EUROPEAN COAL AND STEEL COMMUNITY

THE HIGH AUTHORITY

Fourth

GENERAL REPORT

on the

Activities of the Community

(APRIL 11, 1955 TO APRIL 8, 1956)

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APRIL 8, 1956

The President
and the Members of the High Authority
to
The President of the Common Assembly

Mr. President,

In Accordance with Article 17 of the Treaty establishing the European Coal and Steel Community, we have the honour to submit the Fourth General Report of the High Authority on the activities of the Community and its administrative expenditure. The latter, as well as the budget estimates and reports provided for by Article 78 of the Treaty, are set out in separate documents.

Please accept, Mr. President, the expression of our high consideration.

Luxembourg, April 8, 1956.

René MAYER
President
Franz ETZEL
Vice-President
Albert COPPÉ
2nd Vice-President
Léon DAUM
Paul FINET
Enzo GIACCHERO
Heinz POTTHOFF
Dirk SPIERENBURG
Albert WEHRER

FOURTH GENERAL REPORT

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INTRODUCTION

1. The establishment of the European Coal and Steel Community was the translation into concrete terms of the desire of six European States "to substitute for historic rivalries a fusion of their essential interests" and "to establish, by creating an economic community, the foundation of a broad and independent community." [1])

For the fourth time, the Common Assembly, whose duty it is to exercise parliamentary supervision over the Executive of the Community, is to meet in Ordinary Session, beginning on May 8, 1956, to debate the Annual General Report of the High Authority.

2. In the main, this fourth General Report, like its predecessors, deals with the consolidation, operation and development of the Common Market, which was opened on February 10, 1953, for coal, iron ore and scrap, on May 1, 1953, for steel, and on August 1, 1954, for special steels.

The actual features of the Common Market need not be gone into here. Previous Reports have emphasized the threefold need which the introduction of a common market meets in the world of today:

1) *The need for a broader market,* a market big enough to allow optimum utilization of the most advanced production methods and the lowering of production costs. Hence the abolition of the barriers which used to obstruct movements of products, and, in certain circumstances, of individuals — Customs duties, quantitative restrictions on trade, currency

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1) Preamble to the Treaty signed on April 18, 1951.

restrictions, administrative impediments, breaks in transport rates at frontiers, restrictions on the movement of workers from one country to another.

2) *The need for a common economic order, i. e.* for common rules, binding upon all concerned, to govern the operation and guide the development of the market. Hence the provisions in the Treaty concerning the publication of price-schedules and conditions of sale, the prohibition of discriminations and other practices likely to distort competition, and the long-term and short-term planning of production.

3) *The need for an integration of the economic and social objectives,* in order to bring about a real improvement in the lot of the individual, not only as a consumer but as a worker. Hence the Treaty's and the High Authority's insistence on the *protection* of the workers against certain effects of competition or of the introduction of new methods ("readaptation"), and on the promotion of their *social status* by the improvement of their living and working conditions (publication of details on wages, social security, vocational training, etc.; housing schemes; encouragement of medical and social research).

3. Part I of this General Report describes the operation of the *Community's institutions* over the last twelve months and the development of its *external relations,* particularly with the United Kingdom. 1955 was the year in which the Agreement of Association between the Community and the United Kingdom, signed in December 1954, came into force.

Part II, after a brief note on the general development of the steel and coal markets, begins with a chapter on *the application of the Transitional Provisions.* February 10, 1956, was the end of the third year in the five-year period provided for in the Convention annexed to the Treaty for "progressively adapting production to the new conditions which will obtain." A considerable number of arrangements previously authorized by the High Authority must be done away with completely by February 1958, including Italian Customs duties on Community products,

zone-delivered prices for certain coalfields, French subsidies, the compensation scheme in force for the Belgian collieries, etc. Considerable progress has already been in this direection, in proportion as the circumstances originally justifying the temporary maintenance of such arrangements gradually changed.

The next chapter is devoted to *the operation of the Common Market and efforts to ensure its continual improvement,* including the implementation of the rules on publicity and non-discrimination, disciplinary action against certain enterprises, and measures in regard to cartels (particularly the coal buying and selling agencies), concentrations and transport.

Then comes a chapter on *the long-term development of the Common Market.* 1955 saw the expenditure on investments of the entire $ 100,000,000 borrowed from the United States. The High Authority also implemented the Treaty's provisions on compulsory notification of individual programmes by enterprises, aimed at helping to ensure coordinated development of investments.

The final chapter deals with the action taken by the High Authority to improve *the living and working conditions* of the sixteen hundred thousand men employed in the coalmining and iron and steel industries.

PART ONE

INSTITUTIONS AND EXTERNAL RELATIONS

CHAPTER ONE

THE INSTITUTIONS OF THE COMMUNITY

4. At the beginning of June 1955, some weeks after the last General Report of the High Authority was published, the Foreign Ministers of the six member States of the Community held a conference in Messina.

By common agreement, in conformity with the provisions of the Treaty establishing the European Coal and Steel Community, the governments of the six member States appointed M. René Mayer, former Premier of the French Republic, as Member and President of the High Authority in succession to M. Jean Monnet. At the same time, they reappointed Herrn Franz Etzel and M. Albert Coppé as Vice-Presidents.

5. Without in any way changing its internal working methods, as described in the last General Report, the *High Authority* has continued its work on the tasks assigned to it by the Treaty. The action it has taken in the various fields for which it is responsible is dealt with in the different sections of this Report.

As in previous years, the High Authority, before taking any decision, has held numerous discussions with all the interested parties — producers, workers, consumers and dealers etc. At the same time, it has sought to ensure that these groups, and European public opinion generally, are kept better informed on the results achieved by the Community.

Relations with the Consultative Committee attached to the High Authority have also developed beyond the consultations specifically prescribed by the Treaty.

Several times a year, the High Authority gives the Consultative Committee an overall picture of developments in the general economic situation and of what is being done in the various fields coming under the Community's jurisdiction. Such reports were made in March, July and November 1955.

In November, the High Authority and the Committee discussed the social aspects of the measures entroduced in implementation of the Treaty, in accordance with a resolution adopted by the Consultative Committee some months previously.

6. The *Special Council of Ministers* met six times between the end of May 1955 and the beginning of April 1956.

In the course of these sessions, the Council was consulted by the High Authority on the institution of various financial arrangements, and on new decisions to be taken in the spring of 1956 concerning the coal and scrap markets. It also had to give its agreement — by an absolute majority or a unanimous vote — to the setting-aside of funds from the levy for technical research, to the granting of loans and furnishing of guarantees to enterprises not belonging to the Community, and to the institution of arrangements to limit the consumption of scrap. In July 1955 and March 1956, it authorized exemptions from the rule which lays down that whenever the High Authority decides to contribute to a readaptation scheme, the State concerned must provide a special contribution at least equal to that of the High Authority. Also in July 1955, it gave the High Authority the instructions required for it to enter into negotiations with third countries with a view to drawing up international through-rates for goods carried in transit across such countries. In March 1956, the Council extended the mandate given to

the High Authority in 1954 for negotiations with Austria and the other third countries concerning special steels.

Under the general provisions of Article 26, which prescribe that the High Authority and the Council shall "exchange information and consult together", a number of other problems were also brought up for discussion, including those of economic trends in the member countries, the planning of an energy policy, the co-ordination of investments, the financial policy, the introduction of the five-day week in the iron and steel industry, and others.

7. The work of the *Common Assembly* was carried on along three main lines,

a) parliamentary supervision over the High Authority;

b) study of means for ensuring that the provisions of the Treaty were to be implemented in full, and for bringing about an extension of the Community's actual jurisdiction;

c) endeavours to promote the development of European integration.

Close on a hundred meetings of the parliamentary committees were held between May 1955 and April 1956. The High Authority was represented at some twenty of these.

In addition to its Ordinary Session in May and June 1955, the Assembly held its first Extraordinary Session at the end of November, at which it re-elected as its President Sig. Giuseppe Pella, discussed the High Authority's statements on its action in regard to cartels, and examined the reports tabled by MM. Kreyssig and Poher on behalf of a Working Party set up in May 1955. These reports dealt with the full implementation of the Treaty and the extension of the Community's powers in the coal and steel sectors, and with the way in which the Common Assembly could be reorganized to make it more effective in action.

A second Extraordinary Session was held in Brussels from March 13 to 16, 1956, at which M. Paul-Henri Spaak gave en account of the first results of the work done by the Intergovernmental Committee which was set up by the governments of the member States after the Messina Conference [1]. The Assembly also heard preliminary reports by MM. Van der Goes van Naters and Wigny on the development of economic integration in Europe, and on the European energy problem.

8. Parallel with the development of the parliamentary control over the High Authority's operations, there has been increased emphasis on jurisdictional control also.

The *Court of Justice, on June 28, 1955,* delivered judgment on a petition for the interpretation of a previous judgment, submitted by the Associazione Industrie Siderurgiche Italiane. On July 19, 1955, it granted damages for non-renewal of contract, in settlement of a complaint lodged by an official of the Common Assembly.

Eleven appeals are at present being examined by the Court:

a) four appeals by the Groupement des Industries Sidérurgiques Luxembourgeoises and the Association des Utilisateurs de Charbon du Grand-Duché, asking the Court to reverse the High Authority's decisions concerning the Office commercial du Ravitaillement du Luxembourg and the compensation fund attached to that Office.

b) an appeal by the Unternehmensverband Ruhrbergbau against a High Authority decision fixing maximum prices for the coal year 1955—56 in respect of sales by the Ruhr coalfield in the Common Market;

c) an appeal by the Fédération Charbonnière de Belgique against the High Authority decisions making fresh arrangements in regard to the Belgian compensation scheme as from June 16, 1955;

1) See No 12 below.

d) an appeal by three Belgian collieries against the same decisions as the foregoing;

e) two appeals by the Associazione Industrie Siderurgiche Italiane and the Industrie Siderurgiche Associate respectively against High Authority decisions taken in March and July 1955 concerning the regular flow of scrap to the Common Market and the saving of scrap by an increased use of pig-iron;

f) two appeals, by a High Authority employee not confirmed in his post after a trial period, and a Common Assembly employee whose contract had not been renewed.

9. The member governments having, in November 1955, reappointed to their posts three Judges and one Court Advocate, the Court, on December 1, unanimously re-elected as its President Sig. Massimo Pilotti, the retiring President.

10. This brief record of the work of the Community's institutions would be incomplete without mention of two further problems, one administrative, the drawing-up of the Staff Rules and Regulations for the officials and employees of the Community, and the other political, the High Authority's share in the work of the Intergovernmental Committee in Brussels.

11. The Committee consisting of the Presidents of the four institutions of the Community, which has been working on the Staff Rules and Regulations for the personnel of the Community, reached the final stage at the beginning of 1956.

Before giving its final verdict on these rules and regulations, the Committee of Presidents, wishing to ensure that they should be applicable to the personnel of all four institutions, discussed the draft with these institutions,

and obtained the views of the Committee on the Budgeting and Administration of the Common Assembly, and of the representatives of the personnel.

Following these consultations, the Committee of Presidents decided, on the basis of the observations which had been made, that the final version of the Rules and Regulations should be divided into three parts:

the Staff Rules proper;

annexes to the Rules;

General Regulations for the Community.

1. The basic text of the *Rules and Regulations,* containing the basic provisions for all four institutions, was approved by the Committee of Presidents at its meeting on January 28, 1956. The scheme lays special emphasis on the formation of a staff of established officials who will be offered opportunities for promotion within the institutions of the Community, and who will be guaranteed stability of employment.

Since, however, certain specific tasks require temporary assistance from technical experts, the institutions will have the right, within certain limits, to engage staff on one-year contracts, renewable not more than twice.

The Rules and Regulations also lay down the duties and obligations of the officials employed, the system for the representation of the interests of the personnel, the principle of classifying employees by grades and categories, the conditions for recruitment and appointment, the various administrative positions, the conditions for upgrading, promotion and termination of employment, the disciplinary and appeal procedure, and the transitional regulations for employees under contract at the time when the Rules and Regulations come into force.

2. The steps by which certain of these general provisions are to be implemented are laid down in the *annexes* to the Rules and Regulations.

These prescribe, inter alia, the relation between the different grades and the duties involved, recruitment procedure, the constitution and powers of certain bodies, such as the Arbitration Committee and the Disciplinary Board, etc.

The annexes are drawn up by the institutions so as to take into account their own particular requirements, after consultation with the personnel. They will be submitted to the Committee of Presidents for comment, in order that the basic provisions of the Rules and Regulations may be implemented as far as possible in a properly co-ordinated manner.

3. Finally, the provisions relating to salaries and allowances, to social-security arrangements, to the pension scheme, to working hours and holidays, etc., are contained in the *General Regulations for the Community,* drawn up by a committee consisting of equal numbers of representatives of the institutions and of the entire personnel of the Community.

The proposals of this latter committee will, in accordance with Article 78 of the Treaty, be submitted to the Committee of Presidents for a final decision.

The provisions of these General Regulations may be subjected to revision every three years, under conditions laid down in the Staff Rules proper.

This subdivison is of advantage in two ways: it preserves the fundamental unity of the Rules and Regulations, while at the same time allowing the general provisions to be adapted to the particular character of each institution; it combines the principle of authority, which is indispensable in any organization, with very comprehensive arrangements for consulting the staff on matters involving their interests.

Work is going ahead on the General Regulations, so that the entire corpus of staff rules and regulations should come into effect within the next few months.

12. At their meeting in Messina at the beginning of June 1955, the Foreign Ministers of the six Community countries stated on behalf of their governments that they

considered the moment had come to enter upon a new stage in the process of building up Europe. To this end, they decided to set up a committee of delegates from the different governments, assisted by experts under the chairmanship of a leading statesman. This committee is to prepare the drafts of the relevant treaties and agreements.

The Intergovernmental Committee met for the first time in July 1955 in Brussels, with M. Paul-Henri Spaak in the chair. The High Authority, whose co-operation had been invited by the member States, appointed Mr. Dirk Spierenburg, one of its Members, to represent it on the steering committee and head its delegation of experts to the Intergovernmental Committee.

The High Authority representative and experts took a considerable share in the work of the Brussels Committee, since they were able to bring to bear on the various problems examined the three year's experience gained by the European Coal and Steel Community.

On November 7, 1955, the High Authority officially expressed its opinion on the work of the experts as a whole, stressing in particular the Community's interest in the establishment of a common substructure in the fields of energy and transport (including the vital sector of nuclear industry) and in the introduction of a general common market covering all economic activities.

CHAPTER TWO

THE EXTERNAL RELATIONS OF THE COMMUNITY

13. The fact that the European Coal and Steel Community is something new, not strictly comparable with the national States and the traditional international organizations, means that it has to work out case by case, on the basis of the Treaty provisions and the experience gained, new ways and means of extending and consolidating its relations with the outside world.

It is not always easy for the High Authority to establish exactly what line of action it is going to take when it is seeking to enter into relations or undertakings with a particular country or group of countries. In the nature of the case, the results aimed at depend not only on itself but on the other side also. Furthermore, in a great many respects it shares its powers with the member States. And the whole set-up of the Community itself sometimes renders negotiations difficult: on the one hand, although the Community's great desire is to be open to the outside world, it cannot reasonably offer the same advantages to third countries as it does to the six countries which have agreed to accept its rules; on the other hand, certain problems raised by the overlapping of integrated and non-integrated sectors, which are already of concern to the six countries inasmuch as their economic integration is at present limited to coal and steel, recur in external relations, and more particularly in negotiations with third countries.

14. The outstanding events of the past twelve months as regards the external relations of the Community have been the implementation of the Association Agreement with the United Kingdom, the official visit of the President of the High Authority to the United States, the negotiations with Austria and Switzerland, and the discussions with Denmark on the development of the coal and steel markets. Relations with the international organizations continued, as in previous years, to be marked by a most satisfactory spirit of co-operation.

Section 1 — **Association with the United Kingdom**

15. The Association Agreement signed on December 21, 1954, entered into force on September 23, 1955, after the instruments of ratification had been deposited, from June onwards, by the British Government and the six member governments of the Community.

The first meeting of the Council of Association was held in Luxembourg on November 17, with M. René Mayer, President of the High Authority, in the chair. The British delegation was headed by Mr. Peter Thorneycroft, President of the *Board of Trade.*

After adopting its rules of procedure, the Council of Association decided to appoint three standing committees:

a) a *Coal Committee* to deal with all matters relating to coal, other than those dealt with by the Trade Relations Committee. These might, for example, include the European coal supply/demand situation and its prospects both in the short and long term, as well as forecasts of coal production, consumption and trade, the impact of competing sources of energy, the general objectives of the investment policy, pricing arrangements, and arrangements for the promotion of the

safety, health and welfare of persons employed in the coal-mining industry;

b) a *Steel Committee* to deal with all matters relating to steel, other than those dealt with by the Trade Relations Committee. These might, for example, include supplies of steel and raw materials, market, trade and price trends, arrangements for the promotion of the safety, health and welfare of persons employed in the steel industry, the broad outlines of an investment policy, and pricing arrangements;

c) a *Trade Relations Committee* to deal with matters relating to trade restrictions and all other factors affecting trade in coal and steel between the Community and the United Kingdom.

At the inaugural meeting of the Council of Association there was also a comprehensive discussion on the general situation in the coal and steel sectors.

16. The *Coal Committee* has met three times: on November 18, 1955, in Luxembourg, on December 7, 1955 in London, and on March 7, 1956, in Luxembourg.

At its first meeting, the Committee drew up a programme for its proceedings, including, in particular, an examination of the possibilities regarding trade in coal between the United Kingdom and the Community. It was agreed that both sides should initiate studies of problems of common interest, such as the situation in the coal market in 1956, and that an exchange of information should take place at a later date between the two parties concerning other matters listed in the programme. It was further decided that the High Authority should keep the Coal Committee informed as to the work of certain technical committees set up by it (the High Authority) with British technical experts sitting in.

Following the British Government's decision to cut coal exports from January 1, 1956, onwards, the High Authority asked that the special procedure provided for in Article 7 of the Association Agreement should be brought into play. An extraordinary meeting of the Coal Committee was, therefore, held in London, attended by representatives of the

member governments, to study, in particular, the situation in the first quarter of 1956.

At its third meeting, the Coal Committee examined the overall situation in the Community and United Kingdom coal markets in 1956. It discussed problems in connection with the rational utilization of solid fuels, and decided to draw up a working programme on the matters more particularly concerning each side. Arrangements have been made for British experts to work in even closer co-operation with the High Authority's technical committees on labour problems. It has also been agreed to co-operate more closely on technical research.

17. The *Steel Committee* has met twice: on December 15, 1955, in Luxembourg and on February 29, 1956, in London.

At its first meeting, the Committee made arrangements to exchange information and prepare joint studies on the following problems: steel supplies, raw materials, means of transport, market and price trends, broad outlines of the investment policy, price-fixing methods, industrial health and vocational training.

At its second meeting, the Committee discussed price trends, raw material supplies, seaborne transport and port capacities. It also arranged for exchanges of information as to the methods employed in the United Kingdom and in the Community for estimating longer-term demand for steel.

18. The *Trade Relations Committee* held its first meeting in London on January 9, 1956. A further meeting is to be held in Luxembourg on May 15, 1956.

It is to deal, in particular, with studies prepared by both sides on such matters as quantitative restrictions, subsidies and artificial assistance to exports, as well as other factors liable to hamper trade.

19. The Council of Association held its second meeting in London on March 23, 1956, under the chairmanship of the Rt. Hon. Peter Thorneycroft, President of the *Board of Trade.* The High Authority Delegation was headed by President René Mayer.

After an exchange of views on the situation in the coal and steel markets of the United Kingdom and the Community, the Council approved the work done so far by its three committees, and instructed them as follows:

a) the *Coal Committee* to join with representatives of the six Community governments in examining the problem of trade between the Associates for the third and fourth quarters of the current year, while the High Authority and the *National Coal Board* are to examine the position for the second quarter to ascertain whether satisfactory arrangements can be made as regards interchange of qualities;

b) the *Steel Committee* to exchange information as to pricing arrangements for scrap in the two markets, to examine the long and short-term measures adopted in the two areas with a view to saving scrap and limiting imports of it, and to study the structure of steel prices in the United Kingdom and the Community and the long-term trend in demand;

c) the *Trade Relations Committee* to continue its examination of restrictions affecting the normal flow of trade, concentrating on a study of the tariffs on iron and steel products in the United Kingdom and the Community, with a view to drawing up proposals in accordance with Article 8 of the Association Agreement.

After a discussion of the conditions at present prevailing as regards trade between the two markets, both parties agreed in principle that tariff negotiations should be started within the framework of G. A. T. T.

20. It is still too early to form any very clear idea as to the results of this work. The new venture represented by the Council of Association makes it advisable for both sides to maintain a certain reserve during the initial period.

It is, however, already apparent that the severely practical approach to the problems tackled, and the atmosphere of straightforwardness and co-operation which has been in evidence all along, are making it possible to get the problems clearly defined and to look forward to promising technical measures of common interest.

The proceedings of the Council of Association are to be recorded in a Report to be published before the end of this year.

21. The British Government appointed Sir William Meiklereid as head of the United Kingdom Delegation to the High Authority, with the rank of Ambassador, in succession to Sir Cecil Weir. The new Representative presented his Letters of Credence on August 17, 1955.

On December 16, 1955, the High Authority announced its decision to appoint Jhr. Mr. van Vredenburch, Deputy Secretary-General of N. A. T. O., as head of its permanent Delegation to the British Government. Until such time as Mr. van Vredenburch is able to assume his duties, the High Authority has designated its Secretary, Mr. Max Kohnstamm, as acting head of the Delegation; Mr. Kohnstamm took up his duties in London on January 10, 1956.

Section 2 — **Relations with other countries**

22. *United States.* — The United States Government, as renewed proof of its interest in the Community, decided to raise its delegation to the High Authority to the status of a full-scale diplomatic mission. Mr. Walton Butterworth was appointed head of the mission, with the rank of Ambassador. Mr. Butterworth presented his Letters of Credence on March 13, 1956.

The links between the Community and the United States were further consolidated by Mr. René Mayer's visit to that country in February 1956, at the invitation of the State Department. He was officially received by the President of the United States, the Secretary of State, and various other members of the American Administration.

23. *Austria.* — Negotiations on special steels were opened in 1954 with the Austrian Government, but were suspended without any agreement being reached.

Details are given on a later page of tariff negotiations with Austria in connection with special steels, as part of a general tariff conference of G. A. T. T.

24. *Stwitzerland.* — Relations with Switzerland have been marked by two important features.

Negotiations started in Luxembourg on November 10, 1955, for the introduction of international railway through-rates for coal and steel traffic between Community countries across Swiss territory.

Upon the Swiss Federal authorities' expressing the desire to enter into negotiations with the Community for a "consultation agreement", the Council of Ministers of the Community, at its meeting on March 6, 1956, declared itself in favour of such an agreement between the High Authority and the Swiss Government. Its object would be to consolidate the relations already existing, and to provide for Switzerland and the High Authority to consult one another whenever either of them was called upon to take action in matters of concern to both parties. Negotiations between the High Authority and the Swiss Government are now under way.

25. *Denmark.* — The Danish Government appointed Hr. Aagaar Wassard as head of the Danish Delegation to the High Authority, in succession to Hr. Anton Vestbirk.

Talks took place in the course of the year between the Danish Government and the High Authority experts, as a result of which a number of controversial points were cleared up and substantial progress was made.

26. *Norway.* — The Norwegian Government appointed Hr. Jens M. Boyesen as head of the Norwegian Delegation to the High Authority, in succession to Hr. Arne Skaug. Hr. Boyesen presented his Letters of Credence on December 1, 1955.

Section 3 — **Relations with the international organizations**

27. *General Agreement on Tariffs and Trade.* — Originally, the Contracting Parties to G.A.T.T. were not altogether happy about the establishment of the Community.

The Common Assembly was kept informed as to the sometimes decidedly lively discussions which formerly used to take place in connection with the drawing-up of the reports which the member States have to submit to the Contracting Parties each year to the end of the transition period, in accordance with the waiver granted to the Community in 1952. [1])

In 1955, wishing further to improve co-operation with the Contracting Parties, the member States of the Community and the High Authority provided additional information by making available to the Contracting Parties a considerable volume of up-to-date statistics, together with numerous details on the production of, trade in, and prices paid for, Common Market products.

This gesture was much appreciated, and the atmosphere in which the discussions took place in Geneva, from

1) See Third General Report of the High Authority, April 1955 (No 27).

late October to early December, was distinctly more encouraging than in previous years.

The main matters discussed were

Harmonization of Customs duties: There was a certain concern over the lack of progress as regards the levelling-down of Customs tariffs. The Community stressed its anxiety to complete this process by the end of the transition period, and let it be known that the member States were prepared to expedite matters by negotiation.

Restrictions on scrap exports: The complete cessation of scrap exports, though permissible under G.A.T.T. regulations, was regarded by certain Contracting Parties as contravening undertakings by the member States of the Community to respect the interests of third countries.

Export prices: The discussions dealt with the export prices of hard coal and coke, and of iron and steel products. The High Authority representative declared the limits within which these had remained to be equitable ones, and this view was not refuted by the ensuing debates.

Export agreement: Certain of the Contracting Parties still have the idea that the existing agreement among Community producers in respect of exports of iron and steel products might distort competition by causing an undue rise in prices. The High Authority, in reply, recalled the means of action open to it under the Treaty. It stressed that it was obliged to see that prices were kept within equitable limits, which it had hitherto been most careful to do.

The Contracting Parties finally concluded that the measures taken since the previous Session of G. A. T. T. for the full implementation of the Treaty were in conformity with the undertakings entered into by the Community.

28. At the ninth session, a working party set up by G. A. T. T. drafted a general multilateral agreement providing for the conlusion of conventions in respect of

basic products. The draft was examined by the working party after the session was over. As the proposed agreement might affect Community products, and as certain of the provisions appeared to clash with the obligations incumbent on the Community under the Treaty, the High Authority drew the attention of the member States to the points regarded as incompatible.

The member States agreed to present a united front at the tenth session of G. A. T. T. when the draft agreement came up for examination. During that session, their spokesman informed the Contracting Parties that his principals could not undertake any commitments contrary to their obligations under the Treaty. He added that they were furthermore not prepared to undertake commitments liable to restrict their powers to act in connection with the economic integration of Europe.

29. In January 1956, a fourth series of tariff negotiations was opened in Geneva under the auspices of G. A. T. T. This was the first time that the High Authority had taken part in a conference of this type. The member governments, jointly with the High Authority, decided to accept the proposal by the Austrian Government to open tariff negotiations in respect of certain products covered by the Treaty. In a statement to the Contracting Parties, the High Authority representative stressed that the Community was determined to do its utmost to help bring about a reciprocal reduction of tariffs on Community products, and thus make a concrete contribution towards objectives common to the E. C. S. C. Treaty and to the General Agreement on Tariffs and Trade.

On May 24, 1954, the High Authority was authorized by the Council of Ministers to negotiate with Austria and the other countries concerned in respect of special steels.

On March 6, 1956, the Council supplemented this authorization, enabling the negotiations to be extended,

within G. A. T. T. and in conformity with its rules, to cover ordinary steels. The High Authority now, therefore, has wider powers for its endeavours to bring about a more satisfactory balance between the concessions offered by the member States of the Community and those likely to be offered by third countries.

The advantage of negotiating within G. A. T. T. is that the third countries are thereby linked to some extent with the efforts the Community is making during the transitional period, to harmonize customs duties.

30. Organization for European Economic Co-operation. — Relations with O.E.E.C. were further developed. The Secretary-General visited the High Authority in July. A director of the High Authority was appointed by the Council of the O.E.E.C. to be one of the eight members of its Energy Committee, who are selected for their personal qualifications. The Chairman and several members of the Committee visited Luxembourg on December 12, 1955.

The liaison body between O. E. E. C. and the High Authority, known as the Group of Eight, recently suggested the establishment of closer relations between the two institutions as regards economic problems. The High Authority welcomed this proposal; its implementation will make a valuable contribution to the co-ordination of the work that is being done in Europe to bring about fuller integration.

High Authority observers attended a considerable number of meetings of O. E. E. C. technical committees, thereby strengthening the contacts which are necessary in connection with numerous problems.

31. International Labour Organization. — The agreement between the community and I.L.O., which had previously produced mainly technical assistance from the Inter-

national Labour Office to the High Authority, is now giving rise to a greater volume of mutual help in the form of information and material.

The results of surveys on wages, earnings, standards of living, and ancillary elements in labour costs in the industries of the Community, and the High Authority's publications on vocational training, are helping to narrow down certain methods of investigation and to consolidate the sources of information required for the work of I. L. O., more particularly the commissions on coal, iron and steel.

The High Authority for its part continues to have the benefit of I. L. O. experience and material.

There have been frequent contacts between the various departments of the two bodies, which have resulted in valuable co-operation on, for instance, industrial health and medicine, industrial safety, migration and mobility of labour, and the wage systems in use in the coalmining and iron and steel industries.

The International Labour Office and the High Authority have also continued their joint preparation of the intergovernmental conference which is to inquire into the means required to do away with those social-security arrangements which are impeding the freedom of movement of workers.

32. United Nations. — Technical exchanges with the Secretariat of the Economic Commission for Europe have continued, resulting in a more satisfactory system of mutual information.

33. Council of Europe. — The third joint meeting of members of the Consultative Assembly of the Council of Europe and members of the Common Assembly was held in Strasbourg on October 27, 1955. After hearing a report by M. Roger Motz, on behalf of the Common Assembly, the

meeting was given an account of the progress of the Community by the President of the High Authority.

This meeting had been preceded by a session of the Economic Affairs Committee of the Council of Europe in Luxembourg, with Mr. Federspiel, the Danish delegate, in the chair. This provided an opportunity for a comprehensive exchange of views, in which members of the High Authority took part, on a number of problems concerning present relations with third countries with particular reference to trends in coal and steel prices and the structural changes within the Community as a result of the development of the Common Market.

Independent of these meetings, there have been exchanges of technical information between High Authority representatives and the Secretariat-General of the Council of Europe. As part of the cultural programme of the Council of Europe, the High Authority has agreed to award, in 1956, five research fellowships for work dealing with the European Coal and Steel Community.

PART TWO

THE COMMON MARKET

CHAPTER THREE

GENERAL DEVELOPMENT OF THE COMMON MARKET

34. General economic developments during 1955 and early 1956 were characterized in the Community countries, as in most of the countries of the West, by a very marked expansion, sustained by the factors which had originally given rise to the revival in the spring of 1954, *viz.* very vigorous activity in the building trade, the capital-goods industry and the motor industry, as well as an increase in exports of industrial goods.

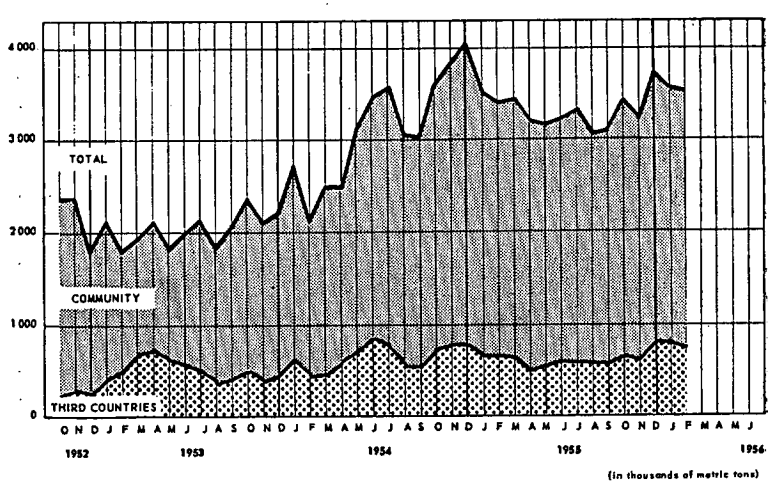
The industrial-production index for the Community countries as a whole rose by more than 12% from 1954 to 1955.

The main feature of developments in the Common Market for steel during the first half of 1955 was a tendency to stabilization at the high level registered for the end of 1954. In the second half of the year and the beginning of 1956 there was a fresh increase in production and a still faster rise in demand. In spite of a 20% increase in production over the 1954 figures, the tightness in the Common Market for steel has become very marked since the last quarter of 1955.

While gross energy consumption reached its highest level in 1955, with an increase of 6.5% over 1954, the Community's hard-coal production rose by barely 2%. In view of the rapid upswing in the demand for solid fuels, this inadequate expansion of production could not but

result in a growing tightness in the Common Market for coal and in regional difficulties as regards supply, although the general balance between availabilities and requirements in the Community as a whole was preserved by withdrawals from stocks and stepped-up imports of American coal. [1])

New orders for rolled products



1) The detailed statistical tables relating to this Chapter are contained in an Annex to this Report.

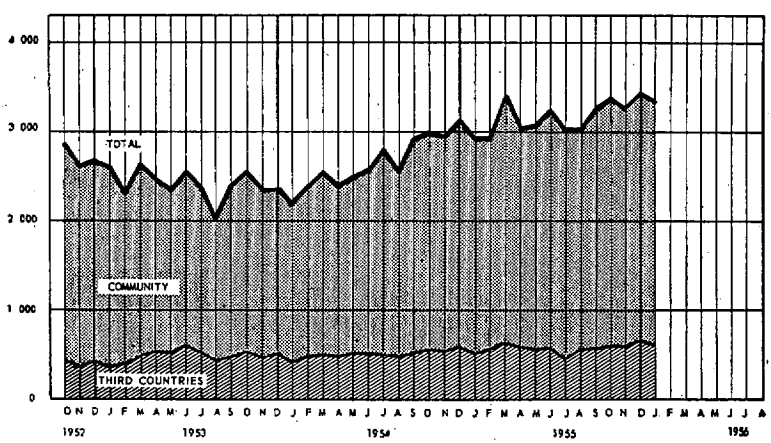
Section 1 — Steel

The trend in demand

35. New orders placed with the iron and steel industry of the Community in 1955 totalled 39,800,000 metric tons of rolled products, as against 37,400,000 in 1954. This comparatively slight increase of 6.2% does not, however, accurately represent the trend in actual requirements.

By reason of the rapid improvement in business in the steel market, the volume of orders on the books at the

Rolled products shipped by the works



The 1952 and 1953 figures include certain tonnages of special steels excluded from 1954 onwards.

(In thousands of metric tons)

end of 1954 had been artificially swollen by "safe cover" orders. The expectation of a rise in prices encouraged this tendency. At the same time, during 1955, in view of the rapid increase of orders on the books and the lengthening

of delivery dates, producers sometimes refused new orders and went "off the market" for a time, in order to adjust the volume of orders more satisfactorily to their production programmes and possibilities of delivery.

Although the *absolute level* of deliveries by the works did not correspond with the level of demand, it does seem that the *increase* in deliveries between 1954 and 1955 represents the increase in actual requirements more accurately than that in orders. Deliveries by the works rose from 31,800,000 metric tons in 1954 to 38m. in 1955, i. e. an increase of nearly 20%, whereas the general industrial-production index went up by 12%.

New orders, deliveries by the works and orders in hand

(*monthly averages in* 1000 *metric tons*)

	New orders	Deliveries by works	Orders on books (at end of period)
1954	*3 119*	*2 650*	*11 716*
4th quarter	3 820	2 933	11 716
1955	*3 313*	*3 165*	*13 688*
1st quarter	3 453	3 081	12 711
2nd quarter	3 184	3 113	13 016
3rd quarter	3 154	3 107	13 283
4th quarter	3 461	3 365	13 688
1956			
January	3 525	.....	.....
February	3 503	.....	.....

36. The trend in new orders has varied according to their origin.

Trend in new orders according to origin

(monthly averages in 1000 metric tons)

	Home markets	Other Community countries	Third countries
1954	*2 062*	*402*	*655*
4th quarter	2 545	526	749
1955	*2 278*	*425*	*610*
1st quarter	2 384	434	635
2nd quarter	2 229	416	539
3rd quarter	2 152	424	578
4th quarter	2 348	426	687
1956			
January	2 335	387	803
February	2 356	394	753

37. The ratio of orders from consumers in Community countries other than that of the producing works to the total volume of orders placed by Common Market consumers with Community enterprises (rate of market interpenetration) went down from 16.3% in 1954 to 15.7% in 1955 (10% in 1952). After falling off in the first quarter of 1955 (15.7% as against 17.1% in the fourth quarter of 1954), it first rose to 16.5% in the third quarter, and then dropped back to 15.4% in the fourth and 14.3% at the beginning of 1956.

38. The trend in new orders *in the different Community countries* has been very similar.

Trend in new orders by countries

(Index figures, monthly average for 1954 = 100)

	1955	1st qtr. 1955	2nd qtr. 1955	3rd qtr. 1955	4th qtr. 1955	Jan. Feb. 1956
Germany (W.)	100	104	95	101	101	107
Belgium	112	114	109	104	123	127
France & Saar	107	115	104	95	116	110
Italy	127	134	120	121	133	132
Luxembourg	104	103	103	101	112	107
Netherlands	101	111	101	99	90	104
Community:	**106**	**111**	**102**	**101**	**111**	**113**

Trend in production

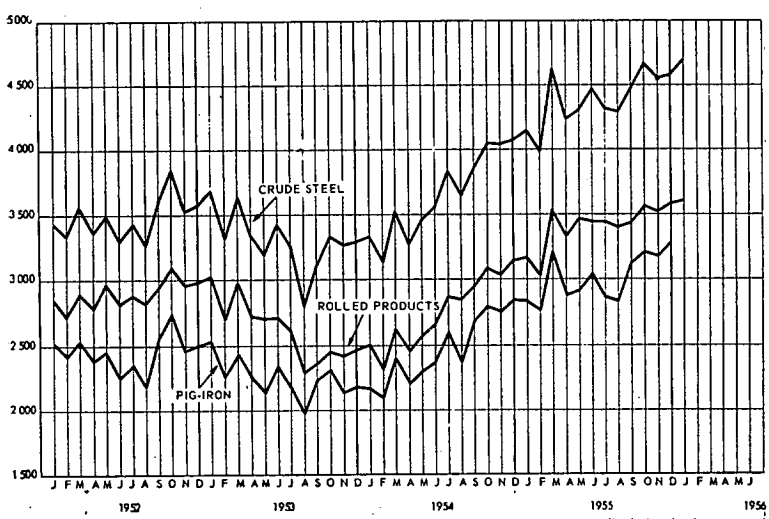
39. During 1955, the vigorously expanding iron and steel production of the Community revealed considerable elasticity in relation to the trend in demand. Results which had been forecast the previous year for 1957 were already achieved by the end of 1955.

Trend in iron and steel production

(1000 *metric tons*)

	Pig-iron	Crude steel	Finished rolled products
1952	34 732	41 816	29 880
1953	31 482	39 676	26 965
1954	33 111	43 825	29 671
1955	41 015	52 648	36 195

Production of pig-iron, crude steel and finished rolled products



40. *Pig-iron production,* which totalled over 41m. metric tons, was something like 24% above the 1954 level, and 18% above 1952.

In 1955, as in 1954, progress was very steady, unbroken by any seasonal decline during the summer months.

There were considerable increases in all the Community countries, particularly Western Germany (+ 31.7%), Italy (+ 29%) and France (+ 23.9%).

In most of the Community countries new production records were set up at the beginning of 1956. Pig-iron production for the whole of the Community stood in January 1956 at 3,615,000 metric tons, while the February figure, 3,291,000 metric tons, is far above that for February 1955 (3,032,000). [1])

41. *Crude-steel production* in 1955 amounted to 52,600,000 metric tons, which represents an increase of more than 20% over 1954 and about 26% over 1952.

As in the case of pig-iron, the rise was a very steady one throughout 1955. The summer months show only a slight slowing-down in the rate of increase, from 4,240,000 metric tons in the first quarter to 4,330,000 in the second, 4,350,000 in the third, and 4,590,000 in the fourth quarter.

The January 1956 figure of 4,700,000 metric tons represents a new record; production in February was over 4,300,000, as against less than 4m. in February 1955.

If we compare the development of crude-steel production in the different Community countries, we find

1) See Table 1 of the Annex.

that expansion from 1954 to 1955 was most marked in Italy and least marked in the Netherlands. [1])

Rate of increase in crude-steel production from 1954 to 1955, by countries

Germany (W.)	+ *22.4* %
Belgium	+ *19.4* %
France	+ *18.5* %
Saar	+ *12.9* %
Italy	+ *28.1* %
Luxembourg	+ *14.1* %
Netherlands	+ *5.4* %
Community:	+ *20.1* %

42. Comparison of the trends in Germany and France, broken down by steel-producing areas, reveals some differences in the rate of development. Of the principal areas with a production of over 1,500,000 metric tons, the one showing the most marked increase was Northern France, followed by the Ruhr and Lorraine. In Lorraine, the rate of increase in the Moselle area taken by itself was level with that in the Ruhr, whereas in Meurthe-et-Moselle the rate of increase was much lower. In France, there was an above-average increase in most of the secondary areas, with the exception of the West. In Germany, the advance was especially noteworthy in Lower Saxony and Rhineland-Palatinate, though in the smaller areas it was below average.

The trend by areas is shown in the table below; the areas are listed in order of their volume of production.[2])

1) See Table 2 of the Annex.
2) See Table 3 of the Annex.

Rate of increase in crude-steel production from 1954 to 1955, by steel-producing areas

Ruhr	+ *20.2* %	
Lorraine (Meurthe-et-Moselle	+ *17.1* %	(+ *13.9* %
Lorraine (Moselle		(+ *20.0* %
Nothern France	+ *23.1* %	
Lower Saxony[1])	+ *45.7* %	
Bavaria	+ *18.3* %	
Central France	+ *19.5* %	
Rhineland-Palatinate	+ *13.6* %	
Western France	+ *13.4* %	
South-Eastern France	+ *23.4* %	
Hesse	+ *36.1* %	
South-Western France	+ *32.9* %	
Baden-Württemberg	+ *6.9* %	

1) Including Schleswig-Holstein, which has a very small production (10,000 metric tons in 1955).

At the beginning of 1956, the steelworkers of the Community were working to capacity. Any additional increase in production must, therefore, depend on what investments are carried through.

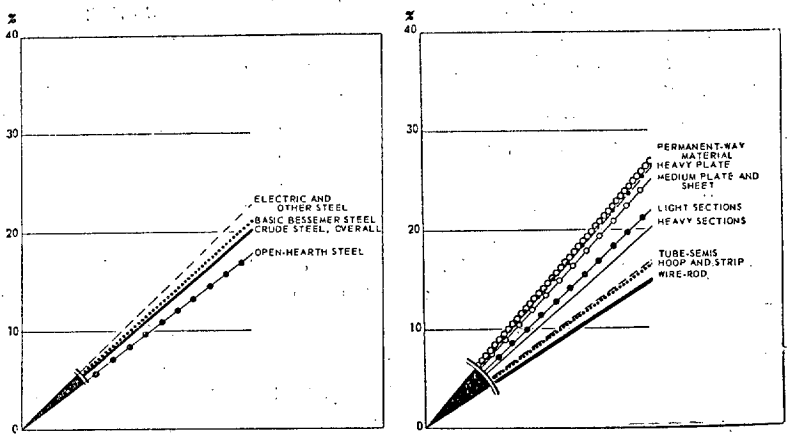
43. As regards the trend in *crude-steel production compared by processes,* the increase has been much greater in the case of basic Bessemer steel, which in 1955 represented 52.3% of total crude-steel production, than in the case of open-hearth (approximately 39% of total production). Production of electric-furnace and other steels, representing rather more than 8% of total production, showed a slightly higher rate of increase than basic Bessemer.

