

## **PETI Fact-Finding Mission to Taranto (17-19 July 2017) Environmental topics in Taranto: ILVA plant and ENI refinery**

**(Petitions: 0760/2007, 2207/2013, 1107/2011, 0024/2012)**

This overview provides information for the Members of the PETI Fact Finding Delegation, that will take place from 17 to 19 July 2017, in Taranto. The mission will include time on the ground at the sites, as well as dialogues with local authorities, civil society representatives, trade unions and industry.

In the last few years, on the basis of petitions received regarding the ILVA steel plant and the ENI refinery, PETI discussed several times the alarming situation regarding environmental pollution in the area of Taranto, the third-largest city in Southern Italy which, according to 2011 population census, has a population of 200,154.

Taranto is an important commercial and military port. It has well-developed steel and iron foundries, oil refineries, chemical works, naval shipyards, and food-processing factories. The port, among the highest in Italy for goods traffic, is located on the northern coast of the gulf and plays an important role, both from a commercial and strategic point of view, which has allowed the development of appropriate industrial and logistical facilities for the procurement of raw materials.

Taranto is known as "The Spartan City" because it was the only colony ever founded by Sparta, in 706 BC.

### **Environmental pollution caused by the ILVA plant in Taranto (Petitions: 0760/2007, 2207/2013)**

The ILVA steel plant in Taranto is the largest in Europe and one of the largest in the world, and is at the very heart of ILVA's production system.

In addition to finished steel products, intended for both the domestic and the international market, it supplies the company's production system and, through it, large sections of Italy's engineering industry (cars, electric appliances, pipes, shipbuilding, etc.).

The ILVA plant in Taranto was founded in the early 1960s, as part of the State's Growth Strategy, as the fourth Steelmaking Centre, along with the plants of Conegliano, Piombino and Bagnoli.

The overall project of strengthening the direct presence of the State in industry had the dual purpose of providing Italian companies - which at that time had started to develop rapidly, driven by the automotive and durable, mass-produced goods sector - with a basic source of

supply for the domestic machine industry and helping to bridge the widening gap between the South and North of Italy.

In 1995, ILVA Taranto was privatized and sold to the Riva Group. As a result of disastrous management by the Riva Group, from June 2013 the ILVA is run under special administration by 3 Commissioners appointed by Italian government, in order to adapt the plant to environmental standards and to continue modernising the industrial activities of the Group.

The ILVA steel mill employs 14,220 workers and, according to the Bank of Italy, accounts for about 75% of the gross domestic product of the Province, and, according to the Port Authority, 76% of goods handled in the city's port. This data clearly shows its importance for the economy and employment in the province and the region, and indeed for the country as a whole. People working in ancillary companies (8-10.000 workers) are an important resource for the steel plant because, in addition to ILVA employees, thousands of contractors' employees also work there.

In 2015 the annual production of ILVA Taranto was about 4.7 million tons of steel with a potential production of 8-9 million tons per year.

Steel is one of the most common materials worldwide, second only to concrete in terms of tonnage produced. It has many different applications, being adaptable cycles to a very wide range of user needs in the light of its composition and manufacturing cycles. It is essentially an iron alloy with a reduced carbon content, to which other, non-metal elements are added in strictly controlled quantities so as to confer special properties and optimise performance. For this reason, it is by far the most recycled widely used material and, in principle, can be recycled a virtually infinite number of times. Each year, worldwide, more than 30% of steel is produced by recycling (re-melting) steel scrap.

Managing the processes is, therefore, a complex business, both because of the size and the extreme interdependence of the activities required by the production cycle. The basic plant for the production of the liquid steel and the subsequent solidification consists of coke ovens, sinter plants for the pre-treatment of ores, blast furnaces, oxygen steel mills and continuous casting machines.

In February 2016, 7 Member States (Germany, Belgium, Italy, France, United Kingdom Luxembourg and Poland) sent a letter to the Commission to ask for a European strategy to promote the steel sector and for the adoption of anti-dumping measures against Chinese steel producers<sup>1</sup>.

### **Petitions 0760/2007, 2207/2013 concerning environmental pollution caused by the ILVA in Taranto**

The petitions raise concerns about the operating conditions and the level of emissions of industrial installation, namely the ILVA steel plant, located in the region of Taranto, Italy. According to the petitioners, for many years the ILVA has disregarded environmental standards, causing serious problems for the environment and public health in Taranto. The emissions from this installation, in particular dioxine and carbon monoxide, lead to serious environmental problems for air quality and soil with negative impacts on human and animal health<sup>2</sup>.

