

*Bulletin from the***EUROPEAN
COMMUNITY**

BELGIUM, FRANCE, GERMAN FEDERAL REPUBLIC, ITALY, LUXEMBOURG, THE NETHERLANDS

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THE FIRST MILESTONE Common Market Reaching End of First Stage

THE EUROPEAN ECONOMIC COMMUNITY approached its first milestone at the end of this year with confidence and a sense of momentum. "Here is a moment of political and legal significance because the expiry of these four years will mark the end of the first stage for the establishment of the Community as provided in the Treaty," Dr. Walter Hallstein, President of the Common Market Commission, said in Strasbourg in September. "If Europe is to meet the challenge of our age it is essential that steady progress should be made in the establishment of our Community. That is why we have again and again pointed to the invitation to the other peoples of Europe to join in our efforts. . . . The applications for membership are by far the most important event in the short life of the Community. . . . This is the reward for the steadfastness with which it has followed its course."

The Community's achievements have created certainty and confidence, President Hallstein said, and the Community must continue with undiminished resolution. The same point was underlined by Dr. Sicco L. Mansholt, Vice President of the Commission, in a recent speech at Copenhagen. Discussing the suggestion that a "standstill" should be applied while negotiations were in progress, he declared that it was certainly not the intention of the Community to create a *fait accompli* during the negotiations and confront its partners with completely unforeseen decisions. On the other hand, in his view, the countries applying for member-

ship could not expect decisions to be put off while negotiations were in progress. Success would certainly not be achieved by failing to observe the timetable of the Treaty itself. The Community must also take advantage of the favorable economic circumstances which reduced the difficulties of transition.

"I am not betraying any secret," Mr. Mansholt went on, "in saying that the Community—in spite of the charges that it wished to barricade itself in—has always been in very close contact with the diplomatic missions of its present and future members and has informed them, in relation to their own interests, of its work, its proposals and decisions."

A number of important year-end developments include the following:

Economic Affairs

—abolition of the remaining quota restrictions on industrial goods traded between member countries;

—a further 10 per cent cut in internal tariffs on industrial

NOTICE

This issue of the *Bulletin* was held pending conclusion of the December session of the Council of Ministers. On January 14, after nearly a month of negotiating, they announced agreement on agricultural policy and transition of the Common Market to the second stage.

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goods at the end of the year, making the total reduction to date 40 per cent;

—a decision by the Council on the programs drawn up by the Commission for the gradual introduction of the right of establishment and for the free offering of services;

—a conference on regional policy in the Community;

—a decision on the Community's first antitrust rules.

Labor Affairs

—completion by the Commission of plans to insure the abolition of remaining disparities between men's and women's wages in the Community;

—definition of the general principles of a common policy for occupational training;

—adoption by the Council of regulations proposed by the Commission on social security for frontier and seasonally migrant workers.

Agricultural Affairs

—a decision by the Council on the Commission's draft regulations for implementing the common agricultural policy (levies, market organizations, etc.) for grains and other products;

—completion by the Commission of the draft regulations for implementing policies for sugar and beef;

—completion of the Commission's proposals for coordinating national policies.

While this work was going on, the Community gave fresh evidence of its impact on the policies of member states, for example the decision of the Italian Government—following representations by the Commission—to abolish two forms of discriminatory state aid relating to the purchase of automobiles and agricultural machinery. (See Bulletin No. 49, page 8.)

Another example is the Commission's recent action to require new guarantees of the purity of foodstuffs sold in the shops of the six countries. Early in October it submitted to the Council of Ministers a draft directive aimed at drawing together legislation in the member states on the use of coloring matter in food. It includes a definition of common standards of purity and a list of authorized thinners and solvents. If it is adopted, member states will be obliged to bring their own rules into line with the Community standards within one year and within two years for products on sale in the Community. Products for export outside the Community will not be affected. The Commission's proposals also include provisions for enforcement of these measures.

Common Action on Tobacco Disease

Recently the Commission submitted to the Council of Ministers a draft directive aimed at concerting Community countries' efforts to protect tobacco crops against blue mold. This disease, first reported on the continent in 1959, has assumed the nature of an epidemic in all the tobacco-growing areas of the Community. It has become essential for all member states to deal with the problem of the infected crops and to introduce regulations prohibiting their reproduction and multiplication.

The Commission's directive (which also requires members to inform each other of new outbreaks of the disease) is the Community's first action to harmonize plant health legislation under the common agricultural policy. Other

directives are planned which will deal with plant protection in forestry and with veterinary matters.

Helping Farmers and Farm Workers

Social problems of agriculture were studied in detail early in October at a conference in Rome held on the initiative of the Commission. Attended by representatives of farmers' and farm workers' organizations, it set out to study the social problems involved in the Community's proposed common agricultural policy. Its main themes were: social problems of family farms and farm workers; the implications of freedom of movement, migration, and related problems; and educational and cultural activities in rural areas.

Opening the conference, President Hallstein said that the magnitude of the task before the Community in the agricultural sphere was immense, and courage was needed in taking the decisions that would be necessary to assure a healthy and flourishing agriculture. Social justice, he said, was the aim of the Community and it was not sufficient merely to proclaim this. A new framework had to be created within which the Community's farmers could obtain a fair share of benefits, together with the rest of the population.

The Community Looks Outward

The Council of Ministers on September 25 concluded the Community's association agreement with Greece. The terms of the agreement had been discussed and approved the previous week by the European Parliament at a special session in Strasbourg. Although the Parliament protested against what it considered to be a violation of the Treaty—arguing that the draft should have been submitted to it before signature (a reproach which was rejected by Alfred Mueller-Armack on behalf of the Council)—it welcomed the agreement as further confirmation of the open nature of the Community.

