



**EUROPEAN COMMISSION**

## **MEMO**

Brussels, 12 February 2013

### **Steel: High-Level Roundtable Recommendations to improve competitiveness**

European steelmakers are currently facing extremely challenging economic conditions, but new opportunities are opening up for the steel industry through emerging industrial applications in traditional or technology-based industries, such as construction and renewable energy. The High-Level Roundtable on steel – a platform for dialogue between industry, trade unions and the European Commission – has today adopted Recommendations to help create the right framework for the European steel sector to maintain its long-term competitiveness in an increasingly global context. These concrete proposals, to be considered by the Commission, Member States and the industry over the few next years, include measures on trade, raw materials, legislation costs, climate change, energy, environment, employment and research and development.

The Roundtable was convened by European Commission Vice-President Antonio Tajani, Commissioner for Industry and Entrepreneurship and László Andor, Commissioner for Employment, Social Affairs and Inclusion and attended by representatives from 13 steel producing Member States and the European Parliament. These include French Minister of Productive Recovery, Arnaud Montebourg, the Minister of Economy of the Belgian Walloon Government, Jean-Claude Marcourt, Luxembourg's Minister of Economy, Etienne Schneider, Austrian Federal Minister of Economy, Family, and Youth, Reinhold Mitterlehner; and Romanian Minister of the Economy, Varujan Vosganian as well as top ranking Government representatives and civil servants from the Czech Republic, Finland, Germany, the Netherlands, Poland, Slovakia, Spain and Sweden. The president of industry body Eurofer, Wolfgang Eder, Deputy General Secretary of the union industriAll, Bart Samyn and Pervenche Beres, Chair of the Committee on Employment and Social Affairs of the European Parliament, also participated.

The main actions recommended by the High Level Group are:

#### **Trade and international competition**

- Continue to pursue the sector's trade liberalisation agenda with a view to eliminating or substantially reducing tariffs and non-tariff barriers;
- Conduct additional analysis of impacts of free trade agreements - after negotiations are finished but before their signature;
- Review trade defence instruments to ensure they are effective, transparent and up-to-date.

## **Raw materials**

- In order to ensure the efficient functioning of the internal secondary raw materials market, the HLR considers it necessary to analyse scrap trade outside the EU, while preserving open trade.
- Include blast furnace coke in the list of Critical Raw Materials.

## **Extra costs due to legislation**

- Eliminate undue administrative burden, consider the cumulative impact of legislation in the sector and deliver a fitness check of EU legislation in 2013.

## **Climate change**

- Create in Member States additional funding schemes for development of new technologies including earmarking of emissions trading system (ETS) revenues;
- In developing the 2030 energy and climate policy framework, continue to pay attention to risks of carbon leakage still existing after 2020. Explore new ideas and opportunities for improving the ETS policy design and targets with continued emphasis on having in mind sector specific technology and economic considerations and taking into account global competitiveness issues.

## **Energy policy**

- Report annually on electricity prices in EU as compared with major developed economies;
- Issue guidance on Long Term Electricity Contracts;
- Issue guidance on renewable energy schemes to better integrate them in the energy market.

## **Environment**

- Refrain from setting absolute caps such as on metals consumption (20% by 2020, 50% by 2050) without due consideration of their implications for competitiveness;
- Invite the European Investment Bank (EIB) to take into consideration requests for financial assistance in order to introduce best available technologies (BATs).

## **Employment**

- Promote an anticipative approach and socially responsible restructuring in consultation with stakeholders, including in particular the social partners;
- Encourage the use of the European Social Fund for workers' retraining and re-skilling and maintain the European Globalisation Fund after 2013 as the main tools to finance investment in human capital and to mitigate the social costs of redundancies;
- Launch an inter-service task force to investigate and follow up each case of plant closure or significant downsizing.

## **Research & Development, Innovation**

- Give full support for R&D, demonstration and deployment of new technologies using all available instruments such as Horizon2020, NER3000, structural funds, the Research Fund for Coal and Steel;
- Encourage companies to invest in best available technologies (BATs).

## **Next steps**

Following the dialogue with stakeholders, the Commission will, by June 2013, prepare an **Action Plan for the European Steel Industry** aiming to help the steel sector confront the current situation and foster innovation, growth and employment within this sector.

## **Background**

### **Previous meetings of the High level Group on Steel**

Commissioners Tajani and Andor convened the High-level Roundtable on the future of the European Steel Industry to provide a platform for dialogue between industry, trade unions and the Commission. At the first and second meetings in September and December 2012, its stakeholders identified the main policy factors and challenges for the competitiveness of the sector. These are (i) international competition including protectionism and unfair trade practices, (ii) access to raw materials, (iii) regulatory costs, (iv) implementation of EU climate policy (emission trading scheme), (v) EU climate policy objectives for post-2020, (vi) costs of energy, (vii) resource-efficiency, (viii) anticipation of skills and training needs and investing in human capital, (ix) adaptations of capacities, (x) R&D and innovation and (xi) demand-side measures stimulating recovery in the main steel-using sectors.

### **Continuing significance of steel**

With 360 000 people employed, turnover of around €170 billion and its position in the manufacturing value chain of many downstream sectors, the steel sector has a strategic place in Europe's economy. Steel is essential to the technologies and solutions that meet society's everyday needs – now and in the future. It is central to our current transport systems, infrastructure, housing, manufacturing, agriculture, water and energy supply. It is also critical to the sectors and technologies that will enable and drive a green economy. Renewable energy, resource-efficient and energy efficient buildings and low carbon transport, infrastructure for fuel efficient and clean energy vehicles and recycling facilities – all of these things depend on steel.

### **Changing situation of global industry**

Over the last decade, a spectacular change has taken place in the global steel landscape due to rapid growth in steel use and production capacities in BRIC countries. China is currently by far the biggest steel producer with a share of global steel output rising from 18% to 45 % between 2001 and 2011. By comparison, the share of EU-27 fell from 22% to 12%.

At present, European steelmakers are facing challenging economic conditions. Due to the current stagnation and contraction in manufacturing output in the EU, crude steel output in the EU is around 17% below the level of 2007 and in 2012 it is forecast to fall by 5% compared to last year. The low demand resulted in situation of unused capacities that are estimated to account for around 20 - 25% (40 to 50 million tonnes) of the total production capacity. With reduced steel demand, temporary or permanent closures of production capacities took place in several EU countries.

### **Legal framework for steel**

Until 2002 the steel sector was governed by the European Coal and Steel Community Treaty, which gave the Commission special powers to propose measures related to restrictions on production, minimum price mechanisms and limits on imports of steel. The degree of powers allowed the reconstruction of the sector after WWII, the efficient management of steel crises and the consolidation in the 90s. However the steel sector is now subject to common rules under the Treaty on the Functioning of the European Union (TFEU) and treated as any other European industry.

[More information on Europe's steel industry](#)

[Link to the Final Recommendations to the Commission of the High Level Roundtable on the future of the European Steel Industry](#)