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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**addressing the negative trade-related effects of global overcapacity on the Union steel
market**

{SWD(2025) 780 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

Steel is an essential material for the Union economy, including for its green transition. Steel is used in a wide variety of sectors, such as buildings, infrastructure, railways, automotive, shipbuilding, windmills, industrial tools and machinery, household appliances, amongst others. Steel is also of strategic importance for increasing the defence and military capabilities of the Union.

The EU steelmaking industry is the world's third largest steel producer. It employs around 300,000 people directly and it is estimated that it generates 2,5 million jobs (indirect and induced). There are many steel production sites across more than 20 EU Member States. Steel plants sustain many regional economies, underlining their socio-economic and political importance. The EU steel industry is facing critical challenges which weaken its competitiveness in a global market and seriously threaten its long-term viability, creating high risks for the industry's existence and its ability to make new investments.

In particular, the EU steel industry is facing serious trade-related challenges. Notably, a significant and sustained import pressure, both in volumes and prices, resulting from unsustainable levels of global overcapacity, which are negatively impacting the EU steelmaking industry's economic performance: EU production has shrunk, and its current capacity utilization is well below profitable levels, undermining EU steelmakers' ability to invest and as such, jeopardizing the Union's decarbonisation objectives. In fact, several EU steelmakers have halted ambitious and costly investments in green steel projects needed to remain competitive and decarbonize production as part of the EU's green agenda.

These critical trade-related challenges are taking place in an overall difficult context, as the steel sector is facing a lack of a level playing field, as well as higher energy and manufacturing costs. This situation also poses risks related to the EU's strategic autonomy. The combination of challenges is having a heavy impact on jobs. In fact, the EU steel industry has been seriously decimated, losing nearly 100 000 direct jobs since 2008 (around 25% of its workforce) and closing or reducing installed capacity in numerous factories across many Union Member States. The current situation is very fragile, and risks to seriously worsen if the challenges are not effectively addressed.

The Commission Communication: 'A Competitiveness Compass for the EU', adopted on 29 January 2025, establishes industrial competitiveness as a core priority and sets out cross-sectoral actions for the next years. It recognises decarbonisation as a powerful driver of growth when integrated with industrial, competition, economic and trade policies. The Communication identified steel and metals as key areas for action.

On 19 March 2025 the Commission adopted the Steel and Metals Action Plan (SMAP). The SMAP outlined actions across different policy areas, including trade. The SMAP recognised that the steel sector is vital for the EU's economic security and social stability, and it also set as an objective the promotion and protection of EU industrial capacities. Moreover, the SMAP described steel (as well as other metals) as having "strategic importance" for Europe's defence capability, particularly in the current geopolitical environment. It acknowledged that stable and resilient supply chains of critical metals, like steel, are essential for defence and aerospace. In this respect, the SMAP pointed out at concrete examples of defence platforms, such as tanks, self-propelled artillery, ships, aircraft, that use very large quantities of steel.

Ensuring domestic production of steel helps avoid dependencies on third country suppliers.

As outlined in the SMAP, the current safeguard measure which is protecting the EU steel industry from a flood of imports, will legally expire on 30 June 2026 after 8 years in force. Yet, the structural global overcapacities and their negative trade-related impact on the EU's steel industry, which necessitated the imposition of the steel safeguard measure, will not disappear on 1 July 2026. On the contrary, the negative trade-related effects suffered by the European steel sector have continued to grow and are likely to be exacerbated, as an increasing number of third countries are adopting measures aimed at limiting imports into their markets, resulting in the EU market becoming the main destination of global excess capacities. Considering these pressing challenges, the Commission has committed in the SMAP to adopt a legislative proposal replacing the steel safeguards and providing a highly effective measure to protect the European steel sector against negative trade-related effects caused by global overcapacities.

