EUROFER comments on the statement of certain European steel using industries on the proposed new steel trade measure to address steel overcapacity

EUROFER wishes to comment and clarify on the concerns expressed in the above-mentioned statement[1]:

Maintaining a strong steel production base in the EU is essential for strategic autonomy, the green transition and the resilience of Europe's industrial value chain avoiding over-dependency on foreign suppliers and government regimes that can cause higher risks and vulnerability. Against this backdrop, the Commission's proposal should be seen as part of a broader effort to safeguard European industrial capacity and promote jobs, innovation, and climate objectives.

Fundamentally, the Commission's proposal[2] is perceived to lack balance in considering fairly the interests of operators throughout the steel value chain. EUROFER reminds that the immediate objective of the new trade measure is to reduce and stabilise steel imports at sustainable levels and prevent further trade spill-over from global overcapacity to protect and promote European industrial capacity. The design of the new measure considers carefully the interests of downstream sectors by opting for tariff-free quotas instead of a blanket tariff on each imported tonne, including review mechanism and opening up to steel-containing product inclusions like CBAM.

Specifically, concerns are expressed with regard to price impact, administrative burden of a "melt & pour" regime and continued sourcing of specialised high-quality steel inputs.

With regard to price impact, the new trade measure will not reduce supply that could inflate steel prices as decreasing imports will be replaced by domestic supply which is precisely the objective of the measure to ensure viable steel capacity utilisation.

Importers have an alternative to reducing imports through increased domestic supply while a TRQ still allows significant volumes to enter the EU market free of tariff.

Importantly, the TRQ will not stop EU steel prices from reflecting demand and international steel price conditions unlike the U.S. blanket of 50% on each tonne imported in the U.S. Overall, price

[1] https://orgalim.eu/wp-content/uploads/Joint-downstream-industry-statement-new-trade-measure-to-address-steel-overcapacity.pdf

[2] Proposal for a Regulation of the European Parliament and the Council addressing the negative trade-related effects of global overcapacity on the European steel market.

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shocks because of the new measure are unlikely as EU steel capacity utilisation remains low leaving sufficient margin to replace imports. If necessary, the proposed system can readjust.

With regard to “melt & pour”, identification of the installation where the steel is melted and poured is also a pre-condition for using real carbon intensity data under CBAM; in this respect, the new trade regime does not impose a new condition to imports.

With regard to continuity of sourcing of specialised products from countries that do not contribute to global overcapacity, such products are within much broader product category quotas with plenty of room for imports of these products volume-wise. Neighbour countries in particular that are closely operating in the European value chain can plan and secure EU imports having a logistic “first-come-first served” advantage.

About the European Steel Association (EUROFER)

EUROFER AISBL is located in Brussels and was founded in 1976. It represents the entirety of steel production in the European Union. EUROFER full members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations in Turkey, Ukraine and the United Kingdom are members. The European Steel Association 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 €191 billion and directly employs around 303,000 highly-skilled people, producing on average 140 million tonnes of steel per year. More than 500 steel production sites across 22 EU Member States provide direct and indirect employment to millions more European citizens. Closely integrated with Europe’s manufacturing and construction industries, steel is the backbone for development, growth and employment in Europe. Steel is the most versatile industrial material in the world. The thousands of different grades and types of steel developed by the industry make the modern world possible. Steel is 100% recyclable and therefore is a fundamental part of the circular economy.

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