EUROPEAN STEEL IN ACTION

2026

EUROFER

THE EUROPEAN STEEL ASSOCIATION

INDEX

INTRODUCTION

75 years after the Treaty of Paris, Europe faces another industrial reckoning

AXEL EGGERT, *Director General*

HENRIK ADAM, *President*

In the shadow of war, six European nations signed the Treaty of Paris in 1951, driven by the understanding that industrial strength, economic prosperity and political stability were inseparable. By creating a common market for coal and steel, Europe's founders recognised that these strategic industries could not be left entirely to geopolitics and markets. Steel was viewed as the foundation upon which Europe's recovery, security and future would depend.

Seventy-five years later, that lesson has returned with force.

Europe faces a defining challenge: how to remain globally competitive while leading the transition to climate neutrality at a time when the global economy is becoming more fragmented and more protectionist. Across the world, industrial policy has returned to the centre of economic strategy. Governments are intervening to secure supply chains, protect strategic sectors and accelerate domestic industrial investment. Trade defence measures are growing. Economic openness now coexists with geopolitical and industrial competition.

No sector illustrates the stakes more clearly than steel.

Steel remains fundamental to Europe's infrastructure, defence, transport, automotive sector and clean energy technologies. There is no credible path to climate neutrality without it. Every wind turbine, electricity grid, railway and electric vehicle depends upon steel. Preserving the steel industry is therefore not only an industrial objective, but a necessity for Europe's long-term security, resilience and technological capability.

And yet, for too long, Europe's steel industry has faced existential pressure.

Global steel overcapacity now exceeds 650 million tonnes. Steel imports into the EU reached historically high levels in 2025, placing unprecedented pressure on the European market and with import penetration reaching up to one-third of apparent EU steel consumption. At the same time, the United States has imposed tariffs of 50% on European steel exports, underlining how trade has become a tool of geopolitical competition.

Europe's producers are therefore competing in a market that is neither open nor balanced. While other major economies shield their industries and subsidise industrial transformation, European steelmakers are being asked to deliver one of the most ambitious decarbonisation transitions ever attempted while facing some of the highest energy costs in the world. Billions are rightly being invested into electrification and low-carbon technologies, yet producers must compete against imports manufactured under lower environmental standards, lower energy costs and weaker regulatory obligations.

> *"Europe cannot afford to sleepwalk into the decline of one of its most strategic industries while its global competitors defend and expand theirs."*

The European Commission's Steel and Metals Action Plan published last year is therefore both welcome and overdue. Europe has recognised that preserving industrial capacity is not protectionism, but strategic necessity. The new trade measure, the strengthening of safeguards, the implementation of the Carbon Border Adjustment Mechanism (CBAM) and growing attention to secure scrap supply chains all reflect a marked shift in European thinking.

Together, these measures can help revive European steel production while supporting tens of thousands of direct and indirect industrial

jobs across Europe. This is not about closing Europe's markets. It is about preserving Europe's industrial base, securing viable steel production capacities and ensuring that decarbonisation remains economically achievable inside Europe rather than outsourced beyond its borders.

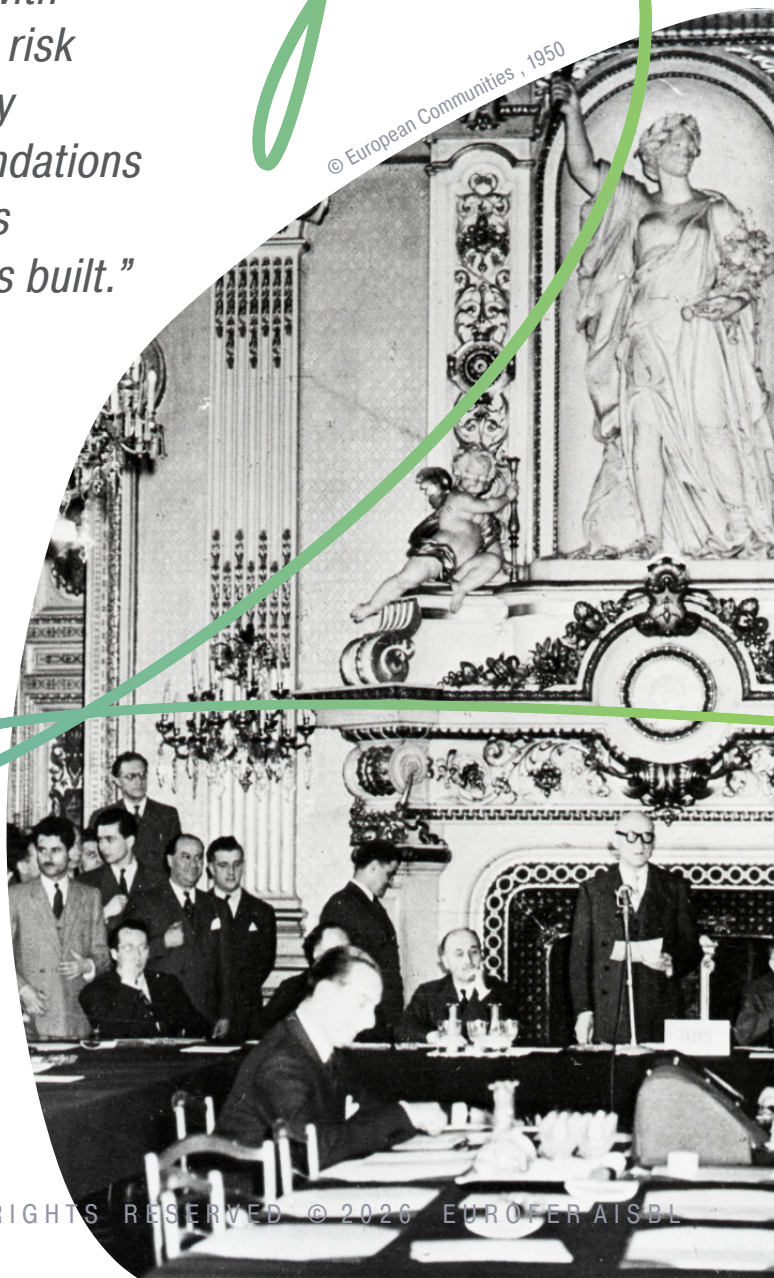
But these measures must now deliver in practice.

If CBAM stops at steel while downstream products remain exposed, carbon leakage will simply relocate further down the manufacturing value chain. The same strategic approach must extend across steel-intensive downstream sectors to preserve demand for European steel. Furthermore, if Europe allows scrap exports to accelerate unchecked, it risks exporting the very raw materials needed for its own circular transition. And if energy costs remain uncompetitive, no industrial strategy will succeed regardless of climate ambition.

The challenge now is to create the conditions for competitive decarbonisation at scale. Europe must urgently address industrial energy prices. At the same time, Europe must accelerate the creation of lead markets for low-carbon steel. If European industry is expected to invest in clean production technologies, it must also have markets capable of ensuring a genuine business case for those investments.

Seventy-five years ago, Europe understood that industrial cooperation was essential to prosperity and stability. The next chapter of Europe's industrial story must now be about ensuring that it not only regulates, but produces, competes and leads. Industrial policy must be anchored in both Europe's competitiveness and decarbonisation agenda.

"Europe must create the conditions that allow industry to invest, innovate and decarbonise with confidence or risk losing the very industrial foundations upon which its prosperity was built."



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ECONOMIC AND STEEL MARKET OUTLOOK

The European steel industry today: the EU consumed more while production hit a historic low

ALESSANDRO SCIAMARELLI, *Director, Market analysis & economic studies*

The European steel market showed the first signs of recovery in 2025 after several difficult years. Apparent steel consumption grew by 4.4% following three consecutive annual declines reaching 134 million tonnes although it remained around 10 million tonnes below 2019 levels. While this suggested that market conditions may finally be stabilising, beneath these encouraging figures lies a more troubling reality.

While the EU consumed more steel in 2025, it produced less of it.

First, this was mostly a rebound from the very low consumption volumes seen in the two previous years than a demand-driven recovery. Secondly,

"EU crude steel production fell by a further 2.9% to 125.8 million tonnes, the lowest level ever recorded."

Production was almost 20 million tonnes below pre-pandemic levels and nearly 60 million tonnes lower than before the 2008 financial crisis. This contrast between improving consumption and declining production reveals one of the defining challenges facing the European steel industry today. The benefits of the market recovery increasingly flowed to imports rather than domestic producers.

Imports of semi-finished and finished steel products rose by 14% in 2025, reaching almost 40 million tonnes. As a result, imported steel captured a record 30% share of the European market, up from 27% the previous year. Import growth accelerated sharply during the second half of the year, culminating in an unprecedented 53% surge in the fourth quarter.

