

FOR IMMEDIATE RELEASE**HIGH AUTHORITY ANNOUNCES NEW STEEL PROPOSALS**

WASHINGTON, D.C., October 28, 1966 -- The High Authority of the European Coal and Steel Community today proposed production controls and more detailed steel production forecasts as immediate steps to alleviate the current steel crisis. Long-term planning to adapt ECSC steel production to new market patterns should be pursued simultaneously with these measures, the High Authority emphasized.

Fritz Hellwig, member of the ECSC High Authority, explained the situation which the Community executive body discussed at its two-day meeting. Severe competition within the Community has seriously reduced manufacturers' receipts, making normal capital depreciation impossible. Production cost disparities, resulting from differences in coking-coal costs in the six member countries and low-priced imports have aggravated the situation. While the rate of capacity utilization remains relatively adequate and reductions in employment have been low, immediate action to curtail over-production is necessary, the High Authority believes.

A long-term program must be mapped out at the same time, Mr. Hellwig said, to bring about the larger production units needed to raise productivity and to adapt to the changing steel market pattern.

To enable closer scrutiny of changes in production levels for different steel products, the High Authority plans to make detailed quarterly estimates for each type of product. It will also formulate, in conjunction with the member governments, specific proposals to control production volume. The obligation to declare price decreases to meet competition now applies only to decreases made to compete with producers outside the Community. The obligation would be extended to include price decreases to meet competition from other producers in the Community.

Mr. Hellwig stressed that the High Authority would prefer production controls to price controls, because a fixed percentage cut in production would permit greater competition than would price setting.

The High Authority is examining the possibility of requiring firms to declare their investment plans in greater detail than now required to help keep investments in line with the Community's medium-term general objectives. These objectives have been revised to strengthen the ECSC steel producers' competitive position on the world markets.

Systematic inter-governmental consultations on plans and actions in the coal and steel sector would facilitate coordination of national efforts. The High Authority considers such coordination indispensable.