

**EUROPEAN COAL AND STEEL
COMMUNITY**

THE HIGH AUTHORITY

12th GENERAL REPORT

on the

Activities of the Community

(February 1, 1963 - January 31, 1964)

LUXEMBOURG

March 1964

EUROPEAN COAL AND STEEL
COMMUNITY
—
THE HIGH AUTHORITY
—
THE PRESIDENT

Luxembourg, March 16, 1964.

Mr. President,

In accordance with Article 17 of the Treaty establishing the European Coal and Steel Community, I have the honour to submit to you the Twelfth General Report of the High Authority on the activities of the Community.

The portion of the Report dealing with administrative expenditure, and the budget estimates and reports provided for by Article 78 of the Treaty, are set out in separate documents which will be forwarded to you in the near future.

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

Giuseppe

The President
of the European Parliament,
19, rue Beaumont,
Luxembourg.

ROBERT SCHUMAN
June 29, 1886 - September 4, 1963

World peace cannot be safeguarded without the making of efforts proportionate to the dangers which threaten it.

The contribution which an organized and living Europe can bring to civilization is indispensable to the maintenance of peaceful relations. In taking upon herself for more than twenty years the rôle of champion of a united Europe France has always had as her essential aim the service of peace. A united Europe was not achieved, and we had war.

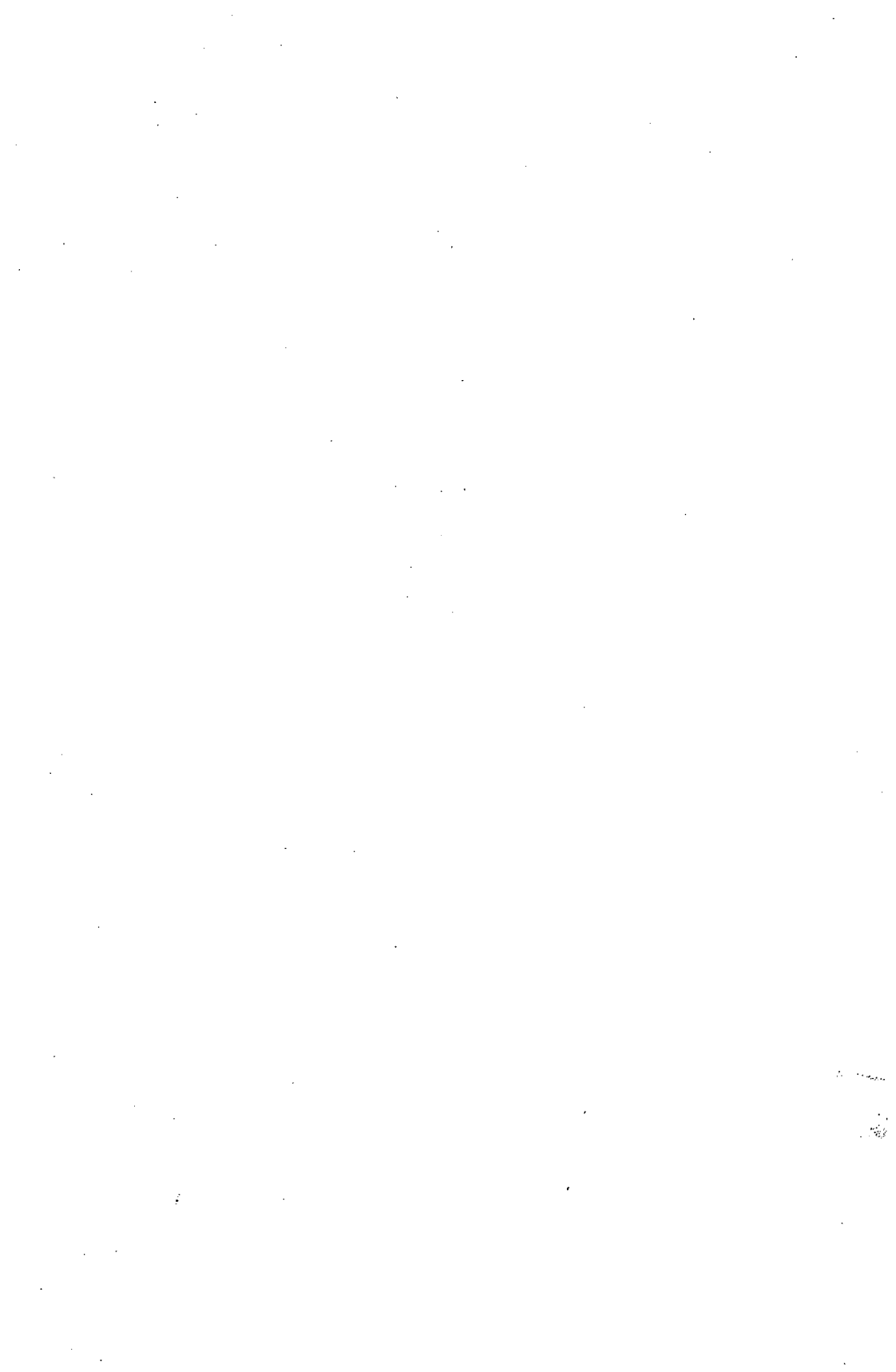
Europe will not be made all at once, or according to a single, general plan. It will be built through concrete achievements, which first create a *de facto* solidarity. The gathering together of the nations of Europe requires the elimination of the age-old opposition of France and Germany. The first concern in any action undertaken must be these two countries.

With this aim in view, the French Government proposes to take action immediately on one limited but decisive point: the French Government proposes to place Franco-German production of coal and steel as a whole under a common higher authority, within the framework of an organization open to the participation of the other countries of Europe.

The pooling of coal and steel production should immediately provide for the setting up of common foundations for economic development as a first step in the federation of Europe, and will change the destinies of those regions which have long been devoted to the manufacture of munitions of war, of which they have been the most constant victims.*

* From the late Robert Schuman's Declaration of May 9, 1950.





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Note

The E.M.A. unit of account: the value of the unit of account of the European Monetary Agreement (Article 24) is 0.88867088 grammes of fine gold, corresponding to the present value of the United States dollar.

INTRODUCTION

I.

It is the High Authority's practice to preface its General Report by analysing the current position of E.C.S.C. and indicating the main lines on which it is planning to proceed. In doing so this year it has to take account of the further stages in the Community's development, as envisaged in the studies which were begun by the member Governments in September 1963, namely, the merger of the Executives and the Councils, followed by the merger of the three Communities themselves, and hence of the three Treaties. This process will doubtless take some years, even if no major impediment develops meantime. Nevertheless, its implications need to be considered now: the prerequisites for the merger of the Executives and of the Communities to form a homogeneous and effective whole are examined in fuller detail at the end of this Introduction.

A further point to be borne in mind is the scheduled expiry of the E.E.C. transition period in 1970, when the Community will come into full operation as an economic and Customs union. In its introduction to last year's General Report, the High Authority drew attention to the problems, and to the possibilities for constructive development, arising out of the existence side by side of partial integration in E.C.S.C. and advancing all-round economic integration in E.E.C. Shortly afterwards it brought

out a report on E.C.S.C.'s first ten years,¹⁾ describing and evaluating in detail the Community's more notable achievements and the limitations inherent in partial integration.

II.

As is made clear in these documents, the most glaring weaknesses of partial integration are with regard to external trade policy: their restricting effects are felt in matters falling just outside the direct jurisdiction of the Treaty, in which differences in the individual member States' general policies can have disparate effects in the coal and steel sectors. On the credit side, advances in the direction of a genuine common policy have been made in various other connections, including market transparency, the General Objectives, orientation and assistance of investment and technical research, "readaptation" of redundant worker, aid with the building of houses for workers, and industrial redevelopment. These have been achieved thanks to the fact of E.C.S.C.'s definite practical powers and financial independence — a principle indispensable to any future development of a true Community policy. The European Parliament recently examined the value of these means of action for the purposes of medium-term economic policy generally and area-development policy in particular.

These assets of E.C.S.C.'s cannot, without serious loss to the whole integration venture, be jettisoned on the excuse of seeking to bring the different Treaties into line. Care will need to be taken in the studies on the successive stages of the merger to preserve, and indeed expand, the elements that have proved necessary and valuable. At the same time, the deficiencies will

¹⁾ C.E.C.A. 1952-1962; *Résultats, Limites, Perspectives*, May 1963.

have to be remedied, and a number of problems dealt with concerning harmonization of economic arrangements, for example rules of competition. The High Authority has in its ongoing day-to-day work to keep one eye all the time on these essential future considerations.

It intends to continue in this approach to its duties, availing itself of all the means afforded it by its present Treaty to work for the basic objectives of the Community and for its future development.

III.

One respect in which the European Treaties will most certainly have to be lined up is rules of competition. The E.C.S.C. Treaty's rules are stricter than those of the Treaties of Rome: the general ban on State aids and subsidies, the insistence on publication of price schedules, the prohibition of all discrimination, the requirement that prior authorization be obtained not only for cartels but also for concentrations, form a consistent whole designed in particular to ensure that consumers in all parts of the Common Market are supplied on equitable terms. That this was one of the main aims is well illustrated by the provisions concerning serious shortages. While the emphasis laid on rules of competition in the Coal and Steel Treaty is explained by the position the two industries occupy in the economies of the member States, the fact that they and they only are subject to the rules in question is due purely to the circumstance that European integration began with them, other basic industries being left unintegrated for the present. But a marked discrepancy such as has developed, under the Treaties as they now stand, between, for example, the rules for coal and the rules for oil is in the longer term quite obviously illogical and indefensible.

Harmonization will therefore be essential in order to establish comparable arrangements for sectors of comparable weight in the Community' economy. In addition, allowance must be made for the radical changes which have been taking place in economic conditions, especially as regards the position of the coalmining industry in the economy as a whole. So far from being, as they formerly were, strongly entrenched, the Community collieries are now struggling, under considerable difficulties, to withstand competition from imported coal and from alternative energy sources. Fair access to energy supplies for consumers in outlying parts of the Community is not at all the same problem as it was ten years ago: alternative fuels are plentiful, and it is cheaper to buy outside than inside the Community. As regards cartels, it is still essential to ensure they do not interfere with the rationalization drive, but the consumers' interests are not now so much involved where they can obtain imported coal or other fuels instead. The great problems in the Community coal sector today are rationalization, redevelopment and safeguards for the labour force. The E.C.S.C. Treaty's stringent prohibition of subsidies has thus lost its point, and must now be replaced by a constructive policy of selective assistance to the coal industry: that this has not yet materialized at Community level¹⁾ is due to the Governments' failure to agree on a common energy policy.

IV.

The question of rules of competition is closely bound up with that of commercial policy. No properly-thought-out policy of colliery subsidization, for example, can be introduced in isolation from import policy. Accordingly, it has been found

¹⁾ See *Memorandum on Energy Policy*, June 1962.

necessary to treat these problems very much in conjunction, notably in the various proposals submitted by the three Executives for a common energy policy. Piecemeal subsidy arrangements, unrelated to any overall common policy, are highly undesirable in that they will tend to drag on indefinitely, thus aggravating the existing discrepancies and producing distortions in the Common Market. This was one of the Executives' reasons for regarding as inadequate the draft agreement prepared by the Government experts at the end of 1963. Wishing to get the necessary additions incorporated, the High Authority set forth the conditions it considered needed to be fulfilled before it could accept the draft. The Council of Ministers, however, was unable to reach agreement when it considered these various proposals at its meeting on December 2, 1963.¹⁾

V.

The Parliament has, rightly, expressed intense concern at this state of affairs.²⁾ The present deadlock not only affects the prospects for a common energy policy, and hence the successful operation of the General Common Market, but is liable to prevent Community-level arrangements being worked out to deal with the difficult problems immediately facing the coal sector. By force of circumstance and under pressure of serious social and regional complications, the Governments of the coal-producing countries are taking a succession of steps which are increasingly nationally-angled, and hence increasingly at variance with the spirit of the Treaty of Paris. These have the effect of making a common energy policy still more remote, and are open to objection under the Treaty: the outcome is only too

¹⁾ See No. 97 below.

²⁾ See Resolution of January 22, 1964, *Journal Officiel des Communautés*, 1964, No. 24.

likely to be that what was welded together ten years ago slowly but surely fall apart again.¹⁾ This cannot and must not be allowed to go on: a comprehensive solution must be worked out enabling the individual Governments' measures to be reintegrated into an overall Community system. And for that, it is essential that some definite prospect of an ultimate common energy policy should emerge soon. The implementation of the policy as a whole should, in common logic, be phased in step with the successive stages in the Community's future development now being planned — the merger of the Executives, followed by the merger of the Communities — and with the completion of the transition period of the General Common Market.

Basing itself on these various considerations, the High Authority was at the time this Report was finalized²⁾ making preparations for further action, which has since been agreed with the other two Executives. The six Governments will be contacted on the subject in the next few weeks: as urged by the Parliament in its Resolutions of October 17, 1963, and January 22, 1964,³⁾ the High Authority, backed by the E.E.C. and Euratom Commissions, will leave no stone unturned to enable some practical progress to be made at last towards a common energy policy at the next meeting of the Council of Ministers.

VI.

The fact that the common energy policy has remained so completely in the air has of course, as before, seriously handicapped the drawing-up of new General Objectives for coal, and

¹⁾ See No. 136 below.

²⁾ The body of the Report, as usual, covers the period up to January 31; the Introduction describes the position at February 15.

³⁾ See *Journal Officiel des Communautés*, 1963, No. 157 and 1964, No. 24.

limited the scope of the studies on the subject during the year under review.¹⁾ The Governments' failure to agree has thus had very adverse effects: the whole of Community coal policy has suffered.

As regards the General Objectives for steel, the iron and steel industry too is now grappling with problems of readjustment — though somewhat different ones — which will have to be taken into account in the studies on the outlook for the sector. As planned at the time of issue, the High Authority began reviewing the last set of Objectives well before the close of the period they cover. Various aspects are being examined by expert committees, to determine, *inter alia*, in what respects the trends earlier established may have altered for good. The share of Community exports in the world market is being studied with special care.²⁾

One factor of steadily-growing importance to the long-term development both of the coalmining and of the iron and steel industries is technical research. The High Authority is pleased to see that enterprises are turning more and more to the Community for assistance in financing research projects: whereas initially they were for the most part dubious, especially in the coal industry, they now appear definitely to realize the considerable value of the facilities the Treaty affords in this respect. Intensified research is absolutely vital, indeed, if they are to maintain, or regain, their competitive position. An account of Community-aided research activity, which is expanding all the time, will be found in Chapter IV, Section 3.

¹⁾ See No. 297 below.

²⁾ See No. 286 below.

VII.

Community-aided research is not confined to the technical and economic side: the High Authority has, of course, also for years been promoting and part-financing numerous projects concerning industrial medicine, health and safety. In addition, it is trying to persuade the Governments to agree to an expansion of the work of the Mines Safety Commission: in view of a major accident which occurred in an iron-ore mine during 1963, it has proposed that the Commission's terms of reference should be extended to cover the iron-ore as well as the coal sector, and also broadened with regard to occupational health and medicine. It hopes very much that this will be approved.

Another major field of High Authority activity in the interests of the labour force is readaptation of workers becoming redundant: readaptation assistance was granted during the year not only for colliery workers, but also for the men laid off from the growing number of iron-ore mines which are having to go out of production.¹⁾

In the coal industry the shrinkage in the labour force continued, though less rapidly than in previous years. While the decrease is due in part to the progress of rationalization, it does also indicate that employment at the pits is felt to lack attraction — a fact which the industry is no longer managing to overcome even by perseveringly recruiting farther and farther afield.

The chief trouble about this is that the manpower turnover is unduly high and less suitable men are having to be taken on, just when rationalization and technical progress require the exact opposite.

¹⁾ See subsection IX following.

The High Authority maintains that this undesirable trend could be reserved by the adoption of a Miner's Charter, and can only once more deplore the determined stand which is being taken against such a measure. It very much hopes that progress on a common energy policy will be accompanied by progress in the matter of the Miner's Charter. The High Authority greatly appreciates the steadfast support it has received from the Parliament in this connection, and is confident that this will continue to be forthcoming in the future.

VIII.

Outstanding among the High Authority's financial operations¹⁾ in 1963 was the floating of a substantial loan on the Italian capital market, E.C.S.C.'s first public issue in that country.

The High Authority also contracted loans in Belgium and the Netherlands. Funds re-lent by it in 1963 totalled over 50 million units of account, of which more than 26 million went on workers' housing. During this year the aggregate number of housing units built with Community assistance since its inception passed the 50,000 mark.

The High Authority is preparing to raise further loans in the near future. Community contribution to the financing of industrial investment is as vital as ever: naturally, in the present circumstances, it is not the aim to encourage all-out expansion of production, but it is essential that investment in depth should continue on a scale sufficient to keep, or make, Community production competitive. This being so, the High Authority was seriously perturbed when the slump in steel prices caused an alarming contraction in the volume of new investment projects

¹⁾ See No. 316 below.

declared;¹⁾ this was one of the reasons which decided it to take immediate action to safeguard the Community market.²⁾

IX.

The iron-ore mines began even earlier than the steel industry to feel the impact of the changes in the world market which have been emerging more and more clearly in the last few years. Previous General Reports have recorded the Community steel industry's increasing recourse to higher-grade ores from overseas, and now that it is having to cut its production costs to the bone it is tending to step up its input of imported ore still further. Consequently, the Community mines' market has steadily contracted; quite a number of them have ceased to be economically workable, and closures have taken place, necessitating readaptation of the workers rendered redundant. Latterly, the main French orefields too have begun to find themselves in difficulties.

The High Authority is giving the matter its attention, and is taking part, at the French Government's request, in an overall study which is to serve as a basis for working out the action to be taken. As the operation of the iron-ore mines is a highly important factor in the economy of the areas concerned, the problems involved require to be gone into very thoroughly. The Consultative Committee has also taken up the matter, and is examining it on the basis of a preliminary analysis of the situation by the High Authority.

The High Authority is part-financing a programme of technical research aimed at improving the mines' efficiency by new ore-extraction and preparation methods. Studies, at which it is represented, are being conducted into the possibility

¹⁾ See Nos. 309 ff. below.

²⁾ See subsection XII following.

of remodelling transport rates for the carriage of Community ore; basing itself on precedents in the case law of the Court of Justice, it has authorized a number of reductions in these rates in special cases.

X.

The problem of the Community iron-ore industry is, however, only one aspect of the difficulties which have been developing in the iron and steel sector. It is indicative of these that Community steel production has been running dead level for four years even though Community demand has been rising steadily, if somewhat more slowly than before. The effect of the rise in demand over the four years has been cancelled out by the shrinkage in outside markets and the continuous rise in imports. It is not so much the actual incidence of either of these factors taken separately that has alarmed the Community, as the fact that they are operating simultaneously, and continuing to operate. Their effects on the price level have been such that immediate action became imperative.)

It must be emphasized that the Community price level is much more vulnerable than that of the other major producer areas. The pressure of surplus supply in the world market is, of course, being felt to some extent everywhere, but the fact remains that the home price level has been affected very much less — and in some cases not at all — in such countries as the United States, Britain and Japan. The two latter, it is true, enjoy much higher external protection than the Community does, even now that the High Authority has taken steps in the matter, but there is more to it than that. The conclusion is rather that the structure of the Community market and the operation

¹) See No. 47 and Nos. 209 ff. below.

of the E.C.S.C. pricing rules result in much greater exposure to outside influences than is the case in the competitor countries. It is important that this point should be borne in mind in connection with the future harmonization of rules of competition.

XI.

Moreover, the state of the Community iron and steel industry needs to be viewed and examined in its world context. As time goes on, steel production will be less and less the prerogative of the highly-industrialized countries. Even today, new production centres are springing up right and left, since the traditional locations have lost their quasi-monopoly now that rich deposits are being worked elsewhere and raw materials are more readily obtainable owing to the low level of maritime freight-rates. In view of the importance to the emergent countries of developing their own natural resources, and to the traditional producers of working in line with the requirements of the new situation, it would seem that the time is ripe for comparing notes on a comprehensive scale, in order to promote smooth expansion of steel production and of trade in steel.

Accordingly, the High Authority would like to see an international conference on steel. It is now engaged in working out the practical details of convening one (which of course require most careful preparation), and in discussing these with the member Governments.

XII.

In the meantime, however, it was vital to take action at once to restore order in the Community market. The multiplying effect of widespread alignment on frequently ultra-low import prices

had been depressing the price level beyond all reason, and the declarations of new investment projects coming in showed an alarming decrease liable seriously to interfere with the continuing modernization and rationalization drive so essential to the industry's future. A comprehensive series of measures, both internal and external, was required to stabilize the market and restore confidence.

Early in 1963 the High Authority first of all tightened up on alignment operations, and at the same time made representations to the Council urging the introduction of a co-ordinated programme of internal and external measures. The first practical outcome of this, in parallel with the drawing-up of fresh Decisions concerning pricing, was an intergovernmental agreement, concluded at the High Authority's instigation, imposing quotas in respect of imports from countries with State-controlled trading systems, initially for 1963, and subsequently also for 1964. Once this has been secured, it became possible to prohibit alignments on quotations from such countries for so long as the quota agreement remained in force.¹⁾

As regards imports from other third countries, such action could not be envisaged. Nevertheless, it was necessary to combat the disruptive effects of the low import prices by some increase in external protection, over and above the internal measures framed towards the end of 1963 with a view to reinforcing pricing discipline in the Common Market.²⁾ In the latter connection the High Authority feels that additional action will be needed going beyond what it is itself empowered to undertake: it has therefore approached the Governments with a view to having all-round check-ups carried out for compliance with the rules of the Common Market on the distribution side.

¹⁾ See *Journal Officiel des Communautés*, 1964, No. 8.

²⁾ See *Journal Officiel des Communautés*, 1963, No. 187.

It may be noted that the complex of internal and external measures thus adopted since the beginning of 1963 shows the same interlinking of commercial policy and rules of competition referred to earlier with regard to coal.

The past few weeks have seen a distant turn for the better in the situation. The High Authority's action came at a time when the market was particularly sensitive, and its psychological effect probably encouraged the revival. However, it would be mistaken to conclude that the basic difficulties have been disposed of.

XIII.

In selecting the ways and means of strengthening the Community's external protection, it was felt that the aim must be as far as possible to seek the unification of duties. Alongside the phased introduction of E.E.C.'s common external tariff, E.C.S.C.'s mere harmonized duties are becoming more and more of an anachronism; moreover, the absence of unity in the tariffs is a handicap in the Community's relations with third countries. In these circumstances, the High Authority came out in favour of aligning the other five countries' tariffs on Italy's, except where this was impossible owing to binding clauses conceded in GATT. As it stressed to the Council, by thus laying the foundations for a common external tariff would be making its position easier in the forthcoming Kennedy negotiations. However, this proved impossible, as the Council failed to reach unanimity on the proposed amendment of the tariffs. The High Authority had therefore itself to take the necessary precautionary measures, by sending the member States Recommendation under Article 74,3 of the Treaty requiring them temporarily to establish external protection at a level not below the Italian rates of duty.¹⁾ The

¹⁾ A second Recommendation, issued on the same date, deals with special external protection measures in respect of foundry pig-iron; see Nos. 54 and 214 below.

Recommendation, being a temporary safeguard, involves no structural alteration in the tariffs.

E.C.S.C. is therefore still without a homogeneous basis for its participation in the Kennedy Round. The High Authority has made clear to the Parliament that it regards this matter with concern, and considers it essential that the Governments, with whom responsibility rests in this connection, should resume their preparatory studies without delay. The problem of unified duties on iron and steel products is bound to come up again when they do, for such unification is essential if the Community is to take a proper part in these general tariff negotiations with a view to the harmonization of the levels of protection of the world's major steel-producing countries.

XIV

These problems with regard to steel duties clearly demonstrate yet again that the Treaty's provisions on commercial policy, affording the Community only limited means of action and leaving authority in the main in the hands of the Governments, are inadequate for the purposes of a consistent long-term policy.

As with energy policy, so with steel, the Community needs an additional battery of powers to prosecute genuine European policy. It is important that this fact should be recognized here and now, whatever the methods ultimately adopted by the member States for consolidating and carrying forward the work of the Community.

In the first stage of the merger were confined purely to the institutional side, as the studies now in progress assume, this could hold up for years the adjustment in the substance of the

Treaties, and so keep in being the deficiencies and discrepancies to which attention has been drawn in this Introduction. Obviously, such a state of affairs would pose a great many problems, and would come about, if it does come about, for reasons unconnected with the problems arising in the coal and steel sectors. In that case, it would be all-important that the member States should agree on certain basic principles to be adopted with regard to the ultimate merger of the Communities themselves, in order to establish the necessary clarity on the future course to be steered. Also, the shortest possible time-limit should be fixed for this second stage.

XV

The furnishing of additional means of action for coal and steel would go hand in hand with the extension of other European Community, and more especially of E.E.C. activities. This, in conjunction with the very substantial scale of the funds involved, raises the question of public control of European policy. It is becoming more and more apparent that the European Parliament's present powers are no longer commensurate with the steadily-increasing scope of the decisions taken by the other Community Institutions. This is particularly obvious in the case of the budgetary procedure and of legislative enactments of the Community. Accordingly, provision will need to be made, alongside the planned merger operations, for the extension of the Parliament's powers.

Even with the merger of the Executives and Councils only, we come up against a concrete aspect of this general problem. The procedure for drawing up the Budget Estimates for E.C.S.C.'s administrative expenses is quite different from that laid down in the Treaties of Rome, whereby the final decision rests with

the Council, voting by qualified majority. In E.C.S.C. the administrative Budget Estimates are fixed by the Committee of Presidents (the Presidents of the Court of Justice, the European Parliament, the High Authority and the Council). In the High Authority's view, this latter procedure, though originally an *ad hoc* arrangement conceived in line with partial integration, does at least have this to be said for it, that it allows all the Community Institutions, and in particular the European Parliament, a say in the matter. The High Authority feels that if the Committee of Presidents is to go, the budgeting system under the merger must at any rate permit the Parliament to play a greater part than its present one by the terms of the Treaties of Rome, which amounts in practice simply to stating its opinion.

Overall, then, as arrangements for the merger proceed, it will be necessary at the time to work out ways and means for extending the functions of the European Parliament and establishing a better balance among the Community Institutions. The economic and technical progress of the Community must be kept in step with progress in institutional organization if the whole venture is to assume its full political significance and to allow of extension into other spheres.

Luxembourg, February 15, 1964

DINO DEL BO,
President

ALBERT COPPÉ,
Vice-President

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

Membership

1. On March 6, 1963, Prof. Piero Malvestiti, President of the High Authority, informed the other Members, and the Chairman in office of the standing conference of member Governments' representatives in Brussels, that he would be running in the Italian Parliamentary elections on April 28. During his election campaign, from March 22 onwards, Prof. Malvestiti relinquished his duties as Member and President of the High Authority, Vice-President Coppé acting for him in the latter capacity.

At the Council of Ministers' meeting on May 2, Prof. Malvestiti requested the Governments to relieve him of his High Authority post and to arrange as quickly as possible for the appointment of his successor. The President of the Council expressed the Council's lively regret at his decision and appreciation of the most valuable work he had done for the Communities in the course of his five and a half years with them.

2. On October 8, the member Governments appointed Prof. Dino Del Bo, a former Italian Minister of Foreign Trade, to be a Member of the High Authority, and the following day, after consultation with the

other Members, he was appointed President. These appointments were made for the unexpired period of Prof. Malvestiti's term of office, *viz.* up to September 14, 1965, as Member and December 19, 1963, as President.

President Del Bo assumed his duties on October 23 at a special public meeting of the High Authority; on November 5 he was formally sworn in before the Court of Justice, and on November 26 he delivered his maiden speech as President to the European Parliament at Strasbourg.

3. The E.C.S.C. Governments, represented by their Foreign Ministers, in Brussels on January 10, 1964, reappointed Prof. Del Bo President and M. Coppé Vice-President of the High Authority.

The cases were then dealt with of the three Members whose terms had expired in September 1963 under Article 10 of the Treaty. The High Authority co-opted M. Paul Finet; the Governments then reappointed M. Roger Reynaud, and finally the High Authority co-opted Dr. Fritz Hellwig.

4. In March 1963, the High Authority effected a reallocation of duties among its Members, the Working Parties now being made up as follows:

Transport,

Albert Coppé (chairman) and Pierre-Olivier Lapie;

External Relations and Information,

Albert Wehrer (chairman) and Roger Reynaud;

Social Questions,

Paul Finet (chairman) and Karl-Maria Hettlage;

Economic Policy and Industrial Redevelopment,

Roger Reynaud (chairman) and Paul Finet;

Co-ordination of Energy Policies,

Pierre-Olivier Lapie (chairman) and Fritz Hellwig;

Common Market for Coal and Steel,

Fritz Hellwig (chairman) and Roger Reynaud;

Finance and Investment,

Karl-Maria Hettlage (chairman) and Albert Wehrer;

Rules of Competition,

Johannes Linthorst Homan (chairman) and Pierre-Olivier Lapie.

The Examination Party consists of M. Lapie (chairman), M. Wehrer and Prof. Hettlage, and the Administrative Committee of M. Wehrer (chairman) and M. Coppé, Prof. Hettlage and M. Reynaud.

Review of the first ten years

5. The High Authority published for the European Parliament's June Session a report entitled *La C.E.C.A. 1952-1962: Les Dix Premières Années d'une Intégration Partielle — Résultats, Limites, Perspectives.*¹⁾

This was compiled by highly qualified experts. Prof. Rolf Wagenführ, Director-General of the Statistical Office of the European Communities, was in overall charge, and the working party of which he was chairman consisted of Professors R. Barre, L. Duquesne de la Vinelle, J. Stohler, W. Bihn and N. Martin.

The document reviews the economic, social and technical developments of E.C.S.C.'s first ten years. The High Authority contributes an introduction seeking to establish how far E.C.S.C. has measured up in practice to the hopes entertained at the outset, and indicating in which respects the results correspond with the initial objectives and in which they do not; in conclusion, it examines the question of E.C.S.C.'s future place in European policy as a whole.

Official events

6. T.R.H. the Crown Prince and Princess of Luxembourg were present at the celebration on February 15 at the European School marking the tenth anniversary of the introduction of the Common Market for coal and steel.

7. The mayors and other representatives of over 150 Community cities attended the European Congress of Steel and Mining Towns organized in Luxembourg on March 18 and 19 by the European Local Authorities Council and the High Authority.

8. A ceremony was held on April 4 on the occasion of the tenth anniversary of the founding of the European School in Luxembourg. Speeches were made by M. Van Houtte, Chairman of the board of Governors, Vice-President Coppé of the High Authority, the Luxembourg Prime Minister, M. Werner, and the Belgian Minister of Works, M. Bohy.

¹⁾ Available in French, German, Italian and Dutch from the Publications Department of the European Communities.

The Consultative Committee

Composition

9. The Chairman of the Consultative Committee during the official year 1963-64 was Herr Heinz Kegel (workers' group).¹⁾ As the members of the Committee are nominated every two years by the Council of Ministers and this was last done with effect from January 15, 1963, there are no major changes to record in its composition as between the official years 1963-64 and 1964-65. M. Paul Baseilhac (producers' group) resigned and was succeeded for the remainder of his term by M. J.-C. Achille.

At its constituent meeting for 1964-65, on January 15, 1964, the Committee elected its Bureau and appointed its standing committees. The new Bureau is made up as follows:

Chairman,	M. C. de la Vallée-Poussin (consumer);
Vice-Chairmen,	M. E. Conrot (producer), Herr H. Kegel (worker);
Officers,	M. J.-C. Achille (producer), Mr. H. Peters (worker), Sig. D. Taccone (consumer).

Activities

10. Items on the Committee's agenda at its various meetings included the following²⁾:

- (a) discussion on the High Authority's quarterly "programmes with forecasts" issued in accordance with Articles 19 and 46 of the Treaty for the guidance of the coalmining and iron and steel industries, and its quarterly statement concerning its activities and the state of the coal and steel markets;
- (b) discussion on the 1963 coal balance-sheet, the effects of the unusually hard winter of 1963-63 on coal consumption, and the revised version of the 1963 coal balance-sheet;

¹⁾ For the Bureau of the Committee in 1963, see *Eleventh General Report*, No. 7.

²⁾ The Consultative Committee met ten times during the period under review, on January 15, 1963 (80th meeting), February 28, April 4, May 28, July 9, October 8-9, November 29, December 13, January 14, 1964, and January 15, 1964 (89th meeting).

- (c) discussion (and subsequent Resolution) on the *Memorandum on Energy policy* of June 25, 1962,¹⁾ and the *Study on the Long-Term Energy Outlook for the European Community*;²⁾
- (d) discussion on the state of the steel market;
- (e) discussion on the economic and social situation in the Community iron-ore industry;
- (f) consultation under Article 60,1 of the Treaty as to the advisability of amending or supplementing certain High Authority Decisions defining discriminatory practices;³⁾
- (g) consultation under Article 60,2,a of the Treaty as to the advisability of amending certain Decisions concerning compulsory price publication;³⁾
- (h) consultation under Article 95,1 of the Treaty as to the advisability of temporarily prohibiting the alignment of steel prices on quotations from countries with State-controlled trading systems;⁴⁾
- (i) consultation under Article 53 of the Treaty concerning a joint-financing arrangement instituted in Germany to assist colliery rationalization;⁵⁾
- (j) discussion on the promotion of study and research in connection with industrial safety and medicine, and on the Memorandum on the High Authority's research policy. During the official year 1963-64 the Committee was consulted under Article 55,2 of the Treaty concerning research grants to a total of over \$ 11,900,000, out of the proceeds of the levy, in respect of 17 projects.

The Committee delivered its final answer to the question on productivity and remuneration referred to it by the High Authority on January 20, 1956.

The European Parliament

11. The 1963-64 Session opened on March 25, 1963. The existing Bureau,⁶⁾ headed by Sig. Gaetano Martino as President, was confirmed in office for a further year by acclamation.

¹⁾ See *Eleventh General Report*, No. 196.

²⁾ *Ibid.*, No. 140; see also *Bulletin de la C.E.C.A.*, No. 45.

³⁾ See Nos. 215 ff. below.

⁴⁾ See No. 212 below.

⁵⁾ See No. 156 below.

⁶⁾ See *Eleventh General Report*, No. 9, and *Journal Officiel des Communautés*, 1963, No. 61.

At its September Session, the House mourned the passing, on September 4, of M. Robert Schuman, who had been made its honorary life President in recognition of his eminent services to the cause of European unity. Tributes were paid to his memory by Sig. Martino, Dr. J. Luns, the Netherlands Foreign Minister and President in office of the Councils of Ministers, M. Paul de Grootte of the Euratom Commission, on behalf of the three Executives, and M. Alain Poher, chairman of the Christian Democrat group, on behalf of all the Parliamentary political groups.¹⁾

Activities

12. The Parliament each year lays a report on its activities during the past twelve months before the Consultative Assembly of the Council of Europe. Its report on the period May 1, 1962-April 30, 1963, drawn up by Mr. Biesheuvel and approved at the June Session, contains a detailed account of the political questions dealt with and the lines of political action pursued; a "Documentary Section" provides background information on the social, economic and political situation of the Community and the Parliament's activities in connection with the work of the three Executives. In addition, the Parliament issues a regular yearbook giving particulars of its organization and operations, its publications, Community legislation affecting it, and the composition of the other Community Institutions.

In the present Report, therefore, it is proposed simply to record the Resolutions carried in plenary session on subjects concerning either European policy in general or the three Communities, and more particularly E.C.S.C. Outside the actual Sessions, the Parliament works through its Committees, whose meetings are usually attended by Members of the Executives. The Committees' proceedings, and any action taken in consequence of them, are dealt with in the appropriate Sections of this Report.

¹⁾ A booklet containing the text of these speeches has been issued by the Publications Department of the Communities (Document No. 3371/2/63/2).

²⁾ Ten plenary Sessions were held in Strasbourg during the period under review, on February 4-8 (*Journal Officiel des Communautés*, 1963, No. 33), March 25-29 (No. 61/63), May 13-14 (No. 84/63), June 24-28 (No. 106/63), September 16 (No. 139/63), September 17-18 (Joint Session of the European Parliament and the Consultative Assembly of the Council of Europe), October 16-18 (No. 157/63), November 25-29 (No. 182/63), January 7-8 (No. 7/64) and January 20-24 (No. 24/64).

13. The following Resolutions were passed with regard to European policy and to the Communities:

(a) relations with third countries

two Resolutions concerning the suspension of negotiations between the Six and the United Kingdom,
one Resolution concerning applications by European countries for membership or association,
one Resolution concerning the state of preparation of the multi-lateral negotiations in GATT,
one Resolution concerning relations with the Latin American countries;

(b) association with the Community

four Resolutions concerning, *inter alia*, the coming into force of the new Convention of Association with the African and Malagasy States, the deferment of its signature, the E.E.C. Council's consultation of the Parliament with reference to it, and the internal agreements relating to it.

one Resolution concerning the agreement establishing association with Turkey;

(c) matters of economic policy

Resolutions concerning regional policy, the plan of action regarding common transport policy, the European gas industry, and the pipelining of mineral oils;

(d) matters of social policy

Resolutions concerning the European Social Charter, the special problems arising in connection with free movement of workers, social-security arrangements for seasonal workers, the first joint programme for promoting exchanges of juvenile workers, and students' vacation jobs;

(e) institutional matters

two Resolutions, one concerning the European Parliament's competencies and powers and the other the need for the Parliament, its institutions and its secretariat to be more suitably accommodated;

(f) cultural co-operation

one Resolution concerning cultural co-operation among the Community member States.

14. The following Resolutions were adopted with regard specifically to E.C.S.C.

- (a) In a Resolution of June 27, 1963, concerning the Eleventh General Report on the Activities of E.C.S.C., the Parliament set forth its views on the difficulties in the Common Market for coal and steel, and on the work of the High Authority. A Resolution was also passed on June 24 concerning certain budgetary and administrative questions arising out of the Annexes to the Eleventh Report, and the E.C.S.C. budget estimates for the financial year July 1, 1963-June 30, 1964.¹⁾
- (b) In a Resolution of October 17, 1963, the Parliament commented, with reference to the Executives' Memorandum of June 25, 1962, on the position reached in the efforts to arrive at a European energy policy; a further Resolution passed in January 1964 again stressed the need for such a policy. The social aspects of energy policy were the subject of a Resolution adopted on November 28, 1963.²⁾

The Council of Ministers

Presidency; meetings

15. The E.C.S.C. Special Council of Ministers met seven times during the period under review. In accordance with Article 27 of the Treaty, different members acted in rotation as President for three months each, in alphabetical order of the member States. At the 87th, 88th and 89th meetings, on March 21, May 2 and June 6, 1963, the President was Herr Westrick, Secretary of State of the German Ministry of Economic Affairs; at the 90th meeting, on July 15, M. Spinoy, Belgian Minister of Economic Affairs and Energy; at the 91st and 92nd meetings, on October 7 and December 2, M. Maurice-Bokanowski, French Minister of Industry; and at the 93rd meeting, on January 7, and 10, 1964, Sig. Medici, Italian Minister of Industry and Commerce.

¹⁾ See *Journal Officiel des Communautés*, 1963, No. 108.

²⁾ See *Journal Officiel des Communautés*, 1963, No. 157 — 1964, No. 7 and 1964, No. 182.

Activities

16. The Council's discussions principally concerned the problems arising out of the trend in the Community iron and steel industry.

At the High Authority's suggestion, the Council on March 21 agreed to set up an *ad hoc* technical committee to follow developments in the steel market, in consultation with the High Authority, and examine whether action was required, and if so what form it should take. At its meeting on May 2, it took note of a statement by the High Authority on the steel-market position, and requested the committee to discuss as soon as possible how agreement could be reached on the adoption of measures in this connection. The High Authority was asked to open talks forthwith with the main GATT countries exporting iron and steel products to E.C.S.C., for the purpose of examining with them the developments in the steel market.

On June 6, the Ministers agreed that certain steps should be taken regarding trade in iron and steel products with the countries having State-controlled trading systems, to prevent the disruption of the Community market by imports from these sources. On July 15, they agreed that the same emergency measures should be applied in respect of pig-iron and high-carbon ferro-manganese, and on December 2, it was decided that these arrangements should be extended, with some adjustments, for 1964.

Also on December 2, the Council held a consultation, requested by the High Authority under Article 60,1 of the Treaty, on the advisability of amending and supplementing earlier Decisions defining discriminatory practices.

On January 10, 1964, the Council in response to the High Authority's request approved a Decision prohibiting until December 31 alignment on quotations for iron and steel products from countries with State-controlled trading systems. It also considered the High Authority's proposals for unifying pig-iron and steel tariffs and for imposing a specific duty on foundry pig-iron.¹⁾

17. At its 88th and 92nd meetings, the Council authorized half-yearly tariff adjustments concerning certain iron and steel products. At its 87th meeting, it lifted the ban on scrap exports for six months with effect from April 1; at its 91st meeting, this suspension was further experimentally extended up to May 31, 1964.

¹⁾ See also Nos. 53-54 and Nos. 169 ff. below.

At the 88th meeting, the Council instituted tariff arrangements following the inclusion of Renn lumps and sponge iron and steel as Treaty products. It also agreed its position respecting E.C.S.C. products for the purposes of the forthcoming multilateral negotiations in GATT, and the duties and responsibilities of the High Authority in this connection.

At the 88th, 90th, 91st and 92nd meetings, the Council gave its approval, as requested by the High Authority, to the allocation of funds from the levy towards the financing of 14 research projects. It also gave the necessary agreement for the High Authority to grant a loan to the S.A. Centrale Sidérurgique de Richemont.

Lastly, on January 7, 1964, it heard a statement by the President of the High Authority concerning the extension of the Mines Safety Commission's terms of reference to cover underground operations in the iron-ore mines.

18. As in previous years, the Council several times discussed the problems of a common energy policy for the six countries. An account of its proceedings in this connection will be found in Chapter II.¹⁾

The Court of Justice of the European Communities

Composition

19. The Court is made up as follows:

<i>President,</i>	A.M. Donner;
<i>Presidents of the two Chambers,</i>	L. Delvaux, R. Rossi;
<i>Judges,</i>	C.L. Hammes, A. Trabucchi, R. Lecourt, W. Strauss;
<i>Advocates-General,</i>	K. Roemer, M. Lagrange;
<i>Registrar,</i>	A. Van Houtte.

The two Chambers are made up as follows:

<i>1st Chamber,</i>	L. Delvaux, <i>President</i> A. Trabucchi, W. Strauss, <i>Judges</i> M. Lagrange, <i>Advocate-General</i> ;
<i>2nd Chamber,</i>	R. Rossi, <i>President</i> C.L. Hammes, R. Lecourt, <i>Judges</i> K. Roemer, <i>Advocate-General</i> .

¹⁾ See Nos. 95 ff. below.

Litigation during the year

20. 111 new appeals were lodged before the Court during 1963, of which 59, together with four applications for writs of cautionary attachment, were against the High Authority, 3 were brought by the E.E.C. Commission against a member State, 24 were against the E.E.C. Commission, 6 were applications from Netherlands administrative courts for interlocutory rulings in connection with the E.E.C. Treaty, 13 were against the Euratom Commission, 1 was against the European Parliament, and 1 against the Court of Justice.

The Court delivered 32 judgments in 22 High Authority cases and one writ of attachment, 5 E.E.C. cases and 4 applications for interlocutory rulings. 15 actions were withdrawn, 13 of them relating to the High Authority.

E.C.S.C. cases pending at December 31, 1963, totalled 63: 58 appeals by enterprises, 4 by Community officials, and 1 by a member State.

E.E.C. cases pending at the same date comprised 27 appeals and 6 applications for interlocutory rulings: of the appeals, 1 had been lodged against the Commission by a member State, 3 by enterprises and 20 by Community officials, the remaining 3 being brought by the Commission against member States.

The appeals against the Euratom Commission, the European Parliament and the Court were all by officials.

*Judgments in E.C.S.C. cases¹⁾**Judgment concerning appeals by private individuals*

21. The Court in its judgment of July 4, 1963 (Case No. 12/63), disallowed the appeal lodged by Frau Schlieker against alleged failure to act.

The appellant had applied to the High Authority on November 7 and 9, 1962, to declare null and void contracts concluded between the Schlieker group, in which she is a partner, and certain E.C.S.C. enterprises.

¹⁾ The full texts of the Court's judgments, including those delivered in cases brought by Community officials (which are not dealt with here), are published regularly in the *Recueil de la jurisprudence de la Cour* (Compendium of Community Case Law).

The Court found, *inter alia*, that the appellant had acted as a private individual in defence of her personal interests, and was hence not entitled to plead Article 35 of the Treaty. In the case in point, private individuals were likewise debarred from appealing under Articles 65 and 66.

Judgments concerning requirements to be fulfilled
by High Authority Decisions as to form and to substance

22. The Court in its judgment of December 5, 1963 (Cases Nos. 23, 24 and 52/63, 28/63 and 53 and 54/63), disallowed appeals lodged by six enterprises (Usines E. Henricot; S.A. Métallurgique d'Espérance-Longdoz; Compagnie des Forges de Châtillon, Commentry et Neuves-Maisons; Koninklijke Nederlandsche Hoogovens en Staalfabrieken N.V.; Lemmerz-Werke G.m.b.H., Königswinter/Rheinland; Gußstahlwerk Carl Bönhoff KG., Wetter/Ruhr) against letters addressed to them by the High Authority requesting payment of certain sums in respect of scrap-price compensation.

These judgments are of particular interest inasmuch as the appeals concerned represent the first attempts since Decision No. 22/60, of September 7, 1960, to institute Court proceedings against an official letter of the High Authority treating it as a "Decision." The Court, after studying Decision No. 22/60, set forth the requirements which a High Authority communication must fulfil, as to form and to substance, if it is to constitute a Decision within the meaning of Article 14 of the Treaty:

- (a) it must have been deliberated and decided by the President and Members of the High Authority;
- (b) it must be designed to bring about a change in the existing legal position (by conferring rights or imposing obligations);
- (c) it must come as the completion of the High Authority's internal procedure, and hence the expression of its agreed corporate will;
- (d) it must be so formulated as to indicate unmistakably to those concerned that it is a full-scale Decision, and in particular must be authenticated by the signature of a Member of the High Authority.

Judgment concerning the general levy

23. The Court on December 16, 1963, gave judgment on an appeal (Case No. 1/63) by the firm of Macchiorlatti Dalmas & Sons against a High Authority Decision requiring it to pay interest on arrears of levy

under Article 50 of the Treaty. The Decision was reversed on the grounds that its text did not contain the necessary data for the Court to check the correctness of the sum demanded, or the High Authority's reasons for originally allowing a partial reduction.

Judgments concerning the winding-up of the compensation scheme for imported scrap

24. In another judgment of December 16, 1963 (Case No. 18/62), the Court settled several important points of principle. In particular, it found

- (a) that the provisions in general Decisions Nos. 2/59 and 16/59 making alloy scrap and scrap for integrated foundries non-leviable were good in law;
- (b) that the High Authority was entitled to employ whomsoever it saw fit (*e.g.* officials of a trust company) to gather information and carry out check-ups under Article 47 of the Treaty;
- (c) that it was legally in order for the High Authority to calculate the amount of leviable scrap consumed from the amount of electric current consumed, where enterprises do not produce different evidence of their own.

In accordance with (c), the Court reversed portions of the contested Decisions after the appellant enterprise had, during the proceedings, produced vouchers showing the exact consumption of electric current.

25. In a further judgment of the same date (Cases Nos. 2-10/63), the Court dismissed appeals by nine Italian enterprises, Acciaierie San Michele, Ferriere Rossi, Meroni S.p.A., Acciaierie Laminatoi Magliano Alpi, Società Metallurgica di Napoli, Meroni Soc. in acc. sempl., Acciaieria Ferriera di Roma, Safim Siderurgica and Acciaierie e Ferriere Siciliane Bonelli, against High Authority Decisions imposing fines and daily penalty payments for refusing to furnish evidence concerning their consumption of imported scrap.

While confirming the amount of the fines, the Court ruled that the penalty payments need begin only seven months from the date of notification of the Decision at issue.

26. Also on December 16, 1963, the Court dismissed the appeal (Case No. 14/63) by the Belgian enterprise Forges de Clabecq against a High Authority Decision calculating the leviable tonnage inclusive of 20,682 tons of scrap which the appellants claimed should have been excluded,

inasmuch as the scrap in question, though not received until after the compensation scheme had come into force, had been actually purchased before that date.

The Court, in accordance with established precedent, stressed that the expression "bought scrap" was to be construed in its only logical sense, namely as meaning "scrap consumed."

Judgment concerning alleged negligence

27. The French enterprise Aciéries du Temple had brought an appeal (Case No. 36/62) for damages against the High Authority in respect of negligence in connection with the issuance and application of the basic Decisions instituting the compensation scheme.

The Court in a judgment of December 16 dismissed the appeal, finding there was no causal connection between the High Authority action complained of and the damage alleged to have been sustained.

INTER-COMMUNITY CO-OPERATION

Joint Services¹⁾

28. As agreed among the Executives, the High Authority is concentrating in its Report more especially on the work of the Statistical Office of the European Communities, the joint service for which it is administratively responsible. It is proposed with regard to the other two joint services (particularly as there has been no change during the year either in the legal position or in the general rules covering all three) simply to note the composition of their respective Supervisory Boards, and to give a brief outline of the activities of the joint Press and Information Service.

The Board of the joint *Legal Service* (administratively under the Euratom Commission) consists of Mr. E.M.J.A. Sassen of the Euratom Commission (Chairman), M. A. Wehrer of the High Authority and M. J. Rey of the E.E.C. Commission.

¹⁾ See *Eleventh General Report*, Nos. 30-31.

The Board of the *Statistical Office*, which met twice during the year, consists of M. A. Coppé, Vice-President of the High Authority (Chairman), M. P. de Groote of the Euratom Commission and M. L. Levi Sandri of the E.E.C. Commission.

Following the resignation of M. G. Caron as Vice-President and Member of the E.E.C. Commission, the Board of the *Press and Information Service of the Communities*, which met twice in the course of 1963, now consists of M. H. Rochereau of the E.E.C. Commission (Chairman), M. Wehrer of the High Authority and Mr. Sassen of the Euratom Commission.

The Statistical Office

29. The Statistical Office continued and expanded its work in the many and varied sectors connected with the three Communities.

The conference of Directors of national statistical offices met twice, on the first occasion to consider the working programmes of the Statistical Office itself and of the various national offices for 1964 and the years following, and on the second (which took place in Athens) to study Greek statistical problems and the co-operation to be organized between the Greek and the Community Offices. A number of individual problems were also discussed at the two meetings, including surveys, the scope and limitations regarding harmonization of statistics in the Community, the harmonization of the national accounts of the Six, the implications of the E.E.C. plan of action during the second stage and the advisability of accompanying it by a corresponding statistical programme with a scale of priorities, and the difficulty of publishing really full and significant statistics while abiding by the requirements of trade secrecy. This last item was also discussed by an *ad hoc* working party of legal experts which met in Brussels on February 13, 1963.

30. On the basis of work to date on the harmonization of *national accounts*, an outline standard budget for the six countries has been submitted to E.E.C. A report has been issued on the methods employed in the different countries for drawing up agricultural accounts, and another on methods of drawing up external trade accounts.

With regard to *internal trade*, the member States have been asked to prepare a survey on the monthly movements of retail turnovers. A retail and wholesale trade classification has been drawn up and will be published shortly.

As regards *energy statistics*, the Office continued to work towards the ultimate compilation of overall Community-level energy balance-sheets. At present, it keeps regularly up to date yearly and quarterly balance-sheets broken down by energy sources, which have since 1958 been worked out in sufficient detail to serve as bases for medium-term planning of conventional and nuclear energy policy and for the short-term calculation of the quarterly energy forecasts. Considerable improvements have been made in the statistics for electrical energy, both for fuel consumption by the power-stations and for sector-by-sector consumption of current. As regards oil, the Office has computed indigenous Community production, broken down by reserves and areas, and imports from third countries over the period 1958-62; it has also calculated world reserves as at January 1, 1962, yearly world production of crude broken down by countries and areas and average *per capita* consumption of petroleum products over the period 1950-62. On nuclear energy, the Office has supplied data for an economic study on the radio-isotope market.

The Office in 1963 completed two assignments of major importance for the harmonization and improvement of the member States' *industrial statistics (including small industry)*: firstly, the common nomenclature of industries in the European Communities (N.I.E.C.), which is to serve as the basis for the compilation of co-ordinated statistics, and secondly, the organizational details for the 1963 industrial census in the six countries. Considerable progress has been made in the harmonization and improvement of industrial-production indices: experimental work on a Community index for building and construction, and on Community indices for industrial activity as a whole and for the chemical sector separately, has given promising results. The industrial products classification being compiled in co-operation with the producers' associations is taking practical shape. A scheme for a co-ordinated annual survey of industrial investment has been studied.

With regard to the *steel sector*, the Office's main achievement has been to complete the Harmonized Statistical Nomenclature for the Classification of Coal and Steel Products in the External Customs Tariff, which came into force on January 1, 1964.

Work on *agricultural statistics* has been concerned mainly with obtaining better comparability among the member States' statistics. The Office has also been working hard on drawing up supply balance-sheets. Preparatory studies have been begun on agricultural indices, and considerable improvements have already been made in price comparability, notably in respect of cereals and slaughter animals. A

report has been drawn up on the agricultural manpower position, and several publications have been issued containing statistical data on the farming pattern and certain of the means of production. The Office is studying ways and means of improving comparability as among the methods of statistical inquiry employed in the different countries. Mention should also be made of the progress achieved in the wine-growing sector: it has been agreed that a cadastral register of vineyards should be instituted, and preparations for this are under way. Of outstanding importance has been the preparatory work for a common survey of the pattern of agricultural production, to be carried out in 1965.

In the field of *social statistics*, the Office has continued with its survey programme. Findings have been published in *Statistiques Sociales* on wages in eight E.E.C. industries during 1960, on labour costs and workers' incomes in the E.C.S.C. industries in 1961 and the trend in these from 1954 to 1961, on the third E.E.C. wage survey in thirteen industries for 1961 and the E.C.S.C. survey for 1962 (provisional figures), and on accidents in the iron and steel industry in 1961. One issue of *Statistiques Sociales* was devoted to the main data, taken from the national statistics; on employment and unemployment, vacancies notified and filled, labour disputes, and migration of labour, with a special supplement on Greece. The Office's study on nominal wages in the E.C.S.C. industries has been duly published. In addition to the studies it has actually published, the Office has, of course, been carrying on a great many other activities in connection with studies planned (on men's and women's wages, on wages in the road-haulage sector) and in hand (consumer purchasing-power parities). 1963 also saw the successful harmonization of national statistics on gross earnings.

With regard to *external trade statistics*, new data have been included in the monthly statistical bulletin. Thanks to the use of electronic computers, it is hoped that a considerably increased volume of statistical material concerning the Community can be made available. It may also be noted that work has been begun on a scientific method of eliminating seasonal variations, and on a draft harmonized nomenclature for the external trade statistics of the E.E.C. countries.

E.E.C.'s various activities in 1963 in the matter of trade negotiations involved the assembling of a great deal of statistical material, some relating to bilateral questions and some to the broader field of the U.N. Conference on Trade and Development, and above all to the forthcoming tariff talks. In this connection the Office has also made a number of studies and analyses and worked out hypotheses regarding the principal tariffs in question (E.E.C., United States, United Kingdom).

With regard to *transport*, the Office went ahead with its general programme of obtaining comparable Community data on infrastructure, transport equipment, the structure of the transport industry, and the technical and commercial operating results of the different modes of transport. A report was published in *Informations Statistiques* on the 1961 survey on inter-regional transport of petroleum products, and the Office also prepared its regular report (issued annually since 1956) on the figures for transport of E.C.S.C. products.

With regard to the *associated overseas countries*, the Office issued quarterly statistics on the external trade of these countries (imports and exports, broken down by products and by countries of origin and of destination), published a *Bulletin des Statistiques Générales des Associés d'Outre-Mer* containing the fullest possible figures concerning them, worked out a programme for computing external-trade indices, compiled a corpus of basic statistics with a standardized layout, and continued its work on a scheme for training European and African statisticians.

In its statistical work concerning *third countries*, the Office concentrated mainly on evaluating economic trends in the countries of the Eastern bloc, its findings being published in *Statistiques de l'Intégration du Bloc Oriental*.

In addition to its specialized publications for the different sectors, the Office regularly issued its *Bulletin Général de Statistiques* giving the latest figures concerning short-term economic movements in the Community countries, and also brought out a new edition of *Statistiques de Base* indicating the main developments in population and economic trends.

Lastly, improvements were made in *Informations Statistiques*. Papers by various contributors were printed in the original language accompanied by summaries in the other Community languages and English. Special issues were brought out dealing with particular studies, as for instance No. 2a/63 containing the final results of the sample survey on the E.C.S.C. labour force.

Information

31. In accordance with its undertaking to the E.E.C. and Euratom Councils and the European Parliament at the end of 1962, the Board of the joint Press and Information Service of the Communities submitted

a memorandum on Community information policy in June 1963, in time for the debates on the Service's budget estimates for the financial year 1964.

The memorandum, which was sent to the appropriate Parliamentary Committees, emphasized that there should be a common policy and procedure for the dissemination of information on European questions, both inside and outside the Community, discussed the organizational problems involved and the means to be employed, and outlined the respective functions of the joint Information Service and the Executives' own Spokesmen's Offices.

The Councils considered the memorandum at their meeting on September 23-24, and agreed that

- (a) the Communities' information arrangements should be expanded and streamlined;
- (b) that a working party of national information experts should be set up;
- (c) that more use should be made of the information facilities of the member States' Embassies in associated and third countries, it being most important to ensure proper co-ordination on the spot.

At their meeting on October 14-15, the Councils also endorsed the suggestion that two new Press and Information Offices be opened, in New York and in Geneva.

They declined, however, to approve most of the Board's proposed provisions in the 1964 draft budget estimates for extra staff and for appropriations to enable the Service to expand its activities. This was duly reported to the Parliament at the November Sessions.

32. The Board's co-ordination work with regard to the respective functions of the Service and the Spokesmen's Offices has enabled the Service to operate with increased effectiveness both on the Press and public relations side and through the various information media.

Working in with the three Spokesmen's Offices, it has succeeded in extending co-operation with the executives (public and private) running the information media. Closer contact has been established with the newspapers and periodicals, and the Service played a notable part in the foundation of a European Journalists' Association. In the field of radio and television, co-operation with the organizations responsible in the six countries has enabled a joint television programme

to be launched, and a permanent Radio and Television Information Office has been set up to facilitate contact between the European organizations concerned and their opposite numbers in the associated African and Malagasy States.

Following Greece's association with E.E.C., a start has been made on public relations work in that country, including the organization of visits by Greek journalists to the Community and *vice versa*, Community representation at the Salonika Fair, and so on.

A fuller account of these activities, subdivided according to the type of public reached and the media employed, will be found in the Seventh General Report of the E.E.C. Commission.

33. The *High Authority Spokesman's Office* has further stepped up its work of keeping the general and specialized Press abreast of the High Authority's activities, by such means as the Spokesman's weekly Press conference, special Press conferences by the President or Members of the High Authority in connection with particularly important Decisions, newsbriefs and background informations bulletins, daily contacts with accredited Press and news agency correspondents, interviews with journalists visiting Luxembourg, provision of technical facts and figures to industrial and trade-union circles, and so on. The joint Information Service and the Press Offices in the Community capitals and elsewhere are also kept regularly informed in detail of the High Authority's work.

In co-operation with the joint Information Service, an extensive programme of lectures and seminars was organized for selected parties of visitors invited to the High Authority's headquarters; the total attendance at these in 1963 was over 7,000, attention being concentrated especially on local-government and trade-union officials from the coal- and steel-producing areas of the Community.

Outstanding among the Office's many other public relations activities was the organization of the first European Festival of Films on Steel, held in Luxembourg on March 16-18. The Office is currently engaged in preparations for a similar Festival of Films on Coal, which is scheduled to take place in May 1964 at the Salon de l'Énergie in Paris.

As well as editing the High Authority's Annual General Report and quarterly information bulletin, the Spokesman's Office in 1963 published, jointly with the Information Service, an illustrated brochure entitled *Ten Years of the Coal-Steel Common Market*, compiled a pocket handbook on energy which is to appear in 1964, and issued a number of other, minor publications and folders.

*Inter-Institutional relations**Council/Executive relations*

34. As before, 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. The High Authority was represented in 1963 at all Council and Permanent Representatives' meetings when any of the following was up for discussion:

- (a) relations between the Community and the associated African countries and Madagascar;
- (b) association with Turkey;
- (c) negotiations in GATT;
- (d) information policy;
- (e) social-security arrangements for migrant workers;
- (f) the budgets of the Common Institutions (the Parliament and the Court);
- (g) the merger of the Executives.

35. On September 24, the Councils, meeting in Brussels, adopted the following decision:

"The Councils are agreed in requesting the member States to make their views known as soon as possible on the merger, firstly, of the E.E.C. and Euratom Commissions and the High Authority of E.C.S.C., and secondly, of the E.E.C. and Euratom Councils and the Special Council of Ministers of E.C.S.C.

"This merger is to be effected with a view to the ultimate merger of the three Communities. The member States are therefore asked at the same time to indicate approximately how long they consider it should take to organize the latter merger.

"To enable them to take the requisite decisions, in accordance with the procedure laid down in the three Treaties, in full knowledge of all the circumstances, they hereby require the Permanent Representatives to submit to them by the end of 1963 proposals based on a thorough study of all the aspects and problems of the merger of the aforesaid Institutions [the Executives and the Councils]. The proposals should take account, in particular, of the draft put forward by the Netherlands Government on June 27, 1961; they should also deal with the question of the location of the Community Institutions.

“Preliminary studies should be begun at the same time, concerning the merger of the Communities.”

Since this decision was issued, the Permanent Representatives have been meeting regularly to discuss the matter, in co-operation with representatives of the three Executives.

36. Representatives of the E.E.C. and Euratom Commission attended all meetings of the E.C.S.C. Council of Ministers at which problems of energy policy were on the agenda.

Inter-Executive co-operation

37. Inter-Executive co-operation proceeded satisfactorily at the various levels concerned during the period under review.

The Inter-Executive Working Party on Energy, of which M. Lapie of the High Authority is Chairman, discussed the legal implications of the Memorandum on Energy Policy of June 25, 1962, and reviewed and commented on the work of the E.C.S.C. Council's Special Committee on Energy Policy.

The Inter-Executive Working Party on Transport, on which the High Authority is represented by Vice-President Coppé, examined the possibilities for introducing through-rates, under High Authority Recommendation No. 1/61, in respect of the carriage of E.C.S.C. products between France and Germany by road. It also discussed the problems posed by the practice of allowing carriers special preferential transport rates.

The High Authority also took an active part in the work of the Economic Policy Committee set up by decision of the E.E.C. Council on March 8, 1960.

38. At departmental level, the work of co-ordinating activities in matters affecting all three Communities was carried on in even closer liaison than before. The matters in question include in particular

- (a) turnover-tax countervailing dues;
- (b) certain points of cartel policy;
- (c) industrial redevelopment and regional policy (for which a special working party was set up);
- (d) housing policy;
- (e) social security, with special reference to insurance arrangements for migrant workers;

- (f) collective-bargaining agreements;
- (g) exemption from duty for educational aids exchanged between one country and another as a means of helping to line up systems of occupational training;
- (h) certain prospecting schemes in associated countries and overseas territories;
- (i) staff rules and regulations.

39. With regard to the implementation of the revised staff rules and regulations, the High Authority, after working out in 1962 the system to be employed in transferring the posts on its own organization chart to a new chart based on the revised gradings and promotion arrangements, went on in 1963 to conduct the preparatory studies for doing the same in respect of the Joint Services. Its proposals in this connection were approved by the Committee of Presidents, the budgeting authority for E.C.S.C.¹⁾

The Community Institutions agreed a set of staff health-insurance regulations: under the new system, which came into force for E.C.S.C. personnel in Luxembourg on January 1, 1964, those covered can, up to a specified limit and on given conditions, claim refunds of expenses incurred in connection with illness, accident or maternity.

Section 2: External Relations and Commercial Policy

40. The High Authority's activities in the field of external relations and commercial policy during the period under review were to a great extent conditioned by the importance of adopting as "Community" an approach as possible to the difficulties persisting in the coal market and now making themselves increasingly felt also in the steel sector.

Since the Treaty of Paris was aimed at establishing only partial integration, it could make no provision for a common commercial policy. General integration as introduced by E.E.C. — which is afforded the necessary Treaty provisions for instituting a common commercial policy — has rendered this position anachronistic, and the time must therefore come when this common policy, and also the common tariff,

¹⁾ As regards its own internal administration, the High Authority during the period under review approved a number of the suggestions for reorganization and rationalization offered by the team of outside efficiency experts it had called in to study the functioning of some of its departments, and a start has already been made on their implementation.

will be extended to include coal and steel. The High Authority is obliged to take these facts into account in organizing its work; meantime, however, it can only avail itself of the limited means open to it under its own Treaty, or, failing that, induce the Governments to act in concert.

41. As will be seen from the following account, a number of practical results have been achieved notwithstanding the deficiencies of the Community system: the High Authority has made every effort to see that its short-term measures to combat current difficulties do not conflict with the requirements of future Community policy.

COMMERCIAL POLICY

Coal

42. The state of the coal market, and the resulting problems needing to be seen in the wider context of energy policy, are dealt with elsewhere in this Report.¹⁾

With regard more specifically to commercial policy, the following developments may be noted.

As it considered no real change had taken place in conditions in the German coal market as compared with 1962, the High Authority on December 13, 1963, notified the German Government that in its view the Recommendation of January 1959, advising the imposition of an import duty of DM. 20 per ton outside of a duty-free quota, should remain in force. No figure was suggested by the High Authority on this occasion as to the amount of the quota, this having been already fixed at a total of 12,400,000 metric tons for the two years 1963 and 1964 by the German Act of Parliament passed in 1962 in accordance with the Recommendation.

The High Authority intends to re-examine its Recommendation at the end of 1964.²⁾

Steel

43. The incipient weakening of the steel market which became observable some time previously worsened noticeably in 1962, and again in 1963.³⁾

¹⁾ See Chapter II and Chapter III, 1.

²⁾ See also Nos. 162 and 163 below.

³⁾ See *Eleventh General Report*, No. 311.

E.C.S.C. has been especially affected by the imbalance between supply and demand which has developed in the world market: its imports have risen steeply, its exports fallen, and there has been a steady decline in the prices, revenues and declared investment projects of Community enterprises.

Details of this position and its implications are given in another part of this Report.¹⁾ The problems raised for the Community's external trade and the action taken to deal with them may be summarized as follows.

Anti-dumping measures

44. In face of the price fluctuations resulting from the play of supply and demand in international markets, the United States, Greece and Spain one after the other claimed that dumping was being engaged in by, among others, Community steel-exporting enterprises.

On September 27, 1962, a complaint was lodged by American firms with the United States Treasury Department against Community exports of wire rod.

Consultations, in which the High Authority took part, were held on January 7 and 8, 1963, in O.E.C.D.; a High Authority representative visited Washington for talks with the appropriate authorities; the High Authority summed up its position in the matter in a memorandum of February 22; and, following a detailed investigation, the American Tariff Commission on June 19 unanimously dismissed the complaint as unfounded.

In the interval, however, from December 12, 1962, to June 19, 1963, the operation of the American dumping laws (which date from 1921 and make no allowance for the pricing rules in force in the Community) caused the valuation of Community wire rod for Customs purposes to be suspended, and hence the product practically ceased to enter the American market during that period.

45. The Spanish and Greek Governments took actual action under their respective anti-dumping laws.

By a decree of January 31, 1963, which came into force on February 4, the Spanish Government imposed countervailing duties on a number

¹⁾ See Chapter III, 2.

of iron and steel products on importation into Spain. Although the measure is in theory of general application, it primarily affects the Community, as Spain's principal supplier of iron and steel.

On August 21, 1963, the Greek Government introduced anti-dumping duties on concrete-reinforcing rods from the Community and from the East.

With the backing of the Community Governments, the High Authority started talks with the Greek and Spanish authorities, putting its arguments against these measures with a view to enabling the points at issue to be settled satisfactorily. The talks continue.

46. The High Authority notes that the variety of the anti-dumping procedures, and the differing constructions placed on the law and on the economic state of affairs are tending to some extent to dislocate the world market. It intends, therefore, to draw the member States' attention to the matter, and to ask that it should be examined, along with other para-tariff questions, in the course of the Kennedy round.

Restriction of steel imports from countries and territories with State-controlled trade

47. In the Community's internal market, prices have been under continual pressure as a result of the shrinkage of external outlets, the steep rise in imports from third countries, frequently at ultra-low prices, and unduly extensive recourse to the possibility permitted by the Treaty for enterprises to align their own prices on quotations from third countries.

The fact that the protection given by the harmonized duties of the member States is exceptionally little in comparison with that enjoyed by other major producer areas has rendered the Community market still more vulnerable.

Faced with this situation, the High Authority first of all published in the *Official Gazette of the Communities*, in January 1963, a notice reminding Community enterprises of the rules concerning alignments on quotations from outside competitors. In order to stop the practice of aligning on hypothetical quotations, the High Authority required the enterprises to furnish proper proof that the quotations did in fact exist.¹⁾

¹⁾ See *Eleventh General Report*, No. 335.

As this was not, of course, sufficient by itself to dispose of the problem, the High Authority placed the whole question of the deteriorating state of the steel market before the Special Council of Ministers, in order to discuss other possibilities of practical action. The discussion was continued in the *ad hoc* committee on steel which was set up at the High Authority's suggestion on January 24, 1963, and culminated in two Decisions adopted by the Council on June 6 and July 15, imposing restrictions until the end of the year on imports of steel and pig-iron from countries and territories with State-controlled trading systems.

48. This agreement represented a compromise between the desiderata of countries with, in many cases, widely-differing interests.

In substance it involved the following:

- (a) imports in countries hitherto importing without restriction to be subject to quotas;
- (b) the quotas negotiated in trade agreements to be treated as maximum tonnages;
- (c) trade agreements, wherever possible, to contain price clauses;
- (d) the member States to consult with one another and with the High Authority prior to any fresh negotiations on trade agreements coming within the scope of E.C.S.C., before the corresponding consultations in E.E.C. (this may be said to introduce the beginnings of a commercial policy for the Community).

The consultations proved valuable. In one case, in October 1963, the High Authority sent a Recommendation to a member State under Article 75 of the Treaty, requesting it not to go above the existing quotas in concluding a new trade agreement.

The two Decisions were renewed on December 2 for the year 1964; the procedure may be re-examined at the end of the first six months.

49. With the introduction of these restrictions on imports of iron and steel from the State-trading countries, the High Authority felt it was necessary also to suspend, for the same length of time, the possibility of alignment on particularly low-priced imports from these countries.¹⁾ Accordingly, on December 2, 1963, it requested the Council's approval for this step, under Article 95,1 of the Treaty; at its session of January 7 and 10, 1964, the Council gave its consent, enabling the High Authority to issue its Decision on January 15.²⁾

¹⁾ See also No. 212 below.

²⁾ See *Journal Officiel des Communautés*, 1964, No. 8.

Contacts with third countries belonging to GATT

50. During 1963, the High Authority, in agreement with the Council, sounded the British, Austrian and Japanese Governments with a view to working out ways and means of arresting the plunge in prices. Although some results were achieved, it was found that other measures would need to be envisaged.

Other peripheral measures

51. Internal measures were already under examination for improving discipline in the Common Market, more especially by ensuring strict compliance with the alignment and non-discrimination rules.¹⁾ It was felt that these must be supplemented by peripheral action, as otherwise the right of alignment allowed by the Treaty to Community enterprises would make it impossible to obtain the desired recovery in prices.

No quotas, and hence no prohibition of alignments, could be planned for imports from countries whose trading was not centralized through the State. The High Authority accordingly sought an arrangement whereby

- (a) the external tariffs would be raised to a moderate extent, in conformity with GATT rules, in such as partially to offset the very obvious discrepancy between the Community's level of protection and that of other major world exporters of steel;
- (b) the harmonized rates of duty would be replaced by external tariffs as nearly unified as possible and more in line with E.E.C.'s (a substantial contribution towards the gradual introduction of a common commercial policy);
- (c) the foundation thus laid for a common external tariff would facilitate negotiation in the Kennedy round for general harmonization of steel duties.

52. On these grounds, the proposal was submitted to the Council of Ministers on December 2, 1963 that, to supplement the Decisions aimed at stricter discipline within the Common Market¹⁾, the Italian rate of duty should be fixed as the minimum under Article 72 of the Treaty (except in respect of the tariff items bound under GATT). The E.C.S.C. Treaty contains no provision for fixing the actual duties

¹⁾ See Nos. 215 ff. below.

themselves, only (in Article 72) for establishing maximum and minimum rates, subject to the unanimous agreement of the Council of Ministers.

At the same time, as a means of grappling with the very special and long-standing difficulties in the market for foundry pig-iron,¹⁾ the High Authority proposed to the Council that a specific duty, originally put tentatively at \$ 10.00 per metric ton, be temporarily charged on imports of foundry pig, under the safeguard clauses in GATT.

53. The Council, at its December 2 session, did not itself rule conclusively on the matter, but requested the High Authority to engage in consultations, on the basis of these proposals, with the Governments of the third countries mainly concerned. Consultations were duly held in Luxembourg in December with the United States, Britain, Austria, Norway, Sweden and Japan, those with Britain as part of the obligations entered into in Article 7 of the Agreement of Association and Article 3 of the Anglo-Community tariff agreement.

In the course of these proceedings, which were marked by a most understanding spirit on both sides, the High Authority's attention was drawn to the disquiet with which the proposals were being viewed as regards their possible impact on the Kennedy round, and to various points particularly affecting the interests of some exporter countries outside the Community. The High Authority then resubmitted its corpus of proposals to the Council's session of January 7 and 10, with some changes and additions to take account of some of the comments that had been put forward. In particular, the rate for the proposed temporary specific duty on foundry pig was reduced from \$10.00 per metric ton to \$7.00.

For the record, it further proposed that the Ministers confirm their declaration of intent of May 2, 1963, concerning E.C.S.C. participation in the Kennedy talks.

The Council's unanimous agreement to the High Authority's proposals was not forthcoming at the session which ended on January 10.

54. The High Authority immediately decided to send two Recommendations to the member Governments, which it did on January 15.

The first recommends the member States to take whatever legislative and administrative action may be required temporarily to bring to or keep at the minimum Italian level (averaging 9%) the peripheral

¹⁾ See *Ninth General Report*, No. 258, *Tenth General Report*, No. 258, *Eleventh General Report*, No. 338, and No. 194 below.

import protection of iron and steel products, with effect from February 15. An exemption is made, however, concerning the bindings in respect of certain tariff items accorded under GATT by some of the member countries (the Benelux States and Germany); the Recommendation also lays down a special procedure for the admission of exceptions to the minimum rates indicated.¹⁾

The second recommends the member States to introduce, alongside the increase in the *ad valorem* duty to the Italian level, specific protection amounting to not less than \$7.00 per metric ton on imports of foundry pig-iron. This measure, which the member States are required to put into effect in conformity with the producers laid down by GATT,¹⁾ will remain in force up to the end of 1965.

Both Recommendations constitute temporary safeguards and are based principally on Article 74,3 of the Treaty. They have binding force as regards the end objective, though the means of achieving this are left to the member States' own discretion.

Thus, the Council having failed to reach unanimous agreement on its original proposals, the High Authority was obliged to take a step the immediate effects of which were the same but the broader implications somewhat different. The High Authority has no power to alter the member States' tariffs themselves by Recommendations under Article 74,3: it can only require the member States to take temporary precautionary measures to deal with specific difficulties. The temporarily raised level of protection is therefore not a starting point for the Kennedy round, so that work will have to be resumed with the Governments on the preparation of the negotiations, concerning the very special case of steel.

The High Authority remains convinced that the decision in principle of May 2, 1963, to have iron and steel products discussed in the Kennedy round is as important as ever. As it explained to the Council, it feels that the Community's aim must be to secure through the talks an all-round harmonization of the duties of all the major steel-producing countries, in the direction of a general lowering of obstacles to trade. At the same time, the Community must convert its inadequate system of harmonized duties into a single unified tariff: the basic disunity with which the Community is saddled by the disparities between the harmonized rates poses a number of special problems which the Community will need to resolve by obtaining agreement on suitable and constructive lines.

¹⁾ See *Journal Officiel des Communautés*, 1964, No. 8.

International steel conference

55. Also at the Council's session of January 7 and 10, 1964, the High Authority advocated a course which would appear to be very much indicated by the present state of the world steel market, namely the convening of an international steel conference of the main producer countries with comparable production and marketing conditions and the main consumer countries, with the interests of the emergent countries also appropriately represented, to consider the problems of the steel market in the world in general, and hammer out the best positions to adopt in face of both existing and impending difficulties. In suggesting this to the Council, the High Authority emphasized that, in its opinion, such a conference would not duplicate the studies now in progress on a more limited scale, notably in O.E.C.D.

The projected step — which is unconnected with the introduction of the peripheral measures described above, being designed rather to enable more light to be thrown on the complex of problems posed by the world steel situation — has been welcomed in a number of quarters; the High Authority is actively working for its acceptance, and has asked the member Governments for their support.

The Kennedy negotiations

56. Further to what has been said above concerning the special problems raised for E.C.S.C. by the projected participation in the Kennedy round of tariff negotiations (approved in principle by the Council of Ministers on May 2, 1963), it should be recorded that the High Authority has been directed to follow the preparations for the talks, both in GATT itself and in E.E.C.

It is now regularly represented on the special "Committee 111" which is drawing up the directives for the Geneva negotiations, and on the GATT working parties concerned. It reports periodically to the Council of Ministers on the progress made in these groups, and puts forward its views as to the practical details of E.C.S.C.'s participation in the talks; in this latter connection in particular it submitted the proposal just described for making a start on the lining-up of Community duties on the Italian level.

The High Authority has not so far received official instructions from the Governments as it did for the Dillon round, but it seems probable that the same procedure will be adopted by the time the talks open.

Half-yearly tariff and quota changes

57. Some of the reduced- or suspended-duty quota arrangements for certain steel products not obtainable in sufficient quantities within the Community were renewed in 1963, but the general trend was towards their discontinuance wherever possible, or the raising of the rates of duty concerned.

Thus at the end of 1963, the reduced-duty quotas for coils were abolished, while the duty on grain-oriented electrical sheet, previously suspended, was reimposed at 2% for the second half of 1963 and raised to 3% for the first half of 1964.

*THIRD COUNTRIES**Council of Association*

58. The Council of Association between the United Kingdom Government and E.C.S.C. resumed its meetings on September 24, 1963, after an interval caused by the outcome of the negotiations on Britain's application for membership of E.E.C.

Both sides took the opportunity to emphasize the value they placed on the satisfactory operation of the organizational links between them, and on the maintenance of the co-operation written into the Agreement of Association.

After discussing the developments which had taken place in the British and Community coalmining and iron and steel industries since its last session, the Council approved forward programmes for its three standing committees, the Coal Committee (with a special Working Party on Energy), the Steel Committee and the Trade Relations Committee.

The Coal Committee was directed to study trends and structures in the British and Community coal markets, technical progress in coal utilization, coal-getting and transport and handling of coal, and the special social-insurance schemes for miners and the methods used to finance them. The Working Party on Energy is to continue its study of the energy situation and the problems this raises for the British and Community coalmining industries.

The Steel Committee was instructed to analyse the structural changes in the steel industry all over the world and the trend in the steel market, to prepare a comparative study of the role of automation in the steel industry, and to examine the scope for co-operation in technical research; it is also to continue its work on prices and price comparisons.

The Trade Relations Committee's programme includes examining all restrictions on trade in coal and steel between Britain and the Community, studying the harmonization of statistical classifications respecting external trade, and discussing, with the Steel Committee, the problem of low-priced steel imports.

Preparations are in hand for the next meeting of the Council, which is to take place in the summer of 1964.

New diplomatic missions to E.C.S.C.

59. Five more countries in different parts of the world in 1963 appointed accredited diplomatic representatives to the High Authority. They were Ireland, Costa Rica, Persia, South Africa and Brazil, in that order: their representatives presented their letters of credence respectively on January 14, February 26, April 25, July 1 and September 27.

Visits

60. The High Authority received a courtesy call on November 4, 1963, from Vice-President (as he then was) Lyndon Johnson, who was in Europe on an official tour.

Members of the High Authority paid a number of visits to third countries in response to invitations. Vice-President Coppé represented the High Authority at the third Latin American Congress on Iron and Steel, which was held at Caracas from July 8 to 13, parallel with the fourth General Assembly of I.L.A.F.A. Closer relations were established between the High Authority and Latin American steel circles; it is planned that the High Authority should take a number of young Latin American executives from the steel and energy sectors for study periods in Luxembourg, from which they would return home with a better knowledge of all matters connected with E.C.S.C. and European integration.

At the invitation of the respective Governments, M. Wehrer, Member of the High Authority, visited Greece, Norway and Sweden, and his colleague M. Reynaud Austria.

Herr Bruno Kreisky, the Austrian Foreign Minister, in the course of an official visit to the Luxembourg Government, paid the High Authority a courtesy call. Herr Bock, the Austrian Minister for External Trade, the High Authority on January 24, 1964.

Convention of Association with the African countries and Madagascar

61. The new Convention of Association between the African countries with Madagascar and the member countries of E.E.C. was signed at Yaoundé, Cameroun, on July 20, 1963.

As proposed by the High Authority and approved by the Special Council of Ministers, a multilateral agreement on E.C.S.C. products is annexed to and forms part of the Convention.

INTERNATIONAL ORGANIZATIONS

62. As was emphasized in last year's General Report, the High Authority attaches the utmost importance to sustained co-operation with the different international organizations, and more especially with those which, each in its own way, are playing a part in the integration of Europe.

In the conviction that the more their activities converge the more effective these will become, the High Authority has continued to make a point of working in with them as closely as possible.

Council of Europe

63. As in previous years, the High Authority was represented at the Ordinary Sessions of the Consultative Assembly, and took part in the debates at the Joint Session of the latter and the European Parliament on September 17 and 18, 1963. It noted with interest the Assembly's Resolution in response to its own Eleventh General Report, and the various other Resolutions and reports on the Council's general policy and on particular questions falling within its own jurisdiction, including more especially the question of energy policy.

Exchanges of information at departmental level continued useful to both sides.

O.E.C.D.

64. Co-operation was closest with O.E.C.D., owing to the large number of matters of common interest to it and E.C.S.C.

The High Authority took an active part in the consultations mentioned earlier concerning the American complaint in connection with Community exports of wire rod.¹⁾ It was also represented at the discussions in O.E.C.D. on certain aspects of the present state of the steel market. One result of these conversations has been that the Special Committee on Iron and Steel has begun a study of the disparity in growth between steel requirements and production potential, the effects of this and possible ways of dealing with it. The High Authority has said that it will be happy to assist.

65. In addition to following the O.E.C.D. Council's and Executive Committee's proceedings relating to its own fields, the High Authority has kept abreast of the work of the Economic Policy Committee and its Working Party No. 2, and of the Energy Committee, to which it has appointed a senior official to take part in a study on the position regarding the different forms of energy.

The High Authority has also been represented on the Coal, Steel, Industry and Trade Committees, the Expert Committee on Restrictive Practices and the Expert Committee on Maritime Transport.

It sent representatives to the Ministerial Conference on Science on October 3 and 4, 1963 (and plans to follow the work of the interim committee set up there), and to the Ministerial Council meeting on November 19 and 20.

E.C.E.

66. Co-operation continued satisfactorily with the various E.C.E. committees handling matters of concern to E.C.S.C.

The High Authority was represented at high level at the E.C.E. symposium held in Prague from November 11 to 26 on the application of modern techniques in steel production in the emergent countries.

¹⁾ See No. 44 above.

NATO/W.E.U.

67. As in previous years, the High Authority was represented at the Ordinary Sessions of the W.E.U. Assembly and at the Annual Session of NATO Members of Parliament, thus keeping in touch with developments in these organizations and acquiring a fuller knowledge of the broader background to its own activities.

I.L.O.

68. High Authority representatives attended all meetings of the Governing Body of I.L.O. held in 1963; several of them were also present at the International Labour Conference.

The High Authority was represented at the meeting of the Iron and Steel Industry Committee in Cardiff from August 26 to September 6.

Over and above these and other contacts (representation on working parties, consultations of various kinds), the High Authority has been closely associated with the work of the Programming Committee of the International Occupational Training Information and Research Centre (C.I.R.F.). It commissioned C.I.R.F. to conduct a study of the effects of technical progress on blast-furnace personnel structure and training: this was duly done in a number of Community iron and steel enterprises, and the findings embodied in reports for the separate enterprises and a combined summary report which has just been published. This special study was part of the general programme drawn up by the High Authority in 1961 in connection with the investigation of the repercussions of technical progress in the iron and steel industry. A similar study on steelworks personnel questions, also conducted by C.I.R.F., was begun early in 1964.

The High Authority intends to follow with the closest attention the work I.L.O. is shortly to undertake on automation.

C.I.S.

69. The co-operation instituted with I.L.O.'s International Occupational Safety and Health Information Centre (C.I.S.) continued eminently satisfactory to both sides. The High Authority has renewed its subsidy to C.I.S. and sends it the bibliographical abstracts and reference sheets produced by the E.C.S.C. Medical Documentation

Pool and the reports on the research projects it is assisting; C.I.S. in return sends its regular abstracts and references to employers' and workers' associations in the Community, and includes among these (which it sends out in three languages all over the world) carded information on health and safety research projects being part-financed by E.C.S.C.

70. The High Authority trusts that this brief account of the main developments in the field of external relations and its own attitude in regard to them may serve to demonstrate how anxious it is that the Community should play an increasingly active and useful part in the affairs of Europe and the world.

CHAPTER TWO

ENERGY PROBLEMS

THE STATE OF THE COMMUNITY ENERGY MARKET

(position at end 1963 and outlook for 1964)

71. As is its annual practice, the High Authority made a study (incorporating various methodological improvements) of the short-term position in the Community energy market, in co-operation with the E.E.C. and Euratom Commissions and national Government experts. Its report, the fourth of the series, completed in January 1964, examines how far the forecasts for 1963 were borne out by events, and offers a forward estimate for 1964.

The energy forecasts, it should be recalled, are calculated from estimates as to general economic expansion: they are based on the probable movement of the market situation, assuming average temperature and water-run-off conditions. At the same time, they allow for the effects of unforeseen factors on the energy balance-sheet for the previous year, *e.g.* the exceptionally severe winter of 1963.

The following account deals with

- (a) the energy position in 1963;
- (b) the forecasts for 1964;
- (c) the implications of these.

The energy position in 1963¹⁾

72. By and large, the forecasts as to the Community's economic situation in 1963 turned out accurate enough: gross national product increased by 4% and industrial production by 5%, as expected. This was a lower rate of growth than in 1962, when the corresponding figures were 5% and 5.9%.

The energy situation was affected by three additional circumstances:

- (a) a bitterly cold first quarter, following on an already unusually severe December;
- (b) a low water level in the first quarter, and an above-average one for the year as a whole;
- (c) the French coal strike in the first quarter.

73. The very hard winter resulted in an abnormally large consumption of energy: demand shot up and total internal consumption came to 556 million tons hard-coal equivalent, an increase of 41 million, or 8%, over 1962.

The private-household sector was the one most affected: with its procurements up by something like 18 million tons h.c.e. on the previous year, it accounted for 75% of the excess of actual over estimated consumption.

As well as the increase in consumption as such, there was a marked tendency on the part of consumers and dealers to build up their stocks. This may be attributed partly to the extreme depletion of these stocks by the end of the winter, partly to the psychological effects of the cold spell, and partly to certain regional difficulties.

74. The increased internal requirements were met

- (a) by stepping up production in some coalfields (this did not, however, fully offset the reductions elsewhere, notably those resulting from the strikes in France);
- (b) by lifting some 12 million tons from producers' stocks of hard coal and coke, and, to cover peak requirements, increasing coal imports to approximately 34 million tons (9 million tons above the level forecast);

¹⁾ Cf. overall energy balance-sheet 1962/63/64, *Statistical Annex* Table No. 16; also trend in total energy consumption in the member States, Tables Nos. 17 and 18.

(c) by refining 178 million tons h.c.e. of crude oil (7 million tons more than had been forecast), with a slight increase in the proportion of middle and heavy distillates and a decrease of some 4 million tons in the net export balance of refined products.

75. Over against the internal consumption of 556 million tons h.c.e. we have a total demand of something like 653 million,¹⁾ 50% of which was met from internal production.

The total hard-coal production of the Community was slightly less than in 1962, 219 million tons as against 222 million.²⁾ This covered one-third of total energy requirements, and accounted for 66% of internal energy production. The 34 million tons of coal imported represented about 11% of total energy imports, the remainder consisting almost entirely of oil and petroleum products.

76. 1963 was a year of marked price variations. Coal prices rose, in consequence of increased production costs insufficiently offset by the improved productivity in some coalfields;³⁾ in the case of some coals in short supply, notably the household grades, the prices were raised fairly substantially. As regards petroleum products, fluctuations occurred in the delivered prices of the fuel oils and middle distillates: these were inconsiderable in coastal areas, but quite appreciable inland, owing to transport blockages. However, the prices ultimately returned to their former level; in Belgium they even went below it, the special excise tax on sales of gas oil and fuel oils having been abolished in the course of the year.

The energy position in 1964

77. The forecasts for 1964, calculated, in accordance with the High Authority's usual practice, on the assumption of normal temperature and water run-off, are based on the expectation of

- (a) slightly higher rates of general economic growth than in 1963 (gross national product 4.5%, industrial production 5.5%);
- (b) an increase in iron and steel production, which will affect consumption of coke and electric current;
- (c) an upturn in investment.

¹⁾ 653 million tons h.c.e. = internal consumption + additions to stocks, exports and bunkering (77 million) + consumption for non-energy purposes (16,500,000).

²⁾ Inclusive in all cases of low-grade products, expressed in h.c.e.

³⁾ See Nos. 113 ff. and 119 ff. below.

Allowance is also made for the evident anxiety in some countries to build up stocks, especially of solid fuels for the household sector, to a level adequate to cover the eventuality of another hard winter. This suggests a continuing substantial demand for solid fuels in the early months of 1964. Should the winter prove no colder than average, however, the demand would be likely to fall off again in the second quarter. The prospects for 1964 cannot therefore be assessed with certainty. In any attempt to work out the estimates and compare them with the actual figures recorded for 1963, account must be taken of the fortuitous variations in energy requirements in the latter year.

TABLE 1

**Total internal primary-energy consumption and
internal consumption of hard coal and oil¹⁾**

('000,000 metric tons h.c.e.)

Year	Hard coal			Oil			Total	
	Tons	% of total	Percentage change	Tons	% of total	Percentage change	Tons	Percentage change
1962	248.8	48.3		175.5	34.1		514.5	
1963	254.7	45.8	+2.4	204.1	36.7	+16.5	555.8	+8
1964 (forecast)	244.7	43.0	-4.0	224.5	39.5	+10.0	568.5	+2

¹⁾ The figures in this Chapter and in the section of Chapter III devoted to coal give a full picture, carefully vetted for omissions and duplications, of the availabilities and consumptions of the products concerned. The statistical sources are the same in both cases, but there are a number of differences in the definition of the products and sectors, and in the presentation. These differences are explained in the annexes to the report on the state of the Community energy market (position at end 1963 and outlook for 1964).

Growth of energy consumption

78. Total internal energy consumption in 1964 is expected to be up by 13 million tons h.c.e. to 568 million, representing an increase of 2% over 1963 and 10% over 1962. The share of coal is put at 43% and of oil at close on 40%: coal consumption is likely to drop slightly below the 250 million tons at around which (with upturns and downturns according to temperature and water-level variations) it has been running for some years, while for oil the forecast is a further 10% increase following on one of 16.3% from 1962 to 1963.

Given an average winter, the energy consumption of the house-hold sector in 1964 will be approximately 8 million tons h.c.e. below the exceptionally high 1963 level, though the consumers' and Governments' anxiety to be on the safe side will tend during the early months of the year to keep demand higher than the actual consumption for a normal winter. In the other sectors, however, energy consumption may be expected to rise: the iron and steel industry's consumption of primary energy will, it is estimated, increase, for the first time since 1960, by 1,700,000 tons h.c.e., the "other industries" sector's by 5 million, and the power-stations' by about 7,500,000.

Sales to the different consumer sectors

79. According to an analysis of the marketing prospects for the different energy products in the various consumer sectors, coal sales should benefit by the expected increase of approximately 1 million tons in the demand for metallurgical coke. Given an average water run-off, the power-stations' requirements will rise quite appreciably, by some 4 million tons h.c.e. In most of the other sectors the demand for coal will decline, in consequence of the structural changes in progress and/or the reversion to more normal conditions after the sharp deviation in 1963. Private households will, however, still take substantial tonnages, mainly of low-volatile coals, anthracites, briquettes and coke.

Oil consumption is expected to continue increasing steeply in the "other industries" sector, and also, though less rapidly, in the household sector, where notwithstanding the extra tax gas oil usually works out cheaper per calorie than anthracite. The iron and steel industry, the transport sector and the power-stations will also continue increasing their procurements of petroleum products. The expansion will include all petroleum products, but more especially the fuel oils: consumption of light and heavy fuel oils may be expected to rise from 50,800,000 to 57,600,000 tons,¹⁾ an increase of over 11%, bringing their share of sales of petroleum products in the internal Community market to 40%.

Consumption of primary gas is at present dependent on the amount that can be supplied; no major increase is therefore in prospect for 1964.

¹⁾ = 72,600,000 and 82,400,000 tons h.c.e. respectively.

TABLE 2

Energy consumption, by consumer sectors

	Thermal power-stations ¹⁾				Iron and steel industry							
	Solid fuels	Liquid fuels	Gas		Solid fuels	Liquid fuels	Gas					
1962 '000,000 m.t. h.c.e.	71.1	11.7	8.8		49.9	5.5		19.8				
1963 '000,000 m.t. h.c.e. Percentage change	72.3 + 1.7%	13.1 +12.2%	8.8 — 0.1%		47.9 — 4.1%	6.2 +12.3%		19.5 — 1.7%				
1964 '000,000 m.t. h.c.e. Percentage change	77.1 + 6.7%	16.0 +22.1%	8.2 — 6.5%		49.0 + 2.3%	6.7 + 8.9%		19.6 + 0.6%				
	Other industries ¹⁾				Households				Transport			
	Solid fuels	Liquid fuels	Gas		Solid fuels	Liquid fuels	Gas		Solid fuels	Liquid fuels	Gas	
1962 '000,000 m.t. h.c.e.	39.6	45.4	15.3		69.3	37.5	8.2		11.1	51.6	0.3	
1963 '000,000 m.t. h.c.e. Percentage change	39.0 — 1.4%	54.7 +20.6%	13.7 + 2.8%		77.5 +11.8%	46.5 +24.1%	9.2 +11.5%		10.6 — 4.5%	57.4 +11.2%	0.3 —	
1964 '000,000 m.t. h.c.e. Percentage change	36.5 — 6.4%	61.0 +11.5%	17.0 + 7.9%		66.4 —14.4%	49.1 + 5.5%	10.0 + 8.9%		9.8 — 7.5%	65.5 +10.3%	0.3 —	

¹⁾ From 1963 onwards fuels used in industrial power-stations are no longer included in the consumption of "Other industries", but are added to that of "Thermal power-stations".

It must be borne in mind that these estimates can be no more than tentative, in view of such considerations as

- (1) uncertainty as to the general economic trend (this, however, would appear to be less serious with regard to 1964);
- (2) uncertainty as to future weather conditions (the extent to which these can affect consumption has been amply demonstrated by the events of 1963);
- (3) uncertainty as to the water run-off (which affects power-station requirements more than requirements generally)¹⁾;
- (4) uncertainty as to stock changes (which are especially difficult to assess for 1964 after such an abnormal year as 1963).

Coverage of internal requirements

80. Of the 568 million tons h.c.e. which internal requirements are expected to reach in 1964, 60% would be furnished from Community sources, whose production will total approximately 338 million tons h.c.e.

The contribution of coal is calculated at 223 million tons, or 39% of requirements, from the Community's own mines, plus net imports of 28 million.

Oil-refinery production is put at 197 million tons.²⁾ Refining capacity is to be expanded by 20%, and by the end of the year should total 255 million tons.

The risk of local shortages due to freeze-ups and transport breakdowns will be lessened in 1964 by the fact that the energy converters and end consumers now hold larger stocks of solid fuels, and that new pipeline-fed refineries have been installed, (particularly in the upper Rhine valley and Bavaria) in major consumer areas formerly remote from the primary-energy production centres. On the other hand, pithead coal stocks are no longer sufficient, as they were in previous years, to cover sharp leaps in demand due to outside circumstances.

