

S T A T E M E N T

by Monsieur René Mayer,

President of the High Authority,

to the

JOINT MEETING

of

THE CONSULTATIVE ASSEMBLY AND THE COMMON ASSEMBLY

STRASBOURG,

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Address by M. René Mayer, President of the High Authority

Strasbourg, October 20, 1956

This is the second time that I have had the honour of introducing the general debate which you hold each year at your joint meeting of members of the Common Assembly and the Council of Europe.

The High Authority is glad that it is today able to record the principal milestones in the economic development of the Community over the past year, and in the development of its economic relations with third countries.

At a time when the whole of Europe, and not merely the Community of the six member countries, is having to face serious problems in regard to energy, and when important international decisions are having to be taken, my colleagues and I are taking this opportunity to put before you a number of particularly outstanding facts which should not be lost sight of at this time.

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In view of all the details and figures contained in the High Authority's general report to the Common Assembly each year, I need not review here all the action taken by the High Authority in its various fields during the past twelve months.

Moreover, you have received M. Paul Struye's admirable report to the Consultative Assembly of the Council of Europe.

This document, which gives a first-class account of the various aspects of the relations between the Common Assembly and the High Authority, and brings out the matters with which the Community's Parliament has to deal, enables you to embark on the annual debate today in full knowledge of the facts.

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May I, Mr. Chairman, Madam and gentlemen, publicly state, on behalf of my colleagues and myself, how pleased we are at the way in which the debates in the Common Assembly and the work of its Committees have developed.

M. Struye has emphasized in his report that, while never unmindful of the interests of their countries, which need to be ventilated there, the members of the Common Assembly, grouped as they are according to political opinion, tend to state their political position with a view to the general interest of the Community and the venture with which we are all bound up.

Whether their proposals and deliberations express approval, doubt, disappointment or misgiving, they are always a source of inspiration to the High Authority, as is everything which represents a sign of activity encouraging to the future of our institutions.

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The Consultative Assembly, as M. Struye points out, recently expressed the hope that the High Authority would analyze the development of production and trade in coal and steel in relation to the rise of production and trade in other sectors, both inside and outside the Community.

I should like to thank M. Struye for his courtesy in quoting, in Section 64 of his report, the points I made in my statement to the Common Assembly on May 8 of this year. I propose to deal with these further on the present occasion, in somewhat greater detail.

After less than four years in being, the Common Market is enabling our industries to launch on the economic development which is so indispensable if we are to achieve our great objective, integration. At the same time, there is a definite process of levelling-up in economic and social conditions in the six Community countries.

The abolition of Customs barriers and quantitative restrictions, and the changes in transport rates were aimed at achieving a better division of labour in consequence of the resulting greater volume of trade.

We are today in a position to confirm the achievements registered in this respect, since statistics show that from 1952 to 1955 the volume of trade in Community products between the six countries increased by 92%, as against 64% for other products, without any reduction in the proportion of exports to third countries.

As the boom conditions became more marked, trade between one country and another increased, for the first time in the Community at a faster rate than production itself. This had a very definite stabilizing effect on the market, and it also resulted in the elimination of certain forms of speculation formerly practised by consumers, before the introduction of the Common Market, when it seemed likely that the national authorities might adopt restrictive measures which could impede or even cut off overnight the flow of supplies across the frontiers.

The first effects of the Common Market have not been confined to the volume of trade. Up to the end of 1955, thanks to the abolition of dual pricing, the average prices of Community products, in trade between the six countries, continued lower than the average prices of other commodities. Taking the 1952 level as 100, we find that the average price of Community products in 1955 was 81, as against 92 for other commodities.

This rise in trade and stabilization of prices is due in part to a geographical redistribution of the areas of the Community from which consumers obtain their supplies. The rationalization of the flow of trade, and the consequent reduction in transport costs, are more and more in evidence all the time:

France and the Saar have increased their deliveries of coal to Southern Germany;

the Ruhr and Lower Saxony have been selling more to the Netherlands and less to Southern Germany;

the Dutch Limburg and Belgian coalfields have been sending more to the South, particularly to France.

