

Press release

European steel industry and manufacturing at existential risk: radical Clean Industrial Deal last train for stronger and greener EU, warns EUROFER

Brussels, 05 September 2024 – The latest developments in the steel sector and across critical value chains are worrying signs of a steady deterioration, endangering the survival and the transition of steelmakers and their key manufacturing customers in Europe, such as automotive. A Clean Industrial Deal including swift and radical measures in EU industrial, energy and trade policies, is the last chance to ensure Europe’s prosperity and shield European industry from cheap imports driven by third countries’ unfair trade practices, overcapacity and lower climate ambition, urges the European Steel Association.

“The risk of de-industrialisation in Europe has never been more evident than today. The latest news coming from Germany and Eastern and Central Europe are only the tip of the iceberg we have been warning about since a decade, and which is now impacting not only steel but also key value chains such as automotive and wind. The situation is explosive; both industry and decarbonisation are at risk”, said Axel Eggert, Director General of the European Steel Association (EUROFER). “Either we get a robust Clean Industrial Deal, or Europe will inevitably become an industrial museum powered by Chinese and American clean technologies”, he warned, adding that: “The key requirements for the EU steel industry to remain in Europe are, firstly, immediate and comprehensive trade action stopping unfair trade practices and global overcapacity being offloaded onto, and destroying, the EU steel market. Secondly, a waterproof Carbon Border Adjustment Mechanism (CBAM) that will not allow steel imports from countries that circumvent climate protection by exporting to the EU from a few ‘clean’ installations and selling their dirty steel in their domestic and non-EU markets. Furthermore, we need affordable clean energy and lead markets for EU-made green products to support the transition”.

The situation of the European steel industry, which has a foundational role in most critical value chains such as wind and solar, automotive, construction, household appliances, defence, machinery and technical equipment, has never been so dire:

- The EU produced only 126 million tonnes of crude steel in 2023, the lowest level ever recorded, and 25 million tonnes lower than the average of the past decade (150 million tonnes). As a comparison, EU crude steel production was 152 million tonnes in 2019 (before COVID) and 182 million tonnes in 2008 (before the financial crisis). Low demand

and cheap imports have destroyed the margins of EU steelmakers, investments are being halted or delayed. The outlook for EU steel demand 2024 remains very bleak. A large number of EU steel capacity is idled with the risk that these may become permanent closures with thousands of jobs at stake.

- Following China’s economic crisis, 100 million tonnes of Chinese steel are currently flooding major markets at dumping prices, combined with a record-high global excess capacity of 560 million tonnes. Cheap exports, not only from China but also from other steel producing regions of the world, such as South Asia, Middle East, India and Japan, are being rerouted to the EU. The share of steel imports in the overall supply of the EU market has consistently increased, reaching almost 30% for hot-rolled products.
- Since 2020, the EU steel industry has lost 23,000 jobs, on top of 80,000 jobs lost between 2009 and 2020 and accounting for a quarter of the total EU steel workforce. In 2023, 303,000 direct jobs in the steel industry supported an additional 2.3 million indirect and induced jobs across the EU, for a total of 2.6 million steel-related jobs.

“The European steel sector is a litmus test for the entire EU industry’s health. We rang the alarm bell several years ago. Now the symptoms of deindustrialisation have spread to the value chain. We need, as Mario Draghi said, radical change in EU policies to reboot our competitiveness. This is the last train for Europe’s decarbonisation and prosperity”, concluded Mr. Eggert.

Notes for editors

Contact

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

About the European Steel Association (EUROFER)

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

About the European steel industry

The European steel industry is a world leader in innovation and environmental sustainability. It has a turnover of around €191 billion and directly employs around 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.