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Delegations will find attached document SWD(2025) 780 final.

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COMMISSION STAFF WORKING DOCUMENT
Accompanying the document

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

addressing the negative trade-related effects of global overcapacity on the Union steel market

{COM(2025) 726 final}

1. Political background

The **steel sector** is central to Europe's competitiveness and security. President von der Leyen in her State of the Union address on 10 September 2025, recalled the unequivocal commitment to propose a new, long-term trade instrument to succeed the expiring steel safeguards to protect the steel industry against the negative trade-related effects of global overcapacity.

EU leaders adopted **the Budapest Declaration**[1] in November 2024 highlighting the urgent need and determination to make the EU more competitive through a new European competitiveness deal. Furthermore, leaders declared their commitment to ensuring an industrial renewal and decarbonisation allowing the EU to remain an industrial and technological powerhouse. To this end, leaders committed to developing a European industrial policy to ensure the growth of tomorrow's key technologies, while paying particular attention to traditional industries in transition.

The **Commission Communication: A Competitiveness Compass for the EU**, adopted on 29 January 2025, establishes industrial competitiveness as a core priority and sets outs cross-sectoral actions for the next years. It recognises decarbonisation as a powerful driver of growth when integrated with industrial, competition, economic and trade policies. The Communication identified steel and metals as key areas for action.

The **Clean Industrial Deal**[2] published on 26 February 2025 highlights energy intensive industries as focal sectors requiring urgent support to decarbonise, electrify, as well as confront high energy costs, unfair global competition and complex regulations, harming their competitiveness and announces the Steel and Metals Action Plan which "will propose concrete actions for both ferrous and non-ferrous metals industries, as well as steel and metals – the backbone of EU industry for centuries – are essential for the clean and digital transformations."

Additionally, the Clean Industrial Deal announced a new regulatory initiative, the **Industrial Decarbonisation Accelerator Act (IDAA)**, which will introduce resilience and sustainability criteria to foster clean European supply for energy-intensive sectors. One objective of the IDAA is to "create lead markets for the development of European clean and resilient industrial technologies and products and develop a label on the carbon intensity of industrial products, starting with steel".

On 4 March 2025, a **Strategic Dialogue on Steel** was set up, involving stakeholders across the whole steel supply chain. President von der Leyen stated that "*The steel industry is a key sector of our European single market. At the same time this industry is of utmost importance in our fight against climate change. The Strategic Dialogue will help develop a concrete Action Plan to tackle the unique challenges of this sector in the clean industrial transition. We want to ensure that the European steel industry is both competitive and sustainable in the long-term".*[3] The Dialogue reflected the critical challenges faced by the sector and the need for urgent actions.

1 https://www.consilium.europa.eu/en/press/press-releases/2024/11/08/the-budapest-declaration/
2 Clean Industrial Deal - European Commission: https://commission.europa.eu/topics/eu-competitiveness/clean-industrial-deal_en
3 https://ec.europa.eu/commission/presscorner/api/files/document/print/nl/ip_25_611/IP_25_611_EN.pdf

On 19 March 2025, the Commission adopted a **Steel and Metals Action Plan (SMAP)**[4], outlining ambitious actions across different policy areas, including trade.

Lastly, other EU institution, the European Parliament, in its **Resolution on Energy Intensive Industries**[5] from April 2025 called on the Commission to make full and efficient use of trade defence instruments and to find a permanent solution to address unfair competition and structural overcapacity, before the expiry of current steel safeguard measure.

1.1.1. Interplay with existing instruments

The steel trade measure is being prepared in a broader context where initiatives in other policy areas have been put in place or are being developed, as listed below.

Climate	Climate Law, EU Emission Trading System (EU ETS), Industrial Emissions Directive, CBAM
Energy	Electricity and gas Market Regulations and Directives, the Renewable Energy Directive, the Energy Efficiency Directive the Gas and Hydrogen Decarbonisation Package, Action Plan for Affordable Energy.
Product	Construction Product Regulation (CPR), Eco-design for Sustainable Products Regulation (ESPR).
Competition	Clean Industrial Deal State Aid Framework (CISAF), Climate, Energy and Environmental Aid Guidelines.
Trade	Trade Defence Instruments, Foreign Direct investment, Free Trade Agreements
Funding	Current multiannual financial framework (MFF), post 2027 MFF, Industrial Decarbonisation Bank, Horizon Europe, Research Fund for Coal and Steel, Innovation Fund, European Competitiveness Fund.

1.1.2. Interplay with ongoing initiatives

There are also several ongoing initiatives that will have an important impact on the steel sector.

Status		
Ongoing	Proposal for a Regulation on the End-of-Life Vehicles (ELV)	Harmonised methodology for reporting of life-cycle CO_2 emissions of passenger cars and light commercial vehicles, mandate by Regulation (EU) 2019/631
Planned for 2025	Industrial Decarbonisation Accelerator Act Revision of CBAM	Greening Corporate Fleets
Planned for 2026	Circular Economy Act	Electrification Action Plan

4https://single-market-economy.ec.europa.eu/document/download/7807ca8b-10ce-4ee2-9c11-357afe163190_en?filename=Communication%20-%20Steel%20and%20Metals%20Action%20Plan.pdf
5 https://www.europarl.europa.eu/doceo/document/TA-10-2025-0065_EN.html

1.2. The EU steel sector and its key challenges

Steel is an essential material for the EU economy, including for its green transition. Steel is used in a wide variety of sectors, such as buildings, infrastructure, railways, automotive, shipbuilding, windmills, industrial tools and machinery, household appliances, amongst others. Steel is also of strategic importance for increasing the defence and military capabilities of the EU[6]. In this regard, the **White Paper for European Defence – Readiness 2030**[7] noted that *'existing value chains or manufacturing capacities (such as steel) can find new opportunities in repurposing and supplying a growing footprint of a defence industrial base',* and it concluded that *'a surge in defence investment would have positive spillover effects across the economy, contributing to competitiveness, job creation and innovation in many sectors, from aeronautics to shipbuilding, from **steel** to space'.*

The EU steelmaking industry is the world's third largest steel producer. It employs around 300,000 people directly and it is estimated that it generates 2,5 million jobs (indirect and induced)[8]. There are many steel production sites across more than 20 EU Member States. Steel plants sustain many regional economies, underlining their socio-economic and political importance. A previous Commission Staff Working Document[9] "Towards a competitive and clean European steel" concluded that '*Steel is a crucial input to several downstream ecosystems, such as construction, mobility and automotive, or for mechanical engineering companies. […] Companies active in these sectors, many of which are small and medium-sized enterprises (SMEs), employ millions of workers in Europe and depend on EU steel production'.* Thus, underlining the key role of steelmaking in preserving a strong supply chain and quality jobs in the EU.

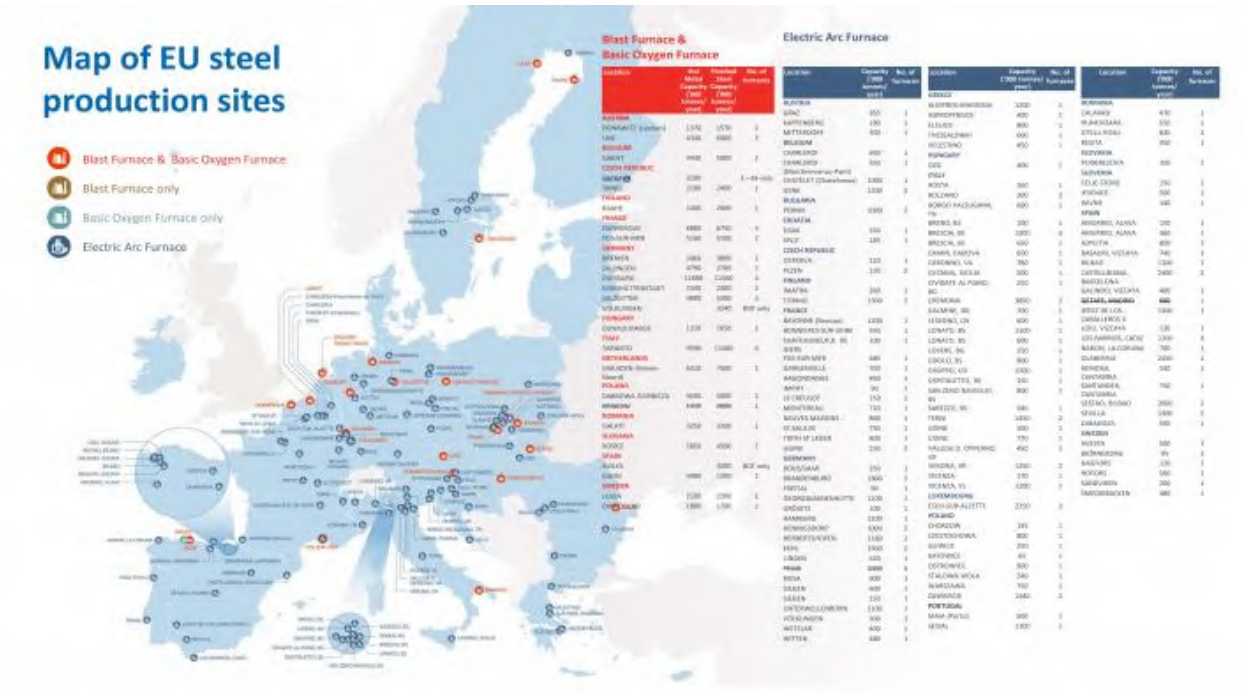
6 https://commission.europa.eu/topics/defence/future-european-defence_en

7https://defence-industry-space.ec.europa.eu/document/download/98add398-b006-4c68-be28-a276688b0890_en?filename=White%20paper%20for%20European%20defence%20%E2%80%93%20Readiness%202030.pdf

8https://www.eurofer.eu/assets/publications/brochures-booklets-and-factsheets/european-steel-in-figures-2025/European-Steel-in-Figures-2025_23062025.pdf

9 Commission Staff Working Document: Towards competitive and clean European steel Accompanying the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery; SWD (2021) 353 final.

Figure 1. Map of EU steel production sites[10]



Source: EUROFER

The EU steel industry is facing critical challenges which weaken its competitiveness in a global market and seriously threaten its long-term viability, creating high risks for the industry's existence and its ability to make new investments. Over the last years, the EU steel industry has been facing a significant and sustained import pressure, both in volumes and prices, resulting from unsustainable levels of global overcapacity, which are negatively impacting the EU steelmaking industry's economic performance. Furthermore, the EU steel demand in the EU has been depressed. Consequently, EU production has shrunk, and its current capacity utilisation is well below profitable levels[11], undermining EU steelmakers' ability to invest and as such, jeopardising EU's decarbonisation objectives. In fact, several EU steelmakers have halted ambitious and costly investments in green steel projects needed to remain competitive and decarbonise its production as part of the EU's green agenda. These critical challenges are taking place in an overall difficult context, as the steel sector is facing a lack of a level playing field, as well as higher energy and manufacturing costs.

This situation also poses **risks related to the EU's strategic autonomy**. As noted in the European Economic Security Strategy, the loss of European-based production capacities and know-how in critical sectors could leave the EU overly dependent on imports in key segments of the economy.

The combination of challenges is having a heavy impact on jobs. In fact, the EU steel industry has been seriously decimated, losing nearly 100 000 direct jobs since 2008 (around 25% of its workforce) and closing or reducing installed capacity in numerous factories across many EU

10 Source: EUROFER [providing an indicative visual overview of the plants - few of the sites included in the map may no longer be operational]
11 See Section 3.3. for further details

Member States. The current situation is very fragile, and risks to seriously worsen if the challenges are not effectively addressed.

Trade defence measures make an essential contribution to the continued existence of the EU steel sector. The EU has 80 trade defence measures in place on the steel sector, out of a total of 229 measures, including since 18 July 2018 an *erga omnes* safeguard[12] on a wide scope of steel finished products (carbon flats and longs, stainless steel and tubes and pipes), protecting nearly 224,000 jobs in the steel sector (of those, almost 174 000 by the steel safeguard). The trade defence instruments are effective, and their impact is significant with imports in the steel sector dropping by an average of 55% overall after measures are imposed, although this drop varies across specific products. The drop in imports subject to measures can be as high as 100%. However, TDIs' purpose and design are not appropriate to deal effectively, as the main tool, with the widespread trade-related effects of global overcapacity.

Yet, import pressure has continued to grow throughout the years because of growing overcapacities. At the same time, the safeguard measure, which has been in place since 18 July 2018, will legally expire after 30 June 2026 and if not replaced, would leave a substantial gap in the level of protection currently afforded to the EU steel industry.

The SMAP recognised that the steel sector *is vital for the EU's economic security and social stability*[13]. In the field of trade, the SMAP sought to take actions to **promote and protect EU industrial capacities**. In this regard, the SMAP concluded that *global overcapacities severely threaten the profitability and competitiveness of European industries,* and that *it is therefore necessary to introduce an appropriate and effective protective measure beyond 30 June 2026 that will contribute to preserving a competitive and sustainable EU steel industry.*

The SMAP committed to have a Commission **proposal for a trade measure** replacing the steel safeguard ready in the third quarter of 2025:

Action under SMAP
No later than Q3 2025, the Commission will propose a trade measure replacing the steel safeguards as of 1 July 2026, providing a highly effective level of protection against negative trade-related effects caused by global overcapacities.

This accelerated timeframe was necessary given the magnitude of the challenges faced by the industry, intensified by the upcoming expiry of the safeguard measure and the imposition of tariffs on steel imports by third countries, including the United States.

The SMAP thus showcased the urgent need to address effectively the challenges posed by the negative trade-related effects caused by global overcapacities and by the proliferation of trade-restrictive measures across third countries.

As part of the process leading up to a proposal for a trade measure, the Commission published a **call for evidence**[14] and a **targeted consultation**[15] to collect views from stakeholders.

12 A detailed description of the safeguard measure is provided in Section 4.
13 SMAP, at p. 1.
14 https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14781-Trade-measure-addressing-the-negative-trade-related-effects-of-global-excess-capacity-on-the-EU-steel-sector_en
15 https://policy.trade.ec.europa.eu/news/commission-launches-consultation-future-measures-safeguard-eu-steel-sector-unfair-trade-practices-2025-07-18_en

2. Trade-related challenges and market evolution and outlook

2.1. Evolution of consumption and forecast in the EU and worldwide

The world's steel consumption continues to show a weak evolution since 2022, and the prospects going forward are not particularly positive. Demand is expected to only increase modestly in 2025, only recovering 2023 levels, according to World Steel[16].

Table 1. Steel Demand Forecasts
SRO October 2024, finished steel products

	million tonnes			y-o-y growth rates, %		
Regions	**2023**	**2024 (f)**	**2025 (f)**	**2023**	**2024 (f)**	**2025 (f)**
European Union (27) & United Kingdom	138.7	136.6	141.4	-8.7	-1.5	3.5
Other Europe	44.7	42.5	42.2	14.7	-5.0	-0.7
Russia & other CIS + Ukraine	60.3	60.5	60.0	11.5	0.3	-0.8
USMCA	132.5	131.3	133.4	-0.3	-0.9	1.6
Central and South America	45.7	45.6	47.8	1.0	-0.3	4.8
Africa	35.4	37.1	38.9	0.5	4.8	4.8
Middle East	54.2	56.9	58.7	4.2	4.9	3.3
Asia and Oceania	1 255.5	1 240.5	1 249.1	-1.2	-1.2	0.7
World	**1 767.0**	**1 750.9**	**1 771.5**	**-0.8**	**-0.9**	**1.2**

Source: World Steel (2025)

The outlook for 2025 is also confirmed by OECD data as shown in the table below. Looking beyond 2025, the OECD concluded that *world steel demand has weakened over the last three years. A sharp decline in demand in the People's Republic of China ("China") largely offset solid steel demand growth in many emerging markets during 2024. In many advanced economies, steel producers experienced slowdowns due to weaker demand, economic uncertainty and high energy costs. As with demand, world steel production reached a record level in 2021, then generally declined through 2024. Growth of slightly less than 1% per year is expected for world steel demand and production through 2030.*[17]

16 https://worldsteel.org/data/world-steel-in-figures/world-steel-in-figures-2025/#apparent-steel-use-2020-to-2024, see apparent steel use table. The grouping of countries/regions is done by the data supplier, in this case, Worldsteel, e.g. EU(27) + United Kingdom, or Russia+other CIS+Ukraine.
17 See OECD Steel Outlook, p. 48.

Table 2. Steel demand expectations, 2024 – 30 (in million metric tons and % change)[18]

Region	2024	%	2025	%	2030	2025-30, CAGR, %
Asia	1 295	-1.8	1 304	0.6	1 350	0.7
China	909	-3.6	902	-0.8	876	-0.6
India	151	7.2	160	6.0	217	6.3
Japan + Korea	106	-6.2	107	0.7	99	-1.5
Association of Southeast Asian Nations	90	8.7	94	4.7	112	3.7
Other Asia	40	0.4	41	3.5	46	2.1
Europe	197	-1.5	201	1.7	200	0.0
European Union (27) and United Kingdom	150	-1.1	153	1.6	150	-0.3
Türkiye	39	-3.1	40	2.2	42	0.9
Other Europe	8	-0.3	8	1.1	8	0.4
United States, Mexico and Canada	147	-0.7	148	0.6	150	0.3
Commonwealth of Independent States and Ukraine	61	-3.0	62	1.6	70	2.6
Middle East	62	7.0	64	2.6	68	1.3
Central and South America	53	4.5	54	2.1	56	0.5
Oceania	9	9.3	9	0.6	10	1.4
Africa	36	4.3	38	4.9	42	2.1
Others	10	2.4	10	4.9	12	2.1
World	1 870	-1.1	1 889	1.0	1 958	0.7

Source: OECD Steel Outlook (2025)

The outlook for the EU steel market does not look any better. While in 2023 and 2024 it saw very low levels of consumption, in 2025 it is expected to recover only marginally[19]. The OECD also projects a rather stable level of consumption through 2030[20]. These projections from the OECD and World Steel are in line with EUROFER's (EU steelmakers' association) own assessment. In its latest outlook, EUROFER noted that *the outlook for 2025 and 2026 remains overshadowed by a worsening combination of very high tariff-related uncertainty, weak conditions in manufacturing sectors – and consequently lacklustre steel demand - severe geopolitical tensions, and broader economic challenges. Although repeated monetary easing in the euro area, its effects on the economic cycle will not be visible in the short-term*[21].

These outlooks also show clearly that the modest demand increases projected for the next years will be outpaced by the increase in capacity. In fact, and despite the consistent outlooks for steel demand, significant net capacity increases continue steadily, with new capacities being projected across different regions[22]. As highlighted by the OECD in its 2025 Steel Outlook, *substantial increases in capacity are planned worldwide over the next three years […] despite only modest global steel demand growth*[23].

[18] The grouping of countries/regions is done by the data supplier, in this case the OECD e.g. EU(27) + United Kingdom, or United States, Mexico and Canada.
19 See Worldsteel short-range outlook for 2025:
https://worldsteel.org/wp-content/uploads/SRO_T_Oct24_ver2025_02_05_corrr.pdf
20 See OECD Steel Outlook, Table 4.3, p. 55.
21 See EUROFER's Economic and steel market outlook 2025-2026:
https://www.eurofer.eu/assets/publications/economic-market-outlook/economic-and-steel-market-outlook-2025-2026-second-quarter/EUROFER-Economic-Report-Q2-2025.pdf
22 See Annex A of OECD Steel Committee's Latest developments in steelmaking capacity and outlook until 2027, STI/SC (2025); see also Tables 2.1, 2.2. and 2.3. in OECD 2025 Steel Outlook, pp. 25-28.
23 See OECD Steel Outlook, p. 16.

This shows the stark contradiction between market evolution and decisions in many countries to continue increasing capacities, thus exacerbating an already acute problem in the global steel market.

2.2. Overcapacity

In 2015 China flooded international steel markets, particularly the EU, amidst a breakout caused by its severe overcapacity, once its domestic consumption could not keep up with the high level of production. Already in 2014 Chinese exports to the EU were growing significantly. In 2016, in an international recognition of the magnitude of the mostly Chinese state-driven overcapacities, and the negative effects it was causing across steel markets, the Global Forum on Steel Excess Capacity (GFSEC) was created under the auspices of the G20.[24] Its goal was tackling effectively the root causes of overcapacity. In the same period, the Commission also issued a Communication acknowledging the challenges faced by the sector, including the effects of overcapacity[25].

Overcapacity is often driven by systematic, state-induced over-investments and subsidies concentrated along supply chains in critical and strategic industrial sectors. Structural overcapacities in third countries translate into aggressive export strategies which increase pressure on EU producers adding to an already unlevel playing field.

As the OECD has recently concluded, *the steel industry is one of the most subsidised industrial sectors […]. The People's Republic of China's ("China") subsidisation rate is ten times that of OECD countries. Government support for the steel sector has become increasingly prominent in regions where steelmaking capacity is rapidly expanding, such as in the Middle East and North Africa, the Association of Southeast Asian Nations, and China. In addition to government grants and below-market borrowings, measures include subsidised energy prices and preferential tax treatment*[26].

The OECD highlights Government support becoming increasingly prominent in certain regions where capacity is growing fast. It gives examples of such support in countries such Egypt, Algeria in the MENA region and Indonesia, Malaysia and Vietnam in ASEAN[27]. All these countries have rapidly increased their exports to the EU in recent years, despite a safeguard measure in place[28].