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<sup>1</sup> <http://www.ilsole24ore.com/art/impresa-e-territori/2016-02-08/acciaio-lettera-7-ministri-ue-rischio-collasso-dumping-cina-164013.shtml?uuid=AC6GC3PC>

<sup>2</sup> "The Ilva Industrial Site in Taranto" Study of Policy Department B, European Parliament , October 2015

The Committee on Petitions discussed this item during its meetings of 12 October 2012 (with the Vice President of the Commission Tajani) and on 5 May 2015 and 14/15 March 2016.

The negative environmental impact of ILVA has been followed for several years by both the European Commission and by the Italian authorities<sup>3</sup>.

A first infringement procedure for the breach of the IPPC Directive (2008/1/EC)<sup>4</sup> was launched on 8 May 2008 against Italy.

The Commission referred Italy to the European Court of Justice for not complying with the provisions of Directive 2008/1/EC concerning integrated pollution prevention and control.

The European Court of Justice, in its judgement of 31 March 2011, declared that the Italian Republic has failed to fulfil its obligations under Article 5(1) of Directive 2008/1/EC on integrated pollution prevention and control, by failing to take the necessary measures to ensure that the competent authorities see that all existing installations operate in accordance with the requirements of the directive.

As a follow-up not only to the petitions but also to several complaints, the Commission opened a new investigation (via EU-Pilot) on 26 March 2012 in order to closely monitor the compliance of the ILVA plant with the European legislation, asking the Italian authorities to ensure compliance with the IED Directive<sup>5</sup> by the ILVA steel plant. This procedure means that the Commission considers there to exist breaches of Directive 2010/75/EU on industrial emissions and Directive 96/82 /EC ('Seveso')<sup>6</sup> on control of major-accident hazards involving dangerous substances. At the same time, the Commission took note of the progress made and asked the Italian authorities' to speed up the implementation of the measures necessary to comply with European environmental legislation.

The new documents supplied by the Italian authorities in April 2015 show the measures taken to deal with the pollution produced by the ILVA steel installation in Taranto, including suspending the operation of some of the most polluting units pending upgrade works. ILVA's emissions into the air appear to be lower than in 2012. However, the Commission has noted that not all of the conditions defined by the operational permit were duly implemented. However, according to the Italian authorities, the measures taken will ensure full compliance by August 2016.

Meanwhile in addition to the above infringement procedure, in January 2016 the Commission has opened a new infringement procedure aiming at ensuring that the measures taken or planned by the Italian authorities in relation to the ILVA Taranto installation, comply with the EU rules on state aid. The Commission claims that Italy has misused public funds by helping the production of steel instead of helping with the environmental requalification of the area. Italian authorities strongly deny this allegation.

<sup>3</sup> ILVA publishes daily on its website data on pollutant emissions:

<http://www.gruppoilva.com/monitoraggioEmissioni.aspx>

<sup>4</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:024:0008:0029:en:PDF>

<sup>5</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:334:0017:0119:en:PDF>. The Industrial Emissions Directive 2010/75/EU (IED) will replace the IPPC Directive on 07/01/2014 and will apply to ILVA from that date. Under the IED, the Commission adopts implementing decisions on best available techniques for each industrial sector. Commission Implementing Decision 2012/135/EU establishing the BAT conclusions for the iron and steel production sector was adopted on 28/02/2012 and published on 08/03/2012, leaving a maximum of four years to installations for full compliance.

<sup>6</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A31996L0082>

The Italian courts have been concerned for several years regarding environmental damages caused by the ILVA plant of Taranto. The plant has been subject to investigations at national level which have led to criminal charges and to precautionary measures, with 44 people accused of environmental damage. In July 2012 the judicial authorities ordered the sequestration of core parts of the ILVA plant due to the environmental and health problems caused by the emissions of dioxins and other chemicals. This judicial process ("Ambiente Svenduto") is still ongoing, and the hearings are taking place in the coming months<sup>7</sup>.

### **Breaking news and the latest legal and political developments**

The Italian authorities planned to sell or lease the ILVA steel plant to private companies and in 2016 ILVA group declared to have received these two offers:

- The ArcelorMittal joint-venture with Marcegaglia Group (AM Investco Italy) stated the intention to increase ILVA's primary use rate and boost crude steel production to 6 million tonnes/year by 2020. The world's largest steel producer and its partner also said they would make major capital investments, increase productivity and improve health and safety.
- The other bid came from AcciaiItalia, a joint-venture between state lender Cassa Depositi e Prestiti, Delfin - owned by Mr Del Vecchio, the founder of eyewear group Luxottica, Arvedi and JSW Steel

On June 5 the AM Investco consortium has won the race to buy ILVA and Carlo Calenda, Italy's economic development minister, signed a decree approving the offer of 1.8 bn of euro. The winning consortium has pledged to make investments of 2.4 bn of euro until 2023<sup>8</sup>.