- **Consistency with existing policy provisions in the policy area**

The proposed Regulation would create the enabling conditions for the EU steelmaking industry to improve its economic performance, allowing it to undertake the substantial investments required to decarbonise effectively. It would also enhance and preserve the EU's strategic autonomy, resilience, economic security, defence and social stability, by preventing a significant downsizing of the industry and the ensuing job losses, which would make the EU increasingly dependent on imports and undermine its industrial base and its ability to defend itself in the event of a conflict. It would also ensure that EU economic operators in the sector can continue pursuing their planned decarbonisation efforts.

- **Consistency with other Union policies**

The proposal is consistent with other Union policies, and in particular, it would substantially contribute to levelling the playing field in the EU steel market and to an effective decarbonisation of an energy-intensive sector. It would also ensure preserving the EU's strategic autonomy in the sector, including in line with the ReArm Europe Plan/Readiness 2030.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

Article 207, paragraph 2 of the Treaty of the Functioning of the European Union (TFEU).

- **Subsidiarity (for non-exclusive competence)**

According to Article 5(3) of the TEU, the subsidiarity principle does not apply in areas of exclusive Union competence. The customs and the common commercial policy are listed among the areas of exclusive competence of the Union in Article 3 of the TFEU. This policy includes the adoption of trade policy measures including tariffs, pursuant to, inter alia, Article 207 TFEU.

- **Proportionality**

The Commission proposal is in line with the principle of proportionality. It is particularly necessary in light of the structural global overcapacities and third country protectionist measures which are having a detrimental effect on the economic performance of the EU steel industry, and more generally, the functioning of the internal market. Such impact risks

undermining the EU's decarbonisation objectives as well as its strategic autonomy, including its decarbonisation and efforts to upscale its defence capabilities.

- **Choice of the instrument**

Regulation of the European Parliament and of the Council.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

Not applicable.

- **Stakeholder consultations**

The Commission sought views from stakeholders through a call for evidence¹ and a targeted consultation that ran from 18 July to 18 August 2025. The feedback received in the consultations is summarised in detail in the Staff Working Document² accompanying this proposal. 143 submissions were made in response to the call for evidence and 373 replies to the questionnaire part of the targeted consultation. The respondents were mostly EU-based companies, part of the steel supply chain, with overall limited participation from third country stakeholders and other companies and associations active in other sectors.

Collection and use of expertise

Not applicable

- **Impact assessment**

In the Steel and Metals Action Plan the Commission committed to adopting a proposal for an effective measure by the third quarter of 2025. This accelerated timeframe was necessary given the magnitude of the challenges faced by the industry, including the risk stemming from global overcapacity and its negative trade-related effects. The situation of the sector has further worsened through the imposition of tariffs on steel imports by the United States since March 2025. The current protection offered by the steel safeguard measure will expire after 30 June 2026, but its effectiveness is already being undermined by these new market interventions. Some Member States and some stakeholders, notably EU producers have been calling on the Commission to accelerate work on the proposal so that it enters into force as soon as possible. Given the urgency, conducting a full impact assessment would seriously risk leaving a gap between the termination of the safeguard and the application of the present regulation, the purpose of which is to maintain effective protection of the steel sector. Therefore, in line with the European Commission's Better Regulation Guidelines and Toolkit (see SWD(2021) 305 final) where a fully-fledged impact assessment is not possible given the urgency, and a derogation is granted, an analytical document was prepared in the form of a Staff Working Document ('SWD') presenting the evidence behind the proposal. The SWD provides an economic analysis and will present an objective analysis of evidence including

¹ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14781-Trade-measure-addressing-the-negative-trade-related-effects-of-global-excess-capacity-on-the-EU-steel-sector_en

² SWD(2025) 780

the potential impacts of various options to address the identified problems this legislative proposal aims to address.

- **Regulatory fitness and simplification**

Not applicable.

- **Fundamental rights**

The proposal is coherent with the Union's human rights policy and consistent with the Charter of Fundamental Rights. Where the imposition or increase of import duties affects the freedom to engage in international trade as part of the freedom of professional activity, the right of property or other fundamental rights including equal treatment, this is a legitimate action by the Union under the Charter of Fundamental Rights. This is because this action is taken in conformity with the requirements that the action be taken on the basis of a proper legal basis, by the competent authorities, in pursuit of the legitimate objective of protecting the steel industry against competing imports resulting from global overcapacities and from the effects of trade restrictive measures in third countries, and in line with the principle of proportionality.

