

supply more, but currency difficulties may present an obstacle. France, however, will be a soft currency source and the French should have every interest in rehabilitating their forests and providing more machinery and transport. As this matter is so closely tied up with the vital problem of expanding European coal production, we propose to press it at O.E.E.C.

Coal

23. The objective is to make Europe independent once more of Western Hemisphere supplies, and we have assumed that the O.E.E.C. Coal Committee will be producing a programme to secure this. The problem is two-fold: first, to co-ordinate production programmes to meet Europe's overall requirements without Western Hemisphere aid and to build up production to remove shortages of particular types of coal, such as gas coal, coking coal and anthracite. Secondly, there is the need for co-ordinated consumption policy with a view to the full utilisation of qualities in surplus supply, *e.g.*, untreated smalls. The possibility of achieving or furthering this aim by means of changes in industrial practice is an important point for consideration.

Steel

24. The Steel Committee will report on how Europe can achieve independence of Western Hemisphere supplies of steel. The development of iron ore production in North Africa is an immediate point for consideration.

V.—International Electricity Programme

25. As in the United Kingdom the demand for electric power in Continental Europe has outrun the supply. Since adequate power is vital for industrial recovery (and hydro-electric schemes can also be used for fertilizer and aluminium production) an international programme was drawn up at the O.E.E.C. meeting in Paris last summer for plant extensions based on purely economic considerations and without regard to national frontiers. Some of the stations would supply electricity mainly to other countries than those in which they would be situated.

26. This striking project of co-operative enterprise is virtually no longer existent. Most of the stations included in the scheme have been drawn into the national programmes, and it is unlikely that the export of electricity from them can be developed until national needs are met. A further difficulty is that very substantial amounts of equipment would be needed which cannot be produced within the area.

27. The United Kingdom has no immediate stake in the various schemes, save in our general interest in European recovery, since our own power plans are entirely independent of those of other countries. Nevertheless, national schemes of this kind have great public appeal, and will require continued and persistent support from O.E.E.C. if they are to be developed. Our independent position should give added weight to our influence in this matter, and we shall endeavour to stimulate O.E.E.C. into consideration of all possible schemes of the kind.

VI.—Overseas Territories

28. There may be considerable scope for co-operation amongst the European countries with dependent overseas territories. It is accepted that opportunities exist for expanding the production of various raw materials for local consumption, export to participating countries with consequent saving of dollars, and for export to hard currency destinations. There will, in addition, be some opportunities for co-operation on single projects which will be of mutual benefit to the countries. Co-operation on colonial economic policy is at present carried out by means of *ad hoc* but increasingly frequent meetings between representatives of the various Colonial Offices. In order to ensure the systematic treatment of this problem in relation to European economic recovery, agreement has eventually been reached for O.E.E.C. to set up a committee to study the whole problem and make any necessary recommendations for special projects.

29. While it is recognised that the overseas territories of France tend to be complementary to the economy of the mother country, there will undoubtedly be some scope for the development of production for common ends: African hardwoods are a case in point. Agreements on communications and health also offer opportunities for co-operative effort.