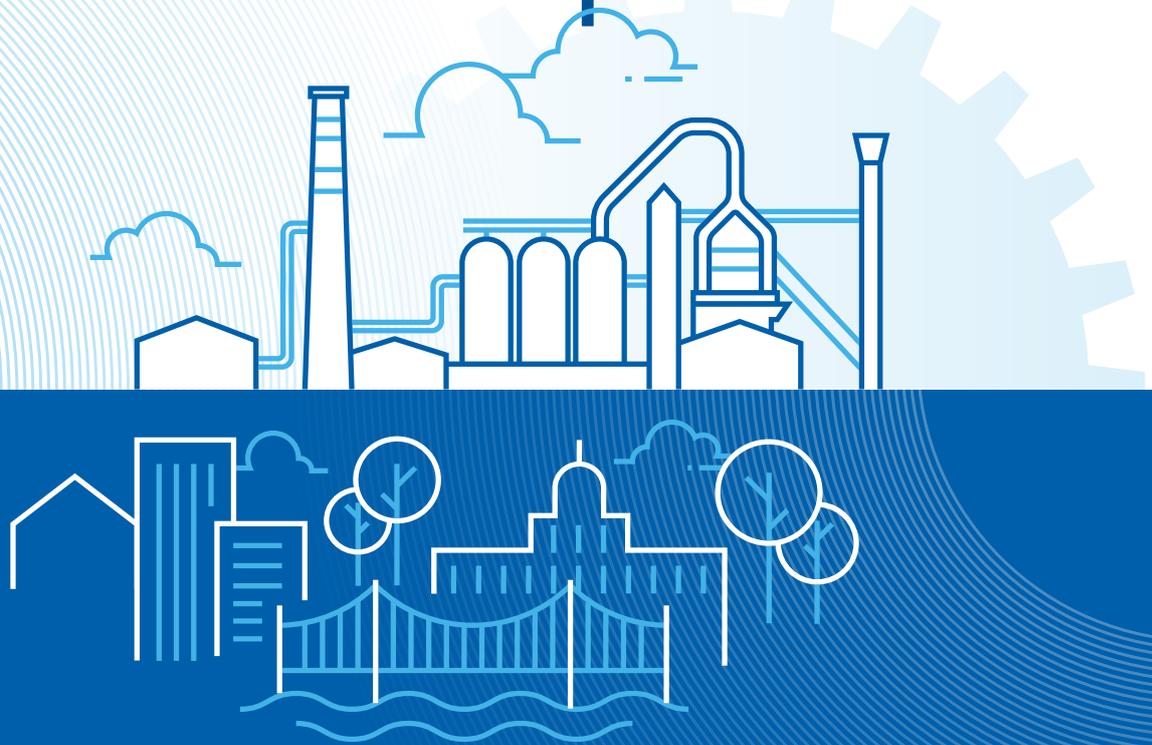

2019

Annual Report



EUROFER
The European Steel Association

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Introduction

Global challenges for the steel sector in 2018 – 2019

EU steel demand grew by 3.3% in 2018 to 164 million tonnes of apparent consumption, in line with a rising EU economy – continuing the trend of recent years. Imports grew even more, and accounted for a quarter of the market. With EU economic growth now slowing slightly, along with the outlook for the manufacturing industry, steel demand is expected to fall by 0.4% in 2019. Alongside this, trade distortions triggered by global steel production overcapacity look set to continue to be a problem, which will also have an ongoing impact on performance.

The EU produced 167 million tonnes of steel in 2018 – the second largest producer globally with a total Gross Value Added of over €148 billion, according to the latest figures. There are almost 330,000 direct employees in the sector – a slight rise on 2017's 328,000. The wider, total employment footprint, is estimated to be some 2.6 million.

Trade, climate, energy and R&D policy dominated 2018 for the activities of EUROFER and its members, with the implementation of the fourth phase of the EU Emissions Trading Scheme also the focus of significant work.

2018 saw the imposition of the US' section 232 measures, which had a detrimental impact on global steel trade. This 25% tariff was imposed in March and the effects have impacted the EU heavily. By the end of the year, US imports had already fallen by a cumulative 3.4 million tonnes, while EU imports had risen sharply – up 2.5 million tonnes in the same timeframe. The EU's response, besides implemen-

“ The EU produced 167 million tonnes of steel in 2018 – the second largest producer globally with a total Gross Value Added of over €148 billion ”

ting a rebalancing list on US exports to the EU, was to develop and deploy a steel safeguard intended to see-off a generalised surge in imports of deflected steel from around the world.

This safeguard has had mixed results so far, with imports now having reached record levels and assuming an ever-larger share of the domestic market. This growing market share – now a quarter of the domestic market for final steel products – has risen well out of step with the growth of the EU steel market itself. The safeguard, with its periodic relaxations, will last until 2021 but it remains to be seen whether it will provide long-term stability to imports and the wider EU steel market.



Economic and market situation

EUROFER has been developing the European steel industry's approach to low-carbon innovation. This is becoming ever more important as the carbon price has increased dramatically over 2018 and early 2019, reaching highs of €26 in April this year, up from €7 previously. This is a growing cost constraint that the booming imports into the EU from third countries do not face – placing severe and growing pressures on steel companies' margins.

In late 2018 the Commission presented its strategic long-term vision for a prosperous, modern, competitive and climate-neutral economy by 2050. EUROFER supports the aims of the long-term strategy, and has been working on its research agenda about how to achieve these objectives. The long-term vision followed the release in June 2018 of the proposal for the next funding programme for research and innovation. Called Horizon Europe, the proposal covers the period 2021 – 2027 and follows on from the previous Framework Programme, Horizon 2020.

Securing an adequate place for steel in Horizon Europe and in the EU's wider research agenda is essential to making sure the sector can innovate itself towards a low-carbon future. The industry has a number of technological solutions at various levels of technical readiness, but needs funding and a framework to deploy them. EUROFER's team strove – together with its members – over 2018 to demonstrate how these technologies could change the face of EU steel and help the drive towards a future low-carbon EU economy.



GEERT VAN POELVOORDE

President
European Steel Association



AXEL EGGERT

Director General
European Steel Association

There was also significant advancement in EUROFER's social policy work, with ongoing dialogue with Unions and policy makers. EUROFER has also been in the driving seat for the European Steel Skills Agenda, a programme which was approved by the Commission in 2018. The objective of this project is to develop a sustainable, industry driven and coordinated European skills agenda and strategy for the on-going and immediate implementation and new skills demands.

2019 is already proving to be an unpredictable year. With the European elections having taken place in May, there will be a new set of priorities for policy makers in Brussels. These priorities will come into play even as economic circumstances are becoming more difficult to measure. EUROFER will continue to prioritise its trade policy advocacy, alongside highlighting the research routes available that will help the sector secure its future in a time of increasing geopolitical, economic and environmental challenges.

We looking forward to working with our members and our civil society and policy stakeholders to start the new political term as actively and positively as possible.



JEROEN VERMEIJ

Director, Market Analysis and Economic Studies

Economic performance in 2018

Economic momentum in the EU slowed gradually over the course of 2018. GDP growth weakened to just 0.3% quarter-on-quarter in the final quarter of the year, compared with 0.6% growth in the same quarter of 2017. The EU economy grew by 1.9% in 2018.

Slowing global economic growth and rising protectionism had a negative impact on international trade. Moreover, activity in the EU automotive industry – particularly in Germany – slumped due to a prior surge in sales ahead of the introduction of new emissions and fuel efficiency measurement rules. Investment growth also slowed down as uncertainty started to take its toll on business sentiment. The widespread drop in confidence levels across EU countries and key sectors reflected increasing threats from global protectionism, financial market volatility due to the normalisation of interest rates, political instability related to the 'yellow vests' protests in France, Brexit and a general darkening of the outlook for global economic growth.

Economic growth expectations

Economic growth is expected to moderate further as balance of risks has shifted to the downside.

Hard data and forward-looking indicators appear to suggest that the EU economy has entered the late-cycle phase of the rebound that started in 2014. Economic fundamentals should remain supportive to continued – but slowing – growth in domestic demand and, to a lesser extent, to international trade in 2019 and 2020. Nevertheless, a number of factors could lead to faster and more severe reversals in economic conditions than currently expected.

The greatest risks stem from a global economic context which has become more uncertain due to rising extra-EU protectionism, potentially leading to a further escalation of trade tensions between the US and its trading partners. Other risks include the increased volatility in financial markets and the vulnerability of emerging economies to a deterioration in financial conditions, as well as geopolitical instability.

All in all, the balance of risks has clearly shifted to the downside in recent months.

EU GDP is forecast to increase by 1.7% in both 2019 and 2020.

Steel-using sectors

Having grown at rather vigorous quarterly rates in 2017, production growth in the EU steel-using sectors moderated over the course of 2018. The growth deceleration was particularly evident in the automotive sector. By contrast, the only large steel-using sector that did not witness a growth deceleration was the construction industry. The main factors responsible for the loss of growth strength were the fading of the previous boost from pent-up demand, a drying investment environment, weakening global trade conditions and falling business confidence.

Prospects for production activity in EU steel-using sectors in 2019 are rather weak, with both internal and external fragility undermining the outlook. Exports and investment are particularly at risk of falling behind expectations if 'no-deal' Brexit happens or there is an escalation in global protectionist measures. The significant degree of uncertainty the corporate sector is facing clearly has the potential to lead to a negative confidence shock, and for investment decisions to be postponed until more clarity emerges on trade conditions and Brexit.

Output in the EU's steel-using sectors is forecast to grow by 0.9% in 2019.

“The greatest risks stem from a global economic context which has become more uncertain due to rising extra-EU protectionism”



Steel market



JEROEN VERMEIJ

Director, Market Analysis and Economic Studies

Crude steel production

Crude steel production in the EU was 167.3 million tonnes in 2018, marginally lower than the production level in 2017. This stabilisation reflects fierce competition in the domestic EU market, as well as in the EU's main export markets.

EU steel consumption and trade balance

In 2018, apparent steel consumption in the EU was 164 million tonnes, a 3.3% rise compared with 2017. Imports of all products including semis grew by 12.6% to 39 million tonnes and captured a 24% share of the market. This contrasts sharply with the 1.7% rise in domestic deliveries.

EU apparent steel consumption showed a fairly common growth pattern over the year, with much of the year's growth concentrated in the first half of the year. Apparent steel consumption was 87 million tonnes in the first half, a rise of 3.9% compared with the same period of 2017. In the second half of 2018, weakening steel market fundamentals and the seasonal reduction of inventories in the downstream steel supply chain significantly reduced year-on-year growth in steel demand. Apparent steel consumption was 77 million tonnes in the second half of 2018, which represented a 2.7% increase compared with the second half of 2017.

Both in the first and the second half of 2018, year-on-year rise in imports of all products outpaced steel demand growth. Imports grew by 10% year-on-year in the first half to 21 million tonnes. The preliminary safeguard measures imposed by the EU Commission in July 2018 helped limit import volumes somewhat in the second half of the year to almost 18.5 million tonnes. However, the year-on-year rise in the second half of the year still amounted to 15% which illustrates that the threat of deflection due to the Section 232 tariffs on steel imports imposed by the US, and market distortions due to global overcapacity and other countries' protectionist measures, is still very much alive.

The outlook for EU steel demand is subdued. The base case scenario for the development of final steel use shows only marginal growth in 2019. Given the uncertainty that currently surrounds the EU steel market in terms of demand and supply fundamentals, steel inventories are likely to be managed with care. With reportedly relatively high inventories in the steel distribution chain at the start of 2019, apparent steel consumption is forecast to fall by 0.4% over the whole year 2019.

Trade volumes

Imports into the EU

Total imports of all steel products including semis rose by 13% in 2018, reaching 39.2 million tonnes – the highest level of imports registered since 2007.

Total finished product imports grew by 12% in 2018 to 29.3 million tonnes, owing to a 33% increase in long product imports and a 7% rise in flat product imports. The main countries of origin for finished steel imports into the EU market remained Turkey, Russia, South Korea, India and China. These five countries represented 65% of total finished steel imports into the EU. Imports from Turkey and Russia remained on a strongly rising path in 2018.

The main countries of origin for flat product imports to the EU in 2018 were Turkey, South Korea, India, the Russian Federation and China, together accounting for 66% of total flat product imports into the EU. At the individual product group level, imports of hot-rolled wide strip and tin mill products rose particularly strongly, while imports of most other flat products remained close or just below the level seen in 2017.

