

Annual Report

Covering 2023

2024

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EUROFER
THE EUROPEAN STEEL ASSOCIATION

FOREWORD

The future of EU industry is at an existential crossroads. Either we are heading towards a resilient Europe with resilient manufacturing, clean tech value chains – from critical raw materials and steel to renewables and electric vehicles – , or we are running towards dependence on third country imports. The message arising from all European industrial sectors is clear: we need a robust business case in Europe, with a set of enabling conditions under the umbrella of an effective industrial policy ranging from competitive clean energy, robust trade measures ensuring an international level playing field, to funding support and lead markets for green products, for example via public procurement criteria.

In the steel sector, we are witnessing both compelling opportunities and unprecedented challenges during the transition to green, circular and clean steel manufacturing. Our members are frontrunners and have already launched numerous groundbreaking emissions reduction projects, unmatched anywhere else in the world, where also steel scrap recycling plays a crucial role. With our 60 low-carbon steel projects under way, we are making good progress to achieve a reduction of 81.5 million tons of CO₂ per year, equivalent to a 30% emissions cut compared to 2018 levels, in less than six years from now.

The EU steel industry's leadership in decarbonisation was also acknowledged by European Commission President Ursula von der Leyen in her 2023 State of the Union address. She emphasised the imperative that

“From wind to steel, from batteries to electric vehicles, our ambition is crystal clear: the future of our clean tech industry has to be made in Europe”.

However, several factors – in particular, global excess capacity – undermine the viability of our sector in the EU and have ripple effects on most European manufacturing value chains based on steel, as evidenced by recent cases involving electric vehicles, trains, solar and wind turbines. Steel lies at the heart of Europe's prosperity, resilience and strategic autonomy, also supporting nearly 2.6 million EU quality jobs between direct, indirect and induced, and creating a Gross Value Added of €152 billion at EU level. Its critical role for EU economy and society, including for its green transition, should be more widely recognised at European level. This is also the objective of a pioneering awareness campaign we launched in Brussels this year.

Despite significant progress in implementing our decarbonisation projects, we need full support from the EU and national governments to ensure the success of the transition.

Why? Let us recap a few facts. The year 2023 has been the worst on record for European crude steel production (-7% compared to 2022 and -17.5% compared to 2021), plummeting to its lowest historical level at 126 million tonnes. Despite weak demand, the past year has also witnessed a spike in global excess capacity, peaking at 550 million tonnes. Subsequently, the import market share has reached historical highs in the EU (27%), with current trade defence instruments proving insufficient to halt the flow of cheap and carbon-intensive steel imports from abroad. The EU steel market outlook for 2024 remains sluggish (+3.2%) and subject to very high uncertainty, against the backdrop of two major conflicts in the EU's neighbourhood, ongoing global trade tensions, potential additional supply chain disruptions and volatile energy markets. This situation risks to further penalise EU producers who are already struggling to preserve their competitiveness vis-a-vis their global competitors, who also benefit from lower energy prices. This downward trend is common to other fundamental European industrial sectors such as chemicals (-8% in 2023), and confirmed by the overall decline in power generation (-5%).

Calls for urgent action to preserve the European industrial base, bolster its decarbonisation and clean technology leadership while safeguarding millions of EU quality jobs, have emerged from a multitude of sectors. The strong support garnered by the Antwerp Declaration for a European Industrial Deal, which has attracted about 1,200 signatories from 25 different industrial sectors thus far, has demonstrated the extent of the issue across sectors and EU member states.

The current situation is also reflected in both the Letta and Draghi reports, commissioned by European Commission President Ursula von der Leyen. They arrive at the same conclusions: squeezed between the U.S. Inflation Reduction Act on one side and the Chinese state might on the other, European competitiveness on global markets and prosperity for EU citizens are at stake if urgent measures implementing radical change in the EU toolbox are not taken now.

The trajectory of the past year and the months ahead, with a new EU tenure about to start, will lead to a make-or-break it moment for the European industry as a whole, and notably for the steel sector. A fresh EU approach to industrial policy for 2024-2029 is no longer a choice but a necessity if the European Union intends to 'make it' and become the global leader in decarbonisation, whilst averting de-industrialisation.

On behalf of the European steel industry, EUROFER has presented its Manifesto 2024-2029, Stronger with European Steel. It highlights the enabling conditions for a successful transition of our industry, which are as follows:

- 1. DRIVE A JOINT INDUSTRIAL POLICY & SPUR INVESTMENTS:** Streamline across all policy areas a joint green industrial policy that spurs investments, coordinated by an "Executive Vice-President for Industrial Transition and Made in Europe". Provide sufficient financial resources for the transition, making access easier, clearer and expedite. Establish lead markets for green products to further support investment via public procurement criteria, Greenhouse Gas (GHG) benchmarks and other market incentives. Renewable and low-carbon electricity and hydrogen supply at required volumes and internationally competitive prices.
- 2. PROMOTE ACCESS TO AFFORDABLE FOSSIL-FREE ENERGY:** Urgently deliver internationally competitive energy prices for industry. Reconsider all options in the

Electricity Market Design, as well as other complementary measures. Accelerate production, transmission and distribution of clean electricity and hydrogen in Europe. Prioritise the use of hydrogen in sectors that deliver the most CO2 reductions.

3. GIVE EU TRADE POLICY RENEWED

IMPETUS: Establish an effective EU-US Global Arrangement on Sustainable Steel to tackle global emissions and address excess capacity. Enforce a robust trade policy based on reciprocity against unfair practices, supported by the EU steel safeguard and Trade Defence Instruments. Implement an effective Carbon Border Adjustment Mechanism (CBAM) to restore a level playing field and prevent carbon leakage. Propose a solution for Europe to maintain its competitive edge and exports.

4. SECURE ACCESS TO CRITICAL RAW

MATERIALS: Champion the use of steel scrap to align with the EU's circular economy goals, valorise it and curb its export to nations with lower environmental and social standards. Guarantee a consistent supply of both primary and secondary raw materials to manufacture the components of the transition, while saving natural resources and emissions.

5. INSPIRE, ATTRACT AND RETAIN

STEELMAKERS: Promote new jobs in green steelmaking as a professional career among young generations to attract talent and support the sector's transition. Provide adequate training and academic opportunities. Upskill and reskill existing employees to achieve a fair transition, inspire and retain qualified workforce.

The time for action is now.

Europe can only be stronger with EU-made steel.

#StrongerWithEUSteel



HENRIK ADAM
EUROFER PRESIDENT



AXEL EGGERT
DIRECTOR GENERAL

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ECONOMIC AND MARKET SITUATION

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INTRODUCTION

The EU economy proved resilient in 2023 despite facing multiple shocks, but GDP growth remains low and uneven, while SWIP is expected to shrink in 2024.

- In spite of multiple headwinds, the EU economy grew by 0.6% in 2023 as major EU economies avoided recession, with the exception of Germany. Inflation has slowed down from the record-highs seen in 2022, albeit it remains above the ECB's 2% target.
- The growth outlook remains fragile and uncertain. Real GDP is projected to grow by just 0.9% in 2024 due to the continued weakness of the manufacturing sector and the prolonged impact of high interest rates, although monetary easing is on the horizon.
- SWIP growth also proved resilient in 2023, albeit slowing down compared to 2022 (+1.1% vs. +3.1%). However, it is expected to turn into a recession in 2024 (-1%), primarily due to the continued downturn in the construction sector driven by high interest rates.

ECONOMIC PERFORMANCE OVERVIEW

Thanks to a higher-than-expected resilience of the economy and a positive, albeit declining, contribution from the services sector, the EU economy avoided recession in 2023. However, growth was much lower than in 2022 (+0.6% vs. +3.4%). This resulted from multiple downside factors, namely high inflation (albeit on a downwards path throughout 2023) and subsequent monetary tightening, war-related uncertainty and geopolitical tensions, high energy and commodity prices, all factors weighing on business investment.

EUROFER's GDP forecasts for the EU in 2024 has remained unchanged compared to the previous outlook (+0.9%), and sees some acceleration in

economic growth in 2025 (+1.7%), in line with the European Commission's February 2024 Economic Forecast. However, overall economic uncertainty still lingers for 2024. EU economic growth is expected to gain some ground during the year, but downside risks remain: the continued war in Ukraine, persistently high inflation and interest rates and serious geopolitical tensions in the Middle East are likely to weigh further on economic confidence and also on energy prices. A so-called 'soft landing', which is a combination of lower inflation without economic recession, appears to be the most likely scenario for the current year. The impact of the above downside factors has proven asymmetrical across EU

individual economies. Germany has experienced a mild recession in both 2023 (-0.3%), mostly due to the weakness of its manufacturing sector, and is expected to recover moderately in 2024 (+0.3%). Austria, Sweden, Czech Republic and Hungary are also expected to face recession in 2023 (-0.8%, -0.2%, -0.5% and -0.5% respectively), before experiencing recovery in 2024. As for France and Italy, real GDP growth in 2023 was above the EU average (+0.9% for both), and their economies are set to grow also in 2024, albeit at a lower rate (+0.5% and +0.6% respectively). Spain recorded a more pronounced GDP growth than the EU average in 2023 (+2.5%) and is expected to replicate in 2024 (+2%).

The latest IMF World Economic Outlook (April 2024) forecasts global GDP growth of +3.2% both in 2024 and 2025 (+3.1% in 2023), with +0.4%, +0.8% and +1.5% in the euro area for 2023, 2024, and 2025 respectively. As regards Germany, the IMF predicts, after -0.3% in 2023, a GDP growth recovery of +0.2% in 2024 and of +1.3% in 2025. The OECD, in its latest Interim Outlook (February 2024), estimates euro area GDP growth to be +0.6% in 2024 and +1.3% in 2025, while forecasting recovery for Germany both in 2024 (+0.3%) and in 2025 (+1.1%).

Throughout 2023, domestic demand, particularly private consumption, has been providing very modest contribution to GDP growth, given persistently high inflation that reduces household disposable income. This has been partially offset by the significant amount of savings that households were able to cumulate during the pandemic. Services are expected to continue to provide the primary contribution to GDP growth, while manufacturing is expected to remain weak, contrary to the post-pandemic rebound experienced in 2021 and up to the first quarter of 2022.

In the fourth quarter of 2023, the EU economy showed persistent weakness, replicating flat developments as in the preceding quarter. On a year-on-year basis, the EU's real GDP growth was minimal (+0.2% after +0.1% in the third quarter).

Germany avoided technical recession between the third and the fourth quarter of 2023 (0% and -0.3% quarter-on-quarter, respectively), but its economy has continued to pay the toll to monetary policy tightening, uncertainty over energy prices and rising global tensions affecting its manufacturing sector, especially the automotive industry.

Other major euro area economies had diverging developments. Spain achieved positive GDP growth (+0.6% quarter-on-quarter, and +2% year-on-year). Italy, whose manufacturing sector is deeply integrated with the German one, saw its real GDP dropping (-0.4%) quarter-on-quarter in the second quarter, followed by modest recovery (+0.2%) in the third and the fourth quarter (resulting in a +0.6% growth year-on-year). France has entered a phase of weak growth as its real GDP grew by a mere +0.1% in the fourth quarter of 2023 after flat developments in the third quarter, albeit resulting in year-on-year growth (+0.7%). In line with the latest leading indicators, which continue to signal weakness in the manufacturing sector, it appears unlikely that EU economies will see growth gaining speed before the second quarter of 2024, as the economic outlook remains very uncertain with a fragile growth conditional upon several downside factors.