The lowering of transport costs as a result of the introduction of international through-rates is yet a further addition to the list of results I have just briefly enumerated.

At the same time, all these results have contributed to the recent increase in steel consumption per head of the population and the improvement in the standard of living of the working-class population in the Community.

In Italy, which is not so highly developed industrially as the rest of the Community, the level of production and consumption per head of the population has risen nearer to the higher level prevailing in the other countries. Thus, in three years Italy's steel consumption per head of the population has gone up 44%, whereas the figure for the other countries was only 28%; similarly, its crude-energy consumption per head of the population is up by 26%, as against 11% in the other member States.

Again, since 1952, the trend in wages in the Community industries has been, in general, more satisfactory than in the Community countries' processing industries as a whole. A process of harmonization has set in, inasmuch as the increase in wage-earners' incomes has been most marked in the countries where the wage-scale was previously the lowest in the Community.

I mention the wage trend in particular because this is a field on which we possess detailed statistical information.

I should not wish, however, to pass over the progress made since 1952 regarding the other aspects of workers' conditions in the Community; while I am not out to claim that the Common Market has been predominantly responsible, or even in a position to assess the extent to which it is responsible at all, it is certain that it has facilitated, and perhaps accelerated, the substantial improvement which has taken place in recent years for the workers of the Community. It would be interesting to know how far this is due to the exchange and dissemination of material on vocational training, for instance, on working conditions and on the shorter working week.

I think, Mr. Chairman, Madam and gentlemen, that these points are an adequate response to the wishes expressed by the Consultative Assembly. May I, before I go on to the next part of my statement, mention that the High Authority certainly does not seek to ascribe the considerable expansion of the present boom simply to the existence of the Common Market.

Nor do we seek to contend that there is now no tightness of any kind in the Common Market, and that trade is wholly satisfactory both to the producers and to the consumers. We fully realize, and we are striving all the time to solve -- by our studies of the way in which the situation is developing, by the advice we are asked for, and also by the

watch we are keeping on the functioning of the coal-selling agencies -- the difficulties arising in consequence of an exceedingly vigorous expansion which is revealing a number of bottlenecks.

Imports of coal from the United States, which are being stepped up considerably, are serving to avert a serious shortage, which has not so far materialized. The large tonnages which are having to be thus imported are causing the economy of the Community to develop certain new features, which may turn out to be permanent, and they raise a number of problems, which have been minutely studied during the summer by our experts, and will be fully dealt with in the new definition of the General Objectives which will be submitted in a few days' time for discussion by the Common Assembly.

On the other hand, we remain convinced that the approach to the problems from the viewpoint of the Community as a whole, the constant joint consultations, the number of opinions which the High Authority can assemble as a basis for its assessment of the position, have made it possible to work out measures and arrangements but for which, in all probability, disruptions would already have occurred in the basic economy of our six countries. Such disruptions, accompanied as they would have been by speculation, would undoubtedly, in the absence of a common market, have made international agreements between our countries much more difficult, with the sole exception of those "agreements" which are prohibited by the Treaty.

In any event, if asked whether the Common Market has encouraged the expansion of production and trade, we can safely reply in the affirmative. We are convinced that it has done so, to say nothing of the structural changes in certain industries, and of the investment policy, particularly in the iron and steel industry, which has received impetus and orientation from the competition in the Common Market.

The economic effects thus brought about by the Treaty are a matter of particular gratification to the High Authority when it considers that, thanks to the implementation of the provisions concerning the readaptation of workers, the social consequences of these structural changes have not to be borne by the labour force.

Ten million dollars have already been allocated by the High Authority under this scheme, covering some eighteen thousand workers, not to mention the various measures taken to enable them to obtain new and more stable employment.

Our six countries can pride themselves today on their vigorous iron and steel production, so strong and flourishing that it is benefiting the whole of Europe, and enabling our industries to stand up successfully to competition all over the world.