Consequently, the EU consumed more steel than it produced, while the EU's trade deficit in steel products widened further, reaching 24 million tonnes for all products and 15 million tonnes for finished products.

The figures highlight the growing pressure on European steelmakers. According to the OECD, global steel overcapacity continues to exceed 700 million tonnes, while European producers face persistently high energy costs, weak industrial demand and intense international competition.

Demand conditions nevertheless showed some encouraging signs.

After two years of decline, demand from steel-using sectors broadly stabilised. Construction, Europe's largest steel-consuming sector representing 37% of the total, continued to expand modestly (+1.3%) and is expected to remain a source of support in the coming years (+1.5% in 2026, followed by 2.9% in 2027), despite uncertainty stemming from the likely rise in interest rates in case of inflation-led monetary tightening.

Other sectors remain under pressure. Automotive production continued to weigh on steel demand in 2025 with a third consecutive annual contraction (-4.3%) and is only expected to return to more meaningful growth from 2027 onwards (+2.9%) albeit around output volumes well below pre-pandemic levels.

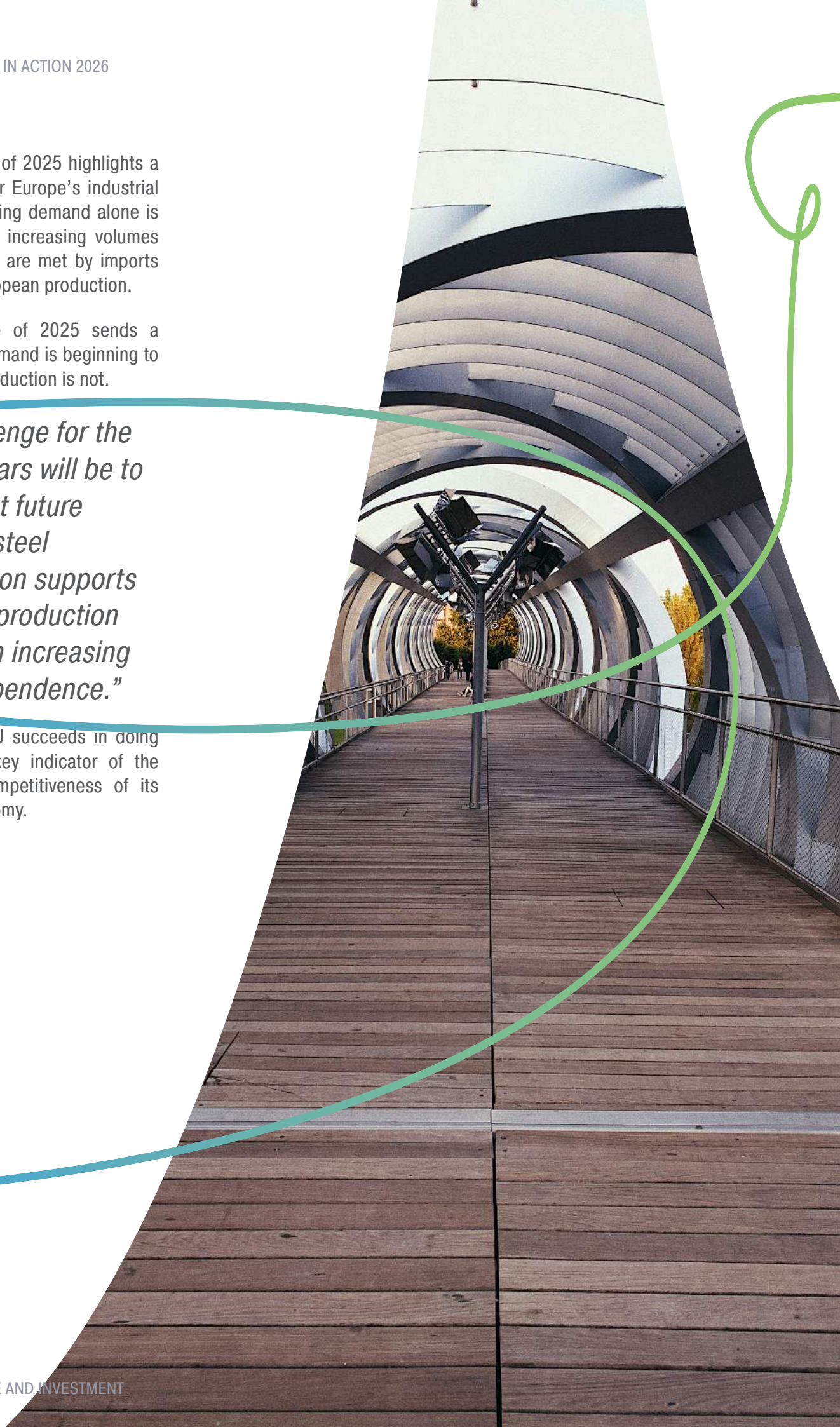
Looking ahead, the outlook remains fragile. As part of the expected recovery was effectively anticipated in 2025, apparent steel consumption is forecast to remain broadly flat in 2026, growing by just 0.4%. Consumption growth is expected to strengthen in 2027 (+2.2%), although this remains highly dependent on developments in the wider economic and geopolitical environment, which remains broadly unpredictable.

The experience of 2025 highlights a critical issue for Europe's industrial future. Recovering demand alone is not sufficient if increasing volumes of that demand are met by imports rather than European production.

The experience of 2025 sends a clear signal: demand is beginning to recover, but production is not.

"The challenge for the coming years will be to ensure that future growth in steel consumption supports European production rather than increasing import dependence."

Whether the EU succeeds in doing so will be a key indicator of the health and competitiveness of its industrial economy.



INTERNATIONAL TRADE

The new EU steel trade measure: where we are and what comes next

KARL TACHELET, *Deputy Director General and Director, International affairs*

The European steel industry continues to face mounting pressure from weak demand, persistent global overcapacity and rising protectionism worldwide. According to OECD estimates, global excess steel capacity could exceed 720 million tonnes by 2027 - around five times total EU steel production. At the same time, global demand growth remains subdued, intensifying competition for export markets.

As countries increasingly protect their domestic industries, trade diversion pressures are building towards the few major markets that remain relatively open, notably the European Union. The situation worsened in 2025 when the United States increased tariffs on steel imports to 50%, restricting access to one of the world's largest steel markets. Additional steel derivatives also became subject to Section 232 measures, while other economies introduced new import restrictions and safeguard measures, increasing the risk of further import surges into Europe.

The EU's safeguard regime introduced in 2018 and expiring on 30 June 2026, was an important safety net against the surges. However, while EU steel demand sharply declined, safeguard quotas continued to expand automatically, weakening the instrument's ability to stabilise the market and maintain viable capacity utilisation levels.

In October 2025, the European Commission then presented its proposal for a new trade measure aimed at protecting and promoting EU industrial capacities.

"The proposal marked a shift in EU trade policy by linking trade policy with industrial resilience, decarbonisation and strategic autonomy."

By replacing the safeguard with a new tariff-rate quota system calibrated to actual market conditions, the proposal sought to restore viable capacity utilisation levels, preserve investments and prevent further loss of industrial capacity and jobs in Europe.

This proposal is a recognition that steel is a strategic industry for Europe essential for economic growth, industrial resilience, defence capabilities, clean technology and the energy transition.

This comes at a critical moment.

"Over the past five years, the EU steel industry has lost more than 30 million tonnes of production capacity and around 30,000 direct jobs."

Capacity utilisation reached historically low levels in 2024, undermining profitability and reducing the industry's ability to invest in low-carbon technologies.

At the same time, European steelmakers are expected to deliver one of the world's most ambitious industrial decarbonisation transitions, requiring massive investments in hydrogen-based production, electrification and recycling technologies. Without a viable economic environment, these investments will become increasingly difficult to sustain.

Despite difficult market conditions, companies across Europe are developing new low-carbon production technologies while improving efficiency and strengthening recycling capacities.

In April 2026, the European Parliament, the Council and the Commis-

sion reached an agreement on a new steel trade measure which will replace the current safeguard regime. Industry welcomed the agreement as a necessary step to prevent further deterioration of the European steel market.

However, the new trade measure should not be viewed as the end of the discussion, but rather the beginning of a broader effort to preserve a resilient European steel value chain.

Additional action remain necessary.

The industry is calling for stronger monitoring and enforcement tools, including “melted and poured” rules of origin to improve traceability and prevent circumvention. At the same time, as trade diversion increasingly shifts downstream along the value chain, additional attention will be required for steel-intensive downstream products. Expanding the scope of the measure to downstream sectors will become increasingly important to avoid the displacement of distortions from upstream steel products to processed goods.

