

EUROFER

European Confederation of Iron and Steel Industries

ANNUAL REPORT 2000

The European Confederation of Iron and Steel Industries (EUROFER) was founded in 1976. Members and Associate Members are steel companies and national steel federations throughout the European Union and the Central and Eastern European Countries.

In 2000, 155 million tonnes of crude steel were produced by the European Union Member Companies of EUROFER. This represents 95% of the total production in the EU. The Associate Members, with 28 million tonnes of crude steel, represent 95% of the production of the Central and Eastern European Countries.

The objectives of EUROFER are co-operation amongst the national federations and companies in all matters, which contribute to the development of the European steel industry, and representation of the common interests of its members vis-à-vis third parties, notably the European institutions and other international organisations.

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Introduction

Steel production in the European Union increased by 5% in the year 2000 in comparison with the previous year and reached a new peak of 163 million tonnes. This represents 19% of global steel production confirming the EU as the leading world steel producer.

The dynamic development of the steel market in the first half of the year characterised by strong demand, rising prices and returns changed as from the third quarter. Destocking and weakening demand led to a slowdown of activity. Prices started to drop and this development has continued into the current year. Simultaneously imports from third countries, particularly of flat products, exceeded even the record level of 1998 and were completely out of line with the development of demand.

In the current year, the economic environment is becoming more difficult and the outlook is uncertain. Nevertheless, despite reduced growth, real steel demand should remain on a satisfactory level. A cautious policy with regard to volumes in line with market conditions, should lay the ground for a price recovery later in the year.

Unsolved structural problems have led to increasing protectionist tendencies as has become obvious recently in the United States. This is of great concern. The freedom of international trade is endangered with severe consequences for the stability of the global steel market. The European steel industry urges therefore the governments of the major steel producing countries to address the problem of artificially maintained inefficient capacities and to seek a strict multilateral discipline eliminating market distorting state aid in the steel sector. EUROFER has long believed that such an approach is essential to achieve the conditions for fair competition throughout the world steel industry.

The approaching enlargement of the European Union requires strengthened efforts for the over-due restructuring of the steel industries in the Central and Eastern European Countries. For this process to be completed before accession and in order to ensure the viability of the companies concerned, which must be able to withstand increasing competition in the European Single Market without state aid, the necessary adjustments must not be delayed further.

Prof. Dr. Ekkehard Schulz
President

Dietrich von Hülsen
Director General

General Economic Development

The European economy performed strongly in the year 2000. Driven by strong export markets and increasingly by robust domestic demand, GDP rose by 3.4%. Growth was particularly strong in the first half of the year and the European Union (EU) economy peaked in the second quarter with GDP growth of 3.7%. Thereafter the rapid rise in oil prices and tighter monetary conditions constrained private consumption and GDP growth fell back to 3% in the fourth quarter.

Despite the abrupt slowdown in the US economy towards the end of the year and the increasing risks which external factors presented and which are clouding the outlook for 2001, the underlying economic fundamentals of the European economy remained sound.

Significant employment creation and tax cuts boosted disposable income and supported a steady development of private consumption. Business investment, particularly in equipment, was one of the main contributors to growth in the economy and this investment developed strongly throughout the year, even in the second half.

Inflation remained low despite the continued weakness of the euro and the rise in oil prices at the beginning of the year. In fact, the weakness of the euro has favoured industry by supporting its competitive position in export markets and, in the latter part of the year, by limiting the impact of slower foreign demand.

Development of Certain Elements of the EU Economy (Yearly variations in %)			
	1999	2000	2001 (forecast)
GDP	2.3	3.4	2.8
Private consumption	2.8	2.8	2.7
Investments	5.1	5.3	4.1
<i>of which:</i> investments in equipment	6.7	6.6	5.4
Exports	4.0	10.3	8.6
Imports	6.1	9.6	9.0
Employment	1.3	1.6	1.2
Unemployment rate	9.2	8.4	7.6
Inflation	1.2	2.1	2.1

Source: Official data and estimations of the European Commission

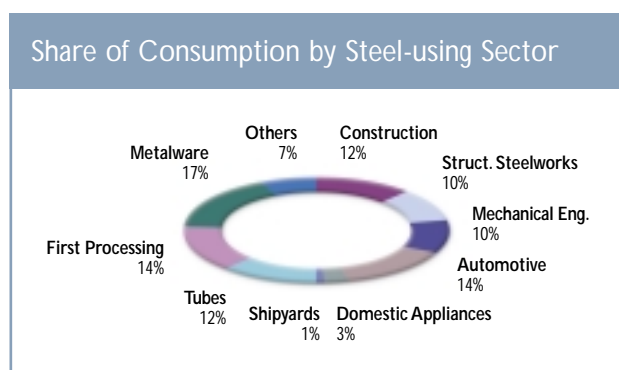
Steel Market

Consumption

Conditions in the general economy were very supportive of growth in the steel market. Robust growth in the domestic economy and strong export activity for manufactured goods impacted favourably on the activity of steel-using sectors. Output levels from manufacturing industry rose strongly, as did consumer consumption.

Non-residential building, the most steel-intensive building sector, remained very active and public works began to improve as budgetary conditions became more favourable. The automotive sector was extremely dynamic and in the first half of the year was much stronger than expected. The second half of the year saw some slowdown, largely due to the sharp fall in UK car production, but elsewhere in the EU domestic and export markets for both private and commercial/industrial vehicles remained vibrant. The year was notable also for the exceptionally strong performance of the mechanical engineering and first processing sectors which rely on manufacturing industry and industrial investment and which have benefited from the favourable development of both.

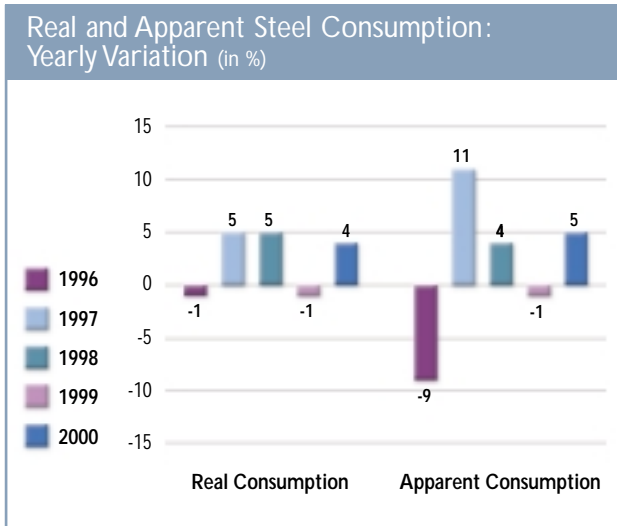
Underlying demand was therefore strong in 2000, with real consumption growing by over 4%.



Source: EUROFER

There was however a clear contrast between underlying demand and market conditions as the year progressed.

The first half of the year saw exceptionally strong demand levels. These returned to a more sustainable level in the second half of the year. However the vigour of demand from steel consuming industries in the first half of the year led to a stock build-up that was not paralleled by the level of activity in the second half of the year. This led to a degree of de-stocking, a reduction in order levels and significant price pressure on certain products, particularly flat products. The deteriorating situation led to domestic producers cutting their production in the last quarter of the year, a process that has continued in 2001.



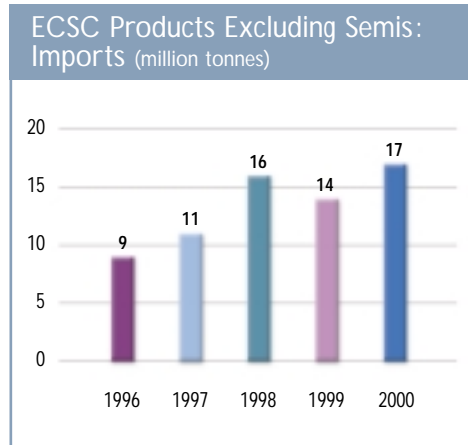
Source: EUROFER

Imports

Market supply moved sharply out of line with demand in 2000. That it did so was due in a large part to the presence of extremely large volumes of imports on the EU markets. The year 2000 saw, once again, the classical failure of importers to follow market developments and the usual speculative forces that pushed imports into the market even when it became apparent that supply was too high and stocks were becoming too large. Imports fed stock levels and, with the time-lag between ordering and arrival in Europe, they continued to add to stocks in the second half of the year, even after it became apparent that the market was saturated. In addition, the presence of excessive volumes of imports on the market hindered the efforts of domestic producers to stabilise market conditions in the second half of the year through production cuts.

Imports of finished products in the year 2000 were 19.6% up on the level of the previous year, reaching 17 million tonnes. Including semis, total imports were 23 million tonnes. This meant that imports exceeded even the levels of 1998 which at 19 million tonnes had previously held the all-time record and it continued the import surge which the EU has been experiencing since the Asian crisis of 1997.

Particularly problematic for European industry has been the concentration of these imports on certain products, namely flat products. Imports of hot rolled coil at one point were running at over 80% up on the previous year and, at year-end, remained 26% higher than in 1999. As the market for coil became flooded and prices collapsed, importers moved to other flat products: cold rolled sheet, where imports rose by over 90%, and galvanised sheet which experienced increases of over 55%. These products in turn began to suffer price pressure. 5 million tonnes of hot rolled coil were imported in 2000 and over 2 million tonnes each of cold rolled and galvanised sheet.

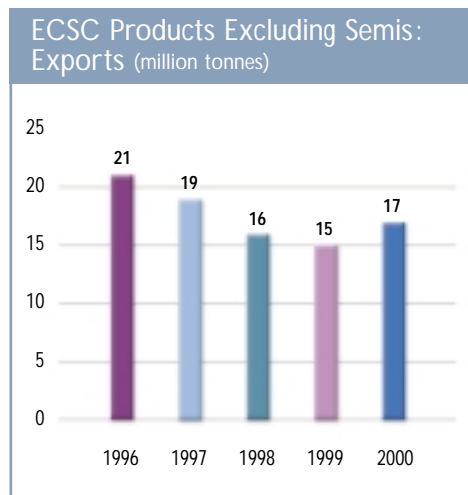


Source: Comext – Eurostat

In contrast, for long products, the development of imports was less significant, growing only by 2%. Total rebar imports fell back by 16% last year, while wire rod rose by 12% although volumes reduced significantly in the second half of the year.

