

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

444.42
443.2

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.