
2020

Annual Report



EUROFER
THE EUROPEAN STEEL ASSOCIATION

Foreword

EUROFER's Annual Reports are an opportunity to look back at the preceding twelve months and examine the work of the European Steel Association (EUROFER). It also serves as a benchmark for the performance of the whole sector over that timeframe.

However, this edition's release is overcast by its release coinciding with a pandemic – COVID-19. This means that as an analysis of 2019 it still provides an understanding of what the steel sector went through. However, as a guide to EUROFER's future priorities, it is clear that what is written here today may be out of date by tomorrow.

2019 was already a difficult year for European steel. Even though the EU economy grew by 1.4% over the year, EU crude steel production dropped 6% to 157 million tonnes and apparent steel consumption fell by 5.3% to 154 million tonnes. Increasing trade tensions and a deterioration in the performance of key steel-using sectors – most notably in the automotive industry – underpinned a decline in demand for steel.

The decline in demand also precipitated a fall in imports of 11.5%. However, this is only a decline compared to the import record set in 2018, meaning import levels have returned to the level of the still high volumes seen in 2016 and 2017. However, this reduced figure hides significant market-destabilising volatility, and this instability has also undermined the functioning of the EU steel safeguard, even as the import quota has been raised continuously.

However, 2019 may well come to be seen as a prelude to an unprecedentedly difficult year in 2020. Previous EUROFER economic analyses had expected growth to return to the market in 2020, but with the advent of the coronavirus pandemic, the question regarding the performance of the steel sector this year is not a matter of asking: will it be bad? – it is a question of how bad can it get?

Provisional sectoral statistics collected by EUROFER during the coronavirus crisis suggest that during the acute phase of the lockdowns in March and April 2020 there was a collapse in steel demand, approaching 50% – and more, in certain segments. At the peak, nearly 45% of the workforce was either furloughed or on reduced time working. It is not clear how temporarily these setbacks are and how long it might take to recover from them.

At the same time, other regions also hit by the pandemic continued to produce for stockpiling, anticipating the recovery of third markets, such as the EU's. Low-ball offers at EU borders depress domestic prices even if they aren't then followed by imported volumes. However, in the current conditions of stalled local production and the availability of imported substitutes there is a non-negligible risk of imports absorbing most or all resurgent steel demand, once it comes.

It is clear that the European steel industry is in a very precarious a position, at least in the near term. The steel sector – along with its value chains – must be supported today and empowered to contribute to the recovery. In practice, this means EU leaders must sharpen every available policy tool, even if they were not in principle designed with the specific purpose of economic recovery in mind.

To some extent, the EU has already been working to achieve this: the spate of State Aid approvals in the first half of 2020 attest to the understanding that EU companies need emergency support during this crisis. Shifted interpretations of foreign direct investment rules highlight the fact that policy makers appreciate that there are global players that would be terribly eager to acquire momentarily distressed assets at fire-sale prices. The recovery action plan developed by the Commission also seeks to set the European economy back on its tracks once the peak of the pandemic has passed. However, this approach has not been taken to its logical conclusion, most notably in trade policy.

There are lawful trade measures available that could be deployed in these emergency circumstances that would ensure the already weakened market is not overrun with by a flood of imports when steel demand picks up again. Steel is an intensively traded product – one for which volume and price volatility at the border is immediately echoed in domestic market conditions. The EU should be unafraid to sharpen its trade defence tools, especially as global competitors are prepared to do whatever it takes to penetrate the market.

The multilateral trading system is weaker than it has been at any time in the post-war period. Increasingly, regions are playing off against each other. And it is Europe – and European steel – that stand to be worst hit in these circumstances if the EU doesn't act. EUROFER will continue to offer support and make clear its recommendations in this respect.

The EU and industry must work together to overcome the pandemic-induced economic disaster in the short term, so that our sector and related value chains can help contribute to the recovery. We are still in the early days of this crisis, and there is still time to ensure that the EU and its industry rises stronger, cleaner and greener than before.

We hope that you enjoy reading the EUROFER Annual Report 2020.



GEERT VAN POELVOORDE

President
European Steel Association



AXEL EGGERT

Director General
European Steel Association

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Introduction



AXEL EGGERT

Director General, The European Steel Association

The EU economy grew by 1.4% in 2019, the lowest economic growth rate since 2013, with the slowing trend becoming more pronounced in the latter quarters of the year. EU crude steel production dropped 6% to 157 million tonnes and apparent steel consumption fell by 5.3% to 154 million tonnes. Imports declined by around 11%, but so did exports, falling by 11.5%. Global crude steel production actually rose by 3.4% to 1.87 billion tonnes in 2019, with China racing ahead, expanding its output by 8.3% over the year.

These figures all refer to the pre-COVID-19 crisis. The compounded effects on the sector – and what the outcome will ultimately be, are unknowable as of the time of writing. EUROFER has temporarily suspended forward assessment in its market analyses, simply because it is not possible at this time to reliably predict what the market will do in the coming months.

EUROFER has, several policy priorities spread across a range of technical fields. Perhaps the most important of these is the work on the European Green Deal. The Green Deal, published in late 2019 sets out the EU's ambitious plan for the European economy to be carbon neutral by 2050. It bears repeating how ambitious an endeavour this is: it requires the wholesale transformation of the European economy and the way its society functions.

Nevertheless, the European steel industry is committed to support the objectives of the Green Deal. Indeed, steel was the first sector to lay out a roadmap about how it could reduce its greenhouse gas emissions by between 80-95% by 2050, depending on the conditions.

“The European steel industry is committed to support the objectives of the Green Deal”

This roadmap has now been expanded to become EUROFER's proposal for a specific, Green Deal on Steel. The magnitude of the decarbonisation challenge for our sector warrants special attention as to how the right conditions can be put in place to make the transition of one of Europe's most strategic sectors a reality.

Meanwhile, trade frictions are still a very present feature of the international landscape. The US' Section 232 measures are still in effect and trade diversion to the open EU market is still profoundly felt.



Economic and market situation

Indeed, while the Global Forum is strongly supported by EUROFER, a few, albeit relevant, member countries do not wish to see this multilateral approach continue.

The uncertainty surrounding Brexit remains. EUROFER has been calling for both parties to reach as comprehensive a deal as possible. EUROFER remains convinced that a close relationship is desirable, both for business and for EU and UK citizens. While the direct and specific impact of a 'no deal' scenario would be limited in tariff terms, the indirect effects in terms of friction for steel-using sectors could be severe. This is clear in areas such as state aid, environmental and labour standards, rules and regulations, and public procurement, where divergence would be harmful to the steel sector. A good deal is vital to avoid this situation.

Other trade-related policy work is being carried out on ensuring free and fair access to public procurement tenders around the world. Additionally, EUROFER is active in encouraging commitment to multilateral solutions to global problems. Most notably, these include advocating in 2019 for the continuation of the mandate of the Global Forum on Steel Excess Capacity and on reform of the WTO so that it remains fit for purpose in an increasingly polar world. Overall, EUROFER calls for leadership on fair and reciprocal access to markets. The EU must work closely with the US and Japan and other like-minded WTO members on root and branch reform of the WTO – particularly as the WTO is often the only solution for dealing with global players who deliberately distort whole markets, in the way Indonesia and China have been doing by restricting exports of essential raw materials.

Considerable work is taking place in the field of environmental policy, particularly as it pertains to the circular economy. In March 2020 the EU released its second Circular Economy Action Plan. This plan supports the aims of the European Green Deal, and in the words of the European Commission Communication, 'needs to accelerate the transition towards a regenerative growth model that gives back to the planet more than it takes.'

Steel is a circular, 100% recyclable, permanent material at the heart of the European economy. Its contribution to resource efficiency is already significant, contributing to the EU's product policy and environmental goals by having a number of superior material properties. Steel can be used in construction, transport, packaging, tools and more – and once its service life has concluded, it can be recycled completely and repurposed.

EUROFER will continue to work hard on this and other concrete sustainability issues, including those related to air and water quality, the handling of chemicals and the safe use of steel in day-to-day applications.

Finally, EUROFER works on social issues, including providing for improved training and career opportunities, as there are key to the European steel sector's success.

EUROFER Annual Report 2020 is available in print and online at www.eurofer.eu



ALESSANDRO SCIAMARELLI

Director, Market analysis and economic studies

Economic performance in 2019

Economic growth in the EU lost ground considerably over the course of 2019. GDP growth lost speed during 2019 and weakened to a tiny 0.2% quarter-on-quarter in the final quarter of the year. The EU economy grew by 1.4% in 2019, the lowest economic growth rate since 2013.

The EU economy, as well as other advanced economies, saw disruption affect its growth potential. A further slowdown in manufacturing occurred, affecting Germany in particular. Investment was subdued due to worsening business sentiment, despite interest rates remaining at record lows in the euro area.

The downturn in the automotive industry worsened significantly, though new emissions and fuel efficiency measurement rules coming into force next year flattered the figures resulting in a nominal rise in sales.

Trade tensions escalated between the US and China and took their toll on global trade, disrupting supply chains in the manufacturing sector. In addition, Brexit still remains another source of concern as the final deal between the EU and the UK will have to be negotiated in detail by the end of 2020.

Lastly, the coronavirus outbreak has severely impacted business sentiment and economic activity and is expected to continue to do so at least over the first three quarters of 2020, considerably lowering growth prospects and casting a shadow on the overall economic outlook.

Economic growth expectations

Previous economic growth predictions for 2020 and 2021 have been superseded due to the impact of the Covid-19 outbreak on the global economy in the first quarter of 2020. The economic effects could lead to the deepest recession on record in 2020 for both the EU and other advanced economies. This is expected to be even deeper than that triggered by the financial crisis in 2008-2009. A rebound in the economic cycle is only expected for the first quarter of 2021, but this is still difficult to predict given the unprecedented nature of the current crisis and the very high uncertainty at the time of writing.

The most recent available data, and forward-looking indicators, suggest that the EU economy has entered a phase of pronounced depression, with double-digit falls in GDP growth rates over the next few quarters running at least up until the end of 2020. The current crisis has hit the EU economy and industry at a time when a significant slowdown had already been brewing. Negative economic pressures had been pushing down since the second quarter of 2019. These pressures included escalating trade tensions between the US and its major trading partners and continued weakness of the manufacturing sector, particularly in automotive. This will have evident repercussions for steel demand. Economic growth continued during 2019 in every quarter, driven primarily by domestic demand, though this but began to slow down in the second half, with exports slowing.

The greatest risks stem from the exceptional and unprecedented magnitude of the Covid-19 related crisis that is having unpredictable effects on economic and industrial output in 2020 and 2021. Lockdown measures put in place by governments across the EU in Q1 2020 have so far resulted in an almost complete stop in production in industrial sectors as well as in overall economic activity, with considerable uncertainty on when normal business conditions will be restored.

“ Business conditions in the manufacturing sectors have continued to deteriorate since the peak of the previous cycle, which was at around the end of 2017. ”





Steel market

Once EU economies begin to return to normality – which is not expected to happen before the third quarter of the year – ongoing trade tensions and the manufacturing sector's weakness will continue to hamper business investment and confidence significantly. Continued economic uncertainty, coupled with the rise of government and corporate debt as a response to the current crisis, will probably also result in greater volatility in financial markets, which may hurt more vulnerable economies, and particularly affect emerging countries.

