



COUNCIL OF THE EUROPEAN COMMUNITIES  
GENERAL SECRETARIAT



PRESS RELEASE

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699th meeting of the Council  
- Iron and Steel -  
Brussels, 26 and 27 March 1981  
President: Mr G.M.V. van AARDENNE,  
Minister for Economic Affairs  
of the Kingdom of the Netherlands

The Governments of the Member States and the Commission of the European Communities were represented as follows:

Belgium:

Mr Willy CLAES Minister for Economic Affairs

Denmark:

Mr Erling JENSEN Minister for Industry

Germany:

Otto Count LAMBSDORF Federal Minister for Economic Affairs  
Dieter von WÜRZEN State Secretary,  
Federal Ministry of Economic Affairs

Greece:

Mr Stephanos MANOS Minister for Industry and Energy

France:

Mr André GIRAUD Minister for Industry

Ireland:

Mr Brendan DILLON Ambassador,  
Permanent Representative

Italy:

Mr Filippo PANDOLFI Minister for Industry  
Mr Gianni DE MICHELIS Minister for State Holdings

Luxembourg:

Miss Colette FLESCHE Minister for Economic Affairs  
Mr Paul HELMINGER State Secretary for Economic Affairs

Netherlands:

Mr G.M.V. van AARDENNE                      Minister for Economic Affairs

United Kingdom:

Mr Norman TEBBIT                              Under-Secretary of State,  
Department of Trade

Commission:

Mr Gaston THORN                              President  
Mr François-Xavier ORTOLI                  Vice-President  
Vicomte Etienne DAVIGNON                  Vice-President  
Mr Frans H.J.J. ANDRIESSEN                Member  
Mr Karl-Heinz HARJES                        Member  
Mr Ivor RICHARD                                Member

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Council Resolution on the steel recovery policy

Following its Resolution of 3 March 1981, the Council confirms the undertakings outlined therein and agrees on the following measures to be taken to deal with the crisis facing the European steel industry.

The Council considers that it will only be possible to give lasting security to the European steel industry if strict discipline among producers enables prices to be substantially increased as soon as possible and if restructuring measures inevitably involving reductions in capacity are implemented at the same time by undertakings.

1. Objective and measures to be implemented

The objective to be achieved is the restoration in the medium-term of normal market conditions in which undertakings are **profitable**, i.e. they cover by the proceeds from production, without any state aid, the costs of the factors of production including a normal level of depreciation and a reasonable rate of financing costs.

If this objective is to be attained, the Council considers that :

- aid to steel firms should be gradually phased out, within a specified period of time, and all distortion of competition avoided;
- overall production capacity should be reduced within the Community

- the production capacity for the various categories of product is should not be increased. Consequently the creation of any new production units should be offset by the simultaneous closure of equivalent capacities by the undertaking or group of undertakings concerned;
- aid should be confined to those undertakings or groups of undertakings engaged in restructuring programmes which comply with the above objectives and whose overall results include a reduction in production capacity.

All restructuring decisions should be based on this main objective.

The Community urges the European steel industry to intensify its efforts to restructure and to phase out non-competitive plant.

## 2. Information

The Council considers that a more comprehensive information system should be introduced to ensure genuine transparency with regard to restructuring projects, including their funding and state aid, and with regard to measures by the Member States and authorities to fund public enterprises. Such a system will enable the Commission to determine and to evaluate all aid factors more satisfactorily.

The Council notes that the Commission will duly:

- collect from Member States and undertakings the necessary data for the conduct of its aids policy; <sup>(1)</sup>

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<sup>(1)</sup> Text of the Resolution of 3 March 1981.

- use its powers to ensure that undertakings inform it of their restructuring plans in the framework of the objectives and timetable set out; (<sup>1</sup>)
- continually complete and update, as necessary, the general objectives for steel, covering a wider range of products.

### 3. Investment policy

This improved information, and in particular the restructuring plans, will provide the basis for a more systematic relationship between the restructuring objectives mentioned in paragraph 1 and investment policy (investment opinions and Community lending), and for state aid decisions.

The Council notes that the Commission will use its discretionary powers under Article 54 to grant loans for investment programmes only where projects achieve a satisfactory degree of restructuring.

### 4. Competition policy

#### (a) Aid

In its Resolution of 3 March 1981, the Council agreed on the following:

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(<sup>1</sup>) Text of the Resolution of 3 March 1981.