In terms of employment, Am Investco consortium's plan, apparently, would cut the 14,220 current jobs down to 9,907 by 2018 and to 8,480 by 2023, workers and trade unions are very concerned about these job cuts and have started a series of protests and strikes<sup>9</sup>.

The Italian Law of 9 June 2016, n. 98 (DECRETO-LEGGE "Disposizioni urgenti per il completamento della procedura di cessione dei complessi aziendali del Gruppo ILVA", published in the G.U. n.133 of 9/6/2016) provides the most recent legal framework for the industrial plant of ILVA, in Taranto.

It details the environmental work necessary to comply with the EU legislative acquis, as well as the expected schedule for the work. In addition, it gives the competent authorities 120 additional days to accurately evaluate the environmental plans proposed by the bidders and negotiate with them the potential adjustments. An independent Committee of experts, appointed by the Ministry for the Environment, will help in the evaluation and selection process. At that point, the Italian Authorities will share the results with the European Commission for its own evaluation and opinion on the environmental conformity of the proposed plans.

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<sup>7</sup> [http://corrieredelmezzogiorno.corriere.it/bari/cronaca/16\\_ottobre\\_05/ilva-processo-ambiente-svenduto-nuova-udienza-12-ottobre-55f133a2-8b1a-11e6-bc2b-cc56a2496646.shtml](http://corrieredelmezzogiorno.corriere.it/bari/cronaca/16_ottobre_05/ilva-processo-ambiente-svenduto-nuova-udienza-12-ottobre-55f133a2-8b1a-11e6-bc2b-cc56a2496646.shtml)

<sup>8</sup> [http://www.ansa.it/english/news/business/2017/06/06/arcelor-marcegaglia-gets-ilva\\_8a045eda-66f2-4e06-859e-ae44346c1300.html](http://www.ansa.it/english/news/business/2017/06/06/arcelor-marcegaglia-gets-ilva_8a045eda-66f2-4e06-859e-ae44346c1300.html)

<http://in.reuters.com/article/ilva-italy-idINKBN18W2MA>

<sup>9</sup> <http://www.tarantobuonasera.it/news/cronaca/486983/ilva-lo-scetticismo-dei-sindacati>

[http://bari.repubblica.it/cronaca/2017/06/01/news/ilva\\_di\\_taranto\\_duemila\\_operai\\_in\\_sciopero\\_contro\\_gli\\_esuberanti-166962660/](http://bari.repubblica.it/cronaca/2017/06/01/news/ilva_di_taranto_duemila_operai_in_sciopero_contro_gli_esuberanti-166962660/)

Afterwards, a 60 day public consultation on the selected environmental plan will be launched before the ratification of the contract and the formal adoption by the Presidency of the Council of Ministers.

In the meantime, the environmental works on the site have already begun and a report has been sent to the European Commission. This report includes a breakdown of all the different environmental measures along with the financial resources allotted for their execution and the foreseen timetable.

Amongst the measures already completed, are the creation of two new landfills and the erection of a dust barrier on the site, and the ongoing works include the realisation of a rainwater collection and treatment system and ground and water-table reclamation operations. The total estimated expenditure for the completion of all the necessary environmental works, including those related to the pollution prevention for the future functioning of ILVA, amounts to 1.119,7 Million Euros.

On July 13, a Delegation of the ENVI Committee visited Taranto. The members of the delegation concluded that: "beside the improvement achieved the full respect of the environmental legislation is still far to reach. The size of the ILVA plant and the type of interventions required, as the constructions of two hangars to cover the mineral parks that covers an area of 1 kilometre long and 500 meters large, are challenges that require time to be won. The final goal should be to combine the protection of the health of the population, in particular the children, with the socio economic development of the area. This will be possible only with the full compliance of the environmental legislation by the ILVA plant"<sup>10</sup>.

At the beginning of October 2016, a recent study carried out within the activities of the Centre for Health and Environment of the Apulia Region, in collaboration with the ASL of Taranto, Puglia Arpa and Ares Puglia, showed that among children aged 0-14 years living in Taranto, "significant excesses were observed for respiratory diseases. In particular among children residing in the area of Tamburi neighbourhood you observe an excess of hospitalizations of 24%"; a percentage that rises "to 26% among children living in the Paul VI quarter."

The study explains that "there is cause and effect relationship between industrial emissions and health damage" on the basis of the results of the epidemiological investigation conducted to evaluate the effect of the toxic substances of industrial origin issued by the complex Ilva on the health of residents<sup>11</sup>.

