



EUROPEAN COMMISSION  
DG Employment, Social Affairs and Inclusion

Employment and Social Governance  
**Social dialogue**

## **STEEL SECTORAL SOCIAL DIALOGUE COMMITTEE**

### **Plenary Meeting**

**13 November 2018**

### **MINUTES**

#### **1. Welcome by chairman**

The meeting was chaired by Mr Lombardi (EUROFER).

#### **2. Adoption of the draft agenda**

The draft agenda was adopted.

#### **3. Adoption of the minutes of the previous meeting**

The draft minutes of the meeting on 20 September 2018 were approved.

#### **4. Update on market activities**

Mr Vermeij (EUROFER) described the situation currently prevailing on the steel market. He focussed on the economic outlook, the steel using sectors and the market. Mr Vermeij pointed out that approximately 320,000 people are currently working directly in the European steel industry on more than 500 sites. In addition, approximately 2.5 million jobs in Europe depend on the steel sector.

Since early 2018 the world trade growth has been cooling down due to several reasons (e.g. protectionism). The EURO area exports have been affected and the EU GDP is mainly driven by domestic demand. A GDP growth in Europe of 2% in 2018 and of 1.8 % in 2019 is expected.

In view of the main steel users Mr Vermeij informed that industrial growth (e.g. automotive sector - only slight growth is expected) worldwide lost momentum due to slackening external demand. However, the construction and the mechanical engineering sectors are doing quite well.

With regard to the steel market Mr Vermeij informed that the EU faces a slowing down of demand for steel in 2018-2019 (global demand follows a similar pattern). The global steel overcapacities combined with a softening demand causes some market distortions. There is evidence that third country suppliers are pushing extra tonnage into the EU market due to the establishment of US tariffs on steel. [see also item 6a]

Representatives from industriALL underlined the need for a more optimistic outlook for the European steel sector. There is a huge demand for investment into the infrastructure in Europe. In addition, industriALL pointed out that the capacities of the European steel industry are not used to their full potential. Taking into account the current economic situation, the closing of steel plants in Europe is not acceptable. The price for imported steel is very often subsidised and does not reflect environmental and socio-economic aspects.

## 5. Environmental Issues

### a) Decarbonisation 2050

Mr Aiello (EUROFER) informed about the European Commission's (EC) long term strategy 2050 which will be adopted/presented on 28 November 2018, ahead of the UN climate summit (COP24) which will take place in Katowice, Poland from 2 to 14 December. This strategy is the EC's vision for a prosperous, modern, competitive and climate-neutral economy by 2050. It covers nearly all EU policies and is in line with the Paris Agreement objective to keep the global temperature increase at well below 2°C and pursue efforts to keep it at 1.5°C.

The strategy shows how Europe can lead the way to climate neutrality by investing into realistic technological solutions, empowering citizens, and aligning action in key areas such as industrial policy, finance, or research – while ensuring social fairness for a just transition.

So far, a stakeholder event took place on 10/11 July 2018 where the forthcoming strategy was discussed. In addition, a public consultation was carried out from 17 July to 9 October 2018.

Social partners of the steel sector contributed to this consultation. They pointed out that the strategy 2050 should not weaken the competitiveness of the European (steel) industry, should ensure a global level playing field, should ensure energy security (energy infrastructure), should keep/create quality jobs in Europe and that prices for energy in the EU should remain affordable (excluding energy poverty). In addition social partners underlined their demand for a sustainable and fair European energy policy, including best use of existing technologies and the (financial [e.g. HORIZON]) support for breakthrough technologies.

Social partners highlighted that the EU energy and climate policy can only become a success if the EU ensures sufficient time, guarantees real social acceptance and provides the leadership in implementing these policies. The European steel industry should be treated in a fair way and its position in the international competition should not be harmed.

### b) ETS implementation (carbon leakage list and free allowances)

Mr Aiello (EUROFER) informed about the revised ETS directive 2018/410 for the period 2021 – 2030 which was adopted on 14 March 2018 and published in the Official Journal on 19 March 2018. The Directive entered into force on 8 April 2018. Member States are under the obligation to transpose it by 9 October 2019.

