

**From:** [REDACTED]  
**To:** [JUHANSONE Ilze \(SG\)](#)  
**Subject:** Letter to the College on EU ETS review / CBAM - meeting request  
**Date:** jeudi 1 juillet 2021 19:09:39  
**Attachments:** [moldpieoppidkehd.png](#)  
[20210526 Letter to the College of Commissioners.pdf](#)  
[EUROFER key low CO2 projects for IPCEI.png](#)  
[Cost impact of the EU ETS on the steel industry in phase 4 – with and without CBAM .pdf](#)  
[20210623 ETS impact with CBAM.xlsx](#)  
[20210623 ETS impact without CBAM.xlsx](#)

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Dear Ms ,

Referring to the attached letter we have sent to the College on the EU ETS and the Carbon Border Adjustment Mechanism, I would very much appreciate if we could have a short web-call within the few days left before the College is taking a final decision on 14 July.

A reduction of free allocation/compensation for sectors at risk of carbon leakage or for CBAM sectors going beyond the new EU ETS rules just decided in 2018 is neither necessary nor helpful to achieve the 55% target in 2030. Rather on the contrary, it will put at risk the decarbonisation of the EU steel industry and the ambitious target we have set out for our sector to reduce emissions by 30% by 2030 compared to 2018 levels (55% compared to 1990).

Already with the current rules the EU steel industry will have a shortage of 600 million tonnes of CO2 in the period 2021 to 2030 resulting in a cost burden of € 30 billion at a carbon price of €50, or € 45 billion if the carbon price steadily increases to € 100. Please find attached a one-page summary + accompanying data (2 Excel files).

Since 2017, the carbon price has increased from around €5 to €55. The EU steel industry therefore does not need any additional incentive to decarbonise. What the sector needs now is support for funding the transition and measures that effectively avoid carbon leakage. Additional costs will be detrimental to the viability of the EU steel industry. The 54 promising steel decarbonisation projects as set out in EUROFER's mapping of potential IPCEI projects (attached) will already require over € 50 billion of total investment with CAPEX of around € 25 billion and OPEX of at least € 25-30 billion by 2030. Taking away even more financial resources would be a big mistake and very likely lead to additional closures in the coming years.

Both for CBAM and non-CBAM sectors the amount of free allowances/compensation should be kept according to the current rules of the EU ETS, while the 55% target will be achieved. However, if the Commission still considers a faster phase out of free allocation for sectors to be covered by CBAM, then our industry cannot be part of the 'first wave' of sectors covered by CBAM and instead should keep free allocation and compensation at benchmark level, because otherwise it will lead to an even higher risk of carbon leakage.

Thanks a lot for your kind consideration of having a short web-call on this issue.

Kind regards,

[REDACTED]

