Council of the European Union
General Secretariat

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Interinstitutional files:
2025/0726 (COD)

Brussels, 02 December 2025

WK 16690/2025 INIT

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WORKING DOCUMENT

From:	Presidency
To:	Working Party on Trade Questions
Subject:	Regulation addressing the effects of global overcapacity on the Union steel market - Presidency compromise proposal

2025/0726 (COD)

~~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

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THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 207(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) The steel sector is central to the Union's competitiveness and security. The Union has shown unequivocally the strategic importance that it attaches to that sector and its commitment to ensure the sector's viability***, resilience*** and long-term sustainability.

(2) Steel industries across countries and regions, including the Union, are suffering the negative impact derived from increasing global structural excess capacity. That global challenge ***negatively*** affects the Union's domestic market and markets of other countries either directly, through imports from countries with excess capacity, or indirectly, as a result of the 'push-out' effect, or in both ways. The effective resolution of global overcapacity requires enhanced joint efforts of the Union and its like-minded partners which do not contribute to global overcapacity. The Union will continue leading the international work, including in the framework of the Global Forum on Steel Excess Capacity, on addressing the root causes of global overcapacity and implementing solutions strengthening transparency of the global steel market and taking into consideration modern production and supply techniques, including through the application of the "~~melted and poured~~***melt and pour***" principle as well as monitoring of imports and exports. ***The Union***

remains committed to keeping markets open and fair, and further strenghening its relationship with existing and future free trade partners. In this spirit, the Union and the like-minded countries should work together with a view to ring-fencing their economies from global overcapacity while ensuring secure supply chains- and increasing market access among them.

(3) An in-depth analysis concluded by the Commission ~~already~~ in 2019 showed that the Union steel industry was ***already then*** in a situation of threat of serious injury, and that the situation was likely to develop into actual serious injury in the foreseeable future, in the absence of safeguard measures.

(4) The Commission ~~thus~~ concluded at ~~the~~***that*** time that it would be in the Union***'s*** interest to adopt appropriate measures to avoid a further increase of imports.

(5) On 31 January 2019, the Commission adopted Implementing Regulation (EU) 2019/159[1] imposing a definitive safeguard measure– on certain steel imports, thereby addressing the risk of trade diversion and of serious injury that would ~~have~~ likely ***have*** followed for the products covered by ~~Implementing~~***that*** Regulation ~~(EU) 2019/159~~. Implementing Regulation (EU) 2019/159 is due to expire on 30 June 2026.

(6) In November 2024, Union leaders adopted the Budapest Declaration[2] ***on the New European Competitiveness Deal*** highlighting the urgent need and determination to make the Union more competitive ~~through a new European competitiveness deal~~. Furthermore, leaders declared their commitment to ensuring an industrial renewal and decarbonisation***,*** ***and*** allowing the Union to remain an industrial and technological powerhouse. Union leaders also recognised the need for increasing defence readiness and capabilities, in particular by strengthening ***the*** defence technological and industrial base accordingly. To that end, leaders committed to develop an industrial policy for the Union to ensure the growth of tomorrow's key technologies, while paying particular attention to traditional industries in transition.

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1 Commission Implementing Regulation (EU) 2019/159 of 31 January 2019 imposing definitive safeguard measures against imports of certain steel products (OJ L 31, 1.2.2019, p. 27, ELI: http://data.europa.eu/eli/reg_impl/2019/159/oj).

~~2~~ ~~https://www.consilium.europa.eu/en/press/press-releases/2024/11/08/the-budapest-declaration/~~

(7) Industrial competitiveness is a core priority and decarbonisation ~~constitute~~***can be*** a powerful ~~driver~~***accelerator*** of growth ***and resilience*** when integrated with industrial, competition, economic and trade policies.

(8) Energy intensive industries are focal sectors requiring urgent support to decarbonise, electrify, and confront high energy costs, unfair global competition, and complex regulations, harming their competitiveness.