The GFSEC elaborated on the effects of steel overcapacity, acknowledging that *overcapacity is associated with surges in steel exports from countries that are the source of global excess capacity. This leads to over-supply of steel on international markets and depressed steel prices, as well as lower market shares and capacity utilisation rates for domestic steel producers in third countries that operate under market conditions. Moreover, the recent excess capacity crisis that emerged in 2015 also led to bankruptcies and localised job losses across the*

24 https://ec.europa.eu/commission/presscorner/detail/en/ip_16_4435
25https://www.europarl.europa.eu/RegData/docs_autres_institutions/commission_europeenne/com/2016/0155/COM_COM(2016)0155_EN.pdf
26 See OECD Steel Outlook 2025, section 3, p. 32.
27 See OECD Steel Outlook 2025, pp. 37-40.
28 See Figure 5 in Section 3.3 below.

GFSEC's membership. Typically, no matter where the excess capacity sits, it always leads to lower profitability for steel producers everywhere[29].

A recent GFSEC study[30] further concluded that *excess capacity drives the negative performance of firms through multiple channels, starting with higher distortions in competition when steel products are sold at artificially lower prices. This directly influences the profit margins of steel firms in the GFSEC member countries. The decline in operating turnover demonstrates weaker demand for steel firms' products and smaller revenues from their sales. Turnover is directly linked to the firm's financial health, as it determines the profitability performance. Among the outcomes of this process is an inability to finance new investments. The decline in assets points to smaller capital investments or devaluation of assets that steel firms in GFSEC member countries have experienced in the years leading up to 2020. These can reduce operational capacity, and lead to a loss of competitiveness and an inability to invest in the necessary technological advancements for the industry.*

Despite the well-documented negative impacts on the steel sector, overcapacity has grown steadily in recent years, and it is expected to continue rising, becoming a challenge of structural nature[31]. In fact, recent OECD data shows that 165 million tons of new capacity additions are projected for the period 2025-27.[32] These increases are also partially the result of cross-border investments by Chinese steel companies. Of the projected 165 million tons in new capacity, Asian economies are expected to account for 60% of the new capacity, led by substantial increases in China, India and ASEAN.

As a result, global excess capacity is expected to increase to **721 million tons** by 2027, from an estimated 602 million tons in 2024, putting enormous pressure on the viability of even highly competitive steelmakers[33]. To put these figures into perspective, the expected overcapacity represents around five times the EU's steel consumption.

The below table from the OECD shows the growing gap between installed capacity and demand, set to continue in the coming years[34].

29 Global Forum on Steel Excess Capacity (GFSEC): *Impacts of global excess capacity on the health of GFSEC steel industries, March 2024:* https://www.steelforum.org/content/dam/steel-forum/en/publications/gfsec-impacts-of-global-excess-capacity_0325.pdf

30 Global Forum on Steel Excess Capacity (GFSEC): *Global excess capacity and employment in steel and downstream activities, March 2025*: https://www.steelforum.org/content/dam/steel-forum/en/publications/GFSEC-Employment_and-excess-capacity_31_jan_2025-(002)_250305_1015.pdf

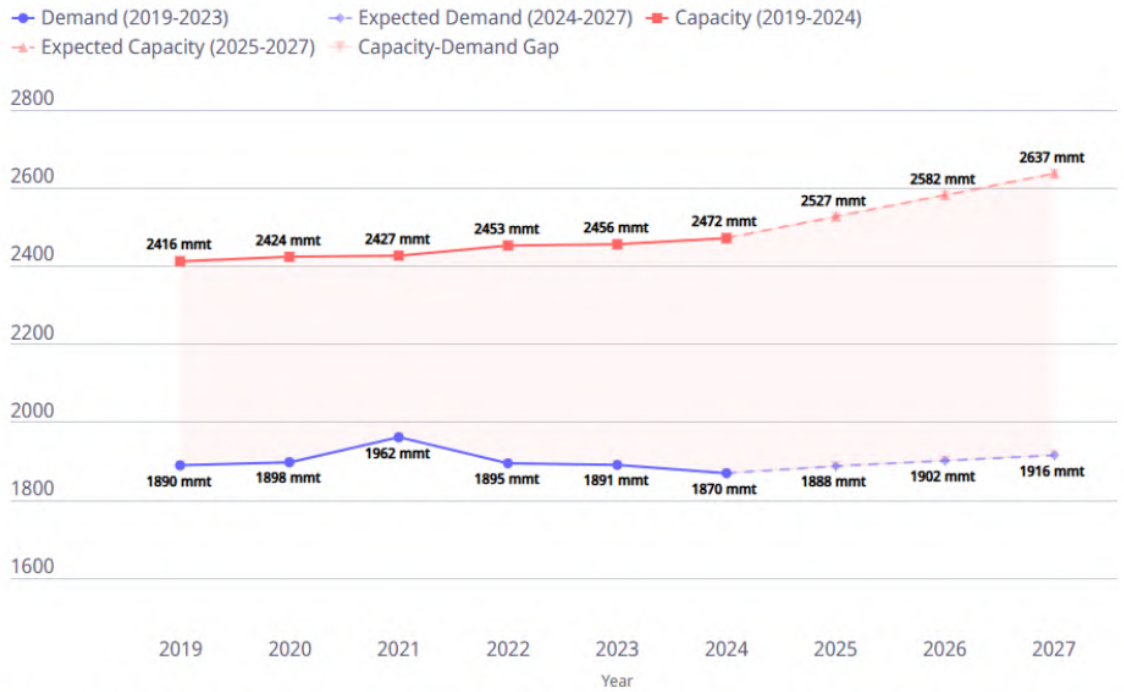
31 See Annex A of OECD's Update-Latest developments in steelmaking capacity and outlook until 2027, TI/SC (2025)4 | 1. See also: https://mepsinternational.com/gb/en/news/overcapacity-will-continue-to-weigh-on-steel-industry

32 OECD Steel Outlook, p.16.

33 OECD Steel Outlook, p. 16.

34 OECD Steel Outlook, p.16, figure 1.3.

Figure 2. Recent (2019-24) and forecasted (2025-27) global excess capacity (in million tons)



Source: OECD desk research for capacity data and demand and OECD estimates of steel demand derived from its long-term steel demand model (see Chapter 4), taking into account the *Short-Range Outlook* published by the World Steel Association (https://worldsteel.org/). Linear interpolation was employed.

Some non-exhaustive examples of significant capacity increases across steelmaking countries after the China overcapacity crisis outbreak in 2015 until 2024, include[35]: Vietnam (>100%), Algeria (>200%), India (>50%), Türkiye (>15%), Egypt (>20%), Malaysia (>40%), Indonesia (>40%), amongst others.

Thus, the trend of growing capacities across regions continues today and the most recent available projections clearly show that the problem of overcapacity is not on track to be solved – rather, the contrary. This trend is further widening the gap between demand and capacity, exacerbating the pressure on global steel market, and on the EU steel market as the world's main steel importing market[36]. As will be described in Section 3.2. below, such capacity increases disconnected from demand evolution are having a very detrimental effect on the global steel sector and on the EU steel industry.

Furthermore, it is worth recalling that the European Union was virtually the only major steelmaking region where installed capacity had decreased since 2018 and thus did not contribute to the current trends in global overcapacity[37].

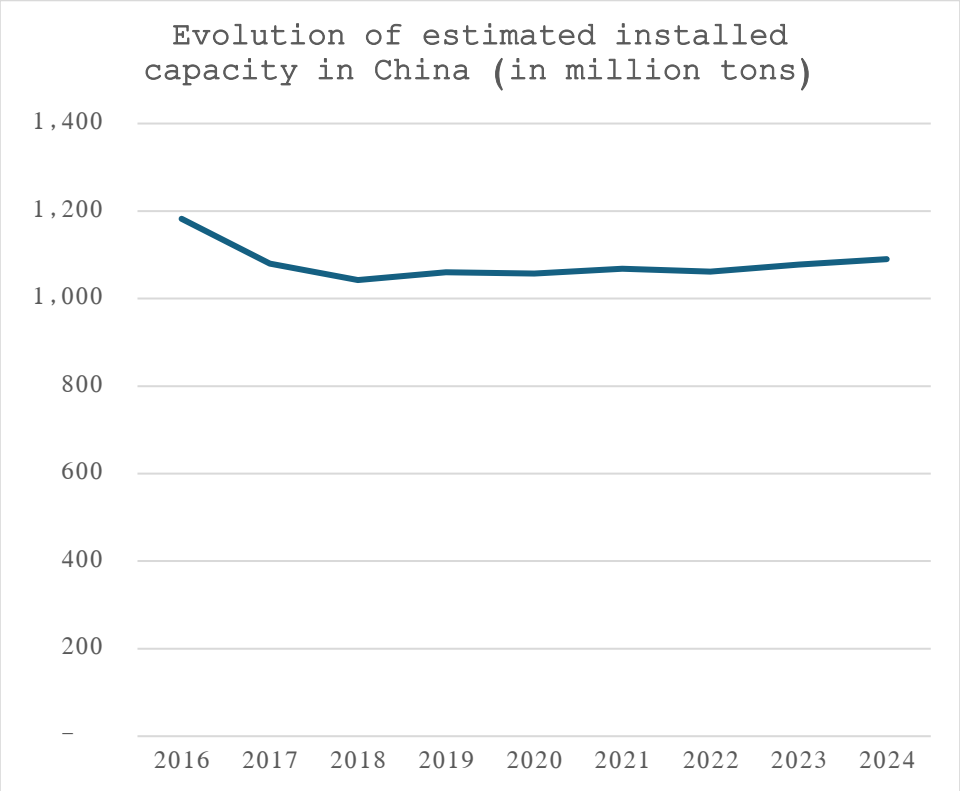
35 Source: Boston Consulting Group https://plantfacts.bcg.com
36 OECD Steel Outlook, table 5.2.
37 OECD, Latest developments in steelmaking capacity, Table 1.

China

Given the sheer size of its steel industry, the situation of China and its impact on global steel market developments, deserves particular attention. In the period 2006-2016, boosted mainly by real estate and large infrastructure projects (and by stimulus packages by the Government to overcome the financial crisis, where growth and demand weakened), China increased its steel production capacity by over 675 million tons. This amounts to around 73% of the worldwide capacity increase in the same period[38].

In 2024 China accounted for 53% of global steel production[39] and around 46% of global steel capacity[40]. In overall terms, Chinese installed capacity peaked in 2015, when the 'China overcapacity crisis' broke out in the form of record-level exports.

In the subsequent years and following the creation of the GFSEC of which China was originally a member, net capacity decreases took place. However, since 2019 when China left the GFSEC, that trend has reversed, and China has seen a net increase in installed capacity[41].



Furthermore, China is further increasing its steelmaking presence in third countries through foreign direct investment in new capacities, including through State Owned Enterprises

38 See Commission Staff Working Document on significant distortions in the economy of the People's Republic of China for the purposes of trade defence investigations, SWD(2024) 91 final ('the China Distortions Report'): https://ec.europa.eu/transparency/documents-register/detail?ref=SWD(2024)91&lang=en (Register of Commission Documents - SWD(2024)91), Section 14.6.

39https://worldsteel.org/wp-content/uploads/World-Steel-in-Figures-2025-3.pdf (World-Steel-in-Figures-2025-3.pdf)

40 OECD Steel Outlook, p.25, table 2.1.

41 Source: Boston Consulting Group https://plantfacts.bcg.com

(SOEs), mostly in Asia[42] but also in Africa. It is estimated that China accounts for *half of the cross-border total [foreign investments], either as a sole investor or through joint ventures.*[43]

The **Commission's Staff Working Document on Significant Distortions in the People's Republic of China** ('China Distortions Report')[44] identified the deployment of a wide array of non-market policies and practices (NMPPs) in China's steel sector[45]. The report noted that *the government directs and controls virtually every aspect in the development and functioning of the sector. For the last several decades Chinese policies have been to support the rise of 'national champions' in the steel industry. To accomplish this, the Chinese authorities have employed an elaborate set of financial and other subsidies for the sector and engineered strategic mergers that consolidated the industry players.*

The Distortions Report concluded that *the overarching control of the government prevents free market forces from prevailing in the steel sector in China. The problem of overcapacity is arguably the clearest illustration of the implications of the government's policies and the distortions resulting therefrom. Overcapacity built up by China over years triggered a surge of low-priced Chinese exports causing a depression of steel prices globally and having a negative impact on, inter alia, the financial situation of steel producers worldwide.*[46]

Along the same lines, the OECD has established significant levels of subsidisation to Chinese steelmakers. The OECD 2025 Steel Outlook stated that *China's subsidisation rate is five times higher than the average for other partner economies, which, in turn, are double the rate of subsidisation in OECD countries*[47].

The Commission has established in numerous trade defence investigations, the existence of persistent and widely spread significant distortions on the Chinese steel sector. In addition, the Commission has also established the existence of transnational subsidies in Chinese investments in steelmaking facilities in third countries, e.g. Indonesia. Overall, there are no signs that China's policy regarding the steel sector is going to undergo any fundamental changes[48], and hence, the existing distortions, with their ensuing effect on global steel trade[49], will remain.

2.3. Third country measures

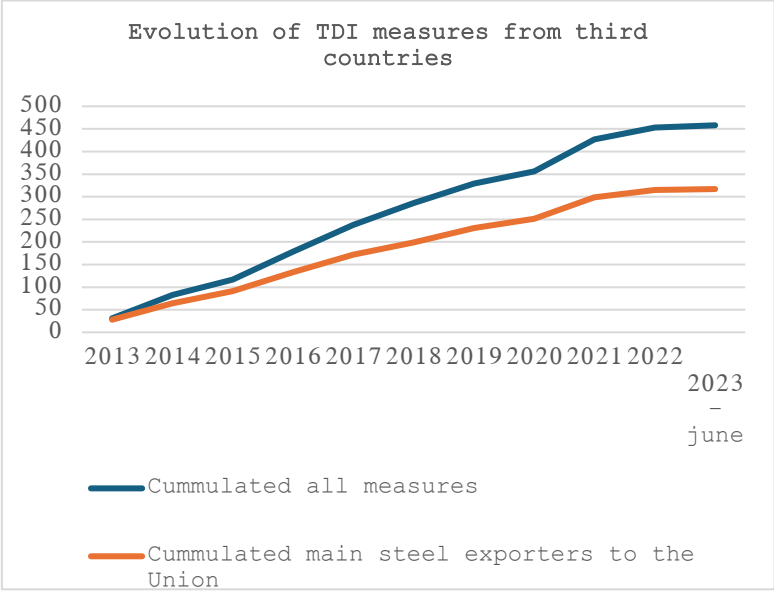
Growing overcapacity, and its negative trade-related effects, in the form of aggressive export behaviour, depressing domestic prices, have triggered numerous trade actions across

42 OECD Steel Outlook, table 2.4. (listing Indonesia, Malaysia and the Philippines, amongst others, as recipients of Chinese investments for new capacities).
43 OECD Steel Outlook 2025, p.29.
44 Commission Staff Working Document on significant distortions in the economy of the People's Republic of China for the purposes of trade defence investigations, SWD(2024) 91 final ('the China Distortions Report'): https://ec.europa.eu/transparency/documents-register/detail?ref=SWD(2024)91&lang=en (Register of Commission Documents - SWD(2024)91), see Chapter 14, focussing on the steel sector.
45 The Distortions Report is primarily used by the European Commission in the framework of its trade defence investigations. Nevertheless, it contains a wide array of relevant and detailed factual information pertinent for the purpose of describing the situation on the Chinese steel market in this Staff Working Document.
46 See China Distortions Report, p.416.
47 OECD Steel Outlook, p.36. For more details on Chinese subsidies, see pp. 40-41
48 See China Distortions Report, pp. 411-415 on past unsuccessful attempts to curb overcapacity in China.
49 See Sections 3.2 and 3.3. of this Staff Working Document.

steelmaking countries to protect their domestic industries. These measures included both traditional trade defence instruments ('TDIs') as well as broader types of measures.

In the framework of the EU's steel safeguard proceeding, the Commission analysed regularly the evolution of trade defence measures in the steel sector[50]. As shown in the below table[51], the number of TDI actions in the steel sector has progressively increased year-on-year, reaching high numbers. The table also shows that a large share of those measures has been taken against the main steel exporters to the EU[52]. This means that such exporters have consistently followed aggressive export behaviours to enter third markets. Because of the increased barriers in the form of TDIs they are facing, thus shrinking their export opportunities, it will only exacerbate their need to find alternative markets to sell their production. Therefore, countries are deploying trade defence instruments to counter the increase in low-priced imports, stemming directly or indirectly from overcapacity.

Figure 3. Evolution of TDI measures from third countries



The EU has implemented many trade defence measures, in particular following the relevant increase in imports starting in 2014[53]. Despite these increased efforts, import penetration from an ever-growing number of countries is at historically high levels, undermining the Union industry's economic performance. This is partially linked to the fact that traditional trade defence instruments, while being effective in targeting unfair trading practices as explained in Section 1.2., were not designed to tackle global overcapacity.

50 See recitals 63-71 of Regulation (EU) 2024/1782 and recitals 26-28 of Regulation (EU) 2025/612.

51 Source: WTO Trade Remedy Portal - https://trade-remedies.wto.org/en

52 See recitals (16) and (17) of Commission Implementing Regulation (EU) 2023/104 of 12 January 2023 amending Implementing Regulation (EU) 2019/159 imposing a definitive safeguard measure on imports of certain steel products following a report adopted by the World Trade Organization's Dispute Settlement Body; OJ L 12, 13.1.2023, p.7; see also recitals (69) and (70) of Commission Implementing Regulation (EU) 2024/1782; OJ L 25.6.2.2024.

53 These instrument concern mostly anti-dumping measures, but also anti-subsidy (including transnational subsidies) as well as anti-circumvention measures, and a safeguard measure.

Beyond traditional trade defence measures, the steel sector is observing a spike in broader trade measures across countries, often in the form of tariffs. A non-exhaustive overview is provided below:

In March 2018, the **United States**, one of the world's largest steel importing markets, imposed a 25% duty under Section 232. While in the subsequent years some countries were eventually exempted or subject to TRQ or quota regimes, and some product types were benefitting from exclusions, most steelmaking countries were subject to the duty for nearly seven years on their exports to the US. As outlined in the EU's steel safeguard measure, this measure posed a serious risk of trade diversion of steel into the EU market, some signs of which were already observed in 2018.

A series of significant updates to Section 232 measure in the first months of 2025 have taken place. First, effective 12 March 2025, the US made imports from all origins subject to a 25% duty[54], including the termination of the existing General Approved Exclusions (GAEs) regime. A few months later, effective from 4 June 2025, the US doubled the duty rate to 50%[55]. This duty remains in place, covering imports from all origins. This resulted in a much stricter US Section 232 measure.

Imports into the US market from third countries, excluding the EU, had substantially decreased compared to the period prior to the imposition of Section 232 measures, i.e. pre March 2018, which exceeded 21 million tons[56].

US Imports of products categories covered by the EU steel safeguard from third countries [excl. EU] ***(in '000 tons)***				
Year	**2021**	**2022**	**2023**	**2024**
Imports in thousand tonnes	18,239	19,718	16,633	17,152

Considering that the updated measure is significantly tighter, both in terms of geographical scope as well as its level, it is very likely that the level of imports into the US will progressively go down further in relevant amounts.

Canada has imposed a series of measures aiming at substantially limit imports of steel into its territory. On 27 June 2025, Canada introduced a system of TRQs for non-FTA partners with an out-of-quota duty of 50% under **'Section 53'**[57]. The level of TRQs was equivalent to the volumes exported to Canada in the year 2024. On 1 August 2025, Canada updated this measure by reducing the TRQs for non-FTA partners to half of their exports to Canada in 2024 and

[54] https://www.govinfo.gov/content/pkg/FR-2025-02-18/pdf/2025-02833.pdf

[55] https://www.whitehouse.gov/fact-sheets/2025/06/fact-sheet-president-donald-j-trump-increases-section-232-tariffs-on-steel-and-aluminum/

56 See table 11 of Commission Implementing Regulation (EU) 2021/1029, https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R1029&from=EN *[scope of the data mirroring that of the EU's steel safeguard]*

57 Section 53 of Canada's Customs Tariff: https://laws-lois.justice.gc.ca/eng/acts/C-54.011/page-14.html#h-144680

introducing TRQs for FTA partners[58]. In addition, Canada had already introduced in 2024 a 'surtax' of 25% on Chinese steel imports[59].

These two examples show clearly that third countries are resorting to measures to restrict imports that go well beyond the standard trade defence instruments toolbox, with a very broad geographical and product scope.

Furthermore, in recent years, other countries have also imposed broad trade measures, and an increasing number of steel industries in third countries are calling on their national governments to take effective actions. Below a non-exhaustive list of measures that have been taken, as well as of potential measures being discussed.

Increased applied tariffs under WTO

In recent years, in a context of growing overcapacity and import pressure, several countries have increased their applied tariffs under their respective WTO commitments. These countries include **Mexico[60], Brazil[61], Türkiye[62] and Colombia[63]**. The geographical and product scope, as well as the applied rates vary from country to country. However, the fact that these countries introduce higher tariff rates, contributes to fuelling further the already significant risk of trade diversion into the EU market.