The main countries of origin for long product imports into the EU were Turkey, the Russian Federation, China, Switzerland and Ukraine. These countries accounted for a share of 71% of total long products imports into the EU. Imports of all long products rose sharply in 2018 – in particular, imports of heavy sections which grew by 58% and rebar imports which rose by 51%.

The risk of import distortions upsetting the fragile balance between supply and demand on the EU steel market remains very much alive. The very modest growth scenario forecast for EU apparent steel consumption, in combi-

nation with a global steel market that is suffering from overcapacity, slowing demand and a flurry of protectionist measures, could become develop into a major threat for EU market stability in 2019. The scheduled relaxation of the safeguard measures appears to be disproportionate and could undermine the effectiveness of the mechanism.

Exports from the EU

Total EU steel product exports to third countries fell by 10% in 2018.

In 2018 exports of semi-finished steel products fell by 13% and exports of finished steel products fell by 10% to 20.5 million tonnes. Flat product exports fell by 10% and long product exports dropped by 11%.

The United States, Turkey and Switzerland were the largest export destinations for EU finished product exports. Nevertheless, exports to the United States and Switzerland fell by 1% compared with 2017, while exports to Turkey contracted by 32% year-on-year.

The fact that the decline in EU exports to the US remained relatively mild in spite of the Section 232 tariff imposed on EU steel exports to the US market reflects the loyal customer base of EU steel producers in that market owing to the specific value proposition of their products and services for which the majority of customers have apparently been willing to absorb the additional cost.

The marked rise in imports and the continued drop in exports of all products resulted in a deepening of the EU's trade deficit from 9.9 million tonnes in 2017 to 16.9 million tonnes in 2018.

The trade deficit in semis grew from 6.7 million tonnes 2017 to 8.1 million tonnes in 2018. The net trade deficit in flat products rose from 6 million tonnes in 2017 to 8.8 million tonnes, and the trade surplus in long products of 2.8 million tonnes in 2017 diminished to a marginal 24,000 tonnes in 2018.

At the individual country level, the strongest trade deficits were recorded for steel trade with Russia, Ukraine, South Korea, India and Turkey.

The sharp deterioration in the trade balance of the EU with countries since 2012 confirms that competition in the global steel market has increased significantly, reflec-

ting the adverse combination of global overcapacity, the distortion of competitiveness through steel sector subsidisation by national authorities and increasing protectionism. This trend is not expected to improve in the foreseeable future owing to rather bearish projections for global steel consumption in the years ahead.

Deliveries of steel

(all qualities except stainless steel)

Total deliveries of finished products in 2018 stabilised at the same level as in 2017. While domestic deliveries into the EU market grew by 2%, export deliveries to third countries fell by 12%.

	2017 In million tonnes	2018 In million tonnes	% change 17/18
TOTAL STEEL DELIVERIES	143.6	143.8	+0.1%
Of which to the EU28 market	124.9	127.4	+2.0%
Of which to export markets	18.7	16.5	-11.8%

In 2018, total flat product deliveries fell slightly compared with 2017. While EU domestic deliveries stabilised around the level of the previous year, deliveries to export markets outside the EU fell by 12%.

	2017 In million tonnes	2018 In million tonnes	% change 17/18
TOTAL FLAT PRODUCT DELIVERIES	86.0	84.9	-1.3%
Of which to the EU28 market	75.1	75.4	+0.4%
Of which to export markets	10.9	9.6	-11.9%

Total long product deliveries rose moderately in 2018. The 2.3% increase of total long product deliveries reflects a 11.5% drop in export deliveries and a 4.4% increase in EU domestic deliveries.

	2017 In million tonnes	2018 In million tonnes	% change 17/18
TOTAL LONG PRODUCT DELIVERIES	57.6	58.9	+2.3%
Of which to the EU28 market	49.8	52	+4.4%
Of which to export markets	9.3	7.8	+16.1%

“Crude steel production in the EU was 167.3 million tonnes in 2018”

**MATTEO RIGAMONTI**

Director, Specialty Steels

Stainless steel market

Global stainless crude steel production in 2018 was 50.7 million tonnes, which represents an increase of 5.5% from 2017. Output increased, notably in Asia and specifically in Indonesia and China. Stainless steel melting by EU producers stabilised slightly short of 7.4 million tonnes, up just by 0.1% in comparison to the previous year.

European market supply of stainless steels increased by 2.7% in 2018. EU apparent stainless steel consumption evolved satisfactorily during the first half of the year where the Union market remained the sole attractive market for imports following the introduction of protectionist measures in the United States. However, due to high inventory levels, the second half of the year saw a moderate decrease in consumption.

Total deliveries of finished stainless steel products by Union producers on the EU market slightly increased by 0.3% year-on-year whereas imports from third countries continued to increase, rising by almost 10%. The historically high import penetration of almost 28% shows once again the imperative need to continue challenging the causes of global stainless steel overcapacity.



	2017 In thousand tonnes	2018 In thousand tonnes	% change 17/18
TOTAL STAINLESS STEEL MARKET SUPPLY	6,798	6,982	+2.7%
Of which EU mills	5,032	5,049	-0.3%
Of which imports	1,766	1,933	+9.5%

In the stainless steel flat product segment EU apparent consumption flattened, slightly increasing by 0.9% in 2018 compared to 2017. Whilst domestic deliveries by EU producers fell by 1.3%, both hot rolled and cold rolled products imports rose, again, by 7%.

	2017 In thousand tonnes	2018 In thousand tonnes	% change 17/18
STAINLESS STEEL FLAT PRODUCTS MARKET SUPPLY	5,387	5,437	-0.1%
Of which EU mills	3,940	3,889	-1.3%
Of which imports	1,447	1,548	+7.0%

With regard to stainless steel long products, market supply in the EU increased by 9.5% year-on-year as domestic supplies increased by 6.2%, while imports from third countries increased massively, rising by more than 20%.

	2017 In million tonnes	2018 In million tonnes	% change 17/18
STAINLESS STEEL LONG PRODUCTS MARKET SUPPLY	1,411	1,545	+9.5%
Of which EU mills	1,092	1,160	+6.2%
Of which imports	319	385	+20.7%

Alloy special steels (other than stainless)

Total deliveries of finished alloy special steel products on the Union market increased by 6.3% in 2018.

Demand in the first half of 2018 was sustained by the positive performance of the automotive and mechanical engineering sectors. However, the introduction of protectionist measures in the United States, combined with exporters' rush to fill the EU market before the imposition of the EU safeguard measures and weakening steel market fundamentals in the second half of 2018 led EU domestic deliveries to rise by just 1.2%.

Imports from third countries boomed, increasing by 44%, resulting in an import penetration of more than 16%.

	2017 In thousand tonnes	2018 In thousand tonnes	% change 17/18
TOTAL SPECIAL STEELS FINISHED PRODUCTS MARKET SUPPLY	7,589	8,064	+6.3%
Of which EU mills	6,689	6,768	+1.2%
Of which imports	900	1,296	+44.0%

EU market supply of alloy engineering steel long products increased by 6.3% in 2018 compared to 2017, with imports from third countries increasing by an astonishing 46.3%. This rise considerably outpaced EU mills' delivery growth, which was +1.3%. Exports by European producers to non-EU markets grew by almost 20%.

	2017 In thousand tonnes	2018 In thousand tonnes	% change 17/18
ALLOY ENGINEERING STEELS LONG PRODUCTS MARKET SUPPLY	7,140	7,590	+6.3%
Of which EU mills	6,344	6,425	+1.3%
Of which imports	796	1,164	+46.3%

EU producers' deliveries of tool and high-speed steels to the Union market remained flat in 2018, slightly decreasing by 0.4% in comparison to 2017. Once again, only imports from third countries benefitted from the increase in the apparent consumption, growing by 26.3% year on year. The increase in total apparent consumption was 5.7% in 2018.

EU producers' 2018 deliveries of tool and high-speed steels to non-EU markets decreased by almost 10% in comparison to the previous year.

	2017 In million tonnes	2018 In million tonnes	% change 17/18
TOOL AND HIGH-SPEED STEELS MARKET SUPPLY	449	475	+5.7%
Of which EU mills	345	343	-0.4%
Of which imports	104	132	+26.3%

“EU producers stabilised slightly short of 7.4 million tonnes, up just by 0.1% in comparison to the previous year”



SARA FRANZONE
Manager, Trade



KARL TACHELET
Director, International Affairs

US section 232 national security steel import measures

In March 2018, President Trump imposed a tariff of 25% on steel imports. Imports from the EU were included as from 1 June 2018. Grounded on a National Security justification, this trade action is designed to reduce US steel imports structurally, by more than 10 million tonnes per year, down from past levels of around 35 million tonnes.

The US' intention is for lost import volume to be replaced by domestic supply, revitalising the domestic steel industry. In 2018, US steel imports decreased significantly by 3.5 million tonnes, compared with 2017. US steel imports are expected to continue decreasing as the US appears to be determined to keep the import restriction in place for a longer period.

In August 2018, the import tariff was doubled to 50% for Turkish steel imports effectively blocking these flows into the US. This volume has been substantially deflected towards the EU market. In 2018, EU steel exports to the US decreased by 13%, compared with 2017.

EUROFER condemns the unilateral, disruptive US Section 232 trade action. EUROFER calls upon the Commission and Member States to continue working with the US Government towards a solution.

EU steel safeguard measures

On 2 February 2019 final EU safeguard measures replaced the provisional measures in place since July 2018. These final measures were adopted with overwhelming Member State support. They consist of a quota above which a duty applies (25%), with a number of other features.

These legitimate measures are designed to prevent the large-scale diversion of international steel flows to the EU market triggered by the US Section 232 National Security tariffs on steel imports and bolstered by global overcapacity. Indeed, these safeguards have come into force in the context of persistent massive overcapacity and trade restricting measures worldwide. Importantly, unlike the US import tariff, the EU quota-based seeks to maintain traditional levels of steel imports in the EU.

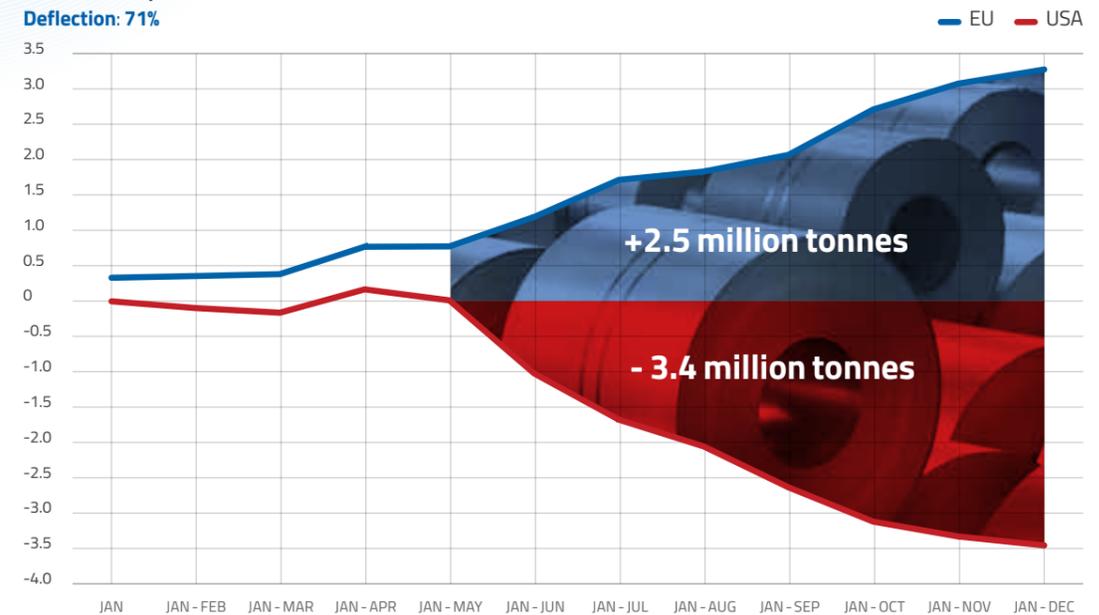
US steel imports have been decreasing progressively since the imposition of the US import tariff mid-2018. By contrast, EU imports have increased significantly despite the imposition of provisional safeguard measures.

The final safeguard measures imposed in February 2019 seek to strike a better balance between avoiding market-disrupting import surges and maintaining traditional import flows.