(9) Moreover, as recognised in the ***Commission Communication of 19 March 2025 entitled "A European*** Steel and Metals Action Plan[3]***"***, steel ~~represents~~***is*** a metal of strategic importance for the Union's defence capability. Given the current geopolitical environment, stable and resilient supply chains of ~~critical~~ metals, ~~like~~***including*** steel, and domestic production ***thereof*** are essential for defence and aerospace, and for avoiding unwanted dependencies on third country suppliers.

(10) The Union has already adopted several trade defence measures in the metals sectors, including in the iron and steel sectors~~, against unfair global competition~~. Nevertheless, the industry is increasingly negatively impacted by global structural excess capacities and by global distortions, including non-market policies and practices in certain countries that artificially support their domestic industries or circumvent Union trade defence measures and sanctions. The Union is the only major steelmaking region seeing a decrease in capacity. However, these efforts are being completely offset by continuous large capacity additions across other regions, completely detached from ***the*** evolution of domestic and global demand. Global overcapacity is expected to increase from the current 602 million tonnes***,*** ~~(~~equivalent to five times the Union demand~~)~~***,*** to 721 million tonnes by 2027.

(11) In addition, the recent evolution of third country trade-restrictive measures is further increasing ~~import~~***the*** pressure ***of imports on the Union market***, both in terms of volumes and prices~~, on Union producers~~. Such pressure is expected only to increase further.

(12) As a result, the Union steel industry is in a dire situation with the unprecedented loss of ~~the~~ production capacity amounting to more than 30 million tons since 2018, ***an*** historically low-capacity utilisation rate reaching 67% in 2024, and around 30000 jobs lost since 2018,

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~~3~~ ~~Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - A European Steel and Metals Action Plan, COM(2025) 125 final.~~

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with several thousand more job losses announced in 2024. The Union steel industry recorded losses in 2024.

(13) Given the ~~fast-worsening~~***rapidly worsening*** situation of the domestic steel industry***, its growing strategic importance*** and the unsatisfactory progress so far in finding a collective solution addressing global structural overcapacity, it is necessary to adopt a new measure replacing Implementing Regulation (EU) 2019/159. ~~On 18 July 2025, the Commission launched a call for evidence and a targeted consultation to seek the views from stakeholders on various aspects of the new measure, including its form, level, geographical scope and duration, as well as other specific features such as rules of origin. The process ran until 18 August 2025 and over five hundred responses were received: 143 submissions to the call for evidence and 373 replies to the targeted consultation questionnaire. A detailed summary of the feedback received is available in the Staff Working Document accompanying this legislative proposal.~~

(13a) Where the Commission allocates tariffs quotas, imposes bilateral safeguard measures or amends the volumes of tariff quotas set out in Annex II, it should take into account the Union interest. The determination of the Union interest should be based on all available information and consist of an appreciation of the various interests at stake, taken as a whole. Those interests include the interests of Union economic operators, including upstream and downstream industries, and the interests of Union final consumers.

~~(14) In parallel to the ordinary legislative procedure that this proposal will be subject to, the Union intends to open negotiations under Article XXVIII of the General Agreement on Tariffs and Trade 1994 with a view to modifying certain WTO concessions for the products concerned by this Regulation and ensure that the resulting level of custom duties ensures the resilience of the Union steel industry in a context of structural global overcapacities, growing third country trade measures on the steel sector, and their negative trade-related impact on the Union's steel industry.~~

(14a) This Regulation establishes a coherent framework to tackle the negative trade-related effects of overcapacity. In view of the serious disturbances in the steel sector and the rapidly worsening situation of the domestic steel industry, it is necessary to cover all third countries, including those with which the Union has concluded a free trade agreement and those benefiting from the Union generalised scheme of tariff preferences under Regulation (EU) No 978/2012 of the European Parliament and of the Council. The framework established under this Regulation should provide for, one the hand, the

opening of tariff quotas and the setting of an out-of-quota duty and, on the other hand, the possibility, where appropriate, of imposing bilateral safeguard measures in respect of products from third countries with which the Union has concluded a free trade agreement. Where it is not appropriate to apply bilateral safeguard measures, products from third countries with which the Union has concluded a free trade agreement should be subject to the tariff quotas and the out-of-quota duty provided for in this Regulation.

