

Press release

Global Arrangement: EU and U.S. to miss unique opportunity for settling trade dispute and advancing climate protection before COP28, warns EUROFER

Brussels, 28 November 2023 – The outcome of yesterday’s EU Trade Council meeting shows that the EU and the U.S are still far from reaching an agreement to advance climate protection, fight trade distortions in the global industry and solve the EU-U.S. trade dispute by the end of 2023, as originally agreed upon by Commission President Ursula von der Leyen and U.S. President Joe Biden in 2021. The absence of a Global Arrangement on Sustainable Steel and Aluminium is a missed opportunity for both ensuring fair trade and advancing on climate protection just before the start of COP28, warns the European Steel Association.

“With COP28 starting in a few days, an EU-U.S. agreement for an effective Global Arrangement to tackle the twin challenge of overcapacity and carbon intensity in the steel industry would have set the right scene for advanced efforts to decarbonise the industry globally by 2050. The Global Arrangement is a unique opportunity to protect the climate and solve the EU–U.S. trade dispute. Without a carbon-neutral industry at global scale, it will be impossible to achieve the 1.5 nor the 2 degrees Celsius objective in 2050. An ambitious international binding agreement tackling the existential challenges the steel industry is facing worldwide should not become the collateral damage of different views across the Atlantic on the approach to solve the US Section 232 issue while we share the same values. On the contrary, an ambitious Global Arrangement will naturally include a long-lasting and solid solution to unilateral, distortive U.S. tariffs on EU steel under Section 232”, said Axel Eggert, Director General of the European Steel Association (EUROFER).

According to the OECD, current non-market excess capacity in global steel industry has reached 600 million tonnes, and further 150 million are underway in the next three years. In addition to China, new sources of excess capacity are growing in ASEAN countries, South Asia, the Middle East, and North Africa.

“This new conventional, carbon-intensive capacity will lock-in CO2 emissions for decades to come, resulting in more CO2 emissions than the entire EU steel industry combined and wiping out all EU steel industry emission reduction efforts up to 2050 in just three years. The absence of a Global Arrangement on Sustainable Steel risks jeopardising the European steel industry’s decarbonisation efforts and shows the limits of EU global climate and trade diplomacy”, stressed Mr. Eggert.

If green steel and other clean technologies are to be “made in Europe”, as Commission President von der Leyen said, the Global Arrangement should coordinate market access conditions using the policy space available under WTO rules to effectively address sustainability challenges. These challenges are not unique to the steel sector but increasingly impact other industries. Agreeing on the initial outlines for a Global Arrangement would be an important milestone that could serve as a basis for further developing a comprehensive agreement. Intensive work should be carried out on new instruments and approaches to tackle global overcapacity and emissions. At the same time, the EU steel safeguards need to be continued, and the EU's traditional trade defence instruments must be applied consistently.

“We urge the EU and the U.S. to find a common path forward, positively conclude the negotiations, and avoid postponing solutions for global challenges”, concluded Mr. Eggert.

Notes for editors

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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 members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federation of Turkey and the United Kingdom are associate 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 €130 billion and directly employs around 306,000 highly-skilled people, producing on average 152 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. 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.