



Bulletin from the

EUROPEAN COMMUNITY

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

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EEC COMMISSION PRESENTS 'ACTION PROGRAM'

THE COMMISSION OF THE EUROPEAN ECONOMIC COMMUNITY has drafted an "action program" to be followed during the second stage of the EEC's transition period toward achieving a full common market.

The four-year program was presented to the Council of Ministers and the Political Committee of the European Parliament in the form of a "Memorandum of the Commission" dated October 24. It is a lengthy document divided into 11 sections covering all major areas of the Community's development. Following are the highlights of the program which the Common Market will pursue if the Commission's proposals as set forth in the Memorandum are adopted.

Political Unity

In the Memorandum's introduction, the Commission states that the economic integration of Western Europe is in essence a political phenomenon and that "together with the European Coal and Steel Community and Euratom, the European Economic Community forms a political union embracing the economic and social spheres. . . . It follows that the Commission is bound to adopt an unreservedly positive attitude toward any extension of European unification to other fields than that of economic and social policy: notably defense, the non-economic aspects of foreign affairs and cultural policy—in short, to whatever comes under the heading of 'political union'."

Economic Policy

The Commission also says in the introduction: ". . . It must be remembered that an economic order based on freedom can only exist in the world of today at the price of constant State intervention in economic life."

This thesis is elaborated in the Economic Policy chapter, which says that the Community will continue to make

use of annual general economic forecasts, quarterly economic surveys, monthly business surveys, and other studies; in addition, it will act on a proposal to establish an annual economic forecast for each member country and will introduce more detailed surveys. With these instruments, the Commission proposes to expedite the preparation, approval and implementation of measures of economic programming with the ultimate aim of merging national policies into a Community economic policy.

The Commission intends to make proposals on Community economic programming, based on national forecasts and programs, to the Council before the middle of 1963.

The aim will be to establish such a program for the period 1964-68, or for a period agreed on by the representatives of the member governments. The program would outline the course that Community economic activity should follow, as far as possible, in terms of gross national product, factor incomes, private and public investment, and consumption at constant prices, among other measures; and it will take into consideration labor supply and demand and certain sector-by-sector studies of business activity. →

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By 1967 Community goods may be exchanged between the Six as easily as U.S. goods between Pennsylvania and Ohio. Shown here are customs officials permitting timber truck to cross at Creutzwald customs post between France and Germany.

Monetary Policy

The Memorandum states that, since the Treaty of Rome makes no provision for a common monetary policy, the Commission will make necessary proposals in this field.

The Commission proposes that a Council, composed of the governors of central banks in the Community, keep Community monetary problems that fall within the competence of central banks under constant review, and that such a Council eventually become the central organ of a federal-type banking system.

It also proposes that, for questions within the province of both the central banks and the governments, meetings be arranged under the auspices of the EEC Council, attended by the ministers of finance or economics of the Community countries and governors of the central banks.

These two groups could also meet separately or together in preliminary consultations to consider major monetary questions in the member states, such as decisions to be taken affecting the creation of money and changes in bank rates. This system could be organized by mid-1963, the Memorandum states.

The establishment of the proposed monetary union would become the objective during the third stage of the transition period. The Community ministers of finance or economics, meeting in the EEC Council, would decide on the conditions to be laid down: the total volume of the national budgets and of the Community budget, and the general conditions for financing them. Meanwhile the Commission suggests that the member states work out a common position regarding the present monetary system and any reforms that might be contemplated. Discussion of this has already begun in the Monetary Committee.

Tariffs and Levies

The Commission, the Memorandum says, will propose the complete abolition of internal customs duties by January 1,

1967, if the economic situation continues to progress. At any rate, by the end of the second stage (end of 1965) the Community will have lowered its internal duties on industrial products (now at 50 per cent of the 1957 level) by at least 80 per cent.

As for the common external tariff, the second alignment is already planned for July 1, 1963, and, if all else goes well, the third and last alignment establishing a full Community tariff will be made on January 1, 1967.

On the same date, if possible, national tariff quotas would be abolished; otherwise they will be eliminated at the end of the transition period (December 31, 1969).

During the first half of 1963 the first directives for the stage-by-stage abolition among member states of charges equivalent to customs duties will be issued.