(15) Whereas under Implementing Regulation (EU) 2019/159 the out-of-quota tariff is set at ~~25%~~***25 %***, taking into account the level of tariffs in the steel sector in other key markets, it is appropriate to ~~set the level of~~***raise the*** out-of-quota ~~tariff to a 50% duty~~***duty to 50 %,*** to minimise the risk of trade diversion. This duty would ~~come~~***be*** in addition to other duties applying to the product categories covered by this Regulation.

~~(16) The Union should open free-of-duty tariff quotas, covering imports from all third country origins, at levels equivalent to the import market share that prevailed in the Union steel market prior to the impact of global overcapacity. To this effect, the Commission considered, after analysing the relevant data at its disposal, that the year 2013 represents the most appropriate basis for the calculation. The reason is that this year was not impacted by the global overcapacity outbreak, which peaked in 2015, but whose effects were already visible, in terms of relevant increased import penetration in 2014. Furthermore, the Commission has data on consumption as well as economic performance from Union industry available and verified in the framework of the original safeguard proceeding, as published in Commission Implementing Regulation (EU) 2019/159[4]. In light of the serious disturbances in the steel sector and the fast worsening situation of the domestic steel industry, imports originating in countries with which the Union has free trade area agreements should also be subject to such tariff quotas. This is without prejudice to a complementary appropriate solution that may be found under the respective agreement, including through bilateral safeguard measures in accordance with this Regulation.~~

~~4 Commission Implementing Regulation (EU) 2019/159 of 31 January 2019 imposing definitive safeguard measures against imports of certain steel products (OJ L 31, 1.2.2019, p. 27, ELI: http://data.europa.eu/eli/reg_impl/2019/159/oj).~~

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(17) In view of the close and unique integration under the Agreement on the European Economic Area~~-~~[5], Union imports from ~~Norway,~~ Iceland, ~~and~~ Liechtenstein***, and Norway*** should be excluded from the application of the ***tariff quotas and the*** out of quota duty.

(18) The total volume of tariff quotas should be calculated applying the imports' market share in the Union market in the year 2013 as reference***, which was*** ~~(~~around ~~13% market share)~~***13 %***, to the overall consumption in the Union steel market in 2024***, which is*** ~~(~~the latest year for which ~~full available~~***complete*** data is available~~)~~. That results in a total annual tariff quota volume of 18 345 922 tons. The calculation should not allocate the proportion of imports originating in ***Belarus and*** the Russian Federation ~~and Belarus~~, which are currently subject to import bans.

(19) The tariff quotas should be allocated per product category based on the share of imports that each product category held over the period 2022-2024. That reference period for allocating the share of the quota is ~~deemed~~ appropriate as it reflects accurately the more recent trade flows.

(20) The tariff quotas should be administered on a quarterly basis in line with the management system provided for in ~~Articles 49 to 54~~ of Commission Implementing Regulation (EU) 2015/2447[6]. That type of administration ensures that the measure is effective by avoiding disproportionately large volumes of imports in a very short period, while not unduly hindering trade flows. Those tariff quotas that are not used within one quarter should ~~not~~ be carried over to the next quarter ***within the same yearly period of application of the tariff rate quota***.

(21) To ensure that the measure is effective in tackling the effects of global overcapacity, and in light of the specificities of steel products and the modern production and supply techniques, it is important to identify the country of "melt and pour"~~. The country of "melt and pour" refers to~~***, that being*** the original location in which raw steel ~~and~~***or*** iron is

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[5] Agreement on the European Economic Area - Final Act - Joint Declarations - Declarations by the Governments of the Member States of the Community and the EFTA States - Arrangements - Agreed Minutes - Declarations by one or several of the Contracting Parties of the Agreement on the European Economic Area, OJ L 1, 3.1.1994, pp. 3–522 (ES, DA, DE, EL, EN, FR, IT, NL, PT, EUR-Lex - 21994A0103(74) - EN - EUR-Lex).

