



**Economic and Social
Council**

Distr.
GENERAL

TRADE/STEEL/GE.1/2000/6
5 April 2000

ORIGINAL: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE FOR TRADE, INDUSTRY AND
ENTERPRISE DEVELOPMENT

AD HOC GROUP OF EXPERTS ON STEEL
Third session, 28-29 March 2000

REPORT OF THE THIRD SESSION

Introduction

1. The ad hoc Group of Experts on Steel held its third session on 28 and 29 March 2000.
2. Representatives of the following countries took part in the session: Austria, Czech Republic, France, Germany, Hungary, Italy, Poland, Portugal, Romania, Russian Federation and Slovenia. A representative of the European Commission also attended.
3. Representatives of the United Nations Conference on Trade and Development (UNCTAD) and the International Metalworkers' Federation took part in the session. A representative of the Organisation for Economic Co-operation and Development (OECD) attended at the invitation of the secretariat.

GE.00-31144

Adoption of the agenda and election of officers

4. The ad hoc Group of Experts adopted its agenda (TRADE/STEEL/GE.1/2000/1). Mr. Jean-Louis Montagut (France) was elected Chairman and Mr. Wiktor Łaszczyk (Poland) Vice-Chairman.

Matters arising from the third session of the Committee for Trade, Industry and Enterprise Development which have a bearing on the work of the Group of Experts

Documentation: TRADE/STEEL/GE.1/2000/2 and addendum

5. The Director of the Trade Division of the United Nations Economic Commission for Europe (UN/ECE) invited delegations to examine the draft notes on the “Matters arising from the third session of the Committee for Trade, Industry and Enterprise Development” (TRADE/STEEL/GE.1/2000/2 and Add.1) and the “Evaluation of the activities carried out by the ad hoc Group of Experts on Steel” (TRADE/STEEL/GE.1/2000/8). These notes presented the result of the consultations which had taken place between delegations and the Bureau of the Committee in order to take into consideration the support given by delegations to the projects conducted by the ad hoc Group of Experts on Steel and the integration of its work into the programme of work of a new Working Party on Sustainable Enterprise Development.

6. The proposal by the Bureau was as follows:

- (a) To establish a new Working Party on Sustainable Enterprise Development, to initiate and supervise programmes regarding industrial restructuring, sustainable enterprise development and promotion of competitiveness in the region;
- (b) To renew the mandate of the ad hoc Group of Experts on Steel for a transition period of one year;
- (c) To define the reporting line: the new Working Party would report to the Committee and be serviced by the Trade Division;
- (d) This proposal has been generated due to the following factors : (i) distinction between the ad hoc Group itself and its activities, (ii) shift of member States’ priorities from sectoral to cross-sectoral issues while keeping in close contact with the economic actors, (iii) reduction in the secretariat resources.

7. After a broad discussion in which all delegations present at the meeting expressed their points of view, an agreement was reached in general to support the creation of the new Working Party on Sustainable

Enterprise Development. Some delegations proposed to change the name of the new Working Party to “Working Party on Sustainable Development of Enterprise in Industry and Services”. Concern was expressed about the functioning and the scope of this new Working Party.

8. For the period of extension of the mandate of the ad hoc Group of Experts on Steel, most delegations preferred a two-year extension. The delegation of the Russian Federation expressed its concern about the status of the Steel Group and other future Groups in the new Working Party.

9. With regard to the late distribution of the documentation, it was decided that the secretariat would send a letter to the delegations not present at the meeting explaining that one document was only available shortly before the meeting date. This document (TRADE/STEEL/GE.1/2/Add.1) contained the elements needed for the discussion concerning the two issues mentioned above (creation of the new Working Party and extension of the mandate). Delegations would be asked to reply concisely, before 21 April 2000. The replies and the viewpoints expressed during the session would serve as a basis for the recommendation addressed to the Bureau of the Committee.

Review of activities

(a) Enterprise development, privatization and restructuring

(i) Barriers to industrial restructuring resulting from overmanning in the steel industry

10. This project was introduced in the programme of work of the Group of Experts in October 1998. It was based on the conclusions that no restructuring plans could be implemented while overmanning continued in the steel industry; that no industrial restructuring could take place without an accompanying social restructuring plan; and that when evaluating the economic viability of a restructuring plan, financing organizations systematically integrated the cost of the social restructuring.