However, the final measures, as designed, still allow for imbalances to accumulate.

The avoidance of market-disrupting import surges is key: The quota under the provisional regime was set at 100% of the average import levels from 2015-2017. The final quota increased the level by 5% at the moment of imposition in February. It will be further increased by 5% in July 2019 by and another 5% in July 2020. These consecutive 'relaxations' are out of step with the evolution of EU steel demand which is forecast to decrease from 2.6% in 2018 to stagnation this year, falling by 0.4%. This relaxation will allow imports to capture additional EU market share, which was already at an historically high level in the fourth quarter of 2018, reaching 25%.

Cumulated imports evolution: 2018 vs 2017 (tonnes)*



* Steel product categories included in the Definitive Safeguard measures (26 categories)

The maintenance of traditional import flows is equally essential: country-specific quotas for the major traditional exporters have been allocated. However, these have not been set for all products, notably Hot Rolled Flat steel. Also, to avoid import concentration, quarterly sub-quotas have been fixed but only within the residual quota (the latter are set above the national quota) not for the major volumes of the country-specific quota that are calculated for a whole year.

In addition, once exporters have consumed their country-specific quota, they can start consuming the remaining residual quota in the last quarter of the year. This situation has, for several products, created a race to consume the quota, including stock-building and import concentration. This has disrupted the already stagnating EU steel market, and has been particularly notable in observed import behaviour from Turkey and China.

Thirdly, some excluded developing countries, whose imports remained under the threshold of 3% of total EU imports in the past reference period, have started exporting exponentially rising volumes to the EU market, a notable example of which is Indonesia.

EUROFER sees the need for further improvement of the safeguard mechanism, aligning the quota level with the new reality of stagnating EU steel demand, containing market-disrupting import concentration and speculation, and immediately revising the list of developing countries to be covered by the safeguard measures.

EU trade cases

In February 2018, the EU adopted final anti-dumping measures on certain corrosion-resistant sheet from China. However, analysis of trade statistics indicates duty circumvention is being conducted by China. EUROFER is working in close collaboration with the Commission to clarify the exact import situation and prepare for possible anti-circumvention action.

In 2018, the EU adopted its Trade Defence Instruments (TDI) modernisation legislation, strengthening the effectiveness, reactivity and transparency of the EU's TDI regime. The improved injury margin calculation method, lifting of the Lesser-Duty Rule in certain situations of raw materials distortions and the acceleration of imposition of provisional measures are all critical for the European steel industry.

“The WTO is the only extant regulatory institution capable of effectively framing and enforcing an international level playing field for manufacturing industry”

Global Forum on Steel Excess Capacity

The Global Steel Forum on Steel Excess Capacity (GFSEC), set up in 2016 by G20 Leaders, has established a process creating transparency in the evolution of steel supply and demand conditions, steel capacities and government policies affecting steel excess capacity, including market-distorting subsidies and other government support measures.

The forum has developed a set of policy solutions to alleviate excess steel capacity, including principles guiding policies and concrete policy recommendations – a comprehensive framework unique to the industry.

Results of the Global Forum’s work include detailed statistics on steel capacities and production among the steel-producing countries. Progress has also been made in reporting and assessing market-distorting subsidies and other government support measures that contribute to excess capacity and which must be eliminated.

EUROFER calls on the GFSEC’s members to agree on a continuation of the forum’s mandate beyond November 2019. Continued international work on excess capacity and related government support measures would contribute to the sustainability of our global industry. Beyond steel, it could effectively contribute to increased transparency and improved discipline in governments’ trade and industry policies, establishing a genuine international level playing field for industry.

WTO reform

The European steel industry critically needs to expand the policy focus beyond EU trade defence actions towards tackling the root causes of distorted and unfair competition.

Well-designed and enforceable international rules that reflect present realities are critical for this purpose. The WTO

is the only extant regulatory institution capable of effectively framing and enforcing an international level playing field for manufacturing industry. EUROFER believes that the rules-based multilateral trade regime benefits all economies. However, the modernisation of the WTO is necessary to address competing economic and political systems more satisfactorily.

EUROFER supports the EU’s ambition to modernise and make the WTO more effective by introducing more transparency, new rules, discipline and enforcement mechanisms, particularly relating to industrial subsidies.

Screening of Foreign Direct Investment

Concerned about the steep rise in the acquisition of strategic assets by non-EU investors – particularly state-owned enterprises from countries which maintain barriers to investment – the European Commission proposed an EU-level screening mechanism that would function on security and public order grounds.

In autumn 2018, the European Parliament and the Council reached an agreement over the new framework to screen Foreign Direct Investment, which entered into force in April 2019. EUROFER supports this framework as it creates a cooperative mechanism wherein Member States and the Commission can exchange information and raise concerns related to specific investments that have the potential to create public order and security concerns, in particular when government-controlled and funded investors are involved.



Raw materials



AURELIO BRACONI

Senior Manager, Circular Economy and Raw Materials



JEROEN VERMEIJ

Director, Market Analysis and Economic Studies

In early October, restocking demand after the National Day holiday week and buyers anticipating stringent production cuts to be enforced after October, sparked purchasing interest in China. In November, demand cooled after stocks had been built up, including on the news of increasing supply from Rio Tinto and BHP. Additionally, uncertainty concerning the exact nature of sintering and production cuts had a dampening effect on demand. This resulted in prices coming under pressure towards the end of the year.

The price of iron ore fines (65% Fe, CFR North China import) closed 2018 at a level of around \$88 per tonne.

Iron ore

2018 started with a rising trend in spot prices for seaborne iron ore on positive expectations for demand and healthy mill margins in China. However, late in the first quarter, Chinese buyers began to show resistance to what they felt were excessively high spot prices for iron ore. As a consequence, prices slipped in the remainder of the first quarter, reflecting relatively quiet market conditions and operators waiting to ascertain the steel market’s direction, as well as the potential impact of environmental policies in China.

In the expectation of iron ore prices remaining range-bound the regular purchase of small amounts from port stocks remained Chinese buyer’s preferred option in the second quarter.

Quality issues with high 65% premium grades of iron ore such as ‘Carajas fines’ resulted in buyers shifting to mainstream medium grades. The spot supply tightness of Australian origin medium grade fines supported a continued gradual rise in prices over the third quarter from the trough reached at the end of March.

Hard coking coal

Supply conditions for hard coking coal were relatively tight in early 2018. Several factors played a role. First of all, there was the continuation of the port congestion at Dalrymple Bay Coal Terminal in Australia. Secondly, there was also supply tightness in coal exporting markets such as US and Canada. This forced some European buyers to source from Australian suppliers. Meanwhile, Chinese buyers preferred to buy less expensive domestic coal with shorter delivery times. Lower offers for premium quality coal did not have any impact on demand. In February, Chinese buyers returned to the seaborne market due to a perceived tightening of domestic supply. Prices remained fairly range-bound during the first quarter.

Market conditions did not change markedly over the second quarter. Chinese steel mills continued to prioritise capacity cuts, in line with the government’s environmental objectives, and shied away from restarting substandard capacity. Premium low-volatility coal remained in demand, but mills were in no hurry to procure volumes. Outside China, metallurgical coal markets remained rather quiet, as the gap between bid and offer prices remained relatively wide.

Following a quiet summer period, the strengthening of Chinese demand for premium low-volatility peak downs coal increased due to tight supply conditions in the domestic coal market. The situation led to a surge in Asia-Pacific spot metallurgical coal prices in mid-September. Outside China, demand was supported by concerns over Hurricane Florence which caused delays in shipments at US Hampton

“The price of iron ore fines (65% Fe, CFR North China import) closed 2018 at a level of around \$88 per tonne.”

“At the end of 2018, the spot price for premium hard coking coal, Australia export, was around \$220 per tonne.”

Roads port and threatened to further limit the availability of spot cargoes. The combination of tight supply and restocking ahead of the Chinese October holidays and the winter season was supportive to prices.

In the fourth quarter of 2018, strengthening demand from Chinese buyers due to lower availability of domestic supply and uncertainty on the impact of the North Goonyella mine loss as a result of a fire, provided support to the premium mid-vol segment. Towards the end of the year, the depreciation of the yuan against the US\$ dampened demand for seaborne coking coal, with end-users seeking port stock as an alternative.

At the end of 2018, the spot price for premium hard coking coal, Australia export, was around \$220 per tonne.

Scrap prices

In the beginning of the year, pressure on international prices and evidence of sufficient availability of scrap led to a drop in EU scrap prices. The market situation in Turkey was characterised by rising tensions between cautious buyers – with mills facing uncertainty due to Turkey removing the import duty on rebar - and eager sellers. In contrast, US sellers were very bullish due to harsh winter conditions and strengthening product markets. In February improving domestic product prices and uncertainty related to the impact of Section 232 tariffs on exports encouraged Turkish mills to secure orders. This led to a strengthening in prices.

In the second quarter, Turkish buying interest weakened amid wider uncertainty about the economic situation, the slumping lira and US tariff risks. A lack of confidence about domestic demand conditions and steel exports led to mills only covering their most urgent raw material needs. Prices in Europe remained rather stable until later in May, when downward pressure on pricing in the EU also became evident.

In the second half of 2018, scrap prices were under pressure due to president Trump’s announcement of the doubling of tariffs on Turkish steel exports to the US. Relatively robust demand in Europe and India supported scrap dealers in resisting further downward price pressure. In late September, the Turkish imported scrap market ended on a somewhat firmer note as buyers returned to the market.

Turkish import scrap prices rose moderately in October on stronger buying from Turkish mills. By mid-November the upwards trend came to a halt as scrap buyers in Turkey defied higher offers from North American suppliers.

Meanwhile, European and US markets continued strongly at the start of the fourth quarter, though EU prices came under pressure towards the end of the year.

The scrap price in Northern Europe (shredded, delivered) closed the year 2018 at just under €260 per tonne, while in Southern Europe the price remained close to €290 per tonne.



Environment



Overall leadership on environmental policy
DANNY CROON
Director, Environment and Research



AURELIO BRACONI
Senior Manager, Circular Economy and Raw Materials

Circular economy

Waste Framework Directive

EUROFER’s advocacy on the EU Waste Package continued in 2018, monitoring and acting during the implementation phase. The European Commission launched different projects aimed at drafting the implementing decisions of some aspects of the new legal text of the Waste Framework

Directive. In particular, EUROFER initiated the work on the new Recycling Rate Calculation Methodology and on how to appropriately take into account waste exports in recycling rates.

EUROFER participated in stakeholders’ workshops, consultations and prepared technical content shared with the consultant engaged by the EU Commission, as well as with the Commission itself.

EUROFER action focused on securing definitions and calculation points, identifying steel recycling prior to arrival at the gate of the steel production facility, putting it into the text of the implementing document of the recycling rates calculation methodology. Moreover, EUROFER gave its technical input to the consultant and the Commission in order to allow waste exported to third countries be counted as recycled only if the recipient third countries processes the waste applying standards and performance requirements similar to the EU’s (i.e. activation of provisions of EU Waste Shipment Regulation).

The two processes will be closed by the formal vote of the Member States planned in the first quarter of 2019.

EU product policy

The EU Commission launched its work programme on amending existing EU legislation on product policy as well as factoring in Circular Economy principles into applicable rules. EUROFER contributed to the two public consultations launched by DG Environment and DG GROW on the possible uses of the Product Environmental Footprint (PEF) and about the future frame of the EU Products Policy (types of product, Eco label, Green Public Procurement (GPP), environmental performance etc.).

The EUROFER (Production Related Environmental Issues) PREI Working Group took a proactive approach to the file, indicating to the Commission the association’s priorities, such as understanding the recyclability of products or materials; giving recognition to multiple-recyclable materials; supporting the larger use of by-products in certain products applications; ensuring the wider harmonisation of Lifecycle Assessment (LCA)-based methodologies for ensuring a level playing field when determining products’ environmental performance.



EUROFER has also launched internal work on developing general advocacy for steel products within the EU's products policy. This work item is supposed to prepare the advocacy tools to be used right after the 2019 EU Elections.

Chemicals, Products and Waste Interface (CPW Interface)*

The EU Commission published its Communication and Working document about how to tackle the hurdles arising from the interaction of different legislation when passing from a linear to a circular economy. The Commission proposed different challenges on chemical- and recycling-related aspects such as:

- Defining and tracking substances of concern;
- Building level playing field between secondary and primary materials and between EU-produced and imported articles; approximating the rules for classification of chemicals and waste;
- Classifying waste while taking into account the form in which it is generated.

