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EEC COUNCIL OF MINISTERS AGREES ON CONTACTS WITH BRITAIN

THE COMMON MARKET COUNCIL OF MINISTERS on July 11 reached agreement on regular consultation at ministerial level between Great Britain and the European Community. The decision was made when France withdrew her opposition to using the seven-member Western European Union as a framework for the contacts. (The Western European Union, a defense alliance formed after the failure of the European Defense Community in 1954, consists of the six Community countries and Britain).

The formula agreed on by the six Community foreign ministers, and proposed to the United Kingdom by Dutch Foreign Minister Joseph Luns, current chairman of the Council of Ministers, is for quarterly sessions of the council of WEU, with European political and economic problems always on the agenda. The sessions will be held in each of the seven capitals in turn, starting with Brussels, and the Common Market Commission will take part in discussions on economic questions.

The problem of the Community's future contacts with Britain was one of the major elements in the Council's "Action Program" proposed in April.

Other Matters Postponed

Decisions on other points in the program were postponed until the Council's next meeting, scheduled for July 29, but observers expected agreement on contacts with Britain to break the deadlock on the points still undecided.

The Council also postponed until its July 29 meeting a decision on the Community's position on the dispute with the United States over poultry imports, on the grounds that further studies were needed. It did, however, fix July 20 as the date for signing the new association convention with the associated African countries and September 12 as the date for signing the association agreement between Turkey and the Community.

The debate on contacts with Britain occupied the Council all day July 11. The idea of using the existing Western European Union ministerial council for maintaining British—Community contacts was originally suggested at the time of the British negotiations breakdown last January. It was suggested again later by both Luxembourg Foreign Minister Eugene Schaus and German Foreign Minister Gerhard Schoeder, but until July 11 it had always met with opposition

from the French government. Advanced again by Dr. Schroeder in the form of a detailed text, the principle was accepted on July 11 by all members of the Council of Ministers except the Dutch, who at first held out for the idea of consultations between the Permanent Representatives of the Six in Brussels and the British Ambassador to the Community. French Foreign Minister Maurice Couve de Murville, in accepting the German proposal, said it gave better scope for political discussions than would meetings of the Permanent Representatives. Later, the Dutch delegation agreed to the German proposal, and agreement was finally reached on a compromise text suggested by Emilio Colombo (Italy).

Action Program Examined

After agreement on contacts with Britain, the Council of Ministers went on to examine briefly other aspects of its "Action Program." Decisions on such topics as a time-table for implementing the next stage of the Community's farm policy and strengthening the Community's institutions were postponed until the July 29 meeting.

Earlier, the Council heard a report from Jean Rey, Common Market Commissioner primarily responsible for trade policy and external relations, on the preparations in Geneva for the forthcoming GATT trade negotiations—but the negotiating mandate to be given to the Commission by the Council was not discussed.

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ON THE ATLANTIC AGENDA

President Kennedy in Frankfurt . . . A Challenge

*Following
are excerpts from
President Kennedy's
June 25 speech
at Paulskirche, in
Frankfurt, Germany:*



The future of the West lies in Atlantic Partnership—a system of cooperation, interdependence and harmony whose people can jointly meet their burdens and opportunities throughout the world. Some may say this is only a dream, but I do not agree. A generation of achievement—the Marshall Plan, NATO, the Schuman Plan, and the Common Market—urges us up the path to greater unity.

There will be difficulties and delays, and doubts and discouragement. There will be differences of approach and opinion. But we have the will and the means to serve three related goals—the heritage of our countries, the unity of our continents and the interdependence of the Western alliance. . . .

It is not in our interest to try to dominate the European councils of decision. If that were our objective, we would prefer to see Europe divided and weak, enabling the United States to deal with each fragment individually. Instead we have and now look forward to a Europe united and strong—speaking with a common voice—acting with a common will—a world power capable of meeting world problems as a full and equal partner. . . .

Trade expansion will help us all. The experience of the Common Market—like the experience of the German Zollverein—shows an increased rise in business activity and general prosperity resulting for all participants in such trade agreements, with no member profiting at the expense of another. As they say on my own Cape Cod, “A rising tide lifts all the boats.” And a partnership, by definition, serves both partners, without domination or unfair advantage. Together we have been partners in adversity—let us also be partners in prosperity.