Exports

Exports showed their first increase since 1997, rising by 14%. They remain, however, lower than their pre-Asian crisis level. The continued weakness of certain major economies, notably Japan, the slow and patchy recovery of the main Asian economies and the slowdown in the US in the latter part of the year acted as limiting factors on export developments.

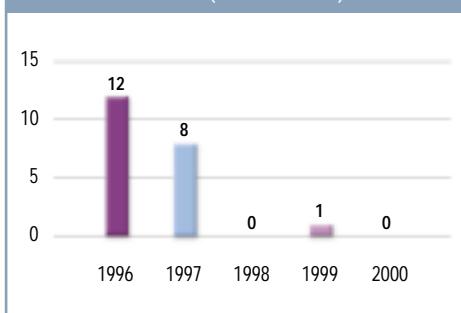


Source: Comext – Eurostat

Trade Balance

In 2000, the trade deficit of the EU in ECSC products (including semis) intensified to over 3 million tonnes from a deficit of 1 million tonnes the previous year. In terms of finished products alone, an extremely small trade surplus of 300,000 tonnes was maintained. It is worth recalling that prior to the Asian crisis, trade surpluses were typically in the order of 10 million tonnes.

ECSC Products Excluding Semis:
Trade Balance* (million tonnes)



Source: Comext – Eurostat
*(Trade Balance = exports-imports)

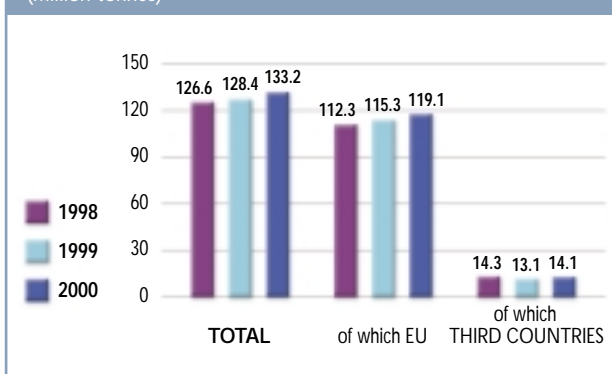
Deliveries of Carbon Steels

Total deliveries within the EU and to third countries of rolled finished products in carbon steel (defined as non-alloy and alloy steels other than stainless), increased during the year 2000 by 3.7%.

Carbon Steels Deliveries: + 3.7%
of which to EU markets: + 3.3%
of which to export markets: + 7.6%

Deliveries of flat and long products together showed 3.3% growth in the EU and an improvement of 7.6% in third country deliveries, recovering the reduction of third country deliveries in the year 1999.

Carbon Steels: Total Deliveries
(million tonnes)

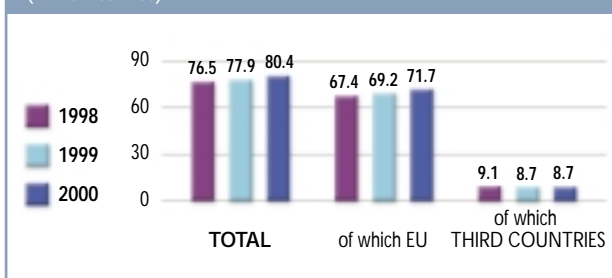


Source: EUROFER

Flat products

The growth of the apparent consumption of flat products, interrupted only in the year 1999 by a small reduction of 0.9%, continued during the year 2000 with a further increase of 6.2%, greater in the first half of the year (+9.7%) than in the second half (+2.8%).

Carbon Steels: Flat Products Deliveries
(million tonnes)



Source: EUROFER

Due to the strong increase of third country imports, deliveries within the EU by European producers increased by only 3.6%. The much stronger development of third country imports (+26%) increased their share on the market supply to 13.5% (from 11.4% in 1999).

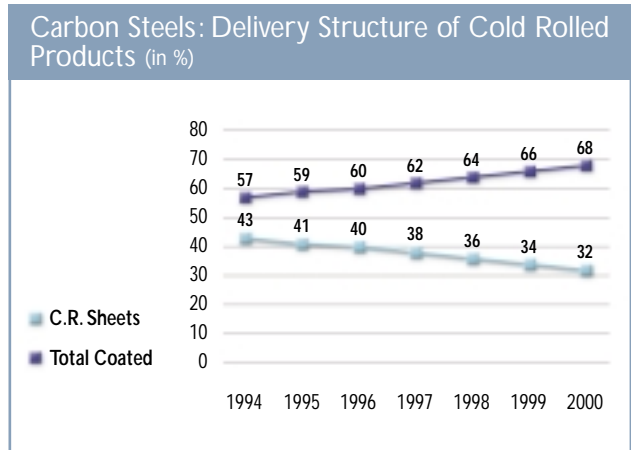
Carbon Steels

- **Flat Products Deliveries:** + 3.2%
- of which to EU markets: + 3.6%
- of which to export markets: + 0.2%

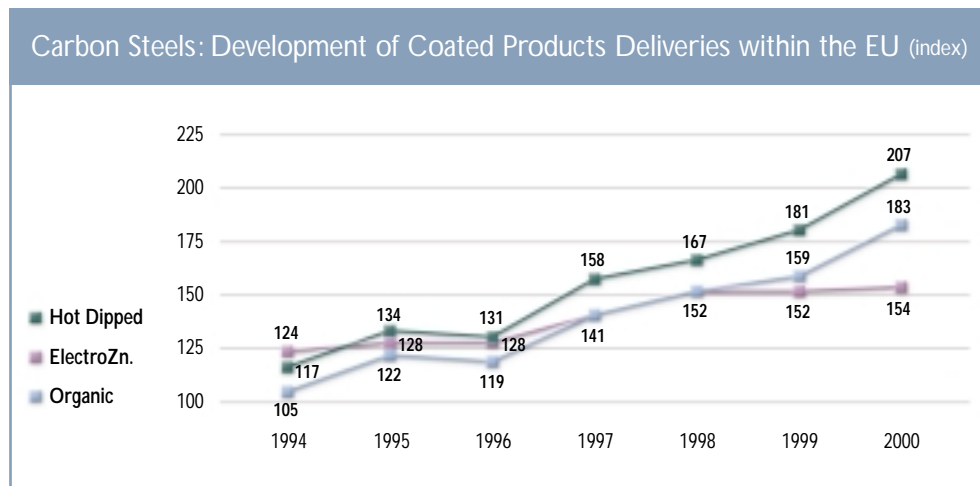
The massive pressure of imports in combination with strong stock building during the first half of the year led to a fall in the price level during the third quarter, starting in the southern part of Europe and spreading out to the northern markets by the fourth quarter.

Deliveries of hot rolled flat products within the EU were strongly affected by these negative influences, showing a decrease of 2.6% in comparison with the year 1999. Deliveries of cold rolled sheets, also decreased (-0.8%).

Deliveries of quarto plates increased by 3.8%, favoured by the strong demand from the tube sector. Black and tin plate (+10.4%) and electrical sheet (+11.2%) also showed positive development following reductions in 1999.



Source: EUROFER



Source: EUROFER

The very good activity of the automotive sector and the continuing substitution of uncoated cold rolled sheet by coated material led to a new record for deliveries of coated sheet within the EU, with an increase of 11.8%. The average growth rate during the last four years, was 10.4%. Since 1993, deliveries of hot dipped galvanised sheet within the EU have more than doubled. A similar trend is apparent for organic coated sheet. Only the deliveries of electro-zinc coated sheet show a flatter rate of development since 1999.

After three years of decline, deliveries to third countries showed a small recovery (0.2%) due mainly to increased deliveries of coated sheet and quarto plates.

Long products

The market supply of long products within the EU increased by 2.5% in 2000. Deliveries by European producers showed a slightly stronger increase (2.7%).

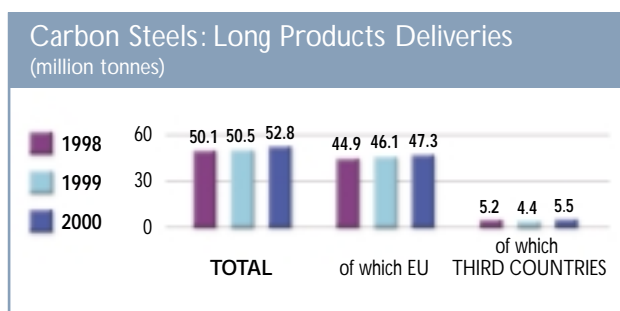
Carbon Steels

- **Long Products Deliveries:** + 4.5%
of which to EU markets: + 2.7%
of which to export markets: + 23.4%

The price recovery, starting from the second quarter 1999, continued in the first half 2000. From the beginning of the second half-year, price levels slowed down once more.

Deliveries within the EU increased by 4.9% for railway material, by 6.0% for merchant bars, by 5.7% for reinforcing bars and by as much as 11.5% for sheet piling. Wire rod remained at the same level as in 1999 and heavy sections decreased by 1.8%.

Following the decreases in 1998 and 1999, deliveries to third countries increased by 23.4% during the year 2000.



Source: EUROFER

Deliveries of Special Steels

During the first half-year 2000, the apparent consumption of special steels, which had started to improve in the fourth quarter 1999, showed a strong growth in the whole EU, under the effects of both robust real demand from many user sectors, a replenishment of stocks and speculative purchases.

A comparable trend in demand was noted in export markets. Consequently, the stronger activity level and the extension of delivery lead times resulted in an upward trend in prices.

In that period, total deliveries of special steels by EU producers increased by 13.5% compared to the first half-year 1999.

Whilst the general picture still remained positive in the second half-year 2000, the increase of sales, compared to the same period in 1999, slowed down to 8.5%. This slowdown was mainly a consequence of the adverse evolution of raw materials pricing and reduced apparent consumption of stainless steels, worldwide.

For the whole year, total deliveries by the EU special steels industry grew by 11%.