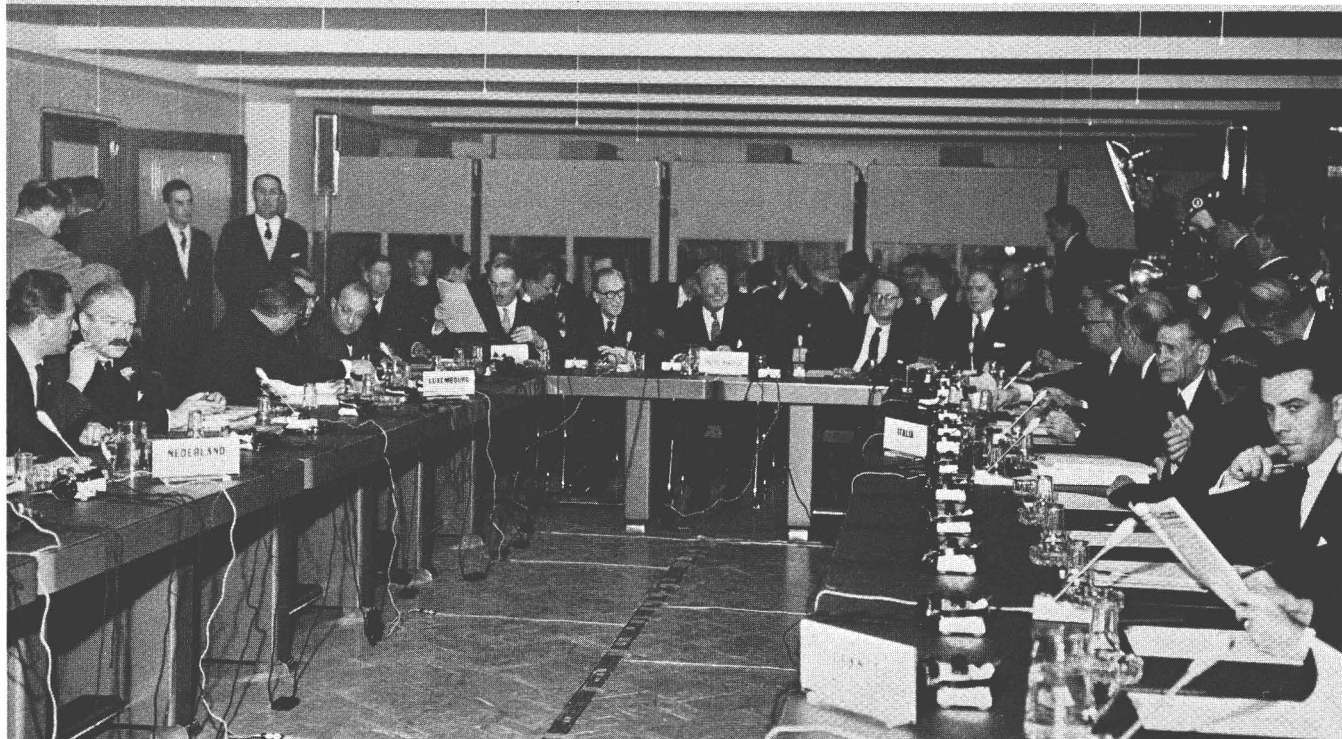
President Hallstein also underlined the importance of the agreement which he said "gives visible expression to the determination frequently expressed [by the Community] to pursue a policy of the open door which will make it possible to lay the foundations for close and fruitful collaboration with countries prepared to accept the principles and rules laid down in the Treaty of Rome."

At its September meeting the Council considered the Turkish application for association. Various alternatives were considered, including both a limited agreement on certain products as well as a possible customs union, and the matter is to be discussed again at a later meeting.

Overseas Association

The Council also decided at its September meeting to proceed with plans to work out the future of the Community's overseas association with representatives of the African and Malagasy states concerned. A preparatory conference with ambassadors from these countries was held in November, followed by a ministerial meeting in December.

In the September meeting the Council agreed that Surinam should be associated with the Community and that it should benefit from the Overseas Development Fund. The procedure for the conclusion of the association was studied by the Permanent Representatives of the Member States, and a report on this was submitted to the Council at its October meeting.



Negotiations on the British application for membership in the Common Market were formally initiated in Brussels November 8. Lord Privy Seal Edward Heath, heading the UK delegation, is seated in the far end of the room, flanked by representatives of the six member countries and facing the delegation from the EEC Commission.

BRITISH TALKS BEGIN

Negotiations For UK Membership in Common Market off to a Good Start

NEGOTIATIONS FOR FULL BRITISH MEMBERSHIP in the European Economic Community began in Brussels on November 8 and 9 following the preliminary statement made in Paris by Edward Heath, Lord Privy Seal, on October 10. During the two-day meeting, Community representatives put a number of questions to the British delegation, covering points raised by Mr. Heath's Paris statement, and it was agreed to ask senior officials to start work on the problems of the common external tariff and the Commonwealth.

The meetings took place at 2, rue des Quatre Bras, a new office building which is to be the future home of the Belgian Foreign Ministry. From the windows of the negotiating chamber, a long, well-lighted room on the seventh floor, delegates had a broad view of the Brussels Palace of Justice and the spreading roofscape of the southern part of the capital.

The British delegation, 20 strong, was led by Mr. Heath. Facing him at the far end of the table was Professor Alfred Mueller-Armack, Secretary of State in the German Economics Ministry, who presided. The other national delegations were led by Belgian Foreign Minister Paul-Henri Spaak; French Foreign Minister Maurice Couve de Murville; Rolf Lahr, Secretary of State in the German Foreign Ministry; Emilio Colombo, Italian Minister for Industry and Commerce; Paul Elvinger, Luxembourg Minister for Economic Affairs, and Hans van Houten, Secretary of State in the Dutch Foreign Ministry. The Commission delegation was headed by President Walter Hallstein.

After a brief speech of welcome by Professor Mueller-Armack, the meeting began with a general statement by Secretary of State Lahr, speaking on behalf of the Six. President Hallstein, speaking for the Commission, then

commented in some detail on Mr. Heath's Paris statement. In addition to the queries raised in these two speeches, the Community then presented the British delegation with a further series of questions on points of detail mentioned by Mr. Heath, and a general discussion followed. The atmosphere was described by Professor Mueller-Armack as "very good." Sir Pierson Dixon, British Ambassador in Paris and deputy leader of the British delegation, added that it had been "a real meeting of minds."

On the second day, senior officials met in the morning to discuss their program of work for the coming weeks. It had been generally agreed that agricultural problems could only usefully be discussed in detail after the end of the year when the Community has taken some important decisions on its agricultural policy (see p. 2), and the related questions of the common external tariff and Commonwealth trade emerged as both the most difficult and the first subjects to be explored.

Following the officials' talks, the meeting was resumed at the ministerial level, and a lengthy debate ensued to determine the precise terms of the negotiators' future program. Although some differences of general approach were evident during this discussion, the meeting finally agreed on a formula whereby the common tariff and possible Commonwealth trade arrangements would be considered together when the officials met again on November 22-25.

