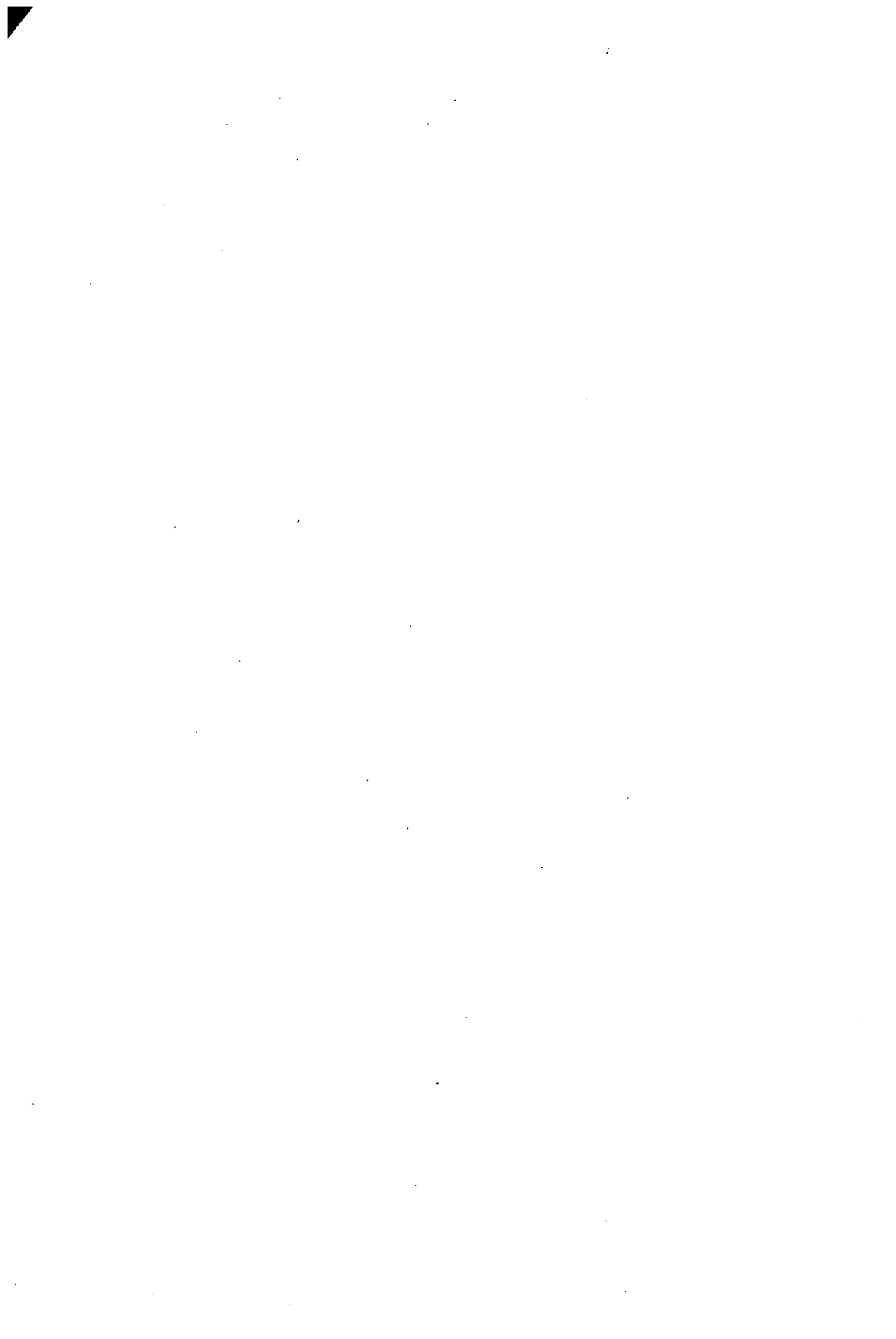


EUROPEAN COAL AND
STEEL COMMUNITY
THE HIGH AUTHORITY

Eleventh
GENERAL REPORT
on the
Activities of the Community
(February 1, 1962 — January 31, 1963)

LUXEMBOURG, 1963





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INTRODUCTION

I

In the introduction to its Tenth General Report, a year ago, the High Authority described the changing situation within which Community affairs were evolving. In the course of the past twelve months, the changes have become still more sharply apparent, so that, in a number of fields, the European Coal and Steel Community is having to adjust itself to altered circumstances.

It so happens that at this very juncture the Community is preparing to celebrate the tenth anniversary of the Common Market for coal and steel: on February 10, 1953, in accordance with Section 8 of the Convention containing the Transitional Provisions, the High Authority introduced the Common Market for coal, iron ore and scrap, and the introduction of the Common Market for steel followed a few months later.

The High Authority feels that the experiences of these ten years merit detailed analysis, with the object of extracting all points likely to prove instructive. It is accordingly planning to publish in the near future a special study assembling into a connected picture the main data regarding the economic and social and the technological trend in the Common Market and its component industries; this will, it hopes, do a good deal to bring home both the results achieved and the flaws which have come to light in course of time.

II

The High Authority is here concerned to state its position with regard to the current problems before the Community. Before doing so, however, it wishes to pay tribute to the two Members who left it during the year, Vice-President Spierenburg and Dr. Potthoff. Both, for over ten years, gave of their best to the building of Europe; both had been associated with the development of the European Institutions from their earliest beginnings. The founder Members of 1952 are now in the minority, but the High Authority's determination to abide by the principles adopted ten years ago by the member States remains unchanged. Only, allowance must be made for the adjustments which are becoming necessary in consequence of the changes in the economic and political context of Europe.

III

Before going on to examine the present position of E.C.S.C. in those respects which it feels to be of particular importance, the High Authority would draw attention to some of the outstanding events and developments of the year under review.

- (a) The judgment delivered by the Court of Justice on July 12, 1962, cleared the decks for a further stage in the High Authority's work with regard to transport, one of the main aims in which is to ensure the requisite publication of rates and conditions of carriage.
- (b) The Court's judgment of May 18, 1962, clarified the interpretation of Article 65 of the Treaty. As a result, the arrangements for the marketing of Ruhr coal are to be remodelled by the adoption of a system of two mutually independent selling agencies.
- (c) The problem of Belgian coal-selling arrangements has been disposed of.
- (d) The restrictions on trade in coal between Belgium and the other member countries have been lifted, as

thanks to the reconstruction operations which have been going on since 1960, in conjunction with the emergency measures instituted by the High Authority, it has been possible to restore the Belgian coal market to its place as an integral part of the Common Market.

- (e) During the year, the High Authority, in co-operation with the other two European Executives, in accordance with the instructions issued by the Council of Ministers in Rome in April 1962 submitted to the Council a Memorandum on Energy Policy containing proposals for the establishment of a Common Market for energy, and also a Study on the Long-Term Energy Outlook for the European Community.¹⁾
- (f) Further precedents were added to the corpus of High Authority case law on concentrations: these included in particular, the granting of authorization for the launching of a joint concern by a number of separate steel producers.
- (g) In 1962 for the first time the High Authority was able to raise most of the loans it contracted for the purpose of aiding investment projects in the European money market, and thus to have less recourse to American capital.
- (h) The readaptation assistance arrangements as amended in accordance with the "minor revision" of Article 56 of the Treaty in 1960 are proving more and more effective. Over 10 million units of account have been allocated since then for readaptation payments, which have been effected in respect of the workers of some sixty enterprises.

These are merely a few examples to illustrate what the Community is doing in various fields. Further particulars on these and other matters with which the High Authority has had to do in 1962 are given in the body of the Report. By way of introduction, the High Authority prefers to deal with some of the more general aspects of E.C.S.C.'s development.

¹⁾ See also subsections VIII and IX below.

IV

The negotiations with the third countries applying for membership of the European Communities have been suspended since the deadlock among the member countries on January 29, 1963. The problem of relations with the neighbouring countries remains, however; some solution will be needed and the farther the tri-Community complex of which E.C.S.C. is part progresses, the greater the need will be. The High Authority will continue to devote close attention to relations with the European countries outside the Community, and in particular to those having special interests in the coal and steel sectors.

In this connection it may be worth while to record briefly the course of the negotiations up to January 29.

The new turn noted in last year's Report in relations with third countries led in the case of E.C.S.C. to three applications for membership, from the United Kingdom (with which the Community has had an Agreement of Association since 1954), Denmark and Ireland. Negotiations between the six E.C.S.C. countries and Britain opened in October 1962; negotiations with Denmark were due to begin shortly after the Special Council of Ministers had taken cognizance, in December 1962, of a statement on the problems the Danish Government considered would have to be dealt with; the Irish application was laid before the Council's President in office in January 1962.

The problems involved differed considerably in the three cases. One of the applications was from a highly industrialized country, Britain, whose integration into the Community, as was made clear in the introduction to last year's General Report, would substantially alter E.C.S.C.'s whole size *vis-à-vis* the other major coal and steel producers of the world. Moreover, both in the coal and in the steel sector the British organizational arrangements are of a very special nature, to a great extent governing the operation and management of the enterprises concerned, and this inevitably raised problems as to their compatibility with the principles and rules of the E.C.S.C. Treaty.

Appropriate solutions had to be worked out; important points, both economic and political, were involved which required time to clear up. During the four months of the negotiations proper, the negotiators went very thoroughly into the problems in connection with the structure of the steel sector and with external duties on iron and steel products, on which ultimately agreement was on the point of being reached. With regard to the coal sector, on the other hand, the six Governments had not yet succeeded in establishing a common position when the talks ended. The negotiations thus did nothing to clarify the difficult problems raised by the scale of nationalized British coal production in relation to the size of the enterprises in the other countries.

In contrast, neither Denmark nor Ireland can be said to possess a coal or a steel industry worth noting, so that negotiations with them would not have involved comparable problems: from the E.C.S.C. standpoint they are essential consumer countries, concerned not so much with production and marketing as with supply. As was emphasized in last year's General Report, however, the E.C.S.C. Treaty was drawn up with the purpose of ensuring a balance between the interests of the producers and of the consumers.

V.

The arrangement was that decisions concerning conditions of admission lay with the Council of Ministers, in accordance with Article 98 of the Treaty; the High Authority, also under the Treaty, was required to give its opinion. The task of working out the terms of admission was entrusted by the member States to a Governmental Conference, at which the High Authority acted as adviser to the six Governments, with the right to speak. It was thus able to state its views on all points and at all levels; experience showed that it thereby materially assisted the progress of the work.

Throughout the negotiations, the High Authority considered its essential task to be to further the establish-

ment of a "broader and deeper Community", in line with the principles of the Treaty. It can only deplore the suspension of the negotiations and regards it as most necessary that the resulting uncertainty should be disposed of as quickly as possible. The recent developments demand that careful thought be given to the situation, in order to establish, by genuinely Community methods and in accordance with the principles of the Treaty, a clear and consistent position *vis-à-vis* the other countries of Europe. The High Authority for its part will continue to work for this by every means in its power, basing itself on the concept of the solidarity of a Community which was, after all, originally intended to be not only irreversible, but also open to any European country prepared to join.

VI

Alongside these momentous political problems, attention is having to be given to the change in economic conditions within the Six: the change is twofold, including on the one hand alterations in the basic elements governing the activity of the coalmining and iron and steel industries, and on the other the phased advance of the all-round economic integration with which partial integration as represented by E.C.S.C. is juxtaposed.

To take the state of the steel market first: the comparative stagnation noted in last year's Report has persisted, with production back to the same level as in 1960 (which was, incidentally, very nearly the same as in 1961). After years of operating in a seller's market, the producers of the six countries now find themselves in an entirely different position. In addition, they are more and more feeling the pressure of imports from third countries, especially upon prices. The drop in prices in the world market has a great deal to do with the present weakness in the steel market.

This major change in the state of the steel market has taken place notwithstanding quite satisfactory general business conditions. The expansion in industrial production

is expected to continue in 1963, though at a slightly slower rate (5% as compared with 6% in 1962); nevertheless, real consumption of steel is rising only very gradually.

To understand why the steel sector should be thus affected, we have to take account, firstly, of the decline in orders for heavy capital goods, and secondly, of the fact that a divergence is beginning to set in between general economic growth and the growth of steel requirements.

The latter development has already been observable in (for example) the United States, and is bound at some point to occur in Europe also.

This trend once again demonstrates the extreme sensitivity of the iron and steel industry to economic variations—a characteristic which was one of the reasons for the inclusion in the E.C.S.C. Treaty of special provisions as to ways and means of helping to ensure the balanced orientation of production. Even before it issued the latest set of General Objectives for steel (incorporated in last year's General Report), the High Authority, with all due circumspection, drew the iron and steel industry's attention to the risk of overcapacity in certain sections. The General Objectives—which are to be brought up to date at regular intervals—contained similar warnings, and the High Authority has kept in close touch with the responsible associations in the industry with the aim of ensuring that serious imbalances are avoided. The means afforded by the Treaty, and its own representations, have produced results, despite the fact that there was no compulsion. It intends to continue making every possible effort in this direction, while at the same time seeing to it that the rules of the Treaty are complied with. It is devoting special attention in this connection to the import prices of third-country products, inasmuch as these seem liable to develop into a serious disturbing element.

VII

The coal market remains outwardly in balance, though only thanks to the protective measures introduced by

most of the member countries and by the High Authority. The rationalization drive has continued, with the result that underground output per man/shift has risen to approximately 2,250 kg., as compared with 2,100 a year ago. Further closures of uneconomic pits have been carried out, but owing to the increase in productivity total production in 1962 was only 1.3% lower than in 1961, in spite of these cuts in capacity and of the rundown of manpower by natural wastage. The number of men leaving the industry noticeably diminished, but even so the net loss of underground personnel in 1962 amounted to over 27,000.

Coal sales have been favoured in recent months by weather conditions: total stocks held in the Community now amount to only 17 million metric tons, while in Belgium—until very recently the country hardest hit of all by the coal crisis—stocks are down to less than 1,500,000 tons, including low-grade products. Short-time working has practically disappeared.

Although to outward seeming the coal sector is thus doing reasonably well, its intrinsic competitive capacity *vis-à-vis* imported fuels shows no improvement. It would therefore be wrong to assume that the present comparatively satisfactory sales position makes the reconstruction of the industry any less imperative. Even the occasional shortages of certain household grades must not be taken as basically affecting the situation: for one thing, they are in many cases due to transport difficulties rather than to genuine non-availability, and for another, pit closures do not of themselves necessarily reduce production capacity, as the transfer of skilled miners to more productive collieries is calculated rather to result in higher production with the same number of workers.

As before, therefore, the fundamental points for the Community coal economy are the competition offered by other fuels, and hence the need for a consistent energy policy. A long-term study on the energy outlook was submitted to the Council of Ministers in December 1962, and has since been published. Details will be found in Chapter Two following. The study, which was used as a basis

in the preparation of the three Executives' Memorandum on Energy Policy, contains a corpus of reference data in connection with the Memorandum's proposals, and is also to form the groundwork for the new General Objectives for coal which the High Authority hopes to finalize in the course of the next few months.

VIII

The question of energy policy is a striking illustration of the point just made concerning the interdependence of general and partial integration. It is unthinkable that European oil policy should develop without regard to the coal situation, and *vice versa*. At the same time, it is inconceivable that a general common market could develop smoothly if there were no Common Market for energy.

On the other hand, since the E.C.S.C. Treaty is a Treaty of detailed rules and not of skeleton principles like its E.E.C. counterpart, the procedures for adjusting these rules to the new conditions are much more complicated than those for the General Common Market, where the Council of Ministers can legislate comparatively sweepingly. The rules and principles of the E.E.C. Treaty leave a good deal to the discretion of the implementing Institutions: the E.C.S.C. Treaty very strictly limits the scope for initiative by the Institutions as regards either legislative activity or amendment of its provisions. Consequently, to make any substantial change in the latter it is necessary to resort to the so-called "major revision", the final stage in which is practically the same as the normal procedure for concluding a new international Treaty, with ratification by all the member States.

IX

However, the rigidity of the E.C.S.C. Treaty is no reason for not adjusting it where this is clearly established to be necessary. Accordingly, the High Authority had no hesitation in submitting to the Council of Ministers, in

co-operation with the other Executives, the Memorandum on Energy Policy of June 25, 1962, drawn up by the Inter-Executive Working Party on Energy. The policy advocated in the Memorandum, whatever the precise form in which it was introduced, would definitely involve the use of new economic weapons, and hence amendments to the present text of the E.C.S.C. Treaty. It is not yet possible to give full particulars of the means of action which will be proposed for the purpose of establishing an energy policy along the lines indicated in the Memorandum: the High Authority would emphasize, however, that these are based at once on what is of value in the E.E.C. Treaty in the fields in which the E.C.S.C. Treaty does not afford the possibilities for Community-level action deemed to be necessary, and on what is of value in the E.C.S.C. Treaty to the development of common policies in fields coming under the jurisdiction of E.E.C.

Thus, it is felt that the E.C.S.C.'s direct prohibition of national subsidies is not at the present juncture appropriate to the conditions of coal production in the six countries: the E.E.C. Treaty is more flexible in this respect. In future, some types of subsidy should be accepted as an important instrument in coal policy, though this must not of course be taken as implying going to the opposite extreme and granting subsidies right and left. Again, the E.C.S.C. Treaty allows the Community very little say in matters of commercial policy, leaving this field in principle under the national Governments, whereas by the terms of the E.E.C. Treaty commercial policy is to be a genuinely Community affair by the end of the transition period. On the other hand, the E.C.S.C. Treaty does provide for certain instruments of economic policy which have proved useful in the heavy-industry sector, including the General Objectives, the arrangements for orienting investment, and the market-transparency rules. Some of these instruments have already been acknowledged to be potentially valuable in the sphere of E.E.C. also, which will make it easier to work out a smoothly-dovetailing whole.

As regards the organization of the coal market, the High Authority, as will be recalled, tried at an earlier stage,

in co-operation with the Council of Ministers, to arrange for the relaxation of some of the clauses on cartels, to permit the temporary authorization of rationalization agreements going beyond what the Treaty ordinarily allows. However, this came to nothing, owing to the very strict limits fixed by the Treaty concerning the "minor revision" procedure, in view of which the Court of Justice ruled the project to be inadmissible. The Memorandum proposes that each Government should submit to the Executives and the Council details as to the action it considers should be taken to deal with the problems involved by the passage from the present situation to the final Common Market for energy, and that the Executives and the Council should ensure the requisite co-ordination of the various measures, some of which might necessitate waiving certain provisions of the Treaty.

More generally, it should be noted that the basic idea of the Memorandum is that the second half of the E.E.C. transition period should be used to establish a corpus of economic and institutional rules (to be complete by about 1970) which will make it possible effectively to co-ordinate the achievements of partial integration with the common policy that is expected to have developed by the end of that time out of the implementation of the Treaty of Rome.

X

The problem of this co-ordination is not, however, confined to the field of energy policy. In the fields of agreements and concentrations, of commercial policy, of social policy, of transport, of relations with the former overseas territories, the progressive implementation of the Treaty of Rome is obliging the High Authority systematically to re-examine the arrangements in force for coal and steel in relation to the content and application of the common policies being worked out in Brussels. For so long as the establishment of the General Common Market was primarily concentrated on the levelling of intra-Community trade barriers, there was no specific problem of partial

integration *vis-à-vis* general integration. But now that a set of separate E.E.C. rules is being built up, it is essential to recognize what difficulties are presented by the existence of two sets of rules side by side. Any conflict of basic principle between the two would undoubtedly raise very serious problems indeed. But even short of actual incompatibilities, there are liable to be malcorrelations which can only impair all round. While these problems are not yet in being in most of the fields concerned, since the common policies are still only in the drafting or the study stage, it would nevertheless be a mistake not to give them the requisite attention in good time. This the Executives are endeavouring to do, more particularly through inter-Executive working parties which they have set up on matters for which they are all three responsible.

XI

Thus for instance with regard to relations with the African States and Madagascar, the activities of the three Communities are now more closely interlinked than before. Parallel with the new Convention concluded between the E.E.C. countries and these former colonial territories, an agreement has been initialled whereby the abolition of trade barriers is to be effective for E.C.S.C. products also. In addition, the E.E.C. Commission and the High Authority are working closely together to enable E.E.C. development policy to benefit by E.C.S.C. experience in connection with ore prospecting in the associated countries.

The two Communities also co-operated closely at the "Dillon round" of negotiations in G.A.T.T. during the year under review.

XII

In the transport field, the High Authority, now backed by the Court of Justice's judgment in Case No. 9/61, is working actively for the implementation of its Recom-

mentation No. 1/61 concerning publication or notification to it of freight rates and conditions of carriage. It was obliged to invoke Article 88 of the Treaty against several Governments, but it can now report that reforms are on the way, several of them already in themselves highly satisfactory. The High Authority is not, it would emphasize, concerned to introduce a transport policy, simply procedural arrangements calculated to enable the Common Market for coal and steel to operate smoothly. At the same time, it should be noted that, while these arrangements raise no problem of basic principle as regards the foundations which the E.E.C. Institutions are now laying for a common transport policy, the objectives of the E.C.S.C. Treaty and the particular operating requirements of the Common Market for coal and steel do necessitate special measures in respect of these exceptionally bulky products, which account between them for approximately one-half of the entire goods traffic of the Community. The two Executives' activities in this field are mutually complementary, as the European Parliament has always emphasized that they should be.

The same can be said of their work in the social sphere. The High Authority has at its disposal specific means of action, in the form of aid with readaptation and redevelopment, which dovetail neatly into the range of more general possibilities open to E.E.C. Practical instances of the close co-operation between the two Communities included the joint organization of two major conferences on area and social policy.

XIII

One of the basic factors enabling the High Authority to operate is its financial independence. It is its right and its duty to provide itself with the necessary revenues to cover all its expenses together with cyclical and other contingencies; at the same time, it must not, of course, accumulate funds to a level beyond what is really needed.

Accordingly, the High Authority decided in 1962 to lower the rate of the levy from 0.30% to 0.20%, which will reduce the unexpectedly large reserves accumulated earlier as a result of booming market conditions.

The experience of the High Authority clearly indicates that financial independence, based on resources of their own, is a necessity for the successful development of the work of the European Communities.

The following figures for 1962 are given as examples of activities that could not have been undertaken at all had the High Authority not possessed funds of its own:

assistance for readaptation of workers	approx. \$ 7,000,000
research grants	approx. \$ 3,500,000
redevelopment loans	approx. \$ 7,500,000
industrial loans	approx. \$60,500,000
loans for workers' housing .	approx. \$17,000,000

Total High Authority borrowings in 1962 amount to over \$68,000,000: the loans in question were contracted both in Europe and in the United States, and bring the aggregate sum raised since 1953 to \$344,000,000. E.C.S.C.'s credit standing would never have become as good as it is had it not been for its financial independence.

XIV

To sum up, the High Authority may be said to have made it its constant aim to preserve and deploy for the benefit of all-round European integration the elements of lasting value in the E.C.S.C. Treaty, to improve and supplement the means of economic and social action it provides in

the light of changing circumstances, and to work for the ultimate establishment of an institutional and economic whole, making for properly consistent administration of the basic-industry sector within the framework of general economic integration.

PIERO MALVESTITI,
President

ALBERT COPPÉ,
Vice-Président

ALBERT WEHRER

PAUL FINET

ROGER REYNAUD

PIERRE-OLIVIER LAPIE

FRITZ HELLWIG

KARL MARIA HETTLAGE

JOHANNES LINTHORST HOMAN



CHAPTER ONE

THE INSTITUTIONS AND THE EXTERNAL RELATIONS OF THE COMMUNITY

Section 1: Activities of the Institutions; Inter-Community Co-operation

THE INSTITUTIONS

The High Authority

1. During 1962, two Members of the High Authority, who had been in office since 1952, tendered their resignation. Their term was due to expire on September 14, 1965.¹⁾ As required by the Treaty, they remained at their posts until their successors had been appointed.

2. In July 1962, Herr Heinz Potthoff resigned from the High Authority for reasons of health, with effect from August 10. In September, Mr. Dirk Spierenburg, who had been a Vice-President of the High Authority since 1958, also submitted his resignation to the Governments.

Herr Potthoff's successor had not yet been chosen when Mr. Spierenburg's resignation was received. Under

¹⁾ See *Eighth General Report*, No. 1,a.

Article 10 of the Treaty, vacancies resulting from resignations are filled alternately by appointment by the six member Governments and by co-optation by the remaining Members of the High Authority. The High Authority was therefore unable to co-opt a new Member to succeed either of the outgoing Members until the Governments had first appointed one. At the beginning of October it applied to them to do so.

3. The representatives of the Governments, meeting in Brussels on October 23, duly appointed Dr. Karl Maria Hettlage, Secretary of State in the Federal Ministry of Finance and Professor of Public Law at the University of Mainz, to succeed Herr Potthoff for the remainder of his term, *i.e.* up to September 14, 1965.

The High Authority then, on November 7, co-opted as its ninth Member Mr. Johannes Linthorst Homan, previously the Netherlands Government's representative to the European Communities, and notified the Chairman of the Governmental Conference accordingly. Mr. Linthorst Homan's Membership was to be effective from December 15, for the remainder of Mr. Spierenburg's term, *i.e.* until September 14, 1965.

Up to January 31, 1963, no decision had been taken by the Governments' representatives as to which Member was to succeed Mr. Spierenburg as Vice-President.

4. The system of "partial renewal" provided for by the Treaty has now been in operation for three years, and the effect of the alternate appointment/co-optation arrangement (barring complete renewal following a vote of censure) is to produce a regular increase in the number of co-opted Members, up to one-half of the total Membership.

Of the nine present Members, three became so by co-optation, namely, M. Finet in 1959, on the occasion of the complete renewal, M. Wehrer in 1961, by the first regulation partial renewal,¹⁾ and Mr. Linthorst Homan in 1962.

¹⁾ See *Tenth General Report*, No. 1.

5. At the meetings at which Dr. Hettlage and Mr. Linthorst Homan first took their seats, the High Authority paid tribute to the work of Mr. Spierenburg and Herr Potthoff. On December 14, the two new Members gave a solemn undertaking before the Court of Justice to abide by the requirements of Article 9 of the Treaty.

6. As it was felt that, the Institution having now been in operation for ten years, some organizational changes were called for, with the object, in particular, of establishing an even balance between the amount of work to be done and the number of persons available to do it, the High Authority decided to employ outside experts to carry out a study on the organization of certain of its departments. It will make its views known when it receives the experts' report. It may decide to have the investigations extended to cover all its departments.

Details of the changes in 1962 in the staff rules and regulations applying to E.C.S.C. personnel will be found in the subsection on the organizational link-up between the Institutions of the Community.

The Consultative Committee

Composition

7. At its constituent meeting for the official year 1962-63, on January 12, 1962, the Consultative Committee elected its Bureau as follows:

Chairman,	M. Eric Conrot (producers' group);
Vice-Chairmen,	Sig. Domenico Taccone (consumers' group), Mr. Isaac Baart (workers' group);
Officers,	M. Paul Baseilhac (producers' group), M. Matthieu Thomassen (workers' group), Herr Paul Roth (consumers' group).

The Council of Ministers at its meeting on November 17, 1962, nominated the members of the Consultative Committee for the official year 1963-64. The Committee then, at its constituent meeting on January 15 (80th meeting), elected as its new Bureau:

Chairman, Herr Heinz Kegel (workers' group),
Vice-Chairmen, M. Conrot,
Sig. Taccone,
Officers, Mr. Hendrik Peters (workers' group),
M. Jean Ricard (consumers' group),
M. Pierre Delville (producers' group).

Activities

8. The Committee met seven times during the official year 1962-63 (twice in extraordinary session):

January 12, 1962, 73rd (constituent) meeting,
February 15, 1962, 74th (extraordinary) meeting,
April 5, 1962, 75th meeting,
July 10, 1962, 76th meeting,
October 2, 1962, 77th meeting,
December 13, 1962, 78th (extraordinary) meeting,
January 14, 1963, 79th meeting.

Items figuring on the Committee's agenda on these various occasions included the following:

- (1) examination, as required by Articles 19 and 46 of the Treaty, of the High Authority's quarterly "programmes with forecasts", and of its quarterly statement on its latest activities and on the state of the coal and steel markets (75th, 76th, 77th and 79th meetings);
- (2) discussion on the coal balance-sheet drawn up by the High Authority to give an idea of expected trends in the coal market in 1962 (74th meeting);
- (3) discussion on the question of cuts in steel production in certain member countries (75th meeting);

- (4) consultation, as required by Article 46 of the Treaty, on the draft of the General Objectives for steel (75th meeting);¹⁾
- (5) consultation, as required by Article 55,2 of the Treaty, on the desirability of setting aside funds from the levy for research grants (75th, 76th and 77th meetings: proposed grants related to 16 research projects. For further details on the subject, see Chapter Four, Section 4, and Annex on Research);
- (6) discussion on the three Executives' joint Memorandum on Energy Policy (for text of which see Chapter Two, Section 3), (78th meeting);
- (7) discussion with the High Authority on the promotion of research on industrial safety and medicine, and final reply to the High Authority's question of January 20, 1956, concerning productivity and remuneration (79th meeting).

The European Parliament

Presidium and procedure

9. In March 1962, the European Parliament held its constituent Session for the year. Sig. Gaetano Martino was elected President, by secret ballot by roll-call, with M. Fohrmann, Herr Furler, M. Vendroux, Sig. Rubinacci, M. Vanrullen, M. Blaisse, Frau Strobel and M. Duveusart as Vice-Presidents. M. Robert Schuman is Honorary President.

By a Resolution of March 30, the Parliament decided that its official title should be the same in all four Community languages, and that this should therefore be changed in French from "Assemblée Parlementaire Européenne" to "Parlement Européen", and in Italian from "Assemblea Parlamentare Europea" to "Parlamento Europeo".

¹⁾ The text of the General Objectives for steel will be found in last year's Report, Nos. 413 ff. For the methods used and details of the results arrived at, see also Doc. No. 3017/1/62, issued by the European Communities Publications Departments.

By a Resolution of June 27, the Parliament adopted amendments to its Rules of Procedure designed to streamline its proceedings.¹⁾

The Parliament also decided to try out a new procedure for considering the General Reports of the three Executives. At the proposal of the political groups and the Bureau, it accordingly appointed as Rapporteurs Mr. Kapteyn for the Tenth Report of the High Authority, M. Brunhes for the Fifth Report of the Euratom Commission, and Herr Deringer for the Fifth Report of the E.E.C. Commission.²⁾

Activities

10. The Parliament in 1962 continued its earlier activities in the field of general European policy, interesting itself particularly in matters connected with the work of the three Executives. The present Report is concerned primarily with two sides of these activities, firstly those relating to all three Communities, and secondly those relating to E.C.S.C. only. A fuller picture of the Parliament's dealings in the fields coming under the Treaties of Rome may naturally be expected to be provided by the General Reports of E.E.C. and Euratom.

The Parliament met on the following occasions:³⁾

February 20-22: Ordinary Session (last Session for 1961-62);

¹⁾ See *Journal Officiel des Communautés Européennes*, October 15, 1962 (fifth year, No. 97).

²⁾ Resolution of February 22, 1962.

³⁾ For Minutes of proceedings and full text of Resolutions adopted, see, for the February Session, *Journal Officiel des Communautés Européennes*, issue of March 16, 1962 (fifth year, No. 19); for the March Session, issue of April 26 (No. 31); for the May Session, issue of May 26 (No. 40); for the June Session, issue of July 26 (No. 64); for the October Session, issue of November 12 (No. 116); for the November Session, issue of December 14 (No. 134).

March 27-30: Ordinary Session (opening of official year 1962-63);

May 7-11: Ordinary Session;

June 25-29: Ordinary Session;

September 17-18: Joint Session with the Consultative Assembly of the Council of Europe;

October 15-19: Ordinary Session;

November 19-23: Ordinary Session, devoted in large part to the colloquy with the Councils of Ministers and the three Executives.

11. Subjects connected with European policy in general on which the House adopted Resolutions included the following:

- (1) negotiations for the establishment of an European Political Union (May Session);
- (2) negotiations for British membership of the Communities (May Session);
- (3) establishment of a Parliamentary Committee on the association of Greece with the Communities (October Session);
- (4) renewal of the Convention of Association between the E.E.C. member States and the African States and Madagascar (February, June, October and November Sessions);
- (5) information policy of the European Communities (November Session);
- (6) co-ordination of monetary policy in E.E.C. (October Session);
- (7) co-ordination of budgetary and financial policy and preparation of an European budget (October Session).

12. With reference more specifically to E.C.S.C., the House debated and voted on the following matters:

- (1) co-ordination of energy policies (February Session). A Resolution was passed enumerating the aims and principles to be adopted in working out a common energy policy, with due regard for all the social considerations involved;
- (2) the Tenth General Report on the activities of E.C.S.C. (June Session). A Resolution of June 27 summarized the House's comments on the work of the High Authority and the Special Council of Ministers during 1961. A second Resolution of June 29 set forth its views on the budgetary questions arising out of the Annexes to the Tenth Report: it was noted that in 1962-63 for the first time the High Authority had not fallen in with the Parliament's opinion concerning the rate of the levy;¹⁾
- (3) the European Miner's Code (June Session). The House passed a Resolution urging once more that a lead be given in the promotion of social progress, and that practical action in the matter of the Code be agreed without further delay;
- (4) transport in E.C.S.C., and in particular the problems of the publication of rates and conditions of carriage, the disparities in inland water-transport rates, and the harmonization of rates (November Session). A Resolution was passed setting forth the House's views on the various E.C.S.C. transport problems still outstanding;
- (5) the pit disaster at Völklingen, in the Saar (February Session). The House, having regard to the mine safety problems arising in connection with this accident, decided that the Governments should be approached to see what procedure could be devised to enable the High Authority and the Mines Safety Commission to take part in inquiries into colliery accidents in the Community.²⁾

¹⁾ See *Annex on Finance*.

²⁾ See Chapter Five, Part II, Section 4.

The Special Council of Ministers

Presidency meetings

13. Not counting the meetings of the Ministerial Conference responsible for the negotiations on the admission of third countries to E.C.S.C., a brief account of which is given below, the Council met eight times during the period under review (February 1, 1962-January 31, 1963) mainly to discuss questions relating to the Common Market for coal and steel and to energy policy.

The eight meetings—at which, in accordance with Article 27 of the Treaty, each member of the Council acted in rotation as President, for three-monthly periods, in the alphabetical order of the member States—took place as follows:

80th meeting, March 13, President, M. J.-M. Jeanneney, French Minister of Industry;

81st meeting, May 22, President, M. M. Maurice-Bokanowski, French Minister of Industry;

82nd meeting, June 12, President, Sig. E. Colombo, Italian Minister of Commerce and Industry;

83rd meeting, July 17, President, Sig. Colombo;

84th meeting, October 4, President, M. P. Elvinger, Luxembourg Minister of Economic Affairs;

85th meeting, November 19, President, M. Elvinger;

86th meeting, December 17, President, Mr. De Pous, Netherlands Minister of Economic Affairs.

Activities

The Council was mainly concerned with the negotiations for the admission of third countries, with energy policy, and with the state of the Community market, including more particularly that of the Belgian coal market.

14. At its meeting on March 13, the Council noted with pleasure the British Government's request to open negotiations for the United Kingdom's admission to E.C.S.C., and decided to take the necessary steps to have the procedure provided for by the E.C.S.C. Treaty put in hand as quickly as possible. At its next meeting, with Members of the High Authority also present, it discussed in detail the procedural points and substantive problems involved. At its meeting on June 12, it unanimously approved the opening of negotiations, and decided to invite the British Government to send representatives to a meeting to put the British view as to matters to be negotiated.

As for the procedure to be adopted, agreement was reached within the Council as follows:

"the negotiations for the admission of the United Kingdom to E.C.S.C. must be conducted between the six Governments adhering to the Treaty of Paris and the British Government;

"the negotiations specifically relating to the United Kingdom's admission to E.C.S.C. must be conducted in close co-ordination with those relating to the general complex of problems in connection with the United Kingdom's admission to the other European Communities. They will take place in Luxembourg;

"the Governments of the six member States, wishing to have the co-operation of the High Authority in their negotiations with the British Government, are agreed that the High Authority shall attend the proceedings as their adviser, with the right to speak, and shall take full part in the work of co-ordination among them;

"the negotiations are to be concluded under Article 98 of the Treaty of Paris, and where necessary under Article 96."

The first meeting with representatives of the British Government took place in Luxembourg on July 17.¹⁾ The

¹⁾ See Section 2 below.

Ministerial Conference of the Seven opened on October 4, and met again on November 19.

At its meeting on November 19 the Council unanimously approved the opening of negotiations for the admission of Denmark to E.C.S.C., applied for by the Danish Government on March 16. The initial meeting took place in Luxembourg on December 17; Hr. Haekkerup, the Danish Foreign Minister, made a statement on behalf of his Government.

15. The Council several times discussed the problems of evolving and implementing a common energy policy for the six countries. It has sole power of decision in this connection, the Executives, including the High Authority, having the right only to submit proposals to it.

The Council had already, on January 23, 1962, had a preliminary discussion on the structural and cyclical trends predicted for the Community energy market during 1962, on the basis of a paper drawn up by the Inter-Executive Working Party on Energy. It further discussed the subject with the High Authority and the E.E.C. Commission at its meeting on March 13, when it came to the conclusion that the outlook for the immediate future made it possible to study the medium and long-term problems arising in connection with the establishment of a Common Market for energy and to frame a co-ordinated energy policy. As had been agreed at these two meetings, the Ministers held a session in Rome on April 5 with representatives of the Community Executives, to discuss in a non-Institutional setting the policy to be followed regarding energy.

In accordance with the instructions given following this exchange, the Chairman of the Inter-Executive Working Party on Energy, on behalf of the High Authority and the E.E.C. and Euratom Commissions, on June 27 laid before the Council a Memorandum on Energy Policy advocating the establishment of a Common Market for energy. The Council discussed the Memorandum's proposals on July 17, and again on October 4, when each Minister

submitted a comprehensive statement of the principles he considered should underlie a common energy policy. The Working Party was thereupon instructed to go into a number of points raised in the discussion, while the Co-ordinating Committee of the Council was requested to study the Ministers' suggestions for expediting the framing of a common energy policy. On November 19, the Council was advised by the Chairman of the Working Party that it would shortly be receiving the full documentation on the basic data and forecasts for the energy market, together with observations on the legal implications of the Memorandum; the Council directed its Co-ordinating Committee to study these in detail.

16. Developments in the situation of the Belgian coal-mining industry were dealt with by the Council on July 17 and December 17. On July 17, it was consulted by the High Authority, in accordance with Article 37 of the Treaty, concerning proposals to relax the isolation of the Belgian coal market before the end of the year, by an amendment to High Authority Decision No. 13/61. On December 17, the High Authority again consulted the Council concerning action to be taken in 1963 in this regard, and also measures to offset the extra financial burden resulting from the wage increases granted to Belgian miners in February 1962. In accordance with Section 26,4 of the Convention, the Council approved the High Authority's proposals as to the tonnage of Belgian coal production for which subsidies may be granted in 1962 and 1963.

17. The question of the implementation of the Rhine river transport agreement of July 9, 1957, came up twice before the Council. On October 4, the Council noted the German Government's request that the consultation procedure provided for by Article 4 of the agreement be invoked. With regard to housing, the Council on July 17 gave its unanimous agreement, required by Article 54,2 of the Treaty, to the High Authority's plan to assist the fifth Community workers' housing scheme by granting loans to borrowers not ranking as enterprises within the meaning

of the Treaty. With regard to industrial redevelopment, the Council on November 19 approved two applications for loans submitted for its endorsement by the High Authority under Article 56,2 of the Treaty, to enable two enterprises to build new factories which would be able to absorb men laid off from the coalmining industry. The Council also gave its unanimous agreement, on March 13, May 22 and October 4, to the allocation of grants under Article 55,2 of the Treaty in respect of 14 research projects. Further particulars on all these matters will be found elsewhere in this Report.

18. In the field of tariff questions and Treaty coverage, the Council at its 81st and 85th meetings made its half-yearly adjustments in respect, principally, of tariff and quota arrangements for certain iron and steel products entering the Community at reduced or nil rates of duty.¹⁾ At its 84th meeting it authorized limited exportation, on conditions, of blast-furnace scrap. At its 85th meeting it decided that ingot scrap should in future rank as alloy scrap, and that the common Customs nomenclature should be amended accordingly; it also decided unanimously, in response to a request by the High Authority under Article 81,2 of the Treaty, that sponge iron and steel should henceforth be included among the products listed in Annex I to the Treaty.

The Council at its 81st meeting arranged for the replacement of a member of the Consultative Committee, and at its 85th meeting for the renewal of the Committee's membership as from January 15, 1963.

The Court of Justice of the European Communities

Composition

19. The representatives of the six Governments, meeting in Brussels, on May 15, 1962, appointed M. Robert Lecourt

¹⁾ See *Statistical Annex*, Table 51, and Section 2 below.

as a Judge in succession to M. Jacques Rueff; M. Lecourt took his seat on the Bench on May 18.

On January 24, 1963, they further appointed Dr. Walter Strauss as a Judge in succession to Dr. Otto Riese; the new Judge assumed his duties on February 6.

The Court is now made up as follows:

President, A. M. Donner;

Presidents of the two Chambers, L. Delvaux, R. Rossi;

Judges, C. L. Hammes, A. Trabucchi, R. Lecourt, W. Strauss;

Advocates-General, K. J. Roemer, M. Lagrange;

Registrar, A. Van Houtte.

The two Chambers are made up as follows:

1st Chamber, L. Delvaux, *President*

A. Trabucchi, W. Strauss, *Judges*

M. Lagrange, *Advocate-General*.

2nd Chamber, R. Rossi, *President*

C. L. Hammes, R. Lecourt, *Judges*

K. J. Roemer, *Advocate-General*.

Litigation during the year

20. 36 new appeals were lodged before the Court during 1962, of which 15 together with one action concerning a cautionary attachment, were against the High Authority, 7 were against the E.E.C. and Euratom Council of Ministers, 2 were brought by the E.E.C. Commission against a member State, 6 were against the E.E.C. Commission, and 5 were applications from Netherlands administrative courts for interlocutory rulings in connection with the E.E.C. Treaty.

The Court delivered 14 judgments in 32 High Authority cases and the action for a cautionary attachment, 11 E.E.C. cases, one European Parliament case and one

application for an interlocutory ruling. Five actions were withdrawn, three of them relating to the High Authority.

E.C.S.C. cases pending at December 31, 1962, totalled five: four of them were brought by enterprises and one by a Community official.

E.E.C. cases pending at the same date comprised five appeals and four applications for interlocutory rulings.

Judgments

Case No. 13/60:
proposed single Ruhr coal-selling agency

21. The Court in its judgment of May 18, 1962, dismissed Appeal No. 13/60 against the High Authority's refusal, by its Decision No. 16/60, to authorize the establishment of one overall joint sales organization for the collieries of the Ruhr. Costs were awarded against the appellant companies and the intervener, Land North Rhine/Westphalia.

This judgment is of fundamental importance.

In it, the Court first goes into the question of the interpretation and application of Article 65, 2, c of the Treaty, and finds that had the High Authority permitted the proposed arrangements the enterprises concerned would thereby have been given the power "to determine prices and to control the selling of a substantial part of coal and coke production in the Common Market."

The Court analyses in detail the concept of "power to determine prices," basing itself in particular on the following considerations:

- (1) Distinguishing between "fixing" and "determining" prices, it lays down that "the power to determine prices consists in the ability to fix prices at a level appreciably different from that which they would have found if determined by competition only."

- (2) The elimination of competition among the members of a cartel and the adoption of identical schedule prices give the cartel a certain power to determine prices: the extent of that power depends on the volume of production at the cartel's disposal.
- (3) The power of a joint-selling agency to determine prices may be lessened, or even nullified, by competition from other, independent sellers.
- (4) The structure of the Ruhr coalfield is such that producers there enjoy a considerable degree of protection *vis-à-vis* other Community producers, so that the competition offered by the latter does not rule out the possibility that a joint-selling agency might have power to determine prices in its main sales area.
- (5) The same applies to competition from third-country coal, in respect of which, over and above its locational advantages in its main sales areas, Ruhr coal has the benefit of tariff protection. Moreover, a single joint-selling agency would be well placed to influence competition by means of price alignments and the offsetting of losses in earnings without needing to alter its price schedules for the whole sales area.
- (6) Nor does competition from fuel oil mean that a joint-selling agency would not have power to determine prices. The major part of the appellants' production consists of the types and grades of coal least affected by such competition.

The Court further notes that "controlling selling" consists in the ability on the part of the enterprises concerned to "determine the tonnages, regions and purchasers" they deem vital to them in order to keep competitors out of their main sales area.

The Court considers that the word "substantial" is to be construed not as referring merely to quantity, but, primarily, to the "pattern of Community competition". It finds that in the case at issue the criterion is applicable, and comments that "there is a definite disproportion

between the size of the Ruhr as a whole and that of the other Community coalfields.”

The Court appends a number of important observations concerning the concept of competition in the Community, in interpretation of Articles 65 and 66 of the Treaty, which it compares and contrasts with Article 85 of the E.E.C. Treaty.

Ideally, the Court says, no seller would have power to determine prices: in the coal and energy market, however, we find a small number of major operators “each of whom has some influence on prices and is able to engage in conscious parallelism with his opposite numbers.” Defective competition of this kind indicates an oligopolistic market.

In such a market (the Court quotes an article by Herr von der Groeben of the E.E.C. Commission, published in the E.E.C. Bulletin, Supplement to No. 7-8/61, pp. 21-22), “the individual enterprises can fix their own prices which therefore become part of their market strategy.” Policy on competition should, therefore, “limit the bounds within which existing oligopolies can apply their market strategy.”

The E.C.S.C. Treaty recognizes that the technical and economic trend is towards larger and larger operating units, with the result that the coal market is becoming more oligopolistic than ever. Articles 65,2 and 66,2 do not oppose this trend provided “the necessary minimum of competition among the major units is preserved to satisfy the basic requirements of Article 2.” This minimum is afforded where a joint-selling agency is so organized as not to give the affiliated enterprises the power to determine prices for a substantial part of the products in question within the Common Market.

The provisions concerning the “minor revision” (Article 95) show still more clearly that the Treaty is not intended to stand in the way of necessary economic and technological developments.

The Court had already, in its Ruling No. 1/61, of December 13, 1961, shown itself entirely prepared to construe and apply the rules with due regard for the changed economic circumstances, and to take account of the new tasks posed by the movement of economic affairs. It could not, however, permit "the scrapping of the basic requirements of Article 65,2,c, which are designed to preserve in the oligopolistic coal and steel markets that degree of competition which is essential to the ensuring of compliance with the fundamental obligations set forth in Articles 2, 3, 4 and 5 of the Treaty."

22. On July 12 and 13, 1962, the Court delivered judgment in a series of cases.

Much the most important of these for the High Authority's future activities was that concerning publication or notification of rates and conditions of carriage in respect of consignments of coal and steel. The Court on July 12 dismissed the appeal lodged in this connection against the High Authority by the Government of the Kingdom of the Netherlands (Case No. 9/61).

Case No. 9/61:

publication of rates and conditions of carriage

23. The Court in this judgment set forth unequivocally the obligations of the member States with regard to the publication of rates and conditions of carriage, this being necessary to the proper functioning of the Common Market for coal and steel. The High Authority Recommendation: Article 70 of the E.C.S.C. Treaty is a concrete and binding rule. Since it is incumbent on the High Authority, under Article 5,6 and Article 8 of the Treaty, to ensure compliance with the Treaty's provisions, it is within its rights in requiring the member States to carry out the obligations laid down in Article 70.

The fact that Article 70 confers no direct regulatory powers on the High Authority means that, subject to the

reservations in Article 70,5, it has no power of actual enforcement in the transport sector. The only action it can take with regard to the carriers is to require the member States to make use of their national powers to ensure compliance with the Treaty. Hence the only course open to it to secure the observance of Article 70,3 is to address to the member States a Recommendation setting forth their Treaty obligations: it cannot impose on them obligations which are not written into the Treaty.

Nature of the Recommendation. Recommendation No. 1/61 does not state that any Government had failed to fulfil an obligation directly incumbent on it within the meaning of Article 88: it defines the scope of the obligation incumbent on the member States under Article 70,3, indicates the aims and objects thereof, and points out that the Member States are in duty bound to see that it was carried out.

As the High Authority made no accusation of negligence, the fact that it has proceeded by way of a Recommendation in no way deprives the Governments of their right to appeal to the plenary jurisdiction of the Court in accordance with the terms of Article 88, and thus does not constitute a procedural irregularity.

Contents of the Recommendation. General: Recommendation No. 1/61 imposes no specific obligations as to the means to be used in attaining the Treaty's objectives: it simply reminds the member States of their obligations in respect of the objectives themselves, and requires them to see to it that the provisions of Article 70,3 are duly implemented. The measures to be adopted are left entirely to the Governments' own discretion, on condition that whatever action is taken is genuinely calculated to produce the desired effect.

The basic requirement of which Article 70,1/2 is an elaboration is laid down in Article 4,b of the Treaty, which prohibits all discrimination as such, and particularly mentions discrimination in transport. It is therefore perfectly in order for this statement of general principle to

be cited in Article 1, a of the Recommendation; similarly, it is quite correct for the Article to cite the objectives of Section 10,3 of the Convention. The provisions in question are temporary in respect only of the procedure for their implementation: as regards the principles therein stated, they are permanent.

Both by statute and by precedent, the provisions of the Treaty constitute a single whole, complementing and dovetailing one another.

Article 70,3 is not a separate arrangement instituted purely for the purposes of Article 70,1/2 *viz.* to ensure the charging of comparable rates for consignments of coal and steel in order to prevent discriminations. The first three paragraphs of Article 70 lay down three interlinked obligations, each designed, from a different angle, to eliminate certain impediments to the proper functioning of the Common Market in accordance with the principles of the Treaty. Thus Article 70,3 is intended to bring the transport sector within the overall framework of E.C.S.C. as defined, in particular, in Articles 2 and 5.

Article 1,2 of the Recommendation is based on Article 86,1 of the Treaty, which requires the member States "to facilitate the accomplishment of the Community's objectives." It imposes no additional obligations on them: its main object is to make it easier for the High Authority to discharge its duties under Article 60 of the Treaty, the point being made that such action as may be taken by the member States in compliance with Article 1,1 of the Recommendation must not be of a nature to interfere with the performance of the said duties. Moreover, the member States' general jurisdiction with respect to commercial policy in the transport sector is by the terms of Article 70,5 subject to restrictions deriving not only from the obligations defined in Article 70 but also from other provisions in the Treaty.

It is necessary that transport rates should be known if the enterprises are to be able to take advantage of their right under Article 60,2,b to align their delivered prices

with lower figures quoted by competitors. Undisclosed departures from the published tariffs of individual enterprises make the tariffs meaningless, and are liable to result in miscalculations by competitors basing themselves on published rates they might naturally suppose to be those actually charged.

The system of check-ups and disciplinary measures referred to in Article 2 of the Recommendation is the logical and inevitable pendant to the Governments' legal obligation not only to institute arrangements for securing the achievement of the objectives of Article 70, but to see to it that these arrangements are complied with; without some system of checks and penalties they would remain largely ineffective.

Article 4,1 of the Recommendation does not, by setting the Governments a deadline, establish a fresh obligation: it merely restates an existing one in practical terms.

The measures provided for by Article 88 of the Treaty do not become operative automatically upon the expiry of the period of grace allowed: the High Authority must first have examined the position and concluded that a breach of obligation has occurred. This is not so in the present case, inasmuch as no imputation of such breach can lie against any Government before the time-limit fixed for their compliance in Article 4,1 of the Recommendation has been reached.

The provision in Article 4,2 that the Governments shall inform the High Authority what action they are planning to take in the matter is intended purely to enable an exchange of views to be held, out of court. It is simply an effort to get the parties to co-operate, and cannot be held to be in any way deleterious to the interests of the Governments.

The Court also in July 1962 pronounced judgment in the following cases:

Case No. 16/61:
implementation of the Treaty's rules on pricing

24. The firm Acciaierie Ferriere e Fonderie di Modena had appealed to the plenary jurisdiction of the Court, under Article 36 of the Treaty, against an individual Decision of the High Authority fining it Lit.8,000,000 for four infringements of Article 60 of the Treaty.

The Court dismissed the appeal in respect of the first three counts against the appellants, and upheld it in respect of the fourth in consideration of certain facts not known to the High Authority when it was investigating the case. As it is entitled to do in cases coming under its plenary jurisdiction, the Court, wishing to make the fine proportionate to the amounts involved in the infringements, reduced it from Lit.8,000,000 to Lit.4,000,000, and ordered the appellants to pay three-fifths of the defendant's costs.

The gravamen of the original charge against the appellants was that they had unlawfully underquoted a published price schedule.

Cases Nos. 14, 17 and 20/61 and Case No. 19/61:
winding-up of the price-compensation scheme for imported
scrap

25. These cases arose out of the fact that the contributions to the scrap-price compensation scheme were differently assessed according as the scrap-consuming enterprises and the works supplying them with process scrap constituted a single legal entity, or merely formed a combine (*Konzern*) while remaining legally separate. In the first case the scrap was reckoned as "own arisings" and hence not leviable; in the second it was reckoned as "bought scrap," and therefore leviable. However, the High Authority had permitted an exception to the latter principle in the case of local co-operative arrangements between two enterprises remaining otherwise legally separate.

A number of enterprises were appealing, on the one hand against the exemption of local link-ups, and on the other against the rule that "combine scrap" (*Konzernschrott*) was leviable.

The system with regard to *local link-ups* had already been contested on several previous occasions: in particular, the Court in its judgment of March 22, 1961, in the consolidated Cases Nos. 42-49/59 had confirmed the principle that no exemption from payment of price-compensation levy could lawfully be made, in the case of "combine scrap" or of any other, and had reversed a tacit High Authority Decision exempting two iron and steel enterprises on the grounds that they were locally linked.

The High Authority had in consequence, on June 14, 1961, taken a series of individual Decisions retroactively rescinding exemptions granted earlier, and rejected a number of applications which were still before it.

The Court on July 12, 1962, dismissed Appeal No. 14/61, lodged by Koninklijke Hoogovens en Staalfabrieken N. V. against the retroactive rescission of an exemption, and awarded costs against the appellants. It found, *inter alia*, that the High Authority had been obliged to decide whether it would rescind *ex nunc* or *ex tunc*, and had acted in accordance both with the law and with the practical circumstances in electing to rescind *ex tunc*.

On the same day, the Court also dismissed a third-party objection lodged by Breedband N. V. against the judgment of March 22, 1961, mentioned above, and awarded costs against the objectors. Breedband's submission was that, in view of the close links between itself and Hoogovens, the contested judgment adversely affected its interests by making it possible that the exemption would be retroactively rescinded.

This new judgment is of particular interest in that, together with another also delivered on July 12 in Cases 9 and 12/60, it was the first settling a third-party objection

as provided for by Article 97 of the Court's Rules of Procedure.¹⁾

With regard to the general rule whereby "combine scrap" was leviable, the Court on July 13 dismissed the consolidated Appeals Nos. 17 and 20/61 by the firms of Hoesch and Klöckner and Appeal No. 19/61 by Mannesmann A. G., against the High Authority's individual Decisions rejecting their applications for exemption in respect of scrap traded within a single combine. The Court awarded costs against the appellants. It found in particular that the High Authority could not, in the institution and operation of the compensation scheme, be expected to take account of all possible differences in the structure of operating units, and had been correct in providing that a scrap-consuming enterprise's liability to levy should depend on whether it was or was not legally separate from its scrap suppliers.

Cases Nos. 9 and 12/60:
free movement of third-country products
within the Community

26. In a further judgment of July 12, 1962, the Court disallowed the third-party objection lodged by the Belgian Government against its judgment of July 14, 1961, in Cases Nos. 9 and 12/60 (Antoine Vloebergs Company, dealers, *v.* High Authority).

Article 97,1 of the Court's Rules of Procedure (see above) requires

- (a) that the objector shall state why he was not a party to the original action;
- (b) that he shall state in what respects the judgment in question adversely affects his interests.

¹⁾ See No. 26 below.

The Court ruled that the Belgian Government's objection was in order as to the first requirement, but not as to the second. It found that the judgment in question had simply noted the effects of the Belgian Customs regulations as against the E.C.S.C. Treaty's rule of freedom of movement, and could therefore not have interfered with the Belgian Government's interests: the Belgian Government was accordingly not entitled to lodge an objection.

Case No. 18/60:

application for damages under Article 40 of the Treaty

27. The applicant, Mr. L. Worms, alleged that he had been boycotted by the Joint Office of Scrap Consumers and by Netherlands scrap dealers.

The Court found that the Joint Office's refusal to take supplies from the applicant could not be held to be discriminatory, and that the High Authority was therefore not called upon to intervene in the matter.

The Court further found that the applicant had not shown that the alleged boycott had had the effect of preventing, restricting or distorting the normal operation of competition within the meaning of Article 65 of the Treaty, so that the acts complained of did not in this respect fall within the competence of the High Authority.

The application was dismissed with costs.

Cases Nos. 33, 46 and 47/59:

fraudulent practices

under the scrap-price compensation scheme

28. In 1959, three Italian enterprises, Feram, Meroni Settimo Torinese and Meroni Erba, and one French enterprise, Hauts Fourneaux de Chasse, had applied under Article 40 of the Treaty (negligence) for damages against the High Authority in respect of injury suffered by them in

consequence of the improper admission of scrap tonnages for compensation (Cases Nos. 23, 25, 46 and 47/59).

Case No. 23/59 (Feram) had been dismissed by the Court on December 17, 1959; the other three cases remained pending until December 14, 1962, when they were dealt with by two judgments, one on the French case and the other on the two remaining Italian cases.

The Court accepted the High Authority's contention that neither the three applications themselves nor the details furnished by the applicants in the course of the action offered a sufficient basis for an examination of the scrap frauds as a whole, and accordingly, as in the Feram case, it found for the High Authority. This does not of course mean that the matter may not be raised again before the Court at a later date.

Cases Nos. 5-11 and 13-15/62:

checks on declarations of leviable scrap

29. By a judgment of December 14, 1962, the Court dismissed appeals by the following ten enterprises: Società Industriale Acciaierie San Michele, Ferriere Rossi (Ferro), Meroni Settimo Torinese, Acciaieria Ferriera di Roma (Feram), Società Safim Siderurgica, Società Industriale Metallurgica di Napoli (Simet), Acciaierie e Ferriere Siciliano Bonelli and Ilmar. It thus confirmed the High Authority's right, for the purpose of checking the leviable scrap tonnages, to require enterprises to send their electricity bills to Luxembourg, together with a declaration that these do in fact represent the whole of their electricity consumption.

The Court found in the first place, with reference to the request by some of the appellants, under Article 35 for Decisions in form, that there was no object in censuring an omission which had been remedied by the time the appeal was lodged. It then considered the High Authority Decisions which the appellants were at the same time seeking to have reversed, and ruled that the High Authority

in requiring the electricity bills and declaration to be sent to Luxembourg had not been unduly strict, but had on the contrary acted fully in accordance with the objectives of the Decisions in question.

The judgment relates only to one particular stage in the checking of leviable scrap tonnages, which is, however, essential to the final winding-up of the compensation scheme. All it does is to confirm the High Authority's right to insist that enterprises send to it the particulars (*viz.* of their electricity consumption) definitely necessary to the checking process.

INTER COMMUNITY CO-OPERATION

Joint Services

30. When the Presidents of the Executives decided, on March 1, 1960, to have the joint services run each by a supervisory Board, the three Heads of Administration were instructed to draw up appropriate administrative rules and regulations.

Four draft sets of rules and regulations concerning budgeting and personnel management were duly worked out by the Heads of Administration in agreement with the heads of the joint services:

- (a) rules on the financial administration of the joint services;
- (b) regulations on the reimbursement of travel and subsistence expenses to outside persons called in for consultations or invited for exchanges of information;
- (c) rules on the placing of orders, stocktaking and publications;
- (d) regulations on entertainment expenses of staff members of the joint services.

(a), (b) and (c) have received the Executives' approval; (d) has first to go before the Staff Rules Committee.

31. In previous General Reports the work of the joint services has been described in full by all three Executives. From now on, to avoid repetition and for the sake of greater clarity, the details of each joint service's activities will be recorded only in the General Report of the Executive responsible for the administration of that service. Accordingly, the following pages are devoted mainly to the Statistical Office for which the High Authority is responsible.

The Legal Department

32. As in 1961, the Board of the Legal Department consisted of Mr. Sassen, Member of the Euratom Commission (Chairman), M. Wehrer, Member of the High Authority and M. Rey, Member of the E.E.C. Commission. It was mainly called upon in 1962 to take decisions in connection with the introduction of common Staff Rules and Regulations, and did so by way of the prescribed written procedure.

The Statistical Office

Board

33. The Board of the Statistical Office met three times, on April 6 and June 29, 1962, and February 1, 1963.

Since by the terms of the decision concerning the administration of the joint services the High Authority has responsibility for the Statistical Office, the Chairman of the Board has to be one of its Members. In 1962, the Board consisted as before of M. Coppé, Vice-President of the High Authority (Chairman), Mr. De Groote, of the Euratom Commission and M. Lévi Sandri of the E.E.C. Commission.

The Board dealt, in addition to administrative and personnel matters, with the Statistical Office's general

activities and working arrangements, and with projected studies and publications, devoting special attention to the subject of co-operation with the statistical offices of the Community countries and of third countries, including in particular that of Greece.

Activities

34. 1962 saw a considerable expansion in the Statistical Office's work in connection with the framing of common policies and programmes. As demands on it multiplied without any corresponding increase in its personnel, many projects, some of fundamental importance, had to be postponed or even abandoned altogether. The serious implications are obvious: decentralization of European statistical studies is bound to affect the value of the data and calculations on which recommendations and decisions on matters of economic policy are based.

The following is an account of what the Statistical Office has managed to do during the year in spite of these difficult circumstances, over and above its considerable volume of purely routine work.

Two conferences of the Directors of national statistical offices were held in Paris and Wiesbaden, on February 12-14 and on October 2-3 respectively.

At the Paris meeting, which was attended for the first time by representatives of the European Parliament's Research and Cultural Affairs Committee and by the Director of the Greek Statistical Office, the delegates discussed the working programme for 1963 and problems of nomenclature, and also (on the basis of memoranda submitted by the E.E.C. Commission's Directorate-General of Agriculture) the statistics necessary for the introduction of a common agricultural policy.

The Wiesbaden meeting, which was devoted to the Statistical Office's long-term skeleton programme, dealt with problems regarding long-term censuses and surveys

on population, industry, commerce, transport, family budgets and wage structures.

The Office's *publications schedule*, now running to 11 periodical publications, was on the whole adhered to, though some pruning was necessary owing to insufficient funds. Both in external and in internal publications more and more space is being devoted to Greece and to the countries seeking admission to or association with the Community.

35. Work continued on the skeleton schedule of *national accounts*, attention being concentrated mainly on the comparative analysis of the various heads relating to industrial enterprises. The Working Party on National Accounts took a number of decisions concerning the lining-up of these heads. A start was also made on accounts relating to social security; in co-operation with the E.E.C. Commission's Directorate-General of Agriculture, a comparative study was undertaken on the drawing-up of accounts for agriculture, and further progress was made with the delimitation of external and balance-of-payments accounts.

Most of the results were published, as in the previous year, in the *Bulletin Général de Statistique*, including a special report on the contributions of the different sectors of the economy to the domestic product over the years 1950-1960.

Preparatory statistical work in connection with the drawing-up of economic budgets was begun in co-operation with the E.E.C. Commission's Directorate-General of Economic and Financial Affairs; so far there has been agreement as to the basic framework of these.

As regards financial and banking statistics, the Office was mainly occupied in cataloguing the statistical material available.

36. During the period under review, experts in five of the member States (Belgium, France, Germany, Italy and the

Netherlands) assembled and worked over the statistical data for the compilation of *input/output tables*, to consist provisionally of 80 lines and to relate to 1959 and, in some cases, 1960.

37. With regard to *internal trade statistics*, the Office concentrated chiefly on assembling and comparabilizing existing material from the member countries. In addition, a number of decisions by the new Working Party on Distribution are already being implemented: in particular, the wholesale trade nomenclature is just about to be completed, and work is well advanced on that for the retail trade. Indices have been computed for the movement of the turnover of department stores and consumers' co-operative societies, and will be published monthly from 1963 onwards, broken down by major categories.

38. With regard to *transport statistics*, the Office went ahead with its general programme comprising infrastructure, mobile equipment, structure of the transport industry and personnel, technical operational results and commercial operational results. The results of the 1961 survey on transport of petroleum products were evaluated; in 1962, the first Community-wide sample survey on road haulage was effected, and evaluation of the results is now in progress. The uniform goods traffic nomenclature was rearranged under 10 heads and 54 sub-heads, in line with transport conditions and basic economic factors.

39. With regard to *energy statistics*, the Office was able on the basis of its evaluation of balance-sheets to compile and publish energy balance-sheets for the member States and the Community for the period 1950-60 (*Informations Statistiques*, No. 1a/62).

In particular, preparations were completed for the quarterly publication of balance-sheets for solid fuels. The electricity balance-sheets were presented from several different angles: thus consumption of electric current during the period 1951-61 was broken down by consumer categories, while in addition monthly statistics were issued

on fuel consumption by the thermal power-stations, broken down by types of fuel.

A new classified list of enterprises in the nuclear industry was worked out in co-operation with U.N.I.E.C. (Union of Industries of the European Community), and statistical material on the exchange and employment of radio-isotopes was obtained.

The Statistical Office in 1962 started to publish two separate bulletins, *Charbon et autres Sources d'Energie* ("Coal and Other Energy Sources") and *Sidérurgie* ("Iron and Steel")—similar in layout to its other publications—in place of the old *Bulletin Statistique: Charbon et Acier*. These include a number of new statistical series and figures: thus Part I of *Charbon et Autres Sources d'Energie* now contains statistics for brown coal and gasworks coke, and the newly incorporated Part II figures on electricity, gas, petroleum and petroleum products. Special supplements recently published show balance-sheets for hard coal, hard-coal coke and hard-coal briquettes. *Sidérurgie* contains, in addition to the usual series, particulars of schedule prices and the main results of the annual wage and investment surveys. Budget limitations unfortunately made it impossible to bring these publications out every two months as planned.

The Steel Statistics Committee's Working Party on External Trade Statistics prepared a common nomenclature on external trade in steel.

40. With regard to *industrial statistics*, the classification under which the nomenclature of industries of the European Community (N.I.E.C.) is arranged has now been extended to the fourth and fifth decimal places.

The Office also devoted much of its time in this field to the preparation of the world industrial census which U.N. is sponsoring in 1963.

The census is to be carried out on the same lines for all six member countries, and should yield a number of

additional data of importance to E.E.C. The Office has issued to the competent national authorities a schedule of "Items, Definitions and Breakdowns for the 1963 Census of Producer Industries in the Member States of the European Communities."

The Office continued to publish statistics on the structure of different economic sectors, and also to assist the sector-by-sector surveys being conducted by the E.E.C. Commission's Directorate-General of Internal Market Affairs. Some of the results of its work in the latter connection were published in a special supplement to *Statistiques Industrielles*, including sector-by-sector statistics on investment, turnover, number of producer units and personnel employed, wages and salaries, and so on. The first issue appeared of a year-book showing the production of 450 finished and semi-finished products during the period 1953-61, together with the supply position for 80 products.

41. Work on *social statistics* was also considerably extended during the year, and now covers wages, real incomes, housing conditions and family budgets: the results are generally published in *Statistiques Sociales*. In 1962, annotated series were published on E.C.S.C. wages and related charges and real incomes in the E.C.S.C. industries, and also a comparison between nominal wages in these industries and those in other industries from 1953 to 1960. The 1959 survey of 14 industries, which in 1961 had been evaluated from the point of view of wage costs, was in 1962 evaluated from the point of view of earnings. The evaluation of the 1960 survey, covering 8 industries, was completed, and the data assembled in the course of the 1961 survey, on 13 industries, are now being worked over (this time broken down also by sex of earner). The three surveys are planned to be repeated in 1962, 1963 and 1964.

Intensive work was done on social-security statistics. Thus a system of accident statistics for the iron and steel industries of the member States was instituted, indicating incidence of accidents and numbers of man/hours lost, on a

comparable basis. Quite apart from helping to give a picture of working conditions, such statistics are of considerable importance inasmuch as industrial accidents are varyingly estimated as reducing a country's total operating capacity by between 1% and 2%.

The principal social-security statistics for 1955-60 were compiled according to a more or less uniform breakdown and published. This publication, while not entirely comparable as between country and country, does nevertheless mark a definite advance in the direction of lined-up national statistics. It covers "persons insured," "persons drawing benefits" and "receipts and expenditure," together with some important relations (relation to national income, figures per head of population).

42. Most of the work done in 1962 on *agricultural statistics* was in connection with the compilation of balance-sheets. Supply figures were published for sugar beet, sugar, glucose and natural honey, for milk and dairy products, for wheat, and for wine. The Committees and Working Parties on Agricultural Statistics at their various meetings discussed common definitions for forestry, fishery and structural statistics, and methodological problems such as comparability of price statistics. The Office also circulated statistical memoranda for internal use indicating the state of the crops, harvest forecasts and actual harvest results. Preparations were completed for an agreed system of statistics concerning the agricultural labour force in the six countries.

43. With regard to *external-trade statistics*, not only was the volume of regular work substantially expanded, but in addition a number of special studies had to be carried out. In particular, the Office had to supply material for the G.A.T.T. discussions, and also to effect numerous studies for the purposes of the negotiations for Britain's admission. Some of the results were published in a special supplement to the monthly bulletin of external-trade statistics. The Office also brought out its 1962 Standard List of Countries

for the classification of E.E.C. countries' foreign trade statistics.

Preparations were completed for expanding the "Analytical Tables of External Trade" to cover a total of 3,000 items, and for publishing the figures for external trade in agricultural products on a monthly basis.

Volume and average-value indices were published for the first time for the principal associated overseas countries.

A new method of seasonal correction was worked out for a provisional 128 series. This is specially important in that it enables electronic computers to be used, so that the indispensable basic material for market-trend observation can be produced with the minimum of delay.

44. In connection with *statistical work in respect of the associated overseas countries*, special mention should be made of the establishment in Paris of a Centre Européen de Formation de Statisticiens-Economistes. Following the examinations held, 22 students are to start there in the near future.

45. Increased attention was devoted to statistical and general analyses concerning the industrial and agricultural production, population trends and external trade of the *Eastern bloc countries*. Soviet external-trade statistics were broken down, for purposes of comparison, under the main heads of the Statistical and Tariff Classification for International Trade and the results published, with comments, in *Statistiques de l'Intégration du Bloc Oriental*.

The Information Service; Co-operation between it and the Spokesman's and General Reports Office of the High Authority

Supervisory Board

46. The Board, which as in 1961 consisted of M. Caron, Vice-President of the E.E.C. Commission (Chairman),

M. Wehrer of the High Authority and Mr. Sassen of the Euratom Commission, met four times, on March 2, April 13 and July 6, 1962 and January 14, 1963.

In addition to taking the various decisions required in connection with the introduction of a common set of Staff Rules and Regulations, the Board dealt with a number of other personnel and administrative matters, including

- (a) establishment of working programmes;
- (b) utilization of funds available, with special reference to applications by European organizations for contributions;
- (c) the organization of the Press Offices;
- (d) representation of the Communities at the Seattle World's Fair.

Activities

47. Co-operation between the Joint Press and Information Service and the High Authority's Spokesman's and General Reports Office was intensified during 1962, both in the Press and public-relations field and with regard to publications of all kinds.

Given the means of action available to it, the Information Service concentrated mainly on certain specific fields mentioned in the European Parliament's Resolution of November 24, 1960,¹⁾ adhering strictly to the programme there laid down.

¹⁾ The Resolution urged

“that the Service effect a scientific investigation into the attitude of the public in the six countries to the unification of Europe;

“that a special drive be made in the matter of visual information, information sessions and courses at the Institutions, and information work in trade-union, agricultural, educational and youth circles;

“that the provision of information to overseas and third countries be intensified without delay.”

After much time and care had been expended on drawing up the questionnaire, a group of specialized research institutes in February 1962 carried out a public-opinion survey. The main results were reported to the European Parliament in November 1962, and the final report will be published at a later date. The second part of the survey, devoted to motivation research and the study of information channels, is in preparation.

The Service in 1962 gave special attention to the trade unions and workers generally, to agricultural circles, to teachers associations, and to youth and adult-education organizations. A survey was conducted among women's organizations. Co-operation with the bodies controlling the main public and private information media was systematically pursued and intensified. Outside the Community, information activity was concentrated more especially on the associated African States and Madagascar, on Great Britain and on the United States.

Information activities in 1962 are more fully described in the Sixth General Report of the E.E.C. Commission, with particulars of the media used and the classes of people and organization reached.

Inter-Institutional relations

Council/Executive relations

48. The High Authority and the E.E.C. and Euratom Councils of Ministers co-operated on all matters of common interest to the three Communities. Members of the High Authority were always asked to be present at the Councils' meetings, and High Authority staff members at the meetings of the Committee of Permanent Representatives, whenever any of the following was up for discussion:

- (a) relations between the Community and the associated African countries and Madagascar;
- (b) questions connected with negotiations in G.A.T.T.;

- (c) the establishment of a Council of the European Communities and a European High Commission;
- (d) the negotiations with Turkey;
- (e) budgetary questions relating to the common Institutions or the joint services;
- (f) social-security arrangements for cross-frontier and seasonal workers;
- (g) fairs and exhibitions at which the Communities were represented;
- (h) the common Staff Rules and Regulations.

Conversely, representatives of the two Brussels Commissions attended meetings of the Special Council of Ministers dealing with the co-ordination of energy policies.

The High Authority is working in on the organizational problems posed by the admission of new members to the Community, in accordance with the instructions given by the Foreign Ministers on October 23, 1962.

Inter-Executive Working Parties

49. The Inter-Executive Working Party on the Co-ordination of *Energy Policies* is made up as follows: M. Lapie, Member of the High Authority (Chairman), M. Coppé and Dr. Hellwig, respectively Vice-President and Member of the High Authority, M. Marjolin, M. Caron and Dr. von der Groeben, respectively Vice-Presidents and Member of the E.E.C. Commission, and Mr. De Groote and Mr. Sassen, Members of the Euratom Commission. The Working Party met seven times, on May 9, May 29, June 15, June 25, November 12, December 7 and December 20, 1962, at which, *inter alia*, it finalized the texts of the Memorandum on Energy Policy and of the Study on the Long-Term Energy Outlook for the Community.

The Inter-Executive (High Authority/E.E.C. Commission) Working Party on *Transport* met three times, on May 4 and December 14, 1962, and January 14, 1963, with M. Coppé, Vice-President of the High Authority and Herr

Schauss of the Commission taking the Chair alternately. Matters discussed by the Working Party included, in particular, special problems connected with the implementation of the High Authority's Recommendation No. 1/61 (publication of rates and conditions of carriage for E.C.S.C. products), and certain aspects of E.E.C. common transport policy having a bearing on the operation of the Common Market for coal and steel; also, various procedural arrangements were worked out for the two Executives' co-operation in future.

The High Authority also sends representatives to the meetings of the Cyclical Policy Committee set up by decision of the E.E.C. Council on March 8, 1960.

50. Naturally, co-operation is not only at Executive and Council, but also at departmental level. This is being extended and intensified all the time, both in deference to the European Parliament's express desire as noted in point 7 of the Resolution of June 27, 1962, and, of course, for the sake of efficiency. Mention should be made in this connection of the liaison bureaux on transport problems which have been set up by the High Authority in Brussels and by the E.E.C. Commission in Luxembourg. More generally, the co-operation extends over a great many fields, of which the following may be specially noted:

- (a) preparation of the quarterly "programmes with forecasts";
- (b) tariff questions, more especially in connection with the G.A.T.T. negotiations;
- (c) implementation of the provisions concerning migrant workers;
- (d) the association agreement with the African countries and Madagascar;
- (e) area-development policy;
- (f) general administrative matters and the Staff Rules and Regulations.

51. The High Authority on February 14, 1962, officially adopted, with effect from January 1, the amendments bringing the E.C.S.C. Staff Rules and Regulations into line with those in force from the same date for the E.E.C. and Euratom Institutions. The amended Rules differ from the Brussels arrangements only on one or two points (scale of salaries, surviving dependants' pensions). E.C.S.C. salaries are subject to a "compensatory adjustment" equal in amount to the Community tax payable on the staff salaries of the other two Communities.

As part of the progressive implementation of the amended Rules (which marks a notable step forward in the consolidation of the European Civil Service), the High Authority was able in 1962 to complete, firstly, the integration of temporary, local and provisionally-graded employees, and secondly the establishment of the posts in the organization chart for its departments, now lined up with the official appointments and careers laid down in the revised Rules.

52. In addition to its work with the Staff Rules Committee, the High Authority was duly represented at the periodic meetings of the administrations of the different European Institutions, held for the purpose of ensuring not only identical implementing directives and rules, but also identical interpretation of the provisions figuring in all three Communities' Staff Rules and Regulations.

There still remains much to be done in this respect: some points are very nearly disposed of, others still under examination.

At a meeting of the Committee of Presidents on November 22, 1962, a number of rules and regulations were examined with a view to agreeing them as required by Article 107 of the Staff Rules and Regulations.

Section 2: External Relations and Commercial Policy

53. As well as acting as adviser to the member Governments during the negotiations with Britain, the High

Authority studied the problems which would arise in the event of negotiations for the admission or association of other European countries.

Several more countries established diplomatic missions to the High Authority.

The renewal of the agreement of association between the African States with Madagascar and the E.E.C. member countries enabled parallel arrangements to be made with regard to trade in E.C.S.C. Treaty products.

A great many matters—economic, financial, commercial and technical—which have a bearing on the attainment of E.C.S.C.'s objectives come within the purview of various other international organizations, whose work has to be closely followed in order to avoid duplication of effort and ensure that they and the High Authority benefit mutually.

Lastly, the joint work of the High Authority and the other Communities for a common energy policy is very much bound up with international relations, so that developments in the latter field have all the time to be taken into account.

THIRD COUNTRIES

Application for membership by the United Kingdom of Great Britain and Northern Ireland

54. The British Government's spokesman on October 10, 1961, informed the Ministers of the E.E.C. countries, meeting in Paris, that the United Kingdom intended to open negotiations for membership of the European Coal and Steel Community in good time, to ensure that this could take effect simultaneously with its admission to the European Economic Community.

On February 28, 1962, the British Prime Minister informed the President in office of the E.C.S.C. Council

of Ministers that his Government wished to begin these negotiations, under Article 98 of the Treaty of Paris.

After a preliminary meeting in the Council of Ministers on July 17, 1962, the Conference convened to conduct the negotiations between the E.C.S.C. member States and the United Kingdom started work in Luxembourg. At the preliminary meeting, Mr. Edward Heath, Lord Privy Seal, the chief British negotiator, made a statement setting forth the general basis on which his Government considered entry could be agreed, and enumerating various points which might usefully be discussed in the course of the talks. On October 4, at the first Ministerial session of the Conference, the President in office, the Luxembourg Minister of Economic Affairs, replied on behalf of the six Community countries. These two initial statements¹⁾ set the general tone for the negotiations which followed.

Outside the Ministerial-level meetings, the negotiations were carried on by the Committee of Representatives of the Ministers of the Six and Britain, on the basis of instructions given by the Conference. Working parties were set up to examine certain technical problems beforehand, notably with regard to production conditions and seaborne transport.

The Ministerial Conference met again on November 19 to hear a progress report, give further directives, and broaden the Representatives' terms of reference.

In all these proceedings, at Ministerial, Committee and working-party level, and whether the meetings were of the Six or of the Seven, the High Authority's part was to place its advice and experience of the Common Market at the Community negotiating team's disposal.

55. The Association Agreement of 1954 had helped to produce the climate for Britain's eventual decision to

¹⁾ The first has already appeared in the *Bulletin de la C.E.C.A.*, 3rd quarter, 1962 (seventh year; the second is to be published shortly.

apply for membership. The High Authority all along closely followed the trend and studied the problems of the British coal and steel sectors, and when the application was finally received was therefore fully conversant with the difficulties which would have to be overcome if the negotiations were to be successful.

The prospective new member was operating special arrangements for its coalmining and iron and steel industries, which could not be integrated as they stood into the Common Market.

The British iron and steel industry is privately owned, but is under the control of a public body, the Iron and Steel Board, whose powers are incompatible with a number of the rules of the Treaty of Paris, as for instance its powers with regard to pricing, to investment, and in some respects to the importation and allocation of raw materials. This being so, it was necessary to arrange for those features of the British iron and steel industry which were incompatible with the Treaty to be eliminated as far as possible before the establishment of the enlarged Common Market. In a series of meetings and studies lasting close on four months, the Six draw up and agreed the list of "steel incompatibilities" to be disposed of. These were then discussed with the British representatives, who on January 22, 1963, accepted the list in full. The Six had also worked out and agreed a proposal for a solution to the problem of harmonized steel duties, which was submitted to the British team and accepted by them on the same date.

56. On January 29, following the deadlock reached in Brussels, the Luxembourg negotiations had likewise to be suspended. The coal side was then still under discussion among the Six.

The British coalmining industry is nationalized. Not that this is in itself a state of affairs incompatible with the E.C.S.C. Treaty: the Treaty makes no stipulation concerning ownership of enterprises. But the sheer size of the industry administered by the National Coal Board—its production is nearly as large as that of all the Six together

— raised a whole range of new and complex problems. In addition, it had to be ascertained whether any features of the National Coal Board's structure and operational methods were contrary to the aims and rules of the Treaty: thus for instance it was impossible to regard as compatible with the Common Market the N.C.B.'s powers in regard to supply and the import monopoly which the Board in practice enjoys, together with its monopoly of production and sales.

The High Authority feels that in the course of the negotiations it was able, in its capacity as adviser, to give valuable assistance to the Conference, both in outlining the problems at issue and in suggesting possible solutions.

However, the negotiations ended when work on the coal side was only beginning, before the Six had any agreed proposals to put to the British.

The High Authority had warmly welcomed Britain's move in seeking membership, and can only express its regret that the negotiations should have been broken off. It will continue to act in accordance with the Treaty, the spirit of which is so clearly expressed in the preamble: the aim in setting up E.C.S.C. was "to establish... the foundation of a broader and deeper Community among peoples long divided by bloody conflicts, and to lay the bases of institutions capable of giving direction to their future common destiny." That was European unification as those who signed the Treaty intended it to be.

The High Authority will devote its best endeavours towards the completion of the work that was begun with such *élan* thirteen years ago — a work in which it is desired that other European countries prepared to join should be free to do so — in the realization that the broadening of the European Communities, carried out in a spirit of ever-increasing solidarity among the member countries, represents a major contribution towards safeguarding the peace of the world.

Other applications for admission

57. Of the various countries—Ireland, Denmark, Norway, Austria, Sweden and Switzerland—which in submitting their applications to the E.E.C. Ministers at the same time expressed the intention of similarly applying in due course for admission to or association with E.C.S.C., only Denmark and Ireland have so far done so.

The Danish Minister of Foreign Affairs wrote officially on March 16, 1962, to the President in office of the Special Council of Ministers asking that negotiations be opened for the admission of Denmark to E.C.S.C. at the same time as to E.E.C. The Ministers of the Six had their first talk with the representatives of the Danish Government on December 17, at which it was agreed that the commencing date for the negotiations should be arranged through diplomatic channels.

On January 7, 1963, the Irish Government also wrote applying officially for negotiations for membership of E.C.S.C. to be opened.

New diplomatic delegations to E.C.S.C.

58. The political and economic impact of European integration was further demonstrated by the appointment by several more countries of accredited representatives to the three Communities.

The Governments of Spain and Israel evinced interests in the coal and steel sectors by appointing delegations to the High Authority on June 22 and September 25 respectively.

Whereas the High Authority's diplomatic relations had hitherto been chiefly with European third countries and with the more industrialized countries in other parts of the world, in 1962 a number of delegations were appointed which did not fit into this established pattern: two African States, Ivory Coast and Upper Volta, accredited permanent

representatives to the High Authority on May 29 and November 26 respectively, while India similarly appointed a representative, who presented his letters of credence on October 22.

Seattle World's Fair

59. The High Authority sent one of its Members to represent it at the European Week organized in connection with the Seattle World's Fair in September 1962. The Communities and the member countries had a joint pavilion at the Fair.

Emergent countries

Convention of Association between the African countries with Madagascar and the member countries of E.E.C.

60. As was mentioned in last year's Report, the High Authority feels, as does the European Parliament, that the principle of the basic oneness of the three Communities demanded the inclusion of coal and steel in any association between the Common Market and Africa.

The High Authority therefore followed with close attention the Brussels negotiations for the renewal of the Convention of Association between the African countries with Madagascar and the member countries of E.E.C. The E.C.S.C. Council of Ministers approved a draft submitted by the High Authority for a multilateral agreement to be annexed to the Convention, providing for the abolition of duties, taxes and quantitative restrictions on E.C.S.C. products traded between the countries associated with E.E.C. and the member States of E.C.S.C.

Because of its interest in promoting co-operation with Africa at both parliamentary and Governmental level, the High Authority in January 1962 sent an observer to

the meeting of the Joint Standing Committee set up in June 1961 by the Conference of the European Parliament with the Parliaments of African States and Madagascar, and was also represented at the Committee's subsequent meeting in Tananarive on October 3-5.

Ore prospecting in Africa

61. Under its programme of prospecting for iron and manganese ore in Africa, the High Authority decided to allocate Ffr. 400,000 for the period July 1, 1962-June 30, 1963. This sum, which will be supplemented by funds from the central Bureau de Recherches which acts as managers of the syndicates set up to carry on prospecting operations in Africa, will be laid out in particular on airborne magnetometer surveys in northern Gabon, and will come out of the overall appropriation of \$5,000,000 for prospecting in Ivory Coast, the Congo, Gabon and Cameroun.

Council of Association

62. The Council of Association between the United Kingdom Government and E.C.S.C. issued its sixth annual report, for the calendar year 1961, agreed between the parties in accordance with Article 11 of the Agreement of Association.

In view of negotiations described above, neither the Council of Association nor its Coal, Steel and Trade Relations Committees had occasion to meet during the period under review.

To conclude this brief account of relations with third countries, special mention should be made of the good work done for the Community by the High Authority's London delegation during this period.

*COMMERCIAL POLICY**Coal**The Common Market for energy*

63. On behalf of the High Authority and of the E.E.C. and Euratom Commissions, the Inter-Executive Working Party on Energy on June 25, 1962, laid before the E.C.S.C. Council of Ministers a Memorandum on Energy Policy.¹⁾

The policy advocated in the Memorandum has direct implications for commercial policy, in particular as concerns coal, and is for that reason mentioned here: the Memorandum as a whole is, however, dissected in detail in the chapter on energy problems.

Germany

64. In the High Authority's view, the reasons which led it to recommend in 1962 that a duty be imposed on third-country coal entering the Federal Republic of Germany still hold good for 1963. The duty will, therefore, continue to be charged during the coming year.

The High Authority further, on October 30, recommended the Federal Government to fix the duty-free quota at the same level as that indicated in its Recommendation of November 3, 1960, namely six million metric tons. It refrained from suggesting any increase in the quota in view of the fact that the American troops stationed in Germany, whose coal had hitherto been purchased from German sources, were in 1963 to be supplied with American coal independently of the quota.

¹⁾ See Chapter Two, Section 3.

Belgium

65. As the Belgian coalmining industry had been doing relatively well since the end of 1961, the High Authority came to the conclusion that to maintain the ceiling on coal imports into Belgium fixed by Decision No. 13/61 might be an encouragement to let up somewhat on the reconstruction drive undertaken by the Belgian Government.

After consulting the Council, it therefore introduced a series of liberalization measures with effect from August 1: the permitted volume of deliveries from member countries was increased by 10% for the calendar year 1962, while the ceiling on imports of third-country coal was raised from 640,000 to 688,000 metric tons, and imports of anthracite and of certain low-volatile grades, which had been included under the ceiling in 1961, were derestricted altogether.

As from January 1, 1963, the High Authority discontinued the limitation under Article 37 of trade in coal between Belgium and the other Community countries and of imports from third countries. Consequently, the Belgian Government again has full responsibility concerning imports from third countries. though it can, of course, always count on the co-operation which the Community earlier gave in checking up on indirect imports.

Steel

Half-yearly tariff and quota changes

66. The separate half-yearly tariff measures for certain steel products not obtainable in sufficient quantities within the Community were again renewed, duties being reduced or even suspended on specified products importable either under quota or without restriction.

These measures are decided by common agreement among the Governments, but the point is made that they

must not be allowed to affect the interests of the member countries' own industries. Thus in 1962 the quotas previously fixed for coils were substantially reduced, only Italy and France being granted quotas at the Benelux rates of duty.

Sponge iron and steel

67. At the proposal of the High Authority in accordance with Article 81,2 of the Treaty, the Council of Ministers decided that sponge iron and steel (including the products of the direct-reduction processes) should henceforth figure in Annex I to the Treaty, under 4.100. The suspension of the 7% duty on these products provided for in the E.E.C. common external tariff was provisionally extended.

American tariff

68. The United States Government is planning to introduce a reconstituted and more elaborate tariff which, like its predecessor, will not be based on the Brussels Nomenclature used by all the E.C.S.C. member countries.

Efforts will now have to be made to secure the American authorities' agreement that the concessions negotiated for E.C.S.C. products are reincorporated without change into the new tariff. The High Authority has been requested by the Governments to deal with this matter.

Imports of pig-iron and of certain iron and steel products

69. Reference has been made on earlier occasions to the difficulties in which some Community enterprises are liable to find themselves as a result of the importation of low-priced pig-iron from third countries into the Common Market. This state of affairs—which may possibly make it necessary to introduce special commercial measures—

is being studied, particular attention being devoted to an examination of the production costs of the Community enterprises. This study work is expected to be completed by early 1963, when the Council will consider the findings and if necessary take appropriate action.

Furthermore, there has in recent months been a substantial increase in the tonnages of various iron and steel products imported or quoted for importation from third countries at extremely low prices. To prevent any abuse of the right of alignment, the High Authority issued a reminder to enterprises that they must strictly abide by the Treaty's rules on the subject. It also proposed to the Council that an *ad hoc* committee be set up to study the situation; the committee is to start work in the near future.

Implementation of Article 75

70. Treaty steel products can now be imported without restriction from all Western countries. In the case of the Eastern countries, on the other hand, there being no uniform commercial policy, exports of iron and steel products to the Community countries are mostly effected under bilateral agreements, the terms of which are regularly notified to the High Authority in accordance with Article 75. Coal imports from the East have been subject to tonnage checks in all the Community countries except Italy since the onset of the coal crisis in 1957. The High Authority sees to it that these restrictions are complied with, as it is entitled to do under Article 75 and Article 73.

Mutual assistance

71. In March 1962, in accordance with the emergency procedure "mutual assistance" under Article 71,3, the High Authority approved the Netherlands Government's application for the other Governments' assistance in checking up on indirect imports of Eastern European coal via other member countries.

Similarly, in September 1962 it approved the German Government's request for co-operation to limit indirect imports of finished rolled products from Eastern European countries.

Dillon tariff negotiations

72. The Dillon round of tariff talks begun in G.A.T.T. in 1961 closed officially at the end of July 1962, the negotiations with Austria, however, continued up to November.

The High Authority, acting as spokesman for the Community countries, conducted negotiations in close co-operation with both the member Governments and the E.E.C. Commission. As well as being desirable from the point of view of respecting the basic oneness of the three Communities, this was definitely necessary inasmuch as the duties on steel in the harmonized E.C.S.C. tariff, being among the lowest in the world, left very little scope indeed for concessions. Some of the in many cases substantial concessions secured in the iron and steel tariffs of the United States, Israel, Finland and Switzerland were therefore matched by counter-concessions in the E.E.C. tariff.

As a result of the negotiations with Austria, Italian duties on coils were reduced from 9% to 7%. Coils, total trade in which represents some \$16,000,000, are an important item in Austrian iron and steel exports to Italy. In return, Austria granted the Community various concessions in the E.E.C. export sector.

INTERNATIONAL ORGANIZATIONS

73. Matters relevant in themselves or in certain important respects to the High Authority's work are often dealt with at meetings of international organizations, whether as coming within their own particular purview or in the more general political or economic context.

Liaison with these organizations, and in particular with those which are playing a part in the unification of Europe, is of importance as helping to avoid dispersion of effort and, as far as possible, discrepancies and even contradictions between the respective activities.

The Council of Europe

74. The High Authority was represented at the Ordinary Sessions of the Consultative Assembly, a number of whose Resolutions in 1962 related to the current and impending negotiations between the Communities and third countries.

At the Joint Session in Strasbourg on September 17 and 18, the President of the High Authority addressed the House on the lessons to be learned from the ten years' experience of the Common Market for coal and steel, mentioning in particular the expansion of E.C.S.C.'s external trade and the importance of co-ordinating more closely the energy policies of the member countries.

High Authority staff members worked in with a number of the Council's Committees, more especially in connection with social affairs and with health questions.

O.E.C.D.

75. The Secretary-General of O.E.C.D., Hr. Thorkil Kristensen, paid an official visit to the High Authority on February 8, 1962, when very useful discussions took place concerning co-operation between the two organizations.

Co-operation with the remodelled body, O.E.C.D., is closer than with the old O.E.E.C. The High Authority is regularly represented, usually along with the E.E.C. Commission, at meetings of all O.E.C.D. Committees dealing with matters of common interest; it follows with

particular attention the work of the Economic Policy Committee and of the latter's Working Party No. 2, responsible for studying measures to promote economic growth.

The High Authority was also represented at the Ministerial meeting of the O.E.C.D. Council in Paris on November 17 and 28.

A few weeks ago, at the beginning of January 1963, the High Authority was closely associated with the consultations begun in O.E.C.D. at the request of the United States Government, following a complaint to the American Treasury by certain steel companies that a number of European enterprises were selling wire rod in the American market at unduly low prices.

The consultations are still in progress: they have served to draw the High Authority's attention once again to the question of para-tariff and administrative measures liable to impede trade (anti-dumping provisions, valuation for Customs purposes, etc.). These will undoubtedly be to the fore in the negotiations which will follow the passage of the Trade Expansion Act by Congress.

W.E.U. N.A.T.O.

76. As in previous years, the High Authority accepted invitations to send representatives to the meetings of the Assembly of Western European Union and the Conference of Members of Parliament of the North Atlantic Treaty Organization countries.

The reports, debates, resolutions and recommendations on these occasions were in many cases of direct interest to the High Authority, as dealing, over and above the general political orientations, with matters in its own field, such as energy supplies, and the state of the negotiations between the Communities and third countries.

E.C.E.

77. The studies carried out by the U.N. Economic Commission for Europe shed much valuable light on the economic position and prospects of the E.C.E. countries, particularly, from the High Authority's point of view, of those with which E.C.S.C. has no direct relations.

The High Authority does not simply note the findings afterwards: it is working all the time for closer and more effective contact between its own departments and the E.C.E. Secretariat, and makes a point, for the benefit of both organizations, of following right from the start the proceedings of those E.C.E. Committees which deal with questions coming within its own sphere, such as steel, energy, transport and housing.

I.L.O.

78. Co-operation between the High Authority and the International Labour Office in the social field is becoming more firmly established year by year.

By sending experts to one another's meetings, the two organizations have frequently been able to prevent overlapping and to engage in very valuable exchanges of experience.

In October 1962, the High Authority extended for two years its agreement with I.L.O. on the operation of the International Occupational Safety and Health Information Centre, to which it is now also regularly sending the reports on the research projects it is part-financing.

I.L.O. and the Council of Europe some time ago arranged to set up jointly an International Vocational Training, Information and Research Centre, and the High Authority agreed to take part in the Centre's work for a period of three years, to end on December 31, 1964. For the first year it is contributing \$10,000.

Such have been the highlights of the High Authority's work during the past twelve months in the field of external relations and commercial policy. It has of course been active in various other ways (for instance, it was represented at the Sixth World Power Conference in Melbourne from October 20 to 27): it is not possible to mention all these in detail in this Report, which, however, clearly reveals the lines along which the High Authority has been working during this exceptionally active phase in the building of Europe.

CHAPTER TWO

THE COMMON MARKET FOR ENERGY

GENERAL REMARKS

79. With the stiffening competition among the different energy sources, and the increasing pace of general economic integration, it is becoming more than ever imperative to determine the coalmining industry's place within the energy sector as a whole. Accordingly, each year, the High Authority, in co-operation with the E.E.C. and Euratom Commissions, submits to the Council an account of the Community's energy position to date and the outlook for the immediate future.

The figures for 1962 indicated no serious general imbalance between supply and demand, and the same is expected to apply in 1963; though there may be some temporary localized tightnesses in the household sector. Stocks should therefore remain round about the same level as before, and there should be no short-time working in the collieries.

However, though the immediate picture is comparatively satisfactory, the fact remains that

- (a) the European energy market is a highly compartmented one;
- (b) the competitive capacity of coal *vis-à-vis* imported fuels is tending to deteriorate;
- (c) there is a steady increase in the proportion of outside energy procurements.

80. These are no mere passing tendencies: they are symptomatic of deep-seated trend in the European energy market, which has been confirmed and explained in detail by the long-term studies carried out by departments of the High Authority.

Obviously, in any attempt to work out a realistic energy policy this fundamental alteration in the structure of the energy sector must be taken into account. For this reason, the High Authority has taken the view, ever since it started its work in connection with common energy policy, that any such policy must be based on a detailed analysis of the basic long-term trends in the energy market. Studies were duly begun with this end in view.

By April 5, 1962, when the Conference of Ministers met in Rome, these studies had progressed to a point at which the Inter-Executive Working Party felt able to agree to produce within two months draft proposals for an energy policy aimed at the establishment of a Common Market for energy. It had been hoped to submit long-term forecasts along with these on June 25, but owing to various material difficulties and to the shortness of the time available this proved impossible. However, on December 21 the Working Party laid before the Council a study on the long-term energy outlook for the European Community. This document was not intended as a kind of *a posteriori* justification of the Memorandum on Energy Policy submitted to the Council of Ministers, but as an introduction and reference basis.

81. The three main findings of the Study are as follows:

- (a) the progressive establishment of the General Common Market must be accompanied by the progressive establishment of a Common Market for energy;
- (b) Europe's increasing dependence on outside energy sources makes it essential that there should be a common supply policy taking realistic account of this trend;

- (c) coal production on a major scale cannot continue without substantial Community assistance to the industry.

The authors of the Memorandum seek to indicate possibilities for a solution to these problems by proposing respectively

- (a) the progressive establishment of a Common Market for energy over a transition period;
- (b) the preparation and formulation of a common commercial policy on energy supply;
- (c) the institution of Community-level arrangements to assist European coal.

82. The Study with its various annexes and the Memorandum thus together constitute a considerable volume of material supporting the case for a common energy policy. They have been passed to the Special Council of Ministers, the Energy Committee of the European Parliament, the E.C.S.C. Consultative Committee and the E.E.C. Economic and Social Committee for discussion in detail.

Now that it has the benefit of this documentation and of the comments voiced in the discussions on it, the E.C.S.C. Council would appear to be in a position really to get to grips with the problem of energy policy. In the coming months the Executives will be working hard with the Governments to do so: that is, to establish their positions with regard to the basic policy-making alternatives.

Section 1: The State of the Energy Market

SHORT-TERM ENERGY BALANCE-SHEETS

83. In order, as before, to provide the Council of Ministers and the member Governments with an overall picture of developments in the energy market of the Community countries, the High Authority continued its work on the

short-term energy balance-sheets. In co-operation with E.E.C. and Euratom and with national Government experts, it drew up its 1963 assessment, entitled *La Conjoncture Énergétique dans la Communauté*, which was first considered by the Joint Committee and is now before the Council of Ministers.

The document outlines the present state of the energy market as indicated by the figures for the first nine months of 1962, and the outlook for 1963. As consumption in 1962 was distinctly abnormal in some sectors owing to the unusual weather conditions, the main focus is naturally on the sector-by-sector analysis. A number of improvements having been made in the methods employed,¹⁾ the figures in this year's assessment are not strictly comparable with those in last year's.

TRENDS IN DEMAND

84. In the following subsections, we first record developments in 1962, and then briefly indicate the probable trend in 1963.

The forecasts as to general economic activity in 1962 were in the main confirmed, gross national product increasing by 4.5% and industrial production by 6%. On the other hand, temperatures were considerably lower than usual, and the water run-off was below the long-term mean.

¹⁾ The general arrangement remains much the same, but greater consistency has been obtained by dealing with the demand position regarding the different energy sources under a single head, the statistical compilation has been improved to facilitate comparison with other international statistics, and efforts have been made to bring out more clearly the interrelation of the various partial balance-sheets.

The *ad hoc* working party of the Council/High Authority Joint Committee met again on July 9, 1962, to discuss certain points as to method. In accordance with its suggestions, the gas figures have been converted into Teracalories, and a slight change has been made in the H.C.E. conversion factor for oil; also, coal and low-grade products have been treated separately, so that the figures for the different member countries are now to some extent intercomparable.

Overall energy consumption

85. The total primary-energy consumption of the Community increased in 1962 by 30 million metric tons hard-coal equivalent (+6.3%) to 509 million (see Table 1). This was approximately 12 million tons more than forecast for normal weather and water-level conditions; it had, however, been emphasized that a severe winter was always liable to send energy requirements up by from 8 to 10 million tons H.C.E.¹⁾

The main features of the situation were as follows:

- (a) the long-term relation between general economic growth and energy consumption was masked by accidental factors;
- (b) the effects of these factors were specially marked in certain sectors;
- (c) coal as well as petroleum products was in greater demand.

TABLE 1

Trend in Community Primary-Energy Requirements 1961-63, by Countries

(^{000,000} metric tons H.C.E.)

Country	1961	1962 ¹⁾	1963 (forecasts)	Change in % ²⁾	
				1962/1961	1963/1962
Germany (Fed. Rep.)	211.2	221.5	227.0	+ 4.9	+ 2.5
Belgium	34.02	36.24	36.45	+ 6.5	+ 0.6
France	125.9	133.6	139.9	+ 6.1	+ 4.7
Italy	70.8	77.2	83.1	+ 9.0	+ 7.7
Luxembourg	4.86	4.72	4.76	- 2.9	+ 0.7
Netherlands	31.77	35.51	36.14	+11.8	+ 1.8
Community ³⁾	478.6	508.8	524.3	+ 6.3	+ 3.6

¹⁾ Estimated on basis of first nine months.

²⁾ Based on unrounded figures.

³⁾ Based on rounded figures; may thus differ from the sum of the individual items.

N.B.

As already noted, slight changes have been introduced in the mode of calculation for certain products, at the request of the *ad hoc* working party on methods. Computed by the old method, the 1961 figures are: Germany, 213.4; Belgium, 35.62; France, 129.9; Italy, 72.5; Luxembourg, 4.88; Netherlands, 32.55; Community, 489.0.

¹⁾ See *Rapport sur la Situation Energétique de la Communauté et Perspectives d'Approvisionnement et de Consommation d'Énergie dans la Communauté en 1962*, January 1962, p. 47.

Table 2 gives a rough general picture of the movement in the main consumer sectors.

TABLE 2
Changes 1962/61 and 1963/61 in Community Primary-Energy Consumption, by Sectors

('000,000 metric tons H.C.E.)

Sector	1962/1961	1963/1961
Iron and steel industry	+ 0.8	— 1.6
Other countries	+ 6.9	+11.0
Transport	+ 4.1	+ 7.7
Households	+13.2	+14.4
Thermal power-stations	+ 8.1	+13.2
Hydro power-stations	— 2.1	+ 1.0
Miscellaneous	+ 0.8	+ 3.0
Total internal consumption	+30.2	+48.7

N.B.

The power-stations are here treated as end consumers, so that none of the figures is inclusive of electricity consumption. The figures for the hydro power-stations represent the primary-energy equivalent of the hydro-electric power produced, converted on the basis of 1 kWh = 0.4 kg. H.C.E. To avoid overlapping, the consumption of the iron and steel industry is shown less production of blast-furnace gas.

The most striking rise is of course that in the household sector. The thermal power-stations, industries other than the iron and steel industry and the transport sector however, also shows substantial increases, though in the first case this is partly due to a poorer water run-off. Only in the iron and steel industry did consumption, as expected, slacken of a trifle.

86. A breakdown by primary-energy sources reveals an increase in all cases except hydro power. As in previous years, much the largest increase was in consumption of petroleum products, though the demand for coal also rose (by about 1%), mainly in consequence of the weather.

Following this exceptionally steep rise in 1962, energy consumption may be expected to return to a more normal level in 1963, with especially sharp drops occurring in some sectors.

87. The forecasts for 1963 suggest a slightly slower rate of growth both in gross national product (4.3%) and in industrial production (5%). Pig-iron production is expected to continue stagnant. Assuming as usual average weather and water supply conditions, the increase in Community primary-energy consumption in 1963 may be estimated in these circumstances at about 4%. The national rates making up this average, however, vary considerably, from slowish in the Benelux countries (0.6-1.8%) to medium in Germany and France and rapid in Italy (7.7%).

Sector-by-sector analysis

88. We here deal with the main end-consumer sectors one by one, first indicating the general trend in each with regard to consumption of electricity and consumption of other forms of energy, and then noting any special points concerning particular countries and products.

TABLE 3

Trend in Community Primary-Energy Consumption 1961-63, by Sectors

Sector	'000,000 m.t. H.C.E.			%		
	1961	1962 ¹⁾	1963 (forecasts)	1961	1962 ¹⁾	1963 (forecasts)
Iron and steel industry	54.5	53.7	52.9	11.4	10.5	10.0
Other industries	100.9	107.8	111.9	21.1	21.2	21.2
Transport	58.9	63.0	66.6	12.3	12.4	12.7
Households	97.3	110.5	111.7	20.3	21.7	21.2
Thermal power-stations	71.7	79.8	84.9	15.0	15.7	16.1
Hydro power-stations	40.0	37.9	41.0	8.3	7.4	7.8
Miscellaneous other consumers (not surveyed) and statistical adjustments	55.3	56.1	58.3	11.6	11.1	11.0
	478.6	508.8	527.3	100.0	100.0	100.0

¹⁾ Estimated on basis of first nine months.

Iron and steel industry

89. Energy consumption in the iron and steel industry continues to be affected by the stagnation in production and by the increasingly widespread introduction of technological improvements, including in particular ore sintering and oxygen steelmaking. The industry's consumption of non-electrical energy declined by over 3% in the Community as a whole during 1962, and a further fall of 3% is forecast for 1963; its consumption of electric current showed only a moderate increase as compared with that in other sectors (+4.5%), and the trend is expected to be much the same in 1963 (+3.8%).

90. One major factor in the decrease in consumption of non-electrical energy was the further reduction of the coke rate, for the Community overall, from 857 kg. per metric ton of pig-iron in 1961 to 810 kg. in 1962.

TABLE 4

Trend in the Coke rate at Community Blast-Furnaces

<i>(kg. per m.t. pig-iron)</i>	
Year	Coke rate
1955	970
1960	883
1961	857
1962 (estimate)	810
1963 (forecast)	760-770

As an expansion of over 20% in ore-sintering capacity is planned for 1963, the coke rate may be expected to go down further in the course of the year, to between 760 and 770 kg. per metric ton of pig-iron.

Petroleum products continue to be employed more and more, especially in the blast-furnaces: fuel-oil injection was practised in 1962 at 200 furnaces, as compared with only 54 the year before. However, the actual tonnages concerned are inconsiderable as yet.

91. Gas consumption in the industry went down in 1962, owing partly to the levelling-off of production and partly to the meagre supplies of blast-furnace gas, a side-effect of the lower coke consumption and coke rate. The decrease works out at about 6% for all types of gas, and 8% for blast-furnace gas. It should be noted that more than half the iron and steel industry's consumption of blast-furnace gas is in the Cowper stoves and gas blowers *i.e.* uses which are directly associated with production.

At present, the only country in which natural gas is much used is Italy: in the rest of the Community the availabilities are too limited and the gasfields too remote for it to be employed to any great extent in iron and steel production.

The 1963 forecasts indicate a 4% decrease in overall gas consumption by the iron and steel industry, and a 5% decrease in consumption of blast-furnace gas.

92. The 4.5% increase in electricity requirements reflects the rise in specific consumption resulting from technological progress. The first results of an investigation made in this connection give an indication of the effects on the iron and steel industry's electricity consumption of the changing pattern as regards the shares of the different steelmaking processes in total production. In the Community, it takes 650-750 kWh to produce a ton of electric-furnace steel, 43-50 a ton of basic Bessemer steel, 20-30 a ton of open-hearth steel, and 55-75 kWh a ton of L/D steel. Consequently, the fact that oxygen steelmaking is expanding and basic Bessemer, and to a lesser extent open-hearth, contracting is bound to send electricity consumption up. Despite the stagnation in pig-iron production, therefore, 1963 may be expected to see a further increase of 4% in electricity consumption.

To sum up, the trend in the energy consumption of the Community iron and steel industry is, except in Italy, governed mainly by technological progress, which is resulting in the steady reduction of specific consumption.

Other industries

93. Though production in the "other industries" sector rose only sluggishly in 1962, consumption of thermal and electrical energy went up by approximately 7%. While the increase in electricity consumption was not very much above the average, the elasticity for consumption of non-electrical energy was over 1, as compared with an average of barely 0.6 for the period 1950-60. This may be partly accounted for by the temperature, especially in the case of the Netherlands.

94. Notwithstanding the unusual leap in total consumption, the demand for solid fuels in this sector decreased both relatively and absolutely; the continuing advance of fuel oil in 1962 brought the respective shares of liquid and solid fuels for the first time approximately even, with about 43% each. Gas consumption increased by about 1 million metric tons hard-coal equivalent.

TABLE 5

Trend in Energy Consumption (Excl. Electric Current)
in "Other Industries" Sector 1961-63, by Energy Sources

Energy sources	'000,000 m.t. H.C.E.			in %		
	1961	1962 (esti- mated)	1963 (fore- cast)	1961	1962	1963
Solid fuels	47.2	45.9	43.6	46.8	42.6	39.0
Liquid fuels	38.7	45.9	52.0	38.4	42.6	46.5
Gas	14.9	16.0	16.2	14.8	14.8	14.5
Total ¹⁾	100.9	107.8	111.9	100.0	100.0	100.0

¹⁾ Rounded figures, which may therefore differ slightly from the sum of the individual items.

Electricity consumption may be expected in 1963 to continue rising at the same rate (7%); the rate of increase for the other energy sources, however, will slacken to

about 4%. It is probable that the consumption of solid fuels will show a further contraction and that of fuel oil a further expansion.

Transport

95. The two main features in the transport sector are, as before, rising consumption of gasoline on the roads and advancing electrification and dieselization on the railways.

In the case of the roads, the biggest of the sub-sectors, consumption increased by 11%, as against a forecast 12.4%, the shortfall being noticeable more particularly in Belgium. Here again the figures vary considerably between one country and another, with Belgium showing an increase of only 6.3% compared with over 17% in Italy. The forecasts for 1963 assume a slight deceleration in the rate of growth (10%).

TABLE 6

Trend in Requirements of Motor Fuel in Road Traffic

Country	'000,000 m.t.			Change in %	
	1961	1962 (esti- mated)	1963 (fore- cast)	1962/1961	1963/1962
Germany (Fed. Rep.)	10.16	11.28	12.41	+11.0	+10.0
Belgium	1.58	1.68	1.78	+ 6.3	+ 6.0
France	7.16	7.75	8.37	+ 8.2	+ 8.0
Italy	5.32	6.23	7.12	+17.1	+14.3
Luxembourg	0.10	0.11	0.12	+10.0	+ 9.1
Netherlands	1.84	2.02	2.19	+ 9.8	+ 8.4
Community	26.16	29.07	31.98	+11.1	+10.0

96. Consumption of hard coal in the transport sector fell by almost 1 million metric tons in 1962: of the 11 million tons consumed, the German Federal Railways (including

railway power-stations) accounted for 7 million and the French State Railways for close on 3 million. Since electrification is advancing rapidly in both countries, coal requirements will shrink still further, by an estimated 12% in 1963.