This complex medical and statistical investigation seems to confirm the data that has so far emerged on the health risk for the residents of neighbourhoods near the steel plant, compared to those who live in city areas less exposed to the effects of particulate matter PM10 and sulfur dioxide, with a trend that coincides with the decline or growth of plant productivity, from 1965 to the present day. Exposure to industrial dust is also responsible for a +4% mortality, particularly lung cancer mortality +5%, +10% for myocardial infarction.

The publication of this study has provoked strong reactions from the local authorities. The President of the Region of Puglia, Michele Emiliano and the Mayor of Taranto said they were ready to demand the closure of ILVA of Taranto. The study presented by the Region, according to the Environment Minister, Gian Luca Galletti: "it is certainly worthy of attention, but

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<sup>10</sup> Mission Report following the visit of the ENVI Committee to ILVA, Taranto - 13-15 July 2016 - PE587.681v01-00

<sup>11</sup> <http://bari.repubblica.it/cronaca/2016/10/03/news/ilva-149011235/>

necessarily refers to a period prior to the lowering of the Ilva production and therefore also the most polluting activities on 'environment'<sup>12</sup>.

On October 10, the region has proposed a plan to decarbonise the ILVA plant providing for the construction of electric furnaces to be supplied with natural gas and electricity. This project would remove the 70-hectare minerals parks where a million tons of ferrous highly polluting substances are currently stored, which are transported by the wind to the city's neighbourhoods<sup>13</sup>.

Inside the steel plant various work accidents occurred and in some cases workers have died. The most recent case occurred on 19 September 2016, when a fatal accident, with one victim, took place.

### **ENI Taranto refinery project (Petitions: 1107/2011, 0024/2012)**

Eni S.p.A. is an Italian multinational oil and gas company headquartered in Rome<sup>14</sup>. Considered one of the leading global players, it operates in 79 countries, and is currently one of the world's largest industrial companies with a market capital of about 68 billion euros (US\$ 90 billion). The Italian government owns a 30.303% golden share in the company, 3.934% held through the state Treasury and 26.369% held through the Cassa Depositi e Prestiti. Another 2.012% of the shares are held by People's Bank of China. The company is listed on the Euro Stoxx 50 stock market index. The name "ENI" was initially the acronym of "Ente Nazionale Idrocarburi" (national hydrocarbons authority). Through the years after its foundation however, it operated in a large number of fields including nuclear power, energy, mining, chemicals and plastics, refining/extraction and distribution machinery, hospitality industry and even textile industry and news.

The ENI refinery in Taranto is located on an area of about 280 hectares. The operation of the refinery is governed by the Authorization Integrated Environmental (AIA) issued by the Ministry of Environment on the 24 of May 2010.

### **Petitions 1107-2011 and 0024/2012**

Petitions challenging the environmental compatibility of the extension works and upgrading of Eni refinery of Taranto. The Committee on Petitions discussed this issue during its meetings of 21 January 2013 and 27 January 2015.

On 1 March 2010, Taranto municipal authority approved the building of a 4,780 km methane pipeline, as part of the construction of a Hydrocracking plant. The project involves the upgrading of storage facilities and delivery of the refinery through the construction of two new tanks of 180,000 m<sup>3</sup>, the extension of the existing dock of 515 meters with the prolongation of a berthing platform and a series of complementary interventions. The total cost of the work is estimated at approximately 300 million Euros.

The expansion of the refinery facilities is part of the so-called project "Tempa Rossa"<sup>15</sup> which allows the possibility of exporting by sea the oil coming from inland and then transported to Taranto from the existing pipeline Val d'Agri-Taranto. The development of the Tempa Rossa project is 50% operated by the French oil giant Total. The remaining 50% is divided in half between Japanese Mitsui and Anglo - Dutch Shell.

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<sup>12</sup> [http://www.ansa.it/puglia/notizie/2016/10/03/ilva-galletti-emiliano-denuncia-passato-ma-oggi-e-diverso\\_72760f59-d898-45c3-b1f4-efdbfbb54f73.html](http://www.ansa.it/puglia/notizie/2016/10/03/ilva-galletti-emiliano-denuncia-passato-ma-oggi-e-diverso_72760f59-d898-45c3-b1f4-efdbfbb54f73.html)

<sup>13</sup> [http://bari.repubblica.it/cronaca/2016/10/09/news/ilva\\_taranto\\_piano\\_di\\_decarbonizzazione\\_forni\\_a\\_gas\\_e\\_elettrici-149412738/?ref=HREC1-10](http://bari.repubblica.it/cronaca/2016/10/09/news/ilva_taranto_piano_di_decarbonizzazione_forni_a_gas_e_elettrici-149412738/?ref=HREC1-10)

