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INFORMATION BACKGROUND

SUMMARY OF THE TENTH GENERAL REPORT
OF THE HIGH AUTHORITY OF E.C.S.C.
February 1, 1961–January 31, 1962

The High Authority of the European Coal and Steel Community has just submitted to the European Parliament its Tenth General Report on the activities of the Community, which is summarized in the following pages.

INTRODUCTION

Major changes have occurred of late in the affairs of the European Community. On the one hand, there has been the turnround in relations with the other European countries; on the other, a transition is in progress towards different market conditions. And simultaneously with these developments work has been going on to reinforce the Community fabric, by the adoption of a corpus of common measures on agriculture and the entry upon the second stage of the European Economic Community.

1. The applications by the United Kingdom and several other European countries to join E.E.C. unquestionably mark a turning-point in Community history. For E.C.S.C. these would for the time being have no immediate bearing on its own affairs, were it not for the fact that in the statements both of the British Government and of the Governments of the Six the principle has been officially accepted of entry into all three Communities -- a further demonstration of the latter's fundamental unity. It should be emphasized in this connection that useful links were established as long ago as 1954, when the Agreement of Association was concluded between E.C.S.C. and the United Kingdom Government. These have already led to the adjustment of steel tariffs closer to a common level, and have enabled both sides to gain a fuller knowledge of the state of the coal and steel markets in the other area.

While not proposing as yet to go in detail into all the problems raised by the possibilty of Britain's or other countries' entry, the High Authority feels obliged to note one or two points with regard to various aspects of that possibilty.

The whole face of E.C.S.C. would be radically altered by the entry of Great Britain. Coal production would be practically doubled, leaping to 400 million metric tons and thus exceeding the present production of either the United States or the Soviet Union. Iron and steel production would reach close on 100 million metric tons -- about the same as that of the United States and considerably more than that of the Soviet Union. E.C.S.C. thus augmented would be easily the biggest unit in the world steel market, and would be in a position, as an exporter area, of comparable responsability to that of E.E.C. as a raw-materials importer.

Moreover, should a State such as Denmark become a member, the Community would include a country which was almost exclusively a consumer of E.C.S.C. products. The High Authority recalls in this connection that the Treaty was framed with the object of ensuring a balance between the interests of the producer and consumer sides.

Britain's entry would also be important from the point of view of the various problems in connection with energy: she has a major interest both in coal and in oil, and should hence, on the face of it, be well placed to assist in the difficult debates on the co-ordination of energy policies. The proportion of total energy requirements covered by coal, which has currently shrunk to less than one-half in the six countries taken together, would increase again to 60% with Britain as a member of the Community.

2. The iron and steel industry has been in process of expansion almost without intermission since the end of the war, and this trend is expected to continue during the years immediately ahead.

Nevertheless, a point now seems to have been reached where demand will no longer consistently outpace supply, and producers will need to make greater efforts with regard to quality, costs, specialization and marketing. The position may vary from one product to another, as the General Objectives indicate, but the overall climate in the steel market is likely to be somewhat different from what it has been for the past six years.

At the same time, the scrap market would seem to be easing into a more settled state, notwithstanding the high level of steel production. Again, larger tonnages of higher-grade iron ore from outside are being used, with a consequent drop in the share of the Community ores with their lower ferrous content, while a further major change is the rapid increase in the use of the oxygen-blown processes in steelmaking, which is enabling considerably better-quality metal to be produced but does at the same time affect the investment policy of the enterprises.

Accordingly, the High Authority has decided that its various studies and publications relating to probable trends in the iron and steel sector should henceforth be issued more regularly. The General Objectives for steel are to be published in the Official Gazette of the Communities in February 1962. With regard to opinions which it issues on investment projects, the High Authority intends in future to adopt a more selective method, bringing out the special features of the markets for individual steel products or qualities. With regard to its investment financing policy, it will endeavour to work out more specific criteria for the evaluation of applications for its assistance. (Assistance furnished by it to date totals 313 million dollar units of account.)

In the field of technical research, the High Authority emphasizes that it has no intention of limiting its activities: on the contrary, in view of the new stage reached in the development of the iron and steel industry, and of the present situation in the coalmining industry, the need for research is now greater than ever.

3. The High Authority plans in 1962 to submit a draft of its General Objectives for coal. In this it will be necessary to take into account the overall energy outlook in the six countries. The coal position in Europe is governed not by an equilibrium as among the different forces in play in the market, but by a congeries of official measures, varying from country to country, both in the coal and in the oil sector. As matters now stand, there is no prospect of coal's being simply left to cope on its own, nor, of course, of its being afforded full protection against solid fuels from third countries and against the newer sources of energy. The truth of the matter lies, and will continue to lie, between these two extremes.

Since it is not known what long-term energy policy will be adopted, it i obviously difficult to give figures as to the likely consumption of Community coal in the future, although a fairly accurate idea can be obtained of future total energy consumption. As regards, for instance, policy concerning imports of third-country coal in the next few years, for which a system of co-ordination has been proposed by the High Authority to the Special Council of Ministers, no definite indication can be given at present. Still greater uncertainty prevails as to the measures which might be taken with regard to the oil market -- which must in any event be progressively converted into a common market, with the freedom of action which that affords — and to the rules of competition which might be introduced for liquid fuels.

A comparison between the coal position at the beginning of 1958, the first year of the coal crisis, and the position today at the beginning of 1962 shows production down by just on 7%, to 230 million metric tons; nearly 100 collieries closed; the number of underground workers lower by 22%, or 136,300 men; and output per man/shift up by an average of nearly 500 kg., or close on 30%. It is further illustrative of the scale of the reorganization drive that during these years readaptation assistance has been made available by the Community for a total of 97,000 mineworkers. Even so, the situation has not basically improved.

The process of rationalization must therefore be pursued unremittingly, and the High Authority must make use of every means open to it, on the one hand to draw attention to the prospects now looming, and on the other to ensure so far as lies within its power that the tremendous changes in the energy market do not produce untoward economic and social repercussions. This it strove to do in 1961, in some cases successfully, in others as yet without avail.

Thus the High Authority has continued to work for an industrial-redevelopment policy which will make it possible to absorb the workers laid off as a result of pit closures, particularly in areas whose whole economy has hitherto been geared to the now rapidly-contracting coal industry. The approval of the Council of Ministers was recently secured for two schemes to help finance redevelopment operations in Belgium, and readaptation of miners has continued actively. The High Authority has been able to base itself for both these purposes on the new, amended Article 56 of the Treaty.

4. The High Authority, in conjunction with the Council of Ministers, recently proposed that certain changes should be made in its economic powers, to enable it to act more effectively in face of the radical alteration in the pattern of the coal market.

A draft "minor revision", permitting producers to enter into adjustment agreements with one another, and in conjunction with their adjustment operations to set up, under High Authority supervision, temporary selling agencies not tied to the requirements of Article 65, was submitted to the Court of Justice in July 1961. However, in December, the Court, though allowing that a "profound change in economic conditions" within the meaning of Article 95,3 had in fact occurred, ruled that the amendments suggested went byond what the Article could be taken as permitting.

