

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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FRENCH TRADE MEASURES

The following text has been received from the representative of the Commission of the European Communities and is distributed for the information of contracting parties.

DECISION BY THE COMMISSION

dated 6 July 1968
relative to the application of Article 37 of the Treaty
establishing the European Coal and Steel Community
as regards the French Republic

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

in view of the Treaty establishing the European Coal and Steel Community,
especially its Articles 2 to 5, 8, 14, 15, 37 and 86,

in view of the memorandum dated 24 June 1968 in which the Government of the French Republic informed the Commission of the serious and exceptional difficulties encountered by the French steel-producing enterprises, and which in the opinion of this Government, are of such a nature as to offer a real risk of provoking fundamental and persistent disturbances in the economy of France

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considering that the events which took place in May and June 1968 in France have seriously affected the social and economic conditions of this country; that, in addition to the difficulties threatening the French balance of payments, these events involved a steep drop in French industrial steel production during almost two months, while this branch of French industry had to increase salaries and social benefits in a sudden and unexpected fashion;

considering, also that the Common Market in steel has today reached a high degree of interpenetration in the trade of steel products within the Community; that the development of this interpenetration can be seen from the following table:

	<u>1965</u>	<u>1966</u>	<u>1967</u> ¹
Belgium	39.0	38.5	37.1
Germany	16.1	16.6	17.1
France	21.7	22.9	25.0
Italy	10.1	11.3	10.7
Luxembourg	6.7	6.7	4.7
Netherlands	67.3	62.6	62.8

considering that various measures have been taken to remedy the economic and social difficulties which France is at present experiencing; that, however, the normal play of the Common Market for steel products, as set forth in the provision of the ECSC Treaty and especially in its Article 4, that is to say, without hampering free circulation within the Community, is of such a nature as to aggravate the general economic situation in France and to frustrate the action undertaken to remedy the economic and social difficulties of the present moment;

considering that, in addition to the serious reduction in French steel production due to the strikes, this branch of industry, at a time when it can once again supply the market of the Community, is exposed to the danger of a decline in the demand for steel products, due to the fact that the producers of the other countries in the Community have had the possibility of meeting requirements on the market where the French producers would have had their share if the events of May-June 1968 had not occurred; that this also risks creating a degree of anxiety as concerns the maintenance in employment of the workers in this important sector of the French economy;

¹Percentage share of the other countries of the Community in the total supply by the Community of each member country (finished and end products, excluding special steels).

considering, moreover, that these difficulties are particularly serious in regions of France which are as important as Lorraine and the departments of the Nord, characterized by economic structures which are not greatly diversified; that these difficulties are thus of a nature to threaten fundamental and persistent disturbances in these regions, capable of having repercussions on the economy of France;

considering that, in order to attenuate the consequences of these difficulties as far as possible by the normal means of action provided by the ECSC Treaty, the Commission has just authorized, on the same day, the French Government, in application of Article 67 of the ECSC Treaty, to grant the French steel-producing undertakings temporary and limited export aid;

considering, however, that these measures are inadequate to provide a full solution for the serious and exceptional difficulties which now face the French steel-producing industry and that the provisions of the Treaty do not allow these measures to be suitably supplemented by recourse to other normal means; that this situation is thus of a nature to provoke fundamental and persistent disturbances in the French economy, if the Commission does not intervene by action taken under Article 37 of the Treaty;

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considering that the goal to be reached in order to put an end to this situation is to grant the French steel-producing undertakings a certain respite, strictly limited in time, to give them the possibility of resuming production and the necessary start to be able once again to assume their full part in the normal play of the Common Market without aid or protection;

considering that a too great influx of steel products on the French market would jeopardize the attainment of this aim and would not make it possible to put an end to the situation mentioned in Article 1; that it is therefore necessary to place a temporary control on the imports of these products into France;

considering that, for this reason, the French Government, must introduce import restrictions in France for the steel products concerned;

considering that, to attain the desired objective, it will be enough to restrict imports to the level they would have reached if the recent events had not occurred; that a quota of 390,000 tons per month up to 31 December 1968, for all sources and origins, representing the average of the imports effected during the second half year of 1967 increased by 7 per cent, corresponds to this condition;

considering that, in present trade conditions, this level is of a nature to safeguard the essential interests of the Community and especially of the steel-producing enterprises of the other countries which are members of the Community;

