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**SPECIALTY STEEL: The European Community asks for compensations for the
US import restrictions**

Following the measures imposed as from 20 July on imports of certain specialty steels by the American authorities, consultations took place in Geneva on 28 July between the United States and the European Communities at the latter's request. These consultations took place in the framework of Article XIX of the GATT.

During these consultations the European Communities through their Spokesman, Mr Horst KRENZLER, Director at the Commission of the European Communities, formally requested from the United States, whose delegation was led by Ambassador Peter MURPHY, compensation for the injury which will be caused to the Communities by the reduction of exports to the United States as a result of the American restrictions.

At the political level, the European Communities consider that the American measures are contrary to the commitment to fight protectionism which the United States have accepted in various international bodies: the GATT, the OECD, not to mention the Williamsburg Western Economic Summit.

In the GATT area, the Communities consider that the American measures cause considerable injury to Community specialty steel exporters and, at the same time, are not in conformity with Article XIX of the GATT (safeguard clause), which has been invoked by the United States. The Communities insisted on their right to compensation.

Among the arguments used by Mr KRENZLER to contest the American restrictions at the GATT level, the Community recalled, notably, that the problems of the American specialty steel industry have their origin in the fall in consumption in the United States and not in imports.

Clearly, recourse to the safeguard measures of Article XIX of the GATT is only justified to the extent that it is possible to establish a direct link between the imports, on one side, and the serious injury to the national producers, on the other. The Communities also underlined the excessive and very damaging nature of the American measures. Moreover, the effect of the new tariff measures to which are added in certain cases anti-dumping and countervailing duties, already in application, will practically lead to the exclusion from the American market of several Community products.

The Community has asked for a second round of consultations to be held at the beginning of September where the United States could react to the Community request for compensation.