4. BUDGETARY IMPLICATIONS

The proposed measure would allow the continuation of free-of-duty imports of the goods covered by it up to a certain level. If imports exceed that threshold, a 50% duty applies. Depending on the volume of imports that may enter the Union outside the free-of-duty quotas, the EU budget may see an increase of the revenue via the collection of such duties.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The proposal provides for an evaluation before 1 July 2031 with a view of assessing the effectiveness of this measure, taking into account both the persistence of the circumstances that justified the adoption of this Regulation and the economic robustness and level of decarbonisation of the European steel making industry.

- **Explanatory documents (for directives)**

Not applicable.

- **Detailed explanation of the specific provisions of the proposal**

Article 1 provides for the opening of tariff quotas and the level of duty applicable beyond these quotas.

Article 1bis exempts imports originating in Norway, Iceland and Liechtenstein from Article 1.

Article 2 lays down the management framework of the tariff quotas opened under Article 1.

Article 3 lays down the specific requirements to identify the place of melting and pouring.

Article 4 provides for the Commission empowerment to adopt implementing acts laying down and adjusting the country allocation of tariff quotas.

Article 4bis provides for the possibility to adopt bilateral safeguard measures applicable to imports originating in countries with which the Union has a free trade agreement providing for such possibility.

Article 5 provides the Committee procedure to be followed for the adoption of the implementing act on laying down and adjusting the country allocation of tariff quotas.

Article 6 provides for the Commission empowerment to adopt delegated acts amending the volume of tariff quotas opened by this Regulation and for supplementing this Regulation in line with Article 3.

Article 7 lays down the conditions for the exercise of the delegation of power laid down under Article 6.

Article 8 provides for the urgency procedure allowing to implement delegated acts immediately and under certain circumstances.

Article 9 provides for two evaluations by the Commission. The first to be conducted every two years shall assess the necessity to amend the product scope. The second evaluation covers the effectiveness of the measure to be assessed by 1 July 2031 and every five years thereafter.

Article 10 provides for the entry into force of this Regulation.

Proposal for a

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addressing the negative trade-related effects of global overcapacity on the Union steel market

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 207(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The steel sector is central to the Union's competitiveness and security. The Union has shown unequivocally the strategic importance that it attaches to that sector and its commitment to ensure the sector's viability and long-term sustainability.
- (2) Steel industries across countries and regions, including the Union, are suffering the negative impact derived from increasing global structural excess capacity. That global challenge affects the Union's domestic market and markets of other countries either directly, through imports from countries with excess capacity, or indirectly, as a result of the 'push-out' effect, or in both ways. The effective resolution of global overcapacity requires enhanced joint efforts of the Union and its like-minded partners which do not contribute to global overcapacity. The Union will continue leading the international work, including in the framework of the Global Forum on Steel Excess Capacity, on addressing the root causes of global overcapacity and implementing solutions strengthening transparency of the global steel market and taking into consideration modern production and supply techniques, including through the application of the "melted and poured" principle as well as monitoring of imports and exports. The Union and the like-minded countries should work together with a view to ring-fencing their economies from global overcapacity while ensuring secure supply chains and increasing market access among them.
- (3) An in-depth analysis concluded by the Commission already in 2019 showed that the Union steel industry was in a situation of threat of serious injury and that the situation was likely to develop into actual serious injury in the foreseeable future, in the absence of safeguard measures.
- (4) The Commission thus concluded at the time that it would be in the Union interest to adopt appropriate measures to avoid a further increase of imports.

