

**STEEL SECTORAL SOCIAL DIALOGUE COMMITTEE**

**Working Group Meeting**

**12 February 2018**

**MINUTES**

**1. Welcome by the Chair**

Rob Sneddon (industriAll Europe) thanked the President of the SSDC for 2017, Michael Bach (industriAll Europe), for his work and commitment to the SSDC. It was confirmed that EUROFER would hold the Presidency in 2018 with Carlo Lombardi, presiding the afternoon's session.

**2. Adoption of the agenda**

The agenda was adopted with the addition of the *Eurosteelmater 2018* event as requested by Enrico Gibellieri (industriAll Europe) under AOB.

**3. Adoption of minutes of the last SSDC meeting 29/11/2017**

The minutes were adopted.

**4. EU Masterplan for a low-Carbon, Competitive European Steel Value Chain**

a) Introduction and background (Axel Eggert- EUROFER)

Axel Eggert (EUROFER) began his speech by noting his thanks to Michael Bach (industriAll Europe) for his work as President of the SSDC.

A background of the steel situation was provided, including the positive joint work on trade topics. However, ETS and energy issues were highlighted as a huge future concern for the sector. The Commission's industrial policy strategy (2017) was mentioned, as was the current EU industrial GDP percentage of 15.5%, meaning that the Commission's target of 20% by 2020 would not be achieved.

The importance of obtaining funding from FP9 was stressed (with consultations ending in March) and Axel confirmed that EUROFER had already written to the Commission on this issue. Other funding, such as the ETS Innovation Fund, European structural funds, EFSI, EIB loans and assistance from Member States (MS) were also discussed.

Axel highlighted the need for a supportive infrastructure and regulation, alongside funding, which he raised at the competitiveness Council, who seemed open to discussions on this topic. EUROFER has also raised their concerns to the EII group, where a suggestion was made to set up a working group to look at the energy infrastructure and supply challenges.

The *European Big Scale Initiative* was introduced including the need to work with the supply chain and customers, including the chemicals and plastics sectors. The need to work with energy suppliers to stabilise the grid and ensure the flexibility factors for hydrogen projects and ethanol production was also highlighted.

Rob Sneddon (industriAll Europe) noted the importance of continuing to push for a global level playing field as well as aiming for the Commission's 20% target to promote employment in Europe.

b) Innovative technology (Danny Croon- EUROFER)

Danny Croon (EUROFER) provided an overview of the technological possibilities to reduce emissions using two pathways: Smart Carbon Usage (SCU) or Carbon Direct Avoidance (CDA) (**see PPT**). The important role of the circular economy (resource efficiency and reducing waste) and promoting the Bigscale initiative were highlighted. Both sides of the SSDC were encouraged to feed into discussion paper which is seen as a "live" document.

Potential differences in the opinions of MS of carbon capture and storage (CCS) were highlighted as was the challenge to ensure that energy is clean, accessible, affordable and has the appropriate infrastructure.

The total costs for the transition was estimated to be 10bn euros. The importance of the Commission to lead on this initiative, and for the different DGs to work together, was stressed. It was also noted that the best available technique must be technological available and economically viable.

c) Finance and EU funding (Bartosz Nienaltowski- EUROFER)

Bartosz Nienaltowski (EUROFER) provided a summary of EU funding (**see PPT**). The huge amount of overall funding required for the sector from now until 2035, of 10 billion euros, was highlighted. The specific amount requested as part of FP9 is still be finalised but the need for additional funds on top of what available previously: H2020, RFCF and company funding, was noted.

Three key areas were stressed: more expansive risk financing, the alignment within the EU on horizontal issues and the regulatory framework. The fact that FP9 includes a "Mission for steel" was noted.

d) Skills and the Blueprint project (Miikka Nieminen- EUROFER)

Bartosz Nienaltowski (EUROFER) presented an update on the Blueprint project proposal (**see PPT**) on behalf of Miikka Nieminen, who could not attend due to illness. This included a summary of the work to date, the partners involved and the proposed work packages. The deadline was noted as 28 February and the SSDC will be updated as appropriate.

e) Workers' viewpoint and trade union involvement (Luis Colunga- industriAll Europe)

Luis Colunga (industriAll Europe) confirmed that the social partners were working together on this initiative and that the sector had to reduce its CO2 levels ASAP. He stressed the importance of looking ahead until 2050 and for companies in all MS to work on this topic.

The participation of industriAll Europe on the EII high level group was noted as was industriAll Europe's concerns that the Commission's Energy Package does not do enough for industry regarding the access to energy. Luis encouraged workers and managers to work together on this issue to keep the European sector competitive and to keep jobs in Europe.

A discussion took place and Axel Eggert (EUROFER) thanked the SSDC for supporting a joint approach. Energy costs and availability were highlighted again, including the geographic and local conditions (e.g. wind vs water power and CCS not being supported in some MS). Brexit was raised as a concern for R&D projects. Axel encouraged industriAll Europe to include the concept of Just Transition into the document.

Representatives from industriAll Europe raised the need for social partners to work together on this initiative to protect jobs and to ensure that the workforce has the appropriate skills for any new technology. The need to encourage new people to the sector and to have a good social framework with stable contracts (not precarious contracts) were priorities for workers. Sasha Zuma (industriAll Europe) highlighted Swedish examples which, to date, had not shown a large return on investments and stated that more work needed to be done including ensuring a supportive regulatory framework.