5. A number of unfavourable factors have so far combined to impede the establishment of a co-ordinated energy policy. Nevertheless, with the Common Market introduced, and common policies being progressively worked out on agriculture, transport, external trade and other fields, it is surely impossible that the six countries should not ultimately arrive, despite clashes of short-term interests, at a common denominator on energy policy. The institutional machinery of the European Communities has already shown itself capable of producing Community solutions for exceedingly difficult problems, and there is no reason to think that this cannot be done in the case of energy. It is in this spirit that the High Authority will continue to apply itself to what it regards as the most important of all its tasks. It relies, as it has always done, on co-operation with the European Parliament to give the indispensable political impetus to its endeavours in this vital field, where more speed is essential if work is to go forward smoothly on the building of Europe.

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CHAPTER ONE: THE INSTITUTIONS; EXTERNAL RELATIONS

The representatives of the Governments of the member States and the Members of the High Authority on December 20, 1961, renewed one-third of the High Authority's membership.

The representatives of the Governments first reappointed M. Albert Coppé; the Members of the High Authority then unanimously co-opted M. Albert Wehrer; finally, the representatives of the Governments reappointed M. Pierre-Olivier Lapie. In conformity with the Treaty, these three mandates are for a period of six years, and are therefore due to expire on December 19, 1967.

Next, after consulting the High Authority, in accordance with Article 11 of the Treaty, the representatives of the Governments appointed Prof. Piero Malvestiti to be President of the High Authority, Mr. Dirk Spierenburg First Vice-President and M. Albert Coppé Second Vice-President from December 20, 1961, to December 19, 1963.

The Consultative Committee met six times during the official year 1961-62 to discuss the quarterly programmes with forecasts, the coal balance-sheet for 1961, co-ordinated energy policy, industrial redevelopment, and matters in connection with technical research.

The three main problems before the Special Council of Ministers during the period under review were energy policy, the amendment of certain provisions in the Treaty, and the state of the Community coal market in general and of the Belgian coal market in particular.

20 appeals against the High Authority were lodged in 1961 with the Court of Justice; the Court delivered 11 judgments in 24 cases relating to E.C.S.C., and five actions against the High Authority were withdrawn. The backlog of pending E.C.S.C. cases on December 31, 1961, was 20 appeals and two third-party objections.

In September 1961, the representatives of the member Governments reappointed MM. L. Delvaux and C.L. Hammes as Judges and Dr. K.J. Roemer as Court Advocate for the period October 7, 1961-October 6, 1967; on October 5, Dr. N. Catalano was also reappointed Judge for the same period, but he shortly afterwards resigned his office and was succeeded by Dr. A. Trabucchi. On October 1, the Court re-elected Dr. A.M. Donner President for the period October 8, 1961-October 7, 1967.

The outstanding development in the field of external relations was the changed position created by the receipt of applications from several third countries, and more particularly from the United Kingdom, for membership of or association with the European Economic Community.

The High Authority is following the resulting negotiations, and also the matter of the renewal of the agreement of association between the overseas States and territories and E.E.C. since it is obliged to make preparation for the responsabilities which will naturally fall to its share if the scope of the negotiations is widened to include coal and steel.

CHAPTER TWO: CO-ORDINATION OF ENERGY POLICIES

With regard to the co-ordination of energy policies, the High Authority has been active in three ways.

A. Initial practical proposals for co-ordination

At the meeting of the Special Council of Ministers in October 1961, the High Authority laid before it proposals drawn up by the Inter-Executive Working Party on Energy for initial measures to be taken concerning imports of coal from third countries. Those were examined by the Council, and are now being studied in detail in the individual member countries.

The proposals, which are modelled on various measures now in force in different countries, represent the essential minimum basis for the introduction of an effective commercial policy calculated to bring the coal sector into a balanced position within the Community energy economy as a whole; the point being that Community co-ordination should be based on the quantitative and qualitative comparison of import programmes in member countries with requirements as emerging from the Community's yearly energy balance-sheet, having due regard to any adjustments found to be necessary.

To this end, the High Authority proposed that there be set up a Permanent Expert Committee of representatives of the six Governments and the three Executives, to be responsible for

(1) assembling all available data concerning contracts, trade agreements and commitments in respect of third-country coal;

(2) comparing short and medium-term import programmes;

(3) drawing up import programmes broken down by areas of origin, types of product and consumer groups, and comparing these with the Community coal balance-sheet and the adjustment targets.

On the basis of the Committee's findings and proposals, the High Authority would report to the Council at least once a year, and would submit to it import targets in the form of maximum tonnages per importer country.

The High Authority accordingly proposed that the Governments should approve the institution of a harmonized duty, of an adequate level, to be imposed on imports in excess of a maximum duty-free quota for each country: those quotas would serve to maintain a certain pressure of competition as a stimulus to the industry to effect the necessary adjustments.

Should this system be adopted, it would be for each Government to introduce its own regulations for its implementation.

B. Basic preparatory work

At the same time, the High Authority continued its work to supplement and expand these initial proposals with the object of establishing a sufficiently solid and comprehensive framework for a fundamental co-ordination of energy policies. This work, which necessitates long and patient study in co-operation with the various bodies and parties concerned, is being carried on in line with the following indications by the European Executives:

(a) that agreement should first be obtained as to initial co-ordinatory action concerning commercial policy and rules of competition, attention to be also paid to the reduction of artificial price disparities, to the harmonization of certain obligations with regard to storage, prevention of air pollution and other points on which energy products are subject to special regulations and to the question of granting tax reliefs in view of the unduly heavy financial burdens now being borne by the collieries as a result of the contraction of the coalmining industry;

(b) that an undertaking should be obtained from the Governments that they will not in future individually introduce new measures appreciably affecting energy policy without first consulting the other member countries and the European Executives via the Council of Ministers (the "consultation agreement");

(c) that safeguards should be agreed on in advance for invocation in case of need.

which had been a year when the overall water level was unusually high: the effects of the expansion in hydro-electric capacity were practically

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cancelled out by the recurrence of more average water-supply conditions. In any event, the rate of expansion in hydro-electric capacity is not keeping pace with the increase in total electricity consumption, so that major increases in thermal capacity are needed.

1962 is expected to see coal consumption decrease further, by about the same amount as in 1961, owing in part to the factors which have been operative in this sense for some years, and in part also, in 1962, to the effects of the slight diminution in activity in the iron and steel industry. Oil consumption will probably continue to increase, though not quite as steeply as before: it may be expected in 1962 to account for one-third of total energy consumption in the Community.

Adjustments in the energy field are at present being effected by means of an assortment of individual measures. Apart from certain regional difficulties still continuing, the social complications in the coal sector have become less acute, increasing numbers of miners having gone over to other industries which they felt offered them a more promising future. No substantial increases in oil-production capacity are scheduled to take effect during 1962 as a result of the oil companies' various independently-planned capital schemes; in 1963 and 1964, on the other hand, a number of new plants and extensions will come into service, making it necessary for the oil industry further to expand its markets, with the incidental result of further stepping up competition vis-à-vis Community coal.

