

# EUROPEAN COMMUNITY INFORMATION SERVICE

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COMMON MARKET • EURATOM • COAL & STEEL COMMUNITY

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## SUMMARY OF THE NINTH GENERAL REPORT OF THE HIGH AUTHORITY OF THE EUROPEAN COAL AND STEEL COMMUNITY

The High Authority prefaces its latest annual report with an introduction listing the outstanding events in the activities of the Community during the last reporting period (February 1, 1960 - January 31, 1961). These are examined with special reference to the continuing contribution of E.C.S.C. to the European cause.

Under the heading "The Record for 1960," the introduction outlines the emergency measures taken for the benefit of the Belgian coal market, the satisfactory results of the first revision on an E.C.S.C. Treaty article (Article 56), the financial policy of the High Authority, the unprecedented expansion in both production and investment in the European iron and steel industry, certain decisions concerning cartels and concentrations, the progress achieved in the rail-transport sector by the institution of new rates for full train-loads of coal and steel in Germany, the settlement out of court of the A.T.I.C. dispute, and the successful organization of the first major conference on the redevelopment of areas affected by pit closures.

In all these matters, the High Authority goes on, it is hard to imagine that such substantial results would have been achieved in anything like reasonable time had it not been for the existence of a body independent of the individual governments and in a position to weigh the different interests involved while at the same time never losing sight of the general interest of the Community as a whole.

Experience has shown, the High Authority continues, that pending the progressive extension of the operation of the Treaty of Rome, the E.C.S.C. Treaty is already enabling far-reaching action to be taken to deal with concrete economic and social problems. To consider its work as being of a purely technical nature would therefore be to misunderstand the very real political significance of the first European Community.

In support of this point the High Authority cites the matter of the coordination of energy policies. Here, it explains, since the interests of the consumer countries are sharply opposed to those of the producer countries, discussion would be difficult if it were not for the existence of European organizations independent of the Governments.

The High Authority examines the European situation ten years after the Schuman Declaration of May 9, 1950. It notes with gratification that one of the main objectives of that historic proposal, de facto solidarity among the peoples of Europe, undoubtedly began to come into being at the very inception of the Common Market of coal and steel, and has steadily continued to establish itself throughout the ensuing years.

Taking the functions of the different Community institutions in this context, the High Authority concludes that the development in practice of their operation as provided for in the E.C.S.C. Treaty has been such that they may be confidently expected to continue working well in the future.

This being so, the High Authority feels it can safely endorse the concept of a single Executive for the three existing Communities: at the same time, it stresses that this must not involve any whittling-down, even on apparently minor points, of the content of the E.C.S.C. Treaty, particularly with regard to the status of the members of the High Authority and to its financial independence. Only if the projected merger is a pooling of everything that all three Communities are and stand for, says the High Authority, will the single Executive be a really big step forward.

## CHAPTER ONE. THE INSTITUTIONS; EXTERNAL RELATIONS

So far as the High Authority itself is concerned, since the whole object of the general report is to describe its activities in the various fields with which it has to deal under the treaty, this particular chapter contains only a few points concerned with the organization of its work. These include the definition of the form to be followed in wording its decisions, recommendations, and opinions, the revision of its Rules of Procedure, and the adoption of a new set of organizational rules governing the procedure for the preparation of High Authority decisions by the working parties.

The Consultative Committee met seven times during the period under review. The High Authority submits to it prior to publication the quarterly and long-term forecasts which it prepares, and makes periodic statements to it on the state of the markets and the activities in which it is engaged. In 1960, attention was devoted principally to the energy problem: A draft resolution, the so-called Baseilhac Resolution, was submitted to the committee requesting the High Authority to take action to alleviate the situation in the coal market. The committee asked the High Authority to "see to it" that something was done to expedite the work for the coordinated energy policy. A new Subcommittee on Technical Research Projects was set up. The committee was consulted with reference to such projects and also to the temporary assistance to the Belgian coal mines. On January 24, 1961, the committee elected as its Chairman Sig. Domenico Taccone of the producers' group.