Only in Germany and in France was there any notable increase in electricity consumption in 1962; in the other Community countries the railways are mostly electrified already, so that energy requirements are chiefly governed by the volume of traffic. The increase forecast for 1962 is 6% for the Community overall, the same as in 1962.

Households

97. As already noted, the steep rise in total energy consumption was principally due to the exceptional demand in the household sector, where consumption of non-electrical energy went up 14% and consumption of electric current 11%. These figures, however, are for apparent consumption: that is to say, they also to some extent reflect stock changes.

98. As the weather in 1961 was milder but in 1962 decidedly harder than the long-term average, it was recognized even more before to be pressingly necessary to work out the precise degree to which household consumption is affected by outside temperatures. The provisional results of a study of the years 1950-60 indicate that a mean decrease of 1°C. causes requirements of non-electrical energy to increase by 5-7%. Roughly speaking, therefore, of the additional 13 million metric tons H.C.E. consumed in the household sector in 1962, some 10 million may be held to be accounted for by the weather, with 4,500,000 representing the equivalent of the slight under-consumption in the mild conditions of 1961, and 5,500,000 the extra consumption necessitated by the bitter temperatures of 1962. Corrected for temperature, therefore, consumption in 1962 may be put at 105 million metric tons H.C.E. The forecasts for 1963, which at first glance appear some-

what low, represent a temperature-corrected rate of growth of 6%, with allowance also made for some stock-building by dealers and consumers.

99. The following table shows the trend broken down by energy sources.

TABLE 7

Trend in Energy Consumption (excl. Electric Current)
in the Household Sector 1961-63, by Energy Sources

Energy sources	'000,000 m.t. H.C.E.			in %		
	1961	1962 (esti- mated)	1963 (fore- cast)	1961	1962	1963
Solid fuels	63.4	67.4	66.5	65.2	61.0	59.5
Liquid fuels	27.0	35.8	37.5	27.7	32.4	33.5
Gas	6.9	7.3	7.8	7.1	6.6	7.0
Total ¹⁾	97.3	110.5	111.7	100.0	100.0	100.0

¹⁾ Rounded figures, which may thus differ slightly from the sum of the individual items.

The outstanding development in 1962 was the very substantial increase (33% for the Community as a whole) in consumption of petroleum products. About 4,500,000 metric tons H.C.E. of the increase may be attributed to the effects of the weather. For the first time in six years, however, consumption of solid fuels also rose, by about 6% for the Community overall; an increase was recorded in all countries except Italy, with an especially marked one in the Netherlands. Gas consumption, favoured by reductions in rates and by improved availabilities of natural and refinery gas, continued to grow steadily (+6%).

100. The forecasts for 1963 suggest a comparatively small increase (5%) in the consumption of liquid fuels, a rather larger one for gas, and a slight decrease (just under 2%)

for coal. This would bring the share of fuel oil in 1963 to close one-third of the household sector's total consumption of non-electrical energy. The two rates mentioned do of course reflect the passage from an unusually cold year (1962) to what is assumed will be a normal one.

101. The amazing expansion in household requirements of electric current continues; the increase in 1962, as in 1961, worked out at about 11%. In contrast to the state of affairs in the "other industries" sector, the picture is practically the same in all the Community countries: as incomes rise, more and more people buy electrical appliances for the home. Thus in Germany production of electric washing-machines increased by 30% in the first six months of 1962, and the number of television sets by 27% over the year—and this in a country where electricity consumption per head is already comparatively high. In France too, surveys conducted among household-equipment manufacturers indicate that a further substantial increase in demand is on the way. However, electricity consumption per household in the Community countries is not as yet anywhere near that in the United States.

Electricity requirements may accordingly be expected in 1963 to rise by a further 11%.

Thermal power-stations

102. The thermal power-station's fuel requirements play a particularly important part in the energy-producing and -processing sector. In 1962, their production and hence their fuel requirements increased, partly as a result of the expansion in overall electricity consumption, but also owing to below-average water run-off conditions.

The total increase in the fuel requirements of thermal power-stations in the Community in 1962 amounted to approximately 8 million metric tons H.C.E., or over 11%. Major extensions of thermal generating capacity and the poor water run-off combined to produce exceptional

increases in Italy and France (32 % and 19 % respectively). As solid fuels still represent something like 80 % of the supply in this sector, coal requirements went up by about 6 million metric tons. However, with demand soaring, and also in consequence of locational changes in the consumer pattern, the share of petroleum products is steadily expanding.

TABLE 8

Trend in Consumption (excl. Electric Current)
by the Thermal Power-Stations 1961-63, by Energy Sources

Énergie sources	'000,000 m.t. H.C.E.			in %		
	1961	1962 (esti- mated)	1963 (fore- cast)	1961	1962	1963
Solid fuels	58.3	63.0	66.2	81.7	80.4	78.9
Liquid fuels	5.9	8.1	10.8	8.2	10.3	12.9
Gas	7.2	7.3	6.9	10.1	9.3	8.2
Total ¹⁾	71.5	78.4	83.9	100.0	100.0	100.0

¹⁾ Rounded figures, which may therefore differ slightly from the sum of the individual items.

The proportional increase for liquid fuels in 1962 was almost 40 %; the absolute tonnage, however, was comparatively small, only 2,200,000 metric tons H.C.E. Italy stands out in this connection: there almost two-thirds of the thermal power-stations' requirements are met from petroleum products.

The practically stationary level of gas consumption is due to scanty supplies of blast-furnace and natural gas.

103. On the basis of the increase forecast in thermal generation of electric current, and assuming average water-supply conditions, it has been estimated that fuel requirements will increase in 1963 by rather over 6 %.

Although this is well below the figure for 1962, it nevertheless accounts for close on 30 % of the overall increase in the Community's energy requirements.

	1962/1961	1963/1961
Total consumption of current	+ 7.3%	+7.7%
Production of thermal current	+13.4%	+7.4%
Fuel consumption of the thermal power-stations	+11.3%	+6.4%

The national rates making up these averages vary considerably. In Germany, it appears that practically the whole of the extra demand is covered by solid fuels. In Belgium, France, the Netherlands and Italy, on the other hand, a substantial increase in the consumption of petroleum products is to be expected; in Italy's case, indeed, it is forecast at 17%, owing to the special cost advantages there of using fuel oil.

Overall primary-energy consumption

104. The trend in energy consumption in all consumer sectors and all Community countries taken together (inclusive of conversion and transmission losses) is shown in Table 9. Given an increase of 3.6 %, Community primary-energy consumption in 1963 should reach approximately 572 million metric tons H.C.E.: in view of the fact that fuel requirements were exceptionally high in 1962 owing to the severe weather, this increase is no smaller than that for 1961-62.

The share of hard coal in overall consumption may be expected to contract to 46 %, and that of petroleum products to expand to 36 %. The shares of the other energy sources are unlikely to change much.

TABLE 9

Trend in Community Primary-Energy Consumption 1961-63, by Energy Sources

('000,000 m.t. H.C.E.)

Country/ Year	Hard coal	Brown coal	Oil	Natural gas	Hydro power and geo- thermal and nuclear energy	Total
<i>Germany (Fed. Rep.)</i>						
1961	124.5	31.1	47.9	1.1	6.5	211.2
1962 (estimated)	123.5	31.8	58.4	1.4	6.5	221.5
1963 (forecast)	120.8	32.6	64.6	1.8	7.1	227.0
<i>Belgium</i>						
1961	23.56	0.06	10.35	0.07	-0.02	34.02
1962 (estimated)	24.10	0.07	12.01	0.07	—	36.24
1963 (forecast)	22.97	0.07	13.34	0.07	—	36.45
<i>France</i>						
1961	65.3	1.8	37.7	5.5	15.6	125.9
1962 (estimated)	68.0	1.8	42.9	6.5	14.4	133.6
1963 (forecast)	67.5	1.8	48.0	6.8	15.8	139.9
<i>Italy</i>						
1961	11.0	0.6	32.6	8.9	17.8	70.8
1962 (estimated)	11.2	0.6	39.2	9.3	16.9	77.2
1963 (forecast)	11.1	0.6	44.1	9.4	17.9	83.1
<i>Luxembourg</i>						
1961	4.36	0.10	0.36	0.03	0.01	4.86
1962 (estimated)	4.11	0.10	0.43	0.03	0.07	4.72
1963 (forecast)	4.00	0.10	0.49	0.04	0.13	4.76
<i>Netherlands</i>						
1961	15.08	0.19	15.86	0.63	0.02	31.77
1962 (estimated)	16.03	0.19	18.55	0.72	0.02	35.51
1963 (forecast)	15.75	0.19	19.31	0.90	—	36.14
<i>Community</i>						
1961 (absolute)	243.8	33.8	144.7	16.3	40.0	478.6
1962 (estimated)	246.9	34.5	171.5	18.0	37.9	508.8
1963 (forecast)	242.2	35.3	189.9	19.0	41.0	527.3
(%)						
1961	50.9	7.1	30.2	3.4	8.4	100.0
1962	48.5	6.8	33.7	3.6	7.4	100.0
1963	45.9	6.7	36.0	3.6	7.8	100.0

*TRENDS IN SUPPLY**Movement of costs in the Community coalmining industry*

105. The Community collieries in 1961 succeeded in stepping up average underground output per man/shift by 7.4%. This was quite a substantial improvement, particularly when compared with the productivity increase of 5.5-6% recorded in 1961 for industry as a whole, though admittedly it was not such a notable spurt as the 1959 and 1960 increases of 10% apiece. The latter were, however, exceptional: the special reasons for them were explained in last year's Report.

106. Notwithstanding the higher O.M.S., it proved impossible in 1961 to keep Community average production costs per ton at a constant level, let alone further reduce them: on the contrary, they went up and practically cancelled out the cost reductions of the two previous years, the increase for the Community overall working out at 3.3% or 5.9%, according as the calculation is based on an unvarying rate of exchange or on the ruling rates in the years in question.

107. The rise in coal production costs is due primarily to the disproportionate increase in wage costs. The returns obtained by the Statistical Office of the European Communities indicate that employers' hourly wage costs and related charges, underground and surface together, rose in 1961 by 10.6% for the Community overall.¹⁾ The net result of the higher wage costs on the one hand and the higher O.M.S. on the other was an increase of approximately 4% in labour costs per metric ton of coal mined.¹⁾²⁾

¹⁾ Calculation based on unvarying rate of exchange.

²⁾ Not all labour costs per ton mined are directly linked to productivity; consequently the increase is steeper than that theoretically indicated by the relation between the movement of wage costs and of O.M.S.

108. Hourly wage costs and related charges did not rise equally in all the Community countries: France registered the largest increase, 12.1%, followed by Germany with 10.5%, and Belgium the smallest, 3.7%.

Table 10 shows the trend in employers' hourly wage costs and related charges, and in the share of indirect labour costs in these from 1954 onwards. As can be seen, in Germany, Belgium and, in particular, France, indirect labour costs have risen more steeply than total wage costs and related charges: this is a consequence of the faster rise in social-security charges there.

These climbing wage costs are a very important matter, since for all that the collieries have done in the way of rationalization the share of labour costs in total production costs per metric ton mined still averaged 55%.

Increases in the price of mining equipment and other industrial products did not affect the movement of costs in 1961 to any great extent: the wholesale-price index for industrial products moved upwards by 1.5% (Community average), and prices for mining equipment, at a rough estimate, by 2%. However, the decline in production in that year, which narrowed the cost-allocation, did play a part of some little importance.

109. On account of the pressure of competition in the coal industry's main markets it proved impossible to increase revenues so as to cover the rise in production costs. In fact, they decreased by 0.6% for the Community overall if we calculate on the basis of an unvarying rate of exchange; calculated by the rates actually ruling (*i.e.* taking into account the revaluation of the mark and guilder), they show an increase of 2.3%.

Table 11 brings out in particular

- (a) the drop in production and revenues under the pressure of competition from other energy sources;

- (b) the faster increase in employers' hourly wage costs and related charges than in productivity expressed in terms of underground output per man/shift;
- (c) the increase in production costs, mainly in consequence of the disproportionate rise in wage costs.

Graph No. 1 shows the movement of wage costs, underground O.M.S. and production costs per metric ton since 1954.

The supply position regarding oil

Availabilities

Trend in world production

110. World crude-oil production is still expanding rapidly: in 1962, it was 8% up on the previous year, and in 1963 it is expected to increase by a further 6%. Rates of growth, however, vary markedly between one area and another:

- (1) production in the U.S. has increased only slightly in the last two years, less than has American home demand;
- (2) in Western Europe, the Community countries' production, though small in comparison with their requirements, has been increased by only 5%;
- (3) Middle East production rose in 1962 to over 310 million tons: its rate of growth, 9.5%, is above the world average;
- (4) Venezuelan production, after remaining stagnant for some years, suddenly shot up in 1962 by 9%;
- (5) outstandingly rapid rates of growth were recorded in 1962 in a number of areas. These included Canada, with approximately 13%, and several African countries, mainly Algeria and Libya, but also Nigeria and Angola. Aggregate African production amounted to 33 million tons (+77%), and is expected in 1963 to reach 46 million (+33%);

GRAPH No. 1

Trend in Underground O.M.S., in Employers' Hourly Wage Costs and Related Charges (Underground and Surface Together) and in Production Costs per Metric Ton

Community averages

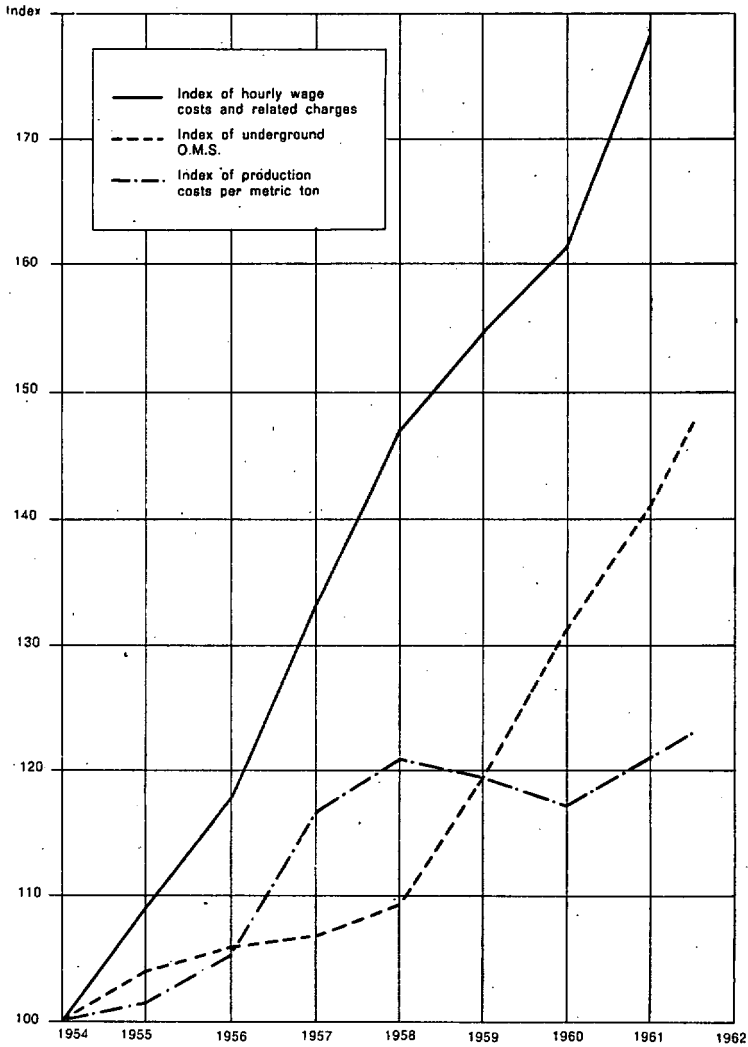


TABLE 10

Trend in Employers' Hourly Wage Costs and Related Charges¹⁾ and in Share of Indirect Labour Costs therein
(underground and surface)

(1954 = 100; based on national currencies)

Year	Germany (Fed. Rep.)				Belgium				France				Netherlands			
	Employers' wage costs and related charges				Employers' wage costs and related charges				Employers' wage costs and related charges				Employers' wage costs and related charges			
	Total		of which: indirect labour costs		Total		of which: indirect labour costs		Total		of which: indirect labour costs		Total		of which: indirect labour costs	
	1954 = 100	Year-to-year change	1954 = 100	Year-to-year change	1954 = 100	Year-to-year change	1954 = 100	Year-to-year change	1954 = 100	Year-to-year change	1954 = 100	Year-to-year change	1954 = 100	Year-to-year change	1954 = 100	Year-to-year change
1954	100.0	—	100.0	—	100.0	—	100.0	—	100.0	—	100.0	—	100.0	—	100.0	—
1955	109.0	+ 9.0	106.1	+ 6.1	103.7	+ 3.7	110.3	+ 10.3	110.4	+ 10.4	113.7	+ 13.7	110.9	+ 10.9	111.9	+ 11.9
1956	115.9	+ 6.3	100.0	— 5.7	110.5	+ 6.6	114.8	+ 4.1	123.4	+ 11.8	132.5	+ 16.5	122.1	+ 10.1	131.0	+ 17.1
1957	128.6	+ 11.0	122.0	+ 22.0	132.2	+ 19.6	137.5	+ 19.8	141.9	+ 15.0	159.3	+ 20.2	139.9	+ 14.6	141.7	+ 8.2
1958	140.8	+ 9.5	163.4	+ 33.9	137.2	+ 3.8	141.8	+ 3.1	159.4	+ 12.3	182.2	+ 14.4	147.2	+ 5.2	144.0	+ 1.6
1959	148.3	+ 5.3	181.7	+ 11.2	135.3	— 1.4	142.5	+ 0.5	170.8	+ 7.2	195.6	+ 7.4	146.9	— 0.2	144.0	+ 0
1960	156.6	+ 5.6	193.9	+ 6.7	138.8	+ 2.6	152.1	+ 6.7	185.0	+ 8.3	226.4	+ 15.7	157.8	+ 7.4	147.6	+ 2.5
1961	173.1	+ 10.5	218.3	+ 12.6	143.9	+ 3.7	166.5	+ 9.5	207.3	+ 12.1	268.8	+ 18.7	171.0	+ 8.4	159.5	+ 8.1

¹⁾ For definitions of the terms "employers' hourly wage costs and related charges" and "direct and indirect labour costs," see *Statistiques Sociales*, No. 1/1962, published by the Statistical Office of the European Communities.

TABLE II

Indices of Production, Underground O.M.S., Employers' Hourly Wage Costs and Related Charges (Underground and Surface),
Production Costs and Proceeds of Saleable Production

Community	Production index		Index of underground O.M.S.		Index of employers' hourly wage costs and related charges ¹⁾			Index of production costs per metric ton			Index of proceeds per metric ton			
	1958 = 100	Year-to-year change	1958 = 100	Year-to-year change	1958 = 100 ²⁾	Year-to-year change ³⁾	1958 = 100 ²⁾	Year-to-year change ³⁾	1958 = 100 ²⁾	Year-to-year change ³⁾	1958 = 100 ²⁾	Year-to-year change ³⁾	1958 = 100 ²⁾	Year-to-year change ³⁾
1954	98.1	+1.9	91.3	+4.1	68.2	+9.0	72.2	+9.0	82.2	+1.4	86.1	+1.4	83.4	+1.9
1955	100.0	+1.1	95.0	+1.8	74.4	+7.8	78.7	+7.8	83.4	+3.9	87.3	+3.9	85.0	+5.3
1956	101.1	-0.5	96.7	+0.9	80.2	+14.1	84.9	+12.6	86.6	+4.1	90.7	+9.8	89.5	+8.8
1957	100.6	-0.6	97.6	+2.5	91.5	+9.3	95.6	+4.6	96.1	+1.8	99.6	+0.4	97.4	+2.7
1958	100.0	-4.7	100.0	+9.1	100.0	+5.4	100.0	+5.8	100.0	+1.6	100.0	+1.6	100.0	+0.6
1959	95.3	-0.4	109.1	+10.0	105.4	+10.6	99.3	+14.1	98.2	+3.3	93.6	+5.9	100.0	+1.4
1960	94.9	-1.7	120.0	+7.4	110.1	+5.6	105.1	+11.7	96.3	+1.8	91.6	+1.8	98.4	+2.3
1961	93.3	-1.3	128.8	+5.6	121.7	+5.6	119.7	+5.6	99.5	+1.8	97.1	+1.8	97.9	+0.9
1962 ⁴⁾	92.1	-1.3	136.0	+5.6	121.7	+5.6	119.7	+5.6	101.1	+1.8	98.9	+1.8	98.8	+1.1

¹⁾ For a definition of the term "employers' hourly wage costs and related charges," see *Statistiques Sociales*, No. 1/1962, published by the Statistiek Office of the European Communities.

²⁾ Indices based on an unvarying rate of exchange as between France, Germany, the Netherlands and the Saar.

³⁾ Indices taking into account the three changes in the rate of exchange of the French franc to the dollar, and the revaluation of the mark and guilder in 1961.

⁴⁾ Provisional figures.

(6) the Soviet Union's target for 1962, 185 million tons, appears to have been achieved (+11%).

A reserve, thought to be of commercially workable proportions, has been discovered in Australia.

The trends in the producer countries, which were discussed in last year's Report, continued in 1962. Attention is mainly focused on the activities of the Organization of Petroleum-Exporting Countries (O.P.E.C.), which held its fourth conference in June; two further countries, Libya and Indonesia were admitted to membership and a number of resolutions were passed concerning the remodeling of the profit-sharing arrangements as between the oil-bearing States and the companies working the reserves.

Policies of consumer third countries

111. The United States import quotas for crude oil and petroleum products were much the same in the second half of 1962 as in the first; those for residual fuel oil had been raised by about 10% for the year beginning April 1, 1962. In future, under the revised arrangements regarding import restrictions, the quotas are to be fixed according to the level of internal production instead of, as heretofore, that of internal consumption.

Japan on May 11, 1962, passed a new law concerning the oil industry, whereby extensions of refinery capacity are to require Government authorization, imports are to be regulated in accordance with a medium-term supply programme, and prices may be controlled. One of the aims is to facilitate the marketing of crude from Japanese-operated oilfields in the Persian Gulf region and Indonesia.

Shipping position

112. At the end of 1962, idle tanker capacity throughout the world totalled less than 2 million tons, as against 4,800,000 at the end of June 1961. The result has been a certain hardening of spot rates, which is likely to continue.

The AFRA rates continued to creep downwards throughout the year, owing partly to the number of new large-capacity tankers now in operation, and partly to cancellations of time charters concluded earlier when freight rates were higher.

The Community's Oil supply position

Internal production of crude oil

113. Internal Community production of crude rose from 12,400,000 metric tons in 1961 to 13 million in 1962, and is expected to reach 16 million in 1963. Most of this is consumed on the spot.

Algerian production in 1963 will be in the region of 23 million metric tons; in 1961 it was 15,800,000 and in 1962 20,500,000.

The refineries sources of supply

114. The following are the percentages of the main sources of supply in the Community's total availabilities of crude in the last few years.

TABLE 12

Year	Com- munity (indi- genous)	Algeria	Africa overall	Vene- zuela	Western hemis- phere	Middle East	U.S.S.R.
1959	10.1	0.7	1.4	n.a.	n.a.	77.1	
1960	9.0	5.9	7.1	5.7	7.0	70.6	4.4
1961	8.7	9.4	11.5	7.0	8.0	65.3	5.3

The rapid increase in procurements from Africa has helped to diversify the sources of supply, but the general

distribution of reserves in the world has not been affected to the same extent.

Procurements by Community refineries rose from about 101 million tons in 1959 to 138 million in 1961, with deliveries from the Middle East increasing from 78 million tons to 90 million and those from Africa from less than one million to close on 16 million. France absorbs the whole production of the associated countries and most of Algeria's; the latter in 1961 covered 33% of French requirements, while Germany and the Netherlands took about 4% of their oil from this source.

Coverage of demand for petroleum products

Requirements of petroleum products are met from the refineries' production, from certain ancillary resources, and by direct importation of finished products.

115. (a) *Refinery production.* — The volume of the refineries' production is governed by

- (a) the extension of refining capacity;
- (b) the tonnages of crude handled and the rate of plant utilization;
- (c) the shares of the different products, *viz.* motor gasoline, fuel gas oil and light fuel oils (gas and diesel oil), heavy fuel oils, "other products."

The figures supplied for refining capacities are not always based on identical definitions, and some of them have to be interpreted, which means that the results can only be rough approximations. However, annual production capacity can be said to have expanded by 20 million tons from 1961 to 1962, from 168 million at the end of 1961 to 188 million at the end of 1962. A further increase of between 23 and 26 million tons is forecast for 1963, bringing the total by the end of the year to 211-214 million.

At the end of 1962 a giant distillation plant with an annual capacity of 4,500,000 tons came into production in

Belgium. Two big refinery complexes fed by pipeline from Marseilles, one near Karlsruhe and the other near Strasbourg, will be brought into operation early in 1963.

Nearly 155 million tons of crude passed through the refineries in 1962, as compared with about 137 million in 1961; the flow in 1963 is expected to be approximately 170 million. The corresponding utilization rates for 1963 are average for Germany, Belgium and France, exceptionally high for the Netherlands, and apparently somewhat on the low side for Italy, although the Italian situation is difficult to evaluate owing to the uncertainty just referred to as to the actual capacity there.

Fairly substantial changes took place between 1958 and 1960-61 in the breakdown by products, both for the Community as a whole and for the individual countries, with the exception of Italy where the pattern was already pretty well established in 1958 of a very small proportion of gasoline (under 14%) and a very large one of heavy fuel oil (about 50%).

In France during this period the share of gasoline remained about the same, while that of heavy fuel oil contracted appreciably, mainly as a result of increasing recourse to natural gas from Lacq and to Saharan light crudes. Elsewhere the share of gasoline shows a marked decrease, from 19.4% to 16.8% for the Community as a whole. The share of gas and diesel oil shows only minor changes; that of heavy fuel oil, on the other hand, has been going up in Germany, from 20% to 30%, and down in Belgium and especially, as noted, in France, with the percentages of "other products" moving in inverse proportion. Table 13 gives the breakdowns by products and total production figures for 1961, 1962 and 1963.

116. (b) *Ancillary resources*. — These represented a total of approximately 1,500,000 tons in 1962. They include products extracted from natural gas, especially liquefied gas and *gasoline*, and liquid hydrocarbons obtained by the distillation of hard coal, brown coal and shale, namely benzole and coal tar.

TABLE 13

Shares of Different Refined Products, 1961-63

(% of crude tonnage heated)

Year	Motor gasoline	Gas and diesel oil	Heavy fuel oil	Other products	Total
1961	16.5	26.6	35.5	13.7	92.3
1962	16.5	27.2	35.5	13.4	92.6
1963	16.5	27.1	35.5	13.3	92.4

Refinery Production, 1961-63

('000,000 metric tons)

1961	22.6	36.4	48.7	18.8	126.5
1962	25.3	41.8	54.6	20.6	142.3
1963	28.2	46.2	60.5	22.6	157.5

117. (c) *Direct importation of finished products.* — External-trade operations include

- (a) the supplying of distributors not integrated with Community refineries, and supplying of certain areas from advantageously located refineries either in nearby countries or close to the crude-oil producing centres;
- (b) technical internal exchanges within international groups, which thereby balance their outlets for particular products in different countries with the production of their refineries;
- (c) purchases by independent distributors from Eastern countries;
- (d) exports by independent refiners, and processing of crude under contract;
- (e) exports of occasional surpluses, and imports, to meet unexpected movements of demand.

For forecasting purposes, it is necessary to examine the position for each individual product from the point of view of the tonnage of crude to go through the refineries,

the proportion of the refinery product in question to the crude, and any more or less standing connections with other parts of the world. Thus,

- (1) German internal production of gas oil is far behind demand;
- (2) Belgian gasoline production shows a permanent surplus, over and above which there is a structural inflow into distribution networks from, principally, the Netherlands. Production of gas/diesel oil is expected to exceed demand in 1963, while that of heavy fuel oils will still be below requirements, though less so than previously;
- (3) France, which normally supplies African and Northern European markets, controls imports under a fixed programme;
- (4) Italian internal refinery production is in excess of home demand. Imports of gasoline and gas oil are almost nil as a result of prohibitive duties; substantial exports of heavy fuel oil are balanced by imports coming approximately 50 % from the Eastern countries, under trade agreements, and 50 % from refineries at the crude-oil producing centres (Caribbean and Middle East);
- (5) the most important features of international trade in gas oil and fuel oil are processing under contract and the Netherlands transit traffic. Netherlands refining capacity is double the home demand, so that the country has a substantial net export balance.

With the refineries already working almost to capacity, the position has in the final analysis to be balanced by external trade, which offers outlets for surpluses (mainly in Western Europe) and supplementary resources (mainly from refineries in the crude-oil centres, *i.e.* the Caribbean and to a lesser extent the Middle East). Consequently, the elements of uncertainty as to tonnages of crude handled, share of product, internal demand, bunkering and stockbuilding affect the external-trade figures, the margin of error on which is in some countries particularly great.

Table 14 below shows the imports for 1961, 1962 and 1963 so far as it has been possible to work them out.

TABLE 14

Presumed Imports of all Refined Products, 1961-63

Country	('000,000 metric tons)		
	1961	1962 (estimated)	1963 (forecast)
Germany (Fed. Rep.)	8.8	12.7	12.0
Belgium	3.9	4.5	3.1
France	2.5	2.7	2.9
Italy	2.2	2.0	2.0
Luxembourg	0.3	0.3	0.3
Netherlands	6.9	8.4	8.1
Community imports from third countries ¹⁾	15.2	15.9 (of which: approx. 4 million from Eastern European countries)	17.0

¹⁾ Incl. estimated intra-Community trade.

Prices

Motor spirit

118. Selling prices (inclusive of taxes, delivery costs and distributors' margins) in the integrated networks of the main brands remained in most areas more or less in line with the import parities ex Caribbean, though in Italy they were lower in consequence of the maximum prices fixed by the Interministerial Committee on Prices. In Belgium and Germany, independent distributors allowed rebates at a small number of selling points: these, while very substantial in relation to the untaxed price, represented a much smaller reduction in the end price payable by the consumer.

Domestic heating

119. Prices hardened pretty well everywhere.

Heavy fuel oil

120. Prices hardened, more especially in Germany and the Netherlands where residual fuel oil fetched *untaxed* prices of \$14-15 per ton ex refinery. In Belgium prices were lower, though an increase of \$1 per ton was introduced during the year.

In Italy prices also rose by about \$2 per ton from the trough reached in 1960 and 1961; even so, however, they continued low, especially for the big coastal thermal power-stations, rebates for which brought the price of fuel oil per thermal unit down to about the same level as that of imported coal, notwithstanding the difference in taxes.

In France, prices to the consumer were on the average round about the same as those in most other Community countries, although the untaxed prices remained appreciably higher than elsewhere.

TABLE 15

Trend in prices of Industrial Heavy Fuel Oils in the Community

(\$ per metric ton)

	Summer 1961		April 1962		Autumn 1962	
	Price incl. taxes	Of which: taxes	Price incl. taxes	Of which: taxes	Price incl. taxes	Of which: taxes
Hamburg	20-21	7	21.5-22	7.5	22.5-23	7.5
Rotterdam	13.5-14	1	16.5-17	3	17.5-18	3
Antwerp	17-19	6	18-19	6	18-20	5.6
Dunkirk/Le Havre	22.4-23.4	2.4	20.8-21.8	2.4	20-21	2.2
Marseilles	20.6-21.6	2.4	19-20	2.4	18.3-19.3	2.2
Genoa/Naples/Sicily	14.5-16.5	4.8	18.5-19	4.8	17.5-19	4.8

N.B.

Prices to big industrial consumers and public services.
For France, the two sets of figures are respectively the schedule prices less the authorized maximum rebate of 5% and the full schedule prices: in the case of the public services (electricity and railways, whose annual consumption comes to approximately one million tons), the prices may be below the lower figure shown.

The supply position regarding electricity

Availabilities

121. Electricity requirements are mostly covered by national production, except in Luxembourg, where when the new pumped-storage plant at Vianden is in operation approximately 15% of the country's energy will be imported.

Thanks to the extensive interconnecting network, exchanges of electrical energy are being effected on an increasing scale between the hydro-power and the mainly thermal-power areas. In the situation produced by the long drought in the autumn of 1962 and the early and exceptionally bitter winter which followed, it was possible by means of such transfer arrangements—already specially organized with a view to day/night and summer/winter compensations—to keep the hydro-power areas, where the reservoirs had fallen very low indeed, supplied with thermal electricity in amounts pretty well as great as the transmission lines could carry, thus avoiding any regional shortages.

Installed capacity and new plant

122. At the end of 1961, the total installed capacity of the Community countries was about 78,000 MW, of which 28,000 in the hydro-power-stations¹⁾ and 50,000 in the thermal. In 1962, these capacities increased by 3% and 12% respectively, and in 1963 they are expected to expand further by 5% and 10%: the thermal side thus continues to draw ahead. The focus in the thermal sector is on the construction of generating units of very large capacity: thus in Germany two 250 MW dual-fired (coal/fuel oil) and two 300 MW brown-coal-fired sets are on order, in

¹⁾ Including geothermal power generation in Italy.

France several 250 MW sets are building, and in Italy, where one 320 MW unit has just come into operation at La Spezia, a second of the same capacity is scheduled to be completed by the end of 1963, to be extended later by the installation of two 600 MW sets with super-critical steam conditions which have just been ordered.

Also in 1963, nuclear power-stations comparable in capacity to the big conventional thermal stations will come into operation for the first time.

Breakdown of electricity production by sources

The pattern of electricity production varies widely from country to country.

Hydro power-stations and geothermal power-generating plant

123. Assuming an average water run-off and river flow in 1963, the share of hydro-electric power in the Community's total electricity production will be about 27%, much the same as in 1962. The producibility factor (for 1962) has been estimated at 0.95 for Germany, 0.93 for France and 0.95 for Italy; in 1960, when the water-supply conditions were particularly favourable, the factors were respectively 1.05, 1.23 and 1.36.

It should be noted that had the reservoirs not been drawn upon very extensively for seasonal compensation, hydro-power production in 1962 would have been well below the actual figure of 88 TWh.

Electricity production from geothermal energy (terrestrial heat), which is confined to the Larderello area of Italy, will remain more or less unchanged in 1963 at 2.3 TWh.

Nuclear power-stations

124. The following nuclear power-stations of a capacity comparable to that of large conventional thermal stations are planned:

France	Chinon (E.d.F. 2)	170 eMW
Italy	Latina (Simea)	200 eMW
	Garigliano (S.E.N.N.)	150 eMW

E.d.F. 1, with 70 eMW, is scheduled to come into operation in late 1962 or early 1963; along with a number of small experimental stations, this will bring total installed nuclear capacity up to 672 eMW by the end of 1963. However, the resulting production will still represent only a minute fraction of electricity production as a whole (about 0.6%).

Conventional thermal power-stations

125. Gross production by the conventional thermal power-stations in 1961 totalled about 204 TWh; in 1962 it is estimated to have been 231 TWh, and the forecast for 1963, assuming average water-level conditions, is 248.2 TWh.

The share of the public electricity services is in most countries gradually, and in France rapidly, increasing from year to year. In France it was only 50% in 1961, and is expected to be over 60% in 1963; in the Netherlands it is now 78%, in Italy 73%, and in Germany and Belgium 57%.

In thermal-electricity generation by self-producers an important part is played, particularly in industries needing heat on a large scale, by back-pressure and for steam-bleeding condensing turbines: according to a survey conducted in 1960, their share in enterprises' own electricity production ranges, according to the industrial pattern of the country and to other factors of all kinds, from 5% to 46%.

126. The average specific consumption by the power-stations for the Community overall was in 1961 2,900 kcal/kWh as against 3,000 the year before, representing an improvement of about 3%. The new investments suggest a more or less identical rate of technological improvement for 1962 and 1963, say 2.5%, which would bring specific consumption down to 2,835 and 2,765 kcal/kWh respectively.

The position with regard to the thermal fuels required for thermal electricity generation is described elsewhere, in connection with the demand for each particular type of fuel.

The supply position regarding gas

127. As was noted in last year's Report, blast-furnace and coke-oven gas represent easily the major portion of the Community's total gas resources. In view of the relative stagnation expected in iron and steel production in 1963 and of the steady rise in the productivity of the blast-furnaces, Community gas supplies as a whole are thus bound to be affected. The production of gasworks gas continued to decline; only in the case of natural gas are availabilities increasing.

In Italy the expansion in the production of natural gas — which now accounts for 78% of the total — does more than offset the shrinkage in other gas availabilities, but in no other country is this so, not even in France where the share of natural gas is fairly large, 38%.

The comparatively sizeable increase expected in Germany is due to more intensive exploitation of deposits already being worked, in order to supply a new power-station near Hanover which runs primarily on natural gas. In France, production at Lacq reached its regular operational rate (13 million cu.m. scrubbed gas per day) during 1962, which explains the very low rate of growth forecast for 1963. In the Netherlands, no increase in production is as yet resulting from the deposits recently discovered in the Province of Groningen.

TABLE 16

Community Gas Production 1961-63, by Types of Gas

(Tcal)

Type of Gas	1961	1962 (estimated)	1963 (forecast)
Blast-furnace gas	174,450	161 050	151,600
Coke-oven gas	148,149	147,400	144,900
Gasworks gas	24,986	24,245	23,386
Natural gas	111,562	123,900	129,500
Methane	3,374	3,500	3,500
Total	462,521	460,095	452,886
Refinery gas.	46,000	49,000	53,000
Liquefied gas	37,122	41,000	45,000
Grand total	545,643	550,095	550,886

Only if we add in refinery and liquefied gas, both of which are becoming available in rapidly-increasing amounts does the aggregate Community supply of gas work out about the same as in 1960.

TABLE 17

Community Natural-Gas Production 1961-63

(Tcal)

Country	1961	1962 (esti- mated)	1963 (forecast)	Change in %	
				1962/1961	1963/1962
Germany (Fed. Rep.)	7,564	9,000	12,000	+19	+33
France	37,426	45,400	46,000	+21.3	+ 1.3
Italy	62,453	64,700	65,500	+ 3.5	+ 1.2
Netherlands	4,119	4,800	6,000	+16.5	+25
Community	111,562	123,900	129,500	+11.1	+ 4.5

More pipelines are being constructed to facilitate the marketing of the gas, but some of the gas theoretically available will not actually be sold in 1963, as either the

TABLE 18

Estimated Proved Recoverable Reserves of Natural Gas
(in terms of scrubbed gas)¹⁾

('000,000,000 cubic metres)

Country	Proved reserves ²⁾	
	Lower estimate	Upper estimate
Germany (Fed. Rep.)	25	42
France	130	255
Italy	105	160
Netherlands	300	400

¹⁾ Excl. production linked with extraction of crude oil.

²⁾ In view of the operations all the time in progress to locate and, still more important, to establish the nature and workability of new deposits, we give two separate sets of estimates.

pipelines which are to carry it or the works which are to consume it are not yet complete.

Large portions of the central and eastern Netherlands are ultimately to be supplied from the newly discovered gas fields via a pipeline network now building. The size of these reserves is such that the present arrangements for working and marketing the gas are having to be overhauled: a new company with State participation has been set up to be responsible for all gas distribution, the object being

- (a) to enable natural gas to be sold in the home market for domestic use;
- (b) to ensure the necessary co-ordination between the production of natural gas and the production of other energy sources;
- (c) to secure more efficient utilization of gas, from the point of view of the national economy, by organizing the outlets for natural gas on a commercial basis, since both from the industrial and from the general economic standpoint it is desirable that natural gas should be sold to those consumers and for those purposes best calculated to ensure that it is turned to good account.

128. The change in the pattern of the gas sector is due not only to the exploitation of new sources of gas, but also to the fact that gasworks production is coming to be concentrated more and more in large works, while whole areas and towns hitherto served by small ones are being supplied with piped gas from a distance.

The number of gasworks has decreased sharply in recent years, whereas gas consumption, particularly by households, is rising all the time. Larger and larger quantities of gas are being purchased by local gasworks unable themselves to produce enough.

As a result of publicity campaigns on the advantages of space-heating by gas, the gas industry is having trouble in meeting the higher peak demands. It is therefore building more and larger underground gasholders and oil cracking installations.

BALANCING THE ENERGY SUPPLY-AND-DEMAND POSITION

Balance achieved

129. No serious general difficulties were experienced in 1962 in keeping supply and demand approximately in balance. Thanks to the weather conditions, the Community collieries succeeded in reducing their stocks by close on 7 million metric tons as against only a small decrease in overall production; in fact, in the case of anthracite production rose slightly, but not enough to meet the increased demand. Consumption of petroleum products showed a further steep rise, so that refinery capacity was kept running at a high rate of utilization and new capacity was installed. The drop of some 4,600,000 kWh in the production of hydro-electric power was made good by an increase in the production of thermal electricity.

130. A comparison of estimated demand, production and imports in 1963 reveals a number of somewhat surprising points with regard to the coal sector.

The Community position as a whole indicates a downward trend in the accumulated pithead stocks of hard coke and an approximately equal rise in stocks of coke. The trend is not, however, the same in the different countries: in Belgium, France and the Netherlands a net decrease in stocks is expected, and in Germany a net additional increase. However, the forecasts of coal production to a great extent reflect the producers' current intentions, which may possibly turn out to have been somewhat optimistic, since they presuppose a substantial improvement in output per man/shift and in the manpower situation. Also, the German estimate does not take into account the possible effects of pit closures. Lower O.M.S., fewer applicants for employment and further closures might thus result in a slower increase in stocks in Germany and a faster rundown elsewhere.

Community production continues to fall and imports from third countries to rise. Should the producers' expectations not be altogether fulfilled, real imports in 1963 may be even higher than is suggested in the balance-sheet.

The reason for these discrepant movements, and in particular for the possible simultaneous increase in stocks and in imports, is that the Community collieries are unable to produce certain grades (anthracite) in sufficient quantities, and also that, owing to rising costs, they are having to give up selling to more distant areas and concentrate on markets close at hand.

Refinery capacity may be expected to continue expanding in 1963 at about the same rate as before, more especially in Germany, France and Italy. To meet requirements the rate of utilization will need, as in 1961 and 1962, to be in the region of 85 %.

Supply and demand are fairly well balanced as regards other sources of energy.

Factors of uncertainty

131. The position as outlined above can be taken as valid only if its basic assumptions are in fact borne out. There are four main factors of uncertainty.

Cyclical conditions

132. Although the experts on market trends express no serious uncertainty this year as to the general economic outlook, it is always possible that events may not altogether bear out their predictions. A difference of 1% either way in the industrial-production index could affect energy requirements by as much as 3-4 million metric tons hard-coal equivalent: a downward trend would mainly depress the demand for coal, and an upward one stimulate that for petroleum products.

Water level conditions

133. The water run-off can mean a difference of up to 12,000 million kWh in thermal electricity production. While overall primary-energy consumption is comparatively little affected, the consumption of fuels, and particularly of coal, may be deflected well away from the figures shown in the balance-sheet (as has already happened in some years); the variation may amount to as much as 5 million metric tons hard-coal equivalent either way.

Weather conditions

134. These can be the biggest disturbing factor of all, as was found in 1962. A mean difference of one-half of one Centigrade degree can cause consumption by the household sector to diverge by about 3 million metric tons hard-coal equivalent from estimates based on the assumption of average weather conditions. In addition, the hypotheses adopted as to rebuilding of stocks may not prove altogether accurate.

Conditions in the oil market

135. There is a margin of uncertainty in the world oil market as to import and export flows, owing to the possi-

bility of Government intervention, unforeseeable events, decisions by companies, and so forth. Larger or smaller tonnages coming on offer in one market can affect the pressure of supply in others, and hence influence the movement of prices.

Continuing structural problems

136. As in 1961 and 1962, the Community's energy position may be expected to remain in balance without involving any notable hardening of prices (except in the case of household fuels), any major changes in producers' stocks or any short-time working at the collieries, while the rate of utilization at the refineries should continue satisfactory.

There are, however, two points to be borne in mind with regard to this comparatively reassuring quantitative assessment: firstly, the Community balance is in practice largely the sum of the individual national balances, and secondly, a number of basic problems are still unresolved.

Recent developments do not suggest much prospect of improvement in 1963 in the competitive capacity of Community coal *vis-à-vis* imported coal. Even given temporary upturns in demand, due to the weather in conjunction with the maintenance of special protection and assistance, there can be no question of slowing down the rationalization drive or relaxing the efforts to arrive at a long-term solution to the European coal problem.

Intra-Community trade in energy is inconsiderable — for coal and coal products, about 30 million metric tons hard coal equivalent (two thirds of which is accounted for by coking coal and coke); for petroleum products, about 10-12 million tons (=14-17 million tons H.C.E.); for other energy products, very little indeed. These 45 million tons or so H.C.E. represent about 8% of total requirements. That the tonnages thus traded should be so small is due to technical and economic reasons: with requirements steadily growing, the collieries are concentrating on selling more

and more in their own immediate neighbourhood, while the number of refineries is increasing so that before long every area of importance will have a refinery of its own (1963 will see two more brought into production, one at Strasbourg and the other at Karlsruhe, and others building in Bavaria).

The markets of the major producer centres—coal-fields or oil-refinery complexes—are thus tending to become regionalized. Accordingly, each country is managing more or less to achieve its own particular balance—though this may, incidentally, conceal localized regional problems, such as the competition between the Ruhr and the Belgian coalfields, or, in the fairly near future, the marketing of such very substantial quantities of natural gas as those which have been discovered in the Netherlands.

137. But these balances are being achieved by national measures without real Community co-ordination. This has three serious implications:

- (a) the aggregate burden of duties and/or taxes on energy products (both motor and firing fuels) still differs from country to country, with the result that consumers are—to some extent artificially—differently placed according to the particular member country in which they operate. This state of affairs is aggravated by the fact that it has not yet been possible to ensure universal publication of transport rates;
- (b) the disparities between the measures taken in the different countries are liable to lead to inconsistencies in the development of production capacities. In the case of petroleum products, deliveries by the refineries may not be along the most rational lines. In the case of coal, with both the producers and the workers in a state of uncertainty as to whether the present arrangements have come to stay, the result may be, on the one hand, that the collieries are operated on lines which are not in keeping with the long-term optimum, and on the other, that contractions of personnel go

ahead too quickly in some coalfields, with a consequent risk to future production;

- (c) the proportion of outside energy procurements is increasing steadily, from 31 % in 1961 to 35 % in 1962 and an estimated 37 % in 1963, yet little progress was made in 1962 with regard to the Community's attitude *vis-à-vis* imports. As regards coal, each Government continues to pursue its own policy, as it is entitled to do under the Treaty of Paris; as regards oil, the respective import programmes are periodically compared at meetings convened by the E.E.C. Commission, but no general policy has so far been adopted aimed at reducing the risks with respect to that portion of the supply of energy which comes from outside sources. Admittedly, action taken in this connection could not be immediately effective, and would therefore not affect the balance-sheet for 1963, but just because such measures take a long time to settle and to become operative, it is vital that appropriate steps should be taken now.

Section 2: The Long-Term Energy Outlook

138. A long-term energy policy can be rationally worked out only on the basis of a corpus of data on the outlook as to energy supply and demand over a fairly long period ahead. Only by thinking in terms of a sufficiently distant future date can we detect certain profound changes not readily perceptible to those looking merely at the immediate prospects. Yet these changes can be of fundamental relevance where decisions have to be taken the full impact of which will in many cases not be felt for some time: this is particularly so in the energy sector, where projects may take ten years or more to show practical results, whether it is a new mine shaft that is to be sunk, oil prospecting operations to be carried out in a new area, or new fuel-efficiency techniques to be introduced and popularized among consumers.

139. The High Authority has accordingly endeavoured to outline the energy outlook for 1975, and at the same time for two interim dates, 1965, now coming practically into the short term, and 1970, the closing year of the transition period for the General Common Market.

In any attempt to calculate as far ahead as this, there are bound to be numerous elements of uncertainty, both as regards the state of technology and as regards the very structure of the economy. The figures indicated for the more distant years must therefore be taken as approximations only. Nevertheless, the future is not so entirely unknown as might be supposed, since a considerable period must always elapse between the devising of a new technique or appliance in the laboratory and its introduction in industry on a general scale. Moreover, whatever the imponderables, long-term studies of this kind have the very great value of bringing out the factors underlying the uncertainties, and so providing all-important information for those required to take long-term decisions, who are thus better able to assess the degree of emphasis to be placed on measures to increase security—security of supply or security as regards full employment or full plant utilization. And finally, before we go any farther, it may be noted that, after a very thorough study of the various elements of uncertainty in connection with supply and demand, the conclusion was (see below) that they did not affect the main findings.

It should further be emphasized that the document describing the energy outlook is not itself intended to stand as an outline of energy policy: it is simply the scientific foundation for one. This being so, it was necessary to work out several alternative “outlooks” to correspond with different eventualities, differing as to the respective place to be given to Community and to imported energy: an attempt was made to compute the Community production volumes which would be competitive *vis-à-vis* imported energy given different hypotheses as to the price of the latter and the amount of assistance for Community energy.

Attention was also devoted to various problems of long-term balance, including in particular subsidization arrangements, security of supply and the balance-of-payments implications. In addition to these questions, there are of course special problems arising out of the disparate sensitivity of the different forms of energy to cyclical fluctuations: this aspect was not studied in detail on this occasion, but will, of course, have to be very thoroughly gone into in the process of preparing a Community energy policy.¹⁾

GENERAL ECONOMIC CONTEXT

140. Both demand and, in some respects, supply are governed by the level of economic activity, so that the forecasts as to economic growth form the general framework within which future energy trends have to be estimated.

The E.E.C. Commission recently brought out a study on the prospects for economic growth in the European Community between 1960 and 1970, compiled by experts in the Working Parties on Problems of Structure and Long-Term Development. These forecasts, relating in particular to working population and to national product, were used as a basis; the High Authority's departments, although using much the same methods and working in consultation with E.E.C., had however also, since they were calculating with reference to a more distant date and needed rather more detailed indicators than national product, to work out hypotheses as to growth between 1970 and 1975 and forecasts of the movement of industrial production and of iron and steel production.

¹⁾ The full text of the *Etude sur les perspectives énergétiques à long terme de la Communauté européenne (Study on the Long-Term Energy Outlook for the European Community)*, with annexes, will be published at a later date.

141. Generally speaking, the growth rates adopted are somewhat lower than those recorded in recent years, when reconstruction was still going on and some countries had labour reserves which have now been absorbed or have at any rate shrunk very considerably. They are, however, still high in comparison with those for the pre-war period: it is estimated that gross national product for the Community overall will rise at the rate of 4.7% per annum, representing a doubling in 15 years, and industrial production appreciably faster at 5.9%, representing a doubling in 12 years.

The figures for the individual countries differ somewhat, as a result of disparate economic circumstances (trend in total and in working population, present structure of the economy, etc.), but it is assumed that the progressive establishment of the Common Market will tend to produce an evening-up in rates of growth.

These figures are to be regarded simply as approximations, indicative of a prospect of rapid general economic expansion.

TABLE 19

Trend in Gross National Product

(mean annual rates of growth)

Country	1950-1960	1960-1965	1965-1970	1970-1975	1960-1970
Germany (Fed. Rep.)	7.4	4.4	4.0	4.2	4.2
Belgium	2.7	3.8	3.9	3.9	3.9
France	4.3	5.2	4.7	4.6	5.0
Italy	5.9	5.95	5.75	5.3	5.8
Netherlands	4.9	4.3	4.9	4.7	4.6
Community	5.5	4.9	4.6	4.6	4.7

TABLE 20

Trend in Industrial Production

(mean annual rates of growth)

Country	1950-1960	1960-1965	1965-1970	1970-1975	1960-1970
Germany (Fed. Rep.)	9.1	5.5	5.0	5.0	5.3
Belgium	3.0	4.8	4.8	4.8	4.8
France	6.4	6.5	5.9	5.5	6.2
Italy	8.1	8.8	7.8	6.5	8.3
Luxembourg	—	4.0	4.0	4.0	4.0
Netherlands	5.8	5.4	6.0	5.6	5.7
Community	7.5	6.3	5.9	5.5	6.1

*FUTURE ENERGY REQUIREMENTS**Forecasting methods used*

142. On the basis of these general forecasts of economic growth, it was endeavoured to establish the Community's future energy requirements. Combined use was made of insights gained from a study of past relations between energy consumption and economic growth and of the direct technical data available concerning the movement of certain "specific" consumptions: this technico-economic approach was employed with reference to the iron and steel industry and the power-stations, while econometric methods were preferred where the number of consumers was very large (consumption of motor spirit, consumption of fuels in "other industries" and private households, consumption of electricity). In addition, the High Authority has been having detailed research carried out by specialized centres on the factors governing energy consumption.

143. The general method used was to compare the results of a sector-by-sector analysis with those of an overall analysis, with the focus more especially on the former. Thus analytical studies were made of fuel and of electricity

requirements in the iron and steel industry, in other industries, in the transport sector and in the household sector, together with a calculation of requirements of motor spirit. The sum of the electricity requirements of these different sectors so worked out was then compared with the results of the overall analysis and a figure thus arrived at for total electricity requirements: from this it was possible to deduce the fuel requirements of the power-stations, taking into account the probable production of the hydro-electric and nuclear stations.

The same figures, redispersed, gave the fuel requirements of the Community, and, lastly, the total primary-energy requirements: here, in the light of a comparison with an overall analysis, some corrections were made before the figures given below were finally adopted.

The analysis was effected systematically country by country. This made it possible to take account of differences in the individual countries' economic structure and state of technological development, and to obtain some valuable information by comparing them; in fact, as will be seen, for the purposes of future work on the subject requirements ought really to be treated from the regional angle, preferably from the start. Moreover, the comparing of notes with national specialists is practicable and helpful only if country-by-country figures are available.

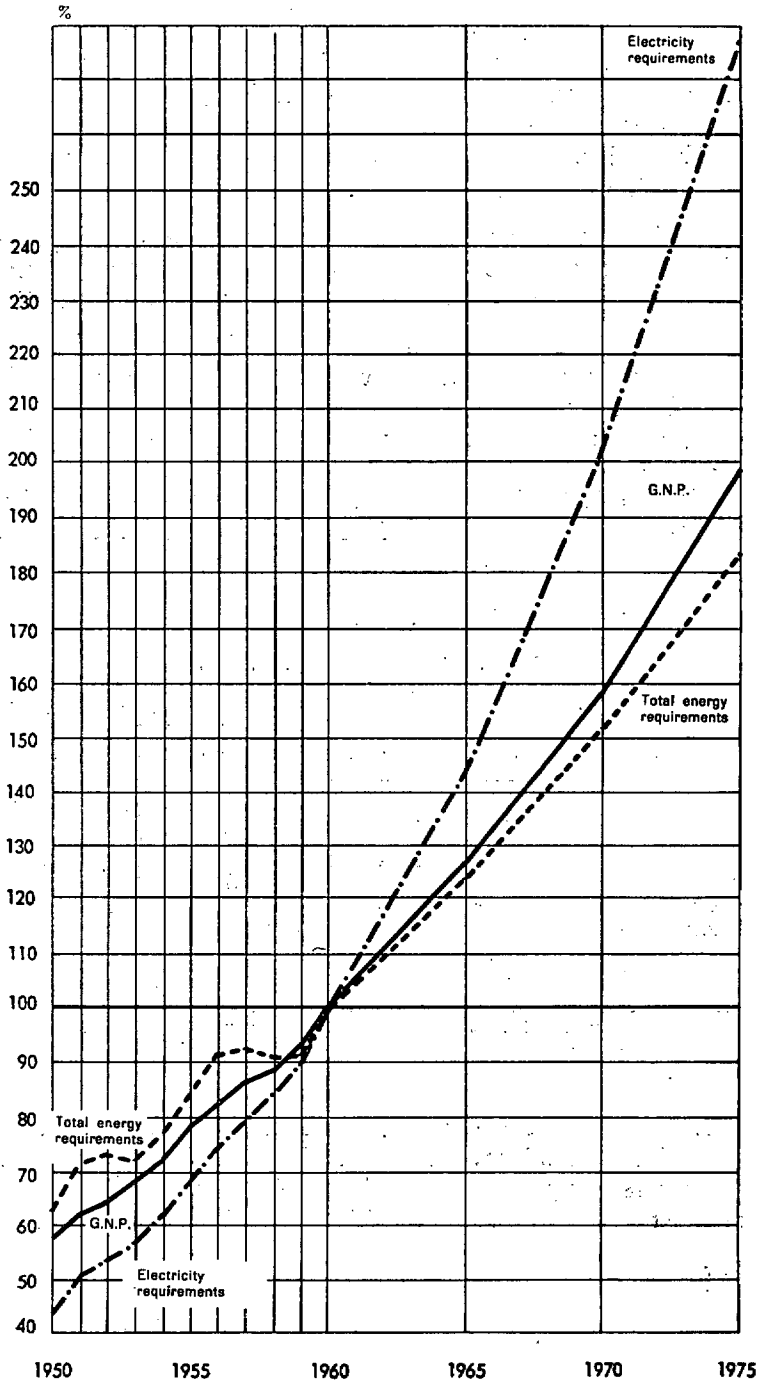
It should once more be emphasized that the figures which follow are not intended to be definitive, but are simply offered to give guidance as to trends.

Rapid growth of overall energy requirements

144. As against a consumption of about 460 million metric tons hard-coal equivalent in 1960, the Community's total energy requirements may be expected to rise to 700 million by 1970 and something like 850 in 1975 (see Table 21)—an increase of approximately 50% over ten years and 85% over fifteen.

GRAPH No. 2

Comparative Trend in G.N.P., Total Energy Requirements and Electricity Requirements in the Community, 1950-75



The Community mean *annual rate of growth* in total energy consumption, which was 4.8% during the period 1950-60, would thus be only 4.3% from 1960 to 1970. This would reflect the deceleration in general economic expansion, partly offset by a gradual increase in the elasticity between consumption and gross national product (1950-60, 0.86; 1960-70, 0.91).

Community consumption of energy per head of population is expected to grow by 40% over the ten years, allowing for the population increase: that is, from 2.7 metric tons H.C.E. in 1960 to 3.8 in 1970.

However, the real value of this forecast for 1970 is revealed only when it is compared with the figures for other areas: it is well below the British average for today (4.8 metric tons in 1960), and less than half the American, while the 1970 Community national product per capita works out at about 60% of the American G.N.P. today.

TABLE 21

Overall Primary-Energy Consumptions

('000,000 m.t. H.C.E.)

Countries	1950	1955	1960	1965	1970	1975
Germany (Fed. Rep.)	129.0	180.9	205.3	239	282	330
Belgium	28.4	33.5	33.9	37	42	48
France	82.5	102.4	121.9	151	187	231
Italy	26.2	43.0	65.6	99	137	176
Luxembourg	3.0	4.0	4.6	6.1	6.6	7.1
Netherlands	20.0	25.2	30.1	38	46	56
Community ¹⁾	289	389	461	570	700	847

¹⁾ Rounded figures, which may therefore differ slightly from the sum of the individual items.

145. The aggregate Community figures of course conceal some differences between one member country and another. In the past very considerable disparities have been observed between the national rates of increase: from 1950 to 1960

Belgium's was 1.8% and Italy's 9.6%. These were due to differences in the pace of economic expansion, to the fact that industrialization was proceeding more intensively in some countries (notably Italy) than in others, and to appreciable dissimilarities in rates of improvement in productivity. With regard to the future, it has been assumed that the Common Market and other factors will make for pretty similar rates of technological progress in all countries, so that differences in the rate of growth in energy requirements will be mainly due to the first two considerations: the growth rates for the different countries may therefore be expected to draw closer together. Generally speaking, the lower the *per capita* consumption the higher the growth rate: consequently, there will be an evening-up of *per capita* consumption levels as between country and country, so that by 1975 the German and Belgian levels will be only 50-60% higher than the Italian, and the French and Netherlands levels 30%, as compared with 300% and 200% respectively in 1960.

This trend will have the further effect of appreciably altering the breakdown by countries of total Community energy requirements. To cite the outstanding examples, Italy's share will rise from 14% in 1960 to 20% in 1970, and Germany's fall from 44% to 40%.

Contrasting trends in the individual sectors

146. The rates of increase up to 1975 in the respective energy requirements of the main consumer sectors are likely to differ fairly markedly, for a number of reasons, both technical and economic, which are briefly indicated below.

Iron and steel industry

147. The energy requirements of the iron and steel industry will rise more slowly than those of the economy as a whole, owing to slower growth in production and to substantial reductions in the coke rate at the blast-furnaces.

Steel production in 1965 is put at 89 million metric tons, in line with the requirements indicated in the General Objectives for Steel; for 1970 and 1975, assuming a slight diminution in the elasticity of internal steel requirements in relation to industrial production and a levelling-off or minor decrease in net exports, it is reckoned at 110 million and 130 million tons respectively. It is further assumed that the pig-iron input rate at the steelworks will go down a little more for the Community overall (though the movement will vary from country to country). All in all, given an 80 % increase in industrial production over the period 1960-70, steel production should rise by 51 % and pig-iron production by 47 %.¹⁾

As regards energy, the main development in the iron and steel sector is the very substantial reduction which has been going on for some years in the blast-furnace coke rate. This is the result of various factors, including in particular much more general recourse to ore sintering and burden preparation, and—so far to a lesser extent—the growing proportion of high-grade ores used and the injection of fuel in pulverized, liquid or gaseous form. These factors will continue operative in the years ahead, the first chiefly in the immediate future and the other two over a longer period. The coke rate is thus estimated to undergo a 24 % reduction in ten years, from 883 kg. in 1960 to 750 Kg. in 1965 and 670 kg. in 1970: as a result, the total coke consumption of the blast-furnaces will increase by only 12 %, whereas it nearly doubled between 1950 and 1960.

Other industries

148. Requirements in this sector are governed by the level of general activity there, any structural changes affecting

¹⁾ Needless to say, while these figures represent the working hypotheses for the computation of the energy forecasts, they are given without prejudice to those which will appear in the next General Objectives for Steel, now in process of being worked out in detail (see Nos. 377-380).

the major energy-consuming industries, and any improvements achieved in fuel efficiency.

As we have seen, industrial production is assumed to increase by 81 % between 1960 and 1970. Such changes as occurred during the last ten-year period in the relative amounts consumed by the different industries can now be seen to have had little effect on the sector's consumption as a whole, as they more or less cancelled one another out; as no detailed information was to hand concerning probable future trends, it had to be assumed that this would also be so during the present decade. This is a point requiring further study.

Reductions in consumption per unit of production in the period 1950-60 varied considerably between one country and another; they appear to have been most marked where the rate of growth in industrial production was highest. In calculating for 1960-70, it has been assumed that the expected deceleration in expansion would produce a corresponding deceleration in fuel-efficiency improvement, which is expected to progress at only 2.4 % in 1950-1960. This too is a point which needs to be gone into in more detail; the High Authority has arranged for various studies to be made on the subject, some of them by specialized research centres.

It is calculated that the fuel requirements of the "other industries" sector will rise from 88 million metric tons hard-coal equivalent in 1960 to 125 million in 1970 and 143 million in 1975: this gives an increase of 42 % from 1960 to 1970, *i.e.* an annual rate of 3.6 %.

Transport

149. In the recent past the number of private cars in the Community underwent a very rapid increase, and that of commercial vehicles a rather slower but sustained one. The years ahead are expected to see a certain slackening in the rate of growth of the motor-vehicle park as a whole; this will, however, naturally vary a good deal from country

to country, as there are still considerable differences in the degree of motorization, and saturation is unlikely to develop everywhere at the same time and to the same extent.

As regards the railways, the chief point of note is the continuance of the process of dieselizing and electrifying the main line. Consequently, the specific consumptions are falling steeply and the forms of energy used are changing: thus steam traction, and hence coal consumption, will be pretty well completely out by about 1975, while consumption of diesel oil and electric current will increase substantially.

Households

150. Fuel consumption per head of population varies considerably from one Community country to another, owing the differences in climate, living standards (*per capita* income) and consumer habits. The future trend has been estimated on the basis of forecasts as to the growth of *per capita* income in each country and of the information available concerning the probable development of the housing situation. The already high fuel consumption per head of population in certain countries suggests that the market may become to some extent saturated in the course of the next fifteen years: whereas the annual rate of increase in 1950-60 was about 4.7%, for 1960-70 it is expected to be only 3.3%, and after 1970 even below 2%.

Electricity requirements

151. The demand for electric current in each country has been estimated overall and sector by sector in the same way as total energy requirements.

It should, however, be noted that past figures show electricity consumption to be less closely linked than total energy consumption to the general economic indicators,

and that it would appear to follow largely a trend of its own. This is a help in forecasts in that uncertainty as to the rate of general economic growth affects the calculations less, but at the same time a hindrance inasmuch as it cannot be known whether the independent trend in electricity consumption will continue equally marked during the next fifteen years.

It is reckoned that Community consumption will increase from 285 TWh in 1960 to 574 in 1970 and 790 in 1975: the average annual rate of increase from 1960 to 1970 is put at approximately 7.2%, representing a doubling in ten years.

The rate of growth in electricity requirements is thus appreciably higher than in total energy requirements (as it has been for a good many years past). This means a steady increase in the proportion of primary energy ultimately consumed in the form of electric current.

TABLE 22

Trend in Electricity Consumption

('000,000,000 gross kWh)

Countries	1950	1955	1960	1965	1970	1975
Germany (Fed. Rep.)	46.9	80.0	120.6	170	234	316
Belgium	9.0	11.9	15.2	20	27	36
France	34.8	51.5	74.8	108	155	218
Italy	24.8	38.1	56.1	83	119	166
Luxembourg	0.7	1.1	1.6	3.5	4.4	4.9
Netherlands	7.4	11.4	16.5	24	34	49
Community ¹⁾	124	194	285	409	574	798

¹⁾ Rounded figures, which may therefore differ slightly from the sum of the individual items.

Consumption per head of population is expected to rise by nearly 87% from 1960 to 1970, with the difference between country and country becoming progressively

smaller. Even so, however, the forecast of 3,100 kWh per head for 1970 is well below the present figure for the United States (4,650 kWh in 1960).

Part of the demand will be covered by the hydro, geothermal and nuclear power-stations, whose output was 107 TWh in 1960 and is estimated at 150 TWh for 1970 (see below). The remainder will be supplied by the conventional thermal power-stations, whose consumption per kWh will continue to decrease by about 1.6% per annum. Under these conditions, the fuel requirements of the power-station sector will rise from 81 million metric tons of coal in 1960 to 151 million in 1970 and 190 million in 1975—considerably faster than those of any of the other sectors here dealt with.

General picture

152. Substantial changes will occur over the coming 15 years in the shares of the different sectors in total fuel requirements: for the iron and steel industry there will be

TABLE 23

Shares of the Different Sectors in Community Total Primary-Energy Requirements

(000,000 m.t. H.C.E.)

Sector	1950	1955	1960	1965	1970	1975
Primary-energy producers' own consumption and conversion and transmission losses (excl. electricity)	38.2	44.3	43.0	46.7	50.6	57.6
Iron and steel industry (excl. electricity)	29.5	42.9	52.0	63.7	77.0	85.6
Other industries (excl. electricity)	53.1	71.6	87.6	105.8	125.1	143.2
Transport (excl. electricity)	37.6	48.8	59.0	79.8	101.9	127.6
Households (excl. electricity)	61.1	86.1	96.5	115.5	133.0	150.5
Power-stations (excl. electricity)						
(a) Hydro-electric, nuclear, etc.	19.7	28.8	42.6	48.3	62.1	80.7
(b) Thermal	50.0	66.5	80.6	110.1	150.5	201.8
Total	289	389	461	570	700	847

a slight contraction and for other industries and private households a larger one, for the transport sector a fairly marked expansion, and for the power-stations, and in particular the conventional thermal stations, a very considerable expansion indeed (1960, 26.7%; 1970, 33.3%).

DEVELOPMENTS AFFECTING SUPPLY

153. On the basis of the forecasts of economic expansion earlier referred to—which suggest, *inter alia*, an upward trend in workers' real wages—it has been endeavoured to assess the movement of the economic conditions affecting the production and importation of energy. We here briefly outline the position in this respect regarding each of the main energy products in turn.

Community coal

154. A number of studies are in hand on the economic conditions for Community coalmining in 1965 and in 1975.

Tentative cost curves have been worked out for each coalfield, indicating the tonnage produced in function of the production costs of the marginal pit—in other words, for each cost level the tonnage which can be produced so that the production costs of the highest-cost pit work out precisely equal thereto.

In the estimation of these costs, special attention was paid to the two most important factors, the movement of pay rates and the movement of productivity.

Movement of pay rates

155. The movement of colliery wages and salaries (including social-security charges) is closely related to that of national income per gainfully-employed person.

Up to 1965, the following forecasts as to wages are based on the trend which the experts consulted considered to be the most likely; beyond that date, it has been assumed that the wages in question will rise at the same rate as national income per gainfully-employed person.

(%)			
Countries	1960-1965	1965-1970	1970-1975
Germany (Fed. Rep.)	4.2	3.7	3.9
Belgium	3.2	3.2	3.2
France	4.0	3.85	3.9
Netherlands	2.8	3.7	3.7

Roughly speaking, these rates indicate that the relative difference which existed in 1960 between miners' pay and the average for other gainfully-employed persons will remain unchanged, or may indeed increase.

As regards social-security charges, it is assumed that contributions under this head will go up at about the same rate as wages, so that the ratio between the two will remain as before.¹⁾

Movement of productivity

156. In the last few years the coalmining industry has been conducting a more intensive adjustment drive than at any other time in its history. The scale on which rationalization is being effected—by the closure of pits and abandonment of districts and seams no longer economically workable, and by the improvement of operating methods (mechanization, concentration, more efficient work organization)—can be seen from the following figures:

¹⁾ In fact, this involves the further assumption that any additional burden resulting from a higher ratio of retired miners and other pensioners to miners in active employment, due to reductions in the labour force, will not have to be borne by the collieries.

- (a) between 1957 and 1961 Community production was reduced from 249 to 230 million metric tons, and the colliery labour force from 1,076,000 to 830,000;
- (b) during the same period, 104 pits were closed or combined with others, bringing the number of pits in operation down by 25 %;
- (c) average saleable daily production per Community pit rose as follows:
- | | | | |
|------|-------|-------|-------------|
| 1953 | ..... | 2,000 | metric tons |
| 1958 | ..... | 2,300 | metric tons |
| 1961 | ..... | 2,850 | metric tons |
- i.e.* a 42% increase over the period and a 24% increase from 1958 to 1961;
- (d) the proportion of Community coal mined by fully-mechanized means rose as follows:
- | | | | |
|------|-------|------|---|
| 1952 | ..... | 9.6 | % |
| 1956 | ..... | 19.8 | % |
| 1959 | ..... | 21.7 | % |
| 1961 | ..... | 40.0 | % |
- (e) average underground output per man/shift rose from 1,525 kg. in 1956 to 2,111 at the beginning of 1962, an increase of 38 %.

157. Following discussions with various Community experts, hypotheses have been adopted as to the trend in productivity in each coalfield.

As regards 1965, a very thorough study was made by the experts, account being taken of the special features of each pit. The rates of increase forecast vary appreciably from one pit to another. Given a production volume round about the same as today's (allowing for some closures and for some improvements in capacity utilization), the O.M.S. improvements and other relevant figures work out as shown in Table 24.

For the period from 1965 to 1975, the rate of increase in productivity has been assumed to be the same for all pits

within a given coalfield: this is, of course, an over-simplification not strictly in accordance with the facts, but it was not possible on the basis of the data available to indicate separate figures for the individual pits. The figures arrived at are shown in column 4 of Table 24.

Given production volumes (exclusive of anthracite) in keeping with the full utilization of the production capacity forecast by the experts for 1965, the average underground O.M.S. for the different coalfields would be as shown in column 7. Closures after that date would of course send the averages up, owing to the elimination of the pits with the lowest O.M.S. However, the rise in such cases is not so great as is sometimes supposed: individual pits' output rates may range from 35% below to 30% above the coalfield average, with the result that the closure of 10% of the capacity may raise that average by only 2-3%.

TABLE 24

Trend in Underground Output per Man/Year and per Man/Shift

Coalfield	Index per man/year			Average annual rate of increase	O.M.S. in kg. given approx. same production volume as now and same number of shifts		
	1965/1960	1975/1965	1975/1960		1960-1975	1960	1965
	1	2	3	4	5	6	7
Ruhr and Aachen	123	137	169	3.5	2,185	2,700	3,750
Saar	131	137	180	4.0	2,055	2,700	3,700
Campine	131	136	178	3.9	1,790	2,350	3,200
S. Belgium	121	136	165	3.4	1,450	1,760	2,390
Nord/Pas-de-Calais	108	148	160	3.2	1,560	1,680	2,490
Lorraine	110	148	163	3.3	1,580	2,850	4,220
Dutch Limburg	122	144	176	3.9	1,830	2,240	3,230

Other cost items

158. It was hypothesized that material costs per ton would remain at the same level as in the reference year, and that

depreciations and financial charges would remain the same per ton of capacity (which would mean they decreased in the case of pits not now operating to capacity). Both hypotheses are, however, probably somewhat optimistic, as the expected considerable increase in O.M.S. is likely to result in higher consumption of material and spare parts per ton, while at the same time the mechanization drive will doubtless be intensified.

Coal was divided into three main types, anthracite, coking-coal and steam-raising coal: for the two latter, cost curves were worked out for the main Community coalfields.

Generally speaking, wages are climbing faster than productivity, so that costs overall must be expected to increase substantially, by an average of over 10%.

This conclusion is, of course, valid only if the hypotheses prove accurate. It is possible that wages may rise rather more steeply than had been expected; on the other hand, the O.M.S. growth rates are high, since they are averages maintained over a long period. There is always the possibility of revolutionary changes in coalmining methods, but these would probably speed up the increase in productivity only if accompanied by still more intensive mechanization, which would entail higher depreciation and financial charges, and possibly bigger expenditure on material. All in all, it is felt that the figures suggested are the most probable on the strength of the information at present available.

Imported coal

159. We here deal only with American coal, since no other source seems likely to be able to supply an annual tonnage proportionate to Europe's supplementary coal requirements over the next 15 years.¹⁾

¹⁾ Eastern European coal was not taken into account, since it was felt that as regards both tonnages and prices it would not really be suitable as a regular flow of supplies to the Community as a whole.

TABLE 25
Price of American Coal in 1960

(\$ per metric ton)			
	Steam-raising coal	Pocahontas coking coal	Coking coal mixture ¹⁾
Price ex mine	4.40	6.50	5.25
Carriage to Hampton Roads	4.50	4.50	4.50
Transatlantic freight charge	3.50	3.50	3.50
Total	12.40	14.50	13.25

¹⁾ 50 % low-V.M. Pocahontas-type coal and 50 % high-V.M. coal.

During the past few years, the ex-mine price of steam-raising coal (corrected for general price increases) went down somewhat as a result of a very steep rise in O.M.S. (80 % between 1950 and 1959), made possible by extremely advanced mechanization, the introduction of new machines such as the "continuous miner", and increasing production from opencast mines, in which productivity is two to three times as high as in the deep mines.

160. In the coming years these various factors are likely to continue operative. Wage increases may be more than offset by rising productivity with an unchanged production level. There is, however, every reason to suppose that the United States' own coal requirements will increase sharply in these years: the increase has been estimated at 66 % from 1955 to 1975, giving in the latter year a consumption of 750 million tons (as against 395 million in 1960).

Prices are unlikely to be affected by this in the period immediately ahead, up to 1965, and it has been assumed simply that the ex-mine prices of coal for export will be aligned with those, at present slightly higher, of the production sold in the American home market. After 1965, on the other hand, costs may be expected to go up quite considerably, especially in the case of coking coal, most of which is deep-mined. The increase may be smaller for the steam-

raising grades, a larger proportion of which comes from thicker seams and from opencast workings.

As regards internal transport, there appears at the moment to be some possibility of the rates being reduced, but this will not materialize if carrying capacity has to be expanded to cope with a major increase in exports to Europe. The rates may therefore be expected to remain about the same.

As regards transatlantic freights, calculations are here based on the operating costs of the special large-capacity colliers plying regularly throughout their lifetime. This gives an estimated rate of \$3.50-5.00 per ton Hampton Roads-Rotterdam, according to the size of the collier: naturally the f.o.b. charges for irregular shipments, or shipments to meet special market conditions, are liable to be much higher.

Accordingly, the c.i.f. prices for 1970 work out approximately as follows:

steam-raising coal, \$13.00-13.50;

Pocahontas-type coking coal, \$16.50;

Pocahontas-Clintwood mixture, \$14.50.

The corresponding 1975 figures would be slightly higher.

Brown coal

161. As about 94% of the Community's brown coal is mined in Germany, we here simply summarize the main findings of the German energy survey on the subject.

Owing to deterioration in the geological conditions, operating costs will rise by perhaps 30% up to 1970. However, the average price of Rhineland brown coal should not be more than \$10.00 per metric ton hard-coal equivalent at that date, and it should be possible to sell substantial tonnages to the power-stations.

This being so, it is calculated that total Community brown-coal production will increase from 29 million metric tons H.C.E. in 1960 to approximately 34 million in 1975.

Petroleum products

162. To form an idea of the movement of the supply of petroleum products in the Community, it is necessary to study the world oil market, owing both to the geographical distribution of crude-oil production and to the structure of the industry.

Amounts involved

163. For some forty years world oil consumption has been doubling about every ten years. Given a rather slower rate of increase in the requirements of the United States and a faster one in those of the underdeveloped countries, world demand exclusive of the Eastern European countries is likely by 1975 to be approximately 2,000 million tons a year, as against 950 million in 1960.

Proved recoverable reserves are at present put at 41,000 million tons,¹⁾ representing nearly 40 years' production *at current operating rates*. These, however, form only part of total world potential, *i.e.* the amounts it is fair to expect can be produced from oilfields already discovered in the future. Accordingly, from the purely quantitative standpoint and given normal circumstances, it should be possible to keep the world supplied without serious difficulty for 20-25 years to come, provided prospecting is carried on actively.

The reserves are, however, very unequally distributed, with three major regions—the United States, Venezuela and the Middle East—accounting among them for 78%, and the Soviet Union and the rest of the world each for half the remainder (11% each); moreover, the Middle East's share amounts to rather more than two-thirds of the world total exclusive of the Soviet Union and Eastern Europe. This necessarily affects security of supply.

¹⁾ Including Eastern Europe, the Soviet Union and China (accounting in all for slightly under 5,000 million tons).

Movement of costs

164. The prices actually charged for Europe-bound oil are at present appreciably below the posted prices. Despite the growing pressure of supply, the Governments of the producer countries have induced the companies not to change their posted prices, but it has become common practice to allow rebates, the amounts of which are largely unknown. Actually, inasmuch as many oil companies are vertically integrated, the posted prices are the notional prices for internal accounting purposes within the big groups, while individual rebates are allowed on that portion of their crude which the companies sell to independent buyers. It is therefore not possible to assess the trend in oil prices simply by extrapolating experience to date and on the basis of the complexity of the situation: it is necessary to study the cost elements at each stage, including prospecting and extraction.

The costs in question are the long-term costs, *i.e.* including expenditure on prospecting, opening up and operation, and allowing for the, in many cases, considerable periods of time which elapse between the actual outlay and the extraction and marketing of the crude.

So defined, the development costs are exceptionally difficult to assess in the case of oil, owing to two considerations peculiar to the petroleum industry, namely the uncertainty inherent in prospecting and the considerable dispersion of the production costs resulting from natural conditions.

The figures given are therefore only approximations for certain producer areas where prospecting has been going on on a considerable scale. Economically, there are three main elements in the *f.o.b. price of crude*, namely

- (a) technical production cost;
- (b) royalties and taxes (profits taxes payable to the Governments of the producer countries);
- (c) a margin varying according to circumstances and to the company concerned.

165. The average technical production costs for crude oil are in the United States about seven times as high as in the Middle East, and in Venezuela about three times as high (see Table 26). The Middle East oil-bearing region contains the largest oilfields in the world today; it covers very wide tracts of territory with geologically very diversely-located deposits, many of which have not yet been surveyed; in short, it holds much more oil than has ever been discovered anywhere else in the world.

TABLE 26

Estimated Crude-Oil Production Costs in Four Major Areas¹⁾
(current position)

(\$ per metric ton)

Area	Prospecting	Development	Operation	Total, excl. royalties and taxes
United States	7.00-8.00	9.00-10.00	2.00-3.00	18.00-21.00
Venezuela	1.50-2.00	4.00- 5.50	— ²⁾	5.50-7.50
Middle East	0.30-0.50	1.00	0.50	2.30- 2.50
Sahara/Libya	2.00	4.00-5.00	3.00-4.00 ³⁾	9.00-11.00

¹⁾ United States, at well;
Venezuela, f.o.b. port of shipment;
Middle East, f.o.b. Persian Gulf;
Sahara/Libya, f.o.b. Mediterranean coast.

²⁾ Included in the development.

³⁾ Including transport to the coast.

166. Royalties and taxes today average:

Venezuela, \$5.00 per metric ton¹⁾;

Middle East, \$5.00-6.00 per metric ton, according to grade and to country.

Obviously this element is more a political than an economic problem, though it does depend on whether supplies are long or short in relation to demand.

¹⁾ As calculations are based as far as possible on real prices, the actual charge may be appreciably less on tonnages shipped to markets in which Venezuelan crude and products have to be sold at a substantial discount.

167. The third element is made up of various *miscellaneous expenses and equalization charges* as among workings in different countries with different productivity ratings, more especially in the case of companies which re-invest most of the apparent profits on their Middle East extraction in a complex of operations including both prospecting elsewhere and the provision of transport, refining and distribution facilities.

168. *Freight rates* for regular trips are likely to go down somewhat in the next few years as the average size of the tankers increases: thus by 1970 they may be expected to be about \$5.00 per metric ton Persian Gulf-Rotterdam and \$4.00 Persian Gulf-Genoa, *i.e.* approximately \$1.00 less than at present.

Refining costs vary according to the character of the crude, the respective proportions of the different products obtained, and certain requirements as to quality. On straight refining the cost in Europe today is \$5.00-6.00 per metric ton of crude. Beyond that, since the refining process also yields various linked products, cost allocation involves a number of difficult problems. In the long term, fuel-oil consumption will rise faster than consumption of gasoline and other refined products, so that fuel oil will as a rule have more and more to bear the charges in respect of the reception, storage and distillation facilities needed for its manufacture. These costs at present amount to approximately \$1.50 per metric ton of fuel oil.

Movement of prices

169. This being the position as regards the movement of costs, the prospective movement of prices may be outlined as follows.

In the case of crude, the most likely assumption is that prices will remain for some years more or less where they are now, *i.e.* slightly below the posted prices, owing to the granting of rebates. In the longer term, however, they will

probably tend to harden, reaching by 1970 about the present posted level, *viz.* \$12.50 per metric ton ex-Middle East. This is assuming

- (a) that royalties and taxes per ton to the producer States will remain the same;
- (b) that the companies will continue to make a profit in the Middle East enabling them to finance prospecting elsewhere, and so carry on the policy of diversifying the sources located, this being an essential precondition for (a).¹⁾

For heavy fuel oil this would give a figure of \$17.00-19.00 per metric ton c.i.f. Channel port (f.o.b. price of crude, \$10.50-12.50; carriage by sea, \$5.00; refining, \$1.50), and \$16.00-18.00 delivered Mediterranean port (f.o.b., \$10.50-12.50, carriage by sea, \$4.00; refining \$1.50).

This price-level for heavy fuel oil is about the same per ton H.C.E., as that mentioned above for imported American steam-raising coal. Up to a point, the latter may act as a ceiling to any rise in the price of fuel oil.

It should be noted that in some markets fuel oil is currently being quoted very much lower, the lowest offers recorded in 1960 and early 1961 being about \$12.50 c.i.f. Channel port. These prices, so markedly below the lowest long-term production costs, in point of fact represent the cost per additional ton ex-Middle East shipped at spot rates and do not cover refining costs—in other words, they are surplus-production prices which are not expected to yield the normal return on the capital invested in the whole supply system.

However, in certain markets prices are observed to be hardening; in northern Europe, as a result of the various factors mentioned above, they have risen to about \$14.00 and even \$15.00 per metric ton. Obviously, even though they may be expected to remain at this level for a while, there is always the possibility of a further rise, so that it

¹⁾ See No. 190 below.

would be absurd to base energy policy on the lowest quotations recorded: the level just indicated, \$17.00-19.00 is a more reasonable basis for calculation.

Natural gas

170. Hydrocarbon prospecting, which has been going ahead actively in various Community countries in the last few years, has resulted in the discovery of a number of gas bubbles, some of very considerable proportions. Proved reserves at present total between 560,000 and 860,000 million cubic metres, about one-half being concentrated in the Netherlands.

Community production has more than quadrupled since 1953, and is expected to continue increasing rapidly: in 1960 it stood at 14 million metric tons hard-coal equivalent, and it should be about 2½ times that by 1970 and 3-4 times by 1975.

In addition to these internal availabilities, sizeable amounts will probably be imported from North Africa, by submarine feeder for the main quantities and by methane tanker to cover peak requirements. This contribution may be expected to amount to about 10 million metric tons H.C.E. in 1970 and 20-26 million in 1975.

Hydro power and geothermal energy

171. These sources at present cover 8-9% of total energy requirements and about one-third of electricity production. The rate of growth will be much slower in the period ahead than in the past ten years, since few economically workable sources of any size remain to be opened up. It is probable that hydro-electric production will be employed more and more to meet non-basic demand.

From 1950 to 1960 hydro-electric production doubled, reaching about 40 TWh; by 1975 it should increase by

perhaps half as much again. It will then cover no more than 19% of total electricity requirements, but by that time nuclear energy will be ready to step into the breach.

Nuclear energy

172. On the basis of experience to date in the Community and of information concerning American and British nuclear power-stations, it is now possible to put forward some estimates of production costs as compared with those at the conventional thermal power-stations.

As most of the estimates available are differently based as to interest rates, fiscal charges and depreciation periods, endeavours have been made at Euratom to work out comparabilized figures.

The investment costs of the stations now building and to be brought into operation by about 1966 are reckoned at about \$200-250 per kW for those working with enriched uranium and \$250-280 per kW for those working with natural uranium; for the stations of 400 MW and over scheduled to come into operation around 1968-70, the figures should be a good deal lower, in the region of \$175 and \$250 per kW respectively.

Allowing for differences in the cost of the fuel cycle and in operating and maintenance costs, the production costs of the stations to be brought into service between 1968 and 1970 work out much the same irrespective of the type of reactor used, *viz.* between 7/1000th of a dollar per kWh given an annual load of 6,000 hours and fixed overheads representing 13% per annum of the capital invested, and 5/1000th of a dollar per kWh given 7,000 load hours and 8.6% overheads.

173. From this it is possible to estimate the price of the fuel needed to equate the conventional with the nuclear station: whereas for the stations now in operation it is \$16-22 per metric ton hard-coal equivalent, for those to start in 1966 it should be \$12-16, and for those to start in 1970, \$10-12.

Some margin of uncertainty must of course be allowed, but these figures are reasonably probable as indications of the rate of diminution in the nuclear stations' production costs. It is therefore fully to be expected that these will be competitive throughout the Community by 1968 or 1970 for 6,000 load-hours and over per annum.

From 1970 or so onwards, then, there will no longer be any reason from the point of view of production costs why nuclear energy should not be used on an increasing scale: the main limiting factor will be the difficulty of installing further capacity at the economically desirable speed.

The range of possibilities as to production in 1970 is comparatively narrow—somewhere between 20 and 25 TWh for the Community overall, representing approximately 4% of total electricity requirements. For 1975 the uncertainty is of course much greater: a rough estimate suggests perhaps between 60 and 100 TWh, or 7-12% of total electricity production.

THE SUPPLY AND DEMAND POSITION IN 1970

174. To meet the estimated 1970 requirements of 700 million metric tons hard-coal equivalent, recourse will be had to all the energy sources the production conditions for which are described above. In drawing up a rough balance-sheet for the Community in 1970, it is assumed that the share of the different energy sources will be governed by the comparative end cost to the consumer, due account being taken of the respective advantages of each form of energy.

At the same time, nothing like the whole 700 million tons can be covered by two or more energy sources alternatively: firstly, some requirements can be met only by particular energy products; secondly, some products enjoy priority of demand because they are exceptionally economic; and thirdly, certain factors of inertia due to the retention of existing installations, and the special advan-

tages of given forms of energy for given purposes, very considerably limit the genuinely competitive field within which energy policy can influence the respective proportions of the different energy sources actually employed. The following analysis from the consumer's angle, allowing for geographical considerations in respect of energy production and consumption, is accordingly confined to that section of the market in which competition is genuinely operative.

Size of the genuinely competitive market

175. The "specific" sector—i.e. in which energy is needed in specific forms—includes metallurgical coke (or rather, to be quite accurate, the coal for making it), motor fuels, and most of the energy producers' and converters' own requirements. Together these account for about one-third of total requirements: this proportion will remain about the same in the future, with the steep increase in consumption of motor spirit offsetting the very gradual one in the iron and steel industry's requirements of coking coal.

From the producer's standpoint, it seems clear that certain products can be sure of a sale in view of their low production costs: these include brown coal (owing to locational advantages), hydro-electric power from all existing stations and from some not yet constructed but definitely certain to be economic, natural gas and, up to a point, crude oil extracted from deposits discovered in the Community, and the minimum production of nuclear power referred to above. Altogether this infallibly saleable energy at present amounts to rather over 20% of total requirements, and here too the percentage is unlikely to alter appreciably in the course of the next ten to fifteen years.

176. Consequently, the proportion of requirements which can technically be met from several alternative sources is less than 50%. It must, however, be borne in mind that in many cases particular energy products are preferred for

particular purposes, as having technical or economic advantages or being more convenient to handle. Thus in certain industries—glassmaking and ceramics, for example—petroleum products in liquid or gaseous form are sometimes preferred to coal although the price per calorie is 30-40 % higher, and private households too are going over more and more to gaseous and, in particular, liquid fuels even if these cost more than solid fuels. On the other hand, a good many industrial installations built for burning solid fuels will still be in operation in 1970, and probably beyond, because conversion would be costly. Lastly, it can safely be assumed that the pithead power-stations will continue to use coal from the pits concerned, in view of the locational advantage.

Taking all these factors into account, we may expect consumption in the genuinely competitive sector, in which relative price levels can and do affect consumption and hence energy policy can exert a definite influence, to show in 1970 approximately the following pattern:

Competition among coal, fuel oil and natural gas

Fuel consumption by industry, approximately 50 million metric tons hard-coal equivalent;

Fuel consumption by households, approximately 30 million metric tons hard-coal equivalent;

Fuel consumption by power-stations, approximately 40 million metric tons hard-coal equivalent.

Total, 110-120 metric tons hard-coal equivalent, = rather less than 20 % of overall requirements.

Competition between Community coal and imported coal

Consumers as above.

Part of coking-coal requirements, total of which will be 92 million metric tons.

GRAPH No. 3

Map of the Community, Showing Regional Boundaries,
Ports of Importation and Representative Localities

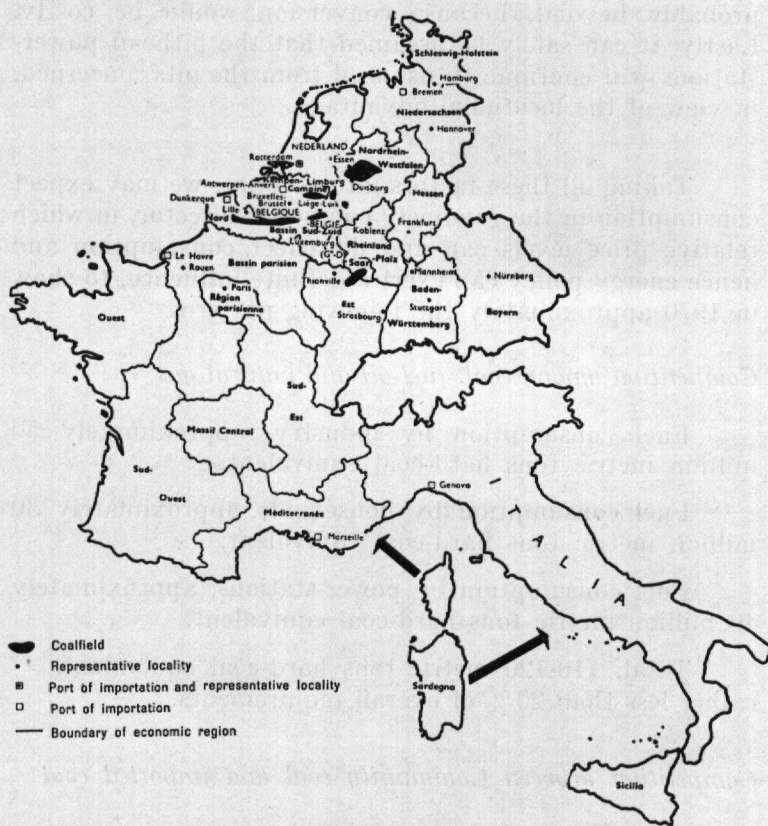


TABLE 27

Specific, Sure-market and Competitive Sectors

('000,000 metric tons H.C.E.)

	1960	1965	1970	1975
Total requirements	461	570	700	847
Specific requirements:				
coal for metallurgical coke	76	82	92	98
motor spirit	41	70	95	126
energy producers' and converters' own consumption	43	47	51	58
Sub-total A	160	199	237	282
Products sure of a market:				
brown coal	29	30	32	34
hydro and geothermal power	43	46	54	62
Community natural gas	14	22	33	42-54
Community oil	17	18	19	20
nuclear energy	—	2	8	24-36
Sub-total B	103	118	146	182-206
A + B (corrected for duplications)	259	313	378	461-485
Remainder (technically competitive)	202	257	322	386-362

Coverage of competitive requirements

177. To work out the probable shares of the different energy sources in covering requirements in the competitive sector, it is necessary to compare the respective end costs to the consumer. Account must be taken in particular of the location of the consumer, by adding in the transport costs: these can represent a very substantial portion of the delivered price, often 20% and more.

The first step, therefore, was to break down by regions the portion of fuel requirements no longer expected to be covered by sure-market energy products. Federal Germany was accordingly divided into eight regions, corresponding to the existing *Länder* and France into nine; Italy, as sales of Community coal there are expected

to be inconsiderable, was provisionally treated as a single unit. It was extremely difficult to work out figures for the requirements of each region, in the absence of full and precise information on the outlook as to regional economic development within each country. As a working hypothesis it was assumed that each consumer sector's requirements would follow the same trend at regional as at national level, except where sufficiently detailed data were available to support a different hypothesis. This was so, for instance, in the case of the iron and steel industry, for which two hypotheses were adopted, one assuming a homothetical trend and the other taking into account the present emphasis on the expansion of capacity in the coastal areas.

From these estimates it was possible to compute the maximum pithead price at which Community coal would be competitive *vis-à-vis* imported sources of energy in the different consumer sectors and regions. A demand curve was then plotted for the production of each Community coalfield, showing what tonnages would be marketable at each price level. By comparing this with a supply curve worked out from the cost curve described on an earlier page, it was possible to calculate the competitive production volume *vis-à-vis* imported coal and petroleum products.

178. Several variants of this calculation were effected, in line with the possibility of duties being imposed on energy imports or of Community coal being subsidized, separate calculations being made for various levels of duty or subsidy. Incidentally, it will be seen at once that the consumer's choice as between Community and imported energy is influenced in precisely the same degree whether it is a duty or a subsidy that is introduced, provided the amount per ton hard-coal equivalent is the same, so that the variants indicated in Tables 28 and 29 may be interpreted in terms of either.

Pricing may be effected on different principles in a particular coalfield. Assuming a single selling price per coalfield for each type of coal (see below), we may theoretically suppose that price to represent either the production

costs of the marginal pit or the average production costs for the coalfield as a whole (in practice it would appear to be usually somewhere in between).

On this basis, calculations were made, firstly, of the amounts of Community coal it would be possible to sell in competition with imported energy in various hypothesized circumstances, and secondly, of the Community energy position as a whole in 1970 and in 1975 in the same circumstances.

Outlook for disposals of Community coal

179. Tables 28 and 29 show various possibilities, based on full costs, as to the disposals position for Community coal in 1970. Each variant is defined by the two values of parameters v and f , representing, for imported steam-raising coal and coking fines respectively, the c.i.f. import price plus the amount of assistance given, whether via duty or via subsidy.

TABLE 28

Sale at Marginal Cost, 1970

('000,000 metric tons)

	Coking	Steam-raising	Anthracite	Total sales to consumers	Collieries' own consumption	Total disposals
Variant A, $v = 13$, $f = 15$	—	—	—	—	—	125
Variant B, $v = 15$, $f = 17$	74	69	16	159	5	164
Variant C, $v = 16$, $f = 18$	75	85	16	176	5	181
Variant D, $v = 18$, $f = 20$	77	119	16	212	6	218

N.B. These figures are based on full costs. Based on contraction costs, they work out appreciably higher, especially in cases A and B.

TABLE 29
Sale at Average Cost, 1970

('000,000 metric tons)

	Coking	Steam-raising	Anthracite	Total sales to consumers	Collieries' own consumption	Total disposals
Variant A, $v = 13$, $f = 15$	—	—	—	—	—	135
Variant B, $v = 15$, $f = 17$	74	81	16	171	5	176
Variant C, $v = 16$, $f = 18$	76	117	16	209	6	215
Variant D, $v = 18$, $f = 20$	78	126	16	220	7	227

N.B. These figures are based on full costs. Based on contraction costs, they work out appreciably higher, especially in cases A and B.

Four values have been selected for v , namely \$13, \$15, \$16 and \$18 per metric ton hard-coal equivalent. As was mentioned earlier, the most probable levels for v and f are \$13 and \$15 respectively, so that variants B, C and D represent assistance of \$2, \$3 and \$5 per metric ton.

Three main points emerge:

- (a) without assistance, the level of possible disposals is little more than half the present production of the Community coalfields, all of which, be it noted, enjoy a certain measure of protection;
- (b) assistance of something like \$5 per ton would be needed to enable approximately the same amounts to be sold as today (and even then there would not be much improvement in disposals of coking coal, practically the whole increase being for steam-raising coal);
- (c) the amounts are a good deal larger given sales at average cost, as there the profits of the more productive pits serve to offset the losses of the less productive, and so maintain the financial balance of the coalfield as a whole.

180. These tables and observations are for 1970. Similar calculations could be made for 1965 and 1975, but are not given, for the following reasons.

In 1965, the factors of inertia referred to earlier may be presumed to be still well in evidence, so that the amounts of Community coal likely to sell will be in practice appreciably larger than those which would be arrived at by calculation strictly along the lines described.

For 1975 the line of calculation has about the same validity as for 1970. In the interests of brevity, it is not proposed to give the results in full detail, but in outline they were as follows.

As compared with 1970, two factors will by 1975 be operating in opposite directions:

- (a) the upward trend in the costs of Community coal as against a comparative stability of the prices of imported products will result in the indifference lines—along which the consumer pays the same price for indigenous and for imported coal—shifting closer to the production centres;
- (b) in consequence of the all-round rise in demand, the requirements of consumers close to the pits will be increasing.

It is calculated that between 1970 and 1975 these two factors will approximately balance out: the shrinkage in the actual area of each coalfield's market will be offset by more concentrated consumption of energy within that area, so that the tonnages it will be possible to sell according to each variant will be much the same in both years.

It should be emphasized that these calculations are based on full costs, *i.e.* they represent the disposals potential of each coalfield assuming that the corresponding production capacity has to be maintained over a long, or longish, period. Calculating on the basis of contraction costs, we obtain considerably higher disposal levels (the difference between full and contraction costs amounting to from \$1 to \$3, according to colliery), but in the case of some

pits this would imply counting on the likelihood of their closure in the near future. The fact is that calculations should not be based on the production or disposals level for any one year, but on a comprehensive assessment of the production trend over some 15 years ahead. This method is to be adopted in the preparation of the General Objectives for Coal.

Overall Community energy balance-sheet

181. On the basis of the foregoing, it is possible to work out a rough picture of the Community's energy position in 1970 and in 1975. The fact that the tables show upper and lower limits is due principally to the uncertainty as to the level of coal production. Some major points, however, at once emerge:

- (a) the share of coal in the Community's total supply of energy will shrink from 54 % in 1960 to about 35 % in 1970 and less than 30 % in 1975, the actual tonnage remaining approximately the same;
- (b) the share of petroleum products will increase from 25 % to about 50 %;
- (c) the share of the other energy sources (brown coal, natural gas, hydro power) will remain about the same, at 20 %;
- (d) the absolute amounts of nuclear energy produced will by 1975 be substantial, but its share will still be small;
- (e) there will be a steep rise in the proportion of imports, from 27 % in 1960 to over 50 % in 1970, and still more as time goes on.

TABLE 30
Energy Supply Pattern of the Community, 1960

('000,000 m.t. H.C.E.)

	Community production	Net imports (and stock changes)	Total
Hard coal	235	13	248
Brown coal	29	4	33
Oil	17	106	123
Natural gas	14	—	14
Hydro power	41	2	43
Nuclear energy	—	—	—
Total	336	125	461

(%)

Hard coal	51	3	54
Brown coal	6	1	7
Oil	4	23	27
Natural gas	3	—	3
Hydro power	9	—	9
Nuclear energy	—	—	—
Total	73	27	100

TABLE 31
Energy Supply Pattern of the Community, 1970

('000,000 m.t. H.C.E.)

	Community production	Imports	Total
Hard coal	125-225	110-30	235-255
Brown coal	32	—	32
Oil	20	310-286	330-306
Natural gas	33	8-12	41-45
Hydro power	54	—	54
Nuclear energy	8	—	8
Total	272-372	328-428	700

(%)

Hard coal	18-32	15-4	33-36
Brown coal	5	—	5
Oil	3	45-42	48-45
Natural gas	5	1	6
Hydro power	7	—	7
Nuclear energy	1	—	1
Total	39-53	47-61	100

N.B. These figures assume parity of the c.i.f. prices per metric ton hard-coal equivalent as between imported coal and fuel-oil.

TABLE 32

Energy Supply Pattern of the Community, 1975

('000,000 m.t. H.C.E.)

	Community production	Imports	Total
Hard coal	125-200	100-40	225-240
Brown coal	34	—	34
Oil	20	418-369	389-438
Natural gas	44-56	20-26	64-82
Hydro power	62	—	62
Nuclear energy	24-40	—	24-40
Total	309-412	538-435	847

(%)

Hard coal	15-23	11-5	26-28
Brown coal	4	—	4
Oil	2	50-44	52-46
Natural gas	5-7	3	8-10
Hydro power	7	—	7
Nuclear energy	3-5	—	3-5
Total	36-48	64-52	100

Accuracy of these calculations

182. At each stage in the computations leading up to the results just indicated, various factors of uncertainty were involved, the net implications of which for the ultimate findings are briefly outlined below.

The uncertainties concerned in particular the prospects of expansion and the rate and forms of technological progress.

The rate of general economic growth which was assumed for the purpose of these calculations was that which appears most probable today in the foreseeable economic and political context. It may well, however, be somewhat faster or, very possibly, somewhat slower, which

would affect both the movement of demand and the upward trend in real wages, especially in the coalmining industry. Also, little is known as yet regarding the ways in which expansion will take place, and, particularly, the comparative rates of growth in the different sectors of the economy. And finally, information concerning regional expansion is scanty, and the hypothesis of homothetical development will certainly have to be adjusted when fuller details are available.

The question of technological progress affects the calculations at two major points, namely the estimation of future energy requirements and of productivity increases in the coalmining industry.

The combination of these uncertainties has the following main effects.

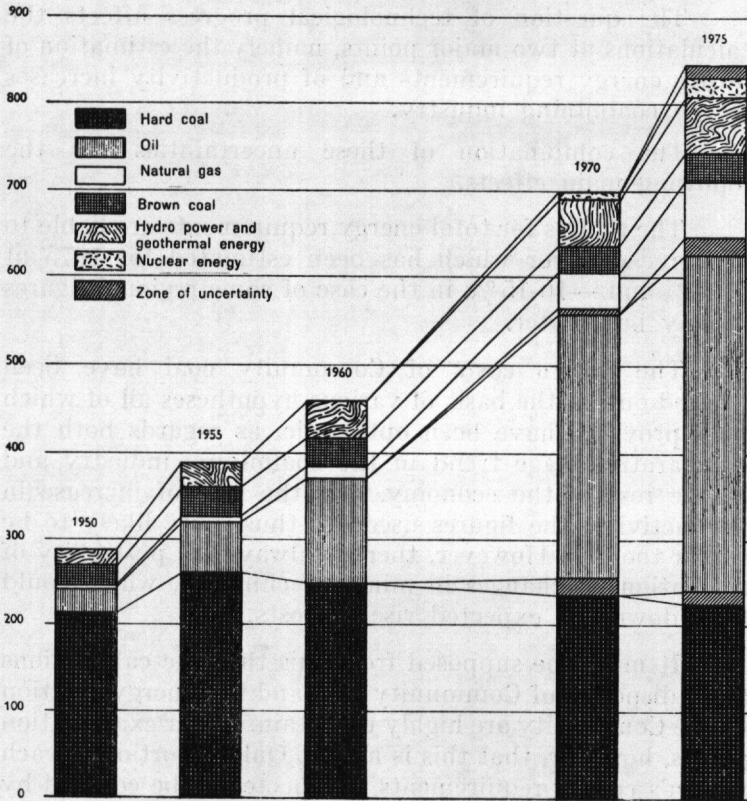
The figures for total energy requirements are liable to a degree of error which has been estimated for 1975 at +10% and -10-15%; in the case of some regional figures it may be greater.

The future costs of Community coal have been worked out on the basis of various hypotheses all of which may prove to have been optimistic, as regards both the comparative wage trend in the coalmining industry and in the rest of the economy, and the rate of increase in productivity; the figures used are thus quite likely to be rather too low. However, there is always the possibility of revolutionary changes in mining techniques, which could slow down the expected rise in costs.

It might be supposed from this that the calculations as to disposals of Community coal and the energy position of the Community are highly uncertain. Closer examination shows, however, that this is not so. Only a portion of each region's energy requirements is expected to be covered by Community coal, so that miscalculation of these requirements would not affect the disposals in question much, if at all. Moreover, generally speaking, there is a very marked contraction of the coal industry's sales outlets to the areas close to the collieries, and

GRAPH No. 4

Changes in the Energy Supply Pattern of the Community, 1950-1975
 ('000,000 metric tons hard-coal equivalent)



minor changes in costs would not alter the situation to any really considerable extent. The effects of any such change can, besides, be easily assessed since the precaution has been taken of working out several variants. All in all, therefore, the general structure of the balance-sheet suggested may be considered highly probable.

183. Two immediate conclusions may be drawn.

Firstly, it is essential that further studies should be conducted on two aspects, the outlook regarding economic expansion, viewed in a longer perspective and taken region by region and sector by sector, and the march of technological progress — on which economic expansion is in fact dependent — in both the energy-consuming and the energy-producing sectors, including more particularly the coalmining industry. The High Authority intends to do its utmost in this respect, by co-operating to the maximum on existing study projects and by arranging for new ones to be undertaken, both by its own departments and by the appropriate outside bodies, public and private.

Secondly, the basic findings indicated above may be considered pretty well established, namely that

- (1) the tonnage of Community coal which will be competitive unaided in 1970 will be considerably less than that produced today;
- (2) the share of imported energy, and in particular of crude oil, in the Community's energy supplies will increase by leaps and bounds.

This state of affairs presents a number of problems from the point of view of a long-term energy balance, which are described below.

MAIN PROBLEMS CONCERNING LONG-TERM ENERGY BALANCE

184. The figures just given for 1970 and 1975 serve to highlight certain major problems:

- (a) given the comparatively small amounts of Community coal which are expected to be competitive, unassisted, by then, it is necessary to study in what way, and to what effect, arrangements could be made to furnish assistance for Community coal so as to keep production and sales at a higher level;
- (b) since both absolutely and proportionately the volume of imports is certain to increase rapidly, very thorough study must be given to the question of security of supply;
- (c) it must be examined how far these larger imports can be paid for without incurring serious balance-of-payments difficulties;
- (d) the steep rise in productivity expected in the coal-mining industry in combination with the likelihood of production cutbacks must inevitably mean a fairly rapid scaling-down of the labour force, which will raise certain social and regional problems;
- (e) the whole study was based on the assumption of steady expansion, but it must be borne in mind that the forecasts may always be upset by switches in market trends.

These points are gone into below in turn, with the exception of the manpower question, which will be examined in particular detail in connection with the preparation of the General Objectives for Coal.¹⁾

Forms and cost of assistance for Community coal

185. The aim in providing assistance for Community coal is to reduce the disparity, at the consumer's end, between the price of that coal and the price of imported energy, so as to enable more Community coal to be sold. There are several possible ways of doing this:

¹⁾ See Nos. 381 and 382 below.

- (a) by imposing a duty, thus making imported energy more expensive;
- (b) by subsidizing production, thus making Community coal cheaper. The subsidy could be either payable at a flat rate for all the collieries of a given coalfield (or possibly of all coalfields), equal to the difference between the sale price and the costs of the marginal pit (*i.e.* the highest-cost pit in production), or differentiated pit by pit, so as to represent the difference between the sale price for the coalfield and the production costs of the particular pit concerned;
- (c) by subsidizing consumption, so that consumers would pay the same for Community coal as for imported fuels.

186. Each of these systems produces a whole series of complex effects: we are here concerned only to give a rough picture as indicated by an examination of the main phenomena involved. For example, assistance enabling approximately 180 million metric tons to be marketed instead of the strictly competitive nucleus of 125 million would amount to about \$3 per marginal ton in the case of sale at marginal cost, and \$2 in the case of sale at the average cost of the coalfield.

One very important preliminary point must be underlined: whatever the system of assistance adopted, the basic cost to the economy as a whole is the result of producing at, say, \$14 a ton (delivered consumer) a product which could be imported and paid for by the export of goods manufactured at a cost of, say, \$13 a ton. The cost to the economy would then be \$1 per protected or subsidized ton.

Thus as regards coal production, subsidization and protection place the same burden on the economy, inasmuch as they serve to keep artificially tied up in the collieries equipment, manpower and capital that could be used to better advantage elsewhere. The cost to the economy of marketing 180 million tons instead of 125 would work out at about \$120 million a year.

From this gross cost should be deducted any costs incurred as a result of unorganized contraction of production and injudicious redevelopment. These latter costs, however, tend to cancel one another out after a period of years.

This cost to the economy must not be confused with the subsidies themselves (see below).

187. Besides placing a heavier burden on the economy, a policy of assistance for Community coal would have a number of other effects varying according to the type of arrangement adopted.

Tariff protection sends up the price of imported energy, and hence the level of pithead prices at which Community coal can be marketed. At the same time, it furnishes a guaranteed extra profit on all other internally-produced energy, thus making prices higher for the consumer all round. This effect can be partially prevented by using the revenues from the import duty to bring down energy prices by a general subsidy in respect of all fuels, which leaves their competitive position *vis-à-vis* one another unchanged.

Subsidization does at least in no circumstances involve making a present of extra profit to the producers of energy other than coal. Even so, where the subsidy is payable at a flat rate per ton produced, it has to be so fixed as to secure the sale of the highest-cost ton to be kept in the market, so that it too affords a guaranteed profit to other coal producers in a better competitive position. Where it is selective—that is, designed purely to make up the difference between each producer's actual competitive position and what his position would need to be to enable him to market his production in competition with the other energy sources—guaranteed extra profits for coal producers are eliminated. Thus selective subsidization does not entail the risk of unwanted side-effects additional to the main purpose of simply spreading the burden to the economy of maintaining a volume of coal production larger than the competitive nucleus.

This is why, in the example given, the subsidy would work out, for sale at marginal cost, at \$540 million if granted on a flat-rate basis and \$340 million if differentiated; incidentally, it is worth noting that a flat-rate subsidy with sale at average cost would also come to round about \$330 million.

