

*European Economic and Social Committee*

**CCMI/001**

**Annual steel statistics**

Brussels, 26 March 2003

## **OPINION**

of the European Economic and Social Committee

on the

**Proposal for a Regulation of the European Parliament and of the Council on the production of annual Community statistics on steel for the reference years 2003-2009**

COM (2002) 584 final – 2002/0251 COD

On 20 November 2002 the Council decided to consult the European Economic and Social Committee, under Article 95 of the Treaty establishing the European Community, on the

*Proposal for a Regulation of the European Parliament and of the Council on the production of annual Community statistics on steel for the reference years 2003-2009*

(COM(2002) 584 final – 2002/0251 COD).

The preparatory work was entrusted to the Consultative Commission on Industrial Change (rapporteur: **Mr Pezzini**, co-rapporteur: **Mr Moffat**, delegate).

At its 398<sup>th</sup> plenary session (meeting of 26 March 2003), the European Economic and Social Committee appointed **Mr Pezzini** as rapporteur-general and unanimously adopted the following opinion.

### **1. Introduction**

1. The ECSC Treaty, which expired on 23 July 2002, provided the basis for the organisation of production and distribution regimes for coal and steel in the Community, and for an independent institutional system to manage it. The bodies set up by the Treaty have enabled the Community steel industry to achieve a high degree of excellence, due in part to the procedures and production technologies used, and to the human resources involved.
2. Now, following a number of restructuring and streamlining operations which have given an important boost to the modernisation of the sector, Community steel production for the 15 Member States comes to some 160 million tonnes per annum, compared to circa 40 million tonnes for the six Member States of 1953. The sector employs around 277,000 people (EU15), compared to over 400,000 in the six Member States in 1953. Moreover, over the last 20 years, the Community steel industry has achieved a 40% reduction in the energy required for every tonne produced. It has contributed towards the development of a sustainable environment, using recycled scrap metal for over 40% of its output, making steel the most recycled material in the world, and has reduced CO<sub>2</sub> emissions by 20% over the last decade.
3. This progress has been achieved by means of the establishment of an open, competitive market that has removed all internal customs duties, clear improvements in the quality and performance of iron and steel products, and major investment for modernisation. As a result, the European steel industry is now one of the most successful in the world.
4. The modernisation and streamlining strategies, alongside the sector's high standards of quality and capacity improvements, were made possible by production and distribution regimes based on a statistics system tailored to Community industrial and investment policies, and on dialogue between the social partners, who are particularly interested in training and retraining for human resources, continuous training, equal opportunities and adapting the way work is organised to social change.
5. The most important challenge facing the European Union at the beginning of the third millennium is without doubt enlargement towards central and eastern Europe, which will take the number of Member States from 15 to 25 in 2004. The steel industry in the applicant countries has some strong points, such as relatively low labour costs and good quality human resources; but there are also a number of shortcomings in production techniques, quality standards, energy consumption, environmental impact, surplus labour and actual investment potential.
6. In order to guarantee the successful modernisation and integration of the applicant countries' steel industries, and high standards of quality, an effective social dialogue must be established. This dialogue must be based on a systematic statistical framework and the pooling of best practice. A close link must also be forged with the elements of organised civil society, in order to secure satisfactory levels of economic and social cohesion and sustainable development.

7. As the Committee has stressed in various recent opinions<sup>1</sup>, some highly specialised and locally concentrated heavy industries, particularly in the coal and steel sectors, have shown themselves to be uncompetitive. This is the case, in particular, with the steel industry in Poland, the Czech Republic, Slovakia and Hungary. In many cases the steel industry is concentrated in individual regions; this has had tremendous economic and social consequences in the course of the restructuring process.
8. The Committee has also underlined the fact that economic policy measures therefore need to be directed towards the promotion of entrepreneurship, support for SMEs, competition, technologies (especially ICT), an active employment policy, and a targeted macro-economic policy.

## 2. The Commission proposal

1. The Commission's proposed regulation is intended to provide more restricted yearly statistics on EU steel production for the period 2003–2009. It also proposes to use four questionnaires to process and analyse the impact of Community policies, and addressing the following:
  - yearly statistics on the steel and cast iron scrap balance sheet;
  - fuel and energy consumption, broken down by type of plant; and balance sheet for electrical energy in the steel industry;
  - investment expenditure in the iron and steel industry;
  - capacity.
2. Prior to the year 2000, there were 17 monthly questionnaires, a quarterly questionnaire and approximately a dozen yearly questionnaires. These were drastically reduced in 2000. Under the new proposal, production and sales statistics would be absorbed into the Community system of production statistics (Prod-Com); the monthly series on employment would be discontinued; and annual data for employment in the steel industry would continue to be available from Structural Business Statistics.
3. Community statistics on investment and capacity<sup>2</sup> should be available in a format that can be incorporated into the OECD world steel capacity monitoring network.
4. The proposal provides for exemptions: from the obligation to collect data, for Member States whose steel industry represents less than 1% of the added value

of the Community steel industry; and from the obligation to supply data, for enterprises with less than 50 employees.