Throughout 2023, energy prices have continued to decrease from the all-time peaks seen in July 2022. The TTF Natural Gas Price Index went from peaking at €342 per MW/h in August 2022 - which was 20 times the average value observed in 2021 - to a current value of around € 26 per MW/h in April 2024. The reasons behind these developments include a lower gas demand outlook due to the economic slowdown, a relatively mild winter, the EU's price cap, a higher consumption of wind and other renewables during 2023 and a rather successful transition from Russian pipeline gas to shipborne liquefied natural gas (LNG) from other suppliers. On the other hand, the ongoing

war in Ukraine, turmoil in the Middle East and global geopolitical tensions could push future increases in oil prices, despite expectations of low demand. Such a scenario could hinder economic growth. Potential new disruptions along the global supply chain could impact overall costs for industries and business as well.

Inflation became a primary concern and reached highs unseen since 1985 in the EU in October 2022, peaking at 11.5%, but has been easing considerably since then. Data from February 2024 (2.8%) confirm this downward trend (2.4% in the euro in March). In March 2024, inflation stood at 2.3% in Germany, at 2.4% in France, at 3.2% in Spain and at 1.3% in Italy whereas it stood between 4% and 5% only in Estonia, Croatia and Austria. Although energy prices have decreased considerably (from +41% in June 2022 to -3.2% in February 2024), core inflation has slowed down at a lower rate than the overall price index, from 6.6% in March 2023 to 3.5% in February 2024. This points to the fact that inflationary developments continue to be driven more by endogenous factors than by external ones. Prices are expected to see more moderate developments also in 2024, despite potential inflation-igniting factors still on the background. EUROFER estimates an inflation rate of 3.1% in 2024, slowing down from 6.6% in 2023 but remaining above the 2% ECB inflation target also in 2025 (2.6%, vs. 1.5% previously forecasted), remaining above 4% in some member states. Despite ongoing moderation in inflation rates, inflationary concerns have been materialising again in recent weeks due to rising tensions in the Red Sea that could lead to considerable disruptions for the EU industry's supply chain.

Due to the highest inflation rate over the last 35 years, central banks in advanced economies were bound to quickly reverse their hyper-expansionary monetary policy stance. The ECB has raised its policy rate from zero up to 4.50% since July 2022, with the last hike in September 2023. This has inevitably reduced the room

for supportive fiscal policies, in particular government spending by EU member states, as borrowing costs will be higher, especially for highly-indebted economies. A policy rate cut by the ECB is not expected before June of 2024 at the earliest.

In addition, the ECB terminated its PEPP (the COVID-led exceptional Asset Purchase Programme), which helped keep government bond yields low for highly-indebted countries. Despite the ongoing downside factors, the deterioration of the economic outlook and the need of continued public support to the economy, the Stability and Growth Pact – suspended until the end of 2023 – has been enforced again (in its newly-approved version) from 1 January 2024.

STEEL USING SECTORS

Despite persisting downside factors, steel-using sectors' output continued to grow in 2023 (+1.1%, previous outlook +0.7%), albeit with wide differences across individual European economies and sectors. In 2024, steel-using sectors' output growth is projected to drop (-1%, formerly +0.2%), mainly due to the second recession in a row in the construction sector, before picking up again in 2025 (+2%).

On a quarterly basis, growth in output from industrial sectors continued through Q4 2023, showing unexpected resilience (+0.2% year-on-year), albeit revealing opposing trends among sectors. The automotive sector, in particular, recorded its seventh consecutive output increase (+2.8%, after +4.8% in Q3 2023), although these rises in output primarily reflected an upturn after very low output volumes seen during 2022. The sector is expected to gradually improving over the next quarters, but absolute output volumes are projected to remain well below the levels seen in 2019 also throughout 2024.

Following the modest rebound seen in 2021 (+2.6%), output in the automotive increased

(+5.7%) in 2022 and robustly grew (+8.5%) in 2023, thanks to short-term positive developments on both the supply and demand side – as consumer demand outweighs uncertainty about electric vehicles implementation standards and subdued income developments. However, in 2024 the sector is projected to lose momentum due to protracted market uncertainty and overall industrial weakness, resulting in a moderate drop in output (-0.4%), followed by modest growth (+0.8%) in 2025. Total steel-using sectors' output had increased more than expected (+3.1%) in 2022, following the rebound in 2021 (+6.9%) after the sharp decline recorded in 2020 (-10.3%) due to impact of COVID-19.

The primary factor weighing down Steel Weighted Industrial Production (SWIP) growth in 2024 also is expected to be the outlook for the construction sector. Overall output in the sector continued to grow (+3.1%) in 2022, following a buoyant +6.3% in 2021, thanks to both EU and national supporting schemes for repair, maintenance and civil engineering. However, increasing shortages and higher prices of construction materials, coupled with declining demand in residential construction due to

monetary tightening and higher mortgage rates, quickly led to an output recession in 2023 (-1%, less severe than the previously forecasted -2.1%), followed by a deeper recession (-1.9%) in 2024. The sector is expected to recover in 2025 (+2.7%). Additionally, weak performance in domestic appliances, metalware and, to a lesser extent, mechanical engineering also contributed to the sluggish SWIP growth in Q4 2023. The weakness of the overall EU manufacturing sector and the bleak investment and business outlook, driven by high inflation and elevated interest rates as along with the uncertainty stemming from the ongoing war in Ukraine and escalating tensions in the Middle East, are expected to negatively impact SWIP growth also in the first half of 2024. SWIP experienced growth in 2022 (+3%), but began to decelerate throughout 2023, resulting in an annual increase of +1.1% for the entire year, with significant differences among individual European economies. Subsequently, SWIP output is projected to decline in 2024 (-1%), primarily due to a prolonged downturn in the construction sector and overall manufacturing weakness, particularly in certain EU member states, before rebounding (+2%) in 2025.



STEEL MARKET

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STAINLESS AND SPECIALTY STEELS

INTRODUCTION

The year 2023 marked another sharp contraction for the EU steel sector, both on the supply and demand side, due to the prolonged impact of multiple shocks, including disruptions related to global conflicts, high energy and production costs, supply chain issues and monetary tightening. Production and apparent steel demand both experienced two severe consecutive drops in 2022 and 2023. The outlook is expected to improve during 2024, but remains highly uncertain.

- Crude steel production in the EU amounted to 126 million tonnes in 2023, marking the lowest volume ever recorded. It represents a decline of -7% compared to 2022, following the decrease of -11% compared to 2021.
- Apparent steel consumption decreased by -9% in 2023, after a drop of -8.3% in 2022. The consumption volumes in 2023 (126 million tonnes) were the second lowest ever recorded.
- Imports of semi-finished and finished products decreased by -8.5% in 2023, but their market share out of apparent steel consumption remained at historically high levels (27%).
- Some improvement in steel demand, along with re-stocking, is expected in the course of 2024. Consequently, apparent steel consumption is projected to recover (+3.2%) in 2024 and in 2025 (+5.6%), although absolute volumes are expected to remain below pre-pandemic levels (2019).

CRUDE STEEL PRODUCTION

In 2023, crude steel production in the EU amounted to 126 million tonnes, marking another sharp contraction (-7%) compared to 2022, when production had already dropped considerably (-10.8%), following the strong post-COVID rebound seen in 2021. The production volumes in 2023 represented the lowest level on record, even below those recorded in 2009 in the aftermath of the financial crisis.

The upturn observed in 2021 was driven by a robust recovery in demand from steel-using sectors after the end of the COVID-19 restrictions. However, this upward trend ended in the first half of 2022 due to multiple shocks such as the war in Ukraine, continued supply chain disruptions, unprecedented highs in energy prices and subsequently higher production costs. These factors led to a slowdown in demand from steel-using industries that persisted throughout 2023.

EU STEEL CONSUMPTION AND TRADE BALANCE

In 2023, apparent steel consumption in the EU amounted to 126 million tonnes, representing another significant drop (-9%) compared to the decline already observed in 2022 (-8.3%). This marked the lowest volume ever recorded. Imports decreased to 33.6 million tonnes (-8.5%), down from 36.7 million tonnes in 2022, reflecting weak demand but still maintaining a 27% share of the market.

In the fourth quarter of 2023, apparent steel consumption increased after sixth consecutive quarters of decline (+2.8%, after -5.7% in the preceding quarter), also due to the comparison with the very low volumes seen one year earlier. However, the total volume stood at 29.9 million tonnes, marking the fourth lowest level on record.

The ongoing downturn in EU apparent steel consumption began in the second quarter of 2022, driven by war-related disruptions, unprecedented increases in energy prices and production costs. Demand conditions deteriorated considerably during the second half of 2022, continuing until the fourth quarter of 2023, as a result of growing global economic uncertainty, high interest rates and overall manufacturing weakness.

In 2021, apparent steel consumption rebounded (+17.1%) after plummeting due to the pandemic in 2020 (-12.1%). However, the severe consequences of the conflict in Ukraine on steel-using industries and the worsened overall economic outlook led to a recession (-8.3%) in 2022, with quarterly drops in the second, third and fourth quarters of the year. These protracted downside factors continued to impact apparent steel consumption in 2023 to a greater extent than expected (-9%, previous outlook -6.3%). This represents the fourth annual recession in the last five years. In 2024, conditional on more favourable developments

in the industrial outlook and improvement in steel demand, apparent steel consumption is expected to recover (+3.2%), albeit at a slower pace than previously forecasted (+5.6%).

In the fourth quarter of 2023, domestic deliveries mirrored the quarterly rebound in demand and increased (+1.3%) after seven consecutive declines (-2.9% in the third quarter). In 2021, deliveries rebounded significantly (+11%) after the sharp drop in 2020 (-9.6%). In 2022, they mirrored the sharp deterioration in demand and dropped (-9.1%). As a result of negative developments in the first three quarters of the year, domestic deliveries markedly decreased (-7.9%) in 2023.

The overall evolution of steel demand remains subject to very high uncertainty. However, quarterly improvements in apparent steel consumption are anticipated to continue in the first two quarters of 2024, albeit resulting in volumes still below pre-pandemic levels.

IMPORTS INTO THE EU

In 2023, total imports of steel products into the EU – including semi-finished products – decreased (-8.5%) again, following the decline already observed in 2022 (-6.7%).

Imports of finished products dropped (-11%) in 2023 (-5% in 2022; +35% in 2021), due to declines in imports of flat products (-8%; +9% in 2022) and long products (-22%; +11% in 2022).

The main countries of origin for flat product imports into the EU in 2023 were South Korea, India, Taiwan, Vietnam, Japan and China. Together, they accounted for 67% of total flat product imports into the EU.

At individual product group level, imports of all flat products decreased throughout 2023 compared to 2022, with the exceptions of hot rolled wide strip and quarto plate.

The main countries of origin for long product imports into the EU in 2023 were Turkey, China, Switzerland, the United Kingdom and India. These countries accounted for a share of 47% of total long product imports into the EU. All long product imports were lower in 2023 compared to 2022, with the exception of heavy sections.

Following the robust post-COVID rebound, steel demand began to slow down due to increasing disruptions along the supply chain and weakened considerably around the first half of 2022. Russia's war against Ukraine that began in February 2022 and all its related disruptions significantly affected the outlook for EU apparent steel consumption throughout 2022 and 2023. The outlook remains uncertain also for 2024, despite some improvement in the global economic outlook (i.e. lower interest rates, lower inflation, reduced economic uncertainty). Meanwhile, the global steel market continues to suffer from global excess capacity, which is further increasing, and numerous trade distortions. This risk of these distortions threatening the fragile balance between supply and demand in the EU steel market is likely to persist, even in the case of a relative normalisation of the situation in Ukraine and the global economic landscape.

In this context, the EU steel safeguard remains an essential tool to prevent damaging imported disruptions to the internal market.

EXPORTS FROM THE EU

Total EU steel product exports to third countries marginally dropped in 2023 (-1%), after a more pronounced decrease in 2022 (-16%).

