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### *Dr. Wolfgang Eder re-elected EUROFER President*



On 7 December 2011, the EUROFER Board and General Assembly re-elected Dr. Wolfgang Eder as President of EUROFER. Eder is Chairman and CEO of the Managing Board of the Austrian steelmaker voestalpine AG and since October 2009 EUROFER's President. His second term begins on 1 January 2012.

### *Commission opens AD investigation on organic coated steel from China*

On 21 December 2011, the European Commission has opened an anti-dumping investigation on certain organic coated steel products from China, following a complaint by EUROFER.

EUROFER filed the complaint in November providing evidence that imports of organic coated steel from China are sold at dumped prices and cause significant injury to the EU steel industry. Over the past four years imports from China into the EU increased dramatically, despite the drop in EU consumption. As a result, the EU steel industry lost sales and market share forcing it to cut back on production and to reduce capacity.

The EU market share of organic coated steel from China has increased from 0.5% in 2004 to 15% over the last 12 months, with imports at their highest ever level in the second and third quarters of 2011. The imports were sold at prices significantly below prices of EU producers and prices from other third countries.

The product covered by the complaint is organic coated steel, consisting of pre-painted sheet and plastic coated sheet, which are composite materials made up of a metallic

substrate and an organic coating which adhere together firmly and complement each other in their properties.

The investigation by the Commission will be concluded within 15 months.

Notice of initiation (Commission): <http://eur-lex.europa.eu>

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### *Guidelines for compensation of electricity costs increases resulting from the EU ETS*

On 20 December 2011, the European Commission has launched a public consultation on the *Draft Commission Guidelines for State aid in the context of the amended EU Emissions Trading Scheme post 2012*.

The guidelines are necessary to implement the EU Emissions Trading Scheme (EU ETS) which allows Member States to compensate industrial sectors exposed to a significant risk of carbon leakage. An aid beneficiary is deemed to be exposed to a significant risk of carbon leakage due to CO<sub>2</sub> allowance costs passed on in electricity prices, if its non-EU competitors do not face similar CO<sub>2</sub> costs in their electricity prices and the beneficiary is unable to pass on those costs to product prices without losing significant market share or profits.

The draft guidelines include ten sectors eligible for aid, amongst which "Manufacture of basic iron and steel and ferro-alloys".

However, the draft limits the aid intensity, inter alia,

- to 85% of the eligible costs in 2013 going down to 75% in 2019 and
- to the average production of the eligible installation in the period 2005-2011.

EUROFER's position is that sectors at risk of carbon leakage must be fully compensated (100%) based on actual production and not on any historic average which does not reflect the reality.

The consultation is open to all stakeholders and will run until 31 January 2012. Details and the draft guidelines can be found here: <http://ec.europa.eu>

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SAVE THE DATE

**European Steel Day 2012**

28<sup>th</sup> June 2012, Square Centre, Brussels

### *Commission Work Programme 2012*

On 15 November 2011, the European Commission presented its Work Programme 2012 which also includes forthcoming initiatives for the years 2013 and 2014. Issues of interest for EUROFER are, inter alia:

- *7th Environmental Action Programme* setting the environment priorities within the context of the EU 2020 Strategy.

- *Review of REACH* (non-legislative).
- *Review of air quality policies* (2013). Legislative proposals for Air Quality and National Emissions Ceilings (NEC) EC Directives.
- *Up-date EU trade defence instruments* (2013). Legislative proposal amending the basic anti-dumping and anti-subsidy regulations.
- *Update and review of progress on the integrated industrial policy for the globalization era* (non-legislative).
- *Energy Technologies in a future European Energy Policy*. This communication will, for example, identify the options for the role of energy technologies for achieving decarbonisation.
- *Renewable energy strategy* (RES), a non-legislative document presenting policy measures to accelerate the development of renewable energy.

Commission Work Programme 2012: <http://ec.europa.eu>

### *UN climate change conference in Durban*

The Durban conference (COP-17) ended on 11 December 2011 with the creation of the *Durban Platform for Enhanced Action* which will develop by 2015 either a new Protocol, another 'legal instrument' or an 'agreed outcome with legal force' that will be applicable to all Parties to the UN climate convention from 2020.

The new instrument should end the exemption of emerging economies such as China and India from binding emissions reductions in 2020. This also means that asymmetric CO<sub>2</sub> costs across the globe will not disappear until at least 2020. EUROFER's position is that for this reason any tightening of the EU's 20% climate target for 2020 - as debated within the EU institutions - or a softening of the tools designed to protect energy intensive industries against leakage (free allocation, compensation) would be against the EU emissions trading directive and the official position of the EU, which was reiterated in Durban.

To avoid a gap at the end of the first commitment period of the Kyoto Protocol which ends in 2012, the "Durban Package" includes a second commitment period running from 1<sup>st</sup> January 2013 to either 2017 or 2020 (to be agreed upon later). Parties' quantified targets for reducing emissions, as well as rules governing the carry-over of surplus emission rights from the first commitment period, will be decided at COP-18 in Qatar. Parties willing to take part to a second commitment period are asked to submit their targets to the UNFCCC by May 2012. The EU 2020 target is 20%/30% (the 30% is conditional on commitments of other countries).

The extension of Kyoto will keep the flexibility mechanisms alive (Emission Trading, Joint Implementation and Clean Development Mechanism). The Durban Package extends the scope of CDM to CCS and introduces materiality standards.

A new market-based mechanism will be established to assist developing countries in meeting part of their objectives and enhance the cost-effectiveness of actions to reduce emissions. The EU is taking the lead on this with its proposal for a sectoral 'trading and crediting' mechanism intended to advanced developing countries. Under such mechanism,

participating countries would be able to generate international credits when determined sectors of the economy reach a mitigation target.

EUROFER will closely follow the further development to secure a level playing field for the European steel industry.

Documents adopted in Durban: <http://unfccc.int/2860.php>

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### *EUROFER construction seminar*

On 8 December 2011, EUROFER organised a seminar on the construction sector in Brussels. Steel companies, the distribution chain, European associations and the steel press attended the event.

Following an introduction by Gordon Moffat, EUROFER's director general, an array of distinguished speakers highlighted from different angles the threats and opportunities, risks and challenges the construction market is currently facing.

A summary report and the presentations are available on EUROFER's website: [www.eurofer.eu](http://www.eurofer.eu)

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### *Upcoming events*

**31 January 2012:** Exchange of views between the CEOs of the European steel industry and Members of the European Parliament in Brussels on the financial crisis and the EU's industrial and environment policies. The event is hosted by EP Vice-President Gianni Pittella.

**23 February 2012:** Gordon Moffat will hold the key note speech at CRU's 18<sup>th</sup> World Steel Conference in London.

**28 June 2012:** "European Steel Day 2012" organised by EUROFER at the Square Centre in Brussels. Further information on the programme and registration will be available soon. Contact: [N.Darge@eurofer.be](mailto:N.Darge@eurofer.be)

### *Staff news*

**Barbara Vander Syt** leaves EUROFER after 30 years. Barbara has been the director general's secretary for 14 years. She now has the time to enjoy the fruits of her labor. The EUROFER team wishes her all the best for a well deserved retirement. Barbara's post will be taken over by **Angelique Katsiboubas** (EUROFER) as of 23 December 2011.

**Matteo Rigamonti** returns to Riva Group after three and a half successful and committed years at EUROFER. His tasks as environment manager, raw materials & scrap market analyst will be taken over by **Aurelio Braconi** (Riva Group).