Both the British and the Community delegations agreed, in the words of Sir Pierson Dixon, that they had made "a useful start on the real work" in a negotiation which no one denies will prove difficult and delicate, but which all parties aim to press to a successful conclusion.

DANISH NEGOTIATIONS OPEN

NEGOTIATIONS BETWEEN DENMARK and the European Economic Community began in Brussels on November 30, following a preliminary meeting on October 26 when Otto Krag, Danish Foreign Minister, explained his country's position to ministers of the six Community countries and representatives of the Commission. The meeting took place at the suggestion of the Council of Ministers, which considered the Danish application for membership, made on August 9, at its meeting on September 25-27.

"It is with a deep feeling of the importance of the historic development toward European unity, of which this meeting forms a part, that I take the floor today," said Mr. Krag at the opening of the meeting on October 26. Denmark, he said, wanted to play its full part in the Community and accepted wholeheartedly the aims and objectives of the Community as laid down in Articles 2 and 3 of the Rome Treaty. The Danish government is prepared to cooperate in furthering European unity, as affirmed in the Bonn Declaration of July 18, 1961, and wishes in due course to join the Coal and Steel Community and Euratom, Mr. Krag stated.

He added that his country accepts the Rome Treaty as it stands and does not intend to suggest any amendment, apart from necessary adaptations to voting rules, etc. Special problems could be dealt with in protocols or similar arrangements, and it is expected that these would not extend beyond the transitional period. Mr. Krag then discussed a number of specific points:

Customs Union: Denmark accepts the general provisions for the elimination of internal tariffs and quotas, but would request transitional arrangements for a limited number of products. On these, his country would be willing to cut tariffs by 30 per cent on entry, but would ask for a standstill for the next two years. Denmark would catch up during the remainder of the transitional period. A readjustment of the common external tariff on a few items would be sought. Mr. Krag added the hope that the proposed 20 per cent cut in the common external tariff would be carried out.

Commercial policy: Denmark is willing to accept the pro-

visions for this, but might seek special solutions—such as tariff-free quotas—on a number of items.

Free movement of workers: Denmark attaches great importance to the maintenance of the Nordic common labor market. Mr. Krag appealed to the members of the Community to consider this problem in a positive spirit and with a full appreciation of the close ties between the Nordic countries. He also raised certain other questions in respect to social security and labor market provisions.

Free movement of capital: Denmark wishes to reserve her position for a certain period as far as portfolio investments are concerned.

Agriculture: While accepting the objectives of the Treaty and the aims of the Commission's proposals, Denmark wishes to be assured of the possibility of concluding long-term contracts under Article 45 even if she does not join until after the end of the first stage of the transition period. Mr. Krag said that it was important for his country to compete on the world market for agricultural products; that arrangements were made to insure that the world market price for raw materials could be used as a basis for exports to third countries even if the raw materials were produced in Denmark.

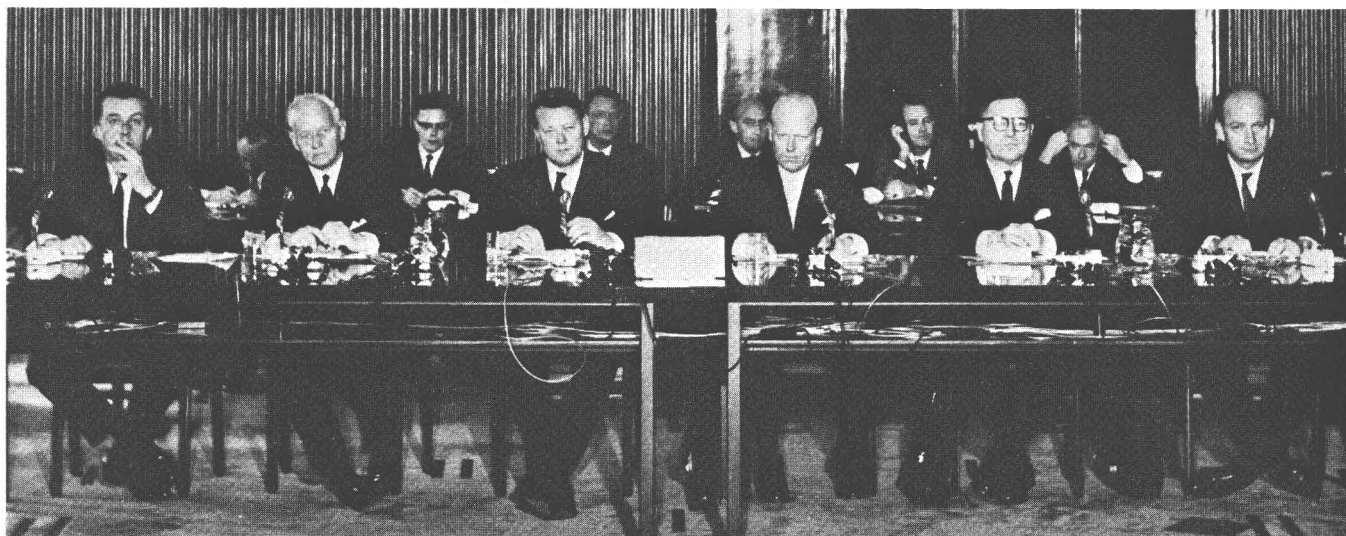
Fisheries: Mr. Krag emphasized the importance of this question for his country and said that his government would approach the member countries and the Commission to elicit their views.

Greenland and the Faroe Islands: The special position of these two regions makes it difficult to accept without reservation the provisions of the Rome Treaty with regard to them, said Mr. Krag. This problem has been taken up with the respective local authorities and will have to be a matter for joint consideration.

EFTA: Mr. Krag stressed the importance of finding solutions which would make it possible for all EFTA members either to join or to be associated with the Community.

Denmark, continued Mr. Krag, is anxious to reach agreement with the members of the Community in the near future with a view to safeguarding her agricultural exports

The delegation from Denmark, headed by Foreign Minister Otto Krag (third from left), met with representatives of the EEC Commission October 26 to discuss arrangements leading toward Danish membership in the Common Market.



to its members. He also emphasized that the great importance of the United Kingdom and Denmark as importers and exporters respectively of agricultural products should be taken into account in the elaboration of the Community's policy. He asked that Denmark be given the opportunity to follow this work closely and present her own views on it.

