

EUROPEAN PARLIAMENT

Working Documents

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MOTION FOR A RESOLUTION

tabled by Mr FRANZ, Mr KATZER, Mr KLEPSCH,
Mrs CASSANMAGNAGO CERRETTI, Mr HERMAN,
Mr BEUMER, Mr JONKER, Mr ESTGEN, Mrs LENZ,
Mr von BISMARCK and Mr HOFFMANN
on behalf of the Group of the European
People's Party

with request for topical and urgent debate
pursuant to Rule 48 of the Rules of Procedure

on restoration of market competition in the
European steel industry in the hot wide
strip sector to help safeguard and create
jobs in Europe

PE 74.725

The European Parliament,

having regard to the fact that

- the crisis in the European steel industry has already led to the loss of 200,000 jobs in the past seven years and will result in the loss of a further large number of jobs unless rational reorganization takes place,
- obsolete and unprofitable steel plants in Europe are being maintained in operation artificially by substantial subsidies; the subsidies granted since 1975 and promised up to 1983 amount to some 24,000 million EUA,
- these resources granted by the national governments do not stabilize the industry but put the whole European steel industry at risk in that
 - excess capacity is not cut back and modern installations are persistently operating at under-capacity,
 - revenue from steel products in Europe, which is currently around 15 - 20% lower than in the USA and Japan, is totally inadequate which means that investments to modernize plant in line with the latest technical developments can no longer be financed and
- this threatens the international competitiveness of the European steel industry,
- a structural streamlining of production capacity is therefore urgently needed but has so far been prevented by substantial subsidies which have distorted conditions of competition,

calls on

the Council and the Commission of the European Community, therefore, to implement jointly the following proposals and thus make a significant contribution to the safeguarding and creation of jobs in Europe :

1. In the interests of the Community and especially of workers employed in the steel sector, and to ensure a return to market competition as quickly as possible, up-to-date, rationally operating installations which are best adapted to international competition should once again be given the opportunity of making rational use of their up-to-date capacity;
2. The Community's oldest hot wide strip mills - the capacity of which is estimated at approximately 17 million tonnes - must be shut down. Appropriate measures should be taken to pave the way for the closure of these obsolete and unprofitable installations on socially acceptable conditions.
3. To finance the economic and social costs arising from such measures, the firms concerned should be granted closure aids amounting to

160 EUA per tonne of capacity shut down, which could be broken as follows:

40 EUA to cover depreciation,
40 EUA to finance social schemes,
80 EUA to create new jobs.

4. The financial resources, which would be spread over several years, would be borne by the following groups, each of which would provide one third :

- the steel undertakings of the Community in proportion to the additional production rights granted,
- the Member States of the Community in proportion to their hot wide strip production,
- the Commission of the European Communities within the framework of regional aid.

5. The undertakings concerned would surrender to the Commission their production rights under the Commission's quota system for the mills closed down. The Commission would then make these rights available to steel undertakings with competitive installations so that the average rate of utilization of 70% would rise to 85% by the mid-1980's.

6. Close cooperation between the Council, Commission, trade unions and undertakings is urgently required if a solution to the steel crisis is to be achieved on the basis of these proposals.

instructs its President to forward this resolution to the Council and Commission of the European Communities.