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# GENERAL AGREEMENT ON TARIFFS AND TRADE

## EUROPEAN COAL AND STEEL COMMUNITY

### Note by the Executive Secretary for the Tenth Session of the CONTRACTING PARTIES

1. In accordance with the decision taken by the CONTRACTING PARTIES at the Ninth Session (SR.9/30), the following note has been prepared to facilitate the examination of the Third Annual Report of the member States of the European Coal and Steel Community (L/419). The first part of this note deals, as usual, with the changes in the customs duties and restrictions of the member States applicable to their trade with third countries and certain administrative arrangements made by the Executive Secretary with the High Authority. The second part deals with the development of production and trade in treaty products both among the Member countries and with third countries and the development of export prices for steel products. A comparison has been made with internal prices, on the one hand, and export prices of United Kingdom and United States supplies, on the other.

## I. MEASURES AFFECTING TRADE WITH THIRD COUNTRIES

### A. Changes in Customs Duties and Import Restrictions

2. Benelux, which applies tariff quotas under Section 15 of the Convention on certain iron and steel products to avoid the transshipment of such products imported at the lower Benelux rates to other member States of the Community, fixed new quotas on such products for 1955. These quotas, which under paragraph 4 of the decision of 10 November 1952 are intended to satisfy the needs of the Benelux countries, are reproduced in Annex 4 to the Third Annual Report of the Community States; the table below contains a comparison between the 1955 quotas and those which were granted by the Benelux countries in previous years in agreement with the High Authority. Some quotas have been raised considerably in 1955, for instance quotas for pig iron (from 46,000 to 118,500 tons), certain types of sheets and plates (from 28,000 to 33,500 tons) and rails, sleepers etc. (from 600 to 16,200 tons). On other products, the quotas remained the same as in 1954. This is the case for iron sheets and plates, surface worked (95,000 tons) and certain hoops and strips (6,200 tons). The increase in the quota for blooms, billets, slabs and sheet bars by 39,900 tons, and the reduction by almost the same amount of 38,900 tons of the quota for puddle bars, pilings and ingots of iron and steel, seem to reflect a change in the type of iron required in the Benelux market. On the other hand, some quotas have been reduced for products under tariff items 702, 703, 704 and 708. As regards the bars and sections the import statistics

for the Benelux countries[1] show that whereas there was a substantial reduction in the imports of these products from 1952 to 1954 the level of imports during the first half of 1955 was on the average higher than in 1954 and very near that of 1953.

TABLE 1

Benelux Tariff Quotas

| Benelux Tariff Number | Description of products | Tariff Quota | | |
|---|---|---|---|---|
| | | 1953[2] | 1954[2] | 1955 |
| 696 a,b,c2 | Pig iron and Spiegeleisen | 36,500 | 46,000 | 118,500 |
| 697a1 | Carburized ferro-manganese | 69,000 | 42,300 | 42,300 |
| 699 | Puddle bars and pilings; ingots of iron and steel | 600 | 40,100 | 1,200 |
| 700a1, b1 | Blooms, billets, slabs and sheet bars of iron and steel, not forged | 750 | 200 | 40,100 |
| 701b | Iron and steel coils for rolling, plated | 2,000 | 200 | 200 |
| 702 | Universal plates of iron and steel | 200 | 1,100 | 200 |
| 703a, d1A | Bars and rods of iron and steel | 10,500 | 8,000 | 7,000 |
| 704a1AIaa, a1AIIaa, a1BI, a1CI, a4AIaa, b | Angles, shapes and sections | 40,500 | 22,500 | 18,000 |
| 706a1B, a2B, b1A, b1B, b1C, b1D, b1E, b2, b3B, b3C, b3D, b3E | Sheets and plates of iron and steel, flat, unworked | 48,000 | 28,000 | 33,500 |
| 707a2, b1, b2C, b2D, b2E | Sheets and plates of iron and steel, flat, surface worked | 51,000 | 95,000 | 95,000 |

1 As reproduced in the "Bulletin Statistique" of the High Authority

2 These figures were made available last year by the Benelux Governments (see note) on page 15 of L/305; they cover the period from 1 May of one year to 30 April of the next year. The quotas 1954/1955 were replaced on 1 January 1955 by quotas based on the calendar year.

| Benelux Tariff Number | Description of products | Tariff Quota 1953[1] | 1954[1] | 1955 |
|---|---|---|---|---|
| 708a2, bl, b2, b4C | Sheets and plates of iron and steel, otherwise finished or worked | 1,000 | 1,600 | 1,400 |
| 709a, bI, c3, c5Al | Hoop and strip of iron and steel | 450 | 6,200 | 6,200 |
| 710aIB, a3, a4B, a5A, a5CIaa, a6A, a6B, a6CII, a6D, a6EI | High carbon steel | - | 2,000 | 2,600 |
| 710bI3, b3, b4B, b5A, b5CIaa, b6AII, b6BI, b6BII, b6BIIIbb, b6BIV, b6BVaa | Alloy steel | - | 9,500 | 10,100 |
| 716a, b, d, eI | Railway and tramway track construction material of iron and steel | 450 | 600 | 16,200 |

3. The temporary tariff reductions which were applied by various members of the European Coal and Steel Community have, on the whole, been maintained for the period under review. The measures are listed in Section 13 of the Third Annual Report. Further information is contained in the table below.

