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AN EXCLUSIVE INTERVIEW WITH PRESIDENT HALLSTEIN

Common Market Chief Discusses Relations Between the Six and the Seven

As the six-nation Common Market enters its third year, seven other European nations are in the process of forming a European Free Trade Association.

Many people on both sides of the Atlantic are wondering how the Community and the "Outer Seven" will be able to work together. In this Bulletin, the President of the Common Market Commission answers questions that are of particular importance today.

Q: *The European Community (the European Community for Coal and Steel, the Common Market, and Euratom) is often described as the first step toward a United States of Europe. In the past two years, what progress has been made toward a European political Community?*

A: The European Community is already in some respects a political Community. Its institutional structure is political and its aim is political. But what many people don't realize is that what the Community is already doing is a matter of politics. After all, a very large part of modern politics consists of economic policy.

Moreover, we have already taken a number of important steps, not only dismantling trade barriers as laid down by the Rome Treaty, but also steps to coordinate policy and to make future decisions a matter of common agreement. Already, for instance, our six countries' finance ministers and their foreign ministers have agreed to hold regular meetings. And on the civil-service level, such meetings are now a matter of daily routine, none of it laid down in the treaty, but all of it vital to our work. We are now studying how to cut short the Common Market's transition period. The European Parliament is preparing for election by direct universal suffrage; and it has recently been proposed that the three Executives of the European Community should be replaced in two years' time by a single European executive.

Q: *But wouldn't it be a rather small United States of Europe without Great Britain? Could she not have joined in the movement? Could she join now?*

A: The European Community is, so far, limited to six member countries; and it would certainly have been very much to our liking had Great Britain felt herself able to join in our efforts from the first. She was indeed invited to join the European Coal and Steel Community, and when the Common Market and Euratom were being planned, this invitation was renewed. But the British Government did not feel itself able to go further than the conclusion of an Agreement of Association with the European Coal and Steel Community—which has, I may add, done some very useful work. I think I understand some of the difficulties that Great Britain felt in this respect—in particular the

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questions of Parliamentary sovereignty and of the British Commonwealth.

But we have to be realistic about these things, and I don't think that the six Community governments would have been justified in calling off their plans simply because Great Britain didn't join them. One has to make a breakthrough somewhere, and I am certain that had the European Community not been created there would never have been any proposal for a wider free trade area, let alone the formation of the "Outer Seven." In fact, as is shown by the "Dillon proposals" (advanced by Under Secretary of State C. Douglas Dillon) for substantial tariff cuts in GATT (the General Agreement on Tariffs and Trade) the development of the Common Market has already acted as a catalyst in helping to break the log jam of restrictions on world trade.

Even now, when habits and policies are beginning to form within the European Community, there is nothing to prevent Great Britain's asking to become an associate or a member of the Common Market. Personally, I cannot believe that we shall always find ourselves on opposite sides of the table. The world is moving too fast for that. And the European Community remains an open Community: the Rome Treaty pledges it to be so; and talks are already in progress with the Greek and Turkish Governments for their association with it.

Q: *What is your opinion of the "Outer Seven" grouping?*

A: I have not yet had the opportunity to study in detail the EFTA (European Free Trade Area) Agreement, and it is therefore difficult to say very much about it. But, of course, everyone is perfectly entitled to make what trade arrangements he wishes, so long as they are compatible with other international obligations, such as the GATT. And it seems to me, speaking as an impartial observer, that there is something to be said for any attempt to remove trade barriers, provided that this condition is fulfilled.

On the other hand, the creation of the "Outer Seven," although I understand that it does not imply a common trade policy such as the European Community will have, does to some extent limit the freedom of action of its participants who might otherwise feel themselves freer to associate individually with the Common Market. But it is a choice freely made, and it is not for me to criticize that choice.

Q: *That is a very cautious answer. Some people have suggested that the existence side by side of the Community and the Seven might lead to the economic division of Europe. Do you think that this is true?*

A: I don't think that we should look at this problem in such dramatic terms. The two main barriers to trade today are quotas and tariffs. The Common Market Commission has already urged the gradual elimination of all quota restrictions and a short while ago the Community's Council of Ministers decided to make applicable to non-member countries the next quota enlargement on the way to the full common market. In a few years from now, then, I don't think quotas will be any problem.

With regard to tariffs, too, the Community is liberal. We have said this on many occasions, but deeds speak more loudly than words. The Community has proposed that the first two rounds of tariff cuts on the way to the

full common market be extended in large measure to non-member countries. Moreover, the Community's common external tariff, which will begin to come into force in two years' time, is itself the arithmetical average of existing tariffs. Even this, which already represents a much lower tariff for Italy and France, is to be reduced by the negotiations proposed by Under Secretary Dillon. This proposal was quickly accepted by the European Community. But we have gone even beyond this and have proposed a further substantial round of tariff reductions after the Dillon negotiations themselves.

Of course, the Community will have its own common policies and will act as an entity in many fields, just as does any national state. To this extent, there will be a difference between it and its European partners. But its so-called "tariff wall" will, in fact, be far from being among the highest in Europe.

Q: *Do you mean by this that there is no need for a bridge between the Community and the Seven?*

A: Of course, there must be a satisfactory solution of the relations between our Community—as such—and our European partners. But as to the so-called bridge—if only I knew what it means. I am rather against words which distort things instead of clarifying them. A few weeks ago, just before my recent visit to Greece, I was asked what I proposed as the "solution" of our problems in Europe. I promised my questioner that while in Greece I would put the problem to the Delphic Oracle. But I added that I knew in advance what the answer would be: "Build a bridge." Indeed, this phrase seems to me the perfect Delphic answer, in that everyone can interpret it as he chooses, but no two people are agreed on what it means.

To put it more clearly, we must start as soon as possible to discuss future relations between us—and in concrete terms. For this purpose the Community—the Council of Ministers acting on the Commission's suggestion—has proposed to form a liaison committee. At the same time our six governments have set up a special committee presided over by the Commission to seek further solutions. In fact, I am convinced that there must be close contact between us, but I think that the whole problem should be seen in a wider context.

