

PRESIDENT & VICE-PRESIDENTS

College of Commissioners
European Commission
Rue de la Loi / Wetstraat 200
1049 Brussels
Belgium

Dear President Juncker,
Dear Commissioners,

In our letter sent to you in September 2017 the European steel industry expressed its strong interest in a Joint Initiative on Low Carbon Steel to help transform the EU into a low carbon, circular, and competitive economy. Since then, the Commission has adopted its proposal for Horizon Europe – which we very much welcome as it envisages a substantial budget for low-carbon projects and offers synergy effects with other EU and national support schemes.

The Commission has also taken decisive action to safeguard the EU from dumping and illegal trade distortions by third countries. The provisional EU safeguard measures, a reaction to the US tariffs on steel, are helping to preserve the stability of the EU steel market and will continue to do so as long as their scope is maintained in the final safeguard measures. At the same time, we reiterate our request to adjust the draft regulation on free allocation rules under the EU Emissions Trading System, which in its current version removes investment capacity our sector so urgently needs to stay competitive and to contribute to the EU's environmental and economic objectives.

With the right climate and energy policy framework, this will help us to make significant and important decisions on investment in the EU, including low-carbon investment. We therefore call on the EU to set up a **European Partnership for Low Carbon Steel** under Horizon Europe – in the form of a Joint Undertaking – under the umbrella of a Mission for Low Carbon Industry, as proposed in the attached paper.

The overall financial support required for research up to industrial scale demonstrator level activities in the EU steel industry is **2 billion euros for the years 2021-2027. 50% could be contributed by the industry, and 50% by Horizon Europe.** The deployment of the technologies, in the form of the first-of-a-kind industrial installations – including their operation – will have to be eligible for additional funding from other EU and national support schemes as the overall costs of our initiative up to the year 2034 would amount to up to 11 billion euros if fully implemented.

Research activities with partners across the economy will lead to the development of several pilot and demonstration projects. **By 2027**, at least two projects will have entered deployment and could be upscaled to become industrial scale demonstrators, reducing CO₂ emissions from these installations by around 50%. **By 2034**, at least four projects are planned to have been upscaled to become industrial scale demonstrators, of which at least two could achieve an 80% CO₂ reduction from steelmaking in these facilities.

The roll-out of some of these technologies could already begin in the second half of the 2020s provided that our breakthrough technologies are matched by breakthrough policies. The EU's *Long-Term Climate Change Policy Strategy* should serve as such. It could become the framework to ensure that conditions are favourable (i.e. secure the availability of affordable low carbon energy supply and infrastructure and **effective policy measures that keep European low-carbon industrial production competitive** on the internal and global markets). Against such an enabling background, the complete roll-out and transition of the whole steel industry could be accomplished by 2050.

Synergy effects among projects, technologies and sectors will create the dynamics which drive low-carbon industrial production. These effects will build new skills, jobs and new markets in low-carbon steel, hydrogen, alternative fuels and feedstocks for the chemical industry, for instance.

By 2050, the steel industry endeavours to have shifted from a fossil energy-based linear industry to become a low-carbon energy-based sector integrally part of the circular economy. The aim is, by this time, to **emit at least 80% less CO₂ compared to 1990 levels**. Europe will be a leading provider of low-carbon products, services and technologies worldwide.

We are looking very much forward to your kind consideration and answer.

Yours sincerely,

Geert Van Poelvoorde
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