

EUROPEAN COAL AND
STEEL COMMUNITY

HIGH AUTHORITY

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

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CHAPTER ONE

THE INSTITUTIONS AND THE EXTERNAL RELATIONS OF THE COMMUNITY

1. The Institutions

This section of the Report outlines the administrative and organizational measures the High Authority has been taking in order to grapple with the desquieting trend of events in the Common Market for coal and steel. In this connection, it has set up two working parties of its own Members, one for coal and one for steel, sent the former of these to visit each of the six capitals in turn for consultations with the Governments, and discussed the situation exhaustively with the employers' federations and the trade unions. The Report further notes High Authority plans for cuts in certain items of administrative expenditure figuring in the 1966/67 Budget, and the establishment of a special committee to study this matter.

A brief account follows of the composition and sessions of the other Community bodies and Institutions, the Consultative Committee, European Parliament, Council of Ministers and Court of Justice.

2. External Relations

As regards co-ordination of commercial policy, the position is reasonably satisfactory in the case of steel, although the stepping-up of peripheral protection is temporary only; in the case of coal, however, there are still very considerable differences between one country and another.

In view of the worsening state of the Community steel market, the High Authority decided to retain in force until further notice, pending in particular the outcome of the multilateral tariff negotiations in GATT, its Recommendation No. 1/64, of January 15, 1964, requiring the former harmonized national duties on steel (exclusive of items consolidated at a lower level) to be adjusted to the highest level among them, namely Italy's, averaging 9%.

However, some member countries being, quite fairly, anxious for the sake of trade that some flexibility should be allowed in the application of the measure, the High Authority gave permission for a quota of some 350,000 tons to be imported at the old harmonized rates, and also for certain steel products to be brought in during the first half of 1967 at these same rates or at lower ones still.

Another Recommendation of early 1964 had imposed a specific minimum duty of \$7.00 per ton on imports of foundry pig-iron, for a period of two years; this was renewed for 1967 and 1968, but the rate this time was fixed at \$5.00, while the earlier quota arrangement similar to that for steel was withdrawn.

The Governments and the High Authority decided that the restrictions on imports of iron and steel products from countries with State-controlled trading systems would have to be extended for another year, though with some relaxations. The High Authority also renewed for a year its Decision forbidding price alignment on quotations for pig-iron and steel from such countries.

E.C.S.C. suggestions at the Kennedy talks for a reasonable harmonization of tariffs as among the major steel-producing and exporting countries were favourably received by several of the contracting parties to GATT, including the United States. The High Authority will do its utmost, in accordance with the instructions it receives from the member Governments, to secure general acceptance of these.

As regards Community relations with Britain, a notable development was the final abolition at the end of November 1966 of the import surcharge (originally 15%, later 10%) introduced in October 1964. The High Authority had, however, to inform the British Government that it was seriously disappointed at the latter's refusal to make good the damage it had caused by failing, when imposing the surcharge, to give the thirty days' notice required by the Agreement of Association of November 2, 1955.

At the sixteenth session of the Council of Association, on January 16, 1967, the High Authority and the British Government decided to give urgent joint consideration to the present unsettled state of the international steel market and the bad effects this was having on prices. Talks at senior-official level are to begin shortly.

The Austrian Government on December 15, 1966, asked to open negotiations with E.C.S.C. similar to those already in progress with E.E.C., for an agreement covering Austria's relations with the Community generally, and at the same time duly respecting her neutral status and obligations under the Occupation Statute.

CHAPTER TWO

ENERGY PROBLEMS

1. General Trend in the Energy Market.

Further radical changes are in progress in the Community energy economy. In 1967 the share of imported energy will for the first time be larger than the aggregate contribution from indigenous sources. Community coal will account for only 27.7% of total primary-energy consumption, while petroleum products will top 50%.

Total internal energy requirements

	Absolute consumption ('000,000 metric tons)			Breakdown in %		
	1965	1966 (estimated)	1967 (forecast)	1965	1966 (estimated)	1967 (forecast)
Hard coal	225.4	208.2	201.4	37.7	33.7	31.3
Brown coal	34.4	34.4	35.0	5.7	5.6	5.4
Oil 1)	271.2	298.9	327.8	45.3	48.4	50.9
Natural gas	22.7	27.1	33.8	3.8	4.4	5.2
Primary electricity	44.7	49.0	46.1	7.5	7.9	7.2
Total 2)	598.5	617.6	644.1	100	100	100
Contribution of						
a) indigenous energy	321.8	311.2	310.3	53.8	50.4	48.2
(of which: hard coal)	(202.3)	(185.4)	(178.2)	33.8	30.0	27.7
b) imported energy	276.7	306.4	333.8	46.2	49.6	51.8

- 1) Of which: motor spirit
- | | | | |
|---------------------------------------|------|------|------|
| | 1965 | 1966 | 1967 |
| ('000,000 tons) | 52.2 | 56.1 | 60.3 |
| ('000,000 tons hard-coal equivalent) | 74.6 | 80.2 | 86.0 |

2) Rounded figure, which may therefore differ from the sum of the individual items.

2. Energy Policy in 1966

The 1966 energy balance-sheet showed a still greater imbalance than before in the coal sector, and the medium-term projection -- to 1970 -- in Chapter 1 of the High Authority's Review of the Long-Term Energy Outlook for the European Community indicated that, failing fresh measures to halt the trend, the position would deteriorate further in the years immediately ahead.

The High Authority has therefore, in accordance with the Protocol of April 21, 1964, concentrated on preparing such fresh measures. In March 1966 it submitted a Memorandum on Coal Policy, and in April established close co-operation with the Council of Ministers and Government experts through an ad hoc Working Party on Coal Problems. This led in due course, on November 22, to the Council's coming to a number of decisions on coal.

From its examination of the factors determining the position in and outlook for the coal market, the High Authority put the total sales outlets for Community coal in 1970 at somewhere between 175m. and 200m. tons. The lower figure represented the level of disposals if no fresh action was taken; it presupposed a production cutback of round about 45m. tons between 1966 and 1970, or alternatively a smaller cutback accompanied by short-time working and a substantial accumulation of stocks. The higher figure, 200m. tons, could only be achieved given exceedingly favourable sales conditions and a series of very expensive measures appreciably affecting the other energy sources.

Having regard to all the considerations involved, the High Authority suggested in its Memorandum that the Community's best course would be to accept a target of 190m. tons, entailing a cutback of some 30m. tons from 1965, twice the reduction achieved in the previous five years (15m. tons between 1960 and 1965).

