

Joint Statement by European Steel Leaders

Steel Businesses for ETS1 and CBAM

European Parliament, 30 June 2026

Europe's steel industry stands at a decisive crossroads. The investment decisions being taken now will determine whether production, jobs and industrial value creation remain anchored in Europe or move elsewhere for decades to come. **Across our companies, we are committing more than 10 billion euros of CAPEX investments for low-emission production and modernized assets to secure Europe's clean industrial future.** To secure these assets and enable further investments, Europe needs a policy framework that is predictable, credible and clear.

At the center of that credibility is the EU Emissions Trading System. The ETS1 remains the cornerstone of Europe's climate policy and is a key driver of investment, innovation and efficiency. It provides the market-based carbon price signal that underpins the business case for industrial decarbonization, and this signal must not be weakened. This means preserving the carbon price signal by keeping the Linear Reduction Factor at 4.4% to at least 2035, thereafter adjusting the 2035 – 2040 trajectory in line with the 2040 Climate Law, keeping the CBAM factor and the free allowance phase-out trajectory in place, and preventing the use of the Market Stability Reserve to artificially increase the supply of allowances.

Weakening the ETS1 would not strengthen Europe's competitiveness. On the contrary: It would erode investment certainty, penalize early movers and delay the industrial transformation Europe needs. The primary pressure on competitiveness comes from high electricity costs due to fossil fuel dependencies, infrastructure gaps and global steel overcapacity, not from carbon pricing.

Obviously, ETS1 must be matched by credible carbon leakage protection. When European producers are expected to pay a real carbon cost, imports must face an equivalent one. CBAM has entered its operational phase and now must demonstrate its effect. Its credibility and effectiveness will depend on closing existing loopholes by adding steel-intensive downstream products, preventing abusive practices ex-ante and by developing a permanent export solution. A strong ETS1 combined with a robust and fully implemented CBAM can reinforce Europe's competitiveness, resilience and industrial renewal. To make this transition investable, ETS1 revenues must be channeled back into industrial decarbonization, with a particular focus on CBAM sectors.

In brief, Europe has already made the strategic choice to combine climate ambition with industrial strength. Our companies have aligned with that direction and are investing accordingly. **What is needed now is not a change in direction, but a clear signal that Europe will stay the course and provide the predictability needed for long-term industrial investments.**

We therefore urge EU institutions to defend the integrity of the ETS1 and avoid measures that artificially depress the carbon price, as well as support the rapid strengthening of CBAM.

A strong, low-emission, competitive European steel industry is not only an industrial priority, but a cornerstone of Europe's sovereignty, security and resilience.

Yours sincerely,

