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## EC PROTESTS STEEL DECISION

Following last Friday's announcement by the Department of Commerce of the imposition of countervailing duties on European Community steel imports, the European Community has expressed its grave concern to the Administration that this decision will disrupt traditional trade flows.

Steel exports of substantial value of certain EC Member States will be virtually eliminated from the U.S. market by the Department of Commerce's decision. Other EC Member States, while less directly affected, will also suffer from a backlash on the domestic EC market.

The Community is currently analyzing the details of the Department of Commerce's decision. In view of the gravity of the situation, this and other issues will be discussed by the EC Council of Ministers on June 21 and 22 in Luxembourg.

Over the last few years the Community has adopted a number of difficult, painful and far-reaching measures to restructure its steel industry. In this connection it has already reduced production capacity very considerably and will continue to do so. Furthermore it has subjected official assistance to the steel companies to very stringent criteria and to a gradual phase-out which will be completed by the end of 1985.

Until now the Community has thought that these objectives were shared by the U.S. Government whose steel industry is suffering from similar structural problems.

The Department of Commerce decision will certainly undermine the Community's restructuring policies. It will seriously aggravate the problems of excess capacity in Europe, lead to a lowering of prices on the internal EC market, and growing unemployment.

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The U.S. decision which reflects an extraordinarily rigorous implementation of U.S. law, appears to contain a far-reaching interpretation of the GATT Subsidies Code that the U.S. Government does not seem ready to apply to certain U.S. programs on which conclusions have been reached in the GATT.

Over the past few weeks, the Commission has spared no effort to avoid the present situation. The Community thus regrets the Department of Commerce decision even more so because it should have been unnecessary.

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