

Annual Report

2021

COVERING 2020

The European Steel Association

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THE EUROPEAN STEEL ASSOCIATION

Foreword by the President and Director General

As every year, the European Steel Association's (EUROFER) Annual Report looks back at what the Association has been working on over the past twelve months, as well as forward to upcoming files and topics that will be dealt with in the coming year.

In last year's Annual Report from the European Steel Association (EUROFER), we wrote that 'this edition's release is overcast by its release coinciding with a pandemic'. At the time of writing, we could not have imagined that more than a year later we would only just be emerging from the COVID crisis in Europe, with the pandemic still raging in many countries around the world, with tragic consequences.

The outbreak meant any previous forecasts as to what 2020 would look like for the European steel industry, the European Union and the world quickly became meaningless. Statistics collected by EUROFER during the pandemic suggest that during the acute phase of the lockdowns in March and April 2020, steel demand collapsed by almost 50% and more, in certain segments. At the peak in the second quarter of 2020, nearly 45% of the workforce was either furloughed or on reduced time working.

Every quarter since has been a step-by-step effort to recover lost ground. In quarter-on-quarter terms there was growth in the second half of 2020, but year-on-year falls – suggesting a recovery that is still only tentative.

Nevertheless, the sharply oscillating demand for steel has created extraordinary volatility in commodity prices – with raw materials, carbon costs and steel prices reaching all-time highs in the first five months of 2021. This has been caused by restocking demand from steel users who had wound down their inventory over 2020. This volatility could well continue in the coming quarters.

All of which means we must be prepared for further challenges ahead. 2020 was a lost year from a commercial point of view, but the regulatory landscape has continued to evolve.

The Green Deal, announced in late 2019, evolved – out of necessity – into a crisis-recovery package, with a recovery fund worth €750bn at its disposal, Next Generation EU. The stated aim of this is to make the relaunch of the EU economy a 'green' one.

This was also matched by the 55% greenhouse gas emissions target, raised from 40% and formally announced in President von der Leyen's September 2020 State of the Union address. We welcome the strengthened ambition of the European Commission, but a robust policy framework will need to be put in place for the steel industry in Europe to be able to implement its advanced plans to reduce greenhouse gas emissions.

“We could not have imagined that more than a year later we would only just be emerging from the COVID crisis in Europe, with the pandemic still raging in many countries around the world.”

That framework forms part of the Green Deal on Steel that EUROFER promoted during 2020: EUROFER has an ambition to reduce emissions by 55% compared with 1990 levels by 2030 and to reach near carbon-neutrality by 2050. However, the feasibility of this ambition is contingent on a framework with a robust trade policy, support for the green transition and the creation of a market for green steel, improvements to circular economy incentives and practices, and a rational and coherent climate strategy.

Some of these elements exist, or are forthcoming this year – most notably in the form of the *Fit for 55 Package* to be launched in mid-July 2021. In a sense, 2020, with all of the difficulties that it caused and the challenges we have collectively faced, has set the stage for a 2021 that could kick-start the transformation both of our sector, and the EU economy.

EUROFER will continue to push hard for the interests of the whole European steel value chain. Our contribution to society – via the 2.6 million jobs our sector sustains, to the 150 million tonnes of high-quality steel we produce – is immense. Our potential to support the EU’s decarbonisation efforts is measurable and large. And our willingness to support policy makers in that endeavour is committed.

We hope you enjoy reading the *EUROFER Annual Report 2021*.



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 (EUROFER)

The coronavirus pandemic dominated headlines in 2020, with the ensuing lockdown-induced economic crisis pushing down EU GDP growth in 2020 into negative territory (-6.3%). This is the worst recession in the modern era, and steeper than that in the aftermath of the Financial Crisis of 2008-2009.

The worst effects were seen in the second quarter, with the drop (-11.4% quarter-on-quarter; -13.9% year-on-year) becoming the most severe quarterly fall on record.

Under dire economic circumstances and, in the first half of 2020, strict lockdowns across most of Europe, cratered EU steel consumption as the automotive, mechanical engineering and construction sectors were all impacted by stoppages. In 2020, apparent steel consumption in the EU was 136 million tonnes, a -11.1% drop – and the second consecutive annual fall after the -5.3% fall in 2019. Imports decreased (-18%) to 29 million tonnes and held a 21% share of the market.

Against this background, EUROFER nevertheless continued to advance on all its policy areas, from trade to climate.

In particular, preparatory work on the safeguard continued as the first iteration – first put into place in June 2018 – is coming to an end after its programmed three years. Given the justification for the safeguards still exist - massive global overcapacity and US Section 232's 25% tariffs – it is clear that the mechanism must be extended. EUROFER has been asking the European Commission to initiate a review to this end. In February 2021, supported by a large number of Member States, the Commission initiated such a review.

Meanwhile, trade cases – including several expiry reviews – are underway, including on products from Turkey, Russia, India, China, Indonesia and Taiwan.

Raw materials form a large part of the European Commission's action in the circular economy. The EU released a new circular economy strategy in March 2020. This strategy is a set of measures reshaping EU policy on products, green information for consumers, and circularising the EU's economy. The EUROFER secretariat has thus worked on several circular economy dossiers, promoting sound methodologies, the circular properties of steel, and protecting steel's competitiveness.

Research and innovation are taking increasing prominence in EUROFER's output, with several promising approaches likely to support the European steel industry's decarbonisation efforts. European steel has over 100 decarbonisation projects in the works at various levels of technical readiness. This means there is more need than ever to secure access to financing.

One example of this is the Clean Steel Partnership which the European steel industry, under the umbrella of the European Steel Technology Platform, has been developing with the European Commission. The general objective of the Partnership is to pilot and demonstrate breakthrough technologies up to Technology Readiness Level (TRL) 8 that can reduce CO2 emissions stemming from EU steel, ultimately leading to a climate-neutral steel industry.

“ EUROFER nevertheless continued to advance on all its policy areas, from trade to climate. ”

Introduction

We are also pushing for Important Projects of Common European Interest (IPCEIs) for low-CO₂ industry and Carbon Contracts for Difference in order to provide support for projects that are closer to upscaling to industrial scope.

Financing this innovation is essential, both in terms of public funding and private finance. The sustainable finance taxonomy proposal was part of the EU's initiative in this area. The main objective of the taxonomy is to define the concept of 'environmentally sustainable investment' to channel capital flows towards those type of investments. In particular, it sets a framework to identify which economic activities are environmentally sustainable.

In order for the to be fit for purpose, EUROFER continues to advocate that the taxonomy should keep a flexible approach that prevents prescriptive and rigid categories and consider industrial value chains as a whole.

Finally, a policy field in which there has been no pause over 2020 – setting the stage for big developments in 2021 – is climate and energy policy. Indeed, June 2021 will see the launch of the Fit for 55 Package. This giant set of legislative reforms will affect a number of areas – all key to the steel industry. These include the Emissions Trading System Directive (EU ETS), a Carbon Border Adjustment Mechanism (CBAM), the Renewable Energy Directive (RED), the Energy Efficiency Directive (EED), and the Energy Taxation Directive (ETD).

For these policies to be credible and workable, they must help reduce emissions efficiently, avoid carbon leakage, and improve industrial competitiveness overall. The details of these proposals will be decisive to understanding whether the European steel industry will get closer to – or further away from – a level playing field with our global competitors.

The carbon leakage risk for the EU's steel industry is more pressing than ever given the recent evolution of the carbon price reaching unprecedented values in spite of the economic impact of the COVID-19 pandemic, and also considering the further increase expected in the fourth trading period. Therefore, while delivering higher climate ambition, any tool in the EU's regulatory framework must provide strengthened, not weakened, carbon leakage measures.

Although 2020 was severe for the EU steel sector, it was even more difficult for society as a whole. We hope that with a rebound under way that 2021 will offer better and more hopeful conditions – setting the basis for a prosperous European steel industry transitioning into the future.



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Economic and market situation



ALESSANDRO SCIAMARELLI

Director, Market analysis and economic studies

Economic performance overview

The macroeconomic performance of the EU continued to deteriorate considerably over the course of 2020, partly as a continuation of the trends observed during 2019 and also due to the global COVID-19 pandemic with its unprecedented consequences.

GDP growth had already lost speed during 2019, rising it at its slowest pace since 2013. Nevertheless, the EU economy did grow (+1.4%) in 2019.

However, in 2020, the EU experienced its worst economic recession of all time (-6.3%). This is a greater fall than that recorded during the Great Recession of 2009 (-4.3%).

“The macroeconomic performance of the EU continued to deteriorate considerably over the course of 2020, partly as a continuation of the trends observed during 2019 and also due to the global COVID-19 pandemic with its unprecedented consequences.”

Detailed 2020 economic performance

Starting from the first quarter of 2020, the EU economy was impacted by the outbreak of COVID-19. This led to an almost complete stop in industrial production – as well as in most services – in April and May 2020 due to severe lockdown measures implemented in most Member States.

As a result, the first quarter saw a drop (-3.3%) even though this was only partly affected by the pandemic.

The worst effects were seen in the second quarter, with the drop (-11.4% quarter-on-quarter; -13.9% year-on-year) becoming the most severe quarterly fall on record.

The third quarter saw a strong rebound thanks to lockdown measures loosening and the reopening of certain economic activities. There was quarter on quarter growth in the quarter (+11.5%), which nevertheless translated into another year-on-year drop (-4.2%).

Hopes for a continued recovery vanished as actual figures for the fourth quarter revealed a ‘double dip’ scenario, with another drop both on a quarterly (-0.4%) and a yearly (-4.8%) basis as the pandemic continued to disrupt confidence and economic activity.

Economic conditions in the EU remain weak and perspectives for a stable recovery are relatively uncertain, mainly depending on whether EU countries are able to overcome the pandemic and to implement mass vaccination plans.

The coronavirus struck even as downside factors had already begun to affect the EU economy and that of its advanced partners. This negative pressure started over 2019, with an accelerating manufacturing slowdown.

This affected Germany in particular. The downturn in the automotive industry worsened significantly, although it resulted in positive sales’ growth over full year 2019; investment was subdued due to worsening business sentiment, despite interest rates at record lows in the euro area.

Trade tensions escalated between US and China and took their toll on world trade, disrupting the supply chain in the manufacturing sector. In addition, Brexit still remained a source of concern as the final deal between the EU and the UK – which was to be negotiated in detail by the end of 2020 – remained unpredictable.

“Trade tensions escalated between US and China and took their toll on world trade, disrupting the supply chain in the manufacturing sector.”

“Due to the dramatic impact of the COVID-19 outbreak on industrial sectors, a stable recovery is not in sight in the short-term, and there is still great uncertainty as to when normality for the economy and industry will be restored.”

The coronavirus outbreak has already significantly impacted business sentiment and economic activity and is expected to continue to do so at least over the first two quarters of 2021, considerably lowering growth prospects and casting a shadow on the overall economic outlook for 2021. In 2020, the EU has experienced its worst economic recession of all time (of -6.3%), even bigger than that recorded during the previous Great Recession of 2009 (-4.3%).

Economic growth expectations

Previous economic growth predictions for 2020 and 2021 have been revised due to the impact of the COVID-19 outbreak on the global economy over the entire year 2020. This led to the deepest economic and industrial recession on record.

A stable recovery in the economic cycle is only expected for the second quarter of 2021, provided that vaccination plans are successfully implemented and that the consequences of the pandemic are left to history. At the time of writing there is still great uncertainty as to both of those factors.

Once back to 'normal', EU economies will have to recover from the major GDP losses incurred during the crisis and cope with the severe economic and social consequences of the pandemic (unemployment, fall in household income, destruction of capacity etc).

Steel-using sectors

Steel-using sectors saw a dramatic fall (-10.4%) in 2020. This will likely be followed by a rebound (8%) in 2021.

Even before the onset of the pandemic in March 2020, business conditions in the manufacturing sectors had deteriorated, continuing the trend seen in the fourth quarter of 2019. Indeed, manufacturing output had slowed considerably in the second half of 2019 compared to the bullish cycles of 2017 and 2018. This was due to increasing international trade tensions, lower exports to third countries, decreasing industrial confidence and growing business uncertainty.

The main exception was the construction industry, which lost ground considerably during 2019 and became deeply negative in the second quarter of 2020. Among steel-using sectors, automotive was the most severely hit during 2020, with an unprecedented drop in output over the second quarter of 2020.

In 2020, output fell year-on-year (-7.5%) in the first quarter and in the second quarter (-24.4%). In the third quarter, despite quarter-on-quarter rebound, steel-using sectors' output continued to fall on a year-on-year basis (-6.4%).

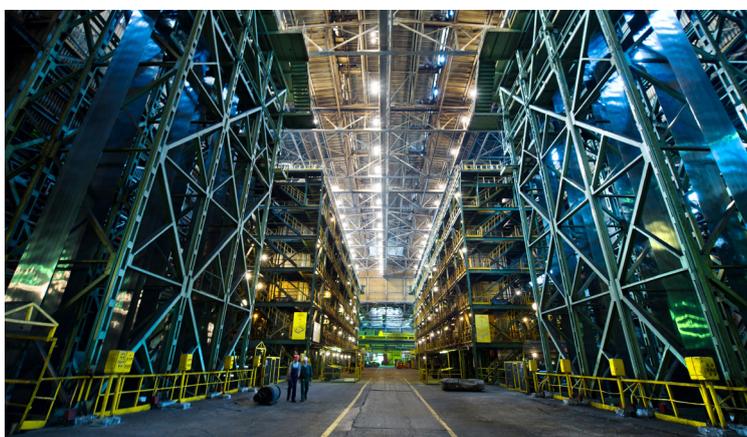
The first quarter was only impacted to a limited extent – i.e. from mid-March – by the lockdown measures, which however resulted in unprecedented falls in output over the second quarter. Despite a short-term rebound over the third quarter due to restart of industrial activity and removal of lockdown measures (albeit still at low levels).

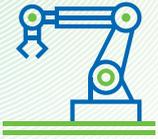
The removal of lockdown measures over the third quarter allowed industrial activity to restart, with a considerable rebound in output compared to the record lows seen in the preceding quarter, but industrial recovery has remained subdued, and is exposed to fragility and risks.

In the fourth quarter, steel-using sector's output continued to fall (-1.1%), but the quarter-on-quarter rebound in all sectors continued and year-on-year growth in the automotive sector returned to positive territory (1.9%).

However, due to the dramatic impact of the COVID-19 outbreak on industrial sectors, a stable recovery is not in sight in the short-term, and there is still great uncertainty as to when normality for the economy and industry will be restored.

However, stable recovery this is not likely to happen before the second half of 2021, even if no further downside risks (another coronavirus outbreak, delayed vaccination plans, etc) emerge.





Steel market



ALESSANDRO SCIAMARELLI

Director, Market analysis and economic studies

Crude steel production

Crude steel production in the EU28 – (*Annual Report 2021 and European Steel in Figures 2021* use EU28 data as the UK was still part of the Single Market until January 2020) – was 139.3 million tonnes in 2020, a drop (-11.5%) compared to production in 2019.

This decrease reflected a continued deterioration in demand from steel-using sectors that had materialised throughout 2019 and worsened dramatically over the second half of 2020 due to the onset of the COVID pandemic. This was coupled with fierce competition in the domestic EU market, as well as on the EU's main export markets.

EU steel consumption and trade balance

In 2020, apparent steel consumption in the EU amounted to 136 million tonnes, a drop of -11.1% (the second in a row, further to -5.3% in 2019) compared to 2019. Imports decreased (-17%) down to 29 million tonnes and held a 21% share of the market.