EUROFER prepared a technical input for the open public consultation launched by the Commission in July 2018 and also prepared a position paper for it which clearly laid out the key aspects of the steel sector's position.

Several elements were raised by EUROFER. Of particular importance were:

- The waste classification, which must take into account bio-availability and bio-accessibility conditions and the state in which the waste is generated,
- The concept of 'substances of concern', which should go beyond the limitations and does not fit with circularity approaches contained in CLP and REACH traceability and reporting of substances. Rather, this concept must also take into account technical or economic feasibility and cost-benefit analyses, and
- EU product and chemical rules, which have to be applied to imported substances and articles and maintain a level playing field between EU and third country producers.



ANNA-MARIA KACZMAREK

Manager, Chemicals, Water and Sustainability



HANS REGTUIT

Manager, Stainless Steel Health and Environment

Chemicals policy

2018 saw intense discussion about European chemicals policy. Among others, the outstanding process for the last round of exemption renewals in the Directive on the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS, Directive 2011/65/EU) was completed and proved successful.

As a result of joint advocacy by EUROFER and the European General Galvanisers Association (EGGA), the proposed exemption for lead in machining and galvanised steels was granted a validity period until 21 July 2021. The process for the pending authorisation applications for the chromium trioxide limited uses under REACH (Regulation EC 1907/2006) did not come to the end. However, additional conditions were imposed by the draft authorisation text and may have an impact on downstream users and applicants.



Cobalt

In April 2016, the Dutch authorities submitted a proposal for a harmonised hazard classification for cobalt metal (all forms), which is as follows:

- Carcinogenic (C) category 1B H350 (all routes of exposure) with a Specific Concentration Limit (SCL) of 0.01%
- Reprotoxic (R) category 1B (H360F)
- Mutagenic (M) category 2 (H341)

The available data only supports the 'C' classification of cobalt metal as a category 1B Carcinogen H350i (inhalation only), as reflected in the industry's self-classification under its CLP obligations.

However, in its September 2017 opinion the European Chemical Agency (ECHA) Risk Assessment Committee (RAC) strictly followed the Dutch proposal. Although in most cases cobalt is not intentionally added, it is present because it occurs naturally in the raw materials from which steel is made. Cobalt's classification will affect all commercial stainless steel grades currently on the market. It is estimated that 50% of all carbon steels – in particular, all those grades completely produced out of scrap – have a cobalt content above 0.01%.

However, the RAC classification is based on the 'T25' methodology. It is questionable as to whether this methodology is suitable for the classification of metals. The Competent Authorities for REACH and CLP (CARACAL) have therefore decided that an expert group should look into this methodology in detail. During the deliberations of this expert group, there will be a temporary General Concentration Limit (GCL) of 0.1%. This limit, however, still affects 80% of all commercial stainless steel grades.

At the time of writing, the vote in REACH Committee had been postponed until the 2019 June meeting. If the cobalt classification proposal remains in its current form, it will have negative consequences for stainless steels and the critical applications in which it is used unless bio-elution is accepted as a standardised methodology for the purposes of demonstrating the limited bio-availability of cobalt once embedded in a stainless alloy. Were the temporary Generic Concentration Limit (GCL) of 0.01% to be converted into the original Specific Concentration Limit (SCL) of 0.01%, the recycling of steel scrap (both carbon and stainless steel) would be particularly impacted. This is because the cobalt classification would have an outsized effect on the circularity of the steel cycle. The economic impact is hard to quantify but could be both broad and sizeable.

“Complex testing, and further scientific work, progressed in 2018 for the update of the iron toxicity datasets and alignment on testing decisions”

EUROFER supports the Cobalt Institute (CI) in its scientific argumentation, as well as its call to limit the classification to Carcinogenic (C) category 1b H351 I (inhalation only). EUROFER, therefore, questions the 'all routes of exposure' classification and seeks ways to fill the data gap on oral exposure of cobalt through steel. The key objectives centre on the acceptance of bio-elution and the conversion of the very stringent Specific Concentration Limit of 0.01 % into a permanent Generic Concentration Limit (GCL) of 0.1% in order to preserve the recycling of steel scrap.

Water

EUROFER continued to advance on the scientific project for the derivation of a workable Environmental Quality Standard (EQS) for iron. Complex testing, and further scientific work, progressed in 2018 for the update of the iron toxicity datasets and alignment on testing decisions. The method development work for measuring bioavailable metal was furthered in 2018.

In addition, EUROFER, together with three other study partners, the European Chemical Industry Council (CEFIC), the European Refinery Industry (CONCAWE) and the European Association of Mining Industries (Euromines), continued to pursue a Work Programme consisting of four packages to measure the content of free cyanides in natural water bodies. The project was initiated due to the fact that present existing analytical methodology for free cyanides is not adequate for detecting environmental levels of free cyanides in the required concentration range. Work Package 4 was completed in 2018. Free cyanides were removed from the 2018 Watch List by the European Commission within the context of the Water Framework Directive (WFD).

**MIRNESA MUJKIC**

Manager, Process Emissions

Air policy review

According to the new 2016 National Emissions Ceilings (NEC) Directive, member states are to draw up National Air Pollution Control Programmes (NAPCP). These should have been submitted by 1 April 2019. Such programmes are essential for meeting the 2020 and 2030 emission reduction commitments. EUROFER is of the opinion that the contribution of the industry should be aligned with the implementation of 'Best Available Techniques' (BAT) established under the EU Industrial Emissions Directive (IED, Directive 2010/75/EU). Such measures are already delivering important improvements to air quality. A comprehensive approach – across different sectors, from transport, energy, industry, agriculture, to local planning – is needed to ensure continuation of the positive trend in the reduction of the main air pollutants in the EU.

EUROFER has contributed to the public consultation on the evaluation of the Ambient Air Quality Directives, completing two separate questionnaires: the Open Public Questionnaire and the Evidence Gathering Questionnaire for selected key stakeholders. The EUROFER response to the public consultation pointed out the importance of recognising pollution sources other than those from industry. It highlighted the principle of fair burden sharing and the contribution to air pollution, as well as the recognition of the industry's considerable efforts to improve air quality via the implementation of Best Available Techniques (BAT) in accordance with the IED. The IED supports the objectives of the Ambient Air Quality Directives in an integrated approach, which considers all environmental factors. The mitigation of air pollution needs a sustainable policy framework which reflects the social, economic and environmental pillars in a balanced way.

Best Available Techniques (BAT) Reference Documents (BREFs)

In 2018, three BREF documents relevant for the steel sector were actively worked on by the European IPPC Bureau (EIPPCB): the Surface Treatment Using Organic Solvents (STS) BREF, the Ferrous Metals Processing (FMP) BREF and the Smitheries and Foundries (SF) BREF.

The EUROFER secretariat participated in the final STS BREF meeting of the Technical Working Group (TWG) which took place in December 2018 in Seville. The European Coil Coating Association (ECCA)/EUROFER SWG worked through 2018 on so-called 'Draft 1' (D1) comments and raised four split views providing a technical rationale. The final draft STS BREF will be sent to the IED Article 13 Forum for an opinion, likely in the third quarter of 2019. The European Coil Coating Association (ECCA)/EUROFER SWG will continue its activities on this file during 2019.

After the data collection from so-called 'well-performing plants' in the frame of the review of the FMP BREF – formally closed in April 2018 – the EIPPCB entered into the more demanding phase of data assessment and of providing preliminary plots and data tables intended to be used in the derivation of BAT-Associated Emission Levels (BAT-AELs) and BAT-Associated Environmental Performance Levels (BAT-AEPLs). The EUROFER secretariat made its own internal data assessment, in parallel with the EIPPCB. This analysis provided EUROFER and its members a better understanding of the information, whilst helping further improve the data quality. This improvement is key for the derivation of BAT-AEPLs.

The preliminary results of the EIPPCB data assessment were presented to the TWG at a data assessment workshop organised by the EIPPCB in January 2019. The first draft was published at the end of March 2019 and included the comments received from the TWG during and after the data assessment workshop, including the EUROFER comments on the EIPPCB's draft graphs and data tables. Ten weeks were given by the EIPPCB for comments on the first draft. The EUROFER FMP BREF SWGs will continue working on this important file during 2019.

The EIPPCB began the review of the SF BREF in July 2018 with the setting up of the Technical Working Group (TWG). The EUROFER SF SWG was established to work on this file. It delivered the expression of its initial position by the deadline of 15 March 2019. Close, coordinated cooperation

is taking place with the European Foundry Association (CAEF) and the European non-ferrous metals association (Eurometaux). The relevant German authority would like to see smitheries below the threshold set by Annex I of the IED put into the scope of this review. If this happened, it would set a dangerous precedent for other BREFs (reviews). The kick-off meeting of the TWG is tentatively foreseen for mid-September 2019.

Evaluation of the industrial emissions Directive (IED)

In November 2018 the Commission published its roadmap for the evaluation of the Industrial Emissions Directive (IED). In December 2018 EUROFER submitted its comments to the Commission on the content of the roadmap.

Recognising the significance of this evaluation, a dedicated EUROFER Task Force (TF) was established in September 2018 to be actively engaged, follow-up the process and prepare for any potential review of the IED, as well as the EIPPCB's BREF work.

EUROFER, together with other industry associations, such as the European Cement Association (Cembureau), the European Chemical Industry Council (CEFIC), FuelsEurope, and the European Coil Coating Association (ECCA), established a Regulatory Fitness and Performance (REFIT) IED TF of the Industrial Emissions (IE) Alliance to jointly take the lead and align positions on the evaluation on behalf of industry.

The vast majority of industry sectors said it was too early to launch a proper evaluation of the IED since many BREFs have not yet reached the implementation phase. Furthermore, the evaluation timing contradicts the Commission implementation report published in December 2017. This report points out that more time is needed before any conclusions can be drawn on the BREF implementation via the IED.

Despite this, the Commission decided to continue the process of the evaluation, which would be finalised by early 2020. Based on the results of the evaluation, the Commission may decide to present a proposal revising or amending the IED. The EUROFER TF and REFIT IED TF of the IE Alliance will continue their work, inter alia, on their input for the three months during the public consultation on the evaluation in 2019.

“The vast majority of industry sectors said it was too early to launch a proper evaluation of the IED”

**DR NICHOLAS AVERY**

Manager, Lifecycle Assessment (LCA)

Product Related Environmental Issues

2018 saw several important developments that have helped bring life cycle thinking into mainstream policymaking. The Commission's Product Environmental Footprint (PEF) methodology standardises the assessment and communication of environmental claims by manufacturers, which completed its piloting phase.

EUROFER, together with member companies, contributed to the successful completion of one of the pilot projects, culminating in the final approval of the Product Environmental Footprint Category Rules (PEFCR) for metal sheet.

EUROFER continues to advocate for the constructive application of the PEF approach in existing policy that increases the robustness of product assessments, rather than create any new policy that could place additional burdens on industry. A standard and robust assessment methodology is essential to the consistent application of life cycle thinking in product policy.

EUROFER was pleased to see the first steps being made towards life cycle thinking in the new CO2 regulations for cars and vans. This follows the agreement that the Commission, by 2023, has to evaluate the possibility of developing a common method for the reporting lifecycle emissions. EUROFER will continue to engage in existing and future EC studies on vehicle lifecycle emissions, in order to demonstrate that a harmonised method is indeed possible and desirable.

“EUROFER was pleased to see the first steps being made towards life cycle thinking in the new CO2 regulations for cars and vans. This follows the agreement that the Commission, by 2023, has to evaluate the possibility of developing a common method for the reporting lifecycle emissions.”



Research and innovation

In construction, the standardisation work also continues, most notably with the finalisation of prEN 15804 on Environmental Product Declarations (EPDs), which will be voted on by June 2019. If the results of the voting process are positive, the end of life indicators and net impacts from recycling will have to be reported in future EPDs of construction products.

This will highlight the positive contribution that steel products make towards a more circular construction industry. Construction and demolition waste currently account for about 30% of all waste produced in the EU, where the default end of life option is far too often down cycling or back-filling. Emphasis on building designs that are easier to reuse or recycle is desperately needed to increase the resource efficiency of the sector.

