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STEEL: PRESIDENT BUSH'S DECISION HIGHLY REGRETTABLE

UNICE deplores President Bush's decision to impose customs duties on steel imported into the United States. "I regret that the President has given in to internal protectionist pressures for domestic political reasons without taking due account of the implications of his decision for relations with the country's partners" said Philippe de Buck, UNICE's Secretary General.

UNICE considers that this decision is highly regrettable for several reasons:

For the steel sector

- It greatly destabilises steel markets with immediate negative consequences for steel companies in the countries affected by these measures, in particular European companies.
- It unjustly shifts the cost of the US steel sector's failure to restructure on to companies in countries which have successfully carried out their own restructuring, following hard decisions.
- It will do nothing to sort out the situation of the US steel sector. On the contrary, by giving protection which can only be temporary, this decision may further worsen the situation by deferring the necessary decisions.

At multilateral level

- It sends a negative signal regarding the United States' real willingness to pursue liberalisation of its own markets at a time when a new round of trade negotiations is starting in the framework of WTO.
- It may compromise the negotiations under way in OECD aimed at finding long-term solutions for overcapacity in steel production at global level.
- It exacerbates tensions with the United States' main trading partners, with the risk of a trade war which will be paid for by companies.

At transatlantic level

- It creates new tensions in relations between the United States and the European Union, already disrupted by difficult and politically sensitive disputes.
- It may render even more difficult transatlantic cooperation on multilateral issues, indispensable to push work in Geneva forward on the Doha Development Agenda.

UNICE is completely against an escalation in the dispute. However, it is greatly attached to the smooth functioning and full and effective implementation of WTO's international trade rules. It therefore supports Commissioner Lamy's action in the WTO regarding the conformity of the US safeguard measures on steel. It also urges the United States actively to pursue dialogue with its partners in order rapidly to find balanced, non-discriminatory and sustainable solutions in conformity with its WTO commitments.

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Note to the editor:

UNICE is the official voice of more than 16 million small, medium and large companies active in Europe, employing over 106 million people. Active in European affairs since 1958, UNICE's members are 34 central industrial and employers federations from 27 countries, working together to achieve growth and competitiveness in Europe.