The report goes on to mention the debates in the European Parliament on the subject of the proposed election of its members by direct universal suffrage, on the possible merger of the three European Executives, and on various resolutions adopted by the assembly concerning matters within the jurisdiction of E.C.S.C.

The Special Council of Ministers met six times between February 1960 and February 1961. At a discussion in June 1960 on an interim memorandum from the Interexecutive Working Party on Energy, the Council asked the Executives to submit to it proposals suitable for immediate implementation, and on January 10, 1961, a joint memorandum by the Executives was duly placed before it concerning the first steps to be taken toward the coordination of the member states' energy policies. The problems of the Belgian coalmining industry appeared on the agenda on three occasions: the Council approved the proposed reference tonnage for the Belgian subsidies, was consulted on the plan to extend the application of Article 37 into 1961, and discussed the assistance to Belgian miners placed on short time.

The Court of Justice in 1960 received 22 appeals against the High Authority; it issued 16 judgments in cases concerning the High Authority, and 4 actions were withdrawn. The present backlog of pending E.C.S.C. cases totals 29, of which 18 relate to the scrap compensation scheme, 5 to problems in connection with cartels, concentrations and competition, 3 to personnel matters, and 3 to miscellaneous questions, including in particular shift bonuses for miners employed below ground in Germany and the isolation of the Belgian coal market. The report mentions certain individual Court judgments, such as those on the decision concerning the three Ruhr coal-selling agencies, the appeal lodged by two German coal mines concerning the levy, and so on.

With regard to inter-Community cooperation, the report notes that the practical difficulties of organizing joint services common to all three Executives have been pretty well overcome. The services in question -- the Legal Department, the Statistics Office and the Information Service -- are administered each by a board of three members, one from each Executive. Since January 1, 1961, the Spokesman's Office for each Executive has been removed from the joint Information Service and placed directly under the Executive it serves.

As regards cooperation among the Executives themselves, the report mentions the activities of the interexecutive working party studying the coordination of energy policy and of the interexecutive working party on social affairs, the part played by High Authority representatives in the work on the common Staff Rules and Regulations for the three Communities, and the cooperation between E.C.S.C. and E.E.C. in the field of transport. High Authority representatives were also present at various meetings of the E.E.C. and Euratom Councils of Ministers to discuss such matters as the future European University, assistance to countries in process of development, the association of third countries, diplomatic representation in third countries, and so on.

The report notes the increasing favor shown to the idea of a common and concerted commercial policy vis-à-vis third countries, and sketches the position regarding E.C.S.C.'s external relations (the Agreement of Association with the United Kingdom, the Greek problem, and relations with the other international organizations).

## CHAPTER TWO. COORDINATED ENERGY POLICY

This chapter begins by describing the energy situation.

Among other points, it notes that in 1960, in consequence of an exceptionally rapid growth of industrial activity (approximately 12%) and record levels of steel production, energy consumption rose by close to 7%. Earlier forecasts for 1961 had suggested a growth of only 4.7% in gross national product and 6.5% in industrial production. Had this been so, the increase in energy consumption would have worked out at about 3%.

An increase in over-all energy requirements does not necessarily mean greater consumption of all the different sources of energy available. In point of fact, in the primary-energy sector, the trends in the consumption of solid and of liquid and gaseous fuels differ fairly markedly, as may be seen from the following table.

### Trend in consumption of primary energy, by sources of energy

	(in %)					(in millions of metric tons hard-coal equivalent)		
	1950	1955	1959	1960	1961 <sup>(1)</sup>	1950	1955	1959
Hard Coal	71.7	62.8	54.1	52.4	50.0	210.3	253.7	235.5
Brown Coal	8.4	7.9	7.6	7.1	6.9	24.5	31.7	33.1
Oil	12.8	20.7	27.8	29.5	32.0	37.6	83.5	121.0
Natural Gas	0.3	1.4	2.4	2.8	2.9	1.0	5.5	10.6
Water power and terrestrial heat	6.8	7.2	8.1	8.2	8.2	19.9	29.2	34.9
TOTAL	100	100	100	100	100	293.3	403.7	435.1

1) Estimates

The share of coal in the whole has therefore been shrinking fairly steadily for ten years at a rate of approximately 2% a year, while petroleum products in liquid and gaseous form are moving into its place. In 1961, assuming that it will be a year of moderate industrial expansion, we may expect a falling-off in the general demand (in absolute figures) for coal, so that consumption will again be slightly below the level for the preceding year.