Agriculture

The Memorandum states that in the spring of 1963 a common organization of markets for milk and dairy produce, beef, and rice is expected to be established under the agricultural policy adopted by the Council early this year which created the mechanism and basis for a common organization of markets for cereals, pork, poultry, eggs, fruit and vegetables, effective since July 30, 1962.

As soon as possible the Commission will make proposals for a common organization of markets in other agricultural products. Before April 1, 1963, it will also make proposals for the alignment of the cereal prices applicable during the 1963-64 harvesting season.

The Commission also intends to submit to the Council of Ministers proposals on the operating conditions of the European Guidance and Guarantee Fund (established this year under the common agricultural policy so that the six member countries may contribute fixed amounts to finance the Community agricultural system).

To correct structural defects in agriculture which have resulted from changes in the general economic structure, the Commission recommends that measures be taken in the form of education, occupational training (agricultural and other), agricultural advisory services, adaptation of credit policy to farm needs, regional development of less favored rural areas, and that agricultural cooperatives be encouraged. The Commission will shortly submit proposals on a "structure fund" to make grants to stimulate and guide efforts to improve or adapt agricultural structures to meet the needs of the common agricultural policy.

Each year, beginning in 1964, the Commission will present studies of the agricultural situation which will form the basis for Community decisions in achieving its common agricultural policy.

External Relations

The Memorandum says that the United States-Common Market trade negotiations to be conducted on the basis of the new U. S. Trade Expansion Act will probably not get under way until the end of 1963 or early 1964, and that meanwhile the Commission will complete studies of the Trade Expansion Act and submit to the Council proposals on a common attitude to be adopted by the Community in these negotiations. It will also explore with the U. S. opportunities for widening the scope of the negotiations, without awaiting the opening of official negotiations. The Memorandum emphasizes that "special care will have to be taken that the negotiations really do proceed by the across-the-

board methods.”

The Commission reviews the progress of the British-Common Market negotiations for Britain's entry into the Community, as well as the negotiations with the African associated states for a renewal of their association in 1963.

The Commission will submit proposals before the end of 1963 on achieving a Community trade policy for dealing with the Eastern bloc countries. It also intends to propose a common policy of financial aid and technical cooperation to go to the developing countries of the world.

The Commission states that it is desirable for the Community as an entity to become a member of the Organization for Economic Cooperation and Development, and that it should be represented in certain countries, notably in the United States and Latin America.

Other Highlights

The Commission will continue to develop a Community competition policy and before the end of 1962 will adopt a regulation on the right of hearings of parties and third parties in the course of proceedings, as a supplementary measure to the “cartel regulation” adopted early this year.

Other Commission proposals include:

- Abolishment of the “cascade” type of tax on gross turnover and adoption of an added-value tax.

- Creation of a European system of patents and trademarks, establishment of a European patent office, and arrangements for a form of legal control—possibly through the Court of Justice of the European Communities.

- Additional measures to attain a transport market organized under Community rules.

- Measures to establish gradually a common energy market, as defined in a memorandum of June 1962 submitted by the three Community executives (the Commission's Memorandum lists specific second-stage objectives for petroleum and, possibly, natural gas).

- Additional measures to achieve common policies in vocational training and employment and in raising living and working conditions.

The Commission notes in the Memorandum that the Community, now financed by budget contributions from its member states, may, according to the Treaty, be sustained by its own resources. It suggests that the common agricultural policy now provides a means of creating one category of such resources—the levies on agricultural imports—and that, in addition, the proceeds of duties imposed under the common external tariff could eventually accrue to the Community. The Commission also plans to submit proposals of other sources of revenue less dependent on international trade, the Memorandum says.

EEC - BRITISH NEGOTIATORS FORGE NEW POINTS OF AGREEMENT

MINISTERS OF Great Britain and the six Common Market countries, meeting in Brussels on November 15 through 17, reaffirmed that an enlarged Community would be willing to negotiate for the association of African and West Indian Commonwealth countries, under Article 56 of the Convention being negotiated with the Community's present African associates.

With those African and West Indian countries of the Commonwealth which did not apply for association, the enlarged Community would be willing to negotiate trade agreements, it was stated, although these would necessarily be less extensive than those envisaged with India and Pakistan.