TABLE 2

Temporary Tariff Reductions;
Tariff Quotas

A. TEMPORARY TARIFF SUSPENSIONS AND REDUCTIONS

(a) Suspensions and reductions of tariff rates introduced by all Member countries at the opening of the common market for common steel (1 May 1953):

1. Pig iron containing not more than 1% vanadium and 1% titanium (tariff number 7301 CI of the common nomenclature)

   1% till 1 January 1956

2. Iron and steel coils for re-rolling, not plated (tariff number 7308 A of the common nomenclature)

   3% for coils of a width less than 1.50 m, duty-free for coils of 1.50 m and more till 1 January 1956

[1] See note 2 on previous page

(b) Suspensions and reductions of tariff rates introduced by the Member countries - who had permitted a duty-free import before - the opening of the common market for special steel (1 August 1954):

Electric sheets with a watt-loss not exceeding 0.75 watts (tariff number 7313 AI and 7315 B VI a 1),

(c) Reduction of the tariff rate for plates for ship building (3%) introduced by the Federal Republic of Germany. This reduction has been withdrawn as from 1 January 1955.

B. TARIFF QUOTAS AT REDUCED TARIFF RATES

(a) Federal Republic of Germany

1. Certain types of common steel (ex tariff numbers 7301, 7306, 7307, 7309 and 7313, 7316)

Monthly quota of 120,000 tons on a temporary basis

2. Electric sheets with a watt-loss of more than 0.75 watts but not exceeding 2.3 watts (tariff number 7313 AII and 7315 B VIa2)

| | |
|---|---|
| 1954 | 4,000 tons at 4% increased to 4,300 at the end of 1954 |
| 1955 first half | 5,000 tons at 4% |
| 1955 second half | Transformed into a yearly quota of 10,000 tons at 4% |

3. Special steel for roller bearings, etc. (ex tariff number 7315 B)

| | |
|---|---|
| 1954 | Quota of 3,600 tons at 4% |
| 1955 first half | Quota of 3,500 tons at 4% |
| 1955 second half | " |

(b) France

Wire rod (ex tariff number 7310)

| | |
|---|---|
| 1954 | 2,500 tons at the rate of 4% |
| 1955 first half | " |
| 1955 second half | " |

4. No change occurred in the application of quantitative restrictions on coal and steel products, which are applied on imports from non-Member countries, except

that Germany seems to grant liberally import licences for imports of coal from the dollar area.

B. Scrap Problems

5. By a decision of 26 March 1954, the Scrap Office, which was set up in February 1953 on the basis of a private agreement among the works concerned, was placed under the control of the European Coal and Steel Community. Under this decision, the Scrap Office had the right to fix the quantity of scrap to be imported for which equalization payment would be made, the maximum import price as well as the "equalization price". A certain dissatisfaction concerning the functioning of this Office led to a new decision of 26 March 1955 which became effective on 1 April 1955 and will remain in force until 31 March 1956.

6. The main difference between the two decisions lies in the fact that the supervisory functions of the High Authority have been extended. Under the former decision, the High Authority was entitled to be represented at meetings of the organs of the Scrap Office and to take decisions on questions on which the High Authority representative reserved his position. Under the new arrangement, the High Authority, in addition to its previous prerogatives, enjoys the right to request that a meeting of the governing bodies of the Scrap Office be convened. The functions of the Scrap Office have also been extended; in the future it will be entitled to buy scrap abroad as a trustee and to transfer it to buyers to be determined later. But in such cases the quantities imported on the basis of such contracts have to be placed at the disposal of the individual consumers as soon as they are imported or earlier. The supplementary statement submitted by the member States contains further information on the operation of the Scrap Office (see section VI, page 1).

C. Arrangements for the Publication of the Changes in the Tariff and Regulations applicable to Treaty Products

7. The arrangements made by the Executive Secretary with the Secretariat of the Council of Ministers of the Community to receive legal and administrative changes made by member countries in tariffs and other regulations affecting Treaty products have worked satisfactorily in the period under review. These communications have been reproduced in the Trade News Bulletin and a special 90 page supplement of that Bulletin appeared in October 1954.

## II. PRODUCTION, TRADE AND STEEL EXPORT PRICES

### PRODUCTION

8. Between the first halves of 1954 and 1955, the Community's output of coal, iron ore and crude steel rose from a level slightly lower than had obtained in 1952 (before the opening of the common market) by 3, 18 and 27 per cent, respectively.

As a result of these recent increases, the Community's production of coal and iron ore in the first half of 1955 stood higher in relation to 1952 than production in other important producing countries. In the United Kingdom, coal output in 1955 was about the same as in 1952 while in the United States it was nearly 10 per cent lower. On the other hand, in the United Kingdom, Sweden and Austria, the combined 1955 production of iron ore was slightly smaller than in 1952.

In respect of steel, the percentage increase in the Community's output over the 1952 level was the same as in the United Kingdom and the United States. The quantities involved will be seen from Table 3.

Table 3

Production of Coal, Iron Ore and Crude Steel in the Community and in Selected Other Countries 1952, first half of 1954, first half of 1955

(million tons at annual rates)

| Coal | Community | United Kingdom | United States |
|---|---|---|---|
| 1952 | 238.9 | 230.1 | 460.3 |
| 1954 I | 238.4 | 235.8 | 356.4 |
| 1955 I | 245.9 | 230.0 | 419.4 |
| **Iron Ore** | **Community** | **United Kingdom Sweden and Austria** | |
| 1952 | 61.8 | | 35.8 |
| 1954 I | 58.2 | | 33.8 |
| 1955 I | 69.0 | | 35.4 |
| **Crude Steel** | **Community** | **United Kingdom** | **United States** |
| 1952 | 41.8 | 16.7 | 84.5 |
| 1954 I | 40.6 | 19.4 | 80.0 |
| 1955 I | 51.4 | 20.4 | 103.8 |

Sources: Bulletin Statistique, published by the High Authority, and Monthly Bulletin of Statistics (United Nations).