Rate of increase in crude-steel production from 1954 to 1955, by production processes

Total crude-steel production	+ *20.1* %
Basic Bessemer steel	+ *21.6* %
Open-hearth steel	+ *17.8* %
Electric-furnace and other steels	+ *22.9* %

Taken as a whole, this trend reveals for the first time a drop in the relative importance of processes based essentially on the consumption of scrap.

Rates of increase in iron and steel production, by production processes - Rates of increase in iron and steel production, by types of product



44. The following are the increases in the other big steel-producing areas of the world in comparison with the development of crude-steel production in the Community.

World production of crude steel

(1,000,000 *metric tons*

	1952	1953	1954	1955	Increase 1954-55
Community	41.8	39.7	43.8	52.7	+ *20.1* %
U.K.	16.7	17.9	18.8	20.1	+ *6.9* %
U.S.A.	84.5	101.3	80.1	105.7	+ *32.0* %
Soviet Union	34.4	37.9	41.0	45.0	+ *9.8* %
Eastern Europe	10.8	12.5	12.9	14.2	+ *10.1* %
Japan	7.0	7.7	7.7	8.2	+ *6.5* %
Other countries	16.8	17.6	18.7	21.3	+ *13.9* %
World:	**212.0**	**234.6**	**223.0**	**267.1**	+ **19.7** %

The Community, which is still the biggest producer after the United States, has slightly increased its share

in world production, from 19.6% in 1954 to 19.7% in 1955 (16.9% in 1953).

45. *Production of finished rolled products* by Community steelworks rose in 1955 by 22% over 1954 and 1952. The increase was thus slightly more marked than in the case of crude-steel production. [1])

As regards the trend in production according to types of product, we find that, apart from permanent-way material, the volume of which is slight in absolute terms (118,000 metric tons in 1955), the increase has been most noticeable in respect of plate and sheet, reflecting the very considerable activity in the processing, motor and shipbuilding industries, and in the industries manufacturing durable consumer goods.

Rate of increase in iron and steel production from 1954 to 1955, by types of product

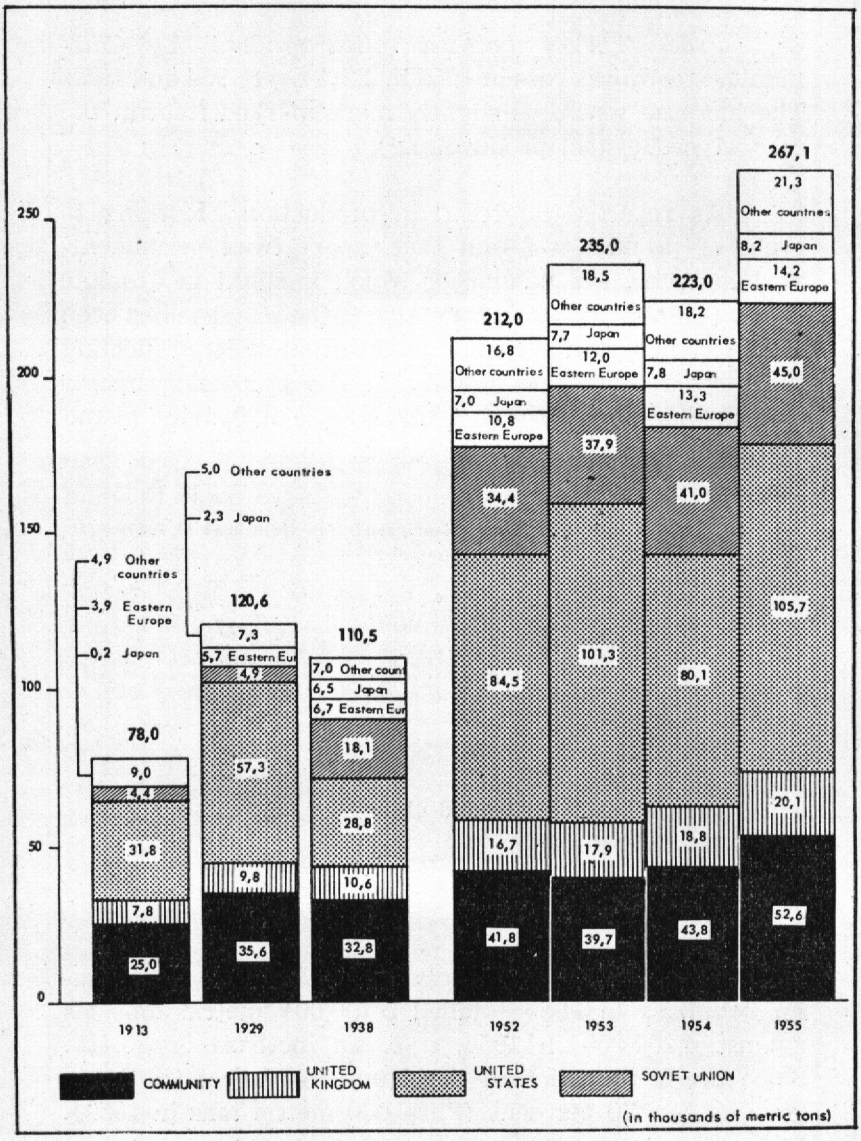
Permanent-way material	+ *27.5* %
Heavy sections	+ *20.4* %
Light sections	+ *22.1* %
Wire-rod	+ *15.0* %
Tube-semis	+ *16.8* %
Hoop and strip	+ *16.6* %
Heavy plate	+ *26.9* %
Medium plate and sheet	+ *25.2* %

Trend in trade

46. *Iron and steel products traded between Community countries* in 1955 totalled 5,700,000 metric tons, as against 4,200,000 in 1954, *i. e.* an increase of 36.4%. Since the introduction of the Common Market trade has gone up by 170 per cent (2,100,000 metric tons in 1952).

1) See Table 4 of the Annex.

World production of crude steel



This increase from 1954 to 1955 has affected all the countries of the Community, in regard to both their deliveries and their purchases. The only drop has been in purchases by Italy, whereas deliveries by that country went up from 7,200 metric tons in 1954 to 62,400 in 1955. [1])

Trend in trade in iron and steel products between Community countries from 1954 to 1955

	Deliveries	Purchases
Germany (W.)	+ *7.8* %	+ *52.8* %
Belgium & Luxembourg	+ *39.0* %	+ *59.6* %
France & Saar	+ *47.1* %	+ *72.1* %
Italy	multiplied by 7.9	— *10.6* %
Netherlands	+ *28.8* %	+ *13.8* %

The outstanding point in this trend in trade as a whole is the increase in deliveries by the works in Belgium, Luxembourg, France and the Saar to Western Germany.

In 1955, Germany delivered a total of 832,600 metric tons to the other Community countries, as against 771,600 in 1954, while its purchases went up from 1,677,900 metric tons to 2,563,700, i. e. by almost 900,000 metric tons.

Deliveries by French and Saar producers to Germany, which in 1954 totalled 863,400 metric tons, rose to 1,297,300 in 1955 accounting for more than one-half of Germany's purchases from other Community countries. Deliveries by Belgium and Luxembourg to Germany amounted to 1,041,100 metric tons as against 652,500 in 1954. The remainder came from the Netherlands, whose sales to German consumers went up from 160,200 metric tons in 1954 to 217,100 in 1955.

Trade has also intensified between France and the Saar on the one hand and Belgium and Luxembourg on

1) See Table 5 of the Annex.

the other. Deliveries by France and the Saar to the Belgo-Luxembourg Union rose from 138,300 metric tons to 311,700, and purchases by them from Belgium and Luxembourg from 303,300 to 524,900.

47. For the first time since the Common Market was introduced, there has been no increase every quarter in the volume of trade in iron and steel products between Community countries. The figure for the last quarter of 1955 is nevertheless a record.

First quarter	471,600 metric tons per month
Second quarter	468,000 metric tons per month
Third quarter	445,600 metric tons per month
Fourth quarter	502,900 metric tons per month

48. The proportion of the tonnages traded (in ingot equivalent) to total crude-steel production in 1955 was 11.8%, as against 10.5% in 1954 and 5.5% in 1952, before the introduction of the Common Market.

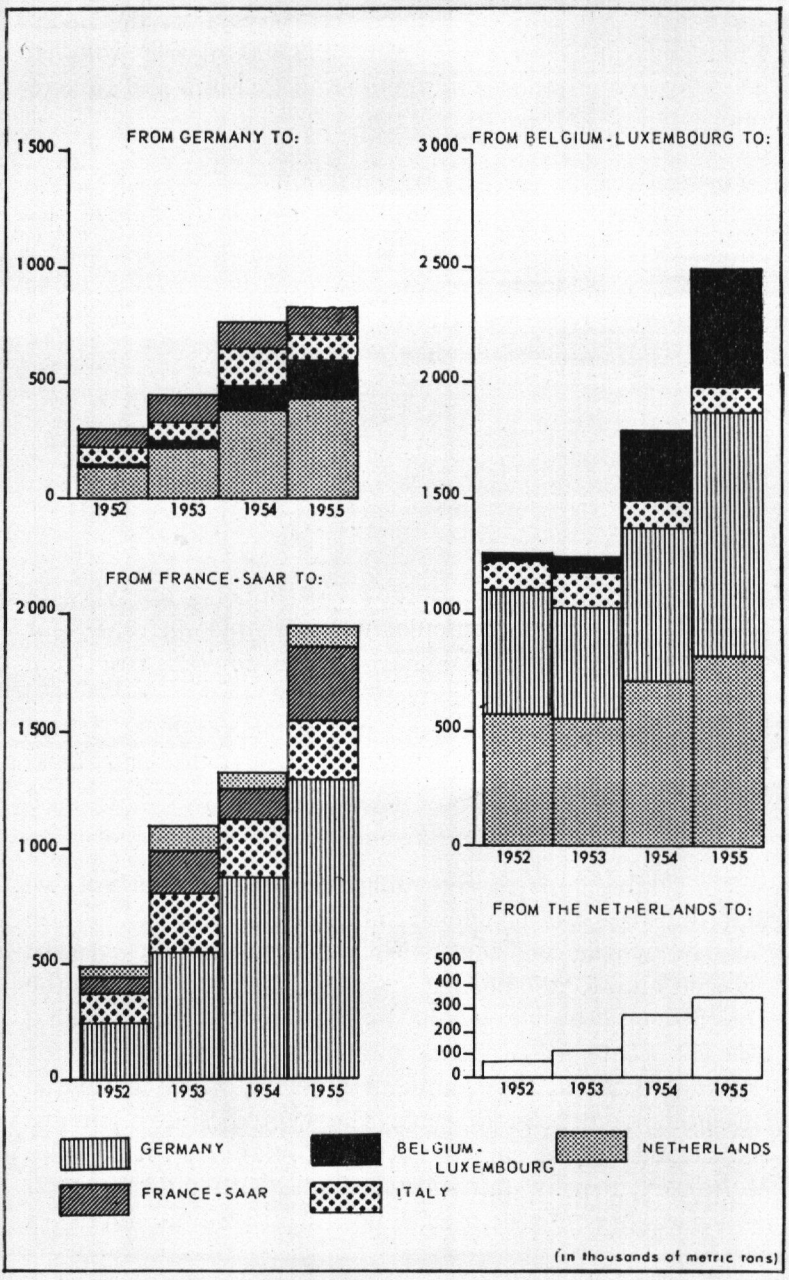
49. The development of *trade with third countries* in 1955 showed a considerable increase in both imports and exports of iron and steel products.

Imports by Community countries during the year reached 1,500,000 metric tons, as against less than 1m. in 1954, *i. e.* an increase of 55%.

Apart from a drop in the case of Luxembourg, which in any event imports very little, the rise was very marked in all the countries of the Community except France and the Saar. [1])

1) See Table 6 of the Annex.

Trade in iron and steel products within the Community



Trend in imports from third countries from 1954 to 1955

(000 *metric tons*)

	1954	1955	Variation 1954-55
Germany (W.)	213.3	390.4	+ *83.0* %
Belgium	148.8	217.7	+ *46.3* %
France & Saar	39.7	42.4	+ *6.8* %
Italy	414.6	547.0	+ *31.9* %
Luxembourg	7.4	6.6	— *10.8* %
Netherlands	140.5	290.7	+ *106.9* %
Community:	**964.3**	**1 494.8**	+ **55.0** %
Pig-iron	318.6	590.7	+ *85.4* %
Semis	148 5	375.0	+ *152.5* %
Finished rolled products	291.9	273.9	— *6.2* %

As regards the breakdown of imports by types of product, we find a particularly noticeable increase for semis and pig-iron, whose share in total imports rose from 15.4% and 33.0% respectively in 1954 to 25.1% and 39.5% in 1955, while the share of finished products (which has gone down even in absolute value) dropped from 30.3% to 18.3%.

Taking imports according to country of origin, we find that the main supplier of the Community is still Austria, which has considerably stepped up its sales of pig-iron and, to a lesser extent, of finished products, to the Community countries, while its sales of semis are falling off. The Eastern European countries stand out chiefly for the sharp rise in their sales of pig-iron, which increased threefold from 1954 to 1955. The United States remains the second-biggest supplier of the Community; it supplies almost exclusively finished products, although its 1955 deliveries, in contrast to 1954, also included some tonnages of semis.

50. *Exports* of iron and steel products by Community countries to third countries in 1955 totalled 7,800,000 metric tons, as against 6,600,000 in 1954, *i. e.* an increase of close on 19%, which is only slightly below the increase in crude-steel production (20.1%).

The increase was particularly noticeable in France and the Saar, exports by which in 1955 accounted for nearly 40% of the total exports of the Community to third countries. Italy, whose exports are comparatively slight in absolute value, also registered a very considerable advance. German exports remained unchanged. [1])

Development of exports to third countries from 1954 to 1955

(000 *metric tons*)

	1954	1955	Increase 1954-55
Germany (W.)	1 439.3	1 449.6	+ *0.7* %
Belgium	1 706.8	1 885.3	+ *10.5* %
France & Saar	2 129.5	2 984.0	+ *40.1* %
Italy	84.4	141.7	+ *67.9* %
Luxembourg	898.0	952.6	+ *6.1* %
Netherlands	311.0	381.5	+ *22.7* %
Community:	**6 569.0**	**7 794.7**	+ **18.7** %
Finished rolled products	4 911.9	5 864.2	+ *19.4* %

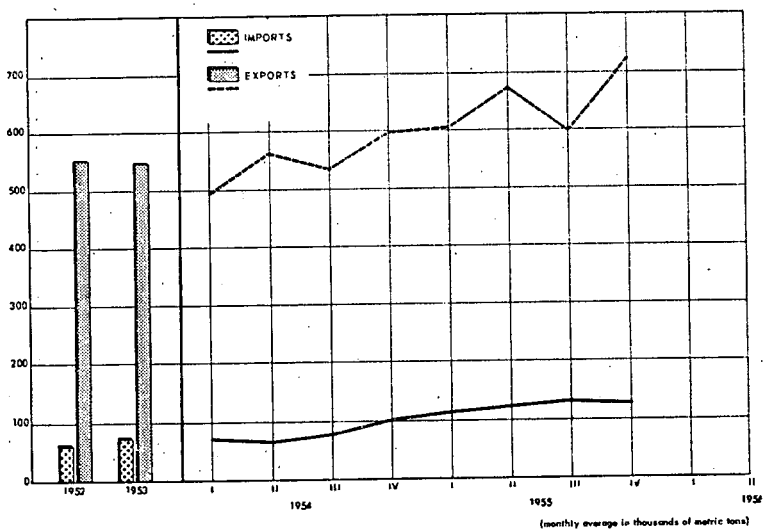
Exports by Community countries consist mainly of finished products, sales of which increased at approximately the same rate as exports generally.

As regards destination, we note a drop in sales to the New World as a whole, with the exception of Argen-

1) See Table 7 of the Annex.

tina. Exports to all other parts of the world are increasing, particularly to the European countries, including those of Eastern Europe. The Scandinavian countries are still the principal European customers of the Community. The biggest increase, however, was in deliveries to the United Kingdom, which almost trebled its purchases of finished products from the Community, and more than trebled its purchases of pig-iron. There has also been a substantial increase in exports to India, to the Asian countries, and to Africa.

Imports and exports of iron and steel products from and to third countries



Trend in prices

51. Prices within the Community, which since the introduction of the Common Market for steel have been free to develop naturally, have remained very stable, despite the growing tension between supply and demand. Such increases as have been recorded were, with a few exceptions, very moderate ones.

The prices charged for basic Bessemer steels towards the end of March 1956 were on the whole still very much the same as those charged when the Common Market for steel was first introduced. The prices for open-hearth steel were only slightly above the level for May 1953.

In *Western Germany,* prices have undergone no change since the 2.3% increase in June 1955.

In *France,* the Schedule prices for basic Bessemer steel have remained unchanged since the publication of the last General Report. The price of open-hearth steels, on the other hand, went up 5—7% in October 1955. This increase had been decided upon by the French enterprises in consequence of the rise in the price of scrap.

Works in the *Saar,* which had already introduced the general increase carried through in Germany in June 1955, also introduced the increase in French prices for open-hearth steel.

The abolition, at the end of November 1955, of a 3.29% rebate allowed by French producers to French and Saar buyers following certain tax reliefs, resulted in a slight increase for the buyers concerned. For certain products (cold-rolled sheet of standard quality, and special-gauge car-body sheet for the motor industry), new schedules have been lodged embodying reductions for the

first category equalling the full amount of the rebate thus abolished, and for the second equalling approximately half the amount. [1])

A general upward trend has been observable in *Belgium,* where home prices have followed the development of export prices. There have been several successive increases, raising prices (except for hoop, strip and sheet) by from 7 to 14%, according to product.

This upswing in Belgian prices has not been without effect on prices in *Luxembourg,* which have gradually followed the trend, though they have not gone quite so high. The progressive increases have sent the schedule prices up by 2—10%, according to product.

In the *Netherlands* the prices of sheet have remained unchanged. Moderate increases of 1.2—2.8% have been recorded for medium and heavy plate, and more substantial ones (3—11%) for merchant bars, hoop and strip, and wire-rod.

Italian prices for open-hearth steel, which at the beginning of 1955 were the highest in the Community, have also remained fairly stable. Following an increase in the price of heavy and medium plate and universals in November 1955 (+ 3.8%), the Italian producers raised their prices generally for most of their products by 1—3% (slightly more for semis) in mid-January 1956. Prices for wire-rod, sheet and permanent-way material have, however, remained unchanged, and that for concrete reinforcing rounds has even been reduced.

The development of home prices in the United Kingdom and the United States during the same period showed an increase of 5—8%.

1) See No. 123 below.

52. The development of home basis prices in the Community countries, the United Kingdom and the United States between the end of March 1955 and the end of March 1956 is shown in the table below, broken down by types of product: [1])

Trend in home basis prices

(*end of March* 1955 - *end of March* 1956)

	Merchant bars		Heavy plate		Sheet	
	b. B.	o. h.	b. B.	o. h.	b. B.	o. h.
Germany (W.)	+2.3%	+ 2. %	+ 2.4%	+ 2.4%	+2.3%	+2.3%
Belgium	+7.2%	+11.7%	—10.6%	+12.5%	±0	±0
France	±0	+ 5.7%	±0	+ 5.0%	±0	+4.2%
Italy	—	+ 1.3%	—	+ 6.9%	—	±0
Luxembourg	+6.3%	—	+7.2%	—	+2.0%	—
Netherlands	+5.5%	+10.3%	+ 1.3%	+ 2.8%	±0	±0
United Kingdom1)	+7.4%	—	+ 6.4%	—	+5.8%	—
United States1)	+8.1%	—	+ 7.0%	—	+6.8%	—

1) Basic open-hearth.

53. *The export prices* of the Community producers have also shown an upward trend. The increase was a moderate one in comparison with that which took place in 1951—52, as a result of events in Korea, even allowing for the fact that a number of transactions were concluded, by reason of pressure of demand, at prices above the minimum prices agreed upon between the exporter enterprises. The successive increases did not affect the prices of sheet. For other commodities there have been increasses of 3—17%, according to product, ranging as follows in order of the

1) See Table 8 of the Annex.

magnitude of the increase: hoop and strip, semis, sections, heavy plate, medium plate (including shipbuilding plate).

The export prices of the United Kingdom, with the exception of those for sheet, rose rather more sharply during the same period, by 14—18%. In the United States, the increase was on the whole rather less than in the Community (6—11%).[1])

Trend in export basis prices

(*end of March* 1955 - *end of March* 1956)

	Merchant bars	Heavy plate	Sheet
Community	+ 8.0 %	+ 15.4 %	± 0 %
United Kingdom	+ 15.1 %	+ 18.4 %	± 0 %
United States	+ 7.4 %	+ 6.0 %	+ 11.1 %

Trend in supplies of raw materials to the iron and steel industry

54. The supply of iron ore to the iron and steel industry has not so far presented any particular problems. There has, however, been a certain tightness in regard to scrap and coke.

55. The saleable *iron-ore* production of the Community in 1955 totalled 70,600,000 metric tons (Fe content 21,500,000 metric tons), as against 60,600,000 (Fe content 18,400,000) in 1954, *i. e.* an increase of 16.5%.

The rise in production is accounted for mainly by the French mines, whose saleable production went up from 43,800,000 to 50,300,000 metric tons. There have, however,

1) See Table 9 of the Annex.

also been considerable increases in the other producer countries of the Community: production rose from 9,700,000 to 11,400,000 metric tons in Germany, from 1,100,000 to 1,400,000 in Italy, and from 5,900,000 to 7,400,000 in Luxembourg.

The trend in production over the year 1955 was marked by a slight increase in the first three quarters (5,700,000 to 5,800,000 metric tons per month), and a considerable one in the fourth (6,200,000). Production in January 1956 remained at the same level as in the last quarter of 1955. [1])

56. As the consumption of iron ore is essentially governed by pig-iron production, which increased by 24% from 1954 to 1955, the discrepancy between iron-ore production (which rose by only 16.5%) and consumption had to be covered by withdrawals from stocks and increased imports from third countries.

The stocks at the Community mines fell steadily throughout 1955, particularly during the first three quarters, while production rose only very slightly. The withdrawals from stocks slowed down somewhat at the end of the year with the increase in production. In all stocks went down from 6,200,000 metric tons at the end of 1954 to 4,400,000 at the end of 1955.

The Community's imports from third countries in 1955 totalled 18,500,000 metric tons (more than half of which came from Sweden), as against 12,600,000 in 1954.

Its exports to third countries, which are comparatively small, also increased fairly steadily, from 678,000 metric tons in 1954 to 944,000 in 1955. These tonnages were mainly ore from Western France bound for the United Kingdom.

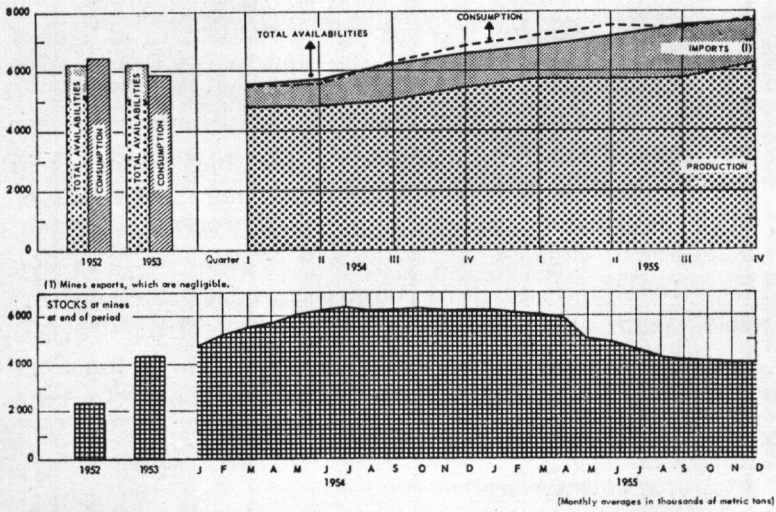
1) See Table 10 of the Annex.

57. The Community's iron ore position in 1955 as compared with 1954 was as follows (000,000 metric tons Fe content):

	1954	1955
Production	18.4	21.5
Imports	7.0	10.2
Exports	0.2	0.3
Total availabilities	*25.2*	*31.4*
Total consumption	*25.2*	*30.6*
Stock changes at the mines	+ 0.4	— 0.5

There was, therefore, no difficulty in ensuring a general balance. Stock changes at the mines, in conjunction with the excess of total availabilities over total consumption, show that stocks held by the consumers in general must have risen very considerably.

Iron ore



58. One factor greatly assisting the balancing of supplies has been the trade in iron ore between the countries of the Community, the volume of which in 1955 reached 13,500,000 metric tons, as against 10,800,000 in 1954, *i. e.* an increase of 25%. Since the introduction of the Common Market this iron ore trade has increased by 44%.

These figures represent for the most part deliveries by the French mines to works in Belgium and Luxembourg, which rose from 10,300,000 metric tons in 1954 to 12,500,000 in 1955 [1]).

59. Internal iron ore prices have shown a certain tendency to rise. As from January 1, 1955, two mines in Western France increased their prices by 5%. As from June 1, all the Lorraine mines raised theirs by an average of 5% for calcareous and 8% for siliceous ores. There was a further increase of 8% as from January 1, 1956, for almost all the mines in Eastern France.

On the same date, three mines in Western France raised their schedule prices for certain qualities by 7—10%. One mine in the same area reduced its prices.

60. If we bear in mind the substantial increase in iron and steel production, *supplies of scrap* to the industry of the Community in 1955 may on the whole be regarded as fairly satisfactory. At no time was there any danger of a failure to balance supply, as will be seen from the following table.

1) See Table 11 of the Annex.

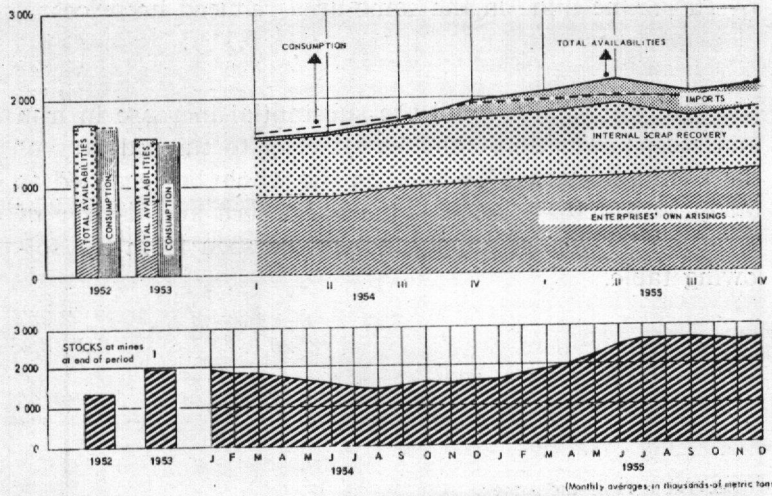
Scrap supplies

(monthly figures or averages in 000 metric tons)

	1st qtr. 1955	2nd qtr. 1955	3rd qtr. 1955	4th qtr. 1955	Jan. 1956
Own arisings	1 063	1 002	1 120	1 169	1 113
Purchases in Community	773	840	665	734	801
Imports from third countries	221	261	263	239	265
Total availabilities	**2 057**	**2 203**	**2 048**	**2 142**	**2 179**
Total consumption	*1 970*	*2 009*	*1 998*	*2 148*	*2 186*
Stocks at the works (at end of period)	1 945	2 536	2 693	2 697	2 692

Up to the third quarter of 1955, the deficiency between the Community's own resources and current consumption was more than made good by imports from third countries, which enabled stocks at the works to be considerably increased. From the fourth quarter onwards, resources and requirements have more or less balanced out.

Scrap



Scrap consumption has not risen at the same rate as steel production, owing on the one hand to the relatively slighter increase in open-hearth production than in basic Bessemer, [1]) and on the other, to reduction in the throughput rate of scrap, particularly in the open-hearth and electric-furnace steelworks. The throughput rate of scrap in steel production has developed as follows.

	1954	1955
Blast-furnaces	10.4 %	9.8 %
Basic Bessemer steelworks	6.1 %	6.2 %
Open-hearth and electric-furnace steelworks	78.7 %	75.9 %

61. The Community's scrap position for 1955, as compared with 1954, works out as follows:

Scrap position

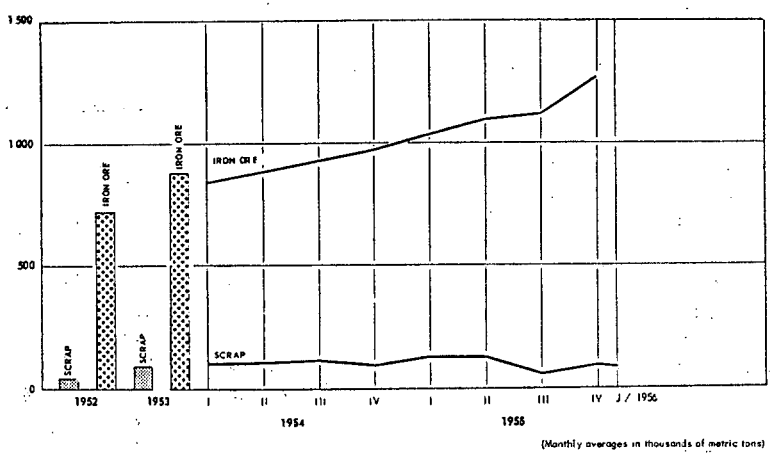
(000 *metric tons*)

	1954		1955	
Pig-iron production		33 111		41 015
Crude-steel production		43 825		52 648
Scrap consumption		*21 170*		*24 378*
blast-furnaces	3 446		4 013	
steelworks	17 724		20 324	
Internal availabilities		19 984		22 400
(in % of consumption)		(94.4 %)		(91.9 %)
own arisings	10 779		12 640	
scrap recovery	9 205		9 760	
Imports from third countries		683		2 952
Total availabilities		*20 667*		*25 352*
Stocks at the works at end of period		1 650		2 697

1) See N° 43 above.

62. Trade in scrap between Community countries in 1955 totalled 1,171,700 metric tons, as against 1,218,000 in 1954, some 70% of which represented Italian purchases from France and Germany. 1955 was marked by an increase in trade up the end of the first half-year (125,000 metric tons per month). A sharp drop in the third quarter (51,000) was followed by a renewed increase to 92,300 metric tons per month in the fourth. [1])

Trade in iron ore and scrap within the Community



63. Despite the balanced position as regards scrap supplies, a certain tightness was in evidence in the market at times, particularly at the beginning and the end of 1955.

1) See Table 12 of the Annex.

Apart from temporary disparities in particular areas between availabilities and requirements, this would seem to have been due to three factors.

Firstly, the level of stocks at certain works had fallen to a dangerously low level by the end of 1954. The tightness in the market at the beginning of 1955 was, therefore, due in part to the pressure of demand as a result of anxiety on the part of the consumers to build up their stocks again as quickly as possible.

Secondly, the steel production of the Community rose by over 20%, and home scrap recovery by only 5%. This discrepancy meant that as steel production went up the proportion of home scrap in total consumption went down, while that of imported scrap, availabilities of which are limited, increased. The consumers foresaw supply difficulties in the coming months, and more particularly a falling-off in imports from the United States, which had become the Community's main supplier.

After a certain easing in the market during the summer months, these apprehensions revived, owing to the fact that activity in the iron and steel industry had not shown any seasonal decline, and the United States Government had been urged by American consumers to restrict scrap exports. At the beginning of 1956, however, the American Department of Commerce officially notified the High Authority that it had decided not to change its export policy during the first quarter of 1956.

Finally, the development of the composite price for American scrap, on which the invoice prices for Community imports are based, also contributed to a tigthening of the situation in the Community scrap market at the end of 1955: the composite price rose from $ 34.33 in May 1955

to $ 53.00 at the end of December, which brought the c. i. f. price for the Community up to something like $ 70.00 in December 1955, and accordingly increased the compensation payable on imported scrap. Since the beginning of January 1956, however, a certain easing has been observable in the American scrap market, and the composite price went down to $ 47.83 at the end of February.

Various measures introduced by the High Authority in 1955 and early 1956, and a new scrap system which is presently under examination are designed ensuring the balance of resources and requirements. [1])

64. Under the influence of these various factors, the development of home scrap prices in the Community countries was characterized on the whole by a rise in the first quarter of 1955, followed by an easing in the second and third quarters, and a fresh rise at the end of the year.

Development of scrap prices [1])

($ *per metric ton*)

	Dec. 1954	Mar. 1955	Jul. 1955	Sept. 1955	Dec. 1955	Feb. 1956
Germany (W.)	32.80	37.50	36.20	36.20	36.90	39.30
Belgium	37.50	43.90	33.60	41.80	45.50	43.89
France & Saar	33.00	40.00	33.50	36.00	37.50	38.50
Italy	—	46.35	35.45	37.10	41.20	41.20
Luxembourg	37.50	39.00	36.00	31.00	36.00	—
Netherlands	34.00	44.50[2]	36.00	41.00	38.00	44.20

1) Price ex-dealer's yard, f. o. t. sending station or free on barge inland port, for basic quality N° 11 (including taxes). For Germany basis zone N° 1, for other countries basis zone N°2.
2) April 1955.

1) See N° 169 below.

Over and above these prices, the buyer has to pay a compensation levy on imported scrap for the offsetting of pig-iron and scrap, amounting to $ 8.00 per ton from September 1955.

65. *Supplies of coke* to the iron and steel industry of the Community have been conditioned by the developments in the Common Market for coal. The situation at the beginning of 1956 is rather strained.

Section 2 — **Coal**

Trend in demand

66. Parallel in the expansion of industrial activity, particularly in the iron and steel industry, there has been a steady increase in the demand for solid fuels since the autumn of 1954. This development produced a marked tightness in the Common Market for coal from the last quarter of 1955 onwards.

So far as coal is concerned, there are no figures available on the lines of the statistics for new orders for iron and steel products, which give a direct picture of the trend in demand. Since hard-coal extraction is comparatively inelastic from a short-term point of view — it went up only 2% from 1954 to 1955 — any substantial rise in demand is necessarily reflected in the changes in pithead stocks of hard coal (and stocks of coke at the coking-plants) or in developments in imports or both.

67. Pithead stocks of hard coal in the Community fell from 15m. metric tons at the end of August 1954 to

12,400,000 at the beginning of 1955 and only 7,500,000 at the end of last year. Early in 1956, there was a slight increase, due mainly to transport difficulties resulting from the very hard winter: the figure for the end of February was 7,800,000 metric tons. Stocks at the French collieries, which account for practically the whole of the Community's stocks and which began to fall later than elsewhere, continued to decrease at the beginning of 1956. [1])

Development of pithead stocks of hard coal

(000 *metric tons at end of period*)

	August 1954	December 1954	December 1955	February 1956
Germany (W.)	2 020	654	572	866
Belgium	4 067	2 815	371	445
France	7 607	7 838	5 983	5 887
Saar	971	821	228	209
Italy	31	26	65	54
Netherlands	314	287	292	368
Community:	**15 010**	**12 441**	**7 511**	**7 819**

Hand in hand with this absolute decrease in the tonnage of stocks there went an increase in the proportion of low-grade products, from 50% at the end of August 1954 to 75% at the end of December 1955, so that the falling-off in stocks of saleable products was even more rapid than the above table would lead us to suppose. Availabilities of saleable products at the beginning of 1956 were less than 2,000,000 metric tons, representing only two or three days' output.

68. Stocks of coke at the coking-plants, after reaching a peak in April 1954, with 4,600,000 metric tons, fell to 2,600,000 at the beginning and only 500,000 at the end

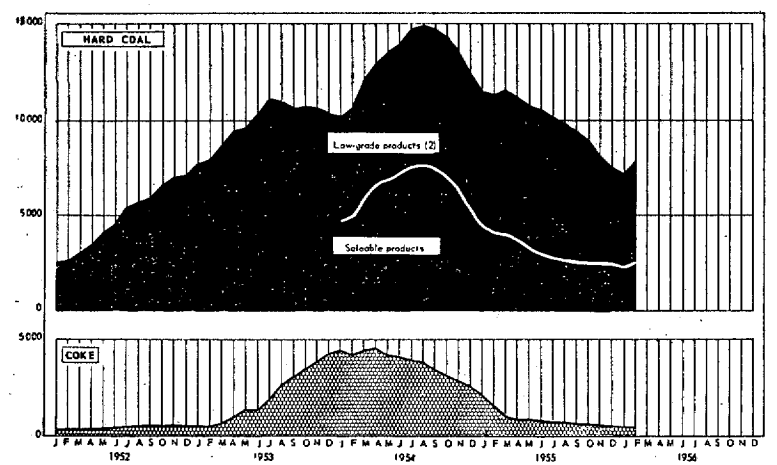
1) See Table 13 of the Annex.

of 1955. They continued to decrease in early 1956, and by the end of February were down to 424,000 metric tons. [1])

69. At the same time, the pressure of demand, especially the demand for coke for the iron and steel industry, was reflected in the considerable increase in imports of hard coal from third countries, which rose from 1,200,000

Pithead stocks of hard coal -

Stocks of coke at coking-plants



(1) Breakdown into saleable products and low-grade products is known only from January 1954 onwards

(In millions of tons at end of period)

(2) Middlings, slurry, slack and various low-grade fuels.

metric tons per month in the fourth quarter of 1954 to 2,500,000 in the fourth quarter of 1955, accounted for mainly by imports of coking coal from the United States.

1) See Table 14 of the Annex.

70. Mention should also be made of the effect of the coal crisis in Britain since the spring of 1955 on the trend in demand within the Common Market. Before the British Government took its decision in July 1955 to cut its imports and exports from January 1, 1956, onwards, it had been obliged to import considerable tonnages in order to maintain its exports and at the same time meet a sharp increase in home demand while production was declining. To cover its requirements, it turned both to the Community — at a time when Community coal was already much in demand for internal consumption — and to the United States. The simultaneous increase in the demand for American coal by the Community and by Britain resulted in a steep rise in transatlantic freight charges from the spring of 1955 onwards. For the purchasers of American coal in the Community, this meant a rise in prices, with, in addition, an increase in the f. o. b. price of American coal.

This increase of import prices has had a good deal to do with the tightness in the Common Market for coal.

Trend in production

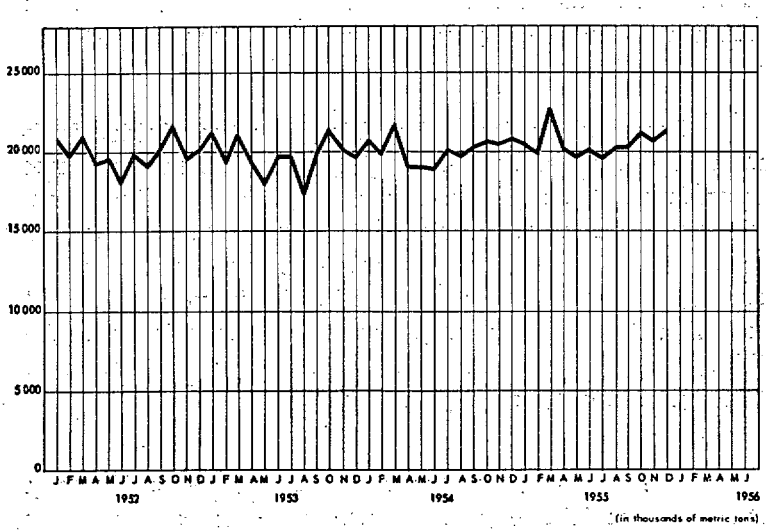
71. The main feature of the trend in hard-coal production has been its elasticity in relation to the increase in demand. The collieries of the Community in 1955 produced 246,400,000 metric tons as against 241,700,000 in 1954, *i. e.* an increase of 2%.

The seasonal development in 1955 was the same as that observed during the preceding years — a rise between the fourth quarter of 1954 (20,400,000 metric tons per month) and the first quarter of 1955 (21,000,000), a decline in the second quarter (19,900,000), and a fresh

rise in the third (20,100,000) and fourth (21,100,000). In January and February 1956,production totalled 21,600,000 and 20,600,000 metric tons respectively, which represents a substantial improvement on the corresponding months of 1955 (20,500,000 and 20,000,000).

72. Comparison of the trend in hard-coal production in the different Community countries shows that the exception of Italy, where production is small, and the Netherlands, the only country where it has gone down, the rates of increase keep pretty close to the average for the Community. [1])

Hard-coal production



1) See Table 15 of the Annex.

Variation in hard-coal production from 1954 to 1955, by countries

Germany (W.)	+ *2.1* %
Belgium	+ *2.5* %
France	+ *1.7* %
Saar	+ *3.0* %
Italy	+ *5.9* %
Netherlands	— *1.5* %
Community:	+ **2.0** %

73. Comparison of the trend in production in the different coalfields of the Community shows that of the major coalfields — in this instance those whose production has been over 7,000,000 metric tons per annum — only that of the Campine has yielded an increase appreciably above the general average for the Community. Of the minor coalfields, it was for the most part the smallest which showed the highest rates of increase.

The trend in demand enabled those coalfields which have difficulty in marketing their production at times when demand is low, because of their geographical position, to draw upon their reserve capacity. The number of working days lost for lack of sales outlets went down, for example, for the Centre-Midi coalfields, from 21.4 in 1954 to 8.6 in 1955. In the large coalfields, particularly in the Ruhr, the development of production was hampered by wastage of underground personnel.

The trend in hard-coal production by coalfields is shown in the following table, with coalfields listed in order of tonnage produced. [1])

1) See Table 16 of the Annex.

Variation in hard-coal production from 1954 to 1955, by coalfields

Ruhr	+ *2.0* %
Nord-Pas-de-Calais	+ *1.4* %
Southern Belgium	— *0.8* %
Saar	+ *3.0* %
Lorraine	+ *1.2* %
Dutch Limburg	— *1.5* %
Campine	+ *9.6* %
Aachen	+ *3.0* %
Loire	+ *0.7* %
Cévennes	+ *0.8* %
Blanzy	— *1.1* %
Lower Saxony	+ *3.8* %
Aquitaine	+ *11.9* %
Auvergne	+ *8.5* %
Sulcis	+ *8.5* %
Dauphiné	+ *12.7* %

74. The trend in hard-coal production in the Community compares as follows with that in the other big producer areas of the world which, after levelling off from 1950 onwards, showed a substantial increase in 1955 (+ 100 m. metric tons).