Mr. Krag concluded by emphasizing that the Danish approach was guided by the wish not to change and not to

interfere with the process of integration. He said that Denmark's wishes, considered in their proper perspective, are modest and that they are evidence of Denmark's desire to bring the negotiations to a successful conclusion. "This would make it possible," he said, "to play our full part in creating that European unity which is so essential for the future safety and happiness of the peoples of our part of the world."



Negotiations for membership in the Common Market are being held in this new building in Brussels at 2 rue des Quatre Bras.

IRISH APPLICATION Meeting Scheduled for Early Next Year

THE COMMUNITY HAS SUGGESTED to the Irish Government that a meeting should be held early in January 1962 to discuss the Republic's application for membership in the European Economic Community.

The reply to the Irish letters of July 31 and August 19, handed to the Irish Ambassador to the Community on October 25 by Alfred Mueller-Armack in his capacity as President of the Council, said, "I am happy to inform you that the Council of Ministers unanimously agreed to ask me to suggest to you that early in January 1962 a meeting be held in Brussels to enable the member states of the Community and the Irish government to discuss the special problems connected with the application made by the Irish Government, its consequences and certain procedural matters. This meeting would be followed, at a later date providing time enough to examine the results of the first meeting, by the negotiations proper."

Addressing a meeting in Dublin organized by the Irish Council of the European Movement on October 13, Dr. Sicco L. Mansholt, Vice President of the EEC Commission, commented on a number of aspects of the Irish application for membership. "I believe," he said, "that agriculture will not pose any insurmountable problems. Ireland has always followed a policy of moderate grain prices. This is true of both wheat and coarse grains. Thus Ireland is moving in the same direction the EEC proposes to take." He also saw opportunities for many well-known herds of Irish livestock, bearing in mind the growing consumption of beef in the Community. But Ireland would have to accept the fact that

as farming techniques improved, a part of the agricultural population would have to move away from the land. The Irish Government has already done much successful work in this direction.

Two Essentials for Membership

Speaking in a personal capacity, Dr. Mansholt added that in his view the Community asked two essential things of its future members:

—First, the acceptance of the spirit of Article 2 of the Treaty which calls for "a harmonious development of economic activities, a continuous and balanced expansion, an increased stability, an accelerated raising of the standard of living and closer relations" between the member states of the Community.

—Second, the ability to assume concrete obligations. "You must be very well aware what it means," Dr. Mansholt said, "to abolish all tariff protection and quotas toward countries which have at their disposal industry which is much more highly developed and of greater competitive power." Such a situation is not new to the present members of the Community, and the Treaty provides various means to mitigate the effects of industrial change.

Dr. Mansholt concluded by saying that he hoped that the coming negotiations with the Community would be fruitful, and that they would lead to Ireland's accession to the Community.

SOCIAL PROGRESS GATHERS MOMENTUM

More Jobs, Higher Pay, Greater Purchasing Power

A MARKED ADVANCE in living standards and working conditions has been taking place within the Community in the wake of its economic expansion. The EEC Commission's recently published annual report on the evolution of the social situation in the Community shows that throughout the Community the level of employment was higher in 1960 than in 1959, productivity greater, and, as a result of higher wages, purchasing power increased 3 to 6 per cent. This trend is likely to continue throughout 1961, according to the report.

Progress toward harmonization of social conditions in the Community has, however, been less certain. The most heavily industrialized and economically advanced regions of the Community have so far benefited most from economic expansion. A more coordinated effort to achieve greater harmonization has to be made if the social aims of the Treaty of Rome are to be fully achieved.

Employment Up by 900,000

The number of employed in the Community rose by 900,000 to reach a total of 70.7 million in 1960, most of the increase taking place in Germany and Italy. There was also a general drop in unemployment levels, much more marked than in 1959, to bring the monthly average for the Community as a whole down from over 2.5 million to just over two million. Three quarters of all Community unemployed were in Italy, although total employment in Italy increased by more than 2 per cent—by far the highest increase in any Community country—and the number of unemployed fell by 280,000 or 24 per cent of the 1959 total. Emigration from Italy was at a higher level than in previous years, rising well above 100,000.

EMPLOYMENT 1959-60¹ (in thousands)

Country	1959	1960	Numerical Increase	Per Cent of Increase
Belgium	3,364	3,384	20	0.6
Germany (F. R.) ⁽²⁾	24,640	25,005	365	1.5
France	18,560	18,595	35	0.2
Italy ⁽³⁾	18,958	19,407	449	2.4
Luxembourg	148	149	1	0.7
Netherlands ⁽⁴⁾	4,126	4,195	69	1.7
Community Totals	69,796	70,735	939	1.3

(1) Annual averages. (2) Not including West Berlin. (3) Average of four quarterly surveys. (4) In man-years.

Many parts of the Community reported a shortage of manpower, which held back production and tended to increase costs. At the same time it also stimulated the transfer of workers to more productive sectors of the economy. There was a general decrease in agricultural employment (particularly in France and Germany) and also a reduction in the numbers engaged in coal mining. Engineering, chemical and paper industries, on the other hand, took on more workers, as did the textile industry in Italy.

Partly as a result of these shifts in the distribution of the Community's labor force, there was a remarkable rise

in productivity. In all industry except building, productivity rose on an average by 10 per cent compared with 1959.

Wages Rise Faster

Basic wage rates also rose much more than in 1959. The largest gains took place in Germany and the Netherlands, where employers raised wages because of the shortage of manpower. In the Federal Republic, for instance, the gross hourly wage was 9 per cent higher than in 1959; in the Netherlands it increased 8 per cent. Another factor which contributed to this rise was the introduction of shorter hours in a number of the member countries.

These gains brought wages levels in the Community as a whole closer together. German wages, for instance, rose to a level similar to those in Belgium and in some industries went higher. In France and the Netherlands, wages also moved closer to those of Belgium. In the industrialized parts of northern Italy wage levels reached those of France and the Netherlands. As a result, labor costs in several Community countries are now very close to those in the United Kingdom and Switzerland, though still lower than in Sweden.

In all countries—and especially in the Federal Republic of Germany and the Netherlands—there was a considerable rise in real wages. Larger pay checks kept well ahead of increases in the cost of living, which amounted to some 2 to 3 per cent in four of the Community countries—France, the Federal Republic, the Netherlands and Italy. On the other hand, in Belgium and Luxembourg, the countries which had shown the highest cost of living, there was no appreciable rise, so that levels for the Community as a whole moved closer together.