Q: *I take it that you mean the political context. Is there not some danger, however little difficulty there may be economically, that the existence side by side of the Community and the Seven may lead to political divisions and to Great Britain's finding herself outside the major decision-making center of Western Europe?*

A: No. There might be some danger of this—if we were not living in the world of today where no nation, and not even a Community of nations, can take its major decisions alone. But the West is interdependent. That is why I believe that our European problems cannot be solved simply by treating them in isolation. And in any case, "political divisions" are not automatic chemical reactions. They can only occur if politicians want them—and I can't imagine any statesman being willing to take on such a responsibility.

The establishment of the European Community, it is true, represents an immense step forward, reconciling traditional enemies, spurring the economic progress that Europe needs to make, and, above all, applying a new form

of political organization to international affairs. In my view, it points the way forward. But simply because it is so revolutionary a concept, and because its economic importance is so crucial, it has to think in world terms.

Recent developments in the international balance-of-payments situation make this clear. For our problem is not only to settle trade questions between the Community and the Seven, but rather to help tackle the economic problems facing all of us in the West. Even America cannot solve her problems on her own, let alone tackle by herself the problems that are common to all of us—market and price stability, especially for raw materials, monetary stabil-

ity, economic expansion, and aid to less-developed countries.

That is why I repeat: Of course the Community must talk with the Seven—but not only with them. We must try to find ways of facing our common problems together—the European Community, the United States, Great Britain, and the other countries of Europe. Anything else would, at best, be a short-term expedient, liable to lead to more trouble than it cured. What we have found, indeed, is what my friend and colleague, Étienne Hirsch, President of the Euratom Commission, once put epigrammatically—that unity in international affairs is contagious.

Common Market Officials Appointed Hallstein Renamed for Two-Year Term — Caron Fills Vacancy

Professor Walter Hallstein was reappointed to an additional two-year term as President of the Commission of the European Economic Community by the foreign ministers of the Community member countries at a meeting in Strasbourg on November 23. Two incumbent Vice Presidents, Sicco L. Mansholt and Robert Marjolin, were also confirmed in office for two more years. The terms will end January 9, 1962.

At the same time, Giuseppe Caron, Italian Senator and member of the European Parliament, was appointed Vice President of the Commission to succeed Piero Malvestiti who became President of the High Authority of the European Coal and Steel Community on September 16.

Previous to his appointment to the nine-man EEC executive, Sig. Caron was a member of the Consultative Assembly of the Council of Europe and of the Common Assembly of the ECSC. Long associated with political affairs, he has been a member of the Italian Senate since 1948. In 1955 and 1956 he was Under Secretary for Public Works, and from 1956 to 1959 he was Under Secretary for Defense.



*New EEC Vice President
Giuseppe Caron.*

Born on February 24, 1904, in the northern Italian city of Treviso in the province of Venetia, Caron holds the degree of Doctor of Chemistry and Pharmacy. During World War II, he was associated with the anti-fascist resistance movement.

For 20 years, he headed various industrial and commercial firms and was actively associated with the Chamber of Commerce. For four years, he was Chairman of the Chamber of Commerce of Treviso and Vice President of the Italian Union of Chambers of Commerce. He has been Vice President of the Chamber of Commerce for the Americas and Chairman of the Italian Section of the Transport Commission of the International Chamber of Commerce.

MONNET COMMITTEE PROPOSES ATLANTIC ROUND TABLE

The Action Committee for the United States of Europe, presided over by Jean Monnet, first President of the High Authority, has proposed a round-table meeting between the European Community, the United Kingdom, the United States, and another non-Community country to be selected from among the 18 members of the OEEC (Organization for European Economic Cooperation). It was recommended that the meeting study not only the problems of the Six and the Seven, but also the major economic problems facing the countries of the West, such as tariff arrangements, monetary stability, and expansionist economic policy, and aid for less-developed countries. This proposal was voted unanimously at the Committee's seventh session, held in Paris on November 19 and 20.

The Action Committee, which was formed at the end of 1955 to help further European integration, is composed of representatives of the majority of non-Communist political parties and trade unions of the six Community countries.

Its unanimous resolutions are binding on the policy of its constituent groups. Membership includes Antoine Pinay, French Finance Minister; Erich Ollenhauer, President of the German Social Democratic Party; Giovanni Malagodi, Secretary-General of the Italian Liberal Party; and M. D. Roemers, President of the Federation of Dutch Trade Unions.

The Action Committee proposed that the three existing executives of the European Community (the ECSC High Authority, and the Euratom and Common Market Commissions) should be replaced by a single European Economic Executive which would assume their respective powers under the three treaties.

The Committee also urged the freeing of capital movement between the six countries, the coordination of their budgetary and credit policies, and the creation of a European reserve fund, as well as further progress in anti-cartel and energy policy.

MORE COMMUNITY TRADE LIBERALIZATION IN 1960

The new year is bringing further stimulation to trade in the Common Market with a second quota increase on January 1 and another round of tariff reductions scheduled for July 1. The Community's Council of Ministers voted on November 24 that member countries could extend these concessions to non-member countries on an even more liberal basis than last year.

On January 1, 1959, the Common Market countries "globalized" their quotas and made an over-all mutual increase of 20 per cent. Each global quota itself was increased by at least 10 per cent. At the same time, small or nil quotas were raised to three per cent of national production. The same system applies this year, with the three per cent of national production minimum increased to four.

The quota liberalization last year was extended to other members of the OEEC (Organization for European Economic Cooperation) on the basis of reciprocity. The Council of Ministers on November 24 decided that member countries may extend the new quota enlargements to all members of the GATT (General Agreement on Tariffs and Trade) and also to those non-members which benefit from the most-favored-nation clause, unilaterally.

The 10-per-cent tariff reduction which went into effect January 1, 1959, was, by decision of the Council, extended to other OEEC members and all members of the GATT and also to those non-members which benefit from the most-favored-nation clause, the extension applying only to tariffs above the level of the future common external tariff.

This increase was granted unilaterally. The same rules apply to the November 24, 1959, decision regarding further tariff reductions next July 1. The difference between the decision of December 3, 1958, and that of November 24, 1959, is that in the latter case, the governments of member countries are authorized to extend their tariff and quota liberalizations to outside countries, but they are not obligated to do so.

