



EUROPEAN COMMUNITY

FOR COAL AND STEEL

R U L L E T I N

N° 4 Information Service, High Authority, Luxembourg April 1954

Summary of the Second General Report
on the Activities of the Community
(April 13, 1953 - April 12, 1954)

INTRODUCTION

The General Report for 1954 is a balance-sheet of the first results achieved - results which are many and tangible - in all the fields of action of the High Authority, and their importance must be judged in the light of the short time which has elapsed since the creation of the Community :

a steady development of the coal and steel trade which has enabled consumers to benefit from considerable price reductions, the most efficient producers to maintain a relatively high level of production and employment at a time when the general economic situation was rather unfavourable, and other producers to find in competition the necessary incentive to adapt their plants, their organizations and their techniques to the new conditions created by the common market ;

the development of the High Authority's policy both in the respect of the operation of the market and the establishment of general objectives for modernization and expansion, and the exploration of possible new sources of financing ;

finally, the development of those activities which more directly concern the Community's workers, in particular the first application of the provisions of the Treaty regarding readaptation and the decision in principle to make a financial contribution towards an initial programme of 1,000 housing units for workers.

This Report presents not only a balance-sheet of results achieved but also an overall picture of the actions to be initiated, or carried through, in the course of the coming months, in line with the provisions of the Treaty and the wishes of the Assembly.

Not all the problems have been solved, not all the difficulties overcome, but each stage that has been passed - with all the precautions necessary to avoid causing serious disruption in the economic life of the six countries - has brought the Community nearer to its fundamental objectives : increase of production, free and equal access for all consumers to the sources of production, improvement of living and working conditions for labour.

By these achievements, the Community has given proof of the effectiveness of the first supranational European institutions for obtaining the ultimate goal, and of their flexibility for adapting themselves to the various situations which they meet.

The results achieved in the as yet limited field of coal and steel foreshadow visibly those that would follow from the creation of that "broader and closer community" whose initial foundations must be laid by the European Coal and Steel Community.

THE EXTERNAL RELATIONS OF THE COMMUNITY

From the very beginning, the High Authority has sought ways and means for attaining an increasingly closer cooperation with the countries which do not belong to the Community.

ASSOCIATION WITH GREAT BRITAIN

Exchanges of information have taken place in the "Joint Committee" formed by the High Authority and the British delegation which has been accredited to the High Authority since August 22, 1953. Moreover, British experts have been participating in the work of several committees on an equal footing with the experts from the member-countries of the Community.

One further step had yet to be taken. On December 24, 1953, the President of the High Authority informed the British Government that the High Authority was ready to open negotiations at once with a view to setting up concrete forms of association between the Community and the United Kingdom. The British Government replied that it was examining the proposals of the High Authority with great interest, but that the complexity of the problems to be solved obviously required careful consideration on its part before it could give its answer. These proposals will be publicly announced together with the British reply which the High Authority hopes to receive in the near future.

RELATIONS WITH OTHER EUROPEAN COUNTRIES

The representatives of third countries which have a delegation at Luxembourg have always had the opportunity, after every important decision, of being kept informed of the contents of these decisions and of all the available data relating to the problems with which they dealt.

Furthermore, the High Authority has had meetings on particular issues with representatives of certain European countries which do not belong to the Community.

RELATIONS WITH THE UNITED STATES

In June last year, the High Authority informed the Common Assembly of the exchange of letters which had taken place between the President of the United States and the Chairmen of the Foreign Affairs Committees of the Senate and the House of Representatives concerning a loan by the American Government to the Community.

Negotiations to determine the concrete ways in which this loan shall be granted were opened at Washington at the beginning of April by Mr. Jean MONNET, President, and Messrs. GIACCHERO and POTTHOFF, Members of the High Authority.

COOPERATION WITH INTERNATIONAL ORGANIZATIONS

Relations between the Community and the various international organizations have continued to develop favourably, in particular as regards cooperation with the Council of Europe.

Last June, the members of the Consultative Assembly of the Council of Europe and the members of the Common Assembly held their first joint session at Strasbourg, in application of the agreement reached in January 1953 between Lord Layton, Vice-President of the Consultative Assembly, and the President of the High Authority. In May 1954, following the ordinary session of the Common Assembly, another joint meeting is to take place at Strasbourg to study the General Report.

As regards relations with the Organization for European Economic Cooperation (OEEC), the High Authority's mission to that organization has helped to maintain regular contact.

Within the framework of the General Agreement on Tariffs and Trade (GATT), the Community has maintained its relations with the 34 signatory countries.

Two questions in particular engaged the special interest of the contracting parties. The first concerns the negotiations provided for by the Convention containing the Transitional Provisions in respect of all the economic and commercial relations affecting coal and steel. The High Authority has gone carefully and thoroughly into the questions connected

with the negotiations to be opened with Austria, Sweden, Denmark, Norway and Switzerland. The second question bears on the existence of an agreement among the steel producers of the Community on prices applied to exports to third countries. On this point, the High Authority renewed the assurances it had already given, namely, that in accordance with the Treaty, it will see to it that equitable limits are respected in the prices charged on foreign markets by producers of the Community.

Closer collaboration has been established between the Community and the International Labour Organization (ILO). Finally, contacts made with the Secretariat of the Economic Commission for Europe of the United Nations (ECE) have facilitated the technical coordination of work of mutual interest.

OPERATION AND DEVELOPMENT OF THE COMMON MARKET

It must be clearly understood that the creation of the common market is a continuous process, and that no decision of the High Authority can be definitive - least of all during an initial transition period designed to ensure a smooth passage from national, separate and protected markets to a competitive market of 160 million consumers.

Section 1 The Common Market as a reality

Section 2 Application of the first decisions and modifications suggested by experience

Section 3 Development of competition

Section 4 Development of the Common Market.

Section 1 THE COMMON MARKET AS A REALITY - Coal

TRADE .-

The increase in hard-coal trade among the Community countries in 1953 is one of the consequences of the establishment of the common market.

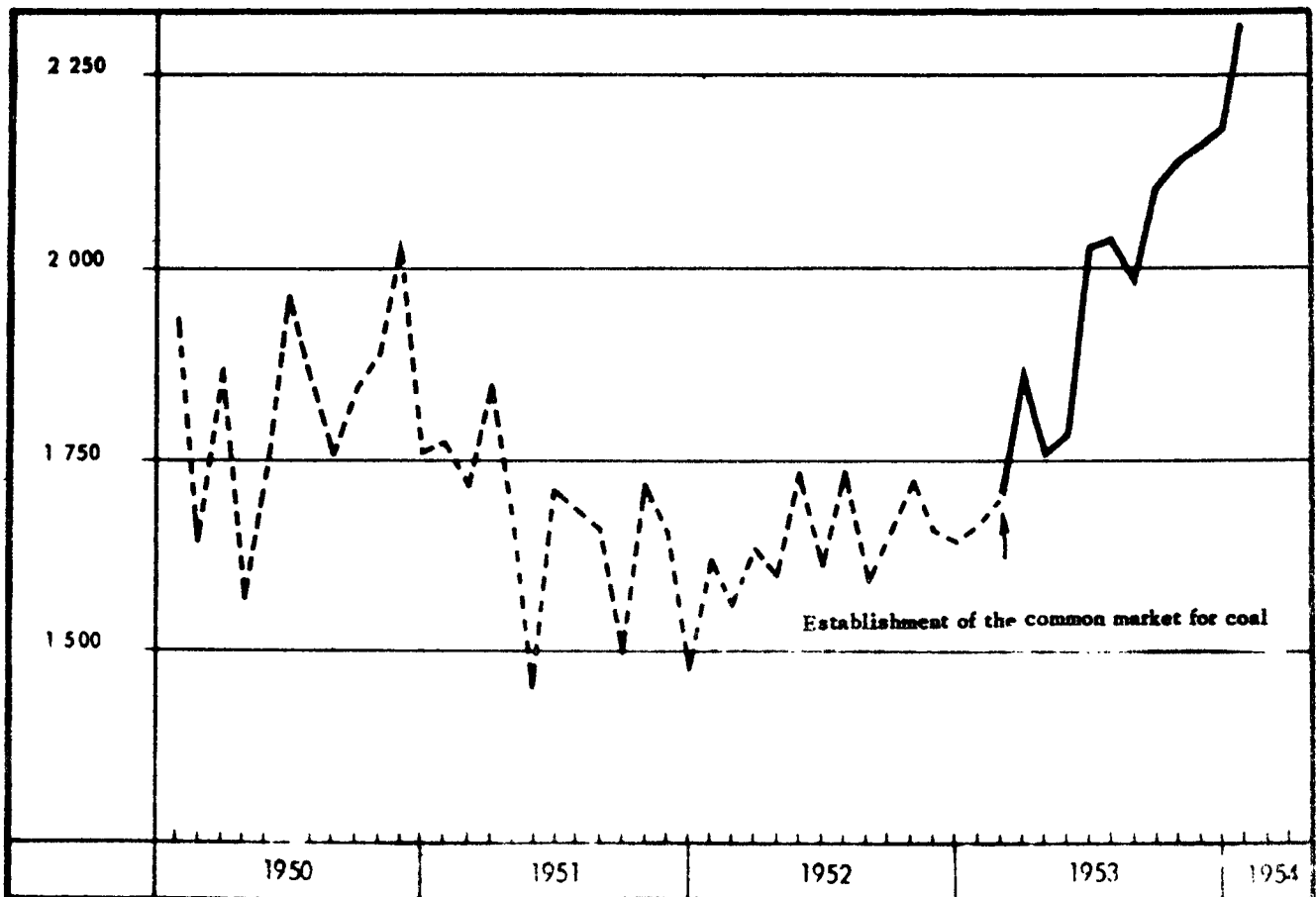
During January and February 1954 the volume of hard-coal trade was 23,3 % greater than the monthly average for the three years preceding the introduction of the common market.

For the whole year 1953, i.e., the first year of the common market, hard-coal trade among the Community countries increased by about 3,5 million metric tons, or 22 %, over the previous year, in spite of a decrease of 5 % in consumption due to general economic conditions.

The percentage of trade in relation to production rose from 6.7 to 8.1 % from one year to the next.

(in 1 000 metric tons)

HARD COAL DELIVERIES FROM COMMUNITY COUNTRIES TO OTHER COMMUNITY COUNTRIES (1)



(1) Includes the exchanges Belgium - Luxemburg

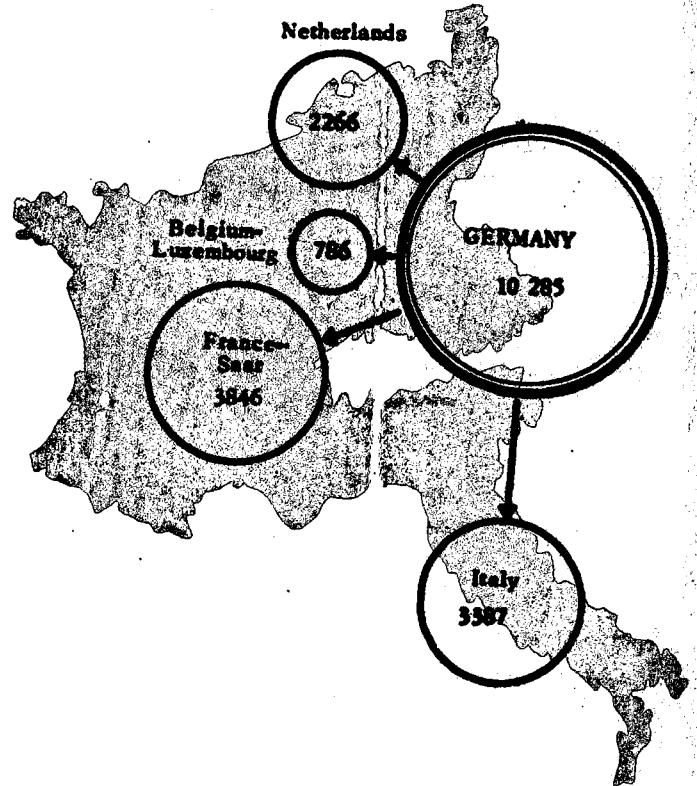
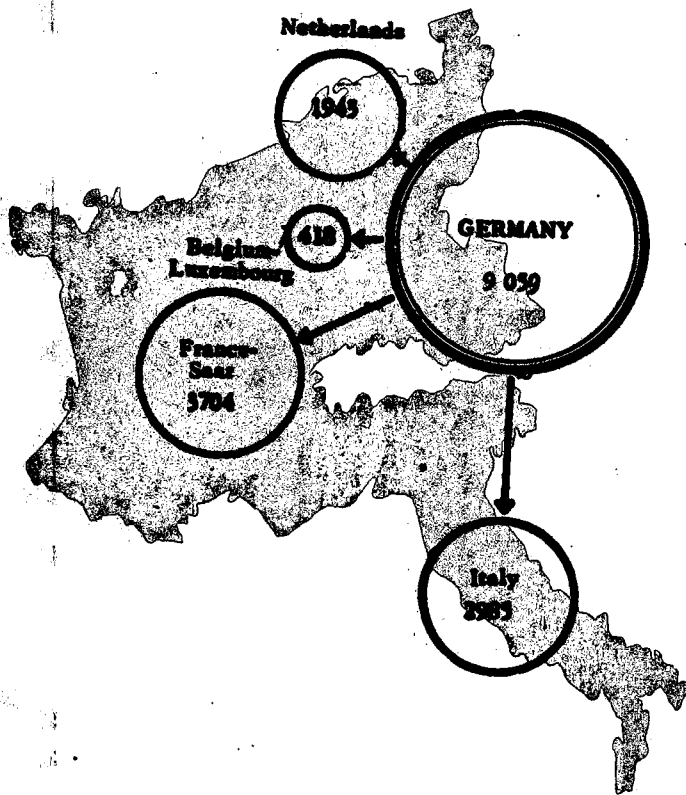
HARD COAL TRADE WITHIN THE COMMUNITY

