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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**A European Steel and Metals Action Plan**

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**A European Steel and Metals Action Plan**

**It is no coincidence that the European Union was built on steel.** Europe has a longstanding and proud history of steel and base metals production<sup>1</sup>. Europe's edge in high-value and other steel and base metals products is a crucial asset for many downstream industries and products. These sectors are vital for the EU's economic security and social stability. Recognising their strategic importance, the Competitiveness Compass<sup>2</sup> identified steel and metals as a key area for action.

**These sectors all share major common challenges for their competitiveness:** high energy costs, exposure to an unlevel playing field in international competition, decarbonisation investment needs and regulatory burden. Over the last decade, the EU share of global steel production shrunk to 7-8%, while primary aluminium production represents 3.8%<sup>3</sup>. In parallel, other countries, notably China and in recent years India, and several other countries in Asia and the Middle East, massively expanded their production capacity, often supported by distortive subsidies. As a result, just for steel, in 2024, global overcapacity was estimated to be more than four and a half times the EU's yearly consumption<sup>4</sup>.

**While EU production is still able to cover most of the EU's domestic demand in steel (90%)<sup>5</sup> and copper (83%)<sup>6</sup>, the situation is already more worrying in aluminium (46%)<sup>7</sup> and nickel (25%)<sup>8</sup>,** especially considering the projected high growth in demand by 2030 for aluminium, copper and nickel. Additionally, all these metals are essential for defence. For example, a main battle tank contains 50 to 60 tonnes of high-quality steel, a self-propelled artillery system, up to 100 tonnes, a fighter aircraft 3 tonnes of aluminium<sup>9</sup>. Ensuring a stable and resilient supply chain for these materials is critical to strengthening the European Defence Technological and Industrial Base, ensuring the EU's preparedness and internal security, meeting EU defence and aerospace needs, and ensuring tech sovereignty.

**The European metals industries are committed to investing in decarbonisation and depollution technologies** and contributing to the EU's climate and environmental

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(<sup>1</sup>) In addition to iron and steel, base metals include ferro-alloys, intricately linked with the steel value chain, as well as the non-ferrous metals aluminium, copper, and nickel. In this action plan, the focus is on base metals that are produced and traded in large volumes, not on smaller-volume technology metals or precious metals, which are often critical raw materials and thus benefit from the provisions of the Critical Raw Materials Act.

(<sup>2</sup>) COM(2025) 30 [10017eb1-4722-4333-add2-e0ed18105a34\\_en](#)

(<sup>3</sup>) <https://international-aluminium.org/statistics/primary-aluminium-production/>

(<sup>4</sup>) Source: OECD steel committee: 96th Session of the Steel Committee: Statement by the Chair | OECD <https://www.oecd.org/en/about/news/speech-statements/2024/11/96th-session-of-the-steel-committee-statement-by-the-chair.html>

(<sup>5</sup>) Source: Eurofer, 126 mn tonnes production/138 mn tonnes real consumption in 2023

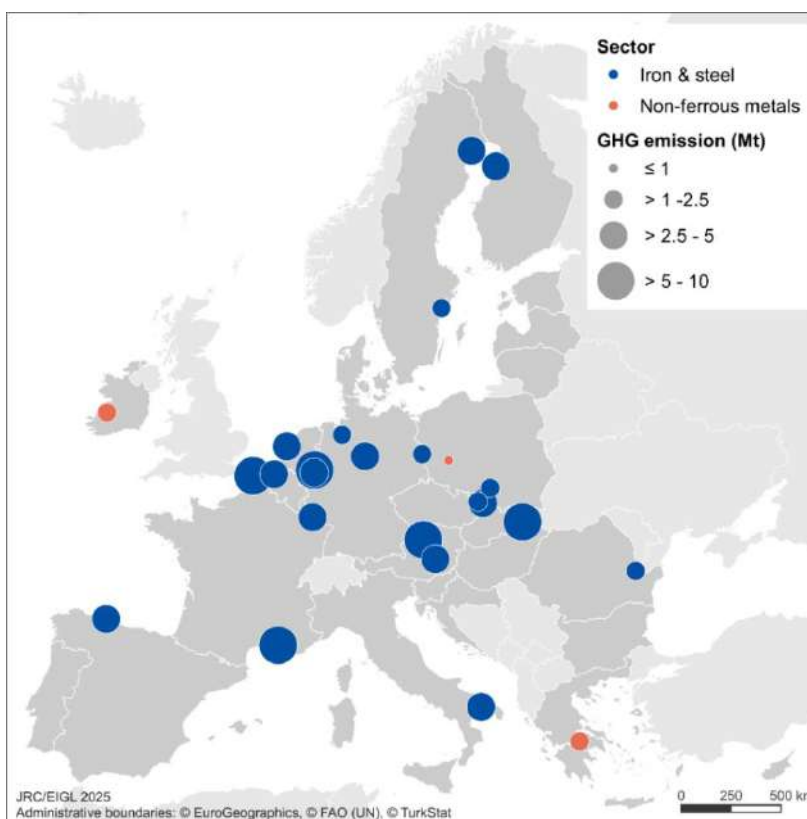
(<sup>6</sup>) Source: SCRREEN factsheet 2023 on copper

(<sup>7</sup>) Source: European Aluminium: 7% domestic primary production + 39% domestic recycling in 2023

(<sup>8</sup>) Source: SCRREEN factsheet 2023 on nickel

(<sup>9</sup>) [JRC Publications Repository - Raw materials in the European defence industry](#)

ambition, with the metals<sup>10</sup> industry representing 8.1% of total EU greenhouse gas emissions in 2022<sup>11</sup> as well as being a large source of air pollutants.<sup>12</sup> However, the current economic context – characterised by low returns on capital, recent margin compression due to global overcapacity, lack of customer willingness to pay a clean premium and insufficient incentives through regulatory intervention – makes it more difficult for the EU metals industries to invest in decarbonisation. As a result, **the commercial and financial business case is not sufficient** to attract investors and customers. Without robust action and investment, the risk of plant closures and industry decline remains real, with serious consequences for key economic regions across Europe, as well as for our strategic sectors such as defence and space industries, limiting their ability to deliver critical capabilities and equipment with the flexibility and speed required in a fast-changing geopolitical context.



