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Climate Change / ETS battle in the European Parliament begins

The European Parliament (EP) is intensifying its discussions on the Commission proposal revising the EU emissions trading system (ETS). The proposal foresees for the European industry a reduction of 21% in CO₂ emissions by 2020 compared to 2005 and auctioning of all allowances as the basic principle of allocation. Sectors exposed to international competition may receive free allowances in the case the international negotiations on climate change scheduled in Copenhagen in December 2009 fail. EUROFER strongly opposes auctioning for industries exposed to international competition, and estimates additional costs for the European steel industry of 50 - 100 billion Euros in the trading period 2013 - 2020. There are two major positions (point 1 and 2) and two minority positions (point 3 and 4) in the EP:

1. Support to the Commission proposal
2. 100% free allocation, based on benchmarks, for sectors at risk of carbon leakage - until an international agreement is in force that provides for a global level playing field (promoted by EUROFER)
3. 100% auctioning for all sectors as of 2013
4. No auctioning at all (power sector and manufacturing industry)

The first clash in the EP will take place on 11 September, when the EP Industry Committee votes on 404 amendments tabled by its members. The Environment Committee will vote on 7 October, followed by negotiations with the Council on a first reading agreement in December. Further information: <http://www.eurofer.eu>

Product Policy / Commission adopts package on sustainable industrial policy

On 16 July 2008, the European Commission adopted an *Action plan on sustainable production and consumption and sustainable industrial policy* accompanied by a large series

of documents on eco-design, labelling and public procurement, inter alia several legislative proposals:

- Proposal for a regulation revising the EU Ecolabel scheme
- Proposal for a regulation revising the European Management and Audit Scheme (EMAS)
- Proposal for a revised eco-design products directive

The Commission's intention is to improve the environmental performance, in particular the energy efficiency of products throughout their life-cycle, and to stimulate the demand for more sustainable goods and production technologies. The package is an integral part of the European Union's 'renewed Sustainable Development Strategy' (EU SDS). All documents on <http://ec.europa.eu>

Industrial Emissions / EP first reading on the revision of the IPPC directive

On 10 September, the European Parliament's Environment Committee discussed the draft report of Holger Krahmer (Germany, ALDE Group) on the Commission proposal for a directive on industrial emissions, revising the IPPC directive (Integrated Pollution, Prevention and Control). In his report, Krahmer proposes to establish a so-called European Safety Net (ESN), which is a maximum Emission Limit Value (ELV) that under no circumstances can be exceeded. This constitutes a substantial difference compared to the Commission proposal, released in December 2007. Indeed, via *justification*, the Commission foresees the possibility for *derogation* in case an ELV in the permit is set above the upper value of the corresponding Best Available Techniques Associated Emission Level (BATAEL).

The IPPC Alliance, an alliance of energy intensive industries sharing similar views on the proposal, welcomes most of Krahmer's intentions. Discussions are going on between the IPPC Alliance and Krahmer on some important issues about the ESN which need to be clarified.

The Environment Committee will vote on the report on 5 November 2008 followed by the EP's first reading plenary vote in January 2009. The final adoption of the directive by the Council and the EP is not expected before the end of 2009. The Krahmer report is available in all official EU languages on <http://www.europarl.europa.eu> and the EUROFER position paper on www.eurofer.eu

Anti-Dumping / HDMC from China in the Commission's focus

On 13 September the Commission will decide on the imposition of provisional measures in the AD procedure on imports on hot-dipped metallic coated sheets and strip from China. The deadline for a final decision on measures has been set for 13 March 2009. The investigation on HDMC is the first in a row of three steel related AD procedures initiated by the Commission since December 2007, all on the basis of EUROFER complaints. Deadlines for provisional measures on stainless steel cold-rolled flat products from China, South Korea and Taiwan and on wire rod from China, Turkey and Moldova are set for 31 October 2008 and 7 February 2009 respectively.

Trade / Commission investigation on BHP Billiton - Rio Tinto delayed

EUROFER has made submissions in both phase I and II of the merger investigation launched by the European Commission. EUROFER strongly opposes a merger of BHP Billiton and Rio Tinto, two of the three mining companies dominating almost 75% of the seaborne trade in iron ore. The proposed merger would give to the combined company a market share of almost 40 % of the seaborne iron ore market. Vale already has more than 33 %. EUROFER has also made submissions to the Chinese and Australian competition authorities.

