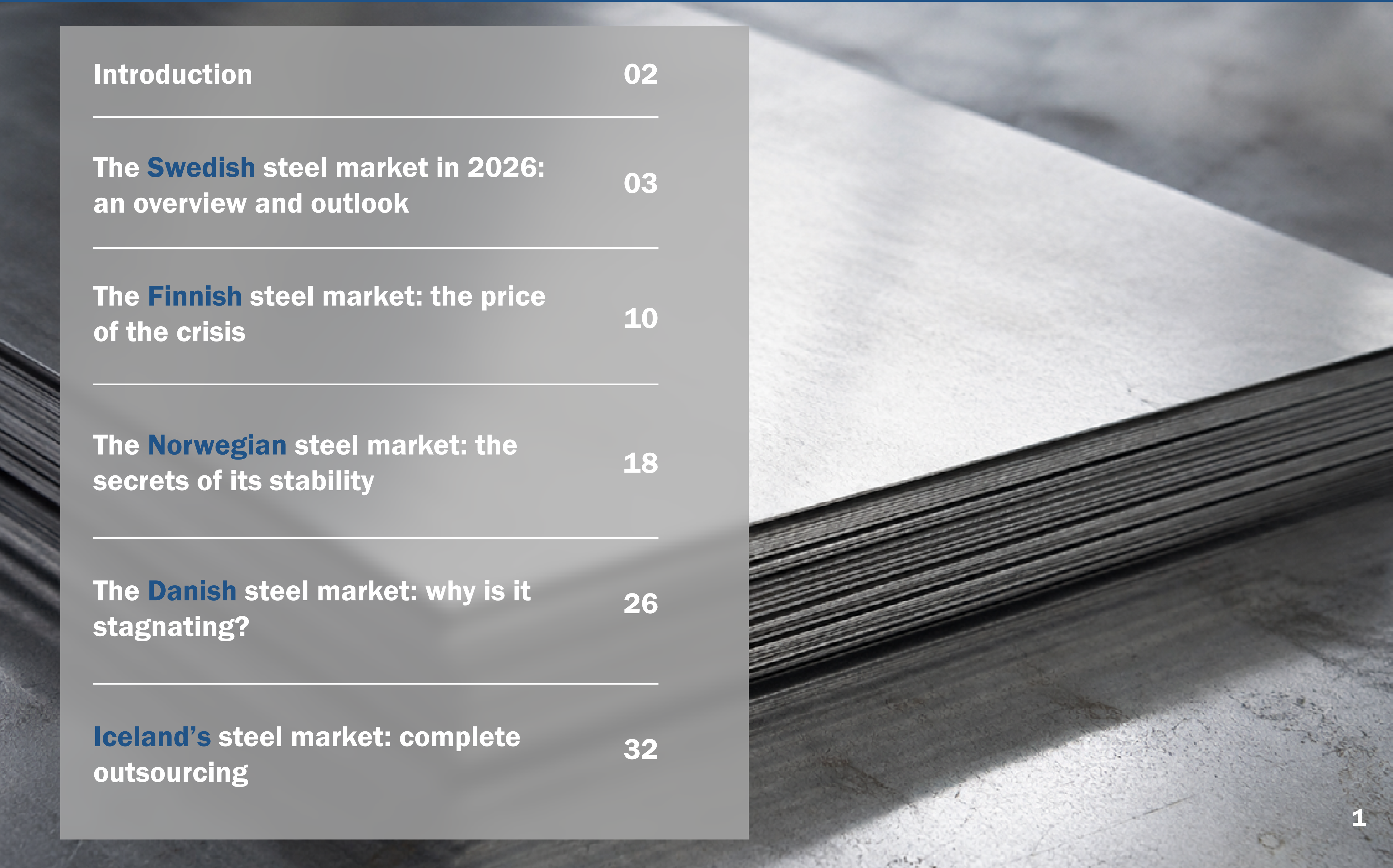

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Introduction:

Traditional methods of assessing the steel market through the prism of apparent consumption and national GDP trends no longer reflect the actual steel intensity of Northern European economies. We are observing a trend: economic growth in the region's countries may be accompanied by a statistical decline or stagnation in apparent steel demand. However, this does not signify a decline in consumer industries. Rather, it reflects a radical restructuring of supply chains and a shift in the quality characteristics of steel products.

Norway serves as a striking example of this shift. Here, apparent steel consumption has fallen against the backdrop of an investment peak in the oil and gas sector and marine engineering. The reason is the relocation of primary labour-intensive metalworking (cutting, welding, assembly of ship sections and bridge trusses) outside the country.

The steel is legally absorbed by the economies of Poland, Romania and the Baltic states. It arrives in Norway already in the form of ready-made, technologically advanced modules. A similar trend is observed in Denmark, whilst in Iceland this model has been taken to the extreme.

Norway and Denmark's powerful 'green' energy breakthrough in the wind power sector is effectively fuelling the markets for subcontractors from continental Europe, leaving domestic consumption at a modest local level.

The second overarching trend in the region is a shift towards the premium segment and a reduction in material intensity. Metal-consuming giants (such as Volvo, Scania and Ponsse), amid the transition to electric vehicles and environmental standards, are banking on advanced high-strength steels (AHSS).

This makes it possible to reduce the weight of structures and the amount of rolled steel used, whilst increasing the added value of the end product. At the same time, leading Finnish and Swedish steelmakers (SSAB, Outokumpu, Ovako) are diversifying their portfolios in favour of high-margin products with an ultra-low carbon footprint. These products are finding a market even in the US, which is protected by tariffs.

A special section of the almanac is devoted to analysing models of state-business interaction in matters of decarbonisation. Whilst Denmark follows a market-led approach, with the 'green' transition driven solely by regulatory requirements (the Industrial Accelerator Act), Sweden, Finland and Norway have established a unique system of public-private co-investment.

Through national funds (Industrial Leap, Business Finland, Enova), governments cover between 10% and 30% of companies' massive capital expenditure on hydrogen transformation and the transition to electric arc furnaces (EAF). And mechanisms such as Norway's Hovedregelen regulation legally guarantee domestic sales of eco-friendly steel, setting the weighting of the carbon criterion in public procurement at no less than 30%.

The energy balance remains both the foundation and the main risk factor for the future of the Scandinavian steel industry. Despite having the cheapest and zero-emission electricity in the EU (thanks to hydro, nuclear and wind power), the region is subject to volatility.

Whilst the surplus of hydroelectric power in northern Norway or the launch of the Aurora Line power line in Finland protect local players, the volatility of Denmark's wind energy balance makes the revival of electric steelmaking there impossible. At the same time, the impending fierce competition for megawatts is becoming a common challenge for all four countries: the rapidly growing data centre sector and electrification projects on oil and gas platforms will very soon deprive steelmakers of the era of guaranteed cheap electricity.

The analysis shows that in 2026, the stagnation of the Northern European market will give way to a recovery trend. The drivers are large-scale infrastructure megaprojects (the Fehmarnbelt and Rogfast tunnels, the Malmbanan and Norrbotniabanan railways), a stable order book in shipbuilding and the defence industry, as well as the commissioning of industrial data centres.

10–30%

of costs for H2 transformation in Northern Europe are covered by state funding

At least 30%

The mandatory weight of the carbon criterion in Norwegian public tenders

The Swedish steel market in 2026: an overview and outlook

In 2026, steel consumption is expected to increase by approximately 3%, to 3.4 million tons

Demand for finished steel in Sweden is entering a period of steady recovery after several years of stagnation. A unique public-private partnership model has laid the foundation for this process. The government is covering up to 15% of the costs associated with the green transformation of the steel industry and is investing billions of euros in critical infrastructure.

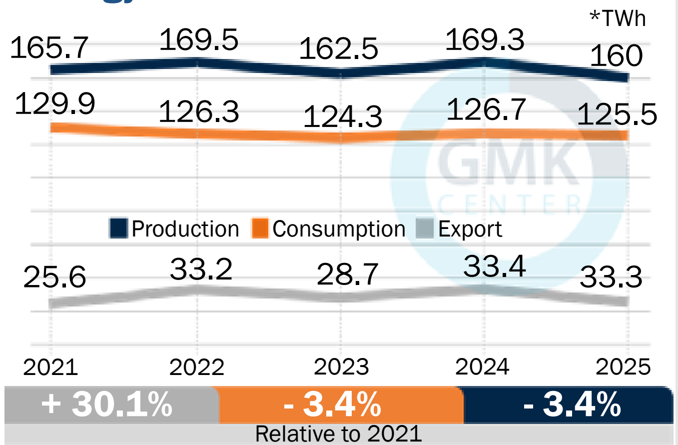
Key players

The largest local producer and a global leader in the high-strength steel segment is SSAB. In Sweden, the company operates three plants: in Luleå with a nominal capacity of 2.3 million tons per year, in Öxelesund with 1.5 million tons, and in Burlänge with 2 million tons. The latter is the largest rolling mill; there are no steelmaking facilities there. Other market participants:

- Avesta Works, one of the most high-tech plants in the world. Steelmaking capacity: 0.75 million tons; rolling capacity: 0.65 million tons. This is the Swedish division of the Finnish Outokumpu Group, specializing in cold-rolled and hot-rolled coils.
- The plants in Gofors, Smedjebacken, and Buxholm are consolidated into Ovako, a subsidiary of Nippon Steel. Steelmaking capacity in Gofors is 0.5 million tons. The combined capacity for steelmaking and the production of long products in Smedjebacken and Buxholm is 0.7 million tons. Electric arc furnace steelmaking takes place in Smedjebacken, while rolling mills are located in Buxholm. Ovako specializes in bearing steel and products for the automotive industry.
- The Alleima plant in Sandviken rounds out the list of operating facilities. It is a manufacturer of pipes, wire, and bars with a steelmaking capacity of 0.3 million tons. Despite its small scale, it is an important player producing high-margin products: precision tubes for the aerospace industry, medical wire, and more.

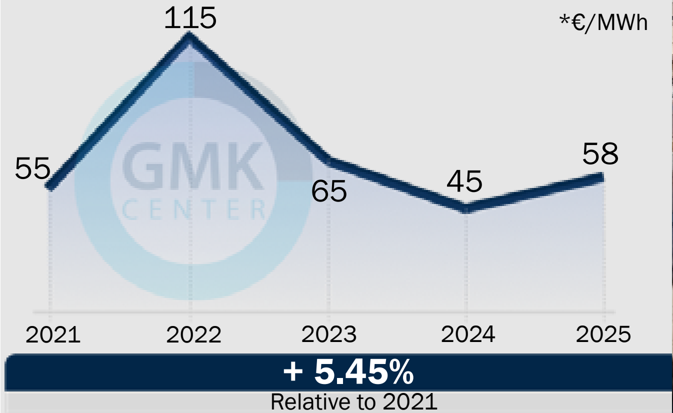
Stegra (formerly H2 Green Steel) is also worth noting. This is a new player that is literally knocking on the market's door. The company is building a 2.5-million-ton hydrogen-based-DRI-EAF plant. This is the most ambitious hydrogen metallurgy project in Europe. The first phase of the project is nearing completion, with commissioning scheduled for late 2026.

Energy balance of Sweden*



Source: Energimyndigheten

Average electricity price for industry in Sweden*



Source: Nord Pool Group

Up to **15%** of costs for the green steel transformation are covered by Sweden's government

5.8 Mt SSAB's rolling capacity in Sweden

The Swedish steel market in 2026: an overview and outlook

Investments and public policy

- SSAB is undergoing a radical green transformation. Construction of electric arc furnaces (EAFs) is beginning at the Luleå plant; these will replace blast furnace-basic oxygen furnace (BF-BOF) production by the early 2030s. The project is valued at €4.5 billion, of which €70 million comes from EU grants. Construction of the EAF in Oxelesund is in full swing, with blast furnaces expected to be shut down in 2027.

- Ovako has focused on decarbonizing intermediate production stages. In August 2023, the world's first facility for producing green H2 (which replaces natural gas during steel heating prior to rolling) was launched at the plant in Gofors. The project cost €17 million.

At the plant in Buxholm, a new heating furnace capable of running on natural gas and hydrogen was commissioned in March 2025. The project cost €6 million.

- In 2025, Alleima launched a new vacuum arc remelting (VAR) furnace for steel. Also in 2025, new thermal spraying lines were launched for precision tubes and coatings for hydrogen electrolysers. The company invests €25–30 million annually in R&D and the improvement of production processes in Sandviken.

- Outokumpu invests €150–200 million annually in development. A significant portion of these funds is directed toward its Finnish and Swedish sites. In particular, the integration of digital supply chain management systems was completed at Avesta Works in 2024. Here, one of the lowest specific CO2 emission rates for stainless steel has been achieved—0.46 tons—mainly thanks to the use of green electricity.

The Swedish government is not merely a regulator but an active co-investor in the green transition. Support is provided through direct subsidies, preferential loans, and infrastructure development.

The main instrument for state investment is the Industrial Leap (Industriklivet) fund. It is designed to support the implementation of technologies that reduce emissions in energy-intensive industries and is managed by the Swedish Energy Agency (Energimyndigheten).

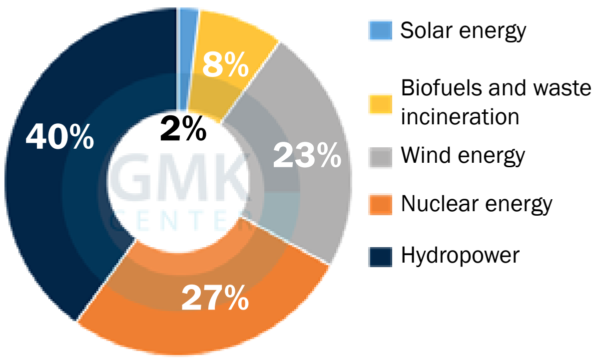
- In September 2024, Stegra received €100 million directly from the fund. The total amount of support will be €265 million.

- In November 2025, SSAB received €28.7 million for the electrification of its finishing processes for rolling and galvanizing in Luleå.

- Ovako received grants totaling €15–20 million for the construction of a hydrogen hub in Gofors.

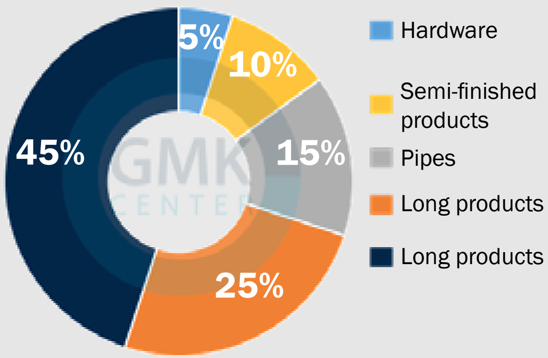
Pan-European mechanisms, in which the Swedish government acts as a guarantor, are being actively utilized.

Energy structure of Sweden



Source: Energimyndigheten

Structure of Sweden's steel imports



Source: Jernkontoret, SCB

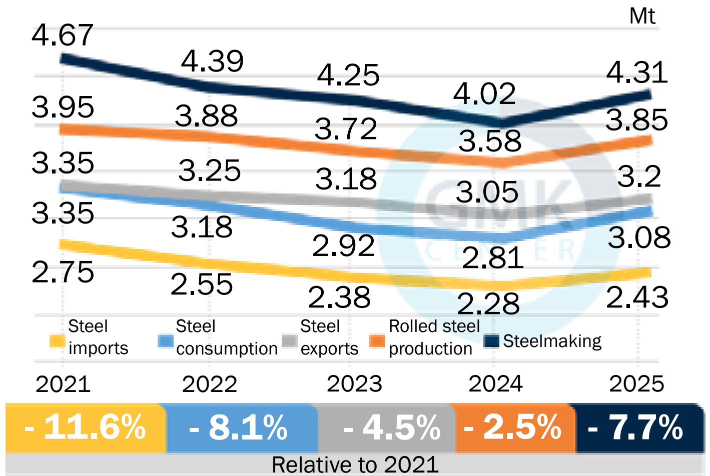
The Swedish steel market in 2026: an overview and outlook

- The EU Innovation Fund has allocated €143 million in grants for the construction of a demonstration plant for hydrogen-based DRI production for HYBRIT (a joint project of SSAB, LKAB, and Vattenfall). Stegra received confirmation of a €250 million grant in 2024–2026 to scale up its plant in Boden (capacity is expected to increase to 5 million tons per year by 2030). Total project funding has reached €6.5 billion.
- The Just Transition Fund has allocated €132.4 million to SSAB for the EAF transition project in Luleå. An additional €71 million has been allocated to this company in 2026 for employee retraining.

Thanks to government guarantees through the Swedish Export Credit Agency (EKN) and the Swedish National Debt Office (Riksgälden), it has been possible to secure €4.2 billion in loan capital for the Stegra project.

Infrastructure projects are a key focus. The state-owned company Svenska kraftnät is investing hundreds of millions of euros in expanding power line capacity in the north of the country. The goal is to supply steel mills (especially Stegra and SSAB) with massive amounts of green electricity. The demand of the Bodén plant alone is comparable to the consumption of all of Denmark, while energy production is concentrated primarily in the northern regions.

Swedish steel market



Source: Jernkontoret

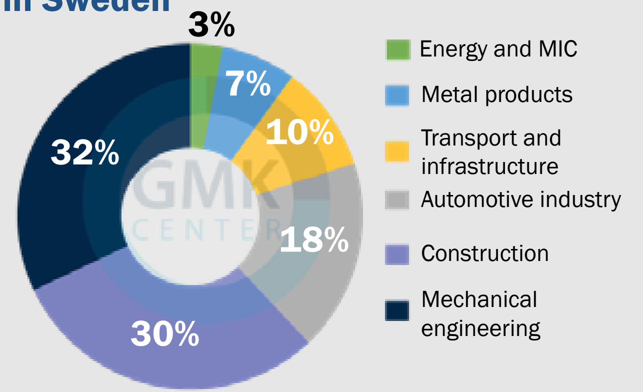
Since 2019, the government, through the Swedish Transport Administration (Trafikverket), has been modernizing the Malmbanan railway. Since 2024, a large-scale replacement of the track has been underway to accommodate heavy freight trains, along with the construction of new passing tracks and stations.

