



EUROPEAN COMMISSION

Cabinet of Executive Vice-President Valdis Dombrovskis

Brussels, 04/02/2022

Meeting with Arcelor Mittal

04-02-2022

MINUTES

Meeting participants:

EC: Gints Freimanis (Cabinet Dombrovskis), [REDACTED] (DG Taxud), [REDACTED]
[REDACTED] (DG Trade)

Arcelor Mittal: [REDACTED]

Topic: Carbon border adjustment mechanism (CBAM)

Minutes of the meeting:

Constructive discussion confirming Arcelor Mittal position over CBAM and its impact on the share of EU steel in global markets in view of increasing carbon and energy prices. Arcelor Mittal reiterated their view on the need to maintain free allocation of allowances, the impact of CBAM on exports' competitiveness and the risks of resource shuffling.

Arcelor Mittal stressed its commitment to decarbonisation and emphasized the ambitious targets set by the company and EU steel industry, in this context. However, it also emphasized that the rapid phase-out of free allocation will place increased cost pressure to the industry, which in the face of rising carbon and energy prices will be forced to an uncompetitive position in global markets. At the same time, they consider that CBAM will not be sufficient to replace free allocation. On the basis of a detailed statistical analysis of costs structures of the industry at global level, Arcelor Mittal suggested that import pressure will increase as the EU market will become attractive to new imports with structurally lower CO2 emissions, exports from EU producers will become uncompetitive in costs relative to non EU producers and that EU steel consumers for applications with high steel intensity will also risk to become uncompetitive in their end products due to higher steel costs. Against this

background Arcelor Mittal called for the continuation of free allocation in parallel to CBAM so long as two do not exceed 100% and for a solution on the competitiveness of EU steel in global markets.

COM appreciated the pressures placed on EU steel industry in view of increasing carbon and energy prices. It clarified that the proposal is now in the hands of the legislators. It emphasized that CBAM is not the culprit to the phase-out of free allocation, as the increase of EU's climate ambition would, in anyway involve the tightening of the EU ETS. COM also pointed to the fact that the CBAM demonstrates that the EU is willing to be pro-active in global efforts to fight climate change and pointed to additional efforts in other fora such as the OECD. Finally, COM emphasized that there are mitigating measures for exporters such as investments under the Innovation fund.