A production level of 190m. tons, allowing for the scheduled productivity increases meantime, would mean a labour force 200,000 smaller in 1970 than in 1965. Such a very considerable contraction, though of course including a certain amount of natural wastage, would necessitate large-scale assistance with the readaptation of the workers rendered redundant and, above all, with the redevelopment and reactivation of the areas affected.

Possible courses

The Memorandum points out that in reckoning on selling all 190m. tons of Community coal in 1970 it will be necessary to take into account how far this is consistent with the importation of coal from third countries and with competition from alternative fuels.

In theory, the two devices for promoting internal sales are direct protection, in the form of peripheral duties, and indirect protection, in the form of tax reliefs or subsidies. High tariffs would here not be the answer, as they would give a handle to substitution on the one hand and unfairly push up the steel industry's supply costs on the other, and moreover would conflict with the line adopted in the preparations for the Kennedy talks. More systematic recourse to quantitative restrictions, however, is not ruled out: the 1964 Protocol provides for Government/High Authority consultations as to the level of imports deemed to square with the sales potential of Community coal, on which basis it should be possible to arrive at an agreed position on a set of restrictions varied to fit the end uses of the coals concerned.

Also, says the Memorandum, an examination should be made whether it is really necessary to import house coal at a time when the problem of selling these grades is becoming acute, especially in the Benelux countries.

Lastly, the Memorandum goes into the question of indirect protection by means of tax reliefs, which it recommends should be carefully considered; such protection, if introduced, should be specially tailored to the trend in the energy market as sales of Community coal become more and more confined to the two big-coal-consuming sectors, the thermal power-stations and the iron and steel industry.

Work of the ad hoc Committee

Basing themselves on the Memorandum's conclusions, the Government experts on the Council's ad hoc Committee on Coal Problems drew up a series of proposals, to the effect that

- (1) the scaling-down of production should continue, though with due regard for social and regional considerations;
- (2) the member States should periodically compare notes on their forecasts of home sales, production, imports and trade exchanges;
- (3) in view of the small volume of intra-Community trade in steam-raising coal, efforts to encourage the use of these grades should remain at national level, though co-ordinated on a Community basis;
- (4) the ruinous effects of the succession of mild winters on sales of house coal should be countered by adjusting production, and if necessary adjusting imports from third countries, so far as might be possible without infringing any bilateral trade agreements in force;
- (5) special action should be taken with regard to coking coal and coke for the iron and steel industry to enable the latter to buy at somewhere near the delivered prices of imported third-country coking fines.

At its meeting on November 22 the Council instructed the Committee

- (a) to go further into the Community's coal position, including especially that for house coal, and report back at the Council's next meeting;
- (b) to go further into the possibilities for additional assistance to Community collieries to enable them to bring their prices for coking coal and coke for delivery to the Community iron and steel industry to a level consonant with the dictates of the present situation, and submit detailed proposals to the Council in this connection at its next meeting.

The Committee complied, and just after the end of the period under review, on February 16, 1967, the Council accepted the bulk of its proposals and gave its consent to the establishment of a multilateral compensation scheme for intra-Community trade exchanges of coke and coking coal.

CHAPTER THREE

THE COMMON MARKET FOR COAL AND STEEL

1. The Common Market for Coal

General situation

The position of coal in the Community worsened sharply in 1966, in consequence of further substantial changes in the pattern of the energy market coupled with a variety of adverse cyclical factors. The share of coal in total energy consumption dwindled to 34%, as compared with over 50% as recently as five years ago, while there was also an absolute drop in sales, due to the general decline in demand for solid fuels.

Efforts to reduce the mountainous availabilities by import and production cuts failed to bring supply into line with demand. Pithead stocks in the Community as a whole rose over the year by 10m. tons hard-coal equivalent, while in Germany a further 3m. tons piled up at the special storage depots recently organized in the neighbourhood of the consumer centres. By the end of the year the industry had 46,500,000 tons of unsold coal on its hands, not counting dealers' and consumers' stocks: this is four million tons above the previous record level of 42,500,000 reached in 1959, and the more serious in that production is considerably smaller today than it was then, while the outlets have been contracting rapidly.

Community hard-coal production

('000,000 metric tons)

Country	1953	1959	1962	1964	1965	1966
Germany (Fed. Rep.)	140.9	141.8	141.1	142.2	135.1	126.5
Belgium	30.1	22.8	21.2	21.3	19.8	17.5
France	52.6	57.6	52.4	53.0	51.4	50.4
Italy	1.1	0.7	0.7	0.5	0.4	0.4
Netherlands	12.3	12.0	11.6	11.5	11.4	10.1
Community	237.-	234.9	227.-	228.4	218.1	204.9

Intra-Community trade

The volume of intra-Community trade in hard coal and briquettes increased slightly in 1966, to nearly 18m. tons, half a million more than in 1965. As regards briquettes there was little change: the rise was due to an upturn of 1,500,000 tons (= 12.5%) in German sales, principally to Italy, but also to France and the Netherlands, and on a minor scale to Belgium. On the other hand there was a steep drop of 300,000 tons in Belgian sales to France, and rather less marked decreases in those to Germany and the Netherlands; Dutch sales also fell by about 200,000 tons, mostly consignments to France.

The shrinkage in trade in coke-oven coke which has been in evidence since 1964 continued, the total volume in 1966 working out at 8,800,000 tons, one million tons (10%) less than in 1965. This particular trade is governed by the level of activity in the iron and steel industry, and the decrease was chiefly in procurements by France and Luxembourg, though Belgian and Dutch purchases also went down somewhat.

Imports from third countries

Hard-coal imports from third countries

('000,000 metric tons)

Country	1961	1964	1965	1966
Germany (Fed. Rep.)	5.8	8.8	7.6	7.0
Belgium	0.8	3.2	2.7	2.1
France	2.4	5.9	5.0	5.1
Italy	6.8	9.4	10.2	10.1
Netherlands	3.2	5.2	3.5	2.9
Community	19.0	32.5	29.1	27.2

Hard-coal imports from third countries in 1966 totalled 27m. tons, two million tons less than in 1965. More than two-thirds of this (19m. tons) came, as usual, from the United States, and the decrease was largely in procurements from this source, though purchases from Britain, and to a lesser extent from the Soviet Union, also went down. In the two latter cases the coals affected were mostly anthracites for private households, especially in the Netherlands. Polish coal continued to come in in about the same quantities as before.

Of the year's imports, 3,700,00 tons were of house coal, 12m. tons of coking coal, and most of the remainder for use at power-stations.

Producers' stocks

Producers' stocks at the end of 1966 stood at 32,700,000 tons of coal and 6,400,000 tons of coke, amounting to 41,500,000 tons hard-coal equivalent in all.