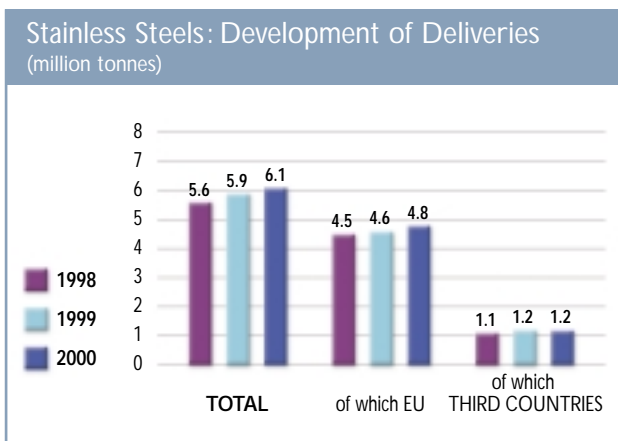
For the year 2001, the uncertainties in the general economy have not, so far, been impacting significantly on real demand. Nevertheless, the activity level has been somewhat falling in the first half of this year, be it only as a result on inventory adjustments by the customer base. A stabilisation or some improvement in demand levels can be expected for the second part of the year if there is no further deterioration of economies in other parts of the world.

Stainless Steels

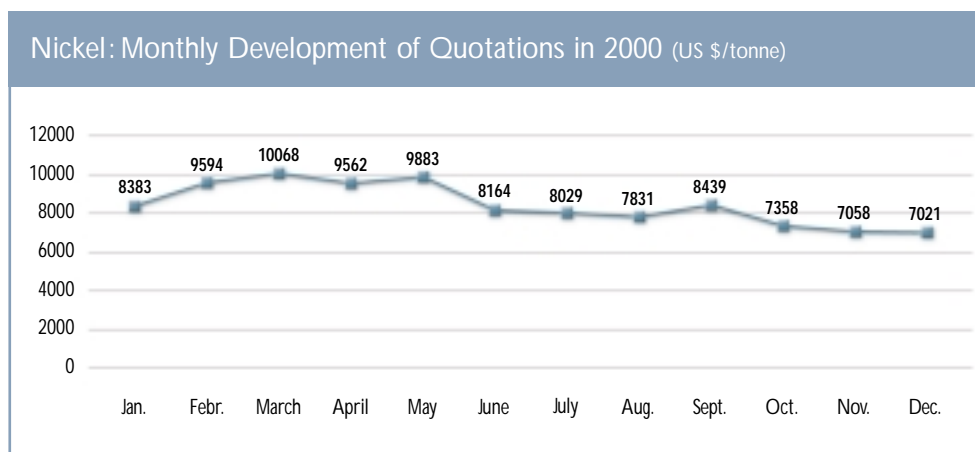
For stainless steels the situation in 2000 was the following:

Stainless Steel Deliveries: + 3.2%
of which to EU markets: + 4.1%
of which to export markets: - 0.4%

2000 was a year of strong contrasts for the EU stainless steel sector. During the first half-year, demand widely exceeded production and supply capacity in Europe. This was caused by the conjunction of a strong real consumption growth and the building-up of higher inventories in response to the sharp increase in nickel quotations on the world market. During that period, total deliveries by EU stainless steels mills increased by 8.6% compared to the first half-year 1999. The picture changed completely as from the summer 2000, due to the free fall of nickel quotations.



Source: EUROFER



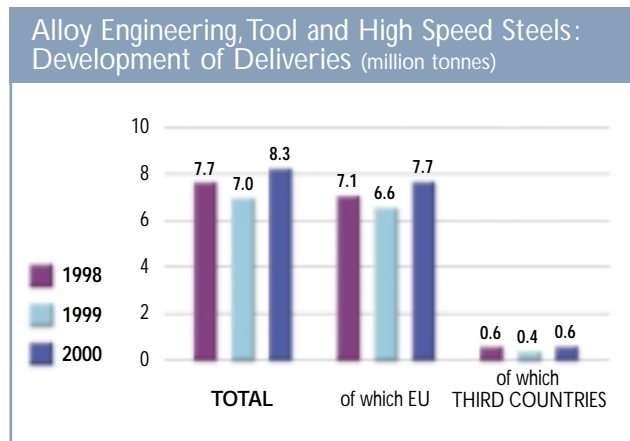
Source: Metal Bulletin

Thus, in the second half of 2000, total supplies of stainless steel decreased by 2.5% compared to the second half-year 1999. Despite this negative development, a new historical peak was reached in year 2000 in terms of volumes produced, in line with the steady expansion of the stainless steel use in a number of applications. Whilst apparent consumption and prices have remained depressed in the first quarter 2001, it is believed that the market may be better oriented in the second part of this year.

Alloy Engineering, Tool and High Speed Steels

Being less affected by the volatility of raw materials prices and speculative purchasing than stainless steels, demand for alloy engineering, tool and high speed steels enjoyed a steady growth throughout the whole year in the EU and on export markets. The main factors behind the positive trend in volume and prices, which is expected to continue well into 2001, although at a more moderate pace, are good activity levels in the automotive sector, the oil-related industries, aerospace and mechanical engineering. So far, the economic slowdown in the USA and other regions has not resulted in any significant reduction of real consumption and order intake from these market segments.

Alloy Engineering, Tool and High Speed Steels Deliveries: + 18.5%
of which to EU markets: + 17.0%
of which to export markets: + 41.0%

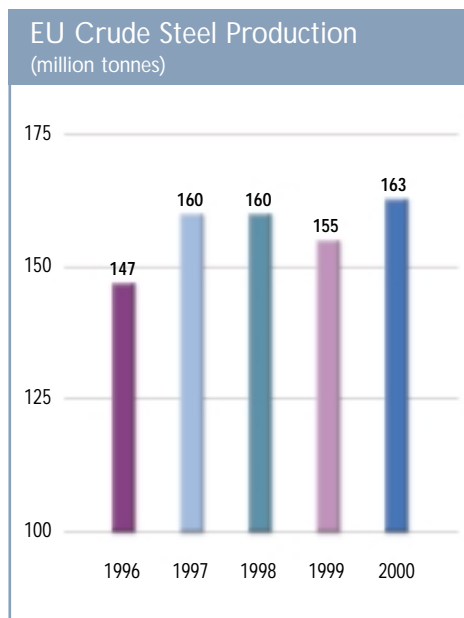


Source: EUROFER

Crude Steel Production

Crude steel production levels rose very strongly especially in the first half of 2000 in response to a dynamic demand situation. Although underlying demand remained strong throughout the year, production levels were cut back in the latter part of the year as market conditions deteriorated. The stocks built up in the first part of the year began to be offloaded as activity levels stabilised and falling order levels resulted in restrictions in output for steel producers. Nevertheless crude steel production in 2000 grew by 7.5% in comparison with the previous year.

The EU therefore maintained its position as the world's largest producer with an output of 163 million tonnes.



Source: Eurostat

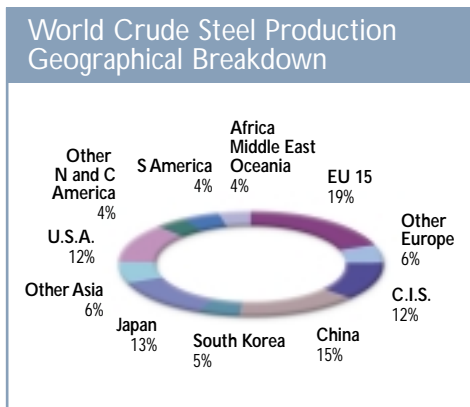
EU Crude Steel Balance (million tonnes)

	1997	1998	1999	2000	2001 (forecast)	00/99 % changes	01/99 % changes
Real consumption	149.8	158.0	154.4	162.0	163.5	4.2	3.1
Stocks: merchants/users	1.0	2.0	1.0	1.5	-0.5	-	-
Apparent consumption	150.8	160.0	155.4	163.5	163.0	4.6	0.4
Imports	14.3	21.4	20.7	24.0	22.5	25.0	-15.0
Exports	23.9	20.0	19.3	22.0	22.5	14.0	15.0
Balance	9.6	-1.4	-1.4	-2.0	0.0	-	-
Stocks: works	-1.0	0.0	1.0	1.0	-1.0	-	-
Crude Steel Production	159.4	159.6	155.0	162.5	162.0	5.1	1.0

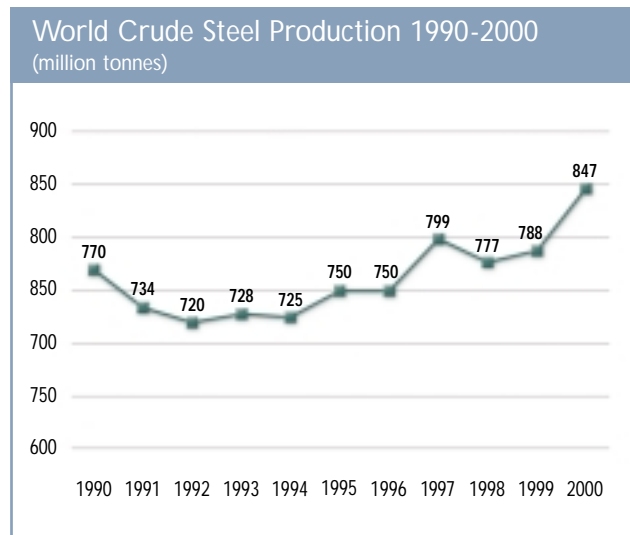
Source: Official data and estimations of the European Commission (rounded figures)

World Crude Steel Production (million tonnes)			
	1999	2000	00/99 %
World	788	847	7.5
Europe	198	210	6.1
of which EU 15	155	163	5.2
C.I.S.	86	98	14.0
of which Russia	52	59	13.5
Ukraine	27	31	14.8
Asia	308	331	7.5
of which China	124	127	2.4
Japan	94	106	12.8
South Korea	41	43	4.9
North and Central America	130	135	3.8
of which U.S.A.	97	102	5.2
South America	35	39	11.4
Africa, Middle East and Oceania	31	34	9.7

Source: IISI



Source: IISI



Source: IISI

Trade Policy

Consumption

The trade situation being experienced by the EU can best be described as volatile. The pressure of import volumes in 2000 went far beyond the absorption ability of the market and together with very low prices provoked a price collapse in Europe.