5. The proposal states that the Commission is to be assisted by a Statistical Programme Committee, instituted by Decision 89/382/EEC/Euratom. Moreover, within five years (Article 9 of the proposal) of the entry into force of the Regulation, the Commission must present an interim report to the European Parliament and the Council, to assess the situation and propose any changes.

### 3. Context

1. The expiry of the ECSC Treaty on 23 July 2002 saw the end of the EU steel statistics system, which had been based on a data reporting system established in close cooperation with associations of steel producers, users and suppliers, and designed to meet production and market forecast requirements.
2. There is still, however, a need for a steel production statistics system of this kind, based on statistical surveys. This is due in particular to:
  1. the significant output and importance of the European steel industry, which produces one fifth of the world's steel, i.e. approximately 160 million tonnes per year (EU15), with approximately 300 steel companies and almost 280,000 employees;
  2. the need to be able to identify any under- or over-production (in the steel sector in general, and for specific categories of steel products), in order to provide reliable data for investment, modernisation and streamlining in the industry, and to be in a position to make informed decisions in international trade negotiations;
  3. the specific nature of the steel industry, which is subject to considerable cyclical fluctuation and to sudden, rapid fluctuations in demand, combined with a supply-side rigidity that has often led it into crisis;
  4. the need to estimate energy consumption, and the related CO<sub>2</sub> emissions that are characteristic of the different steel production systems;
  5. the need to contribute to and check the world steel capacity monitoring network, managed through an OECD database, and ensure that Community statistics are fully compatible with those of the OECD;
  6. EU enlargement to the 10 applicant countries, particularly those of central and eastern Europe, which are particularly active in this sector, such as Poland, Hungary and the Czech Republic. It is also worth emphasising that the situation varies considerably from country to country, and that it is therefore necessary to frame a restructuring strategy that can provide economically sustainable production levels as a precondition for the survival of the steel industry without state aid;

7. the need for activity indicators, not just in terms of production, but for consumption volumes and trends, domestic and overseas trade, and the level of stocks;
  8. implementation of the "Lisbon strategy", the prime objective of which is the modernisation of the European economy, a return to full employment and stronger social cohesion. While training and retraining of human resources are essential to the competitiveness of the steel industry, it is equally important that social dialogue and mutual confidence in joint actions should be based on a consistent framework of reliable and systematic statistical surveys, including on employment, in order to enable the steel industry to address changes and developments on an open, technologically advanced market;
  9. the need to avoid adding onerous requirements for the collection and supply of statistics to the load of already overburdened steel producers, users and suppliers and national and Community authorities, by fully applying the principle of proportionality to statistics requirements.
3. In the light of the above it would appear necessary to use dependable statistics systems to provide a single systematic and timely framework for all steel-related statistics, in order to frame and implement a modernisation strategy for the sector in preparation for a 25-member European Union. The aim is to enable the sector to cope properly with international competition, in full compliance with the Lisbon objectives, in terms of the environment, employment and social cohesion.

#### 4. General comments

1. **The Committee endorses the broad thrust of the Commission proposal** and its objective of providing key statistics for the steel industry that meet the needs of institutional decision-makers, the industry, the world steel production network, social dialogue and streamlining and modernisation processes, particularly in the applicant countries.
2. The Committee would nevertheless suggest **assessing the practicalities** of the proposed simplified reporting procedure, not least in relation to the accelerating cyclical demand for steel, the ensuing need for up-to-date data, and the requirements of steel companies, in terms of investment and global capacity decisions.
3. An **adequate transitional period** (2003–2009) would thus seem to be required in order to incorporate the different statistics systems (Prod-Com, structural indicators, yearly questionnaires) into a comprehensive, systematic, consistent and timely framework that can serve future policy strategy in the sector.
4. The data compiled through the proposed questionnaires – particularly as regards energy consumption and balance sheets – may however prove inadequate to measure efficiency, savings and environmental sustainability. **Additional statistics** for the sector could in that case be supplied by means of

the survey work done by the European Environment Agency. These additional data should be incorporated into a **comprehensive framework** as described in point 4.3.

1. **Information on consumption of steel by user sectors is essential for both consumers and producers.** Increased clarity on the outlook for consumption and production of steel would help to provide early indicators of developments in the sector and facilitate timely decisions by policy makers. Certain activity indicators, broken down by country and product type, should also be made available, as should indicators on sectors downstream and forecast data on factory orders.
2. Rather than putting the burden on Eurostat, these data could be gathered by means of the statistical and analytical activities of the relevant Commission departments, in particular, the Enterprise DG which, in the Committee's view, should conduct a **periodic coordinated analysis of the competitiveness of the European steel industry**, particularly in the accession countries. This analysis could also cover **employment needs and trends** in the sector.
5. Explicit provision should also be made for the **synchronisation** of the various statistical survey and analysis systems, since this is essential to provide a truly effective survey and forecast framework for social dialogue and joint actions by the social partners.
6. **The proposal makes no mention of the accession countries** or the statistics for the future Community policies affecting them. In this respect, **more focused measures** seem necessary, given that since the early 1990s the statistical corpus of the central and eastern European countries has been seriously affected by the shift from planned to transition economies, and therefore needs to be restored and brought up to date. On this note, the Copenhagen European Council in December 2002 allocated additional resources to bolstering the administrative capacities of the accession countries.

