

EUROPEAN COAL AND
STEEL COMMUNITY
HIGH AUTHORITY
GENERAL SECRETARY

LUXEMBOURG
2, PLACE DE METZ
TEL. 288-31 TO 49

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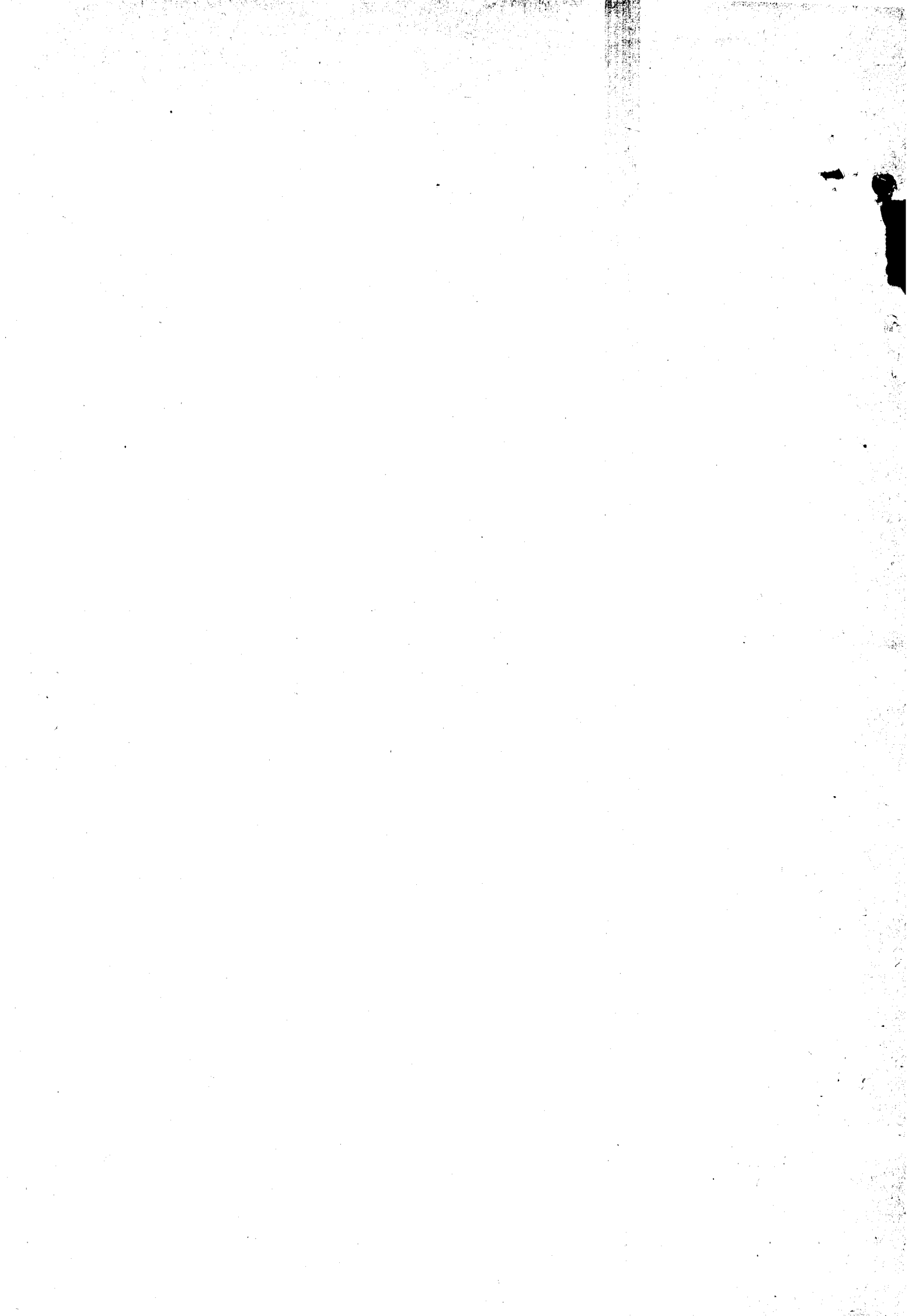
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SUMMARY
OF THE
THIRTEENTH GENERAL REPORT
ON THE
ACTIVITIES OF THE HIGH AUTHORITY

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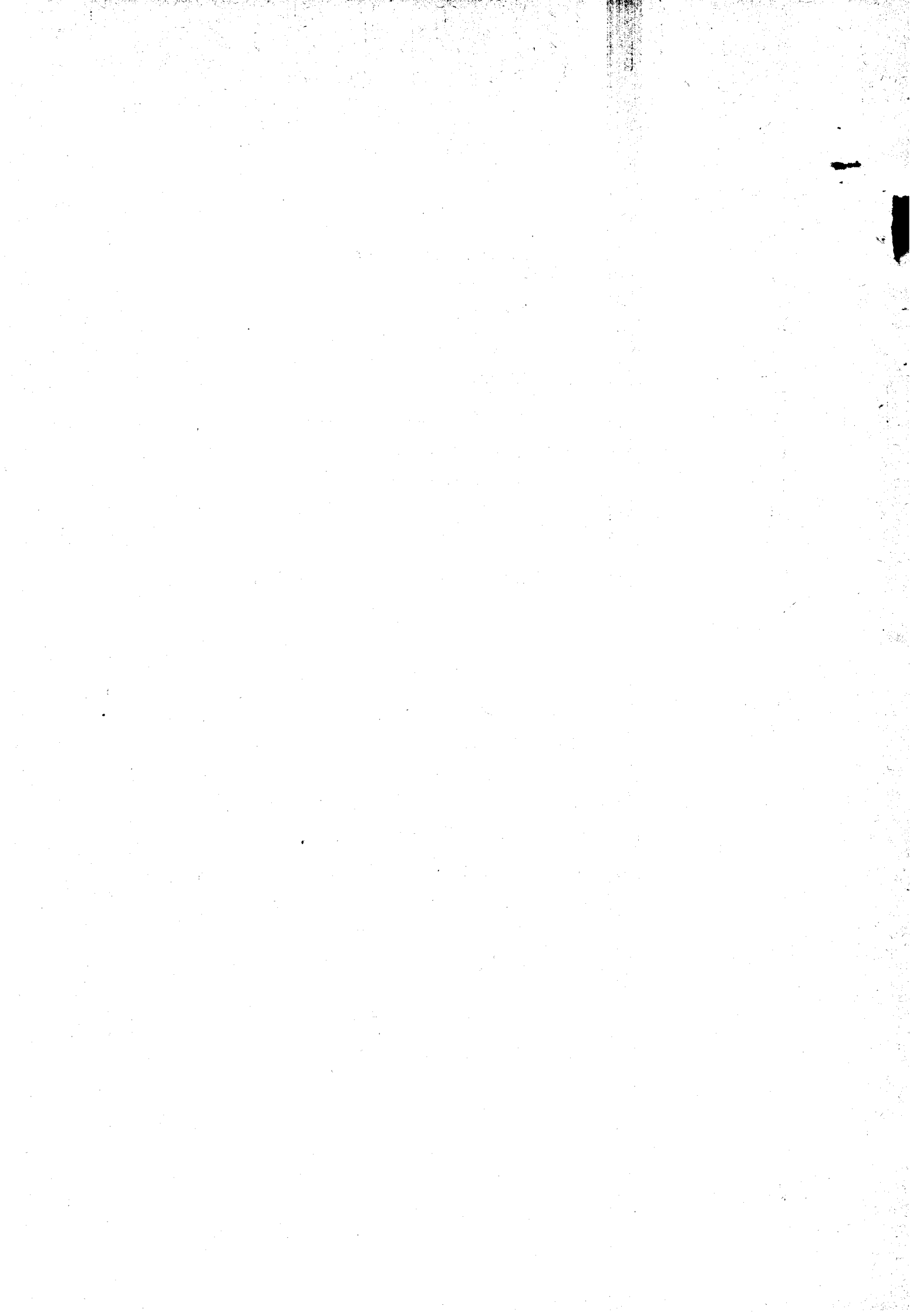
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THIRTEENTH GENERAL REPORT OF THE HIGH AUTHORITY

The High Authority's Thirteenth General Report was prepared before, but issued after, the agreement reached in the E.E.C. and Euratom Councils of Ministers on March 2, 1965, concerning the location of the European Institutions upon the merger of the Executives of the Communities. The merger of the Executives, now scheduled for January 1, 1966, is, however, only a first stage and not an end in itself: it must be viewed in the context of the ultimate merger of the Communities, that is, as a preliminary to the framing of a single Treaty covering economic integration overall, the substance of which will be determined by practical experience to date under the three Treaties.

The High Authority's activities in 1964 were focused more particularly on a number of major problems in the energy and steel sectors.

