

*Bulletin from the***EUROPEAN
COMMUNITY**

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

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NEW ROUND OF EEC-BRITISH NEGOTIATIONS BEGUN

BRITISH AND COMMON MARKET negotiating ministers have resumed the discussions, suspended August 5, of terms of possible British entry into the Community and have agreed on a fall schedule of meetings.

Three and possibly four ministerial meetings were scheduled to be held between now and Christmas in the new round of negotiations:

From October 25 to 27 the negotiators were to discuss problems of British agriculture, the particular problems of India and Pakistan, and the request for duty-free imports of raw materials from the Commonwealth.

A November 15 to 17 meeting will take up the questions of temperate-zone foodstuffs, particularly dairy products and meat from New Zealand, and financial arrangements for the Community's agricultural fund (established as part of the Six's new agricultural policy).

Another meeting is scheduled for December 10 to 12, with the possibility of an extra session November 29 to December 1.

At the October 8 meeting which reopened the negotiations Lord Privy Seal Edward Heath, Britain's chief negotiator, requested that the Ministerial Council agree to hold trade talks with India, Pakistan, and Ceylon as soon as possible after Britain entered the Common Market, rather than in 1966 as previously agreed, and that meanwhile the application of the Common External Tariff on goods from these three countries be deferred. Representatives of the Six agreed to study Mr. Heath's requests.

Mr. Heath also reviewed for the ministers the main points of discussion at the Commonwealth Conference held in London September 10-19.

Issues Aired at Commonwealth Conference

The primary topic at the annual meeting of Commonwealth representatives was the question of British entry

into the Common Market and what it would mean to the Commonwealth members. A communiqué issued after the meeting states that the conference participants "recognized that after full and continuing consultation with the other countries of the Commonwealth, and in the light of the further negotiations to be held with the members of the Community, the responsibility for the final decision would rest with the British Government."

The communiqué stated frankly that the conference had "disclosed many differences of viewpoint and many uncertainties" and put it on record that "the representatives of various Commonwealth governments expressed anxieties about the possible effects of Britain's entry into the European Economic Community."

The main doubts expressed at the conference involved the maintenance of markets for temperate-zone foodstuffs and other products. India, Pakistan, and Ceylon indicated strongly their fear that if their existing trade arrangements with Britain were canceled their export industries would be seriously injured, thus jeopardizing their development plans.

The reaction to the question of possible association of

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Commonwealth members with the enlarged Community under Part IV of the Treaty of Rome, which was one of the points of provisional agreement reached in the negotiations preceding the conference, was varied. Trinidad-Tobago and the Federation of Rhodesia and Nyasaland seemed to be in favor of association; Sierra Leone and Jamaica wished to consider it further; Ghana, Nigeria, and Tanganyika opposed it.

British Government Takes Post-Conference Action

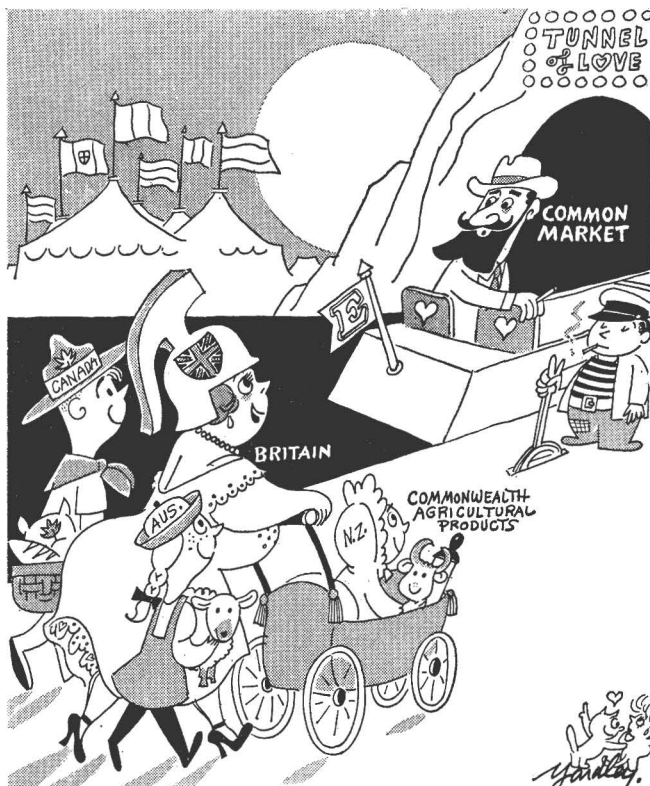
The communiqué stated that Britain would take full account of the views expressed on behalf of the Commonwealth members and would continue its efforts to safeguard essential Commonwealth interests.

At the October 8 meeting in Brussels Mr. Heath asked, in addition to his request on behalf of India, Pakistan and Ceylon, that consultations be held on possible alternative arrangements to association for Commonwealth members, including an opportunity for deferred association.



Mr. Edward Heath,
Britain's chief negotiator

Other developments concerning British entry into the Common Market included Labor Party leader Hugh Gaitskell's statement opposing the provisional terms reached in negotiations and Prime Minister Harold Macmillan's efforts to rally public opinion to support the Government's efforts on the eve of the Conservative Party conference at Llandudno, Wales, on October 10.



"I 'ope You Don't Mind if I Bring the Kiddies"

YARDLEY—The Baltimore Sun

U. S. TRADE EXPANSION ACT SIGNALS NEW APPROACH TO WORLD TRADE

GATT Ministerial Meeting to Precede Bargaining

A MINISTERIAL MEETING of the GATT member countries early next year may be the first major step toward putting into effect the United States' new trade legislation contained in the Trade Expansion Act of 1962.

