

## Clean Industrial Deal Annex

# The EU Steel and Metals Action Plan (SMAP) – IndustriAll Europe’s reaction

The European steel and basic metals sector is currently facing a profound crisis. High energy costs, declining demand, unfair trade practices in a context of global overcapacity, and intensifying competition from non-EU producers have severely impacted the sector. Production volumes have fallen sharply, jobs are being lost, working conditions are deteriorating, investments by EU-based steel companies have declined, and entire communities are feeling the repercussions. Without decisive and coordinated action at the EU level, the future of the European steel and basic metals sector, along with the workers and regions that depend on it, remains at serious risk. This crisis also threatens the EU’s broader industrial and environmental objectives, as a resilient domestic steel and basic metal industry is crucial to delivering the Green Deal, supporting the energy transition, and safeguarding the EU’s strategic autonomy and security.

Since 2020, industriAll Europe has consistently called for a dedicated European Action Plan for steel, while advocating for coordinated strategies addressing non-ferrous metals. After years of persistent warnings and mobilisation, industriAll Europe welcomes the European Commission’s decision to respond. The publication of the long-awaited Steel and Metals Action Plan in March 2025, alongside the Transition Pathway for the metals sector, marks a long overdue recognition of the sector’s strategic importance and the multiple existential challenges it faces.

While the Action Plan represents a positive step forward, it currently falls short of the urgency and clarity required. Many of the proposed measures remain vague and primarily repackage broader EU initiatives such as the Clean Industrial Deal and the Affordable Energy Action Plan, now tailored to the steel and basic metals sector. The Plan is structured around six key pillars: energy costs, the Carbon Border Adjustment Mechanism (CBAM), trade and overcapacity, circularity, jobs, and demand.

Since the Plan’s publication, the sector’s situation has further deteriorated. In response, industriAll Europe has issued a statement reiterating its firm call for urgent and ambitious action from the European Commission, Member States and industry to protect jobs, safeguard industrial capacity, and secure the future of steel production in Europe. (See the statement [here](#).)

### Key messages from industriAll Europe:

- **Energy Costs:** Energy remains the sector’s most critical challenge. While the Plan acknowledges market failures in energy pricing, it lacks concrete regulatory reforms. The current reliance on industrial flexibility and temporary state aid is unsustainable. Structural reform of the electricity

market is urgently needed to secure the competitiveness and long-term viability of European steel and basic metal production.