*Location of steel and non-ferrous metals sites among the top 100 greenhouse gas emitting sites in the EU. Source: JRC, Energy and Industry Geography Lab*

For example, ThyssenKrupp announced plans for 11,000 lay-offs in Germany in December 2024. In November 2024, ArcelorMittal has postponed its decarbonisation investments across Europe. Additionally, Liberty Ostrava announced bankruptcy in Czech Republic in June 2024. The aluminium sector is a warning sign of de-industrialisation risk, as it has permanently lost a significant part of its European production capacity. In addition, more than 50% of primary production capacity has been idled since 2021. At the same time, EU steel output has been declining since 2017, from 160 million tonnes to 126 million tonnes in 2023. The current steel capacity utilisation rate of approximately 65% is unsustainable

<sup>(10)</sup> Here, the term “metals” also includes important uses of metals as their inorganic compounds including (for example) battery materials, photovoltaics and semiconductors

<sup>(11)</sup> Source – Eurostat, includes mining, manufacture of basic metals and metals processing

<sup>(12)</sup> Source: Industrial Emissions Portal, 2022.

in the long term, as such capital-intensive industries need to run at above 85% capacity to be competitive under market conditions.

**The Clean Industrial Deal<sup>13</sup> and the Action Plan for Affordable Energy<sup>14</sup>** announced a range of measures and the need for a concrete action plan for the metals sectors. The focus is on the key competitiveness challenges of lowering energy costs, creating lead markets for low-carbon products, increasing circularity, levelling the international playing field, creating quality jobs and leveraging investments. The EU will continue to rely on strong global partnerships to achieve its clean industrial objectives.

**This action plan complements these broader initiatives and sets a comprehensive work programme for the short to medium term.** It builds on the Steel dialogue convened by the Commission President on 4 March and a wider series of consultations. It tackles some of the key sector-specific issues preventing Europe's metals industries to prosper and decarbonise. It sets out concrete measures, which – combined – can provide an immediate relief to the metals industries while reassuring them in their decarbonisation pathways and investment decisions. The transition pathway for the metals sectors,<sup>15</sup> published together with this action plan, provides additional background and bottom-up analysis of the needs and challenges of the metals industries and the views expressed by the different stakeholders. This action plan will consider **ongoing EU partnerships with third countries, especially candidate countries**, as they integrate into the Single Market and move towards EU membership. A strategic approach to strengthening supply chain resilience could involve investing in partner countries and redefining industrial collaborations to create a more sustainable and resilient steel production ecosystem.

This action plan is built around six main pillars: ensuring abundant and affordable clean **energy**; preventing **carbon leakage**; promoting and protecting European industrial **capacities**; promoting **circularity** for metals; defending quality **industrial jobs**; and de-risking through **lead markets** and support to **investments**.

## **1. ENSURING ACCESS TO CLEAN AND AFFORDABLE ENERGY FOR THE METALS INDUSTRIES**

**Energy costs remain the key driver of the metals industries' competitiveness.** Energy costs represent a larger share of production costs for metals and steel than for other sectors. Already prior to the energy crisis, this share amounted to about 17% for the steel sector,<sup>16</sup> and 40% for aluminium.<sup>17</sup> During the energy crisis of 2022, these figures went as high as 80%.<sup>18</sup> In 2025, while energy prices decreased since the peak of 2022, they remain higher than historical levels and vis-à-vis other international manufacturing locations. Electricity prices are 2-3 times higher in the EU than in the US<sup>19</sup>, while natural gas prices are nearly

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<sup>(13)</sup> [https://commission.europa.eu/topics/eu-competitiveness/clean-industrial-deal\\_en](https://commission.europa.eu/topics/eu-competitiveness/clean-industrial-deal_en)

<sup>(14)</sup> [https://energy.ec.europa.eu/strategy/affordable-energy\\_en](https://energy.ec.europa.eu/strategy/affordable-energy_en)

<sup>(15)</sup> [https://single-market-economy.ec.europa.eu/document/download/fe4b7a0b-cfb9-49fd-9d37-139c1e23832d\\_en](https://single-market-economy.ec.europa.eu/document/download/fe4b7a0b-cfb9-49fd-9d37-139c1e23832d_en)

<sup>(16)</sup> <https://publications.jrc.ec.europa.eu/repository/handle/JRC121276>

<sup>(17)</sup> <https://www.reuters.com/markets/commodities/sky-high-energy-costs-fan-fire-under-aluminium-zinc-prices-2022-08-12/>

<sup>(18)</sup> <https://www.reuters.com/markets/commodities/sky-high-energy-costs-fan-fire-under-aluminium-zinc-prices-2022-08-12/>

<sup>(19)</sup> Electricity prices are 2-3 times US levels: €0.16 per kWh in the EU vs €0.07 in the US in the first half of 2024 despite having gone down in EU (by €0.04) and remained stable in US (+€0.01) compared to first half of 2023 and despite decreasing energy needs. <https://www.bruegel.org/policy-brief/decarbonising-competitiveness-four-ways-reduce-european-energy-prices>

five times those in the US.<sup>20</sup> Direct electrification remains the most efficient pathway for decarbonising several forms of steel and metals production, while others will depend on indirect electrification methods, such as hydrogen produced from electrolysis, increasing the share of energy costs in total production costs compared with fossil-fuel based technologies. As such, ensuring access to lower electricity prices is crucial to supporting this transition. Additionally, technologies such as Carbon Capture and Storage and the circular use of raw materials are also relevant.

### *Lowering energy prices for energy-intensive industries*

To overcome this challenging situation, energy needs to become more affordable. The **Action Plan for Affordable Energy** provides important elements of the solution, notably by announcing measures to make network charges more efficient, reduce energy taxes and levies, facilitate Power Purchase Agreements (PPAs), accelerate permitting, expand and modernise grids and incentivise flexibility in the electricity system. Additionally, energy-intensive industries will be among the main beneficiaries of the EIB pilot programme on corporate PPAs.

Further solutions **targeting specifically the energy-intensive industries** should be commensurate to the preeminent role played by energy costs for the competitiveness and decarbonisation of these industries. The Commission is consulting Member States on a clean flexibility State aid instrument based on PPAs and industry committing to consume clean electricity. In addition, the Commission will provide guidance to Member States on the design of public support schemes for clean energy through two-way contracts for difference, including their combination with PPAs, in view of providing a temporary price relief for energy-intensive industries to enable decarbonisation investments in the EU. Public support in the energy sector should pay particular attention to **energy-intensive industries and the metals sector**, especially where electrification technologies are available, and companies can benefit from these long-term contractual arrangements to smoothen the impacts of electricity price fluctuations. In doing so, all potential barriers to the use of PPAs will need to be considered, including potential impacts on companies' balance sheets<sup>21</sup>. The Commission will analyse market or regulatory failures preventing the optimal use of such contracts for energy intensive industries and if necessary, address them.