188. As regards workability, tariff protection has the advantage of simplicity. Furthermore, if properly coordinated, it does not interfere with competition among the Community collieries themselves. Protection by means of consumption taxes is a rather more complicated matter, since it presupposes that products of outside origin should be readily identifiable, and so requires a particular import and market pattern. Accordingly, while feasible with regard to petroleum products, it would be more difficult in the case of coal.

Flat-rate subsidization is also a fairly simple system. On the face of it, differentiated subsidization is not. If it is not to have the effect of impairing competition, and more particularly of hampering rationalization and reorganization, either intricate financial arrangements have to be instituted, or the market organization must be such as to supplement and reinforce it by enabling control to be exerted over the relation of the subsidies to the implementation of the reorganization programmes. In more concrete terms, if the subsidies are to stand in the correct relation to a reorganization programme, it is necessary that the administrative arrangements should be to some extent centralized (nationalized collieries, co-operative rationalization schemes, selling agencies). Much the same is true of subsidization with sale at average cost.

In sum, these being the characteristics of the two systems, protection and subsidization, as regards their economic effects and workability, the conclusion must be that the system most appropriate to an open market aimed at ensuring cheap energy—the obvious choice in view of that quantitative ratio of imported to internally produced energy—is a system of subsidization, direct or indirect, accompanied if necessary by a moderate duty.

Security of supply

189. As we have seen, by 1970 between 47% and 61% of requirements will be covered by imports, and by 1975 a slightly higher proportion still in line with the continuing rise in corresponding requirements after 1970; only after 1980 will expanding nuclear production bring a turnaround.

Actually, underlying these overall figures are very considerable differences according to the uses to which energy is put (see Table 33). The requirements of the iron and steel industry could be covered about 80% given assistance for Community coal at a rate of \$2-3 per marginal ton. About 40% of the requirements for electricity generation could be met from hydro power, brown coal and nuclear energy, so that with the thermal power-stations fuelled with Community coal, approximately two-thirds of requirements might be met from indigenous sources. The major portion of the fuel requirements of the "other industries" and household sectors will have to be imported, and practically the whole of the requirements in motor spirit.

TABLE 33

Coverage of Requirements from Indigenous and Imported Sources

	1970				1975			
	A	B	C1	C2	A	B	C1	C2
	('000,000 m.t. H.C.E.)		(%)		('000,000 m.t. H.C.E.)		(%)	
Motor fuels	95	5	95	95	126	6	95	95
Iron and steel industry (Community require- ments)	61	30-52	15	50	66	30-52	21	55
Electricity generation	212	120-160	24	44	282	140-190	34	50
Miscellaneous require- ments	332	115-158	52	65	373	134-167	55	64
Total.	700	270-375	47	61	847	310-415	51	64

A = total requirements.

B = requirements covered by Community production.

C1 = percentage of requirements covered by imports (lower limit).

C2 = percentage of requirements covered by imports (upper limit).

190. The flow of supplies from outside is liable to two risks, the first as to tonnage, and the second and much the more important as to price.

The main risk of a rise in prices is in the case of crude oil. Crude-oil prices include the royalties and taxes payable to the Governments of the producer countries, which may well bring pressure to bear in the future to secure a larger share of the proceeds. This risk is the greater inasmuch as the supply is concentrated in a small number of countries all in the same part of the world.

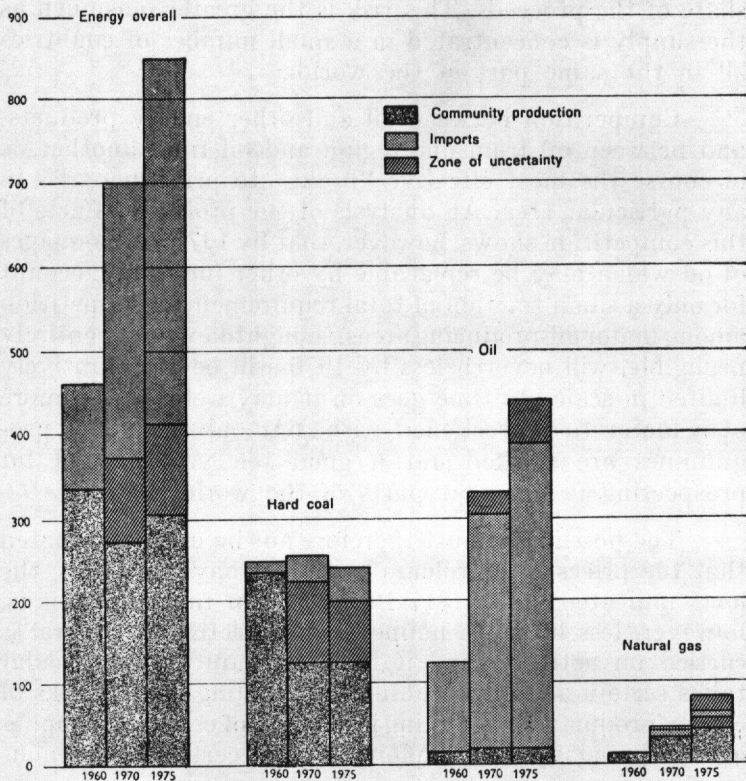
Competition between oil and other energy products, and between oil from one region and oil from another, is of course the most effective "brake" to price increases in any particular area. An analysis of the probable effects of this competition shows, however, that by 1970, the tonnages of oil which may be replacable by other fuels will account for only a small fraction of total requirements. Competition among major oil-producing areas, though likewise not entirely negligible, will nevertheless by 1970 still be comparatively limited in scale. As time goes on it may well become more of a factor to be reckoned with, but only provided programmes are worked out a good ten years ahead for prospecting in different parts of the world.

The possibility must therefore not be under-estimated that the prices of petroleum products may rise above the level indicated above (\$17-19 per ton of fuel oil). This is, however, less likely to happen if prospecting in general is carried on actively, and if the Community in particular takes certain action, including the building up of stocks of energy products, diversifying its sources of crude-oil supplies and stepping up the exploitation of certain indigenous oil resources.

As regards stockbuilding, the scope for manoeuvre is primarily in respect of Community coal, the production costs of the highest-cost tonnages of which were analysed earlier, and nuclear energy, a longer term prospect since it cannot be expected to play much part in supplying the Community's needs until after 1975.

GRAPH No. 5

Coverage of Community Requirements from Indigenous and Imported Sources,
1960, 1970 and 1975
(*000,000 metric tons hard-coal equivalent)



N.B.

The zones of uncertainty for the different products are to some extent interdependent, so that that indicated under "energy overall" does not simply represent the aggregate.

Stockbuilding within the Community itself is a helpful means of coping with any momentary stoppage or shrinkage of supplies from particular sources, and also affords a breathing-space for taking other steps to counter difficulties over tonnages and/or prices; its effects are, however, naturally purely temporary.

191. A policy of *diversifying sources of supply* is not a new idea in itself: the oil companies themselves carry on prospecting in various parts of the world, offering prospects for discovering valuable new oil deposits.

At present one notable element in security of supply is the still unworked production potential of the United States. However, in view of the results of prospecting operations there in the last ten years and of the outlook as to demand, it is considered that this will steadily contract both absolutely and, still more, proportionately.

To be sure of adequate "security" reserves commensurate with future requirements, it will be necessary to push ahead very actively with prospecting and development operations. One of the objectives of Community oil policy must therefore be to devise and introduce arrangements for improving security of supply and preventing unjustified increases in oil prices.

Energy imports and the balance of payments

192. In 1960, net energy imports accounted for approximately 7% of total Community imports from the rest of the world. In the years ahead, the Community's energy requirements will increase more slowly than gross national product, but its energy imports will increase appreciably faster: assuming, as seems reasonable, that the total volume of external trade will rise in step with G.N.P. and that the energy imported will be shipped in Community bottoms, energy imports in 1970 may be expected to amount to between 11% and 14.5% of total imports. Though well above the present figures, these

percentages are nevertheless quite moderate, and indeed lower, for the Community overall, than the current national percentages for France and Italy.

CONCLUDING REMARKS

193. Each margin of error and source of uncertainty was carefully noted, and as far as possible evaluated, at the various stages of these studies. Many of the figures arrived at must be regarded as approximations rather than as definite values.

This circumspection was essential in a study involving highly complex and in many cases chancy factors. So far from weakening the conclusions, however, it gives added weight to some of the findings, in the light of which it is now possible to isolate the problems on which energy policy must be primarily concentrated, and to gauge the effects of the measures which that policy might comprise.

194. Given the rapid growth forecast for the Community economy (4.6% per annum in G.N.P.), total energy requirements may be expected to increase by about 4% per annum, from 460 million metric tons hard-coal equivalent in 1960 to 700 million in 1970 and almost 850 million in 1975.

By 1970 barely one-third of the requirements will be met by coal. The share of Community coal, therefore, will shrink, even if the present volume of production is maintained, from 45% today to 33% in 1970 and 27% in 1975.

Even with Community production of other energy sources expanding, more and more of the requirements will have to be covered by imports, mainly of crude oil. These imports will increase in amount (hence the need to secure a supply potential of an adequate scale), and also in proportion to requirements as a whole, from one-third today to over half in 1970: this will make the question of security and stability of supply (tonnages and prices) even more important.

The competitive capacity of the Community collieries is much diminished even today, with the prices of the rival products, imported coal and fuel oil, at their present level.

Admittedly they can be said to be competing under disadvantageous conditions, owing in part, very definitely, to the disparate rules of competition in the respective markets, and also doubtless to the industry's own contraction costs. Moreover, some of the ultra-low prices quoted in the last few years for the imported fuels may be regarded as exceptional.

Nevertheless, even should these inequalities be corrected, and should more normal market conditions return, with a certain hardening of the prices of the imported products, there seems no prospect of a long-term improvement in the competitive position of Community coal, since even on the assumption of a rapid rise (70% over 15 years) in underground O.M.S. the expected movement of wages is bound to drive up costs.

Given the divergent trend in the c.i.f. prices of imported fuels and the production costs of Community coal, notwithstanding the increase in energy requirements the tonnage of Community coal which will be competitive without assistance of any kind will amount to not much more than half present production.

This calculation—a rough but a reasonable estimate—could be discounted only

- (a) if it were possible to scrap the already optimistic hypothesis as to the productivity trend in favour of one assuming revolutionary innovations in coal-winning techniques;
- (b) if the Community were to adopt no policy at all concerning oil prospecting and supply, and thereby leave oil prices wide open to the long-term political risks.

In view, then, of all that is involved—the security factors, the social and regional considerations, and the hazards inherent in a market comprising such uncertain

political elements—it is felt to be right and proper that the collieries should be given assistance in order to enable them to produce and sell more coal than they could do competitively in strictly economic terms.

195. These basic points emerging as to the long-term energy outlook for the Community serve to elucidate and clarify the findings of the Memorandum on Energy Policy.

Section 3: The Memorandum on Energy Policy

INTRODUCTION

196. The establishment of the Common Market necessitates bringing the member States' economic policies progressively more into line with one another. Of these, energy policy is of special importance, owing in particular to the following circumstances:

- (a) energy plays a part in practically all economic activities, and any interruption of the supply would have very serious consequences;
- (b) the cost of energy is one of the major factors¹⁾ determining a country's international competitive position and the location of industry;
- (c) the coal industry has one of the largest labour forces of any industry in the Community, and a number of densely-populated industrial areas are dependent on it for their well-being.

¹⁾ It has been frequently asserted that the average proportion represented by energy in the prices of industrial products is too small—3-4%—to constitute a real competitive advantage. In point of fact, however, account should be taken not merely of the energy consumed directly by each enterprise, as in this calculation, but also of the energy which has gone into the basic and semi-finished products employed. This brings the percentages for some sectors a good deal higher—over 25% in the iron and steel industry, 20% in the non-ferrous-metals industry, 10-15% in the chemical industry, and even in a manufacturing industry, such as mechanical engineering, as much as 8%.

197. The Community countries have adopted different and often conflicting positions with regard to energy problems: the task of the European Institutions is to define the principles of a common energy policy such as will best meet the general needs of the European economy. The recent success in reaching agreement on a common agricultural policy showed it to be possible, even in a field where adaptation is decidedly difficult, to obtain unanimous agreement among the member States both on the objectives and on the means to attain these. What has been done in the agricultural sector should be possible in the energy sector, in which a common policy also needs to be defined.

198. The purpose of this Memorandum is to lay down what the general drift of Community energy policy might suitably be. The Memorandum follows on from the two Reports earlier submitted to the member States by the Inter-Executive Working Party on Energy: the first of these, in March 1960, suggested a procedure for co-ordinating national policies, and the second, in January 1961, proposed a number of steps to be taken forthwith. It is now felt that the time has come to launch on a further stage and define the aims and objects of a common policy and ways and means for its implementation. This entails laying down both long-term objectives and transitional provisions to enable the national policies to be gradually merged into one.

199. The principles which should underlie a common energy policy have been the subject of many debates. The European Parliament in its Resolution of February 20, 1962, listed them as follows:

- (a) cheapness of supply;
- (b) security of supply;
- (c) progressivity of substitution;
- (d) long-term stability of supply;
- (e) freedom of choice for the consumer;
- (f) a single Common Market.

200. With the same general end in view, and seeking to establish a just balance among these principles, the Ministers of the six countries, meeting in Rome, on April 5, 1962, instructed the Executives to submit to the Council of Ministers within two months proposals for the definition of an energy policy.

It was specified

- (a) that the proposals should be based on the foreseeable trend in the energy economy of the Six, *i.e.* that they must make due allowance for
 - (i) the increasing demand for energy,
 - (ii) the increasing proportion of imported energy,
 - (iii) the need to adjust internal sources of energy to the situation caused by the lower price of imported energy;
- (b) that the proposals should centre on the introduction of a common energy policy covering all the economic areas of the Community and all sources of energy,
 - (i) the object of this policy to be the progressive establishment of a Common Market for energy which, with harmonization of the rules of competition and of legislation having a bearing on conditions of competition, and with a consistent trade and supply policy, will be an open market, *i.e.* one in which energy will be available at the lowest possible price and there will be free movement of energy products, and
 - (ii) special measures to be framed and authorized to ensure that the circumstances prevailing in the different areas and the means of action adopted are progressively adjusted to conditions in a single open Common Market for energy, in accordance with a single common policy.

201. Our concern must now be to build up from these principles a practical energy policy—that is, a series of measures which as they are progressively introduced in the

different member States will constitute the most effective combination possible of the principles so defined.

POSITION AND OUTLOOK

202. The Community's energy requirements are increasing rapidly: they rose from 290 million metric tons hard-coal equivalent in 1950 to 470 million in 1960, and if economic expansion continues at a satisfactory rate they will be in the region of 700 million by 1970 and 800 million by 1975. This is, of course, provided that supplies are available in sufficient amounts and at reasonable prices, which means that steps will have to be taken to ensure that they are.

203. In view of the comparative price trend for the different forms of energy, and more particularly of the relative fall in the prices of petroleum products as against those of coal, it would be unrealistic to envisage a total coal production rising above the present level. On the contrary, coal production is more likely to be progressively scaled down by the closure of the least economic pits (though see our observations on a later page concerning possible assistance for Community production). The other traditional internal sources of energy—with the possible exception of natural gas—are not such as could be developed to any significant extent in comparison with the rapid expansion of energy requirements. The increase in consumption will therefore be largely in that of oil and possibly of American coal, pending the juncture at which nuclear energy can begin to play a growing role, from about 1970.

204. Whereas in 1950 coal was used to meet 70% of the energy requirements of the countries now forming the European Community, by 1960 its share was only 52%, and by 1970 it will in all probability not exceed 35%. Over the same period, oil consumption rose from 10% in 1950 to 30% in 1960, and may be expected to reach about 50% in 1970. The process of substitution has been swiftest in the case of the thermal uses of energy in industry: whereas

in 1950 only 12% of the energy consumed by industry was represented by oil, in 1960 the figure was close on 40%, and the proportion seems certain to continue rising rapidly in the years ahead. It is the industrial sectors that are most vitally concerned to be able to secure cheap supplies of energy.

205. The implications of this trend are two in number. Firstly, the price of imported energy will be the most important element in determining the cost of energy in the Community. Secondly, the problem of security of supply will arise chiefly in regard to oil. A variation of a few million tons, or even of tens of millions of tons, in the production of steam-raising coal would not appreciably affect the degree of security. This being so, it would not be justified to align the prices of petroleum products on those of coal, or to restrict the expansion of oil by measures designed to raise its price.

206. Intensive prospecting within Europe will no doubt lead to the opening-up of fairly substantial reserves of oil and natural gas, but these will cover only a limited proportion of the requirements: very much the larger share of the demand—and an increasing share at that—will have to be met by procurements from other parts of the world. Since the end of the Second World War, the Middle East, with its huge reserves and low extraction costs, has become the Community's main source of imports, and will remain so for a long time to come, although the resources recently discovered in North Africa and the continuance of prospecting operations there are of importance first and foremost to the European market. At all events, special attention needs to be given to the price and security problems arising in connection with imports from the Middle East.

A. *Prices of crude oil and refinery products*

207. Proven Middle East reserves are calculated at 26,000 million recoverable tons, representing two-thirds of world

availabilities today and a hundred years' production at the present rate there; there is every indication that in 1975 they will still represent fifty years' production at the 1975 rate if we include not only proven but also probable reserves and assume that further large deposits will be discovered. Subject to what has been said in regard to prices, we can, then, accept as a fact that there are in this area very substantial reserves which would cover a considerable proportion of the growing world demand for oil for a long time to come.

208. The actual prices charged for Europe-bound oil are at present well below the posted prices: it is quite common for the producer companies to allow independent operators 15-20% rebates on their posted prices. Sales by integrated companies to their subsidiaries are still often at the official prices, but the reductions which the subsidiaries are obliged to grant in the markets of the consumer countries are round about the same as those allowed to independents on sales of crude. These actual prices are such that demand can be met in full and the petroleum companies are able to cover the whole of their costs (including prospecting and investment programmes), which they consider today to be normal.

209. In the future, extraction costs will tend to rise as the deposits are worked out, but thanks to technical progress and increased production it should be possible to effect substantial savings. The use of larger tankers will also make for considerable savings on transport. The two opposing trends will thus tend to cancel out, so that oil imports may be expected to continue for many years without any appreciable increase in technical costs.

210. The prices for crude include royalties paid to the Governments of the producer countries, which in the case of the Middle East work out at about \$5.00 per ton out of a posted price of about \$12.50. The Governments concerned have in the past always opposed reductions in the posted prices, as these would have resulted in a drop in their

revenue. There is a definite risk that in the future political pressure may be brought to bear by these countries to secure a larger share of the proceeds of the exploitation of their subsoil, although their revenue from this source has already increased considerably in recent years and will continue to rise steeply as a result of expanding production alone. Thus the royalties paid to the four main Middle East producer countries went up between 1949 and 1960 from \$136,000,000 to \$1,355,000,000.

211. The policy pursued with regard to oil prices may assume an important role. In the course of the next few years the Community will be considerably stepping up its purchases; its negotiating position *vis-à-vis* the producer countries will thus be strengthened; it would be well advised to turn down no prospective supplier and to do business with all comers. It would be still better placed if energy prices were brought closer to the real level of real production costs by the removal of part at any rate of the taxes payable on energy in the consumer countries. If, on the other hand, it were to follow a policy of aligning the price of imported energy on that of Community-mined coal, with the object of protecting the latter's sales, this would afford an excellent handle to the oil-producing countries for demanding a still larger increase in the royalties they collect.

212. When we seek to extend this analysis to the level of consumer prices, the margin of uncertainty becomes greater. For it is conceivable that the price of fuel oil—to take only the petroleum products which are in direct competition with coal—will for varying periods fall below the real long-term production costs owing to surpluses in the world market or to particularly keen competition in individual markets. This would seem to be the case at present in several European markets.

In the long term, on the other hand, if as seems likely, demand focuses more on fuel oil—this tendency is apparent even now in certain markets, where fuel oil already accounts for a high proportion of total consumption—fuel-oil prices

might go up somewhat in order to cover the production costs involved. But if the prices of crude oil do not rise, it would not appear that there can be any major movement in fuel-oil prices in the foreseeable future. This point is of importance in determining the degree of competitiveness of Community coal *vis-à-vis* fuel oil.

213. The prices of the various linked products yielded by the refining process are related to crude supply costs, and also, up to a point, inter-related. If their relations to one another and to the cost of crude are to be satisfactory, they will need to be harmonized throughout the Community, though with due regard to the product pattern of the markets in the different areas. This will entail, firstly, the introduction of free movement of all products among the member States, and secondly, thoroughgoing harmonization of the rules of competition and of legislation having a bearing on conditions of competition. Moreover, to avoid distortion of competition among the consumer industries, the specific consumption taxes on fuel oil will have to be unified; in consequence, efforts will need to be made to secure a certain harmonization of specific consumption taxes on motor spirits.

B. *Security of supply*

214. Security of supply is a concept which is found in a variety of forms and has been interpreted in a variety of ways. It is difficult to make any plans for action in the event of a general outbreak of hostilities, since presumably neither the Community coalmining industry nor the flow of supplies from outside would escape the consequences. For practical purposes, the only problems as regards security are, firstly, the risk of political disturbances in certain oil-producing areas, which might result in the partial interruption of supplies for a time (possibly quite a long time), and secondly, the risk of an artificially-induced rise in prices.

215. The Report of the European Parliament's Energy Committee notes it to be desirable, in the interests of greater security of supply,

- (a) that supply zones should be decentralized and diversified in so far as this is geographically possible;
- (b) that certain price margins should be accepted, to finance the holding of reasonable stocks and to ensure access to sources which, though not always the most economic, would serve a useful purpose in connection with the objective referred to, of dispersing sources of supply and reducing the political risks;
- (c) that complete dependence on outside supplies should be avoided, and that accordingly arrangements should be made to see that in any event energy requirements are partly covered by intra-Community resources.

216. The Community's production of coal, and more especially of coking coal, is an element in its security of supply. Even though that production is to contract in the next few years, care should be taken to ensure that the contraction is not so great as to prejudice security (while bearing in mind that additional tonnages of coal can be obtained by importation in the event of a shortage). As regards oil, the security position is already considerably improved as a result of the discovery of new reserves in all parts of the world, and of the fact that there is a surplus both of production capacity and of transport capacity. Finally, long-term security will be further reinforced by the exploitation of the natural-gas reserves recently opened up in Europe and in the Sahara, and by that of nuclear energy.

217. Generally speaking, diversification of supply is aided by the structure of the petroleum industry, whose investments are widely dispersed in the case both of prospecting operations and of production. Thus high-cost production is offset by the exploitation of low-cost deposits, the market price of oil being so fixed as to take into account the fact that diversification is necessary.

218. However, this compensation may not operate in every case: The Community's oil resources are meagre in comparison with its requirements, and production costs are often rather high compared with those of imported oil. Production has only been kept going by means of national protection, which must be progressively scrapped as the establishment of the Common Market proceeds. There are also outside sources which, though their production costs are higher than the Middle East's, might be worth consideration from the security standpoint owing to their geographical position: it may be that the relatively high production costs of the oil concerned serve to restrict their sales outlets, or that the oil is produced by non-integrated companies with no distribution network of their own. It might be to the advantage of the Community to maintain, and even to develop, these sources of supply in order to ensure effective diversification of its sources of supply. There are various steps which might be taken to stimulate production and encourage further prospecting in these areas.

219. At the same time, a drive should be undertaken to build up stocks of imported oil, to be used to tide the Community over any temporary interruption of supplies until such time as alternative flows can be expanded or started.

220. As was emphasized by the Energy Committee of the European Parliament, the problem of security is not one of tonnages only, but perhaps even more one of price.

"Bottlenecks due to temporary circumstances or to the state of the market may, of course, occur (says the Committee's Report), but these would certainly not persist for long provided there was willingness to pay high enough for alternative supplies. There is every prospect that Europe will not lack for energy in the future—but at what price?"

An adequate level of stocks coupled with an effective diversification of sources of origin should enable the Com-

munity to cover its requirements over a fairly long period. But this period would have to be long enough for the producer countries to realize the implications for their national economies of any interruption of shipments, and forgo this method of exerting pressure on prices.

C. Coal

221. Closely bound up with the security aspect is the question of procurements from the Eastern bloc. The Community cannot afford to ignore the danger which a suspension of these imports would represent for its supplies. The world is at present in a period of energy surplus, and the current level of imports from the Eastern countries is not such as to render the Community dangerously dependent. But this position might change, if certain common rules are not instituted. The member States already consult regularly concerning the tonnages of oil they specify in their trade agreements with the Eastern European countries. Steps should be taken, under the E.E.C. Treaty provisions concerning the establishment of a common commercial policy—which in view of the state of trade relations with these countries presupposes Community-level control of trade by means of a quota system—to enable an overall Community quota to be fixed.

222. As we have seen, while in 1950 70% of energy requirements were met from coal, by 1960 the proportion was only 52%.

Absolutely, coal has stood its ground better than the relative figures would suggest, since the tonnages actually produced in the Community in 1950 and 1960 were practically the same, about 230 million metric tons; in 1956, however, the figure had been 249 million.

The contraction is due to the strong pressure to which coal is exposed in competition with the other sources of energy. It is thanks to action on a broad front by the coalmining industry, the Governments and the High Authority that the effects have not been greater than they are.

The decline of coal, as is explained in the latest documents laid before the Council of Ministers, has been caused partly by technological factors and partly by the difficulty of adjustment to the lower prices of competing sources of energy.

Nevertheless, the adjustment drive undertaken by the coalmining industry has gone forward at a rate unprecedented in its history.

The following figures give some idea of the scale on which rationalization is being conducted, whether by closing uneconomic production units and abandoning uneconomic districts and seams, or by applying technically improved operating methods (mechanization, concentration, work organization).

- (1) Between 1957 and 1961, Community coal production was reduced from 249 million metric tons to 230 million, and the labour force producing it from 1,076,000 to 830,000.
- (2) Between 1957 and 1961, 104 pits in the Community were either closed altogether or taken out of operation in order to undergo concentration. This represents a reduction of one-quarter in the number of pits in operation at the beginning of the period.
- (3) Average saleable output per Community pit per day, in metric tons, moved as follows:

1953	.....	2,000
1958	.....	2,300
1961	.....	2,850

The 1961, extraction rate thus shows a 24% increase over 1958, and a 42% increase over 1953.

- (4) The proportion of Community coal won by means of fully-mechanized equipment moved as follows:

1952	.....	9.6%
1956	.....	19.8%
1959	.....	21.7%
1961	.....	40.0%

- (5) Overall underground output per man/shift rose from 1,525 kg. in 1956 to 2,111 kg. at the beginning of 1962, an increase of 38 %.

The makers of coal policy were faced with two great questions:

Will pressure of competition continue equally powerful during the next ten years?

and

Can the industry's adjustment drive be kept up at the same rate as in the past few years? And even if it is, will that be enough to ensure a ready sale for the present volume of coal production in an open energy market?

223. Since no sufficiently long-term answer can be given, two risks vitiate the prospects for maintaining an economically sound coalmining industry, characterized by some degree of stability of employment and serving to ensure some degree of regional balance.

- (a) One of these risks, that of a drift of the labour force and managerial personnel away from the mines due to doubt of the future, is already making itself felt. It is hampering full utilization of the technical capacities of the best pits, and its continuance or accentuation would, by driving up production costs, jeopardise the success of the rationalization operations.
- (b) Similarly, the fact that the future is uncertain inhibits the investment necessary to rationalization.
- (c) In certain areas whose whole economic activity centres on coalmining, adjustment is already beginning, and will continue, to result in real need for industrial redevelopment. For obvious social and economic reasons, the adjustment of the coalmining industry must be accompanied by the establishment of new activities. The initiative in this field rests, of course, with the Governments, but the Communities have various means at their command for assisting this process of redevelopment. To be deployed effectively,

these would need to be co-ordinated in line with overall directives in respect of a fairly long period ahead.

The position in face of the two questions thus posed by coal policy suggests that in an open market, short of a now unforeseeable technological revolution, nothing but assistance to European coal can prevent such a drastic shrinkage in production as would result in social and economic tensions almost too great to be borne either on the regional or even on the more general level.

It was indicated in subsection A above that, even putting things at their worst, the trend in oil prices is not of a nature to produce any fundamental change in the competitive pressure on coal.

As for American coal, given the foreseeable movement of production costs, transport costs from pithead to port, and transatlantic freight-rates, the most that can be expected is a slight rise above the present position, so that here too the pressure of competition is unlikely to undergo a major change.

In the case of European coal, the picture as regards the cost trend is briefly as follows.

Miners' wages cannot be allowed to suffer in relation to the wage levels in other sectors.

Even the most optimistic forecasts do not suggest that productivity in the coalmining industry could remain indefinitely above the average productivity in the other industries.

Taking the most likely hypotheses regarding these three factors—oil prices, American coal prices and the cost trend for European coal—we cannot hope by the seventies to have still competitive more than a nucleus representing, at a rough estimate, something like one-half of the present aggregate production.

Hence to opt for an open energy market necessitates agreeing a policy of assistance for Community coal, whereby

conditions would be established enabling larger tonnages to be sold than would find buyers on the basis of competitive capacity alone.

224. We have now, therefore, to examine the factors involved in the selection of the most appropriate system of assistance.

The course selected must serve to reduce shifts in the market pattern to a minimum, so as to cause the least possible disturbance in the relations of one type of energy to another and in the relation of the energy sector as a whole to the rest of the economy.

Several systems are possible—a system of protection, a system of subsidies, or a combination of the two.

To continue the production of coal in amounts larger than the nucleus tonnage that is truly competitive places a burden on the economy as a whole. The burden itself is the same whatever the system of assistance adopted: it is the result of producing at, say, \$15 coal which could be imported and paid for by the export of goods to the value of, say, \$13. The two forms of assistance, protection and subsidization, are two ways of spreading the burden.

Protection consists in imposing an additional charge on the cheaper fuels. It may be effected at the frontier, by way of a duty, or in the market, by way of consumption taxes. Its general effect is to increase the price payable by the energy consumer.

Subsidization consists in lowering the price of the dearer fuels. This can be done by means of either direct or indirect subsidies: indirect subsidization may be operated at any point in the production or marketing process, by easing

- (a) fiscal charges,
- (b) social charges,
- (c) wage costs,
- (d) transport costs,

(e) terms on which consumers can raise loans for equipment purposes, and so on.

At the same time, owing to its particular characteristics, each of the two systems, protection and subsidization, is liable to produce effects going beyond the original objective of merely spreading the burden which the maintenance of uncompetitive production imposes on the economy. Moreover, the two differ in various respects from the point of view of practical workability.

As regards effects on the economy, tariff protection, by pushing up all prices for internally-produced energy, furnishes not only assistance to uncompetitive coal but a guaranteed extra profit to all internal energy production. In theory, this drawback can be reduced, if not eliminated altogether, by applying protection in the form of consumption taxes on fuels of outside origin only.

Subsidization does at least in no circumstances involve making a present of extra profit to the producers of energy other than coal. Even so, where the subsidy is payable at a flat rate per ton produced, it has to be so fixed as to secure the sale of the highest-cost ton to be kept in the market, so that it too affords a guaranteed profit to other coal producers in a better competitive position. Where it is selective—that is, designed purely to make up the difference between each producer's actual competitive position and what his position would need to be to enable him to market his production in competition with the other sources of energy—guaranteed extra profits for coal producers are eliminated. Thus selective subsidization does not entail the risk of unwanted side-effects additional to the main purpose of simply spreading the burden to the economy of maintaining a volume of coal production larger than the competitive nucleus.

As regards workability, tariff protection has the advantage of simplicity. Furthermore, if properly coordinated, it does not interfere with competition among the Community collieries themselves. Protection by means of consumption taxes is a rather more complicated matter, since it presupposes that products of outside origin should

be readily identifiable, and so requires a particular import and market pattern. Accordingly, while feasible with regard to petroleum products, it would be more difficult in the case of coal.

Flat-rate subsidization is also a fairly simple system, and not calculated to cause any serious distortion in the Community collieries' competitive position *vis-à-vis* one another. On the face of it, this is not so in the case of differentiated subsidization. If it is not to have the effect of impairing competition, and more particularly of hampering rationalization and reorganization, either intricate financial arrangements have to be instituted, or the market organization must be such as to supplement and reinforce it by enabling control to be exerted over the relation of the subsidies to the implementation of the reorganization programmes. In more concrete terms, if the subsidies are to stand in the correct relation to a reorganization programme, it is necessary that the administrative arrangements should be to some extent centralized (nationalized collieries, co-operative rationalization schemes, selling agencies).

In sum, these being the characteristics of the two systems, protection and subsidization, as regards their economic effects and workability, the conclusion must be that the system most appropriate to an open market aimed at ensuring cheap energy—the obvious choice in view of the quantitative ratio of imported to internal energy—is a system of subsidization, direct or indirect, accompanied by the maintenance of moderate consumption taxes on fuel oil, as suggested on a later page.

D. Nuclear energy

225. The utilization of nuclear energy to produce electric current has now advanced beyond the experimental stage: industrial power-stations of various types with installed capacities of 150 MW or more are in service or building in a number of countries.

Thanks to unceasing research and experimentation, continuous progress is being made, as a result of which nuclear production will become competitive in a few years' time, and its cost per kWh will thereafter drop further and further below that of conventional electricity.

Even though it may not be in itself the complete answer to the problem of security of supply, nuclear energy, as it becomes available at more and more economic rates, will nevertheless be a major factor therein, particularly as stocks can easily be built up of such fissionable materials as are not found within the Community. The part played by nuclear energy in lowering prices and ensuring security of supply will be all the more considerable inasmuch as it will be used in the first instance to produce electricity, consumption of which is soaring and will continue to soar for a long time to come.

The Euratom Commission, in accordance with its task under the Treaty, has already established the Common Market for nuclear products, plant and personnel. In addition, it is doing everything in its power to encourage the development of nuclear energy, with the object of bringing the cost of the latter (particularly in connection with electricity production) down to the level, and ultimately below the level, of that of conventional energy. Research and technical development are being carried on side by side with a drive to organize and build up nuclear industries in the Community, and to train adequate numbers of nuclear technicians.

PROPOSALS FOR THE ESTABLISHMENT OF A COMMON MARKET FOR ENERGY

226. In the light of the points just set forth, the following conclusions emerge as to the practical details of a common energy policy to be instituted by stages and to be fully operative by the end of the Common Market transition period.

A. Final set-up

227. The long-term objective is to secure a flow of energy supplies at the lowest possible price, and to establish the essential pre-requisites for security of supply. This necessitates employing different methods for oil and for coal.

228. In the case of *oil*, the following arrangements are already being introduced or will have to be introduced, in accordance with the provisions of the Treaty of Rome:

- (a) free movement of crude oil and petroleum products within the Community;
- (b) unrestricted importation of crude oil and petroleum products from third countries, except from countries of the Eastern bloc (see below);
- (c) a Community quota system in respect of imports from countries of the Eastern bloc;
- (d) nil duties on crude oil in the common external tariff (List F);
- (e) low duties on petroleum products in the common external tariff (List G);
- (f) consumption taxes on fuel oil, payable at the same rate throughout the Community, the rate to be fixed at the lowest level compatible with budget considerations (perhaps in the region of \$2 per metric ton);
- (g) harmonized consumption taxes on motor spirits, to allow the refining pattern in the Community to develop in a satisfactory manner;
- (h) possible granting of concessions in respect of crude oil of Community origin and from other specified areas, in order to promote diversification of sources of supply;
- (i) a common stockbuilding policy, and harmonized statutory regulations in this connection;
- (j) publication of the prices actually charged for petroleum products, and application to the market for

petroleum products of the rules of competition laid down in the Treaty of Rome;

- (k) regular consultation between the Governments and the Commission on trends in the oil market;
- (l) regular consultation between the Governments and the Commission, based on communication by the Governments of the capital schemes planned by the oil industry and recommendations by the Commission, with a view to ensuring a balanced development of the refining, transport and distribution of petroleum products.

Where practicable, similar arrangements should be made with regard to natural gas.

229. Policy on *coal* when the final energy set-up is fully in force will be based on the following factors:

- (a) the preponderance of imported energy which will by that time have developed in the energy position of the member countries, and hence the advantage to all of having an open market for energy;
- (b) the scale and forms of the assistance which will be accorded to the Community coalmining industry.

Agreement by the Governments at the earliest possible date regarding the upper and lower limits of the assistance to be furnished to the coalmining industry under the final set-up in no way commits them to guaranteeing coal a ready market. All they will be doing will be to define the market conditions under which the producers will, as before, have to manage their affairs and try to sell their coal.

What prior agreement on these upper and lower limits does mean, on the other hand, is,

- (a) for the producers, that they are given a basis for their investment and personnel policy;
- (b) for the member countries, and more especially for the non-producer countries, that they are shown the

maximum to which they will be committing themselves by agreeing to a policy of assistance for Community collieries;

- (c) for the producer countries, that they are given a basis for their area redevelopment policies;
- (d) for the framing of coal policy, that the member countries and the High Authority have set before them the objective of the policy of rationalization and adjustment.

By agreeing on the main outlines of the coal policy to be followed under the final set-up, the Governments and the High Authority will be providing themselves with common criteria for the harmonization of the means to be employed.

230. The final arrangements in respect of coal will, then, comprise:

- (a) a system of Community assistance to internal production, which in view of the choice in favour of an open market for energy will be in the main a system of direct or indirect subsidization;
- (b) free movement of coal within the Community;
- (c) importation of coal from third countries without tariff or quota restrictions, except from countries of the Eastern bloc (see below);
- (d) a Community quota system in respect of coal from countries of the Eastern bloc;
- (e) relaxation of the mode of implementation of the provisions in Article 60 concerning publication of prices and conditions of sale, in order to arrive at equitable conditions of competition *vis-à-vis* oil;
- (f) regular consultation between the Governments and the High Authority on trends in the coal market;
- (g) definition of General Objectives and orientation of investment accordingly, as required by Articles 46 and 54 of the Treaty of Paris.

B. *Transition period*

231. Having thus established the ultimate objective, we have now to define the interim stages, in the course of which national policies will be either harmonized or superseded by Community arrangements. To this end, care will need to be taken to smooth the process of transition from one system to the other, in order to avoid any side-effects which might be prejudicial to the industries, the labour force and the regional economies of the Community.

Oil

232. In the first place, the member States should refrain from taking any new steps, or strengthening existing measures, which would run counter to common policy as framed in respect either of the final set-up or of the different stages. No other action should be taken without prior consultation with the other Governments and the Commission.

233. Taking in turn the objectives listed for the final set-up, we may envisage the following stages for their implementation.

(a) Free movement of crude oil and petroleum products within the Community

Freedom of movement is in process of establishment, and precise stages are laid down in the Treaty of Rome for the elimination of Customs duties. Certain special import arrangements will have to be remodelled or abolished. In any event, all member States are required by the end of the transition period to do away with all discriminations between nationals of member States in respect of supply and marketing conditions.

- (b) Elimination of restrictions on imports from third countries not belonging to the Eastern bloc

Most imports of crude oil and petroleum products from third countries outside the Eastern bloc are already free of restrictions. Where restrictions do exist, it is proposed that they be abolished by not later than the end of the second stage in the case of crude oil, and the end of the transition period in the case of petroleum products.

- (c) Community quotas in respect of imports from countries of the Eastern bloc

A Council of Ministers decision of July 1961 already provides for prior consultation on trade agreements. In the succeeding stage, the Council should be required to fix annually, upon the proposal of the Commission, an overall quota to be allocated in accordance with existing positions and with new needs arising. This procedure should be instituted in 1963, to enable the Council to fix the quota for 1964.

- (d) Establishment of the common external tariff for petroleum products (List G)

The common external tariff for refined products (List G) should be brought into force as soon as possible, and in any event not later than January 1, 1964, when the Protocol on mineral oils expires. The Commission, in compliance with Article 20, will be submitting proposals to the member States during 1962.

- (e) Consumption taxes

Consumption taxes on fuel oil should be reduced by stages down to the level fixed for the end of the transition period. If that level were \$2 per metric ton in the case of

fuel oil, the upper limit at the end of the second stage should be not more than \$4 per metric ton.

At the same time, the taxes on motor spirits should be progressively harmonized.

(f) Diversification of sources of supply

Products derived from crude oil of Community origin might be allowed certain concessions. These might also be granted, in full or in part, for products from other areas the sale of which the Community might wish to encourage.

(g) Stockbuilding policy

Common rules and regulations concerning stocks of crude and petroleum products are to be fixed by the Council, upon the proposal of the Commission, by the end of the second stage. These would include the laying-down of a minimum level of stocks to be held (*e.g.* 4-6 months' current consumption) and of common modes of financing them.

(h) Rules of competition

The Commission is required by Articles 85 and 86 of the Treaty to examine all "practices ... which have as their object or result the prevention, restriction or distortion of competition within the Common Market". All the rules laid down in these Articles already apply to the enterprises in the oil sector. By instituting a system of posterior publication of prices charged in the oil market, it would be possible to check effectively whether the rules were being observed.

(i) Regular consultation in market trends

A standing committee consisting of representatives of the member States and the Commission should be appointed to follow developments in the market as regards both the price trend and security of supply.

(j) Regular consultation on investment

A system is already in regular operation whereby information is exchanged on investment in connection with refining capacity and transport and distribution facilities in the oil industry. The Commission would submit recommendations to the Governments should it find that certain duplications of investment are liable to occur.

Coal

234. From the practical standpoint, the more successfully the main features of the ultimate set-up (an open market; a supply policy, more especially as regards the oil sector; subsidization) can be agreed to and defined jointly right away, the greater will be the elasticity afforded to each individual State's policy in the passage from the present situation to the situation aimed at. For, unless we have a minimum basic determination of these elements, the co-ordination of the national policies required for the establishment of a Common Market for energy cannot be planned as regards either the general lines it is to follow, the rate at which it is to take place, or the practical steps by which it is to be achieved.

Again, the more clearly the practical details of the coal policy pursued in the different member countries to effect the transition to the final set-up can be defined, the greater will be the degree of co-ordination possible between oil policy and coal policy. The suggestions outlined below have been drawn up allowing for the desiderata just listed concerning oil policy during the transition period.

235. Reverting to the various arrangements proposed for the final set-up, we may conclude that coal policy during the transition period should be as follows.

(a) Assistance for internal production

The existing systems of assistance to internal production are protective in character (duties, quotas, taxes on competing fuels, etc.). The aim should be to organize a progressive replacement of this highly-diversified system by a more homogeneous system based essentially on subsidization.

Accordingly, during the transition period there might be combined systems, *i.e.* systems offering both protection and subsidization in various forms. The timetable for petroleum products indicates 1966 as a landmark date: in that year consumption taxes on fuel oils of outside origin are to be fixed at not more than \$4 per metric ton. This might be a suitable point at which to take stock of the position regarding the development and adjustment of the energy market as a whole, a thorough and comprehensive examination being made of results to date, the effectiveness of the measures in force, the outlook in the energy market, and the means to be employed to attain the objectives adopted.

As regards the subsidization arrangements for the transition period, it will be necessary to discuss and decide before the start of the period whether the subsidies should be direct or indirect, and whether they should be payable on every ton produced or on a differentiated basis in order not to grant a guaranteed extra profit to producers who are in fact competitive (leaving on one side the question of the difference in cost between the two arrangements); also, it will have to be examined what can be done to ensure that they operate effectively, in view of the special structures of the marketing systems and organizations of all kinds already existing or necessitated by the adjustment process.

But the points should be made here and now that

- (a) the readaptation and redevelopment assistance now available should be supplemented by the payment of direct closure grants, in the form of single lump sums;
- (b) subsidies to aid sales should during the transition period be paid primarily from national sources, going over progressively to a Community basis: the fact that the Community would be furnishing additional subsidies would enable the Institutions to check direct that the subsidies as a whole were being properly and usefully employed. This supervisory activity on the part of the Institutions should be adapted to the regional structures before the commencement of the transition period, and should be conducted systematically and unremittingly. In addition, the amount of the subsidies and the subsidizable tonnages should be fixed annually, with the agreement of the Council of Ministers;
- (c) the funds for the closure grants should be furnished one-half by the Government concerned and one-half by the Community, as is already the practice in the case of readaptation and redevelopment assistance. Accordingly, it is proposed
 - (i) that a European Supporting and Redevelopment Fund for the Community energy sources should be set up, to be responsible, *inter alia*, for the Community-level financing of marketing subsidies and closure grants, and in the oil sector for promoting prospecting activities with a view to increasing security of supply. The Fund's operations, though commencing with the transition period, would continue after it;
 - (ii) that each Government should at the earliest practicable date submit to the Executives and the Council details of the measures it deems appropriate for dealing with the problems facing it in consequence of the present situation and of the situation resulting for its country from the fundamental choice it has accepted with regard to the final set-up (open market; percentage of assistance);

- (iii) that the measures and modes of implementation proposed by the Governments should be co-ordinated by the Executives and the Council prior to the commencement of the transition period, in order to ensure the maximum degree of harmonization among them and to enable Community action to be organized (additional subsidies; supervisory activities).

(b) Free movement

Free movement of coal should be established during the transition period: the greater the degree of harmonization among the individual countries' systems of assistance to production and coal import arrangements, the easier this will be.

(c) Imports from third countries not belonging to the Eastern bloc

It would be logically consistent with the progressive liberalization of imports of petroleum products, scheduled to lead on in 1966 to the abolition of quantitative restrictions on the importation of crude oil, for coal imports to be freed from quantitative restrictions at the same date.

(d) Imports from countries of the Eastern bloc

From the beginning of the transition period, an overall quota should be fixed by the Council of Ministers each year in respect of the year following.

(e) Harmonization of rules of competition

Rules of competition should be so harmonized as to permit of equitable competition from the start of the transition period.

Nuclear energy

236. With regard to nuclear energy, the Governments should

- (a) support the Euratom Commission in the stepping-up of its research and experimentation activities and of its drive to assist the industrial development of nuclear energy in the Community, as regards both the improvement of techniques already tried out at industrial level and the development of more advanced techniques enabling further progress to be made in the economic utilization of nuclear energy. The second five-year research programme just approved by the Council will mark an all-important stage in the process of equipping the nuclear industries of the Community to play the vital part they will be called upon to assume, in the interests of all, when nuclear energy becomes competitive;
- (b) refrain from any action liable to prejudice the operation of the Common Market established among the six countries in respect of nuclear products, plant and personnel, and seek instead to facilitate still further the free movement of these;
- (c) uphold the liberal policy so far pursued by the Euratom Commission with regard to the importation of nuclear products and plant from third countries, and especially of special fissionable materials. In particular, nil tariffs should be reintroduced for reactors and nuclear fuels, in order, firstly, to ensure that the Community industries enjoy the best possible supply arrangements, and secondly, to give an equal chance to the various types of installation being developed;
- (d) introduce no administrative regulations or fiscal measures calculated to check or delay the fall in the price of energy which will occur as nuclear energy becomes increasingly economic;
- (e) shoulder their respective responsibilities with regard to the development of nuclear energy.

C. Preparatory period: implementation of the proposals

237. In sum, what the Council is being asked to do is to agree to the progressive establishment of an open Common Market for energy, accompanied by a system of assistance to internal production. The establishment of this open Common Market would need to be carried through in three stages:

- (a) a preparatory period to end on January 1, 1964;
- (b) a transition period to run from January 1, 1964 to January 1, 1970;
- (c) the final period to begin on January 1, 1970.

The main features of the final period and the transition period were outlined in Section III of this Memorandum. The preparatory stage would be spent in hammering out the instruments and procedures needed for the implementation of our proposals.

Accordingly, a start should be made on seeking to obtain agreement between the Governments and the Executives on

- (1) the principle of an open Common Market for energy;
- (2) the principle and maximum amount of assistance to internal production;
- (3) the principle of a supply policy;
- (4) the principle of special measures during the transition period (if necessary on a country-by-country basis);
- (5) the timetable for the different stages and the measures in respect of oil and coal, to dovetail with the establishment of the General Common Market, the voting procedures being based on those provided for in the Treaty of Rome.

The preparatory period would end not later than January 1, 1964. By that date, the principal arrangements necessary for the transition period (Supporting Fund; special measures; detailed timetable) would have to be ready to come into operation.

CHAPTER THREE

THE COMMON MARKET FOR COAL AND STEEL

Section 1: The Trend in the Common Market for Coal and the Work of the High Authority

TREND IN THE COMMON MARKET FOR COAL

General situation

238. The movement of the coal market in 1962 was not markedly different from that in the previous year. The industrial-production index rose by about 6%, while iron and steel production remained approximately level. Coal continued hard pressed by competition from other energy sources.

The Community coal position moved as follows. Total supply remained the same, the decrease in indigenous production being offset by the increase in imports. Demand was higher than in 1961, owing to a rise in the requirements of the household and power-station sectors, largely in consequence of weather conditions: the need to continue heating well into the spring caused a rise in domestic consumption and a reduction in dealers' stocks. Below-average water run-off resulted in increased consumption by the thermal power-stations: the amount of the increase is difficult to compute with accuracy, but is generally estimated at between five and six million metric tons.

Apart from these exceptional circumstances, seen purely economically and technically, coal consumption is gradually declining at about 2% a year. Given average weather conditions, the demand for coal is increasing only in one sector, namely the thermal power-stations; it remains steady in the household sector, and is falling on all other fronts, including carbonization. In the carbonization sector consumption of coal is being affected by the levelling-off in steel production and the technological improvements in blast-furnace operating conditions.

239. The balance-sheet for 1961 showed a decrease of 2,800,000 metric tons in pithead stocks of hard coal. In 1962, the position was expected to remain more or less unchanged, but in fact temperature and water run-off conditions resulted in a rundown of something like 8 million tons, so that at the end of the year producers' stocks of hard coal amounted to only 16,800,000 tons, importers holding a further 5,200,000. Coking-plant stocks of coke-oven coke, on the other hand, stayed at 6,200,000 tons. Total producers' stocks (of coal and coke) worked out at 25 million tons H.E.C.: this compares favourably with the 1959 peak of 42,500,000, but is nevertheless well above the highest level previous to 1959, namely 16 million tons (in 1954).

However, purely quantitative comparisons with previous years give an incomplete picture, as the present stocks are differently made up as to grades and values, and so must be differently assessed economically. The proportion of saleable grades put to stock has decreased considerably while that of low-grade products has risen; this being so, the grades most in demand, including in particular those for private households, had to be supplied from current production and not from stock.

As the figures in Table 34 indicate, stocks of coal were in 1962 (in contrast to 1961) reduced in all three of the main producer countries of the Community, and in approximately the same proportions; stocks of coke, on the other hand, mostly went up. The rundown was, however, smaller in

TABLE 34

Changes in Producers' Stocks¹⁾

('000 metric tons)

Countries	1961			1962		
	Hard coal	Coke	Total m.t. H.C.E.	Hard coal	Coke	Total m.t. H.C.E.
Germany (Fed. Rep.)	+1,149	-502	+ 486	-2,159	+101	-2,024
Belgium	-2,171	- 4	-2,175	-3,034	- 48	-3,098
France	-1,584	+156	-1,378	-2,867	- 42	-2,923
Italy	- 85	+ 54	- 14	+ 36	-115	- 117
Netherlands	- 114	+ 76	- 14	- 4	-168	- 228
Community	-2,805	-220	-3,095	-8,026	-272	-8,390

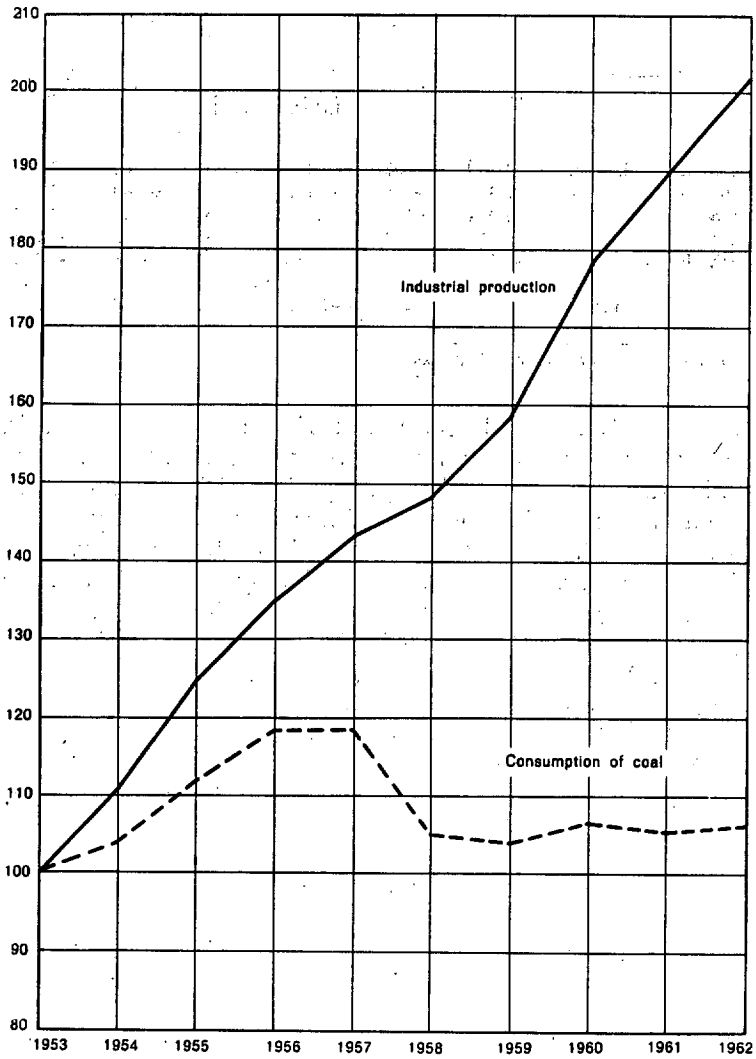
¹⁾ I.e. exclusive of importers' stocks.

Germany than in Belgium and France. In Belgium, in consequence of the restrictions on incoming shipments under Article 37 of the Treaty, together with the increase in demand, the sales position improved markedly, with pithead stocks falling while actual production remained about the same as in 1961: stocks by the end of 1962 totalled only 1,700,000 metric tons. In France, where the state of the water run-off plays a considerable part, demand jumped so sharply, as a result of the increased requirements of the thermal power-stations, that it was possible to lift not only two million tons from the pithead stocks but a further 800,000 from the power-stations' own. In the Netherlands, both pithead and coking-plant stocks are very small indeed.

240. The estimates for 1963 are that developments in the coal market will be along much the same lines as in the two preceding years, provided the rate of economic growth is the same as in 1962. Neither availabilities nor requirements of coal are expected to show much change. One factor of some importance will, however, operate: even given average weather conditions, dealers will need to build up their stocks after the usual run on them by private

GRAPH No. 6

Comparative Indices of Industrial Production¹⁾
and Coal Consumption in the Community



¹⁾ Exclusive of building, foodstuffs, beverages and tobacco.

consumers during 1962, with the result that the overall demand for coal will be higher than might ordinarily be expected.

Trends in the demand for coal

241. The disparity between the rates of growth of industrial production and coal consumption continued, as may be seen from Graph No. 6.

TABLE 35

Comparative Movement of Industrial-Production,
Energy-Consumption and Coal-Consumption Indices)
(Community)

(1953 = 100)

Year	Industrial production	Gross energy consumption	Gross hard-coal consumption
1953	100	100	100
1957	143	127	118
1959	157	128	103
1960	178	139	107
1961	199	144	105
1962	201	153	106

¹⁾ These indices are based on real consumption, i.e. changes in consumers' stocks have not been taken into account.

Real consumption of hard coal

242. In present economic conditions, for reasons already discussed in detail in previous General Reports,¹⁾ internal Community demand for coal is showing a slow but steady downward trend. The unusual weather during 1962 produced an upturn, so that total demand at the end of the year was 4 million metric tons (1.5%) higher than in 1961; even so, however, this was some 40 million tons (14%) lower than the peak figure recorded for 1957.

¹⁾ See *Ninth General Report*, Nos. 103 ff., and *Tenth General Report*, Nos. 104 ff.

TABLE 36
Real Consumption of Hard Coal and Briquettes

('000 m.t./1953 = 100)

Sector	1953	1957	1960	1961	1962 ¹⁾	
	Tonnage	Index	Index	Index	Tonnage	Index
Carbonization	80,763	125.4	121.7	121.1	95,850	118.7
Public power-stations	20,627	123.6	120.1	134.4	30,450	147.6
Gasworks	11,748	102.7	78.9	74.8	8,450	71.9
Railways	18,988	90.0	66.6	61.5	10,650	56.1
Iron and steel industry	4,442	96.5	84.9	77.0	3,380	76.1
Other industries	35,963	107.7	96.1	91.3	31,600	87.9
Private households	34,454	127.6	100.1	100.9	38,000	110.2
Miscellaneous	5,137	95.5	72.6	66.0	4,000	77.9
Total	212,122	116.8	104.7	103.9	222,380	104.8

¹⁾ Provisional figures.

243. The throughput of the *coking-plants* (carbonization), which touched its peak in 1957, and which in 1960 still amounted to 97,800,000 metric tons, was down by another 2 million tons in 1962. The level of activity in this sector is largely governed by that of pig-iron production, as two-thirds of the coke produced goes to the iron and steel industry.

TABLE 37

Movement of Iron and Steel Production and of Consumption of Coke-Oven Coke (Community)

('000,000 metric tons)

	1953	1957	1961	1962 ¹⁾	Change in % 1962/53
Crude-steel production	39.7	59.8	73.2	72.7	+83.1
Pig-iron production	31.5	45.1	54.6	53.7	+70.5
Coke-oven-coke consumption	33.0	45.8	50	47.4	+43.6
Coke rate ²⁾	990	997	897	860	-13.0

¹⁾ Provisional figures.²⁾ Blast-furnaces and sintering-plants (kg. per m.t. pig-iron).

The coke rate at the blast-furnaces continues to go down and down: for the Community overall, it fell from 924 in 1960 to 897 in 1961 and 860 in 1962, *i.e.* at a rate of 3-4% a year. Investment in ore-sintering plant is going ahead according to plan, resulting in an increase of nearly 20% in sintering capacity from one year to the other, and this is duly producing its effect on the blast-furnaces' consumption of coke, especially as the new sintering capacity is being fully utilized while the volume of pig-iron production remains unchanged. The use of fuel oil and oxygen in the blast-furnaces is also on the increase, but this is not as yet affecting the coke rate to any marked extent.

The coking position is different in different parts of the Community. In Italy, where the iron and steel industry is still expanding steadily, the consequent increase in coke requirements is being met by new coking-plants, most of the coal for which is imported from third countries. In the rest of the Community coke production has now been either stable or falling for three years.

244. The *thermal power-stations* have since 1960 been the only sector in which coal consumption has been rising, notwithstanding the increased recourse to fuel oil, and in a lesser degree to gas. Apart from water-power, hard coal remains the principal source of primary energy for the production of electricity requirements, it was in 1962 more so than ever in consequence of the low water run-off already referred to, and the resulting need for the thermal stations to make good the shortfall in the output of the hydro-electric sections. The drought during the autumn in particular obliged them to draw substantially on their stocks. Their consumption went up from 45,400,000 metric tons in 1961 to 50 million in 1962.

245. In the "*other industries*" sector (*i.e.* industries other than iron and steel), consumption fell by about 3.7%, despite a 6% increase in this sector's production over 1961.

TABLE 38
Movement of Production of Coke-Oven Coke
(⁰⁰⁰ metric tons)

Countries	1953		1957		1960		1961		1962 ¹⁾	
	Tonnage	Index	Tonnage	Index	Tonnage	Index	Tonnage	Index	Tonnage	Index
Germany (Fed. Rep.)	41,366	100	49,517	120	44,541	108	44,296	107	42,864	104
Belgium	5,945	100	7,156	120	7,539	127	7,252	122	7,195	121
France	8,631	100	12,564	146	13,605	158	13,447	156	13,477	156
Italy	2,327	100	3,687	158	3,715	160	3,897	167	4,290	184
Netherlands	3,145	100	4,243	131	4,518	139	4,555	140	4,274	136
Community	61,514	100	77,168	125	73,919	120	73,447	119	72,099	117

¹⁾ Provisional figures.

TABLE 39
Year-to-Year Percentage Changes in Production and Hard-Coal Consumption in the "Other Industries" Sector
(Community)

	1954	1955	1956	1957	1958	1959	1960	1961	1962 ¹⁾
Industrial production	+11.8	+10.5	+9.5	+5.2	+3.1	+7.0	+13.1	+6.6	+6.0
Real consumption of hard coal	+ 7.4	+ 3.7	+0.8	-4.1	-9.1	-2.4	+ 1.0	-5.8	-3.7

¹⁾ Provisional figures.

This disparity between hard-coal consumption and industrial expansion is due partly to increased consumption of petroleum products and partly to lower specific consumption of coal. In some industries, such as textiles, coal is losing ground fast; in others, for example the chemical industry, production is expanding so fast that coal is, in absolute terms, so far managing to maintain its position, in spite of increasing utilization of oil.

In the *railway* sector, coal consumption continues to decline at a rate of 6-8% a year, with electrification and dieselization proceeding apace. In 1962, it totalled 10,700,000 metric tons for the Community overall (some two-thirds of which was accounted for by Germany), as against 11,700,000 in 1961.

Gasworks of the traditional type are going out more and more—faster in some countries than in others—as a result of the much larger supplies of refinery, natural and liquefied gas now becoming available. Hard-coal consumption by Community gasworks in 1962 amounted to 8,400,000 metric tons, as against 8,800,000 in 1961, Germany's share being something like 80%.

246. As was noted in last year's Report, it is difficult to obtain an accurate picture of the real consumption of hard coal in the *household* sector, as no data are available for the Community as a whole concerning changes in dealers' and consumers' stocks, and in addition, requirements are always liable to be affected by climatic and weather conditions. It is not really possible to give more than a rough overall estimate, as is done for 1962 at the beginning of Chapter II.¹⁾ It should be added that, as a result of domestic space-heating having to be continued for an unusually long period into the spring, an imbalance developed during the year in respect of certain grades and types of coal. Although deliveries of these were stepped up in the summer, dealers' and consumers' stocks were still not

¹⁾ See No. 134 above.

up to a proper level when the 1962-63 season set in; the producers for their part were right out of the grades in question, and the supply of third-country coal also proved insufficiently elastic, at any rate in the short run, more especially in the case of sized anthracite. Substitute fuels had to be used, which although plentiful are not so popular with consumers.

Disposals of hard coal by countries

247. The movement of demand in each country may be seen from the following table of disposals to all sectors.

TABLE 40
Disposals of Hard Coal and Briquettes, by Countries
(including collieries' own consumption)

Countries	1953	1957	1961	1962 ¹⁾	Change in %	
					1962/53	1962/61
Germany (Fed. Rep.)	128,117	151,997	132,614	133,830	+ 4.5	+0.9
Belgium	26,458	28,650	24,994	26,160	- 1.1	+4.7
France	59,726	73,767	62,229	64,900	+ 8.7	+4.3
Italy	10,140	12,742	11,066	11,560	+14.0	+4.5
Luxembourg	286	324	221	200	-30.1	-9.5
Netherlands	17,588	19,176	17,170	16,950	- 3.6	+1.3
Community	242,315	286,657	248,294	253,600	+ 4.3	+2.1

¹⁾ Provisional figures.

Consumption of coke-oven coke

248. The biggest customer for coke-oven coke is the iron and steel industry, whose requirements in 1962 amounted to only 47,500,000 metric tons as against 49,900,000 in 1961. The demand from other industries also fell by 5%. In the household sector, on the other hand, coke was used not only for its regular purposes but also as a substitute for anthracite and the like, which were in short supply; consequently, disposals of coke, like those of coal, were larger

than in 1961. Community consumption of coke-oven coke in 1962 totalled 66,100,000 metric tons, as compared with 67,600,000 in 1961.

TABLE 41

Real Consumption of Coke-Oven-Coke, by Consumer Sectors
(Community)

('000 metric tons)

Sector	1953 ¹⁾	1957	1961	1962 ²⁾	Change in %	
					1962/53	1962/61
Iron and steel industry	32,866	45,843	49,892	47,450	+44.4	- 4.9
Other industries	7,394	8,976	7,804	7,620	+ 3.1	- 2.4
Households ³⁾	7,838	11,198	8,354	9,970	+27.2	+19.3
Miscellaneous	3,058	3,021	1,564	1,240	-59.5	-20.7
Total	51,156	69,038	67,614	66,280	+29.6	- 2.0

¹⁾ Deliveries.

²⁾ Provisional figures.

³⁾ Estimates.

Disposals to all sectors, broken down by countries, showed very much the same changes over 1961 as did real consumption.

TABLE 42

Disposals of Coke-Oven-Coke, by Countries

('000 metric tons)

Countries	1953	1957	1961	1962 ¹⁾	Change in %	
					1962/53	1962/61
Germany (Fed. Rep.)	28,399	38,609	34,407	33,115	+ 16.6	- 3.8
Belgium	5,051	6,292	6,639	6,870	+ 36.0	+ 3.5
France	12,672	17,766	18,923	18,425	+ 45.4	- 2.6
Italy	2,147	3,595	3,869	4,475	+108.4	+15.7
Luxembourg	3,098	3,867	4,149	3,880	+ 25.2	- 6.5
Netherlands	2,190	2,717	2,461	2,800	+ 27.9	+13.8
Community	53,557	72,849	70,448	69,565	+ 29.9	- 1.3

¹⁾ Provisional figures.

These all-in figures do not, however, accurately represent the true state of the coke market: a breakdown by sizes gives a clearer idea of the uses, and hence the sales outlets, for the product. Coke over 40 mm. is used pretty well only in the iron and steel industry, so that the market for it is governed entirely by the level of activity there. Coke breeze is used, apart from the coking-plants' own consumption, practically only in the sintering-plants, which are at present expanding vigorously: the supply has consequently been somewhat tight in the last few years, and low-volatile smalls and anthracite rubbings have had to be used as well. For the intermediate sizes, between 10 and 40 mm., the household sector is the biggest consumer, more especially of 20-30 mm. coke. The 30-40 mm. and 10-20 mm. sizes are not much in demand, and the producers sometimes resort to crushing to obtain a saleable product.

Intra-Community trade

249. The total volume of trade in hard coal and hard-coal briquettes remained the same as in 1961. Some changes occurred, however, in the trade currents between country and country: in particular, shipments from Germany to Belgium and the Netherlands increased substantially while those to Italy dropped sharply, by nearly 25%. The larger deliveries to Belgium were due to the progressive raising of the ceilings fixed by the High Authority's successive Decisions under Article 37 of the Treaty, and to the liberalization, by the same Decisions, of trade in specified grades of anthracite, low-volatile coal and hard-coal briquettes. The dwindling in Italian procurements of Community coal, which began in 1960, was still more in evidence in 1962, the reason being that Community producers are obliged to slash their prices in order to compete with quotations from third countries.

Trade in coke-oven coke dropped 10% from its 1961 level. The contraction was particularly marked in purchases by France and Luxembourg, which between them account for 90% of the trade in question. This underscores the extent to which that trade is governed by the coke consumption of the iron and steel industry.

TABLE 43

Intra-Community Trade in Hard Coal and Hard-Coal Briquettes

('000 metric tons)

Countries	1961	1962 ¹⁾	Change in % 1962/61
<i>Deliveries</i>			
Germany (Fed. Rep.)	14,543	14,614	+ 0.5
Belgium	2,329	2,235	- 4.0
France	989	1,062	+ 7.4
Netherlands	2,783	2,841	- 2.1
Total	20,644	20,752	+ 0.5
<i>Procurements</i>			
Germany (Fed. Rep.)	1,367	1,656	+ 21.1
Belgium	3,408	3,576	+ 4.9
France	8,343	8,294	- 0.6
Italy	3,404	2,608	- 23.4
Luxembourg	211	199	- 5.7
Netherlands	3,914	4,419	+ 12.9
Total	20,644	20,752	+ 0.5

Intra-Community Trade in Coke-Oven Coke

<i>Deliveries</i>			
Germany (Fed. Rep.)	7,847	7,343	- 6.4
Belgium	695	525	- 24.5
France	67	121	+180.6
Italy	2	12	
Netherlands	1,955	1,744	- 10.8
Total	10,566	9,745	- 7.8
<i>Procurements</i>			
Germany (Fed. Rep.)	272	355	+ 30.5
Belgium	258	256	- 0.8
France	5,504	4,707	- 14.5
Italy	169	209	- 23.7
Luxembourg	4,073	3,879	- 4.8
Netherlands	289	339	+ 17.3
Total	10,565	9,745	- 7.8

¹⁾ Provisional figures.

Imports from third countries

250. Imports of hard coal from third countries rose considerably in 1962, to 23,100,000 metric tons, an increase of 4,300,000, or 23 %, over 1961. All four of the main suppliers—the United States, the United Kingdom, the Soviet Union and Poland—had a share in this increase.

All the receiving member countries increased their imports, though in differing degrees (see Table 44). However, even so, those by Germany exclusive of the tonnages for the American forces were within the duty-free quota of six million metric tons.

TABLE 44

Hard-Coal Imports from Third Countries

('000 metric tons)

Importer country	1953	1956	1959	1961	1962 ¹⁾	Change in % 1962/61
Germany (Fed. Rep.)	5,045	13,682	5,956	5,652	6,940	+22.8
Belgium	1,135	2,838	1,437	830	1,258	+51.6
France	1,615	8,804	2,236	2,361	2,964	+25.5
Italy	4,235	7,634	6,352	6,751	8,241	+22.1
Netherlands	1,803	5,120	3,336	3,207	3,737	+16.5
Community	13,839 ²⁾	38,116 ³⁾	19,316	18,801	23,140	+23.1

¹⁾ Provisional figures.

²⁾ Incl. 6 to Luxembourg.

³⁾ Incl. 37 to Luxembourg.

251. The biggest increase (more than 25 %) was in the case of American coal, which was everywhere imported in larger quantities (see Table 45). One-third of the expansion (over 1,300,000 tons) was accounted for by Germany alone: this was, however, largely due to the fact that more of the requirements of the American forces stationed there were covered by American coal. A further 1,500,000 tons of the total increase went to Italy, which has largely switched from Community to American coal: German sales to Italy fell to 2,200,000 tons as against 2,900,000 in 1961.

TABLE 45

Hard-Coal Imports from the United States

('000 metric tons)

Importer country	1961	1962 ¹⁾	Change in % 1962/61
Germany (Fed. Rep.)	4,526 ²⁾	5,868 ³⁾	+29.7
Belgium	668	894	+33.8
France	649	755	+16.3
Italy	4,426	5,553	+25.5
Netherlands	1,668	1,910	+14.5
Community	11,937	14,980	+25.5

¹⁾ Provisional figures.²⁾ Incl. 203,000 tons for the American forces.³⁾ Incl. 900,000 tons for the American forces.

Imports by the other three countries rose in about the same proportions; the additional tonnages concerned were, however, inconsiderable.

The overall percentage increase in imports from Britain was much the same, 22%, but the figures vary considerably from one country to another.

TABLE 46

Hard-Coal Imports from the United Kingdom

('000 metric tons)

Importer country	1961	1962 ¹⁾	Change in % 1962/61
Germany (Fed. Rep.)	542	485	- 10.5
Belgium	134	273	+103.7
France	414	783	+ 89.1
Italy	113	114	+ 0.9
Netherlands	1,324	1,428	+ 7.9
Community	2,527	3,083	+ 22.0

¹⁾ Provisional figures.

Approximately 3,100,000 metric tons of British coal were imported in 1962, as against 2,500,000 in 1961. Most

of the increase of 550,000 tons was concentrated in France, whose imports from Britain almost doubled. Belgian procurements from Britain also doubled; Germany, on the other hand, took less than before, and Italy and the Netherlands only a very little more.

About two-thirds of the British shipments to the Community consisted of the household grades, anthracite and low-volatile coal.

252. Imports of *Polish coal* rose by about 10%, mostly in consequence of larger—though still not large—purchases by the Netherlands.

TABLE 47

Hard-Coal Imports from Poland

('000 metric tons)

Importer country	1961	1962 ¹⁾	Change in % 1962/61
Germany (Fed. Rep.)	390	418	+ 7.2
Belgium	—	—	—
France	225	220	— 2.2
Italy	1,014	1,090	+ 7.5
Netherlands	151	219	+45.0
Community	1,778	1,947	+ 9.5

¹⁾ Provisional figures.

253. Imports from the *Soviet Union* went up overall by 400,000 metric tons; the amounts taken by the different countries, however, varied enormously, with Germany's procurements down almost to nil, Italy's up to 1,100,000 tons (+33.4%), and the Netherlands' over four times the admittedly tiny figure for the previous year.

TABLE 48
Hard-Coal Imports from the Soviet Union

('000 metric tons)			
Importer country	1961	1962 ¹⁾	Change in % 1962/61
Germany (Fed. Rep.)	45	10	- 77.8
Belgium	20	50	+150.0
France	932	960	+ 3.0
Italy	854	1,139	+ 33.4
Netherlands	32	130.	+306.3
Community	1,884	2,289	+ 21.5

¹⁾ Provisional figures.

Exports to third countries

254. Exports of *hard coal* in 1962 totalled 4,700,000 metric tons, about 1,200,000 tons, or 32%, more than in the previous year. The increase was very largely in sales by Germany, though Belgium also exported rather more than before. The Community's exports to Scandinavia rose, with the exception of those to Finland, which came practically to a standstill; there was also an increase in

TABLE 49

Exports of Hard Coal, Hard-Coal Briquettes and Coke-Oven Coke to Third Countries

('000 metric tons, added ton for ton)				
Importer country	1954	1960	1961	1962 ¹⁾
Denmark	1,618	993	895	1,072
Sweden	2,411	1,417	1,195	1,211
Norway	151	129	127	153
Finland	288	96	129	100
Austria	2,441	1,535	1,459	1,582
Switzerland	2,212	1,939	1,782	1,888
Others	4,380 ²⁾	1,622	1,775	2,352
Total	13,502	7,731	7,362	8,363

¹⁾ Provisional figures.

²⁾ Incl. 2,373 to U.K.

deliveries to Switzerland. Sales to Austria went down to the same level as in 1959, 800,000 tons. German sales to Spain jumped considerably in and after May 1962, as a result of strikes at the Spanish pits, reaching almost double the 1953 figure, which was 450,000 tons.

Exports of *coke-oven coke* did not alter appreciably: such increase as there was (100,000 metric tons) was spread over all the Community producer countries except Italy. A slight drop in sales to Sweden was offset by an approximately equal rise in those to Denmark.

TABLE 50
Third Countries' Total Imports of Hard Coal and Coke-Oven Coke

('000 metric tons, added ton for ton)

Importer country	1954	1960	1961	First six months, 1962
Denmark	6,665	5,361	5,037	2,548
Sweden	5,088	3,754	3,450	1,365
Norway	1,257	1,203	1,107	507
Finland	2,356	3,164	3,030	1,240
Austria	4,223	4,594	4,216	2,011
Switzerland	2,548	2,520	2,160	1,200

Hard-coal production

255. The contraction in Community hard-coal production which has been in progress since 1957 continued: production in 1962 totalled 227 metric tons, or 1.3% less than in 1961 (see Table 51). This was much the same reduction as for the year before, but this time it occurred in all the producer countries, except in France where production remained unchanged. In the Netherlands, where production had risen substantially between 1957 and 1961, there was in 1962 a drop of about 8%. Short-time working owing to lack of sales, which in 1961 had still represented a forfeiture of 1,200,000 metric tons, was discontinued altogether in 1962¹⁾, except in the French Centre/Midi (where it affected

¹⁾ See No. 444 below.

TABLE 51
Hard-Coal Production, by Countries

('000 metric tons)

Countries	1953	1956	1959	1961	1962 ¹⁾	Change 1962/61	
						m.t.	%
Germany (Fed. Rep.)	140,889	151,497	141,833	142,741	141,136	-1,605	-1.1
Belgium	30,060	29,555	22,757	21,539	21,218	-321	-1.5
France	52,588	55,129	57,606	52,357	52,360	+3	
Italy	1,126	1,076	735	740	693	-47	-6.4
Netherlands	12,297	11,836	11,978	12,621	11,573	-1,048	-8.3
Community	236,961	249,092	234,908	229,998	226,980	-3,018	-1.3

¹⁾ Provisional figures.

only a very small tonnage) and at one or two pits in the Ruhr.

The 1962 total represents a 1.8% decrease in relation to the potential production¹⁾ for 1961, which in its turn represented a decrease of 3.6% in relation to the potential production for 1960.

In Belgium, *closures* under the coalmining industry's reconstruction programme proceeded rather more slowly than in the previous year. In France, production remained level, the Government's 1965 production target of 53 million metric tons a year having been already achieved in 1961. In Germany, the process of scaling down capacity continued.

256. The simultaneous decrease in the underground labour force and increase in output per man/shift continued at almost the same rate as in 1961. 33,600 miners in all, or 6.7% of the underground personnel employed, left the industry and were not replaced: the wastage was, however, somewhat less than in 1961, and quite noticeably less than in 1960 (see Table 52).

¹⁾ Potential production = the tonnage which would have been produced had it not been for short-time working.

Relatively, the biggest net reduction was in Belgium: thanks to recruitment, however, it was kept to around 10 %, as against 14.5 % in 1961. In Germany, on the other hand, the shrinkage proceeded faster than before—faster, in fact, than in the Community overall. The manpower shortage is being felt everywhere, however, and is in some countries impeding the improvement in productivity: it is particularly acute in the case of certain skilled jobs (face workers).

TABLE 52

Number of Underground Workers on the Collieries' Books

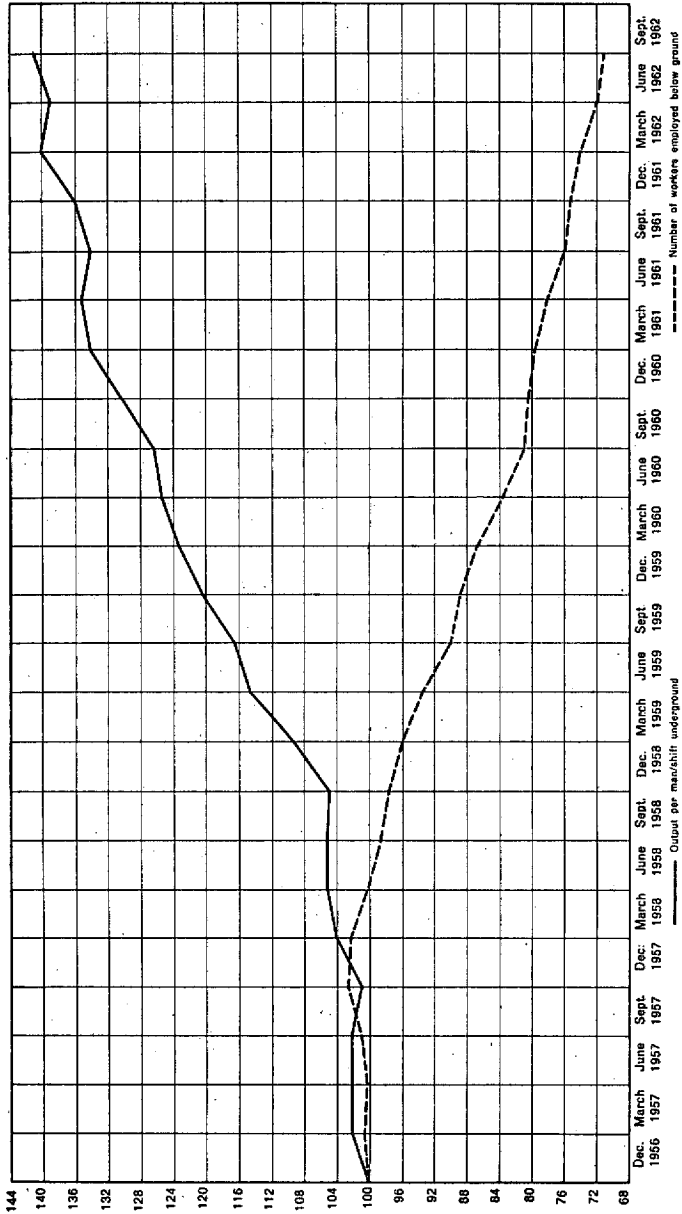
Countries	Annual average ('000 men)				Change in %	
	1959	1960	1961	1962 ¹⁾	1962/61	1961/60
Germany (Fed. Rep.)	345.9	309.0	288.0	265.5	—7.8	— 6.8
Belgium	91.0	77.3	66.1	59.7	—9.7	—14.5
France	138.6	130.6	120.8	117.4	—2.8	— 7.5
Italy	2.9	2.6	2.4	2.2	—8.3	— 7.7
Netherlands	30.2	28.8	27.4	26.3	—4.0	— 4.9
Community	608.6	548.2	504.7	471.1	—6.7	— 7.9

¹⁾ Provisional figures.

Community *underground output per man/shift* continued to rise, the average now working out at 2,174 kg. The average increase in 1962 was 5.6 %, a little lower than in 1961 when it was 7.4 %.

In France and the Netherlands, where increases had already been achieved in previous years, output again rose, in France by 2.3 % to average 1,922 kg., and in the Netherlands by 0.7 % to average 2,070 kg. This represents a new and improved level for these countries, following advances in mechanization during the last few years and the introduction of the five-day week in the Netherlands mines. In Belgium, as elsewhere, the shortage of underground workers continued to slow down the improve-

GRAPH No. 7
 Comparative Indices of Output per Man/Shift Underground and Number of Workers Employed Below Ground in the Community Coalmines



ment in productivity: the rates of increase for the last three years have been successively 13.6%, 8.7% and 6.1%, a notable slackening-off. Germany still has the highest underground O.M.S. in the Community, 2,372 kg., representing an increase of 7.5%: further mechanization is in progress, and winning is being concentrated on the richer seams.

Price trends

Prices of Community coal

257. In 1962 as in 1961, producers in fixing their selling prices had to take account of two factors, the upward thrust represented by the all-round rise in wages (which was only partially offset by improved productivity), and the downward pressure of competition from other energy sources and from third-country coal.

Generally speaking, the first factor was more to the fore, since larger wage increases were granted in 1962 than in 1961, while at the same time there was an upturn in the demand from some consumer sectors.

The winter of 1961-62 was a long though not a particularly severe one, and demand in the household sector hardened appreciably early in the New Year. The supply of low-volatile coal and anthracite ran short, and some price increases were introduced for these grades. The following winter setting in unusually early, the supply position rapidly worsened, and prices were put up in the coalfields where they had not been changed since the beginning of the year. The general rise in production costs caused the producers to seek to improve their revenues from other consumer sectors. The prices for deliveries to the iron and steel industry were increased in general.

Overall, then, the producers are anxious to keep their prices steady in those consumer sectors where competition from liquid fuels is keen, and to obtain the necessary increase in revenues from sales of the grades of coal which

cannot be replaced by other fuels, or in sectors where demand happens for the time being to exceed supply.

This attitude is understandable enough in view of the conditions of competition under which the producers now have to sell, but it also underlines the difficulty they are having in standing their ground without financial loss. The price movements recorded in 1962 reflect their efforts to do so.

Industrial grades

258. On July 1, 1962, all the German coalfields had to step up their prices all round, following wage increases of 8%: the price of Ruhr industrial coal and coke accordingly rose by 2.5%, and the other coalfields' prices by between 1% and 5%.

Early in August the Charbonnages de France published new price schedules containing increases of from 2.5% to 7.5% for certain industrial grades, mainly those for the iron and steel industry (coking coal and metallurgical coke).

At the beginning of October the Netherlands mines similarly raised the prices of their large metallurgical coke and coking coal by from 3.7% to 4.5%.

Finally, on December 1, the Belgian collieries introduced 5-7% increases for semi-bituminous, low-volatile and anthracite washed fines, and also changes in the ash- and moisture-content standards which had the effect of sending up the prices of middlings, slurries and untreated duffs by between 5% and 20%.

These various increases in the prices of industrial coal nullified the one or two reductions which had been made earlier in the year: Aachen had in April lowered its prices for some industrial grades, and Dutch Limburg for metallurgical and 20-30 mm. coke. The Saarbergwerke had allowed quantity and fidelity rebates of up to 4%, which were, however, continued after the general price increase in July.

Household grades

259. By April 1, 1962, varying increases were introduced by practically all Community producers in the prices of the household grades most in demand. In France nearly all prices were raised by an average of Ffr. 5 per ton (2-8%), affecting a total of 8 million tons, and in Belgium by about Bfr. 50 (3-6%) on something like 1,500,000 tons. Only the Netherlands collieries made selective changes, raising their prices for singles and lowering them for trebles, doubles and small nuts. The aggregate Community tonnage affected by the increases was in the region of 10 million tons, out of a total of about 32 million tons of hard coal and briquettes going to the household and small-business sector.

On July 1 came the German increase for all types and grades, by 2.5% in the Ruhr and from 1% to 5% elsewhere. On August 1, the central Belgian selling agency, Cobechar, introduced increases ranging from 5% to 8% for all graded coals in the semi-bituminous, low-volatile and anthracite qualities and for ovoids; this had already been done by some collieries not affiliated to the agency. On September 1, Cobechar further raised the price of smokeless steam coal, and on December 1 increases of 2.5-5% were introduced for sized anthracites over 4 mm. and of 5% for all briquetted fuels. On October 1, the Netherlands collieries put up the prices of singles, anthracites and low-volatile coals by 3-4%; one of them went further, charging from 4% to 12% more for all sized anthracites.

Prices of third-country coal

260. The c.i.f. price of American industrial coal continued to be the determining factor in the international market. The f.o.b. prices remained much the same as in 1961, *i.e.* about \$8.00-8.50 for industrial bituminous slacks and from \$9.50 to \$11.00 for coking coals, with the latter rather the firmer of the two.

Transatlantic *freight rates*, on the other hand, were well below their 1961 level, even the highest monthly

figures being mostly beneath the lowest for the same months of 1961. On the Hampton Roads-Rotterdam run the 1962 low was \$2.24, in June, and the high \$3.36, in May, as compared with \$3.01 in December 1961 and \$4.62 in September 1961 for vessels of comparable capacity; on the Hampton Roads-Italian west coast run the 1962 low was \$2.95 as against \$3.90 in 1961. Overall, single-voyage rates were \$1.00-1.50 below those in 1961.

Note on coal prices in the Community

261. The resulting fall in the c.i.f. prices of third-country coal would undoubtedly have affected the Community producers' sales had steps not been taken to protect the most exposed markets.

In view of these protective arrangements, it seems unlikely that the price increases in the coal market during 1962 will make much difference to the producers' sales potential or to the usual currents of trade. On the other hand, the rise in the price of the household grades may well, in the medium term, encourage the switch to liquid fuels in this sector, with the result that coal will begin to lose ground there as rapidly as coke has been doing since 1957. As for the industrial grades, and in particular those required for specific purposes, the price increases have not been followed by any slackening in demand, but in this sector, in which availabilities of third-country coal could reach quite substantial proportions, the increases were, it must be remembered, introduced behind tariff and quota protection.

Price alignments

262. Most of the increases in coal prices in 1961-62 were pretty much the same in all coalfields, and consequently resulted in little change in alignments within the Common Market. On the other hand, competition from third-country fuels stiffened, notwithstanding tariff and quota protection, and in consequence there was an increase in sales by alignment, on outside quotations.

Alignments on E.C.S.C. schedule prices

263. In all, Community producers sold approximately 10 million metric tons, or about 4.3% of total production, by alignment on lower Common Market schedule prices, as against 9,300,000 tons in 1961. More than half of these sales represented alignments by German producers, and more particularly by those of the Saar on Ruhr delivered prices to southern Germany. The Belgian producers sold just under 3 million tons, in Belgium itself, by alignment on the prices of the Ruhr and Netherlands collieries. The French producers sold 1,500,000 tons of ovoids by alignment. No alignments to speak of were effected in the Netherlands.

The figure of 4.3% mentioned above is the percentage of *total production*: compared with *total sales* within the Common Market by the producers and selling agencies (*i.e.* exclusive of exports, collieries' own consumption and miners' concessionary coal) the percentage of tonnages sold by alignment works out at 5.2% for the Community overall (Germany 4.5%, Belgium 13.5%).

Alignment on third-country quotations

264. Sales by alignment on third-country quotations in 1961-62 totalled 9 million metric tons as against 8 million in 1960-61. This represents 3.9% of production and 4.7% of sales. The incidence varied greatly from country to country: for Germany it was 3.3% of production and 4% of sales, for the Netherlands 2.7% of sales and for France nil, while on the other hand for Belgium it was nearly one-fifth—4 million tons, representing 19.2% of all sales and 18.6% of production.

Note on price alignments

265. The Community producers in general, with the exception of the Belgians, thus did not avail themselves to any unusual extent of Article 60's provisions concerning alignment. This comparative stability is, however, largely due

to the various protective measures introduced with regard to imports of third-country coal: were this to enter the Common Market in larger quantities, price-concessions by alignment would inevitably become more frequent and more substantial.

In Belgium's case the position as regards alignment is a somewhat exceptional one, inasmuch as despite its "partial isolation" the Belgian market as a whole is geographically so placed that competition there, though in respect of a limited tonnage only, is nevertheless pressing heavily on prices, obliging the producers to sell more by alignment than is found necessary elsewhere in the Common Market.

THE RECONSTRUCTION OF THE COALMINING INDUSTRY

266. Although the selling possibilities in the Common Market in 1962 were in general more favourable than had been expected, the Community coalmining industry pushed ahead firmly with the rationalization measures it had adopted in and after 1957. As in previous years, this process of reconstruction and reorganization helped to achieve further progress towards adjusting coal production to demand and at the same time making the industry more competitive.

The main aims have been

- (a) to match so far as possible, the production volume of each type and grade of coal to the corresponding sales possibilities;
- (b) to lower production costs by means of modernization and concentration, and thus enable coal to be sold economically at reasonable prices;
- (c) to make good the growing shortage of skilled miners by rationalizing operations and intensifying mechanization;

- (d) to market coal products of good quality, attractively presented.

These involve not only "positive" but also "negative" rationalization—that is, the closure of uneconomic pits and workings to enable action to be focused on those scheduled to be kept in production, so that they can operate more competitively.

Federal Republic of Germany

267. Coal production in 1962 totalled 141,100,000 metric tons, as against 142,700,000 in 1961. Underground output per man/shift rose by 7.6%, from 2,207 kg. to 2,372, for the country overall, and in the Ruhr from 2,246 kg. to 2,418.

The number of individual pits in production (exclusive of very small mines) was reduced from 137 at the end of 1961 to 130 at the end of 1962: of the seven which were closed, four were in the Ruhr, one in the Saar and one in the Aachen area. At one Ruhr colliery production was cut back so drastically that the pit in question is now rated in the "very small" class. The aggregate 1957 capacity of the units closed was 3,400,000 metric tons.

In addition, four Ruhr pits were concentrated to form two large ones: the object in these cases was not to cut back capacity, but to improve efficiency.

Meantime, six more pits (five in the Ruhr and one in the Saar) were scheduled for total closure over a period, and one (in the Ruhr) for partial closure: these operations affecting an aggregate 1957 capacity of 5,700,000 tons, are to be carried out during the first half of 1963.

The production so forfeited, and to be forfeited, includes all grades from low-volatile to long-flame gas coal.

TABLE 53

Reorganization Measures in the German Coalmining Industry

Year	Ruhr		Saar		Aachen		Lower Saxony		Total	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
1958	1	4	—	2	—	1	1	—	2	7
1959	2	2	2	—	—	—	—	—	4	2
1960	4	3	—	2	—	—	—	—	4	5
1961	4	2	—	—	—	—	1	—	5	2
1962	4	2	1	—	2	—	—	—	7	2
Total	15	13	3	4	2	1	2	0	22	18

(1) Pits ceasing production.

(2) Pits linked with others.

Thus between the end of 1957 and the end of 1962 forty pits in all (exclusive of very small mines) either went out of production altogether or ceased to operate as independent units. The 22 pits which were closed represented a total 1957 capacity of 9 million metric tons, and the 18 which underwent concentration about 30 million. With the 3-4 million tons forfeited by partial closures between 1958 and 1961, this brings the total cutback in German annual (1957) production capacity to 12-13 million tons.

Nevertheless, despite the closures, despite the shorter working week and despite the entirely disproportionate shrinkage in the underground labour force, production actually fell by only 8,500,000 tons, from 149,600,000 in 1957 to 141,100,000 in 1962, owing to the simultaneous exceedingly steep rise in underground O.M.S., from 1,600 kg. to 2,372.

Incidentally, at no time since 1957 has the existing capacity been fully utilized: production was first checked by the unfavourable sales prospects, and then, in the last two years and in particular in 1962, by the increasing shortage of miners, now prevalent in many Community coalfields.

Belgium

268. In 1959, the Belgian Government undertook¹⁾ to speed up the reconstruction of the Belgian coalmining industry by reducing the 1957 capacity of the coalfields in the south of the country by 9,500,000 tons between 1959 and 1963. The closures scheduled and already effected may be tabulated as follows.

TABLE 54
Closures in Belgium

Year	Closures planned (^{'000,000} m.t.)	Closures effected (^{'000,000} m.t.)	Pits closed in S. Belgium
1959	2.3	2.522	19
1960	2.5	2.509	15
1961	2.0	1.967	11
To end 1961	6.8	6.998	45
1962 1963	2.7	1962 0.508	3
To end 1962		7.506	48
Total to end 1963	9.5		

Thus, closures between the beginning of 1959 and the end of 1961 reduced the 1957 capacity of the South Belgian coalfields by about 7 million metric tons: with the 12 closures effected in 1958, the total reduction up to the end of 1961 works out at 8,300,000 tons.

The average underground O.M.S. for Southern Belgium rose from 1,125 kg. in 1957 to 1,656 in 1962. In the Campine over the same period it increased from 1,583 kg. to 2,032; there too, as in parts of the South, shortage of manpower kept production lower than it could have been with the capacity available.

269. At the end of 1957, the Belgian industry had 120 pits in operation, 113 of them in the four Southern coalfields,

¹⁾ See *Eighth General Report*, Nos. 65 ff.

with a production of 18,750,000 tons among them, and 7 in the Campine, with a production of 10,330,000 tons. By the end of 1962 the number was down to 61 (54 in the South and, as before, 7 in the Campine), and their total production to 20,820,000 (11,170,000 from the South and 9,650,000 from the Campine).

Table 55 shows the changes in numbers since the end of 1957. In 1962, two pits with a combined 1957 production of 252,000 tons (of anthracite) were closed in the Liège coalfield, and a partial closure at another in the Centre coalfield reduced production there by 254,966 tons (of semi-bituminous coal).

TABLE 55

Number of Belgian Pits in Operation, 1957-62

Coalfield	End 1957	End 1961	End 1962
Campine	7	7	7
Borinage	20	5	5
Centre	15	3	3
Charleroi	52	29	29
Liège	26	19	17
Total	120	63	61

The reconstruction programme has substantially altered the pattern of production by grades. As Table 56 shows, most of the production cuts in the South have been in respect of low-volatile, semi-bituminous and *gras A* (high-volatile bituminous).

Generally speaking, actual production has not diminished precisely in line with the scaling-down of capacity: as already noted, the improvement in underground O.M.S. has partly offset the effects of the closures, of manpower losses and of the shorter working week.

TABLE 56
Effects of Reconstruction on Proportion of each Grade Mined

	Production			
	1957		1961	
	'000,000 m.t.	%	'000,000 m.t.	%
Anthracite	6.88	23.65	5.52	25.63
Low-volatile	4.92	16.91	1.93	8.96
Semi-bituminous	2.56	8.80	1.67	7.75
Smokeless steam	1.29	4.43	0.91	4.22
Bituminous grade A (<i>gras A</i>)	8.10	27.85	5.57	25.86
Bituminous grade B (<i>gras B</i>)	5.34	18.36	5.94	27.58
Total	29.09	100.0	21.54	100.0

France

270. In June 1960, the French Government announced a rationalization programme for the coalmining industry, to enable the Charbonnages de France to adjust themselves to the changed situation resulting from the growing competition from other energy sources. Production was to be progressively reduced, between 1960 and 1965, by approximately 10% of 1959 production for the French coalfields overall.

1959 production was 57,350,000 metric tons: the target for 1965 (exclusive of the Provence coalfield and the non-nationalized mines) was 51,650,000, the cutbacks to vary from coalfield to coalfield, according to their respective profitability and sales positions—about 4.3% for the Nord/Pas-de-Calais, 10.8% for Lorraine, and 20% for the Centre/Midi. Table 57 shows the movement of production in the different coalfields and in the industry as a whole.

The reductions were begun in 1961, and have proceeded according to plan. The sharp drop to 52,360,000 tons in 1961 was, however, largely due to weak demand and, especially in the Nord/Pas-de-Calais, to the shortage of miners, which was very acute in that year.

TABLE 57
Production and Production Targets in France

(*000,000 metric tons)

Coalfield	Production			Targets	
	1959	1960	1961	1962	1965
Nord/Pas-de-Calais	29.25	28.94	26.93	27.4	28
Lorraine	15.14	14.70	14.01	14.4	13.50
Centre/Midi (excl. Provence)	12.96	12.09	11.24	10.8	10.15
Charbonnages de France (excl. Provence)	57.35	55.73	52.18	52.7	51.65
Non-nationalized mines	0.26	0.23	0.18	0.1	—
Total	57.61	55.96	52.36	52.8	—

The personnel shortage persisting, production in 1962 remained at the same low level of 52,400,000 tons. The 1965 target of 51,650,000 tons is thus well on the way to being achieved already.

Further progress was made with the process, begun some considerable time ago, of linking up pits, closing the most unproductive ones, and rationalizing operations below and above ground.

TABLE 58
Number of Pits in Operation in France

Coalfield	End 1957	End 1959	End 1961	End 1962
Nord/Pas-de-Calais	65	59	51	46
Lorraine	11	11	8	8
Centre/Midi	34	29	27	27
Charbonnages de France	144	110	86	81

Three nationalized (Charbonnages de France) pits were closed during the year in the Nord/Pas-de-Calais coalfield as either exhausted or uneconomic, and three

more concentrated to form one. No closures took place in Lorraine or in the Centre/Midi. As in previous years, some non-nationalized mines stopped or cut back production, thus bringing down still further the total production from this source.

Average *underground O.M.S.* for the nationalized industry as a whole has been gradually climbing, from 1,719 kg. in 1959 to 1,922 in 1962. In the Nord/Pas-de-Calais there was only a very minor increase in 1962, to 1,633 kg. as against, 1,610 in 1961; the Centre/Midi nearly reached the 2,000-kg. mark, with 1,989 as compared with 1,912 in 1961 and 1,789 in 1969, while the figure for Lorraine was 2,802 kg.

Italy

271. Italian production remained at about the same level as in the last five years, 740,000 metric tons; up to 1958 it had been running at about 1,100,000.

Underground O.M.S. at the two mines in production (at Sulcis, Sardinia) has undergone a most remarkable improvement: in 1957 it was as low as 957 kg., but it rose to 1,346 in 1960 and to 1,573 in 1961, and in 1962 averaged 1,675 for the year as a whole and no less than 2,077 for the last quarter.

Netherlands

272. Netherlands coal production fell in 1962 by about one million metric tons, from 12,620,000 to 11,570,000.

This substantial decrease (9.1%) was due mainly to the shortage of skilled labour. The latter factor was also responsible for the smallness of the improvement in underground O.M.S., from 2,055 kg. to 2,070, despite an appreciable increase in the percentage of production from fully-mechanized workings.

It was finally decided not to proceed with the opening-up of the State-owned Beatrix mine, one of the four new coalmines under construction in the Community. The main reason for the decision was that the structural changes in the energy market were felt to rule out any prospect of the colliery's ever operating at a profit, even if all its coal were consumed at a power-station; a further point was the projected exploitation of the rich deposits of natural gas in the north of the country. Production had not yet started at the new mine: according to recent estimates another 70 million dollars would have had to be invested to complete the scheme.

Community

273. The coal production of the Community in 1962 totalled 227 million metric tons, as against 230 million in 1961 and 233,900,000 in 1960. The reduction, which occurred in spite of comparatively favourable market conditions, was due partly, of course, to the various closures of capacity, but principally to the growing shortage of underground personnel.

Average *underground O.M.S.* for the Community overall rose, but less rapidly than in previous years. From a mere 1,598 kg. in 1958, it had shot up by 9-10% in 1959 and again in 1960; in 1961 it reached 2,059, representing a rather smaller year-to-year increase of 7.4% (see Table 59). The 1962 increase was quite creditable, 4.6% (from 2,059 kg. to 2,174); though less spectacular than in the three preceding years, it was still much larger than anything achieved prior to 1958, when the rate used to be about 1.5-2% a year.

At the same time, the *underground labour force* has been contracting steadily since 1958. In that year it numbered 655,300; by 1961 it was down to 504,700, and in 1962 it fell to 470,000. The shrinkage has thus been a regular 7-10% a year, including 1961 and 1962.

TABLE 59

Movement of Production, Productivity and Personnel, 1957-62

Year	Coal production (^{'000,000} m.t. net)	Underground O.M.S. (kg.)	Numbers employed below ground (monthly average) (^{'000} men)
1957	247.9	1,560	658.5
1958	246.4	1,598	655.3
1959	234.9	1,743	608.6
1960	233.9	1,917	548.2
1961	230.0	2,059	504.7
1962	227.0	2,165	470.0

274. In several coalfields the personnel shortage is now such that production capacity cannot be fully utilized. The viable pits are quite as much affected as any other. The shortage of personnel has been felt most acutely in the underground workings directly concerned with the actual coal winning; the effect has been to impede the vital process of raising productivity, and hence to prevent the industry from lowering its production costs.

Accordingly, every effort has been made in recent years to step up the percentages of coal from *fully mechanized* faces. Considerable advances have been made, the proportion of mechanized output doubling between 1958 and 1962, from 27 % to 55 % of total production (see Table 60), thanks to the use of more power-loading machines and to increased concentration of underground operations. Thus unless several winning-points are combined to form one large working it is not possible to get the best out of the means of production available; in addition, winning has had to be concentrated to a greater extent on the more promising seams and districts, lending themselves better to mechanization.

275. As was indicated by the national figures, the number of pits in production in the Community continued to decrease in 1962, from 291 to 279; the reduction since 1957 amounts to 30 %, and since 1953 to something like 60 %.

TABLE 60

Advance of Mechanized Mining in the Community, 1953-62

Year	Percentage of total output won by fully-mechanized means	Pits in production (at end of year)	Average daily saleable output per pit (in m.t.)
1953	10.7	462	1,715
1956	22.6	400	2,115
1958	27.0	374	2,275
1959	33.6	345	2,485
1960	39.0	318	2,635
1961	47.6	291	2,840
1962	55 (prov.)	279	2,985 (prov.)

TABLE 61

National Percentages of Coal Output from Fully-Mechanized Faces, 1957-62

Country	%			
	1957	1959	1961	1962
Germany (Fed. Rep.)	17.6	29.7	48.0	58 (prov.)
Belgium	16.2	22.7	36.5	42 (prov.) ¹⁾
France	37.4	44.7	47.4	50 (estd.)
Netherlands	30.2	46.0	62.0	72.1
Community	22.6	33.6	47.6	56 (prov.)

¹⁾ Campine, 78%; Southern coalfields, 9-10%.

The closures and link-ups of neighbouring pits in recent years have led to an appreciable increase in the average size of the pits remaining in operation: average daily output per pit has gone up from 2,115 metric tons saleable in 1957 to nearly 3,000 in 1962, a rise of 41%, while the increase in the average size of pits over 1953 works out at at least 74%.

Nevertheless, the industry has no option but to press ahead with its rationalization drive, positive and negative, in every sector of underground operation; in addition, the viable pits at any rate now have to make intensive efforts to recruit men for work below ground.

It is most important that as many as possible of the underground personnel from the defunct pits should be induced to remain in the industry, that is, to sign on at the more productive pits which do have a future. At the same time, the industry will have to recruit more fresh labour, if necessary from third countries. In both cases it is a considerable advantage from the recruitment point of view to be able to offer good accommodation within easy reach of the pits.

THE HIGH AUTHORITY'S WORK CONCERNING COAL

Special action on behalf of Belgium

Implementation of Article 37 of the Treaty

276. It will be recalled that as the coal crisis developed the position in Belgium deteriorated very rapidly indeed. As the industry's structural maladjustment was deemed liable, in the words of the Treaty, to "provoke fundamental and persistent disturbances" in the Belgian economy, the High Authority came to the conclusion that the industry must undergo thorough and carefully-planned reorganization, as the only means of making Belgian coal competitive within the Common Market. At the same time, it felt that, to enable the reorganization to go through without causing undue hardship or disrupting the Belgian market, a number of precautions would need to be taken.

In 1960, therefore, the High Authority, after consulting the Council of Ministers, invoked Article 37 of the Treaty with the object

- (a) of ensuring that the process of reorganization was intensified and expedited by the phased closure of pits with no prospect of ever becoming competitive within the Common Market. The Belgian Government introduced a detailed schedule of closures providing

for the forfeiture of 9,500,000 tons of 1957 capacity by the end of 1963;

- (b) of affording protection to the Belgian market by imposing restrictions on trade in Community coal, imports of third-country coal and unloading of stocks so as to enable the closures to be effected stage by stage.

The High Authority (still working in consultation with the Council) made continued benefit under Article 37 in 1961 and 1962 conditional upon the reorganization proceeding according to schedule. The situation was so serious and the reorganization so essential that it was indeed very necessary to maintain this "partial isolation" of the Belgian market for some time, in order that the closures should be carried out without involving major complications on the social side.

Implementation of Decision No. 13/61¹⁾

277. Decision No. 13/61²⁾, taken following consultation with the Council of Ministers, laid down that in 1962, as before, action must continue under the programme of closures provided for by Decision No. 46/59. It further specified that "the High Authority will rescind its Decision should it not receive by May 31, 1962 at latest, full details of the closures to be effected during 1962, or should the reconstruction measures indicated not in fact be carried out". At the time the Decision was taken, the balance of capacity still to be closed in 1962 and 1963 was 2,500,000 metric tons. The Belgian Government thereupon submitted a list of pits scheduled for closure in 1962, the aggregate capacity of which amounted only to 500,000 tons. The High Authority pointed out that this represented a decidedly small proportion of the 2,500,000 tons which the Govern-

¹⁾ See *Tenth General Report*, No. 206.

²⁾ See *Journal Officiel des Communautés Européennes*, December 23, 1961 (fourth year, No. 84).

ment had agreed should be forgone during the two years 1962-63, and that fresh difficulties might easily result in 1963.

The position is now as follows:

('000,000 metric tons)		
Year	Planned	Effectuated
1959	2.3	2.522
1960	2.5	2.509
1961	2.0	1.967
1962	2.7	0.503
1963		
Total	9.5	7.501

This leaves a capacity of 2 million tons to be eliminated during 1963.

278. The restrictions on trade with other Community countries and imports from third countries were maintained by the Decision, but in a rather less stringent form.¹⁾

The arrangement was also retained whereby the quota ceilings might be adjusted as time went on in line with the movement of production and demand in the Belgian market, by the authorization, on certain conditions, of ton-for-ton increases in incoming and outgoing consignments. The Decision further laid down that the ton-for-ton rule need not apply in the case of larger shipments of graded anthracite entering Belgium from other Community countries, provided the High Authority was able to ascertain that the shipments in question were in fact of anthracite.

Thus some months later the High Authority by Decision No. 4/62²⁾ gave permission for 20,000 tons of

¹⁾ See *Tenth General Report*, Nos. 208 ff.

²⁾ See *Journal Officiel des Communautés Européennes*, April 26, 1962 (fifth year, No. 31).

anthracite in excess of the quota to be sent to Belgium from Germany.

279. As in 1960 and 1961, the Belgian Government was required to see to it that the reorganization was not interfered with by excessive unloading of non-seasonal pithead stocks.

A Ministerial Order issued on February 20, 1962, had raised the ceiling for such stocklifting from 35 % to 65 % of the stocks held at the pitheads at December 31, 1959. The High Authority pointed out that either this tonnage was needed to meet demand in the Belgian market, in which case the other member countries must be allowed to contribute, or it was not, in which case it was liable to unbalance the market. The effect of the Order was to permit the selling-off of 2,300,000 metric tons during the year, whereas the Belgian coal balance-sheet for 1962, on which Decision No. 13/61 was based, indicated only about one million tons.

The Government thereupon, on April 16, issued a fresh Order lowering the ceiling to 50 % up to July 1.

Decision No. 8/62

280. In point of fact, the Belgian coal position developed more favourably than had been forecast in the estimates drawn up at the end of 1961, on which the High Authority had based its new Decision under Article 37. During the second quarter of 1962, the High Authority observed that, while production continued unchanged, home demand was on the increase, not only from the thermal power-stations and the coking-plants, but also from the household sector: certain delays which were occurring in the implementation of the closure programme might well drag out in face of this upturn, and impede the reorganization of the industry.

In these circumstances the High Authority felt that the maintenance of the restrictions on trade as fixed by

Decision No. 13/61 was liable to interfere with the re-organization process.

281. On July 17, therefore, it consulted the Council as to the advisability of

- (a) derestricting trade in and imports of graded anthracite and low-volatile coals and anthracite and low-volatile briquettes for household consumption as from August 1;
- (b) either increasing the 1962 quotas for all other types and grades by 10 % from August 1, or lifting all restrictions altogether from October 1.

Following the consultation, the High Authority on July 25 issued its Decision No. 8/62¹⁾, laying down that from August 1

- (a) the restrictions imposed by Decision No. 13/61 on intra-Community trade and imports should no longer apply to anthracite and low-volatile coal of over 5 mm. with a volatile-matter content of 14 % or less, or to anthracite and low-volatile briquettes;
- (b) the quotas for deliveries of other grades of hard coal and hard-coal briquettes from other member countries to Belgium should be increased by 10 %, thus bringing the total for the calendar year 1962 to 2,300,000 metric tons;
- (c) the quotas for deliveries of hard coal and hard-coal briquettes to other member countries from Belgium should also be increased by 10 %, to a total of 1,622,000 metric tons; and that
- (d) Belgian imports of hard coal and hard-coal briquettes from third countries during the calendar year 1962 must not total more than 527,000 metric tons outside the types and grades derestricted for intra-Community trade.

¹⁾ See *Journal Officiel des Communautés Européennes*, July 31, 1962 (fifth year, No. 68).

282. Comparison between the quotas thus fixed and the year's figures shows that the High Authority's Decision No. 8/62 was duly observed.

TABLE 62

**A. Deliveries of Hard Coal and Hard-Coal Briquettes to Belgium in 1962
under Decision No. 8/62**

(metric tons)

Country of origin	Quota under the Decision	Tonnage delivered	Delivery in % of quota
Germany (Fed. Rep.)	1,443,000	1,437,604	99.6
France	274,000	224,215	81.8
Netherlands	583,000	518,375	88.9
Community	2,300,000	2,180,194	94.8

**B. Deliveries of Hard Coal and Hard-Coal Briquettes by Belgium
to other Member Countries in 1962 under Decision No. 8/62**

Country of destination	Quota under the Decision	Tonnage delivered	Delivery in % of quota
Germany (Fed. Rep.)	209,000	163,733	78.3
France	598,000	336,249	56.2
Netherlands	770,000	685,116	89.0
Luxembourg	45,000	30,046	66.8
Community	1,622,000	1,215,144	74.0

C. Imports by Belgium from Third Countries in 1962 under Decision No. 8/62

Country of origin	Ceiling under the Decision	Tonnage delivered	Imports in % of ceiling
United Kingdom		70,601	
United States		426,398	
Total	527,000	496,999	94.3

With procurements of the derestricted grades, total Belgian purchases in 1962 over and above the ceilings originally laid down in Decision No. 13/61 amounted to over 610,000 metric tons of household coals. Two-thirds of these were imported from third countries, being in short supply in the Community market.