World production of hard coal

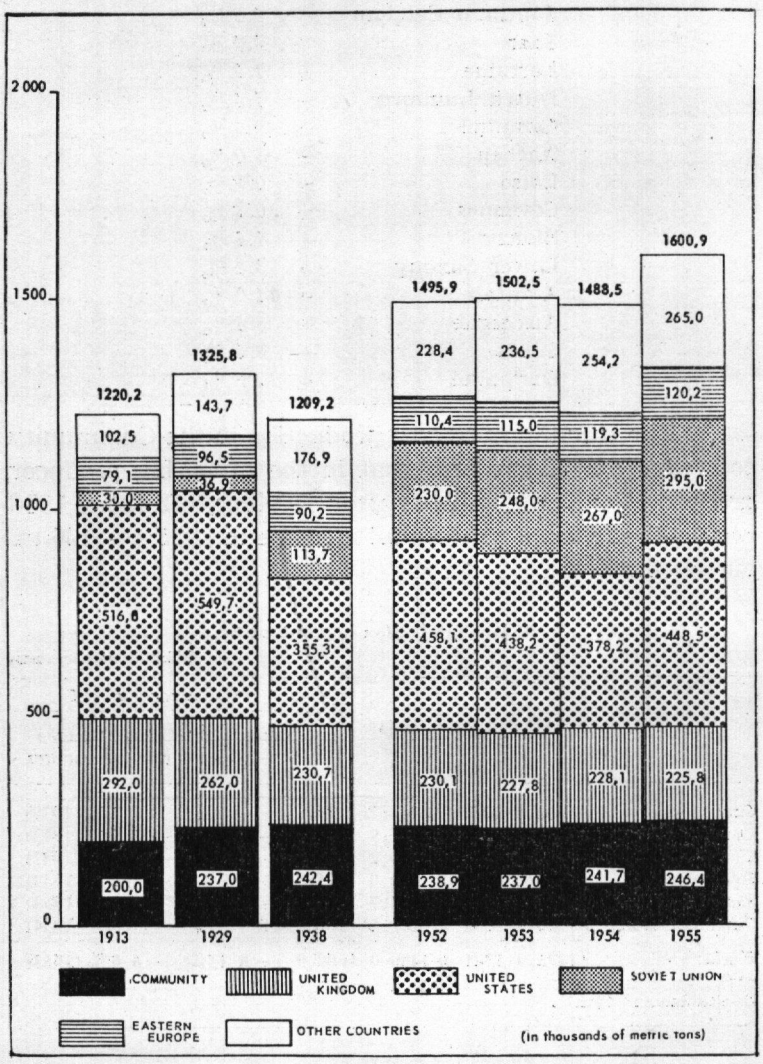
(000,000 *metric tons*)

	1952	1953	1954	1955 (1)	Difference in 1955	
					in rel. to 1954	in rel. to prev. maximum
Community	238.9	237.0	241.7	246.4	+ 1.9%	+ 1.7% (1938)
United Kingdom	230.1	227.8	227.9	225.2	— 1.2%	—22.9% (1913)
United States	458.1	443.0	380.2	448.5	+18.0%	—27.8% (1947)
Soviet Union	230.0	240.0	259.0	295.0	+13.9%	+13.9% (1954)
Eastern Europe	110.4	114.7	118.7	122.7	+ 3.4%	+ 3.4% (1954)
Other countries	228.4	238.9	252.5	265.2	+ 3.8%	+ 3.8% (1954)
World:	**1495.9**	**1501.4**	**1480.0**	**1600.0**	**+ 8.1%**	**+ 6.6% (1953)**

1) Provisional figures.

75. Although the increase in production has been comparatively slight in absolute values, the Community has achieved greater results in terms of underground

World production of hard coal



output per man/shift. The rates of increase in underground O. M. S. are, in most coalfields, higher than the increase in production. [1])

Trend in underground O. M. S. from 1954 to 1955 by coalfields

Ruhr	+	*3.2* %
Nord-Pas-de-Calais	+	*5.7* %
Southern Belgium	+	*1.7* %
Saar	+	*3.8* %
Lorraine	+	*1.9* %
Dutch Limburg	—	*0.7* %
Campine	+	*9.8* %
Aachen	+	*6.6* %
Lower Saxony	+	*5.0* %
Centre/Midi	+	*6.3* %
Sulcis	+	*36.3* %
Community:	+	**4.1** %

This discrepancy between the increase in output and in production would seem to be account for primarily by the falling-off in the number of underground workers, particularly in the Ruhr, where the collieries lost more than 10,000 between March and September 1955, though this wastage had been at least partly made good by the end of the year by recruitment. However that may be, if production had gone up from 1954 to 1955 at the same rate as output, it would have been some 5m. metric tons higher, which is more than half of the increase in imports from third countries during that period (+ 9 m. metric tons).

In the Italian coalfield of Sulcis, the considerable stepping-up of output has been mainly the result of progressive cuts in excess labour employed, as part of the programme for the reorganization and overhaul of the collieries there. [2])

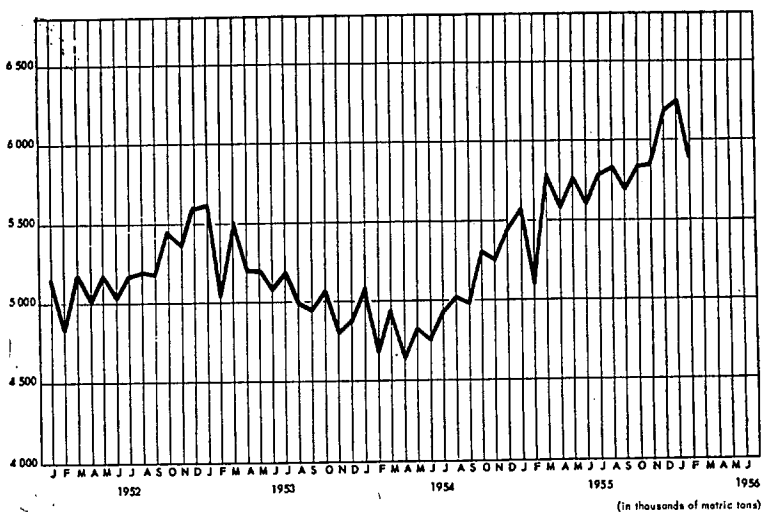
1) See Table 17 of the Annex.

2) See N° 116 below. As will also be seen in Chapter VII (N° 216), the Italian Government and the High Authority have been studying the problems connected with the readaptation of the miners thus laid off.

76. Although hard-coal extraction showed very little response to the increase in requirements, coke production was more successful in keeping up with demand.

The coking-plants of the Community in 1955 produced 68,600,000 metric tons of coke-oven coke, as against 59,800,000 in 1954, *i. e.* an increase of nearly 15%.

Coke production



Of this increase of 8,800,000 metric tons, 5,600,000 came from the German coking-plants, which provide some 60% of the total production of the Community. There were also substantial increases in the other Community countries. [1])

1) See Table 18 of the Annex.

Increase in coke production from 1954 to 1955 by countries

Germany (W.)	+ *16.0* %
Belgium	+ *7.4* %
France	+ *16.3* %
Saar	+ *7.4* %
Italy	+ *18.0* %
Netherlands	+ *15.4* %
Community:	+ **14.7** %

Coke production has thus proved very elastic. In conjunction with tonnages taken from stocks (which have now been almost entirely used up), it was sufficient to cover coke requirements, and particularly those of the iron and steel industry, despite a 24% increase in pig-iron production from 1954 to 1955.

Trend in trade

77. *Trade between Community countries* in 1955 totalled 23,200,000 metric tons of hard coal and hard-coal briquettes and 9 m. metric tons of coke, as against 23,600,000 and 7,000,000 respectively in 1954. Trade in hard coal has thus slightly decreased (— 1.5%), but is still 42.4% above the level for 1952 (16,300,000 metric tons). Trade in coke, on the other hand, went up by 30.4%, and stood 11% above the level for 1952.

78. There was a steady decline in trade in hard coal and briquettes throughout 1955, from 2,100,000 metric tons per month in the first quarter to 1,900,000 in the second and third and 1,800,000 in the fourth.

The breakdown by countries shows a number of interesting changes in the flow of trade from 1954 to 1955. [1])

1) See Table 19 of the Annex.

Trend in trade in hard coal and hard-coal briquettes between Community countries from 1954 to 1955

	Deliveries	Purchases
Germany (W.)	— *20.4* %	+ *33.4* %
Belgium	+ *18.5* %	— *22.6* %
France & Saar	+ *29.5* %	— *12.4* %
Italy	—	— *24.6* %
Luxembourg	—	+ *4.2* %
Netherlands	— *10.7* %	+ *12.6* %

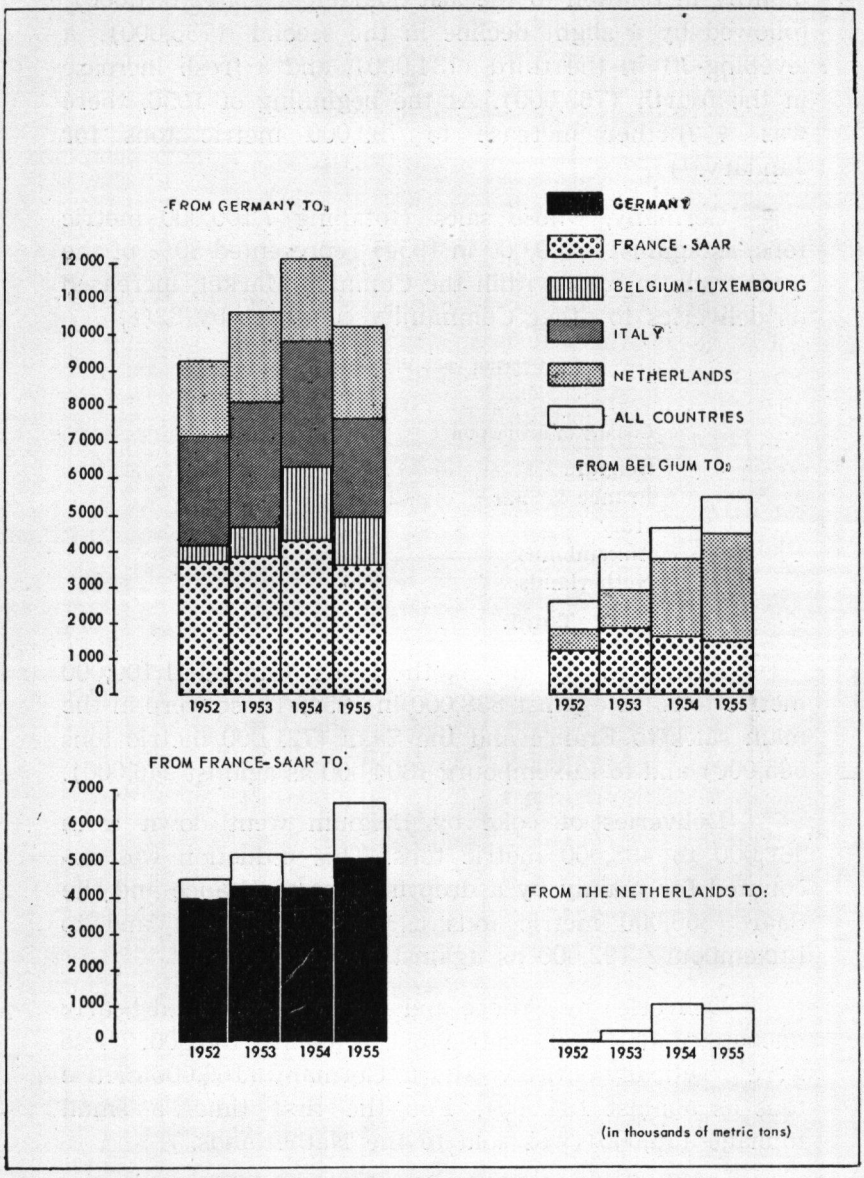
The *German collieris* delivered to other Community countries 10,200,000 metric tons, as against 12,800,000 in 1954: there was a drop in sales to all other Community countries with the exception of Luxembourg. German purchases from the Community rose from 4,600,000 metric tons in 1954 to 6,100,000 in 1955. The main suppliers were the French and Saar coalfields, with 5,100,000 metric tons in 1955 as against 4,200,000 in 1954. Belgian sales to Western Germany more than trebled (754,000 metric tons in 1955 as against 226,000 in 1954), and Netherlands sales almost doubled (227,000 as against 124,000).

There was also a considerable increase in *French and Saar deliveries* to the Netherlands (455,000 metric tons as against 10,000) and Belgium (602,000 as against 331,000), but deliveries to Italy decreased (308,000 as against 417,000) and those to Luxembourg remained unchanged (132,000).

The *Belgian collieries,* as well as stepping up their sales to Germany, increased those to the Netherlands (3 m. metric tons) as against 2,200,000), while their deliveries to Italy dropped sharply (185,000 as against 576,000).

The Netherlands, while considerably increasing its sales to Germany, reduced those to Belgium (356,000 metric tons as against 521,000) and to France and the Saar (337,000 as against 386,000).

Trade in hard coal and hard-coal briquettes within the Community



79. The trend in trade in coke during 1955 showed an increase in the first quarter (757,000 metric tons per month) in relation to the last quarter of 1954 (697,000), followed by a slight decline in the second (736,000), a levelling-off in the third (734,000), and a fresh increase in the fourth (763,000). At the beginning of 1956, there was a further increase to 799,000 metric tons for January. [1]

Germany, whose sales (totalling 7,100,000 metric tons, as against 5,400,000 in 1954) represented 80% of the total trade in coke within the Common Market, increased its deliveries to other Community countries by 32%.

German coke deliveries

(000 *metric tons*)

Country of destination	1954	1955
Belgium	48	60
France & Saar	2 211	3 523
Italy	23	21
Luxembourg	2 773	3 140
Netherlands	346	386
Total:	**5 401**	**7 130**

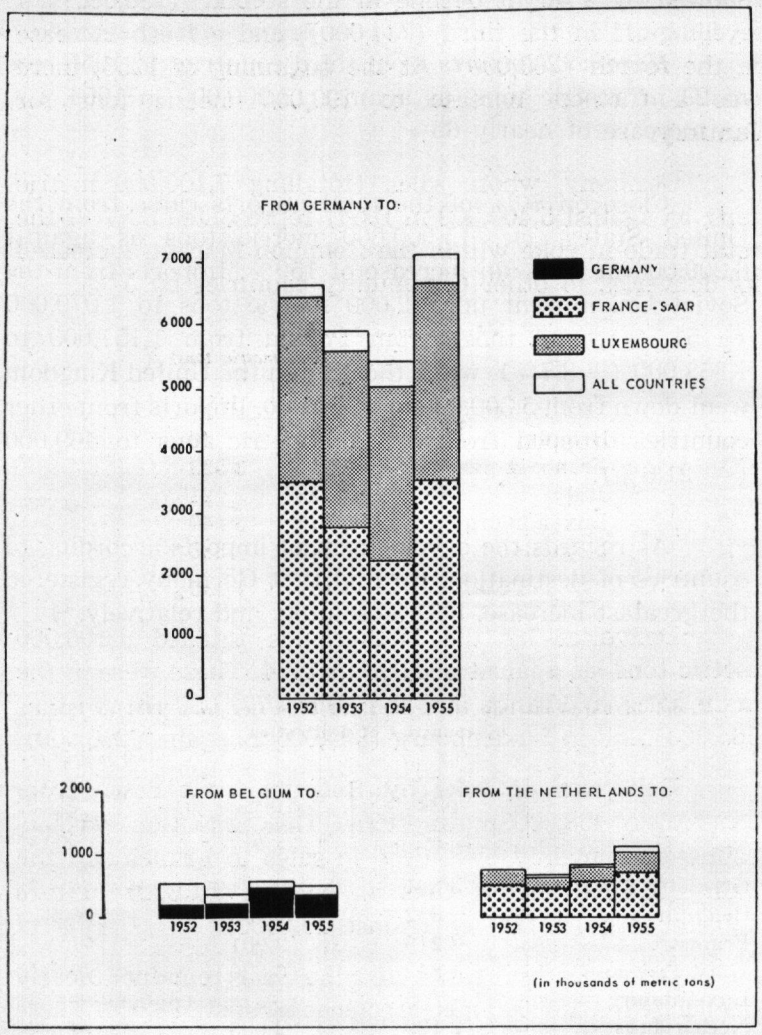
Deliveries by the Netherlands totalled 1,100,000 metric tons, as against 838,000 in 1954. These were in the main sales to France and the Saar (721,000 metric tons 565,000) and to Luxembourg (304,000 as against 246,000).

Deliveries of coke by Belgium went down from 562,000 to 498,000 metric tons. This reduction was accounted for mainly by a drop in sales to France and the Saar (356,000 metric tons as against 451,000) and to Luxembourg (92,000 as against 102,000).

Deliveries by France and the Saar remained nearly unchanged at 187,000 metric tons as against 188,000. These were practically entirely sales to Germany (166,000 metric tons as against 184,000). For the first time, a small tonnage (14,000) was sold to the Netherlands.

1) See Table 20 of the Annex.

Trade in coke within the Community



80. The trend in *trade with third countries* from 1954 to 1955 was marked by a very considerable increase in imports and a fairly substantial one in exports of hard coal and a slight drop in exports of coke.

Hard-coal imports from third countries in 1955 rose to 23 m. metric tons, as against 13,900,000 in 1954, *i. e.* an increase of nearly 65%.

Close on 70% of the total imports came from the United States, *viz.* 15,900,000 metric tons as against 6,200,000 in 1954, an increase of 159%. Imports from the Soviet Union went up 712,000 metric tons to 1,079,000 (+ 51.5%), and those from Poland from 1,157,000 to 1,258,000 (+ 8.7%), while those from the United Kingdom went down from 5,300,000 to 4,300,000. Imports from other countries dropped from 598,000 metric tons to 469,000 (— 21.6%).

As regards the development of imports according to countries of destination, we find that Germany registered the greatest increase, both absolutely and relatively. [1])

Trend in hard-coal imports from third countries from 1954 to 1955, by countries of destination

(000 *metric tons*)

	1954	1955	Variation 1954-55
Germany (W.)	3 881	9 271	+ *138.8* %
Belgium	852	1 453	+ *70.5* %
France	2 215	2 901	+ *31.0* %
Italy	4 842	6 820	+ *40.9* %
Luxembourg	5	—	—
Netherlands	2 129	2 603	+ *22.3* %
Community:	**13 924**	**23 048**	+ **64.8** %

1) See Table 21 of the Annex.

81. *Hard-coal exports* by Community countries to third countries totalled 10,100,000 metric tons in 1955, as against 7,900,000 in 1954, an increase of 28.4%.

As regards countries of destination, an outstanding feature is the 87.7% increase in exports to the United Kingdom (4,500,000 metric tons as against 2,400,000).

Sales to the Scandinavian countries rose from 988,000 metric tons to 1,400,000 (+ 39%). There was also a substantial increase in sales to Switzerland (2m. as against 1,600,000); sales to Austria, on the other hand, dropped from 2,100,000 to 1,400,000. Exports to other third countries remained more or less unchanged (883,000 metric tons as against 864,000).

A breakdown of exports by countries of origin shows substantial increases in exports by France, Belgium and the Saar, but a falling-off in those by Germany. [1])

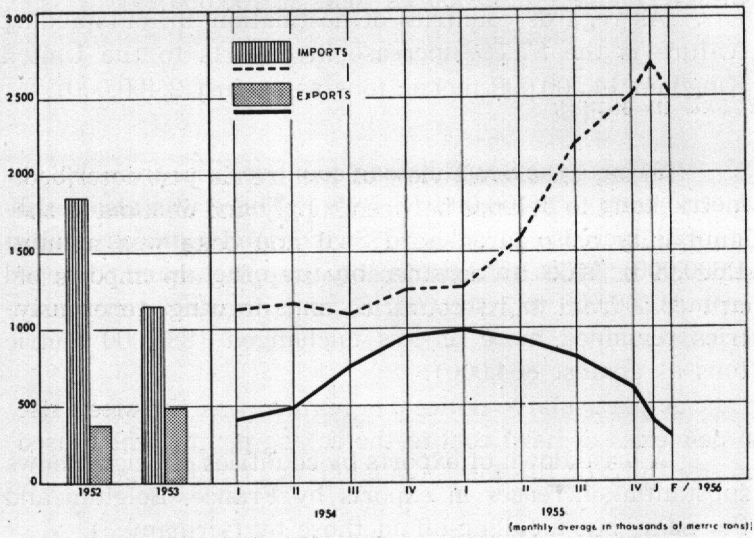
Trend in hard-coal exports to third countries from 1954 to 1955, by countries of origin

(000 *metric tons*)

	1954	1955	Increase 1954-55
Germany (W.)	3 729	2 825	— *24.2* %
Belgium	1 397	2 056	+ *47.2* %
France	1 288	3 330	+ *158.5* %
Saar	1 337	1 776	+ *32.8* %
Netherlands	110	110	± *0.0* %
Community:	**7 861**	**10 097**	+ **28.4** %

1) See Table 22 of the Annex.

Imports and exports of hard coal
from and to third countries



Coke exports totalled 5,300,000 metric tons in 1955, as against 5,500,000 in 1954, a decrease of 4,2%. 80% of this figure represents exports of German coke.

Despite this overall decrease, exports to the Scandinavian countries, which are the Community's principal customer, rose from 3,500,000 to 3,800,000 metric tons (+ 9%). Sales to Switzerland and Austria fell from 603,000 to 586,000 and from 346,000 to 319,000 metric tons respectively. Exports to other third countries went down approximately half (from 1,133,000 to 636,000 metric tons).

Exports by Germany dropped from 4,400,000 metric tons to 4,100,000 (— 8.3%). The Netherlands, which came second, increased its exports from 627,000 metric tons to

764,000 (+ 21.9%). Belgium sold only 278,000 metric tons to third countries, as against 326,000 in 1954 (— 14.7%). France achieved a noteworthy increase of 75%, although the actual tonnages concerned were comparatively small (189,000 as against 108,000).[1]

Trend in supply

82. Taking on overall view of the trends just described, we see that the balance between supply and demand in the Community as regards hard coal and coke was mainly achieved in 1955 by considerably stepping up imports of hard coal from third countries and drawing generously on stocks.

A particularly noticeable feature was the steep rise in deliveries of hard coal to the coking-plants, which used up one-third of the total availabilities of hard coal.

Deliveries of coke to the iron and steel industry, which absorbed 60% of total availabilities, increased by 24%; this percentage corresponds to the increase in pig-iron production, but is a good deal higher than the rate of increase in coke production (15%).

Hard-coal position in the Community

(000,000 *metric tons*)

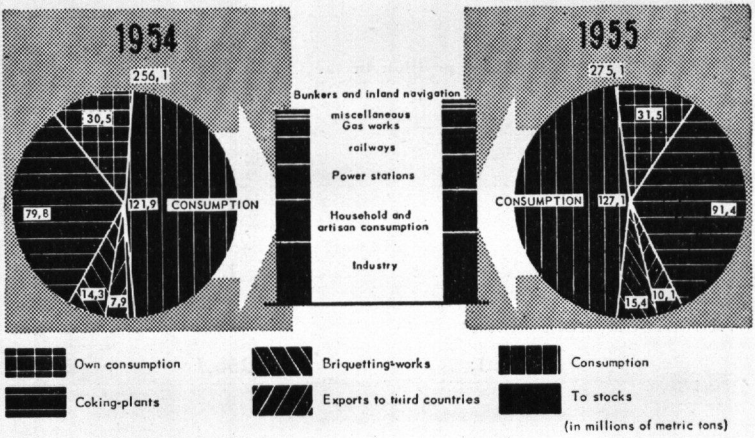
	1954		1955	
Availabilities				
Production[1]		242.2		247.2
Imports from third countries		13.9		23.0
American coal	6.2		15.9	
Withdrawals from stocks		—		4.9
Total:		**256.1**		**275.1**

1) See Table 23 of the Annex.

	1954		1955	
Breakdown				
Collieries' own consumption and concessionary coal to personnel		30.5		31.5
Deliveries for consumption		121.9		127.1
Railways	17.0		17.1	
Bunkers and inland navigation	2.0		1.9	
Power-stations	21.0		21.7	
Gasworks	11.4		11.9	
Iron and steel industry	4.4		4.8	
Other industries	37.7		40.2	
Domestic and artisan	26.0		26.5	
Miscellaneous	2.4		3.0	
Deliveries to coking-plants		79.8		91.4
Deliveries to briquetting-works		14.3		15.4
Exports to third countries		7.9		10.1
To stocks		2.0		—
Differences		— 0.3		— 0.4
Total:		**256.1**		**275.1**

1) After correction for low-grade products, since in deliveries these are counted ton for ton, whereas in production statistics they are given in terms of saleable products.

Breakdown of availabilities of hard coal by consumer categories



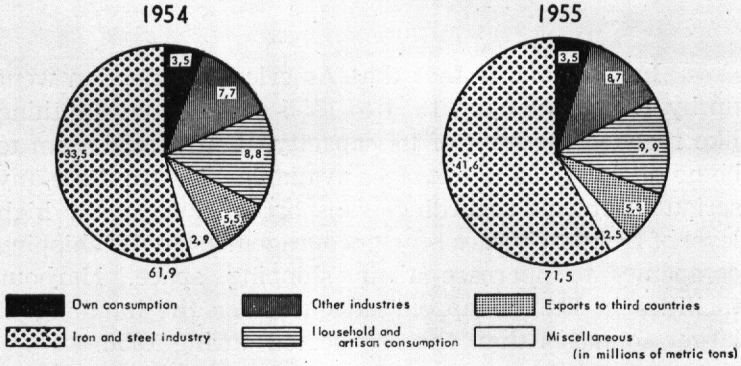
Coke position in the Community [1])

(000,000 *metric tons*)

	1954		1955	
Availabilities				
Production		60.3		69.1
Imports from third countries		0.1		0.2
Withdrawals from stocks at coking-plants		1.5		2.2
Total:		**61.9**		**71.5**
Breakdown				
Own consumption and concessionary coke to personnel		3.5		3.5
Deliveries for consumption		52.9		62.7
Iron and steel industry	33.5		41.6	
Other industries	7.7		8.7	
Domestic and artisan	8.8		9.9	
Miscellaneous	2.9		2.5	
Exports to third countries		5.5		5.3
Total:		**61.9**		**71.5**

1) Including low-temperature coke.

Breakdown of availabilities of coke by consumer categories



83. Although the supply position in relation to requirements has been successfully balanced for the Community as a whole, local supply difficulties cropped up in all the member countries at the end of 1955 and beginning of 1956, particularly in regard to household coal and to coke. These were mainly due to the long-continued spell of cold weather and the unsatisfactory transport position, with the railways overloaded and the waterways difficult to negotiate.

There was, however, an improvement in the supply situation as a whole in the course of the first quarter of 1956. Most countries took to using more American coal and fuel oil to meet their growing requirements.

At the same time the coking-plant capacity available early in 1956 seems barely adequate to cover the increasing needs of the iron and steel industry.

As regards the supplying of the Community during the next few months, the main problem is not one of tonnages. For one thing, the increase in consumption seems to be rather less marked than in 1955, and for another it should still be possible to step up Community production somewhat, while additional tonnages are available in the United States.

In view of the fact that American production went up by 70 m. tons from 1954 to 1955 and has not anything like reached the limit of its capacity, there would seem to be no difficulty as to tonnages available. Nor are there any serious problems regarding transport to Europe: the high level of freight charges is an encouragement to the shipping companies to increase their shipping space. Harbour facilities in Europe appear adequate for the handling of larger tonnages than those expected during 1956.

The main problem in connection with supply is that of prices, owing to the difference between the delivered prices of American coal and Community coal.

Trend in prices

84. Over the coal year 1955—56, the schedule prices of the Community producers have undergone a number of increases.

The maximum prices of the Ruhr coalfield, as fixed at the beginning of the coal year, were raised by an average of DM 2.25, under a decision taken in May 1955 in consequence of a wage increase granted to the miners. The effect of the rise was cushioned by the abolition of the producers' contribution to the housing fund. [1])

The new schedules lodged by the Belgian enterprises for those grades (mainly household) which were freed when the compensation scheme on Belgian coal was reorganized in June 1955 showed various increases, chiefly in respect of low-volatile coal, while the prices of industrial coal were reduced in accordance with the High Authority's decision. [2])

In the other coalfields there were minor changes of detail, mainly in connection with low-grade products, which had previously not been valorized to a sufficient extent.

Various zonal rebates allowed by the Lorraine and Saar coalfields to ensure that their production was successfully marketed in certain areas were reduced or abolished as from January 1, 1956. [3]) These changes were

1) See No. 162 below.
2) See No. 101 below.
3) See No. 92 and 93 below.

reflected in a number of price increases, varying according to area, in those regions deriving only a limited proportion of their supplies from Lorraine and the Saar.

In consequence of the reduction in the compensation levy on the hard-coal production of Western Germany, the extra charge invoiced to the buyers was reduced, in respect of Ruhr coal, from DM. 0.43 to 0.31 per metric ton for hard coal and briquettes, and DM. 0.58 to 0.41 per metric ton for coke [1]).

The High Authority decided to free the prices of Ruhr coal for the coal year 1956—57. [2]) The schedules applicable by the Ruhr collieries as from April 1, 1956, show an average increase of DM. 2.— for hard coal and hard-coal briquettes, and DM. 2.60 for coke, with an extra charge for coke-oven coke over 60—80 mm.

New schedules showing increases have also been lodged by the producers of the Aachen, Lower Saxony, Limbourg and Saar coalfields.

At the time of going to press with this report, the Belgian producers had not yet changed the prices in force on March 31, 1956. The French collieries have decided to maintain the prices in force on March 31, 1956, until further notice.

The trend in Community coal prices since the introduction of the Common Market is shown in tables in the Annex to this Report. These reveal, firstly, that prices remained comparatively stable throughout the coal year 1955—56, and secondly, that there has been a perceptible reduction of the difference between the prices of the Ruhr and those of the other Community coalfields. [3])

1) See No. 98 below.
2) See No. 165 below.
3) See Tables 24 and 25 of the Annex.

The prices of imported coal, on the other hand, show a substantial increase. The f. o. b. price of American coking fines, for example, rose from $ 9.— to 11.50 between March 1955 and March 1956. The rising demand for shipping space has resulted in a still sharper increase in transatlantic freight charges: between March 1955 and March 1956 the c. i. f. price of American coking fines went up from $ 15. — to approximately $ 22. — for single crossings. The increase was less for long-term shipping contracts.

CHAPTER FOUR

APPLICATION OF THE TRANSITIONAL PROVISIONS

85. Certain measures and practices which are basically incompatible with the Common Market may be temporarily authorized by the High Authority, subject to certain conditions laid down in the Convention, in consideration of the special situation prevailing in the coalmining and iron and steel industries in certain Community countries, and in order to avoid sudden and harmful shifts in production.

The Convention further contains special provisions in respect of Belgian and Italian coal production, to enable them to be fully integrated into the Common Market in the course of the Transition period.

During the period under review, the High Authority took action to implement the Transitional Provisions in connection with

a) Italian Customs duties on coke and steel from other Community countries;

b) zone-delivered prices for coal from certain coalfields of the Community;

c) French subsidies on coal;

d) the integration of Belgian and Italian coal into the Common Market. [1])

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1) Other aspects of the application of the Transitional Provisions are dealt with in various chapters of this Report, *viz.* negotitations with third countries (Chapter II), transport (Chapter V), and readaptation of workers (Chapter VII).

Section 1 — **Customs duties in Italy**

86. Duties on goods entering or leaving a country are incompatible with the Common Market under Article 4 *a* of the Treaty. However, in view of the special position of the coking-plants and steelworks in Italy, the High Authority is empowered under Sections 27 and 30 of the Convention, to authorize the Italian Government, as an exception to this general prohibition, to retain as far as may be necessary, during the Transition period, Customs duties on coke and iron and steel products from other Community countries. The upper limit of such duties was not, at the beginning, to exceed the rates in force when the Common Market was introduced, and was to be reduced each year by a specified percentage with a view to the complete abolition of Customs duties by the end of the Transition period.

Duties on coke

87. Before the third year of the Common Market for coal was over, the High Authority examined the situation of the Italian coking-plants as regards their production costs and their competitive position in the Common Market. This examination indicated that Customs protection was still necessary to ensure the progressive integration of Italian coke into the Common Market.

As in previous years, the High Authority decided to authorize the Italian Government to apply the upper limit permitted under Section 27 of the Convention, which was for the fourth year of the Common Market a maximum duty of 8.25%.[1])

1) See letter by the High Authority to the Italian Government, dated February 2, 1956 *(Official Gazette of the Community,* February 5, 1956).

Since the introduction of the Common Market Italian duties on coke have decreased as follows:

Progressive reduction of Italian duties on coke

February 10, 1953	*15.00* %
February 10, 1954	*13.50* %
February 10, 1955	*11.25* %
February 10, 1956	*8.25* %

Duties on iron and steel products

88. Upon the introduction of the Common Market for ordinary steels (May 1, 1953) and for special steels (August 1, 1954), the High Authority authorized the Italian Government, in conformity with Section 30 of the Convention, temporarily to retain Customs duties on iron and steel products from other member States. [1])

As regards *pig-iron and ordinary steels,* this first authorization, to charge the duties in force on the date when the Common Market was introduced, was a provisional one, expiring on August 1, 1953. The High Authority studied the competitive position of the Italian iron and steel industry in the Common Market, and found that price relations between the Italian steel industry and the iron and steel industries of the other Community countries were such as to permit the immediate application, that is, already during the first year of the Common Market for steel, of that reduction in the upper limit prescribed for the second year. [2]) The rates thus authorized remained in force up to May 1, 1955.

From that date up to May 1, 1956, the High Authority authorized the charging of duties at a rate representing

1) See letters by the High Authority to the Italian Government, dated April 29, 1953 and July 23, 1954 (*Official Gazette of the Community,* May 4, 1953, and August 1, 1954); *Report on the Situation of the Community,* November 1954 (Nos. 39 and 40).

2) See letter by the High Authority to the Italian Government, dated July 6, 1953 (*Official Gazette of the Community,* August 14, 1953).

the upper limit allowed under Section 30 of the Convention for the third year of the Common Market for steel. [1])

In September 1955, in view of the increase in Italian imports of pig-iron from third countries, the High Authority asked the Italian Government to suspend Customs duties on pig-iron from other Community countries. [2]) The Italian Government complied by suspending duties for a period of four months, with effect from December 1, 1955. Subsequently, by its letter of March 9, 1956, the High Authority suggested to the Italian Government to suspend these duties for an indefinite period, with the proviso that they might be reintroduced in agreement with the High Authority, subject to the giving of three months' notice.

As regards *special steels,* it was found at the end of the first year of the Common Market that Italian production was rising fast. For most qualities, Italian products were being offered in the big processing centres, such as Milan and Turin, at prices below those of competing products from other Community countries. And the problem of surplus labour had become somewhat less acute.

The High Authority, therefore, submitted proposals to the Italian Government for fixing new rates as from August 1, 1955. It was further suggested that the successive reductions in the duties on special steels and ordinary steels should henceforth come into force on the same dates.

The duties on *special steels other than alloy steels, i. e.* high-carbon, free-cutting and spring steels and elec-

1) See letter by the High Authority to the Italian Government, dated April 2, 1955 (*Official Gazette of the Community,* April 30, 1955).

2) *See Report on the Activities of the High Authority,* November 1955 (No. 49).

trical (dynamo) sheet (all products processed by heavy industry), were reduced from August 1, 1955, onwards to the level of the duties on ordinary steels as authorized from May 1, 1955. The rates of duty will in future, from May 1, 1956, come under the regulations governing ordinary steels, and will be subject to the same annual reductions.

As regards *alloy steels,* the Italian Government objected to the High Authority's proposals, and discussions had to be held, after which the High Authority, in November 1955, fixed the maximum duties for the period from December 1, 1955, to May 1, 1957. [1])

The changes in the Italian duties temporarily authorized on imports of iron and steel products from Community countries are shown in the following table:

Progressive reduction of Italian duties on iron and steel products

	Pig-iron	Ordinary steels	Special steels (other than alloy)	Alloy special steels
May 1, 1953	10%	15-23%	(1)	(1)
August 1, 1953	9%	13-20%		
August 1, 1954			13-20%	4-15.5%
May 1, 1955	7.5%	11.25-17.25% (up to 1.5.56)		
August 1, 1955			11.25-17.25% (up to 1.5.56)	
December 1, 1955	suspended until 1. 4. 56			3.5-7% (up to 1.5.57)

1) The Common Market for special steels was introduced on August 1, 1954.

1) See Letter by the High Authority to the Italian Government, dated November 17, 1955 *(Official Gazette of the Community,* December 23, 1955).

Section 2 — **Zone delivered prices for coal**

89. Article 4,*b* of the Treaty prohibits, within the Common Market, all measures or practices discriminating among producers, among buyers or among consumers, especially as concerns prices and delivery terms. Basing itself on this general principle, Article 60,1 prohibits purely local price reductions, and discriminatory practices involving the application by a seller of unequal conditions to comparable transactions. Article 60, 2, *b* on the other hand, does authorize, subject to certain conditions, reductions below the prices indicated by enterprises' price-schedules, in so far as it may be necessary for them to align their quotations with those of competing enterprises.

However, to make sure that competition is based on clearly defined principles, the High Authority has barred the practice of price alignment between Community coalmining enterprises. [1]) But in order to avoid sudden and harmful shifts in production and to prevent undesirably sharp and abrupt price increases, it has authorized, in conformity with Section 24 of the Convention, the charging of reduced zone-delivered prices in certain areas of the Community, which amounts to a kind of general automatic alignment within a specific geographical region. [2])

90. These regulations regarding zone-delivered prices were retained over the coal year 1954-55, with certain amendments necessitated by changes in the pricing system and by developments in the market. [3])

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1) Decision No. 3/53, of February 12, 1953, extended by Decision No. 6/54, of March 19, 1954 (*Official Gazette of the Community,* of February 12, 1953, and March 24, 1954).

2) Decisions Nos. 8, 11, 16, 17 and 18/53, of March 6, 1953 (*Official Gazette of the Community,* March 13, 1953). See *General Report of the High Authority,* April 1953 (No. 66).

3) Decisions Nos. 7—14/54, of March 19, 1954 (*Official Gazette of the Community,* March 24, 1954). See *Second General Report of the High Authority,* April 1954 (No. 56).

For the coal year 1955—56, the High Authority extended the decisions concerning the zone-delivered prices of these coalfields whose sales would not be affected by the introduction of international through-rates for fuels on May 1, 1955: [1])

a) the *Aachen coalfield,* in respect of sales within the German Federal Republic, until such time as it should have organized its outlets towards the western part of the Community;

b) the *Lower Saxony coalfield,* which can only market its production provided its less productive collieries are able to align their prices with those of the Ruhr for sales to Northern Germany and the Netherlands;

c) *the Helmstedt lignite coalfield,* for sales to certain areas of the Common Market;

d) the *Lorraine coalfield,* for sales to Western France.

For coalfields whose sales might be affected by the introduction of international through-rates, the High Authority extended its previous decisions on zone-delivered prices [2]) only up to May 31, 1955.

91. Following the introduction of the international rail through-rates for solid fuels (first stage), new decisions were taken by the High Authority in May 1955. These concern sales by the Lorraine and Saar coalfields to Southern Germany, by the Saar coalfields to France, and by the Belgian coking-plants.

— Zone-delivered prices for *sales of Saar and Lorraine coal to Germany* were drastically altered in order to allow for

1) Decisions Nos. 5, 6, 7 and 9/55, of March 23, 1955 (*Official Gazette of the Community,* March 28, 1955). See *Third General Report of the High Authority,* April 1955 (No. 92).

2) Decisions 8, 10 and 11/55, of March 23, 1955 (*Official Gazette of the Community,* March 28, 1955). See *Third General Report of the High Authority,* April 1955 (No. 99).

the decrease in transport costs and for the increase in the prices of Ruhr coal with the delivered prices of which alignment is authorized.[1])

In consideration of these two factors, the zonal rebates were reduced by approximately DM 5.— and the bounderies of the zones adjusted. This led to a very appreciable advance towards a levelling of prices within the Common Market.

— The system of zone-delivered prices for *sales of Saar coal to France* was also altered in two respects: rebates in the area adjacent to the pits were abolished, and it was arranged that there should be a differentiation in rebates according to distance from the points of consumption.[2]) Although the number of zones was increased, the actual overall tonnage concerned was lower.

— As regards the *sales by the Belgian coking-plants,* it had become evident that the changes in transport costs would not improve their competitive position. For this reason, the High Authority extended its previous decision authorizing zonal rebates on sales by these coking-plants to Belgium, Luxembourg and the French departments of Moselle and Meurthe-et-Moselle.[3])

92. From October 1, 1955, the collieries of the Lorraine and Saar coalfields of their own accord reduced their zonal rebates for sales to France. As from January 1, 1956, these rebates were abolished altogether.

The reduced zone-delivered prices for sales to Southern Germany were also abolished in the frontier

1) Decisions Nos. 16 and 17/55, of May 5, 1955 (*Official Gazette of the Community,* May 11, 1955).

2) Decision No. 18/55, of May 5, 1955 (*Official Gazette of the Community,* May 11, 1955).

3) Decision No. 23/55, of May 28, 1955, and letter by the High Authority to the Belgian Government, dated May 28, 1955 (*Official Gazette of the Community,* May 31, 1955).

zones as from January 1, 1956. In the other zones, the zone-delivered prices were mostly increased by DM. 3; in Zone VI (East Bavaria) the increase was DM. 4.

In view of these measures, which the enterprises concerned decided upon of their own free will, the High Authority amended its previous amendments to the zone-delivered prices for sales of Saar and Lorraine coal to Germany. This decision brought the Bad Kreuznach area from Zone II to Zone III. For experience of the South German market had shown that it was preferable to incorporate this area in the latter zone, since the main consumers there — a hospital and various municipal gasworks — would have had to bear the full brunt of the new arrangements made by the Saar and Lorraine collieries. [1])

93. For the coal year 1956—57, the High Authority did not maintain the system of zone-delivered prices for the Helmstedt coalfield, or for sales by the Lorraine and Saar coalfields to France. It extended for one year its decisions in respect of the Belgian coking-plants and of the coalfields of Lower Saxony and Aachen, where competitive conditions still make it necessary to permit alignments. [2])

The decisions concerning sales by the Houillères de Lorraine and the Saarbergwerke to Western Germany were extended up to May 31, 1956, so as to enable the zones to be remodelled in accordance with the new competitive conditions obtaining.

Finally, the High Authority decided to give its formal authorization, up to March 31, 1957, to a series

1) Decision No. 1/56, of January 11, 1956, amending Decisions Nos. 16 and 17/55, of May 5, 1955 (*Official Gazette of the Community*, January 14, 1956).

2) Decisions Nos. 12, 13, 14 and 15/56, of March 21, 1956 (*Official Gazette of the Community, March 27, 1956*).

of zone-delivered prices for sales by the Centre/Midi collieries to certain parts of France. [1])

Section 3 — **French subsidies**

94. State subsidies and assistance are prohibited under Article 4,*c* of the Treaty in any form whatsoever. The High Authority is, however, empowered under Section 11 of the Convention to authorize the temporary maintenance of the subsidies being paid to the Community coalmining and iron and steel industries at the time when the Common Market was introduced.

95. Upon the introduction of the Common Market for coal, the French Government had been authorized to maintain for the time being its subsidies to certain briquetting-works not owned by mines, on coke and coking coal imported from other Community countries for the iron and steel industry, and on sales of Lorraine and Saar coal to Southern Germany. [2])

The High Authority subsequently extended this authorization, while at the same time endeavouring to get these various subsidies done away with as quickly as possible.

a) The upper limit authorized for the *subsidy to the briquetting-works* was progressively reduced, and limited in May 1955 to Ffr. 1,800,000,000 for the coal year 1955/56. [3])

1) Decisions Nos. 16-21/56 of March 28, 1956 (*Official Gazette of the Community, March 29, 1956*).

2) Decision No. 26/53, of March 8, 1953, and letters by the High Authority to the French Government, dated March 8, 1953 (*Official Gazette of the Community,* March 13, 1953). See *General Report of the High Authority,* April 1953 (Nos. 68-72).

3) See *Third General Report of the High Authority,* April 1955 (No. 102): Decision No. 19/55, of May 5, 1955, and letter by the High Authority to the French Government, dated May 6, 1955 (*Official Gazette of the Community,* May 11, 1955).

In January 1956, the French Government nevertheless asked the High Authority to agree to an increase. As a reason for this request it pointed out that, although the reduction of the subsidy on fines received from the Community could be carried through at the rate specified, the additional importation of 200,000 metric tons of American fines and the rise in the price of fines from third countries would necessitate a higher subsidy than had been authorized.

The High Authority informed the French Government that it had decided, in view of the exceptional circumstances cited, to extend its authorization of the subsidy for the coal year 1956-57, up to a ceiling of Ffr. 1,800,000,000.[1])

b) *The subsidy on coking coal imported from other Community countries* for the iron and steel industry was extended several times, and the system rearranged in March 1955.[2]) From that date onwards, it was regarded as made up of two parts — *a coking bonus,* payable on the throughput tonnage of coking coal, and not, as previously, on the basis of the tonnage of coal imported, so as to encourage the use of Saar and Lorraine coal in the coking mixture, and a *residual subsidy,* to be gradually done away with as delivered prices alter.

