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**THE EUROPEAN COMMUNITY ESTABLISHES
PRODUCTION QUOTAS FOR STEEL**

The Council of Ministers of the European Community approved on October 31, 1980 the establishment of production quotas for all large steel producing firms of the nine Member States in application of Article 58 of the European Coal and Steel Community Treaty.

Three sets of problems that have affected the European iron and steel industry in recent months made the instauration of quotas unavoidable:

- demand has dropped alarmingly since the end of the second quarter;
- the corresponding drop in production and prices has led to a deterioration in the firms' financial situation;
- firms have ceased to accept the voluntary restraint measures introduced by the E.C. Commission in 1977.

"It has become clear," Commission President Roy Jenkins pointed out recently, "that the material and psychological conditions needed for a voluntary system to work no longer exist."

As a consequence of these difficulties, the Commission of the European Communities decided to apply Article 58 of the European Coal and Steel Treaty for a maximum period of nine months, beginning on October 1, 1980.

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The following 4 categories will be subjected to production quotas:-

- GROUP 1: Coil and strip rolled on special mills.
- GROUP 2: Heavy Plate and universal plate.
- GROUP 3: Heavy sections (railway equipment, sheet piling, broad-flanged beams, other beams and other sections).
- GROUP 4: Light sections (coiled wire rod, concrete reinforcing bars and other merchant bars).

This covers about 90% of all rolled products.

The rate of reduction in the fourth quarter of 1980, compared to the fourth quarter of 1979, will be as follows:-

GROUP 1:	16%	-	20.78%
GROUP 2:	12%	-	18.93%
GROUP 3:	14%	-	21.53%
GROUP 4:	12%	-	17.39%

These measures concern all steel companies with a gross steel production of over 2,000 tons per month. It does not cover companies producing only liquid steel for casting. Tin plate and some railroad materials are also excluded from quotas.

High alloy content steel (at least 5%), with a price superior by at least 30% to the price of ordinary steel may, within certain limits, be excluded from the quotas. The same is true for steel for pipes and pipelines for which the rules are more flexible.

The Commission decided not to impose import restrictions but to increase the base price by 5 to 9%, depending on the categories of products.

Exports to the following countries will be monitored at the statistical level: Algeria, Saudi Arabia, Austria, China, Spain, the United States, Finland, India, Iraq, Norway, Poland, Rumania, Sweden, Switzerland and U.S.S.R..

As from January 1, 1981, the Greek steel industry will be bound by the same rules as are the steel industries of the Nine.
