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COMMISSION CHALLENGES IN GATT THE US-JAPANESE AGREEMENT
ON SEMI-CONDUCTOR CHIPS

Statement by Mr. DE CLERCQ and Mr. NARJES

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The Commission, confirming the fears it expressed on 1 August, considers that the agreement concluded between the United States and Japan on 30 July on semi-conductor chips contains elements which place a question mark over international trading rules and pose a threat to the legitimate interests of the European Community. We have accordingly requested the initiation in GATT of a formal consultation procedure, both on a general basis and under the international anti-dumping code.

From the economic standpoint, our fears derive essentially from two aspects of the agreement:

- the arbitrary increase in the prices of semi-conductor chips on Community markets;
- the special access to the Japanese market acquired by United States firms.

One of the aims of the US-Japan agreement is to increase substantially the price of semi-conductor chips, not only on the United States market but also elsewhere, including the Community market.

Large price increases have subsequently been noted on the US market.

The European market is dependent to a substantial extent on imports of semi-conductors, which are in a real sense the raw material of new technology. It is not normal that prices in this sector should be fixed arbitrarily by the United States and Japan.

It would also be unacceptable if the agreement should give special access to the Japanese market exclusively to United States firms to the detriment of rival firms in the Community. This would constitute, on the part of two of the world's largest trading groups, a flagrant and potentially extremely damaging departure from the intention emphasized only recently in Punta del Este to liberalize trade for the benefit of the entire international community.