

## Press briefing note on 50 years of the ECSC Treaty (24 June 2002)

**Caption:** Briefing note for the press conference given by Enrico Gibellieri, President of the ECSC Consultative Committee, on 24 June 2002, reviewing 50 years of the ECSC Treaty and the importance of the ECSC's achievements for the future of the European Union.

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## Briefing Note for the Press Conference of the President of the ECSC Consultative Committee on 24 June 2002

### 1 - General overview on 50 years of the ECSC Treaty

#### The origin of the ECSC Treaty

The political and economic context in which the Fathers of the Treaty were working is today, five decades later, part of history and as such, no longer directly accessible to us. The majority of them came from regions that had been severely stricken during the two World Wars.

Nevertheless, there is a universal message in the Preamble of the Treaty that is still of relevance for the present day world:

"CONSIDERING that world peace can be safeguarded only by creative efforts commensurate with the dangers that threaten it,

CONVINCED that the contribution which an organised and vital Europe can make to civilisation is indispensable to the maintenance of peaceful relations,

RECOGNISING that Europe can be built only through practical achievements which will first of all create real solidarity, and through the establishment of common bases for economic development,

ANXIOUS to help, by expanding their basic production, to raise the standard of living and further the works of peace,

RESOLVED to substitute for age-old rivalries the merging of their essential interests; to create, by establishing an economic community, the basis for a broader and deeper community among peoples long divided by bloody conflicts; and to lay the foundations for institutions which will give direction to a destiny henceforward shared...

#### The various stages in the life of the ECSC from 1952 to the end of the Treaty in 2002

During the first 15 years of its existence, the ECSC was the most important European institution. It was a unique experience of supranational government. Moreover, the two sectors were at that time the cornerstone of the European economy. Rebuilding of Europe after World War II was strongly dependent on coal and steel production. We should not forget that, " at that time, coal was the main source of primary energy.

After that period, and especially after the merger of the executive of the three communities, the ECSC increasingly lost its political prestige, especially because, at the same time, the two sectors entered into economic crisis and were no longer the motor of the European economy.

Moreover, as can be seen from the figures of production and employment, the development of the two sectors went in opposite directions. Whereas for steel, after a period of painful restructuring, Europe succeeded in building up a highly competitive industry and a high level of production, this has not been the case for coal, where, despite tremendous job reductions (workforce today is less than 10 per cent of that at the beginning of the Treaty), the goal of competitive production has still not been reached.

#### Employment (evolution of the two sectors during the period of the Treaty)

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Production of steel and coal (evolution in the two sectors during the period of the Treaty) (= million t)

[Production of steel and coal \(evolution in the two sectors during the period of the Treaty\)](#)

## Sectoral social dialogue

Co-operation between social partners traditionally had a special quality in the coal and steel industries in Europe. The undertakings saw themselves as being responsible for all aspects of the workers' everyday life, including health care and social housing. For this reason, management and unions had experience in the co-administration of various social schemes, experience that turned to be an asset when it became necessary to agree on "social plans" for job reduction.

On the other hand, at European level, since the 1950s a number of committees were set up within the framework of the ECSC Treaty to institutionalise structured social dialogue at sectoral level. The main such committees were:

- the Consultative Committee set up by Article 18 of the ECSC Treaty, bringing together representatives of producers, workers as well as consumers and dealers and which is consulted on all aspects of industrial policy for both sectors, including research and competition issues;
- the Safety and Health Commission for the Mining and other Extractive Industries;
- the Mixed Committee for the Harmonisation of Working Conditions in the Coal Industry;
- the Mixed Committee for the Harmonisation of Working Conditions in the Steel Industry.

### The role of the ECSC Consultative Committee

Statistical data concerning the activity of the ECSC Consultative Committee:

Number of ordinary and extraordinary sessions:

361

Number of meetings of the subcommittees: (to 10.4.2002)

580

Number of resolutions, opinions and memoranda adopted: (to 10.4.2002)

181

List of Presidents :

[...]