The ministers also agreed that the common outer tariff which Great Britain, as a member of the Community, would apply on goods from the African and West Indian Commonwealth countries which did not apply for association would be introduced very gradually.

The enlarged Community would apply no duty on tropical hardwoods, it was agreed. British requests for zero duties on a number of other tropical products are to be studied by the ministers' deputies.

Agenda Remains Crowded

Several other subjects remained open for further discussion:

Aden: It was agreed in principle that Aden should be associated with the enlarged Community, subject to the determination of a protocol on petroleum products similar, but not necessarily identical, to that for the Netherlands Antilles.

Malta: The juridical status of the island requires further studies before the solution is determined, it was decided.

High Commission Territories (Swaziland, Bechuanaland, Basutoland): The EEC Commission is to submit to the deputies proposals which will take account of the fact that these territories maintain a customs union with South Africa.

Processed foodstuffs: The Six have made a series of proposals including, for some products, a total suspension of the common outer tariff.

Aluminum and newsprint: Further studies are to be made of the Community's proposals on these products, based on the idea of tariff quotas, but Great Britain maintained her request for zero duties to be applied by the enlarged Community.

Financial regulation for agriculture: In a meeting of the Six it was agreed that Regulation No. 25, already adopted by the Community and accepted in principle by the British delegation, was valid but that its implementation (under the Agricultural Guidance and Guarantee Fund established to finance the Community's common agricultural system) required further discussion. This was to take place among the Six at a meeting on December 3 to 5, at which the Commission was to make proposals in the hope of solving the existing difficulties.

Mutton and lamb: The Six stated that it was unlikely that a common policy for mutton and lamb would be applied before Britain became a member of the Community; Britain would therefore fully participate in working out such a policy. Meanwhile, they proposed that on entry Britain should begin gradually to apply the common outer tariff and that, if this caused difficulties on the British market, the Commission could authorize tariff quotas or the total or partial suspension of duties, under Article 25 of the

Rome Treaty. Great Britain indicated that it would consult with Australia and New Zealand on this subject.

December Meetings Scheduled

The ministers agreed to hold meetings on December 10-12 and December 19-21, in addition to the meeting of ministers of the Six December 3-5 to discuss the financial regulation for agriculture.

On November 20 representatives of Great Britain and the Six together heard an exposition of the point of view of the South African Government, presented by Dr. N. Diederichs, its Minister for Economic Affairs.

October Meeting Progressed Slowly

At the October 25-27 meeting ministers of the Six and Britain agreed that negotiations for comprehensive trade agreements already proposed for India, Pakistan, and Ceylon should begin within three months of Britain's possible entry into the Common Market.

This was in response to the three Commonwealth countries' request, transmitted at the October 8 meeting by Lord Privy Seal Edward Heath, that talks between them and an enlarged Community should take place as soon as possible.

No agreement was reached on a request for a standstill on Britain's partial application of the common external tariff against imports from these three countries during the negotiation of trade agreements. The Community did, however, make proposals on a number of products to be discussed later.

Agricultural Systems Conflict

The question of adapting the British agricultural system to the Community system based on the full Common Market was reported during this meeting to be particularly difficult.

Both parties agreed that adaptation should be completed by the end of a transition period, but there was no agreement on the length of the period. The Community maintained that the transition period of the Common Market,

due to end in 1970, should be the basis for adaptation, while Britain held that a longer period of adaptation would be necessary.

A second problem is that of the means whereby Great Britain's present system of guaranteed prices—requiring deficiency payments to farmers to make up the difference between the guaranteed price and the market price—should be phased out into the Common Market system. Great Britain's request was that present guarantees continue until the end of the agreed transition period, during which time the volume of deficiency payments would gradually diminish as market prices moved toward the Community price level.

The Community ministers maintained that this would involve giving British farmers a price guarantee more absolute than that enjoyed by Community farmers during the application of the common agricultural policy adopted by the EEC on January 14 of this year. (Under the Community's system of target prices, levies are being applied to bring prices of imported produce in line with prices prevailing in the national markets of the member countries.)

