

From: Burgemeester Termont Daniel [REDACTED]
Sent: 13 September 2016 17:04
To: EICHHORN Nele (CAB-MALMSTROM)
Cc: CEBALLOS BARON Miguel (CAB-MALMSTROM); MUNGENGOVA Jolana (CAB-MALMSTROM); [REDACTED] (CAB-MALMSTROM)
Subject: Steel sector

Dear madam

Thank you for your e-mail.

I know of the fact that the ArcelorMittal management got in touch with you already and informed you of the fact that they are convinced that a follow-up of the effective reduction of Chinese excess capacity is almost impossible as China doesn't work in a transparent way. Moreover if China would reduce its steel producing capacity by closing old facilities and in the meantime increase its capacity utilization of the other steel plants, this measure wouldn't be effective.

Regarding anti-dumping and market economy status, we remain extremely vigilant. We welcome the resolution which was adopted by the European Parliament in May and which contains several arguments in view of guaranteeing a level playing field. We hope that the proposal of the European Commission will be fully in line with the European Parliament's resolution.

Thank you very much for your management of this issue. Please pass on my greeting to the Commissioner.

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Van: Nele.EICHHORN@ec.europa.eu [<mailto:Nele.EICHHORN@ec.europa.eu>]
Verzonden: maandag 12 september 2016 18:26
Aan: Burgemeester Termont Daniel
CC: Miguel.CEBALLOS-BARON@ec.europa.eu; Jolana.MUNGENGOVA@ec.europa.eu; [REDACTED]@ec.europa.eu
Onderwerp: RE: Steel sector

Dear Mr Termont,
Allow me to reply to the points you bring to attention with respect to the situation regarding the impact, notably on Arcelor Mittal Ghent, of the excess capacity of steel in China.

The discussion in the Commission is not about whether or not China is a market economy country but rather a discussion about the calculation methodology used in anti-dumping cases and the implications of the expiry of certain provisions of Section 15 of China's Accession Protocol in December this year. The Commission has conducted an in-depth 'Impact Assessment', one of the mechanisms which ensure that the EU fulfils its commitment to better regulation when designing EU policies and laws so that they

achieve their objectives. ArcelorMittal has been very active in the respective consultation process and their views have been taken into account in the decision making process. The Commission discussed the subject on 20 July and decided to table a legal proposal before the end of this year. Once the Commission makes such a legal proposal, it is sent to the Council of Ministers and the European Parliament, for adoption.

The steel crisis has further highlighted the effect which China's interventionist policies are having in contributing to overcapacities which, in turn, have led to a significant increase in dumped and subsidised imports causing damage to EU industry. We expect China to make significant and verifiable net cuts in industrial over-capacity based on a clear timeline of commitments and an independent monitoring mechanism. To achieve this goal, the Commission keeps delivering on its action plan for addressing the overcapacity issue in the steel sector, through bilateral and multilateral contacts with our partners.

Unfortunately, this phenomenon of steel overcapacity is not only confined to the steel sector or indeed only to the EU. We have seen an unprecedented number of trade defence investigations being opened to address these problems worldwide.

Trade defence instruments play an important role for the EU steel industry, in particular in light of the massive overcapacities in countries such as China.

The Commission continues to be fully committed to ensuring that the trade defence instruments remain effective and strong in order to tackle unfair trade practices in a way that allows our industry compete on a level playing field. This was one of the key elements of the Commission's Communication on Steel adopted in March 2016. One example is the 15 ongoing investigations on various steel products from China, that in three cases have already given place to provisional anti-dumping measures. We therefore continue our concrete action against unfair trading practices and increasingly within shorter timelines than before.

Kind regards,

NELE EICHHORN



European Commission

Member of Cabinet of Cecilia Malmström

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From: Burgemeester Termont Daniel [REDACTED]
Sent: Wednesday, September 07, 2016 5:07 PM
To: MUNGENGOVA Jolana (CAB-MALMSTROM)
Cc: CEBALLOS BARON Miguel (CAB-MALMSTROM); EICHHORN Nele (CAB-MALMSTROM)
Subject: RE: Steel sector

Thank you very much.

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Van: Jolana.MUNGENGOVA@ec.europa.eu [<mailto:Jolana.MUNGENGOVA@ec.europa.eu>]
Verzonden: woensdag 7 september 2016 17:06
Aan: Burgemeester Termont Daniel
CC: Miguel.CEBALLOS-BARON@ec.europa.eu; Nele.EICHHORN@ec.europa.eu
Onderwerp: RE: Steel sector

Dear Mr Termont,

Thank you very much for your email below, and your interest in the EU policy on steel. Please rest assured that Commissioner Malmström is well aware of the complex situation this industrial sector is currently faced with. My colleagues in copy, Mrs Nele Eichhorn, who is responsible for EU trade defence instruments, and Mr Miguel Ceballos Barón, our Deputy Head of Cabinet, who follows relations with China, will revert back to you with more information.

Thank you in advance for your kind comprehension.

Best regards,

Ms Jolana MUNGENGOVÁ
Cabinet of Cecilia Malmström
Commissioner for Trade



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From: Burgemeester Termont Daniel [REDACTED]
Sent: Wednesday, September 07, 2016 4:02 PM
To: MUNGENGOVA Jolana (CAB-MALMSTROM)
Subject: Steelsector

Dear madam Mungengova

First of all: thank you very much for the meeting with EU-commissioner Malmström on Monday the 5th of September, 2016.

Due to the most interesting debate on TTIP, I lacked the time to inform the commissioner of my concern regarding the possible recognition of China as a 'market economy'.

In the city of Ghent, an ArcelorMittal steel plant employs nearly 5,000 people. Indirect employment linked to the ArcelorMittal plant adds up to some 15,000 people. Chinese competition is very fierce, due to the dumping of Chinese steel surplus at prices far below normal tariffs.

China produces 800 million tons of steel on a yearly basis, this is 50% of the world steel production. Between 2008 and 2014, Chinese steel production rose by 320 million tons, this figure is double the European steel production. There is an enormous overcapacity of more than 500 million tons of steel worldwide, the major part of it in China.

As a consequence of the current economic slowdown in China, China exports steel at dumping prices. China exported about 120 million tons of steel in 2015. Steel export from China at unfair dumping prices has a very negative impact on the steel prices in Europe. In order to gain market share in Europe, China pushed the selling price of its hot rolled coils exported to Europe down by 42% (from 457 USD/ton in January to 262 USD/ton in December) in 2015. This price level is significantly below the cost price of the most competitive steel companies in Europe. This threatens the sustainability of the European steel industry.

Of course, we are in favour of free trade, but not at dumping conditions. ArcelorMittal Gent and Liège continuously invest in environmentally friendly measures and in new products, but this will only remain possible if these companies are profitable in a market based on fair rules, which is not the case today.

European steel sector submitted last year 7 antidumping cases to fight against unfair competition. We ask European Union to significantly accelerate the treatment of anti-dumping cases.

Because China at present does not meet the conditions for obtaining the market economy status, we urge the European Union not to grant this status to China.

Could you please attract the commissioners attention to this issue, in order to take up the defense of the European steel industry?

Thank you very much in advance.

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