



***Manifesto
of the
European steel industry
for***

***Members of the
European Parliament
2009 – 2014***



2

The 2009 - 2014 European Parliament will be a time of major political change, with new roles and responsibilities for MEPs. However, it takes place against the background of the biggest economic challenge since the founding of the European Coal and Steel Community (the forerunner of the European Union) in 1951, which directly led to the first European parliamentary assembly. It is essential that MEPs take policy decisions that will support normal financial market conditions and preserve the basic industrial jobs that are the cornerstones for the recovery of the European economy.

Over the last couple of decades the European Parliament has achieved legislative power in most European policy fields, particularly in those directly or indirectly concerning European industry and its employees – for example the internal market, climate change, environment, health, research, and transport issues. Once the Lisbon Treaty has been ratified by all Member States, the European Parliament's powers will be extended to almost all industry-related issues, and notably to trade.

Today, no sound and sustainable industry policy is achieved in the European Union without the involvement of the European Parliament as equal co-legislator with the Council. The European steel industry welcomes these developments, while recognising that an increase in Parliament's sphere of influence places more responsibility on the Members of the European Parliament to ensure the sustainable development of all European economies and the well-being of European citizens.

The European steel industry is the backbone of Europe's prosperity. It is an indispensable part of the European supply chain, developing and manufacturing in Europe thousands of different new steel solutions. The steel industry has a long tradition of investing in environmentally sound and energy efficient production. Steel provides the foundation for innovation, durability and energy savings in applications as varied and vital as automotive, construction, medical devices, white goods and wind turbines. Steel is 100% recyclable — it loses none of its properties, no matter how many times it is remelted and reused — and therefore contributes significantly to the long-term conservation of fundamental resources for future generations.

The European steel industry is a world leader in its sector: its annual revenues total more than 200 billion Euros, it directly employs 420 thousand people and it produces more than 200 million tonnes of steel per year. More than 500 steel production sites in 22 EU Member States provide direct and indirect employment and a living for millions of European citizens.



The preservation of its basic industries is a vital precondition for the prosperity and sustainable development of the European Union. Therefore, it is essential that European legislators support the benefits that steel production in Europe brings to its citizens. The European Parliament should only adopt legislation that preserves the international competitiveness of European steel companies, and it should react firmly against restrictions and distortions by non-EU countries in international steel trade and markets. At its heart, any European policy must secure an international level playing field for the European steel industry.

As a Member of the European Parliament we urge you to:

- ☑ promote EU climate change policies that ensure a level playing field for European steelmakers with competitors from non-EU countries. . . . (p4)
- ☑ seek EU support for R&D in new technologies to reduce emissions from steelmaking and to utilise steel more effectively (p5)
- ☑ support ‘better regulation’ by reducing the administrative and financial burden of European environment legislation, whilst improving the levels of environmental protection (p6)
- ☑ secure competitive energy prices in Europe (p7)
- ☑ take vigorous action to secure open markets and strictly enforce EU trade laws in order to ensure fair competition from non-EU countries (p8)
- ☑ establish an effective EU strategy to secure access to raw materials . . (p9)

... an international level playing field for its basic industries



Climate Change

Climate Change – securing a level playing field with non-EU competitors

What is the status quo?

European steelmakers have reduced CO₂ emissions by more than 50% since the 1970s and by more than 20% between the Kyoto reference year, 1990, and 2005. Emissions from existing technologies for integrated (blast furnace) steelmaking have almost reached their minimum, and there is little further improvement achievable in the EU without new process technologies. Nevertheless, European steelmakers are committed to further contribute to the EU's climate change objectives, including those in the EU emissions trading scheme (ETS).

What the European Parliament needs to do?

European steel companies are extremely vulnerable to unilaterally imposed costs, as the total volume of imports into and exports out of the EU27 is 30-40% of European market demand. Without a level playing field in climate change policy, non-EU steelmaking competitors will enjoy an unfair competitive advantage that will distort the global market for steel and restrict future investment in the EU, leading to carbon leakage.

Therefore, non-EU steel producers must commit themselves to equal, verifiable and enforceable CO₂ reduction targets within the framework of an international agreement on climate change that will cover at least 85% of world steel production. The EU and just nine countries – Brazil, China, India, Japan, South Korea, Russia, Turkey, Ukraine and the USA – account for about 90% of world crude steel production, which in 2007 totalled 1.35 billion tonnes. As China alone accounts for about 500 million tonnes (35%), its full participation in any international agreement is indispensable.