The response of EUROFER has been:

- **the preparation of unfair trade cases where necessary.**
In 2000, EUROFER was once more obliged to begin preparation of new anti-dumping files. As always these are limited in scope, covering only the most sensitive products and targeting the worst practitioners. Even if the injury standards set by the European Commission are high, it is expected that cases will be filed in the coming months;
- **bilateral discussions between the European Commission and the governments of many of the countries involved in the import surge, with the participation of industry.**
EUROFER does not believe that the correct response to trade problems is the closure of markets through blanket trade actions. This simply intensifies the problem with tonnages chasing fewer and fewer markets. EUROFER welcomed the establishment by the European Commission of a range of Steel Dialogue Groups with its main trading partners. These allow officials to discuss emerging trade problems. The participation of the respective industries in these discussions is particularly useful. Such meetings have permitted the building of constructive relations between the EU industry and many of its trading partners on technical issues such as standards, environmental questions, research and development as well as providing the opportunity to have an exchange of views about economic and market developments.

EUROFER is pursuing discussions individually and in conjunction with other sectors through UNICE on improvements to the anti-dumping practices of the EU in order to make them more effective:

- the acceptance by the Commission of cases based solely on threat of injury, as provided for in the existing regulations;
- the maximising of efforts by the Commission to take decisions early in the different investigative phases;
- serious consideration of the provisions for the retro-active imposition of provisional duties.



The steel industry was disappointed that in the cases presented in 1998-99 for hot rolled coil and quarto-plate the Commission saw fit to accept price undertakings from several of the countries involved. **EUROFER has concerns regarding the effectiveness of price undertakings and – together with all other sectors in UNICE – has insisted that the Commission do more to manage correctly the undertakings which it accepts.** EUROFER has made known to the Commission its view that :

- price undertakings should only be accepted as an exception;
- the Commission must devote more resources to policing such undertakings;
- the Commission should be more proactive in investigating breaches.

In parallel, EUROFER is working with its partners in UNICE to highlight the need **for harmonised implementation of the WTO Agreement on anti-dumping by all countries.** EUROFER believes this should form part of the agenda of the new Round which may be launched in November 2001.

It is noteworthy, in this respect, that 11 out of 13 trade disputes submitted by the EU to the WTO dispute settlement proceedings, involve conflicts with the US. Further, 7 of the US cases concern the US misuse of trade defence instruments, and 5 of them relate to the steel sector. Indeed :

- The EU, together with 8 other WTO Members, has requested formal WTO consultations with the US on the so-called “Byrd amendment”. The “Byrd amendment” provides that anti-dumping and countervailing duties (AD/CVD) shall be paid to the US companies responsible for bringing the corresponding trade cases. This is clearly incompatible with various WTO provisions and amounts to subsidies to the US companies involved.
- The EU requested WTO consultations concerning the safeguard measures on wire rod and welded line pipe introduced by the US on 1 March 2000. The EU contends that both measures, as well as certain provisions of the US safeguard legislation, violate several substantive requirements of the WTO Safeguard Agreement. Further, the safeguard measures on wire rod imports have had a clear discriminatory effect against European exports. Finally, it is of great concern that recourse to safeguard measures, that should only take place in exceptional circumstances, could become an alternative to anti-dumping cases.

- Further consultations with the US were held on their failure to terminate AD/CVD cases in “sunset reviews” when the amounts of dumping and subsidy are below the current *de minimis* level. The absence of results in these consultations might lead to new requests for WTO panels. Moreover, the way US Department of Commerce (DOC) “sunset” regulations lead to a near systematic finding of continuation of dumping or continuation of the benefit of subsidies is under close scrutiny. This seems contrary to the intent of the “sunset clause” and, indeed, discourages companies in Europe and around the world from entering into investigations and incurring the significant expenses associated with them.
- In August 2000, the Appellate Body of the WTO Dispute Settlement Body (DSB) confirmed that the US 1916 Anti-Dumping Act violates Article VI of the GATT 1994 and the Anti-Dumping Agreement. Accordingly, the DSB requested the United States to bring the 1916 Act into conformity with its international obligations. However, the US Government has not yet taken steps to repeal this Act.
- In May 2000, the Appellate Body ruled that countervailing duties imposed by the DOC on exports of lead and bismuth steel from the UK were in breach of the WTO Subsidies Agreement because the sale of the company in question at market price suppressed the benefit of pre-privatisation subsidies. Following that decision, the DOC terminated the lead and bismuth case and reimbursed to the company the duties that it had paid. However, the US also took the view that the DSB ruling had no impact on 14 other countervailing duty orders against privatised EU companies. Consultations held in November 2000 on these 14 cases led to no result; and now the DOC has replaced the “change of ownership” methodology, condemned by the WTO, with another one that appears to be equally contrary to the WTO and even more detrimental to the respondents’ interests.

EUROFER remains convinced that present trade defence instruments do not offer the means to deal effectively and appropriately with the problems the world steel market has been confronted with since 1998. Accordingly, EUROFER remains committed to fostering approaches that would make it possible to better address structural problems within the world steel industry, and to design measures providing for consultations to help avoid dangerous trade developments and the occurrence of injury.

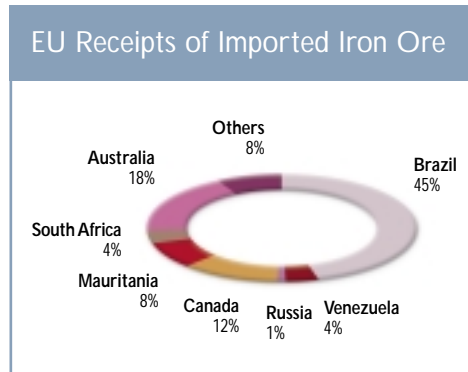
Raw Materials

Iron Ore

Price increases for iron ore largely wiped out the reductions made the previous year. Prices for fines increased by 4.4%. The lump premium increased by 12.3% and the pellet premium by 10.6%. The exceptionally strong production levels of the first half of the year and the generally positive outlook for production were at the root of the price increases conceded. Despite a market situation which had considerably weakened by the end of the year pig iron production rose by 3% in 2000 and crude steel by 5%.

2000 was a record year for global seaborne traded iron ore which was at 450 million tonnes. This was an increase of 10% compared to the previous year which was at 410 million tonnes. That this was met with no significant supply disruption was due to three factors:

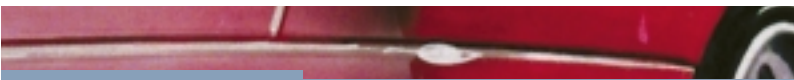
- improved supplier productivity;
- increases in mine capacity;
- stocks rundowns especially in Australia.



Source: Eurostat

Coal

Prices to the EU fell by 5%. However, towards the end of the year steam coal prices rose sharply due to oil price rises and increases in the US gas price, and supply tightened significantly in relation to rising demand. This, combined with coking coal closures in Canada, led to a similar tightening for coking coal.



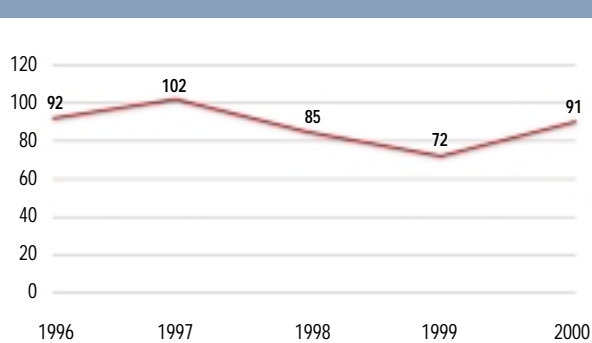
Scrap

Underlying demand for steel remained strong throughout the year 2000 despite the deterioration in market conditions towards the end of the year. That deterioration affected principally flat products. The market for long products, on the basis of a very strong expansion in the construction sector and very positive activity levels in manufacturing industry remained quite healthy. Steel production levels were therefore high, particularly electric arc furnace production. EAF production reached 65 million tonnes, an increase of 10.7%.

Demand for scrap was therefore high throughout the year. Nevertheless, scrap prices remained remarkably stable moving only within a small range. This was due to the relative lack of supply problems. Scrap was, apart from episodic problems in some regions and for some grades, readily available both from domestic sources and from import. The continued availability of scrap supplies notably from the Black Sea region is increasingly important for the steel industry in Europe.

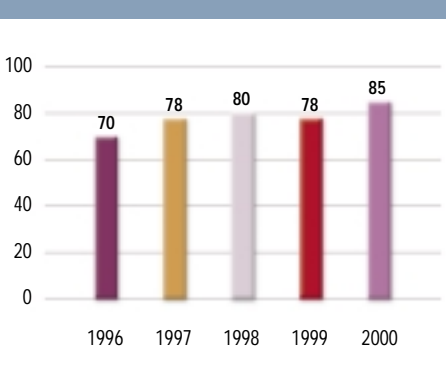
Vigilance is therefore necessary to counteract attempts to restrict supplies to international markets by certain of the countries of that region. In this respect Russia persists in its imposition of a tax on scrap exports in direct violation of the bilateral agreement it has with the EU. This continues to complicate trade relations in steel between Europe and Russia.

Scrap (Demolition Quality): Prices EU Market (€/t)



Source: EUROFER

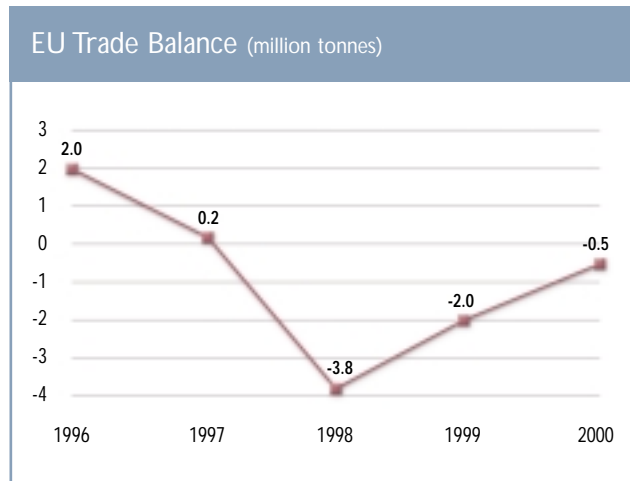
Scrap: EU Consumption (million tonnes)



Source: Eurostat

The EU remained a net importer of scrap, importing nearly 7.5 million tonnes. Exports nevertheless amounted to nearly 7 million tonnes – a large increase over the previous two years when exports were 4-5 million tonnes. This reflects the at least partial recovery of Asian markets and also the increased consumption in the USA which has become a major importer of scrap.

