Transport Committee of O.E.E.C. has already had one important result. Surpluses of rail equipment in Italy and Belgium were able to be matched against demands for similar equipment from the United States. This resulted in a substantial saving in dollars.

16. The United Kingdom representatives on the Transport Committee will continue to press for measures of co-operation.

III.—Fertilisers

Nitrogenous Fertilisers

17. Reference has already been made to the position on nitrogenous fertilisers. There is at present a world shortage (demand is about 4 million tons and supply about 3 million tons) and we are considering what the situation is likely to be in four or five years' time. In the long run output could be raised through hydro-electric schemes in Europe. If a real long-term deficiency is likely to develop it would be worth while considering the installation of new plant in the United Kingdom. Plans for more nitrogen, therefore, depend on a survey of the European and other agricultural expansion plans, and, as far as Europe is concerned, we shall not be able to come to a clear view until the Long-Term Agricultural programmes have been discussed in Paris.

Potash

18. A rough statistical assessment suggests that there will be no serious world shortage of potash by 1952. About one half of United Kingdom supplies come, however, from the Russian Zone of Germany, and are, therefore, extremely uncertain. Moreover we have not been able to take into account, in our calculation of demand, a number of agricultural expansion plans of which we as yet know nothing, but which, in all probability, exist, or will shortly be formulated. It seems, therefore, highly desirable to stimulate increased output in France (and Spain). Both countries are anxious for this, and all that is needed is more plant and equipment. We propose, therefore, to discuss at O.E.E.C. the possibility of obtaining what is needed.

Phosphate Rock

19. We at present import about 950,000 tons of rock phosphate from French North Africa for use as fertilisers. We are hoping to get larger supplies in 1952, in order to dispense with imports from America, which we use for industrial purposes. This will not involve very much more capital equipment and will save us some half a million dollars.

Sulphur

20. About 50 per cent. of the sulphuric acid produced in the United Kingdom is used in the production of fertilisers. Forty-five per cent. of present sulphuric acid production is based on imported natural sulphur (as distinct from the use of pyrites, zinc concentrate, &c.). This has to come, at present, from the United States at a cost of over 4 million dollars per annum.

21. There are sulphur mines in Italy, but owing to their obsolescence and other factors the Italian price is three times that of the American. A very substantial re-organisation of the Italian mines, with more equipment and less unproductive labour, might enable us to take 365,000 tons from Italy, quite apart from what other countries might be prepared to import. We propose to press for this to be treated as a project.

IV.—Raw Materials

Timber

22. Schemes for increasing European timber production chiefly affect Eastern Europe, which is outside the range of O.E.E.C. In one particular respect, however, Western Europe could be of substantial assistance to the United Kingdom. Before the war our imports of pitprops from France and Portugal totalled 135,000 fathoms. This was a convenient trade, since pitprops were shipped to Cardiff from the South of France and from Portugal and the vessels returned with coal. These two sources of pitprops have declined since the war and in 1947 only 35,000 fathoms were shipped to the United Kingdom. Pitprops are so vital to the expansion and safety of the coal industry (to which France and Portugal look for supplies) that, in the absence of Russian timber, we are spending 3 million dollars per annum on pitprops. It is expected that Portugal will be able to