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Policy paper

Import tariffs on steel from China have led to increased import of wind turbine towers in EU

1.1 Introduction and Summary

In 2015 the European Commission introduced anti-dumping measures and subsequently import tariffs on steel from China and Taiwan. Processed products made from steel such as wind turbine towers were not affected by these tariffs. Production of turbine towers in the EU has therefore become relatively more expensive compared to importing towers from China.

Trade statistics confirm that import of steel have decreased because of the import tariffs while import of steel towers have increased. From 2015 to 2017 EU's import from China of steel decreased 47%, while the import from China of turbine towers and other towers of steel (also cell towers or bridge elements) increased 24% both measured in tonnes.

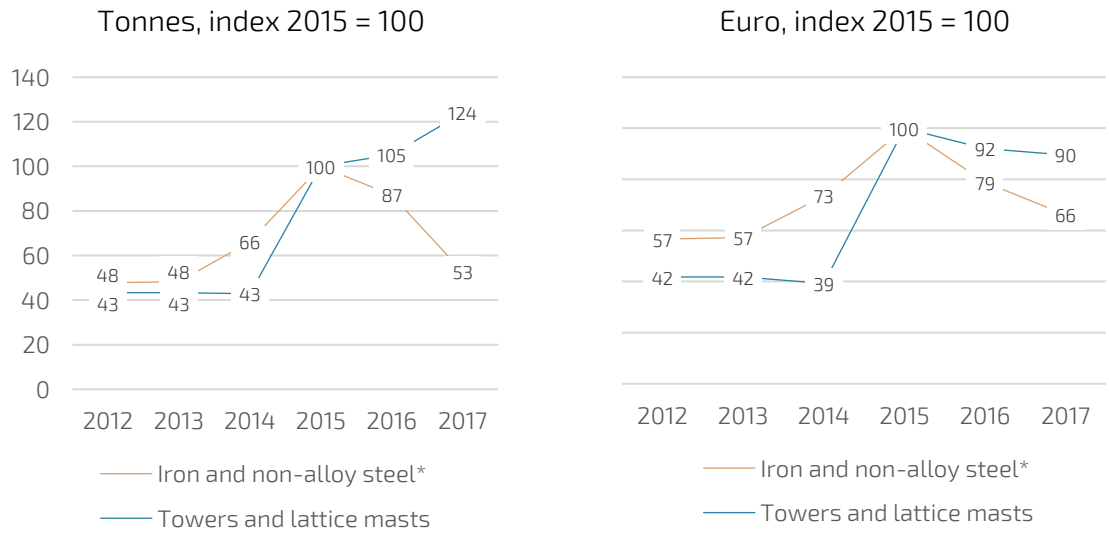
EU imports of turbine towers are not specified independently in Eurostat's trade statistics but jointly with other types of towers and masts in the category "Towers and lattice masts". However, the increase in import of towers and lattice masts is generally high in countries that have installed relatively many GW wind power in recent years, which supports the notion that EU producers of turbine towers are affected by the import tariffs on steel.

1.2 The tariffs have affected the EU import of steel and turbine towers

The import tariffs on steel from China had a significant derived effect on imports of towers and lattice masts (hereafter referred to as towers). The imports of iron and non-alloy steel typically used for wind turbine towers was almost halved in 2017 compared to the level in 2015 measured in tonnes. Measured in euros the import decreased with 34%.

Imports of towers from China was 24% higher in 2017 than in 2015 measured in tonnes. Compared to the import levels in 2014 and previous years the increase was even larger. Measured in euros the imports of towers were 10% lower in 2017 compared to 2015 – but still significantly larger than in 2014 before the introduction of the first anti-dumping measures on steel, see figure 1.

FIGURE 1 – EU28-COUNTRIES' IMPORT FROM CHINA



Note: *Iron and non-alloy steel used for production of wind turbines and hit by import tariffs.
Source: Eurostat.

The results indicate that the production base for steel towers such as turbine towers has to some extent shifted from a European production base to production outside of the EU.

1.3 The impact is large in countries that invest heavily in wind power

Fluctuations in the EU import of towers can be caused by developments in other sectors than the wind power sector, including telecom and construction, which use cell towers and bridge elements. It is not possible to isolate the import of turbine towers. However, countries that have installed relatively many GW wind power in recent years have generally experienced a large increase in the import of towers. This supports the conclusion above regarding steel tariffs' effect on import of turbine towers.

