

DECISION

At its 167th meeting on 28 April 2016 and on the basis of Bundestag document 18/8238,

Strengthening the steel industry in Germany and Europe,

The German Bundestag has decided:

I. The German Bundestag notes:

One of Germany's strengths as a business location is that it has the entire spectrum of basic industries. In this context, the steel industry plays a key role. Germany is the largest steel producer in the EU, and the seventh-largest in the world.

The steel sector is part of Germany's and Europe's industrial core. An efficient steel industry is vital to achieve the objective of boosting industry in the EU which is pursued by the European Commission under the key concept of 'reindustrialisation'. This is because the steel industry, as a supplier of materials, is of key importance to the industrial value chains. With its broad range of high-quality steels and products, it is a driver of industrial innovation. The steel sector is necessary and essential to ensure that industry in Germany and Europe is efficient and able to innovate.

Not least, the steel industry is a major employer. Around 90 000 people in Germany and around 330 000 in Europe are employed directly in the steel industry. However, its importance to the job market extends far beyond this, as thousands of jobs in supplier and (industrial) service provider companies depend on the steel industry.

The steel sector is currently facing significant challenges.

Owing to overcapacities, particularly in the PRC, there is an over-supply of steel products at extremely low prices. The exports of Chinese steel companies alone reached around 112 million tonnes in 2015, of which around 7.2 million tonnes of rolled steel were supplied to the EU. Demand for steel across the whole EU is 152 million tonnes. The prices of steel products from the PRC have been reduced as a result of State measures, and in some cases prices are below manufacturing costs. This has resulted in a series of ongoing antidumping procedures and punitive duties. In this context, the instruments of European foreign trade policy have proved unwieldy in some cases. Thus, it sometimes takes much longer in the EU than, for example, in the USA, until countermeasures to ensure fair competition for the domestic industry take effect.

Treating the PRC as a market economy in antidumping procedures (Market Economy Status) would make it much harder to use EU trade defence instruments.

It would be almost impossible to enforce fair, competitive conditions for our steel industry. Legal measures to protect trade would become less effective owing to the changed calculation method, particularly because it would no longer be possible to base international comparisons on prices in market economy producer countries in order to justify charges of dumping. The provision in Article 15 of China's Protocol of Accession to the WTO is due to expire on 11 December 2016. At the moment, China is being treated overall as a non-market economy on the basis of this provision. The European Commission is currently investigating the consequences that can be drawn from this.

Granting China market economy status also entails treating the PRC as an economic partner with equal rights. In

view of the expiry of the 15-year period and of China's great economic importance, the country cannot be deprived of market economy status in the long term. In light of this, any long-term non-recognition of market economy status could jeopardise the steadily growing economic and political relations with the PRC in recent years and, not least, exports of German products, and the production and market conditions of German companies in the PRC. Nevertheless, China must also take its own steps to remove distortions of competition.

The German and European steel industry must assume responsibility with regard to reducing greenhouse gas emissions. Today it already produces steel with much lower emissions than the factories in many other countries, not least in the PRC. For this reason, any displacement of steel production would be counter-productive in terms of climate policy.

In view of the organisation of the fourth trading period of the EU Emissions Trading System and on the basis of the current European policy position of heads of State and government of October 2014, organisational possibilities should be exploited so that the steel industry can maintain its current global competitiveness. Thus, in the next stage, particular significance will be attached to drawing up the benchmark rules in more detail in the context of the budgetary resources available for electricity-price compensation, and to the allocation amounts with a cross-sectoral correction factor, in order to prevent carbon leakage.

The costs of the energy transition must be contained and distributed so that they also remain affordable for energy-intensive industries that are dependent on foreign trade, and so that international competitiveness is not restricted. In the current amendments of the Renewable Energies Act and the Electricity Market Act, particular attention must therefore be given to the objective of cost-efficient electricity production. In addition, the ecologically-viable and efficient electricity that the steel industry typically produces through self-generation on the basis of blast furnace gas and other residual energies must continue to be exempted from the renewable energy surcharge.