GERMANY

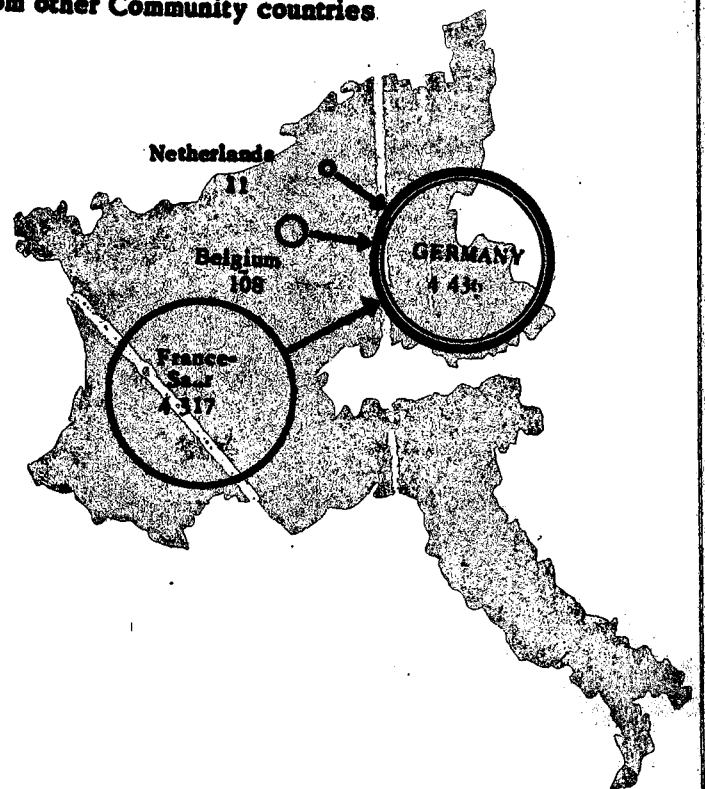
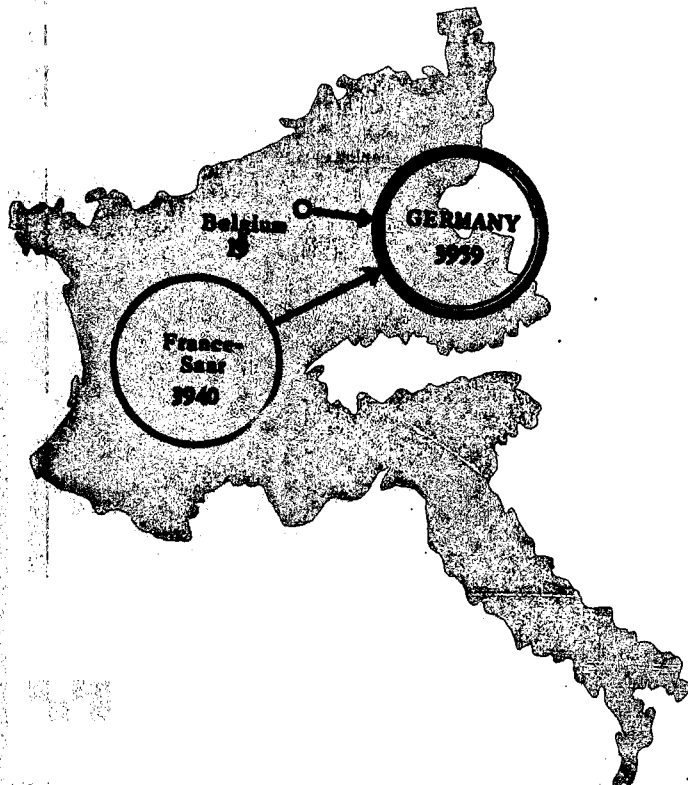
1952

1953

Deliveries from Germany to other Community countries



Deliveries to Germany from other Community countries



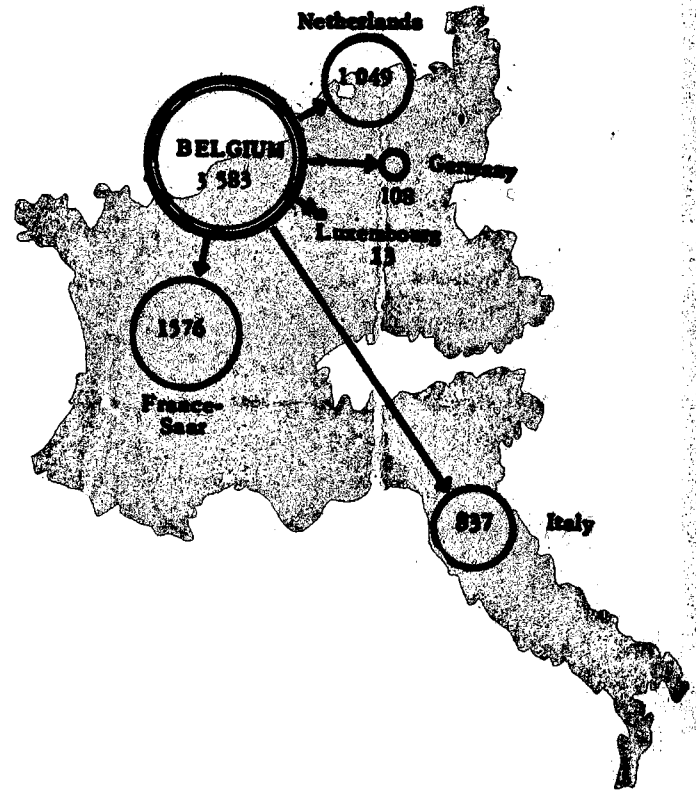
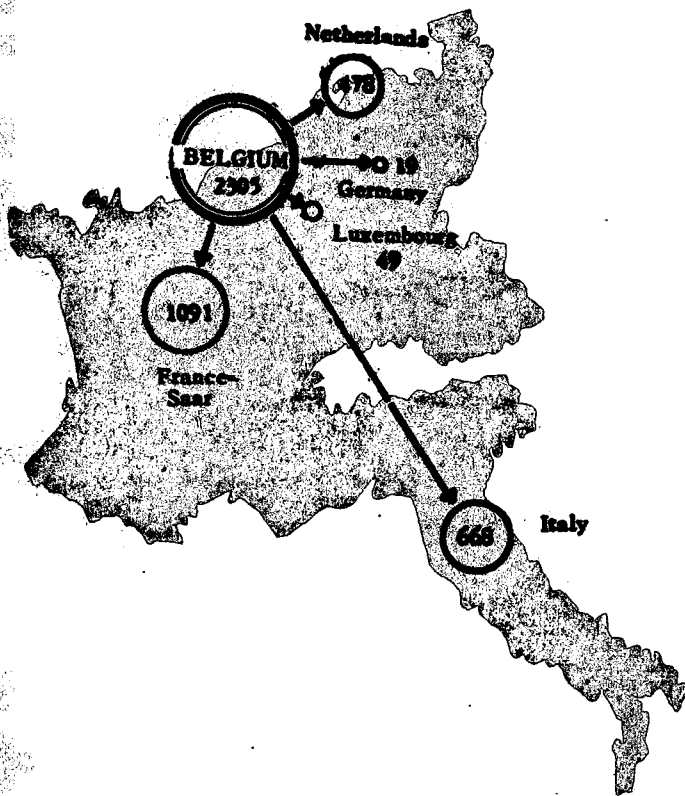
HARD COAL TRADE WITHIN THE COMMUNITY

BELGIUM

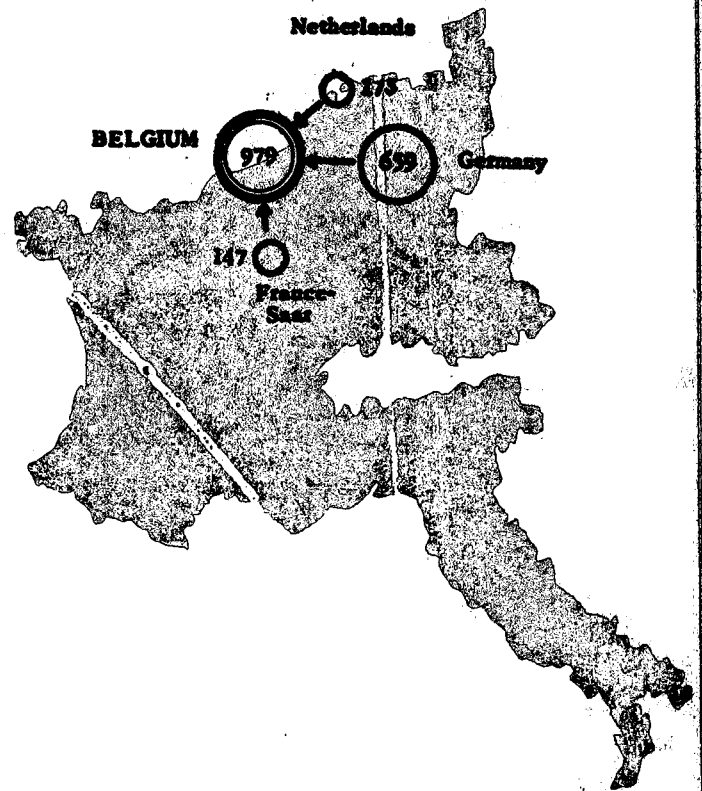
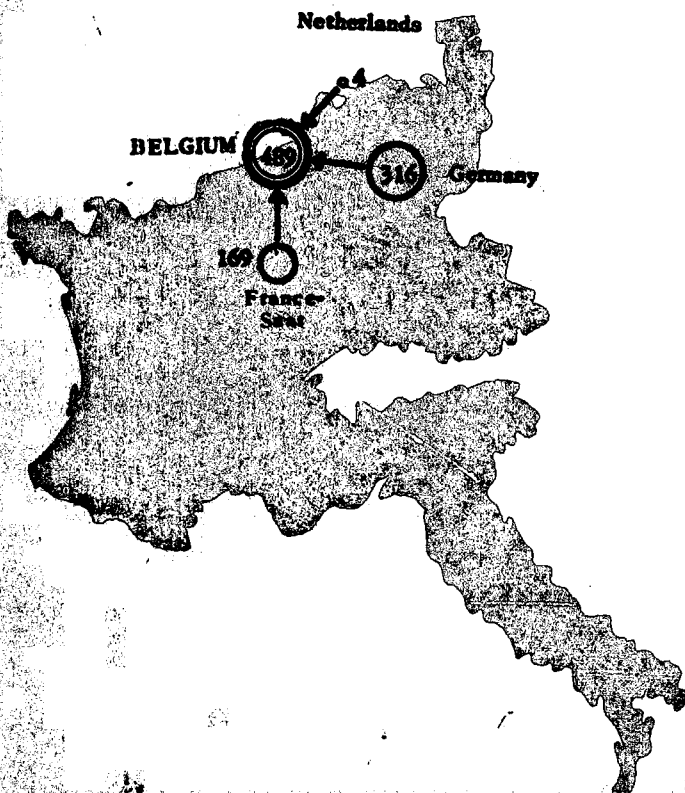
1952

1953

Deliveries from Belgium to other Community countries



Deliveries to Belgium from other Community countries



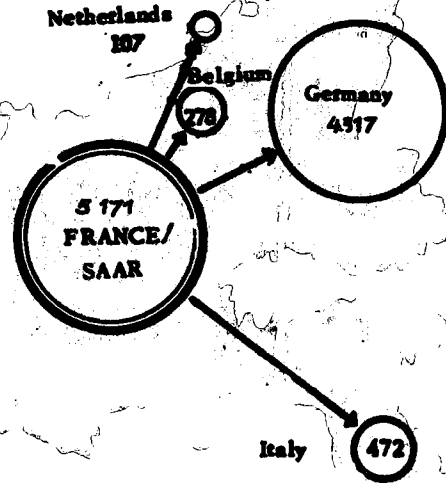
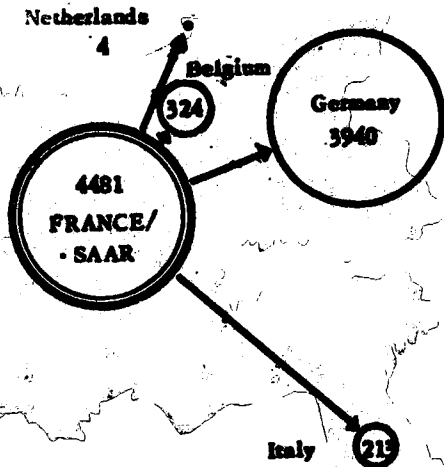
HARD COAL TRADE WITHIN THE COMMUNITY

FRANCE - SAAR

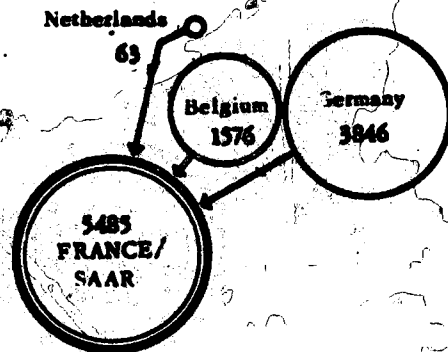
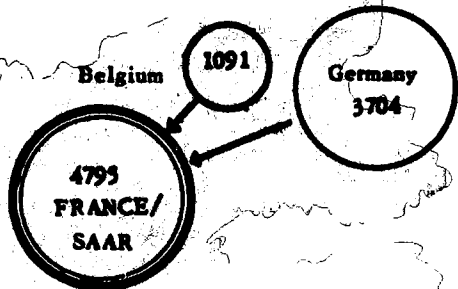
1952

1953

Deliveries from France and the Saar to other Community countries



Deliveries to France and the Saar from other Community countries



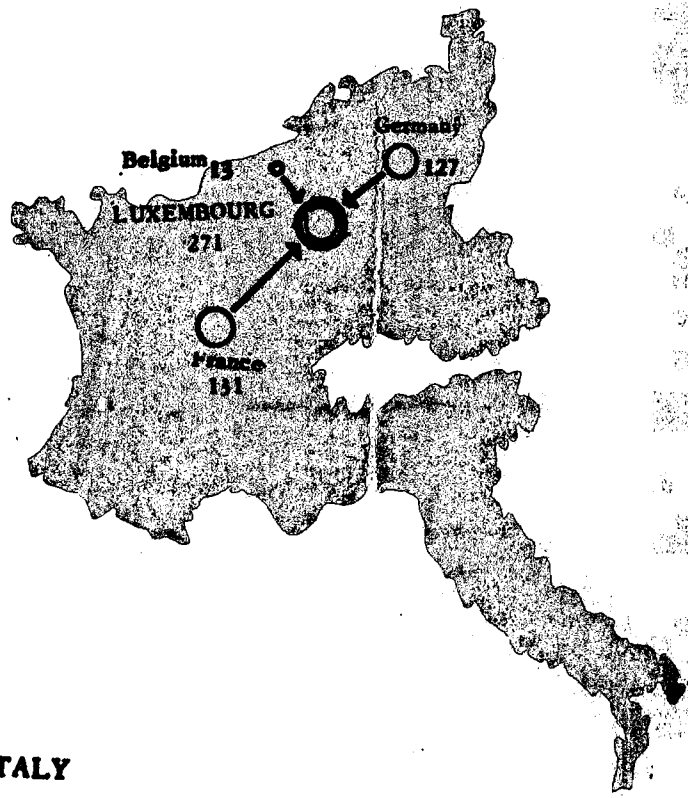
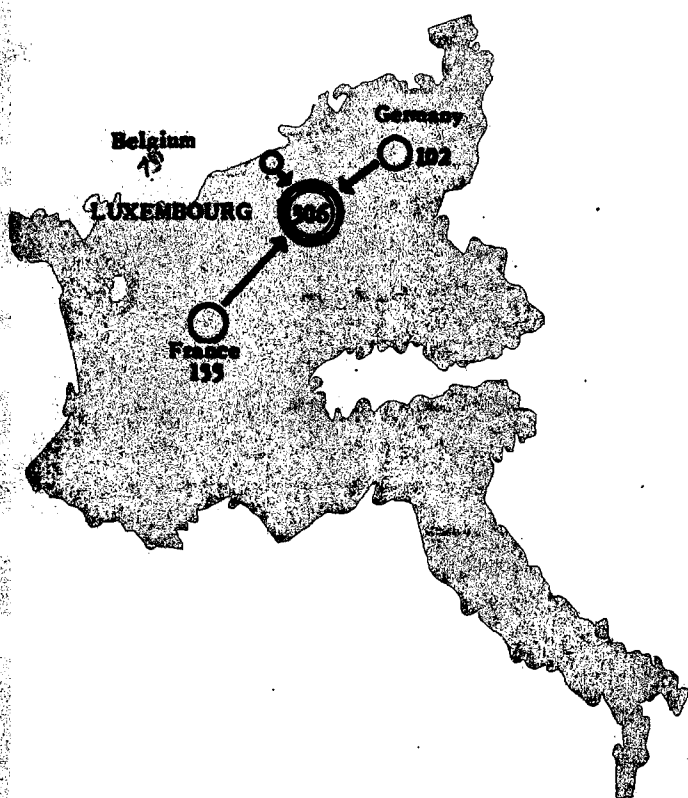
HARD COAL TRADE WITHIN THE COMMUNITY