In the short term, **Member States are also called to rapidly implement and make use of all the flexibilities** provided by the European energy legislation and State aid rules to lower costs for energy-intensive industries. Section 4.7.1 of the Climate, Environmental protection and Energy Aid Guidelines allows for reductions in the level of environmental taxes and parafiscal levies for sectors that would not be able to pursue their economic activities in a sustainable manner without the reduction, and section 4.11 allows for reductions of electricity levies for energy-intensive users<sup>22</sup>. The steel and metals industries generally fulfil these conditions. Also, the Energy Taxation Directive allows to decrease electricity taxation down to zero for energy intensive industries under certain conditions, which creates an incentive for the sector to decarbonise via electrification and can support

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<sup>(20)</sup> Affordable Energy Action Plan

<sup>(21)</sup> Ongoing initiatives are working to address some of these issues: <https://www.ifrs.org/projects/completed-projects/2024/power-purchase-agreements/>; [Power Purchase Agreements, Endorsement consultation | EFRAG](#).

<sup>(22)</sup> For sectors which are at risk of moving outside the Union to locations where environmental disciplines are absent or less ambitious

its broader competitiveness. Member States are also encouraged to urgently conclude the negotiations on the Energy Taxation Directive<sup>23</sup> to make the tax framework more conducive to electrification and facilitate the transition away from the use of fossil fuels.

The **Clean Industrial Deal State aid framework**, to be adopted in second quarter of 2025 after a period of consultation<sup>24</sup>, will provide further flexibilities and simplifications to enable Member States to accelerate support to industrial decarbonisation. This takes into account the fact that market and regulatory signals, such as the present and projected ETS price, are often insufficient on their own to override cost differences between traditional and decarbonised production methods at this stage. According to the draft currently in public consultation,<sup>25</sup> simplified compatibility conditions will apply to public support for all decarbonisation technologies, including for energy efficiency measures. This is expected to lead to cost reductions and increase competitiveness while reducing greenhouse gas emissions. Simplified schemes based on authorised aid intensities will be allowed besides schemes based on funding gap calculations or competitive bidding. While those schemes include aid caps, large projects can also be approved in a streamlined procedure. Decarbonisation investments will be regarded in a technologically neutral way, focused on emission reductions, also where these are achieved gradually over time. In addition to direct decarbonisation investment support, accelerated depreciation of clean tech assets, such as electrolysers or Carbon Capture Use and Storage equipment, will be facilitated by the new framework.

**The State Aid Guidelines for Emission Trading System (ETS) indirect cost compensation** provide scope for Member States to compensate carbon costs passed-on through the electricity bills, for certain trade-exposed and carbon-intensive sectors, which include steel and other metals industries. Member States are encouraged to continue making use of this possibility, or to consider using it where relevant for their industry (currently only 14 Member States make use of this possibility). In the context of 2026 ETS and CBAM reviews, the Commission will work towards ensuring adequate measures (Guidelines or another form) for indirect ETS cost compensation post-2030, while ensuring that this is coherent with other means to address carbon leakage.

Furthermore, EU energy regulation provides a framework for the design of **network tariffs** based on the principles of cost-reflectiveness, transparency and non-discrimination, while taking into account the need for network security and flexibility. Member States can design their network tariffs in a way that benefits energy-intensive industries. To this end, the Guidance on the design of network tariffs announced in the Action Plan for Affordable Energy for second quarter of 2025 will provide further detail on solutions to reduce system costs to the benefit of all users, including for energy-intensive sectors.

*Accelerating grid connections and the uptake of renewable and low-carbon hydrogen*

As more and more sectors electrify, and with many network expansion projects delayed, the metals sector is often faced with long wait times for obtaining or expanding a grid connection, often several years. Such delays have the potential to derail entire electrification investments.

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<sup>(23)</sup> COM/2021/563 final

<sup>(24)</sup> [https://competition-policy.ec.europa.eu/public-consultations/2025-cisaf\\_en](https://competition-policy.ec.europa.eu/public-consultations/2025-cisaf_en)

<sup>(25)</sup> [https://competition-policy.ec.europa.eu/document/download/45b532ce-53fb-4907-975c-79edaa31a166\\_en?filename=2025\\_CISAF\\_draft\\_EC\\_communication.pdf](https://competition-policy.ec.europa.eu/document/download/45b532ce-53fb-4907-975c-79edaa31a166_en?filename=2025_CISAF_draft_EC_communication.pdf).

**The Commission will work with Member States to address the problems underlying long grid connection wait times.** The Commission will issue Guidance and Recommendations to the Member States on shortening the waiting time for grid connections. This will include measures possible within the existing legal framework and will help the Member States to remove speculative or immature applications from the queue, and deviate, where necessary, from first come first served basis, based on objective criteria, in support of investments beneficial for the clean energy transition and efficiency of the power system. This will draw on positive existing examples in some Member States and will be done on the basis of dialogue with Member States' authorities. The Commission will also issue guiding principles in second quarter of 2025 identifying conditions under which anticipatory investments<sup>26</sup> in grid projects should be made. Flexible connection agreements can also provide a means for energy intensive industries to access the network while these grid investments take place. Furthermore, the Commission will propose additional measures to facilitate and accelerate access to grid infrastructure for electrification projects in energy intensive industries.

**Since direct electrification is not always possible or cost-effective, hydrogen is a key enabler of decarbonisation in the steel and metals industries.** For example, direct reduction using hydrogen is the most promising option to decarbonise primary steel production, and hydrogen is the main contender to provide high-temperature heat in replacement of natural gas also in other metals industries. To realise a competitive transition, abundant and affordable supply of renewable and low-carbon hydrogen is needed. The Commission also announced in the Clean Industrial Deal it would adopt in the coming weeks the delegated act on **low-carbon hydrogen** to provide clarity for suppliers, off-takers and investors. This Delegated Act will present rules that are as flexible as possible to achieve the desired greenhouse gas emission reduction goals for the production of low-carbon fuels in a technology neutral way.

