

COMMISSION OF THE EUROPEAN COMMUNITIES

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STEEL PRICE POLICY

(Communication from the Commission to the Council)

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The imposition of compulsory production quotas has had the effect of a price increase of the order of DM. 50-100, with the exception of reinforcing bars and wire rod. This price increase is still completely inadequate, partly because current prices are still considerably below those at the beginning of 1980 and partly because costs of production have considerably increased.

The market situation indicates the need for a further increase in prices by an appropriate policy in the area of the steel prices. The Commission accordingly proposes to undertake a number of actions which require collaboration by the Member States.

1. Restructuring of price lists

The list prices for the large majority of productive undertakings are considerably higher than the prices charged in the market. It is practically impossible to base an effective policy on these largely unrealistic list prices.

Existence of a large grey area between the list prices and the prices charged has represented a serious obstacle which, in the past, has hampered the increase in steel prices.

The Commission will therefore undertake measures to ensure an adaptation of the lists to reality; it will reinforce and complete, for this purpose, the checks to ensure observance of Article 60.

2. Obligation for undertakings and merchants

The checks recently carried out at a certain number of steel producers have revealed that the undertakings which sold their output to a steel merchant who subsequently acts under his own name do not keep original documents relating to these sales; the checks in the undertakings have therefore been ineffective.

Since existing regulations are not adequate, the Commission intends to complete the decision by obliging the steel producers to keep complete files containing all the sales and payment documents and to extend this obligation to the sales organisations.

The Commission has also become aware that certain steel undertakings have forced the steel merchants which they control to act virtually as a sales organisation of the undertaking. These steel merchants have not so far been subject to the obligation to respect the list prices of the producers.

The Commission therefore intends, to the extent necessary, to complete the existing regulation by subjecting this category of steel merchants to the obligation to respect the lists of the steel producers.

All the same, the above decision would allow the imposition of observance of certain price rules only on a part of the merchants. Therefore, the Commission also intends to address to Member States a recommendation with a view to ensuring observance of the rules implementing the provisions of Article 60(1) by the undertakings and organisations carrying out a distribution activity in the steel area.

This recommendation would oblige Member States to impose on steel merchants a prohibition of unfair competitive practices and discriminatory practices referred to in Article 60(1) of the ECSC Treaty.

3. Checks

The Commission is charged by the ECSC Treaty to carry out checks on the spot in the undertakings and in the sales organisations.

These checks will be enlarged and will concern not only the sales realised in the past but will take place, above all, at the time of the conclusion of a sales contract and of the payment. For this purpose, the Commission, which already has at its disposal a large team of inspectors for the surveillance of production quotas, will employ this team to the extent appropriate for the abovementioned checks as a reinforcement of the inspectors of the Commission.

The decision envisaged under point 2 concerning the keeping of sales files by the undertakings and sales organisations goes together with the reinforcement of checks proposed here.

At the same time, the Commission will ask Member States, in the framework of Article 86, to undertake checks at the buyers of steel products so that the national inspectors verify at the buyers the observance of the price rules on the part of steel undertakings. Because of difficulties in detecting breaches by the steel undertakings, a cross check of this kind will prove indispensable.

In a case where national inspectors detect breaches committed by steel enterprises during their check at the buyers the Commission will apply to these producers the penalties provided by the Treaty.