

Press release

EUROFER: ETS reform must reflect market reality to deliver EU's climate ambitions

Brussels, 16 July 2026 - Ahead of the European Commission's review of the EU Emissions Trading System (ETS), the European Steel Association (EUROFER) reaffirmed its support for the EU's climate neutrality objective by 2050, while warning that the ETS can only succeed if it is adapted to the market reality and accompanied by the enabling conditions needed for industrial decarbonisation.

Industry is investing, but Europe has not yet delivered the conditions

The European steel industry has already committed billions of euros to decarbonise its production and remains fully committed to delivering Europe's climate ambitions. Steel companies have already taken investment decisions for around 35 million tonnes of new low-carbon steelmaking capacity by 2033. However, many of the enabling conditions promised to industry have yet to materialise.

Axel Eggert, Director General of EUROFER, remarked, 'The European steel industry is ready for deep decarbonisation, but the EU and most Member States are not. It is an illusion to think the steel industry can be carbon neutral by the end of 2033 based on the current ETS and CBAM frameworks alone. Without affordable clean electricity, hydrogen infrastructure and larger scrap access, the transition cannot happen at the pace envisaged'

EUROFER warned that electricity prices remain around twice the level needed for European industry to compete internationally, while renewable hydrogen remains scarce and several times above the target price of €2/kg. Carbon leakage risks persist across both domestic and export markets, including in the downstream sectors. In this context, and 10 to 15 million tonnes of planned low-carbon steelmaking capacity have already been delayed or put on hold because the business case for investment has weakened.

The ETS review must support investment, not deindustrialisation

EUROFER stressed that the ETS remains the cornerstone of the EU's climate policy and an essential investment signal. However, carbon pricing alone cannot deliver industrial transformation. The ETS review must therefore be accompanied by internationally competitive electricity prices of around €50/MWh, affordable renewable hydrogen, effective carbon leakage protection, stronger lead markets, increased public funding and greater availability of ferrous scrap.

"The ETS must continue to reward companies investing in decarbonisation while ensuring Europe remains an attractive place to manufacture," Eggert added. "The European Steel and Metals Action Plan points in the right direction, but it must now be fully implemented. The promise to make 20 million tonnes of clean hydrogen available by 2030 looks clearly unachievable today, and the revision of electricity markets has been a lost opportunity. Why is a fossil-fuel power plant still setting electricity prices when renewable electricity is already cheaper? Unless these structural flaws are addressed, the ETS risks reducing emissions through deindustrialisation rather than through investment and innovation."

What the ETS must deliver

Against this background, EUROFER calls for a significantly slower phase-out of free allocation for CBAM sectors from 2028 onwards, in particular until 2030/32, recognising that the conditions in many parts of Europe have simply not yet been provided. The association also reiterates the need for a structural export solution for both CBAM sectors and downstream industries to ensure European producers remain competitive in global markets while preventing carbon leakage.

Finally, EUROFER calls for a significantly greater share of ETS revenues to be reinvested in industrial decarbonisation. "According to the European Commission's own figures, less than 5% of ETS auction revenues managed by Member States are invested in industrial decarbonisation," Eggert concluded. "If Europe wants to accelerate the transition, more of these revenues must be channelled back into the sectors making the investments."

Notes for editors

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About the European Steel Association (EUROFER)

EUROFER AISBL is located in Brussels and was founded in 1976. It represents the entirety of steel production in the European Union. EUROFER full members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations of Türkiye, Ukraine and the United Kingdom are also members.

The European Steel Association is recorded in the EU transparency register: 93038071152-83.

VAT: BE0675653894. The RLE or RPM is Brussels.

About the European steel industry

The European steel industry is a world leader in innovation and environmental sustainability. It has a turnover of around €192 billion and directly employs 293,000 highly-skilled people,

producing on average 146 million tonnes of steel per year. More than 500 steel production sites across 22 EU Member States provide direct and indirect employment to millions more European citizens. Closely integrated with Europe's manufacturing and construction industries, steel is the backbone for development, growth and employment in Europe.

Steel is the most versatile industrial material in the world. The thousands of different grades and types of steel developed by the industry make the modern world possible. Steel is 100% recyclable and therefore is a fundamental part of the circular economy. As a basic engineering material, steel is also an essential factor in the development and deployment of innovative, CO₂-mitigating technologies, improving resource efficiency and fostering sustainable development in Europe.