

1st ESTAD / 31st JSI
7-8 April 2014 - Paris

Plenary Session
Closing address

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Director General

Ladies and Gentlemen,

The presentations we have heard so far in the Plenary Session have been very clear in presenting the **present situation** for our industry here in Europe, **its challenges for the next 10 to 20 years** as well as **the advantages steel has** to address these challenges and **to contribute** to a low-carbon Europe by the year 2050.

The challenges are on the one hand, political.

We have in Europe:

- An **activist** environmental policy confronting us with **new obligations** as regards our use of resources;
- An **energy policy** on a national and European level which **has favoured** the development **and subsidy** of **renewable energy at huge cost to industry and consumers**, a policy which has, **by neglect**, led to **over-reliance on imported gas** and a consequent **weakening of energy security** as well as **gas prices** in Europe which are 300% higher and **electricity prices** 200% higher than those of our closest competitors.
- As importantly we have also a **unilateral climate policy** which is **extremely costly** for industry in terms of **implementation** and with **targets** which are increasingly **technically impossible**.

However, the challenges are also technical.

It is clear that **this drive for improvements in environmental performance** and for **a response to climate** is putting industry under pressure. We must ensure that we can



contribute to the common effort on environmental and climate objectives **while at the same time preserving** our competitiveness. The technical challenge we face is finding the technologies we need in order to do this.

As far as addressing these challenges is concerned, **we have a good story to tell in this regard.**

Our industry is **actively engaged in seeking to develop** the **breakthrough technologies** which are necessary to reduce emissions **in primary steel making. The Hlsarna furnace** being developed and tested at **Ijmuiden** is just one example – **potentially** it could reduce steel making emissions **by 20%**, together with **carbon capture and storage**, if that is ever proved feasible, the reduction in emissions could be 80%.

The different strands of ULCOS are also being actively explored.

This initiative, supported by the Commission, **is aimed at identifying and developing innovative low carbon steelmaking technologies.** The ULCOS consortium, which includes all the major EU steel producers, was set up in 2004. It has evaluated the technical CO₂ reduction potential **of over 80 existing and potential technologies.** This analysis is **far more extensive** than anything that has been done so far **in any other steel producing region or by most other industrial sectors.**

As far as our products are concerned, the use of steel both in industrial applications and in consumer products saves 6 times the CO₂ which is emitted when the steel used for these applications is itself produced. **Steel is therefore a CO₂ mitigation enabler. Europe will not arrive at its targets for CO₂ reduction without it.**

That is why the current focus on industry in Brussels is so important.

There are a lot of fine words about the importance of industry at the moment. which is at least a start.

There is **clear recognition** that industry is a **core economic activity, central for long term growth** and the **creation of employment.** That **manufacturing industry** is **essential** for the **European economy** and that the **steel industry** is a crucial foundation industry on which the industrial base of Europe depends. The Commission supported by the member states has the ambition to halt the declining share of industry in European GDP and restore it, to a minimum of 20%.

For our sector this new focus has led already to the development of the Steel Action Plan which aims at tackling the key issues affecting our competitiveness and in providing support to the industry in the technical challenges it faces.

In this respect, coming back to the issues addressed by Philippe Darmayan in his opening of the conference and to the focus of ESTAD, the Steel Action Plan includes an important chapter on innovation.

As far as innovation is concerned, the Plan recognizes the need to introduce breakthrough technologies, to develop new types of steel to address the needs of specific applications. The need to stimulate R&D and innovation is emphasised and supported by Commission programmes such as Spire and the initiatives within the framework of Horizon 2020.

I think it's worth repeating as often as possible what we actually contribute **to society, to the economy** in terms of **jobs** and **value**. Industry provides 34 million jobs, represents 75% of European exports, 80% of private research and 25% of total employment in the private sector.

We need to keep underlining that **industry is vital for Europe** and that **a steel industry in Europe** is vital **for the other high-tech** manufacturing industries of Europe.

They **rely on us** to have the **quality and type of product** which helps them to keep the technological edge which is essential if they themselves are to survive on world markets – **new technologies, new products are not coming from China or India, Europe is still the technological leader in steel.**

And **therein** lies **the value of gatherings like this** within our industry. There is a need, **on a technical level**, for a **common effort** and a **collaborative approach** without which the industry cannot respond fully to the policy framework and the ambitions of society as a whole.

ESTAD provides a forum for discussion to advance innovation and the technical development of our industry. It comes at a time when these issues are crucial to our continued existence in Europe.

I wish you a very successful conference.