TABLE 63

**A. Deliveries of Hard Coal and Hard-Coal Briquettes by other Member Countries
(all grades) to Belgium in 1962**

(metric tons)

Country of origin	Quotas under Decisions 13/61 and 4/62	Tonnage delivered following Decision 8/62	Deliveries of anthracite and low-volatile coals > 5 mm. and briquettes	Total deliveries (3)+(4)	Difference (5)-(2)	(6) in % of (2)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Germany (Fed. Rep.)	2,168,000	1,437,604	920,641	2,358,245	+190,245	8.8
France	268,000	224,215	54,149	278,364	+ 10,364	3.9
Netherlands	860,000	518,375	353,227	871,602	+ 11,602	1.3
Community	3,296,000	2,180,194	1,328,017	3,508,211	+212,111	6.4

**B. Deliveries of Hard Coal and Hard-Coal Briquettes (all grades) by Belgium
to other Member Countries in 1962**

(metric tons)

Country of destination	Quotas under Decisions 13/61 and 4/62	Tonnage delivered following Decision 8/62	Deliveries of anthracite and low-volatile coals > 5 mm. and briquettes	Total Deliveries (3)+(4)	Difference (5)-(2)	(6) in % of (2)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Germany (Fed. Rep.)	200,000	163,733	67,475	231,208	+ 31,208	+15.6
France	950,000	336,249	455,487	791,736	-158,264	-16.7
Netherlands	800,000	685,116	61,021	746,137	- 53,863	- 6.7
Luxembourg	45,000	30,046	—	30,046	- 14,954	-33.2
Community	1,995,000	1,215,144	583,983	1,799,127	-195,873	- 9.8

C. Imports (all grades) by Belgium from Third Countries in 1962

(metric tons)

Country of origin (1)	Ceiling under Decisions 13/61 and 4/62 (2)	Tonnage delivered following Decision 8/62 (3)	Deliveries of anthracite and low-volatile coals > 5 mm. and briquettes (4)	Total deliveries (3)+(4) (5)	Difference (5)-(2) (6)	(6) in % of (2) (7)
U.K.		70,601	218,573	289,174		
U.S.A.		426,398	203,060	629,458		
U.S.S.R.		—	64,051	64,051		
Morocco		—	13,843	13,843		
N. Vietnam		—	43,069	43,069		
Ireland		—	268	268		
Total	640,000	496,999	542,864	1,039,863	+399,863	62.5

State of the Belgian coalmining industry in 1962

283. Although thanks to the very active state of the Community market generally and to the protective measures adopted supply and demand in Belgium reached a balance of sorts, the basic situation of the Belgian coalmining industry continued far from satisfactory. The market aspect had been dealt with by appropriate action, but the cardinal problem of the industry's integration into the Common Market remained unsolved—particularly as rationalization has been in progress in other Community coalfields too.

Productivity at the Belgian pits has certainly improved, but at the expense of cutting down on preparatory and maintenance work and of excessive skimming of the seams. In the event, the improvement may well turn out to be smaller than that achieved in other Community coalfields.

The higher productivity has resulted in rather lower production costs, but not so much lower as it should have, owing to wage increases, to the direct and indirect effects of the shorter working week and the shortage of under-

ground personnel. Also, the psychological impact of the closures has accelerated the drift away from the pits, while under-utilization of capacity has made economic operation difficult.

At the same time, reductions have had to be made in the prices of certain grades of Belgian coal which in 1959 were higher than those charged by other Community producers, it being an essential feature of the Common Market for coal that delivered prices for equivalent grades need to work out fairly alike.

Thus although the scheduled closures continued to go through in 1962 unattended by serious complications, and although the state of the market showed a decided improvement, the Belgian industry could not be considered to have been as yet placed on a sufficiently sound footing to be integrated into the Common Market.

The Directoire de l'Industrie Charbonnière

284. The Belgian Government, having come to the conclusion that the state of the industry demanded drastic structural reform, had, in November 1961, set up a joint administrative Board, the Directoire de l'Industrie Charbonnière, with powers of decision and control over the collieries. The relevant Act¹⁾ empowered the Directoire to issue to the collieries, to the extent compatible with the Coal and Steel Treaty, decisions, recommendations and opinions concerning

- (a) pricing, conditions of sale and alignment;
- (b) production programmes and production and sales quotas;
- (c) the co-ordination of investment programmes and the installation of joint plants and services;
- (d) the establishment of joint selling agencies.

¹⁾ See *Tenth General Report*, No. 283.

285. Having regard to the Directoire's terms of reference under the Act, talks were held between the High Authority and the Belgian Government, with the object of defining the exact bounds of the respective competencies involved.

The Belgian Government maintained, and on February 19, 1962, officially confirmed, that in its view the Treaty contained nothing to bar the Directoire's activities in connection with prices, production and sales; the High Authority, however, held that the Act was incompatible with the Treaty inasmuch as it empowered a national body to take official action in respect of the Belgian collieries' activities.

286. Accordingly, the High Authority, under Article 88,1 of the Treaty, on May 3, 1962, requested the Belgian Government to take the requisite steps to remedy this non-observance of the Treaty, or to present its views by not later than June 15.

The High Authority pointed out that it was a fundamental principle of the Common Market that the member States should wholly forgo their sovereign rights in respect of prices, production and sales both in the coal and in the steel sector, these coming under the sole jurisdiction of the Community Institutions responsible for ensuring the establishment and observance of normal conditions of competition. It emphasized that it was opening formal proceedings under Article 88 in order to clarify the legal points at issue, and that the Belgian Government was at liberty to request the introduction of additional or alternative measures to further the reconstruction of the Belgian coalmining industry and redress the disturbed state of the Belgian economy.

287. In response, the Belgian Government in June agreed, without prejudice to its legal position, to re-examine with the High Authority the practical details of the reorganization policy from the point of view of the industry's integration into the Common Market, with due respect for the provisions of the Treaty, and undertook not to implement

the contested provisions of the Act of November 16, 1961, until the findings of the examination were forthcoming. The High Authority for its part agreed to extend the time-limit fixed by it under Article 88 up to September 15.

The matter was referred for examination to a Joint Committee of High Authority and Belgian Government representatives, which submitted its findings on July 20. These may be summarized as follows.

Belgian coal production is insufficiently adjusted to market requirements, and there is still the danger of "fundamental and persistent disturbances" in the Belgian economy. While the action taken has had good results, the partial isolation of the Belgian market is calculated in the future to hamper rather than promote the process of reorganization, since a sustained demand for coal in a market thus protected is liable to result in uneconomic pits being kept in operation. While from 1964 onwards measures may be introduced under a Community energy policy, it is nevertheless essential that in the meantime arrangements other than partial isolation should be made without delay in order to avoid fundamental and persistent disturbances within the meaning of Article 37.

In the first place, to avert such disturbances, the reconstruction process must be speeded up and intensified by both positive and negative rationalization measures. In the second place, in order that it should go forward in an orderly manner, provision must be made in case of need for the High Authority to take promptly all appropriate steps with regard to production, prices and sales.

288. On September 11, before the expiry of the time-limit prescribed by Article 88, the Belgian Government submitted a reasoned application for the implementation of Article 37 in favour of Belgium. In view of the effects which the action requested would have on the interpretation of the wording of the Act, the High Authority again extended the time-limit until a final decision should be reached. The Belgian Government undertook not to put the contested provisions of the Act into effect in the interval.

The High Authority agreed with the Belgian Government on the following points.

- (1) If fundamental and persistent disturbances were to be avoided, it was essential that the reorganization of the Belgian coalmining industry should be prosecuted with vigour. The Belgian Government undertook
 - (a) to submit to the High Authority by not later than December 31, 1962, its itemized list of pit closures in respect of the two million metric tons capacity remaining to be eliminated in 1963, and to see to it that closures were effected in 1962 in respect of not less than 800,000 tons;
 - (b) to continue the reorganization process beyond 1963 (including both positive and negative rationalization), an overall plan detailing the Belgian Government's intended action for arriving at its 1966 target to be drawn up and submitted to the High Authority during the first quarter of 1963.
- (2) To enable the reorganization to be carried out, and thereby eliminate the threat to the Belgian economy represented by the present state of the coalmining industry, it was advisable to invoke Article 37 in order to institute the necessary precautionary measures.

For the free play of market forces might not suffice to ensure the ordered reconstruction of the industry which the Government has decided to carry through, and might indeed irremediably impair the position of the collieries it is intended to keep in operation. To provide against such a contingency, the High Authority felt it desirable that it should have the necessary powers to take action, if need be, in the fields of production, prices and sales, where direct influence can be exercised on the coal market and where the producers, left to themselves, might act in ways contrary to the process of reconstruction.

In any case, the forecast for 1963 indicated that the partial isolation of the Belgian market not only was no

longer necessary, but was indeed not really the answer to the problems arising.

Basing itself on these points, the High Authority asked to consult the Council as to the advisability of further implementing Article 37 in favour of Belgium during 1963. In the light of the response, it felt obliged to review the whole matter and discuss it once more with the Belgian Government. Talks between the Belgian Government and the High Authority are expected to take place in February.

Since the High Authority did not take a Decision extending the isolation into 1963, the Belgian coal market was restored as from January 1 to its position as part of the Common Market.

Temporary contribution towards coverage of increased wage costs

289. To remedy the relative decline in miners' earnings as compared with those of workers in other industries, the Belgian mineworkers' unions in February 1962 submitted claims for a number of wage concessions.

In the view of the state of the Belgian coal market and of the need to prepare for its prospective restoration to its place within the Common Market, the employers felt unable to meet these claims—legitimate though they acknowledged them to be—unless and until they either managed to increase their revenues or were granted State assistance. To prevent a serious social conflict and a worsening of the shortage of underground personnel, the Belgian Government decided to grant the collieries temporary financial assistance to help the producers meet the extra charge upon them. On the strength of this, agreement was reached between the employers and workers on February 24.

290. On March 5, the Belgian Government submitted to the High Authority the text of a Bill establishing a "Coal Industry Cost Compensation Fund": it desired to institute

temporary arrangements, under Article 53 of the Treaty, for financing the wage increases granted, and sought the High Authority's permission under Section 26,4 of the Convention to allow the collieries an additional subsidy of Bfr. 255 million.

The High Authority pointed out that a number of the provisions in the Bill, including in particular those concerning the funds and their allocation as among the different collieries, were incompatible with the rules of the Treaty. The Belgian Government then withdrew the Bill in order to amend the details of the financing arrangements.

291. The amended Bill was passed by the Belgian Parliament in July, and on August 2 the Belgian Government asked the High Authority for its permission under Article 37 of the Treaty to grant all collieries, for a period of twelve months, compensatory assistance in respect of part of the additional costs imposed on them by the agreement of February 24.

The assistance was to be payable on two conditions:

- (1) all collieries must contribute Bfr. 5 per metric ton of coal mined, out of their revenues under the price schedules in force in 1961;
- (2) collieries producing household coals must set aside for the coverage of their increased costs all additional revenues resulting from price increases introduced between January 1 and April 1, 1962, for the smaller grades of 5-22 mm., since the reason it had been possible to charge higher prices for these was that they were coming to be more in demand.

The amount payable to each colliery was to equal the difference between the extra burden imposed on it by the agreement of February 24 and the sum of (1) and (2) above.

292. The total amount of the extra charges imposed on the industry by the new wage agreement was estimated at Bfr. 240 million for the twelve months from March 1, 1962: of this the collieries' contributions would cover about

Bfr. 165 million, while the remaining Bfr. 225 million would be found by the State out of levies on the consumption of electric current, gas oil and fuel oil.

In examining the Belgian Government's application, the High Authority took account of the fact that the problem of meeting additional wage costs was not confined to Belgium, but existed, in varying degrees of acuteness, in all Community coalfields. Indeed, it had itself drawn attention in the past to the vital importance of dealing with this matter at Community level as part of a common energy policy.

Nevertheless, in view of the reconstruction in progress and the special efforts the Belgian collieries were having to make, it felt itself justified in authorizing temporary measures to cope with the problem as part of the implementation of Article 37 during 1962.

In particular, it recognized that the relative decline in miners' earnings by comparison with earnings in other industries was making it more and more difficult to keep a sufficient complement of miners to work the integrable pits. It therefore agreed with the Belgian Government that the men's earnings must be maintained at a comparable level in order to stem the drift of skilled miners away from the industry.

Also, it bore in mind that the industry could not afford, in the present state of the market and the demands of reconstruction, to raise its prices all round to a level which would cover the new wage costs: on the other hand, it could not bear the full burden without grave risk to some collieries' prospects of integration into the Common Market.

The High Authority therefore considered that, as things now stood, the extra wage costs were liable—just as was unrestricted competition with the other Community coalfields—seriously to unbalance the Belgian coalmining industry.

Having regard in particular to these two points, the High Authority on December 17 consulted the Council as to the advisability of authorizing the Belgian Government to provide temporary assistance under Article 37 of the Treaty for the purpose of partially offsetting the extra charges resulting from the wage increases granted to Belgian miners on February 24.

However, as reservations were expressed by the Council, it decided that the matter should be gone into further. Since the Belgian Government meantime failed to submit its itemized list of 1963 closures by December 31, a fresh round of talks between it and the High Authority had in any case to be called, for February 1963, at which the question of the proposed compensatory assistance will also be discussed.

Subsidies under Section 26,4 of the Convention

293. The subsidies permitted by Section 26 of the Convention containing the Transitional Provisions form an integral part of the precautionary arrangements instituted by the Treaty on behalf of Belgian coal, their object being to make possible the reorganization of the industry.

As has been noted in earlier Reports, the High Authority takes the view that the closures necessitated by the reorganization programme must be carried out at a rate carefully calculated not to involve undue economic and social hardship; subsidization it feels, is the means of enabling the pits scheduled for ultimate closure to carry on until their time comes, and the others, in course of time to qualify for full integration into the Common Market.

294. No actual deadline is set for the discontinuance of the subsidies, but Section 26 of the Convention provides that both they and the tonnages on which they are payable must be progressively reduced. Section 26,4 further requires the High Authority to submit to the Council for approval, every two years, proposals as to the tonnage to be subsidized.

As subsidization is authorized conditional on the implementation of the closure programme¹), the High Authority on November 22, 1961, reminded the Belgian Government that detailed proposals must be submitted to enable it to consult the Council at the proper juncture concerning the subsidizable tonnage for 1962 and 1963. The Government was, however, unable to produce its proposals in time. Pending such time as it should be able to take a decision, the High Authority requested the Belgian Government to see to it that the collieries eligible for subsidies did not increase their production above the level reached in 1961.

Subsidies in 1962

295. On the basis of particulars subsequently furnished by the Belgian Government, the High Authority was able to put fresh proposals concerning subsidization to the Council in December.

After a consultation with the Council, the Belgian Government was authorized, by High Authority Decision No. 10/62²), to grant subsidies in 1962 to four collieries, as against eight in 1961. These enterprises were incurring structural operating losses resulting from geological conditions, and were also having to meet residual charges in connection with their closure operations which were driving up their overheads.

296. In contrast to previous years, no repayable advances were granted. The non-repayable subsidies granted may be broken down as follows.

¹) See *Tenth General Report*, No. 214.

²) See *Journal Officiel des Communautés Européennes*, December 29, 1962 (fifth year, No. 141).

TABLE 64

Breakdown of subsidies for 1962

Collieries No. Coalfields	Grade	1959 production (m.t.)	Amount of subsidy (Bfr. '000)
1	Bituminous grade A Bituminous grade B Smokeless steam Semi-bituminous Anthracite	690,060	60,000
1		414,960	40,000
2		598,711	10,000 5,000
4		1,703,731	115,000

The amount paid out in subsidy in 1962 was Bfr. 265 million lower than in 1961, and the production subsidized (on the basis of 1959 output), 1,600,000 metric tons lower (see table).

TABLE 65

Scaling-down of Subsidies from 1959

		1959	1960	1961	1962
Amount (Bfr. '000)	Authorized	926,000	685,000	400,000	115,000
	Paid	950,860	683,750	380,000	115,000
Tonnage (on the basis of 1959 production)	Authorized	8,000,000	4,200,000	3,300,000	1,703,731
	Subsidized	5,335,000	4,143,000	3,300,991	1,703,731

Subsidies for 1963

297. The Belgian Government submitted estimates, itemized by collieries, of the further-reduced subsidies suggested for 1963, which totalled a maximum of Bfr. 100 million, payable in respect of 1,100,000 metric tons (based on 1959 production).

At the consultation with the Council, the Belgian Minister explained that the full amount would not in fact be drawn down, and that the sum actually paid during 1963 would probably be less than Bfr. 50 million.

The Council approved the proposed figure of 1,100,000 tons; the High Authority will issue its Decision on the subject when it receives the Belgian Government's final proposals.

German miners' shift bonus

298. A brief account was given in last year's Report¹⁾ of the position resulting from the Court's judgment of February 23, 1961, concerning the financing of the German shift bonus (*Bergmannsprämie*), and the endeavours of the High Authority and the German Ministries involved to work out alternative arrangements. However, these intensive studies led only to the conclusion that all the various compromises possible in theory would entail serious difficulties in practice.

The Netherlands Colliery Association, which had repeatedly petitioned the High Authority in the matter in 1961, was kept informed of developments, and in particular of the then almost insuperable difficulties. On February 14, 1962, the High Authority wrote again to the Federal Minister of Economic Affairs firmly insisting that the text of a Bill for the supersession of the shift bonus be submitted to it forthwith, adding that this non-compliance with the Treaty could not be allowed to continue any longer.

In the ensuing months a whole series of discussions on the problem took place between High Authority representatives and the Ministry. The Minister wrote on March 20, and again on May 21, describing once more the constitutional difficulties involved in abolishing the present arrangements for financing the bonus.

299. The High Authority, writing on June 26, pointed out that the Federal Government was risking proceedings

¹⁾ No. 32.

under Article 88 if proposals compatible with the Treaty were not forthcoming within a reasonable time. On July 25 it wrote to the Minister of Economic Affairs formally invoking Article 88 and giving the Federal Government till October 31 to present its views.

At the Minister's suggestion, possible arrangements in connection with the bonus were discussed by a Joint Committee of representatives of the Federal Ministries and the High Authority. On November 14 the High Authority dispatched a teletype to the Federal Government confirming that it expected the amendment of the shift bonus Act to come into force from January 1, 1963.

The Minister of Economic Affairs replied on December 11 that the Federal Cabinet had come to a decision: the Act was to be amended to the effect that the collieries and iron-ore mines must refund to the Land financial authorities the amounts paid out from public sources for the shift bonus, plus a fixed 10% in settlement of the payroll tax which the Court of Justice of the Communities had ruled to be due. This would wholly eliminate the concealed subsidy constituted, in the Court's view, by the shift bonus.

The High Authority repeated the request it had made on November 14 to be kept informed of any measures the Federal Government might take to deal with the political, economic and social implications of the new arrangements concerning the shift bonus. The Minister of Economic Affairs suggested that the question should be gone into in detail by a working party.

*Special measures in Germany concerning imports of
third-country coal*

Developments to date

300. In January 1959, when the coal crisis was at its worst, the High Authority, in order to prevent the market from becoming swamped by imports under long-term contracts with American suppliers and help enable these

to be commuted, issued a Recommendation to the Federal Government to impose temporarily a duty of DM. 20.00 on every ton of third-country coal entering the Federal Republic in excess of a duty-free quota to be fixed for 1959 at not less than 5 million tons. The duty and the quota were reimposed unchanged for 1960.

301. In 1961, the High Authority, taking the view that the state of the German market had so far improved as to allow of a certain relaxation of these arrangements, conveyed a fresh Recommendation to the Federal Government to the effect that the new quota should be fixed at not less than 6 million metric tons. A similar Recommendation was issued in 1962, the rate of duty itself to remain unchanged at DM.20.00 per ton.

The Federal Government complied. The other member countries were throughout this period required to afford "mutual aid" to the Federal Government by checking the origin of coal entering the Federal Republic from their territories.

302. The movement of German imports of third country coal has been as follows:

('000,000 metric tons)

Year	Total imports	of which: from U.S.A.
1957	17-234	15-991
1958	12-926	11-215
1959	5-956	4-617
1960	5-461	4-369
1961	5-449	4-323
1962	6-005	4-933

Measures for 1963

303. At the end of 1962, the High Authority upon examining the forecasts for 1963 came to the conclusion that the situation was still not such that restrictive measures

could be dispensed with, and that it was right and proper to maintain the system of duties and quotas.

In fixing the quota, the High Authority took into account the United States Government's decision that the American troops in Germany should be supplied with American coal, the effect of which was that an additional 1,200,000 tons of American coal would be imported in 1963 free of duty. The High Authority therefore in its latest Recommendation, of October 30, 1962,¹⁾ advised the Federal Government, in accordance with Articles 57 and 74 of the Treaty to keep the duty-free quota at six million tons and the duty at DM.20.00 per ton, as in 1961 and 1962. The member States were enjoined under the Treaty, as before, to support the Federal Government by checking the origin of coal entering the Federal Republic from their territories.

*Trading regulations of Community producers
in respect of sales in the Common Market*

304. The High Authority has always sought to ensure that the transition for Community producers and selling agencies from nationally-angled to Common Market-angled trading regulations in line with the rules of the Treaty should take place not abruptly but gradually, without endangering established business connections and thus, without adversely affecting the operation of the Common Market.

In the major Community coalfields, it is the practice to make the admission of dealers as direct-buying wholesalers conditional upon their selling a given tonnage of coal purchased from the producer or selling agency concerned. It is not possible to determine reference tonnages applicable throughout the industry: they can only be computed empirically in the light of local conditions.

¹⁾ See *Journal Officiel des Communautés Européennes*, 1961 (fourth year, No. 84).

Ruhr coal-selling agencies

305. The High Authority issued a Decision on February 8, 1961, concerning the trading regulations of the three Ruhr coal-selling agencies¹). The effects in 1962 were in accordance with its expectations: a number of additional dealers were admitted to direct-buying status from April 1 onwards, without in any way creating difficulties for the agencies.

It is gratifying to record that the trend since 1958-59 has definitely been towards increased scope for competition among dealers, and in particular towards, an increased proportion of medium-sized wholesale firms among the direct-buying wholesalers.

The breakdown of the direct-buying wholesalers according as they have been admitted as such by one, two or all three agencies is as follows:

Coal year	Admitted to one agency		Admitted to two agencies		Admitted to three agencies		Total	
	No.	%	No.	%	No.	%	No.	%
1958-59	24	7	23	6.8	293	86.2	340	100
1959-60	53	14	30	7.9	296	78.1	379	100
1960-61	57	14.5	33	8.4	303	77.1	393	100
1961-62	80	17.3	44	9.5	338	73.2	462	100
From April 1, 1962	84	17.8	46	9.7	343	72.5	473	100

These figures indicate a certain tendency towards decentralization in the Ruhr coal trade.

306. The standard reference turnover fixed was 6,000 metric tons per annum from the particular agency concerned: the Decision of February 8, 1961, provided, how-

¹) See *Tenth General Report*, No. 271.

ever, for a special arrangement in the case of wholesalers in France, who were required for the coal year 1961-62 to show only that they had sold during the previous coal year not less than 2,500 tons of coal from the agency to which they were seeking admission. As the transition period of twelve months was not long enough to enable the necessary conditions to be established for the 6,000-ton requirement to be applied to the French wholesalers, the High Authority by Decision No. 1/62¹⁾ extended the special arrangement in their favour to cover the coal year 1962-63.

By virtue of these provisions, 36 French wholesalers were admitted to direct-buying status in the coal year 1961-62, and 38 from April 1, 1962. Eight of them avail themselves of their rights in this respect only in part or not at all, preferring to buy indirectly through German direct-buying firms.

The Ruhr mining companies ask in their applications for the authorization of two, instead of the former three, Ruhr coal-selling agencies to operate from April 1, 1963, that the present trading regulations should be retained.

Rheinischer Braunkohlenbrikettverkauf

307. While the Ruhr agencies' trading regulations required explicit High Authority authorization, the point in the case of those of Rheinischer Braunkohlenbrikettverkauf is that the latter is not a selling agency within the meaning of Article 65 of the Treaty, but on the other hand does occupy a dominant position in the market for brown-coal briquettes within the meaning of Article 66,7.²⁾ Enterprises of this description are forbidden to "make use of such position for purposes contrary to those of the Treaty."

The High Authority in the course of the year under review informed R.B.V. that its existing trading regulations

¹⁾ See *Journal Officiel des Communautés Européennes*, March 10, 1962 (fifth year, No. 17).

²⁾ See *Ninth General Report*, No. 274.

must be altered to obviate discriminations in its direct-buying arrangements as between one wholesaler and another. These consisted, firstly, in the making of exceptions as regards the criteria for admission, and secondly, in the fixing of the very large reference tonnage of 40,000 tons—which to make matters worse must all be sold within specified sales areas often offering insufficient scope for disposing of such quantities.

308. The main points in R.B.V.'s new trading regulations are as follows.

- (a) All sales to domestic consumers, and to industrial consumers taking up to 10,000 metric tons of briquettes a year (instead of up to 6,000 as previously), are to be effected by wholesalers.
- (b) The reference tonnage per sales district is to be 20,000 tons a year instead of 40,000.
- (c) The number of sales districts is reduced from 16 to 8, so that dealers will have a larger area in which to operate.
- (d) For a transition period of two years, briquette wholesalers who have hitherto been permitted to buy direct may continue to do so even though they do not fulfil the revised tonnage requirement.
- (e) To obviate the possibility of wholesalers' forfeiting their direct-buying status as a result of market fluctuations, the rule is made that a dealer shall be thus downgraded only if in two successive coal years he sells less than 90% of the reference tonnage, *i. e.* less than 18,000 metric tons of R.B.V. briquettes.
- (f) No new admissions under the remodelled regulations will be made until the beginning of the coal year 1963-1964.

R.B.V. submitted its new regulations to the High Authority in November 1962. The High Authority acknowledged receipt, reserving the right to revert to the matter at any time should circumstances require.

Cobechar

309. From February 1, 1963, the Comptoir Belge des Charbons (Cobechar) is to deal also through wholesalers.

Hitherto, the general arrangement has been that Cobechar supplied only the big consumers direct, while sales to the "other industries" and household sectors and to small consumers were effected by the producers, for the most part through dealers.

In future, Cobechar is to sell to all types of industrial consumer, while sales to households will continue to be the affair of the producers. Under its new trading regulations, consumers with an annual consumption of 30,000 metric tons or over of hard coal, hard-coal briquettes and coke are to be entitled to purchase from Cobechar direct; all other consumers must buy through wholesalers.

310. Cobechar is to admit to direct-buying status wholesalers who

- (a) have in the preceding calendar year purchased not less than 2,500 metric tons of hard coal, hard-coal briquettes and/or hard-coal coke for sale to private households and small consumers, or alternatively not less than 6,000 metric tons of hard coal and/or hard-coal briquettes for sale to industry, from the production of collieries affiliated to Cobechar;
- (b) satisfy the usual conditions required of a coal wholesaler (*i.e.* that he should be in a sound financial position, able to offer adequate security, established within the Common Market, fully conversant with all aspects of the coal market and coal trade, etc.);
- (c) accept Cobechar's general terms and conditions of sale.

Under a transitional arrangement to run up to March 31, 1964, Cobechar will permit direct buying by dealers who have up to now bought direct from the collieries affiliated to it, even though they do not fulfil the tonnage

requirement: this is intended to afford such firms a breathing-space in which to achieve the stipulated level.

The High Authority approved the revised regulations, but reserved the right to re-examine them in the light of their effects in practice, and if necessary amend the terms of its authorization.

These provisions do not apply to collieries' own sales: each colliery is at liberty to choose whether it will sell through a dealer or not.

Section 2: The Common Market for Steel

GENERAL STATE OF THE MARKET DURING 1962

311. Partly, it is true, as a result of the downturn in business activity, the Community steel market in 1962 continued to move steadily towards greater internal unity (characterized by expansion in intra-Community trade and price interpenetration), at the same time, in consequence of rising imports, developing an increasing sensitivity to competition from third countries, which was expressed in a tendency to align on world prices.

Production and demand fell somewhat out of step during the year. In the first six months production was below real demand because there was much selling from stock; in the two following quarters production was kept high—higher than the real demand warranted—by the device of ahead-of-schedule deliveries within the internal market, to offset the drop in exports, and in some cases by accumulating stocks at the works. Crude-steel production for the full year was 0.7% less than in 1961.

The High Authority's object in its market guidance activities was, and will continue to be, to help ensure that production is tailored as closely as possible to the movement of real demand. Where the two fail to correspond, the result is unduly sharp variations in the volume of iron and

steel production, which have adverse effects on regularity of employment and rational utilization of capacity.

312. The present slackening in the growth of steel requirements as compared with the fairly sustained expansion in general economic activity would appear to be due in part at any rate to faster growth in the less steel-intensive sectors, and to the fact that smaller tonnages of metal are now having to be used to perform the same function. This trend is being carefully followed and taken into account in the High Authority's work on short-time forecasting and on the preparation of the General Objectives.

Despite this trend in demand, the planned expansion of capacity continued, with the result that the position became recognizably that of a buyer's market in the making. With the iron and steel industry now in possession, thanks to revolutionary technological advances, of increasingly powerful and efficient production plant, it appears unlikely that there will be any change in this situation in the near future.

The consequent sharpening of competition was reflected in a 7.5% increase in orders placed in Community countries other than the consumer's own, and still more in increased price interpenetration, by the rise in the proportion of tonnages sold by alignment in part or in full on the lowest price-schedules in force in the Community.

But one of the most important developments of 1962 is that the Common Market for steel has now come to be more and more under the influence of third-country competition. Not only did Community steel exports drop by 10% owing to competition from other world exporters, but this third-country competition has begun to make its effects felt within the Community too, more especially with regard to semi-finished products, such as coils, but also in respect of finished products and special steels, such as stainless sheet. Imports increased overall by 25%. At the same time the Common Market is feeling the impact of world prices, through the alignment of Community sales on quotations from third countries: towards the end of the

year these alignments were reaching such proportions that the High Authority was obliged to issue a reminder as to the Treaty's requirements in this respect.

Stiff third-country competition has also been forthcoming on raw materials. In Italy, American and, to a lesser extent, British scrap has been competing against scrap from the north of the Community. Third-country ore is gaining ground at the expense of Community ore. The inflow of non-Community pig-iron is noticeably affecting the situation in the Common Market, by the prices quoted even more than by the actual tonnage.

The Common Market is being thus penetrated by competition not only from close at hand but from as far away as Japan. Greater exertions will be required from the Community enterprises to stand up to this, and from the Community Institutions to ensure that the trend does not get out of hand or affect continuity of employment. The recent developments are serving to intensify the effects of the Common Market, and must be an incentive to the Community iron and steel industry to keep all the time in the forefront of progress.

The fact that the Community is now no longer the second but the third largest steel producer in the world (after the United States and the Soviet Union) is not in itself cause for disquiet, but it does indicate that, after fifteen years of growth sustained by a powerful concentration on reconstruction and expansion, the Community needs to recruit its forces, if necessary by adopting new aims.

Technological progress must be stepped up, and an all-out effort made to rationalize and modernize capacity and to increase labour productivity. By this means the industry will be able to remain competitive, and to play its proper part in the European and world economy at optimum cost and under optimum conditions of social equity.

IRON ORE

Community production

313. Gross extraction of iron ore in the Community in 1962 totalled 92,100,000 metric tons,¹⁾ as against 95,900,000 in 1961—a drop of approximately 3.9%. The reduction was largest in Germany (—11.8% of the national total) and Luxembourg (—12.8%); in France and Italy it was much smaller (—0.7% and —4.1% respectively).

The reduction within each country was unevenly distributed. Some mines cut back production; others closed down altogether. In Germany, closures involved some ten mines, the total capacity thus forfeited amounting to over 2,800,000 metric tons of crude ore; on January 1, 1963, two further closures took place, representing a 1962 production of some 800,000 tons. In France, capacity totalling about 250,000 tons was sacrificed by cutbacks and closures affecting five mines.

This state of affairs was the result of various factors—the disadvantageous location of some mines (*e.g.* those in the Pyrenees and in Normandy), the chemical composition of the ores mined, growing competition from third-country ores at reduced prices, and also, to some extent, changes in the pattern of the iron and steel market, with demand focused more on certain types of pig-iron which can be more readily produced from imported hematite ores with a high Fe content.

Trade with third countries and within the Community

314. Imports of third-country iron ore went down from 34,800,000 tons in 1961 to 33,900,000²⁾ in 1962. German and Belgian-Luxembourg procurements decreased by 10% and 4%²⁾ respectively; Italy's, on the other hand, increased by over 33%.

¹⁾ Provisional figure.

²⁾ Estimated on basis of first nine months of 1962.

Community exports of iron ore to third countries in 1962 totalled 650,000 metric tons, 5% less than in 1961. Practically the whole went either from France to Britain or from Germany to Austria.

The volume of intra-Community trade increased from 25,600,000 tons to 26,100,000.¹⁾ This was due mainly to larger sales by France to Belgium and Luxembourg.

Consumption and stocks

315. Blast-furnace consumption of iron ore (sintered and crude ore together) was 3.8%¹⁾ lower in 1962 than in 1961, but it is worth noting that in terms of Fe content the drop was only 1.4%, the tendency now being for burdens to be made up of ore and sinter containing higher and higher proportions of pure iron.

Between the end of 1961 and the end of 1962, stocks of iron ore at the mines rose from 8,700,000 to 11,200,000 metric tons, an increase of nearly 30%. Stocks at the works and elsewhere increased during the first nine months of 1962 by some 250,000 tons, or nearly 3%.

Ore sintering and blast-furnace coke rate

316. The rise in the proportion of sintered ore used in the blast-furnaces was still more pronounced in 1962, from 713 kg. (360 kg. Fe) per metric ton of pig-iron produced to 863 (419) kg.,²⁾ an increase of 21 (16)%. This duly affected the coke consumption of the furnaces, the coke rate going down by a further 47 kg. per metric ton of pig-iron produced, from 857 kg. to 810¹⁾. As in 1961, coke consumption in the sintering-plants increased, but this was more than offset by the decrease at the blast-furnaces: the total coke consumption of the iron and steel industry fell from 50,300,000 tons in 1961 to 47,300,000¹⁾ in 1962.

¹⁾ Estimate based on first ten months of 1962.

²⁾ Provisional figure.

Prices

317. Schedule prices for iron ore again remained in general unchanged, except in the case of the Siegerland mines, which reduced their basis prices by around 5% with effect from June 1. Imported ores are to be cheaper in 1963: in particular, Kiruna D (Swedish) ore will be quoted at Skr.51.00 per ton c.i.f. Rotterdam as against Skr.56.50 in 1962, a cut of 10%.

SCRAP

General situation

318. With the weakening in the world market, the Common Market for scrap became definitely a buyer's market, with lower prices for all categories.

Consumption of scrap overall showed a slight decrease:¹⁾

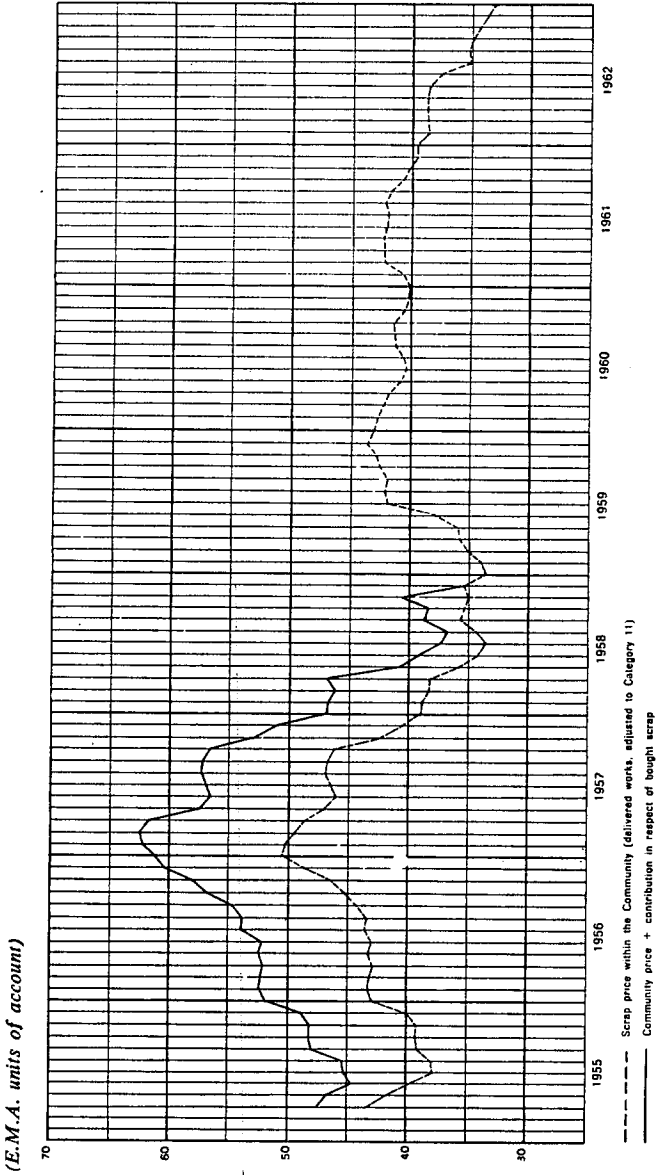
- (a) *at the steelworks*, it remained practically unchanged, at 29,300,000 metric tons²⁾ as against 29,030,000 in 1961. The input rate per ton of crude steel produced also showed little change despite the lower prices (approximately 415 kg. as against 408 the previous year;³⁾
- (b) *at the blast-furnaces*, it declined from 2,880,000 tons to 2,200,000.²⁾ This was due not so much to the minor contraction in pig-iron production as to the fall in the specific consumption of scrap at the blast-furnaces, from 52.8 kg. per metric ton of pig-iron produced in 1961 to 40.3 kg.¹⁾ in 1962.

¹⁾ See *Statistical Annex*, Table. No. 25.

²⁾ Provisional figure.

³⁾ Inclusive of independent steel foundries.

GRAPH No. 8
Scrap Prices in the Community



N.B. As the price-compensation scheme for imported scrap ended on November 30, 1958, the contribution in respect of bought scrap was abolished as from December 1958.

This trend, which set in about the middle of 1961, is naturally affecting the market for low-grade scrap.

As plants' own arisings remained about the same as in 1961, the fall in consumption brought requirements of bought scrap down from 14,400,000 metric tons to 13,900,000.¹⁾ Procurements from Community countries dropped by just under 400,000 tons, or about 3%. Stocks at works decreased by about 150,000 tons, but still cover 3½ months' requirements of bought scrap.

As low-grade scrap was finding practically no takers within the Community, the Council of Ministers on March 13, 1962, decided that authorization should be granted for a limited period (the three months of April, May and June 1962) to export Categories 58 and 59²⁾ up to the following ceilings:

Germany (Fed. Rep.)	.....	30,000 m.t.
Netherlands	.....	12,000 m.t.
Belgium	.....	10,000 m.t.

However, the quotas remained unused, since the German, Netherlands and Belgian dealers were unable to find buyers in third countries either.

At the request of the Netherlands, the Council is studying the implications of a complete lifting of the ban on the export of scrap to third countries.

Intra-Community trade; imports; prices

319. Intra-Community trade in scrap remained at practically the same level as in 1961, around 3,100,000 metric tons. The Italian iron and steel industry's purchases from Germany and France, which in 1961 amounted to 2 million tons in all, fell off by 18% and 6% respectively.¹⁾

¹⁾ Estimate based on first 11 months of 1962.

²⁾ Mixed blast-furnace bundles.

Scrap imports from third countries decreased from 2,200,000 metric tons to 1,800,000¹⁾. Much smaller quantities were imported by Germany and France; Italy, on the other hand, took some 200,000 tons more than before (+15 %)¹⁾.

A substantial proportion of Britain's temporarily derestricted scrap exports went to the Community—approximately 500,000 tons in all,¹⁾ more than half of it to Italy. This increase was partly at the expense of American scrap, of which only 1,100,000 tons¹⁾ was imported (90 % of it by Italy) as against 1,800,000 in 1961.¹⁾

As a result of the abundant availabilities on offer in the world market, prices continued to decline during the first part of 1962, ultimately steadying, at a very low level, about the middle of the year.

The average untaxed prices ex-yard for basis category 11, which at the beginning of 1962 had been \$35.50 in the Ruhr, \$30.50 in the Paris area and \$41.00 in Italy, were in January 1963 \$38.50, \$26.00 and \$33.00 respectively.

The American composite price, which at the end of January 1962 had been \$37.50, slumped in May to \$25.00, at which extremely low level it more or less remained until the end of the year; at the end of January 1963 it went up again, to \$27.83.

PIG-IRON

Production

320. Community production of pig-iron (all types) in 1962 totalled 53,700,000 metric tons²⁾ as against 54,600,000 in 1961.

¹⁾ Estimate based on first nine months of 1962.

²⁾ Provisional figures.

TABLE 66

Community Production of Pig-Iron, by Types

('000,000 metric tons)

Type	1961	1962 ¹⁾
Steelmaking pig	50,023	49,338
Foundry pig	3,075	3,032
Spiegeleisen	269	237
High-carbon ferro-manganese	512	521
Alloy and special pig	730	590

¹⁾ Provisional figures.

Specific consumption of pig-iron (including spiegeleisen and high-carbon ferro-manganese) in steelmaking decreased slightly, from 692 kg. per metric ton of crude steel produced in 1961 to 689 kg.¹⁾ in 1962.

Market situation

321. At the beginning of 1962, sales of pig-iron (all types) were still level, for the Community overall, with the monthly

TABLE 67

Total Pig-Iron Deliveries within the Common Market and Exports to Third Countries, by Types

('000 metric tons)

Type	1961	1961 ¹⁾	Change in %
Steelmaking pig	2,056	1,551	-24.6
Foundry pig	1,995	1,872	- 6.2
Spiegeleisen	190	179	- 5.8
High-carbon ferro-manganese	448	454	+ 1.3
Alloy and special pig	517	563	+ 8.9
Total	5,206	4,631	-11.0

¹⁾ Estimate based on first 11 months of 1962.

¹⁾ Estimate based on first nine months of 1962.

average for 1960-61, about 430,000 metric tons: towards the end of the year, however, they were reaching only 360,000 tons¹⁾, bringing the monthly average for 1962 down to about 385,000²⁾. The different types were affected in differing degrees (see Table 67).

The more marked decline in deliveries of the first three types would appear to be due to larger imports from third countries, at exceptionally low prices. As a result, some Community pig-iron producers have stopped production altogether, while others are operating well below capacity.

Trade among Community countries and with third countries

322. Intra-Community trade in pig-iron dropped by 10% in 1962, to 1 million metric tons²⁾. This decrease is, however, less considerable than that in sales within the national markets, which was something like 17% (see Table 68).

On the other hand, sales to third countries show an increase of nearly 40%, the total for 1962 being over 600,000 metric tons²⁾ (+95% for steelmaking pig). Practically the whole of the increase was in German exports to Asia³⁾.

Imports of pig-iron from third countries totalled nearly 1,200,000 tons⁴⁾, an increase of 25% over 1961. The additional tonnages—the bulk of them from Eastern Europe—went mainly to Germany, which imported more than 500,000 tons in all, over twice as much as in the previous year.

1) Figure for November 1962.

2) Estimate based on first eleven months of 1962.

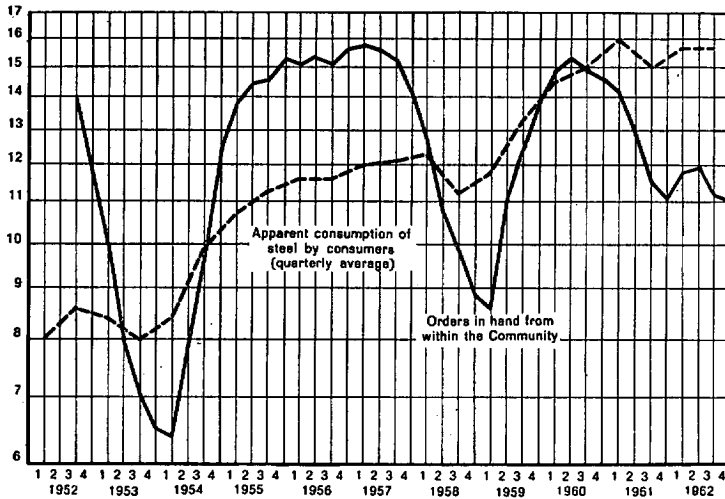
3) This increase is the result of a single big order from Japan.

4) Estimate based on first nine months of 1962.

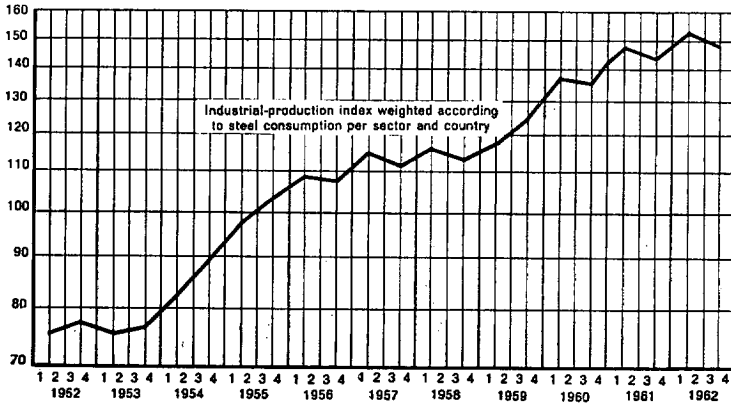
GRAPH No. 9

Steel Order-Books and Consumers' Stocks

('000,000 ingot tons)



(Index 1955 = 100)



Variations in the volume of orders in hand produce stock changes which in turn produce much more marked fluctuations in apparent consumption than in industrial production, which indicates the approximate trend in real consumption of steel. Thus, a mere levelling-off in the trend of industrial production corresponds to a downturn in apparent consumption, representing the rundown of stocks. It is the level of apparent consumption which determines the level of steel production.

TABLE 68
Intra-Community Trade in Pig-Iron¹⁾ and Imports from Third Countries
(^{'000 metric tons})

Delivered by	Year	Purchased by						Community
		Germany (Fed. Rep.)	France	Italy	Netherlands	Belgium/Luxembourg	Community	
Germany (Fed. Rep.)	1960		77	173	2	88	341	
	1961		91	338	2	117	548	
	1962 (9 months)		57	233	1	66	357	
France	1960	98		27	5	193	324	
	1961	97		43	8	205	353	
	1962 (9 months)	68		35	2	148	253	
Italy	1960	—	—	—	—	0	0	
	1961	—	—	—	—	—	—	
	1962 (9 months)	—	—	—	—	—	—	
Netherlands	1960	48	23	18		30	119	
	1961	38	28	32		30	129	
	1962 (9 months)	40	17	52		26	134	
Belgium/Luxembourg	1960	25	39	0	8		72	
	1961	24	35	0	1		60	
	1962 (9 months)	18	24	1	0		43	
Community	1960	171	140	218	15	311	855	
	1961	160	154	413	10	352	1,090	
	1962 (9 months)	125	98	321	3	240	787	
Third countries	1960	298	26	495	24	125	968	
	1961	258	35	513	17	101	924	
	1962 (9 months)	383	22	344	14	108	871	
Total	1960	468	165	713	40	436	1,823	
	1961	418	189	926	27	454	2,014	
	1962 (9 months)	508	119	665	17	348	1,657	

¹⁾ Including spiegeleisen and high-carbon ferro-manganese.
N.B. Compiled from external trade statistics (Imports).

Prices

323. To meet third-country competition, many Community pig-iron producers either lowered their schedule prices, introduced rebates, or increased existing rebates. Practically all types of pig-iron were affected, including high-carbon ferro-manganese. The cuts ranged from 2% to 7% of the highest basis prices.

Even so, many of the sales within the Community were aligned on third-country quotations.

TABLE 69

Tonnages of Pig-Iron Sold by Alignment on Third-Country Quotations,
as Declared to the High Authority

Type	('000 metric tons)	
	1961	1962
Steelmaking pig	361	351
Foundry pig	352	504
Special pig		59
Spiegeleisen	43	52
High-carbon ferro-manganese	50	59
Total	806	1,026

In contrast to 1961, there was almost as much alignment on the prices of competitors in each country's own home market as on those in the markets of other Community countries: the tonnage sold by alignment within national markets represented 45% of all intra-Community alignments, as against 20% in 1961.

STEEL

Market situation

324. 1962, like 1961, was an average year for the Community iron and steel industry, but a rather weaker one owing to the decline in exports during the second half of

the year. Crude-steel production totalled only 72,700,000 metric tons as against 73,200,000 in 1961 and 72,800,000 in 1960.

It is true that production had remained more or less the same three years running on previous occasions—in 1952-54 and in 1957-59—but each time in the past the last year of the three had shown a rising trend, whereas 1962 showed a falling one.

The real consumption of the Community steel-consuming industries continued to rise, but more sluggishly, at only 3% as against 7% from 1960 to 1961. This slowing-down is further evidence of the divergence already noted from the movement of overall industrial production, whose rate of growth dropped only from 6.6% to 6.0%.

The growth in steel consumption was largest in Italy (about 10%), where investment activity had been highest; in France it was 4.5%, in Belgium and Luxembourg 4%, in the Netherlands 3.5%, and in Germany nil.

New orders placed in 1962 by Community consumers amounted to 43,700,000 metric tons, about 8% above the figure for 1961, but the substantial flow of deliveries which in 1961 had reduced the backlog of orders in hand from 10,100,000 metric tons to 7,700,000 did not, however, continue in 1962.

Deliveries within the Common Market during the first two quarters were slightly below both the volume of orders and real consumption. The order-books were filled up again somewhat in consequence, and consumers' surplus stocks began to decrease. During the next six months, however, deliveries within the Common Market outstripped both orders and real consumption, owing to production continuing at the same rate while exports were falling sharply. Orders in hand dwindled again, and, in particular, consumers' stocks increased more than they had decreased during the second half of 1961 and first half of 1962. The increase was more marked in Italy and the Benelux countries than in France and Germany.

Export orders received in 1962 totalled 8,400,000 metric tons, 6.6% less than in 1961 when the volume had been very nearly as great as in the peak year 1959. A steep drop set in in the summer, which was not entirely due to the downturn in world demand: one reason may have been that Community producers were somewhat dubious about the exceptionally low prices quoted for most products, but competition from other exporters also played a part.

Orders from all sources amounted to 52,100,000 metric tons as against 53,100,000 tons delivered, the order-books thus contracting by one million tons. Delivery dates shortened to an average of slightly less than two months at the end of 1962. It is quite possible that this will lead to a

TABLE 70

Comparative Movement of the General Community Economy
and of the Iron and Steel Sector

(*'000,000 metric tons and in %*)

	1960	1961	1962 (estimates)
<i>General Economy</i>			
Industrial production (1958 = 100)	121	129 (+6.6%)	137 (+6 %)
Consumer-industries index	136.3	145.8 (+7.0%)	150.3 (+3.1)%
<i>Steel</i>			
<i>Uses</i>			
Real consumption	57.24	60.86	62.6
Increase in consumers' stocks for technical reasons	1.31	0.80	0.4
Change in consumers' surplus stocks	+0.50	+ 0.40	+ 0.3
Change in producers' stocks	+1.68	+ 0.11	+ 0.3
Change in dealers' stocks	+0.44	+ 0.07	+ 0.2
Exports	14.39	13.74	12.4
<i>Availabilities</i>			
Imports	2.48	2.38	3.2
Scrap consumption of rolling-mills	0.31	0.31	0.3
Crude-steel production	72.84	73.24	72.7

reduction of consumers' stocks, if it seems likely that the rate of delivery will continue for some time faster than during the long post-war period when demand usually stretched capacity to the limit.

Table 70 summarizes the movement of availabilities and uses of steel in the Community over the past three years. Some developments, however, such as the rundown of stocks in the second half of 1961 and first half of 1962, do not, however, emerge from the yearly figures, as they were more than offset by the stock accumulations which occurred in the other halves of the two years.

Production

325. Crude-steel production rose from 1961 to 1962 by 5% in the Netherlands, 4% in Italy and 5% in Belgium (though in this last case it must be borne in mind that the 1961 figures were affected by strikes; in Germany and Luxembourg, on the other hand, it dropped by 3%, and in France by 2%. This compares with decreases from 1960 to 1961 only in Germany and (owing to the strikes) in Belgium. Community production overall underwent a decrease of 0.7% in 1962, as against an increase of 0.6% in 1961¹).

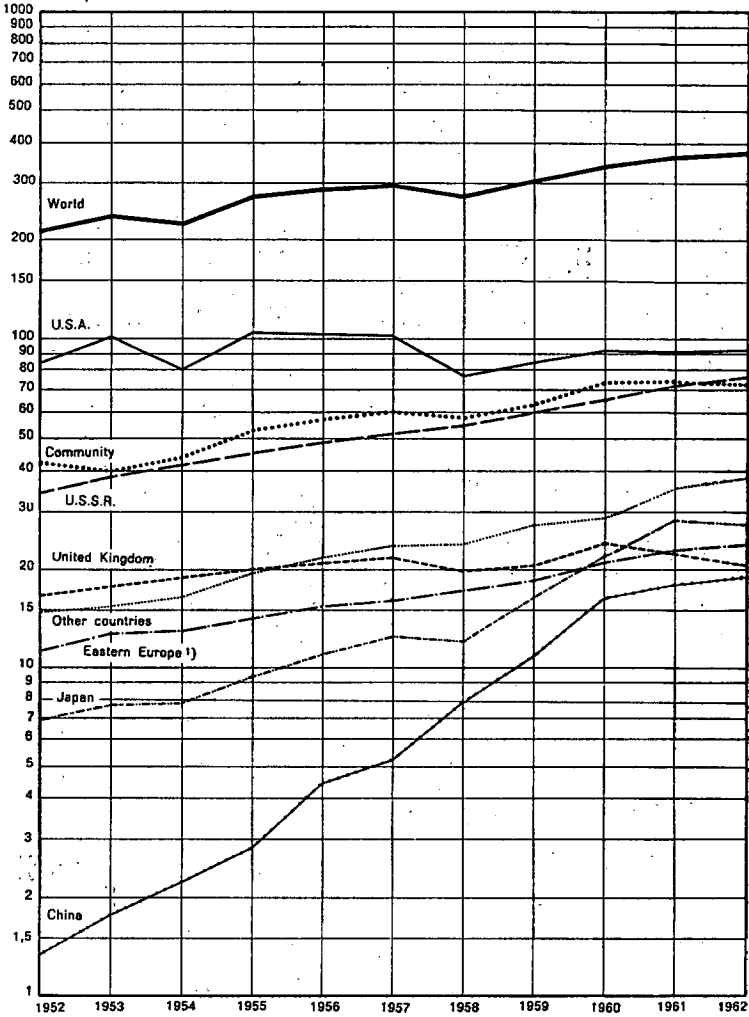
World crude-steel production rose from 363,300,000 metric tons in 1961 to 369 million in 1962. The Community's share shrank to 19.8%—about the same as in 1956—as compared with 21.2% in 1960. Britain's production dropped 7.2%, the United States' remained practically unchanged, while Japan's, after its sharp leap in 1961, declined again by 2.7%; expansion was mainly concentrated in the Eastern bloc and the newly-emergent countries. Western Europe as a whole is still, however, with its 106 million tons, the world's biggest producer complex. It and North America together account for 55% of world production.

¹) See *Statistical Annex*, Tables Nos. 35 and 36.

GRAPH No. 10

World Crude-Steel Production

(¹000,000 metric tons)



1) Eastern Germany, Bulgaria, Poland, Roumania, Czechoslovakia, Hungary.

The proportion of the steels produced by the new oxygen-blown processes increased from 3.2% in 1961 to 4.8% in 1962. A still greater increase may be expected in 1963, as the investment estimates indicate an 80% expansion in the production potential concerned over 1962. This growth in the share of the oxygen steels was accompanied by a corresponding shrinkage in that of basic Bessemer, and to a lesser extent of open-hearth. Electric-furnace production continues to rise, principally in the vigorously-expanding Italian industry.

The share of flats in the total production of finished products, which had gone down in 1961 to 45.1%, increased again in 1962 to 47%, as against a previous maximum of 46.6% in 1960. The share of cold-reduced sheet, which had stood in both 1960 and 1961 at 14.5%, rose in 1962 to 17%, while that of hot-rolled sheet amounted to only 4%. Production of sections and merchant steels, which had increased in 1961, decreased again in 1962, as did that of wire-rod.

Community production of high-carbon and special-steel ingots was 10% down on the 1961 figures (it had risen sharply in 1960 and 1961). Some stocks of ingots were used up by the producers, as can be seen from the fact that the decrease in deliveries of finished products was less (4%); some stocks of finished products were also used by consumers.

The falling-off in production affected all the member countries in varying degrees, with the exception of the Netherlands where the figure was 8% higher than in 1961. The proportion of high-carbon and special steels went down from 8.4% to 7.7%. Most of the contraction was in the share of alloy steels, which decreased from 5.6% to 5.1%, that of the high-carbon steels shrinking from 2.8% to 2.6%.

Intra-Community trade in steel

326. The proportion of total Common Market orders represented by tonnages ordered from one Community by

another reached the record figure of 21.7%, as against 20.2% in 1961. Owing to the state of business, competition stiffened within the Common Market: in particular, with the world market weak, producers who had previously sold largely there were compelled to concentrate their sales efforts on the Community instead. This was so, for instance, in the case of the Belgian works, whose orders from other member countries in 1962 more than made good the short-fall in orders from third countries as compared with 1960. Competition is equally keen for all products, and is further accentuated by the fact that the growing offers from outside are being used, by recourse to alignment, as an additional means for the penetration of one Community market by another.

From 1961 to 1962, German and Belgian/Luxembourg deliveries to other Community countries (mainly to Italy) rose by 4% and 12% respectively; those by Italy and the Netherlands remained about the same, while France registered a drop of 6%, chiefly in deliveries to Belgium and Luxembourg.¹⁾

A breakdown by products shows that the increase was principally in sales of sheet. Trade in semi-finished products fell, owing doubtless in part to the fact that production was levelling off while capacity had expanded, but also, in the case of coils, to third-country competition.

For special steels the proportion of orders placed in Community countries other than the customer's own averaged 5.9% during the first nine months of the year, as against a 1960-61 average of 6.6%; even so, however, this is higher than the average for the years 1957-59.

External trade in steel

327. The Community's external trade position deteriorated somewhat in 1962. Community exports of Treaty finished

¹⁾ See *Statistical Annex*, Tables Nos. 39 and 40.

and semi-finished products, which in 1960 had reached 10,800,000 metric tons and in 1961 10,500,000, in 1962 fell to 9,300,000.

Examination of the movement of exports from the first six months of 1960 to the first six months of 1962 reveals that the aggregate amounts sold by the main world exporters remained more or less unchanged, but that the Community's exports went down by 500,000 tons over this period while those of its principal competitors went up.¹⁾

Exports to East Asia, Latin America and Eastern Europe have fallen off, while those to the rest of Europe and North America have increased. Some countries, such as India and Brazil, have been importing less as their own home production has expanded; others have been obliged to curtail their imports owing to financial difficulties.

The sharpest decline has been in exports of heavy plate, from 738,000 metric tons in the first half of 1960 to 491,000 in the first half of 1962. Exports of sheet have also dropped, from 847,000 tons to 626,000; exports of hoop and strip and of wire-rod, on the other hand, have increased slightly, from 205,000 tons to 216,000 and from 336,000 to 357,000 respectively.

While the Community's exports have fallen off, its imports have gone up, reaching 2,300,000 tons in 1962 as against 1,900,000 in 1960 and 1961. Some imports of ingots and traditional semis decreased; imports of coils, on the other hand (in particular for re-rolling in the Community), increased sharply, even though the Community's own production capacity for coils is not being fully utilized.

One new development in 1962 was the appearance in the Common Market of a larger and larger range of products from third countries (including in particular the Eastern European countries, Japan and the United Kingdom) which had previously sent in the main only coils, tinplate and certain special qualities of sheet. Imports of coils rose for the first nine months of 1962 to 587,000 tons (including

¹⁾ See *Statistical Annex*, Tables Nos. 41-44.

290,000 from Austria and 228,000 from the Soviet Union), as against 302,000 in the corresponding period of 1961. Imports of finished products increased for the same months from 855,000 tons to 1,460,000, most of the extra tonnages coming from Austria (471,000 tons as against 396,000), Britain (293,000 as against 155,000), and the Soviet Union (234,000 as against 200,000). Imports of coils from Japan increased, for the same months, from 2,000 tons to 10,000 and of finished products from 2,000 to 20,000.

The Common Market, thanks to the economic vitality it has all along displayed and the potential openings it offers, is undoubtedly being viewed with increasing interest by all producers in search of new outlets in a world in which iron and steel production capacity is now more than adequate to meet demand.

Prices

328. Prices in the Community markets were more affected by third-country competition in 1962 than in the preceding years. This was reflected not so much in changes made in the official schedule prices, as in the greater tendency to align the prices charged on lower E.C.S.C. schedule prices or on quotations from third countries. The latter aspect is dealt with more fully on a later page.¹⁾

The most important development as regards the published schedules was the increase in French prices, which considerably reduced the disparity between these and the prices charged in the rest of the Community. After a number of upward adjustments had been made early in the year in the extras and in the basis prices for certain products, an all-round increase, which had long been felt to be necessary, was introduced in August, ranging from 2.74% to 7.5% according to product, and averaging 4.5%.

The following table shows the arithmetical mean of the delivered prices for basic Bessemer concrete-reinforcing rods, wire rod and hoop and strip, open-hearth plate and

¹⁾ See also Nos. 330 ff. below.

S.P.O. sheet in ten representative consumer centres of the Community in May and August 1962.

Country	May 1962		August 1962	
	\$ per m.t.	Index (French price = 100)	\$ per m.t.	Index (French price = 100)
France	129.60	100	136.15	100
Germany (Fed. Rep.)	142.45	110	142.45	105
Belgium ¹⁾	132.95	103	134.95	99
Italy	148.75	115	148.75	109
Luxembourg	141.30	109	141.30	104
Netherlands	142.85	110	142.85	105

¹⁾ Based on the lowest schedule price.

The operation thus brought French prices, on the average, 5% closer to the rest.

The German official price level remained unchanged; only the Saar enterprises followed the French in raising their prices for some products.

Several minor Belgian works reduced their prices for reinforcing rods at the beginning of the second quarter, following the general recession resulting from the late start of the building season and from third-country competition. At the same time, reductions were made in sheet prices: most of them were cancelled after the French price increases, but were restored around the New Year.

In Italy, prices tended to go down until about the middle of the year, the larger enterprises granting reductions varying from 1.6% to 6% on certain products. From July-August there was a general rise in the price of reinforcing rods, and not long after in that of wire-rod. Early in September, the prices of medium plate and sheet, heavy merchant bars and sections also went up, doubtless influenced by the French increases, while heavy plate was quoted lower. Starting in November, the prices of reinforcing rods fell once more, finally reaching about the same level as before the rise.

Also, probably, as a result of the French changes, some Luxembourg and Netherlands prices rose about the middle of 1962; the latter, however, recently went down again towards their former level.

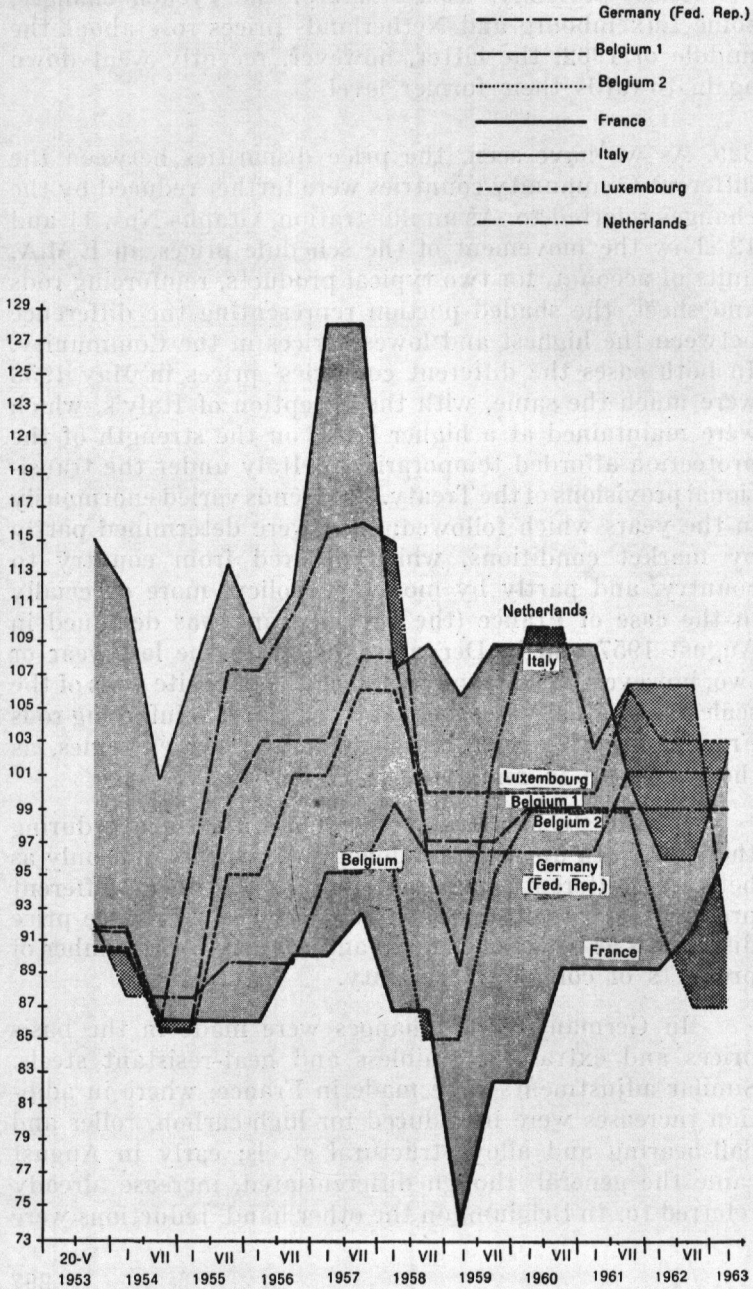
329. As we have seen, the price disparities between the different Community countries were further reduced by the changes referred to. As an illustration, Graphs Nos. 11 and 12 show the movement of the schedule prices, in E.M.A. units of account, for two typical products, reinforcing rods and sheet, the shaded portion representing the difference between the highest and lowest prices in the Community. In both cases the different countries' prices in May 1953 were much the same, with the exception of Italy's, which were maintained at a higher level, on the strength of the protection afforded temporarily to Italy under the transitional provisions of the Treaty. The trends varied enormously in the years which followed: they were determined partly by market conditions, which differed from country to country, and partly by monetary policy, more especially in the case of France (the French franc was devalued in August 1957 and in December 1958). In the last year or two, however, the distance between the opposite ends of the scale has gradually lessened, and as regards reinforcing rods France and Italy have ceased to be the two extremes, as they were up to mid-1961.

Special-steels prices underwent adjustments during the year, both upward and downward, varying not only as between different countries but as between different products and qualities. The net effect was to reduce price disparities as between country and country for a number of products of comparable quality.

In Germany, some changes were made in the basis prices and extras for stainless and heat-resistant steels. Similar adjustments were made in France, where in addition increases were introduced for high-carbon, roller and ball-bearing and alloy structural steels; early in August came the general, though differentiated, increase already referred to. In Belgium, on the other hand, reductions were

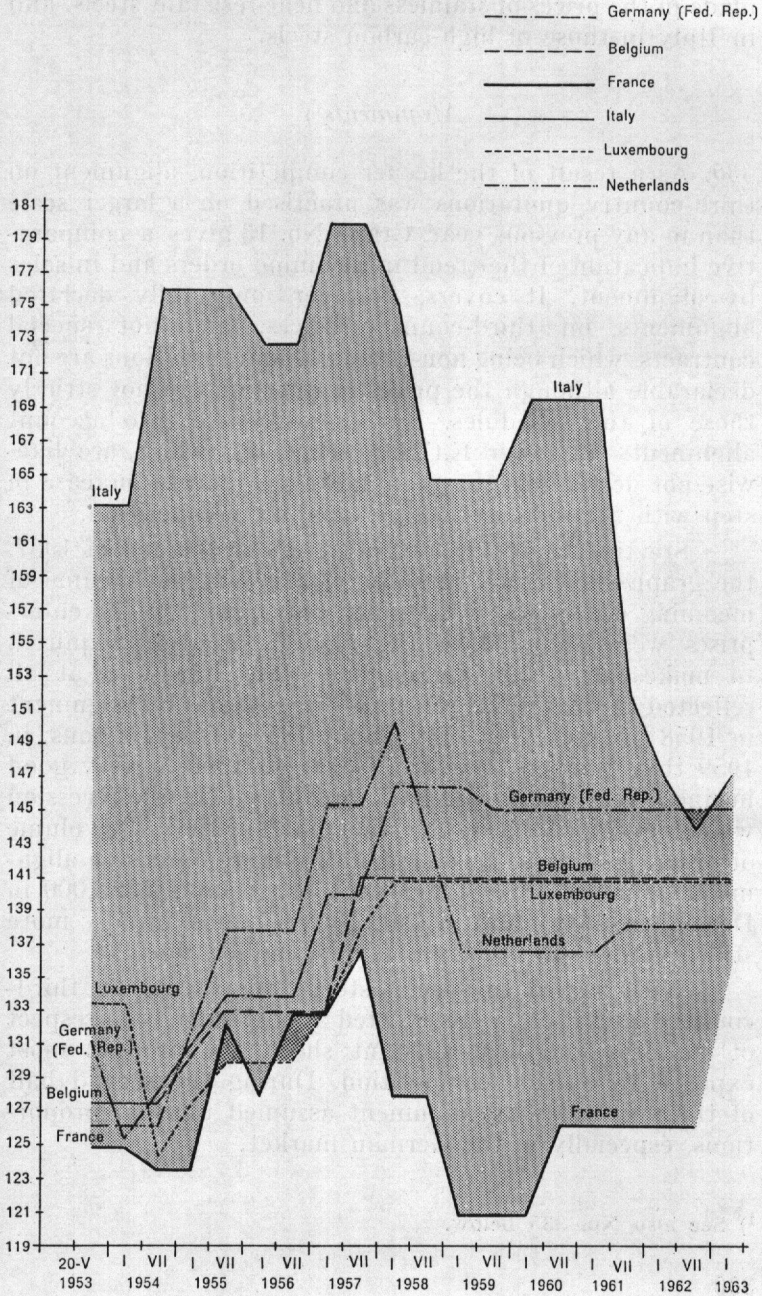
GRAPH No. 11

Trend in Basis Prices of Reinforcing Rods in the Community
 Basic Bessemer, \$ per m.t., exclusive of all internal taxes (Italy open-hearth Aoo)



GRAPH No. 12

Trend in Basis Prices of S.P.O. Sheet in the Community
 Basic Bessemer, \$ per m.t., exclusive of all internal taxes (Italy open-hearth Aoo)



made in the prices of stainless and heat-resistant steels, and in Italy in those of high-carbon steels.

Alignments¹⁾

330. As a result of the keener competition, alignment on third-country quotations was practised on a larger scale than in any previous year. Graph No. 13 gives a comparative indication of the trend in incoming orders and in sales by alignment. It covers, however, only duly declared alignments on third-country prices, and not special contracts, which being non-comparable transactions are not declarable although the prices in question are not strictly those of the schedules. Nor does it take into account alignments on lower E.C.S.C. schedules, which are likewise not declarable; they too, however, tend to increase in step with the increase in third-country competition.

Starting from the level of orders at the end of 1957, the graph shows that in subsequent years the volume of incoming orders was maintained only provided the enterprises were prepared, if the market situation required, to make fairly substantial concessions hardly if at all reflected in the official schedule prices. Sales by alignment in 1958 amounted to only about 165,000 metric tons; in 1959 they jumped to over 370,000; in 1960, a very good business year, they were back to 250,000. In the recession which developed during the second half of 1961, the volume of orders had to be bolstered up by more extensive alignment (something like 1,300,000 tons, including 354,000 in December alone), and in 1962 by very substantially more still (expected to involve a further million tons).

With regard to special steels, alignments on third-country quotations were effected almost entirely in respect of stainless and heat-resistant sheet, the product most exposed to outside competition. During the second half of the year sales by alignment assumed unusual proportions, especially in the German market.

¹⁾ See also No. 335 below.

It should be noted in this connection that competition on stainless and heat-resistant steels is always extremely intense, owing to the high prices obtainable and the relatively inconsiderable transport costs even over very long distances (*e.g.* from the United States or Japan). Consequently, the Community producers, to maintain their position in the E.C.S.C. market, are thus in a great many cases compelled to align their prices on those quoted by third-country competitors. This competition is liable to become very severe in view of the broad margin in world production capacity and the big world producers' anxiety to invade the Community market on a broad front.

Graph No. 14 shows alignments on third-country quotations effected in 1962 as compared with 1961, by products: the outstanding features are the sharp increases with respect to semis, coils, merchant bars (in this case more particularly reinforcing rods, round about the beginning of the second quarter of 1962) and sheet. Graph 15 shows alignments in 1962 by products and by countries of supply and countries of destination.

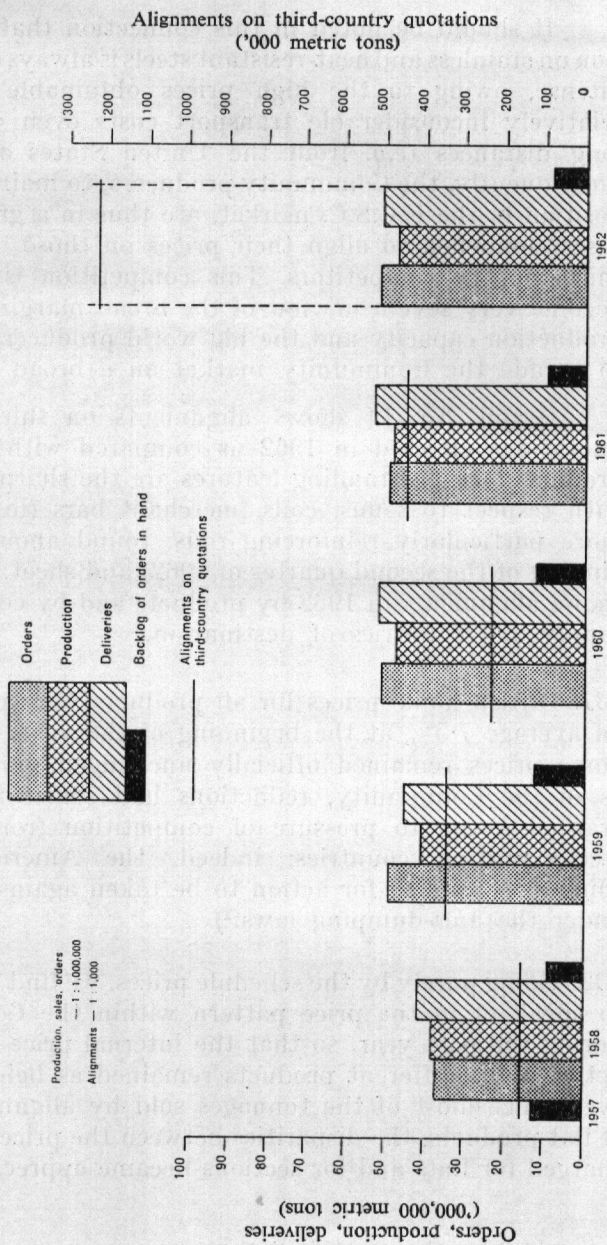
331. British home prices for all products were put up by an average 7.5% at the beginning of the year. American home prices remained officially unchanged, but in fact, as in the Community, reductions had sometimes to be granted owing to pressure of competition from various steel-exporting countries; indeed, the American steel companies applied for action to be taken against imports under the anti-dumping laws.¹⁾

332. Going purely by the schedule prices, we find no change to speak of in the price pattern within the Community during the past year, so that the internal price spread as between the different products remained as before. However, since most of the tonnages sold by alignment were of flat products, the disparities between the prices actually charged for flats and for sections became appreciably less.

¹⁾ See Chapter One, Section 2 above.

GRAPH No. 13

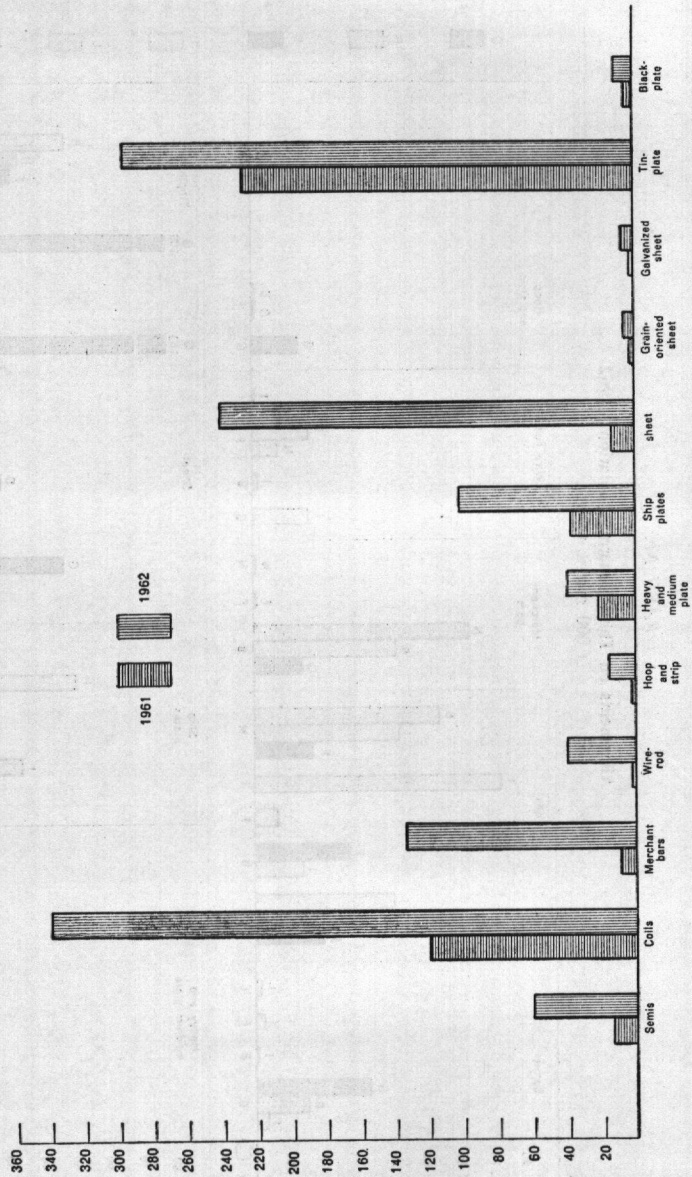
Comparative Levels of Orders, Crude-Steel Production,¹⁾ Deliveries and Alignments on Third-Country Quotations (exclusive of special steels)



b) Crude-steel input rate, 1350 kg. per metric ton of rolled steel produced.

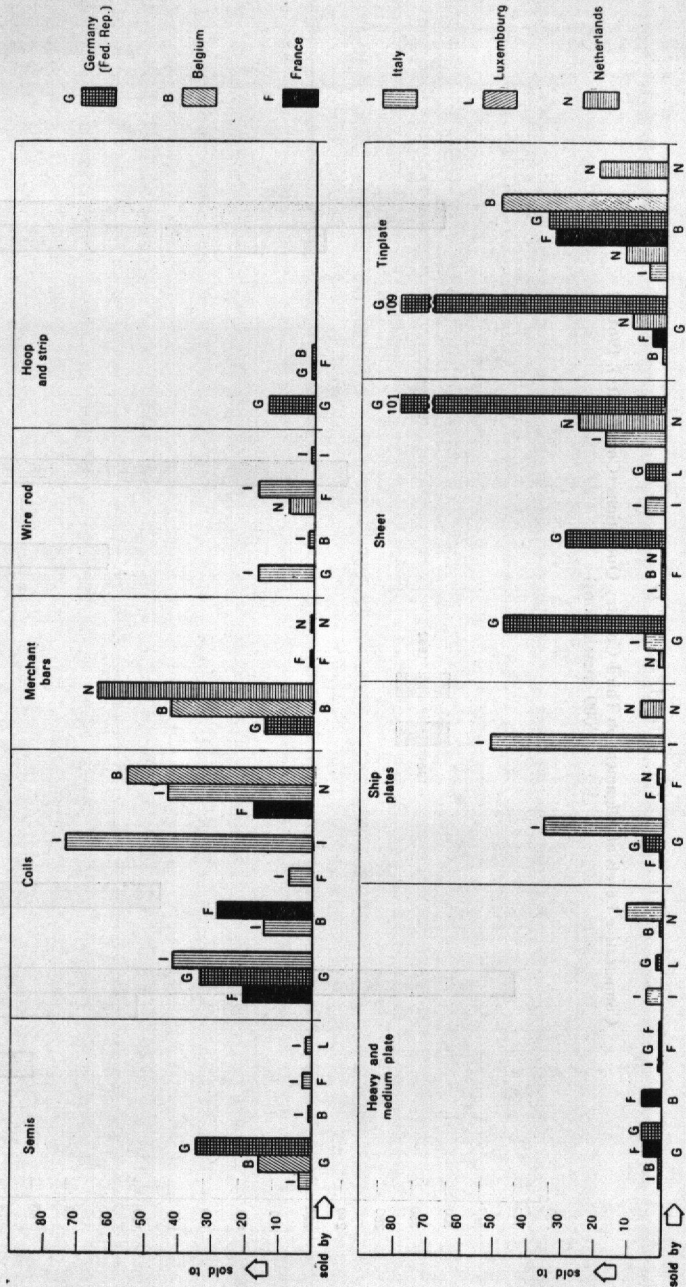
GRAPH No. 14

Comparative Levels of Alignment of Third-Country Quotations (Community), 1961-62
('000 metric tons)



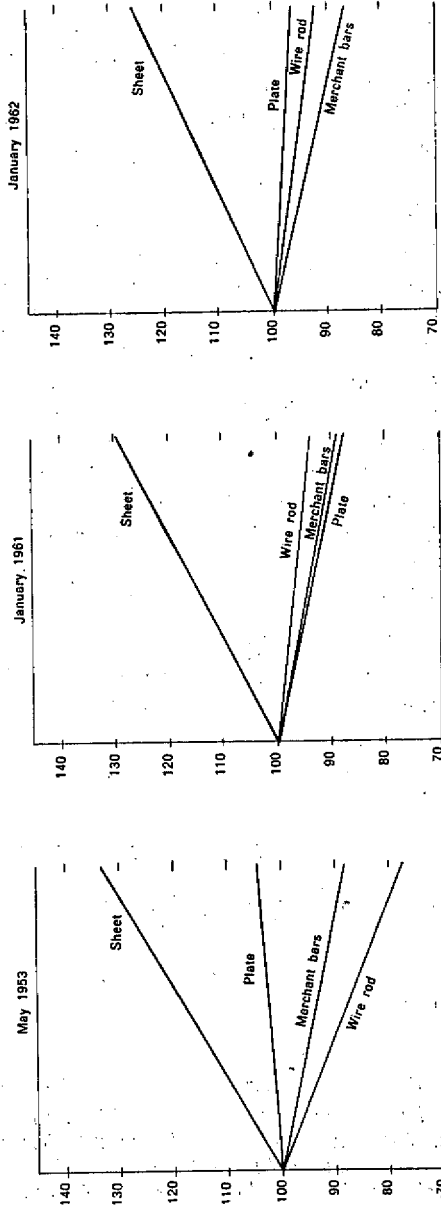
GRAPH No. 15

Alignments on Third-Country Quotations, 1962
('000 metric tons)



GRAPH No. 16

Changes in Spread of Community Export Prices
(Price level of four typical products; market prices)
Index: average price for the four products = 100



A major change did, however, occur in the export price spread (see Graph No. 16): whereas at the beginning of the year the prices of heavy plate were still below those of merchant bars and only slightly above those of one other product, wire-rod, they subsequently stabilized close to the rest, while merchant bars in particular dropped sharply.

Competition in the export markets among the steel producers of the different countries sharpened considerably, so that price went down steadily during the year. Those of reinforcing rods, other merchant steels, sections and wire-rod were particularly affected, while those of flats, such as hoop and strip, heavy and medium plate, and sheet, were rather less so. On an arithmetical average, the prices of these products have declined by something like 34 % from the boom level of 1960. The keener competition in the export markets (which is not due to any shrinkage in world demand) has led to a reduction in the Community enterprises' share in world imports as a whole.

British and American official prices remained unchanged; the prices actually charged, however, appear to have been much the same as those of the other exporter countries.¹⁾

THE WORK OF THE HIGH AUTHORITY

Winding-up of the scrap-price compensation scheme

333. The winding-up of the price-compensation scheme continued in 1962.²⁾

¹⁾ See *Statistical Annex*, Tables Nos. 48 and 50.

²⁾ See *Ninth General Report*, Nos. 249 ff., and *Tenth General Report*, Nos. 251 ff.; also *Rapport sur l'Action de la Haute Autorité dans le Domaine du Contrôle de l'Origine de la Ferraille Prisée en Péréquation par la Caisse de Péréquation des Ferrailles Importées*, issued as an Annex to the Ninth General Report, and the Special Annex on the subject at the end of the present Report.

All entries in the account books relating to the scheme, which for the period prior to the judgments delivered in the Meroni case in June 1958 had been kept partly by the Brussels Offices and partly by the various regional bureaux, have now been transferred by a trust company to the High Authority's punched-card system. This was an exceptionally laborious business, involving as it did ironing out a number of points of difference between the accounting methods used by the separate regional bureaux, which if left as they stood would have resulted in discriminations in the computation of interest.

Several trust companies were at the same time engaged in auditing the transactions of the Brussels Offices, and submitted their reports to the High Authority at the end of 1962. On the basis of these various operations, the High Authority will now be able to send detailed final statements to all the enterprises affiliated to the scheme covering all transactions from April 1, 1954 (when the scheme came into force), onwards. With some minor exceptions, they will include all corrections since 1958 following check-ups conducted in accordance with High Authority instructions and judgments of the Court. A few corrections, relating to comparatively small sums but necessitating very thorough investigation, are taking longer to compute and will not be effected until after the main statements have been sent out; also, several points in dispute have not been definitely cleared, and some of them will probably have to be referred to the Court.

334. The evaluation of the findings concerning the scrap tonnages declared by enterprises for assessment purposes has brought to light certain abuses in the case of small enterprises producing electric-furnace steel. As the accounts and other supporting documents furnished by most of these were of the sketchiest, the High Authority was obliged to base its check-ups in part on the energy consumption of their electric furnaces. A number of enterprises on being requested to produce their electricity bills lodged appeals with the Court.

Appeals were also lodged by two Italian enterprises which had been required by individual Decisions of the High Authority to pay up outstanding contributions, and by a third which the High Authority had fined for submitting false declarations.

The appeals lodged by certain Italian enterprises in 1961 asking the Court to rule out of order certain exemptions granted by Decisions Nos. 2/57 and 16/58, were disallowed.¹⁾

In line with its earlier judgments, the Court either disallowed or dismissed the cases brought by three German and two Netherlands companies in connection with the so-called "combine" scrap.²⁾

Lastly, the Court gave judgment in the joint actions brought by two Italian and one French enterprise asking for the High Authority to be ruled negligent in the matter of the scrap frauds.²⁾

The High Authority is also continuing its endeavours to recover the sums fraudulently drawn by scrap dealers; the investigations, which are being conducted in co-operation with the national authorities, are to lead to several prosecutions and civil actions before the courts of various Community countries.²⁾

Market supervision

Official Notice concerning the rules of alignment

335. The High Authority followed with the closest attention the development of the position regarding price alignments on third-country quotations towards the end of 1962. It was felt that these were coming to be practised on such a scale as to amount to an abuse of the possibilities allowed under Article 60 of the Treaty: whereas in 1961³⁾

¹⁾ See Chapter One, Section 1, subsection "Court of Justice."

²⁾ See Chapter One, subsection 1, Nos. 25 and 28, under "Court of Justice."

³⁾ See also No. 330.

the monthly average tonnage sold by alignment was only 38,000, as against an average 160,000 tons actually imported monthly from third countries, the figure for December 1962 was 354,000, as compared with imports of 200,000 tons—a jump from 24% to 177%.

The causes underlying this state of affairs are as follows. With the fairly substantial increase in Community production capacity, the imbalance between supply and demand which has already—with one or two brief intervals—been observable for some years is now resulting in the volume of orders on the books being reduced very rapidly: whereas in 1957 orders in hand totalled 15,200,000 metric tons, representing four months' work ahead, at the end of 1961 the backlog was down to 10,200,000, while the monthly deliveries had swelled from 3,500,000 tons to 4,200,000. Orders on the plants' books now amount to only about 9 million tons, which with monthly deliveries now running at 4,500,000 represents barely two months' work ahead. Now, orders are not confined to rolled products, and the implications of this are especially felt when prices are falling, as specifications and calls for delivery frequently tend to come in rather late. This situation—aggravated by the pressure of third-country competition—is making for keener competition among Community enterprises.

Another reason for the growing competition within the Community has been the sharp drop in export prices, which are now unprofitably low. Community plants which in the ordinary way produce mainly for export have been finding it more advantageous to sell within the Common Market.

At the same time, the High Authority was reasonably entitled to conclude (and had, moreover, definite documentary evidence to support the conclusion) that the abnormal increase in the volume of alignments pointed at the very least to insufficient examination as to whether the alignments in question really were to meet competition from third countries—if not actually to blatant malpractice.

It accordingly published an official notice¹⁾ stating that it intended to enforce stricter observance of the rules concerning alignment on non-Community quotations.

The High Authority also felt it to be its duty under Article 46 of the Treaty to draw the attention of the presidents of the steel producers' associations and of the representatives of the trade unions to the state of affairs and the effects of the imbalance between supply and demand in certain sectors. It pointed out that if the situation observed at the end of 1962 were to continue, undesirable repercussions were likely to ensue, including quite possibly a decline in the wage level and a curtailment of investment.

The High Authority also urged the Co-ordinating Committee of the Council of Ministers to set up an *ad hoc* committee to consider what action could be taken against unjustifiably low quotations from third-country suppliers which could be shown to be having harmful effects on the market. The Co-ordinating Committee at its meeting on January 24, 1963, duly did so.

Publication of steel dealers' prices

336. There has been a steady growth in activities by dealers in the Common Market. These firms do not come directly under the Treaty's provisions concerning prices, in particular as regards price publication and non-discrimination, and cannot be compelled to observe these rules except through the producers. As a result, market transparency in the steel sector is diminishing as interpenetration progresses, and it is becoming possible to circumvent the provisions of Article 4 and Article 60. The High Authority therefore issued an official notice to the iron and steel enterprises reminding them that they are expected to require their middlemen, when dealing direct with consumers, to observe the pricing rules of the Treaty.²⁾

¹⁾ See *Journal Officiel des Communautés Européennes*, January 17, 1963 (sixth year, No. 6).

²⁾ See *Tenth General Report*, No. 261.

Possible improvements and extensions to the arrangements hitherto adopted with regard to steel merchants have been discussed with the bodies concerned. A round of talks was held in January 1963 with the ordinary and special steels dealers' and producers' associations. It is intended to study how Decisions Nos. 30/53, 31/53 and 37/54 could be amended so as to establish clearly what the producer enterprises' obligations are in respect of middlemen operating on their behalf (their own sales organizations, representatives and commission agents).

Another question examined was whether steel stockholders should also be required to observe the non-discrimination and price-publication rules. This point has not yet been settled.

Other questions

337. As in previous years, the High Authority held a meeting with the consumers' and dealers' representatives at which various problems in connection with the Common Market for Steel were discussed. One item on the agenda was the cyclical fluctuations in consumers' and dealers' stocks of rolled products, the meeting seeking to establish what lay behind them and whether the improved supply situation might not serve to lessen them. The meeting also discussed problems arising out of dual pricing by iron and steel works according as they were selling inside or outside the Common Market, ways and means of securing better market transparency in the steel sector, and of estimating scrap availabilities from the manufacturing industries.

At the meeting which the High Authority also holds annually with representatives of the *re-rolling enterprises* (those producing little or no crude steel of their own), attention was devoted to the movement of the market, and to various questions concerning the supply of semi-finished products and competition with the integrated plants. The conclusion was that, quantitatively, the supply of semis offered no real problems at present; on the other

hand, the considerable expansion which the integrated plants were planning on the finishing side could result in stiffer competition between the two groups of producers.

338. In co-operation with the Council of Ministers, the High Authority continued its study of the difficulties being encountered by Community producers in the Common Market for foundry pig-iron. These are taking the form not so much of shrinking outlets as of plummeting prices: the producers claim that the latter in 1962 fell so low as to preclude either normal depreciation of their plant or normal returns on their invested capital. They therefore approached the High Authority once more with a view to having action taken to enable them to carry on production at a level in line with the Common Market's normal requirements of foundry pig.

The High Authority, however, felt it could not examine the matter further until it was in possession of the data it would require in order to establish whether, in the present state of the market, Community pig-iron production was or was not remunerative in view of the prices currently prevailing. It first assembled the details furnished by the producers, in support of their case, concerning the main production-cost factors, *i. e.* raw materials, energy and labour. The producers then proposed that these be fully gone into by trust companies: this is now being done, and the companies (which were selected in agreement with the responsible departments of the High Authority) expect to submit their findings towards the end of February 1963. The High Authority will then be able to resume its examination of the problem with a view to settling it.

339. At the request of the High Authority, in accordance with Article 81 of the Treaty, the Council of Ministers decided that sponge iron and steel should henceforth figure in Annex I of the Treaty. These two products (obtained by direct reduction) are thus now "Treaty products", included in the nomenclature of the Annex under Code No. 4,100. Briquetted sponge iron and more particularly the Renn lumps, are gaining in importance owing into the increasing

recourse by the industry to the direct-reduction process, which was almost unknown at the time the Treaty was drawn up.

The E.E.C. Commission, which had also been consulted in advance, expressed itself in favour of these products being included under the E.C.S.C. Treaty.

The High Authority had written on December 22, 1961, proposing to the six Governments the adoption for the purposes of the Treaty of the definition of scrap given in the explanatory notes to the customs nomenclature drawn up by the Customs Co-operation Council in Brussels. The Governments gave their agreement in principle; the practical details have, however, still to go before an expert committee before the agreement can be finally endorsed by the Council of Ministers.

Steps are being taken to have forged bars of high-speed steel included under the E.C.S.C. Treaty, as the High Authority feels the extension of Article 60 to cover high-speed steels should relate equally to rolled bars (which are included) and forged bars (which at present are not).

340. The High Authority continued its market studies in connection with the quarterly "programmes with forecasts" which it publishes to help ensure balanced market conditions.¹⁾

Production in the first quarter was 5% above the forecasts, owing to a temporary upturn in orders at the beginning of the year. The other three programmes proved accurate to within 1%, though that for the fourth quarter failed to predict the full scale of the decline in exports.

Now that capacity is such that the potential supply appreciably exceeds the real demand, these efforts to improve the balance of the market by means of programmes and forecasts are assuming increased importance. By enabling the producers and consumers to plan their supply

¹⁾ See *Tenth General Report*, No. 259.

and demand with an eye to the requisite balance between the two, the programmes can make a helpful contribution towards ensuring stable market conditions, which are extremely important at once from the point of view of continuity of employment, of proper utilization of production capacities, and of due adherence to scheduled delivery dates.

The High Authority therefore makes a point of striving all the time to improve its methods of market analysis, and also of working in the closest possible co-operation, through the Consultative Committee, with the circles immediately concerned.

Section 3: Implementation of the Rules of Competition

CARTELS AND CONCENTRATIONS

341. Two major decisions were reached in 1962 respecting Articles 65 and 66 of the Treaty.

On May 18, the Court of Justice delivered judgment in Case No. 13/60¹⁾: it dismissed the appeal by the Ruhr coal-selling agencies, and so upheld the High Authority's Decision No. 16/60, of June 22, 1960, refusing the Ruhr mining companies authorization to establish a single sales organization.²⁾ As the Court had stated in its Ruling No. 1/61, of December 13, 1961, that the minor revision of the E.C.S.C. Treaty in respect of Article 65,2 was incompatible with Article 95,3 and with Article 4, the principle was thenceforth established that unless and until the Treaty were amended by a major revision the High Authority could not endorse under Article 65,2 the establishment of a single sales organization for the Ruhr mining companies.³⁾

¹⁾ See Chapter One, Section 1, subsection "Court of Justice."

²⁾ See *Ninth General Report*, No. 273.

³⁾ See *Tenth General Report*, Nos. 265-269.

In the field of concentrations, the High Authority by a Decision of April 25, 1962, authorized the joint establishment of an iron and steel enterprise by a group of Belgian, Luxembourg and French enterprises, and laid down criteria to be satisfied with regard to such joint ventures, and also to the "relevant market."

Cartels

Buying and selling organizations

The Ruhr coal-selling agencies

342. The Court judgment just referred to settled the dispute between the High Authority and the Ruhr mining companies, it being found that a single Ruhr coal selling organization would be incompatible with Article 65,2 of the Treaty. This disposed of the legal uncertainty created by the transitional regulations which had been laid down in Decision No. 17/60, of June 29, 1960,¹⁾ so that the High Authority was now able to fix the date when these should expire (though it had in any case reserved the right to do so later on, since it could not be known how long the legal proceedings would last). By Decision No. 6/62, of June 6, it ruled that the transitional regulations should cease to be operative at the end of the current coal year, *viz.* on March 31, 1963.²⁾

On November 24 the Ruhr collieries applied afresh to the High Authority for the authorization of agreements setting up two selling agencies. These applications were still under examination at the time of going to press.

¹⁾ Decisions Nos. 16/60 and 17/60, *Journal Officiel des Communautés Européennes*, July 23, 1960 (third year, No. 47).

²⁾ See *Journal Officiel des Communautés Européennes*, June 15, 1962 (fifth year, No. 46).

Cobechar

343. By Decision No. 1/63, of January 16, 1963,¹⁾ the High Authority authorized for the period February 1, 1963-December 31, 1965, the joint-selling agreements concluded by some of the Belgian collieries affiliated to the Comptoir Belge des Charbons ("Cobechar").

The aggregate production of the Cobechar collieries in 1961 represented approximately 77% of Belgian coal production and 7.2% of total Community production. The first percentage comprises 51% of the total production of the Campine coalfield and 98% of that of the coalfields in the south of the country.

Apart from the tonnages sold jointly, the Cobechar collieries retain a substantial proportion of their production—something like 57%—for their own use and for independent sale. Also, there are five coal producers operating in the Belgian market outside of Cobechar, namely

Campine: Beeringen, Helchteren & Zolder, Winterslag (Espérance-Longdoz) and Anciennes Usines Grimard & Cie., Lodelinsart;

South: Fontaine-l'Évêque (owned by the Société des Aciéries et Minières de la Sambre),

so that Cobechar will have a fairly small share of the Common Market by comparison with other selling organizations or even with some non-nationalized enterprises.

The authorization was granted on the following conditions:

- (a) the Cobechar collieries and offices must abide by the requirements of the reconstruction programme for the industry, and in particular by the decisions taken in this connection by the High Authority and, so far as is compatible with the Treaty, the Belgian Government;

¹⁾ See *Journal Officiel des Communautés Européennes*, January 30, 1963 (sixth year, No. 15).

- (b) to be entitled to buy direct from the agency, consumers must show that their consumption of solid fuels during the past year amounted to not less than 30,000 metric tons;
- (c) to be entitled to buy direct from the agency, Community wholesalers must show that their procurements from it during the past calendar year amounted to not less than 2,500 metric tons of solid fuels for household consumption or 6,000 for industrial consumption (the High Authority here reserving the right to review this arrangement in the light of its practical effects);
- (d) purchasers must be at liberty to take delivery themselves and to make their own transport arrangements;
- (e) the joint-selling collieries, which are classified in seven categories (Liège anthracite and low-volatile; Hainault anthracite; Hainault low-volatile; semi-bituminous; Hainault smokeless steam and bituminous; Campine smokeless steam and bituminous; briquettes), are to be independent to the extent that they may by straight majority vote take all appropriate decisions concerning the products of their category with reference to such matters as prices, alignment rebates and other price deviations, conditions of sale, and so on;
- (f) any price concessions granted must be borne exclusively by the collieries of the category concerned, on a *pro rata* basis;
- (g) any allocation of charges in proportion to the total tonnage sold (*i.e.* including amounts sold independently) must receive prior High Authority authorization under the provisions of Article 53 of the Treaty relating to voluntary compensation schemes;
- (h) Cobechar must keep the High Authority regularly informed of all decisions and facts and figures of importance.

Oberrheinische Kohlenunion¹⁾

344. The High Authority extended up to March 31, 1967, its authorization of joint buying fuels by coal wholesalers in Southern Germany affiliated to the Oberrheinische Kohlenunion (O.K.U.).²⁾

The High Authority took the view that the reasons for which continued joint buying had been authorized in 1959³⁾ were still valid, and warranted the fresh five-year extension for which O.K.U. had applied. These included the advantages of joint buying and joint transport arrangements both in themselves and from the point of view of the subsequent handling of the coal (trans-shipment, storage, mixing, etc.).

In granting the extension, the High Authority stipulated that the companies affiliated to O.K.U. must see to it that the independent dealers—*i.e.* firms not controlled either directly or indirectly by the collieries selling to O.K.U.—were always in the majority on the Board of O.K.U.

The High Authority further authorized the Société Rhénane d'Exploitation et de Manutention ("Sorema"), which consists of French coal wholesalers receiving part of their procurements *via* the upper Rhine, to remain affiliated to O.K.U. for a transitional period the expiry date of which would be fixed later by High Authority Decision; it considered that this temporary affiliation should make for more efficient distribution and market supply, until such time as the Sorema dealers should themselves be operating within the O.K.U. area on a scale entitling them to affiliation as of right.

¹⁾ See *Ninth General Report*, No. 276.

²⁾ See Decision No. 3/62, of March 28, 1962, *Journal Officiel des Communautés Européennes*, April 9, 1962 (fifth year, No. 26).

³⁾ Decision No. 23/59, of March 25, 1959. Article 2 of which was amended by Decision No. 12/60, of May 18, 1960.

Specialization and joint-selling agreements

Hüttenwerk Salzgitter AG.,
Salzgitter-Drütte/Ilseder Hütte, Peine

345. The High Authority by Decision No. 7/62, of July 11, 1962,¹⁾ authorized specialization and joint-selling agreements in respect of wire-rod concluded in June 1961 between the two German enterprises Salzgitter and Ilseder Peine; these were designed to supplement and extend the same companies' similar agreement in respect of merchant bars, which the High Authority had approved by Decision No. 5/61, of March 22, 1961,²⁾ and which it now, by this same Decision No. 7/62, authorized to run for an additional ten years, up to July 1, 1985.

Under the new agreements, Salzgitter is to install a rod mill for which Peine is to lend one-half of the capital, while Peine undertakes not to construct a rod mill of its own, at any rate for the time being.

The arrangement for the sale of the output of the rod mill is in substance as follows: Salzgitter is to sell the products obtained from its own billets in its own name and behalf, and those obtained from Peine billets in Peine's; Peine is to sell drawn wire and merchant bars obtained from Salzgitter billets in its own name but on behalf of Salzgitter.

The prices and conditions of sale are to be fixed jointly by the two companies, which will make it their aim to achieve more economic operation and to secure for their rod a share of the Common Market commensurate with the new mill's capacity.

Since the High Authority found that these agreements, in conjunction with the earlier one, served to divide

¹⁾ See *Journal Officiel des Communautés Européennes*, July 28, 1962 (fifth year, No. 66).

²⁾ See *Tenth General Report*, No. 274.

up the two companies' activities as regards the production and distribution of merchant bars (Peine) and wire rod (Salzgitter), its main conclusions were that

- (a) the projected specialization of production was calculated to raise productivity and appreciably lower production costs;
- (b) the division of duties between the enterprises, whereby each was to sell specified products for both, was calculated to simplify marketing;
- (c) all the agreements were necessary to the improvement of production and distribution;
- (d) the agreements satisfied the requirements of Article 65,2 of the Treaty.

Concentrations

During 1962 the High Authority gave rulings on the following concentration projects.

Steel/steel

Sidmar

346. At its meeting on April 25, 1962, the High Authority gave its authorization under Article 66 of the Treaty for the joint launching by the following Belgian, Luxembourg and French companies of a new steel concern, Sidmar, to be established in Belgium:

- (1) S.A. Cockerill-Ougrée, Seraing,
S.A. Forges de la Providence, Marchienne-au-Pont,
Société Générale de Belgique, Brussels,
Compagnie Financière et Industrielle ("Cofinindus"),
Brussels;
- (2) Compagnie Belge de Participations Paribas
("Cobepa"), Brussels;
- (3) S.A. Aciéries Réunies de Burbach-Eich-Dudelange
("Arbed"), Luxembourg;

- (4) Schneider & Cie, Paris,
Société Métallurgique de Knutange, Paris,
Société Minière de Droitaumont-Bruville, Paris.

The authorization had been applied for in May 1961, on behalf of these enterprises, by the Syndicat Sidérurgique Maritime, Luxembourg.

According to the investment programme, the new concern is scheduled to comprise, as well as berthing and unloading facilities for large ore carriers, a complete ore-preparation plant, two large-capacity blast-furnaces, an L/D steelworks with three converters, a slabbing mill, an 80" continuous hot wide-strip mill and an 80" four-stand tandem cold mill. It will thus make a noticeable difference to the position as regards flat products, particularly hot-rolled wide strip and cold-reduced sheet.

The High Authority's conclusion was that

- (a) the new enterprise would be "concentrated" within the meaning of Article 66 with each of the four promoter groups, but this would not mean that the groups themselves were concentrated with one another;
- (b) notwithstanding the restrictive effects which the joint control exercised would have on the promoters' competition with one another in respect of flat products, the promoters' share of Community production as a whole was not such as to enable them to prevent the maintenance of effective competition in the market for such products.

Authorization was given, however, on condition that the new enterprise's production of finished products would consist exclusively of wide strip and other flats, as stated in the application. This stipulation was made for the following reasons:

- (a) any assessment of the implications of a joint venture for competition must be based on the nature and scale of the joint production envisaged;

- (b) should the production programme be changed, further investment may lead to the emergence of a new joint concern coming within the terms of Article 66, with wider implications both for competition and for the participating enterprises' relationship to one another;
- (c) this point was especially cogent in this case inasmuch as the venture had all along been planned with reference to a given production programme, on which and on no other the High Authority had based its assessment.

The limiting condition applies only in the event of an intention to change the fundamental object of the venture: it in no way affects the normal expansion of the joint concern in accordance with its original programme, and hence involves no check-ups on new investments in line with that programme.

This was the first time that the High Authority had been called upon to take a decision under Article 66 in respect of a joint venture.

347. By this Decision the High Authority has indicated in greater detail the construction which it placed on Article 66 and the procedure by which it intended to implement it. The main points on which it based itself were as follows.

Interpenetration among the Community steel markets has continued to progress as a result of increasing sales from the member countries to one another. However, the change which has been going on in market and competitive conditions is also due to the technological trend in certain sectors of steel production towards larger and more efficient plants, more especially in consequence of the introduction of continuous rolling on the flat-products side. The result on the structure of the enterprises and of the market is two-fold:

- (a) the very large capital expenditure required for such installations is likely to encourage enterprises to go in for still further concentration, in order both to find

the necessary capital and to improve the prospects for selling the products;

- (b) at the same time, since it is necessary to keep these modern installations working as near capacity as possible, competition among these enterprises in the Common Market in respect of these products may be expected to become more and more severe.

In other words, while on the one hand technological progress in iron and steel production is more than ever making for an oligopolistic market, on the other hand the need to ensure maximum utilization of the continuous rolling mills is causing producers to compete further afield than they could do when equipped only with the traditional plant for making flats, and in particular high-grade sheet.

The High Authority's conclusions may be summarized under three heads.

348. Formerly, the joint formation of a company was not held to fall within the terms of Article 66,1 either in theory, as regards the principles of the Treaty itself, or in practice, as regards the effects on competition, which were indirect and negligible.

The Sidmar case is the first in which Article 66,1 has applied: here production of crude steel and rolled products was to be so considerable that the potential repercussions did need to be studied beforehand, unless much of the controlling effect of Article 66 were to be lost.

From now on, enterprises must expect the High Authority to consider the Article as applying to joint ventures for the production or processing of Treaty products, and to any other such ventures liable in one way or another to affect competition in the Common Market.

349. On the subject of group control, the High Authority enlarged upon a number of points which had first come to the fore in connection with the Otto Wolff/Rasselstein/August Thyssen-Hütte case.¹⁾

¹⁾ See *Tenth General Report*, No. 278.

The High Authority had already previously established the principle that group control entails concentration as between each of the controlling enterprises and the enterprise controlled, but not necessarily concentration as among the controlling enterprises themselves, since while the controlling enterprises are able jointly to determine the activity of the enterprise controlled, they cannot exercise influence amounting to control over one another's, unless either such control—*i.e.* concentration between the controlling enterprises—already exists in other ways, or the enterprise jointly controlled is of such importance for the activity of the controlling enterprises that they must be considered concentrated as a result of the group control instituted and of other existing links between them.

In this particular case, however, the High Authority came to the conclusion that the restriction of competition concerned went beyond the bounds of this principle: where the controlling enterprises produce the same or much the same products as the enterprise controlled, competition among all the participating enterprises in respect of the products in question is bound to be affected by the group control, since in the exercise of joint control, *e.g.* in fixing the prices of the enterprise controlled, the controlling enterprises will inevitably take into account their own prices for the same or similar products, and very possibly agree all prices (“group effect”).

As such a phenomenon is part and parcel of group control as such, it cannot reasonably—for practical purposes at any rate—be treated as an independent restriction of competition within the meaning of Article 65: the extent of the restrictive effects arising must be assessed at the time the concentration takes place, so that authorization may have to be refused if the implications of the concentration, including the group effect, are not in conformity with the criteria of Article 66.

These principles apply absolutely: that is, in respect not only of the acquisition of group control over an existing

enterprise but also of joint ventures, and in respect not only of equal but also of unequal participations.

In the Sidmar case this involved the additional difficulty that although Sidmar is to make only certain specified products, there would seem to be nothing to prevent it extending its production programme in the future. Thus while the group effect can be calculated for the production currently planned, this is not possible as regards any future additions to the programme. The High Authority dealt with this problem by confining its authorization to the production lines actually specified; within this framework the enterprises may expand production if they wish, but should they plan to extend their production programme to include other lines, still under group control, a fresh authorization will be required.

350. The High Authority also reviewed its previous practice with regard to the question of the relevant market: that is, whether, given modern mass production, competitive effects are automatically bound to result for other big producers in adjacent areas of the Common Market. This would mean that future assessments of the relevant market would need to take account of all producers liable to feel these effects, even where it appeared from earlier individual cases that trade exchanges between the areas concerned had been very small. This potential competition will undoubtedly need to be taken more and more into consideration: it will be necessary, for instance, in an oligopoly of this kind to examine whether a price reduction by a big enterprise will not have to be matched by other firms in comparable positions if they are not to risk losing sections of their markets.

In the case with which we are here concerned, this means that all producers of flats in the northern industrial triangle of the Common Market, embracing the Ruhr, the Netherlands, Belgium, Northern France and Lorraine, the Saar and Luxembourg, must be considered as belonging to the same relevant market. It seems reasonable to conclude that, in certain cases, concentrations can indirectly

conduce to economic integration, provided that in the application of concentration policy under Article 66 and in the assessment of any cases arising under Article 65 the strictest care is taken to prevent the introduction or maintenance of any further restrictions on competition as between the groups within which concentrations take place. Accordingly, in the case at issue, the High Authority attached a condition designed to preclude any restrictions on competition in respect of hot-rolled wide strip and sheet between the group concerned and a neighbouring group of French enterprises.

Falck/Sidmar

351. By a Decision of October 10, 1962, the High Authority authorized the Società Acciaierie e Ferriere Lombarde Falck, Milan, to acquire about 5% of the initial capital of Sidmar. It hence considered Falck as one of the group of enterprises promoting Sidmar, and came to the same conclusions regarding it as it had done for the other founder companies, and their relation to one another and to Sidmar.

This link with Sidmar should be of assistance to Falck in the future in strengthening its position in the Italian market, more especially *vis-à-vis* the State group.

