

OPEN LETTER

FROM 76 CEOs OF THE EUROPEAN STEEL INDUSTRY TO EU HEADS OF STATE AND GOVERNMENT

An ambitious European Union Emissions Trading System must work for the environment – and support jobs and industry

To the Heads of State and governments of the European Union,

We, the undersigned CEOs of the European steel industry, are writing to you ahead of the final negotiations on the reform of the EU Emissions Trading System (EU ETS).

We agree that climate change is a critical issue that urgently needs to be addressed at international level, and we fully support efforts to reduce CO₂ emissions cost effectively across the whole EU economy.

In the weeks ahead, you will have the final opportunity to shape an EU ETS that better addresses these objectives while preserving Europe's steel industry and the millions of employees it supports. You can avoid burdening the sector with high costs that will constrict investment, or that will increase the risk of job losses and plant closures in the EU.

The steel sector pulls its weight in lowering CO₂ emissions. However, with technically unachievable steel benchmarks, the EU ETS legislation creates high carbon costs for even the best performing steel plants, despite the fact that the sector has been unambiguously recognised in the European Commission's own Impact Assessment as being at very high risk of carbon leakage. In its current form, the EU ETS favours steel imports from third country competitors that do not have such costs and which have a far higher carbon footprint than steel made in the EU.

Were the EU ETS directive to be adopted without some of the improvements requested by the European Parliament there would be a shortage of emissions allowances for our industry of around 35% by 2030. There will be no spare allowances from previous years available to alleviate the impact of the post 2020 period in the steel industry. In addition, the sector would be even more exposed to the carbon cost pass-through in electricity prices. Other industry sectors under the EU ETS do not face these constraints to the same degree.

We therefore call upon you to help preserve the sustainability and global competitiveness of the European steel industry. Europe must be able to produce the innovative steels that underpin modern society - and that help reduce CO₂ emissions.

It is essential that the improvements that have been agreed by the European Parliament on waste gases, auctioning share, cross sectoral-correction factor and indirect costs are also adopted by the Council. This will help to ensure reform that encourages climate protection and

Monday, 29 May 2017

the fulfilment of the EU's CO₂ reduction commitments, while also limiting the impact upon the European steel industry's competitiveness, ability to innovate and the jobs it supports.

Yours sincerely,

Aditya Mittal
CEO
ArcelorMittal Europe

Martin Lindqvist
CEO
SSAB Svenskt Stahl AB

Hans Fischer
CEO and CTO
Tata Steel Europe Ltd

Bernardo Velazquez Herreros
CEO
Acerinox SA

Francisco Javier Sanchez
CEO
AG Siderurgica Balboa S.A.

Cristian Gradinaru
CEO
ArcelorMittal Roman Tubular Products

Denis Hugelmann
Président
Aubert & Duval

Peter Bernscher
CEO
British Steel

Jerzy Kozicz
Chairman of Management Board
CMC Poland

Hans Lammert
Managing Director
Edelstahl-Vereinigung E.V.

Michele Della Briotta
Managing Director
Europe Tenaris

Giuseppe Pasini
President
Feralpi Group

Frank Koch
CEO
Georgsmarienhütte Holding GmbH

Melker Jernberg
CEO
Höganäs AB

Anatolii Fediaiev
President of the Board
ISD Huta Czeszochowa Sp.z.o.o.

José Enrique Freire Arteta
President and CEO
Megasa

Francesc Rubiralta Rubio
Chairman and CEO
CELSA Group

Claudio Riva
President
Riva Forni Elettrici

Andreas J. Goss
CEO
thyssenKrupp Steel Europe AG

Carlos Álvarez
CEO
Aceros Inoxidables Olarra

Catherine Tissot-Colle
Présidente
Alliance des Minerais Minéraux et Métaux -
A3M

Eduardo Samblas
CEO
ArcelorMittal Tubular Products Ostrava a.s.