The share of oil in covering the increased demand for energy has, on the other hand, been definitely predominant: in 1960, for example, it represented almost 60%. The advance of fuel oil has been particularly in evidence in Germany with an increase of nearly 33%, in Italy with 28% and in the Netherlands with close to 18%. The report adds in this connection that the fiscal measures introduced in the oil sector in some countries during 1960 cannot be expected to have an immediate effect in retarding this development.

Turning to the secondary energy sources, the report draws attention to the extremely high rate of growth -- over 10% -- in the demand for electric current in 1960. A further increase of 7% is probable in 1961, which would appear to confirm that rates of increase in the future will come pretty regularly above the level which would produce a doubling of consumption every ten years.

Demand for gas rose by approximately 12% in 1960, and is expected to increase by a further 6.5% in 1961.

Dealing with trends in energy supplies generally, the report points out that for some years past availabilities of energy of various kinds have been plentiful. This makes for even keener competition, not only between one producer sector and another but also within individual sectors. In the oil sector alone, with total production amounting to approximately 1,000 million tons in 1960, there is a world-wide surplus of installed capacity of some 200 million tons.

After analysing the position of the coal mining industry regarding productivity costs and revenues, the High Authority observes that, notwithstanding an increase in hourly wage rates, the simultaneous percentage increase in underground output brought the production-cost index in 1959 down 6% from the previous year.

With regard to comparative movements of prices, the report says that the fall in the c.i.f. prices of crude oil and petroleum products and particularly of fuel oil, served in 1960 to accentuate the change in the price relation as between competing fuels. Although, calorie for calorie, the ratio stood for years at about 1 : 1, since the second half of 1959 it has been shifting quite definitely to the advantage of fuel oil in certain areas, particularly the Western Netherlands.

The report goes on to examine the action taken by the different governments in the field of energy in 1960.

In accordance with the respective countries' individual interests -- which superficially and in the short term do sometimes differ -- some governments are shown to be aiming at containing the trend in the coal sector at the cost of pushing up the prices of the competing fuels, while others are concerned rather to do as little as they can to interfere with the continuing decrease in the latter. Most of the governments are, however, seeking to stem excessive competition, which would be liable to result in costly changes not in line with the long-term trend.

A special section is then devoted to the European Executives' studies and proposals for a coordinated energy policy.

An interim memorandum on "the general orientation of a coordinated energy policy," dated March 19, 1960, was submitted by the interexecutive working party to the E.C.S.C. Council of Ministers and the European Parliament. The object of the memorandum was, to pose the principles of coordination, to set

forth the basic alternatives open, and to suggest certain practical devices and procedures to enable the national energy policies to be coordinated as speedily as possible. Briefly, the objectives which, if secured, will make it possible to harmonize the member States' action in this field are the following:

- (a) the most economic possible flow of energy supplies;
- (b) a single Community market for sources of energy;
- (c) security of supplies no matter what the state of the market at any given moment;
- (d) a dependable minimum volume of supplies for the Community.

For the purpose of comparing the specific advantages of these various objectives and if necessary deciding which of them is to be given preference, the memorandum suggests the institution of a price mechanism. The idea would be for the connecting thread for a coordination of energy policies to be provided as far as possible by the determination of a price serving as a guide to all.

The level of this guide price would be calculated mainly in accordance with the forecasts for the trend in the energy sector, and with the political decision whether or not for economic, political or social reasons, Community fuels should be allowed a margin of preference vis-à-vis imported fuels.

The memorandum was examined successively by the Council of Ministers, the European Parliament and the appropriate subcommittee of the Consultative Committee. Two conclusions were reached.

(1) The proposals were deemed "reasonable and attractive"; further details were requested as to the concept, function and method of introduction of the guide price. Experts of the Executives have been working since July 1960 on five annexes to the memorandum, which are to be used as basic material for later discussions with the Governments.