“In 2020, apparent steel consumption in the EU amounted to 136 million tonnes, a drop of -11.1%”

The pronounced drop seen over the entire 2020 was mostly due to the lows seen in the second quarter. This was the quarter that saw the most severe COVID lockdowns. These led to an almost complete stop in industrial activity across the EU and plummeting demand.

The substantial deterioration in business conditions due to the pandemic merely added to existing downside factors that had already seriously depressed steel demand over the preceding quarters. Uncertainty about near-term business conditions, weak demand from the manufacturing sector and continued stock reduction to record lows resulted in quarterly falls in apparent consumption from the first quarter of 2019 to the first quarter of 2020.

From the third quarter, the recovery in the industry and the rebound in orders has translated into a pick-up in steel demand, albeit at historically low levels, well below the levels observed in 2018. However, it paves the way for more stable recovery over the course of 2021.

After the removal of lockdown measures over the third quarter of 2020, EU apparent steel consumption had continued to fall (-10.4%) year-on-year in the third quarter of 2020, despite a quarter-on-quarter rebound from the record low seen in the second quarter. This trend, coupled with revived demand from steel-using sectors (stronger than expected for automotive and domestic appliances in particular), led to a year-on-year growth (+3.3%) over the fourth quarter of 2020, reaching 35.2 million tonnes.

This marked the first quarterly growth in apparent consumption since the fourth quarter of 2018. Over 2021 apparent steel consumption is expected to continue to improve, thanks to a stable recovery in demand from manufacturing industry. Some uncertainty factors, however, are likely to remain in place over the course of 2021. These include fragility in the EU economic recovery, slow implementation of vaccination plans, persistent volatility on commodity and raw material markets and transportation costs.

Meanwhile, domestic deliveries by EU steel suppliers fell (-9.7%) compared to 2019, marking the second consecutive decline in yearly terms after 2019 (-4.2%).

Imports into the EU

In 2020, total imports of steel products into the EU – including semi-finished products – decreased (-17%), further to a decrease in 2019 (-11%).

Imports of finished products fell (-15% in 2020; -13% in 2019), due to a drop imports of flat products (15% in 2020; -10% in 2019) and a fall in imports of long products (-16% in 2020; -21% in 2019).

The main countries of origin for flat product imports to the EU in 2020 were Turkey, South Korea, India, the Russian Federation and Ukraine, together accounting for 64% 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 quarto plate all dropped over the year 2020 compared to 2019.

The main countries of origin for long product imports into the EU in 2020 were the Russian Federation, Turkey, Belarus, Ukraine, Switzerland and China. These countries accounted for a share of 59% of total long products imports into the EU. All long product imports were significantly lower in the whole 2020 than in 2019. 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 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 even post-COVID.

The growth scenario forecast for EU apparent steel consumption is still subject to uncertainty. The global steel market continues to suffer from overcapacity and the proliferation of trade distortions. These will represent a threat to EU steel market stability even after the end of the pandemic. Given this reality, the EU steel safeguard remains an essential tool to prevent damaging import-led disruption to the internal market.

Exports from the EU

Total EU steel product exports to third countries fell in 2020 (-18%) compared to 2019.

Exports of finished steel dropped (-17%). Underlying data for flat and long product exports show decreases (-17% and -16%).

The main export destinations for EU steel exports over the fourth quarter of 2020 were Turkey, United States, Switzerland, China and Algeria, followed by Egypt and the Russian Federation.

These main five destinations together accounted for 41% of total EU finished product exports over this period. Over the entire year 2020, exports of finished products to China rose (+18%) and so did exports to Egypt (+9%). By contrast, exports to Turkey dropped (-13%) and so did exports to the Russian Federation (-38%) and Algeria (-44%), as well as exports to the US (-33%). Exports to Switzerland decreased much less significantly (-8%).

The total EU trade deficit narrowed from 10.5 million tonnes in 2019 to 8.8 million tonnes in 2020 (2.5 million tonnes for finished products, unchanged compared to 2019). There was a deficit for flat products and a surplus for long products.

The net trade deficit in flat products decreased from 4.1 million tonnes to 3.8 million tonnes in 2020. The trade surplus in long products also decreased from 1.6 tonnes in 2018 to 1.3 million tonnes in 2020.

As far as the trade deficit with individual trade partners is concerned, the largest trade deficit in finished products in 2020 was with Russia with a deficit of 2.7 million tonnes, followed by South Korea with 2.5 million tonnes and Ukraine with 1.3 million tonnes. The trade position with Turkey improved as the trade deficit has decreased from 1.8 million tonnes in 2019 to 684 kilotonnes in 2020.

The major destination countries for EU finished steel exports with a trade surplus in 2020 remained the US, Switzerland and Algeria.

Although the year saw some improvement in the trade balance of the EU with third countries, competition in the global steel market has continued to increase. This reflects the adverse combination of many negative factors: global overcapacity (that has continued to grow even after the COVID outbreak in some third countries), the distortion of competitiveness through steel sector subsidisation by national authorities, and increasing protectionism.

This was the case even before COVID, but the pandemic has simply heightened the tension. 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.

Deliveries of steel (all qualities except stainless steel)

Total deliveries of finished products in 2020 fell (-10.2%) compared to one year earlier. While domestic deliveries into the EU market dropped (-9.7%), export deliveries to third countries fell (-14.6%).

	2019 In million tonnes	2020 In million tonnes	% change 19/20
TOTAL STEEL DELIVERIES	138.1	124.0	-10.2%
Of which to the EU market	121.6	109.9	-9.7%
Of which to export markets	16.5	14.1	-14.6%

In 2020, total flat product deliveries fell (-12.1%) compared with the tonnage delivered in 2019. While EU domestic deliveries dropped (-11.7%), deliveries to export markets outside the EU decreased (-14.6%).

	2019 In million tonnes	2020 In million tonnes	% change 19/20
TOTAL FLAT PRODUCT DELIVERIES	82.7	72.7	-12.1%
Of which to the EU market	72.4	63.9	-11.7%
Of which to export markets	10.3	8.8	-14.6%

Total long product deliveries recorded a decrease (-7.4%) in 2020, which was the result of a drop (-14.5%) in export deliveries and a fall (-6.5%) in EU domestic deliveries.

	2019 In million tonnes	2020 In million tonnes	% change 19/20
TOTAL LONG PRODUCT DELIVERIES	55.4	51.3	-7.4%
Of which to the EU market	49.2	46.0	-6.5%
Of which to export markets	6.2	5.3	-14.5%

“ Despite the extreme weakness of steel demand due to the COVID-19 pandemic and the 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 even post-COVID. ”



MATTEO RIGAMONTI

Director, Stainless and specialty steel

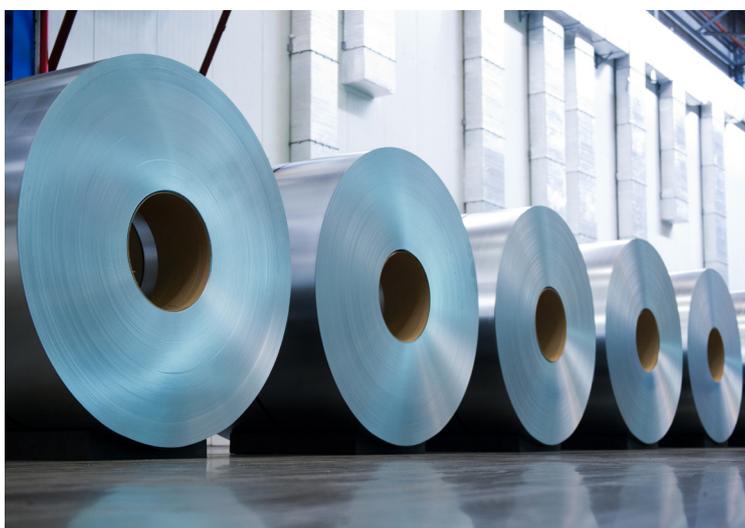
Stainless steel market

World stainless crude steel production fell (-2.5%) in 2020, to around 50.9 million tonnes.

Alongside the cyclical downturn of some steel using sectors in the advanced economies, the COVID-19 pandemic led to an unprecedented market deterioration in almost all stainless producing countries.

“ World stainless crude steel production fell by 2.5% in 2020, to around 50.9 million tonnes. ”

Stainless steel melting in the Union further declined (-7.1%) year-on-year, falling slightly to just over 6.3 million tonnes, more than 1 million less than two years earlier.



By contrast, following the sharp contraction during the first quarter of 2020, the Chinese economy made a relatively swift recovery. This translated into a stainless crude steel production increase (+2.5%). At the same time, Indonesia also increased its stainless melting production, benefiting from the additional domestic export-oriented capacity increase.

European stainless steel demand has been significant impacted by the economic slump in the EU, with market supply of stainless steels finished products dropping (-13.9%) in comparison to 2019. However, for the first time in the past six years, import penetration eased, mainly driven by the drop of imports of stainless steel hot rolled sheets and strips following the introduction of anti-dumping duties against three exporting countries.

	2019 In thousand tonnes	2020 In thousand tonnes	% change 19/20
TOTAL STAINLESS STEEL MARKET SUPPLY	6,195	5,334	-13.9%
Of which EU mills	4,357	4,072	-6.5%
Of which imports	1,838	1,262	-31.3%

In the stainless steel flat product segment, EU apparent consumption decreased (-13.6%) in 2020 compared to 2019. Domestic deliveries by EU producers fell (-5.2%) and imports of flat products declined (-34.3%) with different patterns between the flat products families, in particular, imports of stainless steel cold rolled flat products declined (-16.3%).

	2019 In thousand tonnes	2020 In thousand tonnes	% change 19/20
STAINLESS STEEL FLAT PRODUCTS MARKET SUPPLY	5,135	4,437	-13.6%
Of which EU mills	3,649	3,460	-5.2%
Of which imports	1,486	977	-34.3%

With regard to stainless steel long products, market supply in the EU dropped (-15.4% year-on-year) as both domestic supplies and imports from third countries registered double digit decreases (-13.6% and -19% respectively).

	2019 In thousand tonnes	2020 In thousand tonnes	% change 19/20
STAINLESS STEEL LONG PRODUCTS MARKET SUPPLY	1,060	897	-15.4%
Of which EU mills	708	612	-13.6%
Of which imports	352	285	-19.0%

Alloy special steels (other than stainless)

Total market supply of finished alloy special steel products on the Union market decreased for the second consecutive year in 2020 (-14.1% year-on-year).

Demand was severely impacted by the outbreak of the COVID-19 pandemic and both EU producers and traditional exporting countries suffered showing similar regression on the EU market.

	2019 In thousand tonnes	2020 In thousand tonnes	% change 19/20
TOTAL SPECIAL STEELS FINISHED PRODUCTS MARKET SUPPLY	7,092	6,103	-13.9%
Of which EU mills	6,242	5,373	-13.9%
Of which imports*	850	730	-14.1%

* includes some import adjustments due to possible mis-declarations (downward)

EU market supply of alloy engineering steel long products decreased (-13.6%) in 2020 compared to 2019, both deliveries by EU mills deliveries and imports from third countries dropped at the same pace (-13.7% and -12.8% respectively). Exports by European producers to non-EU markets decreased as well but to a lesser extent (-2.5%), sustained by a positive demand in wire rod products in third countries.

	2019 In thousand tonnes	2020 In thousand tonnes	% change 19/20
ALLOY ENGINEERING STEELS LONG PRODUCTS MARKET SUPPLY	6,689	5,777	-13.6%
Of which EU mills	5,946	5,129	-13.7%
Of which imports*	743	648	-12.8%

* includes some EUROFER downward adjustments

With regard to the tool and high-speed steels segment, there was decrease in total apparent consumption (-19%) in 2020. EU producers' deliveries to the Union market dropped (-17.4%) year-on-year, whilst imports from third countries fell significantly (-23.5%). Whilst exports of high-speed steels products decreased (-8.2%), exports to third countries of alloy tool steels reduced slightly (-2.5%).

	2019 In thousand tonnes	2020 In thousand tonnes	% change 19/20
TOOL AND HIGH-SPEED STEELS MARKET SUPPLY	403	326	-19.0%
Of which EU mills	296	244	-17.4%
Of which imports	107	82	-23.5%

“ EU producers' deliveries to the Union market dropped (-17.4%) year-on-year, whilst imports from third countries fell significantly (-23.5%). ”



Trade and external relations



KARL TACHELET

Director, International affairs and external relations



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Trade actions

EU steel safeguard measures

A second review of the definitive EU steel safeguard measures, in force since February 2019, was initiated in February 2020. The effectiveness and management of the measure was improved by quarterly sub-quotas and a differentiated access to the remaining fourth quarter residual quotas (after exhaustion of the country-specific quotas). This entered into force on 1 July 2020, with the quotas further increased by an additional +3%.

“In February 2021, the Commission started a review to assess whether to continue the steel safeguard action after June 2021.”

In February 2021, the Commission started a review to assess whether to continue the steel safeguard action after June 2021.

EUROFER welcomes the opening of this review. The circumstances that justified the imposition of the zero-tariff quota, notably the U.S. Section 232 import tariff and the worsening global excess capacity, remain current at the time of writing. The EU steel safeguard, including the two reviews, has in fact served as a stabilising factor in the increasingly volatile steel trade flows and disruptions globally.

EU trade cases

In May and June 2020, the Commission respectively opened anti-dumping and anti-subsidy investigations on imports of hot-rolled flat products originating in Turkey. Provisional anti-dumping measures were imposed on imports from Turkey in January 2021. For the same product, a partial interim review of imports coming from Russia started in January 2021.

For stainless steel products, the Commission imposed definitive anti-dumping measures on imports of stainless steel hot-rolled sheets and strips originating in China, Indonesia and Taiwan and opened anti-dumping and anti-subsidy investigations on imports of stainless steel cold-rolled flat products from Indonesia and India in September 2020 and February 2021, respectively.

In October 2020, expiry reviews were initiated to evaluate the renewal of anti-dumping duties on wire rod from China and grain-oriented electrical sheets from China, South Korea, Japan, Russia and the USA. In August 2020, the expiry review concerning anti-dumping duties on stainless steel cold-rolled flat products imports from China and Taiwan was also initiated.

EUROFER is constantly working in close collaboration with the Commission and OLAF to closely monitor import flows and prevent circumvention of existing duties. As way of example, at the end of 2019, national customs were able to collect several millions of euros of anti-dumping duties following a case of misclassification of steel products.

Trade policies

Trade policy review

On 18 February 2021, the European Commission published a Communication called 'An Open, Sustainable and Assertive Trade Policy', outlining its trade strategy for the upcoming five years.

Steel is mentioned in the Communication as a sector that is particularly challenged by the Chinese state-capitalist model. The Communication highlights that such a model has fundamentally changed the global economic and political order, creating immense imbalances on the world market that negatively affect European companies and could undermine the successful green transition of the ecosystem.

The trade policy review foresees, among others, a legislative proposal for a Carbon Border Adjustment Mechanism to avoid the effectiveness of the EU's own climate policies being undermined by carbon leakage; a new legal instrument to address distortions caused by foreign subsidies on the EU's internal market and a new legal instrument to protect the EU from potential coercive actions of third countries.

EUROFER looks forward to ambitious legislative proposals crafting new tools which should be promptly adopted and assertively enforced to address the existing regulatory gap undermining the level playing field.

In EUROFER's view, the European trade policy should pursue a holistic approach to industrial policy and help achieve its environmental and climate policy goals. Integrated production, manufacturing value chains and technological innovation must remain and further develop within the EU to secure well-paid jobs and the green transition.