The transport of iron ore via the Malmbanan railway from LKAB's mining operations in Kiruna to the SSAB and Stegra plants is critical to maintaining uninterrupted operations, along with a stable electricity supply. Thus, the state covers indirect costs that are critical for the steelmakers. And although the companies themselves bear the main costs of the green transition, total state support amounting to 10–15% makes their investments economically viable.

The energy component

The cost of electricity during the green transition is critical for steel production. The Swedish government has established a system of indirect incentives that make electricity cheaper for steelmakers than in the rest of Europe. How does this work in practice?

Structure of steel consumption in Sweden



€143M

EU Innovation Fund grant awarded to the HYBRIT H2-DRI project

€4.2B

Debt financing secured by Stegra with government assistance

The Swedish steel market in 2026: an overview and outlook

- Long-term PPAs (Power Purchase Agreements) form the basis of the Swedish model. Large companies (SSAB, Stegra, Ovako) enter into direct contracts with energy producers (such as the state-owned giant Vattenfall) for 10–20 years in advance.
- The price is fixed at a low level, often below the market spot rate. The government, through the EKN agency, provides credit guarantees for these contracts. This reduces risks for energy producers, allowing them to offer more favorable terms to steelmakers.
- The government has set minimum energy excise tax rates for energy-intensive industries, including steelmaking. Industrial enterprises currently pay 0.6 ö/kWh, while households pay 45 ö/kWh (including 25% VAT).
- The state pays compensation to power companies for the carbon component in the electricity price. This component exists despite the fact that 99% of Sweden's electricity generation comes from hydropower, nuclear power, and wind power. However, Sweden is part of a single electricity market with the rest of Europe. Swedish electricity producers incorporate the cost of CO☐ allowances into electricity prices because they operate within European common market. Swedish steelmakers must purchase an additional 10% to 30% of their electricity needs on the spot market (Nord Pool). As a result, partial government for the CO☐ component embedded in electricity prices is highly important for the industry.

Thanks to the mechanisms mentioned above, in 2025, large Swedish plants in the north purchased electricity at a price of €30–45/MWh. The average wholesale price for industry in the EU at that time was €95/MWh.

Overall, Sweden is a net exporter of electricity. The main destinations for exports are Finland, Lithuania, Poland, and Germany. However, during peak hours and periods of low wind, the power grid receives imports from Poland and Germany. Energimyndigheten forecasts an increase in energy consumption from the current 130 TWh to 250–280 TWh by 2045 due to the green transition in the steel industry and other industrial sectors.

Market profile

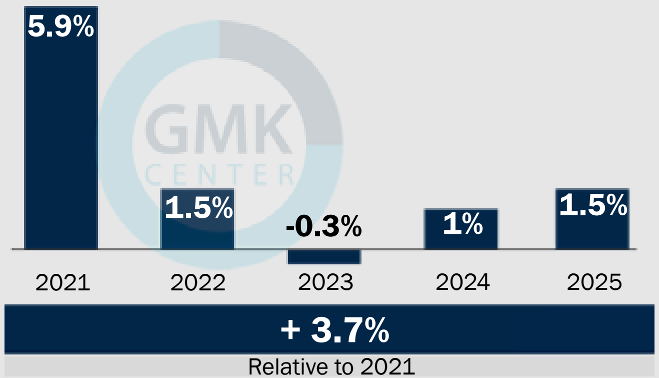
Flat-rolled products (hot-rolled and cold-rolled sheets) account for approximately 65–70% of total steel production. Most of this is produced at SSAB's plants in Luleå and Burlänge, which cater to the automotive and heavy machinery sectors.

Crude steel and rolled product output in Sweden declined steadily between 2022 and 2025 amid the broader European economic slowdown. The drop in production in 2024 was also partly linked to preparations for plant modernization. In the second half of 2025, rolling mill utilization improved as inventories at traders and steel plants declined.

Sweden remains a stable net exporter of steel, although its positive steel trade balance is trending downward in terms of physical volumes. Foreign contracts account for 82–88% of total sales by Swedish steel mills. The main destination is Germany, which accounts for about 20% of all shipments. Other significant partners include Italy, the United States, China, and Norway.

Due to the stagnation of the German economy, Swedish exporters actively shifted their focus to the U.S. and Indian markets in 2024, where demand for wear-resistant steels from mining equipment manufacturers remained stable.

Sweden's GDP dynamics



Source: SCB

99%
The share of green energy in Sweden's total power generation

€30–45/MWh
Average electricity price for Swedish steelworks in 2025

The Swedish steel market in 2026: an overview and outlook

In 2025, they actively replaced capacity in Germany and France that was being phased out or shut down due to high natural gas costs.

Imports account for 75–85% of Sweden's domestic steel consumption. Local production is focused on the high-margin export segment. It is more cost-effective to import construction rebar, standard long products, and ordinary hot-rolled sheet for machine building from neighboring EU countries.

The largest volumes of imports come from Finland—25–28% (this includes supplies of semi-finished products for Avesta Works from Outokumpu), Germany—18–20%, Italy—10%, Poland—7%, and Austria—5–6%.

The share of China, India, and Turkey in Swedish imports began to decline in 2024, even before the official launch of CBAM payments. Swedish consumers (primarily automakers) had already begun requiring reports on CO2 emissions from steel production during the tender phase. Imports from Finland and Germany became a higher priority, as their products are easier to certify as low-carbon. Poland became the main supplier of rolled steel and finished steel structures for the construction industry.

Steel consumption

The Swedish economy has stabilized following the EU energy crisis, which triggered a surge in inflation and a tightening of the Riksbank's monetary policy. Steel consumption trends are in line with this pattern.

Demand for flat-rolled steel is more stable than for long products, thanks to export orders for Swedish industrial equipment. The main buyers of steel sheet include:

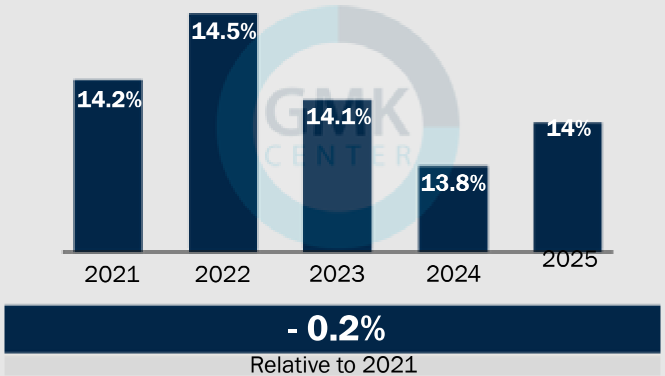
- Volvo Group, Volvo Cars, Scania (automotive industry).
- Atlas Copco (compressor manufacturing).
- Epiroc and Sandvik (manufacture of mining and tunneling equipment).
- ABB (power generation equipment).
- SAAB (aircraft and shipbuilding).
- SKF (production of bearings).

Foreign contracts account for up to 80% of sales for Swedish engineering giants. Hence their dependence on the economic situation in the EU. In 2024–2025, due to the European crisis, production of construction and household equipment declined in Sweden. The decline was offset by growth in the power machinery sector (transformers, hydrogen electrolysers) and the defense industry. This supported demand for high-strength steel sheet.

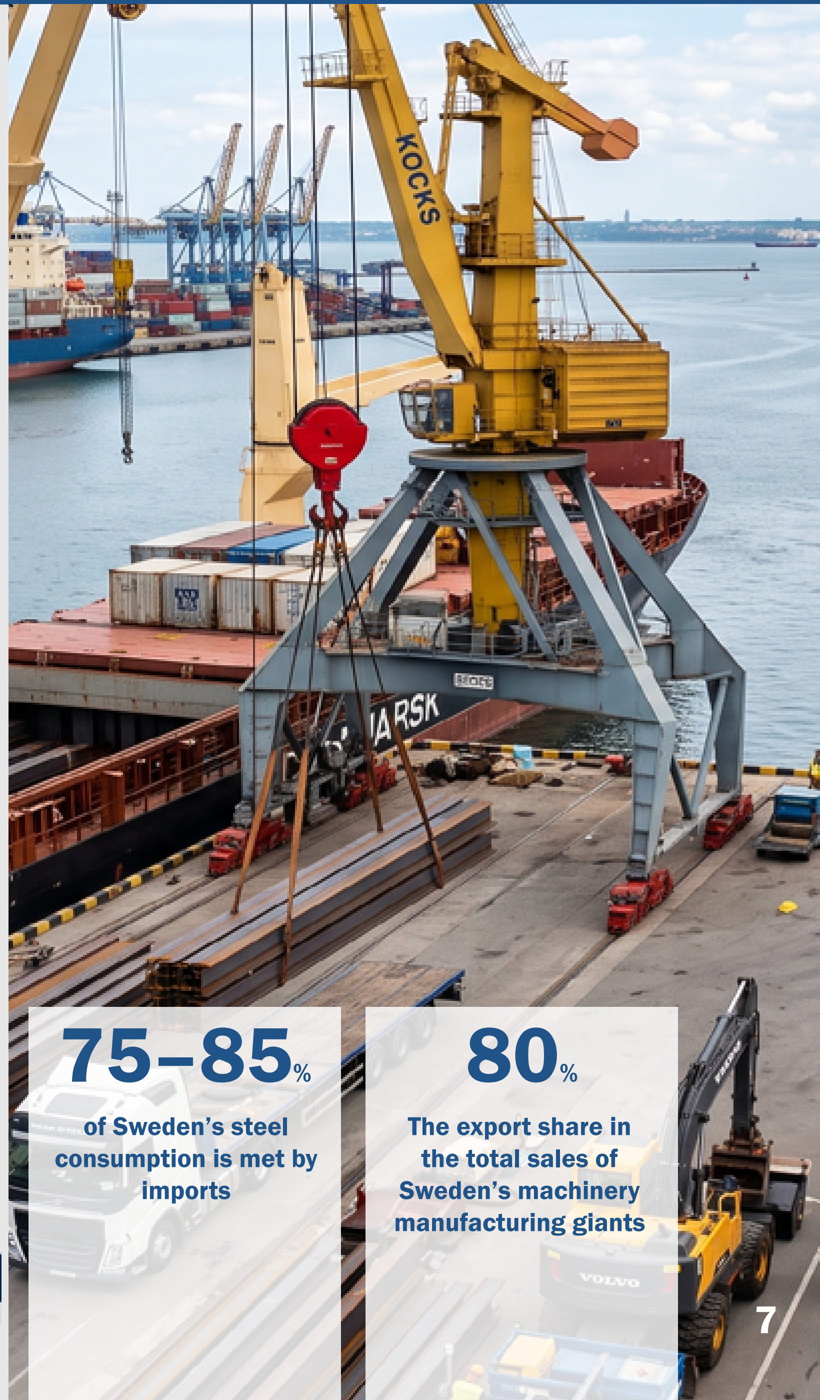
The construction sector is going through its most difficult period. The inflationary shock of 2022 led to higher prices for building materials and an increase in the Riksbank's base rate from 2.5% to 4.0% in 2023. As a result, residential construction in Sweden has become unprofitable. The residential segment accounts for 40–50% of total construction work (in monetary terms), so construction's contribution to national GDP in 2024 fell to its lowest level since 2014.

Demand for steel rebar and mesh collapsed, though it was partially sustained by industrial and infrastructure construction. In 2025, the government invested €14.01

Share of mechanical engineering in Sweden's GDP



Source: SCB



75–85% of Sweden's steel consumption is met by imports

80% The export share in the total sales of Sweden's machinery manufacturing giants

The Swedish steel market in 2026: an overview and outlook

billion in infrastructure development. This enabled the industry to improve its performance by boosting sales of long products and bridge steel structures. In 2025, the residential sector was reeling from the effects of the previous three years of crisis. The volume of housing units completed hit a historic low.
Despite the crisis, wind power has grown at the fastest rate among all types of power generation in recent years. By 2025, Sweden had established itself among the EU leaders in this regard.

An important detail: Between 2021 and 2025, Sweden's real GDP increased by 5.7% (adjusted for inflation), while steel consumption declined. This is due to the structure of the economy. It grew thanks to the service sector, primarily the IT sector, financial services, and engineering services.

The reduction in steel intensity in the mechanical engineering and automotive industries—the main consumer sectors—also played a role. To build electric vehicles with a long range, Volvo and Scania use advanced high-strength steels (AHSS). These allow for thinner sheet steel while maintaining strength. As a result, fewer kilograms of steel are used per vehicle body than five years ago, even though the cost of the vehicle (and its contribution to GDP) is higher. Similarly, modern machine tools and armored vehicles require higher-quality and more complex steel, rather than greater mass.

Outlook for flat steel consumption

The Riksbank, the National Institute of Economic Research (NIER), and SEB, Sweden's largest private bank, believe that 2026 will mark the full recovery of the Swedish economy. GDP growth is expected to reach 2.1–2.4%. However, as noted above, this does not imply an increase in steel consumption. Other factors will influence it.

The forecast of a 2% increase in flat steel sales is based primarily on optimistic expectations from the automotive industry. According to calculations by the Mobility Sweden association, passenger car production will increase by 1.5% to 198,000 units, and truck production by 2% to 96,000–98,000 units. Key drivers:

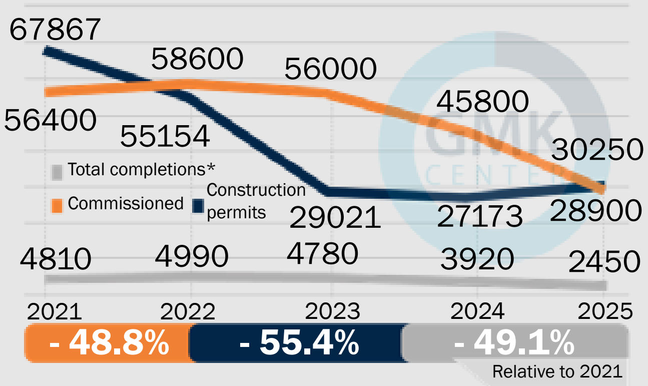
- The success of the new EX60 electric crossover. Volvo Cars has revised its production plans upward.
- Volvo Trucks launched production of the FH Aero Electric with a range of 700 km in April 2026. This model will ensure full capacity utilization at Swedish plants for the entire year, the company states.
- In early 2026, Scania noted high demand in Europe and an acceleration in the transition to BEVs (electric trucks). Sales in Q1 fell by 6% to 20,978 units, but orders for the current quarter increased by 10% to 27,318 units.

The increase in Sweden's defense budget to 2.6% of GDP means additional orders for special steel for armored vehicles and the navy, up to 0.6% of last year's consumption volume.

By the end of 2026, the installed capacity of Swedish wind farms will reach 20 GW, with an increase of 1.7 GW. As of May, approximately 0.6 GW of capacity is currently under active construction, while the steel structures for the remainder still need to be procured.

This expansion is projected following the central government's decision to allocate €34.09 million to local communities for hosting wind farms. Previously, municipalities blocked up to 75% of applications for the construction of such facilities. Another benefit is that property taxes from wind turbines will now remain in local budgets.

Construction industry in Sweden



Source: SCB

The Swedish steel market in 2026: an overview and outlook

Outlook for long products

Demand for rebar and structural steel will show positive growth for the first time in four years—up 4.5%. According to Riksbank estimates, housing investment will increase by 5–7% thanks to last year's reduction in the discount rate. The number of housing starts will rise by 24%, to 35,100 units. However, the low base effect of 2025 must be taken into account here.

The infrastructure segment will be the primary driver of the 10% overall increase in construction volumes. The Swedish government previously approved the largest-ever state program for the development of transport networks for 2026–2037.

State-owned company Vattenfall's expenditures on power line upgrades alone for 2026–2030 will total €15.2 billion. This exceeds all government infrastructure spending in 2025.

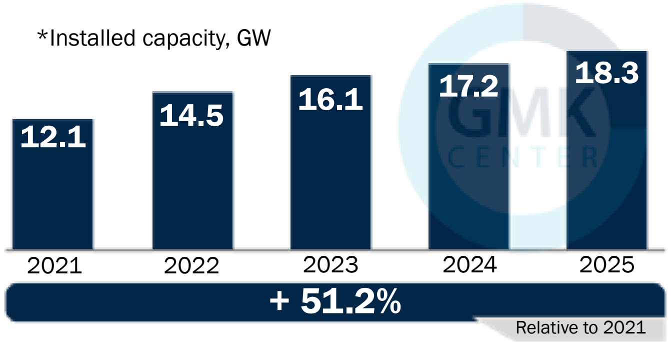
According to the document, spending on road infrastructure will increase by 30%. The construction of new facilities and the repair of existing roads will create additional demand for long-haul rentals, amounting to at least 150,000–200,000 tons in 2026. Notable projects include:

- Construction of the Norrbotniabanan (North Botnia Line), a 270-kilometer railway line between Umeå and Luleå along the northern coast.
- Construction of bridges and overpasses on the Umeå–Skellefteå section is currently in full swing; there will be about 250 of them. The second section of the road, Skellefteå–Luleå, is in the design phase.
- Förbifart Stockholm (Stockholm Bypass). This is one of the longest road tunnels in the world (21 km, of which 18 km is underground). In 2025, excavation work was underway; currently, the installation of technical systems and the reinforcement of the tunnel arches are in progress. Commissioning is scheduled for 2030.
- Västlänken (Western Link), a railway tunnel under central Gothenburg with three new stations. The first phase—the underground section of Gothenburg Central Station—will open in December 2026. The project is being implemented under very challenging geological conditions, requiring a massive volume of steel piles and sheet pile walls.
- Continued modernization of the Malmbanan.

Overall, steel consumption in 2026 will increase by 3%, to 3.4 million tons.

