

24 June 2015

Mr. Jean-Claude Juncker  
President  
European Commission  
Rue de la Loi, 200  
B-1049 Bruxelles/Brussel

## Letter by 60 CEOs of the European steel industry

### An effective EU ETS that delivers both CO<sub>2</sub> reductions and a competitive industry

Dear President,

The European steel industry is the basis of many European industrial value chains, supporting millions of European jobs directly and indirectly.

We share the EU's ambition to effectively combat climate change while at the same time delivering on its objectives for jobs, growth and competitiveness. We welcome your commitment to bring back the industry's share in the EU's GDP to 20%.

However, we are deeply concerned that the Commission proposal on the review of the EU ETS may work against this ambition and will not deliver the necessary safeguards for our sector against carbon and investment leakage.

**It has been repeatedly established that the EU steel industry is at a very high risk of carbon leakage. The notion that our industry could unilaterally pass on CO<sub>2</sub> costs resulting from the EU ETS is in harsh contradiction with reality.** The European steel sector is subject to fierce global competition and continues to suffer from the impacts of the recent economic crisis. Steel demand levels were in 2014 still 28% below pre crisis levels and 20% of EU steel making jobs have been lost. Global steel overcapacity, notably in China, along with Europe's excessively liberal trade policies mean that each steel order is highly contested. In this context the ability of European steel makers to pass on significant regionally specific policy costs is virtually nil.

What we ask from the Commission is to base legislation on realistic impact assessments and a well-grounded understanding of the challenges facing our sector. If targets are not achievable for the steel industry and safeguard measures are not sufficient, investment in the EU will be further discouraged. An EU ETS review that would lead to a structural competitive disadvantage towards third countries, would be dangerously counterproductive – fundamentally undermining the economic sustainability of jobs and growth in Europe whilst doing little if anything to achieve global environmental goals.

**We therefore urgently ask the Commission to put forward a reform proposal with provisions ensuring that the EU ETS will not lead to economic damage to Europe's steel makers based on the level of best performers, until a comprehensive global agreement on climate change restores a level playing field:**

- 100% benchmark based free allocation at the level of the 10% most efficient installations, without correction factor;
- Full off-setting of the indirect costs (CO<sub>2</sub> cost-pass through in electricity prices) at the level of the most efficient installations, in all member states;

- Technically and economically achievable benchmarks (taking all the CO<sub>2</sub> in waste gases into consideration) as the current benchmarks are practically unreachable;
- Allocation closely aligned with real/recent production levels with a realistic reference period (year n-2) in order to re-establish the credibility of the system.

These pillars deliver not just for industry but for environment – a clear carbon price signal remains beyond best performers to incentivise improvement and a closer allocation to production levels reduces the risks of swings in supply and demand. They are fully in line with the European Council Conclusions of 24 October 2014.

**We are concerned about the apparent discussions within the Commission seemingly interpreting the European Council Conclusions as suggesting a decreasing amount of free allocation for carbon leakage sectors. Such a notion flies completely in the face of the fundamental principles of safeguarding competitiveness and providing a stable basis for jobs, investment and growth. It is against the wording, sequence and logic of the Conclusions and against the interpretation by lawyers.**

Steel is a vital part of the solution to climate change challenges and the European steel sector is at the forefront of change. We are delivering our share in the efforts to avoid dangerous climate change. We reduced CO<sub>2</sub> emissions of steel by 50% since the 1970s but reach now technological limits. We will however strive to exploit any additional potential for further CO<sub>2</sub> emission reductions in EU steelmaking which is 10% to 15% at best by 2050 compared to 2010 as described in the Steel Roadmap for a Low Carbon Europe. We will continue to work on breakthrough technologies. Additionally, innovative steel applications have already saved huge amounts of CO<sub>2</sub> emissions in sectors such as transport, energy production and buildings. They have the potential to save more than 450 million tonnes of CO<sub>2</sub> per year by 2030. Its unique properties and applications make steel one of the main pillars of a circular economy.

For this, we need a favourable business environment in the EU with achievable targets and a global level playing field for our industry.

