

# Procedure file

Basic information		
INI - Own-initiative procedure	2013/2177(INI)	Procedure completed
Action Plan for a competitive and sustainable steel industry in Europe		
Subject		
3.40.02 Iron and steel industry, metallurgical industry		
3.40.14 Industrial competitiveness		
3.40.16 Raw materials		
6.20.02 Export/import control, trade defence		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>ITRE</b> Industry, Research and Energy	PPE <a href="#">GYÜRK András</a>	03/07/2013
		Shadow rapporteur	
		S&D <a href="#">ANDRÉS BAREA Josefa</a>	
		ALDE <a href="#">PANAYOTOV Vladko Todorov</a>	
		Verts/ALE <a href="#">BÜTIKOFER Reinhard</a>	
		ECR <a href="#">SZYMAŃSKI Konrad</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>INTA</b> International Trade	ALDE <a href="#">KAZAK Metin</a>	16/09/2013
	<b>EMPL</b> Employment and Social Affairs	GUE/NGL <a href="#">LE HYARIC Patrick</a>	03/07/2013
<b>ENVI</b> Environment, Public Health and Food Safety	The committee decided not to give an opinion.		
<b>IMCO</b> Internal Market and Consumer Protection	The committee decided not to give an opinion.		
<b>REGI</b> Regional Development	The committee decided not to give an opinion.		
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Competitiveness (Internal Market, Industry, Research and Space)</a>	<a href="#">3258</a>	26/09/2013
European Commission	Commission DG	Commissioner	
	<a href="#">Employment, Social Affairs and Inclusion</a> <a href="#">Internal Market, Industry, Entrepreneurship and SMEs</a>		

Key events			
11/06/2013	Non-legislative basic document published	<a href="#">COM(2013)0407</a>	Summary
12/09/2013	Committee referral announced in Parliament, 1st reading/single reading		
26/09/2013	Debate in Council	<a href="#">3258</a>	
16/12/2013	Vote in committee, 1st reading/single reading		
23/01/2014	Committee report tabled for plenary, single reading	<a href="#">A7-0028/2014</a>	Summary

04/02/2014	Results of vote in Parliament		
04/02/2014	Decision by Parliament, 1st reading/single reading	<a href="#">T7-0069/2014</a>	Summary
04/02/2014	End of procedure in Parliament		

### Technical information

Procedure reference	2013/2177(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure of the European Parliament EP 052
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/7/13720

### Documentation gateway

Non-legislative basic document		<a href="#">COM(2013)0407</a>	11/06/2013	EC	Summary
Committee draft report		<a href="#">PE521.512</a>	14/10/2013	EP	
Amendments tabled in committee		<a href="#">PE523.124</a>	25/11/2013	EP	
Committee opinion	<b>INTA</b>	<a href="#">PE521.775</a>	28/11/2013	EP	
Committee opinion	<b>EMPL</b>	<a href="#">PE519.687</a>	13/01/2014	EP	
Committee report tabled for plenary, single reading		<a href="#">A7-0028/2014</a>	23/01/2014	EP	Summary
Text adopted by Parliament, single reading		<a href="#">T7-0069/2014</a>	04/02/2014	EP	Summary
Commission response to text adopted in plenary		<a href="#">SP(2014)414</a>	18/06/2014		

## 2013/2177(INI) - 11/06/2013 Non-legislative basic document

**PURPOSE:** to present an Action Plan for a competitive and sustainable steel industry in Europe.

**BACKGROUND:** the EU is the second largest producer of steel in the world, with an output of over 177 million tonnes of steel a year, accounting for 11% of global output. The European steel sector finds itself in a very difficult situation. Significantly, overcapacity is not only a European problem. It finds itself with the simultaneous effects of low demand and overcapacity in a globalised steel market whilst at the same time being confronted with high energy prices and needing to invest to adjust to the green economy and produce innovative products.

The ongoing economic crisis has led to a marked downturn in manufacturing activity and associated steel demand, which remains 27% below pre-crisis levels, resulting in up to 40 000 jobs lost in recent years. Consequently the pressure to restructure and reduce production capacity will remain one of the main challenges for this industry in the foreseeable future.