LUXEMBOURG

1952

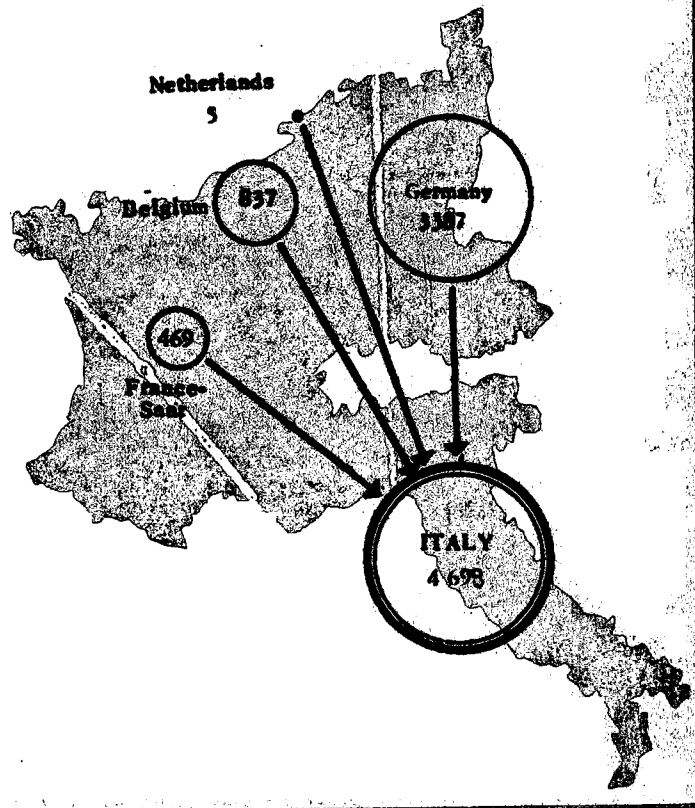
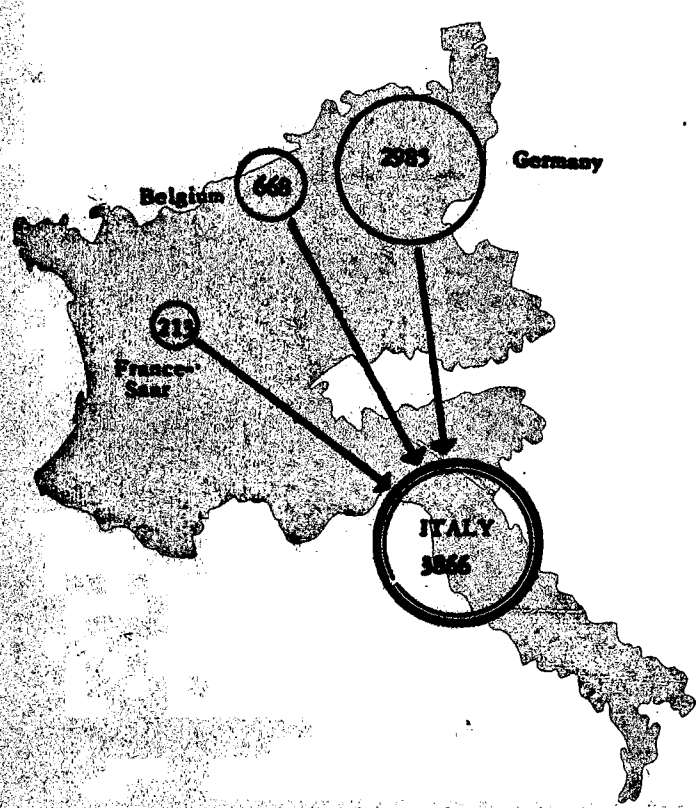
1953

Deliveries to Luxembourg from other Community countries



ITALY

Deliveries to Italy from other Community countries



HARD COAL TRADE WITHIN THE COMMUNITY

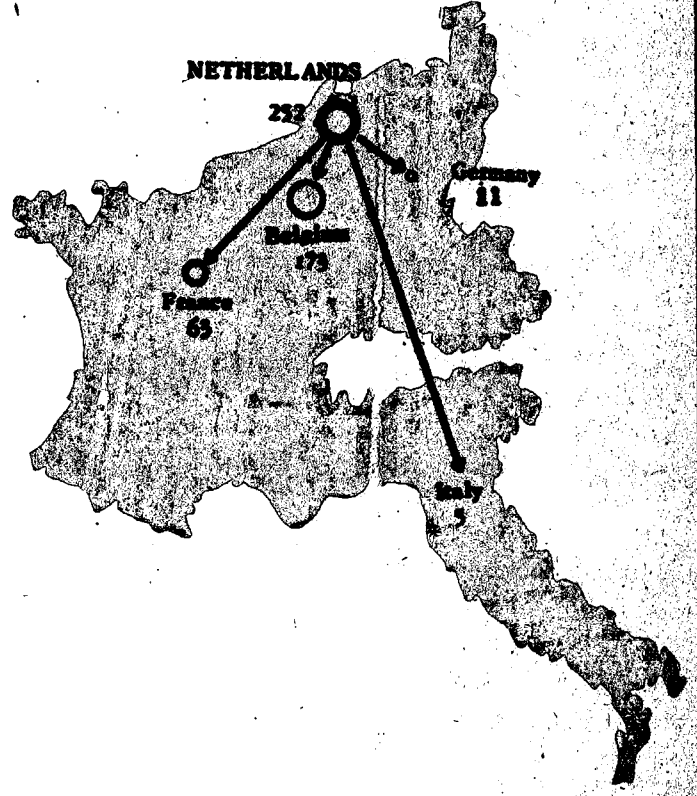
(in 1 000 metric t.)

NETHERLANDS

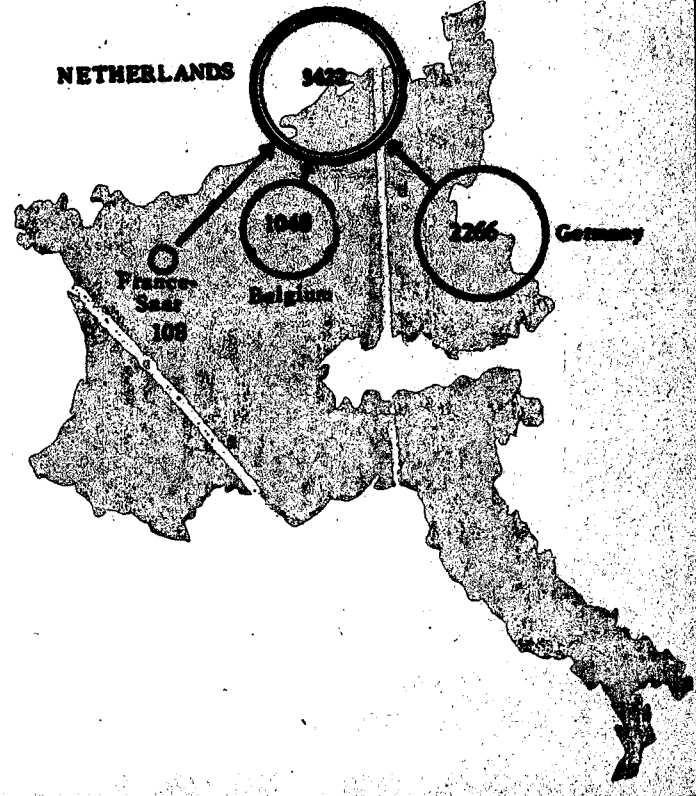
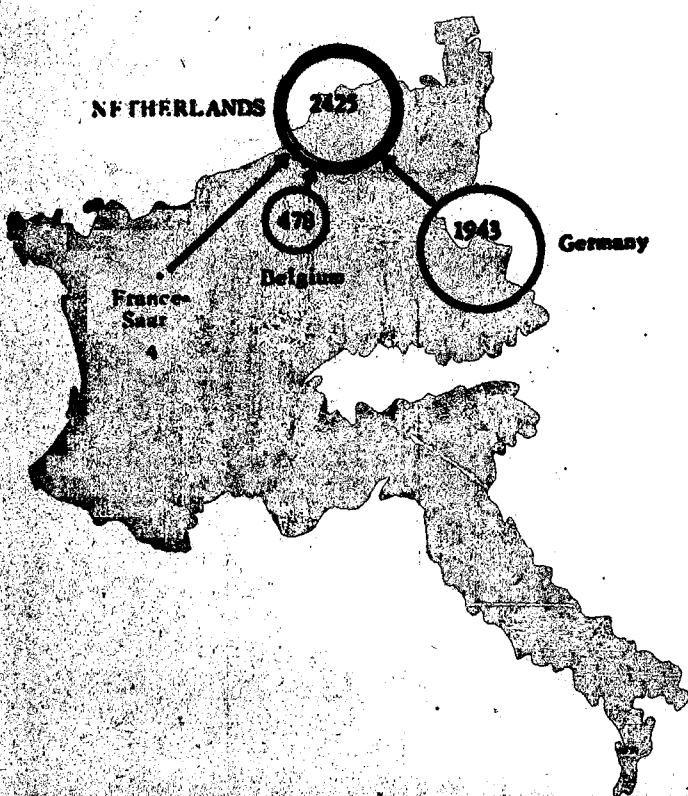
1952

1963

Deliveries from the Netherlands to other Community countries



Deliveries to the Netherlands from other Community countries



The total increase of hard coal deliveries from 1952 to 1953 was distributed as follows (in metric tons) :

<u>Deliveries from :</u>		<u>Deliveries to :</u>	
Germany	+ 1,226,000	Germany	+ 476,000
Belgium	+ 1,277,000	Belgium	+ 489,000
France/Saar	+ 690,000	France/Saar	+ 689,000
Netherlands	+ 248,000	Italy	+ 823,000
		Luxembourg	- 36,000
		Netherlands	+ 1,000,000
Total	+ 3,441,000	Total	+ 3,441,000
	=====		=====

This stepped-up trade has generally allowed producing countries to limit the accumulation of pit-head stocks and to maintain a relatively high level of production and employment despite a falling-off in demand which has varied in intensity in the different countries.

Finally, this intensified trade within the common market has helped to limit those imports of hard-coal which, because they had to be paid for in scarce currencies, had weighed heavily on the trade balances of the Community countries. From 1952 to 1953, the volume of imports from the United States dropped by 60 %, whereas imports from the United Kingdom rose by rather more than 40 %.

PRICES

The scope of price movements was limited. The abolition of dual prices has resulted in an upward adjustment of certain internal price schedules. So far as the consumer is concerned, these increases have been at least partly offset by reason of the uniform prices charged on the internal market and the other markets of the Community.

STEEL

TRADE

The common market for steel was set up on May 1, 1953. It was not until September, however, that trade between the countries of the Community began to develop. The reasons for this lay partly in the normal time-lag between the placing of orders and the carrying out of deliveries, and partly also in the inevitable hesitation which characterizes a period of adjustment.

It would, therefore, have been pointless to compare 1953 as a whole with 1952 as a whole. It was considered preferable to draw comparisons between the monthly averages for the first six months of 1953, for the third quarter and the last quarter.

During these periods, the monthly volume of deliveries of iron and steel products from countries in the Community to other countries in the Community grew from 194,300 metric tons (first half year) to 170,100 tons (third quarter) and 240,500 tons (fourth quarter).

The increase in trade between the average for the first six months and the average for the last quarter is 23,7 %.

