E3G

BRIEFING PAPER JULY 2025

E3G STEEL POLICY SCORECARD 2025: MAINTAINING THE MOMENTUM

DELIVERING GREEN STEEL THROUGH COLLABORATION AND CLEAN POWER

ALEKSANDRA WALISZEWSKA, LAITH WHITWHAM, JOHANNA LEHNE & MARK HAGEN

The 2025 edition of E3G's Steel Policy Scorecard assesses progress on steel decarbonisation across the G7. We find that while ambition has advanced, delivery remains insufficient and fragmented. Without systemic change, the sector risks falling behind the pace of global industrial transformation required – undermining climate goals, economic resilience, and the ability to meet growing demand for low-carbon steel.

Efforts to decarbonise steelmaking are entering a decisive phase. The 2025 Scorecard assessment indicates improvements across several levers, including overall policy direction, public funding, procurement, and infrastructure build-out. However, near-zero emissions steel projects have been stalling and even cancelled in the majority of G7 countries, making it harder for them to position themselves as front-runners.

These developments are unfolding against a backdrop of intensifying political headwinds. Rising trade tensions and industrial policy rivalries are destabilising the global steel landscape. While some countries are pursuing collaborative approaches – through alliances like the Climate Club and the Industrial Deep Decarbonisation Initiative (IDDI) – others are retreating to protectionism. In some jurisdictions, notably the US, progress has rolled back, with ratcheting steel tariffs undermining international momentum and investment certainty.

These tensions hamper the global coordination required to scale near-zero emissions steelmaking. At the same time, persistently high energy prices have delayed the commercialisation of key decarbonisation pathways in Western

Europe – such as hydrogen-based direct reduced iron (H-DRI) – despite significant public financial support.

Beyond the G7, the pipeline for new coal-based steelmaking capacity is still growing and outstripping clean capacity additions. India alone is planning to build 200 mtpa of coal-based steelmaking capacity.[1] G7 countries have a critical role to play in providing support to shift overseas steel investments and speeding up the global transition.

To get on track, the G7 must prioritise rapid deployment of clean, affordable electricity for industry, alongside renewed cooperation on standards, finance, and trade. A key test in the years ahead will be whether countries can reconcile national industrial strategies with global supply chain optimisation. That includes recognising that locating parts of green steel production – such as low-cost green iron – in energy-rich countries may offer the most competitive path to industrial decarbonisation.

Steel Policy Scorecard 2025

			Building demand		Market signals		Infrastructure		
	Policy direction & clarity	Material efficiency & circularity	Definitions & standards	Public procurement	Public funding	Carbon pricing	Hydrogen & CCS* for steel	Clean power for steel	Steel production by process technology
Germany	B	C+	B+	B	A–	B+	B+	B+	
UK	A	C+	C+	B–	A–	C+	C	A–	
Italy	C+	C+	C	C	A–	B+	B+	B+	
France	B+	C+	C–	C–	C+	B+	B–	A–	
Canada	C+	C–	C+	B+	B–	B	B–	B	
Japan	B	C+	C+	C+	B+	C–	C+	C–	
US	C+	C–	C+	C–	C	C–	B–	A–	

BOF
EAF

* CCS = carbon capture & storage

Source: E3G analysis of country policies according to the Steel Policy Scorecard methodology.
Steel production by process technology based on Global Energy Monitor, Pedal to the Metal 2025

[1] Global Energy Monitor, May 2025, **Pedal to the Metal: Evaluating progress toward 2030 iron and steel decarbonization goals**