After consulting the Council of Ministers, the High Authority decided to reduce the coking bonus in accordance with the following scale:[3])

January 1,	1956	by 10%
April 1,	1956	by 40%
October 1,	1956	by 60%
January 1,	1957	by 80%
April 1,	1957	by 100%

1) Letter from the High Authority to the French Government, dated March 1, 1956 (*Official Gazette of the Community, March 5, 1956*).

2) Letter by the High Authrity to the French Government, dated March 5, 1955 (*Official Gazette of the Community,* March 16, 1955). See *Third General Report of the High Authority,* April 1955 (No. 102).

3) Letter by the High Authority to the French Government, dated March 20, 1956 (*Official Gazette of the Community, March 27, 1956*).

c) *The subsidy on smelting coke imported from other Community countries* for the iron and steel industry had been almost entirely discontinued by the end of the coal year 1954-55, except at the two entry points of Wasserbillig (rail) and Strasbourg (waterway). It was extended for the year 1955-56, and was to be reviewed in the light of the effects of the introduction of international rail through-rates.[1]) This subsidy has since been completely abolished.

The French Government is continuing to reduce water-transport costs with a view to bringing them down to the level of rail-transport costs.

d) *The subsidy on sales of Saar and Lorraine coal to Southern Germany* was originally extended, at the end of the coal year 1954-55, up to May 31, 1955, that is, until such time as it would be possible to study the effects of the introduction of the international through-rates. In May 1955, the High Authority informed the French Government that it had decided, as a result of that study, to authorize the maintenance of the subsidy up to the end of the coal year 1955-56.[2])

For the coal year 1956-57, the French Government, in view of marketing conditions in Southern Germany, has not asked the High Authority for authorization to maintain this subsidy.

96. The overall changes in these subsidies since the introduction of the Common Market are set out in the following table. It will be noted that the total amount has substantially diminished, in spite of the increase in subsidized tonnages. The total amount paid in subsidies during 1956 may be estimated at Ffr. 5,000,000,000, as against Ffr. 13,300,000,000 in 1953 and 7,300,000,000 in 1955.

1) Letter by the High Authority to the French Government, dated March 5, 1955 (*Official Gazette of the Community*, March 16, 1955). See *Third General Report of the High Authority*, April 1955 (No. 102).

2) Letter by the High Authority to the French Government, dated May 6, 1955 (*Official Gazette of the Community*, May 11, 1955).

Progressive reduction of French subsidies [1])

	1953			1954			1955		
	Total amount	Tonnage sub-sidized	Subsidy per ton	Total amount	Tonnage sub-sidized	Subsidy per ton	Total amount	Tonnage sub-sidized	Subsidy per ton
a) Fines delivered to briquetting-works on seaboard	4 654.6	1 652	2 817	3 302.9	1 677	1 933	2 091,8	1 634	1 281
(inc. of coal from third countries):	(762.8)	(280)	(2 724)	(969.7)	(643)	(1 509)	(687.7)	(723)	(953)
b) Coking coal for iron and steel industry	3 930.9	2 980	1 352	3 244.1	3 083	1 053	3 201.0	[2])	[2])
c) Coke for iron and steel industry	1 253.5	3 129	401	182.6	1 281	143	170.0	430	395
d) Saar and Lorraine coal sold to S. Germany	3 486.0	4 468	780	3 344.8	4 422	743	1 804.0	4 918	367
Total:	**13 325.0**			**10 074.4**			**7 266.8**		

1) Amounts in millions of French francs; tonnages in millions of metric tons; subsidy per ton in French francs.
2) The new system adopted in March 1955 makes it impossible to establish comparison with previous years as regards tonnages subsidized and subsidies per ton.

Section 4 — **Integration of Belgian and Italian coal into the Common Market**

97. The system laid down in the Convention for the progressive integration of Belgian and Italian coal into the Common Market provides, firstly, for a compensation levy on the coal production of countries where production costs are below the weighted average of the Community, and compensation payments to the Belgian and Italian collieries.

Secondly, it provides for contributions by the governments concerned at least equal to the assistance received from the Community under the compensation scheme, such contributions to be used in connection with reorganization programmes aimed et achieving, by the end of the Transition period, the objectives set forth in Sections 26 and 27 of the Convention.

Compensation levy

98. In conformity with Section 25 of the Convention, the High Authority, by its decision of February 7, 1953, imposed a compensation levy on the coal production of the German and Netherlands enterprises, for the purpose of financing the measures in favour of the Belgian and Italian works provided for in Sections 26 and 27 of the Convention. [1])

Section 25 of the Convention lays down that the upper limit of the levy must not, for the first year of the operation of the Common Market for coal, exceed 1.5% of the receipts per ton of coal sold by the enterprises liable, and must be lowered regularly every year by 20% of that figure.

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1) Decision No. 1/53, of February 7, 1953 (*Official Gazette of the Community*, February 10, 1953. See *General Report of the High Authority*, April 1953, (No. 48).

The changes in the compensation rate are shown in the following table. It was reduced by the High Authority, in conformity with Section 25, second paragraph, of the Convention at the end of each year of operation of the Common Market, with the exception of the second, in view of the fact that the original rate had been fixed at only 1.1%. For the year beginning February 10, 1956, a rate of 0.6% was adopted because the High Authority's assessment of requirements had shown the need to continue paying right up to maximum rate provided for in the Convention.

Progressive reduction of the compensation levy

Date of Entry into force	Rate	Levy per ton	
		Enterprises in Germany	Enterprises in Netherlands
15. 3. 53[1])	*1.1* %	Dpf. 55.0	42.0 cents
10. 2. 54	—	unchanged	
10. 2. 55[2])	*0.9* %	Dpf. 41.0	44.0 cents
10. 2. 56[3])	*0.6* %	Dpf. 29.1	29.9 cents

1) Decision No. 27/53, of March 8, 1953 (*Official Gazette of the Community*, March 13, 1953).

2) Decision No. 3/55, of February 8, 1955 (*Official Gazette of the Community*, February 8, 1955).

3) Decision No. 2/56 of February 1, 1956 (*Official Gazette of the Community*, February 5, 1956).

Up to the end of 1955, the compensation levy yielded the following amounts (in millions of dollar units of account):

Enterprises in	1953 [1])	1954	1955	Total
Germany	9,352	15,010	12,670	*37 032*
Netherlands	864	1,197	1,224	*3 285*
Total:	**10,216**	**16,207**	**13,894**	**40,317**

1) From March 15, 1953.

Compensation payments

99. Out of these compensation funds, payments have been made to the Belgian collieries under Section 26,2,*a* and 26,2,*c* of the Convention, and under Section 27 to the Italian collieries at Sulcis.

100. As regards *payments to Belgian collieries under Section 26,2,a of the Convention,* the system in force from the introduction of the Common Market up to June 15, 1955, made compensation payable to the whole of the coalmining industry. Arrangements were as follows: There was an "account-schedule" fixing the price per ton in such a way that the Belgian collieries had the same receipts as before the introduction of the Common Market, and a "sales-schedule" fixing the price actually to be paid by the purchaser of Belgian coal. The difference between the prices in the two schedules was covered half by the High Authority's compensation payments, and half by an equal amount contributed by the Belgian Government. This system was to enable the Belgian enterprises, by keeping up their receipts, to push ahead with their re-equipment and modernization work with a view to progressive integration into the Common Market and, above all, in order to bring the prices of Belgian coal down to the level of the prices prevailing in the Common Market. [1])

101. In February 1954, as was noted in the Third General Report, [2]) the High Authority, in agreement with the Belgian Government, had set up a Joint Committee to examine the progress already made and the further prospects in connection with the integration of Belgian coal into the Common Market, as well as the methods and results of the

1) Decision No. 24/53, of March 8, 1953 (*Official Gazette of the Community,* March 13, 1953). See *General Report of the High Authority,* April 1953, No. 48, *Second General Report of the High Authority,* April 1954, Nos. 63-70, and *Third General Report of the High Authority,* April 1955 Nos. 105-108.

2) See *Third General Report of the High Authority,* April 1955 No. 105.

compensation scheme as established when the Common Market was introduced. [1])

On the basis of proposals made by this Committee, and in agreement with the Belgian Government, the High Authority, in May 1955, considerably altered this system, with effect from June 16, 1955. [2])

The alterations were based on the following principles:

a) Certain grades of coal (low-volatile over 10 mm. and semi-bituminous over 20 mm.) were withdrawn altogether from the compensation scheme. From that time on, their prices were to be freely fixed by the producers, subject to the provisions of the Treaty on pricing. These grades represent approximately one-third of Belgian production.

b) The amounts paid in compensation were lowered for those collieries which were in a particularly favourable position by reason of the conditions under which their coal was mined, and would in future be able to withstand competition in the Common Market with reduced compensation. According to the particulars supplied by the Belgian Government, this was the case with three enterprises in the Campine coalfield, viz. the Charbonnages de Beeringen, the Charbonnages de Helchteren et Zolder, and the Charbonnages de Houthalen.

c) The so-called "convention assistance" amounting to Bfr. 200m. p. a. and paid by the Belgian Government to the Borinage collieries, which had previously been included in the Belgian State's contribution to the compensation scheme, was now to be set aside for general compensation requirements. This arrangement made it necessary to reorganize the system of assistance to the "marginal" collieries of the Borinage coalfield by other methods dealt with on another page. [3])

1) See No. 109 below.
2) Decision No. 22/55 and letter by the High Authority to the Belgian Government, dated May 28, 1955 (*Official Gazette of the Community*, May 31, 1955).
3) See Nos. 108 and 111—114 below.

d) Any difference between the yield of the compensation levy plus the equal contribution from the Belgian Government and the amount required to cover payments under the new arrangements was to be set aside for the additional assistance provided for in Section 26 of the Convention.

102. The High Authority, by its letter of May 28, 1955, informed the Belgian Government that the sum derived from the compensation levy and set aside for Belgian coal would be reduced by one-third each year as from March 15, 1956. In a further letter to the Belgian Government on February 2, 1956, stating that it had decided to lower the compensation rate from 0.9 to 0.6% of the receipts per ton of saleable products of the German and Netherlands enterprises, it also informed the Belgian Government that the compensation payments to the Belgian collieries would be uniformely reduced by one-third as from February 10, 1956. It further stated that it would pursue its inquiries into the costs and receipts of the Belgian collieries, in order to work out how the compensation moneys available up to the end of the transition period could best be employed towards achieving the objectives laid down in the Convention. The High Authority intends to complete these investigations by October 31, 1956. [1])

103. As regards the *payments to the Belgian collieries under Section 26,2,c* of the Convention, these were discontinued from the second quarter of 1955 onwards. In view of developments in the market situation, the Belgian Government did not ask the High Authority to maintain this additional compensation on deliveries to other Community countries.

104. As regards *compensation payments to the Italian collieries* at Sulcis, Section 27 of the Convention specified

1) Letter by the High Authority to the Belgian Government, dated February 2, 1956 (*Official Gazette of the Community*, February 5, 1956).

that a portion of the compensation fund should be set aside for this purpose. The High Authority was to provide assistance for a period of two years, which ended on March 14, 1955.

Whereas the Convention contains precise and detailed provisions in respect of compensation payments to the Belgian collieries, the only provision for the Sulcis collieries is to the effect that "the High Authority shall periodically fix the amount of the necessary assistance".

Since the compensation payments are granted to enable the Sulcis collieries, "pending completion of the investment operations now under way, to face competition within the Common Market" (Section 27 of the Convention), the High Authority made the actual payment of the compensation conditional upon the acceptance by the Italian Government and the Carbosarda Company (which runs the Sulcis collieries) of the broad outlines of the reorganization programme which it had approved. [1])

Pending this final settlement of the compensation payments, the High Authority paid, up to July 1955, various advances totalling Lit. 3.750m. [2])

On the basis of preliminary forecasts, the High Authority estimated that payments over the first year would amount to slightly more than Lit. 4,000m. The High Authority's share of this would be one-half, *i. e.* Lit. 2,000m. The difference between the total amount of payments to date and the assistance payable during the first year, *viz.* Lit. 1,700m., would thus be charged against the second year of compensation. Assuming that the same figures would apply to the second year, the amount remaining to be paid by the High Authority to complete the

1) See No. 116 below.
2) The last payment, amounting to Lit. 600m., was made on July 8, 1955.

settlement of the compensation assistance would be in the region of Lit. 300m.

105. The payments made by the High Authority under the compensation scheme provided for in Sections 25, 26 and 27 of the Convention are shown in the following table:

Payments by the High Authority under the compensation scheme

	1953	1954	1955	Total
To the Belgian collieries				
Sales of Belgian coal (Section 26,2,*a*)	8,120[1])	10,334	10,012	28,466
Additional compensation on sales of Belgian coal to other Community countries (Section 26,2,*c*)	948[2])	3,100	1,105	5,153
Total:[3])	*9 068*	*13 434*	*11 117*	*33 619*
To the Italian collieries at Sulcis (Section 27)	2,400	1,360	2,240	6,000
Grand total:	**11,468**	**14,794**	**13,357**	**39,619**

1) From March 15, 1953.
2) Frome June 1, 1953.
3) In addition to these payments by the High Authority, an equal amount was contributed by the Belgian Government.

Re-equipment and reorganization programme

106. These compensation payments by the High Authority and the equal contribution by the governments are part of the broader scheme of re-equipment and reorganization schemes comprising special credits, assistance and government subsidies to the Belgian and Italian coalmining industries, with a view to integrating them gradually into the Common Market during the Transition period.

107. The *Belgian Government,* after originally introducing a system of inter-colliery compensation and State subsidies,

together with a scheme for fixing prices at the the level of the average cost of production, at the end of 1947 incorporated in the selling price a *dotation* of Bfr. 35-45 per metric ton to be earmarked for re-equipment purposes.

In 1949, the inter-colliery compensation scheme was discontinued, while the *dotation* was retained. A number of "marginal collieries" were closed and others amalgamated, while others again were granted flat-rate subsidies on a decreasing scale, as well as so-called "convention subsidies", to cover the operating losses computed over a period of five years. They were also granted re-equipment credits, the first instalments of which were paid out of the first *tranche* of the Marshall Plan credits reserved for the Belgian coalmining industry.

At the same time as these reforms were being effected in Belgian coal policy, a re-equipment programme was drawn up in 1949.

108. This programme was extended after Belgium had joined the Community. A programme drawn up in 1952 provided for investments totalling approximately Bfr. 13,000m., three-qarters of which was to come from the enterprises' own resources. As self-financing is possible only where enterprises are operating with adequate profit margins, those whose average receipts were below the average cost of production could not manage it. The Belgian Government made arrangements for them to receive special credits. In addition, not wishing to rush matters as regards the marginal collieries, it granted some of them "convention subsidies".

This "convention assistance" from the Belgian Government amounted to Bfr. 200m. for 1953. The fact that Belgium was a member of the Community raised the query as to whether such assistance was legitimate, since Article 4,*c* of the Treaty expressly prohibits all government

subsidies. However, since Section 11 permits temporary exceptions to this principle, and the High Authority considered that the "convention assistance" was in line with the actual object of the compensation scheme provided for in Section 25 of its own Convention, it was decided to authorize this subsidy and incorporate it in the Belgian Government's contribution to the compensation payments.

Notwithstanding the High Authority's and the Belgian Government's compensation payments, it transpired, towards the end of 1953, that some collieries in the Borinage coalfield were finding themselves in difficulties which might mean their having to close down forthwith. At the request of the Belgian Government, the High Authority decided to retain for 1954 the "convention assistance" of Bfr. 200m. This assistance continued to be incorporated in the Belgian Government's contribution to the compensation payments, and was set aside especially for three collieries in the Borinage area.

109. As already mentioned, the High Authority, in agreement with the Belgian Government, set up, in February 1954, a Joint Committee of representatives of itself and the Belgian Government to study the progress already made and the prospects regarding the integration of the Belgian coalmining industry into the Common Market. [1])

Following the report submitted by this Committee, the High Authority wrote in May 1955 to the Belgian Government stating, with the latter's agreement, that all appropriate measures should be taken to enable the Belgian coalmining industry to be integrated into the Common Market not later than February 10, 1958, in accordance with Section 26 of the Convention. These measures should be aimed in particular at

a) securing the financing of re-equipment programmes;

1) See No. 101 above.

b) supervising their implementation;

c) encouraging the more rational layout of the workings;

d) valorizing production.

Accordingly, it was recognized that the compensation payments must be accompanied by a series of measures to be taken by the Belgian Government itself, *viz.*

a) granting the collieries supplementary credits at reduced interest, and backed by a State guarantee;

b) dealing with the problem of financing stocks;

c) financing the construction or extension of pithead power-stations;

d) withdrawing compensation from enterprises not doing everything possible and necessary in the way of re-equipment, or refusing to make essential transfers or exchanges of deposits. [1])

110. Under a Belgian law of July 12, 1955, special credits totalling Bfr. 4-5,000m., backed by a State gurantee, were set aside to enable the collieries

a) to finance the Bfr. 13,000m. re-equipment programme drawn up in 1952 for the Belgian coalmining industry as a whole;

b) to supplement the financing of the construction of four pithead power-stations of 100,000 kW, for which the High Authority has granted loans to the amount of $ 14m. [2])

Of these special credits, Bfr. 2,300m were to go to various collieries, approximately one-half of this figure being earmarked for the Borinage.

111. The Joint Committee's report also contained suggested amendments to the compensation scheme in force

1) Letter by the Authority to the Belgian Government, dated May 28, 1955 (*Official Gazette of the Community*, May 31, 1955).

2) See No. 196 below.

since February 1953. This part of the report provided the basis for the reorganization of the compensation scheme as from June 16, 1955, under which the "convention assistance" granted to the Borinage collieries was henceforth to be included with the moneys set aside for general compensation requirements. This meant that different arrangements had to be made regarding assistance to these marginal collieries. [1])

In consequence of the difficulties encountered by certain Borinage collieries towards the end of 1953, there was not only the general problem of the integration of the Belgian coalmining industry into the Common Market, which was being studied by the Joint Committee, but the special problem of the economic soundness, now and later, of the Borinage collieries. At the suggestion of the Belgian Government, a Committee of experts from Germany, Belgium, France and the Netherlands was asked to examine the matter. This group submitted its report at the same time as the Joint Committee, at the end of September 1954.

112. On the basis of this report, the Belgian Government worked out a *reorganization programme,* which it conveyed to the High Authority in March 1955. The programme was subsequently amended on various points, as set forth in a letter by the Belgian Government to the High Authority dated November 9, 1955. The final version of the programme is contained in a letter by the High Authority to the Belgian Government dated February 3, 1956. [2])

The programme affects the following four enterprises in the Borinage coalfield:

1) the Société Anonyme des Charbonnages du Hainaut, Houtrage;

1) See No. 101 above.
2) Letter by the High Authority to the Belgian Government, dated February 3, 1956 (*Official Gazette of the Community,* February 22, 1956).

2) the Société Anonyme des Charbonnages Unis de l'Ouest de Mons, Boussu;

3) the Société Anonyme de Cockerill-Ougrée, Division des Charbonnages Belges et de Hornu-Wasmes, Seraing;

4) the Société Anonyme des Charbonnages du Levant et des Produits du Flénu, Guesmes.

The programme falls into two parts, *viz.*

1) the *overhaul* of those pits which are considered suitable for integration into the Common Market.

These include all the pits of the Charbonnages du Hainaut and the Charbonnages de l'Ouest de Mons, and some of the pits of the Charbonnages Belges and the Charbonnages du Levant et des Produits du Flénu;

2) *the gradual closing-down* of those pits whose operating results cannot be improved to any satisfactory degree. These include the remaining pits of the two last-mentioned collieries. This part of the programme will be staggered over a period up to the end of 1958, in order to attenuate the social consequences.

113. To finance this programme, the High Authority authorized the Belgian Government, under Section 25 of the Convention, to grant assistance during the financial year 1955 as follows (Bfr.)

to the Charbonnages Belges	176,500,000
to the Charbonnages du Levant	130,700,000
to the Charbonnages de l'Ouest de Mons	39,400,000
to the Charbonnages du Hainaut	56,900,000
Total:	**403,500,000**

114. The High Authority will contribute to the reorganization programme, for the financial year 1955, the sum of Bfr. 90,000,000, derived from the compensation levy provided in Section 25 of the Convention, so that the

subsidies which the Belgian Government is authorized to grant for the financial year 1955 total Bfr. 313,500,000.

At the same time, in view of the very considerable financial effort which the staggering of the closing-down process will involve for the Belgian Government, the High Authority has stated that it is prepared to assume responsibility, without requiring a special contribution of the same amount from the Belgian Government, for all expenditure incurred in connection with the readaptation of workers as a result of the closing-down. [1])

A sum of Bfr. 70m., derived from the readaptation fund, has been set aside for this purpose. This, together with the Bfr. 90m. set aside from the compensation levy for the reorganization programme leaves available another Bfr. 40m. of the maximum of Bfr. 200m. which the High Authority is prepared to devote to the overall reorganization of the Borinage.

115. Taking this integration scheme as a whole, we find that according to the type of assistance granted to them, the Belgian colleries fall into three groups:

1) collieries receiving the normal compensation payments;

2) collieries receiving the reduced compensation payments (Charbonnages de Beeringen, Charbonnages de Helchteren et Zolder, Charbonnages de Houthalen);

3) collieries receiving, over and above the normal compensation payments, subsidies under the reorganization programme (Borinage).

116. The *Italian Government* some time ago drew up a reorganization programme of the Sulcis collieries, in Sardinia, which was transmitted to the High Authority in October 1954. The High Authority sent a team of observers

1) See No. 217 below.

to Sardinia to study the general technical, economic and social conditions in this coalfield.

On the basis of the team's reports, the High Authority laid down the broad outlines of the reorganization programme considered necessary if the Sulcis collieries are to be enabled to withstand competition in the Common Market.

According to these directives, which were sent to the Italian Government and the Carbosarda Company on July 9, 1955, the overhaul of the coalfield will have to be carried through on two levels.

On the *technical and economic level,* the High Authority held the view that, on the basis of actual marketing possibilites, the saleable production of Sulcis should not, in the future, exceed 1,200,000 metric tons per annum. Coal-winning operations should, after a transition period of three or four years, be concentrated on not more than two pits. In addition, the programme provides for the regrouping of underground workings and the mechanization of the main underground operations.

On the *financial level,* the High Authority suggested that all plant indispensable to the proper functioning of the enterprise be reassessed, all non-essential activities separated from the enterprise, and capital expenditure kept commensurate with the estimated production volume.

Parallel with the work of concentration, it will be necessary to arrange for systematic preliminary training of new workers; it is planned to provide special training for mining engineers and overmen in the most up-to-date collieries of the Community.

The Carbosarda Company announced on October 20, 1955, that its Board had approved a survey by its techni-

cians, in accordance with the directives of the High Authority, and that the report on this survey had been forwarded to the Italian Government.

In the meantime, various reorganization measures had been introduced. An Italian law of December 12, 1954, on the reorganization of the Sulcis collieries set aside subsidies totalling Lit. 12,000m. Under the same law, the Italian Government appointed a Commissioner vested with wide powers regarding the rationalization of the enterprise's production and sales. The enterprise itself was relieved of the charges it had previously borne in connection with the central organizations and ancillary bodies. The law also provides for the payment by the Italian State of Lit. 8,750,000,000 over a period of four years to cover existing deficits and the rehabilitation of the enterprise.

In addition to these financial measures, a number of arrangements were made by the management of the enterprise itself to improve operations on the technical side and in regard to personnel. [1])

1) For the development of production in underground output, see Nos. 73 and 75 above as well as tables 16 and 17 of the Annex.

CHAPTER FIVE

THE OPERATION OF THE COMMON MARKET AND IMPROVEMENTS IN CONDITIONS OF COMPETITION

117. Alongside its work of implementing the Transitional Provisions, the High Authority maintained a constant check on the operation of the Common Market.

Among other things, it saw to it that no government action taken, in the form either of laws or of regulations, was counter to the rules of the Common Market, and that the enterprise did not in any way infringe them.

This regular supervision of the conditions under which the Common Market operates also involves supervision of its structural development. The High Authority made use of its power in regard to cartels, concentrations and monopoly organizations, in order to improve competitive conditions in the Common Market.

In this respect, new ground has also been covered in connection with transport.

The High Authority's work of supervising the operation and development of the Common Market has thus impelled it to make use of its power of direct intervention.

Section 1 — **The operation of the Common Market**

118. The High Authority's supervision of the operation of the Common Market has involved, in particular, the implementation of the Treaty rules on

a) publication and fixing of prices;

b) prohibition of discriminatory practices;

c) free circulation of products within the Common Market.

Action taken included the elimination of practices and regulations incompatible with the Treaty, and the cautioning or fining of enterprises which had been guilty of infringements.

The High Authority also took steps to strengthen its relations with the associations of enterprises which it ordinarily consults for any information it may require, or for assistance in carrying out its duties.

Publication and fixing of prices

119. Publication of coal wholesalers' prices. — Since the introduction of the Common Market for coal, the coal-mining enterprises have been obliged to publish their price-schedules and conditions of sale. They have also to cause their selling organizations and agents to publish their own conditions of sale. [1]) On the other hand, the buyers — that is, within the meaning of Article 63 of the Treaty, the wholesalers — were not previously under obligation to publish the prices charged by them on resale, though they did come under the rule on non-discrimination. [2])

The High Authority, before taking any decision to extend the obligation to publish price-schedules also to the dealers, asked for an opinion from the Consultative Committee. At a meeting held on November 29, 1955, a majority of the Committee voted in favour of doing so, but

1) Decision No. 4/53, of February 1953 (*Official Gazette of the Community*, February 12, 1953).
2) Decision No. 30/53, of May 2, 1953 (*Official Gazette of the Community*, May 4, 1953).

expressed the wish that the details of implementation should first be re-examined.

In accordance with this wish, the High Authority in January 1956 decided to convene a number of experts to study the technical difficulties involved by any such extension of the obligation to publish.

120. Fixing of coal prices in Italy. — In Italy, an Interministerial Price Committee (C.I.P.) fixes maximum prices for coal each month. The High Authority informed the Italian Government in November 1955 that this practice was incompatible with the provisions of the Treaty.

The Italian Government in its reply raised no objection in principle to the arguments put forward by the High Authority, but it pointed to various difficulties arising from the fact that the Interministerial Committee's powers did not permit it to rescind regulations concerning the selling-price within Italy without special action by Parliament.

The High Authority in December 1955 drew the attention of the Italian Government to the fact that if parliamentary action were deemed necessary for expressly rescinding all internal legislation passed before the Treaty was ratified, and incompatible with it, the whole principle of the Common Market would be jeopardized. In point of fact, since the ratification as voted by the Italian Parliament provided for the full implementation of the Treaty with effect from the date of its entry into force, the Treaty must be regarded as an integral part of the laws of Italy. Accordingly, the act of ratification of itself rescinded all provisions incompatible with the Treaty.

The Italian Government, in a letter dated March 12, 1956, expressed the desire that further discussions should be held to co-ordinate the views of both parties in a satisfactory manner.

Non-discrimination

121. Tax exemptions in Belgium. — Belgium has a system of exemption from turnover tax (taxe de transmission), which hitherto applied only to Belgian products and, subject to certain conditions, to Luxembourg products supplied to Belgian public bodies not purchasing for resale. The High Authority requested the Belgian Government to abolish the discrimination resulting from this arrangement. The Belgian Government replied early in 1956 that it had decided to extend the exemption to imports in respect of Community products sold direct to Belgian public bodies by producers established in Community countries.

122. Shipments of coal from the Ruhr to Belgium. — The Belgian authorities continue to issue licences for deliveries of Ruhr coal to Belgium. These are granted automatically, but in the case of shipments of Ruhr coal by inland waterway only on condition that the transport arrangements shall be made by the Office de Récuperation Economique (O.R.E.).

In addition, this office charters the barges through a shipping office in Duisburg in accordance with a rota giving priority to Belgian barges. The freight charges are fixed by the Belgian Ministry of Communications.

In the High Authority's view, the whole of this system is counter to the provisions of the Treaty. Firstly, the fact that licences are issued subject to a condition is an infringement of Article 4,*a*, which prohibits quantitative restrictions. Secondly, the practice of denying buyers of Ruhr coal the free choice of carrier or shipping space involves discrimination among producers, since there is

no Belgian Government regulation of this kind in respect of deliveries of Dutch or French coal by inland waterway; hence the arrangement infringes the provisions of Article 4,*b*.

The High Authority drew the attention of the Belgian Government to this problem in a letter dated January 10, 1956, and requested it to take the appropriate steps to deal with a state of affaires clearly counter to the Treaty.

The Belgian Government recognized that certain of the formalities involved in this procedure might appear contestable from the point of view of the Treaty, but stated that in its view the system as a whole did not produce any restrictive or discriminatory effect.

123. Rebates in France on home sales of iron and steel products. — Following certain tax reliefs resulting for them from the alterations to the French fiscal system, the French iron and steel enterprises, in order to allow for their government's price regulations for semi-processed products, granted a 3.29% rebate on their published prices in respect of sales in the home market.

In a letter of October 20, 1955, the High Authority asked the Chambre Syndicale de la Sidérurgie Française to explain these practices, which were counter to the rule on non-discrimination between buyers and the rule on the publication of price-schedules.

In the circumstances, the French enterprises were given the option of withdrawing the rebate in full or in part, or of extending it to all buyers in the Common Market, amending their price-schedules accordingly.

The industry complied with the High Authority's letter by doing away with the 3.29% rebate as from November 28, 1955, in respect of practically all iron and steel products, which meant in effect straight adherence to the schedules. For the other products new schedules were lodged. [1])

124. Incidence of Italian shipbuilding subsidies. — An Italian law of July 17, 1954, instituted a scheme for the encouragement of shipbuilding by according preferential treatment to Italian iron and steel products as against those from other areas of the Common Market.

In a letter of September 30, 1955, the High Authority formally requested the Italian Government to put an end to this discriminatory practice, and to submit its observations on the matter.

The Italian Government stated on November 30 that it proposed to introduce a bill making the appropriate changes.

125. In October 1955, the High Authority requested the Italian Government to abolish the 0,5% *ad valorem* "administrative dues" on Treaty products. The Italian Government replied that the sole object of these dues was to cover part of the expense borne by the State to facilitate the various Customs operations, and that as it applied to Italian products — *e. g.* Italian commodities returned to Italy, even if they are exempt from import duty — as well as to all others, the discriminatory element objected to by the High Authority did not in fact exist.

The High Authority is at present discussing the matter with the Italian Government.

1) See No. 51 below.

Free circulation of products

126. On January 7, 1956, the High Authority wrote to the six member Governments confirming the principles stated on May 28, 1955, in regard to the free circulation within the Community of coal and iron and steel products imported from third countries.

In view of the objections raised by various Governments, the High Authority went into the problem once more, and ultimately came to the following conclusions:

The primary principle of the Common Market, that of free circulation of products, applies equally to coal and iron and steel products of third countries imported in the normal way into any country of the Community. Once these products have been imported, no member State has the right unilaterally to block the free circulation of such products within the Common Market, either by Customs duties or by quantitative restrictions.

The exemptions from this principle provided for in the Convention are based either on the definite obligations assumed by certain member States, as in the case of the Benelux tariff quotas, or on definite authorizations by the High Authority, such as those referred to in Section 15, sixth paragraph, Section 27,2 and Section 30,1 of the Convention.

The second principle is set forth in Article 71, first paragraph, of the Treaty, which stipulates that "unless otherwise provided in this Treaty, the responsibilities of the Governments of the member States for commercial policy shall not be affected by the application of this Treaty."

This freedom permitted in principle to the member States regarding commercial policy can give rise to situations which, in conjunction with the principle of free

circulation of products, are liable to cause disturbances in the exercise of their autonomous commercial policy by these States. But this very Article 71 which states that *all* member States shall be free in matters of commercial policy, also stresses the need and obligation to deal with such difficulties as may arise, not unilaterally but in a spirit of *solidarity*. Thus it goes on in its third paragraph to specify that the governments shall "lend each other the necessary assistance in the execution of measures recognized by the High Authority as being in accordance with this Treaty and with existing international agreements".

The third principle is that under the terms of the Treaty this mutual assistance is not a procedure left to the discretion of the member Governments for the purpose of removing difficulties in matters of commercial policy. On the contrary, if the conditions specified in the Treaty as prerequisite for such assistance are considered by the High Authority to exist, the Government wishing for assistance is *entitled* to obtain it from the other member States concerned. The High Authority is empowered by Article 71, third paragraph, "to propose the methods by which this co-operation is to be undertaken".

127. Effects of French Customs Tariff legislation. — Certain provisions in the French Customs Tariff law relating to the flag monopoly in France work out in such a way that French iron and steel products shipped via Rotterdam and Antwerp to the Atlantic coast are considered to be liable to duty just as if they were foreign products.

At the request of the High Authority, the French Government has granted exemptions and introduced a competitive railway freight tariff for consignments from the North-East to the Atlantic coast.

The High Authority considers these measures to be inadequate for the purpose, and is continuing discussions with the French Government.

128. Refusal by the Luxembourg Government to grant import licences. — At the end of November 1955 a Luxembourg coal dealer lodged a complaint with the High Authority, based on the provisions of Article 35 of the Treaty, against the action of the Luxembourg Government in refusing him import licences.

The High Authority, which had already succeeded in inducing the Luxembourg Government to make certain changes in the existing regulations, duly reminded it that the introduction of the Common Market entailed the abolition of all restrictions on the free circulation of Community products. [1])

In reply to a letter from the Luxembourg Government contesting the admissibility of the complaint under Article 35, the High Authority stated that, quite apart from cases calling for the application of Article 35, all parties concerned, and particularly consumers and dealers and associations of consumers or dealers, were entitled under Article 46, second paragraph, to submit any suggestions or observations on questions affecting them. At the same time, where the High Authority knew, or had reason to suspect, from whatever source (complaint by one of the parties concerned, item in the Press, indirect information), that the provisions of the Treaty were being infringed, it was under obligation to request the enterprises or member Governments of the Community, to furnish all relevant details in order to be able to adopt a definite position regarding the question, within its terms of reference under the Treaty.

1) See No. 137 below.

In the circumstances, the High Authority again requested the Luxembourg Government to furnish full details on the matter.

Although the Luxembourg Government subsequently once more disputed the admissibility and justice of the claim, the Luxembourg Office Commercial at the beginning of February issued the licences for which the complainant had applied. The complaint was then withdrawn.

Infringements by enterprises

129. During the past two years High Authority supervision has brought to light a number of infringements of Treaty rules.

Out of approximately a hundred spot-checks, twenty-five have made it necessary to take action.

In some cases the High Authority confined itself to cautioning the enterprises concerned. In others, it imposed fines, the largest of which was as much as 16,000 dollar units of account.

Practically all the infringements observed consisted in allowing rebates on published schedule-prices. This is a violation of the rule on publicity, and consequentley also of the principle of non-discrimination, since such rebates were not allowed to all customers alike.

The form taken by these sales at reduced prices varied very widely according to circumstances. Arrangements included both the irregular payment of commission and failure to invoice one or more extras.

A circular letter was sent to all the enterprises setting out the full implications of the regulations concerning these matters.

Relations with associations of enterprises

130. Article 48, third paragraph, of the Treaty lays down that "the High Authority shall normally call upon producers' associations to obtain information which it requires or to facilitate the fulfilment of its objectives, provided that the associations in question either permit the properly-chosen representatives of the workers and consumers to participate in the direction of these associations or in consultative committees attached to them, or in any other way give a satisfactory place in their organization to the expression of the workers' and consumers' interests."

Most of the associations of producers in the Community which are usually consulted by the High Authority have complied with these requirements.

In order to ensure that all associations shall introduce similar measures, the High Authority has decided

a) to publish a list of associations with have complied with the provisions of Article 48, and request them to furnish at regular intervals a brief account of the proceedings of their consultative committees; [1])

b) to send a reminder to those which have not yet been in a position to apply these provisions (two in Germany and one in Luxembourg);

c) to instruct its departments, whenever they ask for information from any association which has not yet complied with the conditions in Article 48, to write at the same time to the associations of workers and consumers.

1) See *Official Gazette of the Community,* February 5, 1956.

Section 2 — **Improvements in conditions of competition**

131. It is the duty of the High Authority to see that conditions are established and maintained in the Common Market "which will *in themselves* assure the most rational distribution of production at the highest possible level of productivity, while safeguarding the continuity of employment and avoiding the creation of fundamental and persistent disturbances in the economies of the member States".

Where not explicitly obliged by the Treaty to adopt measures to limit normal competition, as for instance in the event of a serious glut or shortage, the High Authority has to see that impediments to competition are done away with, in accordance with the rules laid down in the Treaty. To this end it has a number of means at its disposal, *viz.*

a) prohibition of agreements among enterprises and concerted practices tending to restrict or distort the normal operation of competition (Article 65);

b) prior authorization of concentrations between enterprises (Article 66, 1-6);

c) recommendations to public or private enterprises dominating a substantial part of the Common Market (Article 66,7);

d) more generally, the application of Articles 86-90, by which the member States undertake to refrain from any measures incompatible with the existence of the Common Market, and to facilitate the accomplishment of the Comunity's objectives.

In addition to these factors determining the structure of the Common Market, conditions of competition are largely influenced by transport conditions. The price on which the consumer bases his choice of supplier is not the price ex-mine, ex-works or ex-basing point as published

in the producer's schedule: it is the delivered price, *i. e.* the price published by the enterprise plus transport costs.

Cartels, Monopoly Organizations and Concentrations

132. Cartels and monopoly organizations. — Since the last General Report, the High Authority's work on cartels has been mainly aimed at solving the problem of the coal-selling agencies which have been operating in the Common Market for coal in various Community countries, *viz.* the Gemeinschaftsorganisation Ruhrkohle ("GEORG"), the Oberrheinische Kohlenunion (O.K.U.), the Comptoir Belge des Charbons ("COBECHAR"), and the Association Technique de l'Importation Charbonnière (A.T.I.C.). [1])

As far back as June 1953, the High Authority informed the Common Assembly that inquiries were being made into the activities of all these organizations. Some weeks later, in accordance with the decision implementing the prohibitions laid down in Article 65 of the Treaty, GEORG, O. K. U. and COBECHAR submitted applications for authorization. [2])

In Mai 1954, the High Authority informed these agencies that they could not be authorized as they then stood. However, rather than simply terminate their activities, it made great efforts to induce them to reorganize, and then submit fresh applications. To facilitate such an arrangement, it worked out directives giving the lines along which it was prepared to authorize the existing organizations. [3])

1) See *Third General Report of the High Authority,* April 1955 (Nos. 132-135).
2) Decision No. 37/53, of July 11, 1953 (*Official Gazette of the Community,* July 21, 1953).
3) See, *inter alia,* the statements by Herr Etzel, Vice-President of the High Authority, to the Common Assembly in May and November 1955 (published in English in a separate brochure).

133. GEORG. — As regards the *Gemeinschaftsorganisation Ruhrkohle,* the High Authority stated that the existence of a single central organization could not be authorized. It further declined to allow the allocation of Ruhr sales between two selling agencies. It was, however, willing to authorize three, or alternatively six, selling agencies, which would be entitled to set up a joint office with the object of helping, subject to certain conditions, to balance employment and supplies by means of an operational reserve (central stock) of coal.

The balance of employment or of supplies might be upset by, among other things, direct sales without recourse to the agencies, in the form of *Werkselbstverbrauch* (sales to works belonging to the same group as the collieries) or of *Landabsatz* (sales by the collieries to consumers in the area bordering on the pits), as the volume of these sales is not the same for all the collieries of the different agencies.

On November 15, 1955, the Ruhr coalmining enterprises forwarded to the High Authority a general provisional application for the authorization of new selling agencies. The High Authority, upon finding that the application was on the whole in conformity with its directives, requested the parties concerned to submit their final applications. This was done on December 20, 1955.

After obtaining an opinion from the Council of Ministers and the Consultative Committee concerning the authorization of joint financial arrangements made by the Ruhr collieries as part of the new set-up for the sale of Ruhr coal, the High Authority finally, on February 15, 1956, approved the applications submitted by the enterprises of the Ruhr coalfield. [1])

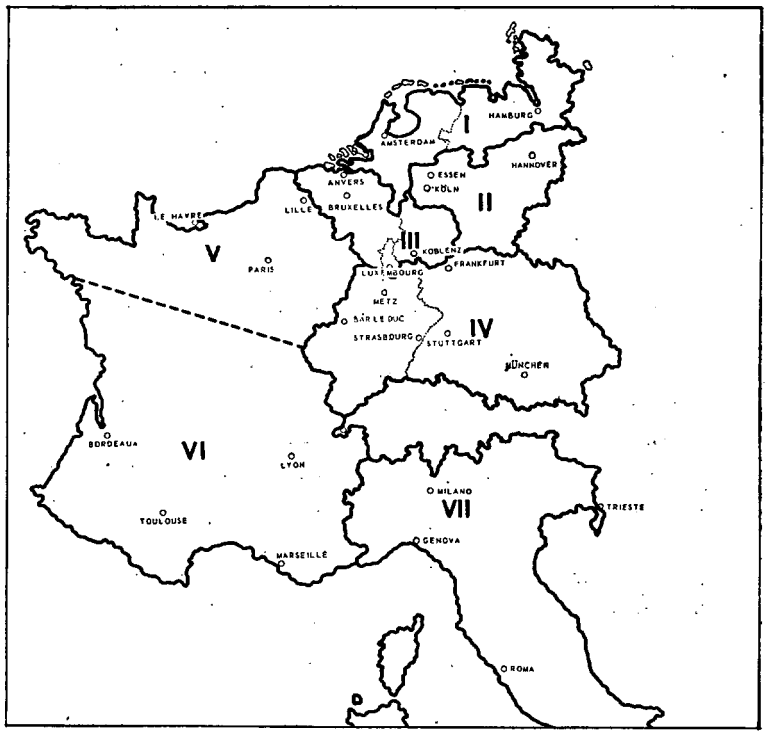
1) Decisions Nos. 5, 6, 7 and 8/56, of February 15, 1956 (*Official Gazette of the Community,* March 13, 1956).

As from April 1, 1956, the six selling agencies which used to form the Gemeinschaftsorganisation Ruhrkohle ("GEORG") were superseded by *three independent selling agencies* each representing from 14 to 19 coalmining enterprises, with an approximately equal total production capacity. Thus each agency will market about 15m. metric tons of hard coal and 5-6m. metric tons of coke per annum. The agencies will sell only within the Community: exports to third countries are to be handled by a separate company, the *Ruhrkohlen-Exportgesellschaft.* The independence of the three agencies means that they are to be free to fix their own prices and conditions of sale, that they must not appoint joint agents in the different sales areas and, in particular, that there must be no personnel links between the managements of the three agencies.

The authorization granted by the High Authority also extends to the *trading regulations* of the Ruhr selling agencies. The object of these regulations is to guarantee the buyer in each sales area the widest possible choice of dealers, and to lay down criteria for non-discrimination.

The Community is divided into seven sales areas, as shown below:

Selling zones



Wholesalers byuing direct from the selling agencies must meet the following requirements:

A direct-buying wholesaler must have sold not less than 75,000 metric tons of Community coal in the Common Market in the previous coal year, of which 40,000 must have been sold within the sales area to which he is to be admitted; within that sales area he must have sold 12,500 metric tons of coal obtained from one selling agency (he may be admitted

to more than one area if he has sold this tonnage in each of them). The High Authority did not, however, authorize a supplementary condition to the effect that a direct-buying wholesaler must have sold within his area not less than 25,000 metric tons of coal obtained from the selling agencies of the Ruhr.

Up to the end of the coal year 1956-57, direct-buying wholesalers will include wholesalers who were supplied direct during the coal year 1955-56, or can show that they could have been admitted under the old terms of admission.