To sum up, the German and European steel industry, but also other metal sectors, such as the aluminium and copper industry, are facing the following challenges in particular:

- massive global overcapacities and steel from the PRC at extremely low prices,
- the issue of how to conduct antidumping procedures in the EU even more quickly and efficiently, and how to take adequate protective measures,
- the possible granting of market economy status to China in antidumping proceedings,
- the tightening of emissions trading and
- excessive energy prices and the impending application of the renewable energy surcharge to industrial self-generated electricity.

II. The German Bundestag welcomes:

- the Commission's recent launch of new antidumping proceedings for steel products from the PRC, and its imposition in other proceedings of provisional antidumping duties on imports of steel from the PRC and Russia;
- the Federal Government's commitment to retaining the special compensation scheme in the Renewable Energies Act, and to retaining the protection of legitimate expectations in the case of existing industrial self-producing electricity installations;
- the international dialogue, particularly on overcapacities, initiated by the European Commission;
- the current measures to implement the European Commission's Action Plan for a competitive and sustainable steel industry in Europe (COM(2013) 407);

III. The German Bundestag considers, however, that the measures taken and the amount of the provisional antidumping duties established still do not go far enough. It therefore calls on the Federal Government to lobby the European Commission to maintain a strong steel industry. In particular, the Bundestag calls on the Federal Government

- to campaign for an efficiently organised and effective foreign trade policy. This includes the consistent and transparent use of trade defence instruments and their accelerated application. The European Commission's examination procedure in antidumping proceedings must be speeded up considerably;

- to give special priority in the forthcoming amendments of the Renewable Energies Act and the Electricity Market Act to the objective of affordable energy prices for a competitive industrial location, since this is also a fundamental requirement for future investments in the German steel sector;
- to also lobby the European Commission for full and permanent exemption from the renewable energy surcharge for the ecologically-viable and efficient electricity typically produced by the steel industry through self-generation on the basis of blast furnace gas and other residual energies;
- to campaign to make the most of organisational possibilities resulting from the current European policy position of heads of State and government of October 2014 when setting up the fourth trading period of the EU Emissions Trading System in order to maintain the steel industry's global competitiveness. Particular significance will be attached to drawing up the benchmark rules in more detail in the context of the budgetary resources available for electricity-price compensation and to the allocation amounts with a cross-sectoral correction factor;
- to campaign for the allocation of allowances on the basis of the current European policy position of heads of State and government of October 2014 to be measured in such a way that the ten per cent of the most CO₂-efficient installations will be allocated emissions trading allowances free of charge in future in order to prevent carbon leakage. This should take into account the current production volume. The benchmarks for free allocation should be checked regularly in accordance with technological progress. The benchmarks must also continue to reflect the ecologically-viable and efficient production of electricity from blast furnace gas in the steel industry;
- to lobby the European Commission to base its decision on granting market economy status to China on careful consideration of the five technical criteria that the EU itself defined for this purpose, and to consider, in particular, the effects on the steel industry, other metal industries and other product manufacturers;
- to pay careful heed, when drawing up the 2050 Climate Action Plan, to the interests of a competitive steel industry and of other industries competing on the European and global market.

IV. The German Bundestag calls on the European Commission

- to clarify quickly whether the EU is bound under international law to grant the PRC market economy status in antidumping proceedings from 11 December 2016, which would therefore mean that domestic Chinese prices should be cited in principle in antidumping proceedings;
- to involve all stakeholders at an early stage in its decision-making process regarding possible market economy status for the PRC, and also to reach consensus with other industrialised countries, particularly the USA, in the WTO;
- to examine as soon as possible whether, in the case that market economy status is granted in principle, a differentiated approach with exceptions for certain sectors, for example, could also be a feasible option;
- in the medium- and long-term, to ensure fair trading conditions for steel products on the global market together with the PRC and the USA.

V. The German Bundestag asks its President to transmit this decision to the European Commission, the European Parliament and the parliaments of the Member States.