Key findings from the 2025 Steel Policy Scorecard

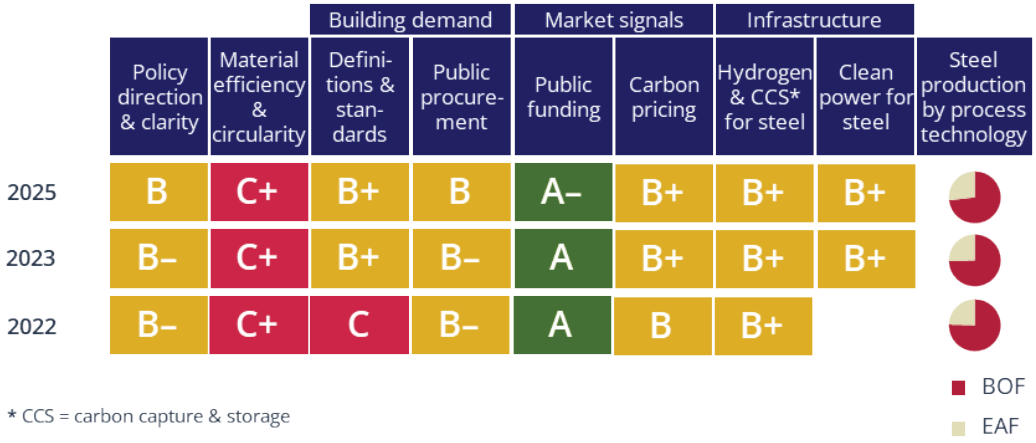
Tangible progress remains slow

Scores have improved in several categories compared to our last assessment in 2023,[2] indicating an uptick in policy progress, but red still dominates the picture. Demand-side policy and circularity initiatives still lag behind, and while strategic policy direction and public funding have improved, they have not created enough progress on real green steel demonstration projects and enabling energy infrastructure.

Germany: Holding steady but at an impasse

Germany is still leading in most policy categories, despite political shifts and corporate governance issues.[3] Both policy uncertainty and high hydrogen prices have contributed to project delays.[4] The freshly elected coalition government has committed to maintain the carbon contracts for difference (CCfD)[5] policy to support industrial transition. However, Germany may lose its competitive edge, unless it meaningfully accelerates policy action, in particular on the Low Emission Steel Standard (LESS),[6] which is still under development and which it aims to be adopted internationally.

Germany – Scores over time



* CCS = carbon capture & storage

[2] E3G, February 2024, **Raising Ambition on Steel Decarbonisation: The 2023 E3G Steel Policy Scorecard**

[3] E3G and Beyond Fossil Fuels coordinating a community of experts and civil society groups, March 2025, **The State of the European Steel Transition**

[4] Reuters, 20 June 2025, **ArcelorMittal drops plans for green steel in Germany due to high energy costs**

[5] Federal Ministry for Economic Affairs and Energy, Carbon Contracts for Difference (webpage, accessed 30 June 2025), **https://www.klimaschutzvertraege.info/en/home**

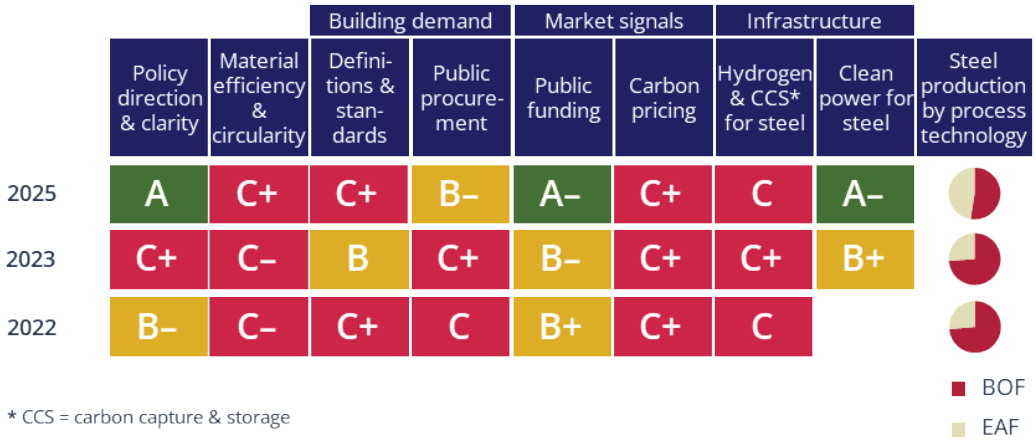
[6] Germanwatch, April 2024, **Label für emissionsreduzierten Stahl: Wichtiger erster Schritt in die Transformation der Stahlindustrie** (Label for emission-reduced steel: Important first step in the transformation of the steel industry)

