

Press release

EU leaders must move swiftly to relaunch economy and uphold climate leadership

Key messages

- The EU recovery fund should focus investment on sectors most affected by the pandemic and that have the ambition to significantly reduce their CO2 emissions by 2030.
- EU leaders must consider additional, short-term, emergency measures for severely impacted sectors, such as steel and its value chains.
- Only if the European steel industry is secured today can it contribute to the EU's and the global green transformation tomorrow.

Main body of press release

Brussels, 16 July 2020 - A Special European Council is taking place in Brussels on 17-18 July to discuss the EU's long-term budget and Recovery Plan/Next Generation EU. The European Steel Association (EUROFER) welcomes the Recovery Plan but calls on leaders to take additional, immediate measures to ensure a quick and sustainable economic resurgence.

“The Recovery Plan proposal focuses on investment in digitisation and the green transition from 2021 to 2024. However, policymakers should focus the Recovery Plan on investment in sectors most affected by the pandemic, that are exposed to a high risk of carbon leakage, and that have the ambition to significantly reduce their CO2 emissions by 2030”, said Axel Eggert, Director General of EUROFER.

“We are asking for clear support from the European Council for an initiative on low carbon emission industry. Backing should be given independently of the location of the respective sites in Europe, to avoid competitive distortions. One way to do this is to allow other EU and national funds to supplement the Recovery Plan”, suggested Mr Eggert.

European steel's transition to underpinning a carbon-neutral EU economy depends on the sector's ability to decarbonise while being both locally and globally competitive. The EU steel industry had already announced that, under the right conditions, it should be able to reduce emissions by another 30% by 2030 compared to 2018 levels – or about 55% compared to 1990. However, only if the European steel industry is secured today can it contribute to the green transition tomorrow.

“You do not wait to extinguish a fire until the house has burned down – and the European economy cannot wait until 2021 to start rebuilding either. EU leaders must therefore consider additional, short-term, emergency measures for strongly impacted sectors, such as steel and its value chains”, said Mr Eggert. “These should comprise, *inter alia*, immediate measures against dumping or sudden surges of steel imports, incentives to stimulate demand in the downstream value chain, and a force majeure clause for the EU Emissions Trading System to ensure that the level of free allocation post-2020 is not negatively impacted by the indirect effects of the COVID-19 pandemic”.

Steel demand cratered during the crisis, falling by up to 50% given the sharp falls in activity in steel-using sectors, such as automotive, construction and mechanical engineering. 40% of the steel workforce was either temporarily laid off or had their working hours reduced. Production is still down by 25%, with orders stunted by nearly 35% since mid-March compared to the same period in 2019. At the same time, other global producers have not rested, and the EU steel safeguard is unlikely to ward off the threat of import surges once EU demand returns.

“It is absolutely contrary to the interest of Europe if imports get *de facto* preference instead of a recovery driven by domestic steel production. This is already happening now as a result of existing global excess steel capacity meeting the porous EU steel safeguard – which allows imports to enter the EU market at pre-crisis levels. If the EU does not find a solution to preserve its industry using the means immediately at its disposal, it will not be able to lead the green transition in the future”, concluded Mr. Eggert.

Notes for editors

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About the European Steel Association (EUROFER)

EUROFER AISBL is located in Brussels and was founded in 1976. It represents the entirety of steel production in the European Union. EUROFER members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations in Switzerland 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 €170 billion and directly employs 330,000 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.