Steel-using sectors

Business conditions in the manufacturing sectors have continued to deteriorate since the peak of the previous cycle, which was at around the end of 2017. The downturn in industrial activity has not only affected the EU, but also been seen at the global level. This is a reflection of growing trade frictions and uncertainty – which has increasingly hampered business investment. This downward trend became steeper from the second quarter of 2019 onwards, particularly in the automotive industry, and continued in the fourth quarter. The construction sector has continued to record growth in output and outperform other steel-using sectors. As a result, output growth in the steel-using sectors has been slowing down since the first quarter of 2018, culminating in a drop of -1.6% in the fourth quarter, that has resulted in a decrease of 0.2% over the entire year 2019 compared to 2018. This was the first annual drop since the previous economic recession of 2013.

Due to the dramatic impact of the Covid-19 outbreak on the industrial sectors, recovery is not in sight in the short-term. There is still great uncertainty as to when normality for the economy and industry might return, if ever. However, even if it does it is unlikely to occur before early 2021 – and this is only if there are no manifestations of major downside risks. Such potential risks include a second coronavirus outbreak, heightened trade tensions, or a continued manufacturing downturn, among other possibilities. In any case, there is a lag before improved business sentiment and economic activity translate into new orders from the steel-using sectors to steel producers.

The coronavirus outbreak remains by far the major source of potential global disruption for the global economy and for supply chains in 2020 and 2021 – at least until effective protection against the pandemic is established. Global trade tensions had eased thanks to the US-China agreement signed on 15 January 2020, but a new escalation cannot be ruled out once the pandemic is over. The EU's manufacturing sector is likely to remain weak given its large exposure to global trade. The above risks are likely to continue to dampen business confidence and activity in steel-using industries, hampering a full recovery.



“Business conditions in the manufacturing sectors have continued to deteriorate since the peak of the previous cycle, which was at around the end of 2017. The downturn in industrial activity has not only affected the EU, but also been seen at the global level.”



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Crude steel production

Crude steel production in the EU was 157.6 million tonnes in 2019, which equated with a drop (-6%) compared to the production in 2018. This decrease reflects a continued deterioration in demand from steel-using sectors, which have also experienced a continued downturn throughout 2019, coupled with fierce competition in the domestic EU market, as well as in the EU's main export markets.

EU steel consumption and trade balance

In 2019, apparent steel consumption in the EU was 154 million tonnes, a decline (-5.3%) – the first since 2013 – compared to 2018. Imports decreased by -11.5% down to 35 million tonnes and held a 23% share of the market.

EU apparent steel consumption weakened considerably during the year, particularly after the second quarter. Weakening steel market fundamentals, decreasing demand from steel-using sectors and the steeper-than-usual reduction of stocks in the downstream steel supply chain resulted in four consecutive year-on-year falls in each quarter of 2019.

During 2019, the year-on-year quarterly falls in imports outpaced those in steel demand. This was, in essence, the result of the imposition of the preliminary safeguards set on 18 July 2018, which ensured a higher protection against imports from third countries, whose growth had outpaced that of steel demand in 2018 leading to continued trade diversion. As a result, the share of imports in apparent steel consumption in the EU decreased from 25% in the fourth quarter of 2018 to 21% in the fourth quarter of 2019.

Against weak steel demand in the EU, domestic deliveries of finished products also fell year-on-year for four consecutive quarters during 2019, resulting in an annual drop of -3.2%.

Due to the Covid-19 outbreak in the first quarter of 2020, EU steel market fundamentals are expected to remain extremely weak throughout 2020 and are unlikely to rebound before early 2021. It will also take time before new orders in industrial sectors translate into additional steel demand, provided that normal business conditions are restored after the end of the pandemic. Given the extent of the containment measures that have been put in place in EU Member States, the subsequent lockdown of industrial activity and the unprecedented nature of this crisis, volatility around any possible developments in the coming months remains too high to allow reliable forecasts for steel consumption in 2020 and 2021.

Imports into the EU

Total imports in 2019 decreased by 11% compared to 2018, that was the first annual drop since 2012.

Total finished product imports decreased by 13% in 2019, due to a drop of 10% in flat product imports and a fall of 22% in long 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. It is worth noting that imports from Turkey and Russia decreased in 2019 compared to 2018, against the trend observed in previous years.

The main countries of origin for flat product imports to the EU in 2019 were Turkey, South Korea, India, the Russian Federation and China, together accounting for 68% of total flat product imports into the EU. At the individual product group level, in particular, imports of organic coated sheet, hot-rolled wide strip, hot-dipped galvanised sheet and quar to plate all dropped over the year 2019 compared to 2018.

The main countries of origin for long product imports into the EU in 2019 were Turkey, the Russian Federation, China, Switzerland and Ukraine. These countries accounted for a share of 66% of total long products imports into the EU. All long product imports were significantly lower in the whole 2019 than in 2018. The sharpest falls were recorded for wire rod, merchant bars and heavy sections.

Despite the extreme weakness of steel demand due to the Covid-19 pandemic and the protective effects of safeguard measures, the risk of import distortions threatening

the fragile balance between supply and demand on the EU steel market is likely to remain alive even after the end of the pandemic and once steel demand picks up as a result of restored business conditions. The modest growth scenario forecast for EU apparent steel consumption is a result of a difficult combination of factors. These include a global steel market that continues to suffer from overcapacity, slowing demand and the threat of protectionist measures, and the impact of the pandemic on economies. These each represent a potential threat for EU steel market stability even after the pandemic abates. In this respect, a further tightening of safeguard measures appears proportionate.

Exports from the EU

Total EU steel product exports to third countries fell by -1.5% in 2019 compared to 2018.

Exports of semi-finished steel products fell by 15%, whereas exports of finished steel remained unchanged. Underlying data for flat and long product exports show an increase of 5% and a decrease of -9% respectively. Turkey, the United States, and Switzerland were the largest export destinations for EU finished product exports. It is worth noting that exports to Turkey increased by 22% in 2019 (contrary to a drop of -32% in 2018), while exports to the United States and Switzerland fell for the second consecutive year, by -24% and -9% respectively.

The sharp decline in imports and the marginal drop in exports led to a reduction in the EU trade deficit from 16.9 million tonnes in 2018 to 12.7 million tonnes in 2019.

The net trade deficit in flat products decreased from 8.7 million tonnes to 5.9 million tonnes in 2019, whereas the trade surplus in long products rose from 36,000 tonnes in 2018 to 0.9 million tonnes in 2019.

At the individual country level, the largest trade deficit in finished products was with South Korea, followed by Russia and Turkey. The major destination countries for EU finished steel exports with a trade surplus over the year 2019 remained the US, Switzerland and Algeria.

Although the year marked some improvement in the trade balance of the EU with countries for the first time since 2012, competition in the global steel market has continued to increase, a reflection of the adverse combination of many negative factors: mostly, global overcapacity – that has continued to grow even after the Covid-19 outbreak in some third countries, the distortion of competitiveness through steel sector subsidisation by national authorities and increasing protectionism. This was the scenario in which EU steel producers had to compete before the Covid-19 outbreak worsened the steel market outlook and led to unprecedented levels of disruption.

This trend is not expected to improve for the better in the foreseeable future due to rather bearish projections for global steel consumption in the years ahead, even once normal business conditions are restored and steel demand in the EU eventually picks up.

Deliveries of steel (all qualities except stainless steel)

Total deliveries of finished products in 2019 fell by -3.2% compared to one year earlier. While domestic deliveries into the EU market dropped by -3.8%, export deliveries to third countries grew by 1.2%.

	2018 In million tonnes	2019 In million tonnes	% change 18/19
TOTAL STEEL DELIVERIES	142.2	137.6	-3.2%
Of which to the EU28 market	125.9	121.1	-3.8%
Of which to export markets	16.3	16.5	+1.2%

In 2019, total flat product deliveries fell compared with the tonnage delivered in 2018 by -3.4%. While EU domestic deliveries dropped by 4.8%, deliveries to export markets outside the EU rose by 7.3%.

	2018 In million tonnes	2019 In million tonnes	% change 18/19
TOTAL FLAT PRODUCT DELIVERIES	85.0	82.1	-3.4%
Of which to the EU28 market	75.4	71.8	-4.8%
Of which to export markets	9.6	10.3	+7.3%

Total long product deliveries recorded a decrease of -3% in 2019, which was the result of -7.5% drop in export deliveries and a -2.4% drop in EU domestic deliveries.

	2018 In million tonnes	2019 In million tonnes	% change 18/19
TOTAL LONG PRODUCT DELIVERIES	57.2	55.5	-3.0%
Of which to the EU28 market	50.5	49.3	-2.4%
Of which to export markets	6.7	6.2	-7.5%



MATTEO RIGAMONTI

Director, Stainless and specialty steel

Stainless steel market

In 2019, global stainless crude steel production grew by 2.9%, reaching 52.2 million tonnes. However, output decreased in most of the regions whilst China (+10.1%), Indonesia and India were the only countries increasing their shares in the global output, reflecting their rising export-oriented overcapacities. Stainless steel melting in the Union has declined by 8.1% year-on-year, falling to around 6.8 million tonnes, the lowest level in the last 10 years.

European stainless steel demand was aligned with the economic slowdown in the EU, with the market supply of stainless steels finished products decreasing by 5.7% in comparison to 2018. Despite the definitive safeguard measures on steel products were adopted early 2019, the European stainless industry continued to suffer enormous pressure from imports, mainly originating in Asian countries, which gained additional market share: almost one tonne out of every three tonnes in the Union market was of non-EU origin.



	2018 In thousand tonnes	2019 In thousand tonnes	% change 18/19
TOTAL STAINLESS STEEL MARKET SUPPLY	6,577	6,202	-5.7%
Of which EU mills	4,643	4,363	-6.0%
Of which imports	1,934	1,839	-4.9%

In the stainless steel flat product segment, EU apparent consumption decreased by 5.6% in 2019 compared to 2018. Whilst domestic deliveries by EU producers fell by 6.2%, flat products imports declined to a lesser extent, -3.9% year-on-year, further eroding the EU mills market share and penetrating the market by 29%.

	2018 In thousand tonnes	2019 In thousand tonnes	% change 18/19
STAINLESS STEEL FLAT PRODUCTS MARKET SUPPLY	5,437	5,135	-5.6%
Of which EU mills	3,889	3,648	-6.2%
Of which imports	1,548	1,487	-3.9%

With regard to stainless steel long products, market supply in the EU dropped by 6.4% year-on-year as both domestic supplies and imports from third countries considerably decreased, -5.2% and -8.8% respectively.

	2018 In million tonnes	2019 In million tonnes	% change 18/19
STAINLESS STEEL LONG PRODUCTS MARKET SUPPLY	1,140	1,067	-6.4%
Of which EU mills	754	715	-5.2%
Of which imports	386	352	-8.8%



International trade and external relations

Alloy special steels (other than stainless)

Total market supply of finished alloy special steel products on the Union market decreased by 15.7% in 2019.