The High Authority also authorized a number of joint bodies in which the Ruhr mining companies and selling agencies are allowed to co-operate to a limited extent.

a) A *Joint Office* is to operate under the control of the three selling agencies. It is authorized to negotiate with large-scale consumers whose annual consumption exceeds 50,000 metric tons regarding the sale of the fuel marketed by the three selling agencies, except where the consumers concerned prefer to deal direct with the selling agencies. The Joint Office does not negotiate for its own account, but has to allocate the tonnages among the three selling agencies. It will have an operational reserve (central stock) at its disposal, and by allocating orders will be able to ensure the balancing of employment and of supplies, and the offsetting of types and grades. In the event of a threatened emergency or of circumstances outside its control, it may introduce precautionary measures, subject to High Authority supervision.

b) A *Standards Committee* is to be set up by the Ruhr mining companies, to lay down certain standards for the line to be drawn between sales by the agencies and direct sales by the companies forming them, and standards for determining the degree of employment. It will be required in particular to define collieries' own consumption, consumption by the works with which the mining companies are linked

financially, and direct local sales by the companies without recourse to the agencies.

c) Various *joint financial arrangements* are to be instituted, including equalization of transport charges from pithead up to f. o. b. Ruhrort or seaport, compensation for any falling-off in receipts due to alignment with quotations from third countries, and equalization payments according to the degree of employment in the different enterprises, in the event of a decline in demand. There is a special provision to the effect that the equalization of transport charges must be carried out in such a way that no concealed price rebates or increases result for the buyer. Where the conditions of sale allow delivery ex-colliery or ex-coal port, the buyer cannot be prevented from transporting his fuel either by his own means or through a firm commissioned by him. Where the conditions of sale allow delivery f. o. b. Ruhrort, the buyer cannot be prevented from taking delivery of his fuel f. o. b. Ruhrort and transporting it either by his own means or through a firm commissioned by him. Equally, the buyer cannot be obliged under the enterprise's delivery terms to take delivery f. o. b. seaport.

The High Authority is to exercise *constant* supervision to ensure that the mining companies, the selling agencies and the Joint Office are abiding by the terms of the authorization as granted and respecting the conditions and restrictions imposed upon them.

Attached to the Joint Office there is to be an *Advisory Committee* of 27 members, comprising nine representatives from the mining companies forming the selling agencies, nine representatives from the workers employed by those mining companies, and nine representatives from the coal consumers and dealers in the different Community countries. Representatives of the German Federal Government and of the High Authority will have the right to take part in the meetings.

At the meetings of the Advisory Committee, the problems confronting the Joint Committee and the principles and reasons for co-ordinatory measures taken by it will be stated, and the probable repercussions of such measures discussed. The Committee will meet not less than three times a year, and oftener should eight or more members so request.

The new Ruhr coal-selling system will include, as well as the bodies just described, the following organizations, which did not call for authorization since they perform no duties of a nature likely to restrict competition in the Common Market:

1) the *Ruhrkohlen-Exportgesellschaft,* responsible for the sale of fuel to third countries;

2) the *Ruhrkohlen-Beratungsgesellschaft,* responsible mainly for inquiry into and encouragement of the technical and economic utilization of coal, for co-operation in matters of grading, for collective publicity for Ruhr coal, for market research and observation, and for transport problems;

3) the *Ruhrkohle-Treuhandgesellschaft,* responsible, as trustee, for accounting, transfers of funds, drawing-up of balance-sheeets, etc.

134. O.K.U. — In the southern part of the German Federal Republic, sales of coal from the Ruhr, Aachen, Lorraine and Saar coalfields are exclusively reserved to, and carried out by, a joint organization known as the *Oberrheinische Kohlenunion.*

Just before the last Ordinary Session of the Assembly in June 1955, the High Authority informed this selling agency that it could not be authorized in its present form.

The High Authority cannot sanction joint selling by these four coalfields which represent almost two-thirds of the total production of the Community, or joint selling by the three Ruhr agencies in Southern Germany. O. K. U. does, however, perform a necessary function in connection with freighting and supplying, which is very specially conditioned by the particular circumstances prevailing in the South German market. O. K. U. performs special tasks at times when shipping space is scarce and it is only by means of co-ordinated arrangements that available capacities can be used to the best advantage. The High Authority is prepared to authorize activities of this kind, which are of value chiefly to consumers in Southern Germany, provided they are carried on by a dealers' organization.

The High Authority has issued various directives to this effect to the organization concerned. Discussions were held in March. O. K. U. submitted proposals concerning the reorganization of the coal wholesale trade in Southern Germany. The High Authority made it known that it wished these to be amended in certain points. The wholesale firms supplying Southern Germany stated that they would submit fresh proposals as soon as possible, so that the High Authority will probably be able to take a decision before the end of April.

135. COBECHAR. — Belgium has a joint-selling agency known as the *Comptoir Belge des Charbons.* This is a joint sales office of the Belgian collieries, which sells only to certain classes of large scale buyers and big industrial consumers; other sales are carried out by the collieries themselves. With a few small exceptions, COBECHAR supplies its customers direct. The producers are at liberty to supply either through wholesalers or direct: they usually prefer to deal through wholesalers.

Although only part of the Belgian coal production is marketed by joint-selling arrangements, the prohibition on discriminations means that the agency's schedules are also observed by the producers for their direct sales.

The representatives of COBECHAR in November 1955 expressed their willingness to bring its articles of association and rules of procedure, and the decisions of its departments still in force, into line with the Treaty, as soon as the High Authority had informed them as to the points calling for alteration. These points were settled in accordance with the directives concerning the Ruhr organizations, *mutatis mutandis*. They were discussed with the management of COBECHAR, which submitted them for the approval of the other departments of the organization.

In the meantime, the representatives of COBECHAR informed the High Authority that they had complied with its conditions. They submitted the new rules of procedure and decisions in force. The High Authority examined these, and requested a few additional amendments, which were duly made. Its final decision will be embodied in a statement to the Common Assembly.

Moreover, the Council of Ministers and the Consultative Committee were asked for opinions on the institution of joint financial arrangements for the Belgian collieries, as proposed in the application submitted by COBECHAR. The object of these arrangements was to equalize transport charges from pithead up to port of departure, and to compensate for any falling-off in receipts in connection with sales of Belgian coal to other Community countries.

136. A.T.I.C. — In France a central buying organization, the *Association Technique de l'Importation Charbonnière,* established in 1944, has the government's authority to sign all contracts for the importation of coal. It is responsible for the supplying of imported coal to large-scale consu-

mers, including the Office de Répartition des Combustibles pour l'Industrie Sidérurgique (O.R.C.I.S.), a State-established agency through which all French iron and steel enterprises are compelled to obtain their supplies of solid fuels. It also acts on behalf of dealers who are specially authorized by the government to import, and are members of either a recognized importer's and wholesalers' trade association (Groupement Professionnel des Importateurs-Revendeurs, or G. P. I. R.) or the Groupement Professionel des Importateurs, Revendeurs et Transporteurs (G. P. I. R. T.). Admission to these associations is at the discretion of their executive councils.

Dealers who are not members of these associations, but are nevertheless authorized to import under other government regulations, must apply to dealers who are members.

All consumers, with the exception of the five largest (including O. R. C. I. S.), have to apply for their supplies of non-French coal to dealers belonging to a G. P. I. R. or to G. P. I. R. T.

No French buyer, whether he is a consumer or a dealer, may conclude any contract with a dealer outside France. With the exception of the five large-scale consumers, French buyers may only conclude contracts with producers in other countries subject to two conditions *viz.* that they work through a dealer belonging to a G.P.I.R. or to G.P.I.R.T., and that they obtain definite authorization from A.T.I.C. to be admitted as an importer it is moreover necessary to buy a specified minimum tonnage of coal from a particular French coalfield.

This set-up is incompatible in a number of respects with the provisions of the Treaty. As the regulations concerned are, however, official, it is the French Government, and not the enterprises or organizations concerned, with which the High Authority has to examine the various problems involved.

In the course of long negotiations between the High Authority and the French Government, progress was made in the clarification of views. In November 1955, the High Authority notified the French Government of the amendments to be made to the regulations in force in respect of purchases of coal from other Community countries, in order to align them with the provisions of the Treaty. The French Government was requested to submit its comments not later than February 1, 1956, the High Authority reserving the right to apply the procedure provided for in Article 88 of the Treaty should such comments indicate that the French Government did not concur with its views.

The French Government stated that it was in agreement with the High Authority as regards

a) making it no longer compulsory for French iron and steel enterprises to buy their solid fuels through O.R.C.I.S.;

b) making it possible for any dealer authorized to import to be admitted as of right to the importers' trade associations (G.P.I.R. and G.P.I.R.T.);

c) making the criteria for access by dealers to Community producers the same both for wholesalers buying in France and for importers buying from other Community countries;

d) superseding the former reference tonnages of French coal (for admission as a wholesale importer) by reference tonnages of Community coal, irrespective of the country or coalfield of origin.

On two other points it maintained some reservations in regard to the High Authority's position.

1) The High Authority holds the views that buyers allowed to order coal from Community countries other than

France should be able to approach not only the producers but also the dealers in those countries.

The French Government stated that it could not proceed on the lines indicated by the High Authority so long as there was no way of enforcing observance of the rules on non-discrimination by dealers, or ensuing equal access to sources of production as regards choice of carrier by the buyer. The question of the free circulation of coal from third countries was also raised.

2) The French Government did not consider itself in a position to drop the arrangement under which A.T.I.C. has the sole right to sign contracts for the purchase of coal from other Community countries. It was, however, prepared to leave the final decision to the High Authority, wherever there was a divergence of opinion as to the legality, under the E.C.S.C. Treaty, of contractual clauses rejected by A.T.I.C.

The High Authority considers the provisions which the French Government is unwilling to change to be incompatible with the Treaty. A further discussion was held, in which the French Government amplified its earlier comments. At the time of going to press, the High Authority is engaged in preparing the decision or recommendation which it may have to issue in connection with this matter.

137. Luxembourg Office Commercial. — Following a number of discussions with the Luxembourg Government and the other parties concerned, the High Authority stated that it considered the monopoly enjoyed by the Government department responsible for the importation of solid fuels into Luxembourg, the *Office Commercial de Ravitaillement,* to be incompatible with the provisions of the Treaty. [1])

1) See *Third General Report of the High Authority,* April 1955, No. 104.

Eventually, in a decree issued on September 30, 1955, the Luxembourg Minister for Economic Affairs rescinded the decree of March 8, 1954, concerning the importation of solid fuels. The Luxembourg Government's appeal against the High Authority's decision of January 7, 1955, was thus rendered nugatory.

138. Iron and steel cartels. — Parallel with its work on the coal-selling agencies, the High Authority proceeded with the examination of cartels in other sectors of the Common Market.

Three applications for the authorization of agreements in iron and steel industry had been received by the High Authority, which in June 1955 stated that none of these three agreements required authorization.

One of the agreements was in connection with the manufacture of a product under licence by working patents held by a producer not belonging to the Community.

The second was an agreement to grant manufacturing licences for a particular area of the Common Market. The High Authority holds the view that agreements concerned solely with the working of patents cannot be regarded as restricting the normal operation of competition within the meaning of the Treaty, and that accordingly the granting of exclusive rights for a particular area was not, in point of fact, a contravention of the Treaty.

The third case was in connection with a former agreement whereby an enterprise had discontinued the manufacture of a particular product long before the Treaty negotiations were opened. The High Authority concluded that there was no reason to suppose here either that this agreement (which was in any event due to run out in a few years' time) was affecting the normal operation of competition in the Common Market.

139. Syndicate for the importation of American coal. — The German iron and steel enterprises informed the High Authority in the beginning of August 1955 that they had entered into agreements for the importation of American coal.

The agreements are two in number:

a) an agreement among nineteen enterprises not possessing coal resources of their own to form a syndicate (Konsortium) for the importation of 1,420,000 metric tons between June 1, 1955, and March 31, 1956, the tonnages imported to be delivered to consumers not in the iron and steel industry in the coastal and inland-waterway areas of the German Federal Republic;

b) an agreement among sixty-four enterprises, including the nineteen parties to the first agreement, to raise a levy on iron and steel products, the proceeds to be employed to bring the price of the tonnages imported under the first agreement in line with the price of Ruhr coal.

After hearing the opinion of the Consultative Committee and the Council of Ministers on the financial arrangements proposed, the High Authority authorized these agreements, by its decision of November 22, 1955. [1]) In its view, they would enable extra tonnages to be imported while obviating unnecessary transporting, and would not give the enterprises concerned any powers counter to the Treaty.

The High Authority undertook to keep a check on the manner in which the arrangements were implemented, and more particularly in relation to supplies to other Community consumers as regards prices and tonnages.

1) Decision No. 32/55, of November 22, 1955 (*Official Gazette of the Community*, November 28, 1955).

140. UCOSIDER selling agency. A number of Belgian iron and steel enterprises (Cockerill-Ougrée, La Providence, Aciéries et Minières de la Sambre, Société Minière et Métallurgique de Rodange, Laminoirs d'Anvers) requested the High Authority for authorization to sell jointly a considerable proportion of their production — approximately 1m. metric tons per annum, *i. e.* 3.25% of the total sales by Community enterprises — through a new organization, the Société Anonyme Union Commerciale de Sidérurgie ("UCOSIDER").

In a decision of March 7, 1956, the High Authority duly gave its authorization. [1])

141. German joint scrap-buying organization. At the same time as it was fixing the steps by which financial arrangements to ensure a saving of scrap by the increased use of pig-iron were to be into effect, [2]) the High Authority had to examine an application for authorization submitted on June 21, 1955, by a German joint scrap-buying organization. This body, which had been set up on April 1, 1955, by practically all the German iron and steel enterprises, was to supply its members by purchasing scrap in the home and foreign markets and allocating according to a special rota any scrap which might be allotted to it. All the associated enterprises had undertaken to make their scrap purchases exclusively through this organization. These activities were closely akin to those of the old Schrottvermittlung Company, which was dissolved by decision of the High Authority in 1953. [3])

The High Authority considered, among other things, that these various arrangements tended to restrict the

1) Decision No. 11/56, of March 7, 1956 (*Official Gazette of the Community,* March 29, 1956).

2) See No. 169 below.

3) Letter by the High Authority to the Schrottvermittlung G. m. b. H., dated May 19, 1953 (*Official Gazette of the Community,* June 9, 1953).

normal operation of competition in the Common Market, that they were more restrictive than was necessary for their purpose of bringing about an appreciable improvement in the supply situation, and that they would affect a substantial proportion of the total scrap requirements of the Community's iron and steel industry, and in view of these objections it decided to refuse the authorization requested by the *Westdeutsche Schrotteinkaufs-Vereinigung* and its head office the *Westdeutsche Schrotteinkaufs-Gesellschaft.* [1])

142. Concentrations. — Since the last General Report, the High Authority has granted various applications for the authorization of concentrations between Community enterprises: [2])

a) a concentration between two iron and steel enterprises processing between them with almost 1,800,000 metric tons of crude steel per annum, and indirectly controlling the production of 2,800,000 metric tons (the authorization expressly forbilds any merger between the sales organizations of the two enterprises);

b) a concentration between an iron and steel enterprise (approximately 1,500,000 metric tons of crude steel), a coal-mining enterprise (approximately 6m. metric tons of hard coal), and certain processing enterprises;

c) a concentration between an iron and steel enterprise with a very extensive production programme and an enterprise specializing in the manufacture of special steels;

d) a concentration between two coal wholesale enterprises marketing a total of close on 650,000 metric tons of coal per annum.

1) Decision No. 28/55, of July 20, 1955, and letter by the High Authority to the Westdeutsche Schrotteinkaufs-Vereinigung, dated July 21, 1955 (*Official Gazette of the Community,* July 26, 1955).

2) See *Third General Report of the High Authority,* April 1955 (No. 136).

Two iron and steel enterprises intending to conclude an agreement whereby one is to build a semi-continuous wide-strip mill, which the other may then use for limited production under sub-contracts, asked the High Authority to examine the arrangement. The High Authority came to the conclusion that the project as described did not call for authorization under Articles 65 and 66 of the Treaty, but it reserved the right to examine the final agreement.

143. The concentrations between producers which the High Authority has been called upon to examine denote mainly a desire to specialize by co-ordinating production programmes, and a desire to rationalize by installing joint finishing plants (*e. g.* in connection with rolling-mills). The main object of such measures is to enable the concentrating enterprises to lower their production costs and to avoid duplication of investments. In addition, we note the tendency on the part of concentrating enterprises to provide against market fluctuations by linking up with raw material suppliers (*e. g.* collieries and coking-plants) and processing works (*e. g.* tube-mills, wire-drawing, works, etc.).

The concentrating enterprises vary considerably in size. The existence of the Common Market seems to have a particularly marked effect on concentrations of smaller units. Today, the smaller enterprises are finding themselves in competition with bigger units in other Community countries. By concentrating, several small enterprises can improve their competitive position.

Although the Treaty does not specify that attention must be paid to the effects of concentrations on the employment situation, the High Authority proposes to examine this aspect specially in all cases submitted to it.

Transport

144. The High Authority's work in connection with transport went ahead in accordance with the stages provided for in the Convention.

145. Abolition of rail-transport discriminations. — The abolition of discriminations proper, which was largely achieved on or just after the introduction of the Common Market, was completed in 1955 by the satisfactory settlement of three instances of discrimination raised in the interim:

a) permission for German fuels (mainly from the Aachen coalfield) carried by rail to destinations in France to pass trough various points on the Franco-Belgian frontier previously open only to Belgian and Netherlands fuel;

b) permission for Luxembourg iron and steel products bound for Germany and the Saar to pass through certain points on the Franco-Luxembourg frontier;

c) introduction of provisional measures to attenuate to some extent, and purely in connection with transport, any detrimental effects ensuing from the application of Articles 127 and 257 of the French Customs tariff law as regards carriage of iron and steel products from works in France and the Saar to certain areas on the French seaboard.

146. International railway through-rates. — Following the signing, on March 21, 1955, of the agreement between the member Governments on the introduction of international railway through-rates, it was possible to push ahead vigorously with the long and often laborious work of drawing up the rates themselves. The date prescribed, May 1, 1955, saw the publication and introduction of the general Community through-rates tariff for fuels and ores

— together with a volume containing, for the first time, tables giving the mileages between the railway stations of the Community — and various through-rate scales for bulk carriage of fuels and ores over the main routes (chiefly of fuels bound Ruhr-Lorraine and Ruhr-Luxembourg, and of ores bound Lorraine-Belgium).

The aim in introducing international through-rates was not actually to lower international transport charges, but to achieve a balance between internal and international rates. In actual fact, however, the abolition of the breaks in rates which formerly existed in respect of international carriage by rail has meant a decrease in transport charges for this type of traffic.

The member Governments would have been within their rights in altering the general level of their internal rates (on which the through-rates are based) when the international rates were introduced. However, in most of the countries concerned it was hardly felt necessary to raise them, since the measures taken in connection with the establishment of the Common Market made it possible to step up trade-exchanges between the member States very considerably. This is shown in the following table, giving the changes since 1952 in the volume of fuels and ores carried over the main international routes within the Community. The probable result of this trend will be not a drop in overall receipts, as expected in some quarters, but a definite increase in the total revenue of the railway networks of the Community from carriage of Treaty products.

Fuels and ores carried by rail over the main routes between Community countries

(000 *metric tons*)

Merchandise carried	Route	Jul.-Dec. 1952	Jul.-Dec. 1953	Jul.-Dec. 1954	Jul.-Dec. 1955
Hard coal	Ruhr and Aachen coalfields-Lorraine (for consignments to iron and steel industry)	249	237	261	253
	Germany-France (other consignees)	162	151	281	292
	Lorraine-Germany	289	439	446	456
	Belgium-France	380	382	406	410
	Lorraine-Benelux	46	35	70	94
	Saar-Germany (via France)	74	85	98	184
	Netherlands-France	—	4	92	38
Coke	Germany-Lorraine (for consignments to iron and steel industry)	1672	1023	1175	1509
	Belgium-Lorraine	115	104	239	135
	Netherlands-Lorraine	260	215	299	344
Ores	Lorraine-Belgium	1541	2029	2527	2852
	Lorraine-Luxembourg	175	244	392	446

147. As stated in the Third General Report of the High Authority, the preparatory stage in the introduction of through-rates for fuels and ores expires on April 30, 1956. [1]) On May 1, the through-rates for these goods come into force in their final form, with complete abolition of the fractional handling charge (terminal station fee) formerly collected at each frontier crossed: as from that date, the handling charge made for international carriage will be only half the fee of the consignor country plus half the fee of the consignee country, with no charge in any country of transit.

1) See *Third General Report of the High Authority,* April 1955, No. 126.

The same date will mark the beginning of the preparatory stage in the introduction of through-rates for iron and steel products and scrap.

Work has been going ahead on the drawing-up of the new through-rates, and these will be published and introduced on the day prescribed.

As an illustration of the effects ensuing from the introduction of the new through-rates to come into force on May 1, 1956, the following table shows the freight charges payable, on some of the main routes, for carriage of fuels, ores, iron and steel products and scrap, as at present and from May 1 of this year.

148. At the request of the Italian Government, the Council of Ministers at its meeting on July 16, 1955, asked the High Authority to instruct the Committee of Experts to study the problems presented, in the fixing of charges unter the through-rates tariff, by the differences in basic mileage rates from one country to another. Basing itself on the Committee's findings, the High Authority proposed to the member Governments that in the calculation of the Italian share the tapering ratio should be limited to the rate for a certain distance, and that distance increased by stages in such a way that the difference allowed would cease to exist by May 1, 1959.

149. At the same time, the High Authority submitted to the member States a draft agreement on the extension of the general Community through-rate scale to consignments from or to third countries, or from one third country to another across Community territory.

The Governments decided in favour of the agreement at a meeting of the Council of Ministers on March 16, 1956.

Development of transport costs in toe Community

Merchandise	Route	Mode of transport	Transport charges per metric ton [1] Today	Transport charges per metric ton [1] From 1.5.56
Coke	Gelsenkirchen Hbf. - Homécourt	Non-scheduled full trainload, 950 m. t., p/o	DM 20.30	DM 19.40
	Gelsenkirchen Hbf. - Esch/Alzette	Non-scheduled full trainload, 810 m. t., c/o	DM 25.40	DM 24.80
	Zeebrugge - Thionville	Non-scheduled full trainload, 900 m. t., c/o	Bfr 236	Bfr 224
	Lutterade - Thionville	Non-scheduled full trainload, 880 m. t., c/o	Hfl 16.30	Hfl 14.40
Coking fines	Alsdorf Saarbrücken/Burbach	Non-scheduled full trainload, 900 m. t., c/o	DM 19.90	DM 19.10
Coal	Reden/Grube - Regensburg Hbf.	Single trucks 20 m. t., c/o	FFr 2,419	FFr 2,341
Iron ore	Sancy - Ougrée/Marihaye	Full trainload running daily, 1,120 m. t., p/o	FFr 674	FFr 592
	Bingen/Rhein - Völklingen	Non-scheduled full trainload, 800 m. t., c/o	DM 8.00	DM 7.20
	Tétange - Duisburg-Ruhrort	Lift of trucks, 60 m. t., c/o	BFr 139	BFr 135
Scrap	Lyon/Guillotière - Turin/Dora	Single trucks, 20 m. t., c/o	FFr 2,159	FFr 1,852
Iron and steel semis	Oberhausen/Hütte - Seraing	do.	DM 20.10	DM 17.00
	Oberhausen/Hütte - Utrecht	do.	DM 16.50	DM 14.80
	Thionville/Ebange - Stuttgart Hbf.	do.	FFr 2,892	FFr 2,508
Finished products (merchant steels)	Oberhausen Hbf. - Paris/La Chapelle	do.	DM 57.80	DM 49.90
	Flémalle Grande - Fresnoy-le-Grand	do.	BFr 313	BFr 252
	Belval-Usines - Rotterdam	do.	BFr 470	BFr 424
	Beverwijk - Hagondange	do.	Hfl 35.30	Hfl 34.90

m. t. = metric tons
p/o = privately-owned trucks
c/o = company-owned trucks

[1] For carriage by privately-owned truck, prices are minus refunds, but inclusive of "returned-empty" charges.

150. Negotiations with Switzerland. — On the basis of directives agreed between the representatives of the member Governments at the meeting of the Council of Ministers on July 16, 1956, negotiations were opened in November 1955 between representatives of the High Authority and of the Swiss Government for the introduction of international railway through-rates for coal and steel traffic between Community States across Swiss territory. Discussions are proceeding.

151. Harmonization of rail-transport freight charges and conditions. — The action taken on a number of technical rate-making problems raised by the introduction of international railway through-rates amounts to advance work on the harmonization of transport freight charges and conditions, which forms the third stage in the Expert Committee's studies. The main results achieved have been the following:

a) a considerable degree of partial harmonization has been attained in respect of the national tapering scale by the standardization of the national tapering ratios for distances up to 250 km. (approx. 155 m.) for fuels and ores and 200 km. (approx. 125 m.) for the other products, by the retention for greater distances of the national tapering ratios within limits fixed by general agreement, and by application of a general limit to the tapering of the international rates;

b) in regard to the detailed specification of the products covered by the international through-rates, a standard nomenclature has been drawn up, which takes both rate-making and commercial requirements into account;

c) in regard to tonnage or load terms for the carriage of iron and steel products and scrap, there are to be a main category of 20 metric tons, and sub-categories of 15, 10 and 5 metric tons, the sub-categories to carry standard supple-

ments for all Community countries except Germany, where a different scale of supplements has been retained for the time being.

Common action has also been taken on other technical rate-making matters, including extra charges for carriage by covered truck, rates for carriage of large indivisible loads, etc.

152. The Expert Committee also continued its work under Section 10,3 of the Convention, aimed at the harmonization of "prices and conditions of transport of every kind applied to coal and steel, as far as may be necessary for the proper functioning of the Common Market".

The main object of this work is to harmonize

a) the relations between the transport-rates for the different Treaty products, particularly the relations between the rates for coal/coke, coal/iron ore and steel/iron and steel products;

b) differentiations in rates for consignments by single truck, lift of trucks or full trainload;

c) internal tapering scales for distances exceeding 200/250 km.

Study continues in connection with these problems, which are proving exceptionally complex.

153. Special domestic tariff measures. — The Treaty states that "the application of special domestic tariff measures in the interest of one or several coal- or steel-producing enterprises shall be subject to the prior agreement of the High Authoriy." If the High Authority regards such measures as being in accordance with the principles of the

Treaty, it may give "a temporary or conditional agreement" (Article 70, fourth paragraph).

By its letter of March 6, 1953, the High Authority informed the six Governments that it had instructed its Expert Committee on Transport to draw up a classified list of all such special tariff measures.

The Committee's classification was duly conveyed to the member Governments. It listed 215 tariff measures, classified under three heads:

a) tariffs for which, so far as could be ascertained, the conditions specified in Article 70, fourth paragraph, were not present;

b) supporting tariffs, of a debatable or doubtful nature;

c) tariff measures recognized as supporting tariffs by the Committee.

In accordance with the procedure decided upon and notified to the Governments in March 1954, the High Authority proposes, in preparation for the final classification at a later date and for future decisions, to deal with the problem of special domestic tariff measures in the following order: scrap, steel, iron ore, coal.

154. Railway supporting tariffs for the collieries of the Centre/Midi. — The French Government on December 6, 1955, submitted to the High Authority, in accordance with Article 70, fourth paragraph, of the Treaty, a proposal from the French State Railways for the extension up to and including December 31, 1956, of the special tariff measures which had been authorized for one year as from

the end of 1954. [1]) The measures concerned were in connection with consignments of coal from the Centre/Midi collieries to the Atlantic seaboard south of the River Loire. [2])

The High Authority took the view that the question of extending this tariff required detailed study; however, in order to ensure, where necessary, a certain continuity in tariff arrangements, it authorized an extension of the supporting tariff for three months, up to the end of March 1956. On March 8, basing itself on the findings of this study, it agreed to the extension of the measures in question, but only to and including March 31, 1957, while it reserved the right to take the matter up again with the French Government should any important change take place in the conditions of competition in the Common Market. [3])

155. Inland water transport. — No solution has so far been found for the problem of the disparities existing between internal and international water-transport rates.

In accordance with a resolution of the Council of Ministers, the member States and the High Authority postponed their endeavours to work out a joint solution, in order that they might examine the results of the broader studies undertaken by the European Transport Ministers' Conference.

At the same time, they stressed the need, should the Conference succeed in producing a solution, to examine

1) A further application was submitted on February 24, 1956, for the extension of these measures up to and including March 31, 1958.

2) See *Third General Report of the High Authority,* April 1955, No. 131.

3) Letter by the High Authority to the French Government, dated March 8, 1956 (*Official Gazette of the Community,* March 15, 1956).

whether it was compatible with the provisions of the Treaty.

As the Conference's work has not so far yielded any concrete results in this respect, the High Authority is to ask the member Governments that the matter should be discussed once more in the Council of Ministers.

156. Road haulage. — While iron ore is hardly transported by road at all, and coal usually only over comparatively short distances, the tonnages of iron and steel products hauled by road are increasing steadily.

The Expert Committee on Transport assembled material on the road-haulage situation as now existing in the Community countries, and subsequently examined the various aspects of the problem.

In its endeavours to deal with the problem of examining complaints of discriminations and distortions, the Committee considered it necessary, under Article 70, third paragraph, of the Treaty, to introduce a preliminary procedure for familiarizing itself with the main traffic flows and freight-rates actually charged. On September 3, 1955, having completed this stage in its work, it passed a resolution on the basis of which the High Authority opened negotiations with the member Governments for the introduction of an obligatory way-bill, primarily for the transport of steel by road.

The Committee then turned to studying in detail the problem of the publication of "rates and tariff provisions of all sorts" in respect of road haulage, as prescribed in Article 70, third paragraph, of the Treaty, and the problem of the actual fixing of such rates. It forwarded its report on these points to the High Authority on February 21, 1956.

Section 3 — **Direct High Authority action**

157. Direct intervention by the High Authority in the operation of the market has so far been in connection with coal prices and scrap.

The pricing system for coal

158. The normal pricing system as laid down in the Treaty provides for the freedom of prices, subject to observance of the rules on publicity, non-discrimination and methods of quotation contained in Article 60. Article 61, however, empowers the High Authority to fix maximum prices within the Common Market, if it finds that such a decision is necessary to attain the objectives defined in Article 3, and more particularly in Article 3, *c, viz.* the establishment of the lowest possible prices in accordance with the conditions stated. [1])

159. Since, in order to avoid disturbances in the economies of the member States, it was necessary that the level of coal prices in the Community should be lined up with the level of the maximum prices which had been fixed in all the member States before the introduction of the Common Market, the High Authority decided, in March 1954, to fix maximum prices for most coalfields in the Community. [2])

160. Whereas originally the fixing of maximum prices for coal was essentially a precautionary measure of

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1) „Seek the establishment of the lowest possible prices without involving any corresponding rise either in the prices charged by the same enterprises in other transactions or in the price-level as a whole in another period, while at the same time permitting necessary amortization and providing the possibility of normal returns on invested capital."

2) Decision No. 6/53, of March 5, 1953, and Decisions Nos. 7, 9, 10, 12, 13, 14, 15, 19, 20, 21, 22, 23 and 24/53, of March 6, 1953 (*Official Gazette of the Community,* March 13, 1953). See *General Report of the Community,* April 1953 (Nos. 63 and 64).

adjustment to the new conditions created by the introduction of the Common Market, their retention during the coal year 1954-55 for the Ruhr and Nord/Pas-de-Calais coalfields was decided upon because the selling system in the Ruhr (GEORG), the methods employed in trade between Community countries, and the international transport-rates then in force all constituted restrictions on genuine competition in the Common Market.

161. Since, in particular, the conditions of competition inherent in the structure of the market were still having the same effects on prices as had made it necessary to fix maximum prices for the coal year 1954-55, and since this situation in the Common Market for coal gave reason to expect that prices would develop in a manner incompatible with the principle of Article 3,*c* of the Treaty, the High Authority decided in March 1955 to retain maximum prices for the coal year 1955-56. As it was, however, anxious that its intervention in the market should be limited to the barest essentials, it confined itself to fixing maximum prices only for the Ruhr coalfield. [1])

162. The High Authority further decided to keep the maximum prices at the same level as for the coal year 1954-55. However, in consequence of a wage increase in the German collieries in April 1955, it decided in May, at the request of the collieries concerned, to authorize an average increase of DM 2.25 ($ 0.536) per ton. [2])

In its previous decision the High Authority had fixed maximum prices only for certain grades of various types, and average limits for the other grades of those

1) Decision No. 12/55, of March 26, 1955 (*Official Gazette of the Community*, March 28, 1955). See *Third General Report of the High Authority*, April 1955 (Nos. 91-95).

2) Decision No. 20/55, of May 7, 1955 (*Official Gazette of the Community*, May 11, 1955).

types; [1]) in its fresh decision, in order to avoid an excessive contraction of the price range, it established absolute maximum prices for the main grades of all types.

The increase did not affect all types and grades equally. There was differentiation by grades to adjust the selling-price range to the market situation, and the maximum prices fixed for some grades could, if necessary, be altered on receipt of a reasoned request from the enterprises.

Of the average increase of DM 2.25, only DM 1.25 was to be borne by the consumers of Ruhr coal, as the Ruhr collieries undertook to allow all buyers a standard rebate of DM 1.— on the maximum prices up to and including June 30, 1955, pending the abolition of the employers' contribution to the miners' housing fund. This contribution, and with it the rebate, were abolished on Juli 1, so that the real invoice prices to German consumers remained unchanged, while for other consumers of Ruhr coal in the Community the price went down slightly inasmuch as the deduction for non-collection of turnover tax related to the full schedule price, not to the price less rebate.

163. The *Unternehmensverband Ruhrbergbau* in September 1955 and January 1956 applied to the High Authority for authorization to change the maximum prices.

The first application concerned the introduction of a grade differentiation for the price of metallurgical coke, by putting up coke I (over 80 mm.) by DM 3.— and coke II (over 60 mm.) by DM 1.— The reason given was that by

1) Decision No. 12/55, of March 26, 1955 (*Official Gazette of the Community*, March 28, 1955). See *Third General Report of the High Authority*, April 1955 (Nos. 91-95).

means of such price differentiation it would be possible to increase the tonnage of coke suitable for use in blast-furnaces, and thus help reduce supply difficulties.

The second application concerned a price increase of DM 3.— per metric ton of saleable production. The reason given was the 9% wage increase then under discussion.

The Ruhr coal-owners pointed out that these applications did not affect the application previously submitted for a price increase of DM 2.50 per metric ton, concerning which an appeal has been lodged before the Court of Justice.

164. The High Authority examined the applications from the point of view both of production costs in the Ruhr coalmining industry and of the market situation in the Community. The German Federal Government notified it in this connection that the following steps were being taken with a view to lowering the production costs of the German coalmining industry, *viz.*

a) amendment of the rules on assessment of underground plant;

b) reduction of the employer's contribution to the miners' insurance fund, the difference to go down on the State Budget;

c) introduction of a shift bonus for underground workers.

The High Authority is examining these measures to see whether they are compatible with the Treaty.

165. Bearing in mind the above circumstances, the High Authority went into the matter of the changes to be made

in the price of Ruhr coal, in conjunction with the question as to the advisability of retaining a system of maximum coal prices. It obtained opinions on these points from the Consultative Committee and the Council of Ministers.

The Consultative Committee gave a majority verdict in favour of free prices, and added that if maximum prices were to be enforced, they should not be confined to the Ruhr alone. In the Council of Ministers three Governments were for maximum prices and two for free prices, while one abstained.

Basing itself on the investigations made and on the consultations just mentioned, the High Authority decided not to continue the maximum-price system.

In reaching this decision, it took the view that, as regards the Ruhr coalfield, the main reason for retaining the maximum-price system there in the beginning of the coal year 1955-56 was no longer valid, now that the reorganization of the Ruhr coal-selling set-up had been replaced by three independant selling agencies.

Accordingly, it was no longer essential to retain a maximum-price system in order to ensure the lowest possible prices, as required under Article 3, *c* of the Treaty. The High Authority is only allowed to take direct action in regard to production and the market when circumstances make this absolutely necessary (Article 5).

In the other coalfields of the Community prices are already free. The trend of prices in these coalfields has shown that the enterprises there are willing to observe the rules of the Treaty, and fully aware of the importance of establishing the lowest possible prices. There is no reason

to suppose that they will depart from this rule in future. The High Authority will see to it that it is observed, and in the event of infringements will, if necessary, reintroduce maximum prices.

Scrap compensation arrangements

166. Under Article 53 of the Treaty, the High Authority may, subject to certain conditions authorize financial arrangements among enterprises, or itself institute them, if it finds that they are necessary for the accomplishment of the tasks assigned to it in Article 3 and compatible with the provisions of the Treaty.

Apart from the joint financial arrangements coming under the general head of reorganization in the Ruhr and Belgian collieries, [1]) and a compensation scheme set up by certain iron and steel enterprises for the joint importation of American coal, [2]) the High Authority availed itself of this provision to deal with various problems which had arisen in connection with the establishment and development of the Common Market for scrap.

167. Directly after the introduction of the Common Market for scrap, the High Authority, in view of the Community's inadequate scrap resources and the violent repercussions to be expected from this deficit, had authorized, in accordance with Article 53,*a* of the Treaty, the institution of financial arrangements based on voluntary association between the Community's consumers. [3])

1) See Nos. 133 and 135 above.
2) See No. 139 above.
3) Decision No. 33/53, of May 19, 1953, extended by Decision No. 43/53, of December 11, 1953 (*Official Gazette of the Community*, June 9 and December 15, 1953). See *General Report of the High Authority*, April 1953 (Nos. 84-86).

The object of these arrangements was to cover the scrap deficit by importing jointly from third countries, the expense to be divided proportionally among all consumers by a levy payable on all tonnages of scrap, whether bought within the Community or imported from outside, and on a certain proportion of the enterprises' own arisings.

This necessitated the setting-up of three bodies,

a) the Joint Office of Scrap Consumers;

b) the Compensation Office for Imported Scrap;

c) the Advisory Office of Consumers and Dealers.

As a precautionary measure, a ceiling was fixed for internal scrap prices when the Common Market was introduced. [1])

168. By reason of the structural weaknesses of this system, and, more particularly, of the need for unanimity among the consumers (who are voluntary members of the Compensation Office), the High Authority decided in March 1954 to set up itself, under Article 53,*b* of the Treaty, financial arrangements for offsetting the price of scrap imported into the Community. [2])

The High Authority directed the existing *Compensation Office for Imported Scrap* to take charge of the new compensation arrangements. The Compensation Office

1) Decision No. 28/53, of March 13, 1953 (*Official Gazette of the Community*, March 15, 1953).

2) Decision No. 22/54, of March 26, 1954 (*Official Gazette of the Community*, March 15, 1954). See *Second General Report of the High Authority* (Nos. 82-86).

was to receive proposals from the Joint Office of Scrap Consumers concerning compensation payments in respect of tonnages to be imported. Failing unanimous agreement by the board of either of the two Offices, the High Authority was itself to take any decisions necessary.

The maximum-price system was abolished at the same time. [1])

169. In order to prevent in advance any break in the flow of imports, the High Authority as early as January 1955 extended the financial arrangements from March 31 up to and including June 30, 1955. [2]) Notwithstanding, at the end of March, after long discussions with the Governments and scrap-consuming industries of the member States, it decided to make certain changes in the system, consisting mainly in tightening up its control over the work of the Compensation Office and Joint Office, establishing priorities for the allotment of imports, and authorizing the departments of the Offices to maintain a reserve stock out of which they could quickly correct allocations where necessary. [3])

Detailed study by the High Authority of the scrap problem as a whole before issuing its decision revealed that it was structural in character, and could be definitely solved only on a long-term basis, within the framework of a series of measures aimed at increasing the production capacity for those qualities of pig-iron which could profitably be substituted for scrap in the production of steel.

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1) Decision No. 44/53, of December 23, 1953, and Decision No. 21/54, of March 26, 1954 (*Official Gazette of the Community,* December 30, 1953, and March 30, 1954).

2) Decision No. 2/55, of January 26, 1955 (*Official Gazette of the Community,* January 31, 1955).

3) Decision No. 14/55, of March 26, 1955 (*Official Gazette of the Community,* March 30, 1955). See *Third General Report of the High Authority,* April 1955 (Nos. 115 and 116).

Without losing sight of this long-term programme, the High Authority applied itself particularly to the working-out of measures for meeting the immediate difficulties. Between a straight application of the provisions relating to a "serious shortage" (Article 59 and Annex II of the Treaty), which is realized to be impossible in practice without compensation arrangements, and the other extreme of freeing the scrap market altogether, which could have had all kinds of consequences, the High Authority considered its best course to lie in the reorganization and extension of the compensation scheme already in force. Henceforward, therefore, compensation will no longer be payable only on imported scrap: it can also be used to encourage the substitution of pig-iron for scrap, by making good the disparity between pig-iron and scrap prices.

With the unanimous agreement of the Council of Ministers the High Authority, in July 1955, fixed the steps by which these compensation arrangements were to be put into effect. [1])

Article 9 of Decision No. 14/55 lays down the conditions under which the decisions of the Joint Office and the Compensation Office are to be taken, *viz.*

a) the permanent representative of the High Authority may cause any decision to be made subject to the approval of the High Authority;

b) where no unanimous decision is forthcoming from the board of the Joint Office and/or that of the Compensation Office, the decision shall be taken by the High Authority.

This last provision was invoked, in particular, in connection with the fixing of the compensation prices for November and December 1955 and January 1956.

1) Decision No. 26/55, of July 20, 1955 (*Official Gazette of the Community*, July 26, 1955). Decision No. 3/56, of February 15, 1956 (*Official Gazette of the Community*, February 22, 1956).

In its Decision No. 9/56, of February 29, 1956, the High Authority decided that the compensation price for imported scrap delivered by boat at port of arrival should be based on the weighted average delivered price exclusive of tax paid in Italy for each of the months concerned, less

a) 5.50 dollar units of account for Italy;

b) 7.50 dollar units of account for the other areas of the Community. [1])

170. All High Authority decisions concerning financial arrangements for compensation on imported scrap and for the saving of scrap were due to expire on March 31, 1956. The High Authority, with the agreement of the Council of Ministers, decided, pending the reorganization of the scrap market, to extend them provisionally up to and including June 30, 1956. [2])

1) *Official Gazette of the Community,* March 5, 1956.
2) Decision No. 10/56, of March 7, 1956 (*Official Gazette of the Community,* March 15, 1956.)

CHAPTER SIX

THE DEVELOPMENT OF THE COMMON MARKET

171. The High Authority has done its utmost to accomplish its task of providing both long-term and short-term guidance and promoting a steady and harmonious expansion of production by taking action simultaneously in a number of different yet closely linked and interdependent fields.

The basis of all such action is, according to Article 46,1 of the Treaty, "a permanent study of the development of the market and price trends". The High Authority has regularly kept all those concerned abreast of its findings, both by its statements to the Assembly itself, to the Market Committee of the Assembly and to the Consultative Committee, and by its Reports.

In regard to the short-term planning of the Common Market, Article 46,2 of the Treaty prescribes that the High Authority shall "periodically draw up programmes giving forecasts, for guidance, of production, consumption, exports and imports." At the Ordinary Session of June 1955, the Common Assembly adopted a resolution requesting the High Authority to publish the first such programme as soon as possible. After making the necessary preliminary enquiries, in regard, in particular, to method and frequency, the High Authority recently decided to publish quarterly forecasts in respect of crude steel, pig-iron, scrap, iron ore, coke and coal. It has instructed its departments to make

all arrangements for the first programmes to cover the period April 1 — June 30, 1956.