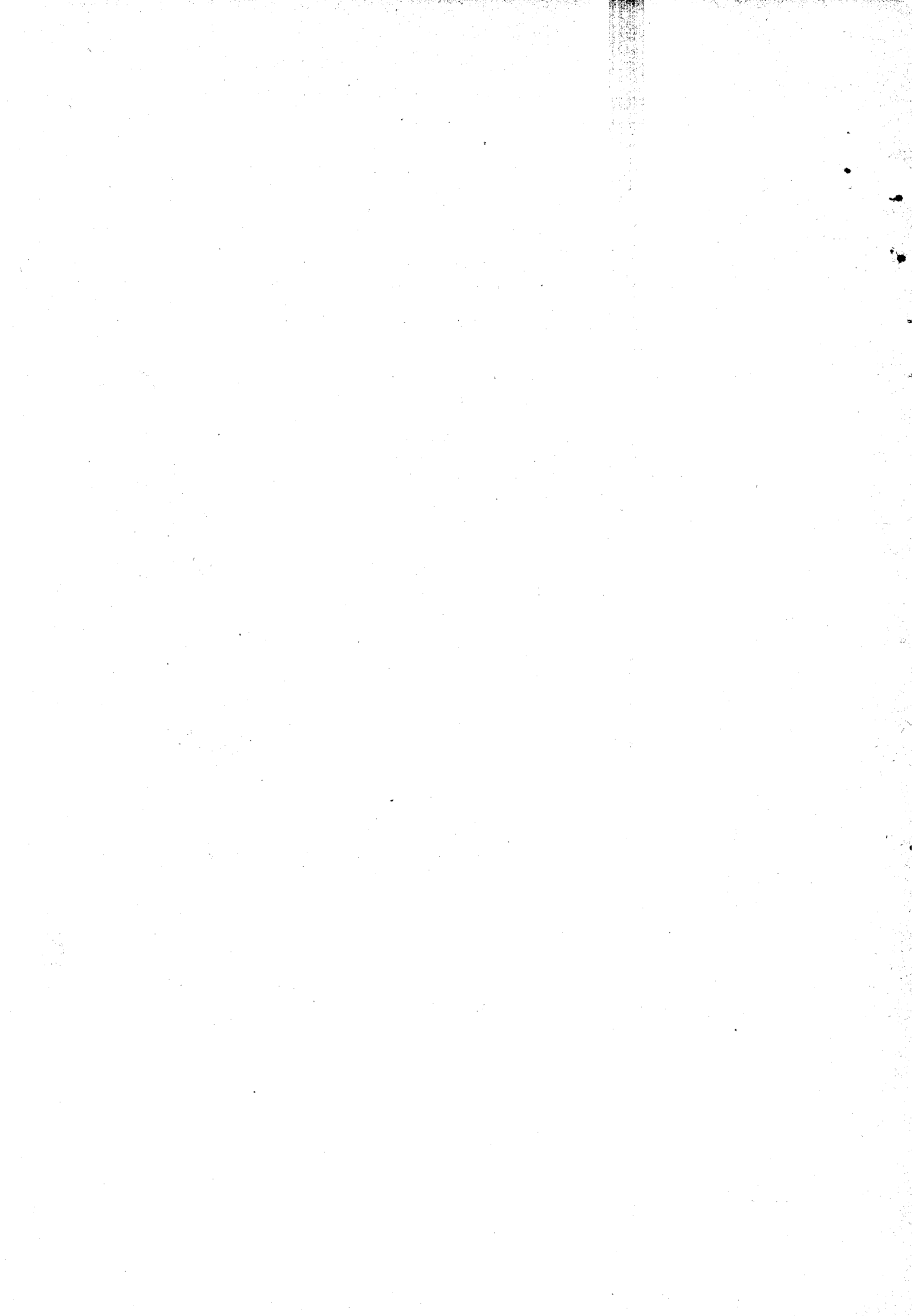
On the energy side, the Governments on April 21 adopted the Protocol on Energy Problems. This indicates the main drift of energy policy and the arrangements to be adopted in the future merged Community -- a common commercial policy including coal, a system of State subsidization, harmonized rules of competition, and Community consultation procedures with regard to projected national-level measures.

On the basis of the Protocol, the first definite advance in the direction of a common energy policy, the work of E.C.S.C. has proceeded. On February 17, 1965, the High Authority was able, with the unanimous agreement of the Governments, to establish Community-channelled State subsidization of the E.C.S.C. coalmining industry. Also in accordance with the Protocol, the French and German Governments have begun consultations on proposed action to help settle coal problems. The study on the special problem of the supply of coking coal, which the Protocol particularly urged should be made, has been completed and submitted by the High Authority to the Council of Ministers.

On the steel side, the High Authority has retained in force, or extended for a further year, the various measures adopted since 1963, namely uniform peripheral customs duties at the Italian level, internal and external arrangements to restore the balance of the steel market, restrictions on imports from countries with State-controlling trading systems, and prohibition of alignment on the prices of imports from such countries.

As a result of these measures, the past year was one of renewed confidence.

Also in 1964, the Governments agreed a common position in respect of the general tariff negotiations in GATT (the "Kennedy round"). Thus one serious deficiency in E.C.S.C., its lack of a common external tariff and a common commercial policy, has been to a great extent remedied.



CHAPTER I

THE INSTITUTIONS AND THE EXTERNAL RELATIONS OF
THE COMMUNITY

1. THE INSTITUTIONS

The membership of the High Authority remained unchanged during the year under review; of its nine Members, four originally became so by co-option and five by appointment of the member Governments. The High Authority continued to work in co-operation with the Consultative Committee, the European Parliament and the Council of Ministers, all of which played their part in the framing of the major decisions of 1964.

Of the 55 new appeals lodged before the Court of Justice in 1964, 13 were against the High Authority. The Court delivered judgment in 12 cases concerning the High Authority.

Inter-Community co-operation

In addition to the work of the Joint Services, co-operation was effected through inter-Executive working parties, the most important of these being the Working Party on Energy, which was associated with the discussions leading up to the Protocol of April 21, and the Working Party on Transport, which deals with current questions and with the implementation of the High Authority's Recommendation No. 1/61. There was also co-operation in specialized committees, such as the Market Policy Committee or the "111 Committee" (on the Kennedy round).

2. EXTERNAL RELATIONS AND COMMERCIAL POLICY

The High Authority has continued to make every effort, despite the limitations of the E.C.S.C. Treaty, to ensure a more co-ordinated approach by the Governments in commercial policy.

(a) Peripheral tariffs

Recommendation No. 1/64, temporarily raising Community import duties on steel products from non-member countries to the level of the Italian harmonized tariff (averaging approximately 9 %), and Recommendation No. 2/64, imposing a specific duty of \$ 7.00 per ton on imports of foundry pig-iron up to the end of 1965, have helped to steady the market.

Meantime, the High Authority issued a number of exemptions permitting member countries to charge the old harmonized rates on limited tonnages determined by it for one year. Following consultation with the six Governments, these quotas have been retained with only minor changes for 1965, since the High Authority considered that the circumstances in which they had been granted for 1964 had not appreciably altered.

(b) Restrictions on imports of iron and steel products from countries with State-controlled trading systems

These were originally introduced in June-July 1963, and renewed in December of the same year. In conjunction with the High Authority Decision No. 1/64 of January 15, 1964, prohibiting alignment on quotations for steel products from such countries, they have done much to bring the Community market into its present reasonably stable state.

In view of the outlook in the steel market at the end of 1964, the High Authority came to the conclusion that the Decisions on imports from countries with State-controlled trading systems would have to be renewed, and the Decision of December 2, 1963, was therefore extended, with some changes.

(c) Multilateral tariff negotiations in GATT

In accordance with the rules established by the contracting parties to GATT, the High Authority on November 13, 1964, submitted on behalf of the member States the "basic tariffs" containing the coal, steel, iron-ore and scrap duties to serve as the initial basis for the negotiations in the Kennedy round of talks. Before doing so, it^a number of third countries at the request of the member States.

What made it difficult to fix negotiating tariff was more particularly that the common external tariff does not at present include coal and steel. In addition, the Community countries are rather unusually circumstanced as regards the level of tariff protection for steel. When the Community harmonized its peripheral duties in 1958, it did so at a level representing a cut of more than 50 % in the average rates for the six countries at E.C.S.C.'s inception. In a way, therefore, the reduction aimed at by the Kennedy round has already been made in advance, unilaterally, by the Community, which has now, even after Recommendation No. 1/64, a much lower schedule of duties than the other major producing and exporting countries, such as Britain, Japan and Austria.

On November 11, 1964, the member States agreed a common negotiating tariff serving to enable the Community to participate fully in the talks, and calculated to produce ultimate steel duties averaging 6-7 %. The Community is anxious that the main result of the talks should be a lessening of the differences in tariff levels as among the big producer and exporter countries, which would greatly assist the hoped-for restoration of balanced conditions in the world steel market.

For coal, duties on which had not been harmonized in 1958 along with those on steel, since they were nil in all the member countries at the time, the rates submitted to GATT were those currently charged; as with steel, no exemptions were applied for.

Relations with Great Britain were marked by the effects on the steel sector of the British Government's action on October 26, 1964, to tackle its balance-of-payments deficit, notably by imposing a temporary surcharge of 15 % on most imports. The High Authority commented on this development in a committee of the Council of Association four days later, noting to its strong regret that the British Government had disregarded a definite undertaking, laid down in Article 3 of the 1957 Agreement concerning Commercial Relations between the United Kingdom and the European Coal and Steel Community, according to which neither party should make any increase in rates of duty without first consulting the other, and that in any event such increase should not be introduced until thirty days after giving notice of intention to enter into consultations.

The High Authority has approached the British Government through its Delegation in London in an effort to secure exemption from the surcharge for tonnages delivered under contracts during the thirty days following the Government's announcement of the measure. So far this suggestion has not been accepted.