2 - Detailed description of the main characteristics and procedures of the structured sectoral dialogue in the ECSC Consultative Committee

### Nomination procedure of the members

The members of the Consultative Committee are appointed by the Council.

In the case of the consumers/dealers category, the members are nominated by governments and then directly appointed by the Council.

In the case of producers and workers, the Member States first designate the representative organisations among which the seats to be filled are allocated. Nominations for representatives of these two categories are then given to the Council by the governments from lists submitted by the employers' associations and the trade unions.

Members of the Committee are appointed in a personal capacity, on the strength of their ability and qualifications, for a period of two years. They are bound by no terms of reference or instructions from the organisations which nominate them.

#### Composition of the ECSC Consultative Committee

The ECSC Consultative Committee is made up of three categories of members, equally represented, namely

- 36 producers (10 from the coal industry and 26 from the steel industry);
- 36 workers (10 from the coal industry, 22 from the steel industry and 4 representing both);
- 36 consumers and dealers (15 from the coal industry and 21 from the steel industry).

#### Presidency

At the first session of each business year, known as constituent session, the Committee elects its President and the members of the Bureau. The President is elected in turn from among members representing the producers, workers and consumers/dealers. This means in practice that three "coal" Presidents, one of each of the three categories over a period of three business years, alternate with three "steel" Presidents, again one from each category.

#### Composition of the Bureau

The Vice-Presidents, one from each of the two categories to which the President does not belong, as well as the other members of the Bureau, distributed by country and by category in such a way that there is exactly one Bureau member per Member State and a total of five Bureau members per category, are also elected at the constituent session.

#### Standing subcommittees

The three standing subcommittees are:

- the Subcommittee for Markets and Forward Studies,
- the Subcommittee for Labour Problems,
- the Subcommittee for Research Projects.

In addition, a special Subcommittee for the Central and Eastern European Countries was instituted in recent times.

#### Working groups

A number of working groups was set up, mainly for the drafting of reports, resolutions and opinions on topics of particular interest.

#### 3 - Summary of the main achievements of the ECSC in various fields

##### Industrial policy

Under the ECSC Treaty, in terms of industrial policy, the High Authority was to fix quotas, set out rules for free and equal competition, and offer guaranteed prices. The internal market to be created also necessitated the removal of all internal customs tariffs on coal and steel, and thus the free market was also given a considerable role. Under normal conditions the supranational powers of the High Authority was

considerable: it could issue "Decisions" which were binding, "Recommendations" which were binding as to ends but not means, and "Opinions" which had no binding force. However, under conditions of "manifest crisis", more powers reverted to the Council of Ministers.

ECSC steel policy is a genuine example of a European industrial policy combining a set of instruments to build up a competitive industry. These instruments for investment and financial aid are directly based on the Treaty, and especially on Article 54, the objective being "to encourage coordinated development of investment." The voluntarist approach in terms of industrial development can be looked upon as a specificity of the ECSC and is probably no longer in line with today's mainstream economics. However, we should not forget that the industrial tool of the EU was largely built up thanks to such a voluntarist approach.

The other pillar of ECSC industrial policy, State aid discipline, has become a key feature of EU policy in general. The original Treaty did not permit the use of State aid: amongst other measures, state subsidies are prohibited by Article 4(c) of the ECSC Treaty as incompatible with a common market for coal and steel. But the over-production crisis in the coal sector since the late 1950s and subsequent crises in the steel sector led the High Authority to propose production quotas (as provided for in the Treaty), but this was overruled by the Member States, who concluded that some state aids were necessary, to be authorised by decisions based on Article 95 of the Treaty.

Today, after a period of painful adaptation, the European steel industry has reverted to the initial State aid discipline in the spirit of the Treaty. Furthermore, representatives of EU industry have a key interest in seeing such State aid discipline implemented in the applicant countries over the coming years.