Friedrich Krupp/Capito & Klein

352. In its authorization in January 1959 of the concentration between Hütten- und Bergwerke Rheinhausen AG (controlled by Friedrich Krupp) and Bochumer Verein für Guss- und Stahlfabrikation AG¹⁾, the High Authority had considered Capito & Klein AG as not being concentrated with Krupp: however, Capito & Klein having since then come to need more funds and Krupp having supplied them,

¹⁾ See *Seventh General Report*, No. 116.

the situation is now that Krupp is in a position to control the smaller firm.

In a Decision of October 10, 1962, the High Authority ruled that the concentration of the two was not an operation calling for authorization under Article 66,1, but satisfied the criteria for authorization. It therefore granted authorization, and extended the conditions laid down in its 1959 Decision, in respect of all enterprises concentrated with Friedrich Krupp, to cover Capito & Klein.

Steel/special steel

Marine/Bedel

353. On June 20, 1962, the High Authority authorized the Compagnie des Forges et Aciéries de la Marine de Firminy et de St. Etienne, Paris, to acquire a majority interest in S.A. Aciéries Bedel, Paris. Bedel in 1961 produced only a few thousand metric tons of crude steel and a corresponding quantity of special steel, mainly tool steel: neither these tonnages nor those produced by the Marine group were such as to involve any difficulty over authorization.

Fiat/Breda

354. By a Decision of December 12, 1962, the High Authority authorized Fiat, Turin, to acquire 50% of the shares in Breda Siderurgica S.p.A., Milan, from the State holding company Finsider (Società Finanziaria Siderurgica), hitherto the sole shareholder. It thereby authorized the establishment of group control by Fiat and Finsider over Breda. Notwithstanding the already high degree of concentration in the Italian iron and steel industry, the Fiat/Breda concentration could legitimately be authorized inasmuch as Fiat consumes its own ordinary and special steels in its fabricating and manufacturing departments and sells only small surpluses in the open market, while Breda produces hardly any ordinary steels at all and is in future to supply its special steels for Fiat's use: consequently, the comparatively high proportions in the production of special steels (structural steels of all kinds) do not really affect the

market, and certainly do not put the two firms in a position to determine prices.

For much the same reasons, there is at present no risk of a group effect resulting from the Fiat/Finsider relationship: Fiat is concerned with production for its own fabricating and manufacturing side, and Finsider mainly with outside sales, so that no additional restriction on competition can arise. On the other hand, the High Authority noted that there would be the risk of a group effect if any change were to take place in the nature of Breda's production (*i.e.* the fact that it produces little or no ordinary steels) or in the structure of Fiat (*i.e.* the fact that it is its own consumer). The High Authority therefore provided that should such changes take place and a group effect result, its authorization in respect of the establishment of group control would no longer be valid, and laid down objective criteria for establishing at what point a change in the present structure could be said to have occurred. Should this happen, the joint control by Fiat and Finsider could not legally continue by the terms of the authorization: Fiat would need, if it wished to avail itself further of the authorization, to see to it that the control was exercised in a form not resulting in a further restriction of competition in relation to Finsider.

In this way the High Authority once again¹⁾ endeavoured to dispose of a problem of principle in connection with competition by granting a limited authorization: the only alternative would have been to reject the application, even though the current circumstances were not actually such as definitely to demand this.

Steel/steel processing

Klöckner-Werke / Süddeutsche Drahtverarbeitungswerke

355. The High Authority on July 25, 1962, authorized Klöckner-Werke AG, Duisburg, to acquire the assets of

¹⁾ Cf. No. 346 above.

Süddeutsche Drahtverarbeitungswerke GmbH, Kehl, used for the manufacture of spot-welded reinforcing wire-netting.

Its finding was that, according to the figures for the registered capital and the wire-rod production and consumption of the two companies, the projected concentration would not substantially affect competition within the meaning of Article 66,2 of the Treaty, so that Klöckner would not thereby be enabled to evade the Treaty's rules of competition.

CASES TAKEN UP; CASES DISPOSED OF

356. The position to date is shown in Tables 71 and 72.

*French Official Regulations Governing Purchases of
Coal from Other Community Countries*

357. The High Authority continued in 1962 to exercise supervision, through its former Member M. Léon Daum, over the new French official arrangements concerning the Association Technique de l'Importation Charbonnière (A.T.I.C.). A.T.I.C. duly abided by its terms of reference with regard to purchases of coal from other Community countries. Some French buyers are availing themselves of the right to place orders direct with non-French dealers in the Community.

In connection with the supervision, a number of organizational problems arose concerning French coal wholesalers. The High Authority is giving these its close attention.

No complaints were received by the High Authority regarding A.T.I.C.'s activities during the period under review.

When Case No. 2/58 was privately settled between the parties, the High Authority particularly reserved the

TABLE 71

Cases under Article 65¹⁾

(as at January 31, 1963)

Country	Taken up	Disposed of					Total
		Authorized	Prohibited	Article 65 not applicable	Cartels voluntarily dissolved	Otherwise handled ²⁾	
		(1) Cases examined following application for authorization					
Germany (Fed. Rep.)	35	16	1	10	2	1	30
Belgium	16	5	—	7	2	—	14
France	40	6	—	21	—	—	27
Italy	11	2	—	6	—	—	8
Netherlands	4	—	1	1	1	—	3
Total	106	29	2	45	5	1	82
		(2) Cases examined by the High Authority on its own initiative					
Germany (Fed. Rep.)	62	1	3	49	1	—	54
Belgium	9	—	—	4	—	—	4
France	30	—	—	15	1	8	24
Italy	3	—	1	2	—	—	3
Luxembourg	1	—	—	—	1	—	1
Netherlands	7	—	—	5	—	—	5
Community	3	—	—	—	—	—	—
Total	115	1	4	75	3	8	91
Grand Total	221	30	6	120	8	9	173

¹⁾ For explanations concerning arrangement of the tables, see Ninth General Report, No. 288.

²⁾ The category "otherwise handled" also covers cases held in abeyance pending receipt of further particulars.

TABLE 72
Cases under Article 66
(as at January 31, 1968)

Country	Taken up	Disposed of					Total
		Authorized	Examined under Article 66	Concentrations effected before signing of Treaty	Exempt under regulations implementing Article 66,3	Article 66 not applicable		Otherwise handled^{1)}
(1) Cases examined following application for authorization							
Germany (Fed. Rep.)	57	30	—	3	—	12	46
Belgium	13	6	—	2	2	4	14
France	33	8	1	—	1	12	22
Italy	3	22	—	—	—	1	3
Luxembourg	4	2	—	2	—	—	4
Community	2	—	—	—	—	—	—
Total	112	48	1	7	3	29	89
(2) Cases examined by the High Authority on its own initiative							
Germany (Fed. Rep.)	27	3	—	2	1	16	25
Belgium	16	—	—	—	1	11	12
France	19	2	—	2	1	10	15
Luxembourg	2	—	—	1	—	1	2
Netherlands	2	1	—	—	—	—	1
Community	2	—	—	—	—	2	2
Total	68	6	—	5	3	40	57
Grand Total	180	54	1	12	6	69	146

¹⁾ The category "otherwise handled" also covers cases in which applications were withdrawn or the projects dropped.

right to examine the effects of A.T.I.C.'s activities in the transport sector upon the operation of the Common Market for coal. As the French law now stands, A.T.I.C. is responsible for concluding the transport contracts, the buyer specifying the mode of transport. Check-ups to date in this connection have not brought to light any harmful effects on the market; the High Authority's inspection operations have however not yet been completed.

SPOT-CHECKS ON COMMUNITY ENTERPRISES

Action taken following spot-checks in 1961 on Community coalmining enterprises for compliance with Article 60 of the Treaty

358. Disciplinary proceedings under Article 64 of the Treaty, on the basis of High Authority inspectors' reports, were instituted in five cases during the period January 1-November 30, 1962. These include one case concerning an iron and steel enterprise in its capacity as a buyer of coal.

The procedure is that a letter is first dispatched in accordance with Article 36 of the Treaty to the enterprise deemed to be at fault, giving details of the inspectors' findings and requesting it to submit its written comments on the irregularities listed.

Of the five enterprises in question, four were fined a total of 9,200 E.M.A. units of account under Article 64, principally for giving misleading information as to ash and/or moisture contents and for failing to implement the provisions of Decision No. 3/58. The fifth enterprise was sent a letter of admonition.

Action taken following spot-checks in 1961 on Community iron and steel enterprises for compliance with Article 60 of the Treaty

359. Disciplinary proceedings under Article 64 were instituted in thirteen cases between January 1, 1962, and January 31, 1963.

In three cases the matter has now been disposed of, the High Authority having fined one enterprise and admonished the other two. Five others are still in process of investigation.

The main irregularities detected were the following:

- (a) undercutting by quoting old schedules;
- (b) making price changes before publishing them;
- (c) improperly "aligning" to a level below the lowest schedule price of any competitor;
- (d) aligning on the schedule prices of Community producers while departing from their terms and conditions of sale;
- (e) failing to declare to the High Authority alignments on quotations by non-Community enterprises;
- (f) allowing rebates to dealers but omitting to publish these in advance;
- (g) allowing cash discounts without due cause;
- (h) differentiating terms of payment according to the nationality of the buyer.

In addition a number of explanatory letters were sent to enterprises which had acted negligently but in good faith, or had misconstrued the terms of the Treaty.

Spot-checks in 1962

360. The inspection staff having been strengthened in the latter part of the year, the High Authority was able to have more spot-checks carried out than in 1961. Inspections for compliance with Article 60 were carried out at 59 enterprises, as a rule everywhere coupled with checks under Article 49 on the production declared. In some cases this was done through a trust company.

Checks on Belgian collieries' prices

361. For the present these checks are still being carried out with the assistance of trust companies. However, in 1962 outside auditors had to be called in in only 10 cases, as the High Authority was able to have several very thorough checks effected by its own inspectors. From January 1, 1963, these investigations will be conducted in accordance with revised arrangements taking into account the recent augmentation of the inspectorate.

Checks on assistance towards the financing of accumulated pithead stocks

362. A further check under this head was carried out at one of the biggest Ruhr collieries.

Section 4: Transport**GENERAL REMARKS**

363. Accounts will be found in earlier Reports of the various parallel lines of action adopted by the High Authority in the transport sector. In 1962, the High Authority outlined the position in this regard to the European Parliament.¹⁾

It is essential that rates and conditions of carriage should be properly known if there is to be any possibility of achieving the Treaty's objectives concerning transport—elimination of discriminations, introduction of international through-rates, harmonization of rates and conditions of carriage—and indeed if the Common Market itself is to operate as it should, more particularly in accordance

¹⁾ Cf. the Parliament's Resolution of November 22, 1962, *Journal Officiel des Communautés Européennes*, December 4, 1962 (fifth year, No. 134).

with the requirements of Article 60. The High Authority has therefore been having for some time to devote close attention to the basic problem of the publication of rates and conditions of carriage in respect of consignments of coal and steel, on which it has been encountering stiff resistance.

The judgment delivered by the Court of Justice in July 1962 concerning Recommendation No. 1/61 is of great importance to the High Authority's future work in this connection, as it cleared up a number of fundamental points hitherto in dispute. The High Authority is now endeavouring to get requisite action taken to implement the aims thus definitively stated.¹⁾

The High Authority's object in seeking to ensure publication of rates and conditions of carriage is to establish the conditions necessary to the operation of the Common Market. The E.E.C. Institutions for their part are now working on the basis for a common transport policy. However, the specific objectives of the E.C.S.C. Treaty and requirements of the Common Market for coal and steel necessitate special arrangements for these two sectors. In view of the volume of traffic involved—consignments of these two exceptionally bulky products account for approximately one-half of total goods traffic in the European Community—the adoption of such measures is bound to influence Community transport policy as a whole.

Recognizing the need for careful co-ordination of their activities in this field, the High Authority and the E.E.C. Commission have decided to intensify their co-operation on transport at all levels, and plan to do so still more as their respective studies progress.

*PUBLICATION OF RATES
AND CONDITIONS OF CARRIAGE*

The Court's judgment of July 12, 1962

364. In its judgment disallowing the Netherlands Government's appeal asking for the reversal of the High Authority's

¹⁾ See Chapter One, Section 1, subsection "Court of Justice."

Recommendation No. 1/61, the Court disposed of the points of substance at issue. In particular, it found

- (1) that the principles established by Section 10,3 of the Convention containing the Transitional Provisions concerning elimination of discriminations, introduction of international through-rates and harmonization of rates and conditions of carriage, were to be considered as remaining valid indefinitely;
- (2) that the member States were under obligation to ensure that rates and conditions of carriage were made public in such a way as to enable the provisions of Article 70 to be properly implemented and the Common Market itself to operate in accordance with the requirements of Article 60.

It has thus definitely been made clear that the member States are obliged to require carriers to make their rates and terms known to whatever extent is necessary to the fulfilment of the Treaty's objectives in this respect. Mere notification of these to the High Authority, without actual publication, would not be regarded as adequate to the requirements of the Recommendation.

The selection of the means to this end is left entirely to the member States' discretion, but whatever means they do select must be calculated to ensure that carriers' rates and terms "are so published as to make possible, firstly, the elimination of discriminations, the introduction of international through-rates and the harmonization of rates and conditions of carriage, and secondly, the knowledge of these rates and conditions which is necessary to the proper functioning of the Common Market". This latter point, that operators in the Common Market should have knowledge of the rates and terms applied — which is indispensable, in particular, to enterprises planning to avail themselves of their right of alignment — means above all putting an end to the practice of not disclosing rates and terms which deviate from the published schedules.

The appeal similarly lodged by the Italian Government against the Recommendation was withdrawn on

September 29, 1962, and was deleted from the Court's records by an Order of October 26.

Present position

365. The present situation in the Community as regards publication of rates and conditions of carriage in respect of consignments of coal and steel is different in each country and for each mode of transport.

In the case of *rail transport*, published tariffs do exist throughout the Community, but a good deal of the coal and steel carried internally within certain member States at present travels at special rates which are not disclosed. Furthermore, two member States have already introduced similar arrangements for international traffic, on the strength of the amendment approved in 1961 (but not yet actually made) to the clause in the International Convention Concerning the Carriage of Goods by Rail (C.I.M.) prohibiting the granting of unpublished reductions on carriage from one country to another.

In the case of *inland water transport*, internal traffic within those of the member countries where this mode of transport is used is generally subject to ratemaking and publication requirements which do enable the rates charged to be known; for international transport by waterway between different Community countries, however, this is not so.

In the *road-haulage* sector the position varies from country to country, and again, within some countries, according as the traffic concerned is internal or international. Thus in one country there is a system of compulsory published tariffs, or maximum-and-minimum tariffs with margins of from 15% to 30% within which—and even, in some cases, in certain circumstances beyond which—rates are not publishable; in others again there is no publication rule at all.

Implementation of Recommendation No. 1/61

366. The general lines along which the member Governments are required to act have been clearly laid down by the Treaty, by Recommendation No. 1/61 and by the Court's judgment of July 12, 1962.

Provided they are genuinely calculated to produce the desired result, the means adopted by the Governments may vary in accordance with the transport policy of the country concerned and the special characteristics of the different modes of transport. The High Authority's task is to examine in each case whether the measures by which it is proposed to implement the Recommendation are adequate for the purpose. It has already announced that it does not intend to make undue difficulties over points of form or principle; the member States for their part are bound by the Treaty to aid the High Authority in its endeavours to ensure proper publication of rates and conditions of carriage.

367. The High Authority is carefully studying how far the various measures proposed by the Governments can be deemed adequate for their purpose, taking as its yardstick whether they are likely to achieve the minimum result needed in practice for the Common Market to function correctly.

The High Authority and the Governments are maintaining close contact with one another in the matter.

In the course of its sustained campaign to get the Treaty and the Recommendation fully and effectively implemented as soon as possible in respect of all modes of transport, the High Authority was compelled to invoke Article 88 against certain Governments. Talks are now in progress between it and the Governments in question, with the object of expediting the working-out of proposals on the subject.

*RAIL TRANSPORT PROBLEMS**Remodelling of French goods tariffs*

368. The French Government wrote on September 22, 1962, informing the High Authority of its intention to introduce, as from October 1, remodelled goods tariffs more in line with prime costs, and corrective arrangements designed to cushion the impact of these on traffic over poorly-equipped lines, where transport costs would otherwise be liable to go up so steeply as to have very serious effects on the activity of certain works. The High Authority was asked to give its agreement to these special arrangements.

To obtain a full picture of the position before deciding, the High Authority, which had meantime learned that the introduction of the new tariffs had been deferred in several Departments, requested the French Government to furnish all the relevant data on the matter.

Traffic-maintenance tariffs

369. Basing itself on the points made by the Court of Justice in connection with Cases Nos. 3-19/58 and 24-26/58, concerning certain special domestic tariffs introduced in the interest of particular carriers,¹⁾ the High Authority has worked out the basic criteria to be taken into consideration in examining tariff measures of this kind.

It has requested the member Governments, in future to notify it in advance, in accordance with Article 70,4, of all special domestic tariff measures to be introduced in the interest of particular carriers, and to submit all necessary supporting documents to enable the proposed measures to be properly examined.

The High Authority will ascertain in each case whether the projected action is or is not compatible with

¹⁾ See *Tenth General Report*, No. 296.

the principles of the Treaty, checking in particular to see that

- (a) it genuinely is in the economic interest of the carriers themselves;
- (b) it would not distort conditions of competition in the Common Market.

The High Authority is now examining the measures which have already been introduced in certain member countries since the publication of the Court's judgments.

Competitive tariffs

370. The High Authority has been systematically checking for compatibility with the Treaty all reductions in rates granted by Community railways in order to meet competition from other modes of transport. However, as certain essential data concerning the competing carriers' rates and terms are not yet known, it is in many cases having to defer its final assessment until Recommendation No. 1/61 has been definitely implemented in respect of the modes of transport in question.

One matter investigated by the High Authority in this connection was a competitive contract for the carriage of coke from the Ruhr to Italy at reduced rates, which the railway executives concerned claimed was justified by competition from the alternative routing by rail and sea. The High Authority's conclusion was that the parity had been correctly computed, but that it must reserve the right to check up on the rates again at any time in the light of the future movement of rates and conditions of carriage generally.

Simplification of Customs clearance procedure for E.C.S.C products

371. In accordance with the agreement reached by the Government representatives meeting in the Council of

Ministers, some relaxations were made in the Customs formalities for consignments of E.C.S.C. products carried in full trainloads and single-cargo lifts of trucks.

As requested by the Council, the High Authority's working party on the subject has meantime resumed its studies with a view to enabling the matter to be finally disposed of:

Full trainloads

372. The High Authority is now working, in agreement with the railway executives concerned, to secure uniformity of the, in some cases, widely discrepant tariff systems in force in the Community for E.C.S.C. products carried in full trainloads.

International through-rates: agreements with Austria and Switzerland

373. The Transport Committees set up under Article 6 of the agreements introducing international rail through-rates in respect of consignments of coal and steel passing in transit through Austrian and Swiss territory examined the problems arising out of the application of unpublished rates and terms in this traffic.

Their conclusion was that, in view of the potential discriminations involved, it was essential that these arrangements should be subject to some form of supervision, and that a procedure should accordingly be instituted without delay requiring the particulars to be notified, in order to ensure observance of the principle of non-discrimination.

The Committees are now working on proposals to be submitted to the contracting parties for the introduction of such a procedure, though this is in no way to be taken as prejudging whatever measures may ultimately be adopted to resolve the basic problem of publication of rates and conditions of carriage in the Community.

OTHER PROBLEMS

374. Once Recommendation No. 1/61 is duly operative in respect of all modes of transport, the High Authority will be in a position to go ahead actively with its work to secure the implementation of the Treaty's objectives concerning transport, including the elimination of discriminations and disparities in rates and conditions of carriage by road and by waterway (both in the special case of the Rhine and elsewhere), the introduction of international through-rates, and the harmonization of the different carriers' rates and terms for the transport of coal and steel.

The High Authority will take all necessary steps to see that the Treaty's requirements in these respects are fulfilled at the earliest possible date.

*TRENDS IN TRANSPORT OF TREATY PRODUCTS¹⁾**Facts and figures*

375. Treaty products carried in 1961 by rail and water within the Community and between the Community and third countries totalled 484,200,000 metric tons, of which

- 390,400,000 tons travelled from one Community country to another;
- 68,000,000 tons came from third countries;
- 25,800,000 tons went to third countries.

¹⁾ Since 1956 the High Authority has been keeping regional statistics on the transport of Treaty products by rail, waterway and sea, but not, as yet, by road, since most of the relevant data concerning internal road haulage are in some countries available only in part and in others not available at all. To remedy this deficiency, the Statistical Office of the European Communities, in co-operation with the statistical offices of the member countries, in 1962 organized a pilot sample survey on road haulage. The results will be forthcoming in 1963. The Office is planning to conduct further sampling in 1963, at the same time making improvements in its methods. For further details see *Informations Statistiques*, No. 4/62.

The total was 1.6% lower than that for 1960. The share of shipments to and from third countries works out at 19.4%, or close on one-fifth.

The shares of the different modes of transport in the total traffic (internal and external) were:

rail	64%
inland waterway	18.6%
sea	17.4%

The changes from 1960 to 1961 in the respective volumes of transport for the nine categories of products covered by the statistics are shown in Table 73.

TABLE 73

Carriage of E.C.S.C. Products

Product	1960		1961		Change in % 1961/ 60
	'000 m.t.	%	'000 m.t.	%	
1. Hard coal and hard-coal briquettes	183,442	37.3	178,565	36.9	-2.7
2. Brown coal and brown-coal briquettes	25,464	5.2	25,447	5.3	-0.1
3. Coke	51,146	10.4	48,346	10.0	-5.5
4. Iron ore	126,159	25.6	125,951	26.0	-0.2
5. Manganese ore	2,325	0.4	2,540	0.5	+9.2
6. Scrap	23,700	4.8	23,886	4.9	+0.8
7. Pig-iron and crude steel	12,631	2.6	12,731	2.6	+0.8
8. Semi-finished products	18,313	3.7	17,688	3.7	-3.4
9. Rolled products	49,089	10.0	49,014	10.1	-0.1
Total	492,269	100.0	484,170	100.0	-1.6

The trend in intra-Community traffic is in line with the trends observed in the Community market generally: as may be seen from Table 74, the share of the solid fuels

TABLE 74
Trend in Intra-Community Carriage of Treaty Products 1956-61, by Broad Categories of Products

Product	1956 '000,000 m.t. %	1958 '000,000 m.t. %	1960 '000,000 m.t. %	1961 '000,000 m.t. %
1. Hard coal and hard-coal briquettes	171.6	148.9	157.2	152.5
2. Brown coal and brown-coal briquettes	24.2	22.3	20.6	20.5
3. Coke and low-temperature coke	48.2	41.1	46.0	43.5
1+2+3: Fuels %	244.0	212.3	223.7	216.5
	62	59	56	55
4. Iron ore	76.2	78.0	89.4	88.7
5. Manganese ore	1.0	0.7	0.8	0.9
6. Scrap	21.0	16.7	21.4	21.1
4+5+6: Ores and scrap %	98.2	95.4	111.5	110.8
	25	27	28	29
7. Pig-iron and crude steel	8.5	7.8	10.5	10.7
8. Semi-finished products	11.5	11.1	16.2	15.3
9. Rolled products	31.9	31.6	37.0	37.1
7+8+9: Iron and steel products %	51.9	50.5	63.7	63.1
	13	14	16	16
Total, E.C.S.C. products %	394.1	358.1	399.0	390.4
	100	100	100	100

has been shrinking steadily for several years, while those of ore and scrap and of iron and steel products increased each year up to 1961.

TABLE 75

Traffic Flows to and from Third Countries

(1956 = 100)				
To third countries	1956	1958	1960	1961
Fuels (hard coal, brown coal, coke)	100	67	66	61
Ores and scrap	100	88	112	94
Iron and steel products (pig-iron, crude steel, semis, rolled products)	100	114	134	137
From third countries				
Fuels	100	86	53	53
Ores and scrap	100	99	139	144
Iron and steel products	100	88	144	132

The traffic flows to and from third countries have undergone changes similar in kind but greater in degree (see Table 75).

Market interpenetration

376. It is of interest to compare the volume of traffic between member countries with the volume of each country's internal traffic, as this gives a pointer to the progress of market interpenetration. From 1956 to 1961 the ratio of cross-frontier to internal traffic steadily rose, as may be seen from Table 76, indicating a very definite trend towards greater interpenetration among the Community markets.

This is brought out still more clearly by an examination of the traffic flows between various industrial regions in the Community.

TABLE 76

Comparative Trends in Traffic Volumes within the Community, 1956-61

(%)		
Year	Between member countries	Within member countries
1956	20.3	79.7
1957	20.9	79.1
1958	21.4	78.6
1959	21.3	78.7
1960	22.9	77.1
1961	23.3	76.7

Italy, for example, is taking more and more Community scrap: Community deliveries to Italy rose from 833,000 metric tons in 1956 to over 2,100,000 in 1961, with the great Milan-Genoa-Turin industrial complex more than doubling its procurements from southern Germany (from 275,000 tons in 1956 to 650,000 in 1961) and from the nearer parts of France, such as Dijon, Lyons, St. Etienne and Marseilles (from 302,000 tons to 607,000).

To take a still more striking example, shipments of rolled products from France to southern Germany (exclusive of those hauled by road) increased fourfold from 1956 to 1961, and those from Lorraine to southern Germany fivefold.

TABLE 77

Carriage of Rolled Products¹⁾

Flow	1956	1961
France-S. Germany	75,400 m.t.	300,747 m.t.
of which: Lorraine-S. Germany	43,500 m.t.	210,000 m.t.

¹⁾ For further details see *Informations Statistiques*, No. 4/62.

The same trend is apparent in the deliveries of iron ore to the Saar. In the years after 1945 the Saar was the

Lorraine orefield's biggest market: since its reintegration into the German economy, this traditional flow has not merely continued but expanded.

TABLE 78

Carriage of Iron Ore

('000,000 metric tons)

Flow	1956	1961
E. France-Saar	7.8	8.7

CHAPTER FOUR

LONG-TERM DEVELOPMENT OF THE E.C.S.C. INDUSTRIES

Section 1: Preparation of the General Objectives

THE GENERAL OBJECTIVES FOR STEEL

377. The main feature of the steel situation (described in detail in the previous Chapter) is that production has remained at approximately the same level since 1960, and is likely to do so in 1963 also, despite the fact that general economic growth, though admittedly somewhat slower than in 1961, continues satisfactory, at round about the average rate forecast for the period 1960-1970. The question therefore arises, is the halt in the expansion of iron and steel production due to temporary or, in part at least, to structural causes?

The statistics for the last few years show a substantial increase in steel consumption from 1960 to 1961, followed by practical stagnation, and a shrinkage in net exports from 1960 onwards. Part of the reason why internal apparent consumption has not risen since 1961 would seem to be that the consumers hold fairly considerable stocks and are anxious to reduce them: however, although the figures available as to the level of stocks are still far too scanty to enable definite conclusions to be drawn on the subject,

it does appear that this factor is not wholly responsible. Moreover, net exports in 1961 and 1962 appreciably declined, whereas they had been expected to go on rising up to 1965.

As regards both internal consumption and net exports, then, the trend in the past three years has run counter to that in the preceding period and to that forecast in the General Objectives for steel. The point is to know whether it will persist. It is most important not to jump to long-term conclusions from short-term data: on the contrary, as was noted in the last General Objectives, the aim must be to look farther ahead, up to 1970, since only on this basis is it possible to distinguish which current developments are due to ordinary cyclical movements and which may mark the onset of structural alterations.

378. With regard to internal steel consumption, the factors calling for special attention are the general level of business activity in the steel-consuming industries, and the movements of the specific consumptions and the processes of substitution going on as between steel and various competing products. These are being carefully studied by the High Authority's departments.

Ordinarily, in seeking to assess the effects of the first of these factors, it should be possible to work from figures supplied by the E.E.C. departments responsible for calculating the long-term economic prospects of the Community. However, at the current stage in the studies by the Working Party on Problems of Structure and Long-Term Development,¹⁾ the only data available are the overall G.N.P. figures. Efforts are now in progress to obtain a rather more detailed picture by subdividing economic activity under sixteen main heads. The High Authority's departments are working hard in this connection with reference to the capital-goods industries; it is felt, however, that a more detailed breakdown will have

¹⁾ See Chapter Two, No. 80.

to be attempted before they can analyse the trend in the relative position of the steel-consuming sectors.

In this endeavour to arrive at detailed forecasts for 1970, the three great question-marks are

- (a) where will the focus lie in 1970: will consumers spend more on manufactured goods or on services, such as education and travel (tertiary sector)?
- (b) what will be the volume of investment needed, given the march of technological progress and, in particular, the probable advance of automation?
- (c) how much will the Community be exporting to third countries, and what proportion of its exports will consist of manufactured goods made from steel: in other words, how far will the Community opt for the vigorous expansion of trade with the rest of the world and for greater international specialization (*e.g.* by greatly stepping up its imports of comparatively easily-manufactured goods such as textiles, and at the same time increasing its exports of highly elaborate goods such as machinery)?

These are all exceedingly difficult questions to answer, so that progress is inevitably slow. While it cannot, therefore, undertake to produce an early reply, the High Authority hopes at any rate in the coming months to establish the quantitative effects of these various factors on steel consumption, and thus pinpoint the sources of uncertainty as to the future trend in the iron and steel industry; a study on recent American experience is also expected to yield instructive elements.

379. With regard to specific consumptions and to the processes of substitution, it may be recalled that the experts consulted eighteen months ago unanimously gave it as their opinion that no major changes would occur in these respects before 1965, but would make no pronouncement as to subsequent developments. The High Authority has accordingly contacted them again in order to have the benefit of their latest information and to examine with

them what could be done to have the subject explored in detail, if necessary through specialized research organizations.

380. Lastly, the problem of exports, referred to in Chapter Three. Here the question is how the Community iron and steel industry's competitive capacity will develop in the long term as compared with that of its competitors in the world market, and how the changes now in progress in that market, and especially the emergence of new producers, will work out. It need hardly be added that market studies of this kind are extremely complicated.

The other questions mentioned in the 1962 Objectives as down for special study are still being kept very much in mind, but work is at present concentrated more especially on the matters just listed, as they are felt to be more urgent.

THE GENERAL OBJECTIVES FOR COAL

381. The High Authority has repeatedly emphasized in different documents, and particularly in the annual energy balance-sheet, the vital need for a definition of the General Objectives for coal; it is in full agreement with the views expressed on the subject both by the European Parliament and by various Community circles concerned. The uncertainty at present hanging over the collieries is undoubtedly a serious handicap to long-term planning, and is producing an unhappy state of mind among the men. At the same time, the High Authority has always stressed the immense difficulty of preparing such Objectives while it and the industry remained entirely in the dark as to long-term energy policy. An account is given in Chapter Two of the proposals submitted by the Community Executives to the E.C.S.C. Council of Ministers for the establishment of a genuine Common Market for energy: the Council's deliberations, however, have not yet resulted in agreement among the Governments on a definite line of action.

Aside from this basic problem, the preparation of the Objectives involves two interlinked sets of studies, one on the sales outlets for Community coal, and the other on the social and regional implications of the trend in the coal-mining industry.

The studies on the first aspect are already well advanced. As was noted in Chapter Two, on the energy outlook, the High Authority's departments have conducted a systematic examination of the sales prospects for Community coal in face of competition from imported energy, assuming several alternative hypotheses as to the price of the latter and the amount of assistance to be afforded to the Community industry. This work is to be continued in still greater detail, in close co-operation with representatives of the industry.

As regards the second aspect, it must be borne in mind that even given the same level of production as before higher productivity alone will mean a smaller labour force: obviously, any cutbacks in production will mean a smaller one still. Wastage has admittedly been very considerable in the last three years—some 8% a year—and the main problem at the moment is to find underground workers. Nevertheless, the reductions in the labour force are liable to raise serious problems of three kinds:

- (a) human problems, in connection with the occupational retraining of large numbers of workers;
- (b) problems for the collieries in connection with the age pyramid: it is mainly the younger men who are leaving the industry and the high rate of departures is making it difficult to find apprentices willing to sign on, hence an increase in the average age of the personnel, which can give rise to much difficulty in staffing certain types of job and also adversely affect productivity;
- (c) regional problems which may in some cases assume major proportions unless steps are taken in good time to attract other industries to the area concerned.

Every effort is also being made in the High Authority's preparatory studies to make the most of all points of interest to be learned from practical experience to date in connection with the reconstruction of the coalmining industry and with industrial redevelopment. The studies are to continue in consultation with Government experts and with the producers, workers and consumers.

382. The work on a Community energy policy with the Council of Ministers and the work on the General Objectives for coal with the circles directly concerned—producers, workers and consumers—may thus be said to be proceeding in parallel. The study of these various problems, which is already well under way, will be continued during the coming months in close co-operation with those concerned.

Section 2: Investment

383. Article 54 of the Paris Treaty requires the High Authority to "encourage the co-ordinated development of investment."

With this end in view, the High Authority each year carries out a survey of the investments shown as assets in the enterprises' balance-sheets; the results of this survey are widely publicized. In addition, it receives advance declarations of all major projects, and periodically issues information to the enterprises on the investments planned and its probable effects on production potential.

Alongside its information work, it helps directly, as Article 54 empowers it to do, by issuing reasoned opinions on particular projects, and by making available financial assistance for operations of special value to the Community.

RESULTS OF THE 1962 SURVEY

Community industries overall

384. The facts and figures assembled in the course of the January 1, 1962, survey were published in July in a report

tracing the movement of capital expenditure and production potential over the preceding years, and giving particulars of enterprises' forecasts for the years ahead up to 1965.¹⁾

During the eight years 1954-61, capital outlay by Community enterprises totalled 9,100 million dollars (E.M.A. units of account), of which 37% went on the collieries, 4% on the iron-ore mines and 59% on the iron and steel industry.

Capital expenditure in 1961 amounted to 1,500 million dollars, over one-quarter as much again as in the previous record year of 1957, for which the figure was \$1,200 million. However, while investment in the iron and steel and iron-ore industries continued to grow, in the coal industry it remained at the same very low level to which it fell in 1960: whereas in 1954 investment in the coal sector was approximately the same as in the steel sector; by 1957 it had dropped to two-thirds, and by 1961 to not much over one-third. The forecasts for 1962 (which

TABLE 79
Capital Expenditure in the Community Industries

(\$ '000,000)

Sector	Actual expenditure as per accounts at January 1, 1962		Estimated expenditure as at January 1, 1962
	1960 ¹⁾	1961	1962
Coalmining industry	377	382	447
Iron-ore mines	43	49	64
Iron and steel industry	775	1,122	1,500
Total	1,195	1,553	2,011

¹⁾ Corrections made to figures in *Tenth General Report*.

¹⁾ See *Investment in the Community Coalmining and Iron and Steel Industries*, Report on the 1962 Survey, July 1962. For a definition of the term "production potential", see *Tenth General Report*, No. 445, footnote 2.

work out overall some 25 % higher than the actual expenditure recorded for 1961) indicated a continuing rise in investment in the iron and steel and iron-ore industries, and continuing stagnation on the coal side.

The results of the 1962 survey may be summarized, so far as capital expenditure is concerned, as in Table 79.

Coalmining industry

385. Actual and estimated expenditure in the coalmining industry at January 1, 1962, may be broken down by sectors as follows.

TABLE 80
Capital Expenditure in the Coalmining Industry

(\$ '000,000)

Sector	Actual expenditure as per accounts at January 1, 1962		Estimated expenditure as at January 1, 1962
	1960 ¹⁾	1961	1962
Pits	226	234	251
Coking-plants, mine-owned and independent	35	41	53
Hard-coal briquetting-plants	7	4	7
Pithead power-stations and other power-generating plant	103	99	128
Plants producing B.K.B. and low-temperature brown-coal coke	6	4	8
Total	377	382	447

¹⁾ Corrections made to figures in *Tenth General Report*.

386. Capital expenditure on the *pits* in 1961 was slightly higher than in 1959 and 1960, owing to an investment drive in the Ruhr and the Saar. Except in these areas, however,

it was mostly lower than before. The figures forecast for 1962 were much the same as those recorded for 1961.

According to the survey, the production potential will remain practically unchanged, at 248 million metric tons for 1965 as against 247 million in 1961. A slight reduction in France is expected to be offset by increases in the various other areas except in Southern Belgium: the latter will, however, still account for close on 14 million tons.

Expenditure on the *coking-plants* (mined-owned, independent and steelworks-owned) was above the low level of 1960, but below the average for the years 1954-59. It should show a slight further rise for 1962, chiefly owing to additional investment in this sector in Italy.

TABLE 81
Capital Expenditure on the Coking-Plants

(\$ '000,000)

Category of coking-plant	Actual expenditure as per accounts at January 1, 1962		Estimated expenditure as at January 1, 1962
	1960 ¹⁾	1961	1962
Mine-owned and independent	35.3	41.6	52.6
Steelworks-owned	11.5	18.2	30.1
All plants	46.8	59.8	82.7

¹⁾ Corrections made to figures in *Tenth General Report*.

The estimates of future production potential, which are a trifle lower than the previous year's, suggest about 89 million metric tons in 1965 (as against 84,200,000 in 1961), which with the plants operating at 96 % of capacity would give a maximum production of some 85 million. This tonnage, which represents a coal throughput of about 111 million tons (as against 97,500,000 in 1961), should amply suffice to cover the foreseeable demand, allowing both for the reduction in the coke rate at the blast-furnaces and for increased consumption of coke in the sintering-plants.

387. The coal industry is continuing its drive to expand its sales by stepping up the production of electric current: the rate of investment in this sector, which had dropped a trifle in 1960 and 1961, should work out higher again for 1962, partly owing to a big new programme in Sardinia.

The maximum electric capacity of the *pithead power-stations*, which on January 1, 1961, stood at 8,406 MW, is expected to be up to 11,547 MW by the beginning of 1966. The total thermal electricity production of the Community in 1965 is currently estimated at about 270 million kWh: if 60% of this is produced from coal, the power-stations, working at 400 gr. per kWh, should consume some 65 million metric tons of coal as against 44,500,000 in 1961.

To complete the picture for the two E.C.S.C. industries, it may be noted that capital expenditure on the power-generating plant of the iron and steel industry increased still further in 1961: the maximum electric capacity of this sector is expected to rise from 3,271 MW at January 1, 1961, to 4,274 at the beginning of 1966.

Iron-ore mines

388. Capital expenditure on the iron-ore mines remained high in 1961, and the survey indicates a further increase in 1962.

However, the rate of increase in production potential is beginning to slacken: the figure for 1965 is put at only 115 million metric tons as against 104,500,000 in 1961, as it is planned to close unproductive mines in Germany, southern and western France and Luxembourg. Imports of overseas ore will continue to increase.

Iron and steel industry

389. Capital expenditure in the iron and steel industry, which in 1960 reached the record figure of 775 million dollars, in 1961 went nearly 45% higher still. The increase

TABLE 82

Capital Expenditure on the Iron-Ore Mines

(\$ '000,000)

Installations	Actual expenditure as per accounts at January 1, 1962		Estimated expenditure as at January 1, 1962
	1960 ¹⁾	1961	1962
Mining of ore	26.1	27.7	29.5
Preparation of ore at surface	7.5	9.7	18.5
Various surface installations	9.6	11.8	15.7
Total	43.2	49.2	63.7

¹⁾ Corrections made to figures in *Tenth General Report*.

occurred in every sector, and was especially noticeable in the rolling-mills. The estimates suggest a further, though probably somewhat smaller, increase in 1962.

TABLE 83

Capital Expenditure in the Iron and Steel Industry

(\$ '000,000)

Installations	Actual expenditure as per accounts at January 1, 1962		Estimated expenditure as at January 1, 1962
	1960 ¹⁾	1961	1962
Plant for production of:			
pig-iron ²⁾	172	217	285
steel	95	161	184
rolled products	351	532	717
General services	157	212	314
Total	775	1,122	1,500

¹⁾ Corrections made to figures in *Tenth General Report*.

²⁾ Inclusive of steelworks-owned coking-plants and burden-preparation installations (crushing, screening, sintering).

390. Although considerably larger sums were spent in 1961 than in previous years on plant for *pig-iron* production, and more particularly for burden preparation, they represented no more than 20 % of the industry's aggregate investment, as compared with 32 % in 1958 and 1959.

The survey indicates a 1965 production potential of 26,500,000 metric tons of coke (steelworks-owned plants only), 77,200,000 tons of sinter, and 78,100,000 tons of pig-iron, representing increases over 1961 of 9 %, 80 % and 30 % respectively. Given 96 % utilization of capacity, the maximum pig-iron production for 1965 would work out at approximately 75 million tons—just about the tonnage mentioned in the General Objectives as needed to cover the upper-limit demand.

391. Expenditure in 1961 on the traditional categories of *steelworks*—basic Bessemer, open-hearth and electric-furnace—was considerably higher than in 1960. Expenditure on oxygen steelmaking plant, however, rose more sharply still, more than doubling, and accounting for nearly 45 % of the industry's total expenditure on steelworks, as compared with 17 % in 1959 and 38 % in 1960.

TABLE 84

Capital Expenditure on Steelworks

(\$ '000,000)

Type of plant	Actual expenditure as per accounts at January 1, 1962		Estimated expenditure as at January 1, 1962
	1960 ¹⁾	1961	1962
Basic Bessemer	21	24	29
Open-hearth	29	45	37
Electric-furnace	11	20	25
L/D, Rotor and others	34	72	93
Total	95	161	184

¹⁾ Corrections made to figures in *Tenth General Report*.

From the investment projects declared by the enterprises it appears that the production potential for the traditional types of steelworks will be more or less the same in 1965 as in 1961, practically the entire increase in overall potential being accounted for by additions to oxygen steelmaking capacity. This will mean a major change in the pattern, with the share of basic Bessemer contracting between 1961 and 1965 from 48 % to 36 % and that of open-hearth from 37 % to 31 %, electric-furnace approximately holding its ground with 11 %, and the oxygen steels—L/D, Rotor and others—forging up from 4 % to 22 %. Total crude-steel production potential is expected to increase from 80 million metric tons to 99 million: at 96 % utilization, this would give a maximum production of about 95 million, which would just comfortably cover the upper-limit demand of 94 million suggested in the General Objectives.

392. Capital expenditure in the *rolling-mills*, which had crept steadily downwards from 1955 to 1959, has been rising briskly again since 1960. In 1961, as in 1960, it represented nearly one-half of the industry's total investment, and the estimates given in the Survey indicate that it will also be found to have done so in 1962 and 1963. More is being invested in every type of mill, and especially in wide-strip capacity.

The potential for flat products continues to expand faster than for sections, and is expected in 1965 to account for 46.9 % of total rolled-products potential as against 45.3 % in 1961.

The total rolled-products potential forecast for 1965—which is of course limited by the tonnage of crude steel expected to be actually available—is about in line with the demand indicated in the General Objectives. The rated capacity of the mills taken individually, irrespective of bottlenecks at earlier or later stages in the production chain, does however in some cases appear excessive, particularly as regards the hot wide-strip mills: according to

the survey capacity in this sector, as estimated at January 1, 1962, should by 1965 total something like 36 million metric tons, whereas the upper-limit demand mentioned by the General Objectives is no more than 18,400,000. Information received since the survey was made does admittedly suggest (see subsection "High Authority Opinions")¹⁾ that some large-scale projects are likely to be deferred or phased over a period.

TABLE 85

Capital Expenditure on the Rolling-Mills

(\$ '000,000)

Type of mill	Actual expenditure as per accounts at January 1, 1962		Estimated expenditure as at January 1, 1962
	1960 ¹⁾	1961	1962
Section mills	90	122	198
Flat-product mills	176	291	348
Blooming and slabbing mills	43	73	86
Other mills	41	46	85
Total	350	532	717

¹⁾ Corrections made to figures in *Tenth General Report*.

SPECIFIC CAPITAL EXPENDITURE

393. To permit a country-by-country comparison of investment in modernization and extension of plant, it may be of interest to examine the trend in specific capital expenditure, *i.e.* the amounts expended per metric ton produced in each of the main sectors, namely

- (a) the coalmining industry (pits);
- (b) the carbonization sector (mine-owned, independent and steelworks-owned coking-plants);
- (c) electricity generation at the mines (pithead power-stations and other power-generating plant);

- (d) the iron-ore industry (ore extraction, preparation at the surface and various surface installations);
- (e) pig-iron production (burden preparation and blast-furnaces);¹⁾
- (f) crude-steel production (steelworks proper);
- (g) production of rolled products (rolling-mills and ancillary plant).

Specific expenditure in these sectors over the years 1954-60 and in 1960 and 1961 is shown in Table 86 overleaf.

For purposes of evaluation, these figures have to be treated with some reserve, inasmuch as the sectors concerned vary in structure and operating conditions from one country to another, and the prices of capital goods in units of account are not strictly intercomparable. Nevertheless, these differences are not in themselves sufficient to explain the disparities within the individual sectors between one part of the Community and another.

394. In the Community *coalmining industry* as a whole, specific investment expenditure on the pits has remained remarkably stable, a slight increase in Germany being offset by reductions in most other countries.

For the coking-plants, partly owing to the slight concentration in production, the figures per ton of coke produced come out rather higher than in 1960, though still well below the level for the preceding years. The absolute increase in 1961 was mainly due to the completion of investment projects in France (Lorraine), which in itself accounted for nearly half the total expenditure in this sector.

The considerable diminution (60 % since 1954) in specific expenditure on the pithead power-stations is due to the fact that electricity production has risen still faster than investment: in other words, productivity has improved. The rates vary considerably from country to country.

¹⁾ Exclusive of expenditure on steelworks-owned coking-plants.

TABLE 86

Specific Capital Expenditure

(\$ per metric ton or per '000 kWh produced)

Sector	Germany (Fed. Rep.)	Belgium	France	Italy	Luxembourg	Netherlands	Community
Coal							
average 1954-60	0.93	1.26	1.17	1.29	—	1.14	1.03
1960	0.99	0.74	1.06	1.45	—	0.77	0.97
1961	1.13	0.74	0.86	0.85	—	0.94	1.02
Coke (all types of coking-plant)							
average 1954-60	0.99	0.98	2.26	1.31	—	(1)	1.20
1960	0.56	0.45	1.25	0.48	—	(1)	0.65
1961	0.53	0.50	2.26	0.93	—	(1)	0.83
Electricity generation (at mines)							
average 1954-60	4.48	5.21	2.68	8.00	—	1.78	3.84
1960	4.43	3.47	1.10	0.17	—	0.17	3.20
1961	3.58	3.54	1.08	9.39	—	1.08	2.83
Iron ore							
average 1954-60	0.52	0.20	0.48	1.15	0.15	—	0.48
1960	0.45	0.25	0.48	0.66	0.13	—	0.45
1961	0.52	1.00	0.53	1.08	0.16	—	0.51
Pig-iron ²⁾							
average 1954-60	2.50	2.97	3.57	2.56	2.29	4.76	2.87
1960	2.33	4.17	3.77	1.83	2.02	6.21	2.97
1961	2.45	4.36	5.50	2.43	3.40	6.10	3.64
Crude steel							
average 1954-60	1.65	1.36	1.24	1.24	1.30	3.32	1.47
1960	1.30	1.58	1.47	0.62	0.67	3.34	1.31
1961	2.65	1.82	1.91	1.46	0.97	4.72	2.20
Rolled products							
average 1954-60	6.84	6.57	6.35	7.69	3.58	8.89	6.62
1960	5.37	16.13	6.71	5.05	5.43	15.76	6.99
1961	9.27	13.92	13.16	7.55	4.26	22.81	10.54

1) Coke figures for Belgium and the Netherlands have been amalgamated.

2) Expenditure on burden-preparation installations and blast-furnaces only.

Specific expenditure in the *iron-ore industry* has remained pretty well unchanged, Luxembourg's working out lowest thanks to the structure of the deposits and the favourable operating conditions there.

The *iron and steel industry* presents a very different picture: in practically all sectors capital expenditure shows an appreciable increase, while production has not increased at all. The industry in 1961 invested a total of 1,122 million dollars and turned out a total of approximately 50 million metric tons of rolled products, so that its specific expenditure amounted to \$22-23 per ton of rolled steel sold, or round about 20% of its proceeds of sales.

Specific expenditure on pig-iron production rose from 1960 to 1961 by about one-quarter, with only Germany showing a more limited increase.

In the steelworks sector the increase was as much as 70%; in all the member countries except Luxembourg the figures were higher than in any previous year.

In the rolling-mill sector the increase was also striking, about 50% overall. In most of the countries the rates were close to the Community average; in Luxembourg they were a good deal lower, and in the Netherlands, where intensive investment activity is in progress, substantially higher.

DECLARATIONS OF INVESTMENT PROJECTS

General remarks

395. By the terms of two High Authority Decisions¹⁾ under Article 54,3 of the Treaty, enterprises are required to declare, not less than three months prior to the conclusion of the first contracts or the commencement of operations, all investment projects relating to:

¹⁾ See *Official Gazette of E.C.S.C.*, July 26, 1955 (fourth year, No. 18), and July 19, 1956 (fifth year, No. 17).

- (a) entirely new plant, where the total estimated expenditure exceeds 500,000 dollar units of account;
- (b) replacement or conversion of existing plant, where the total estimated expenditure exceeds 1,000,000 units of account;
- (c) construction of or alterations to steelmaking furnaces or hot-blast cupolas, irrespective of the estimated expenditure.

The particulars emerging from the declarations received in the course of a given year do not tally with the figures assembled in the course of the annual survey. The survey covers all capital expenditure planned, whether embarked on, approved or (except in the case of the iron and steel industry) merely contemplated. The declarations, on the other hand, are required only in respect of projects representing complete schemes definitely scheduled to be carried out by the enterprises; the operations concerned frequently, especially in the coalmining industry, extend over a period going beyond that covered by the annual survey, and, moreover, projects involving an estimated expenditure below the figure mentioned are not declarable.

TABLE 87
Declarations of Investment Projects

Period	Declarations	Projects
1st six months, 1956	73	109
2nd six months, 1956	50	100
1st six months, 1957	57	82
2nd six months, 1957	44	49
1st six months, 1958	61	95
2nd six months, 1958	35	55
1st six months, 1959	34	43
2nd six months, 1959	39	74
1st six months, 1960	80	166
2nd six months, 1960	55	91
1st six months, 1961	65	105
2nd six months, 1961	45	82
1st six months, 1962	43	62
July 1 - November 27, 1962	34	44
Total	715	1,157

Between January 1, 1956, and December 31, 1962, 715 declarations in all, relating to 1,157 investment projects, were submitted to the High Authority.

The High Authority was notified during 1962 of a number of changes, some of them quite substantial, with regard either to the capital expenditure or to the ultimate production potential represented by projects declared earlier. The 28 projects so amended had been described in 14 declarations submitted in 1960, 1961 and even as recently as the beginning of 1962.

Projects declared

396. The noticeable abatement in the flow of new declarations of investment from the coalmining and iron and steel industries which had developed in November and December 1961 continued throughout 1962. The declarations received during the year represented a total value of 640 million units of account (the iron and steel industry accounting for 553 million)—only a third of the figure for 1960 and 40% of that for 1961, and close to the 1956-59 average of 660 million.¹⁾

The slackening is still more apparent, in relative terms, if we bear in mind the expansion in steel production in recent years. Most of the 1962 declarations, moreover, related the projects already envisaged at the beginning of the year, and they became both fewer in number and smaller in scope as the months went on.

Despite the enterprises' evident reluctance to embark on new projects in 1962, it is likely that both 1962 and very possibly 1963 will prove to have been quite active years in this regard, chiefly thanks to work started under schemes approved at an earlier date. What may be expected is that investment in the iron and steel industry will show a sharp downturn in the years immediately following, while

¹⁾ See Table 88 following.

TABLE 88
Aggregate Value of Investment Projects Declared

	(\$ '000,000)													
	1956		1957		1958		1959		1960		1961		1962	
	1st six months	2nd six months	1st six months	2nd six months	1st six months	2nd six months	1st six months	2nd six months	1st six months	2nd six months	1st six months	2nd six months	1st six months	2nd six months
Coalmining industry ¹⁾	133	72	98	79	229 ²⁾	22	23	144	28	118	70	103	59	28
Iron-ore mines	7	2	2	23	15	1	8	—	6	6	10	—	—	—
Iron and steel industry	243	395	165	87	256	154	116	379	1,092	710	833	528	387	166
Total	383	469	265	189	500	177	147	523	1,216	738	913	631	446	194
Aggregate value per year	852		454		677		670		1,954		1,544		640	

¹⁾ Including plants producing B.K.B. and low-temperature brown-coal coke, and independent coking-plants.

²⁾ This exceptionally high figure includes expenditure in connection with special schemes carried out under the Franco-German Warndt agreement of October 27, 1956.

TABLE 89
Aggregate Value of Investment Projects Declared by the Iron and Steel Industry

(\$ '000,000)

	1956		1957		1958		1959		1960		1961		1962	
	1st six months	2nd six months	1st six months	2nd six months	1st six months	2nd six months	1st six months	2nd six months	1st six months	2nd six months	1st six months	2nd six months	1st six months	2nd six months
Steelworks-owned coking-plants	20	22	10	10	5	3	2	10	35	6	-1	-	12	-
Burden-preparation installations	9	49	21	16	39	49	1	59	72	60	52	46	66	2
Blast-furnaces	56	84	38	15	59	18	6	37	112	37	80	37	51	9
Steelworks (of which: L/D, etc.)	63	72	26	(1)	41	8	4	13	184	173	82	84	26	32
Rolling-mills	(2)	(-)	(9)	(3)	(16)	(2)	(1)	(5)	(148)	(139)	(66)	(58)	(15)	(28)
(of which: flat- products mills)	83	106	43	42	81	44	92	210	550	380	479	320	153	115
Power-generating plant and miscellaneous	(36)	(41)	(5)	(41)	(59)	(7)	(58)	(146)	(358)	(162)	(355)	(204)	(88)	(61)
	12	62	27	4	31	33	11	50	139	54	141	41	79	8
Total	243	395	165	87	256	155	116	379	1,092	710	833	528	387	166

1) Schemes dropped and new schemes declared cancel out (7 million dollars in each case).

investment in the coalmining industry will remain at its present comparatively low level.

In the *coalmining industry*, the slight upward trend observed in 1960 and 1961 in projected expenditure on the pits came to a halt in 1962; nevertheless, the expenditure of 39 million dollars even so represented an impressive sum. The projects in question related not so much to increases in production potential as to rationalization of various kinds, including concentration of production, extensions to washeries, and mechanization of underground and surface installations: the net expansion in actual coal-getting potential will be only 280,000 metric tons a year.¹⁾

The sums mentioned for expenditure on the coking-plants are inconsiderable: of the total under this head, a substantial proportion is accounted for by a project for the extension of an independent plant in Italy.

For the pithead power-stations, although activity is not up to the level of 1960 and 1961, plans are in train for the expansion of generating capacity by a total of 210 MW, practically entirely by the installation of large sets designed for burning low-grade coal products which are commercially almost unsaleable.

No projects were declared from the *iron-ore industry* in 1962.

The value of the projects declared from the *iron and steel* industry tumbled to 553 million dollars, from 1,802 million in 1960 and 1,361 million in 1961. All three sectors—pig-iron production, steelmaking and rolling—were affected.²⁾

The net increase of 5 million metric tons¹⁾ in production potential for sinter which the declarations indicate is

¹⁾ For the net increases in production potential for the various sectors of the coalmining and iron and steel industries, as indicated by the declarations submitted over the years 1956-1962, see *Statistical Annex*, Table No. 52.

²⁾ See Table 90 following.

nevertheless substantial, as is the expected increase of 2,200,000 tons for pig-iron.

Declarations relating to steelworks suggest an increase of 2,300,000 tons p.a. for oxygen steel and 600,000 for electric furnace; basic Bessemer potential, however, must be expected to contract by about 1,100,000 tons and open-hearth by 200,000.

Of the 268 million dollars to go on the rolling-mills under the 1962 projects (as against 800 million in 1961), about one-half is earmarked for the flat-product mills, which in previous years accounted for a very much larger share of the total. The declarations indicate an increase of some 900,000 tons p.a. in the production potential for sections, but hardly any increase at all for flats.

TABLE 90

Production Potentials in 1965

('000,000 metric tons)

Product	Potential suggested by 1962 survey	Potential suggested by 1962 survey plus subsequent declarations and changes
Sinter	77-16	80-20
Pig-iron	78-06	78-37
Basic Bessemer steel	35-73	35-06
Oxygen-blown and other steels	21-62	22-80
Open-hearth steel	30-73	30-46
Electric-furnace steel	10-80	11-21
Total, crude steel	98-88	99-53
Light and heavy sections	30-47	30-62
Wire-rod	8-57	8-61
Hot-rolled strip and tube strip	6-28	6-28
Plate	10-97	10-86
Hot-rolled sheet	3-04	2-90
Cold-reduced sheet	14-08	14-46
Total, rolled products	73-41	73-73
Hot-rolled wide strip (coils, etc.)	21-15	21-61

Production potentials in 1965

397. Some of the projects declared were included by the enterprises in their replies to the survey questionnaire as of January 1, 1962; others will not affect production potential until after 1965, the last year covered by the survey. The full effects of the increases just listed on the basis of the 1962 declarations are thus not apparent in the estimated potentials for 1965.

*HIGH AUTHORITY OPINIONS
ON INVESTMENT PROJECTS*

398. Under Article 54,4 of the Treaty, the High Authority may issue reasoned opinions on investment projects of particular importance for the purposes of the General Objectives. These opinions show the enterprises exactly how the merits of their individual projects must be appraised in the light of the general situation prevailing in the Common Market. They are purely advisory in character,¹⁾ and in no way binding on the enterprises to which they are addressed. Copies are, however, forwarded to the Governments concerned, and lists of opinions issued are published regularly in the *Journal Officiel*.²⁾

The Governments can thus draw whatever conclusions are relevant to their particular interest in the project in question; so also can any other parties immediately concerned—such as, in particular, banks and credit institutions—whom the enterprises may acquaint with the contents of the opinions received.

¹⁾ See the judgment delivered by the Court of Justice on December 10, 1957, in the two consolidated Cases Nos. 1 and 14/57 (*Recueil de la Jurisprudence de la Cour*, Vol. III, 1957, p. 223).

²⁾ See *Journal Officiel des Communautés Européennes*, April 9, June 9, July 10, September 8, October 10, November 20 and December 24, 1962 (fifth year, Nos. 26, 44, 58, 72, 93, 121 and 137).

General opinion

399. As long ago as 1956¹⁾ the High Authority judged it advisable to publish an official statement of its opinion in principle concerning projects in connection with scrap-based steelmaking. In this, it strongly urged upon the whole industry the importance of accompanying all expansion in the production of pig-iron, and added that it intended in future to treat this point as one of its main criteria in forming its opinions on enterprises' investment programmes.

This general opinion, together with the individual opinions issued to the same effect on the various projects declared, undoubtedly helped to ensure a better balance between pig-iron and steel production potential in the Community. As is noted in the latest Memorandum on the General Objectives, there now appears to be no likelihood of a serious shortage of scrap in the years ahead.

Nevertheless, the High Authority cannot feel that it would be justified in simply ceasing to issue opinions on projects for the construction of new scrap-based steel-making plant. The production costs with this type of plant are to a great extent governed by the price of scrap, which is extremely sensitive to the movement of the market, and this is a disadvantage in the mass production of steels which are in direct competition with the pig-iron-based metals. Accordingly, it is retaining in force the Decision of July 19, 1956, requiring projects for the installation of steelmaking furnaces to be declared irrespective of the estimated capital costs: its reasons for doing so were published in a "General Opinion concerning the orientation of investment programmes in the iron and steel industry," running as follows²⁾:

¹⁾ See *Official Gazette of E.C.S.C.*, July 19, 1956 (fifth year, No. 17).

²⁾ See *Journal Officiel des Communautés Européennes*, August 8, 1962 (fifth year, No. 72).

“... ”

“While it is probable, as is made clear in the General Objectives published in the *Journal Officiel des Communautés Européennes* of April 5, 1962, that scrap availabilities up to 1965 will be adequate to the Community's requirements, the High Authority would nevertheless emphasize the vulnerability, as regards both economic operation and employment, of investment in the production of ordinary steels based entirely on scrap, as against the processes based mainly on ore, which are less dependent on the chance factors attaching to the supply of scrap.”

Individual opinions

400. The High Authority in 1962 issued 23 individual opinions on new investment projects and substantial amendments to projects in hand.

With regard to the coalmining industry, three favourable opinions were issued, two concerning schemes to install large capacity turbines in pithead power-stations to run on low-grade products, and the third concerning a link-up between pits which was felt to offer excellent opportunities for improving underground productivity.

With regard to the iron and steel industry the High Authority was able to issue four favourable opinions reflecting the continuing importance attached in the General Objectives to ore preparation, and especially to sintering and two or more in connection with the proposed replacement of obsolete basic Bessemer and open-hearth steelworks by more productive oxygen-steel-making plant; it also approved a reorganization and specialization scheme in respect of a group of works forming one of the largest enterprises in the Community.

In eight opinions, on the other hand, the High Authority criticized schemes to install electric-arc furnaces for the production of ordinary steels, as it still feels obliged to do in view of the possible uncertainties as to the supply

of scrap. In those issued in the latter part of the year it naturally based itself in particular on the General Opinion of August 8.

The remaining five opinions restated earlier warnings of a possible overcapacity in respect of hot-rolled wide strip. In July 1960 and in July 1961 the High Authority had sent out to all the enterprises concerned two studies on the comparative trends in capacity and in probable demand for hot-rolled (and cold-reduced) wide strip up to 1965, and the figures there mentioned were borne out by the analyses made in the preparation of the General Objectives for steel: they indicated that whereas the maximum demand in 1965 was expected to be 18,400,000 metric tons, the enterprises' own forecasts pointed to an aggregate rated capacity of 36 million. In the light of these figures, several enterprises decided to postpone their projects, while a number of others agreed among themselves to concentrate their production on a single large-capacity hot wide-strip mill. In this way the aggregate rated capacity expected by 1965 was reduced from 36 million to around 28 million tons of hot-rolled wide strip.

Disciplinary proceedings

401. Investment projects are declarable not later than three months in advance of the first contracts in order to give the High Authority time to prepare and issue its opinion and the enterprises time to conform should they decide to do so. The High Authority notes with satisfaction that most enterprises duly submit their declarations by the required date.

However, either because they are less accustomed to co-operate with the public authorities or because they are apprehensive of receiving justified criticism in reply, some small firms, most of them specializing in the production of electric-furnace steel, have for some years been showing marked reluctance to declare their projects in advance. The High Authority has successively resorted to the various

means of action afforded it by the Treaty for dealing with this state of affairs.

Despite High Authority circulars and spot-checks by its inspectors, quite a number of projects in 1962 were declared at an unduly late date, or even not declared at all. Two of the enterprises concerned had already offended before in this respect, and had to be fined under Article 47 of the Treaty. The High Authority trusts that as a result of the examples so made all enterprises will be brought to a better sense of the loyalty they owe to the industry as a whole and of the importance of planning their investments within the general framework of the Community.

Section 3: Financing of Investment

GENERAL REMARKS

402. The High Authority's lending and guarantee operations constitute one of the major instruments available to it for carrying out its duties under the Treaty as regards promoting co-ordinated development of investment.

As has been recalled in previous connections,¹⁾ the High Authority has from the outset concentrated primarily on aiding, firstly, industrial investment by Community enterprises, and secondly, the building of workers' houses.

While continuing its activities in these fields in 1962, the High Authority at the same time, in support of the measures introduced for the reconstruction of the coal-mining industry, substantially expanded its credit operations for a third purpose, under Article 56 of the Treaty, namely redevelopment, or, in the words of the Article, "the creation ... of new and economically sound activities capable of providing productive re-employment for

¹⁾ See *Tenth General Report*, Nos. 389 ff.

workers made redundant" as a result of Community enterprises having "permanently to discontinue, curtail or change their activities."

The High Authority's financial assistance in these three fields (with which should be included the credit extended by it in previous years in favour, in particular, of readaptation and research) has mainly taken the form of loans and of guarantees on loans raised direct by enterprises from third parties.

The total value of the loans granted by the High Authority over the years up to December 31, 1962, was 398,200,000 dollar units of account, of which 312,200,000 went to industrial investment, 67,000,000 to housing schemes and 9,300,000 to redevelopment.¹⁾ The High Authority's commitments under guarantees granted during the same period stood at the end of 1962 at 29,600,000 units of account.

In the field of industrial investment, High Authority loans and guarantees have helped to finance projects of an aggregate value of approximately 1,500,000,000 units of account, representing 14% of total capital expenditure in the Community industries since 1954. It should be noted that the projects assisted by the High Authority are as a rule "key" schemes contributing much more to balanced development than is apparent from the actual figures involved.

In the field of workers' housing, High Authority assistance has enabled over 67,000 dwellings to be built on exceptionally advantageous terms.

To provide the funds required for these various operations, the High Authority had of course to contract further loans in 1962.

¹⁾ See also *Annex on Finance*, Tables IV ff., and in particular Table IX.

BORROWINGS AVAILABLE

403. During the period under review the High Authority had available the proceeds of the following loans:

Lfr.300,000,000
(=6,000,000
units of account) issued on the Luxembourg market at the rate of $4\frac{3}{4}\%$ p. a. in the form of Bonds with a term of 15 years. These Bonds were purchased at par by a Luxembourg banking syndicate consisting of the Banque Générale de Luxembourg, the Banque Internationale à Luxembourg and the Caisse d'Epargne de l'Etat du Grand-Duché de Luxembourg, and are quoted on the Luxembourg Stock Exchange.

\$25,000,000
(=25,000,000
units of account) issued on the American market at the rate of $5\frac{1}{4}\%$ p. a. in the form of Bonds with a term of 20 years. The Bonds were purchased at 99% by an American banking syndicate under the leadership of Kuhn Loeb & Co., The First Boston Corporation and Lazard Frères & Co., and are quoted on the New York, Brussels and Luxembourg Stock Exchanges.

Hfl.25,000,000
(=6,900,000
units of account) issued on the Netherlands market at $4\frac{3}{4}\%$ p. a. in the form of Bonds with a term of 20 years. The Bonds were purchased at 99% by a Netherlands banking syndicate headed by the Amsterdamsche Bank N. V. and the Nederlandsche Handel-Maatschappij N. V., and are quoted on the Amsterdam Stock Exchange.

Lfr.250,000,000
(=5,000,000
units of account) at the rate of $5\frac{1}{8}\%$ p. a. in the form of Notes with a term of 25 years purchased at par by a group of Luxembourg insurance institutions.

Hfl.6,000,000 (=1,700,000 units of account)	at the rate of $4\frac{3}{4}\%$ p. a. also in the form of Notes purchased at par by a Netherlands insurance company. This loan was contracted in 1961, but the proceeds were not paid over until October 1962.
Hfl.20,000,000 (=5,500,000 units of account)	at the rate of $4\frac{1}{2}\%$ p. a. in the form of negotiable Notes with a term of 5 years purchased at par by two groups of Netherlands banks, the one headed by the Amsterdamsche Bank N. V. and the other by the Coöperatieve Centrale Boerenleenbank.
Bfr.300,000,000 (=6,000,000 units of account)	at the rate of $5\frac{1}{4}\%$ p. a. in the form of Notes with a term of 20 years purchased at $98\frac{1}{2}\%$ by a group of Belgian banks.
Sfr.60,000,000 (=13,700,000 units of account)	issued on the Swiss market at $4\frac{1}{2}\%$ p. a. in the form of Bonds with a term of 18 years. These Bonds were purchased at par by a Swiss banking syndicate headed by the Société de Banque Suisse, the Union de Banques Suisses and the Crédit Suisse, and are quoted on all the Swiss Stock Exchanges.

404. The aggregate equivalent of all these borrowings amounts to 69,800,000 units of account.

It is worth noting that the share of American investors in the High Authority's borrowings was in 1962 exceptionally small. This was due to two factors. Firstly, the amount of the American Bond issue, which on the strength of the offers received from the High Authority's banking syndicate could have been fixed at \$50,000,000, was limited to half that figure in view of the American balance-of-payments position. Secondly, the High Authority's bankers made special efforts when offering the Bonds on the market to give preference to European subscribers, with the result that in the event about half the dollar Bonds came into

European hands. Of the funds borrowed by the High Authority in 1962 18% were of American and 82% of European origin.

The total amount available to the High Authority in 1962 for lending purposes was 101,000,000 units of account, made up as follows:

	('000,000 units of account)
(a) Proceeds of loans contracted during the year	69.8
(b) Unallocated funds from 1961 loans	8.4
(c) Special Reserve (interest on bank deposits and investments):	
unused balance of previous years, at January 1	14.6
funds set aside during 1962 for housing schemes	8.2
	22.8
	101.0

Out of this, the High Authority in 1962 disbursed

(a) for industrial investment	60.5
(b) for workers' housing (including experimental schemes)	17.0
(c) for industrial redevelopment	7.3
	84.8

THE HIGH AUTHORITY'S CONTRIBUTION TO THE FINANCING OF INVESTMENT

405. The High Authority's latest set of General Objectives for steel,¹⁾ published in April 1962, restate, with reasons and additional details, the points made in its directives of May 1961²⁾ concerning the procedure to be followed in applying for industrial loans, and confirm the scale of priorities the High Authority then indicated that it intended to observe in granting such loans. For the coal-mining industry, the scale of priorities published in the *Official Gazette*²⁾ also remains in force until such time as the new General Objectives for coal are forthcoming.

¹⁾ See *Journal Officiel des Communautés Européennes*, April 5, 1962 (fifth year, No. 24).

²⁾ See *Journal Officiel des Communautés Européennes*, May 20, 1961 (fourth year, No. 35).

For the purposes of financial assistance under Article 54,1 of the Treaty, the following are rated as priority items:

coal:

projects relating to installations principally designed to increase output and lower production costs, projects for pithead power-stations;

iron and steel:

projects relating to installations for ore extraction, blast-furnace burden preparation and pig-iron production, to oxygen steelmaking plant, and to rationalization and specialization of production.

406. Applications received by the High Authority for *industrial loans* under Article 54,1 out of funds mobilized during 1962 represented a total value of over 200,000,000 units of account, almost three-quarters of which was asked for by German enterprises.

The loans granted in response totalled 60,500,000 units of account. The projects aided may be grouped as follows.

Coalmining industry

Installations principally designed to increase output and lower production costs as regards extraction and valorization:

Fornicoke S.p.A., Savona;
Hoesch AG. Bergbau, Altenessen;
Ilseder Hütte AG. (Friedrich der Grosse), Peine;
Märkische Steinkohlgewerkschaft, Heessen;
Rheinpreussen AG., Homberg.

Iron and steel industry

Installations for blast-furnace burden preparation and pig-iron production:

Eiserfelder Hütte G.m.b.H., Siegen;
Hoesch Westfalenhütte AG., Dortmund;

Hütten- und Bergwerke Rheinhausen AG., Essen;
 Société pour le Traitement du Minerai de Saizerais,
 Nancy;
 Erzbergbau Salzgitter AG., Salzgitter-Bad;
 Union Sidérurgique Lorraine ("Sidélor"), Metz.

Oxygen steelmaking plant:

Dortmund-Hörder Hüttenunion, Dortmund;
 S.A. Métallurgique d'Espérance-Longdoz, Liège;
 Mannesmann AG., Düsseldorf;
 S.A. des Aciéries de Pompey, Pompey;
 Rheinstahl Eisenwerke Gelsenkirchen A. G.,
 Gelsenkirchen.

Rationalization and specialization of production:

Neunkirchner Eisenwerk AG. (formerly Gebrüder
 Stumm), Neunkirchen.

Construction or extension of integrated iron and steel
 works in coastal areas:

Italsider S.p.A., Genoa (Taranto plant);
 Klöckner Werke AG., Duisburg (Bremen plant).

The rates of interest ranged from $4\frac{3}{4}\%$ to $5\frac{3}{4}\%$ p. a. and the redemption periods (except in the case of one short-term loan) from 18 to 25 years, according to the terms on which the High Authority had itself borrowed the funds in question.

407. As was noted in last year's General Report, Hfl. 23,000,000 out of the 1961 borrowings was held in reserve for a limited period for allocation if required to applicants for *industrial redevelopment* loans.

In the event, the projects submitted to the High Authority under this head within the time-limit specified required only Hfl.15,600,000 (4,300,000 units of account) to be paid out from this amount—three loans, of Hfl. 5,400,000, Hfl.9,000,000 and Hfl.1,200,000, were granted to two Belgian enterprises and one French enterprise—and the remainder was utilized for the financing of industrial projects of the steel industry itself.

With the new funds raised during the year the High Authority was able to carry on its operations in connection with redevelopment. Loans in guilders and Swiss francs to a total value of approximately 3,000,000 units of account were granted for a large-scale scheme submitted by the Belgian Government for the establishment of new industrial activities in the Borinage. The High Authority also decided to guarantee a loan of Ffr. 3,000,000 (600,000 units of account) contracted by a French company for the purpose of financing a redevelopment scheme in a mining area; the necessary agreements were in process of conclusion at the end of the year.

High Authority loans and guarantees granted in 1962 in connection with industrial redevelopment amounted in all to approximately 7,900,000 units of account.

408. The loans granted by the High Authority from the beginning of its financial operations to December 31, 1962,

TABLE 91

High Authority Loans to End 1962, by Sectors and Countries

(000,000 units of account and %)

Sector	Germany (Fed. Rep.)	France	Italy	Belgium Luxem- bourg Nether- lands	Community	
Coalmining industry	100.2	27.0	2.4	14.0	143.6	36.1
Iron-ore mines	10.6	12.0	5.7	1.0	29.3	7.3
Iron and steel industry	58.3	28.9	42.1	10.0	139.3	35.0
Sub-total	169.1	67.9	50.2	25.0	312.2	78.4
Workers' housing	37.3	11.1	4.3	14.3	67.0	16.9
Redevelopment	—	0.4	—	8.9	9.3	2.3
Readaptation	5.4	0.3	—	—	5.7	1.4
Research ¹⁾	1.4	0.8	0.3	0.8	3.3	0.8
Miscellaneous	—	—	—	0.7	0.7	0.2
Total	213.2 (53.5%)	80.5 (20.2%)	54.8 (13.8%)	49.7 (12.5%)	398.2 (100.0%)	(100.0%)

¹⁾ Experimental Workers' Housing Scheme II.

may be broken down by sectors and countries as follows (initial amounts of loans, including 10,730,000 units of account lent out of funds constituted by prepayments of instalments and anticipatory redemptions of earlier loans):

409. Details of progress to date with workers' housing, readaptation and technical research will be found in Chapter Five following.

As regards industrial investment, the latest six-monthly reports from the High Authority's representatives in the six countries indicate that generally speaking progress is in accordance with the terms of the loan contracts. In particular, the projects aided out of the proceeds of the first American and the first Swiss loan have now all been completed (the moneys in one case were reallocated after the contracts had been concluded). With regard to the loans out of subsequent borrowings, the High Authority's agents are carefully following the progress of certain projects in the coalmining industry which are being somewhat held up financially on account of the industry's sales difficulties.

410. As well as itself granting loans, the High Authority has been instrumental in inducing various banks to grant substantial credit facilities to Community enterprises. By depositing its own funds with banks in accordance with its liquidity requirements, it has enabled the latter on their responsibility to make available considerable sums to such enterprises in the form of medium-term loans (*viz.* 4-8 years). At the end of 1962 the total amount of bank loans outstanding was 75,500,000 units of account.¹⁾

Section 4: Technical Research²⁾

GENERAL REMARKS

411. The High Authority in 1962 continued and intensified its research promotion work in accordance with Article 55

¹⁾ See *Annex on Finance*.

²⁾ See also *Annex on Research Projects*.

of the Treaty, taking into the fullest account the Resolutions of the European Parliament on the subject and the numerous suggestions received from Government Departments in the member States, from the coalmining and iron and steel industries and from technical and economic research centres and associations.

This is true in particular of its work on the definition of the objectives and of the principles and criteria of *research policy*. The memorandum on the High Authority's research policy in the technical field, published in 1961, gave rise to a number of resolutions and recommendations;¹⁾ a revised version, in line as far as possible with the points made by the European Parliament and its Research and Cultural Affairs Committee, is now in preparation and after finalization by the Council of Ministers will be issued forthwith to all concerned.

It is hoped to bring out early in 1963 the *directives*, referred to in last year's Report, concerning application for and approval of grants for technical and economic research with reference to coal, iron ore and steel, accompanied by an *aide-mémoire* on recipients' obligations as regards protection and dissemination of the results of such research. The directives lay down the administrative procedure for the submission and examination of applications, the terms and conditions on which grants will be made, the practical arrangements for the financing of the projects, and lastly the principles which will be followed as regards making the results available to all Community circles immediately concerned; the obligations on the grantees' side are set forth in detail in the annex.

It is planned to bring the directives into line with any changes in circumstances or new requirements arising; if necessary, both they and the objectives, principles and criteria contained in the memorandum on research policy will be revised in the light of the practical experience gained in the meantime.

¹⁾ See *Tenth General Report*, Nos. 312-331.

While the outlines of the High Authority's work in this connection in the immediate future have thus been settled, particulars concerning High Authority-aided research projects already completed, in progress and on the stocks are regularly supplied by its loose-leaf bulletins describing developments since the reference date January 1, 1962. The supplements giving the position at July 1, 1962, have been duly issued, and those for January 1, 1963, will appear in the spring. This arrangement has been generally welcomed as giving a comprehensive and detailed six-monthly picture of the research aided or actually commissioned by the High Authority.

These regular bulletins will also serve to keep all interested parties abreast of the progress achieved by co-operative research, *i.e.* conducted by two or more research centres and/or enterprises in co-operation: it is becoming increasingly frequent for such projects to be co-sponsored from different member countries, so that—in common with the joint studies of the Research Committee (Coal) and the Research Committee (Steel) set up under the auspices of the High Authority—they are contributing to the general process aimed at of knitting Europe more closely together in all respects, political, cultural and economic.

A brief progress report on these co-operative intra-Community research activities follows; additional particulars will be issued at intervals as and when necessary. Reference is also made in both subsections to the work of the High Authority's two Research Committees.

412. Article 55 of the Treaty requires the High Authority to promote technical and economic research relating to the production of coal and steel, to the development of consumption of coal and steel and to personnel safety in the coalmining and iron and steel industries, in three ways:

- (a) by financially assisting research projects;
- (b) by organizing all appropriate co-operation among the research centres and associations in the Community countries;
- (c) by disseminating the research results.

The High Authority continued its work in all three respects during the period under review.

For purposes of financial assistance, it has made available out of the proceeds of the levy a total to date of 36,830,000 units of account, allocated as follows:

coal	8,680,000 units of account
iron ore; steel	15,190,000 units of account
industrial health and safety;	} 12,960,000 units of account
experimental building	

TECHNICAL RESEARCH: COAL

413. Of the total of 8,680,000 units of account allocated up to now for research in the coal sector, 1,545,000 was disbursed during the year under review. Expenditure on research in the preceding years amounted to 2,485,000, so that 4,650,000 remains to cover projects now in hand and scheduled to take some years to complete, and new projects definitely approved. Over and above these actual commitments, a number of applications for grants are before the High Authority.

Projects aided

414. All the research projects relating to coal have as their object to increase the competitive capacity of the Community collieries and enable them to take their proper share in supplying the Community's energy requirements. The aim is to lower production costs by improving the operating methods used and developing new and better ones, to increase the industry's earnings by improving the quality of the products and encouraging the conversion of the actual coal into higher-grade or "valorized" products, and to enable coal products to be offered in the form most in line with consumers' nowadays much more exacting requirements as to efficiency and convenience of handling.

The research projects which the High Authority is subsidizing thus fall under three main heads:

- mining techniques;
- coal valorization;
- coal utilization.

Research on mining techniques

415. The *fundamental research* being carried on in this field is aimed at establishing the precise scientific factors involved in rock stresses and thrusts (including in particular the force and direction of strata pressures resulting from coal-winning), eliciting all relevant information concerning the occurrence of methane in coal measures and the manner and mechanics of its emission, and generally providing the scientific basis for the full mechanization or automation of coal-winning operations and for intensive rational extraction. The High Authority is part-financing projects on

- (a) strata pressure;
- (b) sudden outbursts of gas;
- (c) the presence and emission of methane in coal measures generally.

Projects falling more into the category of *applied research* are in hand on the development of equipment and methods for use in connection with the full mechanization of mining operations (including in particular roadway drivage and tunnelling, coal winning and face support) and with personnel safety. They include

- (a) development of a fully-mechanized roadway tunneller usable in all types of carboniferous rock;
- (b) development of a fully-mechanized coal-winning machine for use in faulted seams;
- (c) research on fully-mechanized self-advancing supports;

- (d) a competition for methanometers, oxygen-shortage and similar safety devices and for fully-protective self-rescue equipment.

In addition to these projects in hand, a number of others are in preparation and under study, relating to full mechanization or automation of coal-winning, to the sinking of staple-pits by mechanical means, and to various aspects of mine safety (*e.g.* further investigations concerning the presence and emission of firedamp).

Research on coal valorization

416. Research subsidized by the High Authority with the object of making technical and economic improvements in the traditional methods of thermal valorization and/or developing new ones, extending the range of coking grades and ensuring efficient handling of the raw coal includes

- (a) a comprehensive fundamental study of the technical and economic factors in coking, aimed at accurately establishing the optimum operating conditions for traditional-type coking-plants in given circumstances;
- (b) development of a new two-stage coking process;
- (c) studies on the homogenization of run-of-mine coal as produced, before preparation, and on breakage-proof bunkering.

Several further projects are in preparation, including applied research on various methods of flexible partial and total gasification and on non-traditional methods of carbonization, and fundamental research on coal chemistry and physics.

Research on coal utilization

417. The industry and the High Authority have been devoting increased attention to the subject of rational utilization of coal in solid form, better thermal efficiency

and the provision of better-designed, largely automatic firing plant and space-heating installations for small industry and households. A carefully co-ordinated research programme is being carried out by the central coal research stations in the Community countries in co-operation with other technical institutes and specialized firms: it includes

- (a) fundamental research on the combustion of solid fuels;
- (b) development of up-to-date boiler systems of various sizes and for various uses;
- (c) development of more efficient or more highly-mechanized heating plant for households and for small and medium-size industry;
- (d) studies on ways and means of ensuring better draught in flues and reduced production of smoke and soot by high-volatile coals;
- (e) studies on measurement and elimination of SO₂ and SO₃, and of dust (*i.e.* contributions to the "clean air" drive).

A number of other projects are in preparation, relating for example to production of coke breeze for use on the sintering-lines, and injection of pulverized or milled coal into blast-furnaces.

For a more detailed account of the individual projects now in hand in the coal sector, see Annex on Research Projects.

Co-operation on Research

418. A highly satisfactory standard of co-operation has been established, both among the research centres of the Community and between them and the High Authority; this is clearly demonstrated by the fact that most of the coal research subsidized by the High Authority is being carried on in the form of co-operative projects, including the work on

- (a) methanometers and other detection and measurement devices;
- (b) the roadway tunneller;
- (c) strata pressure;
- (d) sudden outbursts of gas;
- (e) abstracting of technical literature from the Eastern European countries;
- (f) presence and emission of methane;
- (g) fuel efficiency.

In all these cases, the programmes are worked out jointly by the research centres and/or specialized firms taking part and apportioned among them, each thereafter keeping the others fully abreast of developments and results (see also No. 419 following, dealing with the work of the Study Committees).

Alongside these joint projects being carried on by centres in two or more of the Community coal-bearing countries, mention should be made of two further projects undertaken by the Steinkohlenbergbau, Essen, originally with special reference to conditions in the Ruhr, the first consisting of fundamental research on technical and economic factors in coking, and the second relating to fully-mechanized self-advancing face support. The results to date have been received with such interest in other parts of the Community that it is now planned to extend this research to the other E.C.S.C. coalfields.

419. The *Study Committees* set up by the High Authority have done much to promote successful co-operation in the various special fields of coal research. The Committees, whose members are in each case experts from the particular field of research concerned, are responsible for the general superintendence of the individual projects: they agree the practical and financial details of the programmes with the centres, advise them in the course of the actual research, supply them with factual documentation already existing in the different countries on the subject dealt

with, and settle which aspects are to be primarily concentrated on and in what areas. As representing the member countries, they follow the organizational and financial developments, keep the High Authority informed as to how the work is progressing, and advise it on any problems or decisions in this connection.

Reference should also be made to the High Authority's Working Party on *Automation in the Coalmining Industry*, which is made up of experts both from the Community countries and from the United Kingdom, and meets to examine the scope for automation and remote-control techniques and to promote their utilization in the mines.

The Working Party has undertaken as its first assignment to compile a comprehensive corpus of material on automation and remote control as known and applied in the mines of the different countries: this is to be made available to all Western European collieries, research and development centres and manufacturers of mining equipment, to encourage readier acceptance of the immense and as yet in many cases insufficiently appreciated possibilities these techniques offer for increasing the efficiency and competitive capacity of the industry.

Dissemination of Research Results

421. The High Authority's third main task, in addition to providing financial assistance and promoting co-operation, is to ensure that the results of research are made available to all circles concerned in the Community—especially, the Treaty emphasizes, when the research in question was conducted with the help of High Authority grants.

As in previous years, the mining world was kept informed through the national technical Press of the progress of High Authority-sponsored research. In some cases, as for example the fundamental research on technical and economic factors in coking, the enterprises are already regularly receiving, on the completion of each section of the

project, recapitulations of the partial results reported by the centres responsible. These are brought up to date by supplemental reports from time to time.

The High Authority in addition publishes information on the subject in the *Official Gazette*, and also issues less strictly technical reports on the progress and results of all the research projects it is assisting, in the loose-leaf bulletin it forwards at regular intervals to the enterprises and organizations of the coalmining industry and to the other Community institutions.

422. Other ways in which the High Authority has helped to make the latest advances known include granting funds towards the expenses of technical conferences (such as that organized by the Royal Netherlands Society of Geology and Mining and the Netherlands National Society of Mineralogy), subsidizing translation and abstracting of foreign-language technical literature (in particular from the Eastern European languages, which are unfamiliar to most Western readers), and working to facilitate exchanges of scientific material produced in the individual member countries.

423. Valuable work is also being done in this connection by the two international committees of coal experts instituted by the High Authority, the International Committee of Experts on Mining Techniques and the International Committees of Experts on Coal Valorization. These consist of leading representatives of the Community and British coalmining industries, experts from the central mining research stations and competent staff members of the High Authority, who meet as a rule at six-monthly intervals to study a given problem, each time in a different coalfield. They are thus able to obtain first-hand information on each occasion concerning all new technical and organizational developments in the field of study concerned, the results obtained by applying them in practice, and the scope for their introduction on a wider scale. The conclusions of the meetings and reports on the Committees' tours of inspection and discussions are then sent to the

national technical associations and coalfield administrations. In this way the industry as a whole is kept regularly informed of the latest technological developments, new departures and outstanding recent work by the research centres and equipment manufacturers in the Community countries and Britain; the system enables much wasteful duplication of labour to be avoided, and helps to ensure the broadest possible dissemination of technical knowledge.

Further details on the Committees' work will be found in the Annex on Research Projects.

TECHNICAL RESEARCH: IRON ORE AND STEEL

424. Of the 15,190,000 units of account set aside up to now for research on iron ore and steel, 7,060,000 were disbursed up to December 31, 1961, and 1,500,000 during 1962, so that 6,630,000 are still available.

High Authority aided research is in progress in the following fields:

- (a) Some *iron ores* found in substantial amounts *in the Community* are too low in ferrous content to be economically usable. Research is being devoted to their beneficiation: progress is slow owing to the complex structure of the ores themselves, but if the outcome is successful it should be possible to render them competitive in the fairly near future.

The mechanization of operations will be considerably facilitated if the continuous tunneller now being developed, for the drivage of large-section roadways through hard or semi-hard rock (commonly found in the Community orefields), proves a success.

- (b) Prospecting of *mineral resources* in extensive and hitherto largely unsurveyed regions *outside the Community* will, it is hoped, enable Community enterprises interested to co-ordinate their opening-up operations and so aid the development of the countries in which the deposits are located.

- (c) Improvements in the pig-iron production processes and the use of new techniques in *blast-furnace* practice should make it possible to reduce the production costs of crude steel, and so ultimately of finished steel products.
- (d) Increased *thermal efficiency* at the steelworks may be expected to result in more rational utilization of both primary fuels (coal and oil) and secondary fuels (blast-furnace gas), and so reduce overall energy requirements.
- (e) In view of the obvious tremendous importance of introducing *automation and remote-control techniques* in the iron and steel industry's production plant, the High Authority in 1961 set out to co-ordinate and assist the very costly research considered necessary in this field. In 1961 it made a first grant for research on automation in connection with the sintering-belt, and in 1962 a series of further grants were approved for joint research relating to large-capacity reversible hot mills (roughing, slabbing and four-high plate mills).
- (f) *Dissemination of technical and scientific knowledge* is all-important to the development and industrial-scale application of research results. The High Authority has sought to further this by forming a European Association for the Exchange of Technical Steel Literature, the members of which are the documentation centres of the national iron and steel industries, and also by subsidizing the abstracting of technical literature from the Eastern European and East Asian countries.
- (g) The High Authority is fully alive to the importance of *fundamental research*: its departments are currently studying several projects which though perhaps less obviously striking in their potential effects than those just listed should undoubtedly in the longer term help to improve the position of steel as regards competitive capacity, quality and consumer demand.

425. All these projects¹⁾, even those carried out at a single plant or a single research centre, are co-operative in character: each is superintended by an executive committee made up of specialists on the subject from the different member countries, who offer expert advice and issue details of the results obtained to interested circles at home.

The grantee enterprises frequently have to call in specialized research agencies to deal with particular problems they cannot solve unaided. The High Authority gives preference to projects requiring to be tackled by several bodies jointly, in order partly to offset the disadvantage to Community research of the fact that the enterprises and research centres are geographically dispersed and relatively small as compared with those in some third countries.

Of the 14 projects in hand described in the Annex, six are being conducted jointly.

¹⁾ For further details see *Annex on Research Projects*.

CHAPTER FIVE

SOCIAL POLICY

INTRODUCTION

I.

426. As regards the employment situation in the coalmining industry, the main item on the credit side for 1962 is the practically complete disappearance of short-time working due to poor sales. Against this must be set, however, the continuing shrinkage in the numbers employed.

427. The decrease was due more to distaste for mining as a career than to the actual discharges of personnel which have necessarily accompanied the further closures, concentrations and rationalizations effected by the collieries: a considerable number of miners left the industry of their own accord, while at the same time difficulties were encountered in recruitment within the coalfields.

The necessary manpower not being available on the spot, the collieries were obliged once more to look to other Community countries and to third countries for their new intake.

Quite apart from the fact that the employment of miners from a large number of widely-differing countries is liable to hamper the raising of productivity (which depends to a considerable extent on the men working as a homogeneous unit), the expense of recruiting and training these newcomers and getting them adjusted to the changed environment added substantially to production costs.

428. The Joint Committee on Harmonization of Terms and Conditions of Employment (Coal) has asked the High Authority to carry out a sociological survey which would furnish the basis for an analytical study of manpower trends and for ascertaining the men's and local boys' reasons for preferring other employment.

Meanwhile, without waiting for these fuller motivational data, the High Authority has continued to pursue an economic and a social policy both designed to help resolve the coal industry's problems, and more particularly the major problem of attracting and stabilizing the necessary labour.

Outstanding examples in this connection include the High Authority's work in 1962 with regard to inter-colliery agreements, social security in the coalmining industry, the European Miner's Code and the Mines Safety Commission.

429. In dealing with matters concerning agreements among mining companies, the High Authority seeks to ensure that these arrangements will not hamper the reconstruction of the industry. Its view is that reconstruction is indispensable if the industry is to be kept in being, and so an essential factor in safeguarding the miners' employment and the improvement of their living and working conditions. The High Authority therefore intends to continue following with attention the activities of the inter-colliery agreements which it has authorized.

430. The various separate social-security schemes for miners were discussed in detail at the European Conference convened by the Community Executives in December 1962. The High Authority will endeavour, in co-operation with the Governments, to work out ways and means of lightening the social-security charges borne by the industry, without in any way reducing the men's present advantages; it also intends to examine regularly with the Governments', managements' and men's representatives all questions in connection with the financing basis of the special miners' schemes, the benefits payable and the possibilities for co-ordination.

431. The High Authority continues to attach great importance to the matter of the European Miners' Code. In its view, the Code would help not only to improve the whole standing of the miners as a class, but to reduce the manpower turnover at the collieries, thus serving the interests of the industry as a whole. However, the discussions held in 1962 in connection with the drafting of the Code showed that the employers and workers were still far from seeing eye to eye on the subject. The High Authority worked hard to reconcile the opposing standpoints, and will continue to do everything in its power to secure agreement between the two sides.

432. The High Authority has discussed with the European Parliament, the national authorities and the employers' and workers' organizations the best action to take with regard to the Mines Safety Commission: the proposal is that the Commission's terms of reference, at present confined to accident hazards, should be extended to include the prevention of occupational diseases.

II.

433. The Governments having taken due action under their respective municipal laws, practically all skilled workmen and tradesmen in the E.C.S.C. industries who are nationals of a member State are now covered by the Treaty's provisions on free movement of labour.

434. The High Authority is also pleased to note the continuance of two trends, one in the coalmining industry, the other in both the sectors under its jurisdiction: firstly, the increasing proportion of apprentice tradesmen to apprentice mineworkers generally, and secondly, the more and more widespread practice of organizing not only apprentice training, but also specialized and advanced courses for workmen already employed and for technical, supervisory and managerial personnel, right up to the highest grades.

These trends are in line with the greater emphasis now being placed on skills in the Community industries, in consequence of technological advances. The High Authority is making special efforts to encourage them by arranging for employers' and workers' representatives and training officers from the enterprises to meet regularly to exchange and compare information, experience and opinions.

It is therefore most regrettable that, owing to the unco-operative attitude adopted by some national Government departments, it has so far not been possible to resume the discussions which the High Authority initiated some time ago concerning the abolition of Customs and administrative formalities in connection with the exchange of teaching aids.

435. Readaptation is now being conducted on a considerable scale. This is due not only to the speeding-up of reconstruction operations in the coalmining industry, but also to the structural changes now going on in the steel market, more especially with regard to raw-material supply.

The High Authority approved a large number of applications for assistance to workers in the collieries, the iron-ore mines and, for the first time, the iron and steel industry.

The background conditions against which readaptation has to be carried on vary enormously, however, from country to country, and sometimes even from region to region. In agreement with the Governments concerned, therefore, the High Authority introduced variations and procedural improvements in connection with certain types of assistance, to make them more effective in safeguarding the standard of living of the workers in question.

A booklet is to be published shortly giving some particulars on the arrangements as to the assistance available to workers in the different countries.

436. Although area development in general is the province of the E.E.C. Commission, the High Authority has specific responsibilities in respect of the mining and steel-producing areas. Its redevelopment work is well under way, and includes a wide variety of financing operations and study activities. Its contributions of funds are on a large enough scale to play a decisive part in enabling the projects planned to be carried through; its studies, which deal both with aspects of area development as such and with new production lines which might suitably be engaged in by enterprises setting up or expanding in the redevelopment zones, are being focused on more and more clearly-defined questions.

The Governments are readily availing themselves of the facilities afforded them by Article 46 of the Treaty as regards the compilation of the preparatory studies, and by Article 56 as regards the financing of the actual redevelopment schemes themselves.

The High Authority is planning to intensify its co-operation with the other European Institutions, and in particular with the European Investment Bank, as it considers this essential if the Community's work in connection with redevelopment is to proceed smoothly.

437. As it was felt that special attention might suitably be called, upon the completion of the first ten years of the Common Market for coal and steel, to the changes which have taken place in the economic and social situation of miners and steelworkers during that time, three comprehensive studies are to be published about the middle of 1963 on different aspects of this subject.

It may be added in this connection that the High Authority's studies on wages, social security and terms and conditions of employment are recognized to be of considerable practical value, as is the work of the Joint Committees on harmonization of terms and conditions of employment in the coalmining and in the iron and steel industry. Both afford useful guidance to the employers'

and workers' representatives in their negotiations at national level and in their attitudes generally.

438. Community-aided building of houses for workers continued steadily in 1962 under the new Scheme V. Part of the funds allocated for this scheme has been specially earmarked to be devoted to improvements in housing design and layout and in town and industrial-estate planning, in line with the workers' natural wish for better living conditions to correspond with their higher earnings.

439. A memorandum was drawn up outlining the principles and objectives of High Authority policy on industrial health, medicine and safety, and explaining the streamlined procedure it has now adopted regarding research grants.

Several new research programmes are in preparation: the nature of these clearly shows the High Authority's determination that the benefit of earlier fundamental research sponsored by it, which has yielded a substantial scientific basis for further work, shall not be lost. Some of the fundamental studies are to be extended, but the main focus is to be on applied research, the results of which can be turned to immediate account to improve health and safety standards. Particular attention is to be devoted to job specification (assignment of duties suited to the physical capacity and psychological make-up of the individual) and to human factors affecting safety.

Part One

MANPOWER PROBLEMS

Section 1: Trends in Employment in the E.C.S.C. Industries¹⁾

COALMINING INDUSTRY

General trend

440. The industry's labour force continued to contract. In some coalfields so many miners, and in particular so many of the men in key jobs, have thrown up their employment that an undesirably small number are left to do the work.

Notwithstanding the closures already effected and the various others planned (notably in Germany, Belgium and France), many collieries are now facing acute recruitment problems. As few applicants are coming forward locally, they are having to seek them in other Community countries and in third countries.

Trend in numbers employed

441. The total personnel of the Community coalmining industry,²⁾ which at the beginning of 1962 stood at 825,000, was down by September 30 to 788,100.

¹⁾ See *Statistical Annex*, Table No. 53.

²⁾ Workers, apprentices and clerical, technical and managerial staff.

TABLE 92

Changes in Numbers Employed in the Coalmining Industry, by Occupational Categories

	January-September 1961	January-September 1962
Underground workers	—28,800	—26,200
Other workers	— 8,500	— 7,700
Apprentices	— 3,500	— 2,100
Clerical, technical and managerial staff	— 1,400	— 1,600
Total	—42,200	—37,600

The number of workers employed below ground¹⁾ fell from 476,000 on January 1, 1962, to 450,400 on September 30. This was a slightly smaller shrinkage than during the corresponding period the year before, and moreover was confined to personnel of the nationality of the country concerned: whereas the number of these men²⁾ decreased from 727,700 at the beginning of 1962 to 690,100 at September 30, the number of workers from other Community countries and third countries remained steady at 98,000, in consequence of renewed outside recruitment.

Graph No. 17 shows the movement of numbers employed in the collieries from 1955 to 1962.³⁾

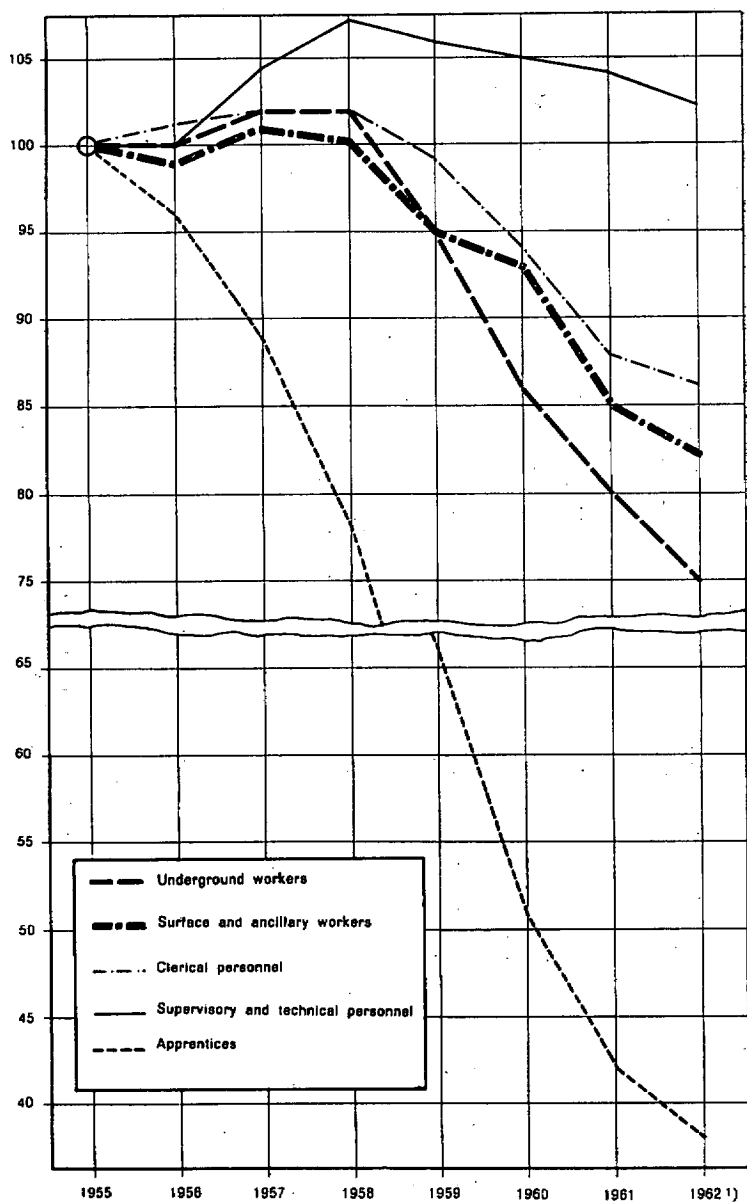
¹⁾ Exclusive of apprentices.

²⁾ Workers and clerical, technical and managerial staff.

³⁾ Monthly average numbers employed:

	1955	1962 (1st nine months)
Underground workers	616,100	463,900
Surface and ancillary workers	271,300	221,100
Supervisory and technical personnel	64,800	66,300
Clerical personnel	32,800	28,300
Apprentices	72,200	27,200

GRAPH No. 17
Movement of Numbers Employed in the Collieries, 1955-62
 (yearly average)



¹⁾ Average, first nine months.

TABLE 93
Changes in Numbers Employed in the Coalmining Industry, by Countries

	1961						1962		
	Jan. 1	Sept. 30	Net change	% of total at Jan. 1	Jan. 1	Sept. 30	Net change	% of total at Jan. 1	
<i>Underground and surface¹⁾</i>									
Germany (Fed. Rep.)	490.2	469.9	-20.3	-4.2	465.0	437.6	-27.4	-5.9	
Belgium	108.9	97.9	-11.0	-10.1	95.0	90.8	-4.2	-4.6	
France ²⁾	214.1	204.9	-9.2	-4.3	205.1	199.2	-5.9	-2.9	
Italy	3.9	3.7	-0.2	-5.1	3.7	3.5	-0.2	-5.4	
Netherlands	58.6	57.1	-1.5	-2.6	56.9	57.0	+0.1	+0.2	
Community	875.7	833.5	-42.2	-4.8	825.7	788.1	-37.6	-4.5	
<i>Underground workers³⁾</i>									
Germany (Fed. Rep.)	285.5	273.1	-12.7	-4.5	271.3	252.1	-19.2	-7.1	
Belgium	71.3	62.7	-8.6	-12.1	60.8	57.8	-3.0	-4.9	
France ²⁾	121.4	115.4	-6.0	-4.9	115.8	112.7	-3.1	-2.7	
Italy	2.2	2.0	-0.2	-9.1	2.0	1.8	-0.2	-10.0	
Netherlands	28.2	26.9	-1.3	-4.6	26.7	26.0	-0.7	-2.6	
Community	508.9	480.1	-28.8	-5.6	476.6	450.4	-26.2	-5.5	

¹⁾ Workers, apprentices and clerical, technical and managerial staff.

²⁾ Including the non-nationalized mines.

³⁾ Exclusive of apprentices.

Changes in number of underground workers¹⁾

442. Departures by underground workers in the first nine months of 1962 totalled 91,300, as against 100,800 in the first nine months of 1961. This wastage may be broken down by reasons as follows:

	1961	1962
Discharges on medical grounds, retirements, deaths	12%	11%
Dismissals	5%	6%
Voluntary departures	52%	54%
Other departures	8%	9%
Transfers from underground to surface duties	23%	20%
	100%	100%

Of the 91,300, 12% signed on for underground duties at other collieries, and 57% ceased to be employed below ground or left the industry altogether.

A survey of departures in Germany from October 1961 to April 1962²⁾ showed that

52% of these were by men aged between 21 and 35, and 32% by men over 35;

31% were by skilled miners, and 6% by tradesmen (electricians and mechanics).

Underground workers not drawn direct from the coalmining industry made up 45% of the total intake, as against 37% in 1961.

¹⁾ See *Statistical Annex*, Table No. 54.

²⁾ *October 1961-April 1962, Bergbauabkehrer nach Ermittlungen der Aussenstelle des Landesarbeitsamtes Nordrhein-Westfalen.*

TABLE 94

Changes in Number of Underground Workers during First Nine Months of 1962
(exclusive of apprentices)

('000 men)

	Germany (Fed. Rep.)	Belgium	France	Italy	Nether- lands	Com- munity
Total number of men employed at beginning of period	271.3	60.8	115.8	2.0	26.7	476.6
<i>Recruitment</i>						
Workers not drawn direct from the coal-mining industry	9.9	8.6	9.9	0.0	1.5	29.9
Workers transferred from surface to underground duties and apprentices completing their apprenticeship	21.3	0.1	1.9	0.0	0.6	23.9
Workers transferred from other collieries	5.3	6.0	0.0 ¹⁾	0.0	0.0	11.3
	36.5	14.7	11.8	0.0	2.1	65.1
<i>Wastage</i>						
Discharges on medical grounds, retirements and deaths	5.1	2.9	1.9	0.0	0.5	10.4
Workers transferred from underground to surface duties	15.7	0.4	2.0	0.0	0.4	18.5
Workers transferred from one colliery to another	5.3	6.0	0.0 ¹⁾	0.0	0.0	11.3
Workers leaving the coalmining industry (of whom: dismissed)	29.6 (2.9)	8.4 (1.6)	11.0 (0.5)	0.2 (0.0)	1.9 (0.1)	51.1 (5.1)
	55.7	17.7	14.9	0.2	2.8	91.3
Total at end of period	252.1	57.8	112.7	1.8	26.0	450.4
Net change	-19.2	-3.0	-3.1	-0.2	-0.7	-26.2

¹⁾ In France all pits in a given coalfield are treated as forming a single enterprise.

TABLE 95

Underground Workers Not Drawn Direct from the Coalmining Industry

Country	Number of such workers		% of total intake	
	1961	1962	1961	1962
Germany (Fed. Rep.)	14,600	9,900	30	27
Belgium	5,500	8,600	42	58
France	6,100	9,900	73	84
Italy	0	0	—	—
Netherlands	600	1,500	50	71
Community	26,800	29,900	37	45

The intake was smaller than in 1961, totalling for the first nine months only 65,100 as against 72,000.

TABLE 96

Indices of Changes in E.C.S.C. Underground Labour Force since 1957¹⁾

(1957 = 100)

Period	Recruitment from outside the industry	Workers leaving underground employment or leaving the industry
January-September 1957	100	100
January-September 1959	25	70
January-September 1960	20	64
January-September 1961	27	57
January-September 1962	29	57

¹⁾ In the first nine months of 1957, 101,000 workers were recruited from outside the industry, and 89,700 ceased to be employed below ground or left the industry altogether.

Manpower requirements

443. The industry continues in need of considerable numbers of extra workers.

As not enough applications are forthcoming at home, the German collieries are having to resort more and more to recruitment abroad. The stated manpower requirements of the Ruhr and Aachen collieries in the autumn of 1962 totalled about 11,000, including 8,800 miners proper and 1,600 tradesmen; in addition, it was announced that they would have vacancies for some 9,800 apprentices a year, including 2,200 apprentice tradesmen.

The shortage of underground personnel continues in Belgium, except in the Borinage and Centre coalfields, where only juveniles are being recruited. The number of unfilled vacancies at September 30, 1962, was 1,600.

In France, the position varies according to coalfield: in the Centre/Midi no workers over 18 are being recruited;

in Lorraine, requirements, hitherto fairly small, are expected to increase owing to the loss of the workers from the Saar frontier region;

in the Nord/Pas-de-Calais, and particularly in the central and eastern portions, there are still many vacancies: in September 1962 they numbered about 1,000. The collieries have been casting their net wider, but still cannot obtain the necessary labour within the region; men for the specialized jobs (fitters, electricians, mechanics, machine-operators and loco-drivers) are proving particularly hard to find.

In the Netherlands, immediate requirements of underground personnel are estimated at 1,200. Owing to the tightness of the labour market in Dutch Limburg itself, the collieries are extending their recruitment campaign more and more to the adjacent regions north and west, and also outside the country altogether. They have, moreover, vacancies for 1,200 apprentices of all categories.

Short-time working

444. Short-time working due to poor sales has since April 1962 been occurring only in certain collieries in the French Centre/Midi and, sporadically, at one or two pits in the Ruhr. The incidence in the first nine months of the year was 0.07% of total shifts workable.¹⁾

TABLE 97

Man/Shifts Not Worked Owing to Poor Sales, January-September 1962

Country	Total (underground and surface)		% of total man/shifts lost in the Community		% of total man/shifts workable ¹⁾	
	1961	1962	1961	1962	1961	1962
Germany (Fed. Rep.)	38,300	21,300	4.5	26.2	0.1	0.03
Belgium	621,600	—	73.8	—	4.1	—
France	179,600	59,900	21.7	73.8	0.6	0.21
Italy	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—
Community	839,500	81,200	100.0	100.0	0.7	0.07

¹⁾ Shifts worked + shifts not worked.

*IRON AND STEEL INDUSTRY**General trend*

445. The total number employed in the Community iron and steel industry decreased slightly between September 1961 and September 1962, while the effects of technological progress on the composition of its personnel became still more marked.

¹⁾ Shifts worked + shifts not worked.

These changes¹⁾—which are the main factor underlying much of the High Authority's work in connection with vocational training²⁾—are shown in Graph No. 18 following; there has been a drop in the number of process workers, and a steady rise in that of clerical, technical and managerial staff.

Trend in numbers employed

446. The total number employed in the Community iron and steel industry was 1,500 lower in September 1962 than in September 1961.

The contraction occurred at the beginning of 1962, lasting up to March; after that the numbers remained more or less unchanged for some months, the only requirements being to replace wastage. From about the middle of the third quarter they gradually increased again, and vacancies were reported. By the end of September, works which had not been recruiting for several months were again looking for fresh labour.

Between January and September 1962 the industry's labour force increased overall from 579,500 to 581,900.³⁾ Belgium and France had each a net decrease, Germany and Luxembourg very minor increases, of 0.6% and 0.4% respectively; in Italy and the Netherlands the increase was larger, but still not so considerable as in 1961.

¹⁾ See *Tenth General Report*, No. 487 and Table 79.