At the same time, traditional Trade Defence Instruments (TDIs) - anti-dumping and anti-subsidy measures - remain indispensable. While the new trade measure addresses the spillover effects of global overcapacity, TDIs continue to play a critical role in tackling specific cases of unfair trade practices and market distortions.

Attention will now turn to the effective implementation and enforcement: monitoring import developments, ensuring the effectiveness of quota management, preventing circumvention and assessing whether further action is required in downstream sectors.

At the international level, the EU steel industry also supports the ongoing discussions within the Global Forum on Steel Capacity (GFSEC), aimed at addressing the root causes of global overcapacity through greater transparency, international cooperation and market-oriented policies. While trade measures remain necessary to address the immediate spillover effects of global overcapacity on the EU market, a long-term solution ultimately requires coordinated international action.

ENERGY

Why energy prices will decide Europe's industrial future

FEDERICO BENITO DONÀ, *Manager, Energy and climate*

Four years since the outbreak of the Russia-Ukraine war, the European steel sector continues to face the worst energy crisis in its history.

"The sector faces electricity and natural gas prices two to three times higher than those of their competitors in the U.S., India, China and Middle East and North Africa (MENA) regions."

At the same time, the sector's decarbonisation pathway - heavily dependent on access to abundant and affordable fossil-free energy, is under growing pressure. By 2030 the sector will require around 165T Wh of fossil-free electricity and 2 million tonnes of renewable hydrogen annually to deliver the transition. More than 60 low-carbon steel projects are planned across Europe, representing a reduction of 80 million tonnes of CO2 emissions – equivalent to 55% reduction compared to 1990 levels.

However, persistently high energy costs are now putting these investments at risk.

The challenge extends well beyond wholesale electricity prices, which continue to average above €85/MWh compared with historical levels closer to €45/MWh. Industrial consumers also face:

- rising ETS indirect costs passed-through in electricity prices;
- doubling of network tariffs for the financing of grids functioning and operations ;
- the shadow costs of missing flexibility in the electricity system (e.g., rising balancing and adjustment fees, lack of storage);
- and increased costs for ensuring security of electricity supply.

At the same time, the European hydrogen economy has failed to develop and a pace initial anticipated. Hydrogen production capacity remains limited, infrastructure deployment is lagging behind schedule and the levelised cost of renewable hydrogen remains stubbornly high – currently estimated between €7-12/Kg. As a result, this is leaving many in the steel sector with little to no opportunity to decarbonise its production processes and reduce CO2 emissions.

Steel is not a sunset industry. It is the backbone of Europe's economy and essential for construction, automotive, defence, packaging, and the energy transition itself. Wind turbines, EV chassis and grid infrastructure all depend on steel.

A Europe without a domestic steel industry is a Europe dependent on imports for the very materials it needs to build its future.

The stakes therefore go beyond just industrial economic competitiveness.

Europe's steel sector directly employs around 293,000 people and supports millions more in downstream industries. These are skilled, well-paying jobs often in regions with few alternatives. Losing them to cheaper-energy competitors overseas would be an industrial and social setback from which recovery would take decades.

With energy prices rising even further due to the U.S.-Iranian conflict and the closure of the Hormuz-Strait, the European Commission has responded. It published its Clean Industrial Deal, Action Plan on Affordable Energy and Accelerate-EU Strategy to support industries in the short-term while maintaining the trajectory toward climate-neutrality.

However, while these initiatives represent important political signals, they have so far failed to deliver sufficient relief for energy-intensive industries facing an urgent competitiveness crisis.

To restore industrial competitiveness and preserve the steel transition, the sector is calling for urgent action in the following areas:

1. An EU-wide target for total energy costs of €50/MWh by 2030, including electricity prices and associated costs;
2. Requiring electricity suppliers benefiting from two-way Contracts for Difference to reserve part of their generation capacity for Power Purchase Agreements (PPAs) for energy-intensive sectors;
3. Introduce targeted network rebates for energy-intensive industries exposed to international competition;
4. Improve the conditions for access to the temporary price relief under the Clean Industrial Deal State Aid Framework (CISAF);
5. Maintain and enhance ETS indirect costs compensation mechanisms;
6. Improve affordability and availability of PPAs by reducing costs associated with low-carbon electricity profiling and industrial baseload demand;
7. Conduct a comprehensive review of the current electricity market design framework, including alternative models such as the Segmented-Pay as Clear and the Price-Shock Absorber;
8. Establish a demand-side support instrument for the uptake of hydrogen by utilising ETS revenues for energy-intensive sectors

The EU Electrification Action Plan, the future proposal on network tariffs design announced in Accelerate-EU (Energy) and the revision of the EU Hydrogen Strategy will be decisive for restoring industrial competitiveness, accelerating steel decarbonisation and ensuring that Europe's clean transition remains anchored in its industrial base.

CLIMATE

If CBAM stops at steel, carbon leakage won't

ADOLFO AIELLO, *Deputy Director General and Director, Energy and climate*

The defining moment of Europe's climate agenda in 2026 was the launch of the definitive phase of the Carbon Border Adjustment Mechanism (CBAM) on 1 January 2026. After years of negotiations, reporting exercises and political debate, Europe's carbon border measure moved from theory to operational reality.

For the steel sector – one of the industries most impacted by the EU's Carbon Border Adjustment Mechanism (CBAM) – this marked a major political milestone. For the first time, imported steel entering the EU market became subject to a carbon cost broadly equivalent to that faced by European producers under the EU Emissions Trading System (ETS).

Yet as implementation began, so too did the real test of whether CBAM in its current form is capable of protecting Europe's industrial base while supporting decarbonisation.

For industry, the challenge was not simply administrative.

Steel production is highly complex, globally traded and deeply integrated into international supply chains. Ensuring that CBAM rules remain workable, enforceable and legally robust therefore became a central priority for the sector.

While political discussions increasingly focused on the future evolution of CBAM, much of the work in 2025 centred on putting the mechanism into practice. The European Commission developed the detailed rules needed to make CBAM operational, covering areas such as emissions reporting, default values, verification and compliance requirements. EUROFER worked extensively with policymakers and technical experts throughout this process to help ensure that the rules are effective, legally robust, practical to implement and capable of delivering a level playing field for European steel producers.

"While the launch of the definitive period was an important achievement, it also exposed the limitations of the current CBAM design."

The European Commission's review proposals published in December 2026 – covering downstream products, circumvention and exports - acknowledged many of the concerns repeatedly raised by the European steel industry.

However, the proposed measures ultimately fell short of providing effective solutions.

The absence of an extension of CBAM for downstream products leaves significant parts of the steel value chain exposed to carbon leakage. As carbon costs increasingly apply to primary steel products produced in Europe, there is growing concern that trade distortions may simply shift downstream towards steel-intensive manufactured goods entering the EU market without equivalent carbon costs.

Circumvention similarly remains a major concern. While the Commission proposed new anti-circumvention tools, questions remain regarding their enforceability and overall effectiveness in increasingly complex global supply chains.

On exports, the Commission proposed the creation of a Temporary Decarbonisation Fund intended to address the loss of competitiveness faced by EU exporters operating in global markets without equivalent carbon costs. While this was a political acknowledgment of the export problem, the proposed approach does not yet provide the predictability or scale required to preserve a level playing field for European steel producers competing internationally.

Alongside the CBAM, the implementation of the ETS remained another major priority during the period. One of the most technical developments of the year was the update of ETS benchmarks for the 2026–2030 allocation period, culminating with the Commission proposal released in May 2026.

At the same time, attention increasingly turned toward the broader review of the ETS Directive. Throughout 2026, the European Commission held consultations, with a formal proposal expected in July 2026. This review will address structural elements of the ETS design, including the linear reduction factor, the Market Stability Reserve, the carbon leakage rules on free allocation and CBAM as well as the future use of ETS revenues.

For the steel sector, these discussions will be critical in determining whether Europe can maintain a viable industrial base while accelerating decarbonisation.

The success of Europe's climate policy will therefore depend not only on maintaining a strong carbon price signal, but also on whether policymakers succeed in creating the enabling conditions necessary for industrial transformation.

"If Europe wants low-carbon steel to be produced in Europe rather than increasingly imported into it, climate policy can no longer be designed in isolation from industrial competitiveness."

INNOVATION AND TECHNOLOGY

EU steel transition to low-CO2 steel production

JEAN THÉO GHENDA, *Director, Technologies*

Europe's steel industry is attempting one of the most ambitious industrial transformations ever undertaken.

For decades, steel production has relied heavily on coal and carbon-intensive processes. Today, European steelmakers are investing billions of euros to fundamentally redesign how steel is produced replacing fossil fuels with low-CO2 electricity, hydrogen and more circular production models.

The objective is not simply to reduce emissions.

It is to preserve a competitive steel industry in Europe while delivering climate neutrality, strengthening industrial resilience and reducing strategic dependencies in an increasingly fragmented global economy.