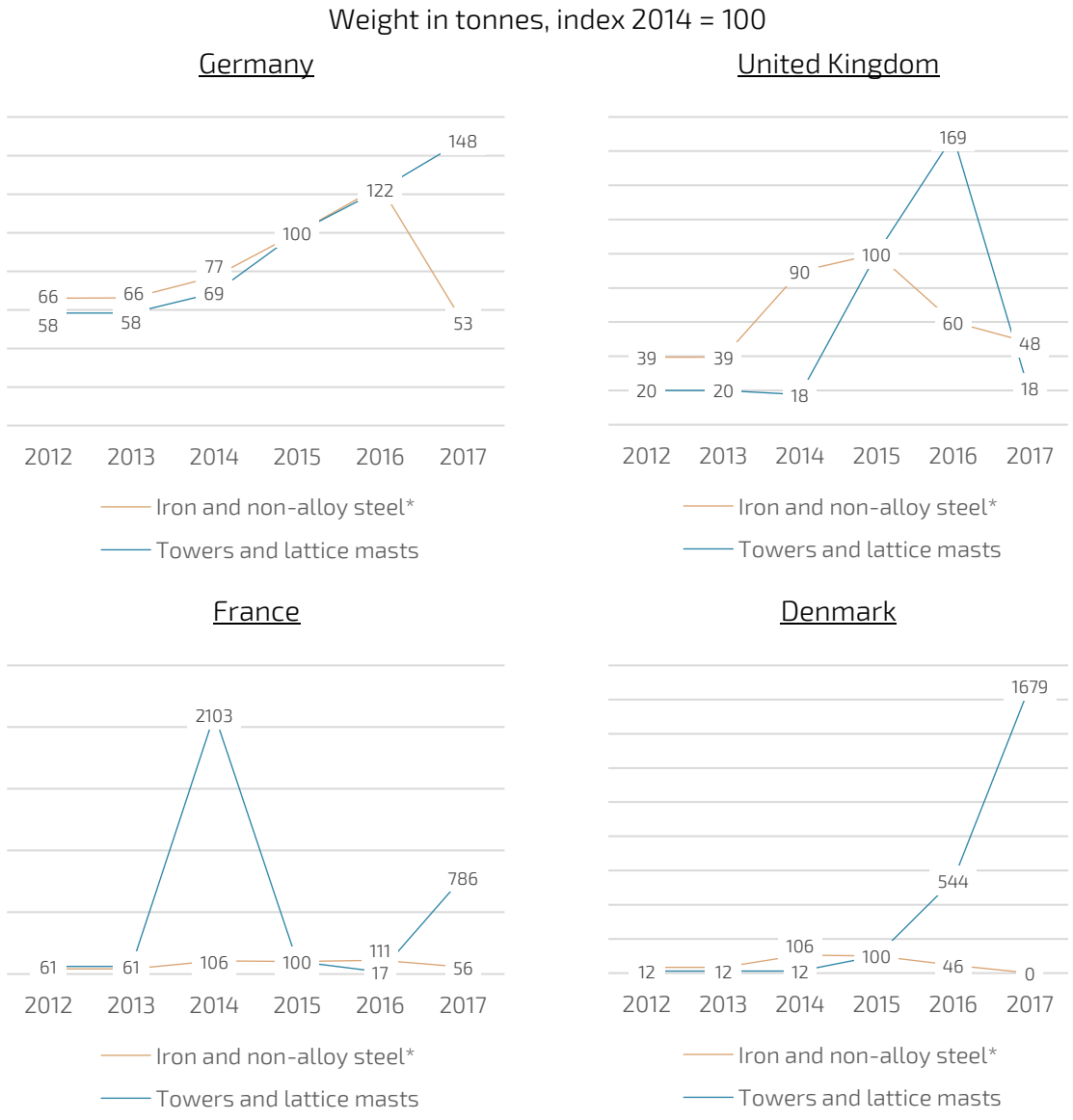
The individual EU countries' import of towers fluctuates significantly. This is partly because large projects – for example new wind farms, development of the telecommunications infrastructure or new bridges – influence the statistics.

Germany, United Kingdom and France are by far the three countries that have installed the most wind power capacity in EU in the years 2015-2017. The three countries have installed 17 GW, 5 GW and over 4 GW respectively in the period. Denmark – which has a relatively large wind power industry – has installed approximately 0,8 GW in the three years.

The import of towers increased significantly after the introduction of the anti-dumping measures and subsequently import tariffs in all four countries – although in 2017 it fell back again in the United Kingdom, see figure 2. The French import of towers has been limited except in 2014 and partly in 2017 – there is no clear tendency neither before or after 2015. The soaring import of towers to Denmark is likely influenced by other sectors as well as the wind power sector.

In all four countries the import of iron and non-alloy steel is significantly lower today than it was before the introduction of the import tariffs.

FIGURE 2 – FOUR SELECTED EU-COUNTRIES' IMPORT FROM CHINA



Note: *Iron and non-alloy steel used for production of wind turbines and hit by import tariffs.
Source: Eurostat.