

# Economic press release

## Persisting downside factors deepen downturn in 2023 and curb steel demand rebound in 2024

**Brussels, 08 February 2024 – Lingering adverse conditions are set to exacerbate the recession in 2023 while slowing down the anticipated steel market recovery in 2024. Ongoing conflicts, prolonged uncertainty in energy prices and monetary tightening due to persistent inflation, combined with a bleak economic outlook, have further impacted apparent steel consumption (-6.3%) over the past year. This unpredictability is expected to constrain its rebound (+5.6%, previously projected at +7.6%) in the current year, against the backdrop of subdued industrial output (+0.2%) in steel-using sectors. Despite dwindling demand, imports steadfastly uphold their market share (27%), which exceeds historical levels.**

“The European steel industry cannot yet see the light at the end of the tunnel. None of the factors contributing to the decline in steel demand and production have improved, nor are they expected to improve in the foreseeable future. We still lack solutions for high energy prices, and new instruments such as the Carbon Border Adjustment Mechanism and the Global Arrangement on Sustainable Steel and Aluminium are neither fully in place nor agreed upon yet to effectively address high-carbon imports and global steel excess capacity. We urgently need a European Industrial Deal if we are to secure a future for the steel industry and its entire value chain in the EU”, said Axel Eggert, Director General of the European Steel Association (EUROFER).

### EU steel market overview

In the third quarter of 2023, apparent steel consumption experienced its sixth drop in a row (-3.9%), shrinking to 30.4 million tonnes. This marks the third-lowest volume recorded since the pandemic. Quarterly improvements in apparent steel consumption are not expected until the first quarter of 2024, while the outlook remains highly uncertain, resulting in a more pronounced contraction for 2023 (-6.3%, previously estimated at -5.2%) and in a less substantial recovery for 2024 (+5.6%, revised downwards from +7.6%). Consumption volumes, nonetheless, are projected to remain far below pre-pandemic levels.

Similarly, domestic deliveries remained in line with subdued demand throughout the third quarter of 2023, marking their sixth consecutive decline (-2.9%). Imports remained stable, but their share out of apparent consumption has remained considerably high in historical terms also in the third quarter (27%).

## EU steel-using sectors

In the same period, steel-using sectors' output, which had previously shown unexpected resilience amidst downward pressures, entered negative territory (-0.3%) for the first time. This was the result of a continued downturn in most key sectors, notably construction - impacted by higher interest rates -, mechanical engineering, domestic appliances and metalware. The contraction was only partly offset by the positive performance of the automotive sector, which recorded its sixth consecutive increase.

Steel-using sectors' output is projected to modestly increase (+0.7%) in 2023 and further slow down in 2024 (+0.2%, halved from +0.4%), following the second consecutive recession in the construction sector. Growth is forecasted to moderately accelerate (+1.5%) in 2025.

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## Notes for editors

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### About the European Steel Association (EUROFER)

EUROFER AISBL is located in Brussels and was founded in 1976. It represents the entirety of steel production in the European Union. EUROFER full members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations in Turkey, Ukraine and the United Kingdom are members.

### About the European steel industry

The European steel industry is a world leader in innovation and environmental sustainability. It has a turnover of around €130 billion and directly employs around 306,000 highly-skilled people, producing on average 152 million tonnes of steel per year. More than 500 steel production sites across 22 EU Member States provide direct and indirect employment to millions more European citizens. Closely integrated with Europe's manufacturing and construction industries, steel is the backbone for development, growth and employment in Europe.

Steel is the most versatile industrial material in the world. The thousands of different grades and types of steel developed by the industry make the modern world possible. Steel is 100% recyclable and therefore is a fundamental part of the circular economy. As a basic engineering material, steel is also an essential factor in the development and deployment of innovative, CO2 mitigating technologies, improving resource efficiency and fostering sustainable development in Europe.