Exports of finished steel decreased (-2%). Underlying data for both flat and long products reveal a combination of falling exports of flat products (-7%) and rising exports of long products (+10%).

The main destinations for EU steel exports in 2023 were the United Kingdom, Turkey, the United States, Switzerland and Egypt, followed by the United Arab Emirates (UAE), China, Ukraine

and Norway. The first five destinations together accounted for 56% of total EU finished product exports. During 2023, exports of finished products to China fell (-24%), as well as to Turkey (-8%), Switzerland (-14%), Brazil (-15%), India (-6%) and the United Kingdom (-1%). In contrast, exports to the UAE increased considerably (+53%) and, to a much lower extent, exports to Egypt (+3%).

The total EU trade deficit, including semis, narrowed to 1.3 million tonnes per month (1,336 kilotonnes), from 1.6 million tonnes (1,582 kilotonnes) recorded in 2021. Finished products recorded a deficit of 776 kilotonnes, compared to a deficit of 1 million tonnes (1,020 kilotonnes) in 2022.

Unlike 2022, when there was a deficit for both flat products and long products, in 2023 flat products recorded a trade deficit whereas long products recorded a surplus. Specifically, the net deficit in flat products narrowed from 862 kilotonnes per month in 2022 to 787 kilotonnes per month in 2023. Long products, after recording a deficit of 158 kilotonnes per month in 2022, achieved a surplus of 13 kilotonnes per month in 2023.

As regards trade deficit with individual trade partners, the largest trade deficit in finished products in 2023 was recorded with South Korea (257 kilotonnes per month), India (209 kilotonnes), Taiwan (196 kilotonnes), Vietnam (177 kilotonnes), China (149 kilotonnes) and Japan (146 kilotonnes).

The major destination countries for EU finished steel exports with a trade surplus in 2023 remained the United States, the United Kingdom and Switzerland.

Developments in the trade balance of the EU with third countries broadly reflected the ever-increasing competition in the global steel market seen in recent years. This mirrors the adverse combination of many negative factors that remain in place, in particular global overcapacity, which has continued to grow even after the pandemic and despite global supply

chain issues and war-related disruptions. This has led to the continuation of a situation of distortion of competitiveness through steel sector subsidisation by national authorities and increasing protectionism.

DELIVERIES OF STEEL (ALL QUALITIES EXCEPT STAINLESS STEEL)

Total deliveries of finished products in 2023 dropped (-4.1%) compared to the previous year, following another decline (-9.3%) already seen in 2022. This negative trend stemmed from a drop (-4.6%) in domestic deliveries within the EU market, alongside flat developments in export deliveries to third countries.

TOTAL STEEL DELIVERIES (MILLION TONNES)

	2022	2023	% change 23/22
EU 27+Export	117.8	113.0	-4.1
EU 27	104.7	99.9	-4.6
Third Out EU 27	13.1	13.1	0.0

In 2023, total flat product deliveries decreased (-2.9%) compared to the tonnage delivered in 2022, after the drop (-8.5%) recorded in the previous year. Both EU domestic deliveries and deliveries to export markets outside the EU decreased (-2.5% and -6%, respectively).

TOTAL FLAT PRODUCT DELIVERIES (MILLION TONNES)

	2022	2023	% change 23/22
EU 27+Export	69.0	67.0	-2.9
EU 27	60.6	59.1	-2.5
Third Out EU 27	8.4	7.9	-6.0

In 2023, total long product deliveries fell (-5.7%) compared to the previous year, further to the decrease (-10.5%) already observed in 2022. This decline resulted from a combination of reduced

EU domestic deliveries (-7.5%) and increased export deliveries (+10.6%).

TOTAL LONG PRODUCT DELIVERIES (MILLION TONNES)

	2022	2023	% change 23/22
EU 27+Export	48.8	46.0	-5.7
EU 27	44.1	40.8	-7.5
Third Out EU 27	4.7	5.2	10.6

STAINLESS STEEL MARKET

In 2023, global stainless crude steel production reached 58.4 million metric tonnes, recording an increase (+4.6%) compared to 2022.

The year began with improved market confidence fuelled by better-than-expected European economic data. However, demand failed to meet expectations, prompting a period of market readjustment. Distributors responded by reducing their inventories and opting for smaller order volumes, exercising caution while awaiting clearer signals of demand improvement. High energy costs added further pressure on producers.

As a result, stainless steel melting production in the EU saw a significant decline (-6.3% year-on-year), plummeting to a historic low of approximately 5.7 million metric tonnes.

Recent data suggests a normalization of inventories across all markets, hinting at a potential recovery in apparent consumption throughout 2024. Nevertheless, the year ahead remains clouded by geopolitical uncertainties and the persistent risk of overcapacity in Asia.

Inventory adjustments led to a roughly 20% decline in the supply of stainless finished products in the European market compared to 2022. The most significant reduction, nearing 50%, occurred in imports, especially those intended for the distribution sector. Deliveries

from EU mills decreased by approximately 7% year-on-year.

(in thousand tonnes)

	2022	2023	% change 23/22
Total stainless steel market supply	6,256	4,968	-20.6
Of which EU mills	4,200	3,897	-7.2
Of which imports	2,056	1,072	-47.9

In the stainless steel flat products segment, apparent consumption in the EU declined (-21%) in 2023 compared to 2022. Domestic deliveries by EU producers fell (-5.2% year-on-year), while imports plummeted by over half (-55.7%).

(in thousand tonnes)

	2022	2023	% change 23/22
Stainless steel flat products market supply	5,209	4,116	-21.0
Of which EU mills	3,582	3,394	-5.2
Of which imports	1,627	722	-55.7

In the stainless steel long products segment, the market supply in the EU dropped by nearly 20% in 2023 compared to the previous year. Both domestic supplies from EU mills and imports from third countries decreased at almost the same rate (-18.7% and -18.3% year-on-year, respectively).

(in thousand tonnes)

	2022	2023	% change 23/22
Stainless steel long products market supply	1,047	853	-18.5
Of which EU mills	618	502	-18.7
Of which imports	429	350	-18.3

ALLOY SPECIAL STEEL (OTHER THAN STAINLESS)

In 2023, the specialty steel industry encountered obstacles amid a slowdown in the global economy. This period saw steel production reaching historic lows due to weakened demand and persistently high electricity prices in Europe, presenting competitive disadvantages for the European steel sector against other regions and pushing production levels to record lows.

Major customer sectors like automotive and mechanical engineering struggled with supply chain disruptions, resulting in decreased order intake and production levels. Although monthly production recorded year-on-year growth, the total European light vehicle production in 2023 remained below pre-pandemic levels. Additionally, the German mechanical engineering industry faced challenges, while high interest rates and uncertainties led to reluctance in engaging in new investments. In 2023, production experienced a slight decline (-0.7%), while order intake plummeted (-12%) compared to the previous year.

Similarly, the overall market supply of finished alloy special steel products on the Union market decreased by over 10% in 2023 compared to the previous year. While EU domestic deliveries declined by 7.5%, imports experienced an even steeper drop, decreasing by approximately 25%.

(in thousand tonnes)

	2021	2022	% change 22/21
Total special steel market supply	7,154	6,395	-10.6
Of which EU mills	5,882	5,443	-7.5
Of which imports	1,272	953	-25.1

TRADE AND EXTERNAL RELATIONS

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INTRODUCTION

Global steel excess capacity, often fuelled by government support, is worsening, and its sources are expanding beyond Chinese territory, despite decades of multilateral analysis and diplomatic efforts. As evidenced by recent anti-circumvention cases, anti-dumping and anti-subsidy measures – vital for the steel industry – are not fit for tackling such a pervasive and global phenomenon and its negative spillovers on the EU market.

A new, comprehensive strategy and trade actions need to be developed to address global steel excess capacities. In the meantime:

- EU steel safeguard measures continue to be necessary to prevent or remedy serious injury, especially when the Union industry is adjusting while facing uniquely challenging conditions of cost-price squeeze and high energy prices;
- There is an urgent need for the continuation and conclusion of the negotiations for an EU-US Global Agreement on Sustainable Steel and Aluminium (GASSA);
- The EU should make full and ambitious use of the existing trade tools;
- Circumvention loopholes of both trade defence measures and sanctions should be closed.

TRADE ACTIONS

EU STEEL SAFEGUARD MEASURES

In June 2023, following an investigation, the EU determined that the safeguard measures should not be terminated earlier than foreseen (July 2024). The justification referred to the persisting situation of increasing global excess steel capacity, proliferating protectionism including the

U.S. Section 232 steel import tariff, and Europe's exposure to injurious import surges. Hence, the measures continue to be necessary to prevent or remedy serious injury, especially when the Union industry is adjusting while facing uniquely challenging conditions of cost-price squeeze and high energy prices.

RUSSIA'S INVASION OF UKRAINE: SANCTIONS AND IMPORT SUBSTITUTION

Following the initiation of Russia's war against Ukraine, the EU banned imports of Russian finished steel products (3.8 million tonnes at an import value of €2.8 billion in 2021). Originally, a transition period delaying the application of the import ban on semis (until September 2024) was granted to give companies importing Russian semis time to establish alternative sourcing. Under the 12th package of sanctions (December 2023), member states further delayed the transition period of another four years, allowing Russian slabs to continue entering the EU market (around 3 million tonnes at a value of around € 1.7 billion in 2023). Postponing the ban on Russian slabs creates a massive loophole in the EU sanctions policy, benefitting Russia while increasingly harming integrated steel production and sales in the EU internal market.

EU TRADE CASES

In 2023, the European Commission opened an expiry review investigation on imports of corrosion resistant steel from China. Consequently, existing duties have been renewed for another five years in March 2024.

In April 2023, following an anti-circumvention investigation, anti-dumping measures on imports of stainless hot-rolled flat products originating in Indonesia were extended to imports from Turkey with retroactive effect since July 2022.

In August 2023, the Commission also opened an anti-circumvention investigation on imports stainless cold-rolled flat products from Taiwan, Vietnam and Turkey, which have been found to be circumvention gateways for volumes coming from Indonesia and India subject to anti-dumping and anti-subsidy duties since November 2021 and March 2022, respectively.

EUROFER works closely with the European Commission and OLAF to monitor import flows and prevent circumvention of existing duties.

INTERNATIONAL TRADE DIPLOMACY GLOBAL AGREEMENT ON SUSTAINABLE STEEL

In 2023, the United States and the EU continued negotiations on a GASSA focusing on non-market excess capacity.

Global excess steel capacity, often fuelled by government support, is worsening and its sources are expanding beyond Chinese territory. New dynamics of global excess capacity, with China developing excess capacity in third countries and other regions developing their own domestic excess capacities, have translated into a cumulation of new sources of EU steel import surges.

The market-disrupting spillover of global excess capacity, which has been intensifying since the initiation of the EU – U.S. GASSA initiative (2021), confirms the urgent need for the continuation and conclusions of the bilateral negotiations.

INPUT MATERIALS DEPENDENCY

In recent years, export restrictions imposed by third countries and the conflict in Ukraine have highlighted the EU's dependence and vulnerability regarding the supply of both raw materials and energy. In response, EUROFER began analysing and monitoring the situation of input materials supply and availability for EU steel producers. The analysis focuses on third market situations and the EU's import dependency, with the goal of improving the EU's security of supply and competitive supply conditions. In early 2023, EUROFER established cooperation with the OECD and the EIT (European Institute of Innovation and Technologies) RawMaterials to further this effort.

ENVIRONMENT

DANNY CROON

DIRECTOR, ENVIRONMENT AND RESEARCH
OVERALL LEADERSHIP ON ENVIRONMENTAL POLICY

INTRODUCTION

The EU Green Deal has led to a considerable number of revisions as well as additional new EU legislation in the field of the environment. Within EUROFER, one Committee and a dozen Working Groups/Task Forces are handling the agreed priority files.