Demand continued deteriorating during 2019 along with business conditions in the key manufacturing industries. The downward trend was particularly evident in the automotive and mechanical engineering sectors. Developments in the global oil and gas industry have also been showing a slowdown in demand.

Although imports from third countries contracted, their pressure on the European market and on EU producers, which in parallel showed deliveries dropping by 12.8%, remained.

	2018 In thousand tonnes	2019 In thousand tonnes	% change 18/19
TOTAL SPECIAL STEELS FINISHED PRODUCTS MARKET SUPPLY	8,064	6,805	-15.7%
Of which EU mills	6,771	5,907	-12.8%
Of which imports	1,297	898	-30.8%

EU market supply of alloy engineering steel long products decreased by 15.7% in 2019 compared to 2018, with deliveries by EU Mills deliveries falling by 12.7% and imports from third countries dropping by 32.1% being also somehow affected, volume wise, by the existing steel safeguard measures.

	2018 In thousand tonnes	2019 In thousand tonnes	% change 18/19
ALLOY ENGINEERING STEELS LONG PRODUCTS MARKET SUPPLY	7,593	6,404	-15.7%
Of which EU mills	6,428	5,613	-12.7%
Of which imports	1,165	791	-32.1%

EU producers' deliveries of tool and high-speed steels to the Union market significantly dropped 14.2% in 2019 in comparison to 2018; alongside, imports from third countries also reduced by 18.9%. The registered decrease in total apparent consumption was 15.5% in 2019.

	2018 In million tonnes	2019 In million tonnes	% change 18/19
TOOL AND HIGH-SPEED STEELS MARKET SUPPLY	475	401	-15.5%
Of which EU mills	343	294	-14.2%
Of which imports	132	107	-18.9%

“In 2019, global stainless crude steel production grew by 2.9%, reaching 52.2 million tonnes.”



SARA FRANZONE

Manager, International trade



KARL TACHELET

Director, International affairs and external relations



MATTEO RIGAMONTI

Director, Stainless and specialty steels

European steel producers facing significant import pressure from foreign producers not taking the same adjustment measures domestically.

EU trade cases

In May 2019, the Commission adopted the continuation of anti-dumping and anti-subsidy measures on Chinese organic coated sheets for another five years. These measures were established in the original investigations at a level ranging between 14% - 56% depending on the Chinese exporting company.

In August 2019, the European Commission initiated an anti-dumping investigation on unfair imports of stainless hot-rolled flat products from China, Taiwan and Indonesia, which was followed by the initiation of an anti-subsidy investigation on imports of the same product from China and Taiwan in October 2019. Expiry reviews of anti-dumping duties on wire rod from China, stainless cold-rolled flat from China and Taiwan and grain-oriented electrical sheets from China, Japan, South Korea, USA and Russia will start in the second half of 2020.

Brexit

Following the political developments in 2019, the UK formally left the European Union on 31 January 2020. On 25 February, the EU released its negotiating mandate for a future EU-UK partnership, with the UK doing the same two days later. Negotiations started on the first week of March. Unless the EU and the UK decide to postpone the end of the transition period by 1 July, the transition will end on 31 December 2020.

If, during the current transition period, nothing changes in terms of the UK's trading relationship with the EU, the EU steel industry is concerned about the market disruptions which may occur in case of a no-deal Brexit or if an insufficiently ambitious agreement is reached. Continuity of the logistical procedures involved in the movement of goods, mutual market access, as well as alignment of standards on state aid, competition policy, state-owned enterprises, employment, environment, climate change, relevant tax matters and other regulatory measures and practices, are vital.

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 in the wake of the US Section 232 National Security tariffs on steel imports.

In a first review, on 29 September 2019 the EU adopted some changes to the tariff-rate quota addressing problems of market-disrupting import concentrations, crowding out of traditional import patterns and considering the depressed EU steel market in 2019. Concretely, caps on access to quotas were imposed on individual exporting countries (hot-rolled flat, rebar and wire rod) and the liberalisation by quota increase was reduced (by-2%).

A second review was initiated in February 2020, just before the economic crisis triggered by virus-containment measures adopted by governments. The EU is considering further changes in the context of an unprecedented steel demand collapse of at least -50% in the second quarter of 2020, drastic production cuts and capacity idling by

“The main public procurement-related barriers faced by European companies on international markets are: domestic content requirements; subsidised ‘domestic champions’ bidders or State-owned enterprises that are fully shielded from foreign competition and embedded in national industrial policy strategies.”

EUROFER therefore calls both sides to reach as comprehensive an agreement as possible. The European steel industry, its suppliers and downstream users need frictionless trade in a stable environment, mutual market access, a level playing field between competitors and reciprocity in the treatment of regulation, firms, products and staff.

Public procurement

In 2012, the Commission proposed the creation of an International Procurement Instrument (IPI). After a legislative deadlock, the Commission presented a revised proposal in 2016 on which Member States were unable to reach a compromise either. In March 2019, in the context of a review of relations with China, the Commission called on the Council and Parliament to revive the dialogues based on the revised proposal, and adopt the IPI before the end of 2019. Despite the end-2019 deadline not having been respected, progress appears more likely now as several Member States have indicated that their position has changed.

In spite of the significant benefits of opening public procurement markets, many countries are increasingly restricting access to their markets. At the same time, while closing their markets to EU bidders, third countries may nonetheless have access to EU funding, for example in the case of big infrastructure projects. The main public procurement-related barriers faced by European companies on international markets are: domestic content requirements; subsidised ‘domestic champions’ bidders or State-owned enterprises that are fully shielded from foreign competition and embedded in national industrial policy strategies; lack of transparency or discrimination in the information given on procurement opportunities, on the applicable rules/procedures, technical specifications and evaluation criteria for tenders; and difficult access to sub-central level (States/provinces/local authorities...).

EUROFER calls on the European Union and Member States to take a strong stance on reciprocity in the field of public procurement in order to support the opening of international procurement markets while creating a true and credible leverage.

EU WTO action against Indonesian raw materials restrictions

On 22 November 2019, the EU brought a dispute in the World Trade Organization (WTO) against Indonesian export restrictions for raw materials used in production of stainless steel. The measures challenged include:

- export restrictions and export prohibitions on raw materials for the production of stainless steel, notably nickel;
- domestic processing requirements and domestic marketing obligations, as well as complex and unclear export licensing procedures and requirements affecting access to raw materials such as nickel but also iron, chromium, metal waste and scraps, coal and coke;
- an import duty exemption scheme which makes certain benefits for the import of machines, goods and other material for the production process in newly established or modernising factories conditional upon the use of at least 30% of domestic equipment and machinery.

Using to these illegal measures, Indonesia has been engaging in an aggressive expansion of its nickel processing and stainless steel sectors.

The access to artificial below-market price inputs has increased already extant overcapacities and, in only two years, has made the nascent Indonesian stainless steel industry into the second largest exporter of stainless steel products in the world.

Global Forum on Steel Excess Capacity

The Global Steel Forum on Steel Excess Capacity (GFSEC), set up in 2016 by G20 Leaders, 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, therefore, must be eliminated.

In October 2019, members of the GFSEC except China agreed to continue the Forum’s work on the issue of steel excess capacity.

EUROFER together with 15 other regional steel associations called on governments worldwide to redouble their efforts to address this persistent global excess capacity in the steel sector, eliminating the support measures that cause it, and implementing strong rules and remedies that reduce excess capacity.

WTO reform

The open, free and fair market orientations of WTO rules have been profoundly undermined by China’s pervasive state-led economy which has grown, exploiting WTO openness. Sectors like steel, plagued by massive excess capacities, market-disrupting subsidies and other support measures, are the first victims of this development.

EUROFER welcomes the EU-US-Japan statement on industrial subsidies (January 2020) as a first, important step in addressing the problem at the root. A broader alliance of like-minded economies needs to be formed pushing this critical topic as a reform priority.

Self-declared development status is exempting an important group of emerging economies from existing WTO obligations and undermining negotiation of new rules. Self-declaration is a one-off event when joining the WTO. We need a mechanism that ensures countries to move to developed status in line with macro-economic as well as sectoral developments.

Overall, EUROFER calls for leadership on fair and reciprocal access to markets. The EU must work closely with the US and Japan and other like-minded WTO members on root and branch reform of the WTO.





Raw materials



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Senior Manager, Circular economy and raw materials



ALESSANDRO SCIAMARELLI

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Iron ore

The iron ore market started 2019 on an upward trend, but this was interrupted by the dam accident that occurred at the Brucutu mine in Brazil, obliging Vale to declaring 'force majeure' for some contracts. The Chinese market was less impacted than others due to varied purchasing strategies that mix different fine qualities and lump supply variety. On the contrary, users in other regions of the world were reported to be more impacted by the event. Additional concerns in the market were created by cyclone Veronica landing on the Pilbara coast. These events supported price increases for fine grades.

During the second quarter of 2019, the market showed quite strong fundamentals, with Chinese mills preparing for the next downstream steel restocking cycle and thus sustained demand for iron ore. The general supply concerns in the market due to Vale's Bucuntu mine continued due to the long closure and the likely lack of addition compensation output for the rest of the year. Moreover, cyclone Veronica obliged also BHP and Rio Tinto to declare 'force majeure' on certain contracts.

“The Platts IODEX 62% CFR North China started the year at around \$72 per dry metric tonne, reaching its peak in July at \$126 per dry metric tonne before stabilising at \$92 per dry metric tonne at the end of December.”

General uncertainty pervaded the iron ore market due to the general volatility of the steel market. Further uncertainties were linked to environmental restrictions (production cuts) in different Chinese regions and the bleak sentiment in the Chinese real estate market during the third quarter. Prices began to stabilise downward with bandwidth changes. Only pellet premiums saw an upward correction linked to modified supply strategies by Chinese buyers imposed by production cuts and logistic restrictions at the ports.

The market sentiment turned from uncertainty to bearishness in the fourth quarter because many Chinese buyers were concerned about the prolongation of production cuts and they lowered their procurement levels, only buying on spot. The situation created wide iron ore availability at Chinese ports, whose clearance procedures were expected to become stricter due to the winter season. As results, the iron market closed the year with fines indices declining.

The Platts IODEX 62% CFR North China started the year at around \$72 per dry metric tonne, reaching its peak in July at \$126 per dry metric tonne before stabilising at \$92 per dry metric tonne at the end of December.

Hard coking coal

The coking coal market opened 2019 with uncertainties created by port restrictions imposed by Chinese authorities for coking coal imported from Australia. Chinese buyers adopted a cautious approach restocking due to longer queues and clearance time. The effect of Chinese restrictions was counteracted by logistic problems in Australia due to the Dalrymple Bay Coal Terminal's vessel queues, the harsh weather that hit Queensland, and the closure of Abbot Point Coal terminal that forced the Jellinbah Group to declare 'force majeure'. This resulted in a sustained quarter with a slight increase in prices.

The second quarter of 2019 was characterised by an uncertain market in which steel fundamentals appeared weak and the concerns of steel producers about the impact of Chinese ports restrictions became concrete. The production cuts imposed by the Chinese government had a negative impact on coal market demand.

The quarter registered an increasing number of cargoes and vessels made available by traders so as to offload and sell as a hedge against the forthcoming weaker market.

