

# Steel: Global Forum takes important steps to tackle overcapacity

At the Ministerial meeting of the Global Forum on Steel Excess Capacity, held in Paris on 20 September, the world's biggest steel-producing nations agreed to further reduce capacity wherever necessary, avoid that overcapacity is exacerbated in the future, as well as to work to eliminate subsidies which cause overcapacity.

Vice-President for Jobs, Growth, Investment and Competitiveness Jyrki **Katainen**, who co-chaired the Paris meeting, said: *"This sends a clear message: we will not repeat the costly mistakes of the past, and must tackle excess capacity and its root causes to avoid dire social, economic, trade and political consequences in the future. This will protect growth and jobs in an efficient, sustainable EU steel industry. A lot of work lies ahead though and all members of the Global Forum will have to continue implementing their commitments resolutely and report to G20 Leaders."*

Commissioner for Trade Cecilia **Malmström** said: *"The global challenge of overcapacity has strained trade relations and the global trade architecture to its breaking point. Progress in this Forum at this sensitive time demonstrates that multilateral cooperation is not only possible, but that it is actually the best tool to tackle global challenges. Putting this agreed package in place is something that the European Union will now follow closely. Our workforce and our industry depend on these commitments being carried out."*

The Global Forum is a key body in the fight against persistent global overcapacity in the steel sector. It has already produced tangible results, such as producing reliable and shared statistics on steel production, capacity and excess capacity amongst major steel producers, and starting efforts to cut overcapacity where it is the most needed. This week's commitments build on the engagements made by minister's at their 2017 meeting in Berlin.

The body will finalise its assessment of subsidies leading to overcapacity by the end of the year. In the face of persistent global overcapacity despite recent efforts, the Forum will in 2019 identify further reductions to be undertaken. Finally, the Forum agreed to monitor global capacity increases regularly to stop such a serious case of overcapacity happening again in the future.

## **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 540 million metric

tonnes in 2017 – a drop from 2016 peaks but still the second highest level in history. 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 53 anti-dumping and anti-subsidy measures. The EU has also activated all legal and political tools at its disposal to fight unjustified US 232 measures.

However, these efforts can only address the effects of global overcapacity on trade – not its root causes. To that effect, the EU participated in the 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.

#### **For more information**

[November 2017 Global Forum package of policy solutions to overcapacity in steel sector](#)