Draft briefing

EUROFER & WV Stahl - The Green Deal and European Steel: The example of the German Steel Action Plan

An EU Industry Days stakeholder event

Scheduled date: 24 February 2021

Overview

The EU hosts annual EU Industry Week, which this year is taking place between 22-26 February 2021, online (normally these are physical events). EUROFER’s application to be a main-scheduled event was not accepted into the main programme but we have been invited to host a so-called ‘local’ event under the EU Industry Week banner.

This event will be held as a webinar – a joint effort between the European Steel Association (EUROFER) and Wirtschaftsvereinigung Stahl (WV Stahl).

Short description of webinar

Europe has the opportunity build to a future in which it is CO2 neutral, environmentally-responsible, circular and competitive. Steel can make a big contribution to the EU’s climate goals. But a coherent framework is needed. We would like to discuss with panellists and the audience on the basis of the German Steel Action Concept, or other ideas, about how steel can help support the EU’s ambition.

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Schedule

Structure and times are indicative only

11:00 | Introductory joint statement

Moderation by Jacki Davis

  Building on the German Steel Action Concept at EU level

  • Hans Jürgen Kerkhoff, President, WV Stahl
  • Axel Eggert, Director General, The European Steel Association

11:10 | Video statement

  • Diederik Samsom, Head of Cabinet for Executive Vice-President for the European Green
    Deal Frans Timmermans (tbc)

11:20 | Panel discussion & Q&A

Moderation by Jacki Davis

  How could an Action Plan for European steel reinforce the EU Green Deal?

  • Jude Kirton-Darling, Deputy Secretary General, IndustriAll European Trade Union (tbc)
  • Claudia Gamon MEP, Renew Europe, ITRE Committee member, European Parliament (tbc)
  • Carsten Pillath, Director General, Economic Affairs and Competitiveness Council, Council
    of the EU (tbc)
  • Hans Jürgen Kerkhoff, President, WV Stahl (confirmed)
  • Axel Eggert, Director General, The European Steel Association (confirmed)
About the German Steel Action Concept

On 15 July, 2020, the German government formally approved the Steel Action Concept that was developed under the leadership of the Federal Ministry for Economic Affairs and Energy.

The Steel Action Concept provides a concrete and actionable framework, outlining a roadmap towards a successful transformation of the steel industry towards low carbon steel making.

The Steel Action Concept is aligned with the objectives set out in the EU Green Deal and proposes measures enhancing the competitiveness of energy intensive industries. The concept demonstrates that free trade, climate action and the preservation of competitiveness of energy intensive industries are not mutually exclusive.

The European Union and the Federal Republic of Germany should take effective measures at national, European and international level and work together with the steel industry to set the course for lasting competitiveness in a way that is compatible with the long-term goal of achieving greenhouse gas neutrality across Germany and Europe.

One important aim is that the climate and energy policies support the transformation of the industrial sector, particularly via internationally competitive prices for electricity, gas and hydrogen.

The implementation of measures in the EU’s Green Deal, which is necessary for effective climate action, and the implementation of the climate action decisions taken by the Federal Government, are a crucial step towards a climate-neutral economy.

These measures are to help improve the competitiveness of German and European industry and make the steel sector fit for the future. They need to be given shape in ways that stimulate efforts to reorient and transform the sector. Research, development and a pro-innovation policy and investment framework have a vital role to play in supporting the transformation of the steel industry towards future-proof, climate-friendly production processes.
About the Green Deal on Steel

Making a success of the EU Green Deal

We need a Green Deal on Steel that sets out a clear action plan for the recovery of the steel industry and boosts our decarbonisation efforts – serving as a blueprint for Europe

Overview

Europe has the opportunity before it to lead the transformation of its economy to a future in which it is CO₂ neutral, environmentally responsible, circular and able to compete internationally, addressing third country trade distortions without inhibition. Steel is central to the EU economy, and it underpins the development of major manufacturing sectors right along the value chain. Our industry sustains 2.6 million direct and indirect jobs in the EU.

To make the EU’s recovery plan and green transition a success, a Green Deal on Steel should be agreed between EU steel industry and the EU institutions and governments, with a clear action plan establishing a market for green steel in the period 2021 to 2030. This plan can serve as a blueprint for other sectors, and help the industry to get out of the worst economic crisis in decades.

Why steel?

Because the EU steel industry:

- is a strategic sector producing 100% recyclable, circular materials for EU key industries such as automotive, mechanical engineering, CO₂ low energy industries, construction, household appliances, packaging, medical devices, sanitary systems, defence, among others;
- is most advanced among the energy intensive industries in terms of CO₂-low projects;
- is already committed to reducing CO₂ emissions by 2030 by 30% compared to 2018 (55% compared to 1990) and towards carbon neutrality by 2050, if the conditions are right;
- is able to significantly advance the EU’s climate objectives as it concentrates CO₂ emissions in a limited number of installations covering about 25% of EU industrial and 5% of EU total CO₂ emissions;
- will allow the EU to set a global example as to how hard-to-abate industries can significantly lower their CO₂ emissions in a relatively short period of time.
A plan of action: A Green Deal on Steel

Agreement on a comprehensive plan for green steel is required to allow companies and investors today to make investment decisions for next decade. We welcome the approach of the German EU presidency in setting out an action concept for the steel industry. This initiative can and should serve as the basis for agreement on an action concept at an EU level, with a coordinated approach for the EU’s industry, climate, energy, trade, recovery, and related policies.

