A fresh impulse for restructuring the steel industry in the Community

1994/2085(COS) - 18/07/1996 - Text adopted by Parliament, single reading

In adopting the report by Mr Gérard CAUDRON (PSE, F) on the Commission communication entitled 'Fresh impetus for restructuring the steel industry in the Community', Parliament noted that crucial structural changes had come about at world level in recent years, and, in particular, that: - the European Union these days accounts for only one-fifth of world raw steel production and production by the industrialized countries as a whole does not exceed 53%, - the prospects for exports to the emerging countries are favourable, even though those countries have greatly increased their steel production capacity, - the technological progress made in the US and in Europe has led to the development of new sectors within the industry or the conversion of other sectors, which has provided a certain flexibility, both in diversity of supply and in production volume and has also modified work organization, - there is a risk of distortion of competition arising from purchase of previously uneconomic production units which have benefited from State intervention and from the arrival of new international groups such as ISPAT International in the developing countries, demonstrating the fact that the globalization phenomenon also affects the steel industry. Against this background, Parliament considered, as regards increasing the competitiveness of the European steel industry, that if the European economy is to be able to meet the challenge of international competition and technological progress, it must maintain its expertise in basic areas of industrial production. It considered that the European steel industry should place more emphasis on a policy of stimulating demand for new steel products inside and outside the Union and encourage greater use of steel in public works. It considered that, if the steel industry is to remain financially healthy, the code on aids to the steel industry must be strictly applied and that any further derogation from Article 95 must be avoided. It also believed that any aid regime for the steel industry after 1996 should be more rigorous than the existing code, with more transparent and less time-consuming investigation procedures. As regards social policy, Parliament pointed out that, if labour costs exceed 15-20% of turnover, it is likely that jobs will continue to be lost, even in favourable economic circumstances. Parliament urged European steel companies to continue their industrial and technological modernization process, in consultation with the institutions representing steelworkers. It encouraged the steel industry to make employment less precarious, by having less recourse to temporary working and subcontracting and through the development of linked work and training, apprenticeships, and the conversion and further training of the workforce. External redeployment should be reduced and appropriate social solutions, such as allowing workers to choose their working hours, should be favoured. It called, in particular, for a continuation of the measures provided for by the ECSC Treaty to resolve the problems of early retirement and redundancy. The 'permanent adjustments' which could be expected to continue in the coal and steel sectors in the years ahead made it necessary to maintain the social measures provided for in the ECSC budget. As regards relations with third countries, Parliament called on the Commission rigorously to enforce WTO trade disciplines and to continue the negotiations with a view to reaching a multilateral steel agreement (in particular, with the CIS Republics) in order to outlaw the State aid which leads to over-capacity, tariff and non-tariff barriers, and to allow the international steel trade to be properly liberalized. It requested in particular that as far as possible the system of monitoring vis-á-vis third countries should be maintained, in view of the volume of imports in 1995. It suggested that the steel industries of the countries of Central and Eastern Europe which have applied for membership of the European Union should be incorporated into the ECSC market surveillance system. Imports were too often underpriced compared with the prices charged on the Community market. With specific reference to the CIS Republics, Parliament called for a general framework for relations in the steel industry. With a view to withstanding international competition and to pursuing a more effective trade policy, Parliament considered that industrial regrouping should be encouraged. In addition, European steel companies should develop more offensive strategies for penetrating the markets of third countries. The Commission, for its part, should continue its talks with the American authorities with a view to working out a joint Europe-US

proposal for a multilateral steel agreement. As regards expiry of the ECSC Treaty, Parliament considered that the greatest caution should be exercised as regards the rate at which ECSC budgetary activities are phased out and the organization of the phasing in of these sectors by the EC Treaty and even wondered whether ECSC budgetary activities should not continue until the official expiry of the Treaty in 2002. It considered that the expiry of the ECSC Treaty must not result in the systematic abandonment of a proven sectoral industrial policy and called, in particular, for the Aid Code to remain in force beyond 2002. It hoped that, when the Treaty is revised in 1997, the inquiry procedures will be made less time-consuming and more transparent, and that the authorization criteria and sanctions will be tightened. The Commission should consider reintroducing in the new Code the possibility of granting State aid of a regional nature. At the same time, it hoped that application of the agreement and merger monitoring arrangements will not create particular difficulties for the steel sector and called on the Commission, in the framework of its competition policy, to monitor the conclusion of vertical agreements in the steel products distribution sector and to prevent the conclusion of illegal price agreements. Noting the value of the statistical instruments developed under the ECSC umbrella, it called for the market-observation statistical apparatus to be preserved on expiry of the ECSC Treaty. It considered that the Consultative Committee should remain in existence on expiry of the ECSC Treaty, welcomed the proposal to create a structure to accommodate the ECSC reserves, which would be used to continue research, and wondered, in view of the sector's research requirements, whether additional financing of the abovementioned structure could not be envisaged. Finally it proposed, in view of technological progress, that the existing definition of steel should be reconsidered on expiry of the ECSC Treaty, and that the various ECSC partners should consider a partnership-based arrangement which could constitute a link between the steel industry and the Community authorities following expiry of the Treaty.