‘Europeans building Europe’

The great present task of construction is here on this continent where the effort for a unified free Europe is under way. It is not for Americans to prescribe to Europeans how this effort should be carried forward. Nor do I believe that there is any one right course or any single final pattern. It is Europeans who are building Europe. . . .

It is only a fully cohesive Europe that can protect us all against fragmentation of our alliance. Only such a Europe will permit full reciprocity of treatment across the ocean, in facing the Atlantic agenda. With only such a Europe can we have a full give-and-take between equals and equal sharing
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President Hallstein in Strasbourg . . . An Affirmation

*Here are excerpts from
EEC Commission President
Walter Hallstein's
June 26 address before the
European Parliament in
Strasbourg, France:*



The European Economic Community has supplied the appropriate political form for a unique forward development of the European economy and, in so doing, has immeasurably strengthened this development. This was no mere natural phenomenon but the fruit of deep reflection and an unswerving political will.

American policy answered the challenge which this situation involved with rapid insight, imagination, and great political strength of purpose. I know no better words to express the historical meaning of this answer than those President Kennedy used in his Philadelphia speech on American Independence Day, July 4, 1962, and convincingly underlined yesterday in Frankfurt. . . .

What do these words mean basically?

They mean nothing less than a recognition that the United States is prepared to share, and is already sharing, the position of world power—which it is the only nation in the free world to possess—with a Europe which is increasingly assuming economic and political proportions comparable to its own, is ready to accept the principle of equality in this partnership, and wishes to collaborate with an organized Europe in mastering common problems and world problems.

Our answer to this can only be in the affirmative. . . .

Two aspects of our nature—that we cohere internally and are open to the world and turned toward the world—are inseparable from each other. If any proof of this were still needed, it would be furnished by the forthcoming negotiations with the United States. They too render imperative the need which the internal development of the Community already lays upon us—i.e., to strengthen the internal structure of our Community. Those who like the word can call this an urge toward ‘political union.’ We know that this union includes two elements.

The first is the extension of a process of European political unification beyond economic and social policy into the fields of defense policy and diplomacy. It is no mere chance that in recent months discussions in the Atlantic context on military and defense policy have centered on the question of how Europe’s role may be altered in the direction of a better balance of responsibilities between Europeans and Americans. On the contrary, this is a new indication that all European unity is nurtured from one and the same political and psychological source—i.e., the need to prepare ourselves through unity of political form for a common destiny, to stand fast and strive together. . . .

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EEC COMMISSION OFFERS MONETARY PROPOSALS

Community's Financial Policy May Be Strengthened

THE COMMON MARKET COMMISSION presented July 1 to the EEC Council of Ministers in Brussels proposals for measures to coordinate monetary and financial cooperation in the Community.

The Commission proposed:

1. Creation of a Committee of central bank governors.
2. Enlargement of the role of the Monetary Committee.
3. Creation of a budget policy committee.

The proposals were presented to the Council by Commission Vice President Robert Marjolin, who afterward cited to the press President Kennedy's June 25 statement in Frankfurt on controlling "our monetary problems if these problems are not to take control of us."

"I am in full agreement with President Kennedy," Vice President Marjolin said.

Enlarging on the proposal for formation of a committee of central bank governors, he said: "This could be the embryo of a Federal Reserve Board of the European Economic Community."

The new proposals, M. Marjolin said, were being put forward in a "calm" period in monetary affairs so that they would not be misinterpreted as a remedy for specific ills. He said that the proposals had nothing "supranational" in them but involved tighter cooperation in the Common Market both internally and vis-a-vis non-member countries.



'Toward a Federal Reserve'
ROBERT MARJOLIN

Commission Stresses Value of Consultation

In its presentation, the Commission noted an increasing interdependence between national monetary policies and the integration process leading to a Community economic policy. The integration process, the Commission said, would be compromised if the monetary policy of one member country deviated in its principles and major lines from that of its partners.

It is therefore, the Commission said, in the common interest of the member countries to inform themselves mutually of measures they intend to take in the field of monetary policy and to examine together these measures.

The Commission said that each important decision in the field of international monetary relations should also be preceded by consultations among the member countries.

It underlined the necessity of reinforcing the cooperation between governmental authorities responsible for monetary and financial policy, as well as between the central banks. To achieve this, the Commission recommended systematic consultations preceding important decisions in the domain of policy of the central banks, of financial policy, and of external monetary policy.