Other related policy developments that may help include the further development and piloting of the common building sustainability assessment framework called LEVEL(s). The steel industry, including EUROFER, is actively participating in the piloting phase of LEVEL(s). The steel industry is also doing its bit with the ongoing development of sustainability related standards under the scope of two CEN technical committees: TC 135 (execution of steel and aluminium structures) and CEN/TC 459/SC 4 (Concrete reinforcing and pre-stressing steels, formerly ECISS/TC 104).

The work on reinforcing steels is dependent on a standardisation request being revised this year, which will require aspects related to the sustainable use of natural resources to be declared under the auspices of the Construction Products Regulation (CPR). EUROFER is also an active member of the Metals for Buildings alliance, and is involved in publishing papers and other communications on the recycling of metals in buildings.

The standardisation work on Resource Efficiency aspects for Energy Related Products will be finalised during 2019 with standards for calculating the durability, reparability, reusability, recyclability, recoverability and recycled content. Of particular interest is the standard for calculating recyclability, on which EUROFER has been active, demonstrating that recyclability is not just about the theoretical mass of a product that can be recycled, but also about the environmental benefits that come from high quality recycling.



HANS REGTUIT

Manager, Stainless Steel Health and Environment

Stainless steel health and environment

A large amount of stainless steel is produced in Electric Arc Furnaces (EAF), which needs a lot of power to melt the alloy. The result is that stainless steel producers face large costs from CO2 cost pass-through from the EU's Emissions Trading System (EU ETS).

The continuing struggle for harmonised compensation for CO2 pass-through costs and the difficulty establishing a level playing field in the European energy market remained the most important issues for the European stainless steel in 2018.

Steel is an infinitely recyclable, circular material, and stainless steel is probably one of the best examples of the type. A recent report by Yale University commissioned by Team Stainless* confirms a recycling rate of over 80% globally. Almost all stainless scrap is collected and re-melted because of its high intrinsic value, so relatively little is lost. This positively influences the carbon footprint of stainless steel because it reduces the direct emissions from steel production and limits the need for virgin raw materials, such as ferro-nickel and ferro-chrome.

*Team Stainless is a cooperation platform between the International Stainless Steel Federation, EUROFER, International Nickel Study Group, Nickel Institute, International Chromium Development Association and the International Molybdenum Association promoting the use of stainless steel globally.



DANNY CROON

Director, Environment and Research

Research Fund for Coal and Steel (RFCS)

The EUROFER Refocus working group is continuing its work on RFCS related issues (e.g. the future the RFCS strategy) and the preparation of Steel Advisory Group (SAG) meetings. The existing Technical Groups (TGSs) structure was changed, going from nine to five TGSs (TGS 1, 'Iron- and steelmaking'; TGS 2, 'Downstream steel processing'; TGS 3, 'Conception of steel products'; TGS 4, 'Steel applications and solutions for existing and new markets'; TGS 5, 'Steel factories – smart and human') each of which have their scope to be implemented in the RFCS Information Package 2019 and for the TGSs meetings from 2020 onwards.

There is a need to evaluate the effect of this restructuring and avoid undermining the 'excellence' principle. If needed, applying a cap to the number of proposals for a single TGS is preferable compared with the complete suspension of a TGS. The requirement for the inclusion of European steel producers requires particular attention.

The process for establishing RFCS priorities for 2020 – to be ready well before the December 2019 SAG meeting – began via an internal process in which the whole steel community was involved. The EUROFER Refocus working group could, if required, also look into the re-allocation of existing projects (via the re-structuring of TGSs and their content) in 2019, as well as carry out an analysis of new projects (e.g. number of experts; how many projects per expert etc.).

Prof Dr Ralph Sievering's mandate ends as EUROFER representative on the SAG on 1 June 2019. Thereafter, as agreed in the EUROFER Research Committee, Danny Croon will take over as EUROFER representative on the SAG.

During 2018 there was a successful revision of the Council Decision on 'the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel' (Decision 2003/76/EC), making it possible to use the unused revenues of the interests of the RFCS. Because of this review, the RFCS budget for the years 2018, 2019 and 2020 is €40 million (instead of €27, €22 and €18 million respectively). Since this is a onetime operation, the future of RFCS needs to be secured via a revision of the Council Decision on 'the use of European Community for Steel and Coal (ECSC) assets' (Council Decision 2003/77/EC).

Through more proactive portfolio management, while avoiding elevated risk levels, a minimum of €40 million (of which €30 million for steel) per year for the RFCS funds from 2021 onwards could be achieved. The revision would take place in 2020, under the new Commission. A qualified majority within the Council is needed to make this happen. Finally, the Steel and Coal Unit within DG RTD will cease to exist from 1 April 2019. Staff from this unit will be joining a new one called 'Low emission future industries'. This new unit will cover aviation, maritime, steel, energy intensive industries, and aluminium.

“The process for establishing RFCS priorities for 2020 – to be ready well before the December 2019 SAG meeting – began via an internal process in which the whole steel community was involved.”

**DANNY CROON**

Director, Environment and Research

**BARTOSZ NIENALTOWSKI**

Manager, Public Affairs

Horizon Europe and the co-programmed European Partnership on Clean Steel – Low-Carbon Steelmaking

The European Commission released its proposal for the next EU funding programme for research and innovation in June 2018. Called Horizon Europe, the proposal covers the period 2021 – 2027 and consists of a Framework Programme (Regulation) and the Specific Programme (Decision).

Proposals for amendments have been provided by EUROFER to MEPs Dan Nica (Regulation) and Christian Ehler (Decision). EUROFER also adopted a 'vision paper' entitled Towards Carbon Neutrality - European Partnership for Low-Carbon Steel in September 2018 to provide more details to policy makers on what a potential European Partnership on steel could focus on and deliver, including Key Performance Indicators.

This vision paper was linked to a letter signed by the EUROFER Executive Committee, calling for a dedicated partnership on steel under Horizon Europe, and addressed to President Juncker. The Commission – represented by Vice-President Jyrki Katainen – recognised, in its reply, the need for public support for the steel industry's initiative.

The main objective of EUROFER's advocacy is to obtain public funding for industrial scale demonstrators (up to 75% or more, if justified, of the investment cost) from Horizon Europe and an adequate regulatory framework to make the roll-out possible.

The work of the Commission on Horizon Europe links to other activities, such as the Multiannual Financial Framework (MFF) post-2020 proposal. During the trilogue meeting of 19 March 2019, a deal was reached on Horizon Europe. Within the 'Low-carbon and Clean Industries' area of intervention (in the Decision), a specific reference is made to steel. The European Parliament will formally confirm the agreed compromise at a plenary session in April.

Discussions on budgetary provisions will only be agreed once the MFF is set (expected in autumn 2019). The European business community has asked for the Horizon Europe budget to be raised to at least €120 billion. The Commission paper on European Partnerships has named a Co-programmed (cPPP) European Partnership on Clean Steel - Low-Carbon Steelmaking.

This cPPP, establishes a working programme on research and innovation with Member States through the comitology process. The total budget is approximately €2 billion, with half coming from the EU and Member States and the rest from the steel industry.

The EU and Member States share is to be made up of money from Horizon Europe (€250-350 million), a portion of the assets available to the ECSC (another €250-350 million), and the EU ETS innovation fund via ad hoc indirect contributions (the latter as an instrument for synergies, sequencing of funds for further up-scaling of projects and technologies to commercial scale where needed).

In 2019, the European Parliament expects to undertake a project on funding synergies for clean steelmaking. The outcome will serve as a de facto impact assessment for the use of the ECSC's assets. The Commission document that mentions a Co-programmed European Partnership on Carbon Neutral and Circular Industry (as a successor to Sustainable Process Industry through Resource and Energy Efficiency (SPIRE)) also suggests a ring-fenced budget for steel (meaning also using portion of the ECSC's assets). The Commission will prepare a legislative package for the revision of the ECSC assets, paving the way for the cPPP

This package could take the form of a Commission Communication that could be published in October/November 2019. Alignment between EUROFER and the European Association for Coal and Lignite (EURACOAL) is needed to make this to happen. The revision of Council Decision 2003/77/EC 'on laying down multiannual financial guidelines for managing the assets of the ECSC in liquidation' will be logically followed by a revision, in 2020, of Council Decision 2003/76/EC 'on the financial consequences of the expiry of the ECSC Treaty and on the RFCS' – for which

unanimity (abstention is unanimity in this case) is needed – and Council Decision 2008/376/EC 'on the adoption of the Research Programme of the Research Fund for Coal and Steel and on the multiannual technical guidelines' (for which qualified majority is needed).

The Commission legal service has indicated that the changes needed within Council Decision 2003/76/EC and 2003/77/EC can be done following an alternative interpretation of Protocol 37 of the Treaty on the Functioning of the European Union. Protocol 37 remains unchanged.

The revisions of these Council Decisions are intended for 2020, under the new Commission, to be ready for the start of Horizon Europe in 2021. Meanwhile, strategic planning for Horizon Europe has started and by the end of May 2019 it should be ready for a public consultation to take place between June and September 2019.

At some point in November or December 2019 it is expected that the final version of the strategic plan would be endorsed by the Commission. The timeline for the Co-programmed European Partnerships has May 2019 scheduled for the presentation to Member States of all candidates for European Partnerships identified so far by the Commission (via a 'shadow' strategic programme committee). The launch of the member state consultation on all partnership should also begin at around this juncture.

This will be followed by dedicated discussions in the shadow strategic programme committee with Member States on European Partnership in June 2019. In the second half of 2019, the preparation work on all possible partnerships, alongside all interested parties, will define the objectives, vision, scope and long-term commitments in a partnership. The start of the implementation of the European Partnerships under Horizon Europe will be in early 2021.

“The start of the implementation of the European Partnerships under Horizon Europe will be in early 2021.”

**CHIYUAN LIU**

Manager, Quality Tracking Project

Quality Tracking Project

Successful conclusion of Quality Tracking Project

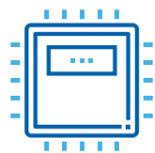
The Quality Tracking Project closing meeting took place on 23 January 2019 at the EUROFER offices. The initial objectives of promotion, industrialisation and standardisation have been achieved after three years of close cooperation between all stakeholders. This achievement has contributed to the ongoing digitalisation of the steel industry in Europe.

Coils with quality tracking information can now be supplied by the five steel companies who participated in the project (ArcelorMittal, thyssenkrupp, Tata Steel Europe, voestalpine and Salzgitter). This allows steel coil users to use a standardised service from several steel suppliers. A working group created in May 2018 delivered three documents on the Electronic Data Interchange (EDI) structure for quality tracking. This common EDI structure further facilitates the industrial application of quality tracking and communication with steel users.

The draft European standard was submitted to CEN/TC459 ECISS/SC09/WG4 and went through the CENCIB with positive votes in December 2018. The European standardisation process is now at the stage of the preparation of the CEN enquiry. The publication of the European standard is expected in 2019.

The Quality Tracking Project is a unique success story about a successful joint effort between steel producers, in line with all compliance requirements. Innovative ideas finally became industrial reality after a long journey, lasting eight years, and prevailing despite uncertainties and obstacles. This experience should encourage further technical collaboration in the European steel industry and the results were shared with the European Steel Technology Platform (ESTEP) steering group on 12 February 2019.

The project is now self-sustaining without a project manager. The five founding companies will further develop their own digitalisation applications based on the common language of 1D barcodes. EUROFER will ensure any future attribution of the ranges for 1D barcode based on the description in the future European standard.



Technologies



JEAN-THEO GHENDA

Director, Technologies

Update of the EUROFER Low-Carbon Steel Roadmap

The European Steel Association (EUROFER) is updating its existing Low-Carbon Steel Roadmap. Initially created in 2013, the steel sector was one of the first to create an outline of how the industry expected to build a low-carbon future by 2050.

The objectives now, as then, are to:

1. Get a realistic view of the sector's mitigation capabilities. This includes assessing any related costs and economic viability in the medium (by 2025-2030) and long terms (by 2050). It also considers potential novel solutions, helping the EUROFER membership to make informed decisions;
2. Identify barriers, risks and remedies, in particular in terms of the impact on competitiveness, given that climate change is a global challenge and steel is a globally traded material.

The conclusions of the assessment will feed the political debate. The update of the steel roadmap will start in June 2019 with delivery expected in September 2019. This update requires the update of the 2013 low-carbon steel technology roadmap study by the German Steel Institute (VDEh) and the Boston Consulting Group (BCG).

