



COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT



PRESS RELEASE

7630/81 (Presse 84)

717th meeting of the Council

- Iron and Steel -

Luxembourg, 24 June 1981

President: Mr G.M.V. van AARDENNE,

Minister for Economic Affairs
of the Kingdom of the Netherlands

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The Governments of the Member States and the Commission of the European Communities were represented as follows:

Belgium:

Mr Willy CLAES Minister for Economic Affairs

Denmark:

Mr Erling JENSEN Minister for Industry

Germany:

Otto Count LAMBSDORF Federal Minister for Economic Affairs

Dieter von WURZEN State Secretary,
Federal Ministry of Economic Affairs

Greece:

Mr Stephanos MANOS Minister for Industry and Energy

France:

Mr Pierre DREYFUS Minister for Industry

Ireland:

Mr Brendan DILLON Ambassador,
Permanent Representative

Italy:

Mr Filippo PANDOLFI Minister for Industry

Luxembourg:

Miss Colette FLESCHE Minister for Economic Affairs

Netherlands:

Mr G.M.V. van AARDENNE Minister for Economic Affairs

United Kingdom:

Mr Norman TEBBIT

Minister of State,
Department of Industry

Commission:

Vicomte Etienne DAVIGNON

Vice-President

Mr Frans H.J.J. ANDRIESSEN

Member

Mr Ivor RICHARD

Member

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STEEL POLICY

The Council reached an overall political agreement on the three aspects of the steel policy, namely: aids to the steel industry, pricing policy and quantitative restrictions (Article 58) and social aspects. However, delegations signified their agreement ad referendum. The Member States will adopt final positions following a written procedure to be completed by 14.00 on 1 July in order to enable the Commission to proceed with the publication of the necessary texts as soon as possible.

Aids to the steel industry

The Council reached agreement on the draft Commission Decision establishing common rules for aids to the steel industry, a new code on aids which covers both general and specific aids. It will apply until 31 December 1985.

The new code determines the conditions which must be respected by public aids in order to be considered Community aids and therefore compatible with the orderly functioning of the common market. These aids may be put into effect only in accordance with the procedures established by the code.

The general conditions with which the aids must comply stipulate that:

- the beneficiary undertaking or group of undertakings must be engaged in the implementation of a systematic and specific restructuring programme covering the various aspects of restructuring (modernization, reduction in capacity and, where necessary, financial restructuring), which is such as to restore its competitiveness and make it financially viable without aid in normal market conditions;
- the said restructuring programme must result in an overall reduction in the production capacity of the beneficiary undertaking or group of undertakings and must not increase capacity for the various categories of products for which there is not a growth market;
- the amount and intensity of the aids granted to steel undertakings must be progressively reduced;
- the aids in question must not result in competition being distorted and must not affect trading conditions to an extent contrary to the common interest.

The Decision also determines the specific conditions of compatibility for the various types of aids, i.e. investment aids, aids for closures, aids to continued operation, emergency aids and aids for research and development. It lays down a timetable for the gradual cessation of all these types of aid, the main features of which are as follows:

- all the aids which a Member State intends to grant must be notified to the Commission no later than 30 September 1982, save where exceptions are made. The State concerned may put its proposed measures into effect only with the approval of and subject to any conditions laid down by the Commission;
- the aids must be authorized by the Commission not later than 1 July 1983 and must not lead to aid payments after 31 December 1985, other than by way of interest rebates or of payments to honour the guarantees on loans disbursed prior to that date;
- investment aids will follow the abovementioned general timetable;
- aids for closures will in principle follow the general timetable, but should it not be possible to foresee such aids in programmes notified before 31 December 1982, they may exceptionally be notified to the Commission after this date and be granted after 1 July 1983;
- aids to continued operation: their duration must be limited to a maximum of two years and they must not lead to payment after 31 December 1984; however, in exceptional and duly substantiated cases, this duration may be more than two years, without exceeding 31 December 1984;
- emergency aids to cope with acute social problems in the form of rescue measures for a maximum duration of six months; no emergency aids may be authorized after 31 December 1981;
- aids for research and development follow the general timetable.

The Decision also stipulates the conditions under which it may be amended subsequently, particularly in the light of any changes in the other Community policies concerning the iron and steel sector.

Furthermore, Article 12 of the code provides for the possibility of amending the deadlines in the aforementioned timetable. It stipulates that if, in the light of market trends and the price level for iron and steel products, the Commission considers that it is necessary to amend the prescribed deadlines, the Commission will request the unanimous assent of the Council.

If the Council has not acted unanimously within a period of two months from the Commission's request, the assent is given by a qualified majority as provided for in the fourth paragraph of Article 28 of the Treaty for the purposes of applying Articles 78, 78b and 78d.

Finally, a derogation is provided for, under the same procedure as for the amendment of the deadlines, for special cases of non-specific aids in order to prevent undesirable consequences arising after 1 July 1983 from the application of the code.

Social aspects

The Council agreed that the Community could contribute, under Article 56(2)(b) of the ECSC Treaty, to the allowances paid by Member States under their steel industry restructuring programme in respect of early retirement (put into effect before the end of 1984) and short-time working (for the period until 30.6.1982).

In order to meet the financing needs which were estimated by the Commission at 112 MEUA in 1981 and 100 MEUA for 1982-1984, the Council agreed to make available to the ECSC budget a sum of 50 MEUA to be financed by direct contributions from the Member States in accordance with an ad hoc scale already used for a similar measure during 1980. The Ministers also undertook to examine the Commission's additional requests in due course and in accordance with the appropriate arrangements.

