

The European Union Steel Action Plan 2025



Background to the Plan

The European steel industry is facing a severe crisis driven by multiple challenges that threaten its competitiveness and long-term viability. With over 300,000 direct jobs and 2.3 million indirect jobs at risk, industry stakeholders mobilized for urgent action from EU policymakers. The critical factors precipitating the EU Steel Action Plan include:

- Global overcapacity at record high levels, particularly from Asian producers, flooding the EU market with cheap imports
- Elevated energy costs for European producers (2-3 times higher than competitors in the US and China)
- New US tariffs of 25% on steel imports announced in March 2025, potentially diverting 3.7 million tonnes of steel exports to the EU market
- Declining EU demand as the market contracted by 30 million tonnes while import levels remained stable
- Carbon leakage concerns during the green transition, with risks of production shifting to regions with lower environmental standards
- Resource shuffling challenges with potentially less carbon-intensive products being redirected to the EU while carbon-intensive production continues elsewhere

Following extensive lobbying from industry associations like EUROFER and trade unions like industriAll Europe, alongside cross-party MEP support, the European Commission launched a Strategic Dialogue on the Future of the European Steel sector in March 2025, culminating in the release of the Steel and Metals Action Plan on March 19, 2025.

Main Undertakings of the Action Plan

The EU Steel Action Plan includes several key interventions to protect the European steel industry:

Trade Defence Measures

- Immediate tightening of safeguard measures effective April 1, 2025, targeting a 15% reduction in steel imports
- Reduction of steel quota volumes by canceling the redistribution of 65% of banned Russian and Belarusian quota volumes
- Introduction of country-specific caps within residual quotas for critical products
- Proposed removal of quota carry-overs for unused quotas in categories with significant import pressure
- Reduction of annual liberalisation rate from 1% to 0.1%
- Development of a long-term protective measure by Q3 2025 to replace current safeguards when they expire in June 2026
- Assessment of introducing a "melted and poured rule" to trace steel origin and prevent circumvention

Circular Economy Promotion

The EU Steel Action Plan places significant emphasis on circular economy initiatives:

- Recognition of steel scrap as a strategic raw material
- Consideration of trade measures by Q3 2025 to ensure sufficient scrap availability in the EU
- Development of recycled content requirements for steel in automotive and construction products by Q4 2026
- Preparation of a Circular Economy Act by Q4 2026 to improve secondary raw materials markets

The **Circular Economy Act**, planned for Q4 2026, aims to create a more harmonized and efficient European market for secondary raw materials, particularly steel scrap. This legislation will address fragmented waste classification systems across member states that currently hinder the free circulation of steel scrap within the EU. The Act will establish common standards for scrap quality and classification, potentially introduce measures to prevent scrap "leakage" to countries with lower environmental standards (such as export fees or duties), and create mechanisms to increase the use of recycled materials in key sectors. For steel producers, this means better access to high-quality scrap within the EU, reducing dependence on primary raw materials and lowering the carbon footprint of production.

Jobs and Skills Initiatives

The EU Steel Action Plan includes several measures to support workers during industry transitions:

- Amendment to the European Globalisation Adjustment Fund in spring 2025 to support workers affected by restructuring
- Creation of a European Fair Transition Observatory to monitor employment impacts
- Implementation of the "Union of Skills" and industry partnerships to address shifting skill requirements

The **European Globalisation Adjustment Fund (EGF)** is an existing EU financial instrument designed to support workers who lose their jobs due to major structural changes in world trade patterns or financial crises. The planned amendment in spring 2025 will expand its scope to become more proactive, allowing intervention before job losses occur. Specifically, the fund will be able to support companies during restructuring processes rather than only after layoffs, helping steel companies manage transitions while preserving employment. This represents a shift from a reactive to a preventative approach for managing industrial transitions affected by decarbonisation requirements and trade pressures.

The **Union of Skills** is a recently presented initiative designed to address changing workforce requirements across EU industries. For the steel sector, this program aims to equip workers with new skills needed for emerging technologies, particularly those related to green steel production and digitalisation. The initiative establishes partnerships between industry, education providers, and public authorities to facilitate reskilling and upskilling of the existing workforce, creates pathways for job-to-job transitions, and develops targeted training programs. Steel workers can access training to adapt to new production methods, such as hydrogen-based steelmaking, while maintaining employment within the sector.

Decarbonisation Support

The EU Steel Action Plan includes substantial support for industry decarbonisation:

- Industrial Decarbonisation Accelerator Act (Q4 2025) to introduce sustainability criteria
- Development of a voluntary carbon intensity label for steel products starting in 2025
- Reform of the Research Fund for Coal and Steel (Q4 2025)
- EUR 1 billion pilot auction in 2025 to support industrial decarbonisation
- EUR 150 million in flagship initiatives in 2026-2027 under the Research Fund for Coal and Steel

The **Industrial Decarbonisation Accelerator Act**, planned for Q4 2025, aims to create market demand for low-carbon steel by introducing resilience and sustainability criteria into public procurement processes and national support programs. The Act will establish standards that favor EU-made clean products, allowing steel producers who invest in decarbonisation technologies to secure price premiums for their greener products. By incorporating environmental performance criteria beyond price considerations, the legislation will create "lead markets" that incentivize investment in clean production methods and help offset the higher costs associated with low-carbon steelmaking.

