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EC ANNOUNCES COUNTERMEASURES FOR U.S. SPECIALTY STEEL IMPORT RESTRICTIONS

The European Community announced today that it will increase tariffs and establish import quotas for certain chemicals, plastics, alarm devices and sporting goods produced in the United States. The action is designed to compensate the Community for import restrictions on specialty steel products imposed by the U.S. administration last July.

The U.S. restrictions were in the form of additional tariffs on flat rolled products and quotas on stainless steel bar, rod and alloy tool steel, each for a period of four years.

The Community determined that in the course of negotiations in the General Agreement on Tariffs and Trade (GATT), the U.S. had not offered adequate compensation to the E.C. for sales losses resulting from the U.S. import curbs. The E.C. Council of Ministers in November agreed to take countermeasures if a satisfactory agreement had not been reached with U.S. officials before January 15.

The Commission of the European Communities today presented to the GATT a list of measures that withdraw previous trade concessions for certain U.S. products by increasing tariffs for some and imposing quotas on others. They will take effect on March 1, 1984. These measures are designed to remedy the trade imbalance that was created by the American specialty steel restrictions. The E.C. quotas and tariffs will remain in effect for the duration of the U.S. restrictions.

However, Community officials indicated that they would be willing to review these countermeasures in case of any movement by the U.S. government.

The compensatory measures are moderate compared with the U.S. specialty steel restrictions. During the first year of application, the increased E.C. tariffs will raise \$3.7 million in additional customs revenue, while the U.S. specialty steel tariffs will result in an increase of \$6 million.

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For the first year of application, the Community measures are as follows:

<u>TARIFF</u>			
<u>PRODUCT</u>	<u>1980/82 TRADE Annual average (\$ millions)</u>	<u>CURRENT DUTY (%)</u>	<u>INCREASE (%)</u>
Methanol	16.3	13.5	6.4
Vinyl acetate	19.8	13.2	6.4
Burglar and fire alarms	<u>20.8</u>	5.0	6.7
TOTAL	56.9		

<u>QUOTA</u>		
<u>PRODUCT</u>	<u>1982 TRADE (\$ millions)</u>	<u>QUOTA LIMIT (ECU millions)</u>
Styrene	36.6	25.6
Polyethylene in sheets of various thicknesses	19.5	13.6
Sporting and target guns, and rifles	10.5	7.4
Gymnastic and athletic equipment	5.1	3.6
Snow skis (excluding poles)	<u>5.5</u>	<u>3.9</u>
TOTAL	77.2	54.1

European Currency Unit (ECU) = \$ .81 on January 6, 1984