

'Coal and steel brace themselves against the crisis ...' from the Süddeutsche Zeitung (15 November 1958)

Caption: On 15 and 16 November 1958, the German daily newspaper Süddeutsche Zeitung reviews the measures planned by the Federal Republic of Germany (FRG) to help the country's steel and coal industries find a way out of the crisis which is affecting the whole of Europe.

Source: Süddeutsche Zeitung. Münchner Neueste Nachrichten aus Politik, Kultur, Wirtschaft und Sport. Hrsg. FRIEDMANN, Werner; GOLDSCHAGG, Edmund; SCHÖNINGH, Dr. Franz Josef; SCHWINGENSTEIN, August ; Herausgeber FRIEDMANN, Werner. 15.-16.11.1958, n° 274; 14. Jg. München: Süddeutscher Verlag. "Kohle und Stahl stemmen sich gegen die Krise.", auteur:Saal, Georg , p. 18.

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Coal and steel brace themselves against the crisis ...

Joint plans for the coal and steel industry on the Ruhr / Cry for help to the Federal Government

by Georg Saal

Dusseldorf, 14 November — Overshadowed by the ever-increasing coal stockpiles and the ongoing doldrums on the steel market, new plans to overcome these difficulties were drawn up on the Ruhr. By far the greatest concern is the coal mining industry where attempts are being made to reduce the import burden. In addition to this, the steel industry wants to aid the coal mining sector by promoting an increase in coal consumption. As coal and steel are usually closely interconnected in the major coal and steel companies, cooperation should be easy. The necessary measures, however, will affect not only the Ruhr region but the *European Coal and Steel Community* as well as the *foreign trade* sector. Not least, the *Federal Government* will also be affected. The programme targets three key areas.

1. Coal imports are to be fully suspended in the Ruhr region. The figures work out as follows: during the first three months of 1958, local output amounted to 100 million tonnes. Domestic consumption, including 17.8 million tonnes for export, also made up 100 million tonnes. 12.5 million tonnes of coal were imported. This tallies nearly exactly with the increase in the stockpiles. The coal industry returned the new licences in March 1958. The steel industry wants to suspend 2.8 million tonnes of coal imports. The aim is to abolish all import contracts. It is hoped that coal importers not belonging to the coal and steel industry will also follow along these lines. The fact that such a policy could endanger foreign trade and the thought that it would destroy the concept of freedom of movement has not been overlooked by people on the Ruhr. The serious situation does, however, require drastic measures.

Relief on the basis of extensive contracts

2. Coal consumption is to be increased again. This is being supported in particular by a proposal put forward by the German steel works to *expand* the Brussels' *compensatory system* to include pig iron as well as scrap metal. It has been estimated that this would make 3 million tonnes of American scrap metal superfluous. The smelting of pig iron would increase consumption of coke and of ores. This would mean that we can expect to see developments on a broader scale, including in the *coal export sector*, as larger orders for ore will increase Sweden's coke purchases. Furthermore, the iron and steel industry seeks to promote blast furnace processes which require an increased use of coke. However, the idea of storing pig iron has been rejected; this would only replace coke heaps with piles of pig iron.

3. The steel industry hopes to gain relief by concluding big contracts. Amongst these is the *Argentina deal* struck by the Thyssen works, the implementation of which, however, has been halted due to the declaration of a state of emergency in Argentina. The steel works had also intended to encourage the Federal Railways to place bigger orders with them. This would mean contracts worth between DM 400 and 500 million. Similar talks are being held with the other modes of transport. This concerns mainly inland waterways and motorways. Bringing these scheduled expansion projects forward would result in some significant orders for the steel industry. However, the Federal Government has the last word on this matter.

Competition in southern Germany

The coal and steel industry on the Ruhr is aware that short-term relief cannot be achieved, even if the programme were to be fully implemented. Accordingly, the steel works will continue to cut production. Redundancies will continue, and it will not be long before they begin to affect the core workforce. If the coal mining industry follows the steel industry and cuts production by 20 %, out of the annual output of 130 million tonnes, this would correspond to the 26 million tonnes of stocks on the stockpiles and with consumers. Experts believe that the stockpiles will not diminish over the winter period, and that will only aggravate matters.

During talks with the board of the Kloeckner works, the future development of the rolled steel market was

recently deemed to be more promising. However, a degree of *price confusion* has been noted. Currently, there are three prices on the German rolled steel market, i.e. the list prices of German steel works, lower import prices, and mixed prices fixed by the wholesale trade. Since the devaluation of the French franc, the French steel works are supplying goods more cheaply to southern Germany. Some Belgian works and a Dutch steel company are also offering several types of rolled steel at a lower price. Some German consumers are taking advantage of this situation. The majority of German buyers, however, have remained loyal to Germany's steel industry. The steel works' *additional orders* for rolled steel with semi-finished products and wide strip without high-grade steel fell to 3.5 million tonnes by the end of September compared to 6.2 million tonnes at the end of June. Dates are varied, mainly because of a slowdown in stock reduction believed to be the main reason behind stagnating domestic demand. A market revival before the spring is something in which even the most hopeful have ceased to believe.

Importation of coal