The question is therefore whether the fact that the present energy trend is at the moment free from obvious jolts and jars does not conceal certain lurking dangers in the medium term. The new General Objectives for coal will endeavour to give a reasoned answer.

CHAPTER THREE: THE COMMON MARKET FOR COAL AND STEEL

This Chapter is one of the most important in the Report, describing in turn the trends in the coal and steel markets, the adjustment of the coalmining industry to the changed situation in the energy market, the High Authority's work of checking up on pricing, the decisions taken concerning cartels and concentrations, and developments in the field of transport.

Section 1: The Coal Market

Generally speaking, the coal market continued, as in 1960, in somewhat precarious balance, with the levels of both supply and demand slowly declining.

The position varied, however, from country to country. In Germany, producers' stocks of hard coal and coke, which had fallen sharply in 1960, rose again, owing to the fact that both production and imports continued at the same level as before, whereas demand went down by 4 million metric tons. In Belgium, thanks to the reorganization drive and the imposition under Article 37 of the Treaty of ceiling tonnages for imports and for trade in coal with other Community countries, further progress was made with the reduction of pithead stocks. In France, the position also improved, though perhaps not quite to the extent suggested by the statistics, since the accumulation of stocks in 1960 had been due in large measure to exceptional water-supply conditions, which had led to reduced consumption of coal at the thermal power-stations.

Despite the large tonnages unloaded in the two previous years, producers' stocks remained extremely high: at the end of 1961 they stood at 25,100,000 metric tons of hard coal and 6,400,000 of coke-oven coke, a total of 33,500,000 metric tons hard-coal equivalent, to which must be added approximately 5 million metric tons held by importers.

The energy, and more particularly the coal, balance-sheets indicate a further decrease in coal consumption in 1962. The economic hypotheses are less favourable than those for 1961, as there is considerable uncertainty concerning the trend in business activity during the second half of the year. The estimates suggest that the situation will worsen, with the present overall level of producers' and importers' stocks going up by some 3,500,000 metric tons.

In view of these circumstances, the High Authority's conclusion is that, while in general the expression "crisis" no longer applies to a situation the short and medium-term aspects of which are mostly known and which is progressing only little by little, the fact remains that the coal situation is serious and may quite possibly become steadily worse. It is therefore essential that every effort should continue to be made to adjust production to demand and to render Community coal more competitive vis-à-vis the other sources of energy.

Community coal production decreased further in 1961, from 233,900,000 metric tons to 230,000,000, a drop of 1.7% as against only 0.4% from 1959 to 1960. The cutback took place, however, only in Belgium and France, where the production figures were respectively 4.2% and 6.4% lower than in 1960, whereas in Germany production rose by 0.3% and in the Netherlands by 1%.

Hard-Coal Production by Countries

('000 metric tons)

	1953	1956	1959	1960	1961	1961/1960 m.t.	1961/1960 %
Germany (Fed.Rep.)	140 889	151 497	141 833	142 287	142 741	+ 454	+ 0.3
Belgium	30 060	29 555	22 757	22 465	21 516	- 949	- 4.2
France	52 588	55 129	57 606	55 961	52 356	- 3 605	- 6.4
Italy	1 126	1 076	735	736	741	+ 5	+ 0.7
Netherlands	12 297	11 836	11 978	12 498	12 618	+ 120	+ 1.0
Community	236 961	249 092	234 908	233 947	229 972	- 3 975	- 1.7

Production forfeited by <u>short-time working</u> amounted in 1961 to only 1,200,000 metric tons, as against 5,800,000 in 1960 and 12,300,000 in 1959. Such short time as did prove necessary was mainly concentrated in the Belgian Campine and the French Centre/Midi, though one day was also not worked in Lorraine and a handful in the Ruhr. No short time was worked in Belgium after October, owing partly to the introduction of the five-day week and partly to the improvement in the situation.

Coal <u>consumption</u> underwent a further slight decline in 1961, but is still, notwithstanding the fall over the last four years, some 11 million metric tons higher than in 1953.

Although the actual tonnage consumed shows little change, the pattern of consumption has altered in a number of respects. For the last eight years the industry has had two really satisfactory and reliable outlets: firstly, the iron and steel industry, which in the process of increasing crude-steel production by 84% and pig-iron production by 73% has stepped up its total consumption of coke from 33 to 50 million metric tons, i.e. by 52%; and secondly, the thermal power-stations, which have also increased in number and capacity in line with the growth in the demand for electricity, and have therefore likewise stepped up their consumption of coal, from 20,600,000 metric tons to 26,700,000, notwithstanding a steady reduction in specific consumption. In all other sectors, coal consumption is either stationary or declining.

<u>Imports</u> from third countries in 1961 totalled 18,700,000 metric tons, an increase of 900,000 over 1960. Imports from Britain were up by 775,000 metric tons, or 45%, and from the Soviet Union by 575,000 tons, or 42%; those from the United States, on the other hand, were down by 526,000 metric tons, or 4%, while imports of Polish coal continued at the same rate as before.

<u>Exports</u> of hard coal totalled 3,600,000 metric tons, about the same as in the previous year. Whereas those from Germany fell by 250,000 metric tons, those from Belgium were double what they had been in 1960.

The number of <u>workers employed</u> below ground decreased by 36,400, as against 54,700 in 1960, the largest percentage decreases being in Belgium (14.9%), Germany (6%) and France (4.6%). The unequal distribution of wastage, not only as between one colliery and another but also as between one type of job and another, is resulting in serious recruitment difficulties.

Underground <u>output</u> per man/shift continued to rise, the increase in 1961 being 7.4% for the Community as a whole. In the Ruhr o.m.s. averaged 2.246 kg., a 6.9% improvement on the previous year. In Dutch Limburg it increased by 266 kg., or 15%: the steady and substantial increase in output in the Netherlands industry is the result of a determined mechanization and automation drive, combined with the effects of the new five-day week. Belgian o.m.s. rose by 137 kg. to 1,714, an increase of 8%. In France the improvement was slighter, from 1,748 kg. to 1,878.

<u>Price changes</u> were on a small scale, and affected only certain grades, which varied from one coalfield to another. The only notable change in the relative price levels of the different coalfields took place as a result of an event unconnected with the industry as such, namely the 4.75% revaluation of the Deutsche Mark and Dutch guilder on March 4 and 5, 1961, which automatically sent up the price of coal supplied from the two countries concerned and lowered that of tonnages entering them from elsewhere.

The tonnage sold in the Community at prices aligned either with E.C.S.C. schedules or with the delivered prices for imported coal was about the same as in 1960, rather over 4% of total sales. The Community average is thus well below the 20% fixed by the rules in force as the maximum proportion of each enterprise's production to be sold by alignment with other E.C.S.C. prices. However, although the Netherlands, French and German collieries continued to show little interest in the possibility, fairly extensive use was made of it by Belgian producers.

Section 2: The Adjustment of the Coalmining Industry

The reorganization and reconstruction process begun in 1957 in the various Community coalfields went ahead during 1961.