Until such an agreement is implemented the EU must mitigate ETS-related costs for sectors at risk of carbon leakage by continuing to allocate 100% of emissions allowances for free, based on challenging but achievable benchmarks. These benchmarks must fully take account of the fact that the steel industry sustainably recycles process (waste) gases, which overall account for about 80% of CO₂ emissions from primary steelmaking. The EU must also fully compensate for ETS-related increases in electricity costs. Steel plants using electric arc furnaces, which are fed almost entirely with steel scrap, represent 40% of European steel industry production. These plants are extremely dependent on electricity costs. Were this part of the steel industry to become uncompetitive because of ETS-related increases in energy costs, the effects on those European steelmakers and the scrap recycling industry would be extremely serious.



R & D

R&D – investing in innovation and new technologies as a top priority

What is the status quo?

Research and development (R&D) is the basis for innovation of new, environmentally friendly technologies, which is essential for the prosperity of Europe. The European steel industry is constantly involved in this process through the development of new types of steel with specific characteristics, and innovative ways of using steel, that address the needs of specific applications. In this way the industry has widely contributed, for example, to the reduction in CO₂ emissions from vehicles and the improved energy efficiency of buildings and will continue to do so. However, to reduce its own CO₂ emissions further, the EU steel industry now needs to develop breakthrough technologies. Through participation in the European Steel Technology Platform (ESTEP) the industry is working with the European Commission and Member States to finance long-term projects aimed at changed process technologies. The most ambitious being ULCOS (Ultra Low CO₂ Steelmaking), which aims to reduce CO₂ emissions from steelmaking by 50% by 2050. For the second phase of this project a budget of more than 800 million Euros was identified in March 2009, a large part of which will be for a two-stage project comprising a pilot of new blast furnace technology with top gas recycling and then a large-scale demonstration that further incorporates carbon capture and underground storage (CCS). If successful, this technology could be ready for wider industrial application after 2020.

What the European Parliament needs to do?

The EU should stimulate R&D in innovative, environmentally friendly process technologies to a much greater extent than it has in the past, particularly the economically risky and very expensive pilot and demonstration phases. Financial support and close co-operation between EU institutions, Member States and the industry are preconditions for the achievement of the objectives of both the EU's climate change policy and the Lisbon strategy. The EU's research framework programme and revenues from the ETS must therefore be used primarily for the development and demonstration of new technologies to reduce emissions at source and to use steel efficiently in downstream products. This will not only help Europe reduce its own emissions but also provide for alternative technologies and reductions in emissions worldwide. Support for R&D is also needed to secure high-quality jobs in the European steel industry and thereby maintain the European Union as a region with a strong industrial backbone in which the steel industry remains a driver of technological innovation.

... an international level playing field for its basic industries



Environment & Re

Environment & Better Regulation – reducing administrative and financial burdens

What is the status quo?

European environmental legislation is indispensable for the sustainable development of the European Union and the proper functioning of the internal market. It is therefore generally welcomed by the European steel industry, which is committed to constantly improving its environmental performance. However, there has been a major increase in the volume of environmental regulations adopted by the European institutions every year (almost 100 in 2008 alone!) and many of these concern the steel industry directly or indirectly. There has also been a steady increase in the amount of reporting and data collection. Together these new regulatory requirements represent a huge bureaucratic and financial burden, creating duplicate and sometimes contradictory legislation, and jeopardising the EU steel industry's competitiveness. In addition, legal uncertainty is created and predictability diminished by the constant shifting of objectives and the corresponding quasi-continuous overhaul of legislative instruments. The costs associated with these constant changes far outweigh any benefits. The combined effects of the directives on Integrated Prevention Pollution and Control (IPPC, Industrial Emissions), National Emission Ceilings (NEC), Ambient Air Quality (AAQ) and the discussions around a potential SO₂/NO_x emissions trading scheme are examples.

What the European Parliament needs to do?

Much greater thought and attention must be given to ensuring that EU legislation, in particular environmental legislation, is structured and implemented in a way that does not affect the international competitiveness of our industry. Legislators need to keep legislation simple, reduce the volume of new measures, avoid duplicate or contradictory regulation and excessive reporting requirements, and take account of national particularities and the subsidiarity principle. All new measures should be preceded by unbiased and pragmatic cost-efficiency analyses, be realistic in the level of ambition and technically achievable and be undertaken with realistic deadlines for their implementation. In particular, no new legislative proposals should be introduced until a reasonable time period has elapsed after full implementation in all EU Member States.



Energy

Energy – achieving competitive energy prices in Europe

What is the status quo?

Internationally competitive energy prices combined with secure energy supplies are vital for the success of energy-intensive industries like steel and must therefore be considered as the most essential objective of any EU energy policy. So far the liberalisation of the European electricity and gas markets has not brought about the cost reductions that energy-consuming industries had hoped for. Competition between European energy suppliers is still insufficient to deliver a substantial reduction in energy prices. At the same time, there is a looming gap between supply and demand in many EU countries which will require massive investment.