Steelmaking capacity is expected to continue to increase in the next two years with the OECD estimating that globally it will increase by 118 million tonnes to a level of 2 171 million tonnes by 2014. The Commission considers it essential that Europe remains an important steel producing region for economic, social and environmental reasons as well as for security of supply.

**CONTENT:** this Communication represents the Commissions response to the crisis in the steel sector and sets out targeted actions to ensure that the operating environment is conducive to a competitive and sustainable steel industry, so that it is able to solve the structural problems it faces, compete globally and develop the next generation of steel products vital for other key European industries.

Only the right policy and regulatory framework combined with targeted action by the Commission, Member States and industry will help the steel sector overcome its difficulties, increase its competitiveness and produce the innovative steel products necessary to maintain and gain market share.

The Commission proposes an Action Plan for steel in order to identify and assess the challenges facing the steel industry. The Action Plan focuses on the following:

(1) Adapting the regulatory framework: the cumulative effects of various policies and legislation can have an impact on a business capacity to

innovate and take investment decisions. Measures include assessing by end 2013 the overall regulatory burden on the steel industry from different policies and its impact on competitiveness. In this context, the Commission is carrying out a cumulative cost assessment on specific sectors such as steel or aluminium. Stricter environmental targets, the use of harmonised rules, standards and public procurement can also provide a major boost for innovation.

(2) Boosting demand for Steel: the world steel industry currently finds itself with approximately 542 million tonnes of excess capacity. Out of this, almost 200 million tonnes are located in China. Presently, overcapacity is estimated at approximately 80 million tonnes in the EU, compared to EU total production capacity of 217 million tonnes. The Commission intends to boost demand for steel in the key steel using industries for example the construction and the automotive sectors which account for a combined share of approximately 40% of steel demand.

(3) Improving access to foreign markets: the Commission intends to: (i) use, within its comprehensive trade strategy, its various trade policy tools and instruments (e.g. trade negotiations or TDI) to ensure European steel producers' have access to third country markets; (ii) take action against unfair trade practices in the steel sector; (iii) continue to provide timely reports on the evolution of steel imports from non-EU countries; (iv) engage with the main non-EU producing countries, in order to have an overview of the sector, its trends and to develop common approaches to the challenges that it is facing worldwide.

(4) Ensuring affordable energy costs and dealing with the climate change issue: the steel industry estimates that energy costs represent up to 40% of total operational costs depending on the segment of the value chain. The share of renewables in the energy mix has an impact on the price of electricity. It is therefore important that the cost of renewable energy comes down and that national support schemes are cost effective.

The Commission is also willing to:

- consider, upon request, issuing a Guidance letter on the competition assessment of long-term electricity contracts in case of novel or unresolved questions;
- conduct an analysis of the composition and drivers of energy prices and costs in Member States with a particular focus on the impact on households;
- analyse the impact of the Emissions Trading Scheme on electricity prices in the EU;
- examine the need for measures to address the risk of carbon leakage for specific sectors, in context of the 2030 climate policy discussions;
- develop proposals for the EU's 2030 climate policy framework in a way that fully considers cost-efficiency and potential impacts on the costs for industry.

(5) Boosting innovation: the Commission shall consider supporting, in the framework of Horizon 2020, in accordance with applicable state aid rules, R&D, demonstration and pilot projects for new technologies for cleaner, more resource and energy-efficient technologies. It invites: (i) Member States to explore the necessity and viability of earmarking funding sources to establish specific programmes to fund R&D&I projects in the steel sector and favour the creation of clusters; (ii) invites the European Investment Bank to consider long-term financing applications for steel projects.

(6) Addressing skills needs and easing restructuring: in this context of deep change and restructuring, the European Social Fund (ESF) and the European Globalisation Adjustment Fund (EGF) should be fully used to support the skills upgrading and updating of workers of the sector and to help positive and quick professional transitions for those who risk being made redundant.

Lastly, the Commission proposes to formally create a High-Level Group, which would oversee the implementation of the plan. This process would entail an annual high-level meeting. Its main aim will be to provide a European platform of mutual information, dialogue and exchange of best practice.