In regard to long-term action, the High Authority defined its first general objectives, which were submitted to the Consultative Comittee and duly published. It also set up a number of Committees which are to study in greater detail the problems presented by the general objectives.

The whole of the hundred-million-dollar loan contracted by the High Authority in the United States in April 1954 has in the meantime been allocated. The Treaty provisions on prior notification of investment programmes have been implemented.

Various sums were set aside for the encouragement of technical research.

Co-operation continued between the six Governments and the High Authority with a view to harmonizing the general economic development.

Section 1 — **General objectives and long-term policy**

172. In sectors where investments take so long to produce results as they do in the coalmining and iron and steel industries — thirty, fifty or a hundred years from the installation of the new plant — much intricate work is required to obtain the forecasts which are to guide the enterprises, the Governments and the High Authority itself in their action.

For this reason, the Treaty, in Article 46,3, specifies that the High Authority must "periodically set out the general objectives with respect to modernization, the long-term planning of production and the expansion of productive capacity".

173. A first "Memorandum on the Definition of the General Objectives" was published in July 1955.[1] The points contained in this document were summarized in the Report on the Activities of the High Authority for the Extraordinary Session of the Common Assembly in November 1955.[2]

In publishing the Memorandum, the High Authority stressed that it was intended only as a first attempt to establish the broad outlines of the action to be taken, and would need to be amplified and, if necessary, amended in the light of any fresh trends which might emerge.

To this end, the High Authority set up a number of Expert Committees to study, each within its own particular field, the various aspects of the general objectives, and, on the completion of the preliminary work, on December 21, 1955, approved the terms of reference of the different Committees and the list of experts to be invited to form them.

For each of the two sectors, coal and steel, a number of special committees and a co-ordination committee were set up.

1. *Steel*

A *Forecasting Committee* is to forecast internal demand for steel and exports in 1960 and 1965, these forecasts to relate both to the overall tonnages required and to the various types of product and qualities of steel involved.

A *Raw Materials Committee* will calculate requirements of scrap, pig-iron, coke and iron ore, in relation to

1) *Official Gazette of the Community*, July 19, 1955.
2) See *Report on the Activities of the High Authority*, November 1955 (Nos. 73 and 74).

estimated steel requirements. It will also study the technical methods employed in the extraction and dressing of ore, and more particularly in sintering.

A *Methods and Costs Committee* will study the broad types of modernization and the advantages and costs they involve. It will also deal with possibilities of standardizing plant and equipment for the iron and steel industry.

A *Ways and Means Committee* will examine the problem of investments, manpower and raw-material supplies (this last in co-operation with the Raw Materials Committee), in order to determine the balance between requirements and resources, and hence to ascertain the overall capacity to be attained and the methods to be employed for achieving the necessary balance.

The *Co-Ordination Committee (Steel)* will see that the work of these Special Committees proceeds smoothly. Future production capacities in five and ten years' time must be worked out on the basis of future requirements as defined by the Forecasting Committee, of raw-material supplies and the scope for intensive modernization, as well as of the manpower available and the investments possible in the future. The Co-Ordination Committee met for the first time on January 16, 1956.

2. *Coal*

A *Forecasting Committee* is to forecast Community coal requirements for 1960, 1965 and 1975. These forecasts will not relate only to tonnages, but will also, as far as possible, embody indications as to requirements for different grades.

A *Methods and Costs (Underground) Committee* will undertake a thorough study of the technical, economic and social problems in connection with activities underground, such as coal-winning and the rational working of

deposits, with a view to stepping up productivity. It will also examine the repercussions of any increase in output on labour costs and the other items in the collieries' production costs.

A *Methods and Costs (Surface) Committee* will study the technical, economic and social problems in connection with surface installations at the collieries and B. K. B. works.

A *Valorization Committee* will define the application and scope of the most up-to-date methods for raising the economic value of coal. These will include the mechanical preparation and processing into high-grade products of the numerous products now used only in part or not at all.

A *Ways and Means Committee* is to begin by determining future production potential, allowing for geological and technical conditions. It will also bring to light possible bottlenecks, particularly in regard to manpower and housing requirements. It is at present engaged in making a return of the Community's reserves, on the basis of uniform data, which are essential for any subsequent study or conclusion.

The *Co-Ordination Committee (Coal)* will provide guidance for the proceedings of the Special Committees, and combine their reports in order to ascertain to what extent possibilities as regards the working of the Community's deposits are likely to cover the various requirements emerging as time goes on.

Such co-ordination is all the more necessary as the problem of the coalmining industry is a complex one: with the economy expanding as it is at present, energy would appear to form a permanent bottleneck, so that it is essential to ensure two things, firstly, that the price of coal should be kept at a competitive level, and secondly, that

coal requirements should be met for a considerable number of years to come.

The Co-Ordination Committee met for the first time on January 12, 1956. It drew up its working programme, and laid down the terms of reference of the various Special Committees.

174. The Committees which have been instructed to study the general objectives cannot possibly finish their work before October 1956, and it is not certain that even partial conclusions can be drawn before then.

The High Authority is, however, keeping an attentive eye on the development of requirements as revealed by the present situation. The great demand for steel reflected in the steady flow of new orders and the production programmes of the processing industries, the persistent deficiency in scrap resources, and the abundance of supplies of iron ore already furnish sufficiently clear and accurate indications as to the expansion to be sought for in production capacities, and more particularly ore-sintering, blast-furnace and, accordingly, coking-plant capacity.

As regards coal, it is less easy at this stage to foresee what the findings of the Committees will be, to what extent it will be found desirable and possible to go ahead with the sinking of new pits, or in what way production costs can be limited for those pits which are to be retained or started. On the other hand, there can be no possible doubt as to the permanent value of such measures as concentration of pits, modernization of installations, and extension of power-stations consuming low-grade products.

175. A summary of the High Authority's 1954 Memorandum on Coal Policy was included in the last General Report. [1])

1) See *Third General Report of the High Authority*, April 1955. (Nos. 139-145).

The Memorandum has in the meantime been dealt with in a detailed report by a special committee of the Council of Ministers, in which each Government stated its views on the policy outlined by the High Authority.

On February 9, 1956, the Council of Ministers and the High Authority held a first discussion on coal policy, on the basis of the Memorandum and of the ad-hoc committee's report.

Points discussed were mainly in connection with the close interlinking of the various aspects of any coal policy, particularly in regard to the possibility of ensuring a certain flexibility in coal prices, the import policy to be followed, the financing of stocks, etc.

Section 2 — **Investments and their financing**

The main lines of High Authority Action

176. The High Authority's tasks in connection with investments are defined in various Articles of the Treaty, including more particularly Articles 3,*d*, 3,*g*, 5,4 and 46,3.

The means at its disposal for carrying out these tasks are laid down in Articles 54, 50, 51 and 46. They are limited. The High Authority is not allowed to insist that certain investments be made or not made. The enterprises take their own decisions and are responsible for them.

The High Authority has, however, many ways of making its influence felt in this field. These include the circulation of general information, the issuing of opinions on individual investment programmes to be undertaken by enterprises, and the granting of loans and guarantees.

177. General information. — The stage reached in work on the general objectivies of the Community was described in the preceding section.

As regards investments completed, in hand or planned, the High Authority makes general surveys at the beginning of each year, and is notified of each individual programme before work is actually started upon it. These two sources of information enable it to draw up an overall picture of the scale and nature of present and future investment activities.

Obviously, the tables and figures representing these annual surveys and individual statements have to be compiled with caution and read with a discerning eye, as any programme started may vary a good deal both in the speed and in the completeness with which it is carried out. Not all the data have the same value. However, it is possible to elicit the trends in the development of the industries.

178. Opinions on investment programmes. — By its Decision No. 27/55, of July 20, 1955, the High Authority, in accordance with Article 54 of the Treaty, made it compulsory for enterprises in the industries of the Community to notify it in advance of investment programmes planned by them. This measure relates to programmes for which the total estimated expenditure exceeds 500,000 dollars (E. P. U. units of account) for entirely new plant, or 1,000,000 dollars for replacements and conversions. Statements must give details as to the nature of the proposed work, how long it is expected to take and the estimated amount to be expended, together with all relevant data on results hoped for, supplies of raw materials, and consequences for the workers. [1])

1) *Official Gazette of the Community,* July 26, 1955.

The High Authority may issue opinions on these statements; it is even obliged by the Treaty to do so when either

1) the enterprise expressly requests its opinion or

2) it finds (Article 54, fifth paragraph) that the operation of the proposed installations would require a subsidy.

In all other cases, the High Authority hopes to confine itself to expressing an opinion only where the programme is of particular interest, or gives rise to doubts as to whether it is in conformity with the general objectives.

Quite apart from the official opinions, it should be added that inspections and discussions in connection with the examination of statements often provide an opportunity for proffering useful advice, particularly to small and medium-size enterprises which are not as well informed on technical advances as the bigger firms.

179. Granting of loans and guarantees. — The High Authority is empowered to provide enterprises with funds for the financing of investments, and to give its guarantee, measures which are in themselves capable of influencing investments.

An account is given on a later page of the measures the High Authority has taken to facilitate the realization of investment programmes.

180. By employing all the methods thus at its disposal, the High Authority is able to provide guidance for all concerned, by acquainting them with the position and probable development of current investments, and with the most urgent requirements indicated by the general objectives. In this way, it is able to encourage the co-ordinated development of investments, and to take more direct action where the Treaty makes provision for it to do so.

Investments in hand

181. Annual survey of investments. [1]) — The provisional findings of the 1955 survey were given in the High Authority's monthly report for June-July 1955 (Nos. 82-86). The final conclusions are shown in the following tables. We would mention once again that the figures are only approximations. Also, since the balance-sheets of the Community enterprises are not all drawn up on the same date, the figures may have to be corrected in connection with the next annual survey, so that discretion should be exercised when drawing conclusions. Furthermore, in consequence of alterations in the methods employed, the findings for 1954 are not strictly comparable with those for 1955.

The surveys were not extended to cover the very small enterprises. They relate to enterprises accounting for a total of 97% of the production.

182. The *overall volume of investments* carried out in the Community during recent years works out at something between $ 1m. and 1,200,000 per annum, not counting investments by Community enterprises for the production of non-Treaty products.

Forecasts for 1955 show a very clear tendency towards the stepping-up of extensions and modernization.

The data provided by the questionnaires used in connection with the 1956 survey are now being analyzed and tabulated, and the results will be published at a later date.

1) See *General Report of the High Authority,* April 1953 (Nos. 110-112); *Report on the Situation of the Community,* January 1954 (Nos. 28-37); *Second General Report of the High Authority, April 1954* (Nos. 118-127).

Final results of the 1955 survey

(000,000 $ units of account)

	Actual expenditure		Estimated expenditure 1955
	1953	1954	
Iron and steel industry	493	441	654
Coalmining industry	448	501	523
Lignite mines (briquetting works)	6	7	9
Iron-ore mines (incl. ore-dressing plant)	28	29	46
Total:	**975**	**978**	**1 232**

183. The following table reveals a smaller volume of investment in the iron and steel industry for 1954 than for 1953. It may be concluded that the slowing-down of economic activity and the drop in production during 1954 caused certain enterprises to go slow on their investments. The estimated expenditure for 1955 is, however, considerably higher.

Investments in the iron and steel industry

(000,000 $ units of account)

	Actual expenditure		Estimated expenditure 1955
	1953	1954	
1. Blast furnaces	39,56	37,75	62.10
2. Steelworks	75,81	56,02	97,36
a) basic Bessemer	22,67	20,47	29,13
b) open-hearth	17,87	17,63	46,30
c) electric-furnace and other	6,17	10,17	20,64
d) (additional expenditure declared later, items 2a, b, c)	29,10	7,75	1,29
3. Rolling-mills	266,40	248,57	348,56
4. Preparation of charge	11,01	13,03	19,64
5. Power-stations	27,90	37,83	48,36
6. Coking-plants at steelworks	21,71	15,52	30,37
7. Miscellaneous	13,40	24,14	46,82
8. (Additional expenditure declared later, items 1, 4, 5, 7)	37,44	7,70	0,69
Total:	**493,23**	**440,56**	**653,90**

The increase in capacities resulting from these new investments is shown in the following table. As the concept of "capacity" is still somewhat vague, these figures should be used with the utmost caution. It should also be noted that no conclusion is to be drawn from a comparison between expenditure in the successive years and increases in capacity resulting from work completed during each year: installation of plant entails expenditure over a number of years, and yields results only upon completion, or even after a fairly lengthy period required for the running-in of the plant and the training of personnel.

Net increase in capacity achieved or expected in the iron and steel industry [1])

(000 metric tons)

	1954	1955 (forecast)	1956 (forecast)
Coking-plants at steelworks	1 125	968	623
Sintering plants	360	2 150	500
Blast-furnaces	988	793	2 254
Steelworks:	2 984	1 461	2 878
basic Bessemer[2])	1 650	475	1 220
open-hearth	1 135	411	1 160
electric furnace and other	199	575	498
Finished products	2 267	4 207	3 225
heavy sections[3])	151	455	232
light sections[4])	213	1 141	349
wire-rod	350	685	47
hoop and strip	90	741	—
plate over 3mm[5])	400	62	1 487
plate and sheet under 3mm[5])	1 063	1 123	1 110

1) Net increase for the year in question over the year before, as a result of investments.

2) The capacities reported in respect of the new basic Bessemer steelworks are frequently in excess of what can at present actually be produced by the works, in view of their present pig-iron production capacity. They will, therefore, only give rise to increased steel production when the blast-furnace capacity is increased.

3) Production of the heavy and medium section mills.

4) Production of the small-bar and light section mills.

5) Partly produced on hot-rolling wide-strip mills.

It is not possible to say without qualification whether the extension of capacity in the different sectors of the iron and steel industry is properly balanced.

Thus the increase in *blast-furnace* capacity appears insufficient compared with the increase in steel-production capacity (7,300,000 metric tons), since it is barely 4m. metric tons. In actual fact, there have been considerable indirect extensions in pig-iron production capacity, thanks to improvements in regard to ore-dressing (crushing, grading, concentrating and sintering plant) and reconstruction and modernization work, although these are not included in the survey on investments. Longer runs of the blast-furnaces can also affect their total capacity. Although the extension of capacities as a result of all these factors together is considerable, the inference is, nevertheless, that an active policy of extending blast-furnace capacity would be advisable.

As regards the *steelworks*, it would appear that capacity extensions in respect of basic Bessemer steel — which in the normal way accounts for one-half of the Community's production — are lagging behind capacity extensions for open-hearth and electric-furnace steels. Sometimes an extension of the capacity of blast-furnaces linked with a basic Bessemer steelworks may result in an incalculable increase of the steelworks' capacity. This possibility should not, however, be overestimated, particularly as the extension of pig-iron capacities, as we have seen, remains rather limited. Apprehensions as to the future trend in availabilities of scrap suggest that it would be inadvisable to increase open-hearth and electric-furnace production unless there is at the same time a considerable stepping-up of the use of pig-iron in open-hearth furnaces, or a saving of scrap in open-hearth and electric-furnace works by the employment of the duplex process, or an increased supply of basic Bessemer steel scrap arising from a substantially increased basic Bessemer steel production.

It should further be stressed that a very considerable increase of capacity is going on in the electric-furnace steelworks, reflecting a technical development similar to that in the American iron and steel industry.

Although steelworks capacity is growing much faster than blast-furnace capacity, the extension of *rolling-mill* capacity is going ahead faster still (9,700,000 metric tons). Admittedly, rolling-mill capacity always does exceed the production potential of the steelworks, and there can be no objection to its further extension, within limits. If we allow for the numerous improvements to rolling-mill plant which do not constitute investments proper, the disparity between the increase in crude-steel capacity (7,300,000 metric tons) and that in rolling-mill capacity (9,700,000) is rather striking. Although it is true that market requirements oblige the rolling-mills to maintain a much bigger margin between capacity and production than the steelworks and blast-furnaces, the deficiency observed in supplies of semis to the rolling-mills raises the question whether extensions, reconstructions and additions to plant may not have created reserve capacities in excess of the requirements of the market at present.

At the same time, stronger competition would alter the situation, by weeding out production units which are still in operation today because business is good, although economically they have long been a doubtful proposition. This point is of particular importance in connection with flat products, and more especially sheet. The extension of continuous and semi-continuous wide-strip mill capacity (cold-rolling and hot-rolling) raises the question of a possible decline in non-continuous sheet and strip mills, which still account for a substantial proportion of production. The development of the market, and more particularly of prices, will probably turn the scale here.

No definite conclusions emerge from a comparison of extensions of capacity. Moreover, later programmes have re-established the relation between extensions of capacity in the different sectors. It is non the less true, however, that there will need to be larger investments in the coking-plants to enable them to adjust their capacity to the rapid increase in pig-iron and crude-steel production.

184. In the *coalmining industry,* expenditure in 1954 was higher than in 1953. The estimates for 1955 were higher still.

Investments in the coalmining industry

(000,000 $ units of account)

	Actual expenditure		Estimated expenditure 1955
	1953	1954	
Coalmining industry			
Collieries (shafts, winding equipment, screening and washing-plant)	234,78	271,67	316,78
Coking-plants, mine-owned and non-mine-owned	101,91	96,30	72,47
Briquetting-works	4,01	4,57	12,25
Pithead power-stations and generating-plant	107,05	128,34	121,88
Total:	**447,75**	**500,88**	**523,38**
B.K.B. works	*6,55*	*7,25*	*8,88*

A breakdown of investments in hand by types of plant reveals the following:

Collieries — Expenditure on investments is mainly on existing plant, with the object of increasing capacity and, in particular, lowering production costs and improving products, *e. g.* on mechanical preparation of coal. Only three entirely large new shafts were being sunk.

Coking-plants — There has been a drop in expenditure on investments. This is due mainly to the fact that a number of large-scale programmes have recently been, or are about to be, completed.

Briquetting-works — Both expenditure on investments and increases in capacity have been small, and have been confined to the collieries, to the exclusion of the briquetting-works not owned by mines.

Pithead power-stations — Expenditure on investments continues high: power output is increasing at a tremendous rate, with the tendency to concentrate on large units.

B. K. B. works — Expenditure on investments is in line with the maintenance of production, which is expected to continue more or less unchanged at the present level.

Net increase in capacity achieved or expected in the coalmining industry [1])

	1954	1955 (forecasts)	1956 (forecasts)
Pits (000 metric tons p.a.)	5,275	6,276	6,469
Coking-plants (000 metric tons coke p.a.)	3,273	3,415	0,735
mine-owned	1,756	1,943	0,222
non-mine-owned	0,392	0,504	—0,110
at steelworks	1,125	0,968	0,623
Briquetting-works (000 metric tons p.a.)	0,381	1,882	0,202
Pithead power-stations (max. power output in 000 kW)	520	378	297

1) Net increase in the year in question over the year before, as a result of investments.

185. Investments in the *iron-ore mines* also showed an increase.

Investments in iron-ore mines

(000,000 $ units of account)

	Actual expenditure		Estimated expenditure 1955
	1953	1954	
Iron-ore mines	27,70	29,17	46,22
incl. ore-dressing plant	4,93	6,69	13,07

As in the case of the collieries, expenditure on investments is mainly on existing plant; a considerable proportion goes on ore-dressing, and this showed a tendency to increase during 1955, both absolutely and relatively. The expected increase in extraction potential was 11,400,000 metric tons in 1954-55, and 4,700,000 in 1955-56.

186. Prior notification of investment programmes. — A study of the statements received between September 1, 1955, and March 1, 1956, in accordance with the decision of July 20, 1955, yields a certain amount of information, although in view of the shortness of the period involved it would be unwise to infer too much from the data thus assembled.

In comparing the investment programmes and capital expenditure in the different sectors of industry, we must bear in mind that the time involved varies very considerably. In the collieries, for instance, as also in the iron-ore mines, investments cover longer periods than they do in the iron and steel industry. Thus if we compare capital expenditure in the iron and steel industry and in the collieries over a period of only six months, it is impossible to give a verdict as to the relation between them. The shorter the period, the greater the risk of recording a purely fortuitous disparity. Only on this understanding is it possible to analyze and assess the results of the first statements forwarded to the High Authority.

During the period concerned, 67 programmes comprising 87 major schemes, to a total value of approximately 357m. dollar units of account, were notified to the High Authority. In addition, there were four programmes to the value of $ 7,740,000 in all, which were postponed or abandoned after they had been notified, by reason either of difficulties as to financing, or of material changes in plans.

No comparison should be made between the total value of $ 357m. and the capital expenditure mentioned in the annual survey for 1955. This survey covers all expenditure on investment irrespective of the value of the various projects, whereas the current statements do not list any project below $ 500,000 or $ 1,000,000, as the case may be. Besides, it was only in the last few weeks of 1955 that the procedure as regards notification of programmes began to operate normally.

187. The projects notified are distributed as follows over the different sectors.

(000,000 $ units of account)

	Number of projects	Estimated expenditure
Iron and steel industry	59	234.99
Coalmining industry (including non-mine-owned coking-plants)	26	117.93
B.K.B. works	—	—
Iron-ore mines	2	4.19
Total:	**87**	**357.11**

188. Statements from the *iron and steel industry* may be subdivided as follows:

	Number of projects	Estimated expenditure (000,000 $ units of account)	Increase in net annual capacity (000 metric tons)
Preparation of charge	7	31.01	3 061 (sintering)
Blast-furnaces	11	52.79	1 482
Basic Bessemer steelworks	5	37.05	1 430 + 140 (as result of increased blast-furnace output)
Open-hearth steelworks	4	20.93	896 — 180 (substitution of electric-furnace steel)
Electric-furnace steelworks	4	5.33	305
Rolling-mills	18	56.10	185 (sections) 266 (flats) 700 (semis)
Coking-plants	4	7.91	535
Power-stations	1	1.30	7 400 kW
Galvanizing and tinplating	3	17.17	—
Miscellaneous	2	5.40	
Total:	**59**	**234.99**	

189. A breakdown according to types of projects notified by the collieries shows that approximately two-thirds of the total expenditure is to go on power-stations. Expenditure on pits will be comparatively small, as will investments in the coking-plants, both mine-owned and non-mine-owned. [1])

	Number of projects	Estimated expenditure (000,000 $ units of account)	Increase in net annual capacity (000 metric tons)
Pits	13	29.16	1 895
Mine-owned coking-plants	2	5.84	440
Non-mine-owned coking-plants	3	2.64	91
Pithead power-stations	8	80.29	639 000 kW
Briquetting-works	—	—	—
Total:	**26**	**117.93**	

190. Investment programmes notified by the *iron-ore mines,* totalling just over 4m. dollar units of account, remain fairly limited in scope.

191. The High Authority has issued three opinions in connection with the statements of investment programmes submitted to it. A list of these opinions is published in the *Official Gazette of the Community* [2]), in accordance with Article 54 of the Treaty. Most of the prorammes notified relate to modernizations, replacements and extensions which did not call for any comment from the High Authority.

1) Investments on a considerable scale are being effected in the pits, but these programmes were started before it became compulsory to notify investment programmes in advance. At the same time, the power-station projects are just the ones which can be completed in a comparatively short time. In view of the very high expenditure involved, a single project for sinking a new shaft can completely change the ratio of the figures to one another.

2) The first list of opinions appeared in the *Official Gazette of the Community* of March 15, 1956.

However, bearing in mind once more the shortness of the period for which these statements have been available, we may put forward the following observations:

(1) In the *iron and steel industry,* it is satisfactory to note a development of ore-sintering plant, and an increase in blast-furnace capacity to result from the programmes as notified.

While the open-hearth and electric-furnace programmes aim at a production increase of 1,021,000 metric tons, the increase in pig-iron production will be as much as 1,482,000 — and even a good deal more — thanks to the greater output of the blast-furnaces as a result of the increased use of sintered ore.

The two figures taken side by side suggest that these new investments alone will help to ensure that the scrap situation deteriorates only slightly, though they will not actually cause it to take a turn for the better.

On the other hand, the increase in coke production — 1,065,000 metric tons for all coking-plants, mine-owned, non mine-owned and at the steelworks — would appear to be lagging behind the rise in blast-furnace requirements.

(2) In the *coalmining industry,* it should be noted that work has been undertaken on a considerable scale in regard to power-stations, in accordance with a tendency, which seems to be already fairly widespread, to seek to make the best use of low-grade products.

(3) In the *iron-ore mines,* the programmes notified are on a very small scale. They are mainly concerned with ore-crushing and dressing plant.

Financing of investments

192. The High Authority is empowered to grant loans and guarantees to enterprises:

a) to facilitate the financing of capital schemes in the coalmining and iron and steel industries, including the building of worker's houses;

b) to facilitate with the unanimous agreement of the Council of Ministers the financing of capital schemes not planned by Community enterprises, provided these relate to "works and installations which contribute directly and mainly to an increase of production or to lower production costs, or which facilitate the marketing of products subject to its jurisdiction" (Article 54, second paragraph);

c) to facilitate the financing of measures designed to create new employment possibilities for workers becoming redundand in consequence of technical advances, or temporarily redundant in consequence of the Common Market.

193. The High Authority began its work in the financial field a month or two after it first assumed its duties, beginning by establishing the primary basis for its credit. [1])

It continued thereafter with three main objects in view:

a) to help the industries of the Community to gain access to capital markets hitherto closed to them, in which it was possible to raise loans on favourable terms for the financing of industrial investments;

b) to stimulate the capital markets within the Community, in order to make available the additional credits required for industrial investments, and arrange for the granting of loans and credits for the building of houses for the workers employed in the enterprises of the Community;

1) See Annex on "Yield and Employment of the General Levy".

c) to endeavour to bring down loan costs, in order to lighten investment charges and reduce the differences in interest rates between one Community country and another.

194. In 1954 and 1955, the High Authority raised five long-term loans (over twenty-five years) totalling 117,500,000 dollar units of account.

These moneys are being reloaned with no commission charged apart from banking agent's fees, which amount to not more than 0.25%.

The rates of interest payable by the borrowers are much lower than those charged in most Community countries for such long-term loans.

Loans contracted by the High Authority

Country	Lender	Amount of loan (or loans granted out of this loan)	Term of loan	Interest charged by lender	Interest payable by end borrower
United States	Export-Import Bank	$ 100,000,000	25 years	3 7/8%	4.1%
Germany (W.)	Rheinische Girozentrale	DM 25,000,000	25 years	3 3/4%	4.5-4.75% [1]
do.	Landesbank	DM 25,000,000	25 years	3 3/4%	do.
Belgium	Caisse d'Epargne et de Retraite	Bfr. 200,000,000	25 years	3 1/2%	3.75%
Luxembourg	Caisse d'Epargne de l'Etat	Bfr. 25,000,000	25 years	3 1/2%	3.75%
Saar	Landesbank u. Girozentrale	Ffr. 350,000,000	20 years	4 1/4%	4.5%

1) The difference of ¾-1% is due to the financing arrangements for workers' housing in Germany, which have to be made through a mortgage bank.

The High Authority's dollar loans were supplemented

a) in Germany, by additional credits from the Kreditanstalt für Wiederaufbau, totalling DM 160,000,000;

b) in Belgium, by additional credits from the Société Nationale de Crédit à l'Industrie, totalling approximately Bfr. 1,200,000.000.

195. Furthermore, it has been possible to do good work for the Community enterprises by the manner in which the funds derived from the levy on coal and steel production are invested and by the terms agreed for these deposits with banks and financial institutions in the Community according to the degree of liquidity required.

The investment of large sums of money in the form of bank deposits at notice provided a natural basis for agreements with the banks whereby the industries of the Community could be offered additional medium-term credits at reduced rates of interest. These medium-term credits opened for the enterprises on the banks' own responsibility total (including the agreements signed at the beginning of 1956) the sum of 42m. dollar units of account.

The following table gives the breakdown by countries and the terms for the five-year credits granted to the industries through the High Authority's investment policy.

Country	Amount in national currency	Value in 000,000 dollars	Interest payable by end borrower
Germany (W.)	DM 100,000,000	24	$4\,^{7}/_{8}$ %
Belgium	Bfr. 300,000,000	6	$4\,^{1}/_{2}$ %
France	Ffr. 2,500,000,000	7	$4\,^{1}/_{2}$ %
Italy	Lit. 2,000,000,000	3	$5\,^{1}/_{4}$ %
Luxembourg	Bfr. 100,000,000	2	$4\,^{1}/_{2}$ %
		42	

The above rates of interest are appreciably lower than those usually charged on loans of this type, which are from 6 to 8% in most countries of the Community.

These credits were made possible thanks to the co-operation of the following banking-houses:

Germany: Kreditanstalt für Wiederaufbau, Frankfurt;

Belgium: Banque de la Société Générale; Banque de Bruxelles; Société Belge de Banque;

France: Crédit National, Paris;

Italy: Istituto Mobiliare Italiano, Rome;

Luxembourg: Banque Internationale; Banque Générale.

In the Saar, negotiations are in progress for similar arrangements. In the Netherlands, the coalmining and iron and steel enterprises have given no notice of any credit requirements for the current year.

196. Allocation of the American loan. — The last General Report contained details of the allocation of a first *tranche,* totalling $ 64,400,000, out of the hundred-million-dollar loan contracted by the High Authority in the United States in April 1954.

When that Report was issued, two problems remained outstanding. [1]) The first was the amount to be allotted to the Belgian power-stations. A decision had already been reached in principle, but the agreements had not actually been signed owing to legal difficulties. The High Authority finally set aside $ 14m. for these projects.

1) See *Third General Report of the High Authority,* April 1955 (Nos. 153 and 155).

The second problem was the amount to be contributed to the financing of housing for workers employed in the collieries and iron-ore mines. The High Authority had originally earmarked the sum of $ 25m. for this purpose, out of the American loan. There was, however, the problem of exchange risk in the event of any devaluation of the borrower's national currency in relation to the dollar. In the case of industrial loans this risk is usually borne by the enterprises, but there could be no question of any such arrangement in connection with the financing of workers' housing.

Since it was unable to obtain from Eximbank European currency to the value of $ 25m., the High Authority entered into negotiations in Community countries, and contracted loans with which to contribute to the financing of workers' housing schemes. [1])

The High Authority was thereby enabled to set aside the amount of the American loan, thus released for reallocation, in accordance with the same criteria as before, [2]) for collieries, power-stations and coking-plants, and for iron-ore production and dressing plant.

The hundred million dollars of the American loan were finally allocated as shown in the following table.

1) See No. 197 below.
2) See *Third General Report of the High Authority,* April 1955 (No. 155).

Allocation of the American loan (*000,000 $*)

	Projects submitted by enterprises[1])	Projects approved by High Authority[2])	Credits granted
Pits			
Ruhr	58.14	48.79	14.44
Aachen	18.55	18.55	6.50
Nord/Pas-de-Calais	30.68	10.07	2.43
Lorraine	30.96	26.72	3.30
Aquitaine	1.67	1.67	0.57
Saar	11.83	11.83	4.20
Total:	*151.83*	*117.63*	*31.44*
Coking-plants:			
Germany	15.77	9.78	3.00
Lorraine	9.43	—	—
Saar	23.45	1.54	0.70
Total:	*48.65*	*11.32*	*3.70*
Pithead power-stations			
Ruhr	56.54	56.54	18.91
Southern Belgium	79.22	56.00	14.00
Campine	9.66	—	—
Nord/Pas-de-Calais	13.56	13.56	3.85
Lorraine	40.00	40.00	3.85
Saar	17.14	17.14	5.50
Sulcis[2])	11.20	—	—
Total:	*227.32*	*183.24*	*46.11*
Extraction and dressing of iron ore			
Germany	13.19	12.54	4.55
Lorraine	31.72	31.72	8.00
Italy	11.22	9.87	5.20
Luxembourg	4.20	4.20	1.00
Total:	*60.33*	*58.33*	*18.75*
Grand total:	**488.13**	**370.52**	**100.00**

1) Expenditure after January 1, 1955.
2) Total cost of project.

197. Aid for the financing of workers' houses [1]) — The second scheme launched in connection with long-term loans was for financing the building of houses for miners.

1) For technical details, see Nos. 228-230 below.

As we have seen, the High Authority contracted loans in Germany, Belgium, Luxembourg and the Saar, totalling 17,500,000 dollar units of account.

In other countries, without actually itself borrowing, the High Authority concluded agreements whereby credit institutions will grant loans at reduced rates for building purposes.

Taking both the funds raised by the High Authority itself and the forthcoming transactions in France and Italy, we find that the total funds involved for the financing of housing may be broken down as follows:

Building of workers' houses

Country	Approximate number of housing units	Total cost (in national currency)	High Authority contribution (in national currency and 000,000 $)
Germany (W.)	10,000	DM 200m.	DM 50m. = 11.9
Belgium	1,600	Bfr. 400m.	Bfr. 200m. = 4.0
do.	—	—	Bfr. 20m.[1]) = 0.4
Luxembourg	25	Bfr. 10m.	Bfr. 5m. = 0.1
Italy	400	Lit. 1,000m.	Lit. 500m. = 0.8
Saar	350	Ffr. 800m.	Ffr. 350m. = 1.0
France	2,500	Ffr. 5,000m.	Ffr. 2,500m. = 7.0
Community	**14,875**		**25.2**

1) For the building of hostels for workers from other countries. As the plans have not yet been drawn up, it is not possible to indicate the number of housing units or the total cost.

198. Financial outlook. — How much, it may be asked, can the High Authority do to help with the capital schemes now planned by the industries of the Community?

The total figure for capital schemes carried out in the Community during the period 1953-55 was 3-3,300,000 dollar units of account, and it is estimated that the 1956 figure will be approximately 1,000m.

It may be that the investment curve of the coal-mining and iron and steel industries of the Community has already passed its peak: at one time this seemed possible, but it looks less likely at the present juncture. The fact remains, whichever way we look at it and whatever the economic situation may be, that financing requirements in connection with modernization and expansion are considerable. Among other problems, there is the matter of sinking new shafts in Germany. It would appear, both from definite requests and from various feelers put out, that the High Authority is expected to contribute to the financing of investment schemes and the building of workers' houses in the coming year.

This work of raising long-term credits and redistributing the funds obtained in the form of loans at moderate rates of interest to Community enterprises would be made a great deal easier if the barriers which still separate the capital markets of the different countries were done away with.

The role assigned by the Treaty to the High Authority in regard to finance will never be the true complement to its economic and social role — the Common Market for coal and steel products, freedom of movement for miners and steelworkers — until the member States agree to the principle of freedom for the transfer of capital, both inward and outward, for the financing of the investment programmes of the industries which have been pooled in the Common Market.

Section 3 — **Technical research**

199. The development of modern industry is conditioned by the state of scientific and technical knowledge, and by the speed with which that knowledge can be put to practical use. In all countries in the world possessing a highly-developed industry, the industries and, in various ways,

the authorities are doing everything to encourage research. The Treaty establishing the Community itself makes it incumbent on the High Authority to "encourage technical and economic research concerning the production and the development of consumption of coal and steel" (Article 55).

The High Authority has two functions in connection with technical research. Firstly, it arranges meetings of experts in order to obtain an overall picture of the studies and other work carried on in the various specialized research centers. It thus helps to ensure a certain co-ordination of the work and the pooling of results, whereby duplication is to some extent avoided and any deficiencies in information are made up. Secondly, it can give direct financial assistance with a view to stimulating and facilitating research, employing for this purpose part of the funds derived from the levy on coal and steel production.

During the last twelve months the High Authority has continued its work along both these lines, as also in connection with the standardization of products.

200. As regards *coal,* the problems dealt with so far by the two Expert Committees (consisting of experts from the member countries and from the United Kingdom) were in connection with coking and valorization of coal and with mining methods and technique.

The Mining Methods Committee examined, in particular, the following points:

a) processes used in the mechanization of coal-getting and of face and road-way haulage;

b) modern roof-support methods;

c) high-speed road-drifting through rock and seams;

d) degasification of coal measures and water injection into seams for laying of dust;

e) new shaft-sinking methods enabling the safety pillar to be reduced;

f) concentration of pits and of underground workings, in order to reduce non-productive elements and improve output and costs.

The Coking and Valorization Committe dealt in particular with

a) the preliminary mechanical preparation of coking coal with the object of increasing the range of cokable grades;

b) problems in connection with the rationalization of coking by constructing big, highly-mechanized central coking-plants with a large output per oven;

c) increasing the number and volume of coking by-products per ton of throughput coal, and improving their quality;

d) the most rational employment of low-grade products, *e. g.* by full gasification using up-to-date methods;

e) production of natural gas and its industrial utilization;

f) laboratory research on the constitution of the different grades of hard coal with the object of working out new methods of chemical valorization, gasification and synthetic production of liquid fuels.

201. As regards *steel,* the research work referred to in the last General Report has been continued.

a) Tests with various grades of coke in blast-furnaces. After long preliminary work, the High Authority decided, with the agreement of the Council of Ministers, to set aside $ 1,000,000 for this purpose. The tests will be carried out at the Aciéries de Dilling, in the Saar.

b) Study of the technical conditions in steel-rolling. The High Authority set aside $ 200,000 for a research programme to be carried out with the assistance of two steelworks, twelve rolling-mills, fifteen laboratories of enterprises

and two research centres. The actual rolling-work has now been practically completed; the laboratory tests will be finished within six months or so, and the results will be available about October 1956. The speed with which this research has been carried out is largely due to the splendid co-operation received from the industry.

c) *Improvement of the quality of refractory materials.* The High Authority set aside $ 298,000 for this research project, which is being carried out by sixteen steelworks in four different Community countries.

The High Authority furthermore decided to assist research on *flame radiation* and set aside $ 105,000 for this purpose. The research in question, which it is hoped will lead to considerable savings in thermal energy and reduce the cost of production machinery — particularly in the iron and steel industry, but also in others, such as the manufacture of glass, cement, ceramics, etc. — has been in progress for some years, organized by an international committee representing various organizations in the Community countries, together with British, Swedish and American experts, but it was not previously possible to carry on the work as actively as the committee would have liked, owing to the inadequate funds made available.

Finally, it should be recalled that the High Authority, at the beginning of 1955, set aside the sum of $ 40,000 for the internationalization of a technical journal dealing with problems in connection with *steel utilization.*

202. It is, naturally, essential in the Common Market, just as it is in a home market, that when a customer places an order, he should be sure that the producer has understood him and will supply what he has ordered. Now, in point of fact, each of the member countries at present still uses a different terminology. Common concepts and descriptions are, however, beginning to emerge.

As regards iron and steel products, national committees of producers, consumers and technicians, set up at the suggestion of the High Authority, are endeavouring to co-ordinate the different national standards. Their proposals are examined by a co-ordination committee with a view to arriving at a standard definition of quality to be called "Euronorm". The fact that work on the establishment of a standard for pig-iron ("Euronorm No. 1") has been completed is in itself of considerable importance. Eighteen working parties are now engaged on a study of the other products. Agreements have also been drawn up as to supervisory procedure and the size and shape of the products.

In regard to coal, the High Authority has attentively followed the work of the Economic Commission for Europe of the United Nations. A comprehensive document drawn up by High Authority departments was forwarded to the six member Governments in June 1955, to enable them to co-ordinate their proceedings in the working party on the international classification of coal, which is meeting in Geneva.

Section 4 — **Co-operation with the Governments for a general expansion policy**

203. One of the most important problems raised by partial economic integration concerns the harmonization of the work of the executive of the common institutions (the High Authority) and that of the Governments responsible for the general economic policies of their countries. In the European Coal and Steel Community, this is one of the main tasks of the Special Council of Ministers (Article 26 of the Treaty).

As was recalled in the *Third General Report,* a Joint Committee of the High Authority and the Council of Ministers was set up to implement the Council's resolution of October 13, 1953, in which the six Governments agreed to join with the High Authority in examining their general expansion and investment policy with a view to regularizing or influencing general consumption, in particular that of the public services, and harmonizing this overall development with the measures taken by the High Authority. [1])

This Joint Committee adopted a working programme which was approved by the Council of Ministers in March 1955. Working parties and the Joint Committee itself went ahead actively with their study of the matter throughout 1955 and early 1956.

204. Prospects and conditions for economic expansion. — The representatives of the High Authority drew the attention of the Joint Committee to the fact that the uncoordinated efforts made in the member States to work out long-term forecasts were likely to yield results which were not properly comparable. The Joint Committee convened a meeting of experts from the different countries to lay down directives concerning the form to be followed in drawing up comparable long-term programmes and forecasts of economic developments.

This Expert Committee decided to work out jointly an estimate of the general expansion of the economy and of various individual sectors in the six Community countries between now and 1965.

All the delegates to the meeting have since sent in overall forecasts which are now being subjected to a comparative examination.

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1) See *Second General Report of the High Authority,* April 1954, No. 108, and *Third General Report of the High Authority,* April 1955 (No. 150).

205. *Prospects and conditions for the development of consumption of different forms of energy.* — A number of committees have been set up to study these problems.

a) *Surveys of energy supply and demand.* The six member States have compiled surveys in respect of the utilization of the different forms of energy in the years 1950-54 and in certain earlier years. A general comparison of these figures is now in progress. On the basis of the figures and of the general development expected future requirements are to be estimated, beginning with the total demand for energy, and going on, so far as possible, to a breakdown of total demand by sources of energy and by consumer sectors.

b) *Taxation and Customs regulations applying to the different forms of energy; price-fixing methods and price structure.* Information on these points has been furnished by all the delegations. A combined report has just been produced.

c) *Investments in the energy field.* Questionnaires have been drawn up to ascertain the views of the delegations as to the development of the various types of capital schemes in the energy field.

206. *Problem of distortions in competition.* — In July 1955, the Joint Committee decided to begin work immediately on two points, the incidence of taxation on investments, and the incidence of taxation systems on the structure of the enterprises. The Tax Committee was asked to undertake these studies, and its terms of reference were extended accordingly. [1]) A working party was set up to produce a detailed list of matters to be studied in connection with the incidence of taxation on investments. The problem of distortions in social charges is also under examination.

207. The study of *problems in connection with the regulation of trade in the Common Market* will be resumed

1) The Expert Committee known as the „Tax Committee" was set up under an Order of March 5, 1953 (*Official Gazette of the Community,* March 7, 1953).

when import and export forecasts are available from the experts, together with forecasts as to general development.

As proposed, the *problem of the financing of investments* will be studied at a later date.

208. All these studies are dictated by the need to harmonize the work of the High Authority with the general economic policies of the member States, in order to encourage economic expansion. It is, however, clear that the problems defined and the solutions arrived at have implications ranging well beyond the limited sector of coal and steel. These studies are a contribution towards the preparation of further stages in economic integration, and have been drawn upon in large measure by the Intergovernmental Committee set up at the Messina Conference. [1])

1) See No. 12 above.

CHAPTER SEVEN

LIVING AND WORKING CONDITIONS

209. During the past twelve months, the High Authority continued its work for the improvement of living and working conditions in the coalmining and iron and steel industries.

Section 1 — **Developments in the employment situation** [1])

210. The total labour force employed in the industries of the Community increased by 0.9% in 1955, from 1,600,000 to 1,615,000 men. Although there was an increase of 23,600 in the iron and steel industry and the iron-ore mines, manpower at the collieries went down by 8,700.

	December 1954	December 1955
Collieries	1,063,900	1,055,200
Iron and steel industry	480,000	502,700
Iron-ore mines	56,600	57,500
Total:	**1,600,500**	**1,615,400**

	December 1954	December 1955
Workers	1,353,500	1,365,300
Apprentices	82,800	83,400
Salaried employees, technical and supervisory staff	164,200	166,700
Total:	**1,600,500**	**1,615,400**

1) See Table No. 26 of the Annex. Since the beginning of 1955, the High Authority has been engaged in assembling comparable figures for employment in the industries of the Community. The figures are slightly different from those previously published, which were not comparable between one country and another.

211. The employment situation in the coalmining industry has completely changed since 1954. The partial unemployment then observable disappeared during 1955 in most coalfields, and since November there have been no days not worked in consequence of poor sales.