Proposals made by the EEC Commission in its Second Memorandum dated September 22 regarding more rapid introduction of the common external tariff were accepted by the Council and will be discussed by the Committee of Permanent Representatives.

Besides the quota enlargements effective January 1, other steps to be taken in the Common Market include:

- submission to the Council of the Commission's proposals for the Community's common agricultural policy;
- submission to the Council of the Commission's program for gradually abolishing restrictions on the right of establishment within the Community;
- submission to the Council of the Commission's program for gradually abolishing restrictions on the supply of services within the Community;
- establishment of transport regulations to preclude varying transport rates on the grounds of country or origin or destination.

AID TO LESS-DEVELOPED COUNTRIES SUMMARIZED

Development Fund Has Received Approval for 50 Projects Totalling \$29 Million

Associated overseas countries have received approval for 50 investment projects under the Community's Development Fund for the Overseas Countries and Territories. Value of the grants-in-aid, which are non-repayable, amounts to \$29,146,250, covering projects approved through November 30.

European cooperation in Africa means men as well as money.

A general breakdown of the aid projects approved to date:

Education 602 elementary-school classrooms, three secondary schools, four agricultural schools, one vocational school, one business school; \$6,068,000.

Health 12 maternity hospitals, 27 dispensaries, 27 hospital wards, 25 mobile clinics, six hospitals, one child-care clinic, two social-welfare centers, one nursing school; \$6,126,040.

Water Supply 164 irrigation wells, one central water-supply system; \$1,947,000.

Town Planning Laying out of lots and designing public works; \$2,395,600.

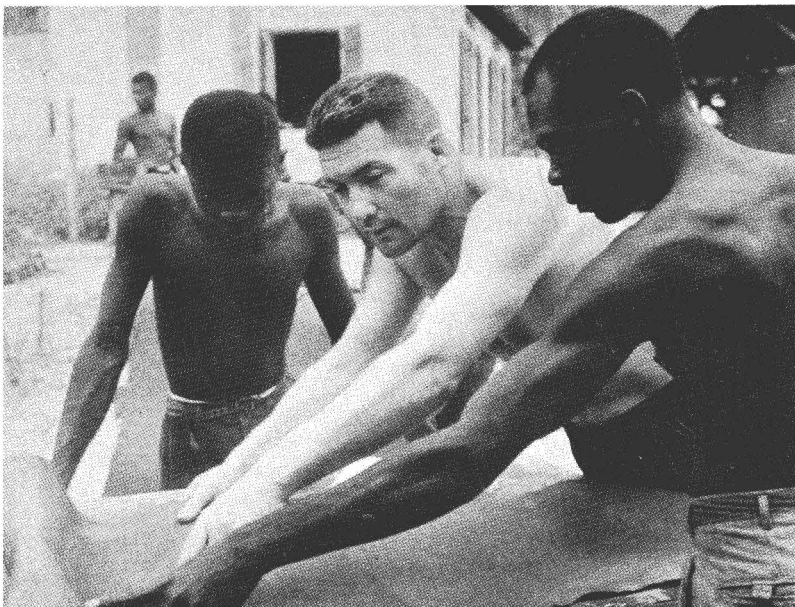
Highways Improvements and new construction; \$2,545,417.

Railroads \$1,509,313.

Port Facilities \$4,624,880.

Farm Development \$3,930,000.

The Development Fund for the Overseas Countries and Territories, operating under the EEC Commission, is responsible for a \$581.25 million program of aid for some 20 overseas countries, most of which are in Africa. The present program will operate for five years from the date of entry into force of the Common Market Treaty, January 1, 1958.



COMMON MARKET AT THE TOKYO GATT MEETING

The Community's imports of coffee and cocoa from the rest of the world during the first six months of 1959 showed a marked increase over 1958. This was one of the conclusions of the Common Market's Report to the 15th Session of the contracting parties to the General Agreement on Tariffs and Trade, which began in Tokyo on October 26.

Coffee imports reached 195,700 metric tons for the first six months of 1959 as compared with 174,100 metric tons in the first six months of 1958. Cocoa imports over the same period rose from 94,200 metric tons to 96,700 metric tons. No figures were available for the first six months of 1958 for bananas or cotton, but 1959 imports from non-member countries were maintained at some 54 per cent and 93 per cent respectively of the Community's total consumption. Present indications also suggested that the increase in wood imports in 1958 had continued in 1959.

The Community's report stressed that no firm conclusion could necessarily be drawn in so short a period of comparison, but it declared that during the past 10 years,

the Community's annual income had risen almost twice as fast as that of the United States and United Kingdom, and that it was still rising rapidly, thereby also increasing its capacity to absorb imports, particularly raw materials.

Tariff negotiations in GATT will open in Geneva on September 1, 1960. The first phase will cover the renegotiation of the Community's common external tariff under Article XXIV, 6, of the GATT (adjustment and compensation arrangements). The second phase will be devoted to multilateral negotiations as proposed by Under Secretary of State C. Douglas Dillon and accepted by the Community last May 5. Mr. Dillon's proposal calls for a general 20 per cent tariff reduction. The Common Market Commission has since proposed that this be followed by a further round of negotiations and further substantial tariff reductions. These negotiations will be conducted on behalf of the Community by the Common Market Commission, assisted by a special committee of senior civil servants from the member countries.

The Community's Booming Steel Industry

Business Expansion and Restocking Cited as Major Causes of Record Output

The Coal and Steel Community's two major industries present sharp contrasts today. While coal languishes under the growing encroachments of the oil revolution, the Community's steel industry is booming. Spurred on by a general business expansion, coinciding with substantial restocking, orders and production have reached new record levels and promise to move higher still.

Output for 1959 is likely to show a record 63 million metric tons (almost 70 million short tons)—50 per cent more than was produced in 1952, the last full year before the common market for steel came into existence.

Output of crude steel (ingots and castings) in 1959 surpassed the previous record level (set October, 1957) in two successive months—September, with 5,538,000 metric tons, and October, 5,979,000 tons, against 4,794,000 and 5,063,000 respectively in the corresponding months of 1958. In the first 10 months of last year, 51,800,000 metric tons were produced—six per cent more than the 48,842,000 tons produced in 1958.

