



Introduction

On February 24, 2022, Russian President Vladimir Putin announced a "special military operation" against Ukraine, elevating the aggression from a low-intensity conflict to a full-fledged military engagement. Russia's invasion of Ukraine triggered international sanctions. The EU, the U.S. and other ally nations proposed and passed various types of sanctions. The EU approved sanctions against Russia, which included a ban on steel products originating from and exported by Russia.

According to the Bureau of Foreign Trade under the Ministry of Economic Affairs of Taiwan, the ban on imports of Russian steel products includes prohibiting "the use and processing of Russian raw materials in third-party countries and having them imported into the EU". The EU amends the list of the above mentioned specific Russian steel products from time to time, and the current list covers 50 EU tariff codes including 24 customs codes from HS Code 7206 to 7229 and 26 codes from HS Code 7301 to 7326. This means the list of specific processed steel products that are subject to restrictions on importation into the EU has already covered fasteners and related products.

The latest regulations and restrictions on the import, purchase and transshipment of EU sanctions against Russia were amended on February 25 of 2023 into the EU Council Regulation (EU) 2023/427 and published in the EU Official Journal on April 27 of 2023, which lists the restrictions on the import of steel products into the EU as set out in Article 3g, Annex 12 which restricts the types of steel products that can be imported into the EU. **Annex 12 restricts the following steel products pertaining to processing by the fastener industry:**

(1) Steel sheets and strips for stamped washers: HS Code 7208, 7209, 7210, 7211, 7212, 7219, 7220, 7225, 7226 ; hot rolled sheets and strips, cold rolled sheets, coated sheets, hot rolled stainless steel sheets and strips, cold rolled stainless sheets.

Restrictions on Use of Russian Raw Materials in Fastener Processing and Export to the EU

- (2) Wire rods for screws, bolts, nuts and studs: HS Code 7213, 7217, 7221, 7222, 7223, 7227, 7229; stainless steel wire rods, steel wire rods, cold-drawn steel wire rods.
- (3) Steel or stainless steel raw materials for wire rods: HS Code 7206, 7207, 7218, 7224. Semi-finished products like continuously cast steel or stainless steel blanks, such as bloom, slab, billet.
- (4) Semi-finished products or finished products like screws, bolts, nuts, studs and pins: HS Code 7316, 7317, 7318.

Regarding steel products originated from Russia or processed and produced through a third-party country, as well as direct and indirect import and purchase of steel products restricted in Annex 12, which regulates companies and importers in the EU, the manufacturers and exporters will be required to cooperate with the EU importers to provide relevant supporting documents. The sanction will take effect as scheduled below:

- (1) Effective on steel products which are originated from Russia and which are combined with those manufactured in third-party countries starting from September 30, 2023.
- (2) Effective from April 1st 2024 on CN codes 7207 11, 7207 12 10, and 7224 90, which are steel products manufactured in third-party countries.
- (3) Effective from October 1st 2024 on CN codes 7207 12 10 and 7224 90, which are steel products manufactured in third-party countries.

If we look at the time ranges of this EU sanction, **wire rods will be restricted from April 1 or October 1, 2024. Semi-finished products like continuously cast steel or stainless steel blanks, that is, the raw materials for wire rods, are restricted from September 30, 2023. In other words, for finished products like screws, bolts, nuts, studs and pins for importation into the EU, the source of their raw material (wire rods) are restricted from September 30, 2023. Products without a certificate of origin will violate the sanction and be barred from the EU market.**





Restrictions on Fastener Products Entering the EU

Given Russia's act of destroying the stability in Ukraine, Regulation (EU) No 833/2014 on restrictive measures was amended into (EU) 2023/1214 to clarify that **importers should provide proof for the country of origin of the steel raw materials used for processing products through third-party countries at the time of import.**

Finished fastener products for importation into the EU are regulated under the restrictive measures from September 30, 2023. Importers have to provide proof of origin for steel blanks or wire rods to prove they are from a non-Russia origin and do not violate the sanction. According to Article 3g under EU NO. 833/2014 as of July 26, 2023, the following documents can be regarded as a solid proof for the origin of steel materials:

- a) For semi-finished products: Material Test Certificate (MTC).
Contents: Name of the manufacturer, the manufacture's location, furnace number, product grade category (6-digit code).
- b) For finished products: If all information cannot be fit into a single MTC, it is possible to provide multiple MTCs.
The contents should include: The furnace company name, the manufacturer's location, furnace number, product grade category (6-digit code).

The name and location of the furnace company in connection to the following manufacturing processes: hot rolling, cold rolling, hot dipped metal coating, electrolytic metal coating, organic coating, welding, stamping/extrusion, drawing/coiling, resistance welding/submerged arc welding/HFI/laser welding.

An individual or multiple MTCs for the origin of steel used for production are to be submitted by EU importers to the EU importation Customs as a proof complaint to the sanction. If the Customs hold doubt within reason, the Customs may ask to provide additional proof. An example is an additional MTC detailing the phases of transformation that a product goes through. All MTCs should remain consistent. EU importers should hold responsibility for the correctness of the provided proof.

The sanction takes affect in different phases in accordance to the types of steel products that are restricted for import or purchase or are processed through third-party countries. However, EU importers will eventually have to be responsible for providing proof compliant to the sanction's requirement.

Proof Document of Fastener Products Compliant to EU Sanction

Proof of origin for the materials used for fastener products should be provided. According to Article 3g under EU NO. 833/2014, if the proof of origin of the steel cannot be fit into a single MTC, multiple MTCs should be provided which cover all necessary processes such as blank steel manufacturing through furnace, hot rolling and cold drawing and heat treating wire rods, fastener forming, threading, heat treating fasteners. The MTCs are used as the document of proof for the regulated Russian steel materials compliant to the EU sanction.

EU importers' submitted proof documents for fastener products can be multiple MTCs. Therefore, it is suggested that the documents should include:

- (1) MTC from furnace and hot-rolled wire rod companies, stating the furnace company name, furnace number, location of the hot rolling manufacturer, and the consistency in furnace number.
- (2) MTC from cold-drawn wire rod companies and wire rod heat treatment companies, stating the locations of companies and the consistency in the number of furnaces used for heat treating wire rods.
- (3) MTC from fastener forming, threading, heat treatment and surface treatment companies, stating the locations of companies and the consistency in the number of furnaces used for handling wire rods.

EU NO. 833/2014 doesn't ask to use proof documents created under special requirements, nor is there a special requirement on the documents' format and signatures. In this case, refer to the types of metal product test certificates under EN 10204 standard. Fastener manufacturers should have the above mentioned proof documents for compliance with the EU sanction. The MTC from furnace companies can be obtained through hot-rolled wire rod companies. Wire rod cold drawing and heat treatment companies can provide proof of origin or MTC which states the locations of wire rod handlers and the furnace numbers. Fastener manufacturers should provide MTC for fastener forming, threading, heat treatment, surface treatment, as well as the origin of furnace used for wire rods. The proof documents for fasteners entering EU should be created starting from steel makers, be kept consistent and correct throughout the fastener supply chain, and finally be compiled by fastener manufacturers to make it possible to trace back to steel furnaces, thereby preventing the risk of violating EU NO. 833/2014. ■

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Reference :

1. Council Regulation (EU) 833/2014
2. Council Regulation (EU) 2022/2474
3. Council Regulation (EU) 2023/427
4. Council Regulation (EU) 2023/1214

