

**SUMMARY OF MEETINGS OF HEADS
OF DELEGATIONS**

**A. AGREEMENTS REACHED DURING MEETINGS
FROM AUGUST 30, TO SEPTEMBER 12.**

1. POLITIQUE COMMERCIALE ET DOUANIERE.

(Meetings of September 1 and 2, 1950)

a. Immediate elimination of customs ~~tariff~~ barriers and quantitative restrictions between the participating States.

b. Liberal policy for imports from third countries. A convention is to be prepared which should be ratified by the different Parliaments at the same time as the Treaty. This convention will fix:

The Benelux Tariff;

The maximum rates of duties of other countries;

The procedures of establishing and modifying tariffs of countries other than Belux, within the maximum provided above.

c. The countries with overseas possessions are to take all measures in their power to eliminate all discriminative administrative measures existing in favor of metropolitan products.

d. With regard to anti-dumping measures, the considerations born out in the first report of the Group of Commercial Policy are approved and the necessity of giving all requisite flexibility to the High Authority in this matter is recognized.

e. The German Delegation having argued that requests for derogations of the most "favored" nations clause need not be submitted for approval to GATT, in view of the supra-national character of the Plan organisms, this question was referred to a group of jurists,

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particularly as to what treaty-making powers it would be necessary to give to the Plan Organisms in order to give them a supra-national character which would place them outside of GATT; and as to the terms on which participation of the Plan Organisms in GATT could be contemplated. In addition, the Commercial Policy Committee was asked whether treaty-making power in this field should be given to the Plan Organisms, or power to address recommendations to the participating States. It was agreed that reports would be awaited from these two Committees before deciding what should be done with regard to GATT and in particular whether it would be preferable to invoke Article 24 (information for GATT) or Article 25 (request for protection from GATT).

2. TRANSITORY PERIOD (Meeting of September 4, 1950)

- a. After a general discussion, all questions were referred to the Committee of Six for study.
- b. It was recognized that in order to determine the importance of the necessary perequation measures to permit the establishment of a single market immediately without disrupting production, the experts of the Committee of Six should commence by preparing a general table showing the costs of perequation, together with the advantages and disadvantages which would result for each national economy from the establishment of a single market.
- c. The German Delegation took the view that if it appeared from this table to be impossible for any country to bear the costs of perequation, it would be necessary to study other measures permitting the establishment of a single market by stages; and reserve the privilege of making concrete proposals in this regard.

3. PRODUCTION PROGRAMS (Meeting of Sept. 5, 1950)

a. In normal circumstances, the High Authority would limit itself to working but from time to time, in consultation with the governments, the regional groups and possibly with enterprises, provisional programs for the orientation of the enterprises in the establishment of their own production program.

b. Under abnormal circumstances (shortages or over-production), the High Authority should first seek indirect methods of influencing production, for example, by modifying its price policy, or consulting with enterprises or regional groups as to appropriate solutions for the situation.

c. Only in the case of failure of such indirect methods, would the High Authority have the power to intervene directly: in the case of a period of shortages, by control of exports and perhaps the setting up of a system of allocations; and in periods of over-production, by control of imports and perhaps the establishment of obligatory production programs (quotas).

d. It was agreed that the Group of Six should define the methods of application for the measures mentioned above.

4. PRICES (Meetings of September 6 and 7, 1950)

a. There was agreement on the general lines of procedure for fixing prices, i.e., the homologation by the High Authority of prices proposed by regional groups and, in case of persistent disagreement between the High Authority and regional groups, the fixing of prices by the High Authority itself.

b. It was agreed that prices should be established at as low a level as possible.

c. In a general way, it was agreed that after study by the Group of Six of price measures which should be taken during the transitory period, the discussion could be resumed in a more useful way. In principle, it was recognized that if it were necessary to fix now certain rules for establishing prices (level, methods of quotation, perequation, etc.) during the transitory period, it was not possible to bind the High Authority by inflexible rules for a permanent period. For the latter period, general principles should be fixed to direct the actions of the High Authority and the procedure according to which it would be authorized to modify the regime established for the transitory period.

