EUROPEAN COAL AND STEEL COMMUNITY

Recommendation to Governments of Member States Concerning the Introduction of Specific Protection on Imports of Foundry Pig-Iron

The following communication dated 6 February 1964 has been received by the secretariat from the High Authority of the European Coal and Steel Community:

"As empowered by the Governments of the member States of the European Coal and Steel Community, and acting in their name, the High Authority of the European Coal and Steel Community has the honour to inform you of the following and to request you to communicate it to the contracting parties:

"On 15 January 1964 the High Authority made a recommendation to the Governments of the member States in pursuance of Article 74, paragraph 3 of the Treaty establishing the Community, requiring member States to introduce specific protection amounting to seven accounting units per metric ton on imports of foundry pig-iron included in items 73.01 B II and 73.01 C II of the customs tariff of the Community. This specific protection is applicable whenever it would yield a levy higher than that resulting from the 5 per cent ad valorem duty. Foundry pig-iron manufactured entirely by the charcoal process is excluded from the recommendation.

"As indicated in the considerations set forth in the recommendation, the situation in the Community market makes emergency action necessary. In some member States of the Community, however, this action temporarily affects obligations relating to concession bindings granted to certain contracting parties to the General Agreement. Consequently, the High Authority's recommendation necessitates the invocation of the provisions of Article XIX of the General Agreement under which the above-mentioned obligations can be suspended in circumstances such as these.

"Having regard to the urgency of the matter, the High Authority's recommendation sets 15 February 1964 as the date on which the measure is to become effective. The recommendation will cease to be effective on 31 December 1965. The text of it is annexed to this letter.

"In accordance with the obligations incumbent on it, the Community proposes to carry out the requisite consultations regarding this action with the contracting parties principally concerned."
ANNEX

RECOMMENDATION No. 2-64
of 15 January 1964

to the Governments of the Member States
concerning the Introduction of Specific Protection on
Imports of Foundry Pig-Iron

The High Authority,

Having regard to Articles 2 to 5, 8, 14, 57, 71, 74, 81 and 86 of the Treaty,

Having regard to the agreement reached in the Council of Ministers on 19 November 1957 between the representatives of the Governments of the member States regarding the harmonization of the customs duties on steel applied at the external frontier of the Community,

Having regard to recommendation No. 1-64 of the High Authority, dated 15 January 1964, concerning an increase in the level of protection affecting iron and steel products at the external frontier of the Community,

Having regard to the agreement of 21 December 1954, concerning relations between the European Coal and Steel Community and the United Kingdom of Great Britain and Northern Ireland, and the agreement of 25 November 1957 between the same high contracting parties concerning commercial relations,

Having regard to the provisions of the General Agreement on Tariffs and Trade (GATT), and in particular Article XIX thereof,

Considering that recommendation No. 1-64 is designed to remedy the injury resulting from the disequilibrium of a general character between supply and demand which has been found to exist in the market for iron and steel products of the Community;

Considering that the said disequilibrium furthermore presents special characteristics in the market for foundry pig-iron; that indeed the growing volume of imports from third countries has rapidly reached a level which is excessively high in relation to internal production - and still more so in relation to the quantities placed on the market - as well as in relation to the adjustment possibilities of Community undertakings;
Foundry Pig-Iron

<table>
<thead>
<tr>
<th>ECSC Imports from third countries</th>
<th>ECSC Production</th>
<th>(1) as % of (2)</th>
<th>Deliveries by ECSC producers of (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>t (1)</td>
<td>t (2)</td>
<td>% (3)</td>
<td>t (4)</td>
</tr>
<tr>
<td>1961 600 347</td>
<td>3 073 586</td>
<td>19.53</td>
<td>1 865 329</td>
</tr>
<tr>
<td>1962 637 192</td>
<td>3 060 624</td>
<td>20.82</td>
<td>1 726 117</td>
</tr>
<tr>
<td>1963 593 592</td>
<td>2 149 242</td>
<td>27.62</td>
<td>1 246 749</td>
</tr>
</tbody>
</table>

Considering that such an increase in imports creates a particularly grave situation in the market for foundry pig-iron which has already resulted in the closing of several non-integrated producing undertakings, and jeopardizes development possibilities, improvement of production capacity and stability of employment in certain regions of the Community; that this hinders the pursuit of the objectives mentioned in Articles 2 and 3(c), (d), (e) and (g) and that, taken together, these imports are therefore likely to prevent the normal operation of the common market;