The High Authority contineed to assist this process by maintaining its arrangements for "readaptation" (tiding-over and/or retaining of workers) and by instituting measures for the industrial redevelopment of the areas hardest hit by pit closures.

The present production potential of the Community coalmining industry may be estimated at about 228 million metric tons, some 20 million less than in 1957. The net effects of the positive and negative rationalization measures introduced over the past five years have been

(a) a sharp reduction in the number of pits in operation;

(b) an increase in underground output, resulting in a lowering of costs;

(c) a steep increase in production from fully-mechanized underground workings.

In Germany, five pits with an aggregate 1957 production of 2,027,000 metric tons, were closed in 1961, several other partial closures were effected, and two pits were linked up by concentration.

Following these operations, the number of pits in production now stands at 138 (115 in the Ruhr, 8 in the Aachen coalfield, 3 in Lower Saxony and 12 in the Saar).

As a result of the various closures, rationalizations and concentrations, output substantially increased, rising from 1,846 kg. per man/shift below ground in 1959 to 2,057 kg. in 1960 and passing the 2,200 mark in May 1961.

Closures effected to date in Belgium may be shown as follows:

Year	No. of pits	1957 production (in '000 metric tons)
1959	19	2 522
1960	15	2 509
1961	11	1 967
Total	45	6 998

This leaves only another 2,500,000 tons' capacity to be scrapped before the scheduled total of 9,500,000 is reached. It has not yet been decided which of the pits selected for elimination before the end of next year are to close in 1962 and which in 1963.

All the pits closed up to December 31, 1961, were in the Southern coalfield. Of the 120 which were in operation at the beginning of 1958 (113 in the South and 7 in the Campine), 57 have now been closed as part of the process of reorganization. Production in 1961 totalled 22,100,000 metric tons, as against 29,100,000 in 1957; underground o.m.s. shows a substantial increase over the period, from 1,125 kg. in 1957 to 1,452 in 1960 and 1,635 in November 1961.

In France, operations continued in 1961 under the reorganization scheme to bring production into line with the Government's target for 1965.

One pit was closed in Lorraine, and a number of others in the Aquitaine and Cévennes areas of the Centre/Midi coalfield. The concentration drive which has been going on for some years in the Nord/Pas-de-Calais region continued; a link up of pits was also effected in Lorraine. In consequence of these various operations,, the number of nationalized (Charbonnages de France) pits in production was reduced from 95 at the end of 1960 to 86 at the end of 1961. Two small non-nationalized pits also closed during the year.

Underground o.m.s. for all pits rose steadily from 1,798 kg. in 1960 to 1,891 in December 1961, the most marked increase being in the Centre/Midi, from 1,789 to 1,964.

In contrast to the trend in the major producer countries, production in the Netherlands has increased since the onset of the recession: in 1961 it reached 12,750,000 metric tons, as against 11,380,000 in 1957. This is the result of the rapid rise in o.m.s. from 1,515 kg. at the end of 1957 to 2,128 at the end of 1961, a 40% increase which has more than offset the 15.6% drop in the number of underground workers during the same period. The increase is due to the fact that better seams have been opened up.

Section 3: The Common Market for Steel

1961 witnessed a falling-off in the high rate of expansion recorded for 1960, with production increasing only very slightly, from 72,800,000 to 73,300,000 metric tons.

The change in economic conditions in 1961 may mark the emergence of a new type of market balance. For the last ten years production capacity, and especially blast-furnace and steelworks capacity, has had great difficulty in keeping pace with demand; nevertheless, by 1960, a highly active year in itself, supply and demand were rather even more in balance, and it would seem that, generally speaking, capacity is now expanding sufficiently fast in relation to demand for questions of supply no longer to be the first consideration -- indeed, in the case of some products the trend could even reach a point at which the means of production were growing more rapidly than the foreseeable demand. Moreover, larger tonnages are coming on offer in the world market, both from other European countries and from distant sources such as Japan; the flow from Eastern Europe is also increasing; and finally, the American iron and steel industry has substantial surplus capacity at its disposal, though the effects of this are at present lessened by the high level of American export prices.

On the raw-materials side also a new stage seems to be developing in which problems of supply are taking second place to problems of consumption. Some of the iron-ore mines (admittedly the smaller ones) are having difficulty in withstanding competition from imported ores. The coking-plants are facing sales problems owing to the steady reduction in the specific consumption of coke in pig-iron production. In the scrap sector, the reduction of blast-furnace consumption and the increasing availabilities of lower-grade scrap are making it necessary to examine whether dealers might not usefully install technical equipment of their own to render this inferior scrap suitable for employment in modern production plant. Finally, some independent blast-furnaces are finding it difficult to sell their pig-iron.

As regards steel production, 1961 was by and large an average year for the Community. Crude-steel production totalled 73,300,000 metric tons, which was above the very high level recorded for 1960, but only a very little above, the increase amounting to no more than 500,000 metric tons as against 9,600,000 from 1959 to 1960, when a vigorous upswing was in progress. Moreover, production in the second half of 1961 was appreciably lower than in the first: from the summer onwards the monthly averages for most of the Community countries were below those for the corresponding months of 1960. As production capacity had meantime continued to expand, the rate of utilization dropped, especially towards the end of the year, though remaining at a quite adequately economic level.

Production decreased by 2-2.5% in Belgium and Germany; on the other hand, in Luxemburg, the Netherlands and France it rose by 1-2%, and in Italy by 11%.

There was a certain falling-off in the volume of new orders from consumers in a number of Community countries, principally owing to anxiety to reduce stocks. With average delivery dates now shortened from 3 months to 2½, consumers' stocks, which had increased during 1960 and up to the spring of 1961, entered on a period of adjustment which may continue for some little time to come. The steel stockholders, whose sales account for approximately one-quarter of total deliveries, kept their stocks at a fairly even proportion of their own particular turnover.

Orders from all sources in 1961 amounted to 50,700,000 metric tons, less than deliveries, which totalled 53,700,000 tons. The backlog of orders in hand shrank from 13,100,000 metric tons at the beginning of the year to 10,200,000 at the end: however, although this ~~represents~~ deliveries for only 2-2½ months ahead, it should be borne in mind that even at peak points during 1959-60 the tonnages on order represented little over 3 months' production, in comparison with 4½ in 1956.

Production of high-carbon and special steels, the increase in which from 1959 to 1960 had been 22% as against 15.9% for steel production as a whole, also showed a steeper rise from 1960 to 1961: it accounted for 8.5% of total steel production, as compared with 8.2% in 1960, 7.6% in 1959 and 8.0% in 1956.

As regards trade in steel, the proportion of total Common Market orders represented by tonnages ordered from one Community country by another rose to 19.9% in 1961, as against 19.2% in 1960 and 18.4% in 1959. Quite apart from movements in the rate of market interpenetration which are governed merely by the prevailing degree of competition as resulting from the level of business activity, it would appear that for the past three years or so there has been a steady increase in interpenetration in the Common Market, due more particularly to the fact that production capacity has become distinctly larger in relation to demand.