11. For technical reasons, the organization of the Round Table was postponed. Owing to the importance of the topic for the restructuring of their industry, delegations requested that a two-day Seminar be organized on this topic. The delegation of Poland invited the secretariat to organize the Seminar on Barriers to Industrial Restructuring Resulting from Overmanning in the Steel Industry in Poland. The Seminar would take place in Krakow in April 2001. Delegations agreed on the draft outline of the Seminar on the basis of the provisional programme of the Round Table. The secretariat will draft the information notice of the Seminar in agreement with the Polish delegation. The Chairman invited all delegations to participate and to distribute the information on the Seminar to their national authorities. Several delegations insisted that the discussions should include the sources of financing of social restructuring, and that the presence of industry leaders and trade union representatives, as well as the International Labour Organization (ILO), was essential for the success of the Round Table.

(b) Information, statistics and market prospects

- (i) The Steel Market in 1999 and Prospects for 2000: discussion of developments/annual publication

Documentation: ECE/TRADE/232

12. Mr. P. Tardy (Hungary), Chairman of the ad hoc Meeting on the Steel Market, presented the summary of developments as agreed upon during its fifth session, which had taken place the previous day (27 March). The secretariat will draft the annual review of the Steel Market on the basis of the statements made and the national monographs received from countries. The publication will be ready by the end of July 2000.

13. The Chairman invited delegations to designate experts to take part in the meeting of 30 October 2000 in order to exchange views and information on the evolution of the steel market during the first nine months of the year and on the prospects for the whole of 2000 and 2001.

14. The following countries and organizations normally participate in the meetings of experts: Austria, Belgium, Bulgaria, Czech Republic, France, Germany, Hungary, Italy, Japan, Netherlands, Poland, Republic of Korea, Romania, Russian Federation, Slovenia, Slovakia, Spain, United Kingdom, European Union, the International Iron and Steel Institute (IISI), the Organisation for Economic Co-operation and Development (OECD), the United Nations Conference on Trade and Development (UNCTAD), and the United Nations Industrial Development Organization (UNIDO).

(ii) Steel statistics

Documentation: ECE/TRADE/233 and ECE/TRADE/239

- Status of statistical returns for the Bulletin of Steel Statistics;

15. The secretariat had issued all bulletins on time in 1999. The number of answers by countries, although variable depending on the questionnaires, was satisfactory and had improved over 1998.

16. The secretariat reported on the work accomplished on the steel bulletins. Delegations had been sent the annual questionnaire on data for 1999. A number of replies had been received. Although it was not possible within the existing resources – ½ statistician – to make an electronic version of the annual questionnaires, it had been done for the quarterly questionnaires.

17. The secretariat brought to the attention of the meeting that the structure of the present steel data bank did not allow for the processing of the 2000 data and that it had to discontinue the publication of the

quarterly bulletins of Advance statistics on Steel. The Annual Bulletin of Steel Statistics for Europe, America and Asia for 1996-1999 and Statistics of World Trade in Steel 1999 would be discontinued in December 2000.

18. Although the assistance required for updating the structure of the data bank was modest (four to six months of a system engineer or approximately CHF20,000), the secretariat had not succeeded in obtaining the necessary assistance from delegations.

19. The secretariat was requested to send urgently a last letter to the delegations indicating the steps which had been taken, the assistance required and the consequences in case the steel data bank should have to be discontinued.

20. Several delegations stressed the importance of the statistics, which, they pointed out, did not duplicate existing published data. The delegation of OECD underlined the fact that data published by international organizations were complementary to one another. As the responsibility for the collection of steel data had been informally harmonized between the main international organizations, any data which failed to be collected and published could not be replaced by other sources.

- Periodic collection of scrap metal statistics

21. The Study on Iron and Steel Scrap is published biennially; its eighth update was issued in August 1999. The Study presents long statistical series updated to the year 1998. It covers 50 of the world's main steel producing and consuming countries. It examines trends in scrap availability and demand and trade in scrap prices. A series of country commentaries was supplemented by total scrap balances by country. The Group of Experts decided to update this study in 2001.