Tariffs under safeguard instrument

Other countries such as **India[64], Türkiye[65], South Africa[66]** and **Egypt**[67], have also introduced safeguard measures in recent times. While the EU's safeguard measure took the form of TRQs to preserve traditional trade flows, these measures have taken the form of tariffs, therefore posing a higher risk to trade flows.

Trade measures currently being considered by other countries

Furthermore, other countries are in the process of assessing the introduction of trade measures beyond trade defence instruments. For instance, the **United Kingdom** launched a call for evidence[68] as part of an ongoing process to replace its existing safeguard measure, which expires end-June 2026.

This shows that the number and scope of trade measures, beyond traditional trade defence instruments, is growing and will likely continue this trend in view of the overcapacity

58 https://www.cbsa-asfc.gc.ca/publications/cn-ad/cn25-24-eng.html
59 https://gazette.gc.ca/rp-pr/p2/2025/2025-08-13/html/sor-dors154-eng.html
60 https://www.steelorbis.com/steel-news/latest-news/mexico-sets-tariffs-up-to-50-percent-on-certain-steel-imports-1337249.htm ;
61 https://www.reuters.com/markets/commodities/brazil-government-renews-tariffs-quotas-steel-products-2025-05-27/
62 https://www.resmigazete.gov.tr/eskiler/2024/12/20241231M3-1.pdf; https://www.steelradar.com/en/import-taxes-on-various-steel-products-determined-by-turkiye/
63 https://news.bloomberglaw.com/international-trade/colombia-follows-peers-and-hikes-tariffs-on-chinas-cheap-steel
64 https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/G/SG/N7IND12S1.pdf&Open=True
65 https://www.resmigazete.gov.tr/eskiler/2024/06/20240630-7.pdf
66 https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/G/SG/N8ZAF10.pdf&Open=True
67 https://www.steelradar.com/en/haber/egypt-imposes-temporary-safeguard-duties-on-steel-imports/
68https://www.gov.uk/government/news/uk-seeks-views-on-further-trade-protections-for-steel - UK seeks views on further trade protections for steel - GOV.UK

developments. The analysis has also shown that many of these measures take the form of tariffs, thus making them more restrictive and fragmenting even further the global steel market.

The combination of these measures creates substantial pressure in the global steel market, notably in view of the current evolution of overcapacity and demand outlook. These measures also have an additional very negative effect for the EU steel industry: a reduction in the export levels of EU companies. In the last decade, the EU has turned into a net steel importer, therefore seeing an erosion of its performance in both its domestic and export markets. In fact, since 2019 alone, the EU has lost around 14 million tons in exports (almost -40%), by far, the sharpest drop in exports in any steelmaking region[69]. Thus, further adding to the negative effects resulting from increased import pressure that the EU steel industry is subject to in its domestic market.

Against this backdrop, it should be flagged that a new EU measure may be used by third countries as part of the justification for introducing new or further restrictive measures, as it has happened already with regards to the EU's safeguard measure. However, while this scenario cannot be discarded, in a global market that is subject to multiple restrictions and disequilibria, it is not possible to anticipate the likelihood or quantify the possible effects of such future measures, some of which may in any event be adopted, regardless of the EU's adopting its own measure, or not.

3. Effects of the international situation on the EU market and EU industry

3.1. Attractiveness of EU market (size and price)

The Commission has consistently established in the framework of its safeguard proceeding that the EU steel market is very attractive.[70]

In terms of volumes, the Union is by far the largest steel importing market in the world[71]. It is thus not surprising that the EU market is the main or one of the main export destinations for several steelmaking countries.

In terms of price levels, the prices that the main steel suppliers achieve when exporting into the EU market are, for most of their steel products, consistently higher than the price levels they achieve when exporting such products to other third country markets. The Commission has confirmed this price differential consistently across the last years, in the framework of the safeguard review investigations. A price assessment done during the steel safeguard review of 2024, comparing, product by product the unit values of exports of third countries to the EU with exports of third countries elsewhere, showed that exporters to the EU charged higher export prices to the Union than to other third markets in 57% to 93% of the product codes depending on the exporter.[72]

This indicates that exporters have a very strong interest in entering the Union market, leading in some cases to unfair trading practices such as dumping. In fact, in recent years the Commission has imposed several anti-dumping and countervailing measures on imports of

69 See OECD Steel Outlook, table 5.1, p.61; also: https://www.eurofer.eu/assets/publications/brochures-booklets-and-factsheets/european-steel-in-figures-2024/EUROFER-2024-Version-June14.pdf
70 See for example recitals 49-52 of Regulation (EU) 2021/1029, recitals 83-84 of Regulation (EU) 2023/1301 and recitals 72-74 of Regulation (EU) 2024/1782.
71 See OECD Steel Outlook, table 5.2, pp. 62-63.
72 See recital (72) of the Regulation (EU) 2024/1782.

steel, including on product categories covered by the safeguard. The Commission has also acted against increased circumvention of trade defence measures, another clear sign of the very strong interest that third-country steelmakers show in accessing the EU market.

The attractiveness in both prices and size makes the EU market a key target destination for production resulting from global overcapacity, which in turn results in increased import penetration into the EU market.

3.2. Import pressure

Imports into the EU have substantially increased in the last 10 years and earlier, both in absolute and in relative terms[73]. In absolute numbers, in 2014 imports already started increasing in relevant terms compared to 2013 (+14%) with Chinese imports increasing at a much faster pace (+40%). In 2015, imports grew even more, reaching 28.5 million tons, up from 20.5 million tons in 2013, resulting mostly from a surge in imports from China in the context of an overcapacity outbreak (+115% increase of Chinese imports from 2013).

The next peak in imports took place in 2018, when imports reached 34,7 million tons. Such steep increase since 2013 was one of the reasons for the EU to impose a provisional safeguard measure in July 2018, and a definitive measure in February 2019. Since the imposition of the steel safeguard, import volumes have fluctuated between 28.5 million tons and 34.2 million tons.

In relative terms, however, the level of import pressure started to be noticeable as of 2014 and it has continued growing, remaining at high levels since. Before Chinese overcapacity effects started to be felt on the EU market in 2014, import market share stood at around 12.7%. In 2014 it already increased by almost two percentage points and in 2015 it climbed up to 19%. Since then, it stood at around or slightly above 20% and exceeding 21% in 2024. This consistent higher level of import pressure is having a negative impact on the economic performance of the EU industry, supressing its efforts. Neither a high number of TDIs in place, nor a safeguard, have deterred imports from entering the Union market in growing volumes relative to consumption.

The increased import penetration during the safeguard measure is particularly acute in certain product categories, notably in product categories category 1 (hot-rolled flats), 2 (cold rolled flats), category 6 (tin plate), category 8 (stainless hot rolled), category 14 (stainless bars), category 22 (seamless stainless pipes and tubes) and category 28 (non-alloy wire). In these categories, the market share of imports in 2024 has increased significantly compared to the average import market shares pre-safeguard (between 2015 and 2017). These categories represent around 14 million tonnes, or 45 % of total imports in 2024.

[73]The specific figures provided in this analysis refer to import volumes of product categories subject to the EU steel safeguard measure.

Table 3. Changes in the market share of imports in certain categories [comparison 2024 v. 2017]

PC	Name	2017	2024	Percentage point increase
1	Non Alloy and Other Alloy Hot Rolled Sheets and Strips	21%	31%	10%
2	Non Alloy and Other Alloy Cold Rolled Sheets	24%	35%	11%
6	Tin Mill products	17%	32%	15%
14	Stainless Bars and Light Sections	25%	38%	13%
22	Seamless Stainless Tubes and Pipes	45%	60%	15%
28	Non Alloy Wire	48%	81%	33%

Therefore, the overall increase in imports' market share is even more acute when zooming in into some categories across product families.

The steel safeguard measure has also shown an aggressive export behaviour by certain suppliers in several product categories, whereby some quotas (either country-specific or residual) were exhausted on the first day or very early into a given period. In some cases, exceeding the free-of-duty volume available by large amounts. These exporting countries have demonstrated during the lifetime of the safeguard their capacity to supply large volumes within a short period of time, creating significant disturbances on the market, but also demonstrated that they are ready to increase their presence on the Union market further when there is an opening (for example when country-specific quota holders still had additional access to duty-free volumes in the residual quota during the fourth quarter of safeguard year).

The example of hot-rolled flat products, 'HRF' serves to illustrate this issue. In overall terms, it is a very important product category for various reasons.[74] It consistently represents, by far, the largest share of imports of all products subject to the safeguard (roughly 9 million tonnes in 2024) accounting for 30 % of total imports under the measure. HRF can be used as a final product in construction or automotive amongst others, but it is also used as input for producing further downstream products, notably product category 2 (cold-rolled flats), which then can be further processed into, for instance, category 4 (metallic coated sheets) which in turn can be

74 Recital (183) of Regulation (EU) 2024/1782, OJ L, 2024/1782, 25.6.2024.

processed into category 5 (organic coated steel). Because its weight over the total Union production and its interrelation with several other product categories, this category is thus particularly relevant for the effectiveness of a measure.

Between January 2023 and April 2024 (during five consecutive quarters), the residual quota[75] had been consistently exhausted, and significantly exceeded. In three quarters this happened on the first day of the quarter.[76] Several countries (Egypt, Vietnam, Taiwan, and Japan) significantly contributed to it. The Commission effectively took action to limit the effects of this behaviour.[77]

This very aggressive export behaviour, exerted simultaneously by several exporting countries, resulted in very large amounts of this product entering the Union market in a very short period. as a result, it undermined the effectiveness of the measure as volumes well above the TRQ level entered the EU market, and hence the import stabilisation objective that the safeguard sought to achieve was being weakened.

Therefore, despite increasing trade defence measures and a safeguard measure in place, significant import pressure on the EU steel market remained, and continued to grow. Due to the attractiveness of the EU market and the growing risk of trade diversion, such import pressure would certainly increase further in the absence of an effective measure.

3.3. Evolution of exports from third countries - links to overcapacity and pushing out effects

The Commission has confirmed in several reviews of its steel safeguard that, generally, steelmakers that lost market access due to trade measures in third countries were not able to compensate for the volumes lost by increasing their domestic sales sufficiently[78], as overall steel consumption has shown very limited increases[79]. In addition, as explained in Section 2.1., significant net capacity increases continued to be added onto the market year-on-year, creating additional pressure by widening the gap between capacity and demand.

Faced with shrinking export market opportunities, steelmakers affected by trade measures sought to increase their presence in those markets which were either not protected or whose level of protection was comparatively lower. To keep as high production and capacity utilisation levels as possible they pursued a very aggressive export behaviour, lowering prices to capture market share. The EU steel safeguard has confirmed it on several occasions[80].

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75 The residual quota in category 1 which is the largest individual TRQ under the safeguard measure with around 1 million tonnes initially available each quarter.

76 Recital (186) of Regulation (EU) 2014/1782.

77 See section 7.3 of Regulation (EU) 2024/1782, in which a 15 % limitation ('cap') was introduced to the maximum volume that one single country can export under the residual TRQ on a quarterly basis.

78 See, inter alia, recitals (31) to (49) in Commission Implementing Regulation (EU) 2024/1782 of 24 June 2024 amending Implementing Regulation (EU) 2019/159.

79 With regards to demand evolution, see Table 4.1. of the OECD 2025 Steel Outlook, showing that from 2019 to 2023 world steel demand had contracted by -0.2%:
https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/05/oecd-steel-outlook-2025_bf2b6109/28b61a5e-en.pdf

80 See for example recitals 48, 54 and 62 of Commission Implementing Regulation (EU) 2021/1029 and recital 46 of Commission Implementing Regulation (EU) 2024/1782.

In the regulation imposing a definitive safeguard measure[81], the Commission had established the risk of trade diversion of steel into the EU market. Such risk stemmed, at the time, primarily from US Section 232 measure. The EU market remains very attractive, both in terms of size and prices as shown in Section 3.1. Third country measures, not limited to trade defence, have continued expanding in recent years and there is no sign that this trend is going to be reversed, rather the contrary[82].

In recent reviews to the steel safeguard, the Commission continued to assess the risk of trade diversion posed by the US Section 232 measure. In the 2024 review, the Commission concluded that the level of imports into the US market had remained substantially lower than in the period prior to the imposition of Section 232, and that the largest steel suppliers to the EU have generally not found other markets that would replace the volumes they formerly exported, inter alia, to the US market[83]. The Commission thus confirmed the existence of a serious risk of trade diversion, as additional trade measures in other third countries were being progressively adopted[84]. This risk was a combination of third country measures limiting trade and the attractiveness of the EU market[85].

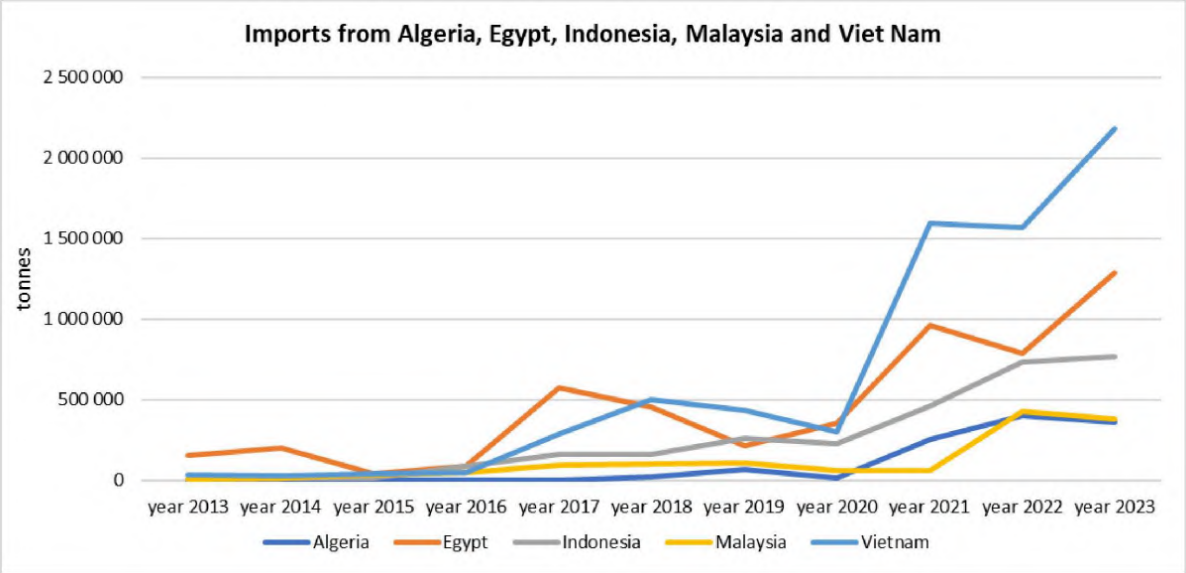
In view of the recent updates tightening the US Section 232, coupled with growing trade actions by other third countries, in a context of weak demand, the Commission has concluded that the risk of trade diversion into the EU market has substantially increased.

The increase in trade defence actions as well and the tightening of the safeguard measure is a clear indication that the level of growing import pressure was becoming untenable. Figure 5 below[86] illustrates well a phenomenon which has developed in recent years. Countries develop extensive new capacities, which are often disconnected from the market evolution, notably from domestic consumption. In the case at hand, these countries saw a significant increase in their installed capacities. When the new capacity is in place, producers need to maximize the capacity utilization to ensure the economic viability of the plant. This was done by relying on export markets.

As depicted in the table below, several countries whose capacity had grown (in some cases substantially) increased their exports to the EU in large amounts in a rather short period of time, despite a TRQ system being in place. Therefore, showing how countries with increased capacities installed immediately look for market outlets to absorb the additional capacity, as in most cases it cannot be absorbed by domestic consumption. Considering the attractiveness of the EU market, the increasing closure of other third country markets and the growing overcapacity, this trend would only exacerbate if the EU did not take further action after the lapse of the safeguard measure.

81 See Commission Implementing Regulation (EU) 2019/159 of 31 January 2019 imposing definitive safeguard measures against imports of certain steel products; OJ L 31, 1.2.2019, p.27, recitals 57 to 62 and tables 12-14.
82 See Section 2.2.
83 Recital 64 of Regulation (EU) 2024/1782.
84 See Commission Implementing Regulation (EU) 2023/1301 of 26 June 2023 amending Commission Implementing Regulation (EU) 2019/159 imposing a definitive safeguard measure on imports of certain steel products; OJ L 161, 27.6.2023, p.44, recitals 18-23, and 88-89.
85 See for example recitals 49–52 of Regulation (EU) 2021/1029, recitals 83, 84 of Regulation (EU) 2023/1301 and recitals 63-74 of Regulation (EU) 2024/1782 and recitals 26-28 of Regulation (EU) 2025/612.
86 Taken from Regulation (EU) 2024/1782.

Figure 5. Imports from Algeria, Egypt, Indonesia, Malaysia and Viet Nam



A GFSEC paper[87] also described this phenomenon by noting that "*in recent years, risks of overinvestment have become increasingly apparent in Southeast Asia, parts of the Middle East and Africa, where such capacity increases exceed local demand for steel by a very wide margin. Ultimately, these trends may also contribute to an increase of steel exports to international markets, creating new trade disturbances, trade-action responses by trading partners, and eventually difficult trade relations between countries. To the extent that the capacity growth in these regions is supported by subsidies and other non-market interventions, then they can be considered as sources of non-market excess capacity. […] Viet Nam, Indonesia and Malaysia have experienced capacity growth rates in excess of 35% to 95%, while steel demand has either declined or increased marginally […] and that certain other economies in the Middle East, South Asia and Northern Africa are also registering imbalanced growth (e.g., Iran, Pakistan and Algeria). This raises concerns about the non-market nature of this growth, including inward investments by Chinese SOEs*".

China's export evolution and 'push out' effects

87 GFSEC: Steel exports, trade remedy actions and sources of excess capacity, May 2024, paragraphs 12 and 13.

The Commission has documented extensively the significant distortions that prevail in the Chinese domestic steel market, including a variety of NMPPs which grant Chinese steelmakers an unfair advantage vis-à-vis other steelmakers, including the EU steel industry.[88]

Chinese surge of exports, which peaked in 2015, created a massive disruption in the world's steel market, with a particular negative impact on the EU. In a period of less than two years, EU steel imports from China increased by more than 115%, reaching more than 6.5 million tons in 2015[89]. As a result, the EU adopted a series of trade defence measures to counter the unfair trading practices from Chinese steel imports, which included dumped and subsidised exports as well as several circumvention practices, in addition to transnational subsidies to producers in third countries.

Since 2022, amidst a slowdown in domestic consumption, China has turned again to export markets aggressively as its excess production could not be absorbed domestically. While in the period 2018-2022 Chinese exports remained stable between 63 to 68 million tons, in 2023 they saw a very large increase, reaching 95 million tons. In 2024, however, exports boomed even further, exceeding 118 million tons[90]. This surge, nearly doubling its exports compared to recent years, created again an immense disruption in the global steel sector.

The negative effects of China's surge of exports have also been acknowledged by the OECD, which noted in its 2025 Steel Outlook that *the surge in exports of low-priced steel from China has disrupted international markets, resulting in growing trade tensions that seem likely to persist in the near term in light of sluggish market growth and increased capacity*[91].

Chinese exports have had major impact across regions. The main importing countries are located in Asia, but also in Latin America, Middle East and North Africa. Already before the Chinese export peak in 2024, the Commission had established that *imports from some of the origins where China had increased substantially its export presence in 2023 (including Vietnam, Indonesia, and Malaysia) as well as other countries usually competing in such Asian markets with China (Japan) had surged in the Union market in 2023. Such increases were even more acute if compared to the period prior to the imposition of the safeguard measure. Hence, the data analysed strongly suggests that, in an overall context of weaker consumption, this strong and increasing import pressure from China in certain third markets pushed producers in some countries into finding other export markets for part of their production, amongst which, the Union market*[92].

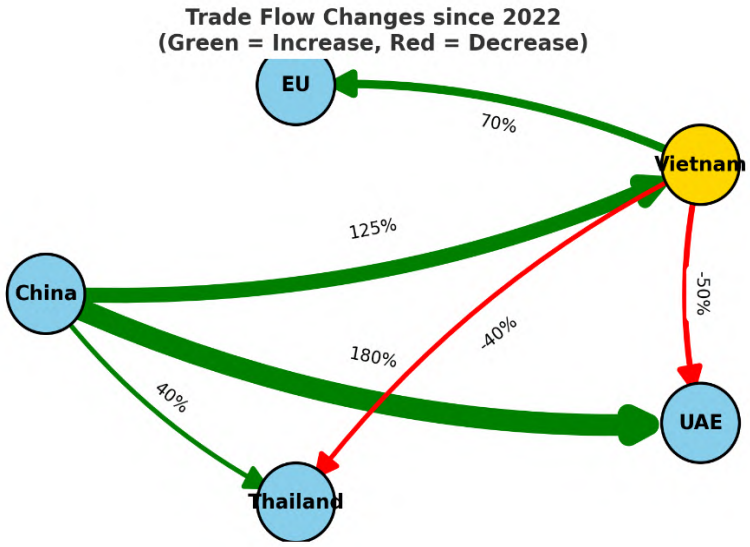
This 'pushing out' or displacement effect was also developed by a GFSEC paper[93], which concluded that *excess capacity in China could have different effects on the steel exports of other countries. On the one hand, as steel imports from China rise to meet local demand, domestic steel producers may export the steel that is no longer needed domestically, in order to keep*

88 The Commission has established such distortions both in its Distortions Report (of 2017, as updated in 2024) as well as in the numerous trade defence investigations involving imports of steel products from China.
89 Products subject to the scope of the safeguard measure.
90 OECD, Half-Yearly Statistical Report, 2025, DSTI/SC (2025)5.
91 OECD Steel Outlook, p.12.
92 Commission Implementing Regulation (EU) 2024/1782 of 24 June 2024 amending Implementing Regulation (EU) 2019/159, including the prolongation of the safeguard measure on imports of certain steel products; OJ L, 25.6.2024, recitals (46).
93 Global Forum on Steel Excess Capacity (GFSEC): Impacts of global excess capacity on the health of GFSEC steel industries, March 2024, Section 4.3.

production running at desired levels. On the other hand, those steel producers may also compete with Chinese exporters in third markets. China's excess capacity may crowd out the exports of those competing companies, and hence a negative effect might also be expected in these cases.

