REPLIES TO QUESTIONS I, II, III, V, VII, and VIII(b), (c)
RAISED IN THE WORKING PARTY
(Documents W.9/4 of 4 November and W.9/4 Add.1)

I. TARIFFS

Harmonization of Tariffs

Questions (a) and (d)

The final harmonization of the customs rates of Member countries of the Community will be carried out at the close of the transitional period, should the negotiations undertaken within the framework of paragraph 14 of the Convention relative to Transitional Provisions not have permitted their harmonization at an earlier date.

Questions (b) and (c)

The possibility of harmonization before the close of the transitional period is also open for Italy, to the extent that that country, even before the close of the transitional period, may no longer require the protection which it is permitted by the High Authority to apply within the framework of paragraph 30 of the Convention relative to Transitional Provisions, to products of the other Member countries.

II. BENELUX TARIFF QUOTAS

On common steel products

Questions (a) and (b)

The replies to these questions are contained in Table I. In addition, Table II gives the new quotas established for the year 1954-55 and the state of exhaustion of quotas for the period between 1 May 1954 - 30 September 1954 (cf. Annex I).

Question (c)

Yes, with the modifications made within the framework of the system of tariff quotas, as provided for in paragraph 15 of the Convention relative to Transitional Provisions.

Sec/121/54
On special steels

Question (d)

The figures in Annex IX of the Report were established on the basis of the statistics of the last eight months of 1953 as applied to a one-year average.

They do not apply to so-called "electric sheets" having a watt-loss not exceeding 0.75 watts, the temporary exemption from import duties having been permitted for members of the Community.

Question (e)

For the time being, it would seem that the quotas established at the beginning of the year from 1 August 1954 to 31 July 1955 are adequate to cover the requirements of the Benelux countries.

III. TARIFFS APPLIED TO SPECIAL STEEL PRODUCTS

Questions (a) and (b)

The information requested will be found in the Tables under Annex 2.

Question (c)

The modifications made in import tariffs of special steel products from third countries are to be found in the comparative tables already supplied. As to the possible effects of these modifications, no evaluation of these can already be made, on account of the very short period which has elapsed since the opening of the common market for special steel products.

V. SCRAP TRADE WITH THIRD COUNTRIES

System of scrap imports

Question (a)

The system of compensation which has been set up for scrap imports from third countries is not a subsidization. It is a compensation borne by the product itself.

Certain countries of the Community are organically importers of scrap. With the establishment of the common market and the elimination of quantitative restrictions within the Community, demand by these countries which, for geographical reasons, would naturally go to Member countries, would have caused a fresh demand for considerable quantities and would have led throughout the whole Community to an excessive increase in prices.
To avoid these consequences and to enable the countries which are organically importers of scrap to continue their purchases in third countries, and, further, to avoid discrimination amongst the users in the Community, a compensation fund was established. For imported scrap, it refunds the difference between the purchase price and the common market price. The compensation fund is financed by a levy on each ton of scrap, "bought" and consumed in the Community. Thus it is the aggregate amount of scrap which bears the cost of the compensation for scrap imported.

Controls on scrap exports

Question (b)

The balance sheet of resources and requirements of the Community continues to show a deficit, even for the lower qualities of scrap. This situation existed before the Community was established, as did export restrictions.

If, in the view of the Community, the quantities available within the common market permit, export licences approved are granted by the governments of the Member countries, taking into account their international obligations.

However, in the particular case of scrap from the breaking-up of old ships, exports to third countries are authorized if such scrap is not purchased within the Community at a price comparable to that which might be obtained in third countries.

The Brussels Scrap Office has no competence in respect of issuing export licences.

VII. EXPORT PRICES

The best method to reply to the questions raised with respect to export prices will be to give first of all figures.

The export prices for steel from the Community to third countries were on 20 October those which are reproduced on Table No. 1 (cf. Annex 3) for the principal categories of steel.

To supply data permitting the CONTRACTING PARTIES to gain an opinion with respect to these prices and their level in relation to prices on the world market, the export prices of the Community have been compared to export prices applied for the same categories of steel by the two great world producers: the United Kingdom and the United States.

The figures contained in this Table are, in our view, fundamental data proving that the export prices applied by the Community are situated within equitable limits.
As additional information, Table II, to be found under Annex 3, compares the export prices applied, with the prices applied on the internal market of the Community. The latter are the prices normally applied on the market, without taking into account rebates resulting from certain customary trade practices.

Table III (cf. Annex 3) shows the prices applied on exports of steel shipped to India in the form of merchant bars and thin sheets at various periods during the years 1953 and 1954. It includes likewise figures relating to the volume of exports of steel products from the Community to India in 1951, 1952, 1953 and 1954.

VIII. PARTICULAR QUESTIONS

Subsidies

Question (b)

In Italy shipyards are considered as being outside the customs territory. Therefore, semi-finished products and finished products (including semi-finished and finished steel products) used for shipbuilding:

Are duty-free if they are imported from abroad;

Are considered as exports if they are manufactured in Italy.

The finished or semi-finished products of Italian manufacture benefit by a rebate with a view to ensuring parity in prices between foreign products imported duty-free and domestic products. Furthermore, it should be pointed out that Italian legislation in respect of shipbuilding has been long established (even before the war) and has always provided for facilities of this kind.

Question (c)

The percentage of exports to India as compared with total exports of the ECSC for the year 1952 was 0.2 per cent. and 1.6 per cent. for 1953.