



Brussels - Rome, May 2026

## Europe and Italy with our supply chain: Tariffs, CBAM, and Made in Europe can no longer be postponed

The two days of **May 5th in Brussels** — at the European Parliament — and **May 7th in Rome** — at the Ministry of Enterprises and Made in Italy — mark a turning point for our Association and for the entire European electromechanical and electro-steel supply chain. After two years of silent and tenacious work, ESN's message has achieved full institutional recognition: the acknowledgment of our supply chain as a strategic asset is now a cornerstone of the political debate. Efforts are underway to accelerate the adoption of concrete protective measures, ensuring the stability and prospects necessary to maintain investments in Europe.

### ESN's Three Requests Become Institutional Agenda

At the European Parliament, the working breakfast "*Protecting Europe's Steel Value Chain: the Strategic Role of Steel Derivatives*" — hosted by **Hon. Elena Donazzan**, Vice-Chair of the Committee on Industry, Research and Energy (ITRE), and organized by ESN alongside ArcelorMittal — brought together a delegation of 15 ESN entrepreneurs representing Italy, France, Spain, Germany, and Slovenia. The event was attended by over 25 MEPs and **Dr. Pauline Weinzierl**, Head of Unit for Trade and Industrial Policy at the European Commission's DG TRADE. On May 7th, at MIMIT, **Sen. Adolfo Urso** received the Italian delegation in the presence of representatives from MASE, MEF, MAECI, and Hon. Donazzan herself.

Both meetings highlighted a shared commitment to the three priorities that ESN has championed since its founding:

1. **Extension of steel safeguard measures** – in effect from July 1, 2026, with a 47% reduction in free tariff quotas and a 50% out-of-quota duty – ESN calls for these measures to be extended to **the entire downstream supply chain**: transformers, generators, stators and rotors, electric motors, and strategic components. These products are currently exposed, without protection, to pressure from third countries that compete through state subsidies and public strategies aimed at eliminating competition.
2. **Extension of the CBAM (Carbon Border Adjustment Mechanism) to downstream products** — the Commission's proposal of December 17, 2025, expands the scope of CBAM to include 180 steel- and aluminum-intensive products starting January 1. This list currently includes only certain types of motors, generators, and transformers. We demand that this scope be broadened and that the implementation timeline **be brought forward**.
3. **Made in Europe** – within the framework of the Industrial Accelerator Act (Commission proposal of March 4, 2026), we demand the inclusion of a **genuine European preference** in public procurement and private projects supported by public funding, based on EU content criteria and low-carbon standards. These measures must be operational before 2029, not after.



## The voices that have taken a stand alongside us

**Sen. Adolfo Urso**, at the conclusion of the meeting at MIMIT on May 7, 2026, stated:

*"Italy is at the forefront in Brussels in calling for the effective extension of the CBAM to downstream sectors, the acceleration of the ETS system review, and the advancement of the Industrial Accelerator Act's entry into force: there is no more time to waste; we cannot wait until 2029."— Sen. Adolfo Urso, Minister of Enterprises and Made in Italy, Rome, May 7, 2026*

*"European reforms on CBAM and ETS, as well as steel safeguard measures, can no longer be postponed. It will require a concerted team effort between national institutions, the Commission, and the European Parliament, standing alongside businesses, to move in the same direction with conviction and unity." — Sen. Adolfo Urso, Minister of Enterprises and Made in Italy, Rome, May 7, 2026*

**Hon. Elena Donazzan**, Vice-Chair of the Committee on Industry, Research and Energy (ITRE), had already expressed her full support for our appeal in the preceding weeks, clearly summarizing the point:

*"European steel is under pressure: tariffs are a good step, but without protection for semi-finished and finished products, China will continue to flood our market." — Hon. Elena Donazzan, Vice-Chair of the ITRE Committee — European Parliament*

At the European Parliament, **Dr. Pauline Weinzierl** (Head of Unit for Trade and Industrial Policy, DG TRADE) directly gathered data and supply chain criticalities from the ESN delegation, opening a technical dialogue channel that will continue in the coming weeks regarding the "new safeguard," CBAM, and rules of origin dossiers.

## Major European steel mills alongside the supply chain

Among the participants in the Brussels meetings, representing the supply chain with ESN, were **ThyssenKrupp and ArcelorMittal**, among the world's largest steel producers. Although they have been directly **protected by the new European rules** — which came into effect with **the 50% out-of-quota duty** and **the reduction of free tariff quotas** — they strongly reaffirmed that **these measures are insufficient if not extended to the entire value chain**. Protecting upstream steel without protecting downstream finished products — such as transformers, generators, electric motors, and components — crushes those who manufacture in Europe and pushes major players to relocate production outside the continent, neutralizing the very impact of the safeguards.

This data point alone should be enough to close the debate: if the primary beneficiaries of the current measures are themselves denouncing the insufficiency of their scope, then that scope must be extended. The European electromechanical sector represents a crucial portion of the Continent's employment fabric: it is a heritage of labor, skills, and added value that no institution can afford to leave unprotected.



