

Bruxelles, le 15 octobre 1982  
Note BIO(82)422/1 aux Bureaux Nationaux  
cc. aux membres du Groupe

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443-2  
446.2(103)

ATTENTION SPECIALE WASHINGTON ET BONN

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This is a slightly modified version of the previous BIO422 which we would like you to follow.  
EEC/USA Steel Arrangement(W. Helin)

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Following is the strict line to be taken vis-a-vis the press: Substantial progress has been made among the EC Member States to find a settlement to the "steel dispute" with the USA. Discussions between Vice-Presidents Davignon and Haferkamp and the Ambassadors of the 10 Member States were continued until 10p.m. Thursday, Brussels time. On tubes and pipe, a text has been tabled by the Commission which has clearly been accepted as the upper limit of the Community's commitment to find a separate agreement with the US on these products. (Verbatim of text follows below). However, the German delegation, although accepting the overall implications of the text, still wants to reserve its view on it. The same delegation also remains hesitant on the burden sharing issue of the Steel Arrangement which the Commission tabled in an amended fashion last Monday. The German delegation did not raise fundamental remarks but announced that it still had to examine various technical points. The Commission insists that the procedure decided upon last night (written procedure to go through Council of Ministers) should be terminated at the earliest possible stage next week.

DIS: Comments as follows in case of questions:

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As far as the Commission is concerned, we would have preferred a final settlement today, 15 October. Certainly, from the US legal proceedings point of view, some doubt might be cast if this deadline is not met. The extension of the deadline, however, it should be stressed, does not mean that the Community could accept any so-called "reopening" of the Steel Arrangement. As we indicated in BIO 415, the deadline for the ITC's judgement is to be considered as a "political deadline". Factually, the immediate period after 15 October can still be used to try and definitely settle the issues. FIN DIS

Following text is the verbatim of the Commission's paper on pipes and tubes referred to in the above BIO note:

EXPORT OF PIPES AND TUBES TO THE UNITED STATES OF AMERICA  
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A. It has been agreed during negotiations on trade in steel mill products between the Communities and the US that diversions of trade from steel products towards pipes and tubes should be avoided. The US government wishes trade in the tube sector to be examined at this stage. The Communities are of the opinion that such a diversion will not take place in so far as annual exports of pipes and tubes to the US do not exceed the 1979/1981 average (i.e. 5.9% of annual US apparent consumption of pipes and tubes). In the light of its market forecasts, the European Economic Community believes that it is unlikely that exports of pipes and tubes to the US will exceed this average, it expects that, in these circumstances, American industry will withdraw and will not file any petitions or commence litigation with respect to these exports.

B. The Community will establish measures with respect to exports of pipes and tubes from the Community to the US. Such measures will include communication to the US Department of Commerce of orders for exports to the US as shown in the order books of the European industry as of 1 October 1982. The measures will also provide for the Community to communicate to the Department of Commerce each month through 1985 the ex mill shipments destined for export to the US.

C. Consultations may be requested at any time by the EC or US government in the light of the market developments or in the event of any particular problem in trade between the EC and the USA in pipes and tubes.

D. If estimates show that the 1979/1981 average described in paragraph A might be exceeded consultations between the EC and US government will take place in order to ascertain the reasons therefore and to find an appropriate solution.

If after 60 days no solution has been found, either party may

- take, with respect to pipes and tubes, within its legislative and regulatory framework, measures which it considers necessary, or
- terminate the obligations which it has assumed under the steel Arrangements.

E. If in any consultations held pursuant to paragraph D above, it appears (based on substantial objective evidence such as allocation, extended delivery periods, significant price increase or other relevant factors) that the exceeding of the average described in paragraph A is due to supply or demand factors and that the American steel industry will be unable to meet demand in the USA for a particular product then such consultations shall be suspended for so long as the market conditions described above continue.

END OF TEXT

Amities,  
Paul Cerf

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