

On March 19, 2025, the European Commission (EC) published a **Communication on a European Steel and Metals Action Plan** ([Action Plan](#)). The Action Plan outlines the **EC's policy for EU metals industries**, including by setting out a **calendar** of actions it intends to take over the next two years. The Action Plan pursues **seven main objectives**:

1. Lowering energy costs in the metals industries
2. Supporting access to sustainable energy sources
3. Preventing carbon leakage
4. Protecting and supporting the EU's metallurgical industrial capacities
5. Promoting circularity in metals
6. Protecting jobs
7. Supporting decarbonization projects

After acknowledging difficulties faced by the EU industry, *inter alia*, following a loss in international competitiveness, the Action Plan outlines the EC's intention to reinforce its use of **trade measures** to preserve the EU's metals industries and improve EU scrap metal access. Additionally, the EC intends to address **carbon leakage** by expanding the scope of the EU Carbon Border Adjustment Mechanism (CBAM) to certain steel and aluminum-intensive products.

In this client alert, we provide an overview of the EC's envisaged policy actions in relation to metals, before setting out certain policies that may particularly affect trade.

The EC's Future Actions

The Action Plan sets out concrete policy actions to be taken by the EC for each of the objectives it pursues. Some policy actions are specific to the metals industry, while others are of wider application. They are as follows:

Objective	Policy actions
Lowering energy costs and supporting sustainable energy access	<ul style="list-style-type: none"> • Q2 2025: <ul style="list-style-type: none"> – Delegated act on low-carbon hydrogen – Guidance on the design of network tariffs – Guiding principles identifying conditions under which anticipatory investments in grid projects should be granted • Q3 2025: <ul style="list-style-type: none"> – Opening of the third call under the European Hydrogen Bank • Q4 2025: <ul style="list-style-type: none"> – Proposal for the facilitation of grid access to energy-intensive industry electrification projects – Guidance to Member States on contract for difference design • 2026: <ul style="list-style-type: none"> – In the context of the EU Emissions Trading System (ETS) and CBAM reviews, work towards adequate measures for indirect ETS cost compensation post-2030
Preventing carbon leakage	<ul style="list-style-type: none"> • Q2 2025: <ul style="list-style-type: none"> – Communication on how to address carbon leakage for goods exported from the EU to third countries • Q4 2025: <ul style="list-style-type: none"> – CBAM comprehensive review, with anticircumvention strategy and measures, and a legislative proposal to expand CBAM scope to certain steel and aluminum-intensive downstream products

Objective	Policy actions
Protecting and promoting the EU's metallurgical industrial capacities	<ul style="list-style-type: none"> • From April 1, 2025 <ul style="list-style-type: none"> – Entry into force of the adjustments to the EU steel safeguards (some adjustments to enter into force on July 1, 2025) • Unknown timing: <ul style="list-style-type: none"> – Initiation of a safeguard investigation in the aluminum sector – Proposal for trade measures replacing the steel safeguards as of July 1, 2026 (no later than Q3 2025) – Assessment of the introduction of the “melted and poured” rule of origin for metal products
Promoting circularity in metals	<ul style="list-style-type: none"> • Q3 2025: <ul style="list-style-type: none"> – Consideration of trade measures to ensure the availability of scrap metals • Q4 2026: <ul style="list-style-type: none"> – Feasibility study on the recycled content obligations for steel and aluminum under the End-of-Life Vehicles Regulation – Preparations for the introduction of recycled content obligations for aluminum in certain construction products – Enhancement of the market for secondary raw materials – Proposal for a Circular Economy Act to improve the functioning of secondary raw material markets and create a single market for waste • Unknown timing: <ul style="list-style-type: none"> – Assessment of the introduction of recyclability or recycled content obligation for steel, aluminum and copper in specific products under the Ecodesign for Sustainable Products Regulation
Supporting jobs	<ul style="list-style-type: none"> • Spring 2025: <ul style="list-style-type: none"> – Amending the European Globalization Adjustment Fund Regulation • Unknown timing: <ul style="list-style-type: none"> – European Fair Transition Observatory to monitor employment impacts
Supporting decarbonization projects	<ul style="list-style-type: none"> • 2025: <ul style="list-style-type: none"> – Launch of a €1 billion pilot auction supporting industrial decarbonization and electrification of key industrial processes in view of the Industrial Decarbonization Act • Q4 2025: <ul style="list-style-type: none"> – Proposal as part of the Industrial Decarbonization Accelerator Act to introduce resilience and sustainability criteria – Proposal to reform the Research Fund for Coal and Steel • 2026 and 2027: <ul style="list-style-type: none"> – Launch of flagship calls under the Research Fund for Coal and Steel

Action Plan's Trade Implications

The Action Plan provides an outline of the EC's intended trade policy for metals over the coming years. In particular, it outlines the EC's following plans concerning EU trade defense, CBAM and metal circularity:

Trade Defense

- **Adjustments to the Steel Safeguards on April 1, 2025**

The EU's current [safeguard measures on steel imports](#) (steel safeguards) have been in place since 2018. In the Action Plan, the EC announced adjustments. The [adjustments were published in the EU's Official Journal](#) on March 26, 2025. Most adjustments will enter into force on **April 1, 2025**, with some adjustments scheduled to enter into force on **July 1, 2025**.

