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## NEW E.C. TRADE LAW TAKES EFFECT

The European Community has adopted a trade law that strengthens its ability to respond quickly and effectively to unfair trade practices that injure Community industries.

The new regulation, which was adopted in principle last April, took effect September 23. It applies to trade practices by third countries that are incompatible with international trading rules. Procedures for investigating complaints and for applying countermeasures when practices are found to harm Community industries on either internal or export markets are outlined.

The new measures reflect the wishes of Community leaders who at a June 1982 summit meeting called on the E.C. to "defend vigorously (its) legitimate interests" before appropriate trading bodies, particularly the General Agreement on Tariffs and Trade (GATT), and to manage trade policy "with as much speed and efficiency as its trading partners."

The policy gives the E.C. Commission powers similar to those of the U.S. government under Section 301 of the 1974 Trade Act, which allows the President to take action against governments whose policies unfairly damage U.S. trade.

It supplements other trade-protection instruments, such as anti-dumping and anti-subsidy proceedings, already available to the E.C. and it completely conforms to GATT rules.

The Community will now be able to respond to illicit practices not covered by other regulations, including administrative policies that contravene international rules, export restrictions on raw materials and certain import restrictions. Above all, the new policy will make it possible to identify and eliminate injury to Community industry on its export markets. In that way, it aims to facilitate the access of Community firms to third-country markets.

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A complaint about an unfair trade practice may be brought before the E.C. Commission by an affected Community industry or by one of the E.C.'s 10 member states. In addition, a member state may ask the Community to exercise its rights within the GATT when a third country violates GATT obligations or withdraws trade concessions.

After following any consultation or dispute-settlement procedures required by the GATT or other international agreements, the Commission may recommend the following countermeasures: suspension or withdrawal of previously negotiated trade concessions; raising of customs duties or introduction of other import charges; introduction of quantitative restrictions or other measures modifying import or export conditions.

The Commission will guarantee the equity of any countermeasures by consulting member states, third countries, business circles and other interested parties during its investigation. The E.C. Council of Ministers must approve countermeasures by a weighted majority.

In determining whether an industry has been injured, the Commission will examine the volume of E.C. imports or exports concerned, the prices of goods that compete with E.C. products and the impact on Community industry of trends affecting production, stocks, sales, market share, profits, investment and other economic factors.

In some cases, the Commission will also examine whether a situation can be expected to develop in such a way that it will eventually harm a Community industry. It will consider the rate of increase of exports that are competing with Community products in a particular market and the likelihood that they will increase in the future.

The regulation provides for precise time limits at each stage of the procedure.

Copies of the new law, Council Regulation No. 2641/84, are available from the Public Inquiries Section, European Community Information Service, 2100 M Street, N.W., Suite 707, Washington D.C. 20037; (202) 862-9500.