The holding of a ministerial trade conference was proposed by Canadian Prime Minister John G. Diefenbaker and endorsed by President Kennedy, who suggested, in a letter of October 18 to Mr. Diefenbaker, that the participants be representatives of the 44 countries which are members of the General Agreement on Tariffs and Trade.

"I would like," the President's letter said, "to take full advantage of the authority which the Trade Expansion Act confers upon me, and I am eager to explore with other like-minded nations as soon as possible the problems and prospects for a new approach to the reduction of obstacles to world trade."

As a preliminary to any new round of tariff negotiations, President Kennedy will appoint a special tariff negotiator to represent the U.S. in international trade negotiations.

He will also announce the categories of products to be involved in any negotiations. Within six months of publication of the list, the Tariff Commission must give the President its advice on the effect of import measures on the industries concerned, and the industries themselves may petition to show that lower tariffs would be harmful to them.

Trade Bill Wins Wide Support

President Kennedy signed the Trade Expansion Act of 1962 on October 11, terming it "a vital new weapon for the cause of freedom." The measure, the President said in congratulating Congress on passing it, "gives us the opportunity to develop closer and more harmonious trade relations with the Common Market and other nations throughout the world."

After the House of Representatives approved the bill on June 29 (see BULLETIN No. 54, p. 6), the Senate approved it on September 18 by an impressive majority (78 to 8). It then went to a House-Senate conference which compromised minor differences in the two versions of the bill (and, despite Administration efforts, retained the House's provision excluding Yugoslavia and Poland from most-favored-nation treatment).

On October 4 Congress passed the final version of the bill, by a 255-91 vote in the House and a voice vote in the Senate.



President Kennedy signs Trade Expansion Act, with Administration and Congressional Leaders present.

The new act, which is effective until July 1, 1967, gives the President authority to :

- Negotiate reciprocal agreements reducing tariffs to zero on products in which the United States and the European Economic Community account for as much as 80 per cent of world trade. (See box.)
- Lower tariffs on agricultural commodities by more than 50 per cent in any trade agreement with the Common Market, if it is determined that such action would benefit U.S. export of "the like article" (i.e. both the U.S. and the EEC would lower tariff on the same articles—a reduction of tariff on corn in return for a reduction on corn, for example).
- Negotiate reciprocal tariff cuts of as much as 50 per cent on all goods. The President may now negotiate tariff reductions on entire categories of products instead of item by item, a procedure which is expected to be more effective in multilateral negotiations.
- Reduce or eliminate all tariffs or other restrictions on imports of tropical goods (primarily produced by Latin America and Africa), if the Common Market does so, and if the goods are not produced in significant quantity in the U.S.

New Law Provides Leeway

In addition to its liberalization measures, the new legislation also provides "safeguard clauses" for protection.

The President has authority to raise retaliatory tariffs when other countries maintain "unreasonable" import restrictions against U.S. products. He may impose tariff measures on any articles whose import is considered detrimental to national security. He may also exempt from tariff negotiation any product found by the Tariff Commission to be threatened with serious injury because of increased imports.

The law also provides for a new program of Federal "adjustment assistance" to firms and workers suffering losses caused in major part by import competition. The Tariff Commission will decide on eligibility for assistance. Firms may receive loans, loan guarantees, technical assistance, and limited tax relief. Unemployed workers may receive cash payments averaging \$48 weekly and as high as \$61 weekly for as long as 78 weeks, and retraining programs will be maintained for them.

Trade Benefits to be Widespread

Under Secretary of State George Ball described the worldwide significance of the bill in a speech to the American Bar Association on August 7.

"If the negotiations for British accession to the Community succeed," he said, "we shall have on either side of the Atlantic two enormous entities. . . . Between them these two entities will account for 90 per cent of the free world's trade in industrial goods and almost as much of the free world's production of such goods. Between them they will represent the world's key currencies; they will provide the world's principal markets for raw materials; and they will constitute the world's principal source of capital to assist the less developed countries to move toward decent living standards."

The new law provides that the most-favored-nation prin-

Major goods in which U.S. and EEC plus 5 possible additional members¹ account for 80% of world trade²

- **Raw and processed materials**
Coal, coke and briquettes, organic chemicals.
- **Capital goods**
Road vehicles, aircraft, railway vehicles, metalworking machinery, agricultural machinery, power generating machinery, industrial machinery, electric machinery.
- **Food and beverages**
Margarine and shortenings, sugar confectionery and other sugar preparations, non-alcoholic beverages
- **Miscellaneous**
Tobacco manufactures, photographic and cinematographic supplies (excluding cameras), fur skins, pigments and paints, cosmetics, musical instruments, leather manufactures, rubber materials and articles, miscellaneous chemicals including plastics and insecticides, glass excluding glassware.

¹ United Kingdom, Denmark, Greece, Ireland, and Norway.

² The U.S. and EEC account for 80 per cent of world trade in (a) aircraft and (b) margarine and shortenings.
—from information prepared by U.S. Department of Commerce.

ciple will apply to all countries except those dominated or controlled by Communism; thus other countries will benefit if future negotiations between the United States and the Common Market are successful.

The French daily *Le Monde*, commenting on passage of the bill, stated in an editorial that it "opened the prospect of complete tariff disarmament between Europe and the United States for a third of their mutual trade and a halving of all customs barriers on the rest."

Common Market President Walter Hallstein has de-

scribed the new U.S. trade policy as stemming "from the same logic of events as that which led to the creation of the European Economic Community." He and other European officials have said, however, that effective liberalization of U.S.-European trade will require some form of common policy and common regulations. Among them was French Finance Minister Giscard d'Estaing, who, speaking to the American Club in Paris, emphasized that some degree of "permanent economic organization" would be necessary.

