WORKING PARTY 9 ON THE
EUROPEAN COAL AND STEEL COMMUNITY

List of Questions and Answers

I. Negotiations

Question (a): Information is asked about the plans of the member States regarding negotiations envisaged under Section 14 of the Convention. What form will the negotiations take, what scope will they have, when will they take place, will they take place with one or with several countries simultaneously?

Question (b): Will such negotiations be carried out under the auspices of the High Authority on behalf of the member States?

Answers: (These questions will be answered at the third meeting of the Working Party)

II. Tariffs

Question (a): Are the tariffs of member States, resulting from the measures taken so far, to be considered as a provisional form of the harmonized tariff? If so, are the present tariffs considered to be lower and less restrictive than those which obtained before the common market was introduced?

Question (b): It is understood that customs duties on imports of coal and steel into member States are going to be harmonized at a level lower and less restrictive than the duties now in force. If not, will it be possible for any member State further to reduce duties on imports from third countries?

Answer: First of all, coal should be considered separately from steel in answering these questions since coal is importable free of duty into all member States with the exception of coke into Italy. As regards the harmonization of duties, the answer can be found in section 15 of the Transitional Convention of the Treaty. According to this, the final stage in the process of harmonization will have as a basis the present tariff level of
the Benelux countries, which is considerably lower than that of other member States, increased by two points at most. It should be observed that section 30 of the Convention authorizes Italy provisionally to stay outside the common market.

There still remains to be examined the situation in the five other member States. As is known, the Treaty authorizes the Benelux countries to apply to imports from third countries intended for their own markets, within the scope of the tariff quotas, the duties which were applied at the time the Treaty came into force. Imports in excess of these quotas are subject to duties equivalent to the lowest which are in force in the other member States, i.e. France and Germany. The French Tariff has turned out in nearly all cases to be the least protectionist, and the Federal Republic of Germany has decided to lower their duties to correspond to those of France. A provisional measure of harmonization has thus been achieved as between the extra-quota tariff of the Benelux and the tariffs of the two other member States.

It should be pointed out that the adjustment of the German duties represents a decrease of about 30 per cent in comparison with the former duties contained in the tariff. This amounts to nothing less than a considerable unilateral concession to third countries without compensation. As said above, the definitive harmonization as foreseen in the Treaty will be accomplished at a level which is markedly lower than at present.

The view was expressed that there is nothing in the Treaty which prevents a member State (other than Benelux) in the meantime from reducing duties below the present level. This has already in fact been done by Germany, where duties on a certain number of steel products within the quotas determined, have been still further reduced.

\[\text{Mr. Dubois for Belgium}\]
Question (c): Is it the intention of the member States and of the High Authority to prolong or to give a permanent status to the temporary tariff quota arrangements now in force or should the present tariff level be considered as provisional only?

Answer: As regards the tariff quota in force in the Federal Republic of Germany on products specified in the Treaty and coming within the common market, the measure taken consists of an autonomous regulation covering the period until 31 August 1954. This is, however, subject to modifications which may be found necessary in view of special circumstances which cannot at present be foreseen.

(Mr. Hagemann for the Federal Republic of Germany)

Question (d): Are duties applied to imports from third countries, to be bound as other duties reduced under the GATT rules or will it be possible for the High Authority to make modifications?

Question (e): Will the Italian duties on imports from third countries be reduced at the same time and in the same proportion as duties on imports from member States?

Answer: (These questions will be answered at the third meeting of the Working Party)

III. Export of scrap

Question (a): Have the export restrictions on scrap been applied in order to meet the supply position in the Community? What other criteria are used, if any?

Question (b): Of what nature are the recommendations made by the High Authority to the member States?

Question (c): On what basis are the exports of scrap allocated?

Question (d): When global quotas were fixed for the member States, did those States pay due regard to the established needs of each third country for this commodity?

Question (e): Has the rule of non-discrimination as between third countries been strictly observed by the member States?
Attention should first of all be drawn to the fact, that the market for scrap for many years has been characterized by a demand which in general has exceeded the available supply, not only within the Community, but also in certain other countries. This difficulty has led the countries which now form the Community to take measures with a view to meeting the requirements of their own steel industries.

After the establishment of the Community, the previous difficulties in the different countries to ensure an adequate supply of scrap have continued also in the common market, and it has consequently been found necessary to maintain a policy, ensuring the satisfaction of requirements, while at the same time avoiding conferring upon these exports a more restrictive character than before.