- (5) On 31 January 2019, the Commission adopted Implementing Regulation (EU) 2019/159¹ imposing a definitive safeguard measure on certain steel imports, thereby addressing the risk of trade diversion and of serious injury that would have likely followed for the products covered by Implementing Regulation (EU) 2019/159. Implementing Regulation (EU) 2019/159 is due to expire on 30 June 2026.
- (6) In November 2024, Union leaders adopted the Budapest Declaration² highlighting the urgent need and determination to make the Union more competitive through a new European competitiveness deal. Furthermore, leaders declared their commitment to ensuring an industrial renewal and decarbonisation allowing the Union to remain an industrial and technological powerhouse. Union leaders also recognised the need for increasing defence readiness and capabilities, in particular by strengthening defence technological and industrial base accordingly. To that end, leaders committed to develop an industrial policy for the Union to ensure the growth of tomorrow's key technologies, while paying particular attention to traditional industries in transition.
- (7) Industrial competitiveness is a core priority and decarbonisation constitute a powerful driver of growth when integrated with industrial, competition, economic and trade policies.
- (8) Energy intensive industries are focal sectors requiring urgent support to decarbonise, electrify, and confront high energy costs, unfair global competition, and complex regulations, harming their competitiveness.
- (9) Moreover, as recognised in the Steel and Metals Action Plan³, steel represents a metal of strategic importance for the Union's defence capability. Given the current geopolitical environment, stable and resilient supply chains of critical metals, like steel, and domestic production are essential for defence and aerospace, and for avoiding unwanted dependencies on third country suppliers.
- (10) The Union has already adopted several trade defence measures in the metals sectors, including in the iron and steel sectors, against unfair global competition. Nevertheless, the industry is increasingly negatively impacted by global structural excess capacities and by global distortions, including non-market policies and practices in certain countries that artificially support their domestic industries or circumvent Union trade defence measures and sanctions. The Union is the only major steelmaking region seeing a decrease in capacity. However, these efforts are being completely offset by continuous large capacity additions across other regions, completely detached from evolution of domestic and global demand. Global overcapacity is expected to increase from the current 602 million tonnes (equivalent to five times the Union demand) to 721 million tonnes by 2027.
- (11) In addition, the recent evolution of third country trade-restrictive measures is further increasing import pressure, both in terms of volumes and prices, on Union producers. Such pressure is expected only to increase further.

¹ Commission Implementing Regulation (EU) 2019/159 of 31 January 2019 imposing definitive safeguard measures against imports of certain steel products ([OJ L 31, 1.2.2019, p. 27](#), ELI: http://data.europa.eu/eli/reg_impl/2019/159/oj).

² <https://www.consilium.europa.eu/en/press/press-releases/2024/11/08/the-budapest-declaration/>

³ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - A European Steel and Metals Action Plan, COM(2025) 125 final.

- (12) As a result, the Union steel industry is in a dire situation with the unprecedented loss of the production capacity amounting to more than 30 million tons since 2018, historically low-capacity utilisation rate reaching 67% in 2024, and around 30000 jobs lost since 2018, with several thousand more job losses announced in 2024. The Union steel industry recorded losses in 2024.
- (13) Given the fast-worsening situation of the domestic steel industry and the unsatisfactory progress so far in finding a collective solution addressing global structural overcapacity, it is necessary to adopt a new measure replacing Implementing Regulation (EU) 2019/159. On 18 July 2025, the Commission launched a call for evidence and a targeted consultation to seek the views from stakeholders on various aspects of the new measure, including its form, level, geographical scope and duration, as well as other specific features such as rules of origin. The process ran until 18 August 2025 and over five hundred responses were received: 143 submissions to the call for evidence and 373 replies to the targeted consultation questionnaire. A detailed summary of the feedback received is available in the Staff Working Document accompanying this legislative proposal.
- (14) In parallel to the ordinary legislative procedure that this proposal will be subject to, the Union intends to open negotiations under Article XXVIII of the General Agreement on Tariffs and Trade 1994 with a view to modifying certain WTO concessions for the products concerned by this Regulation and ensure that the resulting level of custom duties ensures the resilience of the Union steel industry in a context of structural global overcapacities, growing third country trade measures on the steel sector, and their negative trade-related impact on the Union's steel industry.
- (15) Whereas under Implementing Regulation (EU) 2019/159 the out-of-quota tariff is set at 25%, taking into account the level of tariffs in the steel sector in other key markets, it is appropriate to set the level of out-of-quota tariff to a 50% duty to minimise the risk of trade diversion. This duty would come in addition to other duties applying to the product categories covered by this Regulation.
- (16) The Union should open free-of-duty tariff quotas, covering imports from all third country origins, at levels equivalent to the import market share that prevailed in the Union steel market prior to the impact of global overcapacity. To this effect, the Commission considered, after analysing the relevant data at its disposal, that the year 2013 represents the most appropriate basis for the calculation. The reason is that this year was not impacted by the global overcapacity outbreak, which peaked in 2015, but whose effects were already visible, in terms of relevant increased import penetration in 2014. Furthermore, the Commission has data on consumption as well as economic performance from Union industry available and verified in the framework of the original safeguard proceeding, as published in Commission Implementing Regulation (EU) 2019/159⁴. In light of the serious disturbances in the steel sector and the fast worsening situation of the domestic steel industry, imports originating in countries with which the Union has free trade area agreements should also be subject to such tariff quotas. This is without prejudice to a complementary appropriate solution that may be found under the respective agreement, including through bilateral safeguard measures in accordance with this Regulation.

