COMMISSION RECOMMENDATION

of 14 August 1992

imposing protective measures in respect of certain ECSC iron and steel products originating in the Czech and Slovak Federal Republic

(Only the French, German and Italian texts are authentic)

(92/434/ECSC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Coal and Steel Community,

Having regard to Commission Decision 524/92/ECSC, and in particular Article 5 thereof [1],

Whereas :

(1) An Interim Agreement on trade and trade-related matters between the European Economic Community, of the one part, and the Czech and Slovak Federal Republic (hereinafter referred to as 'Czechoslovakia'), of the other part, was signed in Brussels on 16 December 1991.

Safeguard measures may be taken under Articles 24 and 27 (3) (d) of this Interim Agreement.

(2) On 29 July, 31 July and 3 August 1992 respectively, Germany, France and Italy requested that the Commission adopt forthwith safeguard measures under the Interim Agreement in respect of imports of certain ECSC iron and steel products originating in Czechoslovakia.

(3) In their requests the authorities of the Member States concerned claimed that the products in question were being imported in such increased quantities and under such conditions as to cause or threaten to cause :

— serious injury to domestic producers of like or directly competing products,

or

— serious disturbances in the sector concerned or difficulties which could bring about serious deterioration in the economic situation of a region.

(4) In support of their claim, the Member States in question supplied the Commission with information showing that imports from Czechoslovakia of hot-rolled coils, cold-rolled sheets and bars and rods increased considerably in the first few months of 1992.

(a) Hot-rolled coils falling within the CN codes listed in Annex I : the import documents requested or issued show an upward trend of up to 320 % over 1991 levels for certain products imported into Germany and of up to 575 % over 1991 levels for certain products imported into France.

The market share of imports from Czechoslovakia consequently rose from 0,9 % in 1991 to 3,2 % in Germany, from 1 % to 4,6 % in France and from 2,2 % to 3,3 % in Italy. In the case of particular CN codes, market share reached 15,3 % in Germany, 12 % in France and 10,7 % in Italy.

(b) Cold-rolled sheets falling within the CN codes listed in Annex II : the import documents requested or issued show an upward trend of up to 320 % for certain products imported into France.

The market share of imports from Czechoslovakia consequently rose from 1,4 % to 2,8 % in France, and reached 13,6 % in the case of certain products. The market share achieved was 3 % in Germany and 2,2 % in Italy.

(c) Bars and rods falling within the CN codes listed in Annex III : the extremely rapid increase in imports from Czechoslovakia brought a rise in their share of the German market from 5,5 % in 1991 to 14 % in 1992.

(5) The information provided by the Member States moreover indicates that the prices of these imports were very low (20 to 30 % below Community market prices).

[1] OJ No L 56, 29. 2. 1992, p. 41.

The Member States claim that the suddenness, scale, volume and price of these imports have caused a disturbance of their markets and that the situation threatens to worsen further. These are markets where demand is already low and prices falling, and where production capacity is severely under-used, with even the most efficient firms working at a loss. There is a risk of additional job losses and even closure of some plants.

(6) Because of these factors, the iron and steel industry in certain parts of the Community is especially vulnerable were certain products are concerned to any sudden and substantial increase in the market share of non-member country producers, particularly where this is achieved by charging low prices. Such transactions depress prices within the Community and take sales away from Community firms, reducing the use they make of their production capacity and contributing to a dramatic increase in losses.

This pattern of imports from Czechoslovakia, which has brought its exporters a market share of up to 27 %, is indicative of a momentum which has no reason to diminish. The Member States have pointed to :

— the greater frequency of requests for import documents,

— Czechoslovakia's production capacity, which is the largest in central Europe,

— the increase in export opportunities arising from the fact that the country has lost many of its markets in central and eastern Europe, particularly the Commonwealth of Independent States (CIS),

— the decrease in domestic demand in Czechoslovakia,

— the geographical proximity of the Community, which makes it a natural market for exports from Czechoslovakia.

Under these circumstances, there is an imminent danger that the disturbance already caused by imports from Czechoslovakia will increase.

(7) In the light of the above, the Commission considers that the criteria laid down in Articles 24 and 27 (3) (d) of the Interim Agreement have been met and that it is necessary to adopt forthwith protective measures in respect of the products listed below, in order to counter the injury which the imports from Czechoslovakia threaten to cause.

The products in question are :

— hot-rolled coils imported into France, Germany and Italy,

— cold-rolled sheets imported into France,

— bars and rods imported into Germany.

(8) The Commission considers that the imports in question should be limited using the level of imports in 1991 as a reference. This quantitative limit should, however, be increased by 20 % to allow for a reasonable growth in imports.

(9) The Commission will, moreover, closely monitor the pattern of imports from Czechoslovakia on the markets of each of the Member States, and will review the situation in the light of the results which emerge,

HAS ADOPTED THIS RECOMMENDATION :

Article 1

1. Imports from Czechoslovakia into the Member States listed below of the products listed below shall be subject to presentation of an import authorization issued by the authorities of the appropriate Member State.

Member State	Products
Germany, France, Italy	Products listed in Annex I
France	Products listed in Annex II
Germany	Products listed in Annex III

2. The import authorization referred to in paragraph 1 shall be issued by the authorities of the Member State in question against the annual quotas listed below for the year 1992, with account being taken of amounts already imported.

Products	Member State	Quantity (tonnes)
Products listed in Annex I	Germany	39 845
	France	24 770
	Italy	36 355
Products listed in Annex II	France	30 975
Products listed in Annex III	Germany	163 635

Article 2

This Recommendation shall not prevent the release for free circulation of products which, at the time of its entry into force, were already under way to the Community.

Article 3

This Recommendation is addressed to France, Germany and Italy. It shall be applicable until 31 December 1992.

Done at Brussels, 14 August 1992.

For the Commission
Frans ANDRIESSEN
Vice-President

ANNEX I

HOT-ROLLED COILS

CN code		
7208 11 00	7208 22 10	7211 29 10
7208 12 10	7208 22 91	7219 11 10
7208 12 91	7208 22 95	7219 11 90
7208 12 95	7208 22 98	7219 12 10
7208 12 98	7208 23 10	7219 12 90
7208 13 10	7208 23 91	7219 13 10
7208 13 91	7208 23 95	7219 13 90
7208 13 95	7208 23 98	7219 14 10
7208 13 98	7208 24 10	7219 14 90
7208 14 10	7208 24 91	7225 10 10
7208 14 91	7208 24 99	7225 20 10
7208 14 99	7211 12 10	7225 30 00
7208 21 10	7211 19 10	
7208 21 90	7211 22 10	

ANNEX II

COLD-ROLLED SHEETS

CN code		
7209 11 00	7209 24 91	7209 42 90
7209 12 90	7209 24 99	7209 43 90
7209 13 90	7209 31 00	7209 44 90
7209 14 90	7209 32 90	7211 30 10
7209 21 00	7209 33 90	7211 41 10
7209 22 90	7209 34 90	7211 41 91
7209 23 90	7209 41 00	7211 49 10

ANNEX III

BARS AND RODS

CN code		
7213 10 00	7213 49 00	7227 10 00
7213 20 00	7213 50 10	7227 20 00
7213 31 00	7213 50 90	7227 90 10
7213 39 00	7221 00 10	7227 90 30
7213 41 00	7221 00 90	7227 90 80