

## 'Supranational measures for Community steel' from Communauté européenne (February 1964)

**Caption:** In February 1964, Dino del Bo, President of the High Authority of the European Coal and Steel Community (ECSC) from 1963 to 1967, clarifies the objectives of the two recommendations adopted by the High Authority on 16 January 1964 in order to protect the Community iron and steel market.

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## Supranational measures for Community steel

**By Mr. Dino Del Bo, President of the High Authority of the European Coal and Steel Community.**

The problem of the European iron and steel industry, which has aroused the interest and undeniable concern of interested government and economic circles for over a year, and which has been examined closely by the competent political bodies on many occasions, has been brought sharply back into focus by the ECSC High Authority.

At its meeting in Brussels on 10 January 1964, the Council of Ministers, while approving the High Authority's proposal to prohibit price alignment for steel on supplies from State-trading countries and territories until the end of 1964, was unable to reach a unanimous decision on the key issue of ensuring more effective customs protection for the Community iron and steel market. The High Authority then intervened under its supranational competence. Firstly, on the same day it announced its intention to take the necessary measures, and then on 16 January approved two recommendations on the subject.

A brief summary of the background and key elements of the situation might be useful.

### **New market conditions**

For nearly 10 years, the Community had been used to an upbeat approach to dealing with problems in the iron and steel industry, and long-term prospects looked favourable, both in terms of quantities to be produced, and with regard to supplies and prices. Within a few months, however, political circles and public opinion in our six countries rapidly became aware that the downturn in steel production since 1960-61 could no longer be explained solely in terms of economic factors.

It is in fact the world steel market that is unbalanced, in that supply considerably exceeds demand, a situation which is likely to continue to depress prices in coming years.

In the Community, this phenomenon has been reflected in a rapid increase in imports from non-member countries (from 1.9 to 3.4 million tonnes between 1961 and 1963 for finished products), and particularly in a significant rise in prices, involving long-term risks with respect to modernising installations and adapting our iron and steel undertakings to the new market conditions.

### **Safeguarding the European iron and steel industry**

While waiting until it was possible to act at the very source of the difficulties by organising the world steel market, to which the Community would like to contribute by means of a world conference of producer and user countries, the High Authority tabled proposals to the Council of Ministers as early as June 1963, and also during the meetings in December 1963 and January 1964 in particular. By means of internal as well as peripheral or customs measures, this meant demonstrating Europe's will to protect its basic industry if it did in fact come to be threatened by certain tariff or trade practices adopted by steel-exporting non-member countries.

The Community had no common external tariff for steel, as the Treaty of Rome had envisaged for other products. There are harmonised duties that differ according to the country, but which as a whole are well below those of major producer countries whose undertakings are competing with ECSC enterprises on the Common Market and on external markets. In the present context, peripheral protection has proved insufficient.

On 16 January 1964, the High Authority adopted two recommendations. The first sought to maintain or establish minimum duties on ECSC steel imports at the levels practised by Italy, i.e. an average of 9 %.

The measures to be taken by the States should come into effect on 15 November 1964. They will be temporary, in that the High Authority will withdraw its recommendation when market conditions allow.

The second recommendation is meant in addition to introduce specific protection of seven dollars per tonne on imports of pig iron. This measure will expire automatically on 31 December 1965.

These recommendations are important for European iron and steel and are consistent with a range of provisions which are not expected to reverse the situation or merely to return it to the previous position, but to provide the market with at least some stabilisation. Internal measures intended to control the conditions of sale by alignment, prohibition of alignment as regards offers made within the framework of quotas by State-trading countries, the raising of duties to the current Italian level and a specific duty on pig iron are the components of this package of new Community provisions.

With this system, the ECSC still remains well below the levels of protection which many competing iron and steel undertakings enjoy. The Community thus wished to keep all avenues open for constructive participation in the GATT tariff negotiations envisaged for 1964. It scrupulously respected the tariff consolidation agreed by certain member countries, and before formulating its recommendations the High Authority consulted the non-member countries directly affected by its proposals.

The High Authority would doubtless have preferred the Council of Ministers to give its assent to the proposed peripheral measures, since the Community would then have had the foundations for a true common trade policy towards iron and steel. After the meeting of 10 January, however, it had to assume its responsibilities. The High Authority is convinced that its recommendations and decisions will simultaneously serve our basic industries and the European ideal itself.

The interest shown in its recent action by the press, the industry and by political groups demonstrates that the issue has two dimensions, economic and political, as the High Authority believes.

D. Del Bo