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- To restore competitiveness, degressive public aids will be accepted only as a transitional measure, and on the condition that they contribute directly to the restructuring of the sector <sup>(1)</sup>.
  - The Commission will confirm its requirement that Governments notify in advance all public aids, specific or not <sup>(1)</sup>.
  - The Council takes note that the Commission will apply strictly the provisions of its Decision No 257/80/ECSC and ensure, in particular, that no aid will be granted to preserve non-competitive capacities or to undertakings which do not make the necessary efforts to restructure in accordance with the principles mentioned above <sup>(1)</sup>.
  - The Commission will ensure full transparency in all public aid funding granted to steel undertakings by the Community and the Member States and present a new report within two months <sup>(1)</sup>.
  - The Council is of the opinion that no further public aid schemes in favour of the steel industry should be introduced after 1 July 1983 <sup>(1)</sup>.

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<sup>(1)</sup> Text of the Council Resolution of 3 March 1981.

In view of these principles the Council and the Commission consider that:

- only those applications for state aid can be taken into account which are for undertakings or groups of undertakings which have drawn up systematic and specific recovery plans covering the various aspects of restructuring (modernization, reduction in capacity, and where necessary financial restructuring) and ensuring that they become competitive again as quickly as possible;
- the Commission will examine these recovery plans together with their financing, particularly applications for State aid, on the basis of the objectives in paragraph 1. Aid proposed for undertakings or groups of undertakings can be approved only if it contributes to the realization of the objectives referred to in paragraph 1, including the overall reduction of production capacity; <sup>(1)</sup>
- no aid can be approved for undertakings or groups of undertakings which would be responsible for a net increase in the production capacity for a product for which there is not a growth market.

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<sup>(1)</sup> When deciding on aid applications submitted to it as part of restructuring plans, the Commission will take account of the special position of Member States which only have a single steel undertaking, with a very slight impact on the Community market.



The Council therefore requests the Commission to replace, as quickly as possible and in any case before 30 June 1981, Decision 257/80/ECSC by a new Decision based on the principles set out in this Resolution and on the experience gained in implementing the current Decision.

The Commission is requested to report on other measures which distort competition between undertakings operating within the common market and to consider what measures can be taken.

The Council notes that the Commission confirms that it will make every effort to ensure, in accordance with the provisions of the Treaty, that undertakings are not injured by competition distortions resulting from the aid granted and that fundamental and persistent disorders in the economy of the Member States are avoided.

(b) Co-operation between firms

The Council notes that the Commission will give, within the bounds of the Treaties, favourable consideration to co-operation between firms and concentrations of undertakings which facilitate the creation of the capacity necessary for genuine restructuring, while at the same time ensuring that in the long term there will be enough independent firms to ensure proper competition.

Discipline, freely agreed to by producers, is the best solution to permit prices to be increased in the short-term and avoid the payment of aids creating distortions of competition.

The Council notes that it devolves in the first place on undertakings to take under the Commission's supervision, in accordance with the obligations laid down in the Treaty, the measures necessary to ensure that the rationalization of the market accomplished over the last few months is not endangered.

While noting the Commission report on the progress made by producers in negotiating the conditions for such discipline both at production and delivery level, the Council asks producers to specify these conditions, before 1 April 1981, in order to permit the necessary recovery of market prices to take place.

In order to be effective, the agreement between producers must be accompanied by strict Commission surveillance of imports from third countries, in order that the latter take place under conditions compatible with market recovery and the commitments entered into in the framework of the OECD Steel Committee.

## 5. Prices

The Council takes note that the Commission will ensure that steel prices are not adversely affected by unfair or discriminatory practices prohibited by Article 60 of the ECSC Treaty and will use existing powers to roll back such practices by applying the appropriate sanctions, in particular by applying the measures provided for in Articles 63, 64 and 67 of the ECSC Treaty without delay.

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(<sup>1</sup>) Text of the Council Resolution of 3 March 1981.

The Council notes with satisfaction that the Commission has listed the main measures it intends to take with respect to prices.

These measures will be finalized, as soon as possible, once the Council and the Consultative Committee have been consulted pursuant to Article 60 of the ECSC Treaty.

6. Social measures

Where unjustifiable burdens would be imposed on certain groups of workers, the appropriate social measures will have to be introduced to mitigate the effects of capacity reductions resulting from restructuring. <sup>(1)</sup>

To this end, the Council will examine in detail as soon as possible the appropriate social measures to be taken by the Community with a view to reaching the necessary decisions in parallel with decisions on further restructuring and the aids code.

7. Procedure

Proposed measures of state aid will be examined with regard to the degree of restructuring and net capacity reduction involved in relation to the Community's general restructuring objectives by a Working Party under the aegis of the Commission.

The Council ECSC Working Party will examine on a regular basis how this Resolution is being implemented, in particular the progress in restructuring, capacity reduction and phasing-out of aids.

