

‘Coal in competition’ from the Süddeutsche Zeitung (20 August 1958)

Caption: In August 1958, the German daily newspaper Süddeutsche Zeitung considers the energy policy of the Federal Republic of Germany (FRG) and illustrates the impact of foreign coal and oil imports on the national market.

Source: Süddeutsche Zeitung. Münchner Neueste Nachrichten aus Politik, Kultur, Wirtschaft und Sport. Hrsg. Friedmann, Werner; Goldschagg, Edmund; Schöningh, Dr. Franz Josef; Schwingenstein, August. 20.08.1958, Nr. 199; 14. Jg. München: Süddeutscher Verlag. "Kohle im Wettbewerb", auteur:Staegmeyer, Elly, p. 1.

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Coal in competition

By Elly Staegmeyr

Coal was scarce in the German Federal Republic for many years. This shortage, however, has in the meantime turned into a *surplus*. Some 10 million tonnes of unsold coal are lying on the stockpiles although, since February, some miners have been laid off. What happened? During the economic boom, energy requirements rose sharply. The domestic mining industry, obliged to export large quantities of coal by the European Coal and Steel Community Treaties, was unable to meet these demands. The economy therefore had to fall back on *foreign coal*, especially from the USA. While, initially, much more expensive, this coal had become so cheap since the fall in freight costs that it was worth concluding long-term contracts. At the same time, heating oil dropped to unusually low prices on the German market. When the wheels of economy then started to slow down, the mining industry's greatest problem was suddenly no longer output, but sales.

Producer associations and unions desperately turned to the Federal Chancellor for help. Konrad Adenauer reiterated what he had already promised earlier, namely that the Federal Government was keenly interested in keeping up the economic and social capacity as well as the profitability of hard-coal mining. The interests of the various energy sources were to be carefully coordinated. After this declaration, the Chancellor went on holiday and left a Junior Minister, Ludger Westrick, in charge of the discussions about the practicalities. These, of course, showed that the mining industry had hoped in vain for dirigiste state measures such as financial aids for stockpiles, import licences for foreign coal and customs duties or new taxes on heating oil.

Bonn recommended that the parties concerned should meet for *voluntary agreements*. A further reduction in American coal imports — during the first six months of the year, they had already dropped by 1.2 million tonnes compared to last year's imports — might thus be achieved. Heating oil prices have started to rise since July, as international oil corporations, under the influence of the Middle East crisis, are apparently planning to stop their fierce competition for the German market earlier than originally intended. This will probably result in a 5 to 10 % adjustment of heating oil prices, some of which were previously lower than their production costs. Though painful for consumers who changed their heating systems because of the cheap liquid fuel prices, this outcome was certainly desired by the mining industry. It still remains to be seen whether, on top of this — as some people maintain — the supply of German heating oil will be reduced by 15 % by the end of the year and the planned extension of the refineries will be spread over a longer period of time. Although the petroleum economy seems to recognise mining as the number one energy source, it is nevertheless opposed to special rights and basically claims equal opportunities for competition.

It will, therefore, not be easy for mining to shake off its competition. The time has come, therefore, for coalfields finally to *abandon the tempting comfort of the nature reserve and to follow a new course*. Because of political commitments, the mines have, indeed, hardly been able to take advantage of the favourable market situation of economic prosperity. And that is the argument they are using now to claim temporary political aid. The overall cost situation in mining, however, is by no means such that coal is mined at a loss. One should therefore not speak too much about the industry soon being 'in the red', as that would only encourage those who call for the mines to be nationalised. It is difficult for consumers to understand why the mines do not clear their stockpiles by *cutting prices*, at least at the level of the storage costs which range from five to eight marks per tonne of coal. Essen opposes this argument by maintaining that intended price cuts have to be declared four weeks in advance to the European Coal and Steel Community's High Authority — a revision of that provision should be sought — and that nothing can be sold in the meantime.

Over and above this topical question, the main problem will be to maintain coal's *market share* in the future. To date, mining has covered some 80 % of West German energy requirements, which practically corresponds to a sales monopoly. The latest development was supposed to cause the mining industry, through further technical concentration and the ultimate closure of unprofitable marginal mines, to reduce costs so far as to at least create some modest price-cut reserves. What used to be considered as a waste of natural resources, namely to mine only profitable seams, has now become the precept of that modern, *mobile policy* that, according to the Federal Minister for Economic Affairs, Ludwig Erhard, has been missing from the mining industry so far.

Professor Erhard, having just returned from holiday, has left no doubt about the fact that he is basically maintaining a *liberal energy policy* and that, even as a raw material, coal cannot be excluded from competition. Market economy measures for stockpile reductions are nevertheless to be discussed directly. Bonn has already reduced the duration of coal import contracts and authorised the re-export of foreign coal. If our information is correct, the Ruhr mining industry is currently looking for *new spokesmen*. The more receptive the future eminent persons will be to the mining industry's self-help initiative, the more successful the talks between the mine representatives and Vice-Chancellor Erhard will be.