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EUROPEAN TAR INDUSTRY 2025: ANALYSIS AND PERSPECTIVES WHEN FACING STRONG HEADWINDS

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WHY STRONG HEADWINDS ?

- Because European Union coal tar industry faces nowadays:

- A - serious threats coming from upstream, i.e. from EU cokemaking industry, which is obviously shrinking, decreasing the volume of locally available tar;

- B – equally serious threats from downstream, i.e. from EU aluminium industry, which closes smelters one after another, depriving coal tar processors of an important segment of the pitch market.

A

DECREASING PRODUCTION OF COKE

PERMANENT COKEOVEN BATTERY CLOSURES IN EUROPE 2023 – 2025

(after Andrew Jones, Resource-Net)

Company	Plant location	Coke nameplate capacity, million tpy
ArcelorMittal	Zenica, Bosnia & Herzegovina	0.5
ArcelorMittal	Kraków, Poland	0.6
ArcelorMittal	Battery No 5, Zdzieszowice, Poland	0.35
British Steel	Scunthorpe, UK	0.6
Liberty Steel	Ostrava, Czech Republic	1.1
Liberty Steel	Dunaujvaros, Hungary	1.2
Metinvest	Avdeyevka, Ukraine (destroyed)	2.8
Metinvest	Azovstal, Mariupol, Ukraine (destroyed)	2.6
Metinvest	Dnipropetrovsk, Ukraine	0.7
Tata Steel	Port Talbot, UK	0.9
Total cokemaking capacity less in	**Europe**	**11.35**

COKEOVEN BATTERY ADDITIONS GLOBALLY 2023 – 2025

(after Andrew Jones, Resource-Net)

Country	Company	Capacity, million tpy
Colombia	Carbones Andinos, Boyaca	0.2
Indonesia	Detian Coking, Dexin Steel, Jinrui Coke, Jinxiang, Risun Wei	14.0
India	JSW Steel, Kirloskar Ferrons, NMDC, Shyam Metalics, Tata Steel	6.6
South Korea	Posko	1.5
Turkiye	Erdemir, Eregli	0.8
Zimbabwe	Dinson Colliery, ZZCC	0.4

WHY IS COKEMAKING WITHDRAWING FROM EUROPEAN UNION – 1
DECREASING DEMAND FOR COKE FROM THE STEEL INDUSTRY

Year	Production of steel in European Union, million tonnes	% of BF-BOF	BF-BOF steel million tonnes
2019	158.8	59.1	**93.9**
2020	139.2	57.6	**80.2**
2021	152.6	56.0	**85.6**
2022	136.2	56.3	**76.7**
2023	126.3	55.1	**69,7**
2024	129.7	55.6	**72.1**

WHY IS COKEMAKING WITHDRAWING FROM EUROPEAN UNION – 2
NO FUTURE FOR COKE AFTER DRI – EAF RULES

- Beginning in 2021 all EU steel manuafactures annonced their commitment to transform traditional BF – BOF mode of steel production for „carbon-free” DRI – EAF mode.
- Elimination of blast furnace inevitably results in elimination of cokeoven battery, because cokemaking is perceived as a main source of CO_2, and nobody will need coke anymore.
- According to announcements made before 2024, between 15 and 20 cokeoven batteries could be shut down in European Union by 2030, leading to elimination of about 330 thousand tonnes of tar from the market (see my presentation at ITA 2024 Conference in Osaka). This would be roughly 1/3 of the total production of tar in the Union that year.
- Situation is changing: this year many steel multinationals are announcing slow down or suspension of earlier transformation projects (see ArcelorMittal announcement of June 2025) claiming lack of supporting policy from governments and lack of competitive electricity prices.
- It does not matter how quick the final transformation to green steel is going to be, the harm has been done: no one with a shred of common sense will invest in coke oven plant in the EU nowadays.

B

DECLINE OF PRIMARY ALUMINIUM PRODUCTION

AL SMELTING CAPACITY SHUT DOWN IN EUROPE IN RECENT YEARS

Country	Company	Place	Primary aluminium capacity closed, ktpy
Bosnia & Herzegovina	Aluminij d.d.	Mostar	130
Montenegro	Uniprom KAP	Podgorica	75
Romania	S.C. Alro SA	Slatina	220
Slovakia	Slovalco (Hydro)	Ziar nad Hronom	175
Slovenia	Talum	Kidrocevo	68
Spain	Alu Iberia (Alcoa)	Aviles Plant La Corunia Plant	93 87
Spain	Alcoa Inespal	San Ciprian	218
Total			**1 066**

WHY ALUMINIUM SMELTERS WITHDRAW FROM EU ?

