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From:	Presidency
To:	Working Party on Trade Questions
Subject:	Regulation addressing the effects of global overcapacity on the Union steel market – Cyprus Presidency compromise proposal on the carry-over of unused quotas

Cyprus Presidency compromise proposal on the carry-over of unused quotas

- Amend L41 (Article 1(2)) as follows:

2. For each product category, a specific volume of tariff quota is opened as provided under Annex II on a yearly basis **from 1 July to 30 June of the following year ('yearly period of application')**.

- New L49b, L49c and L49d (Article 2(5), first, second and third subparagraphs):

5. Where necessary in the light of exceptional market disturbances in relation to one or more product categories, the Commission shall, by means of an implementing act, suspend for one year the carry-over referred to in paragraph 4, limited to those product categories.

The Commission shall continuously monitor market developments. Where exceptional market disturbances persist, the Commission shall, by means of an implementing act, extend for one year the suspension referred to in the first subparagraph, limited to the product categories still affected by those exceptional market disturbances.

The implementing acts referred to in the first and second subparagraphs of this paragraph shall be adopted in accordance with the procedure referred to in Article 5(2). They shall apply from the yearly period of application following their adoption.

- In L99b (Article 10, third subparagraph), insert the following sentence:

Article 2(5) shall apply from ... [2 years from the date of entry into force of this Regulation].

- Amend L30 (recital 20) as follows:

*The tariff quotas should be administered on a quarterly basis in line with the management system provided for in Commission Implementing Regulation (EU) 2015/2447. 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 be carried over to the next quarter within the same yearly period of application of the tariff rate quota, **in order to provide greater flexibility for economic operators and contribute to ensuring continuity in supply chains and the fulfilment of existing supply contracts. However, experience with the administration of tariff-rate quotas in the steel sector has shown that the carry-over of unused tariff quotas may, in certain circumstances, contribute to increased import pressure in particular quarters or product categories, notably***

where market demand weakens or consumption decreases while imports remain high. In those situations, the accumulation of unused tariff quotas can lead to a concentration of imports that could undermine the effectiveness of the measure and aggravate the market disturbances affecting the Union industry. Thus, where necessary as a result of exceptional market disturbances in relation to one or more product categories, the Commission should be empowered to temporarily suspend the carry-over of unused tariff quotas to address such disturbances. The suspension should be limited to one year, but it may be extended if the exceptional market disturbances persist. Any suspension and extension thereof should be limited to the product categories subject to the exceptional market disturbances. In order to ensure market predictability, the suspension of the carry-over of unused tariff quotas and the extension thereof should apply only from the following yearly period of application of the tariff rate quotas.