

# Public Statement: The EU Label for Steel Should Build on the Sliding Scale Approach

**Brussels, 02 December 2025** - As announced in the Clean Industrial Deal, the European Commission is expected to put forward an EU label for steel on 10 December as part of the Industrial Accelerator Act. This label aims to incentivise and reward investments in the decarbonisation of steel production. To succeed, the EU must establish a clear, credible, and uniform framework that incentivises genuine and additional greenhouse gas (GHG) emission reductions across all production routes while preserving industrial competitiveness. The concept of the 'Sliding Scale', also known as 'Steel Decarbonisation Scale', initially proposed by the International Energy Agency (IEA) and adopted by ResponsibleSteel, LESS, and CISA, offers a robust, technology-neutral, and globally inclusive approach which aligns with the WTO TBT Principles<sup>1</sup>. This paper argues for the adoption of the Sliding Scale as the basis for the European Label for Steel, ensuring a fair and effective transition of the steel industry to near-zero emissions steel.

## The Sliding Scale: A Fair and Effective Framework for Europe

The Sliding Scale evaluates steel production based on both GHG intensity and the share of scrap used. This dual approach ensures that decarbonisation progress is recognised and rewarded, independently of the production route or scrap input.

By contrast, a purely footprint-based approach fails to guide the industry toward near-zero emissions. Footprint-based specifications are designed to reduce emissions at the product level, but this won't lead to global GHG reduction if achieved by higher recycled content alone as doing so would simply shift scrap and emissions from one product, project or region to another (see report "The role of scrap in steel decarbonisation" by the Institution of Structural Engineers<sup>2</sup> and the "Civil Society Response to GSCC Steel Standard" signed by 12 NGOs<sup>3</sup> which outline this in a compelling way). In other words, a footprint-based approach would merely outsource the decarbonisation of primary production to third countries and make the EU steel industry more vulnerable and less resilient.

## Why the Sliding Scale Works

The Sliding Scale encourages all producers, primary (ore-based) and secondary (scrap-based), to decarbonise. For secondary producers using the Electric Arc Furnace (EAF) route, it incentivises measures such as increasing the use of green electricity and decarbonising hot-forming processes. These improvements are less capital-intensive than decarbonising ore-based primary steelmaking, allowing EAF producers to achieve better performance classes faster. This is clearly demonstrated by the first certificates awarded under LESS, where secondary steel routes achieved substantially better classifications than primary steel routes<sup>4</sup>, and by the first steel certification by ResponsibleSteel, which was awarded to an EAF facility with 57% scrap inputs<sup>5</sup>.

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<sup>1</sup> [https://www.wto.org/english/tratop\\_e/tbt\\_e/principles\\_standards\\_tbt\\_e.htm](https://www.wto.org/english/tratop_e/tbt_e/principles_standards_tbt_e.htm)

<sup>2</sup> <https://www.istructe.org/resources/guidance/the-role-of-scrap-in-steel-decarbonisation/>

<sup>3</sup> <https://steelwatch.org/wp-content/uploads/2023/09/Civil-Society-Response-to-GSCC-Steel-Standard-updated-119.pdf>

<sup>4</sup> [LESS Certification – Verifying Low-Emission Steel Production - Low Emission Steel Standard](#)

<sup>5</sup> [Certified Sites Directory | ResponsibleSteel](#)

The EU label should include upstream scope 3 emissions (raw materials) from the start, thereby ensuring that "near-zero steel" is truly decarbonised across the entire value chain. This prevents carbon leakage and ensures that decarbonisation efforts are not undermined by shifting emissions from one part of the value chain to the other.

### **The Need for Decarbonised Primary Steel in Europe**

Europe cannot rely on scrap-based production alone. The availability of high-quality scrap is limited, and this will become even more of an issue as demand rises. When EAF operators cannot source enough high-quality scrap due to qualitative constraints (e.g. the level of trace elements present), they require primary iron inputs (e.g. direct reduced iron). Consequently, the distinction between primary and secondary steel production will be increasingly blurred going forward. The Sliding Scale approach takes this into account by attributing suitable emission thresholds depending on the scrap content.

If Europe fails to decarbonise its primary steel production, it risks increasing its dependency on imports, which are often from regions with higher average emissions, while undermining its own climate commitments.

### **A European Label for Steel**

In order to increase demand for low-emission steel, Europe needs a Steel Label that provides buyers with clear, comparable and actionable information. The Sliding Scale offers the ideal foundation for such a label:

- It incentivises all producers – primary and secondary – to decarbonise<sup>6</sup>.
- It preserves Europe's industrial competitiveness by ensuring that primary and secondary steel production decarbonise and remain viable in Europe.
- It supports the EU's and global climate goals by driving real emissions reductions, not just scrap redistribution.
- It provides transparency on both emissions intensity and scrap share, enabling informed purchasing decisions.

### **International Perspective**

The Sliding Scale approach was developed by IEA when proposing low-carbon steel and cement definitions for policies to support decarbonisation.<sup>7</sup> These principles have since been endorsed and further refined by G7<sup>8</sup> members and the Climate Club<sup>9</sup>, who affirmed the need for globally harmonised, yet flexible, emissions standards to accelerate industrial decarbonisation.

Building on this foundation, the Sliding Scale was adopted by ResponsibleSteel, the Low Emissions Steel Standard (LESS), and the China Iron and Steel Association (CISA), which

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<sup>6</sup> includes primary producers (<25% scrap), secondary producers (>70% scrap), and producers which aren't currently classified as either (25-70% scrap)

<sup>7</sup> [Achieving Net Zero Heavy Industry Sectors in G7 Members](#)

<sup>8</sup> [Conclusions Regarding the Industrial Decarbonisation Agenda](#)

<sup>9</sup> [Collaboration on steel and cement standards is crucial for global markets – Analysis - IEA](#)

together represent around 60% of global steel production.<sup>10</sup> These are all part of the Steel Standard Principles-Initiative, which aims to align steel standards and create transparency in the market. ResponsibleSteel is actively working on interoperability and potential equivalency mechanisms with LESS and CISA to enable efficient low emissions steel markets. This enables public and private buyers to make informed, sustainable procurement decisions based on reliable and comparable data.

**Demand-Side Measures and Policy Alignment**

A Steel Label is only effective if paired with strong demand-side policies. Europe must actively foster lead markets that position low-emission steel as the standard choice for both public and private procurement. This requires aligning climate and industrial policies to drive demand in key sectors, such as construction, infrastructure, defence, and automotive, where steel plays a critical role. By embedding the Sliding Scale into sector-specific regulations, incentives, and public procurement criteria, Europe can create a stable, predictable market for clean steel, ensuring that its industry remains resilient and future-proof in a decarbonised global economy.

**Conclusion: A Strategic Path Forward**

The Sliding Scale provides a technology-neutral framework for incentivising genuine GHG emission reductions in steel production. LESS and ResponsibleSteel serve as prime examples of its successful implementation - transparent, operational standards that classifies steel based on emissions intensity and scrap share. Both systems account for upstream scope 3 emissions and are working together to ensure interoperability. By incorporating the Sliding Scale approach into the Industrial Accelerator Act and future steel policies, Europe can establish a coherent, equitable, and efficient framework for transitioning to a climate-neutral steel industry. This will accelerate decarbonisation while safeguarding jobs, strengthening industrial resilience, and upholding climate integrity.



<sup>10</sup> [Landmark agreements link majority of world’s steel production under global and regional standards for low-emission steel | ResponsibleSteel](#)