⁴ Commission Implementing Regulation (EU) 2019/159 of 31 January 2019 imposing definitive safeguard measures against imports of certain steel products (OJ L 31, 1.2.2019, p. 27, ELI: http://data.europa.eu/eli/reg_impl/2019/159/oj).

- (17) In view of the close and unique integration under the Agreement on the European Economic Area ⁵, Union imports from Norway, Iceland, and Liechtenstein should be excluded from the application of the out of quota duty.
- (18) The total volume of tariff quotas should be calculated applying the imports' market share in the Union market in the year 2013 as reference (around 13% market share), to the overall consumption in the Union steel market in 2024 (the latest year for which full available data is available). That results in a total annual tariff quota volume of 18 345 922 tons. The calculation should not allocate the proportion of imports originating in the Russian Federation and Belarus, which are currently subject to import bans.
- (19) The tariff quotas should be allocated per product category based on the share of imports that each product category held over the period 2022-2024. That reference period for allocating the share of the quota is deemed appropriate as it reflects accurately the more recent trade flows.
- (20) The tariff quotas should be administered on a quarterly basis in line with the management system provided for in Articles 49 to 54 of Commission Implementing Regulation (EU) 2015/2447⁶. That type of administration ensures that the measure is effective by avoiding disproportionately large volumes of imports in a very short period, while not unduly hindering trade flows. Those tariff quotas that are not used within one quarter should not be carried over to the next quarter.
- (21) To ensure that the measure is effective in tackling the effects of global overcapacity, and in light of the specificities of steel products and the modern production and supply techniques, it is important to identify the country of "melt and pour". The country of "melt and pour" refers to the original location in which raw steel and iron is initially produced in liquid form within a steelmaking or iron-making furnace and subsequently cast into its primary solid state. This primary solid state can encompass either a semi-finished product, including but not limited to slabs, billets, or ingots, or a finished steel mill product. Requesting evidence of the country of "melt and pour" will avoid that steel produced in certain countries contributing to global overcapacity unduly enters the Union's market following further transformation in other countries and will increase transparency in the domestic supply chain for steel imports.
- (22) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission to lay down the country allocation of tariff quotas opened under this Regulation. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and the Council⁷.

⁵ Agreement on the European Economic Area - Final Act - Joint Declarations - Declarations by the Governments of the Member States of the Community and the EFTA States - Arrangements - Agreed Minutes - Declarations by one or several of the Contracting Parties of the Agreement on the European Economic Area, OJ L 1, 3.1.1994, pp. 3-522 (ES, DA, DE, EL, EN, FR, IT, NL, PT, [EUR-Lex - 21994A0103\(74\) - EN - EUR-Lex](#)).

⁶ Commission Implementing Regulation (EU) 2015/2447 of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code (OJ L 343, 29.12.2015, p. 558, ELI: http://data.europa.eu/eli/reg_impl/2015/2447/oj).

