

RESOLUTION OF THE ECSC CONSULTATIVE COMMITTEE

on the Communication (COM(1999) 453 final of 5 October 1999) from the Commission to the European Parliament, the Council and the ECSC Consultative Committee on the state of the competitiveness of the steel industry in the EU

(2000/C 136/07)

(Adopted unanimously during the 349th session of 6 April 2000)

HAVING REGARD TO:

- the provisions of Article 46 of the Treaty establishing the European Coal and Steel Community (ECSC Treaty), which stipulate that the Commission should supply detailed analyses of the state of and general outlook for the steel sector and estimates of the production, consumption, exports and imports of steel, employment trends and training needs ⁽¹⁾;
- the Memorandum of the ECSC Consultative Committee, of 28 June 1995, on matters connected with the expiry of the ECSC Treaty in 2002;
- the opinion of the European Parliament, published in 1996, on the Commission Communication (COM(94) 265) entitled 'Fresh impetus for restructuring the steel industry in the Community', in which the Parliament describes the measures it regards as necessary in the light of the expiry of the ECSC Treaty;
- the Commission's statements at the session of the Consultative Committee on 17 December 1998 on the outline for a communication to be drawn up on the global and sustainable competitiveness of the steel industry in the European Union;
- the Commission Communication of 20 January 1999 to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on 'The competitiveness of European enterprises in the face of globalisation — How it can be encouraged', in which the Commission states as its aim the permanent, sustainable development of the economy, i.e. ensuring the competitiveness of European enterprises while considering employment aspects and the protection of the environment;
- the final Communication to the European Parliament, the Council and the ECSC Consultative Committee (COM(1999)

453) on 'The state of the competitiveness of the steel industry in the EU', which the Commission adopted on 5 October, and its subsequent announcement that it would, in cooperation with the groups active on the market, implement a structured follow-up;

- the ECSC Consultative Committee Resolution of 15 October 1999 on the need to make effective use of the available trade instruments against unfair imports to the EU steel market which do not comply with WTO rules;
- the Decision of the Council of Industry Ministers of 9 November 1999 to forward the communication on competitiveness in the EU steel industry, via the Committee of Permanent Representatives, to its various working levels so that it can be analysed more thoroughly and any necessary conclusions drafted;
- the important implications of the document at the stage of transition from the ECSC Treaty to the general Treaty as regards drawing most possible benefit from the experience of the ECSC, which could also be useful for other industrial sectors in Europe.

The Consultative Committee WELCOMES:

- the fact that the European Commission is endeavouring to fulfil the obligation it entered into in 1995 to submit a document on the competitiveness of the steel sector as a supplement to the policy paper on the financial aspects connected with the expiry of the ECSC Treaty (COM(97) 506 final);
- the fact that the Commission is considering supplementing its cross-branch Communication on the competitiveness of European enterprises with analyses of individual European industrial sectors. For this reason the members of the Consultative Committee have already sought dialogue with the Commission at this preliminary stage and have put forward their views on how to ensure competitiveness in the EU steel industry;
- the fact that the Commission is dealing item by item with what it regards as the main causes of the far-reaching structural change in the European steel industry;
- the fact that the Commission is dealing with the question of how the present structure of the steel sector will develop in the face of the increasing globalisation of markets;
- the fact that the Commission recognises the benefit of a structured dialogue between it and the main players

⁽¹⁾ 1. See 'General Objectives for Steel', which appeared at regular intervals until 1990 and dealt with the objectives regarding modernisation, long-term production planning, production capacities, employment and training.
 2. See the Communication from the Commission to the Council and the European Parliament (SEC(92) 2160) of 23 November 1992 on improving the competitiveness of the steel industry.
 3. See the three 1994 Communications from the Commission to the Council and the European Parliament on the restructuring of the Community steel industry (COM(94) 125, COM(94) 265, COM(94) 466).

(producers, workers and consumers/dealers) in the steel market and approves of the creation of a consultative body between these levels for the post-2002 period, i.e. after the expiry of the ECSC Treaty, to replace the Consultative Committee;

- the fact that the Commission sets out initial ideas as to how it intends to help the Central and Eastern European countries to restructure their steel industries in preparation for their integration into the EU internal market;
- the fact that the Commission undertakes to continue to monitor, in cooperation with the players in the steel market, the development of the competitiveness of this branch and to report to the Council on it regularly.

AT THE SAME TIME, HOWEVER, the Consultative Committee REGRETS:

- that the Commission, despite acknowledging the positive role of the ECSC Treaty in the integration of the European steel industry and in the development of the steel market and despite the resolutions adopted by the ECSC Consultative Committee, does not deal more explicitly with those elements of the Treaty which should be retained after 2002 (phasing-in); these include in particular the continuation of strict regulations governing State aid, the continuation of an effective range of statistical tools, the forward programme for steel and adequate social measures to accompany restructuring;
- that the Commission, in that part of its Communication dealing with the internationalisation of the steel market, does not sufficiently underline the need for a stable legislative framework integrating the economic, social and environmental aspects of sustainable development, and applicable in all countries. The Consultative Committee also regrets that the Communication neglects to tackle the consequences for the competitiveness of steel groups of the measures envisaged in the field of energy taxation, and stresses in this respect that such taxation does not appear to be an adequate means of reaching the environmental objectives;
- that, in cases where the European steel industry is demonstrably being harmed by unfair imports which do not comply with WTO rules, the Commission itself does not make sufficiently robust use of the international trade instruments available to it;
- that, in its description and analysis of the steel market, the Commission does not deal adequately with increasing imports and thus bases its view on an excessively positive assessment;
- that the Commission does not indicate how to face the social consequences of future mergers, rationalisation and

introduction of new technologies and how to develop human resources to meet the future needs of the industry;

- that important conditions for the forthcoming EU accession of Eastern European countries are not stated, i.e.:
 - that following EU accession there must on no account be any exemptions from the strict EU regulations on State aid, and the restructuring in these countries must be completed by the time of accession;
 - that the Commission has to make sure that the restructuring programmes of the steel industries in these countries take into account the measures to alleviate dramatic social consequences and the involvement of social partners in the process, possibly by drawing upon the ECSC experience as a source of reference;
- that despite the Commission's general support to sectoral dialogue, the document acknowledges the disappearance of the ECSC Consultative Committee while giving only vague indications about a new body to continue this positive experience after 2002, taking no account of the proposals on this important issue put forward by the ECSC Consultative Committee.

CONCLUSIONS

- Against the background of tougher international competition, the members of the Consultative Committee agree with the statement that the main actions for achieving the necessary regulatory framework for a competitive European steel industry must be determined in close cooperation with the European Commission. The Commission should clearly state how the actions mentioned in the Communication will be implemented.
- In this connection it is necessary, *inter alia*, to ensure that useful elements of the ECSC Treaty are phased in to the EC Treaty in order to cope with the continuing expansion of the steel market and its increasing internationalisation and to face the consequent foreseeable future social problems, especially in the acceding countries.
- The Consultative Committee hopes that in the Council the Member States will draw the necessary political conclusions from the Communication on the competitiveness of the steel industry in order to create a basis for the sustainable development of this industry.
- In order to facilitate this follow-up, the ECSC Consultative Committee will put forward in the near future a document containing its political proposals on the main factors influencing the Competitiveness of the European Steel Industry.