TRADE

The following discussion of trade development falls into three parts:

A. an overall statement of recent changes, i.e. since early 1954;

B. a comparison of the present trade position of the major Treaty products with that obtaining before the opening of the common market, i.e. 1952; and

C. a more detailed discussion of selected Treaty products (coal, coke, scrap and steel products) covering developments since early 1954 and, in respect of steel products, also since 1952.

A. Recent Changes (Table 4)

9. The increase in the volume of trade among the member countries and the tendency for such trade to grow at a higher rate than the Community's production have continued since early 1954. The largest gains in trade within the Community were made by the steel products which increased more than either hard coal, coke or iron ore. Among the latter, coke rose most. Community trade in scrap, on the other hand, fell substantially since the first half of 1954, mainly because of a large decline in supplies to Italy which outweighed an increase in the imports of the other member countries; but in spite of this decline, scrap still is the product showing the largest increase in comparison with 1952.

Table 4

Index Numbers of Volume (tonnage) of Trade in Coal and Steel in January-April 1955 (corresponding period 1954=100)

| | Trade among member countries | Trade with third countries | |
|---|---|---|---|
| | | Exports | Imports |
| Coal | 109 * | 221 * | 118 * |
| Coke | 143 * | 121 * | 156 * |
| Iron Ore | 121 | 133 | 152 |
| Scrap | 89 | 5 | 2056 |
| Pig-iron and ferro-alloys | 154 | 92 | 196 |
| Crude steel and semis | 186 | 93 | 283 |
| Finished steel | 150 | 133 | 83 |
| End products | 184 | 136 | 139 |

* January - May 1955 (January - May 1954 = 100)

Source: Bulletin Statistique, published by the High Authority, July 1955.

10. Trade with non-member countries has again, as it did last year, shown a tendency to develop in the same direction as trade among member countries. Moreover, the changes have on the whole been of the same order of magnitude as the movements in intra-trade, with the following exceptions.

In respect of exports from the Community to third countries, coal has risen more than twice as fast as trade among Community countries. Pig-iron (including alloys) and crude steel exports have fallen, while intra-trade has grown vigorously. Finally, exports of scrap have practically vanished, while intra-trade showed a moderate decline.

As regards imports from outside the Community, crude steel (including semis) has increased even more than intra-trade which nearly doubled. Finished steel showed a decline, while intra-trade rose by one-half. The largest change, however, occurred in the imports of scrap which in the first four months of 1955 were about twenty times as large as a year earlier.

B. Changes since 1952 (Table 5)

11. In order to appraise the recent changes which have been mentioned in the preceding paragraphs, it is appropriate to compare the quantum of trade in early 1955 with the position in 1952 (before the Community was set up).

In this longer perspective, the volume of trade among the member countries is seen to have grown for all Treaty products, with scrap, crude steel and end products showing the highest rates of increase, standing in 1955 three to four times as high as in 1952. Intra-Community trade in pig-iron and finished steel has nearly doubled, while coke and iron ore show relatively minor advances. Coal trade, on the other hand, in 1955, was nearly half again as large as in 1952.

12. In trade with third countries, it is necessary to distinguish between hard coal and the steel sector. First, as regards hard coal, the position of the Community has undergone a large change. Its net imports which were nearly 18 million tons in 1952 have fallen to 5 million (at an annual rate) in early 1955 - a shift due to an increase in exports and a fall in imports of nearly equal dimension.

In the steel sector, a different pattern of change should be noted in respect of the raw materials, on the one hand, and of the steel products, on the other. Except for metallurgical coke where both exports and imports in 1955 were at about the same level as in 1952, the Community now has larger net imports (iron ore and scrap) or has ceased to be a net exporter (pig-iron) of materials for steel making. Among the steel products, the position is roughly the same as in 1952 only in respect of crude steel. In respect of both finished steel and end products[1], the net exports of the Community have risen substantially.

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[1] According to the Bulletin Statistique of the Community, "end products" include tin plate, cold rolled black plate, so-called electrical sheets, and lead-coated, galvanized and other coated sheets.

TABLE 5

The Community's Production and Trade (both among member countries and with third countries); its Net Export or Import Position in 1952 and Changes between 1952 and January-April 1955.

(million tons at annual rates)