On 2 September the European Commission suspended the merger review following the failure of BHP to provide data requested. No date has yet been fixed to restart the review.

Stainless Steel / Revision of the Council of Europe Guidelines on food contact for metals and alloys

The Council of Europe on 2 September has announced a revision of its Guidelines on metals and alloys used as food contact materials, version 2 of 13.02.2002. The revision has been prompted by comments received by the Committee of Experts on materials coming into contact with food from official inspection services and analytical control laboratories in Member States.

Those interested in participating in this activity are requested to contact the Council of Europe, Susanne Bahrke (Email: consumer.health@coe.int), and submit comments before 26 September 2008.

Tony Newson, EUROFER Stainless, will represent EUROFER in these activities.

EU waste legislation / Commission study on "end-of-waste"

The revised Waste Framework Directive sets a clear five-step "hierarchy" of waste management options according to which prevention is the preferred option, followed by reuse, recycling, other forms of recovery and safe disposal as the last recourse. It also clarifies a number of important definitions, such as recycling and recovery. In particular, it draws a line between waste and by-products and defines when waste has been recovered enough to cease being waste. Criteria will have to be developed for this purpose.

For "end-of-waste", the Commission has requested a preliminary study that will propose a general methodology analysing the principles according to which the criteria should be set. The study includes three pilot cases, being steel scrap and certain slags, some of the materials which were selected for their potential suitability. EUROFER has been, and will continue to be deeply involved in these important developments for the steel industry. Provisional text: <http://www.europarl.europa.eu/>

Forthcoming Events

11 September 2008, Brussels: Twice a year, the European steel industry is invited by the so-called *133 Steel Committee*, a joint body of the Commission and the Member States, to present an update of the market situation. This event focuses on France. Gordon Moffat, EUROFER Director General, will talk on *raw material supply, trade defence and climate change*.

29-30 September 2008, London: *Steel & The Environment - Carbon Abatement and Trading* Conference, organized by Metal Bulletin at One Whitehall Place, London. Axel Eggert, EUROFER Public Affairs Director, will analyse *the status quo of the legislative procedure on the EU ETS directive and the position of EUROFER*. Further information and full program: www.metalbulletin.com/events

2-3 October 2008, Helsinki: The worldwide steel community will have the opportunity to interact with officials and industry experts on the REACH issue during the IISI (International Iron and Steel Institute) REACH Workshop which is taking place in Helsinki (Finland). Danny Croon, EUROFER's REACH Manager and Deputy Environment Director, will speak on the implementation of REACH in the EU Steel Industry. Further information: D.Croon@eurofer.eu

5 November 2008, Brussels: A conference on *Rail Freight as an Integrated Part of Environment* will take place in the Brussels Renaissance Hotel, organized by EUROFER. Key issues such as the transport challenges to be solved by 2012, the expectations of the industry and the answers of the rail operators will be debated. Further information and registration: www.eurofer.eu

Staff news

On May 5th 2008, Matteo Rigamonti has joined the EUROFER Environment Department. His main tasks are product related environmental issues and the revision of IPPC BREFs on "Iron and Steel" and "Ferrous Metals Processing". Matteo is a chemical engineer and comes to us from the Riva Group's raw materials purchasing department.

On July 14th, EUROFER welcomed David Valenti who worked as a Quality and Environment Manager for the Riva Group in Thy-Marcinelle (Charleroi-Belgium, EAF route, wire rod rolling mill). David is a civil engineer in metallurgy with a degree in management. Within EUROFER he works on climate change issues, currently focussing on the EU Emissions Trading System (EU ETS) and its effects on the competitiveness of the European steel industry.

On September 1st, Catherine Jung - Communications Manager in ArcelorMittal Packaging in Saint-Denis (France) has joined the EUROFER Public Affairs Department. Her mission will be to help and develop the communication on EUROFER activities both towards the European Institutions and related stakeholders, as well as the EUROFER members.