(2) It was emphasized that the use of a guide price as an instrument of long-term policy would not obviate the need to resort to other forms of action, in order, in particular, to cope with more immediate problems.

The working party took up this point forthwith, and its "proposals concerning first measures with a view to the coordination of energy policies" were laid before the E.C.S.C. Council of Ministers at its meeting on January 10, 1961.

This "crash program"; as the proposals are subtitled, advocates agreements of three kinds among the member states:

- (a) an agreement on the first steps towards harmonization in the field of commercial policy vis-à-vis third countries, rules of competition, and fiscal and administrative regulations;
- (b) a consultation agreement, providing in particular for prior notification of the other member states respecting any proposed internal action by individual governments;
- (c) an agreement on safeguards to be adopted in the event of a sudden deterioration in the state of the coal market.

In conclusion, the Council of Ministers has been asked, first, to give its agreement in principle to the first steps towards the harmonization of energy policies (the Executives to be thereafter responsible for working out the details), and secondly, to state its view on the principle of Community intervention in an emergency and on the criteria for and character of the projected safeguards.

The Council is to examine the proposals at its next meeting on March 7, 1961.

CHAPTER THREE. MARKET POLICY

1. Market policy for coal

In 1960, thanks to the action taken, the situation in the coal market improved, but in view of the trend in the energy sector as a whole and of the fact that the improvement is by no means securely established, it is necessary for the coalmining industry to persevere with its adjustment to the changed conditions in the market. The coal crisis is, incidentally, not confined to the Community coalfields: the report also discusses its full extent and implications.

What, in face of this structural crisis, has been the policy of the High Authority?

After briefly recapitulating the indirect action taken in 1958 and 1959, the report states that by the end of 1959 plans were made to invoke Article 37 of the treaty in respect of the Belgian market.

The High Authority's main objective is, as it has always been, to improve the competitive capacity of coal in relation to the other sources of energy. To do this, the coalmining industry must carry out a drastic and accelerated process of adjustment, within the framework of Community energy policy, but in the meantime it is necessary that the effects of the crisis should be cushioned and the requisite conditions established for coal mine concentrations and closures to be effected without involving intolerable economic and social hardship. This necessitates (an aspect described elsewhere in the report) an effective policy on the readaptation (resettling, retraining, etc.) of the workers concerned, and indeed in some instances a policy of actual industrial redevelopment of whole areas.

Reconstruction operations are going on in the different coalfields: in Germany, 18 pits, representing an aggregate annual capacity of 6,400,000 tons, will have been closed between July 1958 and the end of 1961; in Belgium, 9,500,000 tons a year in all are to be forfeited under a schedule of closures running from 1959 to 1963; in France, the Centre/Midi coalfield is undergoing reorganization and a five-year adjustment program has been prepared.

Special Community action has had to be taken with regard to Belgium -- namely the invocation of Article 37 and the provision of special allowances to miners placed on collective part time. Notwithstanding, there is still a serious disproportion in the Belgian coal market between production and sales outlets. After securing a firm assurance that the schedule of closures for 1961 would be duly carried through, the High Authority decided, after consulting the Special Council of Ministers, to extend the period of application of Article 37. The trading arrangements were, however, amended, since the High Authority wished to emphasize, by putting the restrictions on a descending-scale basis, the temporary and exceptional nature of the present system.

Belgian Government subsidies were authorized for 1961 for up to 3,300,000 tons of coal, representing the sum of Bfr.400 million. These too are fixed in accordance with a descending-scale, and it was specified that they were to be paid only on condition that the schedule of closures was duly implemented and that the coal mines subsidized observed the prescribed production ceiling.

For Germany, the High Authority recommended that in 1961 the duty-free quota of third-country coal be increased to not less than 6 million tons, the duty payable on tonnages in excess of the quota to remain at DM.20 per ton.

Payments to help finance the holding of accumulated stocks were continued in 1960 until the funds set aside for this purpose were exhausted. Close to 7 million dollars was made available under this head, \$5,070,000 of which was in the form of repayable advances.