[6] Commission Implementing Regulation (EU) 2015/2447 of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code (OJ L 343, 29.12.2015, p. 558, ELI: http://data.europa.eu/eli/reg_impl/2015/2447/oj).

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initially produced in liquid form within a ~~steelmaking~~***steel-*** or iron-making furnace and subsequently cast into its primary solid state. ~~This~~***That*** primary solid state can encompass either a semi-finished product, including but not limited to slabs, billets, or ingots, or a finished steel mill product. ~~Requesting~~***Importers should be required to provide*** evidence ~~of~~***on*** the country of "melt and pour" ~~will avoid that steel produced in certain countries contributing to global overcapacity unduly enters the Union's market following further transformation in other countries and will~~***, such as by means of a mill certificate. Such a requirement would*** increase transparency in the domestic supply chain for steel imports ***and allow the Commission to obtain reliable information on the origin of steel imports into the Union***.

(22) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission to lay down the ***type of evidence to be provided by importers to prove the*** country ~~allocation of tariff quotas opened under this Regulation. Those~~***of "melt and pour". Before exercising its implementing*** powers ***with regard to the evidence on the country of "melt and pour", the Commission*** should ~~be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and the Council~~[7]***carry out consultations with relevant stakeholders, including steel producers, users, and Member States to ensure that the type of evidence required is sufficient to prove the country of "melt and pour", and should carefully assess the potential administrative burdens for importers and government agencies before presenting any requirements***.

(22a) Implementing powers should also be conferred on the Commission to lay down the country allocation of tariff quotas opened under this Regulation. In laying down that allocation, the Commission should take into account the import market share that prevailed in the Union steel market prior to the impact of global overcapacity. The year 2013 is the most appropriate basis for that calculation, since it was not impacted by the global overcapacity outbreak, which peaked in 2015, but the effects of which were already visible, in terms of relevant increased import penetration in 2014. At the same time, previous tariff quotas allocations, in particular those laid down under

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~~7~~ ~~Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13 ELI: ELI: http://data.europa.eu/eli/reg/2011/182/oj).~~

Implementing Regulations (EU) 2023/1331[8] and (EU) 2023/2840[9] regarding trade flows of steel products originating in the United Kingdom and brought into Northern Ireland by direct transport from other parts of the United Kingdom should be taken into account for the allocation of tariff quotas. Furthermore, the Commission should take into account current or future free trade agreements, notably those that are at an advanced stage of negotiations. Other elements should also be taken into account, such as the conclusion of any international agreement or non-binding understanding addressing the levels of global overcapacities for the products concerned by this Regulation and the need to ensure diversification of sources of supply, where appropriate. Similarly, the interests of candidate countries facing an exceptional and immediate security situation, such as Ukraine, should be taken into account, without undermining the effectiveness of the measure. Moreover, the Commission should ensure that the allocation of tariff quotas is compatible with the outcome of negotiations conducted under Article XXVIII of the General Agreement on Tariffs and Trade 1994. Finally, the Commission should take into account the tariff quotas, if any, allocated as part of bilateral safeguard measures so as to ensure that the overall amount of tariff quotas opened by the Union does not exceed the amount provided for in the relevant Annex.