We trust in your thorough consideration of the above,

Copy: College of Commissioners

### CEO's of the European Steel Industry

Aditya Mittal CEO ArcelorMittal Europe	Andreas J. Goss CEO ThyssenKrupp Steel Europe AG	Karl Köhler CEO & Managing Director Tata Steel, Europe
Heinz Jörg Fuhrmann CEO Salzgitter AG	Martin Lindqvist President & CEO SSAB	Francesc Rubiralta Rubio Chairman & CEO Celsa Group
Cesare Riva President Riva Forni Elettrici	Herbert Eibensteiner Head of the Steel Division and Member of the Management Board Voestalpine AG	Antonio Gozzi President Federacciai
Karlheinz Blessing CEO AG der Dillinger Hüttenwerke	Mika Seitovirta President & CEO Outokumpu	Scott D. Buckiso President U.S. Steel Kosice, s.r.o.

Timoteo Di Mauro CEO Aperam	Horacio Malfatto CEO NLMK Europe	Bo-Erik Pers President Jernkontoret
Hans Jürgen Kerkhoff President Wirtschaftsvereinigung Stahl	José Enrique Freire Arteta President Megasa - Siderurgia Nacional	Jan Czudek CEO Třinecké Železárny, a.s.
Bernardo Velázquez Herreros CEO Acerinox, S.A.	Piero Gnudi Extraordinary Commissioner ILVA SpA	Gonzalo Urquijo President UNESID
Fabio Baldrighi CEO Acciaieria Arvedi SpA	Karlheinz Blessing CEO Saarstahl AG	Peter van Buren CEO FNsteel bv
Stefan Dzienniak President of the Board Polish Steel Association	Patrick Lamarque d'Arrouzat CEO Ugitech	Anton Chernykh CEO SIJ Slovenian Steel Group
Oliver Bell CEO Deutsche Edelstahlwerke GmbH	Jürgen Grossmann CEO Georgsmarienhütte Holding GmbH	Dmitrij Scuka CEO & Chairman of Board Vítkovice Steel, a.s.
Jerzy Kozicz CEO CMC Poland	Heikki Nyholm President Ovako Steel Imatra Oy	Hans Lammert Managing Director Edelstahl-Vereinigung E.V.
Anatoli Fediaiev President of the BoD ISD Huta Czestochowa Sp. z o.o.(Ltd)	Markus Ritter Managing Director Marienhütte Stahl- und Walzwerk GmbH	Nikolaos Mariou General Manager Sidenor S.A.
Max Aicher President & CEO Lech-Stahlwerke GmbH	Alexandros Tiktopoulos President Hellenic Steelmakers Union	Rolf Wendler Head of Sales & Logistics Stahlwerk Thüringen GmbH
Lucia Morselli CEO Acciai Speciali Terni SpA	Sergiy Pronin Director for Economic & Business Dev. Vorskla Steel Denmark A/S	Jaroslav Raab Managing Director Hutnictvi Zeleza
Filippo Gottardis International Sales Director Officine Tecnosider	Gareth Stace Director UK Steel	Sergio Tosato Vice-President & Managing Director TenarisDalmine
Göran Ek Managing Director Fagersta Stainless AB	Robert Joos Director General Groupement de la Sidérurgie asbl	Marjan Mačkošek Managing Director Štore Steel
Pablo Battistini Managing Director Roddacciai SpA	Politimi Paunova Executive Director Bulgarian Association of the Metallurgical Industry	Roman Stiftner Director Fachverband der Bergwerke und Eisen erzeugenden Industrie
Kimmo Järvinen Managing Director Metallinjalostajat	Nikolaos Evangelioi General Manager Stomana SA	George Skindilias Vice-President & Managing Director Halyvourgiki Inc.
Bernard Bertier Secrétaire Général SPAS	Michel Hamy Director General Badische Stahlwerke GmbH	Bernard Creton Délégué Général Fédération Française de l'Acier

Carlos Alvarez  
Commercial Director and Member of the  
Board  
Aceros Inoxidables Olarra SA

Roberto Marzorati  
Vice-President  
Cogne Acciai Special SpA

Vassilis Goumas  
General Manager  
Hellenic Halyvourgia

Robrecht Himpe  
President  
The European Steel Association