The report next examines the state of the coal market in 1960, the main feature of which was, as we have seen, a somewhat shaky improvement. During the year, total availabilities and total requirements more or less balanced, and the production forfeited by part-time working was reduced to 5,800,000

metric tons, as against 12,300,000 in 1959. Imports from third countries dropped still further, from 19,200,000 tons to 17,800,000.

Average output in the pits rose substantially to 1,961 kg. per man/shift at the end of 1960 as against 1,819 kg. at the end of 1959. The number of workers employed fell by 54,700, of whom 28,700 left the industry in Germany and 12,900 in Belgium. As regards pricing, the tendency was to make adjustments in certain schedule prices; in Belgium, however, there were reductions in respect of all grades. Community production totaled 233,900,000 metric tons, which is one million tons less than in 1959. Pithead stocks of hard coal dropped from 31,200,000 tons at the end of 1959 to 27,700,000 at the end of 1960. A further falling-off in demand is, however, expected, in spite of the active state of the economy generally. Any leveling-off in expansion, and of course still more a recession, would mean a decided worsening in the position of coal.

Production of coke-oven coke increased during 1960, from 70,200,000 tons to 73,900,000. By the end of the year stocks had been reduced to 6,600,000 tons.

## 2. The state of the steel market

Business continued buoyant and prices remarkably steady in the Community steel market during 1960.

The scrap gap amounted to no more than two million tons, and there was at no time any noticeable tightness in the market. The dismantling of the compensation arrangements was continued.

Pig-iron production stood at 54,300,000 metric tons, with 95% utilization of capacity. There was a striking increase in the production of basic Bessemer and steelmaking pig -- greater, from the spring onwards, than that in the production of steel. Third-country competition continues to influence internal Community quotations for pig iron, but the pressure has become rather less. The Community is still the biggest buyer in the world market, but the position of the independent blast furnaces remains insecure.

Production of ore was, except in France, lower than had been forecast, at 95,800,000 tons extracted; imports from third countries totaled 30 million tons.

Community crude-steel production reached the all-time record level of 72,800,000 metric tons, and the market remained extremely balanced, except during the summer, when there was a slight flagging in the flow of orders from third countries. Intra-Community orders for rolled products were 11% higher than in 1959, although, those from third countries dropped by 19% total demand worked out 5% above the previous year's level, at 52,300,000 tons of finished products, exclusive of special steels. Deliveries totaled 52,800,000 tons, with orders in hand at the end of 1960 representing work for approximately three months ahead.

The highest rate of increase in steel production was recorded by Italy, with 21.5%, the Community average standing at 15.3%. The share of the Community in world steel production remains above 20% (20.7).

The proportion represented by the new oxygen-blown steels is increasing rapidly, at the expense of basic Bessemer. Production of fine and special steels now accounts for 8.1% of the total, but the most notable increase is in that of flat products, owing to the rising demand for sheet (over 10 million tons were produced in 1960). Trade within the Community continues to expand; imports from third countries increased by 600,000 tons, while exports to them showed a slight drop of 400,000 tons.

Prices in the Community remained steady, with the exception of a rise in France; French prices are, however, still the lowest in the Community.

With the general situation thus eminently satisfactory, the work of E.C.S.C. was mainly concerned with checking for compliance with the rules of competition, drawing up the quarterly forecasts, issuing opinions on investment plans, granting loans, providing assistance for technical research, and defining the general objectives. In this connection it is noted that the figure actually recorded for 1960 is almost exactly that forecast in 1956, namely 72,800,000 tons, as against 73,500,000 estimated as the upper limit of steel production which would be necessarily given a high level of economic activity.

### Implementation of the rules of the Common Market

This section deals with the High Authority's activities concerning prices, cartels and concentrations, and transport.

#### 1. Prices

The Community coal mines in 1960 made two to three times as much use of their right, under Decision No. 3/58, to align their prices with the delivered prices of their competitors as they had done in 1959-60, though even so the tonnages sold in this way did not reach the total authorized by the rules in force.

The report further notes that the practice of checking the origin of scrap coming under the compensation scheme was continued and is now coming to an end. This matter will be dealt with separately in a special annex to the report.