- Keeping scrap recycling and steel production within the EU is pivotal in meeting the ambitious objectives set by the EU Green Deal and advancing towards an enhanced European circular economy.
- A pragmatic, science- and risk-based approach is needed for all chemicals legislation. Substitutions of substances with alternatives that could later prove to be regrettable should be avoided. The Commission proposal for the REACH revision is expected in Q4 of 2024.
- The start of the revision of the I&S BREF needs to be set in a way that acknowledges and preserves the basket of breakthrough technologies for decarbonisation. Different plant configurations and framework conditions require different solutions.
- IED 2.0 has provided a balanced approach by safeguarding the integrated approach to pollution prevention and control, supporting decarbonisation whilst providing specific provisions for sectors undergoing deep transformation such as steel.

CIRCULAR ECONOMY

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WASTE SHIPMENT REGULATION

The revision of the Waste Shipment Regulation (WSR) includes provisions aimed at enhancing environmental and public health protection, while also advancing the EU's objectives for a

circular economy and zero pollution. EUROFER's advocacy managed to strengthen these provisions within the following areas, which are priorities for the steel sector:

- Addressing the possible risk of circumvention through the reclassification of waste;
- Improving the assessment and safeguard procedure for OECD countries;
- Strengthening the audit procedure and the qualification of auditors;
- A more effective definition and application of the principle of Environmentally Sound Management;
- Ensuring an adequate sanction scheme;
- Supporting research and development (R&D) and trials to contribute to improved intra-EU shipment.

The new WSR entered into force on 20 May 2024.

END-OF-LIFE VEHICLES REGULATION

- EUROFER provided initial feedback to the Commission on the proposed regulation on circularity requirements for vehicle design and on the management of end-of-life Vehicles (ELV), which replaces the existing directives on ELV & 3R Type-Approval. The following points were emphasised: The need for a higher quality and quantity of ELV scrap, and the prevention of illegal exports of ELV to third countries;
- The proposed feasibility study into potential minimum recycled content requirements for steel in vehicles should consider the limited availability of scrap overall, and assess whether the post-consumer scrap qualities available can better match the different compositional constraints applicable to each steel application in vehicles.
- Recognising the role of recycling both pre-consumer and post-consumer scrap in contributing to reducing emissions and enabling the circular economy.

ECODESIGN FOR SUSTAINABLE PRODUCTS REGULATION (ESPR)

The trilogue stage has concluded for the Ecodesign for Sustainable Products Regulation (ESPR), with both the Parliament and the Council expected to approve the provisional agreement in Q2 2024. EUROFER focussed on aspects such as product relevant performance requirements, coherence with current valid legislation, substances of concern (SoC), digital product passports, while also promoting recyclability, by-products and green public procurement. At the end of January 2023, the Commission launched a consultation to identify and prioritise the key product categories targeted by the ESPR to be included in the new Ecodesign Working Plan 2024-2029. EUROFER participated in the consultation, and iron and steel products were selected as a top priority among intermediate products.

As part of the follow-up procedure, the Commission's DG GROW (lead) and JRC began a preparatory study to identify a set of suitable requirements (both performance and informational) applicable to the products concerned (iron and crude steel, semi-finished and finished steel products), laying the groundwork for a possible future Delegated Act on ESPR. EUROFER joined a dedicated technical working group and contributed to the survey along with 40 other stakeholders, including individual companies, national steel associations, NGOs, member states' ministries, and consultants.

EUROFER's ESPR Task Force is utilised to exchange and communicate further details between member companies and the Commission/JRC. The JRC survey began in June 2023 and consists of eight tasks aimed at various aspects connected to iron and steel products. It is expected to be completed by the end of 2025, with the potential drafting of any delegated act scheduled to begin in June 2025.

GREEN STEEL (*)

EUROFER has outlined the different purposes for using a green steel definition in EU product policy. Looking ahead, the Commission's preparatory study for potential Ecodesign measures on iron and steel intermediate products will likely advance the discussion. Meanwhile, EUROFER and its members will contribute to ongoing international initiatives to harmonise GHG emissions measurement standards at the product and installation levels.

EUROFER stainless producers have also been working on a stainless-steel grade specific low CO₂ definition. Despite being predominantly produced from stainless scrap, the highest contribution to the total carbon footprint of stainless steel produced in Europe comes from the embedded emissions of upstream precursors such as the necessary ferro-alloys (FeNi, FeCr, etc.). These aspects need to be taken into account in the definition of low CO₂ stainless steel. The methodology to calculate the average footprint of every grade of stainless steel sold on the European market, against which producers can be compared, has been unanimously accepted by EUROFER Stainless Steel members. The proposal is now undergoing peer review by experts and is among the different proposals discussed with the European Commission within the scope of the ESPR regulation.

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STAINLESS STEEL, HEALTH AND ENVIRONMENT

CHEMICALS STRATEGY FOR SUSTAINABILITY

EUROFER and the Nickel Institute have successfully established the Alliance for Sustainable Management of Chemical Risk (ASMoR) to promote, among others, a targeted application and scope of the Essential Use Concept (EUC).

ASMoR members have made significant efforts to advocate for regulators about the need for:

- A thorough assessment of the EUC and its more targeted use to avoid regrettable substitutions that may occur when using the alternative broad application of generic restrictions;
- Caution regarding the potential premature inclusion of EUC in the Taxonomy prior to establishing a clear definition and implementation framework, which resulted in the EUC being put on hold;
- Holding any reference to EUC also in the Commission report on environmental claims of products containing hazardous substances, which led to its exclusion for the time being.

EUROFER is also taking part in discussions about the 'substitution' of hazardous chemicals in the framework of the REACH regulatory process, in particular authorisation and restriction. Further objectives will be to restrain the applicability of the concept only to specific classes of sub-

stances and to investigate whether substitution should be a voluntary or regulatory measure. The Commission proposal for the REACH revision is expected in Q4 of 2024.

METALS ENVIRONMENT EXPOSURE DATA (MEED)

Metals Environmental Exposure Data (further called MEED) addresses the need to demonstrate 'no harm' under the Zero Pollution Action Plan (ZPAP)/Zero Pollution Ambition and to respond to the regulatory challenges posed by the mixture assessment factor (MAF). It is supported by more than 20 metal sectors, and EUROFER has joined together with the Iron Platform and Boron Consortia. The MEED programme comprises a total of six projects and made significant progress, with eight milestones already reached. The latest update on the MEED programme indicates that all projects are on track.

MEED aims to identify which metals contribute most to exposure and risk in Europe, review existing knowledge on environmental mixture toxicity effect, develop an alternative scientific robust concept to express 'mixture interaction', define critical gaps in knowledge on mixture effect (with other metals or with organic substances), implement a testing programme to fill relevant data gaps, and develop a toolbox to investigate/measure biodiversity impact at the local and regional scale. All deliverables are expected to be finalised by the end of 2024.

LEAD (PB)

Lead plays a crucial role in metals recycling in Europe and is also used as an alloying element. Back in 2023, the Commission released the draft 21st Adaptation To Progress (ATP) proposal for discussion and review by CARACAL, where Lead was also included as toxic for reproduction.

The 21st ATP to the EU CLP Regulation was published in January 2024. It contains a new list of harmonised substance classifications that will be legally enforced as of 1 September 2025.

Among those substances, there is also split classification for Lead in massive and powder forms.

Under CLP, suppliers of mixtures (alloys) are required to use the "relevant available information" to determine the classification of their mixture. As a consequence of the new classification, suppliers/producers of mixtures such as lead-containing alloys must assess their mixtures for chronic toxicity by 1 September 2025. If a company believes that its alloy is not classified as Chronic 1 or 2 based on self-classification, it can also state that SEVESO does not apply to the material as it "does not meet the classification criteria for environmental effects which are in scope of SEVESO". A statement could also be made on SEVESO (and Transport) to include the rationale for their alloy not being classified, or not being classified as Chronic 1 or 2.

CLASSIFICATION, LABELLING AND PACKAGING

On 19 December 2022, the Commission proposed a revision of the CLP Regulation in the Chemicals Strategy for Sustainability and introduced new hazard classes for endocrine disruptors and other harmful substances. These new hazard classes have been added via a Delegated Act, which entered into force in April 2023.

Important changes contained in the provisional trilogue agreement reached in December are related to 'More than One Constituent Substances' (MOCS). Co-legislators agreed not to use the initial definition of MOCS from the Commission proposal, considering it a potential problem with existing REACH definitions. Instead, they decided to define them as 'substances containing more than one constituent' and set rules to evaluate them, with the purpose of minimising the occurrence of additional animal testing.

The final adoption of the revision remains uncertain due to the upcoming change in the EU tenure, which may affect the next steps for this file.

WATER

THE BLUE DEAL

A proposal drafted in 2023 by the European Economic and Social Committee has been taken into consideration by the European Parliament, following the efforts of the Water Directors Group. Currently, the Committee of the Regions is also drafting an opinion on the subject, which could be adopted in June. The European business community believes that a European platform to collect and disseminate knowledge and experiences on water management could be facilitated in the future. Regions particularly at risk of suffering from water scarcity or floods should be supported.

ENVIRONMENT QUALITY STANDARDS (EQS)

NICKEL (NI)

The prioritisation process for the EQS dossier was finalised by the JRC. The Nickel Institute and EUROFER are concerned about the revised EQS values for Ni, aiming to tighten the existing EQS for nickel in surface waters, as the proposed values are not scientifically justified and are overly conservative. The Nickel Institute, EUROFER and other associations raised this concern with the ENVI Committee of the European Parliament. At the time of writing, negotiations were still ongoing.

DRINKING WATER DIRECTIVE

The legal acts of the Drinking Water Directive (DWD) were published in January 2024, establishing new European standards that will apply to materials and products intended for human consumption. The most important legal act for the steel sector is the one that establishes the European Positive List (EUPL) of substances that can come into contact with drinking water (such as stainless steel, carbon steel, galvanised steel and cast iron) and its related procedure for adding new or existing entries to the list. Since

it is not possible to add new entries to the EUPL between 12 July 2021 and 31 December 2026, the Commission has proposed transitional provisions in the legal acts at both product and new material levels.

SOIL MONITORING LAW

The long-awaited proposal for a Directive on Soil Monitoring and Resilience (Soil Monitoring Law), aimed at the protection and sustainable use of soil, was presented by the European Commission in July 2023. By establishing a harmonised definition of soil health, a comprehensive and coherent monitoring framework, and rules on sustainable soil management and remediation of contaminated sites, this framework aims to ensure that all soils are in a healthy condition by 2050. The legislation is currently under revision of the European Parliament's ENVI and AGRI Committees. Due to the elections of the European Parliament scheduled for June 2024, the procedure will not be concluded during the current legislature.

EUROFER members are particularly concerned about the decontamination and remediation activities proposed in the ENVI and AGRI reports, which solely focus on complete removal of contamination. On the contrary, they should rather adopt risk-based remediation criteria and take into account the current or future use of the relevant sites, if known. EUROFER stressed the importance of recognising installations already subject to the Industrial Emissions Directive (IED), which should be excluded from soil monitoring obligations, including monitoring frequencies, as these provisions are already integrated in the IED.

ALEXIS THUAU

MANAGER

PROCESS EMISSIONS

BEST AVAILABLE TECHNIQUES (BATs)

REFERENCE DOCUMENTS (BREFs)

The revision of the Surface Treatment of Metals (STM) and Large Volume Inorganic Chemicals (LVIC) BREFs continued throughout 2023, with certainty that both BREFs will incorporate additional elements required by the revised Industrial Emissions Directive (IED 2.0).