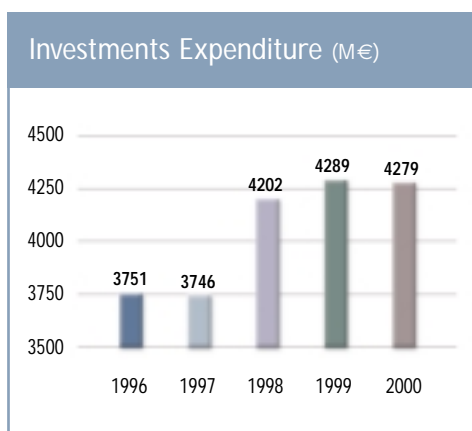
Work is continuing with the scrap industry to persuade the European Commission and Member States of the industry view that processed scrap is not a waste but a secondary raw material which can be recycled into new products in the steel furnace.



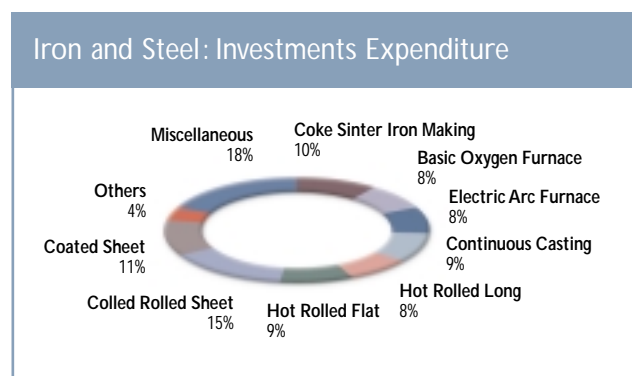
Source: Eurostat

Investments

Investment expenditures foreseen for 2000 were comparable to those of the preceding two years and show stability at a relatively high level.



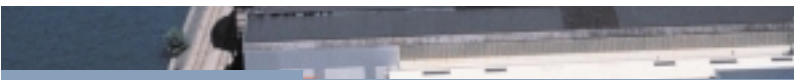
Source: European Commission



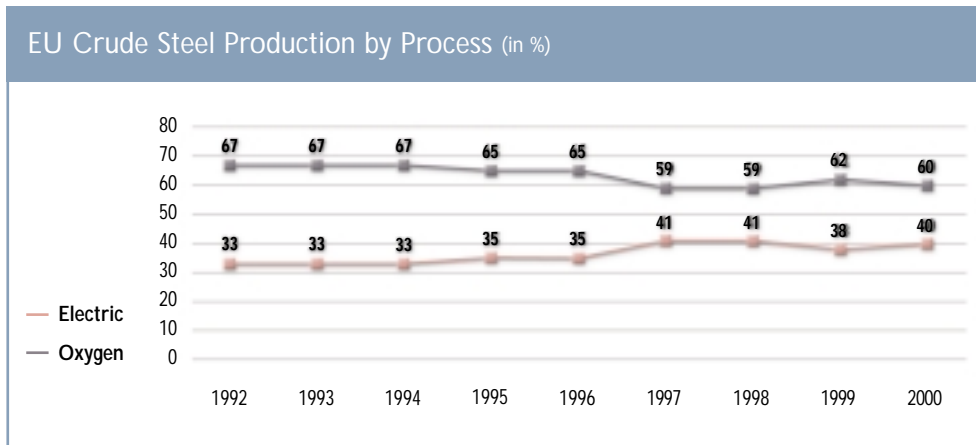
Source: European Commission

Investments concentrated on rolling mills rather than on the earlier stages of production, reflecting the increasing capacities, particularly in cold rolling and galvanising lines.

As consumption increases, galvanising line capacities are projected to grow by approximately 5 million tonnes by 2004. Investment levels in this area are particularly high at present. With the improvements of existing facilities, capacities of hot rolled mills are also projected to increase by over 2 million tonnes up to 2004 with rises in Germany, Belgium and the Netherlands. Cold rolled capacities will also rise by approximately 2 million tonnes, building on strongly increased investments in 2000.

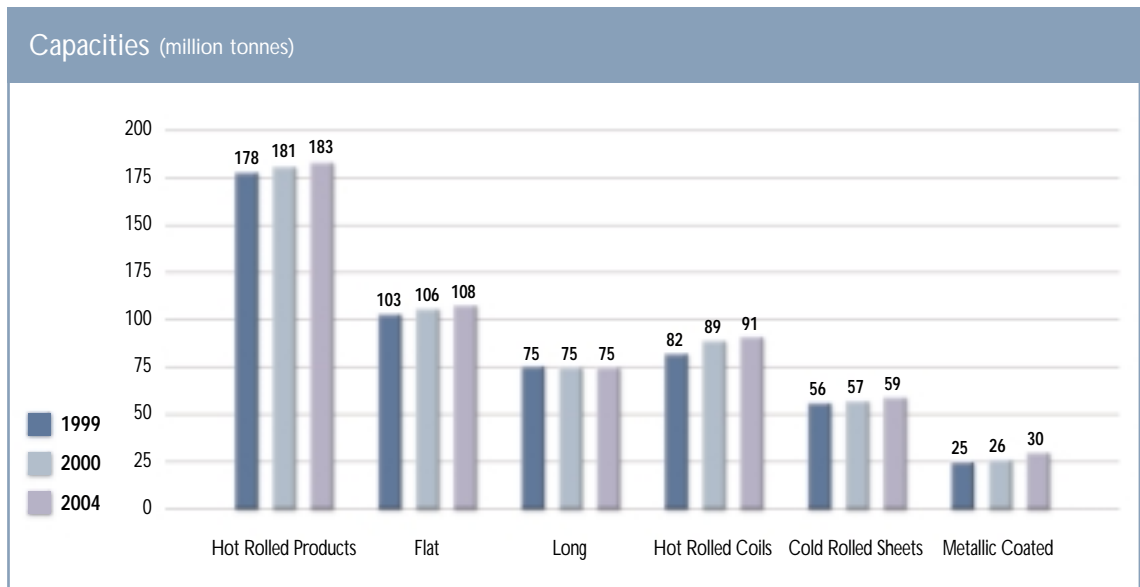


In contrast, the capacity for long products shows a fairly stable situation at 75 million tonnes for the EU 15.



Source: Eurostat

Apart from major investment initiatives for the creation of new rolling capacity in value added products, one of the principal directions of investment expenditure in 2000 has been in improvements in productivity and modernisation with programmes aimed at the rationalisation of the logistical chains. The latter has been notably the adoption of new informatics and communication technologies, and techniques for the shortening and refining of the production cycle.



Source: European Commission

Technology and Environment

Research

ECSC Research

Collaborative steel research and technical development under the ECSC continues to be highly successful. However, the ECSC Treaty will expire on 23 July 2002, so the programme has now entered its final stage of operation. In 2000, about 60% of the projects presented were approved. For 2001 the number of proposals to submit is still growing.

As requested by the Council of Ministers on 20 July 1998, the revenues of ECSC reserves for a research fund for sectors related to the coal and steel industry will be structured and managed largely as they are presently. After extensive discussion with stakeholders, the Commission adopted a final proposal for the guidelines to be applied in the technical management of the programme, on 6 September 2000. EUROFER has contributed significantly to the contents of this Commission proposal. Despite the fact that, at the Council meeting of 5 December 2000 the proposal was amended, it is the view of EUROFER that the present proposal is acceptable. The Member States are expected to adopt a formal decision regarding the "post-ECSC" situation during 2001.

Framework Programme Research

During 2000, the steel industry continued its concerted effort to obtain funding for steel research also from the *EU 5th Framework Programme for Research and Technological Development*. Although the results of this effort initially looked very promising, the number of submitted proposals as well as the success rate need to be improved. With the introduction of the 6th Framework Programme, the adoption of which is expected on 16 June 2001, new possibilities may arise for the steel industry. In particular, there is potential for funding substantial projects on breakthrough technologies in the fields of materials, sustainability and global warming.

Thematic Network

EUROFER is the main contractor of the Thematic Network NEST (New Efficient Steel Technologies), which was formally established on 1 January 1999. Several successful cluster meetings and workshops were organised during 1999 and 2000. In general, participants regarded this form of information exchange about new technologies between experts as very useful.



Standards

The EUROFER Standards Committee was set up in 1990. Members were standardisation experts of national steel associations. The original purpose of the Committee was to establish a link between the work of the several standardisation committees and the commercial people within the steel industry. The Committee is now reconsidering its position: it intends to play a much more active role with members creating a network and liaisons with other stakeholders for the exchange of information within the field of steel applications.

For European Directives like the *Construction Products Directive* and the *Pressure Equipment Directive*, EUROFER intends to ensure that technical barriers to trade are eradicated in support of the single European market. A permanent task is to monitor the European Committee for Iron and Steel Standardisation (ECISS) and to influence decisions being made.

EUROFER successfully achieved that, within the European Committee for Standardization (CEN) 264 for air quality, an ad hoc working group on fugitive emission (emissions due to storage of materials and leakages in the process) was transformed into an official working group (WG 17). The WG 17, with representatives from many industry sectors, is going to develop standards for quantification of fugitive emissions.

Environment

Integrated Pollution Prevention and Control

During the years 1997-2000 the European steel industry participated in information exchange working groups, organised by the European Commission for the purpose of developing Best Available Techniques Reference Documents (BREFs) according to the IPPC Directive (Council Directive 96/61/EC).