Community ministers proposed that on British entry Britain's deficiency payments should be replaced, where necessary, by a system of consumer and producer subsidies which would permit a gradual movement of consumer and producer prices toward the single price level which is the Common Market's aim, thus preventing an abrupt change in prices and enabling any necessary adjustments to be made gradually. The British delegation did not accept this proposal, on the grounds that it would mean a rapid alteration of present conditions and that the establishment of consumer subsidies would in effect mean the adoption of a new system, which in any case would have to be phased out by the end of the transition period.

Among other points considered generally by the ministers was that of an official English translation of the EEC Treaty and of subsequent Community regulations; this is to be discussed by the Commission and the British delegation with a possible view to obtaining official English texts.

EEC AGRICULTURAL POLICY DRAWS U.S. ATTENTION

U.S. SECRETARY OF AGRICULTURE Orville L. Freeman expressed concern about the possible effects of the Common Market's agricultural policy at a ministerial meeting of the Agricultural Committee of the Organization for Economic Cooperation and Development (OECD) in Paris on November 19.

Secretary Freeman, who visited Common Market headquarters in Brussels before going to Paris, particularly stressed in his Paris speech the need for the nations of the free world to develop their internal agricultural policies in an international context.

After describing American experience in farm policy, Mr. Freeman pointed out that the Community's policy would also profoundly affect the world agricultural situation. Therefore, he said, he urges the Community to apply a liberal trade policy in this field as well as in that of industrial products. The implementing of the U.S. Trade Expansion Act could partly depend on this, he added.

The United States, he declared, has been deeply con-

cerned by what he called "mounting evidence such as the recent action on poultry" that EEC policies might impair existing trading arrangements. (The United States now exports annually to the Community farm products valued at \$1.2 billion, about \$400 million of which is in grains, poultry, pork, and eggs—products affected by the Community's new agricultural system of variable levies.)



Secretary Freeman

Three Principles Proposed

Mr. Freeman outlined three principles which he said should guide future policy:

"First, as provided for in the OECD Convention, trading arrangements should be global and non-discriminatory in character. Existing preferences should be phased out over a reasonable period of time.

"Second, we should like to see trade in the widest possible range of agricultural commodities and foodstuffs regulated by moderate fixed tariffs. . .

"As a third principle, I should like to emphasize the need for nations and economic groupings to act responsibly in developing agricultural income support policies to the end that such policies do not interfere with normal patterns of trade."

Secretary Freeman recognized the need for measures to protect the income and economic well-being of the farming community and the fact that the system of variable import levies envisaged by the EEC's common agricultural policy was in itself neutral. "This system," he said, "could be used to exclude imports completely, or it could be used to promote liberal trading practices. In this connection, much will depend on the decisions taken by the EEC member states with respect to their internal price levels."

Discusses International Agreements

The United States, Mr. Freeman continued, has observed with very real interest the references made to commodity agreements in the context of the negotiations for British membership in the Community. The United States, he said, would be willing at the proper time to seek to negotiate such arrangements.

Secretary Freeman also suggested other solutions such as establishing a maximum on the variable levy, negotiating the level of internal prices, or assurances that imports would be maintained at some specified level. He was particularly critical of the minimum price system for pork, eggs, and poultry which he felt should be used only as an anti-dumping measure.

The United States, he said, has no doubt of the EEC's awareness of its great moral and practical responsibility in the maintenance of world trade, and "we look with hope and confidence to future cooperation in the free world."

U. S.-Community Reciprocity Proposed

Speaking later at the OECD meeting, Edgard Pisani, France's Minister of Agriculture, said that the Community is ready to discuss agricultural trade problems, but that it must be on a reciprocal basis. He pointed out that, as the EEC's common agricultural policy is only just coming into effect, it should not be blamed for past difficulties in world agricultural markets.

George Ball, U.S. Under Secretary of State, also stressed reciprocity when he spoke on November 27 at the OECD ministerial meeting in Paris. "If these new patterns of trade in agriculture are to be set in the direction of liberalization," he said, "I think it is essential that all countries try to adapt their policies to this end. In this connection the United States is prepared to do its part. When Secretary Freeman spoke to the agricultural ministers, he made it clear that we are prepared to consider changes in our own trade practices, including export aids and import restrictions mentioned in Section 22 of our agricultural act."

