

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(83) 589 final

Brussels, 10 October 1983

## COMMISSION COMMUNICATION TO THE COUNCIL

Steel: External measures, 1984

COM(83) 589 final

## COMMISSION COMMUNICATION TO THE COUNCIL

### Steel: External measures, 1984

#### I. General remarks

Effective application of the internal element of the steel plan presupposes that the external element remains in force. The Commission would refer to the Council deliberations of 25 July 1983, where the latter recognized the need to maintain the internal element of the anti-crisis measures until the end of 1985; at this point a need also exists, therefore, to maintain for the year 1984 the outward defense (external element) which guarantees the proper operation of the internal element.

#### II. Commission proposals for 1984

1. The Commission proposes to extend the basic aspects of the 1983 system to cover 1984, as follows:

##### (a) Basic prices

Maintenance and, if necessary, adjustment of basic prices in 1984; the Commission will continue to monitor regularly the trend - as regards both quantities and prices - of imports from countries subject to the system, so as to permit the rapid implementation of trade protection instruments in cases of unfair competition.

(b) Arrangements system

Reintroduction of the following elements without change :

- Range of geographic application

The Commission proposes the prolongation of the steel arrangements for 1984 with the same countries as in 1983, i.e. : Austria, Finland, Norway, Sweden, South Africa, Australia, Brazil (pig iron), South Korea, Spain, Bulgaria, Hungary, Poland, Rumania, Czechoslovakia, and the special "understanding" with Japan. She is prepared to examine the appropriateness and the possibility of broadening the coverage of products for Brazil and to conclude arrangements with other partners.

- Regulation of quantities

- Fixing by the Council of the rate of reduction for 1984 compared with the figure for 1980 on the basis of the need to maintain traditional trade flows in the light of the foreseeable trend in visible consumption in the Community.
- Exclusion of quantities not used under the 1983 arrangements, which may not be carried forward and added to the quantities planned for 1984.
- Consideration in the negotiations with the EFTA countries for the special nature of the arrangements, and especially for the principle of reciprocity, with these countries, concluded as they are in the framework of the free-trade agreements.

A Commission statement, acknowledged by the Council, to the effect that where the quantities agreed in the arrangements with the state-trading countries for supply to Member States not covered by autonomous quotas are in danger of being exceeded the Commission will authorize the Member State concerned to introduce an autonomous quota after consulting the third country in question.

A Commission statement, acknowledged by the Council, to the effect that the autonomous quotas may be maintained at their traditional level.

Triple clause: Commission statement, acknowledged by the Council, expressing its intention to remain particularly vigilant concerning compliance with the clause which provides for the maintenance of traditional trade flows while respecting staggering, geographical distribution and the breakdown of imports by product.

Undertaking by the Commission, acknowledged by the Council, that in the event of violation or potential violation of the clause, it will immediately consult the country concerned with a view to finding the appropriate solution. As regards the state-trading countries, where exports to a Member State are concentrated within too short a period of time, the Commission undertakes to enter into consultation with such countries.

- Second choice products : maintenance of the special provisions or practices relating to this group of products and, in cooperation with the Member States, increased surveillance of imports of such products.
- Temporary imports: exclusion from the scope of the arrangements of imports for hire processing when the product does not change owner.

- Price rules and margin of penetration

- Maintenance of penetration margins currently granted to the exporters of non-member countries by reference to the Community's delivered price lists.
- Alignment by Community producers: continued prohibition of such alignment.
- Indirect imports: maintenance of the rule whereby such imports are subject to the basic prices and must be deducted from the quantities agreed.

- Management of arrangements

- Consultation clause: maintenance of provisions providing for consultations for the purposes of both the automatic mid-year review of the operation of the arrangements and the discussion of specific problems.
- Suspension clause: maintenance of the suspension clause as set out in the existing arrangements.
- Control and sanctions: maintenance of sanctions consisting either in the reduction or elimination of the margin of penetration or, where the violation persists and in the most serious cases, in exclusion from the arrangement system of the product which is the subject of price undercutting.
- Retrospective and advance surveillance: extension for 1984. Effective collaboration by Member States, especially through more speedy transmission of statistics and the regular and prompt despatch of infringement files, would enable the Commission to strengthen the <sup>efficiency</sup> of the clauses contained in the arrangements.

2. In order to strengthen the system already in force, the Commission proposes to introduce the following new measures for 1984:

- Management of arrangements

The Commission will introduce a new mechanism to avoid violations of the triple clause (staggering, geographical distribution, breakdown by product) by the arrangement countries. To this end the Member States will have to inform the Commission by expedited procedure of any danger of injury due to non-compliance with the said clause. To this effect,

the Commission will immediately hold consultations with the country concerned and, if necessary, will take appropriate measures as provided for in the arrangements in order to put an end to the injury suffered by the Member State concerned.

- Advance surveillance

The Commission will amend Recommendation 1399/82/ECSC 1.a. in order to :

permit a more thorough examination of applications for licences, by extending the period for the granting of such licences from 5 to 10 days;

ensure an effective examination of price rules, by obliging the Member States to forward all the documentation required (copies of contracts, applications for licences).

- Price rules

The Commission studies the possibility of modifying the preferential price scheme for imports of steel for shipbuilding and repair yards.

- Products coverage

The range of products covered will be extended to include cold-rolled plate of 3 mm and over.

- Basic prices

The Commission will intensify its surveillance of steel products imported from the countries subject to basic prices and will take measures to ensure that complaints made by Community industry are dealt with more rapidly.

- Second choice products

The Commission will consult the Member States in the Steel Liaison Committee in order to introduce effective uniform control of imports of second choice products.

The negotiations with the partner countries will be conducted by the Commission following agreement with the Member States in the Steel Liaison Committee. Before the negotiations are concluded, the text of the arrangements will be submitted to the competent authorities of the Council at the same time as the request for assent to prohibition of alignment.

III. Summary of Commission proposals

The Commission proposes to proceed in the following way :

In keeping with the OECD declaration the Commission will propose that certain countries which export steel to the Community conclude bilateral arrangements with the Community entailing discipline on prices so as not to disturb the Community market. At the same time assurances will be given concerning the maintenance of traditional trade flows, but taking into account both the possible fall in demand foreseen for 1984 and the anti-crisis measures which have been implemented under Article 58 of the ECSC Treaty.

- The Commission proposes that the other measures set out in Section II of the document be approved.
- The Commission will present its proposals on the quantitative aspects of the arrangements with the partner countries for which figures are to be agreed.
- The Commission will report regularly on the negotiations to the Steel Liaison Committee; this Committee will deliberate on all matters with a view to finding appropriate solutions.
- Problems for which no solution can be found within the Liaison Committee will be referred to the Permanent Representatives Committee.
- The Commission will present the text of the arrangements to the Council before arrangements are concluded.