E3G

UK: Phasing out coal-based steel, but the real work starts now

The UK rises to second place due to progress on its 2030 power decarbonisation target – including reforms to the grid connections process – and progress phasing out its last blast furnaces.[7] The government has intervened to support British Steel[8] and granted Tata Steel £500m to switch to an electric arc furnace (EAF) by 2027, potentially cutting sector emissions by 85%.[9] However, this high score masks deeper challenges: years of underinvestment have led to crisis-driven subsidies, not strategic transition, with job losses, capacity risks, and no plan yet for domestic virgin steel production.[10]

UK – Scores over time



Italy and France: Mixed picture in mid-table

Italy and France are now in third and fourth place respectively. Italy's score benefitted from the partial resolution of the Taranto steelworks crisis, marked by government capital injections and concrete plans for transition. However, while the improvement reflects movement and intent, this does not translate to long-term plans for the site, or for demand creation.

[7] Department for Business & Trade, February 2025, **The Steel Strategy: The plan for steel**

[8] Department for Business & Trade, 12 April 2025, **Government acts to save British steel production**

[9] E3G, June 2024, **Growing Clean Steel in the UK**

[10] Green Alliance, April 2025, **Scunthorpe and the UK Steel Industry**

France, on the other hand, has lost some points due to uncertainty over ArcelorMittal's DRI project[11] – despite the French government's appeal for more support in the EU's Steel and Metals Action Plan[12] – with an associated pause in funding and project development. Despite this, the country is at the forefront of industry-related grid updates, having clear plans for renewable energy supply and necessary network capacity upgrades for both of its steel production sites.[13]

Italy – Scores over time

	Building demand			Market signals		Infrastructure		
	Policy direction & clarity	Material efficiency & circularity	Definitions & standards	Public procurement	Public funding	Carbon pricing	Hydrogen & CCS* for steel	Clean power for steel	Steel production by process technology
2025	C+	C+	C	C	A–	B+	B+	B+	
2023	C	C+	C	C+	C+	B+	B+	B+	
2022	C	C+	C	C+	C+	B	B+		

* CCS = carbon capture & storage

France – Scores over time

	Building demand			Market signals		Infrastructure		
	Policy direction & clarity	Material efficiency & circularity	Definitions & standards	Public procurement	Public funding	Carbon pricing	Hydrogen & CCS* for steel	Clean power for steel	Steel production by process technology
2025	B+	C+	C–	C–	C+	B+	B–	A–	
2023	A	C+	C–	C–	B+	B+	B+	A–	
2022	A	C+	C–	C–	A–	B	B+		

* CCS = carbon capture & storage

[11] SteelWatch, May 2025, **Backtracking on Climate Action: ArcelorMittal Corporate Climate Assessment 2025 Update**

[12] European Commission, 19 March 2025, **A European Steel and Metals Action Plan**

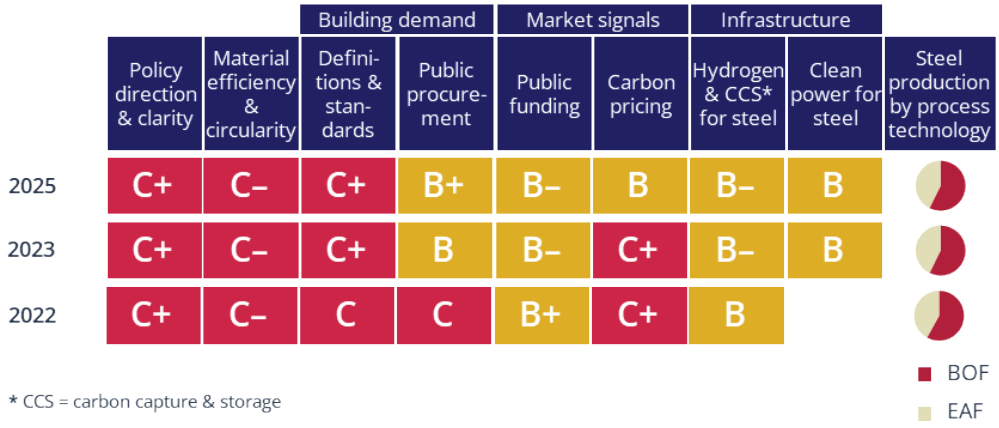
[13] Energynews, 18 September 2024, **Dunkirk: Towards a sustainable industrial energy transition**; EDF, 11 April 2024, **GravitHy signs a letter of intent with EDF to secure part of the electricity supply to its future plant in Fos-sur-Mer (France)**