Developments in the movements of iron and steel products (pig-iron, crude steel and rolled products) are given in the following tables, broken down by supplying countries and countries of destination :

DELIVERIES OF IRON AND STEEL PRODUCTS FROM
COUNTRIES OF THE COMMUNITY

(monthly average in metric tons)

	<u>January-June</u> <u>1953</u>	<u>July-September</u> <u>1953</u>	<u>October-December</u> <u>1953</u>
Germany	29,300	46,250	60,670
Belgium and Luxembourg	68,600	56,990	82,370
France and Saar	88,330	56,830	83,740
Italy	170	240	500
Netherlands	7,870	9,790	13,230
Total	194,270	170,100	240,510
	=====	=====	=====

DELIVERIES OF IRON AND STEEL PRODUCTS
TO COUNTRIES OF THE COMMUNITY

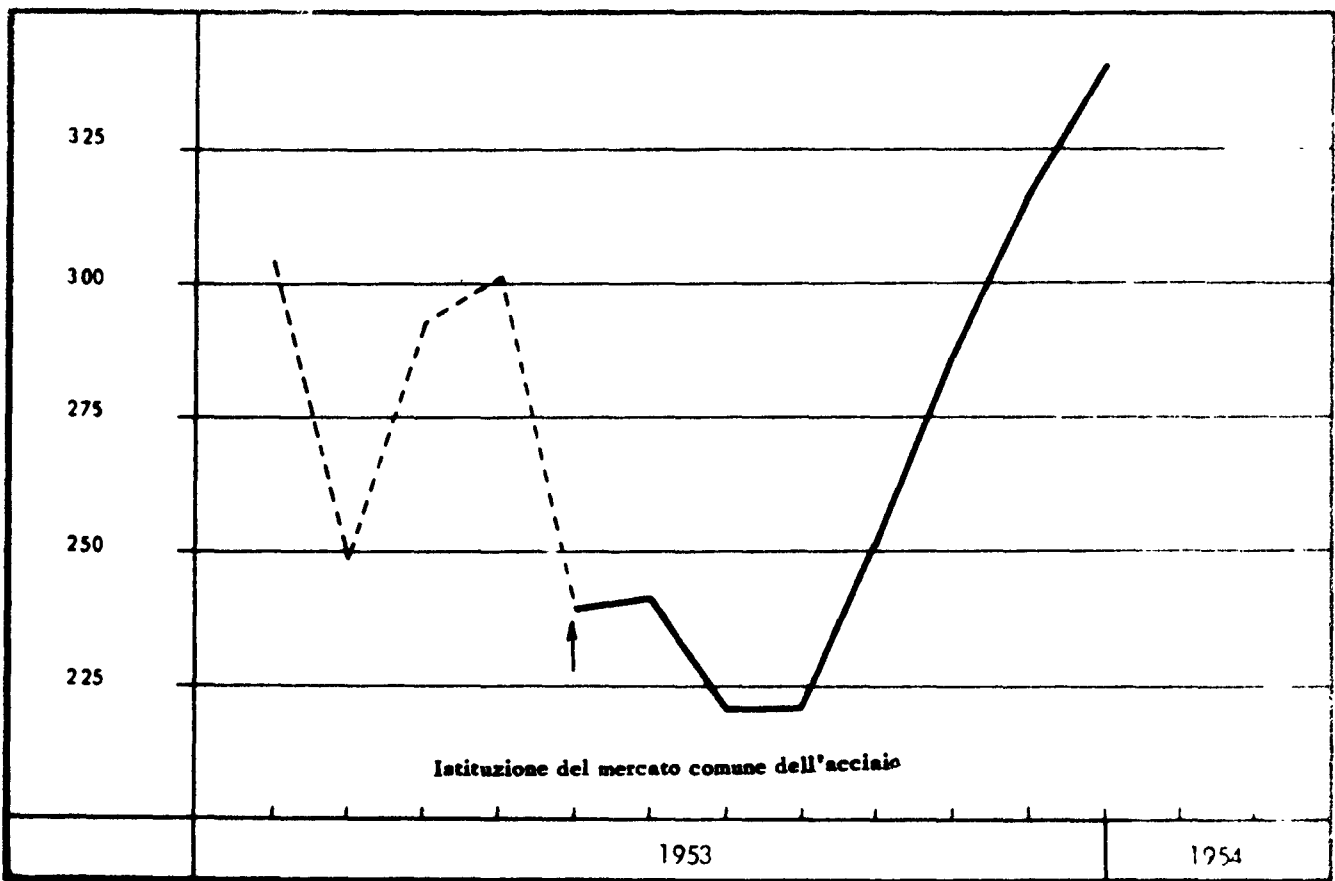
(monthly average in metric tons)

	<u>January-June</u> <u>1953</u>	<u>July-September</u> <u>1953</u>	<u>October-December</u> <u>1953</u>
Germany	81,850	44,930	73,160
Belgium and Luxembourg	27,410	28,670	22,630
France and Saar	1,130	10,490	16,680
Italy	28,520	27,650	49,150
Netherlands	55,360	58,360	78,890
Total	194,270	170,100	240,510
	=====	=====	=====

(in 1 000 metric tons)

DELIVERIES OF IRON AND STEEL PRODUCTS FROM COMMUNITY COUNTRIES

TO OTHER COMMUNITY COUNTRIES



(1) Includes the exchanges France - Saar

(in metric tons)

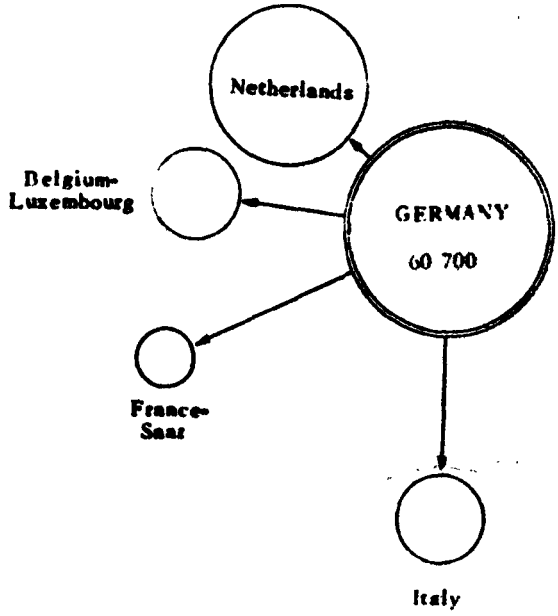
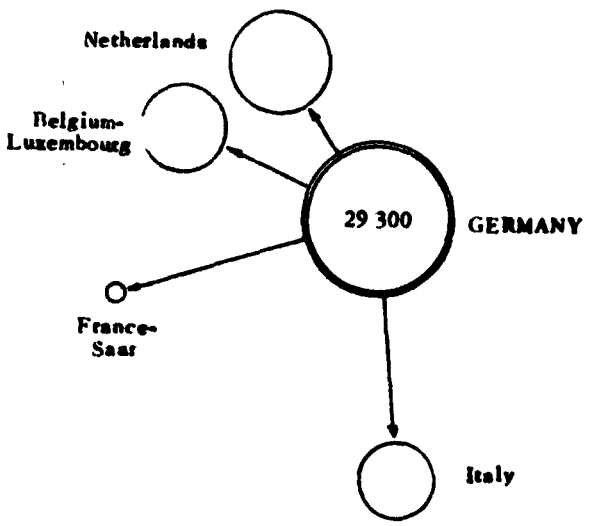
TRADE IN IRON AND STEEL PRODUCTS WITHIN THE COMMUNITY

January- June 1953
(monthly average)

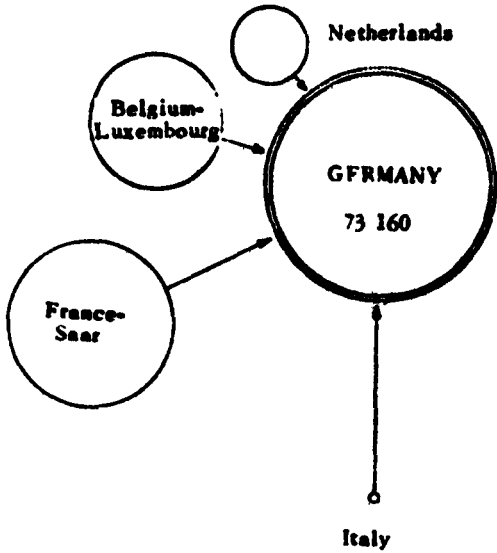
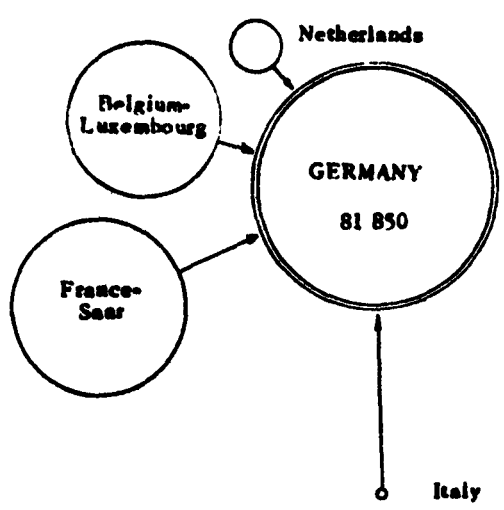
GERMANY

October - December 1953
(monthly average)

Deliveries from Germany to other Community countries



Deliveries to Germany from other Community countries



(in metric tons)

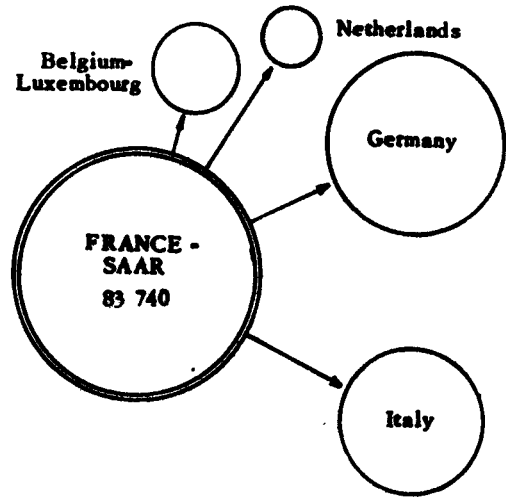
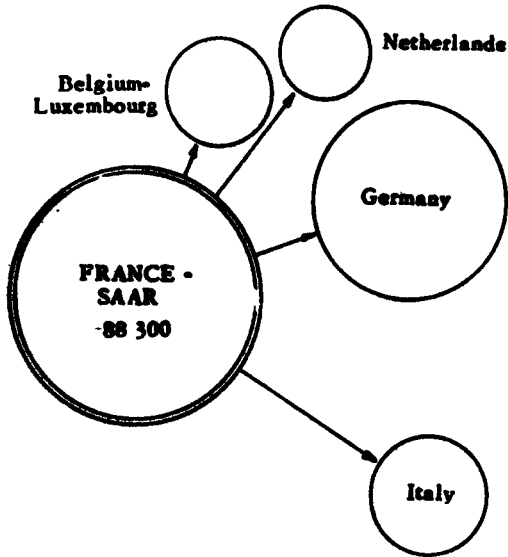
TRADE IN IRON AND STEEL PRODUCTS WITHIN THE COMMUNITY

FRANCE - SAAR

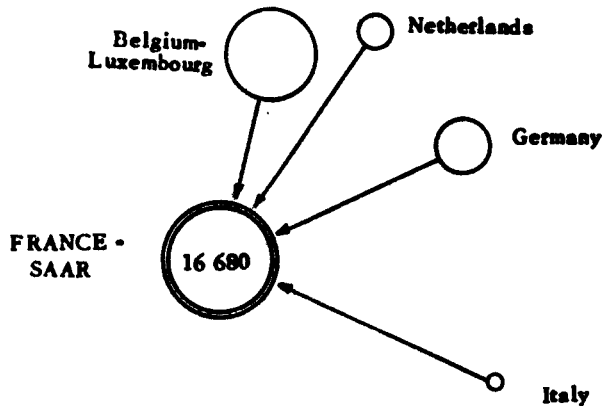
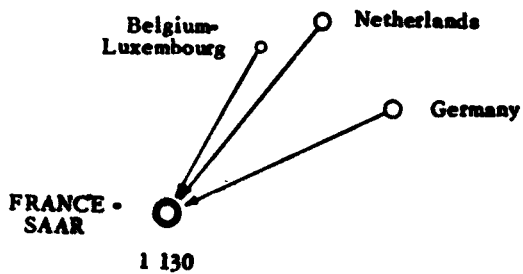
January - June 1953
(monthly average)

October - December 1953
(monthly average)

Deliveries from France and the Saar to other Community countries



Deliveries to France and the Saar from other Community countries



(in metric tons)

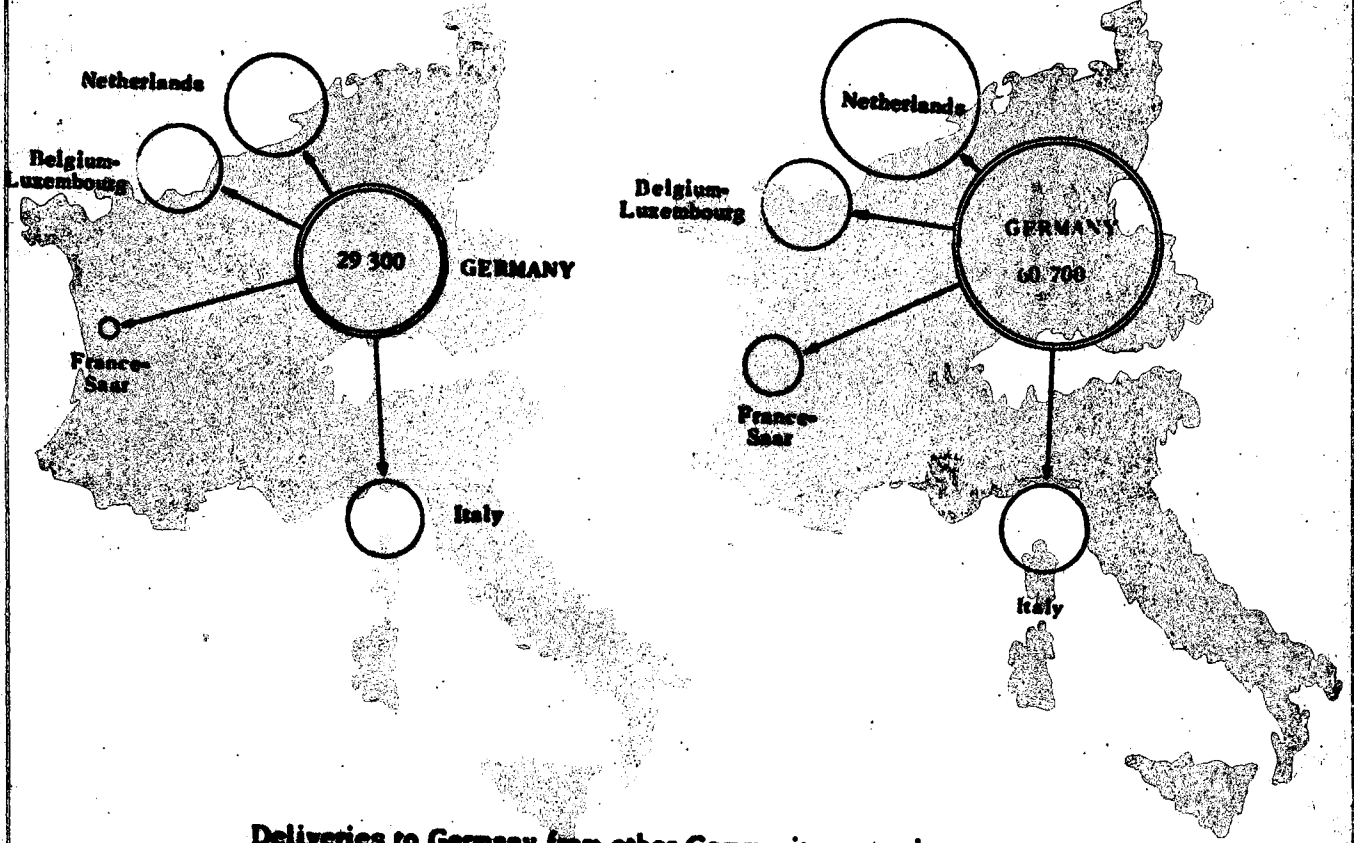
TRADE IN IRON AND STEEL PRODUCTS WITHIN THE COMMUNITY

January - June 1953
(monthly average)