Furthermore, the **third call under the European Hydrogen Bank** announced for third quarter of 2025 in the Clean Industrial Deal, will continue to support production and thereby facilitating access for different industrial off-takers, including steel.

In addition, the Commission will reprioritise the mandate of the **European Clean Hydrogen Alliance** towards those sectors where hydrogen is most relevant for decarbonisation efforts. The European Commission will monitor and update the progress of the Alliance's project pipeline yearly, to track the scale-up of the hydrogen market and provide industrial off-takers, amongst others, with the necessary certainty for their decarbonisation plans.

#### *Accelerating excess heat recovery and clean energy use*

Increasing energy efficiency and promoting electrification and the use of clean energy in the steel and metals sector can deliver benefits to the EU energy system while driving down costs for the sector. Steel and metals are the industrial sectors with the highest waste heat recovery potential in the EU, especially as regards high-grade heat resources which can be recovered flue gases, high-temperature liquids and waste. High-temperature heat pumps

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<sup>(26)</sup> This means investments which anticipate uncertain future electricity demand growth due to electrification. For such investments, charging the full costs on current users may unfairly burden early adopters, slowing down electrification. Therefore, the Action Plan for Affordable Energy announces guidance to explain how, where relevant in targeted cases, Member States could make use of their public budget to lower network charges to cover the additional costs resulting from measures to accelerate decarbonisation and market integration.

are becoming an increasingly versatile option to utilise excess process heat, thus reducing the overall energy needs of the sector. Waste heat can also be recovered and used in district heating networks. **The Commission will develop and promote standardised approaches to waste heat recovery**, including to replicate models such as heat purchase agreements and to scale up best practices on integrated planning of heat infrastructure, as part of the Heating and Cooling Strategy announced in the Action Plan on Affordable Energy.

<b>Actions:</b>
In the coming weeks, the Commission will adopt the delegated act on <b>low-carbon hydrogen</b> .
By Q2 2025, the Commission will issue a Guidance on the design of network tariffs offering possibilities to, among others, lower <b>network tariffs for the metals sector and other energy-intensive industries</b> .
By Q2 2025, the Commission will issue guiding principles identifying conditions under which <b>anticipatory investments</b> in grid projects should be granted.
By Q3 2025, the Commission will open the <b>third call under the Hydrogen Bank</b> , designed supporting production and thereby facilitating access for industrial off-takers, including steel.
By Q4 2025, the Commission will propose <b>facilitating grid access</b> to energy-intensive industry electrification projects.
By Q4 2025, the Commission will provide guidance to Member States on the design of contracts for difference, including their combination with PPAs.
In the context of 2026 ETS and CBAM reviews, the Commission will work towards ensuring adequate measures (Guidelines or another form) for indirect ETS cost compensation post-2030.

## 2. PREVENTING CARBON LEAKAGE

To fully achieve its carbon leakage prevention potential, **the Carbon Border Adjustment Mechanism (CBAM)’s financial obligations will enter into application in 2026, in line with the gradual phase-out of free allowances under the EU ETS by 2034**. While CBAM applies to imported goods, it does not deal with the possible carbon leakage risks for metals produced in the EU that are subject to the EU ETS price and which are exported to third countries, competing with producers based in countries with lower climate ambitions. Therefore, to address this disadvantage, the Commission will propose a solution to address the risk of carbon leakage for goods produced by CBAM sectors in the EU for export.

**Second, there is a risk that carbon leakage in CBAM-covered goods could shift further downstream in the value chain.** This may occur through circumvention - namely avoiding the CBAM obligations by making slight modifications to the CBAM basic goods - or if EU consumers start favouring downstream goods imported from producers in third countries with weaker climate policies. Additionally, companies that currently manufacture or process CBAM-related goods in the EU may relocate their operations to such countries. The Commission is currently quantifying these risks and will make a proposal extending CBAM to certain **downstream products** to address them, while also taking into account the need to minimize the administrative burden.



Third, **there is a risk of circumvention of CBAM objectives** when goods produced in low-carbon production facilities in third countries are redirected to European customers while carbon-intensive production continues for other markets (so-called ‘shuffling’). Similarly, greenwashing can occur through carbon accounting practices, such as energy-intensive metals production benefiting from market-based instruments to appear low-carbon while still relying on high-emission energy sources or misleading scrap content accounting practices<sup>27</sup>. To address both issues and ensure the integrity of CBAM, the Commission will present an anti-circumvention strategy. This strategy will carefully assess these risks and propose solutions to address them, including legislative amendments.

Considering the urgency to create clarity in this area, the Commission will accelerate the work on the extension and strengthening CBAM and will frontload key elements of reform.

<b>Actions:</b>
By Q2 2025, the Commission will issue a <b>communication</b> providing analysis and options on how to address the problem of carbon leakage <b>for CBAM goods exported from the EU to third countries</b>
By Q4 2025, the Commission will conduct a comprehensive review of CBAM, accompanied by an <b>anti-circumvention strategy</b> and by a <b>first legislative proposal</b> : <ul style="list-style-type: none"> <li>- <b>extending the scope of CBAM to certain steel and aluminium-intensive downstream products</b> and</li> <li>- <b>including additional anti-circumvention measures.</b></li> </ul>

### 3. PROMOTING AND PROTECTING EUROPEAN INDUSTRIAL CAPACITIES

**Global overcapacities severely threaten the profitability and competitiveness of European industries. The EU has already adopted several trade defence measures in the metals sectors against unfair global competition.** Currently, iron and steel is the sector with the most trade defence measures in place, followed by the non-ferrous metals and minerals sector. Nevertheless, the industry remains threatened by global excess capacities and by global distortions from China and other countries that artificially support their domestic industries or circumvent EU trade defence measures and sanctions. The EU is the only major steelmaking region seeing a decrease in capacity.

**In addition, the introduction by the US of the 25% import tariffs on steel and aluminium** on 12 March 2025 will not only negatively impact EU producers by limiting access to the US market, including for base metals processed into further downstream goods, but will also increase pressure from exports previously destined to the US that could be redirected to the EU.