Specifically, in 2023, the STM BREF questionnaire was finalised, and data collection, despite a deadline set before the summer recess, continued throughout the year. Several site visits complementary to the data collection were also organised. EUROFER will assess collected data throughout 2024.

Regarding the LVIC BREF, questionnaire development took the entire year until its finalisation in late December, due to the complexity of the sectors covered. EUROFER, in close collaboration with its members, successfully ensured that the questionnaire reflects the fact that the production of sulphuric acid in steel plants is a very small and specific process step that will sooner or later be completely phased out as part of the deep industrial transformation. On the other hand, the questionnaire includes many data fields on hydrogen production with no apparent consistency with the current hydrogen production landscape. Data collection has now started and, as with the STM BREF, will likely extend beyond the deadline set in May 2024.

In view of the presentation and discussion on the Commission work programme for the exchange of information under IED Art. 13(3)b at the IED Article 13 Forum meeting, a EUROFER position on the revision of the I&S BREF was established. EUROFER also participated as a panel member, representing the informal Industrial

Emissions Alliance, in the workshop organised by the Commission and the German Federal Environment Agency on the evolution of the Seville process in light of the revised IED. By April 2026, the Commission will amend the Implementing Decision 2012/119/EU (the BREF Guidance).

INDUSTRIAL EMISSIONS DIRECTIVE (IED 2.0)

Following the adoption of the Council general approach in March 2023 and the European Parliament position in July 2023, interinstitutional negotiations ran throughout the second half of 2023 and concluded with a trilogue agreement in late November. After the adoption of the final text at first reading in 2024, the revised IED (IED 2.0) will enter into force 20 days after its publication in the EU Official Journal and member states must transpose it within 22 months after its entry into force. Transitional provisions have been added for plants regulated under IED 1.0.

The final legislative text includes a crucial contextualisation for the assessment of the strictest achievable level of the BAT-AEL range, by moderating the legally binding character of BAT-AEPLs or by introducing derogations when deep industrial transformation (DIT) operations are carried out. Emerging techniques will be scrutinised much more through a new body within the Joint Research Centre (JRC): the Innovation Centre for Industrial Transformation and Emissions (INCITE), which will contribute to the front-loading exercise towards the Seville TWG. As an important energy-intensive sector, the steel industry will be addressed as a priority.

Looking ahead, implementation work will be a priority, notably as regards the detailed arrangements for the establishment and functioning of INCITE, the revision of the BREF Guidance, and the specification of the content of Transformation Plans (TPs).

AIR POLICY REVIEW

The revision of the Ambient Air Quality Directive was conducted at a very fast pace, from the initial proposal tabled in October 2022 to the trilogue agreement in February 2024. The European Parliament's very ambitious position, adopted at the end of the summer 2023, faced many red lines in the Council. This ultimately led to a trilogue that was broadly in line with the original Commission proposal, with some additional flexibilities. Throughout the process, EUROFER played an important role in ensuring that the revised legislation achieves a realistic level of ambition while avoiding to slow down or jeopardise the ongoing transformation of the steel sector.

NICHOLAS AVERY

SENIOR ADVISOR

LIFE-CYCLE ASSESSMENT

PRODUCT RELATED ENVIRONMENTAL ISSUES

LIFE-CYCLE ASSESSMENT IN PRODUCT POLICY

Several new and revised product policies were finalised in 2023. They fully embrace life-cycle thinking through the use of life cycle assessment (LCA).

EUROFER has collaborated with metals partners in the Metals for Buildings alliance to ensure the full life-cycle is included in any reporting requirements for the construction sector. In the Energy Performance of Building Directive (EPBD), whole life-cycle greenhouse gas emissions will have to be reported, with limit values set by member states from 2030 for all new buildings.

At product level, ongoing sustainable construction standardisation work within TC 350 focuses on how to apportion certain 'green' energy or material inputs to certain products (chain of custody methods) with respect to Environmental Product Declarations (EPD), and separately on the development of new standards on circularity. This work will inform product regulation



under the newly revised Construction Products Regulation (CPR) and ongoing implementation through the CPR Acquis process, where mandatory reporting of life-cycle emissions is set to become mandatory. The steel sector hopes that its complementary product category rules for EPDs, developed in prEN 17662, will soon go to final vote, in order to improve the consistency of steel EPDs currently in use.

EUROFER continues to support the development of standards that will facilitate fair and consistent comparison of the life-cycle environmental performance of products. In this context, the Environmental Footprint (EF) method, as recommended by the Commission, represents a compelling solution. The highly anticipated Green Claims Directive has adopted many EF principles, and although intended for B2C communications, the steel industry may still fall within scope in some situations. EUROFER is further investigating how the EF method could be used for assessing steel as intermediate products.

RESEARCH AND INNOVATION

DANNY CROON

DIRECTOR, ENVIRONMENT AND RESEARCH

INTRODUCTION

EUROFER has one Committee and one working group which are active in the field of research and innovation. The Research Committee mainly deals with EU legislation, such as the Framework Programme 10 (FP 10), whilst the Refocus working group continues its work on the further implementation of the Research Fund for Coal and Steel (RFCS).

- Refocus/Steel Advisory Group (SAG) members made further suggestions to the European Research Executive Agency (REA) for the improvement of RFCS while also preparing for the SAG meetings.
- A deeper analysis is needed to understand the reasons for the difference in success between research projects in the process and market area.
- Refocus will pay careful attention to the call for expression of interest for new SAG members.
- New initiatives have been established with REA aimed at increasing the success rate of the RFCS Clean Steel Partnership (CSP) proposals, the so-called "Big Ticket".
- EUROFER believes that the budget for FP10 (period 2028–2034), linked to competitiveness and industry needs, should be doubled to €200 billion.

IMPLEMENTATION OF THE RESEARCH FUND FOR COAL AND STEEL (RFCS)

The EUROFER Refocus Working Group continued its activities during 2023–2024, particularly focusing on preparation for the Steel Advisory Group (SAG) meetings, organised by the European Research Executive Agency (REA) Unit B1 (Future Low Emission Industries). Refocus, representing 14 SAG members, made 13 suggestions for further improvement of RFCS to REA B1. These include, among others, the following: project monitors should be TGA members;

there should be a greater technical focus, more results and less administration; for the annual calls, the SAG should receive the ranking list as well as an analysis of the number of submitted proposals and the number of approved projects per TGA area; there should be no separation in the budget between research and pilot & demonstration projects, and 'crossing' of the Technology Readiness Level (TRL) line should be acceptable.

For the RFCS Annual Call 2023, 61 steel proposals were submitted, of which 36 were resubmis-

sions. The total EU grant requested is €102 million, while only €29 million is available for steel. Consequently, a total of 21 steel proposals have been accepted (2 accompanying measures, 13 research projects, and 6 pilot & demonstration projects). Only 2 research projects will start in the process area, and 11 will start in the market area, despite a similar number of proposals being submitted in both areas. It is important to understand, through deeper analysis, the reasons for this difference in success after evaluation, as research projects in the process area should be the seed for future projects in the Clean Steel Partnership.

REA B1 is preparing a call for expressions of interest for new SAG members, which will contain detailed criteria and is scheduled to be launched during Q2 of 2024. Refocus will pay attention to this, as previously, many TGA members were not reappointed due to claimed shortcomings in their applications. Also in the pipeline is the In-Pack 2024 RFCS annual call.

THE CO-PROGRAMMED EUROPEAN PARTNERSHIP ON CLEAN STEEL (EU CSP)

The Clean Steel Partnership, led by ESTEP with the support of EUROFER, has been established with funding from two sources: one from Horizon Europe (HEU, Cluster 4) and another from the RFCS. Public funding totalling €700 million is expected to be raised over seven years, with €50 million per year from each financing programme, complemented by funding from the private sector and in-kind contributions from the industry.

The CSP HEU 2023 featured two calls addressing the following Clean Steel topics:

- Low carbon-dioxide emission technologies for melting iron-bearing feed materials or smart carbon usage and improved energy and resource efficiency through process integration;
- Circular economy solutions for the valorisation of low-quality scrap streams, materials

recirculation with high recycling rate, and residue valorisation towards the long-term goal of zero waste.

A total of four projects, with an overall budget of €20.9 million, were selected for funding, of which the EU contributed €19.8 million.

The CSP HEU 2024 work programme includes the following two CSP topics:

- CO₂-neutral steel production with hydrogen, secondary carbon carriers and electricity or innovative steel applications for low CO₂ emissions (indicative budget: €20 million; EU contribution per project: €3 million to €5 million; research and innovative action; technology readiness level: starting at 4 and achieving 5 to 6);
- Digital transformation and ensuring better use of industrial data to optimise steel supply chains (indicative budget: €10 million; EU contribution per project: €3 million to €5 million/lump sums; innovative action; technology readiness level: starting at 5 and achieving 6 to 7).

These topics complement the large CSP call funded by RFCS in 2023, totalling €131 million. The RFCS CSP call 2023 consisted of a single call with the following five objectives:

- Preparation of steel CO/CO₂ gases for carbon capture, use and storage;
- Process integration in steel plants to reduce the use of fossil carbon and associated CO₂ emissions;
- CO₂-neutral iron ore reduction;
- Development of technologies to reduce the specific energy required to produce steel;
- Circular economy and sector coupling solutions to meet the zero-waste goal for steel-making.

Nine proposals were submitted, but only one passed the evaluation for EU funding, amounting to €5.8 million. Several meetings with DG RTD C3 and REA B1 took place to discuss the

shortcomings. It has led to, among other initiatives:

- Innovations in the RFCS CSP calls aimed at increasing the submission and quality of proposals, and the success rate of the evaluation;
- Interviews/hearings incorporated into the evaluation process. Applicants will have the opportunity to come to Brussels, answer questions directly from the experts, explain their proposal and clarify potential ambiguities;
- Workshop on “How to write a good Big Tickets calls proposal”: based on the experience from 2022-2023 calls, it provides guidance and advice on how to improve quality and successfully address the requirements of the call.

Furthermore, starting from 2024, RFCS CSP proposals will be evaluated by five experts from the steel sector (instead of three previously), aiming to cover the EU Green Deal and the business case.

The objectives of the RFCS CSP 2024 call, for which a total of €100 million in EU funding is available, are as follows:

- Cross cutting issues: digitalisation, skills and social innovation;
- CO₂ neutral iron ore reduction (increasing the use of pre-reduced iron carriers);
- Technologies to improve energy efficiency, increase heat recovery and enhance Process Integration (PI) approaches in steel production;
- Advanced steel alloys for special applications;
- Circular economy and sector coupling solutions to meet the zero-waste goal for steelmaking;
- Preparation of steel CO/CO₂ gases for Carbon Capture Use and Storage (CCUS).

Costs will be reimbursed at a rate of 50%. The

requested grant amounts (EU co-financing) are expected to range from €5-9 million. Proposals for large demonstrators can be up to €18 million (which does not preclude the submission/selection of a proposal requesting even higher amounts). The deadline for the call was 25 April 2024. The grant agreement signature is scheduled for October to December 2024.

For the period 2025–2027, the CSP general approach will be continued. This means for the CSP RFCS 6 call objectives will remain very broad and bottom-up, with the use of a large budget (high TRL demonstrators). For the CSP HEU it translates to dedicated calls with medium TRL.

The year 2024 would also mark the beginning of preparations for the successor of the CSP under the Framework Programme 10 (FP 10). The current interim evaluation of HEU provides the background for initiating reflections on how European research, technology and innovation policies could or should be shaped beyond 2027. member states have started their deliberations on FP 10 under the European Research Area and Innovation Committee (ERAC), in collaboration with DG RTD. A Commission proposal is expected by mid-2025, following the ordinary legislative procedure. FP 10 is expected to commence in 2028 and run until 2034. The EUROFER Research Committee has begun working on the FP 10 dossier and contributed to the discussions held at BusinessEurope, outlining priorities for research and innovation for the next Commission. FP10 needs to be drafted in close dialogue with industry. Provided that the budget for FP10 is linked to competitiveness and industrial needs, and thus aligning with the original goals of the Framework Programme, EUROFER believes that it should be doubled to €200 billion.

