

EUROPEAN COAL AND STEEL  
COMMUNITY

THE HIGH AUTHORITY

14<sup>th</sup> GENERAL REPORT

on the

Activities of the Community

(February 1, 1965 - January 31, 1966)

LUXEMBOURG

March 1966

EUROPEAN COAL AND STEEL  
COMMUNITY

—  
THE HIGH AUTHORITY

—  
THE PRESIDENT

Luxembourg, March 28, 1966

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 Fourteenth 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*

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The President  
of the European Parliament,

19, rue Beaumont,  
Luxembourg

PAUL FINET

*November 14, 1897 - May 18, 1965*

President of the High Authority  
*January 10, 1958 - September 15, 1959*



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## INTRODUCTION

### I

In submitting its Fourteenth General Report on the activities of the European Coal and Steel Community, in accordance with Article 17 of the Treaty of Paris, the High Authority has to bear in mind that it may be doing so for the last time. It will take all necessary steps to enable due account to be given of its work until it is finally superseded, but once the Treaty establishing a single Council and single Commission of the European Communities is actually in force the new consolidated Commission will be responsible for reporting each year on the activities of all three Communities.

This being so, the High Authority, which has been responsible for the affairs of the European Coal and Steel Community since 1952, feels it should review the various matters falling within its jurisdiction and indicate the general lines of approach it considers should be envisaged for the future. In so doing, it would emphasize that, even amid the radical reorganization involved by the establishment of a single Executive and administration, the continuity of the Community's action must be preserved, since in both the coal and the steel sector present problems are such that it is imperative to avoid any interval of marking time or of uncertainty.

At the time of writing, the Foreign Ministers of the six countries, meeting in Luxembourg, have just contrived to find their way out of the difficulties which had been bedevilling relations since June 30, 1965. Although these did not arise out of the implementation of the E.C.S.C. Treaty, they inevitably

affected it, since the Special Council of Ministers was unable to meet after July 13.

The High Authority is thankful that the Community machinery can now begin to operate normally again : as is noted in the pages following, there are a number of extremely important questions urgently awaiting the Council's attention.

## II

During the troubled months just over, the High Authority of course carried on to the best of its ability, as did its sister Institutions in Brussels. It was helped to some extent by the structure of the E.C.S.C. Treaty, which enabled it to discharge most of its duties notwithstanding the back-peddalling in the Council. Matters absolutely requiring Council action were in a number of cases settled by the prescribed written procedure : thus for instance the corpus of temporary arrangements instituted two years ago to safeguard the Community steel market was renewed for 1966, a most necessary measure since any breakdown in this connection would have had the most serious implications for the already precarious balance of the steel sector.

On the coal side, there were some failures to keep to schedule. Thus it was during the period under review that the colliery subsidization arrangements provided for by Decision No. 3/65, in implementation of the Energy Protocol of April 21, 1964, came into being. Now the Decision required that the Community-level examination of member States' financial aids to the coalmining industry should take place prior to the calendar year in which the disbursements were made. Although in the case of 1965 itself this was naturally impossible, since the Decision only came into force in March of that year, the prescribed timing should have been adhered to in respect of subsidies for 1966, but as the procedure obliged the High Authority to consult the Council officially before giving its endorsement, nothing could be done for so long as the Council was not functioning. However, the High Authority is confident that the delay will soon be made good. It would emphasize how important these arrangements are as a means of ensuring a Community approach to colliery subsidization.

### III

Community co-ordination of the individual Governments' arrangements to aid the coalmining industry is by now an absolutely indispensable element in coal policy. It is hard to see what possibility there would be outside of the 1964 Protocol and Decision No. 3/65 of tackling the coal sector's problems on a Community basis.

The collieries' position and prospects today are certainly no better than they were when the High Authority's *Study on the Long-Term Energy Outlook* was published in 1962. A revised and updated edition of this document now just being completed stresses still more strongly the structural weakness of indigenous coal production.<sup>1)</sup> No one now questions that subsidization is imperative if much of that production is not to collapse altogether in face of the competition from imported fuels. The endeavours to bring the national Governments' subsidization arrangements within a Community framework, culminating in Decision No. 3/65, have proved entirely justified, and have borne fruit in time to prevent the adoption of a heterogeneous array of improvised measures which would have spelt in effect the end of the Common Market for coal.

### IV

All the same, it must be borne in mind that the present subsidization system is only temporary. The Protocol on which it is based was accepted because it was a political impossibility to secure at short notice the amendments and additions to the European Treaties which would have been needed to introduce a full-scale energy policy. The Protocol sought to deal with the aspects of most immediate urgency. It was designed to fit into the successive stages in Europe-building on which the member States had just agreed, namely the merger of the Executives in

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<sup>1)</sup> See Chapter IV, Section 3.



the near future, and the full merger of the Communities themselves at a later date. It contained a statement of the Governments' intention upon the merger of the Communities—then scheduled for 1967—to make arrangements for the introduction of a common energy policy, more particularly with reference to procurements from third countries, State aids, and rules of competition for the different energy sources. On the strength of these policy decisions on the Community's future, an appropriate legal basis for a Community system of financial assistance was established by invoking Article 95, 1-2 of the Treaty ("cases not expressly provided for"). On the strength of the same considerations it was accepted that the system must be regarded as a strictly transitional device, to lapse, according to Article 7 of Decision No. 3/65, from December 31, 1967.

Since then, however, the hold-ups in the Community's schedule have made it necessary to revise the phasing, since the full merger obviously cannot take place—especially with the ratification procedures to be carried through—as early as the end of 1967.

The question is not merely whether Decision No. 3/65 should be renewed for a year, or for a couple of years. The system's continuing efficacy will become more and more problematical the longer the period to which the original reasoning on which it was based is expected to apply. As at present organized, it lays down strict limits and criteria as to subsidization: apart from assuming responsibility for a part of any unduly heavy social-security charges, Governments may contribute funds towards "positive rationalization" (productivity improvement and certain additional betterments on the social side) and "negative rationalization" (pit closures and production cutbacks), and towards enabling contraction to proceed by easy stages in order to avoid disrupting the economy of the area concerned. But with the steady worsening in the Community collieries' competitive position it may well become necessary to adjust these criteria, which will mean having the whole matter reconsidered by the Council, since the Council's unanimous agreement is required upon any decision under Article 95, 1-2. The High Authority will be making known its conclusions on the subject in due course.

## V

In addition, it is felt to be necessary to form an overall picture of the trend in the coalmining industry over the next few years. With the energy market in its present state of flux there would be little object in attempting a long-term forecast, but it is important that the Community should have some pointers to go by with regard at any rate to developments up to 1970. At the same time, drawing up General Objectives for coal is no longer simply a matter of carrying out a market study for the six countries based on costs and demand, now that the market for Community coal has come to be so much conditioned by subsidization and protection. Forecasts from current data are liable to be substantially affected by budget decisions and fresh Government measures. Consequently, before finalizing the work now in hand on the General Objectives for Coal for 1970, the High Authority has been obliged to engage in consultations with the Governments. Equally, it will only be possible to institute a coal policy by agreement between the Community and the Governments.

In making the policy decisions ahead, due account will have to be taken of the underlying trends in the energy market, the seriousness of which it would be idle to play down. Between 1950 and 1965 the Community's total energy consumption more than doubled, but disposals of Community coal, after a slight increase early on, have dropped by 30 million tons in the last five years, and now account for no more than one-third of the aggregate amount of energy taken by the internal market. Developments in 1965 and the outlook for 1966 underline the maladjustment of production to sales potential in the existing state of subsidization and protection: out of a production already cut from 240,000,000 tons in 1960 to 225,000,000 in 1965, more than 10,000,000 tons piled up unsold at the pitheads in 1965, and the accumulation is likely to continue in 1966. Despite a recrudescence of short-time working and rather smaller imports from abroad, the quantitative imbalance thus persists.

Moreover, the rise of 2.7% in underground output per man/shift in 1965 was not sufficient to prevent a further deterioration in the production cost position. Over the last five years wage increases have so far outstripped productivity improvements as to send up production costs by anything between ten and twenty-five per cent, according to coalfields.

## VI

The trend from 1965 to 1970 will in all probability be a continuation of that of the last few years. The cost of imported fuels is expected to remain steady and the cost of Community coal to creep up and up: though the demand for energy will increase fairly substantially, other things being equal, Community coal will lose a good deal more ground still.

Just how much ground will depend on how far it is deemed necessary and practicable to step up assistance to the collieries. In considering what compression of production is acceptable, two aspects have to be taken into account—the social and regional implications, the scale of which is in direct proportion to the rate of contraction, and the question of security of supply.

As regards the latter, it must be borne in mind that the Community is coming to depend more and more on imported energy to keep its economy going: outside procurements are already well up to 50% of the whole. In any event, the share of Community coal in total energy consumption is dwindling every year. A drastic reduction in this already shrinking proportion would further sharply increase the Community's dependence on outside sources, at a time of all manner of uncertainties—for it is not yet clear how much and how soon natural gas and nuclear energy will be able to contribute to security of supply, nor can there be any assurance as to how the price trend for imported fuels will develop. Accordingly, considerations of security must be taken into account in attempting any conclusions with regard to the longer-term trend in the coal industry, and this in its turn will affect the policy to be adopted in the medium term.

A point not to be overlooked in this connection is that the only sectors in which coal consumption is holding its own, and indeed increasing, are the iron and steel industry and the thermal power-stations. These two, which between them at present account for one-half of all coal disposals, are both of particular importance to the smooth functioning of the economy as a whole. It seems therefore reasonable to consider that a policy of security of energy supply should concentrate more especially, so far as coal is concerned, upon their requirements.

## VII

In coming to a decision on the future of its coalmining industry, the Community will need to weigh up carefully with due regard on the one hand to the economic and social objectives aimed at and on the other to the costs of the policy to be adopted. It is worth noting that the particulars received of subsidies for 1965 have for the first time afforded an accurate picture of the scale of the individual Governments' financial assistance arrangements, as regards both contributions to the coalmining industry's social-security system and direct subsidies for the purpose of aiding positive and negative rationalization or of allowing phasing of pit closures and production cutbacks in order to preserve the balance of the regional economy. The census thus taken shows that financial assistance in 1965 worked out at roughly five dollar units of account per metric ton of coal—quite a sizeable proportion of the selling price. However, easily the bulk—90%—of the funds concerned went to help pay the abnormally heavy social-security charges resulting more particularly from the very marked contraction in the labour force over the last few years. These charges would not of course be lightened by the scaling-down of production where they are in respect of outgoings to pensioners.

Without prejudice to its evaluation in the light of the above considerations, a round figure may be given for the current total amount of Government assistance to the coal sector of one thousand million dollar units of account for the Community overall. Obviously, still larger payments would be justified

only if directed towards properly-thought-out economic and social objectives in the general interest, on the clear understanding that everything possible would be done by means of rationalization to lessen the encumbrances of the Community collieries. This would not be confined to straight technical measures such as concentration of pits and workings and increased mechanization. Efforts to raise productivity are being seriously impeded by an excessive turnover of manpower, the consequent need to recruit untrained foreign workers, and the development of a top-heavy age pyramid. Action is thus needed to help stabilize the colliery labour force.

It is important that the decisions governing the coal industry's future should be prepared and adopted at Community level, not introduced as a jumble of unco-ordinated and conflicting national measures. To focus attention on this great problem, and on the best ways of overcoming it in the interests of the Community, is what the High Authority is seeking to do before the ratification of the Treaty on the merger of the Executives.

## VIII

In the steel sector, production in 1965 totalled close on 86,000,000 tons, an increase of 3.7% on 1964. The pattern varied widely, however, from country to country: in France and Germany there was a slight downturn, while Italy's jump of nearly 30% was largely a mere catching-up after the general recession the year before. The Community's share in world production of crude steel is gradually contracting, in contrast to the steady though now rather slower expansion in that of the Eastern European countries. Japan's share for the first time stayed practically unchanged.

Competition in the world market remains extremely keen and is exerting continuous pressure on prices. The High Authority has devoted constant attention to this state of affairs, which is the result of excess of capacity over demand in the world generally, and which is, moreover, bringing out certain structural problems in the Community industry. As has been indicated

in several previous General Reports, the Community's concern for some years now has been not with quantity but with quality. The emphasis has shifted more and more to the modernization and rationalization of production capacity, at a time when the companies' own financial resources for such purposes have undergone a considerable shrinkage owing to the depressed level of prices. The peripheral protection introduced just over two years ago to enable the Community steel market to withstand the undue pressure from certain imports upon internal prices has admittedly helped, but over and above High Authority and Government intervention there will need to be a major push by the steelmakers themselves if the Community industry is to keep its rightful place as one of the main producers of the world.

## IX

This is fully realized by those concerned. In several member countries a start is being made on remodelling the general organization to permit the establishment of larger production units which will make possible both maximum efficiency and a greater degree of specialization as among individual enterprises. This concentration and specialization drive is, moreover, being carried out not only at national but also at cross-frontier level. The High Authority is in favour. For its policy on cartels and concentrations, it would draw attention to its statement on the subject to the European Parliament in June 1965. It will do everything in its power, in accordance with the Treaty of Paris, to enable the industry to effect reorganizations and agreements calculated to make production more competitive without losing the element of healthy competition. At the same time it is devoting all due attention to the social implications of the concentration drive, and has instituted the necessary arrangements for the advance planning of such redevelopment and readaptation activities as will be required.

With regard to investment the steel companies still appear somewhat reluctant to assume fresh commitments. The total value of projects declared in 1965 (including alterations in hand) was rather over five hundred million units of account, slightly

more than in 1964, with the larger schemes mostly located in coastal areas. While the capital expenditure planned is chiefly on productivity improvement and the introduction of new processes, it does also include some expansion in production potential. Only by installing the latest equipment not merely in addition to but, progressively, in place of the older types of plant will it be possible to ensure that the indispensable modernization of production is not accompanied by a further unbalancing of the market.

In the meantime, in consultation with the producers, consumers and workers, the High Authority is most carefully following short-term developments in the market in order to be forearmed should conditions eventually make it necessary to invoke special provisions in the Treaty. For some time past it has been constantly emphasizing the need to preserve a balance between production and demand: to this end, it recently began issuing its quarterly "programmes with forecasts" a month earlier than usual, and drawing every enterprise's special attention to the basic data on market trends given there.

As regards efforts to find new sales outlets for steel, the Luxembourg Congress has already established itself as a regular annual event, at which experts meet to discuss new uses and utilization techniques. The next Congress, in October 1966, is to have as its subject "Steel in Agriculture." In view of the warm welcome extended to both the first two occasions and their practical value to itself, the High Authority feels justified in considering that it has introduced a sound and useful arrangement which will continue so for a long time to come.

## X

With the coalmining, the iron-ore and the iron and steel industry all three facing these structural problems during the years ahead, it is of the highest importance that the means afforded by the Treaty of Paris for developing a structural policy should be utilized systematically and smoothly, without breaks in continuity. The High Authority hopes to help ensure

this by issuing in the near future, parallel with its General Objectives for Coal, the next edition of the Objectives for Steel. It would recall E.C.S.C. experience with the nucleus of a European-level industrial policy—reviewed in its Policy Report of early 1965—and would specially emphasize in this regard the importance of its unremitting activity in connection with industrial loans, in which it is particularly concentrating on bringing down production costs.

Obviously, readaptation and redevelopment are having to be carried out on a steadily-increasing scale in a time of such radical structural changes and shifts in manpower. 1965 witnessed a contraction in the labour force in all the E.C.S.C. sectors, especially in the coalmining industry, which registered a decrease of 35,000.

The flow of applications for readaptation reaching the High Authority continues to grow. Since the beginning of 1965 a total of over ten million units of account has been set aside for the readaptation of miners and steelworkers. The High Authority is devising improvements to be made, with the Governments' agreement, in the practical procedure for assisting workers losing their employment. Applications have also been received concerning big industrial-redevelopment projects in the Belgian coalfields and in the Netherlands, and more are expected shortly from other member countries. The new system worked out in 1965 by the High Authority to enable it to assist redevelopment more effectively will no doubt have substantial demands made upon it; details of this will be found in Chapter Five of this Report.

## XI

The Community's redevelopment policy, like its industrial loan policy can proceed only on a basis of vigorous financial activity. It is therefore encouraging to note that, despite the present tightness in the capital markets, borrowing and lending went ahead busily. Quite recently the High Authority was able to raise over forty million units of account in the form of two large loans, one in Italy and the other from an international



consortium centred in Luxembourg. Here too it is important that no hiatus should occur in the passage to the new set-up under the merger.

The same is true of workers' housing, in connection with which the High Authority has just launched its sixth building scheme. This is a vital E.C.S.C. activity in which continuity is essential in the interest both of the coal and steel sectors themselves and of the workers employed in them.

Research policy is receiving increasing attention both within the member countries and at European level. The three Executives for their part have felt it necessary to work more closely together on this even before the merger: thus at the High Authority's suggestion an Inter-Executive Working Party on Research Policy has been set up in which, while naturally in addition continuing actively with its work in its own field, the High Authority can compare notes on its theory and practice with the other two Institutions. The three Executives are also devoting careful attention to the part which a Community research policy can play in promoting expansion and developing an industrial policy. It is necessary to prepare the ground for future activities in this immensely important field. As a contribution to thought on the subject, the High Authority has just issued two memoranda reviewing E.C.S.C.-sponsored research work since the Community's inception, firstly on the technological side, and secondly on industrial safety, health and medicine.

It should be noted that the funds for research grants, and also for readaptation assistance, come from the proceeds of the levy, the rate of which is now fixed at 0.25% of the value of the E.C.S.C. industries' production.

## XII

In the transport field, the High Authority has pleasure in reporting that real progress has been achieved in the year under review. In particular, notable advances were made towards the effective practical implementation of its Recommendation

No. 1/61, concerning publication of rates and conditions of carriage: the market transparency aimed at by the Treaty will be much facilitated by the introduction of the various arrangements and procedures described in Chapter Three, Section Four, of this Report. The High Authority is making due allowance for the needs of an organic structural policy by authorizing the charging of such special rates as can be shown to be justified with regard to the basic objectives of the Treaty.

Such, then, are the broad outlines of E.C.S.C.'s activities, which are described more fully in the body of this Report.

In all the fields coming within its jurisdiction, the High Authority intends to see to it that the Institution which is to take its place following the merger can make use of its accumulated practical experience, its preparatory studies and the machinery it has established to carry on the work of implementing the Treaty of Paris. In addition, as it has informed the European Parliament, it will in due course be submitting suggestions based on its own experience with regard to the drafting of the future consolidated Treaty.

The High Authority knows that fault can be found with a record of activities which have had to be carried on with an economic armoury devised fifteen years ago and now acknowledged to need additions and extensions. But it knows also that the Treaty of Paris contains a number of original and very valuable features on the basis of which practical answers can be worked out for various major problems of the present time. For so long as the member States do not give the Community armoury more weapons to work with, the High Authority must continue, as it has always done, to strive with imagination and perseverance to make the very most of the possibilities the Treaty affords.

To turn to the broader aspect, it should be recalled that the Common Market was intended to be a means to economic growth and social progress. Changes in pattern were bound to accompany the process of economic and technological advance, and the heavy industries have been the first to feel the effects. Thus all the E.C.S.C. sectors have been hit in turn, first coal, then iron ore, and latterly, in some degree, iron and steel. The

structural changes are giving rise to serious difficulties, economic, social and regional. Nevertheless, these can be mitigated provided they are foreseen in good time and action is taken to offset some of the consequences. If the activities of E.C.S.C. are viewed in the full context of general economic and social development, the importance of the High Authority's function of supplying intelligence and guidance, and of the correcting mechanisms provided for by the Treaty of Paris, is immediately apparent.

The High Authority is confident that the future course of events will confirm that the main substance of the work done specifically in E.C.S.C. has been a major contribution to the establishment of European unity, now and always the end objective of the process set in motion in 1950.

Luxembourg, February 1966.

DINO DEL BO

*President*

ALBERT COPPÉ

*Vice-President*

ALBERT WEHRER

ROGER REYNAUD

PIERRE-OLIVIER LAPIE

FRITZ HELLWIG

KARL M. HETTLAGE

JOHANNES LINTHORST HOMAN

JEAN FORHMANN

## CHAPTER ONE

### THE INSTITUTIONS AND THE EXTERNAL RELATIONS OF THE COMMUNITY

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

##### *THE INSTITUTIONS*

##### *The High Authority*

1. M. Paul Finet, Member and one-time President of the High Authority of the European Coal and Steel Community, died in Luxembourg on May 18, 1965, at the age of 68.

He had sat since the High Authority's inception, being co-opted as its ninth Member, in accordance with Article 10 of the E.C.S.C. Treaty, at its Constituent Session on August 10, 1952. A former Chairman of the International Confederation of Free Trade Unions, he was a much-respected figure in European union circles.

As a Member, he worked to promote the Community's activities in the social field by all the means at the High Authority's disposal. In particular, he was active in connection with the financing of workers' housing schemes, with the introduction of tide-over and retraining ("readaptation") facilities for redundant miners and steelworkers, and with efforts to improve conditions for labour both on and off the job. He was responsible for the proposal to institute a European Miners' Charter, and was the first Chairman of the E.C.S.C. Mines Safety Commission and the Joint Committees on Harmonization of Terms of Employment.

He was appointed President by the six member Governments at the outset of the coal crisis, and held office from January 1958 to September 1959.

At his funeral President Del Bo paid tribute to "a man who seemed to personify the reasons for the establishment of the Community, one of whose outstanding representatives he at once became, demonstrating that the unity of Europe is built day by day not only with the human brain but with human feelings and the human heart."<sup>1)</sup>

The High Authority decided to institute a Paul Finet Foundation to aid the dependent children of miners and steelworkers losing their lives as a result of industrial accidents or occupational diseases in Community enterprises. Provisionally registered on June 30, 1965, as a public charity located in Luxembourg, the Foundation will furnish grants towards the education of these orphaned children in accordance with their particular bent and abilities (schooling, studies, vocational training), special consideration being given to those between 14 and 21.

It will be financed by voluntary donations and covenants (the High Authority has given a lead by paying in a first gift of Lfr. 1,650,000), and managed by a Board consisting of Members or senior officials of the High Authority and representatives of the employers' federations and trade unions. The Chairman of the Board will be, automatically, the Member who is at the time chairman of the High Authority's Working Party on Social Questions, a post which M. Finet himself held for years.

The International Labour Office's Advanced Training Centre in Turin, which provides technical and occupational tuition for young nationals of the emergent countries, has named one of its lecture halls the Paul Finet Hall.

### *Membership and duties*

2. Following M. Finet's death, the High Authority was required by Article 10,9 of the Treaty to co-opt a new Member in his place. Only June 30, 1965, it duly co-opted M. Jean Forhmann, Deputy to the Luxembourg Parliament and first Vice-President of the European Parliament. Notification was sent to the Chairman of the Conference of Member Governments. The new Member officially assumed his duties on July 14, and was sworn in before the Court of Justice of the Communities, in accordance with Article 9 of the Treaty, on September 28. M. Forhmann's term of office expires in principle on

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<sup>1)</sup> See *E.C.S.C. Bulletin*, No. 56, p. 6.

January 9, 1970, but would, of course, be curtailed by the coming into force of the Treaty establishing a single Council and single Commission of the European Communities, Article 32,2 of which provides that the Members of the High Authority shall cease to hold office on the fifth day following the establishment of the consolidated Commission.<sup>1)</sup>

Three of the appointments made at the time of the High Authority's first general renewal of Membership in 1959<sup>2)</sup> those of Prof. Karl-Maria Hettlage in succession to Herr Heinz Potthoff, of Mr. Johannes Linthorst Homan in succession to Mr. Dirk Spierenburg, and of President Del Bo in succession to President Malvestiti—expired on September 16, 1965. This point was brought to the attention of the Conference of Member Governments, to enable the Chairman to consider what action was required. In accordance with Article 10 of the Treaty, the Members in question are remaining in office pending the designation of successors.

3. The High Authority's Working Parties under Article 11 of its Rules of Procedure have since July 7, 1965, been made up as follows :

- Common Market for Coal and Steel  
Fritz Hellwig (chairman) and Roger Reynaud;
- Competition  
Johannes Linthorst Homan (chairman) and Pierre-Olivier Lapie;
- Transport  
Albert Coppé (chairman) and Pierre-Olivier Lapie;
- Energy Policy  
Pierre-Olivier Lapie (chairman), Albert Coppé and Fritz Hellwig;
- Social Questions  
Jean Fohrmann (chairman) and Karl-Maria Hettlage;
- Finance and Investment  
Karl-Maria Hettlage (chairman) and Albert Wehrer;

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<sup>1)</sup> See *Twelfth General Report*, No. 3.

<sup>2)</sup> See *Eighth General Report*, No. 1.

- External Relations  
Albert Wehrer (chairman), and Roger Reynaud;
- Information  
Albert Coppé (chairman) and Albert Wehrer;
- Economic Policy and Industrial Redevelopment  
Roger Reynaud (chairman) and Jean Forhmann.

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

M. Coppé, Vice-President of the High Authority, was appointed Chairman of the Mines Safety Commission on June 22, 1965, in place of the late M. Finet; as Chairman of the Joint Committees on Harmonization of Terms of Employment M. Finet was succeeded by M. Fohrmann.

#### *High Authority administration*

#### *General Implementation of the Staff Rules and Regulations*

4. The High Authority assisted, at inter-Institutional meetings of specialized working parties and of departmental heads, and also in the Staff Rules Committee, in the drafting of directives setting forth officials' and employees' entitlements and obligations under the Staff Rules and Regulations. The aspects dealt with included interpretation of the rules concerning taxation of salaries (the "countervailing adjustment"), harmonization of the health insurance arrangements, accident insurance, and various other matters arising in connection with the Staff Rules and Regulations.

#### *Personnel training*

5. The High Authority went ahead with its training activities for members of its own and other Institutions' staffs. The training provided varies in form according to the educational level of the persons concerned, and includes language courses open to all grades of officials, initial, advanced and refresher training

of various kinds, and round tables and seminars for Category A officials. A first seminar was held from September 24 to October 2 at Speyer, Germany, the seat of the German Centre for Higher Administrative Studies, with the co-operation of university lecturers from different Community countries; in addition to members of its own staff and of the Joint Services, the High Authority had invited the two Brussels Communities to send officials of theirs.

### *Building loans*

6. On the social side, the High Authority, after obtaining the necessary sureties and allowing for pension fund entitlements, made available to established E.C.S.C. personnel applying for them loans for the purpose of building or purchasing house property in the country of the official's assignment or in any Community country.

### *Internal affairs and inter-Institutional co-operation*

7. Over and above its regular work on behalf of other Institutions (publication of the *Official Gazette of the Communities* and other official material, organization of the sales network for all these publications inside and outside the Community, computerized statistical, administrative and documentation work), the High Authority is continuing its study of the application of modern computer methods to language and documentation problems. A five-language automated dictionary is in preparation, thanks to which a comprehensive technical glossary was again produced for the second Steel Congress. It is also planned to develop a system of electronic retrieval from the technical material assembled by the iron and steel documentation centres in the different member countries, thereby enabling them to keep more closely abreast of one another's work and to avoid overlapping and duplications.

8. A careful review of budgeting procedure, and of the powers delegated in this connection, culminated in the codification of the current system (frequently urged by the official Auditor) in the form of a set of Financial Regulations as to the Computation and Application of the Budget Estimates for the Administrative Expenditure of the High Authority, drawn up to correspond as closely as possible with the rules in force at the Brussels Communities while taking account of the special features of the E.C.S.C. Treaty.



## *The Consultative Committee*

### *Meetings and composition*

9. The Consultative Committee met seven times during the official year 1965-66,<sup>1)</sup> under the chairmanship of M. Pierre Delville (coal producer, Belgium).<sup>2)</sup> Under Article 18 of the Treaty, the members of the Committee are appointed by the Council of Ministers for two years, in this case 1965-66 and 1966-67. During the period under review, Mr. Gisbert van Andel, a founder member, who died on June 16, 1965, was replaced for the remainder of his term by Mr. T. Jakobs (coal consumer, Netherlands).

At its constituent session for 1966-67, the Committee elected its Bureau as follows :

Chairman, G. P. Cavazzuti (steel workers);

Vice-Chairman, P. Delville (coal producers),

J. Martin (steel consumers);

Officers, E. Conrot (steel producers),

P. Roth (coal consumers),

F. Dohmen (coal workers).

### *Activities*

10. Throughout the year under review the Committee was primarily concerned with the questions arising for the Community coal and steel sectors out of the impending merger. On March 12, a Resolution was passed asking that, as

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<sup>1)</sup> 98th meeting, Luxembourg, January 15, 1965;  
99th meeting, Luxembourg, March 12, 1965;  
100th meeting, Luxembourg, April 6, 1965;  
101st meeting, Luxembourg, July 9, 1965;  
102nd meeting, Rome, October 7, 1965;  
103rd meeting, Luxembourg, December 13-14, 1965;  
104th meeting, Luxembourg, January 13, 1966;  
105th meeting and constituent session for 1966-1967, January 14, 1966.

<sup>2)</sup> For the Bureau of the Committee during the official year 1965-1966, see *Thirteenth General Report*, No. 2.

safeguards for the interval between the merger of the Executives and the ultimate full amalgamation of the Treaties,

- (1) "upon the merger of the Executives, if not followed immediately by that of the Treaties, the Governments agree upon the main principles and objectives to be adopted in the revision and implementation of the Treaties;
- (2) during the intervening period a working party of the merged single Executive be responsible for special problems in connection with the implementation of the Treaty of Paris."

The General Objectives Committee, the Market and Prices Committee and the Labour Problems Committee then drafted statements concerning the principal points of substance to be borne in mind in the merger of the Treaties. A summary report setting forth the views of the different groups (producers, workers and consumers) represented on the Committee was submitted on October 7 and discussed in plenary session on December 13 and January 13.

11. As in all previous years, items on the Committee's agenda at its various meetings included the following :

- (a) consideration of the High Authority's quarterly "programmes with forecasts" issued in accordance with Articles 19 and 46 of the Treaty for the guidance of the coal and steel industries, and of its quarterly report on its activities (100th-103rd meetings);
- (b) discussion on the High Authority's yearly coal balance-sheet (99th meeting) and on the state of the coal market (103rd and 104th meetings);
- (c) consultation under Article 55,2 of the Treaty as to the advisability of setting aside funds from the levy for technical research projects. During the year under review the Committee considered and approved 20 projects representing a planned High Authority expenditure of over 12 million dollar units of account (100th, 101st, 102nd and 104th meetings);
- (d) written consultation as to the advisability of extending High Authority Decision No. 1/64, prohibiting alignment of steel prices on quotations from countries or areas with State-controlled trading systems, from January 1 to December 31, 1966<sup>1)</sup>.

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<sup>1)</sup> See No. 48 below.

## *The European Parliament*

### *Sessions; Bureau*

12. The European Parliament met seven times in Strasbourg in Ordinary Plenary Session, and also once for the annual Joint Session with the Consultative Assembly of the Council of Europe.<sup>1)</sup>

The 1965-66 Session opened on March 22, 1965. Upon the proposal of the chairmen of the four political groups, the existing Bureau, with M. Jean Duvieusart as President and eight Vice-Presidents,<sup>2)</sup> was confirmed in office by acclamation. Later in the year, however, M. Duvieusart retired from politics, and so ceased to hold his European office. On September 24 the House elected as his successor M. Victor Leemans, of Belgium (Christian Democrat). In place of two outgoing Vice-Presidents, M. Jean Fohrmann, who relinquished his position on becoming a Member of the High Authority, and Herr Gerhard Kreyssig, who retired from politics, the House elected by acclamation M. Joseph Wohlfart, of the Luxembourg Chamber of Deputies, and Herr Ludwig Metzger, of the Bundestag.

The Bureau of the Parliament is therefore now made up, from January 17, 1966, as follows :

Victor Leemans	President
Paul J. Kapteyn	} Vice-Presidents
Edoardo Battaglia	
Hans Furler	
Jacques Vendroux	
Joseph Wohlfart	
Julien Brunhes	
Leopoldo Rubinacci	
Ludwig Metzger	

<sup>1)</sup> March 22-26, 1965 (see *J.O.*, No. 62/65);  
 May 10-14, 1965 (*J.O.*, No. 96/65);  
 June 14-18, 1965 (*J.O.*, No. 119/65);  
 September 24, 1965 (*J.O.*, No. 162/65);  
 September 24-25, 1965 (Joint Session with the Council of Europe);  
 October 18-22, 1965 (*J.O.*, No. 187/65);  
 November 23-26, 1965 (*J.O.*, No. 209/65);  
 January 17-22, 1966, including the annual exchange of views between the Parliament and the Councils and Executives on January 20 (*J.O.*, No. 23/66).

<sup>2)</sup> See *Thirteenth General Report*, No. 5.

*Activities*

13. At the twelfth Joint Session of members of the Consultative Assembly of the Council of Europe and members of the European Parliament, jointly chaired by the respective Presidents MM. Pierre Pflimlin and Victor Leemans, Herr Achenbach submitted the European Parliament's annual report on its activities for the period May 1, 1964-April 30, 1965.<sup>1)</sup> The Session also debated problems of East-West trade: President Del Bo of the High Authority outlined E.C.S.C.'s trade position and policy, but noted that further and very necessary progress would be achievable only if the Community spirit were given a new lease of life.

In the broader political context, the Parliament was mainly concerned in the past year to do what it could to help overcome the political crisis in the European Communities. The annual exchange of views with the Councils and Executives afforded an opportunity for it to state its case.

14. On the question of Europe's political unification, the House emphasized in a Resolution that there could be no federative system without a common foreign policy and common defence of Europe as an equal partner with the United States in the Atlantic Alliance.<sup>2)</sup>

Two Resolutions were passed on the subject of Community law, an all-important aspect for the continuing internal development of the Community.<sup>3)</sup> The House viewed it as essential that no action should be taken by member States to amend or reform their own legislation without due regard for the trend of development in Community law and the harmonization measures in progress. It urged that upon the merger of the Treaties at latest an appropriate procedure should be established for the enactment and revision of Community law, in which the European Parliament should be the controlling legislative and supervisory body. It also maintained that Community law should be formally acknowledged as taking precedence over the municipal law of the member States.

Particular attention was devoted during the year to the social implications of the merger of the Executives and of the ultimate merger of the Communities.<sup>4)</sup>

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<sup>1)</sup> European Parliament Document No. 1965/65, No. 75.

<sup>2)</sup> See *J.O.*, No. 62/65.

<sup>3)</sup> See *J.O.*, Nos. 119/65 and 187/65.

<sup>4)</sup> See *J.O.*, No. 96/65.

In a Resolution concerning its own practical working conditions,<sup>1)</sup> the House asked that, pending the Governments' final choice of a European headquarters as required by the Treaty, some action should be taken to improve the arrangements and facilities for members and for the General Secretariat.

With regard to external relations, the Parliament again urged the progressive establishment of a common commercial policy *vis-à-vis* other countries generally<sup>2)</sup> and the countries with State-controlled trading systems in particular.<sup>3)</sup> As regards relations between the European Community and Israel, it maintained that the ultimate objective should be association.<sup>4)</sup> To ensure more co-operation between itself and the Parliaments of associated European countries, it set up a Parliamentary Committee on Association.

15. Concerning E.C.S.C. affairs, the Parliament in a special Resolution<sup>5)</sup> welcomed the High Authority's Decision No. 3/65 instituting Community-level co-ordination of member States' measures to aid the coalmining industry, and emphasized that it expected itself and the Consultative Committee to be kept abreast of all action taken in connection with the Decision.

On June 14, the Parliament debated simultaneously the High Authority's Thirteenth General Report and Policy Report, on the basis of a covering report on the two by M. Gaston Thorn. The debate culminated in a Resolution<sup>6)</sup> commenting both on the High Authority's overall policy and on its specific work in the different sectors of E.C.S.C. jurisdiction: this recorded that the Parliament "recognizes the value of the policy steps taken by the High Authority during the period under review, and approves the policy pursued by the High Authority" in consideration of various points regarded as having been satisfactorily disposed of by particular passages in the General Report. The Parliament also endorsed the Budget Estimates for E.C.S.C. administrative expenditure in the financial year 1965-66, and noted with satisfaction that the Auditor's Report for 1963-64 contained no serious criticism as to E.C.S.C.'s financial policy and that the handling of its budgetary expenditure was economically sound.

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<sup>1)</sup> See *J.O.*, No. 209/65.

<sup>2)</sup> See *J.O.*, No. 62/65.

<sup>3)</sup> See *J.O.*, No. 96/65.

<sup>4)</sup> See *J.O.*, No. 62/65.

<sup>5)</sup> See *J.O.*, No. 62/65 and No. 82 below.

<sup>6)</sup> See *J.O.*, No. 119/65.

## *The Council of Ministers*

### *Presidency; meetings*

16. During the year under review the Special Council of Ministers met four times (99th to 102nd meetings).

In accordance with Article 27 of the Treaty, the Presidency was exercised in rotation as follows :

December 8, 1964-March 7, 1965, the Belgian representative, M. Antoine Spinoy, Minister of Economic Affairs and Energy (99th meeting, February 4);

March 8-June 7, 1965, the French representative, M. Michel Bokanowski, Minister of Industry (100th meeting, March 11, and 101st meeting, May 25);

June 8-September 7, 1965, the Italian representative, Sig. Vincenzo Scarlato, Under-Secretary of State (102nd meeting, July 13 : on this occasion the French Government was not represented, and all points on the agenda were finally settled by the prescribed written procedure);

September 8-December 7, 1965, the Luxembourg representative, M. Antoine Wehenkel, Minister of Economic Affairs and Budgeting;

from December 8, 1965, the Netherlands representative, Mr. J. M. den Uyl, Minister of Economic Affairs.

### *Activities*

17. The Council's discussions principally concerned questions of energy and coal policy and of industrial redevelopment policy.

With regard to energy policy, the Council at its 99th meeting unanimously approved the High Authority's draft Decision, as amended in the course of the proceedings, concerning Community-level co-ordination of member States' measures to assist the coalmining industry, and on February 17 the High Authority duly promulgated its Decision No. 3/65 under Article 95,1 of the Treaty. In accordance with the Decision the High Authority applied to the Council in October for a consultation regarding measures of this kind during 1965, and preparations for this were begun in the Council. The High Authority, pointing out that it was urgent to have the matter decided by the end of 1965,

pressed that it be dealt with by the speediest procedure available; at the time of going to press, however, the Council had not yet met.

At the 100th meeting, the Council and the High Authority for the first time consulted together, in accordance with Section 10,2 of the Protocol on Energy Policy of April 21, 1964, on the subject of action taken in the energy field by the French and German Governments. At its 101st meeting the Council concentrated on the practical details of the consultation procedure, and noted the unanimous conclusions of the Co-ordinating Committee it had instructed to study this.<sup>1)</sup>

At its 101st meeting, the Council discussed in detail a memorandum submitted by the High Authority on its (the High Authority's) facilities for promoting industrial redevelopment. The points made in this document were received with much interest, and the High Authority was asked to report in due course, as on previous occasions, on particular projects, concerning which it would then have to decide in line with its own terms of reference and with the views expressed at the Council.

18. The Council gave its consent under Article 55,2,c to the part-financing by the High Authority of 16 technical research projects, under Article 56,2 to two loans for industrial redevelopment purposes, and under Article 54 to two loans towards capital expenditure on thermal power-stations designed to help increase coal sales. The High Authority consulted the Council on two occasions on problems in connection with the levy. The Council also examined the yearly energy balance-sheet of the Community.

19. At the 100th meeting the Ministers extended the terms of reference of the Mines Safety Commission to include the field of industrial health.

With regard to commercial policy, the Council approved a number of measures to facilitate the export of certain grades of scrap. The regular tariff arrangements were made for the second half of 1965 at the 101st meeting, and those for the first quarter of 1966 at a later date *via* the written procedure. Recourse was also had to the written procedure for extending the regulations restricting imports of iron and steel products from countries with State-controlled trading systems, and prohibiting alignment of prices on quotations from such countries.

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<sup>1)</sup> See Chapter II, No. 94 below.

## *The Court of Justice of the European Communities*

### *Composition*

20. The Court elected Judge L. Delvaux President of the first Chamber and Judge W. Strauß President of the second Chamber for one year with effect from October 8, 1965.

The Court is accordingly at present made up as follows :

President, Ch.L. Hammes

1st Chamber, L. Delvaux, President

A. Trabucchi and R. Lecourt, Judges

K. Roemer, Advocate-General

2nd Chamber, W. Strauß, President

A. M. Donner, and R. Monaco, Judges

J. Gand, Advocate-General

Registrar, A. van Houtte

### *Litigation during the year*

21. 62 new appeals were lodged during 1965, of which 29 were against the High Authority, one by the E.E.C. Commission against a member State, seven against the E.E.C. Commission, 11 against the Euratom Commission, five against the European Parliament, two against the Councils, and one against the Court, while seven were applications by national courts for interlocutory rulings in respect of the E.E.C. Treaty.

The Court delivered judgment in 29 High Authority, 19 E.E.C., seven Euratom, five Parliament, seven Council and two Court cases, and issued six interlocutory rulings. 26 actions were withdrawn, including 17 relating to the High Authority.

High Authority cases pending at December 31, 1965, totalled 27, all brought by E.C.S.C. enterprises.



*Judgments in E.C.S.C. cases**Case No. 36/64*

22. Judgment No. 36/64, delivered by the Court on June 2, 1965,<sup>1)</sup> settled a dispute over the affiliation of the Société Rhénane d'Exploitation et de Manutention ("Sorema"), an association of Strasbourg coal wholesalers, to the Oberrheinische Kohlenunion, the joint-buying agency of South German coal wholesalers purchasing from the Aachen, Ruhr, Saar and Lorraine coalfields.

During O.K.U.'s first few years the Strasbourg wholesalers could not fulfil the stipulated conditions for direct buying from the Ruhr, and so were unable to do much selling in southern Germany. Allowing for this, the High Authority felt it could fairly give temporary authorization for Sorema to affiliate to O.K.U.

From 1961, under the amended trading regulations of the Ruhr coal-selling agencies, the Strasbourg wholesalers were admitted to direct-buying status, but still did not take advantage of this to work up sales in southern Germany. The High Authority accordingly considered that Sorema must cease to be affiliated to O.K.U.

A Decision issued to that effect in 1963 was contested by Sorema and reversed by the Court on March 19, 1964 (Case No. 67/63). The Court took the view that the original Decision on Sorema's affiliation to O.K.U. must be rated not merely as an interim arrangement but as an authorization under Article 65, any subsequent withdrawal of which must be accompanied by a full enumeration of the grounds therefor. The High Authority duly complied with this requirement in its Decision No. 15/64 of July 15, 1964, which was upheld by the Court's Judgment No. 36/64.

The Judgment points out that it is an undisputed fact that the appellants sell no coal in southern Germany: consequently, their continued affiliations to O.K.U. would in effect mean that they were given preferential treatment over other dealers similarly placed as regards having no sales in the area concerned, yet excluded from O.K.U.

The Court further noted that the practical results of the agreements ran counter to the conditions stipulated for their approval, inasmuch as the Stras-

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<sup>1)</sup> See *Recueil de la jurisprudence de la Cour* (Compendium of Community Case Law) 1965, Vol. XI/7, p. 425.

bourg wholesalers had not taken advantage of the amendments to the Ruhr agencies' trading regulations to develop sales to southern Germany.

The Court thus, having first, by Judgment No. 67/63, corrected the High Authority's mistake in 1963 as to the legal basis of its original authorizing Decision, ruled by Judgment No. 36/64 that wholesalers not carrying on the activities for the purpose of which a cartel was formed—in this instance the joint buying of coal for delivery to southern Germany—are not entitled to belong to that cartel.

*Case No. 21/64*

23. In a judgment of March 31, 1965,<sup>1)</sup> the Court dismissed an appeal by the firm of Macchiorlatti Dalmas & Sons against a High Authority Decision requiring it to pay a surcharge in respect of arrears of levy under Article 50 of the Treaty.

In its enumeration of the grounds for its conclusions, the Court included a ruling on the nature of such surcharges, stating that they rated as "pecuniary sanctions or penalty payments" under Article 36 of the Treaty, and not merely as interest on payments overdue.

*Cases Nos. 111/63, 37/64 and 39/64*

24. In judgments delivered on July 13, 1965,<sup>2)</sup> the Court dismissed three appeals lodged respectively by the firms Lemmerz-Werke, Mannesmann and Aciéries du Temple against the High Authority concerning matters arising in connection with the former scrap-price compensation scheme.

The Court disposed of several points of principle, *inter alia* upholding the provisions of General Decisions Nos. 21/60 and 7/61 concerning rates of exchange and interest arrangements, and also adding some clarifications on the subject of the lapsing of compensation debts under the statute of limitations.

These judgments are of importance in that the way is thereby clear for the recovery of substantial sums involved, which will make it notably easier to complete the winding-up of the compensation arrangements.<sup>3)</sup>

<sup>1)</sup> See *Recueil* 1965, Vol. XI/6, p. 227.

<sup>2)</sup> See *Recueil* 1965, Vol. XI/9, pp. 835-970.

<sup>3)</sup> See No. 153 below.

*Cases Nos. 3/64 and 4/64*

25. In a judgment of July 8, 1965,<sup>1)</sup> the Court disallowed appeals by the *Chambre Syndicale de la Sidérurgie Française*, the *Chambre Syndicale des Producteurs d'Aciers Fins et Spéciaux* and a number of enterprises against the High Authority's Decisions Nos. 19/63, 20/63 and 21/63. The appellants were seeking reversal of the provisions relating more particularly to the definition of selling agencies and making them subject to the same pricing obligations as the producer firms' own distribution services, and also the provisions distinguishing between selling agencies and resale dealers.

*Consolidated Cases Nos. 29, 31, 36, 39-47, 50 and 51/63*

26. On December 9<sup>2)</sup> the Court delivered judgment on the actions for damages brought by a number of French companies against the High Authority for alleged negligence in the administration of the price compensation scheme in respect of shipbreaking scrap.

The Court distinguished between the periods preceding and following Decision No. 13/58, by which the High Authority resumed the administration of the scheme: only parities granted after January 1, 1957, were counted as relevant to the charge of negligence, and responsibility was allowed only with regard to deliveries subsequent to that date.

Accordingly, the Court gave the parties three months in which to submit to it an agreed overall assessment of any damage sustained, or failing that their respective figures.

*Cases Nos. 3/65 and 4/65*

27. In two judgments of December 15,<sup>3)</sup> the Court dismissed appeals by the Belgian steel firms *Espérance-Longdoz* and *Hainaut-Sambre* for the reversal of High Authority Decisions requiring them to pay scrap-price compensation to the amounts of Bfr. 12,608,323 and Bfr. 40,082,551 respectively.

The Court upheld the grounds on which the contested Decisions had been issued, finding, *inter alia*, that the ownership reserve clauses were inoper-

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<sup>1)</sup> See *Recueil* 1965, Vol. XI/8, p. 567.

<sup>2)</sup> See *Recueil* 1965, Vol. XI/11.

<sup>3)</sup> See *Recueil* 1965, Vol. XI/II.

ative in respect of the scrap-price compensation scheme. Accessorily, the appellants had claimed indemnification to the same amounts in consideration of negligence by the High Authority; the Court, however, rejected this particular allegation of negligence, so that the validity of the High Authority's Decisions concerning these enterprises was confirmed under this head also.

### *Other Court Judgments*

28. Other Court judgments during the period under review dealt with four cases relating to scrap-price compensation<sup>1)</sup> and two concerning the Staff Rules and Regulations<sup>2)</sup>; with the exception of one of the latter,<sup>3)</sup> all these were either disallowed or dismissed.

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29. A case which, though not heard before the Court of the Communities, should be mentioned in this connection is that which culminated in a ruling by the Italian Constitutional Court as to the validity in Italian law of the E.C.S.C. Treaty's provisions, the point having been raised by the Turin courts' Ordinance of December 11, 1964, in the case *San Michele v. High Authority*. On December 27, 1965, the Constitutional Court upheld the constitutional validity of certain passages in the E.C.S.C. Treaty which had been queried before the Turin court in an enforcement action between the San Michele steel company and the High Authority.

San Michele had contested at law the High Authority's enforcement of a Decision fining a number of Italian firms which had declined to furnish particulars required by Article 47 of the Treaty.<sup>4)</sup> The appellants claimed that Act. No. 766, of June 25, 1952, authorizing the ratification in Italy of the E.C.S.C. Treaty, was unconstitutional.

The Turin court referred the matter to the Constitutional Court, which heard the pleas of the High Authority, of the San Michele Company, and of the Italian Prime Minister, intervening as a third party to contend that Act No. 766/1952 was sound in constitutional law.

The outcome finally disposes of any doubts still existing in Italian law as to the validity of the E.C.S.C. Treaty's provisions. Certain other cases

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<sup>1)</sup> See *Recueil* 1965, Vol. XI/1 (Appeal No. 108/63, lodged by the Società A. Merlini); Vol. XI/4 (Appeal No. 14/64, lodged by Mme Barge); Vol. XI/7, p. 401 (Appeals Nos. 9/64 and 25/64, lodged by the FERAM and Merisider Companies).

<sup>2)</sup> See *Recueil* 1965, Vol. XI/8, p. 661 (Appeal No. 49/64).

<sup>3)</sup> Appeal No. 15/65, judged on December 15, 1965.

<sup>4)</sup> See *Twelfth General Report*, No. 25.

pending before various Italian courts, which have stayed proceedings until the Constitutional Court's findings were made known, can now be settled in the High Authority's favour.

## INTER-COMMUNITY CO-OPERATION

### *Joint Services*

30. 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. A brief outline then follows of the work of the joint Press and Information Service, which comes administratively under the E.E.C. Commission.

The joint Legal Service, for which the Euratom Commission is responsible, conducted its activities as usual during the period under review.

### *Statistical Office*

31. The Statistical Office continued in 1965 to supply the Community Institutions with a regular flow of basic statistical material. In addition to compiling a great many documents for internal consumption, it furnished data to outside persons and bodies, partly in the form of publications issued for sale. It is currently bringing out 14 periodicals and a variety of individual publications.

The conference of Directors of national statistical offices met twice during the year; subjects discussed included the working programme for 1966, harmonization of national accounts, compilation of external trade statistics following the abolition of tariff barriers among the member States, the programme of transport statistics, and the implementation of the working programme for 1965.

With regard to *national accounts*, work continued on the projected Community system. In parallel, progress was made in a number of sub-sectors; for example, the evaluation of the survey of social-security charges and modes of financing them in 1962-63 was almost completed. Methodological studies on the balance of payments and financing accounts in the member countries were continued, and a report on the inclusion of the external trade account in the Community accounting system was published in *Information Statistiques* No. 4.

To aid the computation of retail statistics, a standardized classification, the N.C.E.,<sup>1)</sup> was published, containing in addition a summary comparative nomenclature of the member countries.

As regards *statistics for third countries*, a series of studies was completed on the external trade, especially in agricultural produce, of the Eastern European States with one another and with E.E.C. and other partners.

Work on *statistics for the associated overseas countries* consisted principally in computing export indices.

With regard to *energy statistics*, mention should be made of the work done in assembling material on the prospection and extraction of liquid and gaseous hydrocarbons, which was published in *Informations Statistiques* Nos. 1-3. A number of internal memoranda were also issued on certain aspects of electricity generation. Comprehensive energy figures, and in particular energy balance-sheets, were published regularly in the bulletin *Statistiques Energétiques*, which was expanded during the year.

In the field of *external trade statistics*, the Office was mainly concerned with preparing material for the Kennedy round negotiations. The harmonized external trade classification was completed, and is, in principle, ready for use in and after 1966. Some points still remain to be disposed of at a later date. A study was drawn up on problems in connection with external trade statistics following the levelling of tariff walls, and a detailed survey, based on particulars supplied by the national authorities, was prepared on the methods used in compiling these, to serve as a basis for the forthcoming discussions on their harmonization.

Work on *transport statistics* proceeded in accordance with the programme issued earlier.

On the *industrial statistics* side, work continued on the industrial products classification. In connection with the establishment of short-term indicators, a recommendation to the Council was drafted concerning improvement of statistics on market movements. The extension of the system of production indices to a larger number of sectors is approaching completion. The investment survey in the industries of the E.E.C. countries was completed, except in Germany, where it was undertaken only at the end of 1965. The evaluation of the 1963 industrial census unfortunately fell behind schedule, owing to serious delays in some member countries.

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<sup>1)</sup> *Nomenclature du commerce dans la Communauté économique européenne.*

As regards *steel statistics*, the Office for the first time brought out a yearbook giving an overall picture of the iron and steel industry as a whole.

On *social statistics* the Office published some further results of its surveys on wage costs, and made preparations for conducting a survey on wage structures in 1966. Harmonization proceeded: thus harmonized statistics were published for average gross hourly earnings, and are in preparation for numbers of wage-paid workers employed, for real working hours, and for certain basic social-security data. The figures for numbers of gainfully-employed persons, already available for the years 1958-62, were also issued for 1963 and 1964. Preparations were made for a sample survey on occupational accidents in the E.E.C. industries to be carried out in 1966.

The evaluation of the family-budgets survey was completed for a number of countries, and the findings are now appearing in a special series of *Statistiques Sociales*.

With regard to *agricultural statistics*, various preparatory studies were drawn up with a view to ensuring better comparability among price figures. A first Regulation is now out on improvements to production statistics in respect of animal produce. To speed up the provision of figures on supply and consumption, arrangements have been made for some data to be processed by the punched-card system. Various improvements were made to regional agricultural statistics, including in particular those concerning soil utilization and vegetable produce. The Office also devoted a good deal of time to preparations for its forthcoming survey on the structure of the agricultural sector.

#### *Press and Information Service*

32. The joint Press and Information Service concentrated mainly, as before, on the written word, and in particular on its monthly magazines in the Community languages, in English and, since May 1965, in Spanish, for Latin American consumption. Also as before, it sought to work up relations with various sectors of public opinion, notably the trade unions, and with the principal public and private information media, and to satisfy the growing demand in academic circles for material on Community affairs.

Activities in connection with fairs and exhibitions included E.C.S.C. stands at the Fiera del Levante in Bari and the international communications exhibitions in Genoa, and High Authority participation in the coal and steel industries' display at the first International Transport Exhibition in Munich.

A Community Press and Information Office was opened in Montevideo, with responsibility for the whole Latin American area.

Details of the Service's work, which is conducted on behalf of all three Communities, will be given in the Ninth General Report of the E.E.C. Commission.

33. In addition to its day-to-day job of keeping the public abreast of progress on the implementation of the Treaty, the High Authority's Spokesman's Office has a number of more general public relations duties. In 1965 these included organizing a second film parade of documentaries on the European iron and steel industry, which was held in Luxembourg from October 24 to 27.

The Spokesman's Office and the Press and Information Service together arranged for visits to the High Authority by over 150 parties of politicians, journalists, economists, trade unionists, educationists, students and others numbering some 6,000 persons in all — both from within the Community and from many third countries.

### *Inter-Executive Working Parties*

34. The Inter-Executive Working Party on Energy, of which M. Lapie of the High Authority is Chairman, met on June 3. A draft memorandum of the E.E.C. Commission to the Council concerning Community policy on petroleum and natural gas was discussed; M. Lapie reported on the implementation of Articles 10, 11 and 12 of the Energy Protocol of April 21, 1964, and the Working Party was also given an account of the High Authority's progress in supplementing and updating its previously published *Study on the Long-Term Energy Outlook for the European Community*.

The Inter-Executive Working Party on Transport, on which the High Authority is represented by Vice-President Coppé, met on February 22, May 21, July 19 and October 29. Matters dealt with included the special rates being charged by the German State Railways, in support of which the Federal Government is pleading "potential competition" from a projected Saar-Palatinate canal; the draft Belgian Royal Order concerning the conclusion by the Belgian railways of special agreements in respect of carriage of coal and steel; the draft Belgian and Luxembourg Bills concerning road haulage; and the draft Royal Decree and Ministerial Orders prepared by the Netherlands Government in implementation of the High Authority's Recommendation No. 1/61. The Working Party also discussed the activities in hand with regard to the joint



organization of E.E.C. goods traffic following the agreement reached in Brussels at the June 22 meeting of the Council of Ministers.

An Inter-Executive Working Party on Scientific and Technical Research was formed at the instance of the High Authority, which appointed Prof. Hettlage as its representative on this body. The Working Party held its constituent session on October 14, when it settled its working programme; it was decided to set up an *ad hoc* committee of staff members of the three Executives to make a preliminary study of certain points.

### *Council/Executives relations*

35. The High Authority took part in the concluding negotiations among the representatives of the six Governments which culminated on April 8, 1965, in the signing of the Treaty establishing a single Council and single Commission of the European Communities.<sup>1)</sup> It was also represented at the further discussions on GATT problems.<sup>2)</sup>

High Authority delegates attended Permanent Representatives' meetings on, in particular, points concerning the Communities' Budgets and Staff Rules and Regulations.

The E.E.C. and Euratom Commissions for their part sent representatives to all meetings of the E.C.S.C. Council at which questions of energy policy were up for discussion.

### *Inter-Executive co-operation*

36. Practical inter-Executive co-operation continued within the framework established over the last few years. High Authority representatives attended the meetings of various Brussels committees, including the Medium-Term Economic Policy Committee, the Short-Term Economic Policy Committee, the Special Committee on Article 111 of the E.E.C. Treaty, and the Administrative Committee on Social Security for Migrant Workers.

At departmental level, there was especially close co-operation on a number of aspects of social policy. Also, the High Authority worked with the

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<sup>1)</sup> See No. 37 below.

<sup>2)</sup> See No. 49 below.

Commissions on a variety of other matters, including fiscal questions, industrial development policy, road haulage, general cartel policy, the capital market, and certain tariff problems.

#### THE MERGER OF THE EXECUTIVES AND OF THE COUNCILS

37. The negotiations on the merger of the three Executives and the three Councils were well advanced at the publication of last year's Report, in which the High Authority gave an account of the position adopted by its representatives at the proceedings.

On April 8, 1965, the member States signed the Treaty establishing a single Council and single Commission of the European Communities, together with the Protocol on the Privileges and Immunities of the Communities. On the same date the Governments adopted a Decision concerning the provisional location of certain Community Institutions and departments.

The Treaty and Protocol have to be ratified by the member States in accordance with their respective Constitutions, that is to say, with the approval of the national Parliaments. So far ratification has been completed only in Germany and in France. The Treaty will come into force on the first day of the month following the last signatory State's depositing of its instrument of ratification.

38. The principal object of the Treaty of April 8, 1965, is to amalgamate the existing High Authority and E.E.C. and Euratom Commissions into one Executive, and the existing three Councils of Ministers into one Council. The change is thus primarily organizational, but has at the same time notable implications with regard to budgeting and administration.

Organizationally, the most difficult problems were the mode of appointment, term of office, and number of the Members of the merged Commission. The High Authority's proposal, supported by the trade union representatives, that one Member should continue to be chosen by co-optation was rejected by the Governments, which instead adopted the Treaty of Rome arrangement as it stood, *i.e.* appointment by the Governments for a term of four years. Regarding the size of the Commission, the negotiators eventually compromised on a Membership of fourteen for the first three years (unless the full merger of the Communities were also to be carried through during that time), and thereafter of nine.

The merger Treaty also provides for a consolidated Budget of the European Communities, which will incorporate E.C.S.C. administrative expenditure, and part of the revenue for which will consist of a fixed percentage of the proceeds of the E.C.S.C. levy. Budgeting procedure is unified by bringing the existing E.C.S.C. arrangements into line with those of the other two Communities; some Governments, and all three Executives, had urged that the European Parliament's powers in this connection should be extended in order to make up for the abolition of the Committee of Presidents hitherto responsible for budgeting under Article 78 of the E.C.S.C. Treaty, but this suggestion was not acceptable to all the member Governments.

Lastly, the 1965 Treaty and Protocol bring officials and employees of E.C.S.C., E.E.C. and Euratom under a single system of administration with a single set of Staff Rules and Regulations and identical privileges and immunities. The precise structure of the system thus accepted in principle will be established by the merged Commission itself, which is required by an Annex to the Treaty to make all necessary arrangements, within its fields of responsibility, for effecting the rationalization of its departments within a reasonable time.

39. A second Annex to the merger Treaty contains a Declaration by the German Government running as follows :

"The Government of the Federal Republic of Germany reserves the right to declare, when depositing its instruments of ratification, that the Treaty establishing a single Council and single Commission of the European Communities, and the Treaty establishing the European Coal and Steel Community, shall also apply to Land Berlin."

The E.C.S.C. Treaty is included in the Declaration because, unlike the E.E.C. and Euratom Treaties, it has not hitherto been applicable to Berlin; the German Government is anxious to iron out this anomaly, particularly as the merger Treaty amends certain passages in the E.C.S.C. Treaty.

The Declaration, which is identical in wording to its counterparts in the E.E.C. and Euratom Treaties, is necessary because the introduction of such legal arrangements in Berlin has to be done through the Berlin Senate and the Allied authorities. Only when the matter has been through the prescribed channels and the instruments of ratification deposited can the merger Treaty and the E.C.S.C. Treaty be declared to apply in Berlin.

40. As already noted, the Ministers on April 8, 1965, in addition to signing the Treaty and Protocol, adopted a Decision as to the provisional location of certain Community Institutions and departments.

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The compromise finally agreed was roughly as follows :

- (a) generally speaking, Luxembourg, Brussels and Strasbourg are to remain the provisional headquarters of the Community Institutions;
- (b) the European Parliament will continue to meet in Strasbourg, while its Secretariat will remain in Luxembourg;
- (c) Luxembourg will continue to house the Court of Justice, and may also become the seat of other judicial and quasi-judicial institutions;
- (d) the Council of Ministers will meet sometimes in Brussels and sometimes in Luxembourg (April, June and October meetings in the latter);
- (e) the establishment of the merged Commission in Brussels will necessitate a certain rearrangement of the High Authority's departments, to be offset by the phased transfer of other departments from Brussels to Luxembourg;
- (f) the European Investment Bank will move to Luxembourg, and the E.C.S.C. departments concerned with financial operations will remain there; the Monetary Affairs Committee will hold meetings both in Luxembourg and in Brussels.

## Section 2: External Relations and Commercial Policy

41. In the field of external relations and commercial policy, the High Authority continued to strive by every means open to it under the Treaty, and by encouraging concentration by the member Governments' policy along the same lines, to get the Common Market for coal and steel into as healthy a state as possible given the international circumstances. In so doing, it feels it has contributed towards the gradual establishment of an overall commercial policy for the Common Market as a whole, and in so far as coal and steel are concerned has eased the task of the Community Institutions generally and the future single Executive in particular.

Moreover, although the E.C.S.C. Treaty's provisions on commercial policy are inadequate, it is considered that E.C.S.C.'s pioneer work in the direction of a common policy constitutes a corpus of experience of which the Community of the future would find it worth while to take account.

42. The following is a brief outline of the progress made in connection with harmonized tariff policy and with steel imports from countries with State-controlled trading systems, and of the High Authority's efforts to form a picture of the outlook in the world coal and steel markets. For the latter purpose, the High Authority, having found its Council of Association with Great Britain most useful in the past, applied itself to working up a practical liaison system with the Latin American countries and with Japan, and also kept in close touch with developments on the steel side in the African countries. Co-operation was maintained with all international organizations whose activities are in some way parallel to E.C.S.C.'s.

### COMMERCIAL POLICY

#### *Peripheral tariff arrangements*

43. The peripheral tariff measures adopted by the High Authority at the beginning of 1964, which remained in force throughout 1965, undoubtedly helped to establish a more satisfactory situation in the steel market.<sup>1)</sup> As will be recalled, one advantage of these is that they represent for the Community a step towards the unification of its tariffs at somewhere near the same level as those of the other major steel-producing and exporting areas.

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<sup>1)</sup> See *Thirteenth General Report*, Nos. 47-50 and 163 ff.

When the arrangements were introduced, it was understood that their effects were to be closely watched and that they were to be relaxed, or even rescinded, as soon as the state of the market permitted. However, the High Authority and the member States unanimously took the view that, since conditions in the world market—meaning more particularly the overcapacity there—had undergone no change, to discontinue the tariff arrangements would simply land the Common Market for steel in the same difficulties in 1966 as it had encountered in 1963 as regards both rising imports and falling prices.

Accordingly, Recommendation No. 1/64, requiring peripheral duties on steel to be adjusted to the Italian level of 9%, was kept in force.

44. To soften the impact, the same quotas were allowed for 1966 as for 1965 (by Decision No. 13/65, of December 1, 1965<sup>1</sup>), enabling 350,000 tons of steel to be imported at the old harmonized rates of duty. In addition, to enable the six-monthly tariff arrangements normally adopted by unanimous decision of the Council of Ministers to be implemented, the High Authority further gave special permission (by Decision No. 15/65, of December 15, 1965<sup>2</sup>) for the importation of 29,000 tons of steel at rates even below those of the harmonized tariff.

45. Unlike Recommendation No. 1/64, Recommendation No. 2/64, imposing a specific duty of \$7.00 per ton on imports of foundry pig-iron with effect from February 15, 1964, was due to expire on December 31, 1965. It was therefore necessary to consider whether this arrangement needed to be renewed, possibly in a less drastic form.

The duty could be shown to have helped to lessen the pressure of imports and stimulate the flagging sales of the Community producers, who moreover, since its introduction, had been able to quote lower schedule prices, so that at all events the increased protection appeared to have done the consumer no harm. The Community producers had meantime embarked on a major rationalization drive, on too large a scale to be completed in two years. Since, as in the case of steel, external pressure as regards both tonnages and prices remained a threat to the stability of the internal market, the High Authority decided to retain the \$7 duty for another year, thus enabling the foundry-pig industry to go ahead still more actively with its rationalization programme (Recommendation No. 1/65, of December 1, 1965<sup>3</sup>). The member States and the High Authority agreed to review the matter midway through 1966.

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<sup>1</sup>) See *J.O.*, No. 206/65.

<sup>2</sup>) See *J.O.*, No. 212/65.

<sup>3</sup>) See *J.O.*, No. 206/65.

46. Again as in the case of steel, quotas were authorized for the importation of pig-iron at the pre-1964 harmonized rates, in order to allow for the special supply interests of certain member countries, and to enable the third countries, concerned to keep their traditional export markets open up to a point (Decision No. 14/65, of December 1, 1965<sup>1)</sup>).

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

47. Although member countries have for some time been seeking where possible to step up their trade exchanges in general with Eastern Europe, they have of course since 1963 had to endeavour to dam the flooding of the steel market by low-priced imports from countries with State-controlled trading systems. The action taken, which was at the High Authority's suggestion, consists mainly in restricting the tonnages concerned to the quota amounts in the respective bilateral trade agreements (though various concessions and exemptions are allowed), and prohibiting Community producers from aligning their prices, as the Treaty ordinarily permits them to do, on lower quotations from the State-trading countries. These two measures have had good effects, especially in the Community pig-iron market.<sup>2)</sup>

48. All the same, even thus restricted, these imports still amounted in 1964 to one-quarter of total Community steel imports, and in view of the forecast expansion in Eastern European steel production in 1966 it is clearly essential to retain the present protective arrangements. The 1963 and 1964 measures, were therefore again renewed, the Governments' decision of December 10, 1964, being extended by a decision of December 8, 1965, while the High Authority, having obtained the Council's written agreement, renewed its own Decision banning alignment of steel and pig-iron prices on quotations from State-trading countries (Decision No. 16/65, of December 15, 1965<sup>3)</sup>).

While, in acting in this way, the member States were justifiably concerned to safeguard the market, it should none the less be borne in mind that the measures in question represent a long stride in the direction of a harmonized commercial policy; moreover, customary practice for the past few years has in part made good certain deficiencies in the E.C.S.C. Treaty in this regard.

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<sup>1)</sup> See J.O., No. 206/65.

<sup>2)</sup> See No. 158 below.

<sup>3)</sup> See J.O. No. 212/65; also Nos. 158, 171 and 172 below.

### *Multilateral GATT tariff negotiations*

49. After the High Authority, on behalf of the member States, had lodged on November 13, 1964, the tariffs to serve as a basis in the GATT negotiations, and particulars had come in of the offers of all the major negotiating partners, the technical preparatory work on steel began in July 1965. A working party was established to draw up a comparative table of all duties on steel, and to consider ways and means of getting these substantially reduced. This work is of value from E.C.S.C.'s own point of view more particularly because the Community is anxious that the Kennedy talks should lead to the maximum harmonization of tariffs among the major steel-producing and exporting countries.

The Kennedy round is also to deal with para-tariff measures, which include in particular third countries' anti-dumping arrangements liable to interfere with Community steel exports. The High Authority has noted with satisfaction that these are being examined by an *ad hoc* committee, which has met twice to date. It is supporting endeavours to induce all countries to comply with Article VI of GATT as the basis of their anti-dumping measures and to draw up a code of implementing rules binding on all.

### THIRD COUNTRIES

#### *Council of Association*

50. During the period under review the Council of Association between the United Kingdom Government and the High Authority met twice, in Luxembourg on March 5 and in London on December 17. The March meeting fell ten years after the conclusion of the Agreement of Association.

Over and above the usual discussions on current developments in the British and Community coal and steel industries and on general aspects of the respective energy policies, the main object of attention both at and between the actual meetings, especially in the Trade Relations Committee, was again the British 15% import surcharge imposed on October 27, 1964.<sup>1)</sup>

51. The High Authority, in an *aide-mémoire* of January 12, 1965, following a memorandum of November 6, 1964, emphasized to the British Government

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<sup>1)</sup> See *Thirteenth General Report*, Nos. 59 and 60.



the particularly damaging impact of the surcharge upon Community sales to the United Kingdom. Although required by the terms of the Agreement of Association to give one month's notice before raising the level of protection, the British Government had imposed the surcharge overnight, in consideration of which the High Authority felt entitled to ask for a refund of the amounts paid in surcharge during the first month.

In addition, the standardized products forming the bulk of traditional Community exports to Britain were highly sensitive to a tariff increase of such an order as this, so that the whole trade flow concerned was liable to be disrupted. The system of export drawbacks introduced simultaneously with the surcharge had further aggravated the situation. The High Authority urged a speedy return to normal conditions for British-Community trade in steel.

The British Government, however, on April 22 replied in the negative to the request made in the *aide-mémoire*, which the High Authority had meantime verbally repeated at the fourteenth meeting of the Council of Association in Luxembourg in March.

A little later, the British Government reduced the surcharge to 10% with effect from April 27, but the High Authority considered this insufficient to produce any real improvement in the state of trade, and though duly noting the cut it continued to press for the complete abolition of the surcharge.

In the various discussions, the British Government made the point, firstly, that the surcharge had been a non-discriminatory and, in its view, an unavoidable measure, and secondly, that its reduction by one-third should stand as a manifest demonstration of Britain's intention to do away with it as soon as the balance-of-payments situation allowed.

A second *aide-mémoire* deploring this state of affairs was sent to the British Government on June 3, and President Del Bo again took the matter up on his visit to Britain in the same month.

On October 28 the Chancellor of the Exchequer stated that the surcharge would have to be maintained, and asked the Commons to approve its renewal legally for a further year, though he stressed that this was no indication of the actual length of time the arrangement would be left in force.

At the Council of Association's fifteenth meeting on December 17 the effects of the surcharge on Community steel sales to Britain were again discussed; the High Authority urged that Britain abide by its undertakings, and once more pressed vigorously for a settlement on the important point of indemnification for the results of the British failure to give the stipulated 30 days' notice before imposing the surcharge.

In the normal context of U.K.-Community relations, President Del Bo at the British Government's invitation paid an official visit to London from June 23 to 25, 1965.

### *Other third countries*

52. To equip itself to make advance provision, as the Treaty requires, against coming developments in the world steel market, with which the Common Market, as the present Report shows, is so closely interlinked, the High Authority went ahead busily with its market intelligence activities, doing its utmost to obtain the maximum results with somewhat slender means.

53. In Latin America, the liaison office set up in Santiago de Chili started operations. The information it is able to assemble and to supply is making for better understanding of matters of mutual interest between the Community, as a major exporter of finished steel products and importer of iron ores, and the Latin American countries, which are coming to think in terms of instituting Customs unions or common markets modelled in many respects on European originals. The constructive co-operation already established with the Economic Commission for Latin America and the Latin American Iron and Steel Institute has notably benefited.

54. With the same aim of exchanging information on the present state of the iron and steel industry in the world in general, the Japanese Government and the High Authority agreed to organize discussions between senior officials at regular intervals.

The first meeting took place in Luxembourg on September 23 and 24, when the two delegations exchanged information on market trends, estimates of steel consumption and production, the situation as regards supplies of raw materials (ore, scrap, coal), and technological developments and research. By common consent the talks were regarded as purely consultative, in no way committing the steel industries of either of the principals, or the principals themselves. Plans were made to hold the next meeting in April 1966.

Another feature of Japanese-E.C.S.C. relations this year was President Del Bo's visit to Tokyo, at the Japanese Government's invitation, from November 14 to 18.

55. In order to keep in touch with developments in Africa relevant to the purposes of the E.C.S.C. Treaty, the High Authority followed the proceedings of the Parliamentary Conference of the E.E.C./Afro-Malagasy Association.

In particular, it was represented at the meetings of the Association's Joint Committee, and at the second session of the Parliamentary Conference, held in Rome on December 5-9. President Del Bo, speaking at the Conference, emphasized the essential oneness of the three Communities, and the importance of ensuring that the industrialization of the associated African States and Madagascar should proceed in "the greatest possible harmony of convergence and complementarity" with the industrial and commercial development of the more economically advanced countries, such as the member States of the Communities.

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

56. Four more countries in different parts of the world in 1965 appointed official diplomatic representatives to the High Authority. They were Venezuela, Australia, Turkey and Chile, whose representatives presented their letters of credence respectively on January 28, June 4, June 29 and September 28.

### *International organizations*

57. The network of links with the various international organizations, whose aims and activities frequently march with the Community's, has been described in earlier General Reports.<sup>1)</sup>

In the year under review the High Authority continued, as always, to keep itself informed of the work of these organizations, to co-operate actively with them, and to bear their studies and findings in mind in planning its own lines of action. In return it naturally kept them posted concerning the progress of the Common Market, and on a number of occasions invited them to send observers to E.C.S.C. meetings and institutional proceedings likely to be of particular interest to them.

In addition to the various meetings and proceedings of other bodies at which the High Authority is regularly represented, the year also witnessed

- (1) President Del Bo's attendance at the twelfth Joint Session of the Consultative Assembly of the Council of Europe and the European Parliament, on September 24 and 25;

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<sup>1)</sup> See *Thirteenth General Report*, No. 65.

*EXTERNAL RELATIONS*

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- (2) attendance by High Authority representatives at the Ministerial meeting of O.E.C.D. in Paris on November 25 and 26, and at the O.E.C.D. meeting of Ministers of Science and Technology on January 12 and 13, 1966;
- (3) attendance by High Authority representatives at the twentieth plenary session of E.C.E. from April 21 to May 7;
- (4) President Del Bo's attendance at the Congress of the Latin American Iron and Steel Federation in Santiago de Chile from July 25 to 29.

58. High Authority representatives attended the international I.L.O. Conference and the meetings of the Governing Body of I.L.O. A number of matters of common interest were also discussed with a view to the conclusion of conventions with I.L.O.'s International Occupational Training Information and Research Centre and International Occupational Safety and Health Information Centre, as well as with the Advanced Technical Training Centre at Turin, whose Director is M. Paul Bacon, formerly French Minister of Labour and Social Security (1956-1962).

I.L.O. for its part carried out a survey which the High Authority had commissioned it to conduct on recruitment and working conditions for foreign labour; this was felt to be necessary in view of the growing numbers of foreign workers, particularly from non-Community countries, being signed on by the E.C.S.C. industries.

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It can thus fairly be said that in the matter of relations with non-member countries and international organizations the High Authority has made every possible use of its opportunities under the Treaty to turn what could have been a period of merely marking time into a period of sustained activity.

## CHAPTER TWO

### ENERGY PROBLEMS

59. With the incidental aberrations in 1962-63 now receding, the broad trends indicated in the study *Long-term Energy Outlook for the European Community*<sup>1)</sup> duly took shape during 1965 and early 1966. The Energy Protocol of April 21, 1964,<sup>2)</sup> which was based on the study's findings, is thus, naturally now justifying itself both as to the approach adopted and to its immediate practical relevance.

#### *THE STATE OF THE COMMUNITY ENERGY MARKET*

(position at end 1965 and outlook for 1966)

#### *General background*

60. The main factors influencing energy developments in 1965 were as follows :

- (1) *moderate economic growth* in the Community as a whole, with considerable country-to-country disparities, the Community average expansion in G.N.P. working out at 3.7% while the national figures were 5% for Germany and the Netherlands and 3% or less elsewhere. The industrial-production curves diverged still more markedly, but showed a tendency towards the end of the year to draw closer together, with growth slackening off somewhat in Germany and picking up sharply in France, and to a lesser extent in Italy;
- (2) *an unexpectedly high level of iron and steel production*, with steel up by over three million tons (4%) and pig-iron by 2,500,000. This was made

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<sup>1)</sup> Obtainable from the Publications Department of the European Communities (Doc. No. 3365/2/64/1).

<sup>2)</sup> See *Thirteenth General Report*, No. 86.

possible only by high export demand, due partly to chance in the form of the threatened strike in the American industry. The rise in production was mainly centred in Italy and the Netherlands;

- (3) *below-average temperatures*; though without abnormally bitter winter weather;
- (4) *a high water run-off*, which following upon an unusually dry year appreciably affected the distribution of electricity production as between thermal and hydro power-stations in some countries.

Energy demand thus received no particular stimulus from general economic growth, although the increase in steel production helped to buoy up the consumption of coke. The weather necessitated extra heating during the summer months. The water run-off was such that the hydro power-stations' production worked out as much as seven TWh above the long-term average: since the figure for the preceding year of low rainfall had been something like 11 TWh below average, the year-to-year swing amounted to 18 TWh, or nearly seven million tons hard-coal equivalent.

TABLE 1

## Factors governing the trend in Community energy demand

Indicator	1964	1965 (estimated)	1966 (forecast)
G.N.P.	5.5	3.7	4.4
Industrial production (% p.a.)	6.9	4.0	6.0
Steel production ('000,000 tons)	82.9	85.9	85.6
Pig-iron production ('000,000 tons)	60.8	63.2	64.1
Temperature (average = 1.00)	0.98	0.93	
Water run-off (average = 1.00)			
Germany (Fed. Rep.)	0.91	1.13	
France	0.82	1.07	
Italy	0.95	1.02	

1966 is expected to see a slight rise in the Community's overall rate of growth, bringing this pretty close to the medium-term forecasts of 4.4% for G.N.P. and 6% for industrial production. The recovery in France and Italy and deceleration in Germany are likely to continue; in the iron and steel industry

a contraction is in prospect, a further increase in Italian production being cancelled out by cutbacks in the traditional producer countries.

The forward estimates for 1966 are calculated, in accordance with the High Authority's usual practice, on the assumption of average temperatures and water run-off.

### *Total energy consumption*

61. Particulars to hand indicate that energy consumption in 1965 will work out at approximately 595 million tons hard-coal equivalent, an increase of 4% on 1964 (see Table following).

TABLE 2

#### Total internal energy requirements

	Absolute consumption ( <sup>1</sup> 000,000 tons h.c.e.)			Breakdown in %		
	1964	1965 (estimated)	1966 (forecast)	1964	1965 (estimated)	1966 (forecast)
Hard coal	237	224	223	41	38	36
Brown coal	38	34	34	7	6	5
Oil <sup>1)</sup>	240	270	299	42	45	48
Natural gas	20	23	27	4	4	4
Primary electricity	37	45	45	6	7	7
<b>Total<sup>2)</sup></b>	<b>572</b>	<b>596</b>	<b>628</b>	<b>100</b>	<b>100</b>	<b>100</b>
Contribution of						
(a) indigenous energy	327	322	326	57	54	52
of which : hard coal	214	201	199	37	34	32
(b) imported energy	245	274	302	43	46	48

<sup>1)</sup> Of which: motor spirit                    1964    1965    1966  
 ('000,000 tons)                            49      52      57  
 ('000,000 tons h.c.e.)                    69      75      81

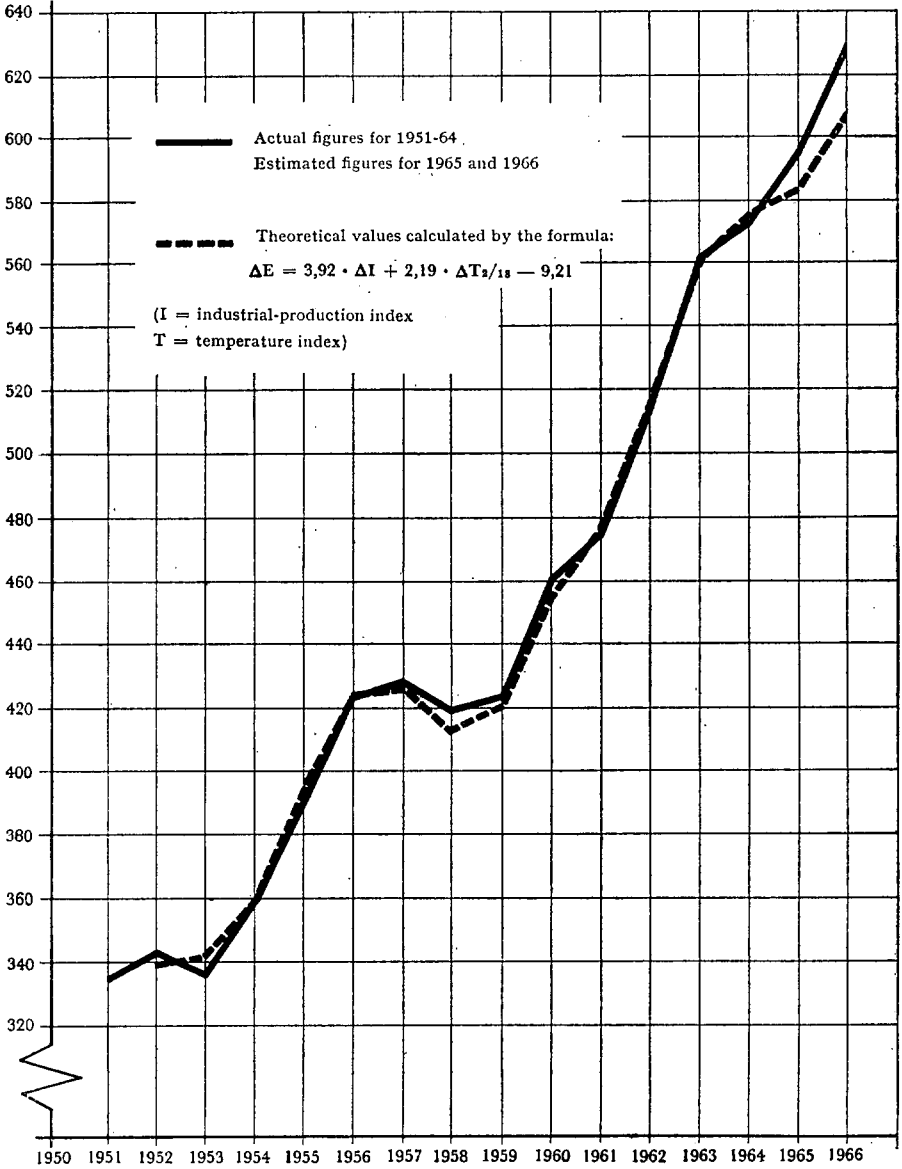
<sup>2)</sup> Rounded figures, which may therefore differ from the sum of the individual items.

In contrast to previous experience, the growth in total requirements was slightly less than that forecast at the beginning of the year. Apart from some minor changes in the method employed, this was due to sluggish business activity generally, and to the trend in the household sector (see below). Energy consumption continued to expand faster than G.N.P.

GRAPH No. 1

Total Energy Consumption of the Community

'000,000 tons hard-coal equivalent





62. The alteration in the distribution by product and origin went on much as before, with

- (1) an appreciable contraction, both relative and absolute, in the consumption of coal, and particularly of indigenous coal, which now accounts for only one-third of total demand coverage. This was aggravated by the water run-off and by uninventorized changes in processers' and end-consumers' stocks;
- (2) a rise in the consumption of hydrocarbons (oil and natural gas), bringing up their share of the total to 49%;
- (3) a parallel rise to 46% in the proportion of net imports to total energy supplies.

63. Expected developments in 1966 include

- (1) a further rapid increase, in line with the movement of economic activity, in total energy requirements, which are calculated, given average temperatures, at about 628 million tons hard-coal equivalent;
- (2) stagnation in the demand for coal after the steep drop in 1965, with internal consumption of Community coal amounting for the first time to less than 200 million tons;
- (3) an 11% jump in the consumption of hydrocarbons, which will from now on account for over half the total.

As can be seen from *Graph No. 1*, total Community energy requirements have climbed more steeply than an extrapolation of past trends would have suggested, but the difference is smaller than experience in 1962-64 might have been thought to indicate: in point of fact, actual consumption in 1965 was 26 million tons h.c.e.<sup>1)</sup> in excess of the estimated 570 million given a few years ago in the *Long-Term Energy Outlook for the Community*.

### *Consumption by sectors*

64. *Table 3* shows the 1964-65 and expected 1965-66 changes in the energy consumption of the different sectors.

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<sup>1)</sup> Including approximately five million tons accounted for by the extension of the Community statistics in 1964 to cover also the energy consumption of West Berlin.

Notable among these are the stagnation in sales to private households and the slight drop in thermal power-station consumption, the latter due as we have seen to the variation in water run-off.

TABLE 3

## Movement of energy requirements by sectors

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

Sector	Energy consumption 1964	Change 1965/1964 (estimated)	Change 1966/1965 (forecast)
1. Iron and steel industry	60.1	+ 0.6	+ 0.7
2. Other industries	109.3	+ 5.6	+ 9.9
3. Transport :			
rail	11.7	— 1.6	— 0.7
road	52.7	+ 4.9	+ 5.4
other transport	8.1	+ 0.6	+ 0.6
4. Private households	136.6	+ 2.4	+ 6.1
5. Thermal power-stations	107.9	— 0.7	+ 8.7
6. Hydro power-stations <sup>1)</sup>	36.8	+ 7.8	+ 0.2
7. Other sectors	49.2	+ 3.6	+ 1.7
8. Total internal consumption	572.4	+ 23.2	+ 32.6
of which :			
hard coal	237.5	— 13.2	— 1.4
brown coal	37.5	— 3.2	+ 0.1
oil	240.2	+ 29.5	+ 29.1
natural gas	20.4	+ 2.5	+ 7.6
primary electricity <sup>1)</sup>	36.8	+ 7.8	+ 0.2

<sup>1)</sup> Including geothermal and nuclear power-stations, and also including the net balance of external trade in electric current.

*N.B.* The power-stations are considered as end consumers, so that the individual figures do not include consumption of electric current. Those for the hydro power-stations represent the primary-energy equivalent of the hydro-electric power produced, converted on the basis of the average specific consumption of the publicly-owned power-stations of the Community. To avoid duplication, the steel industry's consumption is shown minus production of blast-furnace gas. Since the above are rounded figures, the totals may differ from the sum of the individual items.

*Iron and steel industry*

65. 1965 was a year of pretty sustained demand in this sector owing to the high level of production. The industry's coke consumption remained overall about the same as in 1964, as the continuing reduction in the coke rate was offset by the upturn in pig-iron production (see Table following).

TABLE 4

**Blast-furnace coke rate and total coke consumption  
of the iron and steel industry**

Year	Coke rate (kg per ton of pig-iron produced)	Total consumption ('000,000 tons)
1960	883	51.1
1964	733	49.3
1965 (estimated)	701	49.1
1966 (forecast)	675	48.4

All the indications are that the contraction noted in last year's Report as likely to occur in 1965, which outside circumstances combined to postpone, will materialize in 1966. The industry's consumption of non-electrical energy is expected to level off and its coke consumption to drop by nearly a million tons, in consequence, firstly, of a stagnation, or even a decrease, in iron and steel production in all the member countries except Italy, and secondly, of a further scaling-down of the coke rate from an average 700 kg. per ton of pig-iron in 1965 to 675 kg. in 1966.

#### *Other industries*

66. The continuing rapid growth in energy requirements in most of the member countries is being accompanied by a very marked, and in France and Germany apparently increasing, tendency to go over from the solid fuels to their competitors. This is now evident in such traditionally coal-using industries as cement-making: in Belgium, for example, the low-grade coal products formerly sold to the cement works are now going to the thermal power-stations.

Special mention should be made of the trend in the consumption of gas in this sector, which varies widely from country to country according to the availabilities.

The biggest increases this year have been in Germany, where natural gas is gaining ground even faster than in the Netherlands. A number of glass, cement and heavy-ceramics works in Lower Saxony switched to gas in 1965.

Very large amounts of natural gas—about twice as much as last year—are expected to be sold to industry in the Netherlands in 1966.

In Italy, on the other hand, the effects of the Government's action to reorganize the marketing of natural gas in view of the developing shortage are beginning to make themselves felt. There was a further slight increase of 2% in the consumption of the "other industries" in 1965, but a 10% reduction is in prospect for 1966, the amounts concerned to go instead to the household sector, whose requirements are soaring and which has been given priority rating in the allocation of natural gas supplies.

In France, as in Italy, demand exceeds supply. In the last few years more and more gas has been channelled to industry and less and less to the thermal power-stations: the former's consumption rose in 1965 by 8%. The scope is, however, diminishing: most of the additional amounts produced in 1966 will go to the household sector, while industry will receive only 5% more than before, despite the fact that deliveries of liquefied Saharan gas *via* Le Havre are duly coming in at the scheduled rate of 450 million cubic metres a year.

### *Transport*

67. No major new developments occurred in this sector. The increase in the demand for motor spirit was a trifle smaller than expected, 9% instead of 10%, partly in consequence of a rather slower expansion in German requirements of diesel oil. The German railways' consumption of solid fuels fell by a million tons in twelve months following the electrification of nearly 830 km. of track; a further though less substantial decrease is expected in 1966.

### *Private households*

68. A striking feature here in 1965 was the very marked shrinkage in sales of solid fuels despite the persistent unusually chilly weather conditions. It was this that kept the increase in the sector's overall energy requirements so small, for petroleum products showed a further rise of 16%. Coal sales fell by about 14% in the Community as a whole, and by over 20% in the Netherlands.

The trend—which affected all the solid fuels, hard coal, coke and brown-coal briquettes alike—was due partly to substantial withdrawals from consumers' and dealers' stocks, which are included in the figures given since these relate to sales and not to actual consumption. A large-scale rundown of stocks in the first six months (the aftermath in some countries of stockpiling undertaken at the end of 1964 in anticipation of an increase in coal prices) caused a drop in new procurements which was not wholly made up by a rise during the rest of the

year. Nevertheless, the decrease in several of the member countries seems too great to be attributed entirely to cyclical or casual factors. For the first time there was quite an appreciable surplus of house coal—or at any rate of the larger sizes, which the private consumer is becoming more and more disinclined to buy—with the result that some producers were obliged to resort to crushing.

In 1966, given average temperatures and no major stock changes, there is expected to be a net increase of about 4.5% in the demand for non-electrical energy, but accompanied by a further contraction in sales of solid fuels. This contrasts noticeably with the trend during the last five years, when the average level of solid-fuel consumption remained fairly steady apart from fluctuations due to the weather. Now, in some countries at all events, a turnround seems to be developing for both hard-coal and brown-coal products. The tendency for surpluses to accumulate is being aggravated, incidentally, by the push which a number of producers are making to mine as much house coal as they can before the impending breakthrough of natural gas on a broad front.

#### *Power-stations*

69. Community consumption of electric current rose in 1965 by about 6.5%, a considerably smaller increase than had been forecast. This was mainly caused by the slowdown in general economic activity: in industry the increase was only 5%, whereas household consumption went up by another 10%. 1966, however, is expected to see a renewed upsurge in total electricity consumption, and particularly in that of the "other industries" sector.