A Netherlands Resort: Shorter hours and higher pay mean more leisure activities for the Community's 70 million workers and their families.

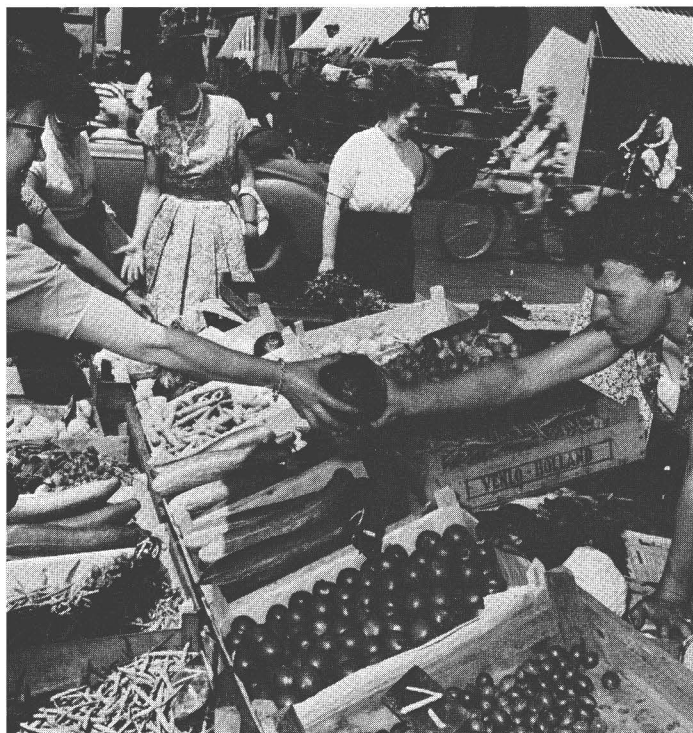


Progress Toward 40-hour Week

Decisive progress was made during the year toward the 40-hour week, which is already legally in force in France. The German metal industry concluded an agreement which provides for its gradual introduction, and similar developments took place in the Netherlands.

The average number of hours per week worked in the Community was about 45 during 1960. It was somewhat less in Italy (probably because of the greater number of public holidays) and a little more in the Netherlands. There was a trend in a number of countries toward some increase in the number of hours worked during the year, owing to the high level of economic activity and the shortage of man-

A German Market: Purchasing power increased 3 to 6 per cent in one year.



power, but the report forecasts a general trend toward a shorter working week throughout the Community in coming years.

During 1960 the situation in the various countries was as follows:

Belgium: Many firms now work an official five-day, 45-hour week, and trade-union pressure is directed at its general achievement, together with overtime rates for extra hours.

Federal Republic of Germany: Most employees now work a 45-hour week or less. The legal minimum for the 1.2 million civil servants is 45 hours. Workers now enjoying a 44-hour week increased from 5.4 million in 1959 to 6.7 million in December 1960. Another 280,000 now work 41-43 hours (in comparison with only 45,000 in 1959), and 383,000 (in comparison with 361,000 in 1959) have a 40-hour week.

France: The average hours worked rose from 45.6 in January 1960 to 46.1 in October and fell again to 45.7 in January 1961. The spread over various industries was marked: 16.9 per cent of the total labor force worked more than 48 hours, while 15 per cent worked 40 hours or less. Trade unions continue to press for a 40-hour week without loss of wages.

Italy: More hours were worked in practically every sector, the average number per worker for the year as a whole rising to 2,068 from 2,031 in 1959. More workers put in 45 hours or more than in the previous year.

Luxembourg: The 45-hour week is now generally applied.

Approaching Equal Pay

Another feature of 1960 was the gradual reduction in the disparity between men's and women's wages. A new impetus in the direction of equal pay (which is to be achieved, under the Treaty of Rome, by the end of the first stage of the transition period) was given by a recommendation addressed by the Commission to the member governments.

Among the achievements of the year in this connection were:

Belgium: In various sectors, agreements were concluded bringing rates for women workers to 80 to 100 per cent of those paid to men.

Italy: An agreement was signed in July 1960 between industrial employers and workers' organizations which provides for substantial increases in minimum rates for women workers and the introduction of a single job classification for both sexes. An agreement signed in January 1961 between the General Confederation of Commerce and the three major trade unions provides for the gradual increase of wage rates for women workers up to at least 95 per cent of those paid to men with equal qualifications.

Netherlands: In December 1960 the government sent to the Collège des Médiateurs a recommendation asking this body to give particular attention, when approving collective bargaining agreements, to the reduction of existing disparities between rates for men and women. In a number of cases, agreements were reached which mark a considerable advance toward the goal of equal pay.

Social Security Programs Improved

Significant progress was also made during the year in the improvement of social security programs in Community countries. Social security coverage is being extended to new categories of citizens, and improved benefits are being given to those already covered.

One notable trend is the gradual extension of social security to self-employed workers. Last year, for instance:—in *Italy*, health insurance was introduced for small shopkeepers;

—in *Belgium*, reforms were introduced in the pension program for self-employed workers;

—in the *Federal Republic*, the pension program for craftsmen was reorganized;

—in *France*, an insurance program for pharmacists was introduced, together with a health and disablement insurance program for farmers; and

—in the *Netherlands*, a proposal was introduced to extend family allowances to the whole of the population.

At the same time pension benefits were increased in the Federal Republic, France and the Netherlands; family allowances were raised in the Netherlands and France; and unemployment benefits were increased in Belgium, France and Italy. In Germany the program covering industrial accidents was also improved; health insurance was extended in France, and the system of old-age pensions enlarged in Luxembourg.



Problems of Regional Development

One of the less satisfactory aspects of the situation in 1960, according to the report, was the fact that in general the more highly industrialized regions again benefited more than the rest of the Community. This was particularly marked in Italy, where the northwestern—and to a lesser degree the northeastern and central—regions made considerable strides while the south lagged behind. Similarly the center and southwest of France made less progress than the rest of the country.

The long-term persistence of these regional disparities would certainly have an unfavorable effect on the general economic equilibrium of the Community as a whole, says the report. It was an illusion to think that this problem would solve itself; it would be necessary to aid such regions by all means available under the Treaty. "It would seem, in fact, that one cannot entirely abandon to the natural course of events the business of directing the social development of the Community . . . and that, without endangering free

competition, which is an indispensable element in the common progress, a more coordinated effort in harmonization should be proposed to the Member States in order to insure more certain and more rapid progress toward the social objectives of the Rome Treaty."