| | Production and trade in 1952 and changes to 1955 | | | | Net trade position c) in 1952 and 1955 |
|---|---|---|---|---|---|
| | Production in the Community | Trade among member countries | Trade with third countries | | |
| | | | Exports | Imports | |
| Coal 1952 | 238.88 | 19.55 | 4.44 | 22.26 | + 17.82 |
| change 1952-1955 a) | + 8.18 | + 8.54 | + 6.96 | - 5.88 | + 4.98 |
| Coke 1952 | 62.35 | 8.93 | 5.16 | 0.11 | - 5.05 |
| change 1952-1955 a) | + 4.35 | + 0.67 | + 0.08 | + 0.01 | - 5.12 |
| Iron ore 1952 | 61.85 | 11.80 | 0.56 | 13.50 | + 12.94 |
| change 1952-1955 | + 6.53 | + 2.21 | + 0.32 | + 1.33 | + 13.95 |
| Scrap 1952 | 20.00 | 0.43 | 0.42 | 0.48 | + 0.06 |
| change 1952-1955 b) | + 1.20 | + 1.37 | - 0.39 | + 1.86 | + 1.53 |
| Pig-iron 1952 | 34.79 | 0.30 | 0.66 | 0.33 | - 0.33 |
| change 1952-1955 | + 4.45 | + 0.24 | - 0.31 | + 0.10 | + 0.08 |
| Crude steel 1952 | 41.81 | 0.26 | 0.53 | 0.06 | - 0.47 |
| change 1952-1955 | + 9.07 | + 0.56 | + 0.03 | + 0.11 | - 0.39 |
| Finished steel 1952 | 29.88 | 2.08 | 5.08 | 0.22 | - 4.86 |
| change 1952-1955 | + 5.16 | + 1.83 | + 0.78 | + 0.03 | - 5.61 |
| End products 1952 | 1.20 | 0.09 | 0.37 | 0.14 | - 0.23 |
| change 1952-1955 | + 0.77 | + 0.26 | + 0.43 | + 0.11 | - 0.55 |

a) January-May 1955

b) January-March 1955

c) Net imports are marked (+), net exports (-).

Source : Bulletin Statistique, published by the High Authority, July 1955.

13. In summary, the recent progress in steel making within the Community has been such as to call for larger imports of iron ore and scrap, in addition to increased output of these items, while its production of pig-iron has not increased enough both to satisfy internal requirements and to maintain its position as a net exporter. On the other hand, the Community's output of finished steel and end products has risen in such a manner as to make possible a large increase in exports. In the following paragraphs, the situation in the markets for coal, coke, scrap and steel products as a whole is discussed briefly.

C. Trade in Selected Products

14. Coal. The Community's imports of hard coal from third countries rose by 3.3 million tons (at an annual rate) between the first halves of 1954 and 1955. This increase was more than accounted for by the recovery of imports from the United States which increased by 4.9 million tons, while supplies from the United Kingdom fell by about 1.4 million tons, the remaining decline being due to a fall in deliveries from Poland and other countries which exceeded an increase of imports from the USSR. It is worth mentioning that the movements of imports from the United States and the United Kingdom are the exact opposite of the changes noted last year.

However, the dominant feature in the Community's external trade in coal has been the fact that exports to third countries more than doubled since the first six months of 1954. From a level of 5.4 million tons (at an annual rate) in that period, these exports rose to 11.4 million tons in the first half of 1955. While supplies to Austria, Switzerland and Sweden all increased, nearly the whole expansion was due to exports to the United Kingdom which rose from 0.8 to 5.7 million tons (at an annual rate) between the first halves of 1954 and 1955. All the countries mentioned (except Switzerland), and especially the United Kingdom, also imported more coal from the United States, while imports from Poland were either unchanged or lower.

The rise in the Community's exports to third countries - by 6.0 million tons at an annual rate - was nearly as large as the increase in the Community's production - 7.3 million tons between the first halves of 1954 and 1955.

15. Coke. The Community's exports of coke to third countries have been well maintained since the beginning of 1954. However, there are indications that this has only been possible at the price of some strain as evidenced by the fall in stocks at the coke ovens which have been declining continuously since the middle of last year. From a level at the end of June 1954 which, at 4.1 million tons, represented more than a month-and-a-half's deliveries to the iron and steel industry during the preceding month, these stocks had dropped to only 1.0 million tons at the end of April 1955, representing barely a week's deliveries, at the rate prevailing in that month. The fall in stocks has continued since that time.

16. Scrap (Table 6) The increase in steel manufacturing in the Community has led to a corresponding increase in the demand for scrap. Consumption of this raw material rose continuously during 1954. During this period and the first quarter of 1955, trade within the Community which rose steeply after the opening of the common market, remained at a high level. Imports from third countries started rising fast from July 1954 and in the early months of 1955 were about twenty-five times as large as in the beginning of 1954, even exceeding intra-trade since November 1954. Apart from this increase in imports, the larger consumption also led, from September 1954, to a radical fall in exports from the Community to third countries (see Table 6).

The increased imports originated mainly in the United States, while the increase in exports affected principally the United Kingdom, Sweden, and Austria. Like the Community, these countries also relied more heavily on imports from the United States. In the first quarter of 1955, the imports of these countries were at the level of 250,000 tons, i.e. at the annual rate of 1 million tons. The situation in the scrap market is reported to have improved since April 1955, but exports from the United States have continued high through May, both to the Community and to the other European steel producers mentioned.

Table 6

The Community's Trade in Scrap with Third Countries

(thousand tons)

| | Imports from | | | | Exports to | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | USA | W. Europe | Other | Total | UK | Sweden | Austria | Other | Total |
| 1952 | 29.2 | 101.3 | 310.7 | 441.2 | 243.8 | 72.2 | 37.1 | 42.9 | 396.0 |
| I | .6 | 31.4 | 149.5 | 181.5 | 95.9 | 36.2 | 22.4 | 12.9 | 167.4 |
| II | 28.6 | 69.9 | 161.2 | 259.8 | 147.8 | 36.0 | 14.7 | 30.1 | 298.6 |
| 1953 | 45.5 | 70.9 | 377.5 | 493.9 | 183.5 | 16.1 | 6.2 | 28.2 | 234.0 |
| I | 21.0 | 39.3 | 209.1 | 269.4 | 74.9 | 2.2 | - | 11.6 | 88.7 |
| II | 24.5 | 31.6 | 168.4 | 224.5 | 108.6 | 13.9 | 6.2 | 16.6 | 145.3 |
| 1954 | 321.5 | 36.5 | 169.7 | 527.7 | 259.1 | 17.1 | 33.7 | 34.2 | 344.1 |
| I | 1.4 | 14.4 | 35.8 | 51.6 | 190.2 | 6.2 | 26.5 | 25.6 | 248.5 |
| II | 320.1 | 22.1 | 133.9 | 476.1 | 68.9 | 10.9 | 7.2 | 8.6 | 95.6 |
| 1955 | | | | | | | | | |
| I | 1,056.2 | 35.7 | 180.9 | 1,272.8 | 5.0 | 2.3 | 0.3 | 5.9 | 13.5 |