5. INVESTMENTS AND READAPTATION (Meeting of Sept. 8, 1950)

a. With regard to Readaptation, there was general agreement on the conclusions of the Committee on Production, reflected in the revised text of Article 25. However, there was one area of disagreement on the part of the Belgians, who requested that readaptation funds be used for the payment of certain indemnities to enterprises which are obliged to stop work by reason of the establishment of a single market. The Belgian Delegation was asked to re-examine its position.

b. A new proposal was presented by the Dutch Delegation, which suggested that readaptation funds not be eliminated at the end of the transition period, but become a permanent mechanism permitting the High Authority to contribute to the protection of labor from unemployment risks, due to technical progress. It was agreed that this proposal which received the immediate support of the Italian

Delegation, should be studied thoroughly by the Group of Six.

c. Regarding the policy to be developed by the High Authority on Investments, general agreement was reached on the general lines of Article 28, as prepared by the Committee on Production. However, the Dutch Delegation raised difficulties in asking that no discrimination be made between private and public capital - that either an unfavorable opinion by the High Authority should forbid the realization of an investment program regardless of the origin of the funds therefor, with an exception for self-financing, or that the opinion of the High Authority be ~~thoroughly~~ solely of an indicative character. It appeared that this Dutch position was based on the Dutch situation, and it was therefore decided that the problem would be re-examined between Franco-Dutch experts before a new proposal was submitted to the Committee of Six.

6. WAGES (Meeting of September 12, 1950)

- a. Agreement in principle was reached on the report by the Group of Wages.
- b. It was conceded that the High Authority should not intervene directly in fixing wages, only by certain indirect methods (information, price-fixing, participation of Consultative Committees and Regional Groups in the work of the High Authority, development of productivity and funds of readaptation.), will the High Authority take positive action for the realization of the Plan's objective of "Equalization in improvement of living conditions of labor" and the condemnation of any competitive policy based on lowering of wages; only in the case of artificial distortion in labor expenses of enterprises in the single market, will the High Authority be empowered to intervene, either by Article 26 or 30, on terms and with methods

remaining to be defined. To facilitate discussions, it was agreed to ask the Group of ~~six~~ Wages to draw up a composition of labor costs of enterprises in the various States. It was also decided to set up a balance sheet to discover in what measure inequalities in labor costs were compensated for by inequalities among other price components, to try and determine what modifications might be foreseen in price structures between the participating countries within the next few years.

c. The question as to the use of readaptation funds after the transitional period for cushioning labor against technological unemployment (Dutch proposal), was re-raised, but it was decided to await the report of the Group of Six.

d. The Italian Delegation raised the question of the necessity of elimination of impediments to free circulation of labor between the six countries, as well as the elimination of existing inequalities, in direct or indirect compensation for national or foreign labor in any particular country. This proposal was supported by the German Delegation and it was referred to a group of experts for study and under the supervision of the Committee on Wages. The Italian and German Delegations were to submit concrete proposals on these points to the experts of the other countries. The German Delegation also asked for a study of the possibility of extending the right of free circulation to business and industrial personnel of the various countries. The Committee of Jurists was to be asked to list the impediments which presently exist.

B. AGREEMENT REACHED AT MEETINGS OF
OCTOBER 11th and 12th, 1950

1. POWERS OF THE HIGH AUTHORITY

CR N° 3

a. Information - the revision of the first paragraph of Article 21 as revised is to be modified (textes de référence page 16), by substituting in the second line the word "nécessaires" for "utiles", and eliminating "elle veillera à ce que les demandes d'information soient réduites au minimum".

b. Prices: The High Authority will have the power to fix rules for the establishment of prices (there will be a separate agreement for methods of quotation during the transitory period, on which certain views have been developed which need further study.) In normal times, the intervention of the High Authority will be limited to fixing such rules, in agreement with a specific majority of the Conseil. In addition, the High Authority will fix minimum or maximum prices after consultation with the Conseil.

2. SANCTIONS AND APPEALS FOR ENTERPRISES.

CR N° 2

CR N° 4

a. Decisions of the High Authority will be executory and the High Authority can levy sanctions by fines or daily penalties, having fixed maxima, for violation of its decisions.

b. Before applying such sanctions, the High Authority shall give the enterprises an opportunity to be heard.

c. The proposed maxima rates of sanctions with regard to information were adopted: namely, 2% of the preceding year's turnover, 10% of the daily turnover.

d. Enterprises against whom a sanction has been decided may appeal to the Court, based on "l'abus de pouvoir, le détournement de pouvoirs, la matérialité des faits, le montant excessif de l'amende."

e. Appeals against decisions of the High Authority will not suspend execution of such decisions.

f. Appeals by enterprises shall not involve any payment of damages by the High Authority.

g. Cost of the procedure will be levied against the enterprise.

