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E.C. APPROVES NEW STEEL PACT WITH U.S.

The E.C. Council of Ministers today approved an arrangement for regulating E.C. steel exports to the United States for the next four years.

The Council acted after the United Kingdom, which had reserved its decision on the steel accord, agreed to support it. The nine other E.C. member states indicated their support last month.

The new accord, which takes effect January 1, extends an expanded version of the 1982 E.C.-U.S. Carbon Steel Arrangement until September 30, 1989. It covers 10 steel products restricted under the original 1982 accord, 11 additional "consultation products" covered by an agreement last August, and 10 new products (see attached charts).

Semifinished steel will remain a "consultation product" as established by the Carbon Steel Arrangement—that is, a product that can be discussed if shipments to the U.S. increase significantly. E.C. officials said the Community reserves its rights to react if the U.S. imposes unilateral restrictions on semifinished steel.

Under the 1982 steel pact, the E.C. agreed to limit its shipments of 10 categories of steel to an average 5.46 percent of the U.S. market. That quota will increase to 5.57 percent under the new agreement. The 11 consultation products will be held to 3.77 percent of the U.S. market.

The negotiated quotas for five stainless steel products—plate, sheet and strip, bar, rod and tool—will go into effect when the U.S. lifts the quotas and tariffs it imposed on those products in 1983 under Section 201 of the 1974 Trade Act.

A January 1985 agreement limiting E.C. exports of steel pipes and tubes to 7.6 percent of the American market will also be extended until September 30, 1989.

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Willy De Clercq, E.C. Commissioner for External Relations, called the new arrangement "satisfying for both sides." He said it will "assure the stability of steel trade for the next four years without interruption," and allow the Community to protect its export interests in a sector representing 6 million tons and \$2.5 billion over the four-year period.

TABLES OF PRODUCTS COVERED BY NEW E.C.-U.S. STEEL AGREEMENT

1982 ARRANGEMENT PRODUCTS

Products	1985 Quantities (Net Tons)	1982 Agreed Market Share %	Results of 1985 Negotiations	
			Quantities 1986 (Net Tons)	New Agreed Market Share %
Category 1-Hot-Rolled Sheet & Strip	1,094,980	6.81	1,114,275	6.93
Category 2-Cold-Rolled Sheet	806,511	5.11	844,391	5.35
Category 3-Plate	307,718	5.36	317,477	5.53
Category 4-Structural Shapes	615,114	9.91	636,218	10.25
Category 5-Carbon Wire Rods	184,556	4.29	190,148	4.42
Category 6-Hot-Rolled Bar	149,535	2.38	155,818	2.48
Category 7-Coated Sheet	355,907	3.27	370,056	3.40
Category 8-Tin Plate	64,262	2.20	71,533	2.394
Category 9-Rails	88,555	8.90	88,555	8.90
Category 10-Sheet Piling	83,467	21.85	87,287	22.85
Total	3,750,605	5.46	3,875,758	5.57

Based on 1985 Apparent Consumption (October Forecast)

CONSULTATION PRODUCTS

Product	Arrangement 1985 (Net Tons)	New Agreement 1986 (Net Tons)	Agreed Market Share %
Alloy Wire Rod	22,177	26,180	18.70
Round & Flat Wire	175,431	183,100	Fixed Tonnage Quota
Wire Products	12,394	13,552*	Fixed Tonnage Quota
Black Plate	57,255	57,251	11.78
Electrical Sheet & Strip	26,081	26,070	4.74
Tin-Free Steel	41,996	42,016	4.04
Cold-Rolled Strip	32,143	37,121	3.69
Cold-Finished & Other Bar	77,459	82,525	5.44
Bar Shapes Under 3"	22,109	25,160	2.41
Reinforcing Bars	1,872	1,950	0.04
Rail Products	6,091	6,080	1.63
Total Consultation Products	475,000	501,005	3.77

* Includes 1,158 net tons of new "wire products"

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NEW PRODUCTS

Product	New Agreement 1986 (Net Tons)
Stainless Wire	6,800
Fabricated Structural	18,240
Wire Strand	37,884
Wire Rope	5,700
Other Stainless Steel	12,906
*Stainless Plate	4.93% ¹
*Stainless Sheet & Strip	3.99% ¹
*Stainless Bar	5,500
*Stainless Rod	5,500
*Stainless Tool	9,000

* Subject to relief measures under Section 201 of U.S. 1974 Trade Act

1. Agreed market share