E3G

Canada and Japan: Signs of political support emerging

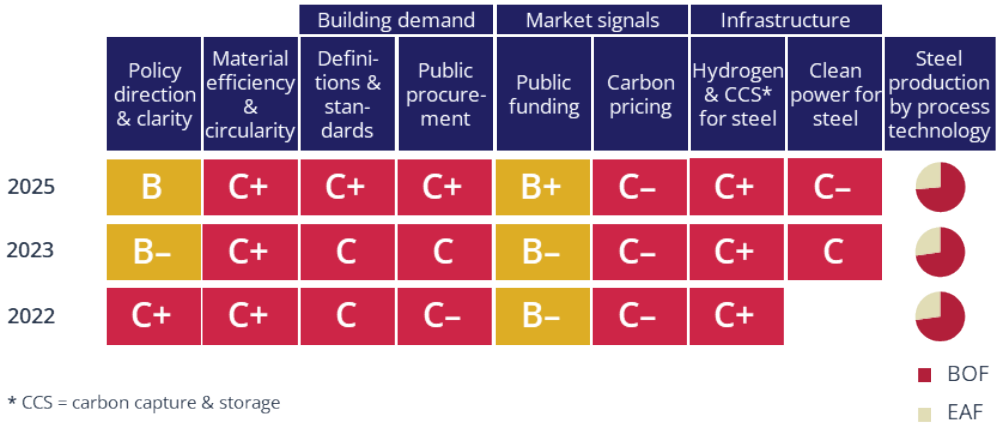
Canada remains in fifth position, followed by Japan with a similar set of scores to previous years. While Canada's overall standing is stable, the new government's focus on an industrial strategy that addresses both climate and competitiveness could unlock greater policy ambition. Japan, meanwhile, has introduced new support for EAF upgrades and is piloting procurement schemes in the auto sector,[14] signalling early steps towards building a domestic green steel market. However, its grids – which power the EAFs – remain largely fossil-fuel-based,[15] in contrast to Canada's largely carbon neutral electricity mixes in steelmaking regions.[16]

Canada – Scores over time



* CCS = carbon capture & storage

Japan – Scores over time



* CCS = carbon capture & storage

[14] Transition Asia, April 2025, **Japan's FY2024 Climate Actions: Corporate and government moves as well as urgent priorities**

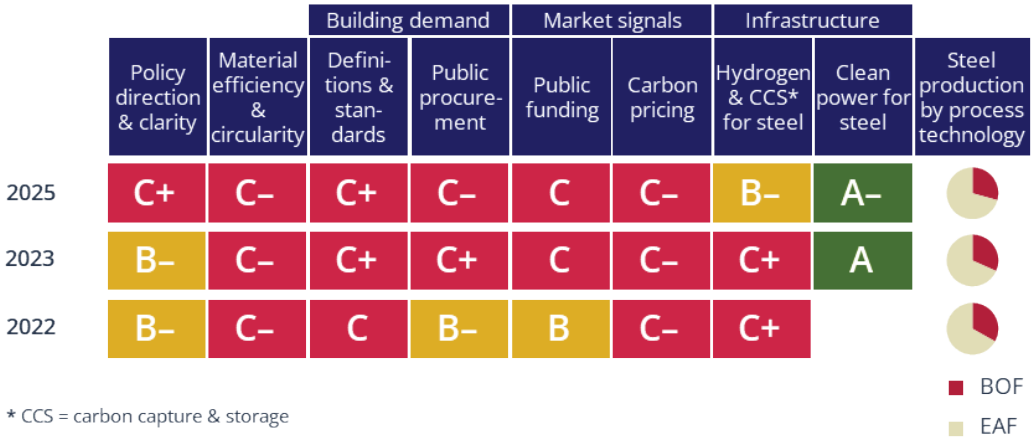
[15] E3G, May 2024, **G7 Power Systems Scorecard**