- **Carbon Border Adjustment Mechanism (CBAM):** the SMAP is announcing solutions for exports, to enlarge the scope to goods downstream the supply chain and to better tackle resource shuffling. Fixing these CBAM loopholes would be a significant improvement. However, details of the initiatives remain unknown, whereas implementation is urgent to prevent carbon leakage that will be exacerbated by the 2023 ETS reform. CBAM being a first of a kind initiative, all policy options to prevent carbon leakage must be considered in case CBAM is not delivering the expected results.
- **Trade and Overcapacity:** The commitment to strengthen trade defence instruments and adopt long-term measures is welcomed. The proposal to consider the 'melted and poured' rule to determine the origin of metal goods is promising but must be expedited to prevent circumvention and unfair competition.
- **Circularity:** The inclusion of circularity as a dedicated pillar is a positive and welcome recognition of its importance to the steel sector's sustainability. The Plan's acknowledgment of steel scrap as a strategic, secondary raw material marks significant progress. We also welcome the commitment to trade measures aimed at ensuring sufficient scrap availability within the EU. However, many circularity initiatives remain broad and lack specific detail at this stage. For example, rather than only introducing tax incentives to reduce scrap exports, strong export restrictions must be considered for shipments to countries that do not uphold comparable environmental and social standards. This would help ensure adequate availability of this secondary raw material for the European steel industry. To fully realise their potential, targeted actions and robust enforcement will be essential to secure a sustainable and diversified raw materials supply. Among the targeted actions, it is also necessary to have investments and ensure their concrete implementation in plants, facilities, and equipment for the collection and preliminary treatment of scrap metal.
- **Jobs:** The Plan acknowledges the importance of upholding labour standards and supporting social partners during the transition. Positive steps include the creation of a Fair Transition Observatory, as already mentioned in other EU initiatives. The document also makes reference to amendments to the European Globalisation Adjustment Fund (EGF), but there is, at this stage, no guarantee that this will lead to effective, timely and targeted assistance for workers. Overall, the skills and social dimension remains a weak pillar, offering mainly diagnostics and good words, but without sufficient concrete support. Urgent measures are needed, including a legal framework for anticipating change and a safeguard mechanism to prevent forced redundancies before negotiated solutions are secured. This pillar requires significant strengthening to match the sector's pressing social challenges.
- **Demand and Lead Markets:** Initiatives to promote green steel through labelling, public procurement reforms, and incentives in downstream sectors are positive but currently lack concrete details. Their effectiveness will depend on the forthcoming Industrial Decarbonisation Accelerator Act and implementation frameworks. However, these initiatives fall short of securing the investment needed for decarbonisation. Despite its importance to deliver on the climate targets, investment remains marginal in the SMAP. The Commission acknowledges that such investments are not profitable, as carbon cost savings are outweighed by the high costs of clean technologies and renewable energy sources such as green hydrogen. In a profit-driven system, this limits private investment. Unfortunately, recent announcements made by companies to postpone or freeze low-carbon investment confirm our fears. To overcome this hurdle, the EU will complement the existing toolbox with an EU Industrial Decarbonisation Bank aiming to provide

100bn EUR. These additional resources are welcome, but they will only deliver tangible results if new and additional money is made available and if strict social conditionalities ensure that public money leads to investment and quality jobs in Europe. This shows that market-driven solutions alone will not deliver. Public intervention—through strategic financing and, where appropriate, public ownership—will be essential to drive the transition.

The Commission proposes	IndustriAll Europe’s analysis
<p><b>Energy</b> <b>Ensuring access to clean and affordable energy for the metals industries</b></p>	
<p>1. Lowering energy prices for energy-intensive industries:</p> <ul style="list-style-type: none"> <li>• Action Plan for Affordable Energy</li> <li>• Consultation of MS on state aid instruments based on PPAs and industry commitment to consume clean electricity</li> <li>• Q4 2025 - Guidance to MS to design public support schemes for clean energy contracts for difference, including their combination with PPAs</li> <li>• Q 2 2025 Guidance on the design of network tariffs to benefit metal and energy-intensive industry</li> <li>• 2026 ETS and CBAM reviews for indirect ETS cost compensation post-2030</li> </ul>	<p>Energy costs continue to represent a critical competitiveness challenge for the steel and basic metals sector. While the Action Plan outlines several measures with the potential to ease short-term pressures, it does not adequately address the structural drivers of high and volatile energy prices.</p> <p>A key gap is the absence of a commitment to reform the electricity and gas market framework. Without this, energy-intensive industries remain exposed to high and volatile costs.. There is a clear need for mechanisms that transmit the cost advantages of renewable and low-carbon electricity to consumers, including both industry and households. For example, decoupling renewable energy prices from gas prices—thus moving beyond the current marginal pricing mechanism—would be a key step. More broadly, energy pricing regulation should be reformed to address speculative elements in current markets and reconsider the effects of past liberalisation.</p> <p>The Action Plan’s emphasis on industrial demand-side flexibility as a tool raises concerns. Over-reliance on flexibility may disrupt production planning and compromise operational stability at key industrial sites. Furthermore, this will impact working conditions.</p> <p>The proposed use of state aid and tax exemptions as primary relief mechanisms also presents limitations. Given the fiscal consolidation foreseen under the Stability and Growth Pact and growing pressures on public budgets, such support measures may prove unsustainable over time. Structural reform—rather than temporary financial relief—is essential to</p>