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I now come, Mr. Chairman, Madam and gentlemen, to the external relations of the Community. I would stress that the year which has elapsed since you last met has been marked as regards the Community's external relations by a considerable number of important developments.

The High Authority has been able to amplify and sustain the policy which, with the approval of the Assembly, it set forth earlier, a policy which aims at building up an open Community and fostering the numerous connexions which may develop in varying degrees between it and the third countries.

At last year's session, I was able to inform you that the Council of Association between the Community and Britain had held its first meeting, in Luxembourg, on November 17, 1955. The Council has met twice since that date, once in London, and once in Luxembourg. The next meeting will be in London on November 18.

I should like to mention here the strong interest which the High Authority and the Council of Ministers take in the proceedings of the Council of Association.

A year's experience of its operation, the exchange of views which have taken place there and the work of the Expert Committees of which I shall speak to you presently, confirmed the High Authority in the view I stated to you last year, namely that "the High Authority is determined to do all that lies within its power to give practical effect to this agreement, to explore its inherent possibilities and to prepare further measures along the lines indicated."

We are sure that the President of the Board of Trade, the Minister of Fuel and Power and the Chairman of the National Coal Board and the Iron and Steel Board, who are the British members of the Council, share our views, and in no way underestimate the importance of joint study and co-operation, for which the Council of Association is the form of joint body which they have chosen to represent Britain and the countries of the Community.

At its first meeting, the Council of Association set up three technical committees, the Coal Committee, the Steel Committee and a Trade Relations Committee.

Their terms of reference cover all the functions incumbent upon the Council under the Association Agreement.

You will no doubt recall, Mr. Chairman, Madam and gentlemen, that just before the first meeting of the Council of Association the British Government found itself obliged to curtail exports of coal very considerably.

Thus, no sooner was it set up than the Coal Committee had to deal with a number of very concrete supply problems. A most co-operative spirit was shown during its discussions, especially by the National Coal Board, to which I should like to pay particular tribute.

Also present at the discussions were representatives of the member countries most affected by the restrictions.

Work has gone on more or less non-stop on the comparing of the problems arising in the two markets, as also the endeavour to arrive at solutions by joint study in the light of a full exchange of all relevant information. By adjusting the arrangements as to the action to be taken by both parties, particularly regarding the different grades of coal to be traded, it has been possible to secure a recasting of the United Kingdom's export programmes to the Community countries for 1956.

Whereas the British authorities originally envisaged only a reduced export programme of 1,300,000 tons for 1956, deliveries will, as a result of negotiations, ultimately reach nearly 3m. tons.



The High Authority is particularly satisfied with this result inasmuch as the Coal Committee at no time lost sight of the requirements of the third countries.

The work of the Steel Committee was somewhat different. It started its work by undertaking co-ordinated studies on supplies of raw materials, shipping, harbour installations, price developments in the home markets and the trend in trade between the United Kingdom and the Community, but was subsequently given a quite new and very important task, that of studying the structure of steel prices in the United Kingdom and in the Community.

The Council of Association could not, of course, overlook the problems raised by the world shortage of scrap, and full details were exchanged enabling both parties to gain a better picture of the short- and long-term action planned on both sides in order to save scrap and reduce imports.

The Council of Association attaches great importance to long-term problems in regard both to coal and to steel. The British Government and the High Authority are alike keenly interested in aligning the methods of defining the general objectives in the United Kingdom and in the Community. We shall certainly achieve closer co-operation in this respect; the two Committees together draw up a first balance-sheet of the position in October.

You will also be aware that after the terrible disaster at Marcinello, which was referred to at the beginning of this meeting, the High Authority asked the Council of Ministers that a conference be called to discuss safety in the coalmines. British participation was secured, in accordance with the wish of the six governments, and a British Government delegation is attending the conference, which is now meeting in Luxembourg.

The Trade Relations Committee has an important and decidedly difficult task. Article 8 of the Association Agreement requires that the Council shall examine restrictions, Customs duties and other factors affecting the normal flow of trade in coal and steel between the United Kingdom and the Community, with a view to making proposals for their reduction or elimination.