As already noted, the good water run-off resulted in a reduced demand for thermal electricity, production of which increased in 1965 by only 1.4%. Consequently, fuel requirements were lower than in the previous year, procurements of solid fuels in particular showing a drop of 2,500,000 tons h.c.e. Consumption of petroleum products, however, rose by a further 1,600,000 tons h.c.e., as many newly-constructed power-stations are oil- or dual-fired and so able to take advantage of the lower price of oil. The German power-stations' oil consumption rocketed by one-third in a single year, about half the increment being concentrated in the industrially-owned stations.

In contrast, the 1966 forecasts, assuming an average water run-off suggest a rise of over 9% in thermal production and of about 8% in the fuel consumption of the thermal power-stations, bringing the average specific consumption of the publicly-owned stations down from 2,480 to 2,430 kcal per gross kWh.

Given this increase (amounting to nearly nine million tons h.c.e.) in fuel requirements, the power-stations would need to take about five million tons more coal and three million tons h.c.e. more oil. This is, of course, not allowing for any new measures which may be introduced during the year to influence coal sales to this sector, but it is in any case unlikely that the effects would be felt to any great extent before the end of 1966.

Production of nuclear power went up from 3.2 TWh in 1964 to 4.6 in 1965, and is expected to reach 7 TWh in 1966, with Italy still contributing much the largest share, two-thirds of total Community production as compared with three-quarters in 1964 and 1965. New capacity brought into operation in France and Germany in 1965 and 1966 will, however, very soon be altering the pattern of production.

70. To sum up, the sector-by-sector estimates for 1966 indicate the continuance of various established trends, a number of short-term market movements, and one incipient turnround, *viz.*

- (a) a further rapid and sustained increase in requirements of motor fuels and of electric current (though with appreciable variations in the breakdown between thermal and hydro electricity), and a steady expansion in the consumption of hydrocarbons in industry and in private households;
- (b) a levelling-off in the steel industry's consumption of non-electrical energy and an absolute decrease in its consumption of coke (in line with a longer-term contraction in this sector's energy requirements generally);
- (c) signs of a switch away from solid fuels in the household sector (though it is as yet too early to say how lasting and widespread this is likely to be).

### *Supply position in 1965*

71. The supply trend in 1965 was a continuation, in more pronounced form, of that which developed in 1964, when the prevailing pattern reappeared after the boom years 1962 and 1963. Coal is again out of balance, with stocks piling up and short-time working recurring sporadically, while on the other hand the untaxed prices of fuel oils remain so low as to be making difficulties for some of the oil companies, though of course helping to push up consumption.

Noteworthy developments during the year include the following.

*Total energy supply*

72. As may be seen from *Table 2* above and from *Tables Nos. 16, 17 and 18* in the *Statistical Annex*, the entire 1965 increase in overall requirements was met from imports, while absolutely the flow of indigenous energy supplies actually diminished. At present, therefore, pending the large-scale invasion of the market by Dutch natural gas and nuclear power, the supply of indigenous fuels is no longer anywhere near the still fairly rapidly-mounting demand. This is of course due in part to the physical impossibility of expanding Community production of some energy sources any further, and in part to the changes in the respective competitive capacity of imported and of indigenous energy.

*Community coal*

73. In consequence of marketing difficulties, Community hard-coal production fell by some 10,500,000 tons h.c.e. or about 5%, a larger decrease than the various pit closures scheduled would have suggested. In some coalfields, notably in Belgium, lack of demand led to a recrudescence of short-time working.

In Germany, unsold stocks rose by a further seven million tons of coal and 1,600,000 tons of coke, out of a Community total of eleven million: the serious expense thus incurred was reduced by the granting of State assistance for the construction of four million tons' extra storage capacity over the next

TABLE 5

**Movement of productivity and direct wages  
in the Community coalmining industry**

Coalfield	Output per man/shift			Average direct hourly wage
	1964 (kg.)	1965 (kg.)	1965/1964 (% p.a.)	1965/1964 (% p.a., estimated)
Ruhr	2,688	2,766	+ 2.9	} + 9.0 + 8.0 + 6.0 + 6.0
Saar	2,616	2,740	+ 4.5	
Campine	1,979	2,102	+ 6.2	
S. Belgium	1,606	1,697	+ 5.7	
Nord/Pas-de-Calais	1,709	1,662	- 2.8	
Lorraine	3,113	3,239	+ 4.0	
Dutch Limburg	2,140	2,197	+ 2.7	

four years, but it seems likely that before long the German industry will be unable to stock any more.

Production costs followed much the same trend as in previous years. In all Community coalfields direct wages rose a good deal faster than productivity (see *Table 5*): the impact of this discrepancy on the enterprises' production costs is being cushioned by the State's assumption of social-security charges caused, more particularly, by the top-heavy age structure of the colliery labour force, but in addition equipment costs have gone up fairly considerably, partly owing to increases in the prices of the machines and appliances themselves and partly as a result of the intensified mechanization drive in the industry. The net effect has been to send up production costs by an average 5.5%, which was nothing like counterbalanced by the 1.5% rise in revenues per ton yielded by the various price increases introduced, notably in Germany. The figures for the individual countries differ a good deal, but in none of them did earnings keep pace with costs.

State aid to the collieries was further stepped up during the year. High Authority Decision No. 3/65, taken in accordance with the Energy Protocol of April 21, 1964, introduced arrangements for the Community-level evaluation of payments by member Governments to offset "abnormal" social-security charges due to the alteration in the industry's age pyramid, and also authorized subsidization for the purpose of rationalizing colliery operations and of ensuring the orderly phasing of contraction in view of the regional and social considerations involved. Returns by the Governments show that assistance to offset social-security charges worked out at 4.2 units of account per ton produced in Germany, 4.7 in France, 5.4 in Belgium and 0.85 in the Netherlands, while subsidies proper averaged 0.4 units per ton in Germany and 0.8 in France and Belgium. State aid is, however, on the increase all over the Community, and the differences between the amounts paid per ton in the individual countries are tending to even up.

#### *Imported coal*

74. The short-term c.i.f. prices for single shipments of American coal went up slightly from their end-1964 level to \$14.50 per metric ton for coking-coal mixture. This was due mainly to a rise in freight-rates resulting from the extreme pressure on dry-cargo space and the movement of the tanker market: tanker capacity not used for carrying oil has diminished so that fewer tankers are available for the transport of cereals, and this has affected the state of the dry-cargo market generally.

There was also a minor increase in f.o.b. prices in the fourth quarter.



TABLE 6

**Prices of American coking coal  
(high-grade and mixed coking fines)**

(\$ per metric ton)

	F.o.b. price <sup>1)</sup>		Freight-rate Hampton Roads- A/R/A <sup>2)</sup>	C.i.f. price A/R/A	
	Pocahontas Sewell	Mixed coking fines		Pocahontas Sewell	Mixed coking fines
October 1963	10.74 - 11.46	10.41	5.01	15.75 - 16.47	15.42
4th qtr. 1964	10.74 - 11.46	10.41	3.76	14.50 - 15.22	14.17
1st qtr. 1965	10.74 - 11.46	10.41	4.24	14.98 - 15.70	14.65
2nd qtr. 1965	10.74 - 11.46	10.41	3.96	14.70 - 15.42	14.37
3rd qtr. 1965	10.74 - 11.46	10.41	3.76	14.50 - 15.22	14.17
4th qtr. 1965	10.86 - 11.58	10.47	4.04	14.90 - 15.62	14.51

<sup>1)</sup> Quarterly average for short-term contracts.

<sup>2)</sup> Weighted average of rates recorded for single voyages to Amsterdam, Rotterdam and Antwerp.

Spot quotations for imported coal work out \$1-2 per ton higher than shipments under longer-term contracts. Most of the Community's American procurements, however, are brought over on the latter basis or in the exporters' own colliers, so that short-term movements of c.i.f. prices do not greatly affect the Community energy market. On the other hand, a number of contracts for regular shipments were concluded in 1965, for instance by Electricité de France (the French nationalized electricity generating industry.)

### *Electric current*

75. The somewhat sketchy information available on new thermal generating capacity brought into production indicates a growing preference for multi-fired plant. While the fuel interchangeability of these installations can vary considerably—100% coal/100% fuel oil, 100% coal/50% fuel oil, 50% coal/50% fuel oil and so on—they have been in use for some years in Belgium, in the Netherlands and, particularly, in Italy, where they used indeed to be legally obligatory in certain cases; they are now also coming noticeably to the fore in Germany. It is therefore likely that as time goes on it will be easier for producers to switch from one fuel to another. In addition, the share of nuclear capacity is expanding rapidly, with an expected increase to nearly 15% even in the year immediately ahead.

TABLE 7

Net additions to publicly-owned thermal generating capacity  
in the Community<sup>1)</sup>

	Gross MW			% of total		
	1964	1965 (estimated)	1966 (forecast)	1964	1965	1966
Conventional single-fired plant	2,466	2,978	1,978	61	43	36
<i>of which</i> : hard coal	563	1,178	726	14	17	13
brown coal	549	600	700	14	9	13
hydrocarbons	1,347	1,200	522	33	17	10
other fuels	7	—	—	—	—	—
Conventional dual- and multi-fired plant	1,386	3,315	2,769	35	48	51
<i>of which</i> : coal/hydrocarbons	848	2,459	1,922	21	36	35
fuel oil/gas	470	817	737	12	12	14
other combinations of fuels	68	39	110	2	—	2
Nuclear plant	165	594	750	4	9	14
Total	4,017	6,887	5,467	100	100	100

<sup>1)</sup> Minus capacity known to have been taken out of service and individual boilers converted for firing with a different fuel.

### *Oil and natural gas*

76. Some 240 million tons of *crude oil* were processed at Community refineries in 1965, an increase of about 14% over 1964. This was a slightly bigger expansion than that in internal consumption, the additional tonnages being accounted for by a rise in net exports to third countries.

The state of the market for *petroleum products* showed little change. Prices of *heavy fuel oils* for delivery in 1965 continued at the same low level as for some years past, except in France, where refineries appear to be granting bigger discounts on the published prices. Delivered prices of *light fuel oil* for heating remained well down, as they have done since yearly 1964, and in the Netherlands were reduced even further, into line with the untaxed prices of the adjacent countries; in France larger discounts were allowed for this category also than in 1964.

The effects on the companies' finances vary according to their market position and pattern of supply: some medium-sized and small companies'

TABLE 8

Movement of fuel-oil prices in some major Community cities<sup>1)</sup>

(E.M.A. units of account per ton)

	Heavy oils		Light oils (amounts over 5,000 litres)	
	Price including all taxes	Tax	Delivered price including all taxes	Tax
Hamburg	(free of charge)			
November 1964	19 - 20	7.7	28 - 31	3.3
December 1965	20 - 21	7.7	28 - 31	3.3
Munich	(free of charge)			
November 1964	19 - 21	7.7	33.5 - 37	3.3
December 1965	20 - 21	7.7	34 - 36	3.3
Rotterdam	(free of charge)			
November 1964	16.5 - 17	3	29 - 32.5	0 - 1
December 1965	16 - 18	3	25 - 28	0 - 1
January 1966	18 - 20	5	26 - 29	0 - 1
Antwerp	(ex refinery)			
November 1964	16 - 17	4.5	31 - 33	5.5
December 1965	15.5 - 16.5	4.5	31 - 35	5.5
January 1966	15.5 - 16.5	4.5	42 - 46	16 - 17
Dunkirk/Le Havre	(ex refinery)			
November 1964	19 - 20.5	2.2	35 - 37.5	3.1
December 1965	18 - 19	2.2	32 - 35	3.1
Milan	(free of charge)			
November 1964	17.5 - 18.5	5	29	7.2
December 1965	18 - 19	5	25 - 26	7.2

<sup>1)</sup> The price position for fuel oils is highly obscure, partly owing to the substantial discounts allowed. The figures shown have been compiled from scrappy and unco-ordinated data, and are not fully intercomparable either from year to year or from country to country: they are therefore to be taken only as indicating the rough outline of developments.

growth prospects are impaired, and new competitors face increased difficulty in making their way in the Common Market.

As regards *natural gas*, 1965 was marked by the discovery of the Meillon gasfield in south-western France (yield provisionally estimated at 1,500-2,000 million cubic metres a year), several finds of unknown extent in the Dutch provinces of Friesland and North Holland, and a strike of commercial flow in the British part of the continental shelf.

A number of contracts for the export of Dutch gas were drawn up, namely

- (a) between Nederlandse Aardolie-Maatschappij (N.A.M.) on the one hand and Ruhrgas and Thyssengas on the other, for 3,000 and 4-5,000 million cu.m. respectively;
- (b) between N.A.M. and Gasunion Frankfurt-Gasversorgung Süddeutschland, for 6,000 million cu.m.;
- (c) between N.A.M. and Distrigas, for 5,000 million cu.m.;
- (d) between N.A.M. and Gaz de France, for 5,000 million cu.m.;
- (e) for the delivery of some 1,500 million cu.m. of Dutch gas by the Brigitta Company in northern Germany.

A contract was also signed in Italy for the import of 3,000 million cu.m. of Libyan gas.

Dutch production of natural gas was double the 1964 figure, very considerably exceeding the forecast at the end of the preceding year. Despite slight hold-ups in the construction of some sections of the main distribution network, the programme went ahead pretty much as planned. The conversion of domestic equipment is proceeding according to schedule: 40% of the two and a half million householders whose appliances had to be altered have already been dealt with, and the operation is expected to be completed by the end of 1968.

German reserves, likewise in process of rapid development, are already put at 250,000 million cu.m., and production in 1965 reached 2,700 million.

### *Expected supply position in 1966*

77. Current estimates for the Community in 1966<sup>1)</sup> indicate

- (a) a *total internal consumption* of 628 million tons h.c.e. and a *total demand* of 732 million. This is a substantial increase (with consumption in particular up by 5.5%), bigger than that implied by the general trend, and will take place only if the Community's all-round economic expansion picks up as expected. It must also be borne in mind that these estimates assume average temperatures and an average water run-off: medium-sized deviations from these averages may produce a swing of 15-20 million tons h.c.e. either way, and major ones a swing of around 30 million;

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<sup>1)</sup> See *Statistical Annex*, Tables Nos. 16, 17 and 18.

- (b) a coal production target of about 209 million tons h.c.e. (= about 220 million ton for ton), *i.e.* a decrease of about two million tons;
- (c) a slight rise in total *internal energy production* (all sources together) owing to the expanding gas reserves, though only 15% of the increment in requirements will be covered from indigenous sources;
- (d) a *natural-gas production* of about 20,000 million cu.m., 20% more than in 1965. With the Netherlands expecting to produce  $2\frac{1}{2}$  times as much as in 1965 and Germany 3,500-4,000 million cu.m., the boom in natural gas in north-western Europe will definitely begin to affect the energy position of the countries concerned;
- (e) *net energy imports* of about 340 million tons h.c.e.

78. There will thus be again a supply-demand imbalance in the coal sector, with a surplus of 10 million tons (hard coal and coke together), mainly in Germany.

The implications of this figure must be spelt out. Failing fresh Government action, the surplus will have to be dealt with either by the accumulation of yet more pithead or consumers' stocks or by the further scaling-down of production. Since with State aid as it now stands there is little scope left for any more additions to stocks, the glut due to poor sales is more or less bound to begin directly affecting production.

With this prospect looming, the authorities will need to consider taking steps to provide against the resulting difficulties. The present forecast obviously cannot allow for the effects of any such steps: *it is therefore not necessarily an indication of what is actually going to happen, but of what is liable to happen unless further action is taken.*

In the *oil market*, the hardening expected in the prices of *heavy fuel oil* for delivery under contract in 1966 appears duly to have occurred in some countries (Germany and Italy), where quotations have gone up by \$1.00-2.00. The scope for price increases varies from country to country, according to the regulations in force (quotas for American coal, taxation and so on). As regards *light fuel oils*, apart from a seasonal rise in spot landed prices in north-west European ports due to the temporary increase in single-voyage freight-rates, untaxed prices are likely to remain down pretty well where they have been since the spring of 1964. In short, there are no signs of a general upward movement in untaxed prices, but a certain recovery may be in progress, at any rate in the case of the heavy fuel oils, in some Western European markets.

Some notable changes were made in the *fiscal* charges on oil in Belgium and the Netherlands with effect from January 1, 1966: in Belgium the special

excise duty was put up, bringing the total taxation on light fuel oil to the same level as for heating gas-oil (\$16-17 per ton, or three times as high as before), while in the Netherlands the excise duties on heating gas-oil and heavy fuel oil not for private use were doubled, bringing the total tax incidence to about \$10 for gas-oil and \$5 for heavy fuel oil (charges on fuel oil for private consumption, however, remained unchanged). In Italy, on the other hand, it is planned to reduce the hitherto very heavy tax on heating gas-oil, which just about priced it out of the market as a fuel.

These measures, which in Belgium and the Netherlands are purely fiscal in character, will affect the delivered prices to consumers, though it is far from certain that they will have much short-term effect in impeding the movement from one fuel to another. What they do undoubtedly do is to increase still further the differences in levels of taxation as among the individual countries.

79. The outlook for 1966 is thus a continuation of developments in 1965, minus the random factors (variations in water run-off, changes in consumers' stocks) which served to accentuate the latter. The Achilles' heel of the Community energy market remains indigenous coal, in which the continuing imbalance between supply and demand must be expected to give rise to further difficulties during the year.

#### ENERGY POLICY

80. Important developments with regard to energy policy in 1965 were the institution of consultation procedures on action to be taken, initial studies on coking coal supplies, and above all the introduction of the Community system of State aids to the coal industry, in accordance with the High Authority's Decision No. 3/65.<sup>1)</sup> The Community was able for the first time to obtain a full picture of the assistance given to the collieries by the member Governments, and to appraise this in the light of the criteria set forth in the Decision.

81. The member Governments, by the Energy Protocol of April 21, 1964,<sup>2)</sup> in view of the need "to further, by means of State aid, the measures adopted by the collieries, including in particular rationalization measures, for the purpose of adjusting their operations to the state of the market, and in addition to afford them generally degressively-phased assistance in the form of protection or support,"

<sup>1)</sup> See *J.O.*, No. 31/65, or Annex to the present Chapter.

<sup>2)</sup> See *J.O.*, No. 69/64, or Annex to Chapter II of *Thirteenth General Report*.

- (a) resolved "to enter into consultation with the High Authority in the Special Council of Ministers concerning the measures envisaged before these were put into effect" (Article 10);
- (b) invited the High Authority "to submit any necessary procedural proposals, in accordance with the Treaty of Paris, for the introduction of a Community system of State aid" (Article 11);
- (c) gave it as its view that "the Council should devote special attention to the question of the Community's long-term supply position regarding coking coal" (Article 12).

### *Community system of State aid*

#### *Decision No. 3/65*

82. In accordance with Article 11 of the Protocol, the High Authority's Decision No. 3/65, issued under Article 95,1 of the E.C.S.C. Treaty, established a Community system of State aid, *i.e.* of aid actually disbursed by the member States but organized in line with Community criteria set forth in Articles 2, 3, 4 and 5 of the Decision.

These are, briefly, as follows :

- (a) the Common Market is not considered to be infringed by "State assistance with the financing of social-security benefits which has the effect of reducing the relation for the collieries between the charge per actively-employed mineworker and the benefit per payee to the level of the corresponding relation in other industries" (Article 2,2);
- (b) following consultation with the Council of Ministers, the High Authority may authorize State aid "not calculated to interfere with the proper functioning of the Common Market" for the purpose of
  - (i) part-financing exceptional expenditure on "positive rationalization" to make collieries more economic, and accompanying expenditure on recruitment, training, adaptation and stabilization of personnel (Article 3),
  - (ii) closing pits or workings ("negative rationalization") (Article 4). and/or
  - (iii) enabling rationalization to be effected at an acceptable rate which will not seriously disturb the economic and social balance of the area concerned (Article 5).

Article 1 requires the member States to declare to the High Authority each year all financial action they are intending to take, directly or indirectly, on the collieries' behalf; for 1965 this was to be done by April 15, 1965.

#### *Implementation of the Decision in 1965*

83. The member States duly fulfilled their obligations: declarations were submitted by Germany, Belgium, France and the Netherlands, and the German Government later in the year also supplied particulars of further measures it planned to introduce for the benefit of the German coal industry.

The first declarations, however, made it clear that additional details would be needed, and the matter was discussed between officials of the High Authority and of the Governments to facilitate the drawing-up of declarations in future years.

On October 12, the High Authority was able to give an account of the position as a whole to a committee of experts from the six Governments meeting in preparation for the consultation provided for by the Decision on the subjects of Articles 3, 4 and 5. The main points may be summarized as follows.

84. The bulk of the Governments' assistance is going in connection with social-security charges, though a certain amount is also being done to aid the process of positive and negative rationalization economically and socially, and to help ensure that it is appropriately phased so as to avoid regional complications.

The account does not cover State aid for technical research, readaptation under Article 56 of the Treaty or workers' housing, nor fiscal and tariff measures to protect the member countries' coal industries *vis-à-vis* imported coal and liquid fuel.

#### *Assistance with social-security charges*

85. With the shrinkage in the Community colliery labour force from 800,300 in 1960 to 717,800 in 1965,<sup>1)</sup> the largely independent social-insurance scheme of the coalmining industry has become seriously overburdened. Article 2,2 of Decision No. 3/65 provides in this connection that "State assistance with the financing of social-security benefits which has the effect of reducing the relation for the collieries between the charge per actively-employed mineworker and the

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<sup>1)</sup> Annual averages, workers underground and surface.



benefit per payee to the level of the corresponding relation in other industries shall be deemed to be compatible with the Common Market.”<sup>1)</sup>

Fair treatment as between the collieries and the rest of industry would thus be accepted as existing if the contribution per actively-employed mine-worker stood in the same relation to the amount disbursed in benefit per payee. as the contribution per actively-employed worker to the benefit per payee on other industries, the formula working out as follows<sup>2)</sup> :

$$\frac{C_m}{B_m} = \frac{C_g}{B_g} \text{ or } C_m = B_m \frac{C_g}{B_g}$$

Where the charge currently payable in the coalmining industry ( $C_e$ ) is greater than the charge so arrived at ( $C_m$ ), Article 2,2 of the Decision provides that State aid making up the difference or part of the difference  $C_e - C_m$  is to be considered as being compatible with the Common Market.

Article 2,2 is being implemented in respect of those branches of social security in which the contribution and/or benefit arrangements are different in the coal industry's scheme and in the general system for industry; where the arrangements are identical in both, the Article is disregarded as the coal industry is considered to be integrated in this respect with industry as a whole.

86. Assistance by the German Government on the social side, which relates to retirement, survivors', sickness and accident insurance, totals at DM 2,647 million; this is about 2% above the DM.2,588 million arrived at on the basis of the formula just indicated. Belgian State aid with retirement, survivors', disablement, sickness and accident insurance works out at Bfr.5,620 million as compared with Bfr.5,583 million, a difference of 0.5%. The French Government's assistance, totalling Ffr.1,230 million, towards insurance against disablement, retirement and occupational accidents and diseases, tallies exactly with the amount indicated by the formula. As regards the Netherlands, it proved impossible to apply the formula direct on the basis of the information supplied,

<sup>1)</sup> "Social-security benefits" include all those payable in respect of any of the eventualities listed in I.L.O. Convention No. 102 (sickness, maternity, disablement, old age, death of breadwinner [survivors' insurance], occupational accident or disease, unemployment, dependent children) plus administrative and other related expenses.

"Charge" is the total amount of the employer's and/or worker's contribution.

<sup>2)</sup>  $C_e$  = charge currently payable in the coalmining industry;

$C_m$  = charge per actively-employed mineworker;

$B_m$  = benefit per payee under the mines insurance scheme;

$C_g$  = charge per actively-employed worker outside the mining industry;

$B_g$  = benefit per payee under the general insurance arrangements for industry.

but indirect application showed that the Government's contribution of about Hfl.35,500,000 towards the coal industry's social-security charges was pretty well correct.

The High Authority was thus able to conclude that the State aid furnished was within the bounds laid down by Article 2,2 of the Decision as compatible with the Common Market : the deviations from the figures given by the formula are small enough to suggest mere errors due possibly either to defective forecasting of insufficiently detailed statistics.

#### *Assistance with rationalization*

87. Assistance under Articles 3, 4 and 5 of Decision No. 3/65 (which accounts for only a very small proportion of the total) requires prior High Authority permission.

Accordingly, the High Authority has to appraise plans to provide assistance towards the stepping-up of productivity by reorganization and capital expenditure (Article 3), the effecting of total or partial closures (Article 4) and the phasing of rationalization measures (Article 5), in order to make sure that they do not contravene Article 2,1—which stipulates that they must not be such as to interfere with the proper functioning of the Common Market—and are in line with the criteria set forth in Articles 3-5.

The first point to be established is whether the subsidies so affect the existing competition situation as to make an appreciable difference to the sales prospects of individual enterprises or groups of enterprises. The High Authority can judge this by the movement of sales from month to month. Obviously such effects can take some time to become apparent, and the High Authority intends to follow carefully the relevant trends in trade exchanges and deliveries; its observation of market reactions to subsidies authorized in 1965 will be a major element in its decisions in 1966.

Secondly, in examining competition among the Community producers themselves, the High Authority has to bear in mind the ever-growing pressure of outside competition from oil and imported coal, which is becoming steadily more and more threatening despite the present systems of quotas and fiscal protection. Clearly, withdrawal of the subsidies would operate more to the advantage of these competing fuels than to that of Community coal; on the other hand, if subsidization enabled Community coal producers to undercut the delivered prices of imported fuels, and so more or less obliged their immediate

competitors to offer alignment rebates not based on real productivity or market advantages, the High Authority would need to keep a very strict watch on developments.

88. No assistance under Article 3 was declared to the High Authority in 1965.

Under Article 4, the German Government announced its intention of paying "closure allowances" of DM.12.50 per ton of saleable coal (representing a total for 1965 of DM.47 million), and in addition, granting exemption from up to two-thirds of each colliery's obligations in respect of the equalization of burdens property contribution (*Lastenausgleich*). The amount of this exemption is calculated for the first six months of 1965 at only DM.700,000.

The closure allowances work out lower than the actual expenditure incurred by the collieries in taking capacity out of production, and cannot therefore put the latter in a position to introduce market distortions by altering their prices. Moreover, since they cover only part of the cost of closure, they conform to the requirements of Article 4.

89. Under Article 5, the German Government decided on September 1 to take immediate steps to "neutralize" for a set period some six million tons of coal, by moving stocks of four million tons to the neighbourhood of the main consumer centres and cutting back production by some two million tons; for this purpose it was granting guarantees, and making payments to a total of DM.194 million over a maximum period of four years.

The assistance is being given to help cover the cost of moving and storing the coal and the depreciation in its value during storage: in return, the collieries thus aided were to make up in full, up to December 31, 1965, the wages payable for the four shifts which are being discontinued to ensure the specified production cutback. So far as the coal year under review is concerned, this subsidization, though doubtless not particularly effective as a long-term policy measure, is at least not "calculated to interfere with the proper functioning of the Common Market", and since it is an *ad hoc* arrangement to avert serious economic and social complications in the coalfields, it qualifies for approval under Article 5.

The Belgian Government is furnishing assistance for the purpose of enabling the scaling-down of production to be phased, for social and regional reasons, over a fairly long period, and giving the collieries the time and means to adjust themselves. The subsidies for 1965 were intended to offset or help offset losses, including loan redemptions and service of capital, and were to be fixed individually in accordance with the losses of the particular enterprise concerned: collieries running at a loss of Bfr.100 per ton or less (the final decision

as to whose future is to be deferred until later) would have the amount only partly made up, receiving not more than Bfr.55 in subsidy, while those losing over Bfr.100 per ton (which are pretty well definitely rated for closure) were to be compensated in full.

The 1965 appropriations for this purpose were :

Bfr.403,300,000 to part-cover the losses of 20 enterprises with an aggregate production of approximately 15,400,000 tons

Bfr.422,100,000 to cover in full the losses of seven enterprises with an aggregate production of approximately 3,100,000 tons

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Bfr.825,400,000

These subsidies cannot possibly suffice to cancel out the difference in price between Belgian coal and coal from other parts of the Community, and hence cannot influence the general state of the Common Market.

The French Government is granting assistance with a view to a long-term adjustment of production in line with regional economic patterns and with the production targets set for 1970. The subsidies are to be used not only for the part-coverage of losses, but also for rationalization, for recruitment and training, and for the reduction of certain interest charges payable by the collieries. The 1965 appropriation totalled Ffr.215 million.

Subsidization under Article 5 was to range in 1965 from Ffr.0.60 to Ffr.11.50 per ton according to coalfield. The Centre/Midi collieries were to be paid the most : they are, however, located at such a distance that the question of competition between them and the rest of the Community industry does not really arise. The Nord/Pas-de-Calais collieries were to receive only a very small subsidy, amounting to no more than 1% of their revenues, which would not be enough to give them any appreciable advantage within the Common Market. Lorraine's subsidy, though sizeable—round about 7% of the collieries' revenues—would offset only a fraction of the substantial losses there : nevertheless, it would not be altogether impossible for producers on the strength of this to introduce price cuts in particular areas or consumer sectors, and it was therefore up to the High Authority to make sure that any such reductions remained within the limits of the alignments necessitated by competition from third-country coal.

The High Authority's conclusion was that the subsidization arrangements planned for 1965 under Articles 4 and 5 of Decision No. 3/65 were all quite in order.

*Other assistance*

90. Other Government measures examined for conformity with the E.C.S.C. Treaty were :

- (a) a Federal and Land Government participation of DM.25 million in a capital increase by Saarbergwerke AG., Saarbrücken, which is the joint property of the two. Such operations are normal practice by owners of enterprises;
- (b) exemption from income tax and company tax in respect of capital gains on disposals of property, and Federal Government guarantees and counter-securities, which are concessions permitted by the Rationalization Act. These are general arrangements, not confined to the coalmines :
- (c) a number of aids in Germany and Belgium, mainly concerning utilization of coal in power-stations.<sup>1)</sup>

Both (a) and (b), being general measures applicable in a variety of industries, fall outside the scope of Decision No. 3/65; (c) were considered by the High Authority to be in conformity with the Treaty and so not to need special authorization under the Decision.

*Consultation*

91. The consultation with the Council provided for by Decision No. 3/65 has not yet been completed. The High Authority's account of the position, referred to in No. 83 above, has, however, been discussed with experts representing the six Governments.<sup>2)</sup>

*Concluding remarks on the colliery aid system*

92. Without prejudice to what the Council may eventually have to say on the subject, the High Authority considers that the present system of State aid shows, upon examination, no incompatibility with the criteria set forth in the Decision, nor, in particular, with the proper functioning of the Common Market.

About 90% of the assistance given is intended to cover the collieries' abnormally high social-security charges. It amounts to \$4.20 per ton of

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<sup>1)</sup> See No. 95 above.

<sup>2)</sup> See No. 17 above.

estimated 1965 production in Germany, \$4.70 in France, \$5.40 in Belgium and \$0.85 in the Netherlands. Neither the first three very similar figures nor the fourth contrasting one are intercomparable: they are relevant only for the country concerned, *i.e.* as compared with that country's general social-insurance system. The very low figure for the Netherlands is due to the fact that pensions there, both in the coalmining industry and elsewhere, are based on straight capitalization.

The size of the "abnormal" burden borne by the collieries in consequence, mainly, of the shift in the age pyramid—and hence the extent to which they are handicapped in competition if left unaided—is clearly brought out by the amounts they are having to be paid to offset it.

93. Conversely, subsidization proper under Articles 3, 4 and 5 is still marginal: \$0.40 per ton of coal produced in Germany and \$0.80 in France and Belgium. The Dutch collieries have not asked for assistance.

It is evident, therefore, that the Governments have kept their assistance to the strict minimum needed to fulfil the aims of the Decision; they have in addition tailored it to the requirements of their own coal industries, Germany relying more on Article 4 and Belgium and France on Article 5. The assistance is of course selective, but this is right and proper since it is intended to deal with specific difficulties.

As it is being given on such a small scale, and does not appear likely to affect coal sales either at regional or at Community level to an undesirable extent, the High Authority has no objection to offer.

### *Consultations under Article 10 of the Protocol*

94. Article 10 of the Protocol of April 21, 1964, as was noted at the beginning of this Section, provides for consultations between the Governments and the High Authority in the Council of Ministers on proposed measures concerning coal before these are put into effect, except in specially urgent cases; the Governments undertake by this procedure "to do their utmost to co-ordinate these various measures."

The individual problems and the Governments' proposed modes of tackling them are to be studied purely from the point of view of energy policy, particular attention being paid to establishing whether the action envisaged is in line with the basic principles of the Protocol. Legal aspects are not covered: Article 10 leaves all parties in full possession of their normal powers under the Treaties.

The signatories to the Protocol are thus provided with a useful instrument for working towards the establishment of an energy policy, since the consultations form a regular link, within the Council of Ministers, both among the member States and between them and the High Authority and the E.E.C. and Euratom Commissions. This system of conferring on the energy problems in the different countries and the methods by which the Governments propose to deal with them makes for a better understanding of one another's position and a gradual movement towards closer harmony of views, so that the broad outlines of a common energy policy can be progressively hammered out.

The consultations thus need to be held on a very flexible basis, with no strict procedural forms, so that they can range as widely as possible.

95. Several such consultations took place in 1965. The German Government was the first to make use of the procedure, submitting details, in letters of November 24 and December 17, 1964, of its plans regarding

- (a) financial assistance for the construction of coal-fired thermal power-stations;
- (b) financial assistance for the construction of piped- and block-heating installations;
- (c) compulsory licensing of oil imports (for statistical purposes, not involving actual restrictions as to tonnage);
- (d) compulsory declaration of projects for the construction of refineries and pipelines;
- (e) compulsory stockpiling of mineral oils.

For purposes of consultation, the French Government on February 1, 1965, notified the High Authority and the other member States of the 1970 production targets just worked out for each coalfield for the guidance of the French industry.

96. The Council of Ministers at its meeting on March 11, 1965, duly held the consultations applied for in respect of the German and French Governments' intended measures, in the course of which a very comprehensive discussion took place among the Ministers and the Members of the three Executives.

The High Authority welcomed the two Governments' action in asking for consultations in accordance with Article 10 of the Protocol, and expressed confidence that the other member States would lose no time in doing the same. Since the procedure constituted a regular dialogue on energy measures taken or to be taken by the Governments, it was highly desirable, for the purposes of the

co-ordination aimed at by Article 10 of the Protocol, that a fully inventory of all these measures should be available as soon as possible.

97. The German Government, in letters of August 4 and September 7, 1965, requested consultations on its scheme<sup>1)</sup> for providing extra storage capacity for some further four million tons of coal, to be partly financed from public funds, and curtailing production by about two million tons by the introduction of idle shifts on full pay.

The project was subjected to a preliminary discussion in some detail at an *ad hoc* committee meeting on October 12.

### *Coking-coal supplies*

98. Under Article 12 of the Protocol, the Council of Ministers is required to give its special attention to the question of the Community's long-term supplies of coking coal. The High Authority was therefore instructed to submit a report to the Council on the situation in this respect.

The High Authority accordingly assembled and evaluated all available data on the subject, and submitted the findings to an *ad hoc* committee of the Council. These give a picture of the Community's supply position with regard to coking coal as indicated by the existing statistics: the statistics themselves were, however, somewhat sketchy, and additional particulars will be needed to supplement the outline so provided.

The situation was analysed with special reference, firstly, to the different sources of supply and their physical capacity and secondly, in view of the very large amounts of coking coal taken by the iron and steel industry, to the price relations as between coal and coke of different provenance.

99. The main findings were as follows.

The coal requirements of mine-owned and steelworks-owned coking-plants<sup>2)</sup> account for some 35% of the Community's total coal consumption; they are met 90% from Community production and 10% from imports, principally from the United States. Consequently, with the restrictions on imports of third-country coal, the Community is substantially self-sufficient in this respect; all the same, in the last few years it has tended to rely rather less exclusively on indigenous supplies.

<sup>1)</sup> See No. 89 above.

<sup>2)</sup> Including independent coking plants, but exclusive of gasworks.



Overall, the Community's production of coking coal is well in excess of its requirements. The position varies a good deal, however, from one country to another, owing to the location of the deposits, the prices of these grades and certain technical considerations such as the need to blend different types of fines in order to obtain coke suited for use in the steel industry. Thus Luxembourg relies entirely on coke procured from within the Community, mainly from Germany, where the Luxembourg steel firms have a number of financial holdings; at the other extreme, Italy imports practically all its coking coal from third countries.

Almost the whole of the Community's requirements of metallurgical coke are met by Community coking-plants. Germany is the biggest producer, supplying nearly 60% of the total.

Differences between the prices of imported and indigenous coal face Community steel producers with the double problem, firstly, of conditions of competition *vis-à-vis* third-country producers, and secondly, of conditions of competition *vis-à-vis* another according as their own Government's import policy does or does not allow them ready access to imported coal.

100. Following a preliminary examination of these findings, it was decided that the study must be supplemented to include fresh data and developments in 1965, notably with regard to coal prices. Work on this is now in progress.

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101. The course of events since 1964 has underscored the scale and seriousness of the changes in the pattern of the Community energy market. To cope with these changes, the coal industry itself needs, with State assistance, to make a sustained push to reorganize by properly-planned stages, while, in parallel, special arrangements will have to be made on the social side with respect to employment readaptation of workers and area redevelopment. Action on both fronts must be taken with the minimum of delay if a really satisfactory balance is to be achieved regarding social and regional conditions on the one hand and the Community-level question of security of supply on the other.

The Energy Protocol of April 21, 1964, provides the proper framework for the preparation of these measures, which demand close co-operation between the individual Governments and the High Authority.

## ANNEX

**DECISION No. 3/65**  
**of February 17, 1965,**  
**concerning the Community system of State aid**  
**to the coalmining industry<sup>1)</sup>**

THE HIGH AUTHORITY,

*having regard* to the provisions of the Treaty, and in particular to Articles 2, 3, 4, 5, 47, 64, 67, 68, 95, 1 and 95, 2 thereof, and

*having regard* to the Protocol concluded by the Governments of the member States in the Council of Ministers on April 21, 1964 (*J.O.* of April 30, 1964, pp. 1099/64 ff.),

(1) *whereas* in the said Protocol the Governments of the member States agreed upon certain principles intended to form the basis for a common energy policy covering coal, oil, natural gas and nuclear energy, and *whereas*, referring to their decision of February 24, 1964, to merge the Communities, they affirmed their determination to establish and apply in accordance therewith a common energy policy with respect, *inter alia*, to commercial policy, to the system of State aid and to the rules of competition for the different energy sources,

*whereas*, however, the coalmines are now confronted by certain urgent problems which should be dealt with at once by the means which the Treaty establishing the European Coal and Steel Community afford,

*whereas* the coalmining industry is having to adjust itself to the structural alterations caused in the energy market by the increasing pressure from imported coal (favoured in particular by the present level of maritime freight-rates) and the steady advance of other energy sources such as oil and natural gas, and *whereas* these structural alterations are obliging it to engage in exceptional exertions in the matter of rationalization.

*whereas* moreover, in a number of respects, and more particularly with respect to social insurance, these alterations are resulting in the coalmining industry's having to bear abnormally high charges as compared with the conditions obtaining in other industries, and *whereas* this situation is liable to stultify the collieries' efforts to rationalize, and, thereby impede their efficient operation;

(2) *whereas* for the High Authority to take any steps to superintend or co-ordinate measures to alleviate the financial burden on the coalmining industry it must in the first place have full and accurate knowledge of what the Governments are planning to do in this connection, and *whereas* it is thus entitled to request the member States to notify it of all financial assistance they propose to furnish to the coalmining industry, in direct or indirect form;

(3) *whereas*, after setting forth the main aims and elements of the Common Market, the Treaty in Article 5 requires the Community to assure the establishment, maintenance and observance of normal conditions of competition, and *whereas* the part-financing of social-security benefits from public funds in order to offset the abnormal charges borne by the coal industry simply restores for that industry conditions of competition in conformity with Articles 1-4 of the Treaty,

*whereas* the Treaty empowers the High Authority to intervene where changes by the member States in the system of social-security benefits and the financing thereof are liable

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<sup>1)</sup> Published in the *J.O.*, No. 31/65.

to distort the play of competition in the Common Market, but *whereas* the provisions in question were drawn up at a time when it was not realized that radical changes could occur in the structure of the energy market and that co-ordinated action to restore normal conditions of competition could then be desirable,

*whereas* in this respect and to this extent the Community is now in a situation not provided for in the Treaty and requiring to be dealt with by recourse to Article 95,1 thereof,

*whereas* the abnormal charges borne by the coalmining industry are due in particular to the considerable decrease in the number of actively-employed mineworkers, so that the relation of the charge per actively-employed mineworker to the benefit per payee has risen well above the corresponding relation in other industries, *whereas* assistance by the member States designed to bring the former relation down to the level of the latter can certainly be considered compatible with the Common Market, and *whereas* the establishment of this principle by the present Decision is an essential contribution to the restoration of orderly conditions of competition for the coalmining industry;

(4) *whereas* the special rationalization drive which the collieries are having to undertake in consequence of the radical alterations in the structure of the energy market is in accordance with the objectives set forth in the initial Articles of the Treaty and with the "common interest" referred to in Article 3 thereof, but involves the collieries in greater expense than they can afford unaided,

*whereas* Article 2,2 of the Treaty, requiring the Community to "establish conditions which will in themselves assure the most rational distribution of production at the highest possible level of productivity," specifies that this must be done "progressively... while safeguarding the continuity of employment and avoiding the creation of fundamental and persistent disturbances in the economies of the member States," and *whereas* under the conditions just described the discharge of this duty justifies temporary assistance from the public authorities towards the collieries' rationalization drive,

*whereas* Article 4,c of the Treaty seeks to prevent member States from distorting conditions of competition in the Common Market and to that end debars them from granting aids or subsidies to coal- or steel-producing enterprises, *whereas* this prohibition does not apply to a Community system of assistance designed to enable the objectives of the Treaty to be attained, *whereas* the Treaty affords the High Authority no specific power to institute such a system, and *whereas* in this "case not expressly provided for," it is necessary to invoke Article 95,1 in order to enable the pursuit of the objectives set forth in the initial Articles of the Treaty to be carried on,

*whereas* the institution of a Community system of assistance to the coalmining industry does not necessarily presuppose that the funds are to come from a Community source, but *whereas* for the system to be Community in character

- (a) there must be criteria to ensure that the assistance is in fact in the common interest and given only on the scale strictly necessary,
- (b) the member States must obtain the High Authority's approval before effecting any disbursement in this connection,
- (c) the High Authority must be vested with such powers of inspection and intervention as are needed to ensure that the right use is made of the assistance given,

*whereas*, accordingly, all due care must be taken to make it impossible for assistance to be furnished in proportions or by procedures liable to impair the proper functioning of the Common Market, more particularly by altering trading conditions to an extent contrary to the common interest,

*whereas* with respect to positive rationalization the assistance is designed to part-finance exceptional expenditure on measures to increase profit-earning capacity, *whereas* such expenditure may be made with the object of ensuring greater efficiency not only in coal-winning but in coal valorization, but *whereas* it is of course pointless unless the collieries have sufficient coal reserves at their disposal,

*whereas* the positive-rationalization drive is liable to prove largely ineffectual unless the coalmining industry possesses an adequately skilled and stable labour force, *whereas* it should therefore also be made permissible to grant assistance towards the financing of expenditure on the recruitment, training, adaptation and stabilization of personnel where this complements or facilitates the positive rationalizations proper,

*whereas* assistance for negative rationalization is designed to cover expenditure incurred in the taking of installations out of production, *whereas* care must be taken to ensure that no more is given than is required for this specific purpose and it is therefore necessary to detail the different categories of expenditure which may arise in connection therewith, but *whereas*, subject to this restriction, there is no objection to the assistance being furnished in effect on a lump-sum basis,

*whereas* in the case of an area not as yet offering adequate openings for development the collieries' adjustment to the altered state of the coal market may be liable seriously to disturb the economic and social balance of that area, and *whereas* to obviate this risk it may be deemed necessary to phase the rationalizations over a period and to grant assistance to cover the costs thereby incurred by the collieries,

*whereas* the present prospects of the coalmining industry suggest that these various forms of assistance are an effective mean of meeting the economic and social demands which are posed by the objectives set forth in the initial Articles of the Treaty,

*whereas* to ensure the satisfactory implementation of such a decision the High Authority must be enabled to exercise its authorizing power effectively, to make its authorization subject to any condition or conditions it considers appropriate, to carry out the necessary checks thereafter, and to withdraw its authorization as soon as no longer warranted, and *whereas*, similarly, the High Authority must be enabled to prevent enterprises in receipt of assistance from charging artificially low schedule or aligned prices which would interfere with the proper functioning of the Common Market;

having conferred with the Consultative Committee and obtained the unanimous consent of the Council,

hereby DECIDES as follows:

#### *Article 1*

1. The member States must declare to the High Authority by November 1 of each year all financial assistance which they propose to grant to the coalmining industry, in direct or indirect form, in the course of the following calendar year.

The grounds for and precise range and scope of the assistance concerned must be specified. Assistance for 1965 must be declared by April 15 of that year.

2. With respect to financial assistance relating to social-security benefits in the coalmining industry, the member States must also furnish to the High Authority by April 15, 1965, particulars of

- (a) the relevant laws and regulations in force at January 1, 1965;
- (b) the amounts, grouped by categories, paid out in benefit during 1964 to mineworkers and former mineworkers and their dependants, and the number of payees concerned;
- (c) the funds and sources thereof from which the payments referred to in (b) above were made.

The estimates declared each year under 1 above must, in the case of assistance relating to social-security benefits, be accompanied by updated information in respect of (a), (b) and (c) above.

3. If during the calendar year the member States form the intention of furnishing financial assistance additional to that indicated in subsections 1 and 2 above, they must declare this to the High Authority in good time to enable it to consider the measures in question and issue its verdict in accordance with the procedure just described.

#### *Article 2*

1. Assistance of the kinds described in Articles 3-5 below may be authorized by the High Authority, following consultation with the Council, provided it is not liable to interfere with the proper functioning of the Common Market.

The member State concerned may not take action to furnish such assistance without prior authorization by the High Authority.

2. State assistance with the financing of social-security benefits which has the effect of reducing the relation for the collieries between the charge per actively-employed mine-worker and the benefit per payee to the level of the corresponding relation in other industries shall be deemed to be compatible with the Common Market.

3. With respect to all other forms of financial assistance coming within the purview of the Treaty, the High Authority shall adopt an attitude in accordance with the procedures and rules the Treaty prescribes.

#### *Article 3*

1. The High Authority may authorize State assistance to collieries which is designed to part-finance exceptional expenditure on measures to increase profit-earning capacity by positive rationalization, including in particular expenditure in connection with the concentration of pits, capital expenditure on the further mechanization of coal-winning, capital expenditure on more efficient coal valorization, and capital expenditure on the improvement of mine safety standards.

Such assistance may be granted only if the collieries concerned can show

- (a) that they possess developed deposits representing not less than three years' normal working and reserves representing not less than twenty years;
- (b) that the implementation of the capital projects in respect of which they are applying for State assistance will result in a substantial decrease in production costs (calculated on a constant-price basis) or in a substantial increase in coal valorization.

2. The High Authority may authorize State assistance to help finance expenditure on the recruitment, training, adaptation and stabilization of personnel where this complements or facilitates positive rationalizations fulfilling the requirements of subsection 1 above.

#### *Article 4*

The High Authority may authorize State assistance to collieries in connection with the closure or partial closure of installations (negative rationalization). Such assistance may cover only the following types of expenditure.

- (1) Expenditure incurred only by collieries effecting closures.
  - (i) exceptional social-security charges resulting from the retirement of workers in advance of the statutory retiring age;
  - (ii) other exceptional expenditure in respect of workers losing their employment in consequence of closures;

- (iii) payment of extra-statutory pensions to workers losing their employment in consequence of closures, and to workers entitled thereto prior to the closure;
- (iv) deliveries of coal free of charge to workers losing their employment in consequence of closures, and to workers entitled thereto prior to the closure;
- (v) residual charges under tax provisions;
- (vi) additional underground safety operations necessitated by the closure;
- (vii) subsequent mining (subsidence) damage;
- (viii) residual charges in connection with water and sewerage rates.

(2) Expenditure incurred by the above collieries and others

- (i) increased extra-statutory social-security charges due to the shrinkage in the number of contributors following closures;
- (ii) increased expenditure on mine drainage operations;
- (iii) increased water and sewerage rates where due to a shrinkage in the number of rate-paying collieries following closures.

The assistance may be paid on a lump-sum basis provided it is confined to the coverage of expenditure specifically incurred in respect of closures.

*Article 5*

1. Where the adjustment of collieries to the altered state of the coal market is liable seriously to disturb the economic and social balance of an area because the openings for development there are not yet adequate, the High Authority may authorize State assistance to enable the rationalizations to be phased appropriately.

2. Such authorization may be granted for one year only. It may be renewed. Renewal in respect of assistance to be provided in 1968 may be granted only with the unanimous consent of the Council.

*Article 6*

1. The Governments of the member States must attach to their applications supporting documents showing that the requirements set forth in Articles 2-5 above are fulfilled, and must in particular furnish the following information:

(a) Assistance for negative rationalization

- (i) the scheduled dates for the commencement and completion of the closure operations;
- (ii) the cost of the rationalization.

(b) Assistance for positive rationalization

- (i) the scheduled dates for the commencement and completion of the operations concerned;
- (ii) the capital costs involved and the modalities and amount of the assistance planned.

2. In order to ensure that the assistance authorized by it is employed in accordance with the aims set forth in Articles 2-5 above,

(a) the High Authority may issue its authorization subject to any condition or conditions it deems appropriate;

(b) it may impose restrictions on the extent to which the collieries concerned may exercise their right of alignment under Article 60 of the Treaty, and require them to abide by stipulated minimum prices. Any colliery infringing such injunctions may be proceeded against under Article 64.

*ENERGY PROBLEMS*

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3. The High Authority may effect the necessary spot-checks at collieries.

4. The High Authority shall rescind its authorization or amend the provisions thereof should it conclude that the assistance is no longer in conformity with the conditions stated in Articles 2-5 above, or that the practical results of that assistance or of the manner in which it is employed are counter to the requirements specified for its authorization. The member State concerned shall comply, by such time-limit as the High Authority shall fix, with the Decision rescinding the authorization or amending the provisions thereof.

*Article 7*

This Decision shall come into force on March 1, 1965. It shall expire on December 31, 1967.

Authorizations granted prior to the latter date may cover assistance to be furnished during 1968.

This Decision was deliberated and adopted by the High Authority at its meeting on February 17, 1965.

## CHAPTER THREE

### THE COMMON MARKET FOR COAL AND STEEL

#### Section 1 : The Common Market for Coal

##### STATE OF THE COMMON MARKET FOR COAL IN 1965<sup>1)</sup>

##### *General situation*

102. Although energy consumption overall has been rising steadily by something like 5% a year, consumption of coal in 1965 remained stagnant or, if anything, slightly declining. The demand for Community-mined coal is definitely falling.

In consequence of a high level of hydro-electric power production and a substantial rundown of consumers' stocks in the early months of the year, coal sales in 1965 were the lowest since the Community's inception.

So also was coal production, which totalled only 218 million tons; in the past twelve years it had never gone below 223 million, even in 1963, when it was affected by strikes in France.

Imports, at 29 million tons, were also somewhat lower than in the two previous years. Nevertheless, they accounted for 12% of total coal procurements in 1965, whereas the highest proportion in any year since 1953 had been 8%,

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1) The coal figures in this Chapter are those officially issued by the member countries. The statistical series given here and in the Annex are therefore intercomparable with those in previous editions. For W. Germany (less the Saar) and the Netherlands coal production is reckoned after conversion of low-grade products in accordance with the method of the country concerned; for all other Community coalfields, including the Saar, it is calculated ton for ton.

For convenience in drawing up the energy balance-sheets, the data used in the foregoing Chapter, on Energy Problems, relate to production in tons H.C.E. (hard-coal equivalent), calculated by a new method of converting low-grade products which was adopted by the High Authority's Committee of Coal Statisticians on September 10, 1965.



even when bitter weather conditions and depleted stocks made them indispensable. This reflects the continuous pressure of competition from third-country coal on the Community market. In E.C.S.C.'s early days the average prices of indigenous coals were lower than those of imports, but they climbed to round about the same level in 1959-61 and in 1965 stood anything from 5% to 20% above, in the case both of steam-raising and of coking coals.

103. No proper account can be given of the general state of the Common Market for coal without reference to developments in connection with the alternative energy sources,<sup>1)</sup> oil, natural gas and hydro-power.

The installation of gas pipelines in the north-western part of the Community was not yet sufficiently advanced in 1965 for gas consumption to show any considerable increase. Consumption of electric current rose at almost the same rate as in previous years; total coal consumption by the thermal power-stations, however, decreased. This was due to a combination of circumstances—an exceptionally good water run-off, with the producibility factor reaching 1.09, the continuing shrinkage in specific consumption, and a further 7% increase in the consumption of petroleum products. As in the preceding years, oil's share of the market increased at the expense of coal's, petroleum products not only accounting for practically the whole of the increase in total energy consumption, but taking another 6% of the coverage away from coal. The main reason was the price differential, which in 1965 frequently averaged over 20% between indigenous industrial coal and heavy fuel oil, not counting the rebates granted by the oil companies.

104. As a result of these various factors, the coal position for 1965 is even more in surplus than the year before. Pithead stocks rose by 10 million tons to a total of 26 million, not far from the 1959 figure, which was the highest in the Community's history.

### *Demand for coal*

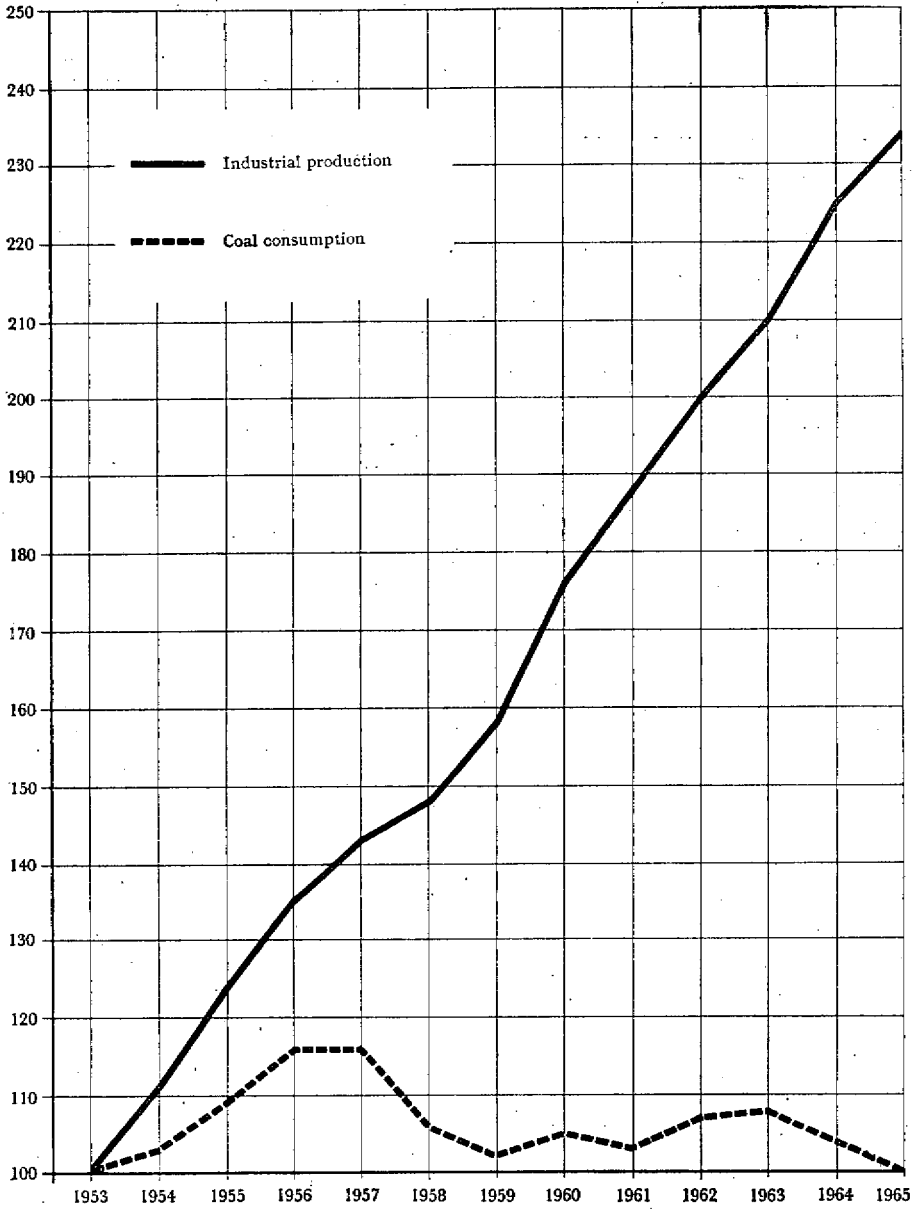
105. Apart from the water run-off, no extraneous influences interfered with the movement of coal requirements in 1965. The rate of growth of the Community economy as a whole—a 3.7% increase in G.N.P.—was average, as was that of total energy consumption, which was not distorted by any climatic vagaries to speak of. The trend in sales of other energy sources was substantially the same as it has been since 1958.

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<sup>1)</sup> See Chapter II above.

GRAPH No. 2

Comparative Indices of Industrial Production  
and Coal Consumption in the Community<sup>1)</sup>



<sup>1)</sup> Exclusive of building, foodstuffs, beverages and tobacco.

TABLE 9

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

('000,000 metric tons)

	1962	1964	1965
Community consumption <sup>1)</sup>	258.2	253.2	237.5
Changes in consumers' stocks <sup>2)</sup>	- 2.3	+ 0.2	- 0.5
Intra-Community disposals	255.9	253.4	237.0
Exports to third countries	4.8	2.9	2.0
Total demand	260.6	256.3	239.0
Production <sup>3)</sup>	228.4	230.4	220.0
Imports from third countries	23.6	31.1	29.0
Changes in producers' and importers' stocks	- 8.5	+ 6.2	+ 10.0
Total supply	260.6	255.3	239.0

<sup>1)</sup> For household sector: sales.

<sup>2)</sup> Exclusive of household sector.

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

The demand for coal therefore appears simply to have moved in line with the pattern at present prevailing in the energy market, the sole exception being the fact that had it not been for the good water run-off coal sales would have been some two million tons higher.

Consumers' stocks underwent a slight decrease, of about 500,000 tons, which proportionately affected disposals to the different sectors. No indications are, however, so far available concerning changes in household stocks.

Coal consumption in 1965 totalled 238 million tons, as compared with 253 million in 1964, a drop of 6%.

106. As can be seen from *Table 10*, the two largest sectors, the power-stations and the coking-plants, today account for 64% of the whole, as against only 48% in 1953, a demonstration that on these two fronts coal is still comparatively well placed.

Electricity requirements are rising so steeply that, despite the steady reduction in the amount of primary energy consumed per kWh produced in the thermal power-stations and the increasing use of oil-fired equipment there, coal



sales to this sector would be fairly sure to show an increase in a year of average water run-off.

This trend may be expected to continue in the years ahead provided the measures adopted or decided upon in various member countries produce the effects anticipated. The only factor that might interfere with it would be a further expansion in the use of heavy fuel oil for electricity generation. With the increase in refinery capacity in the Community the amounts of fuel oil on offer are growing rapidly, while in addition the power-stations are tending more and more to install dual-fired plant, in order to be able to adjust their procurements to all price variations.

Consumption of hard coal for coking in 1965 was 20% above the 1953 level, but had shown no actual rise since 1958. Coking-plant production is governed mainly by requirements for metallurgical, industrial and household coke and for coke-oven gas—all of which are declining.

The coking industry's future depends principally on the size of the demand from the iron and steel industry. It has been found in recent years that even a 4% annual increase in pig-iron production does not necessarily mean an increase in coke requirements. The coke rate is being steadily reduced by new techniques and practices such as fuel injection and the admixture of larger proportions of high-grade ore and sinter to the blast-furnace burden;<sup>1)</sup> these will doubtless be followed before long by pelletizing, and possibly even by direct reduction of the ore. Nothing short of a major upsurge in iron and steel production could do more than just counterbalance the reduction in the coke rate, and so to some extent stabilize the coking industry's position by pushing up consumption of metallurgical coke.

107. Over against these two sectors taking more coal than in 1953; the power-stations and the coking-plants, stand four which are taking very much less: the gasworks and the railways, for reasons familiar to all, have been reducing their consumption of coal for years and their procurements today are only 55% and 36% respectively of what they were in 1953, while those of the iron and steel industry (*i.e.* its procurements of coal proper as distinct from coke) and of the "other industries" group have fallen to 70%. In all these sectors competition with the alternative fuels—more especially heavy oils, petroleum gas and natural gas—is at its keenest: the price gap between them and coal is yawning wider and wider, and there is not the slightest likelihood of a slackening in the switch away from coal in the immediate future.

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<sup>1)</sup> See Nos. 149, 154 and 207 below.

108. The household sector stands midway between the two sectors of expanding and the four of contracting consumption. As can be seen from *Table 10*, sales in 1965, though decreasing, were still only 7% below their 1953 level; nevertheless, although absolutely coal has more or less held its ground, relatively it has not, for the share of oil has very markedly increased, the 1965 figures indicating a 16% drop from 1964 in sales of coal and a 14% rise in those of petroleum products. Sales of gas have also risen, but they are up to now still on too small a scale to make any real impact on coal's position.

This, however, will no longer be the case once the distribution network for Dutch and German natural gas is completed and begins to supply the big centres of population in the north-western portion of the Community. The shrinkage which has already been in progress for some time in the demand for house coal in urban areas will be intensified, and the present modest expansion in sales of solid fuels to country districts will no longer be sufficient to offset it. Exposed thus to competition from two sources fuel oil and gas, the household sector is likely also to become before long one of the sectors of "structural decline."

### *Intra-Community trade*

109. The volume of trade in solid fuels among the Community countries again decreased in 1965, thus remaining below the level of 1953. A certain seesaw effect was observable between coal and coke, with coal heavily down and coke, at the moment, 40% up on 1953. Cross-frontier sales of coal and briquettes totalled 17 million tons, 400,000 less than in 1964, while those of coke amounted to 9,900,000 tons, a drop of only half a million.

The contraction in the case of coal and briquettes is the net result of two contrary trends, a substantial decrease and a smaller increase. Sales to France by the other Community countries fell by one million tons, those by Belgium slumping 42%, or 600,000 tons, and those by Germany 7%, or 400,000 tons. Sales to Belgium and the Netherlands, on the other hand, went up, Germany's and the Netherlands' to Belgium by 13% each, Germany's to the Netherlands by 7% and Belgium's to the Netherlands by 22%.

As regards coke, the falling-off is also due principally to reductions in French procurements, though the Netherlands and Luxembourg also bought less coke within the Community than before.

TABLE 11

## Intra-Community procurements of solid fuels

('000 metric tons delivered)

Country	1964	1965	Percentage change	
			1965/1964	1964/1963 <sup>1)</sup>
<i>Hard coal and hard-coal briquettes</i>				
Germany (Fed. Rep.)	1,337	1,278	- 4.4	- 33.9
Belgium	3,897	4,317	+ 10.8	+ 11.1
France	8,425	7,406	- 12.1	- 6.4
Italy	654	562	- 14.1	- 48.9
Luxembourg	150	125	- 16.7	- 28.9
Netherlands	3,199	3,547	+ 10.9	- 14.3
Total	17,666	17,236	- 2.4	- 10.6
<i>Coke-oven coke</i>				
Germany (Fed. Rep.)	375	525	+ 40.0	+ 7.1
Belgium	525	635	+ 21.0	+ 15.3
France	4,999	4,465	- 10.7	- 15.6
Italy	239	263	+ 10.0	- 43.6
Luxembourg	3,987	3,814	- 4.3	+ 8.9
Netherlands	255	198	- 22.4	- 44.1
Total	10,382	9,900	- 4.6	- 6.8

<sup>1)</sup> See *Thirteenth General Report*, Table 12.*Imports from third countries*

110. Though down by 2,200,000 tons from 1964, imports of hard coal from outside the Community continued high, at 28,900,000 tons.

As in previous years, American coal accounted for over two-thirds of the total with 20,400,000 tons, approximately the same amount as in 1964.

The decrease was mainly in purchases of British coal, which went down from 4,100,000 tons to 2,600,000, but procurements from the Soviet Union and minor supplier countries were also rather lower, only those from Poland remaining much the same as before.

TABLE 12

## Hard-coal imports from third countries, by exporter countries

('000,000 metric tons)

Country	1958	1960	1964	1965
United States	25.8	12.5	20.5	20.7
United Kingdom	1.6	1.7	4.1	2.6
Poland	2.6	1.7	1.6	1.7
Soviet Union	1.2	1.4	3.6	3.1
Other sources	0.6	0.6	1.3	0.8
Total	31.8 (max.)	17.9 (min.)	31.1	28.9

TABLE 13

## Hard-coal imports from third countries, by importer countries

('000,000 metric tons)

Country	1958	1960	1964	1965
Germany (Fed. Rep.)	12.9	5.6	7.5	7.5
Belgium	2.4	0.9	3.2	2.7
France	4.9	1.9	5.9	5.0
Italy	7.7	6.2	9.4	10.1
Netherlands	3.9	3.3	5.2	3.6
Community	31.8 (max.)	17.9 (min.)	31.1	28.9

Broken down by countries of destination, imports show appreciable decreases in the case of the Netherlands, France and Belgium. Italy, on the other hand, took 700,000 tons more than before, mostly of coking coals. It should be added, however, that imports represent only 8% of home consumption in each country except Italy.

*Exports to third countries*

111. Exports of hard coal, briquettes and coke fell in 1965 by approximately one million tons, or 16%. The decrease was rather less marked for coke (3,300,000 tons exported) than for coal (2,100,000). In both cases the country chiefly concerned was Germany, which exports three-quarters of the Community total.

Exports now account for only 2.5% of Community producers' markets.



*Pithead stocks of hard coal*

112. To the steep rise of six million tons hard-coal equivalent in pithead stocks in 1964 was added a still larger one, of eleven and a half million, in 1965. Production cutbacks and somewhat smaller imports not only failed to reduce the 1964 imbalance, but were themselves outrun by the contraction of the internal market. The fact that one million tons were sold from stocks in Germany (as against an expected four million<sup>1)</sup>) in no way alters the general position that demand is manifestly less than supply. The pile-up of saleable grades and of house coal in the low-volatile and anthracite range which developed in 1964 continued further.

Table 14 shows the positions of the four producer countries and the particularly serious state of affairs in Germany.

TABLE 14  
Pithead stocks of hard coal

('000,000 metric tons)

Country	End 1963	End 1964	End 1965	Additions to stocks in 1965
Germany (Fed. Rep.)	3.8	8.6	15.6	+ 7.0
Belgium	0.5	1.5	2.4	+ 0.9
France	6.1	5.7	7.2	+ 1.5
Netherlands	0.4	0.9	1.2	+ 0.3
Community	10.8	16.7	26.4	+ 9.6

This trend is indicative of one of the Community coalmining industry's great problems, its inability, due to the structure of big collieries today, to adjust to a shrinkage in sales.

*Production*

113. The aggregate hard-coal production of the Community in 1965 was 218 million tons. This was 10,400,000 tons less than the previous year's figure, and 5,400,000 less than that for 1963, a year of substantial production losses

<sup>1)</sup> See No. 89 above.

as a result of a long-drawn-out strike in the French pits. The contraction already in progress in France, Belgium and the Netherlands continued, and there was also a 5% drop in Germany, where the level had remained more or less unchanged since 1959.

TABLE 15  
Trend in hard-coal production

('000,000 metric tons)

Country	1953	1959	1962	1963	1964	1965 <sup>1)</sup>
Germany (Fed. Rep.)	140.9	141.8	141.1	142.1	142.2	135.1
Belgium	30.1	22.8	21.2	21.4	21.3	19.8
France	52.6	57.6	52.4	47.8	53.0	51.4
Italy	1.1	0.7	0.7	0.6	0.5	0.4
Netherlands	12.3	12.0	11.6	11.5	11.5	11.4
Community	237.0	234.9	227.0	223.4	228.4	218.1

<sup>1)</sup> Provisional figures.

114. The drive to improve working efficiency went ahead steadily; particulars will be found in the section following, on costs and rationalization.<sup>1)</sup> The

TABLE 16  
Comparative movement of underground labour force  
and underground o.m.s.

(%)

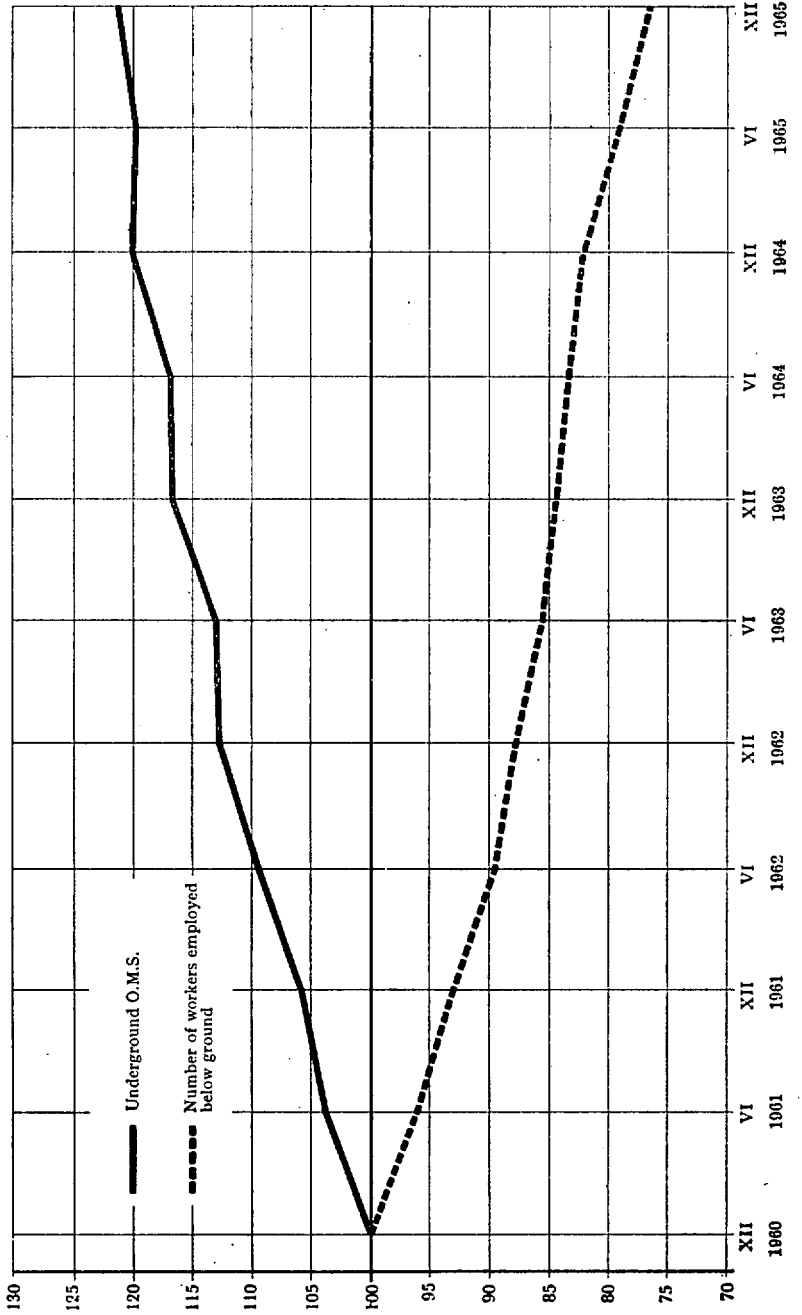
Country	1963		1964		1965	
	Labour force	O.m.s.	Labour force	O.m.s.	Labour force	O.m.s.
Germany (Fed. Rep.)	- 6.4	+ 6.3	- 4.5	+ 3.7	- 5.1	+ 3.4
Belgium	- 2.7	+ 0.1	+ 2.7	- 3.1	- 7.0	+ 6.3
France	- 2.0	+ 1.9	- 3.7	+ 4.5	- 4.0	+ 0.3
Italy	- 31.8	+ 19.3	- 26.7	+ 26.6	- 23.3	+ 14.8
Netherlands	- 1.5	+ 0.8	- 2.3	+ 2.5	- 2.4	+ 2.7
Community	- 4.7	+ 4.5	- 3.3	+ 2.7	- 4.9	+ 2.7

<sup>1)</sup> See Nos. 126 ff. below.

<sup>2)</sup> See No. 312 below.

GRAPH No. 3

Comparative Indices of Underground O.M.S. and Number of Workers Employed Below Ground in the Community Coalmines



efforts to increase productivity and lower production costs are gaining momentum thanks to the drastic action taken both at enterprise and at industry level; as this is principally medium and long-term in character, no startling results can be anticipated right away, but productivity may be expected to rise as time goes on.

The shortage of colliery labour, and especially of underground workers, persisted in 1965. Although the continuing shrinkage was partly made good by recruiting foreign nationals, the number of underground workers on the industry's books showed a drop of 6.1% over the year.<sup>2)</sup>

In some cases shortage of manpower and the consequent under-utilization of extraction potential have undoubtedly impaired productivity, as has short-time working—an unavoidable concomitant, given the inherent lack of flexibility in coal production, of the industry's present sales difficulties—which of course pushes down daily output.

### *Prices and price alignments*

#### *Prices of Community coal*

115. In 1964, coal prices had remained noticeably steady, as a result of the tremendous pressure on the Community market both from oil and from third-country coal: even though their production costs were rising,<sup>1)</sup> the Community producers could not afford to put up their prices any further, as these were, in the current state of demand, already prohibitively high. Their financial position consequently took a sharp turn for the worse, obliging them to make increased calls on assistance from public funds in order to keep the rate of contraction in their production within acceptable limits.<sup>2)</sup>

Some minor price adjustments were made, as usual with regard to the household grades, in an effort either to stimulate demand for those out of favour or to increase earnings on those which are particularly popular. Thus on April 1, 1965, the Belgian producers cut their prices for sized Borinage bituminous coals by Bfr.30 per ton, the Nord/Pas-de-Calais introduced reductions of Ffr.1.00-5.00 for sized anthracites over 18 mm and low-volatile and semi-bituminous coals and increases of Ffr.9.00-14.00 for anthracite peas and grains, while the Netherlands mines put sized anthracites over 10 mm. up by Hfl.2.00-3.00 and sized coke by H.fl.3.00-6.00. German prices remained unchanged.

<sup>1)</sup> See No. 121 below.

<sup>2)</sup> See No. 122 below.

That these small adjustments were the only ones made in the whole Common Market serves to highlight a state of affairs in which for some years now, notwithstanding a fairly steady demand for the high-grade fuels in the household sector, the competition from oil and gas has been making it impossible for the coal producers to obtain any additional revenue to speak of even from types and grades in comparatively short supply.

For industrial coal the only changes were an increase of Hfl.3.00 on Dutch large metallurgical coke and, from January 3, 1966, one of Bfr.30.00 on Belgian low-grade coal.

By and large, the state of the market for Community coal is coming to be governed more and more by the other fuels' conditions of competition: that is to say, the price of Community coal is at present mainly determined by the prices of petroleum products and imported coal. This situation, with the market price of coal no longer linked to its production costs, has made the coalmining industry both highly vulnerable and dependent for survival on funds it can itself no longer earn.

#### *Prices of third-country coal*

116. The price leadership of American coal *vis-à-vis* other possible outside sources of supply continues, both for individual transactions and for regular contracts under trade agreements.

The *f.o.b.* prices of American coal remained firm in 1965, tending to harden in the last few months. This is the consequence of such sustained home demand as to make certain types of coal difficult to supply, resulting in a rise in *f.o.b.* quotations. The tightness seems likely to continue in view of the expected increase in demand and the conclusion of large numbers of very long-term contracts by American thermal power-stations. The American producers are out to secure long-term sales for more and more of their production, and are unwilling to sink money in starting new mines unless they are pretty well assured of selling what comes out of them. Now export contracts—with the exception of some concluded with Japanese importers—seldom afford such assurances. Unless they are offered long-term contracts that do effectively guarantee them a market, they are unlikely—in contrast to their attitude after 1945—to be interested in undertaking new capital projects on the speculative assumption of export sales.

The *f.o.b.* prices of American coal may be expected to harden further if transport costs from mine to port remain unchanged.

The effects of this trend on the price of imported coal in the Community can, however, be accurately judged only if we consider the behaviour of the *c.i.f.* quotations. Here contrary influences operating in a downward direction have largely offset the rise in *f.o.b.* prices. The number of single-voyage charter-parties is declining rapidly, more and more American coal being carried either under long-term contracts or in company-owned modern colliers, in both of which cases the freight costs are very much lower than the single-voyage rates of \$3.25-4.00 usual in 1965.

Even in 1964, 20% of the European Continent's imports of American coal were brought over in large-capacity colliers of over 25,000 deadweight tons (10% in vessels of over 30,000 tons); since then the trend has become still more marked, with the construction of bigger and bigger ships, and today cargoes of over 60,000 tons are being regularly landed at the major European ports.

Size of ship has thus been an important factor in the last few years. From now on, however, it is likely to become a good deal less so. So are shipbuilding costs, which having fallen steadily since 1960-61 appear now to have reached rock-bottom and to be even showing a slight upturn.

It is, then, reasonable to assume that the level touched in 1965 by freight-rates for large vessels under long-term contracts (\$2.25-2.75) is the lowest at which shipowners can still expect a profit. Anything below that would no longer fully cover depreciation or service on capital, and could only occur if the state of trade were very depressed indeed.

Accordingly, the increasing use of large colliers under long-term charter contracts is likely to result for the Community as a whole in a further fall in average transatlantic freight-rates. Consequently, given the rise in the *f.o.b.* prices, the average cost of American coal may be expected to remain pretty well unchanged in the period immediately ahead.

### *Price alignments*

117. The decrease in sales by alignment observed in the coal year 1963-64 continued in 1964-65—an indication of the producers' anxiety to avoid wherever possible the often substantial price reductions which alignment involves. However, the worsening sales situation appears to have obliged them in 1965-66 to revise their attitude as regards alignment on third-country quotations, which in the first six months showed an increase over the corresponding period in the previous year.

Total Community sales by alignment, which in 1963-64 amounted to 12,100,000 tons (6.6% of all sales), in 1964-65 reached only 9,700,000 tons (5.7% of all sales):

*Alignments on Community schedule prices*

118. Sales by alignment on E.C.S.C. schedules dropped from 7,700,000 tons in 1963-64 to 6,700,000 in 1964-65, and the decrease continued in the first half of 1965-66.

It was chiefly the German and Belgian producers who eschewed this form of price alignment, the French, Dutch and Italians continuing to employ it to much the same extent as before. Within Germany, the diminution was most marked in the case of the Saar, a circumstance certainly due in part to the new tariffs introduced by the German State Railways for consignments from the Saar collieries to destination in south Germany.

In quite a number of cases, German and Belgian producers elected to align their prices on third-country quotations instead of on those of their Community competitors.

*Alignments on third-country quotations*

119. Sales by alignment on third-country quotations decreased from 4,400,000 tons in 1963-64 to 3,000,000 in 1964-65. During the first part of the coal year 1965-66, however, the trend was reversed and the volume of alignments rose back to the level for the whole of 1964-65, mainly thanks to the German and Belgian producers, who, as we have seen, meantime reduced their intra-Community alignments.

The trend in alignments on third-country quotations in the last few months indicates that for consumers in certain areas the price of third-country coal is coming to be regarded more and more as a kind of reference price, and that the existing import restrictions do not necessarily prevent the price level from being more noticeably affected than can be explained by the actual tonnages imported. Consumers exert a pressure on prices that is largely unconnected with the amount of third-country imports as such: it derives either from the situation as regards availabilities and prices of petroleum products or from third-country quotations for coal, so that it is often hard to say whether the position is one of actual or of potential competition.

Naturally, poor demand and plentiful supply are the underlying reason for this trend in alignments on third-country quotations, which by reason of the substantial price cuts they involve are obviously bound to make matters still worse for the Community producers.

### THE COST TREND AND THE RATIONALIZATION DRIVE

#### *Costs<sup>1)</sup>*

##### *Colliery productivity*

120. Underground output per man/shift in the Community rose in 1964 by 2.7%, from 2,331 kg. to 2,395. This was the smallest improvement since 1961, the year-to-year increase for 1962 being 6.1% and for 1963 4.6%. For all the collieries' efforts, the latest figure is no longer in step, as previously, with the average rise in productivity in industry overall: in fact, as the latter in 1964 stood between 6 and 7%, it works out at less than half.

The corresponding increase in 1965 was very little better, a mere 3%, from 2,395 kg. to 2,465.

##### *Average o.m.s. rates of the individual coalfields*

Lorraine and the Ruhr led the Community in 1964 with increases of 7.2 and 4.4% respectively. In the other French and German coalfields and in Dutch Limburg output improved by between 2 and 3%, while the Belgian collieries' productivity went down by an average 3.1%—mainly in the Campine (—5.6%)—owing, it seems probable, to personnel changes and reconstruction operations which are still in progress.

The o.m.s. pattern for 1965 also varies from coalfield to coalfield. Germany registered increases of 3% in the Ruhr, 8% in the Aachen coalfield and 5% in the Saar, while Belgian and Dutch productivity rose respectively by 6% and 3%; in the French industry taken overall, on the other hand, there was a slight decrease.

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<sup>1)</sup> To comparabilize the cost series for the different countries, production and underground output per man/shift have had to be computed ton for ton. The underground o.m.s. figures as calculated by the national systems (for Aachen, the Ruhr, Lower Saxony and Dutch Limburg) are given in Table No. 3 of the Statistical Annex.



*Movement of costs*

121. Figures to hand indicate an average rise of approximately 5.5% in Community coal production costs in 1965, inclusive of depreciation and service of capital. This sharp jump is the consequence of substantial wage increases accompanied by a much less substantial improvement in productivity.

In 1964, the increase in costs was 1.7%, just half that in the previous year.<sup>1)</sup> This was due to a variety of factors, some tending to push costs up and others, to a certain extent, to relieve the pressure. Labour costs, which alone account for over half of total production costs, again rose owing to the continuing failure of productivity to keep pace with wages; on the other hand, in France and Germany the Governments made arrangements to lessen the burden on the collieries by assuming responsibility for some of their social-security charges. Community labour costs overall averaged an increase in 1964 of 2.1% per ton produced; it should be noted, however, that this figure was also affected by the special circumstances of the French colliery strike the year before.

As can be seen from *Table 17*, the average increase (6.7%) in miners' wage rates in 1964 very considerably exceeded that in output per man/shift. The difference varied from country to country: it was greatest in Dutch Limburg, where gross hourly wages went up by 14.3% and o.m.s. by only 2%, and smallest in Germany, with 5.7% as against 3.5%.

Nevertheless, except in the Netherlands the general rise in miners' wages was less in 1964 than in 1963. As compared with the trend of wage rates in industry as a whole, miners' pay lagged in Germany and Belgium and led in France, while in the Netherlands the two moved pretty well parallel.

**TABLE 17**  
**Year-to-year increases in underground o.m.s.**  
**and gross hourly wages of underground mineworkers**

(%)

Country	O.m.s.				Gross hourly wages <sup>1)</sup>			
	1962	1963	1964	1965 <sup>1)</sup>	1962	1963	1964	1965 <sup>2)</sup>
Germany (Fed. Rep.)	+ 7.9	+ 6.5	+ 3.8	+ 3.6	+ 9.4	+ 7.3	+ 5.7	+ 9.7
Belgium	+ 6.1	+ 0.1	- 3.1	+ 6.3	+ 6.1	+ 8.4	+ 6.0	+ 8.8
France	+ 2.3	+ 1.9	+ 4.4	- 0.3	+ 7.1	+ 10.5	+ 8.2	+ 6.3
Netherlands	+ 0.7	+ 0.9	+ 3.4	+ 2.0	+ 5.8	+ 5.2	+ 14.3	+ 7.7

<sup>1)</sup> Underground wage-earners.

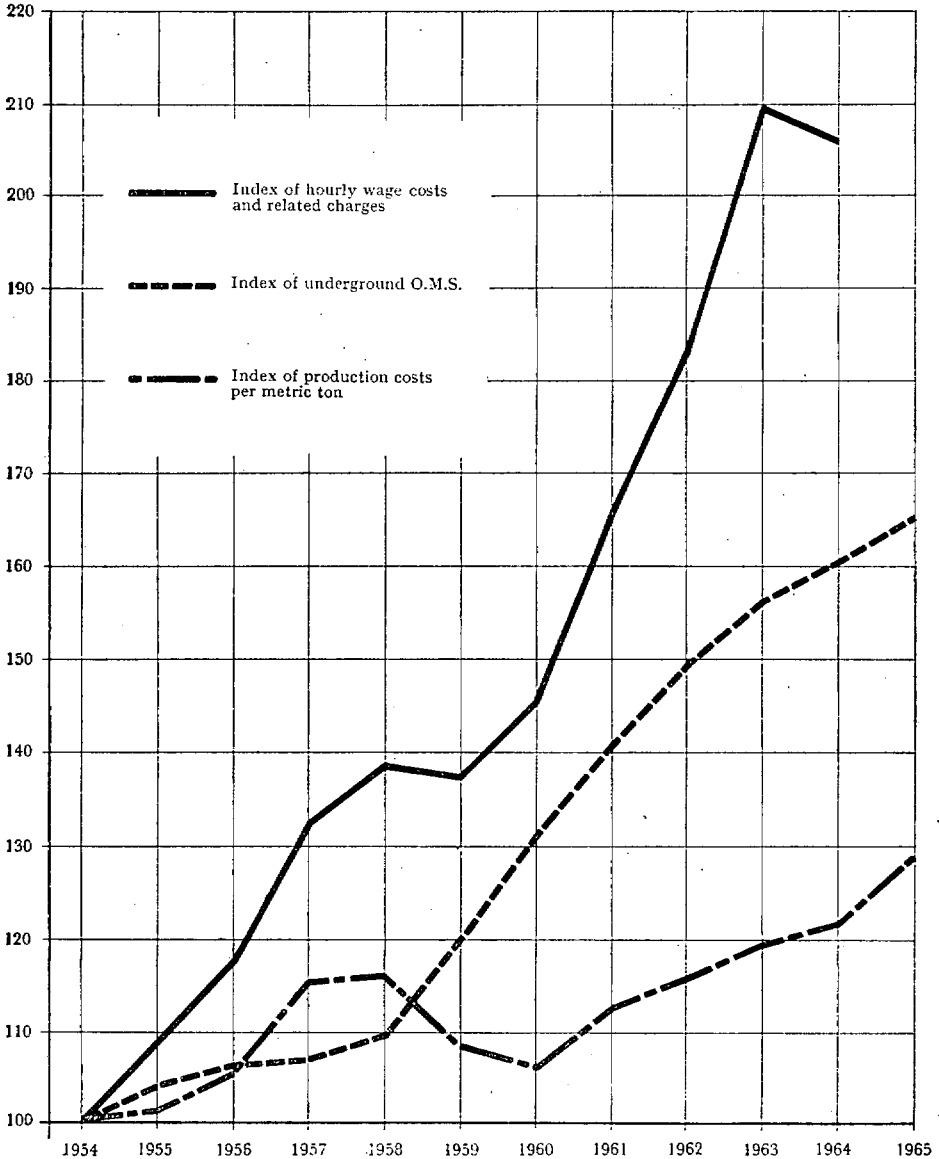
<sup>2)</sup> Provisional figures.

<sup>1)</sup> The 3.4% year-to-year increase recorded for 1963, however, was markedly affected by the cost of the strike in the French pits.

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; costs calculated in dollar units of account at ruling rate of exchange



**TABLE 18**  
**Trend in employers' hourly wage costs and related charges<sup>1)</sup>**  
**and in share of indirect labour costs therein**  
 (Underground and surface)

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	193.9	+ 6.7	138.8	+ 2.6	152.1	+ 6.7
1961	173.1	+ 10.5	218.3	+ 12.6	143.9	+ 3.7	166.6	+ 9.5
1962	189.9	+ 9.7	241.4	+ 10.6	156.9	+ 9.0	186.1	+ 11.8
1963	210.7	+ 11.2	264.6	+ 9.6	176.9	+ 12.7	227.1	+ 22.0
1964	207.2	- 1.7	211.0	- 20.3	196.1	+ 10.9	257.5	+ 13.4

(1954 = 100; based on national currencies)

TABLE 18 (contd.)

Year	France Employers' wage costs and related charges				Netherlands 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	+ 0.0
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
1963	261.1	+ 15.0	357.7	+ 18.9	202.6	+ 7.9	206.0	+ 10.2
1964	259.2	- 0.7	291.6	- 18.5	231.7	+ 14.4	222.6	+ 8.1

<sup>1)</sup> 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.

122. Labour costs in the coalmining industry are not determined solely by the movement of gross hourly wages in relation to productivity; they also depend on "employers' related charges," *i.e.*, mainly, social-security payments. In the previous few years these "indirect labour costs" had been rising much more steeply than actual wage costs, but in 1964 a change occurred (see *Tables 18*

TABLE 19

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

Year	Production index <sup>1)</sup>		Index of underground o.m.s. <sup>1)</sup>	
	1954 = 100	Year-to-year change	1954 = 100	Year-to-year change
1955	102.1	+ 2.1	104.1	+ 4.1
1956	103.3	+ 1.2	106.3	+ 2.1
1957	102.8	- 0.5	107.0	+ 0.6
1958	102.0	- 0.8	109.7	+ 2.5
1959	97.3	- 4.6	120.0	+ 9.4
1960	97.0	- 0.3	131.4	+ 9.5
1961	95.4	- 1.7	140.9	+ 7.3
1962	94.3	- 1.1	149.6	+ 6.1
1963	92.9	- 1.5	156.4	+ 4.6
1964 <sup>4)</sup>	95.0	+ 2.3	160.7	+ 2.7
1965	91.7	- 3.5	165.4	+ 2.9

Year	Index of employers' hourly wage costs and related charges <sup>2)</sup>		Index of production costs per metric ton		Index of proceeds per metric ton	
	1954 = 100 <sup>3)</sup>	Year-to-year change	1954 = 100 <sup>3)</sup>	Year-to-year change	1954 = 100 <sup>3)</sup>	Year-to-year change
1955	109.0	+ 9.0	101.4	+ 1.4	101.9	+ 1.9
1956	117.6	+ 7.9	105.3	+ 3.9	107.3	+ 5.3
1957	132.4	+ 12.6	115.6	+ 9.8	115.6	+ 7.7
1958	138.5	+ 4.6	116.1	+ 0.4	114.9	- 0.7
1959	137.5	- 0.7	108.7	- 6.4	109.5	- 4.7
1960	145.6	+ 5.9	106.4	- 2.1	107.9	- 1.4
1961	165.8	+ 13.9	112.7	+ 5.9	110.4	+ 2.3
1962	182.8	+ 10.3	115.8	+ 2.6	112.8	+ 2.3
1963	209.7	+ 14.7	119.5	+ 3.4	117.9	+ 4.5
1964 <sup>4)</sup>	206.1	- 1.7	121.6	+ 1.8	119.4	+ 1.3
1965	—	—	128.3	+ 5.5	121.2	+ 1.5

<sup>1)</sup> New statistical series computed ton for ton.

<sup>2)</sup> For a definition of the term "employers' wage costs and related charges," see *Statistiques Sociales*, No. 1/1962, published by the Statistical Office of the European Communities.

<sup>3)</sup> Based on figures in dollars at ruling rates of exchange.