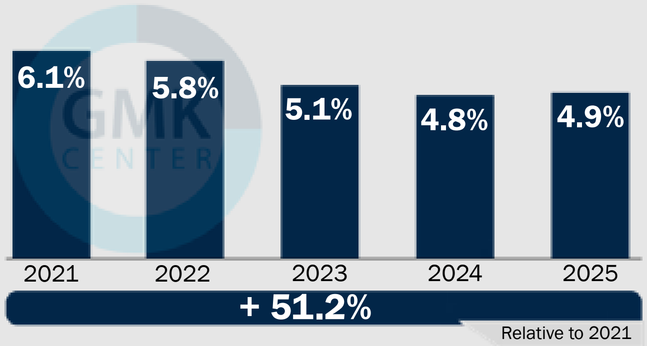
Wind energy development in Sweden*

*Installed capacity, GW



Source: Svensk Vindenergi

Share of construction in Sweden's GDP



Source: SCB

+4.5%

Projected increase in Swedish demand for long steel products in 2026

+10%

Expected increase in Swedish construction volume for 2026

The Finnish steel market: the price of the crisis

Over the past five years, steel production in Finland has fallen by 17.6%, while consumption has dropped by 19%

Electricity in Finland is among the cheapest in the EU. Despite this, the European energy crisis has significantly worsened the situation in the local market. Steel producers in Finland have suffered due to their export focus on the European Union, while consumers have been affected by their dependence on European imports, which have risen sharply in price.

Industry overview

The flagship carbon steel producer is the integrated plant in Raah, with an annual capacity of 2.6 million tons. It specializes in coils and sheets for the machinery industry and is part of the Swedish SSAB Group.

The key facility of the Finnish Outokumpu Group is located in Tornio. Thanks to vertical integration of production, it is one of the world's most efficient stainless steel mills. It produces cold-rolled coils, with an annual capacity of 1.2 million tons.

A niche but important player is the EAF plant in Imatra, which is part of the Japanese company Ovako (a subsidiary of Nippon Steel). The plant's steelmaking capacity is 575,000 tons per year (nominally), and its rolling capacity is 200,000 tons. It specializes in premium long products for complex engineering solutions in mechanical engineering and other industries.

Blastr Green Steel deserves special attention. This is a future H2-DRI-EAF plant with an annual capacity of 2.5 million tons of steel. The project is currently in the environmental assessment phase and undergoing negotiations with investors. Its stated cost is €4 billion. According to local media reports, the project is facing difficulties in securing full financing and connecting to the power grid.

Finnish steel mills are focusing their investments primarily on the decarbonization of steel production.

- SSAB Raahe has planned an EAF transition by 2030. The project is currently in the active engineering phase, and site preparation for the EAF construction is underway.

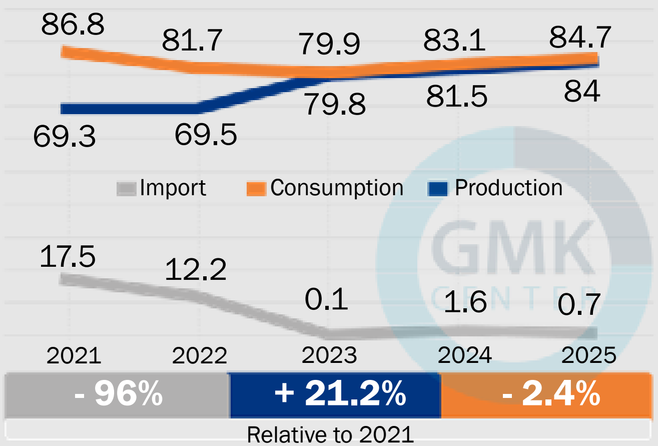
- The project is estimated to cost approximately €2 billion. Between 2021 and 2023, SSAB modernized its rolling mill in Raahe, improving surface quality and expanding its product range of advanced high-strength steels (AHSS). The cost amounted to €100 million. The modernization of rolling capacity for AHSS is ongoing.

- In 2024–2025, Outokumpu built a bio-coke battery in Tornio that runs on wood waste. The project cost €30 million. In 2022–2023, the bright annealing line at the same site was modernized: energy efficiency was improved and the control system was digitized. The cost was €20 million.

- In 2023–2025, Ovako replaced the heating furnaces at its plant in Imatra. New steel reheating units can use H2 instead of NG prior to rolling. This helped reduce specific CO2 emissions to 0.231 t. The project cost €15–20 million. In 2021–2022, the plant installed a vacuum degassing unit costing €7 million. This has improved the purity of steels for the automotive industry

Another notable initiative is the project to build a hydrogen hub in Raahe. Its electrolysis capacity is expected to be at

Energy balance of Finland* *TWh



Source: Fingrid

1.2 Mt

Annual capacity of Outokumpu's flagship site in Finland

€4B

Planned capital expenditure for the future Blastr Green Steel plant in Finland

The Finnish steel market: the price of the crisis

least 70 MW. SSAB is not participating in the project (it is operated by P2X Solutions, a company controlled by the Swiss group Alpiq AG), but will become the main buyer of its products.

After the steel mill in Raahe is fully decarbonized, it will need about 150,000 tons of green H2 per year.

Design work is currently underway to integrate the hub with local heating networks and the SSAB plant. Environmental impact studies required to obtain an environmental permit are also being conducted. According to P2X Solutions' estimates, this will take about a year.

The impact of government policy

The Finnish government understands that, without its support, steelmakers cannot afford the massive capital expenditures required for the green transition. Therefore, it uses a co-investment model to provide support, which helps mitigate risks. Its main components include:

- A direct tax credit of 20% of the investment amount in Net Zero projects (including zero-emission steel), but not exceeding €150 million per project. This is the most powerful tool launched by the government of Petteri Orpo in 2024–2025.

- Direct grant funding through the state agency Business Finland. In April 2026, €20 million was allocated to SSAB for the Sustainable World through Steels program. It involves creating a network of over 200 partners (universities, startups) to develop new technologies for EAF steelmaking. SSAB is allocating an additional €30 million for these purposes.

In 2021-2023, Outokumpu received €10–15 million in grants from the agency to support the digitalization of production processes in its mining division and improve energy efficiency.

- Preferential loans from the state-run Ilmastorahasto Climate Fund in the amount of €4–40 million, but not exceeding 50% of project costs. The fund provided financing for a bio-coke battery in Tornio and P2X Solutions projects for the production of green H2.

- Grants from the EU Innovation Fund. These cover up to 60% of additional costs associated with decarbonization. In 2025, Finnish companies submitted applications totaling over €840 million (including hydrogen hubs for the steel sector).

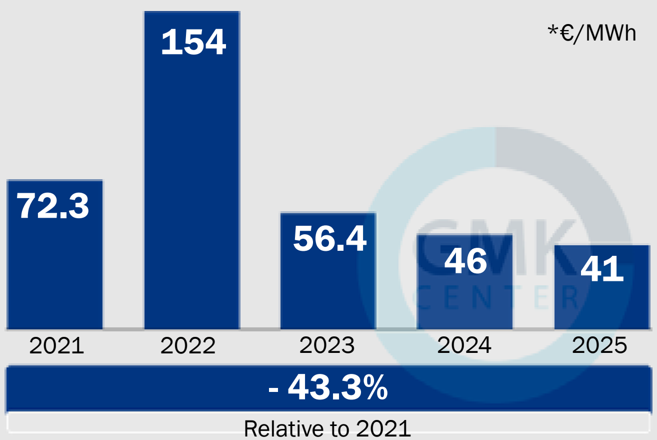
The Finnish government is actively lobbying for these applications.

Total state support for the Finnish steel sector through 2030 (including tax incentives) is estimated at €500–700 million. This covers 25–30% of the industry's decarbonization costs. An important nuance: the Finnish government does not simply give money to businesses; it creates a financial "lever." For every euro of state grants, companies are required to attract 2–3 euros in private investment.

The energy component

The structure of Finland's energy sector provides an ideal foundation for green steel. That is why SSAB and Outokumpu are so confident about the transition to electric arc furnaces (EAFs): the country has both the necessary capacity and low electricity prices.

Average electricity price for industry in Finland*



Source: Nord Pool Group

150 ktpa
The green H2 demand of SSAB Raahe post-decarbonization

€150M
Maximum tax credit cap for Net-Zero projects in Finland

The Finnish steel market: the price of the crisis

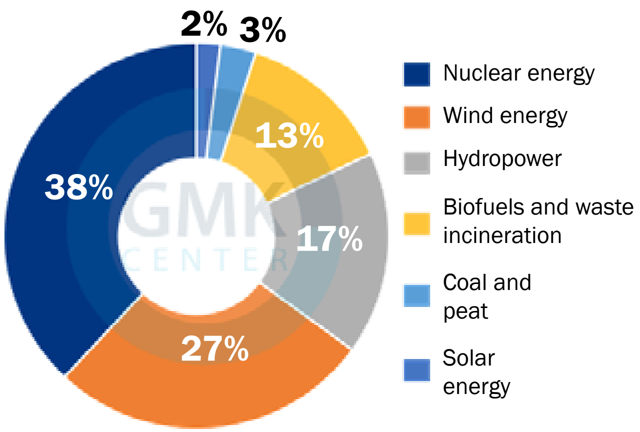
Thanks to a surplus of wind energy and a stable nuclear power base, Finland regularly recorded hours with negative electricity prices, down to minus €10/MWh, in 2024–2025. In 2025, the average industrial tariff fell by 9%, while electricity prices in continental Europe rose again.

Dependence on electricity imports, which accounted for 20% of consumption in 2021, has virtually disappeared since 2023. This occurred following the commissioning of Power Unit No. 3 at the Olkiluoto NPP (which houses Europe's most powerful nuclear reactor, rated at 1.6 GW) in 2023 and the addition of 1 GW of installed wind power capacity in 2024. In 2025, wind power accounted for 57% of total generation.

The share of zero-emission electricity in total generation reached 96% in 2025. Also in 2025, a legislative ban on the use of coal in the electricity sector came into effect in Finland.

The commissioning of the Aurora Line power transmission line between the Swedish Messaure substation and the Finnish Pyhänselkä substation, which took place in early 2026, was of significant importance. The Finnish side gained an additional 800 MW of electricity transmission capacity from Sweden.

Energy structure of Finland



Source: Fingrid

First, this created a backup channel for uninterrupted green power supply to future EAFs during periods of calm weather. Second, it allowed the price of electricity for industry, including steel sector, to be "decoupled" from the European wholesale energy market Nord Pool and "pegged" to the Swedish energy regions SE1 and SE2, which offer the cheapest electricity.

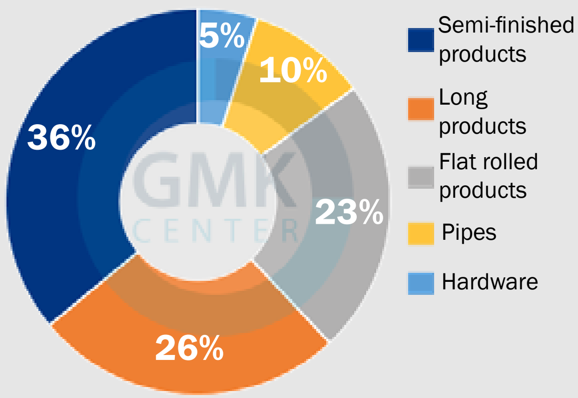
As in Sweden, Finland has a system of state compensation for industrial enterprises' indirect CO2 emission costs (ETS Compensation) arising from the inclusion of the cost of carbon allowances (EU ETS) in electricity tariffs. The total compensation for 2021–2025 amounted to €687 million. Additionally, Finland levies an energy tax on industrial enterprises at the lowest rate in Europe, €0.5/MWh. By comparison, Finnish households pay €22.5/MWh.

As a result, the Finnish steel industry now relies entirely on domestic power generation, obtaining electricity at reasonable prices.

Market overview

Finnish crude steel production and rolled steel production reached an all-time high in 2021. This is important to consider when analyzing the trends of recent years.

Structure of Finland's steel imports*



Source: Tilastokeskus, calculations

-9%
Decline in the average industrial energy tariff in Finland in 2025

96%
The share of emission-free power in Finland's total electricity generation in 2025

The Finnish steel market: the price of the crisis

Also significant is the fact that during that record year, mills built up large inventories of semi-finished products. Consequently, the decline in rolled steel production in 2022 was not as significant as the drop in steel production. The same situation recurred in 2025.

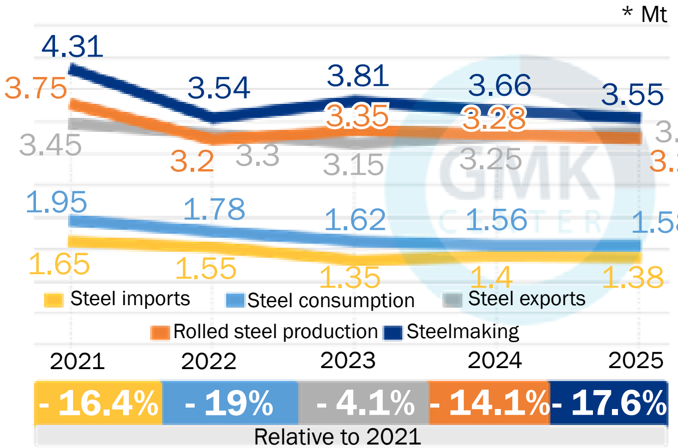
The 3% decline in steel production in 2025 is due to a deliberate reduction in the production of standard steel grades.

Finnish mills have shifted away from the most energy-intensive and low-margin products in favor of premium grades. For SSAB, this is partly due to preparations for the replacement of the BF-BOF with an EAF in Raahe.

Despite this, the capacity utilization rate of steelmaking facilities in Finland in 2025 stood at 80.7%, compared to the pan-European average of 72%. This ratio indicates the high competitiveness of Finnish steel mills. In 2025, they exported over 65% of all rolled steel produced. The main destinations were Germany, the Netherlands, and the United States.

Interestingly, the “fewer tons, higher margins” strategy allowed Finnish steelmakers to increase exports in physical terms in 2025. The growth was driven by the AHSS segment.

Finnish steel market*



Source: Tilastokeskus, Metallinjalostajat ry

The main surprise of 2025 was a 12–19% increase in sales to the U.S. across various product lines. This occurred despite the 25–50% tariffs on steel imports imposed by the Donald Trump administration. In terms of growth rates, shipments to the U.S. have surpassed those to Germany, the traditional sales market.

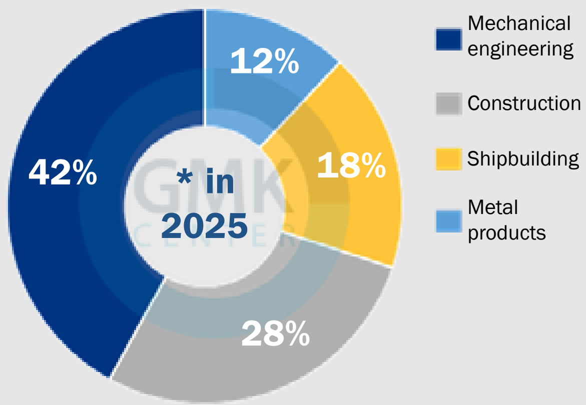
Flat-rolled products account for 92% of total production in Finland, with the remaining 8% consisting of premium-segment long-rolled products.

Local companies purchase rebar and shaped rolled products for construction exclusively from abroad. Shaped steel accounts for 60–65% of steel imports.

Until 2022, the main supplier was Russia’s Severstal. Subsequently, Finnish builders switched to rebar and shaped steel from Poland and Germany. Prefabricated steel structures are imported from Estonia. There, construction steel from non-EU countries is processed and then shipped to Finland as European-made products.

In euro terms, a significant portion of imports consists of premium-grade steel. It is purchased by Finnish engineering companies Wärtsilä and Valmet from the Swedish Ovako

Structure of steel consumption in Finland*



Source: open data, calculations

-3%

Contraction in Finnish steel output for 2025

80.7%

Steelmaking capacity utilization in Finland during 2025

The Finnish steel market: the price of the crisis

mills. Nevertheless, Finland firmly maintains its status as a net steel exporter—both in physical and monetary terms.

Demand for flat steel

Steel sales have been steadily declining over the past five years. At the same time, the share of flat steel in the consumption mix has been growing. Demand from the machinery manufacturing sector has remained stable, as indicated by the sector's contribution to national GDP. The sector is strongly export-oriented, accounting for 50% of Finland's exports.
Domestic consumption of sheet steel is primarily met by the local SSAB, making the market self-sufficient. Major buyers:

- Meyer Turku Shipyard. Builds the world's largest cruise liners.
- Metso, a global leader in the production of crushers, mills, and conveyors for the mining industry.
- Hiab and Kalmar – major manufacturers of lifting and transport equipment. Hiab specializes in loader cranes, Kalmar in port loaders.
- Ponsse is a global leader in the production of forestry machinery.
- Patria is a major manufacturer of military armored vehicles.

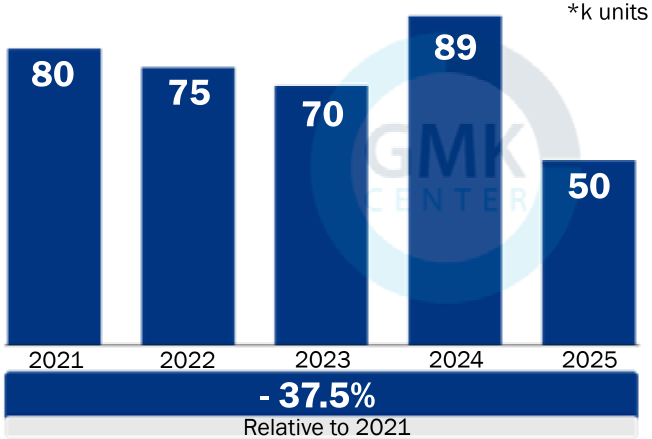
Together, these five players account for 60–70% of flat steel sales in Finland. Also worth noting is the plant in Suolahti, which is part of the American corporation AGCO. The facility produces over 8,000 agricultural tractors per year.

Another major buyer is the Valmet Automotive plant in Uusikaupunki. It used to manufacture passenger cars for third-party customers. For many years, the company operated under a contract with Mercedes-Benz AG, but the current agreement expired at the end of 2025, and the German automaker chose not to renew it. This explains the decline in Finnish automobile production in 2025.

