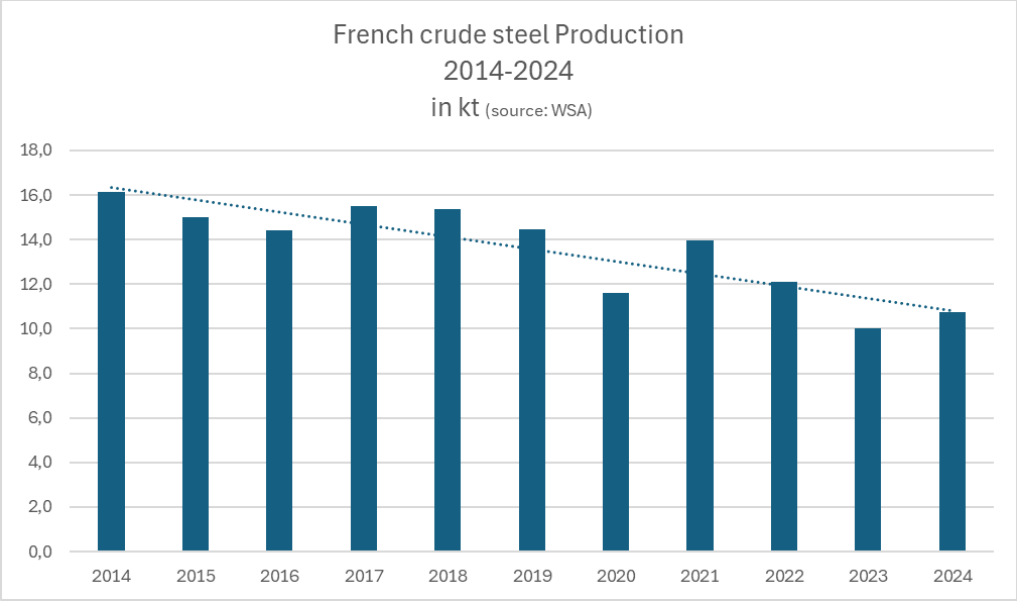
Public consultation on "Trade measure addressing the negative trade-related effects of global excess capacity on the EU steel sector".

A3M – l'Alliance des Minerais, Minéraux et Métaux - represents players with operations in France in the fields of mining, metallurgy and steelmaking. A3M represents more than 95% of steel production in France, with players involved in flat and long products, carbon, special and stainless, through blast furnace or Electric Arc furnace. France, a major steel producer in Europe, produced more than 10.5Mt of steel in 2024 (8% of EU crude steel production).

A3M members are involved in all upstream operations, from extraction, production and transformation to metal recycling. A3M and its members are key players in the European industrial base, essential links in the decarbonization and strategic autonomy of sovereignty sectors. https://www.a3ms.fr/en/

1/ France is a major EU steel-producing country with several key advantages for primary and secondary clean steelmaking location

- ***A highly diversified*** *French steel industry***:** most major segments of iron and steel production are represented, including carbon flat and long products, as well as stainless steel in both categories and special steel.
- ***Skilled and experienced*** **workforce** in France: totaling roughly 25000 direct jobs, backed with world-class Research and Development activity that supports innovation and technological progress at EU level.
- *A sizeable* ***number of upstream actors***: essential to the steel value chain, including ferroalloy producers and suppliers of refractory materials, are also active in France supporting a local, secure, and lower-carbon supply chain for the steel sector.
- ***French low-carbon energy mix****:* France **modern and resilient energy grid, combined with a low-carbon electricity mix**, positions the country as a natural leader in the transition to clean steel production.
- ***Suppliers to European strategic value chains and sovereignty*** : defence, aeronautics, energy, aerospace, medical, etc.)



2/ Despite these valuable assets, the situation of the French steel sector has severely deteriorated over the last 10 years, with crude steel production contracted from 16.1 Mt in 2014 down to 10.8 Mt in 2024.