Under these circumstances, an exchange of views based on the provisions of Article 57 of the Treaty took place between the Governments of the member States and the High Authority. In the course of these discussions, the need for maintaining restrictions as regards exports of scrap was unanimously recognised. Since in the meantime there has been a more favourable development on the scrap market, the High Authority expressed the view that exports could be eased for certain qualities. The establishment of the common market has not brought about any element of discrimination in the exports of scrap as between different countries of destinations.

The question has also been raised, when third countries would be informed about future measures to be taken regarding scrap exports. It is therefore relevant to observe that, the market being to such a large extent speculative, it would in practice be very difficult to announce such measures in advance, as this would involve the risk of rendering them ineffective.

[Mr. Christaki for the High Authority]
IV. Export Prices

Question: Will the High Authority be able to submit to the CONTRACTING PARTIES a general survey of the export prices charged by the producers within the Community since the common market was established? These prices should be compared:

(a) with the prices charged on the same products in the time before the common market was established, for example in the last year before that date;

(b) with the prices which the producers charge on the common market;

(c) with the prices charged by competing producers in other countries.

Answer: (This question will be answered at the third meeting of the Working Party)

V. Cartels and Price Agreements

Question (a): Have producers in member States concluded agreements with regard to prices on exports to third countries?

Question (b): If so, has the High Authority any knowledge of such agreements and can these be made available to the CONTRACTING PARTIES?

Question (c): Is it considered that such agreements are likely to have harmful effects on the interests of third countries? Does the Community consider the prices now charged to outside countries equitable?

Question (d): To what extent and to what objectives are the High Authority or the member States prepared in the future to exercise control over producers' arrangements affecting third markets?

Question (e): What are the views of the High Authority regarding the practice of differential prices for different export markets?

Answer: (These questions will be answered at the third meeting of the Working Party)
VI. Particular Questions

Question 1. Do the reduced duty rates introduced by Germany apply to all countries or only to those with which Germany has negotiated?

Answer: The reduced duty rates introduced in Germany are being applied to third countries without exception. For steel a tariff quota has been fixed of 120,000 tons monthly which is global and thus not allocated as between individual supplying countries.

\[\text{Mr. Hagemann for the Federal Republic of Germany}\]

Question 2. On what basis are the Benelux tariff quotas being determined?

Answer: The Benelux tariff quotas are determined in agreement with the High Authority on the basis of the highest level of imports in the years 1951-52. It should be underlined that these tariff quotas are indicative and do not limit the power to exceed them if that is found necessary. According to the procedure established, the High Authority should simply be notified if the quotas are going to be exceeded, in accordance with the rules set out in Section 15 of the Transitional Convention of the Treaty. In this way, the tariff quota on steel sheets (" tôles", position 707 in the tariff), which was fixed at 10,000 metric tons for the B.L.E.U., within the allocation made between the Benelux countries on the basis of a global quota of 51,000 tons, has been increased to 20,000 tons without the quota of the Netherlands having been thereby reduced (Government Decree of 25 August 1953 and Moniteur Belge, 27 August, 1953, No. 239, Appendix II Doc. L/120).

\[\text{Mr. Dubois for Belgium}\]
Question 3: Do France and Italy apply quantitative restrictions against imports of steel from third countries?

Answers: - When the common market was opened, steel remained subject to import restrictions in France like all other commodities. The import restrictions on steel are the result of the currency-saving policy of the country, necessitated by the heavy deficit in her balance of payments. Thus there are now in France, as regards commercial steel, a dual system of import duties and quantitative restrictions; those duties have, however, no protectionist purpose; the re-introduction of duties at the opening of the common market should be considered as simply a measure for the sake of order, which in France, as in other countries of the Community, has been applied pending the harmonization of tariffs according to the Treaty.

It should be noted that the question raised is somewhat theoretical, since France is not an import market for commercial steel. The very small imports there are consist of a few special products, for which the suspension of duties has been maintained.

[Mr. Vavasseur for France]

Italy maintains a system of import licences on steel which, however, does not affect imports from EPU countries. As regards imports from other countries, licences are issued within the quotas envisaged in the trade agreements. Concerning those countries with which no agreements have been concluded, licences are considered in some cases, due regard being paid to necessity and availability of currency.

[Mr. Notarangeli for Italy]