A niche player in the automotive industry is Sisu Auto. It manufactures heavy-duty trucks for the forestry industry and for military purposes. Production volumes here are stable—up to 1,000 units per year.

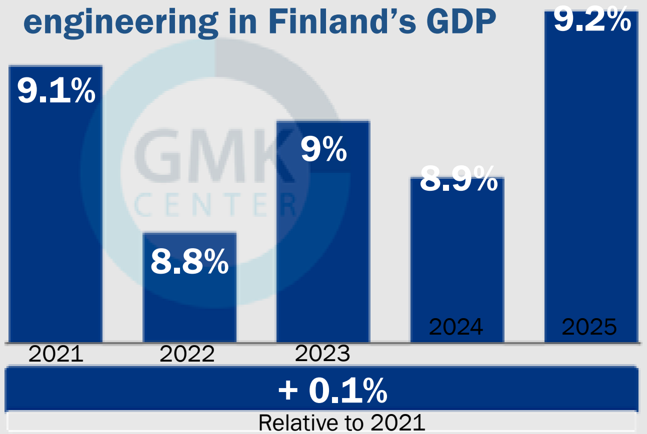
Amid stable demand from the machinery manufacturing sector and a decline in the automotive industry, shipbuilding and wind energy helped boost sales of flat-rolled steel.

Car production in Finland*



Source: Tilastokeskus

Share of mechanical engineering in Finland's GDP



Source: Tilastokeskus

50% The machinery and engineering sector's share in Finland's total exports

60–70% Market share held by the top 5 companies in Finland's flat steel sales

The Finnish steel market: the price of the crisis

- Under its contract with Royal Caribbean, Meyer Turku completed the construction of two Icon-class cruise ships and began building two more in 2025. The agreement calls for the construction of five ships. Each Icon-class ship requires 50,000–60,000 tons of heavy-gauge steel.

- Rauma Marine Constructions, the second-largest shipyard, completed a major order for a series of ferries for Tasmania in 2025.

Over the past 5 years, the installed capacity of Finnish wind farms has nearly tripled. Since 2021, the industry have been experiencing a real boom. In November 2025, the number of wind turbines in operation exceeded the psychological threshold of 2,000 units.

Demand for long products

Finland's construction sector, the main consumer, faced the consequences of the European Central Bank's interest rate hikes in 2022–2025, which led to a drop in housing demand. This was compounded by a sharp rise in the cost of imported rebar and shaped steel from Germany and Poland.

This resulted in a record number of bankruptcies among small developers. In 2023—782, in 2024—747, and in 2025—768. By comparison, during the prosperous 2010s, an average of 450–500 companies closed annually in Finland's construction sector.

In 2024–2025, the number of new residential construction starts fell to levels last seen in the 1990s. Compared to 2021, the market has shrunk threefold—to the physical minimum necessary to maintain the existing housing stock. In Helsinki and Tampere, the housing shortage has become critical.

In 2025, renovation projects accounted for around 50% of all completed residential construction work.
Unlike new construction, building insulation projects involve very limited steel consumption.

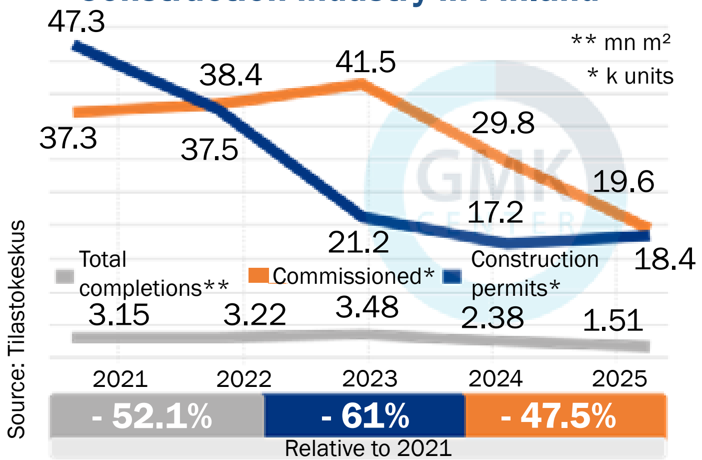
As a result, long-product consumption fell from approximately 0.82 million tons in 2021 to 0.44 million tons in 2025. The decline would have been even steeper without government infrastructure projects and investment in data center construction.

Outlook for flat-product consumption

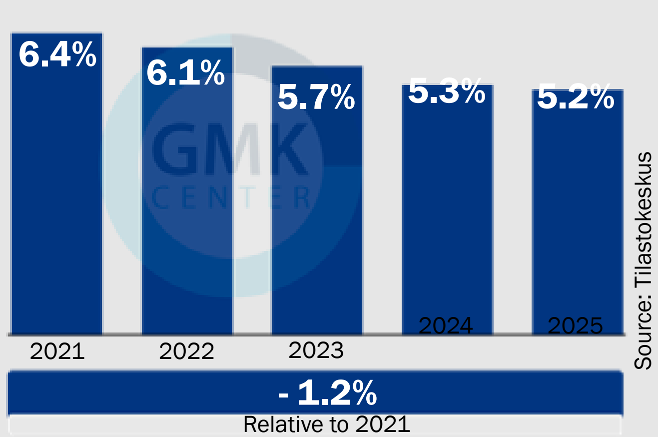
Shipbuilding remains the key driver. As of May 2026, the volume of new contracts for Finnish shipyards had increased by 18% compared to the previous year. Overall, the order book exceeds €10 billion.

- At Meyer Turku, the order book is filled through 2028–2030.

Construction industry in Finland



Share of construction in Finland's GDP



The Finnish steel market: the price of the crisis

- Rauma Marine Constructions has begun work on a government contract to build four Pohjanmaa-class corvettes for the Finnish Navy. Delivery is scheduled for 2026–2029. The company has also received an order from the U.S. Coast Guard (USCG) to build two icebreakers under the ICE Pact international agreement. Delivery of the vessels is expected in 2029.

- Helsinki Shipyard, the third-largest shipyard, is also involved in this project through its parent company Davie. It will build two icebreakers for the USCG and one Polar Max heavy icebreaker for the Canadian Coast Guard (CCG).

Finland's state program to modernize its icebreaker fleet, approved by the government in 2025, is unlikely to impact steel sales in 2026. The tender for the first icebreaker was announced in February and will conclude this fall. There is no doubt that one of the local shipyards will win the contract. However, actual purchases of steel sheets for the construction of this vessel are not expected until December at the earliest.

All of this allows us to forecast full capacity utilization of Finnish shipbuilding facilities for the next four years and guarantees stable consumption of sheet steel.

The continued expansion of the wind power sector will increase demand for flat-rolled steel. According to plans by the system operator Fingrid, the capacity of onshore wind farms is expected to reach 15–18 GW by 2030. An additional factor is the launch of offshore wind farm construction projects, which require significantly more steel.

Until now, offshore wind power has been virtually nonexistent in Finland. As of early 2026, its capacity stood at just 44 MW. However, by 2030, this figure is expected to rise to 1 GW—an increase of approximately 25 times.

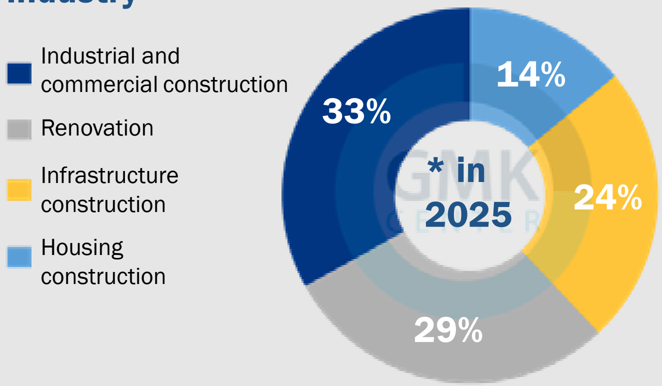
Finnish utility companies, for their part, are promoting the development of wind energy. In 2025, they signed a record number of PPAs for the purchase of electricity from future wind farms. In other words, these facilities have not yet been built, but their output is already contracted for 10–15 years in advance.

With such long-term guaranteed buyers in place, energy companies have no trouble securing financing for construction. Additionally, the government has extended tax incentives for large green investments (€50 million and up) through the end of 2027. All of this makes Fingrid's plans entirely realistic.
Demand for sheet steel from the automotive industry is expected to return to at least pre-crisis levels thanks to the agreement with Patria signed at the end of 2025. Valmet Automotive has announced that it will begin producing armored vehicles starting in 2026.

No figures have been disclosed, but it is worth noting the €400 million increase in Finland's defense budget in 2026—bringing it to €6 billion. As announced, part of these funds will go toward replacing obsolete armored vehicles in the Army.

These factors, together with stable demand from the heavy machinery sector, support a forecast for flat steel consumption to increase by 2.6% in 2026, reaching 1.17 million tons.

Structure of the Finnish construction industry*



Source: open data, calculations

0.44 Mt

Finland's reduced long steel products consumption in 2025

€10+ bn

The combined order book of Finnish shipbuilding yards

The Finnish steel market: the price of the crisis

Outlook for long-rolled consumption

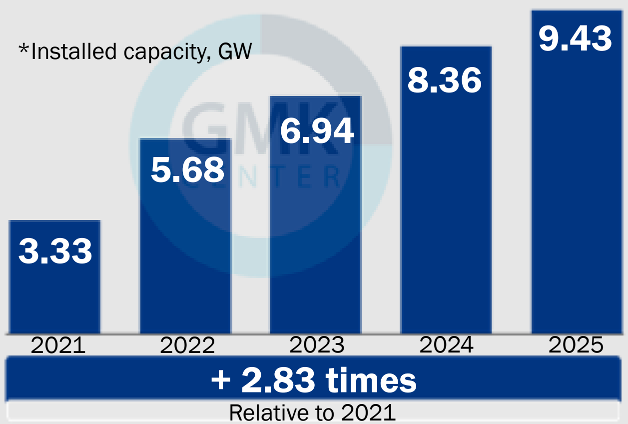
The infrastructure sector will remain the main consumer of long products. In 2026, the Finnish government allocated €3.78 billion for the development of transportation networks. The most steel-intensive projects include:

- Modernization of the 116-km Riihimäki–Tampere railway line. In addition to replacing the track superstructure (rails and ties), the project includes the construction of new passing loops and signal boxes in Lempäälä, Kuurila, Leteensuo, and Turenki. Expenditures in 2026 will amount to €1.2 billion.
- Modernization of Highway 9. This includes, in particular, the construction of multi-level interchanges on the "Alasjärvi-Suinola" and "Tampere-Jyväskylä" sections, as well as a new bridge in the Lievestuore area. Expenditures for 2026 have been approved at €900 million.
- The «Military Mobility» program. This involves reinforcing existing bridges and roads to accommodate heavy military equipment. €200 million will be spent on these purposes in 2026.

Long-rolled consumption is projected to grow by 2.2%. Due to a 7% increase in the number of new building permits in 2025, the completion of new buildings in 2026 is expected to rise to 26.5–27 million m². The main driver will be the industrial sector (construction of data centers and green steel facilities), while the residential sector will continue to stagnate.

Overall, steel consumption is expected to rise to 1.62–1.65 million tons. This is very modest growth and still 15% below pre-crisis levels in 2021. However, a recovery trend is already visible.

Wind energy development in Finland*



Source: Suomen uusiutuvat ry

+2.6%

Expected recovery in Finnish flat steel products consumption for 2026

+2.2%

Expected rebound in Finnish long steel demand for 2026

The Norwegian steel market: the secrets of its stability

Sales of finished steel are expected to rise to 1.72 million tons in 2026

The Norwegian steel market is resilient to external shocks. Its consumption pattern differs from the traditional pan-European model. Restructuring of procurement in key sectors creates a false impression of a decline. However, the economy's actual steel intensity is on the rise.

Industry overview

The sole steel producer is the EAF plant in Mo-i-Rana. It specializes in rebar and wire rod, with a steelmaking capacity of up to 900,000 tons per year. It uses local scrap (100% self-sufficiency) and green energy from local hydroelectric power plants for production. Its products are considered among the most environmentally friendly in Europe—specific emissions amount to 0.2 tons.

The plant was previously known as Celsa Armeringsstål. In 2025, the Spanish Celsa Group sold its Scandinavian and British assets to the Czech company Sev.en Global Investments. The plant now operates under the 7 Steel Nordic brand.

Between 2021 and 2024, the Spanish company carried out a comprehensive pre-sale modernization at Mo-i-Rana.

*** The EAF scrap charging system was completely reconstructed.**

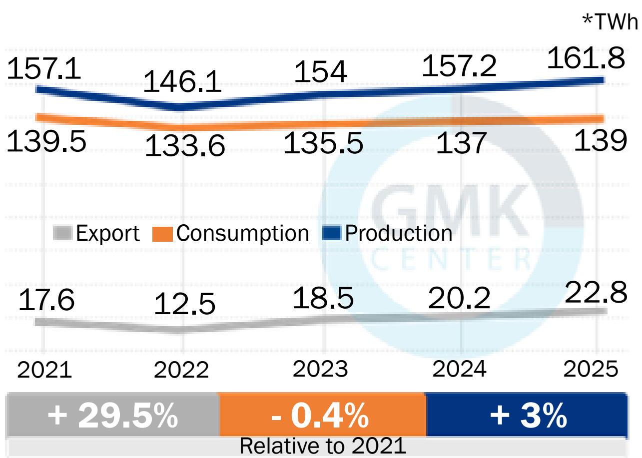
*** The Hot Charging system has been implemented. Instead of being cooled in the storage yard, the hot continuously cast billet is transferred directly via an enclosed conveyor to the rolling mill's reheating furnace. This saves tons of gas during the final reheating phase before rebar rolling.**

*** Baghouse filters with activated carbon injection were deployed to replace the legacy gas cleaning system, radically reducing fugitive emissions.**

*** The closed-loop water recycling system was upgraded with advanced filtration and cooling technologies, minimizing wastewater discharge into the Ranfjord.**

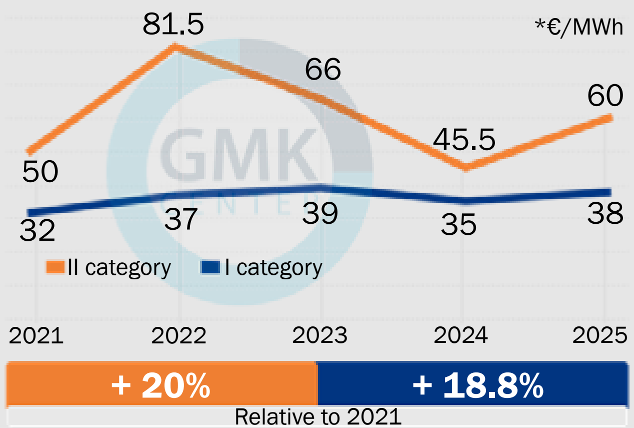
At Celsa Armeringsstål, a digital footprint for finished products was introduced for the first time in Northern Europe. Now, a buyer (for example, a developer in Oslo) can use a QR code to see the exact amount of CO^2 emissions for their specific batch of rebar.

Energy balance of Norway*



Source: Statnett

Average electricity price for industry in Norway*



Source: Nord Pool Group

900 ktpa

Norway's annual steelmaking potential

0.2 t CO^2/t steel

Specific carbon footprint of Norway's steelmaking sector

The Norwegian steel market: the secrets of its stability

This allows the product to be sold at a premium for its environmental credentials.

The total investment in these projects amounts to €23.22 million, and in the context of decarbonization, they represent Best Available Technology (BAT). Sev.en Global Investments was directly involved in the hydrogen transition at Mo-i-Rana. Under its management, the plant commissioned a new rolling mill reheating furnace in 2025 capable of operating on both natural gas and hydrogen. The budget reached €28 million.

The 7 Steel Nordic plant is technically ready to receive hydrogen, but its supply on an industrial scale is delayed. The state-owned energy company Statkraft is responsible for the construction of the hydrogen hub at Mo Industripark (where the EAF plant is also located). It is postponing the launch due to the rising cost of electrolysers.

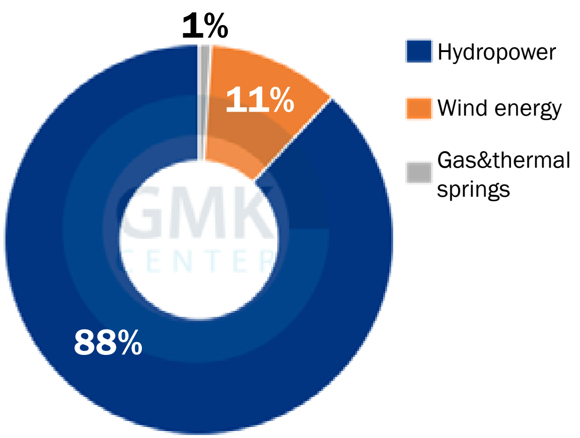
Until hydrogen is available in the required volumes, 7 Steel Nordic uses biogas for preheating steel, confirming its green status.

The impact of government policy

The government is not limiting itself to building hydrogen infrastructure for the steel industry (such as the aforementioned Hydrogen Hub Mo). It is prepared to fund up to 50% of the cost of any project that guarantees a radical reduction in CO2 emissions. The main instruments of this policy are:

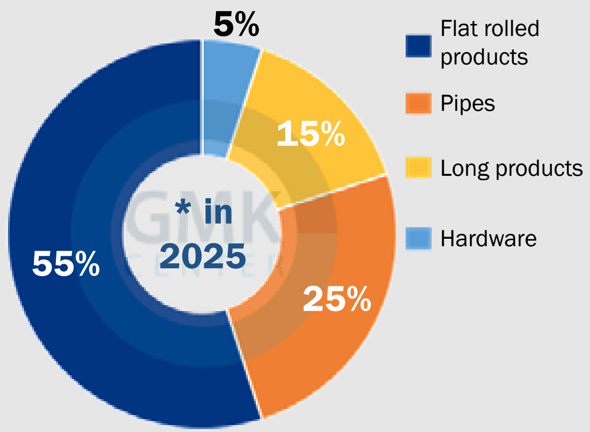
- Enova, a state-owned fund under the Ministry of Climate and Energy. It provided €10.5 million for a new heating furnace in Mo-i-Rana as a grant. The state's share of the project's costs is 37.5%.
- The IPCEI (Important Projects of Common European Interest) program. Norway is part of the European Economic Area, so the national government funds industrial projects that have been granted IPCEI Hydrogen status. In particular, the chemical company Yara received €10.5 million to develop the production of green ammonia.
- The state-run Innovation Norway fund provides low-interest green loans and grants to medium-sized companies—such as steel processors Nordic Steel and Sverdrup Steel.

