

Bruxelles, le 5 fevrier 1982.

Note BIO (82) 54 aux Bureaux Nationaux
cc. aux Membres du Groupe du Porte-Parole

Veillez noter que cette BIO devrait porter la reference
BIO COM (82) 52 (suite 2 et fin). Nous avons cru bon de lui
donner une nouvelle reference qui sera valable pour toutes les
notes concernant les consultations US-CE.

441, 2(103)

US CONSULTATIONS (VAN DER PAS)

Three Commissioners (Haferkamp, Davignon, Dalsager) will
meet four US Cabinet members (Haig, Brock, Baldrige, Block) next
Monday and Tuesday in Washington. This meeting is a follow-up
to the December-meeting at the same level which took place in
Brussels (see Bio notes (81) 487 (suite 3 - 5) of December 10,
11 and 12).

Although no concrete decisions should be expected, the
meeting is of great importance in the light of increasing
economic and social difficulties, rising protectionist
pressures and mounting tensions between the US and the EC in
such fields as agriculture and steel.

The general message of the Commission in Washington will be
that everything should be done in order to maintain a close and
constructive relationship between the world's two biggest
trading blocks. Any uncontrolled major difficulty between the
US and the EC would inevitably put a severe strain on the whole
world trading system, increase present economic and social
difficulties on both sides of the Atlantic and jeopardize any
efforts in the framework of international bodies, like GATT,
aimed at further liberalization of trade.

The Commission delegation will stress that in order to
strengthen these international trade organisations, which is a
declared aim both of the US administration and of the EC, it is
essential that all parties strictly adhere to the existing
rules. These have been established in long and arduous
negotiations and could not be disrespected without upsetting the
whole equilibrium of the negotiation results.

The Commission is therefore worried about attacks in the US
on export refunds in the CAP and restructuring subsidies for the
European steel industries. In our view these remain well inside
the GATT-provisions and -codes.

STEEL

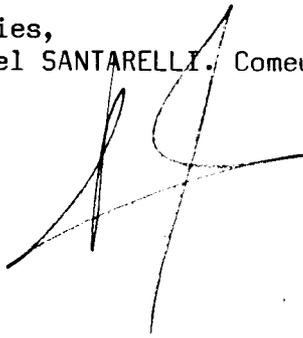
The EC arguments against complaints filed by US companies
against steel imports from the Community are well known. M.
Davignon has made the Commission's position abundantly clear in
IP (82) 12 of 11.1.82, in his press conference of the same date
(Bio (82) 12) as well as in his latest interview in Metal
Bulletin published on 2.2.82 (the text of which has been sent to
you).

AGRICULTURE

The main area of contention concerns the Community's export refunds which the US wants to reduce, if not abolish entirely. The Community position on this subject is absolutely clear and consistent with GATT rules. Article XVI allows export subsidies for primary products, including those in processed form, provided that the subsidies shall not be applied in such a manner as to procure the country in question more than an equitable share of world export trade in that product. The Community is convinced that its EC agricultural exports remain within the wording of this article and sees no reason to reopen negotiations on the existing rules which were accepted by both sides.

Other subjects which might be discussed on Monday and Tuesday are export credits (OECD Consensus), preparation of the ministerial special GATT-meeting of November 1982, decontrol of US/gaz price and scientific and technological cooperation. During the political talks Poland is bound to come up.

Amities,
Manuel SANTARELLI. Comeur 9h30////

A handwritten signature in black ink, appearing to be 'MS' or similar initials, written over the typed name 'Manuel SANTARELLI'.