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<sup>(1)</sup> Text of the Council Resolution of 3 March 1981.

Bruxelles, le 25 mars 1981

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Note BIO (81) 121 aux Bureaux Nationaux  
cc. aux Membres du Groupe du Porte Parole

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Preparation Conseil acier du 26 mars 1981 (W. Helin)

Il s'agira en fait pour le Conseil des Ministres responsables du dossier siderurgique, de poursuivre le debat du 3 mars dernier qui avait permis de mettre au point une resolution de caractere politique sur la restructuration de la siderurgie europeenne.

Comme l'a rappele M. Davignon, a la presse, l'exercice fondamental auquel est confrontee la siderurgie europeenne est celui de la competitivite au niveau international, c'est a dire de la place qu'elle veut occuper a l'horizon 1985-1990, sans aide exterieure.

Il faut pour cela qu'au niveau de la Communaute, une reponse soit apportee tant aux problemes industriel, regional, que social.

Jeudi le Conseil devrait ainsi, dans la logique de sa resolution du 3 mars, dont les termes ont ete totalement confirmes par le Conseil europeen de Maastricht, completer sa resolution qui porte sur les tetes de chapitre suivantes :

- l'objectif a atteindre (retablissement de la rentabilite, retour a des conditions normales de marche, confirmation du code sur les aides, a savoir que celles-ci sont auto-sees pour autant qu'elles soient degressives, limitees dans le temps et qu'elles aient pour but la restructuration).
- information (elle doit etre plus complete afin d'assurer une transparence effective sur les projets de restructuration et les demandes d'aides publiques).
- politique d'investissement
- politique de concurrence
- les prix
- les mesures sociales

En ce qui concerne les prix et a titre de background, signalons que l'imposition des quotas de production en vertu de l'article 58 du Traite de Paris (declaration de crise manifeste pour une periode de neuf mois allant du 1er octobre 1980 au 30

juin 1981) a entraîne une augmentation des prix des produits siderurgiques de l ordre de DM 50 a 100 la tonne, sauf pour les ronds a beton et les fils machine.

cette augmentation n est toutefois pas suffissante (les prix restent inferieurs aux prix du debut de 1980 et en outre les couts de production ont nettement augmente.

Pour que le marche siderurgique se restaure reellement, il faut, estime la Commission, une politique adequate en matiere de prix siderurgiques. On constate que les prix de baremes de la plupart des entreprises siderurgiques sont largement plus eleves que les prix pratiques sur le marche.

La Commission prendra les mesures qui s imposent pour arriver a ce que les prix des baremes soient plus conformes a la realite.

En reponse a une question sur l eventualite d une "taxe" en RFA sur les produits importes, nous avons signale :

Rappel de la declaration du Conseil europeen de Maastricht qui, "insiste notamment sur la necessite de maintenir l unite du marche siderurgique"

L hypothese de travail nest donc aucunement fondee sur l imposition de l une ou l autre taxe, au contraire.

En ce qui concerne les prix nous avons par ailleurs repondu que la preoccupation principale qui demeure est la suivante : les prix des produits siderurgiques a l interieur de la Communaute europeenne restent inferieurs de 15 a 20 % par rapport a ceux pratiques sur les marche japonais et americain.

Amities

Manuel Santarelli Comeur



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NOTE BIO(81) 121 SUITE 1 ET FIN  
AUX BUREAUX NATIONAUX

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CONSEIL SIDERURGIE  
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LE CONSEIL S EST TERMINE A 4 H. VENDREDI PAR UN ACCORD DES DIX  
SUR UNE RESOLUTION CONCERNANT LE REDRESSEMENT DE LA SIDERURGIE  
EUROPEENNE.

A RETENIR DE CE TEXTE - QUI VOUS PARVIENDRA PAR EXPRES - LE  
TEXTE A ETE REFAIT PAR NOS SOINS - QUE LES DIX ESTIMENT QUE  
'L AVENIR DE LA SIDRURGIE EUROPEENNE POURRA ETRE DURABLEMENT ■■■■■■■■  
ASSURE, QUE SI, D UNE PART, UNE STRICTE DISCIPLINE ENTRE LES  
PRODUCTEURS PERMET DANS LES MEILLEURS DELAIS UN RELEVEMENT SIGNI-  
FICATIF DES PRIX ET D AUTRE PART, DES MESURES DE RESTRUCTURATION  
IMPLIQUANT DES REDUCTIONS DE CAPACITES SONT PARALLELEMENT MISES  
EN OEUVRE PAR LES ENTREPRISES.'

AMITIES

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