EU Enforcement Regulation

In December 2019, the European Commission published a proposal to amend the existing EU Enforcement Regulation (EU) 654/2014 as a reaction to the blockage of the operations of the WTO Appellate Body, which was allowing WTO Members to avoid their obligations and escape a binding ruling by simply appealing a panel report. The amended EU Enforcement Regulation entered into force on 13 February 2021.

According to the new rules, it is sufficient that a WTO Panel upholds, in whole or in part, the claims brought by the Union for the EU to impose countermeasures against the country imposing illegal trade restrictions. Moreover, the scope of the Regulation is extended to cover trade disputes relating to other international trade agreements, such as FTAs, if the adjudication is not possible because the third country is, for example, unduly delaying the proceedings - amounting to non-cooperation with the process.

Effective EU enforcement is critical for the European steel industry, which often faces situations whereby foreign steel producing exporting countries do not respect the fundamental obligations they have taken under WTO and FTA commitments. This is the case, for example, with Indonesia's stainless raw materials export restrictions or Algeria's steel import restrictions.

The amended Regulation takes a step in the right direction. However, under the new regulation the EU still needs to wait for a Panel Report to be released, which normally takes around two years, while the EU industry is seeing its commercial interests put at stake.

“EUROFER looks forward to ambitious legislative proposals crafting new tools which should be promptly adopted and assertively enforced to address the existing regulatory gap undermining the level playing field. ”

“Effective EU enforcement is critical for the European steel industry, which often faces situations whereby foreign steel producing exporting countries do not respect the fundamental obligations they have taken under WTO and FTA commitments.”

Foreign subsidies

In June 2020, the European Commission adopted a White Paper dealing with the distorting effects of foreign subsidies on the Single Market. While subsidies by EU Member States have always been subject to EU State Aid rules to avoid distortions, subsidies granted by non-EU governments to companies in the EU appear to have an increasingly negative impact on competition in the Single Market, but fall outside EU State aid control.

The global steel sector is plagued by massive and increasing excess capacities, market-disrupting subsidies and other support measures granted to companies in third countries, as well as by the prominent role of State-Owned Enterprises in the Chinese economy. While providing relief to the EU steel industry suffering from unfair competition from third countries, the existing legislation – including the vital Trade Defence Instruments, the Foreign Direct Investment Screening mechanism and the Public Procurement Directives – leaves substantial regulatory gaps which put at stake its survival.

EUROFER welcomes the Commission’s ambitious initiative outlined in the White Paper on levelling the playing field as regards foreign subsidies, in particular the setting up of a general instrument to capture foreign subsidies distorting the EU market; a tool that can potentially block subsidised, distorting acquisitions and – complementary to the International Procurement Instrument – tackling distortions in public procurement.

In the steel sector, facing massive, increasing overcapacities globally, the distorting effect of foreign subsidies should be presumed.

“EUROFER welcomes the Commission’s ambitious initiative outlined in the White Paper on levelling the playing field as regards foreign subsidies.”

Brexit

The United Kingdom left the European Union on 31 January 2020. Attention has since turned to negotiating the future EU-UK relationship beyond a stand-still transition period that ended on 31 December 2020. After intensive negotiations, the European Commission reached an agreement with the United Kingdom on the terms of its future cooperation with the European Union on 24 December 2020. The agreement started to provisionally apply on 1 January 2021.

The European Steel Association envisages a stable and frictionless relationship between the European Union and the United Kingdom, with level playing field and reciprocity being its leading principles.

“The European Steel Association envisages a stable and frictionless relationship between the European Union and the United Kingdom, with level playing field and reciprocity being its leading principles.”

Trade Disputes and Diplomacy

EU WTO action against Indonesian raw materials export restrictions

The EU brought a dispute over Indonesian raw materials export restrictions to the World Trade Organization (WTO) at the end of 2019. Following the unsuccessful consultations with the Indonesian Authorities, on 14 January 2021 the EU requested the establishment of a panel at WTO. This panel is to seek the elimination of the unlawful export restric-

tions imposed by Indonesia on raw materials necessary for the production of stainless steel, notably nickel ore. On 22 February 2021, WTO members agreed on the request for the establishment of the panel (panellists appointed on 29 April 2021).

Indonesia has been engaging in an aggressive expansion of its nickel processing and stainless steel sectors. This began in 2014, with Indonesia banning the exports of nickel-bearing raw materials to ensure its nascent domestic stainless production had access to below-market price inputs. In 2020, Indonesia became the largest exporter of semi-finished and finished stainless steel products worldwide.

“ Indonesia has been engaging in an aggressive expansion of its nickel processing and stainless steel sectors. ”

Global Forum on Steel Excess Capacity

The Global Forum on Steel Excess Capacity (GFSEC) delivered on its three-year mandate (2016 – 2019) with regard to its transparency objectives including (i) up-to-date information sharing on domestic capacity levels and changes (plant level) and (ii) sharing of government support measures provided to steelmaking enterprises. GFSEC members have discussed and assessed these developments against the agreed guiding principles and the policy recommendations designed to ensure market functioning in the steel sector.

However, effective implementation of the policy principles and recommendations and swift policy action to address steel excess capacity to which the Members committed, is needed as excess steel capacity continues worsening.

The global reach of the forum has also been undermined because of the exit of China and recently the absence of India (combined counting for more than half of the global steel capacity).

In this problematic context, EUROFER and regional steel associations renewed their call for governments of steel-producing economies to intensify their work in the steel forum by:

- deepening the analysis of the drivers of steel capacity expansions to expose subsidised or non-market driven investments;
- developing stronger disciplines on industrial subsidies and other support measures that contribute to excess capacity and distort markets;
- adding value to the transparency work by developing open communication and information to the public.

“ The global reach of the forum has also been undermined because of the exit of China and recently the absence of India. ”





Raw materials



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Iron ore

First quarter 2020

The iron ore market showed resilience in the first quarter of the year notwithstanding the COVID-19 outbreak and the consequent halt in steel downstream markets. This was due to different factors. The seasonal disruptions in Western Australia, due to Cyclone Damien, and in Brazil, due to an unusually heavy monsoon season, supported strong demand for Pilbara Blend fines and for Carajas fines.

The end-users still operating during the end of the quarter focused on discounted medium grade fines to partly replace mainstream high quality sinter feed usually sourced from Brazil and Australia.

The pandemic hit the different world regions asynchronously and thus led to a drastic reduction of production levels in Japan, South Korea, Taiwan and Europe even as Chinese production restarted at strong pace. This situation obliged traders and supplier to reshuffle the destination of cargoes and review contract terms.

“The pandemic hit the different world regions asynchronously and thus led to a drastic reduction of production levels in Japan, South Korea, Taiwan and Europe even as Chinese production restarted at strong pace.”

Second quarter 2020

The second quarter continued to be hit by the effects of the COVID pandemic and the market adapted to very different production levels across the globe and localised mining issues. The restart of the steel production in China hit new record levels and the constraint in Brazil mining activity supported the iron ore market, despite the unprecedented uncertainty.

Several factors continued to combine in this quarter supporting, in a combined effect, very strong iron ore prices. The issues at the Itabira mining complex in Brazil impacted iron pellet availability. At the same time, Australia and Brazil again started shipping briskly after the weather-induced disruptions abated and despite uncertainties linked to potential stoppages due to pandemic.

The increasing demand from China served as buffer, receiving diverted shipments, and thus creating full stocks at Chinese ports. The supply of fines grade did not present issues due to the low demand in several steel producing regions, while lump and pellets were under pressure. In particular, the demand for lumpy materials, and more in general for direct charging feed, cooled due to high coke prices in China.

Third quarter 2020

The iron ore market did not show signs of fatigue in the third quarter, with still strong prices. However, there were concerns as to the supply of iron ore fines and robustness of Chinese steel production.

The shipments of material from large mining companies substantially recovered in the quarter, although not to pre-pandemic levels. This created interest in the market for non-mainstream sources, such as supplies from India, Ukraine and Canada.

In fact, the surging cost of mainstream medium grade fines imposed a flexible supplying strategy on the mills, forcing them to scout for cheaper alternatives among lower grade fines and less-mainstream ores.

This was even more important for Chinese steel mills for preparing for the sintering cuts to be imposed by the government in the next quarter. In addition, Chinese procurers opted to procure iron ore from the ports to mitigate their risk exposure to seaborne prices.

The iron ore port stocks were reported lower than the year before due to strong demand and due to slower vessel unloading procedure and a lengthened processing period for Australian iron ore import permits. The market for lump and pellet stabilised after the weakness showed in the second quarter. Chinese mills increased their utilisation rates of direct feeds to their technical upper limits in blast furnaces, given the persistent weakness in other markets.

“In fact, the surging cost of mainstream medium grade fines imposed a flexible supplying strategy on the mills, forcing them to scout for cheaper alternatives among lower grade fines and less-mainstream ores.”

Fourth quarter 2020

The iron ore market hit multiyear highs in the final quarter of 2020, compared to the final quarters of previous years. The situation defied the usual late year seasonal slowdown.

Mills focused more on mainstream medium grade fines due to cost-effectiveness considerations and their liquidity in a volatile price environment. This trend was linked with high coke prices, especially in China where a ban on Australian coking coal imports was imposed.

In general, iron ore users opted to keep their blast furnace operations running with a more streamlined sinter feed blend. In such conditions, the spread between different fine grades narrows down, especially for those grades that are interchangeable.

The recovery of blast furnace utilisation rates in Europe, North Asia and North America took pellet supply away from China, reversing the trend seen earlier in 2020 when all the unwanted pellet supply was diverted to China. This reduced the availability of high grade pellet from Europe and India for the Chinese market. Also, the installation of new production capacity in South-East Asia contributed to additional possible outlets for pellet products.

Unusually for the season was the trend registered for hematite and magnetite sintering concentrates. Magnetite concentrates are mainly used for pelletizing purposes, but apparently Chinese end-users utilised it for sintering processes, which is not ideal due to its lower quality compared to hematite. The situation created discounts on magnetite prices.

The IODEX 62% CFR North China started the year at around \$92 per dry metric tonne, reaching its peak in December at around \$158 per dry metric tonne.

Ferrous scrap

First quarter 2020

Ferrous scrap prices plunged in the first quarter as the COVID-19 pandemic halted downstream sectors. In general, the scrap demand by mills was sapped by multiple countries suspending downstream construction and manufacturing activities, creating further uncertainties for the next quarter. In particular, container and bulk scrap prices came under pressure immediately in the New Year, coming off high price levels in December 2019, also due to geopolitical tensions in Turkey and a weak rebar market.

The escalation of the COVID-19 pandemic globally in March led to even more stringent responses in European and Asian regions, with lockdowns imposed in key scrap markets, creating disruptions to manpower and logistics, pressuring thus steel prices.

This market situation gave little incentive to collect scrap until prices rebounded. This shortage in collection was perceived by market participants as the only option for

limiting the downside and giving some support to scrap prices. Moreover, the implementation of measures against the COVID-19 outbreak halted production in steel in many downstream sectors, such as in Europe and US, creating the shortages of pre-consumer scrap grades.

“Ferrous scrap prices plunged in the first quarter as the COVID-19 pandemic halted downstream sectors. In general, the scrap demand by mills was sapped by multiple countries suspending downstream construction and manufacturing activities.”

Second quarter 2020

The second quarter was characterised by the volatility in the market with scrap prices sharply fluctuating in the attempt to recover after the huge losses registered in the first quarter.

The weakness of the steel demand in scrap-using regions led any price increment to succumb to market forces. Steel long product makers and, in general, Electric Arc Furnace (EAFs) producers also reported low second quarter figures, with demand slowing down and steel inventories growing.

The return of Chinese demand for imported steel billets represented the backbone of the recovery for those EAF producers in East and South-East Asia, returning back to production, although not at pre-pandemic levels. This trend prevented scrap prices in the Asian market falling even further.

Scrap collection was diversified on the basis of the anti-pandemic measures put in place in different countries and regions. For instance, scrap collection in key exporting regions, such as the US and EU remained at low levels due to coronavirus related restrictions on movement, which paralysed activity at scrap yards. However, in other regions, such as Russia, scrap collection and export trends were not so greatly impacted thanks to milder restrictions on businesses.

The industrial disruptions in scrap exporting regions continued to put prime scrap flows under pressure, whose shortage impeded prices from falling further compared to old scrap.

Third quarter 2020

The ferrous scrap registered a strong performance along the entire quarter, with scrap prices for Turkey, for instance, being substantially stronger in August and for most part of September.

Scrap collectors and merchants were reported stockpiling ferrous scrap during the quarter and preparing the marketing strategy for the next one. Steel production in many regions was reported as being on a recovery trend, creating the conditions for stabilising – and even possibly improving – market conditions for ferrous scrap.

Strong steel demand in China, and the regulations limiting scrap import in the country, continued to support the production of billets from scrap by EAF in South-East Asian countries, imported by China to mitigate high raw materials prices (iron ore).

After the issues in the second quarter caused by the COVID-19 outbreak in Asian regions, the containers market became stronger. Even in the third quarter containers' prices continued to climb. The impact was mitigated by scrap procurers by securing cargoes with smaller volumes.

US improved its domestic capacity utilisation rate and thus improved the domestic demand for ferrous scrap, making the supply of scrap material to Asia tighter towards the end of the quarter. High collection prices reported in EU and US, strong iron ore prices, and firm domestic demand competing against the export market generated a bullish sentiment in the market at the end of the quarter.

“Strong steel demand in China, and the regulations limiting scrap import in the country, continued to support the production of billets from scrap by EAF in South-East Asian countries, imported by China to mitigate high raw materials prices.”

Fourth quarter 2020

The fourth quarter showed an exceptionally strong scrap market, where ferrous scrap pricing level outpaced January levels in the first quarter and paved the way to a very strong first quarter of 2021.

Demand was reported as being very strong in all scrap using markets, such Turkey, United States, EU and Asia. This trend occurred because of improved market conditions for steel finished products.

The stability of export markets for larger scrap exporters helped in stabilising the upper trend. Turkey was highly active in the market, but US and Baltic exporters were reportedly less active or not giving offers. This was especially true for US scrap traders and merchants because of very strong domestic demand. Due to the restart of downstream industrial production, the supply of prime grades became less problematic while the availability of old and demolition scrap grades showed signs of tightness.

In fact, the usual seasonal factors at the end of the year reduced the collected scrap inflows, supporting even further higher prices. A very strong and sustained general recovery in steel production led demand for ferrous scrap to increase enormously. Moreover, some European scrap dealers reported that the scrap supply was not immediately growing as scrap collectors withheld some material in anticipation of expected price peak between the end of 2020 and beginning of 2021.

The HMS 1&2 (80:20) index CFR Turkey began the year around \$290 per tonne, bottomed at around \$240 per tonne in April and then increased to around \$420 per ton in December.

“The usual seasonal factors at the end of the year reduced the collected scrap inflows, supporting even further higher prices. A very strong and sustained general recovery in steel production led demand for ferrous scrap to increase enormously.”

Hard coking coal

First quarter 2020

The coking coal market showed certain resilience in this first quarter, notwithstanding the negative effects generated world-wide by the COVID-outbreak. The implementation of the measures to slow the pandemic in China created in the first part of the quarter a substantial tightness in the Chinese domestic production, which was almost fully recovered in March.

Moreover, unusually unfavourable weather conditions in Australia exacerbated the supply tightness, via the reduction of exports from Dalrymple Bay, Hay Point and Gladstone. Thus, the falling demand for coking coal across Europe, India, Brazil and Japan made an unprecedented surplus of coking coal available, which was redirected to China towards the end of the quarter, contributing to supportive coking coal prices. However, during the same quarter China started rapidly ramping up domestic coking coal production, after mining and logistics were disrupted due to the lockdown, making the country more resilient against imports and associated logistics.

