Background. In April 1951, Belgium, the Federal Republic of Germany, France, Luxembourg, Italy and the Netherlands concluded a Treaty instituting the European Coal and Steel Community and a Convention containing the transitional provisions. The Treaty came into force on 23 July 1952. The establishment of the common market involves the abolition as between the six countries of import and export duties, and of quantitative restrictions on the movement of coal and steel within the six countries of the Community. The six member States (all of them being contracting parties to the GATT) therefore submitted to the Contracting Parties a request for a release from certain of their obligations under the GATT, in particular and most-favoured-nation clause contained in GATT Article I and the rule of non-discrimination regarding the application of quantitative restrictions in Article XIII.

At the Seventh Session on 10 November 1952, the Contracting Parties granted certain specific waivers, and it was agreed that from the date of the creation of the common market for coal products (10 February 1953) until the end of the transitional period, the six countries would submit an annual report to the Contracting Parties on the progress towards the full application of the Treaty.

At the Eighth Session the first annual report of the members States of the European Coal and Steel Community was submitted to the Contracting Parties and was examined in a working party where there was a free and frank exchange of views between the representatives of the member States and the Observer of the High Authority on the one hand, and the other members of the Working Party on the other.

The Working Party examined the measures taken by the six countries, pursuant to the Waiver granted on 10 November and they came to the conclusion that these measures (affecting import tariffs and tariff quotas), taken to date, are consistent with the terms of the Waiver. The Working Party also had the opportunity of discussing other aspects of the commercial policy of the Community and, in particular, the policy followed regarding the harmonization of tariffs and other trade regulations as well as the extent to which the Community discharged its obligation to ensure that equitable prices were charged by its producers in third markets. In this connection the Working Party heard statements by the
Austrian and Swedish representatives regarding the importance their Governments attached to the initiation of negotiations with the member States. The Working Party noted with satisfaction that the Community was determined to initiate those negotiations as soon as possible and expected that substantial results would be achieved by 1 May 1954.

The Working Party devoted some time to the questions of export prices and cartel arrangements (to the extent that these are relevant to the undertakings set forth in the preamble to the waivers granted on 10 November 1952). It noted that the producers of the Community applied different prices in different export markets, and that they had concluded cartel arrangements regarding export prices. The Working Party welcomed the assurance given by the High Authority that it was actively considering the question of differential prices and producers' arrangements and that it would not hesitate to take remedial measures should it appear that those arrangements run counter to the objectives of the Treaty.

The Working Party, in presenting its conclusions, stated that the examination of the first annual report had enabled the representatives of third countries to obtain valuable information which was not available through other channels. The friendly exchange of views, which in some respects represented a new departure in the work of the Contracting Parties would no doubt contribute to a better understanding of the problems of the Community.

The Working Party recommended, and the Contracting Parties agreed to the following Conclusions:

(a) to take note of the First Annual Report of the member States and the additional information annexed to this report;

(b) to take note of the assurances given by the representatives of the member States and the Observer of the High Authority that they intend to initiate as soon as possible negotiations with other contracting parties on their economic and trading relations in respect of coal and steel, and to express the hope that the necessary arrangements will be made to ensure that those negotiations will be completed by 1 May 1954;

(c) to take note of the assurance given by the High Authority that it will take every measure in its power to ensure that equitable prices are charged in markets outside the Community and that no arrangement or combination between producers shall impair the value of that undertaking, and to express the hope that the High Authority will see its way to make public — or at least to communicate to contracting parties concerned — the results of the examination it is conducting at this time of producers' agreements as well as the remedial measures it may decide insofar as those results or measures relate to the undertakings set forth in the preamble of the Decision of 10 November 1952.
(d) to instruct the Executive Secretary to prepare a note in advance of the Ninth Session and to discuss with the member States and the High Authority the desirability of adopting practical arrangements for the translation into the official languages and the circulation of extracts of the principal legislative and administrative measures relating to the application of the Decision of 10 November 1952.

In the discussion there was general approval for the Report (the delegate of Czechoslovakia maintaining his former reservations) and the Chairman added that the excellent reception given to the Report was a good omen for the future relationship between the Contracting Parties, the six member countries and the High Authority.