In the iron and steel industry, although recruitment is less of a problem there than in the collieries, it was not possible to cover manpower requirements in full. The shortage was chiefly in respect of skilled workers; in the second half of the year, the heavy workers were also affected.

Recruitment difficulties were aggravated by the fact that the high level of employment in industry generally is accentuating the drift of workers from heavy industry to other activities, such as the building and engineering trades.

Despite all efforts made to develop apprenticeship system, in the collieries the number of boys entering the training colleges is falling off.

In the circumstances, the enterprises, having exhausted the existing recruitment potential of their national labour markets, have resorted increasingly to foreign labour and to workers from the overseas territories of the member States. The proportion of such outside manpower is given below.

	December 1954	December 1955
Collieries	*11.2* %	*12.0* %
Iron and steel industry	*8.0* %	*8.0* %
Iron-ore mines	*22.5* %	*20.1* %
Total:	**10.7** %	**11.2** %

Section 2 — **Re-employment and readaptation**

212. Operations are in progress for the readaptation of miners and steelworkers in France, Italy and Belgium.

213. In the French Centre/Midi collieries, the improvement in the coal situation and the reluctance of the workers to leave their home areas combined to restrict the scope of the measures envisaged at the beginning of 1954. The intention was then, according to the programmes adopted by the French Government and the Charbonnages de France, to resettle some 5,000 workers in Lorraine over a period of three years. [1]) In actual practice, the number of workers who volunteered was only a few hundred. Up to December 31, 1955, 560 Centre/Midi miners had taken advantage of the Community's offer.

Early in July 1955, the French Government informed the High Authority that the Charbonnages de France were having to lay off workers in the Centre/Midi coalfields. It, therefore, proposed the following arrangements:

(1) that only those workers should be discharged who were found to be suitable for recruitment by the Houillères de Lorraine and had been offered employment in Lorraine prior to their discharge;

(2) that workers who agreed to move to Lorraine while serving their notice should enjoy the same benefits as the volunteer workers (Ffr. 200,000 for workers with families, Ffrs. 75,000 for unmarried men);

(3) that those who refused to leave their own area should remain liable to discharge, but should receive financial assistance similar to that given to workers in certain iron and steel enterprises, *viz.*

(*a*) cost of retraining to be met;

1) These provisions were later extended to cover the workers at two small non-nationalized collieries owned by the Compagnie des Forges de Châtillon, Commentry et Neuves-Maisons.

(*b*) travel and removal expenses to be met, resettlement allowance to be paid;

(*c*) tide-over allowance to be paid.

The High Authority accepted these proposals, subject to certain conditions. After these new arrangements had been adopted, some forty workers were laid off between July and October 1955.

The High Authority further stated its willingness to join with the French Government in examining the advisability of providing a financial guarantee to facilitate conversions of enterprises and/or the creation of new activities with a view to ensuring productive re-employment on the spot for the workers who are obliged to change their jobs.

214. In the French iron and steel industry, the readaptation of workers from the Ateliers et Forges de la Loire, which was formed in 1953 by the concentration of four previous enterprises, is going ahead satisfactorily, thanks in part to the favourable trend of the market. [1])

A number of other applications for readaptation were submitted to the High Authority by the French Government during 1955, either under Article 56 of the Treaty, or under Section 23 of the Convention. Three of these, on behalf of an iron and steel works at Isbergues, Pas-de-Calais, an iron and steel works at Pamiers, Ariège, and an iron-ore mine at Halouze, Orne, were turned down, as the High Authority did not consider that the requisite conditions were present. Five further applications were approved, on behalf of workers from the Etablissements Bessonneau at Angers, Maine-et-Loire, the Forges d'Audincourt at Audincourt, Doubs, the Etablissements J. J. Car-

1) See *Third General Report of the High Authority,* April 1955 (No. 177).

naud at Basse-Indre, Loire Inférieure, the Forges d'Hennebont at Hennebont, Morbihan, and the Mines de la Têt in the department of Pyrénées-Orientales. The number of workers affected by closing-down measures in these enterprises is estimated at approximately 1,800. The credits opened to the enterprises concerned by the High Authority and the French Government in the form of non-repayable assistance total Ffr. 255m.

The workers laid off by these five enterprises are to be entitled to a descending scale of tide-over payments for twelve months, calculated on the basis of their previous wages; the descending scale was adopted so as to induce the workers to accept other employment or to attend vocational training courses. [1]) Workers obliged to change their residence are to be entitled to a refund of travel and removal expenses for themselves and their families, and to a resettlement allowance varying according to size of family. The High Authority will also contribute, where appropriate, to retraining expenses incurred.

215. In the case of *the Italian iron and steel industry,* the High Authority decided to contribute towards the cost of the readaptation of some 8,000 workers. The Council of Ministers, in June 1955, approved the Italian Government's application for exemption from the terms of Section 23,6 of the Convention. The High Authority is thus empowered to assume responsibility for the whole of the non-repayable assistance to the workers. The Italian Government, for its part, undertook to contribute by refunding interest payments, to the financing of new activities and conversions of enterprises, provided the enterprises con-

1) The tide-over allowance in respect of average wages between Ffr. 30,000 and 50,000 per month is equal to 80% of the former wage for the first month, and goes down to 40 55% for the last four months. Workers accepting other employment or attending vocational-training courses continue to receive a wage equal to the first month's tide-over allowance up to one year after their discharge or for the duration of their vocational-training course.

cerned re-engaged 50% of their personnel from among discharged iron and steel workers. The High Authority was informed that a bill to this effect had been approved by the Italian Parliament at the end of March.

The High Authority has not yet, however, received from the Italian Government exact details as to the workers concerned or the provisions made for their re-employment, nor has agreement been reached as to the methods to be followed in the payment of the proposed assistance.

216. The Italian Government also requested High Authority assistance for some 2,000 workers laid off by the *collieries at Sulcis,* Sardinia. The High Authority agreed to contribute a sum in the neighbourhood of Lit. 395m., to be paid out to the workers concerned in the form of allowances similar to those in France described above.

The High Authority has stated its willingness to join with the Italian Government in examining the advisability of giving its financial guarantee to facilitate the conversion of existing activities and the creation of new ones.

217. Finally, *in the Borinage collieries in Belgium,* where a large-scale reorganization is in progress, involving, in particular, the concentration of pits and the modernization of existing plant, the High Authority decided to support the financial efforts of the Belgian Government. [1]) The Council of Ministers accordingly decided, on March 6, to grant an exemption from the terms of Section 23,6 of the Convention, to enable the High Authority to assume sole responsability for non-repayable assistance to be given to the workers concerned.

1) See Nos. 106-114 above.

The High Authority was informed that the number of workers to receive such assistance between 1956 and 1958 would be in the region of 1,100.

218. In accordance with a resolution adopted by the Common Assembly in May 1954, the High Authority caused an inquiry to be made in the various countries into impediments to freedom of movement for workers and into the social problems involved in the readaptation of workers. [1])

Six sociological research centres [2]) were commissioned to undertake this inquiry, which was supplemented by a study of the views of the trade unions.

According to the situation in each particular country, the research centres focused their attention either on freedom of movement within a single Sate, or on freedom of movement from one State to another, or both.

These studies have brought to light the considerable influence of housing conditions, of inadequate vocational training, and of social and cultural factors and attachment to the local community. It is by no means unusual for workers in depressed areas to be prevented by various social circumstances from making any move at all. Good results have been obtained by greater attention to public relations and social welfare work.

Other factors which have come to light have been the part played by legislation on naturalization and on the freedom of movement within the country, the difficulty

1) See *Third General Report of the High Authority,* April 1955 (No. 182).
2) Sozialforschungsstelle an der Universität, Münster;
Unesco Institute of Social Sciences, Cologne;
Institut de Sociologie de l'Université, Liège;
Institut National d'Etudes Démographiques, Paris;
Istituto di Scienze Economische presso l'Università del Sacro Cuore, Milan;
Nederlands Instituut voor Praeventieve Geneeskunde, Leyden.

of accustoming country-bred workers to life in the towns, and the special situation prevailing in frontier districts.

The comments of the trade unions made it possible to gain a better idea of the attitude of the workers in the different countries regarding freedom of movement, and the position taken by the various trade unions regarding the Treaty provisions on mobility and readaptation.

The research centres have compiled a comprehensive bibliography of literature on freedom of movement and readaptation published in the Community countries, the United Kingdom, Switzerland and Scandinavia, publications by international organizations, and agreements on migration and social-security arrangements for migrant workers.

Section 3 — **Freedom of movement for workers**

219. In accordance with Article 69 of the Treaty, an agreement was concluded in December 1954 with the object of barring all restrictions on the movement between member States of workers with recognized qualifications in the coalmining and iron and steel industries. [1]) It remained to work out the administrative regulations and, in countries where the law so required, to have the agreement ratified by act of Parliament.

The administrative regulations were approved by the representatives of the member States at a meeting of the Council of Ministers in July 1955. The Governments of the German Federal Republic and of the Grand Duchy of Luxembourg have still to ratify the agreement. A bill to this effect has been brought before the Bundestag.

The High Authority it not yet in a position to state definitely when workers will be able to apply for the Com-

1) See *Third General Report of the High Authority,* April 1955 (Nos. 183-186).

munity labour card exempting them from the visa formalities which at present restrict their freedom of movement within the Community.

220. With a view to drafting a European Social Security Convention in respect of migrant workers, the High Authority, in co-operation with the International Labour Office, convened an Expert Committee.

Meetings began in Geneva in July 1954. They continued in 1955, and agreement was reached on most of the problems dealt with. The only points left outstanding were certain political and financial aspects which were to be taken up at government level. The High Authority contacted the governments in order to work out a joint solution, allowance to be made for the particular circumstances prevailing in each country.

The whole question of the drawing-up of a Social Security Convention for migrant workers is to come up shortly before the Council of Ministers.

The main purpose of the Expert Committee was

a) to co-ordinate bilateral agreements in such a way as to regulate social security for wage-earners who have worked under more than one social-security system, in different countries;

b) to establish a number of standard rules designed to do away with the disparities in existing bilateral agreements, eliminate from these any provisions bearing unfavourably on the wage-earners and make up any deficiencies; there should also be rules regarding equal treatment and preservation of rights while others should settle the problem of migrant workers' successors in title by a compromise between personal and territorial rights;

c) to clarify relations as regards social security between member countries which have not yet entered into bilateral or multilateral agreements.

An initial draft Convention along the following lines was studied:

a) the Convention to cover *all wage-earning workers* who are either nationals of one of the Contracting Parties or stateless, since it has proved impossible to limit its application solely to workers in the coalmining and iron and steel industries;

b) the Convention to apply to *all branches of social security* (sickness, maternity, death benefits, disablement, old-age and dependants' pensions occupational risks, unemployment, family allowances);

c) having regard to the principle of equal treatment and for the provisions in existing bilateral and multilateral treaties, the Convention to do away with conditions in the field of social security which impede workers' freedom of movement, by providing for

i) totalling up of periods for which insured and/or employed, in connection with eligibility for and maintenance of rights;

ii) payment of allowances in cash and provision of benefits in kind, where the recipient is outside his country of employment;

iii) allocation between country of employment and country of residence according to arrangements to be laid down at a later date, of charges arising out of certain benefits.

Section 4 — **Wages and conditions of employment**

Wages

221. Following two surveys relating to wage costs and to wages paid to workers in the coalmining and iron and

steel industries (1952 and 1953), the High Authority in September 1955 published a first study on real incomes. [1])

At the present stage of proceedings, the conclusion drawn by the High Authority is that differences in real incomes between one country and another are not so large as had previously been supposed, and that they do not, in fact, exceed the disparities sometimes found within a single country between different sectors of industry or between different industrial regions. Moreover, the details regarding the population as a whole, instead of merely the miners and steelworkers, indicate that there are many much greater differences from one country to another in private consumption per head of population. It would further appear, from certain data not yet fully abstracted, that discrepancies between the real incomes of miners and steelworkers in the different Community countries decreased between 1953 and 1955.

222. Parallel with these investigations, the results of which for 1954 will be published shortly, the High Authority went more closely into the matter of advantages accruing to miners and steelworkers in the form of social benefits provided by the enterprises, by private social-insurance organizations or by the government. Inquiries are proceeding.

It has not yet, however, proved possible to complete the surveys in progress on variations in gross wages, distribution of workers' earnings by classes of earnings, methods of calculating and fixing wages, and piece-rate systems of payment. [2])

1) See *Informations Statistiques,* August-September 1955.
2) See *Third General Report of the High Authority,* April 1955 (Nos. 190-192).

Conditions of employment

223. The last General Report mentioned the resolution adopted by the Consultative Committee in December 1954, inviting the High Authority to prepare meetings of representatives of the workers' and employers' organizations, and of the governments, with a view to finding appropriate methods of bringing about progressive harmonization of conditions of employment. [1])

The Common Assembly took the same line in its resolution, adopted in May 1955, requesting the High Authority not merely to arrange such meetings and then leave those attending them to work out ways of harmonizing conditions of employment, but to take part itself in the preparation of "measures to be taken in respect of the progressive harmonization of the regulations in force in the various countries in connection with working conditions, and in particular those on the number of working hours, the calculation and payment of overtime, the holidays allowed and the rates of holiday pay.". [2])

In April 1955, the High Authority decided to comply with the Consultative Committee's resolution. Its intention was to spread its action over two separate stages. First of all, it proposed to assemble and study the necessary documentary material; then the material was to be forwarded to the employers' and workers' organizations for them to "see whether it is desirable and possible to harmonize certain conditions of employment embodied in collective-bargaining agreements, and more particularly those instanced by the Consultative Committee."

The study work on the points enumerated in the Consultative Committee's resolution has now been completed.

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1) See *Third General Report of the High Authority,* April 1955 (Nos. 197 and 198).

2) Resolution adopted by the Common Assembly (*Official Gazette of the Community,* June 10, 1955, p. 214).

Seven monographs have been compiled giving the legal provisions in regard to these points in each of the countries of the Community, as contained in existing legislation, regulations and collective-bargaining agreements.

The monographs include

a) an outline of the collective-bargaining system in each country (conditions as to conclusion and operation of agreements), and of other methods of regulating conditions of employment where these are not governed by collective-bargaining agreements;

b) an account of regulations concerning working hours, giving the principles followed in fixing the number of working hours per day and per week, the regulations governing the working of shorter hours in certain cases, the exceptions permitting longer working hours, and the effects of these various regulations on wages;

c) an outline of regulations regarding Sunday and holiday work, and their effects on wages;

d) an account of the regulations regarding holidays with pay, with details for each country of the conditions on which these are granted, the length allowed and the amount paid.

Each of these monographs was submitted in draft form to the organizations concerned for checking as to technical details. The final printed version was subsequently distributed among the employers' and workers' organizations in the coalmining and iron and steel industries of all the member countries.

During a debate in the Consultative Committee, it was stated explicitly that discussions at meetings between representatives of employers' and workers' organizations should no longer deal solely with the accuracy or otherwise of the data contained in the monographs, but also with the conclusions to be drawn in regard to the harmonization of conditions of employment.

224. In all the countries of the Community, the workers' organizations emphasized once more that they were in favour of a reduction of working hours, and at the same expressed their intention of getting something definite done in the matter as quickly as possible.

The resolutions carried by the miners' and metal-workers' unions and organizations, covering several trades, the approaches made by these bodies to the authorities, their efforts to influence public opinion, and the attitude adopted during the discussions in connection with the renewal of the collective-bargaining agreements — all these are symptomatic of their frame of mind.

Moreover, the international trade unions have taken the same stand.

In Belgium, the discussions in regard to the problem resulted in preliminary decisions at the end of July 1955, when agreement was reached between the workers' and employers' organizations at a meeting called by the government.

At the end of September, however, not entirely satisfied with the results obtained in the course of subsequent discussions, the workers' organizations gave notice of their intention to strike as from November 1. On October 29, they stated that they were agreed as to the need "to bring in, stage by stage, in an orderly and methodical manner, the forty-five-hour week, preferably divided into five days, with due regard for the special problems in each sector, *i. e.* without endangering the stability of the enterprise and the economy generally."

This general statement was accompanied by provisions relating to matters of detail and applying particularly to the coalmining and iron and steel industries. The reduction in working hours was to be operative as from January 1, 1956, in the collieries and from February 1 in the iron and steel industry, subject to any findings of

the appropriate joint committees in regard to the situation in these two industries, as studied by a group of independent experts.

Stress was once more laid on the international implications of the problem.

The Belgian Government, taking the view that working hours constituted one of the issues on which the member governments of the Community should harmonize their policies, requested the Council of Ministers to examine the matter.

Upon the conclusion of the debates which ensued, the High Authority announced its intention of studying how matters actually stood in the iron and steel industries of the Community countries as regards

a) regulations on working hours;
b) hours actually worked;
c) overtime;
d) holidays with pay;
e) the number of paid official holidays;
f) the level of employment.

The High Authority added that, in its view, this study should be carried out with the co-operation of the governments concerned.

In a resolution adopted on November 24, 1955, the Common Assembly expressed the desire that the study should not be confined to the iron and steel industry, but that the question of a reduction in working hours in all the industries coming under the Community's jurisdiction should be gone into — with due regard for the particular circumstances prevailing in each country — as part of the work of progressively harmonizing the regulations in force.

The High Authority accordingly arranged, in addition to the surveys undertaken in compliance with the Consultative Committee's resolution, a supplementary survey on

a) hours actually worked in the various Community industries during 1955;

b) wage costs in connection with overtime, holidays with pay, official holidays and other days paid but not worked;

c) the development of employment in these industries as compared with the development of the economic situation from 1950 to 1955;

d) the position in the labour market in the countries of the Community.

Furthermore, it completed a survey on the length of shifts and the number of hours worked in Community collieries (structure and statutory regulations, effects on productivity).

225. The High Authority's various studies up to now have been aimed at pinning down the main characteristics of the present situation.

In addition, however, it considered that these details should be supplemented by studies on the basic trends in the development of labour legislation in the different member countries.

It therefore set up a working party of specialists in such matters. This working party considered it best to begin with a comparative survey on the various methods used in each country for drawing up labour laws, the relative importance of each of these methods, and the manner in which matters are developing in this respect.

It has also started work on a comparative survey of the different provisions which offer the workers certain guarantees as regards keeping their jobs. Points to be studied will include, in particular, procedures followed in connection with the termination of employment contracts, period of notice required, regulations governing mass dismissals, efforts to eliminate the causes of breach of contract, and the special position of certain categories of workcr.

Section 5 — **Housing**

226. The action taken by the High Authority in regard to housing falls under two heads, technical and economic research and the financing of investments. [1])

Technical and economic research

227. The first 563 housing units built under the High Authority's experimental scheme for 1,022 houses, launched in 1954, have now been completed and handed over for occupation. They are distributed as follows:

Ruhr	Bochum	50	housing	units
	Herringen	50	»	»
	Gelsenkirchen/Buer	50	»	»
	Walsum	50	»	»
	Rheinhausen	50	»	»
	Bochum/Weitmar	50	»	»
	Ungelsheim	50	»	»
Aachen	Siersdorf	50	»	»
Nord/Pas-de-Calais	Condé-sur-Escaut	50	»	»
	Hautmont	26	»	»
Lorraine	Neufchef	37	»	»
Campine	Houthalen	50	»	»

459 housing units are under construction, and will probably be completed by the end of 1956.

The various research centres which were asked to study comparative building costs are continuing their work and are making satisfactory progress. As it was not possible to start on some of the sites included in the programme until early in 1956, the report containing the results of these studies will not be available until the end of this year.

1) See *Third General Report of the High Authority,* April 1955 (No. 199).

When the time comes, the High Authority proposes to publicize the results on a considerable scale, and to draw the appropriate conclusions for future work in this field.

Financing of housing

228. For the purpose of financing the construction of workers' houses, the High Authority took up the following loans:

a) in Germany,	DM 50,000,000	($ 12m.);
b) in Belgium,	Bfr. 200,000,000	($ 4m.);
c) in Luxembourg,	Bfr. 25,000,000	($ 500,000);
d) in the Saar,	Ffr. 350,000,000	($ 1m.).

It will also contribute indirectly to the financing of workers' housing at a reduced rate of interest:

a) in France, to the value of Ffr. 2,500,000,000 ($ 7,150,000);

b) in Italy, to the value of Lit. 500,000,000 ($ 800,000).

No applications for credit have been received from the Netherlands, owing to the exceptionally favourable state of the capital market there.

Thanks to close co-ordination of the High Authority's financial action with the official building programmes of the various national and regional authorities, the housing units built as part of these programmes come under the grants and subsidies schemes existing in the various countries, and some guarantee is also provided that the moneys advanced by the High Authority will have a supplementing effect, enabling a larger number of houses to be built.

With the aid of these credits it will be possible to build approximately the following number of housing units in the various coal and steel-producing areas:

Collieries		
	Ruhr	8,200
	Aachen	800
	Campine	400
	Hainaut	800
	Liège	400
	Saar	350
	Italy	60
Iron-ore mines		
	Germany	1,000
	Italy	60
	Luxembourg	25
Iron and steel industry		
	Italy	280
Not yet allocated		
	France	2,500
	Total:	**14,875**

The allocation of the funds available for France and Italy is under discussion by the Regional Committees.

Wherever possible, efforts are to be made to encourage workers to become the owners of their houses. This cannot always be done, however, especially where it is a question of doing away with particularly unsuitable forms of housing (hutments, etc.), since the workers whose housing conditions are the worst are seldom in a position to make the additional financial sacrifice required for ownership.

Following the signature of loan contracts and agreements in Germany and Belgium in July 1955, the High Authority granted credits in these two countries.

229. In *Germany,* the High Authority's contribution to the financing of housing schemes takes the form of first mortgages.

According to the rank of entries in the land register, this financing is made up as follows:

a) first mortgage, approximately 30% of the total amount;

b) loan by employers, 20—30% of the total amount;

c) loan by government, up to 50% of the total amount;

d) own resources, not more than 10% of the total amount.

By March 15, 1956, credits totalling DM. 46,600,000 (rather over $ 11,100,000) had been granted. With this amount, it will be possible to build 8,979 housing units (of which 4,414 will be made available for ownership and 4,565 let at a rental) and 16 hostels for unmarried workers, comprising 381 rooms.

The total cost of this programme is DM. 177,700,000, or approximately $ 42,300,000, to be financed as follows:

High Authority	DM. 46,645,000 (26.2%);
enterprises	40,718,000 (22.9%);
Länder governments	71,747,000 (40.3%);
other sources	18,666,000 (10.6%).

Of these 8,979 housing units financed as shown above, 5,522 were under construction on March 15, 1956.

The housing units financed in Germany are distributed in the various areas as follows:

	For ownership	For rent	Total
Ruhr	3,443	4,155	*7,598*
Aachen	562	188	*750*
Iron-ore mines	409	222	*631*

The sixteen hostels for unmarried workers are all in the Ruhr area.

The rent for housing units built with financial assistance from the High Authority is comparatively low in relation to that for other accomodation. The favourable terms on which the High Authority's loans are advanced have a good deal to do with this.

The average rent per square metre in the different areas is

Ruhr	DM. 1.14 monthly;
Aachen	DM. 1.10 monthly;
Iron-ore mines	DM. 1.05 monthly;

230. In *Belgium,* the High Authority's financial contribution amounts to approximately 50% of the building costs. The two government-controlled building societies which are acting as estate-development companies are to cover the remainder.

Up to March 15, 1955, credits to the total of Bfr. 65m. ($ 1,300,000) had been granted for the construction of 589 housing units, of which 241 are to be made available for ownership and 348 to be let at a rental.

The total cost of this scheme works out at Bfr. 139,200,000 ($ 2,782,000), financed as follows:

High Authority	Bfr. 66,683,000 (47%);
estate-development companies	66,683,000 (47%);
other sources	5,808,000 (6%).

Of these 589 housing units, 159 were under construction on March 15, 1956.

The housing units financed in Belgium are distributed in the different areas as follows:

Liège	348 housing units, for rent;
Campine	141 housing units, for ownership;
Hainaut	100 housing units, for ownership.

The rents for these housing units are to be fixed, in accordance with the statutory provisions contained in the Royal decree of December 20, 1954, at between 3.25 and 4.25% of the building costs, including site.

Section 6 — **Vocational training**

231. The High Authority continued its work of encouraging a systematic exchange of information and experience between Community countries in regard to the training of skilled workers, supervisory staff and instructors.

There are considerable differences as to method and achievement from one country to another.

By way of illustration, the table below gives the figures for apprentices as against adult workers in the countries of the Community in December 1955.

Numbers of adult workers and apprentices employed in the industries of the Community

(in 000's)

	Collieries		Iron and steel industry		Iron-ore mines	
	Workers	Apprentices	Workers	Apprentices	Workers	Apprentices
Germany	429.2	50.9	152.5	6.5	18.7	1.0
Belgium	140.5	2.3	49.4	—	0.0	—
France	208.5	8.5	122.3	2.4	24.6	1.2
Saar	52.1	5.4	26.1	0.9	—	—
Italy	6.5	—	53.3	0.1	3.9	—
Luxembourg	—	—	17.5	0.3	2.5	0.0
Netherlands	49.9	4.4	7.0	0.2	—	—
Community	**886.7**	**71.5**	**428.1**	**10.4**	**49.7**	**2.2**

232. Thanks to the numerous contacts and exchanges of information arranged by the High Authority between experts in the Community, the latter are now better acquainted with conditions in one another's countries, and are using a somewhat different approach in regard to vocational-training problems.

It is not, of course, possible at this early date to gauge results with any degree of accuracy.

However, a few examples will serve to show on what lines vocational training in the coalmining and iron and steel industries of various Community countries has been developed and extended in the course of the last few years.

In *Germany,* negotiations between the workers' and employers' organizations for a reorganization of the system of training skilled workers for the production side of the iron and steel industry, which had been suspended as a result of differences of opinion, were eventually resumed, after a discussion in Luxembourg, and to some extent brought to a successful conclusion.

In *Belgium,* after protracted negotiations between the government on the one hand and the workers' and employers' organizations on the other, a programme was finally adopted and implemented for stepping-up the systematic training of young mineworkers. The scheme provided for 30 training-centres to be set up; ten of these were already in operation by 1954 and 1955.

A national committee of representatives of the Belgian iron and steel enterprises was set up in 1955 to follow the development of vocational training in their industry. It is intended to organize a first training-centre shortly.

The Conseil Professionnel du Métal set up a joint committee of workers' and employers' representatives in 1954, to examine and discuss problems in connection with training within industry (TWI), a practice hitherto little known in Belgium.

In *Italy,* a new law reorganizing the training of apprentices was promulgated on January 14, 1955.

In 1954, representatives of the iron and steel industry met for the first time to discuss the encouragement of vocational training.

In February 1956, a new training-centre was opened near Naples, with a special department for the iron and steel industry.

A training-centre for young mineworkers and underground electrical fitters was to be set up in Sardinia in March 1956.

In *Luxembourg,* a meeting of directors and works engineers of the iron and steel industry, held in 1955, dealt for the first time specifically with the systematic training of skilled workers and supervisors for the production side of the iron and steel works.

In the *Netherlands,* the iron and steel industry in 1955 for the first time took on apprentices to undergo training as skilled production workers.

In the same year, courses were started for the systematic training of melters and melting-shop supervisors for the open-hearth steelworks.

The trend thus illustrated shows that, thanks to the closer contact between existing training-centres in the Community, there has been a steady all-round improvement and harmonization, with due regard for any special conditions prevailing in the different countries and areas. In going forward with its work along these lines, the High Authority is keeping abreast of the increasing demands made by technical progress, and at the same time furthering the interests of the workers.

The High Authority has taken further steps to encourage and extend the exchanging of information and experience on the specific and clearly defined problems presented by the advance in technical methods. Thus in March 1956, it organized "study days" to enable the experts to pool information and experience on vocational training for personnel operating and servicing electrical and mechanical equipment and installations underground in the Community coalmining industry.

Similar study days for the iron and steel industry are in preparation, to deal with the repercussions of technical developments on the selection and training of personnel employed on continuous rolling-mills. It is hoped to organize these conferences in the autumn of 1956.

The High Authority further stressed the need to support the endeavours being made to improve training programmes, particularly as regards accident prevention.

The majority of accidents occurring today appear to be due either to certain aspects of the living and working conditions prevailing (overwork, lack of supervision, inadequate checking arrangements), or to lapses on the part of the workers (fatigue, inurement to danger, negligence, inattention). Clearly, therefore, it is essential to go more thoroughly into the question of accidents attributable to psychological and physical failings on the part of the workers and the staff supervising and directing them, and to help prevent such accidents by taking action in respect of the actual causes.

There are many possible methods of education and instruction, all of which require to be adapted to the mentality of the personnel and the production conditions concerned. They may thus vary from one area, industry, and even enterprise, to another.

Thus, for instance, the High Authority organized a conference in Amsterdam from August 29 to September 3, at which experts from the Community countries were able to acquaint themselves with a method for the training and instruction of workers by supervisory staff. The method includes a training programme both systematic and comprehensive, from the psychological and educational as well as practical points of view, the object of which is to reduce the number of accidents by appealing to the

personal responsibility of each individual worker and his immediate superiors.

In co-operation with the European Productivity Agency, the High Authority, in October 1955, sent to the United States a delegation of experts from the coalmining and iron and steel industries of the Community. The object of this fact-finding mission was to acquaint its members with American experience in regard to accident prevention, and more particularly to personnel instruction and training. A report is being prepared on the results observed.

The High Authority has also started assembling documentary material on vocational training in the iron-ore mines, for use in the work to be undertaken in that sector.

Work in connection with the study of teaching aids, which began in 1954 with the setting-up of the Working Party on Visual Aids (Coal), was extended by the setting-up of a Working Party on Visual Aids (Steel).

The two groups continued their work of cataloguing, selecting and exchanging teaching material, methods and ideas as found in the different Community countries. An international catalogue of films on coal has been published, together with a grading index of these films. Similar information is being compiled in respect of the iron and steel industry. A detailed descriptive list of instructional models used in the collieries was also drawn up. Close co-operation was established with the European Productivity Agency.

In March 1956, the High Authority published a monograph entitled *La Formation Professionnelle dans les Houillères des Pays de la Communauté* ("Vocational Training in the Collieries of the Community Countries"), edited by members of the Working Party on Documen-

tation on Vocational Training (Coal), in collaboration with the appropriate organizations in each country and with the International Labour Office. The booklet is the sequel to *La Formation Professionnelle dans l'Industrie Sidérurgique* ("Vocational Training in the Iron and Steel Industry"), published in August 1954.

Section 7 — **Industrial health and medicine**

233. Towards the end of 1955, the High Authority began to push ahead actively with its work in regard to industrial health and medicine. [1])

Early in 1955, it set up

a) an Industrial Health and Medicine Research Committee, to provide it with all such scientific and technical advice as is required for effective action;

b) a Committee of representatives of the employers' and workers' organizations, to lay down the broad outlines of the measures to be taken by the High Authority, with due regard for the needs of the coalmining and iron and steel industries, and to submit any pertinent suggestions as to the type of research to be carried out.

The two Committees thereupon devoted themselves, from March to November 1955, to a thorough study of all problems arising in this connection.

In order that the work of the High Authority should not be split up to no purpose, a number of basic principles were established by the Research Committee and the Producers' and Workers' Committee jointly. These prin-

1) See *Third General Report of the High Authority,* April 1955 (Nos. 206-209).

ciples which, taken as a whole, constitue the High Authority's research policy, define the criteria to be adopted in selecting

a) the organizations regarded as best qualified to carry out the research work required;

b) the Problems which appear to justify financial assistance from the High Authority;

c) the research projects proper;

d) the methods to be employed and steps to be taken which promise the best results.

Anxious to ensure effective co-ordination between its work and that of the governments, the High Authority furthermore consulted a committee of delegates from the governments with experience in the field of industrial medicine.

On the basis of the preparatory work by the Research Committee and suggestions from the other committees mentioned, the High Authority, after first obtaining an opinion from the Consultative Committee and the agreement of the Council of Ministers, decided to set aside, under Article 55 of the Treaty, a total of $ 1,200,000, spread over a period of four years, for the financing of various research projects on such matters as

1) *Silicosis,* which is a deadly scourge from the point of view both of its prevalence and of its human, social and economic implications. Though large numbers of research workers are engaged on the study of this complaint and considerable sums of money are being spent in the various Community countries, there are still many problems which have not been satisfactorily solved, so that it was considered particularly urgent for the High Authority to take action in this matter.

2) *Carbon-monoxide poisoning,* which is a problem of concern more particularly to the iron and steel industry. The risk of acute and chronic poisoning has not yet been altogether disposed of, and special technical and medical research is felt to be necessary.

3) *Work at high temperatures,* a problem which varies according to the degree of heat and of humidity. Even a moderate increase in the temperature causes the workers discomfort; a greater increase can disorder their systems, while beyond a certain point there is actual danger to life from "heatstroke" and all its possible consequences.

4) *Noise.* This problem was felt to be important by reason of the effects of industrial noise on the hearing and general state of health of those exposed to it. Another problem is that of vibration, which can also give rise to disorders.

5) *Rehabilitation.* Action was considered to be necessary to further the work of enabling those suffering from physical handicaps to resume their occupations.

6) *Provision of information for industrial medical officers.* Industrial medicine, of course plays a most important part in the prevention of occupational diseases. It was, therefore, considered appropriate to study ways and means of helping industrial medical officers in their work.

234. The High Authority is to extend its financial assistance to seventy-three research projects in all. They have been selected in view both of their intrinsic interest and of technical or other difficulties which have so far prevented them from being satisfactorily completed. [1])

1) As regards rehabilitation, provision of information for industrial medical officers and dust control, the practical details of the action to be taken are under examination.

The basic research on silicosis is to be undertaken along parallel and co-ordinated lines by the main research centres of the Community. The field is so wide that it was necessary first of all to allocate the work to be done on the injurious effects of dust and the pathological anatomy of silicosis. Although the problems under study cannot yield results which will be immediately applicable, it is hoped that once they have been solved it will be possible to work out the essential basis for effective prevention.

A number of projects relate to the study of *dust production.* It has been found that the considerable variety of measuring-instruments used for routine work is impeding the work of those concerned with dust control. It is, therefore, proposed to arrange for studies on the physics of dust behaviour and to work out sampling and analysis methods.

X-raying for pneumoconiosis is the basic method of diagnosis. The main aim will be to study systematically the significance of any shadows shown on the X-ray plate in order to be able to arrive at an early diagnosis. This work is to be done with the aid of special apparatus.

Parallel with this essentially practical research, it has proved necessary to analyze the exact relation between certain abnormal X-ray results and actual pulmonary lesions. It has not yet been possible to fill in the very considerable gaps in the existing knowledge of the subject, owing to the extremely expensive equipment and highly specialized qualifications required for these studies. The laboratories eventually selected were those of the Bergmannsheil Hospital in Bochum, which is a particularly good choice as regards geographical situation, as it lies in the centre of one of the largest coalfields. As the laboratories there are open to all Community research workers, who will thus be able to co-operate in solving this difficult problem, they may be regarded as a genuine European centre.

It has also been felt necessary to institute a study of the *cardio-respiratory system.* Silicosis does not merely produce a straightforward anatomical deterioration shown by shadow on the X-ray plate: the lesions subsequently, sooner or later, affect the patient's ability to breathe.

The first point classed as urgent is the result of dust inhaling on lung ventilation. It is also proposed to study the action of pharmacodynamic agents and aerosols on ventilation.

Another series of studies is aimed at producing an accurate, convenient and comparatively simple method of revealing deteriorations in the respiratory system resulting from pulmonary lesions.

This research is of the greatest value to all those are concerned to obtain adequate compensation for the worker for losses sustained in consequence of his complaint. It is also important as regards finding out the degree of adaptability of the worker according as he is in good or inferior health, and it may reasonably be hoped that the final conlusions will help to clear up certain other problems which are still obscure, such as that of emphysema.

Study projects on *pneumoconiosis in the steelworks* come under two heads:

a) it has been found necessary to institute research on silicosis among furnace bricklayers, who are exposed to a special risk owing to the particularly noxious character of dust from refractory materials;

b) it is also considered advisable to inquire into pneumoconiosis among blast-furnace, steelworks and rolling-mill personnel, in view of the sharply-conflicting opinions current on the subject.

The problem of *pneumoconiosis in the iron-ore mines* is still extremely obscure. It was felt to be particularly desirable that action should be taken to encourage research on the prevalence and degree of seriousness of pneumoconiosis in the various mining areas.

Carbon-monoxide poisoning is a problem mainly affecting the iron and steel industry, *e. g.* in the neighbourhood of blast-furnaces and gas-engine servicing-stations. It is proposed to devote special attention to the improvement of methods of quantitative analysis, in order to arrive at simple and

comparable measures. Parallel and co-ordinated research is being carried on by a number of centres.

Research is also going on in connection with the effects of carbon-monoxide permeation, firstly, on muscular effort, and secondly, on the functioning of the heart and brain. This work will undoubtedly be of great value from the point of view of prophylactic action, of assertaining a subject's fitness for work and of accident prevention.

The effects produced on the system by *work at high temperatures* are many and various. They are governed by a number of factors, such as the actual temperature itself, the humidity, the movement of the air and the radiant heat. In addition, there is the heat produced in the individual by his work and his clothing, and the question of his capacity for adaptation, both inborn and acquired. It was agreed to assist research on this problem only in those centres which possess technical apparatus suitable for specialized work of this nature.

Efforts are to be made to determine the biochemical effects of periods spent under high-temperature conditions. Another research project to settle the highly controversial question of the effects of the fluid intake on men working at high temperatures.

In addition, certain technical research projects are concerned with the systematical study of atmospheric conditions, based on the continuous recording of various atmospheric data underground.

Finally, it was felt to be essential to get to know the physiological limits up to which it is safe rescue parties to operate, after undergoing carefully-regulated training. Experimental research has been affording protection against radiant heat.

In regard to *noise abatement,* it is proposed to study the effects of noise on the ear and on the nervous system.

In particular, an endeavour is to be made to measure the amount of noise in different jobs. Clinical studies are to be organized at the works among workers exposed to noise,

and experimental research is to be carried on in the laboratory, to study the nervous and endocrine reactions to noise.

235. In order to ensure the co-operation essential to co-ordinated and effective research, the High Authority agreed to the research workers' request that discussion meetings should be organized for them. The specialists will thus be enabled, while their research is actually in progress, to clarify certain specific points in connection with their work, and if necessary to change their methods of approach, in the light of experience gained elsewhere.

236. The Mining Medicine Documentation Pool set up on the proposal of the High Authority in October 1954 operated successfully throughout 1955.

All publications, periodicals and other literature on pneumoconiosis are abstracted by five large research centres in the different Community countries. The abstracts are assembled in Luxembourg and translated by the High Authority's Language Department; they are then reproduced on special reference-sheets in a specified number of copies, and placed at the disposal of the same five research centres, which are responsible for distributing them to the scientific quarters likely to be interested. It was decided to extend the Pool's terms of reference to cover dust control and medical problems in connection with smoke. The work done by the Pool is proving very valuable, as the reference-sheets enable the centres to keep well abreast of investigations all over the world in certain fields. Other methods for the dissemination of information have also been adopted, including a bibliographical service and a system of supplying photostats.

In response to a request from the Producers' and Workers' Committee that information should also be circulated on practical achievements in industrial medicine, a preparatory study was begun in co-operation with the Research Committee.

ANNEXES

ANNEX ON FINANCE

Yield of the levy and its employment

1. By its decision of May 7, 1955, the High Authority reduced the rate of the levy on coal and steel production from 0.9 to 0.7% as from July 1, 1955, and to 0.45% as from January 1, 1956. [1])

According to the estimates provided, the Community's financial requirements for the financial year 1955-56 were such as to allow of a progressive reduction in the rate of the levy. The guarantee fund will rise from $ 75m. at the end of the financial year 1954-55 to $ 100m. during 1955-56. The readaptation and technical research funds will total approximately $ 19m. and $ 5m. respectively at the end of the financial year 1955-56.

2. In June 1955, the High Authority decided to retain the assessment and collection methods hitherto employed, for the financial year 1955-56. [2])

Certain minor alterations were made to the system in November 1955 and February 1956.

3. Under Decision No. 3/52, [3]) the amounts payable in levy are subject to an increase of 1% for each month of default in payment. A decision taken in November 1955 introduced a certain flexibility into this system of automatic increases by making it possible for the High Authority to remit them in whole or in part, upon application by the enterprise concerned, where it deems this to be justified. [4])

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1) Decision No. 21/55, of May 7, 1955 *(Official Gazette of the Community,* May 11, 1955).

2) Decision No. 25/55, of June 20, 1955 *(Official Gazette of the Community,* June 25, 1955).

3) Decision No. 3/52, of December 23, 1952 *(Official Gazette of the Community,* December 30, 1952).

4) Decision No. 29/55, of November 3, 1955 *(Official Gazette of the Community,* November 28, 1955).

4. Under Decision No. 2/52 [1]) the levies are payable by each enterprise on the tonnage of its assessable production, which must be declared each month. A further decision taken in November 1955, relating to tonnages produced as from December 1, 1955 provides that in the event of failure by an enterprise, to make a return, the High Authority shall itself work out the leviable tonnage and the appropriate amount payable in levy. In the interests of economy and of simpler administration, the levy will no longer be collected where the amount payable is less than 40 dollar units of account. Enterprises will not, however, benefit by this measure until they have declared their monthly production. [2])

Some ten or twelve enterprises which had failed to make returns and to pay the levy were summoned to meet the arrears together with the increases due for default.

5. A decision taken in February 1956 contained an amendment to the table of consumption figures published in Decision No. 3/52 (used as a basis for calculating the deductions permitted for works' own consumption) adding two further items, brown-coal briquettes and low-temperature coke of lignite. The High Authority decided to allow a fixed deduction of 3% of the leviable tonnage of brown-coal briquettes and low-temperature coke of lignite in respect of tonnages produced on and after March 1, 1956. The same decision contains a new schedule of levies payable per metric ton, on the basis of the levy rates of 0.7 and 0.45%. [3])

6. The Community's third financial year ended on June 30, 1955. The yield of the levy on coal and steel production during that year totalled 56,700,000 dollar

1) Decision No. 2/52, of December 23, 1952 (*Official Gazette of the Community*, December 30, 1952).

2) Decision No. 31/55, of November 19, 1955 (*Official Gazette of the Community*, November 28, 1955).

3) Decision No. 4/56, of February 15, 1956 (*Official Gazette of the Community*, February 22, 1956).

units of account, as against 48,000,000 in the second financial year. During the first eight months of the fourth financial year, beginning on July 1, 1955, the yield of the levy (reduced, as stated, to 0.7%, and subsequently to 0.45% as from January 1, 1956) totalled 31,900,000 dollar units of account.

The following table shows the breakdown of these amounts by countries.

	Third financial year	Fourth financial year1)	Total	%
Germany	26 867 085	15 344 053	42 211 138	*47,63*
Belgium	6 157 200	3 373 649	9 530 849	*10,75*
France & Saar	16 556 264	8 960 621	25 516 885	*28,80*
Italy	3 345 651	2 122 809	5 468 460	*6.16*
Luxembourg	1 791 833	999 356	2 791 189	*3,14*
Netherlands	2 040 784	1 080 115	3 120 899	*3,52*
Total:	**56 758 817**	**31 880 603**	**88 639 420**	**100,00**

1) From July 1, 1955, to February 29, 1956 (eight months).

The breakdown by Treaty products worked out as follows.

	Third financial year	Fourth financial year1)	Total
Hard coal and lignite	24 924 444	14 765 390	39 689 834
Pig-iron and steel	31 834 373	17 115 213	48 949 586
Total:	**56 758 817**	**31 880 603**	**88 639 420**

1) From July 1, 1955, to February 29, 1956 (eight months).

