

RESTRICTED

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ZZ WASHINGTON  
GRS 265  
RESTRICTED  
FM D O I 071358Z JUL 83  
TO FLASH WASHINGTON  
TELEGRAM NUMBER INDUS 81 OF 7 JULY  
AND TO PRIORITY ALL EC POSTS, UKMIS GENEVA, TOKYO.

PLEASE PASS TO MR BROCK, US TRADE REP.  
FROM PARKINSON, SOS/INDUSTRY

MANY THANKS FOR YOUR KIND LETTER OF 24 JUNE AND YOUR CONGRATULATIONS ON MY NEW POST. IT WAS KIND OF YOU TO WRITE AND I MUCH APPRECIATE IT.

I WILL REPLY SHORTLY TO THE SPECIFIC POINTS YOU RAISE. BUT I MUST LET YOU KNOW RIGHT AWAY OF OUR GREAT DISAPPOINTMENT AT THE PRESIDENT'S DECISION OF 5 JULY TO IMPOSE TARIFFS AND QUOTAS ON IMPORTS OF SPECIAL STEELS. COMING SO SOON AFTER THE WILLIAMSBURG DECLARATION, THIS IS A VERY GREAT PITY. THE ADDITION OF AN 8 PERCENT TARIFF TO THE 19.3 PERCENT COUNTERVAILING DUTY ALREADY IN FORCE ON BSC'S EXPORTS OF STAINLESS STEEL PLATE IS A DOUBLE PENALTY WHICH WE FIND PARTICULARLY UNREASONABLE.

WE KNOW THAT YOUR STEEL INDUSTRY IS IN DIFFICULTY, BUT WE FIND IT HARD TO ACCEPT THAT IMPORTS ARE THE MAIN CAUSE. MEASURES OF THIS KIND DO NOT HELP OUR DETERMINED EFFORTS TO RESTORE THE HEALTH OF OUR OWN STEEL INDUSTRY SMI COLON AND THEY WILL APPEAR PARTICULARLY UNJUST IN A WEEK IN WHICH BSC'S PRODUCTIVITY RECORD HAS BEEN RECOGNIZED AS PRE-EMINENT IN EUROPE. AND MUCH OF THE TRADE IS IN THE HANDS OF OUR PRIVATE SECTOR PRODUCERS, WHOM YOUR OWN INVESTIGATIONS HAVE FOUND TO BE FREE FROM SUBSIDY.

THIS DECISION WILL NOT MAKE IT ANY EASIER FOR US TO DEFEND OUR FIRM COMMITMENT TO THE OPEN TRADING SYSTEM.

YOU WILL REALIZE THAT WE MUST NOW CONSIDER WITH OUR COMMUNITY

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PARTNERS HOW TO RESPOND TO THE PRESIDENT'S DECISION, CONSISTENTLY  
WITH OUR RIGHTS UNDER THE GATT.

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NAD  
ECD (E)

COPIES TO  
DTI  
ASHDOWN HOUSE  
MR WILLIAMSON  
CABINET OFFICE  
NO 10 DOWNING STREET  
MR SUNDERLAND  
OT 2/DTI  
MR HEALEY  
OT 2/DTI