Exports fell off for the first time since 1954, from 10,800,000 metric tons of semi-finished and finished products in 1960 to 10,500,000 in 1961. This minor downturn is actually only a delayed repercussion of the strike in the American steel industry in 1959, which for some time, up to the end of the first quarter of 1960, resulted in the Community's sending exceptionally large tonnages to the United States and to certain other third countries which normally bought American steel.

As regards prices, the gradual movement in the direction of a buyers' market from the end of 1960 onwards resulted in a general tendency to adjust prices downwards and to reduce price disparities as between different products and different markets. Although the volume of orders was reasonably satisfactory, export prices dropped appreciably, those for sheet and for hoop and strip touching their lowest level since the introduction of the Common Market.

Schedule prices, which in 1960 had undergone no general changes except in France, where they had been raised by 5%, were in 1961 reduced for many products in the other Community countries.

Taken overall, the price spread for the different rolled products, which had remained considerably wider in the Community than in either the United Kingdom or the United States, closed up fairly markedly, in the case of aligned even more than in that of the regular schedule prices. The narrowing of the gap between prices for flats and for other products reflects the progressive adjustment of these to the modern production techniques which have been coming into use in the Community in the course of the last ten years, whose impact on prices had hitherto been cushioned by the fact that demand so greatly exceeded supply.

Section 4: The High Authority's Work on Pricing

Coal. — During the period under review the High Authority received only one application for a raising of the tonnage ceiling laid down in its Decision No. 3/58 for sales of coal at prices aligned with other E.C.S.C. producers' quotations. The transaction in question concerned only a small tonnage of coking coal, and was confined to the Belgium/Luxembourg region.

Steel. — In an official notice issued on December 30, 1961, the High Authority reminded iron and steel enterprises that under Decisions Nos. 31/53 and 37/54 they were required to insist that their customers (i.e. dealers), selling agencies and commission agents publish appropriate price schedules in respect of direct transactions handled by them ("direct transactions" within the meaning of the two Decisions being the consignment of tonnages direct from the producer works to the dealer's or agency's customer).

Checks. — 24 spot-checks were carried out by High Authority representatives in 1961, and inspectors also visited a number of other enterprises to obtain necessary information.

A checking operation was conducted under Article 65 of the Treaty with the object of detecting concerted practices in the Community scrap market.

On the basis of the reports submitted, disciplinary proceedings under Article 64 of the Treaty were instituted in 18 cases during the period January 1-November 30, 1961. Of the 18 enterprises, six were fined, a total amount of 37,250 dollar units of account.

Section 5: Cartels and Concentrations

1961 was marked by a number of important events in connection with the implementation of Articles 65 and 66 of the Treaty. With regard to cartels, action was taken by the Community Institutions (the High Authority, the Council of Ministers and the Court of Justice) concerning the amendment of Article 65 in accordance with the procedure laid down in Article 95, 3-4; with regard to concentrations, authorizations were granted by the High Authority in respect of three applications relating to a substantial portion of the Common Market for Steel.

The draft "minor revision" of the Treaty, by which the High Authority would have been empowered to approve "adjustment agreements" and joint-buying and joint-selling arrangements for the purpose of dealing more effectively with the structural difficulties in the market, was finally rejected by the Court of Justice. The Court found that the High Authority/Council of Ministers draft amendment amounted to more than a mere adjustment of the rules governing the High Authority's exercise of the powers vested in it, and moreover infringed the basic provision in Article 4,d of the Treaty prohibiting "restrictive practices tending towards the division of the exploitation of the market."

The Council at its meeting on January 23, 1962, held a preliminary discussion on the position as resulting from the Court's ruling.

By a Decision of February 8, 1961, the High Authority laid down new arrangements concerning the admission of wholesalers to buy direct from the Ruhr coal-selling agencies.

The gist of those is as follows:

(a) wholesalers wishing to be admitted for entitlement to buy direct from the agencies must have sold in the course of the preceding coal year not less than 6,000 metric tons of hard coal, hard-coal coke or brown-coal briquettes from the agency to which they are seeking admission;

(b) as a transitional measure, wholesalers in France are required only to show that they have sold in the course of the coal year 1960-61 not less than 2,500 metric tons of hard coal, hard-coal coke or brown-coal briquettes from the agency to which they are seeking admission.

The reorganization of the Comptoir Belge des Charbons ("Cobechar") is still in abeyance. The High Authority has already three times extended the deadline for Cobechar to submit an application in conformity with the Treaty. The High Authority's main object in doing so was to avoid cramping the style of the talks begun with the Belgian Government towards the end of 1961 (which have so far produced no satisfactory results), and to enable a system compatible with the Treaty to be hammered out for the distribution of Belgian coal.

The joint selling of fuels from the Lorraine and Saar collieries through the Saarlor agency was authorized by the High Authority up to December 31, 1965.

Finally, the High Authority approved a specialization agreement between the two German iron and steel enterprises Salzgitter and Ilsede-Peine.

During 1961 the High Authority gave rulings on the following concentration projects:

(1) Otto Wolf/Stahlwerke Bochum AG.;
(2) August Thyssen-Hütte AG./Handelsunion AG.;
(3) August Thyssen-Hütte AG./Stahlwerke Rasselstein AG.;
(4) Dortmund-Hörder Hüttenunion AG./Establech Gesellschaft für Eisen-, Stahl- und Blecherzeugnisse m.b.H.;
(5) Mannesmann AG./Lanninger-Regner AG.;
(6) Phoenix-Rheinrohr AG., Düsseldorf/Officine Meccaniche e Fonderie A. Bosco S.p.A., Turin;
(7) Verenigde Utrechtsche IJzerhandel N.V., Utrecht (VUIJ)/Koninklijke Nederlandsche Hoogovens en Staalfabrieken (Hoogovens).

The legal action concerning the French official regulations governing purchases of coal from other Community countries was settled privately between the High Authority and the French Government early in 1961. The French Government then introduced the following changes in the regulations:

(a) the prohibition on the placing of orders direct by French purchasers with non-French dealers in the Community was lifted;

(b) the function as buying agent of the Association Technique de l'Importation Charbonnière (A.T.I.C.) was abolished: consequently, since A.T.I.C. would in future act only as the statutory official representative of the actual purchasers, it would no longer be able to consolidate their reference tonnages for the purposes of compliance with the trading regulations of non-French producers.

In addition, the French Government proposed that the High Authority should exercise supervision over A.T.I.C.'s activities in connection with coal from other Community countries.

As regards the newly-instituted Belgian Directoire de l'Industrie Charbonnière, clearly there can be no question of its enjoying powers not in line with the requirements of the Treaty. Talks are in progress between the High Authority and the Belgian Government, with the object of defining the exact bounds of the respective competencies involved. The High Authority considers it essential that the matter should be settled at an early date.

Section 6: Transport

Although the High Authority's work in the transport field during the first few years of the Common Market was effective in certain sectors, and in particular produced major results with regard to rail transport, more recently, despite its unremitting efforts, no overall solution has been secured to the problem of publication of rates and conditions of carriage.

This state of affairs is making it impossible to achieve the objectives of the Treaty either in the inland water-transport or in the road-haulage sector, and is moreover liable to impair the usefulness of the results already achieved in the case of rail transport.

