

WRITTEN QUESTION P-1028/04
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to the Commission

Subject: Tension in the steel markets

There is currently extreme tension in the steel markets, where tariffs are rising. If the major placers of orders enjoy one-year contracts, and are, for the moment at least, unaffected by these increases, smaller enterprises are being directly penalised. European companies can no longer apply themselves due to a lack of available raw materials. Companies in Champagne-Ardenne, for example, are reeling under the pressure and are no longer able to honour their commitments to their clients. They are announcing that in a few weeks' time, they will no longer be able to produce, and certain companies have already taken steps to make their staff technically unemployed.

The real reasons for these rises are claimed to be linked to purchases by China, which alone accounts for 70% of the world market. The representatives of the industry's professional federations or of the building sector are much more nuanced in their assessment, however. While nobody disputes the reality of Chinese growth, nor pressure on the prices of raw materials (iron ore, scrap iron, coke) and even the cost of sea transport, many buyers are speaking about the building of Arcelor's margins, (the world No 1), which is profiting from the situation after a period of crisis.

What solutions can be devised to prevent the multiple repercussions of this price rise, and above all, how is the risk of penury to be tackled, should the current situation persist?

Is limiting scrap iron exports from the producer countries, particularly those of Central Europe, so as to bring the quantities of raw material available and the demand for steel back into balance, a possibility?