Second quarter 2020

Steelmakers located in China had already started lifting their utilisation rates and the same was done by producers located in countries or regions that eased lockdown restrictions. However, the ramp-up of production was highly dependent on the country; for instance, Japan and India took much longer to ramp-up.

After the weakness showed by the market in the second part of the first quarter and beginning of the second, metallurgical coal spot prices were supported by a reduction of the tonnes exported by Australia due to COVID impacts on mining. Moreover, the deliveries of tonnages already allocated to China left limited tonnages available for the spot market.

Coking coal shipments diverted during the second quarter due the drastic reduction of steel production in certain regions were delivered to China. The country was thus able to compensate for the low utilisation rate of coke domestic capacity.

However, the upcoming Chinese policy regulating imports of coking coal cast a shadow on the market and pushed Chinese buyers to scout for alternatives, such as imported metallurgical coke, which is subject to less scrutiny by the authorities.

“After the weakness showed by the market in the second part of the first quarter and beginning of the second, metallurgical coal spot prices were supported by a reduction of the tonnes exported by Australia due to COVID impacts on mining.”

Third quarter 2020

The third quarter was characterised by increments of pricing levels compared to the previous quarter. The anticipated, stricter controls on imports from Australia imposed by Chinese authorities pushed buyers to source as much high quality coking coal as possible, exhausting thus their import quotas.

The quota system of the coking coal imports is part of a series of policies to rebalance coke production capacity by linking it to steel capacity. Chinese buyers having exhausted their import quotas and with buyers in other regions supplying coking coal fulfilling term contracts, the appetite for spot tonnages was thin and thus resulted in lower traded volumes at the end of the quarter.

The spread between different coking coal qualities widened in the third quarter due to the volatility in the spot market and due to the preference given to certain high quality grades, especially by Chinese buyers.

However, concerns about weather forecast for the fourth quarter kept the market outlook for coking coal in suspense. This gave support to price levels till the end of the

quarter and created the conditions for a narrowing of qualities price gaps as a result of a more positive market outlook due to the expected Queensland cyclone concerns.

Fourth quarter 2020

Seaborne metallurgical coal and coke markets closed 2020 in the wake of a transformative fourth quarter due to China's temporary halt on Australian coal imports. The measure generated shifts in trade flows and price dislocations across the different brands and benchmarks.

Volumes of qualities usually shipped to China from Australia slumped while brands usually shipped to destinations ex-China surged. Moreover, Chinese buyers implemented flexible strategies for sourcing materials from uncommon suppliers.

This created widening gaps among all benchmarks, segmenting the coking coal market even further. This situation, at the end of a 2020 – a year that already experienced disrupted global steel markets due to the pandemic – profoundly changed metallurgical coal market dynamics.

The fourth quarter was, however, less problematic in terms of availability than previously expected because the impact of cyclone La Niña on Queensland was less severe. Global steel markets continued to recover from the pandemic and imports to destinations such as India and Europe surged compared to previous quarter.

Notwithstanding this recovery, the market was still in oversupply, keeping price indices Free-On-Board to ex-China destinations stable. Moreover, the persistence of Chinese import restrictions was expected to generate a pressure on spot prices at the beginning of 2021.

The Premium Hard Coking Coal (PHCC) index CFR to China started the year at slightly below \$160 per tonne, bottomed out in August at around \$115 per tonne and then closed the year above \$180 per tonne. PHCC index FOB from DBC Terminal started the year at slightly at around \$150 per tonne and then closed the year at around \$100 per tonne.

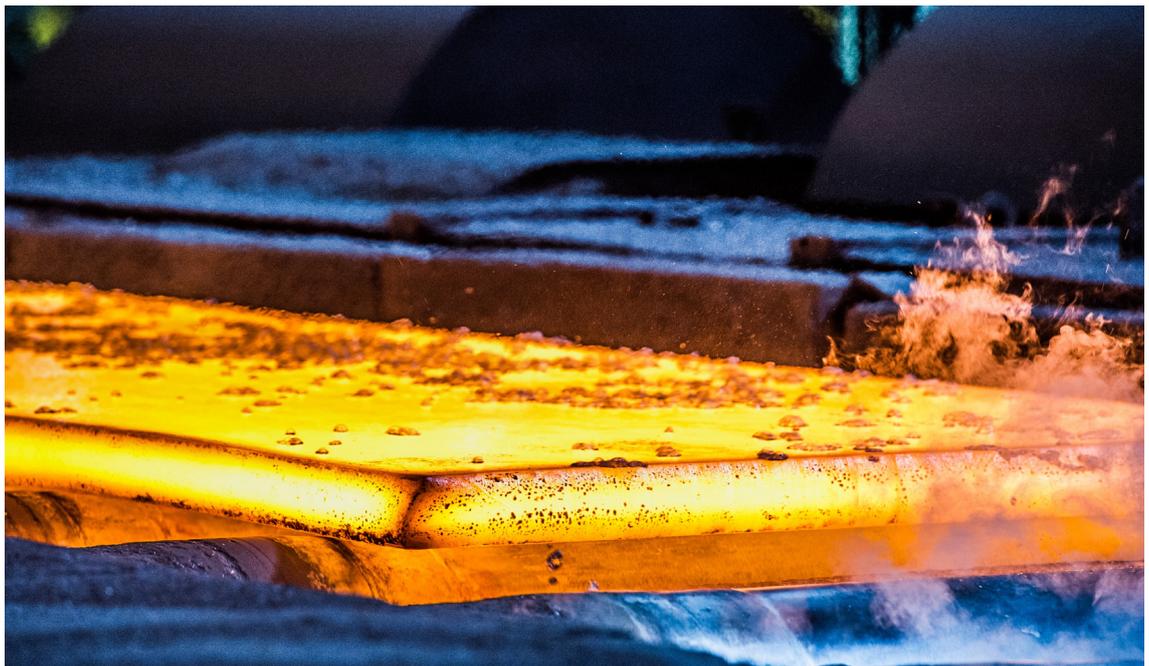
Critical Raw Materials – Revision of the Critical Raw Materials List

The European Commission launched the revision of the list of Critical Raw Materials (CRMs) and EUROFER took part to the technical ad-hoc working group for the update of data and the re-calculation of the criticality indices for several raw materials.

The new 2020 list of CRMs still considers the coking coal as a critical material. Moreover, the list reports as critical other metals used as ferro-alloys in steel production (carbon, high-alloy and stainless). The metals in the list are the following: Cobalt, Niobium, Silicon Metal, Titanium, Vanadium and Tungsten.

The revision of the list is expected to take place every three years.

“ The new 2020 list of CRMs still considers the coking coal as a critical material. Moreover, the list reports as critical other metals used as ferro-alloys in steel production. ”





Environment



Overall leadership on environmental policy

DANNY CROON

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Circular economy

Overview

The European Commission's action on the circular economy strategy has engaged significant internal resources on reshaping the EU policy on products, on how we communicate green information to consumers and how to make more circular other strands of the EU's waste policy. The EUROFER secretariat has thus worked on several dossiers, aiming at ensuring sound methodologies, promoting the circular properties of steel and protecting steel's competitiveness.

Waste Framework Directive

EUROFER's advocacy on the EU Waste Package continued in 2020, focusing its attention on a new project launched by

the European Commission for defining new EU-wide criteria on End-of-Waste (EoW) and By-Products (ByPs). This new project is a follow-up of the new Circular Economy Action Plan and looks, in its first stage, to identify potential candidates (waste or industrial residues) for which new EU-wide criteria could be developed.

EUROFER took part proactively in several meetings with the European Commission and participated as panellist during the Circular Economy Stakeholder Conference session on '*Less waste, more value: focus on End of Waste criterid.*

The EUROFER advocacy on this dossier, prepared with the contribution of EUROSLAG, clearly stressed the principle that the EU-harmonisation of EoW and ByP criteria have to follow market and circular economy principles and need to be strongly based on the experiences from Member States.

However, the situations in which the EU steel companies operate in the different Member States should at least be maintained or better, improved, via this project. It must be guaranteed that the treatment of steel slags is not worsened by the proposed project and the attempt for harmonisation. The project is expected to be officially launched in 2021 but the steel sector has not formally volunteered to have any material in scope, for the moment.

Further developments and contacts with the Commission are expected in 2021.



“The EUROFER advocacy on this dossier, prepared with the contribution of EUROSLAG, clearly stressed the principle that the EU-harmonisation of EoW and ByP criteria have to follow market and circular economy principles.”

Waste Shipment Regulation

The European Commission, after many years of evaluation, formally launched the revision of the Waste Shipment Regulation. EUROFER contributed to the official public consultation on policy options and engaged in several meetings with the European Commission. Moreover, different advocacy tools have been drafted for organising meetings with the experts and policy officers in different member states, under EUROFER coordination.

EUROFER supported this revision and focused its advocacy on the following pillars:

1. to simplify and make more agile the EU domestic shipment of secondary raw materials and waste when the scope is recycling;
2. in accordance with the Basel convention, to allow exports of EU waste only when receiving countries have effectively enforced environmental and safety standards equivalent to those applicable in the EU;
3. to ensure an effective and harmonised enforcement of the Regulation with common practices among Member States.

The legislative proposal from the European Commission is expected at the end of the second quarter of 2021.

EU product policy(*)

The release of the new Circular Economy Action Plan put EU products policy high on the European Commission's agenda. In particular, the European Commission started two relevant dossiers in this respect.

The first, '*Initiative on substantiating green claims*', focuses on how a company should substantiate its 'green claims' on products and on the company itself.

The second is an initiative on '*Sustainable Products Policy*', in which sustainable criteria and a method to assess a product's footprint will be developed and then be integrated in the various extant policy instruments. EUROFER contributed to public consultations and drafted position papers shared with the European Commission.

EUROFER supported this revision and focused its advocacy on the following pillars:

1. there are too many methods for measuring the environmental performance of products;
2. LCA-based methods such as PEF might support comparability and consistency;
3. before having a mandatory approach on how to communicate green claims, a voluntary approach is necessary in order to adapt and perfect;
4. the communication should contain only few relevant environmental impacts;
5. the verification and compliance have to be checked by independent and LCA-experienced certification/verification organisations.

The European Commission is expected to release a legislative proposal on 'green claims' in the second quarter of 2021 and the work at European Parliament on this is scheduled to start in July 2021.

EUROFER created companion advocacy material on sustainable products based on the following general principles:

1. sustainability criteria should include product circularity requirements (e.g. recyclability, high-quality recycling and durability);
2. the Eco-Design Directive has to be modernised and made fit for circularity;
3. product sustainability has to be assessed using a cradle-to-cradle LCA approach (full life cycle);
4. environmental benefits of using by-products, like reducing the use of natural resources;
5. social criteria in sustainability principles should be defined only when relevant to a specific product group;
6. the creation of a market for green products through economic incentives.

The European Commission is expected to launch the public consultation on the different policy options in the first quarter of 2021 and the legislative proposal is expected to be released in the fourth quarter of 2021.

“ The release of the new Circular Economy Action Plan put EU products policy high on the European Commission's agenda. ”

(*) see also page 27 - EUROFER Staff: Jean-Theo Ghenda, Nicholas Avery, Hans Regtuit, Danny Croon and Aurelio Braconi

End-Of-Life Vehicles Directive

The European Commission concluded its revision process of the Directive on End-of-Life-Vehicles (ELVD) and stated that the revision is seen as a necessary step. EUROFER contributed to the public consultation on the Inception Roadmap launched by the European Commission and prepared for identifying critical aspects to be taken on board during this revision. EUROFER also took part in the final workshop in which the assessment of the existing regulation was discussed in detail.

EUROFER supported this revision and focused its advocacy on the following pillars:

1. to transform the Directive into a circularity enabler, promoting design for recyclability;
2. to measure the recycling target over the entire vehicle, rather than fixing specific per material targets (to avoid trade-offs between climate and circularity objectives);
3. to have a recycled content measured only for certain materials; to count 'real recycling' only for assessing the target (energy recovery or backfilling material to be excluded);
4. to improve the measurement of circularity, fit-for-circularity data reporting requirements by Authorised Treatment Facilities (ATFs).

The European Commission is currently working on preparing the public consultations on policy options to be possibly taken into account during the revision. The public consultation on the revision of EU rules on end-of-life vehicles is expected by the second quarter of 2021 and the Commission's proposal for the Review of the ELV Directive in the second quarter of 2022.





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Green Steel(*)

The EUROFER secretariat identified that many dossiers at the European Commission and several Commission Communications mentioned the term ‘green steel’ or ‘low-carbon steel’ or ‘clean-steel’.

However, a coherent and harmonised definition of what they mean was totally absent. Moreover, the on-going de-carbonisation strategies put in place by EU steel producers are already resulting in the delivery of batches of steel that have substantially lower CO₂ footprints. So this lack of a definition has relevance already.

Finally, the action by the European Commission on sustainable products policy means a focus on ‘*high impact intermediary products such as steel, cement and chemicals*’.

Given these market and policy developments, the EUROFER secretariat launched a specific project to try to come to a common view on what is meant by ‘Green Steel’ or ‘Low-Carbon Steel’, and established a dedicated task force.

The objectives of the project are, at the moment, twofold:

1. to define a sound methodology for demonstrating how a company steel production substantially contributes to the reduction of CO₂ emissions of its steel products;
2. to have ‘green steel’ definition to be recognised by end customers, consumers and product regulations as qualifying for preferential market access and helping all steel consuming sectors to reduce their carbon footprint.

The EUROFER secretariat worked on the definition in 2020 and will continue to do so in order to issue a sound and credible definition. The project entails technological,

environment and circularity factors, involving different EUROFER departments. First deliverables on the two objectives are expected in the second quarter of 2021.

“The EUROFER secretariat launched a specific project to try to come to a common view on what is meant by ‘Green Steel’ or ‘Low-Carbon Steel.’”

Chemicals Strategy for Sustainability

The Chemicals Strategy for Sustainability is part of the EU Zero-Pollution Ambition for a toxic-free environment under the Green Deal, besides the Zero Pollution Action Plan for air, water and soil and the review of the measures to address the pollution from large scale industrial installations (IED).

The strategy was published on 14 October 2020, together with seven accompanying documents and an action plan which establishes a timeline and a summary of the initiatives to be implemented between 2021-2024 through a mix of regulatory and non-regulatory acts.

EUROFER will closely follow this important topic and is already working with other associations (REACH Alliance, Eurometaux, Nickel Institute) on some urgent concerns. These include the ‘Essential Use Concept’ (EUC) issue. EUROFER and the Nickel Institute have initiated a coalition with other 23 associations to call for a targeted application of the EUC (not automatically linked to the hazard classification) and its scope of applicability.

To this end, in addition to discussions and industry input to the *Competent Authorities for REACH and CLP* (CARACAL) meetings, the European Commission will organise a Workshop in the upcoming months. Stakeholders will be invited to attend.

Another important concern is the REACH and CLP revision process, which will begin soon with an Inception Impact Assessment (Roadmap) in the first quarter of 2021. As these revisions concern the Restriction and Authorisation processes, this topic will be discussed with ECHA first and then brought to CARACAL. Industry's concern is that this revision appears to go beyond the Chemical Strategy for Sustainability (CSS), something confirmed by the European Commission.

“The Chemicals Strategy for Sustainability is part of the EU Zero-Pollution Ambition for a toxic-free environment under the Green Deal, besides the Zero Pollution Action Plan for air, water and soil.”

SCIP Database

The ‘Substances of Concern In articles as such or in complex objects (Products)’ – SCIP Database was launched under the Waste Framework Directive. This will introduce duties on suppliers, EU producers and assemblers, EU importers, EU distributors of articles/products placing on the EU market articles containing Substances of Very High Concern (SVHC) on the Candidate List in concentrations above 0.1 % w/w to submit SCIP notifications to ECHA from 5 January 2021.