Considering that in order to remedy this quantitative disequilibrium, additional measures with a direct effect on the quantities imported prove necessary in regard to foundry pig-iron; that accordingly a degree of external frontier protection greater than that resulting from recommendation No. 1-64 must be instituted by the member States;

Considering that the factual situation set forth above justifies additional recourse to the safeguard measures provided for in Article 74, paragraph 3 of the Treaty and that the recommendation should be based on the following principles:

1. The raising of the external frontier protection which is the purpose of the present recommendation cannot, by its very nature, merely be recommended in principle, but requires that the minimum level thereof be determined, in order to guarantee the requisite homogeneity and co-ordination for its application by the six member States. In order to attain this objective, the Governments of the member States can choose the appropriate methods, whether by raising customs duties or by introducing a levy of any other kind on imports.
However, having regard to the fact that the existing external frontier protection of the Community is assured through a system of harmonized customs duties and thus by an unequivocally clear system, the High Authority, without making any formal recommendation to this effect, is of opinion that it would be particularly appropriate to raise the level of this customs protection in order to meet the requirements of speed, efficacy and uniformity which are necessary for the implementation of this recommendation.

2. Even if the current difficulties in the market for foundry pig-iron are not equally acute in all the various parts of the Community, the High Authority has to consider the common market as a whole.

3. In view of the fact that the Community does not produce foundry pig-iron manufactured entirely by the charcoal process, or any substitute products, such pig-iron must be excluded from the scope of the recommendation.

4. With a view to remedying difficulties resulting from special cases which may arise in particular with respect to commercial policy or customs techniques, provision must be made for a special procedure for deviations from the minimum levels of protection recommended.

5. In order to prevent all forms of speculative movements which might occur before the effective implementation of the recommendation, it seems necessary to request governments to take all appropriate provisional measures.

6. The additional raising of the external frontier protection resulting from this recommendation must be considered as a temporary measure designed to meet current difficulties and to enable the structural adjustments required in domestic production of foundry pig-iron to be carried out without serious disturbance.

Considering that the implementation of this recommendation affects certain obligations contracted within GATT by certain States and that it is accordingly necessary to invoke the safeguard measures provided for under Article XIX of the General Agreement;

Considering that since the relevant obligations were taken on by certain GATT Member States, conditions for the production and disposal of foundry pig-iron have developed in an unforeseeable manner because new producers of these products have appeared in the world market and in the Community; that this is the cause of imports into the Community in such increased quantities and under such conditions as to cause serious injury to Community producers as indicated above;
Considering that consequently the conditions for application of Article XIX of the General Agreement exist, and that the Governments of the member States must together carry out the relevant procedures provided for in that Article; having regard to the fact that since any delay in applying the measures recommended would cause injury which it would be difficult to remedy, the implementation of the present recommendation is urgent.

RECOMMENDS as follows:

Article 1

It is recommended that the Governments of the member States take all appropriate legislative and administrative action to institute, with effect from 15 February 1964, in addition to the external frontier protection applicable to foundry pig-iron in pursuance of recommendation 1-64 of 15 January 1964, specific protection for the said products amounting to at least seven accounting units per ton.

The higher of these two protective measures shall be applied.

Article 2

The foundry pig-iron to which this recommendation applies is that coming under items 73.01 B II and 73.01 C II of the Community customs tariff.

However, this recommendation shall not apply to foundry pig-iron manufactured entirely by the charcoal process.

Article 3

In special cases which are justified in particular by considerations of commercial policy or requirements of customs technique, the High Authority may grant an exception from the obligations deriving from Article 1, after consulting the Governments of the member States.

Article 4

Pending the technical implementation of the obligations deriving from Article 1, the Governments of the member States are requested to take all appropriate provisional measures.

Article 5

The Governments of the member States are requested to carry out the procedures provided for under the General Agreement, acting jointly and as expeditiously as possible after the implementation of this recommendation.
Article 6

1. This recommendation shall be notified to the Governments of the member States and published in the Official Gazette of the European Communities. It shall become effective for each government by virtue of notification.

2. This recommendation shall cease to be effective on 31 December 1965.

The present recommendation was discussed and adopted by the High Authority at its meeting on 15 January 1964.

By the High Authority
The President

Dino DEL BO