Setting a New Target

Improvements can be promoted, says the report, by the adoption of a common agricultural policy and appropriate policies for regional development, as well as through social policy itself (free movement of labor, the Social Fund, a common policy for vocational training, etc.). But, it adds, these immediate objectives should be considered as minimum requirements, and policy should set its sights beyond them. A more systematic attempt should be made to bring employment levels throughout the Community closer together, and in the next two stages of the transition period governments, employers and trade unions should work together to achieve greater harmonization in collective bargaining and in all aspects of social security.

ECONOMIC UNION TAKES SHAPE

Timetable Set for Right of Establishment and Services

THE BROAD TIMETABLE to allow business firms to operate anywhere within the Community has now been established, representing another foundation stone for total economic union. When all conditions have been met, individuals and firms will be able to set up branches and supply services anywhere in the Community without being subject to special restrictions because of nationality.

Under the Common Market Treaty, all economic frontiers within the Community are to disappear by the end of the transition period—1970 or at the latest 1973. Barriers to the movement of goods within the area (chiefly tariffs and quotas) are already being eliminated ahead of schedule. Restrictions on the movement of capital began to be removed on May 11, 1960; and June 12, 1961, the Community set its first timetable for removing restrictions on the free movement of labor. On October 25, 1961, the Community's Council of Ministers approved a series of deadlines, beginning with Stage 2 of the transition period (1962-65 unless the present stage is prolonged), which will ultimately enable any citizen of the Community and any firm established within it to do business or exercise a profession and to supply services in any Community country on the same terms as nationals or firms of the country concerned. In drawing up its proposal for this timetable, the Commission gave priority to activities which, in its opinion, were most important for the development of a true single market.

Restrictions to Go

At present, citizens of any Common Market country who wish to establish a business elsewhere in the Community face a terrifying maze of restrictions and difficulties. They may even be prohibited from doing so, or, in many cases, may be obstructed by the need for entry and residence

permits which limit their freedom. They may be required to complete a prior period of residence or apprenticeship; they may be subject to special dues or taxes; they may be expected to put down special sums as "caution money."

In some cases, their access to supplies or markets may be limited; in others, there may be restrictions on their participation in firms, on their social-security rights or on their compensation in the event of expropriation, requisition, or nationalization. As foreigners, they may encounter difficulties in making contracts or acquiring property rights. There may be special limitations on their access to credit facilities or courts of law. They may be barred from membership in professional associations, and—especially in the case of the professions—they may find that their own national qualifications and diplomas are not recognized.

One of the aims of the Common Market is to remove these national restrictions in so far as they discriminate against citizens of other Community countries in the exercise of their business or profession, subject to the legitimate requirements of public order, health and safety. By the end of the transition period, no Community citizen will in this sense be an "alien" or a "foreigner" in another Community country; all will enjoy similar rights throughout Community territory. In the words of Commission Vice President Giuseppe Caron, speaking in Brussels when the Commission first announced its proposals in this field, the granting of the right of establishment and the freedom to supply services is thus "an almost revolutionary innovation."

Progress by Stages

Just as the removal of trade barriers within the Community could not be accomplished overnight without causing grave disturbances and hardship, so the removal of restrictions on the right of establishment and on the freedom to supply

services must be gradual. After much preparatory work, the Commission's proposals were made a few weeks after the deadline by which they were required under the Rome Treaty (December 31, 1959). The Council then had to consult the European Parliament on the subject, as well as the representatives of business and the professions through the Economic and Social Committee. The general program will be implemented by means of specific directives to be issued over the coming months. In some cases, the timetable may be speeded up if this will increase production and trade.

The timetable laid down for granting the right of establishment and supply of services follows the general timetable of the Rome Treaty—that is, a 12- to 15-year transition period divided into three four-year stages, each of which may be prolonged. The dates that follow are based on a 12-year transition period. Should any of the three four-year stages be prolonged, the dates would correspondingly be postponed.

THE TIMETABLE IN BRIEF

Restrictions to be Removed

STAGE I. By the end of 1961

Establishment: Restrictions on farm workers having completed two years uninterrupted employment in host country. (Restrictions on occupancy of farms idle or unused for two years or more to be removed as from adoption of general program).

Services: Restrictions on movement of material, machines, etc., and on finance and payments except for tourist allowances: latter to be increased and freed by end of transition period. One-third enlargement of any bilateral film quotas.

STAGE II. By the end of 1963

Establishment: General restrictions on entry and residence; restrictions on residence of wage-earners preventing access to non-wage-earning activity. Restrictions on most of industry and commerce. Restrictions on public tender subject to certain conditions. Restrictions on farm leases and land transfer (at beginning of 1964).

Services: General restrictions on entry, exit, and residence. Restrictions on banking services other than capital movement. Restrictions on certain farm services. Restrictions on public tender subject to certain conditions.

By the end of 1965

Establishment: Restrictions on most of agriculture food-stuffs, retailing, insurance, other than life insurance, legal advice. Restrictions on access to farm credit and cooperatives.

Services: Certain farm services.

STAGE III. By the end of 1967

Establishment: Restrictions on most other agricultural activities, fishing, tobacco industry, life insurance, transport, etc. Restrictions on access to farm aid.

Services: Insurance other than life insurance.

By the end of 1970

All Activities: Restrictions removed.

The Rome Treaty excludes from its general provisions on the right of establishment and services any activities which involve public office. Otherwise, the situation will work out like this.

The Right of Establishment is open to:

—*Citizens* of the Community countries or of the associated overseas countries and territories;

—*Companies* constituted in accordance with the law of a member state or of an associated overseas country or territory and having their registered office, central management, or main establishment within the Community or in an associated overseas country or territory.

The Right to set up branches, subsidiaries or agencies is open to:

—*Citizens* as above, but *established* within the Community or in an associated overseas country or territory;

—*Companies* as above, except that those which have only their registered office within a member state or an associated overseas country or territory must show that their activity affords *an effective and continuous link* with the economy of a member state or associated overseas country or territory.

Freedom to Supply Services is open to:

—*Citizens* of the Community countries *established* within the Community;

—*Companies* constituted in accordance with the law of a member state and having their registered office, central management, or main establishment within the Community, except that those which have only their registered office there are subject to the same conditions as for the right to set up branches, subsidiaries or agencies.

