



# european community

# NEWS

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## EC COMMISSION LAUNCHES GATT CONSULTATIONS WITH U.S. ON STEEL AD DUTIES

The European Community today has formally requested consultations with the United States under the GATT Anti-Dumping Code regarding the imposition by the US Department of Commerce (DOC) of preliminary anti-dumping duties on Community flat steel exports. This follows a first round of consultations with the US under the GATT Subsidies Code on February 26, regarding preliminary countervailing duties imposed on the same EC steel exports.

Sir Leon Brittan, EC Commissioner for External Economic Affairs, made the following comment:

"The United States' decision to impose preliminary anti-dumping and countervailing duties on steel imports has been roundly condemned by the nineteen countries concerned, including seven from the European Community. Not only are the duties unjustified on economic grounds, but they send the wrong political signal at a time when the world needs reassurance of America's intention to stand by its commitment to free global trade. The Community is urgently consulting with the United States in order to verify whether the GATT rules have been respected both in procedural and substantive terms."

### EC concerns on Countervailing Duties (CVD)

During the first round of consultations with the US in Geneva, the Community questioned the methodology used to determine or to calculate subsidies. For example, on privatization, the Community doubts the legal and economic soundness of the DOC's decision to countervail past subsidies given to a company which was subsequently privatized at a price determined by the free market.

The Community also questions the calculation of subsidies over a 15-year period, and the unfair way they appear to have been calculated as a percentage of a company's overall production. It also questions the GATT compatibility of the way equity infusions, or loans from governments to steel companies, have been treated. It was agreed to continue the CVD consultations in the very near future.

### EC concerns on Anti-dumping Duties (AD)

The Community is predominantly concerned by the DOC's use of the 'Best Information Available' principle (the so-called 'Doomsday BIA'), which can lead to arbitrary findings, notably if information is taken from the complainants themselves. The Community is also questioning the imposition of retroactive duties in some cases, as well as the treatment of Value Added Tax (VAT) calculated on steel exports to the US.

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#### Office of Press and Public Affairs, EC Delegation

Washington: 2100 M Street NW 7th Floor Washington DC 20037 / Telephone (202) 862-9500 / Fax (202) 429-1766

New York: 3 Dag Hammarskjold Plaza 305 E 47th Street New York NY 10017 / Telephone (212) 371-3804 / Fax (212) 688-1013

Material injury

The Community also has serious doubts as to whether EC steel imports could have caused material injury to US steel producers, as required by the GATT Subsidies Code and the Anti-dumping Code. In recent years, EC steel exports to the US have either stagnated or decreased under the ten-year Voluntary Restraint Accord (VRA) to which they were subjected. Between 1989 and the first quarter of 1992, the EC's share of the US market stagnated or dropped in almost every product sector. The share of EC producers fell over that period to negligible shares of below 0.5 percent. There has also been little or no significant undercutting of US prices by EC exports.

Press Contacts: Peter Doyle  
Tel: (202) 862-9530

Ella Krucoff  
Tel: (202) 862-9540