[16] Ontario's Clean Energy Advantage, **https://www.ontarioscleanenergyadvantage.ca/** (webpage, accessed 30 June 2025)

US: Momentum lost as green steel initiatives halt

The US has moved to last place, with funding cancelled for industrial decarbonisation projects across the country,[17] steel companies exempted from air quality regulations,[18] and progress rolled back on public procurements.[19] The situation remains dynamic.

US – Scores over time



* CCS = carbon capture & storage

Recommendations

2025 marks a pivotal juncture for global steel decarbonisation. While the Scorecard indicates some progress on policy ambition, we are still seeing commitments and pledges rather than the actual legislation needed to accelerate steel decarbonisation across key countries. In some jurisdictions, progress has been rolled back, in others deliver and implementation is lacking. This has had an impact on project timelines and investment appetite. The IEA near-zero emissions steel project tracker has shown no uptick in announcements between H2 2024 and H1 2025,[20] and key projects in Germany and France are facing delays.

Overall, progress is far too slow and without an increase in policy ambition – particularly on clean energy – the delivery of near-zero emissions steel risks

[17] Steel Industry News, 6 May 2025, **Cleveland-Cliffs cancels $500 million green steel project**

[18] U.S. Small Business Administration, 1 April 2025, **EPA announces pause to iron and steel manufacturing facility air regulations**

[19] Metzger, D. J., 26 March 2025, **Cancelling the Buy Clean Program will not cancel low embodied carbon construction**, Climate Law blog, Sabin Center for Climate Change Law

[20] Comparing IEA, March 2025, **Demand and Supply Measures for the Steel and Cement Transition**, p. 58, with IEA, September 2024, **Breakthrough Agenda Report 2024**, p. 98

stalling. We have identified the following 5 priorities to put global steel decarbonisation on track.

1. Clean In: Invest in clean steelmaking

EAFs are now the dominant route for planned steel capacity, helping to cut emissions – especially when coupled with improved scrap sourcing. But to fully decarbonise the sector, a major scale-up of H-DRI is essential. However, public funding for H-DRI remains too scarce, especially in geographies facing an energy cost disadvantage. Governments need to ramp up investments in next-generation clean steel technologies, including operational cost support and public procurement to stimulate demand, ensuring that public finance comes with strong climate and delivery conditions.

2. Dirty Out: Phase out high-carbon steelmaking

The G7 must commit to ending the era of unabated blast furnaces. This means no new permits or public finance for conventional blast furnace projects, and a timeline to stop reinvestment in existing ones. Phase-outs must be planned with long lead times and in accordance with just transition principles,[21] including social dialogue (between unions, companies and governments), financial support and assistance in skills training or work deployment.

3. Power Up: Deliver clean power for industry

Clean electricity is a foundational enabler of near-zero emissions steel, whether powering EAFs, carbon capture and storage (CCS), or the production of green hydrogen for reducing iron. Governments, utilities and steelmakers must coordinate to integrate steel's power needs into national energy strategies, accelerate grid investments, and ensure affordable renewable energy if prioritised for major industrial hubs. They should further support energy storage integration and grid fee structures that reward industrial users for flexibility, demand response, and off-peak consumption, helping to integrate variable renewables and lower system costs.

4. Partner Up: Strengthen international collaboration

Decarbonising a globally traded commodity like steel demands shared standards, joint investment, and coordinated action. G7 countries should deepen international cooperation through platforms like the IDDI, Climate Club, and Industrial Transition Accelerator to create larger shared markets for green steel,

[21] For a definition, see: International Labour Organization, 2015, **Guidelines for a Just Transition Towards Environmentally Sustainable Economies and Societies for All**

collaborate on financial and technical assistance to pool resources for larger, commercial-scale projects, and share best practice. They must also address trade tensions and re-engage with China to build trust and unlock aligned action on industrial decarbonisation. One priority area is to improve cooperation on implementation of carbon border adjustment mechanisms (CBAMs), for example, technical capacity support for developing countries to implement the monitoring, reporting and verification requirements that will come with CBAM adoption.