- ***Increased competition***: This massive decline is noticeable in all product segments and happens to occur during the well-documented **surge in China-induced overcapacities.** These latter have put continuous downward price pressure. This combined with other external pressure coming from the **emergence of new competitors benefiting from unfair advantages.** Finally some countries designed and implemented **predatory policies** aimed at restricting trade in critical raw materials that are necessary for specific types of steel production.
- ***Pressure from imports and shrinking export potential***: from the above, import pressures, in France and more generally in EU market, grew both in volumes and prices, while at the same time French Steelmakers saw their access to export markets significantly constrained.
- ***Weakening domestic market***: more recently, **conditions in key downstream markets** have worsened, leading to aggravated situation for steel makers.
- ***Industrial set-up adaptation***: In this context the **burden of adjustment has fallen disproportionately** on EU steelmakers. Growing difficulties have materialized for several steel producers, some having to reconsider strategic decarbonization projects. A real long-term threat to employment, industrial know-how, and the overall resilience of a sector essential for other industries are at stake.

3/ New and highly effective trade measure is urgently needed and should be designed in lines with the principles outlined by the non-paper of the 28th July supported by 11 Member states

- **A3M has welcome the recent Alliance for Energy-Intensive Industries initiative led by France** and supported by 11 Member States and strongly support the call for a proposal aligned with the joint statement published on July 28th.
- Such a measure is essential to **contain the spillovers** from global steel overcapacity. While other EU policies, such as those on carbon border adjustment, decarbonization, and support to innovation, can support the development of a competitive and clean steel sector, **only a dedicated structural trade instrument can directly address this global and complex challenge**.
- M**ultilateral efforts to resolve this issue failed to deliver meaningful results** (e.g. the Global Forum on Steel Excess Capacity). Consequently, **other countries/regions are increasingly resorting to uncoordinated unilateral measures**, many of which risk **diverting trade** toward the EU market.
- **EU must take decisive action:** a robust, structural trade measure is critical not only to safeguard the viability of the French steel industry, but also to preserve the EU ability to achieve its decarbonization objectives.

In order to be effective, the new trade measure addressing the negative trade-related effects of global excess capacity must be designed as follows:

- **Tariff Rate Quota (TRQ) Structure**: A TRQ mechanism should set a clear cap, beyond which an above-quota tariff is applied. This structure offers a fair balance between the interests of all stakeholders—including steel producers, consumers, and distributors.
- **Above-Quota Tariff Level**: A 50% tariff should apply immediately from the first ton beyond the quota, ensuring a strong market impact. The current 25% tariff is not sufficient, as it can be easily absorbed by certain market players. This is why the Canadian government has decided to implement a 50% tariff under its new TRQ for steel products imported into Canada. No first-day dilution or smoothing mechanisms should be permitted.
- **Complementarity with TDIs: The** TRQ should apply in addition to any existing or future anti-dumping (AD) or anti-subsidy (AS) measures.
- **Quarterly Quota Administration**: Quotas should be managed on a quarterly basis, with no carry-over between periods. Each TRQ Volume must be managed per product category as is the case in the current safeguard.
- **Country Coverage – No Exceptions**: All countries must be included in the TRQ structure. A global quota should apply with a maximum cap per country of origin so as to avoid crowding out effect.
- **Product Scope – Full Coverage**: The measure must cover all steel products, including those currently excluded from the EU steel safeguard. Among others, this must include cast iron tubes/pipes, stainless steel drawn wires and steel grinding balls.
- **Reference Volumes and Market Share Caps**: In order to ensure sufficient capacity utilization (as highlighted in the European Steel and Metals Action Plan published on 19 March 2025, a capital-intensive industry such as steel must operate at a capacity utilization rate above 85% to remain competitive under market conditions ; this contrasts sharply with the current unsustainable rate of approximately 65%) and enable the capital expenditures (CAPEX) required for decarbonization, import volumes must be limited based on macro product families : carbon flat (15 % market share), carbon long (5 %), stainless steel (15 %).
- **Melted & Poured Origin Rule**: The "melted and poured" origin must be the determining criterion for quota allocation and tariff application, reflecting the importance of crude steel origin in the global overcapacity dynamics and their trade effects.
- **Monitoring and Flexibility**: Continuous monitoring of TRQ usage and market dynamics. Annual review of quota volumes to adapt to unforeseen market developments. Emergency update mechanism to respond swiftly to crisis situations and avoid unmanaged disruptions
- **Immediate Implementation**: Given the urgent situation facing the French steel industry, the measure should take effect as soon as possible, January 1st, 2026 would be the right time, with no phase-in period, no phase-out, and no overlap with the existing safeguard measure.

For more details :

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