

Date: 12 January 2016
Place: Brussels
Participants: Commissioner Arias Cañete with Mr Van Poelvoorde, President of Eurofer, and other representatives of Eurofer, Cabinet members (CLB, YS), DG CLIMA
<p>SUBJECT: market developments in the steel sector, expected impacts of the ETS review proposal and suggestions for amendments</p> <p>Mr Van Poelvoorde started by emphasising that Eurofer fully supports the fight against climate change, the Paris Agreement and EU climate, policies including the 2030 targets and the need to evolve towards a low-carbon economy by 2050.</p> <p>He then presented the latest market developments in the steel sector, with particular emphasis on the overcapacity in China and the ensuing increasing import, oversupply and decreasing steel prices in Europe. Should China be granted Market Economy Status under the WTO, the situation would only exacerbate.</p> <p>The Commissioner reiterated the rationale underpinning the Commission proposal for the ETS review, pointing to the detailed conclusions of the European Council of October 2014 as well as the objective to minimise or if possible avoid the need to apply the cross-sectoral correction factor to the free allocation for energy-intensive industry.</p> <p>Eurofer explained the high costs impacts of the proposal for the sector based on a study by Ecofys and underlined that a tiered approach for the carbon leakage list would better focus on the sectors most in need of protection, that the benchmark should be based on real data rather than a standard improvement rate and that best performers should receive all the allocation they need to cover their emissions. They also stressed that border adjustments are not supported by Eurofer as the negative consequences (retaliation, downstream cost increases) are estimated as too high. Finally, a more harmonised approach to indirect costs would be welcomed.</p> <p>The Commissioner suggested further discussions on the cost impacts and the benchmark should take place at technical level. He reassured that during the legislative process in the European Parliament and the Council, the Commission would act as an honest broker and assess any proposed amendments on their merits, while stressing the need for any proposal to obtain the necessary majorities in the institutions.</p>