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Resources Based, Manufacturing and Consumer Goods Industries  
**Raw materials, Metals, Minerals and Forest-based industries**

## **Minutes from the 1<sup>st</sup> High Level expert Group on Steel**

**04 December 2013**

The first meeting of the High Level expert Group (HLG) on the European Steel Industry was convened by Vice-President Antonio Tajani, Commissioner for Industry and Entrepreneurship on December 4 2013. The meeting was also attended by Ministers and top ranking government representatives from steel producing Member States, industry was represented along with Trade Unions and a member of the European Economic and Social Committee (full list of attendances is attached).

Vice-President Tajani opened the meeting by welcoming the participants, particularly the new ones such as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD). He also expressed his satisfaction regarding the swift implementation of the Steel Action Plan and conveyed his "prudent optimism" regarding the 2014 economic situation. On the implementation he said that the first action was the cumulative cost assessment which showed that the EU regulation can have a cost for the industry. He said that this exercise was enlarged to the aluminium, chemicals, ceramics and glass sectors and that the results will feed in the March European Council dedicated to Energy. He announced that the Commission also adopted guidelines on renewable energy support schemes to avoid over-compensation. Regarding scrap, he said that a higher availability of steel scrap is needed in Europe and a few measures have been taken along that line, first, to oppose illegal traffic of scrap the Commission revised the Waste Shipment Regulation to reinforce inspections at the borders, second, it will be examined how to use the 'Surveillance 2' system to monitor not only the imports of finished steel products but also the exports of scrap. VP Tajani also stated that Horizon2020 and the European Innovation Partnership (EIP) on Raw Materials will allocate resources for the steel sector, both for primary and secondary production. He called for greater coherence between EU policies and for an Industrial Pact. He finally explained that the February European Council dedicated to the Industrial Policy will be an opportunity to strengthen the industrial competitiveness.

Mattia Pellegrini, Head of Unit DG ENTR, explained that since the adoption of the Steel Action Plan, some actions have already been implemented, these are (1) the cumulative cost assessment on steel published on the website of the Commission the day after the adoption of the steel action plan, (2) two Directives adopted by the Council in July to enable to better combat VAT fraud, (3) the revision of the Waste Shipment Regulation adopted in July by the Commission to reinforce inspections at the border, (4) guidelines on renewable energy support schemes to avoid over-compensation, (5) the addition of certain forged products to the revised carbon leakage list, (6) the adoption in September of the Strategic Implementation Plan (SIP) of the EIP on Raw Materials in which some actions are valid for the steel sector, the call for commitment is published on the website of the Commission and open until end of January

2014, and finally (7) the creation of the High Level expert Group on steel has been officially created and published on the website of the Commission.

At the same time, he explained that quite a few actions are close to adoption but mentioned three, 1) the final report of the critical raw materials list in which coking coal and other elements are potentially included, 2) the climate and energy package which will be adopted beginning of 2014, 3) Horizon2020 draft work programme has been published on the website of the Commission, where calls for primary production but also recycling material will be available, these calls will be published 11 December 2013.

Measures on-going are many but due to time constraints just mentioned one, the use of trade-defence instruments (TDI) is an on-going process with 39 (36 anti-dumping and 3 anti-subsidy) measures currently in force.

Mr. Rolin (Rapporteur, European Economic and Social Committee (EESC)), thanked VP Tajani for the invitation to present his opinion on the Steel Action Plan. He expressed his pleasure to see steel, which has been the heart of Europe, back on the agenda; he also said that the action plan is a first step and that the success of it will depend on the way it is implemented. He said that for the EESC a level playing field in international trade, the inclusion of steel in state aids, the involvement of social partners, temporary measures to help accompany restructuring, and the development of a European steel standard were key measures.

Mr. Gibellieri (on behalf of industriAll), expressed his support for the work done so far by the Commission and said that on the trade unions part there were four priorities. 1) To maintain current capacity as this is the lowest that we can have in Europe for when the economy will start back and there are signs of improvement already for 2014; 2) To have measures for the workers, he reminded that 60.000 people have lost their job since 2008, which is a big problem I terms of quantity but also in terms of quality as there are problems of substituting the work force and transferring the knowledge and skills, in this respect he called for a more specific use of the available resources such as the European Social Fund (ESF) and the European Globalization Funds (EGF). He finally called for the reintegration of steel in states aids and an ending of this discrimination compared to other sectors such as plastic, wood or aluminium; 3) The importance of R&D and need to foster innovation in this sector, in that sense he expressed support for projects like ULCOS, he also backed Public Private Partnerships (PPPs) like SPIRE and EMMIRI which are key for steel, he also expressed support to the idea of using Emission Trading Scheme (ETS) revenues for R&D and welcomed the arrival of Horizon2020 and its budgetary allocation. He finally support the idea of developing a standard for sustainable steel in Europe, SustSteel, which will help the EU industry, especially the Electric Arc Furnace (EAF) sector; 4) On Raw Materials, he reminded that they represent 65% of the production costs and therefore we should safeguarded the only raw material we have in Europe, scrap; he also said that recycling should be improved and substitution should be enhanced and finally that the EU should have a strong trade policy and use efficiently the TDI.