The start of the dry season in Australia during the third quarter of 2019 dissipated any logistics concerns and supported a greater availability of coking coal, though the restrictions at Chinese and the commensurately longer clearance times remained. The market later turned bearish with Chinese importers acting more on spot basis and purchasing more on a Free-on-Board (FOB) basis than CFR China, which was an unusual market phenomenon. Coking coal market outside China was almost mute due to monsoons season and incoming weak fundamentals for the steel market.

Steel market fundamentals in the fourth quarter of 2019 dragged down coking coal market sentiment, with pricing reaching a historical low. Coking coal users, other than those in China, confirmed the trend in having a weaker demand, expected to continue in 2020. Although the Chinese economy was reported as slowing, demand for sea-borne coking coal was stronger because Chinese domestic prices were higher and because of the better quality of the available Australian coking coal.

The Platts index of Premium Low Volume Hard Coking Coal from Australia CFR China started the year at around \$200 per tonne, peaking in March at around \$210 per tonne and then falling to around \$147 per tonne in November. The Platts index of Premium Low Volume Hard Coking Coal from Australia FOB started the year at around \$200 per tonne, peaking in March at \$212 per tonne, before falling to 134 \$ per tonne in November 2019.

Scrap prices

The scrap market started 2019 on a moderately positive note. The Turkish market showed support to scrap import prices and this progressively influenced the other regional markets across the globe. However, the trend looking better than it really was because concurrent steel market fundamentals made higher prices unsustainable. The market corrected due to supply tightness and higher European docks prices.

The ferrous scrap market remained weak around the world during the second quarter of 2019, with prices progressively adjusting downwards, and with a Turkish market just restocking the necessary volumes.

The reduction of the US-tariffs on Turkish imports created a short-lived positive sentiment that was rapidly adsorbed by the market weakness. However, the Ramadan period and the general standstill between suppliers and buyers in all markets made the traded volumes limited and prevented the scrap prices from free falling.

The weakness of the steel market continued to weigh on the ferrous scrap prices on which Turkish buyers, together with other main regional players, continued to apply a strong downward pressure. The traded volume remained limited due to the persistent stand-off between buyers and sellers, caused by higher collection costs, especially in Europe. Once the standoff was resolved, scrap prices started falling and volumes began flowing into the market.

Towards the end of the year the scrap market reached its bottom and showed clear signs of recovery. The Turkish market supported higher import prices and all the other markets followed a similar trend. However, the fundamentals of this growth were mainly linked to a general need to restock and the general tightness of scrap availability, consistent with normal seasonal patterns.

The Platts TSI HMS 1&2 (80:20) CFR Turkey began the year at \$286 per tonne, peaked at \$330 per tonne in February and then bottomed at \$222 per tonne in September. The index closed the year by stabilising at \$300 per tonne.

“The index closed the year by stabilising at \$300 per tonne.”



Environment



Overall leadership on environmental policy

DANNY CROON

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AURELIO BRACONI

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Circular economy

Overview

The strategy of the European Commission gained new momentum after the launch of the EU Green Deal because all actions and measures that have already been planned, or are expected to be undertaken, under the circular economy umbrella have a direct role in achieving the EU's climate targets.

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.



Waste Framework Directive

EUROFER's advocacy on the EU Waste Package continued in 2019, monitoring and acting during the implementation phase of certain aspects of the new text of the Waste Framework Directive. In particular, EUROFER's contributed recommendations to the consultants working for the European Commission in preparing the new rules for calculating the EU recycling targets.

The implementing decisions of the EU Commission and the consultant's report about the 'primary rule' (real recycling) assume that the point at which recycling legally happens for metals is when 'sorted metal that does not undergo further processing before it enters a metal smelter or furnace'. This represents a clear improvement, moving away from calculating recycling targets at the point of collection. It will enhance the better performance of steel compared to other materials along the waste recycling chain.

The finalisation of the process for the 'secondary rule' (called Average Loss Rates) – an alternative method when data are not entirely available – is expected in 2020.

Waste Shipment Regulation & recycling targets

The European Commission approved a study commissioned to establish a methodology for assessing if exported EU wastes will be processed under conditions that would be broadly equivalent to European norms. This study is part of the consideration of exported waste in the calculation of the recycling targets. EUROFER proactively contributed to this study, proposing a structured approach on how to assess those 'Broadly Equivalent Conditions'. The process is on-going and most likely will be closed in 2020.

End-Of-Life Vehicles Directive

EUROFER contributed to the evaluation process of the End of Life Vehicles Directive, giving its input and supporting steel-favourable aspects in two consultations. The first, a public one, was launched by the European Commission. The second, a targeted one, was prepared by a consultant and relates to the final workshop about the evaluation of the directive that will take place in 2020. EUROFER advocacy focused on ensuring fair material competition in car manufacturing, avoiding trade-offs between climate and resource efficiency goals. i.e. not undermining the recycling performance of a vehicle in order to fulfil climate targets linked to a purely tailpipe emissions approach.

Packaging and Packaging Waste Directives

EUROFER cooperated with APEAL in the new work item launched by the EU Commission in 2019 on the revision of the essential requirements for packaging contained in the Packaging and Packaging Waste Directive. The fundamental requirements are mandatory for a packaging product to be placed into EU market. The EU Commission wanted to make them more in line with the goals of the circular economy and it was an opportunity to frame the required concepts, such as 'multiple recyclability' or 'permanent material'.

EUROFER supported APEAL action in delivering the priorities of the steel sector to the consultants and EU Commission units involved in this dossier via position papers and slides. The study, to be published by the European Commission, is expected to support another review of the directive in 2021.

EU product policy

The EUROFER Production Related Environmental Issues Working Group (PREI WG) and the EUROFER Lifecycle Assessment Expert Group (LCA EG) finalised the foundation of the advocacy of the steel sector concerning EU Products policy. Assessment strategies for the environmental and, to a larger extent, the sustainability performance of products will be a key element in determining the contribution of products policy to the EU's climate neutrality objectives.

EUROFER continued its proactive approach and contributed to the public consultation launched by DG Environment and DG Grow on EU Products Policy. EUROFER's suggestions included recommendations on 'recyclability performance', 'design for recycling' and having transparent, clear and honest information for customers and buyers.

The public consultation will be used to define the new EU Products Policy in the circular economy in 2020. Moreover, EUROFER participated in the Workshop on Eco-design organised by DG Grow and continued to interact with DG Grow on how the EUROFER priorities could be considered in the possible revision of the Eco-Design methodology.

Chemicals, Products and Waste Interface (*)

EUROFER monitored the developments on this file. It continues to be relevant because it will be a relevant part of the Chemicals Strategy for Sustainability, replacing the Non-Toxic Environment strategy.

The recently released results of the 2019 public consultation on the Chemicals, Products and Waste Interface showed that many aspects are actually somewhat controversial and will require the attention of EUROFER experts. The bio-availability and bio-accessibility of substances, risk-versus-hazard-based approaches and a definition of what a 'substance of concern' is will be relevant aspects for the forthcoming strategy on chemicals.

“ EUROFER continued its proactive approach and contributed to the public consultation launched by DG Environment and DG Grow on EU Products Policy. ”

*with the cooperation of the EUROFER Chemicals Policy Working Group

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Chemicals strategy for sustainability

In the context of its zero-pollution ambition for a toxic-free environment, as announced in the European Green Deal, the European Commission will present a Chemicals Strategy for Sustainability. The strategy will aim 'to protect citizens and the environment better against hazardous chemicals and encourage innovation for the development of safe and sustainable alternatives'.

A draft European Parliament Motion on the topic contains actions for the EU Commission and European Chemicals Agency (ECHA) to reach the goal set in the Green Deal. Inter alia, this includes achieving coherence between chemicals legislation and other legislation dealing with pollution and products policy whilst closing all regulatory gaps in existing chemicals legislation.

EUROFER will closely follow up this important topic and will also work with other associations on this (REACH Alliance).

SCIP Database

In the framework of the Green Deal and the Circular Economy Action Plan, including the Waste Framework Directive, the ECHA has worked on the development of a Database, called the SCIP Database – an acronym for 'Substances of Concern In articles as such or in complex objects - Products'. This is to be implemented in January 2021 and it aims to track all articles containing Substances of Very High Concern (SVHC) in concentrations above 0.1 % weight-for-weight, with the final aim to authorise or ban them in future.

EUROFER is actively involved in the testing phase of the Database Prototype and will provide comments to ECHA in order to ensure the successful implementation of the tool. The tool will be particularly important for the steel sector because any present and future SVHCs used in the steel production, including those found in scrap, could be affected.

Cobalt Metal Classification

A Dutch proposal for the classification of cobalt metal including Carcinogenicity (C) category 1B (all routes of exposure), Reprotoxicity (R) category 1B and Mutagenicity (M) category 2, was adopted and published in the Official Journal on 18 February 2020. This classification applies as of 1 October 2021. The proposal includes a threshold value, a so-called 'Generic Concentration Limit' (GCL), of 0.1%. Almost all carbon-steel complies with this limit. However, over 80% of stainless steel contains more than 0.1% of cobalt.

Depending on the deliberations of a European Expert Group looking into the classification methodology it cannot be ruled out that the threshold could become 10 times more stringent and become a Specific Concentration Limit (SCL) of 0.01%. In this case all stainless steel and 50% of carbon-steel would be affected. This would have a huge impact both on stainless but also on carbon steel production and use.

To safeguard steel from the unintended consequences of this SCL of 0.01%, it is necessary to limit the exposure route of this classification to inhalation as the only route of exposure. This will necessitate the commissioning of a full oral in-vivo (animal testing) carcinogenicity study for cobalt metal in order to demonstrate the non-hazardous properties of the oral and dermal route and therefore to limit the classification to inhalation only. This study will be initiated by the Cobalt Institute and be supported by the Nickel Institute. EUROFER, worldsteel and the International Stainless Steel Forum have embraced the initiative and will investigate the possibility of co-funding this study on behalf of the global steel industry.

In addition, and particularly for stainless steel, EUROFER continues its efforts together with other industry partners to complete the adoption process of bio-elution as an internationally standardised methodology to recognise the alloying effect in stainless steel and other alloys and demonstrate the negligible release of cobalt from steel alloy matrices.

RoHS

In January 2020 a new request for the extension of the existing exemption in Annex III (for alloying elements in steel for machining purposes containing up to 0.35 % lead by weight and in batch hot dip galvanised steel components containing up to 0.2 % lead by weight) was put forward by EUROFER and the European General Galvanisers Association (EGGA). The request was received by the EU Commission and EUROFER expects the opening of the evaluation, followed by the launch of a public consultation, before the renewal of the application comes to an end. If the process is successful, the exemption will remain valid from July 2021 to July 2026.

Water

REFIT of the Waste Framework Directive

A REFIT fitness check of the Water Framework Directive (WFD) has been undertaken on WFD, the Environmental Quality Standards Directive (EQSD), the Groundwater Directive (GWD) and the Floods Directive (FD). According to the stakeholder consultation and the analysis, the Directives are largely fit for purpose, although improvements can, and should, be made.