The planned **reform of the Research Fund for Coal and Steel (RFCS)** aims to simplify and accelerate investments in steel research, particularly focusing on decarbonisation technologies. The RFCS is a long-standing EU program funded from the assets of the European Coal and Steel Community, providing around €40 million annually for coal and steel research. The reform will modernize its governance structure, streamline application procedures, and align research priorities more closely with current industrial challenges such as hydrogen-based steelmaking and electrification. Additionally, the reform will strengthen the European defence research dimension, recognizing steel's strategic importance for security applications.

The **EUR 1 billion pilot auction in 2025** represents the first implementation stage of the planned Industrial Decarbonisation Bank. This competitive funding mechanism will allow steel companies and other industrial firms to bid for financial support for decarbonisation projects, with funding awarded based on criteria such as carbon abatement potential and cost-effectiveness. For steel producers, this could help finance technologies like hydrogen-based direct reduction, electric arc furnaces, or carbon capture systems that are essential for decarbonisation but currently face economic challenges. The auction approach aims to maximize climate impact per euro of public funding by creating competition among different projects, ultimately helping identify the most efficient pathways for industrial emissions reduction.

Industry Assessment of the EU Steel Action Plan

Industry stakeholders and analysts offered mixed but generally positive reactions to the Action Plan, while identifying several weaknesses:

Positive Assessments

- ArcelorMittal CEO Aditya Mittal praised the plan's direction and recognition of "critical structural issues"
- ThyssenKrupp Steel Europe called it a "groundbreaking step" with "clear prioritisation of trade protection"
- Eurofer President Henrik Adam welcomed the acknowledgment that "a strong European Union needs a strong European steel industry"

Key Weaknesses and Shortcomings

- Insufficient energy cost measures: Multiple stakeholders identified this as the "elephant in the room" (Eurofer, ArcelorMittal, WV Stahl)
- Implementation timeline concerns: Critics noted that concrete CBAM actions will only be announced later in 2025, with implementation depending on member states
- Exclusion of the distribution chain: Assofermet criticized the plan for focusing solely on production while neglecting steel trading, distribution, processing, and end-users
- Environmental NGO exclusion: The European Environmental Bureau's Riccardo Nigro criticized the "industry-driven agenda that sidelines social and environmental concerns"
- Concerns about scrap export restrictions: The Bureau of International Recycling opposed limiting scrap exports, arguing the European market is self-sufficient and restrictions could harm scrap processors
- Limited steel safeguards tightening: Industry analyst Maxime Kogge noted disappointment with the safeguard review outcome, though welcomed further measures

To address the high energy cost problem, several potential measures could be considered¹.

- Expansion of renewable Power Purchase Agreements (PPAs) specifically designed for energy-intensive industries, with the EU providing guarantees to reduce investment risks and lower the cost of financing
- Creation of an Industrial Electricity Price Mechanism that could cap electricity costs for steel producers at internationally competitive levels during the transition period, similar to programs implemented in Germany and France but at the EU level
- Accelerated electricity grid infrastructure investments to connect steel plants to regions with abundant renewable energy, reducing transmission bottlenecks that currently contribute to high regional price differences
- Enhanced state aid flexibility specifically for energy cost compensation, allowing member states more latitude to support their steel industries without triggering competition concerns

¹: Note that these 'energy cost solutions' are measures proposed by MCI, not by the European Commission

Implementation Timeline

The implementation pathway for the EU Steel and Metals Action Plan includes several concrete milestones:

- **March 19, 2025:** Official publication of the Steel and Metals Action Plan
- **April 1, 2025:** New tightened safeguard measures come into effect
- **July 1, 2025:** Revised liberalisation rate (0.1%) and repeal of carry-over take effect
- **Q3 2025:** Proposal for trade measures to ensure scrap availability
- **Q3 2025 (latest):** Proposal for a long-term trade measure to replace current safeguards
- **Q4 2025:** Proposed reform of the Research Fund for Coal and Steel
- **End-2025:** Introduction of the Industrial Decarbonisation Accelerator Act
- **Spring 2025:** Amendment to European Globalisation Adjustment Fund
- **2025:** Launch of EUR 1 billion pilot auction for industrial decarbonisation
- **November 18, 2025:** Completion of ferroalloys safeguards investigation
- **2026-2027:** Launch of flagship calls under the Research Fund for Coal and Steel
- **Q4 2026:** Presentation of feasibility study on recycled content obligations
- **End-2026:** Proposal of a Circular Economy Act

The Commission will continuously monitor the sector through the High-Level Group on Energy-intensive Industries, whose mandate will be renewed for another 4-year period, providing a platform for stakeholder dialogue and policy adjustment.

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