⁷ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13 ELI: <http://data.europa.eu/eli/reg/2011/182/oj>).

- (23) The Commission should be empowered to adopt by means of implementing acts, where necessary, safeguard measures on imports of products within the scope of this regulation originating in those countries with which the European Union has concluded a free trade agreement. Those safeguard measures should comply with the requirements of the applicable agreement and replace the tariff measures imposed pursuant to this regulation.
- (24) In order to ensure that the level of quotas opened in relation to imports into the Union is adapted to changing circumstances in the markets of the products covered by this Regulation as well as to provide technical specifications for the implementation of the melt and pour requirement, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission to supplement this Regulation by laying down the detailed rules for identifying the country in which the steel used in the production of the product is melted and poured and to amend Annex II to this Regulation. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making⁸. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.
- (25) Previous tariff quotas allocations and notably those laid down under Commission Implementing Regulation (EU) 2023/1331⁹ and Commission Implementing Regulation (EU) 2023/2840¹⁰ regarding trade flows of steel products originating in the United Kingdom and brought into Northern Ireland by direct transport from other parts of the United Kingdom should serve as a basis for the country allocation of quotas to be laid down by the Commission. Interests of a candidate country facing an exceptional and immediate security situation, such as Ukraine, should also be reflected upon when deciding on the quota allocations, without undermining the effectiveness of the measure.
- (26) The Commission should assess at the latest within 2 years following the adoption of this Regulation the necessity to adjust the scope of products covered by this Regulation and if deemed necessary, it should consider making a legislative proposal to add additional steel products, including products that are made of or contain a significant amount of steel.
- (27) Before 1 July 2031, and every five years thereafter, the Commission should evaluate the evolution of the key parameters that justified the adoption of this Regulation, including the evolution and trends of global overcapacity, as well as its effects on the

⁸ OJ L 123, 12.5.2016, p. 1, ELI: http://data.europa.eu/eli/agree_interinst/2016/512/oj.

⁹ Commission Implementing Regulation (EU) 2023/1331 of 29 June 2023 amending Implementing Regulation (EU) 2019/159 imposing a definitive safeguard measure on imports of certain steel products (OJ L 166, 30.6.2023, p. 98, ELI: http://data.europa.eu/eli/reg_impl/2023/1331/oj).

¹⁰ Commission Implementing Regulation (EU) 2023/2840 of 14 December 2023 amending Implementing Regulation (EU) 2019/159 imposing a definitive safeguard measure on imports of certain steel products (OJ L, 2023/2840, 15.12.2023, ELI: http://data.europa.eu/eli/reg_impl/2023/2840/oj).

steel market. The Commission should also review the situation of third country trade restrictive measures on steel and the implications and effects they may have, or be likely to have, in terms of risk of trade diversion into the Union market. In addition, the Commission should also analyse the situation concerning the existence of non-market policies and practices in third countries and their impact on the Union steel market. The Commission should also assess the evolution of the economic performance of the Union steel industry as well as the evolution of its decarbonisation projects,

HAVE ADOPTED THIS REGULATION:

Article 1

1. Tariff quotas of the Union are opened, on an annual basis, in relation to imports into the Union of each of the product categories covered by this Regulation as specified in Annex I (defined by reference to the CN codes).
2. For each product category, a specific volume of tariff quota is opened as provided under Annex II on a yearly basis.
3. Where the relevant tariff quota is exhausted or where imports of the product categories do not benefit from the relevant tariff quota, the imports of the product categories set out in Annex I shall be subject to a custom duty at the rate of 50% *ad valorem*.

Article 1bis

Article 1 shall not apply to products originating in Norway, Iceland or Liechtenstein.

Article 2

1. The tariff quotas set out in Article 1 shall be managed by the Commission and the Member States in accordance with the management system for tariff quotas provided for in Articles 49 to 54 of Implementing Regulation (EU) 2015/2447.
2. The tariff quotas shall be administered quarterly.
3. The drawings on each quarterly quota shall be stopped on the twentieth working day of the Commission following the end of the quarterly period.
4. The unused tariff quota volumes in one quarter shall not be carried over to the next quarter.