By way of contrast, even after the expiry of the Treaty, the European coal industry still needs a certain amount of state subsidies. However, the question of maintaining a reasonable level of domestic coal production has also to be placed in the context of the debate on the security of energy supply (cf. The Commission White Paper). In other words: in view of the strategic importance of energy supply the level of state aid cannot be the only criteria for the success of the European coal policy. In addition to the question of access to strategic reserves, social and regional considerations are also in favour of continuing underground coal production in Europe.

In conclusion, whereas the steel sector can be seen as the industrial success story of the ECSC, unfortunately, due to the tremendous changes within the world energy resources which nobody could foresee in the beginning of the 1950s, for the coal sector, despite all increases in productivity, the main success of the ECSC was the cushioning of the rundown of the industry under socially acceptable terms.

In addition to that, thanks to the efforts of the ECSC, European industry has kept the leadership in the field of mining technology, with considerable spin off effects for other industries, especially with respect to tunnel construction.

#### Financial resources

One of the biggest innovations of the ECSC Treaty was the idea to finance the policies of the Community by own resources, i. e. by a levy on coal and steel production, and not by contributions from the Member States. The levy provided the Community with an independent source of finance and laid the basis for a very active policy in terms of loans and investments. The total amount of loans granted by the ECSC was 13 billion €.

#### Research

The levy also provided the basis for an independent research policy in co-operation with the industry. Over the period from 1986 to 2002, a total amount of 798 million € was allocated to research projects within the framework of the ECSC steel RTD programme. The annual steel research budget reached a maximum amount of 56 million € between 1997 and 2001. For 2002, the amount is 52 million €. — The annual coal research budget went up from 200.000 € in 1957 (the first year) to a maximum of 51 million € in 1993 and is currently (2002) of 20 million €. — The amounts allocated for 2002 give an indication of the respective

share of coal and steel in the future post ECSC research fund.

## Steel

In the beginning, in the period from 1955 to 1964, with the limited funds available, ECSC research focused on a few large scale projects which, in terms of risk and cost, would have been out of reach for a single company.

During the period from 1965 to 1974, the research effort went increasingly to topics related to the production process, such as continuous casting and steel properties.

After the first enlargement in 1973, the ECSC research budget was increased, which made possible the realisation of a greater number of projects, especially those using new technologies and exploring new industrial needs.

The period from 1975 to 1984 saw the worst crisis in the European steel industry. During this period, the research funds were used mainly to improve the research network and to stimulate innovation to meet market needs. For the first time, producers and consumers were integrated into pilot and demonstration projects, in order to speed up the industrial exploitation of results.

From 1985 to 1994, research projects reached an even bigger size and became as a general rule transnational. Research topics included quality improvement, development of energy saving production processes, recycling and the use of byproducts from steelmaking.

Since 1995, the paradigm of sustainability became a permanent reference in the definition of research priorities.

## Coal

Despite of the difficulties of the European coal industry already mentioned, ECSC coal research has been very successful. It has enabled the European industry to take the technological lead in terms of mining equipment on the one hand, and in terms of clean coal combustion technologies on the other hand. European technology has been exported to various places in the world, which is of particular interest because, in most regions of the world, coal is still the main energy source. ECSC research has thus contributed to better environmental conditions world wide.

## Social research

ECSC social research has made a significant contribution to the improvement of working conditions, to which, in particular, the studies and statistics on accidents at work and occupational diseases in the industries concerned testify.

## Assessment and evaluation

The high level of economic and industrial efficiency of ECSC research has been highlighted through studies carried out by independent bodies, and in particular

- the report drawn up by Mr Trentini (1994): "Assessment of direct financial returns on ECSC steel research programmes",
- the report drawn up by Geoffrey Walton Practice and Smith Vincent & Co (1995): "Evaluation of the ECSC Coal Research Programme".

In conclusion, it can be said that ECSC collaborative research is the only example of applied interdisciplinary research to include the aims of improving health and safety at work and the environmental

compatibility of production activities, as a result of which a body of knowledge and results has been produced which has profoundly influenced the social culture of Europe.