Sources: 1952-53: OEEC Foreign Trade Statistical Bulletins, Series IV; the figures are for "iron and steel scrap" (SITC group 282).
1954-55: figures specially communicated by the High Authority.

17. Steel products. As already noted, the last twelve-month period (i.e. from the first half of 1954 to the first half of 1955) witnessed an almost identical increase - by about 27 per cent - in the output of crude steel in the Community, the United Kingdom and the United States. While this rate of increase in production has, as regards the Community, been accompanied by a growth in trade among the member countries which was about twice as high in respect of steel products (crude steel, finished steel and end products taken together), the rise in the Community's exports of steel products to third countries was percentagewise roughly the same as for crude steel production.

18. In order to compare the development of the Community's exports with those from the United Kingdom and the United States, it is necessary to use data which are somewhat more comprehensive than those published by the High Authority in that they include all steel products (not only those covered by the Treaty) and pig-iron as well. In terms of these figures (see Table 7), the rise in the Community's exports to third markets since the first half of 1954 has been at about the same rate as the increase in total exports from the United Kingdom and the United States - about 20-21 per cent. But these similar movements in the course of the last year have brought the Community's exports to a level about 14 per cent above 1952, whereas the United Kingdom's exports now stand 38 per cent higher, and those of the United States 15 per cent lower than in that year. These large differences in the development of exports from the three main suppliers of steel products have been accompanied by wide variations in their respective positions in particular markets.

19. The large increase in trade within the Community has not resulted in any fall in deliveries from outside suppliers. Both the United Kingdom and the United States have at least maintained the volume of their supplies to the member countries (as did Sweden, whereas supplies from Austria nearly doubled). By contrast, exports from the Community to both the United Kingdom and North America now stand at about half the 1952 level, while Community exports to the overseas sterling area have not shown much change.

In European markets other than the United Kingdom, the Community has made considerable progress (especially since the low point reached in the first half of 1953), while exports from the United Kingdom and the United States and also from Sweden and Austria have been either unchanged or rising slowly.

The steepest increase in the Community's exports to third countries has occurred to the world outside Europe and North America, and especially in Latin America,[1] where its supplies now are about twice as large as in 1952. The substantial rise in the United Kingdom's exports is mainly accounted for by the overseas sterling area, while there was no marked change in her supplies to Latin America. On the other hand, United States exports to that destination have been falling (as they also did to Canada), while they remained roughly constant to the remaining parts of the world outside Europe.

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[1] The data for the Community's exports to Latin America are not available for the first half of 1955 (and are therefore not shown in Table 7), since the Belgian national trade returns do not give the necessary breakdown. The statement in the text is based upon the position in the second half of 1954.

TABLE 7

Change in exports (tonnage) of iron and steel products (SITC group 681) from the Community, the United Kingdom and the United States to various markets, between 1952 and the first half of 1955 (A) and between the first halves of 1954 and 1955 (B).

(thousand tons at annual rate and percentages)

| Imports into \ Exports from | Community | | United Kingdom | | United States a) | |
|---|---|---|---|---|---|---|
| | thousand ton at annual rate | Per cent | thousand ton at annual rate | Per cent | thousand ton at annual rate | Per cent |
| A. Changes between 1952 and 1955 I | | | | | | |
| Community b) | + 3,559 | + 145 | + 48 | + 40 | + 33 | + 11 |
| Other Europe | + 284 | + 8 | + 141 | + 45 | + 134 | + 17 |
| North America | - 460 | - 45 | - 50 | - 24 | - 470 | - 37 |
| Rest | + 1,458 | + 40 | + 639 | + 32 | - 335 | - 19 |
| of which Latin America | n.a. | n.a. | + 18 | + 14 | - 321 | - 30 |
| Total | + 4,841 | + 46 | + 778 | + 39 | - 638 | - 15 |
| Do excluding intra-trade | + 1,282 | + 16 | | | | |
| B. Changes between 1954 I and 1955 I | | | | | | |
| Community b) | + 2,060 | + 52 | - 4 | - 2 | + 122 | + 62 |
| Other Europe | + 1,054 | + 41 | + 112 | + 33 | + 606 | + 292 |
| North America | - 104 | - 16 | - 106 | + 41 | - 196 | - 24 |
| Rest | + 684 | + 15 | + 470 | + 30 | + 44 | + 3 |
| of which Latin America | n.a. | n.a. | - 16 | - 10 | + 54 | + 8 |
| Total | + 3,694 | + 32 | + 472 | + 20 | + 576 | + 20 |
| Do excluding intra-trade | + 1,634 | + 21 | | | | |

a) figures for the United States in 1955 computed on the basis of the first quarter

b) excludes exports from Italy for which the necessary data are not available in the current trade returns

Sources : For the Community and the United Kingdom : OEEC Foreign Trade Statistical Bulletins, Series IV, and national trade returns; for the United States : Monthly Statistical Bulletin of the British Iron and Steel Federation.

