



***Manifesto
of the
European steel industry***

***for the
European Commission
2010 - 2014***



No long-term prosperity in Europe without European steel production

The **European steel industry is a world leader in its sector**: its annual turnover is at about 200 billion Euros, it directly employs 420 thousand people and produces about 200 million tonnes of steel per year. More than 500 steel production sites in 23 EU Member States provide direct and indirect employment and a living for millions of European citizens.

If the EU wants to stay a world leader in innovation, in environmentally friendly and carbon lean technologies and if it wants to provide sufficient jobs to its citizens, it must ensure that the value chain stays intact. This means that its primary industries, such as the steel industry, have a long term perspective in Europe. **An economy exclusively or principally relying on services is not able to provide long-term prosperity to its citizens.**

The European **steel industry is the backbone of Europe's prosperity** as it is one of the most indispensable parts of the European supply chain, developing and manufacturing in Europe thousands of different new steel solutions. Steel provides the foundation for European innovation, durability, CO₂ reductions and energy savings in applications as varied and vital as automotive, construction, medical devices, white goods and wind turbines. Steel is also 100% recyclable and therefore contributes significantly to the long-term conservation of fundamental resources for future generations.

On the other hand, steel production is energy and carbon-intensive. The European steel industry therefore takes its responsibility to reduce energy consumption and CO₂ emissions to the minimum. European steelmakers have already reduced CO₂ emissions by more than 50% since the 1970s and by more than 20% between the Kyoto reference year 1990, and 2005. There is little further improvement achievable in the EU without new process technologies. However, **European steelmakers are committed to further contribute to the EU's climate change objectives** through the development of breakthrough technologies, the most ambitious being ULCOS (Ultra Low CO₂ Steelmaking), which aims to reduce CO₂ emissions from steelmaking by 50% by 2050.

European steel companies need a level playing field both in terms of trade and in terms of policy. EU policy should be geared to ensuring fair trade, open markets and reasonable access to trade remedies. Policy initiatives such as climate change must preserve the competitiveness of European industry and secure the conditions for investment in Europe.

Securing employment and prosperity in Europe through R&D and ...



One house on six pillars for the European Commission to secure European steel production

The house: Secure a level playing field for European steelmakers with competitors from non-EU countries.

The pillars:

1. **Ensure a level playing field with non-EU competitors in climate change policies.** Emerging economies alone account for more than 60% of global CO₂ emissions from steelmaking, the full participation of their steel industries in any international agreement on climate change is therefore indispensable. Until such an international agreement provides for equal, verifiable and enforceable CO₂ reduction objectives, the EU ETS must continue to allocate 100% of emissions allowances free of charge to sectors at risk of carbon leakage, based on achievable benchmarks. The EU must also compensate for the ETS-related increase in electricity costs and, in addition, provide for border adjustment, if necessary.
2. **Provide more support for R&D in breakthrough technologies** to further reduce emissions from steelmaking and to utilise steel more effectively. The EU's research framework programme and revenues from the ETS must be used primarily for the development and demonstration of new technologies. Particular support should be given to the economically risky and very expensive pilot and demonstration phases. This will not only help Europe reduce its own emissions but also provide for alternative technologies and reductions in emissions worldwide.

"EU steel production is technology intensive and highly innovative. Only 30% of the steel products on the market today existed ten years ago." [European Commission]*
3. **Take vigorous action to secure open markets** and strictly enforce EU trade laws in order to ensure fair competition from non-EU countries. The EU is the most open major market in the world, while non-EU steel producing countries use many kinds of trade restrictions or distortions to give artificial advantages to their own industries. European trade defence laws and practices must be used to their fullest extent against dumped and subsidised products if the EU steel industry and, as a result, the European economy are not to suffer potentially irreparable damage.
4. **Secure competitive energy prices in Europe** comparable to those available to competitors outside the EU. The 3rd Energy Package needs to be quickly implemented in order to liberalise the European energy markets and to encourage

... an international level playing field for its primary industries

"The challenges for the EU steel industry are linked to the cost and availability of inputs (raw materials, energy, and labour) and to competition from third country producers operating under a different legislative framework." [European Commission]*

the expansion of trans-European energy networks. This will facilitate competition and build a real Europe-wide common energy market. Any unilateral EU measures leading to higher energy prices in Europe, such as those resulting from the EU ETS, energy taxes or renewable fees, must be avoided, capped or compensated for. This

is particularly important in order to ensure the continued recycling of steel scrap in the EU's energy-intensive electric arc furnaces.

5. **Deliver 'better regulation' by reducing administrative and financial burdens** of EU environmental legislation, whilst improving the levels of environmental protection. The Commission needs to keep legislation simple, reduce the volume of new measures, avoid duplicate or contradictory regulation and excessive reporting requirements, and take account of national particularities and the subsidiarity principle. The combined effects of the directives on Integrated Prevention Pollution and Control (IPPC, Industrial Emissions), National Emission Ceilings (NEC), Ambient Air Quality (AAQ) and the discussions around a potential SO₂/NO_x emissions trading scheme are examples where better regulation has failed so far.

"Steel is also 100% recyclable and is actually recycled to a large extent in the EU. It therefore contributes extensively to the sustainability of our society." [European Commission]*

6. **Establish an effective EU strategy for access to raw materials.** The Commission should develop its communication on 'The Raw Materials Initiative' (2008) into an integrated strategy. Priority must be given to the establishment of a level playing field for access to metallurgical raw materials in the EU's trade policy as well as in the framework of the EU's external relations with third countries. In particular, EU action must include the application of EU competition rules to guarantee real competition and oppose further concentration in the international raw materials markets.

* European Commission, *European industry in a changing world*, SEC (2009) 1111, pages 181-188.