Update of the EU steel industry technology roadmap

Two consultants have worked on EUROFER's behalf to update the EU steel industry technology roadmap. These are the German Steel Institute (VDEh), which has conducted the technical assessment and Navigant (formerly Ecofys), which has done the economic assessment. These two consultants have worked together to analyse and structure the available technical and economic information, putting it in perspective with the global context in order to give a full picture of steel's potential contribution to a low-carbon society.

The two consultants were supported by a team of independent experts. Additionally, the EUROFER secretariat has conducted a series of bilateral interviews with the companies to gather the necessary information on specific issues. The final report for the technical assessment was delivered in March 2019 and the one for the economic assessment in April 2019.

EU energy map

It was suggested at the European Commission's High-Level Working Group on Energy Intensive Industries that a map of energy demand, supply and infrastructure for the EU – hereafter called the 'energy map' – be developed. Such an energy map for the EU needs to build on the 'energy maps' for EU countries and regions – including two or three scenarios for 2050 and pathways to leading to their outcome.

Those maps will support the development of more coherent policies (e.g. on power/hydrogen/etc). Currently there is no clear view about how energy systems appear for EU regions in 2050 nor what the development path towards 2050 will be. There are studies at EU and regional levels, but these tend to be top-down and not bottom-up. This risks relevant national developments/policy priorities/industry roadmaps in key Member States being insufficiently taken into account in the overall EU picture. This could result in a mismatch between the EU outlook and the sum of national outlooks. There is a need to employ a standardised methodology across all regions and get a sufficiently integrated view across demand, supply and infrastructure per region.

EUROFER has been working on a concept that shows how such an energy map could be developed. The concept is being discussed with relevant stakeholders.

“The update of the steel roadmap will start in June 2019 with delivery expected in September 2019.”

Strategic Energy Technology Plan – Action 6: Energy Efficient Industry

A new structure has been defined for the Strategic Energy Technology Plan (SET-Plan) Implementation Working Group 6 (IWG6) on 'Energy Efficient Industry' to reflect the priorities of the Implementation Plan of this working group. IWG6 will include the following sub-groups:

- The General Assembly, including representatives of all other sub-groups
- The National Representatives Group (NRG), including Member States and SET Plan Associated States which are members of the IWG6, to address topics that the Member States wish to discuss among themselves
- Thematic Groups (TG) including two sectorial TGs, one for steel and one for chemicals. An additional TG will be dedicated to cross-cutting topics (TG-Cross Cutting) to address the priorities for heat/cold, for systems, as well as non-technical barriers or enablers, such as funding opportunities, sustainable energy (electricity, hydrogen) at competitive prices, the market for new low-carbon products, and EU legislative preservation of global competitiveness, etc.

The core tasks and priorities for 2019 of the IWG6 are to coordinate research and innovation (R&I) strategy, develop activity ideas into projects (including support for the development of the next steps, such as scale first-of-a-kind demonstrators, or other developments at pilot scale) and facilitate cross-border cooperation. Further core tasks of the IWG6 are to collect information, monitor projects and technologies and organising networking events. The IWG6 and its subgroups will be supported by the consultant ECORYS Europe, in consortium with Ricardo and CEPS, which were selected at the end of January 2019 through a competitive tendering process.

Strategic Energy Technology Plan – Action 9: Carbon Capture Utilisation and Storage

The SET-Plan Implementation Working Group 9 (IWG9) on Carbon Capture Utilisation and Storage is focussing on delivering the R&I activities outlined in the Implementation Plan of the IWG9. Five thematic subgroups have been established under the IWG9 to help advance on the delivery of the R&I activities to achieve the SET-Plan CCUS targets: subgroup 1 (SG1) dedicated to full-scale projects, clusters and infrastructure; subgroup 2 (SG2) to CO2 capture; subgroup 3 (SG3) to CO2 storage; subgroup 4 (SG4) to CO2 Usage and subgroup 5 (SG5) to modelling. These subgroups are formed of experts in each of the thematic areas. The subgroups are free to propose alternative approaches to delivering their respective R&I activities. These subgroups reported on their progress in the IWG9 plenary meeting of 26 March 2019. The next plenary meeting will take place on 17 October 2019.

The International Energy Agency's Global Technology Roadmap for Iron and Steel

The International Energy Agency (IEA) and the European Bank for Reconstruction and Development (EBRD) conducted an Experts' Dialogue on the 29 March 2019 in Paris to discuss the development of the IEA's Global Technology Roadmap for Iron and Steel. The Roadmap aims to explore the implications of a sustainable transition for the iron and steel sector to help achieve key UN Sustainability Goals and to set out priority implementation actions.

This workshop (entitled, 'Experts' Dialogue on Effecting the Sustainable Transition of the Iron and Steel sector') brought together leading international experts from industry, governments, multilateral development banks, foundations and the research community. The aim was to discuss effective enabling mechanisms to accelerate the necessary transition, and strategies to mobilise investment and reduce the associated risks. The conclusions from this workshop are intended to inform the roadmap for which modelling and analysis began in April 2019.

The IEA will be in touch with the different stakeholders in the coming months to review techno-economic inputs for the modelling process, and will seek feedback during the review process as they approach publication.



Climate change and energy



ADOLFO AIELLO

Director, Climate and Energy



JEAN-THEO GHENDA

Director, Technologies

Review of the EU Emissions Trading System (EU ETS) post 2020

Following the conclusions of the trilogue negotiations, the revised ETS Directive (EU 2018/410) for the post-2020 period was published in March 2018 and entered into force on 8 April 2018.

The main elements of the final text which sets the legal framework for the period 2021–2030 are summarised below:

The linear reduction factor of the overall EU ETS cap is fixed at 2.2%/year;

- The auctioning share is 57%, but it can be reduced by up to 3% if the Cross Sectoral Correction Factor (CSCF) is applied;
- If a CSCF is needed, it will apply uniformly to all sectors;
- Benchmarks will be updated with flat rates between 0.2% and 1.6%, and the 0.2% flat rate will apply to the hot metal benchmark at least until 2025;
- The carbon leakage binary approach as proposed by the Commission was confirmed;
- Member States retain the right and discretion to determine indirect cost compensation in line with state aid rules, while reporting provisions are enhanced in order to increase the transparency of national compensation schemes;
- The intake and outtake rates of the Market Stability Reserve (MSR) are to be doubled until the end 2023, and every year as from 2024, allowances in the MSR above the number of allowances auctioned during the previous year shall no longer be valid.

Following the adoption of the Directive, the work of the EU institutions and relevant stakeholders including EUROFER focused on the implementation phase. EUROFER contributed proactively to the Expert Group on Climate Change Policy established by the European Commission.

On the basis of the criteria set out in the Directive, the European Commission defined the list of sectors deemed at risk of carbon leakage for the post 2020 period. The final list, which was set in the Commission Delegated Regulation 2019/930, included the steel sector, as well as all its related sub-sectors.

Another important element of the implementation phase was the Commission's Delegated Regulation 2019/331 on free allocation rules. Among others things, this regulation addresses the rules on waste gases (which are relevant for the BF/BOF route), heat and electricity exchangeability (which is relevant for EAF route), and more generally the detailed provisions for the update of the benchmarks for the post 2020 period.

EU long term climate and energy strategy

On 28 November 2018, the Commission presented its strategic long-term vision for a prosperous, modern, competitive and climate-neutral economy by 2050. Together with other energy intensive industries, EUROFER contributed to the debate on this strategy with the publication of the VUB/IES report, Industrial Value Chain: A Bridge towards a Carbon Neutral Europe.

“the Commission presented its strategic long-term vision for a prosperous, modern, competitive and climate-neutral economy by 2050.”

The report describes a wide range of technology pathways for greenhouse gas emissions reduction for energy intensive industries. It also discusses the likely demand for critical resources and infrastructure for the level of deployment of these technologies required for achievement of net-zero emission economy by 2050. Furthermore, it describes scenarios for power demand across an increasingly electrified EU industry. The report concludes that a new and integrated EU industrial strategy is required to complete a transition to a low-carbon economy in the EU.

Clean Energy Package

Most of the dossiers of the Clean Energy Package were finalised in 2018. EUROFER followed the most relevant issues for the sector, notably the Renewable Energy Directive (RED), the Energy Efficiency Directive (EED), the Electricity Market Design (EMD), and the Energy Union Governance Regulation (EUGR).

The RED sets the 2030 renewables target at 32%, with a revision clause by 2023. Within the transport sector, the target is set at 14% by 2030 and Member States may also include recycled carbon fuels in this calculation. These provisions allow the promotion of alternative fuels derived from industrial process gases provided that they achieve a minimum greenhouse gas emission target to be set in the implementation phase.

The EED sets the 2030 energy efficiency target at 32.5%, with a revision clause by 2023. Member States may make use of an energy efficiency obligation scheme or alternative policy measures or both. They must ensure that the 0.8% required annual savings of the final energy consumption are still reached. The possibility to exclude energy consumed by ETS installations from the calculation of the energy saving is maintained, provided that all exemptions do not exceed 35% of the initial energy saving target.

The EMD was also finalised in 2018. The electricity regulation revises the rules and principles of the internal electricity market to ensure it functions properly, is competitive and is undistorted. The regulation lays down the conditions under which Member States can establish capacity mechanisms and the principles for their creation. These mechanisms have to be temporary and be designed to address an identified resource adequacy concern.

The EUGR is intended to ensure that the EU's 2030 energy efficiency and renewables targets are achieved. The national energy and climate plans (to be finalised by the end of 2019) will include national targets, contributions, policies and measures for the five dimensions of the energy union: decarbonisation, energy efficiency, energy security, and internal energy markets, as well as research, innovation and competitiveness.





Sustainability



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Manager, Chemicals, Water and Sustainability



HANS REGTUIT

Manager, Stainless Steel Health and Environment

The EUROFER Sustainability Strategy is based on four established principles:

1. Steel is a sustainable and permanent material;
2. The EU steel industry is a highly sustainable producer compared to producers in other regions;
3. Each steel sector segment faces specific market environments wherein the very concept of 'sustainability' may require different approaches;
4. Specific sustainability initiatives undertaken by a given segment must fit into the overall steel strategy and must not negatively affect the work done in other segments.

Based on these principles, the EUROFER Sustainability Credentials Working Group published, in April 2016, the first sustainability vision document, entitled Steel: the Backbone of Sustainability in Europe. This 'vision paper' reflects on the contribution of the sector to socio-economic growth, sustainable production and products, as well as to the circular economy.

Further discussions of this vision took place at internal workshops and meetings on 'Steel in the Circular Economy'.

Many other initiatives in EUROFER, in particular on low-carbon steel making and the environment, but also on social and economic issues could be placed under the umbrella of sustainability. As a follow up in 2017, the EUROFER board agreed to conduct a thorough stakeholder consultation in order to identify the key relevant issues for the European steel industry. In 2018, the results of this stakeholder consultation became available and were presented at the EUROFER General Assembly in November 2018.



Based on a weighted 'materiality' check on all stakeholder groups, the most material issue for the European steel industry is to be, and remain, a sustainable employer. From an innovation and low-carbon point of view, the European steel industry should focus on breakthrough technologies. Air pollution and the circular economy are other most important environmental issues. Steel being used in sustainable products turned out to have the greatest societal impact.

Other priorities for the European steel industry include the promotion of steel as a multi-recyclable (permanent) and versatile material, and the material and energy efficiency of steel production.

In 2019, new steps will be taken to embed these findings into a transparent sustainability communication outreach, which fits in well within EUROFER's wider strategy.



MIIKKA NIEMINEN

Senior Manager, Public Affairs

Sustainable finance taxonomy

Proposal for a Regulation on the establishment of a framework to facilitate sustainable investment (COM (2018) 353)

The Commission published a legislative proposal on the establishment of a framework to facilitate sustainable investment, called the 'Taxonomy' proposal, on 24 May 2018. The main objective is to define the concept of 'environmentally sustainable investment', with a view to channelling capital flows towards those type of investments. In particular, the proposal sets a framework for identifying which economic activities are environmentally sustainable:

- Activities contributing to at least one of the environmental objectives established by the proposal (climate mitigation and adaptation, protection of water and marine resources, circular economy, pollution prevention, ecosystem protection).
- Activities that do not significantly harm any of the objectives above.

“EUROFER supports the objective of the Sustainable Finance Action Plan to mobilise investments in the EU, with a view to achieving a sustainable transition to a low-carbon economy.”

This framework is intended to serve two purposes: Member States' authorities shall use it when setting national legislation to promote sustainable investments (e.g. labelling schemes, green bonds schemes, etc.), and financial actors shall use the criteria above to determine the environmental sustainability of an investment.