The obligations of the Directive have been transposed into the national law of some EU Member States so far, others have decided do not transpose the notification obligations. This will have an effect – possibly distorting the market in some countries due to the difficulties

in submitting the notifications, in particular for complex processes. EUROFER is actively involved in all discussions on this topic in groups at European level and is updating our members constantly.

“The obligations of the Directive have been transposed into the national law of some EU Member States so far, others have decided do not transpose the notifications obligations.”

Cobalt Metal Classification

Apart from some specific grades where cobalt is intentionally added, most steel and, in particular stainless steel, contains cobalt as a trace element stemming from the raw materials.

As of 1 October 2021, cobalt metal will be classified as Carcinogenic (C) category 1B (all routes of exposure), Reprotoxic (R) category 1B and Mutagenic (M) category 2. The classification 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.

Although cobalt is present above the threshold value in stainless steel, it is embedded in the matrix of the alloy. As a result, stainless releases negligible amounts of cobalt and it does not become bio-available. In order to demonstrate this effect, 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.

To safeguard steel from the unintended consequences of this classification 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. The start of the study is pending, awaiting a Decision of the European Chemicals Agency to approve the study.

“Cobalt is present above the threshold value in stainless steel, it is embedded in the matrix of the alloy. As a result, stainless releases negligible amounts of cobalt and it does not become bio-available.”

Lead (Pb)

Pb metal in the REACH Authorisation process:

Lead metal (EC: 231-100-4, CAS: 7439-92-1) was included in the SVHC Candidate List of on 27 June 2018 as toxic for reproduction (Article 57c). However, the ECHA has not yet included lead metal in its draft tenth recommendation list. It will probably be proposed for the eleventh list instead. When it happens, a 90-day public consultation on the recommendation list will open. This is tentatively set for the tail end of 2021, and legislation to amend REACH Annex XIV (“the Authorisation List”) based on the eleventh recommendation list could be adopted from late 2023.

The EUROFER Secretariat will organise an internal Task Force to prepare a factsheet and Q&A documents on our key studies to be used in further advocacy activities.

Pb environmental classification:

In November 2018, ECHA Risk Assessment Committee (RAC) adopted an Opinion which supported the same envi-

ronmental classification for powder and massive lead. This will have consequences for our sector due to the Seveso requirements. The International Lead Association (ILA) and Eurometaux have engaged on this issue and last year the Commission asked the RAC to review the classification because of a new study on chronic toxicity data (an OECD 243 test on snails) generated by the Pb REACH Consortium. Discussions at RAC are still on going.

“The EUROFER Secretariat will organise an internal Task Force to prepare a factsheet and Q&A documents on our key studies to be used in further advocacy activities.”

Restriction of Hazardous Substances Directive (RoHS)

In January 2020 a new request was put forward by EUROFER. This request is for the extension of the existing exemption in Annex III. This is ‘Exemption 6(a)/6(a)-I’ for alloying element 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, and the European General Galvanisers Association (EGGA).

The dossier evaluation (phase I) has started and the EUROFER Secretariat provided the Oeko Institute – the Consultant appointed by the European Commission to follow up this dossier – with comments on the clarification questions at the end of January 2021. The dossier evaluation Phase II is expected soon. If the process is successful, the exemption will remain valid from July 2021 to July 2026.

Water

REFIT Waste Framework Directive (WFD)

A fitness check of the Water Framework Directive (WFD) has been conducted to assess whether the Directives (WFD, the Environmental Quality Standards Directive (EQSD), the Groundwater Directive (GWD) and the Floods Directive (FD)) are fit for purpose.

According to the stakeholder consultation and the analysis conducted, the Directives are largely fit for purpose, although improvements can be made.

The European Commission has decided to not reopen this Directive now, but a further revision has been scheduled for after 2027.

An Inception Impact Assessment on the revised lists of surface and groundwater pollutants was published by the European Commission on 28 October 2020. EUROFER Secretariat provided its feedback on behalf of the members by the closing date, 20 November 2020. This initiative addressed the findings of the Fitness Check in relation to chemical pollutions and the legal obligations to regularly review the lists of pollutants affecting surface- and ground-waters. A public consultation will be launched in the second quarter of 2021.

A Draft Watch List was proposed by Member States in 2019, which included substances for which the risk they may pose to the aquatic environment has to be monitored. Whether EU Quality Standards (EQS) should be set also requires consideration. Chromium (total) and free-cyanides

have been put forward as candidates for the Third Watch List. EUROFER does not concur with this proposal.

Concerning the prioritisation process for the Environmental Quality Standards (EQS) dossier finalisation, the initial timeline and schedule (given in October 2020) shows that the process is already quite delayed for most substances. No further work has been carried out on priority substances, such as nickel, by the European Commission/Joint Research Centre. No further information is yet available regarding the Metals EQS implementation.

“ A Draft Watch List was proposed by Member States in 2019, which included substances for which the risk they may pose to the aquatic environment has to be monitored. Whether EU Quality Standards (EQS) should be set also requires consideration. ”

Iron Environmental Quality Standard (EQS)

EUROFER has been contributing for a number of years to a study related to Multiple Linear Regression Models for Predicting Iron and Aluminium Toxicity to Freshwater Aquatic Life.

Ideally, this should result in a robust model accepted by the European authorities which proves that there is limited toxicity due to the low bio-availability of iron, and leading to less stringent EQS.

This is a proactive activity of the steel industry and EUROFER. A report on eco-tox testing by Oregon State University is expected to be available soon; no further testing will be carried out. Two publications will be drafted soon: one providing the details and results for all the toxicity testing conducted so far, and the second with the details on multiple linear regression models for fish, daphnids and algae.

**ALEXIS THUAU**

Manager, Process emissions

Best Available Techniques (BAT) Reference Documents (BREFs)

The first quarter of 2020 was expected to see the conclusion of the technical work on the review of the BREF on Ferrous Metals Processing (FMP) with a final physical meeting to be organised over one week in Seville. However, the breakout of the COVID-19 pandemic necessitated a search for alternatives to a physical meeting.

While seeking alternatives to a physical meeting, progress was made on the chapters of the FMP BREF other than the binding BAT conclusions chapter. In particular, the EIPPCB provided an update of the FMP BREF Draft 1 (D1) and allowed for a second commenting period.

In the third quarter of 2020, the decision was made to organise a 'Final meeting' in the form of a written consultation on updated draft BAT conclusions (in October-November 2020) and web-based meetings (from November 2020 to February 2021).

After more than 100 hours of meetings with the European IPPC Bureau (EIPPCB), more than 40 hours of preparatory meetings and more than 150 pages of internal guidance

documents, the draft BAT conclusions improved in almost all its aspects compared to the version submitted one year ago. In particular, the overall clarity of the BAT conclusions as well as the BAT conclusions on energy consumption improved considerably, paving the way for a future-proof document.

Work will now continue to improve the content of chapters other than the BAT conclusions and the so-called Article 13 Forum – consisting of Member States, industry and NGOs – will give its opinion on the BREF towards the end of the year. The publication of the BAT conclusions in the Official Journal of the EU may occur in the course of the second quarter of 2022.

“ After more than 100 hours of meetings with the European IPPC Bureau (EIPPCB), more than 40 hours of preparatory meetings and more than 150 pages of internal guidance documents, the draft BAT conclusions improved in almost all its aspects compared to the version submitted one year ago. ”



Industrial Emissions Directive (IED) revision

In early 2020, the Commission initiated the work towards the revision of the Industrial Emissions Directive (IED), months before the publication of the final report on its evaluation.

In its initial position, EUROFER stressed that the assessment of the consistency between the IED and climate, energy and circular economy policies should not jeopardise the key objective of the IED, which is to prevent or limit pollution into the environment from processes in an integrated way.

EUROFER also insisted on the importance of safeguarding the Seville process, which was deemed 'effective' and resulting in a 'high degree of consensus on the measures adopted' during the evaluation. The transition between the IED and its successor should also consider legal certainty. In this regard, no new BREF cycle should be initiated until the revised legislation enters into force.

Consultation activities (workshops, public and targeted surveys, interviews, etc.) are now on-going and EUROFER will strive to convey its positions in all available fora. The Commission is expected to table a proposal for a revised Directive the first quarter of 2022, effectively initiating the legislative procedure.

“ EUROFER stressed that the assessment of the consistency between the IED and climate, energy and circular economy policies should not jeopardise the key objective of the IED. ”

The European Pollutant Release and Transfer Register (E-PRTR) revision

The revision process of the European Pollutant Release and Transfer Register (E-PRTR) Regulation is running alongside the revision of the IED. EUROFER considers the

E-PRTR Regulation a valuable source of reported emissions of a given pollutant over time and believes that it is a well-functioning piece of legislation.

EUROFER will pay particular attention to ensuring that the confidential status of some of the reported data is preserved and that the E-PRTR Regulation remains a tool to inform the public and not a tool to identify and regulate the best performers.

“ EUROFER will pay particular attention to ensuring that the confidential status of some of the reported data is preserved and that the E-PRTR Regulation remains a tool to inform the public . ”

Air policy review

2020 saw strong pushes to revise the Ambient Air Quality Directives (AAQD) and align them with the recommendations of the World Health Organization (WHO) on air quality. Revised WHO recommendations are expected to be published in mid-2021 and proposals to revise the AAQDs are not expected before late 2022.

EUROFER will closely monitor the issue and form its position throughout 2021 in view of contributing to forthcoming consultation activities.



Overall leadership on environmental policy

DANNY CROON

Director, Environment and research



NICHOLAS AVERY

Consultant, Life-cycle assessment

Product related environmental issues

2020 has been another important year for integrating life cycle thinking in product policy, and EUROFER now observes greater interaction of the different product policies in this area. 2021 will therefore be an important year for ensuring the convergence of product policies and increasing consistency of regulatory interventions towards a more circular, low-carbon economy.

Vehicle CO₂ emissions

On vehicle CO₂ emissions, EUROFER engaged with a Commission study on the evolution of lifecycle emissions of different vehicle types up to 2050. The study, published in 2020, confirms the importance of considering the full lifecycle rather than only tailpipe emissions, to avoid sub-optimal choices from a climate perspective.

As required in the current CO₂ regulations, the Commission has committed, by 2023, to considering the feasibility of how lifecycle emissions reporting can be implemented in a simplified and robust way.

EUROFER continues to work with WorldAutoSteel and partners to press for this feasibility study. The forthcoming revision of the regulations expected in June 2021 is an opportunity to accelerate the lifecycle emissions accounting ambition.

“ 2021 will therefore be an important year for ensuring the convergence of product policies and increasing consistency of regulatory interventions towards a more circular, low-carbon economy. ”

This could pave the way for the use of voluntary CO₂ credits in the regulations. This could also help vehicle manufacturers design vehicles that are not only clean during the use phase, but also over the entire lifecycle.

A win-win situation for different sectors could be achieved if a lifecycle emissions approach helps to create a market for low CO₂ steel products, which can help steel producers gain confidence in making low CO₂ steelmaking investments, as well as reducing emissions in the automotive supply chain.

“ This could pave the way for the use of voluntary CO₂ credits in the regulations. This could also help vehicle manufacturers design vehicles that are not only clean during the use phase, but also over the entire lifecycle. ”

Sustainability of buildings

In construction, the voluntary sustainability standardisation work of TC 350 continues, most notably on draft standards for building assessment, civil engineering, and business-to-consumer communication of product environmental performance, for example used by product benchmarking or rating schemes.

The consideration of the environmental benefits of recycling is not adequately recognised in the draft standard for product comparisons, in contrast to the Commission’s preferred approach of using the Product Environmental Footprint (PEF) method.

EUROFER, together with Metals for Buildings, continues to advocate for closer alignment of voluntary CEN standards with PEF, in order to have a consistent approach in product regulations 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 Environmental Product Declarations (EPDs) in the future.

One of the most inconsistent construction lifecycle CO₂ accounting issues is that of Granulated Blast Furnace Slag (GBS), which is a by-product of ironmaking and used as a cement replacement or cement blend instead of virgin Portland cement. EUROFER has therefore established a slag allocation task force with supply chain stakeholders to try to overcome the diverging accounting methods used today. This will help ensure that the steel and cement sectors can apply a consistent CO₂ allocation method for future product or building lifecycle CO₂ accounting policies.

Proposals for the revision of the Construction Products Regulation (CPR) are now expected by the end of 2021, after several consultations in recent years and several different options to consider.

Improvements are needed to the process for standardisation requests to develop harmonised standards and the proper implementation of requirements on the sustainable use of natural resources - Basic Works Requirement 7 of the CPR (BWR7). The approach for accounting for sustainability in the CPR will very much depend on the implementation other product policies, and in particular the overarching Sustainable Products Policy also due in the fourth quarter of 2021.



“ Proposals for the revision of the Construction Products Regulation (CPR) are now expected by the end of 2021, after several consultations in recent years and several different options to consider. ”



Research and innovation



DANNY CROON

Director, Environment and research

Research Fund for Coal and Steel

With the approval of the EUROFER Research Committee, a Future RFCS Task Force was established under the EUROFER Refocus Working Group to shape the future of the Research Fund for Coal and Steel (RFCS).

The EUROFER-ESTEP strategic input into the RFCS programme was delivered to the low-emission future industries unit of the European Commission (DG RTD C3 from 01/04/2021 onward).

The EUROFER Refocus WG, dealing with RFCS issues, was also formally extended with the ESTEP Focus Group Chairs creating added value and enhancing cooperation within our community.

The cooperation with other Steel Advisory Group (SAG) members was also enhanced, making good preparatory steps and close coordination in SAG possible.

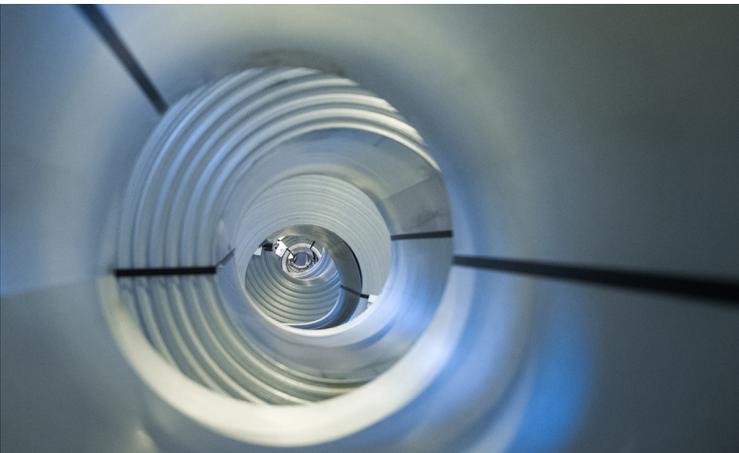
EUROFER will soon continue work on the RFCS Info-Packages. The annual RFCS call and the Clean Steel Partnership (CSP) RFCS call will have separate Info-Packs, with many common lines and some specific sections.

The EUROFER Refocus WG give input for DG RTD C3 on the Info-pack 2021 annual RFCS calls by mid-April to. DG RTD C3 will further work together with SAG members to finalise the Info-pack before its publication. The steel sector has chosen not to define any annual priority in 2021.

The RFCS modernisation package (previously called the legislative package) containing Commission proposals for the revision of three Council Decisions (2003/76/EC, 2003/77/EC and 2008/376/EC) is expected to be adopted in June/July 2021.