CHAPTER II

ENERGY PROBLEMS

The state of the Community energy market

Economic expansion is expected to proceed more slowly in 1965 than in 1964, and the ~~steel~~ steel sector will feel the effects of the fact that last year production rose more steeply than real demand. The forecasts for 1965 suggest a further contraction of 3 % in the consumption of hard coal, and a continuing considerable increase in that of oil and natural gas.

Total energy requirements

	Consumption in absolute figures ('000,000 metric tons h.c.e.)			Breakdown in %		
	1963	1964 (estimated)	1965 (forecast)	1963	1964 (estimated)	1965 (forecast)
Hard coal	254	243	235	45	42	39
Brown coal	37	38	39	7	7	7
Oil 1)	207	238	264	37	41	43
Natural gas	19	20	23	3	3	4
Primary electricity	44	40	45	8	7	7
Total 2)	561	580	607	100	100	100

1) Of which: motor fuels	1963	1964	1965
('000.000 metric tons)	43	48	53
('000.000 metric tons h.c.e.)	62	69	76

2) Figures are rounded, whence any discrepancy between the totals given and the sum of the individual items.

Increases in requirements in 1964 were principally in the road-transport sector (+ 5.5 million tons hard-coal equivalent), the power-station sector (+ 9.8 million) and the private-households sector (+ 2.9 million). The iron and steel industry shows hardly any increase (+ 0.6 million), and the railtransport a decrease (- 0.7 million).

The outlook in 1965 for the individual sectors is as follows:

- (1) steep and sustained rise in motor-fuel and power-station requirements (though breakdown as between thermal and hydro-power stations may vary considerably);
- (2) continuing increase in requirements of industries other than iron and steel;
- (3) stagnation (mainly due to market factors) in the consumption of the iron and steel industry;
- (4) given average temperatures, moderate rise in household consumption;
- (5) continuing increase in consumption of petroleum products and natural gas in most sectors, increase in coal disposals only to the power-stations.

Supply and demand situation, 1964-1965

In 1964, only 6 million tons h.c.e. of the 19-million-ton increase in energy consumption came from internal Community production. Net imports totalled 280 million tons h.c.e., 48 % of internal consumption.

Stocks of Community coal rose by 6 million tons. Wage increases (7 % in the main coalfields) were not fully offset by improvements in productivity (in Belgium underground output is actually falling off), and the higher costs were not fully offset by the increases in prices. The financial position thus further deteriorated in most coalfields. The c.i.f. prices of American coking fines give them a price advantage throughout the Community.

As regards oil, there has been an appreciable increase in procurements from Libya. Prices of light fuel oils decreased by around 25 %, first in W. Germany and later in Belgium and the Netherlands. The impact of Dutch natural gas was also noticeable, even though this is not yet being marketed on any scale to speak of.

Current forecasts for the Community in 1965 indicate

- (1) total internal consumption of 607 million tons h.c.e. and total utilization of approximately 7 0 million tons h.c.e.;
- (2) total internal energy production (all sources) of 345 million tons h.c.e., an increase of 5 million over 1964;
- (3) hard-coal production of 219 million tons h.c.e. (230 million ton for ton), a decrease of 4,5 million;
- (4) natural-gas production of just under 23 million tons h.c.e., an increase of 3 million (development of German gas and first quantities of Dutch gas);
- (5) net energy imports of approximately 305 million tons h.c.e., representing over 50 % of internal consumption (as against 48 % in 1964).

The Community's dependence on imports for its energy supplies will thus increase still further. In a few years' time this trend should be to some extent stemmed by the advent of natural gas; in 1965, however, the quantitative incidence of this factor will still be almost negligible.

The potential surplus of Community coal (hard coal and coke) is about 8 million tons; moreover, disposal of the whole of Community coal production is contingent on a number of imponderables.

The outlook elsewhere on the coal front continues unpromising. Expected productivity improvements in 1965 amount to no more than 3.5 %, while wage increases already approved or under consideration work out at 6-8 %. Foreseeable rises in costs are unlikely to be fully offset by higher revenues.

The hydrocarbons are now covering more than the increment in energy requirements. In 1965, the share of oil will exceed that of coal for the first time, and Europe will be dependent on outside suppliers for over 50 % of its needs. This is a turning-point in the history of the Community energy sector.

Energy policy

The outstanding development of 1964 with regard to energy was the member countries' agreement on the Protocol of April 21, the first real advancement towards a Common Market for energy.

Following the Council meeting on December 2, 1963, the High Authority, realizing the risks the failure to agree was involving for the coal industry and for the Community itself, embarked on active efforts to get the member States to tackle certain matters, both long-term and immediate, which are its concern. Starting in mid-February 1964, the President of the High Authority and Members of the three European Governments toured the six capitals to outline their proposals to the Governments. The High Authority then drafted a text which was finalized in the Special Committee on Energy Policy, and ultimately adopted by the Council of Ministers on April 21, 1964. By the terms of the Protocol, the Governments undertook to introduce various measures, in regard more particularly to coal, which go a long way beyond the actual declarations of intent.

To enable the Protocol to be implemented without delay, the High Authority forthwith arranged for the necessary technical, economic and legal studies to be carried out.

Far and away the most immediate task was to prepare the proposals for the procedure to be adopted in connection with the Community system of State subsidization. After much discussion and consultation, a draft Decision was submitted to the Council at the beginning of December 1964, and, the Council having endorsed it, the High Authority was able on February 17, 1965, to issue its Decision concerning State subsidization of collieries.

The Decision is based on the recognition that the radical changes which have been taking place in the structure of the energy market are compelling the coal industry to engage in the most drastic rationalization and in addition to shoulder abnormally heavy charges (particularly as regards social-security benefits) as compared with other industries. For the present, then, pending the introduction of a common energy policy upon the merger of the Communities, E.C.S.C.'s main job will be, firstly, to remedy the unfair competitive handicap under which the coal industry is labouring in the matter of social-security benefits, and secondly, to institute a Community system of subsidies to enable it to adjust itself to the current position regarding sales outlets for coal in the energy market.

CHAPTER THREE

THE COMMON MARKET FOR COAL AND STEEL

1. THE COMMON MARKET FOR COAL

The abnormally severe winter of 1963 caused coal to sell exceptionally well. In 1964 this was not the case, and, as was seen in Chapter II, the structural factors came once more to the fore, with specific consumption rates falling steadily and petroleum products continuing to gain ground — the latter no doubt due in part to considerations of consumer convenience, but in the main, to severe price pressure. The only sector in which coal requirements are still basically growing is now that of the power-stations. The High Authority has kept a constant eye on these developments, and has repeatedly drawn attention to their effects on the coal market.

The movement of the market during 1964 led to the accumulation of a substantial surplus of coal. Production totalled just under 235 million tons, an increase of 5 million over the previous year (when the figures had been affected by the miners' strike in France), consumption, however, dropped by 8 million tons, to 254 million. Imports, mainly of coking coal and anthracite, were very little lower than in 1963. Consequently, pithead stocks of hard coal rose by about 6 million tons, as against a rundown of 9 million tons the year before.

Trend in hard-coal consumption

(1.000.000 tons, ton for ton)

Country	1956	1959	1962	1963	1964
Germany (Fed. Rep.)	155.4	147.1	147.1	148.2	148.1
of which: Ruhr	128.9	119.4	120.7	122.2	121.0
Belgium	29.1	22.8	21.2	21.4	21.3
France	55.1	57.6	52.4	47.8	53.4
Italy	1.1	0.7	0.7	0.6	0.5
Netherlands	12.1	12.4	11.8	11.8	11.4
Community	255.4 (peak)	240.6	233.2	229.8	235.1

Trade in coal between member countries fell off appreciably in 1964, principally because fuel requirements had settled down again after their abnormal leap in 1963, and also partly because price alignment on quotations from third-country competitors was less widespread. Intra-Community trade in hard coal and briquettes amounted to 18.7 million tons, one million less than in 1963.

Imports of hard coal from third countries remained very substantial, about 32 million tons; this is very nearly as high as the 1963 figure, which was the highest since the Suez crisis. American coal accounted for 21.2 million of the total.

Reconstruction and rationalization

Community underground output per man-shift rose from 2,229 kg. in 1962 to 2,331 kg. in 1963, an increase of 4.6 %, the movement varying considerably from coalfield to coalfield. In 1964 it also varied widely: France and the Netherlands did better than in 1963, with 4.6 % and 3.2 % increases respectively, Germany showed a rise of approximately 3.5 %, while in Belgium productivity fell by about 3 %.

The overall Community average of production costs, ~~including depreciation and loan service charges, showed an increase of 3.4 %~~ in 1963 over 1962; figures at present available suggest a further rise of about 1.5 % in 1964. The 1963 increase was mainly the result of higher labour costs per ton produced, these averaging around 3.1 % for the Community overall. The higher incidence of labour costs is produced by the ratio of wage to productivity increases.

