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COALITION OF STEEL USERS CALLS FOR TERMINATION OF EU STEEL SAFEGUARD MEASURES

A cross-sectoral industry coalition of European steel users calls on the European Commission to terminate the EU steel safeguard measures as part of the ongoing review to be concluded by 30 June 2023.

The safeguard measures constitute an unnecessary and burdensome restriction on our industries' access to steel, which ultimately hampers Europe's net-zero transition and our international and domestic competitiveness. Additionally, as shown by the recent WTO dispute brought by Türkiye against the EU steel safeguard measures, there are in fact legitimate doubts as to whether steel imports have ever represented a serious threat for the EU steel industry.

The growth prospects of our industries are currently threatened by an increasingly volatile international environment, which has resulted throughout several years in large fluctuations in steel prices and significant disruptions to our steel supply chains. Additionally, the upcoming Carbon Border Adjustment Mechanism (CBAM) will result in higher steel input costs for our industries, which will continue to face competition from third-country downstream goods that are not subject to CBAM. Our industries must have the necessary flexibility to source steel both on the domestic EU market and from third countries, given its importance as an essential manufacturing input. Such flexibility is necessary to (1) manage increasingly frequent supply chain disruptions (2) source at reasonable prices to maintain our industries' international and domestic competitiveness and (3) source steel with low embedded carbon emissions to meet our customers' growing sustainability requirements.

In the light of the above, the system of quotas created by the safeguard measures constitutes an unjustified burden for European steel users, hampering their ability to manage the challenges of the current volatile international environment. In particular, our industries have reported the following:

- Multiple individual quota allocations for specific countries and product categories are insufficient and are therefore quickly exhausted, forcing companies to pay the 25% out-of-quota duty.
- Many key steel products are not produced in sufficient quantities in the EU and announced investments will not be enough to meet future demand. This is particularly problematic for steel products required to enable the EU's green transition.
- Importing steel under the quota system represents a considerable administrative burden and a complex task, which is especially unfair to SMEs.

Our industries are aware of the many challenges that the steel industry is currently facing globally (e.g. overcapacity issues, high energy prices, etc.). We also remain supportive of targeted interventions aimed at helping the steel industry to decarbonise. However, we do not believe that the steel safeguard measures are the appropriate instrument to address any of the challenges faced by the steel industry.

Therefore, to foster the expected growth of our industries and to avoid hampering the EU's twin transition to a green and digital economy, it is imperative that the European Commission terminates the steel safeguard measures by 30 June 2023.