

COMMISSION OF THE EUROPEAN COMMUNITIES

SEC(93)245 final

Brussels, 17 February 1993

RESTRUCTURING OF THE STEEL INDUSTRY OF THE COMMUNITY
Elements for possible conclusions of the Council of the 25.2.1993

(Commission Working Document)

RESTRUCTURING OF THE STEEL INDUSTRY OF THE COMMUNITY
Elements for possible conclusions of the Council of the 25.2.1993

1. The Council has heard an oral presentation by the Commission on the results and the evaluation of the mission given to Mr. Braun as well as the broad outlines of the Commission approach towards facilitating the definition of a programme of capacity reductions and towards implementing necessary supporting measures.
2. The Council has noted the general agreement existing on the overall approach of the Commission, which consists essentially of:
 - the definition by the industry before the 30.9.93 of a precise programme of capacity reductions through to the end of 1994 and which is sufficiently extensive to permit a lasting reorganization of the steel sector.
 - the establishment, by the Commission, the Council and the Member States, according to their respective responsibilities, of a package of supporting measures of limited duration and/or including financial support, aimed at the social domain, measures permitting the improvement the structures and the stabilization of the market as well as external measures.

The establishment of the supporting measures is subject to the previous definition of a credible programme of capacity reductions but would allow the anticipatory launch of certain measures in particular the external measures and those related to the stabilization of the market which would however be terminated if this programme has not been defined by 30.9.93. In this context the Council and the Commission underline the essential role of the Community steel industry and appeal to its sense of responsibility and the solidarity without which a lasting reorganization of the sector would not be possible.

3. In the respect of the programmes of capacity reductions, the Council and the Commission share the opinion of the Community steel industry that the closures identified are not yet sufficient and that an additional effort is required: It is necessary not only to confirm the potential closures but also to add engagements for significant closures.

The programme of capacity reductions thus completed should have a global coherence and should assure as large a participation as possible of the companies taking into account the specific situation of individual companies especially those which are the object of State Aids procedures in the framework of Art. 95 ECSC.

In this context the Council takes note of the intention of the Commission to renew the mission given to Mr. Braun in order to aid the companies involved in the finalization of their closure programmes of capacity reductions and the details of the various conditions and methods of finance foreseen.

The Council shares the intention of the Commission to put forward a package of measures, of which the broad outline will be as follows:

A. Measures of financial support

- With the objective of offering an additional incitement to capacity reductions the Commission will complement the traditional social aids laid down in Article 56 2b) of the ECSC Treaty by additional contributions, destined to reduce the costs resulting from the necessity to ensure an adequate social protection for workers who lose their jobs in the framework of definitive closure programmes from the 1st January 1993. This supplementary contribution will be paid within the framework of a Steel Social Programme and in partnership with the Member States, this with an efficient and rapid management.
- This contribution from the Member States to the social measures may be complemented by using the possibilities authorized by the Aids Code (social aid and aids to the closure of companies).
- In the framework of structural actions the economic and social problems affecting steel regions are largely covered by reconversion and training measures regarding objectives 1 and 2 and objective 4 (the modification of which will be proposed by the Commission in order to respond better to the needs of industrial change). In the light of the closure programmes the Commission will examine the appropriateness of an additional effort in the framework of the Community Initiatives, which could encompass also those steel regions which are not part of regions eligible for the regional actions mentioned above.
- The Commission will examine with a preconceived favourable opinion on the basis of Art. 53 a) the mechanisms which groups of companies may present it for the joint financing of closure programmes and which may cover a sector of production or a particular region.

B. Improvement of structures

The Commission will examine, rapidly and in conformity with the rules of the ECSC Treaty possible agreements on specialization, on concentrations, or the creation of joint ventures involving the rationalization of production presented by companies to facilitate a lasting reorganization of the industrial structures of the sector.

C. Control of State Aids

The Commission underlines its attachment to a rigorous and objective application of the Aids Code and undertakes to watch that possible departures from it, proposed to the Council under Article 95, participate fully in the necessary global effort to reduce capacity.

D. Stabilization of the market

The Commission will establish, in the framework of its mission to provide guidance laid down in Article 46 and as a complement to its six monthly forward programmes, global quarterly indications in respect of production and deliveries in the Community broken down by product. These indications will be transmitted to all companies.

E. External measures

A global approach to the problems of restructuring must be completed by an external package. The Commission, in respect of its international engagements and in conformity with its intention to negotiate an multilateral steel agreement in order to reorganize international trade in this sector:

- will prolong the ex-ante and ex-post surveillance measures of imports;
- will update the import basis prices;
- will negotiate, according to the directives of the Member States sitting in Council, with the Eastern European Countries for sensitive products, the conditions for a progressive access to the Community market by fixing adequate tariff quotas for the period 1993-95, subject to a periodic review clause in the light of developments which will take place after the introduction of Community quotas on 1.1.'93 and principally of the situation in the Community steel industry;
- will prolong, for 1994 and 1995, the Community quotas set up on 1st January 1993 in respect of certain imports from the republics of the CIS;
- will use, in the appropriate bodies, all methods to avoid definitive adoption of the abusive and unjustified commercial measures recently adopted by the U.S..

5. The Council will take up again the discussion during its meeting of 4 May to update itself on the progress made by the Commission in its contacts with the industry as well as the preparation of the supporting measures.