

## EUROPEAN COUNCIL COMPETITIVENESS

November 9, 2015

The crisis that the steel industry is facing in Europe is not new. We have seen it coming and we have not been able to face it. The action plan for the steel industry launched in 2013 has remained an empty theoretical exercise. We can no longer afford more false starts.

We need to act on two dimensions: internal and external. Regarding the first, the draft Presidency's Conclusions could represent a possible outline to work upon. We need to simplify the access to the legal aid for the steel sector, which is now too complex and constrained, and to the *European Globalization Adjustment Fund*, and take action on domestic demand, strengthening the link between public procurement and the use of "sustainable" steel .

The Commission should then pay particular attention to the effects of direct and indirect carbon leakage, stemming from the reform of the European ETS, allowing a full allocation of free allowances for the steel sector.

The EFSI fund currently seems the most suitable vehicle to support the process of steel industry modernization. An Italian company has already had a project approved within this framework. At any rate, EFSI cannot be enough.

The Commission seems not to be oriented in favour of relaunching the Action Plan for the steel sector. The point here is not the container, but rather the content. In the absence of an incisive plan at European level, we believe that the only solution to the problem is reconsidering the state aid system for the whole sector. If the EU is not able to deal with this issue, then we should leave more room for manoeuvre to Member States.

In the external dimension it is necessary to proceed immediately, in the context of the Trade Council, for the adoption of the following measures:

1) reintroduction of the prior surveillance system on steel products in force until 2012. A tool that allowed for real-time control of trade flows and respond quickly to the occurrence of exceptional events.

2) Application of Trade Defense Instruments (TDIs) in a systematic way, also in case of "threat of injury".

3) Approval and renewal of the AD (Anti Dumping) and AS (Anti Subsidies) measures regarding the steel sector, also using the power of the Commission to proceed ex officio. A positive outcome of the procedure n. 620 on Cold Rolled Flat Steel Products launched on May 14 is of crucial importance for the European industry.

4) Finding a compromise on the proposed reform of the TDI, as proposed by the Italian Presidency more than a year ago. Such a reform must provide for halving the time required to close an investigation and the elimination of the Lesser Duty Rule in specific cases and in particular when we are dealing with a distortion of raw materials' prices.

The Italian Government rejects any protectionist practice. We support the Commission's TRADE Agenda for the conclusion of Free Trade Agreements, starting with the TTIP. But being in favour of free trade does not mean being at the mercy of misconduct or proceeding towards a generalized "unilateral disarmament".

We must be aware that cases of dumping are likely to increase, partly because of the slowdown in the domestic markets of many developing countries and in particular in China.

This also applies to the issue of recognizing China's Market Economy Status. A concession that would compromise our ability to defend ourselves in cases like the one we are debating today. We must have the courage to say clearly that we will be ready to recognize this status only once China will have fulfilled the conditions which this status demands.

Finally, we support the British proposal on the importance of holding a High Level Conference on steel, on condition that a concrete plan is adopted ahead of it, in order to give concrete answers to citizens' and companies' concerns.