WORKING PARTY 9 ON THE
EUROPEAN COAL AND STEEL COMMUNITY

List of Questions and Answers
(Addendum to Sec/118/53)

I. Negotiations

Answer to questions (a) and (b):

The Community confirms its intention of initiating negotiations, consistent with paragraph 14 of the Convention on Transitional Provisions, with third parties and, in particular, with the British Government, on economic and trading relations as a whole, in respect of coal and steel. These negotiations will be conducted by the High Authority in its capacity as joint representative of the six member States, and on directives received from the Council of Ministers unanimously.

The Community intends as soon as possible to initiate negotiations with third countries as stipulated in paragraph 14, and trusts that substantial results will be achieved by 1 May 1954.

Referring to the questions raised with regard to the form and scope of these negotiations and the point as to whether these negotiations will be held with only one country, or with several countries simultaneously, detailed information can be supplied only after the conclusion of the examination of the question now in progress.

II. Tariffs

Answers to questions (a) and (b):

The penultimate paragraph on page 2 should be amended to read: "It should be pointed out that the adjustment of the German duties represents a unilateral decrease of about 30 per cent in comparison with the former duties contained in the tariff."

Delete the sentence: "This amounts to ..."

The following sentence should be amended as follows and appear as a new paragraph: "As said above, the definitive harmonization as foreseen in the Treaty will be accomplished at a level which is markedly lower than that of the provisional harmonization."

The last paragraph, "The view was expressed..." is to be deleted.

Sec/118/53/Add.1
**Question (d) (amended):**

Are duties applied to imports from third countries to be bound as other duties reduced under the GATT rules, or will the member States reserve the right to modify them in agreement with the High Authority?

**Answer:**

The provisions of paragraph 16 of the Convention specify only the customs duties in force at the date of entry into force of the Treaty. They therefore do not refer to the possible results of future negotiations. Since, however, neither the Treaty establishing the European Coal and Steel Community, nor the Convention relative to the Transitional Provisions, nor the decision of the CONTRACTING PARTIES of 10 November 1952 contain provisions with regard to a possible binding of customs duties which would result from negotiations with third countries, the question of a binding of such customs rights must be one of the actual subjects for negotiations stipulated under paragraph 14 of the Convention.

**Answer to question (e):**

The Italian Government, in agreement with the High Authority of the Community, have established customs duties on steel products from member countries valid until 1 May 1955.

Simultaneously, the Italian Government and the High Authority confirmed the following: "It is agreed that duties on steel from third countries remain fixed at the level established under the Annecy Protocol, unless approval is previously sought from the High Authority". (Letter from the High Authority to the Italian Government on 6 July 1953, and answer from the Italian Government of the same date.)

The Italian Government sees no possibility of envisaging a reduction of the duties concerned vis-à-vis third countries, before expiry of the above-mentioned time limit.

As regards the possible position after 1 May 1955, the Italian view is that a discussion today would be premature. On the other hand, such a discussion might be held when the second report of the member States of the Community to the CONTRACTING PARTIES is considered, i.e. during the Ninth Session.

**IV. Export Prices and V. Cartels and Price Agreements**

**Answer:**

As regards the differential prices applied on different export markets, it should be noted that this question might arise independently of the existence or non-existence of an agreement between producers on export prices, and that a
disparity of levels may be necessary to render the prices on delivery competitive on certain foreign markets.

Regarding the point as to whether the prices applied for exports are fair or not in present circumstances, consideration of price statistics will show that these prices have followed the general downward trend since June 1951; they are practically equal to the prices applied in the Community; lastly, for commercial rolled products, beams, and wire, they are, on an average, lower than the prices applied on the United States home market.

The High Authority had heard, at one time, of an agreement between steel producers of the Community on the prices applied for exports to third countries. It reached the conclusion that the agreement, in its original form, did not require any action on its part.

Further information reached the High Authority at the end of September. This information relates to a reinforcement of the agreement.

The question is of concern to the High Authority which is anxious to avoid both possible damage to third countries, and repercussions within the Community which would run counter to the objectives of the Treaty. The High Authority is at present studying this problem, and is endeavouring to ascertain whether the agreements concerned are or are not consistent with the Treaty.

Assurance had been given that if the agreements were not consistent with the Treaty, the High Authority would not hesitate to take every step in its power.

Summary of the oral statement delivered by the observer of the High Authority.