A fresh impulse for restructuring the steel industry in the Community

1994/2085(COS) - 21/06/1994 - Non-legislative basic document

In this communication, the Commission appeals to industry to give fresh impetus to the general policy for restructuring the steel industry approved by the Council on 25 February 1993, which makes provision for 19 to 26 millions tonnes of hot-rolling capacity to be scrapped. The Commission notes that new difficulties which put the credibility of the plan into question have arisen since the Council meeting on 22 April 1994. In particular, the closures planned by the Italian industry are essential if there is to be any chance of coming anywhere near the minimum target of 19 million tonnes. These closures are the subject of a decree by the Italian government making provision for public aid for closures allowed under the code on aids. Faced with these difficulties, the Commission stresses that the minimum target of closures of 19 million tonnes needs to be maintained. The fact that private industry has failed to submit a programme to reduce excess capacity means that it is highly unlikely that this target will be met. Nonetheless, given the possible closures notified by the Italian authorities, the Commission intends to apply the provisions of Article 4.2 of the code on aids to the letter, i.e. the sites to be closed and the sites which remain open must be attached to separate legal entities and managed independently, there must be no increase in capacity in factories in which the recipient of the aid has a controlling interest for at least five years from the date of payment of the closure aid or from the date of closure and the installations closed must be scrapped. In the meantime, the Commission will maintain its support measures. However, if in September 1994, it notes a lack of adequate closure undertakings, it will be obliged to review the current support measures.