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ΑΝΑΚΟΙΝΩΣΗ ΓΙΑ ΤΟΝ ΤΥΠΟ • INFORMAZIONE ALLA STAMPA • MEDEDELING AAN DE PERS**

Brussels, 11 January 1982

**THE STEEL INDUSTRY IN THE EUROPEAN COMMUNITY AND IN THE UNITED STATES - STATEMENT BY
MR DAVIGNON, VICE-PRESIDENT OF THE COMMISSION**

The Commission deplores the probable filing of anti-dumping and anti-subsidy suits by the American steel industry against European steel exports, as announced by Commerce Secretary Malcolm Baldrige.

It would first point out that the difficulties of the American industry are due primarily to the slump in the demand for steel on the American market.

The demand for steel on the American market had dropped by 20% in 1981 (a reduction of around 15 million tonnes) compared with 1979, the last year in which business was normal in this sector.

There was also a similar drop in the Community's steel exports to the United States over this period and, as a result, the share of the American market accounted for by our exports is in decline (4.7% for ECSC products in 1981 compared with 6.7% in 1979). Community exports cannot, therefore, be held responsible for the current situation of the American industry.

The American steel industry is not the only one in difficulties: the crisis in this sector is worldwide.

Acknowledging this state of affairs, the OECD partners agreed in November 1977 on the need for a thorough restructuring of this sector and on the principle that the sacrifices involved should be shared equally and should not jeopardize traditional trade flows. In this spirit of cooperation, the Commission, on behalf of the European Community, accepted the introduction of the trigger price mechanism in the United States. For its part, the Community has embarked on a process of restructuring its steel industry, and this has led to a considerable reduction in employment.

This consensus was called into question in 1980 by the temporary suspension of the trigger price mechanism and its re-introduction(1) at a level which did not correspond to the situation on the American market. Back in February 1981, the Commission repeatedly drew the attention of the new US administration to the dangers of such a situation which, in the absence of corrective action, was bound to lead to a serious conflict.

(1) Suspended following the filing of an anti-dumping suit by US Steel Corp. in March 1980.

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As, unfortunately, these fears have materialized, the Commission has closely collaborated with the US administration with a view to finding solutions designed to ensure that the system functions correctly.

All these efforts have failed because of the intransigence of the American industry which turned out to have no other objective than the voluntary restriction of Community exports - a type of solution ruled out from the outset by the US Government - at a level which would have led to a drastic reduction in traditional European exports to the American market.

If the American industry files suits, the Commission will take care to ensure that the American authorities comply with the relevant international rules and it reserves the right to refer the matter to the competent multilateral bodies. In this connection the Commission has serious doubts about whether the recent decision of the International Trade Commission - a preliminary ruling that there is a reasonable indication that some Belgian and French exports are causing considerable harm to the American industry - is compatible with the GATT code on subsidies and countervailing duties.

The Commission has informed the Member States of this serious development and the damaging breakdown of talks with the US administration. It will propose substantive and procedural measures to ensure that the Community steel industry and Community steelworkers do not have to suffer the consequences of the new situation.

NB! This press release was circulated to the agencies on Saturday 9 January 1982 in accordance with the emergency scheme approved by API.