At the time of writing, Member States have not reached any conclusion with regards to the necessity of opening and revise the Directive. The EU Commission is still formulating its position on this matter.

EUROFER is considering the factors that have contributed to the effectiveness of the WFD, in particular the list of priority substances (i.e. the 'watch list'). A Draft third watch list proposed by Member States includes substances for which the risk they may pose to the aquatic environment has to be monitored. It also needs consideration whether EU Environmental Quality Standards (EQS) should be set for them.

Chromium (total) and free-cyanides have been put forward as candidates for the third watch list:

EUROFER is not in agreement with this proposal in its current form. In the Association's view, the focus on Chromium (total) – instead of the far more hazardous hexavalent Chromium – seriously confuses the toxicity discussion. Based on a recent (2018) monitoring methodology for free cyanide provided by EUROFER, CEFIC, CONCAWE, Euromines, free-cyanides have been removed from the list.

However, the Commission Joint Research Centre has underlined the need to put free-cyanides back on the 2019 watch list. The next Article 21 Committee meeting, planned for October 2020, will decide on the substances to be included in the third watch list.

Iron Environmental Quality Standard (EQS)

EUROFER has contributed to a study into models predicting iron and aluminium toxicity to freshwater aquatic life.

The purpose is to present a robust model to European authorities – one that proves there is limited toxicity from these elements due to the low bio-availability of iron. If the EU accepts the proof as demonstrated by the model, it should hopefully lead to a more evidence-based EQS. This is a proactive activity being carried out by the steel industry and EUROFER. An update on the project is expected later this year.





ALEXIS THUAU

Manager, Process emissions

IED review

The Commission initiated an evaluation of the Industrial Emissions Directive (IED). EUROFER actively contributed through surveys, interviews, focus groups and workshops.

The preliminary findings of the consultants in charge of this evaluation have shown that, overall, the IED has improved environmental sustainability, enforcement, access to information and justice compared to its predecessor legislation. Nevertheless, the Commission already announced the revision of the IED in the fourth quarter of 2021 in its Communication of the EU Green Deal.

Best Available Techniques (BAT) Reference Documents (BREFs)

EUROFER focused its attention on rules applicable to Ferrous Metal Processing (FMP) activities, which concern, in particular, hot and cold rolling and galvanising. BAT conclusions for the Surface Treatment using organic Solvents (STS) activities have been adopted by the IED Art. 75 Committee and should be published this year in the Official Journal of the EU.

2019 was, and 2020 still is, busy with ensuring that the assessment of data collected for the review of the FMP BREF leads to the setting of appropriate requirements for the sector. Revised draft BAT conclusions were released in late January 2020 for discussion during the final meeting of the Seville TWG, which was indefinitely postponed due to the COVID-19 outbreak. In its comments on the revised draft BAT conclusions, EUROFER stressed, inter alia, that emission limits should only apply and be monitored above a relevant mass flow threshold and, as such, take into account the specific nature of FMP furnaces.

Air Quality

The evaluation of the Ambient Air Quality Directives has shown that the Directives are 'broadly fit for purpose'. Nevertheless, the Directives could be revised as of the end of 2021 as part of the EU's Green Deal.



DR NICHOLAS AVERY

Manager, Life Cycle Assessment (LCA)

Product related environmental issues

Life cycle thinking is everywhere to be seen in product policy making, and the new Circular Economy package recently published by the Commission further consolidates the critical role of Life Cycle Assessment (LCA).

A standard and robust assessment methodology is essential to the consistent application of life cycle thinking in product policy. The Commission's Product Environmental Footprint (PEF) methodology standardises the assessment and communication of environmental claims by manufacturers and could help support product policies that take a lifecycle perspective. EUROFER has been supporting the continuous improvement of environmental impact indicators. Whilst progress has been made on aspects such as eco-toxicity, further methodological developments are still needed before those indicators can be used in product decision making.

On vehicle CO2 emissions regulation, EUROFER continues to engage with Commission studies on lifecycle emissions. The initial study, due to be published by spring 2020, considers the evolution of lifecycle emissions of different vehicle types up to 2050. As required in the CO2 regulations, a separate study will consider the feasibility of how lifecycle emissions reporting can be implemented in a simplified and robust way. This could pave the way for using voluntary CO2 credits in the regulations that can also help vehicle manufacturers design vehicles that are not only clean during the use phase, but also over the entire lifecycle.

In construction, the standardisation work of TC 350 continues, most notably with the publication of the amended EN 15804:2012+A2:2019 on Environmental Product Declarations (EPDs), which now requires end of life indicators and the benefits of reuse and recycling to be reported. EUROFER continues to advocate for closer alignment of EN 15804 with the Product Environmental Footprint (PEF), in order to have a consistent approach that supports circular economy practices, including design for reuse and recycling, high quality recycling, and waste reduction.

EUROFER also participates in TC135 (execution of steel and aluminium structures) WG17 on the development of complimentary product category rules to ensure more consistent EPDs in the future.

Proposals for the revision of the Construction Products Regulation (CPR) are expected in 2020/21, after several consultations in 2019. Improvements are needed in the process of standardisation requests for developing harmonised standards and the proper implementation of requirements on the sustainable use of natural resources - Basic Works Requirement 7 of the CPR (BWR7). A draft standardisation request for reinforcing steel was published by the Commission last year and is being amended to take into account member state requirements. Rebar could be one of the first product groups to implement BWR7 in a harmonised standard, thereby standardising how 'environmental sustainability' can be declared by a manufacturer.

The development of building level assessments continues with the revision of EN 15978 and the testing of the Commission's building sustainability assessment framework, called LEVEL(s). EUROFER helped test the draft LEVELs framework, and is contributing to further improvement of the indicators, so that they can truly stimulate the design of buildings that deliver on the sustainable development goals.

EUROFER is also an active member of the Metals for Buildings alliance, and contributed to a published paper on calculating the benefits of recycling metals, in accordance with the newly amended EN 15804 (presented at Sustainable Built Environment conference, Graz, 13 September 2019).

The standardisation work on Resource Efficiency aspects for Energy Related Products were finalised during 2019 with standards being published 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.



Research and innovation



DANNY CROON

Director, Environment and Research

Research Fund for Coal and Steel (RFCS)

The change of the Technical Groups (TGSs) structure put in place in 2019 will see implementation in the TGSs meetings from 2020 onwards. These are the principle conclusions from the Steel Advisory Group (SAG) meeting of December 2019:

- A list of members and projects for TGs was to be provided by the European Commission to the SAG members by the first quarter of 2020.
- The annual priority was slightly revised with respect to 2019 and restricted to the pilot/demonstration projects. The one bonus point was replaced by a half bonus point.

Further meetings took place with DG Research and Innovation, unit D3, on the Steel Annual Priority 2020, which now reads as follows: 'Priority 1: Pilot/demonstration projects of emerging and innovative technologies leading to emission reductions and industrial efficiency improvements. This will include the concept of zero-carbon steelmaking processes and be in line with the spirit of the European Green Deal Communication'

The EUROFER Research Committee also agreed to set up a core task force within the EUROFER Refocus WG to work on a short document shape the future of RFCS. This to be finalised well before the next SAG meeting in December 2020. This short document should support the need for innovative research within RFCS – including fundamental research with the risks associated therewith – and as such improving the whole RFCS programme.

The Commission is continuing the preparation for its legislative package on the revision of the European Coal and Steel Community (ECSC) assets, paving the way for the co-programmed European Clean Steel Partnership. The legislative package will contain Commission proposals for the revision of three Council Decisions (2003/76/EC, 2003/77/EC and 2008/376/EC). The Commission inter-service consultation was expected to be finalised in early May 2020. The process should be finished by the end of 2020.



The on-going discussion on the Multi Annual Financial Framework (MFF) has no direct influence on the RFCS legislative package.

Brexit will, however, have an impact on the RFCS. €200 million out of the total €1.7 billion in the ECSC assets belong to the United Kingdom. This balance will be returned to the UK in five instalments. It is unclear how or whether the UK will participate in the future of the RFCS.

Horizon Europe and the co-programmed European Partnership on Clean Steel (EU CSP)

The co-programmed European Clean Steel Partnership (EU CSP) is being developed in the context of the EU's goal, and matching policies, to achieve climate neutrality by 2050. The EU wants both to contribute to the fight against climate change and to ensure sustainable growth.

“The general objective of the Clean Steel Partnership is to pilot, and demonstrate, breakthrough technologies at Technology Readiness Level 8”

Due to the cooperative approach of European steel producers, reasonable synergies are expected compared to the company-by-company approach, which should help limit the required investment to around €2.55 billion.

The budget needed between 2021-2027 is €2 billion. During this timeframe, both public and private partners will contribute, equally, with up to €1 billion each. Based on the assumption that the Clean Steel Partnership manages to invest €1.4 billion, the public funding from ECSC assets (up to €350 million), Horizon Europe (up to €350 million) and from Member States (contributions may vary) will be matched with funding from the private sector and accomplished with in-kind contributions by industry. The remaining funding (€0.55 billion) will be allocated to the period 2028-29.

The European Steel Technology Platform (ESTEP), with the support of EUROFER, has established a Clean Steel Task Force (CSTF). The CSTF is dealing with the drafting of the EU CSP template and roadmap. This roadmap and template will go to the Member States' shadow strategic programme committee, who will vote on the European Partnership at some point in late 2020.

The European Green Deal Communication and its reference to the concept of 'zero-carbon steelmaking processes' put the EU CSP high on the political agenda. The next phase was to be the broad stakeholder involvement via public consultation on the roadmap on May or June 2020.

Commitments from partners would be requested in June 2020, with the timing depending on impact of Covid-19 pandemic and the progress on the MFF negotiations (budget allocation only expected late 2020).

There is a 2021/2022 working programme foreseen for the EU CSP. The Memorandum of Understanding – essentially the contract between the European Commission and private sector for the EU CSP – needs to be ready and signed by the end of 2020.

The general objective of the Clean Steel Partnership is to pilot, and demonstrate, breakthrough technologies at Technology Readiness Level 8 (this is, technological systems that are complete and have been shown to work but that are not yet widely operational) that can reduce CO2 emissions stemming from EU steel production. Ultimately, the deployment of these breakthrough technologies will help lead the sector to climate-neutrality.

This objective is to be achieved while preserving the competitiveness and viability of the EU steel industry, making sure that EU production is able to meet growing demand for steel products. A partnership is needed to overcome the barriers to R&D&I investments in the steel industry and ensure that available technologies are deployed.

“The European Green Deal Communication and its reference to the concept of ‘zero-carbon steelmaking processes’ put the EU CSP high on the political agenda.”

The first call of the EU CSP will take place in 2021. The governance of the EU CSP is still evolving, as the combination of the public financial pillars (Horizon Europe and ECSC assets) is still open. EUROFER and its members are of the opinion that:

- a) governance via the RFCS legal framework is the best approach, one that is justified via the use of the ECSC assets);
- b) a financial rule is needed for the participation of associated countries, whilst the SAG should advise on the added value contribution from the associated country for EU steel producers (whilst also considering the intellectual property ramifications);
- c) that a global level playing field is needed, since technologies should also be implemented outside Europe.