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

Country	End 1964	End 1965	End 1966	Additions to stocks in 1966
Germany (Fed.Rep.) ¹⁾	10.1	18.3	24.9	+ 6.6
Belgium	1.8	2.6	3.4	+ 0.8
France ²⁾	6.8	8.1	10.7	+ 2.6
Italy	0.6	0.4	0.7	+ 0.3
Netherlands	1.3	1.6	1.8	+ 0.2
Community	20.1	31.1	41.5	+10.4

1) Exclusive of 4m. tons of undistributed stocks at end 1966 (3m. tons put to stock during the year).

2) Exclusive of 1,500,000 tons of importers' stocks at end 1966.

Progress of rationalization

Pits in operation at end of year and output

Germany

Year	Pits in operation at end of year					Average daily output per pit (tons)	Average underground output per man/shift (kg.)
	Ruhr	Aachen	Lower Saxony	Saar	Total		
1957	140	9	5	18	172	3,060	1,658
1962	106	6	3	12	127	4,205	2,459
1965	89	6	2	9	106	4,850	2,815
1966	79	6	2	8	95	5,125	3,045

Belgium

Year	Pits in operation at end of year			Average daily output per pit (tons)	Average underground output per man/shift (kg.)
	South	Campine	Total		
1957	113	7	120	865	1 253
1962	54	7	61	1 310	1 818
1965	47	7	54	1 440	1 874
1966	40	5	45	1 490	2 000

France

Year	Pits in operation at end of year				Average daily output per pit (tons)	Average underground output per man/shift (kg.)
	Nord/Pas-de-Calais	Lorraine	Centre/Midi	Total		
1957	63	11	34	108	1 745	1 682
1962	46	8	27	81	2 225	1 922
1965	38	7	25	70	2 580	2 039
1966	35	7	22	64	2 735	2 095

Colliery aid in 1966

Notwithstanding decreased production, the collieries' social-security charges continued to rise, and must be expected to go on rising for some time to come, since the reduction in the number of actively-employed mineworkers automatically sends up the number of pensioners and others drawing insurance benefits.

The following table shows the position with regard to "social" assistance furnished under Article 2,2 of Decision No. 3/65, which permits part-financing of social-security benefits by the State in order to offset the disproportionately high charges borne by the coal industry in comparison with other industries.

	1965	1966	1966/65 in absolute amounts	1966/65 in %
Germany (Fed. Rep.) '000,000 DM. '000,000 \$ \$ per ton	2 117.5 529.4 3.77	2 272.4 568.1 4.34	+ 154.9 + 38.7	+ 7.3
Belgium '000,000 Bfr. '000,000 \$ \$ per t	5 508.1 110.2 5.57	5 871.6 117.4 6.91	+ 363.5 + 7.2	+ 6.6
France '000,000 Ffr. '000,000 \$ \$ per t	1 230.2 249.2 4.87	1 336.8 270.8 5.34	+ 106.6 + 21.6	+ 8.7
Netherlands '000,000 Hfl. '000,000 \$ \$ per t	51.0 14.1 1.21	76.0 21.0 1.91	+ 25.0 + 6.9	+ 49.0
COMMUNITY '000,000 \$ \$ per t	902.9 4.04	977.3 4.66	+ 74.4	+ 8.2
In addition the following " <u>economic</u> " assistance was provided for colliery rationalization:				
Community '000,000 \$ \$ per t	81.6 0.37	195.5 0.89	+ 113.9	+ 140

2. The Common Market for Steel

Market and production situation

Community crude-steel production in 1966 amounted to 85,100,000 tons, slightly lower than in the previous year (86m.) though higher than in 1964 (83m.). Production, therefore, has not varied much over the last three years; utilization of capacity, on the other hand, has.

Crude-steel production

('000,000 metric tons)

Country	1960	1964	1965	1966	Percentage change 1966/65
Germany (Fed. Rep.)	24.1	37.3	36.8	35.3	- 4.1
Belgium	7.2	8.7	9.2	8.9	- 3.3
France	17.3	19.8	19.6	19.6	-
Italy	8.5	9.8	12.7	13.6	+ 7.1
Luxembourg	4.1	4.6	4.6	4.4	- 4.4
Netherlands	1.9	2.7	3.1	3.3	+ 6.5
Community	73.1	82.9	86.0	85.1	- 1.0

The plants were operating in 1966 at below 79% of capacity, as compared with the following rates in the preceding years:

1960	96%
1961	92%
1962	88%
1963	83%
1964	90%
1965	84%

Idle capacity in the Community as a whole in 1966 worked out at 22m. tons, as against 3m. in 1960.

At the same time the imbalance in the world market worsened further owing to the installation of more and more new plant: whereas from 1955 to 1960 world potential exclusive of mainland China and the United States rose at about 16m. tons a year, since 1960 it has been averaging a good 23m. The largest increases have been in Japan, in the traditional steel-importing countries and in the Soviet Union; the Community's potential too has been growing steadily.

The resulting glut in the international market has led to a further slide in world prices, which coupled with intensifying internal competition has caused prices within the Common Market also to sag heavily; in consequence the companies have been earning so much less that it is now doubtful whether they can afford the necessary capital expenditure on rationalization and modernization.

In view of this state of affairs, the High Authority in its quarterly guidance programmes has repeatedly urged enterprises to gear production more to the real level of demand.

Steel exports

Steel exports kept up fairly well in 1966, at 16m. ingot tons. This is 2,800,000 tons, or just under 12%, less than in 1965, but the very high 1965 figure was due mainly to an exceptional jump in sales to the United States, which dropped again in 1966 to the same level as in 1964.

Sales to other Western European countries, hitherto the Community's biggest customers, show a decrease; so too do those to Latin America, the cause in this case being definitely the new producer countries' evident determination to become as far as possible self-supporting in steel and to sell as much as they can to their neighbours as well.

World availabilities of iron and steel products in the last few years having been well in excess of the relatively slowly-growing import demand, export prices for practically all rolled steels have suffered. As a further considerable increase in steelmaking capacity is in prospect in a number of countries, the years ahead are almost certain to see still larger tonnages on offer and a still larger number of sellers crowding into the world market.

Exports of rolled products to third countries

('000 metric tons)

To	January-September 1965	January-September 1966
U.K.	202	270
North America (of which: U.S.A.)	3 349 2 728	2 360 2 030
Denmark, Finland, Norway	1 001	830
Spain	864	880
Switzerland	813	720
Sweden	579	500
East Asia	538	500
South America	532	440
Eastern Europe	296	290
Republic of South Africa	328	25
Austria	57	60

Steel imports

Imports rose only a little, to 2,750,000 ingot tons, from the substantially reduced level of 2,400,000 tons to which they had abruptly descended in 1965. This stabilization would have been impossible had it not been for the peripheral protection introduced in 1963.