COMMON MARKET VICE PRESIDENT HAILS NEW U.S. TRADE ACT

GIUSEPPE CARON, Vice President of the Common Market Commission, described the United States' new Trade Expansion Act as "another step on the part of the American people to bring about a more effective cooperation between the United States and Europe" and called for a further step forward—an agreement between Americans and Europeans "on certain rules."

Vice President Caron made his statements at the Overseas Press Club in New York on October 4, while on a two-week visit to the United States.

Signor Caron said that Britain's entry into the Community, under proper terms, would be "incalculable" in its benefit to the Western world. But he cautioned that such entry would have to take place under terms that would not "whittle away the strength of our Community, or even merely slow down the tempo of its growth and its onward thrust."

'A Further Step Forward'

Speaking of the U.S. Trade Expansion Act, he stated that "a further step forward will be needed if the full benefit is to be gained from reciprocal tariff cuts."

"Americans and Europeans will also have to reach an agreement on certain rules to harmonize the conditions under which the various economic forces operate," he continued. "These rules are not to be interpreted as putting a curb on those principles of the freedom of the market . . . but rather as affording a guarantee of fair competition and in the long run safeguarding the freedom of trade itself. When we tackle these problems in practice, we shall realize that any common game calls for common rules and even perhaps a referee to whistle for offside; that the Trade Act is certainly a factor on the credit side, but it is only the essential prerequisite on which to base our subsequent dialogue."

Praises U.S. Role

Vice President Caron said that he was aware that America will have to face difficult trade problems "whether because of the hard facts or because it is only human that a reversal of traditional patterns should engender a reaction among the interests affected."

The Common Market Vice President said the U.S. and Europe must have faith in the competitive possibilities of their economies and that they must face up to their commitment toward the less advanced countries. The success of the free world's foreign policy, he said, will depend largely on the expansion of its external trade.

Speaking of the importance to the West of political unification in Europe, he said: "I know that this is a matter of constant concern to the Government of the United States, and I must pay tribute to the admirable consistency—the courage, rather—with which right from the moment war ended in Europe the American Government has pursued this objective. The approval of the Trade Expansion Act and the President's Message on Trade to the United States Congress are part and parcel of the policy initiated when the Americans gave themselves so generously to promoting European recovery. Today European recovery is an accomplished fact and Europe will always remember with gratitude America's help."

'Major Step Toward a New Era'

The Common Market Commission issued the following statement after President Kennedy signed the Trade Expansion Act:

"The Commission of the European Economic Community salutes the signing of the Trade Expansion Act by President Kennedy as a major step toward a new era in international economic affairs. By his act, and with the support of the American Congress and people, the President has pledged his country to a far-reaching liberalization of free-world trade. He has proclaimed the readiness of the United States to undertake this program in partnership with the nations of the European Community for the benefit of all free nations.

"The Atlantic Partnership can now move forward from conception to accomplishment. The means are at hand for an enlargement of exchanges of goods by a general reduction of tariffs accompanied by the adoption of rules of fair play. Such a stimulation of trade undertaken in terms of reciprocal advantage to both partners will also produce throughout the free world, as it has in the European Community, new economic strength and vigor. Inevitably, the new enterprise of partnership will also intensify Atlantic cooperation as the separation of national economies diminishes. These and other benefits undoubtedly to be discovered on the new path of partnership confirm the historic importance of President Kennedy's action in behalf of his country and the free world."

PROFESSOR WALTER HALLSTEIN, President of the Commission of the European Economic Community, has declared that Atlantic Partnership does not require a new international organization but does require a new policy in international economic affairs "resting on one American and one European pillar."

The Common Market executive made the statement to the joint session of the European Parliament and the Consultative Assembly of the Council of Europe in Strasbourg on September 17 in an address covering the main issues currently facing the European Community, particularly in its external relations.

President Hallstein said that in the last year the importance of the Community's foreign relations had grown "extraordinarily," mentioning, in addition to the applications for membership or association received from European countries, reactions from outside Europe—President Kennedy's suggestion to establish a "partnership" between the United States and the European Community, and also "the discussions to which our Community has given rise in the Eastern bloc."

EEC Head Comments on Atlantic Partnership

President Hallstein had this to say about the future of Atlantic relations:



President Hallstein and President Kennedy at the White House in May 1961:

"Partnership signifies a relationship of cooperation . . ."

"The term partnership has been applied to them—a term used specifically in antithesis to the idea of an 'Atlantic Community.' A community signifies one collective personality with its own institutions, frontiers to delimit the area in which these institutions operate, and with different treatment for internal and external affairs. Partnership on the other hand signifies a relationship of cooperation—with competition between our economies and with the requisite coordination of our economic policies—the partners being approximately equal and increasing their strength through vying with one another; it is clear, then, that the full

development of our Community is assumed and that the partnership is not to have a discriminating effect externally.

"In other words, while no new organization is to be set up (use will be made of existing institutions such as the General Agreement on Tariffs and Trade, the Organization for Economic Cooperation and Development, and the International Monetary Fund), there will be a new policy, particularly in the customs field but also in international economic affairs (including monetary policy, development policy and so on), resting on one American and one European pillar.

"On July 4, the day on which the United States commemorate their independence, President Kennedy coined the phrase of 'interdependence' between Europe and North America. At the same time he pointed out that the most important step forward in the direction of such interdependence in partnership can at this stage be taken only in Europe itself, with a European Community advancing to the stage of full responsibility."

Later in his address he returned to this idea. Terming the trading states bordering the Atlantic the "Mediterranean" of today, he said:

"Problems connected with this [free world] trade fall mainly within the province of GATT and of OECD. They concern the breaking down of trade barriers and, beyond this but related to it, some harmonization of economic policies and the maintenance of monetary stability."