The Trade Relations Committee, on instructions from the Council, has produced a comparative list covering, in particular, Customs duties on steel in the United Kingdom and the Community.

These studies are now completed, and the Committee is all set to start on the duties assigned to it under Article 8 of the Agreement.

At its meeting on October 4 of this year, the Council of Ministers instructed the High Authority to submit to it, in agreement with the British Government, proposals as to the action to be taken, not later than by the end of the transition period, regarding tariff relations between Britain and the Community.

The Council of Association is thus in a position to continue its examination of the position and ultimately to submit to the United Kingdom Government and the governments of the member States proposals which may, in the light of the studies in progress on tariff relations between the United Kingdom and the Common Market, be of considerable importance.

On May 7, 1956, a Consultation Agreement was signed between the High Authority and the Swiss Federal Council.

Under this agreement, mutual consultations must take place if and when either, following the declaration of a shortage, the High Authority is empowered to take certain action involving allocation of supplies and restrictions on exports, or Switzerland finds it necessary to take measures which might affect the traditional trade in Treaty products.

The agreement is a consultation agreement only: the contracting parties are left free to decide as they wish, but they can at any rate rest assured that before any decision is taken, they will be able to take into account the mutual interests of the Swiss Confederation on the one hand and the Community on the other.

The consultative body set up under this agreement is a permanent Joint Commission comprising representatives of the High Authority and the Federal Council in equal numbers.

The conclusion of this entirely new type of agreement is a matter of particular satisfaction to the High Authority: it confirms the point I made a few minutes ago, that the Community is always willing to

co-operate with the third countries, and that ways and means can be worked out to organize and fructify relations with them.

Another agreement with Switzerland, this time relating to transport -- introducing international railway through-rates for the carriage of coal and steel in transit across Swiss territory -- was signed on July 28 between the Swiss Government, the member States of the Community and the High Authority.

The breaks in rates hitherto operating in respect of Community products on their arrival at the Swiss frontier have been abolished. This means that tapering rates now apply to goods in transit through Switzerland, so that the agreement amounts in practice to an extension of the Community rate-fixing system across the territory of a third country.

The Swiss Confederation, in signing the agreement, successfully combined its own interests with the co-operation which, situated as it is in the centre of Europe, it is able to provide in regard to the problem of Community transport rates.

Its example, has, moreover, been followed: negotiations were begun in Luxembourg on September 4 of this year with Austria, and are now proceeding favourably, for the conclusion of an agreement similar to the one signed with Switzerland.

May I, while I am on the subject, take this opportunity to congratulate you, in the name of the High Authority, on the recent addition of Austria to the list of countries represented at your meeting.

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At the same time as we are meeting here, Mr. Chairman, Madam and gentlemen, there is being held in Geneva the eleventh session of the Contracting Parties to the General Agreement on Tariffs and Trade.

As you will be aware, each year during the transition period the member States submit to G.A.T.T. a report on the action they have taken in regard to the full implementation of the Treaty. The discussions which then follow on the report, enable the Contracting Parties to gain a picture of the development of the Common Market, and to assess what is being done by the Community towards eliminating impediments to trade and raising standards of living -- two of G.A.T.T.'s main objectives.

These discussions have, on occasion, been fairly heated. It is understandable, after all, that certain third countries, which for various reasons have not felt able to accept the rules of the Common Market, but which traditionally depend on the Community for their exports and imports, should take a keen interest in the debates on trade and prices. But both the member States and the High Authority have shown themselves willing to take up the matter and to supply all possible information, figures and explanations.

We trust that the very full information which we have again supplied to G.A.T.T. this year will entirely satisfy the expectations of the Contracting Parties.

A new element predominated during this last year in our relations with G.A.T.T.: at the fifth big conference on tariff negotiations, which opened in Geneva in January under the auspices of G.A.T.T., the High Authority, which had until then attended G.A.T.T. proceedings only as an observer organization, embarked on actual negotiations, on instructions from the member countries, for a reduction of the Community's external tariffs, with a view to their further harmonization.

