For an appreciation of the fuel problem of Europe as a whole, it would seem desirable to review briefly the position individually in respect of the more important suppliers and consumers involved. These are roughly sub-divided here for convenience into two groups—exporting countries—Germany and Poland and importing countries, where indigenous production is non-existent or insufficient to meet domestic fuel requirements.

Exporting Countries

Germany is of course the principal Continental exporting country involved. In 1946, hard coal production amounted to 65·5 million tons as compared with 186 million in 1938; of this latter figure, the area now lost to Poland accounted for some 31 million tons. 1946 production in Rump Germany was, therefore, only 42 per cent. of that of 1938. By the last week in February 1947 hard coal production in the Western Zones had reached a level of 54 per cent. of 1938, with a labour force of probably not more than 75 per cent. of the pre-war strength.

The main reasons for the decline in output are, according to the report of the Committee of Coal Experts, (1) shortage of suitable manpower particularly in the British and French zones, (2) lack of incentives to work—insufficient food, lack of consumer goods, poor housing and (3) the high rate of absenteeism. The amount of merchantable coal is further reduced by the abnormally high rate of colliery consumption due to the poor state of equipment at the pits. This factor is aggravated by the fact that coal allocations to the steel industry are insufficient to maintain the level of production necessary to provide replacements of equipment for the coal industry as well as the other vital branches of engineering.

Under these circumstances the amount of coal available for export is small. In 1938, exports of hard coal for all Germany amounted to 32·3 million tons, 17 per cent. of production*; in 1946 exports from the British zone amounted to 12 million tons, or 22 per cent. of production. In the autumn of 1946, it was found necessary to curtail even the limited export allocations owing to the pressing needs of German industry and the exhaustion of stocks. From October 1946 exports from the British zone were drastically cut, and it is only now that the process of restoring these cuts can begin. In April 1947 exports to European countries are being increased by 50,000 tons, and in May they will go up by 200,000 tons over the February–March (4 week) level of 625,000 tons. In June the increase will amount to a further 200,000 tons and, provided that during May daily production in the Ruhr reaches an average of 250,000 tons, the June increase will be raised to 300,000 tons over the previous month's level, *viz.*, April 675,000, May 825,000, June 1,031,000 or 1,156,000 tons. In order to maximise production and to work out an equitable division of available supplies between home consumption and exports it is proposed to hold an enquiry into the coal production in the combined British and American zones. In the meantime the British, French and U.S. Governments have jointly announced an arrangement for fixing the proportion of exports from their zones of occupation to the coal importing countries of Europe for the six months period from July 1st next. Exports will be fixed in terms of percentages of net merchantable coal beginning at 21% when the daily output of clean hard coal in the Western zones reaches 280,000 tons a day and rising to 25% when it reaches 370,000 tons a day. It has also been agreed that when the economic incorporation of the Saar with France has been decided, a joint notification will be made by the Powers to the European Coal Organisation pointing out that in future France will be presenting to E.C.O. both the resources and the needs of France and the Saar as a whole, and asking that body to take account of this new situation.

* In 1937 before exports declined they accounted for 22% of total production.

Poland is the only other sizeable coal-exporting country in Europe. Polish coal production which at the beginning of 1947 was at the annual rate of some 55 million tons (or about 80% of the combined pre-war output of the old Polish and the newly-acquired Silesian coalfields)—continues to increase, but exports to Western Europe are well below normal. In 1946 Poland's exports (apart from deliveries to the U.S.S.R. on account of her reparations liability in respect of the newly occupied Western territories) totalled some 4 million tons or only about half the pre-war exports of which about 2 million alone went to Sweden. The original 1947 programme of the Polish coal industry envisaged a figure of 20 million tons as the total export to all countries including 9 million to the U.S.S.R. as "reparations" (see above). Under the recently announced Russo-Polish Agreement, 1947, "reparations" deliveries to the U.S.S.R. have been reduced from a nominal 13,000,000 to 7,000,000, for the whole year (6,500,000 in 1948). However, this will probably not result in any increased availability for Europe, as the Polish Government have officially estimated that their total export figure will be no more than 17,500,000 tons.

Poland is already making a helpful contribution to the needs of Eastern European countries which are by comparison small. The only other significant hard coal producer in Eastern Europe—apart from the U.S.S.R.—is Czechoslovakia, where hard coal output is now in sight of and brown coal output above the pre-war level and which is roughly normally self-supporting in solid fuel. The Soviet coal output itself is not a factor affecting the European coal supply position, but the reduction in the Russian demands on Poland already referred to should naturally be reflected to some extent on the quantity of Polish coal available for Western Europe.

Importing Countries

France heads the list of fuel importing countries in order of importance, though as will be seen, her relative dependence on imported supplies is much less than in the case of many of the others where domestic production is small or negligible.

The French domestic output continues at just above the pre-war level with a total labour force of some 40 per cent. higher of which a sixth (55,000) are prisoners-of-war. In 1946 production amounted to 49 million tons as compared with 47·5 in 1938 and during the past winter has been running at an annual rate of over 50 million tons. It is, of course, in respect of her outside sources of supply that France's position has weakened since before the war, when some 20 million tons of solid fuel were imported as compared with 11 million tons in 1946. The upshot is nevertheless, that during the last quarter of 1946 the monthly availability of solid fuel supplies averaged 5·2 million tons as compared with 5·6 million tons in 1938.

In view of the extreme energy with which France has urged her case for a larger share of the Ruhr coal production, it may be as well to consider the importance of these supplies in relation to her total fuel requirements.

In 1938, the main sources of French coal imports (totalling in all about 20 million tons) were over 6 million from U.K. and including coke nearly 7 million from Germany and over 4 million from Belgium.

At present, out of current imports of 600/700 thousand tons a month, as much as two-thirds comes from the U.S.A., while France's dependence on Ruhr coal amounts to no more than about one-eighth of her total imports or below 100,000 tons a month. Thus supplies from the British zone play a relatively unimportant part in the French coal supply position at present, and it is clear that the French agitation for a larger share of the Ruhr production derives as much from political and financial motives as from supply considerations. French demands relate in fact to the expanded level of industrial production envisaged under the Monnet Plan, rather than to any mere restoration of the pre-war level of coal consumption; furthermore France, like other European consumers, finds U.S. coal expensive and of poorer quality and would prefer not to have to draw so large a proportion of total imports from dollar sources.

The general cuts which were absolutely necessary last autumn in Ruhr exports to all destinations and of which France was made to bear no more and probably less than her fair share, doubtless affected the French position, particularly as during the shipping strike American supplies fell off, while Polish exports promised under the Franco-Polish trade agreement also failed temporarily to materialise to their full extent.

The present position is that, out of a total export allocation from Germany (Ruhr and Saar) to all countries during the quarter April–June 1947 of approximately 2½ million tons (see above under "Exporting Countries") France is to receive 720,000 or 28%, and if the May output in the Ruhr attains 250,000 tons a day, her share in June of the extra 125,000 tons to be made available for export will be 30%.

This provisional arrangement covering the second quarter of 1947 will be followed by the more recent arrangement mentioned above by which the British, French and U.S. Governments have agreed to fix exports from all three zones of occupation on a scale of percentages of output, thus to a large extent satisfying the requests which the French Government have been putting forward for a considerable time for the fixing of the volume of exports on a sliding scale as a percentage of German production, though the French make it clear that there is still a difference between what can be expected from these latest proposals and the "vital needs of France." Hence their request for help with E.C.O. over the question of the Saar and its effect on their coal position.

The French contention that she is entitled to the whole of the Saar production merits separate examination. The current rate of production of the area is