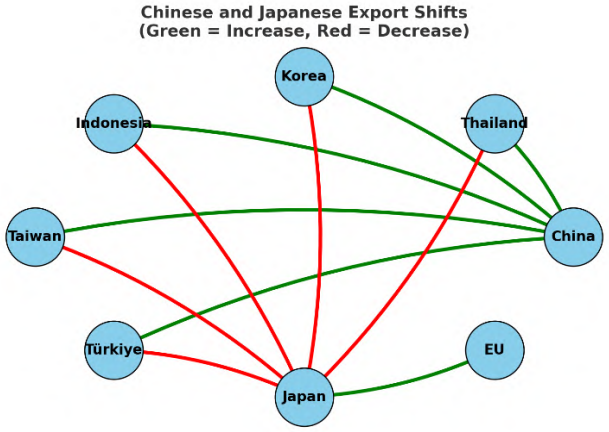
Considering the substantial further increase in Chinese exports in 2024 (almost +25% compared to 2023) this phenomenon has exacerbated. The two examples below illustrate it clearly[94]:

First, Chinese exports to Thailand increased by around +40% since 2022, and its exports to UAE increased by +180%. In the same period, exports from **Vietnam** to Thailand decreased by around -40% and its exports to the UAE decreased by more than half. At the same time, Chinese exports to Vietnam surged (+125%). In turn, Vietnam's exports to the EU increased by almost +70%, becoming the fourth largest steel supplier to the EU in a very short period, while it had supplied much more limited volumes of steel in the preceding years. These trade flows took place in a context where Vietnam had substantially increased its installed capacity well above domestic demand evolution, as shown above. This example illustrates well the knock-on [negative] effects in the form of strong import pressure that global overcapacities and the resulting impact on trade flows across regions create.



Another example relates to Chinese increased exports capturing market share away from other traditional suppliers in third countries. While China increased its exports significantly in markets such as Thailand, South Korea, Indonesia, Taiwan and Türkiye, **Japan** lost relevant export volumes in all these markets. Almost simultaneously, Japan found an alternative market for some of the lost exports to these regions by increasing sharply its exports to the EU, which had been negligible in the previous years[95]. Thus, contributing to the increased import pressure on the EU market.

[94] Underlying data for both examples based on Global Trade Atlas (GTA) extraction.
95 Japanese steel exports to the EU increased by 105% in 2023 compared to 2021.



These two non-exhaustive examples illustrate clearly the so-called **'push-out' effect** which is taking place amidst growing overcapacity, and which is having a negative impact on EU producers and undermined to some extent the effectiveness of the EU's steel safeguard measure[96]. Such an effect is not limited to Chinese exports[97], but given the size of its exports, it serves as the most visible example to illustrate this phenomenon.

Looking at the most recent developments, data covering the first half of 2025 shows that Chinese exports continued an upwards trend and would be on track to exceed the 2024 record levels[98]. This development, was sustained during the second half of the year, will worsen the existing situation even further[99].

Furthermore, there is consistent anecdotal evidence indicating that Chinese steelmakers are increasing significantly their exports of semi-finished steel products[100]. This could be the result of the increasing pressure that exports of finished steel goods face because of a larger number of trade measures in place. This situation would lead to further pressure from imports of steel finished goods incorporating Chinese-originating input. Therefore, it is a relevant development to consider by the Commission regarding the effectiveness of its trade measure.

3.4. Impact on the economic performance of the EU steel industry

Capacity utilisation, production, sales, market share and profitability

96 See Commission Implementing Regulation (EU) 2024/1782 of 24 June 2024 amending Implementing Regulation (EU) 2019/159, including the prolongation of the safeguard measure on imports of certain steel products, recital (59); OJ L 25.6.2024.

97 Other steelmaking countries which added substantial capacity compared to domestic demand evolution, and turned to increasing their exports, have also contributed to this effect across regions.

98 https://www.reuters.com/markets/commodities/china-steel-exports-rise-july-despite-protectionist-backlash-2025-08-07/ ; https://gmk.center/en/news/china-increased-steel-exports-by-9-2-y-y-in-1h2025/

99 https://www.reuters.com/world/china/china-steel-exports-poised-record-high-risking-further-tariff-backlash-2025-09-16/

100 See reporting on the issue from different sources: https://www.seaisi.org/details/26920?type=news-rooms ; https://www.spglobal.com/commodity-insights/en/news-research/latest-news/metals/022525-chinas-steel-exports-face-rising-trade-barriers-as-antidumping-cases-surge; https://www.reuters.com/world/china/chinese-steel-companies-find-new-tariff-workaround-steel-billet-2025-07-17/ ; https://gmk.center/en/news/china-quadrupled-its-exports-of-semi-finished-steel-products-in-january-may/; https://www.steelradar.com/en/chinas-semi-finished-steel-trade-undergoes-transformation-in-2024/.

The high level of import pressure due to growing global overcapacity and protectionism worldwide is impacting negatively the economic performance of the EU industry, jeopardising its competitiveness in the long-term and the effectiveness of its decarbonisation efforts.

Key economic performance indicators, such as capacity utilisation, production, sales, market share and profitability, developed negatively in 2024, from an already deteriorating performance in 2023. In 2024 the EU industry was operating at a very low capacity utilization rate, 67%[101], whereas healthy levels for the steel industry are usually considered to be around 80%.

While the EU steel industry saw positive developments in 2021 and 2022 (largely driven by high prices and a strong recovery in demand after COVID-19), as from the second half of 2022, the Union industry started to show signs of deterioration. Capacity utilisation dropped sharply in 2023 and given the economies of scale in steel production[102], such low utilisation rates raise unit production costs. Combined with downwards price pressure stemming from the growing excess capacity levels, it further depressed the industry's profitability, to the point that the industry became loss-making (-0.4 %)[103] in 2024. In the same year, EU production reached a record low. As explained in Section 3.1, import penetration continued at high levels, and even managed to gain some market share at the expense of EU producers, whose market share went down by 10 % between 2023 and 2024[104].

Along the same lines, a GFSEC study[105] concluded that *non-market excess capacity is causing significant harm on the profitability and even the viability of GFSEC steel industries. So long as the root causes of this excess capacity are not addressed (market-distorting subsidies, other government interventions, and weak market-based conditions), GFSEC steel industries will suffer from lower profitability than would otherwise be the case. This will lead to fewer resources to invest in R&D and sustainability for a healthier future.*

Considering the steel market outlook for 2025 both in the EU and globally, as well as the trends in overcapacity and third country measures, it is not expected that the EU steel industry's economic performance would substantially improve, if at all, in the absence of an effective measure. This would seriously compromise the industry's ability to invest in decarbonisation and put at risk the long-term sustainability and competitiveness of a key industry for the EU.

Employment and social dimension

The SMAP acknowledged that the steel sector, as well as other metals, is vital for the EU's economic security and social stability. It also recognized that *Europe has a longstanding tradition of steel production, with steelworkers playing a key role in the foundation of European manufacturing. Upholding these high-skill quality jobs that provide decent pay, strong labour protections, and high health and safety standards is essential to sustaining the sector's competitiveness and high social value.*

101 See Table 1 of Regulation (EU) 2025/612.
102 See OECD Steel Outlook, p. 30.
103 See Table 3 of Regulation (EU) 2025/612.
104 See Table 2 of Regulation (EU) 2025/612.
105 Global Forum on Steel Excess Capacity (GFSEC): *Impacts of global excess capacity on the health of GFSEC steel industries, March 2024.*

However, as noted in Section 1, the EU steel industry has seen a consistent decimation of its workforce over the last years. According to the EU steel industry figures, about 30 000 direct jobs have been lost since 2018 alone[106]. This negative trend continues. In fact, last year the EU steel industry has seen announcements of significant number of layoffs and capacity reductions across the EU, including in the largest producers such as ThyssenKrupp (up to 11,000 jobs at stake) and Arcelor Mittal (600 jobs lost in Dunkirk, France). The situation is deteriorating further quickly across Member States and steel plants, including Ilva (Italy)[107], Liberty Steel (Romania, Luxembourg and Belgium)[108], Dunaferr (Hungary), to name a few[109]. The negative effects on employment are thus not limited to one specific country or geographical area with the Union, they have an EU-wide impact.

A GFSEC study[110] elaborated in detail on the direct link between global overcapacity and the impact on employment. The study concluded that *total employment in GFSEC steel industries could have been 1.2% higher annually between 2012 and 2021 in the absence of weak market conditions that resulted from global steel excess capacity. By 2021, this translates to an estimated 113,000 additional jobs, or 10% more than the actual 2021 employment levels, would have been possible absent the impacts of global excess capacity.*

4. Existing protection expiring - steel safeguard measure

Background

Safeguard measures are intended to provide temporary relief from imports to allow the domestic industry to adapt to new market conditions and regain competitiveness. Because it is meant as a temporary relief measure, the maximum possible duration of a safeguard measure is eight years and is supposed to progressively allow more import competition into the market while the domestic industry is adjusting.[111] A safeguard may not be applied again to a product until a period equal to the duration of the original safeguard measure has elapsed.[112]

In July 2018, the Commission introduced a provisional safeguard measure on imports of certain steel products due to a significant increase in imports into the Union (by 71% over the previous five years).[113] Additionally, in March 2018 the United States implemented import measures under Section 232 of the Trade Expansion Act of 1962[114], creating a high risk of further import increases caused by trade diversion. These factors, combined with global overcapacity, unfair trade practices and numerous trade defence measures on steel products worldwide, posed a

106 https://www.eurofer.eu/publications/brochures-booklets-and-factsheets/steel-flooded
107 https://www.reuters.com/markets/commodities/italy-begin-exclusive-talks-with-azeri-consortium-over-sale-ilva-steelworks-2025-03-20/
108 https://gmk.center/en/news/liberty-steel-prepares-for-final-exit-from-belgium-and-luxembourg/
109 Other examples can be found in the following links: https://news.industriall-europe.eu/Article/1169 ; https://www.industriall-union.org/liberty-steel-crisis-worsens
110 Global Forum on Steel Excess Capacity (GFSEC): Global excess capacity and employment in steel and downstream activities, March 2025: https://www.steelforum.org/content/dam/steel-forum/en/publications/GFSEC-Employment_and-excess-capacity_31_jan_2025-(002)_250305_1015.pdf
111 Article 7(3) and (4) WTO Agreement on Safeguards
112 Article 7(5) WTO Agreement on Safeguards
113 See recital (33) of the Definitive Regulation (EU) 2019/159.
114 https://www.federalregister.gov/documents/2018/03/15/2018-05478/adjusting-imports-of-steel-into-the-united-states

serious threat to the EU steel industry. The measure became definitive on 1 February 2019[115] and was originally set to be in place for a period of three years.

The safeguard measure was extended twice, following the prolongation review investigations in 2021 and 2024 respectively. The Commission has revised the functioning of the measure regularly and has adjusted the measure in line with market developments[116]. The measure will expire on 30 June 2026, when its duration will have reached the maximum of eight years allowed under EU law and WTO rules.

The current safeguard measure

The safeguard measure covers 26 steel product categories including sheets, bars, plates, tubes, wire, stainless steel, and takes the form of Tariff-Rate-Quotas ('TRQs'). For each product category, there are quotas in place allowing a certain level of imports free-of-duty into the EU market. A 25% duty applies when imports exceed the quota in a certain category.

The safeguard contains two kinds of quotas: **country-specific quotas** (assigned to the trading partners whose share in the total imports in a certain category in the 2015-2017 reference period was at least 5 %) and **residual quotas** (consisting of the traditional import volumes of all the smaller trading partners combined). In a few categories, the TRQ administered globally, i.e. with no specific country allocation due to different Union interest considerations. The TRQs are administrated on a quarterly basis and in certain categories, unused volumes can be transferred to the next quarter within the same year.

The safeguard measure is *erga omnes*[117], although WTO developing country members below a certain threshold of import shares are excluded.[118] The Commission has regularly updated the list of developing countries subject to and excluded from the measure to ensure that it reflected the situation in the market as accurately as possible.

Market developments and adjustments

In June 2021, the Commission prolonged the safeguard measure for three additional years. The Commission assessed the situation and established that the structural challenges faced by the EU industry remained in place and were unlikely to improve or disappear in the short-term.[119] Such challenges included persistent import pressure, high levels of overcapacity and its negative trade-related effects and a risk of trade diversion stemming from third country trade measures. This was the case despite a situation of exceptionally high prices and tensions regarding delivery times, which were deemed to be of a temporary nature in a post-COVID market situation and not driven by the measure itself. This assessment was confirmed by the

115 Commission Implementing Regulation (EU) 2019/159, OJ L 31, 1.2.2019, p.27.
116 In addition to regular reviews of the measure, the Commission also adjusted the measure to reflect Brexit and the sanctions on Russia and Belarus.
117 Only members of the European Economic Area have been unconditionally excluded from its application. Since 2022, also Ukraine is exempted.
118 A WTO developing country member whose import share remains below 3 % of the total imports in a given product category needs to be excluded according to EU law and WTO rules, unless the share of imports of all WTO developing country Members below the 3 % threshold account for more than 9 % of total imports in a given category.
119 See section 3.1.3 of Regulation (EU) 2021/1029.

evolution of the market in the subsequent months, as prices went down considerably, and delivery times adjusted[120].

However, demand significantly deteriorated from the second half of 2022 onwards reaching nearly historic low levels in 2023 and 2024. As a result of liberalisation, TRQs continued to increase in a shrinking market[121]. In this regard, since the imposition of the definitive safeguard measure, the TRQs have been gradually increased year-on-year because of the requirement under WTO rules and EU law to progressively liberalise the measure. The safeguard measure was imposed based on a threat of serious injury and in a context of rather positive market outlook. The TRQ volumes established during the first years of the measure still represented an overall free-of-duty volume below the peak imports prior to the imposition of the safeguard measure, which had not caused injury to the EU steel industry. However, the consumption trend, in particular during 2023 and 2024, has followed an opposite trend.

In a series of review investigations, the Commission has adjusted the functioning of the measure, including the liberalisation pace, which now stands at 0,1 %, to improve its effectiveness[122] in line with market developments within the limits allowed by the safeguard instrument.

5. Steel measure - description of options analysed

In the SMAP, the Commission committed to *proposing a trade measure replacing the steel safeguards as of 1 July 2026, providing a highly effective level of protection against negative trade-related effects caused by global overcapacities.* In devising such measure, the Commission has assessed **different options, as outlined in the targeted consultation** launched on 18 July 2025. The responses to the different options are presented in Section 6. The economic impact analysis of each option is presented in Section 7.

The Commission sought feedback concerning the **form of the measure**, of either an upfront tariff, i.e. payable on the first tonne imported, or a TRQ system. The form is the first essential feature of a trade measure. The current steel safeguard takes the form of a TRQ, but other measures in third countries take different forms, e.g. some countries impose tariffs, like the US under its Section 232 measure (50%), as well as other countries because of their increased applied tariffs or under safeguard measures. Other countries, like Canada and the UK have a system of TRQs.

Concerning the level of the measure, if it took the form of a **duty,** for those preferring an upfront duty the Commission sought views on their specific level, providing different duty ranges of ten percentage points intervals, with a range of 0%-10% being the lowest, and above 50% being the highest.

In the questions related to **TRQs**, the consultation provided different levels: i) the level currently available under the steel safeguard measure, ii) a level that would set TRQs to volumes comparable to the level of import penetration in the period 2013-2014 (pre-2015 overcapacity breakout), and iii) a level of TRQs that would reduce imports by around half, iv)

120 Recital 64 of Regulation (EU) 2022/978.
121 As confirmed in recitals 86-89 of Regulation (EU) 2025/612.
122 Recital 91 of Regulation (EU) 2025/612.

while a last option sought views on potential differentiation of TRQ levels depending on product family.

Another key question concerned **geographical scope**. The current steel safeguard measure is an *erga omnes* measure, with certain caveats (under EU and WTO rules, developing countries are temporarily exempted if they are below certain threshold of imports)[123]. The Commission sought specific views on this key question because steel is a product supplied into the EU from numerous countries across all world regions. Another important aspect linked to geographical scope has to do with overcapacity, a phenomenon of global nature which has expanded and continues to expand across third countries.

The consultation also sought views on specific features of a TRQ system, notably the **level of out-of-quota duty.**

In case of a TRQ system the consultation presented different options regarding key features. First, the appropriate level of **out-of-quota duty** that would kick in when a quota is exhausted. The Commission outlined two concrete options (25% or 50%). 25% is the current out-of-quota duty level under the safeguard measure, while 50% is the level of upfront duty of the US Section 232 measure and the level of out-of-quota tariffs imposed by Canada (also 50%) as well as the upfront tariffs it imposed on Chinese-origin imports. Considering the role that the US Section 232 measure played in the analysis of risk of trade diversion of the current steel safeguard, and in view of its tightening in 2025, the Commission considered it relevant to have concrete views on these two options.

The consultation inquired about the preferred **TRQ allocation method**, i.e. the feature that defines how much a country is allowed to export free-of-duty in a certain category. The steel safeguard measure has a system, for most product categories, of country-specific TRQs allocated to the main historical suppliers and a residual quota for the rest. Thus, it was one of the options presented. The Commission also sought views on other possibilities which certain stakeholders had been advocating for, such as global TRQs with a maximum level of imports that any country can reach (a cap), like it is the case in several residual or global quotas under the current steel safeguard, and a global TRQs with no kind of cap (as it was the case under the provisional stage of the steel safeguard measure).

The TRQ volumes are usually calculated on an annual basis. However, it is important to define how the **TRQ will be administered**, i.e. how often the volumes will be made available. A system where the yearly volumes are split proportionally into four and made available at the beginning of each of the four quarters comprising a year is the status quo under the safeguard (quarterly administration). However, other options were presented, such as annual administration (like it was the case at the beginning of the steel safeguard) or monthly administration.

Unless TRQs are administered annually, the question of how to treat unused quota volumes from one period to another becomes relevant, i.e. **carryover mechanism**. In essence, in case of quarterly or monthly allocation, the Commission presented the option of allowing (in full or partially) or not, the carryover of unused quotas from period to period (quarter/month) within

123 In addition, EEA countries have been excluded from the measure since its imposition, and Ukraine since March 2022.

a year. Under the current safeguard the system allows carryover only in certain categories, while it does not allow it in others.

In addition, the Commission also asked stakeholders' views on the possibility of introducing a **'melted & poured'** regime, which would have an impact on the application of rules of origin for steel imports under the measure but would ensure transparency, and it is being implemented by other countries such as the USA and Canada.

Lastly, the Commission asked for views concerning the **duration** of the measure proposing different scenarios to ascertain whether stakeholders favour an initially longer or shorter measure. In addition, the Commission inquired about the possibility and desirability of having a **review mechanism** in place that would allow for adjustments to the measure in case of market developments.

The Commission gave stakeholders the possibility to elaborate on each of their choices as well as to develop views more broadly in a narrative section of the questionnaire.

6. Targeted consultation and call for evidence

As part of the process for a legislative proposal of a highly effective trade measure, the Commission launched a **targeted consultation**[124]. Its objective was to gather views from sectoral stakeholders with a view to finding an effective replacement for the current EU safeguard on steel, due to expire on 30 June 2026. The consultation ran until 18 August 2025 and stakeholders had the opportunity to express their views on several potential scenarios prepared by the Commission. Through this consultation, the Commission aimed to gather input from across the steel value chain. In parallel to the targeted consultation, the Commission also published a **Call for Evidence**.[125]

6.1. Summary of the responses to the targeted consultation

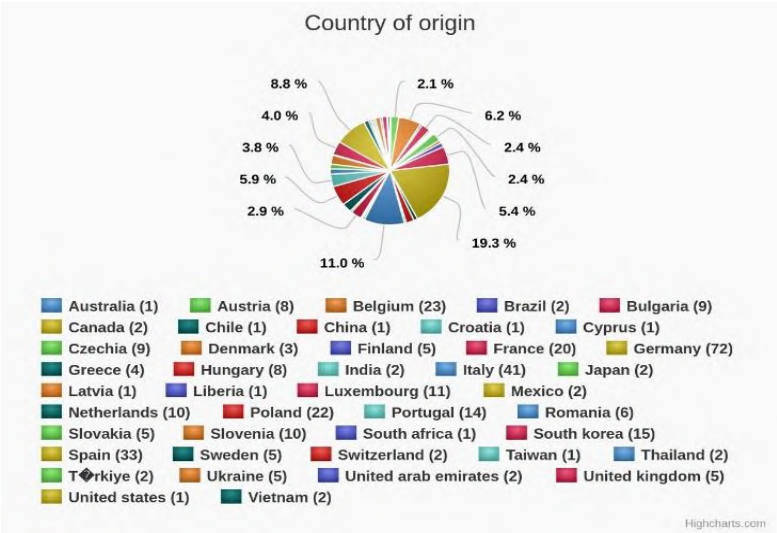
The targeted consultation and call for evidence triggered a strong interest from stakeholders, receiving **516 individual responses** (373 replies to questionnaire + 143 submissions to Call for Evidence).

