

From: VANDENBERGHE Kurt (CAB-VON DER LEYEN)
Sent: mardi 8 juin 2021 09:35
To: [REDACTED]
Cc: [REDACTED] (CAB-VON DER LEYEN)
Subject: RE: Meeting request / Letter to the President
Attachments: 20210526 Letter to the College of Commissioners.pdf; Eurofer Map IPCEI projects_short list.pdf; 20210528_ETS_and_CBAM scenario.xlsx

Dear [REDACTED]
Dear [REDACTED]

Thank you for reaching out.

I will ask [REDACTED] to fix a VTC appointment in the next few days. I will be joined by SG colleagues.

Best regards,
Kurt

From: [REDACTED] <[REDACTED]@eurofer.be>
Sent: Thursday, June 3, 2021 2:49 PM
To: VANDENBERGHE Kurt (CAB-VON DER LEYEN) <[REDACTED]@ec.europa.eu>
Cc: [REDACTED] <[REDACTED]@eurofer.be>
Subject: Meeting request / Letter to the President

Dear Mr Vandenberghe, Dear Kurt,

Would it be possible to arrange a web-meeting with you in the next few days in order to discuss the letter we have sent to the President and College on CBAM (attached)?

In particular, I would like to stress that if a careful introduction of CBAM as suggested in the letter is not an option for the Commission, the EU steel industry must not be part of the first wave of sectors covered and would prefer being considered only in the second wave. EUROFER would be active and contribute to the further fine-tuning of the CBAM and work out the most appropriate mechanism to avoid carbon leakage.

We are fully aware that over time free allocation will run out and we will depend on border measures or any other system effectively preventing carbon leakage. But if we loose benchmark based free allocation and compensation now, our ambitious projects to decarbonise are at stake as well as the EU's objective to have a succesful decarbonisation of industry.

I attach a non-exhaustive map of potential IPCEI projects of the EU steel industry which, with the right legislative framework, infrastructures and funding support will reduce the sector's direct and indirect emissions by around 30% already in 2030 compared to 2018: 54 projects, 76 million t/CO2 reduction in 2030 (yearly), €25 billion Capex (without

Opex). There is likely no other sector with such ambition and far reaching total emission reductions (ca. 2% of total EU CO2 emissions). All depends on the framework the EU will agree upon. But how can we ever achieve our ambitious objectives with such breath-taking cost increase the Commission has now in mind for our industry already in the next 8 years?

I attached an analysis extracted from the Ecofys/Navigant model to explain the devastating impact that a fast free allocation phase out (50% in 2023 declining to 0% in 2030) would have on the steel sector (with a particular impact on primary steel making). Such additional costs cannot be recovered by the companies with a CBAM, since the passing on of such costs would be impeded by international competitors that would find a way to sell their products at lower prices, even with a CBAM (through resource shuffling, or cost absorption, or just dumping). Therefore our request for a careful introduction of CBAM.

Thanks a lot for considering my meeting request as well as the meeting request of the CEOs of the EU steel industry with the President.

Kind regards,

[Redacted signature]

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[Redacted block]



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