With regard to the High Authority's inspection work, the report states that between 1953 and 1960 27 fines in all, making a total of 110,000 dollar units of account, were imposed on E.C.S.C. enterprises, and 21 warning notices addressed to Community iron and steel firms.

#### 2. Cartels

The Ruhr coal-selling agencies. -- The High Authority gives its reasons for declining to approve the application submitted by the Ruhr mining companies for authorization to set up a single selling agency. While rejecting the application, it extended the term of the authorization granted in respect of the existing system in order to avoid causing complications in the German coalmining industry following an appeal by the Ruhr companies to the Court to reverse the decision containing the rejection. The report adds that a joint commission has been set up, consisting of representatives of the High Authority and of the governments, to examine certain points in connection with a possible revision of various economic provisions in the treaty, including in particular those relating to selling agencies.

Rheinischer Braunkohlenbrikettverkauf. -- The High Authority pointed out that this company occupied a dominant position in the market for brown-coal briquettes and was therefore liable to action under Article 66,7.

Cobechar. -- The report runs over the various changes made in the structure of this selling agency, and goes on to record that on December 24, 1960, an application was submitted for authorization to set up a single sales organization for all the Belgian coal mines but three. The application is now being carefully examined by the High Authority.

O.K.U. (Oberrheinische Kohleunion). -- With regard to this body the High Authority merely notes that it authorized participation by the Société Rhénane d'Exploitation et de Manutention (Sorema) in O.K.U. up to March 31, 1962.

A.T.I.C. (Association Technique de l'Importation Charbonnière). -- The Report states that in the course of discussions between the French Government and the High Authority the basis for a solution was arrived at and that the details are about to be settled. (The matter was finally disposed of shortly after the report went to press.)



### 3. Concentrations

Under this head the High Authority outlines the position with regard to the applications received for the authorization of the following concentrations:

August Thyssen-Hütte AG./Phoenix-Rheinrohr (application withdrawn);  
Dortmund-Hörder-Hüttenunion/Hüttenwerke Siegerland AG.;  
Compagnie des Forges et Aciéries de la Marine et de St-Etienne/  
Société des Aciéries et Forges de Firminy;  
Montecatini/Vetrocoke;  
Société des Hauts Fourneaux de la Chiers/Etablissements  
Schenmetzler-Duchêne et Fils;  
Dortmund-Hörder-Hüttenunion/Firma Hans Kaupmann.

As to the number of cases examined under the antitrust provisions of the treaty, the report notes that in all

214 cases have been examined with reference to Article 65 (cartels) since the High Authority first assumed its duties, of which 165 have been disposed of;

150 cases have been examined with reference to Article 66 (concentrations), of which 127 have been disposed of.

### 4. Transport

In the introduction to this section it is recalled that insistence on the principle that transport rates shall be such as to offer comparable cost conditions to consumers in comparable positions presents the High Authority with very considerable and difficult tasks, particularly in the road-haulage and inland water-transport sectors with regard to the problem of publication of rates and conditions of carriage.

With reference to the rail sector, the report says that the Court of Justice in the main upheld the High Authority's interpretation of the treaty provisions on special domestic tariff measures. One valuable side effect of the Court's judgments was that the German railways introduced as from September 1, 1960, a special ratemaking system in respect of complete trainloads of fuels and ores. This is, in addition, an important advance in the direction of harmonization.

The High Authority also describes its efforts, in cooperation with the governments, to dispose of the complications involved for the carriers of customs formalities at the frontiers.

With reference to inland water transport, the High Authority acknowledges that its discussions with the governments concerning the implementation of Article 2 of the Rhine River Navigation Agreement of 1957 (which would provide it with a full and accurate picture of the inland water-transport rates charged) have not so far produced any result. The negotiations for an agreement to eliminate disparities in rates on waterways other than the Rhine are, it adds, also still going on.

Finally, as regards road haulage, the report emphasizes that the Court's judgments of July 15 reversing the High Authority's original decisions on the subject do not in any way affect the treaty's requirements concerning publication or notification of rates and conditions of carriage. It is therefore now for the High Authority to work out the new approach to be adopted in order to prevail upon the governments to comply with the terms of the treaty.

