



european community

NEWS

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EC COMMISSION REACTS TO U.S. DUMPING DUTIES ON STEEL

The US Department of Commerce (DOC) has announced that it will subject the imports of flat steel products from its main steel trade partners including the European Community to stiff preliminary anti-dumping duties. This means that all entry of such products into the United States will require a cash deposit or bond equivalent to the preliminary determined anti-dumping duty. These duties are in addition to the preliminary countervailing duties determined by the DOC on November 30, 1992 in respect of the same products. These decisions concern some 2 million metric tons of Community steel exports a year, estimated at a value of \$1 billion.

Sir Leon Brittan, EC Commissioner for External Economic Affairs, reacted sharply to the news:

"This action is unwarranted and wholly disproportionate. It is also particularly unfortunate and inopportune at the beginning of a new United States Administration. I shall raise the matter in the EC Foreign Affairs Council next week, and shall discuss it as a matter of urgency with Mickey Kantor, the US Trade Representative, and Ronald H. Brown, US Secretary of Commerce when we meet in Washington on February 11.

Such heavy-handed action - targetting not only Community steel exporters but also those from Japan, Korea, Brazil, Canada, Mexico, Poland, Romania, Finland, Argentina, Australia, New Zealand, Austria, and Sweden - will further weaken the chances of reaching a multilateral steel agreement, which the US has hitherto supported.

The US industry wants two bites at the cherry, and this is simply unacceptable. EC and other steel suppliers entered into global voluntary restraint agreements (VRAs). These ran for 10 years up until March 1992, and were highly advantageous to the US steel industry. The Community's steel exporters always scrupulously respected these voluntary restraint agreements and indeed their quotas under these agreements were not even fully used up.

Now the United States is seeking to impose anti-dumping (AD) and countervailing duties (CVD) against Community exporters covering exports to the US over exactly the same period, even though it had been agreed that import restraints would settle any question of duties or injury while the VRAs lasted. The US is therefore breaking the spirit of its previous agreement with the Community. Furthermore, the extraordinarily high level of anti-dumping and countervailing duties sought to be imposed by the DOC has no justification whatsoever.

Our steel industry can be assured that the Commission is absolutely determined to get this issue resolved. I have instructed my services to seek consultations with the US under the GATT in order to protect the EC steel industry's interest in these matters. I hope this is merely an unfortunate spill-over from the past. I am looking for a cooperative approach from the new United States Administration, on this as in all issues, but I reserve all the Community's rights if it is not forthcoming".

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BACKGROUND DOCUMENT ON U.S. STEEL DUTIES

The preliminary anti-dumping duties announced by the US Department of Commerce affect four types of flat steel products from the Community. These duties are added to those imposed by the provisional countervailing duty determination announced on November 30, 1992. These decisions concern a volume of trade of approximately 2 million tons/year valued at nearly \$1 billion according to 1991 figures (see annex for details).

The flat-rolled case is the most important of a series of AD and CVD petitions launched by the US steel industry against its main steel trade partners. It concerns US imports from seven EC member states, namely Germany, France, the United Kingdom (UK), Italy, Belgium, Spain and the Netherlands and thirteen other countries (Japan, Korea, Brazil, Canada, Mexico, Poland, Romania, Finland, Argentina, Australia, New Zealand, Austria, and Sweden). In total these cases cover \$3 billion of steel imports into the US which equals 6 million metric tons.

The AD and CVD cases concerning US steel imports from the EC:

- Lead and bismuth steel carbon bars: petition filed by the US industry on April 13, 1992 which concerns 200,000 metric tons of EC exports valued at some \$71 million (member states: France, Germany and the UK).
- Steel rails: filed on May 1, 1992 concerning 40,000 metric tons of trade valued at some \$18 million (member states: Luxembourg, UK).
- Flat steel products: filed on June 30, 1991 concerning EC exports of approximately 2 million metric tons valued at approximately \$1 billion (member states: Germany, France, UK, Italy, Belgium, Spain and the Netherlands).
- Stainless wire rod: filed on December 30, 1992 concerning EC trade for 5,000 metric tons or \$17 million (member states: France).

Imports of these products into the US market have been subject to quantitative restrictions from 1982 to March 1992 under a system of Voluntary Restraint Agreements (VRAs) renegotiated for the last time in 1989. The VRA scheme was intended to provide US producers with an opportunity to restructure and restore their competitiveness. EC producers have consistently respected the quotas allocated and even during the last years of the scheme EC exports have remained at a level significantly lower than the allocated quotas.