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

(%)

C o u n t r y	Underground output per man/shift				Gross hourly wage 2)			
	1961	1962	1963	1964 1)	1961	1962	1963	1964 1)
Germany (Fed.Rep.)	+ 7.2	+ 7.9	+ 6.5	+ 3.5	+ 9.7	+ 9.4	+ 7.3	+ 6.0
Belgium	+ 8.7	+ 6.1	+ 0.1	- 3.1	+ 2.6	+ 6.1	+ 8.4	+ 7.0
France	+ 4.4	+ 2.3	+ 1.9	+ 4.6	+ 4.6	+ 7.1	+10.5	+ 7.5
Netherlands	+14.7	+ 0.7	+ 0.9	+ 3.2	+ 7.8	+ 5.8	+ 5.2	+15.0

1) Provisional figures.
2) Underground wage-earners; computed in national currencies.

The number of pits in operation in the Community was reduced in 1964 by eight, from 270 to 262.

Between 1957 and 1964, underground output per man/shift rose from 1,594 to 2,330 kg., an increase of 51 %. The number of pits in production has been reduced over the same period from 416 to 262 (-37 %), while daily output per pit has climbed from 2,084 tons to 3,300 (+59 %).

Effects of rationalization in the E.C.S.C.
coalmining industry

Y e a r	Pits in production at end of year	Daily output per pit, in tons	Underground o.m.s., in kg
1957	416	2,084	1,594
1960	329	2,631	1,958
1964	262	3,310 1)	2,330 1)

1) Estimated.

2. THE COMMON MARKET FOR STEEL

General state of the market in 1964

After remaining more or less level around 73 million tons from 1960 to 1963, Community crude-steel production rose in 1964 to 82.8 million. This 13 % increase contrasts with the movement of the general industrial-production index, which rose by 6.5 %. However, the importance of the revival should not be overestimated, since the annual rate of growth from 1960 to 1964 works out at only 3.1 %, as compared with 6.1 % for industrial production overall.

Community steel exports were higher in 1964, though still not so high as in 1960 (13.9 million tons as against 14.4). The upturn was mainly due to improved world market conditions. At the same time, as most countries' steelmaking capacity still exceeds their home requirements, there was a substantial surplus on offer in the world market, resulting in a notably low level of world prices.

Indirect exports of steel, unlike direct exports, continued to rise in 1964. Indirect exports account for over 50 % of the production of some of the steel-processing industries.

The structural changes in the world steel market referred to in last year's General Report 1) are still in progress. The information available on plans for the installation of new steel-making capacity in third countries suggests that 16 steel-importing countries in all will be producing by 1970, bringing the total number of producer countries, if these projects are duly completed, from 51 to 67. In addition, some 15 countries which have up to now been producing only small amounts of steel are planning to double, or more than double, their capacity in the next few years, which will mean that the aggregate production potential of certain Western countries other than the Community, Britain, the United States and Japan will be up from 52 million tons in 1964 to about 94 million in 1970.

1) See Twelfth General Report No. 169.

Raw materials

Despite increases of 9 million tons in its pig-iron and over $9\frac{1}{2}$ million in its crude-steel production in 1964, the Community iron and steel industry encountered no problems as to raw-material supplies. The far-reaching changes in the state of affairs regarding the ferrous raw materials, however, still went on.

Iron ore

Community production of saleable iron ore in 1964 totalled 75.5 million tons, the same as in 1963 although the number of miners employed was 3,000 (8 %) lower.

Productivity again showed an improvement. In the case of the opencast mines the increase was a very considerable one, in France from 35.3 to 56.5 tons per man/shift between December 1963 and August 1964, and in Germany (though in respect of smaller absolute tonnages) from 27.4 to 40.7. In the deep mines underground output per man/shift rose over the same period from 7.7 to 8.7 tons in Germany, and from 19 tons to close on 20 in France.

Though Community production remained unchanged, imports of iron ore from third countries shot up by 38.4 %, from 36.6 million tons in 1963 to 50.6 million in 1964.

All the indications are that there will be a surplus of high-grade overseas ore in the international market during the years ahead. It looks therefore as if in the medium term the prices of imported ore will remain comparatively low, resulting in increasing difficulties for the already struggling Community orefields.

Scrap

Owing to the upturn in crude-steel production, the Community iron and steel industry's scrap requirements were 3 million tons higher in 1964 than in 1963. As its own arisings of scrap increased approximately in step with production, by 14 %, in-works availabilities rose by 2.4 million tons.

Pig-iron

In 1964 the Community produced 60.2 million tons of pig-iron (all types), as against 53.2 million in 1963, an increase of 13.2 %.

Specific consumption of pig-iron, exclusive of spiegeleisen and high-carbon ferro-manganese, went up from 682 to 694 kg per ton of steel produced.

Foundry pig-iron

Community imports of foundry pig-iron from third countries, which had been running in 1963 at over 200,000 tons a quarter, dropped in the first quarter of 1964 to 99,000 tons and in the second and third to 80,000. Prices evened out somewhat, and the monthly average of Community sales by alignment on third-country quotations went down from 60,000 tons in 1963 to under 2,000 in the first nine months of 1964.

The Community foundry pig-iron industry meantime scaled down the number of plants in operation by carrying out internal reconversions and concentrating operations in the most productive units.

Steel

The growth in steel production from 1963 to 1964 varied considerably in the different Community countries, as can be seen from the following figures.

Crude-steel production, 1963-64

	<u>Germany (Fed. Rep.)</u>	<u>France</u>	<u>Italy</u>	<u>Netherlands</u>	<u>Belgium</u>	<u>Luxem- bourg</u>	<u>Community</u>
1964	37,338	19,779	9,782	2,646	8,724	4,559	82,828
1963	31,597	17,554	10,157	2,342	7,525	4,032	73,206
increase (1000 tons)	+5,741	+2,225	- 375	+ 304	+1,199	+ 527	+9,622
increase (%)	+ 18.2	+ 12.7	- 3.7	+ 13	+ 15.9	+13.1	+ 13.1

The breakdown by production processes shows a continuing increase in the share of oxygen-blown and decrease in the shares of basic Bessemer and open-hearth steels.

Breakdown by production processes

(in % of total production)

	1960	1962	1963	1964 (provisional figures)
Basic and acid Bessemer	49.6	47.0	45.8	42.6
Open-hearth	37.8	36.2	34.5	33.8
Electric-furnace	10.4	12.0	12.2	11.6
Oxygen-blown	2.2	4.8	7.5	12.0

Community production of high-carbon and special steels was some 12 % higher than in 1963, though still about 3 % lower than the record 1961 level of 6,133,000 tons.

Community crude-steel position

	1960	1961	1962	1963	1964 (partly provisional figures)
Index of industrial production	119.3 (+12.6%)	126.8 (+6.3%)	134.4 (+6.0%)	141.4 (+5.2%)	151.3 (+7.0%)
Index, iron and steel industry	137.4 (+14.5%)	147.0 (+7.0%)	152.4 (+3.7%)	157.5 (+3.3%)	166.3 (+5.6%)
<u>Demand</u>		('000,000 ingot tons)			
Actual consumption	57.09	60.96	63.13	65.10	68.73
Stock changes	+4.11	+1.16	+1.09	+0.59	+4.17
Exports	14.39	13.83	12.21	12.00	13.89
<u>Supply</u>					
Imports	2.43	2.41	3.13	4.21	3.71
Rolling-mill scrap	0.32	0.30	0.30	0.27	0.25
Crude-steel production	72.84	73.24	3.00	73.21	82.83

Intra-Community trade in steel in 1964 continued considerable, the rate of interpenetration standing at 22.7 % as against 23.4 % in 1963.

Higher exports to third countries also contributed to the revival in the Community steel market, sales abroad rising from 12 million tons in 1963 to 13.9 million in 1964. This is, however, an improvement in relation to 1963 only, as the export level in 1960 was 14.4 million.

Community imports of steel appear to have gone down somewhat since 1963; the full figures are not yet available, but present information suggests a total of approximately 3.7 million ingot tons as against 4.2 million the previous year.

Prices

The level of prices actually charged went up following the hardening of demand. The following table shows the movement of the index based on the arithmetical mean of delivered prices for basic Bessemer reinforcing rods, wire rod and hoop and strip, open-hearth heavy plate, and sheet in ten representative Community consumer centres since the beginning of 1962.

C o u n t r y	Early 1962 French price index = 100	January 1964 French price index = 100	January 1965 French price index = 100
France	100	100	100
Germany (Fed. Rep.)	110	105	104
Belgium 1)	103	95	100
Italy	115	107	107
Luxembourg	109	104	103
Netherlands	110	101	104

1) Based on lowest price

Whereas in 1963 enterprises' published schedule prices largely ceased to indicate the prices actually being charged in the market, prices stabilized following the High Authority's action at the end of 1963 and beginning of 1964, a particular feature of this being the diminution in sales by alignment on third-country quotations.

Steel market measures

Despite the improvement in 1964 in the Community steel market, the world imbalance between supply and demand persists. The High Authority was therefore obliged to ask the Council of Ministers for an extension of the measures adopted for 1964, more especially with regard to commercial policy.

Steel Congress

The High Authority had been considering for some time what could be done to stimulate steel consumption in the Community, by devising means of opening up new outlets for steel and intensifying its employment in the traditional steel-consuming fields.

From its study of the subject, the High Authority decided to organize a Steel Congress for the purpose of working out new uses for steel in one major consumer sector, building, and obtaining experts' suggestions as to possibilities for increasing steel consumption.

The building sector is one of the largest users of steel, taking around 25-30 % of Community steel production. The subject chosen for the Congress by the High Authority was "Progress in Steel Construction".