Another U.S. Comment

*W. Michael Blumenthal,
Deputy Ass't. Secretary
of State for Economic
Affairs*



"Our interest in maintaining traditional European markets, the complexity of the new CAP [Common Market's common agricultural policy] regulations, and especially the uncertainty as to the ultimate impact of these regulations have naturally led to concern on our part.

"While this concern is justified in many respects, we should bear in mind that the trends in European agriculture which are squeezing certain of our traditional grain markets long antedate the CAP. It is far from certain that we would be better off under six separate restrictive schemes than under the single system which is being put into effect. The productivity increases and wheat consumption trends which are at the root of this problem are products of our modern society, not something dreamed up by the technicians in Brussels. In short, the common agricultural policy is an important step in the European unity movement; it is based on certain realities of European and world agriculture. . .

"We anticipate that the adjustments in the world grains trade stemming from Britain's prospective entry into the Common Market can best be brought about through the mechanism of a world grains agreement. . . It is in the interest of United States grain producers, of all efficient world grain producers, and of all consumers that a world grains agreement should seek to establish the lowest practicable grains prices. To obtain this objective we must be prepared to bargain. We can hardly ask Europeans to negotiate their producer prices while maintaining that our own are not negotiable. In brief, it is in our interest to obtain low prices; we must be prepared to negotiate our domestic pricing arrangements in order to achieve this goal. . .

"The negotiations under the new Trade Expansion Act . . . will depart in important respects from previous tariff-cutting sessions. . . For products covered by the CAP variable levy—grains, poultry, and dairy products, among others—traditional reciprocal tariff cutting is meaningless because tariffs have been replaced by other trade-controlling devices. As I have mentioned, we foresee a world grains agreement as providing the means for our continued participation in the European grain market. A satisfactory arrangement for world grains trade, whether through a grains agreement or in other ways, will have to be one component of the total trade package we negotiate with the Common Market. . .

"A major portion of our agricultural exports are not covered by the Community's variable levy. On these items—and especially tobacco and fruit—the various authorities contained in the Trade Act will permit us to bargain down duties."

Excerpts from an address by MR. BLUMENTHAL at the Agricultural Outlook Conference, Washington, D.C., November 13.

MARJOLIN: WORLD TRADE TRENDS NO CAUSE FOR PESSIMISM

SIGNS OF A SLOWDOWN in world economic expansion need not mean the beginning of a downturn in economic activity, according to Robert Marjolin, Vice President of the Common Market Commission.

Speaking at an October 12 press conference in Brussels, M. Marjolin said that, though traditional trade cycle theory might suggest a downturn, steps could be taken now to meet future difficulties.

Since establishment of the European Community, he said, Europe has begun to show greater independence from world trade-cycle movements. He added: "The patient is still in good health, despite a few signs of disequilibrium here and there. In general, the situation is still very favorable."

5 Per Cent Growth in 1962

The Community's gross product has increased by 4.5-5 per cent during 1962, M. Marjolin continued, and its industrial production by 5 per cent. Growth has not been constant over the whole area, Italy showing the fastest expansion in gross national product at 6 per cent, followed by France at 5 per cent, Germany 4 per cent, Belgium 3.5 per cent, and the Netherlands 2.5 per cent. Luxembourg was the only country which has not shown appreciable expansion.

For the first half of 1963 M. Marjolin predicted a slight increase in exports, a further slowing down in investments, but steady internal demand and an increase in consumption which would continue to stimulate growth.

Unemployment Down

The size of the Community's labor force continued to increase, M. Marjolin said, and, except for parts of Italy, unemployment was everywhere lower than 1 per cent of the working population. Working hours were decreasing with the growth of production, and labor markets were expanding throughout the Community, particularly for services.

Community Trade Balance Down

Export demand from the rest of the world, according to M. Marjolin, is tending to slow down, particularly in developing countries. Community imports, on the other hand, are still increasing, especially in the field of agricultural and consumer goods. As a result, the Community's trade deficit is rising. In the second quarter of 1961 it was \$169 million; in the first quarter of 1962 it reached \$275 million and in the second quarter \$500 million. Intra-Community trade, however, has increased by some 11 per cent, M. Marjolin added.

The Commission Vice President remarked on a recent strengthening of the dollar and said that the world is now enjoying a period of monetary stability which could be used to reform and reinforce the international monetary system.