The total demand for energy products in 1964 should work out at approximately 665 million tons h.c.e.,³⁾ of which some 50% will have to be imported, mostly in the form of oil.

¹⁾ Cf. *Statistical Annex*, Table No. 19.

²⁾ = 281 million tons h.c.e.

³⁾ 665 million tons h.c.e. = total internal consumption + additions to stocks, exports and bunkering (74,500,000) + consumption for non-energy purposes (18,200,000).

The energy position in 1963 and 1964 and the long-term outlook

Rather more than a year has now elapsed since the publication of the *Study on the Long-Term Energy Outlook for the Community*. It remains to examine how the developments in 1963 and estimates for 1964 dovetail into the longer-term pattern there outlined.¹⁾

81. *The estimated 1964 energy requirements are about one year ahead of the long-term mean trend calculated.* However, if it is borne in mind what divergences from a trend can be caused by fortuitous factors such as weather conditions, this discrepancy is not particularly surprising. It is quite possible that the outstandingly high demand of the last two years will be followed at a later stage by a switch resulting even, it may be, in a temporary diminution in the demand for energy: there have been precedents, in 1953 and 1958.

82. Despite fluctuations in the actual tonnages concerned, the changes in the pattern of the Community's energy economy are proceeding with notable steadiness. *The shares of the different energy products in the coverage of internal requirements in 1963 were pretty well exactly as forecast:* the share of coal contracted to about 46% as against just over 48% in 1962, while that of oil increased from 34% to nearly 37%. *Table 3* below brings out this trend very clearly, and it is expected that by 1965 oil will have drawn level with coal. The movement, which has been well in evidence since the beginning of the sixties, is thus demonstrably fundamental.

TABLE 3

Changes in the shares of the different products
in internal primary-energy consumption

(%)

Year	Hard coal	Brown coal	Oil	Primary gas	Hydro-power and geothermal energy	Total
1950	74	9	10	—	7	100
1955	67	8	16	2	7	100
1960	54	7	27	3	9	100
1962	48·3	6·9	34·1	3·5	7·2	100
1963 (estimated)	45·8	6·5	36·7	3·4	7·6	100
1964 (forecast)	43·0	6·4	39·5	3·5	7·6	100

¹⁾ See *Eleventh General Report*, Nos. 138 ff.

Nevertheless, it is important to note that these structural changes took place in 1963 without creating undue complications, and in particular without causing unemployment. This was due to a conjunction of favourable though to some extent exceptional circumstances: the level and growth of demand more than sufficed to keep the collieries producing steadily and the refineries working well up towards capacity.

83. Coal consumption continues to vary round about 250 million tons, depending on market, temperature and water-level conditions. In the last two years, what has appeared to threaten the chances of keeping Community production stable at around 230 million tons (with the aid of the various subsidies and protective devices introduced) has been not so much poor demand as the difficulties encountered in recruiting underground labour. In fact, the prolonged frost caused supplies of some of the household grades to run short.

Intra-Community trade in hard coal has also for some years been running at about 20 million tons (9% of internal consumption), and trade in coke at about 9-10 million (12-14%). Trade in petroleum products is at present fairly small, some 11-12 million tons, but may be expected to increase from 1964 onwards. Trade in energy products among the member countries at present totals 48-50 million tons a year.

The installation of new refineries and pipeline links (see preceding subsection) will make for greater flexibility in the coverage of requirements in the major consumer areas; on the other hand, there is the risk of temporary regional surpluses in the event of a turnaround in demand and consequent out-and-out competition between the different forms of energy.

84. The state of the market having enabled revenues to be increased (by putting up schedule prices, reducing the number of sales at prices aligned on third-country quotations, selling off stocks), the financial position in some coalfields took a turn for the better in 1963. This was, however, by no means the case everywhere, as is evident from the further action taken by some member Governments to help the collieries. Basically, the situation of the Community coalmining industry remains critical. Productivity growth rates have slackened in a number of coalfields; miners' wages are having to be increased in step with the pay rises taking place in all parts of the economy; the industry is obliged to be extremely cautious in its price policy. All these factors make it essential to push ahead vigorously with rationalization: henceforth, to ensure

GRAPH 1

Community : Total Energy Consumption;
Consumption of Hard Coal and Oil
Actual figures 1950/1962
Estimated figures 1950/1964

— TOTAL ENERGY

- - - - - HARD COAL

..... OIL

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



improved productivity it will be necessary to rely more on "positive" rationalization.¹⁾

85. Another major feature is emerging in the Community's energy supply situation, namely the *rise in net imports from third countries*. The share of imported energy in the coverage of internal requirements increased from 38% in 1962 to 42.9% in 1963, and is expected in 1964 to reach 45.5% (see Table 4).

TABLE 4

Contribution of net energy imports
to internal energy consumption

Year	Solid fuels (hard coal, coke, brown coal)		Oil and petroleum products		Total net imports (incl. electric current)	
	'000,000 m.t. h.c.e.	%	'000,000 m.t. h.c.e.	%	'000,000 m.t. h.c.e.	%
1962	18.7	3.6	176.7	34.3	196.4	38.1
1963	30.5	5.5	205.8	37.0	238.3	42.9
1964	28.6	5.0	227.6	40.0	258.6	45.5

TABLE 5

Share of net imports of the different sources of energy
in total net imports

Year	Hard coal	Brown coal	Oil and petroleum products	Gas	Electricity	(%)
						Total
1962	7	2	90	—	1	100
1963	11	2	86	—	1	100
1964	10	1	88	—	1	100

¹⁾ Nos. 126 ff. below.

Imports of solid fuels, principally hard coal, in 1963 covered 5.5% of internal energy requirements as against 3.6% in 1962; the proportion in 1964 is likely to be about 5%. These imports (60% of which are from the United States) constitute only a small part of the Community's total net energy imports, no more than 13% in 1963 and an estimated 11% in 1964; despite this fact, however, they did very materially contribute to the covering of the exceptionally high demand (see Table 5).

The share of net imports of oil and petroleum products continues to grow in relation both to total supplies (37% in 1963 and probably nearly 40% in 1964) and to total net energy imports (86% in 1963 and probably 88% in 1964). This also bears out the forecasts drawn up in 1962 by the European Executives.

86. The fact that so much of the Community's energy is imported poses with increased force the problem, firstly, of coal and oil transport costs, and secondly, of the location of the sources of the oil supplies.

As regards coal, in 1963 the prices of some tonnages imported from the United States were affected by rises in the transatlantic freight-rates, due to the recovery in international trade. However, the higher rates were for single voyages only; long-term contracts could still be concluded at pretty much the same rates as in previous years.

On balance, although at present higher landed prices are being charged for the extra imports to cover the swollen demand, there is so far nothing to suggest a substantial and permanent increase in the cost of regular procurements. The High Authority has therefore no reason at this juncture to modify the conclusions of the *Study on the Long-Term Energy Outlook* in this connection. This view is shared by the great majority of the experts, both European and American, whom it has consulted in recent months.

As for seaborne transport of oil, the surplus world tanker capacity appears to have been absorbed following increased demand and the assignment of some vessels for carrying wheat instead. The at any rate temporary adjustment resulting is naturally reflected in appreciable seasonal variations in short-term freight-rates: the effects of these on the prices of petroleum products in the Community are, however, inconsiderable, as single-trip charters, the only type of contract to be affected by such fluctuations, account for approximately 15% of the total tonnage carried, while additional steadying factors are the existence of reserve production capacity in Venezuela and the possibility of making

more use of Near East pipelines. In the medium term conflicting elements may come into operation, but any risk of a tanker shortage may be discounted, and a renewed surplus may develop as a result of large orders now on the stocks. Thus, though accompanied by incidental upturns in short-term freights, the structural downward trend in the average rates continues.

With regard to the *oil supply position*, the unusually high demand in 1963 was covered without strain with some price variations, thanks to the plentiful availabilities on offer in the world market. World production stood at 1,353 million tons in 1963, and is expected to increase in 1964 by a further 5.5% to about 1,430 million.

87. The *geographical diversification* of the Community's sources of supply and of prospecting operations, for the sake of greater security of supply, remains a permanent problem. True, there has been a change in the provenance pattern in that the share of imports from the Middle East had contracted by 1962 to 62% as compared with 77% in 1959; this is due mainly to the large tonnages now flowing in from the newly opened-up reserves in the Algerian Sahara and Libya — a direct outcome of the vigorous prospection drive carried out some years ago by various bodies over an increasingly wide range of areas.

It was similar efforts in this direction that led to the recent uncovering of very substantial reserves of natural gas in the Netherlands: these are at present put at 1,100,000 million cu.m. of recoverable gas, or nearly 1,500 million tons h.c.e. This incidentally confirms that in evolving a proper prospection policy, so vital to the furtherance of diversification, account must be taken of the considerable time which must elapse before a project approved can show practical results.

It should be noted that various negotiations have been going on in the past year between a number of Middle East Governments, represented by the Secretary-General of the Organization of Petroleum-Exporting Countries, and some of the concessionary companies, concerning various methods of calculating taxes and royalties. A statement by the Secretariat of O.P.E.C. on January 20, 1964, said that the talks were continuing.

88. Information as to the *prices charged in the Community market for petroleum products* is scrappy, particularly in the case of the industrial heavy fuel oils, which are in more direct competition with coal.

TABLE 6

Real prices of heavy fuel oil¹⁾²)

	Summer 1961 ¹⁾		April 1962 ²⁾		June 1962 ³⁾		Autumn 1962 ⁴⁾		November 1963 ⁵⁾		
	a. t. ⁶⁾	tax	a. t. ⁶⁾	tax	a. t. ⁶⁾	tax	a. t. ⁶⁾	tax	a. t. ⁶⁾	tax	
	(\$ per metric ton)										
Hamburg	20-21	7	21.5-22	7.5	20-22	7.5	22.5-23	7.5	20-21 ⁹⁾	7.5	12.5
Rotterdam	13.5-14	1	16.5-17	3	16.5-18	3	17.5-18	3	16.5-18.5 ⁹⁾	3	13.5
Antwerp	17-19	6	18-19	6	18-20	5.7	18-20	5.6	16-17 ⁹⁾	4.5	11.5
Dunkirk / Le Havre	22.4-23.4	2.4	20.8-21.8	2.4	21-22	2.2	20-21	2.2	20-21 ⁹⁾	2.2	18
Marseilles	20.6-21.6	2.4	19-20	2.4	19-21	2.2	18.3-19.3	2.2	18.4-19.4 ⁹⁾	2.4	16
Genoa/Naples	14.5-16.5	4.8	18.5-19	4.8	17-19	4.8	17.5-19	4.8	15-17.5 ⁹⁾	4.8	11.2

1) Source: energy balance-sheets for 1963 and 1964.

2) a. t. = after taxation.

3) Source: Annex II to *Perspectives Prix Ex-Raffineries*.

4) Delivered consumer's premises.

5) Ex refinery.

6) b. t. = before taxation.

With this reservation, *Table 6* shows the approximate movement of heavy-fuel-oil prices since the summer of 1961. The following main points emerge:

- (a) disparities, ranging up to approximately \$4.00 per ton, exist within the Common Market, according to the country of consumption;
- (b) except in the French market, and except in the unusual circumstances which prevailed towards the end of 1962, prices before tax remained much the same, the movements in the consumer prices resulting largely from fiscal measures adopted by Governments in pursuit of their respective energy policies;
- (c) in France prices were cut in 1962 by 10% from the 1961 level.¹⁾

Conclusions

89. The 1964 forecasts indicate, principally, that there will be no immediate disturbances and that the structural trends will continue. Barring accidents, the months ahead should see no economic jolts on anything like the scale of those in 1963. The fact that the position is quantitatively more or less in balance must not be allowed to obscure the vital importance of adjusting to the necessities indicated by the long-term forecasts.

In addition, it must be borne in mind that market fluctuations tend to be more pronounced in the energy sector than elsewhere. In particular, a very watchful eye must be kept on the movements of consumers' and dealers' stocks of solid fuels. In the last few years the consumers have benefited by the pile-up of producers' stocks, at the latter's expense. It would be unfortunate if, in the event of a mild winter or of indications of a slack market, the producers were again suddenly compelled to bear the burden of an accumulation of stocks, and hence to cut back production. Additions to distributors' and consumers stocks should proceed in an even flow.

As regards prices, the coalmining industry is naturally impelled by its rising production costs to pass on the financial burden by increasing its prices. This is, however, a risky course, inasmuch as it can so easily transpire, too late, that the increase has been excessive and served to accelerate the switch from coal to other fuels. At the same time, the

¹⁾ For further details see *Report on the State of the Community Energy Market*, January 1963.

present ample supplies of oil in the world market should not be allowed to obscure the fact that the diversification of prospection must continue all the time, and that its effects take a considerable time to materialize.

Such are the broad outlines and the hazards of the present situation. The concentration on hydrocarbon development in Italy, France, the Netherlands and, latterly, Germany, and the efforts in Belgium to arrive at a more balanced energy policy, do, it is true, seek to take account of some of these risks and requirements. But as things now stand it can hardly be said that these measures, and the action taken to assist coal, constitute an adequate response to the problems involved, or that they tend toward a common objective. Energy policy in the Community has still not been steered on to a consistent long-term course.

ENERGY POLICY

Activities and proposals of the Executives

90. Under the Protocol of October 8, 1957, between the Council of Ministers and the High Authority¹⁾:

- (a) the High Authority was required, in consultation with the Council/High Authority Joint Committee and, after they were set up, with the E.E.C. and Euratom Commissions, to conduct studies on energy problems, aimed essentially at enabling forecasts to be drawn up of short- and long-term energy resources and requirements²⁾;
- (b) basing itself on these studies, the Joint Committee was to submit to the High Authority and the Governments "periodic reports accompanied by proposals concerning the short-, medium- and long-term energy balance required and the best means of achieving it";
- (c) on the basis of the Joint Committee's reports, the High Authority, in co-operation with the other Executives, was "to submit to the Council of Ministers general indications in regard to energy policy, suggestions as to how such a policy might be put into practice, and a list of specific measures it considered desirable."

¹⁾ Protocol on Ways and Means of Ensuring a Co-ordinated Energy Policy, concluded between the Council of Ministers and the High Authority on October 8, 1957 (*Journal Officiel de la C.E.C.A.*, December 7, 1957); *Aide-Mémoire* on the co-ordination of energy policies (*Eighth General Report*, No. 36).

²⁾ See *Seventh General Report*, No. 92.

91. In accordance with these instructions, the following documents were successively drawn up and laid before the Council. (In addition, a report was submitted to the Council each year on the state of the energy market: that for 1963 and 1964 is summarized at the beginning of this Chapter.)

- (1) Report by the Joint Committee on a co-ordinated energy policy (April 1959).
- (2) Interim memorandum on co-ordination of energy policies, with annexes (March 19, 1960).¹⁾
- (3) Memorandum on initial measures with a view to the co-ordination of energy policies (January 10, 1961).²⁾
- (4) Memorandum on initial measures concerning imports of coal from third countries (October 26, 1961).³⁾

The three memoranda were drawn up by the Inter-Executive Working Party on Energy.⁴⁾

Having examined these documents, the six Ministers, meeting in Rome on April 5, 1962, made it clear that they considered the time had come to press on beyond the objectives set forth in the 1957 Protocol: they directed the Community Executives to draft proposals for an energy policy designed to culminate in the establishment of a Common Market for energy, and specifically added that the Executives need not confine themselves to the legal possibilities afforded by the existing Treaties.

The Executives duly laid before the Special Council of Ministers on June 25, 1962, a Memorandum on Energy Policy,⁵⁾ and on the following December 21 a Study on the Long-Term Energy Outlook for the European Community.⁶⁾

92. The findings of the Memorandum are based on a consideration of the supply and demand conditions for energy products over the next ten years. These conditions were gone into carefully in the preparation of the Study: they suggest that the differences of interest at present observable among the member States will gradually diminish: there

¹⁾ See *Ninth General Report*, Nos. 138 ff.

²⁾ *Ibid.*, Nos. 148 ff.

³⁾ See *Tenth General Report*, Nos. 82-83.

⁴⁾ See *Eighth General Report*, No. 35.

⁵⁾ See *Eleventh General Report*, Nos. 196 ff.

⁶⁾ *Ibid.*, Nos. 138 ff.

is a growing similarity in pattern among their respective energy positions, inasmuch as they are all destined sooner or later to become very much net importers of energy products.

In view of this convergent trend, and of the need to evolve for energy a common policy on the lines laid down by the Treaty of Rome for the Common Market as a whole, the memorandum proposes the two-stage establishment of a Common Market for energy.

The difference between the first and the second stage is primarily organizational. The transition period would be on mainly of national measures, though these would merge gradually into Community action; the ensuing final set-up would consist basically of Community-level means to a common end, though the structural organization of production, marketing and imports would comprise interim national arrangements as stepping-stones towards an integrated Community approach.

93. Upon receipt of the memorandum, the Council requested the Executives to go into its legal implications. This they have duly done; the High Authority, having worked out in detail what amendments would have to be made in the text of the Treaty of Paris for the memorandum to be implemented, submitted to the Council on April 10, 1963, a "Draft Agreement creating, with respect to the Treaty establishing the European Coal and Steel Community, the prerequisite conditions for the introduction of a Common Market for energy."¹⁾

By way of clarification, the High Authority accompanied its draft with an explanatory memorandum emphasizing that the remodelling of the Treaty of Paris must be so effected as to bring out the close inter-connection of the problems specific to coal with the energy question as a whole.

In addition to detailed draft amendments to the terms of the Treaty, the document embodies a suggested revision procedure for turning to account practical experience gained as the structural adaptation of the energy market proceeds, such revision to require the co-operation of the High Authority, the Consultative Committee, the Council of Ministers and the European Parliament.

The draft is for all practical purposes an outline instrument, to be ratified by the member States, incorporating the principles set forth

¹⁾ The text of the Draft Agreement is reproduced in the Annex of this Chapter.

in the memorandum on energy policy; it is sufficiently flexible to serve as the basis for any proposed common policy in line with those principles.¹⁾

94. The E.E.C. Economic and Social Committee on May 30, 1963, issued an opinion concerning the memorandum on energy policy.²⁾

The Consultative Committee made an independent examination of the Study on the Long-Term Energy Outlook and of the Memorandum on Energy Policy, and at the conclusion of its 85th meeting, on October 8 and 9, 1963, adopted a resolution expressing its view on the question as a whole.³⁾

The European Parliament has been constantly exercised for several years by the difficulties the Executives have had in framing and putting through a co-ordinated energy policy. It has debated several reports covering all aspects of the problems involved, and has passed a number of resolutions setting forth its views and indicating to the Executives the course it would wish to see them follow.

In 1963, the Parliament's Energy Committee studied the Memorandum on Energy Policy and the draft agreement on the prerequisite conditions for a Common Market for energy, and drew up a report on

¹⁾ In 1963, the High Authority drew up a memorandum describing the energy position of the main non-Community industrial countries, viz. the United States, the Soviet Union, Canada, Britain and Japan, and the action taken or envisaged there. The document was in the main a digest of available data from the countries concerned, and was compiled, in particular, to meet the wishes of the Consultative Committee. The countries studied represent with fair accuracy the two main types of energy situation: the United States and the Soviet Union have sufficient indigenous energy resources to cover their economic needs for the foreseeable future, while the other three are in varying degrees dependent on imports. Nevertheless, despite these differences, the structural factors which have in the last few years led to such a radical change in the Community's energy position have had or are having much the same effects in all these countries also: the share of solid mineral fuels in total primary-energy consumption has contracted, and by and large this trend is continuing, with a corresponding absolute and relative increase in the consumption of hydrocarbons. A point to be noted is the relative dominance of the United States in the energy market, due to the very large reserves either within its own territory or controlled by it, and to the action it is taking in pursuit of its energy policy.

At the same time, all five countries are striving to combine security of supply with minimum costs: hence the tendency observable in all of them to seek organizational arrangements for energy whereby the public authorities can exert greater influence on the different energy sectors and so secure means of co-ordination. This comes out particularly in the special attention they are all devoting to the development of nuclear energy.

²⁾ See *Journal Officiel des Communautés*, No. 189/1963.

³⁾ See *Journal Officiel des Communautés*, No. 8/1964.

energy policy.¹⁾ At its session of October 17, 1963, the House approved the Committee's report and passed a resolution endorsing the Executives' policy proposals.

Following a debate on the report submitted to it by its Social Affairs Committee on the social implications of a common energy policy,²⁾ the Parliament further, on November 28, adopted a resolution on this subject.³⁾

Activities of the Council of Ministers

95. Three documents were laid before the Council of Ministers:

- (a) the Memorandum on Energy Policy;
- (b) the Study on the Long-Term Energy Outlook for the European Community, with annexes;
- (c) the Draft Agreement creating, with respect to the Treaty establishing the European Coal and Steel Community, the prerequisite conditions for the introduction of a Common Market for energy.

The Study was discussed on March 21, 1963; in accordance with a suggestion by the Inter-Executive Working Party, the Council then decided to set up a special working party to examine the basic data contained in the Study.

On May 2, the Council took cognizance of the draft agreement. At the same meeting, it also decided to have the memorandum gone into by a special committee on energy policy, acting in parallel with the working party on the Study. The committee's terms of reference were laid down in the following decision:

- “ 1. A Committee is hereby set up, to be known as the Special Committee on Energy Policy.
- “ 2. The Committee shall consist of senior civil servants appointed by each member State, and of representatives of the High Authority of E.C.S.C. and the E.E.C. and Euratom Commissions, with the High Authority representative acting as Chairman and the Councils' secretariat functioning as the Committee's secretariat.

¹⁾ European Parliament Document No. 78 and *Journal Officiel des Communautés*, No. 157/1963.

²⁾ European Parliament Document No. 89.

³⁾ See *Journal Officiel des Communautés*, No. 182/1963.

- “ 3. The Committee shall examine the problems arising in the Community with regard to energy, and to the progressive introduction of a common energy policy, taking account in particular of the memorandum of June 25, 1962, on energy policy submitted by the Inter-Executive Working Party on Energy and the documents supplementary thereto, and of the views expressed in the Council by the different Governments. It shall seek to work out the principles to be followed in dealing with these problems, the means of action to be adopted, and the priorities to be observed.

It shall report to the Council not later than October 31, 1963.

- “ 4. The Committee may direct the working party set up by the Council at its 87th meeting on March 21, 1963, to make all such analyses and evaluations as it may deem necessary for this purpose. The working party shall submit to the Committee the results of the studies carried out by it in accordance with the instructions given it by the Council at its 87th meeting.”

On June 6, the Council decided to include the draft agreement among the documents to be considered by the Special Committee.

96. In a series of seven meetings between April 8 and July 19, the working party examined the basic data contained in the Study and its annexes. It was able to make comprehensive general review of the situation, and in July submitted its report to the Special Committee. To the High Authority's satisfaction, the Study served as a common basis of discussion and reference for the six delegations. Some of the latter supplied much very helpful information, notably with regard to the outlook concerning nuclear energy and the oil situation; the compilers of the Study were also able at the meetings to furnish additional data concerning, *inter alia*, American coal reserves, the outlook for nuclear energy beyond 1975, and the extent to which the calculations as to the competitive capacity of Community coal are liable to be thrown out by alterations in the basic hypotheses adopted.

From its observation of the working party's proceedings, the High Authority has formed the view that a substantial measure of agreement exists among the energy experts of the different Governments as to the probable trend in the energy economy in the Community countries, and that this common ground largely coincides with the findings of the Study. Naturally, the importance attached to any particular factor, or the proportions it is expected any particular economic complex

will assume, may differ from country to country, but the general gist remains much the same. The High Authority is convinced that this consensus of opinions on the substance of the situation will sooner or later be reflected in the member countries' practical approach.

The Special Committee on Energy Policy was required to report to the Council by October 31; in fact it completed its work in time for its report to be on the agenda for the Council's meeting on December 2.

In the meantime, the Council received from the German Government a draft "Transitional Protocol among the member States of the European Coal and Steel Community containing special temporary provisions aimed at the attainment of the objectives laid down in the Treaty establishing the Community."¹⁾

At its 91st meeting, on October 7, the Council, after discussing the German Protocol, decided to direct the Co-ordinating Committee to carry out the necessary preparatory work to enable it (the Council) to study the Protocol in detail, the Committee at the same time to make a thorough examination of the High Authority's draft agreement. This arrangement would dispense the Special Committee on Energy Policy from going into the legal aspects of the question, and enable it to concentrate on the economic side.

Upon the completion of the Special Committee's work, the Government representatives drew up a draft resolution which was submitted to the Council of Ministers on November 22.¹⁾

97. The Council at its meeting on December 2, which was also attended by the High Authority and by representatives of the E.E.C. and Euratom Commissions, discussed the Special Committee's draft resolution.

It proved impossible to secure the Council's unanimous acceptance of the draft resolution, which the Government experts considered to represent the basic minimum for a common energy policy on which the Government could agree for the present. The three Executives regarded the draft as wholly inadequate to bring about a common energy policy. The High Authority stated that it could subscribe to the draft only if the following five conditions fulfilled:

- (a) the common energy policy to be put into force from January 1, 1970;

¹⁾ The text of this document is reproduced in the Annex to this Chapter.

- (b) the draft resolution to be a first step towards the implementation of the principles set forth in the Inter-Executive Working Party's Memorandum;
- (c) it to be clearly understood that the High Authority's views on energy policy are those set forth in the Memorandum and confirmed in the Draft Agreement;
- (d) the granting of subsidies to require prior authorization by the High Authority;
- (e) special measures to be instituted for coke.

98. As the Ministers failed to agree, the Council could only add the draft resolution to the documents already before the Special Committee, *viz.* the memorandum and supporting material. The Committee is also required to take account of the opinions and suggestions voiced at the Council's meeting by the Ministers, the High Authority and the other two Executives. It is to submit its report in time for this to be discussed at the Council's meeting in March.

The effect of this procedural decision is that yet another attempt at a real advance towards a common energy policy has been rendered abortive. The European Parliament has rightly evinced deep disquiet at this state of affairs.¹⁾

99. The High Authority is accordingly seeking a way out of the present impasse, which is not only jeopardizing the prospects for a common energy policy, but is also liable to block the efforts to work out Community-level arrangements for dealing with the more immediate and extremely difficult problems arising with regard specifically to coal. Under pressure from outside circumstances and serious social and regional complications, the Governments of the coal-producing countries are introducing measures more and more exclusively national in conception and consequently less and less in line with the spirit of the E.C.S.C. Treaty.

This state of affairs cannot be allowed to continue indefinitely. The High Authority is determined to leave no stone unturned to bring about a comprehensive solution enabling the individual Governments' measures to be reintegrated into an overall Community system. And for that, it is essential that some definite prospect of an ultimate energy policy should emerge soon.

¹⁾ See Resolution of January 22, 1964 (*Journal Officiel des Communautés*, No. 24/1964).

In the light of these various considerations, the High Authority is at the time of going to press preparing to take further action, concerning which it is in touch with the other two Executives.

In response to the Parliament's resolutions of October 17, 1963, and January 22, 1964,¹⁾ the High Authority will do everything in its power to ensure that, working from the practical basis established in the course of the studies hitherto, definite steps are taken within the next few months towards the establishment of a common energy policy.

¹⁾ See *Journal Officiel des Communautés*, No. 157/1963 and No. 24/1964.

ANNEXES TO CHAPTER TWO

THE HIGH AUTHORITY
OF THE
EUROPEAN
COAL AND STEEL
COMMUNITY

Luxembourg, April 3, 1963.

**Draft Agreement
creating, with respect to the Treaty establishing the European
Coal and Steel Community, the prerequisite conditions for
the introduction of a Common Market for energy**

THE GOVERNMENTS OF

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having regard to the Treaty of April 18, 1951, establishing the European Coal and Steel Community;

having regard to the Treaty of March 25, 1957, establishing the European Economic Community;

having regard to the Treaty of March 25, 1957, establishing the European Atomic Energy Community ("Euratom");

having regard to the Protocol on ways and means of ensuring a co-ordinated energy policy, concluded between the Council of Ministers and the High Authority at the Council's 45th meeting on October 8, 1957 (*Journal Officiel de la Communauté Européenne du Charbon et de l'Acier*, December 7, 1957, No. 35);

having regard to the Memorandum on Energy Policy submitted by the High Authority on June 25, 1962, on behalf of the Executives of the three European Communities;

whereas, although the production of the different forms of energy follows quite different economic and technical patterns, the radical changes now taking place in the trend of energy consumption, more especially as a result of the increased scope for substitution, are producing the combination of technical and economic conditions for a single energy market;

whereas the respective duties and functions of the three Communities under whose separate jurisdictions the different energy sources at present fall are all trained on common objectives of economic expansion, greater stability of employment and a higher standard of living, all of which form part of the same work of economic integration undertaken by the six member countries of the Community;

whereas it is now apparent that the introduction of a Common Market for energy on the lines indicated in the aforementioned Memorandum will necessitate the relaxation of certain provisions concerning competition in the Treaty establishing the European Coal and Steel Community;

whereas the introduction of such a Common Market will entail adjustments which can be effected only by stages, and whereas in the case of the coalmining industry in particular it may be necessary during this transition period to adopt measures deviating from the terms of the Treaty establishing the European Coal and Steel Community,

HAVE AGREED AS FOLLOWS:

PART ONE

Principles and rules for the introduction of a Common Market for energy

Article 1

The object of the present Agreement is to create, with respect to the Treaty establishing the European Coal and Steel Community, the prerequisite conditions for the introduction of a Common Market for energy characterized by

- (a) free movement of the different products among the member countries, within the framework of a common commercial policy;
- (b) harmonization of conditions of competition;
- (c) a common economic policy with regard to energy.

Article 2

The purpose of introducing a Common Market for energy is to help raise productivity in the Community energy-producing enterprises and improve the competitive capacity of the Community energy-consuming industries, while safeguarding continuity of employment and avoiding the creation of fundamental and persistent disturbances in regional economies.

To this end, the responsible Institutions of the European Coal and Steel Community must help, as part of a common energy policy:

- (a) to ensure that consumers are free to choose among the different energy sources available;
- (b) to work for the establishment of the lowest possible prices compatible with the requirements of stability;
- (c) to ensure a reliable and regular flow of energy, taking due account of the growing proportion having to be imported, and of the progressive substitution of certain forms of energy for others;
- (d) to facilitate prospecting for and production and utilization of all forms or sources of energy to the extent that this is calculated to further the attainment of the objectives just listed;
- (e) to avoid all protective measures not necessary to the attainment of those objectives;
- (f) to facilitate the adjustment of the Community energy-producing industries and the regional economies to the changing conditions in the energy market.

Article 3

The provisions of the Treaty establishing the European Economic Community concerning the movement of third-country products between member countries, and concerning commercial policy *vis-à-vis* third countries shall apply, *mutatis mutandis*, to coal. Accordingly, the powers thereby vested in the Council shall be exercised by the Special Council of Ministers of the European Coal and Steel Community, and the powers vested in the Commission by the High Authority.

Article 4

1. For the purposes set forth in Articles 1 and 2 above, the responsible Institutions of the European Coal and Steel Community may

- (a) relax, in respect of coal, the rules contained in Article 60 of the Treaty establishing the European Coal and Steel Community;
- (b) lay down the conditions under which Community arrangements for assisting indigenous coal production may be instituted and financed;
- (c) lay down the conditions under which authorization may be granted for inter-colliery agreements in connection with the implementation of reconstruction programmes (more particularly in conjunction with the assistance arrangements referred to in (b) above), and for joint-buying or joint-selling agreements of a nature to facilitate the implementation of these programmes.

2. The amendments to be made under subsection 1 above to the Treaty establishing the European Coal and Steel Community shall be proposed to the Council by the High Authority.

They shall be adopted by a unanimous vote of the Council, with the consent of the European Parliament, by a majority of three-quarters of the votes cast and two-thirds of the Members of the House.

PART TWO

Transition period

Article 5

1. The prerequisite conditions for the introduction of a Common Market for energy must be established, in the case of coal, by stages over a transition period lasting six years and beginning on January 1, 1964.

2. The transition period may be shortened by unanimous decision of the Council upon proposal by the High Authority. It may be extended, by the same procedure, up to three times for one year at a time.

Article 6

1. During the transition period, the Institutions of the European Coal and Steel Community must, within the framework of their respective competencies, help forward the phased adjustment and assist in framing the rules which will be required if a Common Market for energy is to be introduced in accordance with Articles 1 and 2 of the present Agreement.

2. With regard to the measures to be adopted during the transition period and the special methods these may necessitate, account shall be taken of
 - (a) the special geological, technical and social conditions in the coalmining industry;
 - (b) the fact that coalmining is one of the most labour-intensive industries in the Community, and the dominant economic activity in certain industrial areas;
 - (c) the structural and natural disparities among the different coal-producing areas;
 - (d) the need for phasing the necessary adjustments in production so as to avoid causing economic and social complications either in the economies of the member States or in the producer areas.

Article 7

1. During the transition period, the High Authority may, should this be proposed by a member Governments, adopt measures deviating from the terms of the Treaty establishing the European Coal and Steel Community if it comes to the conclusion that the Treaty's provisions do not afford an adequate basis for the attainment of the objectives set forth in Article 6 above.
2. The High Authority must consult the Consultative Committee and must secure the unanimous agreement of the Council as to the need for and extent of any such deviation.
3. The implementation of the provisions thus adopted shall be the responsibility of the High Authority, which shall determine, where necessary, what disciplinary action should be taken, according to rules corresponding to those laid down in the Treaty.
4. Progress reports shall be submitted to the Council at regular intervals.
5. Where the High Authority finds that the maintenance of measures deviating from the provisions of the Treaty is no longer necessary to the attainment of the objectives set forth in Article 6 above, it shall arrange for their discontinuance, after consulting the Consultative Committee and securing the agreement of the Council.
6. Deviations from the provisions of the Treaty shall cease to be operative not later than the date of expiry of the transition period.

PART THREE

General and final provisions

Article 8

1. The provisions of Article 149 and of Articles 189-192 inclusive of the Treaty establishing the European Economic Community, and the provisions concerning the Court of Justice in Part Five of that Treaty, shall apply, *mutatis mutandis*, to the actions of the Special Council of Ministers of the European Coal and Steel Community and of the High Authority under Articles 3 and 4 of the present Agreement.
2. Where the Special Council of Ministers of the European Coal and Steel Community is called upon to reach a conclusion upon the basis of the provisions of the present Agreement, abstentions by members present or represented shall not prevent the adoption of Council conclusions requiring unanimity.

3. Subject to the foregoing, the rules of the Treaty establishing the European Coal and Steel Community, and in particular those concerning the right of appeal to the Court of Justice of the European Communities, shall be applicable to actions by the Institutions of the said Community under the present Agreement.

Article 9

relates to the ratification and entry into force of the Agreement, the provisions concerning which should be based on Articles 247 and 248 of the E.E.C. Treaty, but with the addition of the following words:

"This Agreement shall cease to have effect simultaneously with the Treaty establishing the European Coal and Steel Community."

THE FEDERAL MINISTER OF ECONOMIC AFFAIRS
THE SECRETARY OF STATE

Bonn, September 11, 1963.

Draft

Transitional Protocol among the Member States of the European Coal and Steel Community containing special temporary provisions aimed at the attainment of the objectives laid down in the Treaty establishing the European Coal and Steel Community

THE HIGH CONTRACTING PARTIES,

having regard to the Treaty of April 18, 1951, establishing the European Coal and Steel Community;

whereas the sales situation in the Common Market for coal has undergone fundamental changes of a nature to cause serious disturbances in the coal sector of the Community;

whereas in the interest both of the collieries and their workers and of energy consumers in the Community member States it is clearly necessary that the coalmining industry be adjusted to the changed conditions prevailing in the energy market without this process involving major disturbances;

whereas for the purposes of this adjustment it will be necessary, during a transition period; to introduce special measures in the Community and within the member States;

being desirous of examining, at the appropriate juncture, within the framework of the European Communities, what steps will be needed to bring the Common Market for coal into a settled and orderly state properly adjusted to the changed conditions in the energy market,

HAVE AGREED AS FOLLOWS:

Article 1

1. For such time as the present Protocol shall remain in force, it shall be permissible, notwithstanding the provisions of Article 4,c of the Treaty establishing the European Coal and Steel Community, for the following assistance to be extended by the authorities or out of public funds to the coalmining industry in the member States:

- (a) subsidies for the purpose of remedying a serious disruption of the economic affairs of a member State;
- (b) subsidies for the purpose of maintaining and improving productivity and furthering the adjustment of the coalmining industry to the changes in the sales position.

The High Authority shall be notified of all plans to furnish or to modify such assistance in sufficient time for it to put forward its comments on the subject. Should it find, after requiring those concerned to state their case within a given period, that the conditions upon which assistance may be given by the authorities or from public funds are not present, or that assistance grantable under the present Article is being improperly employed, it shall rule that the State concerned must withhold, discontinue or modify the assistance in question.

2. On the application of a member State, the Council may, in consultation with the High Authority, and provided it is unanimously agreed, rule assistance granted or planned by the State in question to be in order even though the requirements of subsection 1 above are not fulfilled, should exceptional circumstances justify such a ruling.

Where the High Authority has already taken action under subsection 1 with regard to such assistance, application to the Council by the member State concerned shall entail a stay of proceedings until such time as the Council shall have given its ruling, this interval, however, not to exceed three months. Where the High Authority has already issued a ruling under subsection 1, the legal obligations thereby imposed shall be voided by the Council's waiver.

Article 2

1. Should conditions in the coalmining industry of one or more of the member States of the European Coal and Steel Community become, or seem likely to become, seriously disturbed, the High Authority, at the request of the member State or States concerned, may, after consulting the Council, take action to facilitate the adjustment to the changed situation by temporarily

- (a) laying down minimum prices within the Common Market, if necessary within individual parts thereof, such decision to require the approval of the member State or States in question;
- (b) imposing restrictions on the right of some or all enterprises to align their prices as permitted by Article 60 of the Treaty establishing the European Coal and Steel Community, such restrictions to be likewise impossible, if deemed appropriate, in respect only of individual parts of the Common Market;
- (c) empowering a member State to impose quantitative restrictions on the flow of Community-mined coal from other member States, where the said State has similarly restricted its imports of third-country coal, the High Authority to determine the extent of the restrictions on the flow of Community-mined coal from other member States and the conditions and practical details of their application.

These measures must have a maximum term of one year. They may subsequently be extended.

2. At the request of a member State, measures taken or planned under subsection 1 above shall be discussed by the Council. The Council may rule, by an absolute majority as defined in Article 38,3 of the Treaty establishing the European Coal and Steel Community, that the measures in question must be discontinued or the intention abandoned.

Article 3

With the object of ensuring that the implementation of the commercial-policy measures adopted by the member States in conformity with the Treaty establishing the European Coal and Steel Community is not impeded by shifts in traffic flows, or in the event of differences among these various measures causing economic difficulties in one or more States, the High Authority shall propose the methods by which the other member States should give the requisite co-operation. Should this not suffice, it shall authorize the member States to introduce the necessary protective measures, in accordance with such conditions and practical details as it shall define. In an emergency, the member States may themselves introduce the necessary protective measures and notify the other member States and the High Authority; the High Authority may thereupon rule that the measures must be modified or discontinued. Priority should be given in the selection of measures to those least calculated to disturb the functioning of the Common Market for coal.

Article 4

For so long as the present Transitional Protocol remains in force, the member States of the European Coal and Steel Community shall consult with one another and with the High Authority, within the framework of the Council, concerning commercial-policy measures planned by them in the coal sector.

In an emergency, they may so consult after the introduction of the measures in question.

Article 5

Should the special measures permissible by the terms of the Treaty establishing the European Coal and Steel Community and of the present Protocol not suffice to eliminate serious disturbances in the coalmining industry of the Community or of one of its member States, or should other measure of this kind prove better calculated to achieve the aims and objects of the present Protocol, the member States or the High Authority may propose to the Council that the Protocol be amended or supplemented accordingly. This shall not affect the provisions of Articles 5-8 of the Protocol.

Proposals for the amendment or supplementing of the Protocol shall be agreed between the Council voting unanimously and the High Authority, and forwarded to the European Parliament for endorsement. The Parliament's endorsement shall require a three-quarters majority of the votes cast and a two-thirds majority of all Members of the House. Upon this being secured, the amendments and supplements shall come into effect.

[Delimitation with respect to Article 95 of the Treaty.]

Article 6

At the request of a member State or of the High Authority, the President of the Council shall convene a conference of representatives of the member Governments to settle the amendments to be made to the provisions of the Treaty establishing the European Coal and Steel Community.

Should no such request be made, the President of the Council shall convene such a conference two years before the expiry of the present Protocol.

The amendments shall come into force after ratification by all the member States in accordance with their respective constitutional procedures.

Article 7

The present Transitional Protocol shall constitute an integral part of the Treaty establishing the European Coal and Steel Community [within the meaning of Article 84 thereof].

Article 8

The present Transitional Protocol [and the measures adopted under Articles 1-5 thereof] shall cease to have effect on December 31, 1969.

[Ratification and language clauses.]

SPECIAL COMMITTEE
ON ENERGY POLICY

Luxembourg, November 22, 1963.

Draft Resolution

The Governments of the Member States of the European Communities, represented in the Special Council of Ministers of E.C.S.C.,

- (1) convinced of the need to establish a Common Market for energy based on due recognition of
 - (a) the growing proportion of imported hydrocarbons, which in a few more years will cover over one-half of the Community's total energy requirements,
 - (b) the prospects opened up by the development of nuclear energy, and
 - (c) the importance of social considerations;

aimed at ensuring

- (a) cheapness of supply,
 - (b) security of supply,
 - (c) phasing of substitution processes,
 - (d) stability of supply as regards both cost and quantities available,
 - (e) freedom of choice for the consumer,
 - (f) fair competition among the different energy sources within the Common Market,
- and taking into account the general economic policy,
- (2) conscious of the difficulties which still stand in the way of a comprehensive definition of a common energy policy, but desirous of pressing ahead towards the progressive establishment of such a policy, and
 - (3) being of the opinion that the present coal situation calls for immediate action,

A.

- (4) are prepared, having regard to the foregoing,
 - (a) to establish conditions of a nature to ensure the economically rational exploitation of the energy sources available, while preventing the emergence among Community producers of distortions liable to disturb the proper functioning of the Common Market, and
 - (b) to promote the development of energy production in the Community in the manner indicated below.

COAL

B.

With regard to coal, the Governments

- (5) are prepared to further by means of State aid the measures adopted by the collieries, including in particular the rationalization measures, to adjust their operations to the state of the market;
- (6) are prepared in addition to afford the collieries degressively-phased assistance in the form of protective or supporting measures;¹⁾
- (7) will arrange for appropriate action to be taken to ensure that cyclical factors do not interfere with the establishment of their energy policy and the smooth operation of the Common Market;
- (8) consider it desirable that the measures of energy policy should enable the countries concerned to draw up medium-term quantitative forecasts of production by coalfields;

¹⁾ The Belgian delegation expressed reservations on the inclusion of the words "degressively-phased."

C.

- (9) undertake to steer the measures envisaged in Section B above and the measures already taken in pursuance of the objectives set forth in subsection 1 above, resolve to enter into consultation with the High Authority in the Special Council of Ministers concerning the measures envisaged in Section B above before they are put into effect, except, where necessary, in cases of special urgency, and will do their utmost to co-ordinate there various measures;
- (10) consider that the State aids and subsidies prohibited by the Treaty of Paris in its present form should instead be grantable by prior authorization of the Community Institutions on the basis of general rules in line with the objectives set forth in subsection 1 and subsection 4-6 above;
- (11) consider that the Council should devote special attention to the question of the Community's long-term supply position regarding coking coal.

HYDROCARBONS (OIL AND NATURAL GAS)

D.

With regard to the hydrocarbon sector, the Governments, in accordance with the Treaty of Rome,

- (12) declare their willingness to introduce a common policy ensuring a widely diversified flow of supplies, at prices as low and as stable as possible, in accordance with practical arrangements which can be adapted to prevailing circumstances;
- (13) are prepared to promote the economically rational development of the production of hydrocarbons in the Community;
- (14) will endeavour to agree a common policy on hydrocarbon stocks;
- (15) reaffirm that they are resolved to eliminate progressively from their municipal laws and regulations and in the application thereof all discriminations between their own nationals and those of the other member States;
- (16) will endeavour to work out for fuel oils a fiscal system appropriate to the objectives of the energy policy as set forth above;
- (17) trust that the question of harmonizing taxes on the other petroleum products will be duly examined;

E.

- (18) resolve to institute standing arrangements for consultation with a view to attaining the above objectives and to co-ordinating the measures taken in the hydrocarbon sector.

NUCLEAR ENERGY

F.

With regard to nuclear energy, the Governments, in accordance with the provisions of the Treaty establishing the European Atomic Energy Community,

- 19) are prepared to promote and intensify research and experimental work and assistance for the industrial development of nuclear energy in the Community, in order that this new energy source may come at the earliest possible date to make its full contribution, at economic costs, to the coverage of Community energy requirements.

CHAPTER THREE

THE COMMON MARKET FOR COAL AND STEEL

Section 1: The Common Market for Coal

STATE OF THE COMMON MARKET FOR COAL IN 1963

General situation

100. In 1963, the exceptionally severe winter caused very acute and sudden supply difficulties to develop temporarily and locally in the Community coal market. Every possible device had to be employed in the early months of the year to maintain the necessary flow both to the industrial and to the household sector, and thanks to the all-out effort made the difficulties were overcome. By the end of the year the position had settled again, and consumers' stocks were back to a reasonable level, though some grades of house coal continued in short supply.

The hard frost sent coal consumption soaring all over the Community. Even more than in 1962, the weather affected the regular market trend as produced by the play of cyclical and structural factors, including more particularly the stagnation in steel production, the continuing advance of petroleum products, and the reduction in specific consumption of coal. This was, however, no more than a passing phase, with no real effects on the structural development of the energy market.

Taken in isolation, the increase in consumption does not accurately reflect the movement of the coal market. Since the consumers and dealers needed to build up their depleted stocks, disposals increased even beyond the level of immediate consumer requirements. At the

same time, Community production suffered a loss of approximately 4,600,000 tons owing to the French strikes, dropping overall by 1%.¹⁾ To meet the swollen demand, which reached specially outstanding proportions at certain junctures and in certain areas, it was necessary to run down producers' and importers' stocks and to increase imports from third countries.

TABLE 7

Movement of the overall position of hard coal and
briquettes in the Community

(*000,000 metric tons, rounded)

	1962	1963	Percentage change
Community consumption ¹⁾	259	261	+ 1
Changes in consumers' stocks ²⁾	-2	+4	
Intra-Community disposals	257	265	+ 3
Exports to third countries	5	3	-40
Total demand	262	268	+ 2
Production ³⁾	229	225	- 1
Imports from third countries	24	34	+42
Withdrawals from producers' and importers' stocks	9	9	
Total supply	262	268	+ 2

¹⁾ For household sector; sales.

²⁾ Exclusive of household sector.

³⁾ Including pitch for briquetting purposes; low-grade products in tons of saleable coal.

Demand for coal

101. As can be seen from *Table 7*, Community hard-coal consumption in 1963 totalled 261 million tons, slightly more than in 1962. The extra disposals in 1963 due to the abnormal weather conditions may be put at from 10 to 14 million tons; if we disregard the weather factor for both years, the level of consumption works out about the same, approximately 250 million.²⁾ Overall, then, climatic vagaries apart, coal consumption continues slack.

¹⁾ See No. 107 below.

²⁾ Correction to figure in *Eleventh General Report*, No. 238.

Table 8 shows the trend in consumption broken down by sectors. (For the household and small-industry sectors, the only figures that can be given are for sales, as the changes in dealers' and consumers' stocks cannot be known exactly.) It is clear from this table that, generally speaking, the trends observed in previous years are continuing, and that the exceptional demand from household consumers was due almost entirely to the hard winter of 1962-63.

Comparison of the figures for 1963, 1953 and 1957 reveals that coal consumption is still higher than it was ten years ago, but not so high as in 1957, the watershed year in this regard.

TABLE 8

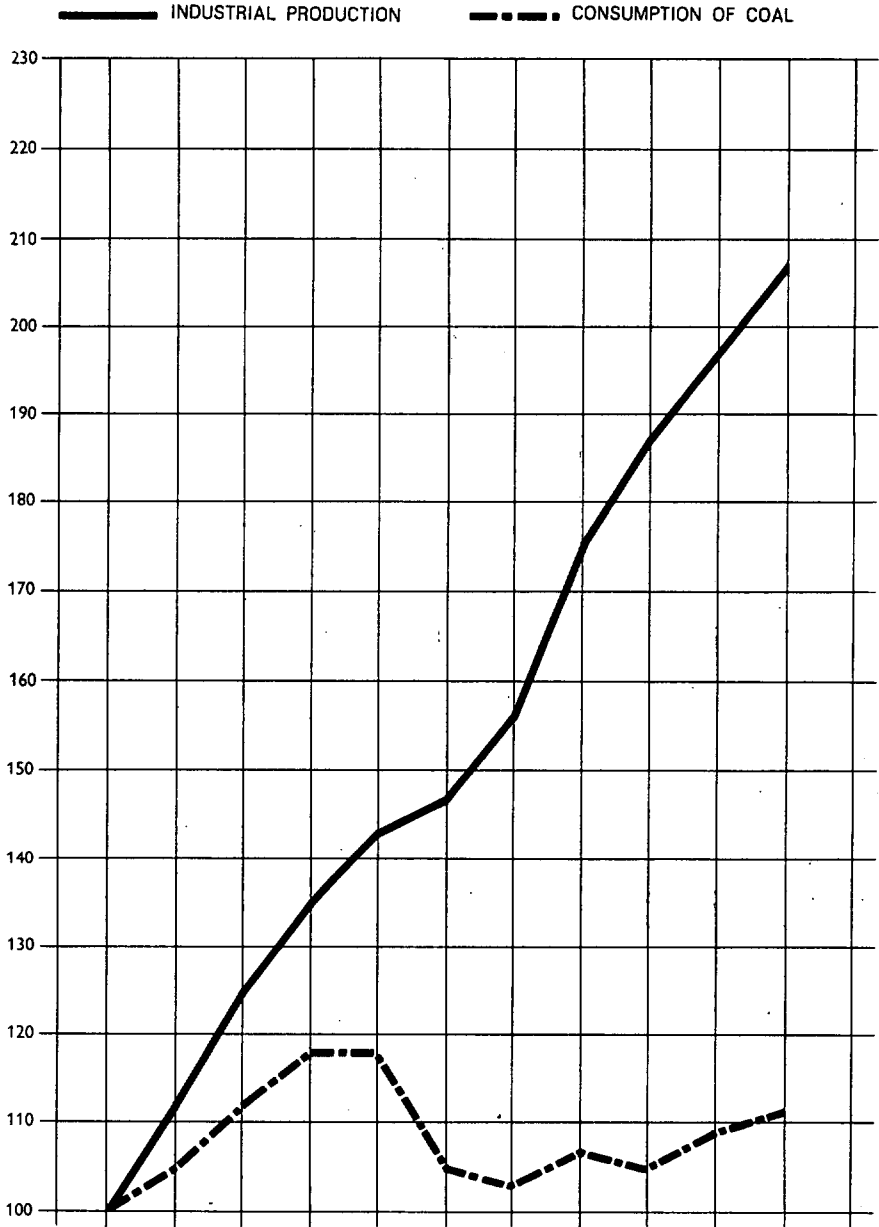
Trend in consumption of hard coal and briquettes, by sectors

Sector	1953	1957	1961	1962		1963	
	'000 m.t.	1953 =100	1953 =100	'000 m.t.	1953 =100	'000 m.t.	1953 =100
<i>Consumption:</i>							
Collieries' own consumption	11,028	83	65	6,758	61	6,571	60
Miners' concessionary coal	5,561	100	89	4,916	88	4,263	77
Pithead power-stations	14,019	138	127	19,725	141	19,700	141
Public power-stations	20,627	124	134	31,865	154	31,509	153
Gasworks	11,748	103	75	8,620	73	8,391	71
Railways	18,988	90	61	11,007	58	10,612	56
Coking-plants	80,763	125	121	96,476	119	93,620	116
Iron and steel industry	4,410	96	78	3,599	82	3,301	75
Other industries	35,963	108	91	32,462	90	31,856	89
Total ¹⁾	208,244	114	103	219,578	105	213,959	103
<i>Disposals</i>							
Households and small industry	34,454	128	101	39,550	115	47,467	138
Grand total	242,698	116	103	259,128	107	261,426	108

¹⁾ Including miscellaneous other consumers.

GRAPH No. 2

Comparative Indices of Industrial Production¹⁾
and Coal Consumption in the Community



Disposals to private households and small industry

102. Some types and grades of coal had already begun to run short in 1962 owing to the unusual circumstance that space-heating had had to be continued well into the second quarter of the year. Although deliveries of these grades were stepped up during the summer, the dealers' and consumers' stocks had still not been built up to an adequate level by the time winter set in. With the first frosts many consumers had to order fresh supplies, but with the tonnages available it was often only possible to provide these in penny numbers.

The unbroken hard frost in the first quarter of 1963 kept requirements very high, 40% above the level of disposals during the corresponding period in 1962. With the relatively inelastic supply of sized anthracites and low-volatile coals, the additional quantities sold had to consist mainly of coke and hard-coal briquettes; with the aid of these substitute fuels, a general supply breakdown was averted.

By the spring of 1963, both dealers' and consumers' stocks were again down pretty well to rock bottom. Their restoration during the summer and autumn, in conjunction with the extra consumption at the beginning of the year, brought total disposals of solid fuels during 1963 to 76 million tons, the highest figure since the Common Market for coal was introduced.

Table 9 shows disposals in 1963 as compared with those in previous years.

TABLE 9

Disposals of solid fuels to private households
and small industry

('000,000, metric tons)

Fuel	1954	1956	1959	1961	1962	1963
Hard coal	26.0	29.4	21.6	23.0	25.4	a- 47.4
Hard-coal briquettes	11.9	15.5	11.2	11.8	14.2	a-
Coke-oven coke	8.8	11.0	8.4	8.4	10.1	13.3
Brown-coal briquettes	11.4	12.8	13.5	14.5	15.7	15.5
Total	58.2	68.7	54.7	57.6	65.4	76.2
Indices	100	118	94	99	112	131

Particularly large quantities of solid fuels were sold to the household sector in France and Belgium, where the increase over 1962 was as much as 20%. In Germany and the Netherlands it was less pronounced, 7% and 13% respectively; in Italy there was no change.

Consumption in the industrial sectors

103. Power-station consumption was influenced by conflicting factors which overall more or less cancelled one another out. In the early part of the year, the stepping-up of power generation necessitated by the cold spell and the increased requirements of electric current for export further magnified the existing structural trend towards greater consumption of coal in this sector; in the subsequent months, however, hydro-electric production was well above average, so that less was needed from the thermal power-stations. Over the year, coal consumption by the thermal power-stations showed no change to speak of from 1962.

This was not so, however, as regards their procurements, which in order to replenish the much reduced stocks remaining at the beginning of the year had to be increased well beyond the requirements for actual consumption. The Belgian, Netherlands and Italian power-stations all bought in larger supplies, and the French stations even increased their purchases by 10% notwithstanding a drop in their consumption. In Germany, consumption rose as well, which added to the necessary stock renewals brought procurements to a level 10% above that for 1962.

104. The throughput of the coking-plants, and hence the production of coke-oven coke, was 2% less than in 1962. However, over and above current production more than 3 million tons were lifted from stock, so that total disposals of coke showed a slight increase, the result of the exceptionally high demand from the household sector.

105. As in 1962, the trend in the coke consumption of the iron and steel industry reflected the stagnation in steel production and also the steady improvement in blast-furnace burden preparation. 1963 saw a reduction of around 4% in the coke rate together with a 1% drop in pig-iron production, with the result that requirements of metallurgical coke decreased by 4%. The diminution was particularly marked in Germany, where pig-iron production fell off by 6%. In Italy, on the other hand, where steel production is still expanding, the consumption of coke showed a slight increase.

106. In the "other industries," gasworks and railway sectors, coal consumption continued to decline. The shrinkage was less pronounced than in previous years, but this was due to the weather at the beginning of the year: rail transport was more in demand owing to the freezing-up of the waterways, and larger quantities of manufactured gas were required, thus keeping the gasworks busy. In the "other industries" sector coal consumption decreased by 2% despite expanding production and the harsh winter. As was explained in last year's Report,¹⁾ 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. Consumption of petroleum products in this sector increased in 1963 by 9%.

Production

107. One of the most important factors influencing the level of Community coal production in 1963 was the French colliery strike in March and April. This brought French production down from 52,400,000 tons the year before to 47,800,000. Though there was a slight increase in Belgian and German production, the overall Community figure as a whole is 3,600,000 tons below that for 1962.

Had it not been for the French strike, Community production would have shown a small year-to-year increase for the first time since 1957.

The upward trend in production after years of decline is due primarily to the turn for the better in the manpower situation, in conjunction with the producers' sustained drive to rationalize operations.

The rate at which miners are baring the pits has slowed down since the summer of 1963, and the improvements in productivity are no longer being nullified by the reduction in the labour-force. In 1963, output per man/shift rose by 5%, as compared with an average 7.5% per annum in the last few years, while the contraction in the underground labour force was only 4.5% as against an average 8% previously. This is, therefore, a reversal of the trend observable since 1959.

¹⁾ See No. 245 below

TABLE 10

Trend in hard-coal production

('000,000 metric tons)

	1953	1959	1959	1962	1963
a) <i>Actual Production</i>					
Germany (Fed. Rep.)	140.9	149.0	141.8	141.1	142.1
Belgium	30.1	27.1	22.8	21.2	21.4
France	52.6	57.7	57.6	52.4	47.8
Italy	1.1	0.7	0.7	0.7	0.6
Netherlands	12.3	11.9	12.0	11.6	11.5
Community	237.0	246.4 (max.)	234.9	227.0	223.4
b) <i>Potential production¹⁾</i>					
Community	237.0	252.7	247.2	227.4	228.1
Indices	100	107	104	96	96

¹⁾ I. e. the tonnage which would have been produced but for the effects of short-term working and strikes.

TABLE 11

Comparative movement of manpower employed
and underground o.m.s.

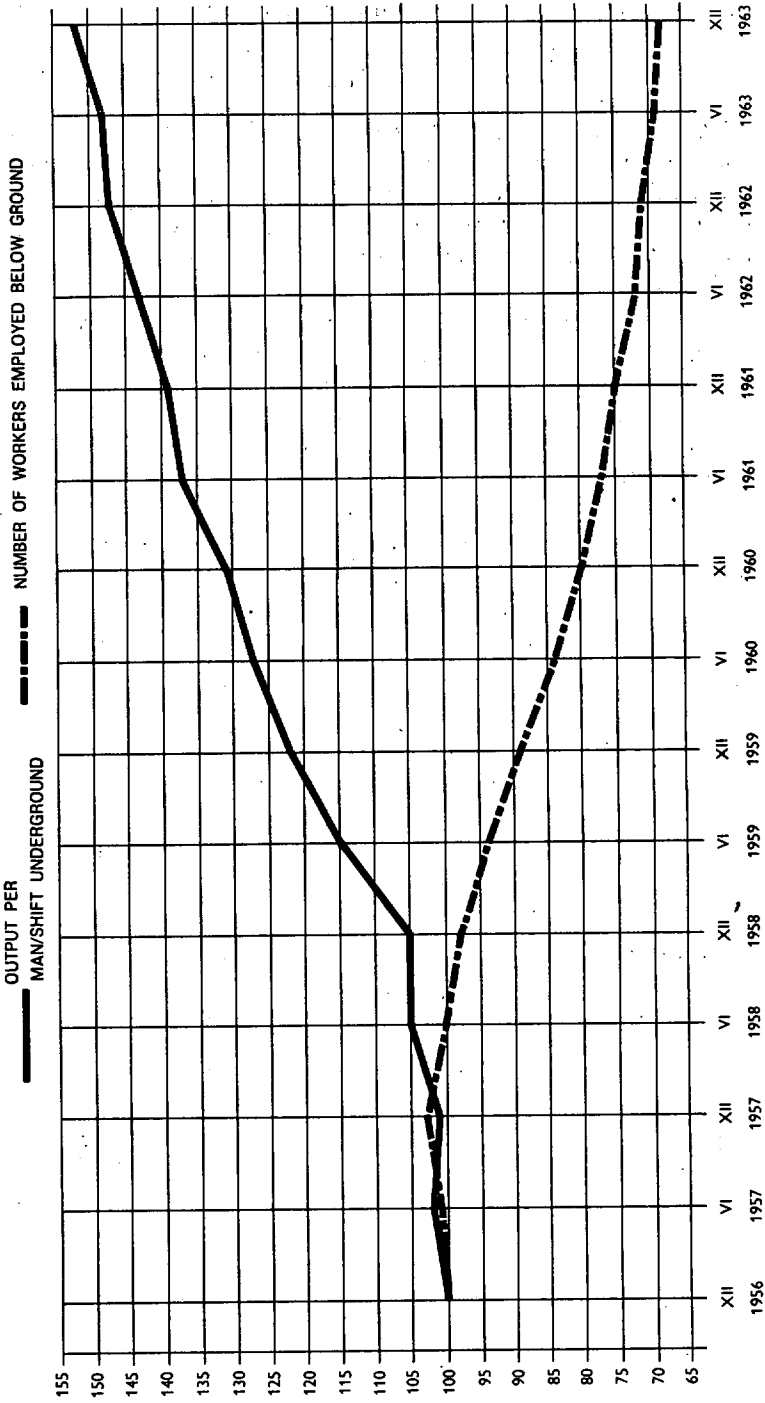
%

Country	1960/59		1961/60		1962/61		1963/62	
	Man-power	O.m.s.	Man-power	O.m.s.	Man-power	O.m.s.	Man-power	O.m.s.
Germany (Fed. Rep.)	-10.5	+11.4	- 7	+ 7.3	- 8	+ 7.5	- 6.5	+ 6.3
Belgium	-15	+13.6	-14.5	+ 8.7	- 9.5	+ 6.1	- 3	+ —
France	- 6	+ 4.7	- 7.5	+ 4.3	- 2.5	+ 2.3	- 2	+ 1.9
Italy	-10.5	+15.6	- 7.5	+16.9	- 8.5	+ 6.5	-22.5	+18.7
Netherlands	- 4.5	+10.6	- 5	+14.9	- 4	+ 0.7	- 2	+ 0.8
Community	-10	+10	- 8	+ 7.4	- 6.5	+ 5.6	- 4.5	+ 5

A second, more fortuitous factor has also contributed to the increase in production: in Germany the number of days worked was higher than in 1962, more especially early in the year, when a special effort was called for to keep the household sector supplied.

GRAPH No. 3

Comparative Indices of Output per Man/Shift Underground and Number of Workers employed below Ground in the Community Coalmines



Intra-Community trade

108. The total volume of trade in solid fuels among the Community countries increased in 1963: while the rise in requirements caused by the cold weather necessitated more particularly larger imports from third countries, it also gave, overall, a fillip to intrz-Community trade. The increase was very unevenly distributed, chiefly affecting coke-oven coke.

The overall trade figure for *hard coal* and hard-coal briquettes conceals various disparities between one country and another. Italian procurements continued to fall. The producers in the supplier countries tended to align less frequently on the delivered prices of third-country coal on the Italian market. Belgian sales to France and Germany more than doubled.

Trade in coke-oven *coke* showed a 13% increase over 1962, mainly accounted for by larger French purchases to meet the demand for fuels to use in place of anthracite.

Table 12 shows the year-to-year changes in procurements of hard coal and briquettes and of coke-oven coke. A more detailed breakdown of the trade statistics will be found in the Annex to the Report.¹⁾

TABLE 12
Intra-Community procurements of solid fuels

('000 metric tons)			
Country	1962	1963	Percentage change
<i>Hard coal and hard-coal briquettes</i>			
Germany (Fed. Rep.)	1,576	2 017	+ 28
Belgium	3,573	3,506	— 1.9
France	8,238	8,982	+ 9.0
Italy	2,548	1,281	— 49.7
Luxembourg	202	416	+105.9
Netherlands	4,388	3,523	— 19.7
Total	20,525	19,725	— 3.9
<i>Coke-oven coke</i>			
Germany (Fed. Rep.)	366	353	— 3.6
Belgium	255	337	+ 3.2
France	4,765	5,925	+ 24.3
Italy	228	424	+ 86.0
Luxembourg	3,890	3,666	— 5.8
Netherlands	338	456	+ 34.9
Total	9,842	11,161	+ 13.4

¹⁾ See *Statistical Annex*, Tables Nos. 11 and 12.

Imports from third countries

109. To cover the increased demand referred to, it was necessary both to make substantial withdrawals from producers' and importers' stocks and to step up imports from third countries in 1963 by no less than 43%.

TABLE 13

Hard-coal imports from third countries,
by exporter countries

('000,000 metric tons)

Country	1958	1960	1962	1963	Percentage change 1963/62
United States	25.8	12.5	15.3	21.2	+ 39
United Kingdom	1.6	1.7	3.1	5.6	+ 81
Poland	2.6	1.7	1.8	1.7	— 6
Soviet Union	1.2	1.4	2.4	4.0	+ 67
Other sources	0.6	0.6	1.0	1.4	+ 40
Total	31.8 (max.)	17.9 (min.)	23.6	33.8	+ 43

The largest absolute increase was in imports of American coal, but easily the fastest rates of growth were for British and Russian. Imports from Poland remained practically the same.

As the increased demand came principally from private households and from the power-stations, most of the extra imports were of the grades required by these sectors. The power-stations more particularly took British hard coal; the additional deliveries of anthracite came for the most part from the United States and the Soviet Union, while Britain supplied the extra tonnages of anthracite and low-volatile fines for briquetting purposes.

110. All the Community countries increased their imports, but in widely-differing degrees. France in particular had to do so on a very substantial scale indeed, as the colliery strike had badly aggravated the already serious situation regarding availabilities of household grades.

One-half of the increase in imports from third countries was accounted for by France alone, Belgium coming second with an import level nearly three times as high as in 1962. Italy took about as much more third-country as less Community coal. In Germany the increase was only a minor one.

TABLE 14

Hard-coal imports from third countries,
by importers countries

('000,000 metric tons)

Country	1958	1960	1962	1963	Percentage change 1963/62
Germany (Fed. Rep.) ¹⁾	12.9	5.6	7.1	7.2	+ 1
Belgium	2.4	0.9	1.3	3.8	+192
France	4.9	1.9	3.0	7.5	+150
Italy	7.7	6.2	8.1	9.8	+ 21
Netherlands	3.9	3.3	4.2	5.6	+ 37
Community	31.8 (max.)	17.9 (min.)	23.6	33.8	+ 43

¹⁾ Including coal imported for the use of the American forces.

Exports to third countries

111. Exports of hard coal and coke-oven coke taken together dropped 12% in 1963, almost back to their 1961 level. There was a change, however, in the relative positions of the two products, coal exports showing a decrease of 28% from 1962 and coke exports an increase of 11%.

TABLE 15

Exports of hard coal, hard-coal briquettes and coke-oven coke
to third countries

('000 metric tons)

Country	Hard coal and briquettes		Coke-oven coke		Total	
	1962	1963	1962	1963	1962	1963
Denmark	338	49	790	860	1,128	909
Sweden	277	177	959	1,079	1,236	1,256
Norway	83	43	72	130	155	173
Finland	—	—	96	76	96	76
Austria	1,052	978	498	581	1,550	1,559
Switzerland	1,366	1,238	508	653	1,874	1,891
Other	1,675	976	714	697	2,389	1,673
Total	4,790	3,461	3,637	4,076	8,427	7,537

The biggest change was in sales by Belgium, which fell from 943,000 tons in 1962 to 383,000 in 1963. In the case of the largest Community exporter country, Germany, the drop in coal exports was almost offset by the rise in exports of coke.

Pithead stocks of hard coal

112. The play of supply and demand in 1963 necessitated a rundown of stocks, and not of pithead stocks only: over and above the 5,600,000 tons lifted from Community producers colliery stocks, 3,200,000 had to be lifted from French-held stocks of Saar coal. French withdrawals from stocks totalled 5,500,000 tons, two-thirds of the figure for the whole Community.

TABLE 16

Pithead stocks of hard coal

('000,000 metric tons)				
Country	End 1962	Change 1963/62	End 1963	Proportion of low-grade products at end 1963
Germany (Fed. Rep.)	6.1	-2.3	3.8	1.0
Belgium	1.4	-0.9	0.5	0.3
France	8.6 ¹⁾	-2.3 ¹⁾	6.3 ¹⁾	5.2
Netherlands	0.5	-0.2	0.4	0.1
Community	16.6	-5.6	11.0	6.6

¹⁾ Stocks of Saar coal at end 1962, 4,600,000 tons; change 1963/62, -3,200,000; stocks at end 1963, 1,400,000.

As the above table indicates, pithead reserves of hard coal at the end of 1963 consist of 6,600,000 tons (60%) of low-grade products, usable for practical purposes only by the power-stations, and only 4,400,000 (40%) of saleable coal.

Coke stocks at the plants decreased from 6,200,000 tons at the end of 1962 to 2,400,000 at the end of 1963.

*Prices and price alignments**Prices of Community coal*

113. In 1963, the majority of Community producers notified the High Authority of increases in their schedule prices, due to rising production costs. At the same time, in calculating their selling prices, the producers were compelled to bear in mind the pressure of competition from other energy sources and from third-country coal. They had therefore to vary the size of the increases according to the competitive position of coal in the different consumer sectors.

Certain grades of house coal, such as sized anthracite, are very much in demand because they are in practice the only coals that can be used for particular purposes: hence they are priced high. The anthracite price index (1953 = 100) rose in 1963 from 137 to 140 in the Ruhr, from 134 to 141 in the Netherlands, from 131 to 143 in Belgium and from 114 to 119 in France. The movement in the case of the anthracite-type low-volatile grades was still more pronounced, substantially lessening the price gap between the two products.

Even industrial coals tended to be somewhat short: despite a further stiffening in competition from fuel oil in 1963, the prices of these coals were also raised, though not, generally speaking, to the same extent.

As regards coking coal, though it too is a "specific," or special-purpose, product, the price increases were smaller, the reason being competition, or potential competition, from the American coking coal on offer to the coking-plants. The price index for coking fines (1953 = 100) went up in 1963 from 123 to 126 in the Ruhr, from 105 to 111 in the Netherlands, and from 100 to 108 in Belgium; in Lorraine it remained unchanged at 117, in the Nord-Pas-de-Calais at 101 and in the Saar at 124.

The different price trends in different consumer sectors have appreciably affected the price spread of many producers' schedules, the widening gap between the prices of industrial smalls and of sized house coals reflecting the tendency to differentiate according to the state of demand in the sector concerned.

Both the all-round rise in prices and the greater rise for the household grades illustrate once again how awkwardly placed the Community coalmining industry still is. Production costs have been going up, while

despite the price increases revenues remain uneconomically low, many collieries being now not even in a position to show a return on their capital.

Moreover, although the current state of the fuel market does seem to keep the adverse effects of prices increases at bay for the present, the medium-term trend suggests that the deterioration in the competitive position of coal will be correspondingly advantageous to its competitors. The Community coalmining industry's problems are there to stay, and they will not be made any easier to cope with by a price policy which is liable to stultify the action being taken. Accordingly, the High Authority has itself, in its memorandum on energy policy, outlined the measures it considers must be adopted to tackle these difficulties.¹⁾

Prices of third-country coal

114. The price leadership of American coal in the international market continues. This remained the case in 1963 notwithstanding the Community's substantial procurements of British steam-raising fines, particularly along the Channel and North Sea coasts: allowing for differences in quality, the c.i.f. prices of these coals would appear to be more or less aligned on the American.²⁾

The f.o.b. prices of American steam-raising coal remained round about their 1962 level during the early months of 1963; in the spring, however, despite steady home prices, they hardened appreciably. Quotations above \$9.00 were frequent, any coal priced lower than this being now not of top quality.

The f.o.b. prices of coking coal also remained noticeably stable until the spring, at \$9.50-9.80 for prepared blends and \$10.25-11.50 for coals with a low V.M. content. About April, as a result of the recovery in the American steel industry and the effects of this on the economy in general, the American coal position improved, and export prices rose until by the autumn they had reached their highest level since 1958.

The f.o.b. prices of steam-raising fines stood in the autumn at \$9.00-10.00, of low-V.M. coking coals at \$10.75-11.75, and of blends at \$10.00-10.50.

¹⁾ See *Eleventh General Report*, Nos. 226 ff.

²⁾ For comparison with Community pithead prices, see *Statistical Annex*, Tables Nos. 13 and 14.

These quotations are in the main for medium-sized tonnages for delivery over short periods. Long-term contracts for large shipments could, however, be negotiated at prices very little different from the prices charges at the beginning of the year for single shipments.

Freight-rates

115. The upward movement in transatlantic freight-rates which had become observable early in 1963 continued slowly until the autumn, the September average single-trip quotation being \$3.72. A sharp rise occurred in October, when the average went up to \$5.09, before settling back somewhat in November to \$4.86.

Thus between January and October 1963 the c.i.f. price for single shipments of low-V.M. American coking coal increased from \$14.00 to over \$16.00.

These variations in the spot c.i.f. prices of American coal are noteworthy as illustrating the extreme sensitivity of freight-rates to cyclical factors; they are, however, no indication at all as to the long-term trend.

The sudden leaps in the autumn of 1963 were largely due to the announcement, at a time when the market was in any case somewhat tight, that negotiations were in progress for the shipment of very substantial tonnages of North American grain to regions of the Euro-Asian continent. By October 1963, some 1,400,000 d.w.t. of tanker capacity had been chartered for carrying grain, while about the same tonnage of bulk carriers had been brought out of lay-up since January. The prospect of further grain shipments and a possible upturn in the oil market suggests that requirements for shipping space may outstrip immediate availabilities, thus upsetting the precarious supply/demand balance and perhaps impelling shipowners to bring back older and older vessels out of lay-up.

However, these fluctuations do not really affect long-term freight rates, as regards either time charter arrangements or carriage for own account. Shipbuilding costs for the larger and larger vessels now being planned remain very low, ranging from \$100 to \$130 per deadweight ton according to the country of construction and the size of the vessel. The operating costs for these large new ships have also been reduced, at present amounting for vessels of 15-30,000 tons to \$3.00-3.50 on the Hampton Roads-A.R.A. run.

Price alignments

116. The comparative tightness of the market and the price changes effected by Community producers in 1963 made a certain difference to the tonnages of coal sold by alignment on E.C.S.C. price-schedules: such sales, by all producers taken together, worked out in 1963 at 7,500,000 tons as compared with 9,000,000 in 1962.

Sales by alignment on *third-country quotations* decreased quite substantially, from 8,000,000 tons in 1962 to 4,500,000 in 1963, despite the appreciable rise in imports of third-country coal. With the tighter supply situation a number of Community producers were able to sell to a greater extent away from those parts of the market in which really heavy price cuts had been needed to compete with outside quotations.

The *total* 1963 figure for sales by alignment on Community and on third-country prices was 12 million tons, 6% of all disposals as compared with nearly 9% in 1962.

117.—*Alignments on E.C.S.C. schedules.* — The pattern in 1962-63 remained much the same as in 1961-62. More than half of the alignments on lower Common Market schedule prices were by German producers, and more particularly by those of the Saar, who have to meet competition in Southern Germany from Ruhr coal shipped up the Rhine and in France from Lorraine coals.

Belgian sales by alignment on E.C.S.C. schedules were rather lower in 1962-63, *viz.* 2,400,000 tons, or 11.4% of disposals as against 13.5% in the previous year.

118. *Alignment on third-country quotations.* — More interesting to observe have been the changes, as among both suppliers and markets, in the position regarding alignments on third-country quotations.

These reflect producers' anxiety, firstly, to keep their rebates as small as possible, and secondly, to concentrate on those markets in which they hope demand will eventually settle at a more stable level.

Thus, although the overall tonnage sold by the German producers by alignment on third-country offers remained unchanged, the tonnages sold by them on this basis to Italy decreased by 37%, while the amounts to the Netherlands increased by over 50%. The Belgian producers were able to make substantial reductions in their third-country alignments in all their Community markets — Belgium itself, Germany, France

and the Netherlands — the total amount so sold falling from over 4 million tons to 1,800,000.

No changes of note occurred in the case of the other producers.

The comparative movement of total sales and sales by alignment on third-country quotations is a useful market indicator. That in 1962-63, at a time when third-country coal was extremely cheap, the former nevertheless increased while the latter decreased was an undoubted demonstration of the hardening of demand.

RECONSTRUCTION AND RATIONALIZATION

The cost trend in the Community collieries

119. Average underground output per man/shift in the Community collieries rose from 2,059 kg. in 1961 to 2,174 in 1962, an increase of 5.6%: this approximates to the productivity improvement in the coal-mining industry overall, which amounted to close on 6%. The rate of growth in o.m.s., however, continues to fall. The increase in 1960 was 10% and in 1961 only 7.4%; provisional estimates suggest that for 1963 it will work out at 4.5%, bringing the average underground o.m.s. up to 2,272 kg.

From 1959 to 1961, the different countries were about level as regards the results of colliery rationalization, but in 1962 and 1963, as the rates of increase slackened, disparities between the countries began to emerge. In 1962 o.m.s. rose by nearly 7.5% in Germany and about 6% in Belgium, but in France and the Netherlands by only 2.3% and 0.7%. In 1963 underground o.m.s. increased in Germany by 6.2%, and in France, Belgium and the Netherlands by less than 2%

120. Average Community coal production costs, converted into E.M.A. dollar units of account at ruling rates of exchange, showed an increase of 2.6% in 1962 over 1961, or 2.3% if allowance is made for the effects on the exchange rates of the revaluation of the mark and guilder in the spring of 1961. This was a smaller rise than in the previous year, when the figure exclusive of exchange movements was 3.3%, and inclusive 5.9%. Particulars so far to hand suggest that costs will prove to have gone up in 1963 by a further 2.5%.

121. The increase in 1962 was mainly due to the rise in labour costs per ton produced, which averaged approximately 3.2% for the Community as a whole — the effect of the lag between the increase in wage costs and the improvement in output per man/shift. Underground mineworkers' wages were raised in 1962 by an average of 7.8%, outstripping in all the Community countries the increases achieved in productivity.

The difference between the two rates of increase varied, however, appreciably from country to country: in Germany it was fairly small, 9.4% (gross wages per hour) as against 8%, while in France it was very marked indeed, 7.1% as against only 2.5%. As a result of these disparities, the movement of costs has been different in the different countries. *Table 17* below shows the comparative changes in underground output per man/shift and in gross hourly wages: as the incidence of labour costs in the coalmining industry is so high, the differences between the two offer some indication of the overall cost trend in each country.

TABLE 17

Year-to-year increases in underground o.m.s.
and gross hourly wages of underground mineworkers

(%)

Country	O.m.s.				Cross hourly wages ¹⁾			
	1960	1961	1962	1963	1960	1961	1962	1963
Germany (Fed. Rep.)	+11.4	+ 7.3	+ 7.5	+ 6.3	+ 5.6	+ 9.7	+ 9.4	+ 6.1
Belgium	+13.6	+ 8.7	+ 6.1	± 0	+ 1.8	+ 2.6	+ 6.1	+ 7.9
France	+ 4.7	+ 4.3	+ 2.3	+ 1.9	+ 2.9	+ 4.6	+ 7.1	+ 9.1
Netherlands	+10.6	+14.9	+ 0.7	+ 0.8	+ 6.3	+ 7.8	+ 5.8	+ 4.7

¹⁾ In terms of national currencies.

Incidentally, in 1962 the increase in industrial wages as a whole was even greater than in miners' wages, averaging 9% for the Community overall. This would appear not to have been the case in 1963, but it is too soon to accept this as an established fact.

122. The level of colliery labour costs is not governed purely by that of gross hourly wages in relation to output per man/shift, but is also influenced by employers' related charges. As against the increase of 7.8% in gross hourly wages, employers' all-in expenditure per hour on wages and related charges went up in 1962 by 9.6%: that is to say, indirect labour costs rose in that year much more steeply even than direct costs. *Table 18* shows the trend in employers' hourly wage costs and related charges in the different countries: the increase has been fairly evenly distributed, coming lowest in Belgium at 9% and highest in the Netherlands at 9.8%. It should be noted that the State's as well as the employers' social-security contributions are rising all the time.

Graph No. 4 shows the interrelation of the Community mean trends respectively in underground o.m.s., employers' hourly wage costs and related charges, and production costs per ton.

123. As regards other cost elements, there were no changes to speak of in the prices of colliery equipment and materials. The wholesale-price index for industrial products remained practically level in 1962 for the Community as a whole, minor increases of about 1% in France, Italy and the Netherlands being approximately offset by a 1% decrease in Germany.

124. Revenues in 1962 showed increases of between 1.8 and 2.3%, due partly to changes in the sales pattern (larger tonnages of high-priced house coals being sold owing to the wintry weather which had set in well before the end of the year) and partly to upward adjustments of schedule prices.¹⁾ This meant a slight rise in coal prices in relation to industrial wholesale prices generally, the latter, as noted, remaining more or less unchanged over the year. The industry's revenues may be expected to have gone up by a further 4% in 1963 in consequence of the price increases introduced at the end of 1962 and in the months following.

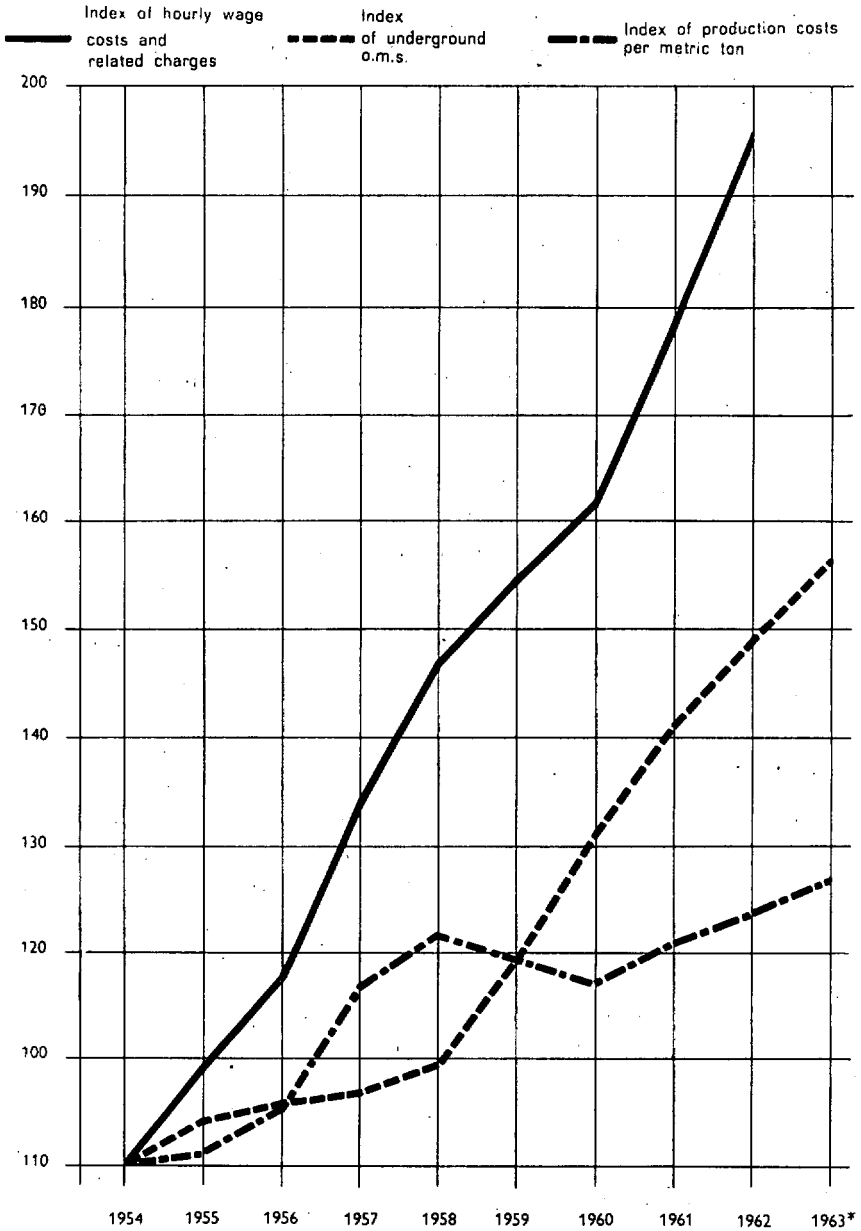
125. In 1962, costs having risen more than revenues, the industry's financial position underwent a further slight deterioration; in 1963, however, as the reverse was the case, it took a turn for the better. This is, however, taking the Community overall: the improvement on balance is the net result of better sales figures in Germany and Belgium and

¹⁾ See Nos. 113 ff. above.

GRAPH No. 4

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



markedly poorer ones in France and the Netherlands. Allowance should be made in the case of the French collieries for the adverse effects of the strike in March 1963.

Even so, despite the upturn in 1963, the Community collieries' financial situation generally remains unsatisfactory, in consequence of the persisting imbalance between costs and revenues.

Table 19 shows

- (1) the falling-off in production in face of competition from other energy products;
- (2) the increase in revenues due to the unusually bitter weather at the end of 1962 and to the upward adjustments in schedule prices;
- (3) the steeper rise in employers' hourly wage costs and related charges than in productivity (o.m.s.);
- (4) the increase in production costs caused by the disproportionate rise in wages.

Reconstruction and rationalization operations

126. The Community coalmining industry in 1963 proceeded further with the rationalization programme begun in 1957, which has been described in previous Reports.¹⁾ The programme comprises both "positive" and "negative" measures, which it is hoped will do a good deal to raise underground output and lower production costs.

127. Negative rationalization consists essentially in closing uneconomic pits or pit districts, and in working only the richest seams.

The industry's difficulties since 1958 have resulted in the complete or partial elimination of the pits with the lowest productivity and production ratings. Other things being equal, therefore, it is probable that such further closures as may take place in the next couple of years will have a less marked effect on underground output and average production figures.

As for working the richest seams only, this is of course a well-tried method for securing improved operating results, and has undoubtedly been resorted to by all Community producers in the bad times through which they have latterly been passing. However, though highly effective in the short term, it has its limitations.

¹⁾ See in particular *Eleventh General Report*, Nos. 266 ff.

TABLE 18

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			
	Employers' wage costs and related charges				Employers' wage costs and related charges			
	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
1955	109.0	+ 9.0	106.1	+ 6.1	103.7	+ 3.7	110.3	+10.3
1956	115.9	+ 6.3	100.0	- 5.7	110.5	+ 6.6	114.8	+ 4.1
1957	128.6	+11.0	122.0	+22.0	132.2	+19.6	137.5	+19.8
1958	140.8	+ 9.5	163.4	+33.9	137.2	+ 3.8	141.8	+ 3.1
1959	148.3	+ 5.3	181.7	+11.2	135.3	- 1.4	142.5	+ 0.5
1960	156.6	+ 5.6	103.9	+ 6.7	138.8	+ 2.6	152.1	+ 6.7
1961	173.1	+10.5	218.3	+12.6	143.9	+ 3.7	166.5	+ 9.5
1962	189.9	+ 9.7	241.4	+10.6	156.9	+ 9.0	186.1	+11.8

Year	France				Netherlands			
	Employers' wage costs and related charges				Employers' wage costs and related charges			
	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
1955	110.4	+10.4	113.7	+13.7	110.9	+10.9	111.9	+11.9
1956	123.4	+11.8	132.5	+16.5	122.1	+10.1	131.0	+17.1
1957	141.9	+15.0	159.3	+20.2	139.9	+14.6	141.7	+ 8.2
1958	159.4	+12.3	182.2	+14.4	147.2	+ 5.2	144.0	+ 1.6
1959	170.8	+ 7.2	195.6	+ 7.4	146.9	- 0.2	144.0	± 0
1960	185.0	+ 8.3	226.4	+15.7	157.8	+ 7.4	147.6	+ 2.5
1961	207.6	+12.2	269.8	+19.2	171.0	+ 8.4	159.5	+ 8.1
1962	227.1	+ 9.4	300.8	+11.5	187.8	+ 9.8	186.9	+17.2

¹⁾ For definitions of the terms "employers' 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 19

Indices of production, underground o.m.s., employers' hourly wage costs and related charges (underground and surface), production costs and proceeds of saleable production

Year	Production index		Index of underground O.M.S.		Index of employers' hourly wage costs and related charges ¹⁾			
	1954 = 100	Year-to-year change	1954 = 100	Year-to-year change	1954 = 100 ²⁾	Year-to-year change ³⁾	1954 = 100 ²⁾	Year-to-year change ³⁾
1955	102.0	+ 2.0	104.0	+ 4.0	109.0	+ 9.0	109.0	+ 9.0
1956	103.1	+ 1.1	105.9	+ 1.8	117.5	+ 7.9	117.6	+ 7.9
1957	102.6	— 0.5	106.9	+ 0.9	134.2	+14.1	132.4	+12.6
1958	102.0	— 0.6	109.5	+ 2.4	146.6	+ 9.2	138.5	+ 4.6
1959	97.2	— 4.7	119.5	+ 9.1	154.5	+ 5.4	137.5	— 0.7
1960	96.8	— 0.4	131.4	+10.0	161.4	+ 4.5	145.6	+ 5.9
1961	95.2	— 1.7	141.1	+7.4	178.4	+10.5	165.8	+13.9
1962	93.7	— 1.4	149.0	+ 5.6	195.6	+ 9.6	182.8	+10.3
1963 ⁴⁾	92.4	— 1.6	155.7	+ 4.5	—	—	—	—

Year	Index of production costs per metric ton				Index of proceeds per metric ton			
	1954 = 100 ¹⁾	Year-to-year change ²⁾	1954 = 100 ¹⁾	Year-to-year change ²⁾	1954 = 100 ¹⁾	Year-to-year change ²⁾	1954 = 100 ¹⁾	Year-to-year change ²⁾
1955	101.4	+ 1.4	101.4	+ 1.4	101.9	+ 1.9	101.9	+ 1.9
1956	105.3	+ 3.9	105.3	+ 3.9	107.3	+ 5.3	107.3	+ 5.3
1957	116.9	+11.0	115.6	+ 9.8	116.8	+ 8.8	115.6	+ 7.7
1958	121.6	+ 4.0	116.1	+ 0.4	119.9	+ 2.6	114.9	— 0.7
1959	119.4	— 1.8	108.7	— 6.4	119.9	± 0	109.5	— 4.7
1960	117.0	— 1.9	106.4	— 2.1	118.0	— 1.5	107.9	— 1.4
1961	120.9	+ 3.3	112.7	+ 5.9	117.4	— 0.6	110.4	+ 2.3
1962	123.7	+ 2.3	115.8	+ 2.6	119.5	+ 1.8	112.8	+ 2.3
1963 ⁴⁾	126.8	+ 2.5	118.7	+ 2.5	124.3	+ 4.0	117.3	+ 4.0

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

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

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, partly estimated on the basis of the first six months.

128. Positive rationalization — concentration at all production levels (that is, on fewer, but highly productive coal faces, workings, districts and pits), more efficient work organization below ground, and more mechanization — has helped to an appreciable though not readily calculable extent to improve productivity, and will certainly continue to do so in the future. It is to positive rationalization that the industry must now devote its efforts if it is to obtain better results.

For the concentration of production at the different levels and the streamlining of operations both below and above ground to produce their full effect, a thorough study has first to be made of the basic structural conditions obtaining in the pits concerned. Rationalization can in particular be very materially assisted by adapting the structure of underground operations to the potentialities of each particular mine, so as to achieve the optimum extraction rate in each case.

Mechanization of winning has made great strides in the last few years,¹⁾ resulting in considerable savings in manpower. The “self-advancing” or powered supports recently developed are also being used more and more, with good results: they are a definite help in increasing underground output, and, still more important, they open up very promising possibilities regarding the ultimate automation of coalfree operations.

Generally speaking, there can be no doubt that positive rationalization calls for considerable capital expenditure both on equipment and on technical research. Efforts in this direction must therefore be not only kept up but if possible intensified. The High Authority is playing its full part in this connection.²⁾

Federal Republic of Germany

129. The number of pits in operation (exclusive of very small mines) was reduced here from 127 at the end of 1962 to 119 at the end of 1963.³⁾ Of the seven which were definitely closed, six were in the Ruhr and

¹⁾ See No. 329 below.

²⁾ See No. 471 below.

³⁾ Corrections to figures in *Eleventh General Report*.

one in the Saar; their aggregate 1957 production capacity was 5,100,000 tons. No partial closures took place in 1963, but two pits — one in the Ruhr and the other in the Saar — were merged with adjacent collieries and thus ceased to be independent production units; on the other hand, two new large capacity pits were brought into service, one also in the Ruhr and the other in the Saar.

Further closures are in prospect in the course of the next few years, following the promulgation of the Promotion of Rationalization (Coal-mines) Act.¹⁾

130. Thus between the end of 1957 and the end of 1963, 49 pits in all (exclusive of very small mines) either went out of production altogether or ceased to operate as independent units. The 29 pits which were closed definitely represented a total 1957 production capacity of 15 million tons; the 20 which were merged with neighbouring pits had had in 1957 aggregate production of 36 million tons, and in 1962 of 33 million. The reduction in total production capacity since 1957 represented by these concentrated may be put at 1,500,000 tons; with the 3-4 million tons forfeited by partial closures between 1958 and 1961, this brings the total cutback in German 1957 capacity to approximately 20 million tons. The cutback affects all grades of coal.

TABLE 20

Reconstruction measures in the German coalmining industry

(number of pits)

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
1963	6	1	1	1	—	—	—	—	7	2
Total	21	14	4	5	2	1	2	0	29	20

¹⁾ Pits ceasing production.²⁾ Pits merged with others.¹⁾ See Nos. 149 ff. below.

Nevertheless, despite the closures, despite the shorter working week and despite the general shrinkage in the underground labour force, the fall in actual production in the Federal Republic since 1957 has been only 7,400,000 tons (142,200,000 in 1963 as against 149,600,000), two-thirds of the reduction which the closures would otherwise have entailed being compensated by the increase in underground output.

Belgium

131. Two anthracite pits in the Charleroi coalfield, with a 1957 production of 174,000 tons between them, were closed in 1963. This made little difference to the breakdown of production by types of coal.

As in Germany, production itself has not decreased in strict proportion to production capacity: the improvement in underground o.m.s. has offset about 2 million tons of the theoretical loss represented by the closures which have taken place since 1957.¹⁾

TABLE 21

Number of Belgian pits in operation²⁾

Coalfield	End 1957	End 1963
Campine	7	7
Borinage	20	5
Centre	15	3
Charleroi	52	27
Liège	26	17
Total	120	59

¹⁾ For 1961 and 1962 figures, see *Eleventh General Report*, Table 55.

²⁾ For output figures see *Statistical Annex*, Table No. 3.

TABLE 22

Effects of colliery reconstruction in Belgium on proportion of each grade mined

	Production			
	1957		1962	
	'000,000 m. t.	%	'000,000 m. t.	%
Anthracite	6.88	23.7	5.73	27.0
Low-volatile	4.92	16.9	1.87	8.8
Semi-bituminous	2.56	8.8	1.58	7.4
Smokeless steam	1.29	4.4	0.88	4.2
Bituminous grade A (<i>gras A</i>)	8.10	27.8	5.36	25.3
Bituminous grade B (<i>gras B</i>)	5.34	18.7	5.78	27.3
Total	29.09	100.0	21.20	100.0

With a view to further stepping up underground o.m.s. in the Campine coalfield, the Government in 1963 took the step of offering collieries the option of acquiring nearby coal measures reserved for State working. So far only one colliery has availed itself of this possibility.

France

132. Under the Government programme laid down in 1960, and put in hand in the following year, total French coal production was to be scaled down by 1965 to 90% of its 1959 level.¹⁾ This target was, however, practically already attained in 1962.

In view of the French industry's mounting difficulties, the Government then arranged a round-table conference of Government and workers' representatives to restudy the 1960 programme. The talks are proceeding.

Positive rationalization continued in 1963.

¹⁾ See *Eleventh General Report*, No. 270.

TABLE 23

Number of pits in operation in France²⁾

Coalfield	End 1957 ¹⁾	End 1960	End 1963
Nord/Pas-de-Calais	65	56	45
Lorraine	11	11	8
Centre/Midi	34	28	25
Total French nationalized mines	144	95	78

¹⁾ For 1961 and 1962 figures, see *Eleventh General Report*, Table 58.

²⁾ Including non-nationalized mines.

