

Address by M. H. Simonet to the National Executive Committee of the
National Union of Mineworkers on the 12th September 1974.

I am glad to have this opportunity to meet you, the leaders of the largest coal mining trade union in the European Community.

Your secretary's letter of invitation asks me to address you on present developments in the European Commission's formulation of a coal policy for the European Community. In this connection he was, no doubt, thinking of the document which was in preparation when your Economic Sub-Committee came to see me in Brussels in June, setting out guidelines for coal in the European Community for the ten year period from 1975 to 1985.

It is part of the basic policy of the European Commission fully to discuss proposals with the interested parties in the Community, including of course, the main trade unions involved. In fact, there has already been a meeting for a first discussion of the proposals between some of my officials and the coal mining trade unions at which your country was represented by Mr. Wormald, the President of NACODS, but to which your union did not send a delegate. However, our meeting today does, perhaps, offer an opportunity to catch up on this stage of the process of consultations.

Those of you gentlemen, who have read both your own government's Interim Report on the Coal Industry published in June of this year and the European Commission's Guidelines for Coal to 1985 will probably have been as struck as I was by the similarity in the outlook and conclusions of the two documents. Both documents are thoroughly forward-looking, both press for the maximum use of coal in power stations and both call for a halt to the contraction of the coal industry and ^{for} the maintenance of current levels of production.

However, I must draw your attention to the fact that maintenance of current levels of production means something slightly different in a European than in a purely British context. Looking at the European Community as a whole, we must accept that for a variety of reasons, the coal industries of some member countries will contract further. To maintain total Community production therefore means an increase in the output of those member countries capable

of achieving this ^{with} your country very much in the forefront.

Perhaps we in Brussels are too optimistic in thinking that Britain's coal output could reach something not far short of 150 million tons a year by 1985 and that this tonnage can be produced at competitive costs. However I and my officials believe that to achieve worthwhile goals we must have faith in the future, but I would welcome your views on this subject.

I know that your industry has bitter memories stretching back over more than 50 years, memories of uncertain employment, of low wages and of bad working conditions. Such memories are hard to shake off, but I earnestly urge you to do so and to co-operate with me and my officials in working towards the target for the British coal industry which we believe it to be capable of reaching.

A few moments ago I mentioned that coal must be produced at competitive cost. In this I was not referring to short-term market fluctuations from which it is the European Commission's policy to protect the Community coal industry as far as possible by a variety of measures mentioned in the Guidelines to 1985. What I am referring to is competitiveness over what your Secretary of State for Energy describes as a reasonable time-scale in his introduction to the Interim Report on Britain's coal industry. In fact, Mr. Varley and I seem to be thinking very much along the same lines on this as on many other points.

Speaking of costs and, hence of pricing, there is, I believe, a current of opinion in your country which advocates that North Sea oil, once it starts to flow in significant quantities, should be sold at low prices inside Britain and at world-prices everywhere else. I am sure that you, gentlemen, appreciate the inevitable pressure on the coal industry which would develop as a result of plentiful cheap oil on the British market. If your country should leave the European Community, there is, of course, nothing the European Commission can do about such a policy of cheap oil for the British market, but as a member of the European Community, such a policy of discrimination would be contrary to the rules of the Common Market.

Next, let me say a few words about the biggest single market for British coal, that of electricity generation. The European Commission is quite specific in its recommendation that no further oil or gas-fired power stations should be built and that where nuclear power is excluded for one reason or another, electricity requirements should be met from coal-fired power stations. This policy applies as much to non-coal producing member countries as to those with a coal industry of their own.

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I have mentioned earlier that to maintain Community coal production at around its present level must involve an increase in British output. This increase slots in with the European Commission's policy on power stations and would largely be absorbed by coal-fired power stations located on the coasts of other Community countries.