Wim Van Gerven
President
Belgian Steel Federation

Michel Hamy/Markus Menges
Director General
BSW - Badische Stahlwerke GmbH

Jürgen Alex
Member of the Board
Deutsche Edelstahlwerke GmbH

Dominique Richardot
Secrétaire Général
ESTA

Roman Stiftner
Managing Director
Fachverband Bergwerke und Stahl

Mario Caldonazzo
CEO
Finarvedi

George Skindilias
Vice-President and CEO
Halvourgiki Inc.

Jaroslav Raab
Executive Director
Hutnictvi Zeleza

S. Zeilberger, K. Rummler, J. Henze
Members of the Executive Board
Lech-Stahlwerke GmbH

Kimmo Järvinen
Managing Director
Metallinjalostajat - Association of the Finnish
Steel and Metal Producers

Antonio Gozzi
President
Federacciai

Heinz Jörg Fuhrmann
CEO
Salzgitter AG

Herbert Eibensteiner
Head of the Steel Division and Member of the
Management Board
voestalpine AG

Fred Metzken
CFO
AG der Dillinger Hüttenwerke

Timoteo Di Maulo
CEO
Aperam

Gilles Peru
CEO
Ascometal

Andreas Hauger
CEO
Benteler Steel/Tube

Politimi Paunova
Executive Director
Bulgarian Association of the Metallurgical
Industry

Antonio Gozzi
CEO
Duferco Industria Group

Armin Kauls
Managing Director
ESW RÖHRENWERKE

Peter Behrend
President
Fachvereinigung Stahlflanschen e.V.

Antonius Deelen
CEO
FNsteel bv

Vassileios Goumas
CEO
Hellenic Halvourgia

Evgeny Tankhilevich
CEO
ISD Dunafer Danube Ironworks Private
Company Limited by Shares

Markus Ritter
Managing Director
Marienhütte Stahl- und Walzwerk GmbH

Roberto Re
Commercial Director
Metinvest International Italy sarl

Monday, 29 May 2017

Robert Móger
Director
MVAE - Association of the Hungarian Steel
Industry

Roeland Baan
President & CEO
Outokumpu Oyj

Viktor Dembitsky
CEO
Promet Steel JSC

José A. Jainaga
President and CEO
Sidenor Aceros Especiales

Siegfried Gierl, Harry Nimmerjahn
Managing Directors
Rohrwerk Maxhütte GmbH

Alexander Alexandrov
General Manager
Stomana Industry SA

Guillermo Ulacia
Executive Vice-President
Tubos Reunidos Group

Gareth Stace
Director
UK Steel - EEF

Philippe Crouzet
Président du Directoire
Vallourec

Ben De Vos
CEO
NLMK International BV

Marcus Hedblom
CEO
Ovako AB

Michael Müller
CEO
Saarstahl AG

Nikolaos Mariou
General Manager
Sidenor SA - Greece

Denis Mancevic
CEO
SIJ Slovenian Steel Group

Jan Czudek
CEO
Trinecke Zelezarny AS

Scott D. Buckiso
President
U.S. Steel Kosice

Gonzalo Urquijo
President
UNESID Spanish Steel Association

Dmitrij Scuka
CEO and Chairman of the Board
Vitkovice Steel a.s.

Geert Van Poelvoorde
President
EUROFER

Filippo Gottardis
International Sales Director
Officine Tecnosider

Stefan Dzienniak
President of the Board
Polish Steel Association

Petra Einarsson
CEO
Sandvik Materials Technology AB

José Enrique Freire Arteta
President
Siderurgia Nacional - Empresa de Productos
Longos S.A.

Bo-Erik Pers
CEO
Jernkontoret

Jesus Esmoris
CEO
Tubacex

Patrick Lamarque d'Arrouzat
CEO
Ugitech

Ionel Bors
President
UniRomSider

Hans Jürgen Kerkhoff
President
Wirtschaftsvereinigung Stahl

Monday, 29 May 2017

For more information, please contact the European Steel Association (EUROFER) at +32 2 738 79 20 or visit www.eurofer.eu

EUROFER, 172 Avenue de Cortenbergh, 1000 Brussels, Belgium