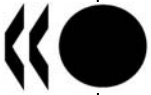


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C(2008)163



Organisation de Coopération et de Développement Économiques
Organisation for Economic Co-operation and Development

20-Oct-2008

English - Or. English

COUNCIL

Cancels & replaces the same document of 14 October 2008

Council

PROPOSED RENEWAL OF THE OECD STEEL COMMITTEE MANDATE

(Note by the Secretary-General)

JT03253428

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**C(2008)163
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English - Or. English

1. This document contains a proposal to renew the mandate of the OECD Steel Committee which expires on 31 December 2008.

2. The OECD Steel Committee was created on 26 October 1978. At that time, no date was fixed for the expiry of the mandate. On 11 March 2004, in the framework of its decision regarding a Sunset Clause for all Committees, the Council agreed that the mandate of the Steel Committee, along with those of other subsidiary bodies, would expire on 31 December 2008 unless the Council decided otherwise [C/M(2004)5]. Accordingly, the mandate of the Steel Committee is up for renewal.

3. The Steel Committee was established with the main objective of ensuring that trade in steel remained as unrestricted and free of distortion as possible. The Committee also enabled governments to work closely together to address market crises and needed structural adjustments that would reduce trade frictions and promote an efficient allocation of productive resources.

4. Over the past few years, considerable progress has been made to open steel markets and to enhance transparency, but governments still need to work closely with each other to address remaining trade distortions and other barriers that affect markets. New challenges related to raw materials and the environment are also becoming more important. The Committee's unique composition, with strong participation from industry and where a number of non-Members with large steel interests participate either as full participants or observers, provides a positive platform to effectively address these and other multilateral challenges.

5. At its 22-23 May 2008 meeting, the Steel Committee considered the best ways to develop and improve its mandate. While leaving the basic objectives in the mandate unchanged, the Committee subsequently agreed through written procedure on minor revisions that would bring the mandate up to date and better reflect the current challenges facing the industry. The draft revised mandate details the policy environment facing the steel industry, the main objectives and functions of the Committee, and the guidelines to which its Members agree to adhere (see Appendix).

6. It is proposed that the revised mandate will remain in force until 31 December 2013, unless the Council decides otherwise.

Proposed Action

7. In the light of the preceding, the Secretary-General invites the Council to adopt the following draft conclusions:

THE COUNCIL

- a) noted document C(2008)163;
- b) agreed to renew the mandate of the Steel Committee as set out in the Appendix to document C(2008)163 until 31 December 2013.

APPENDIX

MANDATE OF THE STEEL COMMITTEE

THE COUNCIL,

Having regard to the Convention on the Organisation for Economic Co-operation and Development of 14th December 1960 (hereinafter referred to as the 'Convention') and, in particular, Articles 5 a), 6, 12, 13 and 20 thereof;

Having regard to the Rules of Procedure of the Organisation;

Having regard to the Financial Regulations of the Organisation;

Having regard to the Communiqué approved by the Council meeting at Ministerial Level on 15 June 1978 and, in particular, Annex II thereof [C(78)96(Final)];

Considering that the Ad Hoc Working Group on the Steel Industry has reached the conclusion that a Steel Committee should be established within the framework of the Organisation under Part II of the Budget and that a number of Member countries as well as the European Community have expressed their intention to participate therein;

Noting that the Member countries participating in the proposed Committee and the European Community agreed as initial commitment to the guidelines set out in the Annex hereto;

Having regard to the Resolution of the Council establishing a Steel Committee [C(78)171(Final)], as amended by documents C/M(79)22(Final), Item 231 (b) and C/M(83)6(Final), Item 51 (b);

Having regard to the proposal to renew the mandate of the Steel Committee C(2008)163;

DECIDES:

Article 1

In order to seek solutions to the problems experienced by the Steel Industry and achieve the objectives set out in the Annex to the present Resolution, the Steel Committee (hereinafter referred to as the 'Committee') shall have the functions set out in this Annex.

Article 2

Current participants include Austria, Belgium, Brazil, Canada, Czech Republic, Denmark, the European Community, Finland, France, Germany, Greece, Hungary, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.

Any other Member Country of the Organisation can decide to participate in the Committee.

The Committee shall, if the OECD Member countries participating therein so decide, propose to the Council that a non-Member with substantial steel interests may be invited to become a participant in the Committee. In making such a proposal the Committee must be satisfied that the non-Member has agreed and is able to undertake the same commitments, as appropriate, with regard to the Committee's work as the Member countries which participate therein and that its participation in the Committee would contribute to achieving the objectives of the Committee. Such proposal shall specify the relevant provisions in respect of the non-Members' participation in the Committee's work.