Across Europe, companies are pursuing several technological pathways to decarbonise steel production.

Some projects focus on reducing fossil carbon use through process integration, fossil fuel substitution, carbon capture and utilisation (CCU) and carbon capture and storage (CCS). Others aim to avoid carbon emissions directly by replacing traditional blast furnace production with hydrogen-based Direct Reduced Iron (DRI), Electric Arc Furnaces (EAFs) and Electric Smelter Furnaces (ESFs) powered by low-CO2 electricity.

At the same time, circular economy approaches are becoming increasingly important, including greater scrap recycling, improved resource efficiency and the enhanced reuse of industrial by-products.

Among these technologies, hydrogen-based DRI combined with electric steelmaking is emerging as one of the central pillars of Europe's steel transition.

EUROFER estimates that 13 projects on Direct Reduction Plants (DRPs) and 20 projects on Electric Arc Furnaces (EAFs), with an annual capacity respectively of 26.9 million tonnes of DRI and 44.1 million tonnes of low-CO2 steel could be operational in the period up to 2035.

The scale of investment is enormous.

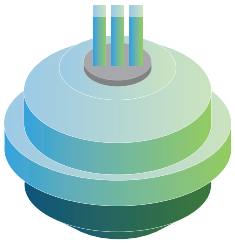
Although a few DRPs are in the construction phase and expected to be operational between 2027-2030, the majority of projects are facing delays due to high energy costs of natural gas and electricity in Europe, and the slow scale-up and high costs of hydrogen production. High electricity prices are also affecting investment decisions in EAFs.

As a result, Europe's steel transition is no longer simply a technological challenge. It has become a question of industrial competitiveness.

"The viability of these investments increasingly depends on whether Europe succeeds in creating the right economic and regulatory conditions for industrial transformation."

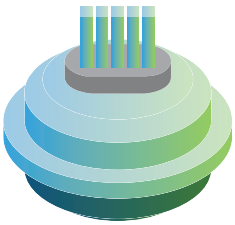
Direct Reduction Plant (DRP)

Product: DRI
Nº of Projects: 13
Capacity (Mt/year): 26.9 (17.2 ongoing & 9.7 stalled)
Commissioning year: 2026-2030



Electric Arc Furnace (EAF)

Product: Steel
Nº of Projects: 20
Capacity (Mt/year): 44.1 (33.8 ongoing & 10.3 stalled)
Commissioning year: 2026-2030



Electric Smelter Furnace (ESF)

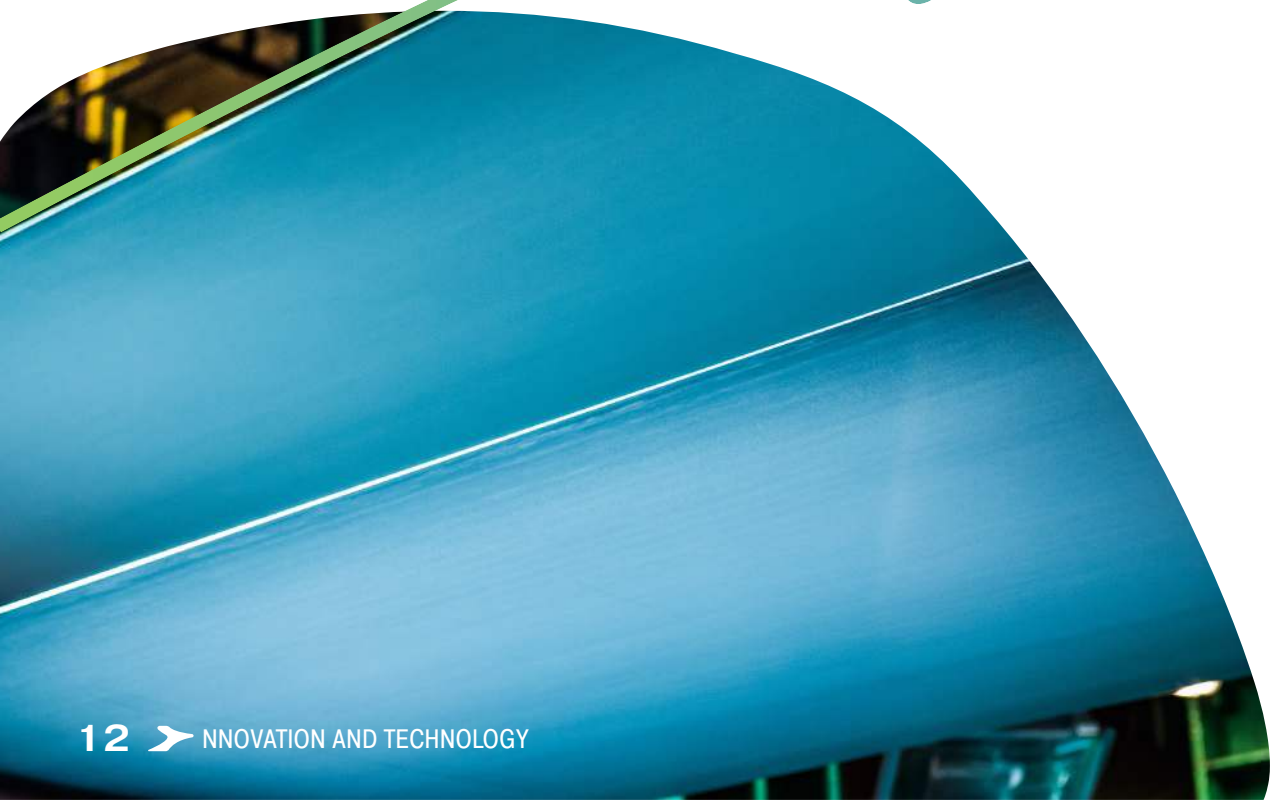
Product: HM
Nº of Projects: 1
Capacity (Mt/year): 2.3 (2.3 ongoing & 0 stalled)
Commissioning year: 2026-2030

Trade policy also remains one of the key factors.

European steel producers continue to face the effects of global steel overcapacity, unfair trade practices and rising import pressure. At the same time, the effectiveness of the Carbon Border Adjustment Mechanism (CBAM) will be critical in determining whether low-CO_2 steel production in Europe can remain globally competitive.

Other strategic issues are also becoming increasingly important, including access to ferrous scrap, the creation of lead markets for low-CO_2 steel and the availability of public financial support for industrial transformation.

A clear set of supportive policy measures at European level to address these challenges is urgently needed to ensure companies have a true business case to continue to drive the transformation of the steel sector in the coming decade and beyond.



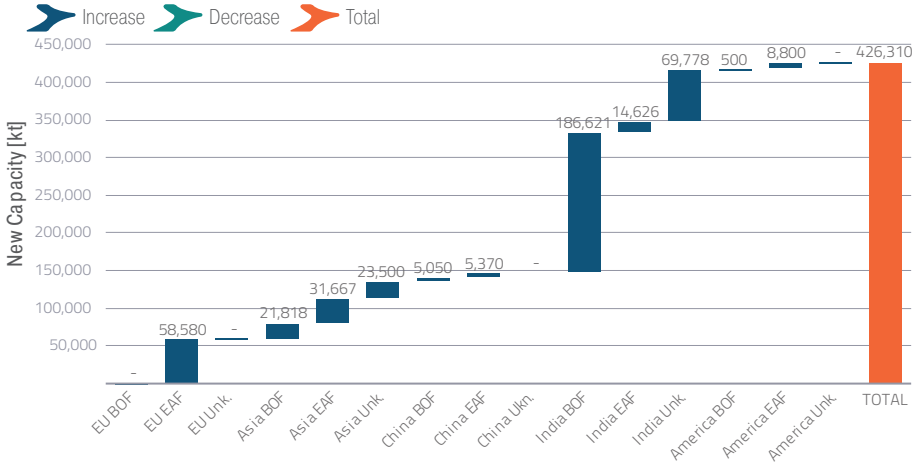
FERROUS SCRAP

Scrap: Europe needs a rethink to drive its industrial decarbonisation

AURELIO BRACONI, *Director, Stainless, specialty steels & raw materials*

The global steel industry will invest in steel capacity to replace existing low-efficiency plants and add new capacity to existing plants. This new steel capacity will spur demand for ferrous scrap globally, as it is a raw material used by both the blast furnace route and the secondary route, the electric arc furnace.