## 5. Specific comments

1. The Committee agrees that an **interim report** should be submitted within five years of the adoption of the regulation, and believes that five years is a long enough period to be meaningful. The report should be **checked in advance with the companies, social partners and users concerned**, and should be addressed not only to the European Parliament and the Council but also to the European Economic and Social Committee.
2. In the Committee's view, it is important to identify and define clear statistical criteria for the questionnaires that the national statistics offices will have to manage and transfer to Eurostat, in order to ensure the data are homogeneous, reliable and up-to-date, particularly in relation to the necessary upgrading of public administration in the accession countries.
3. In the Annex entitled "Yearly statistics on the steel and scrap iron balance sheet", certain language versions refer wrongly (under 1010 and 1070) to the

month rather than the year [translator's note: this does not apply to the English version]. This and other inconsistencies should be corrected to bring all the language versions into line (see code 3210 in French and English).

4. The production/delivery statistics incorporated within the Prod-Com system, and the statistics on activity indicators for forecasts for sectors using steel, should all be synchronised. These statistics should also be made available to economic and social decision-makers in the sector and to organised civil society.
5. As regards the "Statistics on Employment and the Labour Market in Central European Countries", **the "National time series" should include a specific item for the steel industry** under "Employment by economic activity". The employment data for the sector must be broken down sufficiently to allow for the requisite training and retraining measures under the Community Structural Funds.
6. **The Committee therefore calls for the addition of two new recitals**, to be worded as follows:
  1. "Having regard to the need for a comprehensive, systematic and timely framework that can serve future policy strategy in the sector, and also serve social dialogue, including basic statistics applying clearly defined criteria, with a sufficient level of disaggregation, particularly for the accession countries;"
  2. "Having regard to the need for a periodic coordinated analysis of the competitiveness of the European steel industry, with input from the socio-economic players, to include additional statistics with indicators for activity, forecasts, employment trends and environmental sustainability, in line with the Lisbon strategy; this analysis should be conducted without increasing the burden on Eurostat but rather by drawing on the statistical and analytical activities of Commission departments and agencies, and on the work of the EESC's Consultative Commission on Industrial Change, in a properly coordinated and synchronised manner."

## 6. **Importance of statistics in the modernisation process**

1. The Committee recognises the wealth of practical experience built up within the context of the ECSC Treaty, and in particular within the ECSC consultative committee, regarding EU coal and steel policies, not least in the statistical field<sup>3</sup>.
2. It is vital that this wealth of experience be used to the full to promote the modernisation and the competitive and employment capacity of the steel industry of the enlarged 25-member EU. The aim should be an EU production system that is increasingly based on knowledge and environmental sustainability, in a context of competitive economic development, higher and better quality employment and greater social cohesion, as set out in the Lisbon strategy.

3. In the Committee's view, in order to move effectively in this direction, there must be a reliable, comprehensive and coherent statistical survey and forecast system, not least to provide for an open social dialogue that can involve the various components of organised civil society and promote effective joint measures in the areas of production and employment, also in the applicant countries.
4. The Committee's own Consultative Commission on Industrial Change could play a major role here, using the experience of its own members, and in particular that of the delegates from the sector's employer and union organisations, in order to work with the relevant EU, national and regional authorities to fine-tune and implement a competitive modernisation strategy for the steel industry of the enlarged EU.
5. Until now, competitive modernisation of this kind has been successfully accomplished through the joint efforts of the sector's economic and social players and the government authorities, and also by employing the mechanisms available under the ECSC Treaty, which has now expired. The Committee recommends tailoring structural and cohesion policy instruments, together with other instruments that could be used in this area, to further the necessary strategies, drawing on detailed up-to-date statistics. The Committee also calls for a greater level of coordination between Commission policies, instruments and departments in order to make the steel production system of the EU of 25 or more members ever more competitive on the world market, in a context of sustainable development that will generate jobs.

Brussels, 26 March 2003

The President

The Secretary-General

of the

of the

European Economic and Social  
Committee

European Economic and Social  
Committee

**Roger Briesch**

**Patrick Venturini**

<sup>1</sup> - Opinion CES 1371/2002 on "The impact of the enlargement of the European Union on the single market".

- Opinion CES 1365/2002 on the "Economic and social consequences of enlargement in the candidate countries".

- EESC Opinion on "The employment and social situation in the central and eastern European applicant states" OJ C 193 of 10.7.2001 p.87

<sup>2</sup> Capacity meaning maximum possible output.

<sup>3</sup> See the ECSC consultative committee's resolution of 10.4.2002 on coal and steel statistics.

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