Up to now, for lack of adequate data on the other modes of transport, the published railway tariffs have had to be used as a reference basis for much of the traffic within the Community. There now seems to be a definite trend towards the conclusion of individual secret contracts, in respect not only of internal but also, recently, of international traffic, in which field the only rates and conditions of carriage really known are those of the railways.

The High Authority is therefore most anxious that practical effect should be given to its Recommendation No. 1/61 to the member States, urging the prohibition of discriminations and seeking to ensure better market transparency for all modes of transport.

The Governments of the member States submitted to the High Authority before the end of 1961 proposals concerning the measures they were planning to introduce to fulfil the various obligations incumbent on them by the terms of the recommendation. The proposals are now being studied by the High Authority to see whether and to what extent they are calculated to achieve the objectives of the recommendation.

The Italian and Netherlands Governments, which earlier lodged an appeal with the Court of Justice against the High Authority's Decision No. 18/59, subsequently lodged another asking the Court to reverse Recommendation No. 1/61.

CHAPTER FOUR: THE LONG-TERM DEVELOPMENT OF THE COMMUNITY INDUSTRIES

Section 1: Technical and economic research

At the request of the Consultative Committee and the Council of Ministers, the High Authority listed in detail the principles and criteria underlying its policy on technical research.

The High Authority's main basic principle is that research should be aimed at improving profitability, and thus increasing competitive capacity. Always bearing this overall aim in mind, the High Authority applies in particular the following criteria.

(a) The purpose of the research planned must be in line with the General Objectives.

(b) The project must redound to the general interest of all, or at any rate most, of the enterprises in the sector concerned.

(c) Every effort must be made to lay out the High Authority's financial assistance to the best advantage.

(d) The projects should concern research undertaken and financed jointly by enterprises and/or technical and scientific centres and/or associations in the Community countries. (The High Authority is, however, also prepared to assist important projects in the general interest carried out by individual enterprises, centres or associations on their own, including any by medium and small enterprises, or by researchers working independently).

(e) As a general rule, research intended mainly for the benefit of a particular branch or enterprise is left to be conducted by the organizations or enterprises immediately concerned. However, in view of the high costs and considerable risks incurred in applying the results of research in actual production, assistance may be furnished in respect of projects of general interest planned by individual enterprises for experiments at pilot plants with a view to perfecting the results of laboratory research for regular operational use.

High Authority assistance has been granted for projects in all three E.C.S.C. sectors: in the case of the collieries these have related in particular to production and coal valorization and to health, medicine and safety, in that of the iron-ore mines to the development of resources and to ore-preparation techniques, and in that of the iron and steel industry to various aspects of the different production stages.

The High Authority has also promoted the abstracting of technical publications from the Eastern European countries, and has made funds available to assist the preparation of a metallographical atlas. It acts as a channel for communicating research findings, and is planning to publish twice a year a compendium briefly indicating the results to date of the various projects which it is helping to finance.

2. Investment

Over the seven years 1954-61, capital expenditure by Community enterprises has totalled 7,560 million units of account, of which 40% has been invested in the coalmining industry, 4% in the iron-ore mines and 56% in the iron and steel industry.

Capital expenditure in 1960 amounted to 1,210 million units, not far short of the record 1957 figure of 1,230 million. Against the vigorous investment drive in progress in the iron and steel and iron-ore industries must, however, be set a definite falling-off in the case of the coalmining industry, where investment in 1960 reached a particularly low level.

The forecasts for 1961, which work out more than one-third as high again as the expenditure actually recorded for 1960, indicate a further increase in investment activity in the iron and steel and iron-ore industries, and a certain revival in the coal sector.

(100,000 units of account)

Sector	Actual expenditure as per accounts at January 1, 1961							Estimated expenditure as at 1.1.1961
	1954	1955	1956	1957	1958	1959	1960	1961
Coalmining industry	450	416	409	473	474	411	379	464
Iron ore mines	30	31	44	50	41	40	44	62
Iron and steel industry	453	524	570	708	644	587	785	1 256
Total	933	971	1023	1231	1159	1038	1208	1 782

In the coalmining industry:

(1) capital expenditure on pits in 1960 was about the same as in 1959, except in the case of Belgium, where it further declined;

(2) expenditure on coking-plants totalled only 45,500,000 units of account (as against 85,400,000 in 1959 and 96,800,000 in 1958, but a fairly substantial upturn is forecast for 1961 and 1962, due mainly to increased investment in the steelworks-owned plants in Italy;

(3) large sums continued to be spent in efforts to expand the sales outlets for coal by stepping up the production of electric current, with the result that the level of capital expenditure in this sector remained high (98,400,000 units of account in 1960). The maximum electric capacity of the pithead power-stations and other power-generating plant may be expected by the beginning of 1965 to be 10,705 MW, approximately double the figure recorded at the beginning of 1957, and production of current from this source to rise, at the present utilization rate of 3,965 load-hours per annum from 32,000 million kWh in 1960 to 42,000 million in 1964.

Investment in the iron-ore mines increased from 40,300,000 units of account in 1959 to 43,600,000 in 1960, and a further very considerable increase, to 61,600,000 units, should be found to have taken place in 1961. This is expected to result in a rate of growth of 4% per annum in ore extraction.

Capital expenditure in the iron and steel industry, after declining somewhat in 1958 and 1959, rose sharply in 1960, working out 34% above the previous year's figure and 11% above the earlier record level of 1957. The forecasts of expenditure for 1961 indicate a further increase of 60% over 1960.

Expenditure on plant for pig-iron production in 1960 was slightly lower than in the three previous years; that on blast-furnace burden preparation remained about the same as in 1959, but is expected to show a 40% increase for 1961; investment in oxygen-blown steelworks soared while that in basic Bessemer steelworks dropped; investment in rolling-mill capacity, after falling for three years, shot up in 1960 to a level 20% above the 1955 record and accounted for 46% of total capital expenditure in the whole industry (most of the increase being concentrated in the flat-products sector).

Specific capital expenditure -- the sum spent per ton produced -- gives a rough indication (subject to certain reservations) of the comparative scale of investment activity in the different Community countries with regard to the modernization and extension of production capacity.

Specific Capital Expenditure

(units of account per metric ton produced)

Sector	Germany (F. Rep.)	Belgium	France	Italy	Luxembourg	Netherlands	Community
Coal							
average 1954-59	0.91	1.33	1.18	1.24	-	1.20	1.04
1960	0.99	0.73	1.05	1.33	-	0.81	0.97
Coke (all types of coking-plant)							
average 1954-59	1.06	1.08 1)	2.36	1.48	-	- 1)	1.29
1960	0.56	0.44 1)	1.15	0.48	-	- 1)	0.63
Iron ore							
average 1954-59	0.54	0.18	0.48	1.20	0.15	-	0.48
1960	0.46	0.25	0.48	0.65	0.13	-	0.46
Pig-iron 2)							
average 1954-59	2.54	2.72	3.52	2.73	2.34	4.34	2.85
1960	2.16	4.21	3.94	1.83	2.03	6.21	2.95
Crude steel							
average 1954-59	1.72	1.32	1.19	1.17	1.43	3.31	1.51
1960	1.24	1.67	1.47	0.78	0.67	3.34	1.31
Rolled products							
average 1954-59	7.15	4.78	6.27	8.36	3.21	7.26	6.54
1960	5.34	16.77	7.30	5.03	5.43	15.76	7.18

1) Coke figures for Belgium and the Netherlands have been amalgamated.

