

Steel: European Commission welcomes ambitious Global Forum agreement to tackle overcapacity

Members of the Global Forum on Steel Excess Capacity agreed today in a meeting in Berlin on an ambitious package of concrete policy solutions to tackle the pressing issue of global overcapacity in the steel sector.

According to the agreed package, Global Forum members must ensure market-based outcomes in the steel industry, refrain from market-distorting subsidies and other government support measures that contribute to overcapacity, provide a level playing field between state-owned and private companies, and enact effective adjustment policies. This agreement spells out the market-distorting practices at the root of overcapacity and is underpinned by a robust monitoring mechanism on capacity and policy developments to track implementation in 2018 and 2019.

Commissioner for Trade Cecilia **Malmström**, present in the meeting, said: *“The problem of excess capacity of steel has real effects on people’s lives – especially those who become unemployed. Today, we have agreed on an important and effective package to tackle the pressing issue of global steel overcapacity. These wide-ranging policy solutions will help create a level playing field and support EU growth and jobs. This is a global challenge, and it has to be dealt with accordingly. In the run-up to the World Trade Organisation’s 11th Ministerial Conference in Buenos Aires, this success underlines the importance of effective multilateral cooperation to solve global problems. Of course, our work is not yet done. Now we need to walk the talk. Our industry, our workforce, our consumers and citizens depend on these commitments being carried out effectively. As co-chair of this Forum during next year, the EU will follow the implementation of these measures closely.”*

The overcapacity issue was raised on several occasions by President Juncker at both bilateral and multilateral level, notably during the last two G20 Summits. Launched in December 2016 after a call by G20 Leaders in the Hangzhou, the Forum was reinforced by the outcomes of the July 2017 G20 Hamburg Summit. The forum is facilitated by the OECD and reports to G20 ministers every year.

As a matter of priority, the Global Forum members should now ensure swift application of the agreed principles and recommendations and share – in the first half of 2018 – the information on the steps taken to eliminate market-distorting subsidies. The Global Forum will continue meeting at least three times per year to monitor the implementation of the today’s commitments.

Background

The steel sector is a vital industry for the European Union’s economy and occupies a central position in global value chains, providing jobs for

hundreds of thousands of European citizens.

The global surplus in steelmaking capacity reached around 737 million metric tonnes in 2016, the highest ever seen. This has driven down steel prices to unsustainable levels in recent years and had a damaging impact on the steel sector, as well as related industries and jobs.

In March 2016 the Commission issued a Communication presenting a series of measures to support competitiveness of the EU steel industry.

The Commission has acted among others through trade defence, imposing antidumping and anti-subsidy duties, to shield the EU's steel industry from the effects of unfair trade. The EU currently has an unprecedented number of trade defence measures in place targeting unfair imports of steel products, with a total of 47 anti-dumping and anti-subsidy measures.

However, trade defence can only address the effects of global overcapacity on trade – not its root causes. To that effect, the EU participated in creation in December 2016 of the Global Forum on Steel Excess Capacity. Bringing together 33 economies – all G20 members plus some other interested OECD countries – it includes all the world's major producers.

Since its creation the participating economies have exchanged data on steel capacity, subsidies and other support measures. This increase in transparency has enabled the Global Forum members to focus on the underlying causes of the problem of overcapacity in steel and agree on concrete steps to address them by enhancing the role of the market and changing the structure of the industry.

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[MEMO](#): Steel: Preserving sustainable jobs and growth in Europe