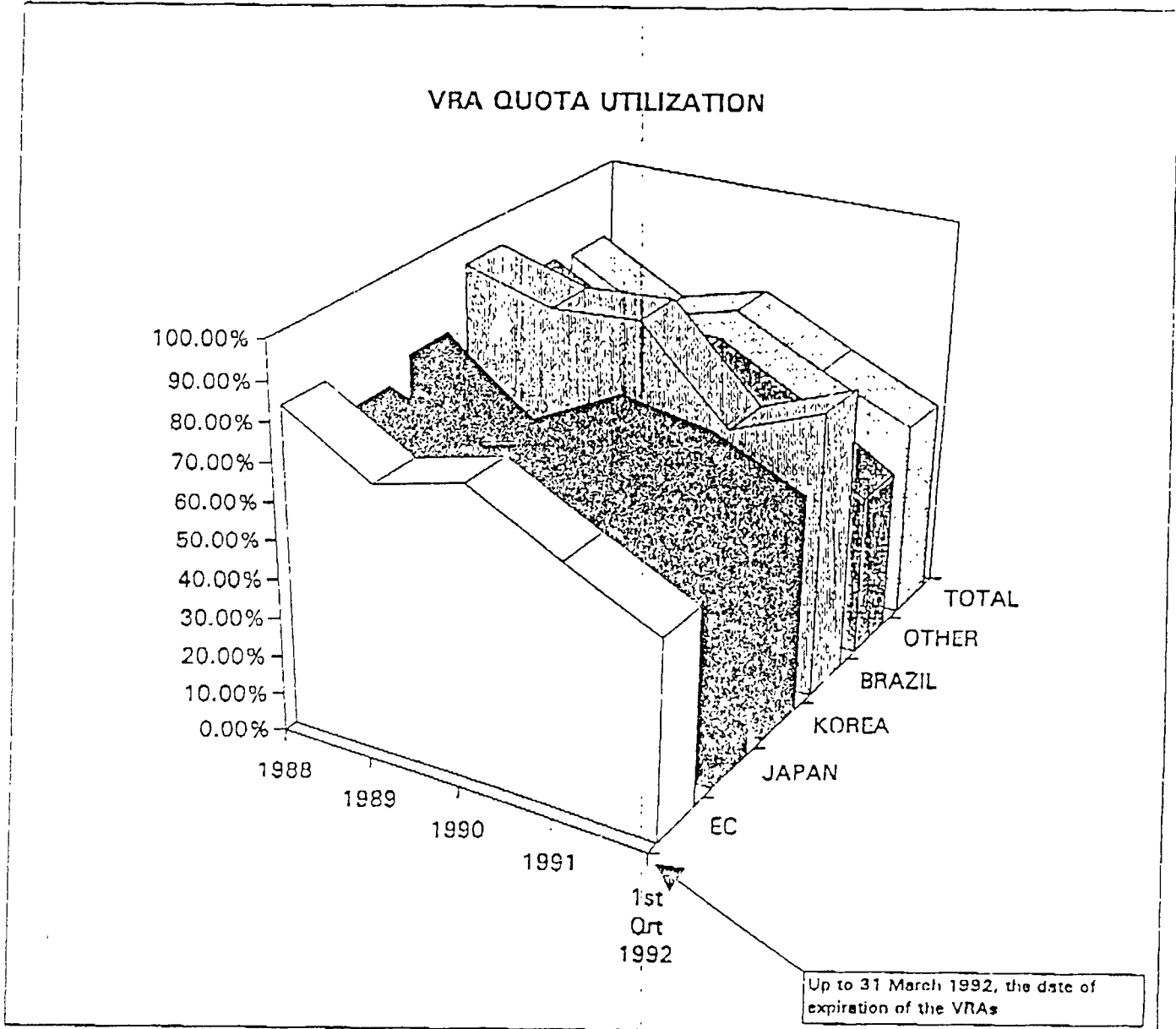
TRADE CASES ON FLAT STEEL PRODUCTS
PRELIMINARY CVD AND AD DUTIES

In %

	Hot Rolled		Cold Rolled		Corrosion Resistant		Plate	
	CVD	AD	CVD	AD	CVD	AD	CVD	AD
GERMANY								
All others	1.15	29.02	1.09	15.05	0.68	5.04	17.26	16.29
Lisenburg							2.11	
Preussag		29.02						
Thyssen				11.13		5.04		
Kloeckner		29.02		23.54				
Dillinger								16.29
FRANCE								
All others	26.47	12.39	26.47	13.92	26.47	10.58	26.47	23.70
UK								
All others							19.13	109.22
ITALY								
All others			58.79	50.15			58.79	53.88
Falck			2.22				2.22	
BELGIUM								
All others	4.89	4.87	4.83	13.10			8.48	0.88
Cockerill	30.08	4.87	30.22				30.08	
Fabrique fer							1.38	11.07
Sidmar		4.87		13.10				
Clabecq								.77
SPAIN								
All others			56.30	41.81			45.58	105.61
NETHERLANDS								
All others		26.34		23.20				

VRA QUOTA UTILIZATION (%)

	1988	1989	1990	1991	1st Qrt 1992
EC	82.67%	68.88%	75.17%	62.41%	51.37%
JAPAN	72.09%	62.80%	69.33%	55.33%	40.24%
KOREA	77.22%	59.73%	72.01%	68.12%	57.28%
BRAZIL	91.93%	85.64%	87.70%	65.20%	75.18%
OTHER	80.40%	68.88%	69.17%	57.18%	42.70%
TOTAL	78.96%	67.23%	73.67%	62.75%	52.27%



Sources: ITC Quarterly Report on the Status of the Steel Industry, June 1992 (USITC Publication 2518).
 1988-90: Appendix G, "Exports to the US of Steel Products Covered by the VRAs"; p. G5-7.
 1991-92: EC figures: official VRA accounts. For other countries, estimation from: Imports: Table 7, "US imports for Consumption"; p.7.
 Ceilings: Extrapolation proportional to the increase in EC ceiling.

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	565365	214008
% out of total	50.01%	49.16%	49.93%	51.99%	83.32%	51.56%	54.59%	13.80%	41.86%

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	274354	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	175163

*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.

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