<sup>4)</sup> Provisional figures, partly estimated on the basis of the first six months.

and 19): while over the Community taken as a whole gross hourly wages increased by an average 6-7%, employers' total direct and indirect labour costs showed a drop of 1.7%. This was the result of measures (some of them temporary) by the French and German Governments to take some of the weight off the miners' social-security scheme industry's shoulders; they did not, however, succeed in arresting the upward trend in labour costs (see Table 18).

Equipment and materials costs per ton produced in the Community industry overall went up by 4% in 1964. The fact that they showed a steeper rise than production costs as a whole was due partly to advancing mechanization and partly also, it is probable, to increases in the prices of the equipment and materials concerned, the general index of wholesale prices having risen in that year by 2-4% all over the Community.

123. Average takings per ton in 1964 were only 1.3% above those in 1963, price increases had to be kept within the limits made necessary by the state of competition.

In addition, pithead stocks were up by September 1965 to 26 million tons, representing in themselves something like \$400,000,000 and involving the collieries not only in liquidity difficulties but in substantial expenses with regard to interest payments and storage and handling costs. All the Community coal producers are affected, though not all in the same degree.

Provisional figures for 1965 suggest an average rise of about 1.5% in the Community industry's earnings, in consequence of increases introduced in January of that year in German schedule prices.

124. With the further widening in 1965 in the gap between costs and earnings, the state of the industry's revenues remains exceedingly unsatisfactory, to say nothing of the additional complication of the shortage of ready cash and high extra costs resulting from the accumulation of stocks.

### *Technical aspects of rationalization<sup>1)</sup>*

125. Both at enterprise and at industry level the rationalization and reconstruction drive went steadily ahead in 1965 in all coalfields of the Community. The results varied from one to another: in some areas the rise in productivity was maintained or intensified, but overall the increase was slower than before.

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<sup>1)</sup> For research activities, see Nos. 261 ff. below.

*Coal-winning*

126. Efforts in connection with actual coal-winning were mainly concentrated on improvements in *longwall working*, the method most used in Community pits.

The proportion of coal won from fully-mechanized faces increased to 70.5%, as compared with about 30.3% in 1959.

TABLE 20  
Percentage of production from fully-mechanized faces

	1959	1962	1964	1965 <sup>1)</sup>
Ruhr	27.3	55.6	67.2	71.1
Germany (F.R.)	25.1	56.2	69.2	73.5
Belgium	22.5	45.6	54.4	55.0
France	45.9	49.3	58.2	63.0
Italy	—	—	—	—
Netherlands	46.0	71.1	76.9	79.0
Community	30.3	54.0	65.2	70.5

<sup>1)</sup> Estimated.

In the Campine and Lorraine the figure in 1965 was over 90%, and in three other coalfields 80% or over. This clearly indicates that the process of going over to fully mechanical winning and loading is nearly complete: from now on any further advance can only be slight, and there will be no impact to speak of on productivity. Improvements in longwall working are therefore at present being effected principally in the form of mechanization of operations at the face ends, introduction of powered ("self-advancing") supports, and fuller, time-saving utilization of the very costly face equipment.

Some progress has already been made with regard to mechanization of the face ends. Safe and reliable appliances have been devised for winning coal in the "stable holes" there, and special supports developed; by means of various changes in face layout and equipment, reductions have already been achieved in many instances in the number of shifts required, thereby increasing productivity, and further such reductions may be expected to follow.

The large-scale introduction of powered supports got under way in 1965, completing the full mechanization of coal-winning operations and substantially

raising productivity at the face. Although not very many faces are actually equipped with them as yet, it is clear from the great variety of geological conditions under which they have been successfully brought into service that the initial technical problems have been largely overcome. The decision whether or not to employ them is coming more and more to depend on economic and organizational rather than on technical considerations. It is probable that in the future a substantial proportion of the Community's coal production will come from faces so equipped.

The mounting cost of the installations needed at the face is making it necessary to devote particular attention to the streamlining of operations. In addition, efforts are being made to ensure more efficient utilization of the equipment by means of "concentration in time," e.g. by increasing the number of production days or of coal-winning shifts per day. Although for various technical reasons concerning face layout, ventilation and so on there are limits to what can be done in this direction, this more concentrated utilization of existing equipment may be expected to result in a steady relative reduction in material costs and rise in productivity.

127. Additional productivity improvements are expected from the introduction of remote-controlled or of *automated mining*, which is receiving specially careful attention. The High Authority is part-financing tests at five experimental faces.

Work is continuing busily on the development of *new high-efficiency coal-winning methods*. In most cases, as for instance with borehole and hydraulic mining, it will still be some time before they are finally pronounced practicable or otherwise, but there is one method, based on the large borehole principle and designed to permit manless and prop-free working, which offers some prospect of a breakthrough in the not too distant future; it has in addition the important advantage that it is thought to be usable in all semi-steep and steep seams without necessitating any major alterations in mine layout.

#### *Other operations*

128. Just as important to a colliery's overall productivity as the actual face work, if not more so, are the outbye operations below ground. With some notable exceptions, it is only in the last few years that this has come to be properly recognized, so that in this regard there is still scope for rationalizations which could ensure a steady climb in productivity for some time to come.

The more intensive efforts now being made to improve efficiency both at the face and inbye and outbye are interacting upon one another, and in



addition are serving to speed up a series of changes which are permanently altering and simplifying the whole structure of mine organization. On the other hand, these same changes are being impeded by various difficulties mostly inherent in coalmining as such, but also some of them connected with the functioning of the industry as a whole.

In the Community it is an exception to find a new pit with plenty of economically workable coal, at which operations can be planned and carried through without let or hindrance on a thoroughly up-to-date technical and economic basis. The rule is rather pits already in operation whose layout is to a greater or lesser extent conditioned by their mass of expensive equipment, and which are quite unable to adjust promptly to technical and economic developments. In any case, there is little object in their trying to adjust unless they have sufficient amounts of reasonably accessible coal to work. It is often possible to create a single working block of coal of the necessary size by running two or more adjacent pits into one; in other cases the structure can be streamlined only by abandoning uneconomic panels and concentrating and if necessary reducing production accordingly. Both courses, by reason of their economic, social and other implications for the industry as a whole, take some time to carry through.

Consequently, the changes going on at industry level have so far produced their full effect only in a few of the Community coalfields; overall, further productivity increases may be expected as a result of the measures adopted at a higher level.

### *Industrial aspects of rationalization*

#### *Federal Republic of Germany*

129. The number of pits in operation was reduced in 1965 by another eight, from 115 to 107: four mines in the Ruhr were closed and three were concentrated with neighbouring collieries, while two mines in the Saar merged to form one.

At October 31, 1965, a total of 30 major pits had been registered for closure under the Promotion of Colliery Rationalization Act. Four of these had already closed in 1963 and 1964, and four more ceased production in 1965; three registrations were subsequently withdrawn, and at one pit the projected closure was not proceeded with. The other 18 are scheduled to close by the end of 1968.

TABLE 21

## Progress of rationalization in Germany

Year	Pits in operation at end of year					Average output daily per pit (ton for ton)	Average underground o.m.s. (kg. for kg.)
	Ruhr	Aachen	Lower Saxony	Saar	Total		
1957	140	9	5	18	172	3,060	1,658
1961	115	8	3	12	138	3,972	2,207
1965	90	6	2	9	107	4,835	2,815 <sup>1)</sup>

<sup>1)</sup> Estimated.

*Belgium*

130. Four mines in southern Belgium closed in 1965, and two in the Campine merged, reducing the number of pits in production to 53.

TABLE 22

## Progress of rationalization in Belgium

Year	Pits in operation at end of year			Average daily output per pit (tons)	Average underground o.m.s. underground (kg.)
	South	Campine	Total		
1957	113	7	120	865	1,253
1961	56	7	63	1,205	1,714
1965	47	6	53	1,450 <sup>1)</sup>	1,874

<sup>1)</sup> Estimated.

With the completion of these operations in 1965 the reduction of 9,500,000 tons in 1957 capacity originally planned has been almost achieved. Further closures may be expected shortly in the south. In the Campine the forthcoming amalgamation of all the mines into a single company will enable additional rationalization to be effected in the coalfield as a whole.

*France*

131. The number of pits in production was reduced by 7 in 1965, making the total now 68. In the Nord/Pas-de-Calais two closed owing to exhaustion of workable coal reserves, and three merged with their neighbours; one also closed in Lorraine and another in the Centre/Midi.

TABLE 23

**Progress of rationalization in France**

Year	Pits in operation at end of year				Average daily output per pit (tons)	Average underground o.m.s. (kg.)
	Nord/Pas-de-Calais	Lorraine	Centre/Midi	Total		
1957	63	11	34	108	1,745	1,682
1961	51	8	27	86	2,075	1,878
1964	38	7	23	68	2,615 <sup>1)</sup>	2,039 <sup>1)</sup>

<sup>1)</sup> Estimated.

The round-table conference called to consider the Government's 1960 production plan completed its deliberations and submitted a medium-term plan for scaling down production by 1970 to 47½-48 million tons, which figure the French Government then further pruned to 46-47½ million. Production is to be cut back between 1964 and 1970 from 26,000,000 to 23 million tons in the Nord/Pas-de-Calais, from 15,600,000 to 14 million in Lorraine, and from 10,800,000 to 9,000,000 in the Centre/Midi: the reduction of 12-15% overall will thus affect mainly the Nord/Pas-de-Calais and the Centre/Midi.

*Italy*

132. The reconstruction of the Sulcis mines in Sardinia has now been completed: from 1966 there will be only one colliery in operation, a thoroughly up-to-date and largely mechanized one, three-quarters of whose production will be taken in the raw state by the large power-stations which have been constructed nearby.

*Netherlands*

133. The phased amalgamation of two large collieries, already referred to in last year's General Report<sup>1)</sup>, was practically completed, bringing the number of pits in production down to 11. Average daily output per pit, which in 1957 stood at 3,300 tons, has since 1960 been approximately 4,000; underground o.m.s. has risen from 1,594 kg. in 1957 to 2,253 in 1965.

*Community*

134. The number of pits in production in the Community as a whole went down in 1965 by 22, from 262 to 240, representing a decrease of something like 42% in the original 1957 total of 416. Underground o.m.s. has risen since 1957 by 54%, from 1,594 to 2,461 kg.; and average daily output per pit by 63%, from 2,085 to 3,390 tons (see *table following*).

TABLE 24

**Progress of rationalization in the Community**

Year	Pits in operation at end of year	Average daily output per pit (tons)	Average underground o.m.s. (kg.)
1957	416	2,085	1,594
1961	291	2,805	2,059
1965	240	3,390 <sup>1)</sup>	2,461

<sup>1)</sup> Estimated.

These figures are sufficiently indicative of the scale on which reconstruction and rationalization has been undertaken in the Community since the end of 1957, and the particulars above of the further measures adopted give some idea of the progress to be expected in this direction in the years immediately ahead. The whole subject has, however, of course to be viewed in the context of developments in the energy market and of the action which will consequently have to be taken to arrange for the redeployment of the workers and redevelopment of the areas concerned.

<sup>1)</sup> See *Thirteenth General Report*, No. 142.

## Section 2 : The Common Market for Steel

### GENERAL STATE OF THE MARKET IN 1965

135. Preliminary estimates put world steel production in 1965, exclusive of that of mainland China, at some 445 million ingot tons, an increase of approximately 4.2% on 1964. The 1965 production in metric tons and percentage change from 1964 for the five biggest producers were :

United States	122	million tons	+ 3.4%
Soviet Union	91	million tons	+ 7.0%
E.C.S.C.	86	million tons	+ 3.7%
Japan	41	million tons	+ 2.4%
United Kingdom	27.5	million tons	+ 3.0%

World steelmaking capacity, however<sup>1)</sup> (still excluding mainland China), which in 1965 reached round about 500 million tons, again well exceeded world demand, even though demand in the United States was abnormally high—considerably higher than real consumer requirements—owing to the threatened strike in the American steel industry.

The overcapacity existing at world level<sup>2)</sup> is also found at Community level. Community crude-steel production potential rose to over 100 million tons,<sup>3)</sup> an increase of more than eight million (including nearly three million in Italy alone) on 1964, whereas actual production rose by only a little over three million tons despite consistently high export demand. The rate of utilization of steelmaking potential fell from 90% in 1964 to below 86% in 1965.

136. The Community's real consumption of steel went up from 68,300,000 to about 71,000,000 ingot tons, an increase of approximately 2,700,000 or 3.9%. This was not, however, accompanied by a corresponding increase in demand, since consumers drew substantially upon the extra stocks they had built up in 1964 : apparent crude-steel consumption, *i.e.* the difference between production and the net balance of external trade, remained practically the same as in 1964,

<sup>1)</sup> As defined and estimated by E.C.E., Geneva.

<sup>2)</sup> The structural changes in the world steel market are discussed in the Twelfth and Thirteenth General Reports (Nos. 169 and 147 respectively).

<sup>3)</sup> The total at the beginning of 1966 stood at 104,500,000 tons.

at about 71 million tons, a further confirmation that actual demand does not move in line with real consumption, but deviates from it to a greater or lesser extent, thereby causing unnecessary fluctuations in prices.

Moreover, steel consumption in the Community is no longer expanding at the same rate as industrial production: between 1960 and 1965 real consumption of steel rose at an average 4.5% per annum, as compared with 5.8% for industrial production exclusive of the building trade. This relative slackening-off is due more especially to the use of steels of lighter section, made possible by quality improvement.

137. In contrast to the stagnation in apparent consumption, export demand was very high, Community steel exports rising from 13,900,000 ingot tons in 1964 to approximately 18,600,000<sup>1)</sup> in 1965, an increase of nearly 34%. Almost one-quarter went to the United States, as compared with 18% in 1964, the year-to-year increase in the total tonnage shipped to that country working out at over 80%. The main reason for these large outside procurements by American consumers was the threatened strike in the American iron and steel industry, which persisted up to the end of August. After that the demand from this source somewhat diminished, and export prices, until then fairly firm, went down very nearly to their 1963 level. A slight upturn developed at the beginning of 1966.

Demand from the American market was the main but not the only reason for the jump in Community exports in 1965. Of the increment of 4,700,000 tons, American purchases accounted for some two million: the remaining 2,700,000 were dispatched in response to larger orders from other third countries—mainly in Western Europe, though exports to Britain amounted, largely owing to the British import surcharge, to only 40% of the tonnage for 1964.

138. Community imports of steel from third countries went down from 3,400,000 ingot tons in 1964 to 2,400,000 in 1965. Italy, now no longer a net importer but a net exporter of steel, reduced its outside procurements by some 500,000 tons, and the other member countries also imported less, an indication of the evident effectiveness of the peripheral measures introduced by the High Authority at the end of 1963 and beginning of 1964.

139. The general price level within the Community, which in 1964 rose somewhat out of the trough into which it had fallen in 1963, sagged once more

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<sup>1)</sup> Some of the figures in this Section are estimated on the basis of the first nine months of 1965.

in 1965, particularly in the second half of the year. In contrast to 1963, the drop was due not so much to pressure from third-country prices—sales by alignment on third-country quotations dwindled from 2,300,000 tons in 1963 to 500,000 in 1965—as to stiffer competition among Community producers, some of whom in 1965 published schedules in which most of the prices were lower than those of 1963.

140. In view of all these circumstances, the High Authority decided to extend up to the end of 1966 the peripheral measures adopted to safeguard the market two years previously, since it considered that to scrap them would be to invite a recurrence of the conditions which had made it necessary to introduce them. At the same time, it has followed the movement of the steel market carefully, in consultation with the circles immediately concerned, and has most forcibly emphasized the need to establish that balance between supply and demand which is indicated in the quarterly "programmes with forecasts" it issues under Article 46 of the Treaty. To put the enterprises in a better position for adjusting their production schedules to the forecasts, the quarterly programmes are now being drawn up a month earlier than was the practice formerly, and are being circulated to the steel plants. In recent months many Community producers, with the industry's orders in hand down to less than two months' output, seem to have complied with the High Authority's representations and kept their production down in line with the flow of orders. The High Authority has, in addition, endeavoured to adapt its price-checking activities under Article 60 of the Treaty to the state of the market.

Over and above these various short-term measures, the High Authority has engaged in a number of medium-term activities designed to improve the situation. It is continuing its studies on the pattern of consumption and the trend towards the use of alternative materials and of lighter-weight steels, and is working to promote consumption by such means as the holding of the two highly successful Steel Congresses in Luxembourg and the equally widely welcomed international housing design competition. It has also commissioned specialized research centres in the Community to carry out studies on steel consumption in third countries, from which it may expect to obtain valuable information as to the movement of the Community's direct exports of steel. A parallel series on indirect exports (capital goods) is approaching completion. On the technical research side the High Authority is concentrating on the new conditions steel is now required to fulfil.

The High Authority has thus made substantial use of its powers under the Treaty to help ensure the balanced development of steel consumption and steel production, for the benefit of consumers, producers and workers alike.

141. The Community's internal steel consumption is expected to increase in 1966 by about 2%. It is difficult to estimate what the production figures will be, since the external trade position is still uncertain, but they are unlikely to be much, if any, higher than in 1965. The rate of utilization will in all probability be below that for 1965 (just under 86%), as additional capacity will be coming into service.<sup>1)</sup>

142. The following pages deal, in the light of the underlying trends in the iron and steel market at world and at Community level, with the various factors currently in operation in the iron-ore, scrap, pig-iron and steel sectors, and with the High Authority's aims and activities in this regard.

#### RAW MATERIALS

143. Although pig-iron production increased by a further 2,400,000 tons and crude-steel production by 3,100,000, a regular flow of ferrous raw materials to the Community iron and steel plants was maintained, in 1965 as in 1964, without difficulty. The shifts in the pattern of supply for certain of these, however, continued.<sup>2)</sup>

Saleable production of indigenous iron ore showed a decrease of 3% and imports an increase of 16%. The share of imported ores in the Community's consumption, calculated in Fe content, rose from 55 to 59%, as compared with only 32% in 1955: price considerations have had much to do with this trend, the c.i.f. prices for imported ores having gone down over the ten years by something like 30%.

In consequence of changes in the distribution of the different steelmaking processes and of the further deterioration in scrap's Fe unit price position *vis-à-vis* imported ore, consumption of scrap in the blast-furnaces again decreased, from 32.1 to 23.7 kg. per ton of pig-iron produced, and in absolute figures by 438,000 tons. At the same time consumption of scrap in the steelworks (all types) went down from 405.8 to 402.9 kg. per ton of crude steel produced, with a consequent absolute diminution of 870,000 tons. As a result of these reductions, taken in conjunction with an increase in works' own arisings and in intra-Community salvage scrap, imports of scrap from third countries fell from two million tons in 1964 to 1,300,000 in 1965.

<sup>1)</sup> See No. 250 below.

<sup>2)</sup> See *Thirteenth General Report*, No. 150.



## Iron ore

### Market situation

144. Gross extraction of iron ore in 1965 amounted to 78,700,000 tons, and saleable output to 74,700,000, as against 77,300,000 in 1964. This decrease of 3.3% for the Community overall was unevenly distributed, the proportion in Luxembourg being 8.4%, in Germany 8% and in France 2.3% (Italy and Belgium produce only small amounts). In 1964 France, the Community's biggest producer, had registered an increase of nearly 5%.<sup>1)</sup>

The downward trend in Community production is a consequence of the closure of the "marginal" mines which have become too costly to keep in operation. This process continued in 1965.

Competition from high-grade foreign ores and the near-impossibility of pruning its own production costs any further are obliging the Community industry to phase out uneconomic mines and workings and to concentrate on the more accessible seams with comparatively high productivity ratings. One effect of this policy has been a slight increase, for the first time since 1952, in the average Fe content of Community ore.

Even the steelworks-owned mines have not remained unaffected, though the principal victims are those which produce entirely or partly for sale. The latter are dwindling in number: hardly any are left in Germany, and in France the proportion of ore changing hands by purchase, already down in 1964 to 13%, declined further to 12%.

TABLE 25

### Share of third-country ores in total consumption

Country	1964	1965 (first nine months)
Germany (Fed. Rep.)	65	68
Belgium	44	51
France	8	9
Italy	80	85
Luxembourg	3	2
Netherlands	100	100
Community	37	41

<sup>1)</sup> See *Statistical Annex*, Tables Nos. 19 ff.

145. Imports of third-country ore went up by 12.8% in 1965, from 47,700,000 to 53,800,000 tons. The increase was mainly centred in Italy and the Netherlands, where the rise in pig-iron production was greatest proportionally. It was reflected in the distribution of consumption between indigenous and imported ores, the share of the latter averaging 41% for the Community as a whole, compared with 37% in 1964 (see *table 25*).

Exports were lower than in 1964, 355,000 tons as against 505,000. The pattern of trade flows remained much the same, Germany selling about 250,000 tons to Austria and France about 95,000 to Britain.

Despite the shrinkage in Community ore production, the volume of trade among the member countries amounted to 21,100,000 tons, as compared with 21,900,000 in 1964. Some minor quantitative changes occurred, the Lorraine orefield's sales to Germany (mainly to the Saar) dropping from 6,430,000 to 6,000,000 tons and to Belgium and Luxembourg from 15,450,000 to 14,800,000.

146. The average Fe unit price of imported ores c.i.f. Community ports went down from 18 cents in 1964 to 17.7 in 1965.<sup>1)</sup> The average Fe unit price ex mine of Lorraine ore during the second half of 1965 was almost the same as at the end of 1964, namely 9.685 cents, but, as was noted in last year's Report,<sup>2)</sup> this price advantage is not sufficient to offset the higher processing costs except within a steadily narrowing radius from the production point.

This deterioration in the price position of Community ore must be expected to continue in 1966. The Swedish mines, which are usually regarded as the price leaders, have reduced their quotations from deliveries of Kiruna D phosphorous ore in 1966 by 3.3%, which given unchanged maritime freight rates will bring the Fe unit price c.i.f. northern Community ports down to about 16 cents: this may well affect the prices of indigenous phosphorous ores in the coming year, and thereby add to the difficulties of the Community mines.

#### *Outlook and reactions*

147. In order to work out the implications of the probable long-term movement of the international iron-ore market for the continued existence of the Community ore-mining industry, the High Authority has been having studies

<sup>1)</sup> Mean Fe content 59.9% as against 59.7% in 1964.

<sup>2)</sup> See *Thirteenth General Report*, No. 156.

conducted at departmental level to give it a general picture of the trend in steel production in the major Western industrial countries, the consequent requirements of iron core, and potential expansion in ore production capacity. A supplementary study is in progress on the trend in maritime freight-rates for shipments of iron ore in the light more particularly of the trend in the prices of third-country ores.

It is coming to be accepted that the surplus in the international market will continue for the next five or ten years, though on a diminishing scale.

148. The High Authority is assisting the industry in its efforts to adjust itself to the changed requirements of the steelworks.

On the technical side, it is furnishing grants for the development of new mining methods and new underground haulage facilities, this research forming to some extent a companion piece to the similar studies being conducted for the coalmines.

High Authority-sponsored research has been going on for some years on the beneficiation of low-grade indigenous ores by the flotation and magnetic roasting processes. The field covered is a wide one, and although a number of important advances have been made it will be some time before the studies are completed. Certain of those concerning flotation are in the nature of fundamental research.

In view of the situation of some of the mines, the High Authority has extended for a further two years the special tariff for the carriage of Lorraine ore to the Usinor steel plant at Denain, and has also extended that for consignments from the Damme mine in Germany to the Ruhr.

Readaptation assistance has been provided for substantial numbers of workers from German, French and Italian mines which have had to discontinue or curtail production.<sup>1)</sup>

## *Scrap*

### *Market situation*

149. The following table gives an overall picture of the Community's scrap-requirement and supply position in 1965 as compared with 1964.

The Community steel industry improved on its 1964 figures for the proportion of scrap to ferrous raw materials generally. Pig-iron production having

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<sup>1)</sup> See Nos. 347 ff. below.

TABLE 26

**Scrap requirements and availabilities of the Community iron and steel industry**  
(Exclusive of independent steel foundries)

('000 metric tons except where otherwise noted)

	1964	1965	Difference 1965/1964	
<i>Requirements</i>				
Pig-iron production	60,783	63,215	+ 2,432	(+ 4.0 %)
Scrap consumption in the blast-furnaces	1,938	1,500	- 438	(- 22.6)
Scrap consumption per ton of pig-iron produced (input rate)	31.8 kg	23.7 kg	- 8.1 kg	(- 25.2)
Crude-steel production	82,088	85,220	+ 3,132	(+ 3.8)
Scrap consumption in the steelworks	33,312	34,334	+ 1,022	(+ 3.0)
Scrap consumption per ton of crude steel produced	405.8 kg	402.9 kg	- 2.9 kg	(- 0.7)
Total scrap consumption	35,250	35,834	+ 584	(+ 1.7)
<i>Availabilities</i>				
Net own arisings, less sales	20,124	20,791	+ 667	(+ 3.3)
Purchases of scrap :				
(a) from within the Common Market	13,180	13,659	+ 479	(+ 3.6)
(b) from third countries	1,975	1,323	- 652	(- 23.0)
Total availabilities	35,279	35,773	+ 494	(+ 1.4)
Changes in stock at the plants		+ 32		

TABLE 27

**Specific consumption of scrap in different types of production plant**  
(Community average)

(kg. per metric ton)

Year	Blast-furnaces <sup>1)</sup>	Steelworks (excl. independent steel foundries) <sup>2)</sup>				
		Basic Bessemer	Open-hearth	Electric-furnace	Other types	Total
1961	53	76	691	944	204	401
1962	40	82	683	962	208	408
1963	38	95	690	977	228	415
1964	32	98	673	982	219	406
1965	24	101	661	982	230	403

<sup>1)</sup> Per ton of pig-iron; incl. scrap consumption of electric pig-iron furnaces.<sup>2)</sup> Per ton of crude steel, by production processes.

risen by 4% and crude-steel production by 3.8%, specific consumption of steel-making pig, which in 1964 stood at 691 kg. of *pig-iron per ton of steel produced*, remained about the same in 1965, but meantime, as we have seen,<sup>1)</sup> *scrap consumption* per ton of steel and per ton of pig-iron produced decreased by 2.9 and 8.1 kg. respectively. Total scrap consumption in all types of production plant went up by only 1.7%, a smaller increase than that in iron and steel production.

As regards *availabilities*, works' own arisings increased slightly less than did steel production, while resources of salvage scrap from within the Community increased by 480,000 tons, a 3.6% rise over 1964. Total direct imports from third countries by the industry were 650,000 tons less than in 1964.

150. Intra-Community *trade* in scrap totalled 4,800,000 tons as compared with 3,600,000 in 1964. Of this a very large proportion, 3,500,000 tons as against the previous year's 2,400,000, consisted in purchases by Italy from Germany (1,800,000) and France (1,700,000).<sup>2)</sup>

*Direct imports* by the steel industry from third countries fell from 2,000,000 tons to 1,300,000. The reduction was mainly in Germany, where there was an increase in internal availabilities; Italy, on the other hand, was obliged by rising requirements for its expanding pig-iron and steel production to buy slightly larger tonnages from outside.

Just over half the Community's imports of scrap came from the United States—substantially less than the previous year's figure of 1,200,000 tons. Imports from Britain, at 360,000 tons, were also smaller than before.

151. Generally speaking, data to hand indicate that scrap prices in the Community remained steady, and occasionally hardened slightly, up to the last quarter, when downturns occurred in most member countries.<sup>3)</sup>

World prices were affected by the plentiful supplies on offer. The composite price of the United States, the largest exporter, which at the end of 1964 stood at \$38.17 delivered destination U.S.A. in the main consumer centres, was down by October 1965 to \$29.50; it subsequently rose again, however, to \$30.83 at the end of the year and \$34.17 at the end of January. *The landed*

<sup>1)</sup> See No. 143 above.

<sup>2)</sup> See also No. 244 below.

<sup>3)</sup> Untaxed prices ex yard for basis category 11 included: Ruhr \$29, France \$27.35 and \$26.35, Italy \$37.60, Netherlands \$30.65, Belgium \$32 and \$27.

price of scrap imported into the Community remained almost the same as in 1964, the average for the year working out at \$43 c.i.f. Community ports, since the fall in the dealers' prices was almost entirely offset by the rise in transatlantic freight-rates during 1965.

### *Export regulations*

152. The prohibition on the export of Community scrap to third countries, which had been suspended in April 1963 by the member Governments, was reimposed from June 1, 1964, at the High Authority's request.<sup>1)</sup> There have been no fresh developments since: as the Community is still short of scrap, only a few very small shipments have been allowed out.

### *Winding-up of the scrap price compensation scheme*

153. 1965 witnessed a number of important developments in connection with the winding-up of the former price compensation arrangements for imported scrap.

First the process of checking over the whole operation of the scheme from every angle and rectifying as necessary was finally completed.

In addition, the Court of Justice settled the points raised by the appeals which were listed in last year's Report.<sup>2)</sup> The appellants challenged the rate of exchange and the interest system employed, both basic elements in the scheme: the Court, however, upheld the High Authority's case.<sup>3)</sup>

These two matters having been disposed of, the books were closed as at December 31, 1965, on the basis of finally and legally established contribution rates, thus putting a period to the state of uncertainty which prevailed for so long as the investigations and disputes concerning the fundamental principles of the compensation scheme were still in progress.

It still remains, firstly, to continue the process of recovering the sums due from defaulting debtor enterprises and from the scrap dealers implicated in the frauds and distributing these as refunds to all the enterprises which were liable under the scheme, and secondly, to effect whatever further corrections

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<sup>1)</sup> See *Thirteenth General Report*, No. 161.

<sup>2)</sup> See *Thirteenth General Report*, No. 162.

<sup>3)</sup> See No. 24 above.

may be shown to be necessary by Court judgments in actions now pending or not yet brought.

Considerable progress was made in 1965 in retrieving moneys improperly disbursed to certain scrap dealers; the total amount recovered to date is now over three million units of account.

## *Pig-Iron*

### *Production*

154. Community pig-iron production (blast-furnaces and electric furnaces together)<sup>1)</sup> in 1965 totalled 63,200,000 tons, an increase of 4% on 1964. The expansion occurred almost exclusively in Italy and the Netherlands;<sup>2)</sup> the trend both there and elsewhere, however, needs to be viewed in the context of the figures for the preceding years (see *table below*).

TABLE 28

**Trend in pig-iron production, 1960-1965**

*('000,000 metric tons)*

Country	1960	1961	1962	1963	1964	1965	1965/1964 (%)
Germany (Fed. Rep.)	25.74	25.43	24.25	22.91	27.18	26.99	— 0.7
Belgium	6.52	6.46	6.77	6.96	8.12	8.43	+ 3.9
France	14.01	14.40	13.95	14.30	15.84	15.77	— 0.5
Italy	2.72	3.09	3.58	3.77	3.51	5.50	+ 56.6
Luxembourg	3.71	3.78	3.59	3.56	4.18	4.14	— 0.8
Netherlands	1.35	1.46	1.57	1.71	1.95	2.37	+ 21.4
Community	54.04	54.61	53.72	53.21	60.78	63.20	+ 4.0

Further progress was made in the enrichment of the blast-furnace burden thanks to increased imports of high-grade foreign ores and advances in sintering processes. Consumption of sinter worked out in 1965 at 1,076 kg. per ton of pig-iron produced, compared with 1,031 kg. in 1964 and 519 in 1954. The two factors between them enabled the average Fe content of the ore and sinter consumed in the blast-furnaces to be raised to nearly 42%, as against about

<sup>1)</sup> Including spiegeleisen and high-carbon ferro-manganese.

<sup>2)</sup> See also No. 170 below.

41% in 1964 and 35% in 1954, and the coke rate to be reduced to 704 kg. per ton of pig-iron produced as against 733 and 960 kg. in 1964 and 1965 respectively.

The general pattern of pig-iron production remained much the same as in previous years.

TABLE 29

## Community production of pig-iron by types

('000 metric tons)				
Type	1962	1963	1964	1965
Steelmaking pig	49,313	49,014	56,309	58,409
of which :				
hematite	11,051	11,786	15,123	18,817
phosphorous	38,262	37,228	41,186	39,592
Foundry pig	3,061	2,970	3,210	3,438
Spiegeleisen	244	212	166	200
High-carbon ferro-manganese	528	548	643	613
Other types	570	462	454	540
Total	53,715	53,207	60,783	63,200

155. Relatively little pig-iron is produced for the market, commercial disposals of all types together working out in 1965 at only 6.3% of total output. Only 1.7% of the steelmaking pig produced was offered for sale. In the case of foundry pig the proportions are reversed, the bulk of the production (62% in 1965) being sold to foundries inside and outside the Common Market.

TABLE 30

## Sales of pig-iron inside and outside the Common Market

('000 metric tons)				
Type	1963	1964	1965 <sup>1)</sup>	1965/1964 %
Steelmaking pig	1,262	1,588	1,018	— 35.9
Foundry pig	1,804	2,127	2,138	+ 0.5
Spiegeleisen	159	135	117	— 8.7
High-carbon ferro-manganese	444	469	454	— 3.2
Other types (alloy and special pig)	487	256	281	+ 9.8
Total	4,156	4,575	4,008	— 12.4

<sup>1)</sup> Estimated



*Trade*

156. Intra-Community trade in pig-iron underwent a further shrinkage in 1965, totalling 715,000 tons as against 880,000 in 1964 and 1,073,000 in 1963. The trend was observable for all types and all countries. Italy emerged as the biggest intra-Community buyer, taking 171,000 tons in the first nine months of the year.

*Exports* to third countries were about the same as in 1964, approximately 340,000 tons.

*Imports* from third countries, thanks to the protective measures instituted in 1964 and renewed for 1965, continued generally speaking on an even keel. Imports of foundry and special pig went down to about 380,000 tons, nearly 100,000 tons less than in 1964.

*Prices*

157. With a few very minor exceptions, the basis prices as given in the schedules lodged with the High Authority remained unchanged throughout 1965.

Alignments on third-country quotations declared to the High Authority, already minimal in 1964, dwindled still further (see *Table 31*). The return of more balanced conditions in the market, which began in 1964 following the High Authority's introduction of peripheral protection, thus continued in 1965, so that overall the real price level within the Community is now governed by the schedule prices of the Community enterprises.

TABLE 31

**Tonnages of pig-iron sold by alignment on third-country quotations,  
as declared to the High Authority**

<i>(000 metric tons)</i>			
Type	1963	1964	1965
Steelmaking pig	385	112	88
Foundry pig	724	94	104
Spiegeleisen	63	16	13
Ferro-manganese	191	114	106
Other types	107	4	4
Total	1,470	340	315

The Community average import prices of most types of pig-iron showed appreciable increases, of round about 7%, during the first nine months of 1965.

TABLE 32

**Average import prices of pig-iron before duty**  
(According to external trade statistics)

(\$ per metric ton)

Year	Hematite steelmaking pig	Foundry pig		High-carbon ferro- manganese
		Hematite	Phosphorous	
1962	47.48	53.17	49.79	127.97
1963	40.36	47.67	43.47	117.77
1964	44.58	51.31	44.53	112.74
1965				
1st quarter	47.76	51.70	43.93	114.99
2nd quarter	47.02	54.64	43.52	121.36
3rd quarter	46.24	53.73	43.17	124.34

*Effects of peripheral protection*

158. High Authority Recommendation No. 2/64 enjoined the Governments of the member States to impose a specific duty of not less than seven dollars per ton on imports of foundry pig (tariff items Nos. 73.01.B.II and C.II) with effect from February 15, 1964, to December 31, 1965.<sup>1)</sup> In conjunction with this arrangement, permission was given in Recommendation No. 1/64 to import limited quantities at a 5% rate of duty (see *Table 33*). These measures had an immediate effect on the state of the market for foundry pig.<sup>2)</sup>

Sales in 1965 did not rise above the notably improved level for 1964. To tempt their customers back, the Community producers had had to make certain cuts (the Germans on March 1 and the French on April 1, 1964) in their schedule prices, of about 4% for phosphorous and 8% for hematite foundry pig, and these lower prices were retained in 1965. For the Community industry as a whole, there was no improvement in revenues per ton at works, though some success was achieved in reducing production costs.

<sup>1)</sup> See *Thirteenth General Report*, Nos. 47, 168 and 185.

<sup>2)</sup> See Nos. 43 ff. above and No. 171 below.

TABLE 33  
**Foundry-pig imports 1964 and quotas 1964-1966**

*(metric tons)*

Country	Imports	Quotas		
	1964	1964	1965	1966
Germany (Fed. Rep.)	154, 110	40,000	71,000	71,000
Belgium/Luxembourg	59, 340	30,000	25,000	25,000
France	9, 366	8,600	10,000	10,000
Italy	215, 241	168,000	161,000	161,000
Netherlands	25, 429	11,500	10,000	10,000
Community	463, 486	258,100	277,000	277,000

The industry has been making use of this period of special protection to carry out or to prepare a number of structural changes. During the last two years two fairly large production units have ceased to make foundry pig; in 1965 there were two concentrations between major production units engaged chiefly in making foundry pig, with a consequent improvement in organizational efficiency, and other structural adjustments are under consideration.

However, the action required has been found to be too extensive to complete in two years. In the present state of the pig-iron market, to scrap or reduce the specific duty would simply mean a return to the same rocketing imports and the same difficulties and dangers as made it necessary to issue Recommendation No. 2/64 in the first place. The High Authority accordingly extended the protection for another year,<sup>1)</sup> subject to the same quota arrangements as for 1965.<sup>2)</sup>

## *Steel*

### *Production*

159. Community *crude-steel* production rose in 1965 by 3.8% to 85,969,000 tons, the increase was principally concentrated in Italy and the Netherlands, the level elsewhere, apart from a minor upturn in Belgium, remaining practically unchanged. The figures, however, like those for pig-iron, need to be seen against the background of developments over the previous few years (see *Table 34*)

<sup>1)</sup> Recommendation No. 1/65 (*J.O.* No. 206/65).

<sup>2)</sup> Decision No. 14/65 (*ibid.*).

TABLE 34

## Community crude-steel production, 1960-1965

('000,000 metric tons)

Country	1960	1961	1962	1963	1964	1965 <sup>1)</sup>	Percentage change 1965/1964
Germany (Fed. Rep.)	34.10	33.46	32.56	31.60	37.34	36.82	- 1.4
Belgium	7.18	7.00	7.35	7.53	8.73	9.16	+ 5.0
France	17.30	17.58	17.23	17.55	19.78	19.60	- 0.9
Italy	8.46	9.38	9.76	10.16	9.79	12.68	+ 29.0
Luxembourg	4.08	4.11	4.01	4.03	4.56	4.59	+ 0.6
Netherlands	1.94	1.97	2.09	2.34	2.66	3.12	+ 17.3
Community	73.07	73.50	73.00	73.21	82.86	85.97	+ 3.8

<sup>1)</sup> Provisional figures.

The sudden upsurge in Italy and the Netherlands is mainly due to the expansion of production by the coastal plants in these countries, both of which obtain most if not all their raw materials for steelmaking from overseas.

160. The pattern of Community steel production continued to change as a result of the popularity of the oxygen steelmaking process (see Table 35), which seems definitely set for further rapid expansion.

TABLE 35

## Pattern of crude-steel production by processes

(% of total production)

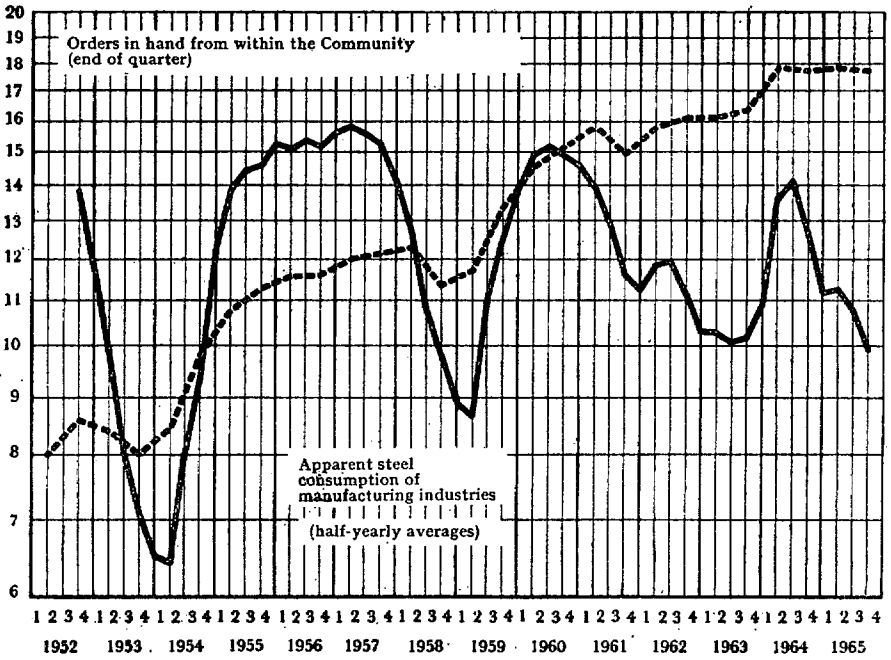
	1960	1961	1962	1963	1964	1965 <sup>1)</sup>
Basic and acid Bessemer	49.6	48.4	47.0	45.8	42.1	37.6
Open-hearth	37.8	36.8	36.2	34.5	33.7	31.3
Electric-furnace	10.4	11.5	12.0	12.2	11.6	12.0
Oxygen-blown	2.2	3.3	4.8	7.5	12.6	19.1

<sup>1)</sup> Provisional figures.

GRAPH No. 5

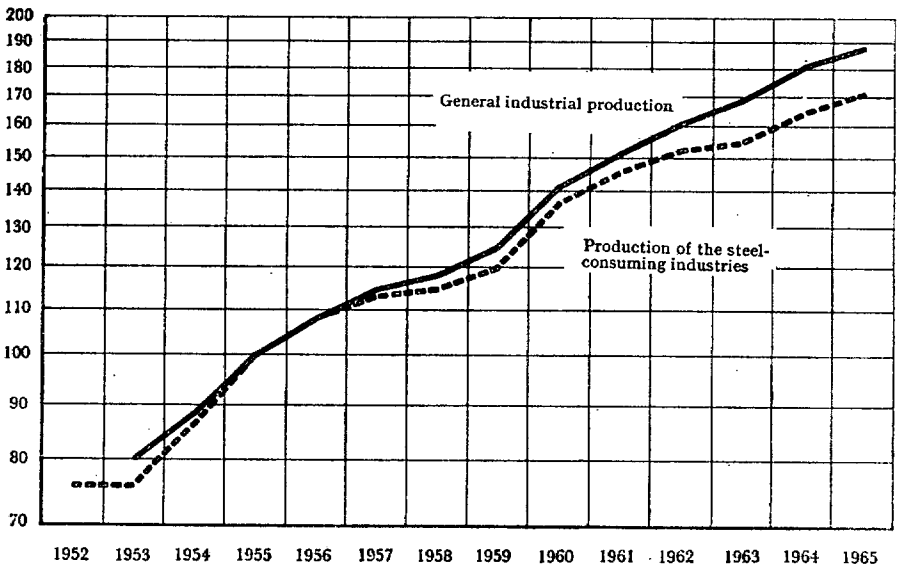
Steel Order-Books and Apparent Steel Consumption of the Manufacturing Industries

'000,000 ingot tons

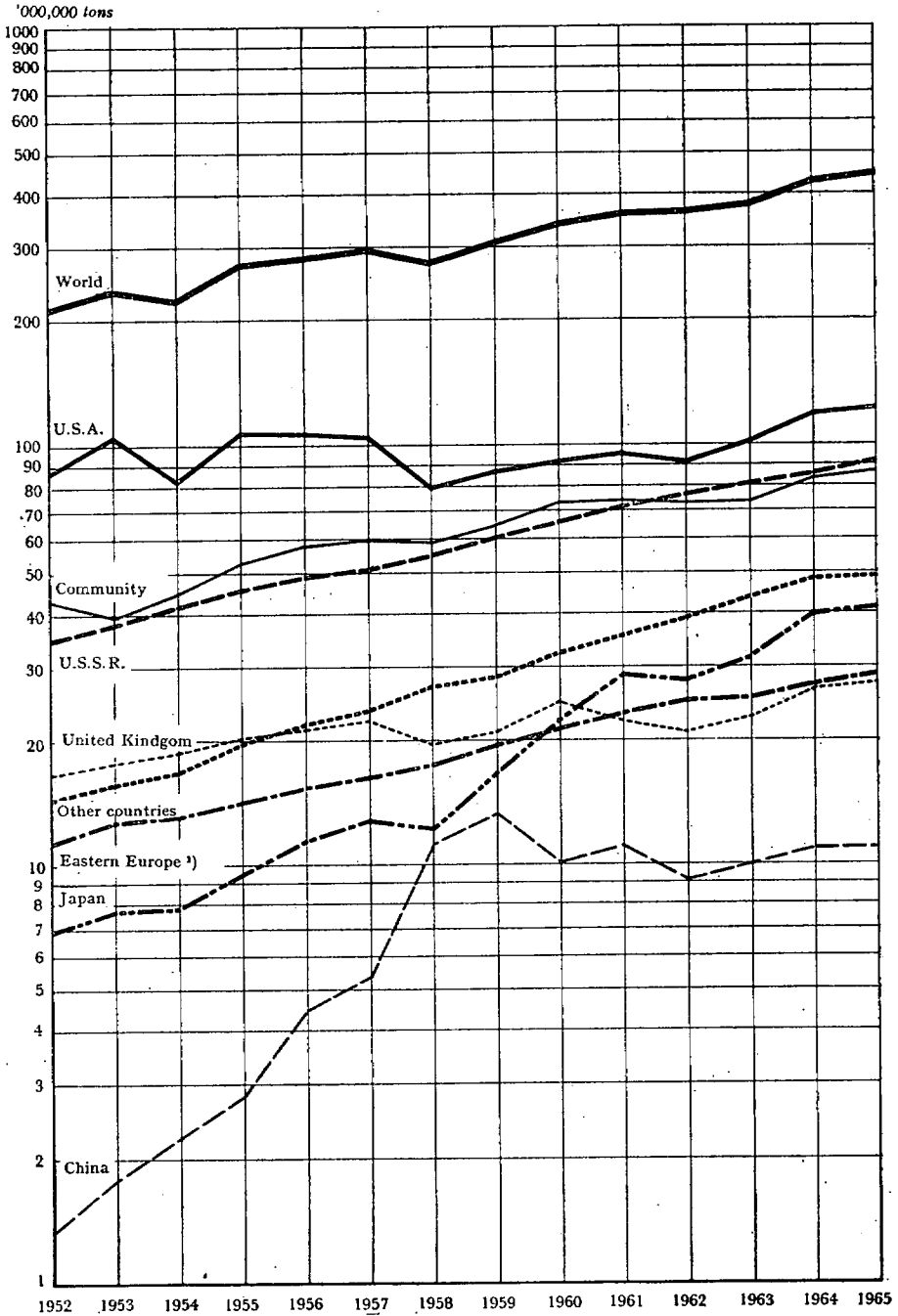


General Industrial-Production Index and Production Index of the Steel-Consuming Industries

1955 = 100



**GRAPH No. 6**  
**World Crude-Steel Production**



<sup>1)</sup> East Germany, Bulgaria, Poland, Roumania, Czechoslovakia, Hungary.

161. Production of *special steels* (high-carbon and alloy steels) comes in a category of its own. It increased in 1965 both absolutely and in relation to total steel production, but its share of the latter remained smaller than in 1961.

TABLE 36  
Production of special steels

('000 metric tons, rounded)

	1960	1961	1962	1963	1964	1965	Percentage change, 1965/1964
Germany (Fed. Rep.)	2,968	2,885	2,527	2,481	3,047	3,108	+ 2.0
France	1,470	1,544	1,485	1,483	1,601	1,765	+ 10.2
Italy	1,337	1,567	1,337	1,192	1,070	1,320	+ 23.4
Benelux	199	216	202	194	252	219	- 13.1
Community	5,975	6,183	5,550	5,350	5,970	6,412	+ 7.4
Total crude-steel production	73,076	73,511	73,011	73,218	82,856	85,969	+ 3.8
Share of special steels in total crude-steel production (%)	8.17	8.41	7.60	7.31	7.21	7.46	

### Consumption and stocks

162. The growth rate in *real consumption* by the manufacturing industries for the Community as a whole slackened to 3.9% in 1965, the absolute increase working out at 2,700,000 tons as against 3,200,000 the year before. Germany scored highest with 5.8%, though even this compared poorly with 11.2% in 1964; the rate for the Netherlands slipped from 5.2 to 2.6%; Belgium and Luxembourg together showed no increase at all; while in France, after the sharp rise of 8.3% in 1964, there was in 1965 actually a decrease of 0.2%.

In Italy, on the other hand, the steel market picked up considerably in 1965: whereas in 1964 consumption had been 12.7% down on 1963, it now rose again by 7.2%, the trend becoming noticeably more marked as the year went on.

163. The trend in steel consumption varied from one manufacturing industry to another. Generally speaking, expansion was greatest in the electrical

equipment sector, except in Italy. In the motor industry there were considerable differences between country and country; in France and Italy production rose again after a downturn in 1964, while in Germany, where expansion had continued steadily in 1964, the rate of growth declined. Consumption by the processing industries—forges, foundries, cold-rolling mills; wire-drawing mills and tube works—was satisfactory in all countries except France. In the building trade France made the best showing, production in this sector in the other countries scarcely rising at all or indeed in some cases decreasing.

164. The level of stocks fluctuated considerably during these two years. Stocks of rolled products at works and on dealers' and consumers' premises dropped somewhat after a substantial increase in 1964 (see *Table 37*); nevertheless, dealers and consumers are still definitely overstocked, and the High Authority has repeatedly stressed in its quarterly programmes that these tonnages should be run down to the level genuinely required for practical purposes.

TABLE 37

## Community crude-steel supply and demand position

	1960	1961	1962	1963	1964	1965 <sup>1)</sup>
Index of industrial production (1960 = 100)	100.0 (+ 12.2%)	106.7 (+ 6.7%)	113.4 (+ 6.3%)	119.3 (+ 5.2%)	127.7 (+ 7.0%)	132.8 (+ 4.0%)
Index of consumption by the manufacturing industries (1960 = 100)	100.0 (+ 11.1%)	105.7 (+ 5.7%)	110.7 (+ 4.7%)	112.6 (+ 1.7%)	119.7 (+ 6.3%)	124.8 (+ 4.3%)
<i>Requirements</i>					('000,000 metric tons crude steel)	
Real consumption	56.9	61.0	63.6	65.1	68.3	71.0
Changes in stocks	+ 4.5	+ 1.4	- 0.6	+ 0.6	+ 4.3	- 1.1
Exports	14.4	13.8	12.2	12.0	13.9	18.6
Total	75.8	76.2	76.4	77.7	86.5	88.5
<i>Availabilities</i>						
Imports	2.4	2.4	3.1	4.2	3.4	2.4
Rolling-mill scrap	0.3	0.3	0.3	0.3	0.2	0.2
Crude-steel production	73.1	73.5	73.0	73.2	82.9	85.9
Total	75.8	76.2	76.4	77.7	86.5	88.5

<sup>1)</sup> Estimated.



*Trade*

165. Intra-Community trade in steel<sup>1)</sup> slackened off somewhat in 1965, from 12,300,000 tons (rolled steel weight) to 11,800,000, practically the entire decrease being in sales by Germany. There were certain shifts in the pattern, Germany buying more (3,300,000 tons in the first nine months as compared with 2,900,000 in the corresponding period of 1964), France somewhat less (2,600,000 tons as against 2,900,000) and Italy considerably less (850,000 as against 1,267,000).

166. As was noted on an earlier page, exports to third countries rose steeply, from just under 10,500,000 tons (finished Treaty products) in 1964 to 14,300,000 in 1965. During the first nine months of the year Community exports totalled 10,700,000 tons as against 7,600,000 in the first nine months of 1964, the increment going largely to the States but also to a great many other parts of the world.

TABLE 38

**Exports of finished Treaty products to third countries**

('000 metric tons)

To	January-September 1965	January-September 1964
North America	1,599	3,349
(of which: U.S.A.)	1,362	2,728
Denmark, Finland, Norway	849	1,001
Spain	312	864
Switzerland	813	750
Sweden	414	579
East Asia	293	538
South America	447	532
Eastern Europe	296	329
Republic of South Africa	29	328
Austria	57	44

Exports of rolled products to Britain, however, fell from 590,000 tons to 202,000 for the same period, in consequence of the British Government's import surcharge, initially fixed in October 1964 at 15% and reduced in April 1965 to 10%.<sup>2)</sup>

Of the individual exporter countries, Italy increased its outgoing shipments by 155%, the Netherlands by 51%, Germany by 44%, Belgium and

<sup>1)</sup> Calculated from import figures of Customs statistics.

<sup>2)</sup> See Nos. 50 and 51.

Luxembourg together by 28%, and France by 25% in the first nine months of 1965.

Viewed over a longer period of years, however, the export trend appears rather differently: if we discount procurements by the United States, which were swollen in 1965 by the prolonged threat of a strike in the American steel industry, Community exports have increased by only one million tons in the past five years. The freak upturn in sales to America must not be allowed to obscure the steady structural deterioration in the world steel market resulting from overcapacity.

167. Community imports from third countries went down in 1965 by 30%, from 2,700,000 tons to 1,900,000, additional production capacity having come into service in various member countries while the peripheral protective arrangements were retained more or less unchanged.

During the first nine months, imports were only 1,400,000 tons as compared with nearly 2,100,000 in the corresponding months of 1964.

TABLE 39

## Imports of finished Treaty products, by main supplier countries

Country	('000 metric tons)	
	January-September 1964	January-September 1965
U.K.	513	206
Austria	423	372
Countries with State-controlled trading systems	421	303
(of which: U.S.S.R.)	198	152
Japan	207	112

*Prices*

168. The general price level, which had pretty well recovered in 1964 from its heavy slump of the year before (even though not all producers invariably adhered to their published schedule prices), sagged again badly in 1965, particularly during the second half of the year, the prices of some products going even lower than in 1963. Slight signs of improvement, however, appeared at the beginning of 1966.

## Lowest schedule prices published

	1963	1964	(\$ per metric ton)	
			December 1965	January 1966
Reinforcing rods (B)	81.00	94.00	80.00	80.00
Merchant bars (B)	95.00	96.00	90.00	90.00
Sections	97.75 (F)	97.75 (F)	90.00 (B)	90.00 (B)
Wire rod (B)	75.00	90.00	89.00	89.00
Plate	95.00 (B)	106.30 (N)	89.00 (B)	97.00 (B)
Hot-rolled sheet (B) (F)	112.20	130.00 124.75	108.00	108.00

(B) = Belgium; (F) = France; (N) = Netherlands.

There were, however, two quite different reasons for the two falls in prices in 1963 and in 1965. In 1963 pressure of third-country competition compelled producers to slash their prices despite rising consumption, though admittedly the developing glut was already making its effects felt. The drop in 1965, on the other hand, would appear to be due almost entirely to the imbalance between supply and demand, with pressure from imports playing only a minor part: notwithstanding higher consumption of steel, expansion in steelmaking capacity has resulted in a record volume of production well in excess of requirements. Sales by alignment on third-country quotations, which reached abnormal proportions on 1963, are now back more or less to the level of earlier years when conditions were normal, but the published schedules<sup>1)</sup> do not fully reflect the slide in prices actually charged, since some producers are leaving their schedules unchanged while aligning on the lowest schedule prices of their competitors within the Community. The High Authority has no figures as to the extent of these transactions, which are not declarable. An indirect effect of the stiffening competition in the world market may be discerned here, in that plants traditionally producing for export, which had reduced their schedule prices drastically in order to bring them into line with the prices in the world market, were observed in 1965 to be trying more and more to sell within the Community instead of outside it.

The wide spread of Community internal prices in 1963 narrowed considerably in 1964, but towards the end of 1965 it opened out again at the bottom of the scale in consequence of sizeable reductions by a number of Belgian enterprises.

The following table shows the movement of the index of delivered prices for basic Bessemer reinforcing rods, wire rod and hoop and strip, open-hearth plate and SPO sheet at ten representative consumer centres in the Community.

<sup>1)</sup> See *Statistical Annex*, Table No. 41.

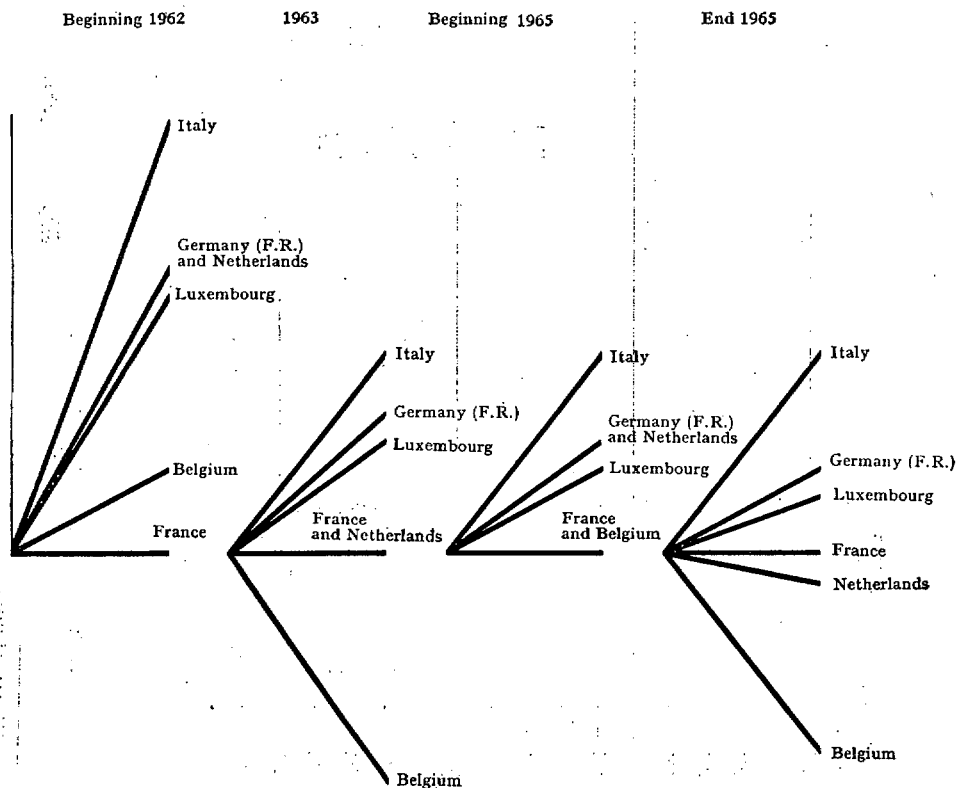
TABLE 40

(French schedule price = 100)

Country	Beginning 1962	1963	Beginning 1965	End 1965
France	100	100	100	100
Germany (Fed. Rep.)	110	105	104	103
Belgium <sup>1)</sup>	103	92	100	93
Italy	113	107	107	107
Luxembourg	109	104	103	102
Netherlands	110	100	104	99

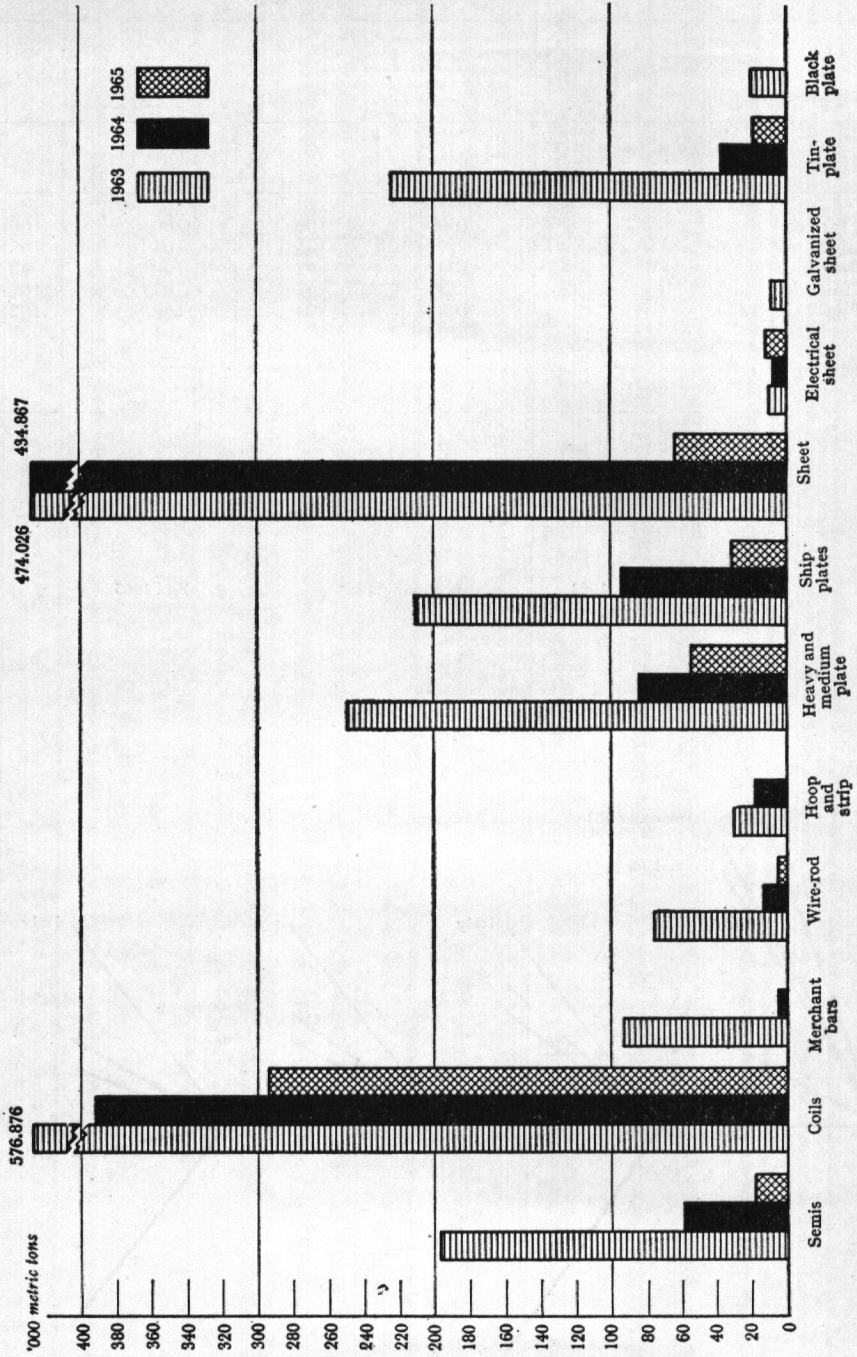
<sup>1)</sup> Lowest price.

GRAPH No. 7  
Spread of Steel Prices



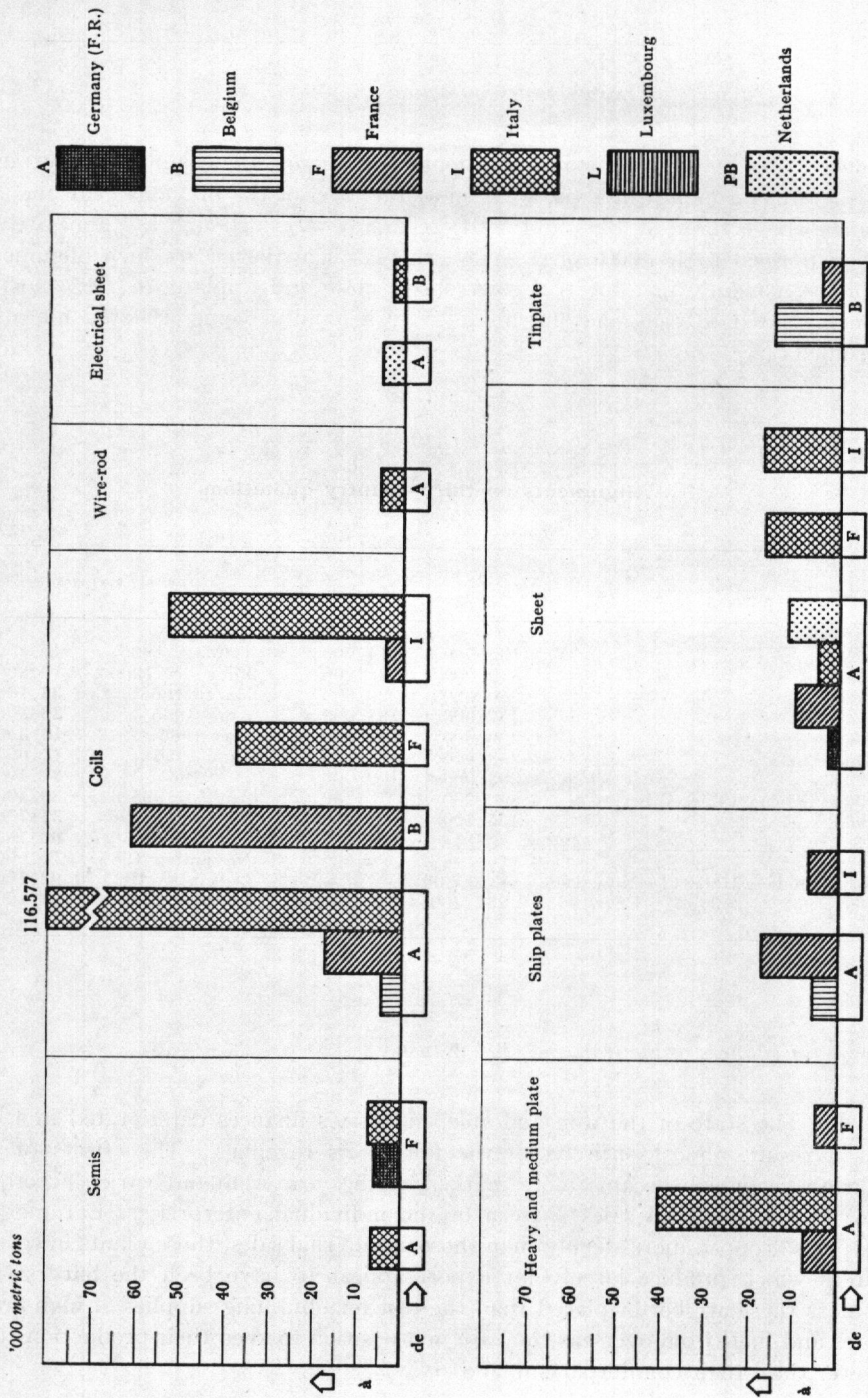
GRAPH No. 8

Comparison of Alignments on Third-country Quotations, 1962-1965<sup>1)</sup>



<sup>1)</sup> 2,000 tons and over.

Alignments on Third-country Quotations, 1965<sup>1)</sup>



<sup>1)</sup> 2,000 tons and over.

*Alignments on third-country quotations*

169. Sales by alignment on quotations from outside the Community averaged 41,260 tons a month in 1965, well below the level of the previous year and not much above those of 1959 and 1961 (see *Table 41*), although in January 1966 they jumped to 134,000 tons. Also, whereas in earlier years such alignments had been mainly in respect of coils, sheet, plate and tinplate, in 1965 most of them related to coils and ship plate, only a handful being declared for other products (see *Graph 8*).

TABLE 41

## Alignments on third-country quotations

*(metric tons)*

Year	Whole year	Monthly average	Monthly averages	
1958	165,000	14,000	January 1965	40,300
1959	370,000	31,000	February 1965	17,800
1960	250,000	20,000	March 1965	33,100
1961	457,000	38,000	April 1965	30,100
1962	1,290,000	108,000	May 1965	15,300
1963	2,268,000	188,000	June 1965	42,600
1964	1,202,000	100,000	July 1965	31,400
1964 (February-December)	850,700	73,250	August 1965	30,400
1965	495,100	41,260	September 1965	31,700
			October 1965	60,700
			November 1965	70,000
			December 1965	92,100
			January 1966	134,100
Nov. 1962 = 100,042—Nov. 1963 = 383,200				
Dec. 1962 = 353,965—Dec. 1963 = 261,400				

*Finances of the iron and steel industry*

170. The state of the iron and steel industry's finances deteriorated in 1965, as a result, almost entirely, of the fall in its revenues. The effects of the shrinkage (which became more marked as the year went on) varied according to the location and sales pattern of the individual enterprises. Earnings on exports dropped more steeply than those on internal sales; those plants in coastal areas which produce largely for export appear to have been the hardest hit, but as these are better placed than the rest for obtaining supplies of high-grade ores and fuels from overseas they are in a position to keep their production costs lower than their counterparts inland.

The industry was unable to offset the drop in earnings by a proportional lowering of its production costs: indeed in some cases these even rose slightly, mainly as a result of increases in the price of Community blast-furnace coke. Prices of foreign ores were a little lower than in 1964. Prices of salvage scrap went up for a time in Italy. Reductions in processing costs (including more especially wage costs) by more intensive utilization of installations appear to have been achieved in Italy, the Netherlands and Belgium, but not in the other three countries.

#### *ACTION BY THE HIGH AUTHORITY IN THE STEEL SECTOR*

The High Authority's work on the steel side in 1965 was concentrated more particularly on two aspects, the extension into 1966 of the market safeguards introduced at the beginning of 1964, and the intensification of the activities undertaken to promote steel consumption following the crisis which developed in the steel market in 1963.

#### *Measures concerning imports of iron and steel products<sup>1)</sup>*

171. In view of the state of the Community steel market, the High Authority proposed to the Council that the peripheral tariff arrangements, which had already been extended for 1965, should be retained for a further period. After thorough preparation and discussion between the High Authority and experts of the member Governments, the Ministers on December 8, 1965, agreed to extend the Decision restricting the tonnages of pig-iron and rolled products from *countries with State-controlled trading systems* up to December 31, 1966. After hearing the views of the Consultative Committee and obtaining the consent of the Council, the High Authority on December 15 also extended the prohibition of *price alignments* on quotations for pig-iron and finished products from these countries.

Fresh discussions were held between the High Authority and the Governments' experts on the peripheral protection to be given to the iron and steel market in 1966. On the basis of market studies on the state of the Community steel and foundry pig-iron sectors, the High Authority consulted the experts on its intended extension of Recommendation No. 2/64, which provided

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<sup>1)</sup> See *Twelfth General Report*, Nos. 47 and 211, *Thirteenth General Report*, Nos. 183 ff., and Nos. 43-48 above.



for the imposition up to December 31, 1965, of a specific duty of \$7.00 per ton on imports of foundry pig.

Before extending the Recommendation, the High Authority talked over the question of the structural adjustment and streamlining of the Community foundry pig industry with the producers concerned, emphasizing that the necessary changes must be put in hand as soon as possible. The producers pointed to a number of results already achieved at enterprise, national and Community level, but stated that the two years allowed them by Recommendation No. 2/64 was too short to complete the work in progress to make the industry more competitive.

The Governments' experts were also consulted with regard to the quotas of foundry pig and steel for 1966, which had to be laid down in advance for the purposes of Recommendation No. 1/64, still in force, concerning the raising of external rates of duty on *imports of iron and steel products* into the Community. It was agreed that the 1965 quotas should be renewed for 1966, and that about the middle of the year the general state of the Community iron and steel market should be reviewed to see whether the peripheral arrangements should continue.

172. Some time before, by Decisions Nos. 19, 20 and 21/63, the High Authority had remodelled a number of Decisions taken in implementation of the Treaty at the time when the Common Market for coal and steel was first introduced, concerning in particular enterprises' obligations with respect to their selling agencies and middlemen.<sup>1)</sup> Two French steel producers' federations and several individual companies in the same country appealed to the Court of Justice of the Communities to overrule some provisions in these Decisions, but, as we have seen, their appeals were dismissed.<sup>2)</sup>

173. Also in 1964, the High Authority continued its efforts to secure the Governments' co-operation in reviewing ways and means of ensuring greater efficiency in the system of checking coal and steel prices.<sup>3)</sup>

The *ad hoc* Committee on Price Information and Price Checks set up on April 30, 1964, by the Co-ordinating Committee of the Council of Ministers drew up jointly with the High Authority a report on possible modes of co-operation between the member States and the High Authority in checking for compliance with the pricing rules. The Co-ordinating Committee considered the report on May 11, 1965, but rejected it, together with the High Authority

<sup>1)</sup> See *Twelfth General Report*, Nos. 215 ff., and *Thirteenth General Report*, No. 186.

<sup>2)</sup> See No. 25 above.

<sup>3)</sup> See *Twelfth General Report*, Nos. 224 ff., and *Thirteenth General Report*, Nos. 198 ff.

proposals which it contained for co-operation with the national authorities on investigation and checking, as some delegations considered the steps suggested too radical. The *ad hoc* Committee then met again to discuss what minimum action the Governments could take to meet the High Authority's wishes, and it was agreed that in specific individual cases the High Authority should contact the Governments requesting their co-operation.

### *Promotion of steel consumption*

174. The High Authority went ahead in 1965 with its efforts to stimulate steel consumption, and took the necessary action to prepare for the continuation of the campaign in 1966. Its work in this direction, aimed at intensifying the use of steel for existing purposes and devising new applications for it, has been warmly welcomed not only in the steel industry itself but also beyond it in the whole wide field of the steel-consuming industries both inside and outside the Community. In the present state of the steel market it is particularly clear that these long-term High Authority activities are of major importance for steel consumption and hence for the future of the European steel industry, and a valuable adjunct to the steps it has taken and will be taking more directly on the latter's behalf.

### *Follow-up to the 1964 Steel Congress*

175. From the corpus of the 1964 Congress's findings and suggestions,<sup>1)</sup> the High Authority embodied in a working programme those ideas which could suitably be put into effect by a public body with functions such as its own. These were felt to fall into four categories,

- (a) modernization of standards and building regulations;
- (b) information;
- (c) training;
- (d) study and research,

which are dealt with in turn below.

For the purposes of this programme it was found necessary to set up new committees to advise the High Authority on the preparation and implementation of the various measures which would be required.

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<sup>1)</sup> See *Thirteenth General Report*, Nos. 191 ff.

Accordingly, after consultations with the steel industries in the member States, a Co-ordinating Committee on Steel Consumption, consisting of the heads of steel utilization advisory bureaux in the Community and officials of the High Authority's Directorate-General for Steel, was established to assist the latter in planning its work to promote steel consumption, and to ensure co-ordination between the High Authority's efforts to this end and those in the individual countries.

In addition, a new Steel Utilization Research Committee was set up alongside the existing Iron and Steel Research Committee, which is concerned mainly with technical research on the production side.

### *Modernization and standardization*

176. *Modernization of building regulations.* This was the point most strongly urged at the Congress: the building trade can never become properly and efficiently industrialized unless there are uniform, up-to-date regulations covering geographically extensive markets, and steel consumption in the building sector will not appreciably expand unless that industrialization takes place. As part of its task of encouraging steel utilization, therefore, the High Authority is setting out to secure the lining-up of building regulations throughout the Common Market area.<sup>1)</sup>

As a first step, it was proposed to inventorize all existing building regulations and standards. After consultations with experts, it was decided to start with the safety regulations in the member States. Since for construction in steel there are a number of special fire-safety rules, this was felt to be the most suitable point of departure for High Authority action. It was pointed out at the Congress, and has been repeatedly confirmed by experts, that the present fire-safety regulations are the great obstacle to the economic use of steel in building above ground.

The responsible department of the High Authority then assembled the fire-safety regulations and recommended standards of the six Community countries (totalling some 2,100 pages), together with the recommendations of the European Convention of Constructional Steelwork Associations (approx. 600 pages). Independent experts in the member countries were also requested to list all relevant fire-safety regulations and draft preliminary comments as to points requiring amendment.

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<sup>1)</sup> See *Thirteenth General Report*, No. 193.

Consultations with the six expert assessors after the completion of the preparatory studies have produced to date the following conclusions :

- (1) there is no uniformity among the member States as to the authorities legally responsible (in France and Italy the Governments, in Germany the *Länder*, in the Benelux countries the local district councils);
- (2) there is no uniformity as to the type of legal instrument concerned (Act of Parliament, Decree, implementing Order, or technical standards referred to therein);
- (3) in most cases a great deal is left to the discretion of the administering authorities;

Consequently, it is desirable that technical criteria should be drawn up to serve as a basis on which the legislators and administering authorities of the Community may align their arrangements.

The consultations are continuing in an *ad hoc* committee, attention being concentrated more particularly on points (3) and (4).

177. *Standardization of iron and steel products.* Work continues steadily on the drawing-up of Euronorms, which include size and quality standards for the iron and steel products employed in building.<sup>1)</sup>

The size standards for IPE joists and beams and rationalized steel sections are shortly to be published together in a single booklet in 20,000 copies.

178. *Standardization of building components.* It is planned to institute a uniform European system of measurements (modular co-ordination) for building. This will be a lasting boon to the building trade, and it is accordingly intended to begin work in the coming year.

### *Information*

179. *Publication of 1964 Congress Proceedings.* The Proceedings of the 1964 Congress were published in book form in 7,000 copies, in the five Congress languages. With the co-operation of steel utilization advisory bureaux in the Community, a number of copies were supplied free of charge to technical institutes and colleges and to libraries, with the aim of bringing the Congress's deliberations and findings to the attention of a wider public, both in specialist circles and generally.

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<sup>1)</sup> See No. 285 below.

180. *Publication of handbooks.* A grant was made available in 1965 towards the publication of the American *Light Gauge Cold Formed Steel Design Manual*, translated into two Community languages with High Authority assistance.

### *Training*

181. One suggestion put forward at the 1964 Congress was that seminars should be organized for constructional engineers, architects and builders at which there would be lectures and discussions on the latest developments with regard to the use of steel in building, industrialized methods of steel construction, and standardization and quality improvement. The matter was discussed by the Co-ordinating Committee on Steel Utilization: the representatives of the steel utilization advisory bureaux stated that this was already being done in the individual countries, but suggested that it would be an idea, prior to instituting any such arrangements for architectural students, to make a study of the syllabuses of the technical colleges and specialized colleges of architecture to see whether the students were being sufficiently familiarized with the uses of steel for building. The High Authority is now examining the possibilities for conducting such a survey.

### *Study and research*

182. In accordance with the wishes expressed at the Congress, the High Authority also, after duly sounding the Consultative Committee and obtaining the consent of the Council, decided to launch a series of research projects on the utilization and properties of steel, aimed at boosting its consumption in a number of consumer sectors. They include a joint programme on metal physics, a joint programme on the utilization properties of steel, and research on the orthotropic plate.<sup>1)</sup>

Several other projects are under consideration, notably

(1) *Research on the fireproofing of steel superstructures*

Realistic fire tests are to be organized in full-size steel buildings, in order to ascertain how far the fire-safety regulations in force are in line with actual conditions and with recent technical progress, due account being taken of the results of past experiments carried out by the European Convention of Constructional Steelwork Associations and in Great Britain.

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<sup>1)</sup> See Nos. 272 ff. below.

(2) *Research on workability of steel*

This will be the first research project in this particular field, and will be mainly for the benefit of the mechanical engineering industry. Its object will be to develop testing methods for steel with regard to various types of processing, such as non-cutting forming, milling and turning.

(3) *Scientific study of publicity methods*

It is only comparatively recently that the steel industry has begun to cultivate a definite public image by the use of present-day means of influencing opinion such as trade marks and advertising. Scientific analysis to enable an effective publicity approach to be devised can serve as a starting-point for a drive of this kind to encourage employment, and hence stimulate sales, of steel. The High Authority is accordingly considering commissioning fundamental research on semantics as a basis for really well-thought-out and striking advertising; the findings would be then duly passed to the steel industries of the Community.

*International Housing Design Competition*

183. As part of its campaign to promote steel utilization, the High Authority in October 1965 announced a competition for the best design for a prefabricated dwelling.<sup>1)</sup> The object is to interest architects with ideas in furthering progress in the building sector by means of new designs and industrialized building methods. More extensive use of prefabricated building components could be a quick and economical means of reducing the serious housing backlog.

It was one of the conclusions of the 1964 Congress on Progress in Steel Construction that in the present state of technology the increased use of steel components (load-bearing structures, roofs, door and window frames, staircases, inside and outside walls, floors, etc.) would help to bring down building costs. The industrialization of the building trade would enable greater advantage to be taken of the special properties of steel, since steel was especially suited to automated fabrication. Accordingly, the competition is intended to bring home to architects the wide range of design possibilities steel affords and its ease and convenience to work with. The High Authority for its part expects the competition to throw some light on the still outstanding problems of mass production in building, and also hopes to gain a certain amount of guidance with regard to the research needed on industrialized methods of residential building. It is

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<sup>1)</sup> See *J.O.*, No. 163/65.

planned after the competition to sponsor and part-finance, in accordance with Article 55 of the Treaty, a number of pure and applied research projects on aspects considered to require further study.

Competitors are asked to submit designs for a dwelling suitable for a family of five in any Community country. The load-bearing structures, floors and door and window frames must be of steel, and the whole must be a light metal construction consisting of industrially fabricated components: keeping a number of basic components the same, it must be possible by combining these with various others to produce a dwelling that can be adapted in the actual building to assume a certain appearance of individuality. Both the basic and the additional components must be industrially produced. For costing purposes competitors are to base their estimates on the construction of 10,000 such dwellings a year.

The competition is organized in two stages: in Stage 1 the entries will be judged purely on the merits of the general idea, and in Stage 2 the competitors whose work is considered the best in this regard will be asked to go further into the technical details of their designs. The sum of 80,000 dollar units of account has been set aside for prize money and defrayment of competitors' expenses.

The panel of judges comprises architects, scientists, engineers, senior civil servants and representatives of the steelmaking and constructional steel-work industries from both inside and outside the Community.

To judge by the number of intending entrants, the competition looks like being a major success: by the closing date, December 31, 1965, over 3,000 architects in 50 countries had registered.

#### *1965 Steel Congress*

184. The High Authority's second Steel Congress, this time on "Progress in Steel Processing," held from October 26 to 28, 1965, was attended by some 1,200 delegates from 44 countries. The presence of large numbers of technologists and scientists from non-Community countries was a clear indication that the Luxembourg Steel Congresses are by now a recognized world event.

185. The Congress's main subject was divided under five heads, which were dealt with by four Working Parties and a Special Committee.

#### (1) *Working Party on Industrial Design*

The choice of industrial design as one of the themes for the Congress is indicative of the interest taken by the steel sector in this comparatively

new science. The Working Party first discussed the function of the designer, and emphasis was laid on the point that he could do his work properly only as a member of a team, on a basis of shared responsibility with the engineer and the management.

The Working Party then went on to consider problems in connection with prefabricated structures.

(2) *Working Party on Surface Treatment of Steel*

It was made clear that in the matter of surface treatment there was an increasing tendency to discard empirical methods in favour of a scientific approach, and more particularly of electrochemical processes. This was making for more effective surface protection as regards the quality and strength of the products, and hence for reductions both in the processing costs and in the weight of the material (basis metal plus coating) to be used for any particular purpose.

The Working Party emphasized that consumers and producers should consult together frequently and in detail concerning the end products required, in order to avoid the use of those which were specially difficult and costly to make, and the consequent unnecessary expense.

(3) *Working Party on Cold Forming of Steel*

Since the iron and steel industry had so considerably extended its production range, it was felt to be to the interest of steelmakers and steel processors alike to turn out products of such quality as could be employed for all forming techniques and even for all special applications.

The Working Party particularly emphasized the importance of the cold-forming processes. Research was now also in progress, it was reported, on improvements to methods of forming plate and sheet, and on ways of making steels of higher and higher ductility.

(4) *Working Party on Modern Jointing and Assembly Methods*

Attention was drawn to the fact that criteria as to the quality characteristics required of steels varied widely according to the different types of design and purpose in steel construction, the more so as the trend was increasingly in the direction of ultra-bold design, high-strength steels and very considerable working stresses.

(5) *Special Committee on Problems of Steel Utilization in Emergent Countries*

The Committee heard a number of papers contributed by leading figures in the emergent countries, and unanimously sympathized with these



countries' anxiety to industrialize. This it considered could best be achieved by co-operation between them and the countries already developed industrially.

#### *Results of the 1965 Congress*

186. Once again, one of the most important immediate achievement of the Second Steel Congress was to bring together experts from the fields of steel-making, steel processing and steel utilization, as well as representatives of the still comparatively new discipline of *industrial design*, for an intensive discussion on ways and means of ensuring the better and more efficient use of steel for a whole range of different purposes. On this occasion, moreover, the Congress did not confine itself to aspects of concern only to European industry, but for the first time included a Committee dealing specifically with steel processing and utilization in the emergent countries of the world.

Two subjects which had already been raised at the previous Congress, and whose importance extends well beyond the building sector as such—*surface treatment of steel and modern jointing and assembly methods*—were discussed in greater detail from a number of technical angles.

The findings of the Congress Working Parties were presented at the closing session, together with a statement of the conclusions to be drawn by the High Authority for its own activities. Suggestions included the following.

#### *Modernization and co-ordination of standards and testing methods*

187. Better relations could be established between producers and consumers by eliminating vagueness in the designation of steel qualities. The present differences in this regard, moreover, impair the transparency of the Common Market. Consumers would find it much easier to select the precise qualities they require if the quality designations were standardized.

The High Authority was therefore urged to press ahead with the drawing-up of the Euronorms, and in particular to publish quality standards for finished rolled products.

The Congress also asked that *corrosion-testing methods* should be standardized, and that in doing so special efforts should be made to ensure correlation between the test results and the utilization properties of the metal. Once uniform rules were in force, the various European corrosion-testing stations would be

able to carry out their experiments under comparable conditions, and the consumer would be better placed to decide which quality of steel was the most appropriate for his particular purpose.

### *Information*

188. The High Authority was also urged to help see to it that more was done to *cultivate sales outlets* for steel and to *keep consumers informed* concerning the many and varied uses of steel. More intensive technological consultation with designers and processors would open up new fields of utilization for steel. The information and promotion work should cover not only the technical properties of the different steel qualities, such as their formability and weldability, but also the technical and economic potentialities of new processing techniques such as cold forming.

Again, this ambitious programme makes considerably greater demands on the salesman. It was therefore suggested that the High Authority might organize seminars to help train appropriately-qualified sales executives.

The Congress also felt that the High Authority's information activities should be directed not only at the sales branch but at the technical side. While the High Authority could not of course take over the job already being performed by a number of specialized institutes and associations, it could well make itself responsible to some extent for disseminating relevant data and new research findings, through specialist working parties or through seminars on very specific technical fields such as the results of research on welding techniques.

The Working Party on Industrial Design put up the suggestion that the High Authority should institute an award for the most pleasingly and functionally designed industrial product of steel, as an inducement to designers to devote more attention to the possibilities of steel as medium.

### *Technical research*

189. Other proposals, of interest both to steelmakers and to processors, concerned :

- (1) pure research on industrial design, aimed at systematization of product planning to make the functions and desired lines of the products more clearly apparent, and also including the establishment of criteria for the structural and functional redesigning of products;

- (2) development of steels usable as they stand by architects and designers, without further surface protection;
- (3) improvement of surface protection and development of economic processes;
- (4) improvement of corrosion-resistance by the development of a low-alloy steel;
- (5) research on the improvement of quality by cold forming (particularly cold forging);
- (6) improvements to existing cladding methods.

### *Training*

190. The point was made at the first Congress that architectural students were not taught enough at college about steel, and the same was true of students of industrial design. It was accordingly suggested that a students' competition should be organized, as a means of making them better acquainted with steel and its uses.

According to a statement to the Special Committee, one reason why steel was not being more used in the emergent countries was the shortage of skilled workers. The Congress therefore urged that the High Authority should first of all help to create a nucleus of skilled labour in these countries, and appeal to the Community industries to make their technical knowhow available for use there.

191. The High Authority is now examining what possibilities the Treaty affords it for following up the Congress's recommendations. Such measures as it considers fall properly within its terms of reference will then, where appropriate, be included in its programme for the promotion of steel consumption.

Meantime the decision has been taken to convene a third Congress in Luxembourg from October 26 to 28, 1966, this time on the subject "Steel in Agriculture." Preparations are also being begun for the fourth Congress in 1967, on "Steel in the Chemical and Petrochemical Industries."

### Section 3 : Implementation of the Rules of Competition

#### GENERAL REMARKS

192. In the corresponding subsection of last year's Report,<sup>1)</sup> the High Authority, after referring readers to material already published by it<sup>2)</sup> on the subject of its policy regarding cartels and concentrations, drew attention to certain current problems in the outstandingly important field of Community policy on competition. These included the structural changes going on in conditions of competition, exemplified in particular by the emergence of "competition by substitution," and the complications introduced with regard to industrial concentrations by technological developments and the shift in the general pattern of competition.

As will be seen from the following accounts of the individual cases, steps taken by enterprises to meet the situation have included some measures — specialization agreements and concentrations — requiring authorization under Articles 65 and 66 of the Treaty. In all cases dealt with to date the High Authority has been able to approve the applications, subject, as in the past, to such conditions as it has thought necessary.

193. In weighing up each projected concentration, the High Authority makes a separate assessment of any social implications it may have, more especially as regards employment; an internal decision to this effect was taken at the end of 1965. So far no concentration between E.C.S.C. enterprises has resulted in serious hardship, but the fact remains that both the trend towards concentration and the scale of the individual concentrations themselves are very much on the increase. The precautions referred to will enable the High Authority, where necessary, to notify those concerned that arrangements will need to be made to safeguard the interests of the workers, and will at the same time strengthen its own hand in the matter of readaptation, redevelopment and so on.

194. As well as applying the rules of competition in individual cases, the High Authority went ahead with its efforts to devise improved methods for analysing competition and the effects of cartellization and concentration in

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<sup>1)</sup> See *Thirteenth General Report*, No. 198.

<sup>2)</sup> *La C.E.C.A. 1952-1962. Les dix premières années d'une intégration partielle. Résultats - Limites - Perspectives* and *Bulletin de la C.E.C.A.* No. 47.

oligopolistic markets such as those for coal and steel and for the main substitute products. These studies, which are being conducted in consultation with noted specialists in scientific market research, are still in progress.

195. The parallel, and closely connected, studies in preparation for bringing High Authority Decision No. 25/54, concerning reference levels below which prior authorization for concentrations is not required, into line with present circumstances are now well advanced. All the indications are that the High Authority will shortly be in a position to submit its proposals in this regard to the Council of Ministers, whose agreement is needed before the Regulation drawn up under Article 66,3 can be promulgated.

### CARTELS

#### *Buying and selling organizations*

##### *The Ruhr coal-selling agencies*

196. Prof. Müller-Armack, who had been commissioned to make an inquiry into the operation of the selling agencies,<sup>1)</sup> submitted his General Report and a number of supplementary reports in the first half of 1965. These enabled the High Authority to complete its promised investigation as to whether the structure and functioning of the selling agencies were still in accordance with the conditions stipulated for their original authorization.<sup>2)</sup>

197. The findings of the Müller-Armack reports and of the High Authority's investigation, which relate mainly to two coal years, are as follows.

- (a) With regard to the structure of the agencies, the points checked were (i) the effectiveness of their organizational separation, the essential precondition for their independence of one another, (ii) the effects of their co-operation in the joint companies (Treuhand and Beratung), and (iii) their relations with major buying and distribution agencies.
- (b) No evidence was found that the mining companies' co-operation in the joint Ruhr coal-selling arrangements was such as to interfere with the independence of the two agencies. The same was true of the agencies' relations with the major buying and distribution organizations. The

<sup>1)</sup> See *Thirteenth General Report*, No. 200.

<sup>2)</sup> Item 39 of the grounds enumerated for Decisions Nos. 5/63 and 6/63 (*J.O.*, No. 57/63).