The Need for Action Stressed

In the world economic situation M. Marjolin noted a number of unfavorable signs. These included:

- The continued fall in the prices of raw materials coming from the underdeveloped countries and also materials from some industrial countries (in this context he quoted



Vice President Marjolin

weakening prices for non-ferrous metals, steel, and chemicals).

- The fact that the economic recovery in the United States had been less dynamic and sustained than had been hoped or forecast.
- The extreme caution which industrialists were showing in the face of falling profit margins and the consequent slowing down of investment.
- Falling equity prices.

It was for these reasons, he said, that the Commission had studied measures which it believed could meet the situation and which it would shortly submit to the Community's member governments.

Commission Calls for More Investments

M. Marjolin's conclusions were reinforced by the Commission's regular quarterly report on the Community's economy for July-September 1962. This, too, pointed out the slowing-down of the rate of economic expansion in most industrialized countries outside the Community and the weakness of demand in the developing countries. The effect of these tendencies, said the report, would not be entirely compensated by the still rapid growth expected in consumption. The main problem was therefore to avoid too great a slackening of investments and at the same time to combat price rises, which, although less pronounced than in the past, were nevertheless likely to persist in 1963.

Primary Product Prices Stressed by GATT

The danger inherent in the falling trend of primary product prices for the economies of the free world in general was also stressed by the recently published report of the General Agreement on Tariffs and Trade (GATT) on international trade in 1961.

"While the prices of manufactured goods continued to rise," the report stated, "those of primary products, which began to fall in 1959 and 1960 . . . continued to weaken in 1961. Abundant supplies and the consequent high level of stocks in recent years have exerted great pressure on prices for many primary products and nullified the effects of increasing demand."

IMF Director Urges Cooperation

At the recent meeting of the International Monetary Fund in Washington, its managing director, Per Jacobsson, called for more cooperation among industrialized countries to provide markets for the developing countries and to ensure that money be available to finance world trade. At a later meeting in New York, Mr. Jacobsson called on the world's

major industrial countries to work together to prevent world trade deflation. By the beginning of next year, he said, industrial countries would have to adopt more expansionary policies in budgets and monetary arrangements.

Linking U. S. and European Efforts

Commenting on the views of both M. Marjolin and Mr. Jacobsson, an editorial in *The London Times* on October 17 stated: "The sensible thing is for the efforts of individual countries to be coordinated. The world is now small enough for the actions of individual governments to affect everyone else quite swiftly. The Common Market countries are approaching the matter together, though action will be left to individual members in the final resort. The same approach is possible, on a wider plane, through the Organization for Economic Cooperation and Development in Paris, thus linking action in Europe and North America."

Notice to High Authority Bond Holders

The High Authority of the European Coal and Steel Community has published on October 27, 1962, its balance sheet as of June 30, 1962, and also its Statement of Revenues and Expenditures for the fiscal year 1961-62.

These statements and supporting statistical data are available through the Chase Manhattan Bank, New York, in copies of "Supplemental Information to Bond Holders" which have been deposited with that bank. The information is pursuant to Articles II of agreements for the following secured bonds of the High Authority of the European Coal and Steel Community:

- 5½ per cent due April 1, 1975
- 5 per cent due July 1, 1978.
- 5¾ per cent due October 15, 1980
- 5¼ per cent due April 15, 1982

MEASURES FOR BELGIAN COAL INDUSTRY PROPOSED

SPECIAL MEASURES for the Belgian coal industry, which has been a concern of the European Coal and Steel Community since the start of the coal crisis in 1958, have been considered recently by the High Authority.

Belgium, hard hit by the crisis, which resulted in a heavy build-up of stocks, production cutbacks, and widespread short-time working in Belgian coal fields, asked the High Authority in 1959 to undertake measures for the reconstruction of its coal industry. (Such measures are authorized under Article 37 of the ECSC Treaty, which permits special interventions in the common market for coal if it considers that conditions are likely "to provoke fundamental and persistent disturbances" in the economy of a member state. Belgium asked for an extension of the application of Article 37 for 1961 and again for 1962.)