AVERAGE BUSINESS ELECTRICITY RATES, Q2 2025

Area, country	Rate, USD/kWh	Country	Rate, USD/kWh
European Union (average)	**0.270**	Italy	0.442
South America	0.200	Poland	0.394
Africa	0.123	Austria	0.292
Asia	0.107	Germany	0.286
USA	0.150	Belgium	0.262
Canada	0.106	Greece	0.239
Saudi Arabia	0.068	Czech Republic	0.230
Bahrain	0.077	France	0.188
Qatar	0.036	Norway	0.101
China	0.094	Iceland	0.081

DOWNSTREAM THREATS: WHAT TO DO WITH PITCH ?

- Electricity makes between 30 and 40 % of total costs for an average aluminium smelter. Confronted with the highest electricity prices in the world, some European Union aluminium producers had no choice: they shut down electrolysis shops, while maintaining (in some cases) remelting of aluminium scrap.
- In this way they decreased demand for pitch by some 100 kt between 2020 and 2024.
- Situation is further complicated by smelters importing prebaked anodes, mainly from China. Total annual export of Chinese anodes has reached 1.75 milion tonnes in 2024. Although majority of this goes to Malaysia, Russia, and The Gulf, significant quantities are directed towards Norway, Sweden, and Iceland, otherwise natural customers for EU pitch (or anodes).
- Export of pitch produced by EU tar distillers to other destinations (The Gulf, South Africa, South America) is problematic due to strong competition in those markets coming from Chinese and Korean suppliers, not to mention the new kid on the block: an Indian company Epsilon, which started exporting liquid pitch from Mangalore terminal to South Africa and The Gulf by end of 2023.
- A good market for anode pitch in Canada is also under threat by Chinese anodes (27 kt in 2024) and Korean pitch (circa 10 kt from Gwangyang to Rio Tinto smelter in Kitimat, British Columbia, in April 2025).

C

EUROPEAN UNION
COAL TAR INDUSTRY 2025

EUROPEAN UNION TAR PROCESSING COMPANIES, 2025

Company	Plant(s) location	Tar distilation nameplate capacity, ktpy	Remarks
Rain Carbon Inc.	Castrop Rauxel, Germany	500	Two lines 250 ktpy each
Rain Carbon Inc.	Zelzate, Belgium	300	
Deza a.s.	Valasske Mezirici, Czech Rep.	460	
Koppers International B.V.	Nyborg, Denmark	400	
Quimica del Nalon S.A.	Trubia (Asturias), Spain	310	250 ktpy continuous + 60 ktpy batch unit
Bilbaina de Alquitranes S.A.	Bilbao (Bask Country), Spain	120	70 ktpy continuous + 50 ktpy batch unit
Total EU tar distillation capacity		**2 090**	

PRODUCTION OF TAR IN EUROPEAN UNION, 2025

Country	Company	Tar production, kt (estimation)
Austria	VoestAlpine, Linz	40
Belgium	ArcelorMittal, Ghent	39
Czech Republic	OKK Svoboda Ostrava, Trinecke Zelezarna Trinec	40
Finland	SSAB Raahe	28
France	ArcelorMittal Dunkirk and Fos sur Mer	68
Germany	AM Botrop, HKM, Salzgitter, Schwelgern, ZKS	290
Italy	Acciaierie d'Italia Taranto, Italiana Coke	45
Netherlands	Tata IJmuiden	58
Poland	AM Zdzieszowice. JSW Koks, Częstochowa, Victoria, Bytom	270
Slovakia	US Steel Kosice	40
Spain	ArcelorMittal Gijon, QdN	22
Sweden	SSAB Oxelosund and Lulea	30
Total		**970**

OTHER SOURCES OF FEEDSTOCK AVAILABLE FOR EU TAR PROCESSORS (I)

