

PRESS RELEASE

Coal and Steel Common Market - Expansion Rate Slackening

The rate of economic expansion in the European Coal and Steel Community countries is slackening although it still remains good, High Authority Vice-President Albert Coppé told the Community's Consultative Committee in Luxembourg today.

Analysing the market for coal and steel, he said that demand remained firm for steel despite a fall in orders from non-member countries.

Output of pig-iron and crude steel was still making rapid headway, but "the rate of increase for pig-iron is still lower than that for steel, and that is disturbing the balance of the Community's scrap supply". Scrap imports in the first eight months of this year were nearly 21% higher than in the January-August period of 1956. "This development is causing much concern, particularly in the light of the Community's aim of reducing total scrap imports to 1½-2 million metric tons a year by 1960. During the first eight months of 1957 we were importing at an annual rate of 4 million metric tons".

M. Coppé said the results of the 1957 enquiry into investments showed "that in 1960 the effective production possibilities for pig-iron and steel would be 764 kilograms of pig-iron per ton of steel, instead of 731 kilograms as envisaged in the Community's General Objectives. In order to implement the General Objectives, the investment effort in pig-iron production must be steadily stepped up.

The situation in the Common Market for coal gave no cause for anxiety at the moment, M. Coppé said. Supplies are assured thanks to the large stocks in the hands of the consumers, steady production and large-scale imports.

Equilibrium in the market is still assured by massive purchases of American coal. "There is thus no reason to fear any real disruption as long as the expansionary movement of economic activity continues even in a modified form."

The High Authority is following closely the volume of purchases and freight contracts for American coal. The fall in Atlantic freight rates (now below 30 shillings a ton) is enabling American coal to compete with Community coal in certain areas.

M. Coppé then analysed briefly the modifications made to the trading regulations of the Ruhr coal sales agencies, the new statute of the OKU (Oberrheinische Kohlenunion), the agreement on Rhine navigation and the agreement with the Austrian Government on international through rates for Community products in transit through Austria by rail.