The number of pits in independent production was reduced from 81 at the end of 1962 to 78 at the end of 1963, one in the Nord/Pas-de-Calais coalfield being closed as exhausted, while in the Centre/Midi concentration operations led to four mines being merged into two.

Underground output in the industry overall (exclusive of non-nationalized mines) showed an increase: in the Nord/Pas-de-Calais there was little improvement on previous years, owing to geological conditions and to a definite shortage of manpower, but in the Centre/Midi it rose to 2,000 kg., a notable advance for this area.¹⁾

Italy

133. Underground output at the Sulcis collieries continued to rise by leaps and bounds: in 1963 it averaged 1,975 kg., a truly remarkable contrast to its extremely low 1957 level of only 957 kg.

A second thermal power-station is now building in the vicinity of the mines. It is to comprise two large 240MW generating sets which will convert over three-quarters of the coal produced into electric current without prior mechanical preparation.

Netherlands

134. Production, after falling sharply in 1961 and 1962, remained more or less stagnant in 1963. This state of affairs is due principally to the

¹⁾ See *Statistical Annex*, Table No. 3.

shortage of skilled miners, as is the fact that underground output shows little improvement despite the very high degree of mechanization in the Netherlands mines.¹⁾ 77% of the coal produced in 1963 came from fully-mechanized faces.

One phased partial closure was begun in 1963, involving a reduction in production and the merger of the surface installations with those of a neighbouring pit. The resulting production loss (of coking coal) will be made up by production from other pits.

Community

135. The number of pits in operation went down from 279 at the end of 1962 to 267 at the end of 1963 (as compared with 462 in 1953), representing a 35% decrease since the end of 1957. As has been explained, production itself did not contract at the same rate. Average underground output per man/shift in the Community overall has risen steadily; at the same time, the percentage loss of underground workers leaving the industry has been greater than the percentage increase in o.m.s.²⁾ Still, rationalization has proceeded: in 1963, 61% of production came from fully-mechanized faces, as compared with 10% in 1953, and the average daily output of saleable coal per pit was 3,130 metric tons as compared with 1,715.³⁾

ACTION TAKEN CONCERNING COAL

136. We saw in Chapter Two how the member Government have still not reached agreement on an energy policy, and what extremely unfortunate effects this is having with regard to coal policy. As was explained, quite apart from the broader issues in connection with the establishment of a common energy policy, the three Executives in their 1962 Memorandum gave it as their conclusion that there would need to be a system of subsidies for the Community collieries, a common commercial policy for solid fuels dovetailing with the general common commercial policy provided for in E.E.C., and harmonization of the rules of competition for energy products. In addition, the High Authority laid before the Council of Ministers a draft agreement embodying the legal implications of the requirements thus postulated.

¹⁾ See *Statistical Annex, Table No. 3.*

²⁾ See *Eleventh General Report, No. 107.*

³⁾ See *Eleventh General Report, Tables Nos. 59 and 60.*

137. No real progress having been made on energy policy, it has become more and more difficult to pursue an E.C.S.C. policy on coal. For one thing, the adjustment and safeguarding of the coalmining industry is coming to be increasingly affected by arrangements falling within the jurisdiction either of E.E.C. or of the individual Governments — the taxes on fuel oil and domestic gas oil, administrative regulations on the refineries, tariff and quota arrangements concerning crude oil and refined products — and moreover from now on it will be very directly affected by the measures about to be introduced regarding free movement of petroleum products within the Community, the repercussions of which on the prices and on competition between heavy and domestic fuel oils and coal are difficult to estimate.

138. Meantime, the member Governments, faced as they are with difficult home problems in the coal sector and with serious social and regional issues, have tended to resort to independent action at national level. First in Belgium, then in Germany and France, and now latterly in the Netherlands, there has been a succession of special measures by the State to assist the adjustment of the coalmining industry. Obviously, over and above the legal problems raised — in view of which the High Authority, as we shall see, has been obliged to examine each of these cases from the point of view of compatibility with the Treaty — such a trend is dangerous and undesirable. The more the collieries have to operate on the basis of national arrangements, the less of a consistent, homogeneous whole the Common Market for coal becomes. And that is liable to mean that slowly but surely what was welded together ten years ago will work loose again. The complex can no longer be kept running smoothly simply by superintending developments with an eye to their conformity with the Treaty. Hence the High Authority's decision to tackle the whole question on a broad front, in conjunction with the work on a common energy policy.

Government measures to relieve the collieries of part of their social-insurance charges, Government subsidies to nationalized collieries, Government assistance with rationalization schemes — the details vary, but the crux of the matter is the same: the member States are taking individual action to help their collieries lower production costs, piecemeal and with no attempt at Community-level co-ordination.

The following is a brief account of the scale and form of the assistance thus being furnished in the different countries.

The Belgian coal position

139. As from January 1, 1963, the Belgian coal market was restored to its position as part of the Common Market, after three successive years of special "partial isolation."¹⁾ No particular complications ensued for the Belgian coal industry, which like its opposite numbers in the other countries had the benefit of the rather better state of the market induced by, among other factors, the exceptionally severe winter.

140. At the request of the Belgian Government, the High Authority on March 19, 1963, agreed to the derestriction of all Belgian pithead stocks of solid mineral fuels. In the three previous years it had required the Belgian Government, by Decisions issued under Article 37 of the Treaty, to take the necessary steps to restricte the lifting of collieries stocks:²⁾ now, given the changed circumstances, it concluded that to keep stocks frozen in face of increased demand would only serve to maintain certain uneconomic capacities in production, and so be prejudicial to the reconstruction in progress.

141. On receiving final proposals on the subject, the High Authority, after consulting the Special Council of Ministers, on July 17 issued Decision No. 12/63³⁾ authorizing the Belgian Government to grant subsidies to a maximum total of Bfr.75,000,000 in respect of production in 1963 not exceeding 1,100,000 tons.⁴⁾

The progressive scaling-down of the subsidies and subsidizable tonnages over the preceding years is shown in *Table 24*.

142. An account was given in last year's Report⁵⁾ of the position arising out of the Belgian Government's plan to help make up to the producers the extra costs to them of the wage increases conceded to Belgian miners in 1962. By Decision No. 3/63, of February 20, 1963,⁶⁾ the High Authority gave the Government its permission to make the Belgian collieries a grant of a maximum of Bfr.255,000,000, in respect of the period March 1, 1962-February 28, 1963, in order to offset the increase in wage costs resulting from the agreements concluded with the trade unions. The High Authority took this Decision under Article 37 of the Treaty: its

¹⁾ See *Eleventh General Report*, No. 288.

²⁾ See *Tenth General Report*, No. 204.

³⁾ See *Journal Officiel des Communautés*, No. 112/1963.

⁴⁾ See *Eleventh General Report*, No. 297.

⁵⁾ See *Eleventh General Report*, No. 289.

⁶⁾ See *Journal Officiel des Communautés*, No. 32/1963.

view was that the difficulties represented for the Belgian collieries by the additional charges could not be coped with either by deferring the date at which the charges became effective or by putting up the price of Belgian coal, since both courses were liable to make it even harder to eliminate the "disturbances" covered by Article 37.

TABLE 24

Scaling-down of subsidies from 1959

		1959	1960	1961	1962	1963
Amount (Bfr. '000,000)	Authorized	926,00	685,00	400,00	115,00	75,00
	Paid	950,86	683,75	380,00	115,00	—
Tonnage ('000,000 metric tons)	Authorized	8.0	4.2	3.3	1.7	1.1
	Subsidized	5.33	4.14	3.3	1.7	—

While it recognized that rising wage costs were a problem in all the Community coalfields, the High Authority considered that in the case of the Belgian industry, which was carrying out a carefully planned programme of closures and had had special action taken on its behalf under Article 37, it was allowable to supplement that action by permitting Government aid to offset *in part*, and *for a period*, the extra wage costs incurred.

The Directoire de l'Industrie Charbonnière

143. In order to put through the structural reform which had become necessary in the coalmining industry, the Belgian Government had by Act of Parliament of November 16, 1961, set up joint administrative Board, the *Directoire de l'Industrie Charbonnière*. The High Authority considered the Act incompatible with the Treaty in that it provided for intervention by an Belgian national body in the activities of the Belgian collieries, notably as regards production, pricing and marketing.¹⁾

The Belgian Government undertook not to implement the parts of the Act to which the High Authority objected until the whole matter had been re-examined by them jointly. The High Authority for its part agreed to extend the time-limit set the Government in accordance with the procedure opened under Article 88 of the Treaty.

¹⁾ See *Eleventh General Report*, No. 284.

In September 1962 the Belgian Government applied to have Article 37 implemented in favour of Belgium, to enable it to continue with the reconstruction of the Belgian coalmining industry. It undertook to submit to the High Authority by not later than December 31, 1962, its itemized list of pit closures for 1963, and by the end of the first quarter on 1963 an overall plan detailing its intended action for arriving at the target to be fixed for 1965-66.

The Council of Ministers, when consulted, found itself unable to approve unanimously the renewed implementation of Article 37 in favour of Belgium.

144. As the High Authority took no decision to continue the isolation of the Belgian coal market the latter became once more an integral part of the Common Market as from January 1, 1963. The High Authority decided to restudy the whole problem and take it up again with the Belgian Government. The position had been altered by the fact that no itemized closure plan for 1963 had been forthcoming, and by the movement of the Belgian coal market in consequence, *inter alia*, of the severe winter. Moreover, the forward estimates for 1963 suggested that production might show an increase over 1962; intra-Community trade would remain at the same level as before, while imports from third countries would go up by some 2,000,000 tons. In addition, Belgian pithead stocks were now relatively lower than those in most other Community countries. In these circumstances, it was felt that the situation no longer warranted the implementation of Article 37.

145. Talks were duly held between the High Authority and the Belgian Government in February 1963. Following these, the Belgian Government stated that it was arranging for studies to be made on the coal market and the collieries' internal position in the light of the changed conditions, with special reference to the ultimate thorough reconstruction of the industry. The High Authority agreed to leave matters as they stood between itself and the Government pending the results of the studies.¹⁾

In June the High Authority had to point out to the Belgian Government that the appointment of Government commissioners to Cobechar and the importers' and exporters' associations appeared to constitute an infringement of the standstill arrangement. The Government accepted this, and assured the High Authority that the contested powers under

¹⁾ See *Eleventh General Report*, No. 288, and No. 143 in the present report.

the Act of November 16, 1961 would not be exercised, directly or indirectly, by its commissioners for so long as the dispute between it and the High Authority remained outstanding.

146. At the same time, the Belgian Government, after describing the radical changes that had taken place during the first half of the year in the state of the Belgian coal market, asked the High Authority to reconsider the obligations imposed on it by Decision No. 46/59¹⁾ and to amend the terms of the Decision, inasmuch as "the undertakings given concerning pit closures, as part of the action required by Decision No. 46/59, had now been discharged."

The High Authority, however, held that the upturn in the market situation had little bearing on the true state of the industry, and that the Belgian Government's obligations under Decision No. 46/59 had not been fully discharged. The Decision required the Government to close a further 1,800,000 tons production capacity in 1963, before it could be said to have properly carried through the closure programme of 9,500,000 tons it had drawn up, which was embodied in the Decision in question.

The High Authority added that it was prepared to study how far the terms of the Decision might be amended in line with the change in the situation, but that before it could do so it required to see the results of the Belgian Government's studies on the overall reconstruction programme for the industry.

147. On November 22, the Belgian Government submitted to the High Authority its overall reconstruction programme for the industry, entitled "Coal Programme for 1963-1965-1966." The programme, which is based on long- and short-term forecasts of consumption in Belgium and on estimated Belgian coal production potential over the years 1964-1965-1966, sets forth the principles and means to be adopted in policymaking for the collieries in the years concerned.

It may be summarized as follows:

individual measures

- (a) structural reorganization of the Campine coalfield;
- (b) arrangements to deal with after-effects in the case of two Southern collieries;

¹⁾ See *Eleventh General Report*, No. 277.

general measures

- (c) action in some fields of production, pricing and marketing;
- (d) an effective personnel, investment and productivity policy;

Community-level measures

- (f) Belgium to have, in addition to the support it is already receiving under the "mutual aid" clause, protection against any inflow of Community coal becoming available as a result of imports from third countries.

The two basic points underlying the programme are these:

- (1) the Belgian Government feels it would be injudicious to lay down a set schedule of closures, and given the state of the market at the end of 1963 considers itself to have been fully justified in applying to the High Authority to be released from its obligations in this regard under Decision No. 46/59;
- (2) it proposes the replacement of the "negative" rationalization policy, consisting principally in closures, by a policy of "positive" measures designed to make as many collieries as possible adequately competitive in the Belgian market.

148. A Joint High Authority/Belgian Government Committee has been set up to go into the various problems raised by this programme, and to report to the High Authority at the earliest possible date.

The Rationalisierungsverband des Steinkohlenbergbaus

149. An Act was passed in Germany on July 29, 1963, setting up for five years a Rationalisierungsverband des Steinkohlenbergbaus, or Colliery Rationalization Association, an administratively autonomous public body under direct Federal authority. The Act requires all hard-coal- and Pechkohle-producing enterprises (collieries) operating one or more pits and having had an annual average production in 1959-61 of 100,000 tons or more to be members of the Rationalisierungsverband.

Provisions of the Act

150. The objects of the Rationalisierungsverband are to make the coal-mining industry more competitive, to improve production installations and methods, and to adjust colliery operations to the sales potential.

To this end, it will

- (a) grant credits and loans, and guarantee loans otherwise raised, for the purpose of effecting rationalization at enterprise and inter-enterprise level, or carrying out such other measures as are calculated to increase the competitive capacity of the coalmining industry;
- (b) furnish grants in connection with the closure of collieries and other installations.

By the end of the Association's five-year term, the German coal-mining industry should be able to stand on its own feet in competition with other energy sources.

151. Inter-enterprise rationalization operations to be assisted by the Rationalisierungsverband with loans and guarantees include mergers between adjacent pits to form larger production units, extension of individual collieries' working areas or talks by exchanges of coal panels, further mechanization of coal winning and raising, and all other measures calculated to ensure optimum utilization of the pits in operation. The Rationalisierungsverband may also assist projects designed to promote coal sales, *e.g.* by granting or guaranteeing loans for the construction of block-heating plants and power-stations fired on hard or pitch coal.

The Act empowers the Rationalisierungsverband to furnish loans and guarantees up to a total of DM.1,500 million. The Federal and Land authorities will also help with guarantees. The loan and guarantee operations are subject to a time-limit: the Rationalisierungsverband may grant loans and guarantees, to run for a maximum of 25 years, only within its own term of five years from the promulgation of the Act.

152. As regards negative rationalization, grants by the Rationalisierungsverband may be of several kinds:

- (a) a basic grant in respect of closures of pits or of substantial portions of pits operated by member collieries;
- (b) an additional grant in respect of any reduction in production resulting from the closure of an enterprise operated by a member colliery;

- (c) grants to non-member collieries in respect of pit closures;
- (d) grants in respect of closures of all other types of installation operated either by members or by non-members (coal-preparation plant, power-stations, briquetting-plants, coking-plants).

In all cases it is left to the collieries themselves to decide whether they will close or not.

The basic grant is DM.25.00 per saleable ton averaged by the colliery concerned between 1959 and 1961, the Federal Government to contribute 50%. Some estimates suggest that a total capacity of 10,000,000 tons will qualify for the basic grant during the Rationalisierungsverband's five-year term: the public funds set aside for this purpose work out at about DM.125 million. The amount of the additional grant and the terms on which it is to be furnished are laid down in one of the Rationalisierungsverband's sets of by laws: the member collieries' total contribution to the payment of the additional grant is fixed at a maximum of DM.100 million.

153. The funds for the Rationalisierungsverband's operations are derived from contributions by its members, assessed according to each member's share in the aggregate saleable production of all members in one calendar year. The mode of assessment may, however, be varied if necessary in the interests of equity.

The Act requires the general meeting of the Rationalisierungsverband to adopt various rules, regulations and by-laws, namely a set of articles of association, by-laws on contributions, financial regulations, by-laws on the allocation of the additional grants, on grants to non-member collieries and on grants in respect of closures of installations other than actual pits. The articles of association and the by-laws on contributions, both of which have been adopted by the Rationalisierungsverband's general meeting, are now in the hands of the High Authority. The former are the normal articles for an association of this kind; as regards the latter, the following provisions may be noted.

Contributions are of two kinds. The first category are to be used to cover the Rationalisierungsverband's overheads and third-party responsibilities as guarantor or borrower, and are assessed on the basis of the general production reference index. The second category are for all outgoings in basic and additional grants, both to members and to non-members. They too are assessed on the basis of a production reference index, but in this case subdivided by coalfields; consequently, the clearing-house for the industry's disbursements is organized in five regional sub-offices.

154. The Act also contains provisions concerning fiscal incentives to rationalization and financial assistance towards the settlement of the closed collieries' obligations under the equalization-of-burdens arrangements.

Position of the High Authority

155. The High Authority in July 1963 informed the Federal Government that while in general welcoming the efforts to rationalize the coalmining industry and improve its competitive capacity, it must reserve judgment as to whether certain provisions in the Act were compatible with the Treaty, including in particular the employment of public funds for the payment of closure grants. It emphasized that the establishment of the Rationalisierungsverband was part and parcel of a problem which concerned the whole Community, and that in its view only Community-level action could prevent distortions in conditions of competition: the endangerment of the Common Market for coal by numerous individual national-level measures, it added, made it even more imperative that the common energy policy advocated by the Communities should be adopted and implemented.

156. The Act was passed on July 29, 1963, and came into force on September 1. In November, the High Authority, having continued its examination of the problems arising in connection with the establishment of the Rationalisierungsverband, and having now in its hands the details of the financial arrangements provided for by the Act and the relevant articles, by-laws and regulations, decided to take steps, under Article 53 of the Treaty, to ascertain the views of the Consultative Committee on the principles and effectiveness of the Act and the effects of the financial arrangements on the operation of the Common Market. At the Committee's meeting on December 13 it had the whole matter discussed in detail, with a view to enabling a definite position to be agreed; it gave notice, however, that it would raise the subject again with the Committee should it deem necessary.

The Committee did not vote at its December meeting. The majority view seemed to be that, in the absence of an overall energy policy, action to promote colliery rationalization in Germany could not reasonably be opposed, even though not undertaken at Community level. A minority contended that the Act, as an individual national measure, might give rise to distortions among the different Community coalfields and impede the establishment of a Community energy policy, and on

these grounds did go on record as objecting to the arrangements in question. The only point on which both groups agreed was that the Act setting up the Rationalisierungsverband was a national and not a Community measure.

At the time of going to press, the High Authority was giving further detailed consideration, in the light of the Committee's discussions, to the whole question of Government intervention in the affairs of the Community coalmining industry.

State aid to the coalmining industry in France and the Netherlands

157. In connection with this examination of State aid to collieries, the High Authority requested the French Government to furnish exact details of the apportionment of such aid among the French collieries in line with the objective.

The High Authority has already had occasion, in its replies to two written Parliamentary Questions,¹⁾ to set forth its unvarying principle, in dealing with publicly-owned enterprises, of distinguishing between the type of financial assistance from an official source that can be equated with ordinary private assistance, and the type that is prohibited under Article 4,c of the Treaty. As it pointed out, to be clear as to the category into which any particular assistance falls it is necessary to assemble data over a longish period and to go very carefully into all the factors involved in the individual case concerned.

The Netherlands Government in January 1964 announced its intention of putting in hand a corpus of arrangements to assist the Netherlands mines. As it had received no official notification of these measures, as required by Article 67 of the Treaty, the High Authority requested the Netherlands Government to supply all the relevant details without loss of time.

Special measures in France

158. French fuel supplies ran short in 1963 in consequence, firstly, of the rapid depletion of most consumers' stocks during the hard frost early in the year, and secondly, of the shrinkage in availabilities caused by the loss of 35 days' production through the coalminers' strike launched on March 1.

¹⁾ See *Journal Officiel des Communautés* No. 48/1963, Question No. 170, tabled by Mr. Nederhorst, and No. 152/1963, Question No. 74, tabled by Herr Burgbacher.

As an emergency measure to deal with the immediate effects of the shortage, the French Government (keeping the High Authority regularly informed of its actions) sought to safeguard supplies to private households, small businesses and top-priority consumers by

- (a) extending the system of controlled transfer prices to Community-produced coke for delivery to households;
- (b) fixing a scale of priorities for deliveries to households and small businesses;
- (c) allocating supplies among consumers rating top priority.

These special arrangements were discontinued from April 19.

159. The High Authority was notified of (a) in January 1963. The object of the measure was to permit French dealers to draw on such stocks of household coke as were still available elsewhere in the Community. As there was an appreciable difference between the price of the coke in question and the ruling French market prices, the French coal dealers were unwilling to accept the risk involved in buying it to meet the temporary need. The emergency measure consisted in bringing this coke under the system of controlled transfer prices for a limited period, initially running to March 1, and subsequently extended to April 15. The High Authority did not consider that this arrangement was of a nature to interfere with the operation of the Common Market.

Early in February, the French Government took steps to ensure that supplies were delivered where they were most needed, by giving permission for the authorities concerned, where necessary, to range all purchasing schedules for coal for use in households and small businesses under a scale of priorities. This course had been taken on a similar occasion in 1957. The High Authority had no objections to offer.

The third emergency measure became necessary at the beginning of March, when the supply difficulties increased as a result of the colliery strikes. The object was to allocate fuel availabilities among top-priority consumers, which was done until the emergency was declared over. The High Authority was kept informed.

160. Even after April 19, however, the position remained difficult as regards ensuring a regular flow of supplies to the French household sector in the winter of 1963-64, and in particular as regards the essential task of building up consumers' and dealers' stocks of house coal. Another serious shortage appeared likely to develop in the French market.

Having regard to the stocks of household coke held elsewhere in the Community and to the prices quoted for them, the French Govern-

ment decided, as a special temporary measure, to reinclude such coke in the system of controlled transfer prices.

Special measures in Germany concerning imports of third-country coal

161. As was described in previous Reports, the High Authority in January 1959, for reasons given, recommended the German Government to impose for the following year a duty of DM.20.00 on every ton of third-country coal entering the Federal Republic in excess of a fixed duty-free quota.¹⁾ In 1961, 1962 and 1963, upon further recommendations by the High Authority, the duty-free quota was increased, the rate of duty remaining the same.²⁾

In the course of the past few years, German imports of third-country coal have moved somewhat erratically, falling from 17,200,000 tons in 1957 (including close on 16 million from the United States) to 5,500,000 (4,300,000 from the United States) in 1961, and shooting up in 1963 to 33,800,000 (15,300,000 from the United States).³⁾

162. In its Recommendation No. 1/62 of October 30, 1962,⁴⁾ the High Authority advised the German Government to fix the duty-free quota for 1963 at not less than six million tons, which was duly done. By the Tariff Quota (Solid Fuels) Act of December 27, 1962, the Bundestag reimposed the duty of DM.20.00 per ton, and fixed the duty-free quota at 12 million tons for the two years 1963 and 1964. The 1963 quota was increased in November of that year by 400,000 tons by an authorization to import this amount of house coal free of duty.

163. The matter of the German coal duty was re-examined at the end of 1963, the High Authority concluding that there was no need at present for it to issue a Recommendation concerning the quota for 1964, as legal provision had already been made in the Act referred to for the duty-free importation of at least 6,200,000 tons in 1964.

The High Authority reserved the right, however, to take into account in a future Recommendation any increase in requirements developing in 1964. It also intends before the end of the year to examine whether the state of affairs by that time still warrants the retention of the system introduced under the Recommendation of January 28, 1959.

¹⁾ See *Eleventh General Report*, No. 303.

²⁾ See No. 42 above.

³⁾ See *Statistical Annex*, Table No. 8.

⁴⁾ See *Journal Officiel des Communautés*, No. 116/1962.

German miners' shift bonus

164. The protracted efforts to settle without infringement of the Treaty the problem of the German shift bonus (*Bergmannsprämie*) were at last brought to a successful conclusion in 1963.

As was recorded in the 1962 Report,¹⁾ the Court of Justice of the Communities, in its judgment of February 23, 1961, ruled the financing of this arrangement out of Federal funds to constitute a prohibited subsidy under Article 4,c of the Treaty.

To comply with the Court's judgment, it was necessary to amend the German law. The various solutions suggested repeatedly came up against fiscal and constitutional difficulties within Germany, and a long series of discussions took place between the High Authority and the Federal Ministry of Economic Affairs with a view to settling the matter in line with the Court's findings.²⁾ Finally, in March 1963, the Federal Government was able to introduce a Bill which duly went before the Bundestag and Bundesrat, and became law in November 1963. The Act amending and supplementing the original Miners' Shift Bonus Act has since been published in the German *Official Gazette*.

165. The new arrangement is in no way prejudicial to the miners' interests. Miners employed below ground will continue to receive their bonus, but by the terms of the new Act the collieries and iron-ore mines must refund to the appropriate fiscal authorities the amounts disbursed by the State for the payment of the bonus, plus 10% representing the amounts saved on payroll tax. Hence the bonus can no longer be considered subsidized.

In view of the long delay in implementing the Court's judgment, the High Authority insisted, while the new Bill was still before Parliament, that the first refunds by the enterprises should cover the full calendar year 1963. It requested that this should be specifically provided for in the Act; the Bundestag and Bundesrat duly saw it that this was done.

Other matters

166. As is noted on a later page,³⁾ the High Authority in 1963 revised various Decisions concerning the internal functioning of the Common Market for coal and steel, including in particular the pricing rules and price checks.⁴⁾

¹⁾ See *Tenth General Report*, No. 32.

²⁾ See *Eleventh General Report*, No. 298.

³⁾ See No. 215 ff. below.

⁴⁾ See No. 224 below.

The Decisions in question were Decision No. 19/63, Part One, amending Decision No. 30/53, concerning enterprises' obligations in respect of their sales organizations and of middlemen acting on their behalf; Decision No. 22/63; and Decision No. 19/63, Part Two, clarifying the rules concerning sales by alignment, and in particular requiring coalmining and iron and steel enterprises to produce certain factual data in justification of such sales.¹⁾

167. It should also be noted that among the measures adopted by the French Government in January 1964 for the benefit of the French iron and steel industry is a reduction in the controlled transfer price of imported coking coal. As is described on another page, the High Authority has asked for precise details of what the measures in question involve.²⁾

Conclusion

168. As is clear from the foregoing, the situation in all the main coal-producing countries of the Community raises largely similar problems from the Community's own point of view, even though the scale and form of the action taken by the individual Governments vary considerably. All national-level action of this kind tends to weaken the cohesion of the Common Market for coal, and makes a common energy policy more and more remote. This situation, so entirely at odds with all that the Treaty stands for, cannot be allowed to continue indefinitely. Since the Governments have so far failed to agree on a common energy policy, the High Authority feels obliged to tackle the problem afresh, in consultation with the other two Executives, with a view to working out an overall solution embodying certain practical steps in the matter of energy policy while at the same time reintegrating the individual Governments' measures to form a Community whole. There is no other possible course to prevent the Common Market for coal from gradually falling apart, and to ensure that the Treaty is applied in accordance both with its underlying content and with the demands of the present situation.

The points on which the High Authority is basing itself in its new approach to the problem are set forth at the end of Chapter two of this report.³⁾

¹⁾ See Nos. 216, 218 and 219 below.

²⁾ See No. 228 below.

³⁾ See No. 99 above.

Section 2: The Common Market for Steel*GENERAL STATE OF THE MARKET IN 1963*

169. 1963 was a year of persisting surplus and stiffening third-country competition,¹⁾ the latter developing both inside and outside the Common Market, and more especially affecting prices. This trend, which the High Authority took steps to contain, was the effect of an acceleration in 1963 of the structural changes taking place in the world steel market.

The annual rate of growth in world crude-steel production capacity from 1958 to 1962 was 6.3%, or 24 million tons, as compared with 19 million p.a. between 1953 and 1958. The biggest increases were in Japan and in the traditional importer countries, with mean annual growth rates of 20.9% and 14% respectively for the years 1958-62; the rates in the Community, Britain and the United States, on the other hand, were well below the world average.

The rush to install more and more production capacity has been mainly responsible for the fundamental change which has occurred in the world supply/demand position.

The importer countries' import requirements, which in 1953 amounted to 38.8% of home production, in 1962 came to only 24.5%. Simultaneously with this shrinkage, trade among the big net exporter areas — the Community, Britain, the United States, Russia and Japan — expanded, though so far as the Community concerned the expansion was all on the import side.

The major expansion in steelmaking capacity has caused a number of countries, including several which have only just begun to figure as steel producers, to turn out large tonnages which have served to create or increase surplus availabilities for export. These availabilities have trebled since 1953, in 1962 reaching a world total of over 100 million tons, while world steel exports have risen over the same period only from 16,590,000 tons to 33 million. Idle capacity, which in 1953 worked out at only 16,500,000 tons, was up by 1962 to 74 million.

¹⁾ Cf. *Eleventh General Report*, Nos. 311 and 324.

170. These developments in the world market have affected not only the Community's exports but also, and to a much greater extent, conditions within the Common Market itself.

For the past four years Community steel production has been running practically level, owing to a slowing-down in the growth of demand and to falling exports and rising imports.

The Community's share in world steel exports shows a contraction from 46.4% in 1953 to 37.5% in 1962, while the share of the lesser exporter countries — Austria, Sweden, Norway, Yugoslavia, Czechoslovakia, Poland, Australia, Canada, South Africa — increased from 10.2% to 20% and Japan's from 5.7% to 11.8%. The trend continued in 1963.

Community exports of Treaty products have dropped absolutely as well as relatively: in 1963 they totalled 11,500,000 ingot tons as compared with 14,400,000 in 1960, whereas world steel exports overall remained approximately level with 32,700,000 ingot tons in 1960 and 33 million in 1962.

As exports fell, imports rose, from 2,400,000 ingot tons in 1961 to about 4,500,000 in 1963. The consumption of the manufacturing industries increased over the same period by 4,700,000 tons, 45% of which was met by stepping up imports from third countries. As a result, imports in 1963 accounted for some 7% of total Community consumption, as against 3.5% in 1961. There was also a sharp rise in imports from the minor exporter and former traditional importer countries; these latter in many cases have the benefit of more favourable production conditions than the Community's, especially in the matter of raw materials and labour costs.

171. Third-country competition has been affecting not only tonnages, but also, even more markedly, prices. With the world surplus, world market prices have been coming closer and closer to *marginal prices*. Many steel industries outside the Community still managed to sell at stable and reasonably remunerative prices in their home markets, these being favoured by distance or other geographical factors and protected by high tariffs; they were then able to put their surplus production on the world market at rock-bottom prices. Consequently, the world surplus capacity and the substantial imports of iron and steel products into the Community played havoc with prices.

The Common Market's inadequate external protection has depressed its internal price level farther and farther. In 1963 the figures actually quoted for pig-iron and rolled products dropped steadily towards the marginal prices in the world market. Community enterprises showed a marked tendency to align their prices for internal sales on quotations by non-Community competitors; in some cases they reduced their schedule prices closer to the world market level.

In view of the resulting loss in revenue, enterprises felt obliged to revise their investment policies. Declarations of new projects reaching the High Authority in 1963 indicate a considerable falling-off in investment activity in the iron and steel sector¹⁾ — a highly disquieting sign at a time when the Community steel industry ought to be investing vigorously in order to maintain its competitive capacity and improve its technical efficiency and profitability.

172. The imbalance in the world supply/demand position and the consequent keen competition, with its particularly powerful effects on the Community steel market, may be expected to persist for some time, despite possible temporary upturns due to the movement of general business activity. Accordingly, the High Authority, while preparing longer term measures took various steps last year to restore order in the Community market, by

- (a) tightening up the enforcement of the pricing rules laid down in Article 60 of the Treaty;
- (b) imposing quantitative restrictions on imports of steel from countries with State-controlled trading systems;
- (c) prohibiting alignment of prices on quotations from such countries;
- (d) reinforcing the Community's external protective arrangements in respect of steel.

IRON ORE²⁾

173. Community-mined iron ore was more than ever exposed in 1963 to competition from high-grade third-country ores. Up to 1960 the increase in the share of imported ores in the total iron-ore consumption of the Community had not caused any switch away from Community ore, production of which continued to expand up to that year. Since

¹⁾ See No. 310 ff. below.

²⁾ See *Statistical Annex*, Tables Nos. 20-23.

1961 there has been a growing tendency to prefer imported to Community ores.

In face of this trend — the effect of radical changes in the pattern of ore sales in the world market — the High Authority, in co-operation with the Governments concerned, has been providing funds towards the “readaptation” (tiding-over and retraining) of workers laid off from ore mines which have been compelled to close or to cut back production.¹⁾ As may be seen from the particulars in the last and the present Report,²⁾ it has latterly been having to expand its activities in this direction.

In 1963, the High Authority made a careful study of all the problems arising out of the decline in demand for Community ore.

Market trends

Community production

174. Gross extraction of iron ore in the Community touched its peak in 1961 with 95,900,000 tons. In 1962 it dropped back to 92,300,000, and in 1963 was down to only 80,200,000, a decrease of some 13% in the space of one year. Gross extraction went down in Germany from 16,600,000 tons to 12,900,000 (—22·3%), in France — partly owing to the strikes in the Eastern orefield in March — from 67,100,000 to 58,500,000 (—12·8%), and in Italy from 2,000,000 to 1,700,000 (—15%; in Luxembourg, on the other hand, it increased slightly, from 6,500,000 tons to 7,000,000 (+8% approx.).

Closures and extraction cutbacks were effected in 1963 at 12 mines in Germany and 8 in France, resulting in forfeitures of capacity totalling approximately 2,800,000 and 900,000 tons respectively.

Productivity

175. There have been notable increases in productivity at the Community iron-ore mines in recent years. Underground output per man/shift in France and Germany, the two main producer countries, has moved as follows:

¹⁾ See *Tenth General Report*, No. 518.

²⁾ See *Eleventh General Report*, No. 487, and No. 411 below.

<i>(metric tons)</i>		
Year	France	Germany
1955	10.08	4.25
1962	16.46	7.24
1963 (Nov.)	18.31	7.64

Even so, the estimate in the General Objectives for steel that the share of imported ores (in terms of Fe content) in total ore consumption would rise to 44% in 1965 had already been outstripped by 1962: in that year the proportion was 45%, and in 1963 49%.¹⁾

Trade with third countries and within the Community

176. While Community production dropped 12%, imports of third-country ore rose by about 8.2%, from 33 million tons to 35,700,000²⁾. German imports remained about the same as in 1962, approximately 20 million tons;³⁾ in all the other Community countries there were increases, in France from 1,700,000 to 2,800,000³⁾ (+63%), in Italy from 4,300,000 to 4,800,000³⁾ (+11%), in the Netherlands from 2,300,000 to 2,500,000 (+9%), and in Belgium with Luxembourg from 4,700,000 to 5 million (+8%)³⁾.

Community ore exports to third countries decreased from 622,000 tons to 550,000.³⁾ German exports to Austria continued at their 1962 level of 270,000 tons, but French exports to Britain fell off by 15%.³⁾

Intra-Community trade contracted from 25,600,000 to 21,400,000 tons,³⁾ a matter of 16%; this was the result of the decline in French sales to the Saar and Belgium, which went down in 1963 to 6,700,000 tons (-21%) and 8 million tons (-15%) respectively.³⁾

Consumption and stocks

177. The average ferrous content of the ore (including sinter) consumed in the industry went up from 38.1% to 39%.³⁾ the tendency now being for burdens to be made up of ore and sinter with a higher and higher Fe content.

¹⁾ See No. 292 below.

²⁾ Estimated on basis of first ten months of 1963.

³⁾ Estimated on basis of first nine months of 1963.

During 1963 stocks at the mines remained, overall, more or less unchanged at 11,400,000 tons, with a drop in France from 8,100,000 to 7,700,000 and a further increase in Germany from 1,900,000 to 2,300,000, notwithstanding substantial production cutbacks. Stocks at the works and elsewhere went down between the end of 1962 and the end of September 1963 by 1.7%, from 17,800,000 ton to 17,500,000.

Ore sintering and blast-furnace coke rate

178. The rise already observable earlier in the proportion of sintered ore used in the blast-furnaces continued in 1963, from 847 kg. per metric ton of pig-iron produced to 951 kg.,¹⁾ an increase of 12.3%.

This duly affected the coke consumption of the furnaces, the coke rate going down in 1963 from 814 kg. per ton of pig-iron produced to 771.¹⁾ This decrease was very much greater than the small increase in coke consumption in the sintering-plants, from 63 to 67 kg. per ton produced.¹⁾ The total coke consumption of the iron and steel industry fell from 47,500,000 tons in 1962 to 45,300,000¹⁾ in 1963, with steel production running dead level.

Prices

179. With effect from July 1, 1963, the Lorraine mines reduced their schedule prices by approximately 7% for calcareous ores and 11% for siliceous ores. At the same time, for calculating purposes they put the Fe content of their ore at 31% instead of 32%, so that the average selling price of Lorraine ore went down from \$0.1125 per Fe unit in 1962 to approximately \$0.101 at the end of 1963. 20-25% of production is sold at these schedule prices, the remainder going in intra- or inter-company disposals.

The average import price of third-country ore decreased in 1963 from \$0.211 to \$0.188 per Fe unit.²⁾ In comparing the average Lorraine price ex mine of \$0.101 per Fe unit with the average c.i.f. price of \$0.188 per unit for the imported ores, account must be taken of the relatively higher transport costs for the lower-grade Community ore, and the larger consumption of coke it necessitates in comparison with the richer imported ores. It has been estimated that to compete with the latter the Fe-unit price of Community ore delivered blast-furnace needs to be on an average 20% lower than that of imported ore.

¹⁾ Estimated on basis of first ten months of 1963 for pig-iron production plants only.

The reduction from the beginning of 1964 in the f.o.b. price of Swedish ore (generally regarded as fairly representative of the prices of overseas ore imported into Europe) was largely offset by the rise in maritime freight-rates, so that the landed prices of Swedish ore are very little lower than before. Further cuts of 3-5% per ton were introduced by a number of the Lorraine mines in their schedule prices as from January 1, 1964, in order to compete more effectively with imported ore, particularly in Belgium and the Saar.

Measures considered by the High Authority

180. In view of the Community iron-ore industry's difficulties, the High Authority drew up a memorandum on the position, which it submitted at the beginning of September to the Consultative Committee, the Council of Ministers and the European Parliament.¹⁾ The contents of this document were discussed with the Consultative Committee on November 29.

181. The memorandum suggests that the problem be tackled from several angles. First, the High Authority states that it feels technical and economic studies could do a good deal to make the Community iron-ore mines more remunerative: in many cases their competitive capacity could well be increased by rationalization and by the merging of several mines into technically and administratively larger production units.

The High Authority does not expect any appreciable changes in the price level of imported ores (any increase in these, say as a result of a rise in freight-rates, would of course improve the position of the Community mines). In its view, the iron-ore industry must accept that conditions of the competition in the world freight market are not such as to justify it in expecting the rates to go up substantially for any length of time. The High Authority therefore urges concentration on ways and means of lowering production costs.

It goes on to deal with the possibilities for improving the quality of the indigenous ores, which it considers highly desirable in view of the incidence of transport costs and the technical requirements arising out of the stepping-up of the ferrous content on blast-furnace burdens. In 1963, the High Authority part-financed research on the beneficiation

¹⁾ Document No. 5800/63.

of low-grade Community ores by magnetic roasting.¹⁾ Of course, however promising the experimental results, the installation of actual production plant involves a very considerable capital outlay, the funds for which are not always easy to raise.

As part of its general policy of promoting investment, the High Authority can give, and very frequently has given, assistance in the form of loans and guarantees towards projects designed to improve the competitive capacity of the Community mines with adequate prospects and reserves, when asked to do so by the producers.²⁾

Since 1953, it has lent a total of \$29,300,000 to help ensure more efficient extraction and ore-preparation methods:

to Germany	\$10,600,000
to France	\$12,000,000
to Italy	\$ 5,700,000
to Luxembourg.....	\$ 1,000,000

Efforts are currently in progress to ease the problem of transport costs for the iron-ore mines by introducing some modifications in rates of carriage. In December 1963, the High Authority approved a schedule of reduced rates for the carriage of Lorraine ore to Northern France.³⁾ At the end of the year, the French Government informed the High Authority that it was planning further action in regard to rail transport, with a view to enabling Lorraine ore to be sold in other steel-producing areas of the Community. The High Authority in reply stated that it intended to be represented at the consultations on the subject, the first of which took place in January 1964.

Last but not least, there is the social aspect, which is indeed, where closures of mines are necessary, the most urgent problem of all. In such cases, the High Authority has made grants towards the readaptation of the workers rendered redundant; in a number of orefields the men were in fact absorbed into other industries without much difficulty. The High Authority also sees to it that provision is made, on the basis of the readaptation grants system, against future contingencies of this kind. However, the fact remains that the areas needing to be redeveloped, by the establishment of new industries, represent considerable problems in the longer term. The High Authority has already been in contact with the national and regional authorities in this connection.⁴⁾

¹⁾ See Chapter IV, Nos. 344 ff. below.

²⁾ See Nos. 318 ff. below.

³⁾ See No. 270 below.

⁴⁾ See Nos. 354 ff. below.

182. The High Authority hopes to be able, in co-operation with the Governments, to introduce phased arrangements for preventing any further worsening of the difficulties now threatening the continued existence of the Community iron-ore industry. Such steps as it can envisage in this matter will, however, be largely governed by the action taken with regard to the iron and steel industry as a whole.

SCRAP¹⁾

183. The buyer's market continued in 1963, with prices at a low level. A regular flow of scrap to the Community steel plants was maintained without difficulty. The Council of Ministers decided temporarily to lift the embargo on exports of scrap to third countries, with effect from April 1.

Market situation

Consumption

184. Overall, Community scrap consumption increased slightly in 1963:²⁾

- (a) *at the steelworks*, it rose from 30,220,000 to 30,600,000 tons,²⁾ an increase of some 1.2%. The input rate per ton of crude steel produced went up from 405.7 kg. in 1962²⁾ to 410.7, in 1963³⁾, owing partly to the higher input rate of the open-hearth steelworks and partly to the increasing displacement of the basic Bessemer by the oxygen-blown process, which consumes more scrap per ton produced than the Bessemer converter;
- (b) *at the blast-furnaces*, on the other hand, it fell by over 8%, from 2,170,000 in 1962 to 1,995,000 tons in 1963²⁾, the input rate decreasing from 40.7 to 37.5 kg. per ton of pig-iron produced.²⁾ This naturally affected the market for low-grade scrap, which is at present finding practically no takers in the Community.

As plants' own arisings were somewhat less, the overall rise in consumption sent the industry's requirements of bought scrap up from 13,800,000 tons in 1962 to 14,400,000 in 1963.²⁾ Procurements from Community countries rose slightly, to just over 12 million tons;²⁾ purchases from outside the Community, on the other hand, totalled only

¹⁾ See *Statistical Annex*, Tables Nos. 24 and 26.

²⁾ Provisional figures.

³⁾ Exclusive of independent steel foundries.

1,500,000 tons,¹⁾ a 7% decrease from 1962. During 1963 stocks at works shrank by over 450,000 tons, but at the end of the year still represented 2.3 months' requirements of bought scrap.

Trade; imports; prices

185. Intra-Community trade in scrap remained at practically the same level as in 1962, around 3 million tons. Although some transport difficulties arose in connection with shipments of scrap from Germany and France to Italy,²⁾ Italian procurements from these countries continued more or less unchanged, approximately 890,000 tons¹⁾ from Germany and 875,000¹⁾ from France.

Scrap imports from third countries over the year also worked out about the same, in the neighbourhood of 2 million tons: for the first ten months they were up by some 10% on the corresponding period of 1962, but in November and December they dropped sharply, mainly owing to the hardening of maritime freight-rates. The six countries among them imported 542,000 tons of scrap from Britain (+55,000)¹⁾ and one million tons from the United States (—285,000),³⁾ Italy taking close on 55% of the former and over 95% of the latter.

Scrap prices continued steady throughout the year at approximately the same low level. The untaxed prices ex yard for basis category 11, which at the beginning of 1963 had been \$28.50 per ton in the Ruhr, \$26.00 in the Paris area and \$33.00 in Italy, were at the end of the year \$28.50, \$26.00 and \$34.50 respectively. The American composite price also remained fairly stable: from \$26.50 per gross ton at the beginning of 1963 it rose to \$29.17 in May, but by the end of December was back to \$27.50.

Action concerning scrap

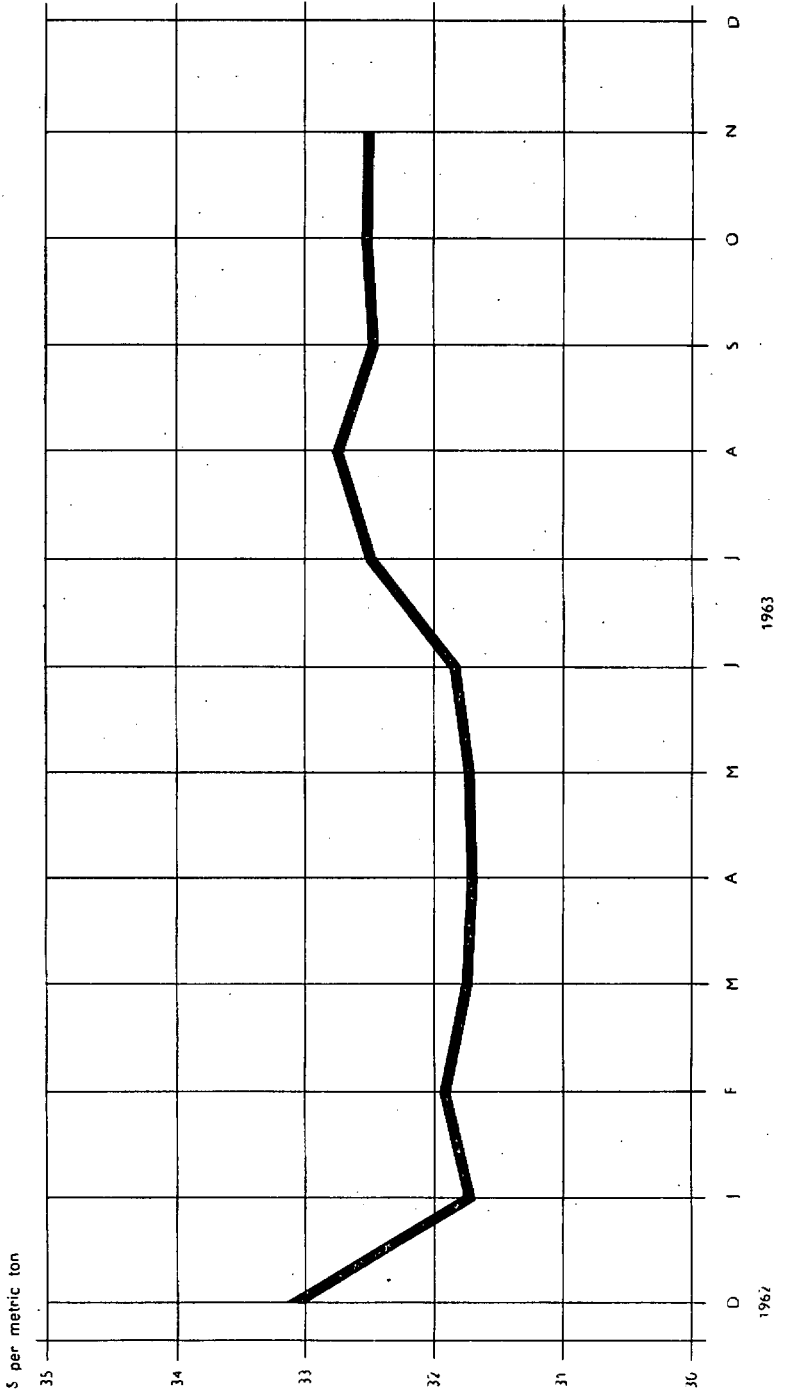
186. The Council of Ministers at its meeting on October 7, 1963, upon proposal by the High Authority adopted for the purposes of the Treaty the definition of scrap given in the Explanation Notes to the Nomenclature for the Classification of Goods in Customs Tariffs drawn up by the Customs Co-operation Council in Brussels. The Ministers at the same time emphasized that they were most anxious to co-operate with the High Authority and the E.E.C. Commission, in a truly Community spirit, in working out ways and means of dealing with the difficulties

¹⁾ Provisional figures.

²⁾ See No. 275 below.

³⁾ Estimated on basis of first nine months of 1963.

GRAPH No. 5
Movement of Average Scrap Delivered Prices
Category II



likely to arise for the iron foundries and detinning works (which do not come within the jurisdiction of the High Authority) in the market for cast-iron scrap and for cuttings and other waste from the processing of tinned sheet, in the event of the provisions of Articles 59 and 61 end of Annex II to the E.C.S.C. Treaty being implemented.

187. At the request of the Netherlands delegation, the Council considered the implications of rescinding the Decision of March 6, 1953, prohibiting the export of scrap to third countries, and at its meeting on March 21, 1963, decided to suspend the prohibition for six months from April 1, a system of export licences to be introduced for supervisory purposes.

The suspension (which applies to steel scrap but not to cast-iron scrap for cuttings and other waste from tinned sheet) was subsequently extended to May 31, 1964, with the proviso that should any Government or the High Authority so request the position might be reviewed at any time to determine whether the embargo should be reimposed before that date. On the Council's instructions, the High Authority is now studying the situation in preparation for the decision to be taken as to the policy to be followed concerning scrap exports from June 1 onwards.

It would appear from the following table that full use has not been made of the licences granted (which are for three months).

TABLE 25

Licences granted and tonnages exported

(metric tons, Community overall)

1963	Licences	Exports
January	—	1,426
February	—	644
March	—	1,203
April	18,378	1,065
May	22,170	5,242
June	8,175	7,611
July	13,678	6,136
August	8,221	12,254
September	13,933	6,900
October	18,173	9,193
November	27,466	8,764
December	16,200	—
Total	146,394	—

N.B.

These figures include shipbreaking scrap, which has been exportable practically without restriction ever since the introduction of the Common Market.

Winding-up of the scrap-price compensation scheme

188. As last year's Report indicated it would shortly be doing, the High Authority was finally able to dispatch to all the enterprises affiliated to the former scrap-price compensation scheme detailed final statements covering all transactions from April 1, 1954 (when the scheme came into force), onwards. In accordance with these statements, which were sent out on April 8, 1963, some 100 enterprises were required to pay over by not later than May 31, 1963, a total of \$26,000,000, for the settlement of outstanding claims by approximately 125 other enterprises.

Many of the enterprises concerned duly paid up; about a score, however, instead lodged appeals before the Court of Justice of the Communities.

The High Authority contended that the statements were not individual Decisions contestable at law. In a number of cases the Court has already allowed this interpretation to be correct (judgments delivered on December 5, 1963); certain other actions are still pending.

As the funds have come in, the High Authority pays them out again to the creditor enterprises. By the beginning of February 1964, it will have completed five allocations covering some 80% of the claims.

The High Authority is going into the various points disputed by enterprises on receipt of the statements, issuing directly enforceable individual Decisions where their objections are found to be inadmissible. It is probable that some of these Decisions will lead to further appeals, which will have to be judged before the books can finally be closed.

The High Authority proceeded with its evaluation of the findings on the origins of the scrap admitted for compensation under the scheme, consulting periodically on the subject with the national auditing and legal authorities. This process will continue until the cases still outstanding are finally settled.

PIG-IRON AND STEEL

*Developments**Pig-iron¹⁾*

Pig-iron production

189. Community production of pig-iron (all types) in 1963 totalled 53,200,000 tons²⁾ as against 53,700,000 in 1962, a decrease of just under 1%.

Specific consumption of pig-iron (including spiegeleisen and high-carbon ferro-manganese) in steelmaking again decreased, from 688 to 685 kg.²⁾ per ton of crude steel produced.

TABLE 26

Community production of pig-iron by types

Type	('000 metric tons)		
	1961	1962	1963 ¹⁾
Steelmaking pig	50,023	49,313	49,131
Foundry pig	3,075	3,061	2,906
Spiegeleisen	269	244	211
High-carbon ferro-manganese	512	528	519
Ally and special pig	730	570	435
Total	54,609	53,716	53,202

¹⁾ Provisional figures.

¹⁾ See also *Statistical Annex*, Tables Nos. 25 and 27-30.

²⁾ Provisional figures.

State of the pig-iron market

190. Total sales of pig-iron, which had already dropped 11% in 1962, went down by a further 9% in 1963. The different types were, however, affected in differing degrees.

TABLE 27

Sales of pig-iron inside and outside the Common Market
(according to works' records of deliveries)

('000 metric tons)			
Type	1962	1963 ¹⁾	Percentage change
Steelmaking pig	1,564	1,264	— 19.2
Foundry pig	1,867	1,803	— 3.5
Spiegeleisen	179	160	— 10.6
High-carbon ferro-manganese	458	501	+ 9.4
Alloy and special pig	557	486	— 12.7
Total	4,625	4,213	— 8.9

¹⁾ Provisional figures.

Trade in pig-iron

191. Intra-Community trade in pig-iron (all types) remained at about the same level as in 1962, just over one million tons.¹⁾ Sales in the member countries' home markets, however, fell to 2,750,000 tons,²⁾ an average decrease for the Community overall of 8%.

192. Pig-iron exports to third countries totalled 446,000 tons¹⁾ as against 602,000 in 1962. Competition in the world market is now so fierce that the Community producers are finding few buyers for the ordinary types of pig, only the special grades selling reasonably well.

Pig-iron imports from third countries rose from 1,190,000 tons to 1,310,000,¹⁾ thus accounting for over 25% of total purchases in the Community.

¹⁾ Estimated on basis of first ten months of 1963.

²⁾ Provisional figures.

TABLE 28

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		84	298	1	86	468	
France	1963 (9 months)		83	236	1	58	379	
	1960	98		27	5	193	324	
	1961	97		43	8	205	353	
Italy	1962	88		43	3	340	340	
	1963 (9 months)	45		21	3	120	189	
	1960	—	—	—	—	0	0	
Netherlands	1961	—	—	—	—	—	—	
	1962	—	—	—	—	—	—	
	1963 (9 months)	—	—	—	—	—	—	
Belgium/Luxembourg	1960	48	23	18		30	119	
	1961	38	28	32		30	129	
	1962	51	23	57		37	168	
Community	1963 (9 months)	31	29	12		19	91	
	1960	25	39	0	8		72	
	1961	24	35	0	1		60	
Third countries	1962	26	35	13	0		73	
	1963 (9 months)	15	34	75	3		127	
	1960	171	140	218	15	311	855	
Total	1961	160	154	413	10	352	1,090	
	1962	165	142	410	5	329	1,050	
	1963 (9 months)	91	147	344	8	196	786	
Total	1960	298	26	495	24	125	968	
	1961	258	35	513	17	101	924	
	1962	517	33	442	16	176	1,185	
Total	1963 (9 months)	295	31	406	22	230	983	
	1960	468	165	713	40	436	1,823	
	1961	418	189	926	27	454	2,014	
Total	1962	682	175	852	21	505	2,234	
	1963 (9 months)	386	178	750	30	426	1,769	

¹⁾ Including spiegeleisen and high-carbon ferro-manganese.
N.B. Compiled from external trade statistics (imports).

Pig-iron prices

1963. Apart from reductions of about 4% made by the main Community producers in April and May in their schedule prices for high-carbon ferro-manganese, there was in general little change either in schedule prices or in the rebates offered. One Netherlands enterprise introduced new scales of rebates in February. It should be borne in mind that the pig-iron producers had made major concessions in 1962, mostly in the form of rebates.

Alignments on third-country quotations increased further in 1963 (see *Table 29*).

TABLE 29

Tonnages of pig-iron sold by alignment on third-country quotations,
as declared to the High Authority

Type	('000 metric tons)		
	1961	1962	1963
Steelmaking pig	361	361	385
Foundry pig	} 352	511	724
Special pig		60	107
Spiegeleisen	43	66	63
High-carbon ferro-manganese	50	63	191
Total	806	1,061	1,470

The Community average import prices of some types of pig-iron fell still further in 1963.

TABLE 30

Average import prices for pig-iron
(according to external trade statistics)

Year	Hematite steelmaking pig	Foundry pig		High-carbon ferro- manganese
		Hematite	Phosphorous	
1961	52.69	56.77	53.98	132.92
1962	47.48	53.17	49.79	127.97
1963				
1st six months	41.15	48.87	44.14	120.09
3rd quarter	37.30	44.68	43.19	115.75

Foundry pig-iron

194. The Common Market prices for foundry pig-iron have been falling steadily for a number of years. The High Authority has been considerably exercised in the past over the difficulties arising from this trend. In 1962 it decided to defer possible action in the matter until it could study the findings of an investigation arranged into the cost/return position of the Community producers of foundry pig.¹⁾ The investigation was duly completed, on the basis of records of the production costs and revenues of producers in Germany, France, Belgium and Italy, and the results incorporated in a memorandum submitted on the subject to the Council of Ministers.

195. The findings may be summed up as follows:

- (a) the dwindling in the returns for foundry pig is due to a flood of ultra-low quotations from third countries, on which the Community producers are obliged to align their own prices in order to sell at all;
- (b) where for cost reasons they have been unable to go down to the level of the import prices (which have in some cases, depending on the type of pig and the purpose for which it was to be used, been as much as \$20 per ton below the Community schedule prices), they have found themselves with accumulating stocks of unsaleable metal on their hands;
- (c) although in some cases it has been possible to cut production costs by anything up to 20%, the financial situation of all enterprises has worsened, as their revenues have, in general, decreased even faster;
- (d) as a result of this imbalance, the German, French and Belgian producers have been struggling with growing deficits since 1960, if not before.

196. An endeavour was made at the same time to see whether any further cost reductions were possible.

As regards the raw-material supplies, the scope for lowering costs is rather limited.

Some savings might be achieved by using imported ores and coking coal in place of Community products, but this is a matter which comes

¹⁾ See *Eleventh General Report*, No. 338.

within the purview of the Community's overall policy in respect of iron-ore and solid fuels.

A long-term reduction in costs could be obtained, firstly, by concentrating production on larger blast-furnaces, and secondly, and more important, by introducing some rationalization of the extraordinarily heterogeneous range of products. Specialization agreements under Article 65,2, a of the Treaty could usefully be concluded in the latter connection, subject to prior authorization by the High Authority. The concentration of production on larger-capacity blast-furnaces would necessitate a major reconversion drive taking some time to complete.

Steel¹⁾

Steel production and consumption

197. Crude-steel production in 1963 totalled 73,200,000 tons, thus running approximately level for the fourth year in succession. There were, however, some noticeable changes in the pattern of production processes.

	(% of total production)		
	1960	1962	1963 ¹⁾
Oxygen steels	49.6	47.0	46.0
Electric-furnace steels	37.8	36.2	34.5
Open-hearth-steels	10.4	12.0	12.2
Basid and acid Bessemer steels	2.2	4.8	7.3

¹⁾ Provisional figures.

Real consumption of crude steel has risen over the four years by rather over eight million tons, but five million tons of this has been offset by the fall in exports and rise in imports. The remaining three million is accounted for by the build-up of stocks needed in 1960 to keep pace with the then very rapid growth in production and consumption.

The volume of intra-Community orders was only 2% greater than in 1962; in contrast to that year, however, the position took a turn for

¹⁾ See also *Statistical Annex*, Tables Nos. 31-43.

the better at the end of 1963. This was the effect of an incipient revival in the steel-consuming industries, and more especially the capital-goods industries, precisely in those countries where they had been recently most in recession.

The increase in consumption was unevenly distributed, which is partly the reason for the considerable differences in the movement of production in the individual countries: Germany showed a slight decrease in both real consumption and production (-3%), France and Belgium a slight increase in both ($+1.8\%$ and $+2.5\%$ respectively). Luxembourg no change, and Italy and the Netherlands a continuing well-marked upward trend in production (Italy $+7.5\%$, Netherlands $+12\%$), with in Italy's case an appreciable rise in consumption as well.

198. Production of high-carbon and special steels, which is always specially sensitive to developments in the capital-goods industries, worked out for 1963 about 5% lower than in 1962, when it was already 10% lower than in 1961. It decreased in varying degrees in all the member countries except the Netherlands, where it went up by some 9%.

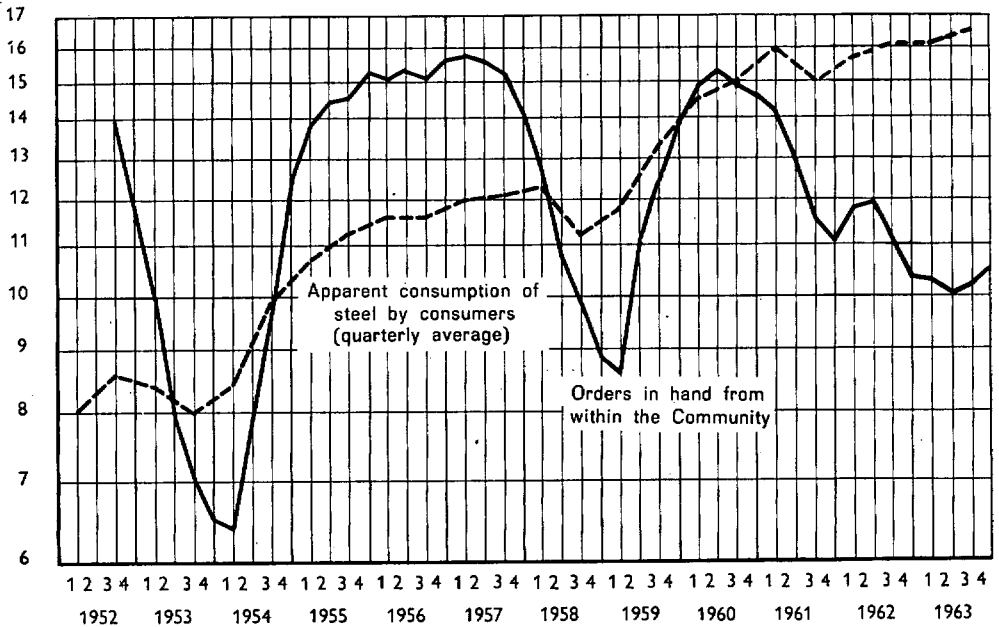
The share of these steels in total steel production, after reaching its maximum to date, 8.4%, in 1961, contracted again to 7.7% in 1962 and approximately 7.4% in 1963. Only the high-carbon steels were affected, however, their share going down from 2.6% to 2.4%, while that of the alloy steels remained at 5.0% as in 1962.

Steel orders and deliveries within the Common Market

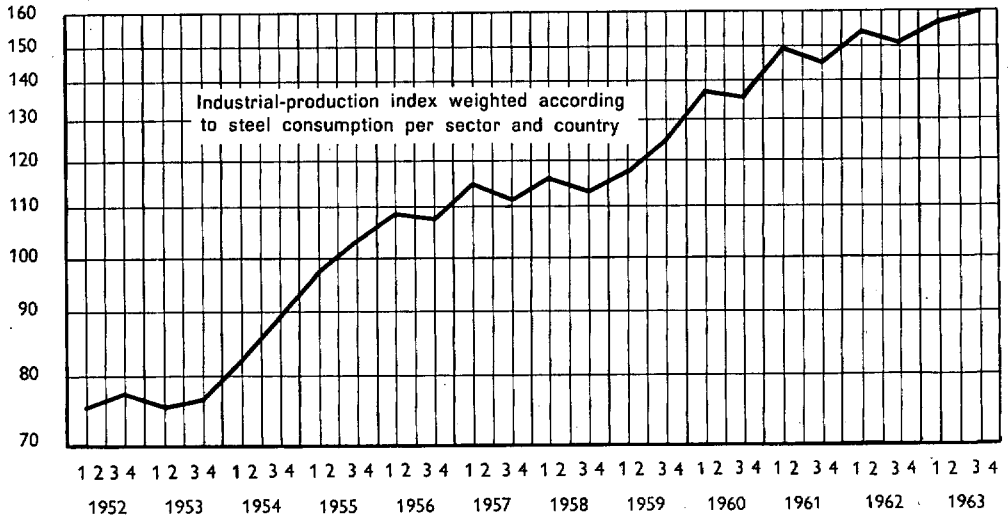
199. Although orders from within the Common Market were only 1.9% above the 1962 level, the year ended on a better note with new orders booked in the fourth quarter 13.5% up on the corresponding period of 1962. Consequently, intra-Community orders in hand, which had touched a very low level indeed in the early autumn, stood by the end of the year somewhat higher than at the end of 1962. As the rate of deliveries and increased by 9%, however, delivery dates shortened still further, to an average of barely two months, and for many products considerably less. As the backlog is calculated inclusive of phased-delivery ("on-call") contracts and orders not yet itemized, this state of affairs has been seriously prejudicial to the operating efficiency of many enterprises, since it prevents them from fixing rational rolling schedules.

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.

200. The production and consumption trends in the different member countries are of course interrelated, but thanks to the existence of the Community the steel industries which are faced with a sag in home demand are able to intensify their sales-promotion work in other parts of the Common Market instead.

Thus the German industry was able to book 15% more business from other member countries than in 1962; this was the continuance of a steady trend which has brought a total increase of 77% since 1959, whereas the volume of orders received from member and third countries together has remained about the same.

The Belgian industry, whose home sales are expanding but still represent only a small proportion of its total deliveries, received 7% more orders from within the Community than in 1962, and 62% more than in 1959; its aggregate volume of orders shows an increase of 10% from 1959 to 1963.

In France, where consumption kept up fairly well in 1963, there was no increase in intra-Community orders over 1962; in that year they were 37% above the 1959 level, while the growth in total orders from all sources between 1959 and 1963 was 74%.

Italy's incoming orders from other Community countries still amount to no more than a few thousand tons a month; Luxembourg's, on the other hand, have since 1959 constituted a steady 60% of all orders received. Total orders placed with the Luxembourg industry show no increase over the four years.

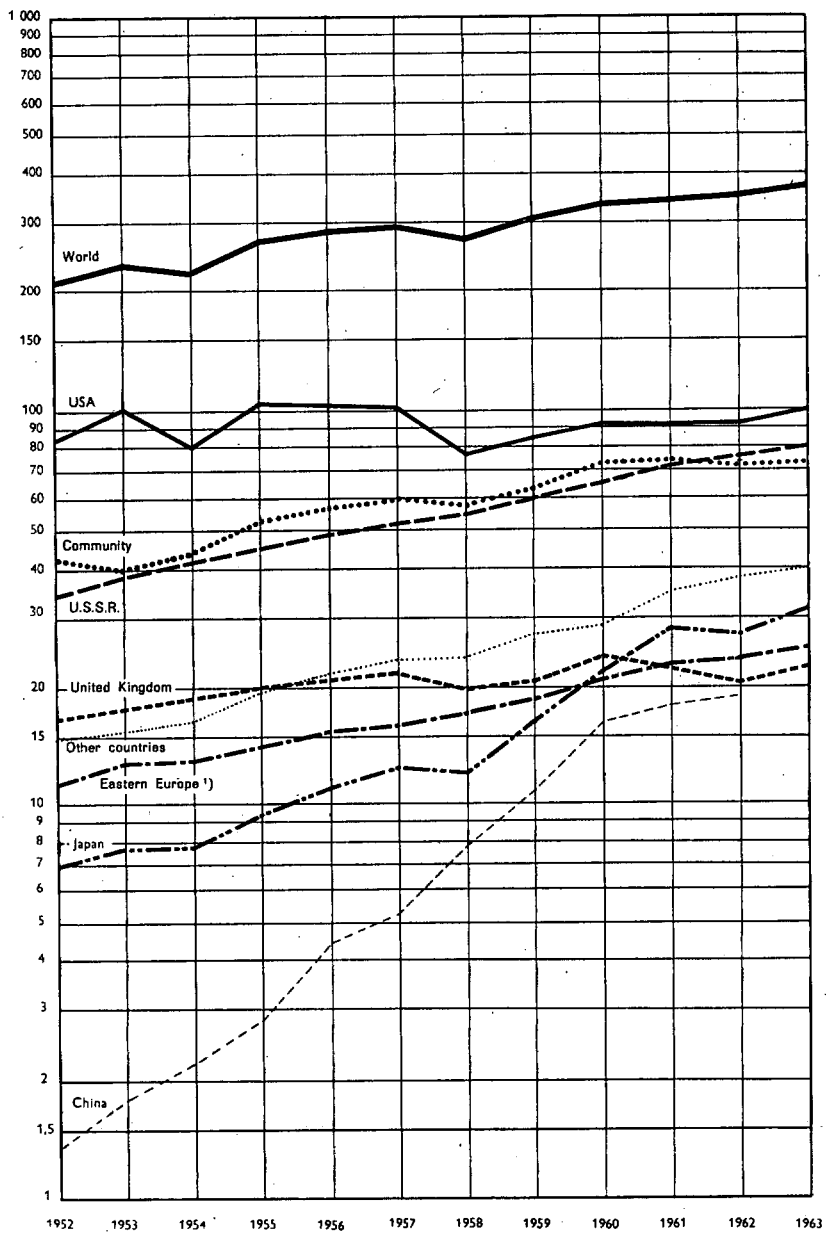
The Netherlands industry also recorded an increase in the flow of intra-Community orders; these were 68% higher than in 1959, while total orders from all sources were 31% higher.

201. The stepping-up of sales to the countries with rising consumption rates caused the proportion of total Common Market business represented by tonnages ordered from one Community country by another to rise from 21.7% to 23.4%. At the same time, quite apart from cyclical factors, this is indicative of the steadily-increasing integration of the Common Market: before its establishment the proportion was no more than 11-12%. A similar process is in evidence in the case of special steels, where the proportion in 1963 reached 7.5%, the highest since the Common Market was introduced.

With this increasing *interpenetration* has gone a 10% increase from 1962 to 1963 in trade in steel among the Community countries, principally in sales by Belgium/Luxembourg, which rose from 2,300,000 tons

GRAPH No. 7
World Crude-Steel Production

('000,000 metric tons)



¹⁾ Eastern Germany, Bulgaria, Poland, Roumania, Czechoslovakia, Hungary.

in the first nine months of 1962 to 2,900,000 in the corresponding period of 1963. The Netherlands achieved a relatively still more striking increase, from 320,000 tons to 560,000. Germany's deliveries went up only from 2,500,000 to 2,600,000, and France's not at all, totalling 1,660,000 tons in both periods. Italy's sales to the rest of the Community are very small, only about 50,000 tons.

Of the receiving countries, Italy registered the biggest increase with 1,800,000 tons in the first nine months of 1963 as compared with 1,400,000 in the first nine months of 1962; France followed with 2,320,000 tons as against 2,170,000, then Belgium/Luxembourg with 470,000 as against 360,000, Germany with 2,350,000 as against 2,210,000, and the Netherlands with 1,100,000 as against 1,080,000.

The increase was principally in sales of coils (+88%), wire-rod (+20%) and hoop and strip (+19%), the products on which competition was keenest owing, *inter alia*, to low quotations from third countries.

External trade in steel

202. The Community's external trade position deteriorated both export-wise and import-wise.

Exports of Treaty finished products totalled nine million tons, as compared with 9,350,000 in 1962, while imports climbed from 2,460,000 tons to 3,500,000. This trend began to be apparent in 1960, when although exports touched a new high with 10,760,000 tons, imports abruptly shot up from the steady million a year of the previous five years to 1,900,000. A certain upturn in exports did develop at the end of 1963, in consequence of a recovery in business conditions generally and in the demand for iron and steel products, particularly in the world market. As regards imports, on the other hand, outside competition remains as fierce as ever.

203. Total exports orders in 1963 will, it is thought, prove to have been rather greater than in 1962 owing to the improvement in the last quarter in Germany and the Netherlands, and to a lesser extent in France.

Actual exports, however, have not yet had time to react to the recovery in orders. In the first nine months of 1963, Germany's, Belgium's and Italy's exports to third countries were all lower than in the same months of 1962 and France's were unchanged, only the Netherlands recording an increase.

A breakdown by countries of destination (first nine months) shows a sharp drop in exports to Latin America and Eastern Europe; those to

Britain, after plummeting in 1961 and 1962, went up again in 1963; those to other areas moved only fractionally.

As regards the different products, exports of ingots, semis and coils and of permanent-way material, wire-rod and merchant bars all decreased somewhat, while those of heavy sections remained about the same. In the flat-products sector, exports of hoop and strip and of heavy plate also declined; there was, however, an increase in exports of sheet.

204. Imports from third countries have been rising in all parts of the Community: the Netherlands in particular imported three times as much during the first nine months of 1963 as in the corresponding period of 1962, Germany and France nearly twice as much, and Belgium and Italy 40% and 10% more respectively.

Most of the additional tonnages brought in came from Eastern Europe (including the Soviet Union) and from Japan, imports from these sources during the first nine months of 1963 amounting to 746,000 tons from Eastern Europe as compared with 471,000 in the first nine months of 1962, and 377,000 from Japan as compared with 20,000.

Imports from Britain in the same period increased from 299,000 to 406,000 tons, and those from Sweden from 112,000 to 163,000. Imports from minor sources also rose, from 182,000 to 323,000 tons, though procurements from Austria decreased from 489,000 tons to 446,000.

The increase was chiefly in purchases of coils, semis, heavy plate, wire-rod and sections.

Steel prices¹⁾

205. With the stiffening competition from third countries and the glut of Community availabilities, Common Market prices declined still further in 1963. The actual schedule prices, however, remained unchanged in most countries, as even the most drastic reductions the enterprises could reasonably afford to make, would still not bring them down to the ruling level. In these circumstances, the majority of sales are now aligned on lower schedule prices of other Community enterprises and on third-country quotations (see below).

Generally speaking, the French schedule prices were still the lowest in the Community at the beginning of 1962, but ceased to be so following increases in August, together with various reductions by some Belgian

¹⁾ See also *Statistical Annex*, Tables Nos. 44-46.

works. In 1963, a number of Belgian works brought their schedule prices for a number of products down to, or closer to, the level of the figures quoted from third countries.

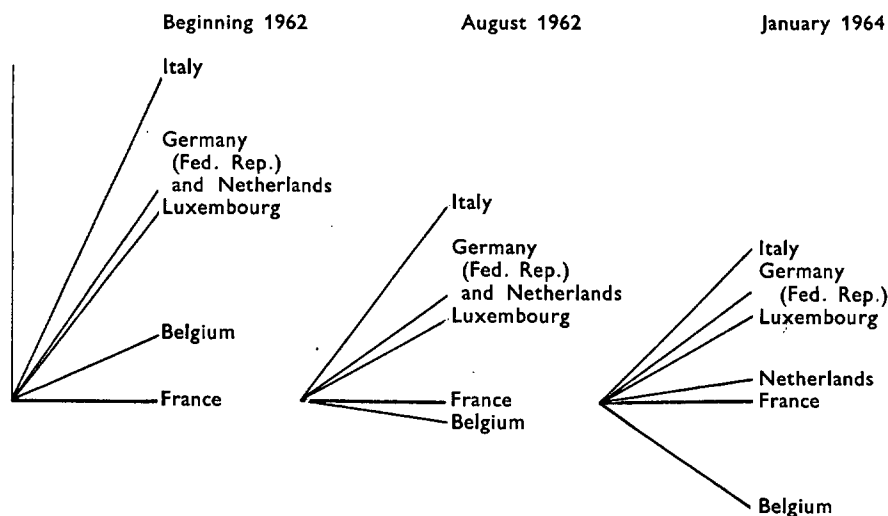
Table 31 shows the movement, since 1962, of the arithmetical mean of the delivered prices for basic Bessemer reinforcing rods, wire-rod and hoop and for strip, open-hearth quality plate and S.P.O. sheet in ten representative Community consumer centres.

TABLE 31

Country	May 1962		August 1962		January 1962	
	\$ per ton	French price = 100	\$ per ton	French price = 100	\$ per ton	French price = 100
France	129.60	100	136.15	100	136.20	100
Germany (Fed. Rep.)	142.45	110	142.45	105	142.50	105
Belgium ¹⁾	132.95	103	134.95	99	119.80	95
Italy	148.75	115	148.75	109	146.30	107
Luxembourg	141.30	109	141.30	104	141.15	104
Netherlands	142.85	110	142.85	105	138.00	101

¹⁾ Based on the lowest schedule price.

As can be seen from the following diagram, the price spread for all the member countries except Belgium narrowed sharply, French prices now standing about midway between the two extremes.



206. Some remarks on the trends in schedule prices in the different countries will be found in the notes to *Table 44* of the Statistical Annex.

Special mention may, however, be made here of the implications of the German Government's action in mid-1963 raising the turnover-tax countervailing dues on imports. This makes no difference as regards the German enterprises' sales at their own schedule prices, but means an increase of 2% in the proceeds of sales of most products in cases of alignment on other Community schedules.

In practice, however, revenues fell off substantially, owing to the further decline in the prices to be aligned on. Works in the other member countries are directly affected only when selling by alignment on German schedules, in which case they stand to lose 2%; here too, however, the practical effect is inconsiderable, as given the price spread just indicated there is little occasion to align on German prices. The increase in the tax does not affect these works' takings on sales either at their own schedule prices or by alignment on those of other than German enterprises; it does, however, reduce the disparity between their prices and the Germans' by 2%.

As regards special steels, the prices of structural and ball-bearing steels remained unchanged apart from a few minor adjustments. Stainless steel, on the other hand, went down by anything up to 12% below the old prices.

Delivered prices and alignments

207. Belgium continued the pacemaker in almost all the Community markets,¹⁾ as can be seen from *Table 32* showing the lowest delivered prices in eleven representative consumer centres.

Alignments

208. The published prices just described, as figuring in the schedules lodged by the enterprises with the High Authority, in no way corresponded to the prices actually charged in the Community market in 1963. After nearly three years of growing pressure of supply, the only schedule prices that counted were the lowest, on which the other enterprises had to align, and with the strong competition from third countries even those were frequently not low enough, so that the Community

¹⁾ See *Eleventh General Report*, No. 328.

TABLE 32

Basing points with lowest prices
(as at January 1, 1964)

Consumer centres	Reinforcing rods	Merchant bars	Sections	Wire-rod	Hoop and strip	Basic Bessemer plate	Open-hearth plate	Ship plate	N.P.O. sheet	S.P.O. sheet
Hanover	Utrecht	Charleroi	Oberhausen	Clabecq	Thionville	Beverwijk ¹⁾	Beverwijk	Beverwijk	Flémalle-Haute	Beverwijk
Duisburg	Clabecq	Oberhausen Charleroi	Oberhausen	Clabecq	Oberhausen Thionville	Beverwijk ¹⁾	Beverwijk	Beverwijk	Flémalle-Haute	Beverwijk
Stuttgart	Milan	Charleroi Thionville	Thionville Sarrebbruck	Clabecq	Thionville	Clabecq	Clabecq	Marcinelle ²⁾	Flémalle-Haute	Montmédy
Munich	Milan	Thionville	Sarrebbruck	Clabecq	Thionville	Beverwijk ¹⁾	Beverwijk	Beverwijk	Flémalle-Haute	Montmédy
Paris	Clabecq Milan	Charleroi	Thionville	Clabecq	Thionville	Clabecq	Clabecq	Marcinelle ²⁾	Flémalle-Haute	Montmédy
Lille	Clabecq	Charleroi	Thionville	Clabecq	Thionville	Clabecq	Clabecq	Marcinelle ²⁾	Flémalle-Haute	Montmédy
Bordeaux	Milan	Charleroi	Thionville	Clabecq	Thionville	Clabecq	Clabecq	Marcinelle ²⁾	Flémalle-Haute	Montmédy
Brussels	Clabecq	Charleroi	Thionville	Clabecq	Thionville	Clabecq	Clabecq	Marcinelle ²⁾	Flémalle-Haute	Montmédy
Eindhoven	Clabecq	Charleroi	Oberhausen	Clabecq	Thionville	Beverwijk ²⁾	Beverwijk	Beverwijk	Flémalle-Haute	Beverwijk
Rotterdam	Clabecq	Charleroi	Oberhausen	Clabecq	Thionville	Beverwijk	Beverwijk	Beverwijk	Flémalle-Haute	Beverwijk
Milan	Milan	Novi Ligure	Novi Ligure	Clabecq	Novi Ligure ³⁾	Clabecq	Clabecq	Novi Ligure	Flémalle-Haute	Novi Ligure

¹⁾ 80 mm. and over only.

²⁾ Standard quality 00.

³⁾ Marcincelle makes additional concessions for orders of 500 tons and over.

enterprises were having more and more to align on outside quotations. The volume of sales by alignment on third-country quotations has been as follows.

	<i>Tons sold by alignment</i>	<i>Largest rebate on schedule prices</i>
1958 approx.	165,000	35.3%
1959	370,000	32.0%
1960	250,000	26.0%
1961	457,000	36.4%
1962	1,307,000	28.5%
1963 over	2,221,000	44.28%

Even these disquieting figures, however, by no means reflect the full impact of the flood of imports and quotations from third countries. As we have seen, a number of Community works have scaled their own schedule prices down to the level of their outside competitors; consequently the sales and those of other Community enterprises aligning on them, are not included in the above figures for alignments on *third-country* quotations, although that is in effect what they are.¹⁾ The volume of these sales is not known, as alignments on Community price-schedules are not declarable, but it may well be several times as great as that of sales by direct alignment on outside offers. To this must further be added the volume of "non-comparable" transactions, such as long-term delivery contracts, also not at present declarable, but also tending to be priced in line with third-country competition.

Alignment in the special-steels sector, as in 1962, concerned mainly stainless and heat-resisting sheet, though in the second half of the year they began to be practised increasingly also for high-carbon wire-rod and alloy structural steels. Total aligned sales of special steels almost doubled as compared with 1962.

Action by the High Authority

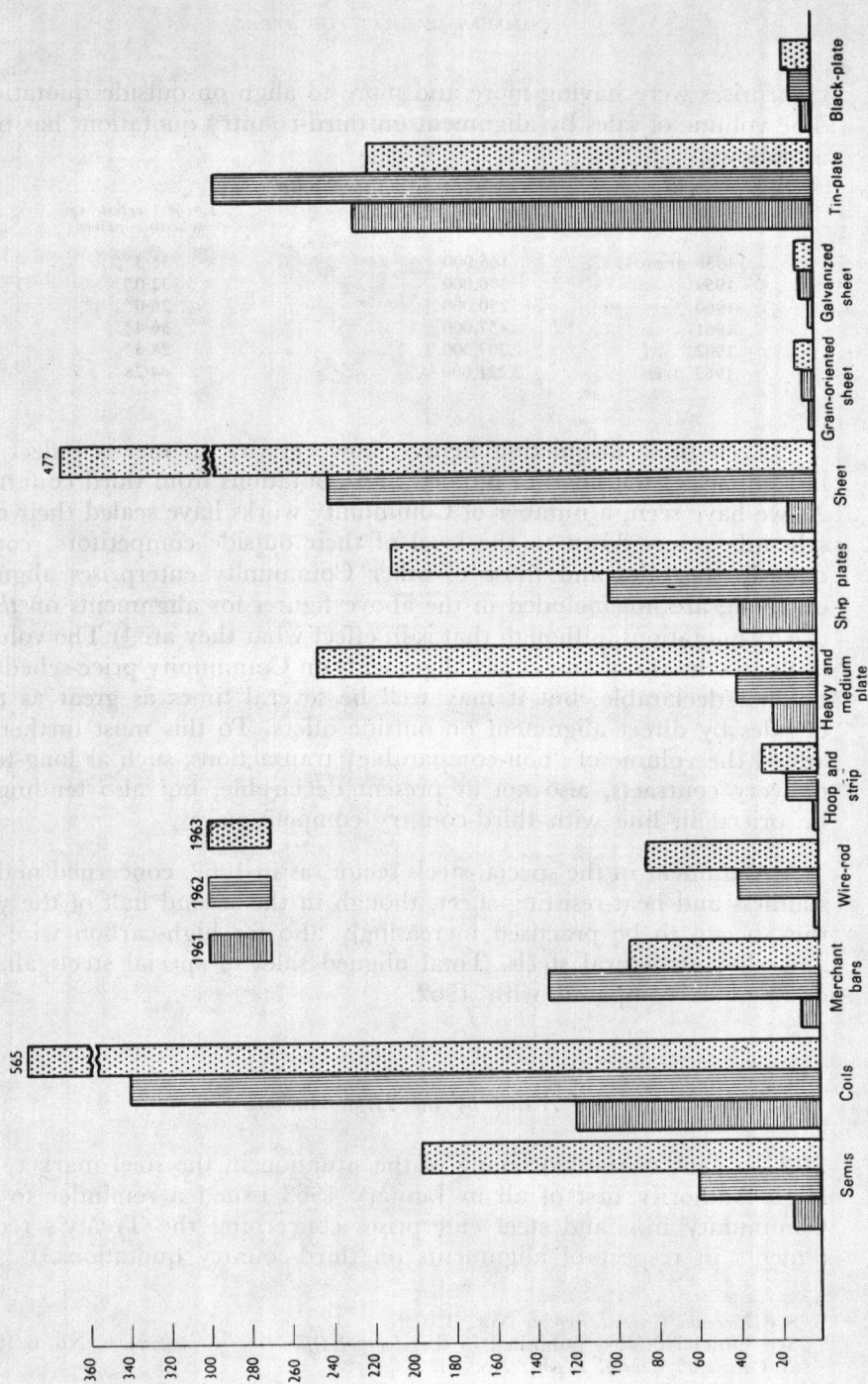
209. In view of the worsening of the situation in the steel market, the High Authority first of all in January 1963 issued a reminder to the Community iron and steel enterprises concerning the Treaty's requirements in respect of alignments on third-country quotations.²⁾

¹⁾ See *Eleventh General Report*, Nos. 330 ff.

²⁾ See Official Notice published in the *Journal Officiel des Communautés*, No. 6/1953; also *Eleventh General Report*, No. 335.

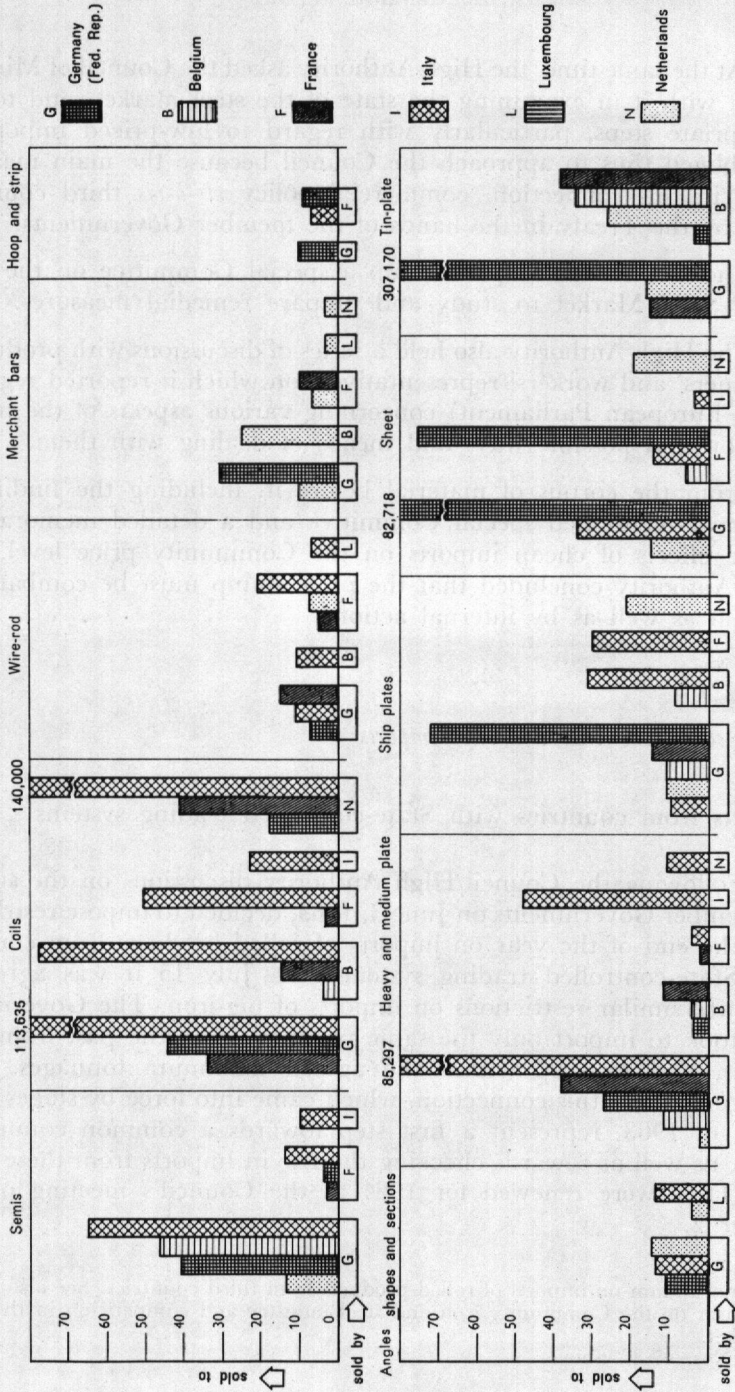
GRAPH No. 8

Comparative Levels of Alignment on Third-Country Quotations (Community), 1961-1963
('000 metric tons)



GRAPH No. 9

Alignments on Third-Country Quotations, 1963¹⁾
('000 metric tons)



¹⁾2,000 tons and over.

210. At the same time, the High Authority asked the Council of Ministers to join with it in examining the state of the steel market, and to take appropriate steps, particularly with regard to low-priced imports. It was obliged thus to approach the Council because the main means of action in this connection, commercial policy *vis-à-vis* third countries, is left by the Treaty in the hands of the member Governments.

The Council thereupon set up a special Committee on the State of the Steel Market to study and prepare remedial measures.

The High Authority also held a series of discussions with producers', consumers' and workers' representatives (on which it reported regularly to the European Parliament) concerning various aspects of the market situation and possible ways and means of dealing with them.

From the corpus of material before it, including the findings of the above-mentioned special Committee and a detailed memorandum on the effects of cheap imports on the Community price level,¹⁾ the High Authority concluded that the price slump must be combated by external as well as by internal action.

Action concerning iron and steel imports

Imports from countries with State-controlled trading systems

211. Following the Council/High Authority discussions on the subject, the member Governments on June 3, 1963, decided to impose restrictions until the end of the year on imports of rolled products from countries with State-controlled trading systems. On July 15 it was agreed to introduce similar restrictions on imports of pig-iron. The Governments undertook to import only the same products as in the past from these sources, and to keep within the agreed maximum tonnages.²⁾ The arrangements in this connection, which came into force by stages in the course of 1963, represent a first step towards a common commercial policy, as well as towards checking the rise in imports from these countries. They were renewed for 1964 at the Council's meeting on December 2.

¹⁾ Memorandum on imports of rolled products from third countries. See also Memorandum on the Community iron and steel industry and competition in the world market.

²⁾ See Nos. 47 ff. above.

212. Experience showed, however, that the prevailing difficulties could not be disposed of simply by restricting the incoming tonnages. In particular, the continuing decline in prices could not be arrested for so long as Community enterprises were still aligning right and left on the low figures quoted for these tonnages, thus propagating the depressive effect on Community prices. It was therefore necessary to supplement the Governments' quantitative restrictions by prohibiting alignments on the imports in question.¹⁾

This was felt to be a justifiable course inasmuch as what enabled the countries concerned to undercut the Community producers was their completely different production and export-marketing conditions. The Community enterprises had lost a good deal of business as a result, even though they had attempted to meet this State-organized competition by alignments, under Article 60 of the Treaty, involving substantial rebates. The High Authority moreover considered the prohibition of such alignments to be in accordance with the requirements of Article 2 of the Treaty (laying down that the Community must pursue its objectives "in harmony with the general economy of the member States") and with the aims and objects of Article 3, c, e and g.

The Treaty does not, however, contain explicit provision for the restricting or prohibiting of alignments in consideration of the general state of the Common Market. After obtaining an opinion from the Consultative Committee, the High Authority therefore submitted to the Council on December 2 a draft Decision under Article 95, 1 of the Treaty ("cases not expressly provided for"). The Council gave its unanimous consent on January 10, and the High Authority thereupon issued Decision No. 1/64, which came into force on February 1.

Imports from third countries generally

213. In the case of imports from third countries which are members of GATT, there could be no question of restricting tonnages or prohibiting alignments. The High Authority made efforts to work out arrangements with some of these countries for coping with a situation which is highly unsatisfactory both for them and for the Community: thus, with the agreement of the Council of Ministers, it held talks early in 1963 with the Governments of Britain, Japan and Austria. Though these did yield one or two useful results, it was very soon found necessary to take further steps to arrest the deterioration in the state of the Common Market.

¹⁾ See *Journal Officiel des Communautés*, No. 8/1964.

The Community's position *vis-à-vis* the other steel-producing countries was going from bad to worse. Its tariffs were lower than any of its main competitors', with the result that much of the world surplus was flowing in its direction; some outside producers, being able to sell at a fairish profit in their stable, highly protected home markets, were in a position to export part or all of their surplus production at marginal prices. Since the Community's troubles were thus mainly of external origin, it was plainly essential to take action in the field of external trade policy over and above the internal measures in preparation (see below).

214. The High Authority had three aims in view, which are set forth in detail in the Section on commercial policy.¹⁾ As an immediate measure, the High Authority discussed with the Council the possibility of affording the Community iron and steel industry a degree of protection comparable to that enjoyed by its principal competitors. Following consultations at the Council's meeting in December 1963 and January 1964,¹⁾ the High Authority, as in duty bound, on January 15 issued to the member States Recommendations under Article 74,3 of the Treaty enjoining them

- (1) to introduce the necessary legislative and administrative measures for bringing their mean external rates of duty on iron and steel products to the minimum level of Italy's (which average 9%). Care was taken to respect the binding clauses agreed to in GATT with regard to certain tariff headings by the Benelux countries and Germany, and provision was also made for a special procedure for allowing exemptions to the minimum rates recommended (Recommendation No. 1/64).²⁾ The High Authority is to amend or rescind the Recommendation should it find that the circumstances giving rise to it have fundamentally altered or ceased to obtain;
- (2) in addition, to impose a specific duty of not less than \$7.00 per ton on imports of foundry pig-iron. This is also a temporary measure, and is to be implemented by the member States in accordance with GATT procedure (Recommendation No. 2/64).²⁾

Action concerning the internal operation of the Common Market

215. With a view to restoring some order in the pricing situation, the High Authority in 1963 revised a number of Decisions which it had issued in this connection when the Common Market was first set up,

¹⁾ See Chapter I, Nos. 51 ff.

²⁾ See *Journal Officiel des Communautés*, No. 8/1964.

defining the pricing practices prohibited by Article 60,1 of the Treaty, and the requirements of Article 60,2,a concerning price publication. In the light of its practical experience of their past implementation, the High Authority, after obtaining the opinions of the Council and the Consultative Committee, amended and supplemented the Decisions so as to bring them more into line with the changed conditions in the Common Market for coal and steel.

Decision No. 19/63, Part One¹⁾

216. With regard to the marketing of coal and steel, the High Authority amended the terms of Decision No. 30/53 concerning *enterprises' obligations in respect of their sales organizations and of middlemen acting on their behalf*.

Experience had already shown that the original Decision No. 30/53, in which the High Authority defined the practices prohibited by Article 60,1 of the Treaty, did not sufficiently clearly and fully specify the obligations incumbent on enterprises in these two connections.

Enterprises producing coal and steel ("*producer enterprises*") are required in selling their products to abstain from all discriminatory practices as defined in Article 60,1 of the Treaty and in Decisions Nos. 30/53 and 1/54. In this respect the Decisions still apply as they stand.

The prohibitions also covers sales effected not by the producer enterprises themselves but through *sales organizations* appointed or maintained by them. For, if the production side were to be separated from the distribution side, the producer enterprises would be correspondingly partly dispensed from observing the non-discrimination rule.

217. Decision No. 19/63 defines "sales organizations" as follows:

- (a) joint-selling agencies (see Article 65,2 of the Treaty) operating on behalf of two or more producer enterprises;
- (b) distributing organizations controlled by a producer enterprise and regularly and primarily engaged in the marketing of all or part of that enterprise's production.

This means that producer enterprises are from now on debarred from selling through their sales organizations at prices and on terms deviating from those shown in their schedules.

¹⁾ See *Journal Officiel des Communautés*, No. 187/1963.

It also constitutes an infringement of the non-discrimination rule for producer enterprises to charge different prices to buyers in comparable positions according as the transaction is effected by the enterprises themselves or by middlemen acting for them — representatives, commission and other agents, consignment-stock holders, etc., irrespective of the mode of their remuneration. Decision No. 19/63 accordingly requires enterprises to see to it that middlemen conducting business on their behalf abide by the published prices and conditions of sale of the enterprises or their sales organizations.

