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US-EC Steel Accord Should Diffuse Trade Tensions

"Today's agreement between the US and the European Community whereby the EC will limit its steel shipments to the US in exchange for the withdrawal of trade complaints against European exports by the US steel industry should significantly diffuse trade tensions between the US and its European allies," said Sir Roy Denman, Head of the EC Commission's Delegation to Washington.

The agreement signals the EC's desire to restore peace in a trade sector of major economic importance on both sides of the Atlantic. The US-EC steel dispute, which had been brewing for almost a year, had threatened to mushroom into a major trans-Atlantic trade war.

EC Commission Vice President Wilhelm Haferkamp said earlier today in Brussels that the unanimous decision by the EC's Council of Ministers to enter the pact with the US is evidence that the Community can overcome internal and external difficulties when the political will and solidarity to do so exists. After the accord between the US and the EC on the use of export credits, this new agreement is new proof of US-EC cooperation and encourages both sides to work with equal perseverance and cooperation to find solutions to other problems, Haferkamp said.

Under the new agreement, the EC will limit its steel shipments to the US over the next three years, (from November 1, 1982 to December 31, 1985) to an average 5.46% of the US market for 10 categories of steel. The EC's share of the US market in those categories would be as follows:

Hot rolled carbon and alloy sheet and strip	6.81%
Cold rolled carbon and alloy sheet	5.11%
Carbon and alloy plate	5.36%
Structurals	9.91%

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Wire rod	4.29%
Hot rolled bars	2.38%
Coated sheet	3.27%
Tin plate	2.2%
Rail	8.9%
Sheet piling	21.85%

In addition, the agreement provides for an exchange of letters between the US and EC towards agreement on a procedure for consultations regarding the Community's exports of pipes and tubes to the US. The EC has agreed that diversions of trade from steel products towards pipes and tubes should be avoided. The Community believes that such diversions will not take place since the Community's exports of pipes and tubes to the US are unlikely to exceed 5.9% of US apparent consumption--their 1979/81 average.

The Community will establish measures which will include communications and consultations with the US Commerce Department. If estimates show that the 1979/81 average might be exceeded, the EC and the US will hold consultations to ascertain the reason and to find an appropriate solution.

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