NEW STEEL PRODUCTION CAPACITY BY TYPE IN SELECTED REGIONS (2025-2036)



SCRAP PROJECTION OF ANNOUNCED PROJECTS (2025-2050)

	Scrap consumption	Aditional consumption		Average increase
	Actual	Min	Max	
EU27+RoEU	107,276	23,129	53,014	35%
Asia (excl. China & India)	56,806	53,478	105,602	140%
China	212,893	18,440	37,986	13%
India	33,000	67,690	144,569	322%
America	56,233	5,025	9,578	13%

Depending on different scenarios and hypotheses about industrial practices across regions, the total scrap demand might increase by 200 to 350 million tonnes globally. This additional demand will affect the global market for ferrous scrap, bringing it to the brink of illiquidity and making it highly sensitive to supply shortages and spikes in demand.

Different opinions and theories are available regarding the future availability of ferrous scrap, with some predicting sufficient availability for the entire global steel production, and others highlighting potential availability issues.

One element is extremely clear: although in 2050 there might be enough ferrous scrap available, during the trajectory from today's steel industry to carbon neutrality, as predicted by OECD or UNEP, we might face several constraints along the way. Near-to mid-term tightness associated with demand growth, grade constraints (matching between final steel qualities and scrap qualities), and trade/policy frictions might create shortages for short or long periods.

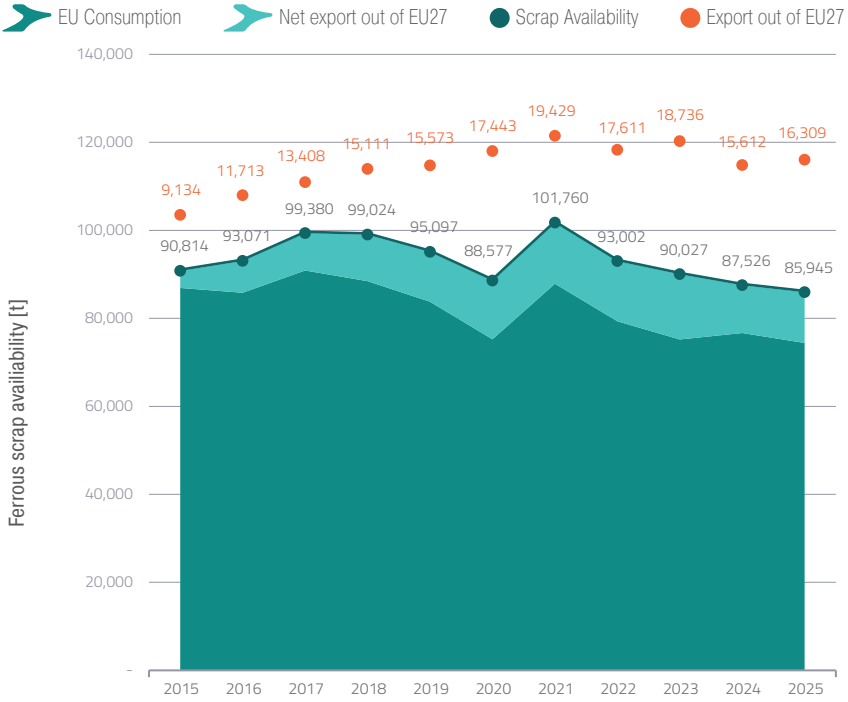
Although OECD and UNEP have a positive outlook about scrap availability, in reality, we are witnessing an increasing number of countries restricting the export of ferrous scrap. 45 countries, representing around 2/3 of global steel production, apply trade restrictions or export prohibitions. Moreover, the domestic generation of ferrous scrap from society requires countries to reach an economically developed status to decisively ramp up, if not, the country needs to import scrap.

All these elements strongly suggest that the long road to carbon neutrality will be marked by shortages in ferrous scrap availability.

Ferrous scrap is a secondary raw material with exceptional properties. Every tonne of ferrous scrap used to produce new steel helps conserve natural resources, reduce energy consumption, and lower greenhouse gas emissions, all at once. Therefore, it is a strategic secondary raw material and a key element enabling the EU steel industry's transition towards decarbonisation.

The European steel industry is planning to invest in new production routes, such as DRI-EAF for flat products, where ferrous scrap will be more dominant, and to strive for a larger use of ferrous scrap. Therefore, industry demand is expected to rise. Moreover, the EU Commission, in other legislation covering sustainable products or the end-of-life of vehicles, aims to propose targets for increasing the use of ferrous scrap in steel production. Thus, EU domestic scrap demand is expected to rise as well.