Energy structure of Norway



Source: Statnett

Structure of Norway's steel imports*



Source: SSB, calculations

€51.2 mn

Total CapEx in the Norwegian steel industry (2021–2025)

37.5%

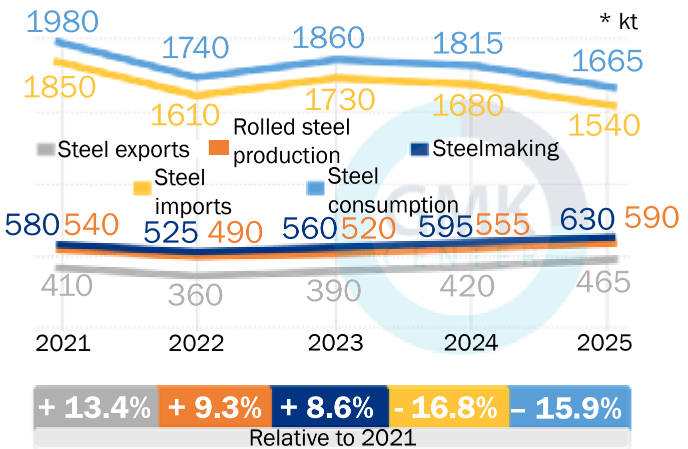
Government co-investment share in 7 Steel Nordic's decarbonization

The Norwegian steel market: the secrets of its stability

- Over the past 3–4 years, they have collectively invested €15–25 million in expanding production facilities, purchasing Bystronic automated laser cutting systems and robotic welding stations, and implementing Environmental Product Declarations (EPDs). The government co-financed these projects to make it easier for Norwegian companies to win international tenders.
- Compensation for industrial companies' indirect CO_2 emissions costs (ETS Compensation) resulting from the addition of the cost of carbon allowances (EU ETS) to the energy tariff.
- The Hovedregelen mechanism. These are amendments to the Public Procurement Regulations (Anskaffelsesforskriften) and the Regulations on Procurement in the Utility and Energy Sectors (Forsyningsforskriften), approved by the Norwegian Ministry of Trade, Industry, and Fisheries in 2023.

Under Hovedregelen, in any public tenders (construction of roads, bridges, tunnels, hospitals), the weight of environmental criteria (carbon footprint) must account for at least 30% of the total bid evaluation. In this way, the state guarantees domestic sales for local producers who have invested in environmental sustainability.

Norway's steel market*



Source: SSB

Energy sector

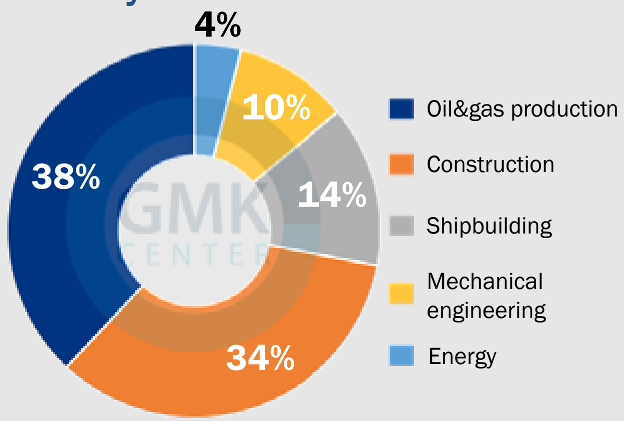
Energy-intensive industries account for 40% of total energy consumption. These primarily include the aluminum plants of Norsk Hydro and Alcoa, as well as the ferroalloy plants of Elkem and Eramet. 7 Steel Nordic also belongs to this sector.

The residential and commercial sector consumes 55% of domestic energy. This high figure is due to the complete absence of centralized heating powered by natural gas or coal: individual electric heating is used almost everywhere. The remaining 5% goes to the transportation sector.

Hydropower is the backbone of the energy system, comprising about 1,800 hydroelectric power plants, plus a vast network of reservoirs. These account for approximately 50% of all pumped-storage capacity in Europe. The energy mix is stable, but electricity production fluctuates depending on weather conditions (precipitation and wind).

This led to a sharp decline in production and exports in 2022, which was an unusually dry year in Norway. In contrast, 2025 set a record for these metrics thanks to significant snowfall and rainfall early in the year. However, the country remains a stable net exporter of electricity even in relatively unfavorable years. For now, at least.

Structure of steel consumption in Norway*



Source: open data, calculations

The Norwegian steel market: the secrets of its stability

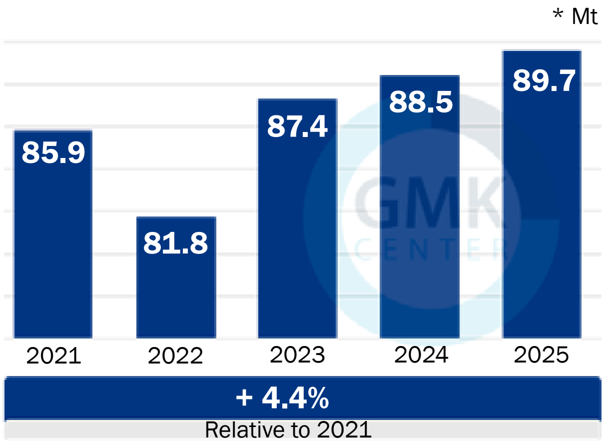
Consulting firm DNV notes that demand for electricity in Norway is growing six times faster than new generating capacity is being added. The domestic market is being filled by new customers: data centers and electrification projects for offshore oil and gas platforms. And soon, traditional industrial consumers, including 7 Steel Nordic, will have to compete for megawatts with the IT sector and the oil and gas industry. This will mark the end of the era of cheap electricity for Norway.

This is the main reason why the Scandinavian Blastr Green Steel project was split into two parts. Initially, the entire H2-DRI-EAF complex was supposed to be built in Norway. Later, it was decided to locate the EAF plant in Finland and keep H2-DRI production in Norway. Investors fear that by 2030, Norway could shift from being a net exporter of electricity to an importer during peak winter periods. This would undoubtedly "kill" the profitability of future hydrogen steel.

For now, the situation remains favorable for steelmakers. The surplus of cheap hydropower allows the plant in Mo-i-Rana to include a minimal energy component in the cost of steel.

Industrial consumers in Norway are divided into two categories. The first includes energy-intensive industries (7 Steel Nordic, aluminum and ferroalloy plants), and the second includes all others.

Oil production in Norway*



Source: Sokkeldirektoratet

The lower electricity price for Category I consumers is the result of long-term PPAs with hydroelectric power plants, signed 10–20 years in advance. This protects steelmakers from panic on the spot energy exchange.

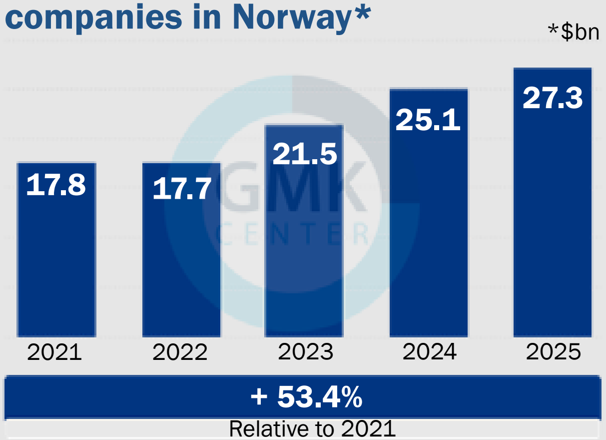
An important feature of the Norwegian energy market is its geographical division. As in Sweden and Finland, the southern region (energy zones NO1, NO2, NO5) is connected to Germany and the UK, partially importing expensive European electricity from there. Zone NO4, where 7 Steel Nordic is located, is situated in the north. There is always a surplus of electricity here, as there are no overland power lines for export to Sweden or undersea lines to the UK and continental Europe.

In 2022–2023, the spot price in northern Norway could be €10–15/MWh. In the south, steel processors Nordic Steel and Sverdrup Steel paid €100/MWh, while German steelmakers paid up to €250/MWh.

Market profile

Norway is a net importer of steel. Demand for flat-rolled products and pipes is entirely met by foreign suppliers. The main sources are Germany, Sweden, the Netherlands, and the United Kingdom.

Investments by oil&gas companies in Norway*



Source: Sokkeldirektoratet

€10–15/MWh

The electricity tariff secured by 7 Steel Nordic in 2022–2023

80–85%

of Norway's total steel consumption is covered by imports

The Norwegian steel market: the secrets of its stability

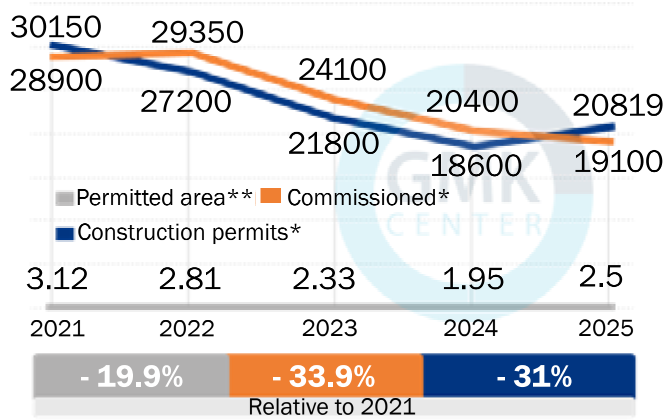
Shaped steel for construction is imported from Germany, from ArcelorMittal plants in Spain and Luxembourg, and from British Steel in Scunthorpe. Light-gauge shaped steel and special profiles come from SSAB plants in Sweden. Polish manufacturers supply prefabricated steel structures. Imports account for 80–85% of total steel consumption.

Norwegian steel exports have traditionally been focused on Sweden and Denmark. In 2025, shipments to Germany and the Czech Republic began. There, Norwegian rebar and wire rod outperform competitors thanks to their ultra-low carbon footprint.

The export breakthrough occurred after new owners took over Armeringsstål. At that time, the plant, now operating under the 7 Steel Nordic brand, was able to certify its products to the ČSN 42 0139 standard and win tenders to supply rebar for the construction of the Czech D11 and D35 highways. It is also used on construction sites in Prague, Brno, and Ostrava. Sev.en Global Investments has identified the Czech Republic as a new priority sales market.

Consequently, in 2025, Norwegian crude and rolled steel production, as well as exports, achieved their best performance in recent years, despite a contraction in the domestic market.

Structure of the Norwegian construction industry*



Consumption of flat steel

The structure of steel demand in Norway differs from that of most European countries, where traditional machinery manufacturing and construction dominate. Here, the market is driven by offshore oil and gas production, as the construction of floating drilling platforms requires enormous quantities of sheet steel and pipes.

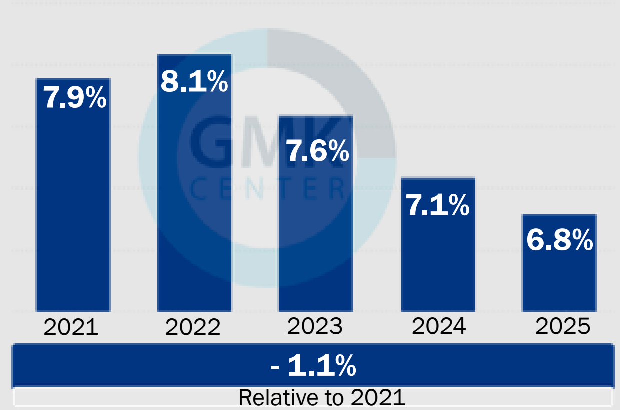
Heavy machinery manufacturing is also linked to this sector. Local plants specialize in hydraulic cranes for drilling platforms and other deck equipment.

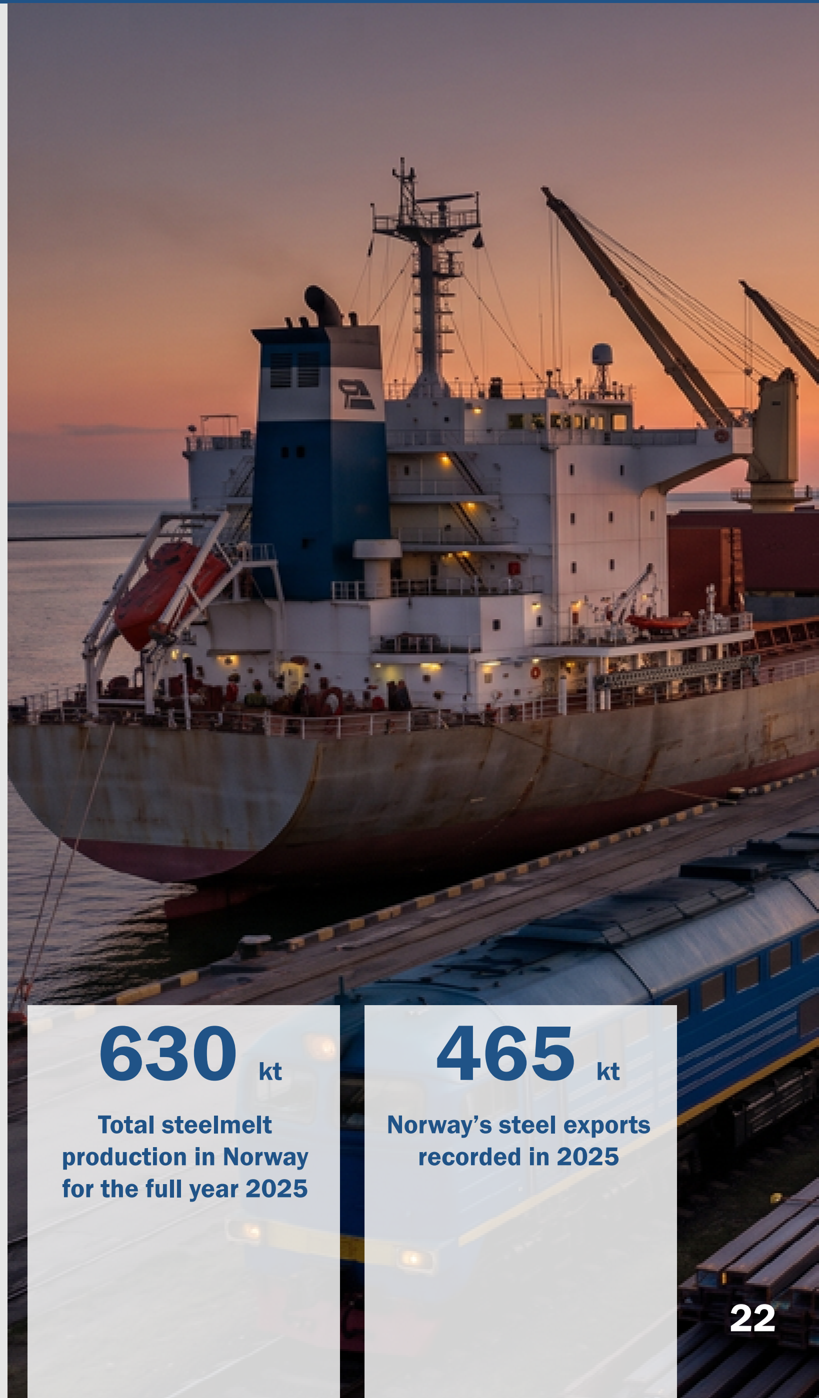
Another significant sector is shipbuilding. Norwegian shipyards have focused on a high-tech specialized fleet: research and expedition vessels, and automated electric port ferries.

The largest consumers of flat steel in Norway:

- VARD Group, part of the Italian shipbuilding conglomerate Fincantieri. Construction of large-tonnage support vessels for offshore wind energy, research vessels, cruise liners, and specialized platforms. Includes the shipyards Vard Langsten, Vard Brattvaag, and Vard Søviknes.

Share of construction in Norway's GDP*





630 kt

Total steelmelt production in Norway for the full year 2025

465 kt

Norway's steel exports recorded in 2025

The Norwegian steel market: the secrets of its stability

- Aibel AS, which operates a massive shipyard in Haugesund. Here, modules for drilling platforms and floating substations for offshore wind farms are assembled.
- Aker Solutions, whose plants in Verdal and Egersund manufacture steel jackets for drilling platforms and floating wind turbines.
- Nordic Steel, the largest specialized center for precision sheet steel processing. A leading supplier to Norway's defense, aerospace, and construction industries.
- Tibnor AS and BE Group, large steel service centers. They engage in steelworking and supply finished blanks to small and medium-sized Norwegian engineering and construction companies.

Norway's oil and gas sector is on the rise, as evidenced by data on oil production and corporate investment. At the same time, direct capital construction and the development of new facilities accounted for about 60% of total expenditures. Despite this, apparent steel consumption has declined. Why is that?

The offshore sector (VARD, Aibel, Aker Solutions) is indeed currently experiencing peak capacity utilization. However, over the past five years, market participants have radically changed their procurement structure. Instead of importing rolled steel and assembling structures domestically, Norwegian customers are increasingly purchasing ready-made modules. This is necessary to reduce domestic labor costs.

Large sections of ship hulls for VARD shipyards are often welded at their own subsidiary shipyard in Romania (Vard Tulcea) and shipped to Norway by sea for final assembly. Heavy bridge spans and trusses are now shipped ready-made from Poland or the Baltic states.

Overall, this leads to a decline in apparent consumption—after all, the steel mill shipped the steel plate not to Norway, but to a Polish or Romanian plant.