<u>Geographical data</u>

Most respondents (86%) were based in the EU, with **Germany, France, Italy, and Spain** (the EU's four largest steelmaking Member States) representing 50% of total responses. Conversely, the **largest third country suppliers**, save for Korea (15) and to a lesser extent Ukraine (5), accounted for very few responses, e.g. China (1), Türkiye (2), Japan (2), Vietnam (2), India (2), Taiwan (1) and in most cases their respective governments did not provide a response.

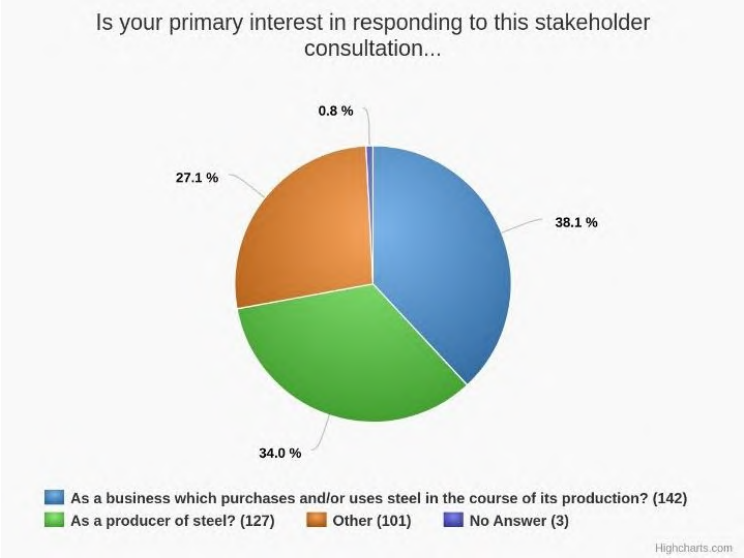
124 https://policy.trade.ec.europa.eu/news/commission-launches-consultation-future-measures-safeguard-eu-steel-sector-unfair-trade-practices-2025-07-18_en

125 https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14781-Trade-measure-addressing-the-negative-trade-related-effects-of-global-excess-capacity-on-the-EU-steel-sector_en



Role of respondents

Respondents labelled their core activity as 'producers' (127), 'users' (142), and 'other' (101), while 3 did not choose any role. Of note, some of the users are companies related to EU producers, and a few respondents (8) labelling themselves as 'users' are non-EU based (thus, not EU users). Likewise, under 'other' category, there are a few (5) third country governments and (2) EU Member States, in addition to large user associations, as well as some relevant national steel producers' associations.



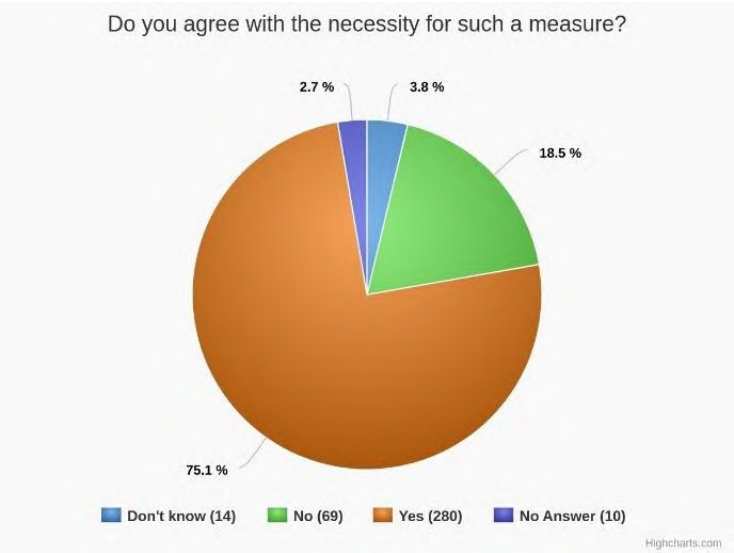
6.1.1. Necessity for a measure

Most respondents (75.1%) supported the introduction of a measure. The support stemmed from many kinds of stakeholders, well beyond steel producers, and included large EU processors and users' associations. Also, most respondents labelled as 'users' (and based in the EU) support the adoption of a measure. Furthermore, multiple associations in other sectors[126] strongly supported the need for an effective measure, highlighting the importance of the steel

126 EU associations in the following sectors expressed support for a measure: foundry, mining, aluminium, certain chemicals, lime, amongst others.

sector. Only 69 respondents expressed opposition to a measure (18.5% of responses), while 6.5% of respondents either did not reply or did not express a view.

Amongst those opposing, mostly individual EU users (including 20 SMEs), EU-based subsidiaries of third country steelmakers or with business links with foreign steelmakers and some third country governments and their steelmakers' associations.



Some individual EU users have also acknowledged the necessity of the measure, and even some subsidiaries of third country steelmakers have recognized that in the absence of a measure, the EU market would be flooded.

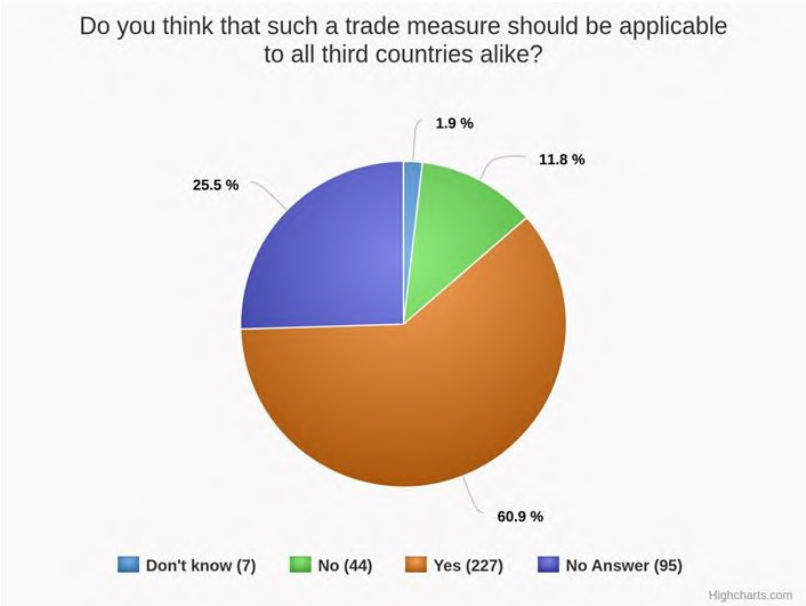
Overall, the consultation reflected ample recognition of the need for a measure in view of the risks and challenges faced by EU steelmakers as well as their relevance in preserving a strong supply chain in the EU.

6.1.2. Geographical scope

A large majority of respondents advocated for an ***erga omnes*** **application, with no exclusions of any third country,** arguing that this approach was essential to ensure effectiveness of the measure given the global nature and widespread effects of overcapacity.

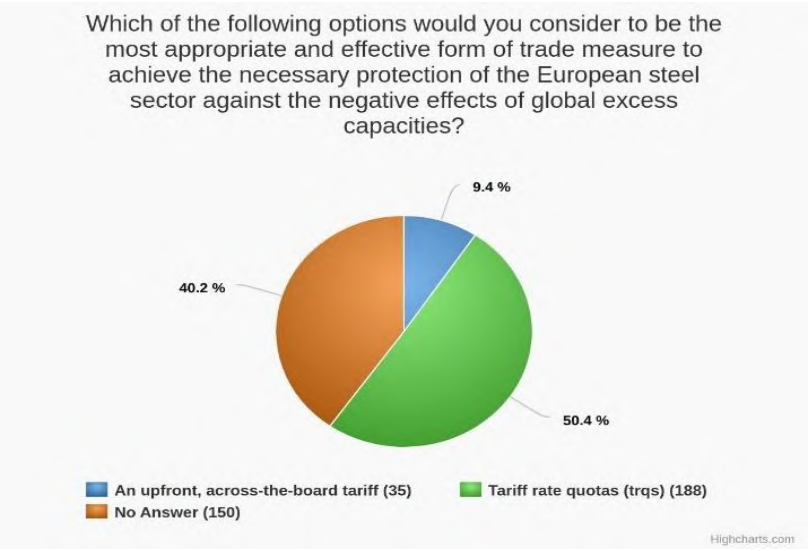
Some stakeholders suggested to apply the measure in a discriminatory fashion against those countries that would be contributors to overcapacity, however without providing any concrete or substantiated claim as to who these countries would be and how far the discrimination should go.

There were also requests from some stakeholders to exclude Ukraine due to the war, and a handful requests from stakeholders to exclude some third countries arguing that they are trusted partners which do not contribute to overcapacity.

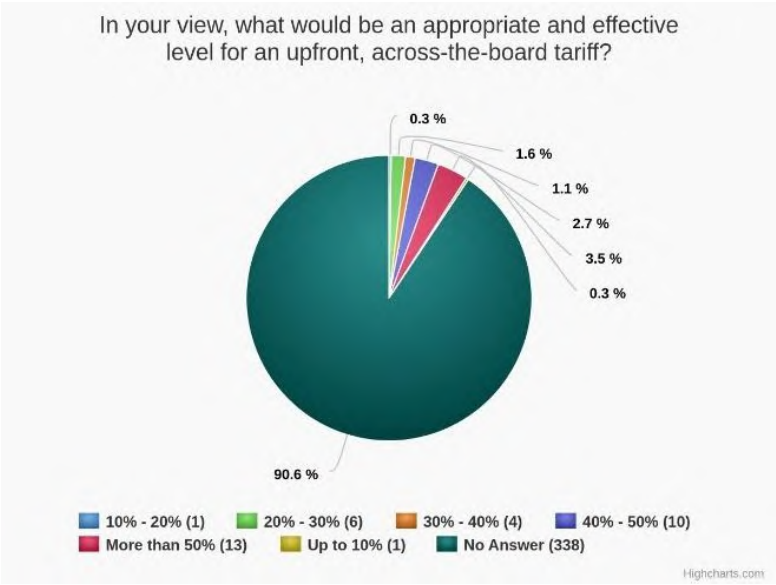


6.1.3. **Form of the measure**

84% of respondents that chose a form of measure (188 out of 223), supported **TRQs** over upfront tariffs. Amongst the 150 respondents who did not select an answer, 69 had previously indicated opposition to a measure. 56 respondents supported the need of a measure but chose not to express a view on its form.

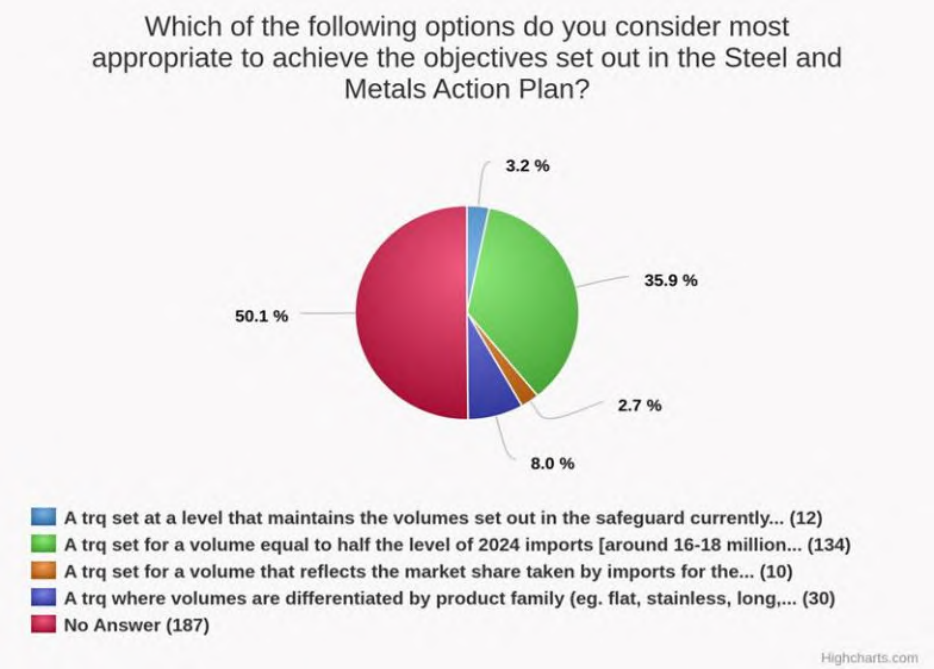


In connection to the form of the measure, **90%** of respondents did not choose any option under the question pertaining to the right level in case of upfront tariffs.



6.1.4. **TRQ level**

Most respondents (187) did not choose any specific TRQ level, including the 69 stakeholders that had previously indicated opposition to a measure. 134 respondents supported the option of a TRQ of around16-18 million tons. To be noted however that several respondents who chose the option of *differentiated TRQs*, were in fact supporting the strictest option of 16-18 million tons TRQ. Very few (12) supported either the status quo (around 34 million tons). Lastly, few respondents (10) selected the option of around 21-23 million tons. Amongst those that did not choose any option, 94 stakeholders had indicated that they supported the need for a measure, but did not take position on the level, while 24 responded 'don't know' or did not respond.



[127]

[127] Option 1 - *level of Tariff-Rate Quotas (TRQs) maintaining the volumes as set out in the safeguard currently in place; [around 33-35 million tons of TRQ volume];* Option 2 - *level of TRQ volumes reflecting the imports' market*

Amongst those supporting a **volume of TRQs of around 16-18 million tons.** The main arguments in favour included the need to significantly increase producers' capacity utilization to healthy levels, which was not possible with the current level of import penetration allowed under the steel safeguard TRQs. Such level of TRQs would reflect the level of imports that prevailed before the 2015 overcapacity crisis broke out, which resulted in a surge of imports and consistent higher level of import penetration since then. Therefore, restoring a situation regarding the level of imports would allow for tackling overcapacity's negative effects that have been present in the market since 2015 notably.

Many respondents supporting this option however emphasized that the **reference period to calculate TRQs** should be different for each product family (carbon flats, carbon longs and stainless). As such, the level of import penetration under a TRQ in each of these market segments would be different (15% for carbon flats and stainless, and 5% for carbon longs). Furthermore, supporters of this option emphasized that such level of a measure would strengthen domestic production, prevent de-industrialization, ensuring investments needed to decarbonize, increasing strategic autonomy (including military capabilities), while protecting and preserving thousands of industrial jobs, and overall, ensuring that the measure is highly effective, as set out by SMAP.

Amongst those advocating for a higher level of TRQs the main arguments suggested that a strict TRQ system would impact negatively the cost competitiveness of downstream sector.

6.1.5. Out-of-quota duty level

215 respondents (57.6%) favored an out-of-quota duty set at **50%** while 72 (19.3%) supported a 25% duty. 64 (17.2%) selected a different level of duty and 22 (5.9%) did not reply.

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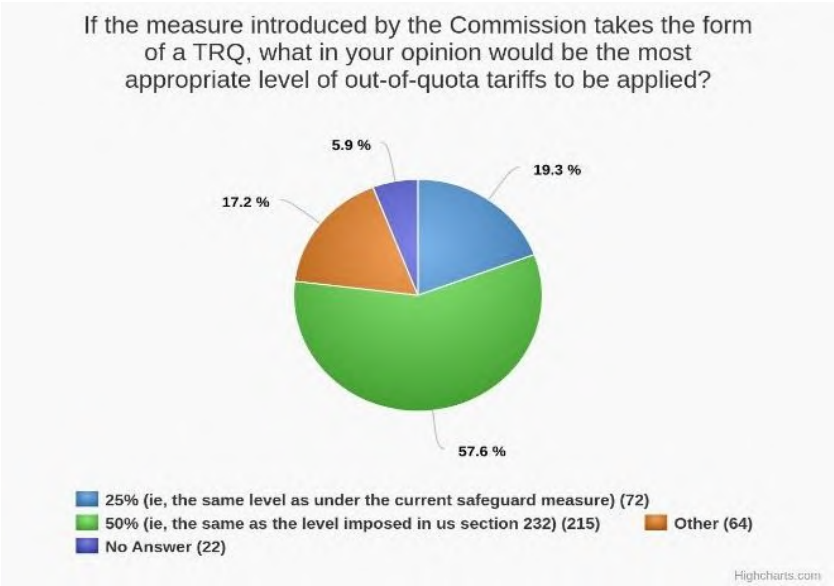
share of the period before 2015 (average 2013-2014) [around 21-23 million tons of TRQ volume]; Option 3 - *level of TRQ volumes around half the size of 2024 import levels. [around 16-17 million tons of TRQ volume];* Option 4 - *Level of TRQ volumes differentiated per product (flat, stainless, long, tubes and pipes).*

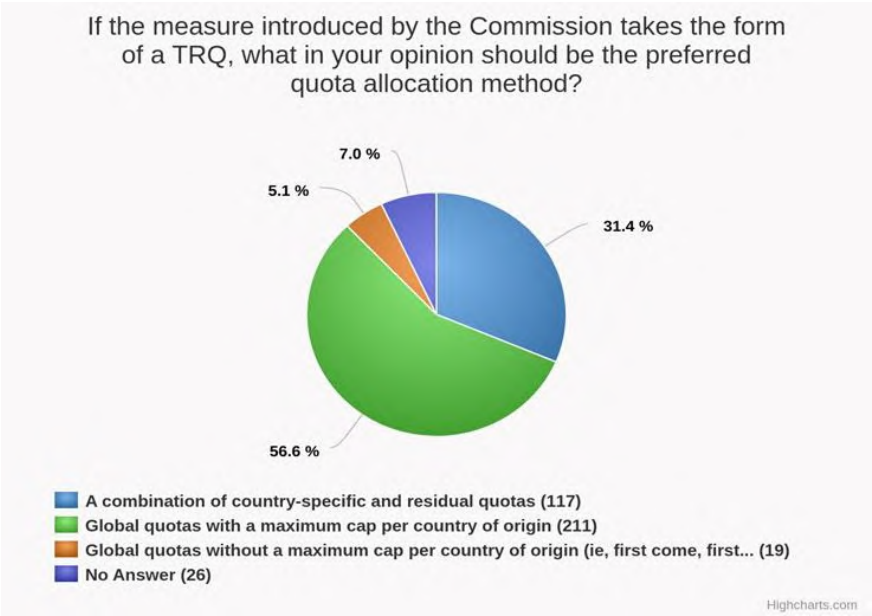


Amongst the reasons behind 50% out-of-quota duty many respondents made a **direct link with the US Section 232**, which currently impose a 50% (upfront) duty. Arguments included that having a lower level of out-of-quota duty, compared to the one prevailing in the US market, would undermine the effectiveness of a TRQ system, as a lower duty (e.g. 25%) would create significant **risk of trade diversion**, in a context of growing third country measures and high levels of overcapacity.

In addition, stakeholders presented several arguments in support of different duty levels, including a 25% duty. Some highlighted that having high duties would severely damage the competitiveness of downstream industries, risking de-localization into third countries. Others proposed to set a differentiated duty level by exporting country and product types. This would be linked for instance to the level of overcapacity in a country, the strategic importance of a product, the risk of import surges. Others proposed to have higher duties for certain countries. Conversely, others proposed no (or low) duties in certain products for which no sufficient production may exist in the EU, for low-CO_2 steel products, to promote sustainability and avoid supply gaps. Others pointed to a flexible level of duties that would adapt to industry's capacity utilization levels per category to avoid supply gaps, and others supported adjustments to the level based on market conditions, level of imports and geopolitical changes.

6.1.6. TRQ Allocation

Most respondents (211) supported a global TRQ with a cap, while many (117) also supported keeping a system of country-specific quotas and residual quotas, like the safeguard.

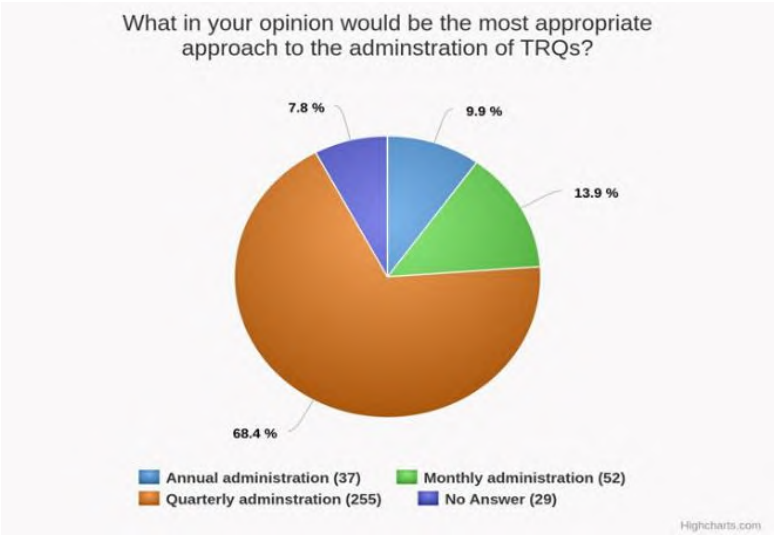


Regarding country-specific quotas, generally not very detailed information was provided by respondents on a preferred methodology to allocate volumes, e.g. minimum threshold to define who would receive a country-specific quotas (in the safeguard the threshold was 5%). Some respondents referred to an allocation period based on recent performance as the appropriate basis.