- Import of tar from non-EU member states in Europe is limited to Bosnia – Herzegovina, Turkiye, and Ukraine. Russia is out of the list since February 2022. Tar production in Bosnia in 2024 is estimated at 20 kt (GIKIL Lukavac), in Turkiye (Erdemir and Kardemir) – at 160 kt, and in Ukraine – at 90 kt. Certain percentage of Turkish tar goes annually to India, so that the total volume of **coal tar imported by EU processors from non-EU countries in 2024 could not be higher than 240 kt,** and most probably will remain at that level in 2025.
- Another confirmed source of tar for EU processors is South America, namely Brazil, Argentina, and Colombia. Brazilian tar comes from ArcelorMittal Pecem steelworks in the volume of up to **45 kt per year**. In January 2025 a single Argentinian tar processing plant, Carboquimica del Parana, has been closed down, and the nearby coke making plant at steel complex Siderar S.A.I.C. has been left without local outlet for tar. The first cargo of c. 6 500 t of Argentinian tar came to Europe in April; another - in September, what makes c. **13 kt.** Colombian company Acerias Paz del Rio supplies tar for Lone Star company in the USA on a permanent basis, but occasionally some cargo goes to Europe. **This year volume of South American tar going to EU processors could be in the range 60 kt.**
- There is a swap of lighter European tar for a heavier American one going on between Rain's Carbon plants at Zelzate and Hamilton, but I assume that the balance of this exchange is close to zero and does not affect significantly the overall volume of tar available for processing in the European Union.

OTHER SOURCES OF FEEDSTOCK AVAILABLE FOR EU TAR PROCESSORS (II)

- There are not signs of import of tar to Europe from Middle East (Iran) or Africa (where previous sources in Egypt and Algeria had ceased to exist), or any other, more remote sources.
- Some processors are in a position to include certain petroleum – derived products in their feedstock mix. This concerns mainly highly aromatic fractions: ethylene tar, FCC decant oil, thermal cracker oil. However, they form also a popular CB feedstock, as well as very valuable feedstock for production of needle coke, therefore their availability is limited. Looking at tankers movement between European and American oil refineries and EU tar processing plants I estimate the **overall annual volume of petroleum – derived fractions applied by EU coal tar processors at 50 kt**, top.
- Adding tar produced by EU cokemakers (970 kt in 2025), tar imported from other European countries (240 kt), tar imported from South America (60 kt), and possible 50 kt of petroleum – derived feeds, we arrive at **a total of 1320 kt.**
- **Comparing EU total tar processing capacity of 2 090 ktpy with available feedstock (circa 1 320 kt in 2025) gives a CUR (Capacity Utilization Rate) of 63 %. Not yet very worrisome, but noteworthy.**

WHAT IS THE FUTURE FOR THE EU COAL TAR INDUSTRY ? (I)

- **BAD NEWS FIRST.**
- **There is not a chance that production of tar in the EU will increase at any time.** It could only get lower. With clearly visible long – term drop in production of steel in EU, and a decreasing share of BF – BOF steel in the total steel output, there is a threat that one (or more) of multinational steel groups will decide to shut down its coke-oven battery, particularly due to the current negative margin on coke production in the Area, and cheap coke available from Asia (China, Indonesia).
- **War in Ukraine drags on** and we can't exclude a possibility of further damages to Ukrainian cokemaking industry, which obviously will result in decreasing production of tar and its export.
- **In Turkiye**, OYAK, an owner of Erdemir steel group, and Taiwanese CSRC are preparing to put into operation **in 2026 a 180 ktpy carbon black plant using the whole of the Erdemir coal tar as a main feedstock.** This will put an end to export of at least 120 ktpy of Turkish tar to the EU.
- All in all, there is a significant chance that in next 2 – 3 years, one (or more) of the above factors will lead to a serious decrease of tar available for processing in the European Union.

WHAT IS THE FUTURE FOR THE EU COAL TAR INDUSTRY ? (II)

- **OTHER NEWS...**
- The much publicized green transformation of the steel industry (changing BF-BOF mode of producing raw steel by DRI-EAF mode) is loosing momentum. One by one, EU steel groups are announcing delays or outright postponing of transformation. The real reason behind that is price of electricity, necessary for producing „green” hydrogen by electrolysis of water and running EAFs.

Thank you very much

Questions, remarks ?

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