

EUROPEAN PARLIAMENT

COMMITTEE ON EXTERNAL ECONOMIC RELATIONS

Draft Report

on EEC-USA trade relations in the
steel sector (Docs. 1-954/81 and
1-699/82)

Rapporteur: Mr SPENCER

27.7.1983

PE 86.030

MOTION FOR A RESOLUTION

on EEC-USA trade relations in the steel sector

The European Parliament,

- having regard to the motions for resolutions tabled by Mr de la Malene and others on a European riposte to the complaint made by American steel companies (Doc. 1-954/81) and Mr Collins and others on the situation in the steel industry (Doc. 1-699/82),
 - having regard to the report of the Committee on External Economic Relations (Doc.),
 - having regard to the report of the Committee on External Economic relations on the economic and trade relations between the EEC and the USA (PE 84.569),
 - having regard to the report of the Committee on External Economic Relations on the delineation and further development of GATT and of the free trade principles underlying the GATT system and possible consequences for the EEC and the GATT (Doc. 1-493/83),
 - having regard to its resolution on combating the crisis in the European steel industry¹,
 - having regard to its resolution closing the procedure for consultation of the European Parliament on the proposal from the Commission of the EC to the Council for a regulation on the strengthening of the common commercial policy with regard in particular to protection against unfair commercial practices²,
- (a) Notes that the negotiation of 1982 took place against a background of dramatic over-capacity in world steel production in which the arrival of new producers coincided with a decline in the demand for steel products.
- (b) Notes the traditional share of the US market for steel taken by European steel manufacturers and the tendency for crises in US-EC steel trade to recur despite previous attempts at ending trade frictions.

¹ OJ C 161 of 20.6.1983 p.142-148

² EP plenary of 29.6.1983

- (c) Notes the tradition of state help and protectionism for the US steel industry in the first half of this century; draws attention to the impact on the competitiveness of the US steel industry of the system of inflation-proofed wage increases since 1974, which has led wage costs to rise well ahead of European and Japanese levels. Notes the link between high energy costs and interest rates and the reduction in investment which has led some companies to diversify their activities away from steel.
- (d) Notes the recurrent link between a high level of the US dollar and the re-emergence of protectionist pressures by the US steel industry; notes the "breakdown" of the trigger price mechanism at a time when European imports into the US were rising.
- (e) Recognises the negotiating problems faced by the European Commission when faced by the complexity of US institutions and the semi-judicial nature of US decision-making. Further recognises that such procedures place pressures above and beyond those specified under GATT rules.
- (f) Is strongly preoccupied with the discriminatory measures of the US Administration with regard to the imports of special steel.

The European Parliament therefore resolves to:

1. Congratulate the European Commission on the relatively successful conclusion of difficult negotiations, and stresses the importance of maintaining a comprehensive Community position in any future negotiations.
2. Conclude that the problems of the US steel industry cannot be blamed on the limited degree of penetration achieved by European producers, which is in line with traditional trade flows.
3. Accept that the level of state subsidies is a relevant factor in the conduct of international trade negotiations and calls for further work at the GATT on the question of subsidies and their definition.
4. Stresses its support for the restructuring of the European steel industry such that it can compete without subsidies.
5. Maintain its voluntary restraint agreements, designed to continue third country imports at traditional levels, pending a stabilisation of the world market in steel.

6. Determine to continue its consideration of so-called "commercial defence" measures on both sides of the Atlantic, mindful of its commitment to free trade in industrial goods, and believing that European industry should not be placed at a disadvantage by the national laws and practices of our major trading partners.
7. Join in the protest of the Council and Commission of the EC against the discriminatory measures of the US Administration concerning the imports of special steel and support all EC undertakings in the GATT and with the US Administration in order to get appropriate compensation or abolition of these measures.
8. Instruct its President to forward this resolution to the Commission and Council of the European Communities.

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