The Congress, which was held in Luxembourg from October 28 to 30, 1964, was attended by over 1,100 distinguished representatives of various connected spheres, including architects, technical specialists, researchers, civil servants, and steel producers and consumers. It was an outstandingly successful occasion, from which the High Authority

reaped a great many valuable ideas as to possible ways of stimulating steel consumption in building.

It is planned to publish the proceedings of the First Steel Congress in due course.

3. IMPLEMENTATION OF THE RULES OF COMPETITION

During the year under review the High Authority issued a comprehensive Report on its Policy concerning Cartels and Concentration 1). It is recalled that the report La C.E.C.A. 1952-1962, compiled under the general editorship of Prof. Wagenführ and submitted by the High Authority to the European Parliament in 1963, contains an account fully in accordance with the High Authority's approach to the subject.

Sectors such as coal and steel, in which large enterprises predominate, present special competitive problems which the High Authority deals with in detail in the former of the two reports just referred to. To avoid misunderstanding, it should be emphasized once again that the High Authority, even in issuing individual Decisions, is never concerned to impose a cut-and-dried system of competition on the Community industries, but rather, in the light of developing technology, of new competitive products and the resulting structural changes, and of the teachings of modern economics, to influence the pattern of the Community markets, in accordance with the Treaty, in such a way as to maintain an adequate degree of competition. In practice, this has meant that over the years the High Authority has, in taking Decisions case by case, approved larger and larger concentrations, in consideration, among other things, of the fact that very large iron and steel enterprises indeed are in operation in a number of non-Community countries.

High Authority Decision in 1964 related to the following cartels and concentrations:

- the Ruhr coal-selling agencies;
- the Oberrheinische Kohlenunion (O.K.U.);
- the Société des Aciéries de Lorraine ("Sacilor");
- the Société pour l'Agglomération et l'Enrichissement de Minerais;
- Andernay-Chevillon/Moutiers;
- Aciéries de la Marine/Chaudronnerie Industrielle de Bezons;
- Hoesch AG;/Dittman & Neuhaus AG.;
- Hauts Fourneaux de la Chières/Tréfileries Lefort;
- Salzgitter AG./Büssing Automobilwerke AG.;
- Friedrich Krupp/Atlas-Werke AG.;
- Hütten- und Bergwerke Rheinhausen AG./Westfälische Drahtindustrie;
- Groupe Evence Coppée/Groupe Rousseaux;
- Eisenhandel Gutchoffnungshütte GmbH./Hüttenwerk Oberhausen AG.;
- Ferrostaal-Handel GmbH./Strassburger Stahlkontor GmbH.;

1) Available in English.

- Handelsunion AG;/N.V. Simons Metaalhandel
- Rheinische Stahlwerke/Richard Aufferman KG.;
- Société Belge d'Oxycoupage ("Oxybel");
- Agglomérateurs et Négociants de Charbons du Littoral Français.

4. TRANSPORT POLICY

General remarks

As was pointed out to the member States in the High Authority's Recommendation No. 1/61, they are definitely required by the Treaty to see to it that rates and conditions of carriage are made known to such extent as is needed for the Treaty's provisions on transport (Articles 4, b and 70, and Section 10 of the Convention containing the Transitional Provisions) to be properly implemented and the Common Market to operate correctly in accordance, in particular, with Article 60.

The High Authority has accordingly continued its efforts to secure the Governments' implementation of Recommendation No. 1/61. In addition, it has gone ahead with its work of ensuring observance of the non-discrimination rules, and has examined a number of important special domestic tariff measures.

Implementation of Recommendation No. 1/61

Previous General Reports have recorded the High Authority's representations to the Governments with a view to the full and effective implementation of Recommendation No. 1/61, concerning the publication or registration of schedules, rates and conditions of carriage in respect of consignments of coal and steel, and the difficulties which have been encountered in this connection. Thus the Italian and Netherlands Governments, which had already lodged an appeal with the Court of Justice against the High Authority's Decision No. 18/59, appealed again for the reversal of Recommendation No. 1/61. The Court's judgment of July 12, 1962, dismissing the Dutch appeal, dealt in some detail with the member States' obligations as to publication of rates and conditions of carriage, in particular clarifying what constituted "making these appropriately known". The Italian Government withdrew its appeal on September 29, 1962, and the case was expunged from the record by Court order of October 26.

In response to its persevering activities, the High Authority has now received particulars from all the Governments of the publication arrangements they are planning to introduce in implementation of Recommendation No. 1/61. It is engaged in appraising each of these

individually to establish whether it is in fact calculated to produce the desired effect, that is, to bring about the requisite degree of market transparency in the transport sector to enable the Common Market to function satisfactorily in practice. Recommendation No. 1/61 relates to the publication and not to the mode of computation of prices and conditions of carriage, so that it is from this angle only that the High Authority is making its assessment.

Rail transport problems

The High Authority has studied a number of new special domestic tariff measures stated to be necessary in the interests of the carriers concerned, and in some cases more especially in view of actual or potential competition from other modes of transport. It is examining each measure separately to ascertain whether it is compatible with the principle of the Treaty and does not in practice distort conditions of competition in the Common Market.

The High Authority has also examined various special domestic measures relating to road-haulage rates.

With regard to Rhine river transport, the High Authority has pointed out that the member States are under obligation to implement Recommendation No. 1/61 in this connection also.

Trends in transport of E.C.S.C. products

Treaty products carried in 1963 by rail and water within the Community and between the Community and third countries totalled 489.3 million tons: this was 18 million tons (3.8 %) more than in 1962.

The breakdown is as follows:

- shipments within the Community, 376.6 million tons (+ 3.2 %);
- shipments to third countries, 26.2 million tons (+ 5.2 %);
- shipments from third countries, 86.5 million tons (+ 22 %).

Shipments to and from third countries thus accounted for 23 % of the total traffic, as compared with 20.3 % in 1962. The shares of the different modes of transport were:

- rail, 64 % (63.7 % in 1962);
- inland waterway, 16 % (18.2 % in 1962);
- sea, 20 % (18.1 % in 1962).

CHAPTER FOUR

LONG-TERM DEVELOPMENT OF THE E.C.S.C. INDUSTRIES

1. The General Objectives

General Objectives for coal

For some years the High Authority was obliged to repeat in its General Reports and in its statements to the European Parliament that it was at present unable to set about drawing up a new set of General Objectives for coal, principally because in the absence of an energy policy it was impossible to form a picture of what the future of Community coal could and should be.

However, following the adoption of the Protocol of April 21, 1964, the High Authority now feels that, despite the continuing difficulties, it must take the step of issuing General Objectives for coal in 1965.

General Objectives for steel

The High Authority plans during 1965 to frame a fresh set of General Objectives for steel in respect of the year 1970. Progress with the preparatory studies in 1964 was such that it is now possible to indicate the main questions with which the new General Objectives will have to deal.

2. INVESTMENT

Community industries overall

During the ten years 1954-63, capital outlay entered as assets by Community enterprises totalled 12,600 million dollar units of account.

Investment in the two extractive industries remained more or less stable down to 1962, but dropped sharply in 1963 both for coal and for iron ore; investment in the iron and steel industry, on the other hand, has risen steadily and more steeply than ever since 1961. These contrasting trends have resulted in a considerable shift in the pattern of E.C.S.C. investment, with the share of the iron and steel industry increasing between 1954 and 1963 from 49 to 80 %, and those of the collieries and the iron-ore mines decreasing respectively from 48 to 18 % and from 3 to 2 %.

Despite the shrinkage on the extractive industries' side, total capital expenditure in 1963 touched a new peak, actual disbursements by the iron and steel industry working out nearly 20 % higher than the previous record level of 1962. Forecasts for the new few years, however, which usually prove fairly close to the figures ultimately recorded in practice, suggest that the upward trend is coming to an end, and this is borne out by investment declarations received during 1964.

The results of the 1964 survey as regards capital expenditure are summarized below.

Capital expenditure in the Community industries

(\$ '000,000)

Sector	Actual expenditure as per accounts at January 1, 1964		Estimated expenditure as at January 1, 1964
	1962 1)	1963	1964
Coalmining industry	387	336	344
Iron-ore mines	49	33	29
Iron and steel industry	1,228	1,458	1,238
Total	1,664	1,827	1,611

1) Corrections made to figures in Twelfth General Report.

Coalmining industry

Actual and estimated expenditure in the coalmining industry at January 1, 1964, may be broken down by sectors as follows.

Capital expenditure in the coalmining industry
(£ '000,000)

Sector	Actual expenditure as per accounts at January 1, 1964		Estimated expenditure as at January 1, 1964
	1962 (1)	1963	1964
Pits	220	220	221
Coking-plants, mine-owned and independent	41	22	30
Hard-coal briquetting-plants	5	9	12
Pithead power-stations and other power-generating plant	115	76	71
Plants producing B.K.B. and low-temperature brown- coal coke	6	9	10
Total	387	336	344

1) Corrections made to figures in Twelfth General Report.

About the same amount was spent on the pits in 1963 as in 1962, that is to say, appreciably less than in any of the years from 1954 to 1961. This being so, production potential will gradually decrease, from 243 million tons in 1963 to 241 million in 1967.

Outlay on the coking-plants (mine-owned, independent and steelworks-owned) was nearly 20 % lower in 1963 than in 1962.