EEC - British Negotiations Considered

President Hallstein outlined the results of the negotiations for British entry before the August 5 suspension and said, "If we consider the interim balance [of provisional agreements reached] as a whole, we have no reason to be dissatisfied with the results of the negotiations so far."

The major difficulty, he pointed out, proceeds from the links between Britain and the Commonwealth, "the largest preference area in the world."

"British membership," he said, "therefore means a process by which Great Britain would move out of the Commonwealth preference area and into that of the European Community. That transition must be made complete in a clearly defined and reasonable period, and the manner in which it is achieved should be as painless for all concerned as is at all possible. The future relationship between Europe and the Commonwealth must also fit into the existing world economic system, or it should be such that it will close any gaps in the system."

Discusses Agricultural and Tropical Exporters

Speaking of the problem of imported foodstuffs from the temperate zones (Canada, Australia, and New Zealand), Professor Hallstein stated that the negotiators in Brussels had agreed that world-wide agreements on trade in these commodities should be negotiated at an early date, if possible.

The Common Market President also discussed the current negotiations with the Community's overseas associates for a new association convention to begin January 1, 1963, saying that a free trade area will be set up, but the African

countries will retain freedom of action to protect their infant industries and to ensure the budget revenues they need. This will be backed up by financial and technical aid from the Community, he said, and necessary institutions will be set up jointly by the Community and the associated states.

"A further step of importance is acceptance of the principle, always advocated by the Commission, that preferences should be reduced by cutting the Common External Tariff's duties on important tropical products when the new convention is put into effect; at the same time financial aid will be increased," President Hallstein declared. "The Community believes that in taking such action it is making an important contribution to the harmonious development of world trade in the commodities concerned."

Agriculture a World Problem

Pointing out the lack of order in the world's agricultural trade and the special difficulties of agriculture in all national economies, he said that thus far, in their efforts to cope with these problems, countries have merely been subsidizing their surpluses and offering them on the so-called world market at artificially reduced prices.

To place matters on a sounder basis, President Hallstein said, the first step would be a better ordering of agricultural markets within the individual national economies; and the Community, with its new agricultural policy, has provided itself with the instruments for attaining a sounder basis: on July 30, 1962, responsibility for certain spheres of agricultural policy passed from the national to the Community authorities (see BULLETIN No. 56, p. 3). Within the new framework, he said, the use of rational methods to counter the piling up of surpluses will be a matter chiefly of price policy.

The second step, the Common Market President said, should be in world agricultural markets:

"The Commission believes—and its opinion is shared by the member states—that the world-wide agreements on agricultural products already referred to are the very best instrument for this purpose. Agreements laying down specific rules for agricultural trade must be concluded between the chief supplying and the chief importing countries. . . . For [the developing] countries world-wide agreements not only offer the possibility of help in feeding their rapidly growing populations; such agreements, especially those which cover the markets for tropical raw materials, can also be a great help in stabilizing the incomes which these countries obtain from exports."

East, West, and the Developing Countries

Professor Hallstein said that the problems in regard to the Eastern bloc are of a different order, adding: "The trade of this bloc is political trade, and as a result all the factors which maintain the economic order found in the free world cease to have their effect."

He commented generally on East-West differences and the Soviet allegations that the Common Market is an "imperialist conspiracy," remarking on the "line of Soviet tactics vis-à-vis the European Community [which] runs via the developing countries." He pointed out that, despite Soviet claims, since 1954 the OECD countries have made available some \$40 billion for development aid, of which

\$30 billion came from public sources and \$10 billion from private sources. This, he said, is "exactly ten times as much as the aid promised by the Eastern bloc for the same period, which amounted to \$4 billion," and only half of it has so far been provided, in contrast to the 75 per cent of the OECD sum which has actually been spent.

The Community countries, he said, have provided development aid amounting to some \$10 billion since 1958, and the Development Fund alone is providing \$581 million to the associated overseas states in the first five years (1958-62) of their association with the Common Market.

'Face to Face with a Historical Necessity'

The Common Market President referred to the various proposals made in Western Europe for political union, saying that he viewed political union as a matter of completing a process already begun. "The Community's attitude to these plans is based on this [view]," he said, "and is entirely one of approval."

He closed by emphasizing the importance of the political development of the Community:

"The power to master the tasks with which the world situation and our destiny confront us is the yardstick by which we must measure all new plans to extend our Treaties, whether geographically or in their subject-matter. This is the only essential yardstick, since we find ourselves face to face with a historical necessity which is becoming more and more imperative. . . . [This is] the touchstone for all schemes intended to shape European policy, and it naturally sets limits to the consideration which can be accorded to special wishes, vested interests, or the desire to conserve what already exists."

Commonwealth Favors World Commodity Agreements

"To meet the needs of the producers of agricultural commodities, Commonwealth Governments will support policies and initiatives designed to maintain and expand world trade in these commodities, and to improve the organization of the world market in a manner fair alike to producers and to consumers. They will support a fresh and vigorous approach to the negotiation of international commodity agreements to this end. . . ."

"The Prime Ministers expressed the readiness of their Governments to join in the comprehensive international efforts, by all available means, to expand world trade in both primary products and manufactures. They recognized the important contribution which the European Economic Community and other regional groups could make in such efforts. They hoped that the general objectives set out above would be shared by the members of the European Economic Community. They also took note, in this connection, that legislation was at present before the United States Congress which would materially assist in this aim."

—from the final communiqué issued following the Commonwealth Prime Ministers' Conference, London, September 19, 1962.

EEC-GREECE ASSOCIATION GOES INTO EFFECT

First European Associate Joins Community

THE ASSOCIATION OF GREECE with the European Economic Community, effective November 1, represents the first direct link of this kind between the Common Market and a European country.