### Social policy

With the deepening crisis in both the coal and steel industries, the ECSC mechanisms for social crisis management became more and more important with respect to the market regulating mechanisms. The relevant Article 56 of the ECSC Treaty became the broadly interpreted basis for the (partial) financing of almost all important instruments for managing the social crisis.

The most important source of finance for so-called readaptation aid, which is nonrepayable, was the levy on coal and steel production paid by undertakings in the Member States. Readaptation aid was co-financed by the Commission and the Member States. The main standard instruments of readaptation aid were :

- early retirement and associated temporary allowances;
- compensation for loss of income (wage and salary allowances);
- financial aid to encourage geographical mobility (travel expenses, removal costs, separation allowances);
- compensation payments;
- training allowances for employees and reimbursement to undertakings of expenses involved in organising retraining;
- allowances for short-time working.

A total of more than 1.7 million workers have benefited from ECSC readaptation aid.

In general, it can be said the ECSC social readaptation strategy was aiming at a balance between negative and positive measures, between the withdrawal of redundant workers from the labour market and pro-active measures for new employment.

### Housing programmes

Until 1997, the ECSC implemented a very successful loan scheme for the improvement of workers' housing. Over the years, about 250 000 housing units have benefited from the scheme. Housing was traditionally provided by most of the coal and steel companies to their workers. Thanks to the ECSC scheme, it has been possible to improve the quality of housing even in those regions strongly hit by restructuring. The housing scheme thus contributed to the social cushioning of the restructuring programmes and to the economic redevelopment of former coal and steel regions.

### The Paul Finet Foundation

Alongside its ongoing remit to provide protection for workers the ECSC set up a fund to help families in the event of serious accidents in the coal and steel industries.

In 1962, following major mining disasters in Belgium and Germany who had left hundreds of children without a father, the High Authority decided to set up a foundation to help these children to continue their education. This foundation is a public interest society set up under Luxembourg law. From the outset, it has supported the orphans of coal and steel workers who have fallen victim to an industrial accident or an occupational disease. It was named after Paul Finet, Member of the High Authority, who had been one of the most fervent promoters of European social policy.

Grant applications may be submitted by children of coal or steel workers who have died as a result of an industrial accident or an occupational disease. The orphans must be at least 14 years old and continuing their studies beyond the years of compulsory primary education, with good results. They may undergo occupational training or general secondary or higher education.

### Creations of networks

Within the framework of the implementation of the RECHAR and RESIDER Community initiatives co-funded by the ECSC, networks of coal mining regions and communities on the one hand (EUR-ACOM) and steel regions and communities on the other (CASTer) were set up.

These networks try to defend the common industrial and cultural heritage of the regions concerned

#### 4 - The importance of the ECSC's achievements for the future of the European Union

Let us have a quick look to the main aspects of the ECSC experience that will survive the expiry of the Treaty and which will be shared with other important industrial sectors and inside and outside Europe.

#### The new Research Programmes for Coal and Steel

The objectives of the new research programmes financed by the Coal and Steel Research Fund after the expiry of the Treaty are summarised in the Technical Guidelines adopted by the Council on 8 February 2002.

#### Technical guidelines for the research programme of the Research Fund for Coal and Steel

As a continuation of the European Coal and Steel Community Coal and Steel Research and Technical Development Programmes ('ECSC RTD programmes') and within the framework of sustainable development, a Research Programme of the Research Fund for Coal and Steel (hereinafter referred to as 'the programme') shall be established. The objective of the programme is to support the competitiveness of the Community sectors related to the coal and steel industry. The programme shall be consistent with the scientific, technological and political objectives of the European Union, and shall complement the activities carried out in the Member States and within the existing Community research programmes, such as the framework programme of the European Community for research, technological development and demonstration activities (hereinafter referred to as 'the Research Framework Programme'). Co-ordination, complementarity and synergy between these programmes shall be encouraged, as shall the exchange of information between projects financed under this programme and those that are financed under the Research Framework Programme.