The joint mandate thus given to the High Authority by the six member countries to carry on tariff negotiations with other countries in their name and on their behalf was tangible evidence of the economic and political reality of the European Coal and Steel Community.

Thus negotiations were opened with the United States and with Austria in respect of special steels and ordinary steels, and culminated in tariff agreements with these two countries. The agreement with Austria was the outcome of discussions which had been going on ever since the introduction of the Common Market for special steels, with a view to satisfying Austrian anxiety for the continuance of the conditions for the traditional flow of trade in iron and steel products between the Austrian and Community markets.

The tariff agreements reached in Geneva with the United States and Austria have a value going beyond their actual provisions. They are proof of the member countries' determination to bring about a progressive reduction of their external tariffs, towards harmonization at a level of minimum protection, without waiting, as they would have been entitled to do, for the end of the transition period.

I now come to the question of economic relations between the Community and the third countries.

First of all, I would note two salient points:

The Community's share in the world's trade in coal, coke, iron ore and scrap is far bigger than its share in the world's production of these commodities. More than half the steel flowing into international trade comes from the Community.

This is an indication of the importance of the Community's economic relations with the third countries.

At the same time, since the introduction of the Common Market, the Community's exports of coal, coke, iron ore and scrap have risen more steeply than those of the rest of the world.

I referred just now to the very marked rate of increase in trade in iron and steel products between the Community countries since the introduction of the Common Market.

A fact which is perhaps less widely known, and which I am glad to have an opportunity to emphasize in the presence of delegates from countries in Europe which do not so far belong to the Community, is that the Community's trade with the third countries has also risen substantially since the Common Market was first introduced.

Thus in relation to their 1952 level, exports of rolled products from the Community to third countries stood at 121% in 1955 and at 138% in the first six months of 1956, while imports during the first quarter of 1956, though admittedly small in absolute value, reached 180% of their 1952 level.

As regards the raw materials for iron and steel production, the increase in the flow of trade with the third countries was greater still: in 1955 the Community's exports of iron ore represented 169% of their 1952 level, and its imports 137%. Finally, the scrap import rate was more than seven and a half times higher in the first six months of 1956

than it had been in 1952.

A considerable proportion of this multifarious flow of trade between the Community and the third countries is with non-member countries in Europe. In 1955, such countries took 47% of the Community's exports of rolled products, 76% of its exports of pig-iron, and the whole of its exports of iron ore. They supplied 66% of the Community's iron-ore imports.

I would add that, despite the extremely rapid rise in internal steel requirements during the last few years, the percentage of the Community's iron and steel production going on exports has not diminished in recent months.

As for prices, I should like to say once again what the High Authority had occasion to say some days ago to the members of the Consultative Assembly's Economic Affairs Committee. Although quite recently, after remaining unchanged for eight months, Community export prices did show a rise, it should be borne in mind that bigger increases in the prices of the other two main exporters, Britain and the United States, took place in May and August respectively. In any case, with the exception of certain products, the Community's export prices are still below those of the other two countries.

In view of the fact that price fluctuations are always greater in international trade than in the internal market of the Community, (since Community prices have to be published in the enterprises' schedules), it does not seem to us that such difference as can be noted between home and export prices go beyond the equitable limits laid down in the Treaty. Moreover, some months ago, when a certain edginess in export prices began to be observable, the High Authority did not fail to remind Community producers that care should be taken to see that those "equitable limits" were not overstepped. I am glad to say that the High Authority's recommendation was complied with.

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As a result of the extremely rapid development of iron and steel production, and in spite of the efforts made by the Community iron-ore

mines, requirements of iron-ore imports are tending to increase steeply. In 1955, they stood at 18,500,000 tons and will probably reach some 30 million tons towards 1960.

This development will only be possible if the Community finds, both from its traditional suppliers, such as Sweden, and in more distant parts of the world (particularly in Central and North America, and West Africa) regular supplies of iron-ore at reasonable prices, and if steps are taken to guarantee the shipment of these growing quantities of raw materials to the European ports.