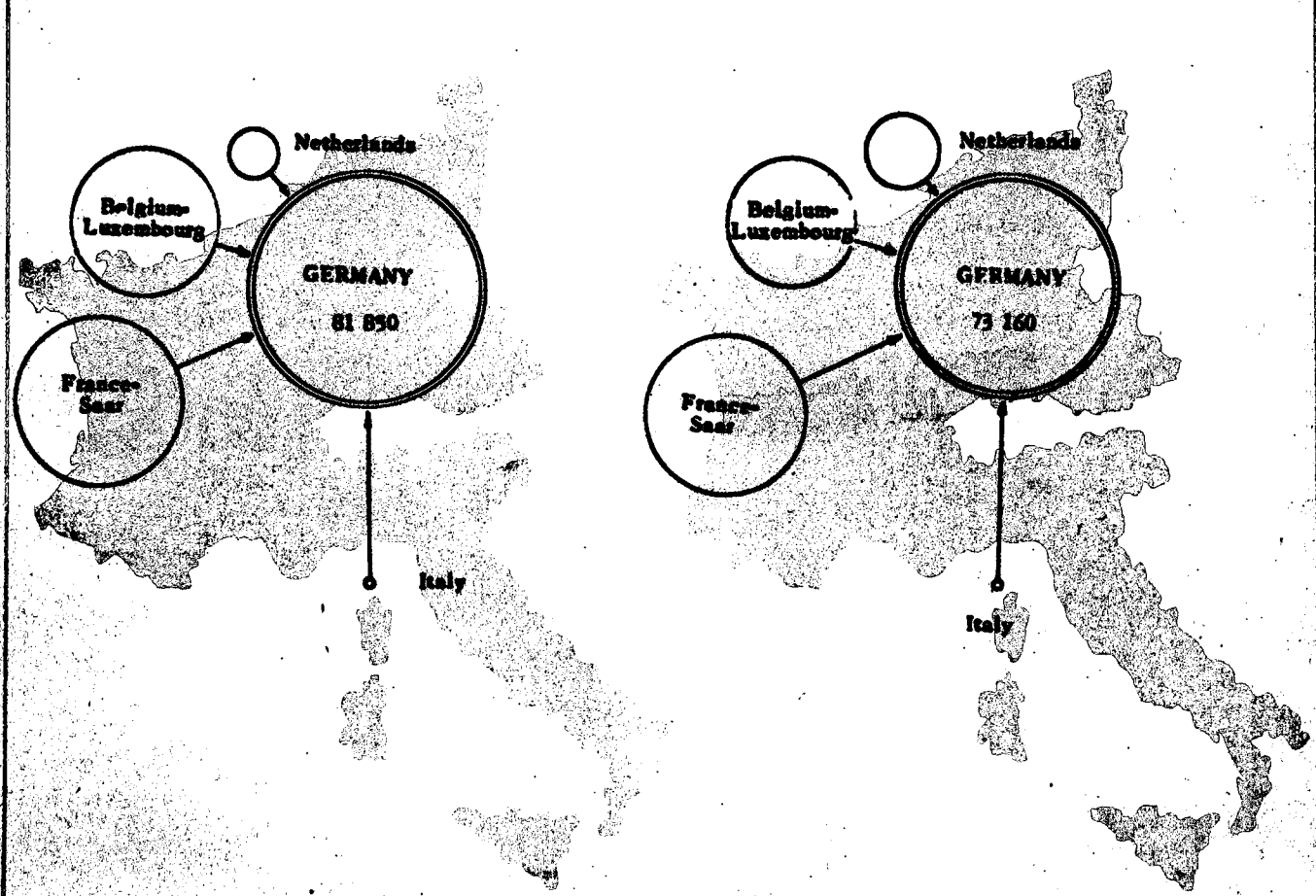
GERMANY

October - December 1953
(monthly average)

Deliveries from Germany to other Community countries



Deliveries to Germany from other Community countries



(in metric tons)

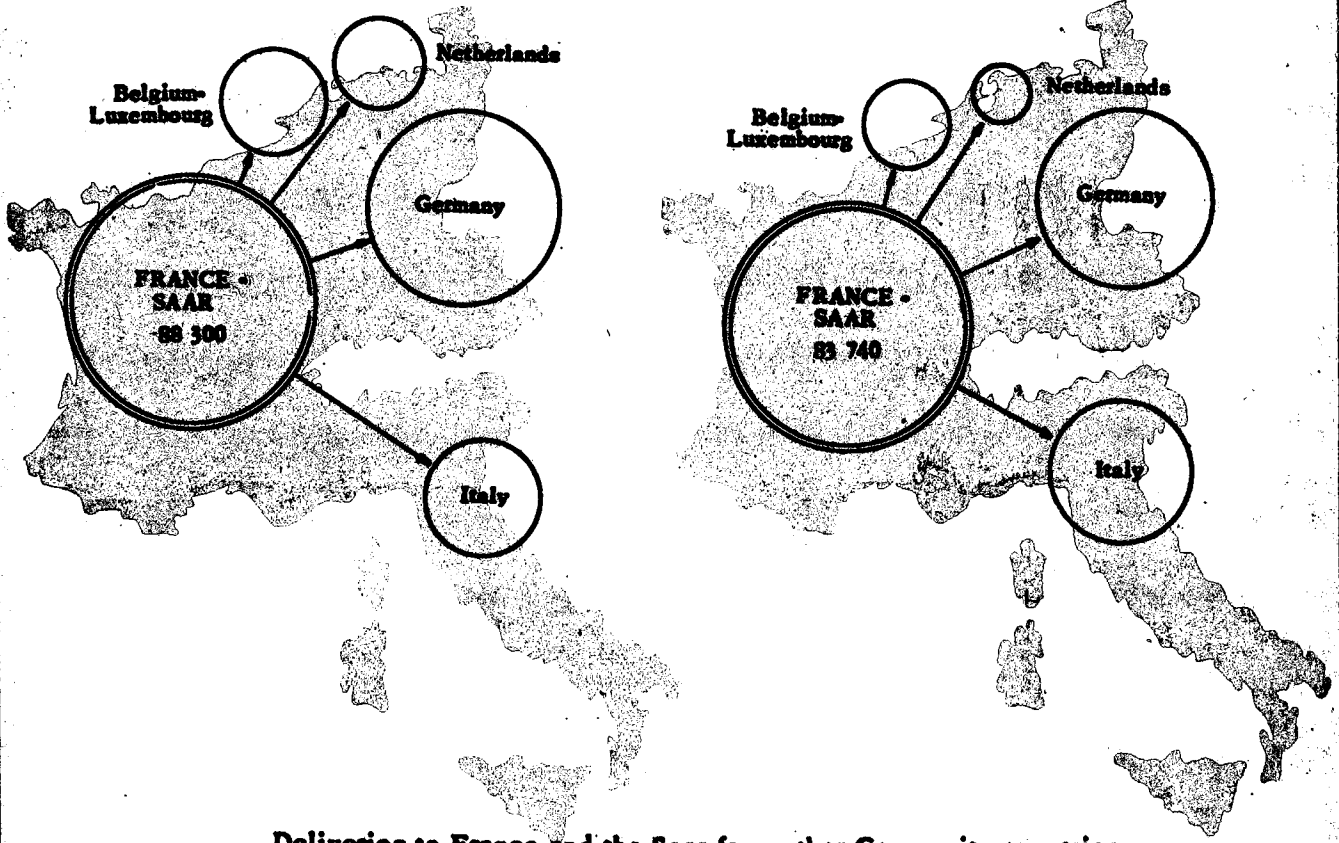
TRADE IN IRON AND STEEL PRODUCTS WITHIN THE COMMUNITY

FRANCE - SAAR

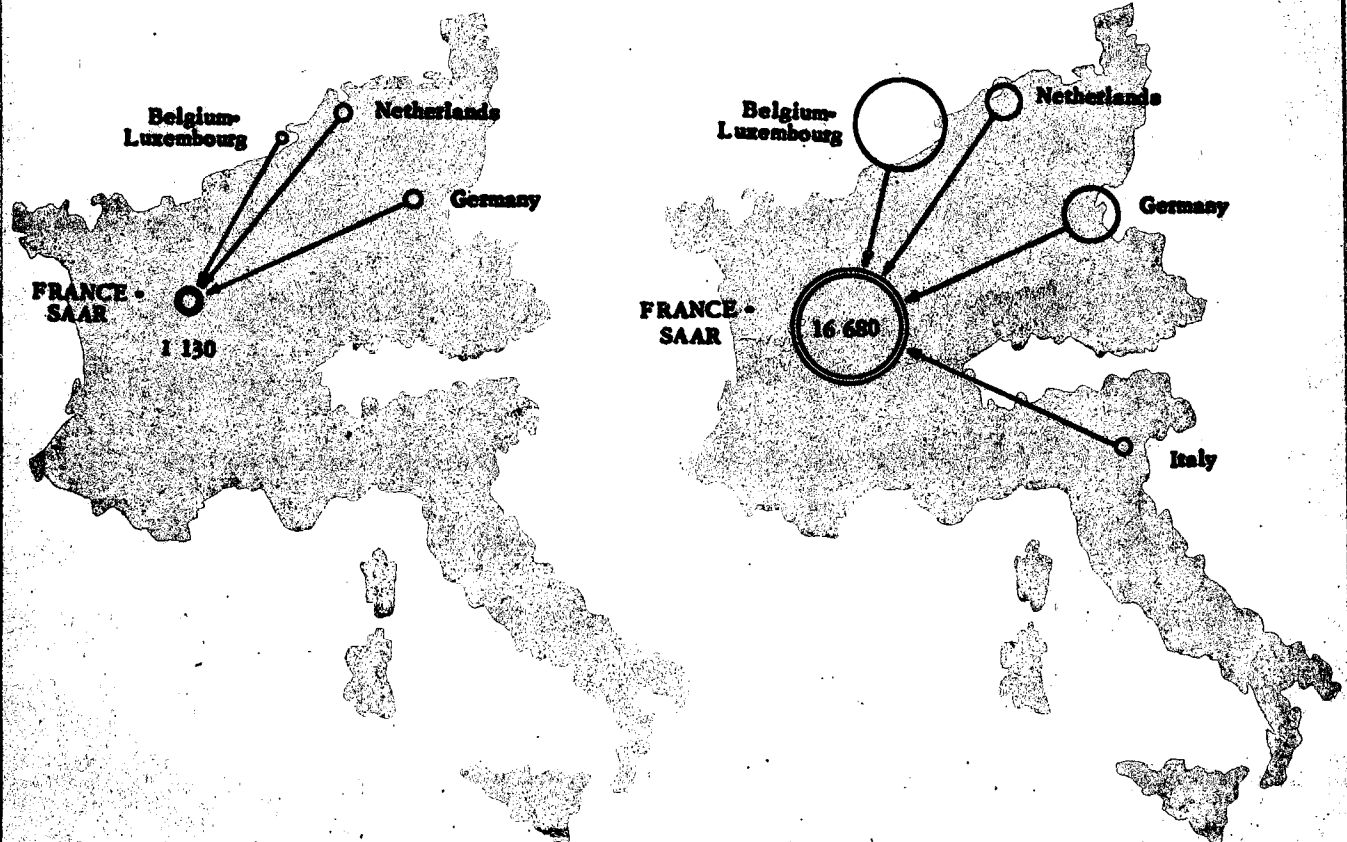
January - June 1953
(monthly average)

October - December 1953
(monthly average)

Deliveries from France and the Saar to other Community countries



Deliveries to France and the Saar from other Community countries



(in metric tons)

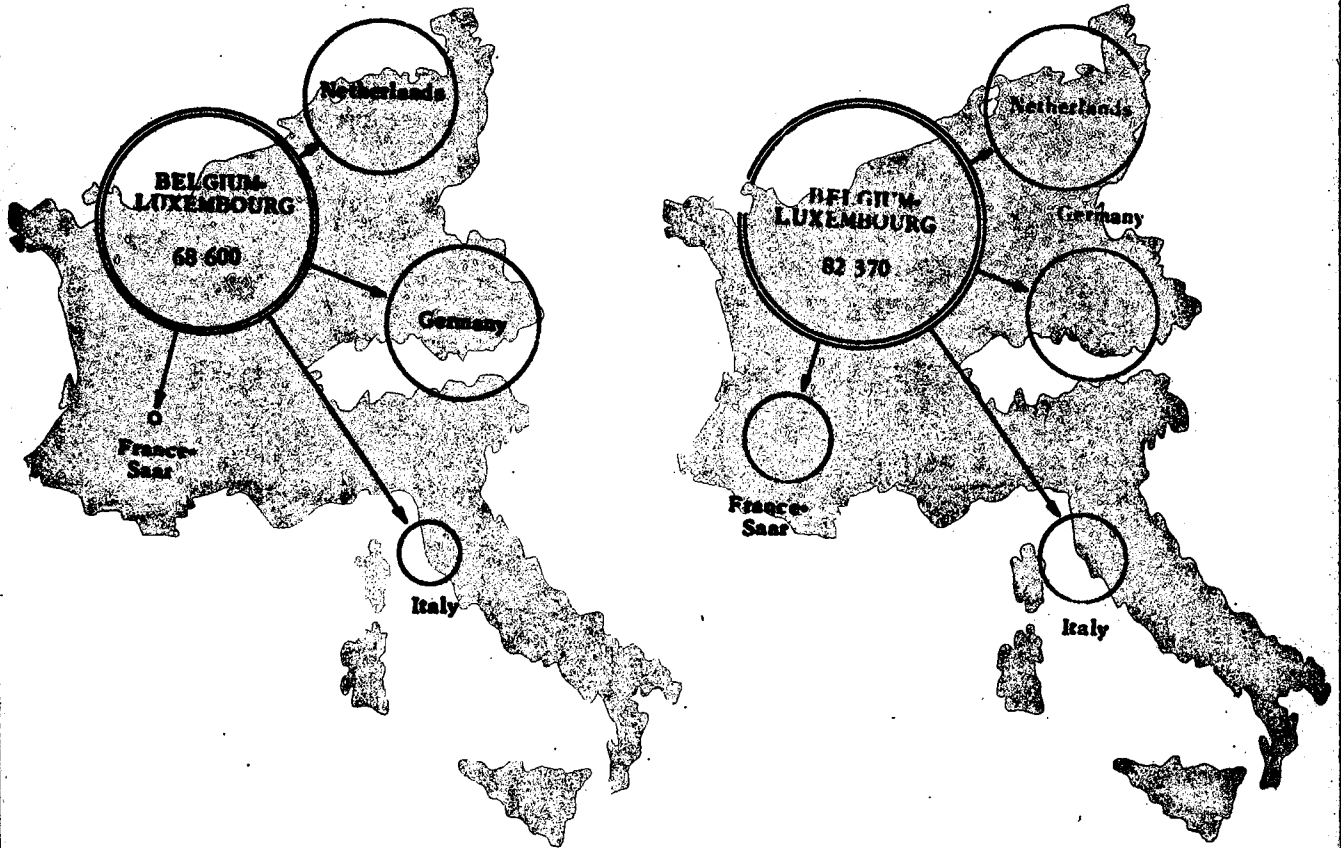
TRADE IN IRON AND STEEL PRODUCTS WITHIN THE COMMUNITY

January - June 1953
(monthly average)