#### *Trade defence instruments and other trade measures*

**The EU has reviewed the existing steel safeguard** to address the latest market developments and ensure the effectiveness of the measure. The Commission carried out a detailed investigation of the current steel safeguard measure and has made proposals to Member States for adjusting it to address the challenging situation faced by the EU steel sector. The proposed adjustments will bring significant short-term relief to EU steel

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<sup>(27)</sup> Indirect emissions under the current CBAM Transitional Period are accounted for in all CBAM sectors. In the Definitive phase they are only accounted for in fertilisers and cement.

producers by ensuring the effectiveness of the measure, particularly in those categories where import pressure is most acute. In particular, the significant increase in imports combined with a decrease in demand in certain categories has been taken into account.

The safeguard measure will legally expire on 30 June 2026, yet it is unreasonable to assume that the structural global overcapacities and their negative trade-related impact on the EU's steel industry, which triggered the use of the safeguard, will disappear on 1 July 2026. On the contrary, the negative trade-related effects are likely to be exacerbated, as an increasing number of third countries are adopting measures aimed at limiting imports into their markets, resulting in the EU market becoming the main receiving ground of global excess capacities.

**In view of this exceptional situation, it is therefore necessary to introduce an appropriate and effective protective measures beyond 30 June 2026** that will contribute to preserving a competitive and sustainable EU steel industry. That is why, by the third quarter of 2025 at the latest, the Commission will propose a long-term measure providing a highly effective level of protection to the EU's steel sector. The Commission will work to ensure that the new measure is in force in time to replace the current safeguard and provides the effective degree of remedy against negative trade-related effects caused by global overcapacities. It will take into account changes in EU demand as well as security and resilience considerations, while preserving a certain level of openness in the EU market. This balanced approach will protect the Union interest, including producers and users, as well as importers and consumers. At the same time, the EU, in accordance with its international obligations, will continue to engage with its third country and multilateral partners to address overcapacities at a global level<sup>28</sup>.

Furthermore, in December 2024, the Commission launched a **safeguard investigation regarding imports of certain alloying elements**, a sector critical for the EU economy as alloys are used to improve the strength, durability and quality of steel or aluminium, which will be finalised by 18 November 2025. The Commission will not hesitate to take additional protection measures, should they be considered necessary as a result of this investigation.

**The situation is also deteriorating in the aluminium sector.** EU producers lost substantial market share over the last decade and, in addition, around 50% of primary production capacity remains curtailed since 2021. The recently announced US tariffs on aluminium are likely to worsen the situation further given the significant threat of trade diversion from multiple destinations. **This is why the Commission has started to gather the relevant evidence in view of using the trade defence instruments, including launching a safeguard measure investigation immediately after the duly substantiated request is made.**

**The Commission has observed a growing trend whereby exporting producers attempt to circumvent the trade defence measures.** This behaviour risks undermining the effectiveness of our TDI measures. This means that while the specific anti-dumping or anti-subsidy measure adequately addresses the direct imports, the latter can be replaced by indirect imports whereby the ultimate stage of the production process takes place in a third country not subject to the measures, before shipment to the EU, avoiding payment of duties. To ensure the effectiveness of its trade defence measures, as one of the priority

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<sup>(28)</sup> For instance as part of the Global Forum on Steel Excess Capacity, a key platform, bringing together 28 members committed to developing and implementing collective solutions to the challenge of excess capacity and enhance market functioning in the steel sector.

actions, **the Commission will assess whether it should adapt its practice by introducing a “melted and poured rule”**, which would allow the Commission to act against the country 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. The Commission will in any case remain vigilant, as overcapacities generated under non-market conditions may also have the effect of driving unrelated market-based producers in other third countries to export quantities to the EU which are displaced from their domestic or other traditional non-European markets.

To address **the fast developments in global markets and to protect the industry, the Commission will strengthen the monitoring of trade flows** and will proactively open investigations based on a “threat of injury”, without waiting for material injury to occur. Regarding metals subject to the scope of this action plan, other than steel and aluminium, by third quarter of 2025 the Commission will report on its enhanced monitoring of the market situation for these sectors and will be ready to propose a trade action as appropriate. As announced in the Clean Industrial Deal, the Commission will work towards sharpening the existing Trade Defence Instruments. **In this context, the Commission will also assess whether the current Lesser Duty Rule regime requires changes.** The EU will continue and intensify its efforts in the multilateral context to address the global challenges faced by these sectors. The situation in the copper sector will be the object of close monitoring as in February 2025, the US opened an investigation, under Section 232 of the 1962 Trade Expansion Act, into copper imports, which could lead to further tariff measures and disruption of global markets. As such, European Member States, although not major suppliers to the US market, could see indirect implications.

Since March 2022 **the EU has adopted a wide range of sanctions on Russia as a response to its war of aggression against Ukraine**, with the aim of weakening Russia’s economic base, depriving it of critical technologies and markets, and significantly curtailing its ability to wage war. These sanctions include import restrictions on iron and steel, which are one of the most stringent sets of sectoral sanctions applicable on Russia. In addition to the prohibition for imports of processed aluminium goods from Russia, already in place, the 16<sup>th</sup> package of sanctions against Russia (adopted on 24 February 2025) includes a ban on EU imports of primary aluminium from Russia, with a quota mechanism to ensure a smooth transition for business. The Commission will ensure the effective implementation of these sanctions and, if needed, the EU will impose further measures to address their circumvention.

The targeted revision of the EU’s rules on chemicals (REACH) in fourth quarter of 2025 will contribute to simplifying rules for the chemicals industry without compromising on safety and environmental protection. In doing so, this revision will work to ensure a stable and predictable regulatory environment for metals to be produced in the EU and placed on the EU market.

<b>Actions:</b>
<b>The Commission has proposed adjustments to the steel safeguard to enter into force on 1 April 2025.</b> The measure will be tightened to ensure the effectiveness of the measure and to address the latest market developments.

The Commission stands ready to make use of the trade defence instruments and to launch an **investigation for safeguards in the aluminium** sector immediately after the duly substantiated request is made.

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.

The Commission will conduct the **ferroalloys safeguards** investigation expeditiously, latest by 18 November 2025.

The Commission will assess the introduction of the rule of “**melted and poured**” to trace the country where the metal good was originally melted and poured.

#### 4. PROMOTING CIRCULARITY FOR METALS

**Enhancing circularity is an important pathway for the decarbonisation of metal industries.** For example, recycling can save up to 95% and 80% of the energy required for primary aluminium and steel production, respectively. Recycling scrap generated in the EU also allows to reduce dependencies of the EU industry on imported primary raw materials, such as bauxite/alumina/aluminium recognised as an EU strategic raw material, and where demand is expected to significantly increase.