The averages for the different categories for the first nine months of 1962 were as follows:

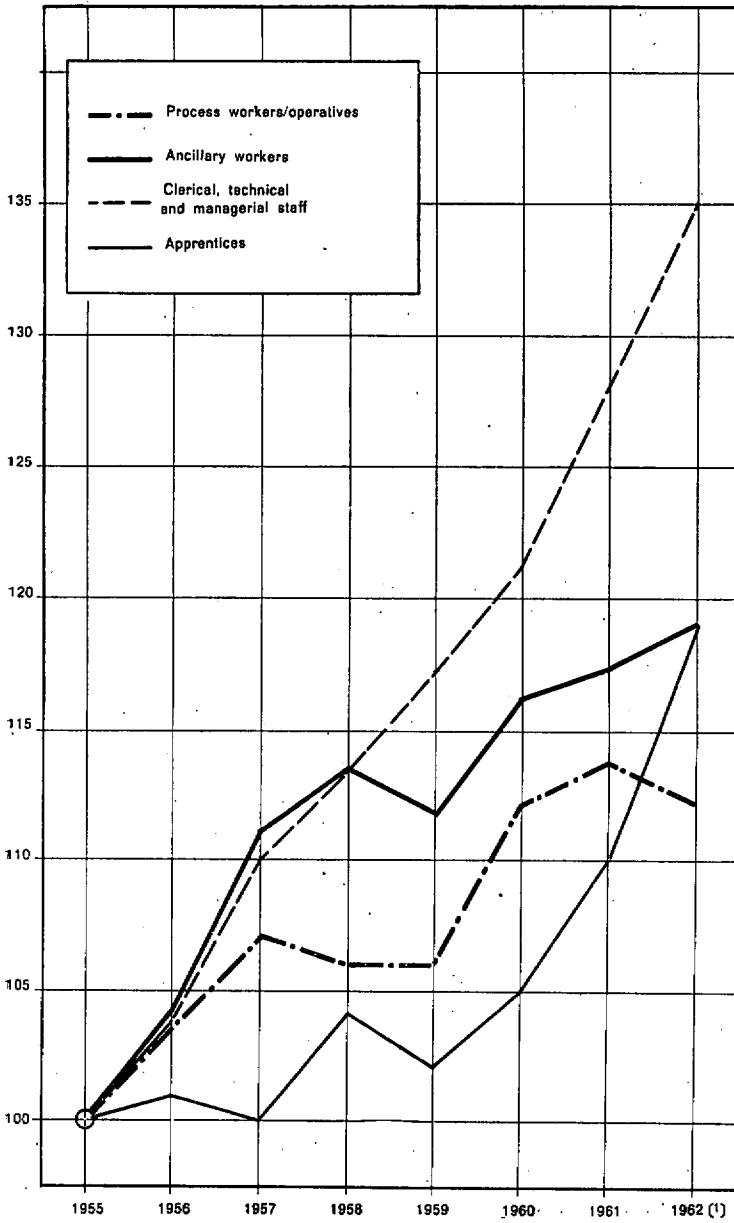
process workers/operatives	264,500
ancillary workers	217,700
clerical, technical and managerial staff	86,300
apprentices	12,300

²⁾ See Section 2 following.

³⁾ Workers, apprentices and clerical, technical and managerial staff.

GRAPH No. 18

Movement of Numbers Employed in the Iron and Steel Industry, 1955-62
(yearly average)



1) Average, first nine months.

TABLE 98
Changes in Numbers Employed in the Iron and Steel Industry,
by Occupational Categories

	January-September 1961	January-September 1962
Process workers/operatives ¹⁾	+ 1,400	—1,300
Ancillary workers	+ 4,200	— 700
Apprentices	+ 800	+1,400
Clerical, technical and managerial staff	+ 4,300	+3,000
Total	+10,700	+2,400

¹⁾ Workers at steelworks-owned coking-plants, blast-furnaces (including ore-preparation installations), steelworks proper, rolling-mills and tinning, galvanizing and lead-coating shops.

TABLE 99
Changes in Numbers Employed in the Iron and Steel Industry, by Countries

('000 persons employed)

	1961				1962			
	Jan. 1	Sept. 30	Net change	% of total at Jan. 1	Jan. 1	Sept. 30	Net change	% of total at Jan. 1
<i>All personnel¹⁾</i>								
Germany (Fed. Rep.)	251.9	255.2	+ 3.3	+1.3	251.7	253.3	+1.6	+0.6
Belgium	62.4	63.0	+ 0.6	+1.0	62.3	61.4	—0.9	—1.4
France	161.8	163.8	+ 2.0	+1.2	163.2	161.4	—1.8	—1.1
Italy	60.6	64.0	+ 3.4	+5.6	65.0	67.8	+2.8	+4.3
Luxembourg	21.7	22.0	+ 0.3	+1.4	22.0	22.1	+0.1	+0.4
Netherlands	14.1	15.2	+ 1.1	+7.8	15.3	15.9	+0.6	+3.9
Community	572.5	583.2	+10.7	+1.9	579.5	581.9	+2.4	+0.4
<i>Process workers/operatives²⁾</i>								
Germany (Fed. Rep.)	114.9	113.7	— 1.2	—1.0	110.5	110.2	—0.3	—0.3
Belgium	33.5	34.0	+ 0.5	+1.5	33.7	33.2	—0.5	—1.5
France	73.3	73.7	+ 0.4	+0.5	72.8	71.4	—1.4	—1.9
Italy	30.8	32.4	+ 1.6	+5.2	32.9	33.8	+0.9	+2.7
Luxembourg	10.6	10.6	—	—	10.6	10.6	—	—
Netherlands	4.6	4.7	+ 0.1	+2.1	4.7	4.7	—	—
Community	267.7	269.1	+ 1.4	+0.5	265.2	263.9	—1.3	—0.5

¹⁾ Workers, apprentices, and clerical, technical and managerial staff.

²⁾ Workers at steelworks-owned coking-plants, blast-furnaces (including ore-preparation installations), steelworks proper, rolling-mills and tinning, galvanizing and lead-coating shops.

Manpower changes and requirements

447. In the first nine months of 1962, the Community iron and steel industry recruited 55,000 new workers, as against 55,800 in the first nine months of the previous year. Only in Germany was the intake larger than in the corresponding period of 1961.

Period	Recruitment ¹⁾	Wastage ²⁾	Net change
January-September 1960	64,100	46,200	+17,900
January-September 1961	55,800	50,200	+ 5,600
January-September 1962	55,000	57,000	- 2,000

¹⁾ Of workers not drawn direct from the iron and steel industry.

²⁾ Exclusive of apprentices.

Either because there is no labour reserve at all or because such men as are available do not possess the skills required, more and more difficulty is being encountered in securing the necessary personnel within the area concerned. As a result, the number of entrants recruited abroad rose from 9,600 in 1961 to 12,400 in the first nine months of 1962.

In Germany, the need is mainly for maintenance workers—welders, fitters and electricians. In Belgium, some 350 jobs are vacant, both skilled and unskilled: hardest to find are operatives for the rolling-mills and for unskilled heavy work. In France, the slackening-off in the industry's rate of expansion in recent months has caused labour requirements to be mostly confined to replacing wastage.

In all the member countries, and more especially in Germany, Belgium and France, there was a slight increase in the rate of wastage. The factors causing this tendency (in any case a minor one) are too varied to discuss in detail: it may, however, be noted that

- (a) in Germany, France and Belgium many maintenance workers are transferring to jobs in the mechanical-engineering and metalworking industries;
- (b) in Belgium unskilled labourers are taking employment in the building trade;
- (c) in France numbers of Algerian workers are returning home.

TABLE 100

Changes in the Labour Force of the Iron and Steel Industry
in the First Nine Months of 1961 and 1962¹⁾

(⁰⁰⁰ persons employed)

Country	Recruitment ²⁾				Wastage			
	Nationals		Migrants ²⁾		Nationals		Migrants ²⁾	
	1961	1962	1961	1962	1961	1962	1961	1962
Germany (Fed. Rep.)	20.4	20.6	2.1	3.3	20.2	22.6	1.3	1.8
Belgium	4.4	3.7	1.3	1.7	4.5	5.1	0.9	1.4
France	11.8	10.0	5.6	7.0	11.2	12.6	5.3	6.9
Italy	7.4	6.5	—	—	4.6	4.3	—	—
Luxembourg	1.0	0.9	0.1	0.1	0.9	1.2	0.0	0.1
Netherlands	1.2	0.9	0.5	0.3	1.1	0.9	0.2	0.1
Community	46.2	42.6	9.6	12.4	42.5	46.7	7.7	10.3

¹⁾ Exclusive of apprentices.

²⁾ Of workers not drawn direct from the iron and steel industry.

³⁾ See Nos. 450-457 below.

IRON-ORE MINES

Trend in numbers employed

448. The contraction of the labour force which has been going on for some years became more marked in 1962, particularly in the German orefields. In the first nine months of 1962 the total number employed¹⁾ fell by 4,600: on September 30 it stood at 45,600

¹⁾ Workers, apprentices and clerical, technical and managerial staff.

TABLE 101

Changes in Numbers Employed in the Iron-Ore Mines, by Occupational Categories

	January-September 1961	January-September 1962
Workers	-1,300	-4,100
Apprentices	- 300	- 200
Clerical, technical and managerial staff		- 300
Total	-1,600	-4,600

TABLE 102

Changes in Numbers Employed in the Iron-Ore Mines, by Countries¹⁾

(*000 persons employed)

Country and Orefield	1961				1962			
	Jan. 1	Sept. 30	Net change	% of total at Jan. 1	Jan. 1	Sept. 30	Net change	% of total at Jan. 1
<i>Germany (Fed. Rep.)</i>	19.6	18.7	-0.9	- 4.6	18.2	14.9	-3.3	-18.1
Salzgitter	10.6	10.1	-0.5	- 4.7	9.9	8.5	-1.4	-14.1
Siegerland	3.5	3.3	-0.2	- 5.7	3.1	2.1	-1.0	-32.2
Other coalfields	5.5	5.2	-0.2	- 3.6	5.2	4.3	-0.9	-17.3
<i>France</i>	27.4	26.8	-0.6	- 2.2	26.8	25.8	-1.0	- 3.7
East	23.1	22.8	-0.3	- 1.3	22.8	22.3	-0.5	- 2.2
West	3.5	3.3	-0.2	- 5.7	3.3	3.0	-0.3	- 9.1
Centre/Midi	0.8	0.7	-0.1	-14.2	0.7	0.5	-0.2	-28.6
<i>Italy</i>	3.1	3.1	-	-	3.0	2.8	-0.2	- 6.7
<i>Luxembourg</i>	2.3	2.2	-0.1	- 4.5	2.2	2.1	-0.1	- 4.5
Community	52.4	50.8	-1.6	- 3.1	50.2	45.6	-4.6	- 9.2

¹⁾ Workers, apprentices and clerical, technical and managerial staff.*Manpower changes*

449. The labour situation in the iron-ore industry is particularly serious in Germany. Departures and discharges

there in the first nine months of 1962 totalled 4,500, as against 3,000 in 1961, and as the iron-ore mines are for the most part located a long way from the main industrial agglomerations some of them are having considerable difficulty in replacing the men concerned.

It is of course a fact that the German iron and steel industry finds the German ores, with their low ferrous content, less economic to use than high-grade imported ores. As a result of the iron-ore industry's sales difficulties, recruitment has been suspended at many mines, and some mines and workings where productivity was poor have been closed altogether. Between September 1961 and September 1962, 11 mines went out of operation and a number of others cut back production.

Nevertheless, some mines which can at present be reasonably sure of selling their production are trying to recruit workers—not always with success, since the industry's uncertain prospects, in addition to sending up the rate of voluntary departures, are causing workers to turn down offers of employment in this industry.

In France, the gradual shrinkage in the labour force continued. Several mines in Western France and the Pyrenees, which had been experiencing serious sales difficulties, were obliged to close, laying off a total of some 400 workers, and a further 500 men left the industry on medical grounds or were pensioned off. 300 workers were transferred from one mine to another. Recruitment remained very small, barely 400 men being signed on in the whole industry.

DENIZEN WORKERS

450. Workers who are denizens (*i.e.* not citizens) of their country of employment may be divided into two categories, Community workers (nationals of another Community country) and foreign workers (nationals of a third country).

Some of the Community workers are in possession of E.C.S.C. labour cards.¹⁾

It should be emphasized that the E.C.S.C. industries do not always bring in additional labour from outside: they often recruit workers who are already denizens and employed either in one of the other two sectors coming under the Treaty of Paris or in some other branch of industry. Some denizen workers, indeed, were born in their country of employment.

It proved impossible to base the whole of the following account on the figures at September 30, 1962: while some statistics are available for that date, those supplied concerning denizen workers specifically as nationals of their respective countries are compiled only as at June 30 and December 31 of each year. The following particulars therefore relate mainly to the position at June 30, 1962.

Proportion of denizen workers in the E.C.S.C. industries²⁾

451. The total personnel on the books of the E.C.S.C. industries at June 30, 1962, numbered 1,321,000,³⁾ of whom 159,700, or 12%, ranked as denizens.

The proportion of denizen workers differs widely from country to country: in Belgium they represent 33% of the personnel of the three industries and in France 23%, in Luxembourg 16%, and in the Netherlands and Germany only 6% and 3.5% respectively.

¹⁾ See No. 456 below.

²⁾ See *Statistical Annex*, Table No. 55.

³⁾ Coalmining industry: workers, apprentices and clerical, technical and managerial staff; iron and steel industry and iron-ore mines: workers, exclusive of apprentices.

Graph No. 19 shows the comparative proportions for the different countries. For the Community overall, the distribution by industries is as follows.

	(per 1,000 denizen workers)
coalmining industry.....	612
iron and steel industry	353
iron-ore mines	35

TABLE 103
Distribution of Denizen Workers by Countries and Industries

Country	(per 1,000 denizen workers)			
	Coalmining industry	Iron and steel industry	Iron-ore mines	Total
Germany (Fed. Rep.)	108	32	1	142
Belgium	240	60	—	300
France	243	238	31	512
Luxembourg	—	18	3	21
Netherlands	21	5	—	26
Community	612	353	35	1,000

Breakdown by nationalities

452. Of the 159,700 denizen workers employed in the E.C.S.C. industries at June 30, 1962, 85,800 were Community nationals and 73,900 foreign nationals.

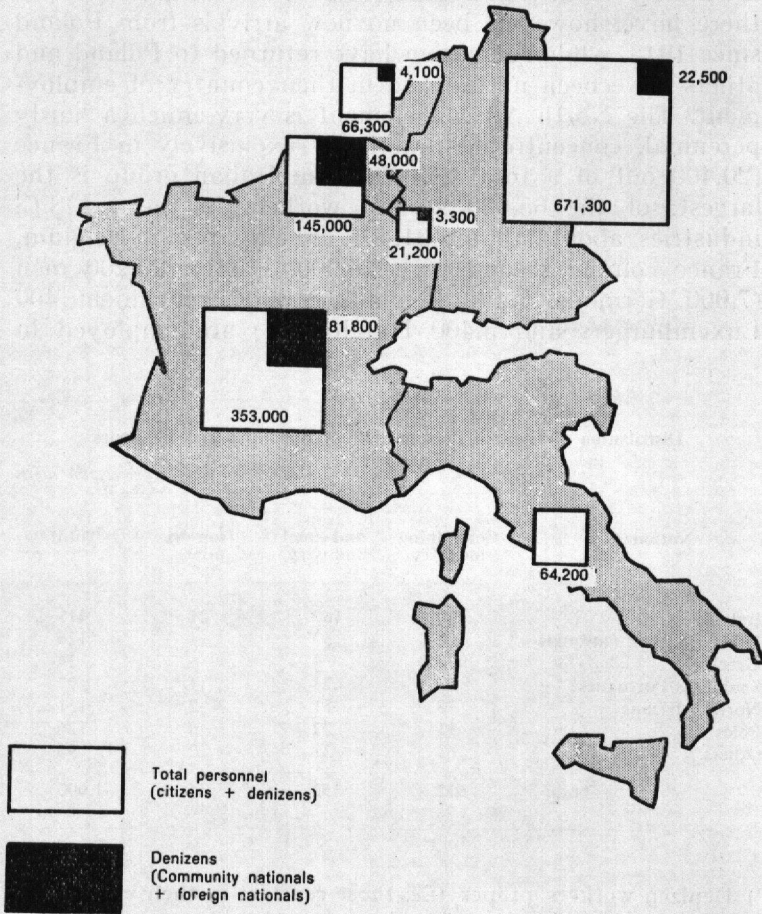
TABLE 104
Denizen Workers

Nationality	January 1, 1957		June 30, 1962	
	Number	%	Number	%
Italians	79,300	43.1	65,600	41.1
Other E.C.S.C. nationals ¹⁾	24,600	13.4	20,200	12.6
Greeks	2,600	1.4	5,400	3.4
Spaniards/Portuguese	4,300	2.3	12,300	7.7
North Africans	19,300	10.5	21,000	13.1
Poles	35,200	19.2	20,200	12.6
Others	18,500	10.1	15,000	9.5
Total	183,800	100.0	159,700	100.0

¹⁾ See *Statistical Annex*, Table No. 55.

GRAPH No. 19

Total Personnel and Denizen Workers in the E.C.S.C. Industries



The four big groups of migrants are those from Poland, from North Africa, from Italy and from the country or countries bordering on the country of employment.

They differ considerably in size. The 20,200 Poles are mostly resident in France (15,200) and Belgium (3,800); there have, however, been no new arrivals from Poland since 1948, while some men have returned to Poland and others have been naturalized in their country of employment. The North African element is very much a hardy perennial, concentrated practically exclusively in France (20,400 out of a total 21,000). The Italian group is the largest: of the 65,600 Italian workers in the E.C.S.C. industries, about half, *viz.* 31,400, are employed in Belgium, France coming second with 26,900. Lastly, 20,200 men (7,000 Germans, 7,100 Belgians, 2,300 Frenchmen, 400 Luxemburgers and 3,400 Dutchmen)¹⁾ are employed in

TABLE 105

Distribution of Denizen Personnel by Nationalities and Industries

(per 1,000 men)

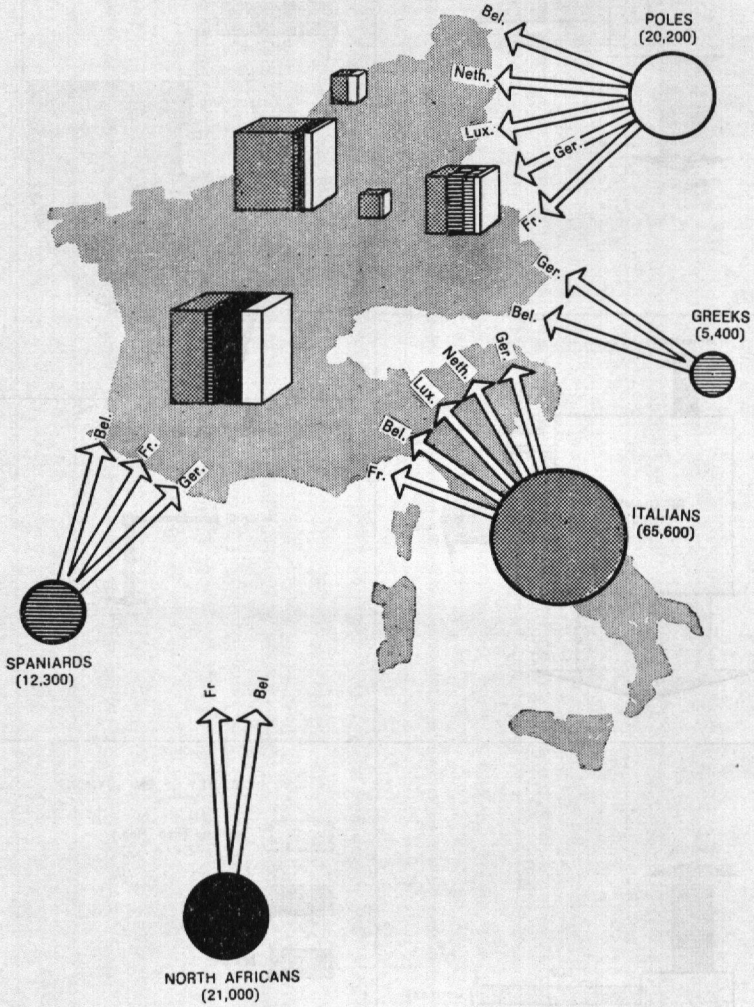
Nationality	Coalmining industry	Iron and steel industry	Iron-ore mines	Total
Italians	230	160	21	411
Other E.C.S.C. nationals	68	57	1	126
Greeks	30	4	—	34
Spaniards/Portuguese	53	23	1	77
North Africans	78	51	2	131
Poles	91	27	8	126
Others	62	31	2	95
Total	612	353	35	1,000

¹⁾ Denizen workers proper (*i.e.* those resident in their country of employment) plus cross-frontier commuters.

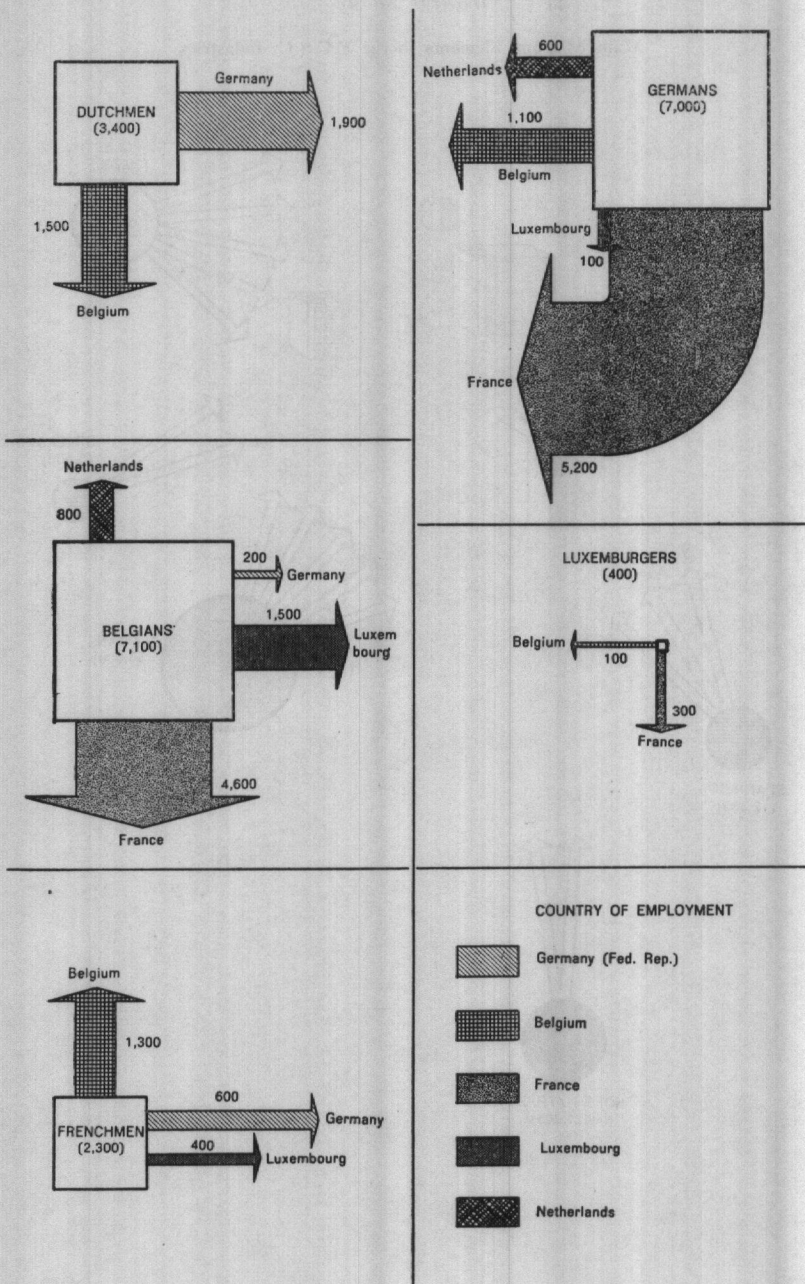
The flow from Italy to France is here not treated as "between neighbouring countries", since although France and Italy are of course geographically adjacent the majority of Italians taking employment in France in one of the E.C.S.C. industries have to go very considerable distances, to Lorraine or the northern departments.

GRAPH No. 20

Main Migrant Elements in the E.C.S.C. Industries



Flows of E.C.S.C. Workers Between Neighbouring Countries



Community countries bordering on their own, about half of them in France, some 4,000 in Belgium, and the remainder more or less evenly divided among Germany, Luxembourg and the Netherlands.

Graph No. 20 shows the distribution of the main groups of migrants in the Community countries, and Graph No. 21 the flows between neighbouring countries, by country of origin and country of reception.

Denizen personnel in the coalmining industry

453. The total number of denizen personnel¹⁾ in the Community coalmining industry as a whole dropped slightly during the first quarter of 1962, but rose again in the second, and by September was back to the same level as at the beginning of the year, 98,000.

Some 88% of these men are employed below ground.

In view of the manpower requirements, and indeed shortage, referred to above, the collieries are making intensive efforts to recruit from other Community countries and from third countries.

In Germany, 7,800 non-Germans were signed on at the collieries during the first nine months of 1962, representing approximately 41% of the vacancies filled by the official employment offices. Some 6,900 vacancies in the Ruhr were still outstanding before the German recruitment offices abroad in the autumn: of these, 2,800 were for Italians, 700 for Greeks, 3,100 for Spaniards and 300 for Turks. The German recruitment office in Spain was obliged to curtail or cancel some of its commitments and refuse to accept additional ones, as applicants for employment abroad are becoming difficult to find in Spain.

In Belgium, as the Government had lifted the ban on immigration, outside recruitment, was resumed: during

¹⁾ Workers, apprentices, and clerical, technical and managerial staff.

the first nine months of 1962, 4,715 new immigrants' labour permits were issued (1,053 for Italians, 2,071 for Greeks and 1,537 for Spaniards), as against only 56 during the first nine months of 1961.

In France during the same period the collieries reported vacancies for over 5,000 non-French workers; 4,000 workers were secured, as against about 1,500 in the first nine months of 1961. Italian and Spanish labour is becoming increasingly hard to find: in Morocco, however, recruitment is going satisfactorily, so that over 3,100 Moroccans were signed on for underground work in the Nord/Pas-de-Calais during the second half of 1961 and over 2,900 in the first half of 1962.

Response to offers of employment by the Netherlands industry for Italian and Spanish workers has been poor, only a trickle of new entrants arriving.

Denizen personnel in the iron and steel industry

454. At September 30, 1961, the denizen personnel¹⁾ of the Community iron and steel industry totalled 47,500; this figure slowly climbed to reach 49,200, or 10.2% of the industry's labour force, at the end of the first nine months of 1962.

TABLE 106

Intake of Denizen Workers in the Iron and Steel Industry in the First Nine Months of 1961 and of 1962

Country	(% of total intake)	
	1961	1962
Germany (Fed. Rep.)	9.3	13.8
Belgium	22.8	31.5
France	32.2	41.2
Italy	—	—
Luxembourg	9.1	10.0
Netherlands	29.4	33.3
Community	17.2	22.5

¹⁾ Workers exclusive of apprentices.

Recruitment of such personnel increased from 9,600 in 1961 to 12,400 in 1962, representing 17.2% and 22.5% respectively of total recruitment.

All the Community countries except Italy are thus showing renewed interest in outside recruitment, even Germany, which had previously held back.

In France, Algerian workers leaving the industry were progressively replaced by Italians and Spaniards.

Denizen personnel in the iron-ore industry

455. The iron-ore industry of the Community at September 30, 1962, employed a total of 5,200 denizen workers,¹⁾ as compared with 6,300 in September 1961.

IMPLEMENTATION OF ARTICLE 69 OF THE TREATY

Statistics

456. Figures supplied by the employment authorities in the member countries show that a further 160 E.C.S.C. labour cards²⁾ were issued between October 1, 1961, and September 30, 1960, in addition to the 1,535 issued prior to this period since the system was first instituted on September 1, 1957.

¹⁾ Workers exclusive of apprentices.

²⁾ The E.C.S.C. labour card entitles its holder to take up employment at a colliery, iron-ore mine or iron and steel plant in a Community country other than his own without risk of any difficulties under that country's regulations concerning recruitment and employment of foreign labour. A Council of Ministers decision, effective from September 1, 1957, instituted the card and laid down the requirements a worker must satisfy in order to obtain it. Only workers of "recognized qualifications" in the coal-mining and iron and steel industries are eligible: to qualify, a worker must have been employed, at a wage above the unskilled rate, for a specified period in one of the 56 jobs and trades listed in the schedule annexed to the Council's decision.

The distribution of the new cards by countries of issue was as follows:

Germany (Fed. Rep.)	71
Belgium	36
France	24
Italy	1
Netherlands	28

Over the twelve months to September 30, 1962, the number of cardholders who had obtained jobs abroad, either through an employment office or direct, rose from 318 to 423. All the 105 men concerned moved into vacancies in the coalmining industry.

Second schedule of occupations

457. Details were given in the last two General Reports¹⁾ of progress in the proceedings begun in 1959 to extend the provisions on free movement of labour to a larger number of workers. Last year the High Authority was able to record that a second schedule of occupations entitling miners and steelworkers to E.C.S.C. cards had been finalized.

All the member States have now adopted the schedule, which will accordingly be published in the near future in the *Journal Officiel des Communautés* and will come into force twenty days from the date of publication.

¹⁾ See *Ninth General Report*, Nos. 430-431, and *Tenth General Report*, Nos. 514-516.

Section 2: Vocational Training

STATISTICS

*Trend in number of apprentices**Coalmining industry*

458. Although somewhat less pronounced than in some recent years, the overall contraction in the number of apprentices continued. Between September 1961 and September 1962, the number in the Netherlands remained the same and that in France showed a slight upturn (+200); in Belgium, however, there was a further noticeable decrease (—300), and in Germany a very substantial one (—4,000).

TABLE 107

Trend in Number of Apprentices and in Proportion of Apprentices to Total Personnel in the Coalmining Industry

Country	September 1955		September 1961		September 1962	
	'000 apprentices	%	'000 apprentices	%	'000 apprentices	%
Germany (Fed. Rep.)	58.0	10.2	20.3	4.3	16.3	3.7
Belgium	1.7	1.1	1.7	1.7	1.4	1.5
France	8.2	3.4	4.4	2.1	4.6	2.3
Italy	—	—	—	—	—	—
Netherlands	4.3	7.0	2.5	4.4	2.5	4.4
Community	73.1	7.0	28.9	3.5	24.8	3.1

This unsatisfactory state of affairs has, however, one good feature from the point of view of the industry's future, which depends so largely on intensified mechanization.

This is the increase both in the number of apprentice tradesmen (fitters, mechanics, electricians, etc.) and in the proportion of these to the total number of apprentices in the industry.

Figures supplied from Germany, France and the Netherlands serve to bring out the changes which have been taking place in this respect. The number of apprentice tradesmen in these countries rose between 1955 and 1961 from 5,384 to 7,744, an increase of nearly 44%. In 1955, apprentice tradesmen represented only 7% of the total number of apprentices in the French and German collieries: in 1960 the proportion was up to 11% in France¹⁾ and 23% in Germany, and in 1961 to 12% and 29.5% respectively. In the Netherlands the proportion shows no rise (it was 19.5% in 1960 and 19% in 1961, as against 20% in 1955), because training arrangements there had been focused on mechanization since before 1955.

In 1961 one in eight apprentices in France, one in five in the Netherlands and one in three in Germany was training for a trade.

Iron and steel industry

459. The number of apprentices in the Community iron and steel industry as a whole continued to increase: in fact, the increase over the twelve months up to September 1962 was 1,200, twice as large as over the corresponding period in 1960-61. In September 1962 the total (13,000) was the highest since 1955. In France and Germany, where the numbers had already been climbing in 1961, further substantial increases took place; in Luxembourg too there was a noticeable rise; in Italy and the Netherlands the numbers remained unchanged.

The proportion of apprentices to total personnel increased slightly in Germany, France and Luxembourg, remained level in Italy, and dropped a little in the Netherlands.

¹⁾ In France, underground tradesmen are also recruited from technical training centres outside the coalmining industry.

TABLE 108

Trend in Number of Apprentices and in Proportion of Apprentices to Total Personnel in the Iron and Steel Industry

Country	September 1961		September 1962	
	'000 apprentices	%	'000 apprentices	%
Germany (Fed. Rep.)	7.3	2.9	7.7	3.0
Belgium	—	—	—	—
France	3.5	2.1	4.2	2.6
Italy	0.2	0.3	0.2	0.3
Luxembourg	0.3	1.4	0.4	1.8
Netherlands	0.5	3.3	0.5	3.1
Community	11.8	2.0	13	2.2

Iron-ore mines¹⁾

460. In September 1962, the German pig-iron industry had only 300 apprentices, 100 fewer than in September 1961, and only half as many as in 1960. The French industry had the same number as before, 700.

Owing to the contraction in the industry's labour force as a whole, the proportion of apprentices to total personnel decreased only slightly in Germany, from 2.1% in September 1961 to 2% in September 1962, and in France actually increased, from 2.6% to 2.7%.

Adult training

461. For some years now the E.C.S.C. industries have been seeking to organize occupational training on a broader basis and to introduce training programmes more in line with the enterprises' new requirements.

¹⁾ Germany and France are the only two Community countries in which the iron-ore industry provides systematic apprentice training.

In-works training used to be pretty well confined to apprentices and supervisory personnel: today it is being extended to practically all those employed—to all the workers (introductory training for new entrants, advanced, refresher, specialized and change-over training for workers already employed), and to the other grades, including supervisors, technicians, instructors and junior and senior executives.

Although the figures available at present are somewhat scrappy, it may be of interest to quote some examples of this increasingly pronounced and most important trend.

Coalmining industry

462. One preliminary point, which is sufficiently indicative of the shift in focus towards adult training: whereas the Community collieries had in September 1962 no more than 24,800 apprentices in all, they had during the previous nine months signed on 29,900 workers from outside the industry, who had to be given introductory training, and some 11,000 from other collieries, many of whom were given change-over training.

Over and above this basic training and retraining for new entrants, more and more attention is being devoted to training for workers already on the books. To keep pace with the progress of underground mechanization and electrification and the introduction of new coal-winning methods it has been necessary to arrange advanced and specialized courses: in addition to the usual courses for shotfirers and hewers, new training arrangements have been organized at many collieries for fitters, mechanics, underground electricians, machine-operators, loco-drivers, and method instructors.

The increasing proportion of supervisory and technical personnel serves to illustrate the drive the collieries have been making in the field of training. For the Community industry overall, the total numbers employed in these categories in 1962 were 32,800 below ground and

34,100 at the surface, an increase of 2,700 over 1955, as compared with a decrease of approximately 226,000 in the number of workers. Accordingly, the proportion of supervisory and technical personnel to total personnel rose between 1955 and 1962 from 5.1% to 6.7% below ground and from 12.1% to 18.1% at the surface.

The industry's present needs are not only for larger numbers of trained men, but for men who are more highly trained. The collieries have had to provide facilities for their personnel to increase their technical knowledge: they have organized courses for those employed on the assembly, maintenance and repair of electrical and mechanical installations and machines, and it is planned to arrange for supervisory staff to receive training in management, work organization and accident prevention.

Further progress was also made in 1962 with various arrangements for advanced management training, which had already yielded good results in previous years. Two instances may be quoted: the Fortbildungsstelle für Diplom-Ingenieure der Fachrichtung Bergbau (Advanced Training Centre for Qualified Mining Engineers), in Essen, organizes regular seminars on the coalmining industry's present problems, technical, economic and social, while the Centre National de Formation of the Charbonnages de France holds introductory courses on coalmining, for students from the big engineering colleges and seminars on colliery problems for managerial personnel already holding posts in the coalfields.

Generally speaking, then, training has come to be recognized as an integral part of colliery activity and of the duties of supervisory and managerial personnel.

Iron and steel industry

463. In the first place, there are the new adult workers recruited by the industry from outside, who before being assigned to their jobs have to be given training of varying degrees of thoroughness according to the requirements

of the works concerned. 55,000 workers were so trained in the Community industry as a whole during the first nine months of 1962.

Again, there are various other types of training—including in particular advanced training, or retraining, of men for the operation, maintenance or repair of new production plant—which with the march of technological progress have become more vitally necessary than ever. As this kind of training is mostly provided at the works themselves, it is difficult to make an accurate statistical assessment, but it does undoubtedly represent a major element in the industry's present training activities.

Attention is also being devoted to the training of supervisory personnel in technical attainments and in leadership and social responsibility. Two examples may be cited in this connection.

In France, the Centre de Formation Sidérurgique Maurice Moreau in Metz held a course for 85 prospective supervisors from October 1, 1961, to June 22, 1962. The number of trainees (which does not of course reflect the enterprises' requirements, merely the maximum intake the Centre could handle) was about 12% larger than in 1957-58. The 1961-62 intake was made up of trainees from nine sectors—the coking-plants, the blast-furnaces, the basic Bessemer steelworks, the open-hearth and electric-furnace steelworks, the rolling-mills, mechanical maintenance, electrical maintenance, the transport and railway side, and the drawing offices. In addition to this "long" course, the Centre held a number of short courses which were attended by 346 men in all (19% more than in 1958, when the total was 281). These included

- (a) courses for 140 trainees from the production and maintenance sides;
- (b) refresher courses for 66 foremen from the mechanical and electrical maintenance services;
- (c) safety courses, attended by 140 men.

In Germany, the *Wirtschaftsvereinigung Eisen- und Stahlindustrie* courses at the federation's training centre in Duisburg were attended in 1962 by 280 men. The courses, which lasted four weeks, were for supervisors and prospective supervisors in the following departments: blast-furnaces, oxygen steelworks, open-hearth steelworks, sheet and strip mills (including cold-reducing mills), tube mills, heavy section mills, heat treatment, rail transport, refractory installations. The total intake in 1962 was slightly smaller than in the previous year or two (298 in 1960, 285 in 1961), but was 15% larger than in 1958 (238) and 26% larger than in 1956 (208).

Iron-ore mines

464. In the iron-ore industry of Eastern France, training is being organized not only for apprentices but for personnel in practically all grades.

In 1962, in addition to the 55 trainees receiving instruction at the industry's two centres for supervisory staff, 25 foremen and other supervisors and 14 technicians attended advanced courses in management and work organization or retraining courses for adaptation to the new techniques and processes. Similar retraining was also provided for many of the workmen employed.

Advanced training in subjects and methods of instruction was given to some twenty instructors.

33 executives from various mines in the area attended conferences on works management.

These few indications, though admittedly fragmentary, nevertheless exemplify the variety of training in an industry whose technical methods are changing all the time and whose personnel is singularly stable.

*WORK OF THE HIGH AUTHORITY**New Programme*

465. Details were given in last year's Report¹⁾ of the new programme adopted by the High Authority in 1961 for helping to adapt occupational training at all levels to the technological and social changes now taking place in the coalmining and iron and steel industries. It is not, therefore, proposed to recapitulate the situation the programme is designed to meet, or its aims, objectives and initial implementation.

In 1962 action was begun under the new programme.

Training of underground mineworkers

466. The High Authority is planning to undertake studies which will afford help and guidance to the collieries in their efforts to provide themselves with adequate numbers of skilled underground workers and supervisory personnel by organizing training in line with the progress of mechanization and electrification.

The preparatory studies brought out clearly that

- (a) recruitment and training policy is governed by the structural problems of the industry;
- (b) all measures for the adjustment of training must be based on an assessment of requirements, and must indicate ways and means for meeting them;
- (c) new subjects are having to be taught, as techniques and methods have been, and will doubtless continue, changing so much as radically to alter the miner's whole occupation;
- (d) adult training is highly important;

¹⁾ See *Tenth General Report*, Nos. 508-512.

- (e) regular follow-up training should be provided throughout the individual's career;
- (f) certain special characteristics apart, the aims and problems of colliery training are becoming gradually more akin to those of training in other industries;
- (g) more attention must be paid to the basic training from which all subsequent specialized training is to be built up;
- (h) training on the technical side must be accompanied by training in the human qualities required;
- (i) some grasp of work organization should be inculcated.

Training of iron and steel operatives

467. The High Authority's work in this connection should be viewed in the broader context of the General Objectives for Steel adopted on March 14, 1962. As will be recalled, these emphasize the sweeping change now in progress in the pattern both of numbers and of skills, and the importance of adapting training methods and facilities to the new demands posed by technological advances.

Two documents have been drafted: the first includes an outline of the current state of technological progress and a detailed account of the problems, from the point of view of fully up-to-date production departments, of adapting training thereto, while the second, entitled *Enquête sur l'Evolution de la Structure des Métiers et des Fonctions dans les Services des Hauts Fourneaux* ("Survey on the Changing Structure of Trades and Jobs at the Blast-Furnaces"), incorporates the findings of national-level surveys on jobs arising out of, or appreciably altered by, technological progress,¹⁾ together with those of more theoretical studies the High Authority has been conducting in co-operation with selected blast-furnace plant manufacturers.

¹⁾ Includes only jobs involving some degree of skill and training.

Instructor training

468. The High Authority in 1962 published a study entitled *La Formation des Formateurs: Problèmes, Méthodes et Expériences dans les Industries de la C.E.C.A.* ("Instructor Training: Problems, Methods and Experience in the E.C.S.C Industries"). This is the first Community contribution to the coalmining and iron and steel industries' work in connection with instructor training. It lists, with comments, the qualities and attainments the instructor must possess in order to perform functions the importance of which is steadily increasing in step with the importance of the enterprises' training and personnel policy. After discussing questions in connection with training, with the instructor's responsibility and with his position in the enterprise, and describing a number of typical arrangements introduced as regards the selection of instructors and their training in technical subjects and educational methods, the study sets forth desiderata for the future, emphasizing in particular the importance of pressing ahead at once with all necessary steps to enable the enterprises to secure, with the help of qualified instructors, the trained personnel they need.

469. With regard to the managerial grades, the enterprises are faced with the twin problems of initial training and follow-up training.

Some difficulties are being encountered in finding young engineers in the necessary numbers and with the necessary qualifications. The universities and technical colleges are not always able to keep their curricula abreast of the rapid march of technological, economic and social progress, so that there is sometimes a lag between the new requirements and the tuition through which they are to be met.

The High Authority has already issued a report on co-operation between educational institutions and the Community industries,¹⁾ which tabulates what has been

¹⁾ See *Ninth General Report*, No. 419.

to the exchange of teaching aids within the Community,¹⁾ as those of the national Government departments which had previously been unwilling to co-operate gave no sign of being prepared to reconsider their attitude in the matter.

European co-operation on vocational training

475. In March 1962, the High Authority decided to participate on a regular basis in the work of the International Vocational Training Information and Research Centre (C.I.A.F.) jointly instituted by I.L.O. and the Council of Europe, and now also supported by the E.E.C. Commission and O.E.C.D. This step will serve further to strengthen the co-operation with other European organizations which has been part of the High Authority's policy for years. Representatives of the sponsoring bodies meet regularly at the sessions of the Programming Committee which organizes the work of the Centre and deals with all questions arising with regard to its aims and activities.

The Centre is a specialized section of I.L.O. It promotes exchanges of information and conducts investigations into training systems and methods in all sectors of the economy. It issues a quarterly bulletin, *Training for Progress in Europe and in the World*, giving particulars of the latest developments in the training field, and "C.I.R.F. Abstracts" summarizing various publications of special interest on the subject.

Section 3: Readaptation of Workers

476. During the period under review, the High Authority and the German Federal Government agreed to work out together the practical details of the readaptation assistance to be payable under Article 56 to German iron-ore miners and steelworkers.

¹⁾ See *Tenth General Report*, No. 506.

Agreement was also reached between the High Authority and the French Government on changes making the readaptation arrangements appreciably more favourable to the workers; the tide-over and differential allowances payable to the workers in all three industries were raised, and a substantial increase was made in the assistance given to the coalminers of the Centre/Midi.¹⁾

The High Authority took a considerable number of decisions granting the benefit of Article 56,2 of the Treaty to workers in Germany, Belgium and France.

NEW READAPTATION ARRANGEMENTS

Germany (Fed. Rep.)

477. The High Authority accepted the German Federal Government's proposals concerning the readaptation assistance to be payable to workers laid off from the iron-ore mines or iron and steel works.

Except for the lump sum paid to men eligible for certain pensions, the new arrangements are similar to those agreed on at the end of 1961 for readaptation assistance to miners under Article 56.²⁾

France

478. On June 28, 1962, the High Authority approved the French Government's proposal of May 28 that the ceiling of the monthly wage admitted for the calculation of the tide-over and differential allowances should be raised.³⁾

¹⁾ Aquitaine, Auvergne, Cévennes, Dauphiné and Loire coalfields.

²⁾ See *Tenth General Report*, No. 520.

³⁾ Both the tide-over and the differential allowance are payable for twelve months.

The tide-over allowance is of two kinds, one for discharged workers remaining unemployed, who receive payments on a descending scale, the other for discharged workers undergoing occupational retraining, who are paid 90% of their pre-layoff wage throughout the twelve months.

The differential allowance is paid to men accepting alternative employment at a lower wage than before; under this arrangement, the new wage is made up to 90% of the old.

The Government and the High Authority considered it necessary to take account of the changes in the wage position over the previous two years and more, as they felt that readaptation must be such as to safeguard wages on as broad a basis as possible.

The ceiling is now higher for all miners and steelworkers requiring readaptation in France.

479. On February 20, 1962, the Decazeville miners decided to end the sit-down strike they had started on December 19, 1961, with a view to obtaining better readaptation terms than those initially laid down by the Government. Work was duly resumed on February 23.

Discussions were held between the Government, the Charbonnages de France and the trade unions, lasting up to mid-March. These culminated in an agreement whereby the national readaptation arrangements were to be specially amended and augmented in favour not only of the Decazeville miners but of all workers of the Houillères du Centre/Midi retrospectively with effect from July 1, 1960, the original system, applicable without differentiation throughout the French coalmining industry, having proved inadequate to the needs of those areas where it is particularly difficult to secure the re-employment of discharged miners.

480. On May 28, 1962, the French Government officially applied to the High Authority for a contribution under Article 56 to two of the special grants made for the Centre/Midi.

The High Authority on June 28 formally agreed to do so; it had already agreed in principle on January 31,¹⁾ upon hearing from the French Government, while the events at Decazeville were still in progress, roughly what additional measures it was prepared to consider.

¹⁾ See *Tenth General Report*, No. 521.

Prolongation of entitlement to allowances

481. Whereas in general the tide-over and differential allowances are payable for one year only,¹⁾ in the case of the Centre/Midi miners they are now payable for two years following discharge.

During the two years, the differential allowance and the tide-over allowance to workers undergoing occupational retraining will continue to be paid at rates ensuring the man 90% of his former wage.

The tide-over allowance to workers remaining unemployed is to be payable on a scale descending over five stages, and also differentiated, except during the first stage, according as the worker's former wage was below Ffr. 350 per month (group 1) or between Ffr. 350 and Ffr. 1,000 per month (group 2). The rates work out as follows, in per cent, of the man's wage prior to discharge:

	1st year			2nd year	
	1st stage (2 months)	2nd stage (6 months)	3rd stage (4 months)	1st stage (6 months)	2nd stage (6 months)
Group 1	90%	80%	60%	50%	40%
Group 2		70%	40%	30%	20%

Introduction of a severance payment

482. Workers laid off are also to be entitled to a severance payment equal to a given number of months' wage according to years of service.

¹⁾ See footnote to No. 478 above.

Years of service	Months' wages
10-15	3
15-18	3-6
18-21	4-2
21-24	4-8
24-27	5-4
+27	6

To the amount in question will be added one-tenth of the man's monthly wage per year of service below ground.

483. The agreement of March 1962 contains various other clauses, including one concerning partial compensation for losses in respect of retirement pension, to be paid by the Charbonnages de France.

Certain other provisions, relating to elderly and physically-handicapped workers, individual voluntary moves to other employment, outright ownership of homes, educational scholarships and the employment of miners' children, merit the special approval of the High Authority, which in its last General Report¹⁾ emphasized the importance of ensuring that readaptation is carried out "on an individualized basis, with due regard to the men's particular capabilities, ambitions and family problems."

READAPTATION OPERATIONS

484. Between February 1, 1962, and January 31, 1963, the High Authority took 47 Decisions in implementation of Article 56,2.

¹⁾ See *Tenth General Report*, No. 483.

TABLE 109

Decisions in Implementation of Article 56.2,
February 1, 1962-January 31, 1963

Country	Coalmining industry	Iron-ore mines	Iron and steel industry	Total
Germany (Fed. Rep.)	17	15	2	34
Belgium	3	—	1	4
France	4	4	1	9
Community	24	19	4	47

These Decisions relate both to closures already effected and to closures still impending. As in 1961, they concern three member countries, Germany, Belgium and France: a new feature is, however, that assistance had in 1962 to be made available for workers laid off from the iron and steel industry. On July 25, the High Authority took the first two of four Decisions implementing Article 56 in respect of steelworkers, some plants having found it impossible to cope with the present weakness in the market for hot-rolled as against cold-reduced sheet.

485. Under the 47 Decisions referred to, a total of 7,335,000 dollar units of account was set aside, for the readaptation of 27,726 workers.

TABLE 110

High Authority Readaptation Assistance under Article 56.2,
February 1, 1962- January 31, 1963

Country	Coalmining industry		Iron-ore mines		Iron and steel industry		Total	
	No. of workers	Amount (\$ '000)	No. of workers	Amount (\$ '000)	No. of workers	Amount (\$ '000)	No. of workers	Amount (\$ '000)
Germany (Fed. Rep.)	14,624	3,590	3,687	666	2,056	259	20,367	4,515
Belgium	3,150	470	—	—	135	85	3,285	555
France	2,175	1,670	257	130	1,642	485	4,074	2,285
Community	19,949	5,730	3,944	796	3,833	829	27,726	7,355

As the Community iron and steel industry is resorting more and more to high-grade ores imported from third countries, some of the Community iron-ore mines, especially in Germany, are having increasing difficulty in marketing their production, with the result that an appreciably larger number of iron-ore miners qualified for readaptation assistance than in 1961.

As before, however, the great majority of the recipients were from the collieries, owing to the continuing reorganization of the coalmining industry.

486. Generally speaking, difficulty was encountered in finding other employment for comparatively elderly or physically-handicapped workers. Otherwise, in the great majority of cases, demand in the labour market was sufficiently strong to enable the men to secure jobs easily enough elsewhere.

In Germany, re-employment presented no particular problem, as labour was short all round, and the coalmining industry in particular was seeking recruits.

In Belgium also, the increase in the collieries' manpower requirements—after a long period of reduced recruitment—resulted in practically all the underground mineworkers being signed on at other pits. Large numbers of surface workers were retrained for other jobs at special centres, and duly found suitable employment upon completion of their course.

In France, a large-scale retraining drive is in progress in the department of the Aveyron, in the Centre/Midi, to enable discharged colliery workers to take jobs in new industrial enterprises setting up in the area. Most of the French iron-ore miners laid off found other employment nearby without undue difficulty, despite the fact that the mines concerned were in largely non-industrial parts of the country.

487. The following table shows the full readaptation figures to date, that is, the figures in Table 110 above plus those

given in No. 519 of last year's Report for the period from the coming into force of Article 56,2 (in 1960) to January 31, 1962.¹⁾

TABLE 111

High Authority Readaptation Assistance under Article 56,2, 1960-January 31, 1963

Country	Coalmining industry		Iron-ore mines		Iron and steel industry		Total	
	No. of workers	Amount (\$ '000)	No. of workers	Amount (\$ '000)	No. of workers	Amount (\$ '000)	No. of workers	Amount (\$ '000)
Germany (Fed. Rep.)	17,324	4,105	3,687	666	2,056	259	23,067	5,030
Belgium	12,010	2,363	—	—	135	85	12,145	2,448
France	4,455	2,845	847	362	1,642	485	6,944	3,692
Community	33,789	9,313	4,534	1,028	3,833	829	42,156	11,170

Section 4: Industrial Redevelopment

488. The High Authority's activities in connection with industrial redevelopment may be subdivided as follows:

- (a) further work along the lines laid down by the Inter-governmental Conference on the redevelopment of areas affected by pit closures;²⁾
- (b) new redevelopment operations;
- (c) new studies.

¹⁾ Table 93 in the *Tenth General Report* should, however, be amended to take account of a High Authority Decision taken after it had been drawn up: to cover the increased cost of readaptation in the Centre/Midi (see above), the High Authority on June 28, 1962, decided to increase the amount it had set aside on July 19, 1961, for the miners in the Auvergne coalfield from Ffr. 4,250,000 to Ffr. 5,000,000.

²⁾ See *Ninth General Report*, Nos. 444-448, and *Tenth General Report*, Nos. 525-528.

FOLLOW-UP TO THE CONFERENCE

489. The contributions to and findings of the Conference constitute a valuable corpus of material which the High Authority has sought to turn to good account whenever it has been required to decide concerning a redevelopment scheme or study project which it was asked to assist financially.

However, the High Authority at the same time felt it must have the benefit of specially informed advice on a regular, indeed more or less permanent basis. It therefore set up an expert committee under Article 46 of the Treaty, consisting of six members, one from each Community country, all of whom had been associated with the preparation of the Conference.

490. By examining in detail various questions, such as the installation of pre-built factories and the best methods of selecting and working up industrial estates, the Committee is helping to provide a properly-thought-out basis for the High Authority's planning activities.

The High Authority is also anxious, in order not to be taken unawares by future developments, to assemble all necessary information concerning those of the mining and steel-producing areas which are in difficulties or likely to be so. Studies of the type which the Committee is making on the structures of the regions undergoing redevelopment will serve to keep it abreast of the state of affairs prevailing in the different parts of the Community.

In addition, the High Authority considers it essential that it should be fully informed concerning the progress of all operations being conducted in the member countries, with or without its financial assistance. The particulars secured by the Committee on various colliery and other redevelopment schemes effected will afford the High Authority most useful information as to the potentialities regarding redevelopment, since the range of possible means of action is changing in consequence of the new

legal and financial arrangements being instituted by the Governments.

Finally, the Committee is to serve as a general clearing-house for information going from the High Authority's departments to the economic research organisations and experts in the six countries.

491. The High Authority intends to invite planning experts from the regional centres and representatives of the industries and of the development organizations to discuss some of the Committee's reports.

The Committee's reports on the more general aspects of redevelopment will be published in the High Authority's series *Economie et Politique Régionale* (of which two volumes are now in print, containing some of the papers submitted at the Conference¹⁾), and its more specialized findings in a second series of monographs which the High Authority is planning to bring out.

NEW REDEVELOPMENT OPERATIONS

Belgium

492. In the same way as it decided in 1961 to assist the financing of two redevelopment schemes in the Liège area,²⁾ the High Authority in 1962 agreed to grant loans towards the installation of two new industrial concerns in the Borinage.

As both projects are centred on Ghlin-Baudour, an advantageously-located and well-serviced district in which there are already a number of large enterprises, they should help to turn the area into an industrialization nucleus of great benefit to the Borinage, where more pit closures are to take place in the course of the next two or three years.

¹⁾ See *Tenth General Report*, No. 526.

²⁾ See *Tenth General Report*, Nos. 531-532.

Société Aleurope

493. As was mentioned in last year's Report,¹⁾ the High Authority early in 1962 requested the Special Council of Ministers to give the necessary consent to its plan to grant a loan to a company which was proposing to build an aluminium mill at Ghlin-Baudour, and the Council unanimously agreed subject to confirmation by the E.E.C. Commission that the scheme could be carried out without infringement of Articles 92ff. of the Treaty of Rome. The Commission in February 1962 duly confirmed that the proposed loan was not incompatible with the rules of competition of the General Common Market.

The High Authority accordingly, on February 22, formally decided to grant to the Société Aleurope a loan of Hfl. 9,000,000, backed by a Government guarantee. By the terms of the loan contract, Aleurope undertook to recruit 30% of its male workers and 25% of its total personnel from among miners who had lost their employment as a result of pit closures.

The enterprise expects to employ a labour force of between 500 and 750, 15-20% of whom will be women. It plans to produce, in the first instance, aluminium sheet, but may also branch out into various other lines of finished and semi-finished products. Its initial capacity is to be about 12,000 metric tons a year.

Société Pirelli-Sacic

494. Having obtained the consent of the Council of Ministers, the High Authority decided on November 22, 1962, to grant a loan of Bfr. 150 million, under Article 56 of the Treaty, to enable the Société Pirelli-Sacic to build a factory at Ghlin-Baudour.

The factory is to produce a large variety of rubber goods—hosing, tubing, belting, printing cylinders, etc.

¹⁾ See *Tenth General Report*, No. 533.

(though no motorcar tyres)—and of rubber pastes and mixtures, including compounds for boots and shoes, “camel-back” (for retreading), foam rubber and so on. Its initial intake of workers will be from 500 to 600, some 15% of them women, and it hopes in ten years’ time to be employing twice that number. 40% of its new jobs for male workers are to go to discharged miners. Production is expected to start early in 1965.

France

495. The French Government in 1962 applied to the High Authority under Article 56 for a loan in aid of a project by Esba, a firm of hosiery manufacturers in Troyes, to establish a seamless-stocking factory at St. Eloy-les-Mines, Puy-de-Dôme. The High Authority on July 25 decided in principle to grant a loan of Ffr. 1,640,000 for this purpose. The consent of the Council of Ministers, which is required for E.C.S.C. loans to non-E.C.S.C. enterprises, was given on November 19, and the High Authority then took its formal Decision in favour on November 22.

496. In accordance with the Government’s 1960 reconstruction schedule, production is to be discontinued in the La Bouble district of the colliery at St. Eloy, which will result in some 400 miners becoming redundant. The men concerned will receive readaptation allowances from the High Authority and the French Government jointly, and in addition the Government is seeking to bring in new industries to absorb the labour laid off from the collieries of the area: this is urgently necessary, since by 1965 the Auvergne coalfield will be needing 1,400 miners fewer than in 1959, and there are already not enough jobs for all the school-leavers looking for work.

The Société Esba agreed to set up a factory at St. Eloy on a site and in premises made available by the coalfield authorities, the Government providing a 20% equipment grant (the maximum rate under the legal provisions

in force), and the Charbonnages de France a loan of Ffr. 937,000.

The factory is to open early in 1963. In two and a half years' time it will be employing 260 workers in all, 135 women and 125 men. Esba gave the Charbonnages de France an undertaking to reserve all its jobs for male workers for former St. Eloy miners, and a clause to the same effect was included in the High Authority's loan contract. The new intake are undergoing training, with the help of the St. Eloy apprenticeship centre, while the necessary extensions to the premises are being carried out.

497. The St. Eloy scheme is the third High Authority-aided redevelopment operation launched in France; the other two are at Champagnac and Béthune.¹⁾

*Recapitulation of High Authority-aided
redevelopment operations*

498. Up to January 31, 1963, the High Authority had granted financial assistance for eight redevelopment projects, four in Belgium (in the Liège and Borinage areas), three in France and one in Italy. In two cases it gave its guarantee to loans contracted, one by a French firm transferring to Béthune and the other by an enterprise in the neighbourhood of Genoa; in the other six it was itself the lender. The total amount covered by the guarantees was 1,040,000 dollar units of account, and the total amount of the loans 9,300,000. The interest charged was in no case over 5%; the terms varied from 15 to 20 years.

It is too soon to form an exact idea of the employment opportunities which will be created by the schemes the High Authority has thus assisted, but at a rough estimate (leaving on one side the multiplying effect of the investment) the total number of new jobs should be round about 6,500.

¹⁾ See *Tenth General Report*, Nos. 534 and 535.

It should be noted that each guarantee or loan contract contains a clause binding the enterprise concerned to recruit a given proportion of its new labour intake from redundant workers of the E.C.S.C. industries.

NEW STUDIES

Area-development studies

Belgium

499. The High Authority decided to publish in the four Community languages the combined summary report on the studies carried out with its assistance on employment trends and scope for redevelopment in the Centre, Charleroi and Borinage coalfields.¹⁾

The report sketches a programme comprising

- (a) in the long term, a number of major infrastructure schemes, the essential prerequisite to industrial expansion enabling the level of employment to be maintained;
- (b) in the short term, a phased series of measures calculated to help the employment situation, including residential building, a campaign to interest individual enterprises, selection of industrial estates to attract foreign investors, and so on.

France

500. The High Authority approved a request from the French Government under Article 46,3,4 for a contribution towards the cost of a study the Compagnie des Ateliers et Forges de la Loire is planning to conduct in connection with the forthcoming closure of its plant at Le Boucau, near Bayonne. The plant is to be closed department by depart-

¹⁾ See *Tenth General Report*, No. 537.

ment, the process to be completed by not later than the end of 1964. The High Authority and the French Government have decided to grant readaptation allowances under Article 56 to the 1,600 workers who will have to be laid off, but it is recognized that before the closure can go through the men must be offered alternative employment opportunities on the spot. The object of the study is to find out how existing and new enterprises in the area can be enabled to offer a sufficient number of jobs for the workers from Le Boucau.

Italy

501. Upon the Italian Government's application under article 46,3,4, the High Authority decided to part-finance an area-development study concerning the region of Umbria.

The High Authority had occasion once before to grant assistance for this area, for the readaptation of workers laid off from a steel plant there. As time went on, however, with no industrial expansion or diversification of activities, the regional economy showed signs of being permanently impaired by the dismissals.

Study on new production lines

502. To secure the absorption of redundant labour and reactivate the economy of a depressed area, it is not enough merely to encourage new industrial ventures by providing financial inducements: the intending investors must be helped to select those types of production which offer good prospects of success. Obviously, the establishment of mere mushroom enterprises would be a thoroughly bad thing both for the workers—who would have to undergo readaptation all over again—and for the economy as a whole.

503. The High Authority is accordingly conducting a study aimed at reducing the uncertainties^{procedures} and risks of error involved in redevelopment operations.

The study deals with new products which might suitably be manufactured by small and medium-sized enterprises setting up in the areas now in difficulties. The findings should prove most useful to prospective investors, who are not usually in a position themselves to assemble information on new production lines and carry out market studies, yet who have to proceed with special circumspection owing to the fact that the market is now a Community-wide one and that they are planning to operate in problem areas.

504. The High Authority's study, then, relates to new products offering good prospects of expansion. For the purposes of the study, the term "new products" is taken as meaning

- (a) products which are not yet made in the area in which it is suggested they should be manufactured;
- (b) products which are being manufactured elsewhere (e.g. in the United States), but not in the Community;
- (c) products manufactured by new techniques now ready for industrial-scale application.

505. A short list of some thirty products has been drawn up by four research institutes on the basis of statistical evaluations and systematic inquiries. Of these about ten are to be selected for thorough market studies,¹⁾ to be part-financed by the prospective investors. Finally, for each product ultimately selected, sufficiently detailed particulars will be compiled to enable the investor to take his decision in full knowledge of the facts.

¹⁾ The Expert Committee on Industrial Redevelopment (see Nos. 489-490 above) will advise the High Authority on the procedure to be followed in contacting consumer enterprises, and on the selection of suitable areas for the new manufactures.

506. In contacting industrialists likely to be interested in a particular product, the procedures adopted will be those normally followed by the Governments.

507. In the High Authority's view, the study now in progress should, in addition to helping difficult redevelopment operations, enable a practical method to be worked out of obtaining regular information on new products.

Part Two

LIVING AND WORKING CONDITIONS

Section 1: Wages, Social Security and Terms of Employment

508. The High Authority published a study entitled *Evolution des Salaires, des Conditions de Travail et de la Sécurité Sociale dans les Industries de la Communauté en 1960*, bringing up to date the similar combined publication dealing with 1959 and the various earlier studies dealing separately with wages and with terms of employment in the previous years.¹⁾ It contains an account of the economic and social position of coalminers, iron-ore miners and steelworkers within the general context of each country's economic situation and social policy.

509. A similar study for 1961 is in preparation.

510. In co-operation with expert working parties, the High Authority's departments are also preparing the three studies (referred to in last year's Report²⁾ as scheduled for publication in 1963) which are to give the balance-sheet, as regards social developments, for the first ten years of the Common Market for coal and steel:

- (a) *Evolution de la Politique Sociale dans les Industries de la C.E.C.A. de 1953 à 1963;*
- (b) *Evolution et Tendances de la Sécurité Sociale dans les Pays de la Communauté de 1953 à 1963;*
- (c) *Evolution de la Négociation Collective dans les Industries de la C.E.C.A. de 1953 à 1963.*

They are to appear about the middle of 1963.

¹⁾ See *Ninth General Report*, No. 459.

²⁾ See *Tenth General Report*, Nos. 556-558.

The first is to cover both wages and terms of employment, since the two are very closely interlinked, the policy of the Governments and the two sides of industry being concerned, according to circumstances, sometimes with the one and sometimes with the other, and quite commonly with both simultaneously.

WAGES

511. At the end of 1955 and beginning of 1956, the High Authority put a series of six questions on social matters to the Consultative Committee. The fifth of these, dated January 20, 1956, ran as follows: "What action, in the Committee's view, can the High Authority take, in accordance with the provisions of the Treaty, to promote rational linking of the structure of remuneration to the level of productivity, in line with the aims of Article 3 of the Treaty?"

The question was examined by the Committee's sub-committee on labour problems. On January 14, 1957, the Committee passed a resolution asking the High Authority to furnish the reference material which it (the Committee) considered essential to enable it to complete its study of the subject in accordance with an outline annexed to the resolution. The High Authority thereupon set up a number of committees which went thoroughly into the various systems of payment by results, *i.e.* wholly or partly production-linked, output-linked or productivity-linked wages.

The material requested was forthcoming in 1960, and on this basis the Committee disposed of most of the points listed in the annex to its 1957 resolution, adding suggestions as to what might be done with regard to two items on which it considered itself still insufficiently informed — namely, that the High Authority set up an expert working party to define the concept of productivity and to propose

methods of gauging productivity in the collieries, the iron-ore mines and the iron and steel industry.

The working party's report was laid before the Committee in 1962. On October 31, 1962, and January 4, 1963, the sub-committee on labour problems met and roughed out a draft reply to the High Authority's question. The full Consultative Committee will state its view on February 28, 1963.

SOCIAL SECURITY

Special schemes for miners

512. The High Authority submitted to the Governments an interim report comparing social-security charges in the mines and in other industries.¹⁾ This is now being jointly examined.

Social security for migrant workers

513. The High Authority continued its co-operation with the Administrative Committee on Social Security for Migrant Workers.²⁾ In particular, it took an active share in the proceedings of two working parties which had been set up at its suggestion.

The first working party arrived at a solution to a problem which had not been quite equitably settled by Regulations Nos. 3 and 4 of the E.E.C. Council, that of the

¹⁾ See *Tenth General Report*, No. 566.

²⁾ The Convention on Social Security for Migrant Workers was signed on December 9, 1957, by the Ministers of Labour of the six countries in implementation of Article 69 of the E.C.S.C. Treaty. After the Treaty of Rome came into force, the Convention was converted into Regulations Nos. 3 and 4 of the E.E.C. Council of Ministers. The Administrative Committee is responsible for all administrative matters arising out of the provisions of the Regulations, and for the many tasks listed in Article 43 of Regulation No. 3.

compensation payable to migrant workers in respect of occupational diseases, and more particularly of silicosis. The proposed new arrangement, which is supported by the Administrative Committee, will come into effect when the E.E.C. Council adopts by further Regulation the suggested amendments to Regulations Nos. 3 and 4.

The second working party is drafting proposals for the revision of the annexes to Resolutions Nos. 3 and 4 in respect of those provisions relating specifically to mine-workers. Difficulties have frequently been encountered in applying the Regulations and their annexes to migrant miners, inasmuch as the special schemes have to be dovetailed into the general schemes, while the effect of the annexes is sometimes to produce adherence to the terms of bilateral agreements liable to be less fair to some of the individuals concerned.

The E.E.C. Commission has decided to propose to the Council that Article 44,1 of Regulation No. 3 be amended to permit employers' and workers' representatives to sit in with the Administrative Committee on Social Security for Migrant Workers. The High Authority, with its ten years of experience of working parties and committees organized on this joint basis, fully supports this broadening of the Administrative Committee.

If the Council accepts the E.E.C. Commission's proposal, the Administrative Committee's meetings will in future be attended, in a consultative capacity, by one representative of each of the four European secretariats of the employers' and workers' organizations. The Committee at present consists of one representative for each of the six Governments, one for the E.E.C. Commission and one for the High Authority, with technical assistance from I.L.O.

European Conference on Social Security

514. A European Conference on Social Security was convened jointly by the High Authority, the E.E.C. Commission and the Euratom Commission. It was purely

consultative in character, designed to enable the three Executives to acquaint themselves with the main trends in opinion concerning the scope for harmonization of social-security arrangements in the Community and possible methods of effecting it.

515. The Conference was held in Brussels from December 10 to 15, 1962.

It was attended by experts from the employers' and workers' organizations and from the Governments, representatives of Community and international institutions, and leading figures in the field of social security.

516. The Conference dealt with three main subjects:

- (a) extension of the field of application of social security;
- (b) financing of social security;
- (c) social-security benefits.

A general report was drawn up on each of these, together with a series of parallel reports on the special problems of various schemes, including in particular the separate arrangements for mineworkers.

517. Social-security benefits are among the elements governing the standard of living of the workers.

The High Authority is required by the Treaty to "promote the improvement of the living and working conditions of the labour force in each of the industries under its jurisdiction so as to harmonize those conditions in an upward direction," so that questions arising in connection with the general insurance schemes are of considerable importance to it, as applying, among others, to the workers in the iron and steel industry.

However, it considers the insurance arrangements for the mineworkers to be among its very foremost concerns. In its approach to these, it has to bear in mind not only the general social objective just quoted and the particularly arduous nature of the miners' work, but also the fact that

the coalmining industry is in process of reorganization and is, moreover, experiencing serious difficulty in keeping its present workers and attracting the necessary new ones.

Thus, while from the point of view of the industry's competitive situation it is necessary to keep a careful eye on the incidence of social-security charges in production costs, from the point of view of personnel policy it is necessary that the benefits should be kept substantial, and in fact made more so.

Furthermore, in the coalmining industry's case labour costs represent a much larger proportion of total production costs than in any other sector; at the same time, special benefits are warranted by the higher incidence and greater seriousness of both accidents and occupational diseases in the pits, while, to cap all, the ratio of contributors to beneficiaries has been falling.

In view of these circumstances, the High Authority intends in planning its future action to devote most careful attention to the Conference's findings concerning the financing of the social-security arrangements for miners and the benefits payable thereunder.

518. The Conference in particular recommended "periodic consultation between the High Authority, the Governments and the colliery managements and workers upon all problems in connection with the present situation and future development of social security in the coalmining industry."

TERMS OF EMPLOYMENT

Joint Committee on Harmonization of Terms of Employment (Coal)

519. The High Authority in 1961 suggested that the Joint Committee make a study of the action taken in the different member countries to facilitate recruitment and improve

labour stability in the coalmining industry.¹⁾ The workers' representatives proposed in reply that, as part of this study, a sociological survey should be undertaken concerning the reasons why so many miners were leaving the pits and boys in the mining areas were choosing careers in other industries.

The Committee at its meeting on July 6, 1962, approved this suggestion, and discussed how the survey could best be organized. It then went on to consider the question of the European Miner's Code, for which see Nos. 524-534 below.

Joint Committee on Harmonization of Terms of Employment (Steel)

520. The Committee at its meeting on October 9, 1962, discussed two important questions which had been on its agenda for some time, those of the continuously-operating services and of the impact of technological changes on productivity, wages, working hours and employment. The Committee heard a progress report on the preparatory studies, and discussed the work remaining to be done.

In co-operation with the working party on the continuously-operating services, the High Authority's departments brought up to date, on the basis of facts and figures supplied by the employers' and workers' organizations, the national reports on the arrangements in this connection in 1957-58. The High Authority proposed that from these revised reports a combined summary report should be drawn up comparing the position in the six countries.

On January 15 and 16, 1962, several members of the Joint Committee's working party on the subject visited a German iron and steel plant to supplement by practical observation the information in the national reports. On

¹⁾ See *Tenth General Report*, No. 570.

the basis of their findings, the working party is to decide whether similar on-the-spot studies should be made in the other Community countries.

The study on the effects of technological changes is to comprise an account of the overall effects and a series of case studies. The overall section, which is to be drawn up by the High Authority, will consist mainly in a comparison of available statistics on trends in production, manpower, working hours, wages and wage costs, and workers' annual earnings. The case studies will set forth the arrangements in force under the existing laws, regulations, collective-bargaining and factory agreements and so on, together with actual examples showing

- (a) technological advances introduced;
- (b) the effects of these, beneficial and prejudicial;
- (c) action taken to ensure that the workers benefit by the good effects and are safeguarded against any adverse ones;
- (d) results achieved by such action.

The national employers' and workers' organizations will discuss the examples to be given and methods to be adopted.

LABOUR LAW

"Les Sources du Droit de Travail"

521. The first edition of this study, published in 1957, was soon sold out. Since, in any case, subsequent changes in the situation made it necessary to revise the text, the High Authority has now brought out a new edition as part of its series on labour law, in which it proposes to publish the various studies which the members of the working party of labour law experts are preparing under its sponsorship and direction,¹⁾ analysing the State, private

¹⁾ See *Tenth General Report*, Nos. 572 and 574.

and international sources of labour law in each of the member countries and assessing their relative importance and precedence.

“La Participation des Travailleurs à l’Organisation de la Vie Economique et Sociale en France”

522. This study appeared in the labour law series in May 1962. Unlike its companion volumes, it relates, as its title indicates, to one country only, instead of comprising six separate monographs plus a combined report. It was originally the late Prof. Durand’s contribution to one of the working party’s joint publications, which the author had just completed when he lost his life in the Agadir earthquake: the High Authority decided to publish it separately, in advance of the parallel monographs on the other member countries, as a tribute to the memory of Prof. Durand, who was chairman of the working party from its inception in 1955 to his death in 1960.

In his study, Prof. Durand discusses workers’ participation in economic and social affairs inside and outside the State framework; he approaches the subject primarily from the legal standpoint, but also evaluates the *de facto* position and the sociological aspects.

Forthcoming publications

523. Two further studies are in preparation, *Le Contrat du Travail* and *Le Régime Juridique des Organisations Professionnelles des Employeurs et des Travailleurs*.

THE EUROPEAN MINER’S CODE

524. Following the meeting on December 15, 1961, of the Joint Committee on Harmonization of Terms of Employment (Coal),¹⁾ the High Authority sent the delegates a

¹⁾ See *Tenth General Report*, No. 570.

comprehensive selection of relevant material, and also wrote to the Governments and the employers' and workers' organizations asking them to give their representatives the mandate some of the latter had said they would require in order to take part in the discussions at the next meeting, on July 6, 1962.

525. The discussions in question were on the proposed European Miner's Code. All that was in fact discussed, however, was the desirability and feasibility of drawing up such a Code: no action was actually taken, or even agreed upon.

526. The workers' representatives unanimously urged that the Committee make a start on the preparation of the Code forthwith. Various trade-union delegates argued in favour, emphasizing the social implications and economic value of the Code: in particular, they maintained that it would help to expedite the harmonization of terms of employment and to reduce the unduly high turnover of personnel at the collieries, which was burdening the industry's costs and harming its productivity.

527. The Government and employers' representatives, however, opposed almost to a man the whole principle of a European Miner's Code. In their view, it was preferable, before entertaining any such project, to concentrate on establishing economic conditions favourable to social progress; nor, they held, was it possible to settle on a definite social policy for the miners (in which the Code, the workers' representatives insisted, would be a fundamental element) until precise details were known as to the co-ordinated energy policy to be adopted.

Various measures were suggested by successive speakers as more likely than the Code, in their opinion, to improve conditions for the miners: these included

- (a) granting all underground mineworkers in the Community the "shift bonus" allowed in Germany;
- (b) scaling down the social charges borne by the collieries;

- (c) organizing a drive, under the auspices of the High Authority, to restore confidence in European coal.

Some Government and employers' representatives further argued that in any case the Committee was not competent, by the terms of the Treaty, to deal with the question of a European Miner's Code.

528. The High Authority put forward the practical suggestion that a working party of employers', workers' and, if desired, Government representatives be set up

- (a) to consider the memorandum which the High Authority's departments had drawn up comparing the draft Codes proposed respectively by the independent and the Catholic mineworkers' unions of the E.C.S.C. countries with the *de facto* situation in the Community coalmining industry;
- (b) to analyse the differences noted between the unions' proposals and the situation actually prevailing in the five countries concerned;
- (c) to compute the cost of implementing the unions' proposals.

It was emphasized that representation on the working party would involve no commitment regarding the proposals in the unions' drafts: the working party's sole concern would be to produce a report for the Joint Committee to consider at its next meeting.

529. It was evident at the end of the discussion that the employers wished to go over the whole problem of the Code among themselves, and also with their respective Governments. Meantime, they requested the High Authority to submit its proposal in writing.

530. The High Authority accordingly wrote on July 24 to each of the Governments and organizations concerned. Only a handful of replies were received, and of these only one other than the trade unions' was in favour.

531. On September 25, the High Authority reported on the subject to the Social Affairs Committee of the European Parliament. It added that it would shortly be deciding—*inter alia* after considering a memorandum it had requested from its Legal Department—how it intended to proceed in the matter of the European Miners' Code.

532. The High Authority is fully aware that it may issue proposals, opinions and recommendations to employers' and workers' organizations and to Governments only in the cases and by the procedure explicitly indicated by the Treaty. It also knows that the Treaty does not empower it to compel the two sides of industry and the Governments to take part in discussions calculated to produce resolutions or definite proposals on social matters, and that consequently only the parties concerned can decide whether the talks are to continue, let alone what, if anything, is to be done to bring the Code into effect.

Nevertheless, the High Authority is firmly convinced that its efforts in connection with the European Miner's Code were perfectly in order. It was within its rights under the Treaty in

- (a) placing the question of the Code on the Joint Committee's agenda, at the express request of one of the parties;
- (b) seeking to assist the discussion of this question by having a memorandum drawn up comparing the trade unions' drafts with the *de facto* situation in the Community coalmining industry;
- (c) proposing the establishment of a working party to examine the memorandum objectively, without committing either side.

In particular, it has every right to put the material and technical facilities available to it at the disposal of the employers and workers.

As regards the Joint Committee specifically, there is nothing in the Treaty to suggest that the parties repre-

sented should not agree to consider a given question together, and request the High Authority to assemble the necessary material and convene and chair their meetings.

The preparation of European agreements may be undertaken, on a purely voluntary basis with the unanimous consent of the parties.

533. The High Authority in November 1962 wrote to each Government stating that it stood by the proposal made verbally on July 6 and submitted in writing on July 24.¹⁾

At the same time, it contacted the employers' and workers' organizations with a view to discussing the most appropriate procedure for starting talks on the European Miner's Code.

534. The High Authority feels that, in the interest both of the men and of the collieries themselves, action will have to be taken in the matter of the Code, and that this can best be prepared by talks between the parties concerned.

Section 2: Housing

535. In 1962, a considerable number of financing operations under Schemes III and IV were completed, and preparations were made to launch a new Scheme V.

536. With the exception of one still outstanding in the Netherlands, all the financing operations under Schemes III and IV have now been carried out.

537. As regards both the total funds committed and the number of housing units to be constructed, Scheme V is the largest High Authority-aided building programme yet: it is a notable addition to the High Authority's work in this field, and is moreover of particular interest in that part of the appropriation has been specially earmarked

¹⁾ See Nos. 528 and 530 above.

to be devoted to improvements in housing design and layout and in estate planning.

Scheme V combines the twin aims adopted by the High Authority in its housing policy—to provide the best possible accommodation for the largest possible number of workers.

FINANCING OPERATIONS

Scheme III: Netherlands

538. On July 18, 1962, the High Authority took a final Decision concerning the financing operations needed to complete Scheme III in the Netherlands: it decided to grant three 25-year loans at 3½%, totalling Hfl. 6,750,000, to three Netherlands financing establishments. This sum, of which Hfl. 2,250,000 came from the Special Reserve¹⁾ and Hfl. 4,500,000 from loans, will part-finance the construction of about 650 dwellings for miners and steelworkers; additional amounts will be forthcoming from public funds, from the open money market, and from the enterprises. Of the High Authority's contribution, Hfl. 4,250,000 is to go to the coalmining industry and Hfl. 2,500,000 to the iron and steel industry.

Scheme IV: Germany and Luxembourg

Germany (Fed. Rep.)

539. On February 14, 1962, the High Authority allocated DM. 14,000,000 from the Special Reserve for housing for

¹⁾ The Special Reserve is made up of the proceeds of interest on bank deposits and investments, of fines imposed and of interest on arrears. Funds from this reserve are in the great majority of cases lent at round about 1%: the High Authority employs them to reduce the average rate of interest on the capital it contributes for building, which comes usually, in different proportions for different operations, partly from loans it has itself contracted and partly from its own resources.

miners in the coalfields of North Rhine/Westphalia (approx. 3,000 housing units), Lower Saxony (approx. 200) and the Saar (approx. 800).

Of this sum, it lent DM. 11,800,000 to the Wohnungsbauförderungsanstalt (Housing Promotion Office) of Land North Rhine/Westphalia, at 1% for 35 years, with an initial redemption-free period of five years. The Housing Promotion Office for its part is contributing DM. 23,600,000 at ½% interest, the whole sum of DM. 35,400,000 being re-lent at par.

The second loan of DM. 300,000 was granted on the same terms to the Braunschweigische Staatsbank, which is to supplement this with DM. 1,307,000 of its own.

The remaining DM. 1,900,000 was lent at 1% for 25 years, with an redemption-free period of 4 years, to the Saarbergwerke AG., the latter to provide a further DM. 5,962,000 free of interest.

Each of the three loans is guaranteed by the Land Government concerned.

The disbursement of the remaining funds set aside for Germany under Scheme IV was decided on May 30, 1962, the High Authority granting a loan of DM. 5,229,000 at 1% from the Special Reserve to the Bank für Gemeinwirtschaft AG., Düsseldorf. In addition, the welfare service of the German iron and steel federation, the Wirtschaftsvereinigung Eisen- und Stahlindustrie, has succeeded with the help of the Bank in raising DM. 29,572,500, at 5½%, from various German social-insurance organizations: the resulting total of DM. 34,801,500, re-lent at 5%, will make it possible to finance a programme for some 3,500 housing units, costing in all about DM. 130-140 million.

All the dwellings concerned are to be for steelworkers. Some 60% of them are priority requirements, to replace hutments, makeshift accommodation and slums; the remainder are to be built in areas where additional housing is needed owing to industrial expansion.

Luxembourg

540. On March 21, 1962, the High Authority decided to lend Lfr. 40 million (half from the Special Reserve and half from a loan raised in Luxembourg) towards the building of about 160 housing units for Luxembourg steelworkers. By this means it will be possible to meet applications from the communes of Dudelange, Esch-sur-Alzette and Schifflange, and to re-examine individual applications which could not be considered for inclusion in Scheme III.

The loan was granted to the Caisse d'Epargne de l'Etat at $3\frac{1}{4}\%$, for a period of 24 years and five months. It is guaranteed by the State. The end borrowers will pay interest of $3\frac{1}{2}\%$.

Schemes III and IV: Belgium, France, Italy

541. As was noted in last year's Report,¹⁾ the High Authority decided in the case of Belgium, France and Italy to make combined use of the funds still available under Scheme III and those provided for under Scheme IV.

Belgium

542. On January 16, 1963, the High Authority decided to grant two loans at $4\frac{3}{4}\%$ to the Société Nationale du Logement, one for 20 years and the other for $23\frac{1}{2}$.

These amount between them to Bfr. 450 million (Bfr. 380 million from borrowings and the rest from the Special Reserve): the Société is contributing the same, and the resulting total of Bfr. 900 million is to be used to finance the building of about 2,400 dwellings for miners and steelworkers.

¹⁾ See *Tenth General Report*, No. 579.

France

543. Early in 1962, a settlement was worked out for making up the time lost under Schemes III and IV as a result of changes since 1959 in the laws concerning loans by the *Crédit Foncier* and of difficulties encountered in raising the necessary additional funds in the capital market. The High Authority was required in particular to alter its financing arrangements in line with the system now in force in France.

On February 14, 1962, the High Authority set aside Ffr. 35 million as follows:

- (a) Ffr. 10 million towards the cost of building approximately 1,000 housing units for colliery workers;
- (b) Ffr. 25 million (over and above the Ffr. 5 million already lent for building at Dunkirk¹⁾) to part-finance about 3,000 housing units for steelworkers and iron-ore miners.

The projects submitted to the High Authority by the *Charbonnages de France* are of two kinds, firstly special schemes for building dwellings for miners transferred to the Tarn-colliery group in the Aquitaine coalfield, to the Cévennes and to Lorraine owing to production cutbacks, and secondly building for outright ownership. In each case it is planned to build about 500 dwellings: the High Authority is lending Ffr. 5 million for 35 years for the first set of projects and Ffr. 5 million for 20 years for the second, both loans being granted at 1% and guaranteed by the *Charbonnages de France*. The coalfield authorities and the housing associations are to re-lend the funds on the same terms; the breakdown of the second part of the loan, for owner-occupied housing, is as follows:

(Ffr. '000,000)	
Nord/Pas-de-Calais	1.2
Lorraine	3.0
Centre/Midi	0.8

¹⁾ See *Tenth General Report*, No. 579.

The High Authority's other loan of Ffr. 25 million, for the iron and steel and iron-ore sector, was granted at 1% for periods ranging up to 20 years to a bank specializing in building loans, the Caisse Générale de l'Industrie et du Bâtiment, which is re-lending the funds to various borrowers, including housing associations, enterprises and individual workers, at 1 $\frac{3}{4}$ % plus tax and processing fee.

Three-quarters of the 3,000 or so housing units concerned are scheduled for owner-occupation. The E.C.S.C. loan may be used to cover 15%, 25% or 33% of the total building costs, including site, according to the type of dwelling as defined under French law. In the first two cases the enterprise must contribute at least an equal amount, and in the third at least twice the amount, in the form of low-interest loans, either from its own resources or from its own borrowings' whatever the precise arrangement in this respect, these amounts must be made available on terms which will ensure that the rent or other cost to the ultimate occupier will not be unduly high.

Italy

544. On May 30, 1962, the High Authority decided to grant three loans for building in Italy.

Two of them come from the Special Reserve, and are to be repayable over 25 years at 1%. The first, of Lit. 1,400 million, is to the Istituto Case per Lavoratori dell'Industria Siderurgica, the Italian iron and steel industry's housing service in Rome; the industry is to furnish a further Lit. 3,880 million, giving a total of Lit. 5,280 million which will be used to finance the building of 1,300 housing units. In addition, the Minister of Public Works has at the High Authority's request arranged a 35-year State subsidy of Lit. 44,700,000 a year, under Act No. 195 of April 21, 1962, which will enable another 360 dwellings to be built in selected communes.

The High Authority's second loan, of Lit. 162,500,000, is to the Banca Nazionale del Lavoro, Rome, which is

doubling the amount and lending the resulting Lit. 325 million at 4% for the construction of 100 dwellings and three hostels.

The third loan consists of Lit. 30 million borrowed in 1957 by Finsider and since repaid: it has now gone to the Istituto Autonomo per Case Popolari, Genoa, as a supplementary contribution to the financing of 100 housing units now building in Genoa.

Together, these loans account for the whole of the High Authority's appropriations for Italy under Schemes III and IV. The financing operations there have thus now been completed so far as these two schemes are concerned.

One special point about them deserves mention: since the High Authority was unable either to mobilize the necessary additional funds on acceptable terms in the Italian capital market or to secure State participation in respect of all the building activity planned, it was obliged to turn to the enterprises instead. Accordingly, most of the extra capital is being furnished by the iron and steel industry itself; Finsider in particular is contributing substantially, with a view to enabling the interest rates to be reduced so that the instalments and rents for the dwellings can be fixed at levels the workers can reasonably afford.

SCHEME V

545. On May 23, 1962, the High Authority decided to launch a fifth building scheme.

Since most of the credits to be made available under this scheme will go, as before, to housing associations or financing houses which are not enterprises within the meaning of Article 80 of the Treaty, the Council of Ministers was asked for its consent under Article 54,2, which it duly gave on July 17, 1962.

Scale

546. The High Authority is planning, during the period up to June 30, 1965, to grant loans and guarantees to a total of 75 million dollar units of account, one-third to come from the Special Reserve and two-thirds to be raised in the capital markets of the member countries.

With the amounts which will be furnished by the housing associations, this is expected to make possible the construction of some 25,000 dwellings.

Objectives

547. The needs are now greater than those established by the survey on E.C.S.C. workers' housing conditions in 1958.¹⁾ Since then, new housing has of course been built, with and without High Authority participation, but on the other hand

- (a) some existing accommodation has deteriorated;
- (b) expanding and newly-installed enterprises have to provide accommodation for the personnel they recruit;
- (c) the turnover of manpower has been considerable.

Thus, firstly, it is essential to continue the process of replacing hutments and makeshift and slum accommodation by decent, modern dwellings—that is, up to present-day requirements as to sanitation, equipment and comfort—for workers compelled to live apart from their families, two or more families to a house, at an undue distance from their place of employment, or in conditions far too cramped for the number of people in the family.

Secondly, recruitment of skilled workers and competent managerial personnel for the iron and steel industry—and for the coalmining industry too—continues difficult, and experience has shown that the offer of a house is a definite draw.

¹⁾ See *Eighth General Report*, No. 162.

Thirdly, between January 1, 1958, and September 30, 1962, 848,000 E.C.S.C. workers left their enterprises and 605,000 others were signed on; for a large number of the new entrants extra accommodation is needed, within easy reach of their work.

The number of new dwellings at present required for personnel in the E.C.S.C. industries may be estimated at 280,000:

by reason of unsatisfactory existing housing conditions	180,000
by reason of establishment or extension of enterprises	40,000
by reason of turnover and normal replacement of personnel	60,000

The cost of building these 280,000 housing units would be something like 2,400 million units of account.

Special operation

548. Workers moving into new accommodation occasionally find they do not like it, so that it appears sometimes that the expenditure of effort has been wasted. In the main, the reason is either that the dwelling itself is in some way defective, that the housing estate or complex is insufficiently equipped in technical, economic, social and cultural respects, or that the essential facilities for a flourishing community life have not yet been completed.

Accordingly, the High Authority decided that part of Scheme V should take the form of a special operation to work out solutions to the various problems of a real drive for better living conditions, from the point of view both of housing design and of estate layout.

The special operation will comprise one complex of several hundred housing units in each country. Under the overall superintendence of the national building institutes, and in accordance with directives laid down by

the High Authority, the housing corporation for each complex will be responsible for providing simultaneously improved dwellings and improved estate amenities.

As regards improvements to the actual dwellings, special attention will be devoted to

- (a) the general equipment of the dwelling and its ancillary offices (kitchen, wash-kitchen, drying-room, etc.);
- (b) noise abatement (by soundproofing the buildings and by appropriate town planning);
- (c) the need to ensure that all the occupants can enjoy individual privacy or be together, as they wish;¹⁾
- (d) the need to make each dwelling adaptable to possible increases in the family, so that frequent moves can be avoided.

As regards improved general amenities, those in charge of the projects are required

- (a) to bear in mind the steady increase in the motor-vehicle park;
- (b) to provide the necessary premises and open spaces for recreation;
- (c) to see that conditions are suitable for children (safety on the way to school, playgrounds);
- (d) to see that the occupants of the complex have a chance to contribute towards the improvement of living conditions (premises and spaces to be provided for instituting further amenities).

The housing associations which agree to take part in the special operation will of course incur higher study and planning costs, and higher actual building costs, than the rest; the High Authority therefore intends to allow them additional financing facilities.

¹⁾ Quiet and privacy are particularly important in the case of workers employed in the continuously-operating services, as their off-duty periods are extremely variable.

The High Authority's departments are now working, in close co-operation with the national building institutes, on the preparations for the special operation in the different Community countries; a start has been made on locating appropriate sites and selecting the housing corporations, architects and town-planning experts to be employed.

Working parties have been specially set up in each country to conduct the preparations at the national end: the chairman of each is the head of the building institute concerned, and the members include representatives of the national and local authorities and of the housing corporation, the architects and town-planning expert, advisers on specific questions, and at least one housewife.

Financing operations

549. The first financing operation under Scheme V is taking place in Luxembourg. On January 16, 1963, the High Authority decided to lend Lfr. 10 million at $3\frac{1}{4}\%$, repayable over 24 years, to the Caisse d'Epargne de l'Etat, which is to re-lend this at $3\frac{1}{2}\%$. The funds come half from the Special Reserve and half from borrowings, and will be used to build about 200 housing units for steelworkers, which will include the Luxembourg portion of the special operation.

RECAPITULATION OF THE HIGH AUTHORITY'S ACHIEVEMENTS TO DATE WITH REGARD TO HOUSING

550. From the date when it first embarked on the promotion of residential building for the benefit of workers in the E.C.S.C. industries up to January 1, 1963, the High Authority contributed financially, under Experimental Schemes I and II and its first four major loan-aided schemes, to the construction of 66,896 dwellings, of which 41,071 are to be rented and 25,825 to be ultimately owner-occupied.

At January 1, 1963, 47,318 of these dwellings were completed, 12,187 building and 7,391 "in preparation".

TABLE 112

Operational Position of Experimental Schemes I and II and Loan-Aided Schemes I-IV

at 1. 1. 63

Country	No. of dwellings financed	of which:		
		in preparation	building	completed
Germany (Fed. Rep.)	52,477	6,781	8,758	36,938
Belgium	3,227	12	1,016	2,199
France	5,856	520	1,203	4,133
Italy	3,523	62	900	2,561
Luxembourg	339	16	58	265
Netherlands	1,474	—	252	1,222
Community	66,896	7,391	12,187	47,318

At the same date, funds made available for the building of these 66,896 dwellings—out of the High Authority's own resources, loans contracted by it and additional moneys mobilized at its instigation—totalled 162,950,000 units of account.

TABLE 113

Financial Position of Experimental Schemes I and II and Loan-Aided Schemes I-IV

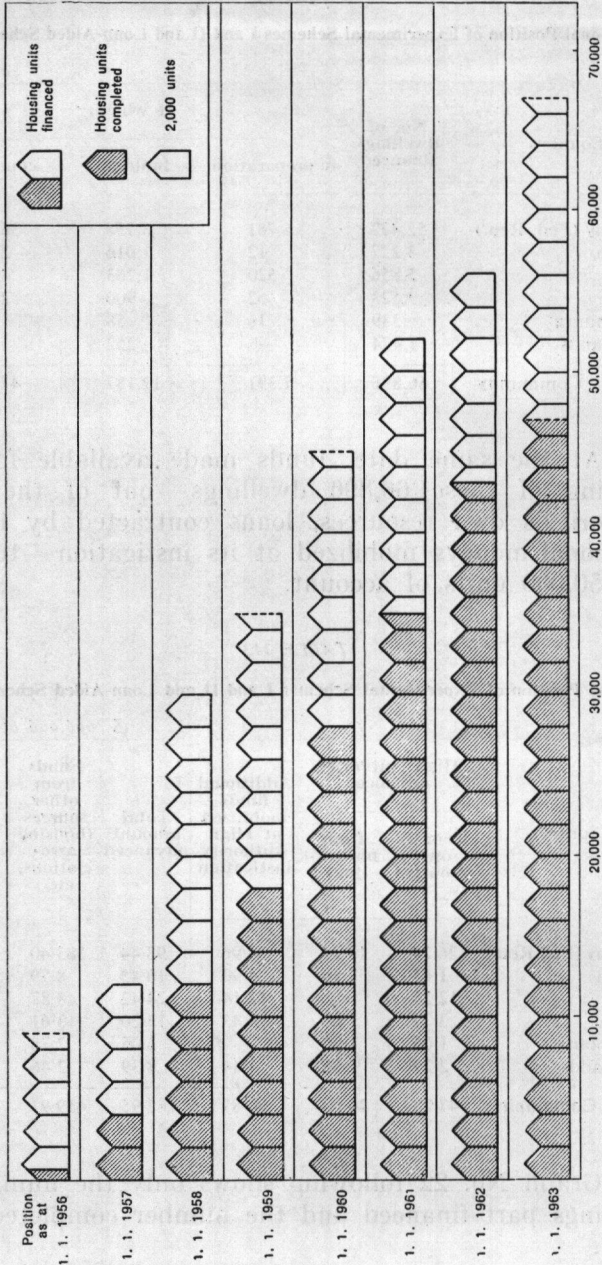
(\$ '000,000 at 1. 1. 63)

Country	High Authority advances		Additional funds mobilized at High Authority instigation	Total amount advanced	Funds from other sources (housing associations, etc.)	Total cost of dwellings built
	from its own resources	from borrowings				
Germany (Fed. Rep.)	26-24	13-24	58-96	98-44	383-40	481-84
Belgium	1-65	7-90	6-90	16-45	8-79	25-24
France	12-28	—	12-14	24-42	48-87	73-29
Italy	3-77	1-00	8-43	13-20	13-61	26-81
Luxembourg	1-05	1-00	—	2-05	2-78	4-83
Netherlands	2-29	1-66	4-44	8-39	2-46	10-85
Community	47-28	24-80	90-87	162-95	459-91	622-86

Graph No. 22 following shows only the number of dwellings part financed and the number completed.

GRAPH No. 22

The High Authority's Contribution to the Financing of Workers' Housing



Section 3: Industrial Health, Medicine and Safety

551. The numerous working parties which the High Authority has organized in connection with the research it is subsidizing, consisting of experts and research workers in a wide range of fields, continued to meet regularly in furtherance of the scientific co-operation which has been established, and received interim reports on the first results of the research now in hand.

Most of these results were described in a progress report issued in September 1962, *Etat des Travaux de Recherche Relatifs à la Sécurité, à l'Hygiène et à la Médecine du Travail dans la Communauté et Bénéficiant des Aides Financières de la Haute Autorité*.¹⁾ We here list some of the more outstanding.

552. With regard to dust suppression and prevention in the pits, a number of improvements were made in the methods and appliances used in water infusion, particularly in awkward seams (faulted, dirty or liable to sudden outbursts of firedamp).

553. A researcher reported that a product recently developed had been found, if administered before pneumoconiotic symptoms developed, to have a preventive effect in experimental silicosis in the rat.

The specialists' views on the development of silicosis came, generally speaking, noticeably closer to agreement—

¹⁾ Other activities by the High Authority on the information side included:

- (a) regular issue, to research centres, industrial medical officers, safety engineers and experts in the employers' and workers' organizations, of special reprints of articles by researchers describing the results of their work;
- (b) a meeting of the Working Party on Provision of Information to Works Medical Officers;
- (c) preparation, for publication in the first quarter of 1963, of the report on the Seminar on Pneumoconiosis organized by the High Authority on November 16 and 17, 1961 (see *Tenth General Report*, No. 605).

a sign, in such a complex subject, of advancing knowledge.

At the congress of leading European specialists in the pneumoconioses which met in Münster from April 3 to 5, 1962, many delegates were at one with last year's General Report¹⁾ in emphasizing the need for organized liaison between the medical and the technical prevention services.

The congress also confirmed the Report's point¹⁾ that fewer new pensionable cases of silicosis were now being recorded in a number of Community coalfields. The general impression from the contributions and discussions was that research on silicosis was progressing well, and that much more effective prevention and treatment were now possible. Also, with dust conditions changing as a result of preventive action, the disease itself appears to be altering, taking longer to develop: thus one specialist reported that the transition from the simple to the complicated form, which used to average about ten years, now occurred considerably later, sometimes taking as long as thirty years.

554. New methods of treatment, such as a combination of respiratory stimulation and oxygen therapy, afford substantial relief in serious heart cases due to advanced pneumoconiosis and emphysema.

555. Major strides are being made on burns, and decisive results may be expected in the next few years.

556. With regard to spinal injuries, a Netherlands expert reports that thanks to the rehabilitation techniques evolved, more than 50% of the paraplegics examined for the purposes of a statistical survey were able to find employment.

557. Artificial arms have been developed which are sufficiently mobile, light and sturdy for the wearer to follow an occupation.

¹⁾ See *Tenth General Report*, No. 605.

FINANCING OPERATIONS

558. During the period under review, the High Authority decided to allot out of the 1957 and 1960 appropriations a total of 332,087 dollar units of account for 38 research projects. 21 of these are new, and 17 continuations of earlier work which had yielded particularly promising interim results.

The fields concerned include

- (a) dust prevention and suppression in the iron and steel industry;
- (b) diagnosis of silicosis (including in particular the diagnostic value of the diffusion capacity of the lung);
- (c) rehabilitation of victims of silicosis, traumatic injuries, (knitting of fractures, treatment of cranial and spinal injuries, repair of nervous lesions) and burns (in particular, toxic effects);
- (d) working environment (high temperatures, noise abatement);
- (e) human factors affecting safety.

559. In addition, the High Authority concluded a contract with the Union Sidérurgique du Nord de la France ("Usinor") for the study of a process for the elimination of dust from converter smoke, to be tried out at Usinor's new plant at Dunkirk. The special feature of this process is that the gases, which have a high carbon-monoxide content, are collected inside the converter prior to combustion, with the result that the amount of gas to be scrubbed is smaller.

Several similar projects are under examination.

NEW PROGRAMMES

560. The various committees which advise the High Authority on the scientific and practical value of researches

proposed stated their views, according to their respective terms of reference, concerning matters in connection with the continuance of the programmes in hand on dust prevention and suppression in the mines, dust prevention and suppression in the iron and steel industry, industrial medicine, traumatology, rehabilitation and human factors affecting safety.

Detailed discussions were also held on new programmes for each of these fields.

Dust prevention and suppression (mines)

561. There would obviously be no point in conducting research the results of which would be rendered obsolete in a few years' time by the changes in mining techniques. The projects for the new programme have thus been selected with an eye on the long-term trends in the working of the coal and iron-ore mines—in the main, concentration of operations (workplaces, districts and pits) and further mechanization.

In view of the capital cost involved, modern coal-winning machines have to be used in several shifts, which makes dust prevention more important than ever. Also, mechanization and concentration are resulting in higher daily rates of advance, necessitating appropriate action to deal with the dust hazard, and, in particular, increased resort to water infusion in the solid.

It is considered essential that the fundamental and applied research under the new programme should go thoroughly into the problems of mechanization (and especially of the latest machinery), and into dust-control methods as far possible independent of the rate of extraction. Two such methods, remote infusion¹⁾ and advance remote infusion,²⁾ are regarded as particularly deserving of further attention.

¹⁾ Infusion from a distance once a week (*e. g.* on an off day).

²⁾ Infusion of a whole panel before the working goes into production.

Another major item in the new programme is to be detailed research on the mineralogical characteristics of dust: dust analyses furnish most valuable information for the prevention of pneumoconiosis.

In addition, studies are to be continued on the effects of dust conditions in the mines on the men's lungs,¹⁾ in order to calculate the concentrations of ambient dust beyond which there is a danger of pneumoconiosis developing or worsening.

Dust prevention and suppression (iron and steel industry)

562. The new research programme on prevention of air pollution by iron and steel plants is designed both to continue the work already undertaken and to tackle the new problems arising as a result of changing production methods.

Industrial medicine

565. The new programme centres on the practical applications of the results of the earlier fundamental studies. With the advance in knowledge, interest is now more focused on applied research concerning appropriate job adaptation of equipment and workplaces.

Both in the mines and in the iron and steel industry, this problem is much affected by the revolution in working methods and the mechanization of the production processes, which between them are radically altering the physiological character of the working conditions. As the effects of these changes are still largely unknown, several different branches of science will need to be associated in the research planned on the subject.

¹⁾ Statistics on the degree and kind of dust exposure suffered by miners are compared with the results of the same men's medical examinations to establish correlations, if any.

Improved knowledge of physiological and psychological conditions will make for better design and layout of equipment and workplaces, with the men spared much discomfort and danger to health, and the enterprise enabled to make more efficient use of its costly equipment.

Traumatology and rehabilitation

564. It is considered essential that rehabilitation should be placed on a sounder scientific basis; this necessitates intensified research on traumatology, and special study is therefore to be devoted to the diagnosis and treatment of lesions.

As regards rehabilitation itself, attention will be focused on the physiological and psychological factors on which its success depends, and in particular on the further development of the various techniques enabling the subject himself to take an active part in the process.

Human factors affecting safety

565. Further attention is to be given under the new programme to safety aspects of personnel selection and training, and especially to co-operation from the safety angle between training officers and those in charge of the practical exercises and demonstrations: the safety principles inculcated in training must be properly adapted to the conditions under which the practical exercises take place, and the exercises must not allow the theory training acquired to melt away again.

A point which has been causing some concern is that personal protective appliances, though known to be effective, are little used by the men even where the management insists. This is due to three factors: the provision of these devices still presents some problems, they are not available in a sufficiently large range of sizes, and they are not adapted to the many different duties the worker

usually has to perform in his particular job. Research is therefore to be devoted to the improvement of personal protective equipment.

The new programme also includes studies on

- (a) group aspects of safety;
- (b) problems in connection with the work load and allocation of breaks;
- (c) psychological factors in accident prevention.

Point (a) covers in particular requirements as to the make-up and stability of working teams, their homogeneity as regards language, training, etc., and leadership. Under point (b), the subject of working hours is to be examined in relation to the day, and also to the cycle of continuous operation. Point (c) concerns the worker's relation—having regard to his physical, physiological and psychological capacities—to his equipment, his environment and his particular duties, the aim being to enable equipment and working methods to be planned as far as possible to suit the individual.

RESEARCH POLICY

566. On June 13, 1962, the High Authority approved a memorandum on the promotion of studies and research on industrial safety and health.

567. This contains an account of the High Authority's activity in this field to date, and an outline of what it is planning to do in the future. In addition, it describes the High Authority's admittedly, at first glance, somewhat intricate system of prior consultations.

Anxious though it is to expedite the drafting and implementation of the research programmes, the High Authority is most careful not to risk impairing their scientific and social value, and hence devotes meticulous attention to the establishment of the outline objectives

and selection of the individual projects. This detailed programming, in co-operation with employers', workers' and Government representatives and leading experts, ensures that the funds available will be used to the best advantage and the research conducted with the best prospects of success.

The various committees set up by the High Authority also promote scientific co-operation and the co-ordination of the work in progress in the different member countries.

568. The memorandum deals at some length with an innovation which is to be applied in practice for the first time under the new programmes just described.¹⁾ While the principles and objectives of the High Authority's research policy have not altered appreciably since it started its activities in this field in 1955, a change has now been made as regards the launching of projects.

There are now two separate procedures:

- (a) in the case of complex research requiring highly-specialized equipment, the High Authority will approach direct the research centres it considers best qualified to undertake the work in question;
- (b) in other cases, it will, as before, publish outline programmes, with reference to which any centre or organization may submit projects.

569. During the years it has been active in the field of industrial safety and medicine, the High Authority has been able to assemble detailed information on the centres which make it their rule or practice to concentrate on research connected with the special problems of the mining and iron and steel industries. It is therefore reasonable that it should ask these direct to submit suitable projects, rather than invite tenders generally and then go through the long and complicated selection procedure.

¹⁾ See Nos. 561-565 above.

However, the High Authority is not confining itself to this type of direct approach: through its second system of open outline programmes it is able to secure the co-operation of other centres, many of which, such as the University research institutes, are eminently fitted, by the quality of their equipment and staff, to render valuable services.

570. The new procedure will make for greater regularity and stability in the High Authority's subsidization arrangements, and appreciably shorten the time taken for the funds to reach the research centres.

Section 4: The Mines Safety Commission

THE COMMISSION'S TERMS OF REFERENCE

571. On February 7, 1962, 299 lives were lost in the Luisenthal pit disaster at Völklingen in the Saar; on March 9 another accident occurred at the Sachsen colliery, Heessen, Westphalia, in which 31 miners were killed.

572. The two disasters of 1962 once more highlighted the problem of the Mines Safety Commission's powers and terms of reference. A series of efforts to tackle the subject have been made by the European Parliament, the mine-workers' unions and the High Authority.¹⁾

573. The European Parliament

- (a) expressed approval of the German authorities' action in permitting the High Authority and the Commis-

¹⁾ The problem had already been discussed by the Commission, which at its meeting on December 12, 1961, adopted in principle a working programme which included comparative examination of the safety regulations in force in the member countries and Britain, further compilation and evaluation of statistics, establishment of a standard presentation for accident reports, organization of more systematic exchanges of experience and information, and promotion of research.

sion to take part in the inquiries into the causes of the Völklingen accident;

- (b) urged that the other Governments should in future do the same in the event of major accidents;
- (c) on February 22 passed a Resolution as a result of which the chairman and officers of its Health Protection Committee approached the Governments, on behalf of the President of the European Parliament, asking them to afford the Commission the additional facilities it needed to discharge the functions they had themselves laid upon it, by giving it certain powers of supervision in respect of safety arrangements in mines, and in particular by enabling it to take part in inquiries into the causes and circumstances of serious accidents.

574. The workers' representatives on the Commission and the mineworkers' unions urged that the Commission be given the proper facilities, and repeatedly called for the broadening of its terms of reference.

On the latter point, the German mineworkers' union, I.G. Bergbau, has declared

- (a) that miners should be protected against the disease as well as against the accident hazard, the one claiming quite as many victims as the other;
- (b) that in the field of occupational diseases also practical arrangements should be made, over and above the High Authority's work in aiding research, for regular comparing of notes by all concerned;
- (c) that the Commission's work has shown the substantial practical results that can be achieved by these means.

575. The High Authority at its meeting on June 26 agreed its policy with regard to the Commission's powers and terms of reference.

576. The High Authority will give the fullest support to the representations being made by the European Parliament.

It agrees that the Commission should be empowered to verify for itself, on the spot, what is being done to implement its recommendations and those of the Conference on Safety in Coalmines,¹⁾ and what the position is as regards safety problems arising and arrangements made to deal with them, and should also take part in inquiries conducted by the national authorities.

The Commission's aim would be to assemble relevant particulars: its representatives would not seek to assign responsibility for any given accident, but would simply investigate the causes and circumstances, with a view to preventing its recurrence. The High Authority considers that checking for compliance with national regulations should continue to rest solely with the authorities of the respective countries, without outside intervention of any kind.

577. The High Authority is aware that there is a certain disparity between the means of action open to the Community in the matter of sickness prevention on the one hand and accident prevention on the other: while it can promote research in both fields, its Mines Safety Commission can confer only on the subject of accidents, with the object of drafting recommendations or directives for submission to the Governments or enterprises concerned.

The High Authority has accordingly instructed its departments to examine with the Government authorities and the employers' and workers' organizations the various problems likely to arise if the Commission's terms of reference were extended to include the subject of occupational-disease hazards.

¹⁾ The Conference, which was convened by the High Authority following the Marcinelle disaster, met from September 1956 to January 1957, and issued some 300 recommendations.

*WORK OF THE COMMISSION**Plenary sessions**Session of March 26, 1962*

578. As soon as sufficient details were available on the Völklingen and Heessen disasters, the High Authority convened an extraordinary session of the Commission, at which the reports of the German Government representatives were discussed. As the investigations were still in progress, these reports were provisional only: however, they confirmed that the risk of explosion (of firedamp or dust) was still the paramount problem, and drew attention to the various new facets now presented by that problem in consequences of changes in coal-winning methods.

The Commission accordingly decided to make a special study of the whole question.

Session of November 27, 1962

579. The Commission adopted

- (a) recommendations on the protection of electrical systems below ground against fire and firedamp-explosion, and on sudden outbursts of firedamp;¹⁾
- (b) a report on rescue arrangements in the Community countries and Great Britain in 1960, following on the report adopted on December 20, 1960;²⁾
- (c) a resolution asking the High Authority to furnish a grant for research on the physiological effects of the respirators worn by rescue workers.³⁾

¹⁾ The recommendations are accompanied by an explanatory report.

²⁾ See *Ninth General Report*, No. 524.

³⁾ The resolution is accompanied by an explanatory report.

The Commission also decided on the practical arrangements for carrying out the new programme (on the prevention of firedamp and dust explosions, prevention and sealing-off of districts and workings) which it had instructed the secretariat to draw up following the discussion of the preliminary reports on the Völklingen and Heessen accidents.

In connection with the new programme, the High Authority has allocated funds for a comparative study of the enactments and regulations in force in the Community countries and Britain concerning ventilation, firedamp and explosive dust. This is to be the High Authority's own contribution to the Commission's detailed examination of the subject, and will, it is hoped, prove helpful and instructive to the experts on the spot in the coalmining industry.

Working parties

580. 1962 saw intensified activity on the part of the four working parties responsible for the study of human factors; whereas in 1961 only the Working Party on Medical Problems of Safety Policy had been able to prepare draft resolutions,¹⁾ during 1962 and in January 1963 the other three working parties and their sub-committees met in all on seven occasions.

In particular, a recommendation has now been prepared concerning the determination of permissible atmospheric conditions beyond which, except in special cases, underground workings should be closed to human occupation for health and safety reasons, and of atmospheric conditions beyond which special precautions should be taken before personnel are permitted to work in the area or to be present there for any length of time. In this connection, it is recommended that arrangements should be introduced

¹⁾ See *Tenth General Report*, No. 618.

- (a) to effect special medical examinations in line with the environmental conditions concerned;
- (b) to select with care the personnel to be assigned for duty in such conditions;
- (c) to impose restrictions on the total amount of time to be spent there;
- (d) to regulate any piece work to be performed there.

