

EC REACTS TO US PRELIMINARY STEEL CVD DETERMINATIONS

The EC Commission is gravely concerned by the announcement on September 11 by the United States Department of Commerce (DOC) of the imposition of preliminary countervailing duties (CVD) on certain imports of lead and bismuth steel bars from France, Germany and the United Kingdom. The imposition of these duties is unwarranted in the current steel trading climate.

The lead and bismuth steel bar cases are the first to be the subject of preliminary determinations in a series of around 90 antidumping and countervailing cases to be filed against a broad range of steel imports from the EC and other trading partners by the US industry with the aim of harassing normal trade flows.

These cases are unjustified because during the last ten years almost all major steel importers have been subject to strict quotas under a system of voluntary restraint agreements (VRAs). These quotas were set with the agreement of US industry at levels designed to protect it from any possible injury that might be caused by imports. Since imports from the EC have remained well below the quota level even following the expiry of the VRAs on March 31, 1992, it is difficult to see how the US steel industry reasonably could argue that such imports have damaged them. From the Commission's viewpoint, it appears that the US industry is not only not content with the substantial benefits it has received under the VRA program for ten years, but it insists on obtaining additional benefits by exploiting national trade laws on the basis of the strength of their market position.

In addition, the filing of these cases by the US industry is further evidence of its wish to frustrate efforts to liberalize steel trade which were fully supported by the EC during discussions in Geneva on the proposed Multilateral Steel Agreement (MSA) intended to eliminate all tariff and non-tariff barriers and other distortive measures from steel trade.

Of even more immediate concern is the danger that these cases could give a further upward twist to the protectionist spiral if, as seems likely, other countries take steps to protect their own steel markets from the effects of US actions. Any such escalation, for which the US would have to bear the responsibility, would risk a return to the closed markets and the steel wars of the early 1980s and would not help to create a climate conducive to the early conclusion of the Uruguay Round.

The EC will examine closely the assumptions and the methodology employed by the DOC in arriving at its determinations and reserves its right to use all means of recourse available under the GATT if it considers that the international rules have not been properly respected.

Press Contacts: Peter Doyle
(202) 862-9530

Ella Krucoff
(202) 862-9540