EUROFER representatives stressed global competition and the need to remain competitive, especially when new technology is introduced over the next 20 years. Concerns relating to the unknown price of carbon, lack of political support and waste gases were raised.

IndustriAll Europe representatives highlighted steel companies that operated worldwide and questioned how they would react to reducing emissions both inside and outside the EU. The possibility of looking at group contracts with customers such as the automotive industry was raised. The topic of border adjustment mechanisms to deal with imports was also raised as a potential option, bearing in mind WTO conditions and the EU's desire to export worldwide.

All agreed on the importance of creating a level playing field in both environmental and employment standards in order to remain competitive.

**Actions: the secretariats will work on a joint letter regarding FP9 funding. IndustriAll Europe will add comments on Just Transition to the masterplan document and will submit their views to the ETS Innovation Fund public consultation.**

## **5. Trade issues**

(industriAll Europe- Guido Nelissen, EUROFER- Sonia Nalpantidou) (see PPTs)

### a) New anti-dumping methodology

Sonia Nalpantidou (EUROFER) provided an update on the new anti-dumping methodology including cross-cutting distortions, distortions in the factors of production (land use rights, energy costs, labour costs, various raw materials) and distortions in selected sectors.

Issues in Chinese workers' rights such as no possibility to freely choose or establish a trade union, no right to strike and insufficient collective bargaining rights were discussed.

b) TDI modernisation

Sonia Nalpantidou (EUROFER) informed the SSDC that the file was currently undergoing legal scrubbing with the plenary vote expected in May.

The main changes from the initial proposal include: the inclusion of trade unions, the consideration of social and environmental standards (practicalities still to be defined), the consideration of ILO conventions in establishing the target price and the lesser duty rule exemptions (for raw materials but not lifted in light of no respect of core labour standards).

c) Foreign Direct Investment Screening

Guido Nelissen (industriAll Europe) informed the SSDC that there had been an increase in Chinese FDI to EU. He noted that FDI can be positive, as it can create jobs, but that European companies must not “sell out”. Almost 50% of MS have screening mechanisms in place and the Commission aims to protect their strategic interests and increase transparency (especially in the areas of security or public order).

It was clarified that the Commission did not want a European-wide screening mechanism but that it wanted to harmonise the approach and have an overall view. The minimum requirements included MS providing annual reports to the Commission, having transparent national screening mechanisms, a level playing field for MS and a mechanism for cooperation.

It is proposed that MS could raise their concerns and that the Commission could **release a non-binding opinion**. Counterarguments include having additional red tape with no added value. It was noted that industry was more vulnerable because of complex supply chains.

Sonia Nalpantidou (EUROFER) informed the SSDC that two FDI positions had been released: EUROFER/Eurometaux (November 2017) and EUROFER (February 2018).

d) China Steel Alliance for International Production Capacity Cooperation

Sonia Nalpantidou (EUROFER) highlighted the continued Chinese competition and the Made in China 2025 plan.

e) Global Forum on Steel Excess Capacity

Sonia Nalpantidou (EUROFER) provided an update on the Global Forum which goes beyond current WTO measures. Policy recommendations include: framework conditions, market distorting subsidies and other support measures, fostering a level playing field, fostering industry restructuring by assisting displaced workers, government targets, issues related to mergers and acquisitions, ensuring export credits do not contribute to excess capacity, enhance transparency and the continued process of the Global Forum.

EUROFER confirmed that they would regularly meet with DG Trade and DG GROW on this topic.

f) Third Country Actions: USA

Sonia Nal pantidou (EUROFER) provided an update on Section 232 which was announced by President Trump in April 2017 and was followed by the submission of an investigation to the President on 11 January 2018. An announcement is required before mid-April. This is critical to the European industry as it could result in millions of tonnes of steel flooding the EU market.

Discussions took place chaired by the new President Carlos Lombardi (EUROFER). He stressed the threat of global competition and the need for the Global Forum to put pressure on China to release information on their activities. The sensitivities of TDIs for various MS were noted.

IndustriAll Europe representatives raised the question of how multi-national companies would deal with global trade issues. The strategic activities of China were highlighted and noted as quickly catching up with European innovations.

Sasha Zuma (industriAll Europe) noted that Chinese investment could be positive and highlighted Chinese investment in the Swedish car industry which had developed positive relationships. Tor Farquhar (EUROFER) warned of judging whole countries negatively, as opposed to differentiating between "good" and "bad" employers. He noted his positive experience of working for Tata Steel.

Luis Colunga (industriAll Europe) highlighted countries, other than China, who were aggressively targeting the sector such as India and Russia. He also raised concerns about the source of some foreign finance which could be described as "dirty".

**Actions: the Secretariats will continue to work together on trade issues and update the SSDC. The social partners will liaise with the Commission and raise their concerns to the Global Steel Forum.**

**6. Work Programme 2018 (including joint actions)**

Elsbeth Hathaway (industriAll Europe) provided an overview of the joint work programme for 2018 and asked for feedback by Monday 19 February. If no feedback was received the programme would be officially adopted and shared with the Commission.

**7. Key dates for 2018**

Elsbeth Hathaway (industriAll Europe) informed the SSDC that the next meeting would take place on 20 September. The SSDC were reminded of EUROFER's EU Steel Day on 7 June.

**8. AOB**

Enrico Gibellieri (industriAll Europe) informed the SSDC of the *Eurosteelmater 2018* event which will take place from 14- 18 May 2018 in Taranto, Italy. He asked the secretariats to circulate the information to their mailing lists.