The recommendation is to be accompanied by a report explaining the suggestions in more detail: it is emphasized that action needs to be taken without delay to afford miners employed in hot workings all proper safeguards indicated by the present state of knowledge concerning work at high temperatures, and that the arrangements made should be reviewed from time to time as medical knowledge on the subject progresses.

The Commission may be expected to add further recommendations as to research which could usefully be undertaken to assist such progress.

581. The various working parties on technical problems and on rescue arrangements produced drafts which were adopted by the Commission at its session of November 27, 1962.¹⁾

In addition, they continued their studies—in several cases mounting practical experiments with financial assistance from the High Authority—on the matters listed in last year's Report.²⁾ The earlier report on the establishment of criteria respecting non-flammable fluids for mechanical transmission and the tests to be effected was thoroughly revised in consultation with representatives of oil and lubricant chemicals and mining-equipment manufacturers (technological criteria and flammability tests) and with medical experts (hygiene tests).

The same group of working parties agreed the schedule and implementation arrangements for a research

¹⁾ See No. 579 above.

²⁾ See *Tenth General Report*, Nos. 615 and 616.

project and a series of tests to be carried out with the aid of two High Authority grants.

Heat tolerances

582. The High Authority approved the application commended to it by the Commission for a grant to the Centre National de Coordination des Centrales de Sauvetage in Charleroi,¹⁾ for research on the development of a simple method of establishing whether rescue workers and prospective rescue workers are physically capable of enduring intense heat. The results may also suggest possible ways of improving the directives now in force concerning rescue action in hot and humid atmospheres.

The amount of the grant is to be 6,000 units of account.

Firefighting in deep shafts

583. The High Authority also agreed in principle to make a grant for practical experiments in connection with spraying as a means of firefighting, and with the disruptive effects of the fire and/or of the spraying itself on the ventilation system.²⁾ The problems involved are still largely obscure, but are nevertheless of major importance.

Thus a wrong move during the rescue operations can have the most serious consequences, being liable in particular to propel noxious fumes into workings hitherto free of them. Again, an open fire interferes with ventilation, sometimes so much so as to reverse the air-current in whole districts or even throughout the mine: this can endanger men originally not immediately involved, and certainly affects the firefighting operations. In whatever prompt emergency action is taken, the risk of a reversal must be

¹⁾ See *Tenth General Report*, No. 612.

²⁾ See *Ninth General Report*, No. 517.

borne in mind, for the sake not only of the safety of the rescue personnel but also of fully effective organization of the firefighting operations, inasmuch as fires in workings have normally to be attacked from windward.

As the experimental mines have no shafts deep enough for the purpose, the projected tests could only be conducted under real-life conditions in pits taken out of production.

INFORMATION WORK ON BEHALF OF THE COMMISSION

584. The Commission came to the conclusion some time ago that the results of its activities ought to be made available on a wider basis.

In December 1961 it made definite plans for this to be done, and also for more extensive contact to be instituted with the industry: it expressed the view that information sessions should be held for various categories of specialized colliery personnel, such as chief safety engineers, under-managers, electrical engineers, heads of psychotechnical departments, personnel managers, training officers, medical superintendents and so on.

As part of its general information work, the High Authority has already, in co-operation with the trade unions and with the assistance of members of the Commission, organized a number of information sessions for miners' delegates with special responsibilities in matters of mine safety. The delegates examined various problems which had been before the Commission.

An account of the session held in 1961 was given in last year's Report.¹⁾

585. In 1962, the High Authority organized two further sessions. The first, which took place on December 5 and 6,

¹⁾ See *Tenth General Report*, No. 619.

was attended by some 80 workers (for Belgium, members of safety and health committees, for France, miners' delegates, and so on), who studied the activities, powers and terms of reference of safety delegates and committees in collieries, and arrived at a number of conclusions, including the following:

- (a) that in all member countries the workers should have a permanent voice in mine safety organization and inspection, at all levels;
- (b) that all nominations for supervisory appointments in connection with safety should be made by the unions;
- (c) that the number of such appointments should be adequate to ensure effective safety supervision;
- (d) that there should be closer co-operation between the national safety inspectorates and the Commission, with a view to the progressive lining-up of the arrangements in the different countries.

The delegates further urged that the Governments consider setting up joint commissions of Members of Parliament and experts from the employers' and workers' organizations, on the lines of those existing in Land North Rhine/Westphalia and the Saar, to work out practical arrangements for co-operation with the Health Protection Committee of the European Parliament.

The second 1962 session was attended by 20 members of the European Federation of Associations of Safety Engineers and Heads of Safety Departments, from the member countries and from Austria, Switzerland and Sweden. They were given accounts of the work of the Commission, and also of the High Authority's activities in connection with research on dust prevention and suppression in the coal and steel sectors, industrial medicine and human factors affecting safety.

SAFETY EQUIPMENT COMPETITION

586. As was noted in last year's Report,¹⁾ the High Authority accepted the suggestion by the panel of judges and the Commission that the closing date of the competition should be deferred in the case of the category "threshold-value oxygen indicators", for which no award had been made; the new closing date is April 27, 1964. The High Authority is offering 70,000 dollar units of account in prizes.

587. The panel laid down the technical requirements which the devices must satisfy, and these were published in the *Official Gazette* of the Communities.²⁾

¹⁾ See *Tenth General Report*, No. 608 and fn.

²⁾ See *Journal Officiel des Communautés Européennes*, August 27, 1962 (fifth year, No. 77).

ANNEXES

I

ANNEX ON RESEARCH

TECHNICAL RESEARCH: COAL¹⁾

I. Coal research promoted by the High Authority

1. If the Community coalmining industry is to succeed in its drive to secure an equitable share of the Community energy market in the future, it absolutely must, firstly, keep production costs, and thus selling prices, as low as possible, and secondly, bring its products, whether in solid or in valorized form, as far as possible into line with consumer preferences: that is, it must offer real quality and — especially in the case of household fuels — all the latest advantages as regards convenience of handling.

These two requirements govern the whole line of research to be followed. The High Authority's work in this connection was broadly outlined in last year's General Report²⁾: we here append a somewhat more technical account of the projects conducted with its assistance in the year under review. These fall under three main heads, production techniques, coal valorization, and coal utilization.

HIGH AUTHORITY-SPONSORED RESEARCH ON PRODUCTION TECHNIQUES

Safety equipment competition

2. Prizes were offered for the best new or improved designs for indicating and recording devices, to help prompt detection of any danger of fire or explosion below ground

¹⁾ See also Chapter IV, 4 above.

²⁾ See *Tenth General Report*, Nos. 332-350.

by instant registration of carbon-monoxide and methane concentrations and oxygen deficiency in the atmosphere, and also for self-rescue equipment affording the wearer full protection against noxious gases and/or oxygen deficiency.

The prototypes received were subjected first to laboratory tests and then to six months' practical trials below ground, and eight awards were made, for two portable methanometers, one portable methane detector, three carbon-monoxide recorders and two self-rescue sets. The self-rescue appliances, though representing a major advance, were still not absolutely ideal in all respects; the other prizewinning entries, however, fully met requirements for practical employment below ground.

None of the oxygen-deficiency indicators entered was judged satisfactory. The High Authority therefore decided to defer the closing date for this category, and new conditions were worked out. 70,000 dollar units of account were set aside (out of the total prize money of 200,000) to be awarded in the event of suitable prototypes being submitted by the new closing date.

Sudden outbursts of firedamp

3. Joint research on this subject has been going on for some years, conducted originally by the French and Belgian central coal research establishments, and since 1962 also by their Netherlands counterpart, the Centraal Proefstation, at Treebeek.

The object is to investigate the conditions under which outbursts occur, and to develop methods and devices for detecting the danger in advance. It is hoped to devise really effective preventive measures, which will at the same time substantially reduce the economic burden involved: up to now seams liable to sudden outbursts have been difficult to work satisfactorily, as it has not been possible to concentrate and mechanize winning to the extent desirable.

On the basis of a comprehensive survey and analysis of outbursts in recent years in France and Belgium, the two research establishments drew up a carefully co-ordinated joint programme, which was extended in 1962 to incorporate the parallel research being carried on in the Netherlands. Microseismic, geophonic, manometric and thermometric instruments and apparatus, and technical appliances for investigating the structure and desorption capacity of coal subject to sudden outbursts, were adapted or specially devised in line with the purposes of the research, and numerous improvements made in convergence measurements, which are also of the greatest importance in this connection.

Trials were carried out below ground in a number of mines liable to sudden outbursts with two new forms of preventive action, bottom slushing of seams and large-hole drilling for destressing purposes. The former proved effective in cross-cut drivage through gassy seams, and the latter (consisting in drilling 115 mm. destressing holes) both in roadway and cross-cut drivage and in coal winning in longwall workings. In some cases this method enables power cutters and loaders to be used even in workings where no mechanical winning has hitherto been possible at all owing to the risk of outbursts.

It was accurately established how far sudden outbursts and normal methane emission are governed by variations in barometric pressure, and also to what extent degassing and destressing are affected by the working of neighbouring seams.

Information of considerable importance for purposes of ventilation, and of work organization generally, was obtained by recording over a long period the amounts of gas present in workings where the gas emission varied from 20 to 120 cu. m. per metric ton, taking into account both intrinsic and extrinsic factors.

The research in the Netherlands is at present concentrated on gas pressure in the coal and adjacent rock and on the rate of gas emission, pressure fluctuations being continuously recorded on sensitive microseismographs.

Assistance granted by the High Authority to date for this joint research, counting the work in the Netherlands, totals 1,222,390 units of account.

Presence and emission of methane

4. This project (relating not to "sudden", *i.e.* largely unpredictable outbursts of gas but to the regular seepage which occurs in varying degrees in all mines) is also a joint one, conducted by the four central coal research stations of the Community countries, among whom the work has been apportioned in accordance with the particular operating and geological conditions obtaining in their respective areas.

Methane, which is formed in all carboniferous strata by the coalification process itself and infiltrates continuously into the mine workings, more especially in consequence of coal-winning operations, combines with air to produce an explosive mixture which is a constant danger to the underground personnel and to the conduct of operations. The safety regulations and preventive measures which the industry is consequently obliged to institute have the effect of limiting the amount it can do to step up productivity by means of concentration, mechanization and electrification.

The object of the research is to ascertain

- (a) the mechanics of the process whereby methane is released from the coal and the surrounding strata (taking due account of the physical, chemical and mechanical properties of both);
- (b) the effects of natural factors, such as the composition of the coal, its gas content, the depth at which it is mined, and the geological and tectonic structure of the deposit;
- (c) the effects of operational factors, such as the winning method employed, daily rate of advance, and support, stowing and ventilation systems in use.

Efforts are being made to evaluate the gas content of the strata from measurements of the void content, permeability, gas pressure, volume and rate of emission, shape and size of the coal measure concerned, and length and dimensions of the channels by which the gas migrates through the coal measure.

First of all, appropriate methods and apparatus were devised or specially adapted for the purpose. The research proper consists firstly in fundamental laboratory studies (*e.g.* establishment of the adsorption isotherms for different types of coal at different pressures and temperatures, rates of adsorption and desorption, displaceability or otherwise of the gas from the coal or rock by other gases or by water) and secondly, at a later date, in the practical checking of the results and conclusions by measurements below ground, which should in addition throw light generally on the laws governing the presence and emission of methane in coal measures, taking into account the various natural and operational factors involved.

Assistance furnished by the High Authority for this project totals 1,288,000 units of account.

Strata pressure

5. This project has also been undertaken jointly by the central research establishments of the four coal-bearing countries of the Community under a specially co-ordinated programme. Its object is the scientific investigation and accurate measurement of strata movements, stresses and strains produced in roadways in the coal and rock as a result of coal-winning operations, with a view to establishing the shape of roadway cross-section and the methods and types of roadway support best suited to the particular geological and stratigraphical conditions concerned.

In various Community coalfields, selected as presenting widely-differing stratigraphical and operational conditions, portions of underground roadways have been laid out in premeasured sections equipped with hydraulic

supports of varying design spaced out in a number of predetermined patterns, so that the strata movements, stresses and resistances can be accurately measured in accordance with the roadway cross-section and type of support concerned.

Results to date include the following:

- (a) methods have been devised for calculating in advance
 - (i) the probable degree of deformation in the gate roads according to the thickness of the seam and type of support,
 - (ii) the necessary number and load-bearing capacity of the supports,
 - (iii) movements, stresses and strains within the strata;
- (b) it has been established that the shape of the roadway cross-section is governed primarily by the geological and stratigraphical structure of the surrounding strata and by whether other coal-winning operations have been or are being conducted in the neighbourhood, and only in a comparatively minor degree by prop density;
- (c) various points have been noted with regard to the effects of roof, floor and wall bolting on roadway stability;
- (d) it is now recognized that convergence is not the only aspect to be considered in judging the effectiveness of roadway support;
- (e) new knowledge has been gained concerning the influence of support resistance on the improvement of the roof.

Fully-mechanical roadway tunneller

6. This project, for which the High Authority has contributed 856,000 units of account, is being conducted jointly by the Steinkohlenbergbauverein, Essen, the Houillères du Bassin de Lorraine and a German firm specializing

in large-hole drilling equipment. The aim is to develop a fully-mechanical roadway tunneller which will cut a circular section road up to 4 metres in diameter through any type of carboniferous rock and simultaneously evacuate the rock drillings.

The prototype of the machine to be used in the Ruhr was ready early in 1962 for its underground trials at the Prosper pit. A number of technical hitches occurred, in connection with the coupling of one of the hydraulic motors, the cutting head and the planetary gear, and with the evacuation of the drillings, but were successfully disposed of. The highest rate of advance achieved was 90 cm. an hour; however, as this could not be kept up continuously, and is in any case not the target figure (which is at least 200 metres a month in two daily shifts), further work is now being devoted to improving the cutting method and the shape of the cutting picks. This of course means that more money and time will have to be spent on the project than had originally been planned.

The completion of the second tunneller, which is to be used in Lorraine, is being deferred until the machine for the Ruhr is up to requirements; the Lorraine coalfield (where the rock is exceptionally hard) will then have the benefit of a tunneller which, while for most practical purposes already perfected, can thus in addition incorporate all relevant improvements made to the Ruhr tunneller.

Coal-winning machine for use in faulty seams

7. This project, which is to be undertaken by the Staatsmijnen in Limburg, is aimed at the development of a coal-getting machine which by combining the cutting and stripping methods will permit the mechanization of winning even in tectonically faulted seams. The work is still in the preparatory stage. The High Authority has set aside a contribution of 386,000 units of account.

Fully-mechanical face support

8. Several different types of mechanical face support have been introduced in Community collieries in the last few years, but in most cases have not proved fully satisfactory. It is therefore planned to develop new ones, usable even in awkward geological conditions: these are to be first studied on test benches and scale models at the surface—which should, as careful account will be taken of the conditions obtaining in practice below ground, yield useful indications as to the behaviour and suitability of the new designs and materials at substantially lower costs than immediate underground experiments would involve—and then, after these studies have been systematically completed, given practical trials below ground.

The surface experiments are being carried out with 1:10 model faces faithfully reproducing the strata conditions concerned: the coal is won in the same way as in actual operations, while the models are subjected to mechanical stresses so that the behaviour of the strata and supports can be observed and all deformations and rock movements and pressures recorded.

In addition, individual tests are being effected both with complete support assemblies and with the various components—props, valves, pumps, conduits and so on—to detect any shortcomings in design or faults in the materials used.

Much of value for further progress in the construction of supports is being learned from these two series of experiments. Moreover, both the scale model and the test benches are at the disposal of all Community collieries and mining-equipment manufacturers should they wish to make use of them: these central testing facilities will, it is hoped, serve to further the development of the fully-mechanical self-advancing face support so vital to the mechanization and rationalization of coalmining in Western Europe, while at the same time saving the collieries and the manufacturers substantial sums in development and experimentation costs.

The High Authority has contributed 550,000 units of account for this research.

Symposium on Mining Geology

9. The High Authority has made a grant of 7,500 units of account towards the publication of Symposium on Mining Geology briefly describing for the benefit of specialists and collieries the latest research on the subject in the Ruhr and Aachen coalfields.

The actual research is being financed by the Montan-geologische Arbeitsgemeinschaft für die Westdeutschen Steinkohlengebiete; the printing costs, totalling 15,570 units of account, are to be covered 48% by the High Authority and 52% by the Bureau of Geology for Land North Rhine/Westphalia. The symposium is now printing.

Abstracting of Eastern European technical literature

10. This is being done by the Steinkohlenbergbauverein in Essen and the Centre d'Etudes et de Recherches of the Charbonnages de France in Paris, and also, in a smaller way, by the Institut National de l'Industrie Charbonnière in Liège. Scientific and technical articles translated under this arrangement (whereby the research centres concerned can claim grants out of a High Authority appropriation of 100,000 units of account) now total 1,050. The central research establishments of the four Community coal-producing countries receive lists of the titles translated, which they forward to the collieries, specialized institutes and others likely to be interested; the latter can then obtain photostats of the full translations on payment of a small fee through the central establishment.

*HIGH AUTHORITY-SPONSORED RESEARCH
ON COAL VALORIZATION*

11. None of the three projects undertaken since the High Authority started its promotion of research in this

field three years ago has yet been completed. The position is as follows.

Two-stage coking process

12. This project is being conducted by the Charbonnages de France research centre, Cerchar, at its experimental plant at Marienau, Lorraine; the object is to study ways and means of preheating the coking mixture so as to improve the throughput performance of the coke ovens, improve the quality of the coke, reduce the heat consumption involved and enable a proportion of weakly-coking coal to be included in the charge. For the preheating process, a semi-industrial fluidized bed was developed and used up to the beginning of 1962; it was then replaced by an improved model, also semi-industrial, in which the coal is preheated to 150°C. with inert gas of a temperature of 1000°C. The milling of the coal takes place within the preheater, and the desired particle size (95% below 2 mm.) has now been achieved. By stepping up the gas velocity the output rate of the preheater was raised to 1,500 kg. per hour at a coal end temperature of 150°C.

The transport and storage of the coking blend in an inert atmosphere (nitrogen) presents no problem. The semi-industrial tests were completed at the end of 1962, and a decision will be taken early in 1963, in the light of the results, as to the prospects for full-scale industrial trials.

The High Authority has contributed approximately 709,000 units of account for this research.

Optimum operating conditions for standard coking-plants

13. The Steinkohlenbergbauverein, of Essen, which is in charge of this project, first conducted industrial-scale tests with Ruhr coal to determine the effects of the coking temperature on the properties of the coke (proportion of large coke, shatter strength) and on the yield and quality

of gas and other by-products as resulting from flue temperatures of between 1100° and 1350°C.

During the year under review, a second series of experiments was carried out concerning the effects of the moisture content on heat consumption and on the quality of the coke and by-products.

In addition, the semi-industrial preparatory tests for the third and last series, on the effects of the *bulk density* of the coal on heat consumption, the performance of the ovens, the properties of the coke and the amount and composition of the coke-oven gas and by-products, have been completed and the results evaluated: the full-scale trials, however, have unfortunately had to be postponed till early 1963, owing to an accident which damaged the experimental plant in the middle of 1962.

Particulars of the findings to date have been published and are being received with lively interest. Complete sets of these have been forwarded to the appropriate quarters in the Community coalmining industry and steelworks-owned coking-plant sector, and supplements are being issued at intervals.

In view of the extremely useful results so far achieved, the High Authority study committee in overall charge of the project recommended that it should be continued over a further period. A fourth stage is therefore now planned, in which similar tests are to be made with other Community coals, with additional financial assistance from the High Authority. The original grant for the project was 545,000 units of account.

Bunkering

14. Over and above these two projects concerning thermal valorization, the Steinkohlenbergbauverein has undertaken a third on mechanical valorization, in which the aim is to find ways and means of reducing breakage in the transport and storage of coal to the absolute minimum, and at the

same time making the coal more uniform in quality by mixing it in bunkers specially designed for the purpose. Endeavours will be made to devise improved bunkers incorporating automatic filling and discharging devices which can also handle sticky products such as untreated slurries and flotation concentrates.

Work was begun towards the end of 1962, and is scheduled to be completed in 1965. The High Authority is contributing 140,000 units of account.

*HIGH AUTHORITY-SPONSORED RESEARCH
ON COAL UTILIZATION*

15. In view of the tremendous importance to sales of improving the efficiency of the solid fuels (coal, coke and briquettes), the High Authority in the period under review made four further grants towards research in this field. The overall programme on "rational utilization of coal," including the four projects just mentioned, covers fundamental research on the combustion of solid fuels, the development of up-to-date boiler and firing systems, and methods of increasing coal sales by offering domestic consumers pre-packaged coal for more convenient handling.

Combustion of solid fuels

16. This project is being conducted by Cerchar, in Paris. It covers

- (a) combustion in fixed grates;
- (b) combustion in movable grates;
- (c) combustion of pulverized fuel.

With regard to combustion in fixed grates, the focus is on the behaviour of the ash in the firebox: the object is to work out indices for its volume, cohesion and air permeability.

In many cases good correlations were established between the behaviour of the ash in the experimental grate and in the laboratory fusion tests. The kinetics of

combustion in a stationary bed of fuel were studied by analysing the combustion gases at different temperatures and different distances from the grate; it was found that oxidation is concentrated within a layer no thicker than a coal particle.

The object of the experiments with the movable grate is to establish the effects of the particle structure of the fuel and the grate speed, a matter of relevance with regard both to the design of fire-boxes based on the movable-grate principle and to the choice of fuels for them. It has been observed that the gasifying effect of the air on 10-15 cm. fuel beds rises as the air intake is increased up to 2,000 kg. per cu. m. grate surface per hour; further experiments are now in progress with airflows of 2,500-3,000 kg. per cu. m. per hour, to see whether still higher gasification rates are reached.

For the experiments with the combustion of pulverized fuel, four types of apparatus are being used:

- (a) a small burner to determine the degree of ignitability;
- (b) a device for determining the speed of reaction to low temperatures;
- (c) a furnace for rapid heating by radiation;
- (d) a furnace for instantaneous heating upon contact.

Of these, (a) is used to observe the ignition of a very small jet of fuel, about 1 kg. an hour; (b) works on the point-of-intersection principle, indicating reactivity at 15° and 75° C.; in (c) the particles are suddenly exposed to radiation from the hot walls of the furnace, and the products of the pyrolysis can then be measured in relation to the furnace temperature by means of a built-in sampling device; in (d) the fuel is heated in one-fifth of a second to 1000° C. and over on a 40 μ -mesh nickel screen, and the pyrolysis products are then analysed with a high degree of accuracy.

The results of these studies, *for which the High Authority allocated 238,760 units of account*, should prove helpful to all research on heating techniques.

Combustion in small-sized fireboxes

17. This research, which is being conducted by the Netherlands State Mines, is aimed at elucidating the processes involved in the combustion of anthracite, briquettes, semi-bituminous coal and coke of all possible particle sizes in domestic stoves with large mica doors. It was begun in January 1962 and is expected to be completed about the end of 1964. The High Authority made a grant of 96,685 units of account in respect of this project.

The following projects are also in hand for the development of more convenient medium-sized and small firing and boiler installations for central-heating purposes and small industry.

Packaged p.f.-fired water-tube boiler

18. With financial assistance from the High Authority through Ruhrkohlen-Beratung G.m.b.H. in Essen, work was started in 1961 by Babcock & Wilcox-Dampkesselwerke AG., Oberhausen, on the development of a packaged pulverized-fuel-fired water-tube boiler. The first stage—the development of a small burner with a throughput capacity of about 250 kg. per hour and a suitable firebox and boiler—has now been completed, and the practical trials are to take place in 1963. The burner is designed to ensure near-smokeless combustion and minimum fouling of the fire-box and flues, and the installation has a built-in grinder-dryer enabling it to be stoked with ordinary-sized (*i.e.* not ready-pulverized) coal.

As the project has been found to involve more extensive work than was expected, the High Authority has granted 35,750 units of account in addition to its original contribution of 66,900.

Packaged water-tube boiler with shaking grate

19. By a similar arrangement with Ruhrkohlen-Beratung, the High Authority contributed to research started by

Baumgarte G.m.b.H., Brackwede, in January 1961 on an automatic packaged water-tube boiler with a shaking grate, of the side-draught type, with an inclined nest of evaporator tubes. The steam rating is to be from 4 to 20 metric tons per hour.

This project, for which the High Authority granted 87,500 units of account, has now been successfully completed.

Fully-automatic shaking grate appliance for fitting to large-capacity boilers

20. This installation, also developed by Baumgarte, is already in service and is proving fully satisfactory.

The High Authority's contribution to the research on it was 37,500 units of account.

Fully-automatic single-unit central steam heating installation

21. Cerchar is planning to develop a fully-automatic solid-fuelled installation with a steam rating of 1-8 metric tons per hour, which it is hoped will offer all the advantages of the existing oil-fired monobloc equipment. The fuel used will be mainly gas coal and long-flame coal.

The High Authority has granted 100,000 units of account for this research, which is expected to begin in 1963.

Coal- and coke-fired central-heating boiler for private houses and small buildings

22. The Netherlands State Mines in Heerlen are working on the development of a simple, inexpensive, mainly automatic boiler for domestic space-heating, which can be fired with even very small coke, anthracite and low-volatile coal nuts. As the combustion properties of coke are different from those of the other two fuels, two separate models are

being designed; in the case of the coke boiler special attention is being devoted to preventing the formation of clinker.

The work, for which the High Authority granted 165,746 units of account, was begun in 1961 and is scheduled to be completed in late 1964.

Automatic ash-removal devices for various types of fireboxes and grates

23. The Centre de Documentation sur les Combustibles Solides ("Cedocos") in Brussels is carrying out research on a firebox rating from 20,000 to 50,000 kcal. per hour, fitted with a fixed inclined grate, automatic ash remover and rotating stoker.

Work started in October 1962; it is at present in the laboratory stage, and practical trials are to take place at a later date, ending in 1964. The High Authority provided 30,000 units of account for the purpose.

Automated stoking and ash removal in small firing installations

24. Cedocos is also working on another automatic stoking and ash-removal device for the same comparatively low calorific ratings. The new stoker is to be self-adjusting to the temperature required, light but of adequate capacity, and practically silent; the ash remover will also be fully self-operating, the ash being automatically crushed and shot into a disposal bin.

The work was begun in October 1962, and should be completed in 1963. The High Authority's contribution was 30,000 units of account.

Air pollution

25. Cedocos is studying air pollution by dust and fumes from individual firing installations, using coal with a high volatile-matter content. The object of the research is to study for all operating stages the design of the fire-box, primary on distribution in the fire-box, heat conduction, and (for fire-boxes fitted with a worm-screw feed) the shape of the hearth, primary air pressure, and the arrangement of the nozzles, and where necessary adapt them to requirements by varying the respective parameters accordingly. This should help to establish the technical prerequisites for ensuring that as little deleterious matter is discharged into the atmosphere as possible.

Cedocos began work on this project in November 1962, and expects to complete it in 1964. The High Authority contributed 13,000 units of account.

Chimney draught conditions in residential blocks

26. The Gezamenlijke Steenkolenmijnen in Limburg, at Heerlen, are exploring the reasons for repeated draught failures occurring in the chimneys of large blocks of flats. Investigations are being carried out in blocks with individual firing systems, to pinpoint and help eliminate hitches which occur in these as a result of low operating rates, fluctuating wind conditions and the fact of several systems being connected to a single chimney.

These studies, for which the High Authority has granted 82,800 units of account, were begun in October 1962 and are to extend up to January 1966.

Ready-to-use packaging of household coal

27. In co-operation with Ruhrkohlen-Beratung G.m.b.H. in Essen, research is being carried on by Niederrheinische Bergwerks-AG., Neukirchen-Vluyn, on a packaging machine

which will automatically divide, weigh and package coal into one-kilogram bags or parcels, thus enabling it to be offered to the consumer in an exceptionally clean and handy form. The machine will itself make the bags from reels of paper, seal them and assemble them for dispatch in 25-kg. lots. From existing machines for this purpose it is hoped to develop an efficient, labour-saving installation which will to all intents and purposes be fully automatic. A special market study is also to be made to obtain more details of the potential demand for coal packaged in this way.

The High Authority is contributing 121,875 units of account for this project, which was started in the spring of 1962 and is expected to be completed by the end of 1964.

II. Work of the International Committees of Experts on Mining Techniques and Coal Valorization

28. A brief general outline of the activities of the two Committees is given in the body of the General Report¹⁾ in the section devoted to the High Authority's work in connection with the dissemination of research results. The following is an account of their activities during the year under review.

Thirteenth meeting of the Mining Techniques Committee

29. The International Committee of Experts on Mining Techniques held its thirteenth meeting from March 27 to 29, 1962, in Dutch Limburg and the Belgian Campine. It was concerned on this occasion with the subject of fully-mechanical self-advancing face supports.

On the first day, the Committee heard comprehensive reports on the position to date in the four Community countries and Britain, covering all types of hydraulic face

¹⁾ See No. 423 above.

supports in service in Western Europe, particular features of their design and their suitability for use in specific circumstances. The following table shows the distribution of this new system, which is among the essentials for full mechanization of winning and loading operations and so for rational production.

Self-advancing supports in service in Western Europe at mid-1962

Country	Fully-equipped faces		Partially-equipped faces		Total support units in use
	Faces	Support units in use	Faces	Support units in use	
Germany (Fed. Rep.)	10	1,900	11	860	2,760
France	9	720	1	20	740
Belgium	8	—	4		1,361
Netherlands	10				1,300
U.K.	133	19,303	51	3,748	23,051

The system originated in Britain, and has since also been introduced on the Continent, with appropriate modifications in line with the more difficult strata conditions there.¹⁾

On the second and third days the Committee toured fully-mechanized workings with powered supports in the two coalfields, and discussed these in detail with the engineers on the spot. From all that it saw and heard, it was able to conclude that despite the high capital costs involved (to equip a 200-metre face with self-advancing hydraulic supports may cost anything from 200,000 to 400,000 units of account, according to the thickness of the seam) the system offered the following major advantages:

- (a) winning can be stepped up and at the same time the costly power cutter-loaders more efficiently utilized, thus making for a saving in the long run;

¹⁾ See also No. 8 above.

- (b) fewer workers are needed at the face, especially for duties in connection with the supports;
- (c) the roof is better controlled, and the risk of accident reduced accordingly;
- (d) losses of support material are not on anything like the same scale as with separate props and roof bars.

The Committee's conclusions, together with the numerous detailed reports on experiences in the various coalfields and pilot workings, were forwarded to the central research establishments of the Community coal-producing countries and to the National Coal Board for study and distribution.

Eighth meeting of the Coal Valorization Committee

30. At the invitation of Cerchar, the International Committee of Experts on Coal Valorization held its eighth meeting in the Lorraine and Nord/Pas-de-Calais coalfields, from May 9 to 11, 1962.

The first two days, in Lorraine, were occupied by a programme of talks and visits which gave the Committee a picture of the strikingly good work done in the past ten years on carbonization techniques and coal chemistry. The Committee visited the coking-plants at Carling and Hagondange, where it was able to see how good-quality metallurgical coke was being produced, by up-to-date methods, from the local coal, earlier regarded as unsuited for coking owing to its high gas content, and also how the exceptionally large yield of coke-oven gas was being turned to excellent account thanks to the expansion of the coal chemistry installations. Despite overproduction and cut-price exports by some countries, the Lorraine plants are doing well, and will probably continue to do so, as they are going over more and more to ultra-valorized production, and at the same time seeking to establish what could be, both economically and technologically, very valuable links with their opposite numbers in the

field of petroleum chemistry. It is, of course, a particular advantage to the Lorraine coal-chemistry sector that the by-product yield there is unusually high.

In the Nord/Pas-de-Calais the Committee visited the Charbonnages de France pilot plant for smokeless briquettes at Oignies, where a thermal process making coal smokeless has been developed which is viewed with increasing interest from the point of view of future coal sales. It also inspected the Nordbenzol works, where it was able to see that promising new production lines can also be started at coal-chemistry plants of the ordinary traditional type—in this case the manufacture of polyester.

Ninth meeting of the Coal Valorization Committee

37. The Committee met again later in the year in the Ruhr, from October 24 to 26, at the invitation of the Deutscher Kokereiausschuß and the Steinkohlenbergbauverein. This meeting was a somewhat special occasion inasmuch as it was attended by a strong British team headed by a Member of the National Coal Board, Mr. A. H. A. Wynn.

On the first day the members of the Committee were present as guests at the golden jubilee session of the Deutscher Kokereiausschuß, at which the present state of the coking industry in Germany, with its various technical and economic problems, was comprehensively surveyed, and an account given of the past course of events, in which stress was laid on the excellent cross-fertilization effects of the interchange of views and experiences between the coking industries of the different European countries. The opinion was expressed that in Germany as elsewhere the traditional coking techniques had been developed pretty well up to their practicable limit, but that there was still scope for streamlining by the introduction of new processes as yet admittedly only in the research stage.

On the second day the Committee first visited the coal-chemistry plant of Scholven-Chemie AG., a subsidiary

of the Hibernia mining company. A particular feature here was the highly successful devetailing of coal chemistry and petro-chemistry, and the Committee was also able to observe the technical and economic advantages of a thoroughly integrated structure (coalmining/coking/coal chemistry/energy production) such as Hibernia's own, and of the maintenance of close links with other enterprises in the petro- and coal-chemistry sector.

The Committee was then taken to the plant operated by Phenol-Chemie AG. at Gladbeck, where it had an opportunity to study the technical and economic potentialities of cumol-phenol synthesis, a highly interesting process which is, however, at present exposed to keen competition.

In the afternoon the Committee was shown installations for complete gasification of hard coal, a highly important form of valorization in view, in particular, of the need to cover the seasonal peaks in the demand for industrial and town gas, and an especially rewarding one economically where, as in this case, the gas manufactured can be combined with natural gas from northern Germany.

On the third day the Committee visited the ultra-modern Zollverein and Gneisenau coking-plants to see what had been done there to ensure more economic operation by means of concentration, automation and rational planning. Lastly, it was shown round the German coal-mining industry's main centre for research on coal valorization, the Bergbauforschungsanstalt in Essen-Kray.

TECHNICAL RESEARCH: IRON ORE AND STEEL

Ore extraction and preparation in the Community

Beneficiation of siliceous ores by flotation

32. As may be recalled, the aim here is to increase the amounts of economically workable ore in the two main producer areas, Lorraine and Salzgitter.

The research, which was begun in France in 1961 in co-operation with the Institut de Recherches de la Sidérurgie and in Germany in April 1962 with the Studiengesellschaft für Eisenerzaufbereitung, is to take approximately four years to complete. In France a start has been made on the flotation, and combined flotation and gravimetric beneficiation, of a lean ore from the Nancy area; in Germany work is in progress on the flotation of siliceous limonite (bog iron ore).

Roadway tunnelling machine

33. This has nothing to do with the tunneller being developed for the coalmining industry¹⁾: the project is a less ambitious one altogether, financially and otherwise. The machine is designed to drive a 3·9 × 2·1-metre oblate-section roadway, *i.e.* only 8 sq. m. as against 12·5, through a quite different type of rock. A tunneller of this kind is already in use in the coalmining industry, and the aim here is to adapt it to the special conditions obtaining in the ore mines (where the rock is harder and more abrasive) by making it more powerful and improving the quality and shape of the cutting picks.

¹⁾ See No. 6 above.

The High Authority has made a grant of 50,000 units of account for this research, which is being carried out at the Saizerais mine in France and is expected to last about one year. In addition to ensuring increased efficiency in roadway drivage and hence, in the long term, in ore mining as a whole, the machine will enable shotfiring to be dispensed with, and thus make for increased personnel safety owing to the resulting greater firmness of the roof. It should be possible to turn the results of the research to account in the other Community orefields, and also in the coalmines, for driving smaller-section roads through hard strata.

Prospection for workable ore deposits outside the Community

Investigation of iron- and manganese-ore resources in Africa

34. The ore-prospecting operations in Africa have now been completed, except in Gabon.

In Ivory Coast, airborne surveys during the year recorded numerous magnetic signals, but not strong enough to warrant ground exploration; the country appears to contain a great many deposits of ferruginous quartzite (a low-ferrous ore), all located too far from the sea to be economically workable under present conditions. In Cameroun airborne surveys in the hinterland from the small Kribi deposit indicated no likely traces of ferruginous quartzite, and all prospecting has been discontinued, as has that in the Congo (Brazzaville).

In northern Gabon prospecting has been going on actively in two regions. At Kango, near the coast, ferruginous quartzite has been found, but in insufficient quantities to be worth working. A highly promising signal recorded some 50 km. east of Mitzic, suggesting the presence of 10-15 million metric tons of high-grade ore, is being thoroughly investigated, while another signal has indicated

reserves of ferruginous quartzite, of low ferrous content throughout. Further airborne surveys are being conducted east and north of these two points.

Pig-iron making and blast-furnace techniques

Pilot research on blast-furnace processes

35. The High Authority has been contributing since 1957 to research at the Liège low-shaft furnace, which is the Community's equivalent of a small blast-furnace of the type used for experimental purposes in the United States and planned for construction in a number of other third countries.

The work to date has already shed considerable further light on the processes which take place in the stack, thus enabling more efficient use to be made of the plant generally (lower fuel consumption, higher productivity, a better and more consistent quality of pig-iron). The Liège furnace has been equipped with a small sinter strand and with cowper stoves giving very high blast temperatures, additions which appreciably increase its potentialities.

36. Tests continued in 1962 with the injection of liquid hydrocarbons in conjunction with a very hot oxygen-enriched blast.¹⁾

Research was also begun on the properties of sinter, and on the production of an index 2 basic sinter for admixture to raise the basicity of burdens containing a high proportion of ferrous matter but also a high proportion of silica. Tests were effected with burdens made up 80% of Swedish pellets and 20% of this basic sinter: this was found very substantially to reduce the amount of slag (200 kg. per metric ton of pig-iron), and in fact, when fuel-oil

¹⁾ See Doc. No. 8554/1/62/1 of the Publications Department of the European Communities.

injection was also used, to give a slag rate of only 160 kg. and a coke rate of about 500 kg.

The High Authority has granted 525,000 for further research in 1963 under the extended programme made possible by the reorganization of the Ougrée plant.

Low-ash coke

37. The High Authority made a grant of 84,000 units of account to the Evence-Coppée group for profitability research on the production and utilization of low-ash coke in an industrial complex extending from pithead washery to blast-furnace. Tests have shown a 1% reduction in the ash content of the coke to lower the coke rate by only 1.4%; the economics of such reduction are now under examination.

Injection of coal into the blast-furnace

38. Whereas for so long as metallurgical coke was in short supply the High Authority concentrated on aiding research on the injection of liquid and gasified fuel oil into the blast-furnace, it has more recently been obliged, in the interests of establishing a new sales outlet for the collieries, to give assistance also for studies on the injection of pulverized coal.

A first grant of 497,100 units of account has been furnished for experiments with the injection of pulverized coal by compressed air through the blast-furnace tuyères, which are to be carried out at Usinor's plant at Louvroil and are to last about a year.

There are other possibilities for injecting coal, for instance in combination with fuel oil. The High Authority has received an application for a further grant for the industrial development of this method.

Direct reduction of ores*Reduction in the rotary furnace*

39. The further series of experiments carried out with the High Authority's second grant is about to be completed. It was definitely found desirable to separate and pelletize the ore fines beforehand, and the problems arising in connection with the desulphurization of the sponge obtained and with the crusting of the refractories were successfully disposed of. Industrial-scale tests were then effected in a 100-metre furnace (instead of the small 14-metre pilot installation), which after some technological adjustments confirmed the results of the pilot experiments. The sponge iron obtained was used in the electric furnace in place of 30-35% of the scrap ordinarily charged, without producing an increase in the consumption of electric current, so that it was possible to work out how far it would pay to introduce this process of making exceptionally pure synthetic "scrap."¹⁾

Reduction in the shaft furnace

40. Preparations for bringing the pilot plant at Genoa into operation advanced gradually throughout 1962.

Improvement of thermal efficiency*Constitution and radiation of the flames of different fuels*

41. 60% of the work at the International Flame Research Foundation's experimental plant at IJmuiden in 1962 was devoted to pulverized coal. The effects of the different parameters governing the constitution of the flame have now been computed, including in particular the part played by the movement of the secondary combustion air. This will enable full control of coal flames to be established.

¹⁾ See *Stahl und Eisen* No. 82/1962, Vol. 18, pp. 1222-32.

With regard to oil, the studies on pressure-pulverization burners are continuing.

On October 1, 1962, a German National Committee was set up, which will furnish additional funds enabling the research to be further extended.

Combustion of semi-cleaned blast-furnace gas

42. This research has been almost completed. It has established how free fusion of the dust content can be obtained, according to the characteristics of the gas, namely either by reheating the gas and combustion air or by combining the gas with other fuels, in solid, liquid or gaseous form. The high-ferrous ash can be charged into the blast-furnace if appropriately treated during cooling and solidification.

The experiments have also shown how the zinc content of the dust can be eliminated: dust reintroduced into the furnace by sintering raises the concentration of zinc in the stack, with deleterious effects on the refractories.

It now remains to complete the research by working out the thermal efficiency and economic interest of the new technique developed at the Rheinhausen pilot plant, and to extrapolate these for industrial purposes.

Automation in the iron and steel industry

Sinter strand

(Société des Forges de la Providence, Belgium)

43. The object here is in the first place to develop instruments for measuring the principal operational parameters of the sinter strand, as far as possible continuously.

Before the High Authority agreed to contribute, the company had already achieved constant composition of the raw mix as regards weight and proportion, measurement

of the thickness of the sinter stock, control of the flame penetration point, and water admixture rate; with the assistance of the High Authority's grant, it has now also been able to perfect high-speed analysis by X-ray fluorescence, and to work out the criteria for grading the sinter, and research in continuing on the measurement of the moisture content and permeability of the mix.

The experiments have been conducted with the co-operation of Belgian and French research centres.

Reversible mills

44. The High Authority has provided three grants, totalling 1,526,000 units of account, for research extending over some four to five years on the full automation of the reversible hot-rolling mills (blooming and four-high plate mills).

The Verein Deutscher Eisenhüttenleute (Germany), Lorraine-Escaut (France) and the Aciéries et Minières de la Sambre in co-operation with the Centre National de Recherches Métallurgiques (Belgium) are planning to work closely together on the automation first of each roll pass at the blooming stage, and then of the movements between the passes, in order to arrive ultimately at entirely-automated rolling, thereby making for more efficient operation from every point of view (productivity, energy consumption, mechanical safety, etc.).

The object of the research on the four-high mills is to enable the gauge of the plate to be more accurately controlled, a vital point for the rational programming of production in the plate sector, where exact dimensions are all-important.

The experiments were begun in 1962.

Dissemination of technical and scientific knowledge

Metallographic atlas

45. The first volume, on steel, is almost ready, and is expected to appear in 1963, after it has been lined up with the other volumes. Work on these is proceeding steadily, with the co-operation of specialized centres in Germany, Belgium, France, Italy and the Netherlands.

Abstracting of Eastern European technical literature

46. Articles relating to iron and steel are being translated and circulated on a steadily increasing scale. The figures speak for themselves: in 1959, when the High Authority first instituted this arrangement, 487 articles were translated, in 1960 613, in 1961 720, and in 1962 752. Full-length books are also being translated.

The European Association for the Exchange of Technical Steel Literature is now issuing fortnightly lists, in 5,400 copies, of articles translated to some 750 bodies and individuals who have asked to be kept abreast of this work.

Euronorms

47. The fifteen working parties and the co-ordinating committee on the nomenclature of iron and steel products continued their work on the Euronorms in 1962. Nine new Euronorms were published during the year by the High Authority, of which five concern chemical analyses and three rolling tolerances of sections and merchant steels.

Euronorm 53 is particularly important for the consumer, as it standardizes and rationalizes at Community level the dimensions of broad-flanged beams with parallel flange-faces, which are being used more and more in steel-construction work. This new series, which follows on the I.P.E. series for beams with parallel flange-faces (Euronorm 19, published in 1958), and like it was worked out in close

co-operation between Community producers and consumers, marks a further substantial advance in the process of rationalizing the dimensions of rolled products, and so making for more economic production, processing and utilization of rolled products. Similar rationalization is proceeding in the complex merchant-bars sector.

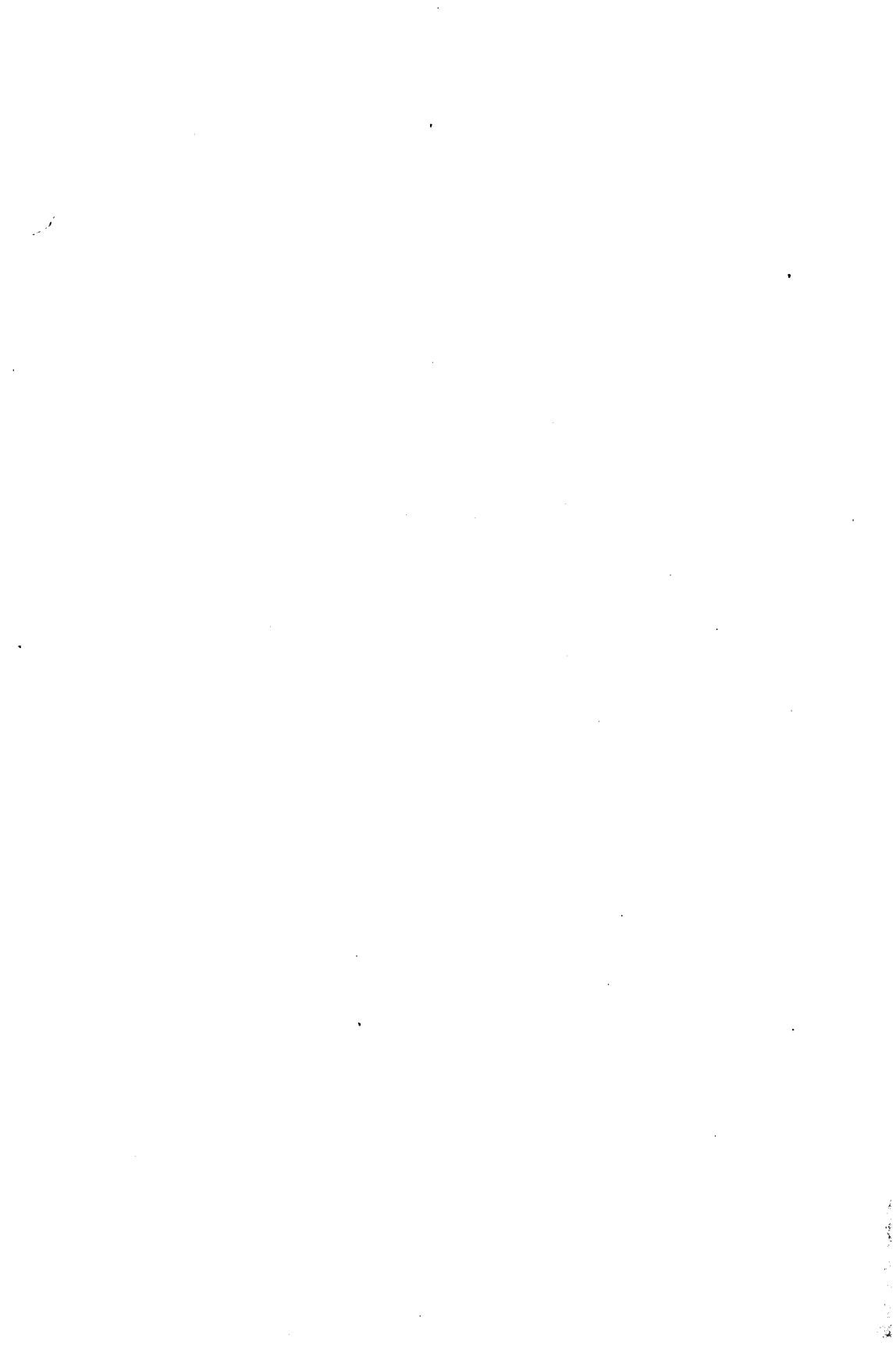
Two important Euronorms of a general character, one concerning packing, inspection and delivery and the other the agreed designation of steels, were finalized and adopted by the co-ordinating committee and are to appear early next year; so also will two standards concerning mechanical testing, one on the notched-bar impact test and the other on the Rockwell hardness test for sheet and hoop and strip.

A number of constructive conclusions have emerged from the numerous discussions of the national committees, the working parties concerned and the special working party on questions arising in dealing with steel grades for the purposes of certain product standards. On the strength of this progress, it is hoped that this particularly difficult problem will soon be successfully disposed of.

II

ANNEX ON BUDGET AND FINANCE

(Situation as at December 31, 1962)



1. In its introduction to the Community's Budget for the Eleventh Financial Year, published in June 1962, the High Authority set forth the broad principles of its budgetary policy; hence only a few brief observations need to be added here.

The two major requirements in connection with this policy were, first, that the High Authority should at all times, that is, even in poor business years, be in a position to meet the various calls for funds, in particular those required for readaptation operations and research projects, and second, that the general levy should be fixed at a rate which would, if not remain constant, at least not be subject to unduly sharp and frequent changes.

2. It was therefore necessary to adopt a flexible policy which would enable the effects of sudden changes in the economic situation to be absorbed over a longer period, so that their impact would be lessened. This policy was worked out with due regard to the following three factors:

- (a) the very considerable influence of cyclical conditions on both revenues and financial requirements, and *vice versa*: suffice it to recall that the levy is a tax on production, whose basis of assessment is, moreover, rather narrow, and that the amounts required for financial assistance in connection with readaptation and research depend largely on the economic situation prevailing;
- (b) the difficulty of determining the amounts required for readaptation and research purposes for any given financial year;
- (c) the fact that it is not possible to employ borrowed funds to cover the Community's own requirements.

3. For these reasons the High Authority decided to balance its budgetary accounts over a longer period instead of annually. To this end it provided for certain safeguards, which enable it either to reduce the burden of a given financial year or to increase its revenues, by transferring funds from previous or to subsequent financial years.

The safeguards are three in number:

- (1) the building-up of special "economic emergency reserves" to cover exceptional requirements for readaptation and research likely to arise in consequence of an economic recession;
- (2) the setting-aside of a fairly substantial sum of unallocated revenues. These revenues are shown in the High-Authority's balance-sheet under "Allocations for administrative expenses (incl. unallocated balance)", and may be transferred for the purpose of covering future requirements;
- (3) various possibilities of covering long-term commitments. — The commitments for readaptation and research entered into in a given financial year usually call for disbursements not only during that year but also during the years following. To avoid burdening the budgets of such following years, the commitments entered into are immediately covered in full in cash from the revenues of the year in which they were assumed. Consequently, during a good year, they can generally be met in full from revenues already collected in the year of commitment, while in a poor year, and if necessary in the event of substantial unforeseen requirements, they can be met in full by advances on future revenues.

4. The Budget for the Eleventh Financial Year furthermore took account of the following estimates for the financial year under review (1962-63).

ANNEX II

	<i>(000,000 E.M.A. units of account)</i>
Requirements	
1. Administrative expenses of the High Authority and contributions to the expenses of the Common Institutions	16.12
2. Other expenditures	
(a) bank charges	0.08
(b) loan-issue costs	1.00
3. Readaptation	
Transfers to allocation for new commitments entered into during the financial year 1962-63	6.30
4. Research	
Transfers to allocation for new commitments entered into during the financial year 1962-63	10.50
5. Allocation to Guarantee Fund	—
6. Allocation to Special Reserve	8.00
	42.00
Cover	
1. General Levy	18.70
2. Other revenues	
(a) Interest on bank deposits and investments for the financial year	8.00
(b) Recovery of loan-issue costs	0.60
(c) Sundry administrative receipts	0.35
(d) Miscellaneous other receipts	0.35
3. Withdrawal from the allocation for administrative expenses (incl. unallocated balance)	14.00
	42.00

On the basis of these budget estimates, and taking into account the aforementioned principles underlying its budgetary policy, the High Authority, by its Decision No. 5/62 of May 23, 1962,¹⁾ fixed the rate of the levy for the financial year 1962-63 at 0.20%.

Before taking this Decision, the High Authority discussed the matter with the appropriate committees of the European Parliament and, in particular, with the

¹⁾ See *Journal Officiel des Communautés Européennes*, of June 15, 1962, fifth year, No. 46.

Budgeting and Finance Committee. The unanimous view expressed at the time was that the levy should be reduced. The committee members considered a rate of 0.25% to be reasonable. However, the High Authority, after due consideration, felt that it ought to set a still lower figure, and so decided to fix the rate at 0.20%. In this it was essentially guided by its concern not to allow the amount of unallocated funds to increase excessively. It felt this concern to be the more justified as "economic emergency reserves" had been set aside and all long-term commitments in respect of readaptation and research likely to call for disbursements were already covered by appropriate allocations.

It may be recalled here that it was expected at the time that Great Britain's entry into the Common Market would materialize at a not too distant date: had this happened, Britain's contribution would have increased these reserves and allocations quite substantially. Although it was recognized that this would not come during the financial year 1962-63, it was felt that it ought to be borne in mind.

ANNEX II

I - REVENUES AND EXPENDITURES OF THE HIGH AUTHORITY

A - Revenues

1. PROCEEDS OF THE GENERAL LEVY

('000 E.M.A. units of account)

Country	Financial Year 1961-62			Financial Year 1962-63 (1st 6 months)
	1st 6 months	2nd 6 months	Total	
Germany (Fed. Rep.)	7,326	6,962	14,288	5,377
Belgium	1,306	1,271	2,577	879
France	3,209	3,138	6,347	2,238
Italy	1,500	1,529	3,029	1,095
Luxembourg	462	425	887	313
Netherlands	559	559	1,118	385
Community	14,362	13,884	28,246	10,287

2. OTHER REVENUES

('000 E.M.A. units of account)

Nature of Revenue	Financial Year 1961-62			Financial Year 1962-63 (1st 6 months)
	1st 6 months	2nd 6 months	Total	
(a) Interest on bank deposits and investments for the year	3,839	3,655	7,494	3,806
Non-recurring receipts	2,356	—	2,356	—
(b) Interest on loans granted from own resources	252	267	519	311
(c) Recovery of loan-issue costs	386	289	675	434
(d) Sundry administrative re- ceipts	173	109	282	156
(e) Sundry other receipts	35	4	39	6
Receipts for Pension Fund	641	1,158	1,799	958
Total	7,682	5,482	13,164	5,671

ANNEX II

B - Expenditures

('000 E.M.A. units of account)

Nature of Expenditure	Financial Year 1961-62			Financial Year 1962-63 (1st 6 months)
	1st 6 months	2nd 6 months	Total	
(1) Administrative expenses of the High Authority and contributions to the expenses of the Common Institutions ¹⁾	6,091	7,300	13,391	6,862
(2) Other expenditures				
(a) bank charges	55	42	97	21
(b) loan-issue costs	288	1,045	1,333	1,097
(3) Expenditure on readaptation	802	1,187	1,989	451
(4) Expenditure on research	2,217	2,143	4,360	2,134
(5) Disbursements under Pension Scheme	92	103	195	44
(6) Interest on Pension Fund	+145	-145	—	—
Total	9,690	11,675	21,365	10,609

¹⁾ These expenses are made up as follows:

('000 E.M.A. units of account)

	Financial Year 1961-62			Financial Year 1962-63 (1st 6 months)
	1st 6 months	2nd 6 months	Total	
(a) Administrative expenses of the High Authority	4,603	5,815	10,418	5,317
(b) Contributions to the administrative expenses of the Common Institutions	1,488	1,435	2,973	1,545
Total	6,091	7,300	13,391	6,862

ANNEX II

II - ALLOCATIONS TO
AND WITHDRAWALS FROM RESERVE ACCOUNTS
INCL. THE SPECIAL RESERVE

A - Determination of Balance to be Allocated

(*'000 E.M.A. units of account*)

	Financial Year 1961-62	Financial Year 1962-63 (1st six months)
Total revenues	41,410	15,958
Total expenditures	21,365	10,609
Balance	20,045	5,349

B - Allocations to and Withdrawals
from Reserve Accounts incl. the Special Reserve

(*'000 E.M.A. units of account*)

	Financial Year 1961-62	Financial Year 1962-63 (1st six months)
<i>Allocations:</i>		
to Special Reserve	10,337	4,111
for financing of research projects	3,991	—
for financing of readaptation operations	—	4,616
to Pension Fund	1,604	914
for contingent liabilities	2,000	—
for administrative expenses (incl. unallocated balance)	14,008	—
	31,940	9,641
<i>Withdrawals:</i>		
from funds allocated for expenditure on research	—	— 491
from funds allocated for expenditure on readaptation operations	—11,895	—
from funds allocated for administrative expenses (incl. unallocated balance)	—	—3,801
	20,045	5,349

ANNEX II

III - SURPLUS FUNDS OF THE HIGH AUTHORITY

A - Funds not available for Budgetary Expenses

('000 E.M.A. units of account)

	Position as at 30.6.1962	Position as at 31.12.1962
Guarantee Fund	100,000	100,000
Special Reserve	46,210	50,321
Pension Fund	10,106	11,020
Total	156,316	161,341

B - Funds available for Budgetary Expenses

('000 E.M.A. units of account)

	Position as at 30.6.1962	Position as at 31.12.1962
Allocation for readaptation operations	32,758	37,374
Allocation for research	21,859	21,368
Allocation for contingent liabilities	2,000	2,000
Allocation for administrative expenses (incl. unallocated balance)	26,924	23,123
Total	83,541	83,865

ANNEX II

**IV - COMMITMENTS OF THE HIGH AUTHORITY
FOR READAPTATION OPERATIONS**

('000 E.M.A. units of account)

	Net commitments outstanding at 31.12.61	Commitments entered into in 1962	Reduction of commitments			Net commitments outstanding at 31.12.62	
			by cancellations	by redemptions	by disbursements	which may not have to be met	to be covered out of the allocation for readaptation
A. Type of operation							
Readaptation aid under Section 23 of the Convention	43,432	16	—	—	22,486	10,000	10,962
Financing of pithead stocks (Article 95)	7,254	—	—	41	6,905	—	308
Special allowance for workers put on short time (Article 95)	6,400	—	1,215	—	5,185	—	—
Readaptation aid under Article 56 of the Treaty							
(a) Coalmining industry	3,450	5,736	—	—	495	—	8,691
(b) Iron and steel industry	56	873	—	—	2	—	927
(c) Iron-ore mines	228	675	—	—	17	—	886
Total	60,820	7,300	1,215	41	35,090	10,000	21,774
B. Form of financing							
Non-repayable grants	51,168	7,300	1,215	—	29,490	10,000	21,763
Loans	5,652	—	—	41	5,600	—	11
Total	60,820	7,300	1,215	41	35,090	10,000	21,774
C. Breakdown by countries							
Germany (Fed. Rep.)	23,702	4,480	—	41	12,569		
Belgium	19,844	555	1,215	—	11,998		
France	4,828	2,265	—	—	1,782	10,000	21,774
Italy	12,100	—	—	—	8,703		
Netherlands	38	—	—	—	38		
Uncommitted balance	308	—	—	—	—		
Total	60,820	7,300	1,215	41	35,090	10,000	21,774

ANNEX II

**V - COMMITMENTS OF THE HIGH AUTHORITY
FOR TECHNICAL AND ECONOMIC RESEARCH**

(*000 E.M.A. units of account)

	Net commitments outstanding at 31.12.61	Commitments entered into in 1962	Reduction of commitments			Net commitments outstanding at 31.12.62, to be covered out of the allocation for research
			by cancellations	by redemptions	by disbursements	
A. Type of research						
Iron and steelmaking techniques	7,252	2,598	—	—	6,444	3,406
Coalmining techniques	7,614	1,062	—	—	4,057	4,619
Iron ore and other ores (Prospecting and preparation)	5,330	—	—	—	2,115	3,215
Experimental housing	4,924	—	—	81	4,701	142
Industrial health, safety and medicine	8,118	—	—	—	4,006	4,112
Total	33,238	3,660	—	81	21,323	15,494
B. Form of financing						
Non-repayable grants	30,283	3,660	—	—	18,449	15,494
Loans	2,955	—	—	81	2,874	—
Total	33,238	3,660	—	81	21,323	15,494

ANNEX II

VI - BORROWINGS OF THE HIGH AUTHORITY

Year of issue	Interest % p.a.	Term (years)	Initial amount			Amount outstanding as at December 31, 1962 (equivalent in units of account)
			in currency concerned	equivalent in E.M.A. units of account	equivalent in E.M.A. units of account	
1954	3 7/8	25	\$	100,000,000	100,000,000	84,100,000
1957	5 1/2	18		25,000,000	25,000,000	25,000,000
1957	5	3-5		7,000,000	7,000,000	—
1957	5	3-5		3,000,000	3,000,000	—
1958	5	20		35,000,000	35,000,000	35,000,000
1958	4 1/2	3-5		15,000,000	15,000,000	5,000,000
1960	5 3/8	20		25,000,000	25,000,000	25,000,000
1960	4 3/4-5	3-5		10,000,000	10,000,000	10,000,000
1962	5 1/4	20		25,000,000	25,000,000	25,000,000
1961	4 1/2	5	Hfl.	10,000,000	2,762,431	2,762,431
1961	4 1/2	20		50,000,000	13,812,155	13,812,155
1962	4 3/4	20		25,000,000	6,906,078	6,906,078
1962	4 3/4	25		6,000,000	1,657,458	1,657,458
1962	4 1/2	5		20,000,000	5,524,862	5,524,862
1956	4 1/4	18	Sfr.	50,000,000	11,434,269	10,576,699
1961	4 3/4	3-5		9,000,000	2,058,168	2,058,168
1961	4 1/2	3-5		2,290,000	523,690	523,690
1962	4 1/2	18		60,000,000	13,721,123	13,721,123
1955	3 1/2	25	Lfr.	5,000,000	100,000	—
1957	5 3/8	25		100,000,000	2,000,000	1,946,318
1961	5 1/4	25		100,000,000	2,000,000	2,000,000
1961	5	25		100,000,000	2,000,000	2,000,000
1962	4 3/4	15		300,000,000	6,000,000	6,000,000
1962	5 1/8	25		250,000,000	5,000,000	5,000,000
1955	3 3/4	25	DM	50,000,000	12,500,000	10,323,575
1956	4 1/4	20		2,977,450	744,362	614,099
1955	3 1/2	25	Bfr.	200,000,000	4,000,000	3,460,000
1955	3 1/2	25		20,000,000	400,000	346,000
1962	5 1/4	20		300,000,000	6,000,000	6,000,000
					10,400,000	9,806,000
					344,144,596	304,332,656
					245,000,000	209,100,000
					30,662,984	30,662,984
					27,737,250	26,879,680
					17,100,000	16,946,318
					13,244,362	10,937,674

VII - FUNDS EMPLOYED FOR LENDING OPERATIONS

Between April 1954 (when the first loan was raised in the United States) and the end of 1962, the High Authority had available for lending operations a total of 414.5 million units of account. These funds were derived from the following sources.

(*'000,000 E.M.A. units of account*)

<i>1. Borrowed funds</i>		
Proceeds of loans	344.14	
Anticipatory redemption of loans granted to enterprises. The long lifetime of the original loans enabled the High Authority to re-lend these amounts for terms of up to 20 years.	10.74	354.88
<i>2. Interest received on investments</i>		
These revenues, for which the Treaty does not prescribe any particular use, are accumulated in the Special Reserve, and are at present being employed to help finance the building of workers' houses.		
Revenues under this head up to 31. 12. 62 aggregated		50.32
<i>3. Proceeds of the levy</i>		
Out of the allocations for readaptation assistance and research projects various sums were disbursed, with the approval of the Council of Ministers, in the form of loans instead of non-repayable grants (e. g. for experimental housing schemes and for the financing of pithead stocks). The amounts so authorized up to 31. 12. 62. aggregated		9.33
Total		414.53

ANNEX II

VIII - OVERALL PICTURE OF LOAN OPERATIONS

(as at December 31, 1962)

(000,000 E.M.A. units of account)

	Loans from borrowed funds	Loans from the High Authority's own resources		Total
		from the Special Reserve	from other funds	
I. Amounts available	354.88	50.32	9.33	414.53
II. Amounts committed	346.28	42.59	9.33	398.20
III. Paid out	339.35	41.58	9.31	390.24
Redemption payments	50.54	1.36	0.84	52.74
Loans outstanding at 31. 12. 62.	288.81	40.22	8.47	337.50
IV. Amounts committed but not yet drawn down	6.93	1.01	0.02	7.96
V. Amounts not yet committed	8.60	7.73	—	16.33

ANNEX II

IX - BREAKDOWN OF LOANS GRANTED AS AT DECEMBER 31, 1962,
BY TYPES OF INVESTMENT AND BY COUNTRIES

(Initial amounts)

('000,000 E.M.A. units of account)

	Loans from borrowed funds	Loans from the High Authority's own resources		Total
		from the Special Reserve	from other funds	
1. Type of Investment				
Coalmining industry (including mine-owned coking-plants)	97.26	—	—	97.26
Pithead power-stations	46.33	—	—	46.33
Iron-ore mines and ore-preparation plants	29.25	—	—	29.25
Iron and steel industry	139.33	—	—	139.33
Housing for miners and steelworkers	24.80	42.22	—	67.02
Industrial redevelopment	9.31	—	—	9.31
Readaptation	—	—	5.65	5.65
Research (experimental housing schemes)	—	0.37	2.96	3.33
Other projects (European School)	—	—	0.72	0.72
Total	346.28	42.59	9.33	398.20
2. Geographical Distribution				
Germany (Fed. Rep.)	182.32	24.15	6.62	213.09
Belgium	40.80	0.91	0.45	42.16
France	68.27	11.23	1.00	80.50
Italy	51.23	3.46	0.23	54.92
Luxembourg	2.00	0.91	0.79	3.70
Netherlands	1.66	1.93	0.24	3.83
Community	346.28	42.59	9.33	398.20

ANNEX II

X - SECURITIES FOR LOANS GRANTED
FROM BORROWED FUNDS

(Situation as at December 31, 1962)

(Loans outstanding)

(*000,000 E.M.A. units of account)

1. Guarantees by Governments of member countries, plus negative-pledge clauses	31.28
2. Guarantees by Governments of member countries	19.07
3. Guaranties by banks	14.80
4. Guarantees by banks, plus mortgages	86.57
5. First mortgages	69.34
6. Second mortgages	2.75
7. Guarantees by industrial concerns, plus negative-pledge clauses	21.50
8. Guarantees by industrial concerns	42.72
9. Negative-pledge clauses, etc.	0.78
Total	288.81

ANNEX II

XI - INDIRECT MEDIUM-TERM LOANS

These loans are granted to enterprises in the coalmining and steel industries by the banks in the Community countries on their own risk under special agreements concluded between the High Authority and the banks concerned.

Country	Year of issue	Term (years)	Initial amount ('000,000 national currency)	Amount outstanding as at 31.12.1962	
				('000,000 national currency)	(equivalent in '000,000 E.M.A. units of account)
Germany (Fed. Rep.)	1955	5	100.0	—	—
	1957	5	5.3	—	—
	1958	5	100.0	30.0	7.500
	1960	8	100.0	100.0	25.000
	1961	8-10	20.1	20.1	5.025
Belgium	1956	5	242.0	—	—
	1957	5	81.0	—	—
	1958	5	125.0	38.5	0.770
	1961	5	372.5	372.5	7.450
France	1957	5-8	25.0	15.0	3.038
	1959	5	5.0	5.0	1.012
	1960	5	53.0	53.0	10.735
	1961	5	14.0	14.0	2.835
Italy	1956	5	4,000.0	—	—
	1958	5	500.0	—	—
	1959	5	600.0	—	—
	1961	5	5,100.0	5,100.0	8.159
Luxembourg	1955	5	100.0	—	—
	1961	5	200.0	200.0	4.000
Netherlands	1957	5	2.7	—	—
				Total	75.524

XII - BUDGETARY ACCOUNTS OF THE HIGH AUTHORITY

EXPENDITURES				
<i>I. Expenditures for the financial year</i>				
1. Administrative expenses			13,391	
2. Other expenditures				
(a) Bank charges	97			
(b) Loan-issue costs	1,333	1,430		
3. Financial assistance				
(a) for readaptation operations	1,988			
(b) for research projects	4,361	6,349		
4. Disbursements under Pension Scheme		195	21,365	
<i>II. Allocations</i>				
1. Special Reserve	10,343			
2. Readaptation	3,252			
3. Research	8,390			
4. Contingent liabilities	2,000	23,985		
5. Pension Fund		1,604	25,589	
<i>III. Unallocated balance</i>				
1. Transfers from allocated funds		13,203		
2. Excess of Revenues over Expenditures for the financial year		805	14,008	60,962
<i>IV. Loans - Guarantees and Borrowings</i>				
<i>A. Principal amounts</i>				
1. Loans granted during the financial year		29,240		
2. Redemptions of loans raised		12,397		
3. Borrowed funds not yet re-lent at June 30, 1962		20,379	62,016	
<i>B. Interest and fees paid</i>				
1. Interest on borrowed funds	11,243.5			
2. Fees to depositary and agent banks	458.5			
3. Miscellaneous	0.5	11,702.5		
4. Net surplus of service charges on borrowed funds, guarantees and loans from borrowed funds		675	12,377.50	74,393.50
GRAND TOTAL				135,355.50

FOR THE FINANCIAL YEAR ENDING JUNE 30, 1962

(000 E.M.A. units of account)

REVENUES				
I. Revenues for the financial year				
General Levy			28,246	
2. Other revenues				
(a) Interest on bank deposits and investments				
(i) receipts for the financial year	7,494			
(ii) non-recurring receipts	2,356			
		9,850		
(b) Interest on loans granted from own resources		519		
(c) Recovery of loan-issue costs		675		
(d) Sundry administrative receipts		282		
(e) Miscellaneous other receipts		39	11,365	
3. Receipts for Pension Fund				
(a) Contributions by High Authority and personnel		1,484		
(b) Interest on Pension Fund		315	1,799	
				41,410
II. Funds available for re-allocation following reduction of commitments				
(a) as a result of completion of				
(i) readaptation operations			1,988	
(ii) research projects			4,361	
				6,349
(b) as a result of cancellations				—
III. Miscellaneous transfers				
Transfers from various allocated funds to un-allocated balance			13,203	60,962
IV. Borrowings - Guarantees and Loans				
A. Principal amounts				
1. Loans raised by the High Authority during the financial year			47,336	
2. Undisbursed loan funds from earlier borrowings			2,283	
3. Redemptions of loans granted			12,397	62,016
B. Interest and fees received				
1. Interest on loans granted from borrowed funds			11,872.5	
2. Interest on undisbursed borrowed funds			312	
3. Guarantee fees			192.5	
4. Miscellaneous			0.5	
			12,377.50	
				74,393.50
GRAND TOTAL				135,355.50

ANNEX II

XIII - MOVEMENT OF ALLOCATED FUNDS

A - Funds not available for Budgetary Expenditures
(1961-62)

(000 E.M.A. units of account)

	Position at 30.6.61	Operations during financial year 1961-62					Position at 30.6.62
		Allo- cations and Receipts	Transfers		Disbur- sements	Total	
			+	-			
<i>Guarantee Fund</i>	100,000	—	—	—	—	—	100,000
Total	100,000	—	—	—	—	—	100,000
<i>Special Reserve</i>	35,873						
Net bank interest		9,785	—	—	—	+ 9,785	
Interest on loans granted from own resources		519	—	—	—	+ 519	
Fines and interest on arrears		39	—	—	—	+ 39	
Transfers to unallocated balance for adjustment of appropriations made in the years 1958-61		—	—	6	—	— 6	
Total	35,873	10,343	—	6	—	+10,337	46,210
<i>Pension Fund</i>	8,502						
Contributions by High Authority and personnel		1,484	—	—	—	+ 1,484	
Interest on Pension Fund		315	—	—	—	+ 315	
Disbursements during the year (re-settlement allow- ances, pensions, welfare fund)		—	—	—	195	— 195	
Total	8,502	1,799	—	—	195	+ 1,604	10,106
Grand Total	144,375	12,142	—	6	195	+11,941	156,316

ANNEX II

B - Funds available for Budgetary Expenditures
(1961-62)

('000 E.M.A. units of account)

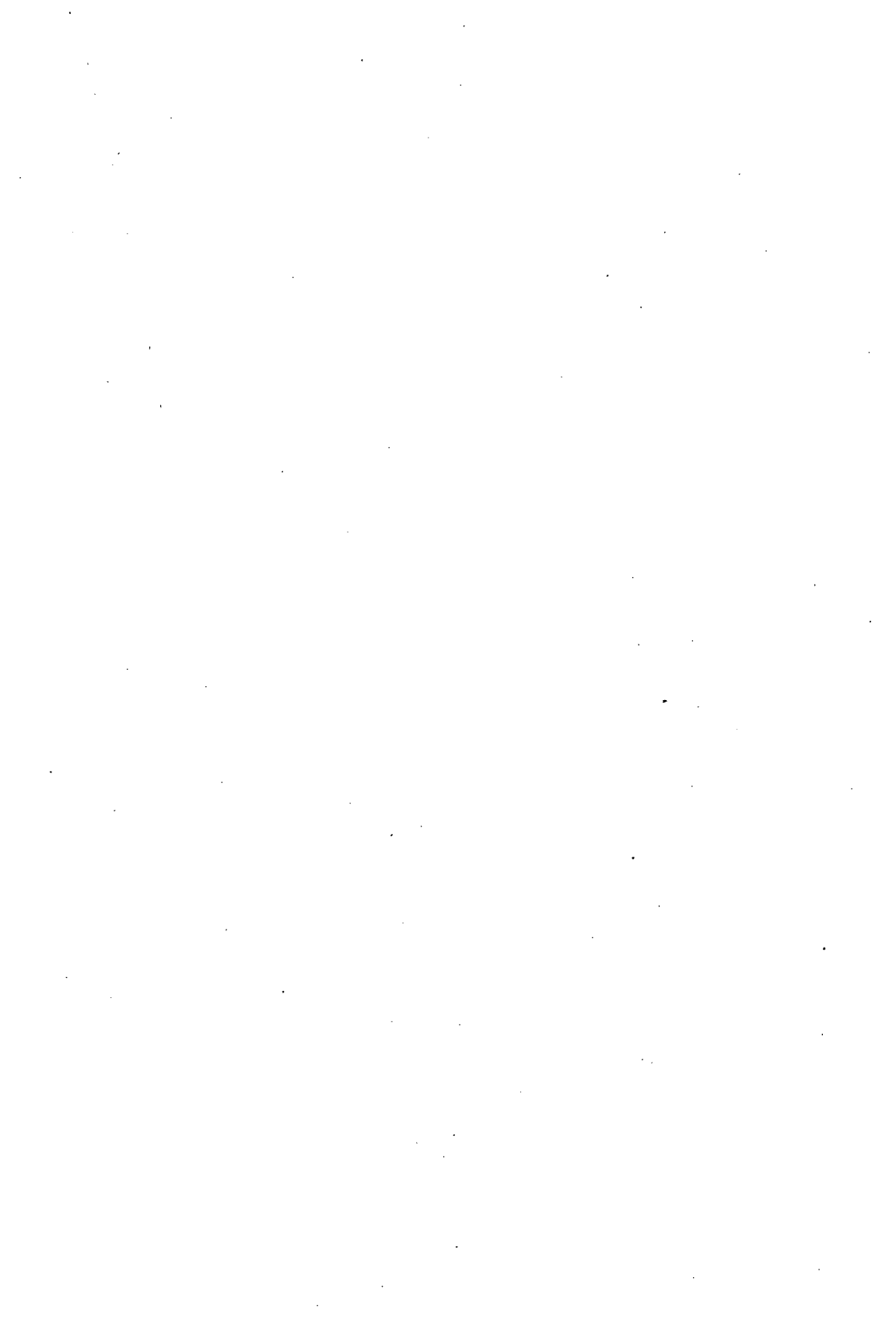
	Position at 30.6.61	Operations during financial year 1961-62					Position at 30.6.62
		Allo- cations and Receipts	Transfers		Disburse- ments	Total	
+	-						
<i>Readaptation</i>	44,653						
Receipts for new commitments entered into during the year		3,252	—	—	—	+ 3,252	
Transf. to unallocated balance following reconsideration of commitments		—	—	10,000	—	—10,000	
Transf. to unallocated balance to reduce "economic emergency reserve" to 10,000		—	—	3,118	—	— 3,118	
Transf. to unallocated balance following reduction of outstanding loans		—	—	41	—	— 41	
Disbursements during the year		—	—	—	1,988	— 1,988	
Total	44,653	3,252	—	13,159	1,988	—11,895	32,758
<i>Research</i>	17,868						
Receipts for new commitments entered into during the year		6,816	—	—	—	+ 6,816	
Receipts to bring "economic emergency reserve" up to 3,000		1,574	—	—	—	+ 1,574	
Transf. to unallocated balance following repayment of loans during the year		—	—	38	—	— 38	
Disbursements during the year		—	—	—	4,361	— 4,361	
Total	17,868	8,390	—	38	4,361	+ 3,991	21,859
<i>Contingent liabilities</i>	—						
Receipts for actuarial revaluation of Pension Fund		2,000	—	—	—	+ 2,000	
Total		2,000	—	—	—	+ 2,000	2,000

ANNEX II

(XIII - B - contd.)

('000 E.M.A. units of account)

	Position at 30.6.61	Operations during financial year 1961-62					Position at 30.6.62
		Allo- cations and Receipts	Transfers		Disbur- sements	Total	
+	--						
<i>Unallocated balance</i>	12,916						
Transf. from readaptation funds following reconsi-deration of commitments		—	10,000	—	—	+ 10,000	
Transf. from readaptation funds to reduce "economic emergency reserve" to 10,000		—	3,118	—	—	+ 3,118	
Transf. from readaptation funds following reduction of outstanding loans		—	41	—	—	+ 41	
Transf. from research funds following repayment of loans during the year		—	38	—	—	+ 38	
Transf. from Special Reserve for adjustment of appropriations made in the years 1958-61 (Sestri)		—	6	—	—	+ 6	
Allocations of Excess of Revenues over Expenditures		805	—	—	—	+ 805	
Total	12,916	805	13,203	—	—	+ 14,008	26,924
Grand total	75,437	14,447	13,203	13,197	6,349	+ 8,104	83,541



XIV - BUDGETARY ACCOUNTS OF THE HIGH AUTHORITY FOR

EXPENDITURES				
<i>I. Expenditures for the first six months</i>				
1. Administrative expenses			6,862	
2. Other expenditures				
(a) Bank charges	21			
(b) Loan-issue costs	1,097			
3. Financial assistance			1,118	
(a) for readaptation operations	451			
(b) for research projects	2,134			
4. Disbursements under Pension Scheme			2,585	
			44	
				10,609
<i>II. Allocations</i>				
1. Special Reserve	4,111			
2. Readaptation	6,282			
3. Research	1,668			
4. Pension Fund			12,061	
			914	
				12,975
<i>III. Miscellaneous transfers</i>				
				—
				23,584
<i>Loans - Guarantees and Borrowings</i>				
<i>A. Principal amounts</i>				
1. Loans granted during the first six months			43,665	
2. Redemptions of loans raised			1,153	
3. Borrowed funds not yet re-lent at December 31, 1962			15,524	
				60,342
<i>B. Interest and fees paid</i>				
1. Interest on borrowed funds	6,499			
2. Fees to depository and agent banks	239			
3. Miscellaneous	—			
4. Net surplus of service charges on borrowed funds, guarantees and loans from borrowed funds			6,738	
			434	
				7,172
				67,514
				91,098
				GRAND TOTAL

THE FIRST SIX MONTHS OF THE FINANCIAL YEAR 1962-63

(000 E.M.A. units of account)

REVENUES				
I. Revenues for the first six months				
1. General Levy		10,287		
2. Other revenues				
(a) Interest on bank deposits and investments				
(i) receipts for the six months	3,806			
(ii) non-recurring receipts	—			
(b) Interest on loans granted from own resources	311			
(c) Recovery of loan-issue costs	434			
(d) Sundry administrative receipts	156			
(e) Miscellaneous other receipts	6			
3. Receipts for Pension Fund		4,713		
(a) Contributions by High Authority and personnel	786			
(b) Interest on Pension Fund	172			
		958	15,958	
II. Funds available for re-allocation following reduction of commitments				
(a) as a result of completion of				
(i) readaptation operations	451			
(ii) research projects	2,134			
(b) as a result of cancellation of		2,585		
(i) readaptation schemes	1,215			
(ii) research projects	—			
(c) as a result of redemption of loans granted for		1,215		
(i) readaptation operations	—			
(ii) research projects	25	25		
			3,825	
III. Miscellaneous transfers				
IV. Unallocated balance				
Excess of Expenditures over Revenues for the first six months			3,801	23,584
<i>Borrowings - Guarantees and Loans</i>				
A. Principal amounts				
1. Loans raised by the High Authority during first six months		38,810		
2. Undisbursed loan funds from earlier borrowings		20,379		
3. Redemptions of loans granted		1,153		
			60,342	
B. Interest and fees received				
1. Interest on loans granted from borrowed funds		6,990		
2. Interest on undisbursed borrowed funds		105		
3. Guarantee fees		77		
4. Miscellaneous		—		
			7,172	
				67,514
GRAND TOTAL				91,098

ANNEX II

XV - MOVEMENT OF ALLOCATED FUNDS

A - Funds not available for Budgetary Expenditures
(First six months of 1962-63)

('000 E.M.A. units of account)

	Position at 30.6.62	Operations during first 6 months of 1962-63					Position at 31.12.62
		Alloca- tions and Receipts	Transfers		Disburse- ments	Total	
			+	-			
<i>Guarantee Fund</i>	100,000	—	—	—	—	—	—
Total	100,000	—	—	—	—	—	100,000
<i>Special Reserve</i>	46,210						
Net bank interest		3,794	—	—	—	+ 3,794	
Interest on loans granted from own resources		311	—	—	—	+ 311	
Fines and interest on arrears		6	—	—	—	+ 6	
Total	46,210	4,111	—	—	—	+ 4,111	50,321
<i>Pension Fund</i>	10,106						
Contributions by High Authority and personnel		786	—	—	—	+ 786	
Interest on Pension Fund		172	—	—	—	+ 172	
Disbursements during first six months (re-settlement allowances, pensions, wel- fare fund)		—	—	—	44	— 44	
Total	10,106	958	—	—	44	+ 914	11,020
Grand total	156,316	5,069	—	—	44	+ 5,025	161,341

ANNEX II

B - Funds available for Budgetary Expenditures
(First six months of 1962-63)

('000 E.M.A. units of account)

	Position at 30.6.62	Operations during first 6 months of 1962-63					Position at 31.12.62
		Allo- cations and Receipts	Transfers		Disbur- sements	Total	
			+	-			
<i>Readaptation</i>	32,758						
Receipts for new commit- ments entered into during first six months		6,282	—	—	—	+6,282	
Transfers to unallocated balance following cancel- lation of commitments		—	—	1,215	—	—1,215	
Disbursements during first six months		—	—	—	451	— 451	
Total	32,758	6,282	—	1,215	451	+4,616	37,374
<i>Research</i>	21,859						
Receipts for new commit- ments entered into during first six months		1,668	—	—	—	+1,668	
Transfers to unallocated balance following repay- ment of loans granted		—	—	25	—	— 25	
Disbursements during first six months		—	—	—	2,134	—2,134	
Total	21,859	1,668	—	25	2,134	— 491	21,368
<i>Contingent liabilities</i>	2,000	—	—	—	—	—	
Total	2,000	—	—	—	—	—	2,000
<i>Unallocated balance</i>	26,924						
Transf. from readaptation funds following cancella- tion of commitments		—	1,215	—	—	+1,215	
Transf. from research funds following repayment of loans granted		—	25	—	—	+ 25	
Cover of Excess of Expen- ditures over Revenues		—	—	—	5,041	—5,041	
Total	26,924	—	1,240	—	5,041	—3,801	23,123
Grand total	83,541	7,950	1,240	1,240	7,627	+ 323	83,865

III

SPECIAL ANNEX
ON THE CHECKING OF TONNAGES
ADMITTED BY THE COMPENSATION
OFFICE FOR IMPORTED SCRAP

Introduction

1. The Annex to the Ninth General Report described the investigations which the High Authority was having made into the working of the scrap-price compensation scheme: it was added that at the time of going to press these investigations were still going on, as the audit companies appointed for the purpose had not yet completed their checking operations at national level, though they had done so as far as the Compensation Office itself and its regional branches were concerned.

The High Authority therefore takes this opportunity to lay before the European Parliament a brief account of developments since that time. It would recall that the Parliament on December 21, 1961, unanimously adopted a Resolution (Doc. No. 121) requiring it (point 4) to "continue to make all appropriate investigations and to co-operate actively with the national judicial authorities and administrative departments." The following is an account of the High Authority's activities in this respect since then.

2. No new material facts have emerged in the meantime which could shed fresh light on the questions dealt with earlier in the Report submitted in April 1961, in the discussions with the Poher Committee, in the Committee's own report of December 15, 1961 (Doc. No. 109), and in the public debate on December 28, 1961.

3. In the following sections the course of events in the interval is described for each country concerned, as regards

- (a) check-ups by the High Authority;
- (b) check-ups by the national authorities;
- (c) prosecutions;
- (d) civil actions.¹⁾

Federal Republic of Germany

Check-ups by the High Authority

4. The High Authority re-examined a number of contracts which were still felt to be somewhat obscure. In one case there was grave suspicion that some 50,000 tons of the imports concerned were not of scrap at all, but of other material which, in the High Authority's opinion, cannot be admitted for compensation.

5. Since it was not able itself to ascertain the truth, the High Authority asked for the co-operation of the Belgian and Netherlands judicial authorities, the tonnages in question having been imported through Belgian and Netherlands ports. No report has as yet been received on the investigations in Belgium, owing partly to problems of jurisdiction, which may, however, now be regarded as settled.

6. The report by the Netherlands authorities confirmed the suspicion voiced. On the strength of the facts known to it, the High Authority has now instituted legal proceedings in Germany and in a non-Community country. The documents submitted to the Compensation Office in support of the eligibility for compensation of the tonnages in question consisted simply of declarations of origin issued by an official department.

¹⁾ We are not here concerned with the investigation of the compensation payments, which have been audited by the same companies as assisted the High Authority in carrying out the check-ups on the origin of the scrap tonnages admitted for compensation. The companies completed this assignment at the end of 1962, and their final reports are now in preparation.

The German judicial authorities are investigating the matter.

Check-ups by the national authorities

7. The High Authority's Report of April 1961 gave particulars (Nos. 43-46) of the large-scale check-ups being effected in Germany. These related practically entirely to the so-called *Heeresschrott* (scrap purchased from American and British Army units stationed in Germany). Except in two cases (see below), these investigations—which included thorough verification of the authenticity of all the Customs documents submitted to the Compensation Office—have now been completed.

8. It has been found that compensation was, in the High Authority's view, improperly paid in respect of approximately 54,000 metric tons (including the 7,827 tons referred to in the April 1961 Report), imported under 14 contracts. Although not all the irregularities are readily classifiable into cut-and-dried categories, the following is, with due reservations, roughly the breakdown.

	<i>(metric tons)</i>
Falsified Customs receipts, bills of lading and certificates of origin	33,600
Same Customs receipts submitted more than once	2,100
False tonnage figures	2,600
Importation of alloy scrap	1,300
Importation from Community countries	800
Importation of other products resembling scrap (<i>e.g.</i> pig-iron)	13,800
	<u>54,200</u>

The accuracy of the last item in particular is not guaranteed.

9. At the time of going to press, the findings on three firms were not yet known. Grounds for doubt exist as to

whether certain imports by them were genuinely scrap eligible for compensation.

10. In one of these cases, difficulties have arisen over the German authorities' legal right to carry out the checks concerned. The scrap merchants in question have by contesting this succeeded in holding up proceedings considerably, and also in having the matter referred for investigation not to the Oberfinanzdirektion but direct to the judicial authorities. A second firm has taken the same stand: the action to be taken in its case is under discussion.

Prosecutions

11. Judgments have now been delivered in Düsseldorf in a number of cases in the *Heeresschrott* series. In all but one the court convicted and passed sentence: the defendants included several sub-contractors, the chief clerk of a firm which had concluded contracts with the Joint Office for Scrap Compensation, a Customs officer and an official of the Deutsche Schrottverbraucher-Gemeinschaft. Similar proceedings are pending in various other German cities.

12. With regard to imported scrap, one prosecution instituted by the High Authority has ended in acquittal. This was the case referred to in No. 50, b of the April 1961 Report: the 10,601 metric tons there mentioned must accordingly now be deducted from the total tonnage of imported scrap improperly admitted for compensation, *viz.* 52,152 tons.

Judicial inquiries are proceeding in the cases mentioned in Nos. 5, 9 and 11 above.

Civil actions

13. The means of action open to the High Authority in this connection are mentioned in Nos. 74 and 75 of the April 1961 Report. In response to the first step, a formal

demand to repay the amounts improperly disbursed (more particularly in respect of the *Heeresschrott* compensation), some dealers have complied in part or in full. The total amount so recovered to date is about Bfr. 20,000,000.

14. Further action to recover the sums due from those who have disregarded the demand notice, or have refunded only in part, has been delayed for two reasons. Firstly, one of the effects of the efforts referred to in No. 10 above to contest the German authorities' right to institute check-ups has been to block the High Authority's information on the checking, with the result that it has only recently assembled sufficient particulars to enable the Compensation Office's solicitors to have the subpoenas issued. Secondly, it was decided to await the findings in the case against the firm of German dealers which purchased scrap from the Zeeuwsche Metaalmaatschappij by means of falsified certificates supplied by an official of the Netherlands Ministry of Economic Affairs. Judgment was recently delivered, the court upholding in principle the Compensation Office's claim and the dealers' obligation under the contract, though the amount to be refunded by the defendants has not yet been fixed. The defendants have appealed.

15. Following the *Heeresschrott* cases, the claims for the refunding of the other sums improperly drawn in compensation are to be put in hand as soon as possible. The High Authority will be having to base part of its submissions on information which only recently came into its possession and is still under study.

Belgium

Check-ups by the High Authority

16. No further investigations by the High Authority have been called for in Belgium.

Check-ups by the national authorities

17. At the High Authority's request, the General Economic Inspectorate of the Ministry of Economic Affairs has been assembling further information on the imports referred to in No. 56, g-h of the April 1961 Report as insufficiently established; this was necessary inasmuch as the evidence available did not legally offer grounds for action. Some of the imports in question can now be considered as having been genuine; the remainder call for further investigation.

With the assistance of the Netherlands judicial authorities, it has been possible to prove that in some cases the supposed imports of third-country scrap into Belgium were in fact Community scrap from the Netherlands.

Prosecutions

18. The Belgian authorities are still engaged in thorough-going investigations with regard to shipbreaking scrap. At the request of the examining magistrate, Lloyds have calculated the scrap yield of several further ships. No further details can be given at this stage.

19. The criminal proceedings in the cases referred to in No. 56, a-b of the April 1961 Report have now been concluded: of the three accused (one of whom had concluded contracts with the Compensation Office), two were fined and sentenced respectively to three years' and one year's imprisonment.

Civil actions

20. The Compensation Office, which was suing for damages concurrently with this case, was provisionally awarded Bfr. 5,000,000 against the defendants severally; the actual amount payable by them will be fixed by expert assessors.

In addition, as in Germany, proceedings have been started against a Belgian firm of dealers which declared for compensation scrap procured from the Zeeuwsche Metaalmaatschappij by means of a faked document delivered by an official of the Netherlands Ministry of Economic Affairs: the findings have not yet been made known.

Other cases are in preparation: in many of these the Compensation Office will be bringing concurrent claims for civil damages alongside the actual prosecutions under the criminal code.

France

Check-ups by the High Authority

21. Since the April 1961 Report appeared, additional particulars have been assembled on some cases in France which indicate that some 1,800 tons of the amounts earlier shown as having been improperly admitted for compensation were in fact correctly declared. Of this tonnage, about two-thirds were found on further investigation (carried out at the High Authority's request by the Netherlands judicial authorities, since the freight in question had passed in transit through a Netherlands port) to have been genuinely imported.

Check-ups by the national authorities

22. There have been no fresh developments beyond the position given in No. 60 of the 1961 Report.

Judicial inquiries

23. Informal inquiries by the judicial authorities were instituted in three cases: in one it was concluded that the Brussels Offices had not been defrauded, in the second

irregularities were shown to have existed but no action could be taken until further particulars were forthcoming, and in the third investigations are in progress on the basis of fresh information supplied by the High Authority.

Civil actions

24. The Compensation Office entered a claim for damages to be judged concurrently with a criminal case.

Italy

Check-ups by the High Authority

25. The High Authority's own checking operations in respect of the origin of the scrap tonnages admitted for compensation by the Joint Office have now been completed. This involved the examination of a very large number of original documents in the possession of the various departments and in the central records office of the Italian Customs authorities, including over 15,000 counterfoils of import declarations and some 25,000 bonding certificates, goods-arrival manifests and so on.

It has been ascertained that, with the exception of a very small tonnage (1,003 metric tons out of a total of 6,518,000) which is now being specially investigated because the shipbreaking scrap concerned was cleared through Customs direct by the shipbreakers, the tonnages admitted for compensation were genuinely imported into Italy. With regard to shipbreaking contracts, the case of 4,362 tons from vessels broken up in France is being gone into further.

26. As in Italy's case it was possible to examine the originals of the certificates of origin made out by the Customs authorities directly responsible for keeping track of shipbreaking, the ratio between the tonnage of scrap delivered and the gross registered tonnage of the vessels

concerned was of less importance. In any case, the ratio was for the most part low, a yield of over 60% being recorded for only eleven vessels representing no more than 6,300 tons of scrap among them (2% of the total tonnage of shipbreaking scrap delivered).

Nevertheless, Lloyds were asked to make assessments in respect of four vessels which had yielded a total of 4,739 tons; in two of these cases the tonnage delivered was higher than Lloyds' figure.

Ships	Scrap yield as estimated by Lloyds	Tonnage delivered	Difference tons	%
2	1,946 tons	2,450 tons	504	26

This discrepancy is being investigated.

Efforts have been made to establish why the certificates of the Società Terrestre Marittima were produced at such a late stage. It has not, however, been possible to do so, as Terrestre Marittima failed to produce the relevant documents. The matter has been placed in the hands of the Italian judicial authorities; the High Authority has no information concerning developments since then.

Check-ups by the national authorities

27. According to the Customs documents examined, some of the imports were cleared under a different tariff heading, though at the appropriate rate of duty for scrap. As the importer is required in his declaration to indicate the statistical number specifying the exact nature of the consignment (*e.g.* sheet, tubes, etc.), we are informed that the Customs officer may have simply copied the tariff and statistical number given in the declaration, yet charged the duty for scrap.

The various discrepancies noted with regard to the nature of the consignments (relating to a total of 31,328 tons) have been reported to the Board on Customs and Excise for investigation.

As so far no cases have been detected in Italy of scrap tonnages improperly admitted for compensation, no civil or criminal proceedings have been instituted, except in the matter referred to in No. 26 above.

Netherlands

Check-ups by the High Authority

28. The background to fraudulent practices in which an official of the Ministry of Economic Affairs was involved has been very thoroughly gone into, as it was felt that should any connection be discovered with the very difficult process, which was taking place at about the same time, of fulfilling various other contracts concerning shipbreaking scrap, this would shed fresh light on the whole case. The investigations have yielded no conclusive results one way or the other. A chronological enumeration of the facts has been placed before the Netherlands judicial authorities.

Check-ups by the national authorities

29. With regard to No. 65 of the April 1961 Report, the Netherlands judicial authorities have regularly sent the High Authority the official records of the investigations they have been making on its behalf. Most of these related to shipbreaking scrap for the Netherlands and to import contracts; some, however, concerned contracts in respect of scrap imported into other countries via the Netherlands, and were effected to supplement the inquiries being made in the countries of destination.

It would appear that, so far as imports into the Netherlands are concerned, no improper transactions took place under the compensation scheme; in one case, however, the investigation has not yet been quite completed.

Prosecutions

30. The judicial inquiries instituted by the Netherlands authorities concerning shipbreaking scrap, and the findings arrived at, are down for debate in the Netherlands Parliament, and so, obviously, no longer a matter for the High Authority.

The High Authority can only refer those interested to Questions Nos. 43 and 118 tabled by Mr. Van der Goes van Naters, and to the replies given. It is obliged to accept the Netherlands judicial authorities' conclusion, the implication of which is in substance that no prosecutions will be instituted in that country.

Civil actions

31. The Joint Office is suing the Netherlands Government for damages, claiming it to be liable in civil law for the adverse effects resulting from the fraudulent practices in which an official of the Ministry of Economic Affairs was involved, in that he uttered falsified documents.

It is also being considered whether and to what extent the facts brought to light in the course of the judicial inquiry warrant the institution of civil proceedings.

Concluding remarks

32. Although, as the above account makes clear, the High Authority's own investigations have not recently needed to be very extensive, the maintenance of contact with the respective national auditing departments and judicial authorities has meant a great deal of work. The High Authority feels it can fairly claim to have done all it possibly could to "make all appropriate investigations and to co-operate actively with the national judicial authorities and administrative departments." It will continue to do so until all the cases still pending have been

duly disposed of, but it considers that the political aspects of the scrap case are now so well known that there is no particular object in discussing them further unless some entirely new facts emerge.

All the cases concerned have been laid before the national judicial authorities.

The High Authority takes this opportunity to thank all the national authorities and officials who have assisted and are assisting it in this complex affair. It would add that in much of the work that has been done there has been evidence of genuine European-mindedness.

IV

STATISTICAL ANNEX

TABLE No. 1
World Hard-Coal Production

Continent	('000 metric tons)							
	1950	1952	1956	1957	1960	1961 ¹⁾	1962 ²⁾	
<i>Europe, excl. U.S.S.R. of which: Community United Kingdom Eastern Europe Poland others</i>	552,203 217,280 219,801	595,084 238,883 230,124	616,471 249,092 225,573	615,658 247,888 227,219	585,724 233,947 196,828	580,742 229,998 193,522	587,457 226,981 200,584	
<i>U.S.S.R.</i>	78,001 23,018	84,440 25,209	95,635 29,441	94,095 28,603	104,438 33,125	106,600 33,372	109,400 34,500	
<i>Asia, excl. U.S.S.R. and China of which: Japan India</i>	185,225	215,009	304,002	328,502	374,933	376,920	382,000	
<i>Africa of which: Union of South Africa</i>	80,225 38,459 32,825	90,020 43,359 36,884	101,712 46,555 39,910	112,971 51,732 44,202	128,565 51,072 52,680	135,650 54,480 56,064	57,200 59,000	
<i>The Americas of which: U.S.A.</i>	30,085 26,473	32,311 28,065	39,372 33,602	40,905 34,764	43,269 38,172	44,231 39,564		
<i>Australia and Oceania</i>	524,029 505,327	476,174 457,600	495,509 477,993	484,082 467,595	406,713 391,526	393,642 378,664	393,300	
<i>World, excl. China</i>	1,389,515	1,429,195	1,577,463	1,603,202	1,562,974	1,556,395		
<i>China</i>	40,900	63,528	105,922	130,730				
<i>World, incl. China</i>	1,430,415	1,492,723	1,683,385	1,733,932				

¹⁾ Provisional figures.

TABLE No. 2
Community Hard-Coal Production
(by countries and coalfields)

Coalfield - Country	('000 metric tons)										
	1938	1952	1953	1956	1957	1958	1959	1960	1961	1962 ¹⁾	
Ruhr	127,284	114,417	115,551	124,627	123,209	122,302	115,389	115,441	116,083	115,898	
Aachen	7,754	6,439	6,588	7,208	7,619	8,020	7,894	8,188	8,356	8,050	
Lower Saxony	1,918	2,422	2,333	2,572	2,328	2,260	2,303	2,425	2,211	2,269	
Saar ²⁾	14,389	16,235	16,418	17,090	16,455	16,423	16,246	16,234	16,090	14,919	
Germany (Fed. Rep.)	151,345	139,514	140,889	151,497	149,612	149,005	141,833	142,287	142,741	141,136	
Campine	6,536	9,712	9,483	10,468	10,331	9,973	8,771	9,385	9,611	9,805	
Southern Belgium	13,049	20,672	20,577	19,085	18,755	17,089	13,986	13,080	11,928	11,413	
Belgium	29,585	30,384	30,060	29,555	29,086	27,062	22,757	22,465	21,539	21,218	
Nord-Pas-de-Calais	28,238	29,406	27,554	28,583	28,725	28,858	29,249	28,940	26,925	27,145	
Lorraine	6,729	12,210	12,001	13,286	14,297	14,971	15,142	14,703	14,011	14,287	
Centre-Midi	11,087	13,157	12,606	12,899	13,373	13,586	12,957	12,092	11,239	11,804	
Other mines ³⁾	440	592	427	362	400	306	258	226	182	123	
France	46,504	55,365	52,588	55,129	56,795	57,721	57,606	55,961	52,357	52,360	
Italy, all coalfields	598	1,089	1,126	1,076	1,019	721	735	736	740	693	
Dutch Limburg	13,488	12,532	12,297	11,836	11,376	11,880	11,978	12,498	12,621	11,573	
Community	241,520	238,883	236,961	249,092	247,888	246,390	234,908	233,947	229,998	226,980	

¹⁾ Provisional figures.

²⁾ From 1960 onwards, exclusive of the production of the small mines (1959 = 146,000 metric tons).

³⁾ Non-nationalized mines.

N.B.

a) The figures are not wholly comparable as between one country and another, nor indeed, in the case of Germany, as between one coalfield and another, owing to differences in the breakdown of coal grades. The proportion of middlings and slurry produced in the Ruhr, Aachen, Lower Saxony and Dutch Limburg has been converted into terms of saleable coal; that produced in the Saar, Belgium, French and Italian coalfields is reckoned ton for ton for all grades.

b) For figures in respect of the years 1954 and 1955, see *Statistical Annex to the Tenth General Report*, Table 2, or *Bulletin de l'Office Statistique des Communautés Européennes*, "charbon et autres sources d'énergie."

ANNEX IV

TABLE No. 3

Underground Output per Man/Shift in the Community Hard-Coal Mines
(by countries and coalfields)

(kilogrammes)					
Coalfield - Country	1938	1953	1957	1961	1962 ¹⁾
Ruhr	1,970	1,486	1,614	2,246	2,418
Aachen	1,409	1,186	1,314	1,836	1,932
Lower Saxony	1,380	1,130	1,264	1,969	2,081
Saar	1,570	1,676	1,800	2,197	2,368
<i>Germany (Fed. Rep.)</i>	1,877	1,480	1,606	2,207	2,372
Campine	1,523 ²⁾	(1,428) ³⁾	1,583	1,941	2,032
Southern Belgium	1,004 ²⁾	(1,075) ³⁾	1,125	1,566	1,656
<i>Belgium</i>	1,085 ²⁾	(1,164) ³⁾	1,253	1,714	1,818
Nord-Pas-de-Calais	1,136	1,277	1,506	1,610	1,633
Lorraine	2,014	2,088	2,310	2,704	2,808
Centre-Midi	1,176	1,343	1,634	1,912	1,989
Other pits	—	974	1,219	1,794	1,862
<i>France</i>	1,226	1,416	1,682	1,878	1,922
<i>Italy (Sulcis)</i>	—	609	957	1,573	1,675
<i>Dutch Limburg</i>	2,371	1,567	1,499	2,055	2,070
Community	1,590 ⁴⁾	1,413	1,560	2,059	2,174

¹⁾ Provisional figures.

²⁾ Including shifts of supervisory personnel.

³⁾ Estimated figures.

⁴⁾ Exclusive of Sulcis in 1938.

N.B.

a) The figures are not wholly comparable as between one country and another, nor, in the case of Germany, as between one coalfield and another (the Saar is different from the other three), owing to differences in the breakdown of production (see note to table 2) and in the length of shifts.

b) For figures in respect of the years 1959 and 1960 see *Statistical Annex to the Tenth General Report, Table 4, or Bulletin de l'Office Statistique des Communautés Européennes, "charbon et autres sources d'énergie."*

ANNEX IV

TABLE No. 4

Pithead Stocks of Hard Coal

('000 metric tons at end of year)

Coalfield - Country	1952	1959	1960	1961	1962 ¹⁾
Ruhr	445	9,444	5,159	5,774	4,085
Aachen	12	497	222	430	256
Lower Saxony	8	389	368	554	661
Saar	462	1,436	1,400	1,539	1,136
<i>Germany (Fed. Rep.)</i>	927	11,766	7,148	8,297	6,138
Campine	667	2,341	2,255	1,582	473
Southern Belgium	1,006	5,156	4,310	2,812	887
<i>Belgium</i>	1,673	7,496	6,565	4,394	1,360
Nord/Pas-de-Calais	1,553	3,710	4,532	3,649	2,665
Lorraine	1,181	3,795	4,764	4,350	3,716
Centre-Midi	1,442	3,438	3,903	3,617	2,367
<i>France²⁾</i>	4,200	10,955	13,202	11,618	8,751
<i>Italy, all coalfields</i>	53	111	93	8	43
<i>Dutch Limburg</i>	237	864	655	541	537
Community	7,090	31,193	27,664	24,857	16,830
<i>of which: low-grade fuels³⁾</i>	—	34%	47%	48%	57% ⁴⁾

1) Provisional figures.

2) Including stocks at non-nationalized mines.

3) Middlings, slurry and pulverized fuels.

4) As at end of November.

N.B.

For figures in respect of the years not listed in this Table, see *Statistical Annex to the Tenth General Report*, Table 5, or *Bulletin de l'Office Statistique des Communautés Européennes*, "charbon et autres sources d'énergie."

ANNEX IV

TABLE No. 5

Stocks of Hard Coal and Hard-Coal Briquettes held by Consumers
within the Community

('000 metric tons)

At end of period	Coking-plants ¹⁾	Briquetting plants	Railways	Power-stations	Gas-works	Iron and steel industry	Other industries	Total
1953	1,311	439	1,484	2,393	1,167	312	3,666	10,772
1954	1,381	346	1,300	2,770	1,068	301	3,350	10,516
1955	1,798	318	1,036	3,092	1,055	347	4,332	11,978
1956	2,155	231	1,203	4,758	1,170	408	5,116	15,041
1957	2,678	482	1,879	6,734	1,966	423	5,646	19,808
1958	2,401	514	1,945	8,612	1,603	350	4,838	20,263
1959	2,437	370	1,308	7,345	1,161	274	3,972	16,867
1960	2,215	328	987	8,263	1,223	261	3,850	17,127
1961	1,950	294	906	7,391	909	281	3,430	15,161
October 1962	2,094	365	1,012	7,927	1,165	344	4,027	16,934
1962	2,295	266	850	7,582	1,136	376	3,564	16,069

¹⁾ New series of figures as from 1960.

ANNEX IV

TABLE No. 6

Production of Coke-Oven Coke
(Community)

('000 metric tons)

Year	Germany (Fed. Rep.)	Saar	Belgium	France	Italy ¹⁾	Nether- lands	Com- munity
1938	36,671	3,108	5,107	7,636	1,739	3,143	57,404
1952	37,233	3,888	6,407	9,216	2,350	3,285	62,379
1953	37,776	3,590	5,945	8,631	2,327	3,245	61,514
1954	34,921	3,666	6,147	9,220	2,499	3,381	59,833
1955	40,520	3,939	6,600	10,725	2,949	3,901	68,633
1956	43,435	4,206	7,270	12,249	3,411	4,238	74,809
1957	45,193	4,324	7,156	12,564	3,687	4,243	77,168
1958	43,439	4,175	6,906	12,468	3,360	4,081	74,431
1959	38,405	4,335	7,217	13,092	3,054	4,083	70,187
1960	44,541		7,539	13,605	3,715	4,518	73,919
1961	44,296		7,252	13,447	3,897	4,555	73,447
1962 ²⁾	42,864		7,195	13,477	4,290	4,274	72,099

¹⁾ Including Trieste from 1955 onwards.

²⁾ Provisional figures.

TABLE No. 7

Stocks of Coke at Coking-Plants

(Community)

('000 metric tons)

Year	Germany (Fed. Rep.)	Saar	Belgium	France	Italy	Nether- lands	Com- munity
1952	110	18	101	187	52	63	531
1953	3,429	34	200	435	63	99	4,260
1954	1,984	19	127	375	58	82	2,645
1955	164	12	71	164	62	82	555
1956	178	20	87	175	50	68	578
1957	622	53	237	448	129	163	1,653
1958	5,316	51	276	708	321	342	7,015
1959	7,062	18	291	688	209	301	8,583
1960	5,475		270	576	111	221	6,653
1961	4,973		266	732	165	297	6,433
1962 ¹⁾	5,074		218	690	50	129	6,160

¹⁾ Provisional figures.

ANNEX IV

TABLE No. 8

Community Hard-Coal Imports from Third Countries

('000 metric tons)

Country of destination \ Country of origin	U.S.A.	U.K.	Poland	U.S.S.R.	Other third countries	Total
	<i>Germany (Fed. Rep.)</i>					
1953	3,421	1,521	76	—	27	5,045
1957	15,904	497	560	38	147	17,147
1961	4,526 ¹⁾	542	390	45	149	5,652
1962	5,868 ¹⁾	485	418	10	159	6,940
<i>Belgium</i>						
1953	664	420	—	46	2	1,133
1957	2,138	564	33	50	35	2,820
1961	668	134	—	20	8	830
1962	894	273	—	50	41	1,258
<i>France</i>						
1953	289	448	480	260	138	1,615
1957	6,903	742	1,281	605	169	9,701
1961	649	414	225	932	141	2,361
1962	755	783	220	960	246	2,964
<i>Italy</i>						
1953	1,609	1,704	613	46	249	4,222
1957	8,201	132	125	239	107	8,805
1961	4,426	113	1,014	854	343	6,751
1962	5,553	114	1,090	1,139	345	8,241
<i>Netherlands</i>						
1953	701	986	24	80	10	1,802
1957	4,581	697	—	69	37	5,384
1961	1,668	1,324	151	32	33	3,207
1962	1,910	1,428	219	130	50	3,737
<i>Community</i>						
1953	6,684	5,085 ²⁾	1,193	432	426	13,823
1957	37,828 ²⁾	2,635 ²⁾	1,999	1,001	495	43,959
1961	11,937 ¹⁾	2,527	1,778	1,884	675	18,801
1962	14,980 ¹⁾	3,083	1,947	2,289	841	23,140

¹⁾ Including purchases for American troops stationed in Germany — 1961: 203; 1962: 900.

²⁾ Including 87 to the Saar and 13 to Luxembourg.

³⁾ Including 6 to Luxembourg in 1953 and 2 in 1957.

N.B.

For figures in respect of the years not listed in this Table, see *Statistical Annexes to the Eighth, Ninth and Tenth General Reports* or *Bulletin de l'Office Statistique des Communautés Européennes, "charbon et autres sources d'énergie."*

The 1962 figures are provisional.

ANNEX IV

TABLE No. 9

Community Hard-Coal Exports to Third Countries

('000 metric tons)

Country of origin	Country of destination					Total
	U.K.	Sandinavian-countries	Switzerland	Austria	Other countries	
<i>Germany (Fed. Rep.)¹⁾</i>						
1953	26	548	405	1,778	507	3,264
1957	—	477	587	923	687	2,675
1961	—	299	696	935	508	2,438
1962	—	379	690	1,044	1,401	3,514
<i>Saar</i>						
1953	227	185	315	196	171	1,094
1957	83	—	371	64	40	557
<i>Belgium</i>						
1953	192	64	50	2	274	582
1957	616	77	161	—	1	855
1961	—	159	280	9	234	682
1962	—	280	320	4	205	809
<i>France</i>						
1953	116	229	267	129	140	881
1957	161	9	412	58	224	863
1961	—	—	262	16	111	389
1962	—	—	286	17	47	350
<i>Netherlands</i>						
1953	—	0	39	0	12	51
1957	—	20	121	5	4	149
1961	—	23	48	1	0	71
1962	—	11	50	1	0	62
<i>Community</i>						
1953	561	1,026	1,076	2,105	1,104	5,872
1957	859	582	1,651	1,050	957	5,099
1961	—	479	1,286	960	855	3,580
1962	—	670	1,346	1,066	1,653	4,735

¹⁾ German figures include exports from the Saar as from 1960.

