

**Minutes of the Meeting: EUROFER , 26 January 2021**

Participants: Executive Vice-President Frans Timmermans; [REDACTED] (Cab Timmermans) ; [REDACTED] (Cab Timmermans); [REDACTED] (Cab Timmermans); [REDACTED] (Tata Steel Europe); [REDACTED] (Federazione Imprese Siderurgiche Italiane (FEDFRACCIAI)); [REDACTED] (Aperam SA); [REDACTED] (The European Steel Association (EUROFER)); [REDACTED] (GFG Alliance); [REDACTED] (SHS - Stahl-Holding-Saar); [REDACTED] (Riva Group); [REDACTED] (CEISA Group); [REDACTED] (ArcelorMittal); [REDACTED] (U. S. Steel Košice, s.r.o. (USSK)); [REDACTED] (Novolipetsk Steel (NIMK)).

Participants from EUROFER provided an overview of the economic situation of the steel sector in the Covid-19 context, and of the challenges for decarbonisation. They underlined the following aspects:

- Free allocation under ETS should continue until decarbonisation is sufficiently advanced, even if a Carbon Border Adjustment Mechanism (CBAM) is introduced;
- Free allocation should not be calculated based on the year 2020, “force majeure” needs to be recognised for Covid-19;
- Energy and environment state aid guidelines should help the transition;
- Taxonomy screening criteria in the draft delegated act would make too many projects ineligible;
- Recyclability and increase of scrap will be key to improve the CO2 footprint of the industry;
- The importance of public support and legal certainty for green hydrogen projects, and creating lead markets.

The Executive Vice President recalled the rules on free allocation as set out in the current legal framework, as well as the objectives of the forthcoming “Fit for 55” package and other policy initiatives (state aid, hydrogen strategy). He argued that a CBAM is needed and the Commission is assessing options, but free allocation under ETS and CBAM are alternative instruments. He underlined the need for continued dialogue on all aspects of the Green Deal relevant to the steel industry.