- **Replacement of the Steel Safeguards After June 2026**

The EU's steel safeguards will expire on **June 30, 2026**. To replace them, the EC has announced the introduction of "appropriate and effective protective measures" for the "long-term." The EC intends to make a proposal for the new trade measures **by the third quarter of 2025**. Their specific form is currently unknown.

In 2018, the EU's steel safeguards were adopted to offset a surge in EU steel imports following of the first imposition of tariffs on steel by the US. Nevertheless, the EC's wording suggests that new trade measures would address **global overcapacities** in the steel sector and the effects of an **increase in the number of countries limiting steel imports**. These wider concerns may be reflected in the scope and content of the future trade measures.

- **Protection Measures on Alloying Elements**

In December 2024, the EC launched a [safeguard investigation](#) on imports of **manganese** and **silicon-based alloying elements**. In the Action Plan, the EC confirms that the investigation will be finalized by November 18, 2025 (as required by the EU regulations on common rules for imports). Additionally, it indicates that it may adopt "additional protection measures" on top of the safeguards, should it deem it necessary as a result of the ongoing safeguard investigation.

- **Use of Trade Defense Instruments in the Aluminum Sector**

The EC indicates that it is **gathering evidence** "in view of using the trade defense instruments" in the **aluminum sector**. The EC specifies that this includes the possibility of launching a **safeguard investigation**, if it is requested to do so.

- **Rules of Origin**

The EC expresses concern regarding the **circumvention** of trade defense measures. To that extent, it will assess whether to adopt a **melted and poured rule of origin**. The origin of a metal being imported into the EU would be deemed to be that of the country in which the metal was originally melted and poured, regardless of the place of subsequent transformation and the origin of the goods as determined by the traditional nonpreferential rules of origin.

- **Trade Defense Investigation Initiation Based on Threat of Injury**

The EC will be proactive in initiating trade defense investigations based on the "**threat of injury**" to the EU industry, rather than only doing so once material injury occurs. To that extent, it intends to strengthen **trade flow monitoring**. By the **third quarter of 2025**, the EC will report on its enhanced monitoring of metal sectors other than steel and aluminum, and propose trade action.

- **Lesser Duty Rule**

The EC intends to assess whether the current **Lesser Duty Rule** should be changed, which could result in higher dumping margins. Under the Lesser Duty Rule, the EC sets antidumping measures at a level lower than the dumping margin if this level is adequate to remove injury.

- **Focus on Copper**

The EC indicates that the global situation in the **copper** industry will be monitored particularly closely due to the US opening an investigation into this metal in February 2025 that could lead to tariffs in that country. As such, an EU reaction to any US tariffs on copper is possible.

CBAM Amendment

CBAM is set to undergo modifications aimed at preventing unfair competition from third-country producers operating under less stringent carbon policies. The announced adjustments specifically seek to address **competitiveness issues** faced by EU-based companies and to mitigate **circumvention risks**.

By the **second quarter of 2025**, the EC should publish a communication setting out potential responses to carbon leakage risks for CBAM-covered goods exported from the EU. Furthermore, by **year-end**, a legislative proposal is anticipated to extend CBAM's coverage to steel- and aluminum-intensive final products. Additional anticircumvention provisions to close potential loopholes are also expected.

Therefore, the legislative proposal should not primarily aim to extend the CBAM mechanism to product categories covered by the ETS currently falling outside the scope of CBAM, **despite such an expansion being contemplated in the CBAM Regulation**. In fact, while the CBAM Regulation mandates an assessment of potential future expansions into ETS sectors, such as chemicals and polymers, the Action Plan suggests that the EC's immediate focus will be on downstream products in the steel and aluminum sectors and the strengthening of anticircumvention measures.

Circularity and Scrap Availability

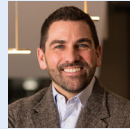
The EC is reportedly **monitoring** third-country measures preventing the exportation of **metal scrap** to the EU, as well as its **subsidization** of metal recycling and production. To that extent, the EC will consider proposing a trade measure aimed at **supporting the availability of metal scrap in the EU** by the third quarter of 2025 (the exact nature the measure is unknown). In that process, the EC will also assess the introduction of a **reciprocity rule**.

How We Can Help

The Action Plan outlines planned policy actions that could have a **strong impact** on the EU metals industry, including with respect to **trade**. Over the coming months, the EC will be taking steps to translate the Action Plan into **concrete policy proposals and decisions**. Given the **complexity** and **consequence** of some the actions the EC is bound to take, companies up and down value chains are advised to **closely monitor** metals-related policy changes and **evaluate** how their operations may be **impacted**. Steps may be required to **anticipate** any potential adversities and **address** them. On the contrary, the Action Plan may present **opportunities** that should be **leveraged**.

Our Public Policy and International Trade & Foreign Investment teams stand ready to assist you with any questions you may have concerning the Action Plan and its implications for trade. As the EU's future policies are being thought out, the time is right to engage with them.

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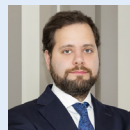
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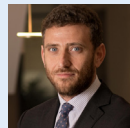
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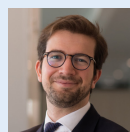
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