

COMMISSION OF THE EUROPEAN COMMUNITIES

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U.S.-COMMUNITY RELATIONS

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The Commission would draw the European Council's attention to a number of trade disputes which are liable to produce serious impairment of US-Community relations. This state of affairs is particularly disquieting inasmuch as it appears to stem from insufficient American appreciation of the deeper implications these unilateral measures could have for EEC-US relations generally.

As regards method the various American decisions seem to reflect the same approach: a unilaterally determined American position is imposed on the partner countries, making use of provisions of domestic law, idiosyncratic interpretations of multilateral instruments or new techniques in implementing existing rules.

Thus the preliminary rulings by the Department of Commerce in connection with the hearings concerning the charging of countervailing duties on Community steel exports are liable gravely to disrupt trade in steel, and the recovery of the internal market could suffer seriously as a result; at the same time the Commission has unfortunately to record that at its discussions with the American Administration with a view to a negotiated settlement the American side displayed no flexibility whatever.

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Since 1978 the Community has gradually built up the necessary armoury to effect the restructuring of the steel industry on the lines laid down by OECD consensus. The Aid Code sets forth rules to ensure that the individual restructuring programmes are both transparent and in accordance with Community objectives.

The advent of the United States decisions at this juncture not only is seriously prejudicial to the aid transparency and discipline the Commission is pressing for, but could imperil the success of the restructuring drive, on whose progress the Commission has regularly reported to the OECD Steel Committee, on which the United States is represented, without encountering the slightest opposition.

Furthermore, in handling the hearings the Department of Commerce has instituted a number of new arrangements as regards both determining subsidies and calculating their amounts: as a result certain basic features of the system established by the Treaty of Paris are being abruptly called in question with no prior consultation on the occasion of the hearings.

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The new arrangements are particularly uncalled-for inasmuch as they affect the implementation of a code multilaterally negotiated in GATT.

As concerns the construction of the Soviet pipeline, the various aspects of the scheme have been discussed several times with the American authorities, and it was definitely indicated that no decision adversely affecting European interests would be taken without prior consultation. Not only has no such consultation been entered into, but the effect of the Administration's decision is to extend the application of American law to persons who are not American citizens but under the jurisdiction of other sovereign States. Were such extra-territorial application of domestic law to become regular practice, this would cast general uncertainty over all engagement in international economic activities.

Anyhow the Community has taken steps to ensure that a proper security system will be in being when the extra Russian gas is supplied.

There is no need to go into details of all the disputes with the United States, but one area that must be mentioned is that of agricultural products. The Community is worried by the tone and frequency of the hostile comments on the common agricultural policy by members of the American Administration and American proceedings in GATT, especially the request for a GATT panel to be set up to go into the Community preferences granted to the Mediterranean countries in respect of citrus fruits—yet another unilateral move calling in question an informal understanding, in this case the so-called Casey-Soames compromise.

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If this is what the American Administration is actually out to do, it would be a matter of the utmost concern to the Community given the destabilizing effects such a move could have on the whole corpus of its relations with the Mediterranean countries, and also, in particular, the highly sensitive discussions it will be having in this connection in the context of enlargement.