High Authority intends, however, to examine further the direct relations between south German buyers and the agencies, and the position of the Oberrheinische Kohlenunion.<sup>1)</sup>

- (c) The sales pattern of the two agencies shows differentiations according to area and according to size of buyer. Also, the collieries affiliated to one of the agencies consume a higher proportion of their own coal, and are therefore less dependent on sales in the market than those affiliated to the other agency.
- (d) In addition to the agencies' structure, the High Authority investigated their market behaviour since their authorization early in 1963. The object was in particular to determine whether they were operating independently of one another in marketing their products. The investigation was concentrated on their sales and price policy and, especially, their practice in the matter of price alignment.
- (e) Both agencies' sales appreciably declined in the coal years 1963-64 and 1964-65, in consequence of stiffening competition from other energy sources, particularly fuel oil. The shrinkage was rather more marked in one case than in the other.
- (f) The schedule prices of the two agencies have remained roughly the same. For some grades real price differences exist, but the tonnages concerned are comparatively small.
- (g) Sales on the basis of price reductions and alignment rebates have worked out, overall, about the same for both agencies.
- (h) There are some indications that the agencies' sales practice is diverging, notably at district office level. This tendency is favoured by the fact that consumers renewing long-term contracts for large tonnages are forming the habit of negotiating with the agencies separately, in order to make the most of their position as big customers and of the competition between the two agencies.
- (i) Overall, then, the agencies' market behaviour with regard to published prices and conditions of sale, and to alignments and other reductions, is to a great extent parallel. This cannot, however, be shown to be the result of illicit agreements or concerted practices. It must be borne in mind that the Treaty's rules on price publication tend to produce a certain rigidity in schedule prices. Moreover, the agencies have not been in

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<sup>1)</sup> See No. 199 below.

existence for very long, and the investigation of their market behaviour had therefore to be confined to two coal years—years in which their sales, like those of the other Community producers, were largely governed by extraneous factors, namely the lower prices of third-country coal and fuel-oil.

- (j) In view of the foregoing, the High Authority is satisfied that the two agencies cannot be considered as forming a single entity, and that both are still operating in accordance with the requirements of Article 65,2,c.

198. Since the other requirements of Article 65,2 are also still being met, the High Authority approved the agencies' application for the extension of their authorizations, including the inspection stipulations, for a further two years, to March 31, 1968. Particulars will be found in the list of grounds for Decisions Nos. 17/65 and 18/65.<sup>1)</sup>

*Oberrheinische Kohlenunion (O.K.U).*

199. The appeal by the Société Rhénane d'Exploitation et de Manutention ("Sorema")<sup>2)</sup> was dismissed by the Court of Justice in a Judgment of June 2, 1965. The Court thereby upheld High Authority Decision No. 15/64 terminating Sorema's entitlement to belong to the south German wholesalers' joint-selling network, and so officially acknowledged the principle that affiliation to an arrangement requiring authorization under Article 65,2 is barred to companies or other bodies not operating in the relevant field. Sorema thereupon duly withdrew.

*Comptoir belge des charbons ("Cobechar")*

200. Joint selling of coal by various Belgian collieries through their agency the Comptoir Belge des Charbons had earlier been authorized to continue up to December 31, 1965.<sup>3)</sup> The affiliated companies recently agreed to extend this arrangement for four years.

The composition of Cobechar has meantime altered somewhat, with the departure of the collieries which have ceased production and sold off their stocks, and the addition of two new members, Beerigen and Zolder. The aggregate

<sup>1)</sup> See *J.O.*, No. 221/65.

<sup>2)</sup> See *Thirteenth General Report*, No. 201, and No. 22 above.

<sup>3)</sup> See *Eleventh General Report*, No. 343.

production of the present members now represents 92% of the Belgian and 8% of the Community total, or, broken down by areas, 85% of the Campine's output and the whole of the Southern coalfields'.

Since, however, the collieries retain over 50% of their production for their own consumption and for direct sales, the tonnages marketed through Cobechar remain small in comparison with those handled by other selling agencies in the Community. In view of the competitive position of Belgian coal in the Common Market, the conditions in consideration of which joint selling was originally authorized have not changed, even with the affiliation of the two previously independent companies.

Accordingly, the High Authority issued Decision No. 1/66, of January 27, 1966,<sup>1)</sup> permitting the joint-selling arrangement in its new form to continue up to December 31, 1969, subject to the same conditions as before,<sup>2)</sup> and to certain changes in the declaration procedure required of Cobechar.

### *Specialization agreements*

#### *Salzgitter Hüttenwerk AG./Ilseder Hütte*

201. The High Authority had earlier, by Decision No. 7/62,<sup>3)</sup> authorized a specialization and joint-selling agreement between the two German enterprises Salzgitter and Ilseder Peine, under which Salzgitter, possessing a wire-rod mill while Peine did not, was to sell the rod produced in this mill from its own billets in its own name and behalf, and that produced from Peine billets in Peine's. For tax reasons, the two enterprises have now set up a joint agency, the Walzdrahtverkaufsgemeinschaft Salzgitter Hüttenwerk AG./Ilseder Hütte, Peine, which is managed by Salzgitter and sells the rod in its own name on behalf of both.

The High Authority authorized these changes in the agreement by Decision No. 9/65, of July 14, 1965.<sup>4)</sup>

#### *Stab- und Formstahl Kontor, Essen*

202. By Decision No. 11/65, of July 21, 1965, the High Authority authorized a specialization and joint-selling agreement relating to merchant bars and

<sup>1)</sup> See *Eleventh General Report*, No. 343.

<sup>2)</sup> See *J.O.*, No. 20/66.

<sup>3)</sup> See *Eleventh General Report*, No. 345.

<sup>4)</sup> See *J.O.*, No. 133/65.



sections,<sup>1)</sup> a step of some importance in the context of the current endeavours to increase enterprises' productivity by co-operation or concentration.

Under the agreement, four very large German steel firms, Dortmund-Hörder Hüttenunion AG., Hoesch AG., Hüttenwerk Oberhausen AG. and Mannesmann AG., are to pool and reallocate their orders for merchant bars and sections in order to make up larger rolling batches and so help ensure more economic utilization of their rolling capacity.

The terms of the agreement are in substance as follows.

Every three months a rolling schedule will be drawn up taking into account the capacities and schedules of the associated companies' bar and section mills, their deliveries over the previous calendar year, the prevailing market conditions and the cost advantages of the different bar and section mills, and laying down the tonnage, size or range of sizes, and quality for each mill. The joint rolling schedule is to be so arranged that each of the associates in turn is able to roll the sizes and qualities it had regularly done in the past, and so maintain its delivery schedule.

For the purposes of the agreement, the associates have set up a registered administrative office named the Stab- und Formstahl-Kontor G.m.b.H., which can claim reimbursement of its running expenses but is not entitled to a share of profits.

Orders placed with the associates for the supply or production of steel products coming under the agreement are sent to the Kontor, which while taking due account of customers' expressed wishes allocates them among the associates in accordance with the rolling schedule and state of the order-books. The associates confirm receipt of the orders so allocated direct to the customer on the basis of their prices and conditions of sale, and execute them without further reference to the Kontor.

The associates are under obligation to accept the orders allocated them and to abide by the rolling schedule, though they may decline an order for business reasons, *e.g.* if the customer is deemed to be a bad credit risk.

The agreement is to run up to December 31, 1967, and to be self-renewing for two-early periods unless denounced by one of the associates.

As regards the agreement's compatibility with Article 65,2, the High Authority's conclusions are as follows.

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<sup>1)</sup> See *J.O.*, No. 149/65.

With regard to production, the associates are required to adhere to the rolling schedules to be drawn up under the agreed rules. For a specified period during each quarter, each associate has so far as the products covered by the agreement are concerned to confine itself to a narrower range of sizes and qualities than it previously did, and to abstain from rolling other sizes and qualities which are being produced by the other associates during the period in question. In consequence of the system of grouping the tonnages ordered into batches, this means that the bar and section production of each associate is temporarily, in rotation with the other associates, specialized within one particular sub-range of sizes and qualities out of the much more extensive range covered by the joint rolling schedule as a whole.

Since each associate, as its turn comes round, is able to roll its usual sizes and qualities, none of them can be said to be specializing in a particular production line for the whole duration of the agreement, but only at regularly recurring intervals. In this respect the arrangement differs from the standard type of specialization agreement: it can, however, be considered as "strictly analogous thereto" within the meaning of the Treaty, since it is similar in character and for the duration of each rolling schedule produces similar effects.

With regard to distribution also, the effect is to restrict competition among the associated companies. While it is true that the actual marketing is still done separately by each on its own behalf, the agreement requires all orders received by any of them for the products in question to be forwarded to the Kontor for allocation, with the result that the Kontor has a full picture of the whole flow of relevant orders. The consequence of the allocation arrangement is, in effect, that the associates form a single unit *vis-à-vis* their customers, and further, that no real differences among them are possible as regards pricing, alignment rebates and delivery terms.

To this extent the arrangement must be regarded as a joint-selling agreement or "strictly analogous thereto."

For the purposes of Article 65,2, then, the High Authority found that

- (a) the arrangement is calculated to "contribute to a substantial improvement in production and distribution", provided that the joint rolling schedules are in fact drawn up in accordance with the stated criteria and that the allocation of orders offers customers a wide range of products and short delivery dates;
- (b) it is "essential to the achievement of these results, and is not more restrictive than is necessary for that purpose," inasmuch as the rolling batches could not be thus increased without a joint rolling

schedule, and the schedule could not be organized without a central administrative office;

- (c) in view of these circumstances, the relevant market for the products covered by the agreement is to be taken as comprising the whole territory of the Community, within which the four associated companies account among them for approximately 8.6% of total sales of merchant bars and 10.7% of total sales of sections.

To enable itself to ascertain later on whether the agreement actually is making for more efficient production and distribution and the authorization can therefore be left in force, the High Authority made it a condition that the four companies should report to it within three months of the completion of each business year what results have been achieved.

### *Service of certain decisions on employers' federation*

203. On February 3, 1965, the High Authority issued Decision No. 1/65,<sup>1)</sup> instituting an arrangement whereby Decisions relating to the extraction of information or organization of spot-checks under Article 65 may be served on the appropriate employers' federation instead of on the individual enterprises, such service to be effective in respect of all enterprises belonging to the federation at the time when the Decision in question was issued.

## CONCENTRATIONS

### *Coal/coal*

#### *Eschweiler Bergwerks-Verein/Gewerkschaft Carl-Alexander*

204. On February 17, 1965, the High Authority gave its permission for Eschweiler Bergwerks-Verein, Kohlscheid (E.B.V.), to acquire the whole of the shares in Gewerkschaft Carl-Alexander, Baesweiler. Carl-Alexander together with a firm of coal dealers controlled by it was thus absorbed into E.B.V., which is itself controlled by the ARBED group; in consequence ARBED's share of total Community coal production as calculated by the 1963 figures was slightly increased to 4.7%. The position as regards coking coal was not affected, as Carl-Alexander produces none, while its production of special coke is too small to be of relevance in assessing the effects of the concentration. ARBED's situation *vis-à-vis* other coal producers was not materially altered, nor was the

<sup>1)</sup> See *J.O.*, No. 27/65.

coke supply position of the ARBED steel plants. There was therefore no objection to the concentration from either the horizontal or the vertical point of view.

With the take-over of Carl-Alexander by E.B.V., the authorization granted in 1954 by the High Authority for the joint selling of coal and coal products through Aachener Kohlen-Verkauf G.m.b.H. became nugatory and was allowed to lapse.

*Vereinigte Elektrizitäts- und Bergwerks AG. (VEBA)/Hugo Stinnes AG.*

205. By a decision of April 28, 1965, the High Authority gave permission for VEBA to acquire approximately 80% of the share capital of Stinnes. VEBA is a holding company owned exclusively by the Federal Republic of Germany; the latter directly controls the Saarbergwerke and the Salzgitter company which in its turn controls a number of collieries direct and certain other collieries and firms of coal dealers, including Bergwerkgesellschaft Hibernia AG., through VEBA. Hugo Stinnes AG. controls the colliery company Mathias Stinnes AG. and its distribution subsidiaries.

The concentration brings the share of the Government-controlled enterprises in total German production, in 1963 figures, up from 24.6 to 27.2% for coal, from 16.8 to 18.5% for coke, and from 4.4 to 20.4% for briquettes.

The High Authority satisfied itself that the enterprises concerned were in competition with other Community and non-Community coal producers and with firms marketing alternative fuels. This being so, its conclusion was that the concentration entailed no consequences incompatible with Article 66,2 of the E.C.S.C. Treaty.

*Steel/steel*

*Denain-Anzin/Nord-Est*

206. By a Decision of March 10, 1965, the High Authority gave permission for a merger between the Société Denain-Anzin and the Société des Forges et Aciéries du Nord et de l'Est (Nord-Est). These were two holding companies each possessing 40% of the share capital of the steel firm Usinor, and so jointly controlling it; in addition, by similar participations, they also jointly controlled a number of steel-processing enterprises and firms of steel dealers. Each of them was concentrated with the enterprises jointly controlled, but there was no concentration either between the two themselves or between enterprises

(iron-ore mines, steelmaking plants, steel-processing plants, steel dealers) controlled only by one of them. The projected merger therefore required authorization : the necessary conditions were, however, fulfilled, since

- (a) competition between them was in any case restricted, if not rendered impossible, by their joint control of Usinor and consequent concerting of their business arrangements outside as well as inside the sphere of Usinor itself;
- (b) the concentration would result in only very minor increases in the shares of pig-iron, crude-steel and rolled-steel production : the only new element was their joint holding of iron ore, and even there the share of total Community ore production was only about 6%;
- (c) the Denain-Anzin and Nord-Est enterprises were not consumers of one another's products.

*Nord et Lorraine/Saulnes et Gorcy (joint subsidiary)*

207. On November 25, the High Authority approved the joint formation of the Société des Hauts-Fourneaux Réunis de Saulnes et Uckange, Paris, representing a reorganization of the operations of the two companies Forges et Aciéries de Nord et Lorraine and Hauts-Fourneaux de Saulnes et Gorcy, both of Paris, in connection with the mining and sintering of iron ore and the production of foundry and steelmaking pig-iron and their by-products.

Nord et Lorraine is to be absorbed bodily, retaining only its share certificates, with the exception of those relating to the operations of the new company Saulnes et Uckange. Saulnes et Gorcy will turn over its pig-iron production to the new subsidiary, but will continue to own and operate its rolling-mills, wire-drawing works and foundries, together with its mine at Sancy, and also retain the greater part of its portfolio.

The new company will have a total capital of Ffr. 50,000,000.

The High Authority in assessing the implications of the project had to take into account

- (a) that Nord et Lorraine was controlled by the holding company Denain-Anzin et Nord-Est,<sup>1)</sup> and therefore already concentrated with it and with its subsidiaries, notably Usinor;
- (b) that Saulnes et Gorcy was controlled by the Lorraine-Escaut group.

<sup>1)</sup> See No. 206 above.

The combined iron-ore production of the whole concentration works out at approximately 20% of the Community total, and its combined production of steelmaking and foundry pig to less than 10%.

In view of these figures, and of the various other circumstances, it was considered that the requirements of Article 66,2 were fulfilled.

*Arbed/Hadir*

208. Aciéries Réunies de Burbach-Eich-Dudelange applied on November 17, 1965, for authorization to acquire a majority holding in Hauts-Fourneaux et Aciéries de Differdange-St. Ingbert-Rumelange. It was specially requested that the High Authority should give a ruling by January 1, as the operation had to be completed by that date for fiscal reasons.

On the strength of a provisional assessment, the High Authority replied on December 16 that the authorization would be forthcoming subject to certain conditions; if the shares were acquired before this happened, it could be granted retrospectively under Article 66,5,1 provided ARBED complied with the stipulations it contained.

Particulars of the concentration will be supplied in the usual way after authorization.

*Steel/steel processing*

*Friedrich Flick KG./Stahlwerke Südwestfalen AG.  
Friedrich Flick KG./Daimler-Benz AG.*

209. Both concentrations were authorized by a Decision of March 3, 1965. The High Authority took the view that the concentration with Südwestfalen was, so far as crude steel, semis and ordinary rolled steels were concerned, either complementary in character or calculated to increase only slightly the two enterprises' combined share in total production. As regards dynamo sheet and special steels, the relevant markets for which are varyingly evaluated, their shares were somewhere between 12% and 23%, but in view of the number and size of the other producers and the special purchasing and delivery conditions in these markets this was considered to be no obstacle to the granting of the application.

Daimler-Benz and its various motor-vehicle and motor-engine manufacturing subsidiaries are big but not unduly big consumers of the two steel firms'

products, so that the concentration cannot be said to infringe Article 66,2 by "establishing an artificially privileged position involving a substantial advantage in access to supplies or markets."

*Châtillon/Tissmétal*

210. In October 1964, Aciéries et Tréfileries de Neuves-Maisons Châtillon, of Paris, and Tissmétal, Lionel-Dupont, Teste & Cie, of Lyons, set up a new limited company, Châtillon-Tissmétal, in Paris.

Châtillon is a steelmaking firm controlled by Forges de Châtillon, Commeny et Neuves-Maisons, another steel-producing enterprises which also controls a number of other enterprises within the meaning of Article 80 of the Treaty. Tissmétal, which produces more particularly wire gauze and netting, does not come under Article 80.

The new company will, among other things, make and process wire products. The founder enterprises have transferred to it plants for the production of hard wire and cables, with the appropriate materials and equipment, and Châtillon has also contributed an 80% interest in the firm of P. Gruhier & Cie, manufacturers of metal bedsteads. In return Châtillon has been allocated approximately 61% and Tissmétal 39% of the shares in Châtillon-Tissmétal.

Châtillon-Tissmétal is thus concentrated with Châtillon and the group controlling Châtillon, and also with Gruhier, since although Châtillon-Tissmétal is a joint venture, only Châtillon itself controls Gruhier.

Tissmétal takes about 15% of Châtillon's production of wire rod. Given the stiff competition in the wire-rod sector in France and in the Common Market generally, there was considered to be no objection to the concentration as regards compatibility with Article 66,2. The High Authority therefore endorsed the new arrangement, and did not fine the two enterprises under the Article, as they had not knowingly infringed it.

*Pompey/Forges de Bar-sur-Aube*

211. At the end of 1964, the steel-processing firm Société Lorraine de Forgeage ("Lorforge"), itself already concentrated, by a joint-control arrangement, with Aciéries de Pompey, merged with another steel-processing enterprises, Forges de Bar-sur-Aube, to form a new company, Bar-Morforge. This constituted a concentration within the meaning of Article 61,1 between Pompey and Forges

de Bar-sur-Aube, which was effected without the necessary prior High Authority permission; it could not, however, be shown that the enterprises had disregarded the Article deliberately.

In assessing the concentration, the High Authority considered more particularly the amounts of special steels produced by Pompey and the amounts consumed by the two processing enterprises. Its conclusion was that consumption of Pompey products within the Pompey group would be increased by the concentration from 20% to 25% : this would not, either in itself or in comparison with similar groups within the Common Market, constitute the "artificially privileged position involving a substantial advantage in access to supplies or markets" which Article 66,2 is designed to prevent.

The High Authority therefore, by a Decision of December 15, 1965, authorized the concentration, without taking disciplinary action under Article 66,5.

#### *Other cases*

212. The High Authority in addition passed a number of other applications relating to concentration projects the impact of which on competition in the Common Market was too limited for detailed particulars to be necessary here. These were.

- (1) Braunschweigische Kohlenbergwerke/Braunschweigische Kohlenhandels-gesellschaft Ring & Co., a coal wholesale firm in Hamburg (authorized on February 3, 1965);
- (2) Saarbergwerke AG./Gebr. Kiessel G.m.b.H., a coal wholesale firm in Saarbrücken (authorized on February 3, 1965);
- (3) Mannesmann-Rohrleitungsbau G.m.b.H./ a small mechanical engineering enterprise in south Germany (authorized on March 31, 1965);
- (4) Union sidérurgique lorraine/Société industrielle de laquage et produits anticorrosion, Marxheim (authorized on April 28, 1965);
- (5) Gebr. Kiessel G.m.b.H. (Saarbergwerke AG.)/Geraldy Kohlen und Baumaterialien G.m.b.H. (authorized on May 26, 1965);
- (6) Vereenigde Utrechtsche IJzerhandel N.V./N.V. Financiërings- en Beleggings-Maatschappij Nijkerk, Amsterdam, a concentration in the scrap trade (authorized on May 26, 1965);
- (7) Société des forges et ateliers du Creusot, Paris/Acciaierie Röchling S.p.A., Milan, special-steels wholesalers (authorized on July 14, 1965);



- (8) Denain-Anzin et Nord-Est/Société lorraine des produits métallurgiques, Société nouvelle de métallurgie and Société lorraine des aciers spéciaux, all steel wholesale firms (authorized on July 21, 1965);
- (9) Hansen, Neuerburg & Co. G.m.b.H., Essen/Opfermann und Rudolph G.m.b.H., Kassel, fuel merchants (authorized on September 29, 1965);
- (10) Société des mines d'Anderny-Chevillon, Paris/concession of the iron-ore mine at Sancy (authorized on November 25, 1965);
- (11) Friedrich Krupp, Essen/Spinnbau G.m.b.H., Bremen, makers of spinning machines (authorized on November 25, 1965);
- (12) Heinr. Aug. Schulte Eisenhandlung G.m.b.H., Dortmund (Handelsunion AG.)/Richard Auffermann KG., Düsseldorf, steel merchants (authorized on November 25, 1965);<sup>1)</sup>
- (13) Société de construction et de galvanisation de Montataire, Paris (Usinor)/Société Le Phénix, Rousies, makers of tinned sheet (authorized on November 25, 1965).<sup>2)</sup>

#### CASES TAKEN UP AND CASES DISPOSED OF

213. Tables 42 and 43 give breakdowns of the cases handled by the High Authority under Articles 65 and 66 respectively from the introduction of the Common Market to January 31, 1966.

#### FRENCH OFFICIAL REGULATIONS GOVERNING PURCHASES OF COAL FROM OTHER COMMUNITY COUNTRIES

214. The High Authority continued to exercise supervision, through its former Member M. Léon Daum, over the activities of the Association Technique de l'Importation Charbonnière (ATIC) with regard to the purchase and carriage of coal from other Community countries.

No particular problems arose during 1965. At the end of the financial year M. Daum drew up his regular report for submission to the High Authority.

#### SPOTCHECKS ON COMMUNITY ENTERPRISES

215. Spot-checks on E.C.S.C. enterprises continued to be carried out for compliance with the Treaty's provisions concerning the levy, pricing, cartels and concentrations, and declaration of investment projects.

<sup>1)</sup> See *Thirteenth General Report*, No. 225.

<sup>2)</sup> Project since temporarily deferred.

TABLE 42

Cases under Article 65

(Position as at January 31, 1966)<sup>1)</sup>

Country	Taken up	Disposed of					Total
		Authorized	Prohibited	Article 65 not applicable	Cartels voluntarily dissolved	Otherwise handled <sup>2)</sup>	
(1) Cases examined following application for authorization							
Germany (Fed. Rep.)	45	20	1	10	2	1	34
Belgium	17	6	—	7	2	—	15
France	47	6	—	22	—	—	28
Italy	12	2	—	6	—	—	8
Netherlands	4	—	1	1	1	—	3
Total	125	34	2	46	5	1	88
(2) Cases examined by the High Authority on its own initiative							
Germany (Fed. Rep.)	63	1	3	49	1	—	54
Belgium	9	—	—	4	—	—	4
France	35	—	—	15	1	—	24
Italy	4	—	1	2	—	8	3
Luxembourg	1	—	—	—	1	—	1
Netherlands	7	—	—	5	—	—	5
Community	3	—	—	—	—	—	—
Total	122	1	4	75	3	8	91
Grand total	247	35	6	121	8	9	179

<sup>1)</sup> For explanations concerning arrangement of the tables, see *Ninth General Report*, No. 288.

<sup>2)</sup> The category "otherwise handled" also covers cases held in abeyance pending receipt of further particulars.

TABLE 43

**Cases under Article 66**  
(Position as at January 31, 1966)

Country	Taken up	Disposed of					Total	
		Authorized	Examined under Article 66	Concentrations effected before signing of Treaty	Exempt of other regulations implementing Article 66,3	Article 66 not applicable		Otherwise handled <sup>1)</sup>
(1) Cases examined following application for authorization								
Germany (Fed. Rep.)	92	57	—	3	—	12	2	74
Belgium	20	8	—	2	2	5	—	17
France	70	25	1	—	1	13	1	41
Italy	5	2	—	—	—	2	1	5
Luxembourg	5	2	—	2	—	—	—	4
Netherlands	1	1	—	—	—	—	—	1
Community	5	2	—	1	—	—	—	3
<b>Total</b>	<b>198</b>	<b>97</b>	<b>1</b>	<b>8</b>	<b>3</b>	<b>32</b>	<b>4</b>	<b>145</b>
(2) Cases examined by the High Authority on its own initiative								
Germany (Fed. Rep.)	30	3	—	2	1	16	3	25
Belgium	16	—	—	—	1	11	—	12
France	19	2	—	2	1	11	—	16
Luxembourg	2	—	—	1	—	1	—	2
Netherlands	2	1	—	—	—	—	—	1
Community	2	—	—	—	—	2	—	2
<b>Total</b>	<b>71</b>	<b>6</b>	<b>—</b>	<b>5</b>	<b>3</b>	<b>41</b>	<b>3</b>	<b>58</b>
<b>Grand total</b>	<b>269</b>	<b>103</b>	<b>1</b>	<b>13</b>	<b>6</b>	<b>73</b>	<b>7</b>	<b>203</b>

<sup>1)</sup> The category "otherwise handled" also covers cases in which applications were withdrawn or the projects dropped.

### *Coalmining industry*

216. The system of checking which was introduced in 1959 in respect of Belgian collieries at the request of the Belgian Government has been extended in the last couple of years to all collieries throughout the Community. It has been found, firstly, that the irregularities earlier brought to light were by no means confined to Belgium, and secondly, that the object was almost invariably to defend coal as such against better-placed competitors, rather than to do down other Community coal producers.

One notable irregularity is the sale of low-grade products not shown in the price schedules. These find few takers, are hard to classify accurately, vary quite considerably in quality, and in many cases are only intermittently produced, and the producers, understandably enough, have sought sometimes to dispose of them in ways not altogether in line with their published conditions of sale, thereby contravening their Treaty obligations.

Many producers have also been found to be granting quantity and fidelity rebates without applying to the High Authority for permission under Article 2,3 of Decision No. 4/53.<sup>1)</sup>

As regards price alignments, irregularities have occurred as a result, *inter alia*, of the inadequate particulars given in some price schedules and of the difficulty of complying strictly with the provisions (more especially the technical provisions) of High Authority Decision No. 3/58 laying down the rules for alignments on the prices of other coal producers within the Community.<sup>2)</sup>

217. Price checks were carried out in 1965 at 39 collieries and coal-selling agencies. Discussions followed with representatives of the producers concerned, thanks to which the High Authority was able to get quite a number of matters put to rights by appropriate alterations to the price schedules.

Disciplinary proceedings were instituted against two enterprises, which ultimately received severe admonitions.

Checks on production returns were carried out at 11 enterprises, to four of which the High Authority found it necessary to send its comments querying their figures.

<sup>1)</sup> See *J.O.*, No. 2/53.

<sup>2)</sup> See *J.O.*, No. 11/58.

*Iron and steel industry*

218. Price checks were carried out at 46 enterprises in 1965, and particulars concerning pricing secured from 53; the production returns submitted to enable the enterprises to be assessed for levy were examined at the same time.

The inspectors' reports, handed in after each check, indicate that in the present state of the market the most frequent irregularities are as follow.

- (a) Some enterprises infringe the alignment rules by aligning on insufficiently specific quotations. The Court of Justice in Judgment No. 16/61 clearly laid down that alignment on a competitor's schedule must be made at the time of quotation.<sup>1)</sup>
- (b) In aligning on competitors' schedules, enterprises fail to invoice certain extra charges included in the schedule in question, or they align in respect of specifications not so included, or they ship their products by rail and then invoice their customers for lower transport charges by water.
- (c) Some alignments on third-country quotations have not been disclosed to the High Authority in accordance with Article 60. In other cases, enterprises have not been able to show that effective competition actually was forthcoming from third countries.
- (d) A number of producers have failed to publish prices for certain products or qualities, thus making it impossible for anyone else to align on them.
- (e) Other illicit means have been employed by producers to favour individual customers, as for example by delivering higher-grade products than those shown in the invoice, or supplying first-class material in the guise of seconds, or themselves paying the transport costs to the customer's premises.

For one or other of these reasons, the High Authority was obliged either to fine or to admonish nine iron and steel enterprises.

At the end of 1965, in view of the steady decline in the prices of certain steel products owing to the imbalance between supply and demand, the High Authority caused a number of special extra inspections to be conducted in addition to the normal checks, in order to obtain a fuller picture of the enterprises' market behaviour.

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<sup>1)</sup> See *Recueil de la jurisprudence de la Cour* (Compendium of Community Case Law), 1962, Vol. VIII.

### Conclusions

219. Although the price checks carried out in the two industries have yielded a good deal of valuable information, they have not always been as effective as the High Authority could wish. This is because, while the Treaty requires the High Authority to see to it that the enterprises duly comply with Article 60 and with the implementing Decisions, it does not invest it with adequate powers for the purpose. Partial integration affords the enterprises all kinds of opportunities for engaging in transactions which it is impossible for the High Authority to evaluate fully by checking up direct on them itself.

Accordingly, the High Authority put it to the Co-ordinating Committee of the Council of Ministers that some system of co-operation between the national authorities and itself might usefully be introduced.<sup>1)</sup> Owing to the legal difficulties arising out of the laws and regulations in force in the different Community countries, the Co-ordinating Committee's *ad hoc* Sub-Committee on Price Information and Price Checks stated in reply that this suggestion could not be entertained for the present; it agreed, however, that the High Authority might inform the Governments concerned of specific cases in which national co-operation was felt to be necessary, and gave the assurance that the Governments would give such assistance as lay within their power. A first series of applications for assistance in this connection is in preparation.

Meantime the High Authority is continuing its efforts to get the matter finally settled. It fully realizes that the checks and disciplinary proceedings are not in themselves sufficient, nor were ever meant to be, to restore the coal and steel markets to normal: it will be necessary to integrate them into a series of other measures before any progress can be made in bringing the two markets back on to a sound footing.

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<sup>1)</sup> See *Thirteenth General Report*, No. 188.

## Section 4 : Transport

### PUBLICATION OF RATES AND CONDITIONS OF CARRIAGE

220. As has been noted in several previous Reports, the implementation of the High Authority's Recommendation No. 1/61, which enjoined the Governments to see to it that rates and conditions of carriage for coal and steel were properly made known to the extent necessary to the functioning of the Common Market, is a matter requiring quite some years of sustained endeavour.

Progress has, however, been made in all the member countries. In some of them, notably Belgium, Italy, Luxembourg and the Netherlands, special enactments or regulations had to be introduced for the purpose.

221. An account follows of the action taken or planned by the Governments during the year under review, and of the present position with regard to various still outstanding problems of concern to the High Authority in connection with both internal and cross-frontier carriage.

### *Federal Republic of Germany*

222. Previously undisclosed rates of the German State Railways for consignments of iron and steel products carried on certain runs between Germany and the Netherlands and between Germany and France have now been included in published tariffs, the former in a new edition of E.C.S.C. Tariff No. 1630, and the latter in E.C.S.C. Tariff No. 1334, which came into force on January 1, 1966.

Two other at present undisclosed rate schedules, for two traffic flows direct between member States not passing *via* third countries, are also to be published shortly.

223. With regard to internal medium-distance *road haulage* (hauls between 50 and 100-120 km.), rates and conditions for which are at present governed by a very wide maximum-and-minimum tariff, the Federal Government is planning to introduce arrangements for the publication of rates charged above or below a much more limited range within the tariff. The details of the new system are now being worked out.

*Belgium*

224. The law on *rail transport*, which had formerly required all carriage to be effected at fixed published rates, was amended on July 3, 1964, in line with the provisions for cross-frontier traffic of the new International Convention on the Carriage of Goods by Rails (C.I.M.), to permit the Belgian State Railways in future to conclude special undisclosed contracts both for internal and for international carriage.

The High Authority pressed the Belgian Government to see to it that no special contracts were put into effect for coal or steel without proper disclosures of the terms involved.

The Belgian Government accordingly on April 30, 1965, submitted to the High Authority a draft Royal Decree authorizing the Belgian railways to conclude special contracts for not less than one year (bar exceptions) where justified by competition from another carrier, provided

- (a) these were notified to the High Authority forthwith;
- (b) a full list of the traffic flows concerned was published in the *Moniteur Belge* and in the *Official Gazette of the European Communities*;
- (c) all Common Market operators were ordinarily supplied on request with whatever particulars of the contracts they needed to know for the purposes of their activities in the Common Market, though without indication of the consignors by name.

The High Authority made no demur to the promulgation of the Decree, but expressed much the same reservations as it had done with regard to the Dutch Government's intended measures.<sup>1)</sup>

225. For *road haulage* the Belgian Government forwarded to the High Authority on June 23 a draft Royal Decree instituting a compulsory system of maximum-and-minimum rates with a 30% range and a draft Ministerial Decree laying down supplementary disclosure arrangements. The system will apply to consignments of coal or steel of five tons or over hauled by road for distances of more than 50 km. within Belgium, whether or not the whole haul is effected on Belgian territory. The supplementary arrangements concern rates and conditions more than 5% above the minima indicated in the tariff for coal, and more than 10% above for steel.

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<sup>1)</sup> See *Thirteenth General Report*, No. 241.



While making the necessary reservations as to its own future action in the matter and to the system's practical effectiveness in aiding the satisfactory operation of the Common Market, the High Authority raised no objections, and requested that the proposed measures should be introduced as soon as possible.

### *France*

226. Talks were held in May and June 1965 with representatives of the French Government on possible ways of dealing with various problems not yet settled. These include more particularly the question of undisclosed rail contracts, the provision of fuller particulars concerning the rates for coal and steel under the compulsory road-haulage tariffs, and arrangements to be made regarding medium hauls of coal and steel within France (between 50 and 150 km.)

### *Italy*

227. Since January 1, 1966, the following arrangements have been introduced with regard to the disclosure of the rates and conditions applied under unpublished special contracts by the Italian State Railways to consignments of steel products within Italy :

- (a) the runs on which rates and conditions differing from those in the published tariffs are applied have been listed in the *Official Gazette of the Communities*; <sup>1)</sup>
- (b) producers, dealers and buyers can now obtain on request such particulars of the special contracts as they need to know for the purposes of their activities in the Common Market.

With regard to *road haulage*, a draft Presidential Decree containing details as to the implementation of Act No. 1170 of November 3, 1964, <sup>2)</sup> has been prepared by the Italian authorities responsible, and finalized in the course of discussions with High Authority representatives.

The draft Decree is now before the Italian Council of State.

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<sup>1)</sup> See *J.O.*, No. 2/66.

<sup>2)</sup> See *Thirteenth General Report*, No. 242.

### Luxembourg

228. The *Road Haulage Bill*, after passing its first reading on November 18, 1964,<sup>1)</sup> was adopted on the second reading on March 30, 1965, and became law on June 12, 1965.<sup>2)</sup>

At the end of July the Luxembourg Government submitted to the High Authority a draft Grand Ducal Order of Implementation providing, *inter alia*, for retrospective disclosure of rates and conditions for coal and steel hauled by road within the Grand Duchy, on the lines of the system introduced in the Netherlands. The High Authority in assessing these arrangements viewed them purely from the angle of their probable effectiveness in achieving the aims of the Treaty as set forth in Recommendation No. 1/61, having regard to the conditions prevailing in practice in Luxembourg. On September 30, it wrote to the Luxembourg Government commenting in much the same terms as it had earlier done do the Dutch Government and others.

The Order was duly promulgated on January 13, 1966.<sup>3)</sup>

With regard to cross-frontier road haulage the Luxembourg Government is taking part, with the other member States concerned, in negotiations for the introduction of through-rates.

### Netherlands

229. The Dutch Government on July 16, 1965, submitted to the High Authority a draft Official Order and four draft Ministerial Decrees containing all details as to the implementation of the publication arrangements for the three modes of transport proposed by it<sup>4)</sup> and conditionally endorsed by the High Authority on January 19, 1965.<sup>5)</sup> The drafts had been agreed in advance between the High Authority's Transport Division and the Dutch Ministry of Transport and Public Works.

The High Authority, replying on July 23, restated its previous attitude in the matter, and urged that the measures be brought into force without delay.

The Order was promulgated on November 19 and published in No. 495 of the *Staatsblad* on December 2, and the Decrees appeared in the *Nederlandsche Staatscourant* of December 16. The measures became operative on January 1, 1966.

<sup>1)</sup> See *Thirteenth General Report*, No. 242.

<sup>2)</sup> See *Mémorial A* No. 32, of June 21, 1965.

<sup>3)</sup> See *Mémorial A* No. 6, of February 9, 1966.

<sup>4)</sup> See *Thirteenth General Report*, Nos. 236-240.

<sup>5)</sup> *Ibid.*, No. 241.

*Cross-frontier traffic*

230. Now that Recommendation No. 1/61 is on the way to being implemented so far as carriage within the individual member countries is concerned, it should soon be possible to begin the multilateral examination of practical measures for dealing with the problems of publication of international rates between Community ports on the Rhine and on waterways other than the Rhine, of intra-Benelux and other cross-frontier road-haulage terms, and of railway rates and conditions for consignments carried *via* Swiss and/or Austrian territory under unpublished agreements between member States.

*RAIL TRANSPORT PROBLEMS*

The High Authority specially scrutinized the following tariffs for conformity with the Treaty, and in particular with the non-discrimination rule.

*Federal Republic of Germany**Extension of Tariff AT 7 B 3<sup>1)</sup>*

231. On going into the German Government's application for the extension of the German State Railways' special tariff for the carriage of iron ore from Damme-Grube, the High Authority came to the conclusion that the circumstances in consideration of which the tariff had been originally authorized still existed. Accordingly, by Decision No. 4/65,<sup>2)</sup> of March 3, 1965, it renewed the authorization for a further year, to February 28, 1966.

*Special "as-if" (als-ob) tariffs*

232. The German State Railways recently introduced special rates for the carriage of solid mineral fuels and iron and steel products from and to certain stations in the Saar, in support of which the German Government pleaded "potential competition" from a projected canal between the Saar and the Palatinate.

These are still under investigations, in consultation with the E.E.C. Commission.

<sup>1)</sup> See Decision No. 5/64, of February 5, 1964 (*J.O.*, No. 26/64).

<sup>2)</sup> See *J.O.*, No. 38/65.

*France**Remodelling of French goods tariffs*

233. The High Authority examined the corrective arrangements introduced by the French State Railways in connection with the remodelling of their goods tariffs to ascertain whether they were compatible with the Treaty. It established that their object was to allow the transport users concerned to adjust themselves to the changes in the tariffs and so prevent serious complications, and that the corrected rates were still a trifle higher than those charged before the changes were made.

It concluded that the corrections were an integral and necessary part of the tariff reform, and raised no objection to their application provided they were in fact treated as a temporary measure and duly terminated when the time came, not more than five years from the introduction of the remodelled tariff on October 1, 1962.

*Extension of French State Railways|Lorraine-Escaut rate agreement<sup>1)</sup>*

234. On examining a request from the French Government to permit the extension of this agreement, the High Authority came to the conclusion that the circumstances in consideration of which the original permission had been granted still existed, and accordingly, by Decision No. 2/65<sup>2)</sup> of February 11, 1965,, authorized its continuance for a further year, up to February 14, 1966.

*Further extension of French State Railways|Isinor rate agreement<sup>3)</sup>*

235. On examining a request from the French Government to permit the extension of this agreement for two years, the High Authority concluded that the relevant circumstances still existed, and accordingly, by Decision No. 12/65,<sup>4)</sup> of November 25, 1965, authorized its continuance for another two years, up to November 14, 1967.

<sup>1)</sup> See Decision No. 2/64, of January 29, 1964 (*J.O.*, No. 21/64).

<sup>2)</sup> See *J.O.*, No. 28/65.

<sup>3)</sup> See Decisions No. 15/63, of November 6, 1963 (*J.O.*, No. 165/63), and No. 23/64, of December 21, 1964 (*J.O.*, No. 219/64).

<sup>4)</sup> See *J.O.*, No. 202/65.

*Supporting tariff for the mine at Batère, Pyrenees (Tariff No. 13,9,1)*

236. The French Government applied to the High Authority for its agreement under Article 70,4 of the Treaty to a special tariff for 300-ton consignments of iron ore carried by lifts of trucks from the Batère mine at Céret, Pyrénées-Orientales, to the Compagnie des Hauts-Fourneaux de Chasse-sur-Rhône, to enable the mine to continue in production and to withstand exceptional temporary difficulties which will pass once it is able to sell more of its ore to Decazeville following the reconversion operation there.

The High Authority established, firstly, that unless the proposed tariff was introduced the mine would be compelled to close notwithstanding the rationalization and modernization which had been undertaken, and secondly, that the tariff would not in practice distort competition among Community iron-ore producers, since the plant at Chasse, Batère's principal customer, would still have the option of buying imported third-country ore on quite as advantageous terms. Having regard to the present competitive position of the Community iron-ore mines and the need to safeguard continuity of employment, it concluded that the arrangement was not contrary to the principles of the Treaty.

By Decision No. 10/65,<sup>1)</sup> of July 21, 1965, therefore, it gave permission under Article 70,4 of the Treaty for the tariff to be introduced for a period of two years, with the reservation that the authorization might be amended or revoked should the relevant circumstances alter.

*Italian State Railways minimum charge  
for carriage of coal and steel*

237. The Italian State Railways have since September 1, 1963, been charging a minimum of Lit. 15,000 per truckload for cross-frontier carriage of non-E.C.S.C. products and for all types of goods carried entirely within Italy; on May 1, 1965, they imposed a minimum charge of Lit. 12,000 per truckload of coal or steel for the portion of any cross-frontier run effected on Italian soil.

As regards internal traffic there can be no objection in principle under the Treaty to the railways' making a minimum charge to cover the relatively high cost of short runs. In the case of cross-frontier traffic, however, the practice is tantamount to the reintroduction of "breaks in rates" counter to the Treaty, which it was the object of the agreement of March 21, 1955, instituting inter-

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<sup>1)</sup> See J.O., No. 137/65.

national through-rates, to eliminate. The High Authority is going into the matter, and will shortly be getting in touch with the member Governments on the subject.

### *Agreements with Austria and Switzerland*

238. The Transport Committees set up under Article 6 of the agreements instituting international rail through-rates for consignments of coal and steel passing in transit *via* Austrian or Swiss territory held their regular annual meetings at Locarno on May 25 and 26, 1965. The agenda included in particular the two following problems.

#### *Difficulties in connection with the carriage of E.C.S.C. products to Italy via Austria or Switzerland*

239. The High Authority has outlined in previous Reports<sup>1)</sup> its efforts to get action taken to overcome the difficulties that have arisen in connection with the carriage of E.C.S.C. products to Italy *via* Austria and/or Switzerland.

The Italian Government has now informed the High Authority that a Bill is before Parliament to empower it (the Government) to remodel the present customs legislation. Having noted the contents of the Bill, the High Authority replied that it would raise any specific matters relating to the operation of the Common Market for coal and steel in due course, after the Bill had been adopted.

Thanks to various streamlining operations, the railway executives concerned were able on January 1, 1965, to abolish the traffic quota arrangements introduced in 1963.

#### *Restriction of traffic via Freidrichshafen-Romanshorn*

240. The E.C.S.C./Swiss Transport Committee was notified by the Swiss delegation of a request by the Swiss Federal Railways for permission, in view of operational difficulties, to close the ferry terminal at Romanshorn to consignments of E.C.S.C. products brought across Lake Constance from Friedrichshafen in Germany for onward shipment to Italy. The Swiss Mission to the Communities subsequently informed the High Authority that the terminal was to be closed from October 1, 1965, to all southbound shipments of scrap, *i.e.* including those to destinations within Switzerland.

<sup>1)</sup> See *Twelfth General Report*, No. 275, and *Thirteenth General Report*, No. 253.

The High Authority and the member Governments studied this measure to see whether it was compatible with the provisions of the E.C.S.C.-Swiss agreement of July 28, 1956.<sup>1)</sup> They decided that Switzerland was quite entitled under the agreement to take the action in question as such, but that to close the frontier post only to southbound shipments of scrap was an infringement of the undertaking given therein by the Confederation to engage in no discriminations as to rates and conditions of carriage based on the country of origin or of destination of the products. The High Authority accordingly requested the Swiss Government to take steps to bring the projected measure into conformity with the agreement.

#### ROAD HAULAGE PROBLEMS

It is also the High Authority's practice to scrutinize periodically action taken in connection with the compulsory ratemaking arrangements in force for road haulage in Germany and France.

#### *Projected international road through-rates*

241. In the course of the negotiations between the High Authority and the Governments concerning the implementation of Article 70,4 of the Treaty and Recommendation No. 1/61, the French and German representatives informed the High Authority that their Governments were planning to settle the problem of publication of road haulage rates and terms for traffic between France and Germany by instituting a schedule of international through-rates. Negotiations are in progress, and an intergovernmental agreement on the matter is being drafted; most of the difficulties have already been overcome. The Belgian and Luxembourg Governments, with the agreement of the other two, are joining in the talks with a view to arranging for the schedule also to cover haulage to and from Belgium and Luxembourg.

With regard to haulage to and from Italy coming under Act No. 1170, of November 3, 1964,<sup>2)</sup> which requires hauliers to publish their rates in advance, the High Authority intends, after allowing a trial period to elapse, to examine whether the system does in fact enable cross-frontier haulage rates to be adequately known in time; if not, other possibilities will need to be studied, in particular the introduction of compulsory through-rates.

<sup>1)</sup> Agreement concerning the introduction of international railway through-rates for consignments of coal and steel passing in transit through Swiss territory (see *J.O. de la C.E.C.A.*, No. 17/57).

<sup>2)</sup> See *Thirteenth General Report*, No. 242.

*INLAND WATER TRANSPORT PROBLEMS*

242. Practical action on a multilateral basis to settle the problem of disclosure of international water-transport rates, including especially those for Rhine river navigation, will make it much easier to eliminate any discriminations. It should also permit further examination of the problem presented by the failure to implement the Petersberg Agreement<sup>1)</sup> concluded by the member States on July 9, 1957, by which the regulated internal rates were to be adjusted in line with selected representative international rates a matter which has proved completely unamenable to negotiation in the existing circumstances.

*Co-operation with the Central Commission  
for Navigation of the Rhine*

243. The High Authority was represented, by invitation of the Commission, at the session of the Economic Conference in Paris on September 16, 1965, and at the Commission's autumn meeting in Strasbourg on October 13 and 14. Its delegates informed the Commission that the High Authority was planning to start multilateral negotiations with the member States on practical measures to ensure publication of Rhine river shipping rates in respect of consignments of coal and steel between Community ports. The Commission at its autumn plenary session adopted a resolution expressing the wish that the Swiss Government and itself should be represented at the negotiations when the time came.

*TRENDS IN TRANSPORT OF E.C.S.C. PRODUCTS<sup>2)</sup>*

244. The general shrinkage observable since 1960 in the total volume of E.C.S.C. products carried by rail and water abruptly gave place in 1963 to an expansion of 3.3%; this was followed in 1964 by a further increase of 1.3%, or 6,400,000 tons, to a total figure of 493,300,000 tons.

The turnround is due to the combined effects of the following factors :

- (a) the 10% drop in the carriage of solid fuels was more than offset by a 16% rise in that of ore, scrap and iron and steel products;<sup>3)</sup>

<sup>1)</sup> See *Thirteenth General Report*, No. 257.

<sup>2)</sup> Conclusions from area transport statistics for 1964. As is explained in the "*Eleventh General Report*", No. 375 fn., these do not include road haulage; the first two random-sample surveys on intra-Community road haulage in 1962 and 1963 suggest a volume of 190 and 198 million tons respectively.

<sup>3)</sup> See *Statistical Annex*, Table No. 43.



(b) while intra-Community traffic remained almost the same (+ 1%), carriage to and from third countries showed an increase of 2.6%, accounting in 1964 for 23.4% of all traffic, as compared with 23% the previous year. Here too one trend was offset by another, outgoing shipments falling by 12.2% to 23 million tons and incoming procurements from third countries rising by 6.7% to 92,400,000 tons the highest figure since 1957 85% of which consisted of coal and ore.<sup>1)</sup>

The distribution among the different modes of transport followed the established pattern, the shares of inland-waterway and seaborne transport increasing respectively from 16.1 to 17.5% and from 20.1 to 21.1%, while that of the railways declined from 63.8 to 61.4%.

The full figures, broken down by the nine Treaty products, the three modes of transport covered and the various types of traffic flows, are given in a separate publication of area transport statistics for 1964; some overall figures are shown in the Statistical Annex to this Report.

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<sup>1)</sup> See *Statistical Annex*, Table No. 44.

## CHAPTER FOUR

# LONG-TERM DEVELOPMENT OF THE COMMUNITY INDUSTRIES

### Section 1 : Investment

#### GENERAL REMARKS

245. Article 54 of the Treaty requires the High Authority to "encourage the co-ordinated development of investment." Its General Objectives, indicating expected trends, equilibria to be aimed at and priorities to be borne in mind, are a major contribution in this regard : the High Authority provides the enterprises with a factually-based picture of future developments which none of them would have been able to build up on its own, and in so doing draws their attention to the capital projects most likely to be of value. It does not, however, confine itself to compiling and issuing periodic comprehensive studies of this nature, but also endeavours to ascertain individual producers' plans, give them any guidance needed to bring their investment policy into line with the General Objectives, and assist them in assembling the funds for launching the most obviously deserving projects.

The High Authority each year conducts a survey of enterprises' investment activity and intentions, and publishes the results, at the same time comparing the future production potential the enterprises' estimates suggest with probable future demand so as to indicate any adjustments likely to be necessary.

In addition to keeping the enterprises generally informed as to what type of investment is most desirable in the interests of the Community as a whole, the High Authority in some cases exerts direct influence on their plans :

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<sup>1)</sup> See Decisions Nos. 27/55 and 26/56 (*Journal Official de la C.E.C.A.*, Nos. 18/55 and 17/56).

all projects involving capital expenditure above a specified figure<sup>1)</sup> have to be declared to it in advance, and where necessary it sends the enterprises concerned a "reasoned opinion" regarding the compatibility of the scheme with the General Objectives, which often has the effect of inducing them to make changes, major or minor, in their initial projects.

The Treaty further empowers the High Authority to assist with the financing of such projects as are considered to be especially valuable to the Community: it can lend them money direct, guarantee loans raised by them from third parties, and arrange for banks to grant them medium-term loans against the Community funds deposited with such banks. These facilities are particularly useful in the case of industries such as coal and steel, in which annual capital expenditure represents quite a substantial proportion of the turnover.

#### RESULTS OF THE 1965 SURVEY

##### *Community industries overall*

246. Expenditure over the eleven years 1954-64 inclusive on capital projects shown as assets in the enterprises' balance-sheets totalled 14,200 million dollar units of account,<sup>1)</sup> giving an annual average of 1,300 million units.

Investment in the coalmining and iron-ore industries, which remained fairly steady down to 1962, has since then been declining substantially. Investment in the iron and steel industry has climbed almost without a break throughout the eleven years, levelling off only twice, in 1958-59 and again in 1964. The widening gap between the two trends has completely altered the distribution of investment, the steel industry's share increasing from 49% in 1954 to 80% in 1964, and the share of the extractive industries decreasing from 51% to 20%.

The January 1, 1964, survey for the year ahead had suggested that aggregate capital expenditure would drop from its record 1963 level of 1,800 million units of account to round about 1,600 million: the survey a year later showed this prediction to have been overall quite accurate, a slight short-fall on the mining side being offset by an overplus in the iron and steel industry.

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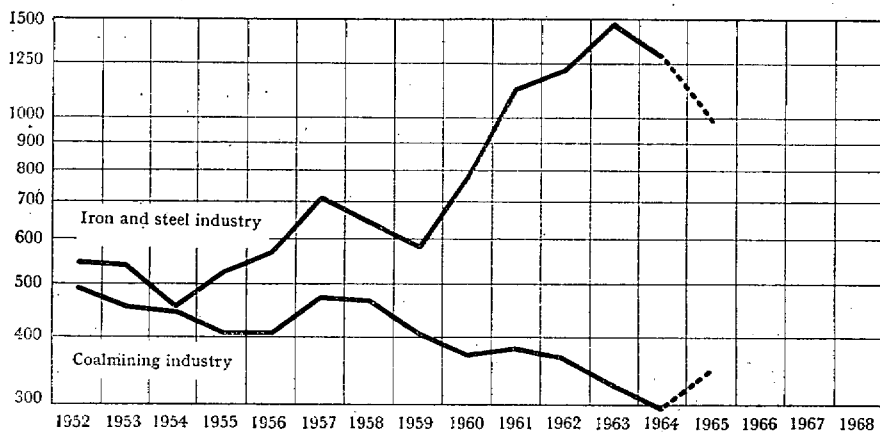
<sup>1)</sup> The value of the European Monetary Agreement unit of account as fixed by Article 24 of the Agreement is 0.88867088 grammes of fine gold, which is equal to the present value of the United States dollar.

<sup>2)</sup> See Graph No. 10.

GRAPH No. 10

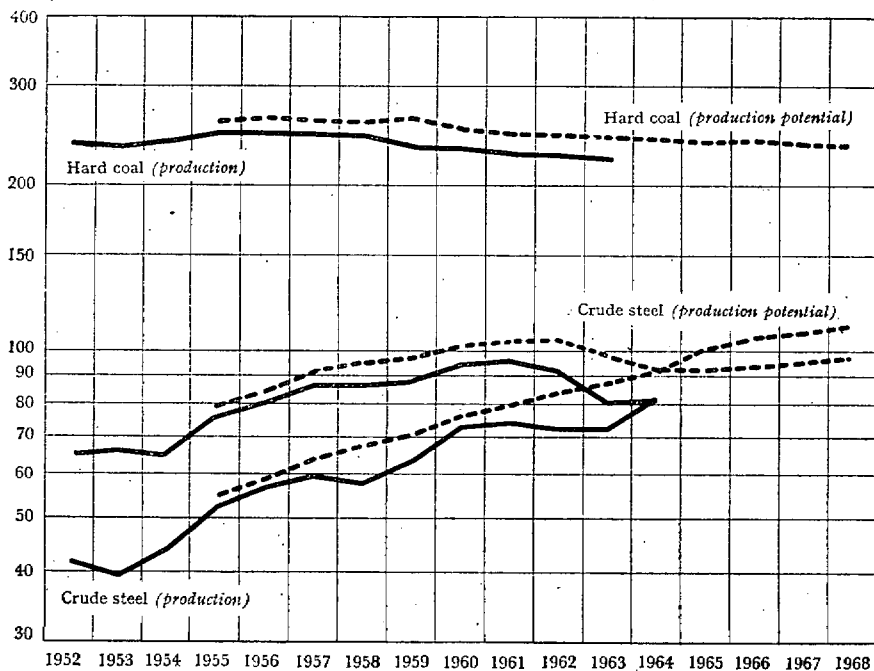
Investment in the Coalmining, Iron and Steel and Iron-Ore Industries  
Capital Expenditure

'000,000 dollar units of account



Actual Production and Production Potential

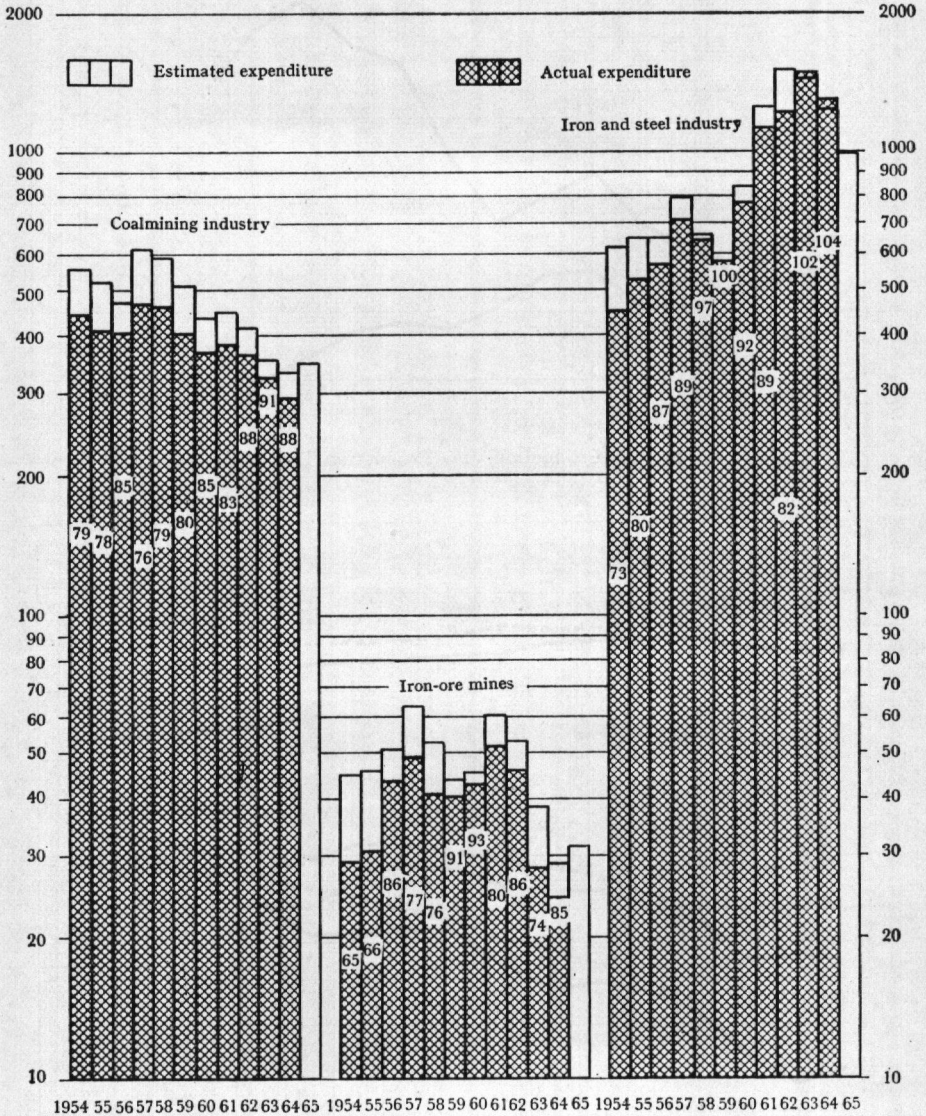
'000,000 metric tons



GRAPH No. 11

Comparison of Estimated and Actual Expenditure for Each Year

'000,000 dollar units of account



The results of the 1965 survey as regards capital expenditure are shown below.

TABLE 44

## Capital expenditure in the E.C.S.C. industries

('000,000 E.M.A. units of account)

Industry	Actual expenditure as per accounts at January 1, 1965		Estimated expenditure as at January 1, 1965
	1963 <sup>1)</sup>	1964	1965
Coalmining industry	334	302	354
Iron-ore mines	28	24	31
Iron and steel industry	1,480	1,291	992
Total	1,842	1,617	1,377

<sup>1)</sup> Corrections made to figures in *Thirteenth General Report*.

*Coalmining industry*

247. The 1965 survey indicates a further drop in the capital expenditure of the coalmining industry, which had already fallen from 384 million units of account in 1961 to 372 million in 1962 and 334 million in 1963, and again declined, to 302 million, in 1964. This is particularly noteworthy inasmuch as 1964 was a comparatively good year for coal. The coalfields mainly affected were the Saar, Aachen and Nord/Pas-de-Calais.<sup>1)</sup>

The breakdown by sectors was as follows.

Expenditure on the *pits*, which always account for easily the largest part of the industry's investment activity, was slightly lower in 1964 than in the preceding years. The estimates for 1965 suggest an upturn, but neither this nor the higher productivity ratings achieved at most collieries will offset the effects on production potential of the closures which have become necessary since 1959 as a result of the changed conditions of competition in the energy market. The survey indicates a contraction from 243 million tons in 1964 to 235 million in 1968.

<sup>1)</sup> See Graph No. 12.

TABLE 45

## Capital expenditure in the coalmining industry

('000,000 E.M.A. units of account)

Sector	Actual expenditure as per accounts at January 1, 1965		Estimated expenditure as at January 1, 1965
	1963 <sup>1)</sup>	1964	1965
Pits	218	206	232
Coking-plants, mine-owned and independent	22	23	28
Hard-coal briquetting-plants	9	9	10
Pithead power-stations and other power-generating plant	76	56	76
Plants producing B.K.B. and low-temperature brown-coal coke	9	8	8
Total	334	302	354

<sup>1)</sup> Corrections made to figures in *Thirteenth General Report*.

As in 1963, expenditure was low in 1964 on the mine-owned and independent *coking-plants*, and high on the steelworks-owned plants. The Italian plants (steelworks-owned and independent) accounted for over half the Community total; the projects in question, however, are to enable imported fines to be used, from which coke can be made more cheaply, and since most of them are well on the way to completion 1966 will see a further decrease in capital expenditure in this sector.

TABLE 46

## Capital expenditure on the coking-plants

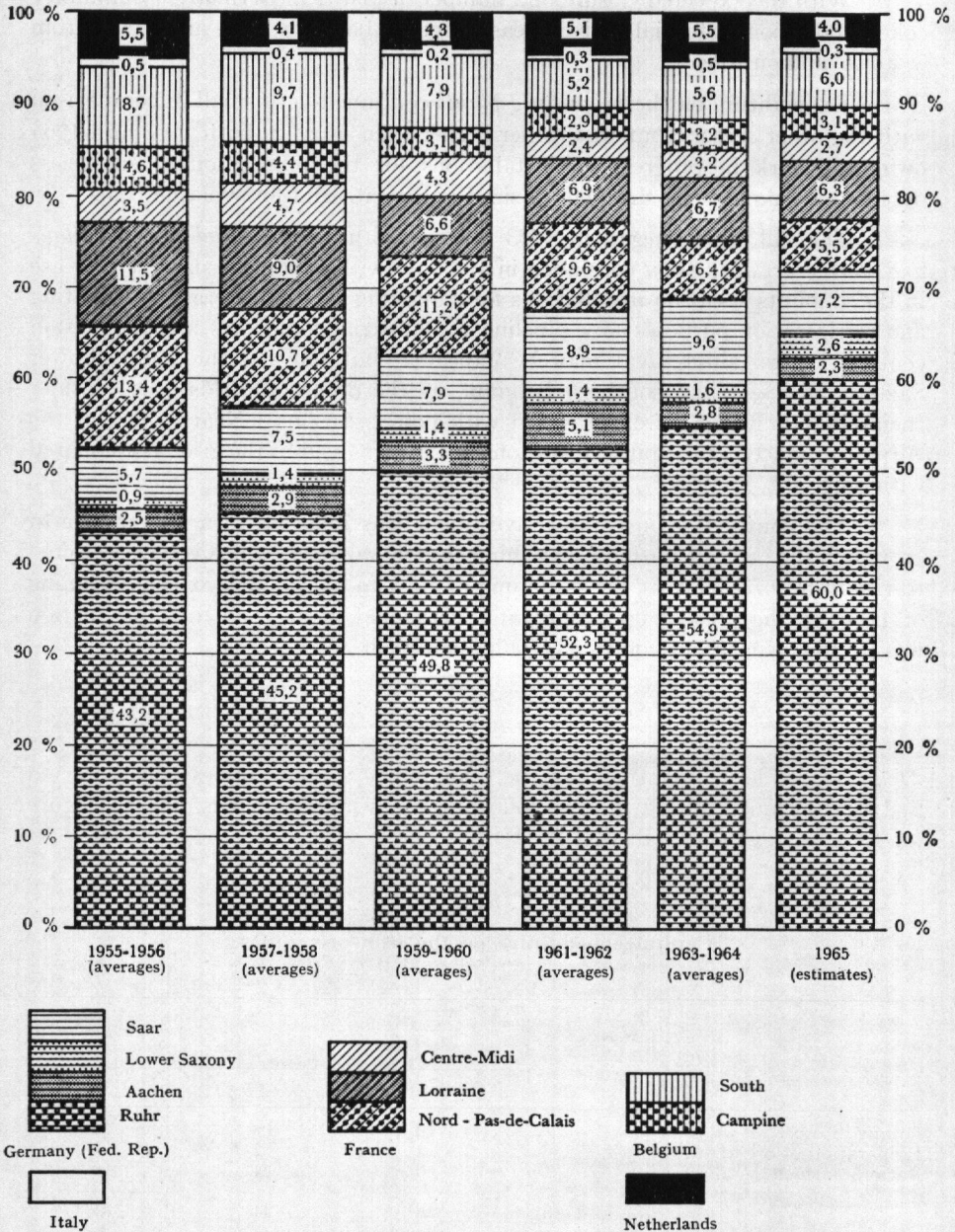
('000,000 E.M.A. units of account)

Sector	Actual expenditure as per accounts at January 1, 1965		Estimated expenditure as at January 1, 1965
	1963 <sup>1)</sup>	1964	1965
Mine-owned and independent	22	23	28
Steelworks-owned	34	33	20
All plants	56	56	48

<sup>1)</sup> Corrections made to figures in *Thirteenth General Report*.

GRAPH No. 12

Capital Expenditure in the Coalmining Industry<sup>1)</sup>



<sup>1)</sup> Exclusive of independent coking-plants.



With the expected closure of a number of plants in Germany, Community coke production potential will decrease slightly between 1964 and 1968, from 79 to 77 million tons.

Expenditure on the *briquetting-plants* continued very small in comparison with the other sectors, but was rather higher than usual in both 1963 and 1964 owing to work in progress on installations for the production of smokeless ovoids, to make up the shortage of sized anthracite and low-volatile coals.

The fall which began in 1963 in expenditure on *pithead power-stations and other generating plant* continued in 1963, notwithstanding a sizeable increase in the amounts spent on installations for supplying thermal energy—for heating and refrigeration purposes—by pipeline to industrial complexes and population centres. A certain revival may be expected, but only in the Ruhr, Lower Saxony, the Saar and southern Belgium, as the other coalfields now consider themselves sufficiently well provided with power-stations. Nearly 70% of the current produced at the pithead stations in 1964 was sold to the grid, as compared with only 50% in 1958.

The contraction in capital investment was reflected in a slower rate of growth in the pithead stations' maximum electric capacity, which is now expected to rise from 9,734 MW at the beginning of 1964 to 11,233 MW at the beginning of 1968; at the present operating rate this would mean that their production was up from 46,000 million to 53,000 million kWh.

### *Iron-ore mines*

248. The slide in investment in the Community iron-ore mines which started in 1962 continued during the two following years in all orefields, and the figure for 1964 was less than half that for 1961.

TABLE 47

#### Capital expenditure on the iron-ore mines

(*'000,000 E.M.A. units of account*)

Sector	Actual expenditure as per accounts at January 1, 1965		Estimated expenditure as at January 1, 1965
	1963 <sup>1)</sup>	1964	1965
Mining of ore	19	18	22
Preparation of ore at surface	4	2	3
Various surface installations	5	4	6
Total	28	24	31

<sup>1)</sup> Corrections made to figures in *Thirteenth General Report*.

The Lorraine enterprises, which by 1964 were producing 70% of the Community total, are planning a net increase of some 10% in their potential by 1968, although a number of mines are to close meantime; contractions of varying proportions are expected everywhere else. Aggregate Community potential in 1968 would work out on this basis at slightly below the 1963 level, 97 million tons, after dwindling in 1964 to only 92 million.

### *Iron and steel industry*

249. Despite the upturn in steel production in 1964 and a certain temporary improvement in revenues,<sup>1)</sup> the decline in investment activity noted in the January 1964 survey continued. Most of the major projects undertaken since 1959 had been completed as planned, except in Italy, where the enterprises pressed ahead vigorously notwithstanding a distinctly unfavourable general business climate. 1965 will in all probability be found to have witnessed a further falling-off, in varying degree, in the Community as a whole, with Italian investment in particular finding a more natural level.<sup>2)</sup>

The contraction in 1964 affected the different sectors in more or less constant proportions throughout the Community, expenditure on pig-iron

TABLE 48

#### Capital expenditures in the iron and steel industry

Sector	Actual expenditure as per accounts at January 1, 1965				Estimated expenditure as at January 1, 1965	
	1963 <sup>1)</sup>		1964		1965	
	\$'000,000	%	\$'000,000	%	\$'000,000	%
Plant for production of :						
pig-iron <sup>2)</sup>	258	17.5	223	17.3	167	16.8
crude steel	175	11.8	158	12.2	128	12.9
rolled products	727	49.1	616	47.7	497	50.1
General services	320	21.6	294	22.8	200	20.2
Total	1,480	100.0	1,291	100.0	992	100.0

<sup>1)</sup> Corrections made to figures in *Thirteenth General Report*.

<sup>2)</sup> Inclusive of steelworks-owned coking-plants and burden-preparation installations (crushing, screening, sintering)

<sup>1)</sup> See Nos. 159 and 170 above.

<sup>2)</sup> See Graph No. 13.

production plant going down by 14%, on steelworks proper by 10%, on rolling-mills by 15% ,and on general services by 8%.

Investment in *pig-iron* production plant accounted for only 17% of the industry's total capital expenditure, as against 32% in 1958-59. The shrinkage was observable in all the member countries except Italy. Aggregate Community pig-iron production potential is, however, expected to increase between 1964 and 1968 by 20%, principally as a result of an expansion of nearly 30% in sinter potential.

70% of expenditure in the *steelworks* sector went, in 1964 as in 1963, on oxygen-blown plant, mainly in the Italian coastal works and to a lesser extent in Belgium and Germany. A 22% increase is forecast in the Community's total steelmaking potential between 1964 and 1968, from 92 million to 112 million tons, with the oxygen steelworks' share expanding from 13% to close on 29%, and those of basic Bessemer, open-hearth and electric-furnace contracting respectively from 41 to 31% from 34 to 29% and from 12 to 11%.

TABLE 49

## Capital expenditure on steelworks

(000,000 E.M.A. units of account)

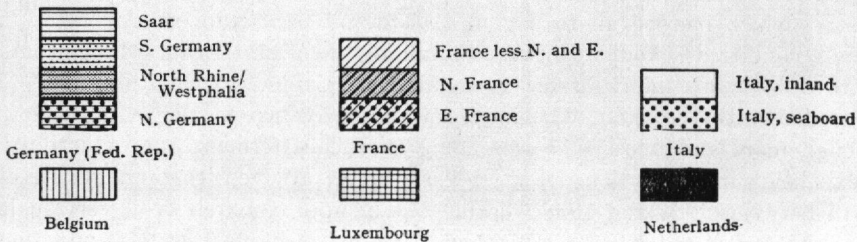
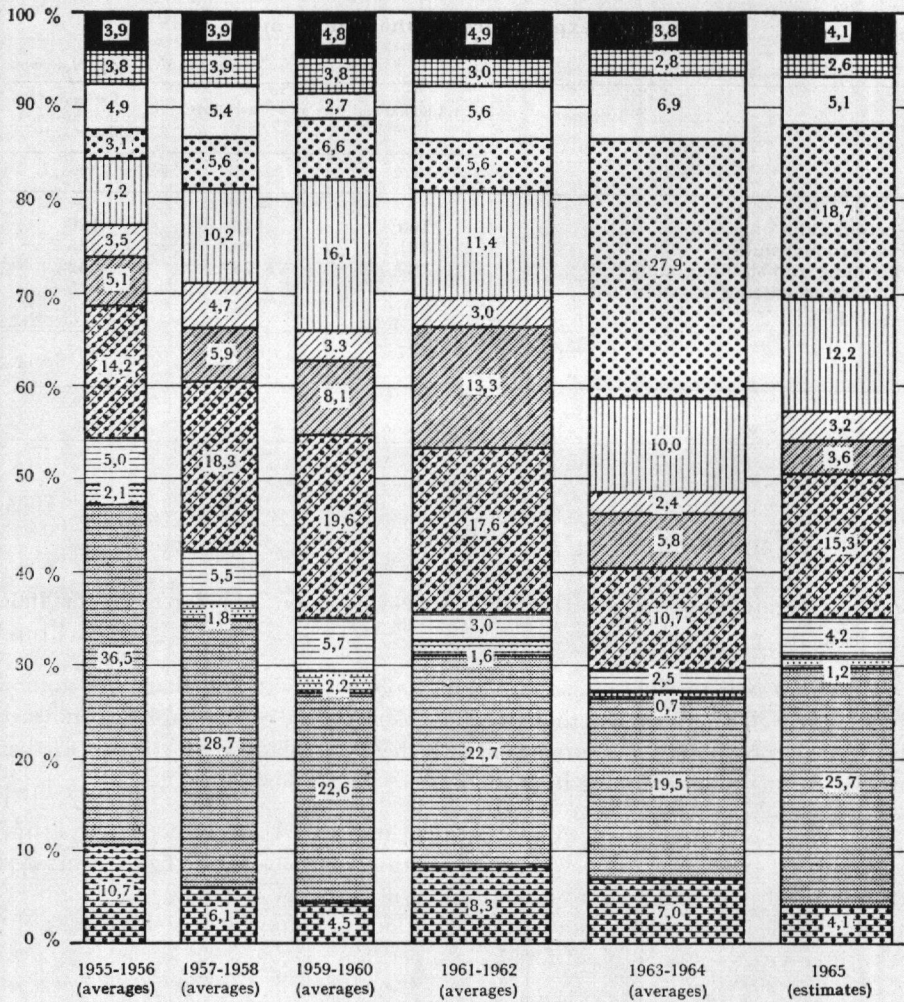
Sector	Actual expenditure as per accounts at January 1, 1965		Estimated expenditure as at January 1, 1965
	1963 <sup>1)</sup>	1964	1965
Basic Bessemer	18	9	11
Open-hearth	19	23	15
Electric-furnace	18	19	18
L/D, Rotor, etc.	120	107	84
Total	175	158	128

<sup>1)</sup> Corrections made to figures in *Thirteenth General Report*.

About half the industry's capital expenditure in 1964, as in 1963, was on the *rolling-mills*. Investment in continuous-casting installations is climbing steadily: whereas in 1963 these absorbed only 4% of the outlay on roughing plant, in 1964 their share was 9% and in 1965 it is likely to have reached 20%.

Between 1964 and 1968 the proportion of continuous and semi-continuous rolling capacity is now expected to rise from 58 to 61%, a very much higher figure than the 50% forecast in 1960. The share of flat products in total rolling potential should work out at close on one-half.

Capital Expenditure in the Iron and Steel Industry



**TABLE 50**  
**Capital expenditure on the rolling-mills**

('000,000 E.M.A. units of account)

Sector	Actual expenditure as per accounts at January 1, 1965		Estimated expenditure as at January 1, 1965
	1963 <sup>1)</sup>	1964	1965
Section mills	163	145	136
Flat-product mills	381	330	225
Blooming and slabbing mills	109	78	62
Continuous-casting installations	4	7	15
Other plant	70	56	59
Total	727	616	497

<sup>1)</sup> Corrections made to figures in *Thirteenth General Report*.

### Summary

250. Overall, the results of the 1965 survey bear out the forecasts for 1964 given in the previous survey.

*Hard-coal* production potential in 1968 is put at less than 235 million tons, nearly eight million less than in 1964, in spite of the considerable expenditure latterly on productivity improvement, which it was planned to step up further in 1965 in the pits remaining in production.

The Lorraine *iron-ore* mines also indicated that they would be increasing their capital expenditure somewhat in 1965: this was, however, to be concentrated mainly on productivity improvement and will certainly not make up quantitatively for the closures necessitated in the various Community orefields during the last three years by pressure of foreign competition.

The 1965 survey suggested that investment activity in the *iron and steel* industry, which had begun to flag in 1964 despite a certain improvement in business conditions, would continue to fall in the years ahead, which would doubtless be more unfavourable economically. Capital expenditure in 1965 appeared nevertheless likely to be above the annual average for the years 1954-60. Although more and more of it was going on the betterment of productivity, the expansion in production potential was scarcely affected, the annual rate of growth between 1964 and 1968 working out at approximately 5%, very little lower than that recorded between 1952 and 1964. It could be that this expansion

will outstrip the growth in the demand for steel products: the enterprises fear this may well be so, but many of them are not in a position to modernize at all without substantially adding to their capacity, owing to the immense size of modern production machines.

#### SPECIFIC CAPITAL EXPENDITURE

251. Table 51 shows for each member country the level of capital expenditure per unit (ton, thousand kilowatt-hours) produced in the principal producer sectors

Since, as noted in previous Reports,<sup>1)</sup> the figures need to be treated with some reserve, it has been felt best to indicate as the reference basis averages relating to periods of several years, adding the latest single-year figures (in this case those for 1964) simply for guidance. The averages shown in the table are each for a period of five years, which is long enough to ensure that practically no trace remains of any sudden aberration such as are liable to crop up for individual years. On the other hand, it still needs to be borne in mind that the sectors concerned vary in structure and operating conditions from one country to another, and that the prices of capital goods in units of account for a given year are not strictly intercomparable.

For the *coal mining industry*, the two sets of five-year figures show, overall, very little change, specific expenditure going up slightly in Germany and down rather more markedly in Belgium and France. The figures for the individual countries diverge much less from the Community averages than in any other sector.

In the case of the *coking-plants*, a sharp drop is observable between the first and the second five years; only in Italy was there a temporary increase, still very much in evidence in 1964 owing to the various projects in hand for installing new steelworks-owned and independent plants.

Specific expenditure on *pithead power-stations* also slumped heavily in 1959-63 in comparison with the 1954-58 level, and would appear from the 1964 figures to be continuing to decline.

In the *iron-ore* industry specific expenditure showed a decrease in 1964 in the Lorraine orefield, after remaining pretty well unchanged for a number of years, both there and elsewhere in the Community.

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<sup>1)</sup> See *Eleventh General Report*, No. 393.

TABLE 51

## Specific capital expenditure

(E.M.A. units of account per ton or per '000 kWh produced)

Sector	Germany (Fed. Rep.)	Belgium	France	Italy	Luxem- bourg	Nether- lands	Com- munity
Coal							
average 1954-58	0.9	1.4	1.3	1.3	—	1.1	1.1
average 1959-63	1.0	0.8	0.9	1.5	—	1.1	1.0
1964	1.0	0.8	0.7	3.7	—	0.9	0.9
Coke (all types of plant)							
average 1954-58	1.0	1.1 <sup>1)</sup>	2.7	1.5	—	1 <sup>1)</sup>	1.3
average 1959-63	0.7	0.7 <sup>1)</sup>	1.4	2.4	—	1 <sup>1)</sup>	0.9
1964	0.4	0.4 <sup>1)</sup>	0.2	6.5	—	1 <sup>1)</sup>	0.7
Electricity (generated at mines)							
average 1954-58	4.7	4.9	3.0	12.1	—	2.5	4.0
average 1959-63	3.5	3.0	1.4	0.1	—	1.7	2.7
1964	1.9	0.5	0.3	—	—	1.9	1.2
Iron ore							
average 1954-58	0.5	0.2	0.5	1.4	0.1	—	0.5
average 1959-63	0.5	0.3	0.5	0.9	0.2	—	0.5
1964	0.5	—	0.3	0.6	0.1	—	0.3
Pig-iron <sup>2)</sup>							
average 1954-58	2.4	2.4	3.3	2.4	2.5	5.1	2.7
average 1959-63	2.4	3.9	5.2	6.1	3.0	4.0	3.6
1964	1.6	2.3	2.7	20.5	2.8	2.1	3.2
Crude steel							
average 1954-58	1.9	1.3	1.2	1.2	1.5	3.7	1.6
average 1959-63	1.8	2.3	1.6	2.2	1.1	2.8	1.9
1964	1.1	2.8	0.9	6.7	1.5	1.1	1.9
Rolled products							
average 1954-58	8.1	4.2	6.6	8.7	3.1	7.6	7.0
average 1959-63	8.0	13.8	10.6	11.6	5.2	16.5	9.8
1964	9.2	7.6	7.5	25.5	4.5	18.1	10.8

<sup>1)</sup> Coke figures for Belgium and the Netherlands have been consolidated.<sup>2)</sup> Expenditure on burden-preparation installations and blast-furnaces only.

In the *iron and steel* industry the 1959-63 figures were considerably higher than those for the previous five years, but a certain falling-off was recorded in 1964 in all the member countries except Italy.

This is particularly noticeable in the pig-iron sector: in Italy large amounts were being spent, primarily on new sinter plants, but also on the

modernization of existing blast-furnaces and the construction of new ones, while all the other countries registered a drop in 1964.

Similarly, Italy showed a very substantial increase in specific expenditure on crude-steel and rolling capacity; expenditure on the former also rose, but a good deal less steeply, in Belgium and Luxembourg and on the latter in Germany and the Netherlands.

#### DECLARATIONS OF INVESTMENT PROJECTS

##### *General remarks*

252. By the terms of two High Authority Decisions<sup>1)</sup> 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 units of account;
- (b) replacement or conversion of existing plant, where the total estimated expenditure exceeds 1,000,000 units of account;
- (c) construction of, or alterations to steelmaking furnaces or hot-blast cupolas, irrespective of the estimated expenditure.

The particulars emerging from the declarations received in the course of a given year do not tally with the figures assembled in the annual survey. The survey covers all capital expenditure planned, whether embarked on, approved, or (except in the case of the iron and steel industry) merely contemplated. The declarations, on the other hand, are required only in respect of projects representing complete schemes definitely scheduled to be carried out by the enterprises; the operations concerned frequently, especially in the coalmining industry, extend over a period going beyond that covered by the annual survey, and, moreover, projects involving an estimated expenditure below the figure mentioned are not declarable.

##### *Declarations received*

253. The estimated aggregate value of projects declared to the High Authority in 1965 (with changes notified subsequently) is 710 million units of account, 30% higher than the previous year's figure. One steel firm alone was responsible

<sup>1)</sup> See *Journal Officiel de la C.E.C.A.*, Nos. 18/55 and 17/56.



for nearly half the total; apart from a handful of major projects in the Dutch and Italian steel industries, there would appear in general to be still some reluctance to launch out on new schemes.

TABLE 52

## Aggregate value of projects declared

Year	Coalmining industry <sup>1)</sup>	Iron-ore mines	Iron and steel industry	Total (1+2+3)
	1	2	3	4
1956	205	9	638	852
1957	177	25	252	454
1958	251	16	410	677
1959	167	8	495	670
1960	146	6	1,802	1,954
1961	173	10	1,361	1,544
1962	87	—	553	640
1963	72	—	131	203
1964	43	—	501	544
1965	121	—	589	710

<sup>1)</sup> Including plants producing brown-coal briquettes and low-temperature brown-coal coke, and independent coking-plants.

254. The intended outlay on projects in the *coalmining* industry in 1965 totalled 121 million units of account (93 million in the Ruhr), about 80% above the average of the three previous years, but nowhere near the level in 1956-61. About two-thirds of this amount 82 million units of account was to go on the pits themselves, in efforts to make the collieries more competitive, notably by concentrating production and coal-preparation installations. Projects declared in connection with coking (mine-owned and independent plants) represented a total expenditure of 34 million units of account, principally on the complete renovation and replacement of old ovens in the Ruhr and on extensions to an earlier project in Italy. No declarations were received concerning pithead power-stations; in the category of "other power-generating plant at mines", however, projects to a value of five million units of account were declared relating to the construction of heating installations.

In 1965 as in the three previous years, no declarations were received from the *iron-ore* industry.

The total forecast for the *iron and steel* industry was 589 million units of account, 88 million more than in 1964. Projects for coastal steel plants in

the Netherlands and Italy account for two-thirds of this amount, an indication of the continuing lack of enthusiasm for investment elsewhere. The capacity now existing and under extension at all stages in the production cycle would appear to be sufficient to cover future requirements.

Rather over half the industry's planned expenditure in 1965—293 million units of account—is concentrated in the rolling-mill sector, the flat-product mills taking 189 million. While a very large sum was to go on one particular new mill, substantial amounts were also earmarked for additional installations intended to increase competitive capacity by improving both operating efficiency and the quality of the end product. 116 million units of account in all was to be spent on steelworks-owned coking-plants, sinter lines and blast-furnaces, mainly located on the Mediterranean and North Sea coasts. The figures for the other sectors of the industry are shown in *Table 53*. It may be noted that the estimated expenditure on continuous-casting installations works out at 16 million units of account.

TABLE 53

## Aggregate value of projects declared in the iron and steel industry

('000,000 E.M.A. units of account)

Year	Steel-works-owned coking-plants	Burden preparation	Blast-furnaces	Steelworks		Rolling-mills		Generating plant and miscellaneous	Total (1+2+3 +4+5 +6)
				Total	(of which: L/D, etc.)	Total	(of which: flat-products mills)		
	1	2	3	4	41	5	51	6	7
1956	42	58	140	135	(2)	189	(77)	74	638
1957	20	37	53	26	(22)	85	(46)	31	252
1958	8	88	77	48	(18)	125	(66)	64	410
1959	12	60	43	17	(6)	302	(204)	61	495
1960	41	132	149	357	(237)	930	(520)	193	1,802
1961	— 1 <sup>1)</sup>	98	117	166	(124)	799	(559)	182	1,361
1962	12	68	60	58	(43)	268	(149)	87	553
1963	—	—	24	26	(15)	87	(73)	— 6 <sup>1)</sup>	131
1964	— 2 <sup>1)</sup>	36	9	120	(102)	256	(48)	82	501
1965	21	55	40	86	(77)	293	(189)	94	589

<sup>1)</sup> Cancellations outweigh new projects declared.

The increase in production potential suggested by the declarations is substantial, a necessary consequence of investment aimed at stepping up productivity and introducing new production processes in most parts of the

Community. For sintered ore the increase may be put at 600,000 tons, for pig-iron at 1,900,000, and for crude steel at 5,200,000 (an addition of an annual 1,100,000 tons in 1966, 1,100,000 in 1967, 700,000 in 1968 and 2,300,000 over the two following years. L/D steelmaking potential in particular can be expected to grow by six million tons, while there will be a simultaneous decline in basic Bessemer.

TABLE 54

**Net changes in crude-steel production potential  
as indicated by investment projects declared**

('000,000 annual potential)

Country	1960	1961	1962	1963	1964	1965
Germany (Fed. Rep.)	4.6	2.1	0.3	— 0.4	1.7	1.6
Belgium/Luxembourg/ Netherlands	2.7	2.6	0.4	—	0.6	2.6
France	2.0	0.8	—	0.1	2.2	0.0
Italy	3.9	1.0	0.9	0.3	0.3	1.0
Community	13.2	6.5	1.6	0.0	4.8	5.2

## HIGH AUTHORITY OPINIONS

255. 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, and on the more notable alterations made to these while operations are in progress. These opinions show the enterprises exactly how the merits of their individual projects must be appraised in the light of foreseeable developments in the Common Market. They are purely advisory in character,<sup>1)</sup> 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 *Official Gazette of the Communities*.<sup>2)</sup>

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 banks and credit institutions—whom the enterprises may acquaint with the contents of the opinions received.

<sup>1)</sup> See the judgment delivered by the Court of Justice on December 10, 1957, in consolidated Cases Nos. 1 and 14/57 (*Recueil de la jurisprudence de la Cour*, Vol. III, 1957).

<sup>2)</sup> See *Journal officiel des Communautés*, Nos. 28, 71, 137 and 186/65.

The High Authority in 1965 issued 14 opinions, four of which related to projects declared before the end of 1964.

Two opinions were addressed to *collieries* which were planning to link up hitherto separate pits and, in one case, to extend a piped-heating system. The High Authority was quite in favour, taking the view that the link-ups would help to lower production costs, and that the intended increase in deliveries of thermal energy would constitute a useful additional sales outlet for the colliery in question.

The other twelve opinions all concerned projects in the *iron and steel industry*. Three of these were rated as productivity investments, since they were primarily intended to lower production costs, improve operating conditions and raise the standard of quality, without leading to any increase in actual production; one related to ore sintering, one to continuous casting, and the third to the construction of a steelmaking furnace to be used partly for experimental purposes. All three were warmly endorsed by the High Authority.

Six projects commented on involved appreciable expansions in capacity. Four of them, intended to eliminate bottlenecks and ensure fuller utilization of existing or almost completed plant, were welcomed by the High Authority as "complementary investments" effected at exceptionally low specific capital cost. One enterprise indeed received special commendation for its intention to alter its arrangements for the construction of an oxygen steelworks so that the plant could be operated jointly with another company nearby: this would make for more efficient utilization, to the advantage of both parties, and relieve both of them of the unpleasant prospect of sudden very substantial increases in capacity resulting from the construction of several similar steelworks more or less at the same time. The other two projects, however, were criticized on the grounds that, although in themselves designed simply to obviate certain bottlenecks, they were on such an ambitious scale as to suggest that an extensive follow-up was on the way. Since the iron and steel production cycle consisted of several successive stages, overcapacity in one of these, such as pig-iron production, though possibly sometimes unavoidable, must not be so great as definitely to demand subsequent expansion in steelmaking and rolling capacity also.

In the remaining three opinions the High Authority expressed distinct doubts as to the desirability of the projects, which concerned the installation of electric furnaces for the production of ordinary steels.<sup>1)</sup>

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<sup>1)</sup> See Official Notice on orientation of investment projects in the iron and steel industry (*Journal officiel des Communautés*, No. 72/62).

## FINANCING OF INVESTMENT

*General remarks*

256. The total value of *loans* granted by the High Authority over the years up to December 31, 1965, was 655,100,000 units of account, of which 502,900,000 went to industrial investment, 112,800,000 to housing schemes for workers, 29,800,000 to industrial redevelopment and 9,600,000 to readaptation of redundant workers and to technical research.

In 1965, the High Authority stood *guarantor* to a Community steel firm which was planning to contract a loan from an American credit institution. At the end of the year, its commitments under guarantees granted since its inception stood at 44,100,000 units of account (allowing for the redemption payments made by the borrowers compared with an initial total of 47 million units.

*Borrowing operations*

257. During 1965 the High Authority raised three loans to a total value of 54,300,000 units of account, two in the form of bond issues on the German and Dutch markets respectively, and one a private loan from a Luxembourg bank. The sums involved were

DM. 150,000,000 = 37,500,000 units of account

Hfl. 40,000,000 = 11,050,000 units of account

DM. 23,000,000 = 5,750,000 units of account

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54,300,000 units of account

These brought the High Authority's total borrowings at December 31, 1965, to the equivalent of 559,500,000 units of account.

In addition, talks begun in the autumn of 1965 culminated in the following January in two further big loans, one of Lit. 15,000,000,000 (= 24 million units of account) in the Italian capital market, and the other of 20 million units of account in the international market; the latter was the first bond issue launched by an international organization in units of account.