The agreement provides for the gradual establishment of a full customs union between Greece and the Common Market, with special measures, including financial aid, to protect and develop the Greek economy, which is largely agricultural.

Customs duties between Greece and the Community will be gradually abolished over a 12-year period beginning November 1, 1962. The Community countries will immediately cut their tariffs on imports from Greece to the level already reached in the reduction of the Community's internal tariffs; future internal tariff cuts will also be applied to Greek goods.

Greece will abolish tariffs on imports from the Community according to the Rome Treaty timetable, except on certain goods also produced in Greece and representing about one-third of Greece's imports from the Community; on these goods tariff reductions may be spaced over a 22-year period.

Greek Exports Get Special Treatment

In order to protect her infant industries, Greece may, during the first 12 years and within prescribed limits, apply new duties or increase existing ones against Community imports. Such new or raised tariffs must be either abolished or reduced to their previous level within nine years and then gradually removed.

Greece will harmonize its agricultural policy with that of the Community within a maximum of 22 years; in the formation of the Community's policy, a consultative procedure will be followed to take into account legitimate Greek interests regarding such products as tobacco.

For many Greek agricultural products, the Community will extend duty benefits already granted between the Six. The Community will, however, be able to apply safeguard clauses restricting imports of Greek citrus fruits, table grapes, peaches, wine, etc., should these rise beyond an agreed level in the period before harmonization is complete.

The Community will lower its duties on Greek tobacco and raisins in advance of the normal timetable and will open tariff quotas for Greek wine. The French and Italian state tobacco monopolies will also undertake to increase their purchases from Greece.

Other Greek-Common Market Ties Outlined

The agreement allows Greece to borrow \$125 million in five annual installments from the European Investment Bank during the first five years of the association. These sums will be used for investment projects designed to increase the productivity of the Greek economy.

A joint Council of Association will be formed, composed of members of the Greek Government and of the Community's Commission and Council of Ministers. Any



Greek Premier Karamanlis: "The association agreement will protect the Greek [economic] efforts, while at the same time creating the conditions for a rapid modernization of the country's economy."

disputes which might arise would be referred to the Council.

Free movement of workers between Greece and the Common Market will be put into effect at the end of the 12-year period. Timetables will be set up for the progressive freeing of the right of establishment and the right to supply services. Restrictions on capital movements are to be eased by joint agreement, particularly with a view to stimulating investments in Greece.

Coordination between the Common Market and Greece in other areas such as transport, competition, and economic and foreign trade policy will become effective in the 12-year period, gradually and through joint consultation procedures.

Greek Prime Minister Hails New Era

In an address to the Greek people Prime Minister Constantin Karamanlis said:

"Until now Greek production has been geared to the small Greek market. Henceforward it will be directed toward the great Common Market of 170 million people. Traditional economic criteria will be overturned, and it will be necessary in all sectors of production to make technical changes on a grand scale so that our products may become competitive.

"The association agreement will protect the Greek efforts, while at the same time creating the conditions for a rapid modernization of the country's economy. The Government is convinced that it may rely on the energy, dynamism, and wisdom of the Greek people in this task."

Greece requested to become associated with the Common Market on June 8, 1959, and formal negotiations began in March 1960. The association agreement was signed in Athens on July 9, 1961. After ratification by the parliaments of the Six and of Greece, the instruments of ratification of the agreement were exchanged on August 24, 1962, enabling the association to go into effect on November 1.

A further agreement is to be negotiated between Greece and the European Coal and Steel Community.

COMMUNITY UNEMPLOYMENT LOWER, LABOR SHORTAGE HIGH

Need of Skilled Men Affects Community Expansion

SHORTAGE OF LABOR, particularly in skilled categories, is one of the most important problems still facing the Common Market, according to the EEC Commission's third annual report on employment trends. The main solution, according to the report, is to improve the quality of existing labor supplies through vocational training.

Rising demand for all categories of labor throughout the Community has led to a steady fall in the rate of unemployment. By the middle of 1962, the number of unemployed was the lowest on record in almost all the six countries. The decline was sharpest in Belgium during the first half of this year, when total unemployment fell by almost 28,000, or some 30 per cent. Although total unemployment in Italy remains higher than in any other Community country, enormous strides have been made in the last two and a half years; during this period unemployment dropped by 587,000 (29 per cent) to just over 1,102,000.

Labor shortages are greatest in Germany, the Netherlands, and Luxembourg.

GERMANY

The smaller increase in industrial production (5.7 per cent in 1961, compared with 9.5 per cent in 1960) was partly attributable to scarcity of labor, aggravated by the reduced number of refugees from the Eastern Zone, the report states.

Although the working population increased by 2.4 per cent during 1961, demand for labor rose even faster, and a record 600,000 vacancies were registered. It was estimated that Germany would need an additional force of 171,000 workers during 1962 if the anticipated 4 per cent rise in industrial production was to be achieved.

NETHERLANDS

Labor reserves are almost exhausted, and the situation was aggravated during 1961 by a shortening of the official working week. For industry as a whole, this was equivalent to a reduction of some 3 per cent in the labor force, or a loss of 1½ hours a week per employee. According to the report, this accounts generally for the fact that industrial production rose by only 2.6 per cent in 1961, compared with 9.4 per cent the year before. Some improvement is expected to show this fall, and the employment of women workers, so far the lowest in the Community, is expected to increase.

LUXEMBOURG

The deceleration in the rate of expansion of the iron and steel industry did little to relieve the pressure on the labor market. The proportion of foreign workers employed in Luxembourg, which now accounts for nearly a third of the total labor force, increased by only 1 per cent in 1961.

In the rest of the Community over-all labor shortages are not so acute as in these three countries, but regional difficulties exist.