TECHNOLOGIES

JEAN THEO GHENDA

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INTRODUCTION

On 23 November 2023, the Commission launched two calls for proposals to accelerate the deployment of innovative technologies in Europe. Together, the calls make up to €4.8 billion available for industry and clean tech players in Europe: The Innovation Fund 2023 Call (**IF23**) and the Innovation Fund 2023 Auction (**IF23 Auction**).

1. Proposals for the Innovation Fund 2023 could be submitted until 9 April 2024.
2. Submission of bids for the Innovation Fund 2023 Auction was opened until early February 2024:
 - Applicants will be informed about the evaluation results within May 2024. The Grant Agreements will be signed by November 2024 at the latest;
 - The Commission is also offering a new "Auctions-as-a-service" mechanism allowing member states to award national funding to additional projects;
 - Germany has been the first EU country to make use of the "Auctions-as-a-service" feature, allocating €350 million.

THE INNOVATION FUND 2023 CALL

The IF23 Call offers €4 billion for projects in various sectors, including decarbonisation, clean tech manufacturing, maritime and energy-intensive industries. The application window was open until 9 April 2024.

The call is funded through revenues from the EU Emissions Trading System (EU ETS). The Commission has increased the overall funds available, and doubled the budget allocated for clean tech manufacturing projects compared to the previous call. An amount of €1.4 billion is available to strengthen industrial manufacturing

capacity, technology leadership, and supply chain resilience in Europe.

Project promoters could apply for grants under five topics with distinct budget and capital expenditure (CAPEX) requirements:

- General decarbonisation (large-scale): €1.7 billion available for projects with CAPEX above €100 million;
- General decarbonisation (medium-scale): €500 million available for projects with CAPEX between €20 million and €100 million;
- General decarbonisation (small-scale): €200 million available for projects with CAPEX

- between €2.5 million and €20 million;
- Clean tech manufacturing: €1.4 billion available for projects with CAPEX above €2.5 million focusing on the manufacturing of components for renewable energy, energy storage, heat pumps and hydrogen production;
- Pilot: €200 million available for projects with CAPEX above €2.5 million focusing on deep decarbonisation.

Projects will be assessed based on their potential to reduce greenhouse gas emissions, their degree of innovation, maturity, replicability and cost efficiency. The Innovation Fund can cover up to 60% of a project's relevant costs. Promising projects that are not sufficiently mature for a grant or not selected for funding due to budget limitations may benefit from the European Investment Bank's Project Development Assistance (PDA).

NEXT STEPS

Applicants will be informed about evaluation results in the fourth quarter of 2024. Successful applicants will sign grant agreements in the first quarter of 2025.

THE INNOVATION FUND 2023 AUCTION

The IF23 Auction aims to support renewable hydrogen production. Auctions are a new financing mechanism under the Innovation Fund and a key element of the EU Hydrogen Bank. A €800 million budget is available for bidders (project developers). Submission of bids was opened until early February 2024.

The pilot auction under the European Hydrogen Bank for renewable hydrogen production in Europe has attracted 132 bids from projects located in 17 European countries. The total support requested far exceeds the currently available budget of €800 million, provided by the Innovation Fund. All bids taken together provide for a total planned electrolyser capacity of 8.5 gigawatts (GWe). Over the span of ten years, this

would lead to a total production volume of 8.8 million tonnes of renewable hydrogen.

Producers of renewable hydrogen have made their bids to receive support in the form of a fixed premium per kilogram of renewable hydrogen produced. This premium bridges the gap between the cost of production and the price buyers are currently willing to pay for renewable hydrogen rather than fossil hydrogen.

The Commission is also offering a new "[Auctions-as-a-service](#)" mechanism to enable member states to benefit from the EU-level platform and award national funding to additional projects, in full respect of state aid rules. Germany has been the first EU country to make use of the "Auctions-as-a-service" feature, allocating [€350 million](#) from its national budget for renewable hydrogen production projects in Germany in case eligible bids for German projects cannot receive Innovation Fund support due to budget limitations.

NEXT STEP

The [European Executive Agency for Climate, Infrastructure and Environment \(CINEA\)](#) is currently checking the admissibility and eligibility of the bids and will then evaluate them. The bids will be ranked according to their price. Applicants will be informed about the evaluation results within May 2024. Successful applicants will sign grant agreements by November 2024 at the latest. The selected projects will have to start producing renewable hydrogen within five years of signing the grant agreement. They will receive the awarded fixed premium subsidy for up to 10 years.

CLIMATE AND ENERGY

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INTRODUCTION

All the relevant climate and energy pieces of legislation of the Green Deal were finalised in the last year, while implementation work started on some of them. At the same time, EU institutions continued their emergency initiatives to react to the energy crisis that followed Russia's invasion of Ukraine. Even though energy prices decreased compared to the peak of 2022, they remained substantially higher than pre-crisis levels and contributed severely to further production curtailments.

- Free allocation rules for the ETS period 2026-2030 were finalised.
- Transitional period of the CBAM started in Q4 2023.
- A partial reform of the electricity market design was adopted.
- New rules on hydrogen use in the industry were developed.
- More ambitious renewable and energy efficiency targets were agreed.

EU EMISSIONS TRADING SYSTEM (EU ETS) POST-2020

Following the revision of the EU ETS Directive, EUROFER contributed extensively to the Expert Group on Free Allocation and Carbon Leakage Risk, which was consulted by the European Commission in preparation of [Regulation 2024/873](#). The regulation, which sets the rules on free allocation for the period 2026-2030, includes the following relevant elements for the steel sector:

- The hot metal benchmark will be used to allocate also direct reduction iron plants;
- The sinter benchmark curve is merged with the pellets plants;
- The fuel electricity exchangeability principle, which applied to EAF benchmarks, is removed;
- The historical production levels for calculating the free allocation will be the median of 2019-2023;

- Free allocation is conditional on implementing energy audits' recommendations with a payback time of less than three years, issued by end of 2022;
- The worst 20% of installations need to establish climate neutrality plans by 1 May 2024, submit them by 31 May 2024, and achieve targets and milestones by the end of 2025;
- The best 10% of installations will be exempted from the cross sectoral correction factor, if it applies.

Against the backdrop of this regulation, the member states and Commission will collect data for the update of benchmark data in May-June 2024 and set the new benchmark values in the course of 2025.

CARBON BORDER ADJUSTMENT MECHANISM (CBAM)

The transitional period of the CBAM, which requires importers to report emissions without paying for them, started in Q3 2023. EUROFER cooperated with the European Commission to prepare the companies to the new requirements. Due to IT issues and delays in the preparation of national authorities, the Commission postponed the deadline for submitting the first quarterly report from 31 January to the end of March 2024. Default values based on global averages were published by the European Commission in December 2023 and can be used until mid-2024 without any restriction. After that, they can be used only for emission sources that cover less than 20% of the total embedded emissions in products. In preparation for the implementation acts, the European Commission has established a CBAM Expert Group, to which EUROFER contributes regularly.

REVISION OF THE RENEWABLE ENERGY DIRECTIVE (2018/2001) (RED III)

The third revision of the RED was published in the EU Official Journal on 23 October 2023. With this piece of legislation, the EU has set the ambitious target to achieve a share of 42.5% of renewables in final energy consumption, supported by an indicative capacity installation target of innovative RES technologies of 5% by 2030. By 31 December 2027, the European Commission is entitled to table an amendment proposal covering the post-2030 period, taking into account the latest and relevant scientific data, and touching on National Energy and Climate Plans, the effects of the implementation of GHG and sustainability criteria on recycled carbon fuels of non-biological origin (RFNBOs) and recycled carbon fuels, and technology developments.

By virtue of art. 22a, industrial sectors are now included in the scope of the RED III. Accordingly, member states shall strive to increase the share of renewables in final industrial energy consumption by an annual average of 1.6% for the periods 2021–2025 and 2026–2030. At a more granular level, national governments will have to attain a share of RFNBOs – such as renewable hydrogen - from the total (aggregated) industrial hydrogen consumption of 42% in 2030 and 60% in 2035.

This obligation applies to governments and not directly to single installations. In the last months of 2023, the European Commission announced its intention to adopt guidelines for the member states on how to implement these provisions. EUROFER has contributed informally to the Commission's work and will keep following this dossier throughout 2024 and beyond.

REVISION OF THE ENERGY EFFICIENCY DIRECTIVE (2023/1791) (EED III)

The Energy Efficiency Directive II was published in the EU Official Journal on 20 September 2023. The revision brings about higher energy savings targets and end-use energy consumption reduction targets ahead of 2030, together with stronger provisions for companies to conduct energy audits as alternatives to energy management systems. The Annex VI of the revised EED now provides minimum quality criteria for energy audits, including assessments of investments to reduce energy consumption and to use renewable energies. The provision allowing member states to introduce relief measures against the impacts of direct and indirect costs of energy efficiency obligation schemes is maintained.

Concerning the definition of co-generation (Annex III), the proposed binding CO₂ emissions threshold of 270gCO₂/kWh will not apply until 1 January 2034 for existing CHP units planning to reduce GHG emissions progressively. Annex V on the definition of Energy Savings has made it more difficult for companies to include savings obtained from ETS measures and restrict these to cases of "additional" savings. Savings resulting from policy measures regarding the use of direct combustion of fossil-fuels technologies from 2024-2030, obtained by energy-intensive industries, can count as savings provided that they have conducted an energy audit and presented an Action Plan.

GAS AND HYDROGEN DECARBONISATION PACKAGE (COD 2021/0424 AND 2021/0425)

On 10 April 2024, the Hydrogen and Gas Decarbonisation Package was adopted in first reading by the European Parliament, consolidating the conclusion of the legislative process.

The final text specifies that the use of hydrogen shall be targeted at sectors with a high potential

for abating GHG emissions and no cost-efficient alternatives for decarbonisation (art.3(5a), Directive). It also introduces binding provisions for hydrogen infrastructure developers to collect detailed information on the location and energy needs of energy-intensive industries, along with the expected timeline for the realisation of the infrastructure or alternative solutions.

REVISION OF THE EU ELECTRICITY MARKETS DESIGN FRAMEWORK

On 16 March 2023, the European Commission unveiled its legislative proposal on the Electricity Markets Design Framework. This revision is in response to the energy price crisis and the dysfunctions of the electricity wholesale markets. These challenges stem from a combination of factors, including increased demand for natural gas due to the global economic rebound from the COVID19 pandemic and the impact resulting from Russia's invasion of Ukraine.

On 10 April 2024 the European Parliament endorsed the final text, paving the way for the adoption and entry into force of the act. The agreed text does not foresee a true decoupling of electricity prices from fossil-fuel prices since it maintains the existing market principles based on marginal pricing. Instead, it focuses on improving certain peripheral elements of wholesale markets and trading. It introduces compensation for off-shore electricity generators whose output was curtailed due to failure from system operators. It also creates a new market product for electricity consumption reduction and/or shifting, and includes stronger provisions on the promotion of PPAs by the member states.

The reform now foresees contracts for differences (CFDs) as the default support scheme for investments in renewable generation projects and framework principles for the design of the auctions and the contract itself. Member states

may redirect part of the revenues captured in the scheme to energy-intensive undertakings. Lastly, the reform introduces a first of its kind “Union price crisis mechanism” to be triggered in cases of persistently high electricity wholesale prices, which would allow governments to adopt safeguard and relief measures for a certain class of consumers – mostly vulnerable ones. Energy-intensive industries might receive state aid support in these cases.