The responses to this question revealed that a vast majority of stakeholders did not favour an option of having a global TRQ per category, administered on a first-come, first-served, without any kind of limitation by origin. Therefore, the responses showed that most stakeholders (**88%**) support a TRQ system whereby there is a certain kind of limitation to the share of a specific TRQ that a single country can use, either via a country-specific quota or via a cap.

6.1.7. TRQ Administration

Quarterly administration was widely supported, noting that this feature currently in place under the steel safeguard measure ensures a balance between limiting a flood of imports in a short timeframe while not creating a disproportionate burden for trading, as opposed what monthly administration could have caused. Annual or monthly administration gathered limited support respectively.

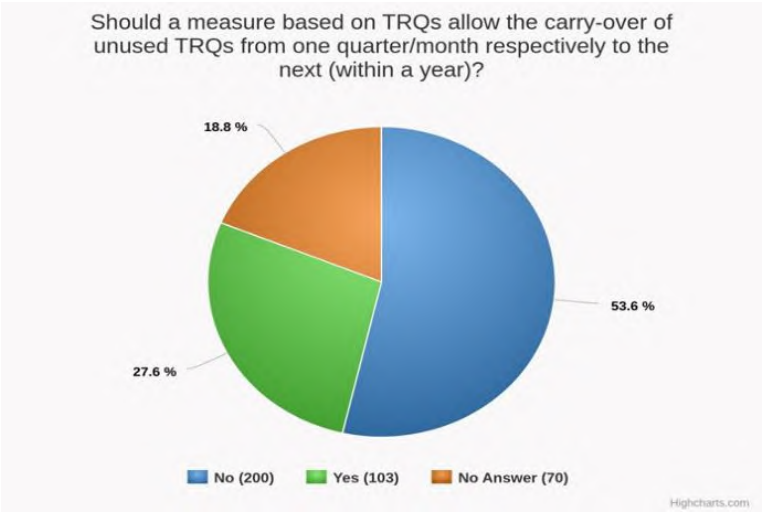


In support of the quarterly administration, stakeholders noted that it strikes a good balance between avoiding surges of imports in a short period of time (which would be a risk associated to yearly administration) while not unduly disrupting trade flows and creating additional administrative burdens (which may take place under a monthly administration). Stakeholders also noted that quarterly administration has been in place for many years under the steel safeguard so market operators are used to its functioning, and it would be easier for them to continue operating under such regime.

Some calls for annual administration (mostly EU users) sought to have less constraints to source steel throughout a year, allowing for easier planning and reducing the risks of paying a duty due to unforeseen transportation or production delays from third country suppliers, while reducing the administrative burden.

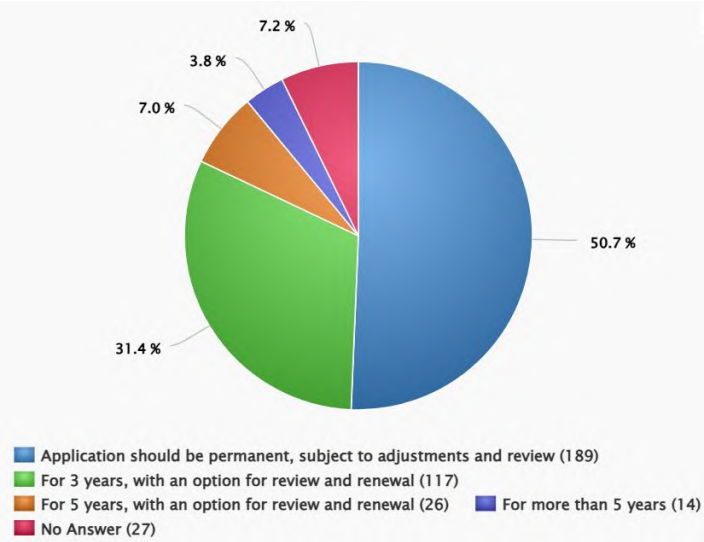
On the other hand, those stakeholders calling for monthly administration argued that it would reduce more effectively the damage that larger import volumes may cause, as imports will be more spaced out, offering some users a higher level of predictability. Stakeholders also pointed that this kind of administration would increase the opportunities for suppliers to export free-of-duty (at least once every month) while under a quarterly administration, they would only have four chances a year, i.e. one at the beginning of each quarter. In the same line, some argued that this would avoid having to wait almost three months to source free-of-duty material if the quota gets quickly exhausted early into a quarter. Lastly, some stakeholders flagged that it would reduce the amount of steel stockpiled in warehouses at EU ports.

On whether **carryover of unused quotas should be allowed or not, or limited**, stakeholders' views supported not allowing for such mechanism (53%). Many stakeholders (105), primarily producers, considered that it was important not to allow this feature altogether, and that the latest adjustment to the steel safeguard measure already went in that direction. Those stakeholders opposing (more than half, 62, 'users') indicated that this would artificially reduce the availability of TRQs, by not catering for seasonality in consumption and that unused quotas should be allowed to be consumed throughout a whole year, as it was the case during most of the lifespan of the steel safeguard measure.



6.1.8. **Duration**

More than 210 respondents (57%), mostly EU producers, supported either a permanent measure (189) or a measure longer than 5 years (26), while 117 respondents, including most of those who oppose a measure, supported a measure for an initial period of 3 years. All options on duration included a review for possible extension [see 'review' section below].



The main arguments given for implementing a **permanent measure, or a measure longer than 5 years**, are to address the growing and structural global steel overcapacity, which requires long-term policies; to support the European steel industry's decarbonization efforts by providing regulatory and investment stability that encourages new investments; and to protect and maintain the competitiveness of EU steel producers amid global challenges. Mainly producers, as well as other associations, including several processors, support an initial duration of more than 5 years, on grounds that it provides increased legal and commercial certainty to stakeholders, including to make long-term decarbonisation investments.

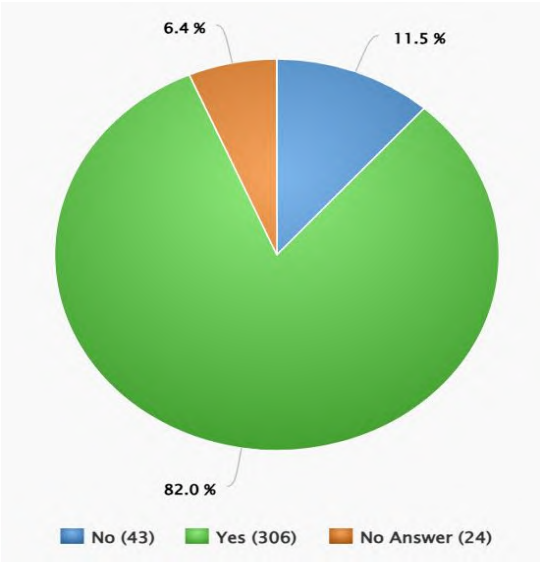
The main arguments given for a **three-year measure** are that, while protecting the EU steel industry, the Commission must also consider the competitiveness of downstream sectors. Additionally, a three-year balances protection without causing unnecessary rigidity, and avoids reducing incentives for the industry to adjust to market shifts. This finite timeframe helps keep

trade fair and open while minimizing disruption. Around half of the users (70) support a 3-year measure.

The questionnaire also contained the option of **a five-year period**, argued by 27 respondents to be a balanced choice since shorter periods might be too brief, while longer ones could lead to lasting market distortions. This timeframe allows sufficient opportunity to assess the impact of the measures, with the option to extend if necessary to meet long-term strategic goals and adapt to changing market conditions. Some respondents argue that they do not have a strong preference between three or five years but insist that reviews should occur no less frequently than every five years.

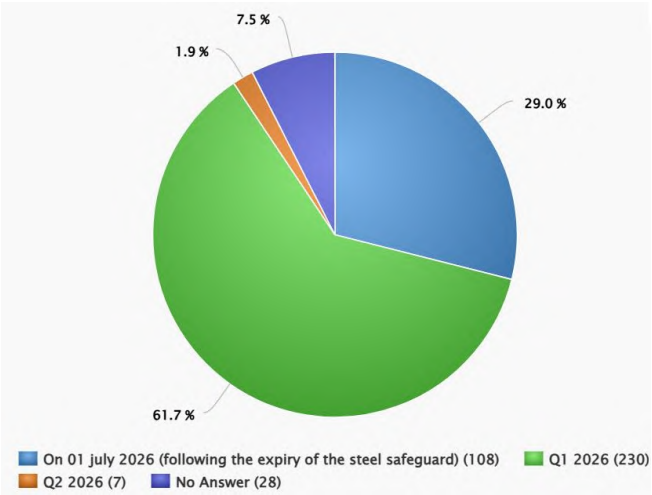
6.1.9. **Review mechanism**

There is a broad consensus (**306 stakeholders in favour**) that a review mechanism needs to be a core element of the measure. Some participants (mostly producers) wanted to ensure the possibility that the measure be adapted to market downturns (unlike the safeguard) while others wanted to make sure that TRQs can be increased if market improvements or shortages are identified (mostly users). Overall, **the call for a strong and fair review mechanism that can be deployed swiftly in line with market developments, was echoed across the board.**



6.1.10. **Entry into force**

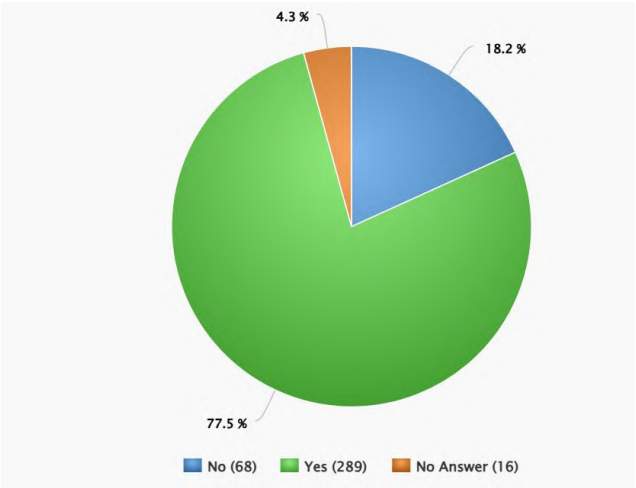
The steel safeguard expires after 30 June 2026, and 108 respondents preferred the trade measure to enter into force on **1 July 2026**. However, most respondents (203 responses, mostly EU steel producers) indicated that the measure should already enter into force on **Q1 2026**.



Regarding this aspect, the entry into force of the measure will fundamentally depend on the pace of the **ordinary legislative procedure** that will be triggered once the Commission adopts the legislative proposal.

6.1.11. **Melted and Poured**

Most responses (77,5%) are **in favour of a Melted and Poured regime**. This included 118 producers and 169 users and 'others', including some users and traders' associations, as well as some third country suppliers and some EU users.



Supporters of introducing such regime argued it would be expected to close loopholes (i.e. limit risk of circumvention), which would otherwise exist and be exploited by minimal processing to disguise the true origin of steel. Introducing a melted & poured regime, they argued, would enhance supply chain integrity and supporting fair competition.

Those that do not support introducing such regime expressed concerns that it might increase the administrative burden, and could disrupt supply chains, while disproportionately impacting processors dependent on semi-finished inputs from multiple origins. Amongst those **opposing**, mostly individual EU users, including EU users and processors associations.

6.1.12. **Narrative section – free-format submissions**

EU steel producers stressed that if no measures are adopted, in the short term, the EU steel industry is expected to face worsening trends, including a decline in investment,

competitiveness, and production. Medium-term effects could involve plant closures and job losses. Over the long term, there may be an increased reliance on imports, posing significant risks during periods of geopolitical uncertainty. Additionally, these challenges could result in reduced investments in new technologies, undermining efforts towards decarbonization.

Other stakeholders acknowledged the problems posed by overcapacity and the potential of these measures to support the long-term competitiveness of the steel industry. However, some **users** raised concerns that strict quotas could disrupt trade flows, significantly increase costs, and impede the competitiveness of EU businesses in the EU and in third-country markets.

Overall, there is a strong call for an effective trade measure, that would allow the EU steelmakers to improve its capacity utilisation and their overall economic performance so that they can undertake decarbonisation investments. There are nevertheless requests from stakeholders to consider in the design of the measure the competitiveness of the downstream industries, in particular, warning against the most radical requests from steelmakers.

Lastly, few stakeholders (11), have made broader calls for extending protection to other steel-made or steel-intensive products further down the steel supply chain, referred by several stakeholders as '**steel derivatives**.

6.2. Summary of submissions to the Call for Evidence

143 stakeholders made submissions in response to the Call for Evidence. In some cases, stakeholders responding to the Call for Evidence had also replied to the targeted consultation. The Call for Evidence allowed submissions in a free-format text; therefore, the responses did not necessarily follow a comparable structure that would allow for the same degree of statistical assessment as the replies to the targeted consultation. Below a summary of the most common views presented:

Many respondents showed **support for a measure**, with most advocating for a **TRQ-system applicable to all origins**. Amongst the reasons, many echoed the arguments received by producers in the targeted consultation, seeking to preserve a strong domestic steelmaking industry in the EU, noting that the current steel safeguard measure would be insufficient to achieve the SMAP objectives. Several stakeholders called for extending protection to the **entire steel value chain** and some proposed specific CN codes to be added to the scope of the measure. Also, a noticeable number of submissions focused on the importance of designing a measure that would avoid **circumvention** through loopholes, with strict rules of origin, including **melted & poured regime.** Some respondents also flagged that the challenges faced by the EU steel industry are not unique and that other sectors should be protected, including a mention to an across the board overcapacity instrument.

On the other end, some respondents called for a **balanced measure** which does not disproportionally limit the availability of steel supply in the EU, with some (non-EU stakeholders mostly) recalling that **WTO obligations** need to be observed. Several stakeholders made country-specific requests to either exclude or grant better treatment under the measure to suppliers in some third countries.

7. Economic model of the impact of the measures

As a critical part of the analysis, the Commission carried out an analysis of the potential economic impact of the different options, including TRQs set at different levels and across the board tariffs. The economic model took into account the impact of the different options on the following elements which were assessed for both the iron and steel industry, other key EU industries: output, prices, export performance and imports (by sector).

The potential impact of a measure on the EU economy was assessed based on economic modelling for several scenarios. It considers the impact of different levels of in-quota volumes compared to the evolution of the "baseline" that reflect the import pressure and energy –price dynamics currently in place in the steel sector (including overcapacities).

7.1. Modelling methodology

7.1.1. Computable General Equilibrium models and the Global Trade Analysis Project

The simulations are based on Computable General Equilibrium (CGE) models. These have been the workhorse models used for assessing the economy-wide impact of trade policy changes for more than three decades. The main advantage of CGE models is that they analyse the effects of trade policy taking into account the main links between sectors and between the domestic and international production of goods and services. They also include consumption and investment decisions of firms across sectors as well as of consumers and governments; they also account for the fact that different sectors compete for capital, labour and land.

These types of models help to answer 'what if…' questions by simulating the price, income and substitution effects of different policy changes and comparing them to a so-called baseline (i.e., what would happen without a policy change). The baseline is key as it is the counterfactual element against which the economic outcome of the initiative is assessed. Hence, CGE models allow to simulate, at the same time, how all sectors and actors adjust to the changes to costs, prices and/or incentives that a trade policy change would cause. This allows for an ex-ante assessment of all the direct and indirect effects of changes to trade policy in terms of a wide range of indicators among which gross domestic product, sectoral trade, production and value added, reflecting inter-sectoral input-output links, including sourcing of inputs (goods and services) from abroad.

CGE models contain more variables than equations; hence some variables have to be determined exogenously (outside the model). The choice of variables which are to be exogenous is defined as the model closure. In this analysis the closure is the "fixed employment", one of the most common closure rules. The labour supply of the whole economy is given, and the model restores equilibrium by adjusting the nominal wage rate, which is a standard specification in such modelling exercises. In the model, the market prices are also computed endogenously so that results can show the real wage changes. Furthermore, this 'fixed employment closure' provides information on shifts between sectors thus indicating which sectors employment is likely to increase and decrease as a result of the new trade policy measure.

Among the CGE models available, for this analysis, the recursive dynamic Global Trade Analysis Project (GTAP)[128] CGE model, GTAP -RD and the comparative static GTAP Hybrid CGE model (GTAP-HS-TRQ) have been considered as best suited to quantify the impacts of protection of the steel sector on the trade and on the output of all sectors of the economy. Both these GTAP models are built upon Social Accounting Matrices (SAMs) of individual countries and regions[129].

The recursive dynamic model that will be used for the baseline, extends the comparative static framework of the standard GTAP model developed by Hertel (1997)[130] to a dynamic framework by incorporating international capital mobility and capital accumulation, while preserving all the features of the standard GTAP model, such as constant returns to production technology, perfectly competitive markets and product differentiation by countries of origin - the so-called Armington assumption.

The static GTAP Hybrid CGE model (GTAP-HS) is a version of the standard GTAP model that allows splitting the standard aggregate GTAP sectors at 6-digit level of the harmonized system.[131] The product detail needed for this analysis will be added by splitting the available standard GTAP aggregates "iron and steel" into the groups of products, used in the 2018 safeguards. The 216 HS6 sub-headings that are generally aggregated in the GTAP sector "iron and steel" have been mapped into the 26 groups of Table A1 plus a residual group. The simulations with the GTAP-HS model will estimate the impact of different trade policy measures on steel imports, broken down by detailed product groups, relative to the projected baseline.

The data used to run these models is the GTAP database. The Version 11c, used in this analysis, includes data on 160 regions and countries, 65 industries and 8 endowments. It uses 2017 as the base year but underlying basic trade and economic data have been updated to reflect the most recent information available. As far as trade data is concerned, the underlying GTAP database is based on COMTRADE data, supplied by the United Nations Statistical Office, through an ad-hoc reconciliation procedure based on a reliability indicator of the information supplied by each importing and exporting country. Protection data comes from the MacMap database[132]. Elasticities are sourced from Fontagné et al (2022).[133]

7.1.2. Aggregation (sectors and countries)

128 https://www.gtap.agecon.purdue.edu/about/project.asp

129 Social Accounting Matrices (SAMs) provide a comprehensive representation of the economic structure of individual countries or regions, capturing transactions between sectors, households, government, and with the rest of the world through trade. They enable consistent analysis of production, income distribution, and trade linkages, offering a solid basis for assessing economy-wide impacts.

130 Hertel, T.W. et al (1997), Global Trade Analysis: Modelling and Applications, Cambridge University Press.

131 Corong et al., (2021), Detailed Trade Policy Simulations Using a Global General Equilibrium Model, GTAP Working Paper No. 89.

132 https://www.macmap.org/

133 Fontagné L., Guimbard H. and G. Orefice G (2022), Product-Level Trade Elasticities. *Journal of International Economics*, Vol 137, https://doi.org/10.1016/j.jinteco.2022.103593.

For the simulations, the 65 industries and 160 countries covered by the GTAP database[134] have been aggregated (or disaggregated) to best fit the nature of the issue.

First, to better model the impact of the new steel measure, the "iron and steel" aggregate sector of the GTAP database has been disaggregated in the groups of products[135] shown in Table A1 using the corresponding HS6 codes. The GTAP sectoral details have been maintained for all the other sectors except for the agricultural sectors that have been aggregated into one sector. Table A2 shows the sectoral aggregation used.

The purpose of this analysis is to focus on the impact of the EU imposing trade restrictions to the exports of the main steel producers, for this reason the geographical breakdown in Table A3 separates the main EU steel import sources (top 25) from all the other countries in the world that are then grouped according to some general criteria.

7.2. Baseline and scenarios

7.2.1. Baseline

The projected baseline is an integral part of the analysis because it shows expected developments in terms of output and trade for both the steel sector and for the downstream sectors in case no new measure is introduced.

The latest release of the GTAP database, with 2017 as the base year, includes all EU FTAs implemented by that year. The first step is therefore the update of the macroeconomic baseline to 2024 incorporating key trade policy changes implemented between 2017 and 2024. These are the EU agreements which have been concluded since 2017. FTAs for which negotiations are not yet concluded are not incorporated. The baseline also incorporates the first wave of bilateral tariffs introduced in 2018 between the US and China (i.e. the first phase of the US-China 'trade war'), as well as the set of restrictive trade measures imposed by the EU and its allies on Russia following its invasion of Ukraine.

After 2024, the baseline is built with GDP and population projections from the IMF. Projections for changes to the labour force are derived from the ILO and CEPII[136]

For the steel sector the baseline includes all the Anti-Dumping and Countervailing duties imposed by third countries and the additional duties imposed to steel products by third countries starting from 2025 such as US, Canada, Mexico, Türkiye, Brazil, Colombia and India.[137]

The expected competitive pressure on the EU industry coming from the overcapacity that has built up in third countries has been added in the baseline with shocks calibrated from data on

134 https://www.gtap.agecon.purdue.edu/databases/default.asp

135 The same groups of steel products identified for the 2018 steel safeguards.

136 Centre d'études prospectives et d'informations internationales (CEPII, http://www.cepii.fr)

137 US Section 232, Canada Section 52. Mexico, Türkiye, Brazil, Colombia increased applied WTO tariffs (different scopes) (Mexico sets tariffs up to 50 percent on certain steel imports / Brazil government renews tariffs, quotas on steel products | Reuters / TR Communiqué No:2023/6-Wire Rod-All Countries / Colombia Raises Tariffs on Steel Imports Amid Rising Chinese Competition. India: double-digit safeguard measure on flat-steel products - India slaps 12% safeguard duty on steel imports from China, others - Industry News | The Financial Express.

capacity, imports and demand of steel and steel products.[138]Such shocks generate (exogenously) exports from third countries to the EU and to the rest-of-the-world at low prices and mimic the impact of overcapacity on the steel sector. Consequently, the EU faces both import competition and competition in export markets.