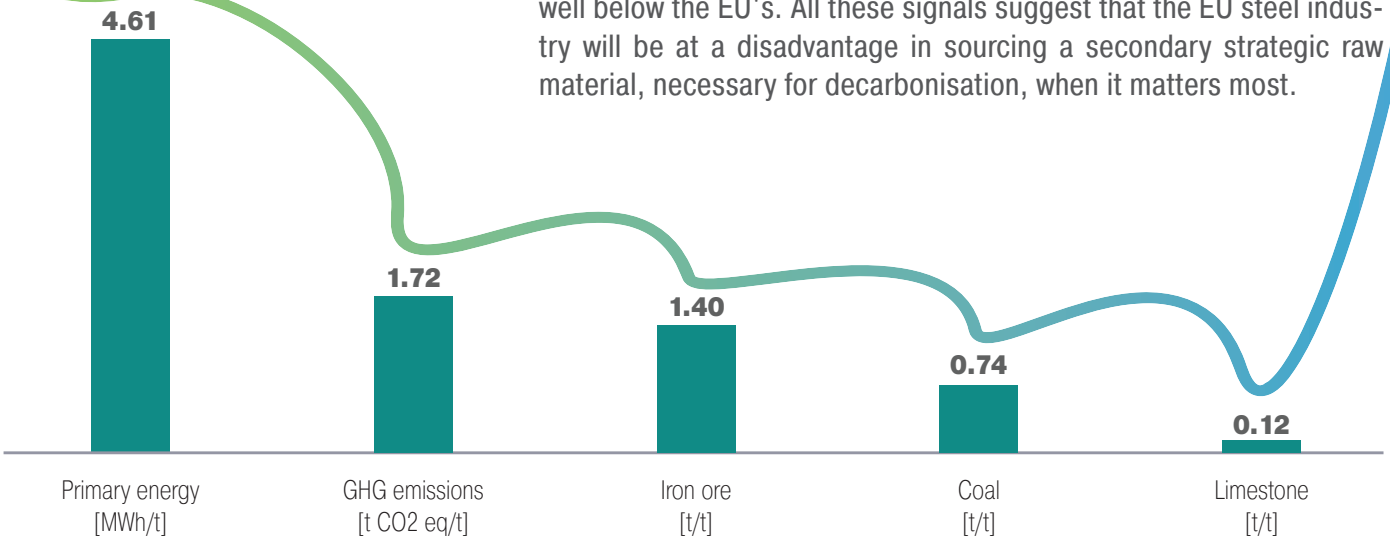
FERROUS SCRAP AVAILABILITY IN THE EU VS. EXPORT 2019-2024



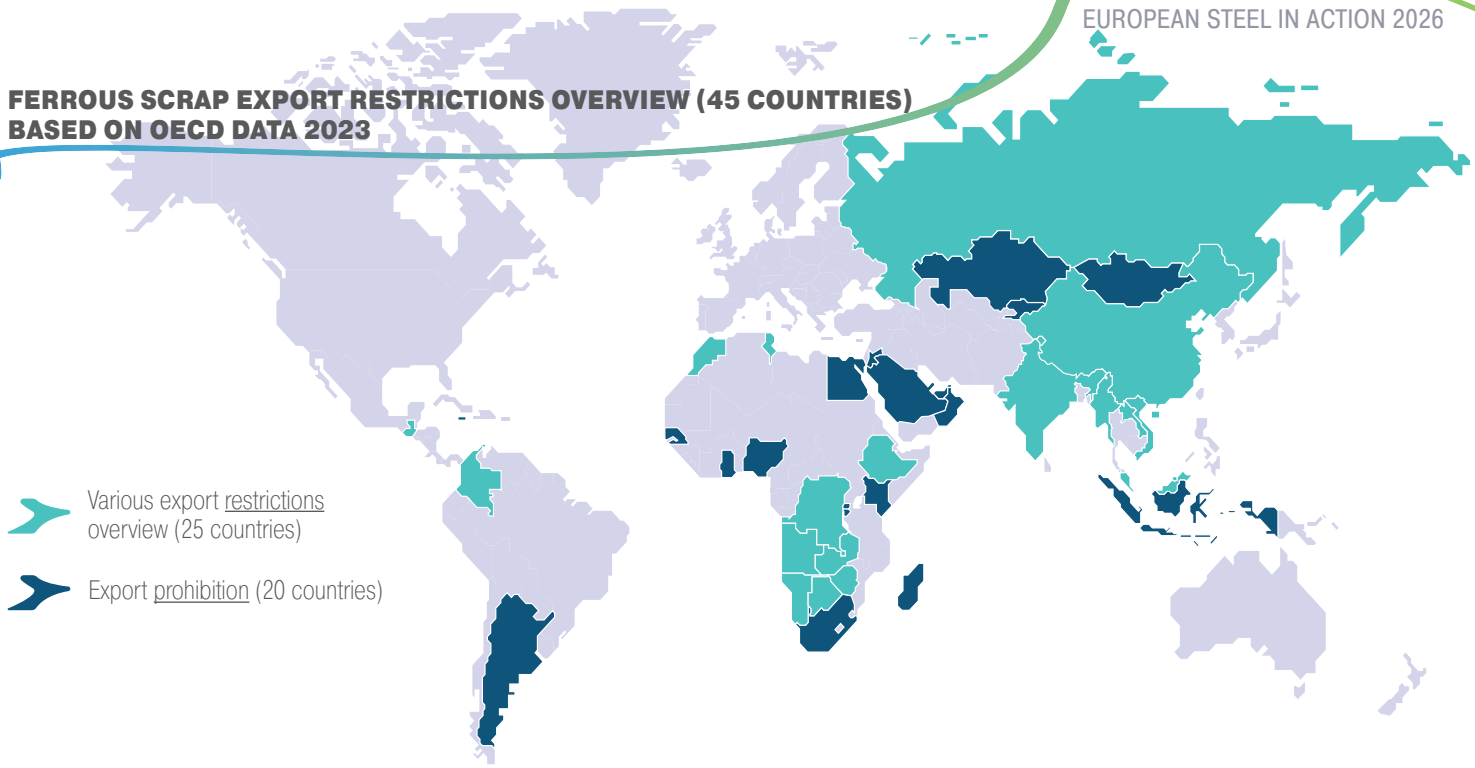
However, the EU remains the world's largest exporter of scrap. On average, the EU exports 17.5 million tonnes to third countries annually, representing 30% of all ferrous scrap traded globally in the seaborne market. Most of these volumes leaving the EU consist of untreated ferro-scrap that also contains critical and strategic raw materials, such as copper, aluminium, or nickel. This scrap can be used directly to produce steel long products, and, after proper treatment, also steel flat products. Therefore, not only does the EU lose an important element in its decarbonisation efforts, but it also forgoes opportunities to meet its critical raw materials targets. Finally, the EU continues to export strongly, while the global market is shrinking, and most of the exported volumes go to destinations with standards and regulations well below the EU's. All these signals suggest that the EU steel industry will be at a disadvantage in sourcing a secondary strategic raw material, necessary for decarbonisation, when it matters most.

SAVINGS FROM RECYCLING OF STEEL SCRAP

Savings in MW/t or in t/t



FERROUS SCRAP EXPORT RESTRICTIONS OVERVIEW (45 COUNTRIES) BASED ON OECD DATA 2023



Despite the situation, the EU remains the region with superior steel recycling performance. The EU steel segment, as a whole, uses 75-80 million tonnes of scrap every year. The overall recycled content in production is between 55 and 60%, and it is supposed to increase after the investments.

The situation has not gone totally unaddressed by the EU legislators. Several pieces of legislation will be or have been reviewed. The revision of the EU Waste Shipment regulation (WSR) has been an important step forward in addressing waste exports to destinations with technical and environmental standards well below EU standards. The revision of the End-of-Life Vehicles Regulation (ELVR) will incentivise better treatment of discarded vehicles, leading to greater generation of ferrous scrap and greater incorporation of ferrous scrap into new steel. Finally, the possible revision of the Waste Electric and Electronic Equipment (WEEE) directive could also help the EU generate more ferrous scrap.

However, still, the EU exports massive volumes of scrap, mainly unprocessed, at values much higher than volumes domestically treated and delivered. This creates an asymmetry in the EU market, putting EU steel producers at a disadvantage compared to steel producers in third countries that import EU ferrous scrap.

The urgency now is to have a measure at the border to better control the export of scrap, limit exported volumes, and re-establish a level playing field between EU steel producers, production routes using scrap, and third countries importing EU scrap. This measure will also support more effective implementation of the Critical Raw Materials Act and the deployment of circular economy principles.

Moreover, it is imperative to unleash the EU's full potential to generate ferrous scrap. A very effective and strong implementation of the EU Regulations, like the WSR, and of the ELVR, and also to review the product scope of the WEEE directive. so that more products can be recovered and properly treated to generate even more ferrous scrap in the EU and recover within the EU border critical and strategic raw materials.

The attention will turn to the effective implementation of all existing legislation, or its revision, to achieve superior, more effective, and efficient waste management within the EU, towards the generation of more ferrous scrap and increasing its overall quality for wider application across a greater range of steel qualities.

The necessity of more controlled and restricted ferrous scrap trade flows will arise from the huge efforts in the EU linked to decarbonisation, and from the new dynamics and additional scrap demand created in third countries. The EU steel industry will act to create the conditions to possibly materialise it.

ENVIRONMENT

From compliance to competitiveness: Europe's steel environmental challenge

DANNY CROON, *Director, Environment, health & research*

The continuous reduction of the environmental impact of iron and steel processes and its products is currently being led by three key files being the Circular Economy Act (CEA), the Eco-design for Sustainable Products Regulation (ESPR) and its further implementation and the revision of the Iron and Steel Best Available Techniques Reference Document (BREFs).

The CEA is expected to become one of the key industrial policy initiatives shaping the future competitiveness, resilience, and decarbonisation of the EU economy.

"For the EU steel industry, the Act is particularly important because steel is inherently circular: it is permanent, recyclable, and already one of the most recycled materials in Europe, while steel production already relies significantly on circular material flows."

The CEA is expected to focus on increasing the availability and efficient use of secondary raw materials and by-products, strengthening EU strategic autonomy, reducing dependencies on imports of virgin raw materials, and supporting clean industrial value chains. This is highly relevant for steel producers, especially considering the growing demand for ferrous scrap driven by decarbonisation and low-carbon steel production pathways. For the EU steel sector, a well-designed CEA linked to broader EU objectives could contribute simultaneously to decarbonisation, resource efficiency, industrial competitiveness, energy savings, and the long-term security of strategic secondary raw materials such as ferrous scrap.

The ESPR is a key EU framework intended to improve the sustainability performance of products placed on the EU market by addressing environmental impacts across their life cycle. For the iron and steel sector, identified among the first intermediate product groups under the framework, the Regulation is expected to introduce requirements related to carbon footprint, recycled content, substances of concern, and information sharing through a Digital Product Passport (DPP). Since the Regulation entered into force in July 2024, the European Commission's Joint Research Centre has progressed the preparatory study for iron and steel products, including work on representative products, classes of performance, life-cycle assessment (LCA), life-cycle costing (LCC), Digital Product Passport, substances of concern, and recycled content methodologies.

EUROFER contributed to the preparatory process by providing technical input and feedback to JRC documents. The 2025–2030 ESPR Working Plan identifies iron and steel among the priority product groups for the first Delegated Acts. The future requirements are expected to be based on the preparatory study and accompanying impact assessment, with adoption of the Delegated Act currently foreseen around Q4 2026–H1 2027, followed by a transition period before application.

The revision of the Iron and Steel BREF has started in 2026 and will last until 2030. The resulting BAT conclusions will be legally binding for the future permits of our companies, being their licenses to operate. Further improvements to the current iron and steel production processes will be rather limited since our companies have further continuously improved their environmental performances up to a level where there is nearly only high hanging fruit left.

Furthermore, the EU iron and steel sector has started with its needed transformation, being the decarbonisation of the sector. Conditions for doing this transformation are far from being optimal – among others global overcapacity, high energy cost, availability of hydrogen etc. - and business cases are uncertain. What is technically and economically viable in regions outside Europe may not be the case in Europe. The BREF revision process should remain technology neutral whilst respecting the so-called integrated approach targeting only the so-called key environmental issues that are relevant for the sector at stake. EUROFER has serious doubts about the effectiveness of the current revision since it has started too soon to effectively deal with the transformation since no solid/robust data - at least covering few years - will be available.