In steps with the measures outlined above, work is going ahead on the mutual recognition of professional qualifications. Meanwhile, temporary measures may be taken to remedy the practical difficulties which lack of such recognition may involve.

HA Balance Sheet

5½ per cent Secured Bonds (7th Series), due April 1, 1975; 5 per cent Secured Bonds (11th Series), due July 1, 1978 and 5¾ per cent Secured Bonds (13th Series) due October 15, 1980, of the High Authority of the European Coal and Steel Community.

Pursuant to Articles II of the Listing Agreements made in connection with applications No. A-16929 dated April 16, 1957, No. A-17648 dated July 7, 1958, and No. A-19218 dated October 18, 1960, respectively, the High Authority has published on October 12, 1961, its Balance Sheet as of June 30, 1961, and its Statement of Revenues and Expenditures for the fiscal year 1960/61. These two documents were duly audited by Mr. Urbain J. Vaes, Auditor of the Community, appointed pursuant to Article 78 of the Treaty establishing the ECSC.

Copies of the publication "Supplemental Information to Bondholders" containing the two above-mentioned documents and statistical data have been deposited with the Chase Manhattan Bank in New York.

PLAN FOR VOCATIONAL TRAINING PROGRAM

A PLAN TO IMPROVE AND EXTEND vocational training within the Community to meet the needs of an expanding economy has been submitted by the Common Market Commission to the Council of Ministers. The plan outlines a common policy which would give the Community's workers better opportunities to learn advanced industrial skills, provide more channels of promotion, establish closer links between education and industry, and promote the movement of workers across national frontiers.

The first step, says the Commission, is to make a survey of the future labor requirements of the various sectors of industry in the Community. This would take into account the number of jobs likely to be available and the level of skills required for them. The plan also proposes that an advisory committee on vocational training be set up to assist the Commission. This would comprise an equal number of representatives of national administrations, employers' organizations and trade unions, including representatives of existing bodies responsible for vocational training programs.

The Commission proposes that there should be uniform tests at the Community level and European competitive

examinations. It also mentions possible action to balance supply and demand in the Community labor market, particularly in view of future removal of restrictions on labor mobility.

Finally, it proposes action at Community level in fields where there are special problems, such as general and agricultural training for farm workers; the training of transport workers, skilled craftsmen, supervisory grades, intermediate and senior personnel, and technicians at all levels; and the vocational, linguistic, and social preparation of immigrant workers in the Community.

The Commission proposes joint financing of these special programs and other operations at Community level, such as model organizations for vocational training, European apprenticeship centers, new centers for the vocational training of instructors, and the adaptation of national centers which might be particularly suitable as European pilot centers for the basic and advanced training of instructors.

Before the Council of Ministers makes its decision on the proposals, it is expected to seek the views of the Economic and Social Committee and the European Parliament.

MERGERS IN GERMAN STEEL High Authority Imposes Strict Conditions

IN GIVING ITS APPROVAL to three new steel mergers in the German Federal Republic, the High Authority of the ECSC imposed conditions aimed at insuring that they would not bring about a restriction of competition in the Community.

The three mergers authorized were:

- acquisition of control over Handelsunion AG by August Thyssen-Huette;
- acquisition of control over Establech Gesellschaft fuer Eisen-, Stahl- und Blecherzeugnisse mbH by Dortmund-Hoerder Huettenuion AG;
- acquisition of a 50 per cent holding in Stahl- und Walzwerke Rasselstein Andernach AG by August Thyssen-Huette AG.

The High Authority's chief aim was to make certain there could be no possibility of the re-emergence of a large steel monopoly similar to that exercised by the pre-war Vereinigte Stahlwerke. Before authorizing the new mergers, it therefore considered it essential to break the organic links existing between the two large German steel groups, Thyssen and Dortmund-Hoerder. These links were provided by the holdings of the two groups in Handelsunion—the largest German steel-selling organization—and in Siegerland, one of Germany's biggest sheet producers.

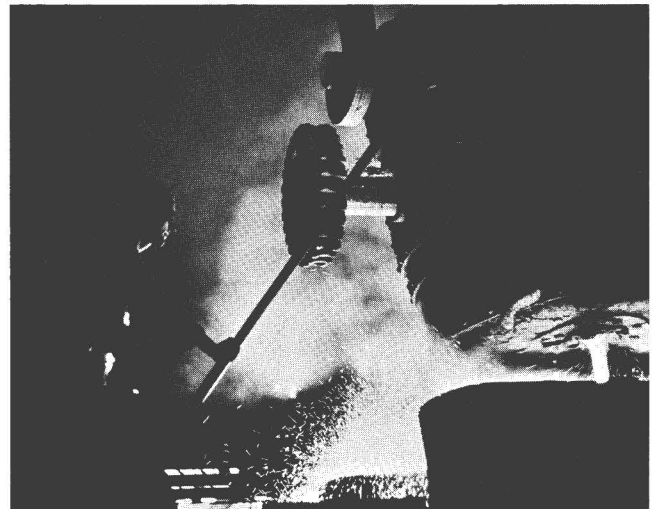
The acquisition of control over Establech, a sizeable steel-selling network, by Dortmund-Hoerder will now enable the latter to withdraw gradually from Handelsunion. Accordingly, it will progressively reduce its deliveries to Handelsunion. Competition should thus be assured between Thyssen and Dortmund-Hoerder, with each group selling separately through its own sales organization.

A further link between the two major groups—that pro-

vided by August Thyssen's minority holding in the Huettenuion Siegerland—will also be broken. Thyssen will give up its holding, and Siegerland will be entirely taken over by Dortmund-Hoerder.

In the third of the mergers, the High Authority sought to prevent August Thyssen from acquiring, through control over Rasselstein, effective control over the Otto Wolf group, which had a majority holding in the firm. The High Authority therefore set a limit of 50 per cent to Thyssen's holding in Rasselstein; Otto Wolf will retain the other 50 per cent with an equal degree of control over the company. In addition, Rasselstein must continue to sell its products exclusively through Otto Wolf. Finally, there must be no merger between August Thyssen-Huette and the interests controlled by Otto Wolf.

The Community produced a record 73.4 metric tons of crude steel in 1961.



Euratom's Security Control

The first security control to have legal force within a number of nations, Euratom's control system is keeping track of all nuclear materials, particularly fissile materials such as uranium 235 and plutonium, which are stored or in circulation in the Community.