Article 3

Expenditure required for the functioning of the Committee shall be defrayed from the appropriations authorised for that purpose under Part II of the Budget of the Organisation. The Committee shall prepare every two years a Programme of Work and this with the corresponding budgetary proposals shall be submitted by the Secretary-General to the Council.

Article 4

The Committee may make proposals to the Council on any matter within its mandate and, at the request of the Council or on its own initiative, the Committee may submit other communications to the Council.

Article 5

a) The provisions of the Rules of Procedure of the Organisation shall apply to the Committee to the extent that this Resolution does not derogate therefrom.

b) The Committee may make recommendations to participants within the scope of its mandate.

Article 6

The mandate of the Steel Committee shall remain in force until 31 December 2013 unless the Council decides otherwise.

ANNEX

Policy Environment

The world's steel industry started a period of vigorous expansion in 2002, driven by strong growth in demand, particularly in emerging economies. At the same time the process of restructuring the sector has become broader and some global players have emerged. Nevertheless, the sector remains vulnerable to cyclical forces, increasing raw materials prices and environmental challenges, in particular related to its inherent CO₂-emission performance. This can affect trade patterns and lead to trade frictions.

In some countries, governments intervene in steel supply which may create excess capacity and distort conditions of competition at the global level.

Government intervention in the trade of steel and raw materials can aggravate problems for the steel industry and can have implications for related industries, including steel-consuming industries.

In virtually all major steel-producing nations, steel occupies a central place in the national economy. In some areas, the magnitude of structural problems confronting the steel sector and resultant social and economic implications of the necessary structural adjustments are substantial.

Objectives

In view of these difficulties, participants of the Steel Committee need to work closely together in order to:

- Ensure that trade in steel will remain as unrestricted and free of distortion as possible. Restrictive actions should be avoided and, where necessary, strictly limited in scope and time, and in conformity with WTO rules;¹
- Reduce barriers to trade;
- Act promptly to cope with crisis situations in close consultation with interested trading partners and in conformity with agreed principles;
- Facilitate needed structural adaptations that will diminish pressures for trade actions and promote rational allocation of productive resources with the aim of achieving fully competitive enterprises;
- Ensure that measures affecting the steel industry are consistent to the extent possible with general economic policies and take into account implications for related industries, including steel-consuming industries;
- Avoid encouraging economically unjustified investments while recognising legitimate development needs;
- Facilitate multilateral co-operation consistent with the need to maintain competition, to anticipate and, to the extent possible, prevent problems.

¹ It is noted that references to WTO rules and provisions in this Annex do not alter the rights and obligations under the WTO of individual participants which are contracting parties to the WTO nor confer by implication equivalent rights or obligations on participants which are not contracting parties to the WTO.

Committee functions

The Steel Committee will meet regularly and additionally as required to:

1. Continuously follow national, regional and world supply and demand conditions in steel and closely related industries, including steel-consuming industries and raw material industries, with a view to identifying potential problems and implications and making assessments and forecasts available to all interested parties;
2. Continuously follow the evolution of national, regional and world steel industries with regard to employment, profits, investments, capacity, input costs, environmental performance and compliance costs, productivity, and other aspects of viability and competitiveness;
3. Develop common perspectives regarding emerging problems or concerns in the steel sector and establish, where appropriate, multilateral objectives or guidelines for government policies;
4. Regularly review and assess government policies and actions in the steel sector in the light of the current situation, agreed multilateral objectives and guidelines and the WTO and other relevant international agreements;
5. Identify deficiencies and gaps in existing data needed by the Committee with a view to improving national inputs to the Committee and cross-national comparability of data.

Commitments

Participants in the Steel Committee agree to the following guidelines:

- a) To abstain from destructive competition in official support of export credit; they agree that their policies in the field of export credits for steel plant and equipment will be fully consistent with the Arrangement on Guidelines for Officially Supported Export Credits and contribute to the avoidance of competitive subsidisation of such exports.
- b) Domestic policies to sustain steel firms during crisis periods should not shift the burden of adjustment to other countries and thus increase the likelihood of restrictive trade actions by other countries (e.g. by artificially stimulating exports or by artificially displacing imports). Further, as a general rule, domestic measures should not prevent marginal facilities from closing in those instances where the facilities cannot become commercially viable within a reasonable period of time.
- c) To make every effort to provide effective programmes for steel worker readaptation away from facilities affected by structural adjustments into alternative employment. To this end, they will periodically exchange information on the effectiveness of policies and programmes to assist steel workers and communities.
- d) To report promptly any action to restrict trade in steel-making materials and allow for consultations with affected parties.