EUROFER supports the objective of the Sustainable Finance Action Plan to mobilise investments in the EU, with a view to achieving a sustainable transition to a low-carbon economy. However, the proposed taxonomy should not hinder the innovation and decarbonisation transition of the European steel industry. Access to investment will be key to making the action plan successful. We therefore advocate that:

- The taxonomy should maintain a flexible approach that avoids prescriptive and/or rigid categories which do not take the dynamic evolution of technology into account.
- Industrial value-creation chains should be fully reflected in the taxonomic system, being holistically considered and evaluated.
- A purely binary consideration between 'environmentally sustainable' or 'activities with a negative environmental impact' does not represent current industrial realities or ongoing societal needs.
- The taxonomy should not be misused as punitive instrument: it is key to take into account whether an activity is in transition to a carbon-lean configuration and operation, including preparatory large-scale innovation projects and specific timelines and pathways of its transition.
- Taxonomy should not lead to any additional reporting duties or disproportionate cost increases for the real economy.
- Taxonomy must consider a fully comprehensive life-cycle analysis.

The European Parliament ECON/ENVI committees published its draft report in November 2018 and the committee vote took place 11 March 2019. The plenary vote took place on 28 March 2019. Due to the legislative term ending and the Parliament recess, trilogue negotiations with the Council on taxonomy are not expected to start before autumn of 2019.



Transport



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Update for 2019

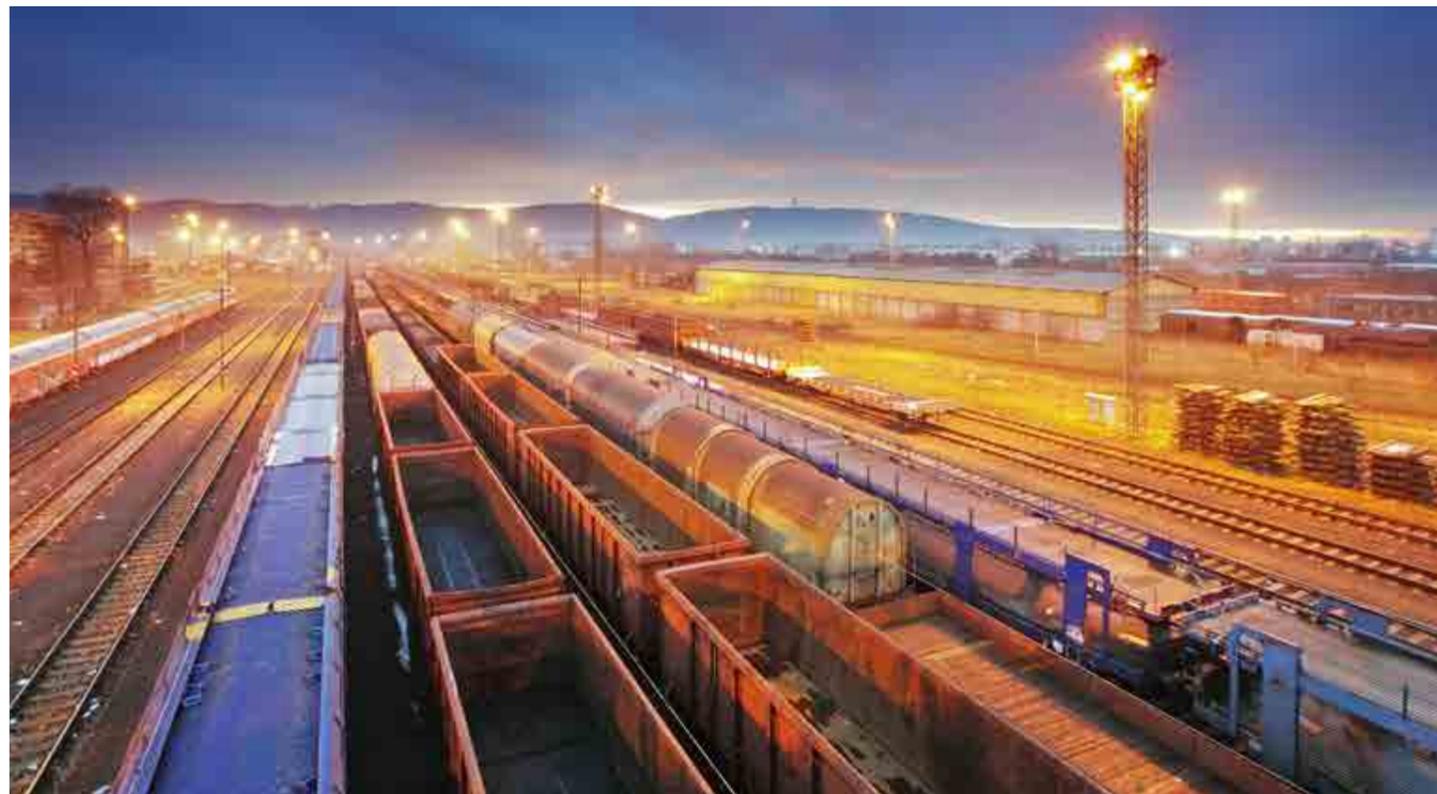
The EUROFER Transport Committee continued its work in 2018 as a Transport Working Group, a part of the EUROFER Public Affairs Committee. The bi-annual meetings continued to focus on the various transport policies and legislative work with guest speakers from the EU institutions, businesses and associations.

As had previously been identified as the key transport areas for the steel industry in the EUROFER position paper on transport, 'Priority transport issues for the European steel industry', work continued on the areas which have a direct impact on the steel industry's operations. As in 2017, the main focus in 2018 was on road transport due to the Commission's Mobility Packages I, II and III, on which legislative work still continues within the EU institutions.

Road transport

In addition to the two major legislative packages the Commission presented previously (the 'Europe on the Move' Mobility Package and the 'Clean' Mobility Package), in May 2018 the Commission presented the final part of the package, supporting safe, clean and connected mobility.

While the main reasons and objectives behind the first Mobility Package were the need for clearer and more enforceable common rules in the EU, this has proved to be challenging, especially on the social dimension. Cabotage rules, driving and resting times, social legislation, and posting of drivers legislative work is still on-going with challenges on the EU institutions behalf to agree on a common line.



For the 'Clean Mobility Package', also launched in 2017, the EUROFER Transport Working Group's main focus was on the CO2 standards for vehicles post-2020. While not directly related to the transport of goods, the Regulation was of major interest due to the steel industry's role as a material supplier to the automobile industry. A legislative proposal on combined transport also was closely followed.

As in previous years, these directives and regulations were discussed in length amongst the European steel industry's transport and logistics experts. Key experts from other organisations and EU bodies were invited to the EUROFER meetings for in-depth discussions.

“The steel industry, as a shipper of heavy goods, has historically had extensive cooperation with rail.”

Inland waterway transport plays an important role for the transport of goods in Europe and can be a competitive alternative to road and rail transport. However, challenges like aging infrastructure, natural events and air pollution are all areas in which EU-wide practical solutions need to be found. For this, the Commission published a mid-term progress report in 2018 on the EU inland waterway action programme, focusing on key areas of intervention such as quality infrastructure, environmental quality through low emissions, skilled workforce and integration of inland navigation into the multimodal logistics chain.

Maritime transport remains one of the key areas for EUROFER and Europe's ports are vital gateways, linking its transport corridors to the rest of the world. For the steel industry they are key to its sustainability insofar as raw material supply and shipments to overseas are basic elements of its business operations. New investment, enhanced efficiency of port operations, high-quality services and the improved governance of European ports are vital. Dockside services (cargo operations in ports) are another important dimension that plays a major part in the overall cost structure of sea freight for shippers.

Cooperation with other stakeholders

In addition to its internal Transport Working Group work, EUROFER continued to participate actively in the European Shippers' Council's Maritime, Railway and Inland Transport Council meetings as well as the Transport Working Group and Task Force on Low-Emission Mobility of BusinessEurope. These are a useful platform to stay updated on developments in the field, as well as serving as a forum to share views and best practices with the numerous active transport operators and shippers.

Rail, inland waterways and maritime transport

In contrast to road transport's experience in 2018, legislative proposals were not as numerous for rail, barge and maritime transport operations. Due to their major role in the European steel industry's logistics operations, the developments in these areas were nevertheless closely monitored.

The steel industry, as a shipper of heavy goods, has historically had extensive cooperation with rail. The structural capacity problem of freight trains – particularly in busy corridors – has been an issue, something the Commission is also looking into. Single wagon services also continue to form an essential part of rail transport for steel, with some steel-producing countries transporting almost half of their dispatched goods via the single wagon system.



Social affairs



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Senior Manager, Public Affairs

“The objectives of this Sectoral Social Dialogue are to monitor the social, economic and employment consequences of EU policies on the steel sector.”

Social Affairs Committee update

During 2018, the EUROFER Social Affairs Committee continued its work with a focus on internal preparation for the Sectoral Social Dialogue Committee on Steel (SSDC) meetings, as well as acting as a platform for discussions on social policy matters. The Social Affairs Committee, in its meetings, also monitors EU legislation in the area of social and employment policies and takes advocacy actions where necessary. EUROFER actively takes part in the Liaison Forum organised by the European Commission. The Liaison Forum is a platform for the EU industry and the sectoral social partners. In addition, EUROFER is also a member of the European Employers' Network, with meetings under the auspices of BusinessEurope.

Activities of the sectoral social dialogue committee on steel with industriAll European Trade Union

The Sectoral Social Dialogue Committee (SSDC) on Steel, supported by the Commission, seeks to contribute to the sustainability and competitiveness of the steel sector in Europe. EUROFER and the industriAll European Trade Union, the social partners in the SSDC, have built up shared understanding and mutual trust since 2006.

The objectives of this Sectoral Social Dialogue are to monitor the social, economic and employment consequences of EU policies on the steel sector, to develop concepts and proposals to influence European and national debates, and to give direction and recommendations that contribute to policy developments. In addition, the SSDC conducts exchanges on topics of mutual interest and develops a capacity for subsequent joint actions including statements, position papers and projects.

In 2018–2019 the social partners continued working together on topics of mutual interest with the aim of improving the competitiveness of the European steel sector. This on-going work includes topics such as:

- Energy and climate change policies, with a special focus on the revision of the EU Emission Trading Scheme (EU ETS) and the Clean Energy Package;
- Trade policies and their implementation, including trade defence instruments, anti-dumping methodology, foreign direct investment, state aid, and overall trade practices, including protectionism, in non-EU countries;
- The evolution of the EU steel market and latest developments, including new technology and skills needs, which play an ever more important role in the changing technical advancements within the European steel sector.

Representativeness study by Eurofound

The European Foundation for the Improvement of Living and Working Conditions (Eurofound), conducted a study in 2018 which provides information allowing for an assessment of the representativeness of the actors involved in the European SSDC for the steel sector. The aim is to identify the relevant national and European social partner organisations in the field of industrial relations in the EU Member States. EUROFER (representing the employers) and industriAll Europe (representing the employees) were identified as the most representative European level social partner organisations in the steel sector.

Training and education

One of the main tasks of the committee has been to apply and work on the Commission's Blueprint Skills Agenda project. This is a framework for strategic cooperation between key stakeholders to develop concrete actions to satisfy short- and medium-term skills needs, funded by the Erasmus+ fund. Steel is one of the sectors identified as

needing to go through considerable structural changes in terms of new technologies, and therefore of needing improve skills resources.

After the decision of the EUROFER Social Affairs Committee to apply, a detailed project outline and application was made with a coordinating help by the Technical University of Dortmund (Antonius Schroeder) and the University of Cardiff (Dean Stroud). This resulted in a programme called the 'industry-driven sustainable European Steel Skills Agenda and Strategy' (ESSA) which was approved by the Commission in 2018. The objective of this project is to develop a sustainable, industry driven and coordinated European skills agenda and strategy for the on-going and immediate implementation and new skills demands. The budget for this programme is €4 million and the project will run from January 2019 to December 2022. Most of the relevant partners of the sector and relevant Member States are involved.

The aim is that ESSA will lead to the development of modules for new skills for a globally competitive industry and provide tools for anticipating new skills demands. This in turn will facilitate the coordination of pro-active and practical activities to meet the future requirements of the industry.

Employment

Employment levels grew again in 2018 to just shy of 330,000 direct jobs. This followed growth in 2017, and reflects improved economic conditions in the EU as a whole.

