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European Association of the Machine Tool Industries
and related Manufacturing Technologies

POSITION PAPER

CECIMO's Reaction to the Renewed EU Safeguard Measures

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On 11 June, the European Commission notified the WTO about a proposal for the extension of the European Union's safeguard measures on steel imports, which is due to expire on 30 June. In addition, the new annual liberalisation of quota levels is proposed at a lower level (3% annual liberalisation against 5% previously). Afterwards, the EU Member States recently (18 June) supported this proposal. The [official statement](#) by the European Commission was published on 25th June.

As the European Association of the Machine Tool Industries and Related Manufacturing Technologies, in this document, we highlight the concerns of the European Machine Tool manufacturers affected by this decision.

Following the recovery trends in the European Machine Tool Industries (steel using industries), from our point of view, the decision to extend the existing restrictions for three years, will continue to have a negative impact on our sector growth and production levels. The decision comes at a time when our industries are recovering but facing serious shortages of steel and other important materials for our businesses. Extension of these measures will certainly have an impact on the speed of recovery and a slowdown in manufacturing while steel prices continue to reach record highs on the European market.

We support European steelmakers and their efforts to protect European production, but if we follow the production figures, it is evident that the safeguard measures have not increased the level of European production over the last five years. Therefore, in our view, the safeguard measures in this form are not the appropriate instruments for the recovery of steel production in Europe.

We are currently concerned about the situation where the import quotas set out in the safeguard measures are not sufficient to meet EU demand. We are also concerned with the fact that China has recently decided to cancel export tax rebates for certain steel products (1 May 2021). Consequently, this caused disturbances in the global market. Steel from China has become more expensive. Furthermore, China (as the largest consumer in the world) has eliminated steel import tariffs and in this way, China becomes an attractive market. We are concerned that this would increase the competitiveness of major steel exporters, including the CIS, Turkey, India and Iran (which are also major European suppliers).

Steel prices in the global market have already risen. Prices of European steel products rose substantially in the second half of 2020 and have increased further in Q1 2021.

► Because of the lack of steel and rising prices, especially in Europe, European Machine Tool manufacturers may become less competitive. Therefore, we call on the European Commission to reconsider its decision and put an end to these safeguard measures, or at least to modify them in volume to meet the current demand of the European market.

It is worth noting that Machine Tool orders in CECIMO countries experienced strong growth in the first quarter of 2021. For this reason, it is important to secure stable and undisturbed production. As a steel using industry, in order to retain the largest market share of global Machine Tool output, we urge the European Commission to consider the interests of the European Machine Tool Industries.

About CECIMO

CECIMO is the European Association of the Machine Tool Industries and related Manufacturing Technologies. We bring together 15 national associations of machine tool builders, which represent approximately 1500 industrial enterprises in Europe (EU + UK+ EFTA + Turkey), over 80% of which are SMEs. CECIMO covers 98% of the total machine tool production in Europe and about 33% worldwide. It accounts for approximately 150,000 employees and a turnover of around 20 billion euros in 2020. More than three quarters of CECIMO production is shipped abroad, whereas half of it is exported outside Europe.

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