During 2000 the development of BREFs continued with the publication of the following documents:

- the BREF for “primary and secondary iron and steelmaking” – covering coke ovens, sinter plants, pelletising plants, blast furnaces, basic oxygen plants, casting, and electric arc furnaces (March 2000);
- the BREF for “ferrous metal processing” – covering hot rolling, cold rolling, and hot-dip galvanising – was completed in August 2000.

These BREFs contain detailed technical descriptions, including key consumption and emission values that can be consistently achieved using “best available techniques”. Both documents are available at <http://eippcb.jrc.es/pages/BActivities.htm>.

In the summer of 2001, the Technical Working Group dealing with the last vertical BREF of relevance (Metal Surface Treatment) will have its kick-off meeting. EUROFER is also currently involved with BREFs on horizontal issues such as economic and cross media effects, cooling water, monitoring and storage of bulk materials.

In several Member States there is confusion on implementation of the IPPC Directive. If IPPC is correctly implemented, the BREFs will be used as key sources of information for the determination of permit conditions for industrial installations. EUROFER wishes to emphasise that local permitting authorities should not automatically take reference values in BREFs as limit values without regard to local conditions and the likely costs and benefits of any proposed measure, as required in the IPPC Directive.

The European steel industry is subject to the provisions of the IPPC Directive and will be required to ensure that its operations, including energy efficiency, conform with Best Available Techniques. Emphasising the integrated approach, there is a strong argument to suggest that no other measures need be applied to the sector. However, if other measures are considered necessary it is crucial that the relationships between IPPC and any other proposed measures for achieving environmental objectives are clear and ensure maximum flexibility.



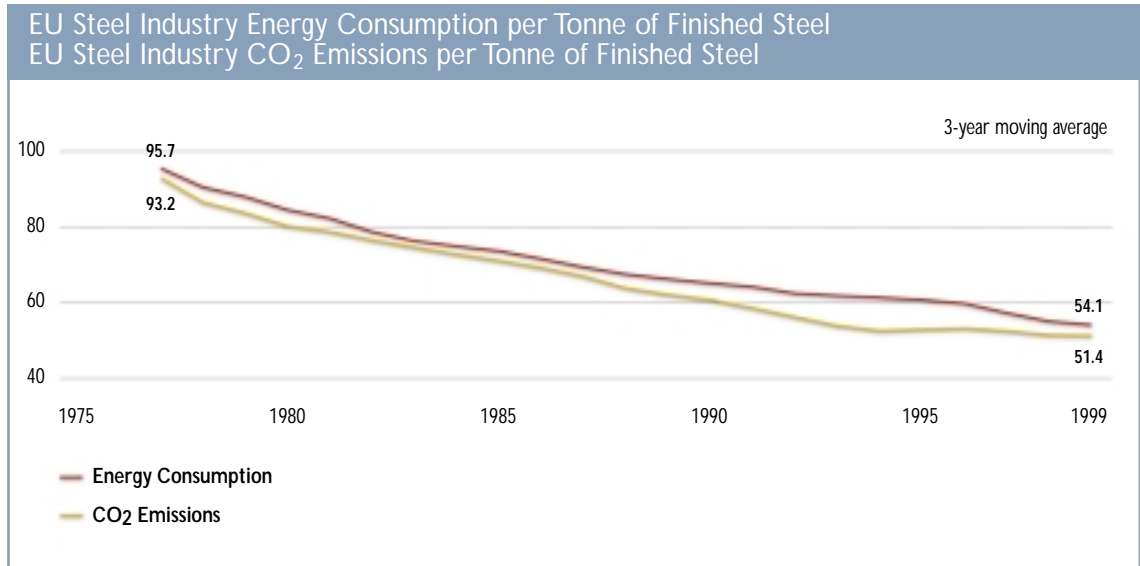
Energy and CO₂ Emissions

Despite the recent radical change in attitude of the USA government towards the Kyoto Protocol, the EU has repeatedly declared that it intends to take a leading role in the implementation of the Protocol. EUROFER is concerned that this unilateral approach may impact negatively on its members' competitiveness.

The EU stresses that the main responsibility for meeting the Kyoto targets lies with the Member States. Under the so-called burden sharing, every Member State has to meet its own target. Consequently, several Member States have developed schemes to meet those targets. Nevertheless present Commission activities, organised in the European Climate Change Programme, focus on the development of EU-wide rules and policies. With respect to emission trading, EUROFER envisages that this advocating of subsidiarity at the same time as developing EU-wide policy will eventually result in conflict.

For the other Kyoto instruments, Joint Implementation and Clean Development Mechanisms, details of how they might work are not yet available. However, they do have the potential for providing industry with flexibility by choosing the appropriate mix in order to contribute to greenhouse gas reduction in the most economical way, providing that no cap is placed on the proportion of commitments that can be met by each instrument. EUROFER therefore supports their further evaluation through extensive consultation between the EU, national governments, industry, and other interested parties.

Notwithstanding the fact that industry has made major progress in reducing greenhouse gas emissions, the unpredictable growth of other sources such as transport, puts industry under pressure to make efforts far beyond the "business as usual" reductions in greenhouse gas emission predicted for 1990-2010. The diagram shows that there has been a continual improvement in the energy efficiency and reduction of specific CO₂ emissions in the EU steel industry between 1975 and 1999. The development has gone so far that theoretical limits according to the laws of physics are being approached. The largest reductions were made during the first half of the period. Further reductions are becoming progressively more and more difficult and costly, particularly because a large part of the steel industry's consumption of fossil fuels is used as a reductant, not as an energy source, which cannot be reduced below the theoretical minimum.

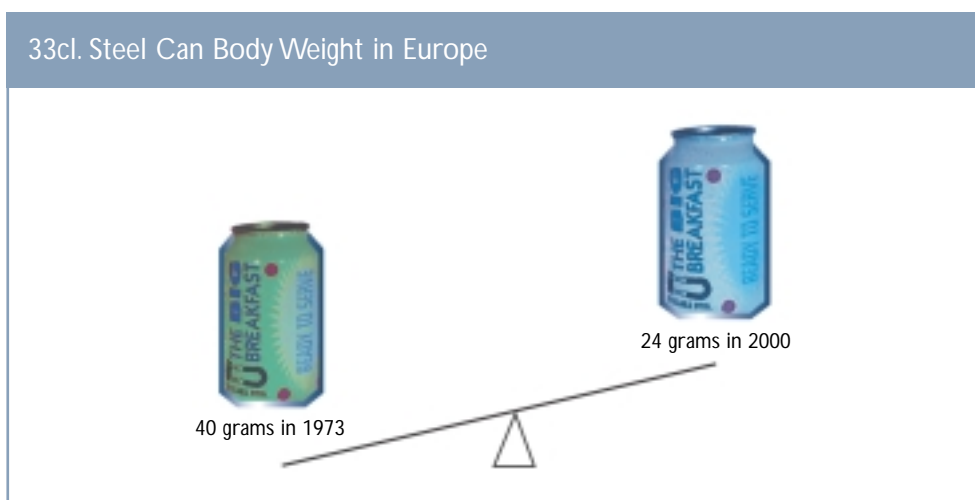


Source: Eurostat

Various policies and measures are being considered, nationally and at a European level, in order to implement the Kyoto commitments. EUROFER supports the idea of voluntary/negotiated agreements at a national level. Such agreements exist or are being renegotiated in six Member States (Germany, Finland, France, Luxembourg, the Netherlands and the UK), and are being discussed in several others.

In the recently issued “EU strategy for sustainable development” an all-encompassing EU energy tax regime to be adopted in 2004 with “full internalisation of external costs” and minimum tax rates indexed to inflation is announced. Although a (carbon) energy tax has been on the Council agenda for many years, agreement has not been reached. A carbon energy tax is quite inappropriate for the steel sector because it is unlikely to result in reduction of CO₂ emissions. Its effect on the industry would be to push up input costs, not reduce unit energy consumption. Production processes are already very energy efficient and further improvements would be very difficult to achieve economically. Consequently, a carbon energy tax would reduce funds available for investments and R&D for improvement of energy efficiency, and it would also open the probability of relocation of steel production to non-EU countries.

The main future contribution for CO₂ emission reduction by the steel industry, will be to use remaining potential in the process, to further develop the use of by-products and to work with its costumers to help design better, longer lasting, more energy- and material-efficient products. Recent developments in high strength steels have enabled customer industries to reduce the weight and improve the energy efficiency of steel-containing products such as passenger cars and civil engineering construction. Improvements in protective coatings, as in galvanised steel, have increased the life of many products. Spectacular weight reduction has been achieved in some sectors of the packaging industry. For example, the weight of a 33 cl. steel can body has decreased from 40 grams in 1973 to an average of 24 g in 2000.



Source: APEAL

The present statistics from Eurostat (the EU statistics office) are very useful for trend analysis. However, not all CO₂ emissions data are calculated in the same manner and with the same accuracy. EUROFER and IISI (the International Iron and Steel Institute), in close contacts with the European Commission, are developing a new uniform calculation method for CO₂ emissions for the steel industry. Nevertheless, it is very important that the present Eurostat statistics continue for some time for comparison reasons.

Air Quality

The *Air Quality Framework Directive* (Council Directive 96/62/EC) provides for daughter directives for the regulation of specific pollutants. The Commission's proposal for a daughter Directive on benzene and carbon monoxide was published in the Official Journal on 12 December 2000. The limit for benzene concentrations in the ambient air will be 10 µg/Nm³ (annual average) from 2003, going down linearly to 5 µg/Nm³ by 2010. The European steel industry considers these values to be unrealistic: in the immediate vicinity of some coke-oven plants these limits would probably be exceeded even if Best Available Techniques are applied.

Work is ongoing concerning daughter directives on ozone, poly-aromatic hydrocarbons (PAH), cadmium, arsenic, nickel, and mercury. For PAH, benzo-*a*-pyrene (BaP) is used as a marker compound. The proposed limit of 1 ng/m³ BaP in ambient air will cause problems at some coke-oven plants comparable with those for benzene. Activities are ongoing to obtain a more reasonable limit value or to get derogations in case BAT is applied. The proposed limit for nickel (10-30 ng/Nm³) will result in stainless steel plants being defined as "hot-spots" and, if a mandatory limit of less than 30 ng/Nm³ emerges, will be extremely costly for some to achieve. Industry is challenging the need for some of the proposed mandatory limits as other current legislation (e.g. IPPC) provides adequate control. EUROFER is heavily involved in this activity.

