



## **Outokumpu's comments on steel trade post safeguard measure**

### **The current steel trade post safeguard measure should be replaced as soon as possible**

The European Commission has recently tightened the steel safeguard measure as the EU steel industry faces intense pressure from global overcapacity. Unfair trade from the third countries is the most severe challenge companies are facing when competing in the EU market. The steel excess capacity that has been dumped into global markets and sold at extremely low prices, hurts the EU as it decreases profits and competitiveness.

The industry remains threatened by global excess capacities and by global distortions from China and other countries that artificially support their domestic industries or circumvent the current measures. We need to respond to this unfair practice with more assertive solutions and replace current trade safeguards as soon as possible with more effective measures. It needs to be done already before July 2026 when the current safeguard measure legally lapses.

A review mechanism also needs to evaluate the effectiveness of the measure including swift corrective actions where needed. Such a review should be based on solid market and industry data focusing on the quota level and tariff level. Also, an emergency review should be activated in case of sudden, extraordinary demand shocks.

The root cause of the problem is the massive excess capacity of steel, overwhelmingly surpassing demand in these countries over the last two decades. These excess capacities are maintained with the help of abundant state subsidies and other non-market practices. They result in spillover effects like dumping in the EU market and distorting competition. This threat is further exacerbated by 50% tariffs imposed by the US on steel which is causing diversion of trade flows from the countries with excess capacities to the EU instead of the US.

An effective capacity-related steel trade measure will also benefit our suppliers. As a major buyer of energy, ferro-alloys, and other input materials, they have no interest in a collapse in demand from an imploding steel industry.

Steel is vital for sectors such as automotive, construction, defence and clean tech. These sectors need reliable domestic steel supply and product innovation, avoiding overdependency on third market sources.

### **Tariff Rate Quota as the trade measure to protect the European steel industry**

The most appropriate and effective form of trade measure to achieve the necessary protection of the European steel sector against the negative effects of global excess capacities would be global Tariff Rate Quotas (TRQs) with a maximum cap per country of origin.

It is evident that an upfront across-the-board import tariff of 50%, like the U.S. tariff, would be the most effective. However, a tariff rate quota system is an appropriate type of measure that can be highly effective including a tariff of 50% on each tonne above quota without dilution combined with a "Melted and Poured principle" identifying the exporting country utilizing the quota.

Current rules define the origin of a product to be where the latest finished product is transformed. The rules of origin should be based on the “Melted and Poured principle”, so the origin of any steel good is the place where steel was melted and poured, regardless of where it is further processed.

A new TRQ regime is needed linked to Import market shares must be brought back to sustainable levels comparable to 2012-2013 (before the China steel export surge of 2025), which was a period preceding the global overcapacity crisis. It can therefore serve as the best available reference period for sustainable competitiveness of the European steel industry.

EU demand will need to be reviewed on a periodic basis to ensure the measure remains relevant. In addition, the above-quota tariff level must be checked on its effectiveness in keeping target import market shares.

### **There must be strict per-country limits for steel imports**

During the EU Steel Safeguard, smaller supplying countries that did not have their own country-specific quota suffered from crowding out effect partially driven by Chinese overcapacity displacing exports from third countries.

A strict per-country cap prevents import surges by aggressive exporters, avoids crowding out effects and reduces circumvention risks. It is the option that best balances interests of all operators in the value chain.

### **No carry-over of unused TRQs should be allowed**

To preserve market stability and protect EU industry, no carry-over mechanism, which allowed countries to roll over unused quotas to the next quarter should be allowed under a new measure, to prevent short-term import surges that distort the EU market.

Such excess availability reduces the effectiveness of quota ceilings and allows countries with structural overcapacity to time an increase of exports strategically. This in turn leads to substantial disruption in the market, depressing prices and disrupting value chains. Many market participants are left with high value stocks. Moreover, the carry-over mechanism undermines full duty payment as the left-over volumes help to avoid the duty payment in months of high imports.

We welcome the fact that the Commission (effective of July 2025) eliminated the carry-over mechanism for categories with high import pressure and low consumption.

### **The European steel industry is a global sustainability leader**

In general, stainless-steel production in Europe uses mainly scrap as a raw material, which significantly reduces the carbon footprint of European production compared to Indonesian nickel pig iron (NPI) - based smelting. If it is allowed to take over the European market, Europe's carbon footprint will increase, scrap will not be used enough, European smelting capacity will decrease, and Europe will become dependent on Indonesia/China.



We need the trade defence measures to guarantee economic stability, innovation, and sustainability development in the EU. We are the sustainability leader in Europe and import of cheap Indonesian slabs under Chinese ownership undermines sustainability and endangers European melt capacity and thus independence. Europe cannot depend on Asian steel for infrastructure, mobility and defence.

We must regain our competitive edge and ensure the EU's strategic autonomy in the current geopolitical reality. EU's economic resilience guarantees Europe's energy, climate, and environmental transition. The trade defence measures will protect Europe's competitiveness, attract investments, and generate jobs. Europe needs to keep its industrial base competitive. Europe's commitment to EU Green Deal and carbon neutrality goals creates challenges for businesses. Investments in decarbonization and circular economy initiatives increase financial burden even further.

If we let the stainless-steel sector die in Europe, our clients will be fully dependent on imports outside the EU in the future. It is for the interest of the whole EU internal market to help the industry regain lost market share and secure the industry's future. Europe can only be stronger with European steel.

The biggest problem now is low-capacity utilization for European producers due to low demand, high low-priced Asian imports and 50% export tariffs to the US – business is not profitable in Europe and threatens to result in capacity closures if situation does not improve. We need urgently to level the playing field between the domestic and foreign producers on the EU market and ensure EU steel sector's viability in the critical role as producer of strategic materials.

The current safeguard measures should be replaced as soon as possible with more effective solutions to prevent the trade diversion from the countries with excess capacities to the EU.

The subsidised cheap stainless-steel imports are putting significant pressure on our and other European companies' business, forcing us to carry out further restructuring programmes and employee layoffs. Our businesses need support now before it is too late.

For more information, please contact:

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#### **About Outokumpu**

Outokumpu is the European market leader in stainless steel and the second largest in the Americas. Our turnover in 2024 was EUR 5.9 billion and our European production is in Finland, Germany and Sweden. We also have the only chromium mine in the EU, which is a critical raw material for producing stainless steel. Our business is based on the circular economy with over 90% recycled material content – enabling up to 75% lower carbon footprint<sup>1</sup> compared to the industry average. Outokumpu also brought to the market the first towards-zero stainless steel which has up to 93% lower carbon footprint.