In Italy imports declined further with increasing home production; in France and Germany they went up somewhat, and in Belgium and Luxembourg taken together there was also a slight upturn. The breakdown by provenance works out at about 20% from Eastern Europe and 80% from the West, as compared with 22% and 78% respectively in 1960.

('000 metric tons)

From	January-September 1965	January-September 1966
U.K.	206	190
Austria	372	430
Countries with State-controlled trading systems (of which: U.S.S.R.)	303 152	360 100
Japan	112	190
Sweden	163	200

Prices

The general downward drift in prices observed in 1965 continued, the reason, as before, being the supply/demand imbalance both inside and outside the Community.

Work of the High Authority

Motivating considerations

The Community producers' efforts to sell as much steel as they can in an already saturated market by recourse to alignments and discounts have resulted in the charging of prices as much as 20% below those shown in their schedules. This price slide has not been paralleled in any of the other major steel-producing areas of the world: whereas prices in E.C.S.C. are still around the same level as thirteen years ago, those in the United States and Britain have risen in the interval by something like 40%.

For the Community enterprises, therefore, normal conditions of competition no longer prevail. This is a very dangerous state of affairs, since the effect is to jeopardize precisely what is so absolutely vital at the present juncture, namely a vigorous rationalization and modernization drive, without which the Community industry is liable to find itself lagging perilously behind its competitors in other parts of the world. This adjustment process is involving, and will continue to involve, large-scale readaptation and area redevelopment operations, and Community-level action is needed to weigh up the impact of the changes in prospect and make due provision for dealing with it.

Short- and medium-term problems

In the short term the object must be to restore a better balance between production and consumption within the Common Market, so that the price situation can be got on to a sounder footing and the funds found for mounting the necessary capital projects.

The longer-term need is that the efforts by the enterprises and the member States should be co-ordinated with the Community's new General Objectives for 1970, in which the focus is principally on the industry's rationalizing and making itself more competitive, while refraining from any undue additions to an aggregate capacity already ample to cover all foreseeable requirements.

Retention of existing trade safeguards

The peripheral protective arrangements introduced in 1963, and retained since with some minor changes (see opening pages of this Summary), are as follows:

- (a) all member States to charge import duties level with those of Italy, which average 9%;
- (b) a temporary specific duty to be charged on imports of foundry pig-iron;
- (c) only limited tonnages to be allowed in from countries with State-controlled trading systems;
- (d) Community producers to be prohibited from aligning their own prices on quotations from such countries.

Further measures

Having regard to the general state of the Common Market for steel, the High Authority has come to the conclusion that comprehensive measures are called for, to take the form, first of all, of some restraint on production, for as short a time as possible, with the aim of getting it back into step with consumption at an early date.

As had already been done on the coal side, the Council accordingly set up an ad hoc Committee on Steel Problems, to examine the situation, consider all possible ways of tackling the problems, and report back to it in the course of 1967.

Pending the outcome of the Committee's deliberations, the High Authority has taken certain steps of its own. In an Official Notice issued in November under Article 46 of the Treaty, it announced its intention of bringing out its quarterly programmes with forecasts of production, consumption, exports and imports (hitherto compiled to show only the crude-steel figures, broken down by countries) further subdivided by types of product, and sending these direct to the enterprises individually, to enable each firm to draw the relevant conclusions as to the tonnages it could reasonably produce. In addition, the High Authority promulgated a Decision under Article 47 requiring enterprises to furnish fuller particulars than previously concerning the prices they charged, notably by declaring all tonnages invoiced at aligned prices, i.e. not only those aligned on quotations from third countries, as heretofore, but also those aligned on the schedule prices of Community competitors.

Long-term action

The High Authority considers it essential, if the difficulties in the Common Market for steel are to be successfully overcome, that measures should be taken to ensure better co-ordination of investment. It therefore issued another Decision requiring enterprises also to furnish fuller details of their investment programmes, in order to afford a clearer picture of the probable effects of these on production capacity, as well as of the basis on which the projects were to be financed.

Some Governments having already mentioned to it their plans for their own steel industries, the High Authority further proposed, in accordance with Article 26 of the Treaty, that all the national plans for the steel sector should be periodically discussed in the light of the General Objectives, whenever circumstances seemed to require it.

3. Implementation of the Rules of Competition

The number of projected cartels and concentrations coming before the High Authority in 1966 was again very large, as with competition becoming keener and keener enterprises were resorting even more than in the previous year to link-ups and co-operation agreements for purposes of rationalization, the result being, of course, to reduce still further the number of operators in an already oligopolistic market.

From the introduction of the Common Market to February 1, 1967, the High Authority was called upon to handle in all 258 cartel cases, of which it has to date disposed of 183 (many of them being merely filed as not in fact requiring authorization), and 303 concentration cases, of which it has disposed of 246 (including 139 authorized).

In assessing planned cartels and concentrations, the High Authority bears in mind, among other things, the following considerations.

(a) In seeking to preserve an adequate degree of competition in an oligopolistic market, what matters is not so much which is the biggest producer, but the relationship of the bigger producers to one another and to the smaller producers. The important thing is to see that there are always a sufficient number of operators of roughly equal size in the Common Market, and that no restrictive practices are allowed to interfere with competition: in other words, for the Common Market to function properly the oligopoly must always be sufficient in number and not top-heavy (top-heaviness resulting in one or two firms assuming market leadership on quantities and prices).

(b) So far as rationalization is concerned, concentrations usually yield better results than cartels, quite apart from the fact that cartels are liable to crumble in a way which is impossible in the case of concentrations. An interesting instance is the Stab- und Formstahl-

kontor of Essen, which was authorized on July 21, 1965, but in fact never really took effect: the organizers decided to abandon the agreement and the High Authority withdrew its endorsement. It should be made clear that the High Authority has no power to press enterprises to undertake a concentration in preference to a cartel. All it can do is to draw their attention, in a general way, to the advantages of the one over the other: apart from that, its function is to rule on the applications as submitted.

The High Authority devoted careful attention in 1966 to the social implications of the projected cartels and concentrations laid before it, arranging for its Labour Problems Department to examine case by case the possible effects on the jobs and terms of employment of workers in the enterprises concerned.

4. Transport

Publication of rates and conditions of carriage

Particulars are given in earlier General Reports concerning the arrangements by the different Governments for ensuring proper disclosure of transport rates and terms.

Measures progressively introduced in this connection in 1966 include a number provisionally approved by the High Authority as try-outs, such as, in the case of short-term contracts, the publication of weekly schedules of charges, and for longer-term contracts the obligation to publish details of the routes concerned and to supply information on request to all coal or steel producers, consumers and dealers in the Community.