Under Article 63,2 of the Treaty, enterprises are answerable for infringements committed by their direct representatives or by commission agents acting on [their] behalf. By the terms of this provision, however, the High Authority can only call the enterprises to account for such infringements if it can secure information on the middlemen's activities. By decision No. 19/63, it therefore requires enterprises to supply on demand all relevant particulars where such middlemen are acting for them or for their sales organizations, and to arrange for it to have sight of their books.

With regard to *dealers* acquiring the enterprises' products by normal purchase, the existing regulations remain in force.

Decisions Nos. 20, 21 and 22/63

218. The above amendments to Decision No. 30/53 made it necessary also to define more clearly the producer enterprises' obligations in respect of their sales organizations and middlemen acting on their behalf in the matter of price publication. The original Decisions on the subject, Decisions No. 31/53 (ordinary steels), No. 37/54 (special steels) and No. 4/53 (coal and iron ore) were accordingly amended by Decisions Nos. 20, 21 and 22/63.¹⁾

Decision No. 19/63, Part Two

219. The High Authority further clarified the *rules concerning sales by alignment*, including in particular the requirement that producer enterprises should be able to show that their alignments are warranted by the facts. The iron and steel enterprises' sales by alignment, and in particular by alignment on quotations from third countries, have swelled

¹⁾ See *Journal Officiel des Communautés*, No. 187/1963.

since the end of 1962 to very substantial proportions, and it is clear that many enterprises have not been properly complying with this requirement. The High Authority therefore deemed it necessary to supplement Decision No. 30/53 by making it obligatory for E.C.S.C. enterprises to furnish certain supporting evidence.

220. Article 60,2,b of the Treaty entitles enterprises to allow, for "comparable" transactions, such rebates on their schedule prices as will enable them to align the quotation in question on the price-schedule established for a different basing point, thus affording the buyer the most advantageous terms at the point of delivery. Enterprises are also permitted to align their terms on quotations from competitors in non-Community countries.

These concessions constitute waivers to the rule laid down in Article 60,1 and 60,2 that enterprises must not charge different terms for comparable transactions, nor, in such transactions, deviate from their published schedule prices. If the conditions entitling them to claim the benefit of the waivers are not fulfilled, deviation from schedule prices constitutes a prohibited practice within the meaning of Article 60,1.

By its Decision No. 1/54, the High Authority had already ruled that in the case of the exceptions and deviations defined in Article 1,1 of the Decision the enterprises must produce evidence in support of their action in charging prices or terms departing from those shown in their schedules. This requirement was accepted by the Court of Justice in its Judgments Nos. 1/54 and 2/54.¹⁾

221. With regard to alignments on the *price-schedule* of another Community enterprise, Decision No. 19/63 requires enterprises from now on to show that the prerequisite conditions are fulfilled, in particular as regards the lower delivered price of the competing enterprise, and that the aligned price has been correctly computed.

To align lawfully on quotations from non-Community enterprises, however, E.C.S.C. enterprises must be *genuinely in direct competition* with the foreign firms concerned. Decision No. 19/63 accordingly requires enterprises in future to establish in each particular case that this was so, and that the aligned price correctly calculated.

¹⁾ See *Compendium of Community Case Law*, Vol. 1, p. 21.

Decision No. 23/63

222. In Decision No. 23/63, issued under Articles 47 and 60,2,b of the Treaty, the High Authority tightened up its requirements regarding the iron and steel enterprises' obligation to declare to it their sales by alignment on non-Community quotations.¹⁾ It had been found that they frequently did not do so until some considerable time had elapsed, and then in such a way as to make accurate assessment impossible. The decision therefore insists that they notify it within three days of the conclusion of the contract concerned, and specifies the particulars to be furnished.

Decision No. 24/63

223. It has been observed to be quite a common practice for Community steelmakers to allow rebates or special prices in respect of "indirect export" transactions with manufacturing industries which sell some or all of their production to third countries. Some steel enterprises do not publish these in their schedules at all; others indicate that indirect-exports rebates may be granted, but without mentioning a figure.

This being so, the High Authority came to the conclusion that such arrangements must be gone into to establish how far they are compatible with the non-discrimination rule in Article 60 of the Treaty, and what the requirements should be as to their publication. Obviously, therefore, the High Authority must be able to ascertain roughly what these transactions amount to, and what proof the steel enterprises ask of their customers that the end products are in fact exported to non-Community countries.

Decision No. 24/63 accordingly requires steel enterprises to declare to the High Authority all transactions entered into by them in the twelve months from March 15, 1964, involving the granting of rebates or special prices on tonnages for indirect export.

Check-up arrangements

224. The continuing critical state of the steel market since the end of 1962 has made even more painfully apparent the inadequacy of the High Authority's powers with regard to price checks both in the coal and in the steel sector.

¹⁾ See *Journal Officiel des Communautés*, No. 187/1963.

Article 47 of the Treaty empowers it to "collect such information as may be necessary to the accomplishment of its task," and to "have any necessary checks carried out." It has, however, all along had difficulty in this respect, since — as it recently had occasion to explain in a reply to a written Parliamentary Question — by the terms of Articles 47 and 80 of the Treaty its inspectors can only check up on E.C.S.C. enterprises proper.¹⁾ As a result, the checks have in many cases been ineffective, because only one of the two parties to a contract, *viz.* the E.C.S.C. producer enterprise, was subject to the Community pricing regulations. Hence, as any documentary evidence of infringements is frequently held by the other party, which was not under the High Authority's jurisdiction, it is extremely difficult to prefer any charges.

225. The High Authority, which had already raised the matter of the inadequacy of its powers with the Council on previous occasions, asked the Ministers at their meeting on July 7, 1963, to examine possible ways and means of ensuring more effective price checks in respect of sales of Treaty products. The Council did so, thereby giving the High Authority the opportunity to state in detail its various difficulties, particularly with regard to check-ups on sales of iron and steel products.

After the question had been discussed by the Special Committee on the State of the Steel Market, the High Authority on October 15 wrote to the member Governments requesting them to indicate what legal action was open to them for effecting promptly the desired price checks. The answers, however, were to the effect that the countries' respective laws would not permit of these checks being carried out by national authorities, nor of the results of their own internal checks being made known to the High Authority.

226. The High Authority now proposes to examine what can be done to get the Governments to introduce the necessary legal arrangements at an early date.

It intends to devote the closest attention to this matter, since the successful implementation of the Treaty's provisions on pricing depends — particularly at times when business is slack — on effective checking. For instance, the system of minimum prices provided for by the Treaty would not be practically enforceable without adequate powers of

¹⁾ See *Journal Officiel des Communautés* No. 181/1963, Question No. 101 tabled by Mr. Nederhorst.

inspection for the High Authority and the Governments. Consequently, the member States as well as the High Authority are responsible for ensuring the proper application of the Treaty rules on pricing.

Other questions

Increase in the German turnover-tax countervailing dues on certain Treaty iron and steel products

227. The twelfth Act amending the turnover-tax law came into force in Germany on July 1, 1963. It provides for higher countervailing dues on iron and steel products, and also on certain paper, leather and textile products.¹⁾

The High Authority went into the details of this measure with the German Government, and High Authority representatives also attended meetings convened by E.E.C. to examine its implications from the point of view of the General Common Market.

As regards E.C.S.C., the point at issue in the first place was whether the increase in the countervailing dues on iron and steel products was to be regarded as a general measure or as a special measure in favour of the iron and steel industry. This has not yet been determined. It was stated in the course of the discussions that the measures taken up to now, relating to certain specified products only (including finished rolled products), form part of a major remodelling of the fiscal arrangements in respect of cross-frontier traffic.

French Government measures

228. The High Authority wrote to the French Government at the end of January asking for full details of the implications of a series of measures introduced during the month and their financial impact on the French iron and steel industry. They included

- (1) reduction of the State-controlled transfer price of imported coking coal;
- (2) funding of part of the loan which is shortly to be floated by the Groupement de l'Industrie Sidérurgique;

¹⁾ Cf. *Journal Officiel des Communautés*, No. 29/1963, Question tabled by M. Vanrullen.

- (3) lightening of employers' social-security charges in the iron-ore industry;
- (4) reduction of the tax on explosives used in the iron-ore mines;
- (5) reduction of transport rates for shipments of Lorraine iron ore to Belgium and the Saar.

Section 3: Implementation of the Rules of Competition

229. The High Authority's policy on cartels and concentrations in 1963 was, as before, that outlined in its report *La C.E.C.A. 1952-62: Les Dix Premières Années d'une Intégration Partielle: Résultats, Limites, Perspectives.*¹⁾

CARTELS AND CONCENTRATIONS

Cartels

Buying and selling organizations

The Ruhr coal-selling agencies

230. On March 20, 1963, the High Authority announced its decision²⁾ concerning the Ruhr mining companies' application of November 24, 1962.³⁾ It authorized the establishment of two selling agencies, Geitling and Präsident, the companies (formerly divided among three agencies) to be now so regrouped that legally separate companies in practice forming a combine will in future not be affiliated to different agencies, but only to one — a measure essential if the two agencies are to operate in genuine independence of one another.

¹⁾ Paras 335 ff.

²⁾ See Decisions Nos. 5/63 and 6/63, *Journal Officiel des Communautés* No. 57/1963.

³⁾ See *Eleventh General Report*, No. 342.

In addition, the organizational links between the agencies were dissolved: these included

- (a) the joint office responsible for managing the common reserve stock;
- (b) the standards committee which drew up certain common rules for the three agencies;
- (c) the export company (henceforth to be replaced by two independent export companies);
- (d) the joint financial arrangements, including centralized accounting by the Ruhrkohlen-Treuhandgesellschaft;
- (e) all functions of the Ruhrkohlenberatungsgesellschaft not deemed to be neutral in the matter of competition.

The High Authority inserted in its Decisions a number of conditions designed to prevent infringement of the agencies' mutual independence, by

- (a) prohibiting interlocking directorates as between the agencies and their regional offices and export companies, and as between these and other joint organizations;
- (b) requiring all important decisions by the companies' boards and so on to be reported to the High Authority, and prohibiting action on certain decisions without its prior authorization;
- (c) providing for check-ups as to the agencies' compliance with the terms of the authorizing Decisions.

Furthermore, the High Authority endorsed for three years only, *i.e.* up to March 31, 1966, the five-year agreements concluded by the companies.

231. The Netherlands Government on March 28 lodged an appeal before the Court of Justice of the Communities for the reversal of High Authority Decisions Nos. 5/63 and 6/63. The case is still pending.

232. Responsibility for the inspection arrangements was placed in the hands of Prof. Müller-Armack, who took up his duties on October 1.

Oberrheinische Kohlenunion (O.K.U.)¹⁾

233. In accordance with the reservation in its Decision No. 3/62 of March 28, 1962,²⁾ the High Authority on July 1 terminated its authorization for the temporary affiliation to O.K.U. of the Société Rhénane d'Exploitation et de Manutention ("Sorema").³⁾ It took the view that the French wholesalers belonging to Sorema had had sufficient time since April 1, 1961 (when they were given permission to buy direct from the Ruhr agencies) to organize selling operations in Southern Germany, and that accordingly as from July 1, 1963, there was no further need for them to be affiliated to O.K.U. as a group.

Sorema thereupon appealed to the Court to declare the High Authority's new Decision null and void. The case is still under examination.

Community coal producers' trading regulations in respect of sales within the Common Market⁴⁾

234. The production trade pattern in the Common Market is governed by conditions varying according to the location and volume of production, the types and grades of coal on offer, the regional structure of the trade sector, and the commercial practices obtaining. In discharging its function of ensuring that the coal producers' trading regulations are framed and applied in line with the provisions of the Treaty, the High Authority takes due account of these differences in the basic economic circumstances. Hence the different forms taken by some producers' trading regulations, and the High Authority's Decisions in this regard, do not necessarily invalidate the provisions, and in particular the reference tonnages, of the trading regulations of other producers in the Common Market.

235. The High Authority was called upon in connection with the authorization of the Geitling and Präsident agencies to consider a case in point, which cannot be taken as a precedent in the assessment of other Community producers' trading regulations. The mining companies in their application had drawn the dividing-line between producers' and dealers' operations as follows:

¹⁾ See *Eleventh General Report*, No. 344.

²⁾ See *Journal Officiel des Communautés*, No. 26/1962.

³⁾ See Decision No. 8/63 of April 30, 1963, *Journal Officiel des Communautés* No. 71/1963.

⁴⁾ See *Eleventh General Report*, No. 304.

- (a) industrial consumers whose consumption of hard coal, hard-coal coke and hard-coal briquettes in the coal year 1961-62 had not exceeded 30,000 tons were to be supplied exclusively by wholesalers;
- (b) all other industrial consumers were to be supplied direct by the agency, though with due regard for special structural and traditional peculiarities.

The High Authority in its Decisions,¹⁾ while approving principle (a), made the point with regard to principle (b) that in some parts of the Common Market the great majority of the consumers entitled to be supplied direct did nevertheless buy through wholesalers, and that there were no objective, non-discriminatory criteria for these exceptions. In Article 9,2 of its Decisions Nos. 5/63 and 6/63 it therefore withheld authorization in respect of this portion of the trading regulations, and instead made it compulsory for the agencies to leave the consumers in question free to choose whether they preferred to buy through wholesalers or direct from the agency; permission was, however, given for the existing arrangement to remain in force up to June 30, 1963, and subsequently, by Decisions Nos. 10/63 and 11/63, up to September 30.²⁾

As the agencies had submitted further applications concerning trading regulations, the High Authority engaged in a series of consultations on the whole question, not only with Geitling and Präsident themselves, but also with the national German wholesalers' association, the Bundesvereinigung des Deutschen Kohलगroßhandels, and with Community consumers and coal merchants generally, with a view to working out a common, non discriminatory arrangement acceptable to all concerned.

In the outcome, the agencies agreed to allow freedom of choice, as required by the High Authority, to consumers taking more than 30,000 tons a year, provided procurements by State railways and iron and steel works (including their coking-plants) were made exclusively from the agencies. No contracts can, therefore, be concluded by these two consumer groups with agency-admitted wholesalers for the delivery of fuels marketed by the agency concerned.

¹⁾ See Decisions Nos. 5/63 and 6/63 of March 20, 1963, *Journal Officiel des Communautés* No. 57/1963.

²⁾ See *Journal Officiel des Communautés*, No. 100/1963.

In view of the special situation of the two consumer sectors concerned, the High Authority approved these conditions by Decisions Nos. 17/63 and 18/63.¹⁾

Under the new regulations, the direct-buying wholesalers will have considerable scope for expanding their sales of their agency's fuels, especially in parts of the Common Market where the 30,000-ton requirement used to be strictly adhered to.

236. The practical effects of these various trading regulations on the wholesale trade in the Common Market during the coal year 1963-64 may be summed up as follows.

The number of new admissions of dealers by Geitling and Präsident to direct-buying status exceeded the number of dealers ceasing to buy direct. One point of note is that, for the first time, a number of wholesalers withdrew because they were going out of business (five cases in Germany).

237. As regards *Rheinischer Braunkohlenbrikett-Verkauf*, the number of direct-buying wholesalers in the different sales areas was in no case lower than that estimated the previous year before the publication of the new trading regulations; indeed in some areas it was substantially higher.

The voluntary withdrawal of some B.K.B. wholesalers confirms the fact, already noticed earlier in the Ruhr, that small firms entitled in principle to buy direct from the agencies frequently prefer, even though this reduces their profit margin, to obtain their supplies from a big direct-buying wholesaler, as they feel this arrangement assures them of prompter delivery, greater certainty as to the origin of the fuel, and various other advantages which they would not have if they dealt direct with the agency.

238. The effects of *Cobechar's* trading regulations cannot yet be precisely assessed, owing to the transitional provision that up to March 31, 1964, all wholesalers who were entitled at the time the new regulations were issued to buy direct from the member enterprises of *Cobechar* were to continue so entitled irrespective of whether their turnover was up to the

¹⁾ See *Journal Officiel des Communautés*, No. 184/1963.

reference tonnage.¹⁾ Only after that date will it be possible to know for certain how many wholesalers do fulfil the prescribed requirements, *viz.* annual procurements from the Cobechar enterprises of not less than 2,500 tons of hard coal, hard-coal briquettes and hard-coal coke for households and small businesses or 6,000 tons of hard coal and hard-coal coke for industry.

Specialization agreements

Agreement between French coal wholesalers and retailers

239. By Decision No. 16/63 of November 19, 1963,²⁾ the High Authority gave its permission for the French wholesalers' association, the Fédération Nationale des Syndicats de Négociants en Combustibles en Gros, to conclude an outline agreement with the retailers' association, the Fédération Nationale des Syndicats de Négociants en Combustibles de France, laying down certain rules as to competition between wholesalers and retailers. One of these concerns sales to households and small businesses: where consumers in this sector contract for yearly minimum purchases of 240 tons, and are able to take delivery by full truck or barge, they may buy direct from the wholesalers, but otherwise they are required to obtain their supplies only from retailers. This skeleton rule may be filled in by lower-level agreements between members of the wholesalers' and retailers' associations in the individual Departments.

This agreement restricts competition among wholesalers by circumscribing their choice among possible buyers. By thus delimiting the field of operations, it is calculated to help rationalize distribution: if Article 65,2 of the Treaty is construed as applying to distributor enterprises, the instrument is in character and effect definitely to be considered as tantamount to a specialization agreement.

Since the High Authority considered that

in the current state of the French coal market the agreement would substantially improve distribution, by preventing wholesalers' having to devote an undue amount of their time and attention to too many small buyers;

- (b) the delimitation of operations had been fairly and reasonably worked out;

¹⁾ See *Journal Officiel des Communautés*, No. 15/1963.

²⁾ See *Journal Officiel des Communautés*, No. 169/1963.

(c) in view of the dominant position of the Charbonnages de France in this part of the Common Market the agreement would not put the enterprises concerned in a position to impede competition as prohibited by Article 65,2,c;

it authorized the basic outline agreement, though reserving judgment as to the proposed Departmental sub-agreements.

Concentrations

Steel/steel

August Thyssen-Hütte AG./Phoenix-Rheinrohr AG.

240. On July 10, the High Authority gave its permission for August Thyssen-Hütte AG., Duisburg-Hamborn (A.T.H.) to acquire a majority interest in Phoenix-Rheinrohr AG. Vereinigte Hütten- und Röhrenwerke, Düsseldorf.

As may be recalled, A.T.H. had applied once before, but had withdrawn its application in April 1960 before the High Authority had been able to decide whether the proposed concentration was compatible with the Treaty.¹⁾

In considering the new application, the High Authority concluded that, even though the concentration was liable to accentuate the oligopolistic market pattern, in consideration of all the circumstances and of the foreseeable trend it was not in fact calculated to enable the enterprises concerned to interfere with competition or evade the Treaty's rules on the subject, provided of course that the enterprises remaining outside the concentration continued in effective independent competition with the new group, and that no connection serving to restrict such competition was allowed to exist between them and it.

The High Authority therefore approved the projected concentration, on two conditions:

- (a) an existing long-term delivery contract between one of the enterprises to be concentrated and an enterprise belonging to another group must be subjected, by not later than December 31, 1963, to amendments limiting both the time for which it was to run and the tonnages it concerned. A.T.H. thereupon appealed to the Court, but had by the end of the year duly fulfilled the condition

¹⁾ See *Ninth General Report*, No. 281, and *Tenth General Report*, No. 278.

and accordingly withdrew its appeal. The way was thus left clear for it to proceed with the concentration;

- (b) no interlocking directorates were to be permitted between enterprises of the A.T.H.-Phoenix group and outside enterprises engaged in the production or marketing of steel.

Somosid

241. By a Decision of January 22, 1964, the High Authority approved the direct concentration of the production facilities of the Société Métallurgique de Knutange, Paris, and the Union des Consommateurs de Produits Métallurgiques et Industriels, Paris, to form a single jointly controlled enterprise, the Société Mosellane de Sidérurgie ("Somosid"), with a registered capital of Ffr. 150,000,000.

Although the share capital of Somosid is not equally divided between the two promotor companies, the High Authority concluded from the relevant agreements that control in respect of administration and management of the new enterprise would in fact rest precisely equally with the Société and the Union (now to operate as holding companies).

The steel plants and other installations of the Société and the Union are at Knutange and Hagondange, Moselle, respectively, quite close to one another; their production programmes are to some extent complementary, both in particular producing only very small tonnages of flat products and of high-carbon and special steels. Even after various extensions have been carried out, the new enterprise's production will still be only slightly over 2,000,000 tons of crude steel, which is much the same as that of many other Community steel firms.

The High Authority considers that the direct concentration as such would not enable the enterprises concerned to "prevent the maintenance of effective competition in a substantial part of the market for the products in question" (Article 66,1); this is, however, true only of their present production programme, so that the authorization does not cover any arrangements they might make to expand their production of flat products.

242. At the same time, in order to judge the economic effects of the concentration, the High Authority had to bear in mind the various indirect concentrations and financial link-ups resulting from the fact that several other very large iron and steel enterprises have interests

in the two holding companies, Knutange and the Union de Consommateurs.

Thus Schneider & Cie, which is a majority shareholder in Knutange and thus indirectly concentrated with Somosid, also directly or indirectly controls other steel firms making some of the same products as Somosid. Other shareholders include Denain-Anzin and the principal companies, of the de Wendel group, all of which are themselves steel producers and/or in their turn control still other steel companies; their production programmes too, taken as a whole, in part coincide with Somosid's. While Schneider & Cie in fact controls Knutange, the various enterprises involved had agreed among themselves that the Knutange representation on the Board of Somosid should not come exclusively from Schneider, but should also include one member from Denain-Anzin and one from one of the de Wendel companies. This would have meant regular co-operation in Somosid among the Schneider, Denain-Anzin and de Wendel groups.

The Union de Consommateurs, which was established to keep its principal shareholders supplied with steel, is controlled by the whole body of its shareholders. The arrangement planned is that it should be represented on the Board of Somosid by certain of these, including two, the Régie Nationale des Usines Renault and Fabrique de Fer de Maubeuge, which have controlling interests in various iron and steel enterprises. A further point of relevance is that another of the firms to represent the Union de Consommateurs on the Board of Somosid is the Société Vallourec, a big tube producer, in which Denain-Anzin are the principal shareholders.

If the Somosid concentration had been allowed to entail close and sustained co-operation among the Schneider, Denain-Anzin and de Wendel groups, the results very definitely would have affected a substantial part of the relevant market, and hence been liable to "give to the interested enterprises the power to prevent the maintenance of effective competition and/or to evade the rules of competition" (Article 66 of the Treaty).

243. Consequently, authorization was granted with the proviso that no official representative of an enterprise within the meaning of Article 80 of the Treaty, or of an enterprise directly or indirectly concentrated therewith, with the exception of Schneider & Cie, the Régie Nationale des Usines Renault, Fabrique de Fer de Maubeuge and the Société Vallourec, might be a member of the Board of Administration or on the Management of the Société Mosellane de Sidérurgie, and that the

Société Vallourec must not delegate a representative who was at the same time a representative of Denain-Anzin or of any enterprise directly or indirectly concentrated with Denain-Anzin.

The Somosid concentration faced the High Authority once more with the difficulties which arise with regard to complex financial tie-ups and interlocking directorates such as are frequently met with in French industry. The High Authority is obliged to take these into account in assessing the economic implications of a concentration, even where the concentration itself is on a perfectly permissible scale by the terms of Article 66,2 of the Treaty.

In this case, while it was readily acknowledged that the concentration of the two steel plants immediately concerned would make for more efficient operation and higher productivity, the fact remained that the substantial direct and indirect connections among the enterprises involved would, if allowed to continue, have magnified its effects to a degree incompatible with the Treaty.

The High Authority in its Decision based itself on the principle that new concentrations must not entail any further strengthening of the existing links among the major groups in an already oligopolistic market.

Steel/special steels

Fiat/Breda

244. Fiat informed the High Authority that it would not, after all, be availing itself of the authorization granted by the Decision of December 12, 1962, to acquire 50% of the shares in Breda Siderurgica S.p.A.,¹⁾ as it objected to some of the points concerning limitation of the indirect effects of the concentration.

Steel/steel processing

Forges de la Providence/Établissements Demangel & Manestamp

245. By a Decision of May 22, the High Authority gave permission for Forges de la Providence S.A., Marchienne-au-Pont, to acquire a majority holding in Établissements Demangels & Manestamp S.A.,

¹⁾ See *Eleventh General Report*, No. 354.

Charleville. The latter enterprise, which produces pressings and stampings, has a consumption of only a few thousand tons of steel a year, so that the effects of the concentration could not be such as to contravene the requirements of Article 66,2.

HADIR/UBELL

246. By a Decision of October 30, the High Authority gave permission for Hauts-Fourneaux et Aciéries de Differdange-St. Ingbert-Rumelange to acquire a majority holding in the Société des Usines, Boulonneries et Étirage de La Louvière, a wire-drawing enterprise with an annual consumption of slightly over 15,000 tons of semis. This too was a straightforward case for authorization under Article 66,2.

Marine/Charles Berthiez; Marine/Outillage Precy

247. By a Decision of December 18, the High Authority gave permission for the Compagnie des Forges et Aciéries de la Marine de Firminy et de St. Etienne to acquire majority holdings in two machine-tool firms, Anciens Établissements Charles Berthiez, Paris, and Outillage Precy, St. Etienne. The steel consumption of both is so small that the concentrations could not possibly be held to interfere with effective competition in the Common Market.

Steel/steel trade

Dortmund-Hörder Hüttenunion AG./Dortmunder Eisenhandel GmbH.

248. The High Authority on July 17 gave permission for Hansa-Eisen GmbH., Düsseldorf, a firm of steel merchants controlled by Dortmund-Hörder Hüttenunion AG., Dortmund, to acquire a majority holding in Dortmunder Eisenhandel GmbH., Dortmund, another firm of steel merchants, whose turnover is not on such a scale that the concentration could affect competition in the Common Market.

The absorption of Dortmunder Eisenhandel into the Dortmund-Hörder group represents a step to round off the sales organization which Dortmund-Hörder has been building up during the progressive dissolution of its connection with Handelsunion, the big dealer business

which in 1961, with High Authority permission, came exclusively under the control of August Thyssen-Hütte.¹⁾

Salzgitter AG./Otto R. Krause Eisengroßhaus GmbH.

249. By a Decision of October 30, the High Authority gave permission for Salzgitter AG. to acquire the entire share capital of the steel wholesale firm Otto R. Krause Eisengroßhaus GmbH. (formerly Schlieker Eisenhandel GmbH.).

Actually, Krause and the smaller distributors it controls will thereby be concentrated not only with Salzgitter and its subsidiaries, but with all other enterprises within the meaning of Article 66,1 which are Federally controlled; the resulting market position of Salzgitter and Krause themselves in combination will not, however, be such as to warrant refusal to authorize the concentration.

The concentration will help the two firms to streamline the flow of their steel to the market, but the improvement so obtained will not give them any undue sales advantages over the many other sizeable groups of enterprises in the Community organized on similar lines.

Ferrostaal A.G./Haniel GmbH.

250. A company has been jointly formed by Ferrostaal AG. and Franz Haniel & Cie GmbH. under the name Eisenhandel Ferrostaal-Haniel GmbH. to take over and develop the two firms' marketing operations in Southern Germany, with a view to saving on costs. As its share of the market is small, and as several such indirect concentrations already exist, the High Authority duly gave its permission on December 18.

*French official regulations governing purchases of coal
from other Community countries*

251. The High Authority continued to exercise supervision, through its former Member M. Léon Daum, over the French official arrangements instituted in 1961 concerning the Association Technique de l'Importation Charbonnière (ATIC), with regard to this body's role in the matter of the purchase and carriage of coal from other Community countries.

¹⁾ See *Tenth General Report*, No. 278.

M. Daum's reports, and the fact that no complaints have been received from the quarters concerned, indicate that the situation is in order.

The High Authority is going into various organizational problems which came to light with regard to the French wholesale trade in the course of earlier check-ups.

*FULL LIST OF DECISIONS:
CASES TAKEN UP AND CASES DISPOSED OF*

252. Each year the General Report gives the latest figures concerning cases dealt with under Articles 65 and 66 of the Treaty (cartels and concentrations). The Sixth Report, which appeared in 1958 immediately after the completion of the transition period, for the first time included an itemized list of cartels and concentrations covered by High Authority Decisions to date. Since then, each successive Report has recorded, with comments, the authorizations granted during the year under review; now that a further six years have passed, however, it is felt that the present Report could usefully contain a full recapitulation of all Decisions taken by the High Authority under Articles 65 and 66 since the introduction of the Common Market for coal and steel in 1953.

Cases under Article 65

253. *Table 33* gives a breakdown of the cases handled by the High Authority under Article 65 from the introduction of the Common Market to January 31, 1964.

A full list follows of all the cases made public in which the High Authority has issued Decisions under Article 65. It does not include the numerous cases in which High Authority representations have caused the enterprises concerned to drop practices or agreements objected to and the High Authority has not had to impose fines or penalty payments under Article 65,5; nor of course does it give High Authority Decisions concerning transitional authorizations, changes in the number of parties to a cartel, and other matters of detail, or those concerning trading regulations.

TABLE 33

Cases under Article 65
(position as at January 31, 1964)¹⁾

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.)	39	17	1	10	2	1	31
Belgium	17	6	—	7	2	—	15
France	40	6	—	21	—	—	27
Italy	11	2	—	6	—	—	8
Netherlands	3	—	1	1	1	—	3
Total	111	31	2	45	5	1	84
(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	32	—	—	15	1	8	24
Italy	3	—	1	2	—	—	3
Luxembourg	1	—	—	—	1	—	1
Netherlands	7	—	—	5	—	—	5
Community	3	—	—	—	—	—	—
Total	117	1	4	75	3	8	91
Grand Total	228	32	6	120	8	9	175

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.

Decisions on cartels (Article 65)

Cartel or agreement	High Authority Decision	Publication in <i>Journal Officiel</i>	General Report	Remarks
<i>I. Authorization refused</i>				
1. Schrottvermittlung GmbH, Düsseldorf (S.V.G.)	H. A. Letter of May 19, 53	9.6.53, p. 138	6, No. 94	
2. Consorzio Nazionale Approvvigionamenti Materie Prime Siderurgiche S.p.A. Milano (CAMP-SIDER)	H. A. Letter	9.6.53, p. 139	6, No. 94	
3. Westdeutsche Schrotteinkaufvereinigung u. Westdeutsche Schrotteinkauf-GmbH (W.S.G.)	No. 28/55	26.7.55, p. 874	6, No. 94	
4. Vereniging van Fabrieksleveranciers van Geslagen Schroot i.o., Amsterdam	No. 14/60	24.6.60, p. 869	—	
5. Ruhrkohle-Verkaufsgesellschaft GmbH	No. 16/60	23.7.60, p. 1014	—	
<i>II. Authorizations granted</i>				
1. Specialization agreement Compagnie des Forges d'Audincourt / Société Lorraine-Escout	No. 31/54	6.7.54, p. 433	6, No. 94	
2. Agreement for joint selling of hard coal, hard-coal briquettes and hard-coal coke through Aache-ner Kohlenverkauf GmbH.	No. 32/54	6.7.54, p. 434	6, No. 94	
3. Agreement for joint selling of brown-coal briquettes through Helmstedter Braunkohlen-Verkauf GmbH.	No. 33/54	6.7.54, p. 435	6, No. 94	
4. Agreement for joint selling of hard coal, hard-coal coke and hard-coal briquettes through Niedersächsischer Kohlenverkauf GmbH.	No. 34/54	6.7.54, p. 436	6, No. 94	
5. Agreement for joint selling of iron and steel products through Société Commerciale de Sidérurgie, Brussels ("Sidérur")	No. 40/54	1.8.54, p. 474	6, No. 94	Agency later dissolved
6. Specialization agreement Cornigliano S.p.A./Fiat S.p.A.	No. 41/54	1.8.54, p. 475	6, No. 94	Authorized up to 1972
7. Agreement for joint selling of iron and steel products through Union	No. 42/54	11.1.55, p. 541	6, No. 94	Agency later dissolved

Decisions on cartels (contd.)

Cartel or agreement	High Authority Decision	Publication in Journal Officiel	General Report	Remarks
Commerciale Belge de Métallurgie ("Ucométal")				
8. Agreement among 19 German iron and steel enterprises to import 1,420,000 tons of American coal between 1.1.55 and 31.3.56	No. 32/55	28.11.55, p. 907	6, No. 94	Ceased to be relevant
9. Agreement among 69 German iron and steel enterprises to impose a levy on iron and steel products, in order to bring the prices of the tonnages of coal imported under 8 above down to the level of Ruhr coal prices	No. 32/55	28.11.55, p. 907	6, No. 94	Ceased to be relevant
10. Agreement for joint selling of iron and steel products through Union Commerciale de Sidérurgie ("Ucosider")	No. 11/56	29.3.56, p. 101	6, No. 94	Agency later dissolved
11. Agreement for joint selling of fuels by the Ruhr mining companies affiliated to Geitling Ruhrkohlen-Verkaufsgesellschaft GmbH.	No. 5/56	13.3.56, p. 29	6, No. 94	See 21
12. Agreement for joint selling of fuels by the Ruhr mining companies affiliated to Präsident Ruhrkohlen-Verkaufsgesellschaft GmbH.	No. 6/56	13.3.56, p. 43	6, No. 94	See 22
13. Agreement for joint selling of fuels by the Ruhr mining companies affiliated to Mausegatt Ruhrkohlen-Verkaufsgesellschaft GmbH.	No. 7/56	13.3.56, p. 56	6, No. 94	See 21/22
14. Agreement for joint selling of fuels by the Belgian mining companies affiliated to Comptoir Belge des Charbons („Cobechar")	No. 30/56	18.10.56, p. 295	6, No. 94	See 20
15. Agreement for joint buying of fuels by wholesalers affiliated to Oberrheinische Kohlenunion (O.-K.U.)	No. 19/57	10.8.57, p. 364	6, No. 94	Authorized up to 31.3.67 (cf. J.O. 9.4.62, p. 873, Dec. No. 3/62)

Decisions on cartels (*contd.*)

Cartel or agreement	High Authority Decision	Publication in <i>Journal Officiel</i>	General Report	Remarks
16. Galvanized-sheet specialization and joint-selling agreement August Thyssen-Hütte/Siegener Aktiengesellschaft für Eisenkonstruktion. Brückenbau und Verzinkerei	No. 20/57	10.8.57, p. 364	—	Agreement later terminated
17. Agreement for joint selling of fuels through Union Charbonnière Sarro-Lorraine, Saarbrücken and Strasbourg	No. 44/59	14.11.59, p. 1147	8, No. 94	Authorized up to 31.12.65 (cf. <i>J.O.</i> 30.12.61, p. 1639, Doc. No. 14/61)
18. Merchant-bars specialisation and joint-selling agreement Hüttenwerke Salzgitter AG. / Ilseder Hütte	No. 5/61	8.4.61, p. 576	10, No. 274	Authorized up to 1.7.85 (cf. Doc. No. 7/62)
19. Wire-rod specialization and joint-selling agreement Hüttenwerke Salzgitter AG. / Ilseder Hütte	No. 7/62	28.7.62, p. 1924	11, No. 345	Authorized up to 1.7.85
20. Agreement for joint selling of fuels by the Belgian mining companies affiliated to Cobechar	No. 1/63	30.1.63, p. 161	11, No. 343	Authorized up to 31.12.65
21. Agreement for joint selling of fuels by the Ruhr mining companies affiliated to Geitling Ruhrkohlen-Verkaufsgesellschaft GmbH.	No. 5/63	10.4.63, p. 1173	12, No. 230	Authorized up to 31.3.66
22. Agreement for joint selling of fuels by the Ruhr mining companies affiliated to Präsident Ruhrkohlen-Verkaufsgesellschaft GmbH.	No. 6/63	10.4.63, p. 1191	12, No. 230	Authorized up to 31.3.66
23. Agreement among French coal wholesalers and retailers	No. 16/23	25.11.63, p. 2750	12, No. 239	
III. Miscellaneous				
1. Opinion concerning prohibited agreements, decisions and concerted practices in the Common Market for scrap	—	12.3.60, p. 551	9, No. 277	

Decisions on cartels (contd.)

Cartel or agreement	High Authority Decision	Publication in <i>Journal Officiel</i>	General Report	Remarks
2. Decision concerning particulars to be supplied by the former regional sub-offices of the Joint Office of Scrap Consumers	No. 8/60	25. 3.60, p. 594	9, No. 278	
3. Official notice concerning Rheinische Braunkohlenbrikettverkauf GmbH. (Article applicable not 65,1 but 66,7)	—	8.8.60, p. 1089	9, No. 274	

Cases under Article 66

254. A breakdown of the cases handled under Article 66 up to January 31, 1964, is shown in *Table 34*.

The following points should be borne in mind with regard to the accompanying list of Decisions on concentrations. Concentrations have been rated as horizontal or vertical according as they are *primarily* one or the other: a horizontal concentration may well have incidental vertical effects, and *vice versa*. The same applies to the grouping by products (*e.g.* coal/coal, steel/steel) and by activities (*e.g.* trade/trade, production/trade). Except where otherwise indicated, authorization was applied for under Article 66,1, and granted under Article 66,2: in the cases marked (*a*) the High Authority's Decision was taken under Section 13, 1-2 of the Convention containing the Transitional Provisions.

TABLE 34

Cases under Article 66

(position as at January 31, 1964)

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⁾
Germany (Fed. Rep.)	65	35	—	3	—	12	2	52
Belgium	15	6	—	2	2	5	—	15
France	39	11	1	—	1	12	—	25
Italy	4	2	—	—	—	1	—	3
Luxembourg	4	2	—	2	—	—	—	4
Community	4	2	—	—	—	—	—	2
Total	131	58	1	7	3	30	2	89
(1) Cases examined following application for authorization								
Germany (Fed. Rep.)	27	3	—	2	1	16	3	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	3	57
Grand Total	199	64	1	12	6	70	5	158
(2) Cases examined by the High Authority on its own initiative								
1) The category "otherwise handled" also covers cases in which applications were withdrawn or the projects dropped.								

Concentrations authorized (Article 66)

Enterprises concentrated; date of relevant Decision	Production	Nature of operation	General Report
A. Horizontal concentrations			
I. Coal/coal			
Consolidation/Essener Steinkohle Germany, Fed. Rep.), 25.6.54	Coal: approx. 2% of Community production	Acquisition of a ma- jority holding	6
Hibernia/Emscher Lippe (Germany, Fed. Rep.), 22.12.54	Coal: approx. 5% of Community production	Take-over	6
Charbonnages de La Louvière-Sars- Longchamp, St. Vaast/Charbonna- ges de Mariemont-Bascoup, Marie- mont/Charbonnages de Ressaix-Le- val-Péronne-Ste. Aldegonde-Genck, Ressaix (Belgium), 24.7.59	Coal: approx. 0.7% of Community pro- duction	Merger	8, No. 99
Deutsche Erdöl AG., Hamburg/ Rheinpreußen AG. für Bergbau und Chemie, Homberg (Germany, Fed. Rep.), 7.12.59	Coal: approx. 3.1% and 2.3% respective- ly of Community production	Acquisition of a ma- jority holding	8, No. 98
Società Generale per l'Industria Mineraria e Chimica Montecatini/ Vetrocoke S.A., Venice (Italy), 21. 12.60	Coke: approx. 1.8% of Community pro- duction	Take-over	9, No. 284
II. Steel/steel			
Lorraine/Escaut (France), 25.6.54	Steel: approx. 4% of Community production	Merger (a)	6
Cockerill/Ougrée-Marihayé (Belgium), 30.6.55	Steel: approx. 4% of Community production	Merger	6
August Thyssen-Hütte/Niederrhei- nische Hütte/Deutsche Edelstahl- werke (Germany, Fed. Rep.), 23. 5.56	Steel: approx. 4% of Community produc- tion	Acquisition of majo- rity holdings	6
Société de Galvanisation Denain- Lourches/Etablissements Bavay (France), 4.7.56	Galvanized sheet: approx. 5% of Com- munity production	Merger	6
Hütten und Bergwerke Rheinhausen AG./Bochumer Verein für Guß- Stahlfabrikation AG., Bochum (Germany, Fed. Rep.), 26.1.59	Steel: approx. 5.5% of Community pro- duction	Acquisition of a ma- jority holding	7, No. 116
Forges et Acières de la Marine et de St. Etienne, Paris/Aciéries et Forges de Firminy, Paris (France), 6.4.60	Steel: approx. 0.5% of Community pro- duction	Merger	9, No. 283
	Sheet: approx. 0.4% of Community pro- duction		
	Special steels: ap- prox. 5% of Com- munity production		

Concentrations authorized (contd.)

Enterprises concentrated; date of relevant Decision	Production	Nature of operation	General Report
Dortmund - Hörder Hüttenunion AG., Dortmund/Hüttenwerke Siegerland AG., Siegen (Germany, Fed. Rep.), 25.5.60	Rolled products: approx. 7% of Community production Sheet: approx. 15% of Community production	Acquisition of a majority holding	9, No. 282
August Thyssen-Hütte AG./Stahlwerke Rasselstein AG. (Germany, Fed. Rep.), 27.9.61 Sidérurgie Maritime („Sidmar”), Selzaete, 25.4.62	Sheet: approx. 20% of German production Sheet: by 1965 approx. 10% of Community production (= approx. 15% of the relevant market)	Acquisition of a 50% holding Formation of joint company by Belgian, French and Luxembourg steel enterprises	10, No. 278 11, Nos. 346-350
Falck/Sidmar, 10.10.62		Acquisition of an interest by Falck in group controlling Sidmar	11, No. 351
Krupp/Capito & Klein (Germany, Fed. Rep.), 1.10.62	Cold-rolled stainless sheet: 5% of Community production	Concentration in order under Article 66,1	11, No. 352
August Thyssen-Hütte / Phoenix-Rheinrohr AG. (Germany, Fed. Rep.), 10.7.63	Steel: approx. 10% of Community production Finished rolled products: approx. 7.5% of Community production	Acquisition of a majority holding	12, No. 240
Société Mosellane de Sidérurgie; Paris (France), 22.1.64	Steel: approx. 2,000,000 tons	Formation of joint company taking over production plant of Société Métallurgique de Knutange and Union de Consommateurs de Produits Métallurgiques et Industriels	12, No. 241
III. Steel/special steels			
Ateliers et Forges de la Loire (France), 25.6.54	Special steels: approx. 4% of Community production	Regional concentration by merger and specialization of by number of special-steels producers	6
Forges et Ateliers du Creusot/Société Métallurgique d'Imphy (France), 14.6.55 Marine/Bedel (France), 20.6.62	Special steels: approx. 4% of Community production Special steels	Acquisition of a 1/3 holding and control	6
Fiat/Breda (Italy), 12.12.62	Special steels	Acquisition of a majority holding Acquisition of a 50% holding; Fiat subsequently waived its entitlement	11, No. 353 11, No. 354 12, No. 244

Concentrations authorized (contd.)

Enterprises concentrated; date of relevant Decision	Production	Nature of operation	General Report
IV. Trade/trade			
<i>Coal</i>			
Balland-Brugneaux / Etablissements Maclé-Moisset (France), 14.6.55 Société Commerciale d'Affrètement et de Commission/Comptoir des Combustibles d'Alsace et de Lor- raine (France), 18.11.59		Merger	6
		Merger	8, No. 101
<i>Steel</i>			
Ferrostahl/Haniel GmbH. (Germany, Fed. Rep.), 18.12.63		Formation of joint company by Ferro- staal AG. and Franz Haniel & Cie GmbH	12, No. 250
B. Vertical Concentrations			
I. Steel/coal			
Mannesmann AG./Consolidation (Germany, Fed. Rep.), 22.12.54	Steel: approx. 3% of Community produc- tion Coal: approx. 3% of Community produc- tion	Merger	6
Hoesch AG./Altenessener Bergwerke (Germany), Fed. Rep.), 20.7.55	Steel: approx. 3% of Community pro- duction Coal: approx. 3% of Community produc- tion	Take-over	6
Klöckner Werke AG./Bergwerke Königsborn Werne (Germany, Fed. Rep.), 24.10.56	Steel: approx. 3% of Community produc- tion Coal: approx. 2% of Community produc- tion	Acquisition of a ma- jority holding in the colliery	6
August Thyssen-Hütte/Erin Bergbau (Germany, Fed. Rep.), 19.12.56	Steel: approx. 4% of Community produc- tion Coal: less than 0.5% of Community pro- duction	Acquisition of a ma- jority holding in the colliery	6
ARBED/Bergbau AG. Lothringen (Luxembourg/Germany Fed. Rep.), 6.3.57	Steel: 5% of Com- munity production Coal: approx. 3% of Community produc- tion	Acquisition of a ma- jority holding in the colliery	6
Hüttenwerke Oberhausen/Bergbau AG. Neue Hoffnung (Germany, Fed. Rep.), 12.7.57	Steel: approx. 4% of Community produc- tion	Acquisition of a ma- jority holding in the colliery	6

Concentrations authorized (contd.)

Enterprises concentrated; date of relevant Decision	Production	Nature of operation	General Report
Phoenix-Rheinrohr AG. / Emscher Lippe Bergbau AG. (Germany, Fed. Rep.), 12.12.57	Coal: approx. 2% of Community production Steel: approx. 5% of Community production	Acquisition of a majority holding in the colliery	6
Bochumer Verein für Gußstahlfabrikation AG., Bochum/Bergbau Constantin der Große, Bochum (Germany, Fed. Rep.), 15.10.58	Coal: approx. 1% of Community production Steel: approx. 2.11% of Community production Coal: approx. 1.5% of Community production	Acquisition of a majority holding in the colliery	7, No. 115
II. Steel/ore			
ARBED/Marcellot (Luxembourg/France), 29.7.54	Iron-ore potential: 50,000-100,000 tons	Sub-leasing of mining concession	6
III. Steel/scrap			
Dortmund - Hörder Hüttenunion/ Celler & Co. (Germany, Fed. Rep.), 15.1.58	Scrap: approx. 20% of Dortmund-Hörder's requirements of bought scrap	Take-over	6
Dortmund - Hörder Hüttenunion/Hans Kaupmann GmbH., Wanne-Eickel (Germany, Fed. Rep.), 26.10.60	Scrap: approx. 13% of Dortmund-Hörder's requirements of bought scrap	Acquisition of a majority holding in the scrap firm	9, No. 286
Koninklijke Nederlandsche Hoogovens en Staalfabrieken/Vereenigde Utrechtsche IJzerhandel NV. (Netherlands), 10.7.61	Scrap: approx. 5% of Hoogovens' and Demka's requirements of bought scrap	Acquisition of a minority holding in the scrap firm	10, No. 281
IV. Steel/steel processing			
Providence/Dercq-Fontainoise (Belgium), 8.12.53	Wire-rod: approx. 6% of Community production	Merger with two wire-rod processing enterprises	6
Hüttenwerke Phoenix/Rheinische Röhrenwerke (Germany, Fed. Rep.), 9.2.55	Steel: approx. 4% of Community production Consumption for tubemaking: approx. 25% of enterprise's steel production	Merger with a tubemaking enterprise (a)	
Dortmund - Hörder Hüttenunion/Howaldtswerke, Hamburg (Germany, Fed. Rep.), 23.5.56	Steel: approx. 5% of Community production Rolled products: approx. 4% of Com-	Acquisition of a controlling interest in a shipyard	6

Concentrations authorized (contd.)

Enterprises concentrated; date of relevant Decision	Production	Nature of operation	General Report
Dortmund - Hörder Hüttenunion/ Gebrüder Crédé Q Co. (Germany, Fed. Rep.), 27.6.56	Community production Consumption of rolled products: approx. 5% of Dort- mund-Hörder's production of rolled products Rolled products: ap- prox. 4% of Com- munity production Consumption of rolled products: approx. 1,000 tons	Acquisition of a ma- jority holding in a firm producing roll- ing-stock, etc.	6
Phoenix-Rheinrohr/Blohm & Voss (Germany, Fed. Rep.), 7.11.56	Steel: approx. 4% of Community produc- tion Consumption: negli- gible	Acquisition of a con- trolling interest in a shipyard	6
Mannesmann AG./Lohmann Stol- terfoth (Germany, Fed. Rep.), 21. 11.56	Rolled products: ap- prox. 4% of Com- munity production Consumption of rolled products: approx. 2,000 tons	Take-over of a me- chanical-engineering firm	6
Mannesmann AG./Porsche Diesel Motorenbau (Germany, Fed. Rep.), 21.11.56	Rolled products: ap- prox. 4% of Com- munity production Consumption of rolled products: approx. 2,500 tons	Acquisition of a ma- jority holding in a motor firm	6
Forges et Ateliers du Creusot/Batig- nolles-Chatillon (France), 9.1.57	Rolled products: ap- prox. 0.5% of Com- munity production Consumption of rolled products: approx. 2,000 tons	Merger with a me- chanical-engineering firm	6
Mannesmann-Meer AG. (100% sub- sidiary of Mannesmann AG.)/Ma- schinenfabrik Karl Wittig GmbH.	Rolled products: ap- prox. 4% of Com- munity production Consumption: negli- gible	Acquisition of a con- trolling interest in a mechanical-enginee- ring firm	6
Mannesmann AG./Mecano-Bundy Hans Sickinger GmbH. (Germany, Fed. Rep.), 17.4.57	Rolled products: ap- prox. 4% of Com- munity products Consumption: negli- gible	Acquisition of a con- trolling interest in a firm producing mo- torcar accessories	6
Compagnie de Pont-à-Mousson and Sidélor/enterprise to be set up by Pont-à-Mousson and Compagnie Française des Métaux (France), 10.7.57	Rolled products: ap- prox. 6% of Com- munity production Consumption: negli- gible	Acquisition of a con- trolling interest in tubemaking works	6

Concentrations authorized (contd.)

Enterprises concentrated; date of relevant Decision	Production	Nature of operation	General Report
La Providence/Tubes de Rehon et de l'Aisne (Belgium/France), 6.3.58	Steel: approx. 2% of Community production Rolled products: approx. 2% of Community production Hoop and strip: approx. 8% of Community production Consumption for tubemaking: approx. 20% of La Providence's steel production	Acquisition of a majority holding in a tubemaking enterprise	6
Röchlingsche Eisen- und Stahlwerke GmbH., Völklingen/Erhardt und Sehmer Maschinenfabrik AG., Saarbrücken (Germany, Fed. Rep.), 18.3.59	Very small consumption of cast iron and steel	Acquisition of shares in a mechanical-engineering firm	8, No. 102
Hauts-Fourneaux de la Chiers/Etablissements Schenmetzler-Duchêne & Fils (France), 1960	Small consumption of cast iron and steel	Merger with a forging and pressing and stamping firm	9, No. 285
Mannesmann AG., Düsseldorf/Lanninger-Regner AG., Frankfurt (Germany, Fed. Rep.), 27.9.61	Small consumption of coke and crude steel	Acquisition of a majority holding in a manufacturing enterprise	10, No. 279
Phoenix-Rheinrohr AG., Düsseldorf/Officine Meccaniche e Fonderie A. Bosco S.p.A., Turin (Germany, Fed. Rep./Italy), 20.12.61	Small consumption of crude steel	Acquisition of a majority holding in a firm producing pipe and tube fittings and accessories	10, No. 280
Klößner/Süddeutsche Drahtverarbeitung (Germany, Fed. Rep.), 25.7.62	Consumption of wire rod: approx. 11% of Klößner's production	Acquisition of some of the assets of a firm producing welded wire netting	11, No. 355
La Providence/Demangel & Manestamp (Belgium/France), 22.5.63	Small consumption of crude steel	Acquisition of a majority holding in a pressing and stamping firm	12, No. 245
HADIR/Usines Boulonnerie et Etirage de la Louvière (Luxembourg/Belgium), 30.10.63	Small consumption of steel	Acquisition of a majority holding in a wire-drawing firm	12, No. 246
Marine/Outillage Precy, St. Etienne (France), 18.12.63	Small consumption of steel	Acquisition of a majority holding in a firm of tool-makers	12, No. 247
Marine/Charles Berthiez, Paris (France), 18.12.63	Small consumption of steel	Acquisition of a majority holding in a machine-tool manufacturing company	12, No. 247

Concentrations authorized (contd.)

Enterprises concentrated; date of relevant Decision	Production	Nature of operation	General Report
<i>V. Steel/steel trade</i>			
Ilseeder Hütte Peine/Gebrüder Bierlein K.G., Munich (Germany, Fed. Rep.), 25.3.59		Take-over of a firm of dealers	8, No. 103
Firma Otto Wolff, Cologne/Stahlwerke Bochum AG., Bochum (Germany, Fed. Rep.), 19.7.61		Acquisition of a majority holding in a firm of dealers	10, No. 277
August Thyssen-Hütte AG./Handelsunion AG. (Germany, Fed. Rep.), 27.9.61		Acquisition of a majority holding in a big firm of dealers	10, No. 278
Dortmund - Hörder Hüttenunion AG., Dortmund/Establech Gesellschaft für Eisen-, Stahl- und Blecherzeugnisse mbH., Düsseldorf (Germany), Fed. Rep., 27. 9. 61		Acquisition of shares in a big steel trading concern	10, No. 278
Dortmund - Hörder Hüttenunion AG./Dortmunder Eisenhandel GmbH. (Germany, Fed. Rep.), 17.7.63		Acquisition of a majority holding in a firm of dealers	12, No. 248
Salzgitter AG./Otto R. Krause Eisengroßhaus GmbH. (Germany, Fed. Rep.), 30.10.63		Take-over of a firm of dealers	12, No. 249
<i>VI. Coal/coal trade</i>			
Piepmeyer & Oppenhorst, Duisburg (subsidiary of Franz Haniel & Cie, Duisburg-Ruhrort)/Rheinland, Duisburg (Germany, Fed. Rep.), 10.12.58		Concentration between a colliery and a firm of coal retail merchants	7, No. 117
Haniel, Hamburg/Josef Engel, Hamburg-Lockstedt (Germany, Fed. Rep.), 10.12.58		Concentration between a colliery and a firm of coal retail merchants	7, No. 117

SPOT-CHECKS ON COMMUNITY ENTERPRISES

255. Spot-checks on E.C.S.C. enterprises continued to be carried out in accordance with the Treaty, mainly for compliance with Articles 60, 65 and 66, concerning respectively pricing, cartels and concentrations.

Spot-checks under Article 60 are as a rule accompanied by others on such matters as the production declared for the purposes of the levy (Article 49) and declarations of investment projects as required by High Authority Decision No. 27/55.

The inspection staff was expanded in 1963 from 14 to 19, four inspectors now working in the coal sector and the remainder in the iron and steel sector. The increase made it possible to carry out a larger number of checks than before.

Price checks at collieries

256. In view of the special conditions prevailing in the Belgian coal market, the High Authority's inspection work in connection with Article 60 has since June 1959 been concentrated principally on the Belgian collieries. The High Authority, and the Belgian Government also, had decided at the time that systematic checks would need to be made to see that the producers did in fact charge the prices shown in their schedules, and to restore order in the market.

Since January 1, 1963, High Authority inspectors have carried out more than 100 spot-checks at nearly all the Belgian collieries, in the course of which they compared the invoices and laboratory analyses (some 15,000) of consignments inspected at the time of dispatch. On these basis of these operations, they then investigated more fully the invoice prices of 18 collieries.

Disciplinary proceedings under Article 64 of the Treaty were started in five cases in the course of 1963: the collieries concerned were sent letters, as prescribed by Article 36, setting forth in detail the inspectors' findings, and requesting them to submit their comments in writing on the irregularities listed. In four cases the proceedings are still in progress; in the fifth infringements were proved and the colliery was admonished.

In certain other cases it was decided not to proceed, and the files were closed; a number of others again are under examination at the High Authority.

257. This regular inspection activity in the Belgian market produced the hoped-for effects. In addition, it enabled the High Authority to ascertain how and to what extent the collieries were complying with its Decisions in implementation of Article 60, and in particular gradually to establish what amendments were needed in Decision No. 3/58, which it is now reviewing. In quite a number of cases the spot-checks also afforded opportunities for explaining more clearly to the producers the way in which certain provisions were to be understood and the possibilities afforded them by the Treaty and the Decisions, and so made it possible to do away with various unnecessary and undesirable practices.

Checks were also made during the year on a number of buyers coming under the High Authority's jurisdiction, as a result of which some more specific data were obtained for reference in connection

with the main inspection work at the producers end. These are now in process of evaluation.

The inspection operations have also shown that it is extremely difficult to establish indisputable proof of infringements, owing to the intricate commercial practices commonly engaged in, the great variety of products involved, and the obvious collusion between the seller offering a rebate and the buyer accepting it.

258. Arrangements were made at the end of the year to carry out price checks in the other member countries; some of these were begun in January 1964.

Price checks on iron and steel enterprises

259. During 1963 particulars were secured under Article 47 of the Treaty from more than 70 Community enterprises, and full-scale check-ups carried out at some 50. As a rule, on each occasion a check was also made under Article 49, which in many cases resulted in corrections to the declarations of production.

The Working Party on Inspection examined over 75 cases, and the High Authority started disciplinary proceedings under Article 64 against 28 iron and steel enterprises. In 12 of these cases infringements were shown to have been committed: the High Authority fined one of the enterprises concerned and admonished the other eleven. (The fact of having already received an admonition is of course taken into account should subsequent checks reveal similar infringements by the same enterprise.) The other 16 cases are still under investigation.

In a number of other cases it was decided not to proceed; certain others again are being examined at the High Authority.

260. It should be noted that the Treaty restricts the amount the inspectors are able to do in checking up on producer enterprises.¹⁾ In a great many cases, infringements can be detected only by means of a corresponding check either on the distributors or on the buyers, or else with the aid of information furnished by the national authorities.

In an effort to remedy this state of affairs, the High Authority in September 1963 submitted to the Council of Ministers' *ad hoc* com-

¹⁾ Cf. Nos. 224 ff. above.

mittee on the iron and steel market a memorandum requesting information as to any means open to the national authorities for conducting price checks parallel to its own activities in the matter. On October 14 it wrote direct to the Governments again asking for this information.

By Decision No. 19/63 of December 11, amending Decision No. 30/53,¹⁾ the High Authority clearly specified that all transactions through a sales organization as defined in the Decision, or through middlemen as likewise defined, were also covered by the requirements of Article 60 of the Treaty.²⁾ This will make it a good deal easier in future to check on the activities of the sales organizations and middlemen concerned.

261. With regard to declarations of investment projects during 1963, disciplinary action was taken against nine iron and steel enterprises: admonitions were dispatched to five of them, and penalty payments imposed on two others.³⁾

Section 4: Transport Policy

GENERAL REMARKS

262. As has been emphasized in previous Reports, it is of the highest importance that rates and conditions of carriage for consignments of coal and steel 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 with the requirements of Article 60.

¹⁾ See No. 216 above.

²⁾ See *Journal Officiel des Communautés*, No. 187/1963.

³⁾ See No. 314 below.

The transport question has continued to claim the High Authority's close attention. Following the judgment delivered by the Court of Justice confirming Recommendation No. 1/61 and spelling out the member States' obligations with regard to the publication of rates and conditions of carriage, the High Authority was able to take more vigorous action to get the Recommendation implemented.

Some progress has been made, as can be seen from the steps the Governments are now planning to take. Several knotty problems have, however, arisen, some of them connected with the efforts to introduce a common transport policy in E.E.C.

The E.E.C. Commission's draft Regulation concerning the establishment of a system of maximum-and-minimum tariffs for goods traffic by rail, road and waterway has been carefully examined between the two Executives: in view of the special problems posed by the E.C.S.C. Treaty regarding, in particular, publication of rates and conditions of carriage, Article 16 of the draft stipulates that the Regulation is to apply to E.C.S.C. products "to the extent that the E.C.S.C. Treaty and arrangements in implementation thereof do not provide for special measures."

PUBLICATION OF RATES AND CONDITIONS OF CARRIAGE

Implementation of Recommendation No. 1/61

263. Recommendation No. 1/61 in Article 4,1 fixed a definite date by which implementing measures must be taken or any necessary preliminary procedure set in motion. Article 4,2 further provided that the member Governments must inform the High Authority what action they were planning to take, so that it could see whether this was in fact calculated to secure the attainment of the Treaty's objectives as set forth in the Recommendation.

The High Authority on several occasions made official representations to the Governments stressing that (as had been confirmed by the Court in its judgment of July 12, 1962¹⁾) they were required to submit to it particulars of all measures they were contemplating for the purpose of giving full effect to the Recommendation in respect of all the modes of transport, and the dates on which each measure was to come into force.

¹⁾ See *Eleventh General Report*, No. 23 and Nos. 363 ff.

Following exchanges of letters on the subject with the six Governments in 1962, the High Authority in 1963 opened talks with each of them at departmental level to facilitate the drafting of their respective measures. In the case of Belgium, Italy, Luxembourg and the Netherlands, the talks took place as part of the procedure provided for by Article 88 of the Treaty, which had been set in motion with regard to these countries at the end of 1962.

264. During the talks, which lasted with intervals for several months, the High Authority representatives reaffirmed that publication of rates and conditions of carriage was not an end in itself, but a means for

- (a) helping to ensure the implementation of the non-discrimination principle, *i.e.* elimination of flagrant discriminations, introduction of international through-rates and harmonization of rates and conditions of carriage (Article 1,1 of the Recommendation);
- (b) promoting the proper operation of the Common Market in accordance with the rules of the Treaty, including in particular those of Article 60, and with the High Authority's Decisions concerning their implementation, and more especially enabling the coal and steel producers to acquire the knowledge of transport charges which they need in order to exercise their right of alignment (Article 1,2 of the Recommendation).

The Government representatives were given fuller details of the requirements of a properly-functioning Common Market as regards the transport sector.

The High Authority conceded, on the strength of its practical experience of the Common Market for coal and steel, that subject to certain conditions a "margin of uncertainty" might be allowed as to transport rates: this must not, however, be so great that the resulting uncertainties as to the delivered prices of coal and steel would render price publication nugatory and hence the implementation of Article 60 impossible.

265. With regard to the means to be employed in implementing the Recommendation, the High Authority repeatedly emphasized that it had no power to insist that any particular measure be adopted in preference to any other.

At the same time, even though the actual measures themselves are thus left to the Governments' discretion, they must of course be genuinely of a nature to help attain the Treaty's objectives. As it is the High Authority's duty to see to it that the member States abide by their obligations under the Treaty, it has therefore to assess the action they propose for implementing the Recommendation in their respective countries.

Where such action requires a change in the law of the land, however, this involves delays over which the High Authority has no control; moreover, some Governments are insisting that they will not act unless and until all the member States introduce similar measures simultaneously.

As regards international traffic, the High Authority has offered its good offices for a joint examination of the various national arrangements with a view to their international standardization. It has emphasized, however, that at the present stage each member State is required to make appropriate arrangements concerning international traffic from, to and *via* its territory, pending a later stage when the High Authority will take steps to organize the drawing-up of any bilateral or multilateral conventions which may still be needed to secure the attainment of the Treaty's objectives.

Government action taken or planned

266. In the case of the *Federal Republic of Germany*, where there already are published schedules of fixed rates for internal rail, water and long-haul road transport and for most cross-frontier rail traffic, the Government representatives have undertaken, should maximum-and-minimum tariffs be introduced at a future date in place of fixed rates, to see to it that the rates and conditions of carriage actually quoted are properly made known.

They have further agreed that the rates and conditions based on certain existing unpublished agreed tariffs for international rail transport should also be made public, provided this is done in concert with the other member States.

With regard to international road haulage, they are willing to open negotiations with each of the other member States concerned for the introduction of through-rates.

With regard to international transport by waterway, the German Government is planning to introduce supplementary legislation to enable it to obtain the necessary data on rates and conditions of carriage.

In *Belgium*, schedules of fixed rates are published for all rail and nearly all internal waterway transport, while intra-Benelux road haulage is based on a maximum-and-minimum tariff: the Government is working on a draft Royal Decree on road haulage providing for maximum-and-minimum ratemaking coupled with advance publication arrangements to make known the rates actually charged subject to a limited margin of uncertainty.

The Belgian Government is also prepared to hold discussions with Luxembourg and the Netherlands on fuller publication arrangements concerning intra-Benelux road haulage, and with the other member States on the introduction of international road-haulage through-rates.

As regards inland water transport, it is willing to arrange for the publication of international freight-rates for export consignments (including the Rhine river rates), on condition that the other member States concerned introduce arrangements to the same effect at the same time.

In *France*, the rates for most rail and internal waterway transport are published in advance, long-haul road transport is charged in accordance with a compulsory system of published maximum-and-minimum tariffs, and export shipments by waterways other than the Rhine are charged at the ruling rate of the day as posted up in the shipping exchanges. The French Government has several times stated it is basically in agreement with the High Authority's view on the subject.

In accordance with Recommendation No. 1/61, the French Government has

- (a) arranged for the publication of rates and conditions of carriage in respect of internal shipments of steel by waterway chargeable at tonnage rates;
- (b) included consignments of fuel and scrap hauled by road in the compulsory road ratemaking system with a narrower maximum-minimum range;
- (c) made a first reduction (on August 12) in the range between the compulsory maximum and-minimum road-haulage rates for E.C.S.C. products, and (on September 1) in the permissible margin of uncertainty in respect of long-haul rail charges under unpublished rate-agreements.

In a second stage (timed to begin on September 1, 1964), the French Government has undertaken

- (a) to make a further reduction in the range between the compulsory maximum and minimum road-haulage rates for iron and steel products;
- (b) to extend the compulsory ratemaking system for road transport to include medium-haul consignments;
- (c) to narrow further the margin of uncertainty in respect of rail charges under unpublished rate-agreements.

With regard to international road haulage, it has signified its willingness to negotiate with the other member States on the introduction of international through-rates.

For Rhine river transport the French Government is already in possession of all the data it needs to impose publication of the rates charged by the French carriers belonging to the Communauté de Navigation Française Rhénane, and would be ready to do so as soon as the other member countries introduced parallel measures for their own carrier enterprises' operations.

In *Italy*, where schedules of fixed rates are published in advance for most rail traffic but no publication of any sort is required for road haulage, the Government has agreed to have such unpublished rate-agreements as the Italian State Railways do still retain made public in order that the Common Market users concerned may obtain the necessary knowledge of the rates actually charged, and is drafting a Bill requiring road hauliers' rates and conditions of carriage also to be published, with a limited margin of uncertainty.

In *Luxembourg*, schedules of fixed rates are published for all rail transport and there are maximum-and-minimum tariffs for intra-Benelux road haulage, but there is no publication of rates for other international road haulage or for internal traffic. The Government has introduced a Bill on road haulage; it has also prepared a draft Grand Ducal Order requiring prior publication, with a limited margin of uncertainty, of rates and conditions of carriage for internal road transport irrespective of the haulier's domicile, and for international road transport undertaken by hauliers domiciled in the Grand Duchy.

The Luxembourg Governemnt has indicated that it is willing to engage in negotiations with other member States for the introduction of international road-haulage through-rates.

In the *Netherlands*, rail transport is mostly charged in accordance with unpublished individual rate-agreements, road haulage under a system of maximum-and-minimum rates, and some internal waterway transport under maximum-and-minimum tariffs, most of which are published.

In implementation of the Recommendation, an Act on rates of carriage for coal and steel was passed on June 27, 1963. The Government is planning to introduce arrangements for the *a posteriori* notification of terms figuring in different types of transport contracts.

267. All the measures thus envisaged are being studied by the High Authority with the object of establishing how far they fulfil the requirements set forth in the Treaty and recapitulated in Recommendation No. 1/61.

As regards Rhine river transport, some Governments, though acknowledging that the Treaty covers this, have pleaded the difficulties they consider to arise from the simultaneous existence of the special international rules concerning the Rhine, notably under the revised Mannheim Convention.

Following its discussions with their representatives, the High Authority requested the six Governments to submit to it by not later than December 1, 1963, the texts of all enactments and/or regulations which they proposed to introduce for the purpose of ensuring the full effective implementation of the Recommendation in respect of *all* modes of transport,¹⁾ at the same time indicating the dates on which each measure was to come into force.

The Governments' replies by and large confirmed the proposals put forward by their representatives at the discussions. The replies are now being studied.

The ultimate aim is of course to secure full compliance with the Recommendation with regard to all Community traffic. It will, however, still take the High Authority considerable time and effort before this is achieved.

¹⁾ Cf. item 2 of the European Parliament's Resolution of June 27, 1963, *Journal Officiel des Communautés* No. 106/1963.

*RAIL TRANSPORT PROBLEMS**Remodelling of French goods tariffs; corrective arrangements*

268. The remodelled goods tariffs of the French State Railways which came into force on October 1, 1961, but whose introduction in a few Departments had been deferred, now apply to the carriage of E.C.S.C. products throughout the country.

The High Authority is examining whether the corrective arrangements designed to prevent the new tariffs from sending transport costs up too steeply in certain particular cases are compatible with the Treaty.

*Special domestic tariff measures**German special tariff 6 B 31*

269. The High Authority by a Decision of February 9, 1958, had required the reductions allowed under the German State Railways' special supporting tariff 6 B 31 (carriage of fuels from the Ruhr to certain iron and steel works in Southern Germany) to be progressively scaled down.¹⁾

Action by the German Government since then has resulted in the final 8% reduction approved by the Decision being granted

- (a) by the German State Railways, under the new tariff 6 B 31, for single truckloads of hard coal and hard-coal coke;
- (b) direct by the Federal Government, under its coal transport subsidy arrangements for the zonal border area, for complete trainloads of hard coal and hard-coal coke.

French State Railways|Usinor rate-agreement

270. After examining this agreement concerning carriage of iron ore from Lorraine to Northern France, the High Authority came to the conclusion that, while undoubtedly benefiting the carriers and a number of iron-ore mines, it would not afford Usinor a special advantage in competition, since the company has several other means of procuring ore on quite as favourable terms, if not more so.

¹⁾ See *Tenth General Report*, No. 294.

Since the arrangement was thus not contrary to the Treaty, the High Authority gave its approval under Article 70,4 for one year, but reserved the right to amend or withdraw its authorization should the circumstances in which it was given cease to obtain.¹⁾

French State Railways/Lorraine-Escaut rate-agreement

271. Examination of this agreement concerning carriage of semi-finished steel products by complete trainloads from the Lorraine works of the Lorraine-Escaut Company to Dunkirk for rerolling by Usinor showed that it was of undoubted benefit to the carriers. The High Authority's conclusion was, firstly, that the contract between Usinor and Lorraine-Escaut was, economically, a special operation establishing a long-distance flow of traffic for a substantial period of time, and secondly, that there were at present no other contracts between widely-separated works similar to that between Usinor and Lorraine-Escaut which involved the carriage of products part or all of the way *via* the French State Railways.

As the arrangement did not contravene the principles of the Treaty, the High Authority gave its approval under Article 70,4 for one year, with the proviso that it was not to cover carriage of semis for the manufacture of plate and sheet to be marketed within the Dunkirk area. The High Authority reserved the right to amend or withdraw its authorization should the circumstances in which it was given cease to obtain.²⁾

Special tariffs of the French State Railways

272. The French Government submitted for the High Authority's approval under Article 70,4 two supporting tariffs in favour of E.C.S.C. enterprises (Le Boucau and Chasse) which are shortly to go out of business. The object is to reduce the strain on the two firms during the period required for the reconversion of their works and for ensuring the reabsorption of their personnel.

The proposed arrangements are being examined for compatibility with the Treaty.

¹⁾ See Decision No. 15/63 of November 6, 1963, *Journal Officiel des Communautés*, No. 165/1963.

²⁾ See Decision No. 2/64 of January 29, 1964, *Journal Officiel des Communautés*, No. 21/1964.

Simplification of Customs procedure for E.C.S.C. products

273. The High Authority's working party is going into the question of a more streamlined Customs procedure for single truckloads of E.C.S.C. products, and more particularly the possibility of simplifying the clearance arrangements and standardizing the Customs papers.

Complete trainloads

274. A High Authority working party on the standardization of rate-making systems for complete trainloads of E.C.S.C. products duly completed its studies.

Uniform rates for complete trainloads of not less than 800 tons of solid fuels or iron ore in intra-Community exchange traffic or in transit *via* Austria or Switzerland are to be incorporated into E.C.S.C. tariff No. 1001. After endorsement by the High Authority and the member Governments, these will come into force on March 1, 1964.

*Agreements with Austria and Switzerland**Problems concerning E.C.S.C. products carried to and from Italy in transit via Austria and Switzerland*

275. In view of the persistent difficulties, and in particular the frequent stoppages, occurring in connection with the carriage of E.C.S.C. products to and from Italy in transit across Austrian and Swiss territory, the High Authority asked the E.C.S.C./Austrian and E.C.S.C./Swiss Transport Committees to take up the matter. The Committees set up a working party of railway and Customs experts to go into the current position at the main Italian/Austrian and Italian/Swiss frontier stations, and will consider its report at their annual meetings on February 26 and 27.

ROAD HAULAGE PROBLEMS

276. In the course of the discussion on the implementation of Recommendation No. 1/61, the representatives of the French and German Governments expressed the view that road-haulage rates could be made

adequately public by the introduction of a bilaterally or multilaterally agreed international tariff. They accordingly asked the High Authority to mediate in the negotiation of such a tariff. A first discussion was held in December; the matter is now being studied by the road-hauliers' associations in the two countries.

INLAND WATER TRANSPORT PROBLEMS

Rhine river transport

277. It has not yet been possible to secure the adjustment of the regulated internal rates in line with the selected representative unrestricted international rates, as provided for by the Petersberg agreement of July 9, 1957, among the member States.

On July 25, 1960, the German Government requested that consultations be begun under Article 4 of the agreement with a view to amending Article 1 in the light of the current state of the Rhine shipping market; it subsequently consented, however, to hold the matter over so that an *ad hoc* committee could explore the possibilities of applying the agreement as it stood.

The committee having finally reported in the negative, the German Government's request was revived. Consultation is proceeding.

The Central Commission for Navigation of the Rhine, consulted in accordance with Article 4 of the agreement on April 9, 1963, expressed the opinion that the enforcement of the main provisions of the agreement would be liable seriously to disrupt the various transport markets, and moreover that the proposed harmonization of rates for E.C.S.C. products would be practicable only as part of a comprehensive system for all Rhine transport.

The *ad hoc* committee is to report to the Co-ordinating Committee by the end of April 1964.

TRENDS IN TRANSPORT OF E.C.S.C. PRODUCTS; CONCLUSIONS FROM AREA TRANSPORT STATISTICS FOR 1962¹⁾

278. Treaty products carried in 1962 by rail and water within the Community and between the Community and third countries totalled 471,300,000 tons: this was 12,900,000 tons (2.7%) less than in 1961.

¹⁾ Cf. *Eleventh General Report*, No. 375 and fn.; also No. 29 above.

The breakdown is as follows:

	'000,000 metric tons	Percentage change 1962/63
Shipments within the Community	375.3	-3.9
Shipments to third countries	24.9	-3.5
Shipments from third countries	71.0	+4.4

As before, shipments to and from third countries accounted for over 20% of the total volume of transport of E.C.S.C. products.

The shares of the different modes of transport were

rail	63.5%
inland waterway	18.3%
sea	18.2%

Rail and inland water traffic decreased by 3.3 and 4.4% respectively; only seaborne traffic increased, by 1.8%, owing to larger coal procurements from and exports to third countries.¹⁾

¹⁾ For further details see *Statistical Annex*, Tables 48 and 49.

CHAPTER FOUR

LONG-TERM DEVELOPMENT OF THE E.C.S.C. INDUSTRIES

Section 1: The General Objectives

MATERIALIZATION OF THE GENERAL OBJECTIVES FOR STEEL

279. The present moment, half-way through the period covered by the current General Objectives for steel, seems an appropriate one to take stock of the situation, and in particular to establish how far the forecasts have been borne out by events, why in some respects they have not, and what the likelihood is of the General Objectives ultimately being fulfilled. Such was indeed the intention when the system of regular General Objectives was instituted, and it is especially necessary now in view of the stagnation of iron and steel production for the past three years. The following account is set forth in the same order as the original Memorandum on the General Objectives, issued in April 1962.¹⁾

Future demand for steel

280. It seems pretty well certain that the forecast of overall Community steel requirements in 1965 given in the last General Objectives will prove incorrect. The expectation that they would rise by 26%, from 70,800,000 to 89,000,000 ingot tons, between 1960 and 1965, appears in the light of the trend during the past year or two to have been over-optimistic: Community steel production in 1963 was only 73,200,000 tons.

¹⁾ See *Tenth General Report*, Nos. 413 ff., and *Journal Officiel des Communautés*, No. 14/1962.

This substantial discrepancy between the levels forecast and those actually recorded results in very unequal proportions from the movement of internal consumption and the movement of net exports.

Internal demand for steel

General economic expansion

281. For the Community as a whole, the mean annual rate of growth from 1960 to 1963 was very close to that forecast for the whole period 1960-65, both for gross national product and for industrial production.

TABLE 35

General economic expansion in the Community

(cumulative annual rate of growth in %)

	Rate forecast 1960-65	Actual rate 1960-63
Gross national product	4.7	4.7
Industrial production	6.1	5.8

Internal demand for steel in 1965

282. Internal Community demand for steel in 1965 was estimated at 76,000,000 ingot tons. Against this may be set the apparent steel consumption for 1960, *viz.* 59,000,000. The internal demand was therefore expected to grow by 29% over the five years, at 5.2% per annum.

Of the intervening years, steel consumption in 1961 was still pretty much up to expectation, but the 1962 and 1963 figures fell well short, by approximately 2,000,000 and 3,500,000 tons respectively. The forecast for 1965 is therefore in all probability too high — three or four millions tons too high if the growth rates for the next two years return (as certain indices noted below would appear to suggest) to the neighbourhood of the mean annual rate forecast for the whole five years.

Reasons for the sluggish movement of internal demand

283. However, mere comparison of the 1965 forecasts with the figures actually recorded for the last two or three years does not give an accurate idea of the validity of the forecast. While it is of course necessary to check as the years pass that recent developments have been in line, or at any rate not unduly out of line, with the objective fixed, the check itself involves the not inconsiderable risk of judging a medium- or long-term forecast by a short-term movement which is, inevitably, influenced by market factors. A medium- or long-term forecast merely seeks to determine a *trend*, and the play of the market can obviously cause recorded results to diverge from the trend during the period covered by the forecast.

Two further questions therefore arise:

- (a) What are the reasons for the discrepancy between the forecast and the actual figures?
- (b) Are these reasons to be regarded as temporary or as permanent?

The deceleration in economic expansion as compared with the period 1950-60 was expected. The reason for the shortfall in steel consumption lies therefore in the failure of the link observed in the preceding ten years between steel consumption and general expansion. This has been brought about by two developments of approximately equal importance: a change in the pattern of industrial production (since, 1961, in contrast to the past, the growth of the direct steel-consuming sectors has been outstripped by the rest) and a change in the relative importance of the steel-consuming sectors (those which are big consumers of steel have been growing less rapidly than those which are small consumers). In addition, there has been a certain fall in specific consumption, as a result more particularly of the use of lighter steels and of the substitution of other products for steel. This latter process does not, in terms of actual tonnage, appear as yet to have gone very far. The High Authority intends to go into the matter in some detail in the next few months: the subject will be discussed with the expert committees set up in connection with its sector-by-sector forecasting, and special studies will be carried out by research organizations.

It should be noted that in drawing up the current General Objectives the High Authority had the possibility already in mind that by 1965 steel consumption and general expansion might no longer be moving in a fixed proportion, and the relative importance of the steel-consuming sectors be no longer the same. For this reason, it employed for the first

time sector-by-sector forecasting alongside the more usual overall method: one of its main arguments for doing so was the very possibility just mentioned.

284. It remains to examine whether the factors underlying the present sluggish movement of steel consumption are temporary or permanent. An E.E.C. Working Party on Problems of Structure and Long-Term Development which has been set up to calculate the Community's prospects as regards long-term economic development suggests a growth range for gross national products of 4.3-4.7% per annum over the years 1960-70. Accordingly, the future movement of internal steel consumption appears unlikely, by the effect of general expansion, to slacken beyond the rate allowed for in the General Objective for steel. As for the question whether the failure of steel consumption to move in proportion to general expansion may be expected to continue indefinitely, the studies carried out by the High Authority suggest that the factors which have caused this break in the link during the last three years are mainly temporary. It is in the main the falling-off in investment in the economy as a whole that has latterly produced a deformation of the pattern of industrial production at the expense of the steel-consuming industries. In the view of the national experts on the Working Party referred to, the proportion of gross national product going on investment is likely to be maintained: that is to say, investment should grow at the same rate as G.N.P. For the steel-consuming sectors this would mean an improvement on things as they are at present, although the rate of growth would not be as high as in the nineteen-fifties, inasmuch as investment was then growing faster than national product.

Another important point to be taken into account in assessing whether the present slight rise in internal steel consumption will continue is the position regarding indirect exports of steel. The studies made on this subject, at Community and at national level, have been less detailed, but it seems probable that the present situation will not worsen, and may even improve, to the extent that Community imports of raw materials and semi-manufactured products are offset by exports of more elaborate finished goods, including those containing steel. As for specific consumption of steel, there is no particular indication that it will change much in the next few years. The position here is, however, distinctly uncertain; any additional pointers must be sought mainly in the sector-by-sector studies now in progress.

On balance, it seems probable that overall, apart from certain temporary cyclical influences which may make themselves felt, the

deformations of the economy will not operate substantially to the detriment of the steel-consuming sectors. (This conclusion is, however, offered subject to amendment in line with the findings of the studies now going on for the estimation of the Community's internal steel requirements in 1970.) The forecasts for 1965 require to be viewed in a longer perspective, *i.e.* in the context of the outlook up to 1970, and not simply in relation to the trend of the last two or three years, which as we have seen was very much affected by cyclical factors. The Working Party mentioned earlier is now engaged, with active High Authority co-operation, in establishing the preliminary forward estimates of 1970 economic activity subdivided under sixteen main heads, and in working out a more detailed subdivision still. The High Authority thus expects in the course of the next few months to have in its hands rough calculations of foreseeable Community steel requirements in 1970.

Exports of steel to third countries

External trade in steel

285. The trend for the last three years in the field of external trade has been the complete opposite both of that in the preceding period and of that forecast by the General Objectives.

TABLE 36

External trade in iron and steel products

(*'000,000 metric tons*)

Year	Gross exports	Imports	Net exports	
	(rolled products)	(rolled products)	Rolled products	Crude-steel
1955	7.2	0.9	6.3	8.4
1960	10.7	1.9	8.8	12.0
1965 ¹⁾	11.0	1.0	10.0	13.0
1961	10.5	1.9	8.6	11.4
1962	9.4	2.5	6.9	9.1
1963 ²⁾	9.5	3.6	5.9	7.5

¹⁾ Forecast.

²⁾ Estimated.

It seems safe to assume that the figure of 13 million ingot tons forecast for net exports in 1965 (14 million tons gross exports and 1 million imports) will not be reached: exports will in all probability be substantially lower and imports higher than the earlier estimates. The shortfall in net exports in 1965 is likely to be anything from five to eight million ingot tons, bringing the figure, even at best, below the level of 1960, and even that of 1955. So far, therefore, events have gone completely counter to expectations.

Reasons for the deterioration in the Community's external trade

286. The basic reason for this development is that world production capacity has been expanding faster than requirements, thus upsetting the balance between supply and demand. On the one hand, the traditional importer countries are meeting their needs more and more from their own production, so that the exporter countries are deprived of a number of their outlets; on the other, with the growing surplus in the world steel market, the Community is finding itself exposed to keener competition both in the export and in the internal market. Considerable inroads have been made in the last few years into the Community's share of world trade, more particularly by the smaller exporter countries, Japan, and the Soviet Union, while Community imports, especially from these same countries, have risen steeply. The Community's position has thus suffered appreciably from the quantitative imbalance at world level.

The effects of these developments of prices are examined in some detail in the preceding Chapter,¹⁾ together with the immediate steps calculated to improve the position of the Community iron and steel industry. While protectionist measures do undoubtedly affect the movement of the Community's external trade in steel, it is clear that the comparative production costs of the different steel-producing countries are the basic factor in any attempt to assess the future competitive capacity of the Community steel industry. The High Authority considers, therefore, that a thorough analysis should be made of the relative production costs in the main steel-producing areas of the world. Needless to say, this would be no easy matter.

As it seems certain that a surplus will persist in world capacity for another two or three years, if not longer, the trend in comparative costs will be a major factor in deciding the relative positions of the

¹⁾ See Nos. 169 ff., in particular Nos. 202-208.

respective steel industries. The Community's is unlikely to regain its former place as a very large net exporter. Studies and discussions are in progress with those concerned, with a view to clarifying the Community's competitive position *vis-à-vis* third countries, the implications of its descent in the scale, and ways and means of remedying this.

Estimated total demand for steel

287. The "trend" figure (*i.e.* not the upper limit) given in the General Objectives for total demand in 1965 — that is, internal requirements plus net exports — was 89 million ingot tons.

TABLE 37

Internal requirements and net exports

(*'000,000 metric tons crude-steel equivalent*)

Year	Internal consumption	Net exports	Total
1955	43.8	8.4	52.2
1960	59.1	12.0	71.1
1965 ¹⁾	76.0	13.0	89.0
1961	61.6	11.4	73.0
1962	63.7	9.1	72.8
1963 ²⁾	65.5	7.5	73.0

¹⁾ Forecast.
²⁾ Estimated.

Although a rise in requirements is expected for 1964, it seems probable that the forecasts for 1965 will prove to be from six to nine million ingot tons out, according to the state of the market by that time.

Production-capacity targets

Raw-material supplies

288. The survey of the investment position at January 1, 1963, in conjunction with declarations of projects received during the year, suggests that the expansion in steelmaking potential from 1960 to 1965 will amount not to 30% as indicated by the General Objectives, but only to about 27%.

Similarly, there will be less concentration on installing oxygen steelmaking capacity, although the shares of the different processes will change in varying degrees in relation to the pattern of 1960.

The position as regards supplies of raw materials is not expected to present any difficulties quantitatively.

As recommended by the latest General Objectives, several projects for the installation of hot wide-strip mills have been deferred, so that the overcapacity in this sector will not be so great as originally forecast. Hot wide-strip capacity in 1965 is now estimated at 29 million tons, as against the General Objectives' indication of 36 million.

Steelmaking and rolling potential

Crude steel

289. Present forecasts of overall crude-steel production potential¹⁾ in 1965 work out only 2.5% below the figure given in the General Objectives, viz. 96,500,000 instead of 99 million tons. This estimate is based on the 1963 investment survey plus declarations received during the year.

While there is thus not much difference between the two aggregate figures as such, it is nevertheless evident that basic Bessemer and open-hearth capacity will not be outsted by oxygen steelmaking plant to the extent suggested by the General Objectives.

TABLE 38
Steelmaking potential in 1965

Forecasts	'000,000 metric tons					%				
	Basic Besse-mer	Open-	Elec- tric- furnace	Oxy- gen- blown	Total	Basic Besse-mer	Open- hearth	Elec- tric- furnace	Oxy- gen- blown	Total
Gen. Obj.	32.8	29.6	10.4	26.2	99.0	33.1	29.9	10.5	26.5	100.0
End 1963	36.0	31.3	11.5	17.7	96.5	37.3	32.4	11.9	18.4	100.0

¹⁾ For definitions of the terms "production potential" and "production capacity," see *Tenth General Report*, No. 445, footnote 2.

According to these estimates, basic Bessemer potential in 1965 will be very little smaller than it is now; open-hearth potential, absolutely, will even increase, while electric-furnace potential is expected to move ahead faster than any other. Oxygen steelmaking potential, on the other hand, will total only round about 18 million tons, instead of 26 million as originally forecast.

Rolled products

290. The levelling-off in deliveries of rolled products in the last two or three years has caused a slackening in the rate of investment in the rolling-mill sector. However, although this means forfeiting the major advantages offered by the latest types of mill as regards productivity and quality, it should not entail any actual difficulty in rolling the tonnages required.

The position in the cold wide-strip and hot wide-strip sectors is now considerably different from that indicated by the General Objectives: in the former case both potential and capacity will by 1965 be above the levels forecast, while in the latter they are expected to be respectively 10% and 20% below.

TABLE 39

Flat-products potential and capacity in 1965

	('000,000 metric tons)			
	Forecast in Gen. Obj.		Forecast at end 1963	
	Potential	Capacity	Potential	Capacity
1. Reversing sheet mills	1.7	2.5	1.6	2.0
2. Heavy plate and universal mills	9.0	10.0	9.0	10.0
3. Hoop and strip mills	6.0	7.0	5.3	7.0
4. Cold wide-strip mills	14.0	16.0	14.8	17.5
5. Hot wide-strip mills	(22.0)	36.0	(19.4)	28.8

These figures suggest that the rate of utilization in 1965 will be lower than indicated in the General Objectives for the cold wide-strip mills, but higher for the hot.

The charge for the different processes

291. The present input rate of scrap and pig-iron is higher than that forecast for 1965 in the case of basic Bessemer, electric-furnace and oxygen steelmaking processes, and lower in that of open-hearth steel:

Overall, the input rate for steelmaking by all processes is approximately that indicated by the General Objectives: in 1962 and the first nine months of 1963 it stood at about 1,100 kg.

As regards the "mean scrap input rate," the amount of scrap used in the blast-furnace has already dropped below the level forecast for 1965; the amount used in the steelworks is, however, larger than was expected.

Raw-materials position: iron ore and coke

292. *Iron ore.* — The iron and steel industry's consumption of pig-iron per ton of crude steel produced has been less, during the last two years, than that forecast by the General Objectives. This has of course resulted in a relative shrinkage in the consumption of iron ore.

TABLE 40
Iron-ore position

('000,000 metric tons)

	1960	1961	1962	1963 (Jan.- Sept.)	Upper-limit forecasts for 1965 by Gen. Obj.
1. Fe content					
<i>Requirements</i>	44.5	45.3	44.5	(32.3)	57.2
<i>Availabilities</i>					
— Community-mined ore	26.0	26.0	24.4	16.6	32.0
— Imported ore	18.5	19.3	20.1	15.7	25.2
2. Saleable ore					
<i>Availabilities</i>					
— Community-mined ore	86.8	87.1	82.1	56.1	108.0
— Imported ore	32.3	33.6	34.1	26.7	42.0

The proportion of Community to imported ore used to cover requirements appears to be very definitely moving in the direction forecast: since 1962 the share of imported ore has already been larger than it was expected to be in 1965.

TABLE 41

Coverage of total ore requirements

	(% of ore Fe consumed)				
	1960	1961	1962	1963 Jan.- Sept.	Forecasts for 1965 in 'Gen. Obj.:
<i>Ore</i>					
— Community-mined	58	57	55	51	56
— Imported	42	43	45	49	44

293. *Coke.* — The coke rate is following the movement forecast in the General Objectives: from 944 kg. in 1960, it fell to 878 in 1962 and 872 in the first six months of 1963.¹⁾ The causes of this development are those listed in the General Objectives: in particular, there has been a substantial increase in the use of sinter in the burden, which has a considerable effect on the coke rate.

It seems certain that the consumption of sinter per ton of pig-iron produced will reach the level, and probably even the upper limit, indicated by the General Objectives.

Manpower problems

294. While there has been an increase since 1960 in the total numbers employed by the iron and steel industry notwithstanding the stagnation in production, a distinction must be made between the workers on the one hand and clerical, technical and managerial personnel on the other.

With regard to the industry's labour force, the main features of the situation as it has evolved from 1960 onwards have been the following:

- (a) the changes in the production trend have not been reflected to the same extent in the manpower trend, which is extremely inelastic;

¹⁾ Coke rate, *i.e.* coke consumption per ton of sinter or pig-iron produced.

- (b) the number of process workers has decreased both relatively and absolutely;
- (c) the personnel of the ancillary departments, and especially of the maintenance services, has increased both relatively and absolutely, to a greater extent than was forecast in the General Objectives;
- (d) the demand for skilled workers is rising, particularly in consequence of this last consideration, while the demand for unskilled workers is everywhere falling.

The increase in clerical, technical and managerial personnel has proceeded considerably faster than was forecast. The process of rationalization and modernization, and the installation of new and ultra-modern plant, has made it necessary to take on more technical and managerial staff than was foreseen in the General Objectives, and the shift from the day-wage to the monthly-salary category is now much more marked than the forecasts suggested, more especially as a result of the increase in technicians' jobs.

TABLE 42

Personnel of the Community iron and steel industry
(annual averages)

	1960 ¹⁾	1961	1962	1963 ²⁾	Forecasts for 1965 in Gen. Obj.	
					3.5 % shorter working week	10% shorter working week
Process workers	264,000	269,800	263,800	256,600		
Workers in ancillary services	211,700	215,500	217,200	221,000		
Workers, total	475,700	485,300	481,000	477,600	498,000	534,000
Clerical, technical and managerial personnel	77,200	81,800	86,800	90,100	85,000	87,000
Apprentices	10,800	11,400	12,100	12,700	12,000	12,000
Persons employed, total	563,700	578,500	579,900	580,400	595,000	633,000

¹⁾ 1960 was an extremely active year.

²⁾ First six months.

295. The forecasts as to the personnel of the iron-ore industry were also linked closely to the production trend; as production fell well short of the forecasts, so too did the number of workers employed.

TABLE 43

**Personnel of the iron-ore industry
(annual average)**

	1960	1961	1962	1963 ¹⁾	Forecasts for 1965 in Gen. Obj.	
					Un- changed working week	40-hour week
Workers (incl. apprentices)	46,500	45,000	41,200	37,200	45,000	50,000
Clerical, technical and managerial personnel	6,000	6,000	5,900	5,500	6,000	6,000
Total	52,500	51,000	47,100	42,700	51,000	56,000

¹⁾ First six months.

PREPARATION OF NEW GENERAL OBJECTIVES FOR STEEL

296. With regard to the new set of General Objectives to be drawn up for 1970, the High Authority continued its consultations with experts and its study work through the various committees and working parties set up by it before the publication of the last Objectives. By means of regular contacts with the chairmen of the four committees (of producers, Government representatives, trade unionists and consumers), who met regularly with a Member of the High Authority presiding, a joint examination was made of the principal problems arising in connection with the new Objectives. The four committees themselves met early in 1964 to put forward their own views on particular aspects.

In 1963 and the beginning of 1964 the High Authority convened various committees of technical experts set up to study the foreseeable movement of steel consumption in the main consumer sectors. In addition to working on forecasts of activity in these sectors, the committees are endeavouring, in co-operation with the High Authority, to estimate as accurately as possible the trend in specific consumption of steel in the different sectors. As the High Authority considers this latter question extremely important, it has commissioned several research centres to make detailed analyses of specific consumption of steel in certain major sectors and forecast its probable movement up to 1970. The working party responsible for forecasting steel exports has met twice with the

object of revising the last forecasts for 1965 and extending them to 1970. As these studies and contacts show, the High Authority intends to carry on the system now established of having more or less "regular" General Objectives: while not officially issuing a fresh set each year, it is making a point of all the time following very attentively the developments actually in progress and the likelihood or otherwise of its forecasts being borne out. By means of these discussions in committees representing all the circles immediately concerned, it keeps the latter informed of all notable instances in which the practical position diverges from the forecasts, and it is in constant consultation with these committees that it is now preparing the next set of General Objectives for steel, relating to 1970.

GENERAL OBJECTIVES FOR COAL

297. The High Authority in its last General Report¹⁾ drew attention to the extreme difficulty of preparing General Objectives for coal while long-term energy policy remained completely in the air. The position remained the same in 1963, as the Council of Ministers had still not reached any conclusions which would have made it possible to work out a definite line of action.

Accordingly, the High Authority has felt obliged to adopt a different procedure in preparing the General Objectives for coal. Instead of, as with the General Objectives for steel, directly convening full-scale committees to rough out the general approach and tackle the whole subject of the coalmining industry, it was decided in the first instance to set up working parties of specialists to examine a number of points which are bound to play an important part irrespective of the precise energy policy finally selected.

These fall under two heads: sales outlets for Community coal; and the social and regional implications of the trend in the coalmining industry.

Considerable progress has been made in the last few months on three points coming under the first head:

- (a) the foreseeable movement of the European landed price of American coal, one of the Community product's major competitors;
- (b) the movement of demand in the private-household sector;
- (c) the movement of demand in the power-station sector.

¹⁾ See *Eleventh General Report*, No. 381.

The High Authority has set up three working parties of producers', workers' and consumers' representatives to go into the three problems, and has supplied them with reference material compiled in the course of the work on an energy policy.

298. The working party on *landed prices* of imported coal met on May 21, 1963, and discussed the Study on the Long-Term Energy Outlook for the European Community and its various annexes. It will be recalled that this document drawn up by the Inter-Executive Working Party on Energy suggests an average price c.i.f. Amsterdam-Rotterdam-Antwerp in 1970 of \$16.50 per ton for coking coal and \$13.00-13.50 for steam-raising coal imported regularly from the United States in substantial quantities.