What the European Parliament needs to do?

The 3rd Energy Package needs to be quickly implemented in order to liberalise the European energy markets and to encourage the expansion of trans-European energy networks. This will facilitate competition and build a real Europe-wide common energy market. It is essential that industrial consumers have access to energy supplies at reasonable costs comparable to those available to their competitors. At the same time, policy conditions are needed that will allow negotiation of long-term supply contracts between suppliers and large energy users. A broad energy mix without discrimination between technologies should be the basis for a cost-effective and secure energy supply. Renewable energies should be supported, albeit avoiding excessive incentive costs. Any unilateral EU measures leading to higher energy prices in Europe, such as those resulting from the EU Emissions Trading Scheme (ETS), energy taxes or renewable fees, must be avoided, capped or compensated for, so that energy-intensive industries are not encouraged to migrate to non-EU countries. This is particularly important in order to ensure the continued recycling of steel scrap in the EU's energy-intensive electric arc furnace steelworks, for which scrap is the almost exclusive feedstock.

... an international level playing field for its basic industries



Trade

Trade – securing open markets and enforcing EU trade laws to guarantee fair competition

What is the status quo?

Given its heavy dependence on imports and exports, the European steel industry strongly supports the liberalisation of international trade under the umbrella of the WTO. But the EU is the most open major market in the world, while non-EU steel producing countries use many kinds of trade restrictions or distortions to give artificial advantages to their own industries. These include a wide range of government interventions, including import barriers (such as tariffs, or restrictive licensing), export incentives (such as VAT rebates or the zeroing of export taxes) and subsidisation. “Buy national steel” campaigns have also become popular. Meanwhile measures to overcome the economic crisis have not, as agreed by the G20 in November 2008, led to a moratorium in the establishment of new trade barriers - on the contrary there has been a dramatic increase in them, most noticeably in the steel sector.

What the European Parliament needs to do?

More than ever, there is a particular need now for fair international competition and a level playing field for the European steel industry as EU steel companies individually bring output into line with reduced demand. The EU must provide a level playing field, taking firm action against dumped and subsidised products. European trade defence laws and practices are among the most liberal in the world and must be used to their fullest extent if the EU steel industry and, as a result, the European economy as a whole are not to suffer potentially irreparable damage.



Raw Materials

Raw materials – establishing an effective strategy to secure access

What is the status quo?

Like many other manufacturing industries, steelmaking depends on resources that are scarce in Europe. In the case of blast furnace steelmaking this means good quality iron ore and coking coal. In 2008 the European steel industry imported about 150 million tonnes of iron ore and 200 million tonnes of coal. Iron ore and coal prices have exploded in recent years due to increased demand from emerging economies. The supply side has failed to keep pace with this increased demand, a position which can be expected to return after the current economic crisis abates. Supply has been constricted because of the market dominance of a few actors, in particular Vale, BHP Billiton and Rio Tinto. These three mining giants control more than 70% of the world seaborne market in iron ore. Besides, many non-EU countries impede access to their raw materials through export restrictions, import subsidies and other artificial trade barriers to protect their domestic industries.

What the European Parliament needs to do?

The European steel industry welcomes the Commission communication on 'The Raw Materials Initiative', adopted in November 2008, as well as initiatives on the security of the supply of raw materials for the energy sector. We urge EU decision makers to take this as the basis for the development of an integrated strategy. Priority must be given to the establishment of a level playing field for access to metallurgical raw materials in the EU's trade policy as well as in the framework of the EU's external relations with third countries. In particular, EU action must include the application of EU competition rules to guarantee real competition and oppose further concentration in the international raw materials markets.

... an international level playing field for its basic industries



Members

EUROFER, the European Confederation of Iron and Steel Industries represents the following steel companies, national steel federations and associated members:

Members

Acciaieria Arvedi S.p.A

<http://www.arvedi.it>

Acerinox SA

<http://www.acerinox.es>

ArcelorMittal Group

<http://www.ArcelorMittal.com>

BSW - Badische Stahlwerke GmbH

<http://www.bsw-kehl.de>

Böhler-Uddeholm AG

<http://www.boehler-uddeholm.com>

Bulgarian Association of the Metallurgical Industry

<http://www.bcm-bg.com>

CELSA Group

<http://www.gcelsa.com>

CMC Zawiercie S.A.

<http://www.cmcpoland.com>

Corus Group

<http://www.corusgroup.com>

DanSteel AS

<http://www.dansteel.dk>

Deutsche Edelstahlwerke GmbH

<http://www.dew-stahl.com>

Dillinger Hüttenwerke AG

<http://www.dillinger.de>

Duferco S.A.

<http://www.duferco.com>

Edelstahl-Vereinigung E.V.

http://www.stahl-online.de/stahl_zentrum/edelstahl_vereinigung_e_v.htm

ENXE - Hellenic Steelmakers Union

Evrax Vitkovice Steel a.s.