	<p>deliver durable energy cost reductions for energy-intensive sectors.</p> <p>See industriAll Europe’s annex on the Affordable Energy Action Plan analysis for more details</p>
<p>2. Accelerating grid connections and the uptake of renewable and low-carbon hydrogen</p> <ul style="list-style-type: none"> <li>• Hydrogen: <ul style="list-style-type: none"> <li>○ Delegated act on low-carbon hydrogen</li> <li>○ By Q3 2025, the Commission will open the third call under the Hydrogen Bank, designed to support production and thereby facilitating access for industrial off-takers, including steel.</li> </ul> </li> <li>• Grids: <ul style="list-style-type: none"> <li>○ By Q2 2025, the Commission will issue guiding principles identifying conditions under which anticipatory investments in grid projects should be granted.</li> <li>○ By Q4 2025, the Commission will propose facilitating grid access to energy-intensive industry electrification projects.</li> </ul> </li> </ul>	<p>The Action Plan’s focus on electricity grid development and low-carbon hydrogen is a positive and necessary step. Both are essential for enabling the decarbonisation of steel and basic metals production, particularly for processes that will rely on electrification and hydrogen-based technologies.</p> <p>That said, the success of this pillar will depend on the speed and clarity of implementation. IndustriAll Europe has put forward concrete demands regarding grid infrastructure (see industriAll Europe’s position paper <a href="#">An EU Grids Action Plan for a Just Energy Transition</a>)</p> <p>From our point of view, the most challenging exercise is to deal with the massive investment challenge to modernise and extend grids (EUR 584bn until 2030) in a context of EU fiscal rules and most Member States are not in a position to spend without further debts.</p> <p>On hydrogen, industriAll Europe has also outlined clear conditions for success: availability of low-carbon hydrogen at competitive prices, investment in dedicated infrastructure, and a predictable regulatory and support framework. Ensuring these elements are in place will be key to making hydrogen a viable and scalable decarbonisation solution for the sector.</p> <p>However, the hydrogen strategy in the steel sector remains unclear, particularly regarding the specific technologies to be supported, the types of hydrogen to be prioritised, and the geographical distribution of investments—all of which have significant implications for cost, feasibility, and equity.</p>
<p><b>CBAM</b> <b>Preventing carbon leakage</b></p>	
<ul style="list-style-type: none"> <li>• Q2 2025: communication providing analysis and options on how to address the problem of carbon leakage for CBAM goods exported from the EU to third countries</li> <li>• Q4 2025 – comprehensive review of CBAM, accompanied by an anti-</li> </ul>	<p>IndustriAll Europe has consistently called for an effective CBAM to prevent carbon leakage and ensure a fair transition for the steel and basic metals sector. This includes urgent safeguards for exports, strong anti-circumvention measures, and protection</p>