The Commission has proposed a *Directive on national emission ceilings (NEC) for certain acidifiers and ozone precursors* i.e. SO₂, NO_x, VOC (volatile organic compounds) and NH₃. Each Member State will be subject to a total maximum annual emission of each of these four pollutants. Each country would be left to decide how to share the burden for meeting the limits within its territory. The ceilings in this proposal are considered to be very strict. Nevertheless the European Parliament in its second reading of the proposal, proposed even stricter ceilings values. Depending on the burden-sharing system in individual Member States, this proposal could cause significant cost increases for the steel industry. EUROFER supports the common industry view that the estimated and uncertain benefits do not justify the extremely high costs for the measures required to reduce the emissions to the proposed limits. Industry and some Member States have argued that the less strict limits agreed under the Gothenburg Protocol to the UN/ECE Convention on Long-Range Trans-Boundary Air Pollution should be applied.



Water

The Water Framework Directive on water resource management and quality was adopted in September 2000 and was published in the Official Journal as Directive 2000/60/EC on 20 December. The Commission is required to propose a list of priority substances that will become the focus of risk management measures towards the achievement of the water quality objectives. The European Parliament insisted on introduction of a requirement, similar to that agreed under the Oskar convention in 1998, for an end to discharges of hazardous substances: this has led to discussions on which of the Commission's priority substances should be considered as "priority hazardous substances", discharges of which will be subject to cessation or phasing out. A number of metals were included in the Commission's list of priority substances. Application of a ranking procedure originally designed for use with organic compounds has resulted in the inclusion of nickel in the list. EUROFER is working with other industry sectors to try to remove nickel from the list, or at least to ensure that it is not considered a priority hazardous substance. EUROFER is also endeavouring to ensure that due regard is taken of the special properties of nickel, and other metals, so that only justified and appropriate regulatory measures are applied.

Residual Products

Of all materials steel is one of the most recycled. Worldwide, the use of scrap as a raw material for steel making results in a saving of 600 million tonnes of iron ore and 200 million tonnes of coke each year. Large quantities of valuable residual products are generated in steel making. Slag, recycled to a high degree, is a good example.

Slag has been used for a long time with very good results for many applications. These include road construction, railroads, landscape restoration, hydraulic works, and even soil restoration for organic farming. In these fields of application these materials have been used for many years without any unfavourable effects on the environment. Many other potential uses are being studied.

Inert Landfills

In relation to *Council Directive 1999/31/EC of 26 April 1999 on the landfill of waste*, the European Commission is now carrying out the provision foreseen in Article 16 i.e. to adapt the Annexes of this Directive to scientific and technical progress via the Comitology procedure. So far, along with other matters, the Technical Adaptation Committee (TAC) involved has paid attention to Annex II which specifies criteria and/or test methods and associated limit values to be set for each class of landfill. The TAC has started dealing with Inert Landfills and will later extend the study to the other classes of landfill.

The general rule for waste acceptance is based on a basic characterisation, a compliance test and an on-site verification. However, there are certain exemptions via which the basic characterisation and testing can be dispensed with. These include wastes on a so called “positive list” of wastes with well-known behaviour and which are acceptable at landfills for inert waste without testing. In the opinion of EUROFER, two new items should be added to the positive list namely “Unprocessed slag” and “waste from the processing of slag”.

Bearing in mind that unprocessed slag is, apart from the steel, the same material as processed slag, there will be no substantial differences between the environmental behaviour of unprocessed and processed slag. In EUROFER view, it seems very obvious to classify unprocessed slag in the same way as processed slag i.e. as inert waste.


An increase in the bureaucratic load, together with additional technical and analytical costs and, in the extreme case, a ban on the disposal of slag as inert landfill, would create huge image problems.

If unprocessed slag is not defined as inert waste, it could seriously threaten the future of the entire slag market (about 40 million tonnes) and, paradoxically, could increase the rate of landfilling.

However, in case it would be necessary to use testing methods, it is very important that these methods are representative for the actual landfill circumstances. The environmental risk from wastes in landfill arises from the leaching behaviour and not by the chemical composition. EUROFER supports a test based on leaching behaviour, rather than on chemical composition.

Waste Electrical and Electronic Equipment

Two draft proposals regarding waste electrical and electronic equipment were presented by the European Commission in June 2000. Proposals for *Directives on “Waste Electrical and Electronic Equipment”* (WEEE Directive) and on *“Restriction of the use of Certain Hazardous Substances in Electrical and Electronic Equipment”* (ROHS Directive) seek to promote recycling. The original Commission draft included both of these proposals in a single text. EUROFER has the view that provisions concerning specific substances in products should not be included in waste legislation. EUROFER therefore strongly supports the split up of the original draft into two complementary Directives. The WEEE Directive will operate under Article 175 of the Treaty and it was acknowledged that the ROHS Directive could not operate under this Article. Instead, it will operate under Article 95. In EUROFER view this is the only practical possibility.



In addition, EUROFER supports the principle of producer responsibility, and suggests that a direct economic link should be established between each producer and the cost of recycling of the producer's own products. Economic incentives should be used rather than arbitrary targets such as a minimum rate of separate collection per inhabitant per year. This would create strong incentives for producers to design economically recyclable products. EUROFER supports the text on recovery / reuse and recycling as drafted in the Commission proposal. EUROFER emphasises that steel, alloy steels and coated steels can be easily separated from the electronic waste and recycled in steel processes.

The proposed ROHS Directive and the End of Life Vehicles Directive (ELV Directive) are from a single family of Directives which seek to promote reuse and recycling. That being so, the Commission has acknowledged that the family of Directives should, wherever possible, demonstrate consistency. EUROFER's efforts were successful in changing the exemption for the lead content of leaded steels in the ELV Directive: "Lead as an alloying element in steel (including galvanised steel) containing up to 0.35% lead by weight". EUROFER attempts to have the exemption level for lead in steel in the ROHS Directive raised from 0.3% to 0.35% also seem to have been successful.

Chemicals Policy

Member States and the Commission have been dissatisfied with the present system for regulation of chemicals, mainly because it takes too long to get existing chemicals through a formal risk assessment. A White Paper outlining the Commission's proposals for a new chemicals policy was expected before the end of 2000. However, it did not appear until February 2001. As expected, the proposed new approach to the regulation of chemicals shifts the burden of proof from regulators to industry. EUROFER is working with other metals industry representatives to ensure that the new approach will not result in unjustified over-regulation of metals and alloys.

Under the Existing Substances Regulation, a comprehensive risk assessment of zinc metal and five of its compounds is currently under way. EUROFER has submitted data on emissions from continuous galvanising lines to the Dutch *rappporteur* responsible for the risk assessment, and continues to work in close co-operation with the zinc industry to make sure that the *rappporteur* has a complete, factual basis for the risk assessment and that no ecotoxicity classification is recommended unless supported by strong, scientific evidence.

Nickel metal and several nickel compounds are also undergoing risk assessment, with the Danes as *rappporteur*. Much of the focus is on potential risks from end-uses. EUROFER is collating and submitting data on stainless steel products.

Stainless Steel Hazard Classification

Hazard classification of “preparations” in the EU uses methods that give generally accurate classification of simple mixtures but which result in the unjustified identification of many alloys, including the nickel-containing stainless steels, as being hazardous. Thus, nickel-containing stainless steels are currently classified as being able to cause nickel allergy and as possibly able to cause cancer. EUROFER has played a leading role in the industry activities that have resulted in the European Commission’s recognition that it may be necessary to define a specific method for the hazard classification of alloys. The Commission has now set up a special Working Group to advance this issue and EUROFER has one of the two industry seats on the Working Group. However, it is not a simple task and much of the recent effort has been directed towards identifying test methods that can be used to provide the necessary data for classification of alloys in relation to both health and environmental effects. In particular, EUROFER and the Nickel Producers Environmental Research Association (NiPERA) have succeeded in obtaining European Commission support for an expert workshop on non-animal test methods for alloys that was held at the Joint Research Centre in February 2001.

In parallel with the activities in Europe, EUROFER has also been influential in the OECD activities on global harmonisation system (GHS) for the hazard classification of mixtures. The year 2000 saw the effective finalisation of the GHS documents relevant to alloys and it is pleasing to report that even for the most important health effect – cancer – the alloys industry has managed to achieve wording that allows, on a case-by-case basis, a more rational and scientific approach to classification than is currently the case. EUROFER will continue to work to try to ensure that the GHS approach is adopted also in the EU classification system for alloys.

With regard to carcinogenicity of stainless steel, the University of Birmingham Health Review of stainless steel, published by EUROFER in 1999, concludes that there is no risk of cancer from stainless steel. However, the database is not completely watertight. And, with regard to carcinogenicity of nickel itself, EUROFER is involved with a NiPERA-led definitive inhalation cancer study on nickel powder that is intended to settle finally the question of whether or not metallic nickel is carcinogenic. In the light of the possibility that the nickel study may not give an indisputable negative result, and of the gaps in the cancer database for stainless steel, EUROFER has undertaken to set up a series of scientific studies to support the case for the non-carcinogenicity of stainless steel.

The University of Birmingham Health Review also concluded that there was no stainless steel specific carcinogenic risk from welding stainless steel. However, there are few really good data on exposure to welding fume, and the common perception that stainless steel welding fume may cause cancer could adversely affect our case that stainless steel should not be classified as carcinogenic. EUROFER has been pro-active in helping to set up a cross-industry international research programme, led by The Welding Institute in the UK, to obtain high quality exposure data.