(iii) Study Tour of the Steel Industry of China

22. China has invited the Group of Experts on Steel to hold a Study Tour of its steel industry from 15 to 22 October 2000. The Information Notice for the Study Tour was distributed in January 2000. The Study Tour will start in Shanghai and will end in Beijing. The following visits are planned: Baosteel Group, Pudong Stainless Steel Corporation, Volkswagen Shanghai and Shougang Corp. (Capital Steel). As the number of participants will be limited, the Chairman encouraged delegations to inform potential participants as early as possible.

(iv) Competitiveness in basic industries: Seminar on Trends in the Structure of Steel Consumption - Responding to market needs.

23. Mr P. Tardy, Chairman of the Organizing Committee of the Seminar, reported on its organization. The Seminar will take place from 11 to 12 September 2000 in Budapest. The objective of the Seminar was to provide a forum for discussing and analysing long-term changes in the steel market. The Information

notice was being drafted. More than 25 papers from 13 countries and organizations would be presented. Participants had already started registering for the Seminar. The programme of the Seminar enabled an intense discussion of the technical aspects of the topic to take place, as well as providing an opportunity to enjoy the cultural life of Budapest. A space for the exhibition of products and processes demonstrating the latest developments related to the Seminar themes was provided for.

24. Delegations confirmed their interest in the subject and emphasized the need for a technical discussion notably on the question of the quality of steel and on the share of steel consumed.

(c) Promotion of sustainable development

(i) Workshop on Radioactive Contaminated Metallurgical Scrap

25. The secretariat reported on the Workshop held in Prague from 26 to 28 May 1999. The Workshop was extremely successful. It was attended by 180 participants from 28 countries and several international organizations. Twenty-eight papers were presented from seventeen countries. In their conclusions, delegations recommended that a team of specialists should be created. This group would serve as a forum where technically qualified partners of the steel industry, government representatives and qualified organizations would consult each other and propose solutions acceptable at the international level in order to harmonize the legislation, the systems of measurement, the levels of investigation concerning radioactivity of metallurgical scrap and draw up codes of practice/conduct in this area.

26. The Chairman of the Group of Experts, and several delegations thanked the Czech delegation, the Government of the Czech Republic and the Czech and Slovak Steel Federation for their excellent organization of this Workshop, their efficiency and their hospitality.

(ii) Team of Specialists on Radioactive Contaminated Metallurgical Scrap

27. The first meeting of the Team of Specialists took place in Geneva on 28 October 1999. The meeting decided to draft guidelines to harmonize legislation and draw up codes of practice on radioactive contaminated metallurgical scrap. It drafted a table of contents containing six chapters and designated participating experts who accepted to draft the corresponding chapters. A plan of action was agreed upon. More than half of the chapters had been received by the secretariat at the time of writing the present report. The second meeting of the team of specialists was planned to take place on 3 July 2000 to review the first draft of the guidelines.

Evaluation of the activities carried out by the ad hoc Group of Experts on Steel

28. The ad hoc Group of Experts on Steel was created in December 1997 for a period of two years as of March 1998. Renewal for a further period of two years by the Committee for Trade, Industry and Enterprise Development would be considered “*after careful evaluation of the work achieved and provided*

that the Committee is in a position to define a new precise programme of work in the light of this evaluation” (E/ECE/1347).

29. In order to provide the Committee with elements for its decision and, at the same time, assure continuity of the work, the secretariat had asked countries to express in writing their evaluation and their orientations. A note by the secretariat (TRADE/STEEL/GE.1/2000/8) summarised of the answers received from 19 delegations. Most countries expressed their satisfaction with the work achieved and indicated the following future directions : (a) restructuring and privatization (management of overmanning, studies and workshops), (b) statistics and market studies (steel market, scrap market, bulletins) and (c) sustainable development. Some countries indicated that attention should be paid to avoiding duplication with the work done in other organizations and that these activities should be carried out within the limits of established budgets.