Iron-ore mines

According to the survey, capital expenditure showed a falling-off from the high level maintained in previous years. Total Community production potential is expected to rise from 97.9 million tons in 1963 to 102.2 million in 1967, the increase being exclusively confined to the Lorraine orefield.

Capital expenditure in the iron-ore industry
('\$' 000,000)

Sector	Actual expenditure as per accounts at January 1, 1964		Estimated expenditure as at January 1, 1964
	1962 (1)	1963	1964
Mining of ore	26.1	19.8	21.2
Preparation of ore at surface	10.1	8.3	3.3
Various surface installations	12.4	4.9	4.5
Total	48.6	33.0	29.0

1) Corrections made to figures in Twelfth General Report.

Iron and steel industry

Producers appear to be concentrating on modernization rather than on expansion. The proportion of capital expenditure going on pig-iron and crude-steel production plant has dropped, and that going on the rolling-mills and general services has risen.

Maximum production of crude steel at 96 % utilization of capacity works out for 1967 at 98.5 million tons, whereas the estimate in the 1963 survey was 98 million for 1966. The share of oxygen steelmaking potential in the whole by 1967 is put by the 1964 survey at 26 %, the proportion recommended in the 1962 General Objectives.

Capital expenditure in the iron and steel industry

Sector	Actual expenditure as per accounts at January 1, 1964				Estimated expenditure as at January 1, 1964	
	1962 (1)		1963		1964	
	\$ '000.000	%	\$ '000.000	%	\$ '000.000	%
Plant for production of:						
pig-iron 2)	231	19.5	253	17.4	168	13.6
steel	152	14.5	172	11.8	161	13.0
rolled products	598	47.4	714	48.9	618	49.9
General services	247	18.6	319	21.9	291	23.5
Total	1.228	100.0	1.458	100.0	1.238	100.0

- 1) Corrections made to figures in Twelfth General Report.
- 2) Inclusive of steelworks-owned coking-plants and burden-preparation installations (crushing, screening, sintering).

Capital expenditure on the rolling-mills in 1963 accounted for about one-half of the industry's total outlay, and was approximately 20 % greater than in 1962. A sizeable portion of the amount spent on the roughing-mills went on continuous-casting installations.

Production potential for flat products is expected to represent 48 % of E.C.S.C. rolled-products potential in 1967, as compared with 37 % in the early days of the Community and 47 % in 1963.

Briefly, the position is that, although the overall level of investment in the E.C.S.C. industries was very high in 1963, this was due purely to still more vigorous efforts on the part of the iron and steel industry, which notwithstanding the slack state of the market achieved a specific expenditure of some \$ 20 per ton of crude steel produced, or nearly \$ 30 per ton of finished products. These figures may serve to give an idea of the financial burden on the Community iron and steel enterprises.

Declarations of new investment projects in 1964

In 1964, the High Authority received 50 declarations relating to 83 capital projects. This brought the totals since January 1, 1956, to 831 declarations and 1,322 projects.

Projects declared

With adjustment to allow for changes in projects declared earlier, the value of the schemes declared in 1964 amounts to an estimated 544 million dollar units of account, falling into two distinct parts, \$ 32 million for the coalmining industry and \$ 433 for the iron and steel industry in the first six months, and \$ 11 million and \$ 68 million respectively in the second. There was thus an overwhelming predominance of iron and steel projects in the first half of 1964; of particular note in this connection are the planned construction of two new co-operative plants in Lorraine and changes in earlier projects for a number of coastal plants in Italy.

Aggregate value of projects declared
(\$ '000,000)

Year	Coalmining industry 1)	Iron-ore industry	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

1) Including plants producing B.K.B. and low-temperature brown-coal coke, and independent coking-plants.

Financing of investment

The total value of the loans granted by the High Authority over the years up to December 31, 1964, was \$ 579.8 million, of which \$ 442.3 million went to industrial investment, \$ 103.5 million to housing schemes for workers, \$ 24.3 million to industrial redevelopment, and \$ 9.7 million to workers' readaptation, technical research and miscellaneous.

Breakdown of loans granted by the High Authority
as at December 31, 1964

(\$'000.000 and %)

C a t e g o r y	Germany (Fed. Rep.)	France	Italy	Belgium Luxembourg Netherlands	Community	
					\$'000.000	%
Coalmining industry	123.1	31.3	2.4	14.0	170.8	29.5
Iron-ore industry	10.6	13.0	5.7	1.0	30.3	5.2
Iron and steel industry	98.6	55.4	76.4	10.8	241.2	41.6
Sub total	232.3	99.7	84.5	25.8	442.3	76.3
Workers' housing	48.9	13.7	12.7	28.2	103.5	17.9
Redevelopment	-	0.4	15.0	8.9	24.3	4.2
Readaptation	5.3	0.3	-	-	5.6	0.9
Research	1.4	0.8	0.4	0.7	3.3	0.6
Miscellaneous	-	-	-	0.7	0.7	0.1
Total	287.9	114.9	112.6	64.3	579.7	100.0

3. TECHNICAL RESEARCH

The High Authority in 1964 continued its promotion of "technical and economic research concerning the production and the development of consumption of coal and steel, as well as workers' safety in these industries" (Article 55 of the Treaty).

Its appropriations for this purpose during the year under review amounted to nearly 5.6 million dollar units of account (rather over 4.9 million for coal and approximately 600,000 for steel), bringing the total funds made available for technical research from 1953 to end 1964 to 37 million.

1.8 million units of account were granted in 1964 for research on the prevention and suppression of converter fumes ("brown smoke"), and a number of projects on industrial medicine and industrial safety were approved, to run over a period of years and to cost a total of 15 million units.

Actual disbursements in 1964 for research purposes worked out at 1.9 million units for coal and 1.7 million for steel and iron ore. The aggregate amount paid out since the inception of the assistance arrangements is now 19 million units.

In accordance with its policy, under Article 55, of promoting "all appropriate contacts among existing research organizations," the High Authority continued to make a special point of encouraging joint projects undertaken by two or more enterprises or research centres acting together. It may be noted that all E.C.S.C.-aided research is "Community" research in that

- (a) before an E.C.S.C. grant is forthcoming the Technical Research Committees, of experts from the six countries, are consulted as to the project's value to the Community;
- (b) expert sub committees, each responsible for a selection of projects, advise on and supervise the conduct of the research. They consist of researchers and other specialists from the six countries who have particularly to do with the subjects under study;
- (c) finally, the findings are made available to all concerned in the Community.

CHAPTER FIVE

SOCIAL POLICY

Part I: MANPOWER PROBLEMS

1. Trends in employment in the E.C.S.C. industries

At September 30, 1964, the total personnel strength of the E.C.S.C. industries (workers, apprentices and clerical, technical and managerial staff) was 1,360,500, as against 1,372,500 a year earlier (-12,100).

(a) Coalmining industry

The number employed at the collieries fell from 756,500 (including 427,000 working below ground) at September 30, 1963, to 734,800 at September 30, 1964. This reduction (-21,700) was appreciably smaller than that for the previous twelve months (-31,600), which in its turn was smaller than the drop from 1961 to 1962 (-45,400).

The shortage of underground workers continues, but the problem is quite as much one of skills as of actual numbers. With advancing mechanization it is essential that all should be fairly highly skilled, and that more personnel should be trained to the requisite pitch in the specially skilled or qualified groups. A high-grade intake is vital to the industry's future.

(b) Iron and steel industry

The total number employed in the Community iron and steel industry was 576,000 at end September 1963 and 591,000 at end September 1964. Increases occurred in all the member countries except Italy, where there was a decrease of 2,500.

(c) Iron-ore mines

Between September 30, 1963, and September 30, 1964, the industry's labour force contracted by 4,600, from 39,300 to 34,700, as compared with a shrinkage of 6,300 between the corresponding dates in 1962-63 and of 5,200 in 1961-62. Closures and production cutbacks in 1964 resulted in some 1,500 dismissals, 500 in Germany, 300 in France and 700 in Italy.

Manpower changes

From 1960 to 1963, 953,000 workers (37 % of the total labour force) left their employment in E.C.S.C. enterprises, 442,000 of them voluntarily.

The number of voluntary departures was much higher in the coalmining than in the iron and steel industry; this wastage is, however, a serious problem to both. The great majority of men leaving are lost for good to the industry concerned, and an unduly high turnover of labour creates grave difficulties, technical, economic and social.

Apprentices

Whereas in 1954 the number of apprentices in the E.C.S.C. industries was 82,300, ten years later it was only 38,400. A slight increase, of 600, was, however, recorded between September 1963 and September 1964, bringing the proportion of apprentices within the total labour force of the three industries from 2.7 % to 2.8 %.

2. Occupational training

The High Authority is trying to give practical assistance with the concrete problems arising in connection with the enterprises' efforts to bring the skills and qualifications of all grades -- workers, supervisors, technicians, executives -- into line with the changes technological progress is causing in the quantitative and qualitative personnel pattern.

In particular, the High Authority is disseminating suggestions calculated to stimulate Government departments and employers to engage in a still more vigorous training drive, and examining with those concerned ways and means of making training more effective; its activities are noticeably helping to get more done in this regard.

To further their large-scale introduction, the High Authority is working to focus attention both on the most up-to-date technical processes and on the latest teaching methods and aids.