Article 3

1. For the purposes of this Regulation, the country in which the steel used in the production of the product is melted and poured shall be identified. The country of “melt and pour” shall be the original location in which raw steel and iron is initially produced in liquid form within a steelmaking or iron making furnace and subsequently cast into its first solid state.
2. At the moment of importation, importers shall provide appropriate evidence, such as a mill certificate which will prove the country of “melt and pour” of the steel used in the production of the product.

Article 4

1. The Commission shall adopt implementing acts laying down the country allocation of the tariff quotas set out in Annex II to reflect the following elements, as applicable:
 - (a) tariff quota levels equivalent to the import market share that prevailed in the Union steel market in 2013 prior to the impact of global overcapacity on the Union market;
 - (b) tariff quotas per product category based on the share of imports that each product category held over the period 2022-2024, calculated as a share of the tariff quota levels referred to in point (a);
 - (c) existing and future free trade agreements covering in their scope any of the products listed in Annex I;
 - (d) any international agreement concluded by the Union under Article XXVIII of the General Agreement on Tariffs and trade 1994 concerning the tariff quotas opened in relation to products listed in Annex I;
 - (e) any international agreement or non-binding understanding addressing the levels of global overcapacities for the products concerned by this Regulation;
 - (f) diversification of sources of supply;
 - (g) the situation of a candidate country facing an exceptional and immediate security situation.

Those implementing acts shall be adopted in accordance with the procedure referred to in Article 5(2).
2. On duly justified imperative grounds of urgency relating to the need to ensure the coincidence between the entry into force of this Regulation and the country allocation of tariff quotas set out in Annex II, the Commission shall adopt immediately applicable implementing acts in accordance with the procedure referred to in Article 5(3).

Article 4bis

1. The Commission may adopt implementing acts imposing bilateral safeguard measures on imports of products within the scope of this regulation originating in those countries with which the European Union has concluded a free trade agreement. Those safeguard measures shall comply with the requirements of the applicable agreement and shall replace the tariff measures imposed pursuant to this regulation.
2. Those implementing acts shall be adopted in accordance with the procedure referred to in Article 5(2).
3. On duly justified imperative grounds of urgency relating to the need to ensure that the bilateral safeguard measures may enter into force immediately upon the entry into force of this Regulation, the Commission may adopt immediately applicable implementing acts in accordance with the procedure referred to in Article 5(3).

Article 5

1. The Commission shall be assisted by the Trade Barriers Committee established by Article 7 of Regulation (EU) No 2015/1843 of the European Parliament and of the Council¹¹.
2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Where the Committee delivers no opinion, the Commission shall adopt the draft implementing act, subject to the provisions of the third subparagraph of Article 5(4) of Regulation (EU) No 182/2011.
3. Where reference is made to this paragraph, Article 8 of Regulation (EU) No 182/2011 in conjunction with Article 5 thereof, shall apply.

Article 6

1. The Commission is empowered to adopt delegated acts in accordance with Article 7 to amend the volumes of tariff quotas set out in Annex II taking into account the following elements:
 - (a) demand evolution;
 - (b) changes in the import market shares;
 - (c) significant developments in overcapacity;
 - (d) evolution and extent of third country measures impacting imports of steel;
 - (e) potential issues of availability of supply in certain product categories;
 - (f) undue crowding out effects in certain tariff quotas;
 - (g) the bilateral safeguard measures imposed pursuant to Article 4bis.
2. The Commission is empowered to adopt delegated acts in accordance with Article 7 to supplement this Regulation by laying down the detailed rules for the application of Article 3.
3. Where, in the case of sudden changes on the markets of the products covered by this Regulation, or in order to ensure the timely application of Article 3 or to take into account safeguard measures imposed pursuant to Article 4bis (3), it is necessary to amend or supplement quickly this Regulation and imperative grounds of urgency so require, the procedure provided for in Article 8 shall apply to delegated acts adopted pursuant to this Article.

