



Trade Union
Advisory Committee
to the OECD
*Commission
syndicale consultative
auprès de l'OCDE*

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Impressions from the OECD Steel Committee (17 and 18 September 2018): Trade conflict, overcapacity dominate discussions

There remain 540 million tons of excess steel capacity globally, putting steelworkers' jobs at risk from massive dumping during the next industry downturn.

This was one conclusion from the OECD Steel Committee, which brought together over 100 government, industry and trade union representatives for a 17-18 September biannual meeting in Paris. Along with IndustriALL Global Union, unions participating in the TUAC delegation included IndustriALL Europe, the French CFE-CGC and British Unite. Global steel capacity is expected to increase in 2018 for the first time since 2015. Increased capacity in coming years is expected to be concentrated in the Middle East and India.

The trade union delegation confirmed concerns by some committee members and industry associations about the contribution of the Chinese steel industry and state support to global overcapacity. Chinese steel production has increased five-fold in less than two decades, with significant production dumped abroad at below-market prices.

Chinese industry representatives at the meeting denied that China is to blame for global overcapacity. It was observed that China has already reduced its capacity by 120 million tons and that there is a strict rule in China that no new capacity can be added unless at least an equal amount of capacity is eliminated. China now accounts for half of global steel production.

Recent decisions within the OECD to raise steel tariffs on a unilateral basis were also mentioned as a source of concern for not addressing the core problem of capacity and instead endangering overall trade system and growth prospects. In response, it was argued that these tariff decisions are compliant with international trade rules and were imposed in response to national security threats.

Participants agreed that multilateral initiatives such as the Committee and the Global Forum on Excess Steel Capacity must begin to deliver on their promise of reducing excess steel capacity.

Ronald Janssen of TUAC pointed out (see [here](#)) that labour market institutions which support workers' rights, such as robust periods of advance notification and Swedish job security councils, can enable capacity reductions and other industry change to be more equitable, in a workshop preceding the Committee meeting.

“Suicide rates can increase when steel plants close. Has the Committee considered the mental health of displaced employees and mental health assistance required in

connection with plant closures?” asked Unite lay executive member Tony Pearson during this workshop.

The Global Forum on Excess Steel Capacity was meeting in the two days after the Committee. Global Forum was formed by the G20 in 2016 to work with OECD Steel Committee in confronting the excess capacity crisis. Committee and the Global Forum are encouraging countries to work together to develop a common understanding of state subsidies for the steel sector, which are a key cause of global overcapacity. In the draft Chairman’s conclusions, the Committee reiterated the need to swiftly remove subsidies and other government support measures that are market distorting and contributing to excess capacity, though there was no consensus on which support measures are market distorting.

The Committee also developed draft guidelines for state support and is working on a subsidies database. Work is progressing slowly and it is not clear that the Committee and Global Forum are well coordinated in this work. TUAC and IndustriALL Global Union made a [joint submission](#) on these draft guidelines. In presenting the [joint submission](#), Ronald Janssen from TUAC insisted on the fact that global excess capacity was brought about by specific policies in specific regions and that the draft OECD guidelines need to consider this. In the discussion, a similar point was made by several delegations, calling it unfair that those who did not cause excess capacity to emerge but are suffering from it should be asked to solve it or pay for its consequences.

IndustriALL Global Union again protested at the Committee meeting trade unions’ exclusion from the Global Forum. “Steelworkers are an important stakeholder in these debates, and excess capacity has a large impact on them and their communities. They should have a seat at the table,” stated IndustriALL Global Union Base Metals Director Adam Lee.