DG RTD C3 is fully committed to the timely adoption of the RFCS modernisation package in order to allow the launch of the RFCS annual call 2021 under the new revised legal basis. Among others, the RFCS modernisation package aims to continue the annual RFCS call for proposals, with a budget of at least €40 million per year.

As indicated above, effective April 2021, DG RTD D3 has become DG RTD C3. The RFCS implementation activities linked to RFCS move to the Research Executive Agency (REA). The transfer includes among others: RFCS staff, all ongoing projects, calls for proposals, evaluations, grant agreement preparations, monitoring and Technical Groups (TGs).



“ With the approval of the EUROFER Research Committee, a Future RFCS Task Force was established under the EUROFER Refocus Working Group to shape the future of the Research Fund for Coal and Steel (RFCS). ”

The policy input remains within the Commission (DG RTD). SAG/COSCO continues to be managed by EC staff (RTD.C3). REA and RTD C3 will work in a collaborative manner and some REA staff will be nominated to attend SAG meetings. TGs will be managed by REA but nominations to TGs will remain with DG RTD C3. A smooth transition is envisaged via continued close cooperation between EUROFER-ESTEP, DG RTD C3 and REA.

The co-programmed European Partnership on Clean Steel (EU CSP)

The general objective of the Partnership is to pilot and demonstrate breakthrough technologies up to Technology Readiness Level (TRL) 8 that can reduce CO₂ emissions stemming from EU steel, ultimately leading to a climate-neutral steel industry.

The Clean Steel Partnership (CSP) is well positioned. Until recently, few believed that a steel value chain-focused EU partnership would materialise in Horizon Europe. Today, CSP has raised high expectations that it will contribute significantly to the demonstration that an energy- and capital-intensive sector can become climate neutral in a sustainable way.

The remaining step to establishing the CSP is to sign the Memorandum of Understanding (MoU).

“ The Clean Steel Partnership (CSP) is well positioned. Until recently, few believed that a steel value chain-focused EU partnership would materialise in Horizon Europe. Today, CSP has raised high expectations that it will contribute significantly to the demonstration that an energy- and capital-intensive sector can become climate neutral in a sustainable way. ”

The ESTEP-EUROFER secretariats have been working closely together with the members of the Clean Steel Partnership TF (CSP TF) to find acceptable wording in the MoU, balancing the high expectations from the public side with the practical possibilities from the private side. The MoU states it is not to be legally binding. The main statements of the MoU are fully in line with the letter of the EUROFER VPs to President Juncker of September 2019, and the CSP roadmap.

Numerous bi-lateral exchanges with the Commission programme manager for the CSP have taken place. This has helped EUROFER keep up-to-date on the programme and understand forthcoming developments. Equally, the wording of the MoU has been softened (using ‘intend’ rather than ‘commit’) with the help of an alliance of twenty private sectors, each representing a co-programmed partnership.

The coordinating Directorate A and the legal services of the Commission (being the public side) emphasise the necessity to have an agreed common MoU template for all co-programmed partnerships.

CSP is unique due its two financing pillars: Horizon Europe and RFCS. This led to a modification of the template. The MoU will be ready for signing on 23 June 2021 at the Commission’s Research and Innovation days. The ESTEP President will sign the MoU when approved by the ESTEP Board, in which the EUROFER representative has the majority of votes. This will be preceded by a clear statement from the EUROFER Research Committee (ERC) about the signing of the MoU.

The Clean Steel Partnership has one leg under Horizon Europe (HEU, Cluster 4) and another leg under the RFCS. Two different European executive agencies – namely the European Climate, Infrastructure and Environment Executive Agency (CINEA) and the Research Executive Agency (REA) respectively – will be in charge of the implementation aspects (e.g. technical, financial and legal administration) of the projects under the CSP.

A bottom-up approach is preserved for the CSP calls under RFCS. DG RTD.C3 will remain in charge of the policy aspects of the RFCS programme and coordinate the links with the two agencies. EUROFER and ESTEP are working on a first draft CSP RFCS and will collect SAG members’ contribution.

The intention is to launch the first call supporting the CSP under the RFCS programme in October 2021. This would allow for a time buffer with the annual RFCS call for proposals (launched in June 2021). The use of the Technical Groups as peer reviewing bodies under the CSP has also been proposed.

The CSP HEU work programme is very close to finalisation and it is foreseen to be launched at the end of April 2021. We expect public funding of €50 million in each financing program (namely HEU and RFCS) for every year resulting in a total of €700 million public funding over seven years. This will be matched with funding from the private side and accomplished with in-kind contributions by industry. EUROFER-ESTEP is advocating for a strong partnership board with representation from SAG.

The Clean Steel Partnership is open to the entire European steel value chain community, i.e. to all EU based steel stakeholders comprising steel producers, steel processors, customers, suppliers, plant builders, research and academia, and civil society representatives.

these have been well working together. The project will deliver the following:

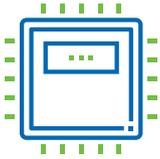
- A technology roadmap and defining mid- and long-term pathways for the decarbonisation of the EU steel industry;
- The identification of public and private funding opportunities and proposing blending and sequencing options to maximise their impacts; how synergies of fund can work (Horizon Europe, part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

“ The CSP HEU work programme is very close to finalisation and it is foreseen to be launched at the end of April 2021. We expect public funding of €50 million in each financing program. ”

European Parliament Green Steel project

Green Steel for Europe was launched in January 2020 and will end in June 2021. The budget available is €1,247,660.

The project consortium partners include the Center for European Policy Studies (CEPS, project coordinator), ESTEP, VDEh-Betriebsforschungsinstitut, Rina consulting-Centro Sviluppo Materiali, K1-MET, Fundacion Idonial, Instytut Metalurgji Zelaza Im Stanislawastaszica, EUROFER, Swerim and Centre des Research Metallurgiques, and



Technologies



JEAN-THEO GHENDA

Director, Technologies

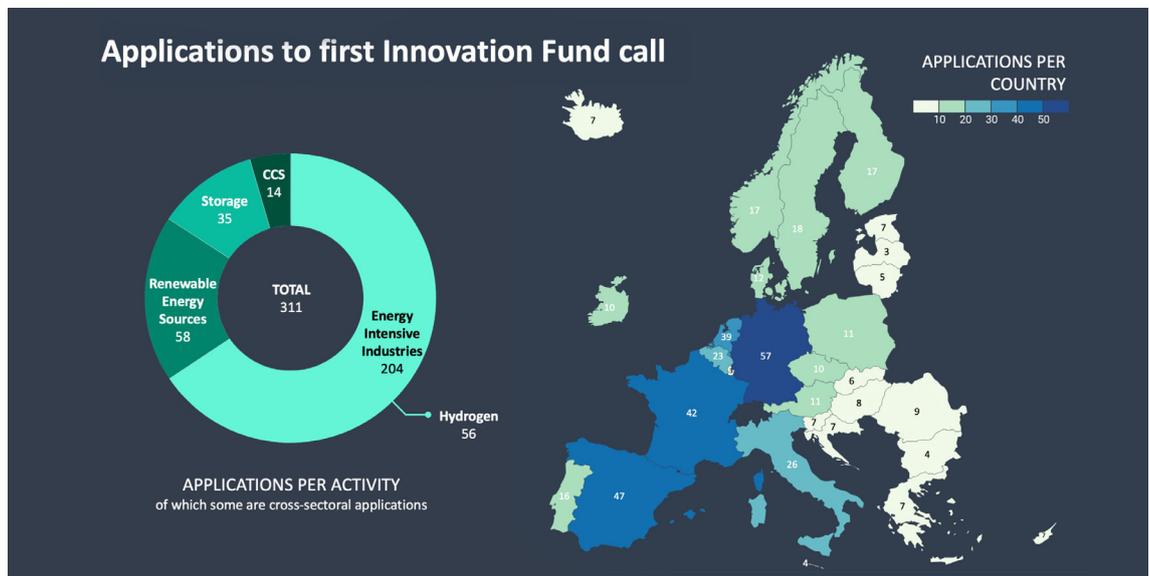
Innovation Fund

First call for large scale and small-scale projects

The first call for proposals for large-scale projects was published on 3 July 2020, with €1 billion for large projects. The EU Commission received 311 applications by the deadline of 29 October 2020 for the first stage of the first call for large-scale innovative low-carbon technology projects. These are in the energy sector, energy-intensive industries, energy storage, and Carbon Capture Usage/Storage.

The applications were received for project proposals from all Member States, UK, Iceland and Norway, requesting up to €21.7 billion from the Innovation Fund and proposing to reduce up to 1.2 billion tonnes of CO₂ during their operation period within the Innovation Fund¹.

Out of the above 311 applications, 292 proposals have been deemed admissible and eligible, where 117 proposals pass all minimum thresholds. From the latter, following the admissibility and eligibility checks, 70 proposals (requesting €6.7 billion with potential to prevent the emissions of 402 million tonnes of CO₂ over 10 years) are invited to submit a full application for the second stage of the call by 23 June 2021. The results of the evaluation of the second stage² will be announced in the fourth quarter of 2021. Grants will be awarded in the end of 2021.



Source: EU Commission – Innovation Fund Team

1 A reduction of 1.2 billion tonnes of CO₂ during a project operation of 10 years within the Innovation Fund corresponds to an average reduction of 120 million tonnes per year.

2 The application for large-scale projects follows a 2-stage process

The projects not invited to the second stage that have the potential to improve their maturity through Project Development Assistance (PDA) have been informed that the European Investment Bank (EIB) is currently assessing their proposal and might be invited to sign a PDA agreement with them. Once the EIB selects the projects to receive PDA, the Commission will consult Member States on the decision awarding the PDA in written form via the Innovation Fund Expert Group (IFEG) channel.

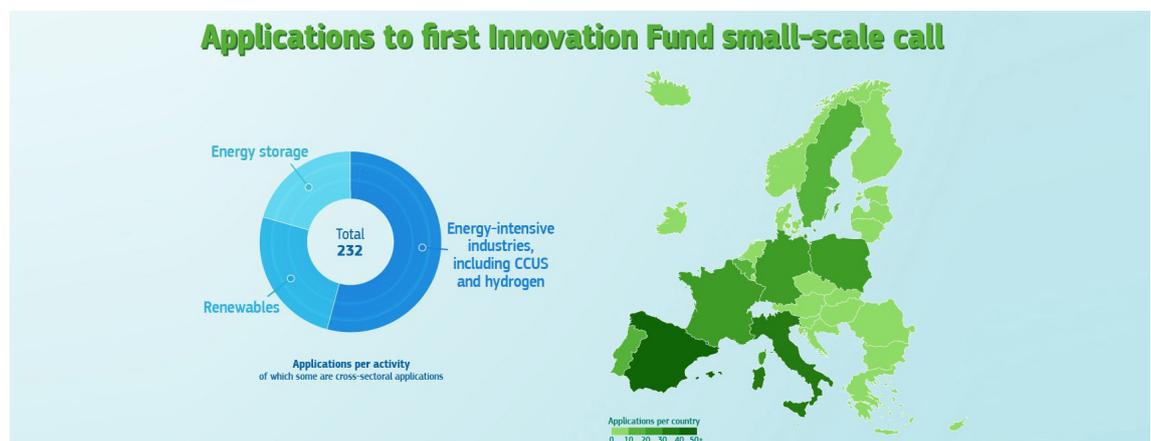
The Innovation Fund is also open to small-scale projects (projects with total capital costs below € 7.5 million). They can benefit from simplified one-stage application and selection procedures.

In response to the first call for proposals for small-scale projects, published on 1 December 2020 and closed on 10 March 2021, the Commission received 232 applications for projects to be implemented in all Member States, Iceland and Norway.

Applicants will be informed of the results of the evaluation in August 2021 and those successful will be invited to start the grant preparation process. The grants will be awarded at the end of 2021. Rejected proposals that have the potential to improve their maturity may be invited for project development assistance provided by the European Investment Bank.

The first call for proposals (for large and small-scale projects) will be followed by regular calls until 2030: Further calls for proposals, one for large-scale and one for small-scale projects, are planned to be launched later in 2021.

The first call for large-scale and small-scale projects was prepared throughout 2019 and 2020 with the active involvement of the Innovation Fund Expert Group, of which EUROFER is a member. EUROFER has coordinated the contribution of steel companies for to the preparation of the calls and organised the necessary meetings.



Source: EU Commission – Innovation Fund Team

The proposed projects have requested a total of more than €1 billion, ten times more the available budget. Compared to the applications to the first large-scale call, this call attracted fewer applications from energy-intensive industries and Carbon Capture Use/Storage, but more applications from the renewables and energy storage sector. The proposals that fulfil the admissibility and eligibility conditions will be evaluated by external evaluators against the award criteria.

“ The Innovation Fund is also open to small-scale projects (projects with total capital costs below € 7.5 million). They can benefit from simplified one-stage application and selection procedures. ”

“The proposed projects have requested a total of more than €1 billion, ten times more the available budget. Compared to the applications to the first large-scale call, this call attracted fewer applications from energy-intensive industries and Carbon Capture Use/Storage, but more applications from the renewables and energy storage sector.”

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 IPCEI Forum are public authorities from several member states and key industry stakeholders. EUROFER was selected as a member of the Forum and has cooperated with 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 SVC 'Low-CO₂ Emission Industry' – 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 the competitiveness of those value chains and identify areas for coordinated investments through dedicated Projects of Common European Interest (IPCEIs). These allow state aid that goes beyond EU state aid rules for innovative

and first-of-a-kind installations. In November 2019, the Strategic Forum on IPCEI published its final report, called '*Strengthening Strategic Value Chains for a future-ready EU Industry*', containing all action plans.

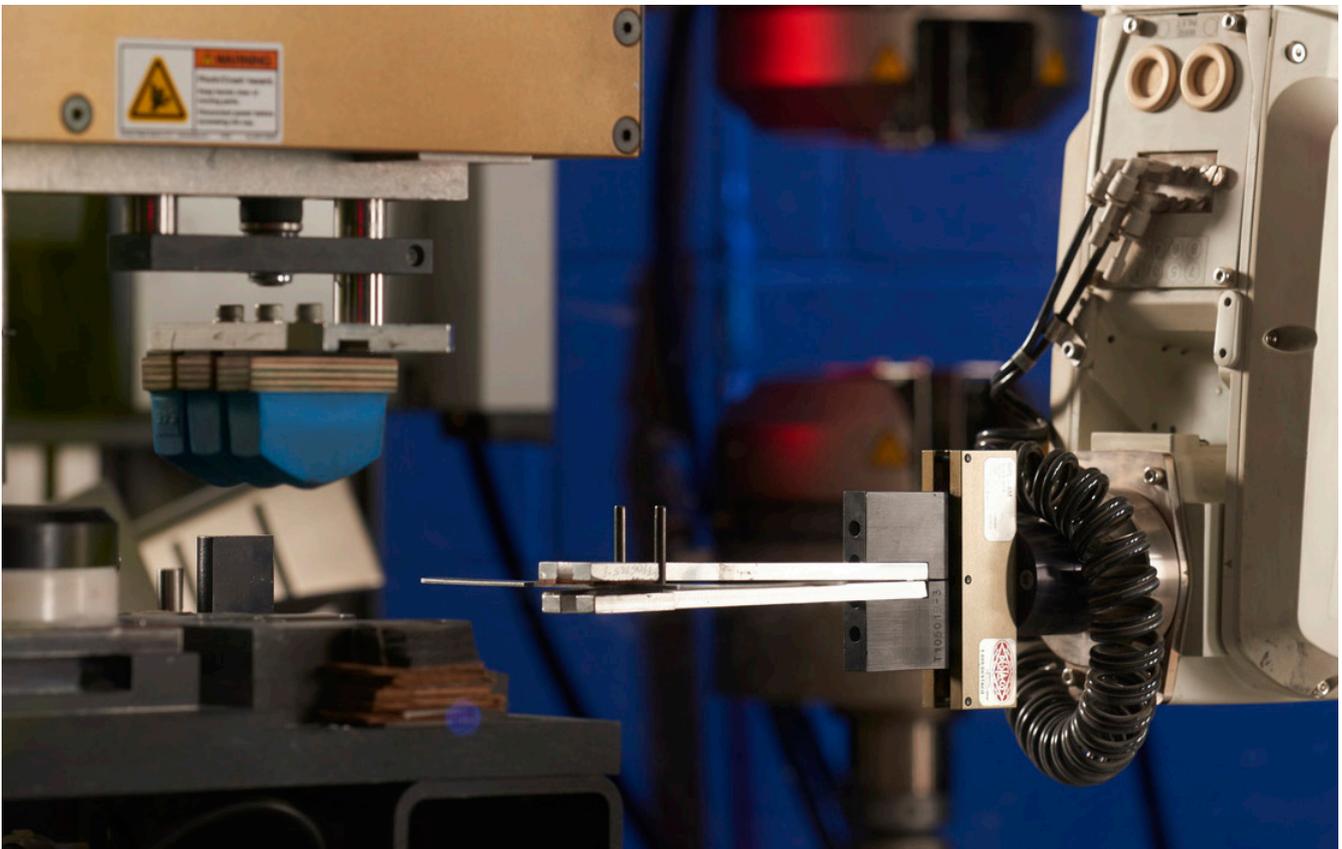
On 10 March 2020, the European Commission published its new '*Industrial Strategy for a green and digital Europe*'. This has now been updated and a new strategy was released on 5 May 2021. The Commission recognized progress achieved on the Low-CO₂ Emission Industry Strategic Value Chain and highlighted its support for an IPCEI on Low CO₂ Emissions - or Low Carbon - Industry.