Orders for rolled products, too, reached unprecedented levels, spurting sharply to the record total of 4,892,000 metric tons in October, as against 4,020,000 in September, 3,259,000 in October, 1958, and the previous record level of 4,522,000 registered in July last year.

By the end of August, orders on the books had passed 12 million tons, an increase of nearly two million tons in a year. Order books provide striking evidence of the influence of business activity on the steel industry. As the following table shows, orders in the second and third quarters of the year were roughly 50 per cent greater than in the corresponding quarters of 1958:

YEAR	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1958.....	-9.4	-18.3	-17.8	-14.4
1959.....	-0.9	+53.3	+46.5

In the first 10 months of 1959, total orders received for rolled products amounted to 41,184,000 tons, or 32 per cent more than in the corresponding period of 1958 (31,260,000). The bulk of the increase came from internal Community demand, and the increase in export orders (orders from outside the Community) has been slightly lower, at 30.5 per cent, than the increase in orders as a whole.

	National Markets	Other Community Countries	Non-member Countries	Total
January–October 1959...	25,514	5,776	9,894	41,184
January–October 1958...	20,146	3,531	7,583	31,260
Percentage difference 1959 over 1958	+26.6	+63.6	+30.5	+31.8

The rising level of activity has lengthened delivery periods. Cold-rolled sheet has become almost impossible to find and supplies of concrete reinforcing bars, wire rod, and small sections are increasingly difficult to obtain. The shortage is also beginning to affect hot-rolled sheet, but

heavy plates, ship's plates and joists are in relatively easy supply.

The boom in steel was generated by a general business expansion, with the Community's industrial production 6.4 per cent and 6 per cent higher in the second and third quarters of last year, respectively, than in the corresponding quarters of 1958. In the first quarter, the expansion over a year earlier had been only 1.8 per cent. Principal contributor to the expansion was the building industry, while the engineering industries, and particularly the investment-goods sections, also played a major part. Demand for vehicles continued to expand, particularly from countries outside the Community.

Lifting the steel boom to record levels was a simultaneous reversal of the trend in stocks. Additional orders placed for stock have meant that recovery and expansion in steel have substantially outpaced the general industrial expansion and the expansion in the steel-using industries.

The boom has not been primarily an export boom and the increase in home demand has outpaced the increase in export orders. The steel strike in the United States, which might have been expected to have caused a sharp increase in U.S. demand for Community steel, in fact played a minor role.

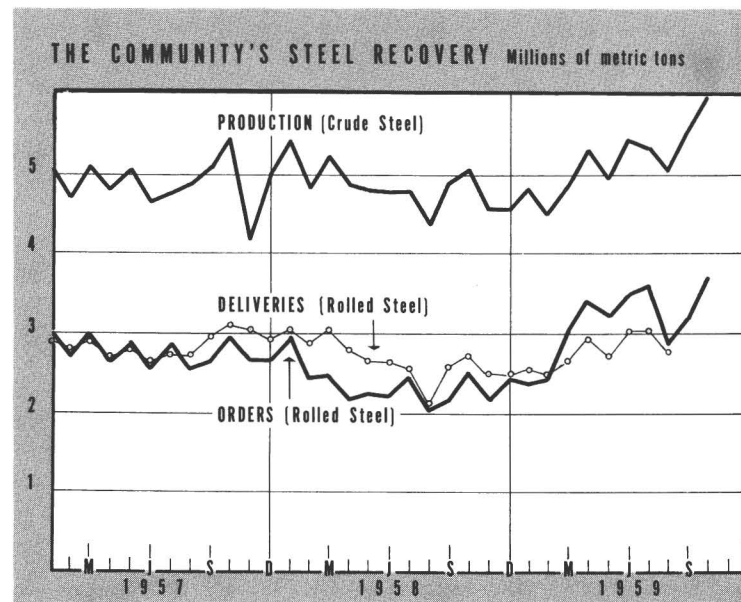
In the early part of the year, before the spurt in business expansion in the Community, the Community's steel industry had been able to divert part of its output to meet new American orders. In the first two quarters of 1959, the proportion of Community exports going to the United States was 19.7 per cent and 22.7 per cent, respectively, falling to 18 per cent in the third quarter, compared with under 10 per cent in 1958. But deliveries to the United States never amounted to more than a small proportion of total Community output—4.7 per cent and 5.5 per cent, respectively, in the first two quarters of last year, compared with an average of 3 per cent in 1956-58; and in the third quarter, as increasing supplies were required to meet internal Community demand, this proportion fell back to 4 per cent.

DELIVERIES OF COMMUNITY STEEL TO THE U.S., 1959

(in metric tons)

January	116,707	June	180,427
February	188,385	July	131,967
March	179,568	August	133,372
April	207,798	September	153,501
May	183,283		

If orders from the United States have been of little significance in the development of the boom, the growth in intra-Community trade has been one of its most remarkable features. German steel users in particular have stepped up their orders to steelmakers in other parts of the Community. As has been observed previously, intra-Community trade tends to develop rapidly as the market moves from recession into recovery and expansion, and then to taper off as the boom reaches its height and supplies become short. In the past year, it rose to an all-time record level, reaching an annual rate of 6.6 million metric tons in the first eight months, compared with 5.4 million in 1958, 5.7 million in 1957, and only 2.1 million in 1952, the year before the common market for steel took effect.



Continued Price Stability

In general, the boom in steel has been accompanied by a remarkable degree of price stability. Apart from the price increase of roughly 11.7 per cent in French steel in January last year, following devaluation, internal Community prices have remained more or less unchanged since the beginning of 1958, though some Belgian producers have recently tended to raise their prices for the products in greatest demand. At the beginning of October, prices for basic Bessemer steel were, on the average, still barely 10 per cent higher than at the start of the common market for steel in May, 1953.

The disparity caused by France's devaluation remains, as the subsequent price increase covered only about two thirds the proportion of the devaluation. Delivered prices for French basic Bessemer merchant steels are lower than those of local producers at all points in the Community, except at Milan where the Italian product has a slight price advantage. The same applies to French heavy plates, and in lesser degree to a wide range of French steel products, including some types of open-hearth steel. Rising demand at home, however, and increasingly long delivery delays have limited the increase in French steel sales to other Community countries.