2) Expenditure on burden-preparation installations and blast-furnaces only.

From the declarations of capital schemes submitted to the High Authority in the course of 1961, it emerged that the high rate of investment activity recorded for 1960 continued practically unabated throughout the first ten months of the year, but suddenly fell off in November and December, declarations received in those two months representing a total value of only 25 million units of account as against a monthly average of 132 million for January-October inclusive.

In 1961, the High Authority published in the Official Gazette of the Communities 54 opinions on investment programmes (some of which included two or more separate projects). In the case of projects for the installation of additional electric-furnace or open-hearth steelmaking capacity, which would result in an increase in demand for bought scrap, the High Authority was obliged to point out that restraint was still necessary even though the scrap market had eased of late. Favourable opinions were issued concerning projects in connection with steelmaking from pig-iron. With regard to projects for hot and cold wide-strip mills, the High Authority had drawn attention earlier, in July 1960, to its forecasts concerning the state of the sheet market in 1965: on receiving declarations of a number of further major schemes in this sector, it felt it advisable to bring out a supplementary survey on the subject, which it issued on July 1, 1961, to the steel producers' associations in the member countries. In its opinions on all projects relating to sheet production declared after that date, the High Authority emphasized that the enterprises would do well to consult this publication.

3. Financing of investment

At December 31, 1961, the total value of the loans contracted by the High Authority amounted to 274,300,000 unites of account, of which 23,700,000 had been raised to finance the various housing schemes and came from the money markets of the Community, and 250,600,000 were to aid industrial projects and came mainly from outside markets.

These funds made it possible to finance the building of over 56,000 houses, and to assist industrial capital schemes representing a total value of 1,200 million units of account, 13% of total capital expenditure since 1954. The High Authority's loans were allocated to projects deemed to merit priority treatment from the point of view of the general interest. In addition, by its policy as regards the placing of its own funds, the High

Authority assisted the financing of industrial investment by concluding individual agreements with credit institutions in the six countries for the granting of supplementary medium-term loans, and gave its guarantee, to a total amount of 10,700,000 units of account, in respect of loans contracted independently by enterprises.

At December 31, 1961, the aggregate amount of the credits granted by the High Authority stood at 313,200,000 units of account, broken down as follows.

('000,000 units of account and in %)

Sector	Community	
Coalmining industry	135.60	43.3
Iron-ore mines	22.25	7.1
Iron and steel industry	95.71 1)	30.6
Workers' housing	50.00	16.0
Miscellaneous	9.64	3.0
Total	313.20	100.0

1) Including amounts lent for purposes partly connected with coalfield redevelopment.

4/5. Preparation of the General Objectives; the General Objectives for steel

The preparatory work on the General Objectives for coal (comparative costs of Community coal and substitute products, trend in specific coal consumption in industry, transport costs, etc.) is almost completed.

The High Authority's new General Objectives for steel relate mainly to 1965, for which year it is possible to assemble sufficient data regarding both demand and production capacity to reach valid and detailed conclusions: the much sketchier indications for 1970 are intended more as a background to the forecasts for 1965. [1]

1) A summary of the General Objectives for steel is contained in Background Information No. 1/62, published by the Spokesman's Office of the High Authority.

If the Community iron and steel enterprises implement in full their present investment plans, their aggregate crude-steel production capacity in 1965 will be 99 million metric tons, as compared with 73,240,000 actually produced in 1961. They should thus be able to cover the probable requirements of the internal and export markets, which are estimated at 89 million metric tons if 1965 is an average year for business, and at 94 million if it as a particularly active one. If we assume the higher figure, this represents an increase of 28.4% over 1961.

There seems likely, therefore, to be little difficulty in ensuring a balance between supply and demand. One important reservation does, however, have to be made in the case of the flat-products sector, where estimated capacity is several years ahead of the probable consumption trend.

With regard to the flow of raw materials, the High Authority considers that it should be possible for requirements of pig-iron, scrap and coke to be met satisfactorily without bottlenecks developing.

As regards manpower, the actual number of extra workers needed, which is put at approximately 70,000, ought to be found without undue difficulty; very special attention will, however, have to be paid by the industry to the question of skills, since the men will have to adapt themselves to changes in techniques.

It is clear, therefore, that the problems with which the industry will have to do will be of a different nature than heretofore. Instead of concentrating simply on how to produce the tonnages required and to secure the necessary raw materials, it is now having to devote its attention more particularly to considerations of costs and to the selection of the qualities of product best meeting consumers' requirements. In addition, there is the possibility that, with easier conditions in the steel market, and some products in particular in plentyful supply, the price level may move in a manner which will to some extent affect the financing of the capital schemes planned.

These General Objectives are based on a number of provisional conclusions. They will be published in the Official Gazette of the Communities as soon as the High Authority has examined the opinion stated by the Consultative Committee on the subject on February 15 of this year. They will be supplemented at a later date by fuller studies relating to a longer period ahead (up to 1970), pinpointing more precisely the movement of consumption in the different individual sectors, and going more thoroughly into possible developments in connection with such newer aspects as the advantageous application of technical progress and the siting of enterprises.

CHAPTER FIVE: SOCIAL POLICY

Section 1: Employment and Vocational Training

As regards employment, the outstanding development of 1961 was the practical disappearance of short-time working in the mines. Otherwise, much the same trends were in evidence as in 1960, including recruitment difficulties in certain sectors of the iron and steel industry and in some coalfields, and a very high turnover of underground mineworkers.

The recruitment difficulties are due more particularly to the fact that the industries nowadays require their workers to be more and more highly skilled. Accordingly, the High Authority in 1961 launghed a new programme for the vigorous promotion of vocational training, based on the findings of the Conference on Technical Progress and the Common Market which it helped to organize in 1960. The main object of the new programme is to assist the member countries to adapt vocational training to the demands of technical advance and social progress.

The total personnel of the iron and steel industry increased in the first nine months of 1961 by 1.9%, as against 3.9% in the same period of 1960, the figure at the end of September 1961 standing at 583,400. The rise was especially marked in Italy and the Netherlands.

The proportion of clerical, technical and managerial staff is increasing (+28.4% in comparison with 1955), and that of process workers somewhat decreasing (46% in 1961 as against 48% in 1955).

In the iron-ore mines the gradual shrinkage of the labour force continued (-1,800 men for the first nine months of 1961), but the numbers remain adequate for the industry's purposes.

In the collieries the level continued to fall, from 875,000 at the beginning of 1961 to 833,500 at the end of September: as before, the wastage of underground workers was noticeably high, 51,000 men leaving during the first nine months of the year, a large proportion of them from German and Belgian pits.