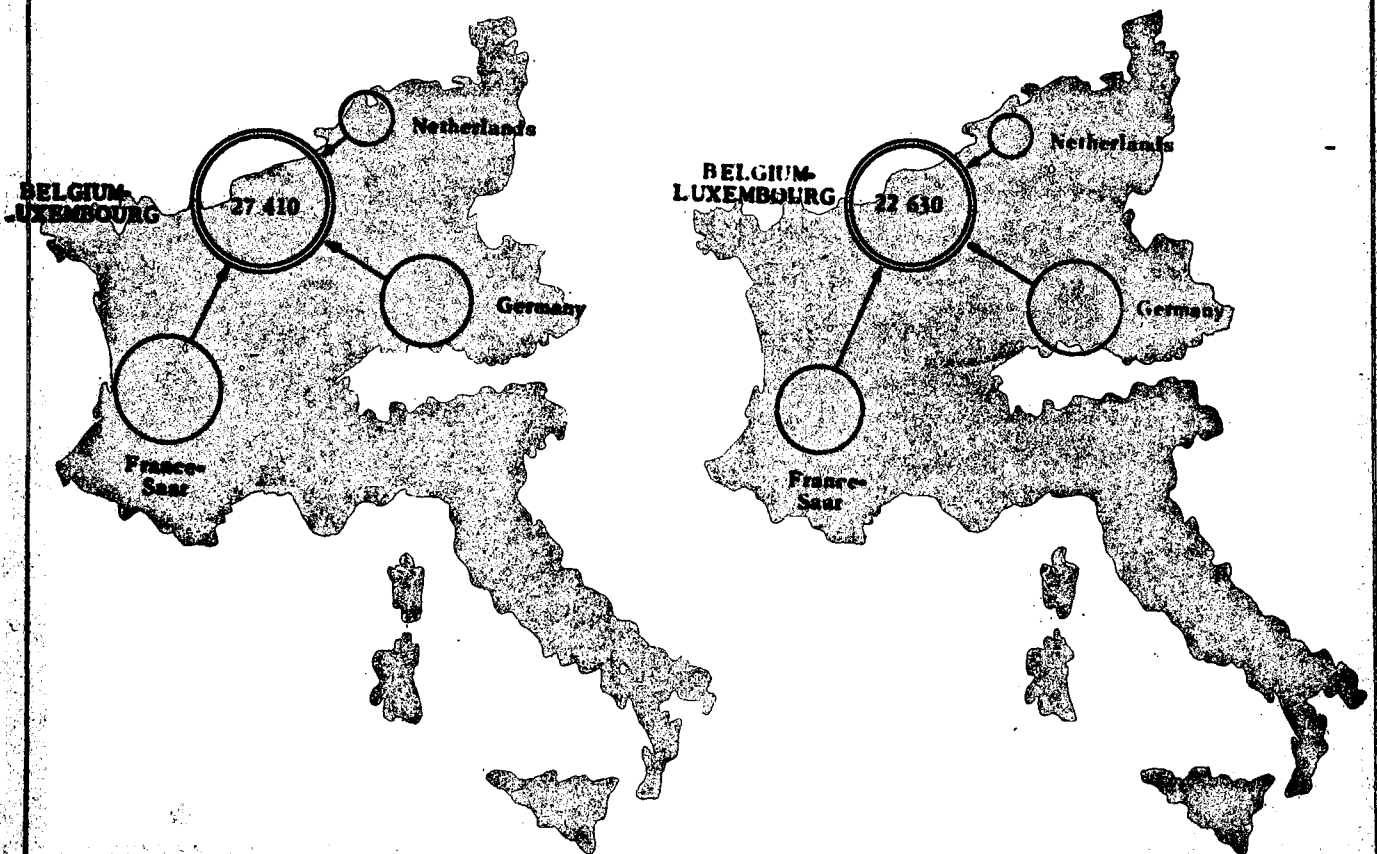
BELGIUM - LUXEMBOURG

October - December 1953
(monthly average)

Deliveries from Belgium and Luxembourg to other Community countries



Deliveries to the Belgo-Luxembourg Economic Union from other Community countries



(in metric tons)

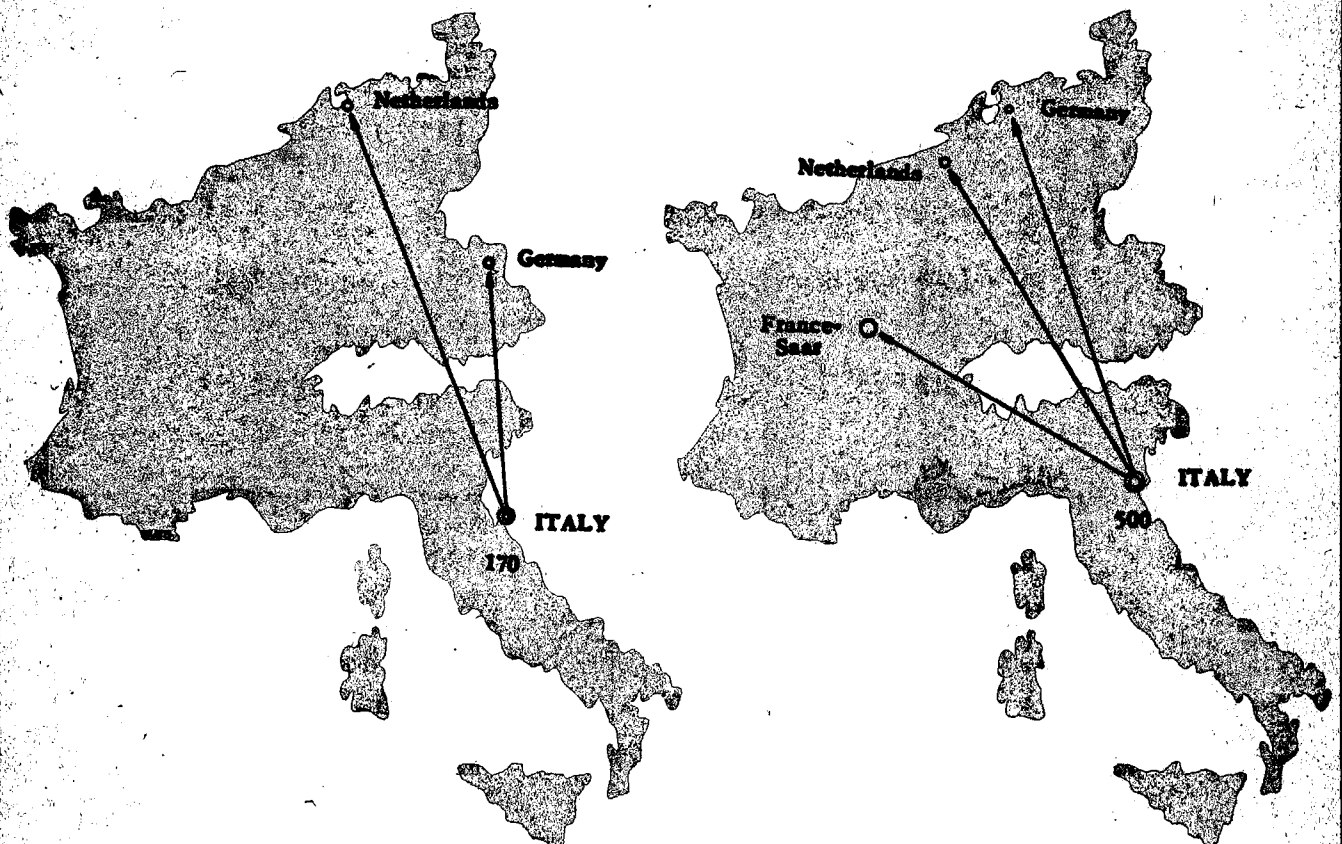
TRADE IN IRON AND STEEL PRODUCTS WITHIN THE COMMUNITY

ITALY

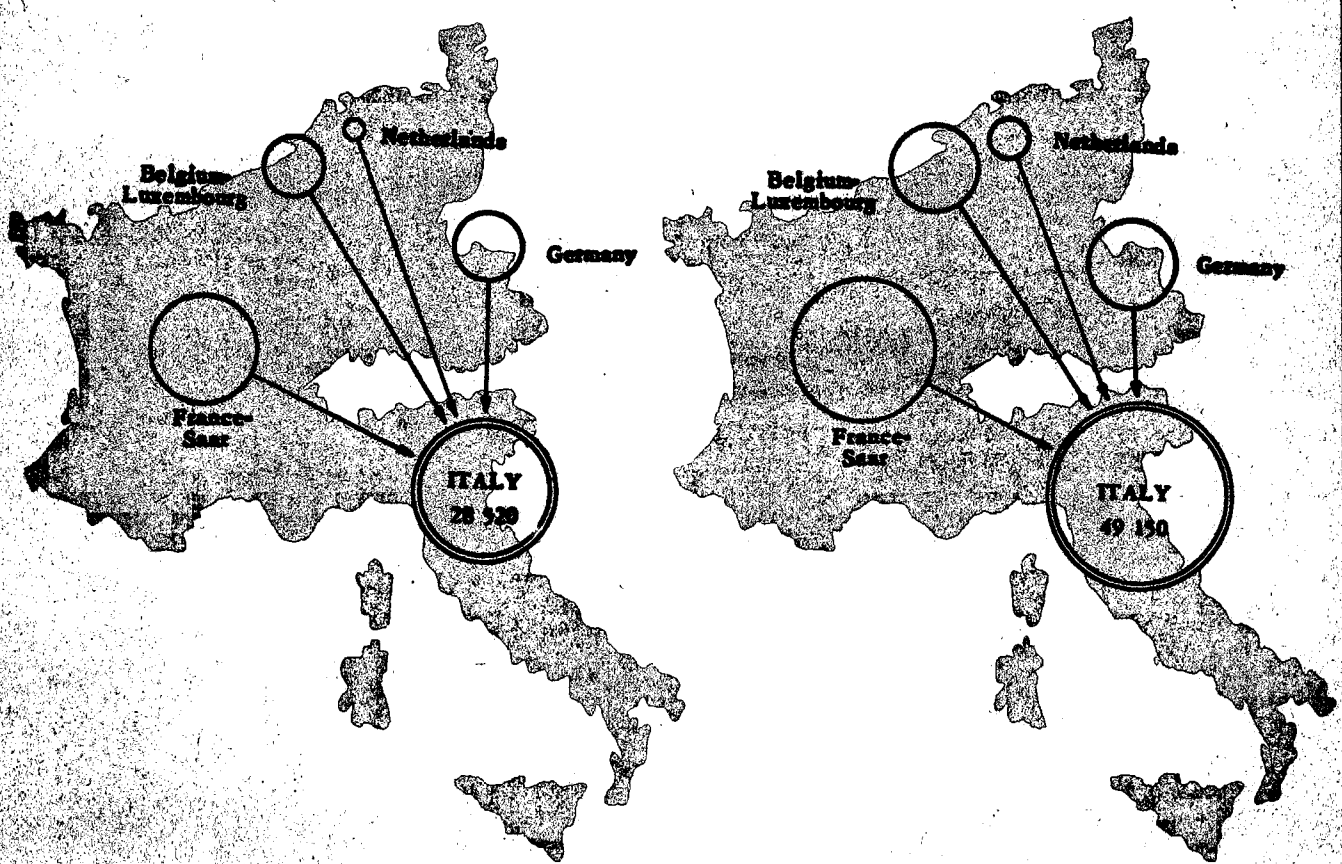
January - June 1953
(monthly average)

October - December 1953
(monthly average)

Deliveries from Italy to other Community countries



Deliveries to Italy from other Community countries



(in metric tons)