The Euratom control system fulfills three functions: first it insures that declarations will be made as to how nuclear materials produced in or imported into the Community will be used, whether for military or peaceful production; second, it insures that their use will conform with supply regulations; third, it enables Euratom to guarantee, when required by foreign suppliers, that materials will be used for non-military purposes only.

The system relies on reports from nuclear enterprises and inspections by Euratom officials. Since March 1959 all enterprises have submitted design details and technical data on their installations; and since May 1959 monthly reports on their stocks and transactions in ores, source materials, and fissile materials. So far, 75 installations have sent in full details of their equipment, and 123 firms have submitted monthly reports on holdings and transactions of materials. Actual inspection by the seven specialists appointed by the member countries started in May of this year.

Monitoring Radioactivity

In coordination with Euratom, national authorities in the six member countries are measuring radiation levels at the Community's approximately 200 monitoring stations, and Euratom officials are engaged in coordinating the information. The Commission has published a complete list and description of all monitoring stations, and a description of how the various national systems operate is under preparation. The Commission also regularly inspects the monitoring posts in order to insure that the measuring methods produce exact and comparable data.

In times of "pre-alert" such as existed following the Soviet explosions, the Commission receives reports from all over the Community on the current state of radioactivity. It has been announced that, as of mid-November, the findings reflected no particular cause for alarm.

New Director of Internal Market

Pierre Millet has been named by the EEC Commission Director General for the Internal Market, succeeding François Ortoli, who has resigned. The appointment became effective November 7.

M. Millet, 39, was previously Director of Economic Structure and Development under Economic and Financial Affairs of the EEC and before that Director of National Economies and Antitrust. Before the Common Market was

established, M. Millet had been prominent in the French Ministry of Finance. From 1949 to 1951 and 1955 to 1958, he served as an instructor at the National School of Administration and at the Institute of Political Studies in Paris. He holds a law degree from the University of Paris.

Hallstein Doubly Honored

On the occasion of his sixtieth birthday November 17, Professor Walter Hallstein, President of the Commission of the European Economic Community, was presented with the Order of Merit of the German Federal Republic (Grand Cross First Class). The award was made on behalf of German President Heinrich Lübke in appreciation of President Hallstein's work since the Common Market came into existence in 1958.

At the same time, Commission Vice President Giuseppe Caron announced that the University of Padua would award President Hallstein the honorary degree of Doctor of Law. He will be the first non-Italian ever to receive this award and the first person to receive an honorary law doctorate from Padua since the late King Victor Emmanuel III in 1919. The "Laurea Honoris Causa" will be presented to the President at a ceremony to be held in the university at a time to be announced later. Padua, Italy's second oldest university after Bologna, was founded in 1222.

A reception given by the Vice Presidents and members of the EEC Commission was held in Brussels November 17 to celebrate President Hallstein's birthday. A large number of guests from political, academic and economic circles attended.

African Conference

Representatives of the European Economic Community and ambassadors from the 16 African countries which are associated with the Common Market, at a meeting in Brussels November 10 and 11, settled the agenda for the Eur-African Ministerial Conference in Paris December 6 and 7. The conference was scheduled to develop further the new association agreement which will replace the present Implementing Convention relating to the Association with the Community of the Overseas Countries which, by the Treaty

FRÉDÉRIC DONNE

Frédéric Donne, Chairman of the EEC Commission's delegation to the GATT Tariff Conference, died in Geneva on October 31. An outstanding expert in tariff problems, M. Donne had distinguished himself since 1947 as a negotiator, first in the service of France, then for the Commission of the European Economic Community, where he was head of a division of the Directorate General for External Relations.

Officials of the External Relations Directorate General, including Jean Rey, Commissioner, Gunter Seeliger, Director General, and Theodorus Hijzen, Director, as well as many others, represented the Commission and the Community at M. Donne's funeral service held in Geneva November 3.

of Rome, expires at the end of 1962.

Proposals for the new terms on which the association of the overseas countries with the Community shall be renewed after the present convention expires at the end of 1962 include the following:

—A new institutional structure, including a Council of Association on which ministers of the associated countries would have equal representation with the representatives of the Community countries and an Association Committee, also with equal representation; the European Parliament and members of the African parliaments would meet regularly.

—Community action to help stabilize the export revenue of the associated countries (financial aid for existing stabilization funds, direct aid to producers and for diversification of the economy; buffer stock purchases).

—The continuation, at a higher level (\$220 million a year), of financial aid for investment in the form both of outright grants and loans and of technical assistance (\$25 million a year).

Revision of Treaty

A further stage in the procedure for the revision of the antitrust provisions of the ECSC Treaty (Article 65) was reached in October when the joint committee representing the High Authority and the Council of Ministers replied to a series of 21 questions on the proposed revision submitted by the Court of Justice. The draft revision, approved by the Council of Ministers, has to be approved by the Court before entering into force.

PUBLICATIONS AVAILABLE

EXTERNAL TRADE POLICY IN THE COMMON MARKET, November 1961, 6 pp. (mimeo)	free
BACKGROUND DOCUMENTS ON BRITISH, DANISH AND IRISH APPLICATIONS FOR MEMBERSHIP IN THE EEC, 45 pp. (mimeo)	free
EURATOM. An illustrated brochure on the organization and activities of the European Atomic Energy Community, 32 pp.	free
THE COMMON MARKET. A pamphlet describing the organization, objectives, and progress of the European Economic Community, 48 pp.	free
FOURTH GENERAL REPORT OF THE ACTIVITIES OF EURATOM (April 1960- March 1961), 168 pp.	\$1.00
MÉTHODES DE PRÉVISION DU DÉVELOPPEMENT ÉCONOMIQUE À LONG TERME, <i>Informations Statistiques</i> , No. 6, November/December, 1960, 173 pp.	\$1.50
L'ÉVOLUTION DE LA POPULATION ACTIVE DANS LES PAYS DE LA C.E.E. AU COURS DES DIX PROCHAINES ANNÉES, <i>Informations Statistiques</i> , No. 3 July/September, 1961, 115 pp.	\$1.50
MANAGEMENT, ORGANIZATION AND METHODS IN THE AMERICAN IRON AND STEEL INDUSTRY. Report of an ECSC fact-finding mission to the United States in March-April 1957. 364 pp. (mimeo)	\$.50

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