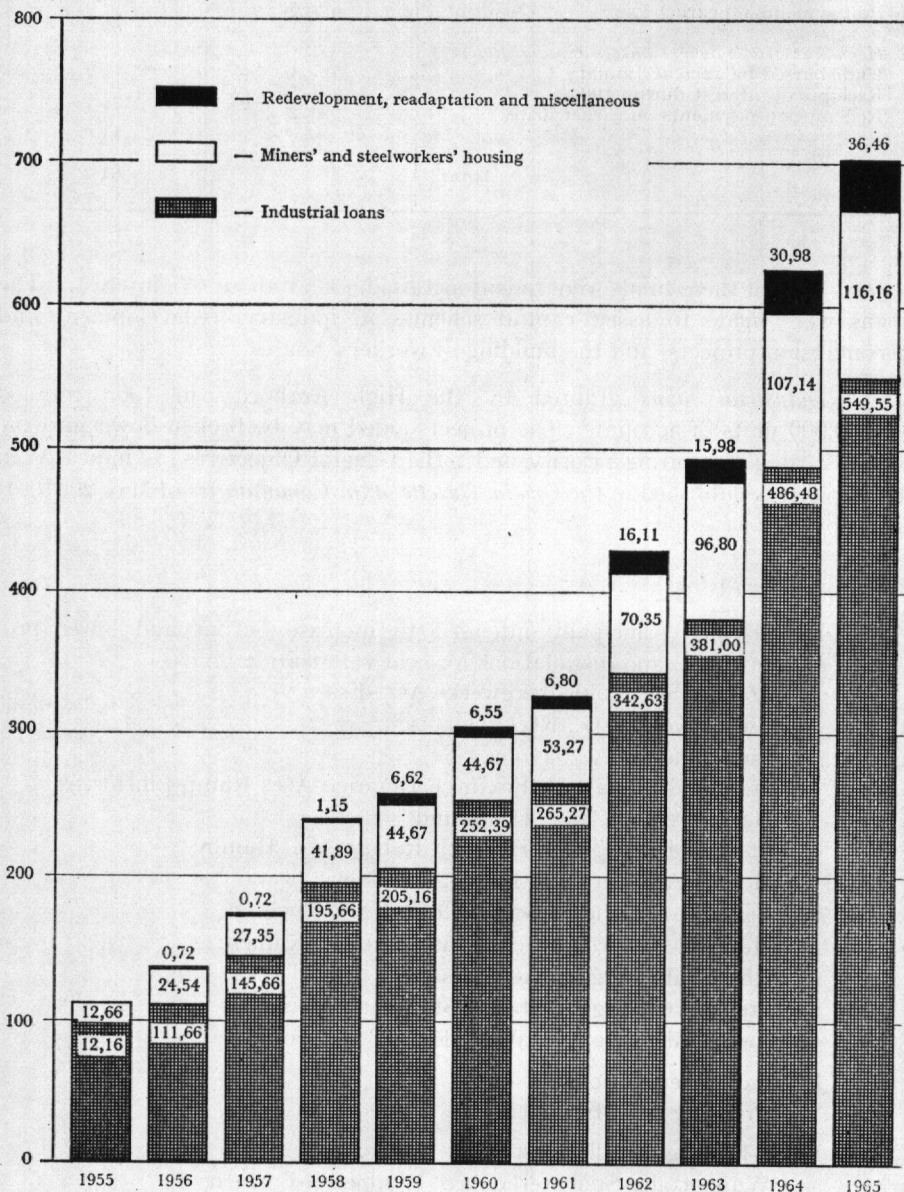
*Lending operations*

258. Funds available for lending to enterprises, from the year's borrowings and sundry other sources (see below), amounting altogether to 81,200,000 units of account.

GRAPH No. 14

End-Year Loan and Guarantee Position, 1955-65  
(Initial amounts)

'000,000 E.M.A. units of account



('000,000 E.M.A. units of account)

1. <i>Borrowings</i>		
Availabilities at January 1	12.6	
Proceeds of loans contracted in 1963	54.3	
Prepayments on earlier loans	2.5	
		69.4
2. <i>High Authority's own resources (Special Reserve)</i>		
Undisbursed balance at January 1	7.1	
Receipts of interest during 1965	4.5	
Redemption payments on earlier loans	0.2	
		11.8
Total		81.2

259. Most of these funds were re-lent as raised, *i.e.* at about 6% interest. The loans were made to assist capital schemes in industry, redevelopment and reconversion projects, and the building of workers' houses.

*Industrial loans* granted by the High Authority in 1965 totalled 60,600,000 units of account. The projects aided may be broken down into the various categories rating priority under the General Objectives, as indicated in the directives published in the *Official Gazette of the Communities* of May 20, 1961, as follows.

#### *Coalmining industry*

Installations principally intended to increase output and lower production costs, and installations for coal valorization :

Essener Steinkohlenbergwerke AG., Essen;  
 Ewald-Kohle AG., Recklinghausen;  
 Fornicoke S.p.A., Savona;  
 Steinkohlenbergwerk Friedrich Heinrich AG., Kamp-Lintfort;  
 Hansa Bergbau AG., Dortmund;  
 Steinkohlenbergwerk Heinrich Robert AG., Hamm;  
 Hoesch AG. Bergbau, Essen-Altenessen;  
 Bergbau-Aktiengesellschaft Lothringen, Bochum;  
 Monopol Bergwerks-Gesellschaft m.b.H., Kamen;  
 Rheinstahl Bergbau AG., Essen;  
 Steinkohlenbergbau Mathis Stinnes AG., Essen;  
 Steinkohlenbergwerk Westfalen AG., Ahlen.

Pithead power-stations :

Preussag AG., Hanover.

Piped-heating installations :

Wuppertaler Stadtwerke AG., Wuppertal-Barmen;

*Iron and steel industry*

Installations for blast-furnace burden preparation and pig-iron production :  
Italsider S.p.A. (Oscar Sinigaglia plant), Genoa.

Oxygen steelmaking plant :  
Italsider S.p.A. (Bagnoli plant), Genoa.

Continuous-casting plant :  
Hüttenwerk Oberhausen AG., Oberhausen.

Rationalization and specialization of production :  
Bochumer Verein für Gusstahlfabrikation AG., Bochum;  
Ferrière di Cogoleto S.p.A., Cogoleto, Genoa;  
Experton-Revollier, Renage, Isère;  
Acciaierie e Ferriere Lombarde Falck S.p.A., Milan;  
Giuseppe e Fratello Redaelli S.p.A., Milan.

Plants to be jointly operated by two or more enterprises :  
Centrale commune d'oxygène, société coopérative, Charleroi.

The High Authority went ahead in 1965 with the financing of its fifth *workers' housing scheme*. As will be described in more detail in the Chapter dealing with the High Authority's social policy, it was concerned more particularly with the special *tranche* of the scheme, all the contracts for which were signed by December 31. Loans granted during the year totalled nine million units of account, of which 3,600,000 came from borrowings and 5,400,000 from the Special Reserve.

High Authority loans in 1965 for purposes of *industrial redevelopment and reconversion* amounted to 5,500,000 units of account. Four such projects were assisted; a number of other applications were under consideration at the end of the year.

A number of improvements were decided upon in the High Authority's loan arrangements for redevelopment and reconversion. These will in future be granted for periods of from 10 to 13 years, at 4.5% p.a. for the first five years and 6.5% for the remainder. Applications are to be submitted to the High Authority by the Governments concerned. Redemption will be by approximately equal annual instalments starting from the end of the third year.

In order to offer these unusually favourable terms, the High Authority has adopted a method it has already used in the past for the financing of workers' housing, that of combining funds of its own with its borrowings from various sources.



260. The High Authority's loans (initial amounts, plus 17,530,000 units of account represented by prepayments and accelerated redemption) from its inception to December 31, 1965, are shown, broken down by sectors and countries, in Table 55.

TABLE 55

## High Authority loans to end 1965, by sectors and countries

('000,000 E.M.A. units of account and %)

Sector	Germany (Fed. Rep.)	France	Italy	Belgium Luxem- bourg Nether- lands	Community	
					\$'000,000	%
Coalmining industry	152.2	31.3	4.8	14.0	202.3	30.9
Iron-ore mines	10.6	13.0	5.7	1.0	30.3	4.6
Iron and steel industry	104.5	55.8	97.4	12.6	270.3	41.3
Sub-total	267.3	100.1	107.9	27.6	502.9	76.8
Workers' housing	49.0	17.2	14.0	32.6	112.8	17.2
Redevelopment and re- conversion	1.0	4.9	15.0	8.9	29.8	4.5
Readaptation	5.3	0.3	—	—	5.6	0.9
Research	1.4	0.8	0.4	0.7	3.3	0.5
Miscellaneous	—	—	—	0.7	0.7	0.1
Total	324.0	123.3	137.3	70.5	655.1	100.0

## Section 2: Technical Research

### GENERAL REMARKS

261. The High Authority in 1965 went ahead still more actively with its promotion of technical and economic research concerning production and consumption of coal and steel and personnel safety in the E.C.S.C. industries, as required by Article 55 of the Treaty.

During the year under review, it earmarked for these purposes a total of close on 11,500,000 units of account, of which just over 4,800,000 was allocated to coal, 5,800,000 to steel and about 900,000 to iron ore. This brought the aggregate amount made available for research in these fields between 1952 and the end of 1965 to over 49 million units of account, or, if we include the 26 million provided for the various medical and social research projects which the High Authority has sponsored since 1953,<sup>1)</sup> to something like 75 million.

Actual disbursements by the High Authority towards technical research over the years now total 25,200,000 units of account.<sup>2)</sup> At the end of 1965, although the amount committed was double the average for the preceding years (11,500,000 as against between five and six million units), the proportion of total disbursements to total commitments was only slightly lower than in 1964 (51.4% as against 54%), owing to the 55% increase in expenditure, from 3,600,000 units to 5,800,000 (3,600,000 on coal and 2,200,000 on steel and iron ore). The inevitable discrepancy between the funds merely held in readiness and the funds actually paid out—payments are usually, in the case of the research projects concerned, made by instalments over a number of years—was thus only a very little increased.

262. In 1965, as well as encouraging research in the member countries, the High Authority commissioned certain research work on its own account, notably in connection with steel utilization. It concentrated chiefly on projects too large, too costly, too risky or insufficiently assured of practical exploitation afterwards to be undertaken by individual enterprises or groups of enterprises, or even by national research establishments.

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<sup>1)</sup> See Nos. 423 ff. below.

<sup>2)</sup> See Graphs Nos. 15-17 following.

In accordance with its stated policy<sup>1)</sup> of working up "all appropriate contacts among existing research organizations" (Article 55 of the Treaty), the High Authority arranged wherever possible for a reapportionment of work being carried on on largely similar lines by two or more firms or research centres simultaneously, thereby enabling each of them to make more efficient use both of its particular experience and of the funds available.

The High Authority also cultivated its relations with research bodies in non-Community countries, by inviting them to send representatives to meetings of its research committees, organizing seminars, and joint visits to research establishments and fact-finding tours.

263. Over and above its regular exchanges of views with the European Parliament and the various Parliamentary Committees, and the comprehensive and detailed discussions in the Consultative Committee and the Council of Ministers, the High Authority has been steadily building up co-operation both with and among existing research organizations, more especially through its two Technical Research Committees on coal and steel respectively. These are made up of leading experts from the member countries (heads of research centres, university and college lecturers in technical subjects): They have acted in an advisory capacity with respect to the High Authority's research activities generally; their terms of reference also include the important task of co-ordinating and dovetailing the individual organizations' work and facilitating the dissemination of the findings, for the benefit of the Community as a whole.

In addition, *ad hoc* committees of specialists have scrutinized in detail research projects submitted to the High Authority, and followed the progress of those which it has approved.

After the first Steel Utilization Congress in 1964, the High Authority set up a special research committee of representatives of the steel consumers, to advise it, jointly with the Technical Research Committee (Steel) just referred to, on all research projects connected with the promotion of steel consumption.

The two liaison committees of producers' and workers' representatives instituted at the suggestion of the workers' delegates to the Consultative Committee both met during 1965, each with a High Authority official in the chair. By serving as a forum for the general pooling of information, these committees play a useful part in the encouragement of research valuable to the Community; the High Authority keeps them abreast of its own activities in this direction.

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<sup>1)</sup> See *Bulletin de la C.E.C.A.*, No. 41.

Pending the installation of the single consolidated Commission of the European Communities, an Inter-Executive Working Party was established at the High Authority's instance at the end of 1965 to keep the present three Executives in closer touch on matters of technical research. The Working Party then set up an expert committee.

- (a) to co-ordinate research activities on matters coming within the purview of more than one Executive;
- (b) to compare notes on scientific and technical research carried out in the different Communities, in order to establish the basis and general direction of a future research policy for the merged Commission;
- (c) to study the contribution of research and innovation to economic growth, with a view to making research more effective for practical economic purposes.

The Working Party will help to enable the three Executives to adopt a co-ordinated position in the proceedings of the various bodies on which they are represented, both inside and outside the Communities. This will be especially valuable in the case of the Working Party on Scientific and Technical Research which has been set up to assist the E.E.C. Commission's Medium-Term Economic Policy Committee, and on which the High Authority also sits.

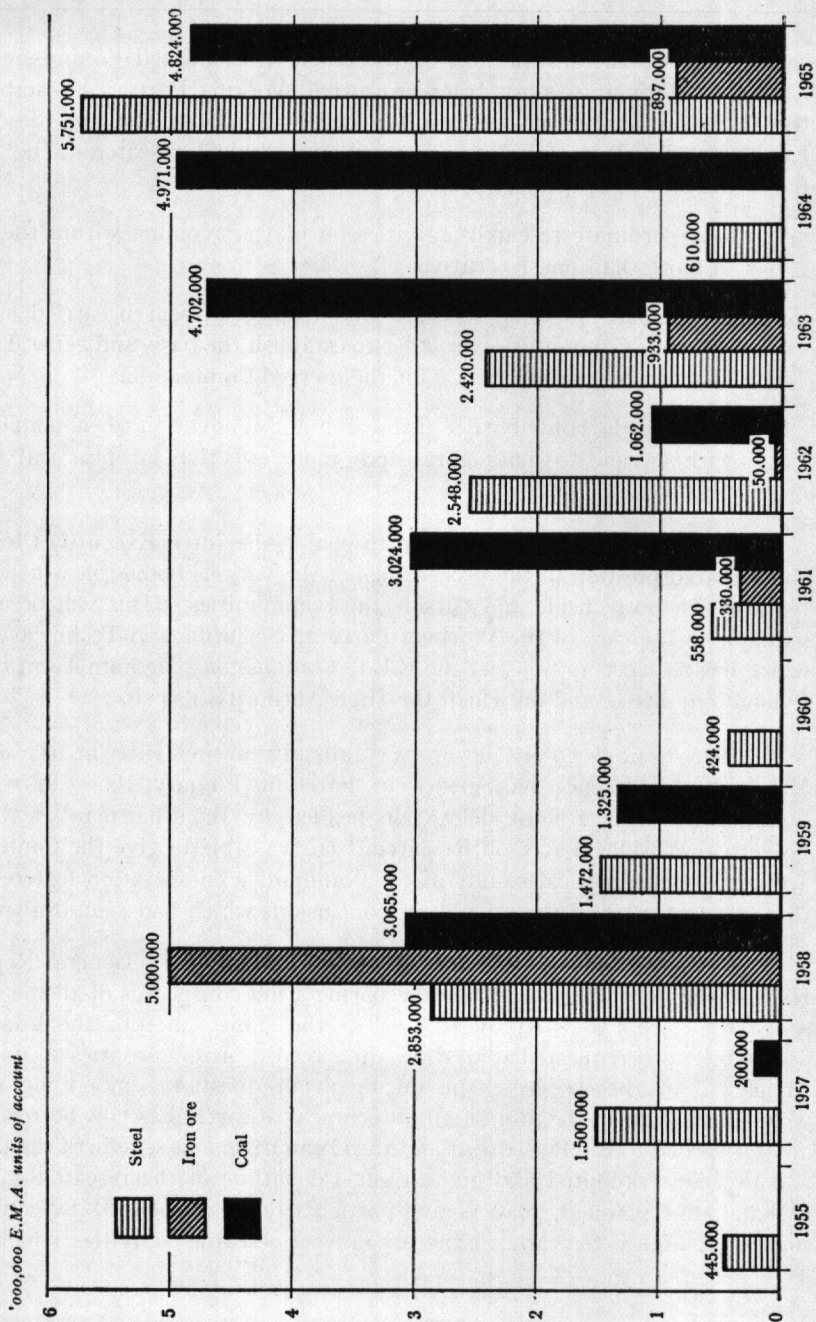
The desired co-ordination was already in evidence at the O.E.C.D. Ministerial Conference on Science in Paris in January 1966, to which the Communities sent a joint delegation headed by the Chairman of the Inter-Executive Working Party on Research. He was able to give the Conference an account of the practical results of the Community co-operation fostered by the three Executives and the instructive conclusions which had been drawn from it.

In the European Parliament's debate on last year's General Report, the High Authority stated that it was preparing a full conspectus of all the technical research projects assisted by it; just at the same juncture the Consultative Committee also requested it to draw up a record of its activities to date under Article 55 of the Treaty. The document in question, embodying over ten years' experience in the promotion of technical research, has now been completed and forwarded to the Parliament and the Committee. It sets forth the principles and procedure adopted and gives a general outline of the research completed, in hand and planned; readers are particularly recommended to consult it,<sup>1)</sup> since it is highly relevant to the account of research activities which follows

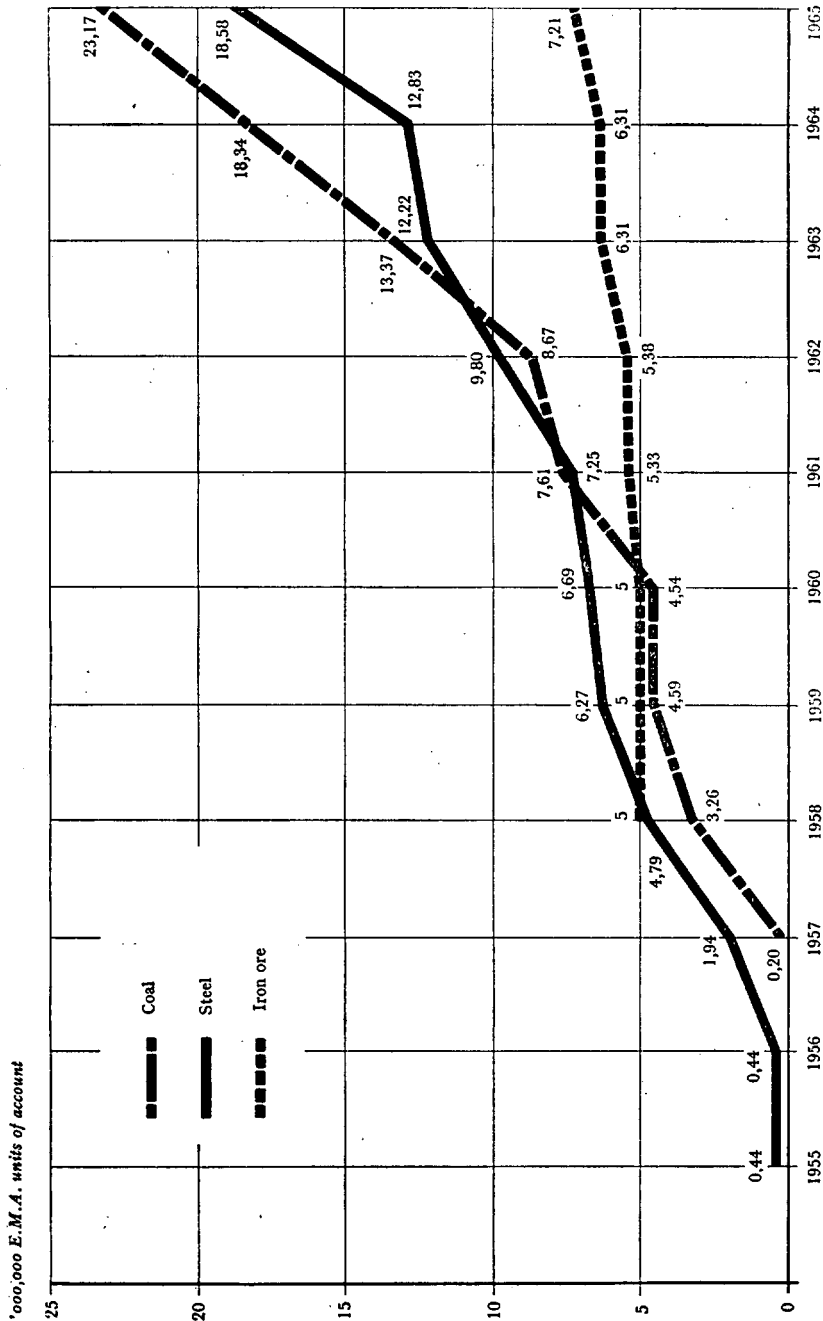
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<sup>1)</sup> It is to be published at a later date in the series of E.C.S.C. Bulletins.

GRAPH No. 15  
Annual High Authority Commitments for Technical Research

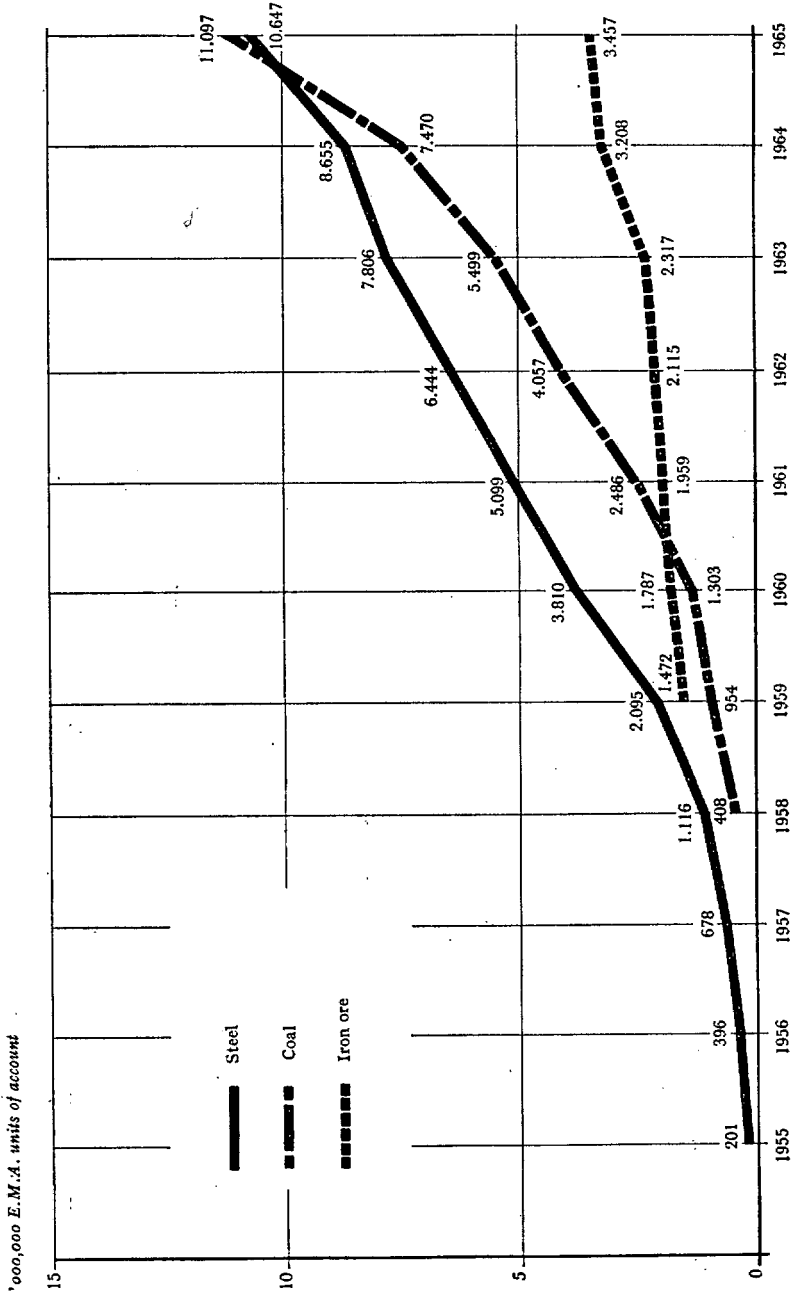


Cumulated Total High Authority Commitments for Technical Research



GRAPH No. 17

Actual Disbursements for Technical Research



in the present Report. It is at the same time a contribution by the High Authority to the initial studies of the Inter-Executive Working Party just referred to, and is of special interest in the light of the impending merger.

264. The High Authority's work in connection with the dissemination of research results is described in some detail in the 1963 Report.<sup>1)</sup> In 1965 as in the past, the E.C.S.C. industries were kept informed concerning High Authority-sponsored projects of interest to them, by means of half-yearly reports by grantees to the appropriate study and executive committees, articles in the specialized Press, special memoranda supplied on demand,<sup>2)</sup> and summary progress reports issued at intervals in loose-leaf form.

#### TECHNICAL RESEARCH: COAL

##### *Mining techniques*

High Authority-aided research on mining techniques, being of such recognized importance to the technology of the coal industry generally, were prosecuted with particular vigour in 1965.

##### *Fundamental research*

265. Work went ahead on a number of major projects concerning mine safety and rationalization of production, notably on

- (a) the value of different means of containing the effects of firedamp and coal-dust explosions;
- (b) firedamp control;
- (c) strata pressure.

A German firm specializing in underground testing carried out experiments at two now disused pits in the Ruhr, Dorstfeld and König Ludwig, to determine the effectiveness of masonry and plaster dams against *firedamp explosions* and of stone-dust and water-trough barriers against *coal-dust explosions*. The results differed in some respects from those obtained in experimental roadways, and it was therefore obvious that the latter could not be applied in practice as they stood: further experiments would be needed, under conditions not yet reproduced. The series of tests was completed.

<sup>1)</sup> See *Twelfth General Report*, Nos. 341 and 352.

<sup>2)</sup> See also Annex to this Section.



Research activities in connection with the *presence and emission of methane* included measurement of the methane adsorption capacity of coal samples at pressures of up to 60 kg./sq.cm., and measurement of gas pressures in the seam, giving readings of from 18 to 40 kg./sq.cm. Statistical evaluation of recorded amounts of gas given off now enables rates of emission to be calculated several days ahead. A simple method of sampling and analysis has been evolved for working out quickly the gas content of the seam. Ventilation measurements are also being carried out, while further improvements have been made in the accuracy of methanometers.

Closely co-ordinated with this work, which is being conducted by the four central coal research establishments of the Community, is the Saarbergwerke project of *geological and stratigraphical research on the origin of methane and its migration within the deposit* before, during and after coal-winning. Recordings of the porosity and permeability of the adjacent strata have provided valuable data for the calculation of the gas accumulation capacity and gas penetrability of the latter in this part of Germany. The emission points in boreholes were determined by using not only special probes but also precision thermometers. Here too the measurements and investigations in the actual strata were supplemented by ventilation recordings.

The work in progress at the French, Belgian and Dutch central research establishments on *sudden outbursts of firedamp* has led to advances in

- (a) prediction of seams' liability to sudden outbursts during winning;
- (b) early detection of impending outbursts by microseismic recordings and remote monitoring of the firedamp content of the airflow following shotfiring;
- (c) control of outbursts by means of large-diameter stress-relieving holes and infusion of water into the seam under pressure.

Notable among the further advances also achieved during the year in the four central establishments' research on *strata pressure* were improvements in

- (a) advance calculation of the deformation of strata around roadways;
- (b) calculation of the strength of supports;
- (c) calculation of strata movements in the neighbourhood of roadways;
- (d) measurement of compression and shearing effects in the strata.

Work on the Clausthal Mining College's project concerning the *cutting of hard rock* began in 1965; the first interim report is expected early in 1966.

*Applied research*

266. Applied research on mining techniques, particularly in connection with mechanization of coal-winning, also went ahead actively in 1965.

The Netherlands States Mines, which are trying to develop a *coal-getting machine for use in faulty seams*, made some progress in this direction by working up a prototype activated coal plough designed by a firm of German mining equipment manufacturers. Though they have not yet succeeded in evolving a machine which will both mine hard to ultra-hard coal and drive through faults, they have laid the foundations for doing so.

Work on the development of a *fully-mechanized coal-getting process using a remote-controlled Lohberg cutter-loader* was begun at the end of 1965. No findings are as yet forthcoming.

The second leg of the Steinkohlenbergbauverein's research on *mechanized face support* was also begun during the year. This is to consist of further studies on the behaviour of the roofs and floors of winning-points, with the object of working out rules for the selection of appropriate supports in line with the composition of the strata and the winning characteristics. Particular attention is to be devoted to fissuring in the roof and its effects on face support. Experiments at the special test bench for support frames in Essen-Kray have shown that primary roof fissures require the maintenance in advancing supports, and particularly support frames, of a supporting pressure of about one ton per square centimetre of roof surface to counteract their effect. As in the preceding portion of the project, more importance is being attached to roof control than to automation of support.

The first experiments conducted at a Dutch pit under the Netherlands State Mines' project on *cold shot firing*, which is being organized in co-operation with the Belgian Institut National de l'Industrie Charbonnière ("Inichar"), have produced promising results, which will be utilized for the improvement of apparatus manufactured by a German firm.

The Steinkohlenbergbauverein and the Centre d'Etudes et Recherches des Charbonnages de France ("Cerchar") have begun the preliminary testing of the equipment to be used in the main experiments below ground in connection with their joint telemonitoring and *remote control at the face*. The supports, the cutter-loader and the face conveyor are being systematically tried out first at the surface and then underground, and improvements introduced right up to the stage of their final installation.

The Steinkohlenbergbauverein's research on *hydromechanical winning and transport* is now under way in two seams of different dip and thickness at a

pit in the Ruhr. Results to date are encouraging, though a number of improvements are still needed in both the working methods and the equipment used. So far the greatest difficulties have been encountered in transporting the coal to the surface hydraulically.

The Dutch State Mines are at work on a project, toward which the High Authority has approved a grant of 483,425 units of account, for developing an appliance enabling the face conveyor and plough to be hydrostatically operated from a safe spot outbye the face. This will give *improved control* of the drives, allow them to be made smaller in *size*, and increase their *efficiency*.

The High Authority has made a grant of 184,320 units of account to Cerchar for research on the interrelation of *strata movements* following winning and the strength of the roof in workings equipped with *hydraulic supports*. The first series of experiments took place in the first half of 1965, and the measurement of the setting and yield loads of the supports and of the face convergence was also begun at this time. The findings are not yet available: the evaluation of the first of the four series of trials Cerchar is to conduct in all has been begun, but the final conclusions cannot be drawn until the results of all four (each of which is to last six months) have been fully studied.

A system of *remote control* for twin-frame powered supports is being developed and is shortly to be tested to establish the technical practicability of using remote-controlled supports under widely differing natural conditions, and especially to determine whether a face entirely equipped with such supports would be a paying proposition. The experiments are to be carried out by Inichar at a pit in the Campine coalfield. The first leg is to consist in trials with 25 remote-controlled support frames in a 30-metre section of face, a single operator at the master choc advancing whole groups of the frames simultaneously; the second leg is to be effected with 125 remote-controlled frames in a normal-sized face of 180 metres. The first leg is scheduled to begin in the first half of 1966.

The High Authority has approved a grant of 95,760 units of account for research by the Belgian Institut d'Hygiène des Mines on the improvement of *ventilation* by the properly-calculated regulation of fans. Trials are to be carried out with devices automatically controlling the action of the fans in accordance with a programme based on monitored data tele-transmitted from the workings; the devices will be programmed to ignore isolated errors or non-significant peaks in these data. The first section of the project is to be effected with the aid of models.

The second part of the open competition organized some years ago for the best *mine safety appliances* (indicators, recorders, self-rescuers) closed on October 8, 1964, with the submission to the judges of 19 flameless oxygen-

deficiency indicators. The laboratory tests have been completed, and extended trials below ground are now in progress.

The Community's four central coal research establishments continued their work of preparing abstracts of relevant material appearing in technical *publications from Eastern European and East Asian countries*, reports on research and development activities in these countries being translated into the Community languages and made available to all interested Community circles.

The High Authority has contributed 7,500 units of account towards the publication of a *Symposium on Mining Geology* by the Montangeologische Arbeitsgemeinschaft für die Westdeutsche Steinkohlengebiete, which covers the whole field of coal geology. The MS. is still in process of preparation for going to press.

### *Coal valorization*

267. In this field, which includes both mechanical and thermal valorization and, broadly, chemical processing of coal, the first stage of the fundamental research on coal chemistry and physics was concluded in 1965. Applied research was, as before, mainly concentrated on thermal valorization.

#### *Fundamental research*

268. The first leg of the studies undertaken by the four central coal research establishments and a number of university research centres on the *chemistry and physics of hard coal and coke* was completed; even at this early stage, valuable though as yet unco-ordinated results had been obtained in all the branches covered.<sup>1)</sup> During the two years the studies lasted, a system of co-operation between the big organized research stations and a large selection of individual researchers was tried out and worked extremely well. The results to date were described in various publications, including in particular papers for the Sixth International Congress on Coal Technology which met at Münster in 1965.

In view of the importance of this programme as a basis for working out new approaches in coal technology, the High Authority made a further grant of 1,975,116 units of account to the four central establishments. The second leg, also lasting two years, is to begin in 1966.

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<sup>1)</sup> See *Thirteenth General Report*, No. 317.

The first stage of the Steinkohlenbergbauverein's project on *fundamental technical problems of coking-plant operation*, completed at the end of 1964, covered all the parameters of the coking process with the exception of the extent to which the hardness of the coke, the heat consumption and the yield of by-products are affected by the type of coking coal employed (rated according to volatile-matter content). This aspect is now being studied in two series of tests, the first with a coking coal of average quality and the second with reproductions of the main coking blends used in the Community. The selection and preliminary trials for the first series were completed some months ago and industrial-scale testing began in October 1965, while for the second series the laboratory trials are now under way. Detailed accounts of the findings will be published in due course.

### *Applied research*

269. In connection with the research on the *two-stage coking process*, a firm in Cologne has begun experiments with the cyclon heat-exchanger at the Bismarck coking plant in Gelsenkirchen, in which the fines are heated in a cyclon system by hot gases flowing against the incoming coal, so that each coal particle is very quickly brought to the required temperature all through. Results so far are encouraging, but the trials are not expected to be completed before mid-1966.

The Steinkohlenbergbauverein's research on *coal bunkering*, undertaken to determine the extent of the incidental degradation and size separation which takes place in the filling and discharging of bunkers, has proved more difficult and costly than was expected, owing to unforeseeable variations, outside the trial-operators' control, in the properties of the coal used for the experiments. The funds provided were exhausted a year before the scheduled conclusion of the research, and the Steinkohlenbergbauverein had therefore to apply for a fresh grant of 57,750 units of account, to be employed mainly for experiments with harder grades of coal; this will enable the earlier results, obtained with medium-hard grades, to be made applicable to a wider range of Community coals.

### *Coal utilization*

270. This field covers research and development projects concerning firing techniques and more generally the use of coal in solid form.<sup>1)</sup>

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<sup>1)</sup> See *Thirteenth General Report*, No. 317.

During the period under review, Cerchar began preparations for the second leg of its projects on the *combustion mechanism of solid fuels*, in which the results of the pure research carried out in the first leg are to be used as a basis for devising improvements to grate-stoker firing equipment and to appliances fired with pulverized coal. Particular attention is to be devoted to the combustion of pulverized low-volatile coal in model and industrial-scale fireboxes.

The Steinkohlenbergbauverein's research on *p.f. firing of water-tube boilers* could not begin, as the experimental boilers were still under construction. They are to be installed at a power-station in Germany, and are expected to be in readiness by about October 1966. The experiments will concern not only the optimum combustion conditions for pulverized coal as such, but also the preparatory and follow-up operations involved, namely pulverization of the coal and ash and dust removal.

Progress by the Dutch State Mines with their *fundamental research on combustion processes in small appliances* included the development of an improved ash-removal system and a firebox allowing smokeless combustion of coals liable to give off tar fumes. The programme has now been completed, and a summary report is to be issued.

The High Authority made a further grant of 47,793 units of account to Ruhrkohlen-Beratung G.m.b.H., of Essen, to enable it to complete its work on a *fully-automatic grate-stoking appliance for fitting to large-capacity boilers*. The original shaker grate, placed at an angle in the fire tube, made it difficult to ensure that the fire-tube wall was properly tight, and imposed unduly high mechanical stresses on the boiler; a new one has therefore been designed, to operate in a separate chamber in front of the tube, an arrangement which would incidentally also be feasible and competitive for the firing of high-volatile coals in new installations. The research has duly been completed, and the appliance is considered likely to sell well.

Ruhrkohlen-Beratung's *package p.f.-fired water-tube boiler*, developed by a firm in Germany, is now ready. The final trials were highly satisfactory.

The Belgian Centre de Documentation des Combustibles Solides ("Cedocos") has succeeded, through its research on *automatic ash removal for various types of fireboxes and grates and automated stoking and ash removal for small firing appliances*, in developing a thoroughly efficient mechanical stoker and easily-operated speed regulator for the prototype small boiler it has been using, which as a result can also take bituminous coal. The boiler thus equipped may be expected to have quite a good sale in Belgium and Germany. The research operations are finished, and the final report is in preparation.

Cedocos' studies on *air pollution resulting from the combustion of coal with a high volatile-matter content* are turning out to need much more time and money than had originally been planned. However, after a great deal of experimenting an improved method of recording the pollution effects of tar fumes, soot and dust emanating from coal-fired appliances has been devised which Cedocos is now using for all the fuels and heating appliances concerned.

The measurements carried out by the Dutch State Mines in the first half of 1965 in connection with their research on *chimney draught conditions in residential blocks* have shown that a new type of double-walled stack pretty well eliminates the risk of carbon-monoxide poisoning in flats. Further experiments, still in progress, are expected to provide useful indications for the design and operation of heating installations in residential blocks.

The Steinkohlenbergbauverein's laboratory and semi-industrial research on the *desulphurization of flue gases from coal-fired appliances* is now pretty well completed, and it should be possible to work out from the results effective practical methods of desulphurizing flue gases by carbon adsorption. A semi-industrial experimental plant has been constructed for studies on the fixation of  $\text{SO}_2$  by metal oxides and carbonates, which are also expected to yield information of considerable technical importance.

In view of the promising results of the research on the fixation of  $\text{SO}_2$  by carbon-containing adsorbents, the Steinkohlenbergbauverein and Bergbau-Forschung of Essen have applied for a further High Authority grant to enable them, on completion of the laboratory stage, to conduct semi-industrial experiments for the development of a desulphurization process suitable for ultimate practical application in industry.

Closely linked with this research is a project to be begun in 1966 by a German electricity company, with the aid of a High Authority grant of 20,250 units of account, on the industrial application of the *pure-air method of desulphurizing flue gases* from coal-fired appliances.

The experiments effected in a non-continuously operating briquette-oxidizing plant by a French company, working under the scientific supervision of Cerchar, as a contribution to the study of the *catalytic combustion of waste gases from briquetting-plants*, have culminated in the successful development of a safe and cheap process for ensuring the full combustion of tar fumes from installations of this type. With regard to the continuously-operating type of oxidizing plant, Bergbau-Forschung of Essen and Inichar of Liège have started joint research at a Belgian briquetting-plant, using an Inichar-designed sand-bed furnace; this work is still in progress.

Work has begun on the joint Steinkohlenbergbauverein/Cerchar study of the *properties and possible uses of boiler ashes*, and the first results may be expected early in 1966.

For the convenience of circles particularly interested, the High Authority is to bring out periodic *Coal Research Bulletins* giving an overall picture of results to date. The first is scheduled to appear in the first months of 1966.

#### TECHNICAL RESEARCH: IRON ORE AND STEEL

271. The points made in the corresponding passage of last year's Report<sup>1)</sup> with regard to the competition which Community steel is facing both inside and outside the Common Market still apply, if anything with even more force than before. The Second Steel Utilization Congress in October 1965, like its predecessor the year before, served to underline the need for intensified research on steel production and consumption both at national and at Community level.<sup>2)</sup>

272. It was observed towards the end of 1964<sup>3)</sup> that there was growing anxiety for more active Community research. Accordingly, the High Authority during 1965 has seven research programmes drawn up and examined, both on steel production and on steel utilization, some of them on a very considerable scale.

Details are given in the following pages. Some of the projects form a continuation or intensification of research already sponsored by the High Authority, such as the efforts to reduce the production costs of Community ore by devising improvements in mining techniques, and so maintain its competitive position *vis-à-vis* imported ores. Others, however, are a new departure, aimed at helping the Community to catch up with third countries whom it has allowed to outstrip it in certain respects: these include research on metal physics and on the utilization properties of steels, part of the object of which is to provide consumers with higher-performance but not much more expensive steels.

New avenues of research are also to include fields in which some Community researchers appear to be in the lead: here the aim is to enable them to increase that lead so as to attain more quickly their objective of perfecting an entirely new technique which will bring down Community production costs, as for instance with the continuous-steelmaking process.

<sup>1)</sup> See *Thirteenth General Report*, No. 331.

<sup>2)</sup> See *Thirteenth General Report*, end of No. 332.

<sup>3)</sup> See *Thirteenth General Report*, No. 332, third paragraph.



273. In some fields particularly suited for the purpose, the High Authority is seeking to ensure better co-ordination among the centres and plants which are to conduct the research by launching *joint research programmes* enabling the work to be rationally apportioned in accordance with the personnel and equipment available at each. This was the basis adopted for the programme concerning comparative measurements in iron and steel production, which comprises some forty separate projects for the recording of production and fabrication-control parameters in the different parts of the iron and steel plant.

### *Iron-ore*

274. As is noted earlier in these pages, the position of the Community iron-ore mines became still more difficult in 1965.

On the *mining* side proper, the High Authority went ahead with its efforts to keep the saleable Community ores as competitive as possible. Following trials in Lorraine with a continuous miner, which served to demonstrate the machine's potentialities,<sup>1)</sup> further research was undertaken on the subject in the Salzgitter orefield, the object being to develop a continuous miner more powerful than the previous model, and also more powerful than the type already employed in the coal industry, for use in the harder conditions obtaining in the iron-ore mines. Work is also in progress to develop a system of transporting the ore so mined from face to surface hydraulically, and to establish whether this would be a paying proposition. Tests are going on at another mine with new drills specially designed for thick steep seams. The amount of the E.C.S.C. grant for research on iron-ore mining techniques is 897,175 units of account.

275. With regard to ore *beneficiation*, the Bazailles pilot plant specially built for research on the *magnetic roasting* of saleable minette and Normandy ores<sup>2)</sup> came into operation in May 1965. After a number of technological modifications had been made, the actual trials began and are now making good progress.

276. The work by the Institut de Recherches de la Sidérurgie Française ("Irsid") on the *flotation* of low-grade siliceous ores was discontinued midway through 1965, as the results, though technically successful, would not have been economically practicable under present conditions. The funds left available were held over for possible research on the flotation of portions of the roasting concentrates produced by the Bazailles plant. The Studiengesellschaft für

<sup>1)</sup> See *Thirteenth General Report*, No. 333.

<sup>2)</sup> See *Twelfth General Report*, No. 346, last paragraph.

Eisenerzaufbereitung is continuing its parallel studies on the same subject, and has now practically finalized a system of beneficiation for one particular type of ore.

These experiments in France and Germany have added a good deal to theoretical and practical knowledge of ore flotation processes, and clarified ideas as to how these can be profitably employed.

### Steel

277. The research on the *automated sinter strand*, which was scheduled to finish on June 30, 1965, is to be continued for a further year, with a view to perfecting the operation of the plant so that it will turn out sinter of regular quality as regards chemical and physical properties at the lowest possible cost. Full control of the temperature and moisture of the fines recycled has enabled the process to be effected automatically throughout, the sintering continuing steadily for quite lengthy periods (a day or so) without human intervention.

278. Pure research on the *automated reversing mill* has now moved into the stage of drawing up an optimum rolling programme by means of a digital computer, which is at present making the relevant scientific calculations, and will ultimately direct by electronic control the whole reversible-rolling process.

Since the completion of the research conducted in 1964 with a full-scale blooming mill<sup>1)</sup> to compare the performances achieved with manual and with automatic screwing-down, which showed that automation reduced the amount of idle time, work has gone ahead on the full automation of the main motors.

The *plate mill* study began in 1965: the object here is to obtain with a computer rolling sequences with as few passes as possible, which will give the required thickness with a lower tolerance.

279. As part of its campaign to promote the automation of steel production, the High Authority in 1965 made a grant of 1,613,400 units of account for a joint programme of *iron and steel measurements*, under which four research organizations are together investigating some 40 aspects connected with the recording of the behaviour parameters of the individual production operations and with quality control. The studies, which involve the use of various new techniques in physics (including more especially ultra-sonics, radiation and lasers), are a necessary preliminary to automation.

<sup>1)</sup> See *Thirteenth General Report*, No. 336.

280. After various alterations had been made to the *Liège experimental blast-furnace*<sup>1)</sup> to bring it more into line with the type of plant actually in use in industry and reduce the raw-material costs, the following research was carried out :

- (a) establishment of a relation between the reducibility of the ore and the consumption of coke in the blast-furnace;
- (b) injection of gaseous liquids into the hearth to improve desulphurization;
- (c) trials with a new ore from Pakistan (financed by U.N.). The Liège plant proved quite suitable for working out an appropriate method of handling a type of ore not previously known.

281. The research on the *injection of coal* through the blast-furnace tuyeres with a carrier gas ended inconclusively, at any rate so far as these particular test conditions were concerned. Moreover, the movement of coal and fuel-oil prices meantime has made it doubtful whether the process would pay its way even if successfully developed technologically. The project has therefore been dropped.

The interim results of the parallel experiments with the *injection of a mixture of coal and fuel oil*, on the other hand, are encouraging. Testing, which began at the turn of the year 1964-65, was suspended as planned later in 1965 for the furnace to be overhauled, and is to be resumed towards the end of 1966.

282. With regard to steelmaking plant proper, the High Authority made grants totalling 2,223,200 units of account in aid of four parallel projects.

Three of these relate to the *continuous refining*, in varying degrees, of liquid pig-iron. One of them, begun before the High Authority decided to assist the work, is aimed at producing a metal/slag/gas emulsion in which refining takes place very quickly, the emulsion being then poured off; the E.C.S.C. grant will enable the existing pilot apparatus to be enlarged so that really reliable indications can be obtained as to the technical and economic value of the process. The other two are still in preparation.

The fourth project concerns accelerated refining in the electric furnace, producing high-grade steels from a cold charge. The fitting-up of the furnace is to begin in 1966.

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<sup>1)</sup> See *Thirteenth General Report*, No 337.

283. Of the various fundamental-research projects the High Authority is also assisting, the following may be specially mentioned :

- (a) analysis of gases contained in the different types of steel and pig-iron (which is to include industrial-scale extrapolation of some useful data obtained in a pilot study by Euratom);
- (b) investigation of the structure and heterogeneity of ingots. This work is leading to the development of a new theory of solidification;
- (c) a study of the hardness of steels, begun in October 1965;
- (d) the publication of the three volumes of the Metallographical Atlas, which is to be put on sale by the book trade during 1966 and is already evoking considerable interest well beyond the borders of the Community.

284. Following the First Steel Utilization Congress in October 1964, the High Authority made a grant of 1,719,000 units of account for a joint research programme on the *utilization properties of steel*, a field of interest to both steel producers and steel consumers. The programme comprises fundamental and, more particularly, applied research on such aspects as weldability, brittle fracture, metal fatigue and corrosion, with special reference to structural steels.

A smaller grant of 180,000 units of account was also approved for a first joint research programme on *metal physics*, designed to help the producers to make high-performance steels without needing to add substantial amounts of alloying elements or employ complicated heat treatments. Notwithstanding all that has been done and achieved in the countries which are ahead of the Community in this special field, much remains to be done before the inter-crystalline precipitates that conceal incipient fractures are fully understood and can be dealt with.

Lastly, the High Authority supplied a grant of 60,000 units of account for research on the *orthopedic plate*, used in the building of steel bridges and in hydraulic engineering; the method needs to be further developed in order to produce lighter-weight structures and make steel competitive as a material for prefabricated bridges across motorways. This is one of the first research projects to deal purely with steel utilization.

#### EURONORMS

285. The seventeen Working Parties and the Co-ordinating Committee on the Nomenclature of Iron and Steel Products continued busily with the establishment of the Euronorms during 1965.

The work on the chemical composition of iron and steel products is proceeding very satisfactorily : two standards, one concerning the admixture of phosphorus and the other of silicon, were completed in 1965, and several others are almost finished. This will mark the close of the first stage, the determination of the main maximum-content elements in the standards for ordinary steels; the next stage will be to fix the methods of computing the alloying elements needed for the analysis of the heat-treatment steels the standardization of which was begun in 1965.

The revision of a number of Euronorms for mechanical tests is in progress : the main tests have now been standardized, and it remains only to finalize certain special tests for particular products, such as tinplate and boiler plate.

The Euronorms for the sizes and tolerances of widely-used long products are ready, but those for flats are taking rather longer. The Euronorm for tinplate tolerances came out in 1963 and that for the tolerances of non-alloy hot-rolled hoop and strip in 1965; the tolerance standards for plate and sheet, however, are still under study, owing to the radical changes in production which have resulted from the steady series of improvements and adjustments to the wide-strip mills.

The standardization of sizes and tolerances for special-purpose merchant bars is also going ahead, but somewhat more slowly, as a rationalization needs first to be effected at the initial processing stage.

1965 saw the completion of the two most important quality Euronorms, those for deep-drawing and cold-bending sheet and general-purpose structural steels. These are of special note by reason not only of the tonnages concerned, but also of the principles which have been established during the long and difficult process of drafting them; these principles, and, with the necessary adjustments, the rules finally embodied in the two Euronorms, will be of considerable assistance in speeding up the work on the quality standards still in preparation.

A new Working Party (No. 23) on the heat-treatment steels was set up in 1965. Its studies are being conducted in parallel with those of the corresponding I.S.O. Working Party, *vis-à-vis* which it is endeavouring, often with success, to establish a common Community line. It is making rapid progress. The quality standard for several categories of steels for tempering and annealing is now ready.

It is an advantage for this Working Party that Euronorm 52, a standardized glossary of terms relating to heat treatment compiled in the four Community

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languages in parallel columns, and running to over 60 pages, is now practically completed, as this will obviate many possible terminological misunderstandings in a notably complex and intractable field.

In consequence of the rapid strides in steelmaking technology, the Euro-norms require periodic revision: a number of them are already undergoing it or due to do so shortly.

In the past ten years, over 50 Euronorms have been established, and work begun on another 25.

## ANNEX

## 1. Technical Research : Coal

(Supplement to lists in *Twelfth* and *Thirteenth General Reports* of 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 pressure produced in gateroads and stone drifts by coalwinning operations	<p>"Utilisation de cadres articulés sur piles de bois en dressants aux Charbonnages du Gouffre": Inichar, <i>Bulletin technique</i> No. 91 (1962).</p> <p>"Essais sur cadres métalliques circulaires": Inichar, <i>Bulletin technique</i>, September 1962.</p> <p>"Comparaison dans un même chantier du soutènement par cadres articulés sur piles de bois et soutènement Usspurwiess": Inichar, <i>Bulletin technique</i>, November 1962.</p> <p>"Renforcement des couches par boulons d'ancrage — Klebanker": Inichar, <i>Bulletin technique</i>, May 1963.</p> <p>"Essais sur cadres métalliques de la firme T.H.": Inichar, <i>Bulletin technique</i>, June 1963.</p> <p>"Essai en laboratoires sur cadres circulaires et elliptiques": H. van Duyse, <i>Annales des mines</i> No. 4 (1964).</p> <p>"Essai d'un soutènement trapézoïdal-Flexomatie aux Charbonnages de Limbourg-Meuse": H. van Duyse, <i>Annales des mines</i> No. 5 (1964).</p> <p>"Le contrôle des terrains dans les galeries des mines"</p> <p>"Un problème de pression de terrain dans les exploitations houillères, la gestion des voies": B. Schwartz and C. Chambon, <i>Industrie minière</i>, October 1963.</p>

Reports were submitted by each of the four Community coal-producing countries at the Congresses on Strata Pressure held in Paris in 1960 and in New York in 1964.

Loose-leaf series reference number	Project	Publication
K 4	Research on sudden outbursts of gas in coalmines	<p>"Etudes consacrées aux dégagements instantanés": Cerchar, <i>Rapports d'activité</i>, 1959, 1960, 1961.</p> <p>"Rapport d'un voyage en Hongrie: la lutte contre le dégagement ordinaire et les dégagements instantanés de grisou dans les charbonnages de Péés": P. Stassen and R. Vandeloise, <i>Annales des mines de Belgique</i>, January 1964.</p>
K 5	Research on optimum operating conditions for traditional-type coking-plants	<p>"Primäröl aus der Steinkohlenverkokung": Reinhold Beckmann and Walther Thürauf, <i>Brennstoff-Chemie</i> No 3, vol. 46, pp. 1-2.</p> <p>"Über die Beziehungen zwischen Kohleigenschaften, Verkokungsbedingungen und Koksqualität": K. G. Beck, H. Echtherhoff and W. Simonis, <i>Brennstoff-Chemie</i> No. 2, vol. 56, February 1965.</p> <p>"Optimaler Körnungsaufbau von Koks-kohle": W. Simonis and E. Ruberecht, <i>Glückauf-Forschungshefte</i> 1965.</p> <p>"Über den Einfluss von Körnungsaufbau und Schüttdichte der Koks-kohle auf die Hochtemperaturverkokung im Horizontal-kammerofen": K. G. Beck, H. Echtherhoff and W. Weskamp, <i>Glückauf-Forschungshefte</i> 1965.</p>
K 6	Development of new two-stage coking process	<p>"Préchauffage de la pâte à coke": Cerchar, <i>Rapports d'activité</i>, 1959, 1960, 1961.</p>
K 10	Research on mechanized face and roadway support	<p>"Forschungsarbeiten zur Weiterentwicklung des mechanischen Strebausbaus": Jacobi, Everling and Irresberger, International Congress on Strata Pressure, New York, May 1964.</p> <p>"Der automatische Strebausbau in Gross-britannien und seine Anwendbarkeit im deutschen Steinkohlenbergbau": Irresberger, <i>Glückauf</i> 1965, vol. 8.</p> <p>"Automatisierung des Strebausbaus zur bes-seren Pflege des Hangenden": O. Jacobi, <i>Glückauf</i> 1965, vol. 14.</p>



Loose-leaf series reference number	Project	Publication
K 19	Geological and stratigraphical research on the origin of methane and its migration in the coal deposits	<p>"Inkohlungsuntersuchungen zu den Tiefbohrungen Teufelsporte und Neuforweiler-Sandhof und in Flöz I, Grube Luisenthal": M. Teichmüller.</p> <p>"Zur Klein- und Grosstechnik des Saarbrücker Hauptsattels": H. J. Schimazek.</p> <p>"Versuche zur Gasvermischung in simulierten Bohrlöchern": Gesell and Hückel.</p> <p>"Ergebnisse geothermischer Untersuchungen im Saarkarbon": B. Hückel.</p>
K 23	Fundamental research on coal and coke chemistry and physics	<p>Application des analyses optiques à l'étude du processus de défumage des boulets au brai": Eugène H. Grand'Ry, <i>Annales des mines de Belgique</i>, June 1964, pp. 883-888.</p> <p>"Application des détecteurs à ionisation des flammes à l'analyse chromatographique des benzols et goudrons de houille": A. Blave and E. H. Grand'Ry, <i>Journal chromatographique</i>, 1965.</p> <p>"Recherche du mécanisme de formation du goudron 'naissant' lors de la carbonisation fluide, identification de ces goudrons obtenus dans l'intervalle 300 et 500 °C": paper read at the sixth International Congress on Coal Technology, Münster, June 1965.</p> <p>"Les hydrocarbures paraffiniques et cycloparaffiniques de goudron de carbonisation à basse température": J. Bricteux, paper read at Essen, December 8, 1964.</p> <p>"Craquage thermique du M-crysol du benzène, du toluène et des phénols entre 600 et 860 °C": R. Cypès, paper read at Essen, December 8, 1964.</p> <p>"Etude des goudrons primaires obtenus par pyrolyse rapide d'un charbon Faulquemont": R. Deeler, R. Chauvin,</p> <p>"Formation de la texture des cokes de houille et de brais étudiés par solubilité et par microscopie": M. Ihnatowicz, P. Chiche, J. Beduit, S. Pregermain, R. Tournant.</p>

Loose-leaf series reference number	Project	Publication
K 23 ( <i>contd.</i> )	Fundamental research on coal and coke chemistry and physics	<p>"Les hydrocarbures paraffiniques et cycloparaffiniques d'un goudron industriel de carbonisation à basse température": J. Bricteux, M. Mouray.</p> <p>"Recherche du mécanisme de formation du 'goudron naissant' lors de la carbonisation fluide de charbon agglutinant en atmosphère inerte": P. Dath, J. Mahieu, R. Soufflaire, E. H. Grand'Ry.</p> <p>"Etude du craquage thermique de goudron primaire": J. Lahouste, P. Payen.</p> <p>"Beitrag zum hydrierenden Lösen von Steinkohlen": F. Ziegler, G. Kölling.</p> <p>"Hydrogénation ménagée de charbons et analyse des hydrocarbures obtenus": A. F. Boyer, P. Payen.</p> <p>"Oxydative Zerlegung von Ruhrkohlenarten": B. Jüttner, H. Bertling.</p> <p>"Theoretische Überlegungen und experimentelle Ergebnisse zur Methansorption an Steinkohlen": H.D. Schilling, H. Jüntgen, W. Peters.</p> <p>"Etude du développement de la texture poreuse d'un coke de houille au cours de l'activation à la vapeur d'eau": P. Chiche, J. Coue, S. Durif, S. Pregermain.</p> <p>"Die Eigenschaften von Koks aus Kohlen verschiedenen Inkohlungsgrades nach einer Teilvergasung mit Wasserdampf": H. Jüntgen.</p>
	All above K 23 papers read at the sixth International Congress on Coal Technology, Münster 1965.	<p>Maria Theresia Mackowski, <i>Erdöl und Kohle</i> 1962, vol. 15, pp. 441-450</p> <p>E. Wolf, thesis, Münster 1963.</p> <p>H. Jüntgen, <i>Erdöl und Kohle</i> 1964, vol. 17, pp. 180-186.</p> <p>H. Jüntgen and Trenkner, <i>Brennstoff-Chemie</i> 1964, vol. 45, pp. 105-114.</p>

Loose-leaf series reference number	Project	Publication
K 23 (contd.)	Fundamental research on coal and coke chemistry and physics	<p>H. Bertling, thesis, Aachen 1964.</p> <p>B. Jüttner, <i>Brennstoff-Chemie</i> 1961, vol. 42, p. 320. <i>Brennstoff-Chemie</i> 1963, vol. 14, p. 206.</p> <p>F. Micheel and Bernsmann, <i>Angewandte Chemie</i> 1961, vol. 73, p. 113.</p> <p>H. Jüntgen and Lenkhoff, <i>Brennstoff-Chemie</i> 1964, vol. 45, pp. 50-54 and 114-118.</p> <p>H. Münzer and Häusinger, <i>Brennstoff-Chemie</i> 1964.</p> <p>W. Peters, <i>Stahl und Eisen</i> 1964, vol. 84, pp. 979-986.</p> <p>W. Peters and J. Langhoff, <i>Brennstoff-Chemie</i> 1963, vol. 44, pp. 43-48.</p> <p>K. H. Koch and W. Peters, <i>Brennstoff-Chemie</i> 1963, vol. 44, pp. 383-387.</p>
K 31	Hydro-mechanical winning and hydraulic transport of coal to the surface	<p>"Wasser als Gewinnungs- und Fördermittel im Steinkohlenbergbau": D. Wussow, <i>Glückauf</i> 101, 1965, vol. 5.</p> <p>"Die hydromechanische Kohlegewinnung: Bericht über die ersten Versuche auf den Ruhrzechen der Essener Steinkohlenbergwerke AG.": E. G. Gottwald, paper read at Bochum on February 25, 1965, as part of series of talks on technology organized by the Westfälische Berggewerkschaftskasse, Bochum.</p> <p>"Entwicklungsvorhaben 'Hydromechanische Kohlegewinnung und hydraulische Förderung'": D. Wussow, paper read at Lünen seminar for Land Ministers (and Berlin Senator) of Economic Affairs on rationalization of the Ruhr collieries.</p>

## 2. Technical Research : Iron and Steel

(Supplement to lists in *Twelfth* and *Thirteenth General Reports* of research reports published, exclusive of articles in technical periodicals)

Loose-leaf series reference number	Title	When published	European Community Publications Department serial number or other reference
A 16	Étude de l'influence de la teneur en cendres du coke sur la marche d'un haut fourneau	June 1964	10 652/2/64/1
A 8,b	Recherches sur la réduction directe des minerais de fer dans le four à cuve	October 1964	10 991/2/64/1
A 8,a	Essais de réduction des minerais de fer au four tournant	August 1965	12 010/2/65/1
A 15,a	Automatisation du processus d'agglomération aux Forges de la Providence	September 1965	Special reprint from <i>Revue universelle des mines</i> , September 1965
A 6	Compte rendu des essais effectués en 1964 au fourneau expérimental de Liège	December 1965	AIRBO publication
A 18,b	Essais du mineur continu JOY 2 BT 5 effectués à la mine de Bure	June 1965	Special reprint from <i>Bulletin technique des mines de fer</i> , March 1965

### Section 3: The General Objectives; the Energy Outlook

#### GENERAL OBJECTIVES FOR STEEL

286. The last set of General Objectives, going up to 1965, was issued by the High Authority in 1961. Since then the whole steel situation has altered very considerably, both in the Community and in the world at large: an outline of the main changes expected by 1970 will be found in the General Report for 1963.<sup>1)</sup> Accordingly, a fresh set has had to be drawn up taking account of the shifts in the trends governing the demand for steel in the Community and of the alterations in the pattern of the world market. This has involved much additional study and consultation with experts. As will be described, the work is now practically completed, so that it is possible to include here a rough picture of the new General Objectives.

#### *Community demand for iron and steel products*

287. The general background is one of fairly well-marked economic expansion. E.E.C. estimates indicate a rate of growth much the same as that for the past five years, that is, about 4.6% per annum for Community G.N.P. overall, with the French and, in particular, the Italian figure working out rather above this average and the German, Belgian and Dutch rather below it.

The rate of economic growth alone, however, is not a sufficient basis for explaining or forecasting the movement of steel consumption. Other relevant factors include such considerations as whether the effect of that growth is seen more in higher consumption or in higher capital investment, and whether consumption is concentrated more on services or on durables and investment more on machinery or on public works, while in addition the pattern and state of external trade are bound to play an important part, the Community being a major trader in products made of or from steel.

Developments in these various respects have therefore been analysed with care in order to afford an idea of the probable trend in the different steel-consuming sectors up to 1970. This trend may be briefly summarized as follows:

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<sup>1)</sup> See *Twelfth General Report*, Nos. 280 ff.

- (a) expansion in the steel-consuming sectors will be appreciably faster than in the other branches of the economy;
- (b) it will, of course, vary considerably from one sector to another : thus, in consequence more particularly of the demand for capital goods both at home and abroad, the rate of growth in the mechanical- and electrical-engineering industries will be well above the average for the steel-consuming sectors generally;

The shipyards, on the other hand, will continue to feel the effects of the very keen external competition.

To forecast steel requirements it is necessary to have a picture not only of the levels of activity in the different sectors, but also of the future movement in the specific consumption of steel there, for this too is changing, in some sectors at all events. In the motor-car and shipbuilding industries it is expected to remain steady, and in the residential-building sector even to rise somewhat, but on all other fronts the next few years are likely to see a sizeable reduction, due partly to changes in the actual products and partly to preference for using alternative materials in place of steel.

A study of these various interlinked factors determining steel consumption suggests a 1970 figure of round about 85 million ingot tons. It would appear, therefore, that internal steel requirements, though continuing to increase, will do so a good deal more slowly than they did during the 1950s, and even a trifle more slowly than in the last five years.

#### *The world steel market*

288. As was emphasized in the High Authority's 1963 Report, the world steel situation has been changing drastically for some years. A buyer's market has taken the place of a seller's, since the expansion in demand, though still going on, has been easily outpaced by that in capacity. This imbalance, and the resulting pressure on world prices, will in all probability continue during the years ahead, and consequently only those companies and countries which can keep themselves properly competitive will be able to maintain their position in the world market.

#### *Production capacity and competitive capacity*

289. A comparison of the prospective sales outlets for steel about 1970 and the production potential declared by the enterprises for the purposes of the annual investment survey indicates that capacity in the next few years will be

amply sufficient and will need no further additions. This applies, however, only in so far as actual physical capacity is concerned: if we also consider the economic angle and the degree of modernization needed it is impossible to be anything like so categorical, and the forthcoming General Objectives will emphasize in no uncertain terms that the Community iron and steel industry's most pressing concern in the years ahead must be to work up its competitive capacity by every means at its disposal.

It is, in fact, intended to devote a considerable amount of space in the General Objectives to this aspect, discussing ways and means of improving competitive capacity by replacing existing plant and altering the present industrial set-up and of reducing the raw-material costs incurred. Separate sections will deal with the choice of appropriate techniques and processes, the modernization of equipment and the implications of technological progress with regard to the size of individual plants, and even of whole enterprises, due account being taken of the fact that the question can assume different forms according to the age, condition and location of the installations. As regards raw materials, one important point raised is what proportion of indigenous coking coal and indigenous iron ore the industry will be using in the long term.

290. The further radical technological changes which the future must be expected to bring in the Community iron and steel industry are bound to affect both the numbers and the skills of the workers it employs, and an active labour policy on the part of the enterprises and the Governments will be more necessary than ever, for the sake of men and managements alike.

#### *Drafting of the General Objectives*

291. As on previous occasions, the High Authority has been at pains to consult top-ranking experts in the Community and to discuss with them the preparatory documents drawn up by its staff.

Several meetings have been held of the chairmen of the four main committees—of producers, consumers, Government representatives and trade unionists—set up to assist the preparation of the General Objectives, and comprehensive discussions, on the basis of a memorandum by the High Authority, have taken place with the committees themselves concerning future issues for the Community steel industry, producing a number of useful conclusions as to the approach to be adopted. Extensive use was also made of the services of the specialist working parties on steel consumption in the individual sectors, on production techniques, and on manpower problems.

At the time of going to press, the new draft set of General Objectives for steel was just about to be finalized; it is to be forwarded to the Consultative Committee and to the appropriate Committee of the European Parliament before the middle of the year, and published as soon as the consultations required by the Treaty have taken place and any alterations found to be called for have been made.

*LONG-TERM ENERGY OUTLOOK FOR THE COMMUNITY, 1965-1980*

*Introduction*

292. The first edition of the study on this subject<sup>1)</sup> was drawn up in 1961-62 : it was intended not so much to forecast developments as to pinpoint processes and factors determining the basic trends in the European energy market.

Now that five years have passed, the time is felt to have come to compare the trends indicated with the actual course of events meantime. This is the object of the new edition now being prepared by the High Authority and the Inter-Executive Working Party on Energy. The position as it has in fact worked out is described in Chapter Two of the present Report : the facts and figures there recorded are being used as a reference basis by the compilers of the revised study, who also have the advantage that a clearer picture is now available of a number of important factors, such as, in particular, the scale of the Dutch natural-gas deposits and the prospects with regard to nuclear energy. It should be noted, incidentally, that in view of the increasing interdependence between the European and the international energy market a very careful examination is having to be made of world developments in seeking to determine the outlook for the Community.

The revised study thus differs from its predecessor in the following respects :

- (a) it incorporates the latest particulars concerning Community energy production, including more especially natural gas and nuclear power;
- (b) it covers the period up to 1980;
- (c) the outlook for Europe is in each case viewed in close conjunction with the world outlook generally.

The analysis offered of course depends very much on the periods covered. Two main periods have been selected, ending respectively in 1970 and 1980.

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<sup>1)</sup> *The Long-Term Energy Outlook for the European Community*, Luxembourg, January 1963 (Doc. No. 3365/5/64/1).



### Supply-and-demand position in 1970

293. The production and consumption apparatus in 1970, of which it is already possible to form a pretty accurate picture, suggests that ample supplies will be available, but that the real headache for the Community will be to secure sales outlets for indigenous coal.

Details of the estimated energy supply and demand position in 1970 are shown in *Tables 56 and 57* following. As will be seen, the Community's internal

**TABLE 56**  
**Energy consumption and upper and lower limits of coal disposals in the Community**

	All energy		Coal			
	('000,000 tons hard-coal equivalent)		('000,000 tons hard-coal equivalent)		(% of total disposals)	
	1965	1970	1965	1970	1965	1970
1. Iron and steel industry <sup>1)</sup> (of which: coke)	62	66	52 (50)	51 (50)	23	26-22
2. Other industries <sup>1)</sup>	115	144	26	15-22	11	7-9
3. Transport <sup>1)</sup>	76	109	7	3	3	2-1
4. Private households <sup>1)</sup>	137	165	50	35-45	22	17-20
5. Hydro and nuclear power-stations	42	50	—	—	—	—
6. Conventional thermal power-stations	111	153	58	66-79	25	34-36
7. Other energy producers and converters <sup>1)</sup>	46		31		13	
8. Miscellaneous	8	56	4	26-29	2	13-12
9. Total internal consumption	597	743	228	196-229		
10. Exports to third countries and bunkering	79		6	4	2	2
11. Non-energy products (converters' and end consumers' stock changes)	24		— 3		— 1	
12a. Total disposals (indigenous and imported)	700		231	200-233	100	100
b. Coal imports			29	32-37		
c. Disposals of Community coal <sup>2)</sup>			202	168-196		

<sup>1)</sup> Exclusive of electricity.

<sup>2)</sup> Total disposals less imports. The 1965 figure is less than the year's production, as 11 million tons were added to pithead stocks.

energy requirements are expected to rise from 597 million tons hard-coal equivalent in 1965 to 743 million in 1970, an increase of nearly 25% in five years. The only sector in which coal consumption is likely to continue growing until 1970 is that of the thermal power-stations; in the steelworks-owned coking-plants it will probably remain about the same, while in all other sectors it will decline fairly steeply. The extent of the decrease in the "other industries" and, still more, the household sector cannot be accurately calculated (hence the maximum and minimum figures given in the tables), since it is difficult to assess how many industrialists and householders will simply not trouble to go over to other fuels. Sales of Community coal, unless action is taken to restrict the expected flow of imports, will work out between 168 and 196 million tons—less than the total

TABLE 57

**Coverage of Community energy requirements  
in 1965 and 1970**

A. '000,000 tons hard-coal equivalent

	Indigenous energy <sup>1)</sup>		Net imports		Total	
	1965	1970	1965	1970	1965	1970
Hard coal	205	168-196	23	32-37	228	200-233
Brown coal	31	36	3	2	36	38
Oil	23	28	243	369-336	268	397-364
Natural gas	23	47	(0,5)	6	23	53
Hydro power and terrestrial heat	39	43	2	2	41	45
Nuclear energy	2	10	—	—	2	10
<b>Total</b>	<b>323</b>	<b>332-360</b>	<b>272</b>	<b>411-383</b>	<b>597</b>	<b>743</b>

B. % of total requirements

Hard coal	34	23-26	4	4-6	38	27-32
Brown coal	5	5	1	..	6	5
Oil	4	4	41	50-45	45	54-49
Natural gas	4	6	..	1	4	7
Hydro power and terrestrial heat	7	6	—	..	7	6
Nuclear energy	..	1	—	—	..	1
<b>Total</b>	<b>54</b>	<b>45-48</b>	<b>46</b>	<b>55-52</b>	<b>100</b>	<b>100</b>

<sup>1)</sup> The tonnage of coal actually produced works out rather higher, as it includes additions to pithead stocks.

coal consumption recorded in 1965. Of this 28-million-ton difference between the highest and lowest estimates, 18 million is accounted for by the uncertainty as to substitution or non-substitution in the "other industries" and household sectors, and the remainder by the perennial impossibility of knowing until the time comes what the breakdown of electricity production is going to be as between the thermal and the hydro power-stations, and so how much fuel the thermal stations will require.

The real level of internal demand will depend on the energy policy adopted, and in particular on the arrangements made as to colliery subsidization, since all the indications are that the cost of Community coal will continue to mount between now and 1970, whereas the prices of imported fuels are unlikely to increase appreciably.

Thus in 1970 more than half the Community's energy will be imported, and round about half will consist of petroleum products. If we compare the estimated outlets for coal in 1970 with the Community's 1965 coal production of 211 million tons,<sup>1)</sup> it is obvious that the great problem by then will be to find buyers for indigenous coal.

The two principal points on which this will depend will be, firstly, the amount of assistance given to the collieries, and secondly, the extent to which industrial and, in particular, domestic consumers are content to continue with their existing arrangements.

### *The position by 1980*

294. With regard to the Community's energy supply position in 1980, the two main aspects which have been studied are the sources from which the energy is to come and the best means of ensuring as even a balance as possible between supply and demand.

On the basis of the estimated requirements in 1980 (see *Table 58*), an attempt has been made to determine by which fuels, of internal or external provenance, these can be covered, while at the same time a very thorough survey has been made of the energy situation in the world generally.

From estimates of G.N.P. and industrial production, the demand from the main-consumer sectors has been forecast at approximately 1,130 million

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<sup>1)</sup> The individual national figures (which are calculated by different systems) add up to 218 million tons.

TABLE 58

Energy consumption in the Community, by sectors,  
1965-80

	'000,000 tons hard-coal equivalent		% of total	
	1965	1980	1965	1980
1. Iron and steel industry <sup>1)</sup> (of which: coke)	62 (50)	74 (51)	10,4 (8,4)	6,5 (4,5)
2. Other industries <sup>1)</sup>	115	205	19,3	18,1
3. Transport <sup>1)</sup>	76	164	12,7	14,5
4. Private households <sup>1)</sup>	137	220	22,9	19,5
5. Hydro power-stations	41	50	6,9	4,4
6. Nuclear power-stations	1	90	0,2	8,0 <sup>2)</sup>
7. Conventional thermal power-stations	111	246	18,6	21,8
8. Other energy producers and converters <sup>1)</sup>	46	81	7,7	7,2
9. Miscellaneous <sup>1)</sup>	8		1,3	
10. Total internal consumption	597	1 130	100.0	100.0

<sup>1)</sup> Exclusive of electricity.

<sup>2)</sup> Lower limit.

tons hard-coal equivalent, with requirements for the power-stations rising more steeply than any others.

As regards supplies from within the Community, the first step was to assess the internal production which can be fairly reliably forecast up to 1980 from the present data available, namely that of brown coal, hydro power, oil, natural gas and nuclear energy. The two latter will be accounting even as comparatively early as 1980 for a substantial share of the total indigenous supply, which is put altogether at some 325 million tons hard-coal equivalent, about 30% of the Community's expected overall energy requirements from all sources.

The volume of Community coal production will depend partly on the state of cost and price relations in 1980 and partly on the economic measures adopted in the meantime. The proportion of imported energy, including both petroleum products and coal, will undoubtedly be very high indeed, certainly well over 50% of the whole.

The outstanding factor in the world market is that by 1980 there will have been a further steep rise in oil procurements by the European countries, Japan, and even North America. It is likely, moreover, that the major part

of the supply will still be coming from the Middle East : according to some calculations the Middle East and Africa between them will be called upon to furnish anything between 1,400 and 1,800 million tons of oil a year (2,100-2,700 million tons h.c.e.). Now it is hard to tell what the terms of supply will be in such a vigorously expanding market. It is quite on the cards that prices may rise some way above the estimated level of costs : at all events this is a possibility no long-term European energy policy can afford to ignore.

The implications for the Community's supply situation are obvious. No real difficulty is likely to be encountered in obtaining the necessary amounts of energy, but the prices charged for these may well alter considerably. Actual cost increases of the ordinary kind as regard imported products will probably play only a minor part, but how prices will move is very far from clear. It must be borne in mind that oil, which will by that time constitute something like 60% of the world's energy supply, is produced only in a few areas and marketed only by a few companies : the result could be a sharp divergence between the price and cost trends.

### *Conclusions*

295. By and large, the foregoing bears out, and in some respects underscores, the conclusions of the earlier study. For some five or ten years ahead, notwithstanding rocketing Community and world demand, the required amounts of energy should be available at untaxed prices not, bar accidents, much above the present level. How the position will develop later on is more doubtful : not only do the indications become hazier as the range lengthens, but unwelcome possibilities connected with the actual movement of the market begin to emerge. There are a number of potential cost-raising factors, more particularly with regard to oil prospection; above all, given the growing reliance on imports, the maintenance of the present cost-price relation will depend to a great extent on the energy policy and economic policy pursued not only in the Community but in the world as a whole.

296. Since import prices are thus not expected to rise much in the next few years, it follows that the marketing of Community coal will in all probabilities become even more of a problem than it already is. It is definitely impossible to keep production at its present level; cutbacks are, indeed, already in progress or in prospect in all the coal-producing countries. Should Governments decline to increase the scale of their financial assistance, really drastic reductions would become necessary, so that it looks as if in the next few years there will have to be both a curtailment of capacity and production and an extension of the financial

measures introduced to ease the collieries' sales position. The numbers employed at the pits must be expected to fall year by year—in some coalfields very steeply—in consequence of higher productivity and lower production. The rate of contraction in production will thus depend largely on whether sufficiently prompt and effective arrangements are made for the retraining and redeployment of the workers themselves and the industrial redevelopment of the areas.

The situation will need to be reviewed in a few years' time in the light of the further indications by then available as to the long-term outlook.

297. One thing which is abundantly clear here and now is that the Community will be obliged to continue importing huge amounts of energy. It is therefore necessary to consider here and now what can be done to render its position less vulnerable as regards both the actual tonnages themselves and, still more, the prices charged for them.

For half or more of its consumption will be of imported fuels, purchased in a world market concerning which there is no knowing whether it will remain, as at present, comparatively favourable to the buyer or will go the other way so that the supplier can practically dictate his terms. The latter possibility certainly cannot be ruled out, seeing that 60% of the energy supplies of the non-Communist world will consist of oil, which is produced in a mere handful of countries—each, incidentally, with a quite different cost situation—and marketed by a handful of companies.

298. The first step must be to institute arrangements which will enable prompt action to be taken in the event of unforeseen developments affecting energy supplies, either tonnage- or price-wise. An appropriate stockpiling policy for oil and nuclear fuels will thus need to be worked out; preliminary proposals have in fact already been drafted in this connection. Another possibility would be to build up standby production and transport capacity within the Community for suitable indigenous energy sources; natural gas and oil would lend themselves reasonably well to such a system.

299. In addition, efforts would need to be made to work production of the lower-risk indigenous fuels up to a stable level, in order to make the Community less dependent on the higher-risk ones from outside. These could include

- (a) keeping Community coal production appreciably higher than would be competitive purely from the point of view of present prices;
- (b) conducting more extensive prospection for hydrocarbons in geologically promising areas of the Community;

- (c) instituting State incentives for electricity producers in order to ensure that the target now accepted for nuclear power production in 1980 is reached, and if possible exceeded;
- (d) restudying the role of imported third-country coal in the different Community consumer sectors in the light of the rapidly-changing situation.

There can be no cut-and-dried formula as to the amount of use which should be made of each of these types of action, severally and in combination, since their cost is influenced by various geological and economic imponderables; the whole approach adopted in the matter would need to be reviewed periodically with the aim of establishing which of several equally effective forms of coverage against future risks is the most economical.

#### GENERAL OBJECTIVES FOR COAL

300. Though it is of course always somewhat hazardous to venture on forward estimates of this kind, the revised study on the energy outlook up to 1980 does outline a trend which will necessarily have to be the focal point of any future energy policy, and provide the basis and framework for the compilation of the General Objectives for coal.

As the High Authority pointed out in its reply to a Parliamentary question,<sup>1)</sup> developments in the energy market have completely altered the whole approach to the drawing-up of General Objectives for coal. It is no longer enough simply to make a market study for the six countries based on costs and demand: the economic survival of Community coal now depends principally upon a policy of subsidization and protection. Forecasts as to sales outlets, moreover, are particularly liable to be invalidated by fresh Government decisions, so that here no detailed estimate can be offered at all, only a rough indication of likely maxima and minima.

The next set of General Objectives for coal will be in quite a different form, inasmuch as they will be dovetailed with economic policy measures to be taken by the Governments. Before completing the work now in hand on them, therefore, the High Authority has held consultations with the Governments; it intends to issue a memorandum on the problems involved in the course of 1966.

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<sup>1)</sup> See *Journal officiel des Communautés*, No. 26/66

## CHAPTER FIVE

### SOCIAL POLICY

#### *INTRODUCTION*

*301.* As in previous years, the High Authority kept a careful eye on the employment situation in the Community industries, where the steady progress of structural change is resulting in growing manpower problems.

From the purely quantitative standpoint the recruitment of the necessary production personnel might seem to be somewhat less of a difficulty than formerly. This is, however, a superficial view, for the problem is primarily a qualitative one.

*302.* At the very time when in some areas the collieries and steel plants are being obliged by poor sales to reintroduce idle shifts or shorter hours, there is everywhere a noticeable shortage of skilled craftsmen, technicians and managerial staff.

It may be added that the employment of labour from other countries is no real solution unless definite action is taken to help the newcomers settle in as a fixture and improve their occupational skills by special training.

The High Authority has also observed a slow but steady rise in the average age of Community miners and steelworkers: the proportion of under-30s to the total has dropped in the coal industry from 40.8% in 1957 to 28.5% in 1964, and in the steel industry from 31.2% in 1957 to 26.8% in 1963. The number of apprentices declined still further during 1965 in both sectors in most of the member countries.

*303.* The High Authority has done what it could to help the industries with their manpower problems, notably in the field of occupational training. It has gone ahead actively with its studies on the impact of technological progress upon the personnel structure and personnel skills, and on follow-up and refresher training and new teaching aids and methods. In pursuance of its policy of



giving financial assistance to training establishments, it decided in 1965 to make regular grants towards the running expenses of the new I.L.O. International Occupational Training Information and Research Centre at Turin.

304. In consideration on the one hand of the structural difficulties of the coal and iron-ore mining industries, and on the other of the implications for the iron and steel industry of technological progress in general and automation in particular, the High Authority prepared in 1965 to intensify its activities in the closely interlinked fields of readaptation (of workers), reconversion (of enterprises) and redevelopment (of areas).

The unusually large sum of 9,100,000 dollar units of account<sup>1)</sup> was set aside for the readaptation (retraining, tiding-over and resettlement) of some 29,300 Community workers, of whom 21,600 were from the collieries, 4,300 from the steel industry and 3,400 from the iron-ore mines. Conventions fixing the procedure for readaptation assistance have now been drawn up between the High Authority and the Italian and Dutch Governments, on the same lines as those already concluded with Germany, France and Belgium, and a similar arrangement for Luxembourg is under discussion.

Readaptation is, however, a practical benefit to all concerned—the workers, the enterprises and the areas—only if organized in conjunction with reconversion and redevelopment. Here, advance planning is all-important: an overall programme, providing both for the readaptation of the individual workers and for the establishment of new economic activities, needs to be drawn up well before the actual closure operations begin.

The High Authority, fully alive to the new demands it will have to meet in this connection as a result of the further sweeping changes which are clearly impending, has sought to make its redevelopment assistance more flexible, attractive, substantial and effective. The total amount to be made available up to December 31, 1966, has been provisionally fixed at a maximum of 44 million units of account; the allocation and disbursement procedure is laid down in its letter of September 29, 1965, to the member Governments.

305. It reserves the right to review this procedure in accordance with developments; being financially independent it is in a position to adjust its arrangements promptly as and when necessary.

Similarly, the possession of funds of its own has enabled it to go ahead with other important activities, such as its contributions towards occupational

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<sup>1)</sup> For value of the unit of account, see footnote to No. 246.

training, workers' housing and technical and medical research. Relying as it is able to do on a well-established financial position, it has worked vigorously to aid the devising of new means for dealing with the new problems now arising at Community level.

306. The High Authority is endeavouring to ensure that the activities it has undertaken will continue smoothly in the years ahead. Thus it is launching a sixth workers' housing scheme, to run from 1966 to 1968, for which, in accordance with its usual practice, it has allocated 20 million units of account from the Special Reserve. This sum will, as usual, be lent at 1%, and, used in combination with the funds provided for housing in the member countries themselves, will serve to reduce the end cost of the accommodation for its ultimate occupants. With the additional amounts raised in the open capital market, it will be possible to build a total of something like 20,000 new dwellings.

The High Authority's contribution is of course intended only as a supplement to the funds furnished from public sources and by the industries, to be employed wherever it can best be turned to account. The demand for decent accommodation for workers is rightly growing all the time, but the difficulties are also growing in consequence of rising land and building costs. This whole subject is one with which the Governments and local authorities are having increasingly to concern themselves.

307. The High Authority has continued its promotion of a wide range of research projects, both scientific and technical, in connection with industrial safety, health and medicine. This is an operation in depth, of major importance to the future welfare of miners and steelworkers.

High Authority-aided research now covers all aspects of the work of safeguarding the physical wellbeing of the men on the job. The various projects described in last year's Report were further proceeded with in 1965, and two new ones prepared for launching in 1966, one on the treatment and rehabilitation of burns cases and the other on the control of noxious dusts, smokes, fumes and gases in the steel industry. It was also decided to contact the appropriate research centres and industrial circles in the Community with a view to working out a project on accident prevention in the mines, concerning more particularly such matters as firedamp, dust explosions and falls of rock.

There has been a steady increase in the flow of applications to the Community from the medical profession and from industry for assistance in the form either of grants or of information and documentation.

308. In conclusion to this introductory sketch of its social policy, the High Authority would emphasize the very great importance it attaches to the maintenance of contact with all economic operators and others directly involved in the affairs of the Community.

The E.C.S.C. Treaty contains a number of highly constructive provisions to this effect. Articles 46-48, which come at the beginning of the section on Economic and Social Policy, entitle the workers and employers, and their respective associations, to offer their suggestions and comments to the High Authority on any matters concerning them, and the High Authority to consult them in return. Where applied in a spirit of reasonableness and understanding, these provisions can produce, and have produced, most successful and valuable co-operation between the employers' and workers' organizations and the High Authority, more especially in the social field.

The High Authority has all along taken the view that, under Article 5, it is required to offer help and guidance in respect not only of present but of future activities, as in the case of the detailed studies and discussions on the various side-effects of technological progress with regard to wage systems, job classification, occupational skills, the location of new steel plants in coastal areas, the particular position of the continuously-operating services, and so on.

In its experience, this "active" approach to its function of channelling information and organizing consultation is one of the most worth-while political and social elements to emerge in the course of E.C.S.C.'s existence.

## Part One

## MANPOWER SITUATION

## Section 1 : Trends in Employment in the E.C.S.C. Industries

*GENERAL TREND<sup>1)</sup>*

309. At September 30, 1965, the total personnel strength of the E.C.S.C. industries (workers, apprentices and clerical, technical and managerial staff) was 1,318,400, as against 1,360,500 a year earlier.<sup>2)</sup>

The drop, a considerably larger one than that for 1963-64 (-42,100 compared with -12,100), was observable in all three sectors, though in differing degrees : in the collieries the rate of wastage was back to the same high figure as in 1962-63, in the steel industry the numbers employed went down again after a sudden sharp upturn in 1964, and in the iron-ore mines the drift away from the industry continued, though rather more slowly than before.

310. Various recent indications suggest that the shrinkage is mainly due to the gathering momentum of the structural changes necessitated by market developments. Thus the number of men leaving the three industries of their own accord is appreciably smaller; the enterprises reported fewer vacancies and cut down on recruitment — in some countries indeed ceasing altogether to sign on labour from abroad — while many of them, particularly in Germany, Belgium and France, were compelled by poor sales to impose or reimpose short-time working.

*Coalmining industry<sup>3)</sup>**General trend*

311. The number employed in the collieries fell from 734,800 at September 30, 1964, to 699,700 at September 30, 1965 — a substantially greater reduction than in either of the two previous years (-35,100 as against -21,700 and

<sup>1)</sup> The following particulars, and those in the corresponding portion of the Statistical Annex, are intended simply to update the figures in last year's Report with regard to the total strength and composition of the E.C.S.C. industries' personnel; a new subsection is, however, included this year on the age pyramid.

<sup>2)</sup> See Statistical Annex, Table No. 46.

<sup>3)</sup> See Statistical Annex, Table No. 47.

—31,600). The most marked contraction everywhere was in the underground labour force; in accordance with the tendency noted in the 1964 Report, the number of surface workers and of administrative employees (particularly on the managerial side) was proportionally less affected.<sup>1)</sup>

*Changes in the number of underground workers*

312. The number of workers employed below ground at Community pits decreased during the twelve months up to September 30, 1965, by 26,000 to 401,700: after jumping by 3,500 at the end of 1964, it declined again in the first three quarters of 1965 by 8,500, 8,000 and 13,000 respectively.

The widening in the manpower gap is mainly the result of reduced recruitment. The wastage of underground workers in the first nine months of 1965 was smaller than in the corresponding period of 1964, the number of voluntary departures in particular falling from 48,700 to 43,700, but the new intake slumped from 72,000 to the very low figure of 43,200. Recruitment from outside the industry was relatively a trifle higher than before, 62% of the total as against 59%, but absolutely very much lower: after doubling between 1960 and 1964, it dropped sharply in 1965 to a mere 26,900.

TABLE 59

**Changes in intake and wastage of underground workers**  
(Community overall)

	Recruitment from outside the industry	Workers leaving underground employment or leaving the industry <sup>1)</sup>
January - September 1960	20,200	88,100
January - September 1961	27,300	89,400
January - September 1962	29,300	80,000
January - September 1963	39,100	73,000
January - September 1964	42,500	67,100
January - September 1965	26,900	62,100

<sup>1)</sup> Discharges on medical grounds, retirements, deaths; transfers from underground to surface duties; dismissals; voluntary departures; other losses.

<sup>1)</sup> See Statistical Annex, Tables Nos. 49 and 50; for apprentices, see also Nos. 330 ff. below.

*Manpower requirements*

313. In consequence of higher productivity, fewer voluntary departures and continuing progress with the reconstruction drive, the manpower shortage became noticeably less acute in 1965. The Ruhr and Aachen coalfields' estimated requirements at the beginning of October were 6,400 miners and 1,700 skilled tradesmen; in Belgium the number of unfilled vacancies on the books of the employment offices in early September was only about 250, and in France also the figure is extremely small. Difficulty is, however, still being experienced in finding underground electricians and mechanics: 12% of the German collieries' vacancies are in this category.

*Short-time working*

314. Short-time working owing to poor sales, last witnessed in 1961, had again to be introduced in 1965, though on a limited scale (see Table 60). In Germany, three pits were affected, two in Lower Saxony and the third in the Ruhr, 13,500 man-days and 22,000 tons being lost in the first nine months of the year; in France, where five out of the 25 Centre/Midi collieries worked short time, the losses totalled 23,800 man-days and 34,000 tons, while in Belgium, the country hardest hit, the five pits affected in the Campine lost 100,200 man-days and the 21 in the Southern coalfield 128,000, with a resulting forfeiture of 342,000 tons' production in all (see Table 60).

*Iron and steel industry <sup>1)</sup>**General trend*

315. The number employed in the Community iron and steel industry was 591,000 at September 30, 1964, and 587,300 at September 30, 1965, a decrease of 3,700 contrasting with the 14,200 increase recorded for the corresponding period a year earlier.

The reduction was mainly in France (-4,800) and Belgium (-2,000), in consequence of plant closures there. In Germany and Luxembourg the figures remained much the same (-300 and +150 respectively); sizeable increases occurred in the Netherlands (+1,400) and Italy (+1,900), but in the latter case this was due to the start of production at the new Taranto plant at the end of 1964, the rest of the Italian industry showing a drop of 1,800.

<sup>1)</sup> See Statistical Annex, Table No. 48.

TABLE 60  
Short-time working at pits owing to poor sales  
(January 1 - September 30, 1965)

Coalfield	Pits affected	Shifts not worked <sup>1)</sup>	Average number of days lost for coalfield overall <sup>2)</sup>	Production lost		Average daily wage	Total wage losses <sup>4)</sup>
				tons	% <sup>3)</sup>		
Ruhr	1	5,205	0.02	6,000	0.00	36.4DM	189,462DM
Lower Saxony	2	8,250	2.00	16,000	1.00	33.9DM	279,675DM
Germany (Fed. Rep.)	3	13,455		22,000		34.9DM	469,137DM
Southern Belgium	21	128,530	3.85	155,500	2.09	442FFB	56,810,260FFB
Campine	5	100,231	3.80	186,100	2.57	445FFB	44,602,795FFB
Belgium	26	228,761		341,600		443FFB	101,413,055FFB
France							
Centre/Midi	5	23,842	0.89	34,000	0.44	32.5FF	774,865FF
Community	34	266,058		397,600			

<sup>1)</sup> Underground and surface.

<sup>2)</sup> I.e. including pits not affected in the coalfield concerned.

<sup>3)</sup> In % of the coalfield's total production during the nine months.