In the export market, despite price increases in various products since the export recovery began in the second half of 1958, export prices for sections, strip, heavy and medium plates, and also for hot-rolled sheet, are still below the internal Community prices, barring the exceptionally low internal prices in France. For concrete-reinforcing bars, other merchant steels, wire rod, and cold-rolled sheet, however, the Community's export prices are above the internal level, with the exception of Italy. There is now a marked upward trend in merchant steels.

Rapid Spread of Oxygen Processes

In the technical field, the use of oxygen-blast converters using hematite pig iron (Linz-Donawitz—L.D.-process) has continued to gain ground rapidly over the past year, and work also started on the first similar plants for conversion of phosphorous pig (Kaldo, Rotor, oxygen-lime processes).

The use of oxygen is also improving the efficiency of open-hearth furnaces. Steel users are naturally interested in the quality improvements offered by these processes. The amount of steel produced in the Community by oxygen processes rose from a mere 18,000 tons in 1956 to 630,000 tons in 1958 and is expected to reach 1.7 million tons for 1959.

High Authority's Standardization Pushes Ahead

The High Authority's work on standardization continues. So far 19 "Euronorms" have been published, covering completely the testing standards for steel. The Euronorms for plates and sheet are also ready, with one exception. Quality standards for steel—Euronorms 20 and 21—will shortly

be published, and a further five Euronorms specifying tolerances and quality standards for sections, bars and plates are expected to be ready in the course of this year. Substantial progress has thus already been made toward acceptance of uniform standards throughout the Community, and also toward a common economic and technical vocabulary.

The Euronorms are put in use through publication in the lists of national standards. Some of the Euronorms which have appeared have already been published by the various standards institutes in the form of draft national standards. When the prescribed "warning period" expires, they will be adopted as national standards, and the old standards which do not tally with the Euronorms will be abolished.

COUNCIL GIVES FULL SUPPORT TO HIGH AUTHORITY COAL PLAN

Capacity of Belgian Coal Production to be Reduced by 9.5 Million Tons

The Council of Ministers of the six-nation European Coal and Steel Community gave full support to the High Authority on December 15 when it unanimously approved emergency Community measures to reorganize the Belgian coal industry. Under the accelerated plan, 9.5 million metric tons of annual capacity of Belgian coal production will be eliminated by the end of 1963.

The Council, meeting in Luxembourg, recognized the existence of "fundamental and persistent disturbances in the economy" (of Belgium) as set forth in Article 37 of the treaty. Its action authorized the High Authority to put into effect proposals for closing down marginal mines and temporarily limiting imports and exports. The action of the Council was in direct contrast to its refusal, on May 15, to authorize the Coal and Steel Community's executive to take drastic steps to reorganize the Community's outmoded coal industry.

The Six-Point Program

The new program calls for a speeding up of reorganization of the Belgian coal industry and an increase in the number of marginal mines that will be closed. It also calls for the temporary restriction of coal movements between Belgium and other Community countries. The Council's approval of the High Authority's proposals was limited to the 1960 calendar year. During the second half of the year, the question will be reopened by the Council.

The High Authority's proposals came in a six-point program:

1. *Extension and speeding up of the reorganization of the Belgian coal industry.* (The program submitted to the Council last July called for the closing down of 5.5 million metric tons of annual capacity by the beginning of 1963.) This deadline has been advanced to mid-1961. Furthermore, the Belgian Government is to present by May 1 plans to close an additional 4 million tons of annual capacity by the end of 1963. The time schedule:

1959—2.3 million tons	1962	}—2.7 million tons
1960—2.5 million tons	1963	
1961—2.0 million tons		

2. *Temporary restriction on trade in coal between Belgium and other Community countries.* In 1960, plans call for a limit of coal imports into Belgium of 2.9 million tons from other Community countries and 600,000 tons from non-Community countries (plus an additional 500,000 tons of coking coal to be imported for processing and re-export as coke).

In 1958, Belgian coal imports totalled 5.25 million tons, of which 2.9 million tons came from Community countries and 2.35 million tons from third countries. In 1955, a more "normal" year, coal imports into Belgium totalled 3.63 million tons. Of this amount 2.18 million tons came from Community countries, and 1.45 million tons originated in third countries. Exports of Belgian coal in 1960 to other Community countries will be limited to approximately 2 million tons.

3. *Production ceilings.* If necessary, the High Authority is prepared to impose ceilings on production in unsubsidized mines just as it now does on subsidized mines.

4. *Minimum prices.* The High Authority is ready to consider the establishment of minimum prices.

5. *Pithead stocks.* The High Authority will take certain measures to avoid sales of coal from present pithead stocks unbalancing the normal market.

6. *Aid to miners.* The Council also approved unanimously the High Authority's request to extend until the end of 1959 supplementary aid to Belgian miners on part time. Originally, the aid, amounting to about 20 per cent of daily wages, had been extended only to October 31. The Council agreed in principle to a further extension of this form of aid to miners adversely affected by the reorganization program until September 30, 1960.

PRESIDENT HIRSCH REVIEWS U.S.-EURATOM PROGRAM

Sees Long-Range Urgency for Nuclear-Powered Electricity

Etienne Hirsch, President of the Commission of the European Atomic Energy Community, pointing out that the consumption of electricity in Western Europe keeps doubling every 10 years, forecast a heavy demand for nuclear power in the years to come. Addressing the annual banquet of the Atomic Industrial Forum and the American Nuclear Society in Washington November 4, President Hirsch said: "In 1958, our six member countries produced 230 billion kilowatt-hours. For a population nearly equal to yours, that amounts to less than one third of the United States' production. In 20 years' time . . . we will need four times this amount, and estimates, based upon prospective energy resources, show that one quarter of this will have to be electricity produced by nuclear power.

"If this assumption is correct, this means that in 1980, we will have to produce roughly as much nuclear electricity as the total amount we are now producing in all our thermal and hydroelectric power stations."

Short-Term Slowdown

The long-term picture, President Hirsch emphasized, must be borne in mind because of the difficulties and unforeseen problems encountered by the commercial production of atomic energy. Europe's energy consumption in 1958 was two per cent less than in 1957. In 1959, its energy consumption, estimated at the equivalent of some 415 million tons of coal, would probably be slightly lower than the 1956 figure.

