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'I/A' ITEM NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: Draft REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL addressing the negative trade-related effects of global overcapacity on the Union steel market and amending Regulation (EU) 2020/2170 **(first reading)**
- Adoption of the legislative act
= Statements

Spain has requested that the following statement be entered in the Council minutes

In relation to the adoption of the Regulation on the effects of global overcapacity on the Union steel market, Spain would like to state the following:

We fully recognise and agree on the importance of protecting the steel sector in view of the upcoming expiry of the steel safeguard measure. In this regard, we support the new instrument aimed at addressing the negative trade-related effects of global overcapacity on the EU steel market.

However, we would like to reiterate that the scope of the measure is insufficient for the needs of our industry. This protection should be effective and of an appropriate scale, avoiding the risk of undermining the competitiveness of downstream client industries, which are particularly vulnerable. Far fewer financial resources are needed to add new capacity further down the value chain than are required by the steel industry itself, making it relatively easier for third-country steel companies to circumvent the measure by exporting downstream products with a steel content of almost 100%.

We therefore welcome the proposal for an early review of the extension provided for in the Regulation. However, this extension should be sufficiently broad and adapted to the needs of the client industries. We urge the Commission to initiate, as a matter of priority, the review of the scope of the new measure, in order to ensure that products further down the value chain are duly taken into account.

Estonia, Latvia and Lithuania have requested that the following joint statement be entered in the Council minutes

Estonia, Latvia and Lithuania would like to express its concern that the interests of accession candidate countries facing an exceptional and immediate security situation, such as Ukraine, are not sufficiently considered in the regulation. Ukraine should have been exempted from the scope of the regulation, in line with the current steel safeguard as stipulated in the regulation nr 2025/1153 which suspends certain provisions with regard to imports from Ukraine. It is important to take due account of the situation in Ukraine when allocating country-specific quotas, both now and in the future revision process of the Regulation.

The iron and steel industry remains a significant source of revenue for Ukraine — maintaining access to EU markets helps sustain Ukraine’s industrial base amid a full-scale war. Ukraine’s economy has suffered massively due to war: many steel-production facilities have been destroyed, damaged or occupied, yet the sector remains critical for maintaining economic activity, preserving jobs, and ensuring that Ukraine retains the capacity to rebuild and to integrate fully into the European economy in the future. By supporting Ukraine now, the EU helps safeguard Ukraine’s ability not only to supply goods, but also to rebuild its infrastructure, sustain employment, and avert mass economic collapse or mass displacement.

When the first exemption was introduced in 2022, the aim was to provide a “lifeline” to a severely contracting economy: under war conditions, Ukraine’s economy faced dramatic shrinkage, and traditional export routes were disrupted. In June 2025, the EU extended the suspension of safeguard measures on Ukrainian steel and iron for another three years — reaffirming the need for continued support.

Closer integration of Ukraine into the EU's internal market — even through preferential arrangements — serves the Union's long-term strategic interests. It strengthens economic ties, anchors Ukraine more firmly in European trade networks and supply chains, and reduces its dependence on non-EU markets. This contributes directly to European efforts of stability, reconstruction, and Ukraine's long-term political, economic, and security integration into the EU.

Granting concessions to Ukraine — especially suspending tariffs and safeguard measures on key imports like steel — is not just a gesture of goodwill, but a strategically sound economic decision for the EU in the current geopolitical context. It helps keep Ukraine's economy viable under wartime conditions; sustain key industrial capacity; foster deeper economic integration; facilitate reconstruction and it sends a strong and unequivocal political message of European support and solidarity.

Sweden, Latvia, Lithuania, Finland, Estonia and Denmark have requested that the following joint statement be entered in the Council minutes

The steel industry is important for Europe. It constitutes an important part of key value chains and the union's resilience. It is therefore essential to create the conditions for the European steel industry to remain competitive, not least in light of the challenges posed by global overcapacity.

At the same time, it is important to ensure that the regulation does not unduly affect the competitiveness of the downstream user industries negatively. The proposal has evolved in a more balanced direction when it comes to considering the interest of both producer- and downstream user industries, though further steps in this direction had been preferred. It remains crucial that the implementation of the measure, as well as future reviews, further consider the importance of reaching this balance in an evidence-based manner.

Regrettably, the measure will also have negative effects on our free trade partners. Constructive engagement, with the aim of reaching mutually acceptable solutions, is therefore essential. It is important that Ukraine's situation is duly reflected in the allocation of country specific quotas. The Joint Statement on imports of steel products from Russia is welcomed, and it is important to ensure that the objectives of the declaration are fulfilled.