FRANCE

A shortage of skilled workmen is retarding expansion in some areas, and general labor shortages persist in the

north, the northeast, and the Paris region. On the other hand, government and private development projects are being put into operation to solve local unemployment problems in Brittany and the central and southeast areas. In particular, the fourth Social and Economic Development Plan aims to transfer 270,000 workers from agriculture to industry.

The total French working population continues to increase, mainly as a result of immigration, the report states. In 1961 almost 79,000 workers were added to the labor force from this source, compared with 49,000 in 1960. Of the immigrants, nearly 24,000 came from Italy and over 39,000 from Spain. A further easing of the labor market in France can be expected from the influx of Algerian refugees and reductions in military manpower. On the other hand, reductions in the working week are now likely.

BELGIUM

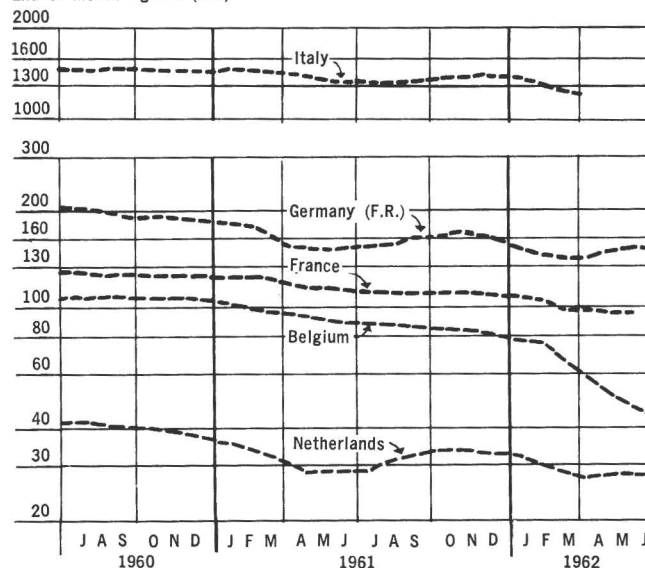
Despite the slowing of economic expansion in 1961, unemployment fell by over 20 per cent and unfilled vacancies rose by over 60 per cent. The number of new immigration permits issued was slight, and renewals of existing permits fell by 32,000. This resulted mainly from the departure of Italian miners following the closure of a number of pits. It was estimated that an additional 22,000 workers would be needed during 1962 if the estimated 3.5 per cent rise in industrial output was to be met.

ITALY

A surplus of labor still exists, although the remarkable strides which the economy has made in recent years have steadily reduced unemployment. Industrial production rose by an annual average of 10.5 per cent in the three years 1959-61. There are serious shortages of skilled labor in some northern industrial areas, but over-all employment,

Falling Unemployment in the Community

End of month figures (000)



mainly among unskilled labor in the south, still amounts to 14 per cent of the total working population.

The report concludes that the Community's manpower problems are more those of quality than of quantity and stresses the need for increased efforts in vocational training on both national and Community levels. It emphasizes, in addition, the need to improve the geographical mobility of labor by closer coordination of national employment policies as a means of removing regional anomalies in the labor market. Decentralization of industry is also advocated by the Commission to bring industry to local labor resources as yet underemployed.

France's working population was increased by 79,000 immigrating workers in 1961. Shown here are two workers, one from Africa, on the production line at the Simca factory in Poissy.



LABOR CONDITIONS IMPROVE IN COMMUNITY COUNTRIES

PROGRESS MADE TOWARD REALIZING the social aims of the Treaty of Rome was outlined in *The First Stage of the Common Market*, a resumé of the Community's achievements from 1958 to 1962, recently published by the EEC Commission.

To finance what the report calls the "social cost of the Common Market," the European Social Fund was set up in August 1960. Its purpose is two-fold: to guarantee the incomes of wage-earners against the risks arising from the integration of national economies, and to promote the expansion of employment generally. By the end of 1961, according to the report, the Fund had paid out nearly \$26 million, of which over \$18.5 million was used for retraining workers threatened with structural unemployment, while the remainder was used for resettlement purposes.

Other highlights of the report follow.

Vocational Training Emphasized

The Commission regards vocational training as "the link between demographic expansion and technological change" and as the means whereby an expanding working population can adapt itself to the requirements of an expanding economy.

The Commission has already proposed the standardization of vocational training on a European basis and has advocated the introduction of both uniform and competitive Community trade examinations. The Council of Ministers has submitted these proposals to the European Parliament and the Economic and Social Committee for their opinions.

In addition, the Commission has worked out a program for the rapid training of Italian workers so that they may take jobs in the Netherlands and the Federal Republic of Germany. The program, which covers 10,000 workers, is being initiated with the cooperation of the three Governments concerned.

Equal Pay for Women by 1965

The Council's desire to proceed more quickly with the policy of equal pay for men and women was contained in a declaration attached to the general program for speeding up implementation of the Common Market Treaty in May 1960. In line with this program, the Commission submitted a recommendation to the Council on the ways in

which the policy could be realized. As a result, the Council adopted the following timetable at the end of December 1961:

- Any difference exceeding 15 per cent between the pay of men and women for similar jobs is to be reduced to that amount by June 30, 1962.
- The difference is to be reduced to a maximum of 10 per cent by June 30, 1963.
- All discrimination is to be abolished by December 31, 1964.
- Member governments will introduce legislation to make this policy enforceable in their courts.

Measures Taken to Expand Employment

To further the Community's policy of expanding employment and harmonizing the standards of living in the various countries, the Commission has carried out legal, financial, wage, and statistical inquiries in each of the six member countries. A survey of employment trends in the Community countries between 1954 and 1958 has also been made, along with special studies of particular underemployment problems in France and Italy. Other studies have been made on social security, industrial hygiene and safety, the financing of low-cost housing, and housing conditions for migrant workers. Community measures have already been taken in several of these fields, and further action based on the studies is planned.

