

EUROPEAN STEEL INDUSTRY THREATENED BY UNHELPFUL EU DECISION DURING COVID-19 CRISIS

Joint statement by the CEOs of the European steel industry

Brussels, 8 June 2020

The European steel industry's survival is at further, serious risk because the Commission's steel safeguard review proposal does not consider the sharp collapse in demand following the COVID pandemic. The tariff-free quota should reflect EU steel demand. The European steel sector is deeply disappointed that the Commission and many EU governments have not yet decided to consider this.

Steel demand has fallen by 50% since the start of the COVID-19 pandemic in March. Our industry has had to cut production sharply to adapt to these changed circumstances, with 40% of the EU steel workforce laid-off or having to work part-time. Meanwhile, countries such as China, India, Indonesia and Russia have not rested: they continued, or are restoring, steel production and stockpiling. The imminent risk of cheap steel offers flooding the market would hamper our recovery and the survival of one of Europe's strategic industries – one that sustains 2.6 million direct and indirect jobs in the EU. The current proposal could massively boost the market share of imports while a huge part of EU production capacity sits idle.

The safeguard review process does allow 'changed circumstances' to be addressed, such as those caused by a severely negative impact on the economy and markets as a result of the pandemic.

We therefore urge the Commission and Member States to improve the proposal and turn it into a crisis-oriented review, effectively safeguarding the European steel industry. We request a tariff-free quota size that reflects actual market conditions. They should make use of the ability to adapt the measures because of 'changed circumstances'. A lack of interpretation and political will only play into the hands of steel exporters to the EU that are heavily supported by their governments.

The import quotas should be reduced considerably, and the transfer of unused quotas to subsequent quarters and the access to the residual quotas for countries with their own quotas prevented.

Europe needs a sustainable and resilient steel industry if it wants to deliver on the objectives of the European Green Deal. The Green Deal – born before the crisis struck – is predicated on showing that Europe can lead the way to carbon neutrality by 2050. European steel production is far cleaner than that of the countries threatening to flood the EU market with their excess material. European steelmakers are leading the way in setting ambitious targets to produce steel in a carbon neutral way. If the *European* steel sector is wiped out by imports, we will simply not be there to lead emissions reductions from the *global* steel industry.

A Europe that becomes 'Green' because it accepts that other regions undercut us and pollute at will shall not be able to hold its head high. EU trade policy needs to be allowed to shift into crisis mode when European strategic industrial interests are existentially threatened. If climate change leadership is the strategic advantage the EU claims it is, then it must use the tools available to it to reinforce the strategic industries that will make the strategic green transition fair, just and possible.

At EU level there are, or have been, slow and feeble trade defence decisions, conflicting legislative objectives, obstructed pro-competitive consolidations of globally-sized producers, and onerous emissions and environmental control targets that are set without a regulatory framework that would allow our industry to remain globally competitive while achieving these objectives.

This crisis requires a serious review that takes into account the world as it is today. The steel safeguard being reviewed was created for the pre-COVID era. Now it needs to be adapted to the post-COVID world.

We call on your support.

Yours sincerely,

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