

Observatoire Social Européen (2010) *European Sectoral Social Dialogue Factsheets*. Project coordinated by Christophe Degryse

www.worker-participation.eu/EU-Social-Dialogue/Sectoral-ESD

STEEL

Workers' representatives	European Metalworkers' Federation (EMF) (1971) http://www.emf-fem.org
Employers' representatives	European Confederation of Iron and Steel Industries (EUROFER) (1976) http://www.eurofer.org

Representativity study: Traxler, F. (2009), *Representativeness of the European social partner organisations: Steel industry*, EIRO, Dublin, September 2009
<http://www.eurofound.europa.eu/eiro/studies/tn0811027s/tn0811027s.htm>

Sectoral Social Dialogue Committee (SSDC)

Informal working group:	
SSDC:	6 April 2006
Rules of procedure:	21 June 2006
Work programme:	2006 - 2008

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GENERAL OVERVIEW OF SECTOR

Steel is an industry that largely follows the cyclical economic trend in downstream sectors such as the automotive industry, shipbuilding, railways, etc. It has undergone large-scale restructuring over the past three or four decades, accompanied by widespread job losses.

The “iron and steel industry” designates the industry and technologies for obtaining steel, iron and cast iron from ore. The demand for iron and steel in industrialised societies derives from a number of downstream industries, such as the automotive sector, construction, shipbuilding, railways, consumer goods, etc. Demand largely follows the cyclical economic trend in those sectors. Furthermore, the production of base metals is dependent on imports of [raw materials](#), reserves of which are scarce in Europe: this leads to dependence on international trade. (The two main exporters of iron ore are Australia and Brazil, followed by countries such as India, Canada, South Africa, Ukraine and Russia.) Europe’s main importers are Germany, France and the United Kingdom.

According to Eurofer, the European steel industry operates at some 500 production sites located in 22 Member States. Just before the economic crisis erupted in 2008, it generated annual revenues of approximately €200 billion, produced around 200 million tons of steel per year and employed 420,000 people ([Eurofer](#) figures). [Employment](#) in the sector has been contracting steadily since the 1970s. The EU accounts for 16% of global output and is the second biggest producer after China.

In the 1960s and 1970s, iron and steel companies in the Member States of the European Coal and Steel Community (ECSC) experienced a crisis of over-production. The Davignon Plan, aimed at cutting capacity, was implemented in 1976. The recession of the 1980s saw a collapse in prices and a sharp increase in national financial aid. At the end of the 1980s there were still 1,250,000 jobs in metallurgy in the EU-15 alone (*in* European Commission, “Panorama of European Business”, OPOCE, 2000). Thus employment has plummeted between then and now.

The industry, which consists principally of large enterprises and multinational concerns, has undergone substantial restructuring since the 1980s - 1990s. This has led to a series of company mergers: Thyssen and Krupp (1997), Unisor and Cockerill Sambre (1998), British Steel and Hoogovens (1999), Aceralia-Arbed-Usinor, which in May 2002 resulted in Arcelor, and then Mittal’s takeover bid for Arcelor in 2006.

The main live issues in the sector during the 1990s revolved around products: competition from substitute materials (plastics, high-tech ceramics, etc.) was becoming ever more intense, with metals sometimes struggling to compete in terms of weight, wear and tear resistance, and price. The emphasis has gradually shifted to three other topics since the turn of the millennium: mounting international competition (from eastern Europe and Asia); the constraints connected with combating global warming; and, more recently, the economic crisis that erupted in 2008.

Nowadays the European steel industry is part of the ETS system on the trading of greenhouse gas emissions. Steelworks must therefore pay for their CO₂ emissions, which is not the case in India or China, so that a form of environmental dumping is operating. What is more, steel consumption in the EU slumped by almost 29% in 2009 as a result of the economic crisis, according to estimates by the [World Steel Association](#) (Daily Bulletin, Agence Europe 9899, 12 May 2009). Therefore the sector is now faced with the sharpest slowdown in business since the oil crisis of the 1970s.

PARTICIPANTS AND CHALLENGES

The social partners in the steel sector played an advisory role for many years under the European Coal and Steel Community (ECSC). But it took them quite some time and a good deal of effort to establish a fully-fledged, autonomous social dialogue at European level. Today that dialogue brings together the European Metalworkers' Federation (EMF) for the workers, and the European Confederation of Iron and Steel Industries (EUROFER) for the employers.

Historically, dialogue between employers and workers in the iron and steel industry began under the European Coal and Steel Community (ECSC, 1951). The ECSC Treaty establishing a framework for the mining, iron and steel industries in fact instituted a Consultative Committee which involved employers' organisations and trade unions. The ECSC Treaty expired in 2002, when the work of the Consultative Committee was transferred to a working group of the European Economic and Social Committee (EESC). Not until 2006 was a Sectoral Social Dialogue Committee (SSDC) set up in the steel sector.