Council of Ministers to Assure Coordination

It is up to the Council of Ministers, the Commission said, to assure coordination of the general economic policies of the member states.

The Commission suggested that the Council meet, if possible, in January of each year and hold a discussion on the over-all economic policy of the member states, with the ministers of finance, the ministers of economic affairs, and the governors of the central banks participating.

The Commission's proposals are in accordance with Article 105 of the Rome Treaty and are based on recommendations it made to the Council last October in its "action program" for the second stage.

The Commission noted that in formulating its recommendations it had relied on experience already acquired, in pragmatic fashion, in the Monetary Committee and in informal meetings which have already taken place between ministers of finance and governors of central banks of the member states.

Three Major Proposals Outlined

1. *Creation of a committee of governors of central banks of the EEC*

The committee would follow the monetary situation in each member country. The Monetary Committee's advice, which is already provided to the Council and the Commission, would be made available to the governors' committee.

The governors' committee would consult on the general principles and major policy lines of central banks—notably on questions of credit, money markets, and foreign exchange markets.

It would also have regular exchanges of information on principal measures of central banks and would examine such measures before their adoption by national authorities, if possible.

The committee would be composed of central bank governors or their representatives. The Commission said that it considered participation by a Commissioner desirable and that the president of the Monetary Committee could be invited to participate.

As a meeting place for the governors' committee the Commission suggested Basel, Switzerland, or Brussels (or possibly another seat of the EEC), the meeting to be held once a year.

The committee would decide on its own rules and secretariat, and the Commission would want to have the authority to call the committee together if it considered it necessary.

2. *Revision of statute of Monetary Committee*

The Commission recommends that the Council modify the statute of the Monetary Committee, mandating the committee to organize, when needed, prior consultations on all decisions of member states in the field of international monetary relations, notably:

- a. the general functioning of the international monetary system.
- b. recourse by a member state to the International Monetary Fund.

c. participation in important support actions in behalf of non-member countries by national monetary authorities or through international organizations.

The Commission also asks the member states to consult before any modification of the parity of their currencies.

3. *Cooperation in the field of budget policy: creation of a Budget Policy Committee*

The Commission stated that it believes that major lines of budget policy should be discussed in the Community context before being adopted by any member state.

This, said the Commission, could be accomplished in the existing Community examination of economic budgets. (These budgets are established each year for the following year according to uniform procedures and eventually will

be consolidated into a Community economic budget.)

The examination of state budgets would include: total envisaged receipts and expenditures; examination of receipts by categories of taxes, direct and indirect; and separation of total expenditures as among spending by administration, transfers, capital subsidies, government investments, and loans and advances.

Exchanges of view, said the Commission, would take place in a Budget Policy Committee, to be created by the Council.

The committee would be composed of representatives of member states and of the Commission, each state and the Commission naming a full member and a deputy member.

The Commission would coordinate the work of the Budget Policy Committee with that of the Monetary Committee and of the Business Cycle Committee.

Annual Report Notes Easing of Political Crisis

EEC COMMISSION CALLS FOR STRONGER INSTITUTIONS

“Only strong Community institutions, embodying the Community’s true interests, will be able to give permanence and drive to political union in Europe.”

This is one of the conclusions put forward by the Common Market Commission in its sixth general report on the activities of the Community, presented to the European Parliament in June.

The report, which covers the period from May 1, 1962 to March 31, 1963, continued: “The interruption of negotiations with Great Britain caused the Community’s first major crisis. Therefore, contrary to predictions made before the Rome Treaty came into force, the most serious difficulties now facing the process of European integration are once more of a political origin, and not economic. . . . The Community’s place in the world today is such that its enlargement or its external relations are matters of major international importance. . . . It is in the light of this situation, and the responsibilities which arise from it, that the Community institutions have worked . . . to alleviate the worst effects of the crisis, to maintain the Community’s unity, and to safeguard its future.”

Year’s Achievements Noted

The Commission outlined achievements during the year in the following areas:

- customs union
- agricultural policy
- antitrust regulations
- association with Greece
- association with Africa

On July 1, 1962, the Community’s internal tariffs on industrial products were cut by an additional 10 per cent, bringing them down to half their 1957 level.

The report noted that intra-Community trade during 1962 increased in value 14 per cent over that of 1961. In trade with non-member countries, however, Community exports rose only 1 per cent, and its imports increased by 8 per cent.

