EUROFER
THE EUROPEAN STEEL ASSOCIATION

Press release

Next steps crucial to make ETS and CBAM fit for the green steel transition, cautions EUROFER after EP vote

Brussels, 22 June 2022 – Despite some acknowledgment of industry's challenges in addressing the green transition, the outcome of today's plenary vote of the European Parliament will require further work in the next steps of the legislative process to align the provisions to the deployment of the EU steel industry's ambitious low carbon projects. EUROFER reiterates its call to EU policy makers for an open, fact-based discussion, also in light of the evolving geopolitical and energetic context, in order to speed up decarbonisation and secure the EU's strategic autonomy.

"The European Parliament has recognised only partially a few key issues for industry, such as benchmark rules, exports and ETS/CBAM interaction", said Axel Eggert, Director General of the European Steel Association (EUROFER). "However, the agreed text is insufficient to preserve EU exports and doesn't provide the necessary cautious transition from current carbon leakage measures to CBAM. Hence, further work is needed to align the current texts to our climate ambition and allow the successful implementation of our large number of low carbon steel projects", he added.

In addition, the Parliament missed the opportunity to concretely address the upstream emissions of input materials used for the production of stainless steel. Those emissions are up to seven times higher in imported products compared to EU stainless steel production.

In particular, the steel sector asks for:

- effective measures on exports to preserve a significant part of the EU steel production which is worth €45 billion and represents about 30,000 direct jobs;
- a more cautious transition to CBAM from existing ETS carbon leakage rules – notably regarding a smoother free allocation phase out and the compensation of indirect costs - as long as the new CBAM has not proven its effectiveness;
- avoiding unnecessary costs for EU society as whole, preventing an even higher inflation, by reviewing the current provisions on the Market Stability Reserve and rebasing;
- in the case of stainless steel, including ferro-alloys in the list of scope 3 emissions, i.e. the emissions from input materials that contribute significantly to CO2 emissions.

These measures will contribute to the green steel transition. The steel industry has now 60 low carbon projects with a CO2 emissions potential abatement of 81.5 million tonnes per year by

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2030, equal to approximately a 2% cut of overall EU emissions. For the steel sector, on its path to carbon neutrality, this represents a 55% cut compared to 1990 levels, in line with the EU Fit for 55 target.

“We are asking for the right conditions to enable the green steel transition, which is under way. EUROFER is willing to contribute in a constructive way to the public debate and therefore we call once again on EU policymakers to have an open, fact-based discussion on these crucial topics”, urged Mr. Eggert. “This is even more urgent against the backdrop of the accelerating EU energy crisis. The current geopolitical situation requires swift but forward-looking decisions to cut the EU’s fossil fuels dependency from Russia whilst speeding up the green transition”, he concluded.

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Notes for editors

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About the European Steel Association (EUROFER)

EUROFER AISBL is located in Brussels and was founded in 1976. It represents the entirety of steel production in the European Union. EUROFER members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations in the United Kingdom and Turkey are associate members.

The European Steel Association is recorded in the EU transparency register: 93038071152-83.

About the European steel industry

The European steel industry is a world leader in innovation and environmental sustainability. It has a turnover of around €125 billion and directly employs around 310,000 highly-skilled people, producing on average 153 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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