<p>circumvention strategy and by a first legislative proposal:</p> <ul style="list-style-type: none"> <li>○ Extending the scope of CBAM to certain steel and aluminium-intensive downstream products</li> <li>○ Including additional anti-circumvention measures</li> </ul>	<p>against resource shuffling and the relocation of downstream production.</p> <p>The Action Plan includes several positive and timely proposals that address key shortcomings identified by the sector. Notably, the Commission recognises the risk of resource shuffling for the first time, which is a critical step towards improving the system’s integrity.</p> <p>The text also accurately identifies existing loopholes in the current CBAM design, particularly around export competitiveness, downstream value chains, and the transitional phase from free allocation to full CBAM implementation. These acknowledgements are essential and align with long-standing concerns.</p> <p>However, details of the initiative remain unknown, whereas effective implementation is urgent to prevent carbon leakage that will be exacerbated by the 2023 ETS reform. All policy options to prevent carbon leakage must be contemplated, including a revision of the decision to phase out free allowances. It is essential that the proposed measures are adopted soon and are backed by robust monitoring.</p>
<p><b>Trade</b> Promoting and protecting European Industrial Capacities</p>	
<ul style="list-style-type: none"> <li>● <b>Trade defence instruments and other trade measures</b> <ul style="list-style-type: none"> <li>○ Adjustment to the steel safeguard to enter into force on 1 April 2025 (to address the latest market development)</li> <li>○ Ready to launch an investigation for safeguards in the aluminium sector once the request is made, and ready to make use of the trade defence instruments if needed</li> <li>○ Q3 2025 – new trade measures replacing the steel safeguard as of 1 July 2026 with a highly effective level of protection</li> <li>○ Ferroalloys safeguards investigation (latest by 18 November 2025)</li> </ul> </li> </ul>	<p>Global overcapacity remains one of the most persistent structural threats to the European steel and basic metals sector, undermining fair trade and distorting international markets. In this context, industriAll Europe has consistently called for an EU trade policy that protects the steel and basic metals sectors, both through short-term enforcement and long-term structural responses.</p> <p>The Action Plan reflects the growing awareness of these challenges and includes several encouraging elements. The European Commission’s commitment to strengthening trade defence instruments—anti-dumping, anti-subsidy, and safeguards—is welcome and essential to address ongoing unfair trade practices and circumvention. The launch of an investigation into aluminium safeguard measures is also a positive step towards broader protective frameworks.</p>

<ul style="list-style-type: none"> <li>○ Assessment of the introduction of the rule of “melted and poured” to trace the country where the metal good was originally melted and poured</li> </ul>	<p>In addressing global overcapacity, it is crucial to distinguish between countries fully integrated into the European Economic Area (EEA) and those outside the European regulatory framework. EEA partners such as Norway, aligned with EU standards and part of Europe’s industrial ecosystem, must not be inadvertently treated as external actors when designing protective measures.</p> <p>Permanent safeguards must also be designed with full consideration of European industrial value chains, ensuring that workers are protected from unfair global competition without undermining cooperation within the wider European steel ecosystem. In this context, it is essential that measures remain compatible with improving EU–UK trade relations, given the deep integration of supply chains and shared industrial interests.</p> <p>We support the proposed introduction of a “melted and poured” origin rule, which would significantly enhance enforcement and help close existing loopholes. However, the Commission’s current stance, which is merely assessing the feasibility of this rule rather than committing to its adoption, falls short of what is urgently needed.</p> <p>IndustriAll Europe continues to advocate for a comprehensive European trade strategy that combines effective defence instruments, support for domestic industrial capacity, and a commitment to fair and rules-based international trade.</p> <p>See IndustriAll Europe’s position paper on <a href="#">Sustainable Trade</a> adopted in 2025</p>
<p><b>Circularity</b> <b>Promoting circularity for metals</b></p>	
<ul style="list-style-type: none"> <li>• Q3 2025- trade measures to ensure sufficient availability of scrap</li> <li>• Q4 2026 – feasibility study on recycled content obligations for steel and aluminium (under the End-of-Life Vehicles Regulation)</li> <li>• Q 4 2026 – recycled content obligations for aluminium in construction products</li> <li>• Q4 2026 – Circular Economy Act: improve secondary raw material markets and Single Market for waste</li> <li>• Assess the feasibility of introducing recyclability and/or recycled content requirements obligations for steel,</li> </ul>	<p>The strong focus on circularity is welcome, but the plan currently outlines mostly broad measures, making it hard to assess their impact on the sector. The implicit recognition of steel scrap as a strategic secondary raw material is welcome, but targeted actions are now needed to secure this status.</p> <p>It is encouraging that the Commission is considering trade measures to ensure scrap availability, leveraging bilateral agreements to diversify and sustain raw material supplies while addressing illegal export bans and distortions.</p>

