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NOTE

From:	General Secretariat of the Council
On:	27 March 2026
To:	Permanent Representatives Committee
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Subject:	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 - Preparation for the trilogue

1. On 7 October 2025, the European Commission submitted to the Council its proposal for a Regulation addressing the effects of global overcapacity on the EU steel market (documents ST 13702/25 INIT, ST 13702/25 ADD 1 and ST 13702/25 ADD 2). The proposal is intended to replace the current steel safeguard measure, which will expire on 30 June 2026.

2. On 12 December 2025, the Permanent Representatives Committee agreed on a mandate for negotiations with the European Parliament (ST 16902/25). The European Parliament adopted its position at first reading in plenary on 11 February 2026, thereby enabling the start of interinstitutional negotiations.

3. On 23 February 2026, a first kick-off political trilogue took place. After several interinstitutional technical meetings on 26 February and on 3, 4 and 12 March 2026, a second political trilogue was held on 17 March 2026. Despite the progress achieved on a number of elements and the Commission's efforts to put forward compromise solutions, and contrary to expectations, it was not possible to reach a political agreement. Divergences remained concerning the product scope and its review, the treatment of imports of steel melted and poured in Russia and Belarus, and the carry-over mechanism, as well as the need for further work on certain elements, including the "melt and pour" requirement. On 20 and 23 March 2026, additional interinstitutional meetings took place.

4. On 27 March 2026, the Permanent Representatives Committee discussed the outcome of this political trilogue.

5. In the course of ongoing technical discussions, significant progress has been achieved, and a number of elements have been provisionally stabilised. Convergence has emerged on several key aspects, in particular:

   – the overall structure of the Regulation and a large part of the operative provisions.

   – a three-stage approach to the "melt and pour" requirement, combining data collection, a possible future use as a criterion for quota allocation, and a review clause.

   – a reinforced wording concerning Ukraine, combining elements from both co-legislators' positions, while further drafting improvements by the Commission are expected.

   – a possible convergence on the criteria under Articles 4 and 6, combining elements from both co-legislators' positions.

   – the alignment of provisions related to governance, including review timelines, the annual report and the establishment of an online contact point.

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6. Notwithstanding this progress, a limited number of politically sensitive issues remain unresolved, on which additional flexibility from both sides is needed to reach an overall compromise, in particular:

   – the review of the product scope.

   – the treatment of imports of steel melted and poured in Russia and Belarus.

   – the carry-over of unused tariff-rate quota volumes.

7. As regards the product scope, the Commission has suggested a compromise consisting in maintaining the current scope of the Regulation, combined with an early targeted review of additional product categories. This approach could provide a balanced solution, ensure legal robustness while addressing the concerns expressed by the European Parliament.

8. Concerning imports of steel melted and poured in Russia and Belarus, the Council has consistently supported the inclusion of appropriate provisions in the Regulation reflecting the interaction with the existing restrictive measures framework. At the same time, it has maintained its position that the adoption of the joint declaration proposed by the Parliament would not be appropriate, in particular in light of the institutional framework and the distinction between trade policy and the Common Foreign and Security Policy.

9. With regard to the carry-over mechanism, the Council has underlined the importance of preserving the possibility to carry-over unused quota volumes within a given year, as an essential element for ensuring predictability and stability for economic operators, in particular downstream industries. At the same time, in line with the Presidency suggestion to the Working Party, a possible avenue for compromise could be explored, allowing for adjustments by the Commission to respond to market disturbances in certain steel product categories.

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10. In light of the above, it appears that a balanced compromise package is within reach for a political agreement at the next trilogue on 13 April 2026.

11. Against this background, the Permanent Representatives Committee is invited to:

- confirm its agreement on the elements already provisionally stabilised, including the three-stage approach to the "melt and pour" requirement, the convergence on Articles 4 and 6, reinforced language regarding Ukraine, and the governance provisions.

- indicate its openness to the Commission compromise approach on the review of the product scope.

- reconfirm the Council's position regarding imports of steel melted and poured in Russia and Belarus, including the rejection of any joint declaration.

- provide the Presidency with the necessary flexibility to explore a compromise on the carry-over mechanism, ensuring the possibility of carry-over of unused quantities while allowing for targeted adjustments by the Commission through implementing acts under clearly defined conditions.

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