In response to Belgium's request the High Authority isolated the Belgian coal industry from the common market by means of restrictions imposed on imports of coal into Belgium from both Community and non-Community countries and also on exports of Belgian coal. Belgian mines were prohibited from selling large quantities of stocks at severely reduced prices. At the same time the Belgian Government agreed to a program for cutting production capacity by 9.5 million tons over the period 1959-63.

Belgium will have closed down 7.5 million metric tons of capacity by the end of 1962 and a further two million tons in 1963, thus achieving the 9.5 million-ton cutback. Production (without allowing for short-time), which was 28.5 million tons in 1959, will probably not total more than 21.1 million tons in 1962. Pit-head stocks, which amounted to 7.7 million tons in 1959, have fallen to two million tons

at present. Short-time working, which totaled 33 days in 1959, has almost disappeared.

The High Authority therefore considers that the special measures introduced in 1959 to protect Belgium from fundamental and persistent disturbances in her economy have been largely successful. It believes, however, that the closure of uneconomic pits must continue and that the impetus behind the reorganization must not be lost. It proposes to seek the gradual reintegration of the Belgian coal industry into the common market (see BULLETIN No. 56, p. 12).

Subsidies May be Continued in 1963

The High Authority will ask for the approval of the Council of Ministers for further subsidies of 115 million Belgian francs to compensate Belgian coal mines for losses resulting from structural changes in the industry and for the maintenance of uneconomic pits prior to closure. But the High Authority will also insist on the gradual tapering-off of the subsidies and a reduction of the total tonnages for which they are awarded. In addition, the High Authority will make its authorization for subsidies in 1963 dependent on the further restriction of uneconomic coal production in Belgium.

The High Authority will also ask the Council's approval to authorize temporary subsidies to cover part of the cost of wage increases awarded to Belgian miners last February. These wage increases will total 420 million Belgian francs during the year beginning March 1, 1962, but the High Authority will ask the Belgian Government to restrict its subsidies to a maximum of 225 million Belgian francs. The Belgian Government will finance this subsidy by a levy

Years of mining have transformed some of Belgium's flat plains into hilly midlands



8 on electricity and fuel oil (in the case of the latter at 35 Belgian francs per ton).

In order to provide safeguards while reintegrating Belgian coal into the common market, the High Authority has indicated that it would seek the Council's approval, under Article 37, for the granting of the power to fix production quotas and price levels and to regulate the allocation of orders. Before making use of such powers the High Authority would seek the views of the Belgian Government.

At present the Belgian Government's Coal Directorate, established to coordinate measures for reorganization of the industry (see BULLETIN No. 54, p. 12), is continuing its task of directing the closure of uneconomic mines, in accordance with the powers given it by the Belgian Parliament. The question of a conflict of powers between the Directorate and the High Authority has been pending since November 1961 when establishment of the Directorate was proposed.

HIGH AUTHORITY PRESSES FOR PUBLICITY OF TRANSPORT RATES

THE HIGH AUTHORITY of the European Coal and Steel Community has requested the Governments of Belgium, Italy, Luxembourg, and the Netherlands to present, before December 15, their views on the measures to be taken to ensure complete and effective publicity of transport rates for ECSC products, since, in the view of the High Authority, the four governments thus far have failed to introduce such measures.

The High Authority's request was made in accordance with Article 88 of the ECSC Treaty regarding the procedure to be followed when the High Authority considers that a member state has failed in an obligation under the Treaty.

In its statement the High Authority recalled that it had on several occasions drawn the attention of the member governments to the urgency of settling the question of transport rate publicity and that in its recommendation issued in January 1961 it had outlined the Community's policy on the publicity or registration of price lists, rates,

and tariff regulations for the transport of coal and steel.

On August 2, 1962, the High Authority asked the member countries, except for Germany, to notify it by October 1 of the measures they had taken to carry out its recommendation of January 1961. (Germany's publicity measures were considered to be largely in accordance with the recommendation.)

The replies received from the Belgian, Italian, Luxembourg, and Netherlands Governments were considered unsatisfactory by the High Authority, which then made its request to these four governments to reply again by December 15. The French response was held for further consideration.

The High Authority made its request of August 2 after the Community Court of Justice decided, on July 12, 1962, in favor of the High Authority in the case involving the principle of publication of transport rates, brought by the Netherlands Government (see BULLETIN No. 57, p. 10).

NO. 58

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