<p>aluminium and copper in specific products under the Ecodesign regulation</p>	<p>The emphasis on robust enforcement of the revised Waste Shipment Regulation to prevent scrap leakage to countries with lower environmental and social standards is positive, though effective implementation will be critical.</p> <p>We do not agree with the characterisation of a “lack of demand from EU industry” for scrap as this is linked to efforts to stimulate recycled content demand through supportive policies that should follow.</p>
<p><b><u>Jobs</u></b> <b>Defending quality industrial jobs</b></p>	
<ul style="list-style-type: none"> <li>• Spring 2025 – Amendment to the European Globalisation Adjustment Fund Regulation to extend the possibility of support to companies in restructuring processes to protect employees against the risk of unemployment</li> <li>• European Fair Transition Observatory and Quality Jobs Roadmap (announced in the Clean Industrial Deal): Just Transition principles into all industrial transformation projects, safeguarding workers’ rights and securing quality jobs for the future</li> </ul>	<p>The Action Plan offers a strong narrative on quality industrial jobs, recognising the need to uphold EU labour standards, protect employment, and involve social partners in managing the transition. However, the jobs pillar remains weak, with only two main proposals: creating a Fair Transition Observatory and amending the European Globalisation Adjustment Fund (EGF) and European Social Fund (ESF+) regulations.</p> <p>The Fair Transition Observatory is a positive step and aligns with industriAll Europe’s Just Transition Manifesto by improving data collection and mapping to better support workers and regions affected by structural change. Yet, diagnosis alone is insufficient and urgent, decisive measures are needed.</p> <p>We reiterate the call for a legal framework to anticipate change and a safeguard mechanism preventing forced redundancies until negotiated solutions are in place.</p> <p>Notably, there is no reference to SURE 2.0, missing an important complementary tool for worker support. Overall, this pillar needs significant strengthening to ensure commitments translate into effective, timely support for the sector’s workforce.</p>
<p><b><u>Demand</u></b> <b>De-risking decarbonisation projects through lead markets and public support</b></p>	
<ul style="list-style-type: none"> <li>• Lead markets: <ul style="list-style-type: none"> <li>○ Low-carbon metal as a market standard</li> </ul> </li> </ul>	<p>The call for promoting green steel through an EU labelling system, public procurement preferences, and downstream sector incentives aligns well with</p>

<ul style="list-style-type: none"> <li>○ Resilience and sustainability criteria to strengthen production of EU-made clean products via non-price criteria to the EU budget, national support programmes as well as public (and private) procurement</li> <li>○ Voluntary label on the carbon intensity of industrial products – steel first, in 2025</li> <li>● De-risking high investment costs projects             <ul style="list-style-type: none"> <li>○ 2025: EUR 1 billion pilot auction supporting industrial decarbonisation and electrification of key industrial processes, to facilitate the electrification of steel and metal industrial processes</li> <li>○ Innovation : reform of the research fund for coal and steel and flagships calls under this research fund to be launched in 2026-2027.</li> </ul> </li> <li>● Supporting concrete projects through the Critical Raw Materials Act</li> <li>● Regulatory simplification (Omnibus)</li> </ul>	<p>the sector’s decarbonisation needs. However, these measures are currently only announced as part of the forthcoming Industrial Decarbonisation Accelerator Act (IDAA) without concrete details. Their potential impact can only be fully assessed once the IDAA is published.</p> <p>Social conditionalities must be applied where public money or support is involved. This is not clearly stated in these proposals.</p> <p>Targeted local content requirements in the iron and steel sectors can serve as a more effective industrial policy instrument for strengthening European manufacturing competitiveness than voluntary environmental labelling schemes or green certification initiatives. On raw materials strategies, trade unions emphasise the importance of involving social partners in the selection process of strategic projects under the Critical Raw Materials Act to ensure balanced decision-making and fair outcomes.</p> <p>There are major concerns about the first Omnibus proposal, which includes extensive simplifications across sustainable finance reporting, sustainability due diligence, taxonomy, and CBAM. These wide-ranging changes may carry risks of deregulation rather than simplification that industriAll Europe is denouncing.</p>
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