At the same time, there were structural factors, including the growing importance of oil and new resources of natural gas. Meanwhile, the construction of new tankers continued unabated, productivity continued to rise in American coal mines, and along with a general slowing down of industrial activity, Atlantic freight rates had dropped sharply.

Two years ago, President Hirsch said, it was forecast that the price of a ton of coal C.I.F. on the European coast would be about \$18. Today, American steam coal can be bought in Rotterdam at about \$14 a ton, and the price of imported oil is even lower. As a result, most modern thermal plants, with which atomic energy must compete, will be able to produce electricity for 1.5 mills less than had been expected two years ago. For a 150-megawatt reactor with a load factor of 75 per cent, producing one billion kilowatt-hours per year, this represents an added handicap of \$1.5 million per year. Furthermore, the installation cost for nuclear power plants tends to be higher than the \$350 per kilowatt installed that had originally been estimated. By a strange paradox, the mere promise of atomic energy has contributed to making conventional sources of energy cheaper.

"When I was responsible for economic planning in France," President Hirsch said, "we had to decide whether to exploit a certain natural gas field in southern France within a period of 20 or 50 years. It was decided that, with the prospect of atomic energy in the not-too-distant future, it was better to use this natural gas in the shorter period, thus making it possible to market it at a cheaper price and to increase the quantities immediately available."

The U. S.-Euratom Program

It had always been realized, President Hirsch continued, that utilities entering the atomic field would have to pay a price for it. The U.S.-Euratom one-million-kilowatt joint power program had been designed to bridge part of the gap between the cost of conventional and nuclear plants. Invitations for proposals under the Joint Program were issued last April 13, and five utility groups submitted letters on May 29 expressing their intention to participate in the program's first phase.

By October 20, each of these utilities confirmed this intention, but only one—the Società Elettronucleare Nazionale (SENN)—had met all the requirements of the invitation.

The five projects are:

SENN (Società Elettronucleare Nazionale, Italy). A boiling-water reactor of 150-megawatt capacity will be built at Puntafiume, between Rome and Naples. Prime construction contractor: International General Electric Company.

AKS (Arbeitsgemeinschaft Baden-Württemberg zum Studium der Errichtung eines Kernkraftwerkes, German Federal Republic). An organic-moderated reactor of 150-megawatt electrical capacity will be located in Baden-Württemberg. Prime contractor for nuclear portion of the plant: Atomics International working with its German affiliate Interatom. Architect engineers and prime contractor for conventional portion: Brown, Boveri. The German Federal Government has expressed its readiness to cover part of the difference between conventional and nuclear costs up to 100 million Deutsche marks. A new company will be incorporated for the construction of the project since AKS is incorporated only for the preparatory steps.

EDF/Centre-et-Sud. A 150-megawatt plant of yet unspecified design will be installed at Chooz, near the Franco-Belgian border, on the River Meuse. Electricité de France (EDF) and the Belgian company Centre-et-Sud have indicated their intention to submit a proposal, and the site has already been surveyed; but the utility group is still in the process of evaluating bids recently received from manufacturers.

SEP. This organization, which groups all Dutch electricity producers, wrote the Euratom Commission expressing continued interest in the Joint Program although the time limit available had not permitted a final decision.

BEWAG. A 150-megawatt reactor in West Berlin. The special juridical position of Berlin poses legal problems, and safety aspects are particularly important in so heavily populated an area. Willy Brandt, Mayor of Berlin, during a recent visit to Brussels, confirmed the importance his city attaches to such a construction and indicated that completion was to be expected between 1963 and the end of 1965.

Success of the Research Program

Summing up, President Hirsch declared: "I have tried to give you a complete and candid picture of both the present state of the program and the background against which it developed. Some of the economic assumptions on which the program was based have changed for the immediate future, and this may require some flexibility in the timetable, but the long-range perspective remains unaltered, and the necessity to acquire experience in the construction of large-scale reactors and to bridge the gap between nuclear and conventional power costs remains as valid as ever."

The \$100 million U.S.-Euratom Joint Research and Development Program, he said, was an essential means to this end. Some 400 proposals have been received, of which nearly 100 were joint American-European proposals.

"This success," President Hirsch said, "demonstrates that

industry on both sides of the Atlantic has faith in the ultimate success of atomic energy. The unique features of the program—the direct association of many American and European firms, the joint financing, the selection of the proposals by a joint board made up of American and European experts, and the sharing of results and inventions—provide a working model of the kind of efficient and intimate relationship we should try to develop between Europe and the United States."

President Hirsch concluded: "Economically, the period of European reconstruction has now come to an end. Politically, we begin to see in Europe, emerging from the chaos of the past, a powerful new force, a second United States. This new Europe is not looking to the United States as the universal provider it was during the period of reconstruction. Europe is now ready to assume its responsibilities as an equal partner in common worldwide tasks."

EURATOM'S EXECUTIVE ON THE MOVE

Within a week's time, President Étienne Hirsch and other members of the Euratom Commission traveled to Bonn and then to London for discussions on mutual collaboration regarding the European Atomic Energy Community program. Almost simultaneously, Vice President Enrico Medi flew to New York on an inspection tour.

President Hirsch, with Commissioners Heinz Krekler and Emanuel Sassen, met with Chancellor Konrad Adenauer and members of the Federal Cabinet in Bonn on November 26. Special attention was devoted to means of implementing the U.S.-Euratom Agreement for Cooperation for the Peaceful Uses of Atomic Energy, which was signed November 8, 1958, in Brussels. The Federal Republic of Germany reiterated its intention to give all support and encouragement to the German project Arbeitsgemeinschaft Kernkraftwerke Stuttgart (AKS), a 150-megawatt reactor to be built during the first phase of the program. This phase ends December 31, 1963. The German Government promised a Federal guarantee for the program of approximately

Visiting Britain's atomic-research plant at Harwell (left to right, foreground): Commissioner Sassen; W. F. Wood, Deputy Chief Engineer, Reactor Operations, Harwell; President Hirsch; U.K. Atomic Energy Authority Chairman Lord Plowden.