6. AGREEMENT REACHED AT MEETING of October 14, 1950

CR N°6

1. CONSULTATIVE COMMITTEE.

a. There will only be one C.C.

b. It will have 30 to 40 members: producers, users and unionists (numbers within categories to be determined).

c. Members of the C.C. will have a representative character and will not represent organizations.

d. Members of the C.C. will be named for two years and replaced as provided below.

e. The C.C. will designate the most representative organization whom it will request to propose members to the C.C. These ^{candidates} ~~quantity~~ will be nominated by the Conseil, which may refuse any candidate and demand a new designation.

f. The Conseil will ask regional groups to designate producer members, the "Confédération Internationale des Syndicats Libres" and the "Fédération des Syndicats Chrétiens" to designate labor members (Italian reserve), and national organizations to designate user members

- g. The High Authority may consult the C.C. whenever it judges opportune.
- h. The High Authority must consult the C.C. before taking a decision or making a recommendation.
- i. the C.C.'s (?) regulate their own procedures.

2. COMITE D'ETUDES OF THE HIGH AUTHORITY

The High Authority may set up any Comité d'Etudes that it may deem necessary, particularly a Comité d'Etudes Economiques.

3. REGIONAL GROUPS.

- a. At the beginning, the Governments will notify the High Authority of the Regional Groups in their countries, distinguishing between coal and steel. The High Authority will set up a Comité d'Etudes to make proposals regarding geographical boundaries for the Regional Groups without regard for national frontiers, as well as the future status of these groups. The High Authority in agreement with a unanimity of the Conseil, will provoke permanent regulation with regard to these groups. If the Comité d'Etudes concludes that such geographical boundaries should not take into account national frontiers, the governments cannot question this principle.
- c. The formation of groups is voluntary and adhesion to such groups is permissive.
- d. A Regional Group is made up of the producers of coal or steel.
- e. The groups will act as administrative posts of the High Authority and they will also offer proposals regarding prices at the request of the High Authority.

- f. for the elaboration of these proposals, the Regional Groups must consult users and the unions.
- g. The High Authority will use these groups for the dissemination of information regarding its functions. To this extent, the groups will be the agents of the High Authority for all the enterprises situated within their geographical limits.
- h. The High Authority may communicate directly with enterprises at any time or on any subject.

D. AGREEMENT REACHED AT MEETING of October 15, 1950

CR N° 7

1. The High Authority, if it finds that the Community is confronted with a period of manifest crisis (over-production, collapse of prices) must so advise the Conseil and request a decision (by majority) as to the institution of a regime of production quotas. After authorization of the Conseil, the High Authority will establish quotas on an equitable basis, taking into account the needs of the Community and of the respective share of the enterprises in the production of the Community. If the High Authority fails to act, the Government of one of the member countries may so advise the Conseil.
2. If after having refused (?) all the direct or indirect methods at its disposal, the High Authority finds that the Community is confronted with a serious shortage of certain or all of the products under its jurisdiction, the High Authority shall so advise the Conseil. If the High Authority fails to act, the Government of one of the member countries may so advise the Conseil. The Conseil, acting by unanimity, will decide on the necessary measures, based on proposals by the High Authority regarding manufacturing priorities and allocations of the Community's available supplies of coal and steel

In the absence of the unanimous decision of the Conseil, the High Authority will proceed itself to allocate available supplies between the member countries. In its decision, it will take account of the consumption of each country in relation to the production of the Community.

In the member countries, the allocations of supplies granted by the High Authority will be made by the Governments.

3. The institution of import or export restrictions will be regulated by the High Authority in agreement with the Conseil (acting by a majority) on the request of the High Authority or from the Government of one of the member states.

4. To state clearly that the opinion of the High Authority is for the purpose of assuring coordination of investments (textes de référence page 46 paragraph 3).

5. When the High Authority has made an unfavorable decision on an investment program, such decision will have the effect of forbidding the interested enterprises from realizing such program, unless it is able to finance it entirely out of its own funds (Belgian Reserve).