An action plan shaping markets for green steel, the circular economy and a global level playing field would address the following policy fields:

1. **Trade Defence**: Apply EU Trade Defence Instruments (TDI) without inhibition to effectively tackle third country trade distortions and their domestic industry support schemes. Adapt TDI to the new global reality of third country distortions which are detrimental to the EU economy and jobs.

2. **EU Steel Safeguards**: Extend beyond June 2021, if the U.S. Section 232 trade distortion, which plays directly against EU interests, is not revoked.

3. **Carbon Border Measure**: Set it at an effective level, complementary to existing carbon leakage provisions in a transition until a market for green steel is established in the next decade.

4. **Recovery Plan for Europe and Green Transition**: Allow access for steel projects on national and EU level. Secure complementarity with, and access to, other funding schemes, such as the *Innovation Fund*, *Just Transition Fund*, and *IPCEIs*. Adopt the *Clean Steel Partnership*.

5. **Aid Guidelines and Green Transition**: Agree on fair compensation of indirect CO₂ costs. Fully implement the new *ETS Aid Guidelines* which in phase 3 cover not even 50% of steel’s real indirect costs. Encourage member states, where compensation is not applied, to do so. The *Environmental and Energy Aid Guidelines* (EEAG) should support the CO₂-low transition, e.g. through Carbon Contracts for Difference, to de-risk investment in low carbon products/solutions by covering the difference between costs of conventional and CO₂-low steelmaking.

6. **Circular Economy**: Keep ferrous scrap in the EU for its proper treatment and quality improvement. No scrap should be exported to facilities which are less sustainable than those in the EU. Give preference to circular materials so as to achieve EU circular economy objectives.

7. **Eco-Innovation**: Grant credits for ‘green materials’ in downstream sectors, e.g. through the EU automotive legislation. Set public procurement incentives for green materials in products.
8. **EU ETS**: Introduce a *force major* clause to avoid undue impacts of COVID-19-related temporary production cuts on the amount of free allocation in the post 2020 period.

9. **Sustainable Finance & Taxonomy**: Base sustainability thresholds for steel on standard EN 19694 which considers steel’s life-cycle, not on unsuitable ETS benchmarks. Include CCUS as sustainable. A scrap sourced iron content of 90% in the Electric Arc Furnace route (EAF) is feasible for carbon steel but not for stainless and other specialty steels due to the share of alloys.

10. **CO₂-footprint**: Work on CO₂-cost based on CO₂-footprint through the value chain (full life-cycle).

**Sample questions for the panel**

- How realistic is the EU’s Green Deal objective? What additional policy adaptations will be needed to make it a success?
- Can the steel sector afford to make the green transition? What’s the business case?
- How will this transition affect other sectors?
- Why does trade policy matter so much in the context of climate change and emissions reduction?
- What projects does the European steel industry have underway – what technologies are being deployed?
- Can and should policy makers support industry in making the green transition? What are they doing now?
- How can the transition to a greener world be made just, socially equitable and fair? What are the risks, if any, from a swift green transition?

**Biographies**

*In alphabetical order by surname*

**Axel Eggert**

*Director General, EUROFER*

Axel Eggert is the Director General of the European Steel Association (EUROFER), a position he has held since 2014. He initially joined the association in 2007 as Director of Public Affairs and Communications.
Mr Eggert has over twenty years of experience in EU affairs, having worked for eight years in the European Parliament prior to his role at EUROFER. In addition to his EUROFER leadership, Mr Eggert is also Vice-President and Member of the Board of the European Steel Technology Platform (ESTEP).

A German national, Mr Eggert holds Master’s degree in Modern History, Economics and Law from the University of Darmstadt and the State University of New York at Buffalo.

[To be filled in when speakers are confirmed]

Notes on the webinar

- The webinar will take place using Zoom Webinar
- The event is moderated by Jacki Davis, Meade Davis Communications
- Mr Kerkhoff and Mr Eggert will introduce the topic with moderation from Jacki Davis. The aim is to show why we must build on the work of the German Steel Action Concept. Mr Eggert will introduce arguments for why this should be carried up at European level.
- If Commissioner Breton accepts, he would be able to give an uninterrupted statement.
- The panel will follow up on the issues raised by the leading statements. The moderator would treat Mr Eggert and Mr Kerkhoff as ‘one person’, dividing the time allocation between them.

Contact

For further information, please contact:

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Wirtschaftsvereinigung Stahl (WV Stahl)
About EUROFER and Wirtschaftsvereinigung Stahl

About EUROFER

The European Steel Association (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 Switzerland and Turkey are associate members.

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

About Wirtschaftsvereinigung Stahl

The German Steel Federation (Wirtschaftsvereinigung Stahl - WV Stahl) represents the political interests of the steel producing companies in Germany – and their roughly 86,000 employees – in dealings with politicians, business and the public.

The central concern of the organisation is to actively influence future political conditions so that steel can be produced sustainably and competitively in Germany.