

EUROPEAN BACKGROUND INFORMATION COMMUNITY

EUROPEAN COMMUNITY INFORMATION SERVICE

2100 M Street NW, Washington DC 20037 Telephone (202) 872-8350

New York Office: 245 East 47th Street, New York NY 10017 Telephone (212) 371-3890

BACKGROUND NOTE

No. 32/1977

December 23, 1977

EC APPROVES NEW STEEL PLAN

The European Community's Council of Ministers, acting on proposals from the Commission, agreed this week to levy temporary dumping duties on steel imported below published prices, to negotiate bilateral agreements that will stabilize imports and to raise by an eventual 15 per cent the internal Community guidance prices of steel products.

The EC action is similar to the U.S. administration's plan to establish a trigger price and automatic anti-dumping measures for steel imports to the United States that fall below a reference price. The EC published price is to be derived from production costs in the most efficient supplier country in conformity with rules of the General Agreement on Tariffs and Trade. In contrast to the U.S. measures, which are indefinite in duration, the EC plan will last three months and is within the guidelines of a declaration made earlier this month in Paris by the Organization for Economic Cooperation and Development.

The period that the Council of Ministers agreed to set for the EC anti-dumping levy is from January to March. During this period Community negotiators would endeavor to reach bilateral agreements with the EC's chief foreign suppliers that would seek not to disturb the price discipline on the EC steel market and would be linked to assurances of the maintenance of the traditional level of imports.

At a press conference following the Council's two days of talks on steel and other questions, Internal Market and Industrial Affairs Commissioner Etienne Davignon said that a reference price for dumping action would be published January 1 in the Official Journal of the Community. In case of sales below this price, dumping duties would be imposed provisionally, taking into account possible challenges by industry or trade.

New import licenses, to be granted automatically, would permit monitoring of the reference prices and those old licenses not used by December 20 would be annulled and reissued, he said. Steel imports that had been shipped prior to December 20 or imports entering the Community by train up to December 31 would be excepted, said Viscount Davignon, who is in charge of the Community's steel policy.

The bilateral agreements to be negotiated during the three-month period that reference prices will be in effect, Davignon said, will be based on each country's share of the EC steel market in 1976 and will also take into account the Community's expected steel consumption for 1978.

To improve the internal market for steel, Davignon said the Council of Ministers agreed to raise the guidance prices, or target ceiling, by 5 per cent on January 1, another 5 per cent on April 1, and a third 5 per cent sometime during the year, to reach a 15 per cent price hike for 1978. A mandatory minimum price for concrete reinforcing rods, coils and merchant bars is to be implemented.

Davignon said these measures will require a more rigorous control of Community discipline and more active collaboration by member states in the Community steel policy. The Commission has also been authorized by the Council to investigate national steel investment and restructuring plans to see that they contribute to the Community policy, Davignon said.

Davignon said this internal and external contractual system will avoid the drawbacks of protectionism, while guaranteeing that the Community steel market will continue to function satisfactorily and allow for its gradual restructuring.