Whereas the social partners in this sector have long played an advisory role, it took them quite some time and a good deal of effort to establish a fully-fledged, autonomous social dialogue at European level. This may seem surprising in that the metalworking sector in the Member States is among those – along with chemicals and the public sector – with the most well-established tradition of social dialogue and pay bargaining (cf. for example IG-Metall in Germany). Various explanations have been put forward: reluctance or hostility on the part of the European employers' federations to engage in European social dialogue, fear of the European trade unions becoming too powerful, risk of a snowball effect leading to Europe-wide collective bargaining, etc. But one might also wonder whether the national trade unions themselves really wanted European-level social dialogue.

Significantly, the creation of a SSDC in 2006 corresponded with the year when Mittal launched its takeover bid for Arcelor, which caused workers in that company to fear a lowering of social standards (Isabelle Barthès, special advisor to the EMF pointed out at an emergency EMF meeting on 1 February 2006 that “the social model applied at Arcelor clearly has nothing in common with the model of development or strategic vision of Mittal Steel”). So one could take the view that the establishment of European-level social dialogue was prompted by, among other things, this increasingly intense process of mergers and acquisitions, which was jeopardising national traditions of social dialogue. On top of that came the European integration of commodity markets and growing international competition, but also the common environmental constraints (action to combat global warming) within which the European industry now had to operate. Thus the very first joint opinion issued by the SSDC, on 14 April 2008, related to the EU Emissions Trading System. The joint opinion of September 2008 on competitiveness in the sector likewise dwells at length on environmental and energy-related issues.

To see the work of the SSDC as relating solely to climate concerns would however be to take an overly narrow view. It has also set itself the task of examining issues such as health and safety, lifelong learning, structural change and sectoral industrial policy. For instance, a major seminar on vocational training and anticipating skill requirements, especially in the context of the current crisis, was held in early 2009 with a view to drawing up a joint opinion.

Specific features of social dialogue in the steel sector include the emergence of distinct trade union strategies (the steel sector encompasses iron and steel as such, but also the automotive industry, aerospace, garages, shipbuilding, machine tools, etc.), as well as the coordination of pay bargaining. Indeed, steel is without doubt the most advanced sector with respect to European coordination of pay bargaining. The EMF has devised a coordination formula specifying that each union must achieve a minimum wage rise equivalent to the sum of inflation and a “fair share” of productivity gains. The initial goal of this strategy, initiated by IG Metall, was to prevent wage and social dumping in the European Union (see on this point the contribution by Anne Dufresne in “The European Sectoral Social Dialogue, Actors, Developments and Challenges”, Dufresne, Degryse, Pochet (eds.), PIE-Peter Lang, Brussels, 2006).

The EMF set up a collective bargaining committee when was first established, in 1971. Although it has always been in favour of strengthening European social dialogue, the EMF has always distinguished between that and pay bargaining *per se*.

OUTCOMES

Proper social dialogue in the steel sector is making a very cautious, not to say hesitant, start. But it is happening in the face of difficulties such as international competition, new climate constraints and a collapse in market demand (in 2008-2009).