**However, the volume of scrap used for recycling in the EU is diminishing.** It is due to two factors: a lack of demand from the EU industry (especially for steel) and higher prices for scrap paid by steel and aluminium producers in third countries, often due to trade distortions, e.g. subsidies, or unfair market conditions. As a result, ferrous scrap exports have more than doubled over the last few years, reaching a maximum of 19.43 million tonnes in 2021 (about 20% of total scrap generated in the EU). A new record for European aluminium scrap is expected to be set in 2024, with aluminium scrap exports expected to exceed 1.3 million tonnes.

To reverse this trend, **the first objective is to stimulate demand, by increasing the use of such resources in the EU.** To achieve this, scrap should be better sorted and treated to ensure its usability in high-quality applications such as automotive. This shift requires investments from recyclers and off-takers, as well as incentives at both the EU and national levels<sup>29</sup>, and design requirements for relevant product groups. To facilitate the uptake of secondary content in such sectors traditionally dependent on primary metals, the Commission will prepare the setting of targets for recycled steel and aluminium in key sectors in a cost-effective way, bearing in mind in its analysis the differing ability to pass on costs to customers and the global competition. The feasibility study for such uptake in the automotive sector will be completed by the end of 2026 as part of the End-of-Life Vehicles Regulation currently under co-decision.

The Commission will also assess the need for **recyclability and/or recycled content requirements** for additional product groups, as well as for prioritising product design and waste treatment features that facilitate the separation of copper components from steel and

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<sup>(29)</sup> Section 4.4 of the Guidelines on State aid for climate, environmental protection and energy allows for State aid for resource efficiency and towards a circular economy: EUR-Lex - 52022XC0218(03) - EN - EUR-Lex

aluminium fractions. This will be addressed through requirements in delegated acts for relevant product groups under the Ecodesign for Sustainable Products Regulation and other relevant legislation (Construction Products Regulation, End-of-Life Vehicles Regulation, Circular Economy Act).

**Increasing the share of secondary metals production implies a shift in certain production paradigms and business models.** In compliance with antitrust rules, actors along the value chain should collaborate better to make this a reality and overcome the lock-in into established business models. The Commission will therefore involve all relevant stakeholders to discuss recyclability and recycled content obligations and other related issues. This dialogue will allow the Commission to support the preparation of the Circular Economy Act planned for fourth quarter of 2026, as well as, where relevant, in the implementation of the Ecodesign for Sustainable Products Regulation<sup>30</sup> and other appropriate frameworks.

Second, working to increase domestic demand for metal scrap can only be effective if the international playing field remains fair. **Acting on supply is equally necessary to ensure access to scrap for EU producers, while maintaining the business case for recyclers.** The revised Waste Shipment Regulation<sup>31</sup> provides new tools ensuring that the export of waste, including metal scrap, does not cause damages to the environment and human health in third countries, and the Commission will make use of such tools for metals scrap waste.

An important number of third countries do not allow metal scrap to be exported to the EU, thereby reducing access to this strategic secondary raw material. Certain countries also apply unfair subsidies to support their metal recycling and production industries. That is why the Commission is monitoring the situation and will consider proposing, by third quarter of 2025 at the latest, a trade measure if necessary to ensure sufficient availability of scrap in the EU, and in that process it will also assess the rationale and possibility of introducing a reciprocity rule that would be compliant with the EU's international obligations.

Within the **single market, metal scrap should circulate freely**, to ensure that it can be recycled in the most performant facilities and to make use of economies of scale. For certain types of scrap, however, barriers persist due to non-harmonised waste classification systems. The Circular Economy Act, announced for fourth quarter of 2026, will further improve the functioning of secondary raw material markets and create a single market for waste. In this context, the Commission will also examine whether additional measures, such as export fees or export duties, are necessary to promote the availability of scrap in the EU generated with high environmental and social standards and prevent the potential “scrap leakage” to third countries with lower standards.

Improving single market functioning for the metals sector also requires improving **the role of standardisation**. For instance, through standardisation, the promotion of high-strength steel, the reuse of structural steel or the valorisation of steel by-products could be

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<sup>(30)</sup> The first Ecodesign for Sustainable Products' work programme is expected for adoption in coming weeks.

<sup>(31)</sup> REGULATION 2024/1157, available here: [Regulation - EU - 2024/1157 - EN - EUR-Lex](#)

facilitated. The classifications of scrap qualities should also be refined to facilitate better matching of supply of secondary raw materials with the demand in the EU.

<b>Actions:</b>
By Q3 2025 at the latest, the Commission will consider trade measures to ensure sufficient availability of scrap.
By Q4 2026, present the feasibility study on the <b>recycled content</b> obligations for steel and aluminium under the <b>End-of-Life Vehicles Regulation</b> .
By Q4 2026, prepare for the introduction of <b>recycled content</b> obligations for aluminium in relevant <b>construction products</b> and enhance the market for secondary raw materials in the EU as part of the Circular Economy Act.
By Q4 2026, propose a <b>Circular Economy Act</b> to further improve the functioning of secondary raw material markets and create a single market for waste.
Assess the feasibility of introducing <b>recyclability and/or recycled content requirements</b> obligations for steel, aluminium and copper in specific products under ESPR.

## 5. DEFENDING QUALITY INDUSTRIAL JOBS

With this action plan, the European Commission is mobilising all its tools at the service of a strong, prosperous and resilient steel and metals sector, ensuring its long-term sustainability and the prosperity of its workforce. We do it to promote and protect quality industrial jobs, with decent pay and transparent and predictable working conditions and high health and safety standards.

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.

Upholding EU legislation on workers' rights, particularly regarding information and consultation, is essential, especially as the steel sector undergoes profound transformation due to the green and digital transitions. Continuously supporting and strengthening **social dialogue** is key to managing the transition effectively, ensuring trade unions and employer organizations have a central role, fostering inclusive decision-making and securing a fair and sustainable future for workers and the industry alike.