Despite these growing import requirements, traditional exports of Community iron-ore, for which the main customers are the United Kingdom and Austria, continue to rise.

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Another raw material of the iron and steel industry is causing the Community more serious and pressing concern. In 1954, we overstepped the point at which our scrap resources balance demand. Only a part of these resources -- about 70% -- rises in proportion to steel production. The remainder, obtained by the collection of salvage scrap, increases at only a very slow rate. So, until the projected structural changes in the Community's steel production have had time to make their effects felt, the production of every extra ton of steel will necessitate a substantial contribution of imported scrap. Thus, the Community was obliged to import 3m. tons of scrap in 1955, and imports are at present rising still more steeply. These imports are obtained at rapidly increasing prices: within 6 months, from December 1955 to June 1956, the average C.I.F. price of scrap imported by the Community rose by almost \$10 -, or 15%.

The High Authority has never failed in the past, and let slip no opportunity, to emphasise the structure/<sup>changes</sup> which are needed in order to save scrap and increase availabilities in pig-iron. As a short-term measure, it has asked the member States to suspend customs duties on pig-iron imported from third countries. I have no doubt that our policy is understood, and that we can continue to have access to a fair share of the world's supply of scrap.

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I should now like to examine the problem of exports of Common Market coal to third countries.

With the exception of some very small deliveries, Community producers export their coal only to the other countries of Western Europe. Since 1953, a further country, the United Kingdom, has become one of the Community's customers. The United Kingdom, whose coal situation was thrown out of balance a few years ago, is now an importer, and seeks to import the maximum of its requirements from Europe in order to avoid an outlay of dollars for the purchase of American coal.

The United Kingdom imported from the Community about 500,000 tons in 1953, 2,400,000 tons in 1954, and 4,500,000 tons in 1955. In relation to the total British consumption of about 225m. tons, deliveries from the Community represent, certainly, only a supplementary supply, but they have their value, not merely in terms of tonnage, but also of quality.

The Community hopes to be able to keep up a flow of trade, although the present tightness in the coal market makes its contribution more difficult than two or three years ago.

Apart from the United Kingdom, the main importing countries are Austria, Switzerland and the Scandinavian countries (Denmark, Finland, Norway and Sweden), which account for 85% of the Community's total exports.

Austria depends very largely on the Community for meeting its requirements in solid fuels. The proportion of Community coal in the total of Austrian imports was, in 1955, 35%, after an increase of about 50% over the years 1950 to 1954. Of exports from the Ruhr, which amount to 1,000,000 to 1,500,000 tons a year, a large proportion is made up of coking coal delivered to Austrian coking plants.

The present inability of the Community to supply the whole of the tonnages requested by Austria is, of course, a source of regret, and it forces Austria to make up the rest of its requirements with coal from



the United States, involving very high transport costs.

As for coke-oven coke, the orders placed in the Community come to about 600,000 tons a year; this represents 90% of coke imports and 30% of the total internal consumption. Here too, it must be said, that the Ruhr, which is, with the Netherlands, the main supplier, is not at present in a position to meet the whole of the increased demand.

However, Austria is the only third country in Western Europe -- apart from the United Kingdom -- which itself produces solid fuel. This latter, although mainly consisting of lignite, makes it possible, owing to the rapid development (6,300,000 tons in 1955 as compared with 5 m. tons in 1952) to meet a large part of internal, in particular household, requirements.

Switzerland, on the other hand, depends entirely on imports for its solid fuel requirements, 90% of which, as regards both hard coal and coke, are met by the Community. Deliveries to Switzerland not only display a remarkable stability, but even tend to increase to fill the gap left by the United Kingdom and Poland. Switzerland imports annually 1 to 2m. tons of hard coal and 5 to 600,000 tons of coke.

The situation of the nordic countries is quite different; these relied to a far greater extent on British and Polish coal. They were thus more affected by the curtailment of British exports.

