



## European Steel Action Plan

### A recovery plan for European steel

Brussels, 11 June 2020, adopted by the industriAll Europe Executive Committee

### Steel is central to Europe's recovery post COVID-19

The COVID-19 pandemic has had a massive impact on the European steel sector and its workers. During this crisis, the **health and safety of workers must remain the priority** and trade union representatives should be fully involved in decisions on health and safety measures in the workplace.

Steel **production in Europe (EU) has reduced by 40%** for Q2 and **new orders have been cut by 70-75%**. It is estimated that at least **45% of the workforce** are subjected to temporary layoffs and reduced working<sup>1</sup>.

Many steel plants in Europe have been idled, and as the costs of shutting down a blast furnace are great, workers are extremely concerned that furnaces will not be restarted, leading to temporary layoffs becoming permanent redundancies. There are genuine fears that around **50% of steelmaking capacity could be lost** by the end of this pandemic.

While Europe has been suffering, other countries continue their production and even stockpile their products. Indeed, China managed to increase their production by **1,3% in the first quarter of 2020<sup>2</sup>**. There are real concerns that some countries will use the COVID-19 pandemic as an opportunity to build up their capacities, increase their stockpiles and **flood the open EU market with cheap steel**.

#### European Steel Action Plan: Recovery Plan

As such, industriAll Europe, who represent workers in 38 European countries, calls for a new **European Steel Action Plan** and has outlined a range of demands which are crucial for the sustainable future of the European steel industry. The COVID-19 pandemic has further weakened an already vulnerable European steel sector and urgent European action is needed.

Further to the demands listed in the Steel Action Plan, there are a few urgent measures which need to be implemented ASAP in order to provide a lifeline for the European steel sector.

#### *IndustriAll Europe urgent COVID-19 related demands:*

- ⇒ **EU steel safeguard measures** (in force from 1 July 2020) to be updated to bring them in line with the huge drop in EU demand. The quotas should be reduced by 75% for Q2 and Q3 in 2020.
- ⇒ An **ambitious European industrial recovery plan** that pays due attention to the needs of the steel sector and restores the capacity of the sector to generate the cashflows needed to invest in a sustainable future.
- ⇒ **Stimulus packages** at Member State and EU level to kick-start industrial production with a special focus to sectors heavily impacted by COVID-19 such as the automotive and construction sectors.

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<sup>1</sup> EUROFER survey 7 May 2020.

<sup>2</sup> China Iron and Steel Association ([CISA](#)).

## Europe needs steel and steel needs Europe

European steel is the heart of European industry. It was at the centre of the first industrial revolution and the EU that we know today started as the **European Coal and Steel Community** in 1951.

Steel production is also of great importance in EU candidate and accession countries, and it will continue to be crucial for the UK post transition period. Fair trade between the EU and EU candidate countries, EU accession countries and the UK (after the transition period) is paramount.

Steel is the basis of many **European manufacturing industries** (e.g. automotive, construction and energy) and it will remain an important material in the future. Steel plays an important role in addressing our major societal challenges, including reaching our ambition to achieve **carbon neutrality by 2050**. It is an essential element for the transformation of our transport system, the modernisation of energy networks, the deployment of renewable energies and the refurbishment of buildings to become more energy efficient.

Steel will be one of the most important materials in these transformations, and as such, Europe cannot allow itself to become dependent on imports. However, since 2015 the EU has been a net importer of steel and has thereby served as an ‘outfall’ for global excess capacities. This trend must be reversed in order for Europe to successfully combat the societal challenges of today.

Furthermore, European steel will play a key role in the **European Green Deal** and the **Circular Economy Action Plan**. Currently 85% of steel is reused and it has the potential to become a fully circular commodity. However, huge efforts will be needed to ensure that the sector can innovate towards a low-carbon future.

### EU steel production and jobs: Pre COVID-19

Over the years, the sector has undergone significant restructuring and transformation processes. During the financial crisis (2007-2013), production in the EU fell rapidly by a third and it is **still 20% below pre-crisis levels**. Between 2008 and 2014, more than **90,000 European jobs** were lost in the sector (from 420,000 to 330,000).

While EU steel production has decreased; world steel production has increased, and the EU share is now **less than 10% of the total**. While investments in new capacities have become widespread in all emerging countries over the past 10 years, the EU has reduced its production by more **than 40 MT/year between 2008 and 2014**.