CHAPTER FOUR. INDUSTRIAL DEVELOPMENT POLICY

The High Authority intends, as it is required to do by Article 46, to issue in 1961 a new Definition of the General Objectives concerning modernization, long-term planning of production and expansion of production capacity. These were last published in 1957. Regular studies and discussions have, of course, been going on with regard to the structural links between the E.C.S.C. industries and related sectors, to the energy economy as a whole, and to the outlook for internal and export sales.

It was decided that no hypotheses of general expansion would need to be worked out for the years 1960-65, since the rate of growth will be higher than the residual mean for this period now indicated by the earlier, lower hypotheses for 1955-65.

The General Objectives for coal

Forward estimates for the demand for coal are governed by the forecasts for the iron and steel industry and the trend in the demand for energy generally. Calculations are therefore at present concentrated on the two latter aspects. For the study of coal production, the High Authority has set up a committee of experts (producers, consumers and trade-union representatives) to assemble all available data on investment and rationalization programs, which will provide it with a picture of the production position in 1965.

The General Objectives for steel

Over-all demand for steel in 1960 was very nearly level with the upper limit of requirements forecast in the 1957 General Objectives, 73,500,000 metric tons. To meet these requirements the iron and steel industry had to produce almost to capacity. Yet economic expansion is expected to continue apace in the five years ahead. What, then, will the level of demand be in these years? The report gives an account of the methods employed to estimate this.

Parallel studies are in progress on production. The figure in 1960 was 72,800,000 tons: what will it be by 1965? Here too, as well as having the subject examined by its own departments, the High Authority is consulting producers, consumers, dealers and trade unionists. Incidentally, as the report points out, it would certainly be most useful to obtain some idea not only of the total tonnage likely to be produced in 1965, but also, in view of the rapid technological changes going on, of the distribution of that tonnage among the different steelmaking processes. Some light will doubtless be shed on the subject by the investment programs studied.

Investment policy

The High Authority each year conducts a survey of investments planned by enterprises. In addition, it receives prior notification of the more ambitious of these, from which it is able to draw useful conclusions.

Over the eight years 1952-60, the coalmining industry, iron-ore mines ~~and iron and steel industry~~ of the Community put into such plans a total of \$8.49 billion. 1960 saw a startling recovery in the iron-ore mines and the iron and steel industry after the falling-off in the previous year. The following table shows the results of the 1960 survey.

(in millions of dollars)

Industry	Actual expenditure as per accounts at January 1, 1960					Estimated ex- penditure as at January 1, 1960	
	1954	1955	1956	1957	1958	1959	1960
Coalmining industry	450	416	409	473	474	409	446
Iron-ore mines	30	31	44	50	41	40	46
Iron and steel industry	453	524	570	708	644	590	858
<b>TOTAL</b>	<b>933</b>	<b>971</b>	<b>1023</b>	<b>1231</b>	<b>1159</b>	<b>1039</b>	<b>1330</b>

In the coalmining industry, the 1959 decline in investment was particularly noticeable in the case of the Belgian pits, and the trend continued in 1960. As coking-plant capacity is estimated to reach 88,100,000 tons in 1963, coke production should amply suffice to meet foreseeable demand from the iron and steel industry and the other consumer sectors. The vigorous investment drive in respect of pithead power-stations did not slacken.

Projects in hand suggest that the extraction potential of the iron-ore mines will rise to 104,900,000 tons in 1963, as against 97,200,000 in 1959. Production in this industry is not keeping pace with demand, however, and it will be necessary to procure a larger proportion of the total supply of ores from overseas.

Capital expenditure on pig-iron plant remains proportionally very high, and the projects indicate a 23% increase in pig-iron production by 1963.

Investment in steelmaking plant, on the other hand, has fallen off, except in the case of L/D, Rotor and similar steels: the share of these latter in total production is increasing, while that of basic Bessemer and open-hearth is expected to shrink steadily. According to the survey of investment up to January 1, 1960, steel-production capacity will reach 81,900,000 tons in 1963.

Investment in the rolling-mill sector is recovering sharply, particularly in the case of flat products, which will by 1963, it is calculated, represent as much as 47% of all rolled products, as against 37% in 1952.