(23) The Commission should ***also*** be empowered to ~~adopt~~***apply,*** by means of implementing acts, where necessary, ***bilateral*** safeguard measures on imports of products ~~within the scope of this regulation~~ originating in those countries with which the ~~European~~ Union has concluded a free trade agreement. Those ***bilateral*** safeguard measures should comply with ~~the requirements of~~ the applicable agreement and replace the tariff measures imposed pursuant to this Regulation. ***In determining which bilateral safeguard measures to apply, the Commission should have regard for the need to establish a coherent scheme under this Regulation and to address the negative trade-related effects of overcapacity on the Union steel market. Furthermore, with a view to ensuring that the Commission is able to swiftly apply bilateral safeguard measures, it is appropriate to clarify that the conditions and procedures laid down in Regulation (EU) 2019/287 of the European Parliament and***

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8 ***Commission Implementing Regulation (EU) 2023/1331 of 29 June 2023 amending Implementing Regulation (EU) 2019/159 imposing a definitive safeguard measure on imports of certain steel products (OJ L 166, 30.6.2023, p. 98, ELI: http://data.europa.eu/eli/reg_impl/2023/1331/oj).***

9 ***Commission Implementing Regulation (EU) 2023/2840 of 14 December 2023 amending Implementing Regulation (EU) 2019/159 imposing a definitive safeguard measure on imports of certain steel products (OJ L, 2023/2840, 15.12.2023, ELI: http://data.europa.eu/eli/reg_impl/2023/2840/oj).***

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of the Council should not apply to bilateral safeguard measures imposed under this Regulation.

(23a) Those implementing powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and the Council[10]. The examination procedure should be used for the adoption of the relevant implementing acts. The Commission should adopt immediately applicable implementing acts where, in duly justified cases relating to the need to ensure the coincidence between the application of this Regulation and the country allocation of tariff quotas or the imposition of bilateral safeguard measures, imperative grounds of urgency so require.

(24) In order to ensure that the level of quotas opened in relation to imports into the Union is adapted to changing circumstances in the markets of the products covered by this Regulation ~~as well as to provide technical specifications for the implementation of the melt and pour requirement~~, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission to ~~supplement this Regulation by laying down the detailed rules for identifying the country in which the steel used in the production of the product is melted and poured and to amend~~***amend the volumes of tariff quotas laid down in*** Annex II to this Regulation***. However, the Commission should be empowered to amend those volumes only insofar as their combined value remains between [...] tons and [...] tons***. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making[11]. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

(24a) Where the Commission allocates tariffs quotas, applies bilateral safeguard measures or amends the volumes of tariff quotas, it should take into account the Union interest. The determination of the Union interest should be based on all available information and

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10 ***Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13 ELI: ELI: http://data.europa.eu/eli/reg/2011/182/oj).***

11 OJ L 123, 12.5.2016, p. 1, ELI: http://data.europa.eu/eli/agree_interinstit/2016/512/oj.

consist of an appreciation of the various interests at stake, taken as a whole. Those interests include the interests of Union economic operators, including upstream and downstream industries, and the interests of Union final consumers.

~~(25) Previous tariff quotas allocations and notably those laid down under Commission Implementing Regulation (EU) 2023/1331[12] and Commission Implementing Regulation (EU) 2023/2840[13] regarding trade flows of steel products originating in the United Kingdom and brought into Northern Ireland by direct transport from other parts of the United Kingdom should serve as a basis for the country allocation of quotas to be laid down by the Commission. Interests of a candidate country facing an exceptional and immediate security situation, such as Ukraine, should also be reflected upon when deciding on the quota allocations, without undermining the effectiveness of the measure.~~

(26) ***By … [2 years following the date of entry into force of this Regulation],*** the Commission should assess ~~at the latest within 2 years following the adoption of this Regulation~~ the necessity to adjust the scope of products covered by this Regulation and***,*** if ~~deemed~~ necessary, it should consider making a legislative proposal to add ~~additional steel~~***certain*** products, including products that are made of or contain a significant amount of steel. ***By … [2 years following the date of entry into force of this Regulation], the Commission should, based on the information collected under this Regulation, assess whether it is necessary to designate the country of "melt and pour" as the basis to benefit from tariff quotas provided for in this Regulation, in particular to avoid that steel produced in certain countries contributing to global overcapacity unduly enters the Union's market following further transformation in other countries. If necessary, the Commission should consider making a legislative proposal to that effect.***