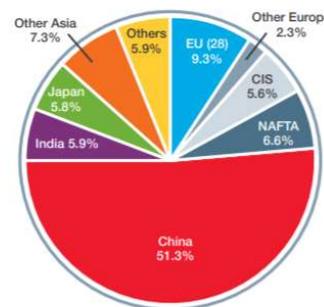
Today, the EU steel sector has **500 production sites** and provides **330,000 direct jobs** and **1.5 million indirect jobs**.

Furthermore, steel production in **EU candidate and accession countries** is critical and industriAll Europe also represents these workers. We will fight for the future of the steel industry for all of our members. Fair international trade is paramount, and we must work together to stop unfair dumping from outside Europe.

**Share of world steel production (2019)**  
(Source: World Steel)

**Crude steel production**

World total: 1 808 million tonnes



Others comprise:		
Africa	1.0%	Central and South America
Middle East	2.1%	Australia and New Zealand
		0.4%

## European steel production and jobs: Post COVID-19

The **medium and long-term effects of COVID-19** on the European steel sector needs to be analysed. The most recent survey results (EU) report a drop in production of 40%, a decrease in new orders by 70-75% and at least **45% of the workforce** being subjected to temporary layoffs and reduced working<sup>3</sup>.

### European Steel Action Plan

In 2013, the European Commission released a **Steel Action Plan** and set up a **High-Level Group on Steel**. The Steel Action Plan (2013) covered areas such as boosting demand for steel and creating a level playing field in terms of access to raw materials and trade, and it certainly supported the recovery of the steel industry at the time. However, European steel production is again in a very critical situation and we need a new European Steel Action Plan to tackle today’s challenges, paying special attention to the impact of COVID-19.

The impact of COVID-19 plus the pre-existing challenges of global overcapacity, the dumping of cheap steel on the EU market, access to raw materials, high energy prices, decarbonisation, unfair trade practices, Brexit uncertainty and the stagnation of economic growth in Europe are all real concerns for the future of the sector. The contraction of the European economy<sup>4</sup>, coupled with an increase in imports of cheap steel, could cripple the EU industry by leading to a **further deindustrialisation** in Europe. **This must be avoided at all costs!**

The future of European steel and its workers is under threat and **industriAll Europe calls for all stakeholders to come together to support a new European Steel Action Plan** to support the recovery of the European steel sector.

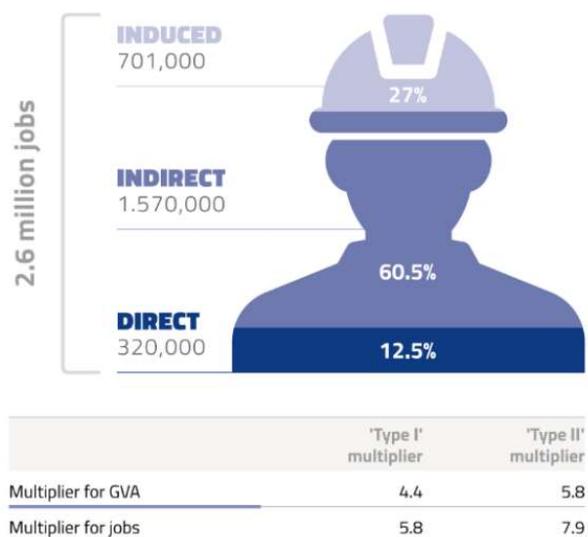
## A new European Steel Action Plan which has steel workers at its core

The steel sector has changed since the last **European Commission’s Steel Action Plan (2013)**. World steel production has increased, while Europe’s production has decreased. This gap was further widened due to the impact of COVID-19 and implemented measures in Europe which saw production decrease by 40%, while some non-EU countries managed to maintain or even increase their production.

Global **overcapacity** continues to push down prices and encourages unfair dumping of cheap steel on the EU market and there is no international solution in sight. European steel prices are now based on unfair competitive practices, prices arising from monetary, commercial, and environmental dumping as well as from undermining health and safety norms, **to the point where the prices imposed in Europe are the lowest in the world**

EMPLOYMENT GRAPHIC • 2018  
SOURCE: OXFORD ECONOMICS

The EU steel industry supports nearly 2.6 million jobs



<sup>3</sup> EUROFER survey 7 May 2020.

<sup>4</sup> [European Economic Forecast Spring 2020](#)

We need a **strong coordinated European response** to protect the European steel sector and its workers, this is why industriAll Europe calls for a **new European Steel Action Plan** from the European Commission which:

1. Has **steel workers** at its core;
2. Is based on a strong industrial policy with **social** and **environmental** dimensions;
3. Includes **trade unions** in the defining, monitoring and implementation of the plan.