Loans granted by the High Authority to European investors in 1960 included \$35 million raised in the United States and \$2,260,000 which became available as a result of prepayments of installments and accelerated redemption of previous loans: the firms so assisted were Usinor, Finsider, Espérance-Longdoz, Fornicoke and the ore preparation company Saizerais. The total amount lent by the High Authority to date, from loans contracted by it in the United States and Switzerland, is \$233,900,000.

The concluding section of the chapter describes in detail the technical research projects which the High Authority is financing in the coal and steel sectors.

CHAPTER FIVE.      SOCIAL POLICY

The High Authority was faced in 1960 with two divergent trends in the employment situation: in the iron and steel industry employment had been rising since mid-1959 as a result of the revival of business, while in the iron-ore mines and the coalmining industry it showed a falling-off.

In the iron and steel industry, a 20% increase in production was accompanied by a 4.5% increase in the labor force employed. In some countries enterprises recruited foreign workers or considered doing so, since the home labor market was unable to meet the industry's requirements.

In the iron-ore mines, the scaling-down of the labor force continued, parallel with the implementation of rationalization and modernization programs.

In the coalmining industry, the situation in the labor market improved following action by the governments, the High Authority and the producers. Some further personnel cuts did have to be made; on the other hand, some coal mines, particularly in Germany, are complaining that they cannot find the men they need. Part-time working was reduced in Belgium but increased in France; there is none in the Netherlands nor, now, in Germany. Belgium continues to be the country hardest hit by the social repercussions of the coal crisis. The High Authority has been endeavoring to reduce the hardship caused by collective part-time working there, by making available a special "E.C.S.C. allowance."

The social implications of the adjustment and reconstruction in progress in the coalmining industry are bringing the High Authority increased responsibilities in the matter of the resettlement and retraining of discharged workers ("readaptation") and the industrial redevelopment of coalfields particularly badly affected by the pit closures. Article 56 of the treaty was amended to enable it to take action in face of the changes for the worse in social conditions caused by the state of the market. With regard to industrial redevelopment, the High Authority organized an Intergovernmental Conference at the end of September: an exhaustive catalogue of redevelopment schemes and of appropriate means of action was drawn up, on the basis of which the High Authority is to put forward proposals for a Community drive in this field.

With regard to vocational training, the High Authority will shortly be embarking on a further stage in its program of promotion and harmonization. Meantime, it continued its regular work in connection with what the report collectively terms "living and working conditions" (including such aspects as wages; industrial health, medicine and safety; social security; housing). In December 1960, in cooperation with the other Executives, it convened a conference on "Technological Progress and the Common Market," which gave rise to valuable exchanges of experience between technical experts, scientists and representatives of the Community. In the field of industrial health, medicine and safety the High Authority's work in 1960 was concentrated on two main aspects, fundamental research under Article 55 and the practical application of research findings, concerning which concrete proposals were drawn up by the standing Mines Safety Commission. Operations continued under the various E.C.S.C.-sponsored housing schemes for the benefit of miners and steelworkers and their families; the High Authority also applied itself to noting instructive points emerging from the housing design competition which it organized in 1959, with the object of helping to ensure the provision of accommodations suited to workers' families and environmental requirements.

The report further contains statistics showing the manpower, employment, and productivity position in the Community industries. Special sections are devoted to the subject of vocational training and of free movement of workers: in the latter field, a decision was drafted which if adopted by the governments will further encourage the use of E.C.S.C. labor cards.

The section on readaptation contains a table on the financing operations in which the High Authority has participated under Section 23 of the Transitional Provisions: this shows that in all, over the years, assistance has been given to 115,085 workers, and that disbursements and commitments under this head total 42,518,000 dollar units of account.

Talks with employers' and workers' representatives during 1960 enabled preparations to be made for the re-establishment of joint committees on the harmonization of terms of employment in the E.C.S.C. industries, to meet every six months. The main item for discussion at present is the working week.

The report examines the position regarding wages, labor legislation and social security in the member countries, and lists the most important recent studies, publications, and investigations in the social field.