Community exports to Denmark, which, as regards hard coal, amount to 2 to 300,000 tons a year, represent only 5 to 7% of that country's imports. For coke, on the other hand, the percentage is 70%, with an annual figure of 1m. to 1,500,000 tons. Although Denmark is one of the few countries to which the United Kingdom keeps up a fairly substantial flow of exports, the part played by coke in domestic consumption obviously makes the present situation a rather difficult one.

Similarly for Sweden, the Community's share in its hard-coal supplies is comparatively small, from 15 to 20%, with 3 to 500,000 tons yearly, while the percentage for coke, with 2m. tons a year, is in the region of 85% to 90%.

For Finland and Norway, imports of hard coal from the Community are very small, with percentages, in relation to total imports, of less than 10%. For coke the percentages are much higher, about 30%, but for inconsiderable tonnages, not more than 100-150,000 tons per annum for each country.

The proportion of solid fuels in the total energy consumption of the various countries just mentioned is, in any case, very different.

In Denmark and Austria, total energy consumption in 1954 (the latest year for which we possess the relevant figures) still relied for more than 50% on solid fuels -- 68 and 59% respectively. For the other countries I mentioned, the percentage is less than 30 -- Switzerland 26%, Sweden 24%, Norway 11%. Despite the smallness of some of these percentages, as regards both quantity and relative value, they are still important from the point of view of quality, even apart from the commercial interests concerned.

Having made this point, I would give you a further comparison, between the present scale of coal imports from the United States of America and the volume of Community exports to third countries. The 24m. tons of American coal imported by the Community are twice the total tonnage of hard-coal exports to third countries.

But if we take the balance-sheet for coke-oven coke separately, we find that exports to third countries average 8% of the production for the years 1953-56 -- which is quite a percentage and shows that when supplies are short some deliveries of coke to third countries are made at the expense of supplies within the Community.

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I shall conclude this quick sketch of the coal situation as between the Community and third countries with some remarks on coal export prices.

As you know, producers do not publish their price-schedules for sales abroad, as the transactions are arranged individually between the producers and the consumers, dealers or importers at the other end. Every contract is different: the tonnage, length of the contract and the producer's relations with the buyer over a period of time are the main elements involved in concluding it. Moreover, such contracts are often signed on the basis of bilateral agreements between the receiving member country and the selling member country.

This being so, the prices of coal exported from the Community are different at any given moment according as the coal is being delivered under long-standing contracts now being implemented, or as part of a flow of trade which the producer is maintaining by allowing his customer favourable prices (favourable at any rate in that they are stable), or as individual sales representing deliveries for a special purpose, which the producer has been particularly asked to arrange, sometimes even at higher prices.

Averages based on such disparate considerations and varied transactions would be meaningless.

I would, however, remind you that at times when business was slack, the enterprises of the Community were obliged, if they wished to keep their traditional customers, to align their export prices with the delivered prices of coal from the United States. This was done in 1954 and 1955.

This need to align prices in selling to third countries bears very hardly on the Community collieries, since the physical and technical conditions involved in mining Community deposits do not allow the enterprises to adjust supply to demand, while on the other hand collieries in the United States are in a position to cut their expenditure considerably thanks to the very great elasticity of production, in order to adapt themselves to fluctuations in requirements.

In addition to the technical considerations which bear heavily on the production costs of the enterprises of the Community, we have the incidence of the freight charges, which vary enormously according to the ups and downs of the economic situation.

During the period of boom conditions, the Community has been striving, despite the requirements of consumers within the Common Market, to keep up, in the main, the traditional flow of exports, while not benefiting fully by the possibilities of alignment with prices on the world market.

This is a point worth stressing here. It should not be overlooked that the tonnages exported by the Community have to be made up by increased imports of American coal at a price higher than most Community export prices. This means that Community consumers are paying a high price for something like three-quarters of Western Europe's total imports from the United States.

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I ask your indulgence for having dwelt at some length on my analysis of the external economic relations of the European Coal and Steel Community.