## IndustriAll Europe's demands

The European steel sector is facing real challenges and there is no time to lose. Everyone must play their part and as such industriAll Europe calls on **all** stakeholders in the European steel sector to come together and fight for the future of European steel.

## European policy makers

**IndustriAll Europe calls on EU policy makers to:**

1. Adopt an **ambitious industrial recovery plan post COVID-19** that pays due attention to the needs of the steel sector and restores the capacity of the sector to generate the cashflows needed to invest in a sustainable future;
2. Draft and implement a **new comprehensive and ambitious European Steel Action Plan** for 2020-2030 to stop the decline of Europe's steel industry;
3. Develop synergies between the new European Steel Action Plan, the **European Green Deal** and the new **EU Industrial Strategy**;
4. Take into account the **Masterplan** for a Competitive Transformation of EU Energy-intensive Industries;
5. Ensure the secure and sufficient supply of **energy** at competitive prices;
6. Create a harmonised European-wide system for offsetting **indirect ETS carbon costs** (resulting from the integration of electricity generation in the ETS auctioning system);
7. Adhere to the commitments of the **OECD's Steel Committee** and the **Global Forum on Steel Excess Capacity (GFSEC)**;
8. Take urgent measures to secure an internal agreement to combat global excess production **capacities, starting with the establishment of an in-depth steel market analysis instrument**;
9. Ensure **fair** trade with both EU candidate and accession countries, and with the UK (following the end of the transition period with the EU);
10. Strengthen **trade defence instruments** against unfair competition including by replacing quotas and minimum pricing with anti-dumping procedures;
11. Apply anti-dumping measures to **slabs, billets and intermediate steel products**;
12. Completely abandon the **lesser duty rule**, which prevents the steel industry from investing more heavily in the European market;
13. **Update EU steel safeguard measures** to bring them in line with the huge drop in EU demand. The quotas should be reduced by 75% for Q2 and Q3 in 2020.
14. **Reform WTO rules** to better take into account unfair and non-transparent state aid regimes;
15. Ensure that **foreign investments** in the European steel sector are screened to confirm that they meet the same requirements as domestic investors and do not harm European strategic interests;
16. Review **EU Competition Policy** noting that the global market is the reference for European steel;
17. Guarantee fair access to **raw materials**, with market pricing incorporating the environmental and climate costs with respect to biodiversity;

18. Urgently introduce **carbon adjustment measures** to equalise carbon costs for European steel exports and imports alike to ensure a level playing field for carbon costs and related indirect costs;
19. Ensure that the **EU ETS funds**, the innovation and modernisation funds, will significantly contribute to the deployment of low-carbon steel technologies;
20. The planned **review of the EU ETS**, announced in the context of the European Green Deal, should take into account the impact of COVID-19 on the steel sector, mainly regarding investment and production levels;
21. Create an **ambitious stimulus package for decarbonising the steel sector**, noting that the challenge of producing low-carbon steel has increased due to the impact of COVID-19 and the huge drop in revenue for steel companies;
22. To accelerate the implementation of the **EU Strategy on clean steel** presented in the EU industrial strategy of March 2020. Including notably, the support for clean steel breakthrough technologies leading to a zero-carbon steel making process, as well as the creation of new markets for climate neutral and circular products.
23. To support the **uptake of low-carbon steel products** by developing viable business models for low-carbon steel (e.g. by covering the price difference with conventional steel products);
24. Commit to **sufficient and long-scale EU financing** to help de-risk projects for low-carbon steel and revise **state aid rules** for the financing their up-scaling, while securing that innovation funded by EU money leads to industrial manufacturing in the EU;
25. Allow for **industrial collaboration** and **public funds to finance** low-carbon infrastructure and investments;
26. Give electricity-intensive industries the possibility to sign up to **long-term electricity contracts**;
27. Review the rules on state aid for the **compensation of indirect carbon costs** by setting in place harmonised European rules;
28. Identify, develop and invest in the necessary **energy infrastructures** for low-carbon steel production (hydrogen) and invest in infrastructure for **carbon capture and use**;
29. Commit to the **necessary European funds** (e.g. European Social Fund, EU Invest and ERDF) to support workers and steel regions in the transformation to a low carbon steel industry without the loss of capacity or jobs.