So far these arrangements appear to be functioning smoothly and effectively enabling those concerned to acquaint themselves with the rates and conditions of carriage actually applied.

The High Authority is helping to ensure that they work by publishing in the Official Gazette of the Communities the routes by which consignments are carried at the tariffs for long-term contracts, and itself providing all relevant particulars concerning such contracts to any Community producer, consumer or dealer asking for them.

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

Following two years of expansion, the total volume of E.C.S.C. products carried by rail and water (road haulage excluded) in, to and from the Community contracted again in 1965 by 1.6%, to 485m. tons as compared with 493m. in 1964.

Intra-Community traffic, which accounted for 362m. or close on 75% of the total (as against 378m. or 77% in 1964), showed a decrease of about 4.3%, owing largely to the continuing shrinkage in the transport of solid fuels. The falling-off was partly offset by a striking all-round expansion in traffic flows with third countries, outgoing shipments jumping over 14% to 26m. tons, while incoming ones rose by over 5 % to 97m.

CHAPTER IV

LONG-TERM DEVELOPMENT
OF THE COMMUNITY INDUSTRIES

§ 1 - INVESTMENT

To equip itself the more effectively to "encourage the co-ordinated development of investment," as it is required to do by Article 54 of the Treaty, the High Authority promulgated a fresh Decision requiring E.C.S.C. enterprises not only, as in the past, to declare new investment projects, but also to declare disinvestment schemes and to furnish particulars of progress to date on projects previously declared, and in making their returns for its annual Investment Survey not to neglect to describe projects still only in the blueprint stage. The new Decision, an independent step taken on the High Authority's own responsibility, forms part of the broader Community drive to place the coal and steel markets on a sounder footing.

By publishing the results of its annual Survey and by issuing "reasoned opinions" on the projects deemed to be the most important from the point of view of the E.C.S.C. General Objectives, the High Authority conducts an ongoing persuasion campaign which often has the effect of inducing enterprises to make changes, major or minor, in their original schemes.

The 1966 Investment Survey

According to the enterprises' estimates at January 1, 1966, coal production potential should continue to contract gradually, and iron-ore potential remain round about the same as it is now. The steel industry's potential, on the other hand, may be expected to go on increasing fairly rapidly, though rather less so than between 1952 and 1965.

Capital expenditure in the Community industries

('000,000 \$ units of account)

Industry	Actual expenditure as per accounts at January 1, 1966		Estimated 1966 expenditure as at January 1, 1966
	1964	1965	
Coalmining industry	299	286	316
Iron-ore mines	24	26	24
Iron and steel industry	1 315	935	974
Total	1 638	1 247	1 314

The construction of oxygen steelmaking plant accounted in 1965 as in the two previous years for 70% of all expenditure in the crude-steel sector. Most of the projects in hand are in Italy, Belgium and the Ruhr.

Crude-steel production potential, which passed the 100m.-ton mark in 1965, is expected to be up by 1969 to 118m., with the oxygen steels accounting for 31%, basic Bessemer for 30%, open-hearth for 27% and electric-furnace for 12%. The share of the first-named will thus soon be the largest for all, the relative increase being achieved at the expense of open-hearth and, particularly, basic Bessemer.

The following points may be noted concerning the position in the three industries in the next few years.

The Community collieries' potential, according to their declarations, should diminish from 238m. tons in 1965 to 217m. in 1969. The latter figure is still distinctly on the high side as compared with the 190m. tons indicated by the High Authority as the target for 1970.

The Lorraine iron-ore producers are reckoning on an expansion cancelling out the contraction forecast elsewhere. This assumption does not tally with the estimates in the High Authority's General Objectives for steel, in which the view is taken that Community ores will be used less and less in the years ahead.

The iron and steel enterprises for their part will be concentrating mainly on productivity improvements, but will not be able to avoid some increases in capacity. The Survey suggests that by 1969, notwithstanding the recent sag in investment, the industry will have plant to produce something like 82m. tons of pig-iron and 113m. tons of crude steel (calculated assuming 96% utilization of the aggregate potentials declared by the works individually); the General Objectives for 1970, on the other hand, put the respective demand figures at not more than 76m. and 95m., and there is a similar disparity with regard to rolled products between the estimated potential in 1969 and the estimated upper limit of demand in 1970.

Financing of investment

Between January 1 and December 31, 1966, the High Authority contracted five loans to a total value of 103m. dollar units of account -- four bond issues floated on the Italian and International money markets and one private loan from an Italian bank.

The sums involved were as follows :

Lit.	15,000,000,000	(public loan)	=	24m. units of account
units of account	20,000,000	(public loan)	=	20m. units of account
Lit.	15,000,000,000	(private loan)	=	24m. units of account
U.S.\$	15,000,000	(public loan)	=	15m. units of account
U.S.\$	20,000,000	(public loan)	=	20m. units of account
				103m. units of account

These brought the High Authority's total borrowings at December 31, 1966, to the equivalent of 662,600,000 units of account.

Funds available for lending to enterprises in 1966 totalled 119,880,000 units of account. Most of the moneys were re-lent as raised, i.e. at between 6% and 7%, except in the case of redevelopment loans, granted at specially low interest, and of loans for workers' housing.

§ 2 - Technical Research

Though confined to two sectors of production, High Authority-aided research has taken a wide variety of forms, ranging from economic studies on the research programmes themselves and profitability studies on different production techniques to the industrial-scale testing of processes developed at pilot level.

The Community is also promoting pure and applied research in a number of technical contexts, research on industrial medicine, health, safety and ergonomics (industrial physiology and pathology) to secure improvements in the treatment and prevention of occupational diseases and accidents and in working conditions, and fundamental research on coal and coke chemistry and physics, metal physics, combustion mechanisms and so on.

The following table gives an idea of the diversity of the research thus assisted.

	Iron and steel, iron ore			Coal			Social		Total		
	55-56 to 65-66	55-56 to 65-66	55-56 to 65-66	58-59 to 65-66	58-59 to 65-66	58-59 to 65-66	55-56 to 65-66	55-56 to 65-66	55-56 to 65-66	55-56 to 65-66	
Pure research	7	25.4	36.3	77.5	25	77	100	54.8	89.2	62	67
Applied research	93	58.6	36.6	22.5	25	6.5	-	35	10.8	38	18
Development	-	16	27.1	-	50	16.5	-	10.2	-	-	15
	100	100	100	100	100	100	100	100	100	100	100
Research in connection with consumption	-	4.4	10.9	27	36.6	74.8	-	-	-	13.5	43
Research in connection with production	100	95.6	89.1	73	63.4	25.2	-	-	-	86.5	57
	100	100	100	100	100	100	-	-	-	100	100

The High Authority has done much useful work in sponsoring and organizing projects in a great many fields -- ergonomics; industrial health and medicine, including in particular silicosis; fundamental research on blast-furnace operations and on methane detection and methane drainage; coal valorization; iron-ore beneficiation; automation; co-operative producer/consumer studies with regard to coal and steel utilization and to means of channelling scientific information and research results -- and in fostering co-operation among Community researchers and research centres generally.

