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NOTE BIO

BRUSSELS, 28 NOVEMBER 1984

NOTE BIO (84) 450 AUX BUREAUX NATIONAUX
C.C. AUX MEMBRES DU GROUPE DU PORTE-PAROLE

SPECIAL ATTENTION WASHINGTON .

PIPES AND TUBES : ''US ADMINISTRATION RATHER AGREES WITH
US INDUSTRIE THAN WITH A MAJOR PARTNER : THIS IS A
PROTECTIONISTIC ACTION AND A CLEAR DISCRIMINATION AGAINST
THE EEC ONLY'' SAYS VICE-PRESIDENT DAVIGNON (WILLY HELIN)

THE MAIN LINES OF VP DAVIGNON'S PRESS CONFERENCE

- NO DOUBT ABOUT BROCK AND BALDRIDGE'S INTEGRITY BUT,
OBJECTIVELY, THE DECISION TAKEN MEANS THAT THE US ADMINISTRATION
HAS ASKED WHAT US INDUSTRY PREFERRED, I.E. CHOOSE BETWEEN A
UNILATERAL STOP OF IMPORTS AND AN ARRANGEMENT ON THE BASIS OF A
7.6 US MARKET SHARE BY THE EEC WITH EXCEPTIONS.

- PREOCCUPYING TO SEE THAT US ADMINISTRATION ACCEPTS THE
INDUSTRY'S VIEW RATHER THAN SEEKING AN AGREEMENT WITH ITS MAJOR
PARTNERS : EVEN MORE WORRYING BECAUSE US ADMINISTRATION WAS NOT
EVEN OBLIGED TO GET THE INDUSTRY'S APPROVAL.

- LEGALLY : AN INTERESTING CASE, AS CONGRESS GAVE PRESIDENT
REAGAN THE AUTHORITY TO UNILATERALLY IMPLEMENT THE EXCHANGE OF
LETTERS OF OCTOBER 82 BUT NOT TO LIMIT THE IMPORTS OF PIPES AND
TUBES FROM EUROPE. I THEREFORE DON'T KNOW HOW THE US ARE GOING
TO BE ABLE TO ESTABLISH A LEGAL BASE TO APPLY A TOTAL BAN ON OUR
PIPES AND TUBES IMPORTS.

- BEFORE THE END OF THE WEEK THE COMMISSION WILL INFORM THE
COUNCIL ABOUT THE COMMUNITY'S RIGHTS ACCORDING TO GATT AND OTHER
INTERNATIONAL COMMITMENTS : ONE SHOULD BE REMINDED THAT NO TEXT
IN GATT ALLOWS FOR ANY FORM OF CLOSING DOWN BORDERS.

- WE ARE GOING TO SEE TO IT THAT OUR RIGHTS BE FULLY
RESPECTED, CONSULT WITH THE AMERICAN PARTNER AND IF THOSE
CONSULTATIONS DO NOT BRING ABOUT ANY RESULT WE WILL HAVE NOT
ALTERNATIVE BUT ASK FOR COMPENSATIONS : THIS IS NOT A GOOD
RESULT, DAVIGNON SAID, AND WE STILL HOPE TO BE ABLE TO CONCLUDE
AN ARRANGEMENT WITH THE AMERICAN PARTNER ON THE BASIS OF THE
NEGOTIATING MANDATE THE COMMUNITY DECIDED UPON LAST THURSDAY.
IT'S AN UNFORTUNATE SITUATION AND A PREOCCUPYING INDICATION
VIS-A-VIS THE US ALSO AS REGARDS THE ELEMENTARY COURTESY TOWARDS
AN IMPORTANT PARTNER, INSPITE OF A CLEAR OFFER FROM THE
COMMUNITY.