considering that these import restrictions should in the first place affect intra-EEC trade but that, to ensure the efficiency of these measures, imports from third countries should also be taken into consideration;

considering that, for this purpose, analogous measures must be applied to imports from third countries, whilst respecting the principal of equity and non-discrimination as well as the traditional flows of trade; that, under these conditions, the average tonnages can be fixed for imports from third countries at a level of 13,000 tons; that this figure nevertheless, does not include imports from State-trading countries or territories, since these imports are fixed by bilateral trade agreements between France and these countries;

considering that the distribution of the Community quota can be left to the care of the French Government under the control of the Commission which will, in particular, make sure that this distribution will be carried out in an equitable and non-discriminatory fashion, while respecting the traditional flows of trade;

considering that the action taken under Article 37 can be justified only in so far as there exists the special, exceptional situation referred to in Article 1; that, in addition, to assume the responsibility incumbent on it under Article 37 of the Treaty, the Commission must be in a position to control the application of the present decision and to abrogate or amend the measures taken if they go further than required by the application of Article 37 or if they no longer fulfil the necessity of safeguarding the essential interests of the Community;

considering, finally, that the measures taken under Article 37 must be of a strictly exceptional nature and limited in time and that, for this reason, the decision must cease to be valid on 31 December 1968, at the latest;

after consultation with the Council of the European Communities;

DECIDES:

Article 1

1. The Commission acknowledges that the serious and exceptional difficulties encountered by the French steel-producing enterprises are of a nature to provoke fundamental and persistent disturbances in the French economy if the Commission does not intervene under Article 37 of the Treaty.
2. In order to put an end to this situation, the Commission considers it necessary to apply the measures defined in the Article below.

Article 2

1. The Government of the French Republic, as from 8 July up to 31 December 1968, must take adequate action to restrict the deliveries of steel products from other countries of the Community into France.
2. These deliveries cannot exceed a monthly tonnage of 377,000 tons to be distributed as follows among the categories of steel:
 - ordinary steel: 362,900 tons
 - fine and special steel: 14,100 tons
3. The distribution of these quotas among the various sources in the Community must be effected by the French Government in an equitable and non-discriminatory fashion while respecting the traditional flows of trade.
4. In so far as the monthly quotas have not been used, they will be carried forward to the following months or month.

Article 3

1. As from 8 July up to 31 December 1968, the Government of the French Republic must take appropriate action to restrict imports of steel products from third countries into France.
2. These imports cannot exceed a monthly tonnage of:
 - 10,750 tons of ordinary steel
 - 2,250 tons of fine or special steel.

3. The quotas fixed in the previous paragraph do not include imports from State-trading countries and territories.

4. In the distribution of the quantities imported, the Government of the French Republic must avoid any discrimination and respect the traditional flows of trade.

Article 4

1. Steel products in the meaning of Articles 2 and 3 above are to be understood as the steel products mentioned in the Treaty establishing the European Coal and Steel Community, with the exception of pig-iron, high-carbon ferromanganese and crude steel.

2. Temporary imports intended for piece-work are effected outside the quotas mentioned in Articles 2 and 3 above.

Article 5

The Government of the French Republic will notify the Commission without delay of the action taken in application of Articles 2 and 3.

Article 6

The Commission will supervise the respect of the provisions of the present Decision, especially as regards the establishment and utilization of licences.

Article 7

Should it be necessary, the Commission will decide on the provisions required for the application of the present Decision.

Article 8

1. The Commission will keep permanent watch on the situation referred to in Article 1 of the present Decision. It will amend or abrogate this Decision if it notes that:

- the situation referred to in Article 1 above has altered or has disappeared;

- the action taken in application of the provisions of the present Decision exceeds that required to meet the situation mentioned in Article 1 or creates serious difficulties for member States;
 - the application of the present Decision is no longer of a nature to safeguard the essential interests of the Community.
2. In particular, the Commission will re-examine the overall situation on 15 October at the latest.

Article 9

The present Decision is valid until 31 December 1968.

Article 10

The present Decision will be notified to the Governments of the States members of the Community and published in the Official Journal of the European Communities.

It is binding on governments through the notification addressed to them.

Done at Brussels, 6 July 1968
For the Commission,
The President
(signed) Jean REY