Technical processes and teaching methods

The High Authority is conducting a series of surveys on personnel structure and training in the most technologically advanced production sectors. Last year's General Report recorded the completion of the survey on the blast-furnaces; that on the steelworks is now also finished, and of the survey on mechanized coal faces the findings are available concerning Dutch Limburg, the Campine and the Saar.

The steelworks survey emphasizes the higher skills nowadays required of most maintenance and senior process workers.

The High Authority has decided to commission a manual on recently-introduced production techniques, for the use of skilled workers, charge hands, technicians and supervisory personnel, and of apprentices nearing the completion of their training. The manual, on which an editorial committee of representatives of the six countries is working, will be a "Community" one, which can be used in all steel plants of the Community.

As it feels "programmed instruction" might in some cases usefully be employed in the training of miners and steelworkers, the High Authority is also arranging for the preparation of three pilot courses based on this method.

Financial aid for the establishment of training centres

A new departure of the High Authority's as regards the financing of investment has been its decision, in accordance with its policy of promoting occupational training, to assist enterprises planning to establish training centres in line with modern requirements. By this means it is helping to ensure that there is "investment in brains" alongside the investment in actual plant and technical facilities which it has been aiding from the outset.

Two applications for funds for this purpose have already been met.

The training departments of the collieries and the iron-ore mines too are devoting more and more attention to adult training, both for workers, for supervisory personnel and for the executive grades.

3. READAPTATION OF WORKERS

Readaptation operations

By the terms of Decisions taken between February 1, 1964, and January 31, 1965, a total of 1,719,000 units of account was made available for readaptation assistance to 9,437 workers, distributed as shown below.

High Authority readaptation assistance under Article 56

(February 1, 1964 - January 31, 1965)

Country	Coalmining industry		Iron-ore industry		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.)	5,708	860	499	56	710	111	6,917	1,027
Belgium	1,908	374	-	-	306	150	2,214	524
France	-	-	260	157	46	11	306	168
Community	7,616	1,234	759	213	1,062	272	9,437	1,719

The High Authority also decided that it would be prepared to provide assistance towards the readaptation of some 900 workers thrown out of employment by the closure of four iron-ore mines in Italy. The formal Decision will be issued when the High Authority and the Italian Government have agreed on the practical details of the assistance to be given.

The following table shows the total amounts allocated and numbers of beneficiaries under the scheme since it was first instituted.

High Authority readaptation assistance under Section 23 and Article 56

(March 18, 1954 - January 31, 1965)

Country	Coalmining industry		Iron-ore industry		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.)	95,319	24,461	6,539	1,083	4,392	698	106,250	26,242
Belgium	42,751	13,245	37	5	441	235	43,229	13,485
France	11,182	4,428	2,414	1,043	6,688	1,410	20,284	6,881
Italy	5,530	2,364	-	-	13,650	7,390	19,180	9,754
Community	154,782	44,498	8,990	2,131	25,171	9,733	188,943	56,362

4. Reconversion and redevelopment

Studies and operations

During the period under review, the High Authority was able under Article 46,4 of the Treaty to assist with various area development studies, and under Articles 54 and 56 to part-finance a number of reconversion and redevelopment investments and operations. Participation in a further three studies and five operations was approved, an appropriation of 17,900,000 units of account being made towards the latter; this brings the total number of studies aided to 19 and of operations to 13, and the total amount of the loans approved to 27 million units of account (the amount of its guarantees for the same purpose remaining unchanged at 1,040,000 units).

The German Government for the first time applied to the High Authority for two loans in respect of redevelopment operations. The Ernst Bierbach Company, a firm of needle and wire goods manufacturers hitherto located at Altena, Westphalia, who are planning to extend their works but cannot find sufficient room in the neighbourhood, have decided to move to Unna, in a part of Westphalia which has been hard hit economically and socially by colliery closures; the High Authority is lending DM 200,000 towards the project, which will result in the creation, in two stages, of some 150 new jobs.

The second operation is in the Siegerland iron-mining district, in the basin of the rivers Sieg, Lahn and Dill: with financial assistance from the Government of Land Rhineland-Palatinate, plus a High Authority loan of DM 2,500,000, the firm Kautex-Werke Reinhold Hagen are setting up a new plant, producing plastic bottles and tubes, which will initially employ 300 persons, including a high proportion of former E.C.S.C. workers.

In France, the Le Boucau scheme is going ahead very satisfactorily; by the end of 1964, nine contracts had been signed with enterprises which are to create approximately 1,600 jobs. Seven plants will be in operation in 1965.

During the year the High Authority also undertook to assist operations in the Lorient/Hennebont area of Brittany and in the district round Decazeville, in the depressed south-western coalfield. The French Government is allowing both operations the full benefit of all available growth-promotion facilities, including the special equipment grant, out of the Fonds d'Equipement Economique et Social, at the maximum rate of 20 %, and the Aquitaine Division of the French nationalized coalmining industry is also assisting the Decazeville operation.

In a little-industrialized province like Brittany, serious problems are involved by the difficulties which are obliging the steel firm Forges d'Hennebont to curtail its production and try to find alternative employment for the men affected. At Decazeville, an area offering little attraction to new enterprises, there is a notable gap between the number of employment opportunities and the number of miners who have lost or will shortly lose their jobs under the Government's colliery reconstruction programme.

The High Authority has decided to grant loans of

- (a) Ffr 9,800,000 to the Société Bretonne de Mécanique et de Fonderie, who are to install a plant producing pig-iron and liquid steel at Hennebont providing for 800 jobs, of which 200 at least are to go to discharged workers;
- (b) Ffr 1,000,000 to the Société de Chaudronnerie et de Tôlerie de l'Aveyron, who have undertaken to sign on 170 former Decazeville miners and 20 miners' sons.

In Italy, the High Authority is lending Lit. 9,375,000,000 to the Società Carbonifera Sarda ("Carbosarda") through the Southern Italy Development Fund, the Cassa per il Mezzogiorno. Carbosarda are carrying out a large-scale programme which includes the rationalization and modernization of the Sulcis coalfield and the construction of a power-station at Porto Vesme. Most of the miners at present employed will be absorbed, either at the pits themselves, which will be enabled to operate much more efficiently, or at the power-station, which will consume the whole of the coal produced.

Part II: LIVING AND WORKING CONDITIONS

1. Wages, social security and terms of employment

WORK OF THE HIGH AUTHORITY

European Miners' Charter

Since the High Authority issued its Memorandum on developments in connection with the Miners' Charter, at the end of 1963, the following further developments have taken place.

On April 24, 1964, the High Authority convened the joint employers' and workers' committee on the harmonization of terms of employment in the coalmining industry. At the meeting, the E.C.F.T.U. workers' representatives asked for the question of the Miners' Charter to be placed on the agenda; the Government and employers' representatives, however, refused, and the I.C.F.T.U. delegates walked out. The rest of the committee felt there was no object in debating social-security questions in their absence, and the meeting was declared closed.

In the hope of breaking the deadlock, the High Authority made renewed efforts to establish a basis of discussion acceptable to all parties. To this end, it first arranged for the workers' representatives on the joint committee to meet separately, on December 18, 1964. On this occasion, the delegates both of the free (I.C.F.T.U.) and of the Catholic unions stated that they would be willing to consider the phased promulgation of the Charter: they added that the first stage should consist in the introduction throughout the Community of the miner's shift bonus at present paid in Germany, and the institution of a loyal-service bonus, both to be financed out of public funds.

The High Authority decided to submit the workers' proposals to the Governments and the employers' federations; in January 1965, it duly forwarded to them the draft produced by the trade unions following the previous month's meeting, and invited the Government representatives and the employers' representatives on the joint committee to meet separately with it to make a preliminary study of the text. The High Authority is convinced that once the draft Decision on colliery subsidization is adopted and an energy policy laid down, it will be considerably easier to make progress on the general upgrading of mining as a career and the introduction of a Community-level social policy vis-à-vis the miners.

Terms of employment

The High Authority has decided to set up for each of the industries under its jurisdiction a committee of experts, designated by the employers' and workers' organizations, to assemble and compare material on the terms of employment of salaried personnel. In view of the changes which are taking place in the personnel pattern as a result of technological progress, it is most important that a study should be made of the position of this steadily growing and ramifying group; the same attention should in future be paid to their situation as to that of the workers.

The High Authority was not able to convene any plenary meetings of the joint committee on harmonization of terms of employment in the coalmining industry, the I.C.F.T.U. representatives having refused to attend unless the Miners' Charter were included for discussion.

The corresponding committee for the iron and steel industry met to consider the changes over the last few years in working hours and in the terms of employment; it also heard progress reports on the second and third stages of the survey on the social effects of technological progress, and put forward suggestions in response to which two further studies have been begun, on manpower variations in the steel industry and the practice of loaning workers.

TRENDS IN THE E.C.S.C. INDUSTRIES

Wages

The only figures available when the General Report went to press were for the direct hourly wages paid during the greater part of 1964. The following table shows the latest hourly rates, the percentage increases they represent, and the mean annual increase from 1953 to 1963 inclusive.