Article 7

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

¹¹ Regulation (EU) 2015/1843 of the European Parliament and of the Council of 6 October 2015 laying down Union procedures in the field of the common commercial policy in order to ensure the exercise of the Union's rights under international trade rules, in particular those established under the auspices of the World Trade Organization (OJ L 272, 16.10.2015, p. 1, ELI: <http://data.europa.eu/eli/reg/2015/1843/oj>).

2. The power to adopt delegated acts referred to in Article 6 shall be conferred on the Commission for an indeterminate period of time from [Publications Office: insert the entry into force of this Regulation].
3. The delegation of power referred to in Article 6 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Article 6 shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Article 8

1. When delegated acts are adopted pursuant to this Article, they shall enter into force without delay and shall apply as long as no objection is expressed in accordance with paragraph 2. The notification of a delegated act to the European Parliament and to the Council shall state the reasons for the use of the urgency procedure.
2. Either the European Parliament or the Council may object to a delegated act in accordance with the procedure referred to in Article 7.
3. In such a case, the Commission shall repeal the act immediately following the notification of the decision to object by the European Parliament or by the Council.

Article 9

1. By [Publications Office: insert the date 2 years after the adoption of this draft Regulation] the Commission shall assess the necessity of amending the product scope of this Regulation, and may submit a legislative proposal to amend this Regulation. This assessment shall be carried out periodically every two years after the first review.
2. Before 1 July 2031, and every five years thereafter, the Commission shall evaluate the effectiveness of this Regulation. Such evaluation shall have regard to the persistence of the circumstances that justified the adoption of this Regulation and the situation of the Union steel making industry. Based on that evaluation, the Commission may submit a legislative proposal to amend or repeal this Regulation.

Article 10

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Strasbourg,

For the European Parliament
The President

For the Council
The President

**LEGISLATIVE FINANCIAL STATEMENT 'REVENUE'- FOR PROPOSALS
HAVING BUDGETARY IMPACT ON THE REVENUE SIDE OF THE BUDGET**

1. **NAME OF THE PROPOSAL:** Proposal for a Regulation of the European Parliament and of the Council addressing the negative trade-related effects of global overcapacity on the Union steel market

2. **BUDGET LINES:**
Revenue line (Chapter/Article/Item):
Amount budgeted for the year concerned:
(only in case of assigned revenues):
The revenues will be assigned to the following expenditure line (Chapter/Article/Item):

3. **FINANCIAL IMPACT**
 - ☐ Proposal has no financial implications
 - ☐ Proposal has no financial impact on expenditure but has a financial impact on revenue
 - ☒ Proposal has a financial impact on assigned revenue

The effect is as follows:

(EUR million to one decimal place)

Revenue line	Impact on revenue ¹⁴¹⁵	XX months period starting dd/mm/yyyy <i>(if applicable)</i>	Year N
Chapter/Article/Item ...			
Chapter/Article/Item ...			

Situation following action					
Revenue line	[N+1]	[N+2]	[N+3]	[N+4]	[N+5]
Chapter/Article/Item ...					
Chapter/Article/Item ...					

¹⁴ The amounts per year need to be an estimation based on the formula or method defined under section 5. For the starting year, the yearly amount is normally paid without a reduction or prorata.

¹⁵ In the case of traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20 % for collection costs.

(Only in case of assigned revenues, under the condition that the budget line is already known):

Expenditure line ¹⁶	Year N	Year N+1
Chapter/Article/Item ...		
Chapter/Article/Item ...		

Expenditure line	[N+2]	[N+3]	[N+4]	[N+5]
Chapter/Article/Item ...				
Chapter/Article/Item ...				

4. ANTI-FRAUD MEASURES

5. OTHER REMARKS

The measure takes the form of free-of-duty tariff quotas, and when this quota is exhausted, a 50% duty applies. It is therefore expected that at least some volumes will enter the EU market paying the duty. However, it is not possible to estimate the amount of volume and the price at which such potential imports under duties will take place. For this reason, we cannot estimate the impact on revenue.

¹⁶ To be used only if necessary.