President Hirsch with British Minister for Science Lord Hailsham (left) at December conference in London.

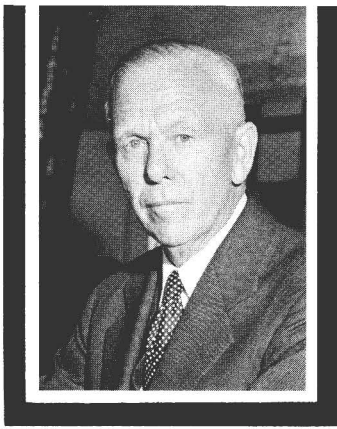
100 million Deutsche marks. Following the meeting, the Euratom officials discussed the AKS project with members of the Baden-Württemberg Land Government.

On December 2, President Hirsch and Commissioner Sassen went to England for the first meeting of the Continuing Committee for Cooperation between the United Kingdom and Euratom. The U.K.-Euratom Agreement was signed February 4, 1959. The representatives visited the nuclear-power station under construction at Bradwell, Essex, and the atomic-research establishment at Harwell. Discussions were held with Foreign Secretary Selwyn Lloyd on December 3.

The following day, the formal session was held with Viscount Hailsham, Lord Privy Seal and Minister for Science, Sir Edwin Plowden, Chairman of the United Kingdom Atomic Energy Authority, and Arthur Tandy, British Ambassador to Euratom. The Continuing Committee agreed on the desirability of developing close collaboration in the study of controlled thermonuclear reactions (fusion) for peaceful purposes. The agreement included provision for exchanging personnel and comparing programs to avoid unnecessary duplication. Arrangements were made for a January meeting of technical experts from both sides to consider a cooperative program in the study of fast-breeder reactor techniques and of the advanced gas-cooled reactor system.

Vice President Medi arrived in New York on December 4 for a 10-day visit. He held discussions with Atomic Energy Commission officials and visited the Health and Safety Laboratory and Brookhaven before returning to Brussels on the 14th.

TRIBUTE OF THREE PRESIDENTS



On the death of General of the Army George Catlett Marshall October 16, the presidents of the three European Community executives paid special tribute to a great American whose contribution to the rebuilding of Europe will be recognized for generations to come. The statements of the presidents follow.

Walter Hallstein, President of the European Economic Commission—

"The passing of General George Marshall has been deeply mourned on both sides of the Atlantic, but nowhere more deeply than in Europe. At a time when Europe faced bankruptcy—and not only economic bankruptcy—it was General Marshall who gave his name to that magnificent act of generosity that became known as Marshall aid. Thanks to him, Europe has staged so magnificent a recovery that, by a curious paradox, the passing of General Marshall coincides with the passing of an era of which Marshall aid has become a symbol."

Étienne Hirsch, President of the Euratom Commission—

"General George Marshall's name is forever associated with the gigantic assistance extended by the American people to Europe, but perhaps the most lasting result of the Marshall Plan is that it paved the way for the United States of Europe.

"Economically, the period of European reconstruction has now come to an end. Politically, we begin to see in Europe, emerging from the chaos of the past, a powerful new force, a second United States. This new Europe is not looking to the United States of America as the universal provider it was during the period of reconstruction. Europe is now ready to assume its responsibilities as an equal partner in their common world-wide tasks."

Piero Malvestiti, President of the High Authority of the ECSC—

"One of America's greatest and most modest men has left the world scene in which he played such an important part. No one in Europe can calculate our debt to the generous aid of the American people to which General Marshall gave his name. That debt exceeds many times the amount of aid given because it saved us from communism and misery at a time when all seemed black, both economically and politically. Our thanks can be seen not only in the smiling faces of our children and our cities, but also in our desire, now that our economies are immeasurably stronger, to play our full share in aiding the less fortunate areas of the world. We shall try to follow General Marshall's example, his devotion to duty and his restraint."

Newsbriefs

Common Market
Euratom
Coal & Steel Community

Community Is World's Leading Trader

According to the Joint Statistical Service of the European Community, in 1958 the Community's share in world trade reached 17.5 per cent, as against 16.9 per cent for the United States and 10.9 per cent for the United Kingdom. In the same year, the Community imported \$4.8 billion worth of raw materials, excluding mineral fuels, twice the \$2.4 billion imported into the United States.

WORLD-TRADE PARTICIPATION FOR 1958			
	Imports	Exports	Over-all
European Community.....	17.2%	17.8%	17.5%
United States.....	13.7%	20.0%	16.9%
United Kingdom.....	11.3%	10.5%	10.9%

Progress in Turkish Association

The EEC Commission announced December 4, following a three-day meeting regarding Turkey's requested association with the Common Market, that the two delegations had "successfully completed the second phase in their exploratory talks." The following questions were discussed: 1, Turkish export requirements; 2, Turkey's need for collaboration with the Common Market in order to guarantee her economic expansion, and 3, Turkey's future relationship with the institutions of the European Community.

The delegates are now reporting back to their respective authorities who will determine the course of future discussions. The Turkish Government had requested association with the Common Market in a formal bid July 31. The first exploratory talks were held in Brussels in September.

HA Recommendation on German Coal Imports

The High Authority recommended on November 3 that the German Government grant a duty-free quota of not less than five million metric tons for imports of coal in 1960. Renewal of the authorization, granted to the German Government in January 1959, to levy an import duty on coal was not required, as the High Authority set no time limit on the earlier authorization. The duty therefore remains at 20 Deutsche marks (\$5) per ton. The German Government retains the responsibility for distribution of the duty-free quota for 1960 among the traditional exporters of coal to Germany.

The Federal German Government fixed the distribution of the duty-free quota as follows at the beginning of November (in metric tons):

United States	4,418,000
Britain	305,000
Norway	40,000
Czechoslovakia	11,000
Poland	325,000
USSR	31,000
	<hr/>
	5,130,000

Berlin's Mayor Visits Community

The Mayor of Berlin, Willy Brandt, visited European Community headquarters in Brussels and Luxembourg in October for discussions with top officials. He is shown here entering ECSC headquarters in Luxembourg in company with High Authority member Albert Wehrer (left).