20. Much of the changes which have been noted in relation to 1952 is due to developments since early 1954. It may be noted in this connexion that the large increase recorded since early 1954 in United States exports to "Other Europe" was directed to the United Kingdom.

21. To sum up, since the opening of the common market the Community's exports to third countries have increased mainly in European (outside the United Kingdom) and Latin American markets, while exports to the United Kingdom and North America declined. The exports of the United Kingdom rose mainly towards the overseas sterling area, while United States exports, which have declined as a whole, lost ground especially in Latin America and Canada.

Although the changes since the first half of 1954 have, in certain instances, deviated from this general pattern - e.g. the rise in United States exports to member countries in 1954-55 - it would appear that the main scope for further changes in the relative position of the principal suppliers of iron and steel products exists in Latin America and the "Rest of the world", excluding the overseas sterling area.

STEEL PRICES

22. Following the recommendations of the Report adopted on 18 January 1955 (L/305), the present section deals with the development of prices for steel products. The discussion is based upon detailed information contained in the supplementary statement which the six member states have attached to their Third Report to the CONTRACTING PARTIES, and which gives both statistics and extensive explanatory notes. That material covers the Community's prices for ten major steel products for export to third countries and corresponding data relating to transactions within the common market, as well as prices applying to exports from the United Kingdom and the United States.

23. Since mid-1953, the Community's export prices to countries other than North America and Switzerland (which are quoted f.o.b. Antwerp except for the Netherlands where they are given f.o.b. Rotterdam), have first declined, by 5 to 15 per cent approximately for the various products, reaching a minimum in late 1953 or early 1954. Since that period, export prices have risen continuously until 1 September 1955 by 13 to 25 per cent.

As a result of these fluctuations, finished steel other than flat products now shows export quotations which are generally between 7 and 10 per cent above those of 1 July 1953 - with the exception of sections which are only 2 per cent higher, and wire rods which have risen by 20 per cent. Export prices for flat products have on the whole risen less, up to 6 and 7 per cent for hot-rolled sheets and strip, or have even fallen, e.g. by 3 per cent for heavy and medium plates.

Export prices to North America (United States and Canada) are generally lower and more stable, although they also rose since early 1954. Export prices to Switzerland, being quoted franco Basel, contain a special freight element; although they have on the whole shown similar movements, their level and also their short-term fluctuations cannot be compared with those of the other export prices.

Comparison between Community export prices and internal prices

24. For the purpose of enabling comparisons to be made between export prices and internal prices, the statistics have been computed on the basis of f.o.b. Antwerp.[1]

However, no single price can be taken as representative for any one product within the common market as a whole. Whether the internal prices are taken f.o.b. Antwerp or f.o.b. works, substantial differences exist between the prices quoted by the various member countries. Moreover, there have also been different movements in the price development for the various products as between the member countries. For example, the prices for bars, rods, shapes, etc. are, as of 1 September 1955, quite regularly lower than those obtaining on 1 July 1953 in Germany and France, but higher in Belgium, Luxemburg and the Netherlands. In these circumstances, the comparison between internal and export prices for each product, both f.o.b. Antwerp, has been made in relation to each member country.

25. The main conclusions which emerge from a study of the difference (in dollars per ton) between the export prices and those applicable to the common market (see Appendix Table A) are as follows:

(a) On 1 July 1953, before a common export price policy was established, export prices for bars, rods, shapes and rails, except sections, were all lower than the internal prices; whereas for plates and sheets, the export prices were generally higher.

(b) By 1 January or 1 April 1954, the export prices for all products and virtually all exporting countries were substantially lower than the internal prices.

(c) Although these differences had a tendency to decline throughout the rest of 1954, it was not until the end of the year that on the whole export prices became higher than internal prices.

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[1] For details on the methods followed see the notes which accompany the tables contained in the supplementary statement (L/419/Add.1).

(d) Throughout 1955, the export prices of most products showed a tendency to be higher and to rise more than internal prices, in respect of most exporting countries.

(e) The resulting excess of export prices over internal prices was on 1 September 1955 generally smaller than the difference in the opposite direction which had obtained in early 1954, except for hot-rolled sheets where it was distinctly larger.

(f) In summary, the customary tendency for export prices to fluctuate more widely than domestic prices has continued since the establishment of a common export price policy. However, the amplitude of the fluctuations in export prices is now smaller in comparison with the movements in internal prices than it had been in earlier postwar years.

Comparison of the Community's export prices with those of the United Kingdom and the United States

26. The only feature common to the export prices quoted for the Community, the United Kingdom and the United States is that for most products they fell between mid-1953 and either late in that year or some point during the first half of 1954, and that, by September 1955, they had risen again to a level generally exceeding that of 1 July 1953. As regards the amplitude of the fall and of the subsequent increase, as well as the relationship of 1955 prices to the level obtaining in 1953, the picture lacks uniformity. The only general statement that can be made is that United States export prices have been more stable than those of either the Community or the United Kingdom. The details relating to the various products will be seen from Table 8.