In addition, given the importance of energy-price dynamics and differentials for energy-intensive industries such as steel, the higher costs of energy in the EU and the expected price developments have also been included in the baseline. Using the International Energy Agency's (IEA) Electricity 2025 and quarterly Gas Market Reports[139] as market benchmarks. Using a conservative hypothesis, EU energy costs (electricity and gas) have been set 10% higher than the Rest-of-World average over the 2025–2030 period.[140]

Finally, for the baseline two options are explored, in the first the 2018 EU safeguards are set to expire in 2026, in the second option, such safeguards are prolonged beyond their expiry date, to 2030, keeping the quotas at the level of the April 2025 revision.

7.2.2. Scenarios

The scenarios will show the impact (relative to the baseline) on the steel sector and on the downstream sectors (output, exports and imports) of various degrees of restrictiveness of the new TRQs or of an upfront tariff.

1) In-quota volumes that would correspond to the 2013-2014 (hence, before the surge in global overcapacity) import penetration levels of all the codes affected (total), allocated to each group (Table A1) according to the 2024 weight of the group. The import penetration level was at around 15% market share. The reduction of total steel imports would be of about 30% (28%). The out-of-quota tariff is prohibitive.
2) In-quota volumes that would correspond to 50% of the 2024 imports of all the codes affected (total) allocated to each group (Table A1) according to the 2024 weight of the group. The out-of-quota tariff is prohibitive.
3) An upfront 25% tariff.

The quotas are calculated on the imports in tonnes (2024 and 2013-14) but implemented in value (not in tonnes) because GTAP model needs to account for all sectors of the economy and for this can only use USD because it cannot mix tonnes of steel and units of cars.

7.3. Simulation's results

7.3.1. Output and trade effects in the EU – 2030 without new measures

The CGE model-based baseline projections in Table 7.1 show that, the import pressure on the European steel sector, mainly deriving from third countries overcapacity and from the trade diversion towards the EU generated by third countries measures, is expected to result in a reduction of the sector's output of 18% in the next five years (by 2030) that is coupled with an

138 Source: Boston Consulting capacity database and World Steel Short Range Outlook April 2025. The following third countries have been identified as able to increase significantly their exports to the EU by 2030: Algeria, Australia, Brazil, Canada and Mexico, China, Egypt, GCC, India, Indonesia, Japan, South Korea, Malaysia, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey, UAE, UK and Vietnam.

139 https://www.iea.org/analysis?type=report

140 These price gaps are mapped into sectoral energy-cost shares

increase of imports of 18.7%. The reduction in output is also driven by the reduction in EU exports to third markets (due to the competition in third markets faced by EU producers) and at the same time a lower domestic output (due to import pressure) corresponds to lower exports. In net terms, EU exports of steel are expected to decline by 45.6%.

The high decline in output in the baseline is mainly generated by the import pressure coming from overcapacity and from the energy price differentials. Their impact is exponential relative to EU output. In fact, the more EU output starts decreasing, the more external pressure becomes stronger in relative terms.

The contraction of the EU domestic steel production will affect negatively the sectors more heavily dependent on steel, like metal products, machineries, construction and motor vehicles. These sectors depend on domestic EU steel production[141] rather than on imported steel.

The sectors that are less reliant on steel (and therefore on domestic steel) like for example electrical equipment, electronics or chemicals and pharmaceuticals will see their output (and in most cases exports) increase thanks to cheaper imported steel because for the relatively lower quantities they demand they can more easily substitute with imports.

Energy prices dynamics and differentials between the EU and the Rest of the world expected in the next five years are contributing to the negative dynamics of all energy intensive industries in a similar way, and do not affect only the steel sector.

Overall, total output is expected to decrease by 1.1%, imports expected to decrease by a negligible 0.2% and exports expected to increase by another negligible 0.3%.

Table 7.1 – Baseline (projections to 2030, percentage change relative to 2025)

Sectors	Output	Imports	Exports
Iron and steel	-18.0	18.7	-45.6
Mining	-1.4	-3.2	-0.8
Energy	0.1	8.4	-11.7
Chemicals	0.4	1.0	-0.2
Pharmaceuticals	0.8	-1.7	1.3
Rubber and plastics	0.8	-3.6	3.4
Non-ferrous metals	0.6	-2.5	1.6
Metal products	-3.3	0.5	-6.8
Motor vehicles	-0.8	-2.1	-0.3
Other transport equipment	-0.5	-2.7	0.2
Electrical equipment	0.9	-3.8	3.0
Electronics (computers & optics)	3.5	-2.2	5.5
Machinery and equipment	-1.4	-3.1	-0.4
Other manufactures	0.5	-3.6	3.1
Construction	-2.0	-2.3	0.4
Total	***-1.1***	***-0.2***	***0.3***

Source: DG Trade simulations (GTAP RD)

141 The Input-Output tables in the GTAP database allows tracing the domestic and the foreign sourcing of steel.

Notes: "Total" refers to all sectors of the economy including the ones not shown in this table (see Table B1 for the full results).

The projections in Table 7.1 foresee the expiry in 2026 of the 2018 EU Steel safeguards while in table 7.2, these are prolonged beyond their expiry date (keeping the quotas, for each group of steel product and partner country, at the level foreseen in the April 2025 revision). The codes covered by the EU safeguards (Table A1) correspond to about 85% of the value of imports of the iron and steel sector in Table 7.1 and 7.2. The impact of such quotas is however presented for the whole sector, so for both the codes covered and those not covered.

Relative to Table 7.1, the prolongation of the current steel safeguards would lead by 2030 to a lower increase of steel imports (+16% rather than +18.7%), a lower decrease of domestic production of steel (-15% rather than -18%) but also a higher decrease in exports (-46.5% rather than -45.6%).

In this second set of projections, the output decrease of the sectors that were already losing is marginally higher (e.g. machinery's output decreases by -1.5% rather than -1.4%) than in the projections without the prolongation of the safeguards currently in place. The only exceptions are metal products and construction for which things do not change significantly. For the sectors that were projected to increase, such increases are lower (e.g electrical equipment's output increases by 0.7% instead of 0.9%).

However given the lower losses of the steel sector, the overall output decreases marginally less (1% instead of 1.1%), total imports are unaffected, and total exports increase by 0.2% instead of 0.3%.

Table 7.2 – Prolonging 'status quo' in terms of TRQ volumes (projections to 2030, percentage change relative to 2025) – with 2025 revision of steel safeguards prolonged to 2030

Sectors	Output	Imports	Exports
Iron and steel	-14.8	16.0	-46.5
Mining	-1.3	-3.0	-0.8
Energy	0.1	8.4	-11.7
Chemicals	0.3	1.0	-0.2
Pharmaceuticals	0.8	-1.7	1.3
Rubber and plastics	0.8	-3.5	3.3
Non-ferrous metals	0.5	-2.3	1.4
Metal products	-3.3	1.1	-7.2
Motor vehicles	-0.8	-2.0	-0.4
Other transport equipment	-0.6	-2.5	0.0
Electrical equipment	0.7	-3.6	2.8
Electronics (computers & optics)	3.4	-2.1	5.4
Machinery and equipment	-1.5	-2.7	-0.7
Other manufactures	0.4	-3.4	3.0
Construction	-2.0	-2.2	0.3
Total	***-1.0***	***-0.2***	***0.2***

Source: DG Trade simulations (GTAP RD and GTAP HS)
Notes: "Total" refers to all sectors of the economy including the ones not shown in this table

7.3.2. Output and trade effects in the EU – 2030 with new measures

Table 7.3, 7.4, 7.5 and 7.6 presents, for each sector, the impacts on output, prices, import and exports of the 3 scenarios described above. The tables include the baseline so to confront the impact of the new measures compared to the "do nothing" option.

These simulations have been done with GTAP-HS. Hence, the quotas or tariff have been applied to each group of products (as defined in Table A1) and, for each group, uniformly across partners. The results have then been re-aggregated for the iron and steel sector.

The results in Table 7.3 indicate that the projected decline of the steel sector by 2030 shown in Table 7.1 (also reported in the column "baseline") is reduced when introducing various forms of import restrictions but is not neutralised except in the case of 50% reduction of the import volumes (Scenario 2). In this scenario, the output of the steel sector is actually expected to increase by 2030 (+1.4%). Scenario 2 is the only scenario that allows the EU steel industry to slightly increase the manufacturing input.

Table B2 in the Annex shows the same scenarios as a percentage change relative to the baseline.

Table 7.3. Sectoral Output of the EU (2030, % change relative to 2025) - main sectors affected

	Baseline	Scenario 1 Quotas with 2013-14 total volumes (-30%)	Scenario 2 Quotas with reduction by 50% of 2024 total volumes	Scenario 3 25% tariff
Iron and steel	-18.0	-8.1	1.4	-6.2
Mining	-1.4	-1.1	-0.7	-1
Energy	0.1	0.1	0.2	0.1
Chemicals	0.4	0.3	0.3	0.3
Pharmaceuticals	0.8	0.8	0.8	0.8
Rubber and plastics	0.8	0.7	0.6	0.7
Non-ferrous metals	0.6	0.5	0.4	0.4
Metal products	-3.3	-3.2	-3	-3.1
Motor vehicles	-0.8	-0.9	-1.1	-1
Other transport equipment	-0.5	-0.9	-1.3	-1
Electrical equipment	0.9	0.5	0.3	0.5
Electronics (computers & optics)	3.5	3.3	3.1	3.3
Machinery and equipment	-1.4	-1.7	-1.9	-1.7
Other manufactures	0.5	0.4	0.3	0.3
Construction	-2.0	-2	-1.9	-1.9
Total	***-1.1***	***-0.9***	***-0.8***	***-0.9***

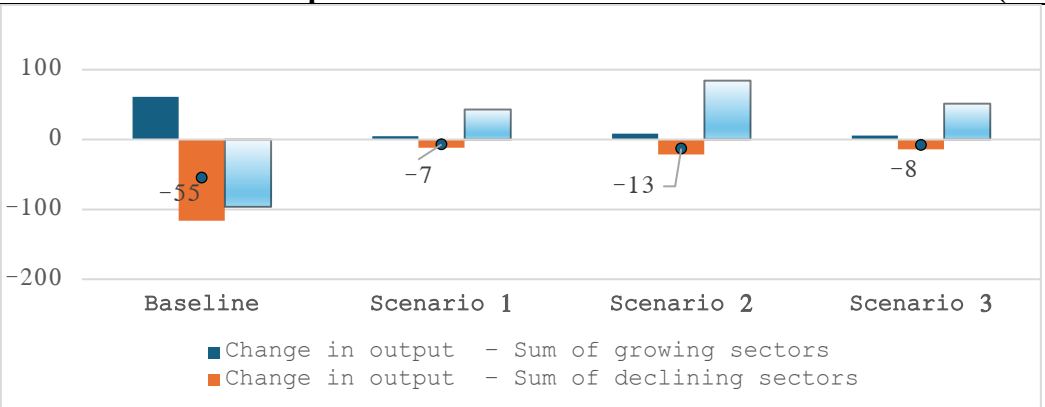
Source: DG Trade simulations. (GTAP HS)
Notes: "Iron and steel" Simulations have been done disaggregating the groups as per Table A1 but the results have then beer re-aggregated; "Total" refers to all sectors of the economy including the ones not shown in this table. Baseline = as in Table 7.1; Scenario 1= (TRQs with 2013-14 aggregated volumes allocated to groups with 2024 weights); Scenario 2= (TRQs with reduction by 50% of 2024 aggregated volumes allocated to groups with 2024 weights); Scenario 3= (25% tariff)

Metal products, that is strongly related to the steel sector, will see its decline in output reduced but never eliminated. Other sectors that use steel as inputs but marginally less dependent than metal products like motor vehicles and machinery will see higher declines in output when the steel sector is protected (e.g., -1.1% in motor vehicles and -1.9% in machineries in scenario 2 relative to -0.8% and –1.4% respectively in the baseline), between 70% and more than 100% larger declines. The sectors that were projected to increase their output by 2030 (e.g. electronics) will see slightly lower output growth if steel imports are reduced, between 6% and 16% less.

The various scenario of protection of the steel sectors are expected to reduce the decline of the total output of the EU by a very small amount going from -1.1% to a range between -0.8% and –0.9%. Scenario 2 results in the most positive outcome of -0.8%.

In synthesis, focusing on the sectors that are most dependent on steel (the selection in Table 2), Figure 7.1 shows the variation in USD billion of the total gains and losses of output of the sectors that gain and lose respectively (excluding steel). The different scenarios need to be added to the baseline. The gaining sectors, relative to the baseline are metal products, mining and marginally construction. All the other sectors lose relative to the baseline.

Figure 7.1 Variations in output relative to the baseline – main sectors affected (BN $)



Source: DG Trade simulations. (GTAP HS)
Notes: manufacturing sectors excluding steel and including construction (as per Table 7.3).
Baseline = as in Table 7.1; Scenario 1= (TRQs with 2013-14 aggregated volumes allocated to groups with 2024 weights); Scenario 2= (TRQs with reduction by 50% of 2024 aggregated volumes allocated to groups with 2024 weights); Scenario 3= (25% tariff)

The three scenarios, by reducing imports are expected to have an upwards impact on prices. Table 7.4 shows that the more restrictive the measure is, the higher the percentage increase in the domestic price of steel and in the overall level of prices. Scenario 2 is expected to be accompanied by an increase of the price of steel of 3.25% which would propagate to the whole economy where prices are expected to increase by 0.42%.

Table 7.4 Impact on prices (2030, % change relative to the baseline)

	Scenario 1 Quotas with 2013-14 total volumes (-30%)	**Scenario 2 Quotas with reduction by 50% of 2024 total volumes**	**Scenario 3 25% tariff**
Price of Iron and Steel as input to other sectors	1.72%	3.25%	2.04%

Price impact on household consumption	0.23%	0.42%	0.27%

Source: DG Trade simulations. (GTAP HS)
Notes: Baseline = as in Table 7.1; Scenario 1= (TRQs with 2013-14 aggregated volumes allocated to groups with 2024 weights) ; Scenario 2= (TRQs with reduction by 50% of 2024 aggregated volumes allocated to groups with 2024 weights); Scenario 3= (25% tariff)

Table 7.5 shows the results of the projections of the 3 scenarios on EU export by sector. By adding quantitative restrictions (or tariffs as in Scenario 3) to steel imports, the expected decrease, by 2030, in the value of steel exports shown in Table 7.1 (column "baseline") is increased. Instead of -45.6%, EU exports of steel are expected to decline in a range that goes from -47.7% to -50.7%. The same applies to exports of metal products, motor vehicles, other transport equipment and machinery (higher decreases in all scenarios).

For sectors that were projected to increase their exports (e.g. electronics, +5.5% in Table 1) such increases are expected to be lower.

In all scenarios, the increase in EU total exports projected by 2030 is either annulled (scenario 1) or is expected to turn into a decrease (Table 7.1).

Table 7.5. Sectoral EU exports (2030, % change relative to 2025) - main sectors affected

	Baseline	**Scenario 1 Quotas with 2013-14 total volumes (-30%)**	**Scenario 2 Quotas with reduction by 50% of 2024 total volumes**	**Scenario 3 25% tariff**
Iron and steel	-45.6	-48.4	-50.7	-48.9
Mining	-0.8	-1.0	-1.2	-1.0
Energy	-11.7	-11.9	-12.1	-11.9
Chemicals	-0.2	-0.3	-0.3	-0.3
Pharmaceuticals	1.3	1.2	1.2	1.2
Rubber and plastics	3.4	3.2	3.1	3.2
Non-ferrous metals	1.6	1.2	0.8	1.1
Metal products	-6.8	-8.1	-9.2	-8.4
Motor vehicles	-0.3	-0.5	-0.7	-0.6
Other transport equipment	0.2	-0.4	-0.9	-0.5
Electrical equipment	3.0	2.4	1.9	2.3
Electronics (computers & optics)	5.5	5.3	5.1	5.2
Machinery and equipment	-0.4	-1.3	-2.0	-1.4
Other manufactures	3.1	2.7	2.4	2.6
Construction	0.4	0.2	0.0	0.2
Total	***0.3***	***0***	***-0.3***	***-0.1***

Source: DG Trade simulations. (GTAP HS)
Notes: "Iron and steel" Simulations have been done disaggregating the groups as per Table A1 but the results have then beer re-aggregated; "Total" refers to all sectors of the economy including the ones not shown in this table.
Baseline = as in Table 7.1; Scenario 1= (TRQs with 2013-14 aggregated volumes allocated to groups with 2024 weights); Scenario 2= (TRQs with reduction by 50% of 2024 aggregated volumes allocated to groups with 2024 weights); Scenario 3= (25% tariff)

Table 7.6 shows the results of the projections of the 3 scenarios on EU imports. By adding quantitative restrictions (or tariffs as in Scenario 3) to steel imports, the expected increase, by 2030, in the value of steel imports shown in Table 7.1 (and column "baseline") is lower but still positive. Only in Scenario 2, imports are decreasing in value (relative to the 2025 levels).

In all scenarios, imports of metal products are increasing even more than in Table 7.1 (+3.9% in scenario 2 compared to 0.5% in the baseline) while imports of other sectors are decreasing less.

Lower imports of steel are also reflected in an higher decline of the EU total imports projected by 2030 in the baseline (Table 7.1).

Table 7.6. Sectoral EU Imports (2030, % change relative to 2025) - main sectors affected

	Baseline	Scenario 1 Quotas with 2013-14 total volumes (-30%)	Scenario 2 Quotas with reduction by 50% of 2024 total volumes	Scenario 3 25% tariff
Iron and steel	18.7	5.8	-7.8	2.9
Mining	-3.2	-2.5	-1.9	-2.4
Energy	8.4	8.5	8.6	8.5
Chemicals	1.0	1.1	1.2	1.1
Pharmaceuticals	-1.7	-1.6	-1.5	-1.6
Rubber and plastics	-3.6	-3.4	-3.3	-3.4
Non-ferrous metals	-2.5	-1.9	-1.5	-1.8
Metal products	0.5	2.3	3.9	2.7
Motor vehicles	-2.1	-1.7	-1.3	-1.6
Other transport equipment	-2.7	-2.2	-1.9	-2.1
Electrical equipment	-3.8	-3.2	-2.6	-3.0
Electronics (computers & optics)	-2.2	-2.1	-2.1	-2.1
Machinery and equipment	-3.1	-1.9	-0.9	-1.7
Other manufactures	-3.6	-3.2	-3.0	-3.2
Construction	-2.3	-2.1	-2.0	-2.1
Total	***-0.2***	***-0.3***	***-0.4***	***-0.3***

Source: DG Trade simulations. (GTAP HS)
Notes: "Iron and steel" Simulations have been done disaggregating the groups as per Table A1 but the results have then beer re-aggregated; "Total" refers to all sectors of the economy including the ones not shown in this table. Baseline = as in Table 7.1; Scenario 1= (TRQs with 2013-14 aggregated volumes allocated to groups with 2024 weights); Scenario 2= (TRQs with reduction by 50% of 2024 aggregated volumes allocated to groups with 2024 weights); Scenario 3= (25% tariff)

Conclusions

The in-house economic modelling shows that in the next five years, in the absence of any policy action, the import pressure resulting from the effects of global overcapacity (coupled with third countries measures and energy price differentials) will result in a sharp decline of the output of the EU steel sector (-18%) and of EU steel exports (-45%). The downstream sectors that can switch to cheap imported steel (e.g. electrical machineries and electronics) would gain

competitiveness while those that cannot switch so easily to imported steel (e.g. machineries and motor vehicles) would lose. The sectors that have steel as a very big share of their inputs (e.g. metal products and construction) lose as well.

Protective measures for the steel sector (quotas or tariffs) would benefit the steel sector. Scenario 2 (set TRQs to half of 2024 imports with prohibitive out of quota tariff) would represent the best outcome for the iron and steel sector with a projected increase of output of 1.4% (relative to current levels) despite the import pressure deriving from overcapacity and energy prices differentials. The baseline, scenario 1 and scenario 3 would result in the significant reduction of the manufacturing output by the steel industry.

Thanks to the lower decreases (or small increases) in output of the steel sector, all scenarios project a positive impact on the aggregated manufacturing output of all sectors relative to the baseline scenario (do nothing). Scenario 2 would result in the most positive outcome of all of the scenarios.

At the sectors level, few sectors (metal products, mining and, marginally, construction) would see an improvement compared to the baseline although these sectors would not manage to maintain the current level of production in any of the three scenarios. All other sectors would lose relative to the baseline. In fact, the sectors that were losing in the do-nothing option would lose more and the sectors that were gaining would gain less.

Import protection under all scenarios, would also increase the price of steel and derivatives.

Exports of steel to third countries is expected to decrease in the baseline due to the increasing global overcapacity and protectionist measures introduced by third countries. In the scenarios such decrease is higher. Overall, in all scenarios, total EU exports will decrease.