Mr Eder (President of Eurofer), welcomed the Steel Action Plan which in his sense identified the key issues of this sector. He particularly embraced the cumulative cost assessment that showed that the cost of EU regulation is eating all the profits of the industry and that something had to be done about it, in particular regarding environmental and climate policies which have

the major impact. He said that the priorities for the industry are environmental, including energy, and climate policy. He regretted the absence of details on how the industry is supposed to meet the CO2 emission targets, he also regretted the fact that many actions such as the back-loading and cross-sectorial adjustment were taken with no discussion. He stressed the uncertainty and unstable system in which the industry has to operate; and explained that it is a disincentive to invest for Energy Intensive Industries (EII) in Europe. He emphasized that the industry simply cannot go further in terms of CO2 reduction, that there is no technology to go further and called for 100% free allowances to best performers to continue post 2020. Regarding trade, he was broadly satisfied with what has been proposed and with the on-going modernization of the TDI, especially the abolition of the lesser duty rule. He called for no state aids for this sector as they would be an obstacle for restructuring which is a responsibility of the industry. He expressed his satisfaction on the overall implementation, saying it was a solid start and the Commission should pursue its efforts.

Mrs. Agrò (Director General for Industrial Policy and Competitiveness, Ministry of Economic Development, Italy) welcomed the action of the Commission and called for an EU plan. She notified that Italy was drawing up its on Automotive Plan and said that the priorities for Italy were the Surveillance 2 system in particular regarding the issue of scrap, the use of funds under the ESF and EGF but also under Horizon2020 and the EIP, she appreciated the presence of the EIB which could be of use to fund the Best Available Techniques (BATs). She finally called for a level playing field regarding state aids; the steel sector should not be discriminated and should be eligible.

Mr. Volintiru (State Secretary within the Ministry of Economy, Romania) explained that there was a slight decrease in production and employees, he stressed the devastating impact of electricity prices for EII, and for this latter called for long term energy contracts. He finally informed that Romania was considering earmarking ETS revenues to improve energy efficiency.

Mr. Pavlis (State Secretary within the Ministry of Economy, Slovakia) highlighted the key strategic role of the steel industry in Slovakia and called for climate targets that are technologically and economically feasible.

Dr. Losch (Director General, Ministry of Industry, Austria) expressed satisfaction for the 20% target of EU GDP coming from the industry. Regarding climate policy he said that it was essential to have a secure planning for the future, especially for EII as there was a clear risk of carbon leakage, he then called for free allowances for best performers. He highlighted the importance of using ETS income for R&D. He also said that there was not a need for state aids.

Mrs. Peeters (Member of cabinet of Minister Marcourt, Belgium) welcomed the Steel Action Plan and highlighted the key measures for Belgium, energy costs, innovation, trade policy and the list of critical raw materials. Regarding State Aids she expressed the need to reflect about a sectorial application for the EGF.

Mr. Landheer (Director of Industry, Ministry for Economic Affairs, Netherlands) welcomed the fact that industry is finally back on the agenda, he explained that state aids are not the solution,

that innovation is the essential element energy prices was still a big issue. He also called for free allowances for the best performers.

Mr. Gallezot (Director General responsible for Industry, France) strongly welcomed the Steel Action Plan and its implementation since the adoption. He underlined the high energy prices that the EU is facing, making reference to the World Energy Outlook of the International Energy Agency which states that industries face a mortal risk with the existing EU climate policies, he therefore called for the Action Plan to go even further.

Mr. Edwards (Deputy Director for advanced manufacturing, Department for Business, Innovation and Skills, UK) congratulated the Commission for the work done so far, explained that in the UK there is an active industrial policy, he also called for an emphasis on competitiveness and finally stressed the need for no relaxation regarding state aids in this sector.

Mr. Valle Muñoz (Director General, Ministry of Industry and SMEs, Spain) welcomed the actions that the Commission has undertaken so far. He informed about the setting-up of a high level roundtable on steel in Spain together with a plan to boost the car sector. Regarding high energy prices he mentioned the problem of grids in Europe, he called for climate objectives compatible with technological and economic feasibility. He finally mentioned the issue of maintaining a sufficient amount of scrap in Europe, especially for EAF production.

Mrs. Will-Szczepankowska (Permanent Representation to the EU, Poland) expressed three main messages, 1) regarding a proper regulatory framework, she called for a greater emphasis on developing a standardization for steel products; 2) on climate policy she said that the income of the ETS revenues and its use should remain a decision of Member States; 3) on the social dimension, she welcomed the available funds and assured that the steel industry will apply for these funds, especially the ESF.

Mrs. Bergdahl (Permanent Representation to the EU, Sweden) affirmed the need to have and industrial policy that goes hand in hand with climate objectives.

Dr. Schuseil (Director for industrial policy in the Ministry of Economics, Germany) welcomed the work done by the Commission so far, work that has delivered concrete actions. He emphasized the need to create favourable conditions to produce in Europe.

Mr. Zanotti (CEO of Tenaris, on behalf of ESTA, the European Steel Tube Association) stated that costs have to remain aligned with the international competitors, that TDI must remain strong and used as much as possible and that the industry must not be affected by the cost of CO<sub>2</sub>.

### **Conclusions by Vice President Tajani**

He thanked the participants for their very good and concrete proposals; he said that we need to deliver concrete things such as the 20% target of EU GDP coming from the industry. He reminded that the support of Member States is crucial for the good implementation and the follow-up of the steel action plan. He explained that climate policies have to go hand in hand

with an industrial policy and that R&D was essential and had to support the industry. It was proposed that the HLG shall meet in spring 2014 prior to the yearly assessment of the Steel Action Plan.