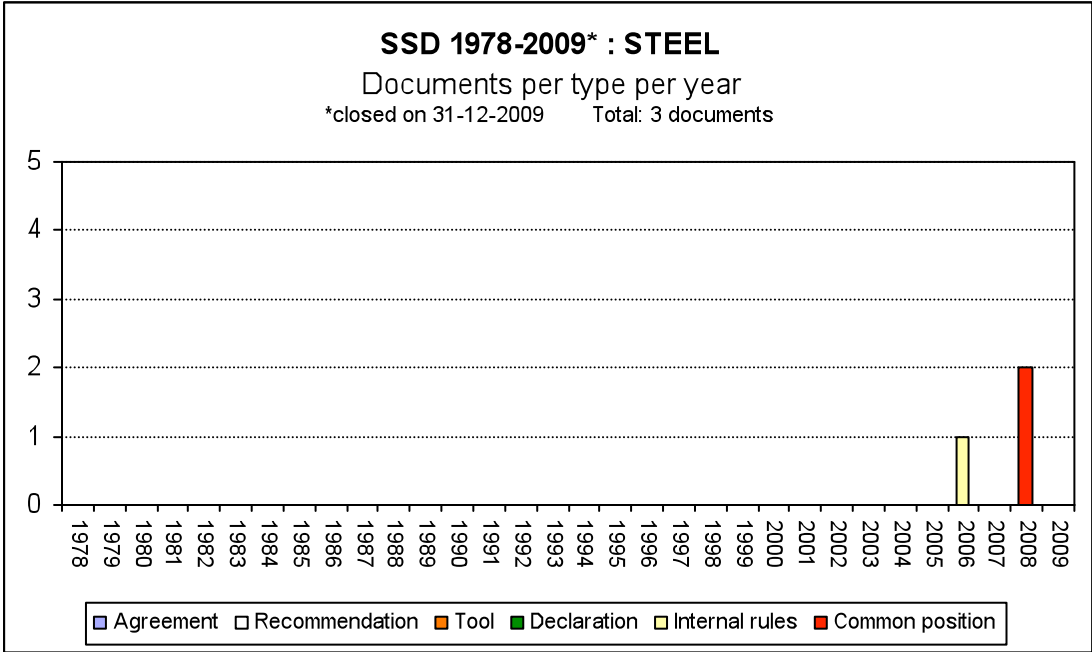
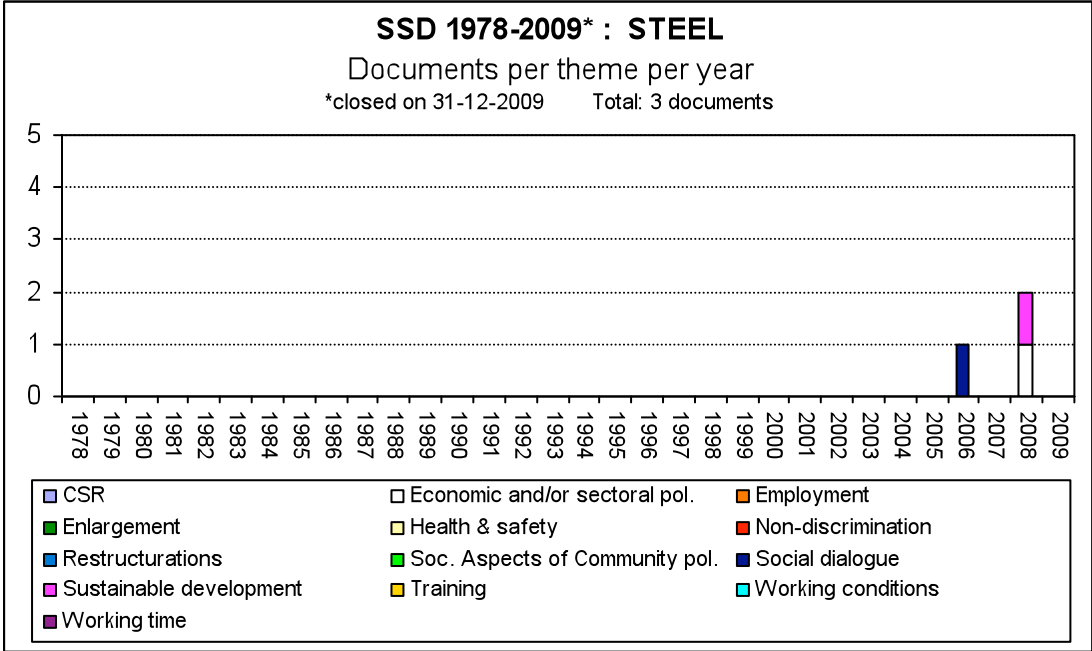
Only belatedly, and with some difficulty, did the steel sector set up a Sectoral Social Dialogue Committee. Even though the social partners played an advisory role for many years under the ECSC, they held back from embarking on autonomous social dialogue.

Social dialogue eventually took off in 2006, and just two joint opinions have been adopted so far. According to the SSDC work programme, the issues to be addressed include health and safety at work, evolving skill requirements, assessing structural change and promoting the lobbying role of the SSDC vis-à-vis the European institutions.

It should be noted, however, that this European social dialogue is being played out in difficult circumstances, owing to the new climate constraints (the EU Emissions Trading System), growing international competition and, since 2008-2009, an economic crisis resulting in a substantial downturn in market demand.

JOINT TEXTS

The “steel” sectoral social dialogue has resulted, since 2006, in the adoption of 3 joint texts.



Date	Title	Theme	Type	Addressee
04/09/2008	EMF Eurofer Position Communication Competitiveness Metals Industries 2008	Economic and/or sectoral policies	Joint opinion	European institutions
14/04/2008	EMF-EUROFER Joint Statement on the Commission proposal for the revision of the EU Emissions Trading System (EU-ETS)	Sustainable development	Joint opinion	European institutions
21/06/2006	Rules of procedure for the European sectoral social dialogue committee in the Steel Sector	Social dialogue	Rules of procedure	European social partners