

Press release

Upcoming decisions crucial to test EU determination to keep industry in Europe, says EUROFER

Brussels, 14 December 2022 – The future of European industry is at stake, threatened by an unresolved energy crisis, impacted by unilateral decarbonisation costs, and undermined by trading partners’ new regulatory frameworks to massively subsidise local investment with more predictable measures. In the coming days, EU leaders will make fundamental decisions for Europe's industrial future. Against the backdrop of the EU energy crisis and the US Inflation Reduction Act, the EU must urgently develop and implement an industrial policy mainstreaming industrial competitiveness in all policy fields and take decisive action to enable the green transition as well as to enhance the resilience of industry. This is a unique opportunity for the EU to remain a frontrunner in climate policy, says the European Steel Association.

“A strong industrial base should be a strategic priority for the EU. The U.S. Inflation Reduction Act is a wake-up call. EU leaders urgently need to reconcile the European Green Deal with industrial competitiveness and resilience, starting with a transition-friendly ETS and a watertight CBAM, as well as enabling the ramp-up of green hydrogen”, said Axel Eggert, Director General of the European Steel Association (EUROFER).

The EU is the frontrunner in climate change policy. However, its industry’s growing exposure to unilateral carbon cost by 2030, if not accompanied by investments in decarbonisation projects, risks having disastrous consequences. Adequate provisions are needed to ensure that temporary closures do not become permanent: a further adjustment of the temporary crisis framework should be considered to support companies in coping with high energy prices, which could be persistent despite the measures still to be adopted by the EU Energy Council. In this context, it is also urgent to address the dramatic drop in EU steel exports and the massive surge in imports.

In particular, the steel sector reiterates its call on EU policymakers to find a solution for exports under the CBAM, allowing for the continuation of free allocations for all exported products, while supporting the Council proposal on the free allocation phase-out trajectory for CBAM goods sold on the EU domestic market.

A consequent approach should also be followed for renewable hydrogen and Carbon Capture and Usage (CCU) legislation. The upcoming Delegated Acts should make hydrogen production – at the core of all industry’s decarbonisation - easier, faster and cheaper, by prolonging the transitional period for additionality to 2030 and by establishing pragmatic criteria for

geographical and temporal correlation in line with the constraints of industrial processes. CCU technology can only be incentivised in the EU if legislation does not include a sunset clause for investment and if renewable PPAs are allowed to be used in their deployment.

“We urgently need a debate at EU level to assess the impact of the IRA on European industry, and formulate an adequate response to provide the necessary level playing field for companies to invest and continue creating value for our societies. All options should be considered, such as financial incentives and funding via joint borrowing, a new EU sovereignty fund, ambitious Carbon Contracts for Difference (CCfDs) at EU level, further relaxation of state aid to speed up access to resources, as well as additional legislation to spur green markets”, stressed Mr. Eggert.

“The US has focused greatly on investment in clean technologies, from electric vehicles to wind mills, which have one thing in common: they are all part of the steel value chain. Green steel is at the centre of the new US industrial policy. We should do the same in the EU”, he concluded.

Notes for editors

Contact

Lucia Sali, Spokesperson and Head of Communications, +32 2 738 79 35, (l.sali@eurofer.eu)

About the European Steel Association (EUROFER)

EUROFER AISBL is located in Brussels and was founded in 1976. It represents the entirety of steel production in the European Union. EUROFER members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federation of Turkey and the United Kingdom are associate members. The European Steel Association is recorded in the EU transparency register: 93038071152-83.

About the European steel industry

The European steel industry is a world leader in innovation and environmental sustainability. It has a turnover of around €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.