The EUROFER secretariat, in cooperation with members, has drafted a concept proposal for an IPCEI on 'Low CO₂ Emission Industry'. This concept elaborates on the potential contribution of steel under a proposal which would see also chemicals and cement industries as partners.

“The members of the IPCEI Forum are public authorities from several member states and key industry stakeholders. EUROFER was selected as a member of the Forum and has cooperated with its work since the beginning.”

In the frame of this exercise, EUROFER has gathered in data on projects at high TRL level (TRL 7 and above) in Smart Carbon Usage (SCU) and Carbon Direct Avoidance (CDA) pathways that could be proposed for inclusion in an IPCEI. Building on this exercise, EUROFER has developed an interactive map of projects at EU level, outlining the location and projects' specific information. The map aims at visualising the vicinity of projects with the necessary infrastructure for low-CO₂ energy carriers.

EUROFER plans to use the concept proposal and the map in advocacy with policy makers at EU and national level to open a political discussion on concrete financing for steel projects under IPCEI, and link the issue of financial resources to the recently published EU Recovery Plan and the ongoing revision of state aid rules.



“EUROFER plans to use the concept proposal and the map in advocacy with policy makers at EU and national level to open a political discussion on concrete financing for steel projects under IPCEI, and link the issue of financial resources to the recently published EU Recovery Plan and the ongoing revision of state aid rules.”



Climate and energy



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 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 of such rules. EUROFER contributed proactively to the Expert Group on Climate Change Policy established by the European Commission.

In addition, the 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 course of 2019 and 2020.

The official benchmark values for the period 2021-2025 were published in the Commission Implementing Regulation 2021/447.

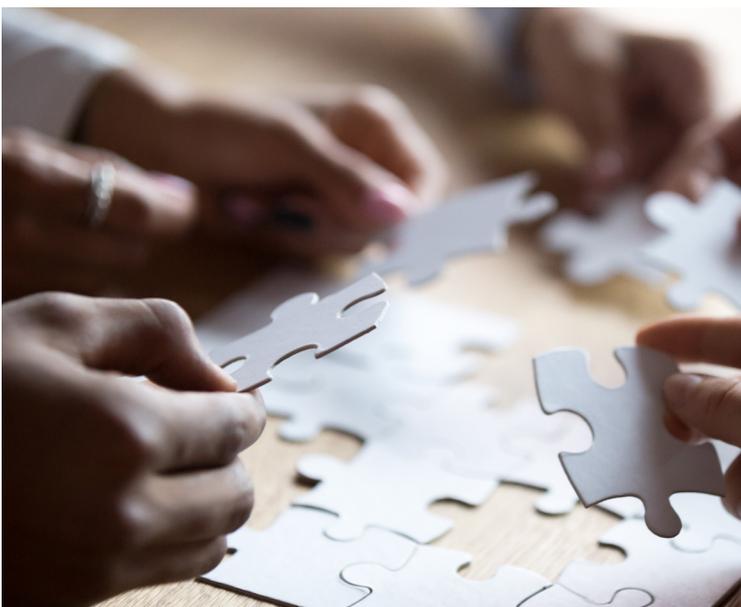
With regard to the compensation of indirect carbon costs passed on in electricity prices, EUROFER contributed to the consultations on the revision of the EU ETS Guidelines. The consultations collected evidence on carbon leakage exposure of industrial sectors as well as preliminary comments on the key elements of the guidelines, including 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 list of eligible sectors that was published in Commission Communication 2020/C 317/04.

“ With regard to the compensation of indirect carbon costs passed on in electricity prices, EUROFER contributed to the consultations on the revision of the EU ETS Guidelines.”

'Fit for 55' package

Following the publication of the Communication on the European Green Deal, the Commission published the proposal on the EU Climate Law, which will enshrine the 2050 climate neutrality objective, as well as the 2030 target, in EU law.

In parallel, they launched the process for the preparation of the legislative package that aims to reduce greenhouse gases emissions by 55% compared to 1990 levels by 2030. The first step of the process was the launch of public consultations on all dossiers that are part of the package, including the Emissions Trading System Directive (EU ETS), the Renewable Energy Directive (RED), the Energy Efficiency Directive (EED), and the Energy Taxation Directive (ETD).



On the EU ETS, EUROFER structured the contribution around three key objectives of the revision, notably: achieving the higher target in the most cost-efficient way without undue additional costs, strengthening carbon leakage protection along the higher climate ambition, and fostering financial support to industry decarbonisation.

With regards the RED, EUROFER stressed the following messages: valorising the re-use of carbon as a means to reduce emissions, phasing-out support schemes for mature renewable technologies, avoiding double regulation on industry, supporting low carbon energy use, and promoting renewables in the heating and cooling sector.

On the EED, the priorities of the steel sector are: avoiding a cap on economic growth and on decarbonisation technologies through a truly energy efficiency target instead of an energy consumption cap, avoiding double regulation on industry that is already subject to the EU ETS as a means to reduce emissions and energy consumption, and promoting cost efficient solutions through flexible application of the rules on annual energy saving obligations schemes and comparable measures.

On the ETD, EUROFER stressed that its main purpose is to support EU member states with a tool to tax energy and at the same time limit the risk of creating different terms of competition for companies within the internal market. A common EU-framework is necessary for the smooth functioning of the EU energy market.

Minimum tariffs do not exist in large part of the rest of the world and the ETD should consider this so as to help Member States mitigate the negative impact of energy taxation to international competitiveness. Minimum tariffs shall therefore be kept at a low level.

All the legislative proposals of the 'Fit for 55' package will be presented by the Commission in July 2021, when the official legislative process kicks off.

Carbon Border Adjustment Mechanism (CBAM)

Alongside the increased 2030 and 2050 climate ambition, the EU Green Deal Communication also stated that 'should differences in levels of ambition worldwide persist as the EU increases its climate ambition, the Commission will propose a carbon border adjustment mechanism, for selected sectors, to reduce the risk of carbon leakage.'

In order to prepare the legislative proposal that will be presented in June 2021, the Commission launched two public consultations to which EUROFER contributed. The consultations addressed the following issues and related options:

1. Policy instrument
 - Border tax or customs duty
 - Extension of EU ETS to imports
 - Notional ETS for imports
 - Carbon tax (e.g. excise duty or VAT type) at consumption level
2. Sectoral scope
 - Only ETS sectors at high carbon leakage risk
 - All ETS sectors
 - ETS sectors and entire value chains gradually
3. Emissions scope
 - Direct emissions of the plant
 - Direct emissions and indirect emissions linked to the electricity consumption
 - Emissions of the entire value chain
4. Measurement of carbon content
 - Default values
 - EU figures
 - Country of origin-specific product benchmarks
 - Global product benchmarks
 - Real values
 - Combination of default and real values
5. Geographic scope
 - Equally applied to all countries
 - Exemption for Least Developed Countries
 - Discounting for third countries' climate policies
6. Circumvention risks
 - Cost absorption by the importer
 - Source shifting (i.e. exporting only cleaner products to the EU while diverting carbon intensive products to other markets)
 - Substitution between primary inputs and semi-finished goods
 - Trans-shipment strategies
 - Avoidance based on slight modification of the product

In the consultations EUROFER stressed that steel products sold on the EU market, whether produced in the EU or imported from third countries, need to have similar CO₂ cost constraints. EU steel exports also need to have CO₂ cost level playing field on global steel markets.

A well designed and effective CBA would ensure that all emissions come with a cost – regardless of their country of origin – and provide strengthened carbon leakage protection only if it complements and addresses the shortcomings of the existing measures, which shall be based on 100% of the benchmarks, without any reduction.

However, a CBA mechanism with full auctioning would have a disruptive impact on the EU steel industry and the related value chains as it would expose EU steel producers and downstream sectors to the full carbon costs, undermine the ability to invest financially in low-carbon technologies and jeopardise the competitiveness of EU exports.

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Sustainable Finance Taxonomy



MIIKKA NIEMINEN

Senior manager, Public affairs

Regulation on the establishment of a framework to facilitate sustainable investment

EUROFER supports the objective of the Sustainable Finance initiative to mobilise investment in the EU to help achieve a sustainable transition to a low carbon economy.

However, the taxonomy should not hinder innovation and the decarbonisation transition of the European steel industry. Access to investment will be key to making that shift successful.

The main objective of the taxonomy is to define the concept of 'environmentally sustainable investment' to channel 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 six environmental objectives established by the Regulation (climate change mitigation, climate change adaptation, protection of water and marine resources, circular economy, pollution prevention, ecosystem protection).
- Activities that do not significantly harm any of the other environmental objectives above.

“ The main objective of the taxonomy is to define the concept of 'environmentally sustainable investment' to channel capital flows towards those type of investments. In particular, it sets a framework to identify which economic activities are environmentally sustainable. ”

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 on climate change mitigation and climate change adaptation to be fit for purpose, EUROFER continues to advocate that:

- The 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 the transition of an activity to a carbon-lean configuration and operation, including preparatory large-scale innovation projects and specific timelines and pathways of its transition.

A political agreement on the Regulation was reached by the co-legislators on 16 December 2019, followed by the Council adopting its common position 14 April 2020 and the European Parliament adopting it in second reading on 18 June. The Regulation entered into force on 12 July 2020.

From the European steel industry's point of view, the key takeaways included in the legal text are:

- Increasing the use of safe Carbon Capture and Usage and Storage (CCU; CCS) technologies.
- Recognition of activities that support the transition to a climate neutral economy.
- Recognition of activities that directly enable other activities to make substantial contributions.
- Taking into account the lifecycle considerations of activities.

“ A political agreement on the Regulation was reached by the co-legislators on 16 December 2019, followed by the Council adopting its common position 14 April 2020 and the European Parliament adopting it in second reading on 18 June. The Regulation entered into force on 12 July 2020.”

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, based upon which the Commission launched the first delegated act draft on taxonomy climate mitigation and adaptation in November 2020. After a subsequent consultation, the delegated act was adopted by the Commission in April 2021, followed by a scrutiny period by the Member States and European Parliament.

For the proposed technical screening criteria of the delegated act, some of the main concerns of the European steel industry remain to be addressed. The sustainability of steel cannot be judged by reference to EU ETS benchmarks, which are not designed to measure sustainability.

EUROFER has therefore advocated for the use of the standard EN 19694-2 to better assess the relative performance of steel production. However, should the EU ETS benchmarks still be retained, they should be corrected for the export of waste gases, so that all emissions of the installation are covered.

Among other priorities included are the eligibility of EAF steel production without excluding certain steel qualities within the proposed threshold of scrap sourced iron content in final products. It must also acknowledge (as screening criterion) the mitigation measures incorporated into an investment plan that lead the activity to meet the threshold.



In general terms, EUROFER 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 second delegated act on taxonomy on the Regulation's article 8 is to be expected in June 2021 and a third delegated act on the remaining four environmental objectives (water, circular economy, pollution prevention and control, biodiversity) by the end of 2021.

“For the proposed technical screening criteria of the delegated act, the main concerns of the European steel industry remain to be addressed. The sustainability of steel cannot be judged by reference to EU ETS benchmarks, which are not designed to measure sustainability.”





Transport



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Senior manager, Public affairs

Overview

The EUROFER Transport working group continued in 2020 with its focus on current transport policies and legislative work of the EU institutions. However, as with so many other business operations, the EU transport activities in 2020 were badly affected by the on-going COVID-19 crisis.

In addition to the on-going directives and regulations, the individual transport challenges in each member's countries were discussed at length in its web-meeting with the steel industry's transport and logistics experts. Similar voices were echoed from the EUROFER members' home countries, with major disruptions in the production and logistics chains.

Due to the crisis, the importance of the cooperation with other transport associations proved even more valuable than before. Subsequently, 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 at BusinessEurope.

These platforms were especially important in collecting information on the severe impact of COVID-19 on shippers using transport services, subsequently passing on the message to the European Commission.

“ As with so many other business operations, the EU transport activities in 2020 were badly affected by the on-going COVID-19 crisis.”

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This feedback had an influence on the policy makers' discussions because in October 2020 the Council adopted conclusions calling on the Commission to swiftly draw up a pandemic (and other major crisis) contingency plan for the European freight transport sector.

This contingency plan would cover at least the maintenance of cross-border freight transport operations along the trans-European transport network (TEN-T) corridors and other essential cross-border connections, as well as ensuring the free movement of transport workers while safeguarding the protection of their health and safety. In addition, it insisted on preparing guidelines and best-practice toolboxes in order to strengthen the sector's resilience.

Towards the end of the year, the Commission also released a Communication on the 'Green Lanes' extension, proposing upgrading the transport Green Lanes approach. This would be done by extending green lanes for the smooth cross-border supply of goods from road to rail, air, and water crossing points and ensuring that private and professional drivers can transit through a country via TEN-T transit corridors along the TEN-T network. In addition, emphasis was also placed on helping transport staff to cross borders to exercise their essential functions.

Transport policy areas and legislation

Road transport

The final texts on the social and single-market dimension of the Mobility Package with cabotage rules, driving & resting times, social legislation and posting of drivers were adopted in July 2020 and entered into force in August.

This 'social pillar' of the Mobility Package proved to be the most difficult for the EU institutions to find an agreement on. The main reasons and objectives behind the Mobility Packages were the need to create more clear and better enforceable common rules in the EU. Given different local conditions the social dimension proved to be challenging to resolve even among the Member States let alone within the EU institutions. Issues, such as the rules on the return of the driver, are still provoking questions from those involved.

Other road transport related challenges worked on in 2020, in addition to the effects of the COVID-19 crisis, were issues such as the shortage of drivers, continued problems with national barriers and administrative burdens concerning cross-border transport, the need for further digitalisation of transport documentation, lack of safe parking areas, weights and dimensions, road safety and connected and automated vehicles, among others.