N.B.

For figures in respect of the years not listed in this Table, see *Statistical Annexes to the Eighth, Ninth and Tenth General Reports* or *Bulletin de l'Office Statistique des Communautés Européennes*, "charbon et autres sources d'énergie."
The 1962 figures are provisional.

ANNEX IV

TABLE No. 10
Community Coke Exports to Third Countries

('000 metric tons)

Country of destination \ Country of origin	Scandinavian countries	Switzerland	Austria	Other third countries	Total
<i>Germany (Fed. Rep.)</i>					
1953	2,251	384	275	310	3,220
1957	1,787	420	362	291	2,860
1961	1,493	301	339	770	2,902
1962	1,564	334	334	599	2,831
<i>Belgium</i>					
1953	337	17	9	93	456
1957	197	11	0	9	217
1961	148	6	2	22	179
1962	100	15	2	15	132
<i>France</i>					
1953	21	29	2	19	71
1957	1	50	—	22	73
1961	—	29	—	10	39
1962	—	29	—	4	33
<i>Italy</i>					
1953	—	—	—	70	70
1957	—	—	—	3	3
1961	—	4	98	42	144
1962	—	15	110	37	162
<i>Netherlands</i>					
1953	427	113	—	37	577
1957	466	118	21	27	631
1961	218	117	41	74	450
1962	200	105	40	38	383
<i>Community</i>					
1953	3,036	543	290 ¹⁾	529	4,398
1957	2,450	600	383	351	3,785
1961	1,859	457	480	918	3,714
1962	1,864	498	486	693	3,541

¹⁾ Including 4 from the Saar.

N.B.

For figures in respect of the years not listed in this Table, see *Statistical Annexes to the Eighth, Ninth and Tenth General Reports* or *Bulletin de l'Office Statistique des Communautés Européennes, "charbon et autres sources d'énergie."*
The 1962 figures are provisional.

TABLE No. 11
Trade in Hard Coal and Hard-Coal Briquettes within the Community

Country of supply	Countries of destination	('000 metric tons)						
		1952	1953	1954	1958	1960	1961	1962 ¹
<i>Germany (Fed. Rep.)</i>	Belgium	317	691	1,930	1,826	2,019	2,206	2,406
	France/Saar ²	3,706	3,828	4,256	4,490	6,729	6,352	6,230
	Italy	2,993	3,421	3,505	1,286	3,426	2,877	2,173
	Luxembourg	103	127	118	126	158	147	151
	Netherlands	2,143	2,544	3,028	2,011	2,917	2,961	3,654
	Total	9,262	10,611	12,837	9,729	15,250	14,543	14,614
<i>Belgium</i>	Germany (Fed. Rep.)	19	107	226	52	196	187	276
	France/Saar ²	1,228	1,830	1,597	1,279	772	705	805
	Italy	681	839	576	0	295	480	382
	Luxembourg	65	23	38	13	33	34	27
	Netherlands	574	1,070	2,166	868	781	924	745
	Total	2,576	3,869	4,603	2,212	2,076	2,329	2,235
<i>France/Saar²</i>	Germany (Fed. Rep.)	3,940	4,320	4,239	3,024	620	645	700
	Belgium	169	147	331	192	232	251	279
	Italy	214	471	417	40	33	40	45
	Luxembourg	155	129	132	115	48	26	18
	Netherlands	4	106	10	115	53	29	20
	Total	4,482	5,173	5,129	3,419	986	989	1,062

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Netherlands	Germany (Fed. Rep.)	—	10	124	119	516	535	680
	Belgium	4	175	521	763	834	951	891
	France/Saar ³⁾	—	-74	386	498	1,128	1,286	1,259
	Italy	—	4	—	4	15	7	8
	Luxembourg	—	—	—	0	5	4	3
	Total	4	263	1,031	1,384	2,498	2,783	2,841
	Grand total	16,315	19,916	23,600	16,745	20,810	20,644	20,752
	<i>of which:</i>							
	Germany (Fed. Rep.)	3,959	4,437	4,589	3,195	1,332	1,367	1,656
	Belgium	490	1,013	2,782	2,781	3,085	3,408	3,576
	France/Saar ³⁾	4,934	5,732	6,239	6,268	8,628	8,343	8,294
	Italy	3,888	4,735	4,498	1,330	3,769	3,404	2,608
	Luxembourg	323	279	288	254	245	211	199
	Netherlands	2,721	3,720	5,204	2,917	3,750	3,914	4,419

1) Provisional figures.

2) From 1960 onwards, the tonnages for the Saar are included in the figures for the Federal Republic of Germany.

3) From 1960 onwards, the figures relate only to France.

N.B.

For figures in respect of the years not listed in this Table, see *Statistical Annexes to the Eighth, Ninth and Tenth General Reports or Bulletins de l'Office Statistique des Communautés Européennes*, "charbon et autres sources d'énergie."

TABLE No. 12
Coke Trade within the Community

Country of supply	Countries of destination	1952	1953	1954	1958	1960	1961	1962 ¹
<i>Germany (Fed. Rep.)</i>	Belgium	—	8	48	73	69	44	35
	France/Saar ²)	3,442	2,768	2,212	3,383	3,893	3,912	3,470
	Italy	2	11	23	49	27	79	129
	Luxembourg	2,970	2,798	2,773	3,085	3,466	3,522	3,370
	Netherlands	179	270	346	194	336	289	339
	Total	6,593	5,855	5,402	6,784	7,791	7,847	7,343
<i>Belgium</i>	Germany (Fed. Rep.)	201	21	1	5	32	27	20
	France/Saar ²)	197	—	451	331	371	397	245
	Italy	—	220	—	1	90	32	30
	Luxembourg	140	102	102	59	238	239	230
	Netherlands	5	22	8	14	—	—	0
	Total	543	365	562	410	731	695	525
<i>France/Saar²)</i>	Germany (Fed. Rep.)	120	158	184	64	41	39	105
	Belgium	—	—	4	1	13	9	1
	Italy	—	—	—	39	29	19	15
	Luxembourg	—	—	—	—	—	—	—
	Netherlands	—	—	—	—	1	0	—
	Total	120	158	188	104	85	67	121

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Netherlands	Germany (Fed. Rep.)	—	2	3	7	313	206	230
	Belgium	2	17	24	76	163	205	220
	France/Saar ^{b)}	518	448	565	612	834	1,193	980
	Luxembourg	234	203	246	370	383	312	279
	Total	754	670	838	1,072 ^{c)}	1,708 ^{d)}	1,955 ^{e)}	1,744 ^{f)}
	Grand total	8,104	7,075	6,990	8,400	10,315	10,564	9,745
	<i>of which:</i>							
	Germany (Fed. Rep.)	321	181	188	76	387	272	355
	Belgium	2	25	76	150	245	258	256
	France/Saar ^{b)}	4,251	3,463	3,228	4,357	5,097	5,504	4,707
	Italy	2	11	23	96	163	169	209
	Luxembourg	3,344	3,103	3,121	3,514	4,086	4,073	3,879
	Netherlands	184	292	354	208	337	289	339

¹⁾ Provisional figures.

²⁾ From 1960 onwards, the tonnages for the Saar are included in the figures for the Federal Republic of Germany.

³⁾ From 1960 onwards, the figures relate only to France.

⁴⁾ Including some small tonnages to Italy: 1958: 7; 1960: 17; 1961: 39; 1962: 35.

⁵⁾ Including some small tonnages delivered by Italy.

N.B.

For figures in respect of the years not listed in this table, see *Statistical Annexes to the Eighth, Ninth and Tenth Reports or Bulletin de l'Office Statistique de Communautés Européennes, "charbon et autres sources d'énergie."*

TABLE No. 13-14

Development of Coal Prices in the Community¹⁾

(Shown beside each price is the volatile-matter content declared by the producer for the type and size concerned. See note below.)

Product		Date Month and Year	Ruhr		Aachen		Saar	
Type	Size		Price	V.M. %	Price	V.M. %	Price	V.M. %
1	2	3	4	5	6	7	8	9
Anthracites	French nuts	Jun. 52	19-20	7-10	19-20	< 10		
		Apr. 53	22-80	7-10	24-06	< 10		
		Apr. 54	22-80	7-10	24-52	< 10		
		Jun. 55	22-97	7-10	25-49	< 10		
		Apr. 56	23-16	7-10	25-90	< 10		
		Apr. 57	24-08	7-10	27-49	< 10		
		Apr. 58	25-69	7-10	28-93	< 10		
		Apr. 59	25-69	7-10	28-93	< 10		
		Apr. 60	25-49	7-10	29-83	< 10		
		Jan. 61	25-49	7-10	29-83	< 10		
		Apr. 61	26-76	7-10	31-32	< 10		
		Apr. 62	30-48	7-10	31-32	< 10		
		Jan. 63	31-25	7-10	32-16	< 10		
Low volatile	small nuts	Jun. 52	16-23	10-14	16-23	10-14		
		Apr. 53	19-37	10-14	20-63	10-14		
		Apr. 54	19-37	10-14	20-86	10-14		
		Jun. 55	19-54	10-14	21-95	10-14		
		Apr. 56	19-73	10-14	22-36	10-14		
		Apr. 57	20-65	10-14	23-37	10-14		
		Apr. 58	22-15	10-14	25-05	10-14		
		Apr. 59	22-14	10-14	25-05	10-14		
		Apr. 60	22-06	10-14	23-89	10-14		
		Jan. 61	22-06	10-14	23-89	10-14		
		Apr. 61	23-16	10-14	25-08	10-14		
		Apr. 62	24-00	10-14	25-08	10-14		
		Jan. 63	24-60	10-14	25-80	10-14		
Semi-bituminous	singles	Jun. 52	11-65	14-19	11-65	14-19		
		Apr. 53	13-66	14-19	14-92	14-19		
		Apr. 54	13-66	14-19	14-35	16-19		
		Jun. 55	14-05	14-19	14-40	16-19		
		Apr. 56	14-25	14-19	14-82	16-19		
		Apr. 57	15-16	14-19	16-06	16-19		
		Apr. 58	16-32	14-20	17-39	16-19		
		Apr. 59	16-09	16-20	17-39	16-19		
		Apr. 60	15-77	16-20	16-91	16-19		
		Jan. 61	15-77	16-20	16-91	16-19		
		Apr. 61	16-56	16-20	17-76	16-19		
		Apr. 62	16-56	16-20	17-76	16-19		
		Jan. 63	16-97	16-20	18-24	16-19		

Netherlands		Belgium ^{a)}				Nord/ Pas-de-Calais		Lorraine	
		Cobechar sales		Independent sales					
Price	V.M. %	Price	V.M. %	Price	V.M. %	Price	V.M. %	Price	V.M. %
10	11	12	13	14	15	16	17	18	19
21-60	10-14	27-22	< 10		< 10	26-06	< 11		
21-22	10-14	27-60	< 10		< 10	26-57	< 11		
22-37	9-12	30-00	< 10		< 10	26-86	< 10		
23-68	9-12	30-00	< 10		< 10	27-83	< 10		
25-39	9-12	33-60	< 10		< 10	27-83	< 10		
26-97	8-10	34-60	< 10		< 10	26-50	< 10		
27-63	8-10	34-60	< 10		< 10	26-95	< 10		
27-63	8-10	34-60	< 10	34-60	< 10	26-95	< 10		
27-63	8-10	34-60	< 10	34-60	< 10	26-95	< 10		
29-01	8-10	34-60	< 10	34-60	< 10	28-98	< 10		
29-01	8-10	34-60	< 10	35-20	< 10	30-40	< 10		
29-01	8-10	36-10	< 10	33-10	< 10	30-40	< 10		
21-60	10-14	27-22	10-12 $\frac{1}{2}$		10-12 $\frac{1}{2}$	26-06	11-13		
21-22	10-14	27-60	10-12 $\frac{1}{2}$		10-12 $\frac{1}{2}$	26-57	11-13		
21-45	11-14	30-00	10-12 $\frac{1}{2}$		10-12 $\frac{1}{2}$	26-86	10-14		
22-76	11-14	30-00	10-12 $\frac{1}{2}$		10-12 $\frac{1}{2}$	27-26	10-14		
24-47	10-13	33-60	10-12 $\frac{1}{2}$		10-12 $\frac{1}{2}$	27-26	10-14		
26-05	10-12	34-10	10-14		10-14	25-79	10-14		
26-32	10-12	32-60	10-14		10-12 $\frac{1}{2}$	26-34	10-14		
26-32	10-12	31-60	10-14	30-60	10-12 $\frac{1}{2}$	26-34	10-14		
26-32	10-12	31-60	10-14	30-60	10-12 $\frac{1}{2}$	26-34	10-14		
27-62	10-12	31-60	10-14	30-60	10-12 $\frac{1}{2}$	26-95	10-14		
27-62	10-12	31-60	10-14	31-00	10-12 $\frac{1}{2}$	28-37	10-14		
27-62	10-12	32-10	10-14	33-10	10-12 $\frac{1}{2}$	28-37	10-14		
14-40	15-20	17-22	16-20		16-20	16-51	13-22		
14-40	15-20	16-40	16-20		16-20	16-80	13-22		
14-47	15-20	16-40	16-20		16-20	17-14	14-22		
14-47	15-20	15-70	16-20		16-20	16-29	14-18		
17-24	15-20	15-70	16-20		16-20	16-29	14-18		
17-24	15-20	19-40	16-20		16-20	19-14	14-18		
18-55	14-18	20-10	18-20		18-20	17-07	14-18		
17-11	14-18	19-70	18-20	19-20	18-20	16-00	14-18		
15-53	14-18	17-60	18-20	17-60	18-20	16-00	14-18		
15-53	14-18	17-60	18-20	—	18-20	16-00	14-18		
16-09	14-18	17-60	18-20	—	18-20	16-00	14-18		
16-09	14-18	17-60	18-20	—	18-20	16-00	14-18		
16-09	14-18	19-00	18-20	—	18-20	16-00	14-18		

TABLE No. 13-14 (contd.)

Product		Date	Ruhr		Aachen		Saar	
Type	Size	Month and Year	Price	V.M. %	Price	V.M. %	Price	V.M. %
1	2	3	4	5	6	7	8	9
High-volatile bituminous	No. 2 nuts (doubles)	Jun. 52	11-31	28-40			17-71	40-42
		Apr. 53	13-32	28-40			17-83	40-42
		Apr. 54	13-09	28-40			18-14	40-42
		Jun. 55	13-25	28-40			18-14	40-42
		Apr. 56	13-45	28-40			17-86	40-42
		Apr. 57	14-37	28-40			18-00	40-43
		Apr. 58	15-40	33-40			17-02	40-43
		Apr. 59	14-83	33-40			15-60	40-43
		Apr. 60	14-63	33-40			15-96	40-43
		Jan. 61	14-63	33-40			15-96	40-43
		Apr. 61	15-36	33-40			16-75	40-43
		Apr. 62	15-36	33-40			16-75	40-43
		Jan. 63	15-74	33-40			17-52	40-43
		High-volatile bituminous	No. 5 nuts (grains)	Jun. 52	11-20	28-40			13-49	39-41
Apr. 53	13-20			28-40			13-60	39-41
Apr. 54	12-86			28-40			14-00	39-41
Jan. 55	13-03			28-40			13-86	39-41
Apr. 56	13-22			28-40			14-14	39-41
Apr. 57	14-14			28-40			15-43	37-42
Apr. 58	15-29			33-40			14-88	37-42
Apr. 59	14-49			33-40			14-18	37-42
Apr. 60	14-29			33-40			14-06	37-42
Jan. 61	14-29			33-40			14-06	37-42
Apr. 61	15-00			33-40			14-76	37-42
Apr. 62	15-00			33-40			15-00	37-42
Jan. 63	15-62			33-40			15-72	37-42
Bituminous	washed duff or coking fines			Jun. 52	10-86	19-28	10-86	> 19	13-26	33-40
		Apr. 53	12-63	19-28	13-89	> 19	13-54	33-40
		Apr. 54	12-17	19-28	13-43	> 19	13-97	33-40
		Jun. 55	12-34	19-28	13-49	> 19	13-83	33-40
		Apr. 56	12-53	19-28	13-90	> 19	14-00	33-40
		Apr. 57	13-45	19-28	14-91	> 19	14-86	33-40
		Apr. 58	14-49	18-30	15-96	> 19	15-12	33-40
		Apr. 59	14-49	18-30	15-96	> 19	14-79	33-40
		Apr. 60	14-47	18-30	15-94	> 19	15-66	33-40
		Jan. 61	14-47	18-30	15-94	> 19	15-66	33-40
		Apr. 61	15-19	18-30	16-74	> 19	16-44	33-40
		Apr. 62	15-19	18-30	16-74	> 19	16-44	33-40
		Jan. 63	15-58	18-30	17-16	> 19	16-80	33-40

Netherlands		Belgium ^{a)}				Nord/ Pas-de-Calais		Lorraine	
		Cobechar sales		Independent sales					
Price	V.M. %	Price	V.M. %	Price	V.M. %	Price	V.M. %	Price	V.M. %
10	11	12	13	14	15	16	17	18	19
		18-22	> 28½		> 28½	17-43	> 30	17-71	40-42
		17-20	> 28½		> 28½	17-83	> 30	17-83	40-42
		17-20	> 28½		> 28½	17-69	> 30	17-83	40-42
		16-26	> 28½		> 28½	17-69	> 30	17-83	40-42
		16-26	> 28½		> 28½	17-69	> 30	17-83	40-42
		18-90	> 28½		> 28½	18-66	> 30	17-83	40-42
		18-90	> 28		> 28	17-24	> 30	16-67	40-42
		18-90	> 28	17-20	> 28	15-60	> 30	15-50	40-42
		16-40	> 28	16-40	> 28	15-60	> 30	15-50	40-42
		16-40	> 28	16-40	> 28	15-60	> 30	15-50	40-42
		16-40	> 28	16-40	> 28	16-41	> 30	15-50	40-42
		16-40	> 28	16-40	> 28	17-02	> 30	15-50	40-42
		16-40	> 28	16-40	> 28	17-02	> 30	16-11	40-42
		15-72	> 28½		> 28½	15-54	> 30	13-49	39-41
		15-00	> 28½		> 28½	15-83	> 20	13-89	39-41
		15-00	> 28½		> 28½	15-83	> 30	14-14	39-41
		15-00	> 28½		> 28½	15-00	> 30	13-71	39-41
		15-20	> 28½		> 28½	15-00	> 30	13-86	39-41
		17-80	> 28½		> 28½	17-43	> 30	15-43	39-41
		17-80	> 28		> 28	15-64	> 30	14-64	39-41
		16-80	> 28	16-00	> 28	14-89	> 30	13-68	39-41
		15-00	> 28	15-00	> 28	14-89	> 30	13-88	39-41
		15-00	> 28	15-00	> 28	14-89	> 30	13-88	39-41
		15-00	> 28	15-00	> 28	14-89	> 30	14-18	39-41
		15-00	> 28	15-00	> 28	14-89	> 30	14-18	39-41
		15-00	> 28	15-00	> 28	14-89	> 30	14-18	39-41
		14-32	19-28½		19-28½	13-89	22-30	12-51	36-39
13-37	20-25	14-20	20-28½		20-28½	14-40	22-30	12-63	36-39
12-88	20-25	14-06	20-28½		20-28½	14-26	> 20	13-00	36-39
12-89	20-25	13-82	20-28½		20-28½	13-70	> 18	12-66	36-39
12-89	20-25	13-82	20-28½		20-28½	13-70	> 18	12-66	36-39
14-47	20-25	17-30	20-28½		20-28½	14-57	> 18	14-00	36-39
15-26	20-25	16-70	20-28		20-28	13-95	> 18	13-69	36-39
14-34	20-25	15-70	20-28	15-60	20-28	13-88	> 18	13-58	36-39
13-42	20-25	14-60	20-28	15-30	20-28	14-08	> 18	14-18	36-39
13-42	20-25	14-40	20-28	15-30	20-28	14-08	> 18	14-18	36-39
13-88	20-25	14-40	20-28	15-30	20-28	14-08	> 18	14-18	36-39
13-88	20-25	14-40	20-28	14-60	20-28	14-08	> 18	14-18	36-39
14-50	20-25	14-40	20-28	14-60	20-28	14-79	> 18	14-79	36-39

ANNEX IV

TABLE No. 13-14 (contd.)

Product		Date Month and Year	Ruhr		Aachen		Saar	
Type	Size		Price	V.M. %	Price	V.M. %	Price	V.M. %
1	2	3	4	5	6	7	8	9
Coke	large	Jun. 52	13-94		13-94		20-14	
		Apr. 53	15-26		16-52		20-29	
		Apr. 54	14-80		16-06		19-71	
		Jun. 55	15-23		16-72		19-43	
		Apr. 56	16-24		17-49		20-14	
		Apr. 57	17-72		18-96		20-86	
		Apr. 58	19-10		20-90		21-19	
		Apr. 59	19-10		20-90		20-47	
		Apr. 60	19-07		20-88		21-71	
		Jan. 61	19-07		20-88		21-71	
		Apr. 61	20-03		21-92		22-80	
		Apr. 62	20-03		21-92		22-80	
		Janv. 63	20-54		22-56		22-80	
		Taxes to be added to above prices		1952	4-16%		4-16%		9-11%
1953	4-16%				4-16%		9-11%	
1954	4-16%				4-16%		9-11%	
1955	4-16%				4-16%		9-29%	
1956	4-16%				4-16%		11-11%	
1957	4-16%				4-16%		11-11%	
1958	4-16%				4-16%		11-11%	
1959	4-16%				4-16%		4-16%	
1960	4-16%				4-16%		4-16%	
1961	4-16%				4-16%		4-16%	
1962	4-16%		4-16%		4-16%			
1963	4-16%		4-16%		4-16%			

¹⁾ The prices, expressed in E.M.A. units of account are per metric ton f.o.t. at colliery or coking-plant, exclusive of all taxes but including, for Ruhr and Aachen products, the contribution payable at the time to the miners' housing fund and the compensation levy invoiced over and above the schedule prices.

²⁾ At the end of December 1958, three Campine enterprises resumed their commercial independence, each thereafter lodging price-schedules of its own. Other enterprises subsequently did the same, the total number thus selling independently being at one time twelve. By January 1, 1961, however, nine of the twelve, including the largest, had rejoined Cobechar.

N.B.

The prices shown for 1952 are those charged in the home markets. Export prices, even to those other Community countries which at that date did not yet form part of the Common Market, were for the most part a good deal higher. This system of dual pricing was abolished on the introduction of the Common Market.

ANNEX IV

Netherlands		Belgium ^{a)}				Nord/ Pas-de-Calais		Lorraine	
Price	V.M. %	Cobechar sales		Independent sales		Price	V.M. %	Price	V.M. %
		Price	V.M. %	Price	V.M. %				
10	11	12	13	14	15	16	17	18	19
16-55						18-66		20-14	
16-04						18-80		20-29	
16-32						18-80		20-29	
17-89						18-09		19-57	
19-47						18-09		19-57	
20-92						20-23		21-00	
20-13						19-76		21-43	
18-55						19-04		20-86	
19-07						19-66		21-48	
19-75						19-66		21-48	
19-06						19-66		21-48	
19-61						20-26		21-99	
4-16%		4-50%		4-50%		7-93%		7-93%	
4-16%		4-50%		4-50%		7-93%		7-93%	
4-16%		4-50%		4-50%		7-93%		7-93%	
4-16%		4-50%		4-50%		9-29%		9-29%	
5-26%		5-00%		5-00%		11-11%		11-11%	
5-26%		5-00%		5-00%		11-11%		11-11%	
5-26%		5-00%		5-00%		11-11%		11-11%	
5-26%		5-00%		5-00%		11-11%		11-11%	
5-26%		5-00%		5-00%		11-11%		11-11%	
5-26%		5-00%		5-00%		11-11%		11-11%	
5-26%		1-00%		1-00%		11-11%		11-11%	
5-26%		1-00%		1-00%		11-11%		11-11%	

Before the introduction of the Common Market the prices of the Ruhr and Aachen coalfields were quoted for delivery "f.o.t. Ruhr basing-point". The change in the method of quoting to "f.o.t. colliery" reduced the delivered price for 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. Since the contribution to the miners' housing fund (which was levied for seven years at varying rates) has been abolished, the amounts payable to the fund at the time, together with the compensation levy invoiced over and above the schedule prices, have been added to the prices of Ruhr and Aachen products as shown in earlier Reports. All the prices above are thus basis prices as invoiced to customers, and are more easily intercomparable.

Volatile-matter content

The types and sizes selected for each country have remained the same for the whole of the period under review. In some cases the figures given for the volatile-matter content of the product vary, owing either to a change in the range stated, or to changes in the method used to determine the content itself.

TABLE No. 15

Comparative Movement of Coal Prices in the Different Coalfields of the Community

	1953 = 100								
	1953	1954	1955	1956	1957	1958	1959	1960	1961 April
<i>Ruhr</i>									
Anthracite	100	100	101	102	106	113	113	112	117
Low-volatile	100	100	101	102	107	114	114	114	120
Semi-Bituminous	100	106	103	104	111	119	118	115	121
High-volatile bituminous No. 2 nuts	100	98	99	101	108	116	111	110	115
High-volatile bituminous No. 5 nuts	100	97	99	100	107	116	110	108	114
Washed bituminous fines	100	96	98	99	106	115	115	115	120
Coke	100	97	100	100	116	125	125	125	131
<i>Aachen</i>									
Anthracite	100	102	106	108	114	120	120	124	130
Low-volatile	100	101	106	108	113	121	121	116	122
Semi-bituminous	100	96	97	99	108	117	117	113	119
Washed bituminous fines	100	97	97	100	107	115	115	115	121
Coke	100	97	101	106	115	127	127	126	133
<i>Saar</i>									
High volatile bituminous No. 2 nuts	100	102	102	100	101	95	87	90	94
High-volatile bituminous No. 5 nuts	100	102	102	104	113	109	104	103	109
Washed bituminous fines	100	103	102	103	110	112	109	116	121
Coke	100	97	96	99	103	104	101	107	112
<i>Netherlands</i>									
Anthracite	100	98	104	110	118	125	128	128	134
Low-volatile	100	98	99	105	113	123	122	122	128
Semi-bituminous	100	100	100	100	120	129	119	108	112
Washed bituminous fines	100	96	96	96	108	114	107	110	104
Coke	100	97	99	108	118	126	122	112	119

N.B.

The very steep drop in the March 1958 indices for the Saar, Nord/Pas-de-Calais and Lorraine coalfields reflects the incidence on the prices of French and Saar coal in the Community of the application to coal, on October 28, 1957, of the French currency measures known as "Operation Twenty per Cent". Similarly, the very steep drop in the January 1959 indices for the same areas (Saar, Nord/Pas-de-Calais and Lorraine, reflects the incidence on the prices, expressed in E.M.A. units of account, of the French currency adjustments of December 27, 1958. Conversely, the rises in the April 1961 indices for the Western German and Netherlands coalfields reflect the incidence on the prices of the revaluation of these two countries' currencies in March 1961 (approx. 5%).

Ruhr prices in 1953 = 100

1962	1963	1953	1954	1955	1956	1957	1958	1959	1960	1961 April	1962	1963
134	137											
124	127											
121	124											
115	118											
114	118											
120	123											
31	135											
130	130	106	108	111	112	114	113	113	117	117	103	103
122	125	107	108	112	113	113	113	113	108	108	105	105
119	122	109	105	102	104	106	107	108	107	107	107	107
121	124	110	110	109	111	111	110	110	110	110	110	110
133	137	108	109	110	107	107	109	109	109	109	109	110
94	98	134	139	137	133	125	111	105	109	109	109	111
110	116	103	109	106	107	109	97	98	98	98	100	101
121	124	107	115	112	112	110	104	102	108	108	108	108
112	112	133	133	128	124	118	111	107	114	114	114	111
134	134	95	93	97	102	105	105	108	108	108	95	93
128	128	112	110	110	115	118	118	119	119	119	115	112
112	112	105	105	103	102	114	114	106	98	98	97	95
104	108	109	106	104	103	108	105	99	93	93	91	93
119	118	108	108	107	110	110	110	105	97	100	95	95

TABLE No. 15 (contd.)

	1953 = 100								
	1953	1954	1955	1956	1957	1958	1959	1960	1961 April
<i>Belgium (Cobechar sales)</i>									
Anthracite	100	100	109	109	122	125	125	125	125
Low-volatile	100	100	109	109	122	124	118	114	114
Semi-bituminous	100	100	96	96	118	123	120	107	107
High-volatile bituminous No. 2 nuts	100	100	95	95	110	110	110	95	95
High-volatile bituminous No. 5 nuts	100	100	100	101	119	119	112	100	100
Washed bituminous fines	100	99	97	97	122	118	111	101	101
<i>Belgium (Independent sales)</i>									
Anthracite								125	125
Low-volatile								111	111
Semi-bituminous							117	107	—
High-volatile bituminous No. 2 nuts							100	95	95
High-volatile bituminous No. 5 nuts							107	100	100
Washed bituminous fines							110	108	108
<i>Nord-Pas-de-Calais</i>									
Anthracite	100	101	105	105	105	100	101	101	109
Low-volatile	100	101	103	103	103	97	99	99	101
Semi-bituminous	100	102	97	97	114	102	95	95	95
High-volatile bituminous No. 2 nuts	100	99	99	99	105	97	87	87	92
High-volatile bituminous No. 5 nuts	100	100	95	95	110	99	94	94	94
Washed bituminous fines	100	99	95	95	101	97	96	98	98
Coke	100	100	96	96	108	105	101	105	105
<i>Lorraine</i>									
High-volatile bituminous No. 2 nuts	100	100	100	100	100	93	87	87	87
High-volatile bituminous No. 5 nuts	100	102	99	100	111	105	98	100	102
Washed bituminous fines	100	103	100	100	111	108	108	112	112
Coke	100	100	96	96	103	106	103	106	106

N.B.

The very steep drop in the March 1958 indices for the Saar, Nord/Pas-de-Calais and Lorraine coalfields reflects the incidence on the prices of French and Saar coal in the Community of the application to coal, on October 23, 1957, of the French currency measures known as "Operation Twenty per Cent". Similarly, the very steep drop in the January 1959 indices for the same areas (Saar, Nord/Pas-de-Calais and Lorraine), reflects the incidence on the prices, expressed in E.M.A. units of account, of the French currency adjustments of December 27, 1958.

Conversely, the rises in the April 1961 indices for the Western German and Netherlands coalfields reflect the incidence on the prices of the revaluation of these two countries' currencies in March 1961 (approx. 5%).

Ruhr prices in 1953 = 100

1962	1963	1953	1954	1955	1956	1957	1958	1959	1960	1961 April	1962	1963
125	131	121	121	131	130	140	135	135	136	129	114	116
114	116	142	142	154	152	163	154	147	143	136	132	130
107	111	120	120	112	110	128	123	122	112	106	106	112
95	95	129	131	123	121	132	123	127	112	107	107	104
100	100	114	117	115	115	126	116	116	105	100	100	96
101	100	112	116	112	110	129	115	108	101	95	95	92
128	—								136	129	117	—
112	—								139	132	129	—
—	—							119	112	—	—	—
95	95							116	112	107	107	104
100	100							110	105	100	100	96
103	103							108	106	101	96	94
114	114	117	118	121	120	116	103	105	106	108	100	97
107	107	137	139	140	138	132	116	119	119	116	118	115
95	95	123	125	116	114	126	105	99	101	97	97	94
95	95	134	135	134	132	130	112	105	107	107	111	108
94	94	120	123	115	113	123	102	103	104	99	99	95
98	103	114	117	111	109	108	96	97	97	93	93	95
105	108	124	127	119	111	114	103	100	103	98	98	99
87	90	134	136	135	133	124	108	105	106	101	101	102
102	102	105	110	105	105	109	96	94	97	95	95	91
112	117	100	107	103	101	104	94	94	98	93	93	95
106	108	133	137	128	121	119	112	109	113	107	107	107

TABLE No. 16
Development of Pithead Prices for Certain Types and Grades of Belgian Coal¹⁾

(Belgian francs per metric ton)

Period	Gras B > 28% V.M. 30-50 mm.		Gras A 20-28% V.M. washed fines 0-10 mm.		3/4 Gras 18-20% V.M. 20-30 mm.		Maigrès < 10-14% V.M. 20-30 mm.		Anthracite 10% V.M. 20-30 mm.		1/2 Gras Briquettes 14-18% V.M. 10-14% ash	
	Campine		Campine		Campine		Campine		Campine		Campine	
	Cob- char sales	Inde- pen- dent sales	Cob- char sales	Inde- pen- dent sales	Cob- char sales	Inde- pen- dent sales	Cob- char sales	Inde- pen- dent sales	Cob- char sales	Inde- pen- dent sales	Cob- char sales	Inde- pen- dent sales
January 1, 1953	911		736		861		1,361		1,361		881	
March 15, 1953	860		710		875		1,380		1,380		870	
November 1, 1953	860		703		820		1,380		1,380		870	
April 1, 1954	860		703		820		1,380		1,380		870	
June 16, 1955	813		691		785		1,500		1,500		870	
June 8, 1956	813		720		810		1,500		1,500		915	
October 1, 1956	890		810		885		1,555		1,555		1,010	
January 11, 1957	905		825		910		1,585		1,585		1,025	
April 1, 1957	945		865		970		1,680		1,680		1,100	
November 6, 1957	945		865		1,005		1,705		1,730		1,120	
May 2, 1958	945		835		1,005		1,705		1,730		1,090	
January 1, 1959 ²⁾	945	860	785	780	985	960	1,705	1,705	1,730	1,730	990	
June 15, 1959	860	860	730	730	915	915	1,630	1,630	1,730	1,730	965	915
January 16, 1960	820	820	730	730	915	880	1,630	1,630	1,730	1,730	965	915
January, 16 1961	820	—	720	765	915	—	1,580	1,530	1,730	1,730	965	915
January 16, 1962	820	820	720	730	915	—	1,580	1,580	1,780	1,780	965	915
January 16, 1963	820	810	720	730	990	—	1,605	—	1,805	—	1,050	—

ANNEX IV

Period	Gras B > 28% V.M. 30-50 mm.		Gras A 20-28% V.M. washed fines 0-10 mm.		3/4 Gras 18-20% V.M. 20-30 mm.		Maigras < 10-14% V.M. 20-30 mm.		Anthracite 10% V.M. 20-30 mm.		1/2 Gras briquettes 14-18% V.M. 10-14% ash	
	Campine		Campine		Campine		Campine		Campine		Campine	
	Cob- char sales	Inde- pen- dent sales	Cob- char sales	Inde- pen- dent sales	Cob- char sales	Inde- pen- dent sales	Cob- char sales	Inde- pen- dent sales	Cob- char sales	Inde- pen- dent sales	Cob- char sales	Inde- pen- dent sales
<i>Variation between</i> Jan. 1, 1953 and Bfrs Nov. 6, 1957 %	+ 34	+ 69	+ 149	+ 169	+ 144	+ 344	+ 344	+ 344	+ 344	+ 239	+ 27.1	
	+ 3.7	+ 7.6	+ 20.8	+ 23.6	+ 16.7	+ 25.3	+ 25.3	+ 25.3	+ 25.3	+ 25.3	+ 27.1	
<i>Variation between</i> March 15, 1953 Bfrs and Nov. 6, 1957 %	+ 85	+ 120	+ 155	+ 175	+ 130	+ 325	+ 325	+ 325	+ 325	+ 250	+ 28.7	
	+ 9.9	+ 14	+ 21.8	+ 24.6	+ 14.9	+ 23.6	+ 23.6	+ 23.6	+ 23.6	+ 28.7	+ 28.7	
<i>Variation between</i> March 15, 1953 Bfrs and Jan. 16, 1963 %	- 40	- 5	+ 10	+ 45	+ 115	+ 225	+ 225	+ 225	+ 425	+ 180	-	
	- 4.7	- 0.6	+ 1.4	+ 6.3	+ 13.1	+ 16.3	+ 16.3	+ 16.3	+ 308	+ 20.7	-	

1) Names of types are those adopted on November 6, 1957.

2) At the end of December 1958, three Campine enterprises resumed their commercial independence, each thereafter lodging price-schedules of its own. Nine other enterprises subsequently did the same.

TABLE No. 17

Price of U.S. Coal
(slack/coking fines)

(\$ per metric ton)

Period	Price f.o.b. Hampton-Roads ¹⁾	Average freight- charge Hampton- Roads-ARA ²⁾	Price c.i.f. ARA
1953			
March	10.38	4.83	15.21
June	10.38	4.31	14.69
September	9.55	3.90	13.45
December	9.55	4.11	13.66
1954			
March	8.57	4.66	13.23
June	8.57	4.56	13.13
September	9.06	5.11	14.17
December	9.06	6.88	15.94
1955			
March	9.84	6.79	16.63
June	9.84	8.13	17.97
September	11.27	9.19	20.36
December	11.27	9.30	20.57
1956			
March	11.51	10.09	21.60
June	11.51	10.00	21.51
September	11.51	9.92	21.43
December	11.76	15.05	26.81
1957			
March	11.76	9.72	21.48
June	11.51	6.79	18.30
September	11.27	3.30	14.57
December	10.83	3.55	14.38
1958			
March	9.84	3.00	12.84
June	9.84	3.21	13.05
September	9.84	3.10	12.94
December	9.84	3.68	13.52
1959			
March	9.84	2.94	12.78
June	9.84	2.87	12.71
September	9.84	2.87	12.71
December	9.84	3.74	13.58
1960			
March	9.60	3.51	13.11
June	9.60	3.59	13.19
September	9.60	3.51	13.11
December	9.60	3.51	13.11
1961			
March	9.60	3.51	13.11
June	9.60	3.63	13.23
September	9.60	4.27	13.87
December	9.60	3.43	13.03
1962			
March	9.84	3.13	12.97
June	9.84	2.64	12.48
September	9.84	2.41	12.25
December	9.84	2.59	12.43
1963			
January	9.84	3.17	13.01

¹⁾ Average quarterly price for short-term contracts.²⁾ Mean between maximum and minimum rates charged during the month in respect of single voyages. ARA = Amsterdam-Rotterdam-Antwerp.

TABLE No. 18
 Destination of Exports from the Principal Oil-Producing areas in 1960-1961
 ('000,000 metric tons)

	Caribbean		Middle East		U.S.R. and Eastern European countries		Indonesia		Africa, excl. Egypt	
	1960	1961	1960	1961	1960	1961	1960	1961	1960	1961
Crude Petroleum products	67 74	63 76	203 29	217 34	9 13.7	13.5 17	12 8.5	13.5 6.5	9.8 —	20 0.5
Total	141	139	232	251	22.7	30.5	20.5	20	9.8	20.5
<i>Destination</i>										
U.S.A.	66	67	17	17	—	—	4	3	—	—
Canada	15	14	7	7	—	—	—	—	—	—
Other countries in the Americas	24	17	3	4	1.9	4	—	—	—	—
Western Europe	30	35	135	141	17.2	20.0	2	1	9.8	20.5
(of which Community)	(11.5)	(14)	(85)	(92)	(9.5)	(11.8)	—	(0.7)	(9)	(19.5)
Africa	4	5	11	4	2	2.5	—	—	—	—
Australia and New Zealand	—	—	8	9	—	—	5	5	—	—
Japan	—	1	26	30	1.3	3	3	4.5	—	—
Other East-Asian countries	—	—	25	25	0.3	1	6.5	6.5	—	—
Not specified	2	—	—	14	—	—	—	—	—	—
Total	141	139	232	251	22.7	30.5	20.5	20	9.8	20.5

TABLE No. 19

Movement of Elements of Price c.i.f. Europe of Middle-East Crude¹⁾

	(\$ per metric ton)					
	July 1956	April 1959	August-Sept. 1960	January 1962	End January 1963	
Persian Gulf posted price of Kuwait crude						
— AFRA ²⁾	12.5	12.1	11.5	11.5	11.5	11.5
— Spot rate ³⁾	10.2	8.5	7.2	6.9	6.4	—
	—	—	—	—	3.7	5.9
Price c.i.f. Rotterdam	22.7	20.6	18.7	18.4	17.9	17.4
— AFRA ²⁾	7.8	6.2	5.3	5.1	4.8	—
— Spot rate ³⁾	—	—	—	—	2.9	4.5
Price c.i.f. Naples	20.3	18.3	16.8	16.6	16.3	19.0

¹⁾ Rounded figures. Kuwait crude taken as an example.

²⁾ Average freight rate assessment (covers long-term charters, consecutive and single voyages), plus Suez Canal charges.

³⁾ Rate for short-call single voyage charters (as per Lloyds' List).

N.B.

Companies allow carrying discounts on the comparatively small proportion of their production sold to non-integrated buyers.

TABLE No. 20
Movement of Import Parities c.i.f. Europe of Heavy Fuel Oil¹⁾

(\$ per metric ton)

	July 1956	February 1958	February 1959	August 1960	January 1962	End January 1963
F.o.b. Caribbean ²⁾	15	15	13.3	13.3	13.3	13.3
AFRA	6.2	5.8	5.1	4.2	4	3.7
Spot rate	—	2.4	2	1.7	1.9	3.4
C.i.f. Rotterdam	21.2	20.8	18.4	17.5	17.3	17.0
F.o.b. Persian Gulf	—	13.7	11.3	10.3	10.3	10.3
AFRA	—	7.7	6.7	5.7	5.5	5.2
Spot rate	—	3.9	3.4	3	3.3	4.8
C.i.f. Naples	—	21.4	18	16	15.8	15.5
			14.7	13.3	13.6	15.1

¹⁾ Rounded figures.

²⁾ Posted prices at source.

N.B.

By "Import Parity" is meant the theoretical cost of shipments imported at posted prices. The "parity" calculated by adding the average freight rates (AFRA), taxes and transport charges generally forms the basis of distributors' price schedules; the prices actually charged to consumers are schedule prices less discounts varying according to the quantity and quality supplied, and to market conditions, particularly spot rates. In some cases and at certain periods these discounts amounted to as much as 30% of the schedule prices.

TABLE No. 21

Community Balance-Sheet for Iron Ore

	('000 metric tons Fe content)					
	1957	1958	1959	1960	1961	1962 (9 months)
<i>Availabilities</i>						
1. Production of saleable ore	37,755	37,112	37,445	46,120	46,342	33,752
2. Net imports from third countries	24,283	24,167	24,853	26,865	26,547	19,213
— imports	13,472(1)	12,945(1)	12,592(1)	19,255(1)	19,795(1)	14,539
— exports	13,759(1)	13,186(1)	12,807(1)	19,489(1)	19,999(1)	14,684
— exports	287(1)	241(1)	215(1)	234(1)	204(1)	145
<i>Consumption</i>	35,798	34,675	38,075	44,475	45,342	33,439
1. by sintering plants	5,244	6,285	8,414	11,815	14,540	13,124
— Community ores	3,476	3,908	4,880	6,226	7,066	6,065
— third country ores	1,768	2,377	3,533	5,588	7,474	7,059
2. by blast-furnaces	30,099	27,950	29,138	31,872	29,837	19,582
— Community ores	19,547	18,788	19,219	19,648	18,712	12,129
— third country ores	10,552	9,162	9,921	12,223	11,126	7,453
3. by steelworks	455(2)	440(2)	523(2)	788(2)	865(2)	733(2)
— Community ores	89	63	76	121(2)	242(2)	139(2)
— third country ores	366	377	447	668(2)	724(2)	594(2)
<i>Stock changes</i> (3)	+1,670(2)	+1,897(2)	-53(2)	+915(2)	+927(2)	+536(2)
— at works	+ 858	+1,446	-734	+895	+299	-240
— at mines	+ 365(1)	+ 691(1)	+258(1)	- 15(1)	+206(1)	+459(1)
— elsewhere	+ 447	- 240	- 57	+ 39	+422	+317
<i>Difference due to errors and omissions</i>	- 287	- 540	+ 97	-726	- 73	+223

1) Estimated.

2) Partly estimated.

3) At the end of 1962, stocks at works, in absolute figures, were estimated at 8.2 million metric tons (of which 1.1 million in France and Luxembourg), stocks at mines at 3.2 million, and total Community stocks at 11.4 million metric tons Fe content. See also *Statistical Annex to the Tenth General Report*, Table 23.

ANNEX IV

TABLE No. 22

Production of Crude Iron Ore in the Community¹⁾

('000 metric tons)

Period	Germany (Fed. Rep.)	Belgium	France	Italy	Luxem- bourg	Com- munity
1952	15,408	132	41,184	1,320	7,248	65,292
1954	13,039	81	44,362	1,601	5,887	64,970
1958	17,984	124	60,167	2,150	6,636	87,060
1960	18,869	160	67,724	2,138	6,978	95,869
1961	18,866	115	67,395	2,065	7,458	95,899
1962	16,641	80	66,917	1,981	6,506	92,125
Difference between 1961/62 (in %)	-11.8	-30.4	- 0.7	- 3.9	-12.8	- 3.9
1962						
1st quarter	4,329	19	17,929	496	1,756	24,529
2nd quarter	4,162	18	17,108	478	1,501	23,267
3rd quarter	4,144	17	15,959	568	1,614	21,302
4th quarter	4,006	26	16,921	439	1,635	23,027

¹⁾ For figures in respect of the years not listed in this table, see *Statistical Annex to the Tenth General Report*.

TABLE No. 23

Iron-Ore Trade with the Community

Country of supply	Countries of destination	1952	1953	1958	1960	1961	('000 metric tons)	
							1961	1962
						first nine months		
<i>Germany (Fed. Rep.)</i> ¹⁾	Belgium/Luxembourg	—	—	1.6	2.8	3.5	2.6	2.2
	France ²⁾	51.6	57.6	36.8	2.1	6.2	5.5	2.1
	Italy	1.2	1.6	1.6	1.2	0.3	0.2	0.2
	Netherlands	0.0	0.0	0.4	1.5	5.0	3.8	2.9
	Total	52.8	58.8	40.4	7.6	15.0	12.1	7.4
<i>Belgium/Luxembourg</i>	Germany (Fed. Rep.) ¹⁾	434.4	267.6	17.4	0.2	0.0	0.0	0.0
	France ²⁾	10.8	614.4	94.0	128.2	188.8	132.6	564.6
	Netherlands					0.8	0.8	0.6
	Total	345.2	882.0	111.4	128.4	189.7	133.5	165.3
<i>France</i> ³⁾	Germany (Fed. Rep.) ¹⁾	379.2	340.8	1,110.1	9,779.6	9,514.5	7,145.3	7,013.6
	Belgium/Luxembourg	8,395.2	9,001.2	13,616.5	16,828.9	15,902.6	11,778.4	12,232.3
	Netherlands	132.0	187.2	51.6	6.2	—	—	—
	Total	8,906.4	9,529.2	14,778.2	26,614.7	25,417.0	18,923.7	19,245.9
	Total ³⁾	9,404.4	10,470.0	14,941.6	26,764.2	25,657.4	19,103.4	19,428.6
	<i>of which:</i>							
	Germany (Fed. Rep.) ¹⁾	813.6	608.4	1,139.1	9,793.0	9,548.9	7,178.3	7,023.4
	Belgium/Luxembourg	8,395.2	9,001.2	13,618.1	16,831.7	15,906.7	11,781.6	12,234.4
	France ²⁾	62.4	672.0	130.8	130.6	195.7	138.6	167.0
	Italy	1.2	1.2	1.6	1.2	0.3	0.2	0.2
	Netherlands	132.0	187.2	52.0	7.7	5.8	4.7	3.6

¹⁾ Including the Saar as from July 6, 1959.

²⁾ Including the Saar up to July 5, 1959.

³⁾ Including some small tonnages delivered by Italy and the Netherlands.

⁴⁾ Estimate based on deliveries.

N.B.

For the years 1954-1957 and 1959, see previous General Reports.

TABLE No. 24

Community Iron-Ore Imports from Third Countries

Country of origin	1954	1958	1960	1961	('000 metric tons)	
					1961	1962
					first nine months	
Spain	554.5	1,158.7	1,646.2	1,320.8	1,048.9	788.2
Greece	19.3	101.8	147.4	107.0	95.2	80.0
Norway	720.7	760.6	961.5	914.2	724.2	685.5
Sweden	7,689.1	10,627.3	13,183.0	14,076.3	10,824.1	10,364.3
Turkey	126.0	348.2	376.1	217.8	165.2	93.4
Algeria	653.5	863.4	1,289.7	1,172.0	874.4	554.5
Liberia	245.0	953.6	1,635.1	1,708.9	1,276.8	1,681.7
Morocco ¹⁾	200.5	508.2	800.6	562.0	423.8	279.5
Tunisia	278.1	338.3	299.2	268.0	195.7	249.9
Sierra Leone	19.1	647.4	760.0	1,130.1	738.9	1,148.0
India and Portuguese possessions in Asia	758.1	1,562.8	3,053.3	2,036.8	1,505.0	1,160.7
Canada	724.3	1,736.6	2,050.1	3,077.0	2,265.0	2,888.5
Brazil	308.1	692.2	1,778.7	830.2	648.2	529.1
Chile	38.8	150.1	583.2	830.2	648.2	529.1
Peru	—	722.2	1,524.7	1,661.5	1,307.9	708.6
Venezuela	9.6	1,869.6	2,741.3	2,358.7	1,837.8	1,461.5
Other countries	245.7	716.7	1,361.9	679.0	626.3	791.8
Total	12,590.5	23,757.9	34,192.0	34,780.8	26,511.9	25,431.1

¹⁾ Moroccan territory: from 1954 to 1958, the former French and Spanish zones; as from January 1, 1959, the area bounded by the present frontiers.

N.B.

For the years 1954-1957 and 1959, see previous General Reports.

TABLE No. 25

Community Balance-Sheet for Scrap

	1954	1955	1956
<i>Availabilities</i> (1+2+3+4—5)	20,708	25,963	27,229
1. Iron and steel industry's own arisings	11,362	13,235	14,100
2. Independent steel foundries' own arisings	—	291	310
3. Procurements by the iron and steel industry	10,751	13,771	14,251
(a) from internal scrap recovery	10,082	10,857	11,084
(b) from third countries	669	2,914	3,167
4. Procurements by independent steel foundries	—	276	308
5. Sales by the iron and steel industry	1,405	1,610	1,740
(a) to Community countries	1,394	1,603	1,733
(b) to third countries	11	7	7
<i>Consumption</i> (1+2+3+4)	21,400	25,206	27,567
1. by the blast furnaces and pig-iron based electric furnaces	3,459	4,030	4,363
2. by steelworks	17,680	20,295	22,294
a) Basic Bessemer	1,375	1,698	1,740
(b) Open-hearth	13,130	14,813	16,150
(c) Electric furnace	3,162	3,779	4,402
(d) Others	13	5	2
3. for faggotting ¹⁾	261	328	319
4. by independent steel foundries	—	553	591
<i>Stock changes at works</i>	—461	+998	—133
<i>Stock changes at independent steel foundries</i>	—	— 8	+ 6
<i>Difference due to errors and omissions</i>	+231	+233	+211

¹⁾ Scrap consumption by rolling mills.

(*'000 metric tons*)

1957	1958	1959	1960	1961	1962 first nine months
29,084	27,015	28,800	32,623	32,951	23,987
14,765	15,019	15,861	18,191	18,638	13,995
327	347	346	412	448	327
15,582	13,247	14,510	16,376	16,369	11,591
11,369	10,883	13,649	14,680	14,314	10,470
4,213	2,364	861	1,696	2,055	1,121
321	332	315	359	412	302
1,914	1,930	2,232	2,715	2,916	2,228
1,906	1,926	2,223	2,710	2,874	2,223
8	4	9	5	42	5
29,067	27,108	28,859	32,957	33,025	24,312
3,907	3,165	2,902	3,026	2,876	1,608
24,242	22,999	25,061	28,879	29,034	21,885
1,839	1,886	2,253	2,692	2,670	2,067
17,230	15,879	16,962	19,189	18,710	13,671
5,133	5,096	5,616	6,641	7,168	5,646
40	138	230	357	486	501
278	282	264	315	295	212
640	662	632	737	820	607
+329	+164	+208	— 39	+165	—123
+ 1	+ 7	+ 6	— 1	± 3	± 0
+316	+264	+273	+294	+242	+202

TABLE No. 26

Community Balance-Sheet for Pig-Iron

	1954	1955	1956
<i>Availabilities (Total)</i>	33,069	41,108	43,730
1. Net Community production	33,129	41,039	43,564
(a) Phosphorous steelmaking pig-iron	25,322	31,166	32,904
(b) Hematite steelmaking pig-iron	4,036	5,366	5,993
(c) Phosphorous foundry pig-iron	1,652	1,834	1,734
(d) Hematite foundry pig-iron	1,103	1,455	1,518
(e) Spiegel	256	279	319
(f) High-carbon ferro-manganese	258	375	505
(g) Others (alloyed and special pig-irons)	502	564	591
2. Net imports from third countries	— 60	69	166
(a) imports	300	567	576
<i>of which: foundry pig-iron</i>			
(b) exports	360	498	410
<i>of which: foundry pig-iron</i>			
<i>Consumption (Total)</i>	(33,184)	40,989	43,247
1. by steelworks	30,089	37,217	39,802
(a) Basic Bessemer	25,044	30,753	32,749
(b) Open-hearth	4,878	6,269	6,834
(c) Electric furnace	166	191	218
(d) Others	1	4	1
2. by pig-iron foundries	3,095	3,717	3,420
3. by independent steel foundries		55	52
<i>Stock changes</i>	—	—	+120
<i>of which: foundry pig-iron</i>	—	—	— 13
<i>Stock changes at pig-iron foundries and independent steel foundries</i>	—	—	—

(*000 metric tons)

1957	1958	1959	1960	1961	1962 first nine months
45,226	43,960	47,134	54,622	55,114	40,644
45,113	43,516	46,687	54,041	54,607	40,249
33,619	32,987	35,714	39,476	39,543	28,724
6,785	6,415	7,271	10,266	10,480	8,211
1,742	1,409	1,193	1,293	1,342	997
1,511	1,460	1,303	1,670	1,731	1,290
342	309	271	290	269	195
509	400	402	475	512	380
605	536	524	571	730	452
113	444	456	581	507	395
506	648	772	968	924	870
				600	257
393	204	316	387	417	475
				324	177
44,659	43,583	47,417	54,467	54,506	—
41,146	40,362	44,088	50,654	50,675	37,600
33,371	32,638	35,342	39,143	38,296	27,533
7,464	6,926	7,536	9,698	9,789	7,462
258	242	293	346	387	317
53	556	917	1,467	2,203	2,288
3,463	3,175	3,299	3,780	3,797	—
50	46	30	33	34	28
+ 554	+ 314	—310	— 72	+ 344	— 50
+ 65	+ 247	—135	— 55	+ 124	+ 38
—	—	—	—	—	—

ANNEX IV

TABLE No. 27

Scrap Trade between Community Countries¹⁾

('000 metric tons)

Country	1954	1958	1960	1961	1961	1962
					first 9 months	
<i>Deliveries to other Community countries by:</i>						
Germany (Fed. Rep.) ²⁾	676	859	1,227	1,369	990	946
Belgium/Luxembourg	142	136	436	329	262	271
France ³⁾	916	559	1,318	1,050	750	966
Italy	0	0	2	1	1	0
Netherlands	118	172	342	343	288	189
Community	1,852	1,726	3,324	3,093	2,291	2,373
<i>Purchases from other Community countries by:</i>						
Germany (Fed. Rep.) ²⁾	287	87	467	355	303	302
Belgium/Luxembourg	136	198	173	188	154	56
France ³⁾	65	360	337	436	350	200
Italy	1,342	1,063	2,264	2,080	1,453	1,787
Netherlands	22	18	84	34	31	28
Community	1,852	1,726	3,324	3,093	2,291	2,373

¹⁾ Customs figures; deliveries calculated from import statistics.

²⁾ Including the Saar as from July 6, 1959.

³⁾ Including the Saar up to July 5, 1959.

N.B.

For the years 1955-1957 and 1959, see previous General Reports.



TABLE No. 28

Development of Pig-Iron Prices in the Community for Basic Qualities

Quality	Period	Germany (Fed. Rep.)	
Phosphorous foundry pig-iron P = 1.4%—1.6% Mn = 0.7% maximum (Netherlands: P = 1.4%—1.6%)	May 1953	65.17	Oberhausen
	October 1954	65.17	
	August 1957	75.43 ¹⁾	(73.14)
	January 1961	75.43	(61.14)
	January 1962	79.20	(61.80)
	January 1963	64.80	(59.40)
Hematite foundry pig-iron P = 0.08—0.12% Mn 0.7—1.5% (Netherlands: P = 0.06—0.08% Mn = 0.7%—1%)	May 1953	69.28	Oberhausen
	October 1954	69.28	
	August 1957	80.69 ¹⁾	(78.40)
	January 1961	80.69	(66.40)
	January 1962	84.72	(67.32)
	January 1963	70.32	(64.92)
Hematite steelmaking pig-iron P = 0.08—0.12% Mn = 2%—3% (Belgium: Mn = 4%—6% up to 4-6-59) (Netherlands: P = 0.10% maximum Mn = 4%—6%)	May 1953	58.28	Siegen
	October 1954	54.77	
	August 1957	69.37 ¹⁾	
	January 1961	52.57	Oberhausen
	January 1962	55.20	(52.80)
	January 1963	55.20	(50.40)
High-carbon ferro-manganese Mn = 75%	May 1953	203.89	Duisburg
	October 1954	204.89	
	August 1957	246.17 ²⁾	
	January 1961	165.71	
	January 1962	174.—	
	January 1963	174.—	

¹⁾ December 1957.

²⁾ January 1958.

N.B.

The figures in brackets are the prices less rebates.

(\$ per metric ton)

Belgium	France	Italy	Netherlands
53.— Musson 53.50 71.50 55.— 55.— 55.—	55.14 Longwy 59.43 66.71 59.15 (57.26) 59.15 (57.26) 59.15 (57.26)	68.80 Genoa 64.— 89.60 Trieste 64.— 64.— 59.20	56.34 Beverwijk 56.34 74.25 61.75 64.82 64.82 (62.85)
70.30 Charleroi 73.50 83.90 Monceau 68.— 68.— 66.—	70.71 Longwy 66.86 86.29 74.34 (69.44) 74.34 (69.44) 74.34 (69.44)	68.80 Genoa 64.— 91.20 Trieste 65.60 65.60 60.80	68.21 Beverwijk 68.21 83.— 70.50 74.01 74.01 (71.38)
68.— Charleroi 62.50 83.50 Monceau 63.— 63.— 61.—	67.89 Longwy 58.86 82.57 65.83 65.83 65.83	64.— Genoa 59.20 88.— 57.60 Piombino 57.60 54.40	65.68 Beverwijk 65.68 84.25 71.75 75.32 75.32 (72.69)
211.— Langerbrugge 167.— 240.— 145.— 145.— 130.—	177.71 Outreau 166.57 229.57 141.79 141.79 133.68	240.80 Bagnola Mella 240.80 288.80 166.40 166.40 156.80	— — — — —

ANNEX IV

TABLE No. 29

External Trade in Pig-Iron with Third Countries

	1954	1958	1960	1961	('000 metric tons)	
					1961	1962
					first nine months	
Imports	300	648	968	924	691	870
Exports	360	204	387	417	248	475
Net imports	-60	444	581	501	443	395

TABLE No. 30

The Community's Internal Trade in Pig-Iron

	1954	1958	1960	1961	('000 metric tons)	
					1961	1962
					first nine months	
<i>Deliveries to other Community Countries by¹⁾:</i>						
Germany (Fed. Rep.) ²⁾	180	224	341	548	422	357
Belgium/Luxembourg	45	43	72	60	45	43
France ³⁾	126	131	323	353	264	253
Netherlands	100	75	119	129	90	134
Community	451	473	855	1,090	821	787
<i>Purchases from other Community Countries by¹⁾:</i>						
Germany (Fed. Rep.) ²⁾	76	55	171	160	119	125
Belgium/Luxembourg	162	204	311	352	267	240
France ³⁾	106	148	140	154	126	98
Italy	97	62	218	413	300	321
Netherlands	10	4	15	10	8	3
Community	451	473	855	1,090	821	787

¹⁾ Customs statistics: deliveries calculated from import statistics.

²⁾ Including the Saar as from July 6, 1959.

³⁾ Including the Saar up to July 5, 1959.

N.B.

For the years 1955-1957 and 1959, see *Ninth and Tenth General Reports*.

TABLE No. 31
Pig-Iron and Ferro Alloys Production

Year	('000 metric tons)							
	Germany (Fed. Rep.)	Saar	Belgium	France	Italy	Luxembourg	Netherlands	Community
1952	12,877	2,550	4,781	9,772	1,143	3,076	539	34,738
1953	11,654	2,382	4,228	8,664	1,254	2,719	591	31,492
1960	25,739		6,520	14,005	2,715	3,713	1,347	54,039
1961	25,431		6,459	14,395	3,092	3,775	1,456	54,608
1962	24,250		6,770	13,958	3,583	3,585	1,573	53,719

TABLE No. 32

Trend in New Orders for Rolled Products according to Origin

Year	('000 metric tons)		
	Home markets ¹⁾	Other Community countries ¹⁾	Third Countries
1954	24,738	4,827	7,854
1956	27,492	4,644	9,876
1957	28,028	5,162	7,029
1958	23,958	4,299	9,249
1959	31,460	7,111	11,877
1960	34,691	8,239	9,759
1961	32,342	8,176	10,090
1962	34,246	9,463	8,416

¹⁾ The Saar included with W. Germany from 1959 onwards.
The Saar included with France up to and including 1958.

ANNEX IV

TABLE No. 33

New Orders for Rolled Products, Deliveries by Works and Orders in Hand

('000 metric tons)

Year	New orders	Deliveries by works	Orders in hand (at end of period)
1954	37,419	31,813	11,716
1955	39,729	37,980	13,688
1956	42,012	41,124	15,244
1957	40,219	42,923	12,842
1958	37,506	41,945	8,651
1959	50,448	46,053	13,334
1960	52,689	52,753	13,152
1961	50,608	53,752	10,225
1962	52,125	53,150	9,200

TABLE No. 34

Rate of Utilization of Steel-Production Capacities

(in %)

	1955	1956	1958	1960	1961	1962
Germany (Fed. Rep.)	97.0	97.7	82.1	96.5	91.7	85.4
Saar	95.9	98.5	96.4			
Belgium	94.3	93.8	80.8	88.9	84.5	87.7
France	93.9	95.0	93.4	96.7	93.6	88.4
Italy	94.3	92.6	80.1	94.3	97.1	93.7
Luxembourg	98.7	98.5	93.6	104.1	99.0	93.4
Netherlands	96.9	97.3	92.5	93.5	90.0	83.3
Community	95.7	96.1	85.9	95.5	92.4	80.7

N.B.

Since the steelworks in any one country cannot in practice all work at the same time for a whole year at full capacity, the practical maximum varies from country to country, as can be seen from the figures for 1955 and 1956. France and Belgium, particularly the latter, had a number of strikes in 1957.

For figures in respect of the years 1957 and 1959, see *Statistical Annex* to the *Tenth General Report*.

TABLE No. 35
Community and World Production of Crude Steel (1952-1962)

Country	in '000 metric tons					Increase 1961/ 1962 in %	in % of world production				
	1952	1953	1960	1961	1962 ¹⁾		1952	1953	1960	1961	1962
Germany (Fed. Rep.) without the Saar	15,806 2,823	15,420 2,682	34,100 7,181	33,458 7,002	32,566 7,334	— 2.7 + 4.7	7.3 1.3	6.5 1.1	9.9 2.1	9.3 1.9	8.8 2.0
Belgium	5,170	4,527	17,300	17,577	17,242	— 1.9	2.4	1.9	5.0	4.9	4.7
France	10,867	9,997	8,219	9,124	9,476	+ 3.9	1.6	4.2	2.4	2.5	2.6
Italy	3,535	3,500	4,084	4,113	4,010	— 2.5	1.4	1.1	1.2	1.1	1.1
Luxembourg	3,002	2,658	1,942	1,970	2,082	+ 5.7	0.3	0.4	0.6	0.5	0.6
Netherlands	693	874									
Community	41,896	39,658	72,836	73,244	72,710	— 0.7	19.4	16.7	21.2	20.2	19.8
United Kingdom	16,681	17,891	24,694	22,439	20,819	— 7.1	7.7	7.5	7.2	6.2	5.6
United States	87,766	104,118	91,920	90,453	91,000	+ 0.6	40.8	43.9	26.8	25.0	24.7
U.R.S.S.	34,492	38,128	65,292	70,700	76,300	+ 7.9	16.1	16.2	19.0	19.6	20.7
Eastern Europe ²⁾	11,225	12,695	21,240	22,687	24,200	+ 6.7	5.4	5.4	6.2	6.3	6.6
Japan	6,988	7,662	22,138	28,268	27,500	— 2.7	3.2	3.2	6.4	7.8	7.4
Other countries	1,350	1,770	16,500	18,000	19,000	+ 5.6	0.6	0.7	4.8	5.0	5.1
China	14,847	15,245	28,908	35,409	37,471	+ 10.6	7.0	6.4	8.4	9.9	10.1
World ³⁾	215,245	237,167	343,500	361,200	369,000	+ 2.2	100	100	100	100	100

¹⁾ Provisional figures.

²⁾ Eastern Germany, Bulgaria, Poland, Roumania, Czechoslovakia, Hungary.

³⁾ Estimated.

N.B.

Corrections made to figures in previous General Reports. For figures in respect of the years 1954-1959, see Statistical Annex to the Tenth General Report.

ANNEX IV

TABLE No. 36

Crude-Steel Production (by manufacturing processes)
(Community)

('000 metric tons)

Year	Basic Bessemer	Acid Bessemer	Open-hearth	Electric-furnace	Other processes	Total
1953	20,886	234	15,387	3,106	48	39,661
1954	22,633	216	17,387	3,592	14	43,842
1955	27,520	246	20,477	4,370	12	52,625
1956	29,388	252	22,103	5,035	17	56,796
1957	30,156	249	23,597	5,731	71	59,804
1958	29,282	240	22,121	5,712	643	57,998
1959	32,217	171	23,418	6,343	1,010	63,159
1960	35,920	187	27,539	7,577	1,612	72,835
1961	35,411	189	27,070	8,173	2,401	73,244
1962 ¹⁾	34,125	162	26,424	8,498	3,500	72,709

¹⁾ Provisional figures.

TABLE No. 37

Production of High-Grade and Special Steels
(Community)

('000 metric tons)

Year	Germany (Fed. Rep.) ¹⁾	Benelux	France ²⁾	Italy	Community
1954	1,301	106	1,082	630	3,119
1955	1,755	168	1,296	690	3,969
1956	2,048	202	1,400	719	4,369
1957	1,905	183	1,494	820	4,402
1958	1,822	110	1,453	873	4,258
1959	2,152	133	1,237	974	3,496
1960	2,969	199	1,470	1,337	5,975
1961	2,855	216	1,544	1,567	6,182
1962 ³⁾	2,554	202	1,491	1,363	5,610

¹⁾ Including the Saar as from July 1, 1959.²⁾ Including the Saar up to June 30, 1959.³⁾ Provisional figures.

TABLE No. 38
 Production of Finished Products by types of Products¹⁾
 (Community)

Type of product	('000 metric tons)						
	1952	1953	1958	1959	1960	1961	1962
Permanent-way material	1,432	1,497	1,610	1,392	1,404	1,392	1,366
Heavy sections	2,723	2,549	3,258	3,475	4,010	4,333	4,511
Light sections	10,033	8,859	11,408	12,656	14,533	14,935	14,326
Wire rod	2,844	2,491	4,069	4,827	5,381	5,373	5,204
Tube semis	973	980	1,482	1,602	1,953	1,980	1,858
Hoop and strip	2,273	1,848	3,227	3,991	4,650	4,375	4,563
Plate 3 mm. and over	4,288	4,547	6,977	6,832	7,820	7,996	7,954
Sheet under 3 mm.	3,947	3,789	7,634	8,538	10,354	10,008	10,808
Coils (finished products)	2	50	229	448	687	684	872
Total	28,515	26,610	39,894	43,761	50,792	51,076	51,462

¹⁾ For the years 1954-1957, see *Ninth General Report*.

TABLE No. 39

Trade in Iron and Steel Products within the Community¹⁾

Country of supply	Country of destination	1952
<i>Germany (Fed. Rep.)</i> ²⁾	Belgium/Luxembourg	88.8
	France ³⁾	9.6
	Italy	62.4
	Netherlands	141.6
	Total	302.4
<i>Belgium/Luxembourg</i>	Germany (Fed. Rep.) ²⁾	532.8
	France ³⁾	14.4
	Italy	135.6
	Netherlands	571.2
	Total	1,254.0
<i>France</i> ³⁾	Germany (Fed. Rep.) ²⁾	243.6
	Belgium/Luxembourg	70.8
	Italy	121.2
	Netherlands	45.6
	Total	481.2
<i>Italy</i>	Germany (Fed. Rep.) ²⁾	0.5
	Belgium/Luxembourg	0.8
	France ³⁾	0.1
	Netherlands	1.0
	Total	2.4
<i>Netherlands</i>	Germany (Fed. Rep.) ²⁾	9.6
	Belgium/Luxembourg	51.6
	France ³⁾	3.6
	Italy	3.6
	Total	68.4
	Grand' Total	2,108.4
	<i>of which</i> ⁴⁾ :	
	Germany (Fed. Rep.) ²⁾	786.5
	Belgium/Luxembourg	212.0
	France ³⁾	27.7
	Italy	322.8
	Netherlands	759.4

¹⁾ Including pig-iron.

²⁾ Including the Saar as from July 6, 1959.

³⁾ Including the Saar up to July 5, 1959.

⁴⁾ Estimates based on deliveries.

N.B.

For the years 1953 and 1955-1959, see *Ninth and Tenth General Reports*.

(000 metric tons)

1954	1960	1961	1961	1962
			first nine months	
119.7	219.5	291.5	204.9	224.0
117.6	1,780.0	1,835.3	1,341.1	1,325.3
150.3	657.2	1,041.2	727.0	896.2
384.0	751.5	694.7	523.3	473.3
771.6	3,408.2	3,862.7	2,796.4	2,918.9
652.5	1,478.2	1,172.6	896.9	1,050.6
303.3	963.4	960.2	742.0	809.4
119.4	284.0	349.8	254.3	308.2
711.0	735.6	671.5	510.9	520.8
1,786.2	3,461.2	3,154.1	2,404.2	2,689.0
863.4	1,369.5	1,395.8	1,053.8	1,068.2
138.3	401.1	487.6	373.6	283.4
249.9	459.2	651.7	484.9	457.8
69.3	164.3	163.8	125.2	99.8
1,320.9	2,394.1	2,698.9	2,037.5	1,909.2
1.8	32.5	35.9	30.0	22.4
0.0	3.1	1.4	1.0	1.8
6.0	84.5	22.7	16.1	24.0
0.0	10.4	0.1	0.1	0.1
7.8	130.5	60.1	47.1	48.3
160.2	430.0	303.4	248.6	183.7
59.4	74.4	90.3	69.1	86.2
27.3	100.4	94.1	75.6	74.7
20.4	55.4	58.5	40.1	101.2
267.3	660.2	546.3	433.5	445.8
4,153.8	10,054.2	10,322.1	7,718.9	8,011.2
1,677.9	3,310.2	2,907.7	2,229.4	2,324.9
317.4	698.1	870.8	648.7	595.5
454.2	2,928.3	2,912.3	2,175.0	2,233.6
540.0	1,455.8	2,101.2	1,506.4	1,763.5
1,164.3	1,661.8	1,530.1	1,159.5	1,094.0

TABLE No. 40
Steel Trade within the Community¹⁾

(1000 metric tons)

Product or Group of products Period	Ingots and semis	Coils	Perman-ent-way material	Wire-rod	Joists and sections over 80 mm.	Merchant bars and other sections	Hoop and strip	Plate	Sheet	Total Treaty products	Total non-Treaty products
1954	550	192	74	315	337	1,059	286	348	453	3,615	210
1959	869	552	87	556	443	1,484	498	688	1,478	6,656	443
1960	1,439	766	86	663	648	1,879	609	941	1,996	9,027	532
1961	1,383	615	83	700	783	1,983	608	1,172	1,770	9,097	573
1961 first nine months	1,074	508	70	527	556	1,501	403	847	1,346	6,831	392
1962 first nine months	845	434	68	537	667	1,492	459	1,061	1,608	7,170	432

¹⁾ Figures based on deliveries.

N.B.

For the years 1955-1958, see *Ninth General Report*.

TABLE No. 41
Community Steel Exports to Third Countries

('000 metric tons)

Product or Group of products Period	Ingots and semis	Coils	Perman-ent-way material	Wire-rod	Joists and sections over 80 mm.	Merchant bars and other sections	Hoop and strip	Plate	Sheet	Total Treaty products	Total Non-Treaty products
1954	631	10	278	287	592	2,187	233	757	1,105	6,080	1,338
1959	1,033	128	287	655	911	3,542	341	1,287	2,396	10,580	2,458
1960	937	220	365	620	778	3,487	402	1,354	2,596	10,758	2,774
1961	1,194	155	334	651	775	3,522	387	1,114	2,341	10,472	2,659
1961 first nine months	819	96	250	483	564	2,604	283	818	1,712	7,630	1,944
1962 first nine months	602	125	238	500	601	2,453	328	701	1,655	7,201	1,678

N.B.

For the years 1955-1958, see Ninth General Report.

ANNEX IV

TABLE No. 42

Community Exports to Third Countries, by Semi-finished and Finished Products¹⁾

('000 metric tons)

Product	First six months			First six months 1961/ First six months 1960	First six months 1962/ First six months 1961
	1960	1961	1962		
1. Ingots and puddlet bars ²⁾	63	73	99	+16%	+36%
2. Blooms and billets ³⁾	308	379	337	+23%	-11%
3. Slabs and sheet bars	31	12	19	-61%	+58%
4. Heavy sections ³⁾	643	560	567	-13%	+1%
5. Light sections (rolled merchant bars ⁴⁾)	1,836	1,730	1,780	-6%	+3%
6. Wire rod ³⁾	336	314	357	-7%	+14%
7. Hoop and strip	205	186	216	-9%	+16%
8. Heavy and medium plate (universals ⁵⁾)	738	524	491	-29%	-6%
9. Sheet	847	621	626	-27%	+1%
10. Tinplate, electrical sheet, galvanized sheet, and other coated sheets	566	496	481	-12%	-3%
11. Hot-rolled wide strip (coils)	127	74	77	-42%	+4%
Total	5,700	4,969	5,050	-13%	+2%

¹⁾ Based on Customs statistics.²⁾ Including semi-finished products in special and alloy steels.³⁾ Ordinary steel only.⁴⁾ Including wire-rod in special and alloy steels.⁵⁾ Including hot-rolled wide strip in special and alloy steels.

ANNEX IV

TABLE No. 43

Deliveries of Finished and End Products²⁾ by Community Works¹⁾ to Third Countries, by Areas of Destination

('000 metric tons)

Area of destination	First six months			First six months 1961 / First six months 1960	First six months 1962 / First six months 1961
	1960	1961	1962		
1. French, Belgian and Netherlands overseas territories	307	255	230	-17%	-10%
2. Eastern Europe	637	552	567	-13%	+ 3%
3. Western Europe	1,983	1,853	1,938	- 7%	+ 5%
4. North America	845	572	869	-32%	+52%
5. Central and South America	658	599	542	- 9%	-10%
6. Pakistan, India, China	455	230	71	-49%	-69%
7. Other areas (Africa, Asia, Oceania)	811	908	826	+12%	- 9%
Total third countries	5,696	4,969	5,043	-13%	+ 2%

¹⁾ Based on Customs statistics.²⁾ Including ingots and semi-finished products, hot-rolled wide strip (coils) and special steels.

TABLE No. 44

Exports of Finished Products by the Principal Exporter Countries of the World¹⁾

('000 metric tons)

Country	First six months			First six months 1961 / First six months 1960	First six months 1962 / First six months 1961
	1960	1961	1962		
1. Japan	562	734	913	+31%	+24%
2. Great Britain	531	627	651	+18%	+ 4%
3. United States	722	350	372	-52%	+ 6%
4. U.S.S.R. ²⁾	1,364	1,509	1,600	+11%	+ 6%
5. Community	4,911	4,513	4,450	- 8%	- 1%
Total	8,090	7,733	7,986	- 4%	+ 3%

¹⁾ Figures not strictly comparable.²⁾ Including semi-finished products; annual figures converted into half-yearly figures; the figure for the first half of 1962 is estimated.

ANNEX IV

TABLE No. 45

Community Imports of Iron and Steel Products from Third Countries¹⁾
(by countries of origin)

('000 metric tons)

Country of origin Country of destination	Austria	U.K.	Sweden	U.S.A. and dependencies	Eastern Europe and U.S.S.R.	Other third countries	Total
<i>Germany (Fed. Rep.)²⁾</i>							
1954	127	20	25	28	1	12	213
1960	313	140	68	100	191	237	1,049
1961	284	133	99	74	90	160	840
1961 (9 months)	210	87	71	61	65	129	623
1962 (9 months)	298	180	80	51	361	145	1,115
<i>Belgium/ Luxembourg</i>							
1954	27	10	22	26	34	29	148
1960	81	21	11	15	116	45	290
1961	62	24	8	12	88	21	215
1961 (9 months)	48	18	6	11	54	17	154
1962 (9 months)	38	31	8	5	128	22	232
<i>France³⁾</i>							
1954	4	3	7	17	—	6	37
1960	9	8	7	12	8	99	145
1961	19	16	9	2	15	187	248
1961 (9 months)	15	9	6	2	1	166	199
1962 (9 months)	13	50	10	3	36	38	151
<i>Italy</i>							
1954	214	42	8	75	43	22	404
1960	260	30	15	78	538	289	1,210
1961	206	73	26	132	483	380	1,300
1961 (9 months)	154	43	17	111	352	294	971*
1962 (9 months)	122	102	17	46	451	166	905

¹⁾ Treaty products, exclusive of old rails, including pig-iron.

²⁾ Including the Saar as from July 6, 1959.

³⁾ Including the Saar in 1954.

N.B.

For the years 1955-1959, see *Ninth General Report*.

ANNEX IV

TABLE No. 45 (contd.)

('000 metric tons)

Country of origin Country of destination	Austria	U.K.	Sweden	U.S.A. and de- pend- encies	Eastern Europe and U.S.S.R.	Other third coun- tries	Total
<i>Netherlands</i>							
1954	2	64	1	66	4	8	145
1960	9	70	3	75	18	30	204
1961	9	70	5	29	20	96	229
1961 (9 months)	7	58	4	27	14	64	174
1962 (9 months)	13	45	2	8	25	28	121
<i>Community</i>							
1954	375	136	63	214	78	81	947
1960	672	269	105	279	872	700	2,897
1961	579	315	147	250	696	846	2,833
1961 (9 months)	434	215	105	213	486	667	2,122
1962 (9 months)	484	408	117	112	1,000	401	2,523

ANNEX IV

TABLE No. 46
Community Exports of Iron and Steel Products to Third Countries¹⁾
(by countries of destination)

Country of origin	Country of destination	('000 metric tons)										
		North America	Central and South America	U.K.	Sweden	Eastern Europe and U.S.S.R.	Other European countries	Overseas territories of member States ²⁾	Asia	Africa less territories of member States	Other areas	Total
<i>Germany (Fed. Rep.)³⁾</i>	1954	77	237	31	180	40	533	0	305	35	2	1,440
	1960	347	423	101	234	370	1,241	20	662	61	10	3,468
	1961	333	682	22	173	278	1,371	10	675	74	5	3,622
	1961 (9 months)	212	426	7	126	221	978	9	472	53	5	2,500
1962 (9 months)	264	249	16	123	335	1,070	4	489	75	1	2,638	
<i>Belgium/Luxembourg</i>	1954	300	522	64	230	64	618	126	380	139	40	2,484
	1960	714	461	126	265	319	797	63	780	139	41	3,706
	1961	842	461	42	210	188	815	43	643	155	12	3,412
	1961 (9 months)	577	327	33	157	152	612	32	481	111	11	2,493
1962 (9 months)	791	262	29	137	114	663	46	417	118	3	2,578	
<i>France⁴⁾</i>	1954	149	345	71	85	107	536	457	184	160	15	2,126
	1960	251	227	63	97	290	638	473	408	196	23	2,666
	1961	298	309	14	86	267	759	418	368	171	5	2,695
	1961 (9 months)	227	225	9	66	210	543	316	291	142	4	2,034
1962 (9 months)	206	132	14	67	143	531	251	191	139	1	1,677	

TABLE No. 47

Development of Average Schedule Prices for Finished Steel Products¹⁾
 (Indices calculated on the basis of prices expressed in dollars. Index 100 = average Community price on May 20, 1953)

Country	May 20, 1953	April 1, 1954	July 1, 1957	Jan. 30, 1959	Jan. 1, 1960	Jan. 1, 1961	Jan. 1, 1962	Jan. 31, 1963
				<i>Basic Bessemer</i>				
Germany (Fed. Rep.)	101	96	104	110	108	108	111	111
Belgium	100	95	117	103	113	113	106	102
France	99	96	104	92	92	98	98.5	105
Luxembourg	100	96	111	111	111	111	111	111
Netherlands	100	95	119	105	114	111	114	113
Community	100	96	106	101	102	104	105	107
				<i>Basic Steel²⁾</i>				
U.K.	86	86	103	112	111	107	108	113
U.S.A.	88	92	119	140	124	124	124	124
				<i>Open-hearth</i>				
Germany (Fed. Rep.)	93	89	101	106	105	104	108	108
Belgium	103	95	120	102	113	113	103	102
France	96	94	110	92	92	95.5	96	101
Italy	116	114	130	115	111	113	105	106
Netherlands	94	89	112	103	107	107	110	107
Community	100	96	111	105	103	105	105	106
				<i>Basic Steel²⁾</i>				
U.K.	76	76	91	98	98	94	95	100
U.S.A.	78	81	105	109	109	109	109	109

¹⁾ Based on the most representative schedules in the market.

²⁾ The Basic Steel produced in the United Kingdom and the United States may be regarded as a quality half-way between the basic Bessemer (Thomas) and open-hearth qualities produced in the Community.

N.B.

Since a price index is involved, the same weighting is used with regard to the various products for each year and for each Community country, the Community as a whole, and the United Kingdom and United States. The index reflects roughly the present production pattern in the Community and the United Kingdom, but slightly misrepresents that in the United States, where production is centred more on flat products. In the calculation of the overall index for the Community, the average Community price for each product is obtained by weighting based on each Community country's share in the total production of the product concerned (which is why it is not possible to arrive at the Community index from the indices for the individual member countries). For figures for January 1, 1954, 1955, 1956, 1957 and 1958, see *Tenth General Report*.

ANNEX IV

TABLE No. 48 (contd.)
(\$ per metric ton)

Product	France					Italy				
	Jan. 1, 1958	Jan. 1, 1961	Jan. 1, 1962	Jan. 31, 1963	Jan. 1, 1958	Jan. 1, 1961	Jan. 1, 1962	Jan. 31, 1963		
Reinforcing bars	86.70	89.30	89.30	96.60	116.80	108.80	96	102.40		
Merchant bars	—	—	89.30	96.60	120 ^h	112 ^h	99.20 ^h	105.60 ^h		
	104.40	99.20	99.20	107.30	121.60	110.40	107.20	104		
Wire rod	87.70	90.40	92.85	97.75	137.60 ^h	115.20 ^h	112 ^h	113.60		
	105.75	100.50	103.45	108.70	137.60	107.20	108.80	110.40		
Hoop and strip	90.65	93.35	93.55	99.20	—	113.60 ^h	110.40 ^h	—		
	105.20	100	100	106.25	132	121.60	116.80	120		
Plate	95.50	96.65	96.65	101.70	—	—	—	—		
	114.35	108.70	108.70	114.15	139.20	118.40	108.80	108.80		
Sheet (hot rolled)	102.35	102.70	102.70	102.65	—	121.60 ^h	118.40 ^h	118.40 ^h		
	120.85	114.80	114.80	120.85	171.20	140.80	132.80	129.60		
Sheet (cold-rolled)	120.80	119.15	119.15	126.75	—	—	—	—		
	138.55	132	132	136.85	172	168	137.60 ^h	134.40		
Sheet (cold-rolled) (1-1.10 mm.)	137	135.20	135.20	142.30	177.60	179.30	136	136		
Basing points:										
	Thionville									
	For plate and sheet: Montmédy									
					Novi Ligure					
					156.80			156.80		

TABLE No. 48 (contd.)³⁾

Product	United Kingdom						U.S.A.			
	(\$ per metric ton)									
	Jan. 1, 1958	Jan. 1, 1961	Jan. 1, 1962	Jan. 31, 1963	Jan. 1, 1958	Jan. 1, 1960	Jan. 1, 1962	Jan. 31, 1963		
Reinforcing bars	107.70	104.05	105.15	106.70	119.60	125.10	125.10	125.10		
Merchant bars	106.35	100.15	101.20	105.45	116.30	121.25	121.25	121.25		
Joists	113.20	107.90	109	110.55	119.60	125.10	125.10	125.10		
Wire rod	105.80	99.60	100.60	104.90	116.30	121.25	121.25	121.25		
Hoop and strip	109.50	105	106.30	107.55	135.60	141.10	141.10	141.10		
Plate	113.60	99.90	108.90	109.70	108.60	112.45	112.45	112.45		
Sheet (hot-rolled)	112.16	106.40	107.50	110.95	112.45	116.85	116.85	116.85		
Sheet (cold-rolled)	131.75	126.25	127.55	136.05	136.15	140	140	140		
Sheet (cold-rolled)	143.45	137.95	139.40	147.75	149.90	154.85	154.85	154.85		
<i>Basing-points:</i>	Zone-delivered prices						Pittsburgh			

¹⁾ For figures in respect of the years 1959 and 1960, see *Statistical Annex to the Tenth General Report*.

²⁾ Reinforcing bars I.

³⁾ Varies from works to works.

⁴⁾ According to product or size.

Observations on Table No. 48

Germany (Fed. Rep.)

The price schedules of the German producers did not undergo any notable changes during the period under review.

Following the rise in the French prices last August, only the Saar works increased the prices for certain rolled products (by 1-7.5% according to product and quality) to meet the new market situation. Prices for tube semis, broad-flanged beams, wire rod, hoop and strip, and permanent-way material remained unchanged. In the case of sheet, extras for the thin gauges were reduced and those for the thicker gauges, widths up to 800 mm., length and small lots were slightly increased.

Belgium

A certain downward trend in the market caused some Belgian works, up to the middle of the year, to reduce their prices, more particularly for concrete-reinforcing rods and hot-rolled merchant sheet. Upward adjustments were also gradually introduced in respect of heavy and medium plate.

Following the general rise in the level of French prices last August, the Belgian works were able to increase their own prices, particularly for concrete-reinforcing rods and hot-rolled sheet, whereas those for merchant bars tended to fall further still. The improvements recorded in respect of some prices in line with the movement of French prices, were not, however, maintained for long. At the end of last year, Belgian prices for concrete-reinforcing rods and hot-rolled sheet dropped back to their previous levels, and sometimes even appreciably below in the case of merchant bars, wire rod, and heavy and medium plate. Although the

schedule prices of the big producers underwent no changes of any note, there were many more alignments on lower quotations by competitors, mainly British.

France

French prices, generally the lowest in the Community, showed an upward trend. In February, size extras for hoop and strip under 150 mm. wide were increased, while those for larger widths were reduced, the average increase overall working out at 8.6%. At the same time, the prices for permanent-way material were put up by 2.5%, followed by those for merchant bars and special sections, which rose by 2.5-2.8%.

On August 11, 1962, prices for French rolled products (with the exception of tinplate) were raised all round by between 2.75% and 7.5% according to product and quality, the average increase working out at 4.5%, and extras also went up in consequence.

The raising of the French price-level has brought about an adjustment in the overall price pattern in the Community: on the whole, the French producers, where they were not underquoted by Belgian works, maintained their advantage over their competitors, though admittedly to a lesser degree, in many Community consumer areas. They did so particularly in Southern Germany, whereas in Northern Germany they lost ground.

In connection with the revision of the French railway goods tariffs on October 1, some minor adjustments were made in the prices of various products ex certain basing points.

At the end of the year, several Belgian producers quoted below the French prices for concrete-reinforcing rods, merchant bars, wire rod, heavy and medium plate and hot-rolled merchant sheet.

Italy

Italian prices showed a downward trend up to the middle of the year. Italsider introduced price reductions for wide strip, concrete-reinforcing rods (in respect of certain qualities), sheet and galvanized sheet in coils, amounting to 1.6%-6.1% according to product and quality. Prices for concrete-reinforcing rods went up further in July, while those for merchant bars were reduced, as in Belgium. From August onwards, the prices for concrete-reinforcing rods continued to rise even more steeply, and wire rod prices were similarly affected. On September 10, medium plate and sheet (with the exception of car-body sheet) went up by 2-2.7%, according to product and quality, whereas heavy plate dropped by 2.3%. The prices for merchant bars and heavy sections were also raised slightly. The seasonal slowing-down in the activity of the building trade at the end of the year brought about a sharp fall in the at times excessively high prices charged for concrete-reinforcing rods by small and medium-size producers.

Luxembourg

In Luxembourg, prices for broad-flanged beams and steel piling were increased by 6.5% and 3.6% respectively, and certain extras for standard qualities of heavy and medium plate were also raised.

Netherlands

Dutch producers' schedule prices for heavy and medium plate without guarantee of open-hearth quality were raised by 1.5% last August. Prices for concrete-reinforcing rods and merchant bars (open-hearth quality), which had remained unchanged since 1961, were reduced by 14% and 4.9% respectively in January 1963, in line with the general market trend.

ANNEX IV

TABLE No. 49

Long-Term Trend of Community Export Prices
Market Prices f.o.b. Antwerp

(\$ per metric ton)

Average price for the month according to product or destination	Merchant bars	Wire rod	Plate	Cold-rolled sheet 1 mm.
1953 May	93	87	115	147
1954 January	82	84	102	128-151
1955 January	102-110	105-110	106-110	145-152
1956 January	115-128	115-120	130-140	150-157
1957 January	125-134	115-118	165-175	150
1958 February	97-101	103-105	118-122	170
1959 January	81- 83	84- 88	81- 87	135
1960 January	110-114	132-140	106-112	up to 225
1961 January	99-102	105-107	97-101	142-150
October	92- 93	86- 88	89	123
1962 January	94- 96	88- 90	89- 92	116-121
1963 January	77- 79	80- 83	85- 88	111-113

ANNEX IV

TABLE No. 50

Basis Prices for Exports to Third Countries¹⁾

(\$ per metric ton f.o.b. port of shipment)

Product	Community (overall)				
	Market prices				
	February 1958	January 1960	January 1961	January 1962	January 1963
Reinforcing bars	81-84	105-110	92-97	77-84	70-73
Merchant bars	97-101	110-114	99-102	94-96	77-79
Joists	98-103	101-102	94-96	94-95	77-78
Wire rod	103-105	132-140	105-107	88-90	80-83
Hoop and strip	110-113	110-112	109-111	92-94	88-93
Plate	118-122	106-112	97-101	89-92	85-88
Sheet (hot-rolled (2.75 - < 3 mm.))	150-50	158-163	131-138	106-115	107-108
Sheet (cold-rolled (1 mm.))	170	up to 225	142-150	116-121	111-113
Product	United Kingdom				
	Published prices				
	February 1958	January 1960	January 1961	January 1962	January 1963
Reinforcing bars	112.65	110.35	110.35	110.35	110.35
Merchant bars	115.80- 152.95	109.75- 116.65	109.75- 116.65	109.75- 116.65	109.75- 116.65
Joists	146.05	109.20	109.20	109.20	109.20
Wire rod			No price		
Hoop and strip	123.45- 124.85	123.45- 124.85	123.45- 124.85	123.45- 124.85	123.45- 124.85
	²⁾	²⁾	²⁾		
Plate	161.90	116	114.65	114.65	114.65
Sheet (hot-rolled (2.75 - < 3 mm.))	148.10- 164.65	148.10- 164.65	148.10- 164.65		
	³⁾	³⁾	³⁾		
Sheet (cold-rolled (1 mm.))	145.50- 165.35	145.50- 165.35	145.50- 165.35	132.30	132.30

ANNEX IV

TABLE No. 50 (contd.)

(\$ per metric ton f.o.b. port of shipment)

Product	United States				
	Published prices				
	February 1958	January 1960	January 1961	January 1962	January 1963
Reinforcing bars	129.40	127	127	127	127
Merchant bars	128.10- 131.60	131.85- 134.25	131.85- 134.25	126.30- 134.25	126.30- 134.25
Joists	128.10	131.85	131.85	126.30	126.30
Wire-rod	140.20	146.15	146.15	146.15	146.15
Hoop and strip	119.25	117.95	117.95	114.65	114.65
Plate	123.25	126.75	126.75	118.60	118.60
Sheet (hot-rolled) (2.75 - < 3 mm.)	140.85	141.75	141.75	141.75	141.75
Sheet (cold-rolled) (1 mm.)	159.60	156.75	156.75	156.75	156.75

¹⁾ For figures in respect of the year 1959, see *Statistical Annex to the Tenth General Report*.

²⁾ According to width.

³⁾ According to country of destination.

N.B.

This table shows the development of basis prices. The bases on which these are fixed in the Community, the United Kingdom and the United States respectively are sometimes appreciably different, chiefly in the case of sheet. Prices given in this table for sheet include extras, which makes them broadly comparable. Prices are those of basic Bessemer (Thomas) quality for the Community, and of "basic open-hearth steel" for the United Kingdom and the United States.

TABLE No. 51
 Half-Yearly Tariff and Quota Changes
 (total or partial suspension of import duties on certain Treaty products entering the Community from third countries)

Period	Product	Reduced-duty quotas			Duty-free quotas				(metric tons)
		Pig-iron containing vanadium and titanium	Coils under 1.50 m. wide	Bearing-quality steels	Grain-oriented electrical sheet (wattage loss below 0.75 w.)	Special wire-rod for rubber types	Special wire-rod for springs	Coils of special alloy steel, 1000-1300 mm. wide and up to 6 mm. thick	
	Country								
	Duty reduced or Duty suspended (D.S.)	1 %	4 and 5 % ¹⁾	4 %	Duty suspended	Duty suspended	Duty suspended	Duty suspended	Duty suspended
1st six months, 1962	Germany (Fed. Rep.)	no quantitative restriction	35,000	2,500	1,750	250	4,000	1,000	
	Belgium-Luxembourg		7,000	—	250 ²⁾	2,500	200	—	
	France		7,000	—	—	2,250	—	—	
	Netherlands		—	—	500	—	—	—	
	Italy		35,000	—	1,750	1,500	—	—	
2nd six months, 1962	Germany (Fed. Rep.)	no quantitative restriction	30,000	1,500	1,500	250	4,000	2,000	
	Belgium-Luxembourg		6,000	—	—	2,000	500	—	
	France		6,000	—	—	2,000	1,500	—	
	Netherlands		—	—	—	400	—	—	
	Italy		30,000	—	1,500	1,200	—	—	
1st six months, 1963	Germany (Fed. Rep.)	no quantitative restriction	—	—	1,500	200	4,000	2,000	
	Belgium-Luxembourg		6,000	—	—	2,000	500	1,500	
	France		—	—	—	2,000	1,500	—	
	Netherlands		—	—	450	—	—	—	
	Italy		30,000	—	1,400	2,000	—	—	

¹⁾ 5 % for the first six months of 1963; 4 % for the second six months of 1962.

²⁾ Belgium only.



TABLE No. 52

Net Increase in Production Potential
(based on compulsory declarations of investment projects)

Sector	Production	Production potential 1961
<i>Coalmining industry</i>		
Pits	Hard coal ('000 m.t.)	246,800
Coking-plants (mine-owned)	Coke ('000 m.t.)	55,600
Coking-plants (independent)	Coke ('000 m.t.)	4,300
Pithead power-stations	Install. capacity ('000kW)	8,863 ¹⁾
Hard-coal briquetting plants	Hard-coal briquettes ('000 m.t.)	17,460
<i>Iron ore mines</i>		
	Crude ore ('000 m.t.)	104,500
<i>Iron and Steel industry</i>		
Coking-plants (steelworks-owned)	Coke	24,300
Preparation of burden	Sinter	42,800
Blast-furnaces	Pig-iron	60,100
Steelworks: (a) Basic Bessemer	Basic Bessemer steel	38,000
(b) L/D and similar	L/D and similar steel	2,800
(c) Open-hearth	Open-hearth steel	29,900
(d) Electric-furnace	Electric-furnace steel	9,200
Rolling-mills: (a) for semis	Billets	.
(b) for hot-rolled wide strip	Coils	11,818
(c) for sections	Sections (finished products)	31,590
(d) for flats	flat products (finished)	26,190
Galvanizing and tinning plants	Galvanized sheets and tinplate	.
Power-stations (at works)	Installed capacity ('000 kW)	3,403 ¹⁾

¹⁾ Installed capacity as at the beginning of the year 1961.

²⁾ Certain steelworks are replacing all or some of their basic Bessemer or open-hearth plants by oxygen steelmaking plant.

Declarations received during						
1956	1957	1958	1959	1960	1961	1962
2,560	5,786	10,220	786	325	890	280
3,846	220	545	—	2,180	—	—
281	196	116	—	—	—	180
688	285	386	750	517	988	210
—	—	460	430	—	100	510
150	1,725	1,800	200	—	2,800	—
2,246	917	174	267	1,630	—	113
6,605	3,290	8,350	6,823	15,070	10,110	4,940
4,614	2,445	2,431	2,431	7,270	4,390	2,185
2,534	1,225	1,288	105	—4,330 ²⁾	440	—1,120 ²⁾
—	895	680	420	16,920	5,150	2,340
1,757	108	339	294	— 280 ²⁾	260	— 220 ²⁾
850	174	274	210	890	670	617
4,881	425	1,200	2,670	2,700	2,330	—
—	—	—	—	6,420	2,680	456
547	60	315	621	2,950	1,450	883
1,946	114	916	2,734	5,340	2,490	13
—	—	—	—	250	725	60
106	48	89	15	—	194	114

TABLE No. 53
 Personnel Employed in the Community Coalining and Iron and Steel Industries

Industry	September 30, 1961				September 30, 1962				Total
	Workers	Apprentices	Salaried employees	Total	Workers	Apprentices	Salaried employees	Total	
<i>Coalining Industry</i>									
Germany (Fed. Rep.)	398.0	20.3	51.6	469.9	370.9	16.3	50.4	437.6	
Belgium	85.1	1.7	11.1	97.9	78.7	1.8 ¹⁾	10.3	90.8	
France ¹⁾	175.6	4.4	24.9	204.9	170.1	4.6	24.5	199.2	
Italy	3.2	—	0.5	3.7	3.0	—	0.5	3.5	
Netherlands	46.9	2.5	7.7	57.1	46.5	2.5	8.0	57.0	
Community	708.8	28.9	95.8	833.5	669.2	25.2	93.7	788.1	
<i>Iron and Steel industry</i>									
Germany (Fed. Rep.)	215.8	7.3	32.1	255.2	211.6	7.7	34.0	253.3	
Belgium	54.8	—	8.2	63.0	53.0	—	8.4	61.4	
France	132.6	3.5	27.7	163.8	128.9	4.2	28.3	161.4	
Italy	55.7	0.2	8.1	64.0	58.6	0.2	9.0	67.8	
Luxembourg	19.5	0.3	2.2	22.0	19.1	0.4	2.6	22.1	
Netherlands	9.7	0.5	5.0	15.2	9.9	0.5	5.5	15.9	
Community	488.1	11.8	83.3	583.2	481.1	13.0	87.8	581.9	
<i>Iron-ore mines</i>									
Germany (Fed. Rep.)	16.0	0.4	2.3	18.7	12.7	0.3	1.9	14.9	
Belgium	0.0	—	0.0	0.0	0.0	—	0.0	0.0	
France	22.7	0.7	3.4	26.8	21.8	0.7	3.3	25.8	
Italy	2.8	—	0.3	3.1	2.5	—	0.3	2.8	
Luxembourg	2.0	—	0.2	2.2	1.9	—	0.2	2.1	
Community	43.5	1.1	6.2	50.8	38.9	1.0	5.7	45.6	
Community Total	1.240.4	41.8	185.3	1.467.5	1.189.2	39.2	187.2	1.415.6	

¹⁾ Including non-nationalized mines.

TABLE No. 54

Movement of Manpower Wastage in the Coalmining Industry
Underground workers (exclusive of apprentices) leaving collieries

Country	Total wastage						of which: workers giving notice and leaving of their own accord					(Absolute figures)
	1957	1959	1960	1961	1962 ¹⁾	1957	1959	1960	1961	1962 ¹⁾		
Germany (Fed. Rep.)	113,200	83,900	79,500	76,600	74,300	71,100	37,000	40,900	37,300	39,200		
Belgium	52,800	35,200	32,900	29,300	23,600	38,700	20,100	18,400	17,800	15,700		
France	25,700	21,800	18,700	19,300	19,900	12,700	8,000	6,400	7,300	8,500		
Italy	600	100	400	200	200	—	—	—	—	—		
Netherlands	5,100	3,200	2,700	3,100	3,700	3,400	1,500	1,400	1,900	2,100		
Community	197,400	144,200	134,200	128,500	121,700	125,900	66,600	67,100	64,300	500		
	(In % of average labour force for the year)											
Germany (Fed. Rep.)	31.8	25.4	26.7	27.5	28.4	20.1	11.2	13.7	13.4	15.0		
Belgium	51.4	38.8	42.4	44.4	39.8	37.7	22.1	23.7	27.0	27.0		
France	18.7	16.2	14.7	16.3	17.4	9.2	5.9	5.0	6.2	7.4		
Italy	13.6	3.8	16.7	9.5	10.5	—	—	—	—	—		
Netherlands	16.7	10.6	9.4	11.3	14.0	10.9	5.0	-4.9	6.9	7.9		
Community	31.2	24.5	25.1	26.1	26.3	20.0	11.3	12.5	13.1	14.2		
	Underground workers (exclusive of apprentices) leaving the industry											
Country	Absolute figures						in % of average labour force for the year					
	1957	1959	1960	1961	1962 ¹⁾	1957	1959	1960	1961	1962 ¹⁾		
Germany (Fed. Rep.)	50,200	44,500	41,300	35,200	39,500	13.9	13.5	13.8	12.6	15.1		
Belgium	30,500	16,600	14,000	13,400	11,200	29.7	18.2	18.0	20.3	19.2		
France	19,100	14,500	10,300	12,200	14,700	13.9	10.7	8.1	10.3	12.9		
Italy	400	100	400	200	200	9.1	3.8	16.7	9.5	10.5		
Netherlands	4,000	2,200	1,800	2,200	2,500	13.1	7.3	6.2	8.0	9.5		
Community	104,200	77,900	67,800	63,200	68,100	16.4	13.2	12.7	12.8	14.7		

¹⁾ Estimate for the year based on first nine months.

TABLE No. 55

Breakdown by Nationalities of Personnel employed in the Community Industries on June 30, 1962

	Nationals	Denizen workers				
		Germans	Belgians	Frenchmen	Italians	Luxemburgers
<i>Coalmining¹⁾</i>						
Germany (Fed. Rep.)	430.3	—	0.1	0.3	3.9	—
Belgium	53.4	1.0	—	0.7	24.3	—
France	163.2	4.7	0.4	—	8.0	—
Italy	3.5	—	—	—	—	—
Netherlands	53.2	0.6	0.7	—	0.6	—
Community	703.6	6.3	1.2	1.0	36.8	—
<i>Iron and Steel industry²⁾</i>						
Germany (Fed. Rep.)	205.3	—	0.1	0.3	1.4	—
Belgium	43.6	0.1	—	0.6	7.1	0.1
France	91.1	0.5	4.2	—	16.0	0.2
Italy	58.1	—	—	—	—	—
Luxembourg	16.5	0.1	1.4	0.4	0.6	—
Netherlands	9.0	—	0.1	—	0.4	—
Community	423.6	0.7	5.8	1.3	25.5	0.3
<i>Iron-ore mines²⁾</i>						
Germany (Fed. Rep.)	13.2	—	—	—	0.1	—
Belgium	0.0	—	—	0.0	0.0	0.0
France	16.9	—	—	—	2.9	0.1
Italy	2.6	—	—	—	—	—
Luxembourg	1.4	—	0.1	—	0.3	—
Community	34.1	—	0.1	—	3.3	0.1
Total Community	1,161.3	7.0	7.1	2.3	65.6	0.4

¹⁾ Workers, apprentices and clerical, technical and managerial staff.

²⁾ Workers, exclusive of apprentices.

('000)

Denizen workers							
Dutchmen	Community	Greeks	Spaniards Portuguese	North Africans	Poles	Others	Total
1.1	5.4	2.7	3.9	—	0.5	4.7	17.2
1.3	27.3	2.1	2.5	0.6	3.1	2.7	38.3
—	13.1	—	2.0	11.9	10.5	1.3	38.8
—	—	—	—	—	—	—	—
—	1.9	—	—	—	0.5	1.0	3.4
2.4	47.7	4.8	8.4	12.5	14.6	9.7	97.7
0.8	2.6	0.6	0.6	—	0.1	1.3	5.2
0.2	8.1	—	0.1	—	0.7	0.8	9.7
—	20.9	—	3.0	8.2	3.4	2.5	38.0
—	—	—	—	—	—	—	—
—	2.5	—	—	—	0.1	0.2	2.8
—	0.5	—	—	—	—	0.2	0.7
1.0	34.6	0.6	3.7	8.2	4.3	5.0	56.4
—	0.1	—	—	—	—	—	0.1
—	0.0	—	—	—	—	—	0.0
—	3.0	—	0.2	0.3	1.3	0.2	5.0
—	—	—	—	—	—	—	—
—	0.4	—	—	—	—	0.1	0.5
—	3.5	—	0.2	0.3	1.3	0.3	5.6
3.4	85.8	5.4	12.3	21.0	20.2	15.0	159.7

TABLE No. 56
 Movement of Cost of Living in the Community Countries¹⁾
 (Consumer-price index—General index)

(1953 = 100)

	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962		
										January	September	October
Germany (Fed. Rep.) ²⁾	100	100	102	105	107	110	112	113	115	118	119	120
Belgium ³⁾	100	101	101	104	107	108	110	110	112	112	113	113
France ⁴⁾	100	100	101	103	105	122	129	134	139	143	145	146
Italy	100	103	105	109	110	113	113	115	118	120	125	125
Luxembourg ⁵⁾	100	101	101	102	106	107	107	108	109	110	111	110
Netherlands	100	104	105	106	108	115	117	121	124	126	127	127

¹⁾ Source: *Bulletin Général de statistique* of the Statistical Office of the European Communities. The indices for 1960, 1961 and 1962 have been recalculated on the basis of 1953 = 100.

²⁾ Exclusive of the Saar up to 1959.

³⁾ Exclusive of rents.

⁴⁾ Paris.

TABLE No. 57
Trend in Direct Hourly Wages and Total Hourly Wage Costs in the Coalmining Industry¹⁾
(underground and surface including apprentices)

(1953 = 100)²⁾

Country	1954		1955		1956		1957		1958		1959		1960		1961		1962		
	Direct hourly wage	Total cost	Direct hourly wage ³⁾	Total cost	Direct hourly wage ³⁾	Total cost	Direct hourly wage ³⁾	Total cost	Direct hourly wage ³⁾	Total cost	Direct hourly wage ³⁾	Total cost	Direct hourly wage ³⁾	Total cost	Direct hourly wage ³⁾	Total cost	1st qtr.	2nd qtr.	3rd qtr.
Germany (Fed. Rep.) ⁴⁾⁵⁾⁶⁾	103	104	112	113	124	120	134	134	137	146	139	154	147	163	162	180	167	170	184
Belgium	101	101	103	105	114	112	144	144	146	148	132	137	134	140	171	146	167	179	194
France	102	102	112	113	121	126	137	145	154	163	161	174	167	189	174	212	182	186	187
Italy	102	106	110	117	120	128	134	134	127	149	132	149	141	165	151	179	144	169	164
Netherlands	110	110	118	122	126	135	144	154	154	162	156	162	169	174	185	188	194	190	194

¹⁾ For definition, see *Les Salaires et les Charges Sociales dans les Industries de la Communauté, Luxembourg, May 1956, Vol. 1, "Dépenses en salaires et en charges patronales"* (pp. 10-14).

²⁾ For wages in absolute figures, see *Mémento de Statistiques, Nos. 1/1962 and 2/1963; Bulletin de l'Office Statistique des Communautés Européennes, "Charbon et autres sources d'énergie."*

³⁾ Indices for hourly wages allow for pay in respect of rest days granted in lieu of a general reduction in the working week (except for France).

⁴⁾ Including the Saar from 1960 onwards.

⁵⁾ Exclusive of shift bonus.

⁶⁾ Inclusive of shift bonus.

TABLE No. 58

Trend in Direct Hourly Wages and Total Hourly Wage Costs in the Iron and Steel Industry¹⁾

Country	(1953 = 100) ²⁾																			
	1954		1955		1956		1957		1958		1959		1960		1961		1962			
	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	1st qtr.	2nd qtr.	3rd qtr.	
Germany (Fed. Rep.) ³⁾	104	103	114	114	124	124	139	138	146	145	154	153	166	166	182	179	190	202	201	
Belgium	104	103	110	110	121	122	131	134	132	136	137	140	145	151	148	156	151	158	159	
France	104	103	118	116	130	131	139	142	159	165	167	176	186	192	202	214	210	212	223	
Italy	106	105	110	107	120	121	124	123	130	132	138	138	150	150	159	160	164	177	179	
Luxembourg	102	99	110	107	120	121	135	135	139	138	142	138	152	148	157	155	155	161	153	164
Netherlands	107	111	119	130	124	144	139	157	143	165	149	166	167	189	190	233	200	205	210	

¹⁾ For definitions, see *Les Salaires et les Charges Sociales dans les Industries de la Communauté, Luxembourg, May 1956, Vol. I, Dépenses en salaires et en charges patronales*, (pp. 10-14).

²⁾ For wages in absolute figures, see *Mémento de Statistiques; Statistiques Sociales Nos. 1/1962 und 2/1963; Bulletin de l'Office Statistique des Communautés Européennes, "Sidérurgie."*

³⁾ Including the Saar from 1960 onwards.

⁴⁾ The 1962 indices for direct hourly wages have been corrected by the Statistical Office in Order to line up the quarterly figures (based on March, June, September and December) with the annual figures (average for twelve months).

TABLE No. 59

Trend in Direct Hourly Wages and Total Wage Costs in the Iron-Ore Mines¹⁾
(underground and surface)

(1953 = 100)²⁾

Country	1954		1955		1956		1957		1958		1959		1960		1961		1962			
	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage ³⁾			
																	1st qtr.	2nd qtr.	3rd qtr.	
Germany (Fed. Rep.) ³⁾	105	108	115	119	126	129	139	143	143	154	147	159	163	177	180	200	185	187	194	
France (East)	103	104	116	118	130	138	143	152	160	174	165	182	177	196	187	217	197	198	205	
Italy	106	105	111	109	115	114	116	118	121	126	128	131	137	148	143	153	149	149	153	161
Luxembourg	101	100	105	104	112	117	122	126	125	130	128	130	132	136	135	143	140	140	139	141

¹⁾ For definitions, see *Les Salaires et les Charges Sociales dans les industries de la Communauté, Luxembourg, May 1956, Vol. I, Dépenses en salaires et en charges patronales* (pp. 10-14).

²⁾ For wages in absolute figures, see *Mémento de Statistiques; Statistiques Sociales* Nos. 1/1962 and 2/1963; *Bulletin de l'Office Statistique des Communautés Européennes, "Sidérurgie."*

³⁾ Exclusive of shift bonus.

⁴⁾ Inclusive of shift bonus.

⁵⁾ The 1962 indices for direct hourly wages have been corrected by the Statistical Office in order to line up the quarterly figures (based on February, May, August and November) with the annual figures (average for twelve months).