Short-time working at the collieries fell to a mere 0.7% of total shifts workable. Consequently, payments during the first nine months of the year under the special scheme of temporary assistance to Belgian miners placed on short time (the so-called "E.C.S.C. allowance", which ceased to be payable at the end of 1961) amounted to no more than 184,000 dollar units of account.

The number of apprentices showed a slight increase in the case of the iron and steel industry (+600), but declined further both in the iron-ore mines (-300) and at the collieries (-6,200, including -5,000 in Germany).

Section 2: Free Movement of Workers

From September 1, 1957, up to September 30, 1961, a total of 1,535 E.C.S.C. labour cards were issued in the six countries, 193 of them between October 1960 and September 1961. During the latter period the number of cardholders who had obtained jobs abroad rose from 285 to 318; no offers of employment were, however, made to cardholders by the iron and steel industry.

A second schedule of 118 trades entitling workers to a labour card was submitted by the High Authority in 1961 to the Council of Ministers; the Council's decision was issued on May 16.

Section 3: Readaptation of Workers

The High Authority continued its work in connection with the readaptation of workers under Section 23 of the Convention containing the Transitional Provisions and the amended text of Article 56 of the Treaty.

	Coalmining ~~industry~~		Iron-ore mines		Total	
	No. of workers	Amount 1)	No. of workers	Amount 1)	No. of workers	Amount 1)
Germany (Fed.Rep.)	2 700	515			2 700	515
Belgium	8 860	1 893			8 860	1 893
France	2 280	1 175	590	232	2 870	1 407
Community	13 840	3 583	590	232	14 430	3 815

1) E.M.A. units of account.

At January 31, 1962, the total amount made available, at the request of the Governments, for readaptation under Section 23 and Article 56 stood at 46,300,000 units of account.

At the end of 1961, the Federal German Government and the High Authority concluded an agreement on the procedure by which assistance was to be granted under Article 56 to workers at collieries embarking on closure operations at any date up to April 30, 1963.

The High Authority took a decision in principle to contribute to the financing of the new grants of readaptation assistance which the French Government is planning to make to workers in the Aquitaine, Auvergne, Cévennes, Dauphiné and Loire coalfields. The procedure which has been decided on for this scheme is designed to take account of the special circumstances prevailing in these regions.

Section 4: <u>Industrial Redevelopment</u>

Since December 1961, when it submitted to the Council of Ministers a Memorandum listing certain "guiding principles for dealing with problems in connection with the industrial redevelopment of areas affected by pit closures", the High Authority has come forward with a number of practical measures and proposals:

(a) a credit of Hfl. 7 million to an iron and steel enterprise in Liége, for a project to result in the creation of 470 new jobs;

(b) a decision in principle to lend Bfr. 115 million to the Liége Société Provincial d'Industrialisation, for projects to result in the creation of 4,000 new jobs;

(c) a proposal to lend Bfr. 125 million for a project to build an aluminium mill at Ghlin-Baudour, in the Borinage, which is to result in the creation of 500-750 new jobs;

(d) a loan of 365,000 N.F. for a redevelopment operation to benefit miners of the Champagne coalfield in France, who have failed to secure other employment;

(e) a High Authority guarantee in respect of 3 million N.F. of a loan granted by the Syndicat Intercommunal pour le Développement des Zones Industrielles de la Région de Béthune.

The High Authority has also granted assistance for regional socio-economic studies.

Section 5: Living and Working Conditions

The general conclusion emerging from the social statistics for the member countries is that, while the position of workers in the E.C.S.C. industries has substantially improved since 1953, there is comparatively little evidence of any particular country's catching up on any other in social standards. The automatic levelling-up of living and working conditions which was earlier expected by some to result from the operation of the Common Market for coal and steel has therefore not materialized.

The High Authority is convinced that no real levelling-up can be achieved without greater co-ordination of the economic and social policies pursued. Its own documentation and information work and the activities of the Joint Committee (Mines) and the Joint Committee (Steel) — which now meet regularly — will, it is hoped, provide a sound long-term basis for such co-ordination.

Also, of course, trends in the field of social security are bound to be influenced by the advance of integration.

Section 6: Workers' Housing

The High Authority in 1961 successfully overcame the difficulties which had previously impeded the implementation of its third scheme for the building of workers' houses in member countries other than Germany. It also decided to launch a fourth scheme for the building of 20,000 new dwellings, planning to make available for this purpose 45 million dollar units of account, of which 15 million were to come from its Special Reserve and 30 million to be raised in the capital markets of the Community. A first instalment of DM 10,070,000 was set aside under this head for housing for German steelworkers.

At January 1, 1962, High Authority financial assistance had been given in respect of a total of 56,396 housing units, of which 43,132 had been completed: 35,921 of these are to be rented, and 20,475 to be ultimately owner-occupied. The High Authority's contribution (appropriations from its own resources, loans contracted and funds mobilized at its instigation) amounted to 111,700,000 units of account.

Section 7: Industrial Health, Medicine and Safety

Further decisions were taken concerning dust, fumes and gas prevention and suppression and the study of human factors affecting safety. E.C.S.C. contributions helped to finance 83 research projects on respiratory disorders, burns and factors affecting the worker's performance, and enabled 48 new projects to be begun in the medical field.

High Authority "assistance for scientific co-operation" was given in connection with such various aspects as dust suppression (in both the coalmining and the iron and steel industry), diagnosis and prevention of occupational diseases, treatment of occupational diseases, rehabilitation of accident victims and persons suffering from occupational diseases, studies on environmental conditions, and so on.

In addition to disseminating the results of the research undertaken, the High Authority organized a Seminar on the Pneumoconioses on November 16 and 17, 1961, which was attended by 700 persons in all, including researchers and professionals, at which the results of the first research programme were described and compared.

Section 8: The Mines Safety Commission

In its second report, the Mines Safety Commission noted with satisfaction the progress made in implementing the recommendations of the Conference on Safety in Coalmines, whether by incorporation into national legislation and regulations or simply by adoption in practice. In its statistical section the report recorded that the incidence of injuries entailing absence from duty below ground for eight weeks or over had dropped from 13,551 per million underground man-hours in 1958 to 12.954 per million in 1959, and the incidence of fatalities from 0.610 to 0.590.

At its meeting in December 1961, the Commission adopted reports on the use of recording accelerometers and on the co-ordination of rescue organizations (recommending the framing of a supranational scheme for mutual assistance). It further proposed that a special study be conducted on accident insurance for rescue workers operating outside their own countries. Its Working Parties continued their examination of the technical and human problems within their particular purview, including more especially fire hazards, medical examination of personnel, the functions of the colliery medical services, and so on.

The Commission arranged the appointment of a special panel of judges for the competition for the improvement of safety equipment in the mines which the High Authority had organized and financed with an appropriation of 200,000 dollar units of account. Competitors were required to design portable methanometers, portable threshold-value methane detectors, threshold-value oxygen indicators, carbon-monoxide recorders and/or improvements to existing types of self-rescue equipment (enabling miners to survive in a dangerous atmosphere until they are able to escape from it). The closing date was deferred in the case of the category "threshold-value oxygen indicators". The sum allocated for this section is 70,000 units of account.