

Press release

Extreme ENVI vote threatens green steel transition and 30,000 jobs: EP plenary needs to fix it, warns EUROFER

Brussels, 17 May 2022 – The European steel industry calls upon the plenary of European Parliament to fix the disruptive vote on the Emissions Trading System (ETS) and Carbon Border Adjustment Mechanism (CBAM) cast by its Environment Committee. Today’s outcome endangers €31 billion investments needed for deploying the 60 low carbon projects the European steel industry has in the pipeline across the EU, €45 billion in exports value and 30,000 jobs.

“Today, the Environment Committee missed the opportunity to shape an ambitious framework that would allow both deep cuts in CO2 emissions as well as securing manufacturing and jobs in Europe. The extreme proposals approved by tight majority risk disrupting manufacturing, jobs and welfare in Europe without any additional gains for the climate if emissions are just leaked abroad”, said Axel Eggert, Director General of the European Steel Association (EUROFER).

The decision of today to reduce free allocation by 40% for transitioning plants below the best performer in Europe is impossible to implement in just three years. In addition, an abrupt ETS free allocation phase out of CBAM sectors is deliberately risking the viability of these industries, as there is no solution offered for exports that have to compete with production from third countries that do not have the same stringent climate legislation as in the EU. The steel industry alone risks to lose up to 20 million tonnes of exports worth €45 billion euros and at least 30,000 jobs, not even considering the damage caused to the internal steel market. Proposals on ‘rebasings’ and Market Stability Reserve will also contribute fuelling carbon and electricity price increases, inflation and financial speculation by withdrawing millions of allowances from the system without any benefit for the achievement of the EU’s 2030 climate objective.

“Our industry has very ambitious plans to reduce emissions by more than one third by 2030. This would be a truly new industrial revolution requiring massive capital investment of over €30 billion and decarbonised energy and hydrogen in unprecedented quantity. Yet, climate legislation needs to accompany this transition with balanced measures and realistic timelines rather than imposing disproportionate costs that overburden companies before they can even implement their decarbonisation plans”, stressed Mr. Eggert.

“We call on the Members of the European Parliament to seize the opportunity to shape a regulatory framework that helps industry translating these ambitious plans into reality and makes the EU the world leader of green steel”, he concluded.

Notes for editors

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About the European Steel Association (EUROFER)

EUROFER AISBL is located in Brussels and was founded in 1976. It represents the entirety of steel production in the European Union. EUROFER members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations in the United Kingdom and Turkey are associate members.

The European Steel Association is recorded in the EU transparency register: 93038071152-83.

About the European steel industry

The European steel industry is a world leader in innovation and environmental sustainability. It has a turnover of around €125 billion and directly employs around 310,000 highly-skilled people, producing on average 153 million tonnes of steel per year. More than 500 steel production sites across 22 EU Member States provide direct and indirect employment to millions more European citizens. Closely integrated with Europe's manufacturing and construction industries, steel is the backbone for development, growth and employment in Europe.

Steel is the most versatile industrial material in the world. The thousands of different grades and types of steel developed by the industry make the modern world possible. Steel is 100% recyclable and therefore is a fundamental part of the circular economy. As a basic engineering material, steel is also an essential factor in the development and deployment of innovative, CO2-mitigating technologies, improving resource efficiency and fostering sustainable development in Europe.