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NOTE

From: Commission
To: Delegations
Subject: Report on the Meeting of high level roundtable on the future of the European steel industry on 19 September 2012
- Information from the Commission

Delegations will find attached a note from the Commission on the above-mentioned topic with a view to AOB item 10 b) at the Competitiveness council on 11 October 2012.

**Report on the Meeting of high level roundtable on the future of the European steel industry
on 19 September 2012**

Introduction

The EU steel sector has been one of the sectors hit hardest by the economic crisis. EU steel production dropped by around one third in 2009. During 2010 and 2011 the output gradually recovered on the back of improving demand from the main steel-using industry sectors. However, data on production confirm that activity in the sector is still significantly below the pre-crisis levels. The economic stagnation in the first half of 2012 brought another decline and EU production of crude steel contracted by 4.6%. The recent decline, although to varying degrees, concerns virtually all the Member States. As from the second half of 2011, several steelmakers in the EU took decision to cut output in response to low demand and prices. Temporary or permanent stoppages at steel mills affected several countries including Belgium, Germany, Poland, Luxembourg and Spain.

Due to the situation, Commissioners Tajani and Andor convened a High-level Roundtable on the future of the European Steel Industry with the aim of offering a platform for dialogue between industry, the trade unions and the Commission. The main objective is to identify the factors affecting the competitiveness of the EU steel industry.

Outcome of the first roundtable discussion

The first back-to-back meetings of the roundtable took place on 19 September 2012, with industry and trade unions.

Members of the Roundtable were identified based on recommendations of the industry's and trade unions' associations at EU level. Industry was represented by chief executives of leading steel companies and Eurofer (European Steel Industry Association). Trade unions were represented by IndustriAll (European Trade Unions) and by representatives of European Works Councils at steel companies.

The members of the Roundtable identified eleven areas of particular importance for the competitiveness of the steel industry. These are (i) international competition (including protectionism and unfair trade practices), (ii) access to raw materials, (iii) extra costs due to legislation, (iv) implementation of EU climate policy (ETS), (v) EU climate policy objectives beyond 2020, (vi) energy costs, (vii) EU resource-efficiency policy, (viii) skills shortages, (ix) possible adaptations of capacities, (x) R&D and innovation and (xi) demand-side measures stimulating recovery in the key sectors.

In summary, both industry and the trade unions were of the view that the sector is today faced with specific challenges requiring attention on EU level.

Industry mentioned that steel producers operating in the EU are facing cost disadvantage vis-à-vis their international competitors. They stressed that continued efforts at EU level are needed towards restoring a level playing field. Industry considers a stable regulatory environment as a necessary condition for long-term investment decisions and emphasised that a right balance needs to be established between objectives and instruments of different EU policies - specifically the objectives of environmental and climate policy on the one hand, and the objective of preserving jobs, on the other were mentioned.

The trade unions mentioned that lack of investments creates the risk of undermining the long term competitiveness of the steel sector. The trade unions share the view with industry on the importance of a level playing field internationally. In particular, the trade unions consider it as a challenge to ensure access to raw materials. Concerning CO₂ emissions, the trade unions expressed the view that breakthrough technologies, that could reduce significantly greenhouse gas emissions in the future, are only in their experimental phase and expectations should be realistic.

Next steps

The next High Level Roundtable, planned to take place in November, will discuss policy recommendations in the relevant areas which could help the steel sector confront the above mentioned challenges.