Challenges still remain, especially within the context of the ongoing volatility of global trade and the wider steel excess capacity context. The rather subdued market outlook for 2019 and 2020 suggest that employment in the EU steel sector may, at best, stabilise around the current level or slightly decrease in coming years.



Annexes

Glossary of terms

Terms that both appear in this report or that are of relevance to EUROFER, its work or its relationships with its stakeholders.

ADP	Abiotic Resource Depletion Potential	EED	Energy Efficiency Directive	MTF	Multiannual Financial Framework
BAT	Best Available Techniques	EGGA	European General Galvanizers Association	MSR	Market Stability Reserve
BAT-AELs – (BAT)	Associated Emission Levels	EIPPCB	European Integrated Pollution Prevention and Control Bureau	NAPCAP	National Air Pollution Control Programmes
BAT AEPL – (BAT)	Associated Environmental Performance Levels	EIPRM	European Innovation Partnership on Raw Materials	NEC	National Emissions Ceilings (Directive)
BCG	Boston Consulting Group	EMD	Energy Market Design	NRG	National Representatives Group (of the SET Plan)
BF/BOF	Blast Furnace/Basic Oxygen Furnace	EPDs	Environmental Product Declarations	OECD	Organisation for Economic Cooperation and Development
BREF	Best Available Techniques Reference Document	EPR	Extended Producer Responsibility	OSH	Occupational Safety and Health
BREF-FMP	Ferrous Metal Processing BREF	EQS	Environmental Quality Standard	PEF	Product Environmental Footprint
BREF-LCP	Large Combustion Plants BREF	ESSA	European Steel Skills Agenda and Strategy	PEFCR	Product Environmental Footprint Category Rules
BREF-LVIC	Large Volume Inorganic Chemicals BREF	ESTE	European Steel Technology Platform	PREI (WG)	Production Related Environmental Issues (Working Group)
BREF-SF	Smitheries and Foundries BREF	EU	European Union	R&D&I	Research, Development and Innovation
BREF-ST	Surface Treatment Using Solvents – BREF	EU ETS	European Union Emissions Trading System	(ECHA) RAC	Risk Assessment Committee
BREF-WGC	Waste Gas Treatment in the Chemical Sector BREF	EUGR	Energy Union Governance Regulation	REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
BREF-WT	Waste Treatment BREF	EURACOAL	European Association for Coal and Lignite	RED	Renewable Energy Directive
BusinessEurope	Confederation of European Business	EUROFER	European Steel Association	REFIT	Regulatory Fitness and Performance programme
CAEF	European Foundry Association	Eurometaux	European non-ferrous metals association	RFCS	Research Fund for Coal and Steel
CARACAL	Competent Authorities for REACH and CLP	Euromines	European Association of Mining Industries	RoHS	Restriction of Hazardous Substances Directive
CCUS	Carbon Capture Usage and Storage	EUROSLAG	European Ferrous Slag Products Association	SAG	Steel Advisory Group
CEPIC	European Chemical Industry Council	FOB	Free on Board	SCL	Specific Concentration Limit
CEN	European Committee for Standardisation	FP9	Ninth Framework Programme for Research and Innovation	SET-Plan	Strategic Energy Technology Plan
CEN/TC 135	Standard on the execution of steel structures and aluminium structures	GCL	Generic Concentration Limit	SPIRE	Sustainable Process Industry through Resource and Energy Efficiency
CENELEC	European Committee for Electrotechnical Standardisation	GDP	Gross Domestic Product	SSDC	Sectoral Social Dialogue Committee
CI	Cobalt Institute	GFSEC	Global Steel Forum on Steel Excess Capacity	SustSteel	Sustainability for Steel Construction Products Mark
CII	Cross-Industry Initiative	GHS	Global Harmonised System for classification	TDI	Trade Defence Instruments
CLP	Regulation on the Classification, Labelling and Packaging of products	GPP	Green Public Procurement	TF	Task Force
CO₂	Carbon Dioxide	ICDA	International Chromium Development Association	TGS	Technical Groups
CONCAWE	European Refinery Industry	IEA	International Energy Agency	TEN-T	Trans-European Transport Network
cPCR	complimentary Product Category Rules	IED	Industrial Emissions Directive	TRL	Technical Readiness Level
cPPP	contractual Public-Private Partnerships	IG Metall	Industriegewerkschaft Metall	TWG	Technical Working Group
CPR	Construction Products Regulation	IMOA	International Molybdenum Association	UN	United Nations
CPW (Interface)	Chemicals, Products and Waste (Interface)	industriAll	European Trade Union	US	United States (of America)
CSCF	Cross Sectoral Correction Factor	INSG	International Nickel Study Group	VDEh	German Steel Institute
EAF	Electric Arc Furnace	IPPC	Integrated Pollution Prevention and Control	VUB/IES	Vrije Universiteit Brussel / Insitute for European Studies
EBRD	European Bank for Reconstruction and Development	ISSF	International Stainless Steel Forum	WFD	Water Framework Directive
ECHA	European Chemicals Agency	JTI	Joint Technology Initiatives	WTO	World Trade Organisation
ECCA	European Coil Coating Association	KIC	Knowledge and Innovation Community		
ECSC	European Coal and Steel Community	LCA	Lifecycle Assessment		
EDI	Electronic data interchange	LCP	Large Combustion Plants		
		LEVELs	Environmental Indicators for Resource Efficient Buildings		
		LRTAP	Long-Range Transboundary Air Pollution		

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Salzgitter AG	www.salzgitter-ag.de
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Megasa Group	www.megasa.com/
SIJ - Slovenian Steel Group	www.sij.si
Stahlwerk Thüringen	www.CSN-sections.com
Štore Steel	www.store-steel.si
Tata Steel Europe	www.tatasteeleurope.com
thyssenKrupp Steel Europe AG	www.thyssenkrupp.com
Třinecké Železářny	www.trz.cz
U.S. Steel Košice	www.usske.sk
Vitkovice Steel	www.vitkovicesteel.com
Voestalpine	www.voestalpine.com

National associations

AUSTRIA

Fachverband der Bergwerke und Eisenerzeugenden Industrie

www.wko.at/branchen/industrie/bergwerke-stahl/start.html

BELGIUM

Groupement de la Sidérurgie – GSV

www.steelbel.be

BULGARIA

Bulgarian Association of the Metallurgical Industries – BAMI

www.bcm-bg.com/index.php

CZECH REPUBLIC

Ocelářská Unie

www.ocelarskaunie.cz

FINLAND

Metallinjalostajat

www.teknologiateollisuus.fi/

FRANCE

A3M - Alliance des Minerais, Minéraux et Métaux

www.a3m-asso.fr/

Chambre Syndicale des Producteurs d'Aciers Fins et Spéciaux

www.spas.fr

GERMANY

Wirtschaftsvereinigung Stahl

www.wvstahl.de

GREECE

Hellenic Steelmakers' Union – ENXE

HUNGARY

Magyar Vas-és Acélipari Egyesülés

www.mvae.hu

ITALY

Federacciai

www.federacciai.it

POLAND

Hutnicza Izba Przemysłowo-Handlowa

www.hiph.com.pl

ROMANIA

Uniunea Producatorilor de Otel din Romania – UniRomSider

SPAIN

Unión de Empresas Siderúrgicas – UNESID

www.unesid.org

SWEDEN

Jernkontoret

www.jernkontoret.se

UNITED KINGDOM

UK Steel

www.uksteel.org.uk

Associate members

COMPANIES

Asil Çelik San. ve Tic. A.Ş.

www.asilcelik.com.tr

Çolakoglu Metalurji

www.colakoglu.com.tr

Türkiye Çelik Üreticileri Derneği – TÇÜD

www.dcu.org.tr

Diler Demir Çelik Endüstrisi ve Ticaret

www.dilerhld.com/diler_demircelik/index.html

Erdemir - Ereğli Demir ve Çelik Fabrikalari

www.erdemir.com.tr

Swiss Steel

www.swiss-steel.com

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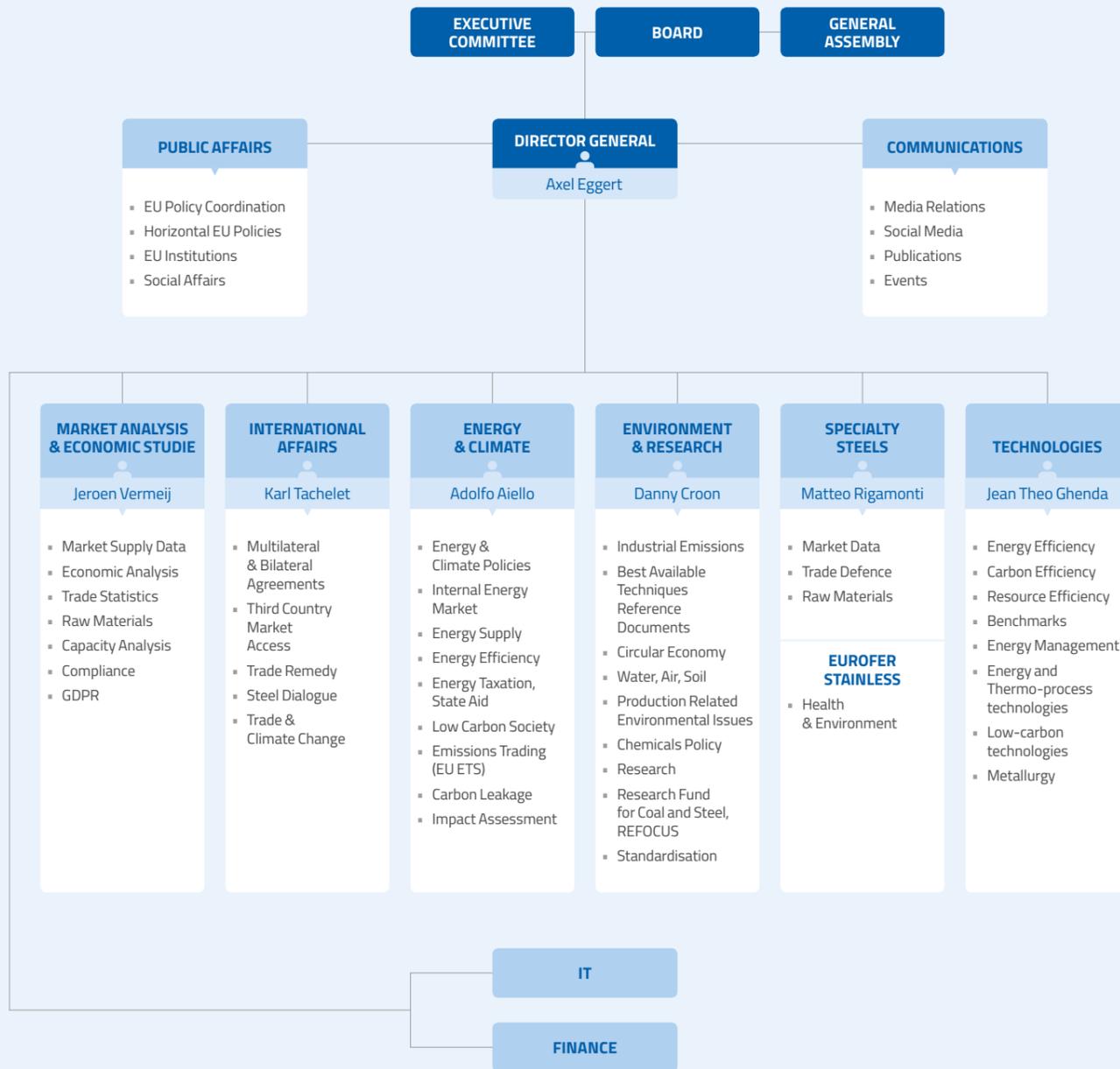
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About the European Steel Association (EUROFER)

The European Steel Association (EUROFER) AISBL is an international not-for-profit organisation under Belgian law, based in Brussels. EUROFER was founded in 1976 and represents the entirety of steel production in the European Union. EUROFER members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations in Switzerland and Turkey are associate members.

EUROFER is recorded in the EU transparency register: 93038071152-83

About the European steel industry

The European steel industry is a world leader in innovation and environmental sustainability. It has a turnover of around €170 billion and directly employs 330,000 highly-skilled people, producing on average 170 million tonnes of steel per year. More than 500 steel production sites across 23 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.

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