6. As to consultations with the Conseil, appeals and sanctions with regard to investments: the general rules apply:

NOTE: Italian reservations on all these points.

E. AGREEMENT REACHED AT MEETING of Oct. 24, 1950

CR No 9

1. The objective is to seek equality in raising living standards and working standards in the coal and steel industries.

2. The methods of fixing wages and social charges in the different participating countries, are not affected by the treaty, with regard to the coal, and steel industries, with the following reservations:

3. When the High Authority recognizes that normally (?) low prices of one or several enterprises result from abnormal low wages, it may address the necessary recommendations to the interested enterprises, after an opinion from the C.C.

5. Any lowering of wages is forbidden in the coal and steel industries which at the same time would bring about a lowering of living standards of labor, and would be used as a means of permanent economy adjustment for enterprises and for competition between enterprises. This provision shall not prevent:

(a) lowering of wages resulting from the application of a flexible scale established legally or contractually.

(b) lowering of wages brought about by a lowering of living costs in a particular region.

(c) Lowering of wages which correct abnormally high wages brought about by exceptional circumstances which are no longer applicable.

(d) General measures applied by a participating country to re-establish its former equilibrium, without prejudice to a possible application of the provisions set forth in article ("perturbation").

Any lowering of wages affecting all or a substantial portion of the labor force of an enterprise and outside of the cases provided in

(a) and (d) should be reported to the High Authority which may,

after an opinion of the C.C. address a recommendation to the interested enterprises or Governments for compensating such lowering; if the

enterprises cannot demonstrate justifications set forth above in (b) and (c)

6. For all the preceding cases for recommendations in principle, the agreement (by a majority) of the Conseil is necessary, except that the Conseil may define with the High Authority the individual matters whose importance does not justify the intervention of the Conseil.

7. Sanctions to be determined.

8. Migrations: agreement on the proposals of the "Groupe de Travail". (with a reservation for Dutch agreement).

F. AGREEMENT REACHED AT MEETING OF
October 25, 1950

CR No 12

1. Customs duties and quotas, between the six countries, will be eliminated upon notice by the High Authority of the commencement of the transitional apparatus.

2. In order to leave open the negotiations with Great Britain, and until their conclusion, so that the harmonization of tariffs is not automatic, each government remains free with respect to its tariff it being understood that free circulation between the Community will be covered by a regime of "Certificat d'Origine"; quantitative restrictions vis à vis third countries will be maintained. Therefore, regarding the freedom of exchange under the OEEC, until the conclusion of these negotiations, the six countries will not place steel on the list of free exchange. The High Authority will negotiate on behalf of the six countries on mandate from the Conseil.

3. The customs convention will fix maximum and minimum limits for tariffs of the member countries; the Benelux tariff will coincide with the minimum. The limits so fixed can be modified on the initiative of the High Authority or of any government, by the Conseil acting unanimously.

G. AGREEMENT REACHED AT MEETING
October 27, 1950

CR N° 15

1. Paragraph I of document No. II is approved, provided that (b) shall be modified as follows:

"b) que ces prix bas ne touchent pas seulement quelques transactions particulières d'un caractère purement local ou purement temporaire, et n'aient pas pour conséquence que les mêmes entreprises pratiquent des prix d'autant plus élevés sur un autre point ou à un autre moment, ou que l'ensemble des prix soit d'autant plus élevé dans une autre période".

2. Paragraph II is approved in substituting "salaires anormalement bas" for "salaires trop bas".

3. Paragraph III is approved.

4. Paragraph IV is approved provided that the first phrase shall commence with "dans l'ensemble du marché commun", and the last phrase "il n'exclut pas non plus..." is eliminated.

5. The ~~amendments~~ ^{definitions} of Paragraph V are adopted, provided the following is added :

"Au sens strict, les prix départ doivent être comptés à la sortie de l'usine, ou sur le carreau de la mine, mais on entend cette expression jusqu'à couvrir des prix au départ du point central d'un bassin minier ou d'une région productrice, ou d'un centre d'expédition proche.

"Les prix de parité eux-mêmes peuvent s'entendre en deux sens: une cotation d'après un prix fixé en un point central de la région ou à un noeud de communication proche du lieu de production, auquel s'ajoute le transport; ou bien la possibilité offerte à une entreprise d'une zone de vendre à un prix rendu, calculé d'après le prix au point central, accru du transport, d'une autre zone."