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- CLOSING DOWN THE US BORDERS IS A CLEAR PROTECTIONISTIC MOVE, THE MORE SO BECAUSE ITC FORMALLY JUDGED THAT EC EXPORTS OF PIPES AND TUBES TO THE US (IN 1983) WERE CAUSING NO PREJUDICE WHATSOEVER TO THE US STEEL INDUSTRY IT IS THEREFORE A CLEAR DISCRIMINATORY ACT AGAINST THE EC ONLY. INDEED, WE WERE THE ONLY ONES TO OFFER AN AGREEMENT (AND MOREOVER THE OTHER EXPORTING COUNTRIES HAVE GENERALLY INCREASED THEIR DELIVERIES OF PIPES AND TUBES TO THE US MORE SPECTACULARLY THAN THE EC) AND WE END UP THE ONLY ONES DISCRIMINATED AGAINST.

- VICE-PRESIDENT DAVIGNON HAS ALSO REMINDED THE PRESS OF WHAT HE CALLED THE 'SAGA' WHICH LED TO THE CARBON-STEEL ARRANGEMENT OF OCTOBER 82. AS FAR AS THOSE PRODUCTS ARE CONCERNED WE ACCEPTED TO ORGANIZE OUR EXPORTS ACCORDING TO A SELF-RESTRAINED PROCEEDING. HOWEVER, AS FAR AS PIPES AND TUBES ARE CONCERNED, THE EXCHANGE OF LETTERS DID NOT, REPEAT NOT, GIVE ANY INDICATION AS TO ANY 'ORGANIZATION' OF OUR EXPORTS NOR TO ANY BURDEN SHARING INSIDE THE EC. THE INDICATION OF A 1979/81 REFERENCE (DE FACTO MEANING 5.90% OF THE US MARKET) WAS MERELY A FORECAST AND CERTAINLY NOT A COMMITMENT. IN 1983 OUR MARKET SHARE WAS 8.10% OF US APPARENT CONSUMPTION OF PIPES AND TUBES. INSPITE OF THIS INCREASE ITC, RULING ON THE BASIS OF A COMPLAINT FILED BY BETHLEHEM STEEL, JUDGED THAT NO INJURY HAD BEEN CAUSED TO US INDUSTRY.

- DURING THE WEEKEND OF NOVEMBER 17TH, WILLIAM BROCK, MY COLLEAGUE HAFERKAMP AND MYSELF ESTABLISHED THE BASIS OF AN AGREEMENT. WE COMMITTED OURSELVES TO PRESENT THIS TO THE COUNCIL AND WE GOT A FULL OK ON THIS LAST THURSDAY, NOT CHANGING A SINGULAR COMMA OF WHAT HAD BEEN THE RESULT OF THE WEEKEND'S TALKS. MOREOVER, WE HAD BEEN CHECKING OUR POSITION, IN THE MEANTIME, WITH OUR US-PARTNERS, CONTRARY TO RUMOURS CIRCULATING IN WASHINGTON. WE HAD COMMITTED OURSELVES TO DEFEND OUR CASE VIS-A-VIS THE EC-MINISTERS : I NOTICE NOW THAT WILLIAM BROCK HAS NOT BEEN ABLE TO HAVE US ADMINISTRATION ACCEPT THE FORMULA.

- I KNOW US INDUSTRY HAS ALWAYS DONE AS IF THE EXCHANGE OF LETTERS OF OCTOBER 82 MEANS A FORMAL ARRANGEMENT. WE ARE NOT THAT BYZANTINE, AND MOREOVER WILLY HAFERKAMP AND MYSELF, WE ARE NOT EXACTLY WHAT ONE COULD CALL 'FRESHMEN-NEGOTIATORS', VP DAVIGNON TOLD THE PRESSROOM. WE HAVE BEEN GENUINELY SURPRISED TO NOTICE THAT US ADMINISTRATION FOLLOWED THE WISHES OF US INDUSTRY. THE PRESSURE EXERCISED BY US INDUSTRY ON THE US ADMINISTRATION FOREBODES GLOOMY DAYS FOR THE COMMUNITY, DAVIGNON ADDED.

- HE ALSO QUOTED FROM THE STATEMENT ADOPTED BY THE TEN LAST NIGHT, INDICATING 'THE COMMUNITY'S CONCERN AND DISAPPOINTMENT AT THIS UNPRECEDENTED US ACTION IN REJECTING THE COMMUNITY'S TERMS OUT OF HAND AND PROCEEDING TO UNILATERAL ACTION WITHOUT FURTHER CONSULTATIONS'.

END

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