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EC PROTESTS COUNTERVAILING DUTY AND ANTI-DUMPING MEASURES ON STEEL FLAT PRODUCTS

The European Community has today issued a strong protest against Monday's US decision to slap duties on EC steel exports.

The US Department of Commerce (DOC) has just imposed preliminary countervailing duty measures on imports of flat-rolled steel products originating in Belgium, France, Germany, Italy, Spain and the United Kingdom. The amount of the measures differ per member state, per product and per company under investigation. However, the amounts of the duties are, in several cases, close to 60 percent. The products affected by these duties concern Community steel exports worth 2 million metric tonnes for a value of nearly \$1 billion (1991 figures).

The EC Commission is shocked by the high rates chosen by the US Administration, which in the Community's view, lack any justification. The result, intended or not, will be that exports of these products to the US, for a number of Community exporters, will come to a halt.

The Community steel industry is already severely hit by a crisis which led the Commission to adopt a new restructuring plan. The potential closure of the US market to EC steel products of about 2 million metric tonnes will no doubt further aggravate the situation of the industry and incite other steel exporters to redirect their exports to the Community, given that not only EC exports are hit by these measures. It is clear that the US measures have once more emphasized the political nature of the steel conflict between the EC and the US.

It is to be feared that, if the DOC stays on this line, the imposition of anti-dumping measures will have disastrous effects on all exporters and effectively close the US market for Community producers.

The preliminary determinations made public on November 30, 1992 are a second wave of measures which follow preliminary anti-dumping (AD) and countervailing duties (CVD) imposed last September on lead and bismuth steel products from Germany, France and the United Kingdom. For these products the combined margins of countervailing duty and anti-dumping duties reached nearly 80 percent.

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The US industry lodged these complaints only two weeks after voluntary export arrangements which had been in force for 10 years had expired on March 31, 1992 and after the US Government had quit the multilateral negotiations for a steel agreement in Geneva. Despite the fact that the Community held consultations with the US authorities at the initiation stage of these procedures, no account seems to have been taken of the very special nature of these investigations. The Commission has, on several occasions, stated that legitimate trade policy instruments have been exploited by the US steel industry to harass their foreign competitors and divert world trade flows, unduly blaming imports for what are primarily domestic problems.

The Commission firmly believes that the Community exporters could not have caused injury to the US steel industry because they did not even export the quantities they were entitled to under the voluntary restraint arrangements (VRAs).

In the present decisions, the DOC has taken, in the EC's view, extreme positions on a number of important issues, for example, subsidies granted to government-owned companies which were subsequently privatised. The DOC also found that money granted for the redeployment of steel workers is countervailable and that loans granted by the European Investment Bank and the European Regional Development Fund were countervailable because the DOC considers that they had been given on terms inconsistent with commercial considerations.

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Department of Commerce determination with respect to flat-rolled steel products (CVD only)

Rates per member state/per product/per company under investigation
(where available)

Belgium

Hot-rolled	
Country-wide	4.89%
Cockerill	30.08
Cold-rolled	
Country-wide	4.83
Cockerill	30.22
Plate	
Country-wide	8.48
Cockerill	30.08
Fabfer	1.38

France

1 "country-wide" rate of 26.47% for all four product categories.

Germany

Hot-rolled	1.15%
Cold-rolled	1.09
Coated	0.68
Plate	
Country-wide	17.26
Ilseburg	2.11
Preussag	1.91
Thyssen	0.64

Italy

Cold-rolled	
Country-wide	58.79%
Falck	2.22
Plate	
Country-wide	58.79
Falck	2.22

Spain

Cold-rolled	56.30%
Plate	45.58

United Kingdom

1 "country-wide" rate of 19.13% for cut-to-length carbon steel plate.

SUMMARY OF STATISTICAL DATA ON TRADE FLOWS AFFECTED BY AD AND CVD PETITIONS

Exports of selected steel products to the United States in 1991 (in metric tons).

	EUR 12	7 MS	France	Bel/Lux	NL	FRG	Italy	UK	Spain
Hot-rolled flat products	797504	797504	262644	36090	211138	194087	84443	6456	2646
Cold-rolled flat products	709960	673694	109928	111890	132838	233879	41571	24178	19410
Galvanized flat products	297805	265663	70363	5211	9870	142588	19984	12776	4871
Plate	341289	337888	12366	87441	4991	114144	21481	34766	62699
Total	2146558	2074749	455301	240632	358837	684698	167479	78176	89626
Total steel products	4291975	4220554	911893	462838	430657	1328013	306780	566365	214008
% out of total	50.01%	49.16%	49.93%	51.99%	83.32%	51.56%	54.59%	13.80%	41.88%

Exports of selected steel products to the United States in 1991 (1000 ECU).

	EUR 12	7 MS	France	Bel/Lux	NL	FRG	Italy	UK	Spain
Hot-rolled flat products	216744	216744	74154	7577	59703	51920	21061	1747	582
Cold-rolled flat products	277968	274554	42983	38816	49621	103905	14802	17024	7203
Galvanized flat products	145836	135239	32278	2887	3826	73129	10889	10213	2017
Plate	111339	110049	5092	27200	1505	41165	5951	11411	17725
Total	751887	736386	154507	76480	114655	270119	52703	40395	27527
Total steel products	2056234	2037966	467698	172795	137385	626232	198957	292094	142805
% out of total	36.57%	36.13%	33.04%	44.26%	83.46%	43.13%	26.49%	13.83%	19.28%

Exports of selected steel products to the United States in 1991 (1000 USD).*

	EUR 12	7 MS	France	Bel/Lux	NL	FRG	Italy	UK	Spain
Hot-rolled flat products	265858	265858	90957	9294	73232	63685	25833	2143	714
Cold-rolled flat products	340956	336523	52723	47612	60865	127450	18156	20882	8835
Galvanized flat products	178882	165884	39592	3541	4693	89700	13356	12527	2474
Plate	136568	134986	6246	33364	1846	50493	7299	13997	21741
Total	922265	903251	189518	93810	140636	331328	64645	49549	33765
Total steel products	2522177	2499769	573678	211950	168516	768136	244041	358283	175165

*1 ECU = 1.2266 US dollars.

MS=Member States

Methodology remarks.

Product definition: the correct product denominations are respectively: hot-rolled carbon steel sheet and strip; cold-rolled carbon steel sheet and strip; corrosion resistant carbon steel sheet and strip; and cut-to-length carbon steel plate. These definitions include only the tariff headings mentioned by the petitioners and include slightly less products than the VRA's. "Total steel products" include all tariff headings under chapter 72 as well as certain headings under chapter 73 (notably rails, pipes and tubes).

Data sources: EUROSTAT-COMEXT.

ECU/USD exchange rate: 1991 annual average. Source Eurostat.