Some streamlining is becoming necessary in this connection, since the stepping-up of research in the Community on the one hand and the rising demands of readaptation and redevelopment on the other are bound to place a greater strain than hitherto on the funds available for the High Authority's work. It is therefore possible that the High Authority may have to do some pruning of its research appropriations, by

- (a) fixing a ceiling or "envelope" for each sector of research;
- (b) establishing within this, in line with the General Objectives, research targets and programmes which will serve to pinpoint more clearly the priorities involved and so the choices that will need to be made;
- (c) reorganizing its project selection procedure so as to classify the different projects proposed in accordance with the scale of priorities and financial ceiling adopted.

The High Authority is co-operating more and more directly in the dissemination of research results.

It is also co-operating with the other two Communities in the Inter-Executive Working Party on Research and its ad hoc Committee; it has been busily comparing notes with them and has submitted a report entitled "Ten Years of Technical Coal and Steel Research". Its object is to ensure that its work in connection with the problems of its own two industries is not left forming a separate item from the rest, but is integrated into a broader strategy serving the purposes of a European-scale industrial policy.

Research appropriations in 1966 totalled 8,700,000 units of account, of which 6,600,000 was allocated to steel, 400,000 to coal and 1,700,000 to "social" research. The aggregate sums earmarked since 1952 (minus some 600,000 units of account earlier allocated but not disbursed, and now withdrawn) now stand at 24,800,000 units for steel, 7,200,000 for iron ore, 23,300,000 for coal, 27,600,000 for social research and 200,000 for dissemination of results, i.e. 83,100,000 in all.

§ 3 - The General Objectives

The General Objectives for steel 1)

The General Objectives for steel to 1970 were issued at the end of 1966. The following is a brief outline of their contents.

The general economic background to the Community steel industry's operations in the next few years will be one of sustained expansion, causing the demand for iron and steel products to grow both within the Community and in the world at large; on the other hand, world capacity will continue substantially in excess of world requirements for quite some time to come. The industry will thus be producing for an expanding Community market, but will be exposed to fierce competition from third-country producers, especially in the world market.

The primary aim for the industry is therefore clear: it must be able to produce more steel -- perhaps 95m. tons in 1970 and 110m. in 1975, as compared with 85m. in 1965 -- with plant that is sufficiently modern to stand up to outside competition. Present estimates of the capacity that will be available in a few years' time indicate that plant modernization must take pride of place, involving the replacement of many installations, changes in the pattern of steelmaking processes, and much reorganization, including in some instances shutdowns. This will necessitate what amounts to a remodelling of the industry, on which indeed a start has already been made.

Total internal demand may be expected to rise from 59m. tons in 1960 and 72m. in 1965 to 85m. in 1970 and 100m. in 1975. The latter figures are of course only rough approximations, with a number of factors of uncertainty involved.

The world overcapacity which has existed for some years, as a result of extensions by the traditional producers and the emergence of new ones, will in all probability last for several years longer. With competition consequently exceedingly stiff, Community exports and imports will continue to be affected by short-term factors, and so will be liable to fluctuate considerably. However, with all due reservations, we may tentatively put net exports in 1970 at round about 10m. ingot tons.

1) For coal see Chapter II, 2.

Equally important if the industry is to be properly competitive is that it should be able to obtain its raw materials as cheaply as possible. In face of the growing disparity between the production costs of indigenous iron ore and coal and the landed prices of their imported counterparts, it is imperative that the Community enterprises should get their raw materials and energy on more or less the same terms as do their competitors outside, though it is of course also necessary to make some provision for reasonable security of supply.

Accordingly, the flow of imported ores is likely to increase from 31m. tons Fe content in 1965 to about 38m. in 1970, in which case the proportion of the requirements of ferrous matter met from indigenous ore and scrap would remain around 65%.

All the indications are, then that the next few years will see rapid and far-reaching changes in both steel production and steel consumption all over the world, due partly to technological progress and partly to the major alteration in the position regarding raw-material supplies.

It is by this time quite out of date for the steel enterprises to imagine that they can cope on a national basis with all the problems confronting them. What is now needed more and more is a Community approach, placed squarely in the world context.

The difficulties the Community steel industry has been experiencing in the last few years can be overcome only by active exertions on the part of all those in their different capacities bear a share of responsibility in its development.

Both managements and men will certainly be very much alive to the scale of the coming further changes in the production apparatus and in works-level and company-level organization. Only by vigorous and well-thought-out measures based on a long-term view of what needs to be done will it be possible to carry through promptly and effectively the necessary series of productivity improvements, plant conversions and replacements, works reorganizations, replannings of whole producer areas, and adjustments to the increased use of imported materials.

All the Community industries are having their problems in this time of sweeping technological change. The High Authority, realizing the special difficulties involved by the adjustment of a heavy industry, will continue to deploy all the means at its disposal to help the process go through smoothly.

In particular, it will do its utmost to see that the steel enterprises in all the member countries are able to purchase their raw materials and energy on something approximating to world-market terms. It is prepared to provide larger sums for technical and standardization research aimed at tailoring production more closely to requirements. As in the past, it will make full use of the

discretionary powers afforded it by the Treaty in ruling on projected industrial concentrations designed to render the Community steel industry more efficient and more competitive vis-à-vis the rest of the world. And on the social and regional side it will aid redevelopment and readaptations by every means the Treaty permits.

CHAPTER V

SOCIAL POLICY

The social as well as the economic implications of the structural changes now going on in the Community sectors were more than ever to the fore in 1966. With the mining industries in contraction and the iron and steel industry undergoing a process of drastic readjustment, the various social problems arising out of the march of technological progress and the stiffening international competition in the markets concerned are becoming increasingly acute.

To safeguard employment and improve conditions for the workers in line with economic progress are now, even more than before, the great aims of European social policy.

To help deal with employment problems, the High Authority at the Governments' request contributed between February 1966 and January 1967 the exceptionally large total of 16,600,000 dollar units of account for the "readaptation" (tiding-over and retraining) of redundant workers, and also made some changes in the readaptation assistance arrangements in the member countries. In addition, it provided a stimulus — in some cases the stimulus — for the establishment of new industries by approving redevelopment loans totalling 54,800,000 units of account, nearly twice as much as had been furnished for this purpose in the whole of the years 1960-65.