6. At the beginning of the methods of quotation now practiced will apply. Prices will be, in principle, ex works. The prices for coal and parity (basing point) prices for steel.

7. If the right to sell at the parity price of another enterprise leads to disturbance, the High Authority must intervene:

(a) By addressing recommendations to the enterprise if the prices are excessive or too low on the basis of the principles set forth in the memorandum on prices; in cases of failure to carry out the recommendations the High Authority will fix the price at which the enterprise should sell (Italian reserve).

(b) omitted?)

8. The High Authority may change rules of price quotations in agreement with the Conseil (majority) (Italian reserve)

9. Page 5, added to the second line: "briquettes de lignite"

10. Paragraph VI is approved, provided the last paragraph is amended as follows:

"La Haute Autorité a le droit de fixer..... consultations. Elle exerce ce droit conformément aux obligations qui résultent pour elle du Paragraphe I."

11. To the extent necessary, the High Authority may temporarily authorize and supervise the mechanism of local compensation in order to support necessary marginal enterprises, but with a view to the lowest possible prices. Among fields or regions, the High Authority may not institute or authorize such mechanism except with concurrence of the Conseil.

12. The Paragraph VII page 7, is approved from the words "en matière d'acier (ninth line)....." provided that it is specified:

(a) that the dispositions are applicable only in manifest crises.

(b) that the sums collected are reimbursed to enterprises having market prices lower than those authorized.

(c) that this provision complements the compte-rendu No. 7 (meeting of October 15, 1950)

13. Eliminate the second paragraph of Paragraph VIII. With regard to the first paragraph, export price policy shall remain within equitable limits for purchasers as well as producers.

H. MEETING OF 28 Oct. 1950
Morning

CR N° 18

1. There is a "perturbation" if the action of one State creates serious disequilibrium in the single market by substantially increasing differences in costs independently of income.

(a) If the action of such State affects its own industry adversely, assistance by that State to its own industry can be contemplated but it must obtain agreement from the High Authority with regard to its extent, terms and duration.

(b) If the action of such State affects adversely competitive industries, the general obligation not to disturb the functioning of the single market obliges that State to modify the effects of its action on the single market. The High Authority may send it a recommendation obliging it to make compensation for such adverse facts of competing industries by such means as it may judge expedient.

2. The action of a State which has the effect, on the contrary, of reducing cost differences, facilitates the function of the single market; it is only in the case where a special advantage accrues to the coal or steel industry in comparison with other industries in the same country, that the High Authority may address a recommendation to such State.

3. Rule 1 (a) applies in the case of variations of wages, even if this does not result from a governmental action.

I. PROPOSALS RELATIVE TO THE
TERMINATION OF QUOTAS OR ALLOCATIONS IN A PERIOD
OF SHORTAGES.

CR No 17

complementing compte-rendu No. 7. (Meeting of October 15, 1950).

1. Production quotas will be terminated, if on initiative of the High Authority or one of the governments, the Conseil, upon consultation does not maintain such quotas by a majority vote.
2. Allocations in a period of shortages will be terminated:
 - a) either by a decision of the High Authority, after consultation with the Conseil, and in the absence of a unanimous contrary decision by the Conseil, or
 - b) by unanimous decision of the Conseil.

J. MEETING OF OCTOBER 28, 1950
(Afternoon)

CR No 19

The following modifications and definitions are applicable to the proposals formulated in document No. 13 (?)

1. There will be a single budget for the expenses of the High Authority, the Court and the Secretariat of the Conseil, and the Assembly.
2. When the jurisdiction of the Court and the Assembly are extended to other fields, new financial arrangements will be made.
3. The budget of the High Authority, beginning with the second year, will be submitted to prior vote of the Assembly; if the supplementary appropriations are necessary during the year, the High Authority will ask the agreement of the Conseil.

4. The Conseil will fix salaries for members of the High Authority before nomination of the President of the High Authority; other salaries and administrative expenses will be fixed by the President of the High Authority.

5. A government may not be obliged to guarantee loans raised for the purpose of investments outside its territory.

6. The High Authority shall arrange terms for borrowing and guarantees, so as to create a reserve fund.

7. The High Authority will not itself carry out the banking operations corresponding to its financial duties.
