

[out of scope]

Meeting between Commissioner Malmström and Eurofer

Participants:

Commission side: Cecilia Malmström, [Art. 4.1(b)] (CAB), [Art. 4.1(b)] (HoU G3), [Art. 4.1(b)] (G3).

European steel industry side: Robrecht Himpe (President of Eurofer and CEO of Arcelor Mittal), Axel Eggert (Director General of Eurofer), Francesc Rubiralta Rubio (CEO of Celsa and Vice –President of Eurofer), Heinz-Jorg Fuhrmann (CEO of Salzgitter and Vice-President of Eurofer), Herbert Eibensteiner (Member of the management board of Voestalpine and Vice-President of Eurofer), Timoteo Di Maulo (CEO of Aperam), Bo-Erik Pers (President of Jernkontoret-the Swedish steel producers Association).

The meeting lasted 40 minutes and took place in a cordial atmosphere.

The President of Eurofer presented the following issues of importance for the European steel industry:

- Profitability is currently very low (a few euros per ton of steel). This situation negatively impacts investment in the sector and ultimately its viability. During the discussion Eurofer acknowledged that its production capacity is "relatively bigger" compared to the EU domestic demand;
- The additional burden and the negative potential consequences of the European Emission Trading System: according to Eurofer this system creates competitive distortions;
- Imports: Eurofer pointed at increases in imports from some trading partners. They highlighted in particular the importance of the overall Chinese exports (93 mmt in 2014 which is more than the entire US production). The main concern relating to these exports is that they are not market-driven and that prices are low. The high number of steel-related TDI cases against China (18% of EU cases) confirms this. The EU steel market size is considerably smaller (-25%) than in 2007 (pre-crisis level). The market is growing slowly (1% per year) and where there is growth it is imports, not EU products, that take advantage of it;
- The potential threat of Russian steel exports: the current economic situation, the depreciation of the ruble and the termination by the US of the suspension agreement in December 2014 have been pointed out as factors which could increase Russian steel exports to the EU;
- Increasing protectionism worldwide: since the economic crisis several economies have adopted trade restrictive measures to protect their market;
- Potential State aid related to the nationalisation of the Italian steel producer Ilva. Eurofer is concerned about this situation as Ilva is a relatively big producer (10 mmt/year). Eurofer wanted to draw the Commissioner's attention to this case. However, Eurofer recognised that this issue is of the competence of the Commissioner for competition and a meeting is scheduled with her next week.

On this basis, Eurofer made the following requests to the Commissioner:

- More effective TDIs: while expressing its satisfaction with the current management of the TDI cases by the Commission Eurofer considered that the EU trade defence system is less reactive than the American system. They pointed out that the timeline for imposition of definitive measures is longer in the EU. Eurofer supports the removal of the Lesser Duty Rule;
- Market Economy Status for China: Eurofer warned against the granting of MES to China in 2016 given that it does not meet the technical criteria to this effect. Such a situation would make the EU TDI cases useless;
- Level playing field: Eurofer emphasised the importance for the EU steel industry of the removal of the "Buy America" legislation;
- Steel Contact Group meeting with Russia: in the current difficult economic context described above, Eurofer reiterated its request to have the annual meeting with the Russian authorities and business representatives soon;
- Turkish anti-dumping investigation on hot rolled coils: given the sensitivity of the case (the biggest private employer of Slovakia is under investigation) the Commission should closely follow the investigation. Eurofer considers that the investigation was launched on rather weak grounds.

The Commissioner reacted to the main issues raised by Eurofer:

- The Commission understands the need for free, open markets and fair conditions and continues to actively follow its trade liberalisation agenda. Public procurement is one of the EU's biggest offensive interests in the TTIP negotiation;
- The EU has one of the best trade defence system in the world. TDI modernisation has been blocked in the Council for two years now and the Commission works with the EU Presidency in order to achieve progress;
- MES/China is a sensitive issue. Commission awaits for the opinion of its legal service which will be carefully analysed;
- More broadly on China: there are several problematic issues (subsidies, SOEs, excess capacity) on which the Commission actively works in different fora (OECD Steel committee, summits etc.);
- With regard to the potential increase of Russian steel exports, for the moment there are no indications of such an increase. The Commission intends to continue holding Steel Contact Group meetings;
- Eurofer companies involved were encouraged to actively cooperate with the investigating authorities in the recently opened Turkish case on hot rolled coils.

The meeting ended with an invitation from Eurofer for the Commissioner to visit a steel plant.