The addition of Article 17a on the ‘potential clean steel partnership to Council Decision 2008/376/EC’ made based on advice given by the Commission’s legal service. This article matters for the governance and rule of participation in the EU CSP (Horizon Europe and ECSC/RFCS are two different legal frameworks). The EU CSP could apply the specific RFCS rules. However, the EU CSP could also be structured to provide synergies with both programmes (RFCS and Horizon Europe).

There is no unified budget, and as such preparations must be made in order to be prepared for the two-pillar financing situation. Each call will originate from either Horizon Europe or RFCS, which will require careful planning.

The robustness of the private side of the Clean Steel partnership was assessed and considered to be healthy. The Clean Steel Partnership is open to the entire European steel value chain community, i.e. to all EU based steel stakeholders, including steel producers, steel processors, customers, suppliers, plant builders, research and academia, and civil society representatives.

Meanwhile, joint declarations have also been signed between ESTEP-EUROFER and SPIRE and between ESTEP-EUROFER and Hydrogen Europe, pointing out the complementary of their respective partnerships.

European Parliament Green Steel project

Green Steel for Europe started January 2020 and will last for 1.5 years maximum. The budget available is €1,247,660. The project consortium is made up of the following partners: the Center for European Policy Studies (CEPS, project coordinator), ESTEP, VDEh-Betriebsforschungsinstitut, Rina consulting-Centro Sviluppo Materiali, K1-MET, Fundacion Idonial, Instytut Metalurgii Zelaza Im Stanislawastaszica, EUROFER, Swerim and Centre des Research Metallurgiques. The project consortium relies on the best mix of skills and expertise and allows for full coverage of the EU Member States and steelmaking installations. The combined efforts of the consortium partners in four areas are the following:

1. Developing a technology roadmap and defining mid- and long-term pathways for the decarbonisation of the EU steel industry;
2. Identifying public and private funding opportunities and proposing blending and sequencing options to maximise their impacts; how synergies of funding could work (Horizon Europe, part ECSC assets, Innovation Fund)
3. Assessing the economic, social, environmental and industrial leadership impacts of EU-level policy options; and
4. Ensuring the dissemination of the project results and the engagement of relevant EU stakeholders.



BARTOSZ NIENALTOWSKI

Manager, Public affairs

Important Projects of Common European Interest (IPCEIS)

In March 2018, the European Commission launched the Strategic Forum for Important Projects of Common European Interest (IPCEI). The Forum was tasked with providing advice and expertise to the Commission on how to build a common Union vision on the key value chains for Europe and facilitate agreements to take forward new joint investments in those key value chains. The members of the Forum are public authorities from several member states and key industry stakeholders. EUROFER was selected as a member of the Forum and has contributed to its work since the beginning.

On 28 January 2019, the Commission’s Strategic Forum on IPCEI selected six Strategic Value-Chains (SVCs) for the EU. The ‘Low-CO2 Emission Industry’ SVC – with the steel, cement and chemicals sectors at its core – was announced by the European Commission as one of those final six Strategic Value Chains for the EU.

The Forum then established ‘action plans’ for each SVC to formulate recommendations on how to strengthen competitiveness of those value chains and identify areas for coordinated investments, such as through dedicated Projects of Common European interest (IPCEIs), which allow state aid beyond EU state aid rules for innovative and first-of-kind installations. In November 2019, the Strategic Forum on IPCEI published its final report, entitled ‘Strengthening Strategic Value Chains for a future-ready EU Industry’, which contains all the action plans.

On 10 March 2020, the European Commission published its ‘New Industrial Strategy for a green and digital Europe’. The Commission recognises in the strategy progress achieved so far on the ‘Low-CO2 Emission Industry’ SVC in frame of the work of the Strategic Forum on IPCEI and indicates that an Industrial Alliance could be set up as a follow-up action to grant dedicated support. The Alliance would identify technology needs, investment opportunities, regulatory barriers and enablers, with the goal of financing large-scale projects with positive spill-over effects across Europe in this value chain. The European Battery Alliance represents an example of how such an initiative could be further developed.

“ On 28 January 2019, the Commission’s Strategic Forum on IPCEI selected six Strategic Value-Chains (SVCs) for the EU. The ‘Low-CO2 Emission Industry’ SVC – with the steel, cement and chemicals sectors at its core – was announced by the European Commission as one of those final six Strategic Value Chains for the EU.”



Technologies



JEAN-THEO GHENDA

Director, Technologies

EUROFER Low-Carbon Steel Roadmap

The EUROFER secretariat has updated the low-carbon steel roadmap based on the key findings from the techno-economic assessment of CO₂ mitigation options in the EU steel industry conducted by Navigant and the Steel Institute VDEh. The updated roadmap, which is titled 'Pathways to CO₂ neutral steel industry in Europe' – publicly available since November 2019 – identifies the barriers to and presents the pre-requisites for a successful transition towards CO₂ neutrality for the steel industry.

EU Innovation Fund

As part of the preparation of the first call for proposals under the Innovation Fund, the EU Commission invited sector associations and Member States to organise sectoral workshops. The first workshop – out of a total of 32 – was organised by EUROFER on 4 June 2019.

In these workshops, the Commission presented the Innovation Fund and the essential elements to be developed for the first call (to be launched in 2020), such as further clarification of the selection criteria, their scoring and weighing, relevant costs, calculation, monitoring, reporting and verification of greenhouse gas emission avoidance, milestones for disbursement and recovery, knowledge-sharing requirements, and project development assistance.

“The EUROFER secretariat has updated the low-carbon steel roadmap based on the key findings from the techno-economic assessment of CO₂ mitigation options in the EU steel industry conducted by Navigant and the Steel Institute VDEh”

The Commission took this opportunity to also collect a short list of potential projects for large-scale demonstration of innovative technologies that could offer robust characteristics and could support the development of different selection criteria methodologies. This project's – and subsequent interviews with related companies – were used to test different methodologies under examination. This process helped to identify various data gaps which were presented at the Innovation Fund Expert Group meeting of 18 December 2019.

In an effort to gather the missing information and further develop various methodologies for the selection criteria, the Commission scheduled technical workshops with relevant stakeholders/experts as of the beginning of 2020.

SET Plan Action 6

The Strategic Energy Technologies (SET) Plan Action 6 organised a networking event which took place on 4 December 2019 in Brussels. The event focused on cooperation and finance to make European industry less energy, resources and emissions intensive and more competitive, specifically in the sectors of steel production, chemicals, heat and cold technologies and system integration.

On cooperation, the participants exchanged on factors that enable dialogue between European countries, the industry, research institutions, and the European Commission as well as on factors that help project ideas to mature and be implemented.

On finance, the participants were provided with information on European and national financial instruments and discussed the possibility of blending/combining these funding instruments. In addition, they were also given the opportunity to participate in one-on-one consultations on financial opportunities with members of the SET Plan Action 6 Secretariat as well as with national and European funding agencies.



Climate change and energy



MIIKKA NIEMINEN

Senior Manager, Public affairs



BARTOSZ NIENALTOWSKI

Manager, Public affairs

A Green Deal on Steel

A 'Green Deal on Steel' could act as the flagship for the European Green Deal for the European Union, published in late 2019 and now at the centre of the European Commission's plans for the current mandate – including in the context of the recovery from the coronavirus crisis.

Europe has the opportunity before it to lead the transformation of its economy to a future in which it is carbon-lean, environmentally responsible, circular and able to compete internationally. Steel is central to the EU economy, and it underpins the development of major manufacturing sectors right along the value chain.



European steel's transition to carbon-lean, 'green' steel requires a fundamental change in the way steel is made, because our current processes are already at the technical and thermodynamic limits.

The breakthrough technologies that we need mean using hydrogen and renewable electricity to produce steel; they also mean capturing and either storing or using carbon that is emitted to bring the environmental footprint of our production as close to zero as possible.

The technical demands are enormous: our sector alone will require 400 terawatt hours of renewable electricity, of which 250 terawatt hours for the production of 5.5 million tonnes of hydrogen. This is the same as the current electricity demand of Germany, and this quantity will be needed every year from 2050 at the latest.

“A 'Green Deal on Steel' could act as the flagship for the European Green Deal”

The capital and operating costs of this change are extreme, numbering in the multi-billion-euro range. Per tonne of steel produced, costs could be from 35 to 100 percent higher. This is why our transition to a carbon-lean future relies so heavily on the right conditions being in place, and why we need a 'Green Deal for Steel'.

With supportive conditions in place, notably the right infrastructure and a supportive regulatory framework, the European steel industry will be empowered and fully committed to the EU's climate objectives and sustainable growth targets. The sector would be able to develop, upscale and roll-out new technologies that could reduce EU steel production's CO₂ emissions by 30% by 2030 and by 80 to 95% by 2050, while contributing to greenhouse gas mitigation across all sectors.

**ADOLFO AIELLO**

Director, Climate and energy

**JEAN-THEO GHENDA**

Director, Technologies

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

Following the adoption of the revised ETS Directive (EU 2018/410) for the post-2020 period and the Commission's Delegated Regulation 2019/331 on free allocation rules, 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.

The Expert Group was consulted by the Commission when preparing the rules on adjustments to free allocation due to activity level changes. The final rules, which were set out in Commission Implementing Regulation 2019/1842, made the EU ETS more dynamic compared to phase 3 as they foresee free allocation's adjustments for variations of activity levels by 15% (instead of 50%).

In addition, the EUROFER Secretariat provided guidance to the membership for filling the documents for the update of the benchmarks, notably the National Implementation Measures (NIMs) baseline template and the monitoring methodology report. All relevant data were gathered by national administrations in the first half 2019 and will be used by the Commission for setting the benchmark values for the period 2021-2025.

With regard to the compensation of indirect carbon costs passed on in electricity prices, EUROFER contributed to a public and a targeted consultation on the revision of the EU ETS Guidelines. The consultations collected evidence on carbon leakage exposure of industrial sectors as well as preliminary comments on the key elements of the guidelines. These include state aid intensity, 'degressivity', emission factors and regional areas. On the basis of the information provided by EUROFER, the Commission included the steel industry in the draft list of eligible sectors that was published in January 2020, which will serve as basis for the final post-2020 Guidelines.

EU long term climate & energy strategy

Following the publication of the 2050 climate neutrality strategy by the European Commission, the High-Level Group of Energy Intensive Industries (HLG EIIIs) worked hard on the preparation of the 'Masterplan for a competitive transformation of Energy Intensive Industries enabling a carbon-neutral, circular economy by 2050'.

As a member of the HLG, EUROFER contributed proactively as one of the six industry co-rapporteurs of the Masterplan. The Masterplan was the result of this collective work inspired by the shared ambition to seize the opportunities of the transition to a climate-neutral economy while addressing the challenge of the currently fragmented international approach to climate action.

The overall objective of the Masterplan is to contribute to a renewed EU industrial policy that would make Europe more attractive for investment in a climate-neutral and circular economy in the face of increasing global competition and the unprecedented levels of industrial investment.