Rail transport

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

“ This 'social pillar' of the Mobility Package proved to be the most difficult for the EU institutions to find an agreement on. The main reasons and objectives behind the Mobility Packages were the need to create more clear and better enforceable common rules in the EU. ”

Many issues still remain, besides the obvious obstructions in 2020 due to the crisis, including the rail networks needing improvements. More capacity on the network should be sought to facilitate national and international services.

Improved connections between ports and rail would further contribute to the effectiveness of the EU's transport system as a whole. Fortunately, the Commission's Sustainable and Smart Mobility Strategy, launched end of 2020, includes a number of initiatives aimed at the rail sector, designed to address these shortcomings.

In addition, and as before, single wagon services continue to form an essential part of rail transport for steel. In many Member States its role is strengthened and its more intense use encouraged – a view EUROFER also shares.



“Improved connections between ports and rail would further contribute to the effectiveness of the EU’s transport system as a whole. Fortunately, the Commission’s Sustainable and Smart Mobility Strategy, launched end of 2020, includes a number of initiatives aimed at the rail sector, designed to address these shortcomings.”

Inland waterways

Inland waterway transport plays an important role for the transport of goods in Europe and can, due to its energy efficient nature and capacity, be a useful addition to road and rail transport, helping with the increasing demand for transport services.

However, challenges including ageing infrastructure, natural events and air pollution are all areas in which practical, EU-wide solutions need to be found. In recent years low water levels have been an obstacle to the efficient maximisation of inland waterways’ potential. This again proved to be the case in spring 2020 when the Rhine river, for instance, suffered from severe droughts.

As has been advocated by EUROFER before, a renewed EU-level focus is needed on key areas of intervention, such as infrastructure quality, environmental performance, and the integration of inland navigation into the multimodal logistics chains.

Maritime transport

Maritime transport remains one of the key areas for the steel industry 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. Some of the initiatives

followed in 2020 were the IMO sulphur regulation and its application, as well as the Commission’s plans to expand Emissions trading to also include maritime transport, as outlined in its Communication on the European Green Deal.

In addition, priorities included focusing on the challenges arising from the renewal of the Block Exemption Regulation for the maritime shipping market and implementing the various digitalisation and harmonisation processes (which are much needed to improve the efficiency of the logistics chains and emphasising the need for new investments, high-quality services and improved governance at European ports). Dockside services (cargo operations in ports) are another important dimension that plays a major role in the overall cost structure of sea freight for shippers.

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

“Priorities included focusing on the challenges arising from the renewal of the Block Exemption Regulation for the maritime shipping market and implementing the various digitalisation and harmonisation processes.”



Social affairs



MIIKKA NIEMINEN

Senior manager, Public affairs

Overview

The EUROFER Social Affairs Committee works as a platform to update members on current social and employment policy matters in the EU, both legislative and non-legislative, that have an impact on the steel industry and its employees.

It is customary to have visiting speakers in the committee meetings that range from the European Commission to industry associations. The more concrete actions related to the EU legislation in the area of social and employment policies are then further discussed in the European Employers' Network meetings under the auspices of 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 works as a platform for the EU industry and the sectoral social partners.

Besides updates on the relevant policy developments at EU level, the main focus of the committee is to internally prepare the Sectoral Social Dialogue Committee on Steel (SSDC) meetings which take place three times a year, together with EUROFER's social partner representing the employees, industriAll European Trade Union.

Mr Miroslaw Motyka, from the Polish Steel Association, continues as the Chair of the Social Affairs Committee.

“ EUROFER continues to also take part actively in the Liaison Forum organised by the European Commission which works as a platform for the EU industry and the sectoral social partners.”

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 direction 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.

“ 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. ”

In 2020 the main focus of the social partners' SSDC web-meetings was on the severe impact that the on-going COVID-19 crisis has had on the EU steel production, market and employees. At the same time, the social partners continued working together on other topics of mutual interest with the aim of improving the competitiveness of the European steel sector in general, with joint positions and actions on policy areas such as trade and climate change.

Training and education

EUROFER, along with many members of the Social Affairs Committee continued to work actively on the European Commission's Blueprint Skills Agenda project, which in case of the steel industry is 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 needs, funded by the Erasmus+ fund. Steel is one of the sectors identified 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 of ways to address new skills demands.

The budget for this programme is €4 million and it has now reached its mid-term development phase. Most of the relevant partners of the sector and relevant member states are involved, consisting of steel companies and associations from ten countries (at this stage) and later on planned to be implemented EU wide.

In practical terms, ESSA will lead to the development of modules for new skills for a globally competitive industry and provide tools to help anticipate new skills demands. This in turn will facilitate the coordination of pro-active and practical activities to meet the future requirements of the industry.

“ This project is a strategic cooperation platform between key stakeholders to develop concrete actions to satisfy short- and medium-term skills needs, funded by the Erasmus+ fund. Steel is one of the sectors identified by the Commission as needing to go through considerable structural changes in terms of new technologies and, therefore, skills. ”

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 stabilised after years of a declining trend up to 2019.

The unexpected outbreak of the COVID-19 pandemic has impacted employment in the sector at a time when some major challenges for the sector were already showing themselves (mostly, volatility of global trade and continued slowdown of manufacturing sectors), and has therefore impacted employment in the industry.

According to the most recent (provisional) data, employment in the steel industry in 2020 in the EU was around 326,000 people (vs 330,000 people in 2019).



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	EAF	Electric Arc Furnace
BAT	Best Available Techniques	EBRD	European Bank for Reconstruction and Development
BAT–AELs–(BAT)	Associated Emission Levels	ECHA	European Chemicals Agency
BAT AEPL–(BAT)	Associated Environmental Performance Levels	ECCA	European Coil Coating Association
BCG	Boston Consulting Group	ECSC	European Coal and Steel Community
BF/BOF	Blast Furnace/Basic Oxygen Furnace	EDI	Electronic data interchange
BREF	Best Available Techniques Reference Document	EED	Energy Efficiency Directive
BREF–FMP	Ferrous Metal Processing BREF	EGGA	European General Galvanisers Association
BREF–LCP	Large Combustion Plants BREF	EIPPCB	European Integrated Pollution Prevention and Control Bureau
BREF–LVIC	Large Volume Inorganic Chemicals BREF	EIPRM	European Innovation Partnership on Raw Materials
BREF–SF	Smitheries and Foundries BREF	EMD	Energy Market Design
BREF–STS	Surface Treatment Using Solvents – BREF	EPDs	Environmental Product Declarations
BREF–WGC	Waste Gas Treatment in the Chemical Sector BREF	EPR	Extended Producer Responsibility
BREF–WT	Waste Treatment BREF	E-PRTR	European Pollutant Release and Transfer Register
BusinessEurope	Confederation of European Business	EQS	Environmental Quality Standard
CAEF	European Foundry Association	ESSA	European Steel Skills Agenda and Strategy
CARACAL	Competent Authorities for REACH and CLP	ESTEP	European Steel Technology Platform
CCUS	Carbon Capture Usage and Storage	EU	European Union
CEFIC	European Chemical Industry Council	EU ETS	European Union Emissions Trading System
CEN	European Committee for Standardisation	EUGR	Energy Union Governance Regulation
CEN/TC 135	Standard on the execution of steel structures and aluminium structures	EURACOAL	European Association for Coal and Lignite
CENELEC	European Committee for Electrotechnical Standardisation	EUROFER	European Steel Association
CI	Cobalt Institute	Eurometaux	European non-ferrous metals association
CII	Cross-Industry Initiative	Euromines	European Association of Mining Industries
CINEA	European Climate, Infrastructure and Environment Executive Agency	EUROSLAG	European Ferrous Slag Products Association
CLP	Regulation on the Classification, Labelling and Packaging of products	FOB	Free on Board
CO₂	Carbon Dioxide	FP9	Ninth Framework Programme for Research and Innovation
CONCAWE	European Refinery Industry	GCL	Generic Concentration Limit
cPCR	complimentary Product Category Rules	GDP	Gross Domestic Product
cPPP	contractual Public-Private Partnerships	GFSEC	Global Steel Forum on Steel Excess Capacity
CPR	Construction Products Regulation	GHS	Global Harmonised System for classification
CPW (Interface)	Chemicals, Products and Waste (Interface)	GPP	Green Public Procurement
CSCF	Cross Sectoral Correction Factor	HEU	Horizon Europe
CSP	Clean Stee Partnership	ICDA	International Chromium Development Association
		IEA	International Energy Agency
		IED	Industrial Emissions Directive
		IG Metall	Industriegewerkschaft Metall
		IMOA	International Molybdenum Association
		industriAll	European Trade Union
		INSG	International Nickel Study Group
		IPPC	Integrated Pollution Prevention and Control
		ISSF	International Stainless Steel Forum
		JTI	Joint Technology Initiatives
		KIC	Knowledge and Innovation Community

Annexes

LCA	Lifecycle Assessment
LCP	Large Combustion Plants
LEVELs	Environmental Indicators for Resource Efficient Buildings
LRTAP	Long-Range Transboundary Air Pollution
MFF	Multiannual Financial Framework
MSR	Market Stability Reserve
NAPCAP	National Air Pollution Control Programmes
NEC	National Emissions Ceilings (Directive)
NIMs	National Implementation Measures
NRG	National Representatives Group (of the SET Plan)
OECD	Organisation for Economic Cooperation and Development
OSH	Occupational Safety and Health
PEF	Product Environmental Footprint
PEFCR	Product Environmental Footprint Category Rules
PREI (WG)	Production Related Environmental Issues (Working Group)
R&D&I	Research, Development and Innovation
(ECHA) RAC	Risk Assessment Committee
REA	Research Executive Agency
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
RED	Renewable Energy Directive
REFIT	Regulatory Fitness and Performance programme
RFCS	Research Fund for Coal and Steel
RoHS	Restriction of Hazardous Substances Directive
SAG	Steel Advisory Group
SCL	Specific Concentration Limit
SCIP Database	Substances of Concern In articles as such or in complex objects (Products)'
SET-Plan	Strategic Energy Technology Plan
SPIRE	Sustainable Process Industry through Resource and Energy Efficiency
SSDC	Sectoral Social Dialogue Committee
SustSteel	Sustainability for Steel Construction Products Mark
TDI	Trade Defence Instruments
TF	Task Force
TGS	Technical Groups
TEN-T	Trans-European Transport Network
TRL	Technical Readiness Level
TWG	Technical Working Group
UN	United Nations
US	United States (of America)
VDEh	German Steel Institute
VUB/IES	Vrije Universiteit Brussel / Insitute for European Studies
WFD	Water Framework Directive
WTO	World Trade Organisation

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thyssenKrupp Steel Europe AG	www.thyssenkrupp.com
Třinecké Železářny	www.trz.cz
U.S. Steel Košice	www.usske.sk
Vitkovice Steel	www.vitkovicesteel.com
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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 – BAMl

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

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Hellenic Steelmakers' Union – ENXE

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Magyar Vas-és Acélipari Egyesülés

www.mvae.hu

ITALY

Federacciai

www.federacciai.it

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www.hiph.com.pl

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www.unesid.org

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www.jernkontoret.se

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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

UK Steel

<http://www.uksteel.org.uk>

Committees

Climate Change

Communications

Compliance

Energy

Environment

External Relations

National Associations

Public Affairs

Research

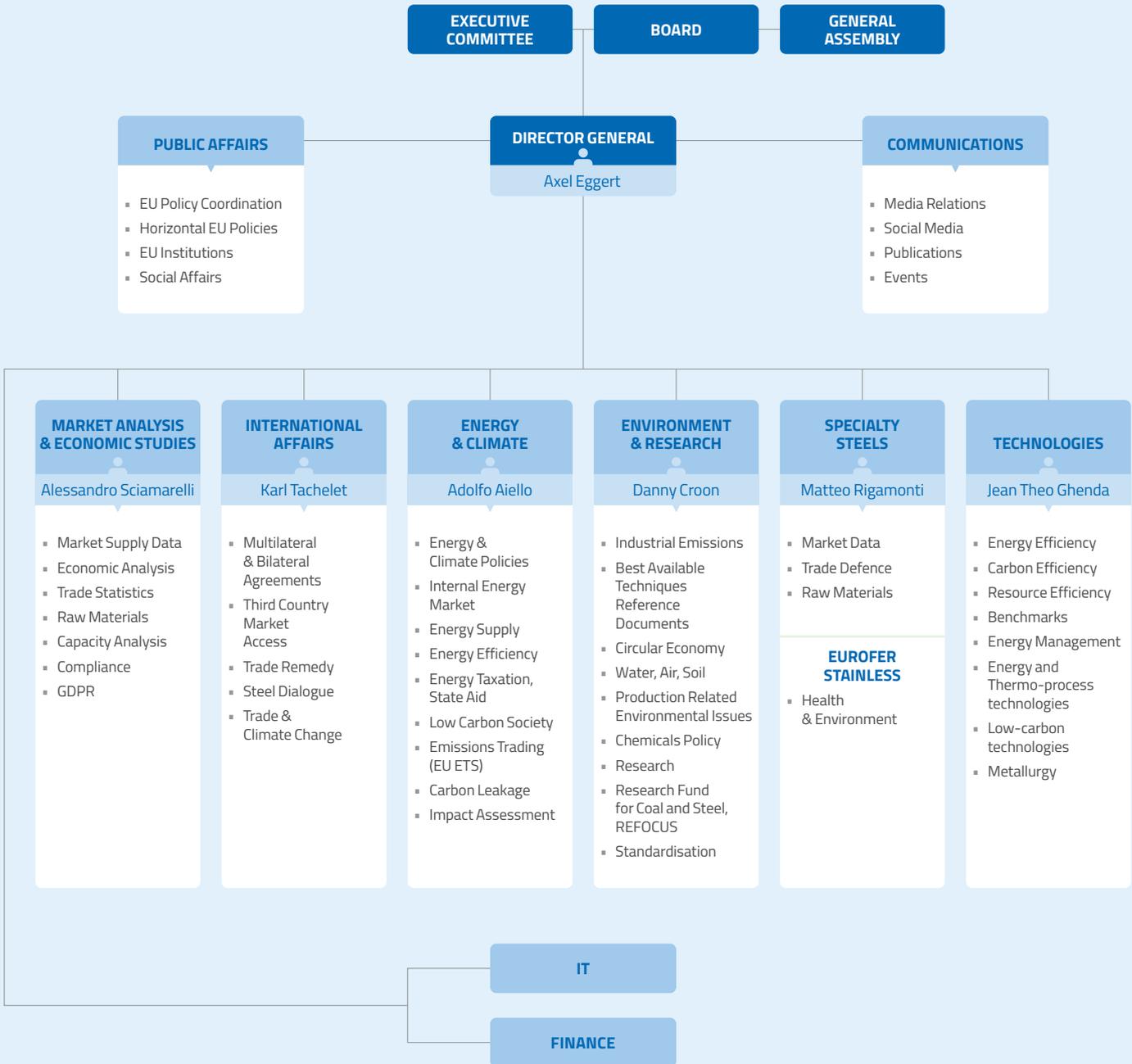
Social Affairs

Stainless Steel Executive

Stainless Steel Sustainability

Statistics

Organigramme



Staff list in alphabetical order



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Director General



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Director, Energy & climate



Jean Theo Ghenda
Director, Technologies



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Head of communications,
Spokesperson



Matteo Rigamonti
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Sara Franzone
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Karl Tachelet
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Cristo Gkoutzimis
Office assistant



Alexis Thuau
Manager, Process emissions

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 federations in 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 total Gross Value added of €132 billion and directly employs 326,000 highly-skilled people, producing on average 160 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.

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EUROFER

THE EUROPEAN STEEL ASSOCIATION

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