On July 30, 1962, the first regulations of the common agricultural policy came into force. The new machinery created

under the policy, particularly the management committees, proved to be both adaptable and efficient in practice, the report said, and the new European market organizations met with no major obstacles in their day-to-day operations.

The regulated markets felt the effects of large stocks of cereals and poultry, built up before the new system was introduced, and of the exceptional grain harvest in 1962, the report stated. These factors, combined with the inevitable problems of introducing and adapting to a new system, explain the initial slackness of markets when the agricultural policy first went into effect, the Commission said. It added that intra-Community agricultural trade over the year had expanded in poultry, eggs, fruit and vegetables and had dropped 20 per cent in cereals.

The Community’s anti-cartel regulations also came into operation during this period. Firms became aware that they had to conform to Community rules which were directly applicable to them, and that they could resort to European institutions (the Common Market Commission and the Court of Justice) for interpretation of these rules.

The association agreement with Greece was ratified by the member governments in July 1962 and came into force on November 1.

The new association agreement with the 18 independent African countries, substantially increasing the Community’s responsibilities toward its African partners, was initialed at the end of the year.

The association of Surinam with the Community came into force on September 1, 1962.

The Commission also said that it had submitted a program to the Council in January 1963 for improving Community contacts with Latin America. It planned to establish a Community office in Latin America and a liaison group in Brussels where regular technical discussions could be held with representatives of the Latin American countries.

Commission Comments on January Crisis

Of the “crisis of confidence” caused by the French decision to suspend negotiations with Great Britain, the report said

that "without forgetting the rights which the Rome Treaty gives to each member government on questions concerning the enlargement of the Community, the Commission regretted the manner in which the decision . . . was taken and made known."

The crisis served to emphasize the "necessity of harmonizing the internal development of the Community with the development of its external relations," the Commission stated.

"The different views on relations with the rest of the world which exist within the Community, even if they do not put internal development in peril, serve at least to slow it down temporarily," the report continued. "In a situation where member governments adopt divergent positions, the danger exists that each will put forward 'prior conditions' for decisions necessary to the Community's normal progress. The decline in mutual confidence among the partners is leading to the adoption of this attitude because none of them wishes to make sacrifices without being simultaneously rewarded by concessions in sectors where the building of the Community conforms primarily with their own interests.

"It was this situation which gave rise to the idea of a working program and a timetable for the most important outstanding decisions. These do not necessarily have to be taken simultaneously, but the timetable must be sufficiently precise for Community institutions and member governments to be assured of the smooth development of the Community. The value of this method is that it emphasizes that all member countries have a common interest in the over-all development of the Community. . . . The decisions taken by the Council of Ministers on May 9, 1963 (see *European Community*, No. 63, p. 11) are an example of the new method in practice. In the first working program, the Council agreed to adopt the main outstanding agricultural regulations before the end of 1963 and the grain-price regulations in good time for the 1963-64 and 1964-65 selling periods. In the field of external relations, the Council decided to continue preparations for the tariff negotiations in GATT, and to define the Community's position on all aspects of these negotiations before the end of 1963."

Outlook for the Future Outlined

"The Commission hopes to start or continue several new lines of activity of major importance during 1963-64," the report stated. "It has just placed before the Council of Ministers a comprehensive set of draft regulations which should form the first foundations of a Community policy for transport. The directive on harmonizing the national systems of turnover taxes awaits the Council's decision. The second step toward ensuring free movement for Community workers must be taken on the basis of the Commission's proposals in this field." The Commission said that it also intends to put forward proposals for Community regulations on professional training, for widening the scope of the European Social Fund, for monetary policy, and for long-term development policy.

"The Community must also make fresh efforts in the field of external relations," the report continued.

The Commission stated that "without prejudice to other procedures under consideration, it will endeavor to maintain close contacts with the British Mission to the Community and with the British Government.

"The object of these contacts," it continued, "must be to

provide the information necessary to both sides and prevent, as far as possible, the divergence of their policies, which would make the eventual resumption of negotiations more difficult. These contacts must not, however, slow down the processes of making Community decisions and must be conducted in a spirit of reciprocity."

External and Internal Measures Proposed

"Similarly," the report said, "the Commission will endeavor to give effect to some of the arrangements proposed during the negotiations with Britain which still retain their usefulness—particularly the conclusion of world agreements for major agricultural products, and cooperation with India, Pakistan, and the African and the