The Masterplan identified the following three policy areas and relevant strategic priorities for an enabling regulatory framework:

1. Creation of markets for climate-neutral, circular economy products
 - Fostering demand for and competitiveness of climate neutral, circular economy solutions through demand-side measures;
 - Investigating and developing alternative or complementary options for carbon pricing mechanisms considering their impact on emissions, markets, and investments both at EU and international level;
 - Empowering customers and consumers in the transition to climate neutrality.
2. Developing climate-neutral solutions and financing their uptake
 - Developing industrial demonstrators of key breakthrough technologies by 2030;
 - Establishing major R&D&I programmes across all technological readiness levels (TRL), with a focus on bringing solutions closer to the market, and achieving better integration with national programmes, properly supported by coherent state aid rules;
 - Facilitating access to private capital at affordable cost, including through derisking instruments.
3. Access to resources and deployment
 - Ensuring access and availability of climate neutral energy at globally competitive prices;
 - Ensuring access to alternative feedstock sources, by promoting use of renewable and (carbon-based) recyclables beyond energy production;
 - Mapping of energy and non-energy infrastructure and supply, underpinned by technologies for industrial transformation in support of climate-neutral industry.

Energy related issues

Most of the of the work focused on the implementation of the Clean Energy Package, notably the Renewable Energy Directive (RED), the Energy Efficiency Directive (EED), the Electricity Market Design (EMD), and the Energy Union

Governance Regulation (EUGR). In particular, EUROFER followed the guidance document on the implementation of the EED and on the development of national Climate and Energy Plans that are required by the EUGR. The national plans include national targets, contributions, policies and measures for the five dimensions of the energy union: decarbonisation, energy efficiency, energy security, and internal energy market as well as research, innovation and competitiveness.

Another important energy related dossier was the Environmental and Energy Aid Guidelines (EEAG), on which the Commission launched a public consultation in 2019 in view of a revision by 2021. The EEAG set out the state aid rules in the field of energy and environment, including rules on exemptions and reductions from renewable levies as well as support schemes for low carbon technologies.

In its contribution to the public consultation, EUROFER focused on the following key objectives of the revision:

- Retaining existing reductions of renewable levies for energy intensive sectors exposed to global competition such as steel;
- Improving/introducing (new) elements that facilitate the development and uptake the implementation of the low carbon technologies in the steel industry in next decade. This point was supported also by an analysis indicating that such state aid would be compatible with the common assessment principles applied by DG Competition (contribution to a EU objective of common interest; need for state aid; appropriateness of the aid measure; incentive effect; proportionality of aid; avoiding undue negative effects on competition; transparency.

The EUGR is intended to ensure that the EU's 2030 energy efficiency and renewables targets are achieved.

“Following the publication of the 2050 climate neutrality strategy by the European Commission, the High-Level Group of Energy Intensive Industries (HLG EIIIs) worked hard on the preparation of the 'Masterplan for a competitive transformation of Energy Intensive Industries enabling a carbon-neutral, circular economy by 2050'.”





Sustainability



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HANS REGTUIT

General Manager, Stainless Steel Health and Environment

Overview

The steel production process is energy- and carbon-intensive and therefore sustainability in the steel industry is often associated with climate issues. The challenges of this are elaborated on in 'The Green Deal on Steel'; EUROFER's 2019 policy paper on priorities for the green transition. The solutions the steel sector is offering are reflected upon in the 'Low Carbon Roadmap: pathways to a European CO2 neutral European Steel industry', updated in 2019 having been first conceived in 2017 as part of EUROFER's 'Towards an EU Masterplan for low- and carbon-neutral steel'.

However, sustainability is much wider than climate change alone. It is important to define a common understanding of the umbrella concept of sustainability. In this sense the reference to the UN Sustainability Development Goals (SDG) is key.

Although it's not immediately obvious, almost every goal has a direct or indirect link to all of the SDGs. Often this link or impact is not a negative connotation. Rather on in many cases it is a highly positive contribution. This positive contribution was indicated back in 2016 in the EUROFER 'Sustainability Vision Paper: 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 the circular economy.

In order to emphasise this more holistic approach and its importance, there is an increasing pressure to develop a long-term (2050) sustainability vision, strategy or outlook for the European steel industry.



This updated EUROFER Sustainability Strategy will be based on four agreed principles, first laid out formally in the first Vision Paper.

1. Steel is a sustainable and permanent material;
2. The EU steel industry is a very 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.

It has to be acknowledged that the stakeholders of EUROFER are different from those of its members. EUROFER has identified the European institutions as their most important stakeholders. However, its stakeholders also include unions, financial institutions, academia, research institutes and NGO's. In addition to what the individual members of EUROFER communicate, it is key to convey the sustainability messages of the industry to these stakeholders.

In 2020 and beyond, new steps will be taken to address those stakeholders with transparent sustainability communication outreach, which fits well inside the outline of the original strategy.



MIIKKA NIEMINEN

Senior Manager, Public affairs

Sustainable finance taxonomy

Regulation on the establishment of a framework to facilitate sustainable investment.

EUROFER supports the objective of the EU's sustainable finance taxonomy, which is to mobilise investments in the EU to achieve a sustainable transition to a low-carbon economy. A workable taxonomy should, however, not hinder the innovation potential or the decarbonisation transition of the European steel industry: access to investments are key to making the transition successful.

The main objective of the taxonomy is to define the concept of environmentally sustainable investments with a view to channelling capital flows towards those type of investments. In particular, it sets a framework to identify which economic activities are environmentally sustainable:

- Activities contributing to at least one of the environmental objectives established by the Regulation (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.

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.

In order for the taxonomy to be fit to purpose, EUROFER continues to advocate that:

- Taxonomy should keep a flexible approach that prevents prescriptive and rigid categories which do not take the dynamic evolution of technology into account.
- Industrial value-creation chains should be fully represented in the taxonomic system, as well as considered and evaluated holistically.

- A simple consideration between 'environmentally sustainable' or 'activities with a negative environmental impact' does not represent current industrial realities and societal needs, instead taxonomy should consider a fully comprehensive life-cycle analysis.
- It is key to take into account if 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.

In addition to the Regulation, the Technical Expert Group on Sustainable Finance (TEG), set up by the European Commission, published its final report on the taxonomy on 9 March 2020. For the proposed technical screening criteria to define environmentally sustainable activities, the main concerns of the European steel industry remain to be addressed. The sustainability of steel cannot be judged with reference to EU-ETS benchmarks, which are not designed for measuring sustainability.

EUROFER therefore calls for more relevant criteria that would incentivise substantial reductions of CO2 emissions in projects in the spirit of the adopted Regulation. In addition, we call for a more integrated assessment of the wider contribution steel makes as an enabler for CO2 mitigation, adaptation and overall sustainability in society. The contribution is evident in the many value chains that rely on steel, and can be demonstrated through integrating lifecycle approaches such as Life Cycle Assessment.

A summary of the main suggestions is listed below:

- Using a genuinely integrated lifecycle approach to take into account steel's role as an enabler for CO2 mitigation in multiple value chains.
- Using the principles of standard EN 19694-2, developed with a mandate from the EU Commission, to assess relative performance in place of unsuitable ETS benchmarks where a lifecycle approach is not possible.
- Greater coherence with other approaches, such as those used in the EU Innovation Fund.
- Securing the eligibility of EAF steel production without excluding different steel qualities, like stainless steel, due to the threshold proposed on scrap sourced iron content in final products.
- Adding CCU to the list of low carbon breakthrough technologies and taking all sources of hydrogen - as well as from iron and steel production - into consideration.
- Make allowances for the fact that the decarbonisation pathway for steel will not be linear, requiring step changes and investments spanning several decades.



Transport



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Overview

The EUROFER Transport working group continued in 2019 with its focus on the current transport policies and legislative work of the EU institutions. As usual, guest speakers from other business associations and NGO's dealing with transport issues in Brussels were also invited to its meeting. As in previous years, in addition to the on-going directives and regulations, also the individual transport challenges in each member's countries were discussed at length among the steel industry transport and logistics experts of the Working group.

As the number of legislative initiatives regarding transport that have a direct impact on the steel industry's operations were decreasing due to the EU electoral cycle, the importance of the cooperation with other transport associations has increased. In addition to the 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 platforms were especially important in collecting and drafting the industrial and business sectors' wish list for the new Commission which started end of 2019, with a view to contributing to its Work Programme and transport priorities. Comprehensive strategy papers were drawn up that tackled issues like the single market, infrastructure, digital transportation, sustainability etc. As before, this cooperation with the other associations proved invaluable in staying up-to-date on key issues and to share views and best practice with the numerous active transport operators and shippers.

Transport policy areas and legislation

Road transport

While the legislative work with the initiatives of the Commission's Mobility Packages were being finalised, the social and single-market dimension with cabotage rules, driving & resting times, social legislation and posting of drivers continued to cause major challenges for the EU institutions. While the main reasons and objectives behind the Mobility Packages were the need to create more clear and better enforceable common rules in the EU, with the different local conditions the social dimension continued to prove being challenging to solve.

Other road transport related challenges highlighted and worked on in 2019 were issues like the continued problems with national barriers and administrative burdens concerning cross-border transport, the shortage of drivers, lack of safe parking areas, road safety and connected and automated vehicles.

As in the previous year, EUROFER Transport working group also monitored the work 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. The new law now states that the full life-cycle of emissions from vehicles should be assessed and the Commission should evaluate whether to have a common methodology for the assessment and consistent data reporting – something of which was also strongly advocated by EUROFER as its key priority during the legislative process.

“As the number of legislative initiatives regarding transport that have a direct impact on the steel industry's operations were decreasing due to the EU electoral cycle, the importance of the cooperation with other transport associations has increased.”

Rail transport

Due to their major role in the European steel industry's logistics operations, developments in the legislative landscape of rail, inland waterways and maritime transport were closely monitored.

The steel industry, as a shipper of heavy goods, has historically extensive cooperation with rail. While important progress has been achieved by the various EU Railway Packages, more is needed to ensure the interoperability of the EU rail network.

Issues remain, such as the need to harmonise the Regulatory bodies' responsibilities across Member States and for continuous improvement in the rail networks by adding more capacity to facilitate national and international services. In addition, improved connections between ports and rail would further contribute to the effectiveness of the EU's transport system as a whole. As before, single wagon services also continue to form an essential part of rail transport for steel and in many Member States its role is strengthened and its more intense use encouraged – an approach EUROFER also shares.

Inland waterways

Inland waterway transport plays an important role for the transport of goods in Europe which can, due to its energy-efficient nature and capacity, be a useful addition to road and rail transport modes, helping handle the increasing demand of transport services. However, challenges exist, such as aging and degrading infrastructure, lack of investment, natural events and air pollution. These are all areas in which practical, EU-wide solutions need to be found. Especially in recent times the water levels have caused obstacles for efficient use of inland waterways' potential. Continued focus is therefore needed on the EU level on key areas of intervention such as quality infrastructure, environmental quality and integration of inland navigation into the multimodal logistics chain.

Maritime transport

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 as raw material supply and shipments to overseas are basic elements of its business operations. One of the key initiatives followed in 2019 was IMO sulphur regulation as well as implementing the various digitalising and harmonising processes which are much needed for improving the efficiency of the logistics chains.

In addition, new investment, high-quality services and improved governance of European ports are vital. Dockside services (cargo operations in ports) are another important dimension that play a major part in the overall cost structure of sea freight for shippers.