Additionally, **active labour market policies should also play a crucial role in ensuring a just transition** by equipping workers with the skills needed for emerging industries, facilitating job-to-job transitions through targeted reskilling and placement services, and supporting entrepreneurship, particularly for young workers, women, older employees, and those from underrepresented regions. The Commission recently presented the **Union of Skills**, which aims to create skills for quality jobs, upskill and reskill the workforce as job requirements change, and circulate skills across the EU. The Pact for Skills, in particular

the Large-Scale Partnership for Energy-intensive Industries (includes steel and metal) <sup>(32)</sup>, will also be relevant in this context.

Furthermore, to ensure better support for workers affected by the transitions, and as already announced in the Automotive Action Plan, the Commission will propose in spring 2025 a **targeted amendment to the European Globalisation Adjustment Fund Regulation** to extend the possibility of support to companies in restructuring processes to protect employees against the risk of unemployment. Also, to help Member States and sectoral partners make even better use of the opportunities offered by the European Social Fund+, the Commission will actively engage with them to draw attention to the opportunities offered by ESF+, and to bring actors together.

More broadly, the European Commission will continue to support social partners to ensure **a just and fair transition** of the steel and metals sectors, in particular in the most affected regions, building on the lessons learned and success of the Just Transition Fund. This requires an all-encompassing, flexible and integrated approach to helping workers, their families, and their communities to ensure that no worker or region in the EU is left behind, a vital condition to maintain public support for the clean transition.

**The European Fair Transition Observatory and the Quality Jobs Roadmap** announced in the Clean Industrial Deal will be instrumental in monitoring the employment impacts of the transition. To ensure a fair and inclusive process, employers must integrate just transition principles into all industrial transformation projects, safeguarding workers' rights and securing quality jobs for the future

<b>Actions:</b>
In spring 2025, amendment to the <b>European Globalisation Adjustment Fund Regulation</b> .
<b>European Fair Transition Observatory</b> will be monitoring the employment impacts of the transition.

## 6. DE-RISKING DECARBONISATION PROJECTS THROUGH LEAD MARKETS AND PUBLIC SUPPORT

Many decarbonisation investments in the metals industry are currently not economically profitable. The savings in the short term in carbon costs are generally outweighed by the higher capital and operational expenditure, due to high technology costs and higher cost of energy carriers such as renewable and low-carbon hydrogen. Low-carbon metals will remain more expensive than their conventionally produced alternatives for the foreseeable future. To minimise public support needs, it is essential for metals producers to obtain a green premium.

*Working on lead markets*

**Lead markets, both public and private, will show the way for a broader adoption of low-carbon metals as the market standard.** In these market segments, notably those

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<sup>(32)</sup> [https://pact-for-skills.ec.europa.eu/about/industrial-ecosystems-and-partnerships/energy-intensive-industries-large-scale-partnerships\\_en](https://pact-for-skills.ec.europa.eu/about/industrial-ecosystems-and-partnerships/energy-intensive-industries-large-scale-partnerships_en)

where public procurement, subsidies or regulatory incentives play a role in shaping the market, targeted requirements or incentives would create reliable demand that can be served by low-carbon metals produced in Europe.

As announced in the Clean Industrial Deal, **the Commission will propose as part of the Industrial Decarbonisation Accelerator Act to introduce resilience and sustainability criteria to foster clean European supply for energy-intensive sectors.** These criteria (e.g. clean, resilient, circular, cybersecure) will strengthen demand for EU-made clean products, building on the experience of the Net Zero Industry Act for clean tech, promoting innovation as well as EU environmental and social standards, and will ensure a level playing field. This could widen the application of non-price criteria to the EU budget, national support programmes as well as public (and in some circumstances, private) procurement, to the benefit of energy-intensive industries. The steel and metals industries, as well as their downstream industries – automotive, construction, machinery – will be considered among the sectors of application and the competitiveness of the entire supply chains will also be assessed in the design of EU and national support programmes.

To enable the industries investing in decarbonisation to reap the “green premium”, the Industrial Decarbonisation Accelerator Act will **develop a voluntary label on the carbon intensity of industrial products**, while avoiding duplication, based on a simple methodology with ETS data and building on the CBAM methodology. This should be the basis for further engagement with international work on measuring carbon intensity. In the interest of speed, the Commission will start with steel in 2025. This will be based on existing reporting from industry, or, where available, common methodology.

In parallel, the Commission will continue working on developing **comprehensive life-cycle assessments to improve the sustainability of products.** Regarding steel, the Ecodesign for Sustainable Product Regulation will complement the Industrial Decarbonisation Accelerator Act’s label by developing requirements for products with high steel content and add relevant environmental criteria beyond the carbon footprint. This would allow consumers to see the environmental footprint of relevant products.

#### *Derisking high investment costs projects*

Acting on all the above barriers will already help increase the business case. However, both public and private support to investments is necessary to ensure the transition, boost competitiveness, and ensure value chain resilience. This is required to address the scissors effect linked to global overcapacity often triggered by unfair trading practices, and to higher energy costs than most international competitors. In certain cases, such as nickel, price fluctuations driven by the influence of geopolitical competitors, pose a threat to investment security. In order to prevent this and to ensure that the European industry benefits from sustainably produced critical raw materials, we will pursue the implementation of the relevant provisions of the Critical Raw Materials Act and work closely together with the third partner countries to implement the ESG related pillar from our Strategic Partnerships on raw materials value chains. We will continue the joint work in international fora such as G7 on promoting economic security standards for CRM, and nickel in particular.

**High capital costs are often combined with significantly higher operating costs for low carbon production processes and clean energy.** According to industry estimates, the annual financial needs to decarbonise the steel industry are estimated at EUR 5.2 billion



for capital expenditures and EUR 9 billion for operational expenditures until 2030<sup>33</sup>. For the non-ferrous metals, the aluminium industry estimates annual investment needs of approximately EUR 1.3 billion until 2050 to decarbonise the sector, while for copper this corresponds to approximately EUR 211.5 million until 2050. Most of these projects are not likely to be economically feasible in the current environment and would require public funding to overcome technological and environmental externalities.

