

European Community

News Release

CRISIS IN THE STEEL INDUSTRY: THE EC COMMISSION ACTS

Commission President Roy Jenkins made the following statement on 14 October 1980 to the European Parliament on the crisis in Europe's steel industry:

"The steel industry of the Community is in a state of manifest crisis. Since the second quarter of 1980 demand has dropped dramatically. Steel consumption in the Community and in a number of export markets has undergone a sharp and sudden decline in several key sectors. This fall the demand has been further aggravated by the accumulation of stocks. In addition, since the early summer, prices have fallen by 10 to 15 percent, in large part because some steelmakers, faced with the slide in demand, launched a damaging and futile price war. This slump in prices has also coincided with an average increase in production costs of about 5 percent since the beginning of the year.

"The Commission has not been tempted by optimistic inactivity. As soon as the evidence of market disarray began to emerge, we acted vigorously to seek agreement with the steelmakers for a strengthening of the voluntary system of market control. From early July... the Commission did everything in its power to bring them back to more far-sighted attitudes: to persuade them to keep to the voluntary sales programmes it had laid down. These efforts failed despite the untiring skills of Industry Commissioner Davignon. It has become clear that the material and psychological conditions needed for a voluntary system to work no longer exist. In the Commission's view those conditions can only be restored through implementation of the procedures laid down in article 58 of the European Coal and Steel Community Treaty...

"I will state the Commission's view on how we would propose to implement it:

- first, we propose a system of production quotas;
- second, there will be voluntary sales programmes;
- third, we propose price targets to bring prices into line with the movement of production costs;

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- fourth, we shall establish a set of external arrangements based mainly on voluntary understandings and basic import prices, but under closer and stricter surveillance;
- finally, there will be strict monitoring and penalties to ensure that the rules of the system are observed.

"However, that is not the end of it. The Community must have a complementary social programme. In these crisis circumstances, the social provisions which the Commission proposed more than a year ago must now be adopted by the Council. The Commission is at present receiving applications for retraining and early-retirement aid for tens of thousands of European workers. This involves the expenditure of several hundred million dollars which the ECSC budget cannot meet for lack of funds. This is a dereliction of our duty to the workers of the steel industry. It is gravely damaging to the image of the Community."