There can be no doubt that readaptation and redevelopment will have to be carried even more extensively as time goes on, so that it remains necessary for the High Authority to pursue an extremely active financing policy.

In view of the scale of the trend towards industrial concentration in the two sectors under its jurisdiction, the High Authority continued to take into careful consideration the potential social impact of projected mergers submitted for its authorization.

The Memorandum on Coal Policy which the High Authority laid before the Consultative Committee and the Council of Ministers in 1966 devoted due attention to social aspects. Suggestions included the establishment of mining as a regular career and the institution for miners of an "E.C.S.C. bonus" and a scale of fidelity bonuses, measures which it pointed out would help to secure for the collieries the young, steady and skilled labour force so absolutely vital to their continued existence.

The Community system of State aid to the coalmining industry introduced by the High Authority's Decision N°. 3/65 went ahead, the High Authority seeking by every means to keep the mineworkers' social-insurance schemes operating smoothly and effectively.

At the same time, the High Authority's function in the social field is not confined to working for continuity of employment: it has a great variety of other duties in which the object is to improve conditions for the labour force all round, both on and off the job.

Accordingly, in 1966 it concentrated particularly on matters in connection with adult and management training, the repercussions of mechanization and automation, planned residential building for workers in the different producer areas, reception and training of migrant workers, and the theory of accident prevention in the iron and steel industry. It also launched a new medical research programme on the treatment and rehabilitation of burn cases, and stepped up its information campaign on terms of employment, working conditions and industrial relations in line with the changes taking place in these in the six countries.

§ 1 - Trends in Employment

The personnel strength of the E.C.S.C. industries again fell in 1966, if anything more sharply than before, by 89,400 in twelve months. This does not mean a corresponding increase in actual lay-offs, the enterprises being anxious where possible to use gentler methods such as suspension or reduction of recruitment, early retirement, encouragement to seek other employment, and so on.

On the coal side the wastage totalled 62,000, leaving 637,400 at September 30, 1966; the losses were mainly in the Ruhr and Belgium, where short-time working also had to be introduced during the year.

On the steel side the personnel strength is now 564,300, the reduction, concentrated in France, Germany and Belgium, amounting to 23,000; in the iron-ore industry departures totalled 4,300 (-14%), 2,200 of them in Lorraine.

The number of "denizen workers," i.e. those not nationals of their country employment, also decreased by 15,400, largely as a result of restricted recruitment for the mines.

§ 2 - Training

For advances in technology to be applied throughout industry, as they must be if enterprises are to be kept in the race and continue employing a labour force, an intensive drive to provide properly-planned training at all levels is absolutely essential. This is a matter to which the High Authority is devoting the closest attention, assembling, sifting and disseminating information on training requirements and resources and, on the basis of its findings, suggesting how present problems might usefully be tackled.

Among other activities, the High Authority has been conducting various studies and surveys within enterprises to build up a picture of current developments in this field and of the impact of technological changes on training. Three surveys were recently published on the repercussions of technological progress in the blast-furnace, steelworks and rolling-mill sectors respectively, and are now to be examined and discussed by qualified representatives of the industry. A symposium of training experts and others directly concerned is also planned to pinpoint indications of practical value for future training purposes contained in the reports on past surveys.

The High Authority is concerning itself specially with how best to provide training for the new skills that will be needed by personnel of all categories to meet the requirements of remote control and automation, and also with the whole subject of works organization, administration and management.

One High Authority initiative which is evoking increasing interest among training officers and experts is its work on the openings for programmed instruction in the E.S.S.C. industries. For the benefit of these circles the High Authority has published the proceedings of the symposium held on this subject in November 1965.

§ 3 - Readaptation

The scaling-down of the E.C.S.C. industries' labour force necessitated a considerable extension of readaptation activities during the period under review, both the number of workers aided, the moneys furnished and the area covered being much larger than in previous years. Recourse was had to the provisions of Article 56,2 in 1966 in all the Community **countries**, including, for the first time, Luxembourg.

This is due partly to the gathering momentum of the structural changes in progress in the three industries, and partly to the more organized and co-ordinated action being taken by the authorities and the enterprises to safeguard employment notwithstanding. Now that there is a clearer idea of the outlook and also increased awareness of society's obligation to the workers likely to be affected, readaptation

schemes are no longer the hastily-improvised affair they used to be, but are dovetailed into well and thoroughly prepared overall programmes comprising in particular advance agreements with the enterprises concerned, more and more of which are making arrangements themselves to enable their personnel to obtain alternative employment, even furnishing assistance of their own over and above that forthcoming from E.C.S.C.

The High Authority for its part has been making extra efforts to safeguard the workers' interests still more effectively by introducing a number of improvements in the procedures in force: in addition to concluding the initial basic agreement with the Luxembourg Government settling the details of the first Community scheme in that country, it has caused the earlier agreements for France, Belgium and Germany to be amended in a number of respects to bring them more into line with present requirements.

Between February 1, 1966, and January 31, 1967, the High Authority set aside 16,500,000 units of account for readaptation assistance to 58,392 workers. As before, the great majority (87%) of these men were from the German, Belgian and Dutch collieries; 9%, however, were from the steel industry, mostly in France and Germany. The breakdown by countries is Germany 59%, Belgium 17%, the Netherlands 16%, France 5%, Italy 3% and Luxembourg 0.3% of the workers assisted.

High Authority readaptation assistance approved
under Article 56 of the Treaty
(February 1, 1966-January 31, 1967)

Country	Coalmining industry		Iron-ore mines		Iron and steel industry		Total per country	
	No. of workers	Amount (\$'000)	No. of workers	Amount (\$'000)	No. of workers	Amount (\$'000)	No. of workers	Amount (\$'000)
Germany (Fed. Rep.)	31,452	7,262	802	119	2,115	238	34,369	7,619
Belgium	9,969	3,000	-	-	121	22	10,090	3,022
France	-	-	2,169	455	1,490	572	2,659	1,027
Italy	211	160	-	-	1,415	1,142	1,624	1,302
Luxembourg	-	-	150	100	-	-	150	100
Netherlands	9,500	3,480	-	-	-	-	9,500	3,480
Community	51,132	13,902	2,121	874	5,139	1,974	58,392	16,550

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§ 4 - Industrial Reconversion and Redevelopment

As capacity closures and other rationalizations assume larger proportions, so, in areas where coal and steel production are the principal activities, there is less and less alternative employment available for the workers affected, and consequently it is becoming absolutely vital to attract other industries there instead.