<sup>14</sup> [https://www.eni.com/en\\_IT/home.page](https://www.eni.com/en_IT/home.page)

<sup>15</sup> <http://www.it.total.com/en/page/activities/tempa-rossa-project>

The Tempa Rossa oil site is situated in the Sauro valley, in Basilicata, a few kilometers from the centre of Eni oils. The two plants make the territory of Lucania the largest oil field in continental Europe. After the crude oil is extracted and treated it is then sent for export. Hence the need to send oil from Basilicata to Taranto, where it can be received by the Eni refinery. To do this, however, the plant must undergo adaptation interventions.



The petitioners argue that, in the case of the plan to adapt the structures of the ENI Taranto refinery for the purpose of storing and moving crude oil coming also from the Oil wells of Val d'Agri, (so called project "Tempa Rossa") the Environmental Impact Assessment was not properly conducted. The citizens allege a risk of pollution of the coastline<sup>16</sup> with a possible breach of regulations no. 853/2004<sup>17</sup> and no. 854/2004<sup>18</sup> on hygiene rules of foodstuffs and on controls of products of animal origin intended for human consumption<sup>19</sup>. NGOs and citizens also argue that the increase in maritime traffic and in particular oil tankers will increase marine pollution.

The Environmental Impact Assessment for authorisation expires on 23 November 2016 and an extension has already been requested on 26 July 2016.

Some environmental groups affirm that project appears to have been split into sections to artificially reduce its overall environmental impact, which avoids entire segments being subject to compulsory environmental impact assessment.

<sup>16</sup> <http://www.lagazzettadelmezzogiorno.it/news/home/569746/una-catena-umana-no-a-tempa-rossa.html>

<sup>17</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:139:0055:0205:EN:PDF>

<sup>18</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:226:0083:0127:EN:PDF>

<sup>19</sup> <http://www.lagazzettadelmezzogiorno.it/news/notizie-nascoste/393781/stabilimento-eni-a-taranto-un-megasito-tra-i-piu-inquinanti-d-europa.html>

In the view of the petitioners, these works run counter to Directives 85/337/EEC<sup>20</sup>, 96/82/EC<sup>21</sup>, 2001/42/EC<sup>22</sup>, with regard to environmental impact procedures, and Directives 75/442/EEC<sup>23</sup>, 91/156/EEC<sup>24</sup>, 91/689/EEC<sup>25</sup> and 99/31/EC<sup>26</sup> with regard to environmental compatibility.

The Commission in its last communication of September 2016 relating to the 1107-11 petition, argues that: *"based on the detailed information submitted by the Italian authorities, no breach of Directive 2012/18/EU (Seveso), Directive 2010/75/EU (Industrial Emissions), Directive 2003/4/EC (public access to environmental information) could, for the time being, be identified concerning the existing ENI refinery, nor concerning the project to upgrade the refinery through the construction of facilities aimed at storage and transportation of crude oil from the 'Tempa Rossa' oil field. The Commission will continue to monitor the situation. As regards the new development plan for the port, based on the information submitted by the petitioner, the Commission could not identify a breach of Directive 2001/42/EC (SEA) nor of Directive 2011/92/EU (EIA). As regards alleged breaches of Regulation (EC) No 1881/2006 as regards the maximum levels for contaminants, the Commission has no evidence that these Regulations are not complied with."*

As for the 0024-12 petition, the European Commission in its latest Communication of 30 July 2014 excludes the infringement of the Seveso Directive 96/82 / EC and Directive 2011/92 / EU<sup>27</sup> and 2001/42 /EC<sup>28</sup>.

It is important to note that the construction works have not yet been started, because the final authorization from the government is pending. The Region of Puglia has expressed a negative opinion on 21 June 2016<sup>29</sup>.

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<sup>20</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1985:175:0040:0048:EN:PDF>

<sup>21</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:1996L0082:20081211:EN:PDF>

<sup>22</sup> <http://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX:32001L0042>

<sup>23</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:1975L0442:20031120:EN:PDF>

<sup>24</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31991L0156:EN:HTML>

<sup>25</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31991L0689:en:HTML>

<sup>26</sup> <http://eur-lex.europa.eu/legal-content/GA/TXT/?uri=celex:31999L0031>

<sup>27</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:026:0001:0021:En:PDF>

<sup>28</sup> <http://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX:32001L0042>

<sup>29</sup> <http://www.canale189.it/news/2016/06/21/tempa-rossa-a-taranto-il-no-del-consiglio-regionale/>



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