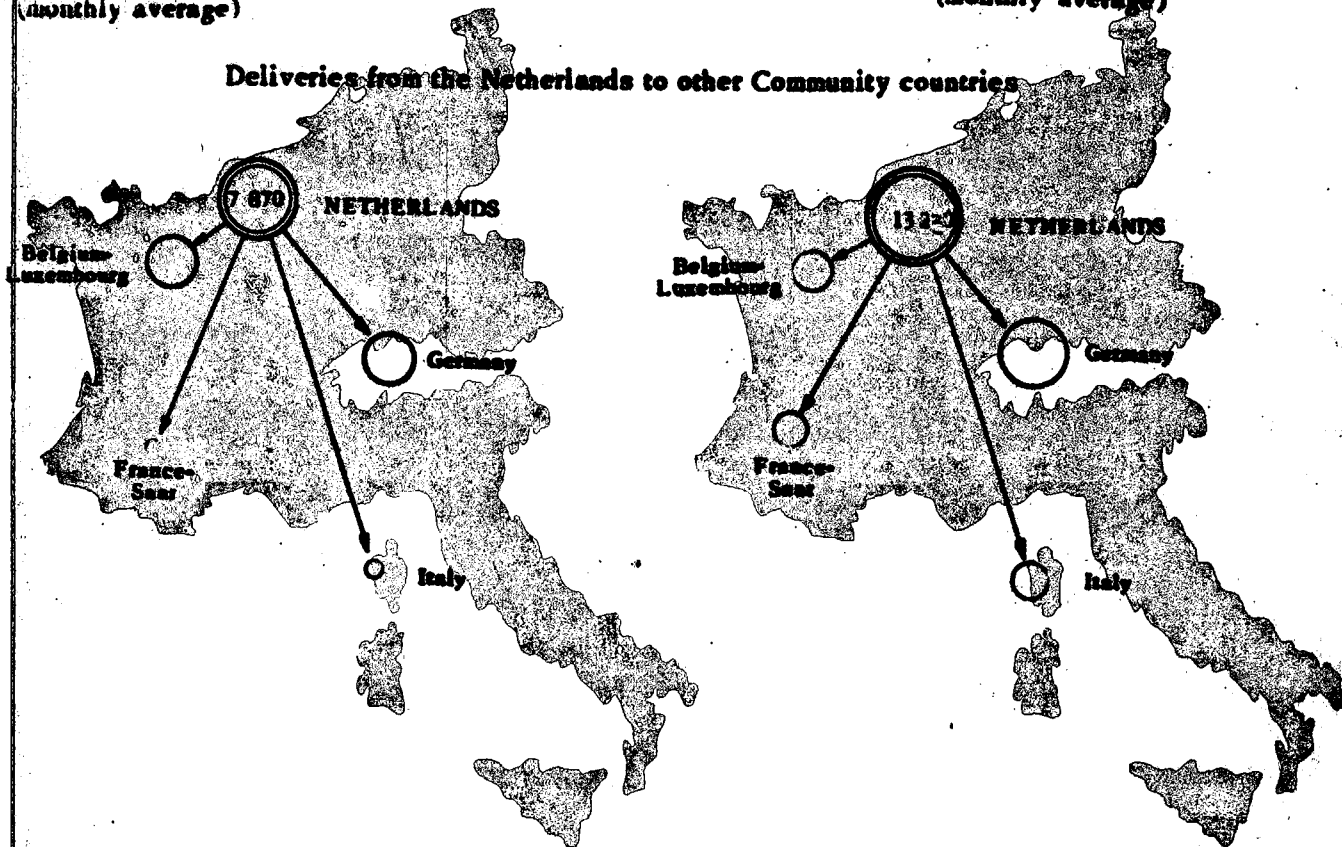
TRADE IN IRON AND STEEL PRODUCTS WITHIN THE COMMUNITY

NETHERLANDS

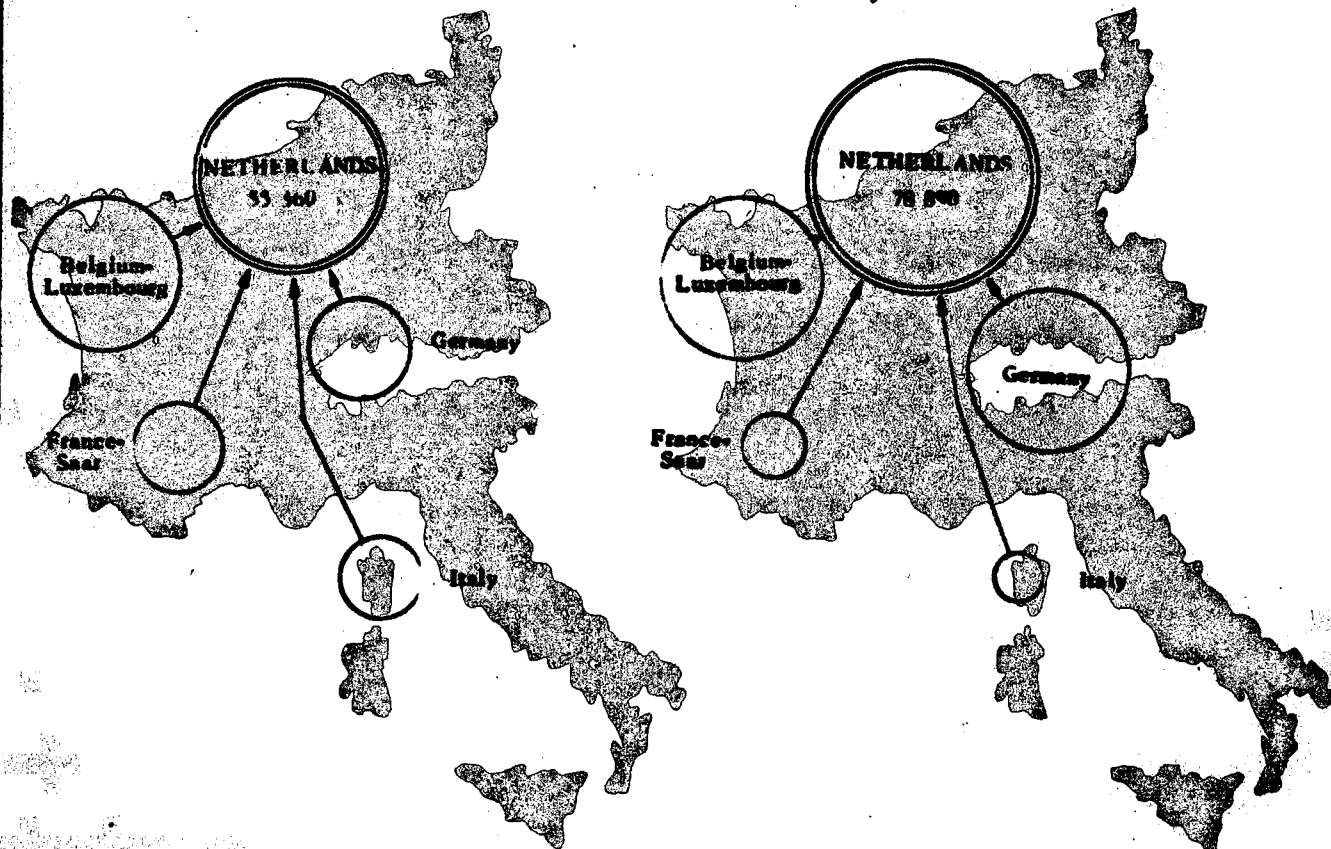
January - June 1953
(monthly average)

October - December 1953
(monthly average)

Deliveries from the Netherlands to other Community countries



Deliveries to the Netherlands from other Community countries



- France Subsidies and inter-mine compensation to be maintained for limited periods, specified in each case.

- Netherlands Compensation scheme for industrial coal suppressed as from March 31, 1954. Similar arrangements for domestic coal to be temporarily maintained, but to be abolished before September 30, 1954.

- Belgian coal mines It will be recalled that a compensation scheme (29 francs per ton) had been introduced in favour of the Belgian coalmining industry, the costs of which were especially high. The High Authority also maintained the breakdown of the Belgian contribution to the compensation payments at the same level in 1954 as in 1953. Thus, three marginal mines in the Borinage area, which are in difficulties, will receive 200 million Belgian francs and not 114 as was envisaged in agreements concluded between the Belgian Government and these mines? In addition, the High Authority authorized the temporary creation of a supporting fund for the benefit of these three enterprises, financed by a levy of 120 million B.Frs. on Belgian coal production.

At the request, and with the cooperation of the Belgian Government, the High Authority will set up a Committee of independent experts to study the rationalization programmes of the coal mines concerned, with the object of adapting the Belgian coalmining industry to common market conditions.

From June 1953 till February 1954, more than 42 % of Belgian deliveries to the common market benefited by additional compensation provided for exports of coal recognized as necessary for supplying the common market. This form of compensation amounted to about 125 million B.frs. half of which was borne by the High Authority and half by the Belgian Government.

Finally, in collaboration with the Belgian Government, the High Authority embarked upon a detailed study of the problem of integrating the Belgian hard-coal mines into the common market at the end of the transition period.

- Italian SULCIS mines : Two provisional advances, one of 1,050 million Lire and the other of 450 million Lire, were approved by the High Authority in favour of the Italian mines at Sulcis in Sardinia. However, information collected by the High Authority, either by sending one of its experts to the spot, or as a result of talks with the Italian Government Commissioner instructed to study all the problems raised by the Sulcis mines, lead the High Authority seriously to doubt whether the Sulcis mines, by using the moneys advanced, will be able to face competition within the common market after the period of 2 years laid down in the Convention containing the Transitional Provisions.

STEEL

The High Authority has introduced greater flexibility into the rules governing the publication of price-schedules. Publication of alterations in the price-schedules of an enterprises is henceforth compulsory as soon as the prices actually charged by the latter and the schedule prices show an average difference, over a period of 60 days, of 2.5 % of the basic prices applicable, in accordance with the published schedule, to transactions effected. Steel enterprises must in future, on the 1st and 15th of each month, supply exact information on sales effected on the basis of their own schedule or the schedule of a competing firm. The first spot-checks of steel enterprises took place on February 25 and 26, and this control work is continuing. In order to accomplish it, the High Authority has called in the services of a trust company.

SCRAP

In view of the relatively easy market situation, the High Authority has abolished the maximum price system. The compensation fund for scrap imported from third countries, founded by voluntary association of the consumers, was replaced, with effect from March 31, 1954, the date until which it had been authorized in this form, by a compensation scheme for scrap imported from third countries and other scrap classed in the same category, and all consumer enterprises are obliged to contribute towards the expense of this scheme, which is to last for one year.

While maintaining control on exports of scrap from the Community to third countries, the High Authority has authorized the export of specific tonnages of certain qualities of which a surplus exists.

Section 3 : DEVELOPMENT OF COMPETITION

Administrative Obstacles

The High Authority has decided to submit to the Council of Ministers all the documentation it has so far assembled, so as to induce the governments to make at least a substantial reduction in these impediments, insofar as it is not immediately possible, to abolish them completely.

Transport

So far as railways are concerned, the abolition of discriminatory practices proper, i.e. rates and transport conditions based on countries of origin or destination of products, has been completed. The balance in favour of the common market amounts to 24 million B.Frs.

As regards the divergent systems represented by the controlled freight rates for internal water transport and the uncontrolled rates for international traffic, the committee of transport experts has helped to define the guiding principles for a solution while clearly distinguishing the problem of the canals from that of the Rhine ; the governments have moreover expressed their agreement with the principle of abolishing these disparities.

On the subject of international through-rates, the High Authority has arrived at broad conclusions. As soon as these have served as a basis for securing agreement in principle between the governments and the High Authority, a detailed study of practical measures will be undertaken. The relevant work delegated to the committee of transport experts must be completed by October 24, 1954, in accordance with the Convention, and the High Authority will have the right to bring the rates themselves into force on February 10, 1955.

Work by the Committee of experts on the harmonization of rates is in progress.

Agreements and Concentrations

- The organization responsible for the allocation of scrap or for price compensation on the various national markets have been wound up.

- The High Authority has obliged existing agreements to come into the open and, if necessary, to apply for authorization, unless they wish to be quite simply forbidden.

- The High Authority has undertaken a series of exhaustive enquiries concerning the activities of buying or selling organizations for coal, steel and iron-ore in the various countries of the Community. Several of these enquiries have already been completed, and the High Authority is now preparing all the measures designed to bring about the liquidation or transformation of these organizations. As regards concentrations, the High Authority has adopted a realistic policy tending to encourage regrouping which will allow for a greater rationalization of production while preventing concentrations which, because of their dominant situation, would jeopardize the proper operation of the common market.

Section 4 : THE DEVELOPMENT OF THE COMMON MARKET

General objectives and long-term forecasts

The capacity to be achieved in the steel industry must be sufficient to ensure, if need be, a production of 50 million metric tons by about 1957 ; an additional 15 million tons of coking coal or a total of 20 million tons of coal, should be available for the Community's needs by the same

date. The general objectives will, however, be all the more assured of success inasmuch as they are less directed towards achieving a predetermined volume of production than towards securing a lowering of costs.

Technical research and development of coal and steel consumption

COAL An initial series of studies has already been undertaken to encourage technical improvements in hard-coal carbonization (tests of different cokes in two blast furnaces of identical pattern, working with the same ore and under the same invariable conditions of operation ; this experiment will take place in a Charleroi works). The High Authority has decided, in principle, to give financial support to this experiment, subject to the unanimous agreement of the Council of Ministers. A committee of experts is watching the application of the most rational technical processes for the extraction of coal.

STEEL The High Authority's efforts have been directed towards three fields of research : the influence of the properties of coke on the operation of blast furnaces, the improvement of refractory materials and the influence of rolling temperatures on the quality of the products. Tests on the use of oxygen in the improvement of basic Bessemer steel will take place in a steel works in the Ruhr. The High Authority has decided, in principle, to give financial assistance to this latter project, subject once again to the unanimous agreement of the Council of Ministers.

A start has been made on drawing up a nomenclature for steel products, common to the six countries.

Contact has been established with the national steel utilization offices so as to arrive at a better coordination of efforts.

Cooperation with the governments with a view to a general policy of expansion

As regards cooperation between the High Authority and the governments, as provided for in Articles 46 and 57 of the Treaty, a distinction should be drawn between the maintenance or development of economic activity on a short-term basis and general long-term economic expansion.

Short-term measures. A working party, composed of experts appointed on the one hand by the governments and on the other by the High Authority, has drawn up the framework for a periodic report on the economic situation. At present, the economic activity of the Community countries is still at a high level, but there is a lack of sufficiently strong and sufficiently widespread impulses to guarantee a persistent improvement in production, employment and consumption.

Long-term measures. The experts of the governments and of the High Authority have drawn up questionnaires bearing on the objectives as well as the means and conditions for introducing a general policy of expansion, and on the estimates and prospects of an increase in the national product and in industrial production. The first replies received from the various national delegations came in at the beginning of March 1954. Their examination reveals that the present increase in the production in all the countries of the Community is too slight to guarantee stability of employment in the coalmining and steel industries.

Taking account of the savings in the utilization of some products and the substitution of competing products in wide sections of the industry, it may be estimated that an increase in the national product of at least 3 % per annum would be necessary to maintain production and employment in the coalmining and iron and steel industries. It will depend on the situation prevailing in each country and the economic policy pursued by each government, whether the pre-requisites for such an expansion can be created.

INVESTMENTS AND THEIR FINANCING

In continuance of its preparation of the next step to be taken in the field of investment, the High Authority has conducted enquiries into the extent and type of investments now under way in the Community, and on the present conditions for financing such investments.