Under the revised EU ETS Directive the EC is empowered to adopt:

- A delegated act detailing and implementing the changes to the free allocation rules provided under the revised Directive
- Implementing acts defining the provisions for the adjustments of the amount of free allowances allocated to installations whose operations have increased or decreased

This has resulted in the launch of the Roadmap, which in turn will lead to a proposal for a delegated act on free allocation rules, and a proposal for an implementing act on free allocation adjustments due to changes in production levels.

Mr Aiello mentioned that the consultation body (expert group, EUROFER is part of it) consisting of Member State representatives, stakeholders and the EC in which these

rules are discussed, has met 3 times so far. The EC has published a first draft which is now open for public consultation until 23 November 2018. The final document should be ready by the end of 2018.

Mr Aiello reminded social partners of the two important points (flaring of waste gases, consumption of waste gases) for the steel sector which have been already pointed out in the expert group meetings. However, EUROFER will also use the public consultation as a forum for raising these issues.

Social partners agreed to continue advocating in this respect in their relations with the MS.

## **6. Trade Issues**

### a) Section 232

Mr Tachelet (EUROFER) informed about the trade measures of the US government which are mainly based on the argument of national security.

He pointed out that the 25% import tariff which has been imposed on EU steel products is still in place and that there are no signs indicating that the US government will change it. Since this summer a trend has been visible. While the EU steel imports have increased the US steel imports are declining. EUROFER will continue monitoring the impact. In addition the EC (DG TRADE) and the MS work on safeguard measures for the European steel products.

### b) EU safeguards

Mr Tachelet explained the process of the EU safeguard measures. Provisional steel safeguard measures were imposed on 18 July 2018 and are applicable for 200 days (February 2019). Following this date the situation needs to be evaluated and a decision needs to be taken as to whether to stop them or to continue with the final measures. The safeguards cover most of the products (23 product categories covering flat, long and tubes finished products). The provisional safeguard measures received strong support from almost all MS. However, some steel users in the EU are pointing out that the safeguard measures would create steel shortages and further price increases.

### c) Foreign Direct Investment Screening

Mr Tachelet mentioned that there is no new information.

### d) Global Forum on Steel Excess Capacity

With regard to the Global Forum Mr Tachelet referred to the G20 summit in Buenos Aires on 30 November/1 December 2018 where a declaration is expected.

With regard to the WTO Mr Tachelet pointed out that the US government does see a need for a fundamental reform. Social partners agreed that the secretariats will meet in December 2018 to discuss the issue of the WTO reform.

## **7. EU Competition Law- recent steel mergers**

Ms Hathaway (industriAll Europe) gave a presentation about the EU competition law. She reminded social partners of the principles of EU competition law, which are controlling the power of dominant players in the internal market and preventing destructive “subsidy wars” between Member States. The EC takes action in cases of

state aid, large mergers and acquisitions, liberalisation of former public monopolies in network industries and in case of abuse of dominant power.

Ms Hathaway pointed out that focusing exclusively on a fair competition in the Internal Market is not enough. IndustriAll Europe works on a position paper requesting the EC to put emphasis as well on the following:

- Important strategic goals of an industrial policy at global scale;
- Consistency between policy fields;
- The interests of the workers involved in these operations.

In view of recent mergers/acquisitions in the steel sector industriALL Europe demands that the EC should also take into account the interest of the concerned workforce and the concerned regions. Workers representatives should always be consulted by the EC in case of mergers.

Social partners agreed that there is a need of adapting EU competition law to the current/future challenges. EU competition law should focus more on the international dimension in sectors like steel. Both sides of industry demand a better European industrial policy, which should develop/support European champions that can compete globally.

#### **8. “New Skills Agenda Steel”: Industry-driven sustainable European Steel Skills Agenda and Strategy (ESSA)**

Mr Nieminen (EUROFER) informed about the Blueprint “New Skills Agenda Steel”: The project application of the sector was successful. The first five Blueprint Alliances, started in January 2018. The steel sector belongs to the second wave of six sectors which are eligible for funding under Erasmus+. The budget for EU Blueprint “New Skills Agenda Steel” amounts to 4 million Euro and the project will run from January 2019 – December 2022. The objective of the Blueprint is to support an overall sectoral strategy and to develop concrete actions to address short and medium term skills needs. Mr Nieminen underlined that all relevant partners of the sector and all relevant MS are involved in the project. However, more trade unions should be integrated into the project.

#### **9. AOB**

The SSDC meetings 2019 will be on 26 February, on 23 May and on 2 December.

The Chair thanked the participants and closed the meeting.