## Member States and public authorities

### IndustriAll Europe calls on Member States and public authorities to:

1. Encourage the demand for European steel by **investing in public infrastructures** as well as in the **automotive and construction sectors** which have been heavily impacted by COVID-19;
2. Ensure the **provision of liquidity** to keep steel companies afloat in order for them to survive in the short term;
3. Ensure that no steel plant is closed without looking for new investors to **avoid job relocations and mass redundancies**;
4. Study investment plans to **revive production** in mothballed steel sites considering the sites as potential infrastructure for industry transformation;
5. Ensure that **EU ETS free quotas** are invested in the factory to which they are legally attached, once the carbon border adjustments have been put in place;
6. Ensure that a significant share of the EU ETS auctioning revenues, collected at Member State level, are used to support the low-carbon transformation of the industry including steel industry;
7. Invest in infrastructure for clean energies and guarantee **safe, sufficient and affordable energy**;

8. Deal with the cyclical nature of the sector by implementing **support mechanisms** and **short-term working programmes**, including allowances, social security contributions and training opportunities;
9. Guarantee a **Just Transition** for any worker affected by structural transformations;
10. Ensure **active labour market policies** to allow smooth transitions from one job to another and reinforce social safety nets for all workers;
11. Build **skills intelligence** on emerging and disappearing occupational profiles and on future skills needs;
12. Develop **flexible pathways between the worlds of work and education** including lifelong learning, modular learning systems, dual learning and eLearning and knowledge transfer.

## Steel companies

### IndustriAll Europe calls on steel companies to:

1. Commit to **investing in their European sites**, including updating and modernising existing equipment;
2. End **precarious work**, guarantee good working conditions and ensure workers' rights for all workers including temporary workers and **subcontractors**;
3. Ensure high **health and safety standards** for all workers, especially in light of the COVID-19 pandemic;
4. Invest in the **upskilling and reskilling** of their workforce and organise internal mobility to keep all workers on board;
5. Commit to **quality social dialogue** and respect workers' rights to information and consultation;
6. Companies to fully inform and consult with trade union representatives on their **own recovery strategies post COVID-19**;
7. Respect the **expertise and participation of workers' representatives** in strategic choices and decision-making including determining production capacity, in respect to the EWC Directive;
8. Invest in a highly efficient, industrialised circular economy and form **direct partnerships** with immediate customers;
9. Commit to decarbonisation by engaging in **technical cooperation for pilot projects** and infrastructures and consider creating **industrial synergies**;
10. Create **industrial synergies** (e.g. shared infrastructure for hydrogen pipelines), **platforms for cooperation** (e.g. energy sharing) and the establishment of **low-carbon innovation chains**;
11. Create **local information and consultation committees** with relevant stakeholders (trade unions, local authorities and NGOs) on environmental issues and industrial risks;
12. Make information on **free CO<sub>2</sub> quotas** public at least once a year and communicate with stakeholders;
13. Implement **robust environmental measures** to protect the local environment and the neighbouring population.

## Time to act

Maintaining and reinforcing a thriving steel industry in Europe is crucial for the **future of European manufacturing** and steel will play a key role in **rebuilding Europe post COVID-19**. Furthermore, steel will also play an important role in achieving the EU's ambition to be **carbon neutral by 2050**. Therefore, we urgently need to tackle the challenges of global overcapacity, the dumping of cheap steel on the EU market, access to raw materials, high energy prices, decarbonisation, unfair trade practices, the uncertainty of Brexit and the stagnation of the economy in Europe.

The further decline of the European steel industry risks to undermine the strategic autonomy of many downstream industrial activities such as energy, construction and transport, all of which are key in the transition to a low-carbon economy. **This would seriously hamper the future industrial development of the EU.**

A **new European Steel Action Plan**, which will act as a recovery plan, must support the sector which faces ever fiercer competition from non-European producers, who do not have to respect the same social and environmental standards. The sector needs to transition to a low-carbon industry, while competing in a highly competitive international market, and we must **avoid carbon leakage and European job losses**. No European worker should be left behind.

We need European policy makers, national and regional governments, employers, civil society and trade unions to work together to **guarantee the future of European steel production**. Steel is at the heart of manufacturing in Europe and urgent action must be taken to restore Europe's strategic autonomy in the steel sector and to defend the jobs of thousands of steel workers.

European workers can no longer bear the brunt of non-EU countries not adhering to international trade and environmental measures and we call for a **new European Steel Action Plan** that invests in the European steel industry and fights for the future of European workers.

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