5. Optimise: Build green iron corridors

The G7 should use trade and industrial policy to support efficient, low-emissions global supply chains. That includes enabling green iron production in renewable energy-rich countries and facilitating offtake agreements to supply downstream steelmaking hubs. Supporting this international division of labour – while ensuring benefits for both producer and buyer nations – can reduce costs, cut emissions and enhance global competitiveness.

Note

The goal of the E3G Steel Policy Scorecard is to provide a framework, year-on-year, for tracking and comparing how G7 countries (and key steel producers outside the G7) are meeting the challenge of phasing out coal use for steel and seizing the opportunity to future-proof their steel industries. The Steel Policy Scorecard tracks public policy development and it does not rank countries according to the emissions intensity of their steel production.

The methodology of the 2025 edition of the Steel Policy Scorecard remains unchanged since 2023,[22] ensuring year-on-year comparability. However, in 2025 we added visualisations of the balance of steel production technologies alongside the main ranking figure to provide real economy context.

The data collection cut-off date for the 2025 Steel Policy Scorecard was 15 May 2025.

[22] See E3G, February 2024, **Raising Ambition on Steel Decarbonisation: The 2023 E3G Steel Policy Scorecard**

Annex: The 2023 and 2022 Steel Policy Scorecards

Steel Policy Scorecard 2023

	Building demand				Market signals		Infrastructure		
	Policy direction & clarity	Material efficiency & circularity	Definitions & standards	Public procurement	Public funding	Carbon pricing	Hydrogen & CCS* for steel	Clean power for steel	Steel production by process technology
Germany	B–	C+	B+	B–	A	B+	B+	B+	
France	A	C+	C–	C–	B+	B+	B+	A–	
Italy	C	C+	C	C+	C+	B+	B+	B+	
UK	C+	C–	B	C+	B–	C+	C+	B+	
Canada	C+	C–	C+	B	B–	C+	B–	B	
US	B–	C–	C+	C+	C	C–	C+	A	
Japan	B–	C+	C	C	B–	C–	C+	C	

Steel Policy Scorecard 2022

	Building demand				Market signals			
	Policy direction & clarity	Material efficiency & circularity	Definitions & standards	Public procurement	Public funding	Carbon pricing	Hydrogen & CCS* for steel	Steel production by process technology
Germany	B–	C+	C	B–	A	B	B+	
France	A	C+	C–	C–	A–	B	B+	
Canada	C+	C–	C	C	B+	C+	B	
Italy	C	C+	C	C+	C+	B	B+	
UK	B–	C–	C+	C	B+	C+	C	
US	B–	C–	C	B–	B	C–	C+	
Japan	C+	C+	C	C–	B–	C–	C+	

BOF
EAF

* CCS = carbon capture & storage

Source: E3G analysis of country policies according to the Steel Policy Scorecard methodology. Steel production by process technology based on Global Energy Monitor, Pedal to the Metal 2022, 2023, 2025

Note: The 2022 edition of the Steel Policy Scorecard did not include the "Clean power for steel" policy lever.

Acknowledgements

The authors would like to express their appreciation for contributions to the data collection process from Carolina Bedocchi and Giulia Novati (ECCO), Aurélie Brunstein (Réseau Action Climat – France), Jana Elbrecht and Ollie Sheldrick-Moyle (Clean Energy Canada), Uni Lee and Oya Zaimoglu (Ember), Hilary Lewis (IndustriousLabs), Kenta Kubokawa (Transition Asia) and Tilman von Berlepsch (Germanwatch).

About E3G

E3G is an independent think tank working to deliver a safe climate for all.

We drive systemic action on climate by identifying barriers and constructing coalitions to advance the solutions needed. We create spaces for honest dialogue, and help guide governments, businesses and the public on how to deliver change at the pace the planet demands.

More information is available at **www.e3g.org**