Current Investments :

(in millions of dollar)

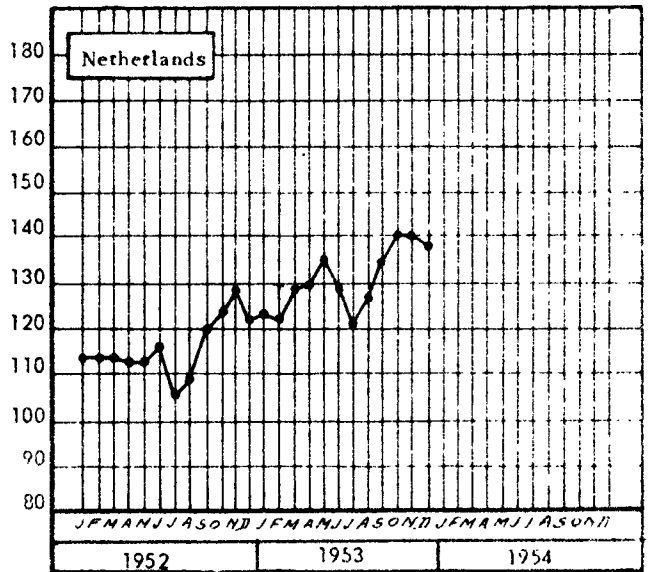
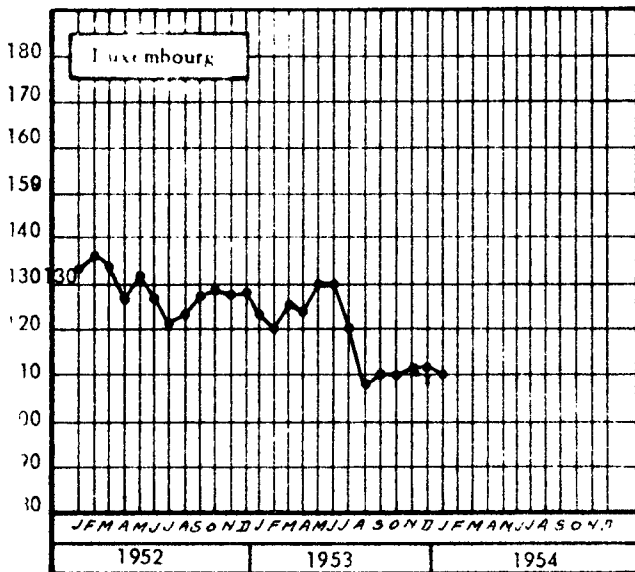
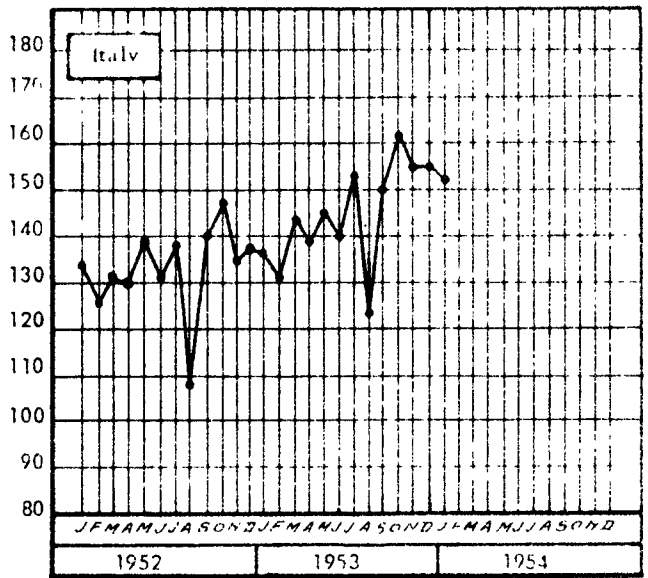
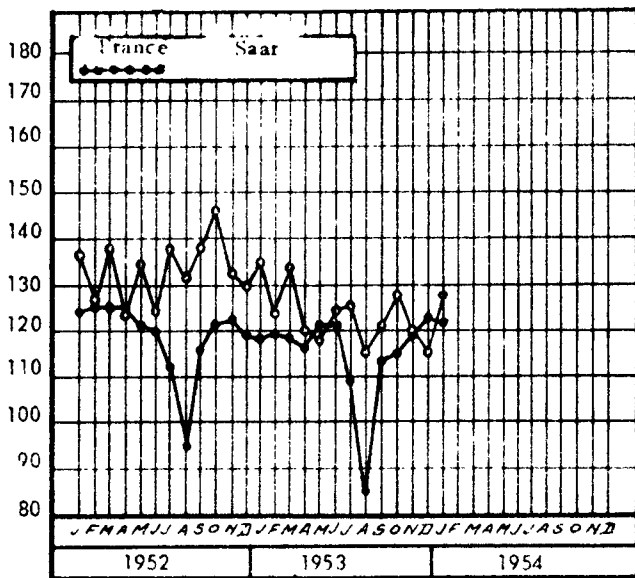
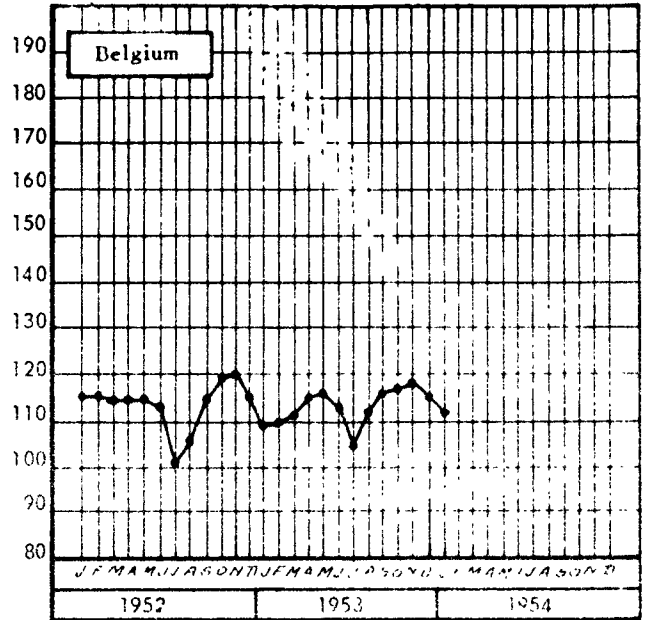
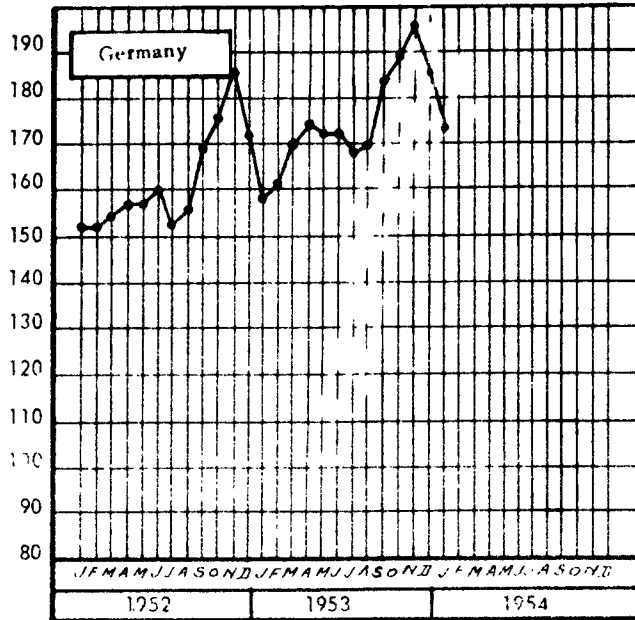
	As on January 1, 1953		As on January 1, 1954			
	Total expenditure involved	In % of total expenditure involved	Total expenditure involved	In % of total expenditure involved	Expenditure yet to be made	
					Amount	In % of amount for each industry
Hard-coal industry	1.791	40,5 %	1.497	40,9 %	727	48,6 %
Iron and steel industry	1.715	38,8 %	1.220	33,3 %	654	53,6 %
Coking plants	397	9,0 %	388	10,6 %	150	38,7 %
Lignite industries	400	9,0 %	461	12,6 %	346	75,0 %
Iron-ore mines	120	2,7 %	96	2,6 %	54	56,3 %
Total	4.423	100,0 %	3.662	100,0 %	1.931	52,7 %

(in metric tons)

INDUSTRIAL PRODUCTION INDICES FOR THE COUNTRIES OF THE COMMUNITY

(excl. building)

1940 = 100



In the hard-coal industry, expenditures still to be made in respect of investments under way for pits as well as pit-head thermal power stations reflect, overall, a considerable falling off. This drop cannot fail to give rise to some concern.

In the lignite industry, the amount of the current investments has gone up between 1953 and 1954 ; expenditures still to be made have actually increased by 16 %.

In the iron and steel industry, the rate of investment activity has slowed down ; the biggest reduction from one year to another (39 %) has been in respect of expenditures still to be made on current investments. This reduction is accounted for by the completion of certain major schemes, such as those of the Société Lorraine de Laminage continu in France (SOLLAC) and of the CORNIGLIANO steel works in Italy ; it must, however, be pointed out that no new work of this size was started in 1953.

Present-day terms for financing

An enquiry made in 1953 among the various trade and manufacturers' associations of the Community's industries made it possible to compile statistical data on the financing of investments.

MEANS OF FINANCING AT THE DISPOSAL
OF THE ENTERPRISES OF THE COMMUNITY

(in million of dollars)

	1952			1953		
	Total	Public issues and Loans for more than 5 years		Total	Public issues and Loans for more than 5 years	
		Amount	in % of total		Amount	in % of total
Iron & steel industry	335,3	83,1	25 %	428,7	98,4	23 %
Coalmining industry	305,0	70,8	23 %	344,1	100,2	29 %
Iron-ore mines	6,5	2,4	37 %	12,4	1,2	10 %
Lignite mines	8,0	-	-	25,1	-	-
Total	654,8	156,3	24 %	810,3	199,8	25 %

This table shows that 75 % of the funds which the enterprises were able to obtain outside their own resources came from sources which cannot be considered as normal because they came either from short-term bank loans or from American aid and public funds.

Another disquieting aspect of present methods of financing is that of their cost. The 350 odd million dollars of external funds obtained by the enterprises in 1953 imposed a charge (for interest and amortization) upon the resources of the Community's coalmining industry amounting to \$ 45 million per annum. The total annual charge payable on loans contracted by the Community's coalmining industry thus comes to more than 13 %. Hence, the re-establishment of normal terms of financing constitutes, for the Community, a fundamental objective on which the whole future of European Industry depends.

Construction of workers' houses

The financing of housing for workers has come up against two difficulties : The scarcity of long-term capital and the extremely high rate of interest charged on such capital. The High Authority could help in resolving these difficulties by granting loans and giving guarantees, and by encouraging the continuous development of large-scale building programmes. A lower rate of interest and better amortization terms than those now available on the markets of the Community would be particularly helpful.

The Product of the general levy and how it is used

The greater part of the revenue from the levy raised, at the rate of 0,9 %, on the coal and steel production is to be used as a basis for the financial liabilities which the High Authority will be called upon to incur in the interests of the enterprises. Up to March 31, 1954, the total amount of receipts from the levy came to \$ 45,8 million (E.P.U. Units of account) which were allocated as follows :

- Administrative expenses	\$ 10,8 million
- Guarantee fund for future loans of the Community	\$ 27,8 "
- Fund for the readaptation of workers	\$ 5,6 "
- Technical research fund	\$ 0,5 "
- Allocation for administrative expenses	\$ 0,7 "

LABOUR PROBLEMS

Re-employment of labour

The Treaty has provided for "Re-adaptation" schemes for the purpose of compensating workers who may have to change their employment as a result of economic developments, in order to facilitate their re-settlement and, where necessary, their technical re-training and at the same time direct investments into channels leading to productive re-employment.

In order to be able to act quickly, the High Authority has set up a reserve fund of \$ 7 million from its own resources on hand at the end of 1953 and its receipts for the first 6 months of 1954.

The High Authority has decided to grant non-repayable assistance to cover half of the expenditure involved in the re-employment, over a period of 3 years, of approximately 5,000 miners of the Centre-Midi coal-field in France, who have been offered employment in the hard-coal mines of Lorraine. Total cost of this operation : 1,000 million Fr. Frs. The French Government will cover the other half of the expense in accordance with the provisions of the Treaty.

Other similar steps on the part of the High Authority are to be expected in other countries of the Community which are undergoing structural changes.

Free movement of labour

On December, 16, 1953, the High Authority informed the governments of the member-States of its views on the application of Article 69 concerning the free movement of coal miners and steel workers. The governments have taken note of these views. An intergovernmental conference on questions connected with the movement of labour will open on May 17.

Workers' housing

In order to make its financial contribution towards the construction of housing as effective as possible, the High Authority considers that its assistance should be coupled with an effort to reduce building costs. A limited experimental building scheme (1,000 housing units) will be launched shortly. The High Authority has decided to allocate \$ 1 million to its financing.

Wages and terms of employment

During recent months, the High Authority has devoted a special effort to the task of studying wages and the hourly cost of manpower in the Community's industries. Statistics have been compiled by two

committees of experts composed of representatives of the governments, employers and worker's organizations. These statistics analyse the cost of labour in the coalmining and iron and steel industries during the year 1952 ; others, dealing with the iron-ore mines, will follow.

Manpower situation

The first stage in the work of drawing up a balance-sheet of the manpower situation in the Community has been completed as far as the coalmining industry is concerned, and that in respect of the iron and steel industry is in course of preparation. Their forthcoming publication will enlighten all the interested parties on certain problems connected with the structure and the qualification of manpower. They will, moreover, be able to guide the enterprises in their policy, bearing in mind the ageing of the working population and the demographic structure of the younger age-groups among workers.

THE MONTHS PAST

- March 26 The High Authority decides to abolish, as from April 1, the maximum prices for iron and steel scrap purchases within the common market, and to set up for a period of one year, a financial scheme for compensation of scrap imported from third countries.
- March 29 The High Authority authorizes the continuance until March 31, 1955 of a compensation scheme for house coal in the Netherlands. The funds for this purpose will be obtained from a levy placed on all coal production in the Netherlands.
- March 31 Departure of the President of the High Authority for Washington. The purpose of his trip is to negotiate the American loan for financing investments in the coalmining and iron and steel industries of the Community. The President is accompanied by Messrs. GIACCHERO, and POTTHOFF and officials of the Finance and Investment Divisions.
- April 1 The Société Nationale des Chemins de Fer Français (French National Railways) has extended its rates for complete train-loads - which hitherto applied only to French trains - to traffic coming from other Community countries. This international tariff for complete train-loads came into operation on March 31, and was applied for the first time to house coal exported from Belgium to France.
- April 11 The High Authority transmitted the second General Report on the activities of the Community to the Common Assembly in preparation for the plenary session of the Assembly which will open at Strasbourg on May 11, 1954.
- April 9 - 10 The Council of Ministers held its 14th session. With the agreement of the High Authority, it fixed July 1, 1954 as the date of the opening of the common market for special steels. During the period until July 1, negotiations will be opened with third countries.

The Council of Ministers agreed to the allocation of \$ 1 million for the construction of workers' houses.

The Transport Ministers of the six member-States requested the Committee of Experts on Transport to present proposals for standard tapering of railway rates before May 15. According to the Treaty, this Committee was not obliged to hand in its report before October 24, 1954.

THE WEEKS AHEAD

- May 4** Plenary session of the Council of Ministers. The consultation on cartels requested by the High Authority will be continued at this meeting.
- May 11** Opening at Strasbourg of the ordinary session of the Common Assembly, which will examine the second annual general report on the activities of the High Authority. Following this session there will be a joint session of the Common Assembly and the Consultative Assembly of the Council of Europe.
- July 1** Opening of the common market for special steels.