Table 8

Movement (Index-numbers) of Export Prices of Various Steel Products in the Community, the United Kingdom and the United States

1953 - 1955

| | Community | | | United Kingdom | | | United States | | |
|---|---|---|---|---|---|---|---|---|---|
| | I | II | III | I | II | III | I | II | III |
| Merchant bars | 86 | 127½ | 110 | 91 | 125 | 113 | 98 | 109 | 107 |
| Sections | 82 | 125 | 102 | 87 | 124 | 108 | 100 | 107 | 107 |
| Broad-flanged beams | 90 | 120 | 108 | 87 | 124 | 108 | 100 | 107 | 107 |
| Wire rods | 94 | 127 | 120 | - | - | - | 97 | 107 | 104 |
| Light rails | 86 | 124 | 107 | - | - | - | - | - | - |
| Hot-rolled strip | 95 | 113 | 107 | 100 | 114 | 114 | 96 | 109 | 104 |
| Heavy plates | 85 | 113 | 97 | 76 | 123 | 93 | 99 | 106 | 104 |
| Medium plates | 85 | 113 | 97 | 78 | 119½ | 93 | 90 | 111 | 100 |
| Hot-rolled sheets | 90 | 117 | 106 | 100 | 101 | 101 | 90 | 111 | 100 |
| Cold-rolled sheets | 86 | 117 | 100 | 100 | 100 | 100 | 100 | 101 | 101 |

Note: I = Lowest price for the whole period (price on 1 July 1953 = 100)
II = Price on 1 September 1955 (lowest price = 100)
III = Price on 1 September 1955 (Price on 1 July 1953 = 100)
Small discrepancies between III and the product of I and II are due to rounding.

27. However, the most relevant aspect of the situation are the absolute differences, for the various steel products, as between the prices quoted for the three main suppliers (see Appendix Table B). In this connexion, the conclusions are as follows:

(a) The Community's export prices for bars, sections, shapes and wire rods are regularly lower than those of the United Kingdom and especially the United States; but for flat products, the Community's export prices are higher than those of the United States, especially for the thinner varieties, whereas in comparison with the United Kingdom, the relative price situation is less uniform; the Community's export prices are generally higher than those of the United Kingdom for strip, about the same for heavy plates, much lower for medium plates and much higher for hot-rolled sheets.

(b) These differences in the level of export prices for bars, rods, etc. on the one hand, and flat products, on the other, are reflected in the relative importance of these two broad categories of products in the exports of the three major suppliers. Whereas the Community's exports of finished steel to third countries, in 1954 for instance, contained only 30 per cent (by weight) of flat products, the corresponding proportions were about 80 and 60 per cent in the United States and United Kingdom, respectively.

(c) As regards the last twelve months period, the trend has been as follows: The Community's export prices for bars, rods, etc. were substantially (i.e. between $16 and $25 per ton) lower than United States export prices throughout 1954. During the first half of 1955, the difference became smaller, but it increased again during the third quarter, without however reaching the high margin of 1954. On 1 September 1955, the Community's export prices were between $5 and $11 per ton below those of the United States.

(d) The same general pattern emerges from a comparison with the United Kingdom's export prices for bars, rods, etc. except that after reaching a maximum in early 1954, the margin by which United Kingdom prices exceed Community prices began to decline by the second quarter.

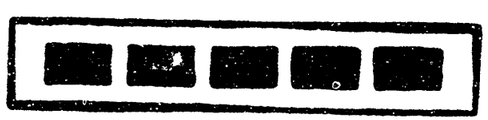
(e) The differences in export prices of flat products show a more varied behaviour. By 1 September 1955, the United Kingdom export prices exceeded those of the Community in respect of strip and heavy plates by $3 to $7.50 per ton, but were higher by $20 and $24 per ton for hot-rolled sheets and medium plates respectively. United States export prices, on the other hand, were all lower than the Community's - by $3 per ton for strip and heavy plates, $7 for medium plates, and $20 to $40 for thin sheets.

TABLE A

Differences between the Community's internal and export prices (in dollars per ton), both adjusted to quotations f.o.b. Antwerp, on 1 July 1953 (I), at the point of largest difference (either 1 January or 1 April 1954 (II), and on 1 September 1955 (III).