ON EUROFER'S AGENDA

EU initiatives and policies relevant to the European steel industry

Policy / Initiative	Summary	State of Play
AEGIS Europe WG	Coordination on industrial, climate, trade and industrial policy	Ongoing.
Affordable Energy Action Plan	Commission initiative to lower industrial energy costs.	Implementation phase.
Alliance for the Sustainable Management of Chemical Risk (ASMoR)	Commission initiative to lower industrial energy costs.	Ongoing.
Ambient Air Quality Directive (AAQD)	EU air quality framework relevant to industrial emissions.	Implementing decisions under development.
Antwerp Declaration	Cross-industry call for a European industrial deal.	Ongoing advocacy.
Automotive Industrial Action Plan	Commission strategy supporting the competitiveness of the automotive sector.	Follow-up measures ongoing.
Benzo[a]pyrene – CMRD 6	EU air quality framework relevant to industrial emissions.	Ongoing.
BusinessEurope Environment WG and Research and Innovation Working Group	Coordination at umbrella EU industry level on environment, research and innovation.	Ongoing.
BusinessEurope Working Groups	Coordination on industrial, climate, trade and energy policy.	Ongoing.
Carbon Border Adjustment Mechanism (CBAM)	EU carbon border mechanism designed to prevent carbon leakage.	Implementation phase.
Carcinogens, Mutagens and Reprotoxic Substances Directive – CMRD 7	Revision introducing tighter silica and nitrosamine exposure limits.	Legislative process ongoing.
CEN JTC 10	Standards on recyclability, repairability and recycled content.	Ongoing.
CEN JTC 135	Product category rules for structural metallic environmental product declarations.	Ongoing.
CEN JTC 350	Sustainability standards for construction.	Ongoing.
CEN TC 459	European standards for steel products.	Ongoing.
Ceramic Manufacturing Industry BREF	BREF covering ceramics manufacturing activities.	Monitoring ongoing.

Policy / Initiative	Summary	State of Play
Circular Economy Act	New initiative to strengthen circularity and secondary raw materials.	Draft phase.
Classification, Labelling and Packaging Regulation (CLP)	EU framework governing classification and labelling of substances.	Revision adopted; Omnibus updates ongoing.
Clean Industrial Deal	EU framework linking competitiveness and decarbonisation.	Implementation phase.
Clean Steel Partnership	Public-private partnership supporting breakthrough steel technologies.	Ongoing.
Climate Delegated Act and EU Taxonomy	Sustainable finance framework affecting industrial investments.	Ongoing.
CO_2 Regulation for Cars and Vans	Proposal introducing low-carbon steel credits.	Ongoing.
CO_2 Storage Injection Capacity Target	NZIA target to increase European CO_2 storage capacity.	Implementation phase.
CO_2 Transport Infrastructure Framework	Framework supporting development of CO_2 transport networks.	Policy development ongoing.
Coal & Steel Committee (COSCO)	Committee supporting RFCS governance and research priorities.	Ongoing.
Competitiveness Fund	Proposed EU instrument supporting strategic industrial competitiveness.	Under development.
Construction Products Regulation (CPR) & CPR Acquis	Framework governing construction products and standards.	Implementation ongoing.
Critical Raw Materials Act (CRMA)	Framework securing access to strategic raw materials.	Implementation phase.
Cross-Industry Initiative (CII)	Industry coordination on chemicals and sustainability policy.	Ongoing.
Drinking Water Directive (DWD)	Ensures continued market access for steel materials in drinking water applications.	Compliance work ongoing.
Eco-design Forum	Commission expert group supporting sustainable products legislation.	Ongoing.
Eco-design Preparatory Study for Iron & Steel Products	Preparatory study supporting future ESPR requirements.	Ongoing.
Energy Intensive Industries Alliance	Coalition advocating for competitive energy conditions.	Ongoing.
Energy Performance of Buildings Directive (EPBD)	Introduces whole-life carbon reporting for buildings.	Delegated act adopted.
ESPR Horizontal Requirements Expert Group	Preparatory study supporting future ESPR requirements.	Ongoing.
EU Electrification Action Plan	Initiative to accelerate industrial electrification.	Under development.
EU Emissions Trading System (EU ETS)	EU carbon pricing framework.	Post-2030 review discussions beginning.

Policy / Initiative	Summary	State of Play
EUROFER Scrap Strategy	Strategy to secure scrap availability in Europe.	Ongoing.
European Automobile Manufacturers' Association Cooperation	Cooperation on recycled-content reporting.	Ongoing.
European Commission Environmental Footprint Expert Group	Technical advisory board on environmental footprint methodology.	Consultation expected.
European Energy Forum	Platform for dialogue on European energy policy.	Ongoing.
European Shippers' Council	Platform addressing freight and logistics policy.	Ongoing.
Global Forum on Steel Excess Capacity	International forum addressing steel overcapacity.	Ongoing.
Green Claims Directive	Framework governing environmental claims.	On hold.
High Level Construction Forum	Dialogue between industry and the Commission	Ongoing.
Hydrogen Bank	EU support instrument for renewable hydrogen.	Auction rounds underway.
IFIEC Europe	Industrial energy users platform.	Ongoing.
Industrial Accelerator Act	Proposal creating lead markets for low-carbon products.	Ongoing.
Industrial Decarbonisation Bank	Proposed instrument supporting industrial decarbonisation investments.	Under development.
Industrial Emission Portal Regulation (IEP-R)	Revision of industrial reporting requirements.	Annex revision ongoing.
Industrial Emissions Alliance	Industry coalition on industrial emissions policy.	Ongoing.
Industrial Emissions Directive (IED 2.0)	Revised industrial emissions framework.	Implementation ongoing.
Innovation Fund	EU funding programme supporting industrial decarbonisation.	Ongoing calls.
Iron and Steel BREF	Key BAT reference document for steelmaking.	Revision launched 2026.
JRC INCITE	Assessment framework for innovative industrial technologies.	Development phase.
Landfills BREF	BAT reference document for landfills.	Revision ongoing.
Large Volume Inorganic Chemicals BREF	BAT reference document covering sulphuric acid production.	Revision ongoing.
Lead Classification	Harmonised lead classification affecting steel applications.	Applicable since 2025.
Low-CO_2 Steel Definitions and Lead Markets	Development of methodologies and demand creation measures.	Ongoing.

Policy / Initiative	Summary	State of Play
MEED Programme	Programme supporting metals environmental exposure assessments.	Dependent on REACH revision.
Metals for Buildings	Platform promoting metals in construction.	Ongoing.
Mining BREF	BAT reference document for mining activities.	Monitoring ongoing.
National Emission Ceilings Directive (NECD)	Framework setting national emission reduction commitments.	Under review.
Net-Zero Industry Act (NZIA)	Framework supporting clean technology manufacturing.	Implementation phase.
OECD BAT Activity 9	OECD project on emerging techniques.	Completed.
OECD BAT Activity 10	OECD project on hydrogen production.	Ongoing.
OECD BAT Activity 11	OECD project on sustainable materials and waste management.	Ongoing.
OECD Steel Committee	International forum addressing steel markets and overcapacity.	Ongoing.
Packaging and Packaging Waste Regulation (PPWR)	EU framework on packaging circularity.	Implementation phase.
Public Procurement Directives Revision	Revision supporting lead markets for low-carbon materials.	Proposal expected.
REACH Revision	Revision of chemicals legislation affecting steel products.	Expected 2026.
Research Fund for Coal and Steel (RFCS)	EU research fund supporting steel innovation.	Reform ongoing.
Restriction of Hazardous Substances Directive (RoHS)	Exemption process for lead in free-cutting steel.	Decision pending.
Revision of Weights and Dimensions Directive	Revision affecting freight efficiency.	Under revision.
RFCS Reform	Reform extending and modernising the RFCS.	Adoption process ongoing.
Russian Sanctions	EU sanctions affecting steel trade.	20th package adopted.
Sevilla Process	Technical process for developing BAT reference documents.	Ongoing.
Ship Recycling Regulation	Framework governing environmentally sound ship recycling.	Ongoing.
Soil Monitoring Law	Framework establishing soil monitoring obligations.	In force.
Steel Advisory Group (SAG) of the Research Fund for Coal and Steel CS)	Advisory group towards the Commission on the Research Fund for Coal and Steel	Ongoing.
Steel and Metals Action Plan (SMAP)	Commission strategy for steel and metals competitiveness.	Follow-up implementation ongoing.

Policy / Initiative	Summary	State of Play
EUROFER Scrap Strategy	Strategy to secure scrap availability in Europe.	Ongoing.
European Automobile Manufacturers' Association Cooperation	Cooperation on recycled-content reporting.	Ongoing.
Substances of Concern (SoC)	ESPR-related disclosure requirements.	Ongoing.
Surface Treatment of Metals and Plastics BREF	BAT reference document covering metal surface treatment.	Revision ongoing.
Trade Cases	Anti-dumping, anti-subsidy and court cases affecting steel products.	Case specific.
Trade Defence Instruments Improvement	Strengthening EU trade defence tools.	Ongoing.
Transition Pathway for European Metals	Roadmap for decarbonisation and competitiveness.	Ongoing.
US Steel Tariffs	US measures affecting EU steel exports.	Ongoing advocacy.
Waste Expert Group (DG ENV)	Commission expert group on waste legislation.	Ongoing.
Waste Shipment Regulation (WSR)	Framework governing waste and scrap shipments.	Implementation phase.
Water Framework Directive	Framework affecting industrial permitting and water use.	Revised text published.
Water Framework Directive Targeted Revision	Review linked to critical raw materials objectives.	Announced.
Welding Use Maps & Guidance	Guidance supporting chemicals compliance.	Published.
Worldsteel LCA Expert Working Group	Development of steel LCA methodologies and datasets.	Ongoing.