Formally, the steel was "absorbed" by the Polish or Romanian economies, and it arrived in Norway already as a high-tech finished product.

Therefore, the trend in apparent consumption does not indicate a physical lack of demand for steel, but rather a profound transformation of supply chains. The primary stage of steel processing (cutting, welding, assembling sections) has been shifted outside Norway.

Wind energy is not a driver of steel demand. Protests against the construction of onshore wind farms were so massive that in 2019 the government imposed a three-year moratorium on issuing new permits. However, even after its expiration, the situation remained unchanged. In 2023–2025, the rejection rate of new wind farm projects by municipalities reached nearly 100%.

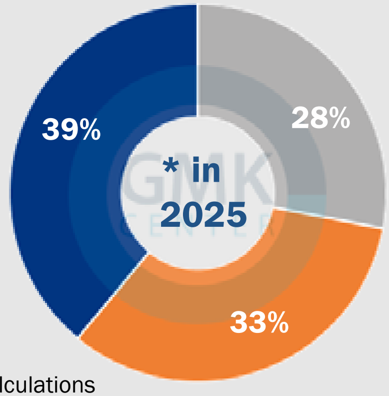
Offshore wind energy is in its early stages. Only the state-owned oil and gas giant Equinor has its own floating wind farm with a capacity of 95 MW, but it is not connected to the national grid. The purpose of this wind farm is to supply electricity to the Snorre and Gullfaks offshore platforms.

Structure of the Norwegian construction industry*

Infrastructure construction

Industrial and commercial construction

Housing construction



Source: open data, calculations

60% of CapEx

Allocated to new production capacities by Norway's oil&gas sector (2021–2025)

95 MW

is the current operational capacity of Norway's offshore wind energy sector

The Norwegian steel market: the secrets of its stability

Consumption of long steel

Residential construction is the very sector that is dragging down demand for long products. Norges Bank's key interest rate rose from 0% to 4.5% between 2021 and 2023. Mortgage loans became unaffordable, and developers faced a sales crisis. The market hit bottom in 2024, when the number of new building permits fell by nearly half compared to 2021.

In 2025, positive momentum emerged for the first time in the past five years. This was aided by Norges Bank's rate cut to 4%. However, the number of building permits issued is still one-third lower than in pre-crisis 2021.

The infrastructure sector partially offset this decline by purchasing more expensive specialized rebar and profiles with an ultra-low carbon footprint for the construction of bridges, tunnels, and roads.

Among the most significant projects for 2021–2025 in terms of steel consumption:

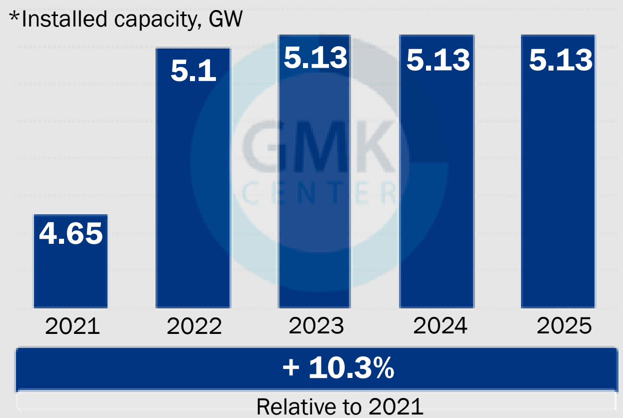
- Construction of the Follobanen high-speed rail line, connecting Oslo with neighboring regions. It includes the longest railway tunnel in Scandinavia—the 20-kilometer-long double-track Blixtunnelen.
- Modernization of the Vestfoldbanen and Dovrebanen lines. New double-track sections and tunnels were built here (for example, the Drammen-Kobbervikdalen project).
- Reconstruction of the E39 coastal highway between Kristiansand and Trondheim. This includes the Rogfast project—the construction of a 26.7-km twin-tube undersea tunnel. This is an unprecedented engineering feat, with the tunnel descending to a depth of 392 m below sea level.
- Upgrading of the E6 highway connecting the north and south of the country. Dozens of multi-billion-kroner (NOK) contracts have been implemented here to increase capacity to four lanes, straighten sections, and construct new bridges and tunnels in the Trøndelag and Innlandet regions.
- Modernization of power grids in connection with plans to electrify offshore oil and gas production platforms and the construction of new energy-intensive production facilities. The state-owned company Statnett carried out a large-scale program in 2021–2025 to lay new high-voltage power lines and build substations—particularly in the Vestland and Finnmark regions.
- Construction of a new 8-kilometer metro line in Oslo. It runs from the Majorstuen transit hub to the Fornebu peninsula, a suburban area.

Flat steel demand outlook

The Norwegian Offshore Directorate (Sokkeldirektoratet) forecasts a decline in investments in the oil and gas industry to $24.5–25.5 billion in 2026. Despite this, flat steel consumption in Norway will rise, exceeding 1 million tons for the first time in the last three years. Key drivers:

- The strategy of oil and gas companies is focused on decarbonization. They are cutting costs on drilling new wells, but at the same time are allocating significant budgets to electrify existing platforms from shore to reduce CO2 emissions and avoid paying substantial taxes on them.

Wind energy development in Norway*



Source: Fornybar Norge

$24.5–25.5 bn

Estimated CapEx in Norway's oil&gas sector for 2026

>1 Mt

Projected Norwegian flat steel demand for 2026

The Norwegian steel market: the secrets of its stability

To this end, massive distribution platforms and floating substations are being built at sea.

Aibel and Aker Solutions are currently actively processing heavy plate for these projects.

- Full-scale deployment in 2026 of the Northern Lights project (a joint venture between Equinor, Shell, and TotalEnergies) for CO2 capture and storage beneath the North Sea seabed. Plans include the construction of large storage facilities and onshore terminals for CO2 liquefaction in Norway.

- A practical transition to the development of offshore wind energy. In January 2026, Norway, together with other North Sea countries, signed the "Wind Energy Investment Pact." This serves as the foundation for the industry's development. The Norwegian government has set a goal of achieving 30 GW of offshore wind capacity by 2040.

The tender for the development of the first offshore wind farm, Sørlige Nordsjø II, in the southern part of the North Sea has now been completed. The installed capacity of the first phase will be 1.5 GW. The Belgian-Swedish consortium Ventyr was selected as the winner, and commissioning is scheduled for 2030. The Worley Rosenberg shipyard in Stavanger has been selected as the contractor for the construction of the offshore substation.

Long steel demand outlook

The increase in approved residential floor space to 2.5 million m² by 2025 did not translate into a recovery in reinforcing bar demand from the residential construction sector in 2026. SSB and the analytical agency Prognosesenteret forecast a 2.5–2.7% increase in construction output for the current year, including a 2–2.5% rise in new housing construction. However, this will not lead to increased consumption—most new permits were issued for wooden cottages.

The institutional sector will support demand for long rolled steel. Here, volumes are projected to grow by 12% due to the construction of new public hospitals. As part of the National Health Plan (Og sykehusplan), the government has approved $2.7 billion in loans for these purposes. Funding in 2026 will amount to $750 million (for new and currently under-construction hospitals).
Growth in the infrastructure sector will be 2.7%. The road construction budget for 2026 has been increased to $2.26 billion compared to $1.83 billion in 2024. However, there is a caveat.

The additional production and funding volumes are accounted for by asphalt and earthwork projects. Total demand for long products will decline by 2–2.5%, to 780,000 tons.

The most significant infrastructure projects for steel consumption in 2026 are:

- Construction of the Ringeriksbanen railway line and the E16 highway between Oslo and Bergen. This year, plans call for the construction of 40 km of new double-track high-speed railway and 15 km of a four-lane highway on the "Skaret–Genefoss" section.

- Construction of the E18 (Western Corridor) Lysaker-Ramstadsletta highway. The route runs through densely populated areas, with most of it consisting of complex underground tunnels and interchanges. The concrete work here is characterized by extremely dense reinforcement.

- Continued construction of the Rogfast Tunnel — sustaining stable demand for steel; completion is scheduled for 2033.

- Continued construction of a new metro line in Oslo.

Overall, the capacity of Norway's steel market will grow to 1.72 million tons in 2026, driven by the flat-rolled steel segment. This will require imports of 1.42 million tons, taking into account the projected production of 600,000 tons in Mo-i-Rana and the export plans of Sev.en Global Investments.

2–2.5%
is the projected decline in Norway's long steel products demand in 2026

1.42 Mt
Projected Norwegian steel imports for the full year 2026

The Danish steel market: why is it stagnating?

Consumption of finished steel is set to rise to 1.43–1.45 million tonnes in 2026

The trend in steel sales in Denmark shows little correlation with developments in the country's economy. Despite large-scale government investment in infrastructure and the expansion of the wind energy sector, demand for finished rolled steel remains stagnant. The explanation lies in a shift in consumption patterns, which no longer reflect the actual demand for steel.

Industry overview

The sole rolled steel producer is the NLMK DanSteel (NDS) rolling mill, with an annual capacity of 750,000 tonnes. It specialises in heavy plate for the wind energy and shipbuilding sectors.

The total investment by the Russian NLMK Group in the Danish asset since its purchase in 2002 has exceeded €200 million. By 2021, a large-scale modernisation had been completed here, with capacity increasing from 500,000 to 750,000 tonnes. The rolling mill underwent a major overhaul. It can now process ultra-heavy slabs up to 260 mm thick.

In 2022–2023, the plant upgraded its fuel supply system and heating furnace injectors — against the backdrop of soaring European energy prices. This created the technical capability to replace natural gas with biomethane.

Denmark is one of Europe's leading producers of biomethane, which is why NDS was able to purchase certified biogas. This reduced Scope 1 emissions by 20–25%.

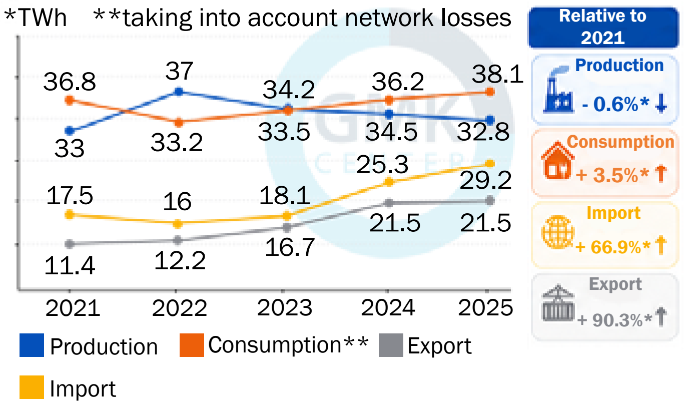
The Duferco Danish Steel AS (DDS) rolling mill, with an annual capacity of 500,000 tonnes, is located on the same site as NDS. This plant produced long products until June 2025, after which it ceased operations following a decision by its owners, the Swiss group Duferco. According to the plant's CEO, Giuliano Bo, it had been making losses for 14 out of the 19 years it was part of Duferco.

The European energy crisis of 2022–2025 hit DDS much harder than NDS, due to the higher energy intensity of its production. At the same time, DDS faced sales difficulties against a backdrop of falling construction activity in Denmark and Germany. This was compounded by an increase in cheap rebar imports from South-East Asia.

Finally, NDS, thanks to its exemption from EU anti-Russian sanctions, receives cheap slabs from Lipetsk. DDS was forced to purchase European billets, which had risen sharply in price. Consequently, the resumption of operations at Duferco Danish Steel is not anticipated in the foreseeable future.

Energy balance of Denmark*

*TWh **taking into account network losses



Source: Energinet

Average electricity price for industry in Denmark*

Source: Nord Pool Group

The Danish steel market: why is it stagnating?

Impact of government policy

In Denmark, the state does not provide financial support for steelworks decarbonisation projects, as is the case in Sweden, Finland, and Norway.

Decarbonisation of the steel industry in Denmark is indirectly supported through the implementation of the European Industrial Accelerator Act. Under this legislation, at least 25% of the steel used in the construction of wind farms and infrastructure with state involvement must have a low carbon footprint.

As a pure re-roller, NDS's Scope 1 and 2 emissions are relatively low. The greatest challenge by 2030 will be Scope 3 — the high carbon footprint of Russian slab. The main issue the plant in Frederiksværk needs to resolve is where to find a new, greener supplier of semi-finished products.

The energy component

Wind power is the cornerstone of Denmark's energy balance. Hence its inevitable volatility. When the wind blows, Denmark floods Germany, the Netherlands, and the UK with cheap electricity. When the wind drops, Danish industry survives on imports from Sweden and Norway.

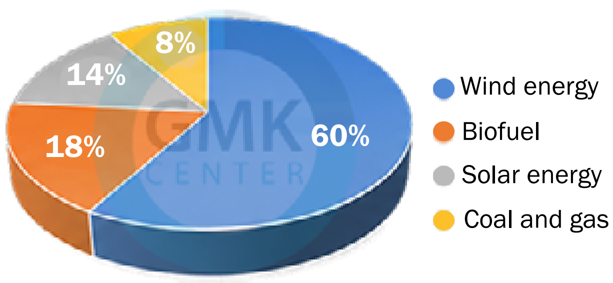
For the DanSteel plant, this means extreme price fluctuations. During periods of peak wind, the cost of electricity drops to zero or even goes into negative territory. But during windless winter weeks, it can soar to €200–400/MWh. Therefore, the resumption of electric steelmaking at Frederiksværk does not appear feasible.

In Denmark's energy consumption breakdown, industry ranks a modest third. In neighbouring Sweden and Finland, the industrial sector accounts for twice that share. And very soon, Danish factories will have to compete for megawatts with new consumers from the IT sector.

According to estimates by the Danish grid operator Energinet, by the end of the 2020s, data centres will account for 15–20% of the country's energy consumption. For metalworking and rolling mills, this means an additional premium on energy market prices. Especially on windless days.

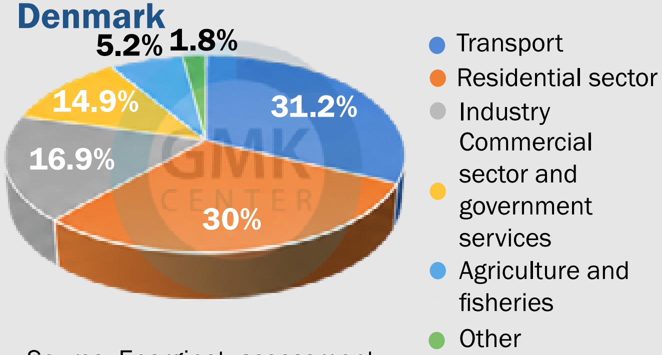
The final cost of electricity for industrial consumers in Denmark is high by Scandinavian standards. This is the case even with relatively moderate base prices on the Nord Pool wholesale energy exchange. The reason lies in heavily inflated grid charges, distribution tariffs and specific environmental taxes. The state passes the latter on to the non-domestic sector.

Energy structure of Denmark

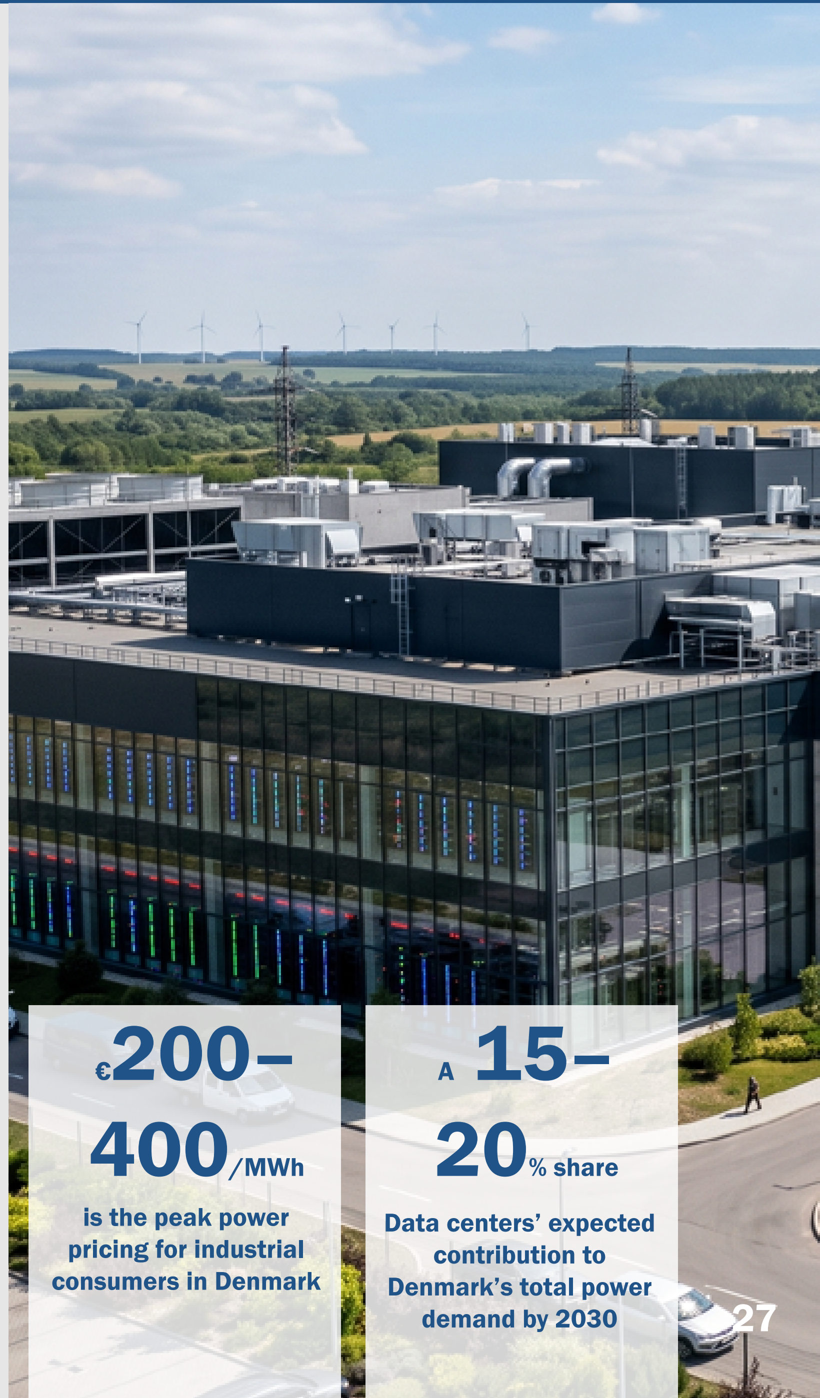


Source: Energinet

Energy consumption structure of Denmark



Source: Energinet, assessment



The Danish steel market: why is it stagnating?

