

Memorandum by the National Coal Board on the agenda of the first meeting of the ECSC–United Kingdom Council of Association (9 March 1955)

Caption: On 9 March 1955, in anticipation of the first meeting of the future Council of Association between the European Coal and Steel Community (ECSC) and the United Kingdom, the National Coal Board drafts a memorandum in which it sets out the various points that will have to be addressed by the British delegation during the negotiations due to be held on matters relating to coal.

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<http://www.nationalarchives.gov.uk/>, Records created or inherited by the National Coal Board, and of related bodies, COAL. Financial aspects of European Coal and Steel Community (The Schuman Plan) 1950 May-1955 Dec., COAL 23/325.

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National Coal Board
General Purposes Committee
Relations with the European Coal and Steel Community

(Memorandum by Sir William McGilvray)

1. The Board have been asked for their views about matters for discussion with the High Authority in advance of the first meeting of the Council of Association set up by the Agreement of 21st December, 1954, (Cmd.9346) concerning relations between the United Kingdom and the European Coal and Steel Community. (This Agreement has not yet been ratified by any of the parties to it, but a resolution approving it was agreed, without a Division in the House of Commons, on the 21st February, 1955).

2. Secretariat and Procedure of the Council

Consideration is being given by the Government to the appointment of a United Kingdom Joint Secretary to the Council of Association as provided for in the Agreement. The present intention is that the two Joint Secretaries should be based in London and Luxembourg respectively. It will be for them, when appointed, to make detailed arrangements for the first meeting of the Council and to make recommendations on procedural matters, e.g. as to the language to be used. The probability is that, when meetings of the Council take place in London, the official languages will be English and French only.

3. Procedure for continuous consultation

(For convenience of reference Articles 6 and 8 of the Agreement of 21st December, 1954, are set out in the annex to this Paper)

The Council of Association, as such, will not meet frequently. Means must be found, therefore, for the "continuous consultation" required by the Agreement and for ensuring that subjects are brought before the Council in a suitable form. It would not be appropriate for the United Kingdom to be associated with the existing, and extensive, committee structure of the Community itself. That structure could not, from its nature, serve as Joint machinery and association with it would put the United Kingdom not, as desired, in a position of equality with the Community, but as one nation amongst seven. The Council will thus have to set up its own committees for this purpose.

4. Coal problems and steel problems will have to be considered separately at the outset. The suggestion has been made that to provide means for continuous consultation the Council should set up four main committees:

Coal - long term and short term

Steel - long term and short term

These would be policy committees and their setting up would not rule out the desirability of setting up separate fact-finding committees to deal with particular matters as they arose.

5. It will, however, be particularly difficult to draw a convenient line for coal between short and long term problems. Moreover, nearly all the matters of common interest specified in Article 6 of the agreement (see Annex) are interrelated to a greater or lesser degree. It would, therefore, it is suggested, be preferable to set up a single committee to deal with all coal questions on the understanding that separate sub-committees or working parties could be established for particular problems or questions as they arose.

6. Agenda for the first meeting of the Council of Association

The first meeting of the Council will be mainly concerned with procedural matters: on matters of substance the Council can do little more than authorise exploratory work. The matters of substance which the High Authority are thought likely to raise include;

- (a) tariffs
- (b) prices
- (c) social charges
- (d) coal supplies

It is also necessary to decide in considering the possible Agenda for the first meeting and as a question of tactics, whether the United Kingdom should take the initiative or leave it to the High Authority to do so. The answer to this depends a good deal on the subjects thought to be most suitable for discussion in the early stages of the work of the Council of Association.

7. From the Board's immediate point of view there is much to be said for a policy of gradual approach. This would seem to imply that the United Kingdom should take the initiative in proposing subjects for discussion. This also is understood to be the view of the Government on tariffs. If the initiative were left to the High Authority they might press for a discussion on ways of reducing tariffs immediately. If the United Kingdom took the initiative, it might be easier to arrange in the first instance for a fact-finding discussion of the present effect of tariffs and the possible effects that a reduction of them might have on trade with the Community.

8. Tariffs would not, of course, directly concern the Board, but prices, social charges and coal supplies certainly do.

9. Social charges (the whole general question of the ways in which social security and other similar payments are financed in the six countries and the United Kingdom, and the bearing of the differences between them on relative competitive abilities) are a subject on which, at present, there appears to be a good deal of misunderstanding. It could best be referred to a separate fact-finding working party for a factual report.

10. Prices are a difficult and delicate issue in any circumstances and one of obvious and prime importance to the Board. They can only usefully be discussed in the context of supplies. The High Authority are themselves trying to settle the lines of their future "coal policy" and their latest general report (November 1954) has referred to "assured supplies of imports" as one of the matters about which uncertainties must be removed before the Community coal policy can be laid down. On the United Kingdom side it seems probable that for some time we may wish to supplement home supplies by imports, including imports from Community countries.

11. The conclusion from this is that it would be useful to suggest that coal supplies be considered as a matter of substance in the early stages of the work of the Council of Association, along with related questions such as the trend of future demand, the effects of the development of other sources of energy, and, possibly, the general objectives of development and main lines of investment policy. If this course were followed it might be possible to secure that the question of prices was deferred until the prospects for supplies had been examined and discussed.

12. Certain other subjects have also been suggested by other Government Departments as possibly suitable for discussion at an early stage. They include steel supplies, scrap, cartels, transport discrimination, investment, the trend of future demand, methods for training labour and research.

13. The Board would not be directly concerned with steel supplies and scrap; discussion of coal supplies could usefully extend as suggested in Paragraph 11 to the trend of future demand and investment. Methods for training labour is a subject on which it might be useful to exchange information and views.

14. Cartels, on the other hand, are a difficult matter for the Board, constituted as they are, to discuss. Moreover, at the present time the High Authority have yet to resolve their own internal problem which is concerned with the compatibility of centralised buying and selling arrangements with the Treaty. Transport discriminations are similarly a complex subject and one to be avoided at present. The U.K. appear to have little to offer the High Authority in return for any concession or understanding about transport charges and discussion of this matter in the early stages might lead to a premature discussion of prices. Similarly, the Board's view hitherto has been that consultation on research should be confined to informal exchange of information.

15. The broad conclusions, therefore, from the point of view of the Board, seem to be:-

(a) that we should seek the setting up of only one coal committee in the first instance to provide means for continuous consultation but that provision might also be made for setting up sub-committees or working parties to deal with particular subjects as they arise;

(b) that the United Kingdom should take the initiative in proposing items for the Agenda of the first meeting of the Council, and, that on the coal side an appropriate item would be "coal supplies generally" with the related questions of the trend of future demand, the effects of the development of other sources of energy, and the main lines of investment policy, to follow on;

(c) that the United Kingdom should not raise at this time any question of cartels or transport discriminations and should seek to arrange that consultation on research be, for the present, confined to informal exchange of information.

16. I suggest, however, that if the Board approve them, before making known these views to the Ministry, an opportunity should be taken to find out from the Iron and Steel Board whether their approach to the problem is, or can be, matched with that suggested above.

17. Finance, Labour Relations, Manpower and Welfare Scientific Departments have all been consulted on this Paper and have no comments on it.