Trend in direct hourly wages in the
E.C.S.C. industries

	Germany (Fed.Rep.) DM.	Belgium Bfr.	France Ffr.	Italy Lit.	Luxembourg Lfr.	Nether- lands Hfl.
<hr/>						
<u>Coalmining</u> <u>industry 1)</u>						
1963	3.98	47.30	3.69	343.61		3.35
1964 4)	4.18	50.09	3.98	396.99		3.82
Percentage increase 5)	6.36	6.67	9.04	16.78		14.37
Average annual in- crease 1953-63 6)	7.0	4.9	7.8	7.2		7.5
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<u>Iron-ore</u> <u>industry 1)</u>						
1963 7)	3.54		5.20	330.56	59.81	
1964 9)	4.04		5.52	436.37	64.18	
Percentage increase 10)	14.1		6.15	32	7.30	
Average annual in- crease 1953-63 6)	8.0		7.5	7.5	4.0	
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<u>Iron and steel</u> <u>industry</u>						
1963	4.25	50.36	3.54	489.91	58.36	3.25
1964 11)	4.62	55.95	3.80	508.15	63.20	3.82
Percentage in- crease 12)	5.7	9.7	4.4	6.0	6.2	18.6
Average annual in- crease 1953-63 6)	7.5	5.2	8.7	7.5	5.8	8.0

- 1) Underground and surface.
- 2) Including shift bonus.
- 3) Sulcis coalfield, Sardinia.
- 4) Average, first nine months.
- 5) First nine months of 1963 as compared with first nine months of 1964.
- 6) These averages are not simply the percentage increase from 1953 to 1963 divided by the number of years concerned, but take into account the cumulative effect of the successive increases.
- 7) Average February-May-August-November 1963.
- 8) Eastern orefield.
- 9) Average February-April-July-October 1964.
- 10) Average February-May-August-November 1963 as compared with average February-April-July-October 1964.
- 11) October.
- 12) Average September-December 1963 as compared with October 1964.

Working hours

There was little change during the period under review, the only development of any note being the granting of an additional eight paid rest-days a year in the Belgian coalmining industry. Some German steel plants also made adjustments to the length of the working week and to the paid holidays allowed, and a new arrangement was introduced in the Netherlands regarding payment of steelworkers' overtime.

2. Housing

During the period under review,

- (1) practically all the financing operations for Scheme V were completed, and building went ahead;
- (2) the High Authority granted a loan towards a building scheme forming part of a readaptation operation;
- (3) the 60,000th dwelling built with High Authority assistance was handed over for occupation;
- (4) the High Authority held an information session on the utilization of steel in building.

Housing for readaptation

As the Houillères du Bassin des Cévennes (the Cévennes Division of the French nationalized coal industry) were not able to provide sufficient accommodation for the 150 or so miners they are recruiting from Decazeville (where some 650 will be losing their employment by June 30, 1965), the French Government asked the High Authority to part-finance the building of the 100 new dwellings needed. The High Authority felt that, although the funds for Scheme V had already been committed, it was morally bound to comply: if the housing shortage in the Cévennes were not made good without delay, the readaptation

would not take place and the men concerned would be left for a time unemployed at Decazeville, instead of being absorbed right away in another colliery of the same coalfield. The High Authority accordingly decided to use some of the funds reserved for assistance under Article 56 of the Treaty, for a 20-year loan, at 1 %, of Ffr. 1,400,000 to the local branch of the French national scheme for low-rent housing, the Société des H.L.M. des Cévennes. The Crédit Foncier is meantime advancing Ffr. 2,380,000, and the Houillères du Bassin des Cévennes have provided sites valued at Ffr. 220,000.

High Authority housing activities to date

From the date when it first embarked on the promotion of housing for E.C.S.C. workers up to January 31, 1965, the High Authority contributed financially to the building of 87,310 dwellings, of which 55,404 are to be rented and 31,906 to be ultimately owner-occupied.

Operational position of Experimental Schemes I and II
and Loan-Aided Schemes I-V
(at January 31, 1965)

Country	No. of dwellings for which funds still available 1)	No. of dwellings financed	of which:		
			in preparation	building	completed
Germany (Fed.Rep.)	8,556	63,770(2)	4,519	10,671	48,580
Belgium	1,687	4,880(3)	71	1,930	2,879
France	502	11,274	454	2,849	7,971
Italy	1,754	4,184	132	1,045	3,007
Luxembourg	182	462	12	6	444
Netherlands	400	2,740	461	981	1,298
Community	13,081	87,310	5,649	17,482	64,179

- 1) Funds earmarked but not allocated to particular building projects: the dwellings will, however, certainly be financed during 1965.
- 2) Plus 19 hostels for unmarried workers.
- 3) Plus 4 hostels for unmarried workers.
- 4) Plus 3 hostels for unmarried workers.

At January 31, 1965, funds made available for the building of these 100,391 dwellings -- out of the High Authority's own resources, loans contracted by it and additional moneys mobilized at its instigation -- totalled the equivalent of 230 million dollar units of account.

It should be added that the High Authority's contributions are at present serving a particularly useful purpose in that they are helping to make up on the housing backlog which is developing owing to rising land prices and building costs and to the consequent reduction in the number of dwellings that can be built with the capital available in the different countries.

The advantageous terms on which the High Authority lends also lowers the average interest rate payable on the whole of the capital employed. As a result, rents for dwellings part-financed by it work out, according to the country concerned, at anything from 4 % to 20 % lower than for dwellings built with State aid only.

Use of steel in building

On June 9-10, 1964, the High Authority held an information session in Luxembourg on the results of its Experimental Scheme II; the 150 experts present included architects, steel producers and manufacturers of building components, researchers, building contractors, and representatives of public authorities, commercial organizations and building societies.

The whole subject was also very thoroughly gone into at the International Congress on Steel Utilization in October.

The conclusion from both occasions was that, in the present state of technology, increased use of steel components (frames, roofing, door and window frames, staircases, outer and inner walls, ceilings, floors, piping, sanitary installations, etc.) would help to keep down building costs.

3. Industrial safety, health and medicine

In rather under ten years, the High Authority has approved projects costing a total of round about 23.8 million dollar units of account; funds allocated up to January 31, 1965, amounted to 9.5 million units of account.

SAFETY

Exchanges of experience on safety in coalmines

At the two plenary sessions held in 1964, the Mines Safety Commission approved the following texts drafted by its working parties:

- (1) a report, with recommendations, on protection of underground electrical networks against fire and explosion hazards;
- (2) a report on tests with explosion-proof fire stoppings;
- (3) an expression of opinion on the erection of forward stoppings of plaster;
- (4) directives on reopening of sealed-off fire districts;
- (5) a report on firedamp-proof electrical switchgear operating at nominal voltages above 1,100 V.;
- (6) a revised edition of the report on the establishment of criteria for fire-resistant fluids used for power transmission (hydraulic fluids) and on the tests to be carried out for that purpose;
- (7) a report on mine rescue arrangements in the Community countries and Britain in 1962.

Exchanges of experience on safety in the iron and steel industry

In 1964, the High Authority set up a Steel Industry Safety Commission, to consist of four members from each Community country: one prominent representative of the employers' federation, one executive from a major producer enterprise, and two leading representatives (chairmen or general secretaries) of the steelworkers' union or unions.

The Commission will itself decide, on their merits as regards urgency and constructive value, which subjects its members are to deal with. On the strength of the conclusions submitted to it by its working parties (which, as they will consist of men with much practical experience of the matters in question, will concern themselves principally with technical aspects), it will suggest ways and means of putting the ideas indicated into effect, and will subsequently ascertain what action has been taken in this connection in the different countries.

Research on human factors affecting safety
in the E.C.S.C. industries

The joint Community-level research programme begun in 1962 in four collieries, two iron-ore mines and five steel plants has been practically completed. It has already had a number of practical results: for example,

- (1) in the Dutch colliery where investigations were conducted into the operation of armoured conveyors, steps have been taken on the basis of the researchers' observations and advice (including changes in the installations, processes and instructions) which have enabled the accident rate on these conveyors to be reduced by 22%;
- (2) the research in the French iron and steel industry has also appreciably reduced the accident rate thanks to the standardization and improvement of the approaches and means of access to traction engines and waggons.

HEALTH

Coal and iron-ore mines

37 projects on silicogenous dust are in hand. Conclusions were submitted during the year on

- (1) dust prevention and suppression at the face;
- (2) dust prevention and suppression outbye the face;
- (3) dust measurement and determination of characteristics of dusts;
- (4) environmental conditions and pneumoconiosis.

Iron and steel industry

High Authority-sponsored research in this sector is of two kinds, focused respectively on safeguarding the health of workers at the steel plants, against silicogenous dusts given off in furnace demolition, nitrous fumes released in welding, dusts from sinter installations, etc., and on safeguarding the health of the population round about, against air pollution actually harmful to human beings, animals and plants, or causing inconvenience to human beings. The aim in this second branch of research is to develop processes and installations enabling pollution by dusts, fumes, smokes and gases from steel plants to be kept to a minimum at reasonably low cost.

MEDICINE

Occupational physiology and pathology

Results from research successfully conducted in 1960-63, and since scientifically evaluated, include

- (1) discovery of a number of substances definitely established to be operative in experimental silicosis prevention;
- (2) development of tests for detecting discrete respiratory insufficiency following bronchitis or emphysema;
- (3) improvements to methods of detecting and measuring poisonous gases;
- (4) assembly of physiological data on reactions in man under effort (previously less known than in man at rest) in noisy environments;
- (5) establishment of more accurate criteria as regards the degree of heat which workers can stand, taking into account the considerable variations in heat tolerance as between different men.