The importance of vocational training, increasingly emphasized by Community experts, is already recognized in the member countries. Shown here is a Netherlands technical training school.



COURT REJECTS DUTCH APPEAL AGAINST HIGH AUTHORITY'S TRANSPORT RULING

THE COURT OF JUSTICE of the European Community has rejected the Netherlands Government's contention that the High Authority's recommendation on the publicity of transport rates in the Coal and Steel Community was illegal.

The Dutch Government claimed three years ago that the High Authority had overstepped its powers in making the recommendation that member governments must publish their transport rates. The Court's decision upheld the High Authority's view that the principle of the publicity of transport rates was laid down in the Paris Treaty, putting an end to the uncertainty which has surrounded the issue for three years.

According to the Court's decision, handed down July 12, the Treaty of Paris does not limit itself to forbidding discrimination but asks for adequate publicity of all forms of transport rates for coal and steel throughout the Community. The Dutch Government opposed such measures on the grounds that the High Authority had no right to force the Governments to introduce them.

The Court, however, has now stated that the High Authority has the power to insist on the member states' execution of their obligations under the Treaty, by means of a recommendation, although the High Authority has no powers to impose new obligations not mentioned in the Treaty. It ruled that in this case the High Authority had followed this procedure correctly and that the recommendation opposed by the Dutch Government did not exceed the High Authority's powers under the Treaty.

In the course of its judgement the Court stated that the principles established in the Paris Treaty are complementary; all contribute essentially to the creation of a common market for coal and steel. It added that price publicity is essential if transport firms are to be able to compete freely. The High Authority was right in asking the member states to institute such control effectively, the Court stated, in that there was a risk that the measures laid down in its recommendation for ensuring publicity in transport rates would be ignored if there were no control to see that they were carried out.

Scholarships Available for College of Europe in Bruges

The College of Europe in Bruges, Belgium, a post-graduate institution devoted to the study of European integration, has recently undertaken a program which may result in its expansion into a second European university. The college has a 13-year history of independent instruction by leading European and American professors and of advanced research.

American students are eligible to attend the college upon completion of a baccalaureate degree. Fulbright and Rotary scholarships for study at the Bruges colleges during the academic year 1963-64 are now available. Further information may be obtained from the Admissions Office, College of Europe, Dyver 11, Bruges, Belgium.

Newsbriefs

Common Market

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Coal & Steel Community

U.S. Names New Community Ambassador

John W. Tuthill has been appointed United States Ambassador to the European Economic Community, the European Atomic Energy Community, and the European Coal and Steel Community, succeeding W. Walton Butterworth, the new U.S. Ambassador to Canada.

Ambassador Tuthill served until recently as U.S. representative to the Organization for Economic Cooperation and Development in Paris.

He entered the U.S. foreign service in 1940. After assignments in Canada, Mexico, Sweden, and Britain, he served as economic counselor in Bonn in 1955 and in Paris from 1956 until he returned to the U.S. in 1959 to become director of the Office of European Regional Affairs. Ambassador Tuthill studied at the College of William and Mary, the American Institute of Banking, New York University, and Harvard University, where he received an M.A. degree.



Spaak Speech Hailed at U.N.

Foreign Minister Paul-Henri Spaak of Belgium addressed the United Nations General Assembly on October 1, appealing for understanding of the "new Europe" and assuring the developing countries that in their struggle for economic advancement they could count on the European Community's cooperation.

At the end of his statement M. Spaak received an ovation in which the African and Asian delegates joined.

The Belgian Foreign Minister defended the European Community against Soviet charges of "neo-colonialism" and said that the Community's goal was "world cooperation." He pointed out that the Six are exporting nations and, he said, "if we ruin our clients, we ruin ourselves."

M. Spaak emphasized that the Common Market would admit exports of its African associate members duty-free, while the Africans would retain the right to impose tariffs on Common Market exports in order to protect their own "infant industries." He also said that the Common Market would try to stabilize the prices of tropical raw materials.

Declaring that the Common Market membership was not "the Europe of the nineteenth century," he said: "To unify Europe is not to fall back on an autarchic concept; it is a step toward universality. . . . Welcome us without fear; welcome us, on the contrary, with confidence and joy, for it is to all, without exception, that we extend our friendly hand."

M. Spaak, who played a leading role in creating the Common Market, spoke after Hungarian Foreign Minister Janos Peter renewed a Communist attack on the Common Market, telling the Assembly that the EEC was aimed at "undermining peaceful coexistence."

U.S. Ships Uranium to Euratom

U.S.-Euratom cooperation entered a new phase with the delivery in September of 40 kg. of 90 per cent enriched uranium to the Euratom Supply Agency from the U.S. Atomic Energy Commission.

This is the first delivery made under the amended U.S.-Euratom agreement which permits use of American-manufactured fissile materials, 30,000 kg. of which had originally been earmarked for the execution of the joint U.S.-Euratom power and research programs, for other power or research projects in the Community (see BULLETIN No. 55, p. 11).

This first consignment is to be used by the Italian National Committee for Nuclear Energy for the ROSPO critical assembly at their Casaccia center near Rome.

Surinam Becomes Common Market Associate

The association agreement between the European Economic Community and the self-governing Dutch colony of Surinam went into force on September 1.

The Surinam Government has proposed seven projects requiring financial help from the European Development Fund, which has allocated \$35 million for investment projects in countries which have special relations with the Netherlands.