#### The new Consultative Subcommittee for Coal, Steel and Industrial Change within the ECOSOC

A Consultative Subcommittee for Coal, Steel and Industrial Conversion will be established within the Economic and Social Committee. In addition to members of ECOSOC representing the two sectors, there will be 30 delegates representing the categories of the ECSC Consultative Committee. Taking into account the current composition of the Consultative Committee as well as the total contributions by the two industries to the levy over the entire period for which the Treaty was in force, the 30 members shall be allocated between the two industries as follows:

- 30% to the coal industry, i.e. 9 members - 3 members each for producers, workers and users/dealers;
- 70% to the steel industry, i.e. 21 members — 7 members each for producers, workers and users dealers.

#### 5 - Conclusions - future perspectives of the structural sectoral dialogue

The new Consultative Subcommittee for Coal, Steel and Industrial Change within the ECOSOC could address the issues set out below in the form of referrals or own-initiative opinions. The following list is geared to specific sectoral issues and makes no claim to be complete.

#### Employment, social and structural-policy measures

- Application of Social Fund instruments as well as of EU programmes in the field of education and training,



where they are of particular concern to the coal or steel industries

- Structural and Regional Fund measures (particularly Objective 2 measures), including special, employment initiatives for EU coal and steel-producing areas undergoing economic conversion
- Application and development of EU Directives covering health protection and hygiene in the coal and steel sector
- Back up measures in respect of initiatives for establishing a European social dialogue for the mining and steel industries, including continuation of the work of the joint committees on the harmonisation of working conditions in the coal and steel industries

Aid policy and competition policy

- Annual reports on the implementation of the (post-ECSC) aid schemes for coal and steel
- Commission proposals for the revision of aid provisions /new aid provisions /amendment of aid provisions (planned for 2006 in the case of coal, decisions have yet to be taken in the case of steel)
- European and international competition issues involving the coal and steel sector or of particular importance to it

Monitoring the markets

- Continuation of the annual market reports for steel and solid fuels

Industrial change

- Commission initiatives to promote industrial competitiveness and industrial change, where they are of concern to the coal and steel industries
- Issues relating to industrial change and EU measures for tackling these issues, particularly with regard to restructuring processes for heavy industry in the CEEC

Research and technological development

- Research in the coal and steel industries in the forthcoming sixth EU framework programme for research (and subsequent programmes)
- Discussion and appraisal of the programme guidelines for the post-ECSC coal and steel research fund in the general political context

Environmental policy and sustainable development

- Ongoing debate on EU strategy for achieving sustainable development in the light of its particular impact on industrial change
- Implementation of the EU environmental action programme, e.g. various new clean-air policy measures and environmental protection projects which also concern the coal and steel industries

Energy policy

- Commission white paper on the security of energy supplies (to be submitted at the end of 2001) and the subsequent debate on future energy strategy in the EU; the white paper and the debate will particularly affect coal, as a source of energy, and steel, as an energy-intensive industry.

- General EU energy policy initiatives, including: the successor to the multiannual framework programme for energy measures (due to expire in 2002); the establishment of new common energy objectives; and the debate on the transferring of competence in the field of energy to the EU / inclusion of an energy chapter in the EC Treaty, with a view to the 2004 IGC

#### Trade policy

- Europe Agreements, Association Agreements and other EU trade agreements, insofar as they concern the coal and steel industries

- Trade protection measures relating to the coal and steel industries, e.g. to counter import restrictions imposed by other states (currently being considered, for example, in the USA in the case of steel products)

- Coal and steel aspects of the EU's position with regard to the forthcoming WTO negotiating rounds

#### EU enlargement

- Monitoring the restructuring processes in the coal and steel industries of the applicant countries

- Incorporation of the coal and steel industries in the future Member States into the various areas of EU policy