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CABINET

COAL SUPPLIES IN THE WINTER  
1950/51

Note by the Secretary of the Cabinet

The Production Committee has recently considered two memoranda by the Minister of Fuel and Power on Coal Supplies during the Winter 1950/51. A copy of P.C. (50) 104 is attached for consideration in connection with the memoranda by the Foreign Secretary and the Chancellor of the Exchequer on Coal Exports (C.P. (50) 253 and C.P. (50) 252). A copy of P.C. (50) 102 is being circulated under cover of C.P. (50) 255.

(Signed) NORMAN BROOK

Cabinet Office, S. W. 1. ,

3RD NOVEMBER, 1950.



Printed for the Cabinet. November 1950

[P.C. (50) 104

30th October, 1950]

## CABINET

### Production Committee

#### COAL SUPPLIES IN THE WINTER 1950-51

##### MEMORANDUM BY THE MINISTER OF FUEL AND POWER

1. In accordance with the request of the Production Committee (P.C. (50) 17th Meeting, Conclusion (2)), I arranged for the detailed effect of the reduction of 50,000 tons a week, to which the Committee agreed at its meeting on 20th October, on the export and bunker programme to be examined by officials of the Departments concerned and of the National Coal Board, and I have now had their views.

2. The total level of exports and bunkers in the calendar year 1950 which, with the agreement of the National Coal Board, I consider to be the maximum that can be provided, namely, 17·1 million tons (exclusive of manufactured fuel), represents a reduction of 1·1 million tons on the figure (18·2 million tons) reported to the Minister of State for Economic Affairs on 21st July and accepted by the Production Committee at its meeting on 28th July (P.C. (50) 15th Meeting, Minute 5). Part of this reduction in exports has already been successfully arranged by the National Coal Board in agreement with the importing countries concerned, and it is the final effect of the second portion of the total cut (namely the cut of 400,000 tons which has to be made if the deficiency of this amount in end-October inland stocks is to be made good in November and December) that the officials were specially asked to examine.

3. The officials considered in detail proposals for cuts on individual countries and, in particular, Sweden, Italy, Spain and the Irish Republic, which were likely to present special difficulties. Certain additions were made for these countries, but, within the limits imposed by the need to secure a reduction of 50,000 tons a week, the scope for adjustment was small. After taking into account these and other relevant considerations, the officials came to the conclusion that, given that there must be an export reduction of this order, the least damage to the interests concerned would result from the adoption of the export programme set out in Column 3 of the attached Table (Annex A). This programme, which shows the exports for the calendar year 1950 after adjustment, including reduction by the 400,000 tons mentioned above, has necessitated a slight reduction (10,000) in the supplies to be furnished to oversea bunker depots in the last quarter of 1950. It is anticipated that this small reduction can be made good from other countries.

4. As regards the question of possible breaches of contract (P.C. (50), 17th Meeting, Conclusion (3)), Lord Hyndley has reported as follows:—

“The contracts of the National Coal Board are mainly with exporters; it is they who are contracted with foreign buyers and it is they who would first experience real difficulties—in the last stage, resort to legal action—owing to non-fulfilment of contracts. The exporters might then be compelled, in self-defence, to proceed against the Board.

“Until the market has been tested, it is impossible to do more than guess what will be the final reaction of foreign buyers to the further cut in exports. But the exporters generally think at present that they will be able to deal with

the situation commercially. Therefore, for the time being at least, no recourse to refusal of export licences would appear to be necessary. Even if such recourse was necessary, it would be impossible to forecast in advance the particular countries or tonnages in respect of which it would be likely to operate. The withholding of export licences would apply in respect of individual shipments.

"On the other hand, if it proved necessary later on to adopt the device of withholding export licences to protect exporters and/or the Board, it might well be that the decision so to act would have to be taken as a matter of urgency."

5. I would hope that, if it should be necessary to refuse export licences for a few cargoes in order to implement the decision to reduce exports by 50,000 tons a week in November and December, my colleagues would not wish to be consulted in each individual case, and I propose, therefore, that I should be authorised to sanction any few cases in which the National Coal Board see no alternative to refusing an export licence, subject to the understanding that I will report to the Committee in the event of such refusals seeming likely to reach an appreciable scale. The decision on an individual case might have to be taken at very short notice indeed and I do not think that Ministerial consideration would be practicable, but there would, of course, be such discussion at official level as the time available permitted.