(27) ~~Before 1 July 2031, and~~***By 30 June 2030, and at least*** every ~~five~~***two*** years thereafter, the Commission should evaluate the evolution of the key parameters that justified the adoption of this Regulation, including the evolution and trends of global overcapacity, as well as its effects on the steel market~~. The Commission should also~~ ***and the Union interest;*** review

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~~[12] Commission Implementing Regulation (EU) 2023/1331 of 29 June 2023 amending Implementing Regulation (EU) 2019/159 imposing a definitive safeguard measure on imports of certain steel products (OJ L 166, 30.6.2023, p. 98, ELI: http://data.europa.eu/eli/reg_impl/2023/1331/oj).~~

~~[13] Commission Implementing Regulation (EU) 2023/2840 of 14 December 2023 amending Implementing Regulation (EU) 2019/159 imposing a definitive safeguard measure on imports of certain steel products (OJ L, 2023/2840, 15.12.2023, ELI: http://data.europa.eu/eli/reg_impl/2023/2840/oj).~~

the situation of third country trade restrictive measures on steel and the implications and effects they ~~may~~***might*** have, or be likely to have, in terms of risk of trade diversion into the Union market~~. In addition, the Commission should also~~***;*** analyse the situation concerning the existence of non-market policies and practices in third countries and their impact on the Union steel market~~. The Commission should also~~***;*** assess the evolution of the economic performance of the Union steel industry as well as the evolution of its decarbonisation projects~~,~~**.**

(27a) Given the need to ensure that the measures provided for in this Regulation apply from 1 July 2026, this Regulation should enter into force on the day following that of its publication in the Official Journal of the European Union,

HAVE ADOPTED THIS REGULATION:

Article 1

1. Tariff quotas of the Union are ***hereby*** opened, on an annual basis, in relation to imports into the Union of each of the product categories covered by this Regulation― as specified in Annex I ~~(defined by reference to the CN codes)~~.

2. For each product category, a specific volume of tariff quota is opened as provided under Annex II on a yearly basis.

3. Where the relevant tariff quota is exhausted or where imports of the product categories do not benefit from the relevant tariff quota, the imports of the product categories set out in Annex I shall be subject to a custom duty at the rate of 50% ad valorem.

*Article 1 ~~bis~~**a***

Article 1 shall ~~not~~ apply to ***all imports of the products concerned, including imports of*** products originating in ~~Norway, Iceland or Liechtenstein~~***a country with which the Union has concluded an agreement providing for tariff preferences or in a country benefitting from autonomous tariff preferences***.

By way of derogation, Article 1 shall not apply to products originating in:

(a) Iceland, Liechtenstein and Norway;

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(b) countries in respect of which safeguard measures apply pursuant to Article 4a.

Article 2

1. The tariff quotas set out in Article 1 shall be managed by the Commission and the Member States in accordance with the management system for tariff quotas provided for in Articles 49 to 54 of Implementing Regulation (EU) 2015/2447.

2. The tariff quotas shall be administered quarterly.

3. The drawings on each quarterly quota shall be stopped on the twentieth working day of the Commission following the end of the quarterly period.

4. The unused tariff quota volumes in one quarter shall ~~not~~ be carried over to the next quarter ***within the same yearly period of application of the tariff rate quota***.

Article 3

~~1.~~ ~~For the purposes of this Regulation, the country in which the steel used in the production of the product is melted and poured shall be identified. The country of "melt and pour" shall be the original location in which raw steel and iron is initially produced in liquid form within a steelmaking or iron making furnace and subsequently cast into its first solid state.~~

~~2~~***1***. At the moment of importation, importers ***of products falling within the product categories specified in Annex I*** shall provide appropriate evidence~~, such as a mill certificate~~ ***to prove country in*** which ~~will prove~~ the ***relevant raw steel or iron was initially produced in liquid form within a steel- or ironmaking furnace and subsequently cast into its first solid state (‘***country of "melt and pour"~~ of the steel used in the production of the product~~***’)***.

2. The Commission is empowered to adopt implementing acts to determine the type of evidence to be provided by importers pursuant to paragraph 1. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 5(2).