Market profile

A key feature of the Danish steel balance is that rolled steel production is disconnected from the structure of domestic consumption. NDS operates almost entirely on the export market. Demand from the engineering, wind energy and construction sectors is met by imports.

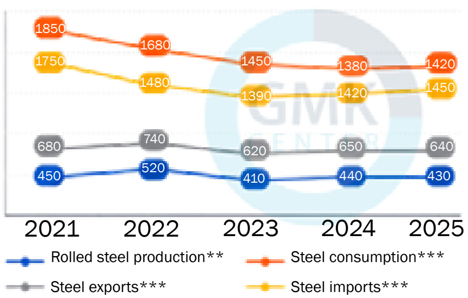
Foreign orders are estimated to account for 80–85% of NDS's order book. The main customers are heavy engineering and steel structure plants in Germany and Sweden, as well as shipyards in Belgium and the Netherlands. This explains the growth in domestic production in 2022, despite a slump in steel consumption in Denmark itself.

HRC, CRC, HDG, shaped steel and reinforcing bars are sourced from Germany (ThyssenKrupp and Salzgitter), Sweden (SSAB), Finland (Outokumpu), Poland (ArcelorMittal Poland and CMC Poland) and the Netherlands (Tata Steel IJmuiden). Import volumes consistently exceed consumption due to re-export following further processing at local steel service centres (SSCs).

These centres purchase coils and sections, cut them to precise dimensions, stamp, profile, apply protective coatings or convert them into assembly units. After this, the steel changes its customs status and is shipped to engineering plants in Sweden, Norway, and Germany as a finished commercial product. This scheme determines the dominance of flat steel in the import structure.

Danish steel market*

* kt **Heavy Plate ***finished steel



Source: Danmarks Statistik

Consumption of flat-rolled steel

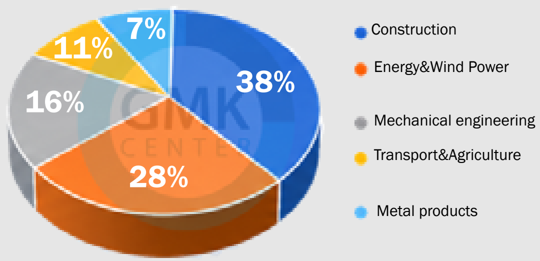
Heavy plate accounts for 45–50% of sales. This is due to Denmark's global leadership in the wind energy sector. Vestas Wind Systems AS manufactures and supplies wind turbine equipment to many European countries. Heavy plate steel is primarily used in its production. The support towers may be manufactured by local steel structure plants, but the company manufactures the wind turbines themselves without localisation.

The next largest consumer is the engineering sector. This includes SSC, which manufactures frame structures for Swedish automotive giants (Scania and Volvo Trucks). In the statistics, they are listed as the 'automotive supply chain', although Denmark has no domestic car manufacturing industry.

The top five largest steel consumers include:

- Vestas Wind Systems AS, manufacturer of wind turbines and towers for onshore wind farms.
- Titan Wind Energy (Europe) and CS Wind Offshore (Bladt Industries) specialise in wind turbine towers, foundations, and platforms for offshore wind farms, as well as floating substation units.
- Højbjerg Maskinfabrik AS (HMF Group), manufactures heavy-duty hydraulic mobile cranes. These are mounted on chassis from Swedish manufacturers Scania and Volvo, and German manufacturer MAN.

Structure of steel consumption in Denmark



Source: open data, calculations

80–85% of DanSteel's total order book consists of export contracts

45–50% of all steel sales in Denmark are accounted for by heavy plates

The Danish steel market: why is it stagnating?

- Ib Andresen Industri AS, a manufacturer of steel sections and stamped components for third-party customers, including car manufacturers.Grundfos AS, a global leader in the manufacture of pumping equipment.

The construction of its wind farms in Denmark in 2022–2023 was put on hold due to rising prices for finished steel. The industry operated exclusively on export contracts and the replacement of old turbines at existing wind farms. In 2024–2025, the increase in steel consumption was driven by the construction of the Vesterhav Nord and Vesterhav Syd offshore wind farms with a combined capacity of 350 MW.

Consumption of long products

The construction industry, the main consumer of long products, plunged into crisis following Nationalbanken’s base rate hikes in 2022–2023. This dealt a blow to housing construction. Between the peak year of 2022 and the crisis year of 2024, the residential property market contracted by 1.38 million m². For a country the size of Denmark, this represents a colossal drop in construction activity, which has affected sales of reinforcing bars and shaped steel.

Demand for steel was driven by the infrastructure sector and industrial construction. Major infrastructure projects involving vast quantities of steel structures include:

- Construction of the Fehmarnbelt Fixed Link tunnel. It will run along the seabed of the Baltic Sea and connect the Danish island of Lolland with the German island of Fehmarn. The project spans 18 km and includes a four-lane motorway and two electrified railway lines. The total budget is €7 billion.
- The creation of the 275-hectare artificial island of Lynetteholm in Copenhagen. Here, vast quantities of steel sheet piling are being used to form the island’s outer perimeter. It serves a dual purpose: protecting the city from storm surges and creating a residential area for 35,000 people. The cost of phase one of the works is €2.7 billion.
- Construction of the new 4 km-long Storstrøm Bridge. It will connect the islands of Zealand and Falster. Plans include the construction of a dual-carriageway motorway and a high-speed railway line.Reconstruction of the 115 km ‘Ringsted–Redby’ railway line. Construction of a second track, electrification, and widening of the Gulborgsund and Masnedsund bridges.
- Construction of the M4 metro line in Copenhagen.

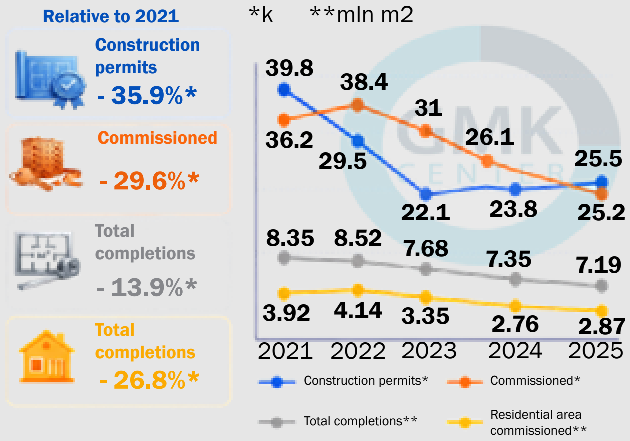
The increase in industrial space commissioned is driven by the construction of data centres and the strategy of Danish pharmaceutical giant Novo Nordisk. It is building new factories in Odense and Hillerød, as well as expanding its existing facility in Kalundborg. The total cost of these projects is €6.53 billion.

Outlook for steel demand

The specific characteristics of the Danish economy suggest that steel consumption is set to rise to 1.43–1.45 million tonnes by 2026. In this scenario, sales of flat steel products will increase by 2.5–3%, reaching 740–770 thousand tonnes.

Danish demand for sheet steel is linked to the wind energy sector and the global power generation machinery industry, rather than the traditional automotive sector.

Construction industry



Source: Danmarks Statistik

The Danish steel market: why is it stagnating?

Sales trends are driven not by the availability of car loans, but by entirely different factors.

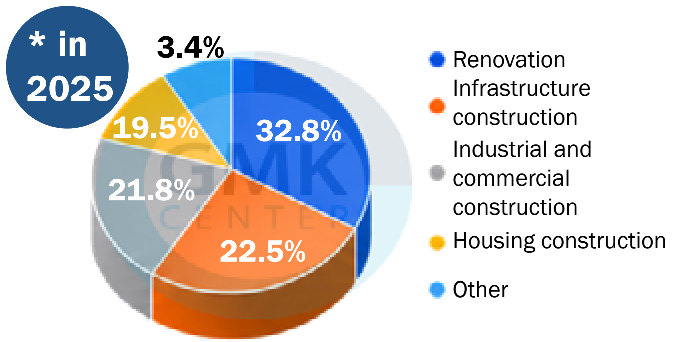
- Production of wind turbines, towers, and foundations for wind farms remains stable, ensuring continued demand for heavy plate. The capacity of Danish wind farms is expected to increase to 8.82 GW by the end of 2026.

The growth driver is the construction of Thor, Denmark's largest offshore wind farm with a capacity of 1.1 GW. Turbine installation has already begun there. Local manufacturers of towers and steel structures (Welcon, Bladt Industries) are fully booked with orders for this project.

- Continued modernisation of existing wind farms. The installation of new turbines with a capacity of up to 15 MW requires the replacement of tower foundations. Of the 5,600 operational turbines, 1,800 have reached the end of their 20-year service life (or will do so in 2026–2027).

- Whilst the European engineering sector is declining, Danish companies (Grundfos and Danfoss) remain confident thanks to global demand for energy-efficient equipment and industrial heat pumps.

Structure of the Danish construction industry*



Source: open data, calculations

The projected 2.7% increase in construction output in Denmark (in monetary terms) by the end of 2026 suggests a 2% rise in demand for long products, to 610–630 thousand tonnes.

Residential construction remains under pressure from the Nationalbank's high policy rate. The drivers are previously launched infrastructure projects: the continuation of the Fehmarnbelt Fixed Link tunnel, the construction of the Storstrøm Bridge, and works on Lynetteholm Island.

Industrial construction will maintain positive momentum thanks to the commissioning of new data centres. According to a forecast by the Danish association Datacenterindustrien, data centre capacity will grow from 556 MW in 2025 to 608 MW by the end of 2026. The main project is the construction of the 200 MW Thylander data centre in Esbjerg. The completion of phase I is now entering the final stages.

An important point to note. Given the above, the demand for steel in Denmark could have been significantly higher. However, as in Norway, local manufacturers try wherever possible to outsource primary metal processing, retaining only the finishing and assembly stages.
For example, all 72 massive monopiles for the Thor wind

Share of construction in Danish GDP

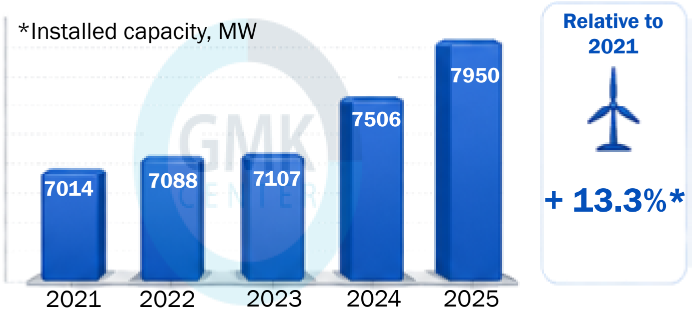
Source: Danmarks Statistik

The Danish steel market: why is it stagnating?

farm were manufactured at the German EEW SPC plant in Rostock. The wind tower sections were produced at German and Spanish facilities. Statistically, these huge volumes of finished steel were credited to Germany and Spain. They had no impact whatsoever on the sales figures of Danish steel traders.

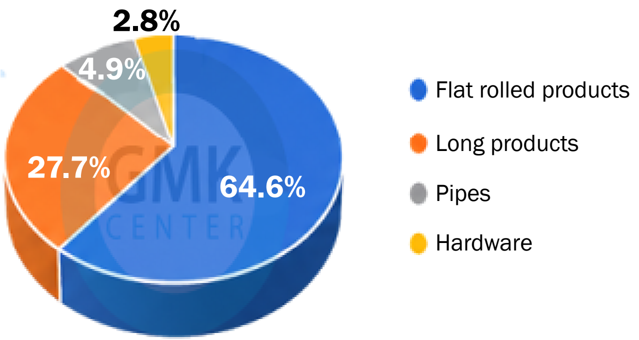
As a result, the Danish and Norwegian ‘green’ energy boom is fuelling the markets in Poland, Romania, Germany, and the Baltic states, boosting rolled steel sales in these countries. Denmark itself remains a modest local market in terms of steel sales.

Wind energy development in Denmark*



Source: Green Power Denmark

Structure of Danish steel imports



Source: Danmarks Statistik, assessment

2.5–3%

is the forecasted growth rate for Denmark’s flat steel demand in 2026

610–630 kt

Projected 2026 consumption of long steel products across the Danish market

Iceland's steel market: complete outsourcing

Consumption of finished steel in 2026 is forecast to reach €301 million

Demand for steel in Iceland is met entirely by imports. Not only is there no domestic production of steel or rolled products, but there is also no steelworking on an industrial scale. This situation is due to local circumstances.

Market profile

The average salary in Iceland is €6,350 before tax, one of the highest in the world. It is not cost-effective to pay an employee such a sum for local welding of a warehouse frame. In Lithuania, Poland and even Denmark, similar steelwork costs a fraction of the price. At the same time, shipping a tonne of basic rolled steel (such as hot-rolled sheet or wire rod) and finished steel structures (SS) to the island costs roughly the same.

Finally, there is no significant demand. There is no point in building a large service steel centre (SSC) for a market that consumes €60 million worth of base steel products per year. Local mini-SSCs serve a stable but small volume of ongoing orders for the fishing industry and infrastructure.

Due to the modest scale, it is unprofitable to invest in expensive, high-performance equipment here. Consequently, the country cannot compete with European players in the implementation of large-scale projects.

When construction of a large hotel or data centre begins in Iceland, contractors prefer to import ready-made steel structures from Poland or Lithuania, leaving Icelandic sites to handle express repairs.

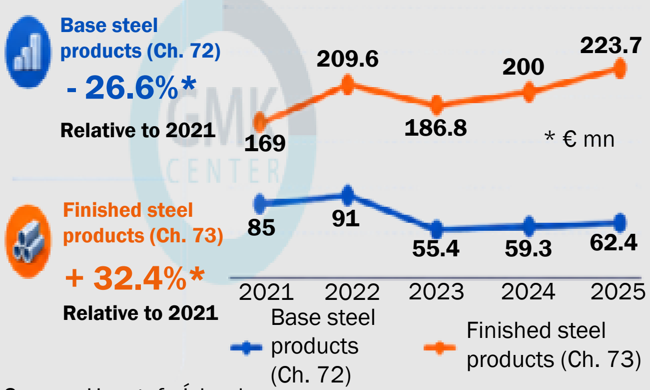
Over the past five years, the country has almost entirely switched to purchasing European turnkey construction kits. In 2021, imports of construction kits in monetary terms exceeded imports of base steel by 1.9 times. By 2025, the ratio had risen to 3.7 times

The geography of supplies shows that the Icelandic market is almost entirely controlled by European players. The top five supplier countries accounted for 71.3% of steel imports under Group 73 in 2025.

- Germany meets the demand for seamless steel pipes (required for the modernisation of port and geothermal infrastructure), stainless steel flat products for fish processing, and heavy construction sections.
- Norway is the main supplier of structural steel for the fishing industry, heavy bridge and frame structures for the road sector, and avalanche barriers.
- Lithuania mainly supplies basic construction structures, reinforcing bars, shaped sections and galvanised sheet for roofing and sandwich panels.
- Denmark meets the demand for stainless steel tanks for the fishing industry, as well as commercial sheet steel (including cutting to size and finishing).
- The Netherlands is the main source of supply for galvanised sheets, steel fasteners, wire and other steel products.

The remaining 28.7% of imports are divided between China (which is attempting to enter the fasteners and general-purpose pipes segment), Sweden (speciality steels) and the United Kingdom.

Steel imports* in Iceland



Source: Hagstofa Íslands

3.7 x higher

The volume of finished steel structures imported into Iceland compared to base steel products

71.3%

of Iceland's structural steel imports in 2025 originated from just 5 countries

Iceland’s steel market: complete outsourcing

Steel consumption in the construction sector

Iceland’s construction industry drives demand for reinforcing bars, galvanised sheet steel, profiled sheet steel, prefabricated sandwich panels, lightweight thin-walled structures and modular steel units. As traditional monolithic concrete requires significant manual labour (which is expensive on the island), developers have switched en masse to imported steel modules and steel frames. Prefabricated houses made from European steel modules form the basis of residential construction in Iceland.

Interesting fact. The increase in the base rate of the Central Bank of Iceland (Seðlabanki Íslands) from 0.75% in 2021 to 9.25% in 2024 led to a certain cooling of the residential construction market. This is evident from the number of building permits issued. However, steel traders did not observe a downturn due to the significant number of projects already underway. In 2023, a historic high was reached in terms of the number of homes completed and the floor area. This was followed by a slight decline, but figures remained higher than pre-crisis levels.

Statistics for the industrial sector paint a similar picture. Following a record-breaking 2022, when the construction of large logistics facilities near Keflavík Airport (the K64 project) was completed, the market contracted in 2023. However, a recovery process began immediately thereafter, and volumes exceeded pre-crisis levels.

The main driver was the expansion of data centres (DCs). In 2021, there were 5 of them; as of 2026, there are now 6. The quantitative growth is minimal, but the total power consumption has risen from 70 MW to 200 MW, i.e. almost threefold.

Every new megawatt of data centre capacity means high-strength steel frames, server racks, as well as kilometres of cable trays and hundreds of square metres of galvanised sheet steel air ducts for natural convection cooling systems.

The real blow to the sector came from the rise in the cost of imported steel, caused by the European energy crisis. Any fluctuation in rolled steel prices in Northern Europe and the Baltic states directly affects the cost of Icelandic construction projects.

Local developers are unable to hedge risks through domestic supply. Hence the decline in the share of construction in GDP by more than 1% over five years. For a developed European economy, this is a very significant figure.