Although the United States is Surinam's chief market, 11 per cent of Surinam's exports are currently absorbed by the Community, and imports from the Community make up 37 per cent of Surinam's total volume. Minerals are the country's chief product, accounting for 78 per cent of gross national output, although over half the population is engaged in agriculture. Surinam also exports timber, rice, and citrus fruits.

Euratom to Construct Reactor in Italy

The Commission of the European Atomic Energy Community has authorized the construction of a 25-MW test reactor, ESSOR (*essai* ORGEL) at Euratom's Ispra research center, northwest of Milan.

Work on the new reactor, which will cost \$20-25 million, will start in 1963 and is expected to be completed in 1965.

ESSOR, a specific test reactor, will be used for study of

a wide range of heavy-water reactors, particularly those of the ORGEL type, using natural uranium as fuel, organic liquids as coolants, and heavy water as moderators. This reactor string, so far little studied, is one of the main subjects of Euratom's research program, under which \$57 million has been allocated to the ORGEL project.

EEC Hears Swiss Statement on Association

The Government of Switzerland presented the opening statement in its application for association with the Common Market on September 24 at a ministerial meeting in Brussels.

Federal Councillor Friedrich T. Wahlen, who headed the Swiss delegation, stated his Government's desire to reach an economic arrangement with the EEC which would permit Switzerland to participate in the Community without violating its neutral status.

Switzerland, Austria, and Sweden applied for association on December 15, 1961; delegations from Austria and Sweden, the other two neutrals, made their initial statements to the EEC Council of Ministers on July 28.

Award Offered for Safety Device Design

The High Authority of the European Coal and Steel Community is offering an award of \$70,000 for the best design submitted for a portable threshold-value oxygen indicator.

Competitors must advise their intention to enter the competition by August 27, 1963, and must submit prototypes in duplicate by no later than August 27, 1964. The contest, held in accordance with the High Authority's effort to assure the safety of coal mines, is open to persons outside the Community.

Details of the competition were announced in the *Journal Officiel des Communautés Européennes* of August 27, 1962. Further information may be obtained from the Secretariat of the Mines Safety Commission, 29 rue Aldringer, Luxembourg.

EEC to Study Tourist Problems

The Common Market Commission is taking steps to develop the tourist industry in the six member countries. It has set up a working party to study the problems of off-season tourism, the easing of formalities at frontiers, stand-

Euratom To Assign Dutch and German Research Contracts

THE EUROPEAN ATOMIC ENERGY COMMUNITY COMMISSION has agreed in principle to allocate \$13 million for research to two new power projects—\$8 million to the German Rheinisch-Westfaelische Elektrizitaetsgesellschaft (RWE) for a 240-MW reactor on the Danube near Ulm and \$5 million to the Dutch Samenwerkende Electriciteits Productie Bedrijven (SEP) project for a 50-MW reactor.

The \$13 million is the balance of a sum of \$32 million earmarked by the Euratom Council of Ministers from Euratom's research budget for participation in power reactor projects in the member countries. Of this total \$19 million has already been allocated to the Italian firms SENN and SIMEA and to the Franco-Belgian SENA project.

In these "participation contracts," research results are

put at the disposal of Euratom, which may assign personnel to the projects during the construction and initial stages of operation.

As part of its participation policy, Euratom convened a meeting of representatives from Community nuclear firms in September and informed them on the status of design and construction problems in process. Copies of these reports are available at Euratom headquarters, 51 rue Belliard, Brussels.

At the meeting it was arranged that interested firms might detach personnel to the SENN and SIMEA projects, which are to enter the final phase of construction in 1963. A similar arrangement will be made later for assignments to the SENA project and eventually to other firms with which Euratom has participation contracts.

ardization of taxes imposed on tourists, and training standards for hotel and restaurant workers and others employed in the industry. The study, which is the result of an Italian Government initiative, will be undertaken jointly with the official tourist offices of the six governments.

Breakthrough in Mont Blanc

The last barrier of rock obstructing the Franco-Italian tunnel under Mont Blanc was blasted away on August 14, opening a new link between Italy and her partners in the European Community.

The \$40-million tunnel, which is seven and a quarter miles long, will cut the road distance between Paris and Rome by about 125 miles when it is opened for traffic in 1964. It will remain open year round and is expected to carry some 300,000 vehicles and 1.5 million people annually between Italy and France.

Blasting was completed after three years of work during which 17 persons lost their lives.

Of the nine tunnels now leading into Italy from north of the Alps (from France, Switzerland, and Austria), eight are for railroads and only one for motor vehicles.

The blasting of the new tunnel follows the construction of another tunnel for motor vehicles under the Great St. Bernard pass earlier this year. This will connect Italy with Germany and the North when it is opened for use early next year. Both tunnels are important contributions to the Common Market Commission's projected European road network.

PUBLICATIONS AVAILABLE

GUIDE PRATIQUE (*French text*). A manual to assist firms in complying with the rules governing competition in the Common Market. European Community Information Service, October 1962, 48 pages . . . \$.80

LES ENTREPRISES SIDÉRURGIQUES DE LA COMMUNAUTÉ (Multilingual edition: Dutch/French/German/Italian). A directory of Community steel companies and sales organizations. Shows range of products and types of steel produced by each plant. High Authority, 1962. \$2.00

EEC POLICY TOWARDS THE DEVELOPING COUNTRIES. An address by Mr. Robert Lemaignen at the Bari Symposium, October 1961, 10 pages free

EXPOSÉ SUR L'ÉVOLUTION DE LA SITUATION SOCIALE DANS LA COMMUNAUTÉ EN 1960. EEC Commission, August 1961, 344 pages \$1.60

GUIDES POUR LES TRAVAILLEURS MIGRANTS. Series of social security guidebooks for migrant workers. Summary of workers' benefits and the formalities to be complied with when employed in a Community country other than their own. EEC Commission, 1961. \$.25

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