## 2013/2177(INI) - 23/01/2014 Committee report tabled for plenary, single reading

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The Committee on Industry, Research and Energy adopted the own-initiative report by András GYÜRK (EPP, HU) on the Action Plan for a competitive and sustainable steel industry in Europe in response to the Commission communication on the same subject.

The European steel industry is the second largest steel producer in the world and has a strategic importance for several major European industries. The EU's share in global steel production has halved over the last ten years, with China now accounting for almost 50 % of world production. Global steel demand is expected to increase in the long term and steel will remain a key material for Europe's industrial value chains. It is therefore in the interest of the EU to maintain its domestic production.

**Boosting demand:** Members urged the Commission and the Member States to support the strategic development of key steel-using sectors. They considered that the construction industry is a key sector in terms of demand for steel, necessitating an in-depth study at EU level on ways of stimulating it. The Commission is also urged to establish an in-depth steel market analysis instrument which could provide precise information on the European and global steel and recycling supply-demand balance.

**Employment:** the report stressed that the Commission, the Member States, the industry and the trade unions should act jointly to retain and attract qualified workers to the steel sector, as well as young talent through apprenticeship schemes. Members stated that the absence of an appropriate industrial policy is causing the European industry to lose its long-term competitiveness as a result of exceptionally high energy costs. The implementation of the Action Plan should focus on the short-term impact of the economic crisis on the sectors workforce and competitiveness. The Commission should promote measures aimed at keeping steel production in Europe and promote measures to prevent and avoid plant closures in Europe. The report called for the full deployment of EU funding to reduce the social impact of industrial restructuring and for full use to be made of the European Social Fund (ESF) and the European Globalisation Adjustment Fund (EGF).

**Secure energy supplies at affordable prices:** the report supported the Commission's promise to step up efforts to decrease the energy price and cost gap between the EU industry and its main competitors. The Commission should come forward within 12 months with concrete proposals to this end. Emphasising that security of energy supply is an important prerequisite for the steel industry, Members called on the Member States to implement the Third Energy Package in full and to ensure secure energy supplies by developing the necessary energy infrastructure projects and to provide appropriate incentives for investors to ensure a lower dependency on imported fossil fuels.

They encouraged the Commission to promote the diversification of natural gas sources and routes and to take the lead in coordinating and supporting safety measures for the supply routes of liquefied natural gas and to conduct a comprehensive assessment of the adequacy of electricity generation and to provide guidance on how to maintain the flexibility of electricity networks.

They called on the Commission to produce a report monitoring developments in establishments whose integrity is at risk, as called for in [Parliaments resolution](#) of 13 December 2012 on the EU steel industry.

International level playing field: Members deplored the fact that some of the EUs trading partners apply unfair, restrictive measures, such as investment limitations and public procurement preferences that protect domestic steel industries, which unduly hamper EU steel exports. They called on the Commission to fight unfair competition from third countries, using the appropriate measures at its disposal, such as the trade defence instruments or if necessary the WTO dispute settlement mechanism. They voiced their concern regarding the length of time on average two years that the Commission needs to instigate anti-dumping measures whereas, in the case of the USA, this period is only six months. They called on the Commission to take steps to ensure that the EU has effective trade defence instruments that can be deployed rapidly and that will enable it to work more swiftly to address cases of dumping, as required as a result of the fierce competition the European industry is faced with in a globalised economy.

The report urged the Commission to protect European steel with legislative instruments to certify the end-use of stainless steel and its chemical and physical composition, inter alia by introducing quality certification for steel-related products that is able to protect EU production from non-certified products.

Research, development and innovation: the report called for an ambitious innovation policy which clears the way for the development of high-quality, energy-efficient and innovative products and enables the EU to hold its own in the face of ever more severe global competition. It considered it necessary to extend support for innovation to all activities related to the steel industry and, hence, in the framework of Horizon 2020, to implement EIB facilities to promote cooperation in the fields of research, development and innovation between steel companies and the regions in which they are located, with a view to promoting sustainable economic activity.

## 2013/2177(INI) - 04/02/2014 Text adopted by Parliament, single reading

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The European Parliament adopted by 505 votes to 97, with 25 abstentions a resolution on the Action Plan for a competitive and sustainable steel industry in Europe.