<http://www.vitkovicesteel.com>

Fachverband der Bergwerke und Eisen erzeugenden Industrie

<http://www.wk.or.at/bergbau-stahl>

Federacciai

<http://www.federacciai.it>

Federation Française de l'Acier

<http://www.ffa.fr>

Feralpi Siderurgica S.p.A.

<http://www.feralpi.it>

Georgsmarienhütte Group

<http://www.gmh.de>

Georgsmarienhütte Holding GmbH

<http://www.gmh.de>

Groupement de la Sidérurgie asbl

<http://www.steelbel.be>

Grupo Alfonso Gallardo

<http://www.grupoag.es>

Gruppo Riva

<http://www.rivagroup.com>

Halyvourgiki Inc.

<http://www.halyvourgiki.com>

Hellenic Halyvourgia

<http://www.hlv.gr>

Hutnictvi Zeleza

<http://www.hz.cz>

ISD Dunafer Co.Ltd.

<http://www.dunafer.hu>

Jernkontoret

<http://www.jernkontoret.se>

Lech-Stahlwerke GmbH

<http://www.lech-stahlwerke.de>

Liepajas Metalurgs

<http://www.metalurgs.lv>

Marienhütte Stahl- und Walzwerk GmbH

<http://www.marienhuette.at>

Metallinjaloštajat

<http://www.teknologiateollisuus.fi>

Metinvest Trameal SpA

<http://www.trameal.it>

Securing employment and prosperity in Europe through ...



MVAE - Association of the Hungarian Steel Industry

<http://www.mvae.hu>

Nedstaal BV

<http://www.nedstaal.nl>

Outokumpu Oyj

<http://www.outokumpu.com>

Ovako Group

<http://www.ovako.com>

Polish Steel Association

<http://www.hiph.com.pl>

Ruukki

<http://www.ruukki.com>

SIJ Slovenian Steel Group

<http://www.sij.si>

SSAB Group

<http://www.ssab.com>

Saarstahl AG

<http://www.saarstahl.de>

Salzgitter AG

<http://www.salzgitter-ag.de>

Sidenor

<http://www.sidenor.gr>

Siderurgia Nacional - Empresa de Produtos Longos S.A.

Štore Steel

<http://www.store-steel.si>

SPAS - Chambre Syndicale des Producteurs d'Aciers fins et Spéciaux

<http://www.spas.fr>

ThyssenKrupp AG

<http://www.thyssenkrupp.com>

Trinecke Zelezarny AS

<http://www.trz.cz>

U.S. Steel Kosice

<http://www.usske.sk>

UK Steel - EEF

<http://www.uksteel.org.uk>

UNESID Spanish Steel Association

<http://www.unesid.org>

UniRomSider

http://www.web2all.ro/us_romana.htm

Vorskla Steel Denmark A/S

<http://www.vorskla.dk>

Voestalpine AG

<http://www.voestalpine.com>

Wirtschaftsvereinigung Stahl

<http://www.wvstahl.de>

ZDB Group a.s.

<http://www.zdb.cz>

Associated Members

Colakoglu Metalurji

<http://www.colakoglu.com.tr>

Diler Demir Celik

http://www.dilerhld.com/diler_demircelik/index.html

Eregli Iron and Steel Works

<http://www.erdemir.com.tr>

HABAS

<http://www.abas.com.tr>

ICDAS

<http://www.icdas.com.tr>

Iskenderun Demir ve Celik ISDEMIR

<http://www.isdemir.com.tr>

Izmir Demir Celik IDC

<http://www.idcsteel.com>

Kremikovtzi AG

<http://www.kremikovtzi.com>

Swiss Steel AG

<http://www.swiss-steel.com>

DCUD - Turkish Iron & Steel Producers Association

<http://www.dcud.org.tr>

EUROFER

European Confederation of Iron and Steel Industries

ASBL

Avenue Ariane, 5

B-1200 Brussels

Tel: +32 (2) 738 79 20

Fax: +32 (2) 738 79 55

Email: mail@eurofer.be

<http://www.eurofer.org/>

EUROPA-PARLAMENTET
EUROPAISCHES PARLAMENT
EUROOPA PARLAMENT

ΕΥΡΩΠΑΪΚΟ ΚΟΙΝΟΒΟΥΛΙΟ
EUROPEAN PARLIAMENT

PARLEMENT EUROPÉEN

PARLAMENTO EUROPEO

EIROPAS PARLAMENTS

EUROPOS PARLAMENTAS

EURÓPAI PARLAMENT

PARLAMENT EWROPEW

EUROPEES PARLEMENT

PARLAMENT EUROPE (S)