EUROPEAN STEEL IN ACTION 2026

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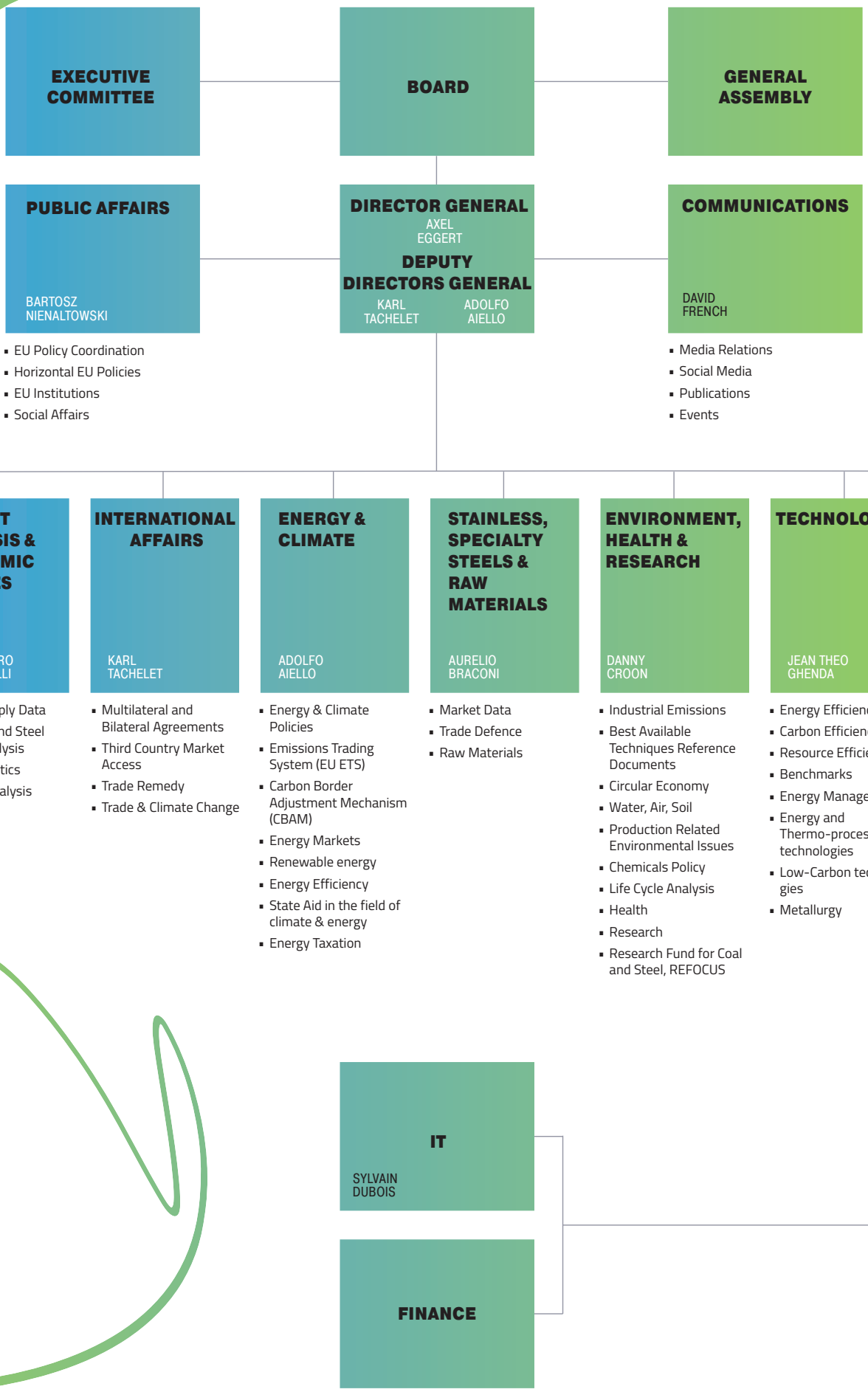
ORGANISATIONAL CHART



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ABOUT THE EUROPEAN STEEL INDUSTRY

The European steel industry is a world leader in innovation and environmental sustainability. It has a turnover of around €192 billion and directly employs 293,000 highly-skilled people, producing on average 146 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.

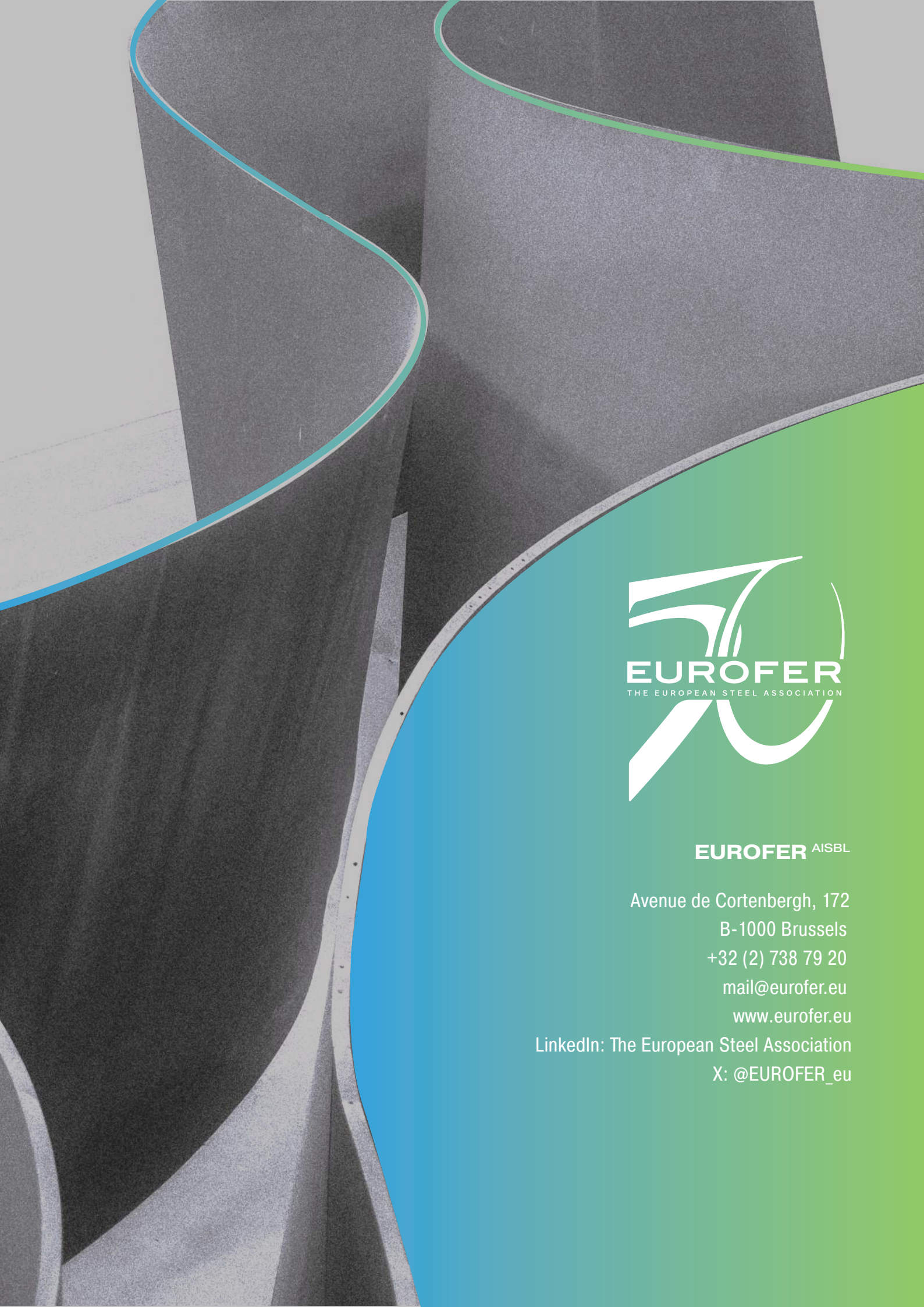
Steel is the most versatile industrial material in the world. The thousands of different grades and types of steel developed by the industry make the modern world possible. Steel is 100% recyclable and therefore is a fundamental part of the circular economy. As a basic engineering material, steel is also an essential factor in the development and deployment of innovative, CO2-mitigating technologies, improving resource efficiency and fostering sustainable development in Europe.

ABOUT EUROFER

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

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

VAT: BE0675653894. The RLE or RPM is Brussels.



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