The European steel industry is the second largest steel producer in the world. It accounts for 350 000 direct jobs and has a strategic importance for several major European industries. The EUs share in global steel production has halved over the last ten years, with China now accounting for almost 50 % of world production.

The current crisis has resulted in global overproduction of steel. However, in 2050 the use of steel and other basic metals is expected to be twice or three times as much as it is at present, and European steel industry needs to survive this valley of death during the next few years, to invest and to improve its competitiveness.

Parliament welcomed the Commissions action plan for the steel industry in Europe as an important element to prevent the further relocation of steel production outside of Europe.

Boosting demand: Members urged the Commission and the Member States to support the strategic development of key steel-using sectors. They considered that the construction industry is a key sector in terms of demand for steel, necessitating an in-depth study at EU level on ways of stimulating it. The Commission is also urged to establish an in-depth steel market analysis instrument which could provide precise information on the European and global steel and recycling supply-demand balance.

Employment: Parliament stressed that the Commission, the Member States, the industry and the trade unions should act jointly to retain and attract qualified workers to the steel sector, as well as young talent through apprenticeship schemes. Members stated that the absence of an appropriate industrial policy is causing the European industry to lose its long-term competitiveness as a result of exceptionally high energy costs.

The resolution emphasised that restricting demand must not lead to unfair competition for jobs among Member States; it called in this connection, for a pan-European solution.

The implementation of the Action Plan should focus on the short-term impact of the economic crisis on the sectors workforce and competitiveness. The Commission should promote measures aimed at keeping steel production in Europe and promote measures to prevent and avoid plant closures in Europe.

Specifically, Parliament called for the full deployment of EU funding to reduce the social impact of industrial restructuring and for full use to be made of the European Social Fund (ESF) and the European Globalisation Adjustment Fund (EGF).

Secure energy supplies at affordable prices: Parliament supported the Commissions promise to step up efforts to decrease the energy price and cost gap between the EU industry and its main competitors. The Commission should come forward within 12 months with concrete proposals to this end.

Emphasising that security of energy supply is an important prerequisite for the steel industry, Parliament called on the Member States to:

- implement the Third Energy Package in full;
- ensure secure energy supplies by developing the necessary energy infrastructure projects and to provide appropriate incentives for investors to ensure a lower dependency on imported fossil fuels.

Parliament encouraged the Commission to:

- address more concretely and in detail the issue of carbon leakage,
- develop low-carbon energy deployment strategies, so as to promote the rapid integration thereof on the electricity market;
- promote the diversification of natural gas sources and routes and to take the lead in coordinating and supporting safety measures for the supply routes of liquefied natural gas;
- conduct a comprehensive assessment of the adequacy of electricity generation and to provide guidance on how to maintain the

- flexibility of electricity networks;
- produce a report monitoring developments in establishments whose integrity is at risk, as called for in [Parliaments resolution](#) of 13 December 2012 on the EU steel industry.

Climate protection, resource efficiency and environmental impact: Members believed that European steel production should be maintained by a sustainable model of steel production. They urged the Commission to draw up and promote European sustainability standards, such as the Steel Construction Products Mark (SustSteel).

In Parliaments view, the 2030 climate framework should take into consideration sectoral differences, technological feasibility and economic viability and should not give rise to additional costs for more efficient industrial plant;

International level playing field: Parliament deplored the fact that some of the EUs trading partners apply unfair, restrictive measures, such as investment limitations and public procurement preferences that protect domestic steel industries, which unduly hamper EU steel exports. It called on the Commission to fight unfair competition from third countries, using the appropriate measures at its disposal, such as the trade defence instruments or if necessary the WTO dispute settlement mechanism.

The resolution urged the Commission to protect European steel with legislative instruments to certify the end-use of stainless steel and its chemical and physical composition, inter alia by introducing quality certification for steel-related products that is able to protect EU production from non-certified products.

Research, development and innovation: Parliament called for an ambitious innovation policy which clears the way for the development of high-quality, energy-efficient and innovative products and enables the EU to hold its own in the face of ever more severe global competition.

It considered it necessary to extend support for innovation to all activities related to the steel industry and, hence, in the framework of Horizon 2020, to implement EIB facilities to promote cooperation in the fields of research, development and innovation between steel companies and the regions in which they are located, with a view to promoting sustainable economic activity.