Recognizing that this trend was bound to build up still more in the next few years, the High Authority armed itself in September 1965 with a number of fresh weapons in the matter of redevelopment, which it used freely in 1966. Numerous redevelopment schemes were aided by the part-financing of specialized studies and surveys, infrastructure improvements and factory building. In addition, the Expert Committee which had been conducting more general researches with a view to providing relevant background material and particulars of available redevelopment facilities duly issued its findings during the period under review.

The applications for E.C.S.C. financial assistance during the year were indicative of the changed approach to redevelopment, and of the gradual adoption of the principles the High Authority has had occasion to press upon the Council, for most of the schemes submitted formed part of full-scale, co-ordinated redevelopment programmes.

High Authority redevelopment loans in 1966 totalled 54,800,000 units of account, as compared with 30m. in all over the years 1960-65.

High Authority redevelopment assistance approved
between February 1, 1966, and January 31, 1967

Location of project	Amount of loan		Number of new jobs to result
	In national currency	In units of account	
<u>Germany (Fed. Rep.)</u> DM			
Wattenscheid, Ruhr	3,000,000	750,000	400
Ubach-Palenberg, Aachen	2,200,000	550,000	425
Ibbenbüren, Westphalia	3,000,000	750,000	40 - 50
Helmstedt, Lower Saxony	6,000,000	1,500,000	536
<u>Belgium</u> Bfr.			
Centre-Borinage	750,000,000	15,000,000	-
Ans-Lez-Liège	10,000,000	200,000	60
<u>France</u> Ffr.			
Pas-de-Calais	30,900,000	6,260,000	10,000 - 20,000
Labuissière, P.-de-C.	2,000,000	440,000	200
Lorraine	44,400,000	8,990,000	12,000 - 14,000
Pierrepont, Lorraine	3,000,000	610,000	200
<u>Italy</u> Lit.			
Val d'Aosta	4,700,000,000	7,520,000	1,000 - 1,200
Genoa area	1,570,000,000	2,510,000	500
Rezzato, Brescia	200,000,000	320,000	80
<u>Netherlands</u> Hfl.			
Nieuwstad-Sittard, Limburg	35,000,000	9,670,000	6,000
Sittard, Limburg	3,620,000	1,000,000	100 - 150
Eygelshoven, Limburg	2,500,000	690,000	100 - 140
		56,760,000	

§ 5 - Wages, Social Security and Terms of Employment

The High Authority continued to conduct and published studies on matters concerning wages, social security and terms of employment, as an objective reference basis for the efforts of the two sides of industry in this direction.

At Community level regular contact has been maintained since 1956 through the two Joint Committees for the coal and the steel industry respectively, on which Government representatives also sit. The points emerging from these discussions can be and are freely made use of in the hammering out of collective-bargaining agreements in the member countries; if they could be similarly referred to for the purpose of framing Community-wide agreements, it is obvious that this would be a big advance in the levelling-up of conditions which is one of the great aims of the Treaty.

On the controversial question of the European Miners' Charter, it is recalled that the union representatives in 1965 agreed for the time being to drop their insistence on a package deal, and instead to confine their claims to the introduction of a shift bonus on the German model throughout the Community and the introduction of a fidelity or loyal-service bonus. In February 1966 the Catholic and free mineworkers' unions of the six countries submitted their official proposals on the subject to the High Authority, asking for an "E.C.S.C. miners' allowance" to embody both the two bonuses earlier suggested. The High Authority included this idea among the recommendations in its Memorandum on Coal Policy to the Council which as we have seen contains a detailed analysis of the outlook for coal production up to 1970 together with the High Authority's suggestions for enabling the coal industry to retain the services of a sufficiently numerous, young, steady and skilled labour force. The ad hoc Committee is now studying the matter; whether the recommendations go through will of course depend on the Council.

§ 6 - Housing

For some years now building costs have been going up and up, a trend liable to have particularly unfortunate results for prospective occupants of low-rent housing.

The High Authority's housing loans, granted on the same favourable terms as in the past, have thus been particularly appreciated by all concerned, in some cases indeed tipping the scale.

Up to now just over one-third of the 100,000 dwellings part-financed by the High Authority are now owned outright by the miners and steelworkers living in them; the proportion has shown little change over the last six years (36.5-38.5%). The High Authority is bearing in mind that, given the sweeping changes now in progress in the production set-up, owner-occupation can sometimes be a handicap to geographical or occupational mobility. But, however, that may be, it intends for its part to continue encouraging whatever arrangement may best serve to free the workers from the disadvantages of unduly close interdependence between job and accomodation.

From the time when it first began providing assistance for the building of houses for E.C.S.C. workers up to January 31, 1967, the High Authority contributed financially, under Experimental Schemes I and II and the six major loan-aided schemes, to the construction of 102,590 dwellings, of which 64,549 were to be rented and 38,041 to be ultimately owner-occupied. At the same date, 85,995 of these were completed, 10,462 building and 6,133 "in preparation".

Operational position of Experimental Schemes I and II
and Loan-Aided Schemes I-VI
at January 31, 1967

Country	No. of dwellings	of which :		
		in preparation	building	completed
Germany (Fed. Rep.)	72 424	3 062	5 911	63 451
Belgium	5 735	73	2 023	3 639
France	15 286	1 611	1 958	11 717
Italy	5 287	887	290	4 110
Luxembourg	670	4	39	627
Netherlands	3 188	496	241	2 451
Community	102 590	6 133	10 462	85 995

§ 7 - Industrial Medicine, Health and Safety

The High Authority went ahead in 1966 with the following research programmes already launched :

- (1) industrial medicine: physiopathological and clinical research 1964-69), traumatology and rehabilitation (1964-68);
- (2) industrial health: second programme on dust control in mines 1965-69), assorted projects on converter "brown smoke", following completion of a first programme;
- (3) industrial physiology and psychology: second programme on human factors and safety (1965-69), first programme on ergonomics (1965-69).

The High Authority also approved a further medical research programme, this time on the treatment and rehabilitation of burns cases (1966-69). Procedural preparations for another new programme on methods of combating air pollution caused by steel plants (4m. units of account, 1966-70) are well advanced.

In parallel, the High Authority is actively promoting co-operation with and among all concerned in research, industrial and Government circles, and helping to disseminate and publicize the latest advances for the benefit of works medical officers, health and safety engineers and so on, by means of documentation, symposia and seminars.

The Steel Industry Safety Commission and its seven specialized working parties duly pursued their activities in 1966. The Mines Safety Commission issued its Third Report, a valuable quarry of detailed information with regard to safety problems now being jointly studied at Community level; the point is made that the most recent regulations promulgated in the member countries are a good deal more in line with one another than they used to be, and incorporate the bulk of the recommendations put forward by the Commission and by the earlier Conference on Safety in Coalmines.
