

THE COMMON MARKET

The European Economic Community

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EEC GRANTS ITALY TEMPORARY MEASURES TO RESTRICT IMPORTS

WASHINGTON, D.C., March 30 -- The Commission of the European Economic Community has decided in principle to authorize the Italian Government to adopt safeguard measures for the following products: sulphur, carbon disulphide, sulphides and sodium polysulphides, iodine, iodides and iodates, raw silk, unwrought lead and zinc spelter. Announcement of the authorization was made today by the Commission's headquarters in Brussels.

These safeguard measures provide protection for the Italian market vis-à-vis non-member countries as well as the other five member nations of the European Community - Belgium, France, Germany (Federal Republic), Italy, Luxembourg and the Netherlands. In return, the Italian Government will lay before the Commission a program of reorganization with respect to several of these products and submit an annual progress report on the execution of this program, so that a decision may be taken at the appropriate time on reopening the Italian market.

The protection granted extends from a ban on the import of sulphur until further notice, to the general retention of the duties in force vis-à-vis member countries and, in certain cases, the postponement of approximation to the common external tariff. The effect of this action is simply to confirm the situation which has so far existed in Italy. The Italian Government will have to see to it that the temporary retention of these customs duties does not appreciably affect the competitive position of Italian producers using the commodities protected.

This series of measures should make it possible to launch and successfully carry out conversion operations in the most sensitive sectors of the Italian economy with the particular help of the European Social Fund and the

European Investment Bank. From the social point of view, the aim is to insure stable and remunerative employment to several tens of thousands of workers in the branches concerned, especially those in Sicily and Sardinia.

Products listed above were the subject of the protocols annexed to the agreement of March 2, 1960, concerning the establishment of that part of the common external tariff covering products to which the rules of the arithmetical average did not apply (list G). In these protocols, member states of the EEC had expressed a preference that Italy resort to Article 226 of the Treaty which would isolate the Italian market for a period of six years (six to eight years for sulphur). Article 226 lays down regulations for imposition of certain temporary restrictions during the transition period where serious economic difficulties appear.

The decisions concerning the main products are as follows:

1. Sulphur - Authorization is granted to retain the import ban for one year beginning on the date of the decision. The Italian Government will submit to the Commission a program for the reorganization of the sulphur industry and will implement this program to enable the Commission at the end of one year to decide on subsequent approval of safeguard measures.

The Italian Government will see to it that the ban has no adverse effect on the competitive position of producers in the other member countries.

Approximation to the common external tariff should take place normally since the rate in the Italian tariff is zero and the common external tariff rate is zero for zinc spelter and 10 per cent for lead other than unwrought.

2. Carbon disulphide: Sulphides and sodium polysulphides - Retention of the existing duties (14 per cent) vis-à-vis member countries for a period of one year from the date of the decision. The Commission will decide on the subsequent granting of safeguard measures for the products in question as laid down in the decision concerning sulphur.

The Italian Government will insure that the maintenance of the customs duties has no appreciable adverse effect on the competitive position of producers in the other member countries.

3. Crude and other iodine -

a. No exception to the reduction of duties vis-à-vis member countries. On the other hand, confirmation to Italy that the safeguard measures adopted under Article 115, which refers to diversion of commercial traffic, may be maintained.

b. Authorization for Italy, under Article 226, to introduce an approximation of only 20 per cent instead of 30 per cent to the common tariff vis-à-vis non-member countries.

The measures under "a" and "b" above will be valid for one year from the date of the decision.

The Italian Government will submit to the Commission a program for the reorganization of the iodine industry and will implement this program to enable the Commission at the end of one year to decide on subsequent approval of safeguard measures.

4. Unwrought lead and zinc spelter - Maintenance of the minimum specific duties in force on March 2, 1960, for one year from the date of the decision. Amendment of ad valorem duties according to the normal timetable.

The Italian Government will see to it that the maintenance of the minimum specific duties has no appreciable adverse effect on the competitive position of producers in the other member countries.

The Italian Government will submit to the Commission a program for the reorganization of the lead and zinc industry and will implement this program to enable the Commission at the end of one year to decide on subsequent approval of safeguard measures.

Text of Article 115 follows:

"In order to insure that the execution of measures of commercial policy taken in conformity with this Treaty by any member state shall not be prevented by diversions of commercial traffic, or where disparities between such measures lead to economic difficulties in one or more of the member states, the Commission shall recommend the methods whereby the other member states shall provide the necessary cooperation. Failing this, the Commission shall authorize the member states to take the necessary protective measures of which it shall determine the conditions and particulars.

"In cases of emergency and during the transitional period, member states may themselves take such necessary measures and shall notify them to the other member states and also to the Commission which may decide that the state concerned shall amend or revoke such measures.

"In choosing such measures, priority shall be given to those which cause the least disturbance to the functioning of the Common Market and which take due account of the necessity for expediting, as far as possible, the introduction of the common customs tariff."

Text of Article 226 follows:

"1. In the course of the transitional period, where there are serious difficulties which are likely to persist in any sector of economic activity or difficulties which may seriously impair the economic situation in any region, a member state may ask for authorization to take measures of safeguard in order to restore the situation and adapt the sector concerned to the Common Market economy.

"2. At the request of the State concerned, the Commission shall by an expedited procedure immediately determine the measures of safeguard which it considers necessary, specifying the conditions and particulars of application.

"3. The measures authorized under paragraph 2 may include derogations from the provisions of this Treaty to the extent and for the periods strictly necessary for the achievement of the objects referred to in paragraph 1. Priority shall be given in the choice of such measures to those which will least disturb the functioning of the Common Market."