The following facts emerge from the working party's studies.

- (a) Information to hand (mainly American) stresses the abundant *total* amounts of American coal that can be mined for the next twenty years or so at a real cost ex mine not very different from the present figure. In a recent report,¹⁾ reserves workable at within \$ 0.25 of present operating costs are put at 35,000 million tons, representing 90 years' current production. More than 80% of these lie within the zone comprising the regions which export coal to Europe. Some members of the working party, however, drew attention to the factors liable in the long term to send up the cost ex mine, *viz.*
- (1) increased investment needs, due to advancing mechanization;
 - (2) higher average wages, due to the reduction in the number of non-union mines, which at present pay lower wage rates;
 - (3) greater volume of soil to be removed per ton of coal mined in opencast workings.

On the other hand, it is argued that the capital costs of the new mines are comparatively small, and that so far output per man/shift has been rising faster than was estimated.

On one point there is substantial agreement, namely, that it is far from clear how much *high-grade* coal, and particularly coking coal, will be produced. It was precisely in respect of coking coal that the Study did suggest a certain cost increase after 1965.

¹⁾ Report of the National Fuels and Energy Study Group on an Assessment of Available Information on Energy in the United States to the Committee on Interior and Insular Affairs, United States Senate, September 1962.

- (b) Most members of the working party are agreed that the cost of carriage from mine to dockside within the United States may go down still further, although the Study assumed it would remain more or less steady at around \$4.50.
- (c) The Study's estimate of approximately \$4.00 for transatlantic freight charges is in the general view of the working party to be regarded as the highest level these are likely to reach.

By and large, most of the working party considered the Study's estimate of the c.i.f. cost credible enough, though possibly somewhat on the high side. These experts do not, therefore, share the view that the recent rise in transatlantic spot freights heralds a substantial and lasting increase in the c.i.f. price of American coal.

They thus make a sharp distinction between cyclical fluctuations affecting only marginal tonnages, and the regular supply conditions for imported coal. A steady flow of imported coal is already a normal operating element for many coastal steel plants, and may well become so before long for thermal power-stations in coastal areas. It is, however, feared by some that as the practice of relying on regular imports becomes more widespread, the cyclical fluctuations will be felt more and more by the European collieries.

299. The working party on coal consumption in the *household sector* met on May 22 and on November 11 and 12. Its job is to establish, from forecasts of total energy consumption in this sector, what the share of coal is likely to be — no easy matter, since the sector concerned is subject to considerable fluctuations in demand, and certain types and grades wanted tend to be in short supply.

It was decided to tackle the problem from two angles, by studying, firstly, the factors affecting demand (cubic space and nature of the housing accommodation concerned, type of heating, selection criteria as among the different fuels), and secondly, availabilities by types and grades.

For this purpose, the working party has in the last few months assembled a considerable mass of statistical material on the present position and past trends. From this it appears that over 80% of Community dwellings are still stove-heated.

In countries such as Germany and France, 70-80% of the stoves are coal-fired. Sales of new stoves to replace or build up existing heating systems reveal different trends in different countries: in Germany only

46% of the new stoves sold in 1962 were coal-fired, whereas in Belgium and the Netherlands the proportion was still well over 80%. In fact, in the Netherlands it has been rising, 84% in 1962 as against 68% in 1957.

The proportion of centrally-heated dwellings is still fairly small (15-20%), but is growing rapidly. In France and Germany, for example, about 40% of new buildings in recent years have been equipped with central heating. Some 70% of the dwellings with individual central heating have coal boilers; this is also the case in Germany for those on block heating systems, but in France about one-half of block-heated habitations have oil-fired plant.

As regards types of solid fuels consumed, the position in Germany is quite different from that anywhere else: owing to the intensive use of coke and briquettes, the range of fuels available is much wider than in the other countries, where demand is heavily concentrated on anthracite and low-volatile coal. Consequently, the German market in 1963 was not nearly so tight. The members of the working party have reported on what is being done in their respective countries to provide consumers with largely automated appliances burning different types of solid fuel, and with new kinds of smokeless briquette which can be used instead of anthracite.

Having carefully studied the present situation, the working party was able to draw up a programme for its calculation of the outlook. The programme, which is now in hand, covers

- (a) total cubic space of housing accommodation in 1970-75;
- (b) trends in the housing and heating patterns, selection criteria as among different types of appliance and fuel;
- (c) availabilities of household coal.

300. The working party on *thermal power-stations' fuel requirements* met on July 11 to discuss the Study on the Long-Term Energy Outlook and its annexes, the object being to assess the approximate future requirements of "competitive" (*i.e.* interchangeable) fuels for the power-stations (calculated from the requirements of electric current), the share of electricity requirements to be covered by the thermal stations, and the availabilities of "assured-market" fuels (blast-furnace gas and brown coal), taking into account the contribution of the pithead power-stations. One of the working party's tasks is to calculate what the prospects are for sales of Community coal to the power-stations.

The working party established a reasonably clear picture of the position in each of the member countries. This is roughly as follows.

As regards the thermal stations' share of demand coverage, the focus in France is on competitiveness *vis-à-vis* nuclear energy. Whereas today nuclear power still costs twice as much per kWh as conventional thermally-produced power, by 1975 it will be costing only 25% or even 20% more. Hydro-electric power (the share of which is contracting) is to be employed more and more as time goes on for covering peak requirements only.

The French power-stations' fuel requirements can be met only in part by the country's collieries: as a rule, the stations nearest to the coalfields will be supplied in this way, while the rest will use fuel oil, natural gas or imported coal. Future stations will probably be built close to ports. The main alternative is a concentration of capacity in ultra-large generating sets.

In Belgium, the tendency is more and more to build power-stations in the north of the country, in consequence of the shift in consumption and also of the shrinkage in production in the Southern coalfields. Choice of fuel will be governed largely by the tonnages and grades the coal industry can offer at prices as close as possible to the delivered-at-station cost of competing energy sources.

In Italy, the number of refineries in the north of the country is expected to double by 1975, so that the present problem of getting the power-stations' fuel oil supplies to them (the oil has to be brought north from the refineries in Southern Italy) will progressively disappear.

In Luxembourg, it is not planned to install any new thermal stations between now and 1975, as hydro-power production is being stepped up instead.

The Netherlands is a rather special case, in view of its resources of natural gas, the delivered-at-station price at which this is available, and the trend in transport costs. The country's very extensive waterway network may serve to favour coal, and even low-grade coal products.

The German situation is not quite clear. The German members of the working party confirmed that very substantial schemes were on foot for power-stations fired on brown coal, but could not, for the present, give any opinion as to the outlets for hard coal, owing to the alteration in the pattern of energy supply in the coastal areas and in Southern Germany, and to uncertainty concerning projects for promoting disposals of coal for electricity production.

The working party is now endeavouring to clarify a number of points regarding, in particular, the specific costs of thermal installations of different types and using different fuels, the level of operating costs, the comparative costs of electricity transmission and fuel transport, and the cost of using unwashed coal.

301. Over and above the working parties' examination of the prospects for coal sales, the High Authority is continuing its own studies on the social and regional implications of the trend in the coalmining industry. Further details will be found in the Chapter on the High Authority's work in the social field,¹⁾ and in the study on the employment trend in the Community collieries from 1958 to 1962.

It is not yet possible to settle precisely how the material thus compiled will be collated for the purpose of pinpointing the best line of development for the Community collieries: this must continue to depend on what ultimately transpires with regard to a common energy policy (see Chapter II above).

Section 2: Investment

302. Article 54 of the 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, the results of which are widely publicized, of the investments shown as assets in the enterprises' balance-sheets. The 1963 survey indicates that investment continued high throughout 1962. In addition, the High Authority receives advance declarations of all major projects, and periodically issues information to the enterprises on the investment planned and its probable effects on production potential. Recent declarations suggest a distinct slackening in investment activity in the next few years.

¹⁾ See, in particular, Nos. 364, 402 and 413 ff. below.

Alongside its information work, the High Authority 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.

THE POSITION

Results of the 1963 survey

Community industries overall

303. The facts and figures assembled in the course of the January 1, 1963, survey were published in July in a report¹⁾ tracing the movement of capital expenditure and production potential over the preceding years, and giving particulars of enterprises' forecasts for the years ahead.²⁾

During the nine years 1954-62, capital outlay by Community enterprises totalled 10,800 million dollar units of account,³⁾ representing an annual average of 1,200 million. Of this aggregate, 35% went on the collieries, 4% on the iron-ore mines and 61% on the iron and steel industry.

Capital expenditure in 1962 amounted to close on \$1,700 million, more than ever before: although in the coal sector it continued to stagnate as it had done for several years past, in the iron and steel industry it showed a further steady rise. The forecasts for 1963 as of the date of the survey indicated a continuing upward trend: nevertheless, the impression was gained (and confirmed by the declarations subsequently received during 1963⁴⁾) that the period of vigorous expansion in the iron and steel and iron-ore industries was coming to an end.

The results of the 1963 survey as regards capital expenditure are summarized below.

¹⁾ See *Investment in the Community Coalmining and Iron and Steel Industries*, Report on the 1963 Survey, July 1963.

²⁾ For a definition of the term "production potential," see *Tenth General Report*, No. 445, fn. 2.

³⁾ The value of the European Monetary Agreement unit of account as fixed by Article 24 of the Agreement is 0.88867088 grammes of fine gold, which is equal to the present value of the United States dollar.

⁴⁾ See No. 309 below.

TABLE 44

Capital expenditure in the Community industries

(\$ '000,000)

Sector	Actual expenditure as per accounts at January 1, 1963		Estimated expenditure as at January 1, 1963
	1961 ¹⁾	1962	1963
Coalmining industry	391	392	398
Iron-ore mines	52	56	47
Iron and steel industry	1,123	1,218	1,435
Total	1,566	1,666	1,880

¹⁾ Corrections made to figures in *Eleventh General Report*.*Coalmining industry*

304. Actual and estimated expenditure in the coalmining industry at January 1, 1962, may be broken down by sectors as follows.

TABLE 45

Capital expenditure in the coalmining industry

(\$ '000,000)

Sector	Actual expenditure as per accounts at January 1, 1963		Estimated expenditure as at January 1, 1963
	1961 ¹⁾	1962	1963
Pits	235	225	228
Coking-plants, mine-owned and independent	45	41	32
Hard-coal briquetting-plants	3	5	9
Pithead power-stations and other power-generating plant	104	115	121
Plants producing B.K.B. and low-temperature brown-coal coke	4	6	8
Total	391	392	398

¹⁾ Corrections made to figures in *Eleventh General Report*.

Nearly 60% of the industry's capital expenditure in 1962 was on the *pits*, the rate remaining strikingly steady, \$1.00 per ton produced as against \$1.02 in 1961 and an average \$1.05 over the years 1952-60. This was not, however, sufficient to offset the effects of the pit closures carried out and planned, so that the producers' forecasts of production potential for 1966 worked out at only 242 million tons, as compared with 246 million in 1962. For purposes of comparison, it may be added that coal consumption in 1962 was 257,500,000 tons, and that the *Study on the Long-Term Energy Outlook* drawn up by the three Executives in December 1962 puts Community demand in 1970 for coals from all sources at 234-244 million.

Expenditure on the *coking-plants* (mine-owned, independent and steelworks-owned) remained low, at \$0.93 per ton of coke produced, well below the 1954-61 average of \$1.16.

The forecasts indicate a maximum coke production in 1966 of about 83 million tons, assuming 96% utilization of capacity. This tonnage, which represents a coal throughput of 108 million tons, should suffice to cover the foreseeable demand, allowing both for the reduction in the coke rate at the blast-furnaces and for the shrinkage in requirements outside the iron and steel industry.

TABLE 46

Capital expenditure on the coking-plants

(\$ '000,000)

Sector	Actual expenditure as per accounts at January 1, 1963		Estimated expenditure as at January 1, 1963
	1961 ¹⁾	1962	1963
Mine-owned and independent	44.5	41.0	32.2
Steelworks-owned	18.3	25.0	25.4
All plants	62.8	66.0	57.6

¹⁾ Corrections made to figures in *Eleventh General Report*.

Expenditure continued high in the case of the *pithead power-stations*, the maximum electric capacity of which is expected to increase from 8,863 MW at the beginning of 1962 to 11,881 at the beginning of 1967. At the present operating rate, their production of current should be up by 1966 to something like 53,000 million kWh; given a specific consumption of approximately 0.4 kg. per kWh, they would then be burning 21 million tons of coal, mainly in the form of low-grade products.

Iron-ore mines

305. Capital expenditure on the iron-ore mines in 1962 remained high.

Production potential in 1966 is put at barely 108 million tons, as compared with 105 million in 1962. This represents a lower rate of growth than that forecast the previous year, at January 1, 1962: the producers then estimated 1965 potential at slightly over 115 million tons, but it is now expected that the expansion still to come in Lorraine will be partially offset by cutbacks in the Lower Saxon orefield of Germany and in Luxembourg. Overall, a turnround is developing in the iron-ore sector.

TABLE 47

Capital expenditure on the iron-ore mines

(\$ '000,000)

Sector	Actual expenditure as per accounts at January 1, 1963		Estimated expenditure as at January 1, 1963
	1961 ¹⁾	1962	1963
Mining of ore	30.8	27.2	24.8
Preparation of ore at surface	9.6	15.9	15.4
Various surface installations	12.0	13.2	7.0
Total	52.4	56.3	47.2

¹⁾ Corrections made to figures in *Eleventh General Report*.

Iron and steel industry

306. The change in trend is less marked in the iron and steel than in the iron-ore industry. Capital expenditure there reached record levels in 1961 and 1962, largely in consequence of projects launched earlier, and must necessarily have continued high in 1963 inasmuch as the enterprises will not have been in a position to postpone more than a fraction of the expenditure they rated as definitely necessary at the beginning of the year. Production will therefore have continued encumbered by heavy capital commitments, aggravated by the fact that selling prices have gone down with a run during this period.

Understandably, therefore, a number of producers have latterly felt obliged to defer or drop various investment projects which will be seriously missed as time goes on, even in 1964 and certainly in and after 1965. As a result, the growth and modernization of the industry, particularly in the sectors most open to technological change, will show a definite deceleration in the next few years.

TABLE 48

Capital expenditure in the iron and steel industry

(\$ '000,000)

Sector	Actual expenditure as per accounts at January 1, 1963		Estimated expenditure as at January 1, 1963
	1961 ¹⁾	1962	1963
Plant for production of:			
pig-iron ²⁾	219	225	228
steel	163	152	164
rolled products	532	595	735
General services	209	246	308
Total	1,123	1,218	1,435

¹⁾ Corrections made to figures in *Eleventh General Report*.

²⁾ Inclusive of steelworks-owned coking-plants and burden-preparation installations (crushing, screening, sintering).

Capital expenditure on *pig-iron* production remained substantial, notwithstanding the discarding of a number of projects mentioned as planned the previous year. The maximum production now forecast for 1965, given 96% utilization of capacity, is approximately 73 million

tons for pig-iron and 71 million for sinter. This is two million and three million tons less respectively than the figures indicated at January 1, 1962, the decrease being thus greater for sinter than for pig-iron even though it would obviously be to the industry's interest to step up still further the proportion of prepared burden.

Capital expenditure on the traditional categories of *steelworks* has been falling off in the case of basic Bessemer plant since 1958, and in the case of open-hearth since 1961, while as regards electric-furnace it seems to be continuing at approximately the same fairly high level as was reached in 1961; expenditure on L/D, Rotor and other oxygen steelmaking plant is still rising rapidly. The share of the latter in total outlay on steelworks has increased from a mere 18% in 1959 to 36% in 1960, 44% in 1961 and 51% in 1962, and was expected, according to the estimates at the beginning of 1963, to reach 64% during that year.

Given 96% utilization of capacity, maximum production in 1965 works out at 92 million tons, including 16 million tons of oxygen steels — three million and five million tons less respectively than the estimates at January 1, 1962. Some producers have not only curbed their rate of expansion, but also deferred plans to replace obsolescent basic Bessemer and open-hearth plant by oxygen steelworks, despite the acknowledged advantages of the more modern process.

TABLE 49

Capital expenditure on steelworks

(\$ '000,000)

Sector	Actual expenditure as per accounts at January 1, 1963		Estimated expenditure as at January 1, 1963
	1961 ¹⁾	1962	1963
Basic Bessemer	24	23	22
Open-hearth	45	30	18
Electric-furnace	22	21	19
L/D Rotor, etc.	72	78	105
Total	163	152	164

¹⁾ Corrections made to figures in *Eleventh General Report*.

The *rolling-mills* have been accounting since 1960 for about one-half of the industry's total capital expenditure, but the general rush at that time to install hot and cold wide-strip mills is giving way to a more balanced division of expenditure between flat products and sections. It should be noted that a number of projects for hot wide-strip mills have been dropped in accordance with repeated High Authority recommendation.¹⁾ The January 1, 1962, survey suggested that the rated capacity on the Community mills in production and planned (irrespective of bottlenecks at earlier or later stages of the production chain) would by 1965 have reached something like 36 million tons, whereas it would in practice have been quite impossible with the amounts of crude steel actually available to produce more than 22 million tons of coils: according to the 1963 survey, however, the aggregate capacity planned for 1965 works out at the rather more reasonable figure of 28 million tons.

TABLE 50

Capital expenditure on the rolling-mills

(\$ '000,000)

Sector	Actual expenditure as per accounts at January 1, 1963		Estimated expenditure as at January 1, 1963
	1961 ¹⁾	1962	1963
Section mills	121	144	193
Flat-product mills	293	301	367
Blooming and slabbing mills	75	92	104
Other mills	43	58	71
Total	532	595	735

¹⁾ Corrections made to figures in *Eleventh General Report*.

307. To sum up: mainly as a result of programmes adopted in previous years, investment remained high in 1962 and 1963 in all three sectors, pig-iron, crude steel and rolled products. *But, to judge by the declarations recently received (see below), the years immediately ahead may be expected to see a definite falling-off.* The coming concentration will mean that the industry's potential will grow more slowly and that many projects, some of them

¹⁾ Cf. in particular *Tenth General Report*, No. 387, and *Journal Officiel des Communautés* No. 24/1962 (Memorandum on the General Objectives for Steel).

very valuable, relating to the earlier production stages will be deferred or discarded, though at the same time rolling capacity will be brought more into line with the amounts of metal actually available.

TABLE 51

Specific capital expenditure
(1954/1961-1962)

(\$ per metric ton or per '000 kWh produced)

Sector	Germany (Fed. Rep.)	Belgium	France	Italy	Luxem- bourg	Nether- lands	Com- munity
<i>Coal</i>							
average 1954-1961	0.95	1.21	1.13	1.24	—	1.11	1.03
1961	1.15	0.73	0.84	0.85	—	0.95	1.02
1962	1.08	0.77	0.74	1.60	—	1.48	1.00
<i>Coke</i> (all types of coking-plant)							
average 1954-1961	0.93	0.92 ¹⁾	2.29	1.25	—	²⁾	1.16
1961	0.54	0.54 ¹⁾	2.45	0.93	—	²⁾	0.88
1962	0.60	0.77 ¹⁾	1.66	2.69	—	²⁾	0.93
<i>Electricity</i> (generated at mines)							
average 1954-1961	4.38	4.91	2.47	8.32	—	1.69	3.71
1961	3.86	3.54	1.07	9.39	—	1.12	2.97
1962	3.37	1.37	1.29	67.00	—	3.35	2.88
<i>Iron-ore</i>							
average 1954-1961	0.55	0.31	0.49	1.11	0.15	—	0.49
1961	0.73	1.00	0.53	0.83	0.16	—	0.55
1962	0.60	0.10	0.61	1.52	0.35	—	0.61
<i>Pig-iron²⁾</i>							
average 1954-1961	2.49	3.16	3.88	2.54	2.41	5.01	2.99
1961	2.45	4.36	5.68	2.44	3.14	6.10	3.67
1962	1.92	3.98	6.91	2.56	4.68	2.74	3.73
<i>Crude steel</i>							
average 1954-1961	1.80	1.43	1.34	1.17	1.25	3.57	1.59
1961	2.64	1.82	1.89	1.65	0.97	4.72	2.22
1962	2.41	2.59	1.78	1.61	1.21	1.78	2.09
<i>Rolled products</i>							
average 1954-1961	7.19	7.60	7.41	7.69	3.68	11.06	7.22
1961	9.27	14.24	13.07	7.64	4.22	22.81	10.56
1962	9.93	14.16	15.45	11.17	4.82	18.26	11.88

¹⁾ Coke figures for Belgium and the Netherlands have been amalgamated.

²⁾ Expenditure on burden-preparation installations and blast-furnaces only.

While recent and foreseeable demand is certainly disappointing, the Community iron and steel enterprises have undoubtedly reacted promptly, by dropping quite a number of their latest extension and modernization schemes. *The great question is whether some of these cuts are not liable in the near future to impair the Community industry's competitive capacity, out of possibly undue sensitivity to market fluctuations.*

Specific capital expenditure

308. To permit a country-by-country comparison of investment in modernization and extension of plant, the High Authority each year in its Report examines the trend in specific capital expenditure, *i.e.* the amounts expended per ton produced in each of the main production sectors.

For purposes of evaluation, the figures in *Table 51* have to be treated with some reserve, in view of certain considerations set forth in detail in previous Reports.¹⁾

Declarations of investment projects

General remarks

309. By the terms of two High Authority Decisions²⁾ 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

- (a) entirely new plant, where the total estimated expenditure exceeds \$500,000;
- (b) replacement or conversion of existing plant, where the total estimated expenditure exceeds \$1,000,000;
- (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

¹⁾ See *Eleventh General Report*, No. 393.

²⁾ See *Journal Officiel de la C.E.C.A.*, Nos. 18/1955 and 17/1956.

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 mention are not declarable.

Between January 1, 1956, and December 31, 1963, 781 declarations in all, relating to 1,239 investment projects, were submitted to the High Authority. Table 87 in last year's Report can now be supplemented as follows.

TABLE 52

Period	Declarations	Projects
Average 1956-1962, 1st six months	59	95
Average 1956-1962, 2nd six months	43	71
1st six months, 1963	39	49
2nd six months, 1963	27	33
Total 1956-63	781	1,239

The High Authority was notified during 1963 of changes, some of them quite substantial, with regard either to the capital expenditure or to the ultimate production potential represented by six projects declared in 1961 and 1962. In particular, one major project declared in 1961, involving the expenditure of some \$80,000,000, was scrapped entirely, and the amount has accordingly been deducted from the total figure recorded for the first six months of 1963.

Projects declared

310. The contraction in the flow of new declarations of investment from the Community industries which had been observable since late 1961 became still more marked in 1963. The aggregate value of the projects declared was only \$203,000,000 (the iron and steel industry accounting for \$131,000,000), the lowest figure since 1956, representing no more than 45% of the 1957 total — itself the lowest since the system of compulsory declaration was introduced — and 21% of the 1956-62 average. This drop in investment activity becomes still more sharply apparent if we bear in mind that many of the 1963 declarations related to projects already definitely planned at the beginning of the year.

TABLE 53

Aggregate Value of Investment Projects Declared

	1956		1957		1958		1959		1960		1961		1962		1963	
	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	1st six months	2nd six months
Coalmining industry ¹⁾	133	72	98	79	229	22	23	144	118	28	70	103	59	28	52	20
Iron ore mines	7	2	2	23	15	1	8	—	6	—	10	—	—	—	—	—
Iron and steel industry	243	395	165	87	256	154	116	379	1,092	710	833	528	387	166	30	101
Total	383	469	265	189	500	177	147	523	1,216	738	913	631	446	194	82	121
Aggregate value per year	852		454		677		670		1,954		1,544		640		203	

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.

311. In the *coalmining industry*, projected expenditure on the pits remained at about the same level as in 1962, approximately \$41,000,000. Investment in this sector is concentrated not on expanding production, but on rationalization and concentration of pits, and in fact the declarations received by the High Authority in 1963 indicate not an increase in coal production potential, but a slight decrease of something like 300,000 tons a year.¹⁾ The endeavours of recent years to adjust the industry's operations to technical progress continued, however: they include steady extension of washery capacity and further mechanization of both underground and surface installations, as well as increased investment in connection with the production of smokeless fuels (noted here because the briquetting-plants are included in the category "pits").

No projects were declared in 1963 concerning mine-owned coking-plants.

The flow of declarations relating to pithead power-stations and other generating plant at mines was less than in previous years: the total sum involved was in the region of \$30,000,000, representing an increase of some 149 MW in generating capacity. Special mention should, however, be made of three German projects for pipelined block heating systems fired on low-grade coal products which are commercially almost unsaleable.

No projects were declared from the *iron-ore industry* in 1963.

The value of the projects declared from the *iron and steel industry*, which had already slumped from \$1,361,000,000 in 1961 to \$553,000,000 in 1962, fell to \$131,000,000; this exceptionally low figure is, however, partly accounted for by the cancellation of an ambitious project for the construction of an integrated works. The concentration is further underscored by the fact that no projects at all have been declared for sintering plants, and those for oxygen steelworks work out at a total of only \$15,000,000 (see *Table 54*).

The net changes in production potential deducible from the declarations are of course markedly affected by the scrapping of the major project just referred to;²⁾ some of them are indeed as a result not increases but decreases.

As regards pig-iron, production potential is likely to be down by some 500,000 tons a year.

¹⁾ See *Statistical Annex*, Table 50.

²⁾ For the net changes in production potential for the various sectors of the coalmining and iron and steel industries, as indicated by the declarations submitted over the years 1956-63, see *Statistical Annex*, Table 50.

TABLE 54

Aggregate value of investment projects declared by the iron and steel industry

(\$ *000,000)

	1956		1957		1958		1959		1960		1961		1962		1963	
	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	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	48	1	59	72	60	46	46	66	2	—	—
Blast-furnaces	56	84	38	15	59	18	6	37	112	37	80	37	51	9	7	17
Steelworks (of which: L/D, etc.)	63	72	26 ¹⁾	26 ¹⁾	41	8	4	13	184	173	82	84	26	32	—14 ¹⁾	40
Rolling mills (of which: flat-product mills)	(2)	(—)	(9)	(3)	(16)	(2)	(1)	(5)	(148)	(139)	(66)	(58)	(15)	(28)	(—19) ¹⁾	(34)
Power-generating plant and miscellaneous	12	62	27	4	31	33	11	50	139	54	141	41	79	8	—7 ¹⁾	1
Total	243	395	165	87	256	154	116	379	1,092	710	833	528	387	166	30	101

¹⁾ Projects dropped and new projects declared cancel out (\$ 7,000,000 in each case).²⁾ Projects dropped outweigh new projects declared.

As regards crude steel, basic Bessemer potential may be expected to work out at one million tons a year less, but this reduction is exactly counterbalanced by estimated increases of 100,000 tons for open-hearth, 600,000 for oxygen steels and 300,000 for electric-furnace.

TABLE 55

Net increases in crude-steel production potential

('000,000 metric tons p. a.)

Country	1960	1961	1962	1963
Germany (Fed. Rep.)	4.6	2.1	0.3	-0.4
France	2.0	0.8	—	0.1
Italy	3.9	1.0	0.9	0.3
Belgium	1.6	1.9	0.4	—
Netherlands	0.9	0.5	—	—
Luxembourg	0.2	0.2	—	—
Community	13.2	6.5	1.6	0.0

The total projected investment in rolling capacity for 1963 comes to \$87,000,000 (as compared with \$268,000,000 in 1962), made up as follows: \$73,000,000 for flat-product mills and \$22,000,000 for continuous-casting installations (mainly in Germany), minus a net cutback of \$8,000,000 in planned expenditure on section mills. This will mean an increase of about 300,000 tons in annual potential for flats, and a decrease of approximately 100,000 for sections.¹⁾

WORK OF THE HIGH AUTHORITY

312. As just noted, investment in the coalmining industry is focused mainly on rationalization and concentration. As regards iron and steel, larger and larger amounts are being spent in most of the major producer countries of the world on the development of more efficient production methods and processes. This could affect the Community industry's traditional markets unless the Community enterprises keep abreast of the advances thus being made not only in the United States but also in the other exporter countries.

¹⁾ Cf. No. 288 above.

Available information is that the American steel industry's estimated total investment is \$1,200 million for 1963 and \$1,500 million for 1964; the High Authority's survey as at January 1, 1963, puts the expenditure to which the Community industry is committed for the two years at \$1,400 million and \$1,000 million respectively. The Community and American rates of investment should thus remain reasonably comparable over this period, even though the Community's production potential is substantially smaller, but the falling-off in the flow of new declarations reaching the High Authority since the 1963 survey suggests that after 1964 capital expenditure will drop sharply.

The High Authority regards it as essential to help the industry to adjust itself structurally to the changed conditions of world competition. It has already on previous occasions criticized as foolhardy various extension projects, notably in connection with the installation of wide-strip mills and electric-furnace steelworks; more recently it has been urging more intensive efforts to step up productivity.

Naturally, the High Authority is anxious to do its utmost to help forward such projects as are calculated to expedite the process of adjustment, and is prepared to assist the financing of really necessary investment on a generous scale.

At the same time it feels that, without infringing the terms of Articles 65 and 66 of the Treaty, some reductions could usefully be made in capital expenditure by means of arrangements for joint ownership of installations or of specialization agreements in accordance with the conclusion of the last set of General Objectives for steel.¹⁾

High Authority opinions

313. 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,²⁾ 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*.³⁾

¹⁾ See *Tenth General Report*, No. 477.

²⁾ 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).

³⁾ See *Journal Officiel des Communautés* Nos. 15, 32, 63, 71, 83, 119 and 152/1963.

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.

The High Authority in 1963 issued 23 individual opinions on new investment projects and substantial amendments to projects in hand.

With regard to the coalmining industry, four favourable opinions were issued: two related to the construction of piped-heating installations fired on low-grade coal, a third to the extension of a pithead power-station with the object of burning low-grade coal available locally and selling the current so produced to the grid, and the fourth to the building of a briquetting-plant, to be jointly managed by three collieries, for producing smokeless ovoids from coals unsuitable in their untreated state for household space-heating.

With regard to the iron and steel industry, the High Authority approved an arrangement enabling a plant to consume either its own ore or bought scrap according to the state of the market, the postponement of a project to build a large new integrated works, the replacement of a blooming-mill by a continuous-casting installation, the construction of two other continuous-casting installations, the construction of a new oxygen steelworks combined with a continuous-casting installation for slabs, and the phased replacement of an integrated works' existing blast-furnace capacity by a smaller number of larger furnaces.

In twelve opinions, on the other hand, the High Authority criticized schemes to install electric-arc furnaces for the production of ordinary steels, in view of the possible uncertainties as to the supply of scrap. These opinions were designed to ensure continued compliance with the Decision of July 19, 1956,¹⁾ by which enterprises were required to declare in advance all projects relating to steelmaking furnaces, irrespective of the estimated cost involved; they were explicitly based on the General Opinion of August 8, 1962, concerning the orientation of investment programmes in the iron and steel industry.²⁾

Disciplinary proceedings

314. As already mentioned, investment projects are declarable not later than three months in advance of the first contracts, in order to

¹⁾ See *Journal Officiel de la C.E.C.A.* No. 17/1956.

²⁾ See *Journal Officiel des Communautés* No. 72/1962.

give the High Authority time to prepare and issue its reasoned opinion and the enterprises time to follow the advice given.¹⁾ 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 several 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.

In 1963 once again a number of projects, mostly for the installation of electric-arc furnaces, were not declared, or declared at an unduly late date. New enterprises submitting declarations for the first time were merely admonished, the High Authority making allowances for their inexperience of the necessary procedure, but in two cases, as in 1962, penalty payments had to be imposed 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 investment within the general framework of the Community.

Financing of investment

General remarks

315. As in previous years, the High Authority was active in aiding industrial investment and the building of workers' housing, by means of direct loans and of guarantees in respect of loans raised from other sources.

The total value of the loans granted by the High Authority over the years up to December 31, 1963, was \$449,300,000, of which \$336,800,000 went to industrial investment, \$93,500,000 to housing schemes and \$9,300,000 to industrial redevelopment. The High Authority's commitments under guarantees granted during the same period stood at the end of 1963 at \$42,900,000.²⁾

¹⁾ See No. 309 above.

²⁾ Since 1960, High Authority undertakings to guarantee loans which enterprises are planning to raise from other sources have been subject to a time-limit: should the guarantee not actually have been taken up within six months, the commitment automatically falls to the ground. This ensures that the High Authority's guarantee goes only to projects deemed to be still definitely worth while.

In the field of industrial investment, High Authority loans and guarantees have helped to finance projects to an aggregate value of approximately \$1,600,000,000, representing 13% of total capital expenditure in the E.C.S.C. 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.

Some projects coming under both the E.C.S.C. and the E.E.C. Treaties — notably in connection with certain High Authority-aided redevelopment operations — were examined in close consultation with the European Investment Bank.

The High Authority in 1963 substantially increased its aid for the building of workers' houses. A start was made on the implementation of its fifth housing scheme, scheduled to extend from 1963 to 1965; its contribution for the year, towards the completion of earlier schemes and the launching of the new one, was \$26,500,000, a larger total than in any previous year. Since it first started its financing operations in this field, its assistance has enabled over 77,000 dwellings to be built on exceptionally advantageous terms.¹⁾

To provide the funds required for these various operations, the High Authority had of course to contract further loans in 1963.

Borrowings available

316. The High Authority had in 1962 successfully floated eight loans to a total value of \$69,800,000: in 1963 it raised four, totalling \$33,300,000, all of them within the Community. These were:

Bfr.300,000,000 (= \$6,000,000)	Note issue purchased at 98% by a Belgian bank for private placement with institutional investors. Rate 5½% p.a. Term 20 years.
Hfl.10,000,000 (= \$2,760,000)	Issue of negotiable Notes purchased at par by a Netherlands banking syndicate headed by the Amsterdamsche Bank N.V. Rate 4½% p.a. Term 5 years.

¹⁾ See Nos. 452 ff. below.

Lit.15,000,000,000 Bond issue purchased at $97\frac{1}{2}\%$ by an Italian
(= \$24,000,000) banking syndicate headed by the Banca Nazionale
del Lavoro.

Rate $5\frac{1}{2}\%$ p.a.

Term 20 years.

Hfl.1,750,000 Private loan in the form of Notes purchased at par
(= \$480,000) by a Netherlands pension fund.

Rate $4\frac{5}{8}\%$.

Term 30 years.

There are various reasons for the comparative smallness of the amount raised in 1963.

In the first place, the High Authority abstained from borrowing in the American capital market in view of the United States' balance-of-payments position, thereby once more demonstrating its anxiety to be co-operative in the international monetary affairs. It may be recalled in this connection that the Community for the same reason, on the occasion of the last loan floated by it in the American capital market, in 1962, halved the amount it had originally planned to borrow.

During 1963 the American authorities repeatedly urged European and other outside issuers not to overstrain the American market, but rather, as far as possible, to raise the moneys they needed in European markets. This is in practice somewhat difficult, as there is nothing like so much capital available in the European markets as in the American; thus for instance even such a major centre of international finance as the Swiss market was not open to the Community in 1963.

It seems probable that the prospects for outside borrowers in the European money markets will improve in 1964, though it must of course be borne in mind that those who formerly sought their funds in the United States are likely to concentrate increasingly on European sources.

When Wall Street resumes its leading position as an issue market for foreign loans, and when the integration of the European markets has progressed further, the High Authority will be able to increase its contribution to industrial investment.

It should be added that the High Authority has been working for some years to promote international financial co-operation, and to this end has been doing all it can to foster the formation of international issuing syndicates. Thus in 1962, when it floated its last American loan,

a number of European banks were sub-associates in the American-led syndicate in charge.

As regards public loans issued in a particular national currency, it would not be quite in line with European practice for banks outside the country of issue to be members of the syndicate responsible: syndicates comprising banks in different countries would be possible only in the case of loans either issued in units of account or backed by an exchange option.

It remains to be seen, in the light of future developments in the European capital markets, whether loans of these two kinds could be floated on a regular basis, and whether they would serve to expand the lending capacity of these markets.

317. The total amount at the High Authority's disposal for lending purposes was \$67,400,000, made up as follows:

	(\$ '000,000)	
<i>Borrowed funds</i>		
(a) Undisbursed funds from earlier loans	15.5	
(b) Proceeds of loans contracted in 1963	33.3	48.8
	<hr/>	
<i>Interest received on bank deposits and investments (Special Reserve)</i>		
(a) Undisbursed balance at January 1, 1963	10.1	
(b) Receipts during 1963	8.5	18.6
	<hr/>	
Total		67.4

As this figure includes commitments under 1962 loans amounting to approximately \$7,900,000, the *funds actually available for 1963* worked out at \$59,500,000. Out of this, the High Authority disbursed

(a) for industrial investment	24.6	
(b) for workers' housing	26.5	
	<hr/>	
Total		51.1

Contribution to the financing of investment

318. Up to now, the Community iron and steel industry has maintained a strikingly high rate of investment activity. Its very large capital outlay is, however, today a serious burden on its production costs, with its selling prices now so depressed by the ever-stiffening competition to which it is exposed. The Community enterprises' capacity for self-financing is thus distinctly limited, and to make matters worse they are in many cases substantially in debt — much more so than some of their major competitors in third countries — so that they are unable to turn

in any considerable degree to the capital market, either for loans or for capital increases.

The greatly reduced number of new projects declared in 1963 and the cancellations of projects declared earlier do, it is true, suggest some falling-off in the overall rate of investment in the years immediately ahead. This need cause no concern as regards slackening in the expansion of Community production potential, but it could have much more serious effects if it were to mean less being done in the matter of modernization and rationalization — especially in the iron and steel industry, whose competitive position in the world economy might be impaired as a result.

319. For the purposes of financial assistance under Article 54,1 of the Treaty, the High Authority rates as priority items, in accordance with the April 1962 General Objectives for steel,¹⁾ projects designed to keep the Community iron and steel industry abreast of technical progress, *viz.*, more particularly, those relating to blast-furnace burden preparation, oxygen steelmaking, and rationalization and specialisation of production.²⁾

The scale of priorities in the coalmining industry remains as before,²⁾ pending the publication of fresh General Objectives for coal.³⁾ The main focus is on projects relating to installations principally intended to increase output and lower production costs, and projects for pithead power-stations.

320. Applications received by the High Authority for industrial loans under Article 54,1 out of funds mobilized during 1963 represented a total value of about \$130,000,000. Nearly two-thirds of the applications were from Germany, the remainder mostly from Italy and France.

The loans granted in response totalled \$24,600,000. The projects aided may be grouped as follows.

Coalmining industry

Installations principally intended to increase output and lower production costs, and installations for coal valorization:

Mathias Stinnes AG, Essen;

Gebrüder Stumm GmbH, Lünen-Brambauer;

Friedrich Thyssen Bergbau AG, Duisburg-Hamborn.

¹⁾ See *Journal Officiel des Communautés*, No. 24/1962.

²⁾ See *Journal Officiel des Communautés*, No. 35/1961.

³⁾ See Nos. 297 ff. above.

Iron and steel industry

Installations for blast-furnace burden preparation and pig-iron production:

Union Sidérurgique Lorraine ("Sidélor"), Metz;
Hütten- und Bergwerke Rheinhausen, Rheinhausen.

Oxygen steelmaking plant:

Hütten- und Bergwerke Rheinhausen, Rheinhausen;
Société des Acières de Pompey, Pompey.

Rationalization and specialization of production:

Acciaierie e Ferriere del Caleotto S.p.A., Lecco;
Lombarde Falck, Milan.

Construction of a coastal integrated iron and steel works:

Italsider S.p.A. (Taranto plant).

Co-operative valorization of blast-furnace gas:

Centrale Sidérurgique de Richemont, Richemont.

All these loans were repayable over 20 years at between 5 and 6%, the same terms on which the High Authority had itself borrowed the funds in question.

321. The loans granted by the High Authority from the beginning of its financial operations to December 31, 1963, may be broken down by sectors and countries as follows (initial amounts of loans, including \$10,800,000 lent out of funds constituted by prepayments of instalments and anticipatory redemptions of earlier loans). (see *Table 56*)

322. Details of progress to date with workers' housing, industrial re-development and technical research will be found in Chapter Five.

As regards industrial investment, the High Authority's latest information from the six countries is that, generally speaking, progress on the projects concerned is in accordance with the terms of the loan contracts. In particular, the projects aided out of proceeds of the first American and the first Swiss loan have now all been completed; all those aided from the second, third and fourth American loans (*i.e.* all to which funds were allocated up to the end of 1960) are expected to be finished by the end of 1964, except one project in the iron-ore and one in the coalmining industry, both of which are scheduled for completion in 1967. The decline in the enterprises' revenues does not appear so far to have interfered with the implementation of the projects assisted by the High Authority.

TABLE 56

Breakdown of loans granted by the High Authority as at December 31, 1963, by sectors and countries

(\$ '000,000 and %)

Sector	Germany (Fed. Rep.)	France	Italy	Belgium, Luxem- bourg, Nether- lands	Community	
					\$'000,000	%
Coalmining industry	104.2	27.0	2.4	14.0	147.6	32.7
Iron-ore mines	10.6	13.0	5.7	1.0	30.3	6.8
Iron and steel industry	62.3	37.8	48.8	10.0	158.9	35.5
Sub-total	177.1	77.8	56.9	25.0	336.8	75.0
Workers' housing	44.7	12.6	9.6	26.6	93.5	20.8
Redevelopment	—	0.4	—	8.9	9.3	2.0
Readaptation	5.4	0.3	—	—	5.7	1.3
Research	1.4	0.8	0.3	0.8	3.3	0.7
Miscellaneous	—	—	—	0.7	0.7	0.2
Total	228.6	91.9	66.8	62.0	449.3	(100%)
	(50.9%)	(20.5%)	(14.8%)	(13.8%)	(100%)	

In the matter of industrial redevelopment, the initiative of course rests with the member States; the High Authority can contribute only to schemes put forward by the Governments concerned. Only a handful of applications for redevelopment assistance had been received from the Governments up to the end of 1963, and as a number of supporting particulars were required even in these cases, the High Authority granted no loans for redevelopment during the period under review.¹⁾

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 own responsibility to make available considerable sums to such enterprises in the form of medium-term loans (*viz.* 4-8 years). The total amount so lent to date is \$179,600,000, and the total amount of bank loans outstanding at the end of 1963 \$97,200,000.²⁾

¹⁾ See Nos. 413 ff. below.

²⁾ See *Annex on Finance*.

Section 3: Technical Research

323. The High Authority pressed ahead in 1963 with its work, required of it by Article 55 of the Treaty, to "encourage technical and economic research concerning the production and development of consumption of coal and steel, as well as workers' safety in these industries."

Financial assistance granted by it for these purposes in 1963 amounted to approximately 4,700,000 dollar units of account for coal, 2,300,000 for steel and 1,000,000 for iron ore, over 8,000,000 \$ units in all. This was more than twice the sum furnished the year before (\$3,600,000), and was in fact a record, if we except the special grant in 1958 for ore prospecting in Africa. (See *Graph No. 10*).

This brings the total funds made available for technical research over the years to \$31,900,000.

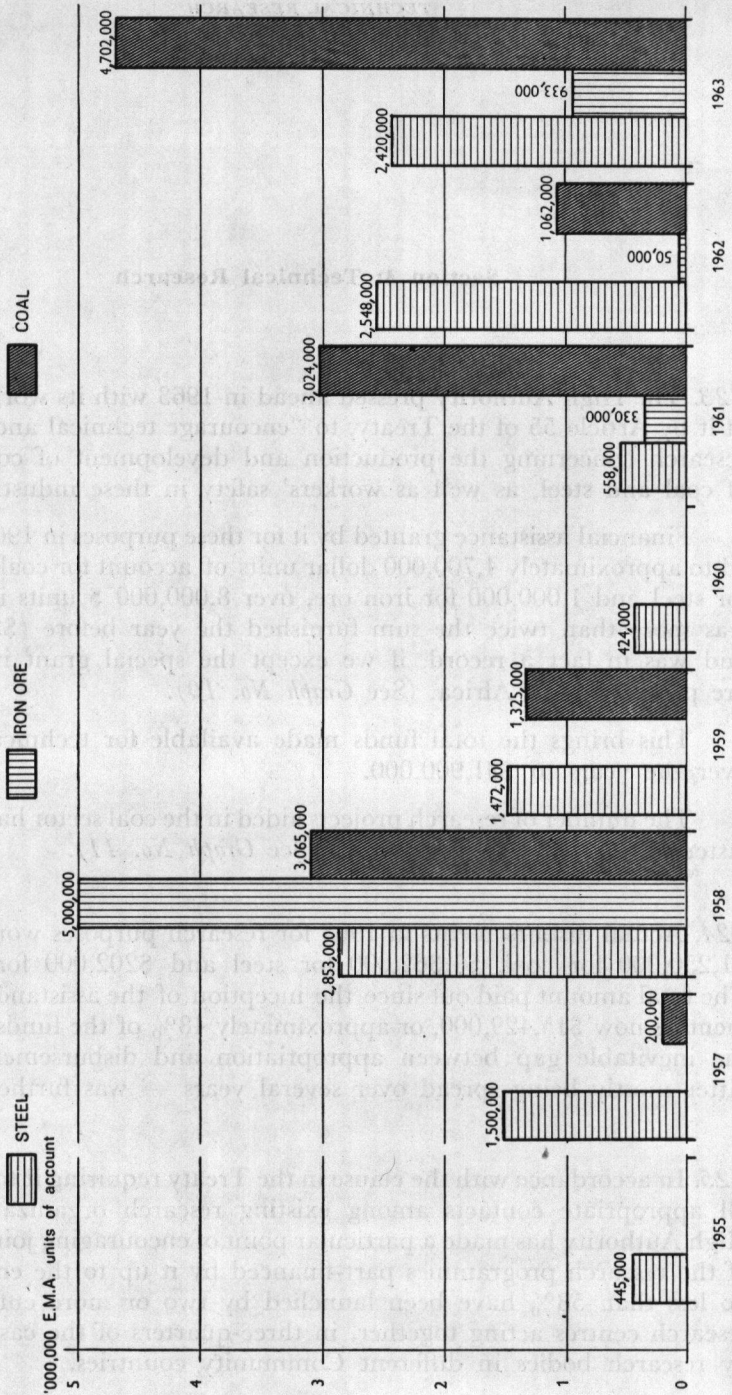
The number of research projects aided in the coal sector has increased faster during the last three years. (See *Graph No. 11*).

324. Actual disbursements in 1963 for research purposes worked out at \$1,250,000 for coal, \$1,362,000 for steel and \$202,000 for iron ore. The total amount paid out since the inception of the assistance arrangements is now \$15,429,000, or approximately 48% of the funds allocated: the inevitable gap between appropriation and disbursements — the latter mostly being spread over several years — was further reduced.

325. In accordance with the clause in the Treaty requiring it to "organize all appropriate contacts among existing research organizations," the High Authority has made a particular point of encouraging joint projects: of the research programmes part-financed by it up to the end of 1963, no less than 58% have been launched by two or more enterprises or research centres acting together, in three-quarters of the cases actually by research bodies in different Community countries.

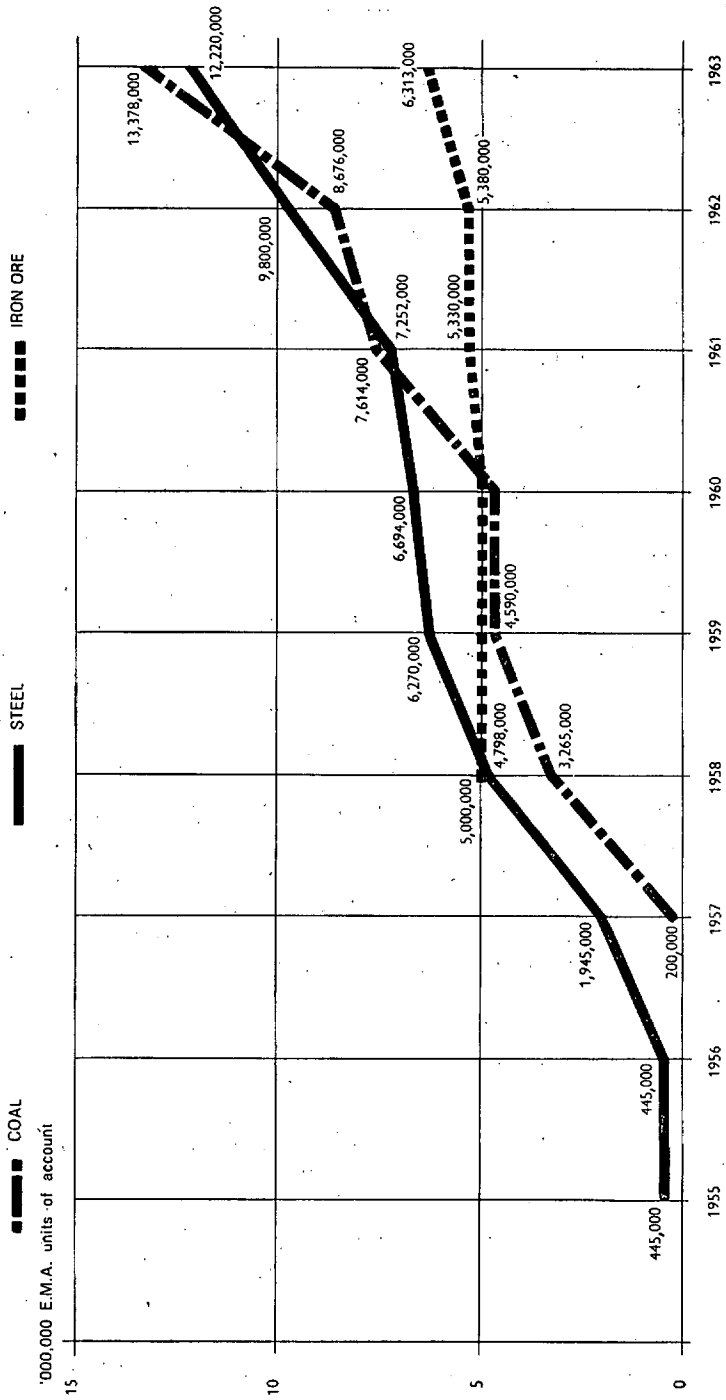
GRAPH No. 10

Annual High Authority Commitments for Technical Research, 1955-1963



GRAPH No. 11

Cumulated Total High Authority Commitments for Technical Research



The co-operation among existing centres has been actively assisted by regular discussions and exchanges of experience at meetings of the expert committees set up by the High Authority. The work of keeping all concerned abreast of the progress and results of the different projects continued during the year under review: the loose-leaf series "Technical Research" was again brought up to date as at January 1 and July 1, 1963, and many individual reports were also issued. A full list of research reports on iron and steel and a list of articles published on technical research on coal will be found in the Annex to this Chapter. The experts responsible for the assessment and supervision of the projects subsidized kept their own organizations informed how these were progressing.

The present Report is therefore less concerned to describe the projects in technical detail than to give a general technical and economic picture of the new programmes undertaken and of those programmes already in hand the objects of which have in some cases had to be adapted to changing circumstances.

The revised version (mentioned in last year's Report) of the memorandum on the High Authority's research policy in the technical field was duly published in the spring of 1963, and issued to members of the European Parliament and to all those directly concerned. The High Authority has received some further valuable suggestions meantime, which will be dealt with in the next version, as will the new General Objectives now in preparation.

The directives concerning application for and approval of grants for technical and economic research in connection with coal, iron ore and steel were published as promised in the *Official Gazette of the Communities*,¹⁾ together with a special annex concerning the obligation on the grantees as regards the protection and dissemination of research results. The directives may, of course, be amended in the light of later experience.

TECHNICAL RESEARCH; COAL

326. In 1963, the High Authority intensified its promotion of coal research, making available a further \$4,700,000 for the purpose. This brings the total funds allocated for coal research to \$13,370,000.

Disbursements for coal research in 1963 amounted to \$1,250,000, leaving \$8,710,000 committed but not yet drawn down. The latter sum covers research work authorized in respect of the 28 projects in

¹⁾ See *Journal Officiel des Communautés Européennes*, No. 70/1963.

hand, which are scheduled to be completed in periods varying from eighteen months to four years. The High Authority is now examining applications for grants in connection with a number of further projects; the Consultative Committee has already been asked for its views on some of these.

327. The great aim of coal research must always be to improve the competitive capacity of the Community coalmining industry. On the technical side, this involves essentially,

- (a) fundamental research to explore basic scientific concepts and clarify relations and laws as the foundation for all future advances in techniques, organization and methods;
- (b) applied research to improve the methods, equipment and materials used and develop new and better ones, and to increase the industry's earnings by improving the quality of the products, encouraging their valorization and enabling them to be offered in the form most in line with consumers' nowadays much more exacting requirements as to efficiency and convenience of handling.

However, along with this striving for more economic operation must also go sustained efforts to raise safety standards and improve working conditions generally. Only by equal concentration on both the technical and the human aspect will real progress be achieved in the long term.

The research projects which the High Authority is subsidizing fall under three main heads: mining techniques, coal valorization and coal utilization. For the apportionment of the subsidies among the three, see *Graph No. 12*.

Mining techniques

328. In addition to the various projects in connection with the mechanization of colliery operations, fundamental research is being carried on, mainly jointly by the central mining research establishments of the four Community coal-producing countries. Some of the projects in this sector have been going on for several years; two major new ones were started in 1963 (see Nos. 329 and 332 below). For four projects scheduled to be completed in 1963 the High Authority approved applications for supplementary grants, the interim results having proved so promising that it was felt the work should be continued (see Nos. 331, 332 and 333 below).

329. The drive to raise productivity centres principally on *mechanization of coal-winning*, with the ultimate aim of arriving at the "manless face." In mid-1963, the Steinkohlenbergbauverein of Essen applied to the High Authority for a grant towards the development of a new gully-mechanized winning method and a Lohberg remote-controlled coal-getting machine. The High Authority duly allocated \$800,000 for the first four-year leg of the project (designing, construction and surface testing of the machine), which is to be carried out in co-operation by Hamborner Bergbau AG. of Hamborn, Demag of Duisburg and the Steinkohlenbergbauverein. The new machine is to be electronically controlled, and to operate entirely mechanically and without supports. Its introduction is expected to send the present rates up by 100% or more.

The Netherlands State Mines are developing a *coal-getting machine for disturbed geological conditions*.¹⁾ After carrying out a series of preliminary experiments with the cutting principle, and dealing with various problems of design, they have selected an activated plough produced by Beien, of Herne. Testing is to start early in 1964.

The first leg of the research by the Steinkohlenbergbau on *mechanized face support* has been completed.²⁾ Results include:

- (a) advances in knowledge of rock mechanics as they are affected by operating and natural conditions (arrived at by studies on scale models of rock formations and by laboratory and underground analyses of rock), which will be taken into account in the selection and design of support elements;
- (b) better understanding of the behaviour in operation of different types of support (reached by means of protracted experiments on large-scale test benches, with exact reproduction of practical operating conditions);
- (c) numerous improvements to individual support components (worked out on special test benches).

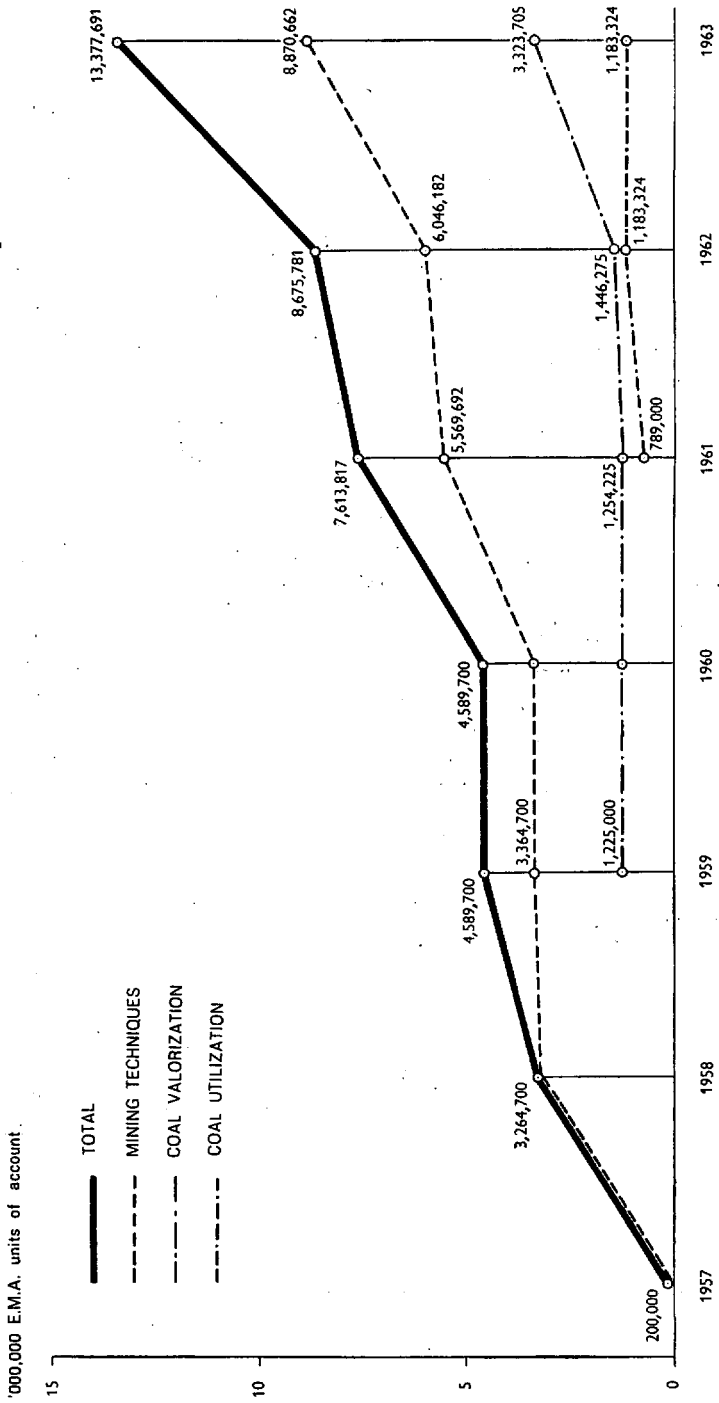
These results are of considerable economic importance, inasmuch as they help to enable the industry and the manufacturers to avoid using support materials which are not quite the right ones for the conditions concerned, or indeed are even defective in design and operation. It may be recalled that it costs \$200,000 and more to equip a single workpoint with powered supports.

¹⁾ See *Eleventh General Report*, Annex I, No. 7.

²⁾ *Ibid.*, No. 8.

GRAPH No. 12

Cumulated Total Commitments for Technical Research : Coal



330. The High Authority is assisting a project for the development of a *fully-mechanized tunnelling machine*,¹⁾ on which the Steinkohlenbergbau and the Houillères du Bassin de Lorraine have been working for some years in co-operation with Rheinstahl-Bergbau AG. of Bottrop and Bade & Co. of Lehrte. Here too the first leg was completed in 1963. It was found that the ambitious aim of cutting out a 12sq.m. cross-section roadway in hard carboniferous rock in a single operation was not altogether feasible in this first stage. The main problem, to devise really appropriate cutting tools, was successfully dealt with by the development of a special roller cutter pick. For the design of the second machine, further improvements have been worked out with regard to the hydraulic equipment, evacuation of cuttings and drillings, support, and necessary pressures and energy. While the first prototype yielded rates of advance of as much as 2cm. per minute, it was nevertheless decided that a second and improved machine ought to be constructed. The High Authority has approved a supplementary grant of approximately \$946,000 for the continuation of this research.

However, the new techniques and improvements evolved by the Community coalmining industry, with or without High Authority assistance, can only be turned to full account when the complications they introduce regarding strata control and mine gas have been so far surmounted as to involve no undue risk to the men's safety or to the successful and safe conduct of operations. The following projects relate to this most essential aspect.

331. *The study on strata pressure*²⁾ which is being carried out in close co-operation by the four central research establishments of the Community is intended to elicit the relevant facts, laws and values concerning the rock stresses and movements produced by winning operations, as these directly affect the cost of coal-getting and of preparing and maintaining underground workings. Very thorough and comprehensive measuring is going on in the pits of the different coalfields, in conjunction with research on rock mechanics in the laboratory and with scale models. Fresh light has been thrown on the laws of convergence as they are affected by the physical properties and geological characteristics of the rock; methods have been worked out for accurately calculating the deformation of cavities in the rock under the different effects of the operational factors involved; it has been established which types

¹⁾ See *Eleventh General Report*, Annex I, No. 6.

²⁾ *Ibid.*, No. 5.

of support components are best suited to different natural and operational conditions, and what their maximum load-bearing capacity is; and new methods and instruments have been developed for determining with precision the essential characteristics of the rock.

The High Authority approved the continuation of this research beyond the original deadline, and made available to the French, Belgian and Netherlands research centres a further grant of \$651,000. The work by the Steinkohlenbergbauverein in this connection is still covered by the earlier grant.

332. The research on *presence and emission of methane*¹⁾ is also being conducted jointly by the four national coal research establishments of the Community. In view of the rationalization which is so essential to the industry, investigation of the distribution of methane in the coal measures and the ways in which it infiltrates into the mine workings is of especial importance. In the course of the very careful and detailed work which is going on, a number of methods and instruments for the precise establishment of the different parameters have been devised and used. Measuring has been carried on below ground and laboratory experiments continued in the different coalfields. It is not, however, possible to say at present how far the first interim results are likely to prove conclusive.

The project on *sudden outbursts of firedamp*²⁾ is being conducted by the French, Belgian and Netherlands research establishments with special reference to the occurrence of this hazard in the coalfields of southern France, southern Belgium and Dutch Limburg. Results to date include the establishment of the different natural and operational conditions causing outbursts, the development of methods and instruments for observing such conditions and enabling the risk of an outburst to be detected in time, and the development and testing of various methods and equipment for taking preventive action.

For the industry, this will mean improved safety standards and smoother functioning, more remunerative operation thanks to more extensive mechanization of coal-getting, and the possibility of opening up seams hitherto not rated as economic to work.

During the year under review, the High Authority approved a grant of \$427,000 to the Saarbergwerke, Saarbrücken, for *geological and stratigraphical research on the origin of mine gas and its migration in the*

¹⁾ See *Eleventh General Report*, Annex I, No. 4.

²⁾ *Ibid.*, No. 3.

deposits. This project, which is supplementary to the joint studies just described, concerns the point of development of the gas, the local coalification conditions, the movement of the gas inside and outside the coal measures, and the detection of its impending release into the workings, as affected by underground mining operations. Work is to begin early in 1964.

The *competition* organized some years ago for the best *mine safety devices* (indicators, recorders, self-rescuers)¹⁾ was judged last year, with the exception of one category, oxygen-deficiency indicators, for which the closing date was deferred to August 1964. A number of research centres, manufacturing firms and designers have notified the High Authority that they intend to enter.

Coal valorization

333. With regard to thermal valorization of coal, the steady fall in revenues from coal by-products and the simultaneous rise in production costs in recent years have obliged the industry to make particularly strenuous efforts to rationalize its operations and overhaul its methods, in the hope of improving its financial situation.

The research on *fundamental technical problems of coking-plant operation* which the Steinkohlenberbauverein is conducting with High Authority assistance²⁾ is intended to further the rationalization of techniques in standard coking-plants. The whole coking process is to be systematically explored by means of industrial-scale tests in an experimental plant.

Notable results from the point of view of more remunerative operation have already been announced with regard to increased throughput performance of the cokeovens, reduced heat consumption, improvement in the quality of the coke produced, and the yield and quality of the coke-oven gas and by-products.

The project on the *two-stage coking process*³⁾ being conducted at the Marienau experimental plant of the French national coal and steel research centres, Cerchar and Irsid, has enabled an improvement to be made in the traditional coking process by preheating the coking mixture outside the oven. On the basis of semi-industrial tests effected at Marienau, it is calculated that the results of this research should make

¹⁾ See *Eleventh General Report*, Annex I, No. 2.

²⁾ *Ibid.*, No. 13.

³⁾ *Ibid.*, No. 12.

possible, for a medium-size coking-plant under the conditions currently obtaining in Lorraine, a productivity increase of 15% with predrying only and of up to 35% with predrying and preheating.

334. A not inconsiderable factor in the fall in the industry's revenues is the incidental degradation and size separation of the coal during filling and discharging of bunkers below and above ground. Adequately homogeneous run-of-mine coal, and carefully mixed coking coal, can easily become separated; the proportion of the more valuable sized grades amid the run-of-mine coal is reduced by abrasion, and the increased percentage of smalls and fines sends coal-preparation costs up and revenues down.

The Steinkohlenbergbauverein is accordingly, in its project on *coal storage bunkering*,¹⁾ studying in minute detail in an industrial-scale experimental coal bunker the whole process of filling and discharging, after which it is hoped to develop improvements in technology and design. Some preliminary results were announced in the course of the year.

335. In the autumn of 1963 the High Authority approved a grant of \$1,770,720 for *fundamental research on coal and coke chemistry and physics*, to be undertaken jointly by the four central coal research establishments of the Community in co-operation with a number of university and other research centres. Starting from an analysis of coal's petrographical components, a full picture is to be built up by chemical and physical exploration of the micro-structure and properties of coal, which may well open up new possibilities in regard to coal valorization and utilization. The first leg of the project is scheduled to take two years: if the results appear promising, it will be followed up on a larger scale and over a more extended period. Work is to start early in 1964.

Promotion of coal utilization

Firing techniques

336. In support of the industry's efforts to maintain its sales to medium and small consumers, the High Authority is part-financing 13 separate research projects in the four coal-producing countries of the Community. These include fundamental research on the combustion process in the

¹⁾ See *Eleventh General Report*, Annex I, No. 14.

burning of coal, but the majority are concerned with the development and improvement of medium-sized, small and mini-sized coal-fired appliances for a wide range of uses (from individual domestic stoves to industrial boilers), for the different types of coal and coal products (from coke to high-volatile bituminous coal) and different grades (from slack to large coal), and designed also to comply with clean-air requirements. The improvements sought relate both to techniques and to construction.

The French central research establishment, Cerchar, continued its fundamental research at laboratory level on the *combustion mechanism of solid fuels*,¹⁾ and was able to announce useful advances in knowledge concerning the nature of the gasification of the coal during combustion, the effects of ash on the progress of combustion, and the optimum "flame conduction" when using coals of different volatile-matter content.

These results should not only make for increased fuel efficiency in combustion, but also facilitate the development of better-designed fireboxes, stoves and boilers.

The Netherlands State Mines also went ahead with their *fundamental research on combustion processes in small appliances*.²⁾ This work, in which the ash behaviour and heat yield of the various fuels has been studied by means of experiments with anthracite, briquettes and coke of different particle sizes, is expected to be completed late in 1965.

337. Of the three projects³⁾ undertaken by Ruhrkohlen-Beratung GmbH. of Essen, in co-operation with specialized manufacturing firms, with a view to maintaining the market for solid fuels, two have now been completed.

The *development of a packaged water-tube boiler with shaking grate*, carried out jointly with Baumgarte G.m.b.H., Brackwede, has been very well received both in specialist circles and in the market: the volume of orders booked in the comparatively short time since the boiler was placed on offer more than justifies the amount spent on the research.

The *fully-automatic grate stoking appliance for fitting to large-capacity boilers* which was also being developed in co-operation with Baumgarte has likewise been completed successfully, and several new 3-pass boilers so equipped are already in service.

¹⁾ See *Eleventh General Report*, Annex I, No. 16.

²⁾ *Ibid.*, No. 17.

³⁾ *Ibid.*, Nos. 18-20.

The third Ruhrkohlen-Beratung project, the *development of a packaged p.f.-fired water-tube boiler* in co-operation with Babcock & Wilcox of Oberhausen, is somewhat behind schedule owing to delays in deliveries, so that the deadline has had to be put back from June 30, 1963, to June 30, 1964. The firing tests with special coal have so far gone well; it is now planned to explore the possibility of using the ordinary market grades.

338. Cerchar's research on a *fully-automatic single-unit steam heating plant*¹⁾ has not yet begun, owing to difficulties over the terms of a contract to be concluded with a firm of suppliers.

The Netherlands State Mines, which are working on the development of *coal- and coke-fired central-heating boilers for private houses and small buildings*, have reached the testing stage with two partly-automated prototype boilers for domestic space-heating.

Of the two Cedocos projects, the position on the first, the development of an *automatic ash-removal appliance for various types of fireboxes and grates*,²⁾ is that the plans for a hot-water boiler rating 30,000 kcal. per hour have now been completed, and an experimental model burning bituminous coal is on order. The other projects, concerning *automated stoking and ash removal in small firing installations*,³⁾ is behind schedule; the designs were not produced to time, so that the construction of the prototype was only begun in 1963. The date fixed for the completion of this research has therefore been put back from December 31, 1963, to June 30, 1964.

Work began during the year on the Netherlands State Mines' project concerning *chimney draught conditions in residential blocks*,⁴⁾ but as the first series of measurements, covering a summer and a winter season, was not yet completed and evaluated at the time of going to press, no definite findings can be recorded at this stage.

339. Three projects begun during the year relate to the highly topical problem of "clean air," that is, ways and means of preventing coal-fired appliances from emitting smoke, soot and noxious gases into the atmosphere. Plans for a fourth project in the same field were approved.

¹⁾ See *Eleventh General Report*, Annex I, No. 21.

²⁾ *Ibid.*, No. 23.

³⁾ *Ibid.*, No. 24.

⁴⁾ *Ibid.*, No. 26.

Cedecos' research on *air pollution resulting from the combustion of coal with a high volatile-matter content*¹⁾ could not begin on the scheduled date, April 1, owing to difficulties in procuring some of the necessary measuring instruments, so that no results of note are as yet available.

The Steinkohlenbergbauverein is conducting research, with High Authority assistance, into physico-chemical and methodological aspects of the *desulphurization of flue gases from coal-fired appliances*. An experimental plant has been constructed, at which trials began in the latter part of 1963. No results of importance have yet been reported.

The industry is anxious to offer the consumer manufactured smokeless fuels approximating in quality to anthracite (which is very much in demand). The production of these is accordingly being stepped up considerably: this, however, raises the problem that the "desmoking" of pitch-bound briquettes causes tar fumes to be given off in substantial quantities in the waste gases of the briquetting-plants. The High Authority accordingly at the end of 1963 made available a grant of \$75,460 for *research on the catalytic combustion of these gases*: the work, which will extend over two years, will consist in experiments with continuously- and discontinuously-operating installations for the catalytic combustion of the tar fumes.

Improved delivery and handling of house coal

340. In the first leg of Ruhrkohlen-Beratung's joint project with Niederrheinische Bergwerks AG., Düsseldorf, for the development and testing of a *machine for pre-packaging house coal*,²⁾ a semi-automatic continuously-operating installation has been devised in which it has been sought to combine the different stages in the packaging process; that is to say, the machine will receive the coal, weigh it, package it and eject the bags or parcels ready sealed for delivery. The ultimate aim is to make the machine fully automatic: this should make it possible to organize the supplying of ready-to-use pre-packaged fuel (which is proving an effective sales-promotion aid) as a paying proposition.

¹⁾ See *Eleventh General Report*, Annex I, No. 25.

²⁾ *Ibid.*, No. 27.

Dissemination of research results

341. By the terms of Article 55 of the Treaty, the results of research sponsored by the High Authority must be made available to all concerned in the Community. As in previous years, the Community coalmining industry was duly kept informed in 1963 concerning all such research, in hand or completed, through the following channels:

- (1) half-yearly reports by grantees described work done and new data and results obtained;
- (2) all results of note, partial or complete, where properly confirmed and adequately protected, were published in the specialized periodicals of the Community coalmining industry;
- (3) in some cases, summaries of partial results to date were sent to enterprises interested upon the completion of a particular leg of a project, though not of the project as a whole;
- (4) progress reports on all Community-aided research, written in more general terms for a wider public, were issued by the High Authority at six-monthly intervals in loose-leaf form.

Symposiums at coalfield level and High Authority information sessions, each devoted to a particular problem or set of problems, are also organized at intervals to promote the dissemination of research results and enable experts to compare notes directly. In June the High Authority arranged an *information session* on firedamp prevention, at which colliery engineers, researchers, mines inspectorate officials and trade union representatives were informed by means of lectures and discussions of the latest developments in connection with the various projects just described. The occasion was generally agreed to have been most useful, in enabling views to be exchanged on the new advances in a field so important from the point of view of rationalization in the industry.

The High Authority also helped to promote the dissemination of new research results relating to mining, even where it had not itself contributed funds for the research in question. For example, it is part-financing the publication of a *Symposium on Mining Geology*, which should appear some time during 1964. It is also encouraging the *abstracting and translation of Eastern European and East Asian technical literature*.¹⁾ A total of 1,747 articles on scientific and technical subjects connected with coal have been translated from relatively little-known languages, with financial assistance from the High Authority, and made available to the Community coal industry.

¹⁾ See *Eleventh General Report*, Annex I, Nos. 9 and 10.

In addition, the High Authority co-operates in the organization of *scientific congresses*, as for instance the Fifth International Congress on Carboniferous Stratigraphy and Geology, which met in Paris in September for the purpose of making the latest advances in this specialized field more widely known.

The *International Committee of Experts on Mining Techniques* (one of the two set up by the High Authority to hold periodic discussions on new technical developments and their economic implications, the other being the Coal Valorization Committee¹) met in England in May for a session of several days, during which it visited the two National Coal Board research establishments at Isleworth Middlesex and Bretby, Staffordshire. The Committee was able to gain a really detailed picture of the stage reached in British mining research, and was also given the opportunity to see some of the very latest and most promising innovations in mining techniques introduced in the Coal Board's specially advanced pits. These included, in particular, some exceedingly impressive achievements in the field of mechanization and remote control, which are of the highest interest to the Community industry also, in connection with its own rationalization drive.

TECHNICAL RESEARCH; IRON ORE AND STEEL

342. Of the \$18,530,000 set aside up to now for research on iron ore and steel, some \$1,560,000 was disbursed in 1963, which with the \$8,560,000 paid out in all up to December 31, 1962, represents 54% of total commitments for this purpose.²)

343. While in no way neglecting fundamental research, the High Authority is concentrating mainly on applied research, running right through from the laboratory stage to the industrial-scale application of new processes devised. The High Authority is therefore in duty bound to follow very closely both technical and economic developments in the sectors under its charge.

Since 1963 was a year of growing difficulties both in the Community iron-ore industry and in the steel market, the High Authority modified the objectives of its new projects accordingly, and even re-planned and re-phased some projects already in hand, where these were sufficiently flexible to permit of this.

¹) See *Eleventh General Report*, Annex I, Nos. 28-30.

²) See also No. 324 above.

The main aim is, as always — but more so today than ever before — to lower production costs, improve product quality, and ensure consistency of quality as between one heat and another and one works and another.

Iron ore

344. A grant was made in 1962 towards the mechanization of operations in the Community iron-ore mines by the modification of a "continuous miner" already in use in the coalmining industry for employment on the harder and more abrasive rock of the orefields. In 1963, the High Authority made available a further \$110,000 to enable the prototype to be completed: this will then be tested not only for roadway drivage, but also for actual ore development and extraction operations. It is hoped by this means to dispense with blasting, which will make for increased personnel safety owing to the resulting greater firmness of the roof. This supplementary research has been begun at the Bure mine in France.

345. Airborne surveying for iron and manganese ore deposits continued in north-eastern Gabon.

In this connection it may be noted that the High Authority has been working with the E.E.C. Commission on the technical and economic study of two mineral deposits in Community-associated countries.

346. To give the Community iron and steel industry a clearer picture of existing ore reserves, and help enable each works to select the sources of supply best suited to its particular conditions, the High Authority has set up a working party to compile a *card-index to ore deposits*, giving details of the geological characteristics of these, the mineralogical, metallurgical and economic value of the ore, the proved reserves and possible further amounts present.

In view of the increasing difficulties in the Community iron-ore industry, the High Authority has concentrated its research on *ore beneficiation*.

A project approved in 1961 concerned the flotation of siliceous ores with too low a ferrous content to be worth using in the blast-furnace as they stood: the object was to make it possible to include them among the economically workable Community ores and so increase the Com-

munity's indigenous ore resources. However, less attention is now being given to this research, since though the results were technologically striking they were not, economically, a practical proposition under present conditions.

Instead, the High Authority has been concentrating on the saleable grades, more particularly minette and Normandy ores, which have been losing ground to the low-priced but high-quality ores coming in from overseas. The High Authority has approved a grant of \$823,500 for pilot-scale research on magnetic roasting followed by low-intensity magnetic separation of the ores concerned: very promising results have been obtained in laboratory and small-scale experiments, with a limited range of ores, by this method, which though an old one may well prove a paying proposition given the new feature that the ore is treated in a state of fluidization. The experiments planned, which are to be carried out in a pilot plant handling 10 tons of crude ore per hour, are aimed at enabling technical improvements to be made to the installations, preparation processes to be worked out suited as far as possible to the different types of ore, and, most important of all, reasonably conclusive economic data to be assembled before any decision is taken to install costly industrial-scale plant.

Steel

347. Confronted with the persisting weakness of the steel market, the High Authority plans to encourage the study of various measures to stimulate steel consumption.

348. In 1961 and 1962, the High Authority provided grants for research on the automation of the sinter strand and of the reversing mills, (blooming, slabbing and four-high plate mills). This work, planned to extend over a number of years, is progressing satisfactorily.

The first problem concerned the measurement of the different operating parameters of the sinter strand and the mills. Before there can be any question of remote control or automation, it is essential to have speedy, continuous, reproducible measuring techniques. Instruments are therefore being devised or specially adapted for this purpose.

As regards the sinter strand, the recording of measurements is already proceeding successfully, and it should soon be possible to start analysing the data collected over considerable periods of time, and ultimately establish from them a first dynamic mathematical model for the strand.

As regards the rolling-mills, the research team is still at work on the measuring instruments; in the case of some of the more easily measurable parameters analysis by mathematical statistics has been begun.

Automation in the industry offers the prospect of lower production costs, not so much in consequence of labour cuts — its labour force is not large — as of savings on energy, raw materials, maintenance and replacement of equipment. At the same time, one of the great benefits of automation is expected to be that it will lessen the still unduly wide dispersion in characteristics which prevails in all types of steel. The effect of this dispersion is to prevent steel from doing its job with maximum efficiency, so that a greater weight of steel has to be used in structural work.

Various research projects are in hand in the Community in connection with the automation of the blast-furnace and the oxygen steel-works; no actual joint, Community-aided research has, however, as yet been undertaken on these aspects.

349. Projects in hand which the High Authority has had to modify in consideration of recent market developments include

- (a) the pilot-scale research with the small *experimental blast-furnace at Liège* on possible ways of improving blast-furnace operation and productivity

Three series of experiments were carried out in 1963:

- (1) on the *acid smelting process*, to determine the quality of pig-iron and the coke rate for burdens based on minette mixtures with a substantially smaller proportion of calcareous ore than usual (the object being mainly to conserve the calcareous deposits in the minette orefield, which at the present rate of extraction cannot last as long as the siliceous ores);
- (2) on the production and preparation of sinter from high-grade imported ores, which are coming to constitute a larger and larger proportion of the burden at Community blast-furnaces;
- (3) on the effects on specific productivity of using a highly enriched hot blast (up to 45% O_2) and at the same time injecting large amounts of liquid hydrocarbons (up to 200 kg. fuel oil per ton of pig-iron produced).

On the basis of the results of (3), in conjunction with earlier findings, it has been possible to compute separately the effects of raising the temperature of the hot blast, of enriching it with oxygen and

of injecting hydrocarbons upon the coke rate and the output performance of the furnace, which is to say, on the production costs of pig-iron.

The High Authority in 1963 approved another grant of \$1,800,000 for three years' further research, from 1964 to 1966, at the Liège plant, the programme requiring to be constantly extended as a result of changing economic conditions.

(b) *research on injection of coal through the blast-furnace tuyères*

The High Authority furnished a first grant for industrial-scale experiments with the injection of pulverized coal by compressed air through the tuyères of the blast-furnace. Tests carried out with an insufficiently-prepared burden, however, yielded no conclusive results; the series had therefore to be restarted using a better burden. It is also possible to inject coal mixed with heavy fuel oil: where this is done, the coal can be of coarser particle size, and may even consist of untreated washery slag. The High Authority has approved a second grant of \$260,000 for pilot research, in a blast-furnace, on this method.

Coal is, however, not an easy material to inject via the tuyères, as it is difficult to regulate the flow through each tuyère: in this regard liquid or gasified hydrocarbons are much more manageable.

(c) *research on direct reduction of iron ore*

The trials with the shaft furnace at Genoa have been discontinued, in view of the fall in the price of scrap and the fact that the shortage of coke which existed in 1957 has come to an end. The tests with the rotary furnaces have been completed. Direct reduction is, however, no longer such an attractive proposition for industry now that scrap prices have dropped and the production costs of pig-iron have been lowered.

350. In addition to the technical research projects just described, the High Authority is assisting various others of a more theoretical nature.

Work on the *metallographic atlas* is progressing satisfactorily, and the first volume, on steel, is expected to appear in 1964, followed not long after by the other two volumes, on the bases of metallography and the solidification and deformation of steels. As hitherto no such comprehensive scientific treatise on the subject has been available, this publication will, it seems certain, meet a long-felt want.

The following grants were approved in 1963:

- (1) \$270,000 for the study and rationalization of *methods of analysing gases* contained in steel and in pig-iron.
These gases — hydrogen, oxygen and nitrogen — although present only in small amounts, have definite adverse effects on the mechanical properties of steels. To be properly significant, these small amounts must be accurately analysed and reproducible: only then will it be possible to determine their effects precisely and study ways and means of eliminating them in the production and processing of the steel;
- (2) \$25,050 for the improvement and development of comparable hardness tests for steels, with a view to reducing the disputes liable to arise in connection with the production and sale of the steels;
- (3) \$65,000 for research on the *structure and heterogeneity of ingots*. The aim is to obtain fuller details of the solidification, by means of radioactive tracers; on the basis of these it is hoped to evolve improved teeming and cooling methods which will produce an ingot better suited in structure for the processing it is to undergo. Work was begun in 1963 only on the first of the three projects.

351. The High Authority is continuing its financial assistance to the European Association for the Exchange of Technical Steel Literature, representing the various steel documentation centres. The funds it supplies are used to subsidize the translation of technical articles published in Eastern European and East Asian countries.

The translations, which are undertaken only after careful evaluation of the content of the original, may be expected to continue appearing at the rate of about 800 a year.

The translation and printing of full-length books is more costly than the interest in them warrants: such works are inevitably a trifle behind the latest developments even at the time of publication in their own country, and the timelag is of course further accentuated by translation. The readers for whom this service is intended therefore tend to prefer translations of articles from specialized periodicals, which are much more up-to-the-minute.

352. It may be worth noting in this connection how the results of Community-sponsored steel research are disseminated and brought to the attention of the Community circles concerned.

As was mentioned in last year's Report,¹⁾ each project is superintended by an executive committee of specialists. These specialists have both to aid and further the research itself and to help those in receipt of research grants to carry out their obligations as regards disseminating the results in all interested quarters in the Community. In this way, the results obtained, whether final or partial, are known in the industrial and other circles concerned even before the research reports are published.

The reports themselves are usually issued on the completion of the project; if this is phased over several years, however, interim reports may be published from time to time.

The reports are sent out by the High Authority to the national research centres and to the employers' and workers' organizations, for lending to or consultation by Community enterprises, other research bodies, and universities and technical colleges.

A full list of the steel research reports issued to date will be found in the Annex to this Chapter.

Euronorms

353. The High Authority's co-ordinating committee on the nomenclature of iron and steel products continued its work on the Euronorms.

Two important Euronorms of a general character were published in 1963, one lining up for the whole Community the general rules concerning orders, documents and mechanical and chemical tests, and the other establishing a standard Community set of abbreviations for the designation of steels. The result should be to ease relations and transactions between producers and consumers.

Two further additions to the series of important standards published concerning mechanical tests were one Euronorm on the impact test on a notched bar fixed at both ends, and another on the Rockwell hardness test for steel sheet and hoop and strip.

Two Euronorms in the series concerning the actual products were published during the year, the first on the quality of blackplate and tinplate in sheets and the second on their rolling tolerances.

The Euronorm on the rolling tolerances of IPE beams was also issued.

¹⁾ See *Eleventh General Report*, No. 425.

The first Euronorms appeared on the rationalization of sections (small channel irons and T-sections with equal flanges and rounded corners). The working party responsible for rationalization in this particularly complex and important sector thus succeeded in the course of its various meetings in 1963 in finalizing the rationalization of the most important types of general-purpose sections. The High Authority is greatly pleased by the valuable advance thus secured thanks to close co-operation between Community producers and consumers.

Agreement appears close on a number of other important Euronorms, concerning definition and classification of iron and steel products by shapes and sizes, and of quality standards for sections, bars, heavy and medium plate, and continuous cold-rolled sheet for deep drawing or cold bending.

Despite the varying difficulties encountered, according to the state of the law in the individual member countries, the incorporation of the Euronorms into the national standards is proceeding satisfactorily.

ANNEX TO SECTION ON TECHNICAL RESEARCH

1. Technical Research: Coal

Contributions appearing in technical periodicals
on High Authority-aided projects

Loose-leaf series reference number	Project	Publication
K 3	Research on force and effects of strata pressures produced in gate-roads and stone drifts by coal-winning operations	„Der Einfluß des Abbauwiderstandes auf die Querschnittsverminderung von Strecken“: Dr.-Ing. H. Jahns, Essen, <i>Glückauf</i> 98, 1962, No. 25.
		„Die Stützkraft der im Streb stehenden Reihen-stempel“: Dr.-Ing. H. Jahns, Essen, <i>Glückauf</i> 22, 1961, No. 2.
		„Einfluß der Ausbaukräfte auf das pseudo-plastische Hineinfließen von Karbongestein in Grubenräume von 1000 m Teufe“: Dr.-Ing. H. Jahns, Essen, <i>Geologie und Bauwesen</i> .
		„Étude des mouvements des épontes dans les exploitations minières“: B. Schwartz, <i>Industrie Minérale</i> , May 1960, June 1960.
		„Étude des mouvements des épontes dans une exploitation en dressants“: B. Schwartz, C. Chambon and R. Dubois, <i>Industrie Minérale</i> , October 1961, pp. 679-692.
		„Résultats comparés de campagne de mesures er taille faites dans les houillères françaises“: R. Buisson, <i>Industrie Minérale</i> , November 1961.

Loose-leaf series reference number	Project	Publication
K3	Research on force and effects of strata pressures produced in gate-roads and stone drifts by coal-winning operations	<p>„Prévision des convergences dans les voies influencées par les tailles qu'elles desservent": B. Schwartz, C. Chambon, J. Descompts and F. Viallet, <i>Industrie Minérale</i>, September 1962.</p> <p>„Compte rendu de la Journée d'information sur les cadres articulés sur piles de bois, organisée par Inichar à Liège le 26 septembre 1960": <i>Annales des Mines de Belgique</i>, December 1960, pp. 1221-1320.</p> <p>„Mesures des charges sur les soutènements en galeries à l'aide d'extensomètres à fils résistants": de Reeper and Bruens, <i>Industrie Minérale</i>, 1960.</p>
K 4	Research on sudden outbursts of gas in coalmines	<p>„La désorption naturelle des charbons, son application à la prévention des dégagements instantanés et à l'explication de leur mécanisme": J. Sommier, with introduction by J. Ducos, <i>Industrie Minérale</i>, September 1960, pp. 776-784.</p> <p>„Utilisation d'un procédé géophysique (méthode sismique) pour l'étude des gisements de charbon à dégagements instantanés et des risques de dégagements dans les gisements suspects": M. Guglielmi, <i>Industrie Minérale</i>, November 1961, pp. 751-765.</p> <p>„Prévention des dégagements instantanés dans les voies en couche par sondages de détente": Inichar, <i>Bulletin technique</i> No. 73, July 1960.</p> <p>„Appareils de mesure utilisés pour établir le bilan du grisou dégagé dans un chantier d'exploitation": Inichar, <i>Bulletin Technique</i> No. 75, September 1960.</p> <p>„Prévention des dégagements instantanés en taille par sondages de détente au siège Sainte-Marguerite": Inichar, <i>Bulletin Technique</i> No. 83, October 1961.</p> <p>„Dégagement de grisou dans un chantier très grisouteux sujet à dégagements instantanés: veine 6 sous 835 m au siège Sainte-Marguerite des charbonnages du Centre": Inichar, <i>Bulletin Technique</i> No. 84, December 1961.</p>

Loose-leaf series reference number	Project	Publication
K 4	Research on sudden outbursts of gas in coalmines	<p>„Aperçu des nouvelles méthodes appliquées pour la recoupe des couches à dégagements instantanés par des bouveaux”: Inichar, <i>Bulletin Technique</i> No. 87, April 1962.</p> <p>„Essai de prévention des dégagements instantanés par affouillement hydraulique préalable de la couche pour la recoupe de la veine 9 au siège Sainte-Marguerite de la S.A. des charbonnages du Centre”: Inichar, <i>Bulletin Technique</i> No. 88, April 1962.</p>
K 5	Research on optimum operating conditions for traditional-type coking-plants	<p>„Die Versuchskokerei des Steinkohlenbergbauvereins”: Prof. Dr.-Ing. Dr. rer. nat. h. c. W. Reerink, Dr. rer. nat. K. G. Beck and Dr.-Ing. W. Weskamp, <i>Glückauf</i> 98, 1962, No. 4, pp. 224-231.</p> <p>„Der Einfluß der Heizzugtemperatur auf die Hochtemperatur verkokung im Horizontalkammerofen bei Schüttbetrieb”: Dr.-Ing. W. Weskamp, Ing. W. Dressler and Ing. E. Schierholz, <i>Glückauf</i> 98, 1962, No. 10, pp. 567-577.</p> <p>„Änderung der Zusammensetzung von Kohlenwertstoffen im Verlauf der Abgarung bei verschiedenen Heizzugtemperaturen”: Dr. rer. nat. R. Beckmann, Dr. rer. nat. W. Simonis and Dr.-Ing. W. Weskamp, <i>Brennstoffchemie</i> Vol. 43, 1962, No. 8, pp. 241-251.</p> <p>„Thermodynamische Betrachtungen im Horizontalkammerofen bei Schüttbetrieb”: Dr. rer. nat. W. Simonis, Dr.-Ing. W. Weskamp and Ing. W. Dressler, <i>Brennstoffchemie</i> Vol. 43, 1962.</p> <p>„Der Einfluß des Wassergehaltes der Kokskohle auf die Hochtemperaturverkokung im Horizontalofen bei Schüttbetrieb”: Dr. rer. nat. K. G. Beck, Dr.-Ing. W. Weskamp and Dr. rer. nat. R. Beckmann, <i>Glückauf</i>, 98, 1962, No. 26.</p>
K 6	Development of new two-stage coking process	<p>„Rapport de l'activité de la station expérimentale de Marienau en 1959 'Enfournement à chaud' ”: R. Loison and P. Foch, <i>Industrie Minérale</i>, January 1961.</p>

Loose-leaf series reference number	Project	Publication
K 6	Development of new two-stage coking process	<p>Do. 1960: <i>Industrie Minérale</i>, September 1961.</p> <p>Do. 1961: <i>Industrie Minérale</i>, October 1962.</p> <p>„Facteurs de la capacité de production d'une batterie de fours à coke”: R. Loison and P. Foch, <i>Revue Générale de Thermique</i> No. 3, March 1962, pp. 29-53.</p>
K 10	Research on mechanized face and roadway support	<p>„Der mechanische Prüfstand für Streb- und Streckenmodelle des Steinkohlenbergbauvereins”: O. Jacobi, Annex to proceedings of the 32nd session of the Ausschluß für Gebirgsdruckforschung on November 20, 1959.</p> <p>„Ergebnisse der Modellversuche über Streckenausbau”: G. Everling, Annex to proceedings of the 2nd session of the Recklingshausen section of the Arbeitskreis von Ausbauingenieuren on November 24, 1960.</p> <p>„Modellversuche über Streckenausbau”: W. Götze, Annex to proceedings of the 6th session of the Dortmund section of the Arbeitskreis von Ausbauingenieuren on November 14, 1961.</p> <p>„Die Wirkung unterschiedlichen Streckenausbaus in Modellversuchen”: O. Jacobi and G. Everling, International Congress on Strata Pressure, Paris 1960.</p>

2. Technical Research: Iron and Steel

Research reports published

Loose-leaf series reference number	Title	When published	European Community Publications Department serial number or other reference
A 2	Recherches sur les briques de silice pour voûtes de fours Martin	November 1958	2057/2/58/1
	Untersuchung an Silikatsteinen für Siemens-Martin-Ofengewölbe	November 1958	2057/1/58/1
A 3	Recherches internationales sur le laminage	May 1959	5499/2/59/1
	Internationale Forschungen im Walzwerk	May 1959	Unnumbered E.C.S.C. publication
A 4 a + b	Essais d'injection de fuel liquide léger dans le haut fourneau n° 3 de Pompey marchant en minéral tout venant	August 1963	6906/2/60/1
	Versuche über die Einspritzung von flüssigem Leichtöl in den mit Fördererz betriebenen Hochofen Nr. 3 von Pompey	August 1963	6906/1/60/1
A 4 c	Essais d'injection de fuel liquide léger dans le haut fourneau n° 4 de Seraing marchant avec une charge préparée (40 % et 100 % d'agglomérés)		
	Rapport intérimaire	May 1961	76/26/61
	Rapport final	January 1962	8197/62
A 4 c	Versuche über die Einspritzung von flüssigem Leichtöl in den mit vorbereitetem Möller beschickten Hochofen Nr. 4 von Seraing (40 und 100 % Sinteranteil)		
	Vorläufiger Bericht	May 1961	7626/61
	Schlußbericht	January 1962	8197/62

Loose-leaf series reference number	Title	When published	European Community Publications Department serial number or other reference
A 6	Travaux du Comité international de recherches sur le bas fourneau de Liège	July 1959	I.R.S.I.A. publication No. 23
	Forschungsarbeiten über den Lütticher Niederschachtofen	June 1959	Unnumbered E.C.S.C. publication
A 6	Recherches effectuées en 1959 au bas fourneau de Liège	February 1961	3941/1/60 f
	Forschungsarbeiten am Lütticher Niederschachtofen im Jahre 1959	February 1961	3941/1/60 d
A 6	Injections de fuel-oil léger couplées à un enrichissement du vent en oxygène au fourneau expérimental de Liège (travaux de 1960 à 1961 et début 1962)	February 1962	C.N.R.M. publication
	Einspritzung von Leichtöl bei gleichzeitiger Anreicherung des Windes mit Sauerstoff im Lütticher Versuchsofen (Arbeiten von 1960 bis 1961 und Anfang 1962)	February 1962	8554/1/62/1
	Comptes rendus des essais effectués en 1962 au fourneau expérimental de Liège	August 1963	C.N.R.M. publication
A 6	Bericht über die Versuchsreihen des Jahres 1962	August 1963	C.N.R.M. publication
A 7	Über die Möglichkeit der Entstaubung von bodenblasenden Thomaskonvertern	June 1962	<i>Stahl und Eisen</i> No. 12/62, pp. 762-771
A 7	Possibilités de dépoussiérage des fumées de convertisseurs Thomas classiques	November 1962	C.D.S. <i>Circulaire d'informations Techniques</i> No. 11/62, pp. 2345-2365

Loose-leaf series reference number	Title	When published	European Community Publications Department serial number or other reference
A 8a	<p>Essais de réduction des minerais de fer au four tournant (rapport intérimaire du 1er janvier 1960 au 31 mars 1961)</p> <p>Versuche zur Reduktion von Eisenerzen im Drehofen (Zwischenbericht vom 1. Januar 1960 bis 31. Januar 1961)</p>	June 1961	<p>7838/61</p> <p>Krupp publication</p>
A 10	List of International Flame Research foundation studies and publications on flame radiation to April 1, 1963	June 1963	Doc. No. L13/a/9, obtainable direct from Secretariat General, International Flame Research Foundation, Ijmuiden
A 15	<p>Application de la fluorescence des rayons X au contrôle des matières dans une usine d'agglomération</p> <p>Anwendung der Röntgenfluoreszenzanalyse für die Untersuchung der Einsatzstoffe in einer Sinteranlage</p>	November 1962	<p>Special reprint from <i>Revue Universelle des Mines</i></p> <p>9159/1/63/1</p>

CHAPTER FIVE

SOCIAL POLICY

INTRODUCTION

I.

354. 1963 saw a continuing contraction in the numbers employed in the coalmining and iron and steel industries, but though this was slightly smaller than in 1962 in the former and somewhat larger in the latter, no major change can be said to have occurred in the employment situation in either sector.