During talks with Euratom officials, Mayor Brandt emphasized the importance for Berlin of the construction of the 150,000-kilowatt nuclear-power plant BEWAG which is to be built under the U.S.-Euratom Agreement for Cooperation. Other subjects brought up included practical aspects of cooperation between Euratom and Berlin, particularly in the fields of research and industrial use of atomic energy.

The talks with the Common Market Commission covered problems raised by the application of the EEC Treaty on the territory of Berlin, including problems of regional policy, investments, and Berlin's participation in the development of the Common Market and the possibilities which might be available to Berlin through the European Social Fund.

In Luxembourg, Herr Brandt discussed with High Authority officials the relationship of West Berlin to the ECSC. (Although covered by the Common Market and Euratom Treaties, West Berlin is excluded from the ECSC Treaty.)

Shortening the Transition Period

During this month, the Common Market Commission will make practical proposals for shortening the transition period, now scheduled to end between 1970 and 1973. The foreign ministers of the six Community countries discussed the proposed speed-up at a meeting in Strasbourg on November 23. They asked the Common Market Commission to submit measures to change the timetable.

The Rome Treaty requires a 12-year transition period for the full establishment of the Common Market, including removal of all trade barriers between the six countries and the establishment of common policies in economic and political fields. The treaty also provides for extension of the transition period up to a maximum of 15 years. But there is nothing in the treaty that prohibits shortening the transition period.

Dillon Meets with EEC Officials

Under Secretary of State C. Douglas Dillon met with EEC President Walter Hallstein and other members of the Common Market Commission in Brussels on December 10 during one of the stops on his flying visit to European capitals.

Secretary Dillon said: "We in the United States have watched with great admiration what is, to my mind, one of the most significant developments in the postwar era—the auspicious beginning of a European Community. We have followed with keen interest the approach being taken by the European Economic Commission to the problem of trade relations. It is self-evident in this age of rapid communications and transportation that problems of international trade must be approached on a broad basis in the interest of the entire free world.

"I was, therefore, particularly impressed by the spirit underlying the suggestions recently advanced by President Hallstein of the European Economic Commission and now reflected in the decision taken by the Council of Ministers at Strasbourg." (See "More Community Trade Liberalization in 1960," page 4.)

Free Trade Unions Urge Greater Powers

1959

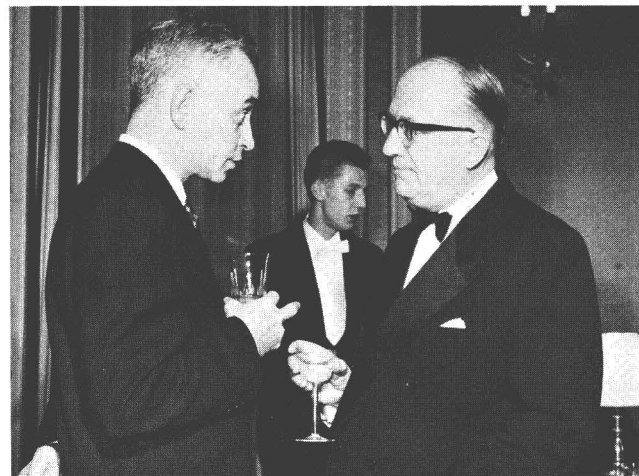
More than 100 delegates, representing some 12 million workers of the Community, have urged an increase in the powers of the European executives and the election of the European Parliament by universal suffrage.

Meeting in Luxembourg on November 5 and 6 for the Second Assembly of the Free Trade Unions (ICFTU) of the Community, they declared that the institutional structure of the Communities, "at present too bureaucratic, should be given a basis of political and economic democracy." The Assembly reiterated the belief of the Free Trade Unions of the Community in the principle of supranationality.

The Assembly also urged that the three Communities produce a "coherent long-term energy policy, taking into consideration structural effects, social consequences, and their economic cost." The trade unions, it stated, should be actively associated with the drawing-up and implementation of this policy.

Jean Monnet, President of the Action Committee for the United States of Europe and first President of the High

President Walter Hallstein talks with James Carey, AFL-CIO Vice President (left), at reception given by Common Market Commission for American delegation to ICFTU meeting in Brussels in December.



Authority of the European Coal and Steel Community, addressed the delegates on "The European Idea."

CM Prepares European Social Fund

The 101-man Economic and Social Committee (representing employers, workers, consumers, and others) transmitted to the Council of Ministers on October 30 its official opinion on the draft rules of the European Social Fund, which were submitted to the Council on July 3 by the Common Market Commission. The European Parliament is in the process of preparing its own official opinion for the Council.

At the request of the Commission, the Community's member states have prepared estimates of their expenditure on vocational retraining and resettlement of workers during 1958 and 1959. This will enable the Commission to apply to the Council for corresponding credits, which will be used, on request by a member state, according to the rules of the Rome Treaty and the European Social Fund.

Foreign Ministers to Meet Regularly

The Foreign Ministers of the six Community countries have decided to meet regularly every three months. Their meetings, which will be devoted to the political problems of the European Community and to general questions of foreign policy, are intended to facilitate the coordination that the growing unity of the Six requires. The results of these political consultations will be communicated as necessary to NATO and to the Western European Union of which the United Kingdom is also a member.

PUBLICATIONS AVAILABLE

- Memento de statistiques (Édition 1959)* \$1.00
 Statistics on coal, other conventional sources of energy, and steel. 131 pages.
- La représentation des travailleurs sur le plan de l'entreprise dans le droit des pays membres de la CECA* \$2.00
 Third in a series of publications on labor legislation in Community countries. 348 pages.
- Basic standards for the protection of the health of workers and the general public against the dangers arising from ionizing radiation* free
 Standards adopted by the Council of Ministers of Euratom, Feb. 2, 1959. 21 pages.
- Common Market Timetable* \$.20
 A tabular presentation of the development of the Common Market in 14 areas of activity from January 1, 1958 to the end of the transition period (December 31, 1969).
- The European Community: New Opportunity for U.S. Business*. 32 pages. free

NEW TELEPHONE NUMBER

Readers are notified of the new telephone number of the European Community Information Office in Washington. It is NATIONAL 8-5070. The mailing address remains the same: 220 Southern Building, Washington 5, D.C.

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