I hope I may have made it clear to you that this Coal and Steel Community is today an increasingly vigorous economic entity, that it is the centre of an industrial activity which is still vital to the rest of the world, that it is a most important partner in international trade, both as a buyer of raw materials and as a major exporter of steel.

But the picture has its darker side.

These last few months have shown us, by the tightness in the coal market, by the growing requirements for imported coal payable in dollars, by the threats to Europe's supply of liquid fuel, how dependent Europe is in regard to energy.

Every European today realizes this, knowing as he does that energy consumption per head of the population is, along with steel

consumption, the yardstick for the standard of living, and that when they go up the standard of living goes up too.

For this reason, it is urgently necessary that there should be a concerted energy policy for the countries of Europe -- beginning with, but not confined to, the countries of the Community. Pending the emergence of atomic energy on the economic market, the policy to be pursued by our countries in regard to conventional energy must be co-ordinated if the European States wish to encourage those investments which are most profitable economically and at the same time the quickest and most reliable means of keeping Europe supplied with an increasing output of energy.

The Brussels Intergovernmental Committee suggested that the High Authority should carry out the studies needed for the Council of Ministers to prepare the broad outlines of such a policy.

The action which the High Authority has already been having to take, ever since the beginning of the Suez crisis, in order that it may be equal to its task should circumstances make it necessary overnight to introduce unavoidable fuel restrictions, has already obliged it to study in detail the problems of substituting one form of energy for another, notably fuel oil for coal.

Thus just when the official experts were urging their governments to realize the value of a concerted energy policy, developments were causing the High Authority in its own field to take the first practical steps in planning this new stage now seen to be indispensable.

The High Authority trusts that the need to go forward quickly and fearlessly with the co-ordination of energy policies if we are not to be forced back by developments, which are sometimes beyond our control, will put an end to the resistance which has been forthcoming from certain quarters. This is, I think, the place to say so, for, as the Brussels Committee has pointed out, some European countries which do not belong to the Community have a vital part to play in the establishment of such a policy.

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It will come as no surprise to you, Mr. Chairman, Madam and gentlemen, that I should end, after speaking of the European countries not belonging to the Community of the Six, with a few remarks on the trend of thought in Britain, our Associate Power.

I refer, as you may have guessed, to the change of mind which has come over the British Government and the Federation of British Industries in regard to a closer relation with the projected general Common Market, in the form, for instance, of a free-trade area with that market.

The High Authority, I need hardly say, is more than pleased at this development in the British attitude. It considers this to show that Britain recognizes the effectiveness of the work which the institutions of the Community have been doing for the last three years.

In the views now being put forward, the High Authority detects an echo of the points which its Members themselves made to the British members of the Council of Association in the spring, as a basis for working out what the relations should be between the Common Market for steel and Great Britain.

For this new form of economic co-operation to develop, one thing is needed above all, and that is that the general Common Market should take definite shape and come into being among the six countries accepting the Customs union it involves. Any misunderstanding on this point would infallibly lead to disappointments.

The High Authority has further noted, with the greatest satisfaction, the observations by Signor Benvenuti to the Council of Europe in his excellent report on the control of atomic energy, in which he points out that the experience of the Community has shown that the abrogation of the right of veto has not had any serious consequences, and, more particularly, that a joint Executive with funds of its own is the sine qua non in any attempt to overcome the inertia of co-existing sovereign authorities, the attitude of the old-established administrative machines and the anxiety to maintain vested interests.

There would, however, be no object in ignoring the fact that in a number of Community countries the struggle against inflation and the governments' concern in connexion with the standard of living sometimes make it difficult to combine the economic policy they adopt with the basic concept of a common market governed by market prices and extended competition within. This is a problem beyond the scope of partial integration as represented by the Coal and Steel Community, where these difficulties are already making themselves felt.

We must recognize the problem resulting from these apparent contradictions, and we must, above all, see to it that, in order to resolve them, the operation of the European institutions at some future date produces the joint economic and monetary policy of a greater Europe, which will thus ensure at once the unity of Europe and a better future for all its people.