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Article 4

~~1.~~ The Commission shall adopt implementing acts laying down the country allocation of the tariff quotas set out in Annex II ***taking into account the Union interest and*** to reflect the following elements, as applicable:

(a) tariff quota levels equivalent to the import market share that prevailed in the Union steel market in 2013 ~~prior to the impact of global overcapacity on the Union market~~;

(b) tariff quotas per product category based on the share of imports that each product category held over the period 2022-2024, calculated as a share of the tariff quota levels referred to in point (a);

(c) existing and future free trade agreements covering in their scope any of the products listed in Annex I;

(d) ~~any international agreement concluded by the Union under Article XXVIII of the General Agreement on Tariffs and trade 1994 concerning the tariff quotas opened in relation to products listed in Annex I;~~

(e) any international agreement or non-binding understanding addressing the levels of global overcapacities for the products concerned by this Regulation;

(f) diversification of sources of supply;

(g) the situation of ~~a~~ candidate ~~country~~***countries*** facing an exceptional and immediate security situation.

The Commission shall ensure that the country allocation of country quotas laid down pursuant to the first subparagraph is compatible with any international agreement concluded by the Union under Article XXVIII of the General Agreement on Tariffs and trade 1994 concerning the tariff quotas opened in relation to products listed in Annex I.

Those implementing acts shall be adopted in accordance with the procedure referred to in Article 5(2).

Where the Commission has applied bilateral safeguard measures pursuant to Article 4a which entail tariff quotas, the implementing acts referred to in the first subparagraph shall not allocate an amount of tariff quotas corresponding to the tariff quotas opened as part of those bilateral safeguard measures.

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~~2.~~ On duly justified imperative grounds of urgency relating to the need to ensure the coincidence between the entry into force of this Regulation and the country allocation of tariff quotas set out in Annex II, the Commission shall adopt immediately applicable implementing acts in accordance with the procedure referred to in Article 5(3).

*Article ~~4 bis~~**4a***

~~1.~~ ***By way of derogation from Regulation (EU) 2019/287,*** the Commission may adopt implementing acts ~~imposing~~***applying*** bilateral safeguard measures on imports of products within the scope of this regulation originating in those countries with which the ~~European~~ Union has concluded a free trade agreement. Those safeguard measures shall comply with the ~~requirements of the~~ applicable agreement ~~and shall replace the tariff measures imposed pursuant to this regulation~~ ***and take into account the Union interest***.

~~2.~~ Those implementing acts shall be adopted in accordance with the procedure referred to in Article 5(2).

~~3.~~ On duly justified imperative grounds of urgency relating to the need to ensure that the bilateral safeguard measures may enter into force immediately upon the entry into force of this Regulation, the Commission may adopt immediately applicable implementing acts in accordance with the procedure referred to in Article 5(3).

Article 5

1. The Commission shall be assisted by the Trade Barriers Committee established by Article 7 of Regulation (EU) No 2015/1843 of the European Parliament and of the Council[14].

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

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[14] Regulation (EU) 2015/1843 of the European Parliament and of the Council of 6 October 2015 laying down Union procedures in the field of the common commercial policy in order to ensure the exercise of the Union's rights under international trade rules, in particular those established under the auspices of the World Trade Organization (OJ L 272, 16.10.2015, p. 1, ELI: http://data.europa.eu/eli/reg/2015/1843/oj).

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~~Where the Committee delivers no opinion, the Commission shall adopt the draft implementing act, subject to the provisions of the third subparagraph of Article 5(4) of Regulation (EU) No 182/2011.~~

3. Where reference is made to this paragraph, Article 8 of Regulation (EU) No 182/2011 in conjunction with Article 5 thereof, shall apply.