Steel consumption in industry

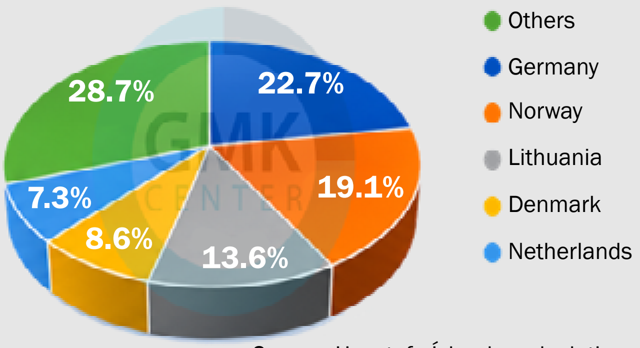
The second most significant sector in terms of demand for finished steel. This was driven by all three aluminium industry enterprises located on the island.

- Norðurál Grundartangi, the largest player with an annual capacity of 375,000 tonnes, is owned by the American corporation Century Aluminum. Between 2021 and 2024, a new automated casting shop was built and commissioned here to produce the branded low-carbon billet Natur-Al™ for the European automotive industry, with a capacity of 150,000 tonnes per year.

As part of the €100 million project, support frame structures were procured for new mixers and holding furnaces. The structures were manufactured from thick-gauge heat-resistant rolled steel and special high-stiffness beams. To service the new casting lines, kilometres of process walkways were constructed using shaped rolled steel and steel decking.

The new types of ingots required a different logistics system within the plants. The old warehouses were unable to cope with the storage of long products.

Geography of steel imports* in Iceland



Source: Hagstofa Íslands, calculations

200 MW

is the current power capacity utilized by Iceland’s data centers

>1% GDP share drop

The decline in the construction sector’s contribution to Iceland’s economy (2021–2025)

Iceland's steel market: complete outsourcing

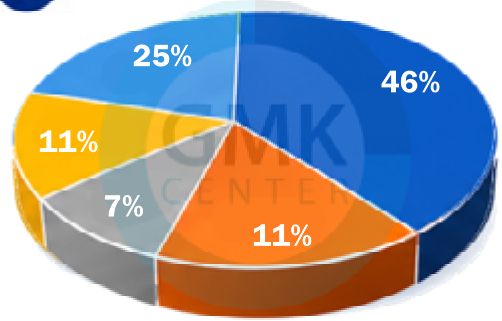
Automated high-bay racking systems were built. Ready-made precision steel structures with high geometric accuracy were used, capable of withstanding the weight of multi-tonne stacks of billets.

- The Alcoa Fjarðaál plant, the most modern on the island with a capacity of 346,000 tonnes per year, is owned by the American corporation Alcoa. Between 2021 and 2025, the plant underwent a major refurbishment to meet ASI V3 standards. The main works involved the automation of gas cleaning systems, the modernisation of the anode shop, and the reorganisation of logistics within the casting yard to reduce the carbon footprint.

As part of the €117 million project, new bag filters, scrubbers, and silo towers for alumina distribution were constructed. These are enormous thin-walled steel structures. They were assembled in Europe from galvanised and stainless steel and delivered as ready-made process modules. At the same time, hundreds of metres of gas ducts made of steel pipes with a diameter of 1–3 m were laid to transport process gases from the electrolysers to the treatment plants.

- The ISAL Straumsvík plant, the oldest facility with a capacity of 210,000 tonnes per year, is owned by the Australian corporation Rio Tinto. Between 2022 and 2025, a large-scale replacement of electrolysis cells with more energy-efficient ones was carried out here, the crane system was upgraded, and a digital smelting control system was introduced to reduce direct CO_2 emissions.

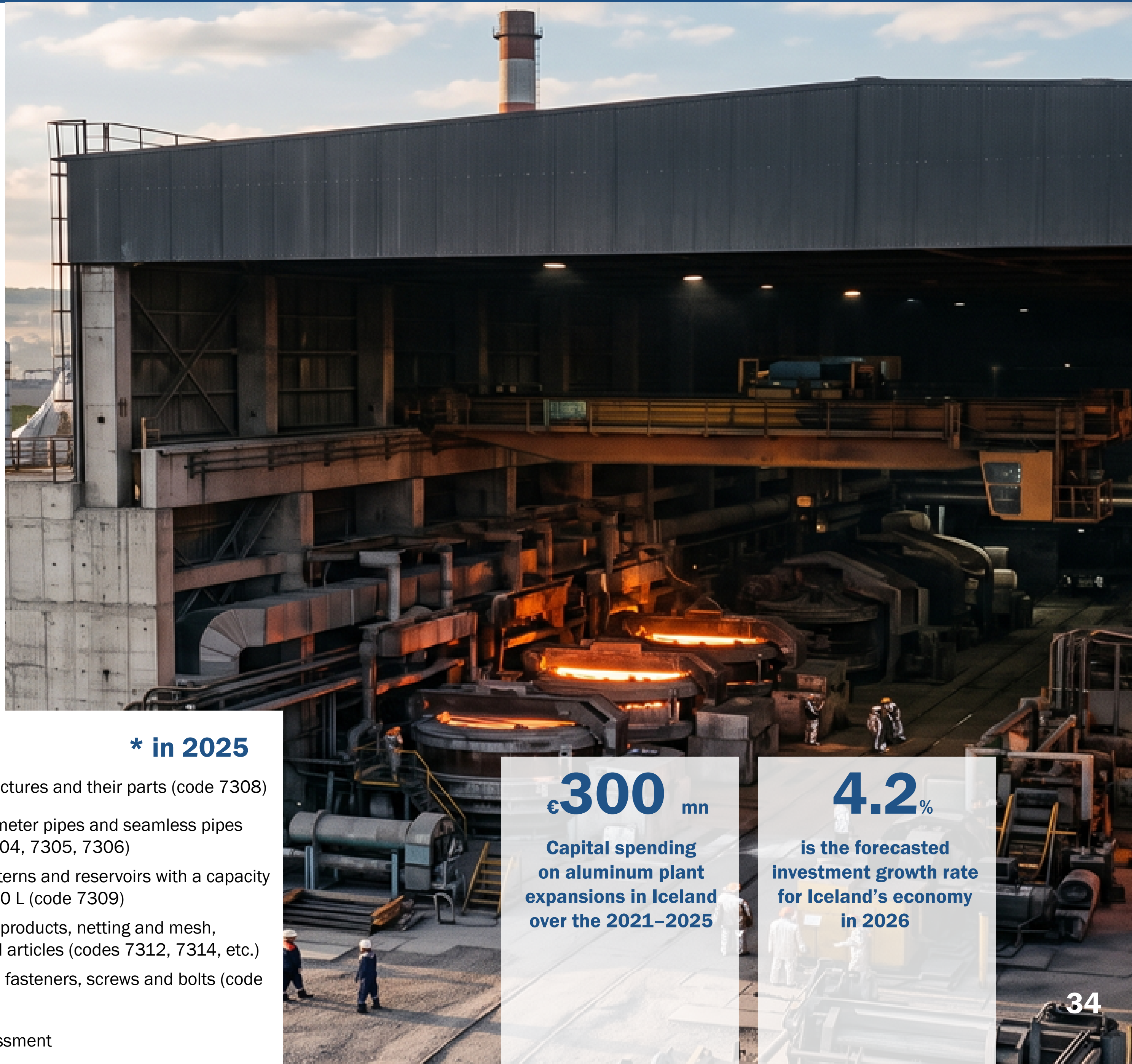
Structure of steel imports* in Iceland



* in 2025

- Metal structures and their parts (code 7308)
- Large diameter pipes and seamless pipes (codes 7304, 7305, 7306)
- Tanks, cisterns and reservoirs with a capacity of over 300 L (code 7309)
- Wire rope products, netting and mesh, household articles (codes 7312, 7314, etc.)
- Hardware, fasteners, screws and bolts (code 7318)

Source: Hagstofa Íslands, assessment



€300 mn

Capital spending on aluminum plant expansions in Iceland over the 2021–2025

4.2%

is the forecasted investment growth rate for Iceland's economy in 2026

Iceland’s steel market: complete outsourcing

Thousands of tonnes of structural sheet steel, 20–40 mm thick, were required to manufacture the electrolysis cell housings. Steel was also used for galvanising (heavy-duty steel conductors and cathode casings) and new anode holders. The project cost €83 million. The service life of a cell is 5–7 years, so such work is carried out regularly at all three plants, creating stable demand for steel.

Outlook for steel demand

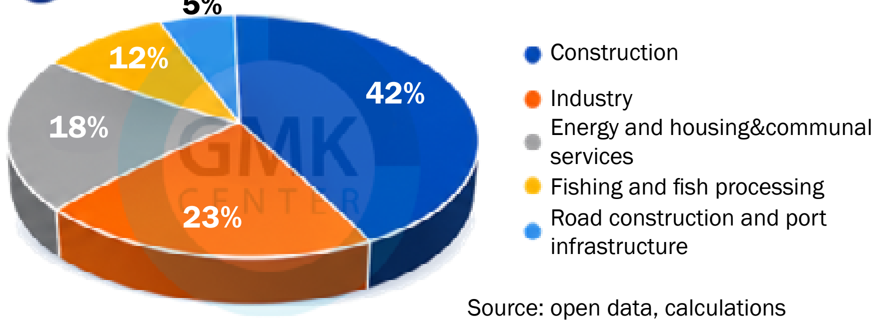
Based on forecasts by Seðlabanki Íslands for a 4.2% increase in fixed capital investment in 2026 and the current order book index from the Federation of Icelandic Industry (Samtök iðnaðarins), steel consumption is expected to rise by 6% to €301 million.

Sales of flat steel in Group 72 will rise by 7% to €64 million. The main driver is increased construction activity in Reykjavík and Keflavík. Foundations for new residential complexes and commercial buildings are currently being laid there. Contractors will need more reinforcing bars and shaped steel for these stages of the work.

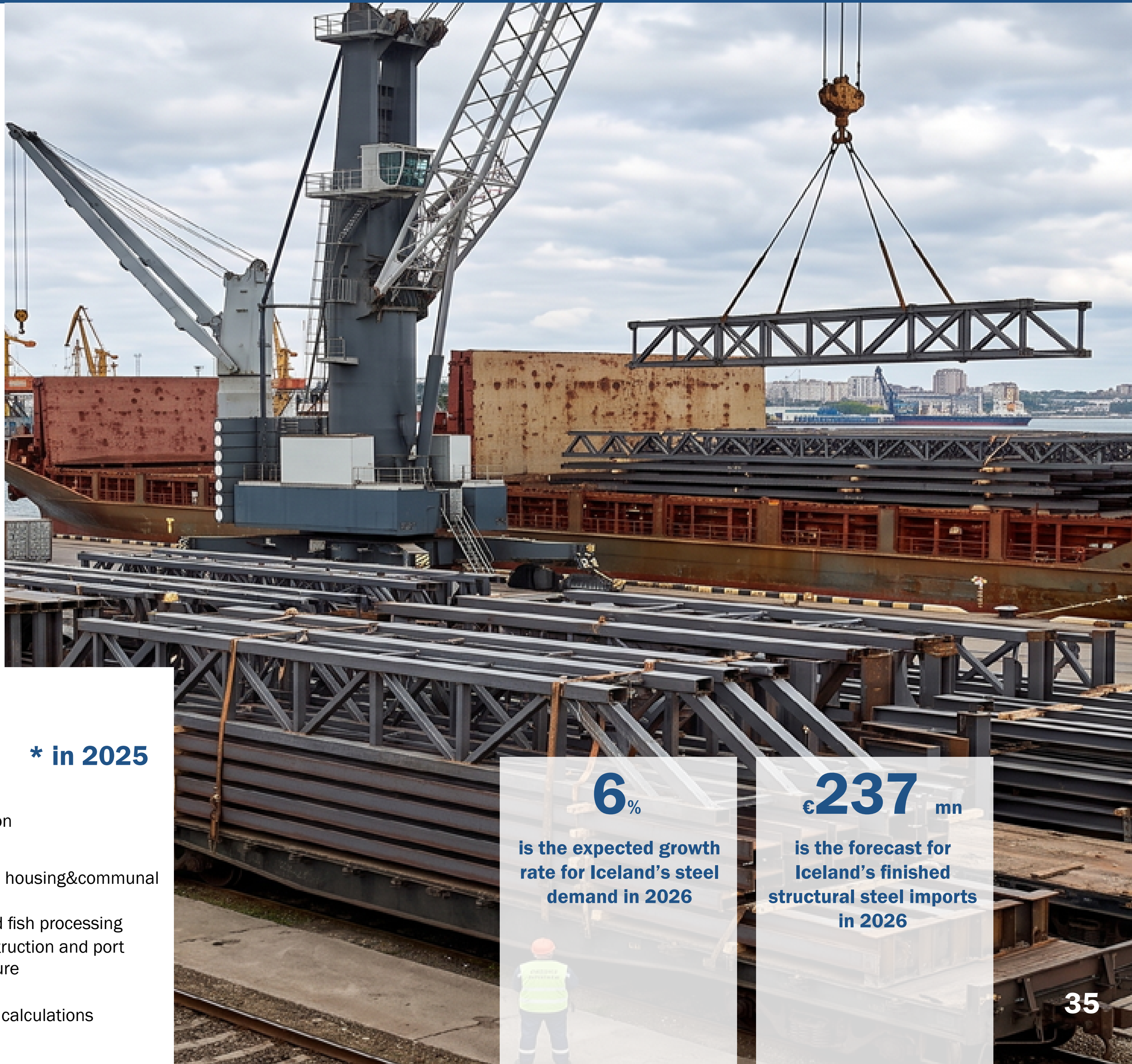
Imports of fabricated steel structures under Group 73 will rise by 5.6% to €237 million. Aluminium giants have temporarily exhausted their expansion potential; their Icelandic investments in 2026 are focused on maintaining operational efficiency. This means there is no strong demand for steel from them.

Structure of steel consumption* in Iceland

* in 2025



Source: open data, calculations



6% is the expected growth rate for Iceland’s steel demand in 2026

€237 mn is the forecast for Iceland’s finished structural steel imports in 2026

Iceland's steel market: complete outsourcing

The data centre industry is facing a shortage of available electricity (e/e). The state-owned energy company Landsvirkjun is currently extremely reluctant to issue new power limits for connections. This is holding back existing expansion projects and new construction. In 2026, very modest growth in data centre capacity is expected – by 15–20 MW. This is mainly due to atNorth, which announced the development of its ICE02 campus in Keflavík in May.

The main driver of steel demand in 2026 is the construction of Iceland's first industrial wind farm, Búrfellslundur, with a capacity of 120 MW. This facility is intended to partially offset the capacity shortage that is holding back the emergence of new data centres.

Landsvirkjun is overseeing the construction, and the contract to supply the equipment was awarded to the German manufacturer Enercon. The first deliveries of turbine components to the island began in the spring and summer of 2026. The first phase is expected to be commissioned this autumn. The wind farm will reach full capacity by the end of 2027.

The launch of the project marks a breakthrough in the wind energy sector for Iceland. For a long time, its development had been held back by environmental concerns. Growing demand for electricity from data centres has forced the government to reconsider its position.

The IT industry not only generates steel sales itself but also acts as a driver for the development of wind energy, which is also a major consumer of finished steel.

In the near future, the IT industry will remain the main driver of demand for steel in Iceland thanks to its unique climatic conditions. In a typical data centre in Frankfurt or Paris, around 40% of all electricity is spent not on running processors, but on cooling them. In Iceland, where the average annual temperature is +5°C, cooling is virtually free.

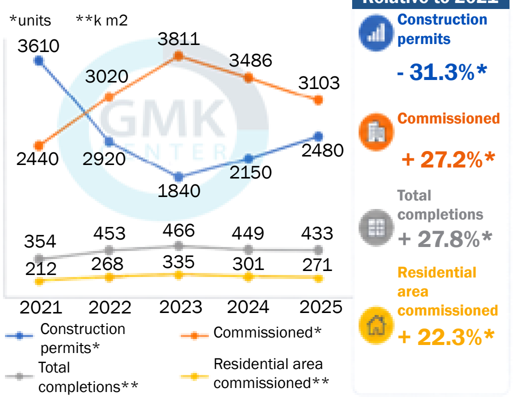
For large IT corporations specialising in artificial intelligence, this translates to savings of nearly 70% on computing costs per 1 MW. Hence the boom in global demand for data centre hosting in Iceland.

This creates the conditions for growth in sales of galvanised sheet steel for air ducts, steel ventilation elements for facades (louvers), cable trays and internal framework equipment made from sheet steel and profiles.

To remove this bottleneck, the government has approved the largest investment programme for Landsvirkjun. In 2026, its capital expenditure will amount to €235 million, in 2027 – €269 million, and in 2028 – €330 million.

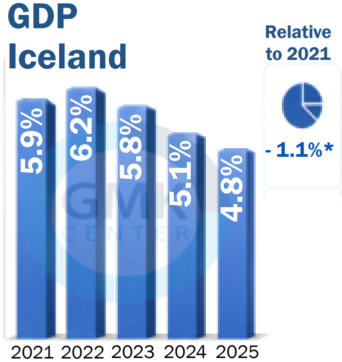
In addition to the construction of the Búrfellslundur wind farm, funds will be directed towards expanding existing hydroelectric power stations (increasing reservoir capacity) and drilling new deep wells to boost the capacity of the active geothermal power stations at Krafla and Reykjanes.

Structure of steel consumption* in Iceland



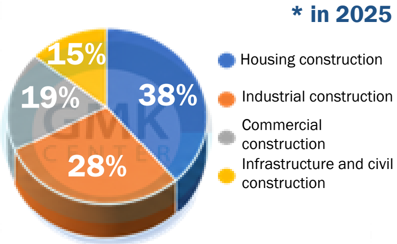
Source: Hagstofa Íslands

Share of construction in GDP in Iceland



Source: Hagstofa Íslands

Structure of the construction industry* in Iceland



Source: open data, calculations

15–20 MW is the projected expansion of Iceland's data center energy capacity in 2026

€235 mn Forecasted 2026 capital budget for state power utility Landsvirkjun