Britain has the most modern facilities in the Community for the shipment of coal by sea, notably at Immingham. Provided your industry can produce the coal at competitive prices and in assured and regular quantities, the European Commission's policy offers excellent prospects for a big expansion of exports of British power station coal to other member countries of the Community.

Having mentioned export prospects, let me say something about the European Commission's thoughts on coal imports from outside the European Community. To keep the Community's dependence on imported ~~oil~~^{oil} as low as practicable, the Commission has set a target of 300 million tons coal equivalent by way of annual coal consumption in 1985. As against this, we believe Community production at 250 million tons coal equivalent to be the highest realistic output target. As I have said earlier, the achievement of this figure will require a substantial increase in British output.

You will appreciate, therefore, that there is a gap in supplies of some 50 million tons which can only be met through imports from outside the European Community, as compared to around 30 million tons currently imported. This widening gap between requirements and Community production is the prime reason for the need to formulate a Community coal import policy.

I appreciate that you may be asking what would happen if demand remained well below the Commission's target of 300 million tons coal equivalent. There is a twofold answer to this question. In the first place, it is no part of the European Commission's policy to try to force member countries to admit imports from non-members to the detriment of their own coal industries. Secondly, the stronger the support for the Commission's energy policy on the part of member governments - here I

am thinking very much of your own government's attitude - the greater the likelihood that Community coal consumption will, indeed, reach the target of 300 million tons coal equivalent set by the European Commission.

I have selected certain aspects of the Commission's proposals for a Community coal policy to 1985 which might be of special interest to you as they highlight the prospects of Britain's coal industry inside the European Community. However, there are other parts which will also interest you such as those dealing with investment, with research and with manpower.

This last is, of course, of absolutely fundamental importance in so labour-intensive an industry as yours. Constant research to improve working conditions, safety and productivity are absolutely vital to a healthy and prosperous coal industry and so are job security, good career prospects and a level of remuneration commensurate with the work required of a coal miner and with the importance of your industry.

Next, let me say a few words about the European Commission's thoughts on the period beyond 1985.

In the first place, there is the power station market. Regardless of progress in the field of nuclear power stations, there will continue to be demand for conventional plants - as I have already mentioned, it is the European Commission's policy that such plants should not be oil or gas fired but should use coal.

Secondly, there is little likelihood that the traditional method of making steel from pig-iron produced in blast furnaces will be displaced in the European Community in our lifetime. The steel industry will thus provide a continuing market for coal which, with ever improving blending techniques, is by no means confined to prime coking coals which are in relatively short supply in your own country.

Thirdly, and in the long run perhaps most importantly, there is a completely new market for coal through liquefaction or gasification. While the running in this field has so far been made mainly by the Americans, big research and development projects are now also under way in the European Community, notably in Germany.

You will, no doubt, wish to ask me questions which I and my officials will do our best to answer. Let me close therefore by briefly summarizing the main points in the European Commission's proposals for the Community's coal industry relevant to your own industry and to the members of your trade union:

- by aiming at maintenance of the current level of total coal production for the whole Community, the European Commission's production target for the British coal industry is at least, if not more, ambitious than your own government's Interim Report.
- by putting the production target into a European Community context it will be less affected than it might otherwise be by governmental changes.

- .. by promoting the use of coal, and particularly Community coal, in power stations throughout the Community, the European Commission is providing openings for British coal in a wider market.
- .. by providing aids for stock-piling coal anywhere in the Community, the Commission's policy goes beyond what is provided by your own government.
- .. in the field of manpower policy, the European Community offers financial assistance in a variety of directions.
- .. the Commission will seek to establish an orderly policy for the whole European Community in regard to coal imports from non-member countries. Likewise, Community rules do not permit the artificially low pricing of alternative fuels to the detriment of Community coal.
- .. the Community is in a position to provide financial assistance for investment in the coal industry and in coal using industries.
- .. the Community has substantial funds for research in the fields of coal production, of health and conditions of work, in coal preparation and in coal utilisation.

Gentlemen, I am at your disposal.