| | | Germany | Belgium | France | Luxemburg | Netherlands | | | Germany | Belgium | France | Luxemburg | Netherlands |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Merchant bars | I | + 3.10 | + 1.50 | + 4.30 | + 4.50 | - 0.30 | Hot-rolled strip | I | + 10.30 | + 3.00 | + 5.35 | + 6.00 | + 1.05 |
| | II | + 11.55 | + 14.50 | + 17.30 | + 17.50 | + 12.70 | | II | + 8.90 | + 8.00 | + 10.35 | + 11.00 | + 6.05 |
| | III | - 8.40 | 0 | - 8.35 | + 3.00 | + 6.30 | | III | - 0.85 | - 4.00 | - 3.65 | - 0.50 | + 1.75 |
| Sections | I | - 4.15 | - 3.50 | - 2.15 | - 0.50 | - | Heavy plates | I | - 7.45 | - 7.50 | - 3.45 | - 4.00 | - 7.90 |
| | II | + 9.35 | + 14.50 | + 15.85 | + 17.50 | - | | II | + 1.75 | + 3.00 | + 10.35 | + 6.00 | - 2.25 |
| | III | - 8.70 | - 2.00 | - 8.30 | + 5.00 | - | | III | - 8.95 | + 2.00 | - 2.65 | - 0.50 | - 8.25 |
| Broad flanged beams | I | + 0.85 | - | + 5.00 | + 5.50 | - | Medium plates | I | - 7.45 | - 7.50 | - 3.45 | - 4.00 | - 7.90 |
| | II | + 6.05 | - | + 15.00 | + 15.50 | - | | II | + 4.40 | + 3.00 | + 10.35 | + 6.00 | + 0.25 |
| | III | - 9.90 | - | - 7.00 | + 1.00 | - | | III | - 6.45 | + 2.00 | - 2.65 | - 0.50 | - 6.20 |
| Wire rods | I | + 11.85 | + 7.70 | + 11.55 | + 7.00 | - 1.00 | Hot-rolled sheets | I | - 11.25 | - 7.00 | - 5.90 | - 6.00 | - 8.95 |
| | II | + 11.15 | + 12.70 | + 16.55 | + 12.00 | + 4.90 | | II | - 1.15 | + 6.05 | + 5.65 | + 7.05 | + 2.20 |
| | III | - 8.80 | - 5.00 | - 10.60 | + 3.00 | + 0.25 | | III | - 16.50 | - 13.10 | - 15.40 | - 8.45 | - 11.70 |
| Light rails | I | + 5.45 | + 3.00 | + 10.30 | + 6.50 | - | Cold-rolled sheets | I | - 1.95 | - 9.80 | - 8.30 | - 8.20 | - 8.65 |
| | II | + 15.50 | + 16.00 | + 23.50 | + 19.50 | - | | II | + 13.45 | + 11.55 | + 11.60 | + 10.15 | + 9.65 |
| | III | - 2.45 | - 4.00 | + 3.30 | - 5.00 | - | | III | - 2.90 | - 4.90 | - 1.50 | - 6.35 | - 1.60 |

Note : A plus sign indicates an excess of the internal prices over the export price; a minus sign indicates an excess of the export price over the internal price.



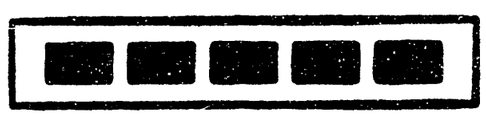


TABLE B

Difference (in dollars per ton) between the United Kingdom and the United States export prices and those of the Community

1953 - 1955

| | Merchant bars | | Sections | | Broad-flanged beams | | Wire rods | | Hot-rolled strip | | Heavy plates | | Medium plates | | Hot-rolled sheets | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | UK | USA | UK | USA | UK | USA | UK | USA | UK | USA | UK | USA | UK | USA | UK | USA |
| 1953 1 July | + 3.45 | + 12.15 | + 6.70 | + 5.60 | + 6.70 | + 5.60 | - | + 23.90 | - 3.55 | + 0.30 | + 12.20 | - 11.40 | + 30.00 | - 11.80 | - 13.05 | - 31.80 |
| 1 October | + 3.45 | + 12.15 | + 6.70 | + 5.60 | + 6.70 | + 5.60 | - | + 23.90 | - 3.55 | + 0.30 | + 13.50 | - 1.40 | + 30.05 | - 1.80 | - 13.05 | - 31.80 |
| 1954 1 January | + 10.95 | + 25.15 | + 10.95 | + 23.60 | + 2.95 | + 15.60 | - | + 28.90 | + 1.45 | + 5.30 | + 13.50 | - 1.40 | + 30.05 | - 1.80 | 0 | - 18.75 |
| 1 April | + 5.45 | + 21.40 | + 8.95 | + 21.60 | + 2.95 | + 15.60 | - | + 26.90 | + 1.45 | + 5.30 | + 6.70 | + 5.60 | + 23.25 | - 4.75 | 0 | - 28.70 |
| 1 July | + 2.80 | + 20.70 | + 8.95 | + 24.60 | + 2.95 | + 18.90 | - | + 19.15 | + 1.45 | + 5.30 | - 1.55 | + 8.50 | + 15.00 | - 4.75 | 0 | - 28.70 |
| 1 October | + 2.80 | + 18.70 | + 8.95 | + 21.60 | + 2.95 | + 15.60 | - | + 17.15 | - 0.55 | - 1.10 | - 1.55 | + 4.05 | + 15.00 | - 4.75 | - 12.05 | - 40.75 |
| 1955 1 January | + 0.45 | + 8.70 | + 7.45 | + 14.60 | + 1.45 | + 8.60 | - | + 5.15 | - 8.55 | - 9.10 | + 2.70 | + 0.05 | + 13.75 | - 8.75 | - 15.35 | - 44.75 |
| 1 April | - 3.55 | + 4.70 | + 8.00 | + 9.60 | + 2.00 | + 3.60 | - | + 3.15 | - 10.55 | - 11.10 | + 0.70 | - 1.95 | + 17.25 | - 10.75 | - 20.35 | - 49.75 |
| 1 July | + 3.50 | + 4.70 | + 10.50 | + 6.60 | + 4.50 | + 0.60 | - | + 3.15 | + 3.25 | - 11.10 | + 2.25 | - 5.95 | + 18.75 | - 14.75 | - 20.35 | - 49.75 |
| 1 September | + 7.00 | + 10.45 | + 13.00 | + 11.35 | + 7.00 | + 5.35 | - | + 10.85 | + 3.25 | - 2.70 | + 7.50 | - 2.75 | + 24.05 | - 7.40 | - 20.35 | - 39.40 |

Note : Plus or minus indicates that the United Kingdom or United States prices are higher or lower, respectively, than those of the Community. Cold-rolled sheets and light rails have been omitted because the United Kingdom and United States prices for the former show practically no change, while for the latter, they are available only in respect of scattered dates.