

August 6, 1982
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#2/82

STATEMENT OF VISCOUNT ETIENNE DAVIGNON AND WILHELM HAFERKAMP, VICE PRESIDENTS OF THE COMMISSION OF THE EUROPEAN COMMUNITIES, AND SECRETARY OF COMMERCE MALCOLM BALDRIGE

On August 3 through August 5, we held a series of productive discussions in an attempt to reduce the tension between us over steel trade. The Commission of the European Communities and the Department of Commerce agreed to recommend acceptance of an arrangement to our respective authorities and industries.

We are gratified that the EC and the U.S. Government were able to make progress toward resolving the steel trade problem. This is a difficult and contentious area, and only mutual determination to succeed and a spirit of understanding and cooperation made agreement possible.

Discussions were held in the face of numerous U.S. Government investigations of allegations from U.S. steel producers that EC steelmakers have been engaged in unfair trading practices. We felt that it would be possible to reach accommodation short of completing these investigations in order to allow both the EC and the U.S. steel industries to reach jointly desired goals. These goals have been enunciated by the Organization for Economic Cooperation and Development's (OECD) Steel Committee in 1977, to restore the competitiveness of OECD steel industries.

Toward these goals the European Coal and Steel Community (ECSC) is restructuring its steel industry through the progressive elimination of state aids pursuant to the ECSC State Aids Code, which will eliminate these aids by December 31, 1985. The American steel industry also has an extensive modernization program. This is particularly difficult in the current depressed state of the EC and American industries, with the hardships being endured by steel workers and communities dependent on steel production.

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If the U. S. industry agrees that the implementation of the arrangement reached this week would eliminate the need to press its complaints, as we believe the arrangement would, the ECSC will establish an export licensing system, to limit the export of eleven steel products. In return, the U.S. industry would withdraw its pending antidumping, countervailing duty, and section 301 complaints on products covered by the arrangement against the ECSC and ECSC member states.

We believe that this arrangement would be a major step towards ending the constant litigation and dispute over trade in steel, which has been a source of irritation between the EC and the U.S. for many years.

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Note to Correspondents: Specific numbers in the agreement will not be released.