30. Delegations decided to integrate this note in their discussion of Matters arising from the second session of the Committee for Trade, Industry and Enterprise Development which have a bearing on the work of the Group of Experts.

Proposed programme of work: seminars, study tours, studies

Documentation: TRADE/STEEL/GE.1/2000/5

31. The Chairman introduced the note by the secretariat, which was to serve as the basis for discussion. No new formal proposal was presented by the countries. The delegation of Poland indicated that owing to the importance of “overmanning” for the restructuring of the steel industry, it had invited the secretariat to hold a seminar on this issue in Krakow in 2001. As it was now giving higher priority to this topic, it wished to postpone the organization of a study tour of its steel industry for the present.

Activities of other United Nations and international bodies concerned with iron and steel

(a) Activities of other United Nations and international bodies

Documentation: TRADE/STEEL/GE.1/2000/3 and Add.1

32. A representative of the OECD announced the activities which it was conducting in the field of steel.

33. The Group expressed satisfaction about the contact between the various organizations. One example of this was OECD’s postponement of its 2001 Workshop on China.

(b) Activities of other subsidiary bodies of the Commission of interest to the ad hoc Group of Experts on Steel

34. Delegations referred to the note by the secretariat on the subject (TRADE/STEEL/GE.1/2000/4).

Other business

35. The meeting had no other business to discuss under this item.

Adoption of the report

36. The ad hoc Group of Experts on Steel adopted the report of its third session on 28 March 2000 on the basis of a draft prepared by the secretariat.

CALENDAR OF PLANNED AND PROPOSED STEEL MEETINGS

2000	Place	Date
Second Meeting of the Team of Specialists on Radioactive Contaminated Metallurgical Scrap	Geneva	3 July
Seminar on the Structure of Steel Consumption by Economic Sector	Budapest	11-12 September
Study Tour of the Steel Industry in China	China	15-22 October
Sixth ad hoc Meeting on the Steel Market	Geneva	30 October
2001		
First Preparatory Meeting for a new Seminar B	Geneva	26 March a.m.
Second Preparatory Meeting for a Seminar A	Geneva	26 March p.m.
Seventh ad hoc Meeting on the Steel Market	Geneva	27 March
Fourth Session of the ad hoc Group of Experts on Steel	Geneva	28-29 March
Seminar on Barriers to Industrial Restructuring Resulting from Overmanning in Steel Companies	Krakow, Poland	April
Eight ad hoc Meeting on the Steel Market	Geneva	29 October
2002 *		
First Preparatory Meeting for a new Seminar C	Geneva	25 March a.m.
Second Preparatory Meeting for a Seminar B	Geneva	25 March p.m.
Ninth ad hoc Meeting on the Steel Market	Geneva	26 March
Fifth Session of the ad hoc Group of Experts on Steel	Geneva	27-28 March
Seminar B	to be determined	May
Study Tour of the Steel Industry of a country	to be determined	
Tenth ad hoc Meeting on the Steel Market	Geneva	28 October

* submitted to the further acceptance by the CTIED.

Annex 1

PROPOSED PROGRAMME OF WORK FOR 2000-2001

1. Sustainable Development

(a) Guidelines on Harmonizing Legislation and Drawing Up Codes of Practice on Radioactive Contaminated Metallurgical Scrap

Description: The Workshop on Radioactive Contaminated Metallurgical Scrap (Prague, May 1999) recommended that a Team of Specialists should be created for a limited period of time. The Team should serve as a forum where technically qualified partners of the steel industry, government representatives and qualified organizations would consult each other and propose solutions acceptable at the international level in order to harmonize the legislation, the systems of measurement, the levels of investigation concerning radioactivity of metallurgical scrap and draw up codes of practice/conduct in this area.

Work accomplished: The first meeting of the Team of Specialists was held in Geneva on 28 October 1999. The meeting decided upon (a) the general objectives of the Team of Specialists, (b) the means of achieving these objectives, (c) the creation of a restricted drafting group and (d) an action plan. A draft table of contents was agreed upon. Authors volunteered to draft the chapters.

Work to be undertaken: The following deadlines were agreed upon : 30 March 2000: finalization of the first draft guidelines and distribution for comments; and 3 July 2000: second meeting of the Team of Specialists.