EUROPEAN HYDROGEN BANK (EHB)

On 16 March 2023, the European Commission unveiled its proposal for the creation of a European Hydrogen Bank to support projects in renewable hydrogen production on an EU-wide basis, aiming to increase its competitiveness compared to blue hydrogen production. The Bank, endowed with €3 billion, would conduct centralised and EU-managed public auctions and provide a fixed premium for a period of 10 years to winning hydrogen production projects based on a competitive bidding procedure.

The organisation and criteria for such auctions were established in the Terms and Conditions, published after several months of formal and informal consultations with stakeholders, including the steel industry. In mid-March 2024, the first round of the auction concluded, and a second one was announced for late autumn 2024.

The European steel sector adopted its position to the first round and will reiterate it for the second round when the new consultations will be launched, persisting with its request to increase the connection between awarded production projects and priority off-takers and to allow the participation of projects that have already received support from other sources.



SUSTAINABLE FINANCE

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INTRODUCTION

With the EU Taxonomy Regulation (Regulation EU 2020/852), EU authorities have established a framework aiming to facilitate sustainable investment. Following the request of the European Parliament and the Council, the EU Taxonomy Climate Delegated Acts, provide sets of technical screening criteria for the EU Taxonomy. The EU Taxonomy Regulation requires that investors and companies use these criteria for related disclosures, which are expected also to serve as a guide for investment decisions.

This is complemented by the proposal for the Corporate Sustainability Reporting Directive, to ensure that companies provide information on the sustainability of their business practices in a transparent and comparable manner. The authorities expect that through information on taxonomy-alignment, transition investments and sustainability risks, financial companies can evaluate the ambition and environmental performance of financed activities.

- The European Commission has foreseen further development of the EU Taxonomy in accordance with the EU Taxonomy Regulation to address stakeholder concerns. In particular, the current scope of the criteria outlined in the EU Taxonomy Climate Delegated Acts is expected to expand in the future.
- The Sustainable Finance Platform's Technical Working Group is collecting stakeholders' requests via an online survey.
- The Platform's Technical Working Group is analysing the submitted requests and will provide a summary of the requests received along with their recommendations to the Commission for decision still in 2024.

STATE OF PLAY & TIMELINE

In order to address suggestions from stakeholders regarding activities in the EU taxonomy, the Platform on Sustainable Finance together with the European Commission set up an online stakeholder request mechanism, including a dedicated questionnaire.

The stakeholder request mechanism operates continuously, allowing respondents to submit their input at any time. Requests are assessed by the Platform's Technical Working Group at specific cut-off dates, where all submissions received before the deadline are processed jointly by the Platform and the Commission.

The first cut-off date was 15 December 2023. The EUROFER secretariat and several steel companies submitted their contribution. The Commission reported receiving a total of 646 requests. Among these, 169 focused on suggestions for new activities to be included in the taxonomy, while 504 were related to existing activities (stakeholders were able to submit both types of requests in a single submission). The Commission and the Platform regularly monitor the tool, and the next cut-off date for the stakeholder request mechanism is expected no earlier than the end of 2024.

The Platform's Technical Working Group is currently analysing the submitted requests and will provide a summary of the requests received, along with their assessment and recommendations, still in 2024.

The Commission will review the Platform's recommendations and determine the need for future amendments to the EU taxonomy through delegated acts. It is important to note that the Commission is not bound by the feedback submitted through the stakeholder request mechanism nor by the recommendations of the Platform.



TRANSPORT

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INTRODUCTION

The EUROFER Transport Working Group focuses on the current transport policies and legislative work of the EU institutions. Besides the ongoing work on legislative proposals, the working group discusses the individual transport challenges in members' countries.

- EUROFER follows the legislative work of road, rail and maritime transport as well as inland waterways.
- EUROFER participates actively in the European Shippers' Council's Maritime, Railway and Inland Transport Council meetings as well as in the Transport Working Group of BusinessEurope. These platforms are particularly important in exchanging and collecting information on the challenges faced by shippers.
- In cooperation with these associations, comprehensive policy papers were drafted, addressing issues such as the directive on Weights & Dimensions in road freight transport, negotiations on the revision of the Trans-European Transport Network Regulation and the revision of the Combined Transport directive, to name a few. The revision of the directive on Weights & Dimensions is a crucial part of the Green Deal's Greening Transport Package and one of EUROFER's long time transport priorities.

TRANSPORT POLICY AREAS

ROAD TRANSPORT

Road transport discussions mainly focused on preparing EUROFER's feedback to the policy papers drafted on the Weights & Dimensions revision, which has been a source of continued problems with national barriers and administrative burdens, especially concerning cross-border transport. EUROFER supports increasing the maximum weight of vehicles in the EU to 44 tonnes, whilst allowing for individual countries to set higher limits as in the

case of Nordic countries, since the benefits for the internal market and climate are evident.

In addition, issues like shortage of drivers, supply chain disruptions, strikes, the return of the vehicle rules, emissions trading for road transport, and the continued need for further digitalisation of transport documentation persisted among the key issues of 2023.

RAIL TRANSPORT

Rail transport has historically had extensive cooperation with the steel industry as a shipper of heavy goods. Key topics on rail focused on issues like the modal shift from road to rail and the availability, reliability and pricing of rail transport and single wagon use, among others. Especially single wagon services continue to form an essential part of rail transport for steel, and in many Member states its role is strengthened and a more intensive use encouraged – a view also supported by EUROFER. However, several issues still remain open, hindering the use of rail's full potential. These include the improvement of the rail network to increase its capacity for facilitating national and international services. Improved connections between ports and rail would also further contribute to the effectiveness of the EU's transport system as a whole.

In addition, there is still room for innovation in rail transport to develop further its automation and digitalisation, which would represent an important improvement.

INLAND WATERWAYS

Inland waterway transport plays an important role in the transport of goods in Europe. Given its energy-efficient nature and capacity, it can be a useful addition to road and rail transport, responding to the increasing demand of transport services. However, many challenges persist, including ageing infrastructure, natural occurrences and air pollution. A continued focus is needed at EU level on key areas of intervention such as infrastructure quality, environmental performance and efficient integration of inland navigation into the multimodal logistics chains.

MARITIME TRANSPORT

Maritime transport remains one of the core areas for the steel industry. Europe's ports are vital gateways that link its transport corridors to the rest of the world, making them key to the sustainability of the steel industry since raw material supply and shipments overseas are basic elements of its business operations.

A special EU-level focus is therefore needed to ensure well-functioning maritime operations, particularly from shippers' point of view. Priority should be given to the implementation of much-needed digitalisation and harmonisation processes, which are essential for improving the efficiency of logistics chains. Additionally, new investment, high-quality services and improved governance of European ports should also be prioritised.

Dockside services (cargo operations in ports) are another important dimension that plays a major role not only in the overall cost structure of sea freight for steel shippers but also with a significant impact on the well-functioning of the whole logistics chain.



SOCIAL AFFAIRS

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INTRODUCTION

The EUROFER Social Affairs Committee serves as a platform to keep members updated on current social and employment policy matters in the EU, both legislative and non-legislative, that impact the steel industry and its employees. The committee has an informative role.

- The main focus of the committee is to internally prepare for the Sectoral Social Dialogue Committee (SSDC) on Steel meetings, along with industriAll European Trade Union, EUROFER's social partner representing employees.
- EUROFER actively takes part in the European Employers' Network meetings under the auspices of BusinessEurope, and participates in the Liaison Forum organised by the European Commission where EU legislation in the area of social and employment policies is further discussed.
- EUROFER is a participating organisation of sectoral Blueprints for attracting new talent, upskilling and reskilling workers at national and regional level such as the European Steel Skills Alliance and Agenda (ESSA), the Skills Alliance for Industrial Symbiosis (SPIRE-SAIS) and the Large Scale Partnership on Energy Intensive Industries under the Pact for Skills.

ACTIVITIES OF THE SECTORAL DIALOGUE COMMITTEE ON STEEL

The Sectoral Social Dialogue Committee (SSDC) on Steel, supported by the Commission, seeks to contribute to the sustainability and competitiveness of the steel sector in Europe. EUROFER and the industriAll European Trade Union have a long history as social partners in the SSDC, having built up shared understanding and mutual trust since 2006. As one of the core functions of its work, Social Affairs Committee members actively participate in this joint dialogue in Brussels.

The objectives of this Sectoral Social Dialogue are to monitor the social, economic and employment consequences of EU policies on the steel sector, to develop concepts and proposals to inform European and national debates, and to give directions and recommendations that contribute to policy developments. In addition, the SSDC conducts exchanges on topics of mutual interest and develops a capacity for subsequent joint action, including statements, position papers and projects.

TRAINING AND EDUCATION

In 2023, EUROFER, along with many members of the Social Affairs Committee, continued to actively work on the European Commission's Blueprint Skills Agenda project, which in case of the steel industry is called the industry-driven sustainable European Steel Skills Agenda and Strategy (ESSA).

This project, which has since been concluded, is a strategic cooperation platform between key stakeholders to develop concrete actions to meet short- and medium-term skills needs. It was funded in the framework of the Erasmus+ programme. Steel was one of the sectors identified by the Commission as needing to go through considerable structural changes in terms of new technologies and, therefore, skills.

In practical terms, ESSA led to the development of modules for new skills for a globally competitive industry and provided tools for anticipating new skills demands. This, in turn, will facilitate the coordination of proactive and practical activities to meet the future requirements of the industry.

In addition to ESSA, EUROFER is a participating organisation in other sectoral Blueprints aimed at attracting new talent, upskilling and reskilling the workforce at national and regional levels. For instance, EUROFER is involved in the Skills Alliance for Industrial Symbiosis (SPIRE-SAIS), which builds on ESSA, and has also joined the Large Scale Partnership on Energy Intensive Industries under the Pact for Skills.

EMPLOYMENT

The EU steel sector has faced significant challenges in recent years, including a continued slowdown in manufacturing sectors due to high inflation, persistent supply chain issues throughout 2021, and the impact of Russia's war in Ukraine. Despite these downside factors, the employment rate in 2022 and 2023 remained stable, although well below pre-COVID levels.

According to the most recent (provisional) data, employment in the EU27 steel industry in 2023 was approximately 303,000 direct jobs, slightly lower (-0.6%) compared to 2022.



ANNEXES

GLOSSARY OF TERMS

Terms that both appear in this report or that are of relevance to EUROFER, its work or its relationships with its stakeholders.