Annex 1 – additional background on the economic model

Table A1. Product categories subject to the scope of the safeguard measure

1A and 1B	Non Alloy and Other Alloy Hot Rolled Sheets and Strips	72081000,72082500,72082600,72082700,72083600,72083700,72083800,72083900,72084000,72085299,72085390,72085400,72111400,72111900,72126000,72251910,72253010,72253030,72253090,72254015,72254090,72261910,72269120,72269191,72269199
2	Non Alloy and Other Alloy Cold Rolled Sheets	72091500,72091690,72091790,72091891,72092500,72092690,72092790,72092890,72099020,72099080,72112320,72112330,72112380,72112900,72119020,72119080,72255020,72255080,72262000,72269200
3.A	Electrical Sheets (other than GOES)	72091610,72091710,72091810,72092610,72092710,72092810
3.B		72251990,72261980
4	Metallic Coated Sheets	72102000,72103000,72104100, 72104900, 72106100, 72106900, 72109080, 72122000,72123000,72125020,72125030,72125040,72125061,72125069,72125090,72259100, 72259200, 72259900, 72269910, 72269930,72269970
5	Organic Coated Sheets	72107080, 72124080,
6	Tin Mill products	72091899,72101100,72101220,72101280,72105000,72107010,72109040,72121010,72121090,72124020
7	Non Alloy and Other Alloy Quarto Plates	72085120,72085191,72085198,72085291,72089020,72089080,72109030,72254012,72254040,72254060,72259900
8	Stainless Hot Rolled Sheets and Strips	72191100,72191210,72191290,72191310,72191390,72191410,72191490,72192210,72192290,72192300,72192400,72201100,72201200
9	Stainless Cold Rolled Sheets and Strips	72193100,72193210,72193290,72193310,72193390,72193410,72193490,72193510,72193590,72199020,72199080,72202021,72202029,72202041,72202049,72202081,72202089,72209020,72209080
10	Stainless Hot Rolled Quarto Plates	72192110,7219219
12	Non Alloy and Other Alloy Merchant Bars and Light Sections	72143000,72149110,72149190,72149931,72149939,72149950,72149971,72149979,72149995,72159000,72161000,72162100,72162200,72164010,72164090,72165010,72165091,72165099,72169900,72281020,72282010,72282091,72283020,72283041,72283049,72283061,72283069,72283070,72283089,72286020,72286080,72287010,72287090,72288000+C203
13	Rebars	72142000,7214991
14	Stainless Bars and Light Sections	72221111,72221119,72221181,72221189,72221910,72221990,72222011,72222019,72222021,72222029,72222031,72222039,72222081,72222089,72223051,72223091,72223097,72224010,72224050,72224090
15	Stainless Wire Rod	72210010,7221009
16	Non Alloy and Other Alloy Wire Rod	72131000,72132000,72139110,72139120,72139141,72139149,72139170,72139190,72139910,72139990,72271000,72272000,72279010,72279050,72279095
17	Angles, Shapes and Sections of Iron or Non Alloy Steel	72163110,72163190,72163211,72163219,72163291,72163299,72163310,72163390
18	Sheet Piling	73011000
19	Railway Material	73021022,73021028,73021040,73021050,73024000
20	Gas pipes	73063041,73063049,73063072,73063077
21	Hollow sections	73066110,73066192,73066199
22	Seamless Stainless Tubes and Pipes	73041100,73042200,73042400,73044100,73044910,73044993,73044995,73044999
24	Other Seamless Tubes	73041910,73041930,73041990,73042300,73042910,73042930,73042990,73043120,73043180,73043910,73043952,73043958,73043992,73043993,73043998,73045181,73045189,73045910,73045992,73045993,73045999,73049000
25.A	Large welded tubes	73051100,73051200,73051900,73052000,73053100,73053900,73059000 73051100,73051200
25.B		73051900,73052000,73053100,73053900,73059000
26	Other Welded Pipes	73061110,73061190,73061910,73061990,73062100,73062900,73063011, 73063019,73063080,73064020,73064080,73065020,73065080,73066910,73066990, 73069000
27	Non-alloy and other alloy cold finished bars	72151000,72155011,72155019, 72155080, 72281090, 72282099, 72285020, 72285040, 72285061, 72285069, 72285080
28	Non Alloy Wire	72171010,72171031,72171039,72171050,72171090,72172010,72172030,72172050,72172090,72173041,72173049,72173050,72173090,72179020,72179050,72179090

Table A2. Sectoral aggregation used for CGE simulations

Aggregation	GTAP Sector Name	Description
Agriculture and agricultural products	Rice; Wheat; Cereals; Fruit and vegetables; Oil seeds; Sugar; Fibres; Other crops; Vegetable oils; Live and fresh fish; Animal products; Dairy; Ruminant meat; Other meat; Beverage and tobacco; Processed fish and agricultural products	Paddy and processed rice; Wheat; Cereal grains nec. (e.g. corn, barley, rye); Vegetables, fruit and nuts, edible roots and tubers, pulses; Oil seeds and oleaginous fruit; Sugar crops and sugar and molasses; Fibres crops; Spice and aromatic crops; forage products; plants and parts of plants used primarily in perfumery, pharmacy, beet seeds (excluding sugar beet seeds) and seeds of forage plants; cut flowers and flower buds; flower seeds; Margarine and similar preparations; cotton linters; flours and meals of oil seeds or oleaginous fruits; Hunting, fishing, fish farms; Swine; poultry; other live animals; eggs of hens or other birds in shell, fresh; reproductive materials of animals; natural honey; bovine animals, live, other ruminants, horses and other equines; Milk and dairy products; Bovine meat (incl. of sheep, goats, horses); Pig meat and offal, poultry; Beverages and tobacco products; Prepared and preserved fish; prepared and preserved fruit and vegetables; wheat and meslin flour; other cereal grain products;
Wood and paper	Wood and paper	Forestry, Wood products and Paper products, publishing
Textile, Apparel and Leather	Textile, Apparel and Leather	Textiles, Wearing apparel and Leather products
Minerals and glass	Minerals and glass	Mining Extraction
Energy sector	Energy sector	Coal, Oil, Gas (extraction and distribution) and manufacture of coke and refined petroleum products
Chemicals	Chemicals	Manufacture of chemicals and chemical products
Pharmaceutical sector	Pharmaceutical sector	Manufacture of pharmaceuticals, medicinal chemical and botanical products
Rubber and Plastic	Rubber and Plastic	Manufacture of rubber and plastics products
Split in groups as shown in Table A1	Ferrous metals	Ferrous metals (Iron and steel)
Residual metals		Metals from the GTAP sector not included in the SFG groups
Metal Products	Metal Products	Production and casting of copper, aluminium, zinc, lead, gold, and silver and Non-Ferrous Metals and Fabricated Metal Products
Motor Vehicles	Motor Vehicles	Motor vehicles and parts
Transport Equipment	Transport Equipment	Transport equipment nec
Electrical equipment	Electrical equipment	Manufacture of electrical equipment
Computers	Computers	Manufacture of computer, electronic and optical products
Machinery and equipment	Machinery and equipment	Machinery and equipment nec (including medical, precision and optical instr.)
Other manufacturing	Other manufacturing	Manufactures nec
Utility	Utility	Water supply and electricity
Construction	Construction	Construction: building houses factories offices and roads
Trade	Trade	Wholesale and retail trade
Accommodation	Accommodation	Accommodation, food and service
Other Transport	Other Transport	Road and Rail Transport
Water Transport	Water Transport	Water transport (pipelines, water, auxiliary transport activities;)
Air Transport	Air Transport	Air Transport
Communication sector	Communication sector	Information and communication
Warehousing	Warehousing	Warehousing and support activities
Business	Business	Other Business Services nec
Finance	Finance	Other Financial Intermediation
Insurance	Insurance	Insurance
Real estate	Real estate	Real estate activities
Recreational services	Recreation & Other Services:	Recreational, cultural and sporting activities, other service activities;
Public services	Public services	Government, public administration and defense; Education; Human health and social work; Dwellings

Table A3: Geographical aggregation used in CGE simulations

Regions/groups	Countries	Comprising*
EU	EU	aut bel bgr hrv cyp cze dnk est fin fra deu grc hun irl ita lva ltu lux mlt nld pol prt rou svk svn esp swe
Steel producers	Algeria	dza
	Australia	aus
	Brazil	bra
	China	chn hkg
	Egypt	egy
	India	ind
	Indonesia	idn
	Japan	jpn
	South Korea	kor
	Malaysia	mys
	Saudi Arabia	sau
	Serbia	srb
	South Africa	zaf
	Switzerland	che
	Taiwan	twn
	Tunisia	tun
	Turkiye	tur
	Ukraine	ukr
	United Arab Emirates	are
	UK	gbr
	USA	usa
	Vietnam	vnm
	Russia	rus
	Moldova	xee
	Rest of Europe (including Bosnia and Herzegovina, North Macedonia)	xer
	Thailand	tha
Canada & Mexico	Canada & Mexico	can mex
Rest of EU FTAs	Argentina, Paraguay, Uruguay, Chile, Andean Community, Singapore, Ecuador, New Zealand	nzl sgp arg chl col ecu pry per ury
Rest of EFTA	Norway and Iceland	nor xef
Gulf Cooperation Council	Gulf Cooperation Council	bhr kwt omn qat
LDC	Least Developed Countries	khm lao xse afg npl xsa ben bfa gin mli ner sen tgo xwf caf tcd cod gnq xac com eth mdg mwi rwa sdn tza uga zmb xec
GSP	Generalized System of Preferences	xoc mng bgd pak lka bol nic kgz tjk uzb nga cog ken moz
Rest of the World	Rest of the World	xea brn phl xna ven xsm cri gtm hnd pan slv xca dom hti jam pri tto xcb alb blr kaz xsu arm aze geo irn irq isr jor lbn pse syr xws mar xnf cmr civ gha gab mus zwe bwa swz nam xsc xtw

Notes: * ISO abbreviations; all abbreviations starting with "x" are countries aggregation in the GTAP database, details are available here: *https://www.gtap.agecon.purdue.edu/databases/regions.aspx?version=10*.

Additional results

Table B1 – Baseline (projections to 2030, percentage change relative to 2025)

Sectors	Output	Imports	Exports
Iron and steel	-18.0	18.7	-45.6
Agriculture	-0.3	-2.4	2.1
Wood products	-0.1	-3.1	2.8
Textiles	3.8	-2.9	6.2
Mining	-1.4	-3.2	-0.8
Energy	0.1	8.4	-11.7
Chemicals	0.4	1.0	-0.2
Pharmaceuticals	0.8	-1.7	1.3
Rubber and plastics	0.8	-3.6	3.4
Non-ferrous metals	0.6	-2.5	1.6
Metal products	-3.3	0.5	-6.8
Motor vehicles	-0.8	-2.1	-0.3
Other transport equipment	-0.5	-2.7	0.2
Electrical equipment	0.9	-3.8	3.0
Electronics (computers & optics)	3.5	-2.2	5.5
Machinery and equipment	-1.4	-3.1	-0.4
Other manufactures	0.5	-3.6	3.1
Utilities (power, gas, water)	-1.0	-1.1	-1.0
Construction	-2.0	-2.3	0.4
Trade	-1.3	-1.9	1.4
Accommodation & food services	-0.8	-1.9	1.2
Land transport	-0.1	-0.1	0.2
Water transport	0.7	0.5	-0.6
Air transport	0.6	2.5	-1.3
Communications	-1.1	-2.1	1.0
Warehousing & support	-1.6	-2.8	1.1
Business services	-1.0	-1.8	1.2
Financial services	-1.0	-1.7	1.1
Insurance	-1.1	-1.9	1.0
Real estate	-1.4	-2.6	1.0
Recreation & other services	-1.6	-2.8	1.5
Total	***-1.1***	***-0.2***	***0.3***

Source: DG Trade simulations (GTAP RD)

Table B2. Sectoral output of the EU (% change relative to the baseline) - main sectors affected

	Scenario 1 Quotas with 2013-14 total volumes (-30%)	Scenario 2 Quotas with reduction by 50% of 2024 total volumes	Scenario 3 25% tariff
Iron and steel	9.9	19.4	11.8
Mining	0.3	0.7	0.4
Energy	0	0.1	0
Chemicals	-0.1	-0.1	-0.1
Pharmaceuticals	0	0	0
Rubber and plastics	-0.1	-0.2	-0.1
Non-ferrous metals	-0.1	-0.2	-0.2
Metal products	0.1	0.3	0.2
Motor vehicles	-0.1	-0.3	-0.2
Other transport equipment	-0.4	-0.8	-0.5
Electrical equipment	-0.4	-0.6	-0.4
Electronics (computers & optics)	-0.2	-0.4	-0.2
Machinery and equipment	-0.3	-0.5	-0.3
Other manufactures	-0.1	-0.2	-0.2
Construction	0	0.1	0.1
Total	0.2	0.3	0.2

Source: DG Trade simulations. (GTAP HS)

Notes: "Iron and steel" Simulations have been done disaggregating the groups as per Table A1 but the results have then beer re-aggregated; "Total" refers to all sectors of the economy including the ones not shown in this table. Baseline = as in Table 7.1; Scenario 1= (TRQs with 2013-14 aggregated volumes allocated to groups with 2024 weights); Scenario 2= (TRQs with reduction by 50% of 2024 aggregated volumes allocated to groups with 2024 weights); Scenario 3= (25% tariff)

Annex 2 – targeted consultation questions

Section 1 - FREE TEXT QUESTIONS

- Please elaborate on the estimated impact that the different options outlined in Section 2 below may have on your business, your suppliers and clients, in the EU and in third countries.
- Please elaborate on the estimated impact of these options on the competitiveness of your business both in the EU market and on third country markets.
- To ensure that the measure remains suitable in view of potential market developments, the Commission would foresee the possibility to review it, including the TRQ volumes and/or tariff levels, as appropriate. Please share your views on which indicators and sources should be taken into account to adjust the measure during its lifespan, should it be necessary.

Section 2 - MULTIPLE CHOICE QUESTIONS

Question 1*: The EU steel sector is currently protected by a safeguard measure (last adjusted by Commission Implementing Regulation (EU) 2025/612[142]) which will expire on 30 June 2026. As set out in the European Commission's Steel and Metals Action Plan of 19 March 2025[143], the European Commission has committed to, "no later than Q3 2025, the Commission (propose) a trade measure replacing the steel safeguards as of 1 July 2026, providing a highly effective level of protection against negative trade-related effects caused by global overcapacities." Do you agree with the necessity of such a measure?*

- *Yes*
- *No*

Please explain the reasons for your answer and what impacts you think your answer will have on you/your business, the downstream and upstream markets as well as on third countries and their businesses

Question 2*: If you consider such a measure necessary, do you consider it should be applicable to all 3rd countries alike?*

- *Yes*
- *No*

If no, could you please specify whether you consider any specific countries should be excluded from the scope of such measure, or should be treated differently, and why?

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[142] Commission Implementing Regulation (EU) 2025/612 of 24 March 2025 amending Commission Implementing Regulation (EU) 2019/159 imposing a definitive safeguard measure on imports of certain steel products; corrected by Corrigendum to Commission Implementing Regulation (EU) 2025/612 of 24 March 2025 amending Commission Implementing Regulation (EU) 2019/159 imposing a definitive safeguard measure on imports of certain steel products (OJ L, 2025/612, 25.3.2025)

[143] https://single-market-economy.ec.europa.eu/document/download/7807ca8b-10ce-4ee2-9c11-357afe163190_en?filename=Communication%20-%20Steel%20and%20Metals%20Action%20Plan.pdf

Please explain the reasons for your answer and what impacts you think your answer will have on you/your business, the downstream and upstream markets as well as on third countries and their businesses

Question 3. *If you consider a measure necessary, which type of measure would you consider as the most appropriate and effective form of measure to achieve the necessary protection of the European steel sector against the negative effects of global excess capacities as set out in the Steels and Metals Action Plan?*

a. *level of Tariff-Rate Quotas (TRQs) maintaining the volumes as set out in the safeguard currently in place; [around 33-35 million tons of TRQ volume]*

b. *level of TRQ volumes reflecting the imports' market share of the period before 2015 (average 2013-2014) [around 21-23 million tons of TRQ volume]*

c. *level of TRQ volumes around half the size of 2024 import levels. [around 16-17 million tons of TRQ volume]*

d. *Level of TRQ volumes differentiated per product (flat, stainless, long, tubes and pipes)*
e. *Upfront tariff*

Please explain the reasons for your answer and what impacts you think your answer will have on you/your business, the downstream and upstream markets as well as on third countries and their businesses. If you chose option e, please explain what the level per product should be

Question 4. *If the measure takes the form of a TRQ, what would be the appropriate level of out-of-quota tariffs; or of the upfront tariff for the measure?*

1. *25% (like the current safeguard)*

2. *50% (like US Section 232 current levels)*

3. *Other (specify)*

Please explain the reasons for your answer and what impacts you think your answer will have on you/your business, the downstream and upstream markets as well as on third countries and their businesses

Question 5. *If the measure takes the form of TRQs, what should be the preferred quota allocation method:*

1. *Combination of country-specific and residual quotas*

2. *Global quotas with a maximum cap per origin*

3. *Global quotas without a maximum cap per origin*

Please explain the reasons for your answer and what impacts you think your answer will have on you/your business, the downstream and upstream markets as well as on third countries and their businesses

Question 6: *As regards the administration of TRQs which kind of approach would you consider most adequate.*

1. *Annual administration*
2. *Quarterly administration*
3. *Monthly administration*

Please explain the reasons for your answer and what impacts you think your answer will have on you/your business, the downstream and upstream markets as well as on third countries and their businesses

Question 7*: If answered 2 or 3, should the measure include a mechanism allowing carry over of unused TRQs from one quarter/month respectively to the next (within a year)?*

- *Yes*
- *No*

Please explain the reasons for your answer and what impacts you think your answer will have on you/your business, the downstream and upstream markets as well as on third countries and their businesses

Question 8: *To ensure the effectiveness of its trade defence measures, as one of the priority actions, the Commission will assess whether it should adapt its practice by introducing a "melted and poured rule", which would allow the Commission to trace where the metal was originally melted, regardless of the place of subsequent transformation and the origin of the good as determined by the traditional non-preferential rules of origin. Applying this rule would eliminate the possibility to change the origin of the metal product by performing minimal transformation and give more certainty in tracing the origin of the product.*

Do you consider it necessary for the effectiveness of this measure to introduce a wider "melted and poured" requirement for importers to report the country of melt and pour for all applicable steel goods beyond the application of trade defence measures?

- *Yes*
- *No*

If yes, do you consider it necessary to apply this to all applicable steel goods

- *Yes*
- *No*

If No, or should there be provisions for an exemption below a certain quantitative threshold?

- *Yes*
- *No*

If Yes, below which threshold should a requirement to report the country of melt and pour be waived, if any?

1. *Below 1 000 tons*
2. *Below 2 500 tons*

3. *Below 5 000 tons*
4. *Below 7 500 tons*
5. *Below 10 000 tons*
6. *No waiver*

Please explain the reasons for your answer and what impacts you think your answer will have on you/your business, the downstream and upstream markets as well as on third countries and their businesses

Question 9. *For how long should this measure be initially applicable?*

1) *3 years with an option for renewal*
2) *5 years with an option for renewal*
3) *More than 5 years with an option for renewal*
4) *Permanent application subject to adjustments and review*

Please explain the reasons for your answer and what impacts you think your answer will have on you/your business, the downstream and upstream markets as well as on third countries and their businesses

Question 10: Do you consider the measure should provide a review clause allowing to adapt the TRQs, the out-of-quota rates or the tariff levels (if it is an upfront tariff) based on changing circumstances, including decreasing demand, increasing import share and/or decreasing utilisation rates of the EU industry.

- Yes
- No

Question 10.1. Should this review allow for the possibility of downward adjustments in the case of TRQs (or upwards adjustment in the case of upfront tariffs)?

- Yes
- No

Please explain the reasons for your answer and what impacts you think your answer will have on you/your business, the downstream and upstream markets as well as on third countries and their businesses

Question 11: Please indicate the type(s) of steel produced/processed/traded: Please tick the box(es) regarding the steel product categories (currently under safeguard measure) that you use in your business.

- *[Internal] A scroll-down option to choose from all the relevant product categories (name as per sfg and product category number for ease of reference).*
- *Based on the annex in Commission Implementing Regulation (EU) 2019/ 159 - of 31 January 2019 - imposing definitive safeguard measures against imports of certain steel products [removing categories 11 and 23]*

Please explain the reasons for your answer and what impacts you think your answer will have on you/your business, the downstream and upstream markets as well as on third countries and their businesses

Question 12. *Pending the outcome of the legislative process, and subject to this being legally feasible, when do you consider that the measure should enter into force?*

1) *Q1 2026*
2) *Q2 2026*
3) *On 1 July 2026 (following the expiry of the steel safeguard)*

Please explain the reasons for your answer and what impacts you think your answer will have on you/your business, the downstream and upstream markets as well as on third countries and their businesses

Section 3 - FIGURES

- Volume of steel purchased domestically v. imported [*to assess how reliant they would be on imports*] in the year 2024
- Share of steel in the total cost of production (in %) [*to assess the relevance of steel and of potential price increases in their business*] in the year 2024
- Substitutes to steel for making their products [*to assess future claims on potential shortage; lower if they have other alternative inputs*]