The position and outlook as regards the iron-ore mines are, however, seriously disquieting:

- (a) the shrinkage in the labour force in 1963 was a substantial one both in per cent. of the total numbers employed and as compared with that in the previous year;¹⁾
- (b) in view of the structural difficulties being encountered in the marketing of Community ores, more closures and production cutbacks are to be foreseen, even in areas hitherto unaffected or practically unaffected.

355. The High Authority has already assisted a number of iron-ore miners by means of readaptation and redevelopment, and will be able to expand its activities on their behalf as the need arises.

It does not propose to confine itself to direct and immediate action to help the men discharged, but will also fulfil what it considers to be its responsibilities as to the economic balance of the closure areas.

¹⁾ At September 30, 1962, the Community iron-ore mines' personnel strength totalled 45,600: the loss between that date and September 30, 1963, was 6,300, as against 5,200 in the previous twelve months.

356. The Treaty's clear and detailed provisions on the subject afford the High Authority a good range of possibilities for the readaptation of workers in the E.C.S.C. industries and the redevelopment of mining and steel-producing areas. Moreover, it has made a careful study of the psychological and sociological requirements of readaptation and the economic prerequisites for successful industrial redevelopment, and has also been working, in agreement with the individual Governments concerned, to improve the practical readaptation procedure: the assistance given is now on terms more favourable to the workers and better calculated to safeguard their standard of living, as well as being diversified to allow for the fact that in the Community the chances of re-employment are by no means equally good in all areas and for all workers.

Several of the redevelopment studies and operations part-financed by the High Authority have now been completed. They are beneficial not only to the areas concerned but to the Community as a whole, for even in regions where High Authority aid has not as yet been requested the studies and operations carried out elsewhere are of great interest and relevance: those responsible there are drawing substantially on the results to ensure the greater effectiveness of their own policies on redevelopment, or at any rate on area development and revival, even where pursued without High Authority assistance in sectors other than coal and steel.

357. With the progress of these operations, so carefully prepared with an eye to economic and to social considerations, it is being found to be no longer really possible to dissociate the readaptation of the worker from the redevelopment of the area. Readaptation and redevelopment are mutually complementary: readaptation dovetails into redevelopment; and redevelopment is an extension and rounding-off of readaptation.

Readaptation assistance cannot be treated as solely affecting the individual worker himself, as a man and as a breadwinner: it fulfils an exceedingly important function in relation to the area in which it is granted. It is a factor in redevelopment. By seeing to it that the discharged workers have approximately the same income as before, it prevents the emergence of pockets of underconsumption which would make it still more difficult to launch new activities. It helps to ensure that the effects of redevelopment will be lasting.

Readaptation is more and more coming to constitute not a mere supplementary unemployment allowance but, as it were, a study grant

enabling redundant workers to equip themselves, by undergoing occupational retraining, for employment in the new jobs that are being created. The men need new, sound business enterprises, true, but the enterprises need skilled men.

356. Ultimately, there will be no distinction at all between readaptation schemes and redevelopment schemes: there will only be readaptation-cum-redevelopment, broader-based and better co-ordinated. This will proceed by the following stages:

- (1) assembly of data on threats to employment, and consequently to the workers' standard of living;
- (2) study of openings for the absorption of redundant personnel into existing enterprises or new activities to be launched;
- (3) finding entrepreneurs who would be able to provide steady employment for these men, either by expanding existing enterprises or by setting up new ones;
- (4) furnishing loans or guarantees to the entrepreneurs, and readaptation assistance (retraining allowances, wage differential allowances ensuring a guaranteed wage for a specified period, household removal and resettlement allowances, and so on) to the workers: if properly co-ordinated with the action taken by the national and regional authorities and by the entrepreneurs, the readaptation assistance can be a very real contribution towards getting the new activities started.

The Treaty empowers the High Authority, if so requested by the Government concerned, to help at every stage of any readaptation/redevelopment operation affecting workers in the E.C.S.C. industries.

II.

359. The High Authority has been devoting considerable attention to the best way of ensuring a more stable colliery labour force and attracting men to the industry.

It would emphasize one again that the real answer to the collieries' manpower difficulties can be found only by restudying the points commonly included under the general head of the European Miners' Charter. The Charter would be a major factor in social progress, and would help to get living and working conditions organized on the right lines to enable the industry to recruit the sufficiently young, sufficiently skilled men it requires in order to produce the tonnages expected of it.

The High Authority will continue to make every effort to persuade the employers and workers to join in framing the Charter.

360. In the High Authority's view, there is still not enough up-to-standard housing for the workers in the E.C.S.C. industries. It feels therefore that it can justly take pride in the fact that when the financing operations for its fifth large-scale building scheme have been completed it will have helped to provide something like 100,000 dwellings.

Its contributions under its two experimental schemes and five main schemes, by way of supplement to the funds available for the purpose at national level, will have enabled accommodation to be provided for over 7% of the workers on the books of the E.C.S.C. industries. Counting the men's families, this means better housing conditions for 400,000 people: the number of people — workers and their dependants — living in housing part-financed by the High Authority will equal the population of a town the size of Bochum, Lille or Florence.

361. One of the outstanding developments of the period under review was the High Authority's approach to the Governments to have the terms of reference of the Mines Safety Commission extended in two respects. The High Authority considers that the practice (exchange of experience among representatives of the Governments, workers and employers) and procedure (formulation of recommendations) followed by the Commission for seven years with regard to safety standards at the collieries could also do good service regarding accident prevention in the iron-ore mines, and prevention of occupational diseases in both industries.

362. Co-operation with the E.E.C. Commission has been intensified. It now extends to all aspects of social affairs, and is being carried on in a great many connections in such fields as occupational training, redevelopment, and industrial health, safety and medicine.

With regard to social security a certain division of tasks has been organized. Also, through a joint body on which they are both represented, the two Executives are able to work closely together for the improvement of social-security arrangements for migrant workers.

363. The Chapter following also contains accounts of developments in the matter of occupational training and of industrial health, safety and medicine.

With regard to occupational training, the High Authority is concentrating more and more on the practical angle. Its aim is to give a clear lead in response to the questions arising out of the very satisfactory course of developments in this connection in the E.C.S.C. industries. The mines and the steel industry are engaged in a vigorous drive to keep the skills and qualifications of their workers and technical and managerial personnel in line with the march of technical progress. In 1963 for the first time the High Authority granted a loan towards the building of a training centre.

In the field of industrial health, safety and medicine, a number of High Authority-sponsored research projects were completed during the year, while several fresh projects, also decidedly practical in character, are either ready for launching or well on the way to it.

Part One

MANPOWER PROBLEMS

Section 1: Trends in Employment in the E.C.S.C. Industries

364. With regard to the manpower situation generally and to the position concerning denizen workers,¹⁾ this Section and the Statistical Annex simply provide the latest figures as compared with those in last year's Report.²⁾

More space is, however, devoted to the personnel pattern. Mention has been made on previous occasions of the changes which have been going on in the last few years in this connection, and it is now felt that a clear enough picture has emerged for a detailed account to be given.

GENERAL SITUATION

365. At September 30, 1963, the total personnel strength of the E.C.S.C. industries (workers, apprentices and clerical, technical and managerial staff) was 1,372,600, as against 1,415,600 a year earlier.³⁾

The reduction was not confined to the coalmining and iron-ore industries; the numbers employes in the iron and steel industry also dropped, but to a relatively much smaller extent.

Coalmining industry⁴⁾

General trend

366. The number employed in the collieries fell from 788,100 at September 30, 1962, to 756,500 at September 30, 1963, a reduction of 31,600. This is less than the 45,400 for the corresponding period of 1961-62, but is nevertheless regrettably large.

¹⁾ See footnote to No. 372 below.

²⁾ See *Eleventh General Report*, Nos. 440-445.

³⁾ See *Statistical Annex*, Table No. 51.

⁴⁾ See *Statistical Annex*, Table No. 52.

It was due partly to the continuing high rate of voluntary departures, and partly to further pit closures in Germany, Belgium and France under rationalization and reconstruction operations.

Changes in number of underground workers

367. At September 30, 1963, underground workers at Community collieries totalled 441,500, as against 460,100 at September 30, 1962 (—18,600). The wastage was, however, less than in previous years; in Belgium the number remained unchanged from July to September.

The figures for the first nine months of 1961, 1962 and 1963 show an increase in the number of men recruited for underground work from outside the industry, and a levelling-off in the number of those ceasing to be employed below ground or leaving the industry altogether.

TABLE 57

Indices of changes in intake and wastage of underground workers
(Community overall)

	Recruitment from outside the industry	Workers leaving under- ground employment or leaving the industry
January-September 1960	20	64
January-September 1961	27	57
January-September 1962	29	57
January-September 1963	39	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.

Of the underground workers recruited during the first nine months of 1963, 39,100 came from outside the industry: these represented 53% of the total intake, as compared with 46% in 1962. Voluntary departures continued at a disturbingly high rate, some 50,000 (more than 11% of the average total underground labour force) over the nine months.

TABLE 58

Losses of underground workers in first nine months of 1962 and 1963

Reasons			Purposes		
	1962	1963		1962	1963
Discharges on medical grounds, retirements, deaths	10,400	10,500	Discharges on medical grounds, retirements, deaths	10,400	10,500
Transfers from underground to surface duties	18,500	11,600	Transfers from underground to surface duties	18,500	11,600
Dismissals	5,100	6,400	Transfers to other collieries	11,300	19,900
Voluntary departures	49,400	49,600	Relinquishments of underground employment	51,100	50,900
Other losses	7,900	14,800			
Total	91,300	92,900	Total	91,300	92,900

Manpower requirements

368. The shortage of underground workers continues. Collieries in a number of coalfields still report numerous vacancies.

In the autumn of 1963, the German collieries' estimated requirements stood at 9,800, plus an annual intake of 9,300 apprentices (7,200 apprentice miners and 2,100 apprentice tradesmen).

In Belgium the number of unfilled vacancies on the books of the employment offices is about 2,000.

In France, large numbers of underground workers are needed in the Nord/Pas-de-Calais, and requirements in Lorraine are rising. Early in 1963 some of the Centre/Midi pits, which had suspended recruitment in 1960, were authorized to resume the engagement of juveniles.

The collieries of Dutch Limburg are seeking miners and apprentices.

Iron and steel industry¹⁾

369. The total number employed in the Community iron and steel industry was 581,900 at September 30, 1962, and 576,800 at September 30, 1963. This decrease (—5,100) was noticeably greater than that from end September 1961 to end September 1962 (—1,300). The numbers rose in Italy and the Netherlands, where the industry is expanding vigorously, and in France, where two new plants, including the large Dunkirk works, came into production; in Luxembourg they remained unchanged; Belgium, however, showed some decrease, and Germany a very substantial one (—10,700).

Generally speaking, recruitment proceeded at a rather cautious pace in view of the uncertain state of the steel market, fewer workers being signed on in the Community industry overall during the first nine months of 1963 than in the corresponding period of 1962. The trend in production was not, however, precisely reflected in the trend in numbers employed: the enterprises are anxious to keep their personnel, as they feel that, with the labour market so tight, they would have difficulty in finding skilled workers at a later date.

TABLE 59

Changes in numbers employed in the iron and steel industry

	Intake from outside the industry ¹⁾	Wastage ¹⁾	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
January-September 1963	49,800	57,300	— 7,500

¹⁾ Workers, exclusive of apprentices.

370. As orders began to pick up in the second half of the year, recruitment did the same.

The demand is, however, patchy, varying from area to area and from enterprise to enterprise: while some old-established firms and new enterprises are busily seeking both process and maintenance workers, others are recruiting solely to replace wastage.

¹⁾ See *Statistical Annex*, Table No. 53.

Iron-ore mines¹⁾

371. Between September 30, 1962, and September 30, 1963, 4,400 workers either left or were discharged from the German iron-ore mines, and nearly 3,000 from the French. This brought the Community industry's total personnel strength down from 45,600 to 39,300 (—6,300, as against —5,200 during the previous twelve months).

The industry's labour force had been shrinking slowly but steadily for several years in consequence of the rationalization and modernization drive; since 1961, the contraction process has gathered momentum as a result of the mines' sales difficulties. In Germany, the closure operations begun in that year are continuing: by the autumn of 1963 only 28 mines were left in production, as compared with 40 in September 1962 and 51 in September 1961. In France, working shifts have been reduced in a number of cases, and some mines have been closed or partially closed. In September 1963, there were 70 mines in operation, as against 83 in July 1961: most of the closures so far have been in the Western and Pyrenean regions, but there have also been two in the Lorraine orefield, with more scheduled to follow.

The High Authority is placing its readaptation and redevelopment facilities at the disposal of the workers, enterprises and areas affected or liable to be affected.²⁾

DENIZEN WORKERS³⁾

372. As can be seen from Table 55 of the Statistical Annex, denizen workers in the E.C.S.C. industries at September 30, 1963, numbered 164,300, or 13% of the total: of these, 77,000 (6%) were Community workers and 87,300 (7%) foreign workers.

¹⁾ See *Statistical Annex*, Table No. 54.

²⁾ See Nos. 403-406, 410-412 and 422 below.

³⁾ The term "denizen worker" is used to mean any worker employed at a colliery, steel plant or iron-ore mine in a Community country of which he is not a citizen. Denizen workers fall into two categories, Community workers (nationals of another Community country) and foreign workers (nationals of a non-Community country). Some of the Community workers are in possession of E.C.S.C. labour cards (see Nos. 427 ff.); others are cross-frontier commuters. 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, but have never acquired its citizenship. For a detailed account of the trend regarding denizen workers, see *Eleventh General Report*, Nos. 450-455.

Between September 30, 1962, and September 30, 1963, despite the contraction in the total numbers employed, the number of denizen workers increased by 5,200, or 3%, the loss of 8,800 Community workers being more than offset by the addition of 14,000 foreign workers. 3,800 foreign workers (including 1,900 Poles) having meantime left the E.C.S.C. industries, the net increase works out as follows:

Turks	+6,600
Greeks	+4,500
North Africans	+3,700
Spaniards and Portuguese	+3,000

The number of denizen workers fell by 500 in the iron-ore industry, but rose by 600 in the iron and steel and 5,100 in the coalmining industry. At September 30, 1963, only 4,700 were employed in the iron-ore mines; in the iron and steel industry the figure stood at about 56,500, including 36,700 in France and 10,200 in Belgium. The iron and steel enterprises were noticeably less keen in 1963 than in earlier years to sign on new immigrants from other countries.

In the coalmining industry, on the other hand, the picture is very different.

Coalmining industry

373. With labour scarce and mining lacking in attraction as a career, the collieries are finding it impossible to obtain the personnel they require locally or within their own countries. They are therefore increasingly recruiting labour from other countries.

During the first nine months of 1963,

- (a) in Germany, 8,900 non-Germans were signed on, representing approximately 42% of the colliery vacancies filled by the official employment offices;
- (b) in Belgium, 9,500 new immigrants' labour permits were issued, twice as many as in 1962;
- (c) in France, the National Immigration Office brought in 3,500 non-French workers for employment in the collieries.

The industry having to recruit more and more from Greece, Turkey and Marocco, as the traditional outside labour sources are drying up: Spanish workers are becoming increasingly hard to get, and Italians practically impossible. From end September 1962 to end September 1963, the number of Italian miners working in other Community countries fell by 6,300.

At September 30, 1963, the Community collieries were employing in all 103,100 denizen workers (nearly 14% of their total personnel), mainly in Belgium (40,600) and France (38,300). Of these, 40,200 were from other Community countries and 62,900 from non-Community countries. Over four-fifths (90,700) were employed below ground.¹⁾

Family circumstances of denizen workers

374. Very general figures, relating not specifically to the E.C.S.C. industries but to all non-French workers, indicate that the number bringing their families with them to France in the first place is very small, not more than 0.2%. Some 17% are joined by their families sooner or later: in the case of Spaniards the proportion is nearly 20%, and of Italians over 35%.

Italian statistics on emigration to Community countries show that the majority of families accompanying or joining the emigrant go either to France or to Belgium.

In 1961, of the denizen workers employed at Belgian collieries²⁾ 25% were unmarried;

7% were living apart from their families, who had remained at home;

68% (including 8% married to Belgian women) were living with their families.

However, this breakdown will undoubtedly have been altered in the meantime by the increased intake of workers from non-Community countries.

PERSONNEL PATTERN

375. Technological progress is producing changes, which may be expected to intensify, both in the relative numbers of the different categories of personnel needed and in the skills and qualifications required of them.

It is with these changes in mind that the High Authority has been planning its policy on occupational training.³⁾ They demand, moreover, the most careful attention from all those bearing a share of responsibility,

¹⁾ See *Statistical Annex*, Table No. 56.

²⁾ Exclusive of cross-frontier commuters.

³⁾ See Nos. 381 ff. below.

in whatever capacity, for the development of the E.C.S.C. industries and the improvement of the E.C.S.C. workers' standard of living.

376. The old-style miner is being progressively replaced by a worker assigned to certain more specific tasks. The steel process worker, with skills based mainly on experience, is turning more and more into a machine-operator or machine-minder; a new category of technicians is growing up, with greater responsibility and more advanced technological knowledge. And in order to operate efficiently increasingly complex production units, to expand their markets and to withstand stiffening international competition, the industries are having to employ larger numbers of highly-trained executive and managerial personnel on the technical, administrative and sales sides.

Graphs Nos. 13 and 14 show the changes brought about by technological progress in the pattern of the personnel as a whole (ratio of workers to the technical/clerical/managerial category) and in the pattern as among the different types of worker.

377. As regards the actual workers, the iron and steel industry offers a particularly telling example.

Generally speaking, the number of unskilled workers is declining; the number of process workers is also falling, while there is a steady increase in those concerned with the preparation and scheduling of production, and in maintenance personnel.

The enterprises are seeking to secure for the maintenance of their complicated modern equipment either highly skilled workmen or men who will be able to acquire the necessary qualification by intensive technical in-works training.

On the production side, recruitment will as time goes on be conducted less and less on the traditional lines, which the enterprises are being progressively obliged to alter.

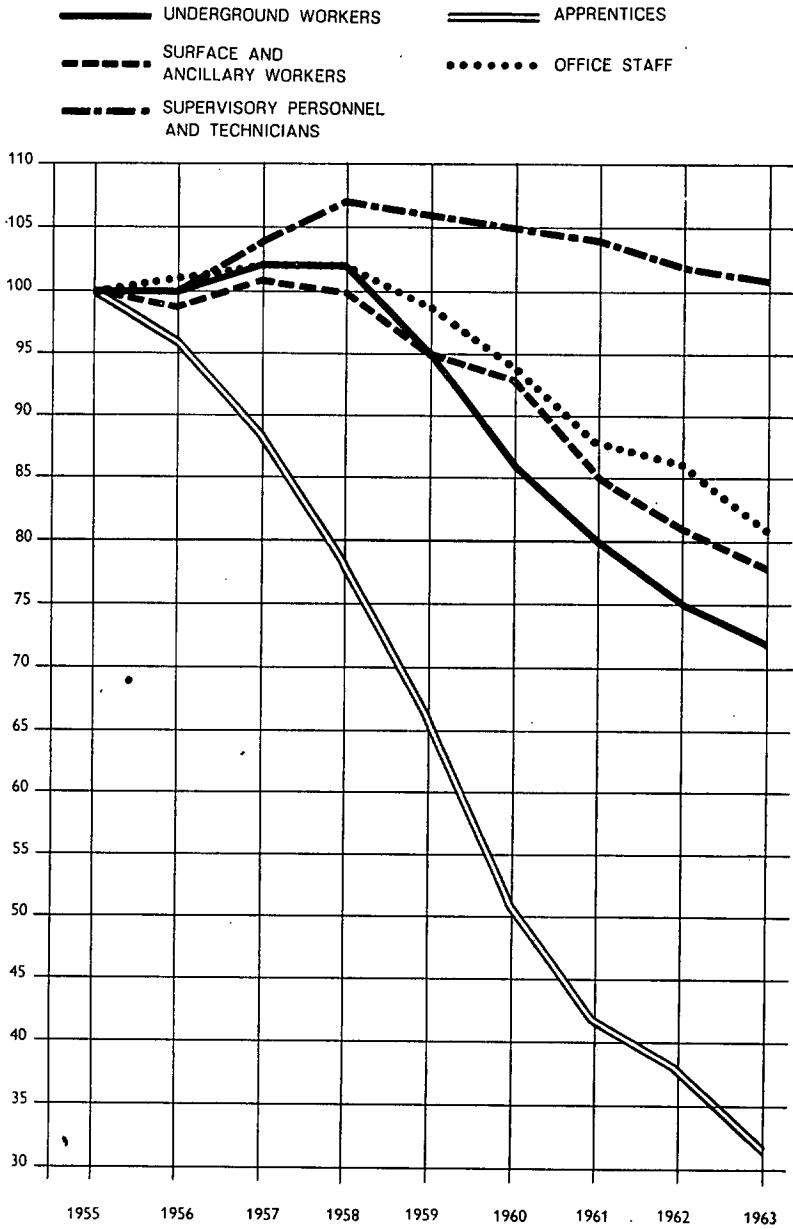
Clerical, technical and managerial personnel¹⁾

378. In the E.C.S.C. industries persons in this category now number 188,300, 14% of the total personnel strength, as against only 10% at the beginning of 1955. Over the past ten years they have increased by 15%, while there has been a 17% decrease in worker proper.

¹⁾ Supervisors and foremen, technicians, office staff, engineers and all managerial and executive grades up to and including managing director.

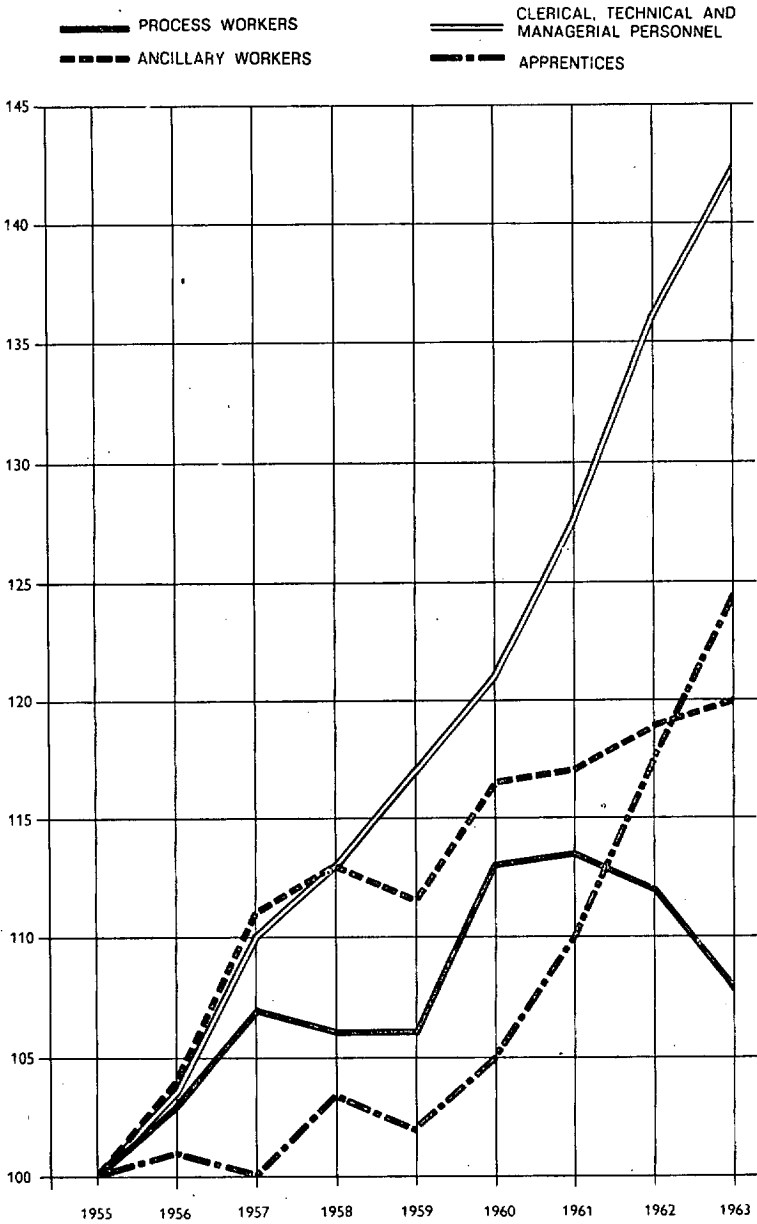
GRAPH No. 13

Trends in Personnel on the Collieries' Books, 1955-1963
(yearly average)



GRAPH No. 14

Trends in Personnel on the Iron and Steel Enterprises' Books, 1955-1963
(yearly average)



At the beginning of 1955, the average proportion per thousand workers employed in the E.C.S.C. industries was 121 clerical, technical and managerial personnel; in September 1963 it was 164.

TABLE 60

Clerical, technical and managerial personnel per thousand workers

	Coalmining industry	Iron and steel industry	Iron-ore mines	Total
January 1, 1955	107	155	109	121
September 30, 1963	143	193	156	164
Net change	+ 36	+ 38	+ 47	+ 43

Graph No. 15 illustrates the upward trend in this category.

Coalmining industry

379. The number of administrative employees has decreased over the past ten years, but there are now 2% more supervisors, technicians and engineers, to 28% fewer workmen.

The increase stands out still more clearly if we compare the number of supervisors and technical personnel (underground and surface) with the number of workers employed.

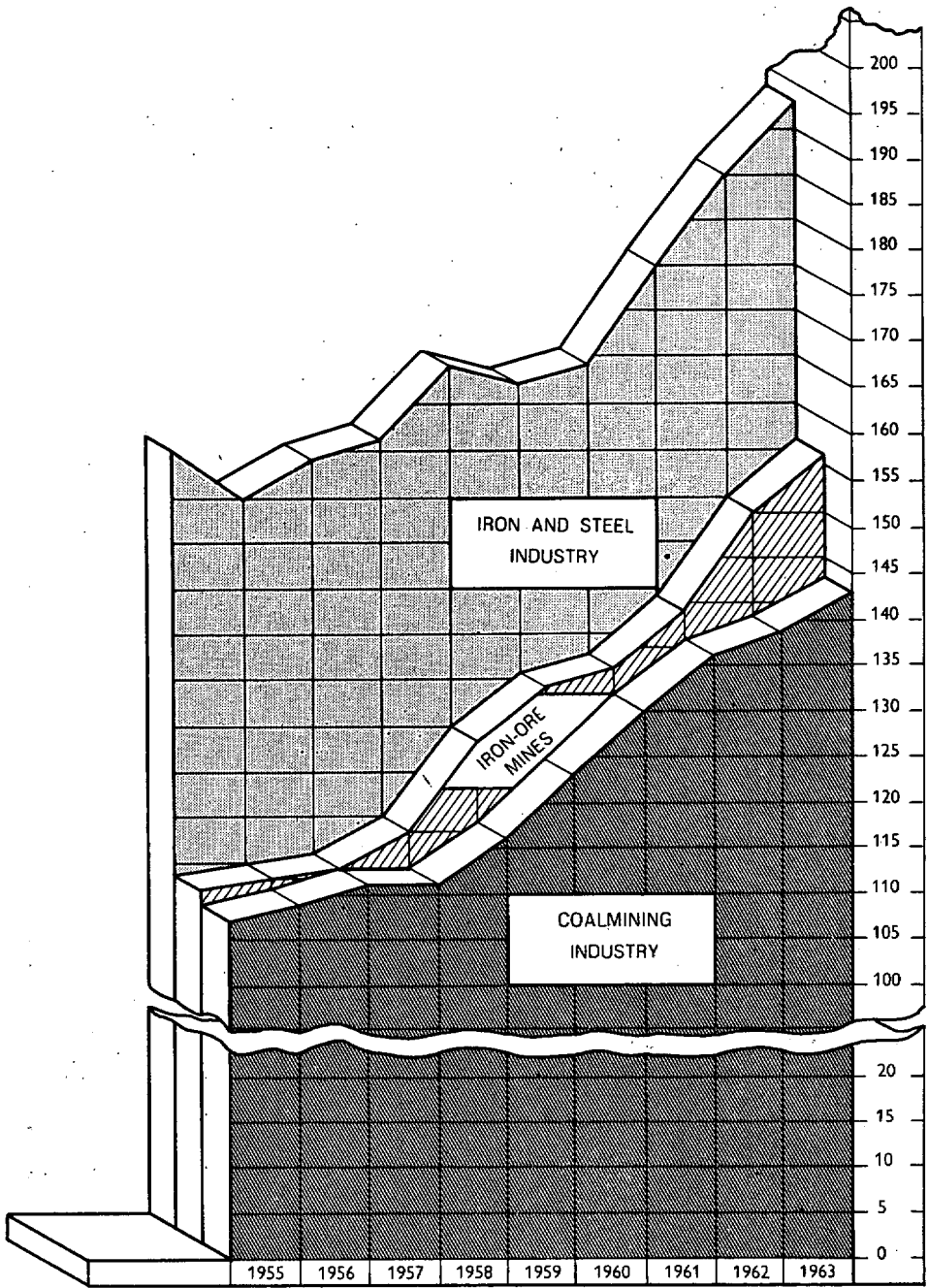
TABLE 61

Supervisors and technical personnel per thousand workers employed in the coalmining industry

Country	January 1, 1955	September 30, 1963
Germany (Fed. Rep.)	62	98
Belgium	81	96
France	82	105
Italy	85	148 ¹⁾
Netherlands	73	114
Community average	71	101

¹⁾ For operational reasons, it was impossible to reduce the supervisory and technical personnel to the same extent as the number of workers: the latter shows a decrease of 70% since 1955, the former of 50%.

Clerical, Technical and Managerial Personnel per Thousand Workers
on the E.C.S.C. Industries' Books, 1955-1963



At the end of 1963, clerical, technical and managerial personnel accounted for 12% of the industry's total personnel strength, as compared with 9% at the beginning of 1955.

The proportion of supervisors employed below ground outbye of the coalface is steadily increasing. In addition, they are assisted by functional and technical services performing co-ordinatory duties of increasing importance. This has already resulted in some shift in the pattern of supervisory and technical personnel.

TABLE 62

Supervisory and technical personnel below and above ground

	(%)	
	January 1, 1955	September 30, 1963
Supervisory and technical personnel below ground	51.7	49.3
Supervisory and technical personnel at the surface	48.3	50.7
Of whom: engineers and equivalent grades	100.0 9.6	100.0 10.0

Iron and steel industry

380. The clerical-technical-managerial category has been expanding still faster than in the coalmining industry, especially since 1959-60.

Plant modernization and rationalization and the installation of new and up-to-date equipment has made it necessary to employ larger numbers of technicians and managerial personnel. At the same time, jobs hitherto done by workers are changing in such a way as to demand fuller and more specialized knowledge, so that the men performing them no longer rate as workers but as technical personnel. Consequently, a new category of "technicians" is gradually emerging and finding its way into the works' grading system.

TABLE 63

**Clerical, technical and managerial personnel per thousand workers
on the iron and steel industry's books**

Country	January 1, 1955	September 30, 1963
Germany (Fed. Rep.)	140	170
Belgium	142	172
France	186	229
Italy	129	169
Luxembourg	112	136
Netherlands	373 ¹⁾	555 ¹⁾
Community average	155	193

¹⁾ The contrast between this figure and the rest is due in the main to the fact that a number of Netherlands iron and steel enterprises have been expanding steadily for several years, and have accordingly had to make very extensive use of general services and functional departments (planning, research, quality control, etc.).

Clerical, technical and managerial staff now account for 16% of the total personnel strength of the iron and steel industry, as compared with 13% in 1955.

Section 2: Occupational Training

381. The following account of the High Authority's activities and of developments in the E.C.S.C. industries in 1963 in connection with occupational training must be prefaced by a brief note on the conditions under which the High Authority works in this field.

It works in accordance with its general responsibilities to the enterprises and the workers as emerging from the corpus of economic and social objectives set it by the Treaty. It has, however, no direct means of action of its own. What it can do is, firstly, persuade the Governments and the enterprises to act as it considers they should, and secondly, help them at every stage of such action as they do decide to take. To this end, it can

- (a) regularly convene committees and working parties;
- (b) arrange seminars, study sessions and fact-finding missions;

- (c) issue reports, monographs, studies and catalogues of training aids;
- (d) assemble training aids employed in the three industries and make them available to training centres.

382. Though the High Authority cannot itself actually "do anything," it helps to get things done: its work, however exclusive of the possibility of issuing enactments or directives and however at first glance apparently academic, does in fact produce practical results.

In all the Community countries, the exchange of information, experience and opinion which the High Authority is constantly encouraging is serving to establish, or maintain, a climate of thought favourable to the promotion of occupational training, to give impetus to measures for intensifying this, and to prompt new departures of various kinds leading to a broadening of the purview and objectives of training, improvements in training programmes, and better and fuller training patterns, methods and facilities. By having common problems ventilated and fostering a Community approach in dealing with them, the High Authority is encouraging, expediting and influencing the development of both apprenticeship and adult training centres.

The account on a later page of the trends in the industries in this regard brings out some of the effects of the thinking, and rethinking, that the High Authority's work is including on the part of Government departments and of the employers' and workers' organizations.

WORK OF THE HIGH AUTHORITY

383. As noted earlier,¹⁾ technological progress is radically altering the personnel pattern, both quantitative and qualitative, in the E.C.S.C. industries, and consequently the enterprises' manpower requirements. The main object of the High Authority's policy under its latest action programme²⁾ is to assist the adjustment of initial, follow-up and advanced training for all personnel — workers, technicians, executives — to the quickening tempo of technological progress in the coalmining, iron-ore and iron and steel industries. To put into proper effect the programme which it launched in 1961, the High Authority must therefore not confine itself to the study and description of production and training

¹⁾ See Nos. 375-380 above.

²⁾ See *Tenth General Report*, Nos. 508-512.

systems as currently found in the different Community countries¹⁾: the focus has shifted to the future need for top-flight efficiency in production and hence for training to ensure top-flight performance from all personnel. And for the top-flight to become the norm with the minimum of delay, it must be held up as the example and the incentive.

To bring home more quickly to those concerned the present and foreseeable implications of technological progress and familiarize them with the best ways of meeting these, the High Authority is compiling for dissemination a detailed inventory of the very latest advances in technology and training, based on a study of the most up-to-date installations and teaching methods.

384. A number of studies have been undertaken in this context concerning the training of underground mineworkers and iron and steel process workers. Three of these, the subjects of which were noted in last year's Report,²⁾ have been completed, those on

- (1) technological progress and occupational training in the coalmining industry;³⁾
- (2) technological progress and occupational training in the iron and steel industry;
- (3) the effects of technological progress on the personnel pattern and personnel training in the blast-furnace sector.

The first two deal with the implications of technological developments in the two industries overall and the resulting new requirements as regards training organization and methods as a whole. The third study on the others still in preparation are more detailed and practical: they analyse the changes going on in individual sectors (blast-furnaces, steelworks, rolling-mills, mechanized coalfaces), and indicate appropriate ways of providing the men employed there with such instruction as will qualify them competently to operate modern machines and installations, and in particular to perform the new types of job or special tasks that are developing.

¹⁾ Thanks to earlier High Authority activities, all those concerned who sought additional particulars are now fully informed concerning these general aspects and the main training systems in use.

²⁾ See *Eleventh General Report*, Nos. 466-467.

³⁾ Includes underground supervisory personnel.

With the same end in view, the High Authority is making a thorough study of the latest training methods, such as programmed instruction,¹⁾ in order to establish to what extent these could usefully be employed in the training of miners and steelworkers.

Study sessions on new training methods are to be held in the first half of 1964. At these, training officers from the E.C.S.C. industries will be able to compare notes on teaching methods and techniques in connection with the training of the different categories of personnel, juveniles, adult workers, supervisory and management staff. The sessions will also serve as a forum for the discussion of the practical application of the High Authority's studies on the adjustment of training to technological progress and on the training of instructors.

385. The High Authority is also helping the Association of European Roll-Pass Designers (which is trying to secure better and more thorough initial and follow-up training for the very highly-specialized work of roll-pass designing in the iron and steel industry) to conduct a systematic survey of current roll-pass designing theory and practice and to hold meetings for the pooling and discussion of findings. The first of these meetings, which took place in Luxembourg on October 25, 1963, was attended by over 150 delegates, some of them from third countries.

386. The High Authority has helped to organize a number of seminars in Germany and Belgium on instructor training, at which training officers and others present were able to discuss the study published by it on the subject in 1962, *La Formation des Formateurs: Problèmes, Méthodes et Expériences dans les Industries de la C.E.C.A.*,²⁾ and to consider the practical application of its conclusions to particular cases.

Teaching aids

387. To encourage the production of industrial films suitable for use in all the Community countries, the High Authority arranged for its European Festival of Films on Steel (the first of its kind, held in Luxembourg in March 1963) to include a special category for technical training films. Several of the entries in this category aroused particular interest.

¹⁾ Programmed instruction is based on the principle of progressive introduction to the subject matter adapted to each student's individual aptitude, with regular checks on progress made. It is available for a wide variety of branches of knowledge (pure science, applied science, technology, languages, etc.) and for different levels or grades.

²⁾ See *Eleventh General Report*, No. 468.

388. Instruction in the operation and maintenance of mining machines — which are becoming more and more numerous with the progress of underground mechanization and electrification — is making exacting demands on the training departments.

To ensure that the descriptive and explanatory material furnished by the designers and manufacturers for use in training will be of maximum assistance to the training officers and personnel themselves, an expert working party convened by the High Authority has drawn up "suggestions for manufacturers of mining equipment," setting out the desiderata of the training departments of the Community collieries as a whole — a matter of first-rate importance to the manufacturers. The "suggestions" concern the requirements the technical material should fulfil as regards nature, level, content and form in order to meet the needs of the apprentice and adult training centres, and so enable the industry to get the very best out of both men and machines.

The High Authority attaches great importance to closer co-operation between the designers and manufacturers of mining equipment and the colliery training staffs.

389. As it is anxious that the training centres should have readier access to teaching aids in line with the increasingly-specialized techniques now coming in, the High Authority has decided to extend its work in connection with the assessment and exchange of films (including action films, film strips, microfilms and transparencies), wall-charts, scale models, diagrams, maps, plans and sketches, and sound recordings.

Financial aid for the establishment of training centres

390. A group of French iron and steel enterprises recently applied to the High Authority for a loan, under Article 54,2 of the Treaty, of Ffr.1,700,000, to cover approximately 40% of the cost of a training centre they are building at Fameck in Lorraine. The High Authority agreed provisionally, pending the approval of the Council of Ministers. The Fameck centre will give craftsmen in the steel industry the necessary additional instruction to qualify them for foremanship, and will also train draughtsmen and technicians.

The High Authority is also considering a similar application received from a German steel firm for a capital loan towards the building of an apprenticeship centre.

European-co-operation

391. The High Authority has pleasure in recording that 1963 was a year of extensive and intensive co-operation on occupational training both within the International Occupational Training Information and Research Centre (C.I.R.F.)¹⁾ and among the European Communities.

392. As is noted in the E.E.C. Commission's Sixth General Report,²⁾ the High Authority helped in the framing of the draft Decision establishing general principles for the introduction of a common policy on occupational training. The draft was duly endorsed by the E.E.C. Council of Ministers on April 2, 1963, in accordance with Article 128 of the Treaty of Rome; the effect will certainly be to increase inter-Executive co-operation.

The High Authority's policy and activities in the matter of occupational training tally precisely with the general principles so enunciated. The objectives set forth in the Decision are identical with the High Authority's own, allowing for the limited scope offered by partial integration as represented by E.C.S.C. and for the special requirements of the coalmining and iron and steel industries. Moreover, there is no real difference between the means the High Authority is already employing and those advocated by the Council. For example, the committees of Government, employers' and workers' representatives instituted by the High Authority have been fulfilling since 1953 the same functions *vis-à-vis* it as will the tripartite Consultative Committee which is to assist the E.E.C. Commission.

In one respect the High Authority is doing more than the Council's Decision requires: the latter relates only to workers and middle-management personnel, whereas the High Authority has already tackled the question of follow-up and advanced training for all grades in the E.C.S.C. industries right up to the top.³⁾

¹⁾ For the organization and activities of C.I.R.F. (at which are represented I.L.O., the Council of Europe, the High Authority, the E.E.C. Commission and O.E.C.D.), see *Eleventh General Report*, No. 475.

²⁾ See *Sixth General Report of the E.E.C. Commission*, No. 346.

³⁾ See *Eleventh General Report*, Nos. 469-471.

393. Inter-Community co-operation was also to the fore in the joint organization of a seminar on automation in the administrative sector, held on February 19-21, 1963, for the implementation of some of the findings of the Conference on Technical Progress and the Common Market convened in December 1960 under the auspices of the three Communities.¹⁾ The High Authority submitted a report on technological progress and works in the E.C.S.C. industries.

394. Further in connection with inter-Community co-operation, there is one problem which proved insoluble within E.C.S.C. as such, but should be comparatively easily disposed of on the basis of the provisions of the Treaties of Rome, namely the elimination of the administrative and Customs formalities which have up to now been impeding exchanges of teaching aids within the Community.²⁾ The responsible departments of the Executive are working to formulate a procedure which will be acceptable to the Governments.

DEVELOPMENTS IN THE E.C.S.C. INDUSTRIES

Apprentice training

Statistics

395. The number of apprentices in the Community coalmining industry as a whole showed a further decrease, though a noticeable less pronounced one than in 1962 (itself a year of rather slower contraction in this respect): the decrease from September 1962 to September 1963, was 1,100, as compared with 4,100 in the corresponding period of 1961-62. The proportion of apprentices to total colliery personnel remained unchanged at 3.1%, the September 1963 figures per thousand persons employed being 41 in the Netherlands, 39 in Germany, 21 in France and 13 in Belgium. A percentage increase occurred only in Germany, where the absolute decrease (—200, as against —4,000 from September 1961 to September 1962) was about the same as in Belgium and the Netherlands, and smaller than in France. The French coalmining industry had 500 fewer apprentices under training in September 1963 than a year earlier, whereas in the twelve months up to September 1962 the number had risen by 200.

¹⁾ See *Ninth General Report*, Nos. 460-462.

²⁾ See *Eleventh General Report*, No. 474.

TABLE 64

Trend in number of apprentices and in proportion of apprentices to total personnel in the coalmining industry

Country	September 1962		September 1963	
	'000 apprentices	%	'000 apprentices	%
Germany (Fed. Rep.)	16.3	3.7	16.1	3.9
Belgium	1.4 ¹⁾	1.5	1.2 ¹⁾	1.3
France	4.6	2.3	4.6	2.1
Italy	—	—	—	—
Netherlands	2.5	4.4	2.3	4.1
Community	24.8	3.1	23.7	3.1

¹⁾ Students from technical and mining colleges only.

In the German and French iron-ore industries,¹⁾ there was a further drop in the number of apprentices and in the proportion of apprentices to total personnel. By September 1962

- (a) the German iron-ore mines had only 200 apprentices (as against 300 in September 1962), representing 1.8% of their total personnel (as against 2% in September 1962);
- (b) the French iron-ore mines had 600 apprentices (as against 700 in September 1962), representing 2.5% of their total personnel (as against 2.7% in September 1962).

In the iron and steel industry the practically unbroken upward trend of the past few years continued, the number of apprentices standing in September 1963 at 13,300 even higher than the previous record level of 13,000 reached in September 1962. The increase of 300 took place in Germany and produced a rise there in the proportion of apprentices to total personnel; elsewhere both absolutely and percentagewise the position remained unchanged. In September 1963 the number of apprentices per thousand persons employed was 33 in Germany, 31 in the Netherlands, 25 in France, 18 in Luxembourg and 3 in Italy.

¹⁾ Germany and France are the only two Community countries in which the iron-ore industry provides systematic apprentice training.

TABLE 65

Trend in number of apprentices and in proportion of apprentices to total personnel in the iron and steel industry

Country	September 1962		September 1963	
	'000 apprentices	%	'000 apprentices	%
Germany (Fed. Rep.)	7.7	3.0	8.0	3.3
Belgium	—	—	—	—
France	4.2	2.6	4.2	2.5
Italy	0.2	0.3	0.2	0.3
Luxembourg	0.4	1.8	0.4	1.8
Netherlands	0.5	3.1	0.5	3.1
Community	13.0	2.2	13.3	2.3

¹⁾ Students from technical and mining colleges only.

Improvements in training

396. Although, as in previous years, it proved impossible either to arrest the steady dwindling in the number of apprentice miners which has accompanied the contraction in the labour force of the coalmining and iron-ore industries, or to step up the number of apprentice steelworkers in proportion to the total personnel of the iron and steel industry;¹⁾ the various advances already achieved with regard to apprentice training were successfully continued and extended in 1963. There was a further increase in the proportion of apprentice tradesmen to apprentices overall in the collieries,²⁾ and in all three industries training arrangements were brought more into line with present circumstances and current apprenticeship requirements, and improvements were made as regards training facilities, aids and accommodation (including the building of new centres and workshops).

The collieries, in view of the growing need for skilled men resulting from the progress of mechanization and electrification and the difficulties most of them are experiencing in recruitment, have been developing

¹⁾ Whereas in December 1954 the total number of apprentices in the E.C.S.C. industries was 82,800, by September 1963 the figure was only 37,800: the number in the steel industry had risen only from 10,200 to 13,300, while in the coalmining industry it had fallen from 70,200 to 23,700, and in the iron-ore industry from 2,400 to 800.

²⁾ For some earlier examples, see *Eleventh General Report*, No. 458.

new training arrangements, both more up to date and more attractive. It is worth noting that, while retaining various special national features, the arrangements adopted latterly in Germany, Belgium, France and the Netherlands are based on identical principles and present many points of resemblance. Focusing on general and technical instruction, and laying the groundwork for promotion, they are designed above all to reactivate recruitment which will ensure enterprises a sufficiency of really capable machine operators, mechanics, electricians, electro-mechanics, supervisors and so on in the years ahead.

In the iron-ore industry, although the growing sales difficulties have been impeding recruitment and holding up progress with the apprenticeship centres, the training departments at the Lorraine mines have been devoting careful study to future apprenticeship arrangements, one feature of which is to be a closer link with the technical colleges.

In the iron and steel industry, efforts are being made in the different countries to organize more systematic training for process workers and to remodel the training schemes for maintenance and repair personnel (electro-mechanics, electronics technicians, measurement and control technicians, mechanics for hydraulic and pneumatic equipment, and so on) so as to give each apprentice both a more comprehensive and a more specialized knowledge of his particular field.

Adult training

397. The observations and illustrations in last year's Report²⁾ concerning the extension of training activities and the development of new training programmes still hold good; it is therefore proposed simply to add a few notes serving to confirm that the focus has shifted to adult training — introductory, follow-up, refresher and advanced — and to highlight a number of recent achievements in this connection.

The extension of training activities is a consequence of the necessary adjustment between supply and demand in the labour market at a time of full employment; it has been undertaken in response to the need to adapt personnel skills to the new equipment and production processes now being used, and to introduce new modes of communication and new administrative and management methods.

¹⁾ See *Eleventh General Report*, Nos. 461-464.

It is being found necessary to intensify and diversify training arrangements for all types and grades of personnel.

New entrants

398. The 1963 recruitment figures recorded in the preceding Section¹⁾ are in themselves sufficiently indicative of the increased attention which is having to be given to the initiation and training of new entrants.

Both in the mines and in the iron and steel industry, most of the men recruited from outside the sector concerned had to be given accelerated introductory training, while those coming from another enterprise in the same sector usually received change-over training of varying thoroughness.

Workers already on the books

399. In the coalmining industry more and more workers are being given additional instruction designed, in line with developments in mining techniques, either to maintain and improve the competence of the personnel generally or to retrain hewers for jobs on the electrical and mechanical side below ground. Short training courses of this kind are being widely organized in most of the Community coalfields.

Similar action is being taken in the iron and steel industry, both for process workers and for maintenance and repair personnel. In Germany, for example, the number of workers already employed who underwent further training totalled 6,126 in 1958, 11,560 in 1960 and 18,261 in 1962, which is getting on for a doubling every two years.

Supervisory and management personnel

400. Increased attention is now being given to scientific and technical instruction and to leadership training. This change in emphasis is apparent not only in the training schemes themselves, but in the whole training set-up.

Steps were recently taken in France and in the Ruhr to remodel training arrangements for colliery under-officials and middle-management personnel. In France the aim is to train in a series of stages for

¹⁾ See Nos. 367 and 369 above.

successive grades. In the Ruhr, the Ingenieurschule für Bergwesen at Bochum, which opened in October 1963, represents a new departure in the training of senior under-officials and middle-management personnel: it takes young men with a secondary and/or technical technical education and at least two years' practical experience at a colliery, to whom it gives three years' full-time tuition. Under-officials, however, are still trained by the traditional method of theory instruction at *Bergschulen* alternating with practical work at collieries.

The training of colliery supervisory staff is becoming more and more diversified: in some coalfields courses are provided not only for supervisory officials on the production and the mechanical and electrical sides, but also in such new specialities as thermodynamics, control engineering, telecommunications, chemical processing, etc.

In the iron and steel industry, most enterprises give systematic in-works training for supervisors; this is likely to be further expanded during the next few years.

Follow-up and advanced training for supervisory and management personnel in all three industries continues to progress: it is coming more and more to cover all aspects affecting these grades, including new techniques, communications, leadership, management, accident prevention, languages and a variety of other matters.

Over and above the various national-level measures adopted, mention should be made of the first European-level innovations, the European Industrial College at Boulogne-Billancourt and the European Institute of Business Management at Fontainebleau, which aim at training technical, supervisory and managerial personnel on "European" lines. Another development has been the establishment of a European Association of Management Training Centres, which already has a membership of some 25 centres and institutes.

Personnel exchanges

401. Training is also being furthered by exchanges of colliery and steel-works personnel at several levels, which at the same time help to inculcate a more international outlook and to pave the way for a broader human fellowship. This,

- (1) since 1955, more than 1,500 young German and French miners have taken part in holiday exchanges between collieries in the Ruhr and the Nord/Pas-de-Calais;

- (2) there have been regular exchanges of instructors and trainees from colliery and steelworks supervisor training colleges in Germany, France and the Netherlands.

Such exchanges are not always purely intra-Community:

- (3) exchange programmes of varying lengths have been arranged for officials from German, British and French collieries;
- (4) exchange programmes between Britain and some of the Community countries have enabled over 3,000 supervisors in the iron and steel industries (more than 250 in 1963 alone) to work for periods in enterprises outside their own countries;
- (5) seminars for junior management trainees are periodically organized jointly by the British Iron and Steel Federation and the Wirtschaftsvereinigung Eisen- und Stahlindustrie in London and Düsseldorf.

Section 3: Readaptation of Workers

402. In accordance with the wish of the European Parliament's Social Affairs Committee, it is here proposed, before describing the High Authority's readaptation activities during the period under review,

- (a) to recapitulate the main features of the readaptation arrangements;
- (b) to give some particulars concerning the re-employment of the workers so assisted.

The readaptation arrangements

403. In each member country where readaptation assistance is being given, the High Authority and the Government of the country offer aid in three forms, a tide-over allowance, a differential allowance and a resettlement grant.

The first two are both temporary wage compensations: for a specified period the worker receives an allowance, in some cases fixed and in some on a descending scale, representing a given percentage of the wage he was earning before his discharge. The *tide-over allowance*, as its name implies, is designed to carry him through such time as must elapse before he finds another job he is qualified to do or while he is

retraining for a different one offering prospects of employment. The *differential allowance* is intended to help him if he takes a job which is initially less well paid than his previous one: it is so called because it makes up part of the difference between the two.

The *resettlement grant* is paid, as a single lump sum, to workers who are obliged to move house in order to take a new job: its purpose is to defray expenses incurred in settling elsewhere (over and above dependants' travel expenses and furniture removal costs, which are refunded).

404. The arrangements are not precisely the same all over the Community.

There are some differences both in the rate of the two allowances and in the length of time for which they are payable, and also in the amount of the resettlement grant. For example, the period for which the worker is entitled to a tide-over or differential allowance varies from one to two years according to the country or part of the country concerned.

There have also been cases in which the High Authority and the Government have decided, in view of regional circumstances or of the age of the men in question, either to substitute for the tide-over allowance a lump sum which the worker can use to set up on his own, or to offer miners a severance payment equal to 3-6 months' wages, according to years of service, plus one-tenth of the man's monthly wage per year of service below ground.

Two further forms of assistance are given in some countries but not in others:

- (a) reimbursement of daily travel expenses incurred in consequence of taking a new job some distance from the worker's home;
- (b) a separation allowance for workers taking a new job which means that they cannot return home daily, and so involves them in additional expense.

405. These differences from country to country, and even from one part of a country to another, have grown up as a result of the High Authority's own wish to make the arrangements as flexible as possible: were it not for their flexibility they would be considerably less effective.

Thanks to the range of possibilities established (and steadily improved in the light of practical experience now going back ten years¹⁾), workers can count on securing new employment within a reasonable space of time, and remain entitled to select their job with due regard for their occupational skills, physical fitness and family circumstances.

This diversified system of assistance not only enables account to be taken of the special features of as many individual cases as possible, but also allows of adjustment to any special features of such national or regional schemes as may also have been organized for this purpose. The readaptation facilities granted take due account of each country's social legislation, its economic situation and the state of the labour market there. In particular, the High Authority and the Government concerned make a point of extending over a longer period their assistance to workers in countries or areas where employment prospects are poor and the men therefore need more time in which to obtain new jobs. Thus, whereas in the rest of France the tide-over and differential allowances are payable for one year, in the Centre/Midi coalfield they continue for two years,²⁾ since in this region it is proving exceptionally difficult to find alternative employment for ex-miners.

It must also be borne in mind, as regards the differences in the readaptation arrangements, that, except in special cases, half the cost of readaptation assistance has to be borne by the Government of the country concerned, and that in practice only the Government is equipped to carry out and supervise the operations. The nature, scale and form of the assistance given in each country have therefore necessarily to be negotiated between the High Authority and the Government of the country in question.

406. It should be added that in all the Community countries the High Authority pays one-half of the overheads (salaries and social-security contributions for the teaching staffs, rent of premises, equipment, materials, etc.) of occupational retraining centres working in connection with readaptation operations.

Retraining is frequently provided prior to discharge: in this way the men can be retrained specifically with an eye to the requirements of a particular enterprise, and so be sure of immediate re-employment.

¹⁾ The first readaptation operation to which the High Authority contributed, under Section 23 of the Convention containing the Transitional Provisions, began in 1954.

²⁾ For particulars of the special measures adopted for the Centre/Midi following the pit strike at Decazeville, see *Eleventh General Report*, Nos. 479-483.

An account will be found in the Section following of how the readaptation arrangements tie in with the High Authority's policy on industrial redevelopment;¹⁾ we also describe on a later page how portions of the High Authority-sponsored housing schemes are being used to assist the completion of various readaptation operations, thus constituting an additional readaptation facility.²⁾

Re-employment of recipients of readaptation assistance

407. The High Authority is endeavouring, by writing to the quarters in charge of readaptation operations in each country, and by sending members of its staff to tour the localities where these are in progress, to ascertain what has become of the individual workers assisted.

However, either the national labour authorities do not keep regular statistical records concerning the industries and occupations into which the men have been absorbed, or such data as they can draw on to compile statistics on the subject are incomplete: at all events, they are unable to state the present whereabouts of all the workers laid off in consequence of shutdowns. To take a recent example, in one Community coalfield more than 25% of the miners discharged during the summer of 1963 following two pit closures failed to register at the local employment office, even though the latter had set up an information bureau at the colliery and had urged the men to go there before actually leaving. Each miner was subsequently pressed, individually, several times to register at the employment office, but the response was negligible.

While the regional and local employment authorities can trace workers for whom they have helped to find jobs, they have no reliable information concerning those who have never reported to them.

That so many workers do not apply to the employment offices is due to the favourable state of the labour market, and more particularly to the fact that they very frequently either succeed in finding new jobs for themselves or are found them by their employer, whether in another of his own pits or plants or by agreement with a neighbouring employer.

Employers are tending more and more, before laying off workers, to try to arrange for them to be signed on in another unit of the same company or at an enterprise in the neighbourhood. The firms announce impending discharges, and the men concerned are offered work at other enterprises round about before their notice expires. This advance plan-

¹⁾ See Nos. 413 ff. below.

²⁾ See Nos. 466 ff. below.

ning and prospecting, based on the now widely accepted recognition that enterprises have a responsibility towards their workers, is one of the benefits resulting from the readaptation policy which the High Authority and the Governments are conducting in implementation of the Treaty of Paris.

408. For the reasons just listed, it is not possible to indicate exactly the industries and occupation in which the workers assisted are now employed. An idea can, however, be given of the general rate at which readaptation has been proceeding.

By and large, workers laid off from the E.C.S.C. industries have been and are being speedily reabsorbed, owing to the manpower shortage from which the Community has been suffering for the past few years. Some difficulty is being experienced, however, in findings jobs for elderly and for physically-handicapped workers.

409. In Germany and Belgium, most of the coalminers discharged have been taken on at other collieries.

In Germany, the coalmining industry is so short of personnel that a large number of the men discharged from pits which have had to close have been able to continue in the same occupation. In the Saar, 90% of the miners granted assistance under Article 56 on whom information is available transferred to other pits, and in the Ruhr 60%.¹⁾

In Belgium, 80% of the miners discharged in 1963 on whom information is available are now working at other collieries in the same coalfield;¹⁾ those still out of work are practically all either over sixty or suffering from serious physical disabilities.

In France, some of the miners laid off in consequence of the phased closure programme in the Centre/Midi coalfield are going to other pits in the area, but the majority of new jobs taken are in the redevelopment industries which have been attracted there: at Decazeville, for example, some 400 former miners are employed in these new enterprises. A large-scale occupational-retraining drive is in progress in the Centre/Midi.

410. As regards the iron-ore mines, the position has not improved in Germany, and has worsened in France. Moreover, in both countries the effects of the industry's sales difficulties are spreading: for the first

¹⁾ It must be emphasized that these percentages relate not to the whole number of workers granted assistance under Article 56, but only to the whole number of those whose movements the national employment authorities have been able to trace (see No. 407 above).

time, mines have now had or will have to be closed in Southern Germany, while, also for the first time, the French Government has been obliged to ask for High Authority assistance on behalf of workers discharged or scheduled to be discharged following a series of closures and production cutbacks in the Lorraine orefield.

The readaptation of iron-ore miners is frequently in effect pretty well a matter for area redevelopment.

In Germany, most of the iron-ore miners who have lost their jobs up to now have been absorbed into the iron and steel, metalworking and building industries, but the discharges still to come will necessitate active measures on a considerable scale.

In France, it is sometimes proving impossible to find alternative employment on the spot for men laid off from the small mines in the Western and Pyrenean orefields because there exist few other industries in those areas, and in Lorraine also, unless a redevelopment programme is launched, not all the miners faced with redundancy will be able to secure new jobs within the region, as those discharged up to now have succeeded in doing (mainly in the iron and steel industry).

Readaptation operations

411. By the terms of Decisions taken between February 1, 1963, and January 31, 1964, a total of \$4,328,000 was made available for readaptation assistance to 23,661 workers.

As in 1962, the Decisions related to three member countries, Germany, Belgium and France, and to all three E.C.S.C. industries. There was, however, a noticeable decrease in those concerning the coalmining industry in both Belgium and France: in the former, where the rate of closures is slowing down, assistance was granted to the workers of only one company, which closed two pits, while in the latter, where earlier readaptation operations for coalminers are still in progress, attention was concentrated rather on assistance for men laid off from the iron-ore mines.

91% of the workers given or to be given assistance under these Decisions are from the industries in Germany, 4% from those in Belgium and 5% from those in France; of the 23,661 workers concerned, 83% are from the coalmining industry, 13% from the iron-ore mines and 4%

from the iron and steel industry. In consequence of the reconstruction of the German coalmining industry, the bulk of the readaptation assistance provided is, as before, going to colliery workers.

TABLE 66

High Authority readaptation assistance under Article 56,
February 1, 1963-January 31, 1964

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.)	18,588	3,364	2,083	300	928	94	21,599	3,758
Belgium	933	80	—	—	—	—	933	80
France	72	33	1,057	457	—	—	1,129	490
Community	19,593	3,477	3,140	757	928	94	23,661	4,328

412. The following are the corresponding figures since Article 56,2 came into force.

TABLE 67

High Authority readaptation assistance under Article 56,2,
March 29, 1960-January 31, 1964

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.)	35,407	7,420	5,770	966	2,984	353	44,161	8,739
Belgium	11,943	2,231	—	—	135	85	12,078	2,316
France	4,527	2,878	1,904	819	1,642	485	8,073	4,182
Community	51,877	12,529	7,674	1,785	4,761	923	64,312	15,237

The effects of the implementation of Article 56 can be seen if we compare it with the use made of Section 23 of the Convention containing the transitional Provisions.

In late 1959 and early 1960, as the expiry of Section 23 approached, the Governments submitted a long series of applications, some of them in respect of closures not scheduled to take place for quite a considerable time. Between 1954 and 1958, readaptation assistance approved by the High Authority had averaged some \$2,940,000 a year, for about 6,600 men a year. The figures for the years since Article 56 became applicable are as follows:

Period	No. of workers	Amount (\$ '000)
March 29, 1960-January 31, 1961	2,347	595
February 1, 1961-January 31, 1962	12,084	3,221
February 1, 1962-January 31, 1963	26,220	7,093
February 1, 1963-January 31, 1964	23,661	4,328

Section 4: Reconversion and Redevelopment

413. An outline has been given in the introduction to this Chapter¹⁾ of the lessons the High Authority is now able to draw from the implementation of its industrial redevelopment policy, more especially as regards the close links between redevelopment and readaptation.

Practical improvements have been made in the preparation of redevelopment operations. The dividing-line between the High Authority's study and field activities is becoming less distinct, with the studies leading on more directly to the actual operations. As firms are shedding their reluctance to announce projected closures or draw attention to potential difficulties in good time, it is now possible to draw up the redevelopment programmes well ahead, on the basis of the studies.

Another fact of note has been the emergence of new local committees which should play a substantial part in area redevelopment.

¹⁾ See Nos. 356-358 above.

The studies conducted at Montceau-les-Mines and Piombino have resulted in the establishment of such committees, comprising representatives of the authorities and of the organizations concerned with the improvement of economic and social conditions.

In addition, co-operation among the European Institutions has been intensified, going on from consultation — for which purpose the joint Working Party on the Industrial Redevelopment of Mining Areas¹⁾ was set up, — to practical action. Thus the High Authority and the E.E.C. Commission have between them assumed part of the cost of two studies, one concerning the southern portion of the Belgian province of Luxembourg and northern Lorraine, and the other the region between Bari and Taranto.

414. At the end of the period under review, five of the eight redevelopment schemes assisted by the High Authority by means of loans or guarantees in the last few years had been completed, as had a number of studies carried out with the aid of earlier High Authority contributions. The High Authority has also decided to help with the financing of several further studies, while various applications for its assistance in respect of redevelopment operations or studies are under examination.

GENERAL ACTIVITIES

415. We first briefly touch on the High Authority's general activities through its Expert Committee on Industrial Redevelopment, (a) with regard to the study of new production lines, and (b) in connection with information.²⁾

416. The Expert Committee is very successfully fulfilling its function of (1) maintaining regular liaison between the High Authority on the one hand and the official bodies and other circles dealing with redevelopment in the individual countries on the other;

¹⁾ The joint Working Party set up in 1960 by the High Authority, the E.E.C. Commission and the European Investment Bank enables the responsible departments of the three Institutions to examine together the redevelopment programmes for which the Governments seek European-level financial aid: it studies the technical, economic and social aspects of these and the methods by which they can be assisted without distorting conditions of competition. The High Authority is also represented on three study groups which the E.E.C. Commission has established to examine certain problems discussed at the Conference on Regional Economies.

²⁾ See *Eleventh General Report*, Nos. 489-491.

- (2) issuing appraisals and advice concerning the operations;
- (3) carrying out investigations for the compilation of detailed reports on the problems involved in the various redevelopment operations.

Its projected report on the socio-economic structure of the mining and steel-producing areas is designed to save time for the promoters of redevelopment schemes, who have to base these on accurate knowledge of the situation and trends in the area concerned, by making it unnecessary for them to effect a special study in each particular case.

Its report on area development and redevelopment organizations will list the bodies existing for this purpose in the different countries, examine their functioning and efficiency, and indicate the arrangements to be encouraged.

Its report on industrial estates will suggest scientific approaches to be adopted with regard to location, infrastructure, relations with the surrounding region, and so on.

Its report on industrial building as an aspect of area development policy will describe the latest advances in building techniques. Thanks to recent progress in prefabrication, the erection of factory premises before it is known what type of firm is to occupy them — a system which has in the past sometimes proved a disappointment — is having to be reconsidered: such premises can now be quickly adapted, both in size and in layout, to meet the needs of a particular enterprise at very much lower cost than was possible a few years ago.

Study on new production lines

417. The object of this study, as was described in last years' Report,¹⁾ is to contribute to the economic and social success of particularly difficult redevelopment operations by helping to channel new industrial ventures towards types of production having good prospects of expansion. It is intended to reduce the uncertainties and risks of error involved in redevelopment projects.

The study deals with new products which might suitably be manufactured by small and medium-size enterprises setting up in the areas now in difficulties. For each product sufficiently full information is to be assembled to enable the prospective investor to have all the facts at his fingertips before taking his decision.

¹⁾ See *Eleventh General Report*, Nos. 502-507.

The selection of the products concerned has now been completed; a start will shortly be made on the practical studies (more detailed market studies, analyses of the industrial structure, and in particular estimates of the capital costs involved in given cases) to be conducted at the request of the enterprises interested.

A study on various stainless-steel products¹⁾ is to be published early in 1964.²⁾

General information

418. A new and thoroughly revised edition was published, in the four Community languages and English, of the digest *Legal and Financial Arrangements to Facilitate the Establishment of New Economic Activities in the Member States and Britain*,³⁾ bringing up to date the previous edition of 1960. Future editions will contain a section on American legislation concerning area development and industrial redevelopment.

The third and fourth of the four volumes containing the papers discussed at the Intergovernmental Conference of 1960 on the industrial redevelopment of areas affected by pit closures⁴⁾ also appeared.⁵⁾

On March 18 and 19, 1963, a congress was held in Luxembourg of the mayors or other representatives of over 150 mining and steel towns in the Community. They were given a full account of the various means of action at the High Authority's disposal — readaptation assistance, substantial financial contributions for the carrying-out of redevelopment studies and operations, and in connection with occupational training and housing — for helping to deal with the economic and social problems of readaptation and area development and redevelopment.

¹⁾ See *Tenth General Report*, No. 538.

²⁾ *Possibilités de Développement d'Activités dans le Domaine de la Chaudronnerie en Acier Inoxydable*.

³⁾ See *Ninth General Report*, No. 445.

⁴⁾ *Ibid.*, Nos. 444-448; for the first and second volumes, see *Tenth General Report*, No. 526.

⁵⁾ Published in the series *Economie et Politique Régionales*; I. *La Conversion Industrielle en Europe*, III. *Le Financement des Investissements et les Aspects Sociaux de la Reconversion*: IV. *La Conduite sur Place des Opérations de Conversion Industrielle* (Luxembourg, 1963).

AREA DEVELOPMENT
AND REDEVELOPMENT STUDIES AND OPERATIONS

Germany (Federal Republic)

419. At the request of the Federal Government, the High Authority is part-financing a study on problems arising out of the economic and social structure of the Saar.

These are mainly due to the difficulties of the coalmining and iron and steel industries, which between them employ about half the labour force and account for about half the turnover of all industry in the Saar. The establishment of new industries would help both to reduce the Saar's economic vulnerability and to improve the prospects for dealing with the structural crisis in the coal and steel sector.

The study will set forth a number of objectives calculated to resolve the problems currently presented by the economic structure of the Saar and counter those liable to arise in the future, and will suggest ways and means of achieving these.

Belgium¹⁾

Studies

420. The High Authority in 1963 issued its combined summary report on the Charleroi, Centre and Borinage areas,²⁾ of which the Belgian³⁾ Government duly availed itself in drawing up its action programme for the two latter.

A supplementary study has also been prepared for potential investors, listing and describing disused mining sites which could be made over for the establishment of new enterprises.

A third study is in progress in the Centre and Borinage, concerning optimum location of new housing having regard to the establishment of new activities (including in particular industrial estates already prepared or planned), to the position of the new arteries of communication, and to present availabilities of real estate. The findings should help to ensure

¹⁾ See also No. 424 below.

²⁾ See *Tenth General Report*, No. 537, and *Eleventh General Report*, No. 499.

³⁾ Published in the series *Economie et Politique Régionales*; 2. *Programmes de Développement et de Conversion*, I. *Etude du Développement Economique des Régions de Charleroi, du Centre et du Borinage* (Luxembourg, 1962).

that the question of housing, so all-important for the industrial reconstruction of any area, is not dealt with piecemeal and haphazard; the High Authority intends, in particular, to be guided by them in allocating its assistance for the building of workers' houses.

Operations

421. In the Liège area, one of the redevelopment operations for which the High Authority has lent funds has been completed, while the other, which is in the hands of the Liège Société Provinciale d'Industrialisation, has already produced practical results.

The Phenix Works' new galvanization plant¹⁾ came into production in July 1963.

The Société Provinciale's programme²⁾ is a large-scale and complex affair which will take some years to carry out in full. Sites and premises purchased by the Société in the communes of Herve and Battice have, however, been made over to two enterprises, the first of which (manufacturing television sets and transistor radios) started production in March 1962, and the second (making sporting cartridges) at the beginning of 1963.

The preparation of the Hauts Sarts industrial estate has been somewhat held up owing to the time taken over the compulsory land purchases involved. However, work has been going ahead for some months on the construction of roads and sewerage and the installation of water, gas and electricity networks. The Société Provinciale has meantime negotiated the establishment of several enterprises, one of which, Englebert S.A., will employ some 1,500 people.

The Société has decided to postpone launching the third leg of its programme, concerning the utilization of disused colliery sites.

In the Borinage installations being built by the Société Aleurope³⁾ and the Société Pirelli-Sacic⁴⁾ on the Ghlin-Baudour industrial estate, in respect of which the High Authority granted financial assistance in 1962, are now almost completed; the two companies are meantime providing occupational training for the personnel they are to employ, a number of whom are redundant miners from pits which have closed. The Aleurope plant is to come into production halfway through 1964.

¹⁾ See *Tenth General Report*, No. 531.

²⁾ *Ibid.*, No. 532.

³⁾ See *Tenth General Report* No. 533 and *Eleventh General Report*, No. 493.

⁴⁾ See *Eleventh General Report*, No. 494.

*France*¹⁾

Studies

422. The study on the future development of the Montceau-les-Mines area,²⁾ which had been submitted to the national and regional authorities in June, was published in December 1963.³⁾

One of the findings is to the effect that the industrialization problem which will confront the Blanzly coalfield in a few years' time will need to be tackled in the context of the whole population block of 200,000 formed by the agglomerations of Montceau-les-Mines, Le Creusot and Chalon-sur-Saône. As a result of this conclusion, two steps have been taken:

- (a) the French Government has applied for High Authority financial assistance to enable the Montceau-les-Mines study to be extended to comprise the other two localities;
- (b) the Departmental Economic Expansion Committee of Saône-et-Loire has decided to set up an action committee to organize and supervise the new studies and subsequent redevelopment operations in the Montceau-Le Creusot-Chalon triangle.

The study on Montceau-les-Mines thus led direct to the establishment of the action committee, which held its first meeting in Luxembourg on December 13, 1963.

An account was given in last year's Report⁴⁾ of the background to the forthcoming reconversion of the steel plant at Le Boucau. Although the preparatory studies were in this case not begun as early as those concerning Montceau-les-Mines, the High Authority can record with satisfaction that they were undertaken in good time: while the closure itself is only scheduled to take place during 1964, the studies are practically finished and the preliminary findings of some of them have already provided prospective investors with useful information. A *dossier de site*, a brochure on the geographical, economic and social situation of the area, has been published to help attract industrialists.

¹⁾ See also No. 424 below.

²⁾ See *Tenth General Report*, No. 538.

³⁾ Published in the series *Economie et Politique Régionales; 2. Programmes de Développement et de Conversion, IV. Développement Industriel de la Région de Montceau-les-Mines* (Luxembourg, 1963).

⁴⁾ See *Eleventh General Report*, No. 500.

On July 15, 1963, the French Government asked the High Authority to part-finance a study project on the redevelopment potential of the Decazeville area, with special reference to

- (a) the conditions and outlook regarding economic activity;
- (b) the industries whose installation or expansion would offer productive re-employment for discharged miners;
- (c) the position of enterprises recently set up.

The High Authority agreed promptly, and the studies are now in hand.

The High Authority further decided to part-finance a programme of studies on Lorraine in connection with the economic and social problems of the iron-ore mines, to help serve as a basis for the establishment of new activities. The studies will in particular

- (a) analyse employment prospects up to 1970;
- (b) endeavour to determine which industrial activities might suitably be started in Lorraine;
- (c) pinpoint appropriate locations;
- (d) list the public works and equipment schemes which will need to be undertaken in order to attract new enterprises.

Operations

423. All three redevelopment operations which the High Authority has been assisting are now completed:

- (a) in the Nord/Pas-de-Calais, the Société Benot,¹⁾ which manufactures building and construction machinery, opened its plant in Béthune after moving from the Paris area;
- (b) in Auvergne, the Société Alumétal's²⁾ new works, producing metal structural units and stainless-steel containers, is now employing about 100 miners who lost their jobs as a result of the closure of the small colliery at Champagnac;
- (c) also in Auvergne, the Société Esba's seamless-stocking factory,³⁾ all of whose male workers (about 100) are ex-miners from St. Eloy-les-Mines, opened on October 21, 1963.

¹⁾ See *Tenth General Report*, No. 535.

²⁾ See *Tenth General Report* No. 534.

³⁾ See *Eleventh General Report*, Nos. 495-496.

Belgium|France¹⁾

424. The High Authority helped to finance and organize the E.E.C. Commission's study on the southern part of Belgian Luxembourg and northern Lorraine, and to formulate the Recommendation thereupon sent to the Belgian and French Governments.²⁾

This is worthy of note as an instance both of inter-Executive co-operation and of the treatment, for the first time, of two areas in different countries as forming in effect one. It may be said to pave the way for Community-level area development and redevelopment activities, and for inter-regional integration based, irrespective of political frontiers, on economic and human interpretation and on mutually complementary resources, including more especially manpower availabilities.

Italy

Studies

425. Two studies have been published, the first on the iron and steel enterprises of the provinces of Brescia and Udine,³⁾ and the second, the aims of which were indicated in the 1962 Report,⁴⁾ on the Piombino area.⁵⁾

On September 17, 1963, the findings of the Piombino study were submitted to representatives of the various regional interests concerned (the local Chamber of Commerce, the iron and steel industry, the trade unions, etc.) at a round table organized by the High Authority, with the Italian Minister of Industry in the Chair. A regional development committee was thereupon set up to deal with the questions of infrastructure and selection of suitable industries entailed by the development of Piombino, and to arrange for any further studies which may be required. The committee held its first meeting on November 25.

The study on Umbria referred to in last year's Report⁶⁾ is well on the way to completion: the points not yet settled are, firstly, what

¹⁾ See also Nos. 420-421 above (Belgium) and Nos. 422-423 above (France).

²⁾ See *Journal Officiel des Communautés* No. 97/1963.

³⁾ Published in the series *Economie et Politique Régionales; 2. Programmes de Développement et de Conversion, II. Etude de la Situation Economique et de l'Emploi des Entreprises de l'Industrie Siderurgique des Provinces de Brescia et d'Udine* (Luxembourg, 1963).

⁴⁾ See *Tenth General Report*, No. 539.

⁵⁾ Published in the series *Economie et Politique Régionales; 2. Programmes de Développement et de Conversion, II. Etude sur la Zone de Piombino* (Luxembourg, 1963).

⁶⁾ See *Eleventh General Report*, No. 501.

new industries would be best calculated to absorb the production of the Terni steel plant, and secondly, what scope the regional structure offers for industrial diversification.

The High Authority in 1963 decided to part-finance two further studies, one on the redevelopment of Sardinia and the other on the creation of a focal point for industrial development in southern Italy: both studies are now in hand.

The High Authority regards the assistance it is furnishing for the redevelopment of Sardinia as the logical continuation of its readaptation activities between 1955 and 1960 on behalf of the miners of the Sulcis coalfield. Apart from those who have migrated to the Italian mainland or abroad, many of the men who received readaptation allowances are still eking out an underemployed existence in the small-business and agricultural sectors of the island; by facilitating the establishment of new industries which will afford them productive re-employment, the High Authority is doing its part to ensure that the original readaptation assistance does in fact fulfil the purpose for which it was granted.

The study on the provinces of Bari and Taranto is an E.E.C. Commission project, and like the study on the southern part of Belgian Luxembourg and northern Lorraine just referred to¹⁾ an instance of the High Authority's and the Commission's anxiety to act in concert in tackling problems of concern to them both. With a major industrial belt coming into being in southern Italy,²⁾ the closest attention needs to be given to the multitude of side-effects the operation of the new steel plants is bound to have on the whole area, taking due account of the fact that the changing local background will in its turn certainly have an appreciable influence on the future prospects of the iron and steel industry there. In particular, the recruitment, training and social integration of the workers will have to be carefully prepared.

Operations

426. The High Authority some time ago guaranteed a loan raised by an iron and steel enterprise in the Genoa area, the Società Ferriere di Cogoleto, in order to build a plant which could take on workers discharged by the Società Metallurgica di Sestri.

The Cogoleto plant is now employing some sixty men.

¹⁾ See No. 424 above.

²⁾ Both the High Authority and the European Investment Bank have granted loans to promote the expansion of the iron and steel industry in southern Italy.

Section 5: Implementation of Article 69 of the Treaty

First stage

427. On December 8, 1954, the E.C.S.C. Special Council of Ministers adopted a Decision concerning the implementation of Article 69.

The Decision, which came into force on September 1, 1957, instituted an E.C.S.C. Labour Card, and laid down the requirements a Community national must satisfy in order to obtain it.

The E.C.S.C. Labour Card entitles its holder to take up employment offered through an employment office or direct from a mine or iron and steel works in a Community country other than his own, in a scheduled occupation in the sector for which his card was issued, without risk of any difficulties under that country's regulations concerning recruitment and employment of foreign labour. Only Community nationals "of recognized qualifications in the coalmining¹⁾ 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 jobs or trades listed in the schedule annexed to the Council's Decision.²⁾

The scheduled occupations are 56 in number, 29 in the extractive industries and 27 in the iron and steel industry.

Second schedule of occupations

Procedure

428. The Decision of December 8, 1954, provides that the Special Council of Ministers may meet, at the proposal of the High Authority and two or more member Governments, to draw up further schedules of recognized occupations entitling those engaged in them to an E.C.S.C. Labour Card, and hence to unrestricted employment in the coalmining, iron-ore or iron and steel industry in any part of the Community.

¹⁾ By extension, this term also covers the iron-ore industry.

²⁾ Applicants who have received systematic training for one of the scheduled occupations must have followed that occupation or another scheduled occupation for not less than one year during the three years prior to their application. Applicants who have received only practical training must have worked for not less than two years in the coalmining or the iron and steel industry, plus or including one year in a scheduled occupation; the latter year must fall within the three years prior to their application.

In accordance with this provision, the High Authority, in agreement with the Italian and Luxembourg Governments, in 1959 requested the Governments of the Community to join in studying whether the time had come to draw up a new schedule, and if so, what action might be taken to do so.

The successive procedural stages are described in previous General Reports¹): we therefore here merely recall that on May 16, 1961, the Special Council embodied without amendment into a Decision supplementing the original 1954 Decision the draft second schedule submitted by the High Authority, which had been drawn up, with High Authority assistance, by an Intergovernmental Commission presided over by a Member of the High Authority and comprising employers' and workers' representatives in each of its national delegations.

Entry into force

429. By the middle of 1963, all the Governments had officially notified the Secretariat of the Council that the Decision of May 16, 1961, was now applicable under their respective municipal legislations. The text of the Decision was then published, on June 15, in the *Official Gazette of the Communities*;²) and came into force twenty days later, *i.e.* on July 5.

The second schedule so promulgated lists 118 occupations, 18 pertaining to the extractive industries (coal and iron ore), 87 to the iron and steel industry, and 13 to both (ore preparation and coking).

Practical implications of Article 69

430. Generally speaking, freedom to move from place is not a right which workers are especially keen to claim. Practically the only response is from those who leave home in search either of higher wages or of actual employment which they have failed to secure on the spot. Skilled workers and craftsmen in the mining and iron and steel industries, who have little difficulty in finding jobs in their own areas and feel they earn pretty well as much there as they would do elsewhere, have not the slightest desire to make the effort of uprooting themselves.

¹) See *Ninth General Report*, Nos. 430-431; *Tenth General Report*, Nos. 514-516; *Eleventh General Report*, No. 457.

²) See *Journal Officiel des Communautés*, No. 89/1963.

Moreover, of those workers of "recognized qualifications" in the industries concerned who, for one reason or another, have left their own countries, a substantial number have obtained their jobs by bilateral agreements, and though entitled to an E.C.S.C. Labour Card have not troubled to apply for one.

Those living in frontier areas, where there are already all kinds of arrangements to facilitate regular crossings by workers to and from their place of employment, similarly find it unnecessary to obtain E.C.S.C. cards in order to become cross-frontier commuters.

Again, Benelux nationals find the card useful only if they are planning to take jobs in Germany or France, as a labour permit is in any case not needed for a citizen of one Benelux country seeking employment in either of the other two.

For these various reasons, only 4.1% of Community mineworkers employed in Community countries other than their own were card-holders; this figure represents a mere 1.6% of denizen workers overall,¹⁾ and 0.2% of the total labour force of the Community coalmining industry. The practical results of the institution of the labour card have thus been decidedly meagre.

However, even though the measure has had little effect on the mobility of labour, the implications of the steps taken by the High Authority in discharge of its responsibilities under Article 69 should not be underestimated.

431. The only E.C.S.C. workers now not entitled to the benefit of Article 69 are those in occupations either not specific to mining or iron and steel production or not requiring any particular training or initiation (*i.e.* unskilled jobs). Since July 5, 1963, the Article has covered workers in 174 occupations, 47 in the extractive industries (coal and iron ore), 114 in the iron and steel industry, and 13 partly in both sectors (ore preparation and coking): consequently, freedom of movement is now the right of not only all skilled workers in these industries, but also of all specialized personnel.²⁾

Even though the great majority of the men concerned are primarily interested in stability of employment, it is important, as regards the freedom of the individual in its broadest sense, that there is now no obstacle for those who do wish, or may come to wish, to move to another

¹⁾ Nationals of other Community countries and nationals of non-Community countries.

²⁾ The schedules include the occupations followed by technicians, foremen and supervisory and managerial personnel, as categories.

country, and that skilled and specialist personnel in the mining and iron and steel industries are able, several years before the establishment of free movement for all workers on the completion of the E.E.C. transition period, to select the mine or plant in which they wish to work, in whichever part of the Community.

432. The implementation of Article 69 has also had one practical consequence the effects of which are not confined to workers in the E.C.S.C. industries. For it was with an eye to its obligations under this Article that the High Authority took a step which is resulting in substantial improvements in the social-security arrangements for all migrant workers in every industry, and hence helping gradually to eliminate that major impediment to intra-Community mobility of labour, the anxiety of the men concerned not to forfeit various social advantages.

The High Authority's action has led on successively to the conclusion of the Convention on Social Security for Migrant Workers, to the adoption of E.E.C. Regulations Nos. 3 and 4, and to steady improvements, through a joint administrative body, on this first social legislation having binding force throughout the Community.¹⁾

Statistics²⁾

433. Between October 1, 1962, and September 30, 1963, a further 72 E.C.S.C. Labour Cards were issued, in addition to the 1,695 issued prior to this period since the system was first instituted on September 1, 1957.³⁾

The distribution of the new cards by countries of issue was as follows:

Germany (Fed. Rep.)	18
Belgium	31
France	3
Italy	3
Netherlands	17

Over the twelve months to September 30, 1963, the number of cardholders who had obtained jobs in other Community countries, either through an employment office or direct, rose from 423 to 451.

¹⁾ See also No. 438 below.

²⁾ Figures supplied by the employment authorities in the member countries.

³⁾ Date on which the Decision of December 8, 1954, came into force.

434. The following table gives the breakdown by countries and industries of all E.C.S.C. Labour Cards issued up to September 30, 1963.

TABLE 68

E.C.S.C. Labour Cards issued up to September 30, 1963

Country	Mines	Iron and steel industry	Total
Germany (Fed. Rep.)	191	15	206
Belgium	637	6	643
France	23	14	37
Italy	169	80	249
Luxembourg	—	—	—
Netherlands	628	4	632
Community	1,648	119	1,767

Of the 451 cardholders found employment,¹⁾ 435 went to fill vacancies in the coalmining industry (71 in Germany, 355 in Belgium, 9 in France) and 16 in the iron and steel industry (12 in Germany, 4 in France).

Up to September 30, 1963, no cardholder had been offered employment at an iron-ore mine in another Community country.

¹⁾ The difference between the number of cards issued (1,767) and the number of workers engaged after obtaining a card (451) is due to the fact that applicants are not in all cases workers planning subsequently to seek employment outside their own country: on the contrary, they are more often men already so employed who wish to use the card as a labour permit. Incidentally, as the proportion of cards renewed is fairly high, it may be presumed that workers in possession of one regard it as a useful document.

Part Two

LIVING AND WORKING CONDITIONS

Section 1: Wages, Social Security and Terms of Employment

*WORK OF THE HIGH AUTHORITY**Wages*

435. The High Authority has prepared a new study programme in consideration of the opinion¹⁾ expressed by the Consultative Committee on February 28, 1963, in response to the question put to it on the subject of wages,²⁾ to the effect that systematic linking of remuneration to productivity would not be desirable.

The studies will be concerned with the effects of technical and social progress on systems of payment for personnel employed in modern iron and steel plants and in the coalmines: the investigations already being conducted on the steel side in connection with job evaluation and with degrees of mechanization as they affect methods of payment will be conducted, and similar ones begun on the coal side.

In the case of the collieries, the High Authority is anxious to help with the study of a matter which is causing the employers' and workers' representatives some concern: there is as yet no system of evaluating jobs specific to coalmining, and managements and men in several countries are accordingly trying to secure a classification along these lines which will measure up better to present-day operational requirements than the traditional occupational grading.

On January 21 and 28, 1964, the new programme was laid before the two specialist committees.³⁾ The members expressed interest, and assured the High Authority that the employers' and workers' organizations would give every assistance to enable the studies to be completed as soon as possible.

¹⁾ Doc. No. 8644/2/62.

²⁾ See *Eleventh General Report*, No. 511.

³⁾ January 21, Committee on Wages, Social Security and Terms of Employment (Coal); January 28, Committee on Wages, Social Security and Terms of Employment (Steel).

Social Security

436. The High Authority has decided to start discussions at an early date with the Governments and the two sides of industry concerning regular consultation, as urged by the European Conference on Social Security,¹⁾ with regard to the position and outlook as to the special social-insurance schemes for miners.

The comparative study of social-security charges in the collieries and in other industries²⁾ has been completed and submitted to the Governments; and *ad hoc* working party of the Co-ordinating Committee of the Council of Ministers is to consider this document.

Co-operation between the High Authority and the E.E.C. Commission has been further intensified, various deficiencies being remedied and duplications eliminated.

Publications

437. The High Authority has issued a new edition, revised to January 1, 1963, of its tables concerning miners' social-insurance schemes;³⁾ these are supplementary to the E.E.C. Commission's tables on general insurance systems.

The High Authority also brought out a report on the British social-security system and the systems in the Community countries,⁴⁾ describing and comparing their special structural features and their mode of organization as regards both contributions and benefits. This has already been subjected to a preliminary examination by the Consultative Committee's sub-committee on labour problems; it has also been adopted by the Coal Committee of the Council of Association as a working paper for the study the Committee has been asked to make on social-security systems and their financing.

¹⁾ See *Eleventh General Report*, Nos. 514-518.

²⁾ See *Ninth General Report*, No. 455, and *Tenth General Report*, No. 566.

³⁾ *Tableaux Comparatifs "Les Régimes de Sécurité Sociale applicables dans les Etats Membres des Communautés Européennes"* (au 1^{er} janvier 1963); 2. *Régime Minier*, Publications Department of the European Communities, Doc. No. 9751/2/63/1.

⁴⁾ *Rapport sur la Comparaison du Système Britannique de Sécurité Sociale avec les Systèmes des Pays de la Communauté*, Publications Department of the European Communities, Doc. 9865/2/63/1.

Social security for migrant workers

438. As indicated in last year's Report,¹⁾ the E.E.C. Commission, supported by the High Authority, proposed to the Council of Ministers that a member of each of the four European secretariats of the employers' and workers' organizations should sit in with the Administrative Committee on Social Security for Migrant Workers in a consultative capacity.²⁾ The Council rejected the proposal, but authorized the Commission to convene joint meetings of the Administrative Committee and the employers' and workers' representatives. The first such meeting was held in Luxembourg in October 1963.

The Committee's working party on the coalmining industry, set up at the High Authority's suggestion, in 1963 listed some 160 provisions from bilateral agreements relating to miners which should be struck out of the annexes to Regulations Nos. 3 and 4, some of them merely duplicating the text of the Regulations and others working out to the social disadvantage of the men concerned as compared with the Regulations themselves.

The working party's report also contains a number of proposals for overcoming the difficulties which have arisen in the implementation of the Regulations.

Its findings, if approved, will be embodied either in decisions of the Administrative Committee or in amending Regulations of the E.E.C. Council.

Terms of employment

Joint Committee on Harmonization of Terms of Employment (Coal)

439. Following contacts with the employers' and workers' organizations, the High Authority on October 1, 3 and 4, 1963, convened meetings of the Government, the employers' and the workers' representatives

¹⁾ See *Eleventh General Report*, No. 513.

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 (made up of Government delegates plus a High Authority and an E.E.C. Commission representative, with technical assistance from I.L.O.) has a long and exacting assignment, being 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.

respectively, at which it put forward the fresh proposals it felt should prevail upon the Joint Committee to discuss the institution of a European Miners' Charter. However, no appreciable change resulted in the opposing standpoints described in last year's Report.¹⁾

The High Authority then drew up a memorandum²⁾ for the European Parliament, setting forth the views of the different parties, recapitulating its own steps and suggestions, and emphasizing its willingness to persevere with its efforts. The President of the High Authority, addressing the Parliament on November 26, again stressed that the Miners' Charter remained one of the High Authority's major objectives.

The Joint Committee will shortly be receiving an interim report on the sociological survey concerning the fluctuations in colliery manpower.³⁾

Joint Committee on Harmonization of Terms of Employment (Steel)

440. The Committee met on July 12, 1963, and gave its final endorsement to two studies compiled, one on the continuously-operating services of the iron and steel industry and the other on the social effects of technological changes.⁴⁾

The first study⁵⁾ consists of six parallel reports on the legal and practical position regarding work on Sundays and public holidays in the six countries; the combined summary report which the High Authority is to submit to the Committee is in preparation.

The second study⁶⁾ sets forth the findings of the overall examination constituting the first part of the general survey on the impact of technological changes upon productivity, wages, working hours and employment. With the assistance of the employers' and workers' organizations and of a working party of the Committee, the High Authority's departments are proceeding with the other two parts of the survey, which consist in

¹⁾ See *Eleventh General Report*, Nos. 524-534.

²⁾ *Mémoire sur l'Evolution de la Question du Statut Européen du Mineur*, Doc. No. 10041/64.

³⁾ See *Eleventh General Report*, No. 519.

⁴⁾ See *Eleventh General Report*, No. 520.

⁵⁾ *Etude des Travaux Continus et Semi-Continus dans l'Industrie Sidérurgique de la Communauté (situation au 30 juin 1962)*, Publications Department of the European Communities, Doc. No. 9558/2/63/1.

⁶⁾ *Groupe de Travail "Les Répercussions de l'Evolution Technique sur la Productivité, les Salaires, la Durée du Travail et l'Emploi"*; *Etude Globale*, Doc. No. 3172/4/62.

- (a) drawing up a full list of the arrangements relating to the social effects (favourable and unfavourable) of technological changes under existing laws, regulations, collective-bargaining agreements, etc.;
- (b) assembling case studies illustrating the practical application of these arrangements, together with any difficulties which have arisen and the means adopted for dealing with them.

Working Party of Specialists on Labour Law¹⁾

441. The Working Party completed its volume *Le Contrat du Travail*, now printing, and expects shortly to finish *Le Régime Juridique des Organisations Professionnelles des Employeurs et des Travailleurs*.

TRENDS IN THE E.C.S.C. INDUSTRIES

442. The High Authority in January 1964 issued a study²⁾ on the trends in miners' and steelworkers' wages, social-security arrangements and working hours during the first ten years of the Common Market for coal and steel.

We here merely follow up the information there given by adding the latest figures available.

Wages

443. We show below the direct hourly wages paid during the first nine months of 1963. The numerous other particulars, concerning bonuses, gratuities, paid off-days, total time worked over the year, and so on, without which it is impossible to compute the pay position as a whole, will not be available in respect of 1963 until mid-1964. All that can be said on this point at present is that fringe payments in 1963 served to increase total hourly earnings, hourly wage costs and, generally speaking, real incomes: the improvement in real incomes, however, should be treated with caution, as there have been rises in the cost of living in all the Community countries.³⁾

¹⁾ See *Tenth General Report*, Nos. 572-574, and *Eleventh General Report*, Nos. 521-523.

²⁾ *Evolution des Salaires, de la Sécurité Sociale et de la Durée du Travail dans les Industries de la C.E.C.A., Février 1953-Février 1963*, Doc. No. 2930/63 (51 pp.).

³⁾ See *Statistical Annex*, Table No. 57; also Tables Nos. 58-60, showing the position in 1962.

Direct hourly wages

444. The following table shows the movement of direct hourly wages during the first nine months of 1963 as compared with 1962, also indicating for purposes of comparison the average annual rate of increase from 1953 to 1962.

TABLE 69

Trend in direct hourly wages in the E.C.S.C. industries during the first nine months of 1963

	Germany (Fed. Rep.) DM.	Belgium Bfr.	France Ffr.	Italy Lit.	Luxem- bourg Lfr.	Nether- lands Hfl.
<i>Coalmining industry¹⁾</i>						
1962	3.71	43.27	3.34	276.13	—	3.17
1963 ²⁾	3.93	46.96	3.64	238.99	—	3.34
Percentage increase	5.9	8.5	9.1	22.8	—	5.4
Average annual rate of increase 1963-1962 ³⁾	7.0	4.3	7.2	5.5	—	7.7
<i>Iron-ore mines</i>						
1962 ⁴⁾	3.31	—	4.92	256.85	56.31	—
1963 ⁵⁾	3.49	—	5.21	319.14	59.44	—
Percentage increase	5.4	—	5.9	24.3	5.6	—
Average annual rate of increase 1953-1964 ⁶⁾	8.2	—	7.7	5.6	3.6	—
1962	4.08	47.29	3.31	414.47	52.96	2.99
1963 ⁷⁾	4.27	49.79	3.56	461.77	57.73	3.19
Percentage increase	4.7	5.3	7.6	11.4	9.0	6.4
Average annual rate of increase 1953-1962 ⁸⁾	10.9	5.1	8.9	6.4	5.4	8.0

¹⁾ Underground and surface.

²⁾ Including shift bonus.

³⁾ Average for the three quarters.

⁴⁾ These averages are not simply the percentage increase from 1953 to 1962 divided by the number of years concerned, but take into account the cumulative effect of the successive increases.

⁵⁾ As the quarterly statistics from which the 1963 figures are taken are not fully comparable with the yearly statistics for 1962 (as regards the definition of direct hourly wages and as regards, the enterprises surveyed), the 1962 figures here shown represent the average for February, May, August and November according to the quarterly returns.

⁶⁾ Average February-May-August.

⁷⁾ Average March-June-September.

The exceptionally sharp leap in the figures for the Italian coal and iron-ore mines is due to back payments in 1963 of sums owed for 1962. The contractual wage rates increased in 1963 by 11%.

French coalminers' wages were raised in consideration of two factors, firstly to make up leeway *vis-à-vis* other sectors of industry and secondly to share the benefit of general economic expansion.

Two increases of 5% were granted in the Netherlands, with effect from January 1 and April 1, 1964. Further increases of over 10% are likely to be negotiated in every industry.

Social security

445. As in previous years, benefits have been increased; so in some cases have contributions.

While the social-security systems remained practically unchanged in structure in 1963, major alterations are in preparation in several countries.