**The EU has already been quite active in supporting such projects.** From October 2022 to February 2025, the Commission approved close to EUR 9 billion of State aid for 10 individual steel decarbonisation projects. Several steel decarbonisation projects also received support through the EU Innovation Fund. Further projects received support based on decarbonisation support schemes open to all energy-intensive sectors. The Commission has approved a number of such industrial decarbonisation support schemes including in the form of carbon contracts for difference<sup>34</sup> for several Member States and the Commission will provide guidance on how such type of support schemes can best be structured in line with State aid rules. Recent examples of approved schemes which will or can also benefit the steel industry are two Slovak schemes with a total budget of EUR 1.1 billion, a EUR 550 million Italian scheme, a EUR 4 billion German scheme, a EUR 3 billion French scheme, a EUR 2.7 billion Austrian scheme and a EUR 2.5 billion Czech scheme. Moreover, additional projects have been financed by the EU<sup>35</sup>, including in view of increasing the efficiency in the use of raw materials and energy.

To attract more private finance, additional public support will be required, from innovation to scale-up and deployment, while maintaining the level playing field across the single market.

**At the innovation stage**, the Research Fund for Coal and Steel (RFCS) provides important funding for the steel sector, supporting the transition to clean steel and the overall industrial decarbonisation of the sector. The Commission will launch flagship initiatives which would mobilise EUR 150 million in 2026 and 2027 and could also contribute to strengthening the European defence research dimension of the sector. In addition, the Commission will propose an overall **reform of the Research Fund for Coal and Steel**, to simplify and further accelerate investments in steel research, including research on defence applications.

Furthermore, as announced in the Clean Industrial Deal, there will be a flagship Horizon Europe call of ca. EUR 600 million under the 2026-2027 work programme to support fit-for-deployment projects, including in the steel and metals industry.

This call will be complementing ongoing research efforts funded under Horizon Europe on decarbonisation including recycling technologies to improve the circularity of metals in the EU.

The **European Innovation Centre for Industrial Transformation and Emissions** INCITE established under the EU Industrial Emissions Directive will accelerate the take-up of green technologies for industrial transformation. INCITE's findings will be designed

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<sup>(33)</sup> <https://www.eurofer.eu/issues/climate-and-energy/maps-of-key-low-carbon-steel-projects>

<sup>(34)</sup> in which support is paid per tonne of greenhouse gas avoided during the operation of a low-carbon plant after deduction of the carbon price

<sup>(35)</sup> e.g. LIFE16 ENV/ES/000242 LIFE-2-ACID, LIFE16 ENV/IT/000231 LIFE 4GreenSteel, LIFE19 CCM/IT/001334 LIFE HEATLEAP

to inform financial support and investment decisions of public authorities, the financial sector and private investors.

**At scale-up stage, the Commission announced as part of the Clean Industrial Deal an Industrial Decarbonisation Bank** aiming for EUR 100 billion in funding based on available funds in the Innovation Fund, additional revenues resulting from parts of the ETS as well as the revision of InvestEU. The Commission will launch a pilot auction with EUR 1 billion on the decarbonisation of key industrial processes across various sectors, including steel and metals, in 2025, supporting industrial decarbonisation and electrification with existing resources under the Innovation Fund. Member States are encouraged to combine support under the Innovation Fund with auctions-as-a-service.

Across funding programmes, attention will be paid to simplifying funding conditions, in order to reduce the effort and expertise required to apply for public support. This will help small and medium-sized enterprises (SMEs) in the sector also have access to these funding programmes.

#### *Supporting concrete projects through the Critical Raw Materials Act*

Aluminium, copper and nickel, as well as many steel alloying elements, are at the same time critical raw materials. They therefore benefit from the provisions of the Critical Raw Materials Act, which seeks to unlock the EU's raw materials potential along the entire value chain, from exploration to extraction to processing to recycling. The Commission will announce the **first round of selected Strategic Projects in March 2025, including for aluminium, copper and nickel, in the EU Member States and partner third countries**. These will benefit from streamlined permitting procedures, and the Commission will work with Member States, public and private financial institutions to ensure access to funding for such projects, as well as to identify off-takers when relevant.

Furthermore, the Commission seeks to increase the stability of raw materials markets, to prevent excessive price fluctuations that could put European projects at risk. The **demand/supply matchmaking aggregation platform** to be launched this year could also benefit the base metals sectors, increasing business opportunities and providing additional long-term certainty for transactions.

#### *Working on regulatory simplification*

Furthermore, the steel and metals sectors are among the most extensively regulated industrial sectors in the EU. The regulatory burden faced by such companies exercises important pressures on their resources, taking time away from their core business objectives, especially for SMEs. Addressing this constraint is important for the competitiveness of the EU steel and metals sectors. On 26 February 2025, the Commission has adopted the first two new proposals, so-called Omnibus packages, of simplification measures that will cut red tape and simplify EU rules. Additional ones will be adopted this year.

<b>Actions:</b>
In Q4 2025, the Commission will propose as part of the Industrial Decarbonisation Accelerator Act to introduce <b>resilience and sustainability</b> criteria to strengthen production of EU-made clean products.

In Q4/2025, the Commission will propose a <b>reform of the Research Fund for Coal and Steel</b> .
In 2025, in view of the future Industrial Decarbonisation Bank, the Commission will launch a EUR 1 billion <b>pilot auction</b> supporting industrial decarbonisation and electrification of key industrial processes across various sectors, using a combination of existing resources under the Innovation Fund, thus also facilitating the electrification of steel and metal industrial processes. Member States are encouraged to combine support under the Innovation Fund with auctions-as-a-service.
In 2026 and 2027 the Commission will launch flagship calls under <b>the Research Fund for Coal and Steel</b> .

## 7. WORKING TOGETHER ON IMPLEMENTATION FOR A FAIR TRANSITION

Addressing competitiveness, social and decarbonisation challenges for the metals industry will require close and more intense interaction of all stakeholders. The Commission will continuously **monitor** the situation in the sector, its resilience and ongoing decarbonisation and of the possible policy adjustments needed, in dialogue with the sector, social partners and the co-legislators.

**The implementation of the transition pathway for the metals sectors** will provide a constant space for dialogue between the industry, trade unions and other stakeholders. The mandate of the High-Level Group on Energy-intensive Industries will be renewed for another 4-year period to enable this implementation. It will provide a platform for monitoring latest developments on issues linked to competitiveness and decarbonisation of the metal industry such as energy costs, skills needs and global overcapacities.

The steel and metals sectors are indispensable to Europe's industrial fabric, to our resilience, economic security, defence and social stability. The Commission calls on the European Parliament, the Council, and all relevant stakeholders to work together on the implementation of this action plan to ensure we maintain and enhance production capacities in Europe and secure steady and reliable supply for our key industries, including defence.