



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from: General Secretariat
to: Delegations

Subject: The renewal of the EU steel prior surveillance system beyond 2012
- Explanatory Note by Italy

Delegations will find in Annex a note submitted by the Italian delegation to be presented under A.O.B at the Council (Foreign Affairs/Trade) at its session on 29 November 2012.

The renewal of the EU steel prior surveillance system beyond 2012

Explanatory Note by Italy

Italy has requested the Presidency to bring to the attention of the Foreign Affairs Council (Trade) the issue of the renewal of the EU steel prior surveillance system beyond 2012.

In the most recent months a wide majority of Members States expressed the need for a prolongation of the present system of prior surveillance for certain steel products. The Commission submitted an explanatory note at the STIS Committee of the 10th of October arguing for the lack of legal conditions to maintain surveillance measures. In reply to this note, the majority of Member States presented solid counterarguments and called for the need to take into account factors other than trends in imports, as well as the current developments affecting the European steel industry and international competitors.

Factors such as the increasing volatility of trade flows, aggressive trade policy of some developing countries with significant production capacity and protectionist measures in many of our trade partners should also be part of the analysis. In addition, the impact on steel imports resulting from the recent accession of Russia to the WTO has not been fully estimated yet.

As far as the alternative of an ex-post monitoring tool is concerned, Italy has doubts on the effectiveness of this system, as it collects data only after import operations have taken place, while prior Surveillance provides a reliable and complete set of information on trend, price, and origin of imports.

The Italian Minister Corrado Passera wrote a letter to Commissioner De Gucht asking for the renewal of this measure.

Giving the extreme importance of this issue for our industry and taking into account the fact that the present Regulation will expire by the end of the year, we deemed appropriate to bring this question at ministerial level.