

'Will German coal ruin French coal mines in the département du Nord?' from Le Figaro (9 July 1954)

Caption: On 9 July 1954, the French daily newspaper Le Figaro uses the example of France and the Federal Republic of Germany to highlight the difficulties involved in the establishment of a system of fair competition on the coal market within the European Coal and Steel Community (ECSC).

Source: Le Figaro. dir. de publ. Brisson, Pierre. 09.07.1954, n° 3058; 128e année. Paris: Le Figaro. "Les charbons allemands ruineront-ils les houillères françaises du Nord?", auteur:Locardel, Pierre , p. 9.

Copyright: (c) Translation CVCE.EU by UNI.LU

All rights of reproduction, of public communication, of adaptation, of distribution or of dissemination via Internet, internal network or any other means are strictly reserved in all countries.

Consult the legal notice and the terms and conditions of use regarding this site.

URL:

http://www.cvce.eu/obj/will_german_coal_ruin_french_coal_mines_in_the_departement_du_nord_from_le_figaro_9_july_1954-en-ob7dfad6-3224-4937-9abb-b5a76ee07eeb.html



Last updated: 06/07/2016

Will German coal ruin French coal mines in the département du Nord?

Methodically, and yet with some difficulty, the High Authority of the European Coal and Steel Community is striving gradually to harmonise the conditions for production and transport within its six Member States and create a framework for fair competition based exclusively on geographical factors and on companies' efforts to increase productivity.

To date, the High Authority has focused mainly on transport costs. Instances of tariff discrimination — different treatment based on the nationality of the supplier, of the consignee or of the goods, which are the most blatant forms of discrimination — have been eliminated, and some 30 tariffs have been amended accordingly.

Pursuant to the Treaty, a new phase should soon begin where 'split rate-fixing' in the area of transport tariffs should be eliminated by the end of the year.

What is at issue?

Coal mines in the département du Nord in France are under threat

At the moment, when a tonne of coke leaves Gelsenkirchen, Germany, and crosses the border for delivery in Homécourt (a distance of 363 km), the transport costs are around 2 460 French francs. When a tonne of coke is transported from Lens to Homécourt, over a similar distance (340 km) but within France, it costs just 850 French francs.

There are two reasons for this large difference in costs:

— Firstly, there is the special charging system used in Germany for transporting coal and iron ore. Since most steelworks are located near the Ruhr coalfields and far from the sources of iron ore, the rates have been artificially inflated for coal and set at an abnormally low level for ore! *Le Figaro* has raised this issue before, as it is extremely important for the French steel industry, which imports German coal.

— Secondly, there are no direct international tariffs. In the above example, the application of such tariffs would mean transport costs of 500 French francs per tonne.

The High Authority has rightly pointed out that the second reason is a blatant anomaly. In all countries, rail tariffs are applied on a sliding scale — the price paid per kilometre falls as the distance increases. This is because transporting goods over a long distance is relatively less expensive than over a short distance.

Moreover, the notion of direct tariffs would promote competition amongst ECSC countries by reducing long-haul transport costs, and it would also encourage 'the most rational distribution of production at the highest possible level of productivity', this being one of the Community's objectives.

The fears of the French coal industry certainly appear to be justified. Today, coal from the département du Nord is more expensive than Ruhr coal by an average of 1 500 francs per tonne. This figure is nearly as much as the so-called 'geographical protection' — the cost of transporting German coal to the French regions presently being supplied by the Nord collieries — which benefits the Nord and the Pas-de-Calais coalfields over the Ruhr.

However, the application of direct international tariffs would reduce the cost of transport from Germany to France by between 600 and 800 francs per tonne, depending on how degressive the sliding scale is. As a result, German coal delivered to the Paris area or to the Nord would be less expensive than coal from Lens or Anzin.

These are the facts. The High Authority is right to try and enhance competition, but the French Government is also right to defend a coalfield that is a major component of the French economy, given the size of its

production and its workforce.

However, the problem is not without a solution. French coal is more expensive than German coal, mainly because of circumstances beyond the control of our coal industry. At the current exchange rate, the additional labour costs per tonne of extracted coal in France amount to 600 francs and the additional financial costs are 300 francs.

A harmonisation of wage costs in the six countries or, in the immediate term, a compensation package from the Government and the High Authority, in addition to a capital endowment, would help to recoup 900 francs per tonne. Then, even with the application of international tariffs on a moderate sliding scale, coal from the Nord would remain competitive.

Consequently, these artificial price disparities must somehow be eliminated before sliding-scale tariffs, let alone currency parities within the ECSC, are introduced.

Pierre Locardel