7. The Community's financial position in the third financial year and the first eight months of the fourth financial year is shown in the following table:

(000,000 $ units of account)

	Third financial year	Fourth financial year 1)	Total
1) *Receipts*			
Yield of the levy	56.7	31.9	88.6
Interest paid by banks	1.6	1.5	3.1
Miscellaneous	0.8	0.0	0.8
Total receipts:	**59.1**	**33.4**	**92.5**
2) *Expenditure*			
Administrative expenditure by the High Authority	5.3	3.5	8.8
Funds made available to other institutions	—	1.9	1.9
Expenditure by other institutions	2.2	—	2.2
Assistance for technical research	0.6	0.3	0.9
Assistance for readaptation	—	0.1	0.1
Loan service charges	0.15	0.05	0.2
Total expenditure:	**8.25**	**5.85**	**14.1**
3) *Increase in assets*	50.85	27.55	78.4
4) *Assets as at beginning of third financial year*	46.8		
5) *Assets as at beginning of fourth financial year*		97.6	
6) *Assets as at February* 29, 1956			125.2

1) From July 1, 1955, to February 29, 1956 (eight months).

8. The total assets of the Community may be broken down as follows:

	Beginning of third financial year	Beginning of fourth financial year	February 29, 1956
Guarantee fund	35.9	75.0	97.4
Readaptation fund	7.2	16.0	17.3
Technical research fund	1.1	3.4	3.9
Still to be allocated	2.6	3.2	6.6
Total:	**46.8**	**97.6**	**125.2**

STATISTICAL ANNEX

I. Steel

TABLE 1

Pig-iron and ferro-alloys production

(*000 metric tons*)

	Germany (W.)	Belgium	France	Saar	Italy	Luxembourg	Netherlands	Community
1952	12,877	4,775	9,772	2,550	1,143	3,076	539	**34,732**
1953	11,654	4,218	8,664	2,382	1,254	2,719	591	**31,482**
1954	12,512	4,561	8,830	2,499	1,298	2,801	610	**33,111**
1955	16,482	5,320	10,941	2,879	1,677	3,048	668	**41,015**
1st qtr.) (mon-	1,286	434	886	225	112	250	54	**3,247**
2nd qtr.) thly	1,358	445	924	238	158	245	59	**3,423**
3rd qtr.) ave-	1,416	440	869	245	155	255	56	**3,435**
4th qtr.) rages)	1,433	454	968	252	134	266	54	**3,561**
1956								
January	1,470	480	977	251	130	254	54	**3,616**
February	1,339	431	844	224	119	250	48	**3,255**
March	1,472	498	957	258	147	290	55	**3,677**

TABLE 2

Crude-steel production
(by countries)

(*000 metric tons*)

	Germany (W.)	Belgium	France	Saar	Italy	Luxembourg	Netherlands	Community
1952	15,806	5,098	10,867	2,823	3,535	3,002	685	**41,816**
1953	15,420	4,553	9,997	2,682	3,500	2,658	866	**39,676**
1954	17,435	4,994	10,626	2,804	4,207	2,828	929	**43,825**
1955	21,336	5,964	12,592	3,166	5,395	3,226	979	**52,658**
1st qtr.) (mon-	1,711	488	1,050	243	423	262	79	**4,256**
2nd qtr.) thly	1,718	493	1,071	264	457	258	78	**4,339**
3rd qtr.) ave-	1,835	488	971	272	444	270	84	**4,364**
4th qtr.) rages)	1,849	520	1,106	276	472	286	85	**4,594**
1956								
January	1,945	543	1,112	283	465	269	89	**4,706**
February	1,799	498	1,004	256	422	269	83	**4,331**
March	1,979	549	1,153	284	472	300	85	**4,822**

TABLE 3

Crude-steel production
(by areas)

(000 metric tons)

	1952	1953	1954	1955
Ruhr	13,429	13,001	14,667	17,630
Lorraine	7,124	6,659	7,128	8,343
Nothern France	2,338	2,108	2,273	2,798
Lower Saxony and Schleswig-Holstein	1,281	1,402	1,605	2,339
Bavaria	539	495	543	646
Central France	712	537	534	638
Rhineland-Palatinate	452	427	507	576
Western France	470	500	477	541
South-Eastern France	147	134	145	179
Hesse	75	69	84	114
South-Western France	76	59	70	93
Baden-Württemberg	30	26	29	31

TABLE 4

Production of finished rolled products

(000 metric tons)

	Germany (W.)	Belgium	France	Saar	Italy	Luxembourg	Netherlands	Community
1952	10,932	3,732	7,764	1,943	2,724	2,160	444	**29,699**
1953	9,962	3,396	6,862	1,806	2,460	1,904	575	**26,965**
1954	11,280	3,592	7,271	1,884	2,805	2,132	707	**29,671**
1955	13,976	4,349	8,875	2,198	3,548	2,397	867	**36,210**
1st qtr.) (mon-	1,112	360	742	171	287	198	71	**2,941**
2nd qtr.) thly	1,104	356	757	178	297	191	76	**2,959**
3rd qtr.) ave-	1,198	343	671	189	276	196	68	**2,941**
4th qtr.) rages)	1,243	390	789	194	318	213	74	**3,221**
1956								
January	1,302	413	788	208	312	210	73	**3,306**

TABLE 5

Trade in iron and steel products within the Community

(000 metric tons)

Country of supply	Country of destination[1])	1952	1953	1954	1955	1st qtr. 1955	2nd qtr. 1955	3rd qtr. 1955	4th qtr. 1955
Germany	Belgium & Luxembourg	88.8	118.8	119.7	116.5	27.9	28.8	27.5	32.3
	France & Saar	9.6	28.8	117.6	163.1	30.0	38.1	43.2	51.8
	Italy	62.4	79.2	150.3	115.1	31.2	30.3	21.2	32.4
	Netherlands	141.6	220.8	384.0	437.3	144.6	118.2	91.6	82.9
	total:	*302.4*	*447.6*	*771.6*	*832.0*	*233.7*	*215.4*	*183.5*	*199.4*
Belgium & Luxembourg	Germany	532.8	478.8	652.5	1 041.1	257.1	229.8	263.5	290.7
	France & Saar	14.4	73.2	303.3	524.9	104.7	125.7	141.0	153.5
	Italy	135.6	145.2	119.4	103.0	29.4	23.1	23.4	27.1
	Netherlands	571.2	546.0	711.0	814.5	204.6	210.0	191.5	208.4
	total:	*1 254.0*	*1 243.2*	*1 786.2*	*2 483.5*	*595.8*	*588.6*	*619.4*	*679.7*
France & Saar	Germany	243.6	543.6	863.4	1 297.3	309.3	316.8	311.8	359.4
	Belgium & Luxembourg	70.8	184.8	138.3	311.7	61.8	66.9	76.3	106.7
	Italy	121.2	253.2	249.9	255.8	66.6	96.6	39.6	53.0
	Netherlands	45.6	108.0	69.3	77.9	20.4	17.7	16.4	23.4
	total:	*481.2*	*1 089.6*	*1 320.9*	*1 942.7*	*458.1*	*498.0*	*444.1*	*542.5*

Italy	Germany	0.5	0	1.8	8.2	2.1	0	2.1	4.0
	Belgium & Luxembourg	0.8	0	0.0	0.0	—	0	0	0
	France & Saar	0.1	3.6	6.0	53.3	15.9	18.6	10.7	8.1
	Netherlands	1.0	1.2	0.0	0.1	—	0	—	0.1
	total:	*2.4*	*4.8*	*7.8*	*61.6*	*18.0*	*18.6*	*12.8*	*12.2*
Netherlands	Germany	9.6	57.6	160.2	217.1	76.8	48.6	52.5	39.2
	Belgium & Luxembourg	51.6	36.0	59.4	78.4	25.5	21.0	13.0	18.9
	France & Saar	3.6	12.0	27.3	40.2	4.5	12.0	10.1	13.6
	Italy	3.6	8.4	20.4	8.6	2.4	1.8	1.4	3.0
	total:	*68.4*	*114.0*	*267.3*	*344.3*	*109.2*	*83.4*	*77.0*	*74.7*
	Grand total:	2 108.4	2 899.2	4 153.8	5 664.1	1 414.8	1 404.0	1 336.8	1 508.5
	Germany	786.5	1 080.0	1 677.9	2 563.7	645.3	595.2	629.9	693.3
	Belgium & Luxembourg	212.0	339.6	317.4	506.6	115.2	116.7	116.8	157.9
	France & Saar	27.7	117.6	454.2	781.5	155.1	194.4	205.0	227.0
	Italy	322.8	486.0	540.0	482.5	129.6	151.8	85.6	115.5
	Netherlands	759.4	876.0	1 164.3	1 324.8	369.6	345.9	299.5	314.8

1) Estimate based on deliveries.

TABLE 6

Imports of iron and steel products from third countries

(000 metric tons)

	1952	1953	1954	1955	1st qtr. 1955	2nd qtr. 1955	3rd qtr. 1955	4th qtr. 1955
Germany (W.)	184.8	202.9	213.3	390.4	70.5	93.9	100.8	125.2
Belgium	88.8	106.5	148.8	217.7	41.9	60.3	58.4	57.1
France & Saar	75.6	98.5	39.7	42.4	7.9	11.9	12.4	10.2
Italy	237.6	331.9	414.6	547.0	151.8	130.1	137.5	127.6
Luxembourg	30.0	6.2	7.4	6.6	2.5	1.6	0.4	2.1
Netherlands	165.6	174.6	140.5	290.7	67.9	73.6	87.3	61.9
Community	**782.4**	**920.6**	**964.3**	**1 494.8**	**342.5**	**371.4**	**396.8**	**384.1**
pig-iron	330.0	198.9	318.6	590.7	142.5	133.5	166.5	148.2
semis	92.4	123.1	148.5	375.0	78.9	93.3	101.1	101.7
finished rolled products	216.0	408.0	291.9	273.9	58.5	68.6	71.2	75.6

TABLE 7

Exports of iron and steel products to third countries

(000 metric tons)

	1952	1953	1954	1955	1st qtr. 1955	2nd qtr. 1955	3rd qtr. 1955	4th qtr. 1955
Germany (W.)	1 222.8	1 053.6	1 439.3	1 449.6	313.4	371.4	349.4	415.4
Belgium	1 908.0	1 688.3	1 706.8	1 885.3	480.7	493.8	418.1	492.7
France & Saar	2 019.6	2 361.5	2 129.5	2 984.0	690.8	801.5	645.0	846.7
Italy	21.6	68.7	84.4	141.7	29.2	39.1	40.4	33.0
Luxembourg	1 233.6	1 103.8	898.0	952.6	218.6	223.7	241.7	268.6
Netherlands	237.6	310.3	311.0	381.5	78.3	91.4	97.2	114.6
Community	**6 643.2**	**6 586.2**	**6 569.0**	**7 794.7**	**1 811.0**	**2 020.9**	**1 791.8**	**2 171.0**
finished rolled products	5 080.8	5 125.8	4 911.9	5 864.2	1 403.1	1 500.4	1 326.1	1 634.6

TABLE 8

Development of international basic prices for rolled products
in the Community, the U. K. and U. S. A. from March 30, 1955 to March 30, 1956

(prices exclusive of tax in dollars per metric ton) [1]

	Germany (W.)		Belgium		France		Italy		Luxembourg		Netherlands		United Kingdom [2]		United States [2]	
	1955	1956	1955	1956	1955	1956	1955	1956	1955	1956	1955	1956	1955	1956	1955	1956
Basic Bessemer																
Merchant bars	87.55 O	89.60	96.00	103.00	86.15	86.15			95.00	101.00	104.95 U	110.75	88.10	94.65	94.80	102.50
Sections	85.35 O	87.30	95.00	105.00	84.70	84.70			95.00	101.00	—	—	80.70	85.50	93.70	101.40
Wire-rod	89.15 O	91.20	93.00	104.00	86.40	86.40			92.00	101.00	97.00 Z	107.50	87.45	92.15	103.05	110.80
Hoop and strip	99.90 O	102.15	100.00	100.00	96.35	96.35			99.50	99.50	101.50 Z	107.75	91.15	96.65	89.30	95.35
Plate	95.75 E	98.05	104.00	115.00	101.35	101.35			103.50	111.00	100.00 V	101.25	85.65	91.15	93.15	99.65
Sheet (hot-rolled)	119.75 S	122.50	128.00	128.00	120.60	120.60			215.05	127.60	130.35 V	130.35	94.40	99.90	89.30	95.35
Open-hearth																
Merchant bars	94.40 O	96.45	111.00	124.00	100.25	105.95	121.60	123.20			106.50 U	117.50				
Sections	92.25 O	94.40	110.00	126.00	98.75	104.45	118.40	121.60			—	—				
Wire-rod	96.00 O	98.30	105.00	117.00	98.65	104.35	121.60	121.60			103.25 Z	111.75				
Hoop and strip	110.15 O	112.70	112.00	112.00	111.15	116.85	128.00	131.20			110.50 Z	114.25				
Plate	106.30 E	108.80	120.00	135.00	115.95	121.70	139.20	148.80			108.25 V	111.25				
Sheet (hot-rolled)	128.45 S	131.45	140.00	140.00	135.60	141.30	163.20	163.20			135.50 V	135.50				
Basing points	O = Oberhausen E = Essen S = Siegen		Seraing		Thionville for plate and sheet: Montmedy		Novi Ligure		Luxembourg		U = Utrecht Z = Zwijndrecht V = Velsen-Beverwijk		Delivred place of destination		Pittsburgh	

1) Taxes deducted: for Germany 4%, for the Netherlands 5%.
$ 1 = DM. 4.20, Bfr. 50.—, Ffr. 350.—, Lit. 625.—, fl. 3.80, £ 0.357 (= approx. 7s.1 ½d.).
2) Basic open-hearth quality employed for the most usual purposes in the U. K. and U.S.A. is here compared with basic Bessemer quality employed for the same purposes in the Community.

TABLE 9

Development of basic export prices for rolled products
from March 30, 1955, to March 30, 1956

(in dollars per metric ton exclusive of tax, f. o. b. port of departure)

	Community (overall)		United Kingdom		United States	
	1955	1956	1955	1956	1955	1956
Merchant bars	100	108	98	112,80	104,70	112,45
Sections	94	110	101,95	118,50	103,60	111.35
Wire-rod	104	110	—	—	107.15	114.85
Hoop and strip	107	110	96,45/ 97.85	110.25/ 111.60	95.90	104.30
Heavy plate	104	120	104,70	124	102,10	108,25
Hot-rolled sheet1)	143/150	144,65/ 151.65	122.65/ 144.70	122.65/ 144.70	93.25	103.60

1) According to destination.

TABLE 10

Saleable iron-ore production

(000 metric tons)

	Germany (W.)	Belgium	France	Italy	Luxembourg	Community
1952	12,924	132	40,704	828	7,248	**61,836**
1953	10,380	96	42,444	972	7,164	**61,056**
1954	9,708	84	43,842	1,092	5,880	**60,588**
1955	11,381	106	50,321	1,382	7,392	**70,582**
1st qtr.)	915	9	4,160	87	569	**5,740**
2nd qtr.) (monthly	911	8	4,156	108	579	**5,763**
3rd qtr.) averages)	978	9	3,997	133	669	**5,786**
4th qtr.)	989	10	4,460	132	647	**6,237**
1956						
January	1,008	11	4,524	102	600	**6,245**
February	922	8	4,174		496	

TABLE 11

Iron-ore trade within the Community

(000 metric tons)

Country of supply	Country of destination[1])	1952	1953	1954	1955	1st qtr. 1955	2nd qtr. 1955	3rd qtr. 1955	4th qtr. 1955
Germany (W.)	Belgium & Luxembourg	—	—	1.2	0.9	0.1	0.3	0.1	0.4
	France & Saar	51.6	57.6	51.6	24.1	3.6	1.7	8.4	10.4
	Italy	1.2	1.2	1.2	2.1	0.4	0.5	0.6	0.6
	Netherlands	—	—	0	3.0	0	0.1	1.4	1.5
	total:	*52.8*	*58.8*	*54.0*	*30.1*	*4.1*	*2.6*	*10.5*	*12.9*
Luxembourg	Germany (W.)	434.4	267.6	99.6	386.0	66.0	85.5	111.6	122.9
	France & Saar	10.8	614.4	27.6	36.5	3.6	3.1	11.4	18.4
	total:	*445.2*	*882.0*	*127.2*	*422.5*	*69.6*	*88.6*	*123.0*	*141.3*
France	Germany	379.2	340.8	242.4	353.9	74.5	109.0	82.1	88.3
	Belgium & Luxembourg	8 395.2	9.001.2	10 261.2	12 537.5	2 875.8	3 070.0	3 070.1	3 521.6
	Netherlands	132.0	187.2	144.4	141.4	36.5	36.6	30.0	38.3
	total:	*8 906.4*	*9 529.2*	*10 647.6*	*13 032.8*	*2 986.8*	*3 215.6*	*3 182.2*	*3 648.2*
	Grand total[2])	9 404.4	10 470.0	10 828.8	13 521.5	3 060.5	3 311.2	3 337.7	3 812.1
	Germany	813.6	608.4	342.0	776.0	140.5	198.9	215.7	220.9
	Belgium & Luxembourg	8 395.2	9 001.2	10 262.4	12 538.4	2 875.9	3 070.3	3 070.2	3 522.0
	France & Saar	62.4	672.0	79.2	60.6	7.2	4.8	19.8	28.8
	Italy	1.2	1.2	1.2	2.1	0.4	0.5	0.6	0.6
	Netherlands	132.0	187.2	144.0	144.4	36.5	36.7	31.4	39.8

1) Estimate based on deliveries.
2) Including some small tonnages delivered by Italy.

TABLE 12

Scrap purchases by the Community iron and steel industry from other Community countries

(000 metric tons)

	Germany (W.)	Belgium	France & Saar	Italy	Luxembourg	Netherlands	Community
1952	...	...	...	...	...	...	**432.0**
1953	...	...	...	...	...	...	**1 062.0**
1954	128.8	82.2	45.7	916.5	22.0	22.3	**1 217.5**
1955	111.0	97.9	106.9	839.0	5.9	11.0	**1 171.7**
1st qtr.)	15.3	8.4	7.7	87.7	1.1	2.3	**122.5**
2nd qtr.) (monthly	13.3	9.0	9.9	92.0	0.6	0.7	**125.5**
3rd qtr.) averages)	4.7	7.3	5.9	31.7	0.3	1.1	**51.0**
4th qtr.)	3.7	7.9	12.2	36.3	0.0	0.3	**92.3**
1956							
January	1.0	15.0	12.4	58.3	0.3	0.2	**87.2**

II. Coal

TABLE 13

Pithead stocks of hard coal

(000 metric tons at end of period)

Country	Coalfield	1952	1953	1954		1955	
				Total tonnage	Low-grade products[1])	Total tonnage	Low-grade products[1])
Germany		465	841	654	3 %	572	4 %
(W.)	Ruhr	445	783	617	2 %	540	3 %
	Aachen	12	10	17	12 %	19	22 %
	Lower Saxony	8	48	21	5 %	13	27 %
Belgium		1,673	3,077	2,815	63 %	371	64 %
	Campine	667	1,169	898	16 %	69	61 %
	South	1,006	1,908	1,917	85 %	302	65 %
France		4,213	5,756	7,838	63 %	5,983	83 %
	Nord/Pas-de-Calais	1,553	2,036	2,995	46 %	1,759	68 %
	Lorraine	1,181	1,391	2,032	89 %	1,790	98 %
	Centre/Midi	1,442	2,292	2,769	63 %	2,417	83 %
Saar		462	536	821	31 %	228	86 %
Italy	All coalfields	53	49	26	0 %	65	2 %
Netherlands	Limburg	237	213	287	66 %	292	69 %
	Community	**7,103**	**10,472**	**12,441**	**58 %**	**7,511**	**75 %**

1) Percentage of low-grade products covers middlings, slurry, slack and various low-grade fuels.

TABLE 14

Stocks of coke at coking-plants

(000 metric tons at end of period)

	1952	1953	1954	1955	February 1956
Germany (W.)	110	3,429	1,984	164	179
Belgium	101	200	127	71	42
France	187	435	375	164	92
Saar	18	34	19	12	12
Italy	52	63	58	62	60
Netherlands	63	99	82	82	39
Community:	**531**	**4,260**	**2,645**	**555**	**424**

TABLE 15

Hard-coal production by countries

(000 metric tons)

	Germany (W.)	Belgium	France	Saar	Italy	Netherlands	Community
1952	123,278	30,384	55,365	16,235	1,089	12,532	**238,883**
1953	124,472	30,060	52,588	16,418	1,126	12,297	**236,961**
1954	128,035	29,249	54,405	16,818	1,074	12,071	**241,653**
1955	130,728	29,978	55,335	17,329	1,136	11,895	**246,401**
1st qtr.) (mon-	11,081	2,500	4,874	1,494	91	1,013	**21,053**
2nd qtr.) thly	10,425	2,499	4,578	1,409	95	938	**19,941**
3rd qtr.) ave-	10,897	2,312	4,297	1,454	100	1,006	**20,066**
4th qtr.) rages)	11,173	2 680	4,695	1,420	92	1,008	**21,069**
1956							
January	11,608	2,608	4,774	1,574	91	1,025	**21,680**
February	11,113	2,390	4,622	1,439	80	925	**20,569**

TABLE 16

Hard-coal production
(by coalfields)

(000 metric tons)

	1952	1953	1954	1955
Ruhr	114,417	115,551	118,712	121,106
Nord/Pas-de-Calais	29,406	27,554	28,705	29,101
Southern Belgium	20,672	20,577	19,991	19,833
Saar	16,235	16,418	16,818	17,329
Lorraine	12,210	12,001	12,996	13,157
Dutch Limburg	12,532	12,297	12,071	11,895
Campine	9,712	9,483	8,258	10,144
Aachen	6,439	6,588	6,857	7,062
Loire	3,805	3,460	3,330	3,355
Cévennes	2,893	2,875	2,819	2,841
Blanzy	2,678	2,589	2,612	2,582
Lower Saxony	2,422	2,333	2,466	2,560
Aquitaine	2,100	2,020	1,910	2,138
Auvergne	1,145	1,120	1,092	1,185
Sulcis	954	1,004	958	1,039
Dauphiné	536	542	536	604

TABLE 17

Underground O. M. S. in the hard-coal mines [1])

(Kilograms)

	1938	1952	1953	1954	1955
Ruhr	1,960	1,503	1,486	1,523	1,572
Nord/Pas-de-Calais	1,136	1,228	1,277	1,349	1,426
Southern Belgium	1,004	965	986	1,011	1,028
Saar[2])	1,570	1,623	1,676	1,744	1,810
Lorraine	2,014	2,018	2,088	2,214	2,257
Dutch Limburg	2,371	1,609	1,567	1,497	1,486
Campine	1,523	1,300	1,307	1,352	1,484
Aachen	1,409	1,194	1,186	1,200	1,279
Lower Saxony	1,380	1,200	1,130	1,169	1,228
Centre/Midi	1,176	1,270	1,343	1,424	1,513
Sulcis	...	...	609	636	867
Community:	**1,590[3])**	**1,389[3])**	**1,393**	**1,438**	**1,497**
			1,401[3])	1,447[3])	1,502[3])

1) The output of the German and Netherlands mines is given as 2-3 % below the true level, the low-grade fuel mined by them having been converted into terms of saleable products.
2) Saarbergwerke.
3) Exclusive of the Sulcis coalfield.

TABLE 18

Production of coke-oven coke

(000 metric tons)

	Germany (W.)	Belgium	France	Saar	Italy	Netherlands	Community
1952	37,233	6,407	9,216	3,888	2,350	3,285	**62,379**
1953	37,776	5,945	8,631	3,590	2,327	3,245	**61,514**
1954	34,921	6,147	9.220	3,666	2,499	3,381	**59,833**
1955	40,520	6,600	10,725	3,939	2,949	3,901	**68,633**
1st qtr.)	3,198	553	871	320	231	315	**5,487**
2nd qtr.) (monthly	3,338	552	880	325	241	319	**5,655**
3rd qtr.) averages)	3,459	556	852	334	243	327	**5,771**
4th qtr.)	3,511	540	972	335	268	340	**5,965**
1956							
January	3,652	600	1,014	359	273	355	**6,255**
February	3,444	561	939	331	255	327	**5,857**

TABLE 19

Trade in hard coal and hard-coal briquettes within the Community

(000 metric tons)

Country of supply	Country of destination	1952	1953	1954	1955	1st qtr. 1955[1])	2nd qtr. 1955[1])	3rd qtr. 1955[1])	4th qtr. 1955[1])	Jan. 1956[2])	Feb. 1956[2])
Germany	Belgium	317	691	1,930	1,197	120	113	91	76	79	52
	France & Saar	3,706	3,828	4,256	3,568	311	297	295	287	309	238
	Italy	2,993	3,421	3,505	2,899	243	234	234	257	274	218
	Luxembourg	103	127	118	119	9	12	10	8	10	14
	Netherlands	2,143	2,544	3,028	2,440	258	211	176	168	183	141
	Total:	9,262	10,611	12,837	10,223	941	867	806	796	855	663
Belgium	Germany	19	107	226	754	104	49	50	41	8	4
	France & Saar	1,228	1,830	1,597	1,502	119	132	113	135	137	79
	Italy	681	839	576	185	49	5	2	4	16	7
	Luxembourg	65	23	38	49	4	4	4	5	5	3
	Netherlands	574	1,070	2,166	2,965	298	210	254	228	165	80
	Total:	2,567	3,869	4,601	5,455	574	400	423	413	331	173

France & Saar	Germany	3,940	4,320	4,239	5,141	434	433	449	397	407	347
	Belgium	169	147	331	602	50	51	73	29	22	8
	Italy	214	417	417	308	29	15	28	30	27	18
	Luxembourg	155	129	132	132	12	8	12	12	13	10
	Netherlands	4	106	10	455	21	59	53	17	10	5
	Total:	4,482	5,173	5,129	6,638	546	566	615	485	479	388
Netherlands	Germany	—	10	124	227	22	18	20	15	19	7
	Belgium	4	175	521	356	28	27	30	32	37	13
	France & Saar	—	74	386	337	30	24	28	31	31	12
	Italy	—	4	—	—	—	—	—	—	—	—
	Luxembourg	—	—	—	—	—	—	—	—	—	—
	Total:	4	263	1,031	920	80	69	78	78	87	32
	Grand Total:	**16,315**	**19,916**	**23,600**	**23,236**	**2,141**	**1,902**	**1,922**	**1,772**	**1,752**	**1,256**
	Germany	3,959	4,437	4,589	6,122	560	500	519	453	434	358
	Belgium	490	1,013	2,782	2,155	198	191	194	137	138	73
	France & Saar	4,934	5,732	6,239	5,407	460	453	436	453	477	329
	Italy	3,888	4,735	4,498	3,392	321	254	264	291	317	243
	Luxembourg	323	279	288	300	25	24	26	25	28	27
	Netherlands	2,721	3,720	5,204	5,860	577	480	483	413	358	226

1) Monthly averages.
2) Provisional figures.

TABLE 20

Coke trade within the Community

(000 metric tons)

Country of supply	Country of destination	1952	1953	1954	1955	1st qtr. 1955[a])	2nd qtr. 1955[a])	3rd qtr. 1955[a])	4th qtr. 1955[a])	Jan. 1956[a])	Feb. 1956[a])
Germany	Belgium	—	8	48	60	5	4	5	6	6	4
	France & Saar	3,442	2,768	2,212	3,523	292	300	287	294	303	280
	Italy	2	11	23	21	2	—	4	1	1	1
	Luxembourg	2,970	2,798	2,773	3,140	262	256	260	268	275	248
	Netherlands	179	270	346	386	47	29	25	28	30	22
	Total:	6,593	5,855	5,402	7,130	608	589	581	597	615	555
Belgium	Germany	201	21	1	23	—	—	2	6	11	8
	France & Saar	197	220	451	356	34	27	29	29	35	31
	Italy	—	—	—	—	—	—	—	—	—	—
	Luxembourg	140	102	102	92	12	12	5	3	4	4
	Netherlands	5	22	8	27	0	1	4	2	3	1
	Total:	543	365	562	498	46	40	40	40	53	44

France & Saar	Germany	120	158	184	166	12	12	16	13	13	4
	Belgium	—	—	4	7	—	0	1	—	—	—
	Italy	—	—	—	—	—	—	—	—	—	—
	Luxembourg	—	—	—	—	—	—	—	—	—	—
	Netherlands	—	—	—	14	—	1	4	—	0	—
	Total:	120	158	188	187	12	13	21	13	13	4
Netherlands	Germany	—	2	3	13	2	1	1	—	1	0
	Belgium	2	17	24	73	8	6	5	5	3	3
	France & Saar	518	448	565	721	57	62	60	61	66	53
	Luxembourg	234	203	246	304	24	25	26	25	27	17
	Total:	754	670	838	1,111	91	94	92	91	97	73
	Grand total:[1])	**8,104**	**7,075**	**6,990**	**8,992**	**757**	**736**	**734**	**763**	**799**	**680**
	Germany[1])	321	181	188	267	14	13	19	41	43	16
	Belgium	2	25	76	140	13	10	11	11	9	7
	France & Saar[1])	4,251	3,453	3,228	4,601	383	389	376	384	407	364
	Italy	2	11	23	21	2	—	4	1	1	1
	Luxembourg	3,334	3,103	3,121	3,536	298	293	291	296	306	269
	Netherlands	184	292	354	427	47	31	33	30	33	23

1) Including some small tonnages delivered by Italy.
2) Monthly averages.
3) Provisional figures.

TABLE 21

Hard-coal imports from third countries

(*000 metric tons*)

Country of origin / Country of destination	U.S.A.	U. K.	Poland	Soviet Union	Other countries	Total
Germany (W.)						
1952	7,377	482	9	—	11	7,879
1953	3,421	1,521	76	—	27	5,045
1954	1,823	1,633	262	0	163	3,881
1955	6,998	1,339	714	69	151	9,271
Belgium						
1952	794	337	5	33	4	1,173
1953	664	420	—	46	2	1,133
1954	253	526	6	62	4	852
1955	784	485	—	124	60	1,453
France						
1952	3,138	1,125	752	199	148	5,361
1953	289	448	480	260	138	1,615
1954	55	994	514	404	248	2,215
1955	802	950	438	550	161	2,901
Italy						
1952	2,885	1,083	741	114	254	5,077
1953	1,609	1,704	613	46	249	4,222
1954	2,852	1,324	375	111	179	4,842
1955	5,652	781	106	208	92	6,820
Luxembourg						
1952	—	67	—	—	—	67
1953	—	6	—	—	—	6
1954	—	5	—	—	—	5
1955	—	—	—	—	—	—
Netherlands						
1952	2,108	422	121	36	19	2,707
1953	701	986	24	80	10	1,802
1954	1,181	809	—	135	4	2,129
1955	1,719	750	—	128	5	2,603
Community						
1952	**16,302**	**3,516**	**1,628**	**382**	**436**	**22,264**
1953	**6,684**	**5,085**	**1,193**	**432**	**426**	**13,823**
1954	**6,164**	**5,291**	**1,157**	**712**	**598**	**13,924**
1955	**15,935**	**4,305**	**1,258**	**1,079**	**469**	**23,048**

TABLE 22

Hard-coal exports to third countries

(000 metric tons)

Country of destination / Country of origin	U. K.	Scandinavian countries	Switzerland	Austria	Other countries	Total
Germany (W.)						
1952	—	434	511	1,627	532	3,104
1953	26	548	405	1,778	507	3,264
1954	407	500	561	1,889	371	3,729
1955	181	563	555	1,081	445	2,825
Belgium						
1952	—	139	50	—	43	232
1953	192	64	50	2	274	582
1954	911	132	230	1	123	1,397
1955	1,537	116	348	0	55	2,056
France						
1952	—	54	265	40	182	539
1953	116	229	267	129	140	881
1954	557	172	322	43	195	1,288
1955	1,994	429	526	99	282	3,330
Saar						
1952	—	80	253	81	139	552
1953	227	185	315	196	171	1,094
1954	498	171	355	147	167	1,337
1955	742	254	440	243	97	1,776
Netherlands						
1952	—	—	—	—	15	15
1953	—	0	39	0	12	51
1954	—	13	87	1	8	110
1955	—	11	93	2	4	110
Community						
1952	—	**707**	**1,079**	**1,748**	**908**	**4,442**
1953	**561**	**1,026**	**1,076**	**2,105**	**1,104**	**5,872**
1954	**2,373**	**988**	**1,555**	**2,081**	**864**	**7,861**
1955	**4,455**	**1,372**	**1,962**	**1,425**	**883**	**10,097**

TABLE 23

Coke exports to third countries

(000 metric tons)

Country of origin \ Country of destination	Scandinavian countries	Switzerland	Austria	Other countries	Total
Germany (W.)					
1952	3,049	412	240	323	4,024
1953	2,251	384	275	310	3,220
1954	2,766	422	336	905	4,430
1955	2,840	414	313	494	4,061
Belgium					
1952	200	43	0	172	415
1953	337	17	9	93	456
1954	165	17	7	137	326
1955	206	8	1	63	278
France					
1952	3	12	—	17	32
1953	21	29	2	19	71
1954	42	40	2	24	108
1955	113	48	4	24	189
Saar					
1952	—	—	6	—	6
1953	—	—	4	—	4
1954	—	—	1	—	1
1955	—	—	1	3	4
Italy					
1952	—	—	—	79	79
1953	—	—	—	70	70
1954	—	—	—	51	51
1955	—	—	—	14	14
Netherlands					
1952	452	134	—	54	637
1953	427	113	—	37	577
1954	487	124	—	16	627
1955	608	116	—	40	764
Community					
1952	**3,704**	**601**	**246**	**645**	**5,193**
1953	**3,036**	**543**	**290**	**529**	**4,398**
1954	**3,460**	**603**	**346**	**1,133**	**5,543**
1955	**3,770**	**586**	**319**	**636**	**5,310**

TABLE 24

Development of coal prices in the Community
for certain types and sizes in the main coalfields of the Community [1])

(in dollars per metric ton, exclusive of taxes)

Type	Size	Year	Ruhr		Aachen		Netherlands		Belgium		Nord/P. d. C.		Lorraine		Saar	
			month	price	month	price	month	price	month	price	month	price	month	price	month	price
Coke	large	1952	May	13.94	May	13.94					May	18.66	May	20.14	May	20.14
		1953	March	14.63	March	15.88	April	16.63			March	18.80	March	20.29	March	20.29
		1954	April	14.17	April	15.43	April	16.13			April	18.80	April	20.00	April	19.71
		1956	March	14.85	March	16.57	March	16.67			March	18.09	March	19.57	March	19.29
		1956	April	15.69	April	17.39	April	17.99			April	18.09	April	19.57	April	20.14
Anthracite	French nuts	1952	May	19.20	May	19.20			June	27.14	May	26.06				
		1953	March	22.17	March	23.42	April	26.29	March	27.60	March	26.57				
		1954	April	22.17	April	23.88	April	26.29	April	27.60	April	26.86				
		1956	March	22.62	March	25.37	March	28.57	March	30.00	March	27.83				
		1956	April	23.08	April	25.83	April	29.89	April	30.00	April	27.83				
Low-volatile	small nuts	1952	May	16.23	May	16.23			June	27.14	May	26.06				
		1953	March	18.74	March	20.00	April	21.71	March	27.60	March	26.57				
		1954	April	18.74	April	20.22	April	21.33	April	27.60	April	26.86				
		1956	March	19.20	March	21.82	March	22.49	March	30.00	March	27.26				
		1956	April	19.66	April	22.28	April	23.81	April	30.00	April	27.26				
Semi-bituminous	singles	1952	May	11.65					June	17.22	May	19.66				
		1953	March	13.03			April	14.48	March	16.40	March	18.69				
		1954	April	13.03	April	13.71	April	14.48	April	16.40	April	18.69				
		1956	March	13.71	March	14.28	March	14.55	March	15.70	March	18.00				
		1956	April	14.17	April	14.74	April	14.55	April	15.70	April	18.00				
Bituminous	washed duff or coking fines	1952	May	10.86	May	10.86			June	14.32	May	13.89	May	12.51	May	13.26
		1953	March	12.00	March	13.25	April	13.84	March	14.20	March	14.40	March	16.63	March	13.54
		1954	April	11.54	April	12.80	April	12.95	April	14.06	April	14.26	April	13.00	April	13.97
		1956	March	12.00	March	13.37	March	12.96	March	13.82	March	13.71	March	12.66	March	13.43
		1956	April	12.46	April	13.83	April	12.96	April	13.82	April	13.70	April	12.66	April	14.00

High-volatile bituminous	doub-les	1952	May	11.31					June	18.22	May	17.43	May	17.71	May	18.29
		1953	March	12.68					March	17.20	March	17.83	March	17.83	March	16.97
		1954	April	12.45					April	17.20	April	17.69	April	17.83	April	18.86
		1956	March	12.91					March	16.26	March	17.69	March	17.83	March	18.86
		1956	April	13.37					April	16.26	April	17.69	April	17.83	April	18.86
Taxes to be added:		1952		4,16%		4.16%		4.16%		4.50%		7.93 %		7.93 %		9.11 %
		1953		«		«		«		«		«		«		«
		1954		«		«		«		«		«		«		«
		1955		«		«		«		«		9.29 %		9.29 %		11.11 %
		1956		«		5.3%		«		5.0 %		11.11 %		11.11 %		«

1) The 1952 prices are prices for sales in the home market. Export prices, even those for exports to other Community countries (which were not then part of the Common Market), were for the most part much higher. This system of dual pricing was abolished when the Common Market was introduced.
The prices of the Ruhr and Aachen coalfields were, before the introduction of the Common Market, for delivery «f.o.t. Ruhr basing point». The change in the method of quoting to «f.o.t. at colliery» reduced the delivered price for the customers located nearer to the colliery than to the basing point. This was, for instance, the case for the majority of the customers of the Aachen coalfield.
The types listed in col. 1 of the accompanying table correspond to the following schedule descriptions in the different coalfields:

Anthracite

Anthrazitkohlen (Ruhr), 7-10% volatile matter;
Anthrazitkohlen (Aachen), <10% volatile matter;
Anthraciet, 1st group (Netherlands), 7-9% V.M. or <10% V.M.;
Maigres (Belgium), <10% V.M.;
Maigres or anthracites (Nord/Pas de Calais), <10% V.M.

Low-volatile

Magerkohlen (Ruhr and Aachen), 10-14% V.M.;
Anthraciet (Netherlands), 9-12% V.M.;
1/4 gras (Belgium), 10-12.5% V.M.;
1/4 gras (Nord/Pas de Calais), 10-14% V.M.;

Semi-bituminous

Esskohlen (Ruhr), 14-19% V.M.;
3/4 Fettkohlen (Aachen), 16-19% V.M.;
3/4 vet-rookzwakkekolen (Netherlands), 15-20% V.M.;
3/4 gras (Belgium), 16-20% V.M.;
Demi-gras (Nord/Pas de Calais), 14-18% V.M.

Bituminous

Fettkohlen (Ruhr), 19-28% V.M.;
Fettkohlen (Aachen), >19% V.M.;
Vetkolen (Netherlands), 20-25% V.M.;
Gras A (Belgium), 20-25% V.M.;
Gras and 3/4 gras (Nord/Pas de Calais), >18% V.M.;
Gras (Lorraine), 36-39% V.M.;
Gras (Saar), 33-40% V.M.

High-volatile bituminous

Gas- und Gasflammkohle (Ruhr), 28-40% V.M.;
Gras B (Belgium), >28.5% V.M.;
Flénus (Nord/Pas de Calais), >30% V.M.;
Flambants secs (Lorraine and Saar), 40-42% V.M.

Between April 1, 1954, and March 31, 1955, there have been no changes in the schedule prices for the types listed above. The prices shown for March 1956 include the changes which have occurred since April 1, 1956.

At the time of going to press with this report, the Belgian collieries had not yet lodged their new price schedules for the coal year 1956-57.

TABLE 25

Comparative development of coal prices in the different coalfields of the Community

(Ruhr prices = 100)

	May 1952[1]	March 1956	April 1956
Aachen			
Anthracite	100	112	111
Low-volatile	100	112	112
Semi-bituminous	100	114	113
Bituminous	...	104	103
High-volatile bituminous	100	111	111
Netherlands			
Large coke	114	112	115
Anthracite	119	126	130
Low-volatile	116	117	121
Semi-bituminous	111	106	103
Bituminous	115	108	104
Belgium			
Anthracite	141	133	...
Low-volatile	167	156	...
Semi-bituminous	148	115	...
Bituminous	132	115	...
High-volatile bituminous	161	126	...
Nord/Pas-de-Calais			
Large coke	134	122	116
Anthracite	136	123	120
Low-volatile	161	142	138
Semi-bituminous	169	131	127
Bituminous	128	114	110
High-volatile bituminous	154	137	133
Lorraine			
Large coke	144	132	125
Bituminous	115	105	102
High-volatile bituminous	156	138	134
Saar			
Large coke	144	130	128
Bituminous	122	112	112
High-volatile bituminous	162	146	141

1) May 1953 for the Netherlands.

TABLE 26

Personnel employed in the industries of the Community

(000)

	December 1954				December 1955[1])			
	Workers	Apprentices	Salaried employees	Total	Workers	Apprentices	Salaried employees	Total
Hard-coal mines								
Germany (W.)	430.6	49.6	41.0	*521.2*	429.6	50.3	42.4	*522.3*
Belgium	137.5	1.0	14.9	*153.4*	140.5	2.3	14.8	*157.6*
France	216.8	9.3	27.0	*253.1*	208.6	8.4	26.8	*243.8*
Saar	52.8	5.5	5.7	*64.0*	52.1	5.5	5.9	*63.5*
Italy	9.4	—	1.0	*10.4*	6.5	—	0.7	*7.3*
Netherlands	50.7	4.8	6.3	*61.8*	50.0	4.4	6.4	*60.7*
Community:	*897.8*	*70.2*	*95.9*	*1 063.9*	*887.3*	*70.9*	*97.0*	*1 055.2*
Iron and steel industry								
Germany (W.)	143.7	5.4	19.9	*169.0*	152.3	6.5	19.6	*178.6*
Belgium	47.0	—	6.7	*53.7*	49.4	—	6.8	*56.2*
France	117.5	3.4	21.8	*142.7*	122.4	2.4	22.5	*147.3*
Saar	25.5	0.8	3.8	*30.1*	26.1	0.8	3.8	*30.7*
Italy[2])	49.6	0.1	6.4	*56.1*	53.3	0.1	6.9	*60.3*
Luxembourg	16.9	0.3	1.9	*19.1*	17.5	0.3	1.9	*19.7*
Netherlands	6.7	0.2	2.4	*9.3*	7.0	0.2	2.5	*9.9*
Community:	*406.9*	*10.2*	*62.9*	*480.0*	*428.2*	*10.3*	*64.2*	*502.7*
Iron-ore mines								
Germany (W.)	17.5	1.1	2.0	*20.6*	18.7	1.0	2.1	*21.8*
Belgium	0.0	—	0.0	*0.0*	0.0	—	0.0	*0.0*
France	25.5	1.3	2.9	*29.7*	24.6	1.2	2.9	*28.7*
Italy	3.4	—	0.3	*3.7*	4.0	0.0	0.3	*4.3*
Luxembourg	2.4	0.0	0.2	*2.6*	2.5	0.0	0.2	*2.7*
Community:	*48.8*	*2.4*	*5.4*	*56.6*	*49.8*	*2.2*	*5.5*	*57.5*
Grand total:	1 353.5	82.8	164.2	1 600.5	1 365.3	83.4	166.7	1 615.4

1) Provisional figures.
2) Exclusive of Trieste for December 1954.