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Answer given by Mr Hoekstra
on behalf of the European Commission
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The EU Emissions Trading System (ETS) benchmarks have been updated to provide a level playing field for all primary steel production technologies, and to provide incentives for the transition to low-carbon technologies, in particular if these are based on hydrogen, or could use hydrogen in the future. In line with the revised ETS Directive, ETS benchmarks continue distinguishing between primary and secondary steel production.

Primary producers in third countries using low-carbon technologies will equally be incentivised through a reduced Carbon Border Adjustment Mechanism (CBAM) obligation. The Commission is assessing whether this could cause imbalances in the future with respect to EU secondary steel producers compared to third-country primary steel producers and will explore potential solutions if needed.

As of 2026, secondary steelmaking will also benefit from the revised rules on free allocation. This will further strengthen the position of low-carbon producers, alongside the gradual introduction of CBAM.

Besides the CBAM, the Commission is currently working on promoting circular steel such as the potential setting of recycled content targets for steel in vehicles.

As announced in the Steel and Metals Action Plan¹, no later than by the third quarter of the year 2025, the Commission will propose a trade measure replacing the steel safeguards as of 1 July 2026, providing a highly effective level of protection against negative trade-related effects caused by global overcapacities.

¹ COM(2025) 125.