Three countries have taken or are planning to take steps to lighten the incidence of social-security charges for the coalmining industry.

General insurance systems

446. In Germany, three Bills, known collectively as the "social package," are before the Bundestag:

- (a) a Bill entitling workers off sick to six weeks' full pay (a right already enjoyed by salaried personnel);
- (b) a Bill increasing family allowances and making the difference payable by the State;
- (c) a Bill increasing sickness benefits, the insured person to pay part of the medical expenses.

In Belgium a new Health Insurance Act came into force on January 1, 1964, the stated aims of which are

- (a) to place the social-security system on a sound financial footing, by instituting the planning of expenditure and revenue and the prior fixing of the financial obligations of the employers, the workers, the State and the insurance authorities;
- (b) to secure that the cost of first-class medical attention will be fully met for all those covered by social insurance, and in particular for pensioners, widows and infirm or disabled persons;
- (c) to see to it that the freedom of the individual to consult the doctor of his choice is not interfered with by financial considerations.

In Luxembourg, a "co-ordinating Act" was passed on December 16, 1963, settling, retrospectively or otherwise, all questions arising with regard to persons previously insured, either successively or concurrently, under more than one scheme.

In the Netherlands, an "interim Act"¹⁾ passed provides for substantial increases in disability benefits and an extension of the categories of persons entitled to enter claims, at the same time linking up with a further Bill concerning occupational disablement.

Miners' insurance schemes

447. In Germany, the charges borne by the coalowners' federation, the Bergbauberufsgenossenschaft, in respect of accidents prior to January 1, 1953 ("dead charges"), are from now on to be spread over all the employers' associations: this arrangement, first established in 1963, is in future to be the practice each year.

In France, the 1964 Finance Act instituted an occupational differential in old-age and accident benefits as between the general system and the miners' special scheme.

In the Netherlands, the Occupational Disablement Bill, which is expected to become law in 1966, will replace the present arrangement as regards cash benefits in respect of sickness, disablement, industrial accidents and occupational diseases. It provides for a single standard rate of contributions from all industries: the burden on the coalmining industry will be appreciably reduced, according to some estimates by as much as 8% of total wage costs.

Working hours¹⁾

Working day and working week

448. In the German coalfields other than the Saar, the working day at the surface has been shortened from 8½ to 8 hours, with effect from

¹⁾ For the position at January 1, 1964, as to working hours in the coalmining and iron and steel industries, see *Statistical Annex*, Tables Nos. 61 (Hours normally worked in the coalmining and iron and steel industries) and 62 (Paid holidays in the coalmining and iron and steel industries). For the iron-ore mines, in which the arrangements are exceptionally complicated, see Doc. No. 2930/63, *Evolution des Salaires, de la Sécurité Sociale et de la Durée du Travail dans les Industries de la C.E.C.A.*

January 1, 1964: this represents a reduction of some 64 hours in the year, and gives also surface workers a 40-hour week.

The number of paid rest-days for Saar mineworkers was increased as from January 1, 1964, from 22 to 25 for underground and from 14 to 16 for surface personnel.

In Italy, the 40-hour, five-day week was introduced for underground mineworkers on January 1, 1964, while the working week for surface personnel was reduced from 45½ to 44 hours from the same date. The collective-bargaining agreement concluded provides in principle for a five-day week every other week.

In the Netherlands, a Mines Board decision of May 20, 1963, abolished from January 1, 1964, the arrangement requiring surface personnel to work eight Saturdays in the year.

As regards the iron and steel industry, improvements have been introduced in Italy and Luxembourg.

In Italy, collective-bargaining agreements have been concluded providing for a working week of 44 hours in State-owned and partly State-owned plants and 45 hours in privately-owned plants from January 1, 1964, and of 43 hours in both from July 1, 1965.

In Luxembourg, the number of paid rest-days allowed to shorten the average working week has been increased, with effect from January 1, 1964, to 37, including the ten statutory public holidays: this brings the average working week over the year to 42½ hours.

It is recalled that the collective-bargaining agreements in force in Germany provide for the introduction of the 40-hour week in all German iron and steel works in 1965.

The concessions granted to colliery personnel in Italy and to iron and steel workers in Luxembourg have also been extended to the iron-ore miners in these two countries.

Iron-ore miners in Lower Saxony are to have 48 paid rest-days in 1965 and 52 in 1966.

Paid holidays

449. In Germany, under a Federal Act promulgated on January 8, 1963, with effect from the preceding January 1, all workers are entitled to a minimum of 15 days' paid holiday in the year.

A fresh agreement concerning holidays for mineworkers (underground and surface) was concluded in the Saar in August 1963: this

increased the annual minimum from 12 to 18 working days from January 1, 1964, and the longer seniority leave (granted after ten years' service at the colliery) from the present 24 working days to 26 from January 1, 1965, and 28 from January 1, 1966.

In Belgium, a national inter-industry agreement granting a third week's holiday in the year was concluded on December 12, 1963: in 1964 workers are to have an additional half week, and in 1965 the full three weeks, paid as for five weeks' work. The practical details of the new arrangement are to be settled by equirepresentative committees. Managements and men have agreed that there shall be no further shortening of the working day or week while the current instrument remains in force, *i.e.* up to the end of 1965.

In France, the regulation holiday has been extended from 18 to 24 days for all workers in the coalmining, iron-ore and iron and steel industries. The additional seniority leave is now fixed as follows.

TABLE 70

Seniority leave in the French coalmining, iron-ore and iron and steel industries

Years of service	Extra days of leave		
	Extractive industries		Iron and steel industry
	Underground	Surface	
10	2	1	1
15	4	2	
20	6	4	2
25			4
30		6	6

Overtime

450. In the coalmining industry, little overtime is as a rule worked below ground, not more than 1-2% of normal working hours. Germany is, however, an exception, the proportion there being 4% in 1954 and 6% in 1962. A good deal more overtime (often around 5%) is put in by surface personnel.

The position in the iron-ore mines, both underground and surface, is much the same as at the collieries. In France, until a few years ago the figures were fairly high, but since 1957 they have been falling steadily, from 5% in that year to 2% in 1962 for underground workers, and from 12% to 6% for surface workers.

The following table compares the position in the iron and steel industry in 1954 and in 1962, counting both men working the regular standard hours and those employed in the continuously-operating services (the latter representing about one-fifth of the industry's total personnel).

TABLE 71

Overtime worked in the iron and steel industry in 1954 and 1962¹⁾

Year	(% of normal hours worked)					
	Germany (Fed. Rep.)	Belgium	France	Italy	Luxembourg	Netherlands
1954	10.1	4.0	22.9	4.2	7.0	1.2
1962	5.0	5.3	28.1	2.4	8.0	1.5

¹⁾ Average March-June-September-December.

The very high overtime for France is largely due to the fact that since the 40-hour week was made statutory for all workers in 1936¹⁾ all hours worked beyond the fortieth have been reckoned as overtime and paid as such.

The proportion of overtime in 1954 was comparatively high in Germany and Luxembourg, but in Germany by 1962 it had fallen by one-half.

451. The following table shows the overtime rates paid in the coalmining and iron and steel industries.

¹⁾ Except for underground mineworkers, who were granted a statutory working week of 38 hours and 40 minutes.

TABLE 72

Overtime rates paid in the coalmining and iron and steel industries

Country	Coalmining industry
Germany (Fed. Rep.)	(1) +25% for first two hours. +50% in North Rhine/Westphalia and Lower Saxony for all overtime thereafter, where following the man's normal shift; a further 10% is payable for night work after the main shift.
Belgium	(2) +25% for first 2 hours; +50% for all overtime thereafter.
France	(3) (a) As a rule: +25% per hour in the week from 40 to 48 hours (surface) or from 38 2/3 to 46 2/3 hours (underground); +50% for all overtime beyond 48 hours (surface) or 46 2/3 hours (underground). (b) +50% for overtime on special jobs between 10 p. m. and 6 a. m.. Where such overtime lasts the length of a full shift, the man is entitled to a paid rest-period of the same length, in addition to the overtime pay indicated.
Italy	(3) +27% for day overtime. +50% for night overtime (between 10 p.m. and 6 a.m.). +45% for night work not included in alternate shifts.
Luxembourg	
Netherlands	(4) +25% for first 2 hours following the man's normal shift. +50% for all overtime thereafter or for overtime not following the man's normal shift. +50% for each hour of overtime where the man is required to work six hours or longer beyond his normal shift.

Basis of calculation

(1)

For workers on a variable wage, the average over the previous four weeks, exclusive of certain allowances; for workers on time rates, the hourly or shift wage, exclusive of certain allowances.

(2)

All-in remuneration.

Country	Iron and steel industry																		
Germany (Fed. Rep.)	<p>(1)</p> <p>+25% for first two hours in the day. +50% for all overtime thereafter. +50% for all night overtime. Hesse: +25% for first 10 hours in the week; 40% for all overtime thereafter. Bavaria: +25% for first 6 hours in the week; +50% for all overtime thereafter. Salzgitter: +25% for first 2 hours in the day; +40% for all overtime thereafter. Saar: +25% for first 8 hours in the week; +50% for all overtime thereafter.</p>																		
Belgium	<p>(2)</p> <p>+25% for first two hours in the day; +50% for all overtime thereafter.</p>																		
France	<p>(3)</p> <p>+25% for first 8 hours; +50% for all overtime thereafter.</p>																		
Italy	<p>(3)</p> <table border="0"> <thead> <tr> <th data-bbox="336 807 459 829"><i>Day overtime</i></th> <th data-bbox="660 777 823 829"><i>Non-continuously- operating services</i></th> <th data-bbox="834 777 991 829"><i>Continuously- operating-services</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="336 829 660 852">First 2 hours.....</td> <td data-bbox="716 829 823 852">+20%</td> <td data-bbox="890 829 991 852">+20%</td> </tr> <tr> <td data-bbox="336 852 660 874">Overtime thereafter.....</td> <td data-bbox="716 852 823 874">+30%</td> <td data-bbox="890 852 991 874">+30%</td> </tr> <tr> <td colspan="3" data-bbox="336 874 459 897"><i>Night overtime</i></td> </tr> <tr> <td data-bbox="336 897 660 920">First 2 hours.....</td> <td data-bbox="716 897 823 920">+50%</td> <td data-bbox="890 897 991 920">+40%</td> </tr> <tr> <td data-bbox="336 920 660 942">Overtime thereafter.....</td> <td data-bbox="716 920 823 942">+50%</td> <td data-bbox="890 920 991 942">+45%</td> </tr> </tbody> </table>	<i>Day overtime</i>	<i>Non-continuously- operating services</i>	<i>Continuously- operating-services</i>	First 2 hours.....	+20%	+20%	Overtime thereafter.....	+30%	+30%	<i>Night overtime</i>			First 2 hours.....	+50%	+40%	Overtime thereafter.....	+50%	+45%
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Overtime thereafter.....	+50%	+45%																	
Luxembourg	<p>(3)</p> <p>+30% for first 4 hours in the day; +50% for 5th, 6th, 7th and 8th hours; +100% for all overtime thereafter.</p>																		
Netherlands	<p>(5)</p> <p>+25% for overtime during the 2 hours immediately preceding or following the man's normal shift (applicable in respect only of 2 hours' overtime in the day or under). +50% for other overtime worked in one day.</p>																		

Basis of calculation (contd.)

- (3)
All-in remuneration, including certain bonuses.
- (4)
For workers on a variable wage, piece rates; for workers on time rates, normal hourly wage or basic wage.
- (5)
Basic wage, exclusive of all allowances.

Section 2: Housing

POLICY OF THE HIGH AUTHORITY

452. The European Parliament knows and has several times expressly approved the High Authority's housing policy: at the same time, it is evident from the Social Affairs Committee's deliberations on last year's General Report that some aspects of this policy require elucidation.

Financing

453. The funds furnished by the High Authority are a supplementary contribution. They are not intended to be used *instead* of those available from other sources in the member countries: in particular, they are not a substitute for, but an addition to, the various forms of Government assistance, such as non-repayable endowments, building grants, subsidies to reduce interest rates, and so on.

454. Community contributions for the building of workers' houses come partly from the Special Reserve and partly from loans raised in the capital markets of the Community countries.

The moneys in the Special Reserve consist of the interest on the High Authority's own bank deposits and investments, the proceeds of fines imposed by it, and the interest on arrears which it charges.

When the High Authority decides to launch a building scheme, it first earmarks a sum from the Special Reserve and allocates this among the different countries in accordance with the number and the housing needs of the miners and steelworkers in each country and with the specific objectives of the scheme. It then sounds the Community money market for capital obtainable on advantageous terms for use in conjunction with the Special Reserve appropriation: in some cases it borrows funds itself and relends them to the housing association or other body which is to be responsible for the actual building, in others it arranges with a bank or other credit institution, or a social-security organization, for a loan to be granted, directly or indirectly, to the agency concerned.

Special Reserve funds are in the great majority of cases lent at about 1%: this special "social rate" — very much lower than that which the High Authority charges on its industrial loans — brings down the average rate on the housing loans overall (Special Reserve funds and borrowings together) to an exceptionally attractive figure.

455. Attention was drawn in the E.E.C. Commission's Symposium on housing policy of December 16-19, 1963, to the bottlenecks frequently encountered in consequence of shortage of suitable sites, materials and skilled labour. While there is naturally nothing the High Authority can do about these, it can act, and has acted, as regards another problem reported on the same occasion — the adverse effects of rising building costs — by stepping up its assistance. Indeed, it has not confined itself to making up the difference: its contribution to the new Scheme V is on a quite considerably larger scale than that to Scheme IV.

(\$'000,000)

	Scheme IV	Scheme V	Change
Special Reserve funds	15	25	+10
Borrowings	30	50	+20
Total	45	75	+30

456. The High Authority keeps a careful eye on the designs and the building operations sponsored by it, and has taken a variety of special measures — the organization of a housing design competition, the inclusion in Scheme V of a "special operation"¹⁾ — in pursuance of its objective of raising the standard of workers' accommodation. In its view, it is not sufficient to build houses and agglomerations which workers will consent to live in, as things now stand, for lack of anything better: the aim must be to build now the type of housing and the type of housing complex which they will be wanting later on as a result of technological advances, higher incomes, more leisure time and changes in background conditions generally.

Rents

457. The results of the survey on family budgets conducted in 1956-57²⁾ give an idea of the proportion of their earnings at present spent by E.C.S.C. workers on rents: generally speaking, incomes and rents have risen approximately equally.

¹⁾ See No. 467 below.

²⁾ See *Informations Statistiques*, series *Statistiques Sociales*, No. 1/60.

E.C.S.C. workers may be reckoned as spending 8-12% of their income on rent. This is, however, the average for workers in the E.C.S.C. industries overall. Many live rent-free, either because the enterprises (mostly the collieries) provide free accommodation or because they themselves have paid off the house and are now owner-occupiers. Others still live in old houses which, if sub-standard by present requirements, are let at low rents. Some workers on the other hand — especially young couples, who often tend to be poorly off financially — live in recently-constructed accommodation, which is therefore quite adequate as regards comfort but swallows up a much larger proportion of their income than the average rate just mentioned, sometimes over 30%.

458. The following table shows the rents for workers' flats in blocks built in 1963, comprising 75 sq. m. floor space and designed for occupation by families with two dependent children. The figures are given by countries, broken down for each country according as the housing was built without State aid, with State aid or with State and High Authority aid.

TABLE 73

Rents for workers' accommodation built in 1963

Country	Unaided	State-aided	State and High Authority-aided
Germany (Fed. Rep.)	DM. 2,895 ¹⁾	DM. 1,865 ¹⁾	DM. 1,680 ¹⁾
Belgium	Bfr. 21,930	Bfr. 12,500 ²⁾	Bfr. 12,500 ²⁾
France	Ffr. 4,800 ³⁾	Ffr. 3,200 ³⁾	Ffr. 3,070 ³⁾
Italy	Lit. 405,000	Lit. 261,000	Lit. 210,000
Luxembourg	Lfr. 32,000 ⁴⁾	Lfr. 28,000 ⁴⁾	Lfr. 25,500 ⁴⁾
Netherlands	Hfl. 1,615 ⁵⁾	Hfl. 1,215 ⁵⁾	Hfl. 1,085 ⁵⁾

¹⁾ With a loan from the employer.

²⁾ The High Authority acts through the Société Nationale du Logement: the rents are the same, but the High Authority-aided housing is additional to the Société's regular programme.

³⁾ Main loan from the Crédit Foncier de France: rent to be reduced by a housing allowance according to size of family and annual income.

⁴⁾ Annual amount charged for ultimate owner-occupation. The Luxembourg State gives no assistance for building accommodation to be rented, and no accommodation was built in 1963 for renting to E.C.S.C. workers.

⁵⁾ State-subsidized housing.

Were it not for State and High Authority assistance, most E.C.S.C. workers would not be able to pay the rents charged, even by setting aside 20% of their income for the purpose. The social value of the combination of the Governments' and the High Authority's contributions to the provision of adequate and inexpensive housing is therefore clear.

Denizen workers¹⁾

459. A survey on the housing position of E.C.S.C. workers was carried out in 1958. The findings concerning denizen workers were published by the Statistical Office of the European Communities in *Informations Statistiques* No. 3/60 (May-June 1960).

The problem of accommodation is very different for denizen workers born or long resident in their country of employment from what it is for those just arrived. Newcomers who are unmarried or unaccompanied by their families seek temporary lodging, usually in some working men's club or in a company-owned hostel, but a married immigrant who decides to stay on and send for his family has much difficulty in finding a place to live, owing to the housing shortage prevailing in practically all the industrial areas.

460. The High Authority itself makes no distinction whatever between citizens and denizens: all E.C.S.C. workers irrespective of their nationality have an equal claim on its financial assistance towards owner-occupation or on rented housing part-financed by it. Its aid is, however, only a contribution to the whole, and given in accordance with the laws of the country concerned, and those laws do not always allow denizen workers the same benefits as the country's own nationals: where this is so, denizens are required to pay higher rents or owner-occupation instalments, and find themselves unable to afford proper accommodation.

It is, however, tending to become more the practice in the Community countries to give equal treatment to both denizens and citizens. For example, a Royal Decree published in the *Moniteur Belge* of February 1, 1963, makes all Community nationals employed in the collieries eligible for the low-interest loans and non-repayable grants allowed to Belgian miners for the purpose of buying or building a dwelling, provided they fulfil certain requirements (*e.g.* they must have worked at a Belgian colliery for not less than one year.)

¹⁾ For a definition of this term, and for the number of denizen workers and their distribution by nationalities, see Nos. 372-374 above.

EXPERIMENTAL SCHEME II¹⁾

461. The report on Experimental Scheme II was published in June 1963.²⁾

Its findings relate in the main to

- (a) the industrialization of the building trade, with special reference to productivity;
- (b) building costs;
- (c) utilization of steel.

Industrialization of and productivity in the building trade

462. Experimental Scheme II confirmed that, at the stage now reached in technology, the industrialization of the building trade could be pressed forward.

To enable building elements to be assembled on the site without further processing, ways have been developed of improving precision in their prefabrication. Research has also devised a practical method of transferring to the building site all measurements indicated in the building plan, together with a simple apparatus which can be worked without difficulty even by non-experts.

Building costs

463. These are a major problem. Experimental Scheme II brought to light very substantial differences between one country and another: thus the costs for a single standard design on all the sites included in the scheme (flats of identical floor space in blocks with an identical number of floor) varied from the equivalent of \$3,070 in Milan to the equivalent of \$5,125 at Florange in eastern France.

The disparities spring from a variety of causes, notably differing land prices, and also the fact that a number of new techniques in current use in some countries, where they are proving a considerable saving, are at present insufficiently known in others.

All progress with the industrialization of the building trade will of course, by raising productivity, help to lower building costs.

¹⁾ See *Ninth General Report*, No. 484.

²⁾ *Deuxième Programme de Constructions Expérimentales, Communauté Européenne du Charbon et de l'Acier*, Publications Department of the European Communities, Doc. No. 2801/2/62/1.

Utilization of steel

464. Here the prospects are encouraging. Ultra-efficient equipment is enabling lightweight structural steel elements to be manufactured with a precision making for easier and speedier assembly, and hence calculated to further the process of industrialization.

With regard to costs, the conclusions reached are as follows:

- (a) the difference in production costs as between steel and wooden window-frames is being steadily reduced;
- (b) orders for large series, making possible normal depreciation of the production plant, would drive the production costs for structural steel elements down a good deal farther still;
- (c) generally speaking, the precision workmanship of prefabricated structural steel elements pays handsomely: as they need no finishing or alteration and are easier to assemble and fit in position, the labour costs are much lower than with the traditional building methods.

SCHEME V

465. Preparations were conducted in 1963 for the High Authority's fifth big loan-aided workers' housing scheme, the aims and objects of which were outlined in last year's Report.¹⁾

Financing operations

466. Particulars will be found in the Statistical Annex²⁾ of the 21 financing operation approved by the High Authority during the period under review.

Four of these are being effected partly (in Germany) or wholly (in France) in connection with readaptation activities: these are

- (a) three loans, totalling DM.19,200,000, granted respectively to the Saarbergwerke AG., the Rheinische Girozentrale und Provinzialbank and the Landesbank für Westfalen Girozentrale, for the building of 4,360 housing units;

¹⁾ See *Eleventh General Report*, Nos. 545-548.

²⁾ See *Statistical Annex*, Table No. 63.

(b) one loan of Ffr.1,200,000 granted to the S.A. Coopérative des Maisons Familiales de l'Albigeois, for the building of 70 housing units.

These loans will give an additional impetus to the readaptation schemes the High Authority is already promoting¹⁾: the dwellings for which they are granted are to house miners who are obliged to leave their home areas as a result of colliery closures or production cutbacks. The accommodation to be built in the French Centre/Midi is for miners from Decazeville who have agreed to live and work at Carmaux, some sixty miles away.²⁾

TABLE 74

Sites comprised in the special operation

Country ¹⁾	Locality	Enterprise benefiting	Housing association in charge	No. of dwellings
Germany (Fed. Rep.)	Salzgitter-Fredenberg Wulfen	Hüttenwerke Salzgitter AG	Wohnungs-AG Salzgitter	400
		Steinkohlenbergwerke Mathias Stinnes AG	Entwicklungsgesellschaft Wulfen mbH	300
Belgium	Genk	A number of collieries and the steel firm Allegheny-Longdoz	Société Nationale du Logement	400
France	Le Creusot	Société des Forges et Ateliers du Creusot, Usines Schneider	Office Public des H.L.M. ²⁾ of the department of Saône-et-Loire	400
Italy	Piombino	Italsider	Istituto Case per Lavoratori dell'Industria Siderurgica	400
Netherlands	Heemskerk	Koninklijke Nederlandsche Hoogovens en Staalfabrieken N.V.	N.V. Huizenbezit Breesaap	

¹⁾ For financial and technical reasons, it was found to be impracticable to build a similar model estate in Luxembourg.

²⁾ *Habitations à Loyer Modéré* (the French national scheme for low-rent housing).

Special operation

467. As was recorded in last year's Report,³⁾ Scheme V is to comprise a special operation for the purpose of working out arrangements to

¹⁾ See Nos. 403-406 above.

²⁾ Decazeville belongs to the Aveyron colliery group, and Carmaux to the Tarn group, of the Houillères du Bassin d'Aquitaine.

³⁾ See *Eleventh General Report*, No. 548.

meet the social needs, in the strict sense of the term, arising wherever a number of people have to live side by side — the purpose, that is to say, not of simply installing the people concerned in isolation from their neighbours, but of fostering the development of a genuine community.

Working in close co-operation with the national building institutes, the Ministries responsible and the employers' and workers' organizations, the High Authority has made the preparations for the special operation and fixed the location of the six building sites concerned, on which a total of approximately 2,300 dwellings are to go up.

The technical preliminaries are also under way, and the actual building is scheduled to start in the second half of 1964.

TABLE 75

Operational position of Experimental Schemes I and II and Loan-Aided Schemes I-V
(at January 31, 1964)

Country	No. of dwellings for which funds still available ¹⁾	No. of dwellings financed	of which:		
			in preparation	building	completed
Germany (Fed. Rep.)	6,620	58,053 ²⁾	8,035	9,842	40,176
Belgium	2,150	3,750	218	1,009	2,523
France	1,250	9,430	513	3,828	5,089
Italy	1,370	3,501 ³⁾	40	660	2,801
Luxembourg	250	428	5	9	414
Netherlands	860	1,990	122	632	1,236
Community	12,500	77,152	8,933	15,980	52,239

¹⁾ Funds earmarked but not allocated to particular building projects: the dwellings will, however certainly be financed during 1964.

²⁾ Plus 17 hostels for unmarried workers.

³⁾ Plus 4 hostels for unmarried workers.

⁴⁾ Plus 3 hostels for unmarried workers.

*Recapitulation of the High Authority's achievements to date
with regard to housing*

468. From the date when it first embarked on the promotion of housing for E.C.S.C. workers up to January 31, 1964, the High Authority contributed financially, under Experimental Schemes I and II and

the five major loan-aided schemes,¹⁾ to the construction of 77,152 dwellings, of which 48,632 are to be rented and 28,520 to be ultimately owner-occupied.

At January 31, 1964, 52,239 of these dwellings were completed, 15,980 building and 8,933 "in preparation."

469. At the same date, funds made available for the building of these 88,652 dwellings — out of the High Authority's own resources, loans contracted by it and additional moneys mobilized at its instigation²⁾ — totalled the equivalent of \$208,300,000.

TABLE 76

Financial position of Experimental Schemes I and II and Loan-Aided Schemes I-V
(at January 31, 1964)

(\$'000,000)

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.)	33.95	13.24	77.63	124.82	432.02	556.84
Belgium	3.25	15.80	6.90	25.95	18.29	44.24
France	14.81	—	14.67	29.48	56.32	85.80
Italy	3.77	6.12	3.31	13.20	13.61	26.81
Luxembourg	1.75	1.70	—	3.45	4.18	7.63
Netherlands	3.29	2.14	5.97	11.40	5.47	16.87
Community	60.82	39.00	108.48	208.30	529.89	738.19

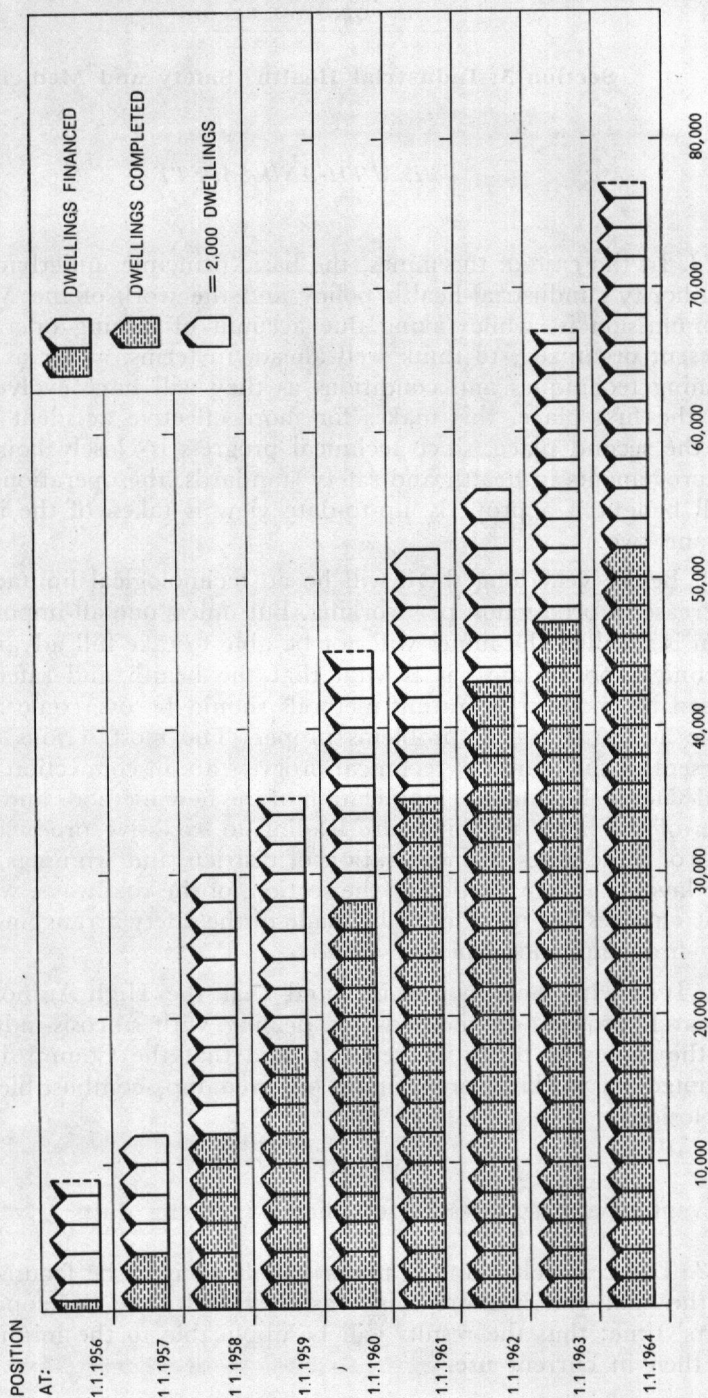
470. Graph No. 16 shows in diagram form the High Authority's work to date in connection with the building of houses for E.C.S.C. workers (dwellings financed and dwellings completed only).

¹⁾ The financing operations for Scheme V have not yet been completed.

²⁾ See No. 454 above.

GRAPH No. 16

The High Authority's Contribution to the Financing of Workers' Housing



Section 3: Industrial Health, Safety and Medicine*HEALTH AND SAFETY*

471. In the case of the mines, the basic principle underlying the High Authority's industrial-health policy and the work of the Mines Safety Commission is, while taking due account of mining operations as at present organized, to think well ahead, in terms, as far as possible, of mining techniques and conditions as they will have evolved by 1970. In the first place, this makes for more effective accident prevention; in the second place, since technical progress is closely bound up with improvements in health and safety standards, the operational side itself will benefit if a properly up-to-date view is taken of the interrelation of the two.

Before very long there will be no technological limitations on the increase of production per working. But unless one all-important condition is fulfilled the mines will not be able to take full advantage of the technical possibilities: it is vital that the health and safety problems posed by modern operating methods should be overcome at the same time as the technical problems proper. The most serious obstacles at present to the march of technical progress are in connection with health and safety: the intensive application of the new methods and full utilization of the latest machines are leading to excessive production of dust and of mine gases. Concentration of districts and winnings is affecting the layout, and in particular the section, of the roadways, which means that changes are needing to be made in the safety arrangements regarding firedamp and explosive dust.

It is with these points in mind that the High Authority's latest research project, on methods for dealing with silicosis-inducing dusts in the mines, is being worked out, and that the Commission in 1963 adopted its working programme on firedamp, combustible dusts and explosions.

Prevention and suppression of silicosis-inducing dusts

472. The research planned under this head is to be focused on needs in the coal and iron-ore mines as they will have developed in some years' time: thus the results will be applicable to the mining methods by then in current use.

The project is firmly concentrated on the practical side, with the emphasis on active anti-dust measures, especially in highly-mechanized high-output workings: the aim will be to improve the methods and equipment for dealing with the dust produced by modern winning machinery, including in particular the process of water infusion in the seam.

In recent years this latter method has come to be regarded as basic to dust prevention and suppression at the face, but the development of the mechanized face with a high daily rate of advance is making it necessary to restudy the process as hitherto practised, since infusion can now only be carried out in advance of the coalwinning shift or during off-days.

Measures to combat firedamp, combustible dust and explosions

473. In the light of its findings concerning the Luisenthal and Sachsen pit disasters — in which the circumstances of the firedamp ignitions and ensuing dust explosions clearly illustrated the effects of the trend just described — the Commission definitely decided to adopt a new working programme. This is now in hand, the Commission examining the action to be taken to obviate the risk of firedamp and/or dust explosions, and to contain the effects of such as may occur. The object is to help ensure the improvement of firedamp detection and measurement methods, of ventilation in certain parts of the mine (*e.g.* the large-section roadways found in modern pits), and of separation between one district or working and the next.

With regard to dust, the Commission's studies will include

- (a) the mechanism of ignition and flame propagation and factors influencing these;
- (b) protective measures against dust ignition, such as neutralization (*e.g.* by stone-dusting the roadways) and stone-dust barriers.

474. In the matter of dusts productive of silicosis, the High Authority under an earlier appropriation paid out research grants for 37 projects, to be conducted by 14 research centres and organizations. In 1963, continuation grants were made to eight research bodies in respect of 28 projects; this second appropriation, amounting in all to \$338,515, brought the total funds committed between 1960 and 1963 for research on dust prevention and suppression in the mines to \$900,000. Six projects have now been brought to a conclusion.

On completion of the second leg of the programme, the High Authority will publish a detailed report supplementing and summing up the particulars issued in 1963.¹⁾ The following results may, however, already be noted:

- (1) evaporation-retarding fluids have been developed enabling reduced amounts of water to be used for wetting the coal brought down;
- (2) instruments, two of which are already in service in France and Germany, have been developed for measuring dust concentrations in workings;
- (3) modifications have been made in the water-infusion process making it more suitable for use in faulted and stony seams and in steep seams.

Mention should also be made of two practical advances achieved thanks to the co-operation which has been organized in connection with the projects aided.

Working in close contact with their opposite numbers in Britain (where a large-scale epidemiological survey, the 25 Pit Plan, has been going on since 1953), Community experts have succeeded in pinpointing the effects of dust concentrations, and of quartz, the most deleterious element, on the development and progress of pneumoconiosis;²⁾ they have also shown that given really efficient preventive arrangements the reduction in the amount of quartz dust is greater than the reduction in the amount of dust as such.

Other Community researchers, in co-operation with British and Austrian experts, have been carrying out dust measurements with different instruments but using the same sampling and evaluation methods. These experiments, by which it is hoped to establish correlations between the readings obtained for a given dust concentration by the respective instruments and methods in use in the Community countries, Britain and Austria, should also be of value to those concerned with air pollution.

475. Of the 27 High Authority-aided projects concerning dust prevention and suppression in the iron and steel industry, 12 were completed in 1963. On the basis of the full results, it will be possible to ensure more efficient dust elimination the job.

¹⁾ *Lutte Technique contre les Poussières dans les Mines (Synthèse des Travaux Subsidiés par la Haute Autorité dans le Domaine de la Lutte Technique contre les Poussières dans les Mines)* Publications Departments of the European Communities, Doc. No. 9679/2/63/1

²⁾ See *Eleventh General Report*, No. 561.

A further programme, comprising both fundamental and applied research, has been prepared concerning air pollution by dust, smoke and fumes from steel plants. On the applied-research side, the object is to promote the development or improvement of processes, devices and products for

- (a) eliminating or reducing the emission of dust, smoke and fumes;
- (b) making them less noxious;
- (c) affording better protection to personnel exposed to health hazards or incomed in their work.

Other technical problems of mine safety

476. Full details cannot be given in the General Report of all the Commission's discussions and exchanges during the year, or of all the practical tests and experiments it has caused to be carried out. The following is a brief sketch of some of its activities in 1963.

The working parties and sub-committees produced a number of documents for submission to the full Commission: these included, for example,

- (a) an opinion on forward stoppings of plaster (found more effective against fire than the traditional type of stopping, and quicker and safer to construct as this is done largely by remote control);
- (b) a summary of points noted on the reopening of fire-stoppings in sealed-off districts;
- (c) a report on flameproof electrical apparatus with ratings of over 1,100 volts, to serve as a guide for colliery managements in selecting among the various types of switchgear available for electrical equipment below ground.

The working parties concerned also drew up a revised version of the report on the establishment of criteria for fire-resistant hydraulic fluids used for power-transmission and the tests to be carried out for that purpose. The revised report is in effect a manual of directions and specifications for the reference of all Community collieries: it contains various additions (notably concerning testing for compliance with health requirements) to the 1960 report¹⁾ following a thorough examination of the latter in co-operation with representatives of the chemical, lubricants and mining equipment industries, and with medical experts.

¹⁾ See *Ninth General Report*, No. 520.

The Commission examined in detail the effects of underground combustion on ventilation,¹⁾ and made arrangements for experiments to be carried out, with financial assistance from the High Authority, in a disused pit.

It also asked the High Authority to contribute funds for research on the physiological effects of respirators as worn by rescue personnel; this is being effected jointly by one German and two Belgian research centres.

Human factors affecting safety

477. The combined Community-level research programme²⁾ begun in 1962 is expected to finish on schedule in 1965.

17 separate projects, conducted by 14 research centres and financed with the aid of a total High Authority allocation of approximately \$244,000, were completed by the end of 1963. The results are now being evaluated, and will be made available in a combined summary report for the information of scientific and industrial circles. On the strength of the practical observations made, a number of enterprises have already introduced improvements in their accident-prevention arrangements, both on the technical side proper and in the matter of safety training.

A further programme, the draft of which has been finalized so far as the High Authority is concerned, is shortly to be submitted to the Consultative Committee and the Council of Ministers. The following details can now be given in addition to those mentioned in last year's Report.³⁾

The new programme falls into two separate but in some respects complementary parts:

- (1) "Human Factors and Safety," an extension of past research on personnel selection and training, the use of personal safety devices, and the improvement of safety equipment;
- (2) "Occupational Physiology and Psychology: Ergonomic Applications."

The object is principally to ensure optimum organization of the main jobs in the E.C.S.C. industries, in which various adverse influences

¹⁾ See *Eleventh General Report*, No. 583.

²⁾ See *Ninth General Report*, No. 495; *Tenth General Report*, No. 588.

³⁾ See *Eleventh General Report*, No. 565.

— temperature, noise, vibration, foul air, psychical or mental strain — are liable to involve risks to health and safety. Over and above the improvement of safety equipment, it is becoming necessary to adapt the methods and the actual jobs themselves to the men's physiological and psychological needs; in order that their work may be done in such a way as to lessen the risk of accident and disease. Special attention is to be devoted to a study of the work load and the allocation of work breaks as they affect safety: one reason for this is the considerable amount of round-the-clock operation in the iron and steel industry and the anxiety of both employers and workers to obtain a clear idea as to whether it affects safety.

The High Authority has asked a group of experts to prepare, from a study of the main researches conducted over the past thirty years, a digest of scientifically established knowledge concerning human factors safety. This will be offered for the attention both of research workers and of those on the spot in industry, as a general conspectus of problems and received thought in this connection to serve as a basis for practical action.

478. The Mines Safety Commission at its meeting on July 18 adopted the recommendation on work at high temperatures the draft of which was dealt with in last year's Report.¹⁾ This fixes the temperature beyond which, except in emergency, underground workings must be closed to human occupation at an effective 32° American basic scale, and lays down the maximum periods for which personnel are to be permitted to work or to be present in effective temperature over 30° and over 28°.

The Commission also decided to go further into the subject of hot workings, instructing the working party on wage questions to discuss how piece-rate systems could best be adapted to the special conditions obtaining in such areas, and asking the High Authority to make a grant towards a research project to be carried out in the Netherlands on factors governing atmospheric conditions below ground.

Another of its working parties during the year prepared a first document on the effects of modes of remuneration on safety.

¹⁾ See *Eleventh General Report*, No. 580.

Statistics

479. The 1962 Report¹⁾ gave the number of serious injuries²⁾ and fatalities³⁾ per million man-hours below ground in all Community collieries in 1958 and 1959.

The injury rates for the three following years were 12.986, 13.227 and 13.781 respectively. Mortality was 0.507 in 1960, 0.548 in 1961 and 0.932 in 1962, the year of the Luisenthal and Sachsen disasters, in the first of which 299 men lost their lives and in the second 31. In 1960, there were two group accidents,⁴⁾ involving two cases of serious injury and 10 deaths, in 1961 one, involving seven deaths, and in 1962 six, involving 65 injuries and 356 deaths.

In the Community iron and steel industry overall⁵⁾ there were 192 fatalities in 1962, and 88,142 injuries requiring the victim to be off work for one day or longer; of these, 76,422 were serious enough to entail an absence of three days or longer.

The rate of death per million man-hours worked out at 0.2, of injuries involving one or more days' absence at 92, and of injuries involving three or more days' absence at 80.

The Commission's powers and terms of reference

480. Apart from one new point which came to the fore in 1963 following the major accident which occurred in an iron-ore mine, the question of the Mines Safety Commission's powers and terms of reference was set forth, with some suggestions for action, in last year's Report.⁶⁾

481. It has since been arranged — following representations made to the various Governments, in accordance with the Parliament's Resolution of February 20, 1962, by a Parliamentary delegation accompanied by the Chairman of the Commission, and discussions among the Government members of the Commission — for the Commission to have rather wider means of action.

¹⁾ See *Tenth General Report*, No. 606.

²⁾ Cases in which the casualty was unable to resume work below ground for at least eight weeks.

³⁾ Cases in which the casualty died within eight weeks of the accident.

⁴⁾ Cases in which five or more persons became casualties as under footnotes 2 and 3 above.

⁵⁾ Figures for the iron and steel industry are provisional.

⁶⁾ See *Eleventh General Report*, Nos. 571-577.

By agreement with the individual Governments concerned, members of the Commission's Secretariat are to be entitled to visit collieries and to go below ground there. On these assignments, they will collect all information relevant to the Commission's purposes generally, the aim being in particular to secure details of the causes and circumstances of any accident occurring (though without seeking to establish responsibility) and to ascertain how far the recommendations of the Conference on Safety in Coalmines¹) and of the Commission are being complied with.

482. On October 24, an accident at the iron-ore mine at Lengede, Germany, resulted in a death-roll of 29 (at one stage feared to be higher). This served one more to focus attention on the danger to life and limb for workers in the iron-ore mines. The High Authority took the view that a regular exchange of practical experience among Government, employers' and workers' representatives would help to improve safety, and accordingly, at the Council of Ministers' meeting on January 7, 1964, requested the Governments to allow the Commission's powers and terms of reference to be extended to cover the iron-ore mines as well as the coalmines.

Considering, moreover, that occupational diseases take at least as serious a toll as accidents, it also asked the Governments to authorize the Commission to concern itself with questions of occupational health and preventive medicine in the two E.C.S.C. extractive industries.

The Council directed its Co-ordinating Committee to examine the High Authority's proposals.

INDUSTRIAL MEDICINE

483. 1963 saw the completion of the current Community-aided research on (a) occupational physiology and pathology and (b) rehabilitation of workers injured in industrial accidents or suffering from occupational diseases; it was officially decided to launch a further programme on (a), and preparations continued actively for a new programme on (b).

¹) The Conference on Safety in Coalmines convened by the High Authority after the Marcinelle disaster, which sat from September 1956 to January 1957, issued some 300 recommendations.

Research completed

484. The research begun in 1960 was brought to a conclusion in December 1963.

With regard to pathology and physiology, 138 projects were effected at 69 research centres. The High Authority's original appropriation had been \$1,883,285, for 131 projects; in 1963 it made available a further \$71,293 for seven additional projects relating more particularly to silicosis prevention and functional diagnosis of pneumoconiosis.

With regard to rehabilitation, the High Authority granted in all \$465,172, in respect of 63 projects carried out at 52 centres.

The full picture of the 1960-63 research will not emerge until the centres' final reports are in the hands of the High Authority, at the end of the first quarter of 1964. It is, however, known that many results of considerable practical value have been obtained.

Occupational physiology and pathology

485. It is still not possible to reduce the fibrous lesions of the lung induced by the inhalation of quartz: once the fibrous masses have formed, they obstinately resist all treatment. This fact (which incidentally confirms the importance of dust prevention and suppression¹) and of medical examination for and prophylaxis against silicosis) does not, however, detract from the very real achievements of the researchers.

In particular, a clearer idea has been gained of the initial development of respiratory complaints (pneumoconiosis, bronchitis, emphysema), and various improvements made in the methods of prevention and treatment.

More effective treatment of the functional and infective complications of pneumoconiosis has been made possible, functional derangements being now successfully reduced. Thus the researchers have narrowed down and pinpointed the indications and contra-indications for oxygen therapy, antibiotics, aerosols, respiratory and circulatory stimulants, and breathing exercises. To give only one example, the improved treatments will mean an appreciably longer life expectation for sufferers from silico-tuberculosis.

¹) See Nos. 471, 472, 474 and 475 above.

Rehabilitation

486. A number of practical results have been obtained regarding the involvement of more effective medical and technical rehabilitation methods for certain types of injuries and diseases.

Conclusions established include the following.

All physically-handicapped persons can benefit by rehabilitation treatment. The treatment is, however, liable to be a failure if either (a) the objectives and means selected are not based on an accurate assessment of the patient's condition, taking due account of the faculties left unimpaired and the practical scope for fostering them, or (b) the activities he is asked to engage in are not absolutely suited to his condition at that particular juncture. It will be beneficial provided it is (a) jointly planned and followed by all those concerned in the rehabilitation process (physician or surgeon, kinesiologist and/or physiotherapist, prosthesis technician, physiologist, and where appropriate vocational-guidance and occupational-training specialists), and (b) designed as far as at all practicable to ensure that the patient will not be dependent on others at any rate for the purposes of ordinary everyday life, and where possible to enable him to resume some kind of occupation.

Further research planned

Physiology and pathology

487. On December 11, 1963, the High Authority decided in principle to launch a further programme of research in this connection, to extend over five years and to be financed by a total grant of \$3,000,000. The Consultative Committee at its meeting on January 14, 1964, unanimously approved the plan; the Council of Ministers is to give its verdict in March.

The research is to be concentrated on two subjects, both of major practical importance and as yet insufficiently explored:

- (a) cardio-respiratory complaints;
- (b) certain types of poisoning.

The object of the fundamental research on the pneumoconioses will be to investigate more fully the factors conditioning impairment of

bronchial elimination, the accumulation of dust in the lungs, the development of inflammations, discharges and infections following such accumulation, and the formation of pseudo-tumoral masses. Special attention will be devoted to the mixed dusts found in the atmosphere in mine workings.

The aim in the clinical research on respiratory complaints will be to establish more clearly the factors adversely affecting the functioning of the lungs, with a view to enabling more vigorous action to be taken against them, and also to help ensure increasingly accurate and immediate diagnosis of organic deteriorations and functional derangements in the respiratory and circulatory systems of miners and steelworkers.

As regards the research on the effects of gases, fumes and noxious substances, the object will be to obtain better knowledge of the toxic action on the worker's health of welding and scarfing, and of the compounds used for lining ingot-moulds and ladles; a study will also be made of the sequelae of acute poisoning.

Rehabilitation

488. The new programme on traumatology and rehabilitation is now practically ready for launching. It comprises both fundamental and applied research, the former on the rehabilitation of workers suffering from skull, spinal and limb injuries, and the latter aimed at establishing basic occupational-retraining criteria in line with the special features of the E.C.S.C. industries and the prospects as regards retraining for employment in other sectors.

The High Authority is also engaged, in co-operation with the appropriate committees, in drawing up a further programme to be devoted entirely to the treatment and rehabilitation of burned and scalded workers.

INFORMATION AND CO-OPERATION

489. The High Authority's information work concerning industrial health, medicine and safety is designed to reach three categories of persons likely to be interested — the researchers, those directly concerned with such matters in the industries, and the employers and workers generally.

Researchers are kept abreast of the more specifically scientific developments in various ways; they are regularly sent special reprints¹⁾ and the abstracts and references issued by the International Safety and Health Information Centre (C.I.S.), attend international congresses, and so on.

A steady stream of specialized material goes to safety engineers, industrial medical officers, doctors in charge of prevention and treatment clinics and others immediately concerned, and information of a simpler and more general nature to the employers and workers, both arrangements being aimed at getting the research results applied in practice in enterprises and hospitals.

The High Authority organizes encounters between the specialists from within the industries and the research workers to enable them to compare notes; such discussions took place, for instance, at the sessions of the Working Party on the Provision of Practical Information to Industrial Medical Officers, and at larger regional-level meetings, two of which were held in 1963 in the Charleroi area and Lorraine respectively, while another is planned for February 19-21, 1964, in Turin.

When the final reports on the latest medical research projects²⁾ have been assembled and evaluated, two combined summary reports will be issued for the attention of the specialists in the industries, *Nouvelles Etudes de Physiologie et de Pathologie du Travail* and *Bilan des Résultats du Programme de Recherche sur la Réadaptation des Victimes d'Accident du Travail et de Maladies Professionnelles*.

It is natural and undoubted fact that the workers, without whose co-operation it is impossible to maintain proper safety standards or improve industrial health, will be more disposed to comply with regulations once they have grasped the idea behind them. To encourage safety- and health-mindedness on the job, the High Authority makes a point of keeping E.C.S.C. workers informed concerning Community-aided research, both through the trade-union representatives who periodically visit Luxembourg and through industrial journals and the daily Press.

¹⁾ With regard to the special-reprints service, it may be noted that by the end of 1963 something like 400 had been issued on the research projects then completed — just under 300 on occupational physiology and pathology and nearly 100 on rehabilitation.

²⁾ See Nos. 484-486 above.

Its departments are preparing a series of brochures for wide distribution, and are discussing with the employers' and workers' organizations and professional bodies ways and means of arranging national- and regional-level information sessions for workers.

490. The High Authority is in regular touch with the World Health Organization, O.E.C.D., I.L.O. (particularly with regard to documentation on radiological diagnosis and on the international classification of the pneumoconioses) and Euratom, and has intensified its co-operation with E.E.C., whose work in the field of industrial health, safety and medicine is still only in its early stages. It is supplying E.E.C. with detailed particulars of the objects and results of its research programmes, and also of the points it is planning to have studied under its forthcoming programmes.

FINANCIAL ANNEX

1. The following pages show the High Authority's Financial Statement for the year 1962-63 and the movement of the Community's assets during this period.

To give as up-to-date a picture as possible, we have added the corresponding figures for the first six months of the financial year 1963-64.

The Annex further includes a table of the loans raised and granted by the High Authority up to December 31, 1963.

2. These few tables furnish only the bare outline of the financial activities of the Community Institutions. It should be noted that in addition to its General Report the High Authority each year publishes

- (a) a report on administrative expenses (under Article 17 of the Treaty);
- (b) estimates of administrative expenses (under Article 78 of the Treaty);
- (c) the report of the Official Auditor (under Article 78 of the Treaty).

In accordance with a procedure introduced at the request of the European Parliament, the High Authority also submits the Community Budget, containing particulars of the implementation of the previous year's estimates, together with the estimates for the year ahead.

3. Lastly, the High Authority describes its own financial activities in the general statement on the Community's financial position, issued for each financial year, and in the financial report on its activities each calendar year.

FINANCIAL STATEMENT OF THE HIGH AUTHORITY

Employment of resources			
I. Expenditures for the financial year			
1. Administrative expenses		14,456	
2. Other budgetary expenditures			
(a) Bank charges	54		
(b) Loan-issue costs	1,273		
		1,327	
3. Financial assistance			
(a) for readaptation operations			
(a) actual expenditure	1,337		
(b) recovery of excess payments	—449	888	
(b) for research projects		3,850	
		4,738	
4. Disbursements under Pension Scheme		216	20,737
II. Allocations			
1. Special Reserve	8,332		
2. Readaptation	9,129		
3. Research	3,170		
		20,631	
4. Pension Fund		1,761	22,392
III. Miscellaneous transfers to unallocated balance			
			5,613
IV. Loans - Guarantees and Borrowings			
A. Principal amounts:			
1. Loans granted during the financial year		60,389	
2. Repayments in respect of loans raised		12,510	
3. Borrowed funds not yet re-lent at June 30, 1963		7,362	
			80,261
B. Interest and fees paid			
1. Interest on borrowed funds	13,506		
2. Fees to depository and agent banks	494		
		14,000	
3. Net surplus of service charges on borrowed funds, guarantees and loans granted from borrowed funds		872	
			14,872
			95,133
Grand Total			143,875

Resources				
I. Revenues for the financial year				
1. General Levy			19,625	
2. Other revenues				
(a) Interest on bank deposits and investments	7,703			
(b) Interest on loans granted from own resources	640			
Recovery of loan-issue costs	872			
(d) Sundry administrative receipts	434			
(e) Miscellaneous other receipt:	12			
			9,661	
3. Receipts for Pension Fund				
(a) Contributions by High Authority and personnel	1,596			
(b) Interest on Pension Fund	381			
			1,977	
				31,263
II. Funds available for re-allocation as a result of discharge of commitments in respect of				
(i) readaptation operations				
	888			
(ii) research projects	3,850			
			4,738	
(b) as a result of cancellation of commitments in respect of				
(i) readaptation operations				
	2,140			
(ii) research projects	—			
			2,140	
(c) as a result of repayments in respect of loans granted for				
(i) readaptation operations				
	—			
(ii) research projects	43			
			43	
(d) as a result of reconsideration of commitments in respect of				
(i) readaptation operations				
	3,430			
(ii) research projects	—			
			3,430	
				10,351
III. Budget deficit				
1. Deficit offset by reduction of provisions		5,613		
2. Deficit reducing unallocated balance		1,515		
			7,128	
				48,742
IV. Borrowings - Guarantees and Loans				
A. Principal amounts				
1. Loans raised by the High Authority during the financial year		47,372		
2. Undisbursed loan funds from earlier borrowings		20,379		
3. Repayments in respect of loans granted		12,510		
			80,261	
B. Interest and fees received.				
1. Interest on loans granted from borrowed funds		14,507		
2. Interest on undisbursed borrowed funds		201		
3. Guarantee fees		158		
4. Miscellaneous		2		
			14,872	
				95,133
				143,875

TABLE 2

**A — MOVEMENT OF PROVISIONS AND RESERVES
NOT AVAILABLE FOR BUDGETARY EXPENDITURES**

(Financial year 1962-63)

('000 E.M.A. units of account)

	Operations during financial year 1962-63				Total	Position at 30.6.62	Position at 30.6.63
	Alloca- tions and Receipts	Transfers		Disburse- ments			
		+	-				
<i>Guarantee Fund</i>	—	—	—	—	—	100,000	100,000
Total	—	—	—	—	—	100,000	100,000
<i>Special Reserve</i>						46,210	
Net bank interest	7,680	—	—	—	+ 7,680		
Interest on loans granted from own resources	640	—	—	—	+ 640		
Fines and interest on arrears	12	—	—	—	+ 12		
Total	8,332	—	—	—	+ 8,332	46,210	54,542
<i>Pension Fund</i>						10,106	
Contributions by High Authority and personnel	1,596	—	—	—	+ 1,596		
Interest on Pension Fund	381	—	—	—	+ 381		
Disbursements during the year (re-settlement allow- ances, pensions, welfare fund)	—	—	—	216	— 216		
Total	1,977	—	—	216	+ 1,761	10,106	11,867
Grand Total	10,309	—	—	216	+10,093	156,316	166,409

B — MOVEMENT OF PROVISIONS AVAILABLE
(Financial)

	Operations during the financial year 1962-63 in implementation of the Budget			
	Allocation to different Reserves	Change in unallocated balance		
		+	—	Balance
I. Readaptation				
(a) <i>Non repayable grants</i>				
1. Allocation for new commitments entered into during the year	9,129	—	—	—
2. Disbursements during the year	—	—	—	—
3. Cancellation of commitments during the year	—	—	—	—
4. Transfer to unallocated balance following reconsideration of commitments	—	—	—	—
	9,129			
(b) <i>Equivalent of loans disbursed and loans approved</i>	—	—	—	—
(c) <i>Economic-emergency reserve</i>	—	—	—	—
	9,129			
II. Research				
(a) <i>Non-repayable grants</i>				
1. Allocation for new commitments entered into during the year	3,170	—	—	—
2. Disbursements during the year	—	—	—	—
	3,170			
(b) <i>Equivalent of loans disbursed and loans approved</i>				
1. Transfer to unallocated balance following repayments in respect of loans during the year	—	—	—	—
	—	—	—	—
(c) <i>Economic-emergency reserve</i>	—	—	—	—
	3,170			
III. Contingent liabilities				
IV. Provisions for administrative expenses and unallocated balance				
1. Receipt of the revenues for the year	—	29,286	—	—
2. Administrative expenses	—	—	14,456	—
3. Other budgetary expenditures	—	—	1,327	—
4. Withdrawal for allocation to Special Reserve	—	—	8,332	—
5. Withdrawal for allocation to Readaptation Reserve	—	—	9,129	—
6. Withdrawal for allocation to Research Reserve	—	—	3,170	—
7. Transfer from Readaptation Reserve following reconsideration of commitments	—	—	—	—
8. Transfer from Research Reserve following repayments in respect of loans during the year	—	—	—	—
9. Funds available for re-allocation following discharge of commitments	—	—	—	—
10. Funds available for re-allocation following cancellation of commitments	—	—	—	—
11. Disbursements in respect of Readaptation and Research	—	—	—	—
	—	29,286	36,414	—7,128
Grand Total	12,299	29,286	36,414	—7,128

FINANCIAL STATEMENT OF THE HIGH AUTHORITY FOR
(from 1.7.63)

Employment of Resources			
I. Expenditures for the first six months			
1. Administrative expenses		7,280	
2. Other budgetary expenditures			
(a) Bank charges	10		
(b) Loan-issue costs	1,112	1,122	
3. Financial assistance			
(a) for readaptation operations			
(i) actual expenditure	1,525		
(ii) recovery of excess payments	— 21		
	<hr/>		
(b) for research projects	2,362	3,866	
4. Disbursements under Pension Scheme		162	12,430
II. Allocations			
1. Special Reserve	4,277		
2. Readaptation	1,488		
3. Research	5,553	12,318	
4. Pension Fund		768	13,086
III. Miscellaneous transfers to unallocated balance			
			1,719
			<hr/>
			27,235
IV. Loans - Guarantees and Borrowings			
A. Principal amounts:			
1. Loans granted during the first six months		29,026	
2. Repayments in respect of loans raised		4,569	
3. Borrowed funds not yet re-lent at December 31, 1963		3,047	
			<hr/>
			36,642
B. Interest and fees paid			
1. Interest on borrowed funds	7,583		
2. Fees to depositary and agent banks	362	7,945	
3. Net surplus of service charges on borrowed funds, guarantees and loans granted from borrowed funds		435	8,380
			<hr/>
			45,022
Grand Total			<hr/>
			72,257

THE FIRST SIX MONTHS OF THE FINANCIAL YEAR 1963-64
to 31.12.63)

(*'000 E.M.A. units of account*)

Resources			
I. Revenues for the first six months			
1. General Levy		9,109	
2. Other revenues			
(a) Interest on bank deposits and investments	3,940		
(b) Interest on loans granted from own resources	343		
(c) Recovery of loan-issue costs	435		
(d) Sundry administrative receipts	152		
(e) Miscellaneous other receipts	2		
		4,872	
3. Receipts for Pension Fund			
(a) Contributions by High Authority and personnel	719		
(b) Interest on Pension Fund	211		
		930	
			14,911
II. Funds available for re-allocation			
(a) as a result of discharge of commitments in respect of			
1. readaptation operations	1,504		
2. research projects	2,362		
		3,866	
(b) as a result of cancellation of commitments in respect of			
1. readaptation operations	1,693		
2. research projects	—		
		1,693	
(c) as a result of repayments in respect of loans granted for			
1. readaptation operations	—		
2. research projects	26	26	
(d) as a result of reconsideration of commitments in respect of			
1. readaptation operations	—		
2. research projects	—		
		—	
			5,585
III. Budget deficit			
1. Deficit offset by reduction of provisions		1,719	
2. Deficit reducing unallocated balance		5,020	
			6,739
IV. Borrowings - Guarantees and Loans			
A. Principal amounts			
1. Loans raised by the High Authority during first six months		24,683	
2. Undisbursed loans fund from earlier borrowings		7,362	
3. Repayments in respect of loans granted		4,597	
			36,642
B. Interest and fees received			
1. Interest on loans granted from borrowed funds		8,103	
2. Interest on undisbursed borrowed funds		177	
3. Guarantee fees		100	
4. Miscellaneous		—	
			8,380
			45,022
			<u>72,257</u>

TABLE 4

**A — MOVEMENT OF PROVISIONS AND RESERVES
NOT AVAILABLE FOR BUDGETARY EXPENDITURES**

(First six months of 1963-64)

('000 E.M.A. units of account)

	Operations from 1. 7. 63 to 31. 12. 63				Position at 30.6.63	Position at 31.12.63	
	Alloca- tions and Receipts	Transfers		Disburse- ments			Total
		+	-				
<i>Guarantee Fund</i>	—	—	—	—	100,000	100,000	
	—	—	—	—	100,000	100,000	
<i>Special Reserve</i>					54,542		
Net bank interest	3,932	—	—	—	+ 3,932		
Interest on loans granted from own resources	343	—	—	—	+ 343		
Fines and interest on arrears	2	—	—	—	+ 2		
Total	4,277	—	—	—	+ 4,277	54,542	
<i>Pension Fund</i>					11,867		
Contributions by High Authority and personnel	719	—	—	—	+ 719		
Interest on Pension Fund	211	—	—	—	+ 211		
Disbursements during first six months (re-settlement allowances, pensions, wel- fare fund)	—	—	—	162	— 162		
Total	930	—	—	162	+ 768	11,867	
Grand Total	5,207	—	—	162	+ 5,045	166,409	
						171,454	

TABLE 4

B — MOVEMENT OF PROVISIONS AVAILABLE
(First six months of the

	Operations from July 1, 1963 to December 31, 1963			
	in implementation of the Budget			
	Allocation to different Pro- visions	Change in unallocated balance		
+		-	Balance	
I. Readaptation				
(a) <i>Non-repayable grants</i>				
1. Allocation for new commitments entered into during the six months	1,488	—	—	—
2. Disbursements during the six months	—	—	—	—
3. Cancellation of commitments during the six months	—	—	—	—
4. Transfer to unallocated balance following re-consideration of commitments	—	—	—	—
	1,488	—	—	—
(b) <i>Equivalent of loans disbursed and loans approved</i>	—	—	—	—
(c) <i>Economic-emergency reserve</i>	—	—	—	—
	1,488	—	—	—
II. Research				
(a) <i>Non-repayable grants</i>				
1. Allocation for new commitments entered into during the six months	6,553	—	—	—
2. Disbursements during the six months	—	—	—	—
	6,553	—	—	—
(b) <i>Equivalent of loans disbursed and loans approved</i>				
1. Transfer to unallocated balance following repayments of loans during the six months	—	—	—	—
	—	—	—	—
(c) <i>Economic-emergency reserve</i>	—	—	—	—
	6,553	—	—	—
III. Contingent liabilities	—	—	—	—
IV. Reserves for administrative expenses and unallocated balance				
1. Receipt of the revenues for the six months	—	13,981	—	—
2. Administrative expenses	—	—	7,280	—
3. Other budgetary expenditures	—	—	1,122	—
4. Withdrawal for allocation to Special Reserve	—	—	4,277	—
5. Withdrawal for allocation to Readaptation Reserve	—	—	1,488	—
6. Withdrawal for allocation to Research Reserve	—	—	6,553	—
7. Transfer from Readaptation Reserve following re-consideration of commitments	—	—	—	—
8. Transfer from Research Reserve following repayments in respect of loans during the six months	—	—	—	—
9. Funds available for re-allocation following discharge of commitments	—	—	—	—
10. Funds available for re-allocation following cancellation of commitments	—	—	—	—
11. Disbursements in respect of Readaptation and Research	—	—	—	—
	—	13,981	20,720	—6,739
Grand Total	8,041	13,981	20,720	—6,739

TABLE 5

BORROWINGS OF THE HIGH AUTHORITY

Years	Interest % p.a.	Term (years)	Initial amount		Amount outstanding as at December 31, 1963 (equivalent in units of account)
			in currency concerned	equivalent in E.M.A. units of account	
1954	3 7/8	25	\$ U.S.	100,000,000	80,500,000
1957	5 - 5 1/2	5-18		35,000,000	23,100,000
1958	4 1/2 - 5	5-20		50,000,000	35,000,000
1960	4 3/4 - 5 3/8	5-20		35,000,000	31,700,000
1962	5 1/4	20		25,000,000	25,000,000
1961	4 1/2	5	fl.	2,762,431	2,762,431
1961	4 1/2	20		13,812,155	13,812,155
1962	4 3/4	20		6,906,078	6,906,077
1962	4 3/4	25		1,657,458	1,591,160
1962	4 1/2	5		5,524,862	5,524,862
1963	4 1/2	5		3,762,431	2,762,431
1963	4 5/8	30		483,425	483,425
1956	4 1/4	18	Sfr.	11,434,269	9,719,129
1961	4 3/4	5		2,058,168	1,646,535
1961	4 1/2	5		523,690	418,952
1962	4 1/2	18		13,721,123	13,721,123
1963	5 1/2	20	Lit.	15,000,000,000	25,505,739
1955	3 1/2	25	Lfr.	5,000,000	24,000,000
1957	5 3/8	25		100,000	—
1961	5 1/4	25		2,000,000	1,889,751
1961	5	25		100,000,000	2,000,000
1962	4 3/4	15		300,000,000	2,000,000
1962	5 1/8	25		250,000,000	5,000,000
1955	3 1/2	25	Bfr.	200,000,000	16,889,751
1955	3 1/2	25		4,000,000	3,340,000
1962	5 1/4	20		300,000,000	334,000
1963	5 1/2	20		300,000,000	6,000,000
1955	3 3/4	25	DM	50,000,000	9,857,000
1956	4 1/4	20		2,977,450	583,580
				12,500,000	15,674,000
				744,362	
				13,244,362	10,440,580
				377,390,452	321,652,611

TABLE 6

**BREAKDOWN OF LOANS GRANTED AS AT DECEMBER 31, 1963,
BY TYPES OF INVESTMENT AND BY COUNTRIES**

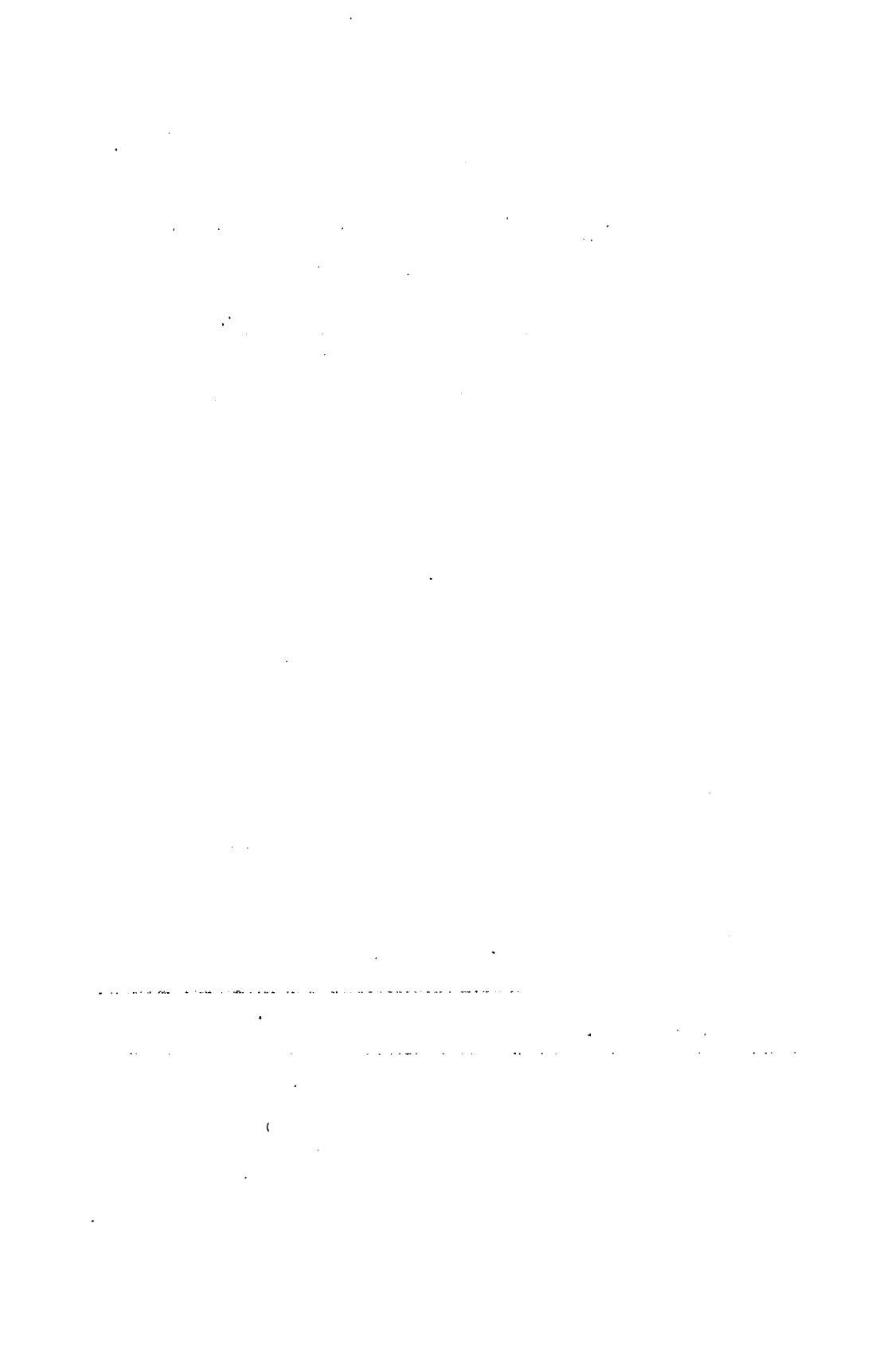
(Initial amounts)

('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 ¹⁾	147.63			147.63	32.85
Iron-ore mines ¹⁾	30.25			30.25	6.73
Iron and steel industry ¹⁾	158.91			158.91	35.36
Housing for miners and steel-workers	39.00	54.46		93.47	20.80
Industrial redevelopment	9.31			9.31	2.08
Readaptation			5.65	5.65	1.26
Research (experimental housing schemes)		0.37	2.96	3.33	0.75
Other projects			0.72	0.72	0.17
Total	385.10	54.84	9.33	449.27	100.00
2. Geographical Distribution					
Germany (Fed. Rep.)	190.31	31.58	6.62	228.51	50.85
Belgium	48.70	2.51	0.45	51.66	11.50
France	78.21	12.75	1.00	91.96	20.46
Italy	63.04	3.46	0.23	66.73	14.86
Luxembourg	2.70	1.61	0.79	5.10	1.14
Netherlands	2.14	2.94	0.24	5.31	1.19
Community	385.10	54.84	9.33	449.27	100.00

¹⁾ Including company-owned coking-plants and thermal power-stations.

²⁾ Including sintering plants.



STATISTICAL ANNEX

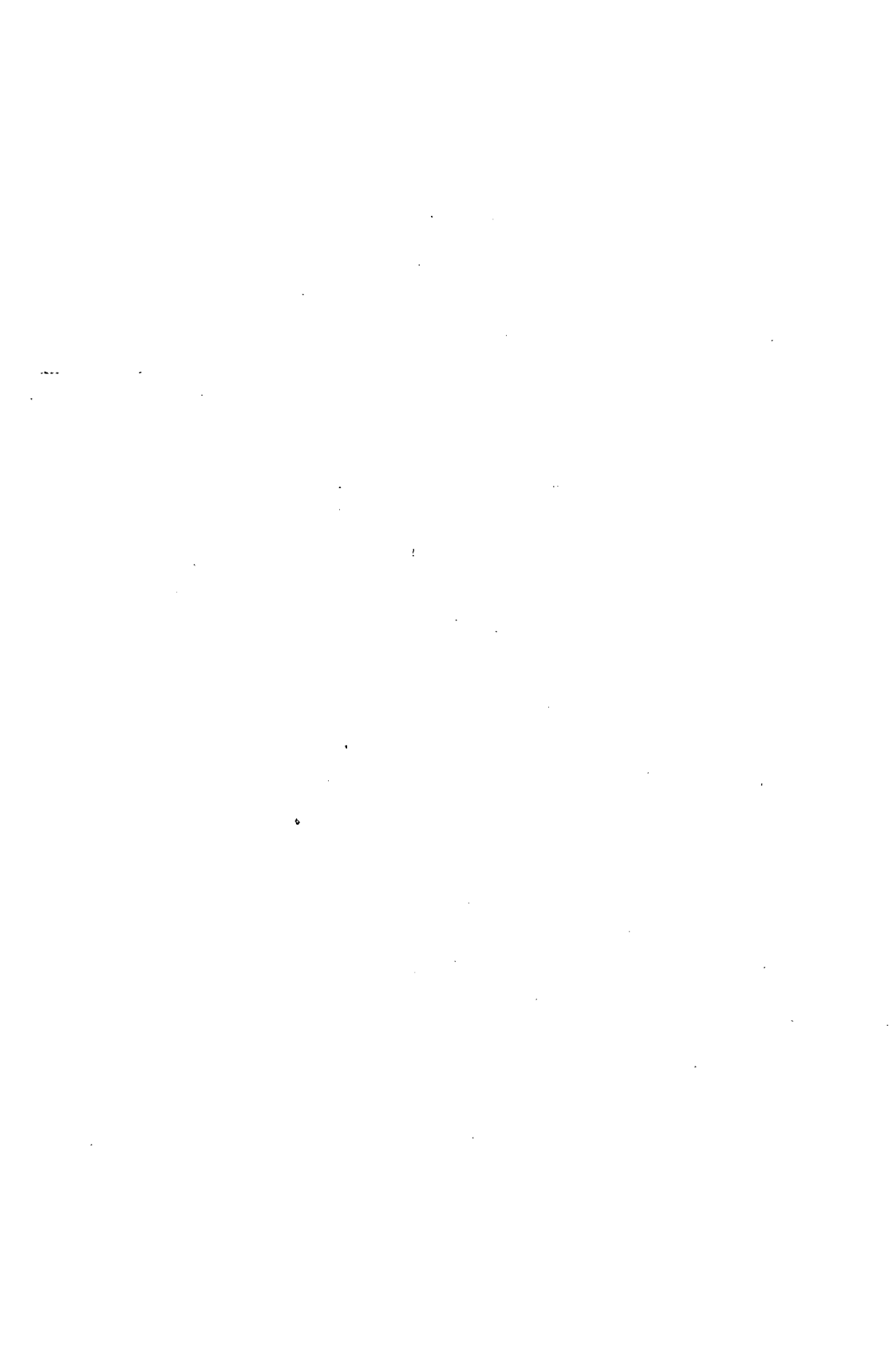


TABLE No. 1

World Hard-Coal Production

Continent	1950	1952	1957	1960	1961	1962 ¹⁾	1963 ²⁾
<i>Europe, excl. U.S.S.R., of which: Community</i>	552,203	595,084	617,296	593,843	580,817	587,659	586,000
United Kingdom	217,280	238,883	247,888	233,947	229,998	226,983	223,384
Eastern Europe	219,001	230,124	227,219	196,828	193,522	200,597	198,998
Poland	78,001	84,440	94,095	104,438	106,606	109,604	113,100
others	23,018	25,209	30,241	34,557	33,391	34,632	35,125
<i>U.S.S.R.</i>	185,225	215,009	328,502	374,930	376,920	382,000	392,000
<i>Asia, excl. U.S.S.R. and China of which: Japan</i>	80,225	90,020	112,971	128,553	136,303	143,610	148,830
India	38,459	43,359	51,732	51,064	54,485	54,396	52,100
	32,825	36,884	44,202	52,677	56,064	61,548	67,350
<i>Africa of which: Republic of South Africa</i>	30,085	32,311	40,905	43,291	44,054	45,479	46,390
	26,473	28,065	34,764	38,208	39,564	41,272	42,300
<i>The Americas of which: U.S.A.</i>	524,029	476,174	484,082	406,910	393,944	410,454	439,810
	505,327	457,600	467,595	391,526	378,664	395,520	424,700
<i>Australia and Oceania</i>	17,748	20,597	21,084	23,770	25,162	25,572	25,470
<i>World, excl. China</i>	1,389,515	1,429,195	1,604,840	1,564,632	1,557,200	1,594,774	1,638,500
<i>China</i>	40,900	63,528	130,730	..	..	..	..
<i>World, incl. China</i>	1,430,415	1,492,723	1,735,570	..	..	..	..

1) Corrections made to figures given in previous General Reports.

2) Provisional figures.

TABLE No. 2

Community Hard-Coal Production
(by countries and coalfields)

Coalfield - Country	('000 metric tons)										
	1938	1952	1953	1956	1957	1959	1960	1961	1962	1963 ¹⁾	
Ruhr	127,284	114,417	115,551	124,627	123,209	115,389	115,441	116,083	115,898	117,156	
Aachen	7,754	6,439	6,588	7,208	7,619	7,894	8,188	8,356	8,050	7,785	
Lower Saxony	1,918	2,422	2,333	2,572	2,328	2,303	2,425	2,211	2,269	2,260	
Saar ²⁾	14,389	16,235	16,418	17,090	16,455	16,246	16,234	16,090	14,919	14,915	
<i>Germany (Fed. Rep.)</i>	151,345	139,514	140,890	151,497	149,612	141,833	142,287	142,741	141,136	142,116	
Campine	6,536	9,712	9,483	10,468	10,331	8,771	9,385	9,611	9,807	10,067	
Southern Belgium	13,049	20,672	20,577	19,085	18,755	13,986	13,080	11,928	11,419	11,351	
<i>Belgium</i>	29,585	30,384	30,060	29,555	29,086	22,757	22,465	21,539	21,226	21,418	
Nord-Pas-de-Calais	28,238	29,406	27,554	28,583	28,725	29,249	28,940	26,925	27,144	24,669	
Lorraine	6,739	12,210	12,001	13,286	14,297	15,142	14,703	14,011	14,287	13,163	
Centre-Midi	11,087	13,157	12,606	12,899	13,373	12,957	12,092	11,239	11,807	9,857	
Other mines ³⁾	440	592	427	362	400	258	226	182	121	67	
<i>France</i>	46,504	55,365	52,588	55,129	56,795	57,606	55,961	52,357	52,359	47,756	
<i>Italy, all coalfields</i>	598	1,089	1,126	1,076	1,019	735	736	740	691	585	
<i>Dutch Limburg</i>	13,488	12,532	12,297	11,836	11,376	11,978	12,498	12,621	11,573	11,509	
Community	241,520	238,883	236,961	249,092	247,888	234,908	233,947	229,998	226,983	223,384	

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, Belgian, French and Italian coalfields is reckoned ton for ton all grades.

b) For figures in respect of the years 1954, 1955 and 1958, see *Statistical Annex to the Tenth and Eleventh General Reports*, Table 2, or *Bulletin de l'Office Statistique des Communautés Européennes*, "Charbon et autres sources d'énergie".

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	1963 ¹⁾
Ruhr	1,970	1,486	1,614	2,246	2,417	2,574
Aachen	1,409	1,186	1,314	1,836	1,930	1,998
Lower Saxony	1,380	1,130	1,264	1,969	2,083	2,060
Saar	1,570	1,676	1,800	2,197	2,369	2,531
<i>Germany (Fed. Rep.)</i>	1,877	1,480	1,606	2,207	2,372	2,521
Campine ...	1,523 ²⁾	(1,428) ³⁾	1,583	1,941	2,047	2,090
Southern Belgium	1,004 ⁴⁾	(1,075) ³⁾	1,125	1,566	1,658	1,632
<i>Belgium</i>	1,085 ⁴⁾	(1,164) ³⁾	1,253	1,714	1,818	1,819
Nord-Pas-de-Calais	1,136	1,277	1,506	1,610	1,633	1,666
Lorraine	2,014	2,088	2,310	2,704	2,808	2,920
Centre-Midi	1,176	1,343	1,634	1,912	1,975	2,003
Other pits		974	1,219	1,794	1,838	1,786
<i>France</i>	1,226	1,416	1,682	1,878	1,922	1,958
<i>Italy (Sulcis)</i>		609	957	1,573	1,676	1,990
<i>Dutch Limburg</i>	2,371	1,567	1,499	2,055	2,070	2,087
Community	1,590 ⁴⁾	1,413	1,560	2,059	2,174	2,272

1) Provisional figures.

2) Including 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.

TABLE No. 4
Pithead Stocks of Hard Coal

('000 metric tons at end of year)

Coalfield - Country	1952	1959	1960	1961	1962	1963 ¹⁾
Ruhr	445	9,444	5,159	5,774	4,089	2,353
Aachen	12	497	222	430	256	109
Lower Saxony	8	389	368	554	661	659
Saar	462	1,436	1,400	1,539	1,139	630
<i>Germany (Fed. Rep.)</i>	927	11,766	7,148	8,297	6,146	3,751
Campine	667	2,341	2,255	1,582	476	170
Southern Belgium	1,006	5,156	4,310	2,812	874	291
<i>Belgium</i>	1,673	7,496	6,565	4,394	1,351	461
Nord/Pas-de-Calais	1,553	3,710	4,532	3,649	2,614	2,008
Lorraine	1,181	3,795	4,764	4,350	3,586	2,628
Centre-Midi	1,442	3,438	3,903	3,617	2,347	1,695
<i>France²⁾</i>	4,200	10,955	13,202	11,618	8,550	6,335
<i>Italy, all coalfields</i>	53	111	93	8	43	68
<i>Dutch Limburg</i>	237	864	655	541	537	384
Community	7,090	31,193	27,664	24,857	16,627	11,000
<i>of which: low-grade fuels³⁾</i>		34%	47%	48%	53%	61% 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 No. 5.

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
1962	1,940	249	650	6,074	773	330	3,172	13,187
October 1962	2,176	266	851	7,568	1,136	376	3,314	15,687
October 1963	1,902	505	910	9,260	1,094	340	3,261	17,272

¹⁾ New series of figures as from 1960.

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	42,863		7,195	13,482	4,330	4,274	72,144
1963 ²⁾	41,585		7,203	13,413	4,594	4,270	71,066

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	788	321	342	7,015
1959	7,062	18	291	608	209	301	8,583
1960	5,475		270	576	111	221	6,653
1961	4,973		266	732	165	297	6,433
1962	5,077		218	757	69	128	6,249
1963 ¹⁾	1,638		150	425	103	117	2,432

¹⁾ Provisional figures.

TABLE No. 8

Community Hard-Coal Imports from Third Countries

('000 metric tons)

Country of origin \ Country of destination	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	5,987 ¹⁾	690	408	16	157	7,058
1963	5,942 ¹⁾	597	400	40	177	7,156
<i>Belgium</i>						
1953	664	420	—	46	2	1,133
1957	2,138	564	33	50	35	2,800
1961	668	134	—	20	8	830
1962	923	273	—	67	57	1,320
1963	2,104	1,144	4	422	136	3,810
<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	778	791	226	947	242	2,983
1963	2,576	2,118	363	1,846	567	7,470
<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	5,407	101	991	200	392	8,090
1963	7,265	135	746	1,336	363	9,835
<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	2,250	1,445	215	131	172	4,152
1963	3,359	1,554	215	312	121	5,561
<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	2,527	1,778	1,884	675	18,801
1962	15,345	3,099	1,840	2,360	960	23,604
1963	21,241 ³⁾	5,560 ³⁾	1,728	3,956	1,364	33,849

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, 2 in 1957 and 12 in 1963.

⁴⁾ Including 5 to Luxembourg in 1963.

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 1963 figures are provisional.

TABLE No. 9

Community Hard-Coal Exports to Third Countries

('000 metric tons)

Country of origin \ Country of destination	U.K.	Scandinavian countries	Switzerland	Austria	Other countries	Total
<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	—	385	681	1,000	1,417	3,485
1963	—	251	693	926	933	2,803
<i>Saar</i>						
1953	227	185	315	196	171	1,094
1957	83	—	371	64	40	557
1963	—	—	—	—	—	—
<i>Belgium</i>						
1953	192	64	50	2	274	582
1957	616	77	161	—	1	855
1961	—	159	280	9	234	682
1962	—	294	318	4	207	823
1963	—	0	210	4	32	246
<i>France</i>						
1953	116	229	267	129	140	881
1957	161	9	412	58	224	863
1961	—	—	262	16	111	389
1962	—	—	275	18	43	335
1963	—	—	204	6	3	213
<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
1963	—	14	68	4	—	86
<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	—	691	1,324	1,023	1,667	4,705
1963	—	265	1,175	940	968	3,348

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 1963 figures are provisional.

TABLE No. 10

Community Coke Exports to Third Countries

('000 metric tons)

Country of origin \ Country of destination	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	1,584	336	342	635	2,895
1963	1,805	492	481	632	3,410
<i>Belgium</i>					
1953	337	17	9	93	456
1957	197	11	0	9	217
1961	148	6	2	22	179
1962	86	13	2	11	111
1963	109	2	2	11	124
<i>France</i>					
1953	21	29	2	19	71
1957	1	50	—	22	73
1961	—	29	—	10	39
1962	—	27	—	3	31
1963	—	23	—	4	27
<i>Italy</i>					
1953	—	—	—	70	70
1957	—	—	—	3	3
1961	—	4	98	42	144
1962	—	19	114	33	166
1963	—	27	63	45	135
<i>Netherlands</i>					
1953	427	113	—	37	577
1957	466	118	21	27	631
1961	218	117	41	74	450
1962	248	113	39	35	435
1963	231	109	35	5	380
<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	1,917	508	498	714	3,637
1963	2,145	653	581	697	4,076

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 1963 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	1963)		
<i>Germany (Fed. Rep.)¹⁾</i>	Belgium	317	691	1,930	1,826	2,019	2,606	2,396	2,428		
	France/Saar ²⁾	3,706	3,828	4,256	4,490	6,729	6,352	6,210	6,350		
	Italy	2,993	3,421	3,505	1,286	3,426	2,877	2,114	1,231		
	Luxembourg	103	127	118	126	158	147	147	160		
	Netherlands	2,143	2,544	3,028	2,041	2,917	2,961	3,636	3,490		
	Total	9,262	10,611	12,837	9,729	15,250	14,543	14,503	13,659		
<i>Belgium</i>	Germany (Fed. Rep.)	19	107	226	52	196	187	231	709		
	France/Saar ²⁾	1,228	1,830	1,597	1,279	772	705	792	1,367		
	Italy	681	839	576	0	295	480	378	1		
	Luxembourg	65	23	38	13	33	34	30	233		
	Netherlands	574	1,070	2,166	868	781	924	733	26		
	Total	2,576	3,869	4,603	2,212	2,076	2,329	2,165	2,336		
<i>France/Saar²⁾</i>	Germany (Fed. Rep.)	3,940	4,320	4,239	3,024	620	645	674	546		
	Belgium	169	147	331	192	232	251	265	134		
	Italy	214	471	417	40	33	40	47	37		
	Luxembourg	155	129	132	115	48	26	20	15		
	Netherlands	4	106	10	48	53	29	20	7		
	Total	4,482	5,173	5,129	3,419	986	989	1,026	739		

Netherlands	Germany (Fed. Rep.)	—	10	124	119	516	535	671	762
	Belgium	4	175	521	763	834	951	912	944
	France/Saar ³⁾	—	74	386	498	1,128	1,286	1,265	1,265
	Italy	—	4	—	4	15	7	9	12
	Luxembourg	—	—	—	0	5	4	4	8
	Total	4	263	1,031	1,384	2,498	2,783	2,832	2,991
	Total	16,315	19,916	23,600	16,745	20,810	20,644	20,525	19,725
	<i>of which:</i>								
	Germany (Fed. Rep.)	3,959	4,437	4,589	3,195	1,332	1,367	1,576	2,017
	Belgium	490	1,013	2,782	2,781	3,085	3,408	3,573	3,506
France/Saar ³⁾	4,934	5,732	6,239	6,268	8,628	8,343	8,238	8,982	
Italy	3,888	4,735	4,498	1,330	3,769	3,404	2,548	1,281	
Luxembourg	323	279	288	254	245	211	202	416	
Netherlands	2,721	3,720	5,204	2,917	3,750	3,914	4,388	3,523	

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 Bulletin 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	1963 ¹⁾
<i>Germany (Fed. Rep.)²⁾</i>	Belgium	—	8	48	73	69	44	33	92
	France/Saar ³⁾	3,442	2,768	2,212	3,383	3,893	3,912	3,509	4,594
	Italy	2	11	23	49	27	79	145	396
	Luxembourg	2,970	2,798	2,773	3,085	3,466	3,522	3,381	3,234
	Netherlands	179	270	346	194	336	289	337	450
	Total	6,593	5,855	5,402	6,784	7,791	7,847	7,405	8,766
<i>Belgium</i>	Germany (Fed. Rep.)	201	21	1	5	32	27	19	10
	France/Saar ³⁾	197	—	451	331	371	397	253	347
	Italy	—	220	—	1	90	32	30	—
	Luxembourg	140	102	102	59	238	239	227	237
	Netherlands	5	22	8	14	—	—	—	0	6
	Total	543	365	562	410	731	695	530	600
<i>France/Saar³⁾</i>	Germany (Fed. Rep.)	120	158	184	64	41	39	111	110
	Belgium	—	—	4	1	13	9	1	1
	Italy	—	—	—	39	29	19	16	12
	Luxembourg	—	—	—	—	—	—	1	3
	Netherlands	—	—	—	—	1	0	0	—
	Total	120	158	188	104	85	67	129	126

Netherlands	Germany (Fed. Rep.)	—	2	3	7	313	206	235	233
	Belgium	2	17	34	76	163	205	221	244
	France/Saar ²⁾	516	448	565	612	834	1,193	991	968
	Luxembourg	234	203	246	370	383	312	281	192
	Total	754	670	838	1,708 ³⁾	1,072 ⁴⁾	1,955 ⁵⁾	1,766 ⁵⁾	1,653 ⁵⁾
	Total	8,104	7,075	6,990	8,400	10,315	10,564	9,842	11,161
	<i>of which:</i>								
	Germany (Fed. Rep.)	321	181	188	76	387	272	366	353
	Belgium	2	25	76	150	245	258	255	337
	France/Saar ²⁾	4,251	3,463	3,228	4,357	5,097	5,504	4,765	5,925
	Italy	2	11	23	96	163	169	228	424
	Luxembourg	3,344	3,103	3,121	3,514	4,086	4,073	3,890	3,666
	Netherlands	184	292	354	208	337	289	338	456

¹⁾ Provisional figures.

²⁾ From 1960 onwards, the tonnages for the Saar are included in the figures for the Federal Republic of Germany, the figures relate only to France.

³⁾ From 1960 onwards, the figures relate only to France.

⁴⁾ Including some small tonnages to Italy: 1958 : 7; 1960 : 7; 1961 : 39; 1962 : 38; 1963 : 16.

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 des Communautés Européennes*, "Charbon et autres sources d'énergie."

TABLE No. 13

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	Apr. 53	22-80	7-10	24-06	< 10		
		Jun. 55	22-97	7-10	25-49	< 10		
		Apr. 56	23-16	7-10	25-90	< 10		
		Apr. 62	30-48	7-10	31-32	< 10		
		May 63	31-25	7-10	32-16	< 10		
		Jan. 64	31-92	7-10	33-12	< 10		
Anthracitic/low- volatile	French nuts	Apr. 53	19-37	10-14	20-63	10-14		
		Jun. 55	19-54	10-14	21-95	10-14		
		Apr. 56	19-73	10-14	22-36	10-14		
		Apr. 62	24-00	10-14	25-08	10-14		
		May 63	28-06	10-12	25-80	10-14		
		Jan. 64	26-68	10-12	26-52	10-14		
Low-volatile dry's	small nuts	Apr. 53	19-37	10-14	20-63	10-14		
		Jun. 55	19-54	10-14	21-95	10-14		
		Apr. 56	19-73	10-14	22-36	10-14		
		Apr. 62	24-00	10-14	25-08	10-14		
		May 63	24-60	12-14	25-80	10-14		
		Jan. 64	25-20	12-14	26-52	10-14		
Semi-bituminous	singles	Apr. 53	13-66	14-19	14-92	14-19		
		Jun. 55	14-05	14-19	14-40	16-19		
		Apr. 56	14-25	14-19	14-82	16-19		
		Apr. 62	16-56	16-20	17-76	16-19		
		May 63	16-97	16-20	18-24	16-19		
		Jan. 64	17-69	16-20	18-60	16-19		
High-volatile bituminous	No. 2 nuts (doubles)	Apr. 53	13-32	28-40			17-83	40-42
		Jun. 55	13-25	28-40			18-14	40-42
		Apr. 56	13-45	28-40			17-86	40-42
		Apr. 62	15-36	33-40			16-75	40-43
		May 63	15-74	33-40			17-52	40-43
		Jan. 64	16-32	33-40			18-72	40-43

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.

Netherlands		Belgium				Nord/ Pas-de-Calais		Lorraine	
Price	V.M. %	Cobechar-South		Cobechar-Campine		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	27-60	< 10			26-57	< 11		
22-37	9-12	30-00	< 10			27-83	< 10		
23-68	9-12	30-00	< 10			27-83	< 10		
29-01	8-10	34-60	< 10			30-40	< 10		
30-52	8-10	37-10	< 10			30-40	< 10		
33-15	8-10	38-10	< 10			31-61	< 10		
21-60	10-14	27-60	10-12 ½			26-57	11-13		
21-45	11-14	30-00	10-12 ½			27-26	10-14		
22-76	11-14	30-00	10-12 ½			27-26	10-14		
27-62	10-12	31-60	10-14			28-37	10-14		
29-14	10-12	33-10	10-14			28-37	10-14		
31-77	10-12	34-10	10-14			29-58	10-14		
21-60	10-14	27-60	10-12 ½			26-57	11-13		
21-45	11-14	30-00	10-12 ½			27-26	10-14		
22-76	11-14	30-00	10-12 ½			27-26	10-14		
25-28	12-14	31-60	10-14			28-37	10-14		
26-52	12-14	33-10	10-14			28-37	10-14		
28-31	12-14	34-10	10-14			29-58	10-14		
14-40	15-20	16-40	16-20			16-80	13-22		
14-47	15-20	15-70	16-20			16-29	14-18		
14-47	15-20	15-70	16-20			16-29	14-18		
16-09	14-18	18-30	18-20			16-00	14-18		
16-09	14-18	20-40	18-20			16-00	14-18		
16-99	14-18	21-40	18-20			18-03	14-18		
		17-20	> 28 ½	17-20	> 28 ½	17-83	> 30	17-83	40-42
		16-26	> 28 ½	16-26	> 28 ½	17-69	> 30	17-83	40-42
		16-26	> 28 ½	16-26	> 28 ½	17-69	> 30	17-83	40-42
		17-10	> 28	16-40	> 28	17-02	> 30	15-50	40-42
		17-10	> 28	16-80	> 28	17-02	> 30	16-11	40-42
		18-10	28-33	18-20	26-30	17-63	> 30	17-33	40-42

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. 13 (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. 5 nuts (grains)	Apr. 53	13-20	28-40			13-60	39-41
		Jun. 55	13-03	28-40			13-86	39-41
		Apr. 56	13-22	28-40			14-14	39-41
		Apr. 62	15-00	33-40			15-00	37-42
		May 63	15-62	33-40			15-72	37-42
		Jan. 64	16-32	33-40			16-56	37-42
Bituminous	washed duff or coking fines	Apr. 53	12-63	19-28	13-89	> 19	13-54	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. 62	15-19	18-30	16-74	> 19	16-44	33-40
		May 53	15-58	18-30	17-16	> 19	16-80	33-40
		Jan. 64	15-96	18-30	17-52	> 19	16-80	33-40
Coke	large	Apr. 53	15-26		16-52		20-29	
		Jun. 55	15-23		16-72		19-43	
		Apr. 56	16-24		17-49		20-14	
		Apr. 62	20-03		21-92		22-80	
		May 63	20-54		22-56		22-80	
		Jan. 64	20-98		23-04		22-80	
As a rule, the taxes shown are to be added to the above prices, according to the country of destination		1953		4-16%			9-11%	
		1955		4-16%			9-29%	
		1956		4-16%			11-11%	
		1959		4-16%			4-16%	
		1962		4-16%			4-16%	

TABLE No. 14

Comparative Movement of Coal Prices in the Different Coalfields of the Community

	1953 = 100				Ruhr prices in 1953 = 100			
	1954	1958	1963	1964	1954	1958	1963	1964
<i>Ruhr</i>								
Anthracite	101	113	137	140				
Anthracitic/low-volatile	100	114	145	148				
Low-volatile/dry's	100	114	127	130				
Semi-Bituminous	100	119	124	130				
High-volatile bituminous No. 2 nuts	98	116	118	123				
High-volatile bituminous No. 5 nuts	97	116	118	124				
Washed bituminous fines	96	115	123	126				
Coke	97	125	135	137				
<i>Aachen</i>								
Anthracite	102	120	134	138	108	113	103	104
Anthracitic/low-volatile	101	121	125	129	108	113	92	92
Low-volatile/dry's	101	121	125	129	108	113	105	105
Semi-bituminous	96	117	122	125	105	107	107	105
Washed bituminous fines	97	115	124	126	110	110	110	110
Coke	97	127	137	139	109	109	110	110
<i>Saar</i>								
High-volatile bituminous No. 2 nuts	102	95	98	105	139	111	111	115
High-volatile bituminous No. 5 nuts	103	109	116	122	109	97	101	101
Washed bituminous fines	103	112	124	124	115	104	108	105
Coke	97	104	112	112	133	111	111	109
<i>Netherlands</i>								
Anthracite	98	125	141	153	93	105	98	104
Anthracitic/low-volatile	98	121	135	142	110	118	104	111
Low-volatile/dry's	98	111	128	134	110	109	108	112
Semi-bituminous	100	129	112	118	105	114	95	96
Washed bituminous fines	94	111	105	109	106	105	93	94
Coke	97	126	118	126	108	110	95	99

TABLE No. 14 (contd.)