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ALL STAKEHOLDERS REITERATED A SINGLE CONCEPT

## **ACTION MUST BE IMMEDIATE.**

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Businesses, steel mills, the Italian Government, MEPs, and the European Commission: from the Parliament in Brussels to Palazzo Piacentini, **no one** has questioned the urgency. Every month of delay—regarding downstream duties, downstream CBAM, and "Made in Europe"—translates into lost orders, idle plants, and jobs at risk. For this reason, ESN is demanding **operational measures within the current year**, rather than deferring them to 2029.

### **Strategic stakes: we cannot depend on China**

This pattern has already been observed in many other sectors—photovoltaic panels, batteries, rare earths, permanent magnets, and electric automotive components. **China** no longer aims solely to export raw materials; it aims **to sell the finished product**, often at prices lower than our own cost of purchasing the raw materials alone, eventually forcing European production to shut down or relocate. When this occurs, it is no longer merely a commercial phenomenon: it represents the **structural loss of an entire supply chain** and, with it, our industrial autonomy.

The electromechanical supply chain **is strategic at every level**: it is the backbone of the entire European production system, as transformers, generators, electric motors, and electromechanical components are present **in every industrial, energy, infrastructure, and service sector**. It is particularly strategic in two areas that Europe has defined as priorities:

- **The Green Transition** – wind, solar, hydroelectric, power grids, storage, electric mobility, heat pumps: every renewable kilowatt-hour we produce, transport, or consume passes through an electromechanical component. Without a European supply chain, the energy transition will turn into the largest transfer of industrial sovereignty in our recent history;
- **Defense** – generators, motors, and electromechanical components are an integral part of military platforms, command and control systems, logistics, and critical infrastructure. In a global context marked by conflict, **we cannot afford a European defense that depends on Chinese supplies.**

Losing this supply chain means, in practical terms, **losing the technical know-how** accumulated over decades of work, losing the production **flexibility** that currently allows Europe to react quickly to demand fluctuations and geopolitical crises, and ultimately losing the **power of choice**: once skills and facilities are dismantled, they cannot be rebuilt. The result would be **total dependence on China** for an industrial link that is simultaneously civil, energy-related, and defense-oriented. This is exactly the scenario that the new European industrial policy—and the actions of ESN—must prevent.



The President of ESN, **Franco Felisa**, summarized the spirit of our Association at the opening of the proceedings in Brussels (and during the meeting in Rome):

*"We are not asking for funds; we are asking for rules. We do not want economic support, but rather the application of regulations that level the playing field. European industry is not asking for aid: it is asking for justice." — Franco Felisa, President of ESN — Brussels, May 6, 2026*

### What this means for our Customers

The positions expressed in Brussels and Rome confirm that the **systemic risk** to the European electromechanical supply chain—denounced by ESN based on technical, market, and pricing evidence—is now fully recognized as an **industrial policy priority**. For customers who utilize our products—transformers, generators, electric motors, rotors, magnetic laminations, and components for the energy transition, electric mobility, the grid, and defense—this translates into three key benefits:

- A **more stable, traceable, and resilient European supply chain**, with rules of origin and environmental standards that are consistent between upstream and downstream sectors;
- A **concrete defense** against unfair practices and the triangulation of flows through non-EU hubs, which currently distort the market and jeopardize the continuity of supplies;
- A **predictable investment horizon**, which rewards those who produce in Europe while respecting social and environmental standards, recognizing their value throughout the entire chain.

### ESN's Next Steps

The institutional recognition we have achieved is a starting point, not the finish line. For our voice to be truly heard, it must become the voice of the entire European supply chain. To this end, ESN will implement a coordinated action plan over the coming weeks along four main axes:

- **Broadening European representation** – engaging **trade associations and additional companies** from the electromechanical and electro-steel supply chains across all EU countries. This ensures the message is no longer that of a single group of companies, but of an entire continental sector. Only broad and plural representation can force this issue onto the Brussels agenda.
- **Permanent Task Force with the Italian Government** – it is essential to establish a permanent dialogue with MIMIT and the technical ministries (MASE, MEF, MAECI). This **task force** will be continuously supplied with data, market evidence, and the technical and economic parameters of the supply chain. A constant flow of information is the only way Italy can sustain precise and timely positions in Brussels.
- **EU Competitiveness Council on May 27, 2026 – Minister Urso will meet with his European counterparts** and bring our supply chain's demands to the table. This is a decisive appointment: ESN will support the Government with updated technical dossiers and the coordinated voice of companies from the six countries represented in our network.



- **Mobilizing national and regional governments across Europe** – building widespread political support by involving not only central governments but also the regions and territories where the electromechanical supply chain generates jobs, value, and economic impact. The defense of European industry is also played out in manufacturing districts and local institutions; we call on them to stand firmly alongside our businesses.

### **A Note of Thanks and a Commitment**

I wish to thank **Sen. Adolfo Urso** for the determination with which the Italian Government has embraced our requests; **Hon. Elena Donazzan** for opening the doors of the European Parliament to our delegation and for the work she is leading within the ITRE Committee; **Dr. Pauline Weinzierl** for the technical attention provided at DG TRADE; and all the entrepreneurs, both Italian and European, who have chosen to join us in this challenge.

The Europe we want is one that protects its labor, its standards, and its industrial sovereignty. For the first time in a long while, we hear it speaking with our own voice.

With my warmest regards,

**Franco Felisa**

**Presidente**

ESN - Electromechanics Synergy Network