Article 6

1. The Commission is empowered to adopt delegated acts in accordance with Article 7 to amend the volumes of tariff quotas set out in Annex II ~~taking into account the following elements:~~. ***When amending those volumes, the Commission shall ensure that their total value is not lower than [...] nor higher than [...].***

The Commission shall take into account the Union interest and, as applicable, the following elements:

(a) demand evolution;

(b) changes in the import market shares;

(c) significant developments in overcapacity;

(d) ***the*** evolution and extent of third country measures impacting imports of steel;

(e) potential issues of availability of supply in certain product categories;

(f) undue crowding out effects in certain tariff quotas;

(g) ***significant price increases seriously undermining the competitiveness of downstream industries***~~the bilateral safeguard measures imposed pursuant to Article 4bis~~.

~~2.~~ ~~The Commission is empowered to adopt delegated acts in accordance with Article 7 to supplement this Regulation by laying down the detailed rules for the application of Article 3.~~

~~3~~***2***. Where, in the case of sudden changes on the markets of the products covered by this Regulation, ~~or in order to ensure the timely application of Article 3 or to take into account safeguard measures imposed pursuant to Article 4bis (3),~~ it is necessary to amend ~~or~~

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~~supplement~~ quickly this Regulation and imperative grounds of urgency so require, the procedure provided for in Article 8 shall apply to delegated acts adopted~~–~~ pursuant to this Article.

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Article 7

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Article 6 shall be conferred on the Commission for ~~an indeterminate~~***a*** period of ~~time~~***5 years*** from [~~Publications Office: insert~~***date of*** the entry into force of this Regulation]. ***The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of that 5 year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.***

3. The delegation of power referred to in Article 6 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement ***of 13 April 2016*** on Better Law-Making ~~of 13 April 2016~~.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to Article 6 shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Article 8

1. When delegated acts ~~are~~ adopted ~~pursuant to~~***under*** this Article~~,~~ ~~they~~ shall enter into force without delay and shall apply as long as no objection is expressed in accordance with paragraph 2. The notification of a delegated act to the European Parliament and to the Council shall state the reasons for the use of the urgency procedure.

2. Either the European Parliament or the Council may object to a delegated act in accordance with the procedure referred to in Article ~~7~~***7(6)***. ***In such a case, the Commission shall repeal the act immediately following the notification of the decision to object by the European Parliament or by the Council.***

~~3. In such a case, the Commission shall repeal the act immediately following the notification of the decision to object by the European Parliament or by the Council.~~

Article 9

1. By [~~Publications Office: insert the date~~ 2 years after the adoption of ~~this~~ draft Regulation]***, and every two years at the latest thereafter,*** the Commission shall assess the necessity of amending the product scope ~~of this Regulation,~~ and may submit a legislative proposal to amend this regulation. ***To this end, the Commission***~~This assessment~~ shall ~~be carried out periodically every two years after the first review~~***, by 1 December 2026, initiate a consultation process with relevant stakeholders, including economic operators and Member States***.

1a. By [2 years from the date of entry into force of this Regulation], the Commission shall, based on the information collected pursuant to Article 3, assess whether it is necessary to designate the country of "melt and pour" as the basis to benefit from the tariff quotas provided for in this Regulation. Based on that assessment, the Commission may submit a legislative proposal to that effect.

2. ~~Before 1 July 2031~~***By [4 years after the adoption of this Regulation]***, and every ~~five~~***two*** years ***at the latest*** thereafter, the Commission shall evaluate the effectiveness of this Regulation. Such evaluation shall have regard to the persistence of the circumstances that justified the adoption of this Regulation and the ***Union interest, including the*** situation of the Union steel making industry ***and the impacts on upstream and downstream industries***

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as well as the Union's final consumers. Based on that evaluation, the Commission may submit a legislative proposal to amend or repeal this Regulation.

Article 10

This Regulation shall enter into force on the ~~twentieth~~ day following that of its publication in the Official Journal of the European Union.

This Regulation shall apply from 1 July 2026. However, Article 3(2), Article 4, Article 4a, and Article 5 shall apply from [the date of entry into force]. Article 3(1) shall apply from 1 October 2026.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Strasbourg,

For the European Parliament	*For the Council*
The President	*The President*

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