<sup>4)</sup> Calculated for each coalfield on the basis of wages drawn for equivalent shifts duly worked during the period, exclusive of unemployment benefit and any other reliefs.

*Changes in numbers employed*

316. The enterprises had stepped up their recruitment in 1964 in view of the revival in the steel market, but as the situation again became unsettled in 1965 they reverted to a more cautious policy, with the result that the new intake was practically as small as in 1963, when it had touched the lowest level since 1960.

TABLE 61

**Changes in numbers employed in the iron and steel industry**  
(workers, exclusive of apprentices)

Period	Intake <sup>1)</sup>	Wastage <sup>2)</sup>
January - September 1960	64,100	46,200
January - September 1961	55,800	50,200
January - September 1962	55,000	57,000
January - September 1963	49,800	57,300
January - September 1964	64,700	56,200
January - September 1965	50,300	57,000

<sup>1)</sup> Workers recruited from outside the industry (exclusive of apprentices).

<sup>2)</sup> Workers leaving the industry of their own accord or otherwise.

TABLE 62

**Intake from outside the industry, by countries**

Country	January - September 1964	January - September 1965
Germany (Fed. Rep.)	30,100	22,700
Belgium	7,800	4,800
France	19,000	12,700
Italy	3,500	6,500
Luxembourg	1,900	1,300
Netherlands	2,300	2,200



**TABLE 63**  
**Personnel losses, by countries**

Country	Total departures <sup>1)</sup> January - September		Voluntary departures January - September	
	1964	1965	1964	1965
Germany (Fed. Rep.)	24,500	25,700	13,500	13,300
Belgium	6,200	7,000	3,800	4,000
France	17,600	16,500	8,800	8,100
Italy	5,300	4,700	1,700	900
Luxembourg	1,300	1,500	400	400
Netherlands	1,300	1,700	800	900

<sup>1)</sup> Exclusive of transfers between plants in the same country.

### *Short time*

317. For the first time since 1960, a number of plants, notably in Germany, Belgium and France, have been obliged for some months past to reduce the number of working hours per week and/or introduce idle shifts. This has not so far been done on any serious scale, but the fact that it has been done at all is an obvious indication that the position has become difficult, and may well affect employment still more in the next few months.

### *Iron-ore mines <sup>1)</sup>*

#### *General trend*

318. Between September 30, 1964, and September 30, 1965, the number employed in the iron-ore mines went down by 3,200, from 34,700 to 31,500, a smaller decrease than in the corresponding periods in 1963-64 (-4,600) and 1962-63 (-5,200). Most of the departing personnel were miners.

The distribution by orefields was approximately as follows :

Northern Germany . . . . .	— 400
Siegerland/Lahn/Dill . . . . .	— 900
Southern Germany . . . . .	— 100
Lorraine . . . . .	—1,200
Normandy/Anjou/Brittany . . . . .	— 200
Italy . . . . .	— 200
Luxembourg . . . . .	— 100

<sup>1)</sup> See Statistical Annex, Table No. 49.

*Changes in numbers employed*

319. The new intake during the period under review was very small, amounting to only 4.8% of the industry's labour force at September 30, 1964. Most of the entrants were tradesmen (electricians and mechanics for the maintenance side).

Wastage, on the other hand, was high, 14.3%. Appreciably fewer men than before left of their own accord; the majority had no choice, since they were laid off in consequence of a series of cutbacks and closures in Lorraine, the Siegerland and various other orefields in Germany and Italy.

TABLE 64

**Changes in numbers employed in the iron-ore industry<sup>1)</sup>**  
(September 30, 1964 - September 30, 1965)

	Germany (Fed. Rep.)			France		Italy	Luxembourg	Community	
	North	Centre	South	East	West			<sup>2)</sup>	%
Workers on the books at 30.9.1964	4,800	1,800	1,400	15,900	2,100	1,600	1,700	29,400	100,—
<i>Intake</i>									
Workers from other iron-ore mines	300	0	—	100	0	0	0	400	+ 1.4
Workers returning from military service	—	—	—	200	0	0	0	200	+ 0.7
New entrants	300	100	100	100	0	100	100	800	+ 2.7
<b>Total</b>	<b>600</b>	<b>100</b>	<b>100</b>	<b>400</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>1,400</b>	<b>+ 4.8</b>
<i>Wastage</i>									
Discharges on medical grounds, retirements, deaths, call-ups	100	0	0	600	100	0	100	900	— 3.1
Transfers to other iron-ore mines	300	0	—	100	0	0	0	400	— 1.4
Voluntary departures	200	100	0	300	0	100	100	800	— 2.7
Other losses	400	800	200	500	100	100	0	2,100	— 7.1
<b>Total</b>	<b>1,000</b>	<b>900</b>	<b>200</b>	<b>1,500</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>4,200</b>	<b>— 14.3</b>
Workers on the books at 30.9.1965	4,400	1,000	1,300	14,800	1,900	1,500	1,600	26,500	90.5

<sup>1)</sup> Workers exclusive of apprentices.

<sup>2)</sup> Including French Centre/Midi.

DENIZEN WORKERS<sup>1)</sup>*General trend*

320. The number of denizen workers employed in the three E.C.S.C. industries, which had been climbing for three years, dropped in 1965 by 3,100, standing at September 30 at 176,300.

With the labour market somewhat less tight than before and future market developments uncertain, employers were more reluctant to sign on foreign workers, who are expensive to recruit and train. Consequently, intake and wastage did not always balance; the number of Community denizens<sup>1)</sup> continued to dwindle in all three sectors while the number of foreign denizens<sup>1)</sup> increased only slightly in the steel industry and dropped quite considerably in the other two.<sup>2)</sup>

The three industries were at September 30, 1965, employing among them 68,100 Community denizens (-4,400) and 108,200 foreign denizens (+1,300). The new foreign entrants were mostly Spaniards, Portuguese and, in particular North Africans; fewer than in previous years were drawn from the various other sources of labour.

With the all-round decrease in the three industries' personnel strengths, the proportion of denizen workers in the total labour force rose a trifle, from 14.5% at September 30, 1964, to 14.7% at September 30, 1965.

*Coalmining industry*

321. At September 30, 1965, denizen workers in the Community collieries numbered 107,000, as against 111,200 a year earlier (-4,200); the proportion, however, remained unchanged at 15% of the total labour force.

About two-thirds of them (73,900) were non-Community nationals. The distribution was:

Germany (Fed. Rep.)	26,300 denizens ( 6.9% of all colliery workers);
Belgium	39,100 denizens (48.9% of all colliery workers);
France	35,700 denizens (19.8% of all colliery workers);
Netherlands	5,900 denizens (10.8% of all colliery workers);

<sup>1)</sup> 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 denizens" (nationals of another Community country) and "foreign denizens" (nationals of a non-Community country).

<sup>2)</sup> See Statistical Annex, Table No. 51.

The biggest drop since September 30, 1964, was in Belgium (-5,600), in consequence of the Government's decision in 1965 to suspend recruitment of non-Belgians. The number of denizen workers in the French pits also declined (-800), while Germany and the Netherlands recorded smaller increases (+1,800 and +400) than in previous years.

As in the past, the overwhelming majority (87%) of these men are employed below ground; they make up 29% of the underground labour force.<sup>1)</sup>

### *Iron and steel industry*

322. Between September 30, 1964, and September 30, 1965, the number of denizen workers in the Community iron and steel industry rose by 1,600, to 66,600, which brought the proportion of denizen to all steelworkers up from 13.4% to 14%.

The number of new entrants of denizen status during the twelve months was 19,300, most of them drawn from other industries in the same country; they accounted for 31% of the total intake, as compared with 34% in the previous year. Meantime 17,700 denizens — 27% of all those employed in the iron and steel sector — left to take jobs in other industries. The net increase consisted of foreign workers proper (+2,700); these now total 33,400, over half the industry's denizen labour force.

The distribution is :

Germany (Fed. Rep.)	14,700 denizens ( 7.2% of all steelworkers);
Belgium	11,500 denizens (22.4% of all steelworkers);
France	34,500 denizens (27.3% of all steelworkers);
Luxembourg	3,900 denizens (19.7% of all steelworkers);
Netherlands	1,400 denizens (11.7% of all steelworkers).

From the end of September 1964 to the end of September 1965, the number of denizen workers decreased in France (-2,200), remained unchanged in Belgium, and rose rather more slowly than before in Germany (+3,100), Luxembourg (+400) and the Netherlands (+300).<sup>2)</sup>

<sup>1)</sup> See Statistical Annex, Table No. 52.

<sup>2)</sup> No denizen workers are employed in Italy in any of the three E.C.S.C. sectors.

### *Iron-ore mines*

323. Between September 30, 1964, and September 30, 1965, the number of denizen workers in the iron-ore industry went down by 500. At the latter date they totalled only 3,300, including 2,200 Italians and 700 Poles; 2,800 of them were working in France, where they now constitute 17% of the industry's labour force.

### *E.C.S.C. labour cards<sup>1)</sup>*

324. From October 1, 1964, to September 30, 1965, seven E.C.S.C. labour cards were issued in addition to the 1,799 already furnished between September 1, 1957, and September 30, 1964. 41 cardholders applied for and obtained renewals.

### *AGE PYRAMID*

325. As was noted in last year's Report,<sup>2)</sup> it tends to be mostly the men in the lower age brackets who leave of their own accord. In conjunction with the difficulty the enterprises are experiencing in finding young entrants, this has led in the course of the last few years to a rise in the average age of the workers in the Community industries, especially in the coal sector. If the trend continues, it could impede the modernization drive: while young workers can be taught new skills without too much difficulty, experience has shown that older men find it a good deal harder to adjust themselves to the changes which technological progress is bringing about in plant design and operation.

### *Coalmining industry*

326. Ever since 1957, the number of colliery workers under thirty has been falling and the number of those between thirty and fifty rising: whereas at December 31, 1957, 40.8% (386,000) of all underground and surface workers were in their teens or twenties, by 1964 the figure was only 28.5% (187,000). This shift in the age pyramid is shown in diagram form in *Graph No. 18* following.

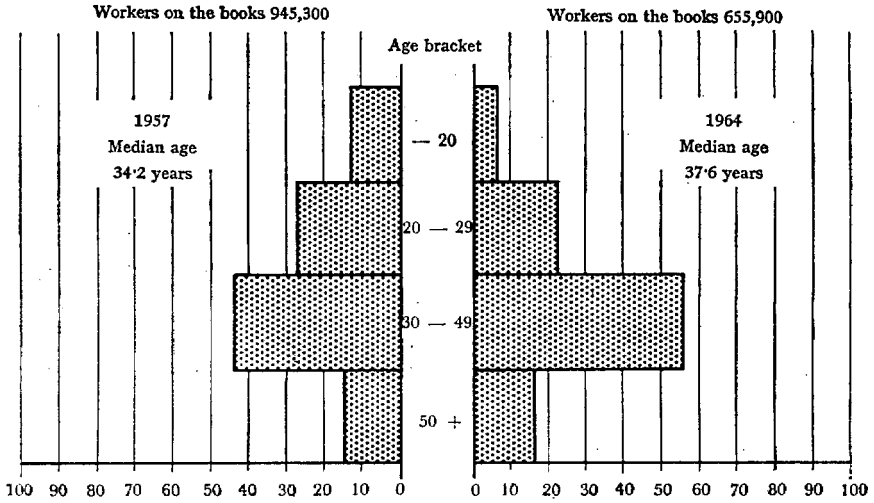
<sup>1)</sup> See *Twelfth General Report*, Nos. 427-432.

<sup>2)</sup> See *Thirteenth General Report*, No. 367.

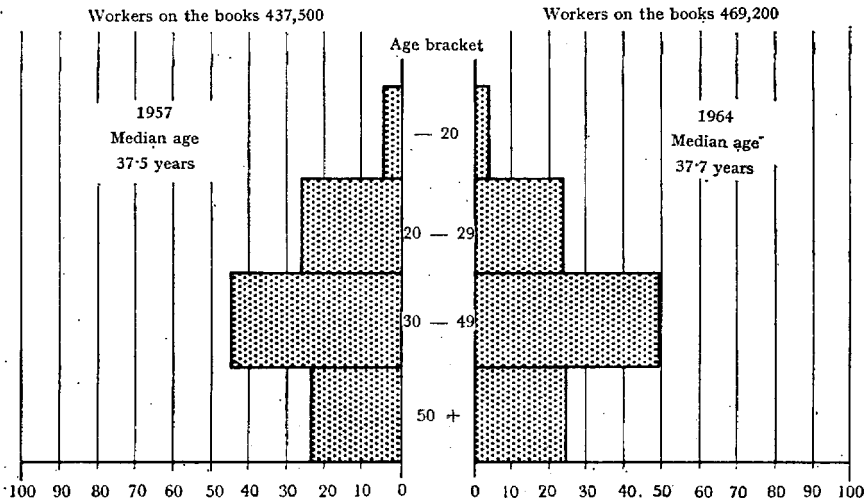
GRAPH No. 18

**Age breakdown of workers in the coalmining and iron and steel industries**

Coalmining industry  
(underground and surface)



Iron and steel industry  
(exclusive of apprentices)



**TABLE 65**  
**Age breakdown of Community colliery workers**  
 (% of total labour force)

Age	Underground			Underground + surface		
	1957	1960	1964	1957	1960	1964
Under 20	11.8	8.5	4.3	13.5	8.9	6.1
20-29 years	32.0	29.4	31.0	27.3	25.0	22.4
30-49 years	45.1	51.0	53.2	44.2	50.4	55.8
50 years and over	11.1	11.1	11.5	15.0	15.7	15.7
	100	100	100	100	100	100
Median age	33 years	34.8 years	35.5 years	34.2 years	35.9 years	37.6 years
Workers on the books	645,700	535,600	429,700	945,300	788,600	655,900

A similar trend is observable for underground personnel treated as a separate category; here the number of under-thirties dropped from 289,000 to 151,600 and the proportion from 43.8% to 35.3%.

Over the seven years, then, there has been a decrease of 48% in the number of underground workers under thirty and 52% in all colliery workers under thirty, as compared with only 33% and 31% respectively for the industry's total underground personnel and total underground and surface personnel.

**TABLE 66**  
**Age pattern of underground workers**  
**in the main Community coalfields**  
 (% of total underground labour force)

Coalfield	Under 30 years		30-49 years		50 years and over		Median age (years)	
	1957	1964	1957	1964	1957	1964	1957	1964
<i>Coalfield</i>								
Ruhr	48.7	28.1	35.9	56.4	15.4	15.5	31.6	37.2
Aachen	54.3	32.3	37.8	57.3	7.9	10.4	29.9	35.5
Saar	45.7	27.3	34.9	56.5	19.4	16.2	32.0	37.6
Campine	49.0	39.3	46.9	55.6	4.1	5.1	31.3	34.6
Southern Belgium	38.3	30.0	55.4	62.4	6.3	7.6	34.2	35.7
Nord/Pas-de-Calais	42.0	36.3	54.2	61.0	3.8	2.7	33.4	34.7
Lorraine	48.0	34.0	44.9	57.2	7.1	8.8	31.7	35.5
Centre/Midi	33.7	22.6	59.2	69.9	7.1	7.5	35.7	37.5
Dutch Limburg	45.4	32.2	48.4	60.4	6.2	7.4	32.5	36.6

327. As can be seen from the *Table 66*, the ageing in the labour force has occurred in varying degrees in all the Community coalfields; it is particularly apparent in Germany, whose coalfields in 1957 had the highest proportion of under-thirties.

### *Iron and steel industry*

328. Although the total number of steelworkers showed an increase between 1957 and 1963 (when the last three-yearly age census in the industry was taken), the number of young ones dropped sharply.

This cannot be purely due to the raising of the school-leaving age in many countries, since it included not only the teenagers, whose number fell from 19,800 to 14,400, but also the 20-30 age group, which dwindled from 116,700 to 111,200.

By 1963 the proportion of under-thirties was down to 26.8% of the industry's labour force, as against 31.2% in 1957; conversely, the proportion of over-fifties rose over the same period both absolutely, from 104,600 to 113,400; and relatively from 23.9% to 24.1%<sup>1)</sup>.

TABLE 67

#### Age breakdown of Community steelworkers (% of total labour force)

Age	31.12.1957	31.12.1960	31.12.1963 <sup>1)</sup>
Under 20 years	4.5	3.9	3.1
20-29 years	26.7	26.3	23.7
30-49 years	44.9	46.4	49.1
50 years and over	23.9	23.4	24.1
	100	100	100
Median age	37.5 years	37 years	37.7 years
Workers on the books <sup>1)</sup>	437,500	482,400	469,200

<sup>1)</sup> Exclusive of apprentices.

<sup>1)</sup> See Graph No. 18.



Although something is being done to lessen the effects of this unfortunate state of affairs by providing more and better adult training facilities, the fact remains that it is absolutely vital for the industry to secure a larger intake of young workers.

329. The disparities between country and country show signs of having diminished since 1957 (see *Table 68*). The proportion of workers between 30 and 49 now ranges from 47 to 57%. In Belgium, Italy and the Netherlands the percentage of under-thirties is lower than elsewhere, and the median consequently above the overall Community median of 37.7; Luxembourg and France, on the other hand, have both the highest percentages of young workers and the lowest of over-fifties, while in Germany the substantial proportion of older workers is counterbalanced by a satisfactorily large proportion of under-thirties.

TABLE 68

**Age pattern of steelworkers, by countries**  
(% of total labour force)

Countries	Under 30 years		30-49 years		50 years and over		Median age (years)	
	1957	1963	1957	1963	1957	1963	1957	1963
Germany (Fed. Rep.)	34.8	27.3	40.4	47.0	24.8	25.7	36.7	37.7
Belgium	26.8	22.6	46.5	50.3	26.7	27.1	38.9	39.3
France	33.7	30.3	43.3	48.4	23.0	21.3	36.3	36.3
Italy	18.4	21.2	58.7	55.3	22.9	23.5	41.1	39.4
Luxembourg	33.9	28.4	45.0	49.5	21.1	22.1	37	37
Netherlands	20.4	19.4	64.1	56.9	15.5	23.7	38.5	40.8

## Section 2 : Occupational Training

### POSITION IN THE E.C.S.C. INDUSTRIES

#### *Apprentice training<sup>1)</sup>*

##### *General trend*

330. After a pause in 1964, the contraction in the number of apprentices in the E.C.S.C. industries recommenced in 1965, with the coal industry showing a further decrease and the steel industry only a small increase. The total figure at the end of September was 38,000, compared with 38,400 a year earlier.

In consequence of the shrinkage in the E.C.S.C. labour force generally, the proportion of apprentices rose very slightly, from 2.8% to 2.9%.

##### *Coalmining industry*

331. The number of apprentices at the collieries, which had risen by 300 between September 1963 and September 1964, dropped again in the twelve months following from 24,000 to 23,500.

The only country unaffected was Belgium, and there, even though the industry's apprentices increased in number from 1,300 to 1,400 and in proportion from 1.4 to 1.8% of the total personnel, 1.8% is a very meagre figure, well below the Community average of 3.3%. In Germany the number fell from 16,800 in September 1964 to 16,600 in September 1965, in France from 3,700 to 3,500, and in the Netherlands from 2,200 to 2,000.

Although the decrease was rather smaller than in some previous years, the trend has most desqueting implications for the industry's future, as the collieries are still short of skilled workers. Their apprentice strength has fallen by two-thirds in eleven years, since in 1954 it stood at 70,200.

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<sup>1)</sup> See Statistical Annex, Table No. 53.

*Iron and steel industry*

332. Although progress in technology is obliging the steel plants to employ a larger proportion of supervisory personnel and increasingly highly skilled workers, the number of apprentices is increasing only very slowly: in September 1965 it was 14,100, as against 13,900 a year earlier and 10,200 in September 1954.

What is worse, even this minor net increase from 1964 to 1965 conceals marked differences between one country and another. Only in Germany did the number actually rise, from 8,600 to 9,000, and from 3.4% to 3.5% of the total labour force. In Luxembourg it remained unchanged both absolutely, at 400, and relatively, at 1.7%; everywhere else the position deteriorated, with the French figures down from 4,200 to 4,100 and from 2.5% to 2.4%, the Dutch continuing at 500 but contracting proportionally from 2.8% to 2.6%, and the Italian slumping by half, from 200 to 100 and from 0.3% to 0.1%.

*Iron-ore mines*

333. The number of apprentices at the German iron-ore mines, after halving between September 1963 and September 1964, remained in 1965 at 100, which with the all-round shrinkage in the rest of the industry's labour force brought the proportion up from 1.1% to 1.3% of total personnel. In France, on the other hand, there was a further steep drop from 400 to 230, and from 1.8% to 1.1%.

As Germany and France are the only two Community countries in which the iron-ore industry provides systematic apprentice training, the number of apprentices by September 1965 was no more than 330 all told (1% of the industry's total labour force), compared with 500 in September 1964 and 2,400 ten years before.

*Other training*

334. For many years the numbers of apprentices, which are regularly published in the official employment statistics, were a pretty accurate pointer to the amount of attention devoted to occupational training in the industry concerned. Lately, however, it has become clear that these figures no longer offer anything like a real picture of the future supply of qualified personnel to fill posts in the different grades.

Two recent developments have completely altered the situation. Firstly, with present-day plant and equipment becoming so complex as to necessitate

major changes in job organization, the enterprises are having to provide specialized training for more and more of their adult personnel. Secondly, even skilled workers are finding that the apprentice training they received is not enough to enable them to keep abreast of the tremendous strides being made in technology, so that it is now necessary for them to undergo regular follow-up training at intervals throughout their career, however high the grade they have reached meantime.

To help the enterprises institute the necessary arrangements for dealing with this new situation, it is becoming more and more essential to obtain and disseminate accurate statistical data on adult training also. Accordingly, with the assistance of the Statistical Office of the European Communities and the employers' and workers' organizations, the High Authority in 1965 drew up a questionnaire for determining the numbers of adult employees (workers, technicians, clerical and supervisory personnel) undergoing initial, follow-up, refresher and advanced training, and also the numbers of full-time instructors, in the E.C.S.C. industries.

As a trial run, the first survey is to be conducted in respect of the position in 1965. The findings will be submitted to the Committee on Occupational Training, for its comments, on the basis of which the High Authority and the Statistical Office will then settle the final wording of the questionnaire which is to go out in future to the employers' federations and the trade unions.

#### *WORK OF THE HIGH AUTHORITY*

335. As in the past, so in 1965 the High Authority sought to be of assistance in dealing with the problems arising for both employers and workers out of the multiplying new demands of technological progress with regard to personnel patterns and occupational skills in the three E.C.S.C. industries.

It continued its various studies in this connection, concentrating more particularly on the latest types of plant and equipment, which can serve as exemplars to all Community enterprises.

At the same time it took a number of practical steps to encourage the development of new teaching aids and methods, which it has always striven to bring into line with the specific requirements of the industries concerned.

Regular exchanges of information with the employers' and workers' organizations and with official bodies in the member countries have enabled the results of these studies and experiments to be disseminated on a very extensive scale.

## Studies

336. In April 1965, the High Authority issued the report for the crude-steel sector of the series it has commissioned on the impact of technological progress on personnel patterns and personnel training at the different production stages in Community iron and steel plants.<sup>1)</sup>

Another survey, on the rolling-mill sector, is in hand. The same method is being used as before, consisting mainly in interviewing persons in key posts at the enterprises selected, inspecting and investigating the latter's plant and training facilities, and evaluating the material supplied by the employers' and workers' organizations. Fifteen mills of different kinds (slabbing, wire and wide-strip mills) in the six countries were visited between April and July 1965; the reports on each, together with the covering report on the survey as a whole, are to be issued early in 1966.

With regard to the two extractive industries, a study on fully-mechanized workings is approaching completion<sup>2)</sup>: three reports have been issued following tours of the Limburg, Campine, Saar, Lorraine and Ruhr coalfields and the Lorraine orefield, and the remaining individual reports together with the findings of the survey as a whole are to appear in 1966.

337. Each of these surveys describes the changes, as to both numbers and skills which have affected the personnel set-up in the enterprises covered as a result of the new technical methods and processes introduced, and their implications with regard to recruitment and training. They not only bear out the points and trends to which the High Authority has drawn attention in earlier more general studies,<sup>3)</sup> but constitute stores of practical information which are much appreciated by the bodies concerned — training centres, employers' federations, trade unions and personnel offices — as providing them with a basis for forward planning at enterprise level and a whole collection of useful possibilities to be quarried from when the time comes to adjust their own training policy to the new situation created by technological progress.

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<sup>1)</sup> See *Twelfth General Report*, No. 384, and *Thirteenth General Report*, No. 376.

<sup>2)</sup> See *Thirteenth General Report*, No. 376.

<sup>3)</sup> *Progrès technique et formation professionnelle dans l'industrie sidérurgique; Progrès technique et formation professionnelle dans l'industrie charbonnière; Information sur la formation dans les industries de la C.E.C.A. en 1962 et 1963.*

### *Teaching aids and methods*

338. While fully recognizing that the methods and content of occupational training must be adapted to the different technical processes and educational levels in different parts of the Community, the High Authority is endeavouring, with an eye to ultimate harmonization, to find a Community-level solution to the regularly recurring problems facing those concerned with personnel training.

One of the things it has done in this connection, as noted in last year's Report,<sup>1)</sup> is to commission a manual on new production techniques introduced in the iron and steel industry, which is now in hand. This will provide readily-assimilable information for the use of skilled personnel at all Community plants, thus meeting a felt want and helping to prevent dispersion and lack of co-ordination in the training given.

Work on the manual, for which the High Authority was able to secure the services of a number of very eminent specialists, is now well advanced. A working party of experts from the six countries appointed by the Committee on Occupational Training has already submitted its comments — in the main highly favourable — on the drafts which have been referred to it, and offered various constructive suggestions.

339. To ascertain the potential value of programmed instruction for the purposes of occupational training in the coal and steel industries, the High Authority some time ago decided to have three pilot programmed courses drawn up, under its supervision, by specialist institutes working in co-operation with the training departments of Community enterprises<sup>1)</sup>. The subjects covered, which form part of all training schemes in the industries concerned, are

- (a) an introduction to the fusion process in the blast-furnace;
- (b) an introduction to hydraulics as required by propsetters;
- (c) logical link elements in electronic installations.

All three courses have now been completed, together with a fourth, *J'apprends*, giving a general picture of the nature and potentialities of programmed instruction itself.

In addition, the High Authority is arranging for the translation, adaptation and reproduction in French and German of a programmed course prepared by the Dutch State Mines on the controls of pneumatic regulators.

These practical steps were discussed at a seminar which the High Authority organized for 180 training officers on November 9-10, 1965, on the use of pro-

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<sup>1)</sup> See *Thirteenth General Report*, No. 377.

grammed instruction in the E.C.S.C. industries. The seminar consisted of a short sketch of the theoretical aspects followed by a practical account and a series of papers, each followed by an open discussion, on methodological approaches tried out in the preparation and testing of the different pilot courses.

In this way,

- (a) a clearer picture was arrived at of the possibilities and limitations of programmed instruction: it was shown that, while the method is not the answer to all training problems, and in particular cannot of itself assist "personality development", it does enable the trainee to assimilate knowledge more quickly and permanently, and has therefore undoubted advantages both economically and educationally over the traditional methods as regards the actual inculcation of specific facts;
- (b) the training officers and experts attending were enabled to see for themselves how programmed instruction works, and so can now proceed to expand their knowledge of the subject in making use of the four pilot courses supplied by the High Authority. It is also planned to give extensive circulation to the report on the seminar.

340. Copies of the "suggestions for manufacturers of mining equipment" referred to in last year's Report<sup>1)</sup> were sent in 1965 to a large number of enterprises, mostly through the employers' federations. In answer to the apprehensions voiced in some quarters as to the expense involved in following up the recommendations, the High Authority emphasized that the point was not to bring out additional material specifically for training purposes, but simply to alter existing technical literature with an eye to training requirements. Several manufacturers have already adopted some of the High Authority's suggestions in their latest brochures.

In order to draw preliminary conclusions and to turn the national-level dialogue thus instituted between the makers and users of mining equipment into a Community-level one, the High Authority arranged an information and discussion session for representatives of the two groups in January 1966. Both sides confirmed that the step taken was a useful one, and agreed to co-operate on training as they were already doing, to good effect, on the technical side proper.

341. Since it is obviously impossible for training officers to keep abreast of all new developments in their field, the High Authority is providing, by arrangement with I.L.O.'s International Occupational Training Research and Information

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<sup>1)</sup> See *Thirteenth General Report*, No. 379, and *Twelfth General Report*, No. 388.

Centre (C.I.R.F.), a "training documentation" service in the form of quarterly reference sheets giving abstracts of the main recent publications and listing the latest teaching aids (manuals, films, slides, wall-charts and so on). Four sets of these sheets were duly sent in 1965 to all those in positions of responsibility of one kind or another with regard to occupational training.

The High Authority also continued its own teaching-aid exchange service, by which it lends out to enterprises and organizations free of charge a variety of publications, films and wall-charts.

### *Exchanges of experience*

342. In addition to arranging meetings and seminars on particular subjects, the High Authority is fostering a regular interchange of information, opinion and experience among training officers and experts in the Community. This has proved one of the most effective means of promoting both advances in colliery and steelworks personnel training and the lining-up of the methods employed in the different countries. In particular, the systematic dissemination of the results, negative and positive, of experimentation inside and outside the Community is helping to prevent mistakes being made and to stimulate research and innovation in a field which is changing out of recognition with the quickening pace of technological progress.

### *The Occupational Training Committees*

343. The High Authority some time ago set up two committees of training specialists, for the coal and steel sectors respectively, to enable close contact to be maintained between the industries, the teaching profession and the public authorities.

In 1965, the committees advised the High Authority on the preparation and distribution of the studies on personnel patterns and training, the manual on new steel-production processes, the suggestions for the mining-equipment manufacturers and the various pilot programmed courses. They also held discussions on a number of questions of current concern, including the training of foreign workers, of measurement and control technicians, and of underground colliery supervisory personnel and the provision of occupational retraining for elderly workers.

### *Inter-Community co-operation*

344. The High Authority and the E.E.C. Commission continued their co-operation in the training field, not only keeping one another regularly informed of progress made but also working closely together on any aspects of concern to both.



Thus for instance the new Working Party on Instructor Training set up by E.E.C. Occupational Training took an active part at the High Authority's seminar on programmed instruction in November 1965.

### *Co-operation with Great Britain*

345. 1965 saw a definite increase in activity as regards the comparing of notes on training problems between the Community and Britain. The Steel and Coal Committees of the U.K./E.C.S.C. Council of Association set up new sub-committees specially to go into these matters, which, with the aid of documentary material supplied by the British Government and the High Authority, made a comparative study of the effects of technological progress on colliery and steelworks personnel set-ups and training, and discussed the results of various experiments carried out or being carried out.

Further joint studies on the same subjects are to be conducted in 1966.

### *Financial aid for advanced training*

346. As part of its training promotion policy, the High Authority covenanted to contribute to the operating expenses of the International Advanced Technical Training Centre sponsored by I.L.O. which was opened in Turin in 1965.<sup>1)</sup>

The Centre is to take each year some 2,000 trainees (skilled workers, technicians and supervisors) from the developing countries, who will be enabled to extend their technological knowledge and at the same time to become sufficiently conversant with modern teaching methods to act themselves where necessary as instructors or training officers. In addition, it will be a kind of research centre at which training officers and specialists can meet, notably at international seminars and symposiums, to discuss the needs of the developing countries and the best ways of adapting training methods and programmes for the benefit of workers there.

By assisting this venture, the High Authority hopes, as well as doing its part towards raising the standard of occupational skills and qualifications in these countries, to enable the E.C.S.C. industries, now drawing more and more of their labour from outside sources, to make use on their own account of the corpus of knowledge built up by the Centre.

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<sup>1)</sup> See Nos. 1 and 58 above.

### Section 3 : Readaptation of Workers

347. The High Authority was particularly active during the period under review in assisting the redeployment of redundant miners and steelworkers.

With the process of structural change going forward apace, the provisions of Article 56,2,b had for the first time to be implemented in the Netherlands and Italy (though the High Authority had earlier furnished substantial aid to Italy under Section 23 of the Transitional Provisions annexed to the Treaty). The assistance procedure employed was that proposed by the Dutch and Italian Governments respectively, which the High Authority considered offered the workers the necessary safeguards.

Negotiations are also in progress between the High Authority and the Luxembourg Government for the introduction of readaptation facilities in Luxembourg.

There was no change to speak of in the arrangements in the other member countries, and the High Authority continued its activities along the lines described in the last two Reports<sup>1)</sup>. In accordance with its principle of carefully noting the results of its readaptation policy, and also with the express wish of the European Parliament's Social Affairs Committee, it was at pains to assemble and collate all available particulars concerning the subsequent re-employment of the workers aided.

#### READAPTATION ARRANGEMENTS

348. The new arrangements introduced in the Netherlands and Italy, which are based on those already in force elsewhere in the Community, are designed to afford workers losing their jobs in consequence of closures or production cutbacks both a continuing income and all necessary facilities for equipping themselves to take up a new occupation as soon as possible : they are to receive tide-over allowances making up the temporary loss of wages, to attend occupational retraining courses at High Authority and Government expense, and to be refunded the incidental expenses incurred by them in transferring to new jobs.

In all the member countries a good deal of scope is left for tailoring the assistance to the particular circumstances of the individual concerned, notably his physical fitness, his occupational bent and abilities, and his financial responsibilities.

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<sup>1)</sup> See *Twelfth General Report*, Nos. 403 ff., and *Thirteenth General Report*, Nos. 395 ff.

*Italy*

349. Assistance is payable for a maximum period of fifteen months from the date of discharge, and may be provided in the following forms.

- (a) Workers remaining unemployed may be granted a *tide-over allowance* calculated as follows in per cent. of their former wage (up to a ceiling of Lit. 120,000 per month) :

85% for the first three months after discharge;

80% for the next three months;

70% for the third three months;

55% for the last six months.

Those undergoing occupational retraining are entitled to the maximum rate until completion of the course.

- (b) Workers obtaining alternative employment at a lower rate of pay can claim a *wage differential* making up the difference between the previous and the present wage.
- (c) Workers obliged to change their residence in order to take up a new job are entitled to a *refund of travel and removal expenses* for themselves and their families, together with a *resettlement grant* of Lit.125,000 for unmarried men and Lit.250,000, plus Lit.35,000 per dependant, for heads of households.
- (d) Workers taking jobs some distance from their homes are allowed a *refund of half the daily travel expenses* involved, or in the case of men obliged to live away from home altogether a *refund of the cost of one return journey a month*.
- (e) The agreement also fixes the contribution to be made by the High Authority to the financing of *occupational-retraining* courses and centres.

The implementation of these arrangements will be greatly facilitated by the Act of November 5, 1964, which empowers the Minister of Labour to charge expenditure on readaptation to the "special contingency fund," so that he no longer needs to secure specific Parliamentary approval. This satisfactorily disposes of budgeting problems with regard to the Italian Government's contribution.

*Netherlands*

350. The arrangements jointly instituted by the High Authority and the Dutch Government provides the fullest safeguards for workers becoming redundant.

- (a) A *tide-over allowance* is to be payable for from 12 to 30 months according to the recipient's age and seniority. This gives elderly men, always difficult to reabsorb, quite a substantial period in which to look for other work. The amount is fixed at 80% of the former wage (no ceiling) for the first six months after discharge, and 75% for the remainder.
- (b) Workers taking less well-paid employment will receive a *wage-differential* making up 60% of the difference between the previous and the present wage.
- (c) A lump sum equal to up to three months' basic wage, according to age and seniority, is also to be payable at the end of the 12-30 months to workers still unemployed at that time, or upon re-employment.
- (d) Coalminers taking work in another industry are to be paid an extra Hfl.17 per month in the case of married men, or Hfl.5 of unmarried, in compensation for the loss of their concessionary coal, for the same period as they receive the wage-differential.
- (e) Where the worker has to move house in order to take up a new job, he can claim a *refund of travel and removal expenses* for himself and his family; married men will also receive a *resettlement grant* equal to 1½ months' basic wage, plus 10% for each dependent child.
- (f) Expenses (travel and subsistence) incurred in connection with workers' journeys for *interview by the prospective employer* will be refunded in full.
- (g) Where *daily fares to and from work* amount to over Hfl.10 per month, the proportion above this figure will also be repaid for the same period as that for which the man, if still out of employment, would receive a tide-over allowance.
- (h) Workers having to live apart from their families in consequence of the new job will be paid a *severance allowance* of Hfl.150 per month and refunded the cost of one trip home per week for a period of twelve months.

#### READAPTATION OPERATIONS

351. Between February 1, 1965, and January 31, 1966, the High Authority set aside 9,100,000 units of account for readaptation assistance to 29,307 workers. The breakdown of these two figures by countries and sectors is shown in *Table 69*. As can be seen, 53% of the men concerned are from the industries in Germany, 20% in Belgium, 2% in France, 16% in Italy and 9% in the Netherlands; 74% of them are coalminers, 12% iron-ore miners and 14% steelworkers.

The increased scale and altered pattern of the appropriation reflect the gathering speed at which the structural changes in the three industries are proceeding and the High Authority's resolve to keep its assistance in line with requirements as they arise. A considerable majority of the payees are, as before, Belgian and German colliery workers, in consequence of the reconstruction of the coalmining industry in progress in these two countries. The High Authority is, however, also aiding the workers affected by the first pit closures in Dutch Limburg, the Italian iron-ore miners, whose industry has now run into the same difficulties as the Siegerland and Lorraine orefields,<sup>1)</sup> and steelworkers from a number of plants which have failed to keep their production competitive.

TABLE 69

**High Authority readaptation assistance approved  
under Article 56 of the Treaty**  
(February 1, 1965 - January 31, 1966<sup>1</sup>)

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.)	13,671	1,825	1,515	200	294	25	15,480	2,050
Belgium	4,556	1,505	—	—	1,250	500	5,806	2,005
France	—	—	680	362	—	210 <sup>2)</sup>	680	572
Italy	650	512	1,247	851	2,744	2,454	4,641	3,817
Netherlands	2,700	691	—	—	—	—	2,700	691
Community	21,577	4,533	3,442	1,413	4,288	3,189	29,307	9,135

<sup>1)</sup> The readaptation figures in last year's Report were given up to January 31, 1965.

<sup>2)</sup> Supplementary allocation.

In all cases the funds have been allocated in accordance with the intended recipients' position and prospects of re-employment, which can vary substantially from area to area.

352. Table 70 gives the corresponding figures since Article 56,2 came into force.<sup>2)</sup> Here, of the 103,441 workers assisted, 64% were in Germany, 19% in Belgium, 9% in France, 5% in Italy and 3% in the Netherlands; 78% of them were coalminers, 12% iron-ore miners and 10% steelworkers.

<sup>1)</sup> See *Thirteenth General Report*, No. 412.

<sup>2)</sup> For the yearly figures, see Statistical Annex, Table 54.

TABLE 70

**High Authority readaptation assistance approved  
under Article 56,2 of the Treaty  
(March 29, 1960 - January 31, 1966)**

Country	Coalmining industry		Iron-ore mines		Iron and steel industry		Total per country	
	No. of workers	Amount (\$'000)	No. of workers	Amount (\$'000)	No. of workers	Amount (\$'000)	No. of workers	Amount (\$'000)
Germany (Fed. Rep.)	54,790	10,105	7,804	1,223	4,036	489	66,630	11,817
Belgium	18,407	4,190	37	5	1,691	735	20,135	4,930
France	4,527	2,878	3,120	1,358	1,688	706	9,335	4,942
Italy	650	512	1,247	851	2,744	2,454	4,641	3,817
Netherlands	2,700	691	—	—	—	—	2,700	691
Community	81,074	18,376	12,208	3,437	10,159	4,384	103,441	26,197

353. The following is a recapitulation of the High Authority's readaptation operations since its inception, under both Section 23 of the Convention containing the Transitional Provisions and Article 56 of the Treaty proper.

TABLE 71

**High Authority readaptation assistance approved  
under Section 23 of the Convention and Article 56 of the Treaty  
(March 18, 1954 - January 31, 1966)**

Country	Coalmining industry		Iron-ore mines		Iron and steel industry		Total per country	
	No. of workers	Amount (\$'000)	No. of workers	Amount (\$'000)	No. of workers	Amount (\$'000)	No. of workers	Amount (\$'000)
Germany (Fed. Rep.)	108,990	26,286	8,054	1,283	4,686	723	121,730	28,292
Belgium	47,307	14,750	37	5	1,691	735	49,035	15,490
France	11,182	4,428	3,094	1,405	6,688	1,619	20,964	7,452
Italy	6,180	2,876	1,247	851	16,394	9,845	23,821	13,572
Netherlands	2,700	690	—	—	—	—	2,700	690
Community	176,359	49,030	12,432	3,544	29,459	12,922	218,250	65,496

*RE-EMPLOYMENT OF RECIPIENTS OF READAPTATION ASSISTANCE*

354. As has been noted in previous Reports,<sup>1)</sup> it is by no means easy to obtain reliable particulars as to what has since become of the individual workers assisted. However, the High Authority is trying to fill in the gaps in the official statistics by sending representatives from time to time to talk over matters on the spot with the heads of employment offices and representatives of enterprises and trade unions in the districts where readaptation operations are in progress. In 1965, these contacts were built up into an organized system, supplemented by a number of special surveys, which it is hoped will provide an overall picture of the effects of the action taken under Article 56,2 since it came into force.

It is evident that Community workers are for the most part quite aware of the openings offered by readaptation. In the majority of cases the employment offices have made a practice, by arrangement with managements, of organizing briefing sessions at the enterprises to explain the position to men faced with discharge; the latter have then been sent cards entitling them to draw their tide-over allowance, and personal letters telling them how to apply for the various forms of assistance.

The results between 1960 and 1964 of the joint High Authority Government measures in the three countries—Germany, Belgium and France—affected by closures would appear to be roughly as follows :

- (a) a high proportion (from 50 to 82%, according to country) of the 56,500 workers laid off received readaptation assistance;
- (b) most of the men were quickly reabsorbed, comparatively few of them at permanently reduced rates of pay;
- (c) in Germany and Belgium many miners were signed on at other collieries but in France they had mostly to transfer to the successor industries;
- (d) 2,200 workers mainly in France and Belgium, underwent occupational retraining;
- (e) 3,600 workers were obliged to move house in order to take up new jobs;
- (f) the men remaining longest out of employment were almost all either elderly or physically handicapped or otherwise unfit.

This is borne out, by and large, by the interim information available for 1965; it would seem, however, that occupational retraining is coming to play a larger part in readaptation.

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<sup>1)</sup> See *Twelfth General Report*, No. 407, and *Thirteenth General Report*, No. 401.

*Germany (Federal Republic)**1961-64*

355. From 1961, when the first Decision concerning Germany was taken under Article 56, readaptation assistance was furnished in respect of workers from 90 enterprises. Of the 39,500 men laid off, 68% were from Ruhr collieries; iron-ore miners and steelworkers accounted for only 13% and 7% respectively of the total.

Many of the closures affected pits owned by large companies, which in some cases prematurely pensioned off elderly workers at their other pits in order to take on younger men. To this is due both the high proportion (40%) of men over fifty among the personnel laid off and the comparatively low proportion (50%) of workers receiving readaptation assistance, especially as regards tide-over and re-employment allowances (4%). Over 15,000 men are estimated to have been transferred in this way, without having, in most cases, either to wait very long, to accept a lower wage or even to move house. The others either were prematurely retired or quickly found other jobs in different industries, usually the iron and steel or the metalworking industry or the building trade.

At the end of 1964 the number of workers discharged during the year and still unemployed was 780, practically all aged over 55 and for the most part pensioners.

*1965<sup>1)</sup>*

356. Total or partial closures were effected in 1965 at eight major collieries in the Ruhr and the Saar. Of the 7,000 workers affected, 5,600 were transferred to other pits owned by the same companies, 750 pensioned off and 600 discharged; 400, mostly elderly or physically handicapped, were still registered at the end of the year as seeking employment.

357. In the Siegerland orefield, the closure of the last two mines resulted in the laying-off of some 850 men, 20% of them on pension. By November 1965, 600 of them had secured employment in the manufacturing and mechanical-engineering industries of the area, more especially in a successor enterprise started on the site of one of the mines which had closed.<sup>2)</sup> Over 20% of those losing their jobs at the mines were retrained for others by their new employers.

<sup>1)</sup> Interim figures.

<sup>2)</sup> See No. 371 below.



A further 150 miners were due to be discharged at the end of the year.

358. The 190 workers discharged following a production cutback at an iron and steel enterprise in the same area were all taken on at other steel plants.

### *Belgium*

1960-64

359. Readaptation assistance was granted for workers laid off from a total of 22 enterprises. The great bulk of the men dismissed, who numbered about 12,500 in all, were ex-miners, of whom 55% were Italians and other non-Belgians; their average was comparatively low, 63% of them being under forty and only 13% over fifty.

The records show that of 10,500 workers 75% were paid wage-differentials and 80% tide-over allowances; 18% received no readaptation assistance, having either found other jobs immediately or applied to retire on full pension.

79% of the miners and 68% of the steelworkers laid off in consequence of closures in 1963 and 1964 were reabsorbed within their own industries, in 88% of cases within a few days. 51% of the men re-employed were soon being paid the same as before or more.

380 workers, the majority elderly or physically unfit, were still registered as in search of employment at December 31, 1964.

1965<sup>1)</sup>

360. Five colliery closures during the year resulted in 3,000 dismissals. By the fourth quarter over a third of the men concerned had been signed on at other pits, 200 had found jobs in other industries and 300 were undergoing retraining, while 400 were registered as unemployed. Several hundred had not registered with the employment offices at all.

361. Some 800 men were laid off in October from a medium-sized steel plant which had to close. 350 of them were still seeking work in December; of these about 50 are receiving occupational retraining, and another 100 or so are shortly to do the same.

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<sup>1)</sup> Interim figures.

*France**1961-64*

362. Readaptation assistance was furnished in respect of workers from 33 enterprises. The total number laid off was 5,078 of whom 48.7% were from the collieries, 42.4% from the iron-ore mines and 8.9% from the iron and steel industries; nearly two-thirds (62.3%) were under forty, and only 11.5% over fifty.

Most of the closures were in under-industrialized areas offering few alternative employment opportunities. Consequently,

- (a) a high proportion (82%) of the workers had to be given readaptation assistance, more particularly in the form of tide-over allowances (75%) and wage-differentials (60%);
- (b) the average period for which assistance is required was fairly long, especially in the iron-ore industry, where it ranged from three months in some orefields to ten in others. Some men even remained unemployed for as long as twelve months;
- (c) the great majority of those losing their jobs failed to find new ones locally in the same industry. Over 25% underwent retraining and then obtained employment in other industries, while 32% were obliged to move to other parts of the country. About 1,000—20% of the number laid off—were transferred to another division of the French nationalized coal industry.

Only 18 of the workers discharged in 1964 were still unemployed at the end of the year.

*1965*

363. Production cutbacks were introduced at six iron-ore mines in Lorraine during 1965. At the end of the year, none of the 400 men discharged were registered as unemployed; most of them had been taken on at iron and steel plants round about, while some twenty were undergoing occupational retraining.

364. 1,200 workers lost their jobs with the final closure of the Forges de l'Adour at Le Boucau (500 having already left in the past few years). Most of them have been or can expect to be engaged in the successor industries which have moved into the area;<sup>1)</sup> by the end of 1965 only about forty men, most of them suffering from some physical disability, were still having trouble in finding work.

<sup>1)</sup> See No. 381 below.

### *Italy*

365. Readaptation assistance was granted in 1965 for one colliery, eight iron-ore mines and nine steel plants, lay-offs from which totalled 4,800.

At the end of 1965, 1,000 of the workers concerned were undergoing retraining, while about a hundred others were to be taken on again at the same enterprise as before, since their employment had not been actually terminated but only suspended.

### *Netherlands*

366. The concentration was begun in 1965 of two mines in Dutch Limburg : by the time the operation is completed in 1967 two-thirds of the workers there will have had to be discharged. It is hoped to re-employ most of them at other pits belonging to the same company, but about a third will need to be found jobs elsewhere.

### *Elderly and physically-handicapped workers*

367. The fact that so many of the redundant workers remaining longest out of a job are either well advanced in years or physically unfit in some way is causing the High Authority to devote special attention to the problems arising with regard to their readaptation.

A survey on the subject is just about to be completed,<sup>1)</sup> and the findings will be published in 1966.

The special arrangements on which the Belgian Government and the High Authority have been working for some time<sup>2)</sup> have now finalized.

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<sup>1)</sup> See *Thirteenth General Report*, No. 411.

<sup>2)</sup> *Ibid.*, No. 410.

#### Section 4 : Reconversion and Redevelopment

368. As it stated that it was planning to do in last year's General Report and in the Policy Report laid before the European Parliament in February 1965, the High Authority has been endeavouring to equip itself to carry out its industrial redevelopment policy on a broader scale. Its responsibilities under the Treaty towards the workers and inhabitants of the Community mining and steelmaking areas require that it should be in readiness to deal with the increasingly serious problems likely to come up shortly with the reconversions, production cutbacks and closures which are now looming in consequence of the rapid changes in the energy market, in the technological field and in the pattern of international competition.

The various area studies already carried out with its assistance are proving of value in giving a picture of conditions in the more gravely threatened regions and enabling advance preparations to be made for their redevelopment. The redevelopment operations themselves are being facilitated by the work of the Expert Committee, which is supplying the national and local authorities and prospective investors with relevant background material and particulars of past experience in this field as a means of helping them to overcome the problems commonly encountered in carrying out such schemes.

The High Authority is also planning, however, to extend its more direct activities in this connection, and is mobilizing all available funds for the purpose. The recent tightening of the capital market has tended to make the Community's borrowing operations more difficult and costly, and so prevented it from relending on such attractive terms as previously for projects under Article 56,2,a of the Treaty (the part-financing of redevelopment operations designed to provide new steady jobs for miners and steelworkers). Accordingly, the High Authority has now decided to adopt a device already used for the purposes of its workers' housing schemes, namely to add funds of its own from the Special Reserve to the borrowed funds already earmarked, so as to be able to furnish its loans on more advantageous terms.

#### REMODELLED ARRANGEMENTS FOR REDEVELOPMENT ASSISTANCE

369. After the Council of Ministers had studied the High Authority's memorandum of May 1965 on the subject, the details were settled on September 8 as follows :

- (a) loans may be granted to cover up to 30% of the capital expenditure involved by the project, or more in special cases to be assessed individually;

- (b) they will ordinarily be granted for periods of from 10 to 13 years;
- (c) redemption will be by equal annual instalments beginning from the end of the third year;
- (d) the interest will be 4.5% p.a. for the first five years and 6.5% for the remainder (the latter rate subject to alteration should the capital market be particularly tight at the time);
- (e) loans will wherever possible be made in the borrower's national currency.

370. This is an improvement in three respects. In the first place, the terms are now known to intending borrowers beforehand, instead of depending, as in the past, on the terms on which the High Authority itself was able to raise the money. In addition, the interest rates are well below those in the open market, and hence a real incentive to enterprises: redevelopment will not only receive a shot in the arm but be rendered more efficient, since the increased flow of applications resulting will give the High Authority a wider choice of projects for assistance. Lastly, the amount set aside for lending on these terms up to December 31, 1966, is 44 million units of account, a considerably higher total than in any previous year; should financial limitations nevertheless have to be borne in mind in assessing applications, the High Authority will give preference to projects which will enable workers to be reabsorbed either within the coal and steel industries themselves or into industries that are major consumers of coal and steel. If necessary, it may consider introducing further new arrangements.

#### STUDIES AND OPERATIONS

371. The number of High Authority-aided redevelopment studies, and consequently the number of Community mining and steelmaking areas which have been or are being systematically surveyed, is growing all the time. Most of the studies in hand were completed and two fresh ones begun in 1965, and talks are now going on with several member Governments and regional expansion committees in preparation for more—a clear indication of the increasing importance the competent authorities are attaching to area development and the value of detailed studies in this connection.

The majority of the studies are intended to serve as the direct basis for redevelopment projects: the three new operations which the High Authority agreed to assist in 1965 all related to areas either already covered or to be covered by E.C.S.C.-aided surveys.<sup>1)</sup> Some, however, have also been undertaken where

<sup>1)</sup> At the time of going to press, discussions had also been started with the Dutch Government concerning the launching of a big redevelopment scheme in the province of Limburg.

TABLE 72

## High Authority-aided studies and operations to date

Country	Area, coal	Area, steel	Area, iron ore
Germany (Fed. Rep.)	Westphalia (Unna) <sup>1)</sup> — loan, \$50,000 (1964)	Saar — study (1964)	Salzgitter: — study (1960)  Amberg, Bavaria — study (1964)  Siegerland: — study (1964)  — loan, Wissen \$620,000 (1964)  — loan, Wilroth \$375,000 (1965)
Belgium	Charleroi: — study (1958)  Borinage/Centre/Char- leroi: — study (1960)  Liège: — loan \$1,500,000 (1961) — loan \$1,934,000 (1961)  Borinage: — loan, Ghlin-Baudour \$2,486,000 (1962) — loan, do. \$2,983,000 (1962)	Ghent-Zelzate canal district: — study (1964)    Southern portion of Belgian Luxembourg/ northern portion of Lorraine: — E.C.S.C./E.E.C. study (1962)	
France	Béthune: — loan <i>garantie</i> <sup>1)</sup> Fr.3,000,000 (1961)  Auvergne/Aquitaine: — study (1957) — study, Champagnac (1961)		Lorraine: — study (1964)

Country	Area, coal	Area, steel	Area, iron ore
France ( <i>contd.</i> )	<p>Auvergne/Aquitaine: (<i>suite</i>)</p> <p>— <i>loan</i>, do. (1961)</p> <p>— <i>loan</i>, do. \$73,000 (1960)</p> <p>— <i>loan</i>, St. Eloy \$332,000 (1962)</p> <p>Saône-et-Loire</p> <p>— study, Montceau-les-Mines (1961)</p> <p>— study, Montceau/Chalon/Le Creusot (1964)</p> <p>Decazeville:</p> <p>— studies (1963-1965)</p> <p>— <i>loan</i>, Aubin<sup>1)</sup> \$200,000 (1964)</p> <p>Hautes-Alpes:</p> <p>— study (1965)</p>	<p>Lorient/Hennebont:</p> <p>— <i>loan</i> \$1,985,000 (1964)</p> <p>Le Boucau:</p> <p>— study (1963)</p> <p>— <i>loan</i> \$2,500,000 (1965)</p>	
Italy	<p>Sardinia:</p> <p>— studies (1964)</p> <p>— <i>loan</i>, Porto Vesme \$15,000,000 (1964)</p>	<p>Liguria:</p> <p>— study (1957)</p> <p>Provinces of Brescia and Udine:</p> <p>— study (1958)</p> <p>— <i>loan guarantee</i> \$432,000 (1957)</p> <p>Piombino:</p> <p>— study (1961)</p> <p>Umbria:</p> <p>— study (1962)</p> <p>Provinces of Bari and Taranto:</p> <p>— E.C.S.C./E.E.C. study (1963)</p>	
Luxembourg		— study (1965)	
Netherlands	<p>Limburg:</p> <p>— study (1957)</p>		

<sup>1)</sup> Not utilized.

there is no immediate threat to employment, simply in order to lay the foundations for smooth economic and social development and so spare the area the hazards of belated or precipitate efforts to bring it into line with present-day requirements.

### *Germany (Federal Republic)*

#### *Studies*

372. The study on the Saar is continuing. The Amberg study,<sup>1)</sup> which has now been completed, describes in detail the factors tending to impede the development of this area and suggests a number of possible lines along which action might be taken.

373. The Sieg-Lahn-Dill study<sup>1)</sup> is well under way : the first part contains facts and figures concerning the economic and population structure of the area, and the second, now in preparation, will deal with ways and means for working up its resources. The High Authority is already actively assisting redevelopment there, made necessary by the closure of the iron-ore mines.

#### *Operations*

374. Following its first move to help the Siegerland miners in 1964,<sup>2)</sup> the High Authority in 1965 took the fresh step, at the Federal Government's request, of granting a loan of DM.1,500,000 to the Karl Georg Company, Neitersen, for the installation at Wilroth on the site of the Georg mine, which closed on March 31, of a subsidiary comprising a forge, drop forge and workshop for motor-car bodies, which provided new jobs for over 200 former miners hitherto unable to find alternative employment in the neighbourhood.

### *Belgium*

#### *Studies*

375. The study on the Ghent area<sup>3)</sup> was completed in record time as a result of the adoption of a new method, which it will probably also be possible to employ for other studies in the future.

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<sup>1)</sup> See *Thirteenth General Report*, No. 418.

<sup>2)</sup> *Ibid.*, No. 419.

<sup>3)</sup> *Ibid.*, No. 420.



As quite a volume of detailed material was already available on the Ghent-Zelzate canal region, the High Authority and the Belgian Government saw no object in having more prepared, and instead adopted the course of hearing leading Civil Service and other experts, who described exactly how matters now stood and suggested what should be done to establish the best possible background and basis for the setting-up of Sidmar and the other new enterprises expected. The report on these talks thus brings the findings of the earlier studies fully up to date, and provides a comprehensive picture of the items of infrastructure to be installed over the new few years; it lays particular stress on the major improvements which will be needed in housing and in urban and inter-urban communications if the necessary numbers of workers are to be attracted there by 1970.<sup>1)</sup>

### *Operations*

376. The Belgian Government applied to the High Authority for a loan towards a series of big infrastructure and industrial-estate projects in the Centre and Borinage areas. These form part of the same large-scale redevelopment programme which the High Authority has several times assisted in the past with both studies and loans.<sup>2)</sup> It is clear that the only answer to the rapid deterioration in the employment and incomes situation in these coalfields as a result of the collieries' difficulties is to encourage other industries to set up there, which they will only be prepared to do if the basis services are first thoroughly overhauled.

The High Authority approved the new Belgian proposals, and stated that it was willing to set aside the sum of Bfr.750,000,000 towards the installation of a number of industrial estates for the use of successor enterprises. The Council of Ministers is to make its views known shortly.

## *France*

### *Studies*

377. The study on the redevelopment prospects of the Lorraine orefield has now been completed and laid before the regional authorities and other bodies concerned. The High Authority's departments are now in touch with the French Government to see what practical action can best be taken.

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<sup>1)</sup> The experts estimate that, having regard to the multiplying effect of the scheme, the establishment of Sidmar and the other large enterprises now building along the canal should result in the creation of something like 10,000 new jobs in all, whereas the Ghent neighbourhood itself cannot in the short term provide more than 5,000 workers to fill them. The High Authority has already agreed to part-finance a housing scheme in the area (see Statistical Annex, Table No. 61).

<sup>2)</sup> See *Tenth General Report*, Nos. 533 and 537; *Eleventh General Report*, Nos. 492-494 and 499; *Twelfth General Report*, No. 420.

378. The study on the population trend and infrastructure and housing requirements in the Montceau-Le Creusot-Chalon triangle (originally confined to Montceau-les-Mines alone) is on the point of completion: the final report is to be submitted in 1966, as a preliminary to a campaign to diversify the economic activities of an area at present dominated by the coal and steel industries.

379. The High Authority is continuing to assist the efforts to redevelop the Decazeville area. In particular, it has agreed to part-finance a study on ways to work up the market for the various products of the Usines Chimiques et Métallurgiques de Decazeville.

380. In addition, the High Authority is helping to finance a new study on the Department of Hautes-Alpes, where difficulties have arisen as a result of the closures of several small coalmines. The object of the study, which is being organized by the local expansion committee, is to chart the Department's present economic position and indicate suitable measures for promoting its development, specifying in particular the type of industry it should preferably seek to attract.

### *Operations*

381. For the purposes of the redevelopment of the Le Boucau area, the High Authority agreed to grant a loan of Ffr.12,500,000 to the Société Chimique de l'Adour ("Socadour") for the installation of a new chemical-fertilizer factory. The operation, which is scheduled to be completed in July 1966, will result in the creation of some 175 new jobs, most of which can be filled by elderly or unskilled workers; nearly 100 ex-steelworkers have already been reabsorbed.

This project is one of the closing instalments in the major programme carried out in co-operation over four years by the Compagnie des Ateliers et Forges de la Loire, the French Government and the High Authority. The phased closure of the Forges de l'Adour was finally completed on July 3, 1965, satisfactory provision having been made for practically all the 1,700 workers affected,<sup>1)</sup> either by pensioning them off prematurely or by enabling them to take employment at one or other of the ten new factories—offering among them approximately 1,500 jobs—which had meantime been set up in the area. Incidentally, several hundred of these men have obtained or can expect to obtain better-paid jobs than before, following occupational retraining. The fact that such a large-scale operation went through without a hitch is particularly noteworthy when it is considered that the personnel of Forges de l'Adour included a substantial number of elderly and physically-handicapped workers.

<sup>1)</sup> See No. 364 above.

## Italy

382. The three studies on the industrial development of Sardinia were completed and submitted in 1965.

The social survey on the Carbonia area, describing the needs and problems of the Sulcis coalfield and furnishing useful particulars as to the educational standards of the inhabitants and their psychological and occupational adaptability, was published<sup>1)</sup> and laid before the Italian authorities. On the strength of the contacts made, a scheme is under consideration for setting up a development body in the area, to act on the basis, *inter alia*, of the High Authority's other studies of this kind.

The study on the town and country planning operations in progress in the island has also been completed and submitted to representatives of the regional authorities and of industry, both of which expect to find it a most useful source of information and instrument of co-ordination.

The study on the possibilities for installing manufacturing industries in the neighbourhood of the planned aluminium and ferro-alloy plants suggested that from the point of view of sales potential medium-sized production units would be the best bet. To assist efforts to interest likely investors, the High Authority decided to publish the portion of the study dealing with locational factors.<sup>2)</sup>

383. The study on the Bari-Taranto-Brindisi triangle, carried out by the E.E.C. Commission with High Authority assistance, was also finalized and submitted to the Italian Government and other circles concerned. It proposes that nine major production units, mostly in the mechanical-engineering sector, should be set up in the area, together with thirty-odd ancillary plants. The project, which would result in the creation of 10,000 new jobs, would involve an estimated capital expenditure of Lit.200,000,000,000.

## Luxembourg

384. At the request of the Luxembourg Government, the High Authority has agreed to part-finance a study intended to assemble the relevant psychological, economic and legal particulars for the possible establishment in the Grand Duchy of a central sub-contract handling office for the mechanical-engineering industries.

<sup>1)</sup> Regional Economy and Policy Series, Part II, "Development and Redevelopment Programmes," Vol. VI, *Studio sulla Zona di Carbonia*.

<sup>2)</sup> Industrial Redevelopment series, No. 16, *Location of Industry in the Sulcis Coalfield* (available in English).

An increase in the practice of sub-contracting in the steel-consuming sectors would make for optimum utilization of the plant available and properly-thought-out selection of future investment projects, thus aiding the expansion both of the industries concerned and of the area as a whole. The range of the proposed office's operations would extend well beyond the borders of Luxembourg itself, covering also the southern part of Belgian Luxembourg, the Trier and Eifel regions of Germany, the Saar and the French Department of Moselle.

*WORK OF THE EXPERT COMMITTEE  
ON INDUSTRIAL REDEVELOPMENT*

385. Alongside its other activities,<sup>1)</sup> the High Authority's Expert Committee on Industrial Redevelopment continued its efforts to determine the most effective ways of working up the resources of producer areas in difficulties or in decline. It is conducting a comparative study of methods employed in the Community, with special reference to

- (a) location and preparation of industrial sites;
- (b) industrial building;
- (c) regional action boards and associations;
- (d) the social and economic structure of mining and steelmaking areas;
- (e) the redevelopment record to date.

386. The Committee is being assisted in its work by study groups of leading specialists from the member countries. In addition, it has now secured the services of a regular British correspondent, so that the Community will in future have the benefit of the wealth of experience built up over the years by a country noted for the scale and effectiveness of its development activities.

A tour arranged for the Committee by the British Government at the Team Valley Estate in north-eastern England gave the Community experts an opportunity to see for themselves the results which have been achieved in recent years by the Industrial Estates Management Corporation.

American representatives also co-operated on some of the Committee's studies, more especially those concerning the organization of industrial belts.

387. By the end of the period under review, the reports for the individual countries were all either already out or in the press, in the Industrial Redevelopment

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<sup>1)</sup> See *Twelfth General Report*, No. 416.

series<sup>1</sup>). The covering reports were also ready, and are to be included in the Regional Economy and Policy series.

As the objects of these studies are given in the 1964 report,<sup>2</sup>) we here record only one or two of the main findings.

- (a) The study on the location and preparation of industrial sites<sup>3</sup>) brought out the highly important part now being played, and likely to be played still more in the future, by the creation of industrial belts. These very often tip the scale in attracting industrial investment, and moreover make it possible to influence the type of investment, since the nature of the incoming industries is largely determined by the nature of the basic services already provided. Also, as the study makes clear, locational considerations are becoming more and more indissociably bound up with questions of infrastructure in the wider social sense, including such aspects as housing, educational facilities, communications and so on.
- (b) The role of industrial building<sup>4</sup>) was found to vary considerably from one country to another according to the general economic approach adopted and the legal and financial possibilities open to the local authorities. The Committee's investigations suggest that notwithstanding some successful ventures in the provision of pre-built "turn-key" factories most enterprises prefer the traditional method of building to specification, where appropriate employing prefabricated components. At the same time, a study of recent experience does indicate that there are certain standard sizes and characteristics of buildings which are suitable for adoption by a wide variety of industries.
- (c) To make use of these various development and redevelopment methods, all countries have found it necessary to institute new authorities over and above the existing administrative and financial set-ups<sup>5</sup>). Latterly, however, it has also become usual to establish planning bodies serving to co-ordinate the activities of these authorities and keep them more firmly under Government control.

<sup>1</sup>) Industrial Redevelopment series, Nos. 4-15.

<sup>2</sup>) See *Twelfth General Report*, No. 416.

<sup>3</sup>) Regional Economy and Policy series, Part I, "Industrial Redevelopment in Europe," Vol. III, *Localisation et aménagement de terrains industriels*.

<sup>4</sup>) Regional Economy and Policy series, Part I, "Industrial Redevelopment in Europe," Vol. V, *Le bâtiment industriel dans la politique de développement régional*.

<sup>5</sup>) Regional Economy and Policy series, Part I, "Industrial Redevelopment in Europe," Vol. VI, *Les organismes d'action régionale*.

## Part Two

## LIVING AND WORKING CONDITIONS

Section 5 : Wages, Social Security  
and Terms of Employment

## WORK OF THE HIGH AUTHORITY

*European Miners' Charter*

388. In pursuance of its efforts to expedite the work on the European Miners' Charter, the High Authority held separate meetings with the workers', employers' and Government delegates to the Joint Committee on Harmonization of Terms of Employment (Coal). The first of these talks, with the workers, was held shortly before the Thirteenth General Report went to press,<sup>1)</sup> but a brief recapitulation of the proceedings on that occasion is included here to explain what followed.

389. The *workers' delegates*, meeting at the High Authority's invitation on December 18, 1964, stated that they still considered the European Miners' Charter to be urgently necessary. In the interests of speedy action at Community level, however, they agreed for the time being to drop their insistence on a package deal, and instead proposed two points for immediate discussion, the introduction of a shift bonus throughout the Community, and the introduction of a loyal-service bonus. They asked that the Joint Committee should embark as soon as possible on a detailed consideration of these two measures, which they argued would not only benefit the miners themselves but also make it easier for the industry to recruit and retain the manpower required.

The High Authority decided to submit these proposals to the Government and employers' representatives.

390. The meeting with the *employers' delegates* took place on February 19, 1965. Only Germany, Belgium and Italy were represented, the French employers' having replied that they could not attend since the matters to be dealt with were in France purely the concern of the Government, and the Dutch that they had not had time to consult among themselves.

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<sup>1)</sup> See *Thirteenth General Report*, Nos. 431-434.

The German and Belgian delegates said that they were not opposed to the "internationalization" of the shift bonus as such, but that a number of points would have to be clarified first : it must be settled exactly what was meant by "internationalization", and whether the agreement of all the employers' federations and all the Governments could be secured, and certain legal aspects would have to be gone into by the High Authority.

391. On February 23 *representatives of the Governments* of the five coal-producing countries met to discuss the unions' proposals. Some of them contended that neither the High Authority nor, consequently, the Joint Committee had any jurisdiction in the matter. One said he did not consider that the Joint Committee was the proper body to discuss the proposals; another, representing a different Government, expressed the view that the question should be referred to the Council of Ministers, as this was to his mind probably the only possible way to get the shift bonus adopted on a Community-wide basis.

However, the problems involved being of considerable importance, it was suggested that the High Authority should compile a full record of the bonuses of "shift" or "loyal-service" type already being granted in Community collieries (i.e. exclusive of piecework bonuses, bonuses lumped in with the basic shift wage, benefits in kind, etc.).

392. Accordingly, the High Authority department responsible drew up a comparative table of the different arrangements in the nature of shift and loyal-service bonuses in use in the Community coalmining industry. This came up for endorsement at the Joint Committee meeting on June 24. The Committee spent some time debating precisely what construction was to be placed on the terms "shift bonus" and "loyal-service bonus," but was not able to complete the discussion before the end of the meeting.

The unions subsequently requested that the subject should not be dealt with at the Committee's December meeting, but held over for a later occasion pending the submission of proposals on which they were currently working.

### *Wages*

393. The studies outlined in the 1964 Report<sup>1)</sup> are proceeding. The study on degrees of mechanization and modes of payment in stone-drift workings is making good progress. Four working parties, of German, Belgian, French and Dutch experts nominated by the employers' federations and trade unions, have com-

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<sup>1)</sup> See *Twelfth General Report*, No. 435, and *Thirteenth General Report*, No. 436.

piled reports on relevant developments in their respective countries; these have provided a clear general picture of the present position, on the basis of which a series of separate studies has been begun on selected individual workings.

394. The draft of the High Authority brochure designed to offer the employers and workers a corpus of basic material on job breakdowns and job evaluation in the coal and steel industries<sup>1)</sup> has now been completed; as soon as the text is available in the four Community languages it will be submitted to both sides of the industries for their comments prior to publication.

395. Five studies carried out on the High Authority's behalf by social-science institutes in the Community on the sociological aspects of wage arrangements have been published and made available to specialists in the fields concerned.<sup>2)</sup> A covering report on the whole project is in preparation, and is shortly to be issued in the Labour Economics series.

### *Social security*

#### *Migrant workers and social security*

396. The High Authority was able to make a number of constructive suggestions in connection with the revision of the E.E.C. Council's Regulation No. 3.<sup>3)</sup> This had been begun by a working party of outside experts, on the basis of joint E.E.C. Commission/High Authority proposals, and was carried on and completed in 1965 by the Administrative Committee on Social Security for Migrant Workers, with technical advice from I.L.O.

In the discussions on the special problems involved in the co-ordination of the separate social-insurance schemes for mineworkers, the High Authority's great object was to see that the revised provisions were in accordance with the miners' interests.

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<sup>1)</sup> See *Thirteenth General Report*, No. 437.

<sup>2)</sup> The studies in question are:

Germany, *Grenzen des Lohnanreizes (Eisen- und Stahlindustrie)*;

Belgium, *L'évolution des modes de liaison des salaires à la production en sidérurgie*;

France, *L'évolution des modes de rémunération dans la sidérurgie* and *L'évolution des modes de rémunération dans les mines de fer*;

Italy, *L'Evoluzione dei Sistemi di Retribuzione nell'Industria Siderurgica*.

<sup>3)</sup> See *Thirteenth General Report*, No. 441.



Wishing to demonstrate the importance it attaches to these efforts to improve conditions for migrant workers, it arranged that the December 1965 meeting of the Administrative Committee should be held in Luxembourg.

The High Authority also began a study on possible action to deal with certain special problems regarding the provisions of benefits in kind (housing, concessionary coal) to retired miners: migrant workers frequently have difficulty in obtaining these, since entitlement to them is usually under collective-bargaining agreements. The High Authority hopes to work out with the employers' and workers' organizations, and where necessary the Governments, a more equitable arrangement in this connection.

397. A further High Authority study on the terms and conditions of employment offered to non-Community nationals on recruitment into the E.C.S.C. industries is approaching completion;<sup>1)</sup> it goes in detail into the social-security position of these men under the numerous bilateral and multilateral agreements in force.

#### *Comparative studies on social-security systems*

398. At the November meeting of the Coal Committee of the U.K./E.C.S.C. Council of Association, two reports by the Working Party on Social Security were submitted, the first giving a brief sketch of the origins and development of the general and the special mineworkers' social-insurance schemes in Britain and the Community, and the second updating to July 1, 1964, the earlier memorandum *Comparative Report of Social-Security Systems in Britain and the Community*.<sup>2)</sup>

399. The implementation of the High Authority's Decision No. 3/65,<sup>3)</sup> and more especially of Article 2,2, necessitated a careful scrutiny of the financial aid given in respect of the social-insurance schemes in the Community coalmining industry. The High Authority had the advantage of being able to base itself on past experience gained in the preparation of its report to the Governments in 1963 on social-security charges in the mining and other industries.<sup>4)</sup>

<sup>1)</sup> See also Nos. 320 ff. above.

<sup>2)</sup> See *Twelfth General Report*, No. 437.

<sup>3)</sup> See Annex to Chapter II above.

<sup>4)</sup> See *Ninth General Report*, No. 455; *Tenth General Report*, No. 565; *Eleventh General Report*, No. 512; *Twelfth General Report*, No. 436.

This new study is obviously of considerable interest and importance, since quite apart from anything else more than nine-tenths of the direct and indirect support now being received by the industry is in the form of measures to reduce its social-security burden.

As will be recalled, the E.E.C. Commission and the High Authority have for some years been issuing at regular intervals comparative tables showing the social-security arrangements in force in the member countries. The High Authority, anxious to have its documentation on the living and working conditions of the workers in the E.C.S.C. industries as comprehensive and up-to-date as possible, has now completed a revised edition of Part II of this publication, giving the position for the special mineworkers' schemes as at January 1, 1965.<sup>1)</sup>

#### *Studies in preparation*

400. The study on supplementary social-security schemes in the E.C.S.C. industries is nearly finished; undertaken at the urging of the trade unions, it will enable the High Authority to form a more accurate picture of the standard of living of the labour force in the coal and steel industries. A meeting of experts and trade-union representatives is to be held early in 1966 to begin the finalization of the report.<sup>2)</sup>

The High Authority is also engaged in updating to July 1, 1965, the seven monographs on social-security arrangements for coalminers and steelworkers in the Six Community countries and Britain.<sup>3)</sup>

#### *Implementation of the findings of the European Conference on Social Security.*

401. The High Authority continued its efforts to help get the recommendations of the European Conference on Social Security<sup>4)</sup> put into practice. One of these was that there should be regular consultation between the High Authority, the Governments and the employer and workers on the current position and outlook with regard to the mineworkers' social-insurance schemes.

<sup>1)</sup> Publications Department of the European Communities, Doc. No. 11479/2/65/1.

<sup>2)</sup> See *Thirteenth General Report*, No. 440.

<sup>3)</sup> See two-volume loose-leaf edition giving position at January 1, 1961, issued by the Publications Department of the Communities as Doc. No. 3719/2/66/1.

<sup>4)</sup> See *Thirteenth General Report*, Nos. 431 and 439, also *Eleventh General Report*, Nos. 514-518.

The Joint Committee (Coal) at its meeting in Heerlen on December 2, 1965, discussed the findings of the Conference's Working Party on the Coalmining Industry. It was decided to set up a special working party of Government, employers' and workers' representatives to study colliery social-security problems: this will give the High Authority a fuller picture of the position in this regard, including the disparities between the member countries' respective arrangements and the prospects for getting them gradually lined up.

### *Terms of Employment*

#### *Committees on salaried personnel*

402. Last year's Report outlined the reasons which had prompted the High Authority to set up two expert committees to assemble and compare material on the terms of employment of salaried employees in the coalmining and iron and steel industries respectively.<sup>1)</sup>

The committees were duly formed at the beginning of 1965, and at their first meetings — the Salaried Employees Committee (Steel) on May 31 and its counterpart for coal on July 7 — adopted their working programmes, the object of which is to build up the same kind of comparative documentation on salaried staffs as the Joint Committees on Harmonization of Terms of Employment have already done on manual workers.

The two committees will first of all make a comparative study of the legal position — statutory, contractual and *de facto* — regarding the employment of salaried personnel in their respective industries: the plan of operations was worked out at their second meetings, the coal experts' on October 13 and the steel experts' on January 26, 1966, the idea being that the studies would be drawn up on much the same lines as those on the manual workers, the first of which was published in July 1964.

#### *Joint Committees on Harmonization of Terms of Employment*

403. The meeting of the Joint Committee (Coal) on June 24, 1965, was devoted entirely to the question of the European Miners' Charter.<sup>2)</sup> At its next meeting on December 1-2, in Heerlen, the Committee was able to discuss other important

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<sup>1)</sup> See *Thirteenth General Report*, No. 442.

<sup>2)</sup> See No. 392 above.

items in its programme, notably the first set of conclusions from the study on the turnover of manpower in the coal industry.<sup>1)</sup> The study, which covered collieries in Germany, Belgium, France and the Netherlands, was conducted in two stages, the first consisting of statistical evaluations and the second of personal interviews. The rapporteurs appointed by the four research centres responsible submitted their main findings as to Stage I; the Committee will resume its discussion on these when the study has been finally completed.

404. The Joint Committee (Steel) met twice during the period under review.

At its meeting on February 26, 1965, it approved the inventory compiled of legal, administrative and contractual provisions relating to the social effects of technological changes. The preparation of this inventory was the second stage in the Committee's general survey of the implications of technological progress.<sup>2)</sup> The third stage is a study of the implementation of these provisions in practice, the difficulties which have arisen and the means devised to overcome them: the employers' and workers' organizations have made a start on a series of case-studies in accordance with an agreed working programme, and their delegates reported their findings to date at the Joint Committee's meeting at the beginning of 1966.

The preparations have now been completed for the study on the turnover of manpower in the iron and steel industry.<sup>3)</sup> During the first half of 1966, a representative sample of steelworkers in the six countries who have left the industry of their own accord will be interviewed in an effort to pinpoint the underlying reasons for the changes in the industry's manpower situation; the *modus operandi* and questionnaire, which have been worked out by the Joint Committee, presuppose active assistance from the employers' and workers' representatives.

An inventory of legal provisions concerning the employment of "loaned workers," compiled by the High Authority department responsible from material supplied by the employers' and workers' organizations, was also examined by the Joint Committee at its meeting early in 1966.<sup>3)</sup>

#### *Labour law*

405. With the assistance of its Working Party of Specialists on Labour Law, the High Authority organized a seminar in Luxembourg on October 4, 5 and 6, 1965, on "Management/Labour Relations at Enterprise Level."

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<sup>1)</sup> See *Thirteenth General Report*, No. 443.

<sup>2)</sup> See *Twelfth General Report*, No. 440, and *Thirteenth General Report*, No. 444.

<sup>3)</sup> See *Thirteenth General Report*, No. 444.

During the first part of the seminar the 150 experts attending heard a series of papers on the primarily legal aspects of the subject, and during the second part six reports from the six countries on the practical experience of the bodies currently responsible for management/labour relations in the Community industries. From the comments expressed in the course of the debates on the papers and reports, it was clear that the whole question is recognized to be a very important one indeed for industry at the present time.

The High Authority continued its documentation activities with regard to labour law: its study *Le Contrat du Travail dans le Droit des Pays de la Communauté* was finalized and is to be issued shortly, and two others, *Le Régime Juridique des Organisations Professionnelles* and *La Juridiction en Matière de Travail et de Sécurité Sociale*, are approaching completion.

#### TRENDS IN THE E.C.S.C. INDUSTRIES

406. In accordance with its annual practice, the High Authority in September 1965 published a survey of developments in connection with wages, terms of employment, labour relations and social security in the Community industries in 1964.<sup>1)</sup>

These surveys, which are drawn up with the help of the employers' and workers' representatives, give an account of the current position in economic and social respects of the labour force in the three industries, against the background of economic trends and social policy generally in the individual member countries. At the time of going to press (January 1966), the survey on 1965 was in preparation.

#### Wages<sup>2)</sup>

407. The many particulars on bonuses, gratuities, paid off-days, total time worked over the year and so on, without which it is impossible to compute total hourly wage costs and real incomes,<sup>3)</sup> will not be available for 1965 until mid-1966.

<sup>1)</sup> *Evolution des Salaires, des Conditions de Travail et de la Sécurité Sociale dans les Industries de la Communauté en 1964*, Doc. No. 11932/2/65/1.

<sup>2)</sup> The Statistical Office of the Communities has undertaken the formidable task of periodically issuing comparable figures for the earnings of workers in all sectors of the economy, E.C.S.C., E.E.C. and Euratom alike. The first *Bulletin of Social Statistics* containing these, No. 3/65, entitled *Statistiques Harmonisées des Gains*, appeared in March 1965 and showed the position in April 1964; the second, No. 5/65, followed in August and gave the figures for October 1964. It is planned to make this a half-yearly publication.

<sup>3)</sup> See *Statistical Annex*, Tables Nos. 55 and 56.

TABLE 73

## Trend in direct hourly wages in the E.C.S.C. industries

	Germany (Fed. Rep.) DM.	Belgium Bfr.	France Ffr.	Italy Lit.	Luxembourg Lfr.	Netherlands Hfl.
<i>Coalmining industry</i> <sup>1)</sup>						
1964	4.22 <sup>2)</sup>	50.54	4.01	398.18		3.83
1965 <sup>3)</sup>	4.57 <sup>2)</sup>	54.16	4.23	412.37		4.09
Percentage increase <sup>4)</sup>	9.3	8.1	6.0	3.9		7.1
Average annual rate of increase 1953-64 <sup>5)</sup>	7.0	5.1	8.0	8.0		8.6
<i>Iron-ore mines</i> <sup>1)</sup>						
1964 <sup>6)</sup>	4.11		5.52	427.19	64.37	
1965 <sup>7)</sup>	4.54		5.79	467.67	71.95	
Percentage increase	10.5		4.9	9.5	11.8	
Average annual rate of increase 1953-64 <sup>5)</sup>	7.8		7.3	7.8	4.3	
<i>Iron and steel industry</i>						
1964 <sup>7)</sup>	4.5	54.57	3.74	469.04	62.50	3.69
1965 <sup>7)</sup>	5.0	59.74	3.95	551.25	69.08	4.13
Percentage increase	11.1	9.5	5.6	17.5	10.5	11.9
Average annual rate of increase 1953-64 <sup>5)</sup>	7.5	5.7	8.5	7.5	6.0	8.5

1) Underground and surface.

2) Including shift bonus.

3) Average for first nine months of 1965.

4) First nine months of 1964 and 1965 compared.

5) These averages are not simply the percentage increase from 1953 to 1964 divided by the number of years concerned, but taken into account the cumulative effect of successive increases.

6) Average for April and July.

7) Average for April and October.

The only figures to hand at the time of writing were for the direct hourly wages paid during the greater part of 1965.

*Table 73* shows the latest increases in these, compared with the average annual rise between 1953 and 1964.

In the coalmining industry, the largest increases were in Germany and Belgium; in the other countries, where the upward movement over the previous eleven years had been steeper, the 1965 increases were smaller than before.

In the iron-ore mines, the rates jumped sharply in Luxembourg, Germany and Italy; in France the increase, though smaller than elsewhere, was greater in absolute figures than that in the other two industries.

In the iron and steel industry substantial increases were registered in Italy, the Netherlands and Germany; the increase in France was below the 1953-64 average, which, however, had been higher than that for any other member country except the Netherlands.

### *Social security*

As in previous years, both benefits and contributions went up, in accordance with the regulations in force in the different countries. A number of changes in the structure of the systems also came into effect following the recent remodelling.

#### *General insurance systems*

408. In Germany, two new Acts were passed, the Statutory Pension Schemes (Elimination of Hardship) Act of June 9, 1965, and the Maternity Welfare Act of August 24, 1965. The former made various improvements in the bases on which benefits are calculated (conditions of entitlement, payment in kind, qualifying periods), while the latter introduced considerably more favourable arrangements with regard to the actual maternity allowances and to maternity welfare generally (job organization, debarment from certain forms of work, period of entitlement to special status before and after confinement).

In Belgium, the benefit rates for old-age and survivors' pension and family allowances were raised over and above the normal adjustment to the cost-of-living index, and the corresponding contributions were also increased. The third week of paid holidays was officially included as rating equally with days actually worked for the purposes of entitlement to family allowances. By and large the year under review was one of consolidation along the lines already established.

In France also there were no structural changes to speak of. One alteration made was with regard to the yearly readjustment coefficient for pension insurance, which is henceforth to be based not on the average yield of the contributions but on the variation in the average sickness benefit paid; the sickness benefit rates were meantime put up by an Order of June 15 increasing basic wage rates.

In Italy, the first measures were enacted of the coming substantial flow of legislation by which the whole social-security system is to be recast under the 1966-70 Five Year Plan. Act No 903, of July 21, 1965, makes provision for a number of improvements in benefit arrangements, including in particular the establishment of a "social fund" to finance a projected "social pension scheme" which is ultimately to be expanded into a fully comprehensive national old-age pension system. The Government has also accepted that there should be automatic upward adjustment of contributory pensions, and is planning to institute an occupational-disablement pension and a special pension for persons having paid contributions for 35 years.

In Luxembourg, the schedule of recognized occupational diseases was augmented in line with the European Schedule of Occupational Diseases, while a Bill has passed its first reading which provides, *inter alia*, that current accident pensions shall be adjusted to the 1960 wage level, and that the assessment of occupational diseases for compensation shall be on the principle that even unscheduled diseases are to be regarded as eligible where the victim can show that his complaint was in fact contracted in the performance of his duties.

In the Netherlands, the authorities made use for the first time, with effect from January 1, 1965, of their legal right to increase the national old-age and survivors' pensions, and also disability pensions, in line with the expected wage trend ("advance index-linking"). All those in receipt of these pensions, or of pensions in respect of industrial accidents and occupational diseases (the amount of which was independently increased during the year), were allowed a single additional lump payment of up to 2 % of the pension, as a counterpart to the authorization of employers to pay their personnel a single bonus of 2 % of the man's annual wage. Other benefit rates were also raised, while contributions and/or assessment ceilings were put up for all types of social insurance from January 1, 1966.

#### *Coalmining and iron and steel industries*

409. Here too benefits and contributions continued to go up, partly in consequence of automatic adjustments to the cost of living.



In Germany, the Federal Government on January 1, 1965, took over two-thirds of the charge formerly borne by the collieries with respect to accident pensions dating back not further than January 1, 1953. The amount of the reserve fund to be built up as backing for the mineworkers' pension scheme is now to be scaled down to one-half of the yield of the previous year's contributions. On the steel side, a recent Act has resulted in substantial increases in the disablement and survivors' pensions for steelworkers in the Saar.

In Belgium, over and above the normal adjustments, there have been increases in the basic disablement, retirement and survivors' pension rates for mineworkers.

In France, the pensions and sickness benefit rates for mineworkers underwent the normal adjustments, in line with the prevailing wage level, and in addition a special allowance was granted.

In the Netherlands, a number of changes were made on December 1, 1965, in the structure of the mineworkers' pension scheme, in conjunction with the introduction of minimum rates in the national old-age and survivors' pension-insurance system. Since the national old-age pension payable on retirement at 65 is 70 % of a yearly wage of Hfl. 5,366, the mineworkers' fund (Algemeen Mijnwerkersfonds) now pays only a supplementary differential. Miners retired before 65 are entitled until they reach that age to claim from the fund an amount at least equal to the full national-insurance pension they would have received had they completed their service. To widows the fund will pay a supplementary differential amounting to 70 % of the differential the husband had been receiving or would have received at 65. Disablement pensions will also be increased by adding nominal qualifying periods up to retirement age and adjusting the wage rates from which the pension is calculated accordingly.

### *Working hours<sup>1)</sup>*

#### *Working week*

410. There was no change in colliery working hours in the Community during 1965.

In the iron and steel industry one or two alterations are in prospect. In Germany, the shorter working week of 40 as against the previous 42 hours, which was originally scheduled to begin on July 1, 1965, has been deferred to

<sup>1)</sup> For the position at January 1, 1966, see *Statistical Annex*, Tables Nos. 59 and 60.

July 1, 1966. In Belgium, a protocol concluded on February 17, 1965, provides for a reduction of the working week to 44 hours by collective-bargaining agreement as from May 1, 1966; the practical details as to implementation are to be finalized by management/labour consultation by that date, in line with the requirements of work organization in the Belgian industry.

In the iron-ore mines the only change was in Luxembourg, where the 40-hour week is to be introduced on July 1, 1966; as a transitional arrangement, the working week was cut to 41 hours 27 minutes on April 1, 1965, and to 40 hours 46 minutes on October 1.

### *Paid holidays*

411. January 1, 1965, marked the beginning of the second stage in the implementation of the agreement of December 18, 1963, concerning paid holidays for mineworkers in the Saar: during this period the minimum annual holiday was fixed at 19 working days after one year's service and 26 working days after ten years. The final stage was reached on January 1, 1966, from which date workers with ten years' service and over are to be entitled to 28 days' paid holiday in the year.

1965 saw the full introduction in Belgium of the additional third week of paid holiday, which brings the basic annual holiday to 18 working days for both underground and surface workers from the age of 18 onwards. Underground workers are also entitled to a maximum of 13 extra days according to their attendance record.

A fresh collective-bargaining agreement concluded on March 4, 1965, grants an extra two days' annual holiday to all steelworkers in Land North Rhine/Westphalia. Holidays in 1965 thus worked out at 18 working days for men aged up to 25, 21 for those between 25 and 30, and 24 for those over thirty. The agreement is to remain in force up to December 31, 1969.

The minimum annual holiday in the Luxembourg iron-ore mines and iron and steel industry was increased from 12 to 15 working days, and the maximum, after 30 years' service, from 20 to 24 days.

## Section 6 : Housing

412. During the period under review, a fresh housing scheme was launched and operations continued under the current Scheme V, including the special tranche.<sup>1)</sup>

### SCHEME VI

413. The High Authority decided to launch a sixth loan-aided scheme for the construction of workers' housing, and to set aside for the purpose the sum of 20 million units of account from the Special Reserve, to be disbursed over the period January 1, 1966 — December 31, 1968.

Scheme VI is intended

- (a) to provide the housing accommodation required by the expansion of the Community industries, particularly in areas where new production capacity is being or is to be installed;
- (b) to assist the resettlement of miners who have to transfer to other collieries following reconversions or rationalizations;
- (c) to make good the continuing housing shortage in consideration of its considerable social implications (workers living apart from their families, two or more families occupying the same house, foreign workers living completely uprooted in an unfamiliar environment, workers obliged to travel unduly long distances to their place of employment, and so on).

414. As usual, the High Authority's assistance will consist partly of loans from the Special Reserve (20 million units of account), partly of loans from funds borrowed by it in the Community capital markets, and partly of credit facilities arranged by it with banks and other financing institutions for the housing associations in charge of the building operations.

Exactly what use is made of the two latter methods depends on circumstances, so that it is never possible to specify in advance to what extent a scheme will be financed from borrowings and to what extent from additional funds mobilized at the High Authority's instigation.

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<sup>1)</sup> See *Thirteenth General Report*, Nos. 457-458.

In allocating the moneys for Scheme VI the High Authority will bear in mind the special hardship created around Montceau-les-Mines in central France by the disastrous floods at the end of September 1965.

#### SCHEME V

##### *Financing operations*

415. Particulars will be found in the Statistical Annex<sup>1)</sup> of the four financing operations (two of them under the special tranche) which were effected between February and December 1965.

##### *Special tranche<sup>2)</sup>*

416. This particularly important operation is aimed at constructing in each member country what is known as a "neighbourhood," that is, a housing estate fully equipped with all the amenities needed to foster the development of a genuine community.<sup>3)</sup>

This necessitates close co-operation among all those responsible, and proper co-ordination of the administrative, technical and financial machinery involved. Accordingly, the High Authority has set up committees in the different countries, headed by the directors of the national building research establishments and comprising representatives of the housing associations concerned, architects and town-planning experts, national and local government officials and representatives of the various bodies responsible for the provision of public utilities and amenities.