	1953 = 100				Ruhr prices in 1953 = 100			
	1954	1958	1963	1964	1954	1958	1963	1964
<i>Belgium (South)</i>								
Anthracite	100	125	136	138	121	135	119	119
Anthracitic/low-volatile	100	124	120	124	142	154	118	119
Low-volatile/dry's	100	124	120	124	142	154	135	135
Semi-bituminous	100	123	124	130	120	123	120	121
High-volatile bituminous No. 2 nuts	100	114	99	105	131	127	109	111
High-volatile bituminous No. 5 nuts	100	123	105	105	117	121	101	96
Washed bituminous fines	99	120	108	108	116	118	98	96
<i>Belgium (Campine)</i>								
High-volatile bituminous No. 2 nuts	100	110	98	106	131	123	107	112
High-volatile bituminous No. 5 nuts	100	119	105	108	117	116	101	99
Washed bituminous fines	99	118	103	103	116	115	94	91
<i>Nord-Pas-de-Calais</i>								
Anthracite	101	100	114	119	118	103	97	99
Anthracitic/low-volatile	101	97	107	111	139	116	101	103
Low-volatile/dry's	101	97	107	111	139	116	115	117
Semi-bituminous	102	102	95	107	125	105	94	102
High-volatile bituminous No. 2 nuts	99	97	95	99	134	112	108	108
High-volatile bituminous No. 5 nuts	100	99	94	98	123	102	95	95
Washed bituminous fines	99	97	101	101	117	96	94	91
Coke	100	105	108	108	127	103	99	97
<i>Lorraine</i>								
High-volatile bituminous No. 2 nuts	100	93	90	99	136	108	102	109
High-volatile bituminous No. 5 nuts	102	105	102	106	110	96	91	91
Washed bituminous fines	103	108	117	117	107	94	95	93
Coke	100	106	108	108	137	112	107	105

TABLE No. 15
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 ³⁾	
		(¹⁾)	(²⁾)	(¹⁾)	(²⁾)
1953 June	10.38	4.31		14.69	
December	9.55	4.11		13.66	
1954 June	8.57	4.56		13.13	
December	9.06	6.88		15.94	
1955 June	9.84	8.13		17.97	
December	11.27	9.30		20.57	
1956 June	11.51	10.00		21.51	
December	11.76	15.05		26.81	
1957 June	11.51	6.79		18.30	
December	10.83	3.55		14.38	
1958 June	9.84	3.21		13.05	
December	9.84	3.68		13.52	
1959 June	9.84	2.87		12.71	
December	9.84	3.74		13.58	
1960 June	9.60	3.59		13.19	
December	9.60	3.51		13.11	
1961 June	9.60	3.63		13.23	
December	9.60	3.43		13.03	
1962 June	9.84	2.64		12.48	
December	9.84	2.59		12.43	
1963 March	9.84	3.44		13.28	
June	9.84	3.51		13.35	
September	10.33	3.79	3.66	14.12	13.99
October	10.33	4.85	5.01	15.18	15.34
November	10.33	4.89	4.78	15.22	15.11
December	10.33	4.10	4.15	14.43	14.48
1964 January	10.33	4.30	4.32	14.63	14.65

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.

³⁾ Weighted average of rates noted during the month in respect of single voyages - ARA.

⁴⁾ The c.i.f. prices shown are the sum of spot prices for coal and spot freight rates. They reflect the influence of marginal demand on the day-to-day prices charged in respect of short-term contracts.



TABLE No. 16

Overall Energy Balance-Sheet of the Community

	('000,000 metric tons H.C.E.)		
	1962	1963 (estimate)	1964 (forecast)
1. Availabilities			
11. Primary-energy production			
Hard coal exclusive of low-grade products	196.835	193.885	197.335
Hard coal — low grade products	26.074	25.326	25.823
Brown coal	31.586	32.193	32.492
Crude oil and natural petroleum products	19.549	20.664	21.236
Natural gas	17.819	18.872	20.078
Hydro-electricity)	35.689	39.902	39.420
Nuclear electricity	0.224	0.340	1.128
12. Imports			
Hard coal exclusive of low-grade products	23.610	33.820	31.555
Brown coal	3.890	3.987	3.971
Coke	0.119	0.505	0.570
Crude oil	204.133	235.235	261.833
Petroleum products	32.391	38.170	31.213
Gas	—	—	—
Electricity	2.944	3.596	3.984
13. Total availabilities (11 + 12)	594.863	646.495	670.638
2. Requirements			
21. Primary-energy producers' own consumption and conversion and transmission losses ...	62.878	63.570	63.039
22. Consumption			
Iron and steel industry	67.061	66.500	69.376
Other industries	157.351	170.139	178.760
Transport sector	68.273	74.027	79.419
Household sector	146.010	167.874	163.953
Not specified	12.959	13.717	13.929

23. Total internal consumption (primary-energy consumption, 21 + 22)	514.532	555.827	568.476
24. Recorded stock changes			
241. primary converters'	-1.468	+3.332	+0.132
242. end consumers'	-0.920	+0.420	+3.500
25. Internal requirements (23 + 24)	512.144	559.579	572.108
26. Exports and bunkering			
261. Exports			
Hard coal exclusive of low-grade products	4.790	3.450	3.300
Brown coal	0.270	0.275	0.275
Coke	3.705	3.975	3.780
Crude oil	0.143	0.143	0.286
Petroleum products	39.851	45.982	42.793
Gas	0.032	0.036	0.041
Electricity	1.650	1.576	1.496
262. Bunkering			
Hard coal exclusive of low-grade products	0.180	0.155	0.155
Oil	20.127	21.450	22.380
263. Total (261 + 262)	70.748	77.042	74.506
27. Products used for non-energy purposes	15.107	16.657	18.200
28. Total requirements (25 + 263 + 27)	597.999	653.278	664.814
3. Corrections			
31. Stock changes			
311. producers'	-7.842	-8.576	+1.645
312. importers'	+0.218	-3.350	-0.620
32. Statistical errors	+4.488	+5.143	+4.799
33. Total (31 + 32. 13-28)	-3.136	-6.783	+5.824

1) Including geotherma electricity.

N.B.

Regarding comparability of above figures with other series, see footnote 1 to Table No. 1 in this Report (Total Internal Primary-Energy Consumption.)

TABLE No. 17

Trend in Total Energy Consumption in the Community and the Individual Member Countries,
in Terms of Primary Energy

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

	Hard coal	Brown coal	Oil	Primary gas ¹⁾	Hydro-electricity ²⁾	Total consumption
<i>1962</i>						
Germany (Fed. Rep.)	125.1	32.5	59.6	1.3	5.9	224.3
Belgium	23.8	0.06	12.49	0.06	-0.12 ³⁾	36.29
France	68.1	1.8	44.0	6.5	14.4	134.7
Italy	11.7	0.6	40.7	9.3	17.0	79.4
Luxembourg	4.18	0.10	0.57	0.04	0.08	4.96
Netherlands	15.94	0.19	18.03	0.68	-0.01 ³⁾	34.83
Community	248.8	35.3	175.5	17.8	37.2	514.5
<i>1963 (estimated)</i>						
Germany (Fed. Rep.)	126.6	33.3	70.4	1.6	7.0	238.9
Belgium	24.58	0.06	13.94	0.05	-0.21 ³⁾	38.43
France	70.6	1.8	51.0	6.7	17.5	147.5
Italy	12.2	0.6	47.8	9.6	17.8	88.0
Luxembourg	3.99	0.10	0.81	0.04	0.23	5.17
Netherlands	16.74	0.18	20.13	0.76	—	37.82
Community	254.7	36.0	204.1	18.8	42.3	555.8
<i>1964 (forecast)</i>						
Germany (Fed. Rep.)	122.8	33.5	77.0	1.9	7.7	242.9
Belgium	23.02	0.06	14.87	0.05	-0.19 ³⁾	37.81
France	67.0	1.8	55.2	6.9	17.1	148.0
Italy	12.0	0.6	54.8	10.2	18.1	95.7
Luxembourg	3.93	0.10	1.00	0.04	0.35	5.42
Netherlands	15.89	0.18	21.70	0.93	—	38.71
Community	244.7	36.2	224.50	20.0	43.0	568.5

¹⁾ Including net external trade balance.²⁾ Including geothermal and nuclear electricity and net external-trade balance.³⁾ Net electricity exports are higher than primary energy production.

TABLE No. 18

Changes in the Shares of the Different Products
in the Coverage of Internal Primary-Energy Requirements

(in %)

	Hard coal	Brown coal	Oil	Primary gas ¹⁾	Hydro-electricity	Total
<i>1962</i>						
Germany (Fed. Rep.)	55.7	14.5	26.6	0.6	2.6	
Belgium	65.6	0.2	34.4	0.1	-0.3 ²⁾	
France	50.5	1.3	32.7	4.8	10.7	
Italy	14.7	0.8	51.3	11.7	21.5	
Luxembourg	84.2	2.0	11.4	0.8	1.6	
Netherlands	45.7	0.5	51.8	2.0	—	
Community	48.3	6.9	34.1	3.5	7.2	100%
<i>1963 (estimated)</i>						
Germany (Fed. Rep.)	53.0	13.9	29.5	0.7	2.9	
Belgium	64.01	0.2	36.3	0.1	-0.6 ²⁾	
France	47.9	1.2	34.6	4.5	11.8	
Italy	13.9	0.6	54.4	10.9	20.2	
Luxembourg	77.2	1.9	15.7	0.8	4.4	
Netherlands	44.3	0.5	53.2	2.0	—	
Community	45.8	6.5	36.7	3.4	7.6	100%
<i>1964 (forecast)</i>						
Germany (Fed. Rep.)	50.5	13.8	31.7	0.8	3.2	
Belgium	60.9	0.2	39.3	0.1	-0.5 ²⁾	
France	45.3	1.2	37.3	4.7	11.5	
Italy	12.5	0.6	57.3	10.7	18.9	
Luxembourg	72.5	1.8	18.5	0.8	6.4	
Netherlands	41.1	0.5	56.0	2.4	—	
Community	43.0	6.4	39.5	3.5	7.6	100%

¹⁾ Including net external-trade balance.²⁾ Including geothermal and nuclear electricity and net external-trade balance.³⁾ Net electricity exports are higher than primary-energy production.

TABLE No. 19

Community Production of Electricity

Year	Total production		Hydro-geothermal and nuclear electricity			Thermal electricity		
	'000,000 kWh	Year-to-year change	'000,000 kWh	in % of total production	Year-to-year change	'000,000 kWh	in % of total production	Year-to-year change
1962	324,355		89,772	27.7		234,583	72.3	
1963	347,050	+ 7.0	100,605	29.0	+ 12.1	246,445	71.0	+ 5.0
1964	374,185	+ 7.8	101,370	27.1	+ 0.8	272,815	72.9	+ 10.7

TABLE No. 20

Community Balance-Sheet for Iron Ore

	('000 metric tons Fe content)				
	1957	1961	1962	1962 (9 months)	1963 (9 months)
<i>Availabilities</i>					
1. Production of saleable ore	37,755	46,342	44,758	33,752	32,063
2. Net imports from third countries	24,283	26,547	25,735	19,213	16,803
— imports	13,472 ¹⁾	19,795 ¹⁾	19,023 ¹⁾	14,539	15,260 ¹⁾
— exports	13,759 ¹⁾	19,999 ¹⁾	19,210 ¹⁾	14,684	15,383 ¹⁾
— imports	287 ¹⁾	204 ¹⁾	187 ¹⁾	145	123 ¹⁾
<i>Consumption</i>	35,798	45,342	44,524	33,439	32,301
1. by sintering plants	5,244	14,540	17,813	13,124	14,907
— Community ores	3,476	7,066	8,319	6,065	6,901
— third-country ores	1,768	7,474	9,494	7,059	8,006
2. by blast-furnaces	30,099	29,837	25,721	19,582	16,787
— Community ores	19,547	18,712	15,866	12,129	9,581
— third-country-ores	10,552	11,126	9,855	7,453	7,206
3. by steelworks	453 ¹⁾	865 ¹⁾	990 ¹⁾	733 ¹⁾	607 ¹⁾
— Community ores	89	242 ¹⁾	202 ¹⁾	139 ¹⁾	95 ¹⁾
— third-country ores	366	724 ¹⁾	788 ¹⁾	594 ¹⁾	512 ¹⁾
<i>Stock changes</i>	+ 1,670 ¹⁾	+ 927 ¹⁾	— 227	+ 536 ¹⁾	— 251
— at works	+ 858	+ 299	— 688	— 240	— 81
— elsewhere	+ 447	+ 422	— 267	+ 317	— 138
— at mines	+ 365 ¹⁾	+ 206 ¹⁾	+ 728 ¹⁾	+ 459 ¹⁾	— 32
<i>Difference due to errors and omissions</i>	— 287	— 73	+ 461	+ 223	— 13

1) Estimated.

1) Partly estimated.

N.B.

For figures in respect of the years 1958-1960, see *Statistical Annex to the Eleventh General Report*.

TABLE No. 21

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	16,643	81	67,117	1,983	6,507	92,331
1962 (9 months)	12,635	55	50,198	1,544	4,872	69,304
1963 (9 months)	9,920	84	43,362	1,269	5,261	59,895
Difference between 1962/1963 (in %)	-21.5	+34.5	-13.6	-17.8	+7.4	-13.6
1963						
1st quarter	3,657	26	13,868	393	1,692	19,637
2nd quarter	3,203	31	16,318	405	1,618	21,575
3rd quarter	3,060	27	13,176	471	1,951	18,683
4th quarter	.	.	.	.	.	.

¹⁾ For figures in respect of the years not listed in this table, see *Statistical Annex* to the *Tenth General Report*.

TABLE No. 22

Iron-Ore Trade within the Community

('000 metric tons)

Country of supply	Countries of destination	1952	1958	1960	1961	1962	1963	
							first nine months	
Germany (Fed. Rep.))	Belgium/Luxembourg	—	1.6	2.8	3.5	2.5	2.2	1.7
	France ¹⁾	51.6	36.8	2.1	6.2	2.5	2.1	6.2
	Italy	1.2	1.6	1.2	0.3	0.2	0.2	0.1
	Netherlands	0.0	0.4	1.5	5.0	3.4	2.9	1.5
	Total	52.8	40.4	7.6	15.0	8.6	7.4	9.6
Belgium/Luxembourg	Germany (Fed. Rep.))	434.4	17.4	0.2	0.0	0.0	0.0	1.1
	France ²⁾	10.8	94.0	128.2	188.8	235.3	164.6	207.5
	Netherlands				0.8	1.3	0.6	0.9
	Total	345.2	111.4	128.4	189.7	236.6	165.3	209.5
France ³⁾	Germany (Fed. Rep.))	379.2	1,110.1	9,779.6	9,514.5	9,070.4	7,013.6	5,323.9
	Belgium/Luxembourg	8,395.2	13,616.5	16,828.9	15,902.6	16,265.0	12,232.3	10,445.8
	Netherlands	132.0	51.6	6.2	—	—	—	—
	Total	8,906.4	14,778.2	26,614.7	25,417.0	25,335.6	19,245.9	15,769.8
	Total ⁴⁾	9,404.4	14,941.6	26,764.2	25,657.4	25,591.7	19,428.6	15,994.1
	of which:							
	Germany (Fed. Rep.))	813.6	1,139.1	9,793.0	9,548.9	9,081.1	7,023.4	5,330.2
	Belgium/Luxembourg	8,395.2	13,618.1	16,831.7	15,906.7	16,267.6	12,234.4	10,447.5
	France ⁵⁾	62.4	130.8	130.6	195.7	238.0	167.0	213.7
	Italy	1.2	1.6	1.2	0.3	0.4	0.2	0.3
	Netherlands	132.0	52.0	7.7	5.8	4.7	3.6	2.4

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. 23

Community Iron-Ore Imports from Third Countries

Country of origin	1954	1958	1961	1962	('000 metric tons)	
					1962	1963
					first nine months	
Spain	554.5	1,158.7	1,320.8	943.3	788.2	695.6
Greece	19.3	101.8	107.0	100.2	80.1	53.5
Norway	720.7	760.6	914.2	857.9	685.5	543.4
Sweden	7,689.1	10,627.3	14,076.3	13,757.5	10,268.2	10,750.9
Turkey	126.0	348.2	217.8	105.4	93.4	31.4
Algeria	653.5	863.4	1,172.0	737.3	554.5	512.8
Liberia	245.0	953.6	1,708.9	2,040.9	1,681.7	2,530.7
Morocco ¹⁾	200.5	508.2	562.1	363.8	279.5	203.1
Tunisia	278.1	338.3	268.0	311.9	249.9	142.0
Sierra Leone	19.1	647.4	1,130.1	1,391.6	1,148.0	1,158.0
India and Portuguese possessions in Asia	758.1	1,562.8	2,660.3	2,405.5	1,955.9	1,105.3
Canada	724.3	1,736.6	2,036.9	1,482.1	1,160.7	864.8
Brazil	308.1	692.2	3,077.0	3,807.3	2,888.5	3,175.2
Chile	38.8	150.1	830.2	599.6	529.1	486.4
Peru	—	722.2	1,661.5	1,322.1	708.6	1,465.5
Venezuela	9.6	1,869.6	2,358.7	1,723.9	1,445.9	1,296.8
Other countries	245.7	716.7	679.0	999.4	791.7	1,145.7
Total	12,590.5	23,757.9	34,780.8	32,949.7	25,309.4	26,161.1

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 1955-1960, see previous *General Reports*.

TABLE No. 24

Community Balance-Sheet for Scrap

('000 metric tons)

	1954	1961	1962	1962 first nine months	1963 first nine months
<i>Availabilities (1+2+3+4-5)</i>	20,708	32,951	32,142	23,987	23,728
1. Iron and steel industry's own arisings	11,362	18,638	18,708	13,995	13,828
2. Independent steel foundries' own arisings	—	448	445	327	301
3. Procurements by the iron and steel industry	10,751	16,369	15,547	11,591	11,660
(a) from internal scrap recovery	10,082	14,314	14,013	10,470	10,573
(b) from third countries	669	2,055	1,534	1,121	1,087
4. Procurements by independent steel foundries	—	412	401	302	258
5. Sales by the iron and steel industry	1,405	2,916	2,959	2,228	2,319
(a) to Community countries	1,394	2,909	2,956	2,223	2,317
(b) to third countries	11	7	3	5	2
<i>Consumption (1+2+3+4)</i>	21,400	33,025	32,696	24,312	24,565
1. by the blast furnaces and pig-iron based electric furnaces	3,459	2,876	2,174	1,608	1,547
2. by steelworks	17,680	29,034	29,421	21,885	22,278
(a) Basic Bessemer	1,375	2,670	2,784	2,067	2,314
(b) Open-hearth	13,130	18,710	18,045	13,671	12,985
(c) Electric furnace	3,162	7,168	7,870	5,646	6,128
(d) Others	13	486	722	501	851
3. for faggotting ¹⁾	261	295	295	212	207
4. by independent steel foundries	—	820	806	607	533
<i>Stock changes at works</i>	-461	+165	-270	-123	-466
<i>Stock changes at independent steel foundries</i>	—	+ 3	+ 1	± 0	— 2
<i>Difference due to errors and omissions</i>	+231	+242	+285	+202	+369

) Scrap consumption by rolling mills.

N.B. For figures in respect of the years 1955-1960, see *Statistical Annex to the Eleventh General Report*.

TABLE No. 25

Community Balance-Sheet for Pig-Iron

('000 metric tons)

	1954	1961	1962	1962 first nine months	1963 first nine months
<i>Availabilities (Total)</i>	33,069	55,114	54,298	40,644	40,144
1. Net Community production	33,129	54,607	53,715	40,249	39,483
(a) Phosphorous steelmaking pig-iron	25,322	39,543	38,262	28,724	27,741
(b) Hematite steelmaking pig-iron	4,036	10,480	11,050	8,211	8,699
(c) Phosphorous foundry pig-iron	1,652	1,342	1,364	997	929
(d) Hematite foundry pig-iron	1,103	1,731	1,697	1,290	1,222
(e) Spiegel	256	269	244	195	155
(f) High-carbon ferro-manganese	258	512	528	380	404
(g) Others (alloyed and special pig-irons)	502	730	570	452	334
2. Net imports from third countries	— 60	507	583	395	661
(a) imports	300	924	1,185	870	983
of which: foundry pig-iron		600	681	257	677
(b) exports	360	417	602	475	322
of which: foundry pig-iron		324	246	177	146
<i>Consumption (Total)</i>	(33,184)	54,506	54,208	—	—
1. by steelworks	30,089	50,675	50,167	37,600	37,153
(a) Basic Bessemer	25,044	38,296	36,611	27,533	26,515
(b) Open-hearth	4,878	9,789	9,910	7,462	6,967
(c) Electric furnace	166	387	438	317	309
(d) Others	1	2,203	3,208	2,288	3,362
2. by pig-iron foundries	3,095	3,797	4,003	—	—
3. by independent steel foundries		34	38	28	22
<i>Stock changes</i>	—	+ 344	+ 62	— 50	+ 36
of which: foundry pig-iron	—	+ 124	+ 46	+ 38	+ 13
<i>Stock changes at pig-iron foundries and independent steel foundries</i>	—	—	—	—	—

¹⁾ Scrap consumption by rolling mills.

N.B. For figures in respect of the years 1955-1960, see *Statistical Annex* to the *Eleventh General Report*.

TABLE No. 26

Scrap Trade between Community Countries¹⁾

('000 metric tons)

Country	1954	1958	1960	1961	1962	1962	1963
						first 9 months	
<i>Deliveries to other Community countries by:</i>							
Germany (Fed. Rep.) ²⁾	676	859	1,227	1,369	1,242	944	922
Belgium/Luxembourg	142	136	436	329	360	269	371
France ³⁾	916	559	1,318	1,050	1,231	959	775
Italy	0	0	2	1	1	0	0
Netherlands	118	172	342	343	231	189	215
Community	1,852	1,726	3,324	3,093	3,064	2,362	2,284
<i>Purchases from other Community countries by:</i>							
Germany (Fed. Rep.) ²⁾	287	87	467	355	357	302	310
Belgium/Luxembourg	136	198	173	188	73	56	37
France ³⁾	65	360	337	436	292	200	348
Italy	1,342	1,063	2,264	2,080	2,301	1,776	1,555
Netherlands	22	18	84	34	42	28	34
Community	1,852	1,726	3,324	3,093	3,064	2,362	2,284

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, 1959 and 1960, see previous *General Reports*.

Development of Pig-Iron Prices in the Community for Basic Qualities
(exclusive of taxes)

Quality	Period	(\$ per metric ton)					
		Germany (Fed. Rep.)	Belgium	France	Italy	Netherlands	
Phosphorous foundry pig-iron P = 1.4%—1.6% Mn = 0.7% maximum	May 1953	65.17	53.—	55.14	68.80	56.34	
	October 1954	65.17	53.50	59.43	64.—	56.34	
	August 1957	75.43 ¹⁾	71.50	66.71	89.60	74.25	
	January 1961	75.43	55.—	59.15 (57.26)	64.—	61.75	
	January 1962	79.20	55.—	59.15 (57.26)	64.—	64.82	
	January 1963	64.80	55.—	59.15 (57.26)	59.20	64.82 (62.85)	
	January 1964	64.80	55.—	59.15 (57.26)	59.20	64.82 (62.85)	
	May 1953	69.28	70.30	70.71	68.80	68.21	
	October 1954	69.28	73.50	66.86	64.—	68.21	
	August 1957	80.69 ¹⁾	83.90	86.29	91.20	83.—	
Hematite foundry pig-iron ²⁾ P = 0.08%—0.12% Mn = 0.7%—1.5%	January 1961	80.69	68.—	74.34 (69.44)	65.60	70.50	
	January 1962	84.72	68.—	74.34 (69.44)	65.60	74.01	
	January 1963	70.32	66.—	74.34 (69.44)	60.80	74.01 (71.38)	
	January 1964	70.32	66.—	74.34 (69.44)	74.01	74.01 (66.13)	
	May 1953	58.28	68.—	67.89	64.—	65.68	
	October 1954	54.77	62.50	82.86	59.20	65.68	
	August 1957	69.37 ¹⁾	83.50	82.57	88.—	84.25	
	January 1961	52.57	63.—	65.83	57.60	71.75	
	January 1962	55.20	63.—	65.83	57.60	75.32	
	January 1963	55.20	61.—	65.83	54.40	75.32 (72.69)	
January 1964	55.20	61.—	65.83	54.40	75.32 (67.44)		
High-carbon ferro-manganese Mn = 75%	May 1953	203.89	211.—	177.71	240.80	—	
	October 1954	204.89	167.—	166.57	240.80	—	
	August 1957	246.17 ¹⁾	240.—	229.57	288.80	—	
	January 1961	165.71	145.—	141.79	166.40	—	
	January 1962	174.—	145.—	141.79	166.40	—	
	January 1963	174.—	130.—	133.68	156.80	—	
	January 1964	128.80	124.50	128.62	149.60	—	
	May 1953	203.89	211.—	177.71	240.80	—	
	October 1954	204.89	167.—	166.57	240.80	—	
	August 1957	246.17 ¹⁾	240.—	229.57	288.80	—	
January 1961	165.71	145.—	141.79	166.40	—		
January 1962	174.—	145.—	141.79	166.40	—		
January 1963	174.—	130.—	133.68	156.80	—		
January 1964	128.80	124.50	128.62	149.60	—		

1) December 1957.

2) January 1958.

N.B. The figures in brackets are the prices less rebates.

1) Netherlands: P = 0.06%—0.08%; Mn = 0.7%—1%.

2) Belgium: Mn = 4%—6% up to 4. 6. 1959.

Netherlands: P = 0.10% maximum; Mn = 4%—6%.

TABLE No. 28

External Trade in Pig-Iron with Third Countries

('000 metric tons)

	1954	1958	1961	1962	1962	1963
					first nine months	
Imports	300	648	924	1,185	870	983
Exports	360	204	417	602	477	322
Net imports	-60	444	501	583	393	661

TABLE No. 29

The Community's Internal Trade in Pig-Iron

('000 metric tons)

	1954	1958	1961	1962	1962	1963
					first nine months	
<i>Deliveries to other Community Countries by¹⁾:</i>						
Germany (Fed. Rep.) ²⁾	180	224	548	468	358	379
Belgium/Luxembourg	45	43	60	73	43	124
France	126	131	353	340	253	189
Netherlands	100	75	129	168	134	91
Community	451	473	1,090	1,050	788	786
<i>Purchases from other Community Countries by³⁾:</i>						
Germany (Fed. Rep.) ²⁾	76	55	160	165	125	91
Belgium/Luxembourg	162	204	352	329	240	196
France ³⁾	106	148	154	142	98	147
Italy	97	62	413	410	322	344
Netherlands	10	4	10	5	3	8
Community	451	473	1,090	1,050	788	786

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, 1959 and 1960, see previous *General Reports*.

TABLE No. 30

Pig-Iron and Ferro-Alloys Production

('000 metric tons)

Year	Germany (Fed. Rep.)	Saar	Belgium	France	Italy	Luxem- bourg	Nether- lands	Com- munity
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	24,251		6,773	13,952	3,584	3,585	1,571	53,716
1963 ¹⁾	22,909		6,952	14,297	3,772	3,563	1,709	53,202

¹⁾ Provisional figures.

TABLE No. 31

Trend in New Orders for Rolled Products according to Origin

('000 metric tons)

Year	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	34,131	9,471	8,412
1963 ²⁾	34,007	10,392	9,718

¹⁾ The Saar included with France up to and including 1958, with W. Germany from 1959 onwards.²⁾ Provisional figures.

TABLE No. 32

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	52,014	53,421	9,086
1963 ¹⁾	54,117	53,652	9,997

¹⁾ Provisional figures.

TABLE No. 33

Rate of Utilization of Steel-Production Capacities

(in %)

	1955	1956	1958	1960	1961	1962	1963 ¹⁾
Germany (Fed. Rep.)	97.0	97.7	81.1	96.5	90.7	85.6	80.3
Saar	95.9	98.5	96.4				
Belgium	94.3	93.8	80.8	88.9	84.8	87.9	85.0
France	93.9	95.0	93.4	96.7	94.7	88.1	84.2
Italy	94.3	92.6	80.1	94.3	93.0	91.4	91.8
Luxembourg	98.7	98.5	93.6	98.6	97.7	93.7	91.8
Netherlands	96.9	97.3	92.5	93.5	90.2	82.2	80.1
Community	95.7	96.1	85.9	95.5	91.7	87.5	83.7

¹⁾ Provisional figures.

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 Table.

For figures in respect of the years 1957 and 1959, see *Statistical Annex to the Tenth General Report*.

TABLE No. 34

Community and World Production of Crude Steel (1952-1963)

Country	in '000 metric tons					Increase 1963/1962 in %	in % of world production				
	1952	1960	1961	1962	1963 ¹⁾		1952	1960	1961	1962	1963
Germany (Fed. Rep.) (without the Saar)	15,806 2,823	34,100	33,458	32,563	31,597	- 0.3	7.4 1.3	10.3	9.7	9.3	8.5
Belgium	5,170	7,181	7,002	7,351	7,525	+ 2.4	2.4	2.2	2.0	2.1	2.0
France	10,867	17,300	17,577	17,234	17,550	+ 1.8	5.1	5.2	5.1	4.9	4.7
Italy	3,535	8,229	9,124	9,757	10,167	+ 4.2	1.6	2.5	2.7	2.8	2.7
Luxembourg	3,002	4,084	4,113	4,010	4,032	+ 0.5	1.4	1.2	1.2	1.1	1.1
Netherlands	693	1,942	1,970	2,087	2,344	+12.3	0.3	0.6	0.6	0.6	0.6
Community	41,896	72,836	73,244	73,002	73,215	+ 0.3	19.6	22.0	21.3	20.8	19.6
United Kingdom	16,681	24,694	22,439	20,819	22,880	+ 9.9	7.8	7.5	6.6	5.9	6.1
United States	87,766	91,920	90,453	91,171	100,100	+ 9.8	41.1	27.8	26.3	25.9	26.8
U.R.S.S.	34,492	65,292	70,700	76,306	80,200	+ 5.1	16.1	19.8	20.6	21.7	21.5
Eastern Europe ²⁾	11,225	21,240	22,687	24,650	25,200	+ 2.2	5.2	6.4	6.6	7.0	6.8
Japan	6,988	22,138	28,268	27,546	31,500	+14.4	3.3	6.7	8.2	7.8	8.4
Other countries	14,847	28,908	35,409	38,256	40,286	+ 5.3	6.9	9.8	10.4	10.9	10.8
World ³⁾	213,750	330,200	343,600	351,750	373,400	+ 6.2	100	100	100	100	100

¹⁾ Provisional figures.

²⁾ Eastern Germany, Bulgaria, Poland, Rourmania, Czechoslovakia, Hungary.

³⁾ Estimated. Without China (People's Republic).

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*.

TABLE No. 35

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	231	15,387	3,111	48	39,663
1954	22,633	214	17,387	3,594	14	43,842
1955	27,520	246	20,478	4,370	10	52,624
1956	29,387	252	22,104	5,035	15	56,793
1957	30,156	245	23,597	5,734	61	59,793
1958	29,282	237	22,121	5,715	642	57,997
1959	32,218	171	23,419	6,344	1,010	63,162
1960	35,920	185	27,538	7,580	1,612	72,836
1961	35,411	189	27,070	8,172	2,402	73,244
1962	34,125	160	26,446	8,760	3,511	73,002
1963 ¹⁾	33,390	133	25,302	8,917	5,473	73,215

1) Provisional figures.

TABLE No. 36

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	4,496
1960	2,969	199	1,470	1,337	5,975
1961	2,855	216	1,544	1,567	6,182
1962	2,527	202	1,485	1,337	5,551
1963 ³⁾	2,481	194	1,483	1,205	5,363

1) Including the Saar as from July 1, 1959.

2) Including the Saar up to June 30, 1959.

3) Provisional figures.

TABLE No. 37

Production of Finished Products by types of Products)
(Community)

Type of product	('000 metric tons)									
	1952	1953	1958	1959	1960	1961	1962	1963 ¹⁾		
Permanent-way material	1,432	1,497	1,611	1,392	1,405	1,392	1,358	1,181		
Heavy sections	2,733	2,549	3,258	3,476	4,010	4,334	4,496	4,347		
Light sections	10,033	8,859	11,409	12,655	14,533	14,935	14,284	14,374		
Wire rod	2,844	2,491	4,067	4,827	5,381	5,374	5,223	5,509		
Tube semis	973	980	1,482	1,603	1,953	1,981	1,831	1,777		
Hoop and strip	2,273	1,848	3,227	3,992	4,650	4,374	4,562	4,555		
Plate 3 mm. and over	4,288	4,547	6,976	6,833	7,817	7,994	7,874	7,344		
Sheet under 3 mm.	3,947	3,789	7,635	8,536	10,355	10,011	10,857	11,995		
Coils (finished products)	2	50	230	447	687	684	860	947		
Total	28,515	26,610	39,895	43,761	50,791	51,079	51,345	52,029		

¹⁾ For the years 1954-1957, see *Ninth General Report*.

²⁾ Provisional figures.



TABLE No. 38

Trade in Iron and Steel (Treaty Products) within the Community

Country of supply	Country of destination	1955
<i>Germany (Fed. Rep.)¹⁾</i>	Belgium/Luxembourg	63.4
	France ²⁾	105.4
	Italy	47.8
	Netherlands	396.6
	Total	613.2
<i>Belgium/Luxembourg</i>	Germany (Fed. Rep.) ¹⁾	1,022.7
	France	486.2
	Italy	100.3
	Netherlands	781.6
	Total	2,390.9
<i>France²⁾</i>	Germany (Fed. Rep.) ¹⁾	1,219.2
	Belgium/Luxembourg	91.4
	Italy	153.8
	Netherlands	70.2
	Total	1,534.7
<i>Italy</i>	Germany (Fed. Rep.) ¹⁾	5.9
	Belgium/Luxembourg	0.0
	France ²⁾	53.3
	Netherlands	0.0
	Total	59.2
<i>Netherlands</i>	Germany (Fed. Rep.) ¹⁾	187.9
	Luxembourg/Belgium	40.3
	France ²⁾	5.8
	Italy	1.2
	Total	235.2
	Grand Total	4,833.2
	<i>of which³⁾:</i>	
	Germany (Fed. Rep.) ¹⁾	2,435.8
	Belgium/Luxembourg	195.1
	France ²⁾	650.7
	Italy	303.1
	Netherlands	1,248.5

¹⁾ Including the Saar as from July 6, 1959.²⁾ Including the Saar up to July 5, 1959.³⁾ Estimates based on deliveries.

('000 metric tons)

1957	1960	1961	1962	1962	1963	Change in %
				first nine months		
159.6	131.7	177.4	205.4	144.8	185.2	+ 27.9
311.3	1,704.0	1,754.6	1,694.7	1,292.6	1,250.0	— 3.3
103.7	390.5	613.9	856.9	627.3	694.4	+ 10.7
622.2	747.8	687.0	629.0	460.3	505.6	+ 9.8
1,196.7	2,974.0	3,232.9	3,386.0	2,525.1	2,635.2	+ 4.4
646.5	1,450.8	1,145.1	1,430.7	1,030.8	1,153.4	+ 11.9
635.8	922.0	924.6	1,068.8	782.1	925.6	+ 18.3
105.8	259.6	328.5	395.5	283.3	370.0	+ 30.6
797.6	718.3	664.9	681.8	517.1	483.0	— 6.6
2,185.7	3,350.8	3,063.1	3,576.9	2,313.4	2,932.0	+ 26.7
964.6	1,270.7	1,296.1	1,321.7	1,001.4	931.4	— 7.0
62.4	200.8	279.7	200.0	142.7	141.0	— 1.2
161.0	414.0	591.0	572.5	419.7	510.5	+ 21.6
112.2	158.0	157.1	134.5	97.8	77.4	— 20.9
1,300.2	2,043.5	2,323.9	2,228.6	1,661.5	1,660.3	— 0.1
0.6	32.5	35.9	32.7	22.4	32.5	+ 45.1
1.4	3.1	1.4	2.0	1.7	1.1	— 35.3
70.1	84.5	22.7	35.3	24.0	35.8	+ 49.2
0.2	10.4	0.1	0.1	0.1	0.2	+100.0
72.3	130.4	60.2	70.1	48.2	69.6	+ 44.4
215.7	381.6	263.3	212.7	155.1	212.4	+ 36.9
34.0	44.8	60.2	92.8	63.1	143.3	+127.1
33.7	73.5	65.3	76.0	58.0	75.4	+ 30.0
13.4	28.4	28.2	68.9	45.6	124.3	+172.6
296.7	528.3	416.9	450.4	321.8	555.3	+ 72.6
5,051.7	9,027.0	9,097.0	9,712.0	7,169.9	7,852.5	+ 9.5
1,827.4	3,135.5	2,740.4	2,997.8	2,209.6	2,329.7	+ 5.4
257.4	380.3	518.7	500.2	352.3	470.6	+ 33.6
1,050.9	2,784.1	2,767.2	2,874.8	2,156.7	2,286.8	+ 6.0
383.9	1,092.6	1,561.5	1,893.8	1,376.0	1,699.1	+ 23.5
1,532.2	1,634.5	1,509.1	1,445.6	1,075.3	1,066.2	— 0.9

TABLE No. 39

Steel Trade within the Community¹⁾
(Treaty and non-Treaty Products)

Product or Group of products		Ingots and semis	Coils	Perman-ent-way material	Wire-rod	Beams, joists and sections over 80 mm.	Merchant bars and other sections	Hoop and strip	Plate	Sheet	Total Treaty products	Total non-Treaty products
Period												
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	631	83	700	783	1,983	608	1,156	1,770	9,097	573
1962		1,172	624	78	752	854	2,020	643	1,350	2,179	9,712	669
1962 first nine months		845	449	68	537	667	1,492	459	1,045	1,608	7,170	432
1963 first nine months		980	634	56	644	565	1,568	545	1,055	1,804	7,852	506
Change in % 1963/1962 (first nine months)		+16	+41	- 8	+20	-15	+ 5	+19	+ 1	+12	+10	+17

¹⁾ Figures based on deliveries.

N.B.

For the years 1955-1958, see Ninth General Report.

TABLE No. 40

Community Steel Exports to Third Countries
(Treaty and non-Treaty products)

(⁰⁰⁰ metric tons)

Product or Group of products	Ingots and semis	Coils	Perman-ent-way material	Wire-rod	Beams, joists and sections over 80 mm.	Merchant bars and other sections	Hoop and strip	Plate	Sheet	Total Treaty products	Total non-Treaty products
Period											
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	156	334	651	774	3,522	387	1,113	2,341	10,472	2,659
1962	710	157	337	623	799	3,144	438	925	2,220	9,354	2,442
1962 (first nine months)	602	126	239	498	601	2,454	327	700	1,656	7,202	1,678
1963 (first nine months)	475	113	169	420	606	2,176	256	614	1,739	6,567	1,710
Change in % 1963/1962 (first nine months)	-21.1	-10.4	-29.3	-15.7	+0.8	-11.3	-21.7	-16.3	+5.0	-8.8	+1.9

N.B.

For the years 1955-1958, see Ninth General Report.

TABLE No. 41

Community Steel Imports from Third Countries
(Treaty and non-Treaty products)

Product or Group of products		('000 metric tons)									
Period	Ingots and and scrap	Coils	Perman- ent-way material	Wire-rod	Beams, joists and sections over 80 mm.	Merchant bars and other sections	Hoop and strip	Plate	Sheet	Total Treaty products	Total non- Treaty products
1954	58	150	0	18	3	53	7	77	281	647	93
1955	211	164	12	29	6	84	7	112	271	898	98
1956	310	188	6	21	6	99	7	129	218	989	134
1957	304	264	2	15	8	94	7	137	253	1,083	135
1958	250	310	2	17	5	89	8	138	250	1,069	131
1959	198	312	3	17	10	96	14	159	287	1,096	155
1960	772	401	6	21	11	118	23	157	420	1,929	197
1961	706	434	3	26	40	155	20	227	299	1,909	209
1962	314	955	2	63	54	208	22	475	367	2,461	218
1962 (first nine months)	195	589	1	32	40	146	12	360	284	1,661	156
1963 (first nine months)	376	996	5	62	97	192	43	405	382	2,557	180
Change in % 1963/1962 (first nine months)		+69.1	+400	+93.8	+142.5	+31.5	+258.3	+12.5	+34.5	+53.9	+15.4



TABLE No. 42

Community Imports of Iron and Steel Products from Third Countries)
(by countries of origin)

Country of destination	Country of origin	Austria	U.K.	Sweden	U.S.A. and dependencies	Eastern Europe and U.S.S.R.	Japan	Other third countries	Total
<i>Germany (Fed. Rep.)¹⁾</i>									
1955		123	7	30	76	6	4	2	248
1960		312	65	58	100	143	0	73	751
1961		283	56	89	54	82	1	7	582
1962		423	134	102	59	280	19	26	1,043
1962 (9 months)		298	97	76	45	197	4	15	732
1963 (9 months)		336	121	84	43	127	38	51	800
Change in %									
1963/1962 (9 months)									+9.3
<i>Belgium/Luxembourg</i>									
1955		9	5	13	30	3	0	1	61
1960		81	17	9	15	29	0	14	165
1961		62	18	7	8	18	0	1	114
1962		40	30	9	6	70	52	4	211
1962 (9 months)		38	23	7	5	51	0	0	124
1963 (9 months)		16	28	8	8	57	55	3	175
Change in %									
1963/1962 (9 months)									+44.1
<i>France²⁾</i>									
1955		8	2	8	16	—	0	0	34
1960		9	5	7	12	8	—	78	119
1961		19	13	9	2	15	—	155	213
1962		15	61	15	5	44	0	24	164
1962 (9 months)		13	44	10	3	36	0	23	129
1963 (9 months)		4	80	14	6	61	18	29	212
Change in %									
1963/1962 (9 months)									+64.3

('000 metric tons)

TABLE No. 43

Community Exports of Iron and Steel Products to Third Countries
(by countries of destination)

Country of origin		Country of destination										Total	
		North America	Central and South America	U.K.	Sweden	Eastern Europe and U.S.S.R.	Other European countries	Overseas territories of member States ¹⁾	Asia (less Japan)	Japan	Africa less territories of member States	Other areas	Total
<i>Germany (Fed. Rep.)²⁾</i>													
	1955	27	199	62	142	52	547	1	239	0	50	4	1,323
	1960	345	395	88	213	358	1,095	20	579	9	61	10	3,171
	1961	296	693	20	156	250	1,274	10	515	11	74	5	3,304
	1962	280	285	10	148	369	1,398	6	280	2	95	2	2,876
	1962 (9 months)	229	245	7	112	286	1,057	7	224	2	74	1	2,242
	1963 (9 months)	258	153	19	107	105	984	11	261	2	58	3	1,961
	Change in %												
	1963/1962 (9 months)												-12.5
<i>Belgium/Luxembourg</i>													
	1955	262	426	221	243	64	727	149	409	2	196	77	2,776
	1960	711	459	126	265	319	795	63	772	8	139	41	3,699
	1961	773	527	42	210	187	815	43	631	11	156	12	3,406
	1962	965	320	59	183	136	875	57	539	2	157	3	3,297
	1962 (9 months)	789	262	29	137	112	664	46	414	2	117	3	2,575
	1963 (9 months)	741	156	108	106	63	560	43	351	2	105	5	2,240
	Change in %												
	1963/1962 (9 months)												-13.0
<i>France³⁾</i>													
	1955	173	357	159	85	154	707	523	358	0	192	41	2,749
	1960	228	226	63	97	290	629	471	405	2	195	23	2,629
	1961	256	315	14	86	267	744	417	367	1	168	5	2,640
	1962	228	170	29	84	171	732	331	267	1	187	1	2,201
	1962 (9 months)	178	130	14	66	134	535	251	190	1	139	1	1,638
	1963 (9 months)	214	114	51	68	90	528	211	194	0	132	1	1,603
	Change in %												
	1963/1962 (9 months)												-2.1

('000 metric tons)

TABLE No. 44

Development of Basis Prices for Rolled Products in the Community, the U.K. and the U.S.A.¹⁾
(exclusive of taxes)

Product	(\$ per metric ton)						
	Germany (Fed. Rep.)			Belgium			
	Jan. 1, 1958	Jan. 1, 1962	Jan. 31, 1963	Jan. 31, 1964	Jan. 1, 1962	Jan. 31, 1963	Jan. 31, 1964
Reinforcing bars	99.20		101.30(a)		92-101(b)	87-101	93-101
Merchant bars	—		104.15		102-104(b)	95-104	95-104
	109.05		114.50		112-119(b)	110-119	107-119
Beams and joists	96.90		101.75		99-107(b)	99-107	99-107
	106.75		112.10		109-122(b)	109-122	109-122
Wire rod	101.70		106.10		94-110(b)	92-110	84-110
	111.55		116.40		104-125(b)	102-125	102-125
Hoop and strip	112.90		113.05		109	109	109
	126.40		123.60		127	127	127
Plate	109.05		111.85		102-122(b)	100-122	95-122
	122.75		125.75		112-138(b)	106-138	99-138
Sheet (hot-rolled)	135.10		133.20		136	120-136	112.20-136
	146.50		145.20		148	148	148
Sheet (cold-rolled) (1 -- < 1.10 mm.)	156.70		154.30		150.3	150.3	150.3
<i>Basing points:</i>	Oberhausen For plate: Essen For sheet: Siegen			Seraing and others			

¹⁾ For figures in respect of the years 1959 and 1960, see *Tenth General Report*; for 1961, see *Eleventh General Report*.

TABLE No. 44 (contd.)^{a)}

(\$ per metric ton)

Product	Luxembourg				Netherlands			
	Jan. 1, 1958	Jan. 1, 1962	Jan. 31, 1963	Jan. 31, 1964	Jan. 1, 1958	Jan. 1, 1962	Jan. 31, 1963	Jan. 31, 1964
	Reinforcing bars	100		103		103	106.25	91.35	99.20
Merchant bars					107.50	111.05	111.05	111.05
					116.25	123.35	117.30	117.30
Beams and joists	106		104		—	—	—	—
					—	—	—	—
Wire rod	106		103		116.25	117.30	117.30	117.30
					118	121.25	121.25	121.25
Hoop and strip	107		107		111.75	117.30	117.30	114.15
					122.50	123.35	123.35	119.95
Plate	124		118		115	103	103	95.80
					127.50	120.70	120.70	102.35
Sheet (hot-rolled) (2.75-3) mm.	135.60		138.60		142.85	132.85	132.85	132.85
					148	143.55	143.55	143.55
Sheet (gold-rolled) (1 — <1.10 mm.)	150.30		150.30		160.15	147.65	147.65	147.65
<i>Basing points:</i>	Belval							
	For plate and sheet: Dudelange							
	For merchant bars: Utrecht							
	For wire rod and hoop and strip: Alblasserdam/ Zwijndrecht							
	For plate and sheet: Velsen-Beverwijk							

TABLE No. 44 (contd.)⁽¹⁾

(\$ per metric ton)

Product	United Kingdom				U.S.A.		
	Jan. 1, 1958	Jan. 1, 1962	Jan. 31, 1963	Jan. 31, 1964	Jan. 1, 1962	Jan. 31, 1963	Jan. 31, 1964
	Reinforcing bars	107.70	105.15	106.70	119.60	125.10	130.60
Merchant bars o/h	106.35	101.20	105.45	116.30	121.25	125.65	
	113.20	109	110.55	119.60	125.10	130.60	
Beams and joists o/h	105.80	100.60	104.90	116.30	121.25	125.65	
Wire rod o/h	109.50	106.30	107.55	135.60	141.10	141.10	
Hoop and strip o/h	113.60	108.90	109.70	108.60	112.45	116.85	
		116.45	118				
Plate o/h	112.16	107.50	110.95	112.45	116.85	122.35	
Sheet (hot-rolled) (2.75-3 mm) o/h	131.75	127.55	136.05	136.15	140	144.40	
Sheet (cold-rolled) (1 — <1-10 mm.) o/h	143.45	139.40	147.75	149.90	154.85	160.40	
<i>Basing points:</i>	Price delivered place of destination less carriage = price ex-works						Pittsburgh

- (a) Reinforcing bars I.
 (b) Varies from works to works.
 (c) According to product or size.

Notes to Table No. 44

Germany (Fed. Rep.); France

As the tables indicate, official schedule prices have not altered substantially.

Under the growing pressure from third-country prices, however, more and more sales were effected by alignment on those or on Community schedule prices reduced to the world-market level.

Belgium

With the major surplus supply on offer and the increasing price pressure, the level of French schedule prices, hitherto the lowest in the Community, proved still not low enough to withstand competition, with the result that price leadership was assumed by small Belgian works, known as "outsiders," which in the case of some products particularly affected slashed their prices right down to the world level, well below the overall Community schedule prices. The following are a few examples.

January	Delloye-Matthieu introduced a 4.7% cut for hot-rolled merchant sheet; Clabecq reduced their price for wire-rod by 2%, and for heavy and medium plate by between 4.6 and 10.2% according to product and quality.
February	The outsiders reduced the price of reinforcing rods by 10% and of merchant bars by 3.5%.
March	The price of galvanized sheet was reduced by 5%.
April	Phénix Works priced their hot-rolled sheet level with Delloye-Matthieu's (Bfr.6,000, the lowest figure in the Community).
May	A certain hardening in the market for reinforcing rods enabled Clabecq to raise their schedule price by 4.9%.
June	Delloye-Matthieu lowered their prices for Zincor by 3.5%.
July	Demand for reinforcing rods picked up and Clabecq accordingly put up their price, nominally by 7.1% (in practice 4.7% given the new tonnage scale), at the same time introducing a 2% increase for merchant bars.
September	Clabecq reduced their prices for heavy and medium plate by a further 4.9-6.6% according to product and quality, and brought basic Bessemer wire-rod down to the world-market level by an extremely drastic cut of 18.5%; for reinforcing rods, on the other hand, there was a renewed increase of 2.2%. La Rochette brought their price for hot-rolled sheet into line with Delloye-Matthieu's and Phénix Works' by a reduction of 11.6%.
November	Clabacq partially made up again their recent enormous reduction for basic Bessemer wire-rod by raising the price from Bfr.3,750 to Bfr.4,200 (+12%); this, however, still left them far and away the Community's lowest-priced producers of wire-rod.
January 1964	With the gradual all-round improvement in demand and in export prices since the turn of the year, Fabrique de Fer de Charleroi were able to raise their very low prices for heavy plate, by 5.3% for the commercial quality and 2% for open-hearth and electric furnace quality.

Italy

Italian prices generally declined during the year. In contrast to the trend in other parts of the Community, there was no improvement for reinforcing rods and merchant bars in the last two quarters: the smaller works were indeed obliged to make a series of sometimes very substantial cuts for both these products, and in many cases also for wire-rod.

January	Italsider reduced its prices for broad-flanged beams by 2.8%.
March	Italsider indirectly reduced the price of reinforcing rods by 2.4% by allowing rebates.
April	Italsider introduced reductions of between 4.9 and 7.1% for heavy plate and 2.7% for wire-rod; these were, however, accompanied by increases of 1.3% for medium plate and 2.4% for hot-rolled sheet.
June	The price of galvanized sheet was raised by 2.7%. Extras for small quantities were reduced for merchant bars, sections, hoop and strip under 80mm. in width, and universals. At the end of the month the price of reinforcing rods was reduced by 4.5%, of merchant bars by 3%, of sections by 2.9% and of universals by 2.5%.
December	Italsider made price reductions of 5% for reinforcing rods and 2% for cold-rolled wide strip and sheet, but at the same time put up its prices for tinplate and galvanized sheet by approximately 1.5%.

Luxembourg

ARBED, the biggest producers, kept their basic schedule prices pretty well unchanged; Rodange and HADIR, whose prices had hitherto been somewhat higher, were obliged to bring them down to ARBED's level, and in the case of hoop and strip, HADIR went even below it.

Netherlands

Price movements for the most part followed those of the Belgian outsiders.

January	The price of reinforcing rods was sharply reduced, by 14%; the price of open-hearth merchant bars was lowered by 4.9%.
February	There was a 2.6% increase in the price for reinforcing rods, and reductions of from 4.8 to 9.8% for heavy and medium plate, according to product and quality.
June	Kabelfabriek made a 2.8% price cut for hoop and strip.
July	A 3.2% increase was introduced for reinforcing rods.
September	Heavy and medium plate underwent a further price reduction of 1.9-6.0% according to product.
October	The general situation made it possible to raise the price of reinforcing rods by 2.7%.

TABLE No. 45

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
1964 January	81-83	78-80	84-88	110-125

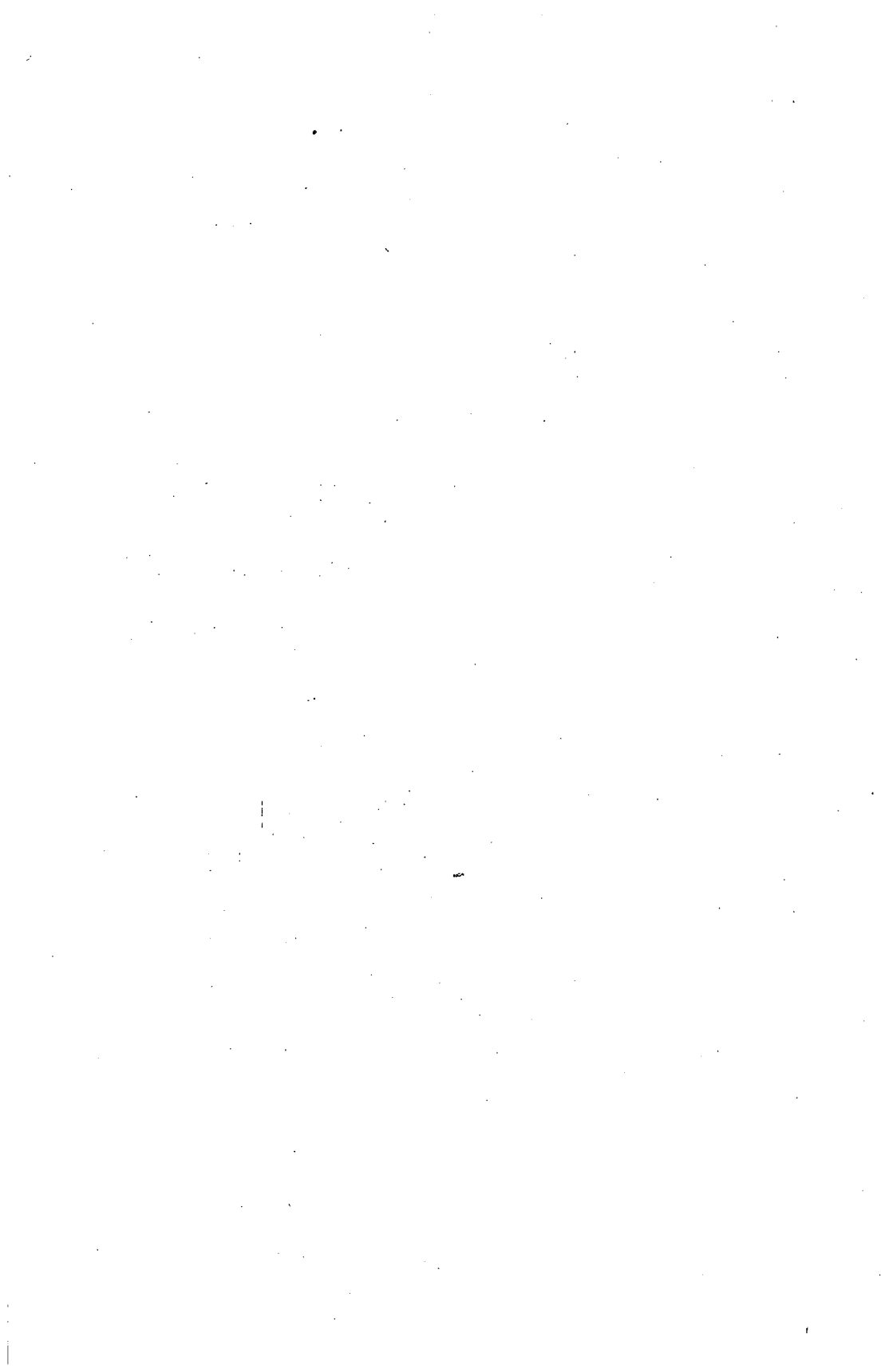


TABLE No. 46

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	January 1964
Reinforcing bars	81-84	105-110	92-97	77-84	70-73	75-76
Merchant bars	97-101	110-114	99-102	94-96	77-79	81-83
Beams and joists	98-103	101-102	94-96	94-95	77-78	75-76
Wire rod	103-105	132-140	105-107	88-90	80-83	78-80
Hoop and strip	110-113	110-112	109-111	92-94	88-93	85-88
Plate	118-122	106-112	97-101	89-92	85-88	84-88
Sheet (hot-rolled) (2.75 - < 3 mm.)	150.50	158-163	131-138	106-115	107-108	106-122
Sheet (cold-rolled) (1 mm.)	170	up to 225	142-150	116-121	111-113	110-125
Product	United Kingdom					
	Published prices					
	February 1958	January 1960	January 1961	January 1962	January 1964	January 1964
Reinforcing bars	112.65	110.35	110.35	110.35	110.35	No price
Merchant bars	115.80- 152.95	109,75- 116.65	109.75- 116.65	109.75- 116.65	109.75- 116.65	
Beams and joists	146.05	109.20	109.20	109.20	109.20	
Wire rod	No price					
Hoop and strip	123.45- 124.85 ^{a)}	123.45- 124.85 ^{a)}	123.45- 124.85 ^{a)}	123.45- 124.85	123.45- 124.85	
Plate	161.90	116	114.65	114.65	114.65	
Sheet (hot-rolled) (2.75 - < 3 mm.)	148.10- 164.65 ^{a)}	148.10- 164.65 ^{a)}	148.10- 164.65 ^{a)}			
Sheet (cold-rolled) (1 mm.)	145.50- 165.35	145.50- 165.35	145.50- 165.35	132.30	132.30	

TABLE No. 46 (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	January 1964
Reinforcing bars	129.40	127	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	130.75- 139.75
Beams and joists	128.10	131.85	131.85	126.30	126.30	130.75
Wire-rod	140.20	146.15	146.15	146.15	146.15	146.15
Hoop and strip	119.25	117.95	117.95	114.65	114.65	119.05
Plate	123.25	126.75	126.75	118.60	118.60	124.10
Sheet (hot-rolled) (2.75 - < 3 mm.)	140.85	141.75	141.75	141.75	141.75	146.15
Sheet (cold-rolled) (1 mm.)	159.60	156.75	156.75	156.75	156.75	162.25

¹⁾ For figures in respect of the year 1959, see *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. 47

Trend in Overall Volume of Traffic (within the Community and with Third Countries),
by Nine Groups of Treaty Products, in 1961 and 1962¹⁾

	1961		1962		Change in % ²⁾	
	'000,000 metric tons	%	'000,000 metric tons	%	1961-1960	1962-1961
1. Hard coal and hard-coal briquettes	178.6	36.9	187.0	39.7	- 2.7	+ 4.7
2. Brown coal and brown-coal briquettes	25.4	5.3	26.6	5.6	- 0.1	+ 4.7
3. Coke	48.3	10.0	45.4	9.6	- 5.5	- 6.0
4. Iron ore	125.9	26.0	114.9	24.4	- 0.2	- 8.7
5. Manganese ore	2.5	0.5	2.4	0.5	+ 9.2	- 4.0
6. Scrap	23.9	4.9	22.0	4.7	+ 0.8	- 8.0
7. Pig-iron and crude steel	12.7	2.6	11.3	2.4	+ 0.8	-11.0
8. Semi-finished products	17.7	3.7	16.2	3.4	- 3.4	- 8.5
9. Rolled products	49.0	10.1	45.6	9.7	- 0.1	- 7.0
Total volume of traffic	484.2	100	471.3	100	- 1.6	- 2.7
<i>of which:</i>						
by rail	309.7	64	299.9	63.7	- 1.9	- 3.1
by inland waterway	90.1	18.6	86.1	18.2	- 4.0	- 4.4
by sea	84.3	17.4	85.8	18.1	+ 2.0	+ 1.7

¹⁾ Exclusive of goods hauled by road.

²⁾ For figures in respect of 1960, see *Eleventh General Report*, Table 73.

TABLE No. 48

Trend in Intra-Community Carriage of Treaty Products

(1956 = 100)

	1958	1960	1961	1962
Solid fuels	87	92	89	89
Ores and scrap	97	114	113	102
Iron and steel products	97	123	122	111
Total	91	101	99	95

TABLE No. 49

Community Traffic Flows to and from Third Countries

(1956 = 100)

	1958	1960	1961	1962
<i>To third countries</i>				
Solid fuels ¹⁾	67	66	61	68
Ores and scrap	88	112	94	76
Iron and steel products ²⁾	114	134	137	117
<i>From third countries</i>				
Solid fuels	86	53	54	64
Ores and scrap	99	139	144	135
Iron and steel products	88	144	132	164

¹⁾ Hard coal, brown coal, coke.²⁾ Pig-iron, crude steel, semis, rolled products.

TABLE No. 51

Personnel Employed in the E.C.S.C. Industries

('000 persons employed)

Industry	as at September 30, 1962				as at September 30, 1963			
	Workers	Apprentices	Salaried employees	Total	Workers	Apprentices	Salaried employees	Total
<i>Coalmining Industry</i>								
Germany (Fed. Rep.)	370.9	16.3	50.4	437.6	349.4	16.1	48.9	414.4
Belgium	79.1	1.4 ¹⁾	10.3	90.8	77.8	1.2 ¹⁾	10.1	89.1
France ²⁾	170.1	4.6	24.5	199.2	165.6	4.1	24.1	193.8
Italy	3.0	—	0.5	3.5	2.7	—	0.5	3.2
Netherlands	46.5	2.5	8.0	57.0	45.7	2.3	8.0	56.0
Community	669.6	24.8	93.7	788.1	641.2	23.7	91.6	756.5
<i>Iron and Steel Industry</i>								
Germany (Fed. Rep.)	211.6	7.7	34.0	253.3	200.5	8.0	34.1	242.6
Belgium	53.0	—	8.4	61.4	52.3	—	8.9	61.3
France	128.9	4.2	28.3	161.4	130.6	4.2	30.0	164.8
Italy	58.6	0.2	9.0	67.8	59.4	0.2	10.1	69.7
Luxembourg	19.1	0.4	2.6	22.1	19.1	0.4	2.6	22.1
Netherlands	9.9	0.5	5.5	15.9	10.1	0.5	5.8	16.4
Community	481.1	13.0	87.8	581.9	472.0	13.3	91.5	576.8
<i>Iron-ore mines</i>								
Germany (Fed. Rep.)	12.7	0.3	1.9	14.9	9.4	0.2	1.5	11.1
Belgium	0.0	—	0.0	0.0	0.0	—	0.0	0.0
France	21.8	0.7	3.3	25.8	20.0	0.6	3.3	23.9
Italy	2.5	—	0.3	2.8	2.1	—	0.2	2.3
Luxembourg	1.9	—	0.2	2.1	1.8	—	0.2	2.0
Community	38.9	1.0	5.7	45.6	33.3	0.8	5.2	39.3
Community Total	1,189.6	38.8	187.2	1,415.6	1,146.5	37.8	188.3	1,372.6

1) Students from technical and mining colleges only.

2) Including non-nationalized mines.

TABLE No. 52

Changes in Numbers Employed in the Coalmining Industry

('000 persons employed)

	as at September 30, 1962						as at September 30, 1963					
	Under-ground workers	Surface and ancillary workers	Supervisory and technical personnel	Clerical staff	Total	of which Apprentices	Under-ground workers	Surface and ancillary workers	Supervisory and technical personnel	Clerical staff	Total	of which Apprentices
Germany (Fed. Rep.)												
Ruhr	207.8	107.2	28.1	13.4	356.5	14.1	196.6	27.6	12.7	338.3	13.8	
Aachen	17.3	7.0	2.3	0.8	27.4	0.9	16.0	2.2	0.7	25.5	0.8	
Lower Saxony	4.7	2.0	0.4	0.3	7.4	0.2	4.8	0.5	0.3	7.4	0.4	
Saar	27.6	12.3	4.5	1.9	46.3	1.1	25.6	4.3	1.8	43.2	1.1	
	257.4	128.5	35.3	16.4	437.6	16.3	243.0	34.6	15.5	414.4	16.1	
Belgium												
Sud	35.4	13.0	4.4	1.6	54.4	0.2	34.5	4.2	1.5	53.0	—	
Campine	23.4	8.6	3.4	1.0	36.4	1.2	23.5	3.3	1.1	36.1	1.2	
	58.8	21.6	7.8	2.6	90.8	1.4 ¹⁾	58.0	7.5	2.6	89.1	1.2 ¹⁾	
France												
Nord/Pas-de-Calais	71.4	31.5	9.3	3.9	116.1	2.7	70.5	9.2	3.7	113.4	2.6	
Lorraine	21.1	13.8	4.7	1.5	41.1	1.6	20.7	4.7	1.5	40.2	1.2	
Centre-Midi ²⁾	23.6	13.3	3.6	1.5	42.0	0.3	22.6	3.6	1.4	40.2	0.3	
	116.1	58.6	17.6	6.9	199.2	4.6	113.8	17.5	6.6	193.8	4.1	
Italy												
	1.8	1.2	0.4	0.1	3.5	—	1.4	0.4	0.1	3.2	—	
Netherlands												
Limburg	26.0	23.0	5.1	2.9	57.0	2.5	25.3	5.2	2.8	56.0	2.3	
Community Total	460.1	232.9	66.2	28.9	788.1	24.8	441.5	65.2	27.6	756.5	23.7	

1) Students from technical and mining colleges only.

2) Including the non-nationalized mines.

TABLE No. 53

Changes in Numbers Employed in the Iron and Steel Industry

('000 persons employed)

	as at September 30, 1962					as at September 30, 1963				
	Process workers	Ancillary workers	Clerical, technical and managerial staff	Apprentices	Total	Process workers	Ancillary workers	Clerical, technical and managerial staff	Apprentices	Total
<i>Germany (Fed. Rep.)</i>										
North	10.8	11.6	4.6	0.8	27.8	10.3	11.5	4.7	1.0	27.5
North-Rhine/Westphalia	77.1	67.6	22.2	5.3	172.2	72.0	64.5	22.2	5.5	164.2
South	9.3	6.3	2.9	0.7	19.2	8.9	5.7	2.8	0.7	18.1
Saar	13.0	15.9	4.3	0.9	34.1	12.4	15.2	4.4	0.8	32.8
	110.2	101.4	34.0	7.7	253.3	103.6	96.9	34.1	8.0	242.6
<i>Belgium</i>	33.2	19.8	8.4	—	61.4	33.0	19.3	8.9	—	61.2
<i>France</i>										
North	13.8	10.2	5.3	0.4	29.7	13.6	11.9	6.5	0.3	32.3
East	40.5	36.7	16.4	3.1	96.7	38.2	39.6	17.0	3.3	99.1
Centre	8.2	6.2	3.6	0.2	18.2	7.6	6.5	3.6	0.2	17.9
Other regions	8.9	4.4	3.0	0.5	16.8	7.5	5.7	2.9	0.4	16.5
	71.4	57.5	28.3	4.2	161.4	66.9	63.7	30.0	4.2	164.8
<i>Italy</i>										
North	26.5	18.0	6.7	0.2	51.4	27.4	17.2	7.3	0.2	52.1
Centre & South	7.3	6.8	2.3	0.0	16.4	7.9	6.9	2.8	0.0	17.6
	33.8	24.8	9.0	0.2	67.8	35.3	24.1	10.1	0.2	69.7
<i>Luxembourg</i>	10.6	8.5	2.6	0.4	22.1	10.4	8.7	2.6	0.4	22.1
<i>Netherlands</i>	4.7	5.2	5.5	0.5	15.9	4.5	5.6	5.8	0.5	16.4
Community Total	263.9	217.2	87.8	13.0	581.9	253.7	218.3	91.5	13.3	576.8

TABLE No. 54

Changes in Numbers Employed in the Iron-Ore Mines

('000 persons employed)

	as at September 30, 1962					as at September 30, 1963				
	Under-ground and opencast-mine workers	Other workers	Clerical, technical and managerial staff	Apprentices	Total	Under-ground and opencast-mine workers	Other workers	Clerical, technical and managerial staff	Apprentices	Total
<i>Germany (Fed. Rep.)</i>										
Siegerland	1.2	0.5	0.3	0.1	2.1	1.0	0.5	0.3	0.0	1.8
Salzgitter	4.5	2.7	1.1	0.2	8.5	3.1	2.0	0.9	0.2	6.2
Lower Saxony	1.0	0.5	0.3	—	1.8	0.7	0.3	0.2	—	1.2
Hesse, Lahn-Dill	1.8	0.5	0.2	—	2.5	1.3	0.5	0.1	—	1.9
Doggererz and Kreiderzgebiet	8.5	4.2	1.9	0.3	14.9	6.1	3.3	1.5	0.2	11.1
<i>Belgium</i>	0.0	0.0	0.0	—	0.0	0.0	0.0	0.0	—	0.0
<i>France</i>										
East	14.3	4.4	2.9	0.7	22.3	13.5	4.2	2.9	0.6	21.2
West	1.6	1.0	0.4	0.0	3.0	1.4	0.8	0.4	0.0	2.6
Centre & South	0.3	0.2	0.0	—	0.5	0.1	0.0	0.0	—	0.1
<i>Italy</i>	16.2	5.6	3.3	0.7	25.8	15.0	5.0	3.3	0.6	23.9
<i>Luxembourg</i>	1.3	1.2	0.3	—	2.8	1.1	1.0	0.2	—	2.3
	1.1	0.8	0.2	—	2.1	1.1	0.7	0.2	—	2.0
Community Total	27.1	11.8	5.7	1.0	45.6	23.2	10.0	5.2	0.8	39.3



TABLE No. 55

Breakdown by Nationalities of Personnel employed in the Community Industries on September 30, 1963

('000 persons employed)

	Nationals	Nationals of other Community countries							Total
		Germans	Belgians	Frenchmen	Italians	Luxemburgers	Dutchmen		
<i>Coalmining</i> ¹⁾									
Germany (Fed. Rep.)	394.5	—	0	0.2	2.9	—	—	—	4.1
Belgium	48.5	0.9	—	0.6	20.1	—	—	—	22.8
France	155.5	4.3	0.3	—	6.9	—	—	—	11.5
Italy	3.2	—	—	—	—	—	—	—	—
Netherlands	51.7	0.5	0.7	0	0.6	—	—	—	1.8
Community	653.4	5.7	1.0	0.8	30.5	—	—	—	40.2
Change Sept. 1962-Sept. 1963	-36.7	-0.6	-0.2	-0.2	-6.3	—	—	—	-7.5
<i>Iron and steel industry</i> ²⁾									
Germany (Fed. Rep.)	194.5	—	0	0.2	1.6	—	—	—	2.4
Belgium	42.1	0	—	0.5	7.5	—	0	0.6	8.3
France	93.9	0.5	3.9	—	15.0	—	0.2	0.2	19.6
Italy	59.4	—	—	—	—	—	—	—	—
Luxembourg	16.3	0.1	1.4	0.4	0.6	—	—	—	2.5
Netherlands	9.3	—	0.1	—	0.5	—	—	—	0.6
Community	415.5	0.6	5.4	1.1	25.2	—	—	—	33.4
Change Sept. 1962-Sept. 1963	-9.7	-0.1	-0.4	-0.2	-0.3	—	—	—	-1.2
<i>Iron-ore mines</i> ³⁾									
Germany (Fed. Rep.)	9.3	—	—	—	0.1	—	—	—	0.1
Belgium	0.0	—	—	0	0	—	—	—	0
France	15.9	—	—	—	2.8	—	—	—	2.9
Italy	2.1	—	—	—	—	—	—	—	—
Luxembourg	1.3	—	0.1	—	0.3	—	—	—	0.4
Community	28.6	—	0.1	0	3.2	—	—	—	3.4
Change Sept. 1962-Sept. 1963	-5.0	—	—	—	-0.1	—	—	—	-0.1
Total Community	1,097.5	6.3	6.5	1.9	58.9	—	—	—	77.0
Change Sept. 1962-Sept. 1963	-51.5	-0.7	-0.6	-0.4	-6.7	—	—	—	-8.8

¹⁾ Workers, apprentices and clerical, technical and managerial staff.
²⁾ Workers, exclusive of apprentices.

Nationals of non-Community countries

	Greeks	Spaniards Portuguese	North Africans	Poles	Turks	Others	Total	Total
<i>Coalmining¹⁾</i>								
Germany (Fed. Rep.)	4.2	3.4	0.5	0.5	3.3	3.9	15.8	19.9
Belgium	4.3	3.2	2.0	2.8	3.5	2.0	17.8	40.6
France	0	1.6	14.6	9.3	0	1.3	26.8	38.3
Italy	—	—	—	—	—	—	—	—
Netherlands	0.1	0.5	0.1	0.5	0	1.3	2.5	4.3
Community	8.6	8.7	17.2	13.1	6.8	8.5	62.9	103.1
Change Sept. 1962-Sept. 1963	+3.8	+0.3	+4.7	-1.5	+6.5	-1.2	+2.4	+5.1
<i>Iron and steel industry²⁾</i>								
Germany (Fed. Rep.)	1.3	1.2	—	0.1	0.1	0.9	3.6	6.0
Belgium	—	0.2	0.1	0.7	—	0.9	1.9	10.2
France	—	4.8	6.4	3.2	—	2.5	17.1	36.7
Italy	—	—	—	—	—	—	—	—
Luxembourg	—	—	—	0.1	—	0.2	0.3	2.8
Netherlands	—	0.2	—	—	—	—	0.2	0.8
Community	1.3	6.4	6.6	4.1	0.1	4.5	23.1	56.5
Change Sept. 1962-Sept. 1963	+0.7	+2.7	-1.0	-0.2	+0.1	-0.5	+1.8	+0.6
<i>Iron-ore mines³⁾</i>								
Germany Fed. Rep.)	—	—	—	—	—	—	—	0.1
Belgium	—	—	—	—	—	—	—	0.0
France	—	0.2	—	1.0	—	—	1.2	4.1
Italy	—	—	—	—	—	—	—	—
Luxembourg	—	—	—	—	—	0.1	0.1	0.5
Community	—	0.2	—	1.0	—	0.1	1.3	4.7
Change Sept. 1962-Sept. 1963	—	—	—	-0.2	—	-0.2	-0.4	-0.5
Total Community	9.9	15.9	23.7	18.2	6.9	13.1	87.3	164.3
Change Sept. 1962-Sept. 1963	+4.5	+3.7	+3.5	-1.9	+6.6	-1.9	+14.0	+5.2

1) Workers, apprentices and clerical, technical and managerial staff.
 2) Workers, exclusive of apprentices.

TABLE No. 56

**Breakdown by Nationalities of Underground Personnel
Employed in the Community Coalmining Industry on September 30, 1963**

('000 persons employed)

	Workers (incl. apprentices)		Clerical, technical and managerial staff		Total	
	Nationals	Others ¹⁾	Nationals	Others ¹⁾	Nationals	Others ¹⁾
Germany (Fed. Rep.)	226.6	16.4	15.8	—	242.4	16.4
Belgium	21.8	36.2	4.0	1.7	25.8	37.9
France	80.4	33.4	8.0	0.2	88.3	33.6
Italy	1.4	—	0.2	—	1.6	—
Netherlands	22.5	2.8	2.0	—	24.5	2.8
Community	352.7	88.8	30.0	1.9	382.6	90.7

¹⁾ See below.

Nationals of other Community Countries and of non-Community countries

	Germany (Fed. Rep.)	Belgium	France	Italy	Nether- lands	Com- munity
Germans	—	0.8	3.4	—	0.3	4.5
Belgians	—	—	0.1	—	0.1	0.2
Frenchmen	0.1	0.5	—	—	—	0.6
Italians	2.6	18.5	5.8	—	0.5	27.4
Luxemburgers	—	—	—	—	—	—
Dutchmen	0.7	1.1	—	—	—	1.8
<i>Nationals of other Community countries</i>	3.4	20.9	9.3	—	0.9	34.5
Greeks	3.5	4.2	—	—	—	7.7
Spaniards and Portuguese	2.9	3.1	1.2	—	0.4	7.6
North Africans	0.5	2.0	14.2	—	—	16.7
Poles	0.4	2.5	7.7	—	0.4	11.0
Turks	2.6	3.5	—	—	—	6.1
Others	3.1	1.7	1.2	—	1.1	7.1
<i>Nationals of non- Community countries</i>	13.0	17.0	24.3	—	1.9	56.2
Total	16.4	37.9	33.6	—	2.8	90.7

TABLE No. 57

Movement of Cost of Living in the Community Countries¹⁾
(Consumer-price index — General index)

(1958 = 100)

	1958	1959	1960	1961	1962	1963		
						January	September	October
						Germany (Fed. Rep.) ²⁾	100	101	102	105	109	111	111	112
Belgium ³⁾	100	101	102	103	104	105	107	108
France ⁴⁾	100	106	110	114	119	123	128	128
Italy	100	100	102	104	109	114	118	119
Luxembourg ⁵⁾	100	100	101	101	102	103	107	106
Netherlands ⁵⁾	100	102	103	105	108	111	113	113

¹⁾ Source: *Bulletin Général de Statistique* of the European Communities.

²⁾ Exclusive of the Saar up to and including 1959.

³⁾ Exclusive of rent.

⁴⁾ Paris.

⁵⁾ New index from January 1, 1963.

TABLE No. 58

Total Hourly Wage Costs in 1962¹⁾

(Belgian francs)

	Germany (Fed. Rep.)	Belgium	France	Italy	Luxem- bourg	Nether- lands
Coalmining industry (underground and surface)	81.74 ²⁾	67.55	81.69	53.83 ³⁾		78.62
Iron-ore mines (underground and surface)	65.14		100.69 ⁴⁾	50.41	93.91	
Iron and steel industry	75.11	66.57	59.95	60.85	74.71	73.36

¹⁾ Total hourly wage costs are made up of all the labour costs borne by the employer, *viz.*, in addition to the direct hourly wages, the portion, per hour, of performance or productivity bonuses, gratuities, pay for days not worked (public holidays, annual holidays), benefits in kind and employer's social-security contributions, together with expenses in connection with labour recruitment and occupational training.

To enable comparisons to be made as among the different countries, total hourly wage costs must be expressed in a single common currency.

²⁾ Exclusive of the shift bonus.

³⁾ Sulcis.

⁴⁾ Eastern orefield.

TABLE No. 59

Real Incomes in 1962¹⁾

	Germany (Fed. Rep.)	Belgium	France	Italy	Luxem- bourg	Nether- lands
<i>Coalmining industry²⁾</i>						
Underground	88.7	100	95.3	72.4 } ³⁾		97.9
Surface	79.2	100	95.0	77.6 }		87.9
<i>Iron-ore industry²⁾</i>						
Underground	58.6 } ⁴⁾		92.4 } ⁵⁾	52.0	100	
Surface	59.5 }		88.6 }	59.5	100	
<i>Iron and steel industry²⁾</i>	73.0 ⁶⁾	89.6	81.6 ⁶⁾	64.8	100	76.0

¹⁾ The real incomes covered are those of workers on the books, married, with two dependent children. They relate, in the case of the coalmining industry, to workers living in company-owned houses, and in that of the iron-ore mines and the iron and steel industry, to workers who are not so housed.

The real income has been computed by deducting from the gross wages the social-security contributions and income tax payable by the workers and then adding the family allowances for two dependent children and, in the case of colliery workers, the value of the rent-free or reduced-rent housing concession and of other benefits in kind. The quite considerable disparities as between one country and another in the cost of consumer goods and services have also been taken into account. The real incomes thus represent purchasing power.

²⁾ In % of the highest real income in the Community in the sector concerned in 1962.

³⁾ Sulcis.

⁴⁾ Lower Saxony.

⁵⁾ Eastern region.

⁶⁾ North Rhine/Westphalia.

TABLE No. 60

Average Annual Incomes in 1962¹⁾

(Workers in attendance, not living in company-owned houses,
married, with two dependent children)

Germany (Fed. Rep.) DM.	Belgium Bfr.	France Ffr.	Italy Lit.	Luxembourg Lfr.	Netherlands Hfl.
Cw.u. 8,780	Cw.u. 120,328	Om.u. ⁴⁾ 13,946	Stw. 1,196,484	Om.u. 149,224	Cw.u. 7,244
Stw. ³⁾ 8,643	Stw. 118,187	Cw.u. 11,205	Om.u. 1,088,193	Stw. 129,076	Stw. 6,703
Om.u. ²⁾ 7,874	Cw.s. 90,466	Om.s. ⁴⁾ 10,701	Cw.u. ⁵⁾ 952,319	Om.s. 120,886	Cm.s. 5,318
Cw.s. 6,604		Stw. ⁴⁾ 10,697	Om.s. 923,840		
Om.s. 6,457		Cw.s. 9,295	Cw.s. ⁵⁾ 787,187		

Cw.u. = colliery worker, underground; Cw.s. = colliery worker, surface; Om.u. = ore miner, underground; Om.s. = ore-miner, surface; Stw. = iron and steel worker.

¹⁾ This table illustrates the comparative income position of workers employed in the E.C.S. industries. It shows the place of colliery workers, ore miners and iron and steel workers respectively in their country's income scale in 1962.

²⁾ North Rhine/Westphalia.

³⁾ Lower Saxony.

⁴⁾ Eastern region.

⁵⁾ Sulcis.

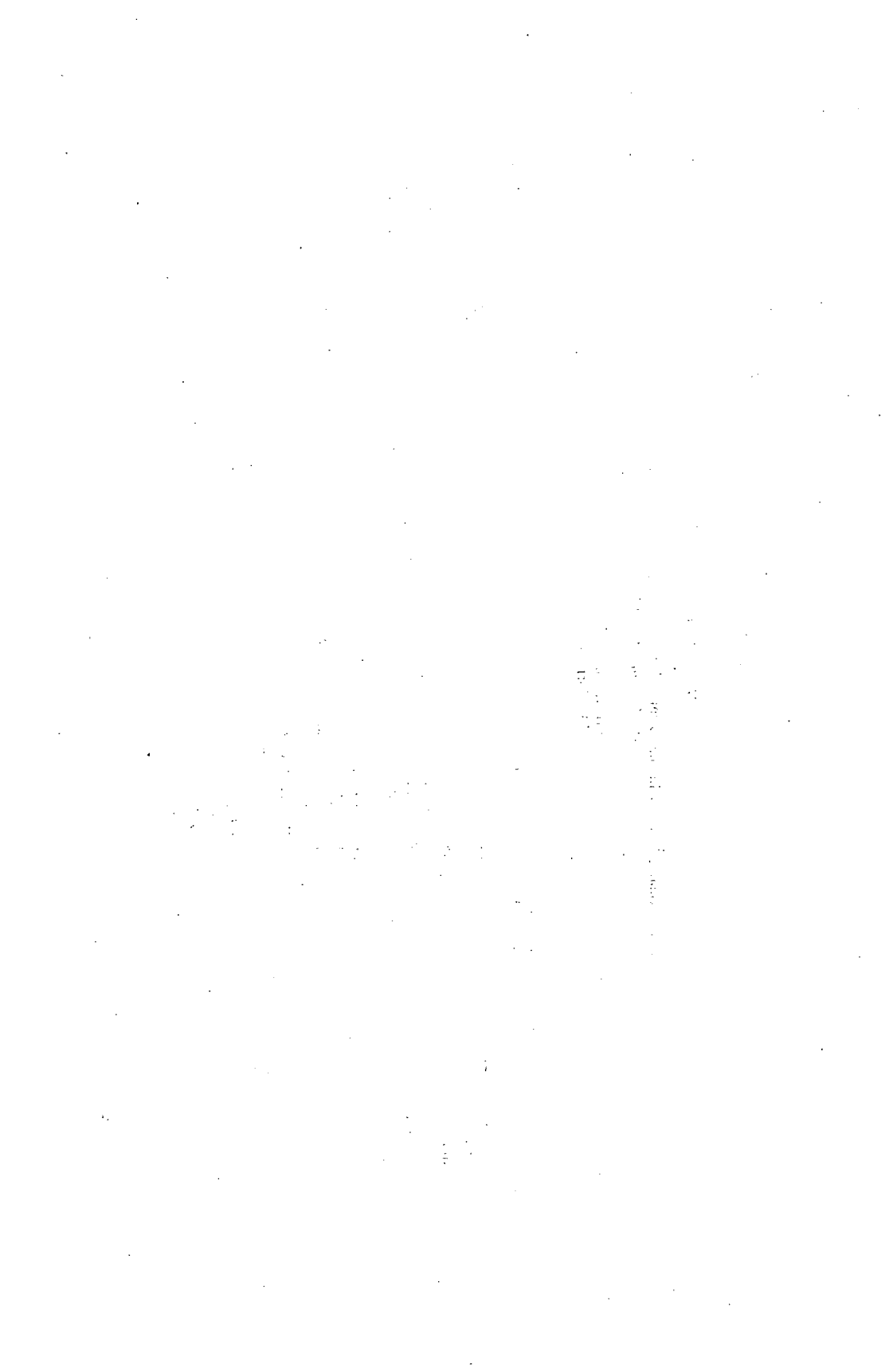


TABLE No. 61

Hours Normally Worked in the Community Coalmining and Iron and Steel Industries
(as at January 1, 1964)

(a) Working day
(b) Working week

	Germany (Fed. Rep.)	Belgium	France	Italy	Luxembourg	Netherlands
Coalmining industry underground	(a) 8 hrs. (b) 40 hrs. (5 days) ¹⁾	<i>Campine</i> 8 1/4 hrs. 41 1/4 hrs. (5 days)	7 3/4 hrs. } ^{a)} 38 2/3 hrs. }	8 hrs. 40 hrs. (5 days)		8 hrs. 40 hrs. ^{a)} (5 days)
		<i>Southern coalfields</i> (a) 8 hrs. (b) 40 hrs. (5 days) for 44 weeks, 48 hrs. (6 days) for 8 weeks.	<i>Hours actually worked</i> (a) 8 hrs. (b) 40 hrs. (5 days) for 26 weeks, 48 hrs. (6 days) for 26 weeks.			
surface	(a) 8 hrs. (b) 40 hrs. (5 days) ¹⁾	<i>Campine</i> 8 1/2 hrs. 42 1/2 hrs. (5 days)	8 hrs. } ^{a)} 40 hrs. }	8 hrs. 44 hrs.		8 3/4 hrs. ^{a)} 45 hrs. (5 days)

	<i>Southern coalfields</i>	<i>Hours actually worked</i>		
<i>Iron and steel industry</i>	(a) 8 1/4 hrs.	(a) 8 1/4 hrs.	8 hrs. 42 hrs. ²⁾	8 hrs. 44 hrs. or 45 hrs.
	(b) 41 1/4 hrs. (5 days) for 44 weeks, 49 1/2 hrs. (6 days) for 8 weeks.	(b) 41 1/4 hrs. (5 days) for 26 weeks, 49 1/2 hrs. (6 days) for 26 weeks.			8 hrs.^{1)} 40 hrs.^{2)}	8 hrs. 42 1/2 hrs.
				8 1/2 hrs. ³⁾ 45 hrs.

¹⁾ Exclusive of the Saar. In the Saar the working day has 7 1/2 hrs.; the 5-day week has not yet been adopted. The working year has been progressively reduced by the granting of paid rest days. In 1964, the number of rest days will reach its maximum, *viz.* 25 days per annum for underground workers and 16 for surface workers.

²⁾ In legal theory.

³⁾ Where Saturday work is required because of a public holiday intervening during the week, the shift is reduced to 6 hours with a 25-minute break. Where Saturday work is required because of a public holiday intervening during the week, the shift is reduced to 5 hrs. 35 mins.

⁴⁾ In general, the working day has 8 hrs., but its length may vary according to the terms laid down in collective-bargaining or works agreements. Some Saturdays are working days, with a 5 1/2-hour shift.

⁵⁾ Saar, 41 1/4 hrs.; Bavaria, 41 hrs.

⁶⁾ 42 hours in continuously-operating departments; both figures (40 and 42) are, however, in legal theory only, the working week in practice coming to 48 hours.

TABLE No. 62

Paid Holidays in the Community Coalmining and Iron and Steel Industries
(as at January 1, 1964)

(a) Normal annual holidays
(b) Maximum number of days, taking account of length of service, age or attendance

	Germany (Fed. Rep.)	Belgium	France	Italy	Luxembourg	Netherlands
<i>Coalmining industry</i> underground	15 ¹⁾ 21 after 15 years of service ²⁾	15 24 according to attendance	24 30 after 20 years of service	12 18 after 20 years of service		14 20 after 20 years of service
	15 ¹⁾ 18 after 15 years of service ²⁾	15 from the age of 20 onwards	24 30 after 30 years of service	12 18 after 20 years of service		12 18 after 20 years of service
<i>Iron and steel industry</i>	16 ³⁾ 22 ⁴⁾ after the age of 30	15 from the age of 20 onwards	24 30 after 30 years of service	12 18 after 19 years of service	12 20 after 30 years of service	14 18 after 25 years of service

1) Saar, 18.
2) Saar, 24 days after 10 years of service.
3) Saar, 15.
4) Saar, 21.



TABLE No. 63

**Financial Operations in Connection with Loan-Aided Workers' Housing Scheme V
(February 1, 1963-January 31, 1964)**

Country	Industry	Date of High Authority Decision	Loans granted by the High Authority			
			from the Special Reserve	Rate of interest	from borrowed funds	Rate of interest
Germany (Fed. Rep.)	Iron and steel	10. 7.63.	DM.10,300,000	1%		
	Iron and steel	10. 7.63.	DM. 229,000	1%	—	—
	Coalmining	10. 7.63.	DM. 2,150,000	1%	—	—
	Coalmining, incl. brown coal	11. 9.63.	DM. 8,290,000	1%	—	—
	Coalmining, incl. brown coal	11. 9.63.	DM. 8,760,000	1%	—	—
	Iron-ore mines	11.12.63.	DM. 800,000	1%	—	—
	Brown-coal mines	11.12.63.	DM. 300,000	1%	—	—
Belgium	Iron and steel Coalmining	10. 7.63.	Bfr. 10,000,000	3-25%	Bfr. 15,000,000 ¹⁾	5-75%
France	Coalmining	27. 3.63.	Ffr. 3,000,000	1%	—	—
	Coalmining	27. 3.63.	Ffr. 2,600,000	1%	—	—
	Coalmining	27. 3.63.	Ffr. 1,900,000	1%	—	—
	Coalmining	11.12.63.	Ffr. 1,210,000	1%	—	—
	Coalmining	11.12.63.	Ffr. 1,200,000	1%	—	—
	Coalmining	11.12.63.	Ffr. 2,200,000	1%	—	—
	Coalmining	11.12.63.	Ffr. 240,000	1%	—	—
	Coalmining	11.12.63.	Ffr. 150,000	1%	—	—

¹⁾ The funds are provided partly by the Saarbergwerke A.G. and partly by the housing association concerned. Saarbergwerke A.G. will pay the interest on the funds advanced by the High Authority, which they will re-lend interest-free.

²⁾ Land North Rhine/Westphalia grants these additional loans out of Land and Federal funds at ½%.

³⁾ The Deutsche Pfandbriefanstalt lends these additional funds on terms which will bring the interest payable by the end-borrower to 4.75 and 5.25% respectively.

Borrowers from the High Authority	Additional funds raised on capital market	Rate of interest	Total amount	Interest payable by end- borrower	Num- ber of housing units planned
Bank für Gemeinwirtschaft Düsseldorf	DM.33,098,500	±5.2%	DM.43,398,500	4.75%	4,000
Bank für Gemeinwirtschaft Düsseldorf	DM. 501,000	±6.1%	DM. 730,000	5%	80
Saarbergwerke AG Saarbrücken	DM. 4,300,000 ^{*)}	0%	DM. 6,450,000	0%	360
Rheinische Girozentrale und Provinzialbank Düsseldorf	DM.16,580,000 ^{*)}	0.5%	DM.24,870,000	1% and 0.5%	1,900
Landesbank für Westfalen Girozentrale, Münster	DM.17,520,000 ^{*)}	0.5%	DM.26,280,000	1% and 0.5%	2,100
Deutsche Pfandbriefanstalt, Wiesbaden	DM. 1,600,000	*)	DM. 2,400,000	4.75%	100
Deutsche Pfandbriefanstalt, Wiesbaden	DM. 900,000	*)	DM. 1,200,000	5.25%	80
Société nationale de la petite propriété terrienne, Bruxelles	—	—	Bfr. 25,000,000	4.75%	170
Société Siminor, Bassin Nord - Pas-de-Calais, Douai	*)	—	Ffr. 3,000,000 ^{*)}	1%	360
Houillères du bassin de Lor- raine, Faulquemont	*)	—	Ffr. 2,600,000 ^{*)}	1%	310
Société d'études d'exploita- tions minières, Paris	*)	—	Ffr. 1,900,000 ^{*)}	1%	230
S.A. départementale des H.L.M. ^{*)} de Saône-et-Loire, Autun	*)	—	Ffr. 1,210,000 ^{*)}	1%	60
S.A. coopérative des maisons familiales de l'Albigeois, Albi (Tarn)	*)	—	Ffr. 1,200,000 ^{*)}	1%	70
Houillères du bassin de Lor- raine, Faulquemont	*)	—	Ffr. 2,200,000 ^{*)}	1%	150
Houillères du bassin du Dauphiné, La Motte d'Aveillans (Isère)	*)	—	Ffr. 240,000 ^{*)}	1%	24
Société d'études d'exploita- tions minières, Paris	*)	—	Ffr. 150,000 ^{*)}	1%	20

^{*)} Balance of the Lfr.250 million loan raised in the Grand-Duchy in August 1962. To enable the total amount to be made up to Bfr. 25,000,000 and the interest payable by the end-borrower to be fixed at 4.7%, the High Authority funds were advanced at the exceptional rate of 3.25%.

^{*)} The Charbonnages de France have undertaken to provide, directly or indirectly, additional funds to an amount at least equal to that granted by the High Authority.

^{*)} Low-rent housing.

TABLE No. 63 (contd.)

Country	Industry	Date of High Authority Decision	Loans granted by the High Authority			
			from the Special Reserve	Rate of interest	from borrowed funds	Rate of interest
Italy	Iron and steel	9. 7.63.	—	—	Lit.3,200,000,000 ¹⁾	6%
Netherlands	Coalmining	10. 7.63.	Hfl. 2,772,000	1%	—	—
	Iron and steel	11.12.63.	Hfl. 440,000	1%	Hfl. 910,000	4.63%
	Iron and steel	11.12.63.	Hfl. 214,000	1%	Hfl. 436,000	4.63%
	Coalmining	11.12.63.	Hfl. 196,000	1%	Hfl. 404,000	4.63%

¹⁾ Part of the Lit.15,000,000,000 loan raised in Italy. These Lit.3,200,000,000 are to be used for the refunding of the anticipatory financing, undertaken by the enterprises themselves, of a housing scheme for workers of Italsider, Dalmine and Terni. In 1962, the High Authority granted a loan of Lit.1,400,000,000 from its Special Reserve.

Borrower from the High Authority	Additional funds raised on capital market	Rate of interest	Total amount	Interest payable by end- borrower	Num- ber of hous- ing units plan- ned
Istituto Case per Laboratori dell'Industria Siderurgica (I.C.L.I.S.), Roma	—	—	3,200,000,000 Lit.	6%	1,320
Stichting Algemeen Mijn- werkersfonds van de Steen- kolenmijnen in Limburg, Heerlen	Hfl. 5,544,000	4.61%	Hfl. 8,316,000	3.5%	650
N.V. Woningbouw Neder- landsche Kabelfabrieken, Delft	—	—	Hfl. 1,350,000	3.5%	135
Stichting Beambtenfonds van Werkspoor N.V.	—	—	Hfl. 650,000	3.5%	50
Bank voor Nederlandsche Gemeenten, 's-Gravenhage	—	—	Hfl. 600,000	3.5%	24