2. Restructuring and Privatization

(a) Seminar on Barriers to Industrial Restructuring Resulting From Overmanning: Steel Companies

Description: This pilot project attempts to identify the implications of overmanning on industrial restructuring. Economic and labour factors play a key role in the timing of the implementation of rational restructuring by sector or area. The absence or ill adoption of a programme that includes labour restructuring can thwart or postpone indefinitely the adoption of a restructuring plan. The project aims at providing countries in transition with an evaluation of their labour efficiency on the basis of internationally accepted criteria at helping them to develop solutions to overmanning.

Work accomplished: A number of papers and registrations were already received by the secretariat.

Work to be undertaken : Poland invited the secretariat to organize a seminar on this topic in Krakow, in April 2001.

(b) **Competitiveness of Basic Industries: Seminar on Trends in Steel Consumption-Responding to Market Needs**

Description: The objective of the industry is to meet the demand of users in terms of timing, choice, quality and quantity at the regional and global levels. In order to adapt the supply to the demand, it is necessary to continuously analyse the trends in the user demand and incorporate them into the development strategies. The Seminar will provide a forum for both steel users and steel producers to discuss trends in steel product consumption.

Work accomplished: The programme of the Seminar was ready and the organization was proceeding according to plans.

Work to be undertaken: At the invitation of the Government of Hungary, the secretariat will participate in the organization of a Seminar on the topic. The Seminar is to take place in Budapest on 11 and 12 September 2000.

(c) **Information on National Developments : Study Tours**

Description: The ad hoc Group of Experts will continue to organize study tours of appropriate sectors of the national economies.

Work accomplished: The Group of Experts has accepted the invitation extended by the delegation of China to visit its steel industry from 15 to 22 October 2000. The Information Notice for the Study Tour was drafted and distributed in cooperation with the Chinese organizers.

Work to be undertaken : The organization will be finalized . The secretariat will service the study tour from 15 to 22 October 2000.

3. **Statistics and Market Information Services**

(a) **Annual Review of the Steel Market: Short-term Developments and Prospects in the Steel Industry and the Steel Market**

Description : The Group of Experts regularly examines in March and October both the long and short-term trends and prospects in the steel industry and steel market. On the basis of the statistical data received and at the request of the delegations, the ad hoc Group of Experts will continue to examine, in particular, the major trends in the production, consumption and trade in steel, trends in investment and prices and any other significant problems which arise during the year.

Work accomplished : The latest version of the Steel Market review was published in July 1999 on the basis

of the statements of delegations and the national monographs received from countries. The fourth session of the ad hoc Meeting on the Steel Market took place on 29 October 1999.

Work to be undertaken: Following the Meeting on the Steel Market, on 27 March 2000, the secretariat will prepare in the first half of 2000, a streamlined "Review of the Steel Market", comprising only the National Monographs received from countries.

(b) Statistics

Description: The Group of Experts on Steel publishes regularly the:

- Annual Bulletin of Statistics of World Trade in Steel; next issue in December 2000.
- Annual Bulletin of Steel Statistics for Europe, America and Asia; next issue in December 2000.
- Quarterly Bulletin of Advance Statistics on Steel

The processing and publication of the future bulletins are conditioned by the assistance received from delegations.

Work accomplished: Each bulletin was published as planned.

Work to be undertaken: The secretariat will collect information, prepare notes and establish contacts in order to publish the bulletins. With regard to the reduction of its resource basis, the secretariat has asked delegations to study the possibility of directly supporting some of the work involved by the processing of the data.

(c) Study on Iron and Steel Scrap : its Significance and Influence on Further Developments in the Iron and Steel Industries

Description: From 1983 on, the Steel Group has issued on a regular basis a review of the international situation in the supply of and demand for metallurgical scrap. This Review of Metallurgical Scrap analyses the international situation based on data collected from countries. This publication is recognized as being a unique source of information at the international level.

Work accomplished : The secretariat updated the study on the basis of information collected in 1999 for the period 1995 -1998. The updated study was published in August 1999.

Work to be undertaken: Following the approval by the ad hoc Group of Experts, the next update will be published in 2001.
