

(English version)

**Question for written answer E-001209/25
to the Commission
Jadwiga Wiśniewska (ECR)
(21 March 2025)**

Subject: The need to develop the steel industry in the context of developing armament programmes

With the publication of the Commission White Paper on the Future of European Defence and its proposal for 65% of the money from defence lending to be earmarked for EU-sourced components, the steel industry will be crucial to ensuring an adequate material base for future armament programmes.

Unfortunately, the EU steel industry is in deep crisis and faces many difficulties, such as rising energy costs, increasing imports from third countries and tariffs imposed by the US, as well as climate policy challenges, most notably the ETS, without the suspension of which no genuine recovery of the industry is possible.

Given the strategic importance of the steel industry for Europe's security, could the Commission answer the following questions:

1. Will the Commission suspend the ETS, which is detrimental to industry, and if so when?
2. What long-term measures does the Commission intend to take to protect the European steel industry from unfair trade competition?

Submitted: 21.3.2025

**Answer given by Mr Hoekstra on behalf of the European Commission
(20 May 2025)**

1. The EU Emissions Trading System (ETS) enables the EU to achieve its climate targets at the lowest cost by allowing the market to set the carbon price. It also has in-built features to protect industries such as steel from carbon leakage (displacement of production and emissions to outside the EU). These include free allocation of emission allowances, the possibility of state aid to compensate indirect carbon costs for electro-intensive production (such as electric arc furnaces), and the introduction of the Carbon Border Adjustment Mechanism (CBAM).

As such, the Commission has no plans to suspend the ETS, but is preparing a comprehensive review of the ETS Directive by 31 July 2026, as required under the existing Directive.

2. Steel overcapacity continues to grow across regions, as evidenced in the latest review of the steel safeguard measure. Tackling unfair trade remains a priority for the Commission and it is fully committed to ensuring a robust use of trade defence instruments. The Commission will continue to take all necessary measures to protect the steel industry against unfair and injurious trading practices. In addition, an increasing number of trade barriers are being erected in many third countries. Therefore, the European Steel and Metals Action Plan⁽¹⁾ announced that 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. 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. The Commission will also conduct by the end of 2025 a comprehensive review of CBAM, accompanied by an anti-circumvention strategy.

⁽¹⁾ https://single-market-economy.ec.europa.eu/publications/european-steel-and-metals-action-plan_en.