Human Resources

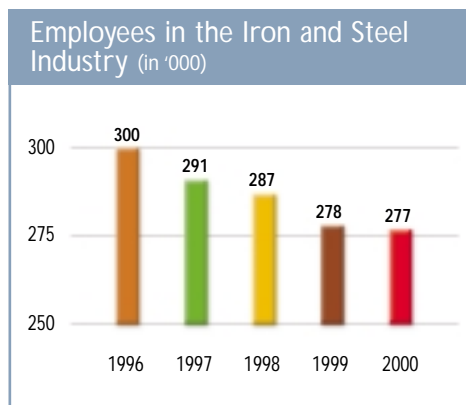
Evolution of Employment

In 2000, as in 1999, the European steel industry continued to contract new workers at the sustained pace of about 30,000 persons. In so doing, European steel producers continued the rejuvenation of the industry and the rebalancing of the age structure of its manpower. This development offset most of the natural departures. Accordingly, the total ECSC workforce in the steel industry, declined by less than 1,000 people, in 2000. This confirms the significant slowdown in the decrease of the employment in the industry observed since 1997, when, for the first time since 1976, total job losses were less than 10,000.

However, the stability noted in 2000 should be regarded as exceptional. The constant pursuit of international competitiveness, the continued restructuring and consolidation of the industry, and the significantly increased numbers of natural departures in several countries during the next few years, indicate that employment in the European steel industry will inevitably decline in the future.

Creation of New Jobs in Regions Affected by Steel Industry Restructuring

Following the vote by the European Parliament of a budget line favouring the phasing-in of activities financed in the framework of the ECSC, within the EU general budget, M€ 2 were made available to fund a pilot project destined to support the creation of new jobs in regions affected by restructuring of the steel sector. EUROFER accepted the European Commission's invitation to implement this pilot project. It was agreed that a "guarantee fund" would be created with the purpose of increasing the availability of loan and equity financing for investment activity and job creation by small and medium enterprises (SMEs) operating in such regions. EUROFER will be in charge of managing this "guarantee fund" which is expected to be operational in the second half of 2001.



Source: Eurostat

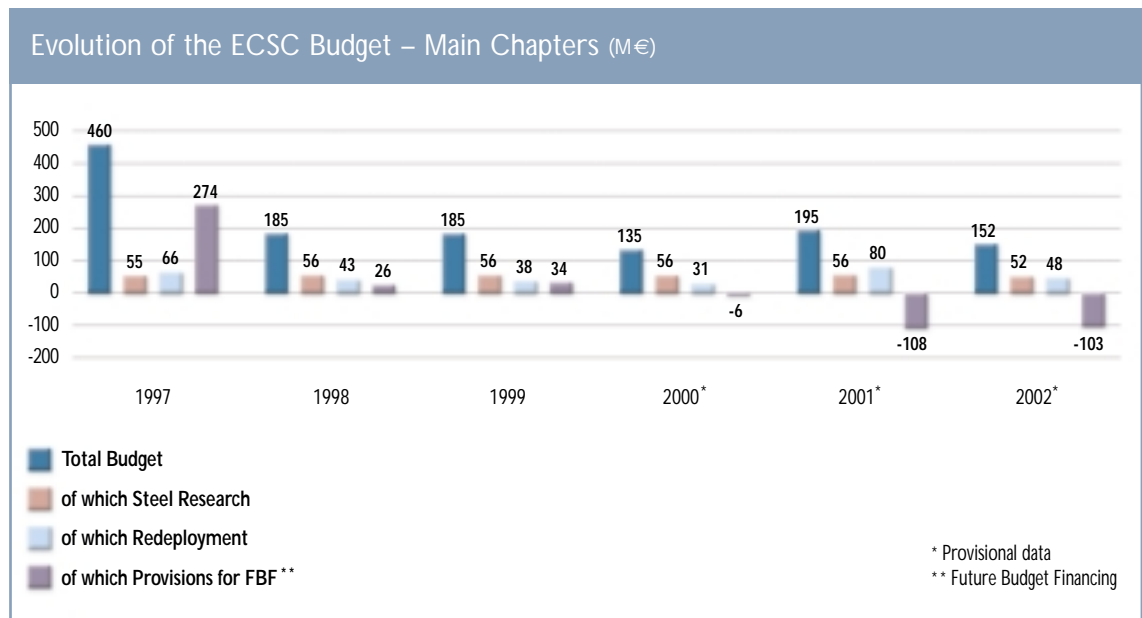
ECSC Budget

The phasing-out of the ECSC budget remains in line with the financial scenario proposed by the European Commission in its “Communication on the expiry of the ECSC Treaty – Financial activities”, of October 1997.

The provisional figures for the 2000 and 2001 budgets show total expenditures of M€ 135 and M€ 195, respectively. The increase observed in 2001 (M€ 60) is fully accounted for by the growth in social support, and in particular, redeployment (+M€ 49) and *volet social* for coal (+M€ 11).

During 2000 and 2001, M€ 31 and M€ 80, respectively, have been earmarked for redeployment aid, as well as M€ 56, each year, for steel research.

Maintaining expenses at this level was possible until 2000 without drawing significantly from the “provision for future budgets”. Indeed, while this provision was forecast to contribute as much as M€ 54 in 1999 and M€ 83 in 2000, to the budget resources, the realisation of the 1999 budget actually increased the provision by M€ 34, and it should only contribute M€ 6 to the expenses in the 2000 budget. However, it is expected that in 2001, this contribution will amount to M€ 108.



Source: European Commission

Statistics

Steel Statistics after 2002

With the expiry of the ECSC Treaty in July 2002, the legal basis which enabled the European Commission to collect directly and publish statistics on iron and steel for the whole EU will disappear. As recommended in the Treaty of Nice, this statistical system should however be maintained until 31 December 2002 through a new EU Council legal act. As from January 2003, official steel statistics will be collected by Member States within a totally different framework which implies a radical reduction in statistical information.

In 2000, EUROFER was particularly involved in the debate with the European Commission, Eurostat and Member States which focused on the future contents of monthly production and delivery statistics to be established through the *Prodcom Regulation*. After repeated consultations, a proposal was finalised in December 2000 but it is still subject to formal approval by Member States.

Since the future official statistics on steel will undoubtedly fail to cover all information requirements of the steel industry especially in terms of timeliness, EUROFER and its members continued working on the elements of a voluntary system to be implemented as an addition to the future official instruments. This task was completed in 2000 for most enquiries and the validation of the various proposals is expected to follow in 2001.

Official Trade Statistics

In 1999, the European Commission initiated a review of the product classification (Combined Nomenclature) used to record trade statistics between Member States and with third countries.

In 2000, after consultation of data users, the EUROFER Statistics Committee drew up a catalogue of proposals based on the following main three criteria:

- preservation of product detail required by information users in the industry;
- significant rationalisation linked to the running out of the ECSC products definitions in 2002 as well as tariff reductions foreseen by the WTO multilateral trade negotiations;
- introduction of some new product subdivisions reflecting developments in products and processes.

The EUROFER proposals will be submitted to the European Commission and Member States before the summer of 2001. EUROFER will advocate the official implementation of the revised nomenclature as from 1 January 2003 since most changes result from the expiry of the ECSC Treaty.

EDIFER

EDIFER is the committee within EUROFER which develops solutions to meet the requirements of the steel industry in the field of Electronic Commerce Business to Business (B2B) and Electronic Data Interchange (EDI). EDIFER has been active in the development of user implementation guides of the EDIFACT standard messages for the European steel industry. The messages have reflected the priority choices of EUROFER members. They have mainly been targeted at the trade cycle.

Since the start of the initiative, EDIFER has published user implementation guides for the following messages: Quality data (covering certificates and test reports), Purchase order, Purchase order change request, Purchase order response, Delivery forecast, Delivery just in time, Order status report, Despatch advice, Receiving advice, Instruction to despatch, Inventory report, Invoice and Remittance advice. In addition to the above, the EDIFER group has produced a reference document called *“The role of EDI within business scenarios in the steel industry”* which explains the different scenarios (practices) in use for the global trading cycle between the steel suppliers and the customers of different industry sectors, such as automotive, construction, etc.

In relation to hire-working activities, the EDIFER group has also published a framework document, called *“An EDI concept for hire-working activities”*, and four related user implementation guides.

Being aware of the growing acceptance of e-commerce B2B based on the Internet and its technologies, the EDIFER Steering Committee decided to set up a new working group for the standardisation of the information exchange based on XML (eXtensible Markup Language) covering the implementation of e-marketplaces. This working group has received the mission “To provide for the European steel industry an open XML-based infrastructure enabling the global use of electronic information in an interoperable, secure and consistent manner for all parties involved”.

As a recognised European EDI user group, EUROFER is actively participating in meetings organised by standardisation bodies at the European (CEN) and World (UN) levels, the aim being to secure the highest compatibility between the implementation guides of the European steel industry and those of other industrial sectors in Europe and the rest of the world.

For the next two years (2001-2002), the following actions will be prioritised:

- the continued review and upgrading of the existing user implementation guides to EDIFACT messages;
- the finalisation of the EDIFER involvement in the MIST project (Multi Industry Scenarios for Transport);
- active involvement in the development of the XML standard for e-commerce B2B;
- the creation of user implementation guides of XML information exchanges between the European steel industry and the customers communities.

Communications

Opinion Research Programme

In 2000, EUROFER carried out an Opinion Research Study in Europe. The aim was to provide a statistical measure of public perceptions and attitudes to steel vis-à-vis other materials and hence, also, valuable strategic information on the competitive positioning of steel.

The research took place in Austria, Belgium, Finland, France, Great Britain, Germany, Italy, the Netherlands, Slovakia, Spain and Sweden. The results of the study were considered essential for the members of EUROFER, for use as an additional source of information in the development of their communication strategy/actions.

EUROFER website

The EUROFER website has been operational since October 2000. It can be accessed at <http://www.eurofer.org>.

In addition to general information on the Organisation (*About Eurofer – Publications*), the site includes:

- *European Steel Map*: a geographical overview, country by country, of the location of steel production sites within the EU;
- *Market Report*: regularly updated information about market trends and analysis;
- *Steel Statistics*: statistics on EU crude steel production and imports and exports on a monthly basis, market supply data within the EU on a quarterly basis;
- *Position Papers*: position papers on current issues.

The site also offers a *Steel Dictionary* – English, French, German, Italian, Spanish – and a glossary of terms of international trade and international business (*Terms of Trade*).

Annexes

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Luxembourg	Arbed S.A.
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Slovenia	Slovenske Zelezarne, d.d. (Slovenian Steelworks Holding, d.d.)



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ECSC Budget

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