

RESTRICTED

18 November 1955

Working Party 7 on the European
Coal and Steel Community

REPLY TO THE QUESTION BY THE DANISH GOVERNMENT IN
RESPECT OF PRICES APPLIED TO COAL AND COKE SOLD BY
COMMUNITY PRODUCERS TO THIRD COUNTRIES

Remarks by the High Authority

Article 60 of the Treaty stipulates that price scales and conditions of sales within the single market shall be made public to the extent and in the form prescribed by the High Authority. For that purpose, the High Authority prescribed by decision what price elements should be made public and what characteristics of fuel should be specified: categories, giving the gas content, water content, ashes, gradings, etc., in certain cases, specification as to sizes.

Within the common market, the prices applied are exactly the scale prices, since alignments are prohibited between Community producers. In only two cases may the prices applied diverge from the scale prices:

premiums for quality and deliveries to specifications, in relation to which the High Authority may authorise that the prices be not made public;

alignment reductions to bring quotations into line with offers by enterprises outside the Community.

Sales to third countries do not come under the system of compulsory publication. Community producers have not made public price scales for export deliveries. Business is dealt with on a case-to-case basis, between producers and importers in third countries, in many cases with exporters who sell to importers in buyer countries, or direct with importing consumers. The prices applied by producers are reported to the High Authority at its request, but producers demand compliance with professional secrecy, as specified under Article 47 of the Treaty, which explicitly mentions the commercial relations of producers.

The prices applied by merchant exporters are not known to the High Authority. Producers specify individually in their sales terms whether merchant exporters shall abide by the prices fixed by the producers or are entitled to diverge from them.

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The¹ price scales, as made public by the producers, are communicated in an Annex to this Note in a series of tables giving the prices of several basic categories and gradings for the main coal-fields of the Community. On the basis of investigations carried out by the High Authority for the years preceding the establishment of the common market, these tables also show, as an indication, the prices applied, beginning 1948. To avoid price distortion from one year to another before and after the establishment of the common market, the table does not give the provision of Decision No. 30-53 of 2 May 1953 (Article 5) which considers as a forbidden practice the inclusion within the price asked from the purchaser of taxes or charges for which the seller is entitled to exemption or refund.

Lastly, the High Authority communicates as an element of information the following data on the prices applied by enterprises in the Community during the years 1953, 1954 and 1955, for deliveries of coal and coke to third countries. The producers were faced with the risk that consumers would buy United States coal at a time when transport rates were low, thus leading them to align their prices at a lower level, whereas at present, when United States coal is dearer by reason of fluctuations in the freight rates, Community producers refrained on commercial grounds from taking full advantage of the possibility of aligning their prices at a higher level.

German Producers

In 1953 the enterprises applied the same prices for coke as on the internal market. In 1954 they applied prices at a lower level varying according to the position of the market (level of their stock-piles) at the time the contract was signed. Prices fluctuated between 1 and 8 per cent, and even 10 per cent, below the prices applied on the internal market.

In the case of coal, price variations were appreciably the same, but sometimes even more accentuated, in particular at the time of the drop in current economic prices, when export prices were lower by over 10 per cent.

In 1955, the position of coal and coke altered as a whole. In the beginning of this year, export prices benefited by the same circumstances as in 1954. In the spring, they were increased practically to the level of internal prices. A little later, producers introduced increases ranging between 5 and 7 per cent.

Netherlands Producers

In 1953, export prices applied were at a level of several percentage units lower than internal prices.

In 1954, these prices dropped to a level over 10 per cent below internal prices.

¹ The tables will be distributed as an addendum.

In 1955, the price of coke remained the same as in 1954, except for supplementary quantities of insignificant volume, for which producers asked higher prices. But these higher prices relating to small quantities, left export prices as a whole at a level below that applied on the common market.

The quantities of coal exported are negligible, so that the High Authority did not feel it necessary to procure information on the subject. As regards special qualities, it should be noted that the cost has only an insignificant incidence on the cost price of the product processed by the buyer.

French Producers

In the case of coke, very few modifications were registered during the years 1953 and 1954 in the prices applied for coke deliveries to third countries. The prices applied ranged between limits up to 6 per cent below the prices applied on the common market.

The impact of the current economic situation was still more appreciable on certain other coals, when producers were compelled to cut their prices by 15 per cent in 1953, reducing this cut by 1954 to about 10 per cent.

In 1955 the f.o.b. prices to the buyer were practically on the same level as internal prices, with maximum variations of between 2 and 3 per cent over or under, according to the categories, gradings and destinations.

Belgian Producers

Export prices applied by the Belgian coking plants are very variable according to the date, the producer coking plants and the terms of delivery. On the whole, they were lower than the prices applied on the common market in 1953, 1954 and until the summer of 1955. Beginning with that date, higher prices have been obtainable, thus raising them to a higher level than internal prices.

As regards coal, the Belgian coal-fields experienced the greatest difficulties during 1953 and 1954 in marketing their stocks, which accumulated to such an extent, that towards the middle of 1954 they aggregated over four million tons. Faced with this situation, the producers sought to develop exports to third countries and to that end, concessions were made which in some cases reached 20 per cent below internal prices.

This situation has now changed and beginning with early 1955, the marketing of the production and of surplus stocks has been carried out very speedily on account of demand; prices have recovered and it has been possible during 1955 to procure supplementary prices up to 10 per cent, as compared with internal prices, delivery prices for this coal remaining, however, lower than delivery prices of United States coal.

The above information has been supplied within the limits imposed upon the High Authority by professional secrecy, but the High Authority is prepared to examine individual contracts which may be brought to its attention, if Governments consider their interests are not safeguarded.