3R Type-Approval	Reusability, Recyclability, Recoverability	BREF-STM	Surface Treatment of Metals BREF
ADP	Abiotic Resource Depletion Potential	BREF-STs	Surface Treatment Using Solvents BREF
ASMOR	Alliance for Sustainable Management of Chemical Risk	BREF-WGC	Waste Gas Treatment in the Chemical Sector BREF
ATP	Adaptation To Progress	BREF-WT	Waste Treatment BREF
BAT	Best Available Techniques	BusinessEurope	Confederation of European Business
BAT-AELs	(BAT) Associated Emission Levels	ByP	By-product
BAT AEPLs	(BAT) Associated Environmental Performance Levels	CAEF	European Foundry Association
BCG	Boston Consulting Group	CAPEX	Capital Expenditure
BF/BOF	Blast Furnace/Basic Oxygen Furnace	CARACAL	Competent Authorities for REACH and CLP
BREF	Best Available Techniques Reference Document	CBAM	Carbon Border Adjustment Mechanism
BREF-FMP	Ferrous Metals Processing BREF	CCU(S)	Carbon Capture and Usage (and Storage)
BREF-I&S	Iron and Steel BREF	CEFIC	European Chemical Industry Council
BREF-LCP	Large Combustion Plants BREF	CEN	European Committee for Standardisation
BREF-LVIC	Large Volume Inorganic Chemicals BREF	CEN/TC 135	Standard on the execution of steel structures and aluminium structures
BREF-SF	Smitheries and Foundries BREF		

CENELEC	European Committee for Electrotechnical Standardisation	EBRD	European Bank for Reconstruction and Development
CHP	Combined Heat and Power	ECHA	European Chemical Agency
CI	Cobalt Institute	ECCA	European Coil Coating Association
CII	Cross-Industry Initiative	ECSC	European Coal and Steel Community
CINEA	European Climate, Infrastructure and Environment Executive Agency	EDI	Electronic data interchange
CLP	Regulation on the Classification, Labelling and Packaging of products	EED	Energy Efficiency Directive
CO2	Carbon Dioxide	EF	Environmental Footprint
CONCAWE	European Refinery Industry	EGGA	European General Galvanizers Association
cPCR	Complementary Product Category	EHB	European Hydrogen Bank
cPPP	Contractual Public-Private Partnerships	EIPPCB	European Integrated Pollution Prevention and Control Bureau
CPR	Construction Products Regulation	EIPRM	European Innovation Partnership on Raw Materials
CPW (Interface)	Chemicals, Products and Waste (Interface)	EIT RawMaterials	European Institute of Innovation and Technologies
CRMA	Critical Raw Materials Act	ELV	End-of-Life Vehicles Directive
CSCF	Cross Sectoral Correction Factor	EMD	Energy Market Design
CSP	Clean Steel Partnership	EoW	End-of-Waste
CSS	Chemicals Strategy for Sustainability	EPBD	Energy Performance of Building Directive
DG GROW	European Commission's Directorate for the Internal Market, Industry, Entrepreneurship & SMEs	EPDs	Environmental Product Declarations
DWD	Drinking Water Directive	EPR	Extended Producer Responsibility
EAF	Electric Arc Furnance	E-PRTR	European Pollutant Release and Transfer Register

EQS	Environmental Quality Standards	FOB	Free on Board
ESPR	Ecodesign for Sustainable Products Regulation	FP9	Ninth Framework Programme for Research and Innovation
ESSA	European Steel Skills Agenda and Strategy	GASSA	Global Arrangement on Sustainable Steel and Aluminium
ESTEP	European Steel Technology Platform	GCL	Generic Concentration Limit
ETD	Energy Taxation Directive	CBER	General Block Exemption Regulation
EQS	Environmental Quality Standards	GDP	Gross Domestic Product
EU	European Union	GFSEC	Global Steel Forum on Steel Excess Capacity
EUC	Essential Use Concept	GHG	Greenhouse Gas
EU ETS	European Union Emissions Trading System	GHS	Global Harmonised System for classification
EUGR	European Union Governance Regulation	GPP	Green Public Procurement
EUPL	European Positive List of substances	GWD	Groundwater Directive
EURACOAL	European Association for Coal and Lignite	HEU	Horizon Europe
EUROFER	European Steel Association	ICDA	International Chromium Development Association
Eurometaux	European non-ferrous metals association	IEA	International Energy Agency
Euromines	European Association of Mining Industries	IED	Industrial Emissions Directive
EUROSLAG	European Ferrous Slag Products Association	IEP	Industrial Emissions Portal
Fit for 55	EU package on the revision of climate, energy and transport-related legislation	IG Metall	Industriegewerkschaft Metall
FD	Floods Directive	ILA	International Lead Association
FeCr	Ferrochrome	IMOA	International Molybdenum Association
FeNi	Ferro-Nickel	INCITE	Innovation Centre for Industrial Transformation and Emissions

industriAll	European Trade Union	NZIA	Net-Zero Industry Act
INSG	International Nickel Study Group	OECD	Organisation for Economic Cooperation and Development
IPPC	Integrated Pollution Prevention and Control	OPEX	Operational Expenditure
ISSF	International Stainless Steel Forum	OSH	Occupational Safety and Health
JRC	European Commission's Joint Research Centre	OSU	Oregon State University
JTI	Joint Technology Initiatives	PPA	Power Purchase Agreements
KIC	Knowledge and Innovation Community	PEF	Product Environmental Footprint
LCA	Life-cycle Assessment	PEFCR	Product Environmental Footprint Category Rules
LCP	Large Combustion Plants	PEPP	Pandemic Emergency Purchase Programme
LEVELs	Environmental Indicators for Resource Efficient Buildings	PREI (WG)	Product Related Environmental Issues (Working Group)
LRTAP	Long-Range Transboundary Air Pollution	R&D&I	Research, Development and Innovation
MAF	Mixture Toxicity Assessment	(ECHA) RAC	Risk Assessment Committee
MEED	Metals Environmental Exposure Data	RCF	Recycled Carbon Fuels
MFF	Multi-annual Financial Framework	REA	Research Executive Agency
MOCS	More than One Constituent Substances	REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
MSR	Market Stability Reserve	RED	Renewable Energy Directive
NAPCAP	National Air Pollution Control Programmes	REFIT	Regulatory Fitness and Performance programme
NEC	National Emissions Ceilings (Directive)	RES	Renewable Energy Sources
NIMs	National Implementation Measures	RFCS	Research Fund for Coal and Steel
NRG	National Representatives Group (of the SET Plan)	RFNBOs	Recycled Fuels of Non-Biological Origin

RoHS	Restriction of Hazardous Substances Directive	VUB/IESWFD	Vrije Universiteit Brussel / Institute for European Studies
RSB	Regulatory Scrutiny Board of the European Commission	WSR	Water Framework Directive or Waste Framework Directive
SAG	Steel Advisory Group	WHO	World Health Organization
SCL	Specific Concentration Limit	WTO	World Trade Organization
SET-Plan	Strategic Energy Technology Plan	ZPAP	Zero Pollution Action Plan
SEVESO	EU Directive on the control of major-accident hazards involving dangerous substances		
SoC	Substances of Concern		
SPIRE	Sustainable Process Industry through Resource and Energy Efficiency		
SSDC	Sectoral Social Dialogue Committee		
SustSteel	Sustainability for Steel Construction Products Mark		
SWIP	Steel Weighted Industrial Production index		
TDI	Trade Defence Instruments		
TF	Task Force		
TGA	Steel Technical Groups		
TEN-T	Trans-European Transport Network		
TPs	Transformation Plans		
TRL	Technical Readiness Level		
TWG	Technical Working Group		
UN	United Nations		
US	United States (of America)		
VDEh	German Steel Institute		

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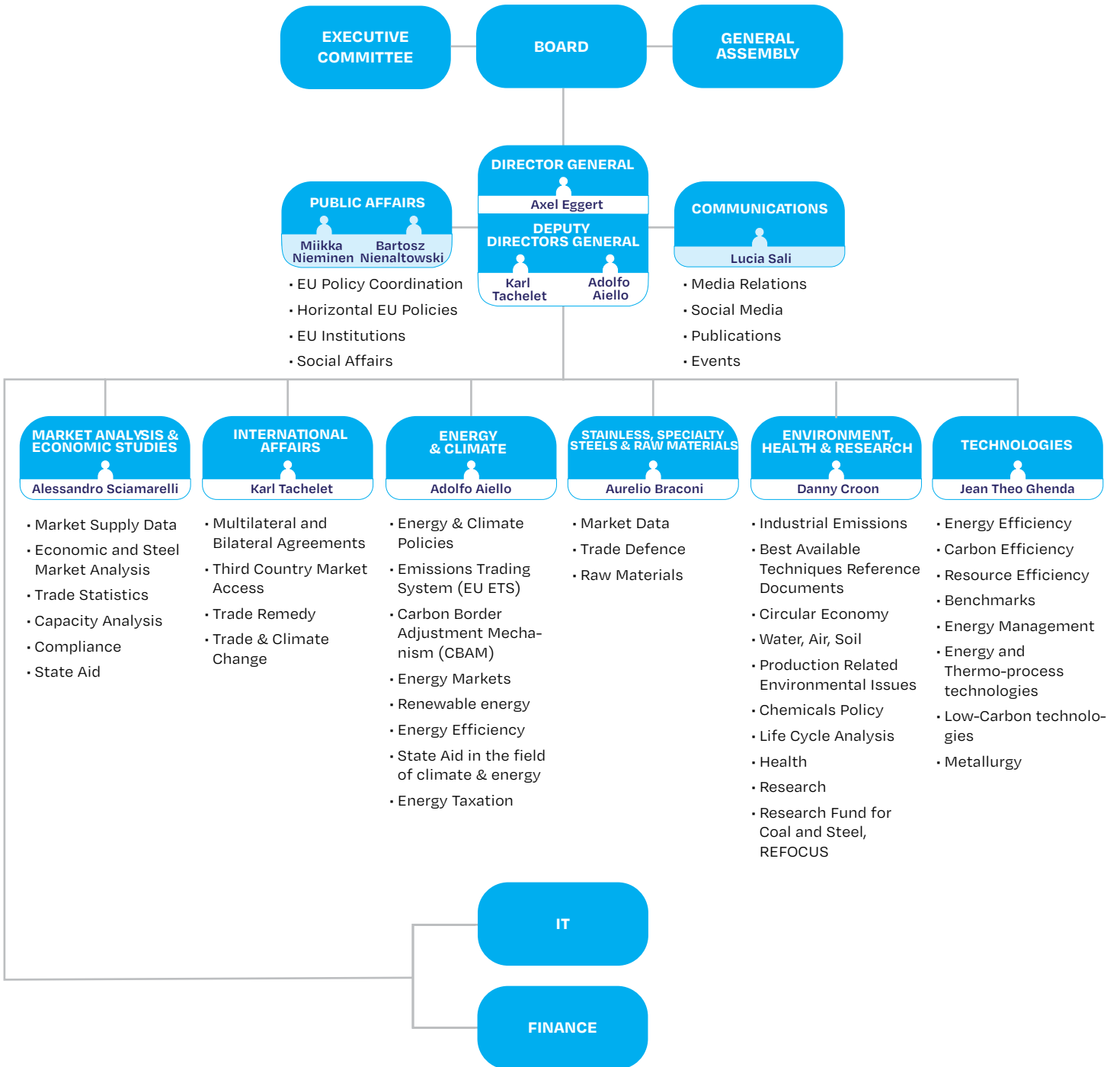
Social Affairs

Stainless Steel Executive












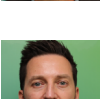

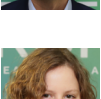






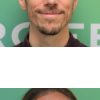


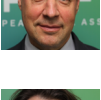

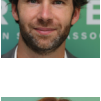
Stainless Steel Sustainability

Statistics

ORGANIGRAM



STAFF LIST

	Axel Eggert	Director General	Lubor Kalafus	Manager Circular economy	
	Adolfo Aiello	Deputy Director General and Director energy and climate	Angeliki Karavoulia	Manager Market analysis and economic studies	
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	Aurelio Braconi	Director Stainless, speciality steels and raw materials	Miikka Nieminen	Senior Manager Public affairs	
	Freddy Caufriez	Advisor Market analysis and economic studies	Bartosz Nienaltowski	Senior manager Public affairs	
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	Sylvain Dubois	Manager IT	Alessandro Sciamarelli	Director Market analysis and economic studies	
	Sara Franzone	Manager International trade	Karl Tachelet	Deputy Director General and Director International affairs and external relations	
	Jean Théo Ghenda	Director Technologies	Alexis Thuau	Manager Process emissions	
	Cristo Gkoutzimis	Office assistant	Nino Zaldastanishvili	Assistant to the Director General	

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 full members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations of Turkey, 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.

ABOUT THE EUROPEAN STEEL INDUSTRY

The European steel industry is a world leader in innovation and environmental sustainability. It has a turnover of around €191 billion and directly employs 303,000 highly-skilled people, producing on average 140 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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