



EUROPEAN COMMISSION

Brussels, 15.11.2016
C(2016) 7178 final

Laura BOLDRINI
President of the
Camera dei Deputati
Piazza Montecitorio
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Dear President,

The Commission would like to thank the Camera dei Deputati for its support for the Commission Communication "Steel: Preserving sustainable jobs and growth in Europe" {COM(2016) 155 final}.

The Commission is using the full range of the available trade policy instruments at its disposal to ensure a level playing field for EU industry. This includes opening trade defence investigations based on the 'threat of injury', that is to say before the actual full economic damage takes place that would harm the EU steel industry, and by registering imports where warranted, something which, in many cases, reduces the high volume of cheap imports. In this regard, and as the Camera dei Deputati observes in its Opinion, shortly after the publication of the Communication, the Commission adopted Implementing Regulation 2016/670¹ introducing prior Union surveillance of imports of certain iron and steel products originating in certain third countries. In parallel, the Commission has, as announced in the Communication, sped up the imposition of provisional trade defence measures.

In the same context, further strengthening the effectiveness of the EU's trade defence instruments, notably through the swift adoption of the Commission's Trade Defence Instruments modernisation proposal of April 2013², remains key. The European Parliament adopted its report in first reading in April 2014. But while the Commission, in its Communication, urged Member States to swiftly proceed with the adoption of the proposal, and the European Council of March 2016 also called on the Council to take "strong action in response to this challenge", Member States have so far prevented the file from moving forward in the Council. As the main stumbling block still appears to be the proposal for

¹ OJ L 115, 29.4.2016.

² COM(2013) 192.

exemptions to the application of the so-called lesser duty rule³, the Commission issued a Communication on 19 October entitled "Towards a robust trade policy for the EU in the interest of jobs and growth"⁴ which aims to support the reflection by Member States on how to overcome the political deadlock.

The Commission held an orientation debate on 20 July 2016 on the consequences of the expiry on 11 December 2016 of some provisions in China's Protocol of Accession to the World Trade Organisation (WTO). The College of Commissioners agreed that the Commission must make sure that Europe has trade defence instruments that can deal with the current realities – notably existing overcapacities – in the international trading environment, while respecting the EU's international obligations in the WTO legal framework. This was confirmed in the Communication of 19 October.

At bilateral level, the Commission has set up Steel Contact Group meetings with China, Japan, India, Russia, Turkey and the United States. Following the EU-China Summit in Beijing on 19 July 2016, it was agreed that an EU-China bilateral platform to monitor progress in addressing the issue of steel overcapacity should be established. The bilateral platform should help to monitor and find solutions to address steel overcapacity in China, including through sharing the EU's experience on capacity reduction. Bilateral contacts with China will continue in this regard and notably at the occasion of the High Level Economic Dialogue in mid-October. The Commission is also actively supporting the establishment of a Global Forum on steel excess capacity facilitated by the OECD as decided by G20 leaders in Hangzhou earlier this year.

Several EU funds actively support the steel industry on its modernisation path by facilitating investment and helping the development and deployment of innovation. These possibilities should be used to the fullest extent.

In general, EU State aid rules avoid subsidy races in the internal market and promote fairness towards efficient manufacturers who restructure with their own resources. Specifically in the steel sector, the Commission is ensuring close contacts with the Italian authorities discussing various possibilities to support steel producers within the framework of EU State Aid rules. The Commission is open to help overcoming temporary problems with the aim of bringing steel production back to operation under normal market conditions.

Lower carbon costs due to less ambitious climate policies still give a number of third country producers an unfair competitive advantage vis-à-vis their European competitors. While the Paris Agreement is a game changer and sends a clear signal to investors, businesses, and policy-makers that the global transition to clean energy is here to stay, the risk of competitive disadvantages remains. Therefore, in its proposal for the revision of the Emission Trading System⁵, the Commission proposes to distribute the free allowances in such a way that energy

³ The lesser duty rule foresees the imposition of anti-dumping duties at the level required to eliminate the injury suffered by the EU industry, if this level is lower than the dumping margin.

⁴ COM (2016) 690.

⁵ COM(2015) 337.

intensive industries, including the steel sector, receive an appropriate level of support and continue to reward the best performers.

The need to invest in human resources is at the heart of the Commission's New Skills Agenda adopted on 10 June⁶. Workers affected by restructuring are likely to qualify for professional training, re-skilling and up-skilling under the European Social Fund, in the framework of regional and national operational programmes. The Commission is aware that in some cases, structural changes may lead to job losses. This has serious social consequences for the workers concerned, their families and the regions in which they live. The European Globalisation Adjustment Fund can co-fund up to 60% of the total cost of active labour market measures helping workers finding new jobs where major redundancies have occurred.

The Commission hopes that the clarifications provided in this reply address the issues raised by the Camera dei Deputati and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Jyrki Katainen
Vice-President*

⁶ COM (2016) 381.