Joint Statement

An ambitious Green Steel definition under ESPR

A science-based and ambitious methodology to set a Green Steel Label under the Ecodesign for Sustainable Product Regulation (ESPR) is essential to decarbonise the steel sector. While we, as co-signatories, support the methodology of the Joint Research Center (JRC), we call for a sharp increase in the level of ambition in the classes of performance attributed to steel products in the Delegated Act, to drive the necessary investments into low-carbon and fossil-free technologies while reducing Europe's dependencies on third countries.

1. A methodology fit for purpose with the potential to boost strategic autonomy and decarbonisation

As of today, the technology-neutral approach taken by the JRC is the methodology that would drive most investments in low-carbon technologies. By taking a cradle-to-gate approach and establishing fixed thresholds, it recognises the decarbonisation potential of recycled steel scrap[1]. Contrary to other methodologies which disincentivise circularity and further deepen EU's dependence on primary raw materials with a high environmental footprint, the methodology proposed by the JRC channels investments towards technologies using the most sustainable raw materials and processes. For example, with the right performance classes, the JRC approach would reward primary fossil-free steelmaking made with Direct Reduced Iron and Electric Arc Furnaces using hydrogen (DRI-EAF H2 route). As such, it is the approach that would help the European Union in meeting its climate and environmental objectives while preventing lock-in effects in carbon-intensive technologies.

The JRC methodology would also drive investments in production pathways strengthening Europe's open strategic autonomy. By attributing a low-carbon footprint to products with high recycled content, it would reduce the consumption of iron ores and concentrates, which are almost exclusively imported from non-EU countries. Steel scrap is widely available in Europe and can supply the European steelmakers without risks of shortage, even if demand increases[2]. This, in turn, would slow our imports of primary raw material, cutting our dependencies on third countries.

[1] Substituting iron ore with recycled steel saves approximately 1.67 tonnes of CO2 per tonne of steel produced and 72% of the energy needed for primary production.

[2] Analysis of the EU Steel supply chain: current trends and circularity opportunities, JRC, 2025

Switching to another methodology at this point would risk delaying the implementation of the Green Steel Label and creating additional uncertainty for investors. The JRC methodology is aligned with the ongoing work for other materials under the ESPR (use of MEERP Life Cycle Assessment), such as aluminium, as well as with the CPR framework for all construction products. Using a different approach would convolute the European regulatory framework and risk favouring certain materials over others.

2. Raising the level of ambition, a must to boost decarbonisation in steelmaking

While the JRC methodology is balanced, the co-signatories call for a sharp increase in the level of ambition of the product-specific classes. They are currently too conservative and, if used in the Delegated Act, will fail to incentivise investments in low-carbon and fossil-free technologies or to reward truly low-carbon steel products in public procurements. As a result, these classes would neither drive market transformation nor clearly differentiate the best-performing products on the basis of their carbon footprint.

Taking the example of hot rolled coiled (HRC), which is a flat steel product produced within the EU mostly via the BF-BOF route: the performance class B ranges from 1.79 – 2.66 t CO2eq/t emissions. It is worth recalling that on average the carbon intensity of the BF-BOF route within the EU is 1.9 t CO2eq/t emissions[3]. Consequently, most of current installations would already comply with the B class of performance and thus benefit from access to green public procurement, without any further incentive to reduce emissions. For wire rod (WR), a long steel product, performance class B includes mainly imported DRI-EAF NG and BF-BOF products, while the majority of European production is already circular and decarbonised through EAFs. Fossil-based production routes should not qualify as class A and B.

When it comes to use of the methodology to derive the Delegated Act, the co-signatories call for narrowing the range of public procurements covered by class A and B, to reward truly low-carbon and fossil-free steel products and encourage the industry to invest and further reduce their emissions. Only the 10% most sustainable steel products should be covered by classes A and B, with a cut-off point between the first two classes (A and B) and class C set to 400 kg CO2eq./t of crude steel. The current setting (30%) would allow carbon-intensive steel products to be labelled as green. This change in parameters would raise the ambition of the performance classes while keeping them realistic, driving decarbonisation investments in EU steelmaking.

[3] Sylvie Cornot, « La sidérurgie européenne se prépare pour être à la pointe de la décarbonation », Notes de l'Ifri, Ifri, janvier 2023.