A great many problems were encountered in the preparation of the operation, which was consequently held up for something like eighteen months. However, the national committees worked keenly and well, and succeeded in devising practicable solutions. The experience gained during this preparatory period (which was completed at the end of 1965) will undoubtedly be most helpful to all those having to do with the building of housing estates. The High Authority is planning to bring out a booklet outlining the preliminary results in the course of 1966.

<sup>1)</sup> See *Statistical Annex*, Table No. 61.

<sup>2)</sup> See *Eleventh General Report*, No. 548; *Twelfth General Report*, No. 467; *Thirteenth General Report*, Nos. 458 and 464.

<sup>3)</sup> See No. 442 below.

RECAPITULATION OF THE HIGH AUTHORITY'S OPERATIONS TO DATE

417. From the time when it first began providing assistance for the building of houses for E.C.S.C. workers up to January 31, 1966, the High Authority contributed financially, under Experimental Schemes I and II and the five major loan-aided schemes, to the construction of 95,296 dwellings, of which 60,475 were to be rented and 34,821 to be ultimately owner-occupied. At the latter date, 75,418 of these were completed, 13,277 building and 6,601 "in preparation" (see *Table 74*).

TABLE 74

Operational position of Experimental Schemes I and II and  
Loan-Aided Schemes I-V  
at January 31, 1966

Country	No. of dwellings for which funds still available <sup>1)</sup>	No. of dwellings financed	of which :		
			in preparation	building	completed
Germany (Fed. Rep.)	1,100	68,379 <sup>2)</sup>	3,857	7,220	57,302
Belgium	1,632	5,488 <sup>3)</sup>	45	2,058	3,385
France	1,170	13,353	2,033	2,046	9,274
Italy	1,175	4,763 <sup>4)</sup>	567	678	3,518
Luxembourg	135	573	21	41	511
Netherlands	400	2,740	78	1,234	1,428
Community	5,612	95,296	6,601	13,277	75,418

<sup>1)</sup> Estimated figures. The funds are earmarked but not yet allocated to particular building projects; the dwellings will, however, certainly be financed during 1966.

<sup>2)</sup> Plus 19 hostels for unmarried workers.

<sup>3)</sup> Plus 4 hostels for unmarried workers.

<sup>4)</sup> Plus 3 hostels for unmarried workers.

418. At the same date, funds made available for the building of these 100,908 dwellings — out of the High Authority's own resources, loans contracted by it and additional moneys mobilized at its instigation — totalled the equivalent of 220,450,000 units of account (see *Table 75*).

*Graph No. 19* shows in diagram form the High Authority's work to date in the housing field (dwellings financed and dwellings completed only).

GRAPH No. 19

The High Authority's Contribution to the Financing of Workers' Housing

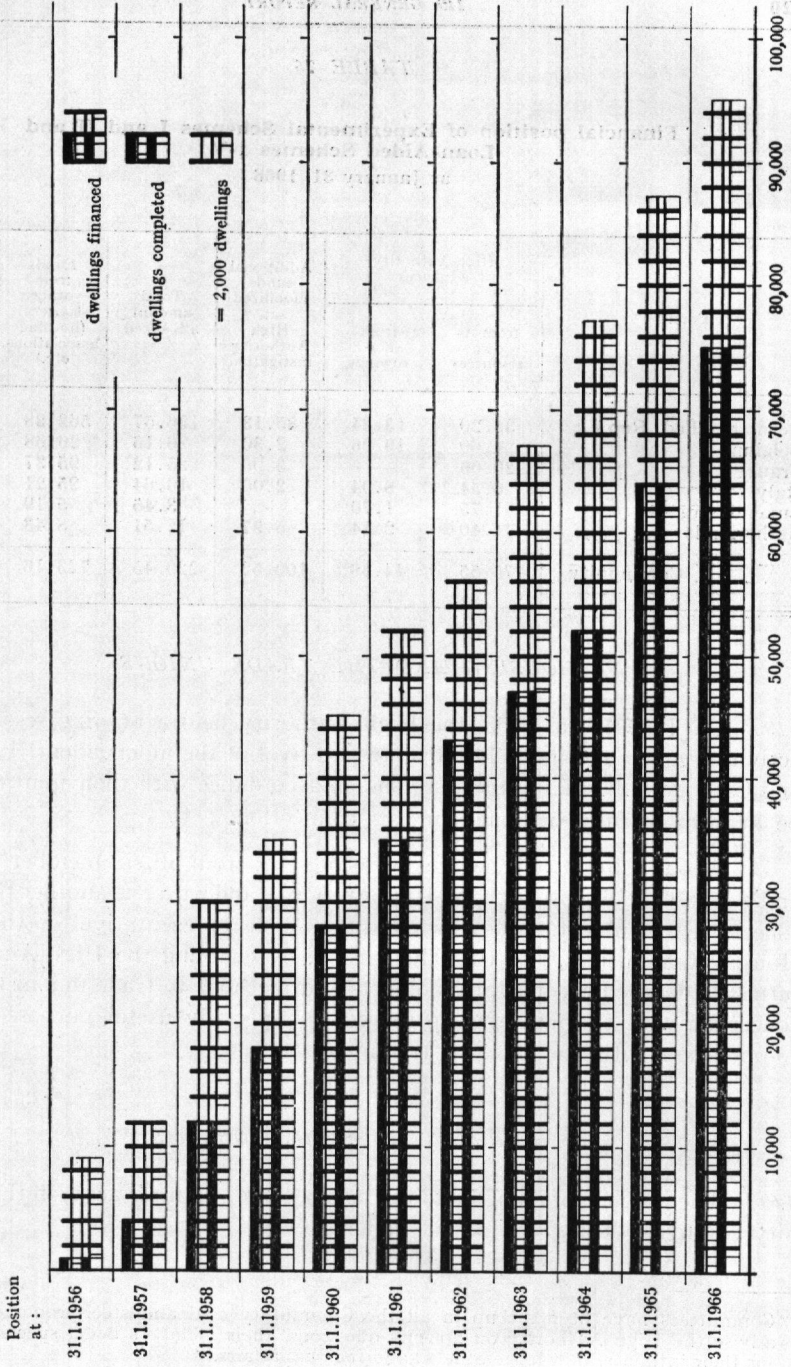


TABLE 75

**Financial position of Experimental Schemes I and II and  
Loan-Aided Schemes I-V  
at January 31, 1968**

(\$'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.)	38.20	13.24	85.13	136.57	562.28	698.85
Belgium	4.60	19.26	2.30	26.16	26.68	52.84
France	20.06	—	5.06	25.12	95.37	120.49
Italy	6.54	8.04	2.06	16.64	25.21	41.85
Luxembourg	1.75	1.70	—	3.45	5.19	8.64
Netherlands	4.40	2.14	5.97	12.51	8.43	20.94
Community	75.55	44.38	100.52	220.45	723.16	943.61

*HOUSING AND THE TRADE UNIONS*

419. On June 14-15, 1965, the High Authority held a briefing session on its activities in the housing field for representatives of the independent (I.C.F.T.U.) and Catholic (I.F.C.T.U.) trade unions, in accordance with their joint request to be kept more fully informed in this connection.

About a hundred delegates were present, from all six member countries, and were able to discuss with the High Authority and with one another the various aspects of the subject. They included the union representatives on the regional Housing Committees,<sup>1)</sup> so that the session, by enabling the High Authority to furnish a detailed account of its objects and methods to trade unionists directly concerned with the matter, also served the specially useful purpose of aiding co-operation with the regional committees.

*CURRENT HOUSING PROBLEMS*

420. The problem of rising building costs became still more acute in the Community countries during the period under review.

<sup>1)</sup> Committees have been set up in all the Community coal and steel-producing areas to advise the High Authority on housing questions, their members being specially selected for their intimate knowledge of local and regional affairs.

These are due mainly to the steep increase in the prices charged for building sites, especially in densely-populated industrial areas where they have an added scarcity value. The position is thus particularly serious for E.C.S.C. workers, since it is usually in such areas that they have to live.

Again, interest rates have recently been going up in the capital markets of some countries: this, of course, adds to the cost of building, with the result that the rent ultimately charged for the completed accommodation can eat up a very large share of a working family's budget. A further factor that is pushing up costs is the concentration on building better-quality housing:

For these various reasons, the High Authority's assistance was particularly welcome during the period under review.

421. In some member countries there are also a number of legal problems which are giving rise to additional difficulties.—To be eligible for "low-rent housing" and the accompanying credit facilities and reductions in rates, workers have often to show that their income is below a specified ceiling (these ceilings have, incidentally, been raised only minimally, if at all, in the last few years). Now some E.C.S.C. workers' incomes do exceed this upper limit, though sometimes only by a very little: in consequence they have no claim to "low-rent housing" yet cannot afford any other accommodation, owing to the substantial increase in rents and to the prohibitive prices in the free market. More and more workers are now finding themselves in this position.

The High Authority has done its utmost to lay out its funds as effectively as possible in accordance with the legislation in the country concerned, furnishing its loans on advantageous terms in order in some degree to offset the adverse effects of the rise in costs, especially with regard to "low-rent housing". In a number of cases it has been able to keep costs, and hence rents, to a considerably lower level than they would otherwise have reached, thus making a very real contribution towards the building of the largest possible number of dwellings for E.C.S.C. workers.

However, its budget will not run to the part-financing of more than 8-10,000 dwellings a year: with the demand rightly growing all the time, its contribution can obviously only be a supplement to the funds provided from public sources and by the industries, to be employed as and where it is likely to be most effective.

422. It was again noted during the period under review that many of the new residential quarters approaching completion were lacking in the necessary



amenities, such as schools, playgrounds, shops, social and medical centres, transport facilities and so on. Some E.C.S.C. enterprises have been spending large sums on making up certain of these deficiencies, although this is not really their job.

The High Authority for its part is endeavouring by means of its "neighbourhood" project<sup>1)</sup> to encourage the provision of a proper social infrastructure along with the actual dwellings. Its object is to draw attention by practical demonstration to the importance of building with an eye to all the needs, moral and material, of the people who are to move in, thereby, it trusts, setting an example to all concerned, which will be of assistance in the eventual working-out of a rational housing policy throughout the Community.

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<sup>1)</sup> See No. 416 above.

## Section 7 : Industrial Medicine, Health and Safety

### WORK OF THE HIGH AUTHORITY <sup>1)</sup>

423. The High Authority's work in the field of *industrial medicine*, which dates from 1955, is at present concentrated more particularly on

- (a) physiopathological and clinical research on the genesis and symptoms of occupational diseases (silicosis, chronic bronchitis, emphysema, poisoning by fumes and gases), intended to aid diagnosis, prevention and treatment;
- (b) research on traumatology and rehabilitation, intended to limit the effects of injuries and diseases by devising improved methods of treatment and of functional and occupational rehabilitation and helping to equip the patient to earn his living again and to resume his place in society. A parallel programme on the treatment of burns and the rehabilitation of burns cases is in preparation.

424. A second aspect which the High Authority took up in 1957 was that of *industrial health*. Here the focus is currently on dust prevention and suppression in the mines, the object being to reduce the silica hazard by keeping the amount of ambient dust to a minimum; some of the projects being conducted in this connection can also be expected to yield useful results with regard to the prevention of dust explosions. The latest research programme on dust control in the mines has been planned with an eye on operating conditions as they are likely to be in 1970, the date at which the findings are intended to become practically applicable; special attention is being devoted to problems of dust control in large, highly-mechanized workings with high daily rates of advance.

On the iron and steel side a first programme on dust control has also been completed, a number of individual projects in the same field are in hand, and a further programme on the prevention and suppression of noxious dusts, smokes, fumes and gases is in preparation.

425. Work was also begun in 1957, and stepped up in 1964, in a third field, *industrial psychology and physiology*. Activities now in progress include

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<sup>1)</sup> For details of the funds allocated and committed by the High Authority under the various research programmes on industrial medicine, health and safety up to December 31, 1965, see *Statistical Annex*, Table No. 68.

- (a) research on human factors affecting safety, designed to establish more clearly how accidents occur and how safety standards can be improved, by reducing the hazards connected with particular jobs, with work organization, with personnel attitudes, and with any inadequacies in training and protective equipment;
- (b) ergonomic research, designed to enable equipment and work organization to be adapted and streamlined, by the combined use of modern physiological, psychological, medical and technical knowledge, so as to lessen or obviate the strains and stresses imposed on the worker by his particular occupation and working environment ("human engineering").

426. In 1957, following the Marcinelle pit disaster, the High Authority took the step, in agreement with the Council of Ministers, of convening a Conference on *Safety in Coalmines*, which set up a Mines Safety Commission consisting of representatives of the Mines Inspectorates, the mineworkers' unions and the mine-owners' federations. The Chairman of the Commission is at present the Vice-President of the High Authority, and the administrative and clerical side is looked after by a special department at the High Authority's headquarters. The Commission's terms of reference were recently extended to include occupational health in coalmines.

In 1964 the High Authority, which had been doing a certain amount in connection with *safety in the iron and steel industry* since 1955, formally set up a parallel Steel Industry Safety Commission, to conduct Community-level studies and exchanges of experience on accident prevention in this sector.

## *Medicine*

### *Occupational physiology and pathology*

427. The High Authority decided on April 28, 1964, to launch a new three-million-dollar programme of physiopathological and clinical research, in continuation of the work already done.<sup>1)</sup> On March 31, 1965, one portion of the programme, comprising 19 projects of fundamental research on pneumoconiosis and 35 projects of clinical research, financed by a grant of 1,655,844.45 dollar units of account, was turned over to 29 research centres which had assisted

<sup>1)</sup> See *Thirteenth General Report*, No. 472.

with the earlier activities in this connection,<sup>1)</sup> and work duly started later in the year. A second portion, which is to be carried out with the aid of centres not previously employed, consists of 20 projects on respiratory complaints and seven on the sequelae of acute poisoning, to cost in all 424,961.26 units of account; tenders have been invited, and a number of the projects were approved by the High Authority at its meeting on December 15, 1965.

428. The aim of the programme is threefold, to continue the fundamental research on the inner mechanism of dust aggression to devise ways of preventing the development of chronic bronchitis and of complications such as emphysema, and to examine possibilities for early diagnosis of discrete respiratory affections by means of functional breathing tests.

429. Five working parties have been set up to supervise the progress of the research and ensure co-operation among the researchers engaged on each of these basic lines. With regard to the epidemiological study on bronchitis and emphysema in particular, efforts are being made to harmonize the procedure by means of a single Community questionnaire, which the working party concerned has been instructed to draw up.

The working party on radiological diagnosis of pneumoconiosis has begun assembling a collection of standard films and radiographs of coalminer's pneumoconiosis to illustrate the international collection issued by I.L.O. in 1958.

430. The High Authority has commissioned a number of further standardization projects: one team of researchers is working on a model test by which colliery medical officers will be able to detect respiratory insufficiency with a standardized ergometric bicycle and another on the standardization of overall measurements of respiratory capacity, while a third is just starting on the standardization of aerosol inhalation tests used in functional testing.

Other research carried out has shown that seasonal bronchial infections can be kept under by proper treatment, which means that to a great extent they can be stopped from developing into chronic bronchitis.

431. The working party set up to assemble practical information for industrial medical officers on cross-frontier transmission of parasitical infestation, and

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<sup>1)</sup> For the purposes of the *statistical survey on pneumoconiosis*, the documents, records cards and forms used in the routine medical examination of personnel in the different coalfields have been duly assembled by the High Authority, but the competent sub-committee of the Producers' and Workers' Committee has stated that it sees little point in going ahead with the survey unless and until there is some lining-up of laws and regulations concerning occupational diseases.

particularly on the incidence of hookworm disease among migrant workers, has produced a certain amount of fresh material on the subject, which is to be issued specially.<sup>1)</sup>

*Traumatology and rehabilitation<sup>2)</sup>*

*Research organized by direct arrangement*

432. Three meetings were held at which representatives of selected research centres contacted by the High Authority indicated the facilities at their disposal and suggested a number of possible lines of investigation, which are to be followed up with the assistance of the Research Committee on Traumatology and Rehabilitation. These include :

- (a) provision of prostheses and functional rehabilitation for some form of employment for persons who have lost an arm or hand, from the surgical operations up to the ultimate re-employment;
- (b) special aspects, *e.g.* loss of both arms or both legs, difficulties in connection with certain types or modes of amputation, particularly of a lower limb;
- (c) knitting of fractures, damage to nerve strands;
- (d) factors playing a part in the rehabilitation of cases of cranial and spinal injury;
- (e) problems of paraplegia, including patients' metabolism, circulation and respiration in the acute stage, gradation of the physical effort required of them during rehabilitation, and neuro-vegetative regulation of the visceral functions.

Meantime, preliminary research has produced a prototype for an electrically-operated artificial forearm controlled by voluntary muscular contraction.

*Research organized by public tender*

433. A good response was received to the High Authority's advertisement for tenders in the *Official Gazette of the Communities* of December 12, 1964, and in specialized periodicals. Consultations on the various projects submitted are now going on.

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<sup>1)</sup> See *Thirteenth General Report*, No. 492.

<sup>2)</sup> *Ibid.*, No. 472.

*Burns*<sup>1)</sup>

434. A meeting was held to review the conclusions reached to date. These included, in particular, the following.

- (a) The victim's immediate survival depends to a considerable extent on speedy action, based on prearranged co-operation between the works medical department and the hospital, to prevent secondary damage to the system, and especially to the kidneys.
- (b) What is really vital to recovery, however, is the healing of the skin lesion, whether this occurs of its own accord (with superficial burns) or is induced by means of grafting (in severer cases). Research has been going on on new grafting techniques enabling the surgeon to make the most of the portions of skin left intact, but these can be used only if there is a sufficient surface available on the patient's body from which to take the graft. Accordingly, high hopes are being pinned on certain new methods, said to be by now nearly perfected, by which it will be possible to make greater use of skin from donors.
- (c) Account needs to be taken in treatment not only of the medical side proper, but also of the psychological, occupational and social aspects involved. Progress with regard to the essential considerations of saving the patient's life in the first place and ensuring his clinical recovery has latterly been such that it is now possible to devote more attention to the matter of his rehabilitation and reabsorption into society.

A further research programme exclusively on the treatment and rehabilitation of burns cases is now being considered for submission to the Community Institutions.

*Health**Coalmining and iron-ore industries**Dust Control Programme II*

435. The second research programme on dust prevention and suppression in mines, to be financed by a grant of six million units of account, was finally approved on December 21, 1964.<sup>2)</sup>

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<sup>1)</sup> See *Thirteenth General Report*, No. 493.

<sup>2)</sup> See *Thirteenth General Report*, Nos. 472 and 474.

While engaged in preparing the programme, the High Authority at the same time, in consultation with its committees of technical, industrial and Government advisers, studied in detail the first set of projects, 67 in number, to be carried out by 12 specialized mining research establishments in the Community with the aid of an appropriation totalling 3,468,993 units of account. This portion of the programme was approved on March 31, 1965. The field covered is co-extensive with that of the programme as a whole; while there is no need to list the individual projects in full, it may be of interest to note the breakdown of the funds allocated to date, *viz.*

- 51.3 % for research on dust-control on the coal-winning side (water infusion in the seam, cutting and loading machines and installations, shotfiring, winding);
- 22.8 % for research on dust-control during operations other than the actual winning (caving and stowing, outbye haulage, high-speed roadway drivage);
- 18.5 % for research on dust measurement and determination of dust characteristics;
- 7.4 % for research on pneumoconiosis and environmental factors, undertaken to establish the relation between the dust content and other conditions in workings and the development and progress of pneumoconiosis.

This distribution is very much in line with the practical approach urged by the European Parliament, the researchers themselves, the various experts consulted and the trade unions.

*Research on use of hygroscopic salt pastes to control respirable and explosible dust*

436. This research is doubly valuable, as having a bearing both on health and on safety, the former because the method has been shown by preliminary research to be an effective means of binding and fixing air-deposited dust which might otherwise be inhaled, and the latter because it helps to prevent the propagation of dust explosions and to contain their exceedingly dangerous impact as far as possible. The project is therefore of considerable importance for the many pits in the Community and elsewhere which are exposed to the dust hazard.

The High Authority on September 15, 1965, approved a grant of 118,750 units of account, to cover approximately 72 % of the expenditure involved:

*Iron and steel industry**Dust Control Programme I (Steel) and related individual projects*

437. A sum of approximately 450,000 units of account was set aside for assistance to 20 research centres carrying out the 27 projects comprised in the programme.<sup>1)</sup> Appropriations under the series of decisions concerning the various separate research projects in the same field work out at upwards of three million units of account, bringing the total to just over 3,800,000.

Results achieved to date under the programme include the development of processes for

- (a) aspirating and precipitating dust produced in the granulation of blast-furnace slag;
- (b) wetting ore dusts and fines, more especially with tensio-active products, thereby reducing by anything from 40 to 90 % the amount of dust produced in storage, sintering and burden preparation;
- (c) substituting non-noxious matter for silicogenous quartz in the sand-blasting of building surfaces.

Research on brown smoke, conducted partly under and partly independently of the programme, has succeeded in developing a number of industrial-scale de-dusting methods in line with plants' various requirements and capacities, including

- (a) de-dusting by means of filter bags;
- (b) interception without subsequent combustion (to reduce the volume of the fumes to be de-dusted) and de-dusting by water spraying.

Laboratory and semi-industrial tests are in progress with de-dusting by electrostatic filter.

*Research on methods of combating air pollution caused by steel plants*

438. This programme is intended as a follow-up to that described above, but on a broader basis. In addition to fundamental research, it will comprise projects to determine the nature and extent of air pollution inside and around the plants, and to devise new or improved ways of

- (a) preventing or reducing the production of dusts, smokes, fumes and gases;

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<sup>1)</sup> See *Thirteenth General Report*, No. 488.



- (b) making them less harmful;
- (c) intercepting or precipitating them on the spot;
- (d) collecting them after deposition;
- (e) providing individual protection for personnel working in unavoidably still somewhat contaminated atmospheres.

The preparation of the programme was well advanced at the time of going to press.

### *Industrial psychology and physiology*

#### *Human factors and safety in the E.C.S.C. industries*

439. A start was made in 1965 on the publication of the findings of the first research programme on human factors affecting safety.

A number of conclusions were recorded as to the range, scope and direction of personnel selection and training. Thus for example stress was laid on the importance of personnel attitudes, as reflecting the worker's adjustment to his work and his understanding and acceptance of the general organizational set-up and the safety rules in force at the enterprise employing him: these attitudes, it was emphasized, could be ascertained and influenced by appropriate information and training.

The point was also made that the difference was very great, as regards the effective inculcation of safety-mindedness, between quick familiarization with certain skills and knacks and thorough, systematic instruction laying a serviceable foundation to last a lifetime. At the same time, it was noted that the new entrant was unlikely to retain the safety habits acquired during training if once on the job he encountered careless attitudes on the part of his workmates.

Two reports were completed, the first covering the research conducted under the programme and indicating the appropriate practical conclusions,<sup>1)</sup> and the second presenting a detailed conspectus of the knowledge built up on the subject by the researches of the past thirty years.<sup>2)</sup> The latter publication, as well as providing a very useful basis for the High Authority's second research programme in this connection, offers safety officers and other

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<sup>1)</sup> Industrial Psychology and Physiology series, Vol. I, *Recherches sur les Facteurs Humains et la Sécurité*.

<sup>2)</sup> Industrial Psychology and Physiology series, Vol. II, *Les Facteurs Humains et la Sécurité*; see also *Twelfth General Report*, No. 477.

experts in the industries a wealth of material in a convenient form for reference. In addition, a register is being compiled of research centres dealing with human factors and safety.

440. The joint Community-level research project begun in 1962<sup>1)</sup> has now been completed, and the findings are being discussed with the researchers and with the men on the spot in industry. The firms and research centres which took part consider that a very good job has been done. The results of the individual investigations carried out at each enterprise are being published separately, while the researchers are drafting a combined covering report which they expect to finish towards the end of 1966.

441. The second programme on human factors and safety, organized partly by public tender and partly by private arrangement, was launched in 1965.<sup>2)</sup>

On the "public" side, 40 projects were submitted to the High Authority in response to its advertisement in the *Official Gazette* of April 7 inviting tenders for research to be carried out with the aid of an appropriation of 300,000 units of account. 15 of these were adopted and the research centres directed to go ahead, the work being scheduled to take two years; about four more projects are to follow in mid-1966. The subjects dealt with are selection for jobs as handling-equipment supervisors and operators; safety education at school; safety training and indoctrination at works; work loads; ways of improving perception of visual and acoustic signals; reduction of aural fatigue.

On the "private" side, preparations are under way for the launching of various projects, including one on the relation between safety and the environmental/organizational pattern.

### *Ergonomics*

442. As was noted in last year's Report,<sup>3)</sup> the High Authority recently started operations in a new field, that of ergonomics.<sup>4)</sup> During 1965 it duly went ahead with its first programme on industrial psychology and physiology with special reference to ergonomic applications.

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<sup>1)</sup> See *Thirteenth General Report*, No. 481.

<sup>2)</sup> *Ibid.*, No. 472.

<sup>3)</sup> *Ibid.*, No. 473.

<sup>4)</sup> Ergonomics is the study of practical conditions on the job to pinpoint possible risks to the worker's health or safety, and, by a suitable combination of techniques, to help fit the job to the worker.

This programme too is organized in two parts, "public" (by tender) and "private" (by arrangement). Of the tenders received, a first batch of 31 were approved in 1965 and work begun, to last two years, with a second selection of 10 or 15 projects to follow about the middle of 1966. This research deals with the nature and content of the job and its physiological and psychological side-effects; fitness for and adjustment to work at higher temperatures; reduction of physical and mental fatigue; better perception of the spoken word and of acoustic signals; development of audiometric instruments; reduction of vibration; analysis of awkward postures; improvement of lighting on certain jobs.

The privately-arranged portion of the programme, also in process of being launched, is to include studies on the long-term effects of the job, ageing, job adaptation for elderly and physically-handicapped workers, and heat protection. Particular attention will be devoted to the problems of continuous operation (in rotating shifts) and possible ways and means of reducing the strain which this type of work involves; research will also be conducted on anti-heat clothing, with the aim of enabling the characteristics of the various protective garments to be more accurately determined and objectively evaluated in order, if possible, to increase the degree of protection given and at the same time make them more convenient and comfortable for the wearer.

443. A Community-level ergonomic research project has been launched to help introduce improvements with regard to certain jobs in the coalmining and iron and steel industries. This is something of a new departure inasmuch as it involves the setting-up of special research teams in several countries to study and propose appropriate job adaptations: their work, conducted on a country-wide basis within the industry concerned, with due regard to the enterprises' requirements, will be co-ordinated by the High Authority, which will see to it that each study is disseminated as widely as possible to enterprises throughout the Community, so that they can apply the recommendations themselves.

444. In conjunction with this research, an Ergonomic Documentation Centre (Industrial Psychology and Physiology) has been established, enabling two parallel sets of information and study activities to be carried on, in the field of research and in the field of day-to-day practice. Specially thorough studies are being made of the experience built up in this connection outside the Community in Scandinavia, the Eastern European countries, Great Britain and the United States.

A monograph is being compiled on the work of the industrial-psychology departments at mines and steel plants, with the assistance of the Working Party on Ergonomics and Safety, to provide managements with a fuller picture of the services these departments can render and of present trends in industrial psychology.

A register giving particulars of Community research centres active in the field of industrial psychology and physiology is also in preparation.

### *Safety<sup>1)</sup>*

#### *Coalmining industry*

##### *Technical aspects*

445. The Mines Safety Commission's various working parties and sub-committees went ahead with their examination both of matters already referred to them,<sup>2)</sup> such as

- (a) stoppings of synthetic materials (*e.g.* rigid polyurethane foam, etc);
- (b) practical training in the building of plaster stoppings;
- (c) improvement of telephone connections between operational headquarters and rescue teams;
- (d) development of a filter-type CO self-rescuer, and of a number of new problems, including
- (e) development of a simple method of testing the heat resistance of rescue men and trainee rescuers;
- (f) improvement of physiological conditions in the wearing of respirators (a High Authority-subsidized project conducted jointly by the Institut Ernest-Malvoz at Liège and the two Central Rescue Stations at Hasselt in Belgium and Essen-Kray in Germany);
- (g) compilation of a list of items of equipment for special rescue operations.

The Working Party on Electrification made a very thorough study of the composition of electric cables, in an effort to establish how best to counter risks of shock, fire and firedamp explosion.

Members of the Working Party also travelled to Britain to pursue their investigations into the safest types of circuit-breakers and contactors. The particulars obtained in the course of their tour (which included a visit to the Safety in Mines Research Establishment) were then written up in a report comparing and contrasting, for the information of users, the different models at present available.

<sup>1)</sup> See *Statistical Annex*, Tables Nos. 62-67.

<sup>2)</sup> See *Thirteenth General Report*, No. 476.

### *Human factors*

446. The Commission's experts continued their examination of various problems relating to the psychological and sociological aspects of safety policy. After a preliminary discussion by the Commission in plenary session, a report was drawn up on the subject.

The working parties also went on with the preparation of the documents to be submitted to the Commission of the influence of piece rates on safety and the problem of payment at piece rates in hot workings.

### *Minimum oxygen warning devices<sup>1)</sup>*

447. The 19 prototypes (7 with and 12 without flame) received by the Commission's Secretariat in connection with the competition were subjected to rigorous laboratory testing; the two flame and four flameless models which were passed as satisfactory are now, in accordance with the competition rules, to undergo trials below ground under normal operating conditions. These will be begun as soon as the necessary administrative authorization is forthcoming.

### *Plenary session of the Mines Safety Commission*

448. The Commission met in plenary session on July 19 and 20, 1965. On this occasion it considered a number of documents drafted by the working parties:

- (a) recommendations with regard to psychological and sociological factors affecting safety in coalmines;
- (b) the report on the High Authority-aided deep-level fire tests carried out in the downcast shaft of the Dorstfeld pit by Versuchsgrubengesellschaft m.b.H. of Dortmund to establish the effectiveness of water spraying under these conditions, and also its effects, if any, on ventilation and hence on the health of the personnel;
- (c) the report on the High Authority-aided electromagnetic testing of winding ropes carried out at the rope testing station in Bochum.

As the Bochum tests were to some extent an innovation, the Commission decided to have the report on them circulated rather more widely than usual, and also to send it to certain coal-producing countries outside the Community, such as Britain.

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<sup>1)</sup> See *Thirteenth General Report*, No. 478.

The Commission in addition devoted part of the session to the discussion of mining accidents on which it had full reports (including the findings of the national authorities). Papers before it in this connection included

- (a) a tabulation of all mining accidents in the Community reported to it since 1961;
- (b) a supplementary report on the accident at Pit 13, Lens, on June 21, 1962;
- (c) the final report and conclusions on the accident at Sachsen Colliery, Heessen, on March 27, 1964.

The Commission also took cognizance of an interim report on the accident at Pit 7 of the Lens-Liévin group, at Avion, on February 2, 1965.

The agenda for the next plenary session will include the endorsement of the Commission's third general report, describing in detail its activities since 1961. The finalization of this document has been held up by the fact that, while there has been a considerable expansion of late in the work done on the health and safety side (both the Commission's own activities and the various High Authority-sponsored research projects on accident prevention and dust control), there has not, as originally planned, been a corresponding expansion in staff to handle it.

The conclusions and recommendations of the Commission have, however, been regularly forwarded to the competent authorities. The report will henceforth appear each year, as the Commission's terms of reference require: the necessary administrative measures have now been put in hand, including arrangements for the provision of extra staff.

#### *Extension of the Commission's terms of reference*

449. The Special Council of Ministers, meeting on March 11, 1965, approved an amendment to the Decision of July 9, 1957, setting forth the terms of reference and rules of procedure of the Mines Safety Commission; the amended Decision extends the Commission's jurisdiction to include health in coalmines, and entitles it in future to submit proposals to the Governments concerning the prevention of occupational health risks and observe what action is taken to follow them up, in the same way as it has hitherto done in matters of occupational safety.<sup>1)</sup>

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<sup>1)</sup> Council of Ministers Decision of March 11, 1965 (*Journal Officiel des Communautés*, No. 46/65).

It was further noted that the Commission's original terms of reference also allowed it to concern itself with any matters of industrial medicine relevant to its work.

*Iron and steel industry*

*Steel Industry Safety Commission*

450. The newly-instituted Steel Industry Safety Commission<sup>1)</sup> held its first meeting on May 6, 1965.

The Commission's function is to conduct studies and exchanges of experience on accident prevention in the iron and steel industry, complementing the various activities the High Authority is already carrying on in the field of industrial health and safety. It is to select subjects for investigation by expert working parties, consider the working parties' findings, devise means of making these widely known and encouraging their adoption, and ascertaining what practical action is being taken to implement them.

The three general and four technical working parties consist of professional steel men in daily contact with operations at plant level, and so thoroughly familiar for themselves with the matters dealt with by their particular working party. The respective terms of reference are as follows :

(a) *general studies and exchanges of experience on*

- (1) accident prevention arrangements;
- (2) training and safety : the advantages, disadvantages, prerequisites, etc., of the training methods employed for the different personnel grades from the point of view of their effects on safety;
- (3) first-aid and rescue arrangements for serious casualties (physical injury, gassing, electric shock, etc.) : selection and training of first-aid and rescue personnel, appropriate equipment, operational organization.

(b) *technical studies and exchanges of experience on*

- (1) tapping of the blast-furnace, which involves a great many safety problems, especially with regard to individual protective equipment;

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<sup>1)</sup> See *Thirteenth General Report*, Nos. 479-480.

- (2) work on gas piping, which can easily give rise to bad accidents and to group accidents owing to the poisonous and explosive nature of the blast-furnace and coke-oven gas produced in the industry;
- (3) overhead travelling cranes, also very dangerous in connection with the movement of liquid metal and other products of all kinds;
- (4) oxygen piping, which has been coming into use more and more since the war but is a considerable accident risk.

Each of the seven working parties met once in 1965 to settle its study programme and rules of procedure. It is too soon to say when their respective investigations are likely to be completed—the amount of time taken is in any case bound to vary a good deal according to the subject concerned—but preliminary findings will doubtless be submitted to the Commission in 1967.

In addition, as the Commission is anxious to obtain a fuller picture of the safety position in the different Community iron and steel industries, country-by-country reports will be submitted at an information session to be arranged for it in 1966.

### *Dissemination of research results and exchange of practical information*

451. The High Authority continued its dissemination and information work.<sup>1)</sup>

An interim report was issued in 1965 on the state of research, and more particularly the projects so far completed, pending the finalization of the full covering reports on the different programmes.<sup>2)</sup> It is now regular practice to issue these progress reports every two years.

In response to an inquiry on the subject, all those on the mailing list indicated that they wished to go on receiving regularly all material issued, including interim and provisional documents.

In the case of specialized publications select mailing lists are compiled for each in consultation with experts in the industry, in order to maintain a direct flow of additional information to those having to do with the particular matters concerned. The number of persons asking for copies of reports and studies, and for technical information on specific points, is on the increase.

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<sup>1)</sup> See *Thirteenth General Report*, Nos. 497 ff.

<sup>2)</sup> *Etat des travaux de recherches dans le domaine de la sécurité, de l'hygiène et de la médecine du travail*, 1965 (379 pp.).



In addition to issuing written documentation, the High Authority organizes meetings of all kinds at which research results can be debated with an eye to their practical application. These meetings may be European, national or regional in scope, according to the aim in view, but in any event they fulfil the same function as the documentary work, since the detailed records subsequently issued are of practical value not only to those who attended the meetings but also to others working in the same field.

Here too the High Authority has sought to ascertain what the reactions have been in the circles so reached. It has found that the meetings have resulted in increased responsiveness to and interest in the problems dealt with.

#### *Channelling of information to the direct users*

452. About a hundred special reprints of different publications were issued in 1965 to safety and health engineers, works medical officers and others directly concerned with the application of research results in industry.

This documentation is not confined to the findings of E.C.S.C.-aided research. The High Authority is also closely following other work being done in the same connection, and has a system whereby information furnished and abstracts prepared by the International Safety and Health Information Centre (C.I.S.) run by I.L.O. in Geneva, are made available for users' reference.

A documentary bulletin on pneumoconiosis is also issued to users to keep them in touch with the latest developments in this field. It was recently remodelled to include fairly detailed abstracts of relevant material published in the world generally, including that appearing in Eastern European and East Asian languages.

Due attention was also given to direct personal contact with and among practical research users. A total of sixteen conferences were held at which E.C.S.C. experts described the latest findings.

In June 1965, the High Authority held a study and information session in Strasbourg on traumatology, rehabilitation and re-employment, at which very constructive discussions took place between researchers and users. It was emphasized that with modern methods of treatment injured workers—even very serious cases involving damage to the skull or spine—had good prospects of an ultimate return to normal employment and a normal social life, though this was agreed to depend very much on close and sustained co-operation between the traumatology and rehabilitation centres and those in various positions of responsibility at the enterprise.

Such encounters as these serve the doubly useful purpose of encouraging practical action and throwing up intelligent suggestions for future research.

In response to frequent urgings to promote contact between researchers and users so that they can compare notes on the situation, the High Authority arranged a number of restricted meetings on some of the matters being dealt with in the research currently in progress. Experience has shown that researchers are interested not only in the final outcome, but also in the methods employed, tentative try-outs, interim results, and even failures. The users, for their part, are given an opportunity to put forward their own desiderata, suggested by practical experience in industry. Thus all those directly involved are quickly acquainted with the current position as a whole.

Similar study sessions were also held in 1965 on aspects of industrial health and safety, at Valenciennes on water-infusion shotfiring, at Salzgitter on dust prevention in the Lower Saxony iron-ore mines, and at Luisenthal, in the Saar, on the salt paste method of dust control. A number of other meetings of the same kind are in preparation.

#### *Channelling of information to employers' and workers' organisations*

453. The efforts described in last year's Report<sup>1)</sup> to keep the two sides of industry abreast of developments are being progressively stepped up in the different countries.

Following the first meeting in the Netherlands in 1964, three more<sup>2)</sup> were held in 1965 in Belgium and France, at which accounts were given of recent advances in knowledge with regard to the various potentially injurious influences liable to be encountered on the job and the possibilities for raising health and safety standards by appropriate precautions to deal with harmful environments, by judicious work organization and job adaptation, and by improvements in the treatment and rehabilitation of casualties.

The meetings included practical demonstrations as well as descriptions, particularly in the course of visits to research and prevention centres. There were lively and constructive exchanges between the lecturers and the trade-union delegates: on one occasion, at Charleroi, more than 100 questions were

<sup>1)</sup> See *Thirteenth General Report*, Nos. 502 ff.

<sup>2)</sup> The 1965 meetings were organized in co-operation with the Centrale Chrétienne des Métallurgistes de Belgique, the Centrale des Métallurgistes de Belgique, the Confédération Française des Travailleurs Chrétiens des Mines and the Fédération Française Force Ouvrière des Mineurs.

asked from the floor. These proceedings (detailed records of which are now being drawn up) enable the workers to keep in touch with current developments and to take an active and informed part in accident and sickness prevention.

The High Authority also continued compiling documentation specially for issue to the employers' and workers' organizations. Two papers were circulated giving details of the new research programmes, and three popular brochures are being written up by specialists in this type of work: as these are intended for Community-wide consumption special care is needed in their wording and phrasing.

## FINANCIAL ANNEX

1. The following pages show the High Authority's Financial Statement for the year 1964-1965 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 1965-66.

The Annex further includes a table of the loans raised and granted by the High Authority up to December 31, 1965.

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 and in the financial report.

**TABLE I**  
**Financial statement**

Employment of resources			
<b>I. Expenditures for the financial year</b>			
1. Administrative expenses		17.362	
2. Other budgetary expenditures			
(a) Bank charges	0.025		
(b) Loan-issue costs	4.327	4.352	
3. Financial assistance			
(a) for readaptation operations :			
(i) actual expenditure	2.578		
(ii) recovery of excess payments	— 0.017	2.559	
(b) for research projects		6.177	
4. Disbursements under Pension Scheme		8.736	
		0.800	31.250
<b>II. Allocations</b>			
1. Special Reserve	7.249		
2. Readaptation	5.648		
3. Research	8.717		
4. Contingent liabilities	—	21.614	
5. Pension Fund		1.209	22.823
<b>III. Miscellaneous transfers to unallocated balance</b>			5.793
			59.866
<b>IV. Loans—Guarantees and Borrowings</b>			
<b>A. Principal amounts</b>			
1. Loans granted during the financial year		128.426	
2. Repayments in respect of loans raised		13.702	
3. Borrowed funds not yet re-lent at June 30, 1964		11.461	153.589
<b>B. Interest and fees paid</b>			
1. Interest on borrowed funds	21.224		
2. Fees to depositary and agent banks	0.663	21.887	
3. Net surplus of service charges on borrowed funds, guarantees and loans granted from borrowed funds		1.646	23.533
			177.122
<b>Grand Total</b>			<b>236.988</b>

of the High Authority for the period 1.7.1964 to 30.6.1965

(<sup>000,000</sup> E.M.A. units of account)

Resources

<b>I. Revenues for the financial year</b>			
1. General Levy		20.826	
<b>2. Other revenues</b>			
(a) Interest on bank deposits and investments	7.839		
(b) Interest on loans granted from own resources	0.786		
(c) Recovery of loan-issue costs	1.646		
(d) Sundry administrative receipts	0.356		
(e) Miscellaneous other receipts	0.019		
		10.646	
<b>3. Receipts for Pension Fund</b>			
(a) Contributions by High Authority and personnel	1.442		
(b) Interest on Pension Fund	0.567		
		2.009	
			33.481
<b>II. Funds available for re-allocation</b>			
(a) as a result of discharge of commitments in respect of			
(i) readaptation operations	2.559		
(ii) research projects	6.177		
		8.736	
(b) as a result of cancellation of commitments in respect of			
(i) readaptation operations	—		
(ii) research projects	—		
		—	
(c) as a result of repayments in respect of			
(i) readaptation operations	0.007		
(ii) research projects	0.045		
(iii) special reserve	2.606		
		2.658	
(d) as a result of reconsideration of commitments in respect of			
(i) readaptation operations	2.298		
(ii) research projects	—		
(iii) contingent liabilities	0.837		
		3.135	
			14.529
<b>III. Budget deficit</b>			
1. Deficit offset by reduction of provisions		5.793	
2. Deficit reducing unallocated balance		6.063	
			11.856
			59.866
<b>IV. Borrowings—Guarantees and Loans</b>			
<b>A. Principal amounts</b>			
1. Loans raised by the High Authority during the financial year		124.589	
2. Undisbursed loan funds from earlier borrowings		15.543	
3. Repayments in respect of loans granted		13.457	
			153.589
<b>B. Interest and fees received</b>			
1. Interest on loans granted from borrowed funds		22.114	
2. Interest on undisbursed borrowed funds		1.197	
3. Guarantee fees		0.222	
			23.533
			177.122
			236.988

## FINANCIAL ANNEX

TABLE 2

A—Movement of provisions and reserves  
not available for budgetary expenditures

(Period 1.7.64 to 30.6.65)

('000,000 E.M.A. units of account)

	Operations during the financial year					Position at 1.7.64	Position at 30.6.65
	Allocations and Receipts	Transfers		Disburse- ments	Total		
		+	-				
<i>Guarantee Fund</i>	—	—	—	—	—	100.000	100.000
<b>Total</b>	—	—	—	—	—	100.000	100.000
<i>Special Reserve</i>						62.542	
Interest on loans granted from own resources	0.786	—	—	—	+ 0.786		
Interest on bank deposits and income from investments	6.463	—	—	—	+ 6.463		
Transfer to unallo- cated balance of the repayments at June 30, 1964 in respect of loans granted from the Special Reserve	—	—	2.606	—	— 2.606		
	7.249	—	2.606	—	+ 4.643	62.542	67.185
<i>Pension Fund</i>						13.347	
Contributions by E.C.S.C. and person- nel	1.442	—	—	—	+ 1.442		
Interest on Pension Fund	0.567	—	—	—	+ 0.567		
Disbursements (re- settlement allowan- ces, pensions, welfare fund)	—	—	—	0.800	— 0.800		
Supplementary amounts	—	—	—	—	—		
Transfer from con- tingent liabilities	—	5.163	—	—	+ 5.163		
Contributions by other institutions	0.732	—	—	—	+ 0.732		
	2.741	5.163	—	0.800	+ 7.104	13.347	20.451
	9.990	5.163	2.606	0.800	+11.747	175.889	187.636

TABLE 2

## B—Movement of provisions available for budgetary

	Operations in implementation of the Budget			
	Allocation to different Reserves	Change in unallocated balance		
		+	-	Balance
<b>I. Readaptation</b>				
(a) <i>Non-repayable grants</i>				
1. Allocation for new commitments	5.648			
2. Disbursements	—	—	—	—
3. Cancellation of commitments	—	—	—	—
4. Transfer to unallocated balance following reconsideration of commitments	—	—	—	—
	<b>5.648</b>	—	—	—
(b) <i>Equivalent of loans disbursed and loans approved</i>				
1. Transfer to unallocated balance following repayments in respect of loans	—	—	—	—
(c) <i>Economic-emergency reserve</i>	—	—	—	—
Total	<b>5.648</b>	—	—	—
<b>II. Research</b>				
(a) <i>Non-repayable grants</i>				
1. Allocations for new commitments	8.717	—	—	—
2. Disbursements	—	—	—	—
	<b>8.717</b>	—	—	—
(b) <i>Equivalent of loans disbursed and loans approved</i>				
1. Transfer to unallocated balance following repayments in respect of loans	—	—	—	—
(c) <i>Economic-emergency reserve</i>	—	—	—	—
Total	<b>8.717</b>	—	—	—
<b>III. Contingent liabilities</b>				
1. Transfer to Pension Fund	—	—	—	—
2. Transfer to unallocated balance following reconsideration of commitments	—	—	—	—
Total	—	—	—	—
<b>IV. Provisions for administrative expenses and unallocated balance</b>				
1. Administrative expenses	—	—	17.362	— 17.362
2. Other budgetary expenditures	—	—	4.352	— 4.352
3. Withdrawal for allocation to Special Reserve	—	—	7.249	— 7.249
4. Withdrawal for allocation to Readaptation Reserve	—	—	5.648	— 5.648
5. Withdrawal for allocation to Research Reserve	—	—	8.717	— 8.717
6. Disbursements in respect of Readaptation and Research	—	—	—	—
7. Transfer from Readaptation Reserve	—	—	—	—
8. Transfer from Research Reserve	—	—	—	—
9. Transfer from Special Reserve	—	—	—	—
10. Transfer from Contingent Liabilities	—	—	—	—
11. Receipt of the revenues	—	31.472	—	+ 31.472
12. Advances on future revenues	—	—	—	—
Total	—	<b>31.472</b>	<b>43.328</b>	— 11.856
Grand Total	<b>14.365</b>	<b>31.472</b>	<b>43.328</b>	— 11.856



(continued)

**expenditures (Period 1.7.64 to 30.6.65)**

(*'000,000 E.M.A. units of account*)

Operations covered by Provisions							Balance of Operations for the year	Provisions in hand on 1.7.64	Provisions in hand on 30.6.65
Reduction of Provisions following				Change in unallocated balance					
Discharge of Commitments	Cancellation of Commitments	Miscellaneous Transfers	Total	+	-	Balance			
—	—	—	—	—	—	—	+ 5.648		
2.559	—	—	2.559	—	—	—	- 2.559		
—	—	—	—	—	—	—	—		
—	—	2.298	2.298	—	—	—	- 2.298		
2.559	—	2.298	4.857	—	—	—	+ 0.791	12.835	13.626
—	—	—	—	—	—	—	—		
—	—	0.007	0.007	—	—	—	- 0.007	0.305	0.298
—	—	—	—	—	—	—	—	10.000	10.000
2.559	—	2.305	4.864	—	—	—	+ 0.784	23.140	23.924
—	—	—	—	—	—	—	—		
6.177	—	—	6.177	—	—	—	+ 8.717		
6.177	—	—	6.177	—	—	—	- 6.177		
—	—	—	—	—	—	—	+ 2.540	22.240	24.780
—	—	—	—	—	—	—	—		
—	—	0.045	0.045	—	—	—	- 0.045	2.813	2.768
—	—	—	—	—	—	—	—	3.000	3.000
6.177	—	0.045	6.222	—	—	—	+ 2.495	28.053	30.548
—	—	—	—	—	—	—	—		
—	—	5.163	5.163	—	—	—	- 5.163		
—	—	—	—	—	—	—	—		
—	—	0.837	0.837	—	—	—	- 0.837		
—	—	—	—	—	—	—	—		
—	—	6.000	6.000	—	—	—	- 6.000	6.000	—
—	—	—	—	—	—	—	—		
—	—	—	—	—	—	—	- 17.362		
—	—	—	—	—	—	—	- 4.352		
—	—	—	—	—	—	—	- 7.249		
—	—	—	—	—	—	—	—		
—	—	—	—	—	—	—	- 5.648		
—	—	—	—	—	—	—	- 8.717		
—	—	—	—	—	8.736	- 8.736	- 8.736		
—	—	—	—	4.864	—	+ 4.864	+ 4.864		
—	—	—	—	6.222	—	+ 6.222	+ 6.222		
—	—	—	—	2.606	—	+ 2.606	+ 2.606		
—	—	—	—	0.837	—	+ 0.837	+ 0.837		
—	—	—	—	—	—	—	+ 31.472		
—	—	—	—	—	—	—	—		
—	—	—	—	14.529	8.736	+ 5.793	- 6.063	21.337	15.274
8.736	—	8.350	17.076	14.529	8.736	+ 5.793	- 8.784	78.530	69.746

**TABLE 3**  
**Financial statement**

Employment of resources			
<b>I. Expenditures for the six months</b> 1. Administrative expenses 2. Other budgetary expenditures (a) Bank charges (b) Loan-issue costs  3. Financial assistance (a) for readaptation operations (i) actual expenditure      0,979 (ii) recovery of excess payments — (b) for research projects  4. Disbursements under Pension Scheme	0.033	8.691	
	—	0.033	
	0.979	5.118	
	4.139	0.188	
			14.030
<b>II. Allocations</b> 1. Special Reserve 2. Readaptation 3. Research 4. Contingent liabilities  5. Pension Fund	3.929		
	4.095		
	1.168		
	—	9.192	
		0.920	
			10.112
<b>III. Miscellaneous transfers to unallocated balance</b> Surplus of resources over expenditure : (a) on the budget (b) on operations covered by provisions		0.261	
		0.043	
			0.304
			24.446
<b>IV. Loans—Guarantees and Borrowings</b> <b>A. Principal amounts</b> 1. Loans granted during the six months 2. Repayments in respect of loans raised 3. Borrowed funds not yet re-lent at December 31, 1965  <b>B. Interest and fees paid</b> 1. Interest on borrowed funds 2. Fees to depository and agent banks  3. Net surplus of service charges on borrowed funds, guarantees and loans granted from borrowed funds	11.961	11.433	
	0.321	6.490	
		0.028	
			17.951
		12.282	
		1.047	
			13.329
			31.280
			55.726

of the High Authority for the period 1.7.65 to 31.12.65)

(\*000,000 E.M.A. units of account)

Resources

<b>I. Revenues for the six months</b>			
1. General Levy		12.694	
2. Other revenues			
(a) Interest on bank deposits and investments	3.877		
(b) Interest on loans granted from own resources	0.429		
(c) Recovery of loan-issue costs	1.047		
(d) Sundry administrative receipts	0.122		
(e) Miscellaneous other receipts	0.008		
		5.483	
3. Receipts for Pension Fund			
(a) Contributions by High Authority and personnel	0.744		
(b) Interest on Pension Fund	0.364		
		1.108	
			19.285
<b>II. Funds available for reallocation</b>			
(a) as a result of discharge of commitments in respect of			
1. readaptation operations	0.979		
2. research projects	4.139		
		5.118	
(b) as a result of cancellation of commitments in respect of			
1. readaptation operations	0.008		
2. research projects	—		
		0.008	
(c) as a result of repayments in respect of loans granted for			
1. readaptation operations	0.007		
2. research projects	0.028		
3. special reserve	—		
		0.035	
(d) as a result of reconsideration of commitments in respect of			
1. readaptation operations	—		
2. research projects	—		
3. contingent liabilities	—		
		—	
			5.161
<b>III. Budget deficit</b>			
1. Deficit offset by reduction of provisions			—
2. Deficit reducing unallocated balance			—
			24.446
<b>IV. Borrowings—Guarantees and loans</b>			
<b>A. Principal amounts</b>			
1. Loans raised by the High Authority during first six months		—	
2. Undisbursed loan funds from earlier borrowings		11.461	
3. Repayments in respect of loans granted		6.490	
			17.951
<b>B. Interest and fees received</b>			
1. Interest on loans granted from borrowed funds		13.058	
2. Interest on undisbursed borrowed funds		0.164	
3. Guarantee fees		0.107	
			13.329
			31.280
			55.726

TABLE 4

**A—Movement of provisions and reserves  
not available for budgetary expenditures  
(Period 1.7.65 to 31.12.65)**

('000,000 E.M.A. units of account)

	Operations during the six months					Position at 1.7.65	Position at 31.12.65
	Allocations and Receipts	Transfers		Disburse- ments	Total		
		+	-				
<i>Guarantee Fund</i>	—	—	—	—	—	100.000	100.000
	—	—	—	—	—	100.000	100.000
<i>Special Reserve</i>						67.185	
Interest on loans granted from Special Reserve	0.388	—	—	—	+ 0.388		
Interest on bank deposits and income from investments	3.541	—	—	—	+ 3.541		
	3.929	—	—	—	+ 3.929	67.185	71.114
<i>Pension Fund</i>						20.451	
Contributions by E.C.S.C. and person- nel	0.744	—	—	—	+ 0.744		
Interest on Pension Fund	0.364	—	—	—	+ 0.364		
Disbursements (re- settlement allowan- ces, pensions, welfare fund)	—	—	—	0.188	- 0.188		
	1.108	—	—	0.188	+ 0.920	20.451	21.371
	5.037	—	—	0.188	+ 4.849	187.636	192.485

TABLE 4

## B—Movement of provisions available for budgetary

	Operations in implementation of the Budget			
	Allocation to different provisions	Change in unallocated balance		
		+	-	Balance
<b>I. Readaptation</b>				
(a) <i>Non-repayable grants</i>	4.095	—	—	—
1. Allocations for new commitments	—	—	—	—
2. Disbursements	—	—	—	—
3. Cancellation of commitments	—	—	—	—
4. Transfer to unallocated balance following reconsideration of commitments	—	—	—	—
	4.095	—	—	—
(b) <i>Equivalent of loans disbursed and loans approved</i>				
1. Transfer to unallocated balance following repayments of loans	—	—	—	—
(c) <i>Economic-emergency reserve</i>	—	—	—	—
Total	4.095	—	—	—
<b>II. Research</b>				
(a) <i>Non-repayable grants</i>	1.168	—	—	—
1. Allocation for new commitments	—	—	—	—
2. Disbursements	—	—	—	—
	1.168	—	—	—
(b) <i>Equivalent of loans disbursed and loans approved</i>				
1. Transfer to unallocated balance following repayments of loans	—	—	—	—
(c) <i>Economic-emergency reserve</i>	—	—	—	—
Total	1.168	—	—	—
<b>III. Contingent liabilities</b>				
1. Transfer to Pension Fund	—	—	—	—
2. Transfer to unallocated balance following reconsideration of commitments	—	—	—	—
Total	—	—	—	—
<b>IV. Reserves for administrative expenses and unallocated balance</b>				
1. Administrative expenses	—	—	8.691	— 8.691
2. Other budgetary expenditures	—	—	0.033	— 0.033
3. Withdrawal for allocation to Special Reserve	—	—	3.929	— 3.929
4. Withdrawal for allocation to Readaptation Reserve	—	—	4.095	— 4.095
5. Withdrawal for allocation to Research Reserve	—	—	1.168	— 1.168
6. Disbursements in respect of Readaptation and Research	—	—	—	—
7. Transfer from Readaptation Reserve	—	—	—	—
8. Transfer from Research Reserve	—	—	—	—
9. Transfer from Special Reserve	—	—	—	—
10. Transfer from Contingent Liabilities	—	—	—	—
11. Receipt of the revenues	—	18.177	—	+ 18.177
12. Advances on future revenues	—	—	—	—
Total	—	18.177	17.916	+261.—
Grand Total	5.263	18.177	17.916	+261.—



TABLE 5  
Borrowings of the High Authority

Year	Interest % p.a.	Term (years)	Initial amount.		Amount outstanding as at December 31, 1965 (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	100,000,000	72,900,000
1957	5 - 5 1/2	5-18	35,000,000	35,000,000	19,300,000
1958	4 1/5 - 5	5-20	50,000,000	50,000,000	30,400,000
1960	4 3/4 - 5 3/8	5-20	35,000,000	35,000,000	25,000,000
1962	5 1/4	20	25,000,000	25,000,000	25,000,000
1964	5 1/4	20	30,000,000	30,000,000	30,000,000
1955	3 3/4	25	50,000,000	12,500,000	8,931,750
1957	4 1/4	20	2,977,450	744,362	518,076
1964	5 3/4	12	100,000,000	25,000,000	25,000,000
1964	5 1/2	15	100,000,000	25,000,000	25,000,000
1964	5 3/4	12	30,000,000	7,500,000	7,500,000
1965	5 1/4	18	150,000,000	37,500,000	37,500,000
1965	5 1/2	5	23,000,000	5,750,000	5,750,000
				113,994,362	110,199,826
1961	4 1/2	5	10,000,000	2,762,431	2,762,431
1961	4 1/2	20	50,000,000	13,812,155	13,812,155
1962	4 3/4	20	25,000,000	6,906,077	6,906,077
1962	4 3/4	25	6,000,000	1,657,459	1,458,564
1962	4 1/2	5	20,000,000	5,524,862	3,701,657
1963	4 1/2	5	10,000,000	2,762,431	2,762,431
1963	4 5/8	30	1,750,000	483,425	451,381
1964	5 3/4	20	25,000,000	6,906,077	6,906,077
1965	5 3/4	20	40,000,000	11,049,724	11,049,724
				51,864,641	49,810,497

1964	5	20	FF	150,000,000		30,382,454		30,382,454
1956	4 1/4	18	FS	50,000,000	11,434,269		8,003,988	
1961	5 1/4	5		9,000,000	2,058,168		617,451	
1961	4 1/2	5		2,290,000	523,690		157,107	
1962	4 1/2	18		60,000,000	13,721,123		13,721,123	
1963	5 1/2	20	Lit	15,000,000,000		27,737,250		22,499,669
1957	3 1/2	25	Flux	5,000,000	100,000			24,000,000
1957	5 3/8	25		100,000,000	2,000,000		1,767,332	
1961	5 1/4	25		100,000,000	2,000,000		2,000,000	
1961	5	25		100,000,000	2,000,000		2,000,000	
1962	4 3/4	15		300,000,000	6,000,000		6,000,000	
1962	5 1/8	25		250,000,000	5,000,000		5,000,000	
1964	5 3/8	20		150,000,000	3,000,000	20,100,000	3,000,000	19,707,332
1957	3 1/2	25	FB	200,000,000	4,000,000		3,088,000	
1957	3 1/2	25		20,000,000	400,000		308,800	
1962	5 1/4	20		300,000,000	6,000,000		6,000,000	
1963	5 1/2	20		300,000,000	6,000,000	16,400,000	6,000,000	15,396,800
						559,478,707		474,656,578



TABLE 6

**Breakdown of loans and guarantees granted as at December 31, 1965  
by types of investment and by countries**

(Initial amounts)

('000,000 E.M.A. units of account)

	Loans			Guarantees	Total of loans and guarantees	%
	From borrowed funds	From the High Authority's own resources	Total			
<b>A. Type of investment</b>						
Coalmining industry <sup>1)</sup>	202.39	—	202.39	—	202.39	28.83
Iron-ore mines <sup>2)</sup>	30.25	—	30.25	—	30.25	4.31
Iron and steel industry <sup>1)</sup>	270.20	—	270.20	46.71	316.91	45.13
Housing for miners and steelworkers	44.38	68.45	112.83	—	112.83	16.07
Industrial redevelopment	29.79	—	29.79	—	29.79	4.24
Readaptation	—	5.65	5.65	0.30	5.95	0.85
Research (experimental housing schemes)	—	3.33	3.33	—	3.33	0.47
Other projects	—	0.72	0.72	—	0.72	0.10
<b>Total</b>	<b>577.01</b>	<b>78.15</b>	<b>655.16</b>	<b>47.01</b>	<b>702.17</b>	<b>100.00</b>
<b>B. Geographical Distribution</b>						
Germany (Fed. Rep.)	281.55	42.48	324.03	35.00	359.03	51.13
Belgium	54.73	4.30	59.03	—	59.03	8.41
France	105.02	18.29	123.31	11.71	135.02	19.23
Italy	130.87	6.41	137.28	0.30	137.58	19.59
Luxembourg	2.70	2.40	5.10	—	5.10	0.73
Netherlands	2.14	4.27	6.41	—	6.41	0.91
<b>Community</b>	<b>577.01</b>	<b>78.15</b>	<b>655.16</b>	<b>47.01</b>	<b>702.17</b>	<b>100.00</b>

<sup>1)</sup> Including company-owned coking-plants and thermal power-stations.

<sup>2)</sup> Including sintering plants.

## STATISTICAL ANNEX

### List of Tables

1. World hard-coal production
2. Community hard-coal production (by countries and coalfields)
3. Underground output per man/shift in the Community hard-coal mines (by countries and coalfields)
4. Pithead stocks of hard coal
5. Stocks of hard coal and hard-coal briquettes held by consumers within the Community
6. Production of coke-oven coke (Community)
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TABLE I  
World Hard-Coal Production

Continent	1950	1952	1957	1962	1963	1964	1965 <sup>1)</sup>
<i>Europe, excl. U.S.S.R. of which: Community United Kingdom Eastern Europe Poland others</i>	552,203 217,280 219,801	595,084 238,883 230,124	617,296 247,888 227,219	587,531 226,983 200,550	587,313 223,382 198,934	583,771 228,487 196,733	578,614 218,042 190,500
<i>U.S.S.R.</i>	78,001 23,018	84,440 25,209	94,095 30,241	109,604 34,132	113,151 35,430	117,354 35,635	119,000 35,300
<i>U.S.S.R.</i>	185,225	215,009	328,502	386,436	395,124	414,000	425,000
<i>Asia, excl. U.S.S.R. and China of which: Japan India</i>	80,225 38,459 32,825	90,020 43,359 36,884	112,971 51,732 44,202	145,415 54,396 61,548	151,782 52,056 66,912	147,313 50,928 64,080	146,067 48,650 64,250
<i>Africa of which: Republic of South Africa</i>	30,085 26,473	32,311 28,065	40,905 34,764	45,538 41,272	46,580 42,456	49,449 44,916	54,170 49,220
<i>The Americas of which: U.S.A.</i>	524,029 505,327	476,174 457,600	484,082 467,595	410,940 395,522	446,520 430,452	471,562 454,700	486,565 471,200
<i>Australia and Oceania</i>	17,748	20,597	21,084	25,588	25,932	28,496	31,680
<i>World, excl. China</i>	1,389,515	1,429,195	1,604,840	1,601,438	1,653,251	1,704,591	1,722,096
<i>China</i>	40,900	63,528	130,730	450,000	530,000	560,000	600,000
<i>World, incl. China</i>	1,430,415	1,492,723	1,735,570	2,051,438	2,183,251	2,264,591	2,322,096

<sup>1)</sup> Provisional figures.  
Source: Statistical Office of the European Communities.

TABLE 2  
Community Hard-Coal Production  
(by countries and coalfields)

Coalfield <sup>1)</sup> Country	1938	1952	1953	1957	1959	1960	1961	1962	1963	1964	1965 <sup>2)</sup>
Ruhr	127,284	114,417	115,551	123,209	115,389	115,441	116,083	115,898	117,156	117,565	110,904
Aachen	7,754	6,439	6,588	7,619	7,894	8,188	8,356	8,050	7,785	7,718	7,817
Lower Saxony	1,918	2,422	2,333	2,328	2,303	2,425	2,211	2,269	2,260	2,261	2,159
Saar <sup>3)</sup>	14,389	16,235	16,418	16,455	16,246	16,234	16,090	14,919	14,915	14,657	14,197
Germany (Fed. Rep.)	151,345	139,513	140,889	149,612	141,833	142,287	142,741	141,136	142,116	142,201	135,077
Campine	6,536	9,712	9,483	10,331	8,771	9,385	9,611	9,807	10,067	10,141	9,706
Southern Belgium	13,049	20,762	20,577	18,755	13,986	13,080	11,928	11,419	11,351	11,146	10,071
Belgium	29,585	30,384	30,060	29,086	22,757	22,465	21,539	21,226	21,418	21,304	19,777
Nord - Pas-de-Calais	28,238	29,406	27,554	28,725	29,249	28,940	26,925	27,144	24,669	26,567	25,495
Lorraine	6,739	12,210	12,001	14,297	15,142	14,703	14,011	14,237	13,163	15,628	15,647
Centre-Midi	11,087	13,157	12,606	13,373	12,957	12,092	11,239	11,807	9,854	10,786	10,208
Other mines <sup>3)</sup>	440	592	427	400	258	226	182	121	68	49	103
France	46,504	55,365	52,588	56,795	57,606	55,961	52,357	52,359	47,754	53,029	51,353
Italy, all coalfields	598	1,089	1,126	1,019	735	736	740	691	585	472	389
Dutch Limburg	13,488	12,532	12,297	11,376	11,978	12,498	12,621	11,573	11,509	11,480	11,446
Community	241,520	238,883	236,961	247,888	234,908	233,947	229,998	226,983	223,882	228,487	218,042

1) Provisional figures.

2) From 1960 onwards, exclusive of the production of the small mines (1959 = 146,000 metric tons).

3) Non-nationalized mines, including Aunance from 1955 onwards.

N.B. 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.

TABLE 3

**Underground Output per Man/Shift in the Community Hard-Coal Mines**  
(by countries and coalfields)

*(kilogrammes)*

Coalfield - Country	1938	1953	1957	1962	1963	1964	1965 <sup>1)</sup>
Ruhr	1,970	1,486	1,614	2,417	2,575	2,688	2,766
Aachen	1,409	1,186	1,314	1,930	1,998	1,989	2,139
Lower Saxony	1,380	1,130	1,264	2,083	2,060	2,114	2,137
Saar	1,570	1,676	1,800	2,369	2,531	2,616	2,740
<i>Germany (Fed. Rep.)</i>	1,877	1,480	1,606	2,372	2,521	2,614	2,705
Campine	1,523 <sup>2)</sup>	(1,428) <sup>3)</sup>	1,583	2,047	2,097	1,980	2,102
Southern Belgium	1,004 <sup>2)</sup>	(1,075) <sup>3)</sup>	1,125	1,658	1,630	1,603	1,697
<i>Belgium</i>	1,085 <sup>2)</sup>	(1,164) <sup>3)</sup>	1,253	1,818	1,820	1,763	1,874
Nord-Pas-de-Calais	1,136	1,277	1,596	1,633	1,663	1,709	1,662
Lorraine	2,014	2,088	2,310	2,808	2,903	3,113	3,239
Centre-Midi	1,176	1,343	1,634	1,975	1,977	2,024	2,044
Other pits	.	974	1,219	1,838	1,819	1,775	2,072
<i>France</i>	1,226	1,416	1,682	1,922	1,958	2,046	2,039
<i>(Italy) Sulcis</i>	.	609	957	1,676	2,000	2,532	2,906
<i>Dutch Limburg</i>	2,371	1,567	1,499	2,070	2,087	2,140	2,197
Community	1,590 <sup>4)</sup>	1,413	1,560	2,174	2,272	2,333	2,397

<sup>1)</sup> Provisional figures.

<sup>2)</sup> Including supervisory personnel.

<sup>3)</sup> Estimated figures.

<sup>4)</sup> Exclusive of Sulcis in 1938.

*N.B.*

See Notes to Table No. 2.

TABLE 4

## Pithead Stocks of Hard Coal

('000 metric tons at end of year)

Coalfield - Country	1952	1960	1962	1963	1964	1965 <sup>1)</sup>
Ruhr	445	5,159	4,089	2,353	7,025	11,669
Aachen	12	222	256	109	291	651
Lower Saxony	8	368	661	659	795	925
Saar	462	1,400	1,139	635	517	1,354
<i>Germany (Fed. Rep.)</i>	927	7,148	6,146	3,776	8,629	14,598 <sup>4)</sup>
Campine	667	2,255	476	171	687	1,212
Southern Belgium	1,006	4,310	874	283	802	1,192
<i>Belgium</i>	1,673	6,565	1,351	454	1,489	2,404
Nord-Pas-de-Calais	1,553	4,532	2,614	2,008	1,474	2,387
Lorraine	1,181	4,764	3,586	2,628	2,612	2,745
Centre-Midi	1,442	3,903	2,347	1,695	1,608	2,040
<i>France<sup>2)</sup></i>	4,200	13,202	8,550	6,123	5,703	7,184
<i>Italy, all coalfields</i>	53	93	43	68	73	20
<i>Dutch Limburg</i>	237	655	537	378	898	1,204
Community	7,090	27,664	16,627	10,798	16,792	25,410
<i>of which: low-grade fuels<sup>3)</sup></i>	.	47 %	53 %	61 %	35 %	28 %

<sup>1)</sup> Provisional figures.

<sup>2)</sup> Including stocks at non-nationalized mines.

<sup>3)</sup> Middlings, slurry and pulverized fuels.

<sup>4)</sup> Exclusive of stocks held by the German coal industry's "Emergency Association," the *Notgemeinschaft Deutscher Kohlenbergbau* (967 tons on Dec. 31, 1965).

*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 5

**Stocks of Hard Coal and Hard-Coal Briquettes  
held by Consumers within the Community**

('000 metric tons)

At end of period	Coking-plants <sup>1)</sup>	Briquetting plants	Railways	Power-stations	Gas-works	Iron and steel industry	Other industries	Total
1953	1,311	429	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
1963	2,053	402	983	9,251	1,093	338	3,690	17,810
1964	2,001	550	1,025	9,096	1,144	376	3,790	17,982
Oct. 1965	2,028	458	883	10,209	841	379	3,433	18,231

<sup>1)</sup> New series of figures as from 1960.



TABLE 6  
Production of Coke-Oven Coke  
(Community)

('000 metric tons)

Year	Germany (Fed. Rep.)	Saar	Belgium	France	Italy <sup>1)</sup>	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	4,618	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	41,588		7,204	13,423	4,595	4,263	71,074
1964	43,268		7,398	13,941	4,683	4,614	73,803
1965 <sup>2)</sup>	43,282		7,334	13,384	5,723	4,285	74,010

<sup>1)</sup> Including Trieste from 1955 onwards.

<sup>2)</sup> Provisional figures.

TABLE 7  
Stocks of Coke at Coking-Plants  
(Community)

('000 metric tons)

Year	Germany (Fed. Rep.)	Saar	Belgium	France	Italy <sup>1)</sup>	Nether- lands	Com- munity
1952	110	18	101	187	52	63	531
1953	3,429	34	200	435	63	99	4,260
1954	1,984	19	127	375	58	82	2,645
1955	164	12	71	164	62	82	555
1956	178	20	87	175	50	68	578
1957	622	53	237	448	129	163	1,653
1958	5,316	51	276	708	321	342	7,015
1959	7,062	18	291	688	209	301	8,583
1960	5,475		270	576	111	221	6,653
1961	4,973		266	732	165	297	6,433
1962	5,077		218	757	69	128	6,249
1963	1,665		148	430	104	117	2,464
1964	1,083		162	682	420	270	2,616
1965 <sup>1)</sup>	2,785		121	510	250	280	3,946

<sup>1)</sup> Provisional figures.

TABLE 8

## Community Hard-Coal Imports from Third Countries

('000 metric tons)

Country of destination \ Country of origin	U.S.A.	U.K.	Poland	U.S.S.R.	Other third countries	Total
<i>Germany (Fed. Rep.)</i>						
1953	3,421	1,521	76	—	27	5,045
1957	15,904	497	560	38	147	17,147
1962	5,989 <sup>1)</sup>	490	408	16	157	7,058
1963	6,092 <sup>1)</sup>	600	397	30	89	7,308
1964	6,285 <sup>1)</sup>	637	365	44	123	7,455
1965	6,416 <sup>1)</sup>	539	372	58	148	7,534
<i>Belgium</i>						
1953	664	420	—	46	2	1,133
1957	2,138	564	33	50	35	2,820
1962	923	273	—	66	57	1,320
1963	2,103	1,148	4	423	136	3,814
1964	1,784	972	58	267	116	3,197
1965	1,944	313	248	179	37	2,721
<i>France</i>						
1953	289	448	480	260	138	1,615
1957	6,903	742	1,281	605	169	9,701
1962	778	791	226	947	242	2,983
1963	2,577	2,124	361	1,836	566	7,464
1964	2,015	1,064	542	1,722	501	5,844
1965	1,898	803	694	1,557	262	4,994
<i>Italy</i>						
1953	1,609	1,704	613	46	249	4,222
1957	8,201	132	125	239	107	8,805
1962	5,407	101	991	1,200	392	8,090
1963	7,233	136	784	1,315	393	9,860
1964	7,189	73	425	1,264	450	9,400
1965	8,322	13	424	1,074	186	10,019
<i>Netherlands</i>						
1953	701	986	24	80	10	1,801
1957	4,581	697	—	69	37	5,384
1962	2,250	1,445	215	131	112	4,152
1963	3,267	1,607	213	312	122	5,528
1964	3,187	1,387	223	261	93	5,151
1965	2,180	892	884	112	101	3,509
<i>Community</i>						
1953	6,684	5,085 <sup>3)</sup>	1,193	432	426	13,823
1957	37,828 <sup>3)</sup>	2,635 <sup>3)</sup>	1,999	1,001	495	43,959
1962	15,345	3,099	1,840	2,360	960	23,604
1963	21,276 <sup>4)</sup>	5,626 <sup>3)</sup>	1,759	3,922	1,407	33,990
1964	20,462	4,137 <sup>3)</sup>	1,613	3,559	1,283	31,052
1965	20,759	2,560 <sup>3)</sup>	1,742	2,980	733	28,774

<sup>1)</sup> Including purchases for American troops stationed in Germany — 1962: 1,054; 1963: 1,026; 1964: 1,449.

<sup>2)</sup> Including 87 to the Saar and 13 to Luxembourg.

<sup>3)</sup> Including 6 to Luxembourg in 1953, 2 in 1957, 12 in 1963, 4 in 1964 and 2 in 1965.

<sup>4)</sup> 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* and *Statistiques de l'Energie*; Year-book 1965.

The 1965 figures are provisional.

**TABLE 9**  
**Community Hard-Coal Exports to Third Countries**

('000 metric tons)

Country of destination Country of origin	U. K.	Scandi- navian countries	Switzer- land	Austria	Other countries	Total
<i>Germany (Fed. Rep.)<sup>1)</sup></i>						
1953	26	548	405	1,778	507	3,264
1957	—	477	587	923	687	2,675
1962	—	385	681	1,000	1,417	3,485
1963	—	251	694	925	931	2,801
1964	—	112	408	782	970	2,272
1965	—	89	354	784	463	1,690
<i>Saar</i>						
1953	227	185	315	196	171	1,094
1957	83	—	371	64	40	557
<i>Belgium</i>						
1953	192	64	50	2	274	582
1957	616	77	161	—	1	855
1962	—	294	318	4	207	823
1963	—	0	211	4	32	247
1964	—	2	247	6	12	267
1965	—	7	179	5	7	198
<i>France</i>						
1953	116	229	267	129	140	881
1957	161	9	412	58	224	863
1962	—	—	275	18	43	335
1963	—	—	228	6	3	237
1964	—	—	172	20	5	197
1965	—	—	79	18	11	108
<i>Netherlands</i>						
1953	—	0	39	0	12	51
1957	—	20	121	5	4	149
1962	—	11	50	1	0	62
1963	—	14	69	3	0	87
1964	—	20	32	3	2	57
1965	—	33	47	7	7	91
<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
1962	—	691	1,324	1,023	1,667	4,705
1963	—	266	1,202	939	966	3,372
1964	—	134	859	811	989	2,794
1965	—	129	659	811	488	2,087

<sup>1)</sup> 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* and *Statistiques de l'Energie, Year-book 1965*.

The 1965 figures are provisional.

TABLE 10

## Community Coke Exports to Third Countries

('000 metric tons)

Country of destination \ Country of origin	Scandinavian countries	Switzerland	Austria	Other third countries	Total
<i>Germany (Fed. Rep.)</i>					
1953	2,251	384	275	310	3,220
1957	1,787	420	362	291	2,860
1962	1,584	336	342	635	2,896
1963	1,802	492	473	619	3,386
1964	1,521	335	432	713	2,997
1965	1,161	330	420	755	2,666
<i>Belgium</i>					
1953	337	17	9	93	456
1957	197	11	0	9	217
1962	86	13	2	11	111
1963	109	2	2	11	122
1964	199	5	3	40	247
1965	195	4	3	30	232
<i>France</i>					
1953	21	29	2	19	71
1957	1	50	—	22	73
1962	—	27	—	3	31
1963	—	23	—	4	27
1964	0	16	—	9	27
1965	2	14	—	19	35
<i>Italy</i>					
1953	—	—	—	70	70
1957	—	—	—	3	3
1962	—	19	114	33	166
1963	—	27	63	45	134
1964	—	20	31	42	93
1965	—	15	41	65	121
<i>Netherlands</i>					
1953	427	113	—	37	577
1957	466	118	21	27	631
1962	248	113	39	35	435
1963	237	108	36	8	390
1964	184	85	37	28	334
1965	106	92	37	62	297
<i>Community</i>					
1953	3,036	543	290 <sup>1)</sup>	529	4,398
1957	2,450	600	383	351	3,785
1962	1,918	508	498	714	3,637
1963	2,148	652	575	684	4,058
1964	1,905	461	503	832	3,698
1965	1,464	455	501	931	3,351

<sup>1)</sup> 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* and *Statistiques de l'Energie, Yearbook 1965*.

The 1965 figures are provisional.

TABLE 11  
Trade in Hard Coal and Hard-Coal Briquettes within the Community

('000 metric tons)

Country of supply	Countries of destination	1952	1953	1954	1960	1961	1963	1964	1965 <sup>1)</sup>
<i>Germany (Fed. Rep.)<sup>2)</sup></i>	Belgium	317	691	1,930	2,019	2,396	2,429	2,738	3,091
	France(Saar <sup>3)</sup> )	3,706	3,828	4,256	6,729	6,210	6,350	5,889	5,056
	Italy	2,993	3,421	3,505	3,426	2,114	1,229	593	518
	Luxembourg	103	127	118	158	147	158	123	110
	Netherlands	2,143	2,544	3,028	2,917	3,636	3,493	2,619	2,801
	Total	9,262	10,611	12,837	15,250	14,503	13,660	11,964	12,026
<i>Belgium</i>	Germany (Fed. Rep.)	19	107	226	196	231	712	369	359
	France(Saar <sup>3)</sup> )	1,228	1,830	1,597	772	792	1,379	1,309	751
	Italy	681	839	576	295	378	2	0	—
	Luxembourg	65	23	38	33	30	28	19	5
	Netherlands	574	1,070	2,166	781	733	234	506	615
	Total	2,576	3,869	4,603	2,076	2,165	2,354	2,204	1,731
<i>France(Saar<sup>3)</sup>)</i>	Germany (Fed. Rep.)	3,940	4,320	4,239	630	674	544	451	410
	Belgium	169	147	331	232	265	135	216	162
	Italy	214	471	417	33	47	35	43	35
	Luxembourg	155	129	132	48	20	17	3	4
	Netherlands	4	106	10	53	20	7	74	131
	Total	4,482	5,173	5,129	986	1,026	738	788	741

Netherlands	Germany (Fed. Rep.)	10	124	516	671	767	517	509
	Belgium	175	521	834	912	945	943	1,064
	France/Saar <sup>3)</sup>	4	386	1,128	1,236	1,271	1,237	1,149
	Italy	—	—	15	9	13	18	9
	Luxembourg	—	—	5	4	8	5	6
	Total	4	1,031	2,498	2,832	3,004	2,770	2,738
	Total	16,315	23,600	20,810	20,525	19,756	17,666	17,236
	<i>of which:</i>							
	Germany (Fed. Rep.)	3,959	4,589	1,332	1,576	2,023	1,337	1,278
	Belgium	490	2,782	3,085	3,573	3,509	3,897	4,317
	France/Saar <sup>3)</sup>	4,934	6,239	8,628	8,238	9,000	8,425	7,406
	Italy	3,888	4,498	3,769	2,548	1,279	654	562
	Luxembourg	323	288	245	202	211	150	125
	Netherlands	2,721	5,204	3,750	4,388	3,734	3,199	3,547

<sup>1)</sup> Provisional figures.

<sup>2)</sup> From 1960 onwards, the tonnages for the Saar are included in the figures for the Federal Republic of Germany.

<sup>3)</sup> 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 and Statistiques de l'Energie*, Yearbook 1965.

TABLE 12  
Coke Trade within the Community

Country of supply	('000 metric tons)									
Country of supply	1952	1953	1954	1961	1962	1963	1964	1965 <sup>1)</sup>		
<i>Germany (F.R.)<sup>2)</sup></i>	Belgium	—	8	48	44	33	91	34	54	
	France/Saar <sup>3)</sup>	3,442	2,768	2,212	3,912	3,509	4,578	3,733	3,345	
	Italy	2	11	23	79	14	396	214	241	
	Luxembourg	2,970	2,798	2,773	3,522	3,381	3,234	3,471	3,237	
	Netherlands	179	270	346	289	337	450	250	196	
	Total	6,593	5,855	5,402	7,847	7,405	8,749	7,753	7,073	
<i>Belgium</i>	Germany (F.R.)	201	21	1	27	19	10	4	90	
	France/Saar <sup>3)</sup>	197	—	451	397	253	348	181	172	
	Italy	—	220	—	32	30	—	0	—	
	Luxembourg	140	102	102	239	227	236	277	401	
	Netherlands	5	22	8	—	0	6	5	2	
	Total	543	365	562	695	530	601	467	665	
<i>France/Saar<sup>3)</sup></i>	Germany (F.R.)	120	158	184	39	111	108	169	140	
	Belgium	—	—	4	9	1	1	0	2	
	Italy	—	—	—	19	16	11	4	8	
	Luxembourg	—	—	—	—	1	6	2	—	
	Netherlands	—	—	—	—	0	—	—	—	0
	Total	120	158	188	67	129	127	175	150	





**TABLE 13**  
**Development of Coal Prices in the Community<sup>1)</sup>**

Product		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		
		May 63	31.25	7-10	32.16	< 10		
		Jan. 64	31.92	7-10	33.12	< 10		
		Jan. 65	32.88	7-10	34.32	< 10		
		Jan. 66	32.88	7-10	34.32	< 10		
Anthracitic/low-volatile	French nuts	Apr. 53	19.37	10-14	20.63	10-14		
		May 63	28.06	10-12	25.80	10-14		
		Jan. 64	28.92	10-12	26.52	10-14		
		Jan. 65	29.88	10-12	27.72	10-14		
		Jan. 66	29.88	10-12	27.72	10-14		
Low-volatile dry's	small nuts	Apr. 53	19.37	10-14	20.63	10-14		
		May 63	24.60	12-14	25.80	10-14		
		Jan. 64	25.20	12-14	26.52	10-14		
		Jan. 65	26.16	12-14	27.72	10-14		
		Jan. 66	26.16	12-14	27.72	10-14		
Semi-bituminous	singles	Apr. 53	13.66	14-19	14.92	14-19		
		May 63	16.97	16-20	18.24	16-19		
		Jan. 64	17.64	16-20	18.60	16-19		
		Jan. 65	18.48	16-20	18.84	16-19		
		Jan. 66	18.48	16-20	18.84	16-19		
High-volatile bituminous	No. 2 nuts (doubles)	Apr. 53	13.22	28-40			17.83	40-42
		May 63	15.74	33-40			17.52	40-43
		Jan. 64	16.32	33-40			18.72	40-43
		Jan. 65	17.04	33-40			18.96	40-43
		Jan. 66	17.04	33-40			18.96	40-43
High-volatile bituminous	No. 5 nuts (grains)	Apr. 53	13.20	28-40			13.60	39-41
		May 63	15.62	33-40			15.72	37-42
		Jan. 64	16.32	33-40			16.56	37-42
		Jan. 65	17.04	33-40			17.16	37-42
		Jan. 66	17.04	33-40			17.16	37-42
Bituminous	washed duff or coking fines	Apr. 53	12.63	19-23	13.89	> 19	13.54	33-40
		May 63	15.58	18-30	17.16	> 19	16.80	33-40
		Jan. 64	15.98	18-30	17.52	> 19	16.80	33-40
		Jan. 65	16.68	18-30	18.24	> 19	17.76	33-40
		Jan. 66	16.68	18-30	18.24	> 19	17.76	33-40

<sup>1)</sup> 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		
30.52	8-10	37.10	< 10			30.40	< 10		
33.15	8-10	38.10	< 10			31.61	< 10		
33.15	8-10	42.10	< 10			31.61	< 10		
33.98	8-10	42.10	< 10			31.61	< 10		
21.60	10-14	27.60	10-12 <sup>1/2</sup>			26.57	11-13		
29.14	10-12	33.10	10-14			28.37	10-14		
31.77	10-12	34.10	10-14			29.58	10-14		
31.77	10-12	35.10	10-14			29.58	10-14		
31.77	10-12	35.10	10-14			29.58	10-14		
21.60	10-14	27.60	10-18 <sup>1/2</sup>			26.57	11-13		
26.52	12-14	33.10	10-14			28.37	10-14		
28.31	12-14	34.10	10-14			29.58	10-14		
28.31	12-14	35.10	10-14			29.58	10-14		
28.31	12-14	35.10	10-14			29.58	10-14		
14.40	15-20	16.40	16-20			16.80	13-22		
16.09	14-18	20.40	18-20			16.00	14-18		
16.09	14-18	21.40	18-20			18.03	14-18		
16.99	14-18	21.40	18-20			18.03	14-18		
16.99	14-18	21.40	18-20			18.03	14-18		
		17.20	> 28 <sup>1/2</sup>	17.20	> 28 <sup>1/2</sup>	17.83	> 30	17.83	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	17.73	40-42
		18.10	28-33	18.20	26-30	17.63	> 30	17.73	40-42
		18.10	28-33	18.20	26-30	17.63	> 30	17.73	40-42
		15.00	> 28 <sup>1/2</sup>	15.00	> 28 <sup>1/2</sup>	15.83	> 30	13.89	39-41
		15.70	> 28	15.80	> 28	14.89	> 30	14.18	39-41
		15.70	28-33	16.20	26-30	15.50	> 30	14.79	39-41
		15.70	28-33	16.20	26-30	15.50	> 30	14.79	39-41
		15.70	28-33	16.20	26-30	15.50	> 30	14.79	39-41
13.77	20-25	14.20	20-28 <sup>1/2</sup>	14.20	20-28 <sup>1/2</sup>	14.40	22-30	12.63	36-39
14.50	20-25	15.30	20-28	14.60	20-28	14.59	> 18	14.79	36-39
15.06	20-25	15.30	20-28	14.60	20-28	14.59	> 18	14.79	36-39
15.06	20-25	15.30	20-28	14.60	20-28	14.59	> 18	14.79	36-39
15.06	20-25	15.30	20-28	14.60	20-28	14.59	> 18	14.79	36-39

*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 13 (contd.)

Product		Month and Year	Ruhr		Aachen		Saar	
Type	Size		Price	V.M. %	Price	V.M. %	Price	V.M. %
1	2	3	4	5	6	7	8	9
Coke	large	Apr. 53	15.26		16.52		20.29	
		May 63	20.54		22.56		22.80	
		Jan. 64	20.92		23.04		22.80	
		Jan. 65	21.89		24.24		23.28	
		Jan. 66	21.89		24.24		23.28	
			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%	

As a rule, the taxes shown on the right are to be added to the above prices, according to the country of destination, as from the years indicated

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
16.55						18.80		20.29	
19.61						20.26		21.99	
20.72						20.26		21.99	
20.72						20.26		21.99	
21.55						20.26		21.99	
4.16%			4.50%				7.93%		
4.16%			4.50%				9.29%		
5.26%			5.00%				11.11%		
5.26%			5.00%				11.11%		
5.26%			1.00%				11.11%		

**TABLE 14**  
**Comparative Movement of Coal Prices**  
**in the Different Coalfields of the Community**

	1953 = 100				Ruhr prices in 1953 = 100			
	1958	1964	1965	1966	1958	1964	1965	1966
<i>Ruhr</i>								
Anthracite	113	140	144	144				
Anthracitic/low-volatile	114	149	154	154				
Low-volatile/dry's	114	130	135	135				
Semi-Bituminous	119	129	135	135				
High-volatile bituminous No. 2 nuts	116	123	128	128				
High-volatile bituminous No. 5 nuts	116	124	129	129				
Washed bituminous fines	115	126	132	132				
Coke	125	137	143	143				
<i>Aachen</i>								
Anthracite	120	138	143	143	113	104	104	104
Anthracitic/low-volatile	121	129	134	134	113	92	93	93
Low-volatile/dry's	121	129	134	134	113	105	106	106
Semi-bituminous	117	125	126	126	107	105	102	102
Washed bituminous fines	115	126	131	131	110	110	109	109
Coke	127	139	147	147	109	110	111	111
<i>Saar</i>								
High-volatile bituminous No. 2 nuts	95	105	106	106	111	115	111	111
High-volatile bituminous No. 5 nuts	109	122	126	126	97	101	101	101
Washed bituminous fines	112	124	131	131	104	105	106	106
Coke	104	112	115	115	111	109	106	106
<i>Netherlands</i>								
Anthracite	125	153	153	157	105	104	101	103
Anthracitic/low-volatile	121	142	142	142	118	110	106	106
Low-volatile/dry's	111	134	134	134	109	112	108	108
Semi-bituminous	129	118	118	118	114	96	92	92
Washed bituminous fines	111	109	109	109	105	94	90	90
Coke	126	126	126	130	110	99	95	98
<i>Belgium (South)</i>								
Anthracite	125	138	153	153	135	119	128	128
Anthracitic/low-volatile	124	124	127	127	154	118	117	117
Low-volatile/dry's	124	124	127	127	154	135	134	134
Semi-bituminous	123	130	130	130	123	121	116	116
High-volatile bituminous No. 2 nuts	114	105	105	105	127	111	106	106
High-volatile bituminous No. 5 nuts	123	105	105	105	121	96	92	92
Washed bituminous fines	120	108	108	108	118	96	92	92

TABLE 14 (contd.)