Pricing policy and quantitative restrictions

In this area the Council, in addition to its assent to the extension for one year of the application of Article 58 of the products in category I (hot rolled coils and hot rolled strip) and to the voluntary agreement for categories II (reversing mill plate and wide flat) and III (heavy structural sections), agreed to extend application of the compulsory quantitative restrictions under Article 58 for one year for reinforcing rods and merchant bars also (categories V and VI).

On the other hand, as regards wire rods (category IV), the Commission stated that a voluntary agreement between most producers had been arrived at on a trial basis and would apply for the third quarter of 1981. The Council noted that the Commission reserved the possibility of invoking Article 58, if need be, for this category also if the application of the voluntary agreement for these products did not fulfil expectations.

Finally, the Council agreed to a draft Commission Decision extending the measures for monitoring pricing rules to cover distributive undertakings.

MISCELLANEOUS DECISIONS

Textiles

The Council agreed to the conclusion of the Agreements on trade in textile products with:

- the Arab Republic of Egypt
- the Socialist Republic of Romania
- the Republic of Colombia
- the Republic of India.

Relations with the ACP States and the OCT

The Council adopted in the official languages of the Communities the Regulations opening, allocating and providing for the administration of a Community tariff quota for rum, arrack and tafia falling within subheading 22.09 C I of the Common Customs Tariff and originating in:

- the African, Caribbean and Pacific States (1981-1982);
- the overseas countries and territories associated with the European Economic Community (1981-1982).

Morocco

The Council adopted in the official languages of the Communities the Regulation opening, allocating and providing for the administration of a Community tariff quota for 1981-1982 for certain wines having a registered designation of origin, falling within subheading ex 22.05 C of the Common Customs Tariff, originating in Morocco.

Cyprus

The Council approved the conclusion of two EEC-Cyprus Protocols:

- in view of the accession of Greece
- for 1981.

Customs Union

The Council adopted in the official languages of the Communities the Regulation opening, allocating and providing for the administration of a Community tariff quota for certain goods falling within subheading ex 03.01 A II of the Common Customs Tariff (1 July 1981 to 30 June 1982).

Agriculture

The Council adopted in the official languages of the Communities the Regulation establishing general rules for measures intended to maintain the level of use of butter by certain categories of consumers and industries.

Taxation

The Council adopted in the official languages of the Communities the Directive amending Directive 72/464/EEC on taxes other than turnover taxes which affect the consumption of manufactured tobacco.

Pharmaceutical products

The Council adopted in the official languages of the Communities the Directive amending Directive 78/25/EEC on the approximation of the laws of the Member States relating to the colouring matters which may be added to medicinal products.

Appointment

On a proposal from the Danish Government, the Council appointed Mrs Beate HERMANN, Fuldmægtig, Arbejdsdirektoratet, as a full member of the Advisory Committee on Freedom of Movement for Workers to replace Mr P. LENZING, full member, who has resigned, for the remainder of the latter's term of office, namely until 16 March 1982.

Bruxelles, le 23 juin 1981.

Note BIO (81) 255 aux Bureaux Nationaux
cc. aux Membres du Groupe du Porte-Parole

PREPARATION DU CONSEIL SIDERURGIE DU 24 JUIN 1981

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SITUATION DU MARCHE SIDERURGIQUE A PARTIR DU 1ER JUILLET 81
(W. HELIN)

La discussion sera sans doute dominee par le fait que les producteurs independants dans le secteur des ronds a beton et des lamines marchands n'ont pu s'entendre avec leurs collegues d'Eurofer sur un regime de production et de livraison volontaire. La Commission en tout cas sera amenee a prendre les responsabilites qui sont les siennes en vertu du Traite de Paris. Dans l'etat actuel du marche, il serait absurde de ne pas disposer d'un systeme quelconque qui evite l'anarchie sur le marche siderurgique pour ces deux produits. Est-ce a dire que des mercredi la Commission proposera comme certains le laissent entendre, d'appliquer egalement des quotas de production obligatoires sur ces deux gammes de produits ? La reponse est NON. Comme promis, la Commission INFORMERA le Conseil et en fonction de la discussion entre ministres de l'industrie, la Commission decidera.

VOLET SOCIAL (John Robinson)

Le point principal dont devrait discuter le Conseil dans ce domaine est celui des soi-disant "vieilles" propositions faites initialement dans le premier semestre de 1980, relatives a une contribution communautaire de 112 MioECU au financement du chomage partiel et de la retraite anticipee dans le secteur siderurgique. Ces propositions repondaient notamment aux demandes d'aides faites par le Royaume-Uni, la France et la Belgique.

La Commission voudrait obtenir une decision du Conseil qui lui permettrait de debloquer une premiere tranche de 30 MioECU du Fonds social, et de les transferer au budget CECA. Ce transfert ne peut etre effectue qu'a la suite d'une decision de Conseil prise sur proposition de la Commission, sur base de l'article 235 du Traite de Rome. Cette proposition a ete faite par la Commission lors de sa reunion a Strasbourg du 17 juin.

CODE DES AIDES A LA SIDERURGIE (P. Van Enk)

Le Conseil est appele a arreter la Decision instituant les regles communautaires pour les aides a la siderurgie, dossier qui est, lui aussi, reste sur la table depuis le Conseil du 4 juin (voir BIO 221). Depuis lors, les positions des differentes delegations n'ont pratiquement pas change. La situation se presente donc comme difficile bien que les tout derniers developpements portent a croire qu'un compromis, entre notamment la delegation francaise et allemande, pourrait s'articuler autour de l'article 11 du projet de decision. Selon cet article, la Commission peut modifier les dispositions de la decision en fonction des orientations nouvelles des autres politiques communautaires concernant le secteur siderurgique. En effet, en elargissant les pouvoirs de la Commission definis dans cet article la Decision serait plus coherente avec le souhait

