



Prime Minister ②

To note. I will establish whether this  
something to be raised during your visit  
to Washington.

AT 30/11

PRIME MINISTER

EC/US STEEL: PIPES AND TUBES

1. On Tuesday, the US Administration announced that they were taking unilateral action, with effect from 30 November, to limit their imports of steel pipes and tubes from the EC to a 5.9% share of their market. In practical terms this will mean a cessation of EC deliveries until the end of this year (as the limit has already been exceeded), with a resumption, within the 5.9% ceiling, from 1 January. UK exports (by BSC and TI) worth a little over £15 million a year are at stake.
2. The problem has been brewing for some time. In 1982 the EC and US exchanged (ambiguously worded) letters which set a target, but not a binding limit, for Community exports, of 5.9% of the US market. Since then EC (but not UK) exporters have behaved irresponsibly, and the US began consultations aimed at bringing the situation under control. The Industry/Steel Council on 22 November agreed on a mandate for the Commission to negotiate a binding restraint arrangement. But the US have now rejected the proposed terms.
3. It is too early to assess the wider implications. But the EC is likely to seek compensation and, if necessary, proceed to retaliation in GATT (as it did in respect of the US action on special steels in 1983). I will report further when the situation is clearer.
4. I am sending a copy of this minute to members of OD(E) and to Sir Robert Armstrong.

P. C.  
PAUL CHANNON

29 November 1984





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COOPERATION

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