	1953 = 100				Ruhr prices in 1953 = 100			
	1958	1964	1965	1966	1958	1964	1965	1966
<i>Belgium (Campine)</i>								
High-volatile bituminous No. 2 nuts	110	106	106	106	123	112	107	107
High-volatile bituminous No. 5 nuts	119	108	108	108	116	99	95	95
Washed bituminous fines	118	103	103	103	115	91	88	88
<i>Nord-Pas-de-Calais</i>								
Anthracite	100	119	119	119	103	99	96	96
Anthracitic/low-volatile	97	111	111	111	116	102	99	99
Low-volatile/dry's	97	111	111	111	116	117	113	113
Semi-bituminous	102	107	107	107	105	102	98	98
High-volatile bituminous No. 2 nuts	97	99	99	99	112	108	103	103
High-volatile bituminous No. 5 nuts	99	98	98	98	102	95	91	91
Washed bituminous fines	97	101	101	101	96	91	87	87
Coke	105	108	108	108	103	97	93	93
<i>Lorraine</i>								
High-volatile bituminous No. 2 nuts	93	99	99	99	108	109	104	104
High-volatile bituminous No. 5 nuts	105	106	106	106	96	91	87	87
Washed bituminous fines	108	117	117	117	94	93	89	89
Coke	106	108	108	108	112	105	100	100

TABLE 15  
Changes in Prices of U.S. Coking Coals

Period	Price f.o.b. <sup>1)</sup> Hampton Roads		Average freight charge Hampton Roads-A.R.A.		Price c.i.f. A.R.A. <sup>1)</sup>	
	Sewell/Pocahontas 1)	Mixed coking fines 1)	2)	3)	Sewell/Pocahontas 2)	Mixed coking fines 2)
1953 June December	10.75/11.50	10.38 9.55	4.31 4.11		15.06/15.81	14.69 13.66
1954 June December		8.57 9.06	4.56 6.88			13.13 15.94
1956 June December	12.50/12.75	11.51 11.76	10.00 15.05		27.55/27.80	21.51 26.81
1964 June December	10.74/11.46 p	10.41 p	3.31 3.79	3.31 3.80	14.05/14.77 14.54/15.25	13.72/12.72 14.20/14.21

( $\$$  per metric ton)

1965 January	10.74/11.46	10.41	3.72	3.73	14.47/15.18	14.13/14.14
February	»	»	4.37	4.09	14.83/15.83	14.50/14.78
March	»	»	3.79	3.79	14.53/15.25	14.20/14.20
April	»	»	3.93	3.93	14.67/15.39	14.34/14.34
May	»	»	4.06	4.13	14.87/15.52	14.47/14.54
June	»	»	3.65	3.65	14.39/15.11	14.06/14.06
July	»	»	3.76	3.72	14.44/15.22	14.13/14.17
August	»	»	3.78	3.74	14.48/15.24	14.16/14.19
September	»	»	3.81	3.83	14.57/15.27	14.22/14.24
October	10.86/11.58	10.47	3.86	3.84	14.70/15.44	14.31/14.33
November	»	»	4.06	4.03	14.89/15.64	14.50/14.53
December	»	»	3.62	3.62	14.48/15.20	14.09/14.09
1966 January	»	»	»	»	»	»

1) Average quarterly prices for short-term contracts.  
 2) Mean between maximum and minimum rates charged during the month in respect of single voyages. A.R.A. = Antwerp-Rotterdam-Amsterdam.  
 3) Weighted average of rates noted during the month in respect of single voyages. A.R.A.  
 4) The cif prices shown are the sum of spot prices for coal spot freight rates. They reflect the influence of marginal demand on the day-to-day prices charged in respect of short-term contracts.



TABLE 16  
Overall Energy Balance-Sheet of the Community

	('000,000 metric tons H.C.E.)		
	1964	1965 (estimate)	1966 (forecast)
<b>1. Availabilities</b>			
11. Primary-energy production			
Hard coal	221.3	213.7	209.5
Brown coal	34.1	32.9	32.1
Crude oil and natural petroleum products	23.4	24.5	25.5
Natural gas	20.7	22.6	25.4
Hydro-electricity <sup>1)</sup>	33.9	38.5	40.0
Nuclear electricity	1.2	1.8	2.6
12. Imports			
Hard coal	31.1	28.9	29.3
Brown coal	4.0	2.9	2.9
Coke	0.3	—	—
Crude oil	283.4	323.4	352.5
Petroleum products	28.1	26.9	28.6
Gas	—	0.5	0.6
Electricity	3.9	3.6	3.5
13. Total availabilities (11 + 12) <sup>2)</sup>	685.4	720.2	752.5
<b>2. Requirements</b>			
21. Primary-energy producers' own consumption and conversion and transmission losses	66.3	70.1	72.5
22. Consumption			
Iron and steel industry	74.1	76.1	76.4
Other industries	173.1	182.0	192.9
Transport sector	78.2	82.2	87.9
Household sector	174.5	178.5	188.0
Not specified	6.3	7.7	7.8
23. Total internal consumption (primary-energy consumption, 21 + 22)	572.5	596.6	625.5

24. Recorded stock changes				
241. primary converters'	- 0.2	- 1.9	-	-
242. end consumers'	+ 0.4	- 0.8	-	-
25. Internal requirements (23 + 24)	572.7	593.9		625.5
26. Exports and bunkering				
261. Exports				
Hard coal	2.9	2.2		2.1
Brown coal	0.3	0.4		0.4
Coke	3.9	3.4		3.4
Crude oil	-	-		-
Petroleum products	38.8	45.4		44.2
Gas	0.1	-		0.2
Electricity	2.1	1.6		1.3
262. Bunkering				
Hard coal	0.1	-		-
Oil	24.7	26.2		27.3
263. Total (261 + 262)	72.9	79.2		78.9
27. Products used for non-energy purposes	23.3	26.6		29.5
28. Total requirements (25 + 263 + 27)	668.9	699.7		733.9
3. Corrections				
31. Stock changes				
311. producers'	+ 6.9	+12.1		+ 7.9
312. importers'	- 0.2	- 0.4		+ 2.5
32. Statistical errors	+ 9.4	+ 8.8		+ 8.4
33. Total (31 + 32 = 13/28)	+16.5	+20.5		+18.8

<sup>1)</sup> Including geothermal electricity.

<sup>2)</sup> Rounded figures, which may differ slightly from the sum of the individual items.

TABLE 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 <sup>1)</sup>	Hydro- electricity <sup>2)</sup>	Total consump- tion
<b>1964</b>						
Germany (Fed. Rep.)	120.4	35.0	83.1	2.5	4.7	245.7
Belgium	22.33	0.05	17.14	0.05	— 0.07 <sup>3)</sup>	39.49
France	65.7	1.7	60.2	7.0	14.6	149.2
Italy	10.2	0.6	55.2	9.9	17.3	93.1
Luxembourg	4.13	0.11	0.97	0.01	0.28	5.50
Netherlands	14.75	0.14	23.60	0.95	0.01	39.44
Community	237.5	37.5	240.2	20.4	36.8	572.4
<b>1965 (estimated)</b>						
Germany (Fed. Rep.)	113.5	31.7	95.3	3.4	7.1	251.0
Belgium	21.94	0.06	19.45	0.06	0.08	41.59
France	60.1	1.8	66.8	7.5	18.5	154.7
Italy	11.2	0.5	60.4	10.3	18.5	100.8 <sup>2)</sup>
Luxembourg	3.93	0.08	1.09	0.01	0.30	5.41
Netherlands	13.58	0.18	26.64	1.55	0.04	41.99
Community	224.3	34.2	269.6	22.9	44.6	595.6
<b>1966 (forecast)</b>						
Germany (Fed. Rep.)	112.6	31.4	106.1	5.3	7.1	262.5
Belgium	21.40	0.06	21.32	0.06	0.05	42.89
France	60.3	1.9	74.1	7.7	18.1	162.1
Italy	12.1	0.8	67.3	10.7	19.2	110.1
Luxembourg	3.82	0.08	1.22	0.02	0.38	5.52
Netherlands	12.64	0.12	28.69	3.00	—	44.45
Community	222.0	34.4	298.7	27.5	44.8	628.2

<sup>1)</sup> Including net external trade balance.

<sup>2)</sup> Including geothermal and nuclear electricity and net external-trade balance.

<sup>3)</sup> Net electricity exports are higher than primary-energy production.

TABLE 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 <sup>1)</sup>	Hydro-electricity	Total
<i>1964</i>						
Germany (Fed. Rep.)	49.0	14.3	33.8	1.0	1.9	
Belgium	56.5	0.1	43.4	0.1	— 0.1 <sup>3)</sup>	
France	44.1	1.1	40.3	4.7	9.8	
Italy	11.0	0.6	59.2	10.6	18.6	
Luxembourg	75.2	1.9	17.7	0.1	5.1	
Netherlands	37.4	0.3	59.9	2.4	0.0	
Community	41.5	6.5	42.0	3.6	6.4	100%
<i>1965 (estimated)</i>						
Germany (Fed. Rep.)	45.2	12.6	38.0	1.4	2.8	
Belgium	52.8	0.1	46.8	0.1	— 0.2 <sup>3)</sup>	
France	38.9	1.2	43.1	4.8	12.0	
Italy	11.1	0.5	59.9	10.2	18.3	
Luxembourg	72.6	1.5	20.0	0.3	5.6	
Netherlands	32.2	0.4	63.5	3.7	0.1	
Community	37.7	5.7	45.3	3.8	7.5	100%
<i>1966 (forecast)</i>						
Germany (Fed. Rep.)	42.9	12.0	40.4	2.0	2.7	
Belgium	49.9	0.1	49.7	0.2	0.1	
France	37.2	1.2	45.7	4.8	11.1	
Italy	11.0	0.7	61.1	9.7	17.5	
Luxembourg	69.2	1.5	22.0	0.3	7.0	
Netherlands	28.0	0.3	63.5	8.2	—	
Community	35.5	5.5	47.5	4.4	7.1	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 19  
Community Balance-Sheet for Iron Ore

	('000 metric tons Fe content)						
	1957	1961	1962	1963	1964	1964 (9 months)	1965 (9 months)
<i>Availabilities</i>							
1. Production of saleable ore	37,702	46,288	44,751	43,542	51,623	37,827	40,839
2. Net imports from third countries	13,230	26,493	25,728	22,593	23,319	17,108	16,766
imports	24,472 <sup>1)</sup>	19,795 <sup>1)</sup>	19,023 <sup>1)</sup>	20,949 <sup>1)</sup>	28,304 <sup>1)</sup>	20,719 <sup>1)</sup>	24,073
exports	23,769 <sup>1)</sup>	19,999 <sup>1)</sup>	19,210 <sup>1)</sup>	21,102 <sup>1)</sup>	28,450 <sup>1)</sup>	20,831 <sup>1)</sup>	24,162
	287 <sup>1)</sup>	204 <sup>1)</sup>	187 <sup>1)</sup>	153 <sup>1)</sup>	140 <sup>1)</sup>	112 <sup>1)</sup>	79
<i>Consumption</i>							
1. by sintering plants	35,702	45,219	44,483	43,441	49,897	36,551	39,558
Community ores	5,244	14,540	17,813	21,558	25,944	18,929	22,146
third-country ores	3,476	7,066	8,319	10,388	11,613	8,528	9,004
2. by blast-furnaces	1,768	7,474	9,494	11,170	14,331	10,401	13,142
Community ores	30,099	29,837	25,721	21,134	23,075	16,976	16,736
third-country-ores	19,547	18,712	15,866	11,386	10,833	7,991	7,373
3. by steelworks	10,552	11,126	9,855	9,748	12,252	8,985	9,363
Community ores	455 <sup>1)</sup>	865 <sup>1)</sup>	990 <sup>1)</sup>	749 <sup>1)</sup>	878	646 <sup>2)</sup>	676 <sup>2)</sup>
third-country ores	89 <sup>2)</sup>	243 <sup>2)</sup>	202 <sup>2)</sup>	115 <sup>2)</sup>	56	42 <sup>2)</sup>	48 <sup>2)</sup>
Community ores	366 <sup>2)</sup>	724 <sup>2)</sup>	788 <sup>2)</sup>	634 <sup>2)</sup>	822	604 <sup>2)</sup>	629 <sup>2)</sup>
<i>Stock changes</i>							
at works	+ 1,670	+ 927	—	—	+ 1,282	+ 1,093	+ 1,132
elsewhere	+ 868	+ 299	—	—	+ 772	+ 637	+ 877
at mines	+ 447	+ 422	—	—	+ 414	+ 439	+ 284
	+ 365	+ 206	+ 728	+ 58	+ 96	+ 17	+ 29
<i>Difference due to errors and omissions</i>	—	—	—	—	—	—	—
	270	142	495	445	444	183	149

1) Estimated.

2) Partly estimated.

N.B.

For figures in respect of the years 1958-1960, see *Eleventh General Report*.

TABLE 20

## Production of Crude Iron Ore in the Community

('000 metric tons)

Period	Germany (Fed.) Rep.)	Belgium	France	Italy	Luxembourg	Community
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	18,886	115	67,395	2,065	7,458	95,899
1962	16,643	81	67,117	1,983	6,507	92,331
1963	12,898	96	58,476	1,709	6,990	80,169
1964	11,613	62	61,472	1,572	6,680	81,399
1965 <sup>1)</sup>	10,847	92	60,116	1,367	6,315	78,737
<b>Difference between 1964/1965 (in %)</b>	— 766 — 6.6	+ 30 + 48.4	— 1,356 — 2.2	— 205 — 13.0	— 365 — 5.5	— 2,662 — 3.3

<sup>1)</sup> Provisional figures.

N.B.

For figures in respect of the years not listed in this table, see *Tenth General Report*.

TABLE 21  
Iron-Ore Trade within the Community

Country of supply	Countries of destination	1952	1958	1960	1962	1963	1964	1965	
								1964	first nine months
<i>Germany (Fed. Rep.)<sup>1)</sup></i>	Belgium/Luxembourg	—	1.6	2.8	2.5	2.1	1.8	1.3	1.4
	France <sup>2)</sup>	51.6	36.8	2.1	2.5	3.1	10.7	6.2	3.3
	Italy	1.2	1.6	1.2	0.2	0.3	0.4	0.4	0.2
	Netherlands	0.0	0.4	1.5	3.4	2.5	3.7	2.4	3.3
	Total	52.8	40.4	7.6	8.6	13.0	16.6	10.2	8.1
<i>Belgium/Luxembourg</i>	Germany (F.R.) <sup>1)</sup>	434.4	17.4	0.2	0.0	2.2	18.1	18.1	0.0
	France <sup>2)</sup>	10.8	94.0	128.2	235.3	269.5	207.2	156.0	65.4
	Netherlands	—	—	—	1.3	3.0	0.0	—	—
	Total	445.2	111.4	128.4	236.6	274.7	225.4	174.1	65.4
<i>France<sup>2)</sup></i>	Germany (F.R.) <sup>1)</sup>	379.2	1,110.1	9,779.6	9,070.4	6,863.0	6,410.4	4,781.1	4,580.8
	Belgium/Luxembourg	8,395.2	13,616.5	16,828.9	16,265.0	14,077.3	15,447.6	11,457.9	11,120.7
	Italy	—	—	—	0.2	0.1	0.0	0.0	—
	Netherlands	132.0	51.6	6.2	—	—	1.5	1.3	0.4
	Total	8,906.4	14,778.2	26,614.7	25,335.6	20,940.4	21,859.5	16,240.4	15,701.9
<i>Italy</i>	France	—	—	—	—	—	—	—	23.0
	Total <sup>3)</sup>	9,404.4	14,941.6	26,764.2	25,591.7	21,234.5	22,110.3	16,428.4	15,802.9
	Germany (F.R.) <sup>1)</sup>	813.6	1,139.1	9,793.0	9,081.1	6,871.6	6,431.2	4,801.8	4,583.4
	Belgium/Luxembourg	8,385.2	13,618.1	16,831.7	16,267.6	14,079.4	15,449.4	11,459.3	11,124.0
	France <sup>2)</sup>	62.4	130.8	130.6	238.0	277.6	224.0	163.3	91.6
	Italy	1.2	1.6	1.2	0.4	0.4	0.4	0.4	0.2
	Netherlands	132.0	52.0	7.7	4.7	5.5	5.3	3.7	3.7

<sup>1)</sup> Including the Saar as from July 6, 1959.

<sup>2)</sup> Including the Saar up to July 5, 1959.

<sup>3)</sup> Including some small tonnages delivered by Italy and the Netherlands.

<sup>4)</sup> Estimate based on deliveries.

N.B.

For the years 1953-1957, 1959 and 1961, see previous *General Reports*.

TABLE 22  
Community Iron-Ore Imports from Third Countries

Country of origin	( '000 metric tons )					
	1954	1958	1962	1963	1964	1965
Spain	554.5	1,158.7	943.3	923.8	1,083.6	802.8
Greece	19.3	101.8	100.2	53.5	—	—
Norway	720.7	760.6	857.9	781.2	895.7	694.9
Sweden	7,689.1	10,627.3	13,757.5	14,688.8	16,739.7	12,397.7
Turkey	126.0	348.2	105.4	31.4	—	—
U.S.S.R.	—	—	228.8	326.0	468.4	333.1
Algeria	653.5	863.4	737.3	821.5	1,181.5	790.8
Liberia	245.0	953.6	2,040.9	3,755.6	7,285.1	5,378.6
Morocco <sup>1)</sup>	200.5	508.2	363.8	270.9	603.2	373.1
Tunisia	278.1	338.3	311.9	215.1	273.5	189.8
Mauritania	—	—	—	955.1	3,158.8	2,252.7
Sierra Leone	19.1	647.4	1,391.6	1,468.8	1,489.8	1,162.7
Portuguese African territories	—	165.4	418.5	521.3	1,052.0	1,308.3
India and Portuguese possessions in Asia	758.1	1,562.8	2,405.5	1,515.7	1,396.4	842.5
Canada	724.3	1,736.6	1,482.1	1,140.7	1,029.8	862.7
Brazil	308.1	692.2	3,807.3	4,100.9	5,263.4	747.7
Chile	38.8	150.1	599.6	688.8	699.2	3,805.6
Peru	—	722.2	1,322.1	2,139.0	1,929.0	520.4
Venezuela	9.6	1,869.6	1,723.9	1,720.2	2,842.2	1,436.8
Other countries	245.7	551.3	352.1	437.8	303.5	2,047.0
Total	12,590.5	23,757.9	32,949.7	36,556.1	47,695.2	34,857.1
						first nine months
						218.2
						273.4
						40,319.9

<sup>1)</sup> 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 1955-1957 and 1959-1961, see previous *General Reports*.



TABLE 23

## Community Balance-Sheet for Pig-Iron

('000 metric tons)

	1954	1962	1963	1964	1964 first nine months	1965 first nine months
<i>Availabilities</i> (Total)	33,069	54,298	54,030	61,205	45,000	47,663
1. Net Community production	33,129	53,715	53,206	60,783	44,678	47,353
(a) Phosphorous steelmaking pig-iron	25,322	38,262	37,229	41,186	30,552	29,854
(b) Hematite steelmaking pig-iron	4,036	11,050	11,786	15,123	10,916	13,889
(c) Phosphorous foundry pig-iron	1,652	1,364	1,268	1,103	840	785
(d) Hematite foundry pig-iron	1,013	1,697	1,702	2,107	1,458	1,750
(e) Spiegel	256	244	212	166	119	124
(f) High-carbon ferro-manganese	258	528	548	643	466	484
(g) Others (alloyed and special pig-irons)	502	570	462	454	326	468
2. Net imports from third countries	— 60	583	824	422	322	310
(a) imports	300	1,185	1,259	758	594	563
of which : foundry pig-iron		637	813	463	372	279
(b) exports	360	602	435	336	272	253
of which : foundry pig-iron		237	200	165	132	132
<i>Consumption</i> (Total)	(33,184)	54,208	54,058	61,289	—	—
1. by steelworks	30,089	50,167	50,080	57,196	42,195	44,468
(a) Basic Bessemer	25,044	36,611	35,348	36,514	27,317	25,191
(b) Open-hearth	4,878	9,910	9,376	10,804	7,971	8,202
(c) Electric furnace	166	438	404	378	285	304
(d) Others	1	3,208	4,952	9,501	6,622	10,771
2. by pig-iron foundries	3,095	4,003	3,946	4,052	—	—
3. by independent steel foundries	—	38	32	41	32	25
<i>Stock changes</i>						
of which : foundry pig-iron	—	+ 62	— 160	+ 28	+ 94	+ 143
	—	+ 46	0	— 6	+ 52	+ 126
<i>Stock changes at pig-iron foundries and independent steel foundries</i>	—	—	—	—	—	—

N.B.

For figures in respect of the years 1955-1961, see previous *General Reports*.

TABLE 24

Scrap Trade between Community Countries<sup>1)</sup>

('000 metric tons)

Country	1954	1958	1960	1962	1963	1964	1964	1965
							first 9 months	
<i>Deliveries to other Community countries by:</i>								
Germany (Fed. Rep.) <sup>2)</sup>	676	859	1,227	1,242	1,285	1,204	845	1,399
Belgium/Luxembourg	142	136	436	360	519	607	428	545
France <sup>3)</sup>	916	559	1,318	1,231	1,128	1,356	1,036	1,361
Italy	0	0	2	1	0	3	2	1
Netherlands	118	172	342	231	281	410	303	370
Community	1,852	1,726	3,324	3,064	3,212	3,580	2,615	3,677
<i>Purchases from other Community countries by:</i>								
Germany (Fed. Rep.) <sup>2)</sup>	287	87	467	357	450	673	483	587
Belgium/Luxembourg	136	198	173	73	47	130	95	89
France <sup>3)</sup>	65	360	337	292	437	361	262	295
Italy	1,342	1,063	2,264	2,301	2,231	2,380	1,749	2,667
Netherlands	22	18	84	42	47	36	26	38
Community	1,852	1,726	3,324	3,064	3,212	3,580	2,615	3,677

<sup>1)</sup> Customs figures; deliveries calculated from import statistics.

<sup>2)</sup> Including the Saar as from July 6, 1959.

<sup>3)</sup> Including the Saar up to July 5, 1959.

*N.B.*

For the years 1955-1957, 1959 and 1961, see previous *General Reports*.

TABLE 25

## External Trade in Pig-Iron with Third Countries

('000 metric tons)

	1954	1958	1962	1963	1964	1964	1965
						first nine months	
Imports	300	648	1,185	1,259	758	594	563
Exports	360	204	602	435	336	272	253
Net imports	- 60	444	583	824	422	322	310

TABLE 26

## The Community's Internal Trade in Pig-Iron

('000 metric tons)

	1954	1958	1962	1963	1964	1964	1965
						first nine months	
<i>Deliveries to other Community Countries by<sup>1)</sup>:</i>							
Germany (Fed. Rep.) <sup>2)</sup>	180	224	468	541	470	363	241
Belgium/Luxembourg	45	43	73	166	91	67	69
France <sup>3)</sup>	126	131	340	250	237	173	177
Netherlands	100	75	168	117	81	61	49
Community <sup>4)</sup>	451	473	1,050	1,073	880	664	537
<i>Purchases from other Community Countries by<sup>1)</sup>:</i>							
Germany (Fed. Rep.) <sup>2)</sup>	76	55	165	124	163	121	134
Belgium/Luxembourg	162	204	329	270	249	191	146
France <sup>3)</sup>	106	148	142	185	159	126	61
Italy	97	62	410	483	243	195	171
Netherlands	10	4	5	10	67	30	25
Community	451	473	1,050	1,073	880	664	537

<sup>1)</sup> Customs statistics: deliveries calculated from import statistics.

<sup>2)</sup> Including the Saar as from July 6, 1959.

<sup>3)</sup> Including the Saar up to July 5, 1959.

<sup>4)</sup> Including some tonnages delivered by Italy.

N.B.

For the years 1955-1957 and 1959-1961, see previous *General Reports*.

TABLE 27

## 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	22,909		6,958	14,297	3,770	3,563	1,708	53,206
1964	27,182		8,122	15,840	3,513	4,178	1,948	60,783
1965 <sup>1)</sup>	26,985		8,437	15,767	5,501	4,144	2,365	63,200

<sup>1)</sup> Provisional figures.

TABLE 28

## Trend in New Orders for Rolled Products according to Origin

('000 metric tons)

Year	Home markets <sup>1)</sup>	Other Community countries <sup>1)</sup>	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	34,058	10,392	9,718
1964	33,898	11,424	11,164
1965	36,158	10,981	13,626

<sup>1)</sup> The Saar included with France up to and including 1958, with W. Germany from 1959 onwards.

TABLE 29

**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	54,168	53,701	9,997
1964	61,486	61,309	10,886
1965	60,765	63,149	9,636

TABLE 30

**Rate of Utilization of Steel-Production Capacities**

(in %)

	1955	1956	1958	1961	1962	1963	1964	1965 <sup>1)</sup>
Germany (Fed. Rep.)	97.0	97.7	82.1	90.7	85.6	79.5	91.2	82.5
Saar	95.9	98.5	96.4					
Belgium	94.3	93.8	80.8	84.8	87.9	85.1	88.6	88.3
France	93.9	95.0	93.4	94.7	88.1	84.0	91.6	87.0
Italy	94.3	92.6	80.1	93.0	91.4	92.5	83.7	87.2
Luxembourg	98.7	98.5	93.6	97.7	93.7	90.3	94.2	93.8
Netherlands	96.9	97.3	92.5	90.2	82.2	79.7	84.4	86.1
Community	95.7	96.1	85.9	91.7	87.5	83.3	90.0	85.5

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 1960, see previous General Reports.

TABLE 31  
Community and World Production of Crude Steel  
(1952-1965)

Country	in '000 metric tons						in % of world production						
	1952	1961	1962	1963	1964	1965 <sup>1)</sup>	Increase 1965/1964 in %	1952	1961	1962	1963	1964	1965 <sup>1)</sup>
Germany (Fed. Rep.) (without the Saar)	15,806	33,458	32,563	31,597	37,339	36,821	- 1.4	7.4	9.7	9.2	8.4	8.8	8.3
Saar	2,823	7,002	7,351	7,525	8,725	9,161	+ 5.0	1.3	2.0	2.1	2.0	2.0	2.1
Belgium	5,170	17,577	17,234	17,554	19,781	19,604	- 0.9	2.4	5.1	4.9	4.6	4.6	4.4
France	3,635	9,383	9,757	10,157	9,793	12,681	+ 29.0	1.6	2.8	2.8	2.7	2.3	2.8
Italy	3,002	4,113	4,010	4,032	4,559	4,586	+ 0.6	1.4	1.2	1.1	1.1	1.1	1.0
Luxembourg	693	1,978	2,096	2,354	2,659	3,118	+ 17.3	0.3	0.6	0.6	0.6	0.6	0.7
Netherlands	41,996	73,511	73,011	73,218	82,856	85,969	+ 3.7	19.6	21.4	20.7	19.4	19.4	19.3
Community	16,681	22,439	20,819	22,880	26,650	27,436	+ 3.0	7.8	6.6	5.9	6.1	6.2	6.2
United Kingdom	87,766	90,453	91,171	101,477	117,993	122,000	+ 3.4	41.1	26.3	25.9	26.8	27.7	27.4
United States	34,492	70,751	76,306	80,226	86,034	91,000	+ 7.0	16.1	20.6	21.7	21.2	19.9	20.5
U.S.S.R.	11,225	22,687	24,650	25,224	27,131	28,450	+ 4.9	5.2	6.6	7.0	6.6	6.4	6.4
Eastern Europe <sup>2)</sup>	6,988	28,268	27,546	31,501	39,799	40,750	+ 2.4	3.3	8.2	7.8	8.3	9.3	9.2
Japan	14,602	35,391	38,997	43,474	47,237	48,937	+ 3.6	6.9	10.3	11.0	11.5	11.1	11.0
Other countries	213,750	343,500	352,500	378,000	426,700	444,500	+ 4.2	100	100	100	100	100	100
World <sup>3)</sup>													

<sup>1)</sup> Provisional figures.

<sup>2)</sup> Eastern Germany, Bulgaria, Poland, Roumania, Czechoslovakia, Hungary.

<sup>3)</sup> Estimated, without China (People's Republic).

N.B.

Corrections made to figures in previous *General Reports*. For figures in respect of the years 1954-1960, see previous *General Reports*.

TABLE 32

**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	3,210	48	39,762
1954	22,633	214	17,387	3,713	14	43,961
1955	27,520	246	20,478	4,523	10	52,777
1956	29,387	252	22,104	5,203	15	56,961
1957	30,156	245	23,597	5,926	71	59,995
1958	29,282	237	22,121	5,893	642	58,175
1959	32,218	171	23,419	6,536	1,010	63,354
1960	35,920	185	27,538	7,813	1,612	73,068
1961	35,411	189	27,070	8,432	2,401	73,503
1962	34,125	160	26,446	8,760	3,511	73,002
1963	33,348	147	25,249	8,962	5,501	73,206
1964	34,717	149	27,939	9,610	10,442	82,856
1965 <sup>1)</sup>	32,147	121	27,170	10,245	16,242	85,925

1) Provisional figures.

TABLE 33

**Production of High-Grade and Special Steels**  
(Community)

('000 metric tons)

Year	Germany Fed. Rep.	Benelux	France	Italy	Community
1954	1,447	106	936	630	3,119
1955	1,908	168	1,143	690	3,909
1956	2,215	202	1,233	719	4,369
1957	2,068	183	1,331	820	4,402
1958	1,977	110	1,298	873	4,258
1959	2,234	133	1,155	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	2,481	194	1,483	1,192	5,363
1964	3,047	252	1,601	1,070	5,970
1965 <sup>1)</sup>	3,108	219	1,765	1,320	6,412

1) Provisional figures.

TABLE 34  
**Production of Finished Products by types of Products<sup>1)</sup>**  
 (Community)

Type of product	1952	1953	1958	1959	1960	1962	1963	1964	1965 <sup>2)</sup>
Permanent-way material	1,432	1,497	1,611	1,392	1,405	1,358	1,175	1,127	1,141
Heavy sections	2,723	2,549	3,268	3,475	4,010	4,496	4,343	5,012	5,230
Light sections	10,033	8,859	11,409	12,655	14,533	14,284	14,409	15,393	15,752
Wire rod	2,844	2,491	4,067	4,827	5,381	5,223	5,480	6,379	6,748
Tube semis	973	980	1,482	1,603	1,953	1,831	1,772	1,994	2,005
Hoop and strip	2,273	1,848	3,227	3,992	4,650	4,562	4,567	5,245	5,088
Universals and plate									
3 mm. and over	4,288	4,547	6,976	6,838	7,817	7,874	7,331	8,687	8,978
Sheet under 3 mm.	3,947	3,789	7,635	8,536	10,355	10,857	11,953	13,507	13,523
Coils (finished products)	2	50	229	448	687	884	984	1,209	1,816
<b>Total</b>	<b>28,515</b>	<b>26,610</b>	<b>39,894</b>	<b>43,761</b>	<b>50,792</b>	<b>51,338</b>	<b>51,973</b>	<b>58,553</b>	<b>60,282</b>

<sup>1)</sup> Provisional figures.

N.B.

For figures in respect of the years 1954-1957 and 1961, see previous *General Reports*.

(<sup>1</sup>000 metric tons)



TABLE 35  
Trade in Iron and Steel (Treaty Products) within the Community

('000 metric tons)

Country of supply	Country of destination	1963	1964	1964 (first nine months)	1965 (first nine months)	Change in % 1965/1964 (first nine months)
Germany (Fed. Rep.) <sup>1)</sup>	Belgium/Luxembourg	256.8	366.7	267.5	259.0	— 3.2
	France <sup>2)</sup>	1,732.8	1,937.8	1,455.2	1,293.7	— 11.1
	Italy	958.7	576.5	486.4	294.2	— 39.5
	Netherlands	687.0	835.2	613.6	608.9	— 0.8
	Total	3,635.2	3,716.3	2,822.8	2,455.8	— 13.0
Belgium/ Luxembourg	Germany (Fed. Rep.) <sup>1)</sup>	1,516.1	1,970.3	1,426.2	1,564.3	+ 9.7
	France <sup>2)</sup>	1,257.7	1,630.4	1,238.2	1,064.7	— 14.0
	Italy	474.3	242.1	202.8	166.5	— 17.9
	Netherlands	674.4	892.0	648.5	603.8	— 6.9
	Total	3,922.5	4,734.7	3,515.7	3,399.4	— 3.3
France <sup>2)</sup>	Germany (Fed. Rep.) <sup>1)</sup>	1,227.2	1,537.4	1,134.1	1,244.9	+ 9.8
	Belgium/Luxembourg	202.2	433.9	322.7	288.1	— 10.7
	Italy	700.0	580.3	428.4	328.7	— 23.3
	Netherlands	110.1	121.7	88.1	95.5	+ 8.4
	Total	2,239.4	2,673.2	1,973.2	1,957.3	— 0.8
Italy	Germany (Fed. Rep.) <sup>1)</sup>	46.9	222.9	143.9	218.9	+ 52.1
	Belgium/Luxembourg	1.4	2.6	1.4	5.5	+
	France <sup>2)</sup>	52.3	133.6	82.3	143.8	+ 74.7
	Netherlands	0.2	16.8	9.1	19.5	+ 114.3
	Total	100.9	375.8	236.8	387.7	+ 63.7
Netherlands	Germany (Fed. Rep.) <sup>1)</sup>	274.8	298.5	223.6	242.8	+ 8.6
	Belgium/Luxembourg	189.7	227.3	173.3	149.6	— 13.7
	France <sup>2)</sup>	92.8	91.1	79.8	56.1	— 29.7
	Italy	175.6	202.3	148.9	62.7	— 57.9
	Total	733.0	819.2	625.6	511.2	— 18.3
	Grand Total	10,630.9	12,319.3	9,174.1	8,711.3	— 5.1
	of which <sup>3)</sup> :					
	Germany (Fed. Rep.) <sup>1)</sup>	3,065.0	4,029.1	2,927.8	3,270.9	+ 11.7
	Belgium/Luxembourg	650.1	1,030.4	764.9	702.2	— 8.2
	France <sup>2)</sup>	3,135.7	3,793.0	2,855.6	2,558.3	— 10.4
	Italy	2,308.5	1,601.1	1,266.5	852.1	— 37.3
	Netherlands	1,471.7	1,865.7	1,359.3	1,327.7	— 2.3

<sup>1)</sup> Including the Saar as from July 6, 1959.

<sup>2)</sup> Including the Saar up to July 5, 1959.

<sup>3)</sup> Estimates based on deliveries.

N.B.

For figures in respect of the years 1955-1962, see the *Twelfth General Report*.

For the definition of "Treaty Products" and "Non-Treaty Products", see the series of bulletins *Sidérurgie* issued by the Statistical Office of the European Communities.

TABLE 36  
Steel Trade within the Community<sup>1)</sup>  
(Treaty and non-Treaty Products)

Period	Product or Group of products	('000 metric tons)										
		Ingot 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
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	6,056	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	1,390	2,179	9,712	624
1963		1,303	945	70	850	787	2,124	745	1,390	2,416	10,631	701
1964, first nine months		1,734	1,159	62	985	884	2,392	811	1,699	2,693	12,319	988
1964, first nine months		1,322	848	51	729	666	1,741	594	1,179	2,044	9,174	730
1965, first nine months		1,058	700	54	696	672	1,713	551	1,235	2,031	8,711	790
Change in % 1965/1964 (first nine months)		-20.0	-17.5	+ 5.8	- 4.5	+ 0.9	- 1.6	- 7.2	+ 4.7	- 0.6	- 5.1	+ 8.2

<sup>1)</sup> Figures based on deliveries.

N.B.

For the years 1955-1958, see *Ninth General Report*.

TABLE 37  
Community Steel Exports to Third Countries  
(Treaty and non-Treaty products)

Period	Product or Group of products	('000 metric tons)										
		Ingot 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
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	2,386	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	2,841	10,472	2,659
1962		710	157	337	623	799	3,144	438	925	2,220	9,354	2,735
1963		680	155	222	622	828	2,960	348	870	2,377	9,064	2,330
1964	(first nine months)	844	282	168	851	983	3,030	435	983	2,914	10,490	2,336
1964	(first nine months)	604	183	117	626	716	2,246	331	697	2,091	7,611	1,697
1965	(first nine months)	835	530	194	877	944	3,093	327	1,266	2,609	10,674	2,053
Change in % 1965/1964 (first nine months)		+ 38.2	+ 189.6	+ 65.8	+ 40.1	+ 31.8	+ 37.7	- 1.2	+ 81.2	+ 24.8	+ 40.2	+ 21.0

TABLE 38

Community Steel Imports from Third Countries  
(Treaty and non-Treaty products)

('000 metric tons)

Period	Product or Group of products	Ingot and semi	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	263	1,083	135
1958		280	310	2	17	5	89	8	138	250	1,089	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	231
1963		473	1,327	7	76	122	259	55	501	497	3,316	244
1964		325	1,267	4	117	57	240	55	302	308	2,676	287
1964 (first nine months)		252	963	3	84	45	190	43	248	251	2,079	209
1965 (first nine months)		111	617	3	83	40	161	17	193	205	1,431	205
Change in % 1965/1964 (first nine months)		-56.0	-35.9	± 0	- 1.2	-11.2	-15.3	-60.5	-22.2	-18.4	-31.2	- 1.9

TABLE 39  
Community Steel Imports (Treaty 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			Japan	Other third countries	Total
					U.S.S.R.	Other countries				
Germany (Fed. Rep.) <sup>1)</sup>										
1955	123	7	30	76	—	6	4	2	248	
1960	312	65	58	100	26	96	0	73	751	
1962	423	134	102	59	184	109	19	26	1,043	
1963	454	153	112	53	64	126	39	71	1,045	
1964	447	213	138	39	64	89	24	72	1,144	
1964 (9 months)	326	183	96	29	57	89	11	100	863	
1965 (9 months)	324	65	101	14	41	46	25	100	716	
Change in %										
1965/1964 (9 months)	— 0.6	— 64.5	+ 5.2	— 51.7	— 28.1	— 48.3	+ 127.3	+ 38.9	— 17.0	
Belgium/Luxembourg										
1955	9	5	13	30	0	3	0	1	61	
1960	81	17	9	15	—	29	0	14	165	
1962	40	30	9	6	21	49	52	4	211	
1963	28	32	12	12	32	32	65	5	219	
1964	18	22	14	17	41	18	40	4	173	
1964 (9 months)	15	15	10	9	33	11	30	4	127	
1965 (9 months)	6	11	15	18	18	6	37	1	114	
Change in %										
1965/1964 (9 months)	— 60.0	— 26.7	+ 50.0	+ 100.0	— 45.5	— 45.5	+ 23.3	— 75.0	— 10.2	
France <sup>2)</sup>										
1955	8	2	8	16	—	—	0	0	34	
1960	9	5	7	12	—	8	—	78	119	
1962	15	61	15	5	42	2	0	24	164	
1963	6	127	18	8	62	4	18	36	279	
1964	4	84	16	7	12	11	2	11	147	
1964 (9 months)	4	76	11	6	12	11	2	8	129	
1965 (9 months)	2	33	22	3	0	1	4	11	77	
Change in %										
1965/1964 (9 months)	— 50.0	— 56.6	+ 100.0	— 50.0	—	— 90.9	+ 100.0	+ 37.5	— 40.3	

(<sup>1</sup>000 metric tons)



**TABLE 40**  
**Community Steel Exports (Treaty Products) to Third Countries**  
 (by countries of destination)

Country of destination Country of origin	('000 metric tons)												
	America		Western Europe			Eastern Europe S.E.C.R. U.S.S.R.		Africa		Asia		Oceania and others	Total
	North	Latin	U.K.	Sweden	Other countries	Overseas territories associated with member States	Other countries	Japan	Other countries				
Germany (F.R.) <sup>1)</sup>	27	199	62	142	547	52	1	50	0	238	4	1,323	
1955 <sup>2)</sup>	338	404	88	213	1,095	358	2	64	9	591	10	3,171	
1960	280	286	10	148	1,398	369	4	96	2	280	2	2,876	
1962	424	220	36	162	1,302	151	9	106	3	362	6	2,781	
1963	1964	233	193	191	1,261	143	9	99	2	330	5	3,081	
1964 (9 m.)	425	138	179	133	907	116	7	77	2	259	9	2,277	
1965 (9 m.)	919	205	37	235	1,312	95	7	120	1	335	9	3,275	
Change in %													
1965/64 (9 m.)	+116.2	+ 22.0	- 79.3	+ 76.7	+ 44.7	- 18.1	± 0	+ 55.8	- 50.0	+ 29.3	+ 80.0	+ 43.8	
Belgium/ Luxembourg													
1955 <sup>2)</sup>	264	436	224	245	735	65	144	199	2	414	78	3,805	
1960	658	517	126	265	795	319	38	142	8	788	42	3,689	
1962	965	330	59	183	875	136	42	162	2	539	4	3,297	
1963	994	222	161	156	751	74	46	143	2	447	14	3,010	
1964	1,149	325	176	188	854	44	58	141	1	370	33	3,339	
1964 (9 m.)	855	243	160	144	621	39	42	109	1	281	24	2,517	
1965 (9 m.)	1,337	299	40	162	785	21	34	156	1	353	25	3,213	
Change in %													
1965/64 (9 m.)	+ 56.4	+ 23.0	- 75.0	+ 12.5	- 26.4	- 46.2	- 19.1	+ 43.1	± 0	+ 125.6	+ 4.1	+ 27.7	
France <sup>2)</sup>													
1955 <sup>2)</sup>	173	369	159	85	707	154	164	509	0	384	44	2,747	
1960	221	251	63	97	629	290	161	454	2	431	31	2,629	
1962	228	188	29	84	732	171	228	263	1	267	9	2,201	
1963	319	153	114	93	731	119	176	247	0	260	13	2,226	
1964	424	224	104	129	1,002	91	185	285	0	246	35	2,724	
1964 (9 m.)	306	159	90	93	701	76	129	187	0	151	22	1,915	
1965 (9 m.)	719	165	16	115	787	33	104	229	-	195	31	2,394	
Change in %													
1965/64 (9 m.)	+135.0	+ 3.8	- 82.2	+ 23.7	+ 12.3	- 56.6	- 19.4	+ 22.5	-	+ 29.1	+ 40.9	+ 25.0	

Italy	0	29	3	0	75	2	-	9	-	18	4	140
1955 <sup>3)</sup>	22	101	23	8	205	284	2	26	0	86	8	767
1960	0	76	1	2	147	189	2	38	0	33	18	506
1962	0	7	0	0	201	121	2	35	-	18	10	395
1963	33	26	5	1	288	125	3	80	0	110	9	680
1964 (9 m.)	13	16	4	0	193	187	2	31	0	62	5	413
1965 (9 m.)	244	28	2	1	240	145	6	222	0	162	5	1,054
Change in %	+	75.0	- 50.0	+	24.4	66.7	+ 200.0	+	+	+ 101.3	± 0	+ 155.2
1965/64 (9 m.)												
Netherlands	0	29	71	36	58	-	0	2	0	9	5	210
1955 <sup>3)</sup>	28	41	190	45	109	25	-	9	0	46	0	494
1960	3	21	142	47	165	66	0	9	1	21	1	474
1962	0	26	186	60	230	109	0	16	2	20	0	651
1963	1	37	201	68	262	12	0	27	3	54	0	666
1964 (9 m.)	1	26	157	44	186	11	0	21	2	42	0	490
1965 (9 m.)	129	22	108	67	329	2	0	33	1	46	0	738
Change in %	+	15.4	- 31.2	+ 52.3	+ 76.9	- 81.8	± 0	+ 42.9	- 50.0	+ 9.5	± 0	+ 50.6
1965/64 (9 m.)												
Community	464	1,056	519	510	2,122	272	417	662	3	1,062	137	7,225
1955 <sup>3)</sup>	1,267	1,316	490	627	2,833	1,276	203	693	21	1,943	91	10,758
1960	1,476	898	240	464	3,219	930	275	570	6	1,139	35	9,354
1962	1,737	632	496	471	3,115	575	235	545	7	1,108	43	9,064
1963	2,218	845	679	577	3,667	415	255	632	7	1,110	86	10,490
1964 (9 m.)	1,599	612	590	414	2,608	329	180	425	5	795	56	7,611
1965 (9 m.)	3,349	720	202	579	3,453	296	150	761	3	1,091	70	10,674
Change in %	+ 109.4	+ 17.6	- 65.8	+ 39.9	+ 32.4	- 10.0	- 16.7	+ 79.1	- 40.0	+ 37.2	+ 25.0	+ 40.2
1965/64 (9 m.)												

1) Including the Saar as from July 6, 1959.

2) Including the Saar up to July 5, 1959.

3) Corrected figures for the year 1955.

N.B.

For the year 1961 (uncorrected figures), see the *Twelfth General Report*.



TABLE 41

Development of Internal and Export Prices for Rolled Products<sup>1)</sup>

Product	(\$ per metric ton)					
	Germany (Fed. Rep.)		Belgium		France	
	January 1965	January 1966	January 1965	January 1966	January 1965	January 1966
Reinforcing bars	101.30	101.30	94-96	80-96	96.60	96.60
Merchant bars	b.B. 104.15 o/h 114.50	100.55 <sup>2)</sup> 114.50	96-98 108-111	90-98 107-108	96.60 107.30	96.60 107.30
Beams and joists	b.B. 101.75 o/h 112.10	98.15 <sup>2)</sup> 108.50 <sup>2)</sup>	99-107 109-122	90-99 108-109	97.75 108.70	97.75 108.70
Wire rod	b.B. 106.10 o/h 116.40	106.10 116.40	94-110 104-125	89-110 106-125	99.20 106.25	99.20 106.25
Hoop and strip	b.B. 113.05 o/h 123.60	113.05 123.60	109 127	109 119-127	101.70 114.15	101.70 114.15
Sheet (hot-rolled)	b.B. 111.85 o/h 125.75	111.85 125.75	107-122 114-138	92-122 97-138	109.65 120.85	109.65 120.85
Plate	b.B. 133.20 o/h 145.20	133.20 145.20	128-136 148	108-136 148	124.75 136.85	124.75 136.85
Sheet (cold-rolled) (1 mm.)	b.B. 154.30 o/h 166.30	154.30 166.30	150.30	150.30	142.30	142.30
<i>Easing points:</i>	Oberhausen For plate: Essen For sheet: Siegen		Seraing and others		Thionville For plate and sheet: Montmédy	

Product	Italy		Luxembourg		Netherlands		Brussels export price	
	January 1965	January 1966	Jan. 1965	Jan. 1966	Jan. 1965	Jan. 1966	Jan. 1965	Jan. 1966
	Reinforcing bars b.B. o/h	90.40-93.60	93.60-96.80	103	103	100.25	87.15	80-81
Merchant bars b.B. o/h	102.40-110.40	102.40-110.40	100	100	111.05	111.05	91-93	82-86
Beams and joists b.B. o/h	107.20	108.80	104	104	—	—	84-86	74-77
Wire rod b.B. o/h	116.80	116.80	103	103	117.30	117.30	89-92	78-83
Hoop and strip b.B. o/h	108.80	108.80	107	107	114.15	114.15	92-95	80-84
Plate b.B. o/h	123.20-124.80	123.20-124.80	118	118	106.30	101.05	98-99	83-86
Sheet (hot rolled) b.B. o/h	139.20	139.20	138.60	138.60	112.85	107.60	108	100
Sheet (cold rolled) (1 mm.) b.B. o/h	153.60	153.60	150.30	150.30	143.55	143.55	109	103-106
<i>Basing points:</i>	Novi Ligure		Esch/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 For reinforcing bars: (January 1966) Velsen/Beverwijk		F.O.B. Antwerp	

1) Internal price = schedule price; export price = market price.  
 2) Temporary relate deducted.

## Notes to Table 41

*Community*

The hopes entertained at the turn of the year 1964-65 of a further recovery in the market prices for steel and a return to the general level of schedule prices did not materialize during the year under review. The surplus supply on offer in the second half-year in particular exerted strong pressure on market prices, which in many cases declined to the lowest level hitherto known, though towards the end of the year the prices of some products tended to harden slightly. Prices in Italy were on the whole somewhat steadier than in the other Community countries.

*Germany (Federal Republic)*

In February, German enterprises introduced a new scale of quantity extras and rebates in respect of heavy and medium plate, with the effect of raising the prices for small orders and reducing them for large ones (*e.g.* of 200 tons and over), the rebate in the latter case amounting to as much as \$4.80 per ton for some sizes. As an incentive to customers to place larger orders, the extras and rebates in respect of merchant bars and sections were similarly revised. As a transitional measure, temporary rebates of between \$3.60 and \$7.20 per ton were allowed on the prices for the merchant steels and sections most in demand. These rebates were halved on December 1, 1965, and, except in the case of sections, were to be withdrawn altogether not later than February 1, 1966.

*Belgium*

Since the Belgian producers' price schedules are a fairly good pointer to the market situation and provide a picture of market price trends during the year under review, their movement is described below in some detail.

*Reinforcing rods*

July 3, 1965 : Clabecq reduced their price for reinforcing rods by 8.5%, from \$94 to \$86 per ton.

October 6, 1965 : Boël lowered their schedule price by 15%, from \$94 to \$80.

October 8, 1965 : Clabecq promptly reacted with a further 5.8% cut, to \$81.

*Merchant bars*

September 25, 1965 : the Belgian producers reduced their prices for merchant bars from \$96 to \$90 (-6.25%), and at the same time brought their quantity rates and rebates into line with those of their German competitors.

January 28, 1966 : Providence were able to put their price up by \$2, to \$92.

*Sections*

May 5 and May 11, 1965 : first Providence and then Hainaut-Sambre slashed their prices by 8.5-9.5%, bringing them down to the same level as for merchant bars, \$96.

September 25, 1965 : sections went down by a further \$6 to \$90, while at the same time quantity extras and rebates were revised in line with those for merchant bars.

January 20, 1966 : Providence increased their price by just over 3% to \$93.

*Wire-rod*

October 15, 1965 : Clabecq, whose wire-rod price was already the lowest, reduced it by a further \$5 (5.3%) to \$89.

*Plate*

January 20, 1965 : Clabecq put up their price for plate, hitherto the lowest, from \$ 102 to \$ 105.

- April 1965 : prices declined again, with cuts of 5-7% bringing the level even lower than at the beginning of the year, Clabecq's price falling to \$100, and Boël's even further, to \$97.
- September 25, 1965 : Clabecq allowed a \$5 rebate on deliveries up to the end of November, thereby bringing their price even below Boël's.
- November 4, 1965 : with prices coming under increasing pressure, Clabecq published a new schedule withdrawing the rebate and quoting their plate at \$92.
- November 5, 1965 : Boël replied by reducing their price to \$ 89, thus undercutting Clabecq by \$3.
- January 7, 1966 : slight signs of improvement : Fabrique de Fer de Charleroi, whose prices for plate had gone down pretty well in line with the other producers', were able to raise their basis price for open-hearth quality plate by 3%, from \$97 to \$100.
- January 27, 1966 : Boël, who had for some time previously been charging the lowest prices for plate, made a substantial (9%) increase, from \$89 to \$97.

*Hot-rolled sheet*

- April 20, 1965 : Phénix Works made substantial cuts, of from 12.5 to 15.5% according to the size of the sheet, thereby bringing their schedule prices down to the world market level of \$108.

*France*

There were no appreciable changes in the schedule prices for the products shown in the table.

*Italy*

Italsider first, in April, introduced an extra of \$1.60 per ton for the basic size of sections, I-PN 180-300 mm., previously not subject to extras — which in practice amounted to an indirect increase of 1.5% in the basis price — and then, in July, raised the basis price itself by \$1.60, or 1.5%.

In September, the price of reinforcing rods was increased by \$3.20 or 3.4%.

*Luxembourg*

There were no changes to speak of in schedule prices.

*Netherlands*

On July 19, Hoogovens lodged a price schedule for reinforcing rods, which they had just started to produce. Their published price is practically the same as Clabecq's. Up to about the middle of the year Dutch prices for heavy and medium plate moved approximately parallel with Belgian, but there was no further downward movement during the third and fourth quarters.

TABLE 42

**Trend in Overall Volume of Traffic**  
**(within the Community and with Third Countries),**  
**by Nine Groups of Treaty Products, in 1963 and 1964<sup>1)</sup>**

	1963		1964		Change in % <sup>2)</sup>	
	'000,000 metric tons	%	'000,000 metric tons	%	1963-1962	1964-1963
1. Hard coal and hard-coal briquettes	198.7 <sup>3)</sup>	40.8 <sup>3)</sup>	177.3	35.9	+ 6.3	- 10.8
2. Brown coal and brown-coal briquettes	25.4	5.2	22.3	4.5	- 4.5	- 12.2
3. Coke	51.1	10.5 <sup>3)</sup>	48.5	9.8	+ 12.6	- 5.1
4. Iron ore	114.1	23.4 <sup>3)</sup>	135.1	27.4	- 0.7	+ 18.4
5. Manganese ore	2.8	0.6	2.8	0.6	+ 17.0	0.0
6. Scrap	21.3	4.4	24.1	4.9	- 3.2	+ 13.1
7. Pig-iron and crude steel	10.7	2.2	12.1	2.5	- 5.3	+ 13.1
8. Semi-finished products	18.1	3.7	20.3	4.1	+ 11.7	+ 12.2
9. Rolled products	44.7	9.2 <sup>3)</sup>	50.8	10.3	- 2.0	+ 13.6
Total volume of traffic	486.9 <sup>3)</sup>	100	493.3	100	+ 3.3 <sup>3)</sup>	+ 1.3
<i>of which :</i>						
A. by rail	310.7 <sup>3)</sup>	63.8 <sup>3)</sup>	303.0	61.4	+ 3.8 <sup>3)</sup>	- 2.5
by inland waterway	78.5	16.1 <sup>3)</sup>	86.1	17.5	- 8.8	+ 9.7
by sea	97.6	20.1 <sup>3)</sup>	104.2	21.1	+ 13.7	+ 6.8
B. Intra-Community traffic	374.1	76.8	377.9	76.6	- 0.3	+ 1.0
Traffic with third countries	112.8	23.2	115.4	23.4	+ 17.5	+ 2.3
Deliveries to third countries	26.2	5.4	23.0	4.7	+ 5.2	- 12.2
Procurements from third countries	86.6	17.8	92.4	18.7	+ 21.8	+ 6.7

<sup>1)</sup> Exclusive of goods hauled by road.

<sup>2)</sup> For figures in respect of 1962, see *Statistical Annex to the Thirteenth General Report*, Table No. 44.

<sup>3)</sup> Corrected figure.

TABLE 43

## Trend in Intra-Community Carriage of Treaty Products

(1956 = 100)

	1958	1962	1963	1964
Solid fuels	87	89	90 <sup>1)</sup>	83
Ores and scrap	97	102	99	111
Iron and steel products	97	111	110	128
Total	91	95	95 <sup>1)</sup>	96

<sup>1)</sup> Corrected figure.

TABLE 44

## Community Traffic Flows to and from Third Countries

(1956 = 100)

	1958	1962	1963	1964
<i>To third countries</i>				
Solid fuels <sup>1)</sup>	67	68	76	51
Ores and scrap	88	76	65 <sup>3)</sup>	94
Iron and steel products <sup>2)</sup>	114	117	118	126
<i>From third countries</i>				
Solid fuels	86	64	91	78
Ores and scrap	99	135	142	187
Iron and steel products	88	164	208 <sup>3)</sup>	192

<sup>1)</sup> Hard coal, brown coal, coke.

<sup>2)</sup> Pig-iron, crude steel, semis, rolled products.

<sup>3)</sup> Corrected figure.

**TABLE 45**  
**Net Increase in Production Potential**  
 (based on compulsory declarations of investment projects)

Sector	Production	Production potential 1964	Annual average 1956-1961	Declarations received during			
				1962	1963	1964	1965
<i>Coalmining industry</i>							
Pits	Hard coal	242.7	3.43	0.28	— 0.28	— 0.87	— 0.13
Coking-plants (mine-owned)	Coke	61.7	1.13	—	—	—	0.25
Coking-plants (independent)	Coke	3.9	0.06	0.18	—	—	0.06
Pithead power-stations	Install. capacity	9.7	0.60	0.21	0.15	0.02	—
Hard-coal briquetting plants	Hard-coal briquettes	18.6	0.17	0.51	0.56	—	0.37
<i>Iron ore mines</i>	Crude ore	92.3	1.11	—	—	—	—
<i>Iron and steel industry</i>							
Coking-plants (steelworks-owned)	Coke	23.6	0.87	0.11	—	— 0.59	0.80
Preparation of burden	Sinter	70.7	8.37	4.94	—	1.25	0.60
Blast-furnaces	Pig-iron	68.8	3.93	2.218	— 0.50	0.59	1.94
Steelworks :	Basic Bessemer steel	(37.1)	(0.21)	(— 1.12) <sup>2)</sup>	(— 1.07) <sup>2)</sup>	(0.12)	— 0.30
(a) Basic Bessemer	L/D and similar steel	(12.2)	(4.01)	(2.34)	(0.60)	(2.88)	(4.93)
(b) L/D and similar	Open-hearth steel	(31.3)	(0.41)	(— 0.22) <sup>2)</sup>	(0.12)	(1.45)	(0.34)
(c) Open-hearth	Electric-furnace steel	(11.3)	(0.51)	(— 0.62)	(0.33)	(0.31)	(0.28)
(d) Electric-furnace	Steel (total)	91.9	5.14	1.62	— 0.02	4.76	5.25
Steelworks (total)	Coils (semis and finished products)	(17.0)	(1.52)	(0.46)	(—)	(1.15)	(1.55)
Rolling-mills :	Sections (finished products)	35.2	0.99	0.88	— 0.14	0.86	0.46
(a) for hot-rolled wide strip	flat products (finished)	32.9	2.26	0.10	0.36	0.80	0.99
(b) for sections							
(c) for flat products							

<sup>1)</sup> Installed capacity ('000,000 kW) as at the beginning of the year 1964.

<sup>2)</sup> Certain steelworks are replacing all or some of their basic Bessemer or open-hearth plants by oxygen steelmaking plants.

TABLE 46  
Personnel Employed in the E.C.S.C. Industries

('000 persons employed)

Sector and Country	as at September 30, 1964				as at September 30, 1965			
	Workers	Apprentices	Salaried employees	Total	Workers	Apprentices	Salaried employees	Total
<i>Coalmining Industry</i>								
Germany (Fed. Rep.)	334.8	16.8	48.7	400.3	315.3	16.6	49.8	381.7
Belgium	78.4	1.3 <sup>1)</sup>	10.0	89.7	69.1	1.4 <sup>1)</sup>	9.4	79.9
France <sup>2)</sup>	158.8	3.7	23.6	186.1	153.6	3.5	23.3	180.4
Italy	2.6	—	0.5	3.1	2.5	—	0.4	2.9
Netherlands	45.4	2.2	8.0	55.6	44.6	2.0	8.0	54.6
Community	620.0	24.0	90.8	734.8	585.1	23.5	90.9	699.7
<i>Iron and Steel Industry</i>								
Germany (Fed. Rep.)	205.9	8.6	40.4	254.9	203.5	9.0	42.1	254.6
Belgium	53.4	—	9.3	62.7	51.4	—	9.3	60.7
France	130.9	4.2	30.7	165.8	126.3	4.1	30.6	161.0
Italy	56.8	0.2	10.2	67.2	58.1	0.1	10.9	69.1
Luxembourg	19.8	0.4	2.7	22.9	19.8	0.4	2.8	23.0
Netherlands	11.0	0.5	6.0	17.5	12.0	0.5	6.4	18.9
Community	477.8	13.9	99.3	591.0	471.0	14.2	102.1	587.3
<i>Iron-ore mines</i>								
Germany (Fed. Rep.)	8.0	0.1	1.3	9.4	6.7	0.1	1.2	8.0
France	18.1	0.4	3.1	21.6	16.7	0.2	3.1	20.0
Italy	1.6	—	0.2	1.8	1.5	—	0.1	1.6
Luxembourg	1.7	—	0.2	1.9	1.6	—	0.2	1.8
Community	29.4	0.5	4.8	34.7	26.6	0.3	4.7	31.5
Community Total	1,127.2	38.4	194.9	1,360.5	1,082.6	38.0	197.7	1,318.5

<sup>1)</sup> Students from technical and mining colleges only.

<sup>2)</sup> Including non-nationalized mines.



TABLE 47  
Personnel Employed in the Coalmining Industry

(<sup>'000 persons employed</sup>)

Country	as at September 30, 1964						as at September 30, 1965					
	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
<i>Germany (F.R.)</i>	188.8	97.6	27.8	12.6	326.8	14.3	176.7	93.9	27.9	12.5	310.9	14.0
Ruhr	15.9	6.3	2.2	0.8	25.2	0.8	15.8	6.2	2.3	0.7	25.0	0.8
Aachen	4.6	1.8	0.5	0.2	7.1	0.3	4.4	1.6	0.5	0.2	6.7	0.3
Lower Saxony	24.1	11.2	4.3	1.6	41.2	1.4	22.6	10.8	4.1	1.5	39.1	1.6
Saar												
Total	233.4	116.9	34.8	15.2	400.3	16.8	219.5	112.4	34.8	15.0	381.7	16.6
<i>Belgium</i>	34.8	11.9	4.2	1.5	52.4	0.0	29.5	11.0	3.9	1.3	45.7	0.3
South	25.0	8.0	3.3	1.0	37.3	1.3	22.4	7.7	3.3	1.0	34.3	1.1
Campine												
Total	59.8	19.9	7.5	2.5	89.7	1.3 <sup>3)</sup>	51.8	18.6	7.2	2.2	80.0	1.4 <sup>1)</sup>
<i>France</i>												
Nord	66.5	28.8	9.1	3.6	108.0	2.3	65.5	27.8	9.1	3.5	105.9	2.6
Pas-de-Calais	20.8	12.8	4.7	1.4	39.7	1.1	19.7	12.3	4.7	1.4	38.1	0.6
Lorraine	21.3	12.3	3.4	1.4	38.4	0.3	20.1	11.7	3.3	1.4	36.4	0.3
Centre-Midi <sup>2)</sup>												
Total	108.6	53.9	17.2	6.4	186.1	3.7	105.3	61.8	17.1	6.2	180.4	3.6
<i>Italy</i>	0.8	1.8	0.4	0.1	3.1	—	0.7	1.8	0.3	0.1	3.0	—
<i>Netherlands</i>	25.1	22.5	5.2	2.8	55.6	2.2	24.4	22.2	5.3	2.7	54.6	2.0
Limburg												
Community Total	427.7	215.0	65.1	27.0	734.8	24.0	401.7	206.8	64.7	26.3	699.7	23.5

<sup>1)</sup> Students from technical and mining colleges only.

<sup>2)</sup> Including the non-nationalized mines.

TABLE 48

Personnel Employed in the Iron and Steel Industry<sup>1)</sup>

(<sup>'000 persons employed</sup>)

Country	as at September 30, 1964					as at September 30, 1965				
	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	10.9	11.5	5.2	1.1	28.7	11.5	10.8	5.6	1.1	29.0
North-Rhine/Westphalia	76.5	64.5	27.6	5.8	174.4	75.9	63.3	28.6	6.2	174.0
South	9.0	5.7	2.9	0.8	18.4	8.4	6.3	3.0	0.7	18.4
Saar	12.6	15.2	4.7	0.9	33.4	13.7	13.6	4.9	1.0	33.2
Total	109.0	96.9	40.4 <sup>1)</sup>	8.6	254.9	109.5	94.0	42.1 <sup>1)</sup>	9.0	254.6
<i>Belgium</i>										
Total	32.7	20.7	9.3	—	62.7	33.0	18.4	9.3	—	60.7
<i>France</i>										
North	15.7	11.4	6.8	0.3	34.2	15.0	11.1	6.9	0.3	33.3
East	41.0	36.3	17.3	3.3	97.9	40.0	35.1	17.3	3.3	95.7
Centre	8.0	5.6	3.7	0.3	17.6	7.5	5.6	3.7	0.2	17.0
Other regions	8.0	4.9	2.9	0.3	16.1	7.6	4.4	2.7	0.3	15.0
Total	72.7	58.2	30.7	4.2	165.8	70.1	56.2	30.6	4.1	161.0
<i>Italy</i>										
North	26.1	16.1	7.3	0.2	49.7	23.1	16.8	7.0	0.1	47.0
Centre & South	7.8	6.8	2.9	0.0	17.5	9.4	8.8	3.9	0.0	22.1
Total	33.9	22.9	10.2	0.2	67.2	32.5	25.6	10.9	0.1	69.1
<i>Luxembourg</i>										
Total	11.0	8.8	2.7	0.4	22.9	10.9	8.9	2.8	0.4	23.0
<i>Netherlands</i>										
Total	4.7	6.3	6.0	0.5	17.5	4.2	7.8	6.4	0.5	18.9
Community Total	264.0	213.8	99.3	13.9	591.0	260.2	210.9	102.1	14.1	587.3

<sup>1)</sup> Estimated.

TABLE 49

## Personnel Employed in the Iron-Ore Mines

Country	as at September 30, 1964					as at September 30, 1965				
	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
	('000 persons employed)									
<i>Germany (Fed. Rep.)</i>										
North Germany	2.9	1.9	0.8	0.1	5.7	2.7	1.7	0.8	0.1	5.3
Central Germany	1.2	0.6	0.4	0.0	2.2	0.6	0.4	0.3	0.0	1.3
South Germany	1.0	0.4	0.1	0.0	1.5	0.9	0.4	0.1	0.0	1.4
Total	5.1	2.9	1.3	0.1	9.4	4.3	2.5	1.2	0.1	8.0
<i>France</i>										
East	12.1	3.8	2.8	0.4	19.1	11.2	3.5	2.8	0.2	17.7
West	1.3	0.8	0.3	0.0	2.4	1.1	0.8	0.3	—	2.2
Centre & South	0.1	0.0	0.0	—	0.1	0.1	0.0	0.0	—	0.1
Total	13.5	4.6	3.1	0.4	21.6	12.4	4.3	3.1	0.2	20.0
<i>Italy</i>	0.7	0.9	0.2	—	1.8	0.7	0.8	0.1	—	1.6
<i>Luxembourg</i>	1.0	0.7	0.2	—	1.9	0.9	0.7	0.2	—	1.8
Community Total	20.3	9.1	4.8	0.5	34.7	18.0	8.4	4.7	0.3	31.5

TABLE 50

**Changes in the Personnel Pattern of the E.C.S.C. Industries**  
(Annual average)

*(% of total personnel, without apprentices)*

	1955	1960	1963	1964	1965 <sup>1)</sup>
<i>Coalmining</i>					
Underground workers	62.5	60.2	59.2	58.4	57.8
Surface and ancillary workers	27.5	28.6	28.4	29.2	29.4
Supervisory and technical personnel	6.6	7.7	8.7	8.8	9.1
Clerical staff	3.4	3.5	3.7	3.6	3.7
Total	100.0	100.0	100.0	100.0	100.0
<i>Iron and steel industry<sup>2)</sup></i>					
Process workers	48.9	47.7	45.9	45.8	45.6
Ancillary workers	37.8	38.2	38.1	37.0	36.9
Clerical, technical and managerial staff	13.3	14.1	16.0	17.2	17.5
Total	100.0	100.0	100.0	100.0	100.0
<i>Iron-ore mines</i>					
Process workers	64.3	62.5	60.6	59.0	58.5
Other workers	25.7	25.6	25.8	27.0	26.8
Clerical, technical and managerial staff	10.0	11.9	13.6	14.0	14.7
Total	100.0	100.0	100.0	100.0	100.0

<sup>1)</sup> First nine months.

<sup>2)</sup> Estimated.

**TABLE 61**  
**Breakdown by Nationalities of Personnel employed in the Community Industries on September 30, 1965**  
*('000 persons employed)*

Sector and Country	Nationals of other Community countries							Total
	Nationals	Germans	Belgians	Frenchmen	Italians	Luxemburgers	Dutchmen	
<i>Coalmining<sup>1)</sup></i>								
Germany (Fed. Rep.)	355.4	—	0.0	0.2	2.3	0.0	0.9	3.4
Belgium	40.8	0.7	—	0.6	15.9	0.0	0.8	18.0
France	144.7	3.6	0.3	—	6.1	0.0	0.0	10.0
Italy	2.9	—	—	—	—	—	—	—
Netherlands	48.7	0.6	0.6	0.0	0.5	—	—	1.7
Change Sept. 1964-Sept. 1965	592.5 — 31.1	4.9 — 0.6	0.9 —	0.8 —	24.8 — 2.1	0.0 —	1.7 — 0.2	33.1 — 2.9
<i>Iron and steel industry<sup>2)</sup></i>								
Germany (Fed. Rep.)	188.8	—	0.0	0.3	2.2	0.0	0.7	3.2
Belgium	39.9	0.0	—	0.5	8.4	0.0	0.1	9.0
France	91.8	0.5	3.1	—	12.5	0.2	0.0	16.3
Italy	58.1	—	—	—	—	—	—	—
Luxembourg	15.9	0.1	1.9	0.7	0.9	—	0.0	3.6
Netherlands	12.0	0.0	0.1	—	0.4	0.0	—	0.5
Change Sept. 1964-Sept. 1965	406.5 — 6.9	0.6 — 0.1	5.1 — 0.5	1.5 + 0.2	24.4 — 0.8	0.2 — 0.1	0.8 + 0.2	32.6 — 1.1
<i>Iron-ore mines<sup>3)</sup></i>								
Germany (Fed. Rep.)	6.6	—	—	—	0.1	—	—	0.1
France	14.0	—	—	—	1.9	0.0	—	1.9
Italy	1.5	—	—	—	—	—	—	—
Luxembourg	1.2	0.0	0.1	0.1	0.2	—	—	0.4
Change Sept. 1964-Sept. 1965	23.3 — 2.3	0.0 —	0.1 —	0.1 —	2.2 — 0.4	0.0 —	— —	2.4 — 0.4
Total Community	1,022.3	5.5	6.1	2.4	51.4	0.2	2.5	68.1
Change Sept. 1964-Sept. 1965	— 40.3	— 0.7	— 0.5	+ 0.2	— 3.3	— 0.1	—	— 4.4

TABLE 51 (continued)

Sector and Country	Nationals of non-Community countries								Total number of denizen workers	
	Greeks	Spaniards Portuguese	North Africans	Poles	Turks	Others	Total	Total		
<i>Coalmining<sup>1)</sup></i>										
Germany (Fed. Rep.)	1.8	2.5	2.4	0.4	9.8	6.0	22.9	26.3		
Belgium	2.8	3.0	5.2	2.3	6.4	1.4	21.1	39.1		
France	0.0	1.8	15.2	7.6	0.0	1.1	25.7	35.7		
Italy	—	—	—	—	—	—	—	—		
Netherlands	0.2	0.5	1.6	0.4	0.0	1.5	4.2	5.9		
Community	4.8	7.8	24.4	10.7	16.2	10.0	73.9	107.0		
Change Sept. 1964-Sept. 1965	- 1.8	- 0.7	+ 1.2	- 1.1	- 0.6	+ 1.7	- 1.3	- 4.2		
<i>Iron and steel industry<sup>2)</sup></i>										
Germany (Fed. Rep.)	3.7	2.9	0.2	0.1	3.3	1.3	11.5	14.7		
Belgium	0.2	0.7	0.1	0.7	0.0	0.8	2.5	11.5		
France	0.0	6.4	8.2	2.7	0.0	0.9	18.2	34.5		
Italy	—	—	—	—	—	0.0	0.0	0.0		
Luxembourg	0.0	0.0	0.0	0.0	0.0	0.3	0.3	3.9		
Netherlands	0.1	0.6	0.0	0.0	0.1	0.1	0.9	1.4		
Community	4.0	10.6	8.5	3.5	3.4	3.4	33.4	66.0		
Change Sept. 1964-Sept. 1965	+ 1.4	+ 2.3	+ 1.5	- 0.5	- 0.5	- 1.5	+ 2.7	+ 1.6		
<i>Iron-ore mines<sup>2)</sup></i>										
Germany (Fed. Rep.)	—	—	—	—	—	—	—	0.1		
France	—	0.2	—	0.7	—	—	0.9	2.8		
Italy	—	—	—	—	—	—	—	—		
Luxembourg	—	—	—	—	—	—	—	0.4		
Community	—	0.2	—	0.7	—	—	0.9	3.3		
Change Sept. 1964-Sept. 1965	—	—	—	0.1	—	—	- 0.1	- 0.5		
Total Community	8.8	18.6	32.9	14.9	19.6	13.4	108.2	176.3		
Change Sept. 1964-Sept. 1965	- 0.4	+ 1.6	+ 2.7	- 1.7	- 1.1	+ 0.2	+ 1.3	- 3.1		

<sup>1)</sup> Workers, apprentices and clerical, technical and managerial staff.  
<sup>2)</sup> Workers, exclusive of apprentices. Estimated breakdown by nationalities.

TABLE 52

**Breakdown by Nationalities of Underground Personnel  
Employed in the Community Coalmining Industry on September 30, 1965**

('000 persons employed)

	Workers <sup>1)</sup> (incl. apprentices)		Clerical, technical and managerial staff <sup>1)</sup>		Total	
	Nationals	Others <sup>1)</sup>	Nationals	Others <sup>1)</sup>	Nationals	Others <sup>1)</sup>
Germany (Fed. Rep.)	197.3	22.2	15.7	0.0	213.0	22.2
Belgium	17.3	34.5	3.8	1.7	21.1	36.2
France	74.2	31.2	7.9	0.2	82.1	31.4
Italy	0.6	—	0.1	—	0.7	—
Netherlands	20.4	3.9	1.9	0.0	22.3	3.9
Community	309.8	91.8	29.4	1.9	339.2	93.7

<sup>1)</sup> Estimated.

**Nationals of other Community Countries and of non-Community Countries**

('000 persons employed)

	Germany (Fed. Rep.)	Belgium	France	Italy	Nether- lands	Com- munity
Germans	—	0.7	2.9	—	0.3	3.9
Belgians	0.0	—	0.1	—	0.1	0.2
Frenchmen	0.1	0.4	—	—	0.0	0.5
Italians	1.8	14.1	5.0	—	0.3	21.2
Luxemburgers	0.0	0.0	0.0	—	—	0.0
Dutchmen	0.6	0.7	0.0	—	—	1.3
<i>Nationals of other Community countries</i>	2.5	15.9	8.0	—	0.7	27.1
Greeks	1.4	2.7	0.0	—	0.0	4.1
Spaniards and Portuguese	2.0	2.9	1.5	—	0.3	6.7
North Africans	2.2	5.1	14.8	—	1.4	23.5
Poles	0.3	2.0	6.2	—	0.3	8.8
Turks	8.7	6.3	0.0	—	0.0	15.0
Others	5.1	1.3	0.9	—	1.2	8.5
<i>Nationals of non- Community countries</i>	19.7	20.3	23.4	—	3.2	66.6
Total	22.2	36.2	31.4	—	3.9	93.7

TABLE 53

## Changes in the Number of Apprentices and in the Proportion of Apprentices to Total Personnel in the E.C.S.C. Industries

Industry and country	September 1964		September 1965	
	apprentices		apprentices	
	'000	%	'000	%
<i>Coalmining industry</i>				
Germany (Fed. Rep.)	16.8	4.2	16.6	4.3
Belgium <sup>1)</sup>	1.3	1.4	1.4	1.8
France	3.7	2.0	3.5	1.9
Netherlands	2.2	3.9	2.0	3.7
Community	24.0	3.3	23.5	3.3
<i>Iron and steel industry</i>				
Germany (Fed. Rep.)	8.6	3.4	9.0	3.5
France	4.2	2.5	4.1	2.5
Italy	0.2	0.3	0.1	0.1
Luxembourg	0.4	1.7	0.4	1.7
Netherlands	0.5	2.8	0.5	2.6
Community	13.9	2.3	14.1	2.4
<i>Iron-ore mines<sup>2)</sup></i>				
Germany (Fed. Rep.)	0.1	1.1	0.1	1.3
France	0.4	1.8	0.3	1.5
Community	0.5	1.4	0.4	1.2
Whole Community	38.4	2.8	38.0	2.9

1) Students from technical and mining colleges only.

2) Only the German and French iron-ore mines provide systematic training for apprentices.



TABLE 54

**Application of Article 56**  
(Readaptation Assistance)

Number of mines and iron and steel enterprises concerned,  
funds made available, and probable number of workers affected

(in chronological order, position as at January 31, 1966)

Country	Year	Number of mines and iron and steel enterprises concerned			Funds made available (E.M.A. units of account)	Probable number of workers affected		
		C	S	I		C	S	I
Germany (Fed. Rep.)	1961	2	—	—	437,500	2,426	—	—
	1962	19	2	16	4,414,875	14,350	2,104	3,060
	1963	19	3	13 <sup>1)</sup>	3,853,250	18,480	928	2,730
	1964	11	2	3	1,061,250	5,863	710	499
	1965	20 <sup>3)</sup>	1	2 <sup>3)</sup>	2,049,875	13,671	294	1,515
	1960-1965	71	8	34	11,816,750	54,790	4,036	7,804
Belgium	1960	3	—	—	595,000	2,347	—	—
	1961	10	—	—	1,298,000	6,514	—	—
	1962	3	1	—	343,000	2,149	135	—
	1963	2	—	—	80,000	933	—	—
	1964	2	—	1 <sup>2)</sup>	609,000	1,908	306	37
	1965	6 <sup>2)</sup>	1	—	2,005,000	4,556	1,250	—
	1960-1965	26	2	1	4,930,000	18,407	1,691	37
France	1961	9	—	2	1,403,568.12	2,227	—	703
	1962	3	1	5	2,264,303.04	2,090	1,642	264
	1963	3	—	8 <sup>2)</sup>	399,250.77	160	—	955
	1964	—	1	4	303,354.62	—	46	518
	1965	—	—	6 <sup>3)</sup>	571,680.60	—	—	680
	1960-1965	15	2 <sup>2)</sup>	25 <sup>3)</sup>	4,942,136.61	4,527	1,688	3,120
Italy	1965	1	9	8	3,817,711.87	650	2,744	1,247
Netherlands	1965	1	—	—	690,607.73	2,700	—	—
Total 203 mines and iron and steel enterprises		114	21	68	26,197,206.21	81,074	10,159	12,208
							103,441	

C = coal; S = steel; I = iron ore.

<sup>1)</sup> Exclusive of four cases already approved.

<sup>2)</sup> Exclusive of one case already approved.

<sup>3)</sup> Exclusive of two cases already approved.

TABLE 55

Total Hourly Wage Costs in 1964<sup>1)</sup>

(Belgian francs)

	Germany (Fed. Rep.)	Belgium	France	Italy	Luxem- bourg	Nether- lands
<i>Coalmining industry</i> (underground and sur- face)	89.71 <sup>2)</sup>	84.43	93.26	77.07		96.82
<i>Iron-ore mines</i> (underground and sur- face)	74.41 <sup>2)</sup>	—	117.52 <sup>3)</sup>	81.36	104.07	
<i>Iron and steel industry</i>	84.29	81.19	69.70	78.68	86.23	87.28

<sup>1)</sup> 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.

<sup>2)</sup> Including the shift bonus.

<sup>3)</sup> Eastern orefield.

TABLE 56

Real Incomes in 1964<sup>1)</sup>

(Belgian francs)

	Germany (Fed. Rep.)	Belgium	France	Italy	Luxem- bourg	Nether- lands
<i>Coalmining industry</i> <sup>2)</sup>						
Underground	85.2	97.0	96.0	68.5 <sup>3)</sup>		100
Surface	76.8	100	97.8	77.3 <sup>3)</sup>		90.4
<i>Iron-ore industry</i> <sup>2)</sup>						
Underground	59.0 <sup>4)</sup>		85.6 <sup>5)</sup>	59.0	100	
Surface	63.5 <sup>4)</sup>		81.6 <sup>5)</sup>	63.3	100	
<i>Iron and steel industry</i> <sup>2)</sup>	73.4 <sup>6)</sup>	94.7	80.9 <sup>5)</sup>	62.5	100	76.6

<sup>1)</sup> 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.

<sup>2)</sup> In % of the highest real income in the Community in the sector concerned in 1962.

<sup>3)</sup> Sulcis.

<sup>4)</sup> Lower Saxony.

<sup>5)</sup> Eastern region.

<sup>6)</sup> North Rhine/Westphalia.

TABLE 57

**Average Annual Incomes in 1964<sup>1)</sup>**  
 (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.	9,704	Cw.u.	138,482	Om.u. <sup>4)</sup>	14,412	Stw.	1,541,830	Om.u.	162,821	Cw.u.	8,844
Stw. <sup>3)</sup>	9,583	Stw.	135,407	Cw.u.	13,640	Om.u.	1,403,321	Stw.	144,373	Stw.	7,677
Om.u. <sup>2)</sup>	8,501	Cw.s.	105,718	Om.s. <sup>4)</sup>	11,958	Cw.u. <sup>3)</sup>	1,227,914	Om.s.	133,028	Cm.s.	6,549
Cw.s.	7,379			Stw. <sup>4)</sup>	11,278	Om.s.	1,203,771				
Om.s.	7,241			Cw.s.	11,252	Cw.s. <sup>3)</sup>	1,017,237				

Cw.u. = colliery workers, underground; Cw.s. = colliery worker, surface; Om.u. = ore miner, underground; Om.s. = ore-miner, surface; Stw. = iron and steel worker.

<sup>1)</sup> This table illustrates the comparative income position of workers employed in the E.C.S.C. industries. It shows the place of colliery workers, ore miners and iron and steel workers respectively in their country's income scale in 1964.

<sup>2)</sup> North Rhine/Westphalia.

<sup>3)</sup> Lower Saxony.

<sup>4)</sup> Eastern region.

<sup>5)</sup> Sulcis.

TABLE 58

**Movement of Cost of Living in the Community Countries<sup>1)</sup>**

(General consumer-price index)

(1958 = 100)

	Germany (Fed. Rep.) <sup>2)</sup>	Belgium <sup>3)</sup>	France <sup>4)</sup>	Italy	Luxembourg <sup>5)</sup>	Netherlands <sup>6)</sup>
1958	100	100	100	100	100	100
1959	101	101	106	100	100	102
1960	102	102	110	102	101	103
1961	105	103	114	104	101	105
1962	109	104	119	109	102	108
1963	112	106	125	117	105	113
1964	114	111	129	124	108	119
Nov. 1964	115	112	130	127	109	120
Nov. 1965	119	117	133	131	113	127

<sup>1)</sup> Source: *Bulletin Général de Statistique* of the Statistical Office of the European Communities.

<sup>2)</sup> Exclusive of the Saar up to and including 1959.

<sup>3)</sup> Exclusive of rent.

<sup>4)</sup> Including Paris up to 1962; new index for the whole of France from January 1963.

<sup>5)</sup> New index from January 1, 1963.

TABLE 59

Hours Normally Worked in the Community Industries  
(as at January 1, 1966)

	Germany (Fed. Rep.)	Belgium	France	Italy	Luxembourg	Netherlands
Coalmining industry underground	(a) 8 hrs (b) 40 hrs (5 days) <sup>1)</sup>	<i>Schedule A</i> 8 <sup>1</sup> / <sub>4</sub> hrs 41 <sup>1</sup> / <sub>4</sub> hrs (5 days) for 42 weeks 33 hours (4 days) for 8 weeks	7 <sup>3</sup> / <sub>4</sub> hrs { <sup>2)</sup> 38 <sup>2</sup> / <sub>3</sub> hrs {	8 hrs 40 hrs (5 days)		8 hrs 40 hrs (5 days)
		<i>Schedule B</i> (a) 8 hrs (b) 40 hrs (5 days) for 50 weeks	<i>Hours normally worked</i> (a) 8 hrs (b) 40 hrs for 26 weeks 48 hrs (6 days) for 26 weeks			
surface	(a) 8 hrs (b) 40 hrs (5 days) <sup>1)</sup>	<i>Schedule A</i> 8 <sup>1</sup> / <sub>2</sub> hrs 42 <sup>1</sup> / <sub>2</sub> hrs (5 days) for 42 weeks 34 hours (4 days) for 8 weeks	8 hrs { <sup>2)</sup> 40 hrs {	8 hrs 44 hrs (for 26 weeks, 5-day week)		8 <sup>3</sup> / <sub>4</sub> hrs 45 hrs (5 days)

	Schedule B	Hours normally worked		
<i>Iron-ore mines</i> underground	(a) 8 1/4 hrs (b) 41 1/4 hrs for 50 weeks	(a) 8 1/4 hrs (b) 41 1/4 hrs (5 days) for 26 weeks 49 1/8 hrs (6 days) for 26 weeks	8 hrs 40 hrs (5 days) 48 hrs (6 days) for remaining weeks	40 hrs
	(a) 8 hrs (b) 40 hrs (5 days) for 44 weeks 48 hrs (6 days) for remaining weeks	40 hrs	8 hrs 44 hrs (for 26 weeks, 5-day week)	8 hrs 40 hrs 46 min.
surface	(a) 8 hrs (b) 40 hrs (5 days) for 44 weeks 48 hrs (6 days) for remaining weeks	40 hrs	43 or 44 hrs	42 1/3 hrs
<i>Iron and steel industry</i> <sup>3)</sup>	42 hrs <sup>4)</sup>	40 hrs <sup>5)</sup>	45 hrs	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 reached its maximum, viz. 25 days per annum for underground workers and 16 for surface workers.  
 2) In legal theory.  
 3) Collective agreements fix only the working week for the iron and steel industry. The working day varies from firm to firm.  
 4) Saar, 41 1/4 hrs; Bavaria, 41 hrs.  
 5) 42 hours in continuously-operating departments; both figures (40 and 42) are, however, in legal theory only, the working week in practice being 48 hours.

**TABLE 60**  
**Paid Holidays in the Community Industries**  
 (as at January 1, 1966)

(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	(a) 15 <sup>1)</sup>	18	24	12		14
	(b) 21 after 15 years of service <sup>2)</sup>	30 according to attendance	30 after 20 years of service	18 after 20 years of service		20 after 20 years of service
surface	(a) 15 <sup>1)</sup>	18 from the age of 18 onwards	24	12		12
	(b) 18 after 15 years of service <sup>2)</sup>		30 after 30 years of service	18 after 20 years of service		18 after 20 years of service
<i>Iron and steel industry</i>	(a) 18 <sup>3)</sup>	18 from the age of 18 onwards	24	12	15	15
	(b) 24 <sup>4)</sup> after the age of 30 <sup>5)</sup>		30 after 30 years of service	18 after 19 years of service	24 after 30 years of service	18 after 25 years of service
<i>Iron-ore mines</i> underground	(a) 16	16 from the age of 28 onwards	24	12	15	15
	(b) 24 from the age of 28 onwards		30 after 20 years of service	18 after 20 years of service	24 after 30 years of service	18 after 25 years of service
surface	(a) 15		24	12	15	15
	(b) 22 from the age of 38 onwards		30 after 30 years of service	18 after 20 years of service	24 after 30 years of service	18 after 25 years of service

<sup>1)</sup> Saar, 19.

<sup>2)</sup> Saar, 26 days after 10 years of service.

<sup>3)</sup> Saar, 15.

<sup>4)</sup> Saar, 21.

<sup>5)</sup> North Rhine/Westphalia, between the ages of 25 and 30.

**TABLE 61**  
**Financial Operations in Connection**  
**with Loan-Aided Workers' Housing Scheme V**  
 (February 1, 1965-January 31, 1966)

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
France	Iron and steel	2.6.65	Frf. 17,500,000	1%	—	—
Belgium	Iron and steel	21.7.65	Bfr. 32,000,000	1%	Lfr. 118,000,000	5.75%
<i>Special tranche<sup>1)</sup></i>						
France	Iron and steel	11.2.65	Frf. 790,000	1%	—	—
Germany (Fed. Rep.)	Coalmining	11.2.65	DM. 800,000	1%	—	—

<sup>1)</sup> Loans in addition to those granted in 1964. See the *Thirteenth General Report*, Table No. 62.

**TABLE 62<sup>1)</sup>**

**Coalmining Industry—Community—1960 to 1964**  
**Frequency<sup>2)</sup> of Underground Pit Accidents causing Death**  
**or preventing Resumption of Underground Work for Eight Weeks or More**

Year	Number of fatal <sup>3)</sup> accidents per '000,000 man-hours	Number of injuries <sup>4)</sup> per '000,000 man-hours
1960	0.507	12.986
1961	0.548	13.227
1962	0.932 <sup>4)</sup>	13.781
1963	0.547	13.761
1964	0.493	13.860

<sup>1)</sup> Source: Mines Safety Commission.

<sup>2)</sup> Number per million man-hours.

<sup>3)</sup> Accidents causing death within 8 weeks.

<sup>4)</sup> During 1962 a pit disaster occurred at Luisenthal (229 deaths).

<sup>5)</sup> Preventing resumption of underground work for eight weeks or more.



**TABLE 63**  
**Community Iron-ore Mines—1960 to 1964**  
**Deaths of Underground and Surface workers<sup>1)</sup>**

Year	Germany (Fed. Rep.) <sup>2)</sup>	France <sup>4)</sup>	Luxembourg <sup>6)</sup>
1960	59	21	2
1961	22	24	3
1962	17	16	1
1963	43 <sup>3)</sup>	14	1
1964	5	17	3

<sup>1)</sup> Out of the following totals:

1960: 16,758 in Germany, 23,215 in France and 2,058 in Luxembourg;

1961: 15,616 in Germany, 22,605 in France and 2,005 in Luxembourg;

1962: 11,933 in Germany, 21,572 in France and 1,924 in Luxembourg;

1963: 9,131 in Germany, 19,274 in France and 1,821 in Luxembourg;

1964: 7,893 in Germany, 17,775 in France and 1,713 in Luxembourg.

<sup>2)</sup> Source: *Statistische Mitteilungen der Bergbehörden der Bundesrepublik Deutschland* (1960, 1961, 1962, 1963 and 1964).

<sup>3)</sup> There was a disaster at the Lengede mine (29 deaths) in 1963.

<sup>4)</sup> Source: *Annales des mines* (July-August 1965).

<sup>5)</sup> Source: Reports of the Association d'assurances contre les accidents, section industrielle for 1960, 1961, 1962, 1963 and 1964.

**TABLE 64**

**Fatality Rate<sup>1)</sup> among Underground and Surface Workers**  
**at French Iron-Ore Mines and Collieries, 1960 to 1964<sup>2)</sup>**

	1960	1961	1962	1963	1964
Iron-ore mines	8.5	10.1	7.2	7.4	9.9
Coalmines	6.7	7.4	6.3	5.9	6.9

<sup>1)</sup> Number per 3 million shifts.

<sup>2)</sup> Source: *Annales des mines* (July-August 1965).

**TABLE 65**

**Fatality Rate<sup>1)</sup> among Underground and Surface Workers**  
**at German Iron-Ore Mines and Collieries, 1962 to 1964<sup>2)</sup>**

	1962	1963	1964
Iron-ore mines	0.62	2.13 <sup>3)</sup>	0.30
Coalmines	0.92	0.37	0.43

<sup>1)</sup> Number per million man-hours.

<sup>2)</sup> Source: *Statistische Mitteilungen der Bergbehörden der Bundesrepublik Deutschland* (1963, 1964 and 1965).

<sup>3)</sup> There was a disaster at the Lengede mine in 1963.

TABLE 66

## Number of Accidents in the Community Iron and Steel Industry, 1960 to 1964

	1960	1961	1962	1963	1964
Number of fatal accidents	198	168	192	148	151
Fatal-accident rate <sup>2)</sup>	0.19	0.16	0.20	0.16	0.16
Number of non-fatal accidents <sup>3)</sup>	102,686	100,656	88,142	84,496	88,395
Non-fatal accident rate <sup>2)3)</sup>	98	96	92	89	93

<sup>1)</sup> Source: Statistical Office of the European Communities (*Statistiques sociales*, No. 4/1964).

<sup>2)</sup> Number of accidents per million man-hours.

<sup>3)</sup> Non-fatal accidents causing absence for at least one full calendar day over and above the day of the accident.

TABLE 67

Accident Rate<sup>1)</sup> in the Various Branches  
of the Community Iron and Steel Industry, 1960 to 1964

Branch	Fatal accidents	Non-fatal accidents <sup>2)</sup>
Steelworks coking-plants	0.21	64
Blast furnaces	0.29	91
Steelworks	0.30	135
Rolling mills, tinning, galvanizing and lead-coating plants	0.16	117
Ancillary and independent services	0.15	68
All branches	0.17	94

<sup>1)</sup> Number of accidents per million man-hours, based on the total number of accidents and hours worked over the four-year period, 1960-1964, as recorded and published annually by the Statistical Office of the European Communities.

<sup>2)</sup> Non-fatal accidents causing absence for at least one full calendar day over and above the day of the accident.