6. In conclusion, I must add that while these measures may hold the position for the time being, the coal situation may deteriorate still further (for the reasons given in P.C. (50) 99), and it may be that a still lower level of exports will have to be contemplated at a later stage. While I appreciate the difficulty (expressed on behalf of the Foreign Office at the last meeting of the Production Committee) of regarding exports as residual and to be considered only after we have provided for ourselves, I must point out that this in fact is the position. We could not possibly regard essential inland requirements of industry, the power stations, and other forms of consumption (including the severely limited supply of domestic coal) as residual to be supplied only after the requirements of exports have been met, for such a course would in present circumstances inevitably lead to disaster at home.

(Initialled) P. J. N.-B.

*Ministry of Fuel and Power,  
7, Millbank, S.W. 1,  
30th October, 1950.*

## ANNEX A

## COAL EXPORTS 1950 (excluding Manufactured Fuel)

(Thousand Tons)

| Countries and Possessions                    | Distribution on basis of export availability of 20 million tons contemplated by the Production Committee in May, 1950 | Distribution planned on basis of Production Committee decision of July, 1950 | Distribution now proposed |
|--|---|--|---------------------------|
|  | (1)   | (2)  | (3)                       |
| <i>Participants—</i>                         |   |  |                           |
| Belgium ... ..                               | 260   | 241  | 238                       |
| Denmark ... ..                               | 2,000   | 1,801  | 1,770                     |
| Irish Republic ... ..                        | 1,700   | 1,662  | 1,590                     |
| France ... ..                                | 1,550   | 1,453  | 1,415                     |
| Germany ... ..                               | 525   | 490  | 455                       |
| Iceland ... ..                               | 10  | 7  | 5                         |
| Italy ... ..                                 | 1,720   | 1,688  | 1,543                     |
| Netherlands ... ..                           | 930   | 750  | 730                       |
| Norway ... ..                                | 400   | 390  | 385                       |
| Portugal ... ..                              | 450   | 399  | 374                       |
| Sweden ... ..                                | 1,470   | 1,320  | 1,250                     |
| Switzerland ... ..                           | 170   | 187  | 155                       |
| <b>Total Participants ...</b>                | <b>11,185</b>   | <b>10,388</b>  | <b>9,910</b>              |
| <i>Dependent Overseas Territories ... ..</i> | <i>150</i>  | <i>148</i>   | <i>137</i>                |
| <i>Non-Participants—</i>                     |   |  |                           |
| Argentina ... ..                             | 1,300   | 1,137  | 980                       |
| Australia / New Zealand                      | 10  | 6  | 6                         |
| Brazil ... ..                                | 150   | 75   | 75                        |
| Canada ... ..                                | 465   | 462  | 406                       |
| Egypt ... ..                                 | 300   | 76   | 80                        |
| Finland ... ..                               | 200   | 137  | 75                        |
| Pakistan ... ..                              | 60  | 52   | 52                        |
| Spain ... ..                                 | 820   | 695  | 575                       |
| Uruguay ... ..                               | 75  | 54   | 54                        |
| Miscellaneous ... ..                         | 35  | 33   | 50                        |
| <b>Total non-participants</b>                | <b>3,415</b>  | <b>2,727</b>   | <b>2,353</b>              |
| <b>Total Cargo Exports ...</b>               | <b>14,750</b>   | <b>13,263</b>  | <b>12,400</b>             |
| <b>United Kingdom Bunkers</b>                | <b>4,400</b>  | <b>4,197</b>   | <b>4,050</b>              |
| <b>Overseas Bunker Depots ...</b>            | <b>850</b>  | <b>720</b>   | <b>650</b>                |
| <b>Total Bunkers ...</b>                     | <b>5,250</b>  | <b>4,917</b>   | <b>4,700</b>              |
| <b>Grand Total ... ..</b>                    | <b>20,000</b>   | <b>18,180</b>  | <b>17,100</b>             |