Mr Carlos Castan, Celsa Group, continued as the Chair of the Transport working group.





Social affairs



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Overview

During 2019, the EUROFER social affairs committee continued its work as a platform to update members on current social and employment policy matters in the EU, both legislative and non-legislative, that have implications for the steel industry and its employees. Visiting speakers in the committee meetings therefore ranged from the Commission to other industry associations.

The concrete advocacy actions related to the EU legislation in the area of social and employment policies are then further discussed in the European Employers' Network meetings at BusinessEurope, of which EUROFER is an active member. EUROFER continues to also take part actively in the Liaison Forum organised by the European Commission, which is a platform for EU industry and the sectoral social partners.

A special focus of the committee is to prepare internally for the Sectoral Social Dialogue Committee (SSDC) on Steel meetings that take place three times a year. These SSDCs bring together EUROFER and its social partners, including industriAll trade union, which represents employees in the steel sector.

Mr Miroslaw Motyka from the Polish Steel Association continued as the Chair of the social affairs committee.

“The objectives of this Sectoral Social Dialogue are to monitor the social, economic and employment consequences of EU policies on the steel sector and to develop concepts and proposals to influence European and national debates and to give directions and recommendations to contribute to policy developments.”

Activities of the Sectoral Social Dialogue Committee on Steel with industriAll

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 have a long history as social partners in the SSDC, having built up a shared understanding and mutual trust since 2006. As one of the core functions of its work, the social affairs committee members take actively part to this joint dialogue in Brussels.

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

In 2019–2020 the social partners continued working together on topics of mutual interest with the aim to improve the competitiveness of the European steel sector. This ongoing work includes topics such as:

- Energy and climate change policies, with a special focus on the Commission's new European Green Deal, the implementation of the EU Emission Trading Scheme and the proposal for A Regulatory Framework for CO₂-lean Steel Produced in Europe and the Green Deal on Steel;
- Trade policies and their (more effective) implementation, including trade defence instruments (including anti-dumping methodology), EU steel safeguards, foreign direct investment, state aid, and overall trade practices, such as protectionism in non- EU countries, WTO reform, global steel overcapacity and public procurement;
- The evolution of the EU steel market and the latest developments, focusing on new technology and skills needs.
- Research, in particular Clean Steel Partnerships, Important Projects of Common European Interest (IPCEIs) and Horizon Europe;

In 2019 the social partners drafted joint letters and position papers on policy areas such as trade and climate change.

Carlo Lombardi, Federacciai, from the EUROFER delegation continued as the Chair in 2019.

Training and education

EUROFER, along with many members of the social affairs committee continued to work actively in the European Commission's Blueprint Skills Agenda project, which in case of the steel industry is now called the industry-driven sustainable European Steel Skills Agenda and Strategy (ESSA). This project is a strategic cooperation platform between key stakeholders to develop concrete actions to satisfy short- and medium-term skills and funded by Erasmus+ fund. Steel was one of the sectors identified earlier by the Commission as needing to go through considerable structural changes in terms of new technologies and therefore skills.

The objective of ESSA 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 concrete work started in January 2019 running until December 2022. Most of the relevant partners of the steel sector and relevant Member States are involved, consisting of steel companies and associations from ten countries at this stage with plans for this to be implemented EU-wide at a later stage.

In practical terms 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.



ALESSANDRO SCIAMARELLI

Director, Market analysis and economic studies



MIIKKA NIEMINEN

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Employment

Given the continued growth in steel using sectors' activity in the EU over the past few years, the European steel industry's employment situation had recently stabilised after years of being on a decidedly downward trend. Challenges still remain, especially with the volatility of global trade, the continued slowdown of manufacturing sectors in recent quarters and, most importantly, the huge impact on employment that the Covid-19 outbreak is likely to have on employment in 2020. According to the most recent data, the picture for 2019 remained positive as the EU steel industry employed over 320,000 employees. At the time of writing, it is not possible to quantify the impact of the Covid-19 outbreak on employment in the steel sector in 2020 as uncertainty and volatility about coming developments in the economic outlook are still too high.



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

EUROFER membership and organisation

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Lorenzo Riva, Riva Stahl

Heinz Jörg Fuhrmann, Salzgitter AG

Henrik Adam, Tata Steel Europe

Klaus Keysberg, thyssenKrupp Steel Europe AG

Hubert Zajicek, voestalpine

OTHER BOARD MEMBERS

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Enrique Freire Arteta, Megasa Group

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James E. Bruno, U.S. Steel Košice

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Hans Jürgen Kerkhoff, Wirtschaftsvereinigung Stahl

DIRECTOR GENERAL

Axel Eggert, EUROFER

Members of EUROFER

COMPANIES

Acciaieria Arvedi	www.arvedi.it
Acerinox	www.acerinox.es
AG Siderurgica Balboa	www.grupoag.es/siderurgicabalboa_en/empresa/empresa.php
Aperam	www.aperam.com
ArcelorMittal	www.arcelormittal.com
Badische Stahlwerke	www.bsw-kehl.de
Acciaierie Beltrame SpA	www.beltrame-group.com
Celsa Group	www.gcelsa.com
CMC Poland	www.cmcpoland.com
Deutsche Edelstahlwerke	www.dew-stahl.com
Dillinger Hütte	www.dillinger.de
Duferco Group	http://duferco.com
Georgsmarienhütte	www.gmh.de
Helliniki Halyvourgia	www.hlv.gr
ISD Huta Czystochowa	www.isd-hcz.com.pl
Liberty Steel Europe	www.gfgalliance.com
Marienhütte	www.marienhuette.at
Metinvest Trameal	www.trameal.it
NLMK Europe	www.eu.nlmk.com
Officine Tecnosider	www.officinetecnosider.it
Outokumpu	www.outokumpu.com
Promet Steel JSC	www.promet.metinvestholding.com/en
Riva Forni Elettrici	www.rivafe.com
Saarstahl AG	www.saarstahl.de
Salzgitter AG	www.salzgitter-ag.de
Sidenor	www.sidenor.gr
Megasa Group	www.megasa.com/
SIJ - Slovenian Steel Group	www.sij.si
Stahlwerk Thüringen	www.stahlwerk-thuringen.de
Štore Steel	www.store-steel.si
Tata Steel Europe	www.tatasteleurope.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.dcud.org.tr

Diler Demir Çelik Endüstrisi ve Ticaret

www.dilerhld.com/diler_demircelik/index.html

Committees

Climate Change

Communications

Compliance

Energy

Environment

External Relations

National Associations

Public Affairs

Research

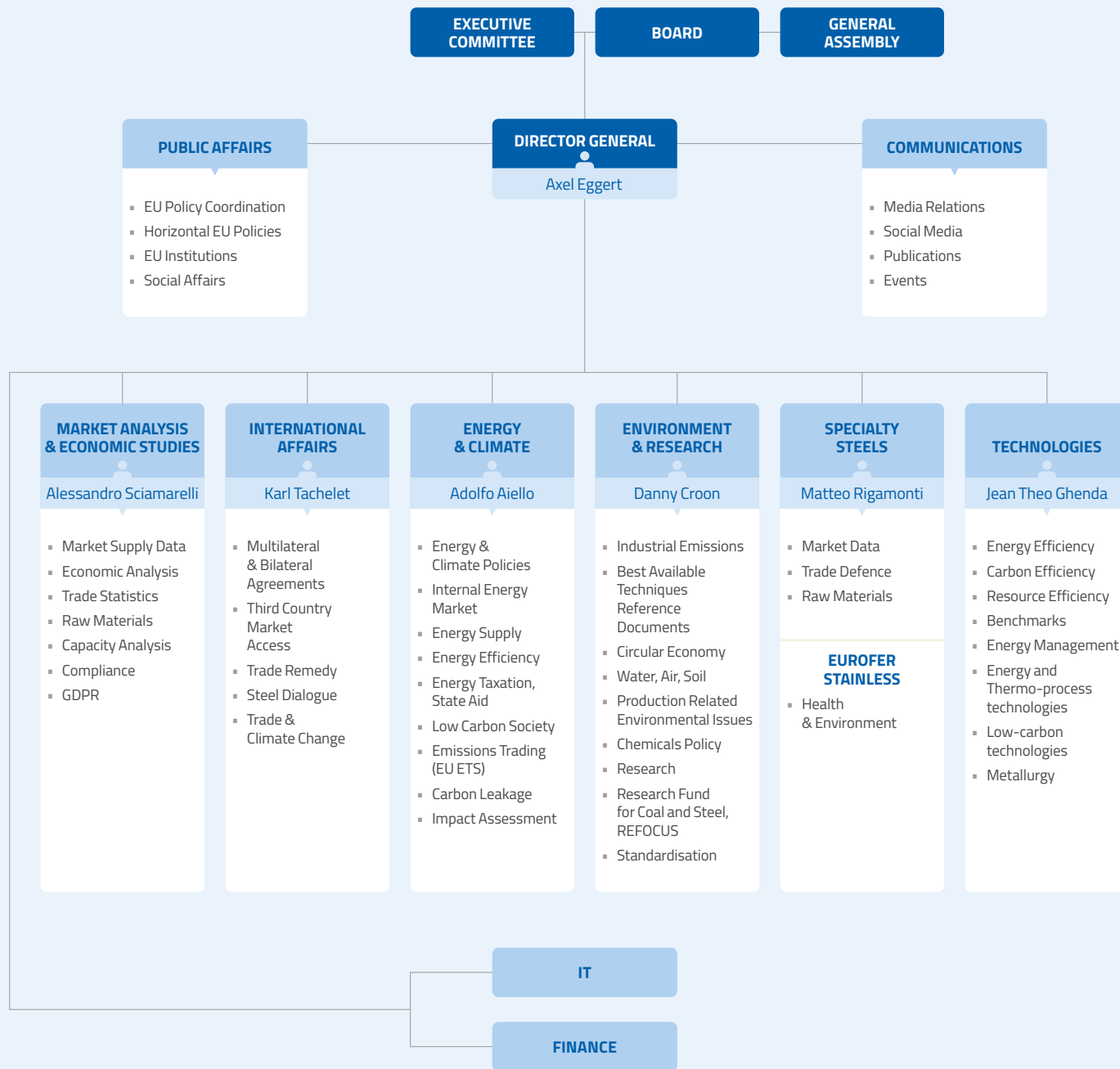
Social Affairs

Stainless Steel Executive
























Stainless Steel Sustainability

Statistics

Organigramme



Staff list in alphabetical order

- | | |
|--|---|
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Director, Energy & Climate | 
Christine Lombart
Assistant, Market Analysis and Economic Studies |
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Nick Avery
Manager, Life Cycle Assessment | 
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Miikka Nieminen
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Freddy Caufriez
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Assistant | 
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Alessandro Sciamarelli
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Sylvain Dubois
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Karl Tachelet
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| 
Jean Theo Ghenda
Director, Technologies | 
Alexis Thuau
Manager, Process Emissions |
| 
Angélique Katsiboubas
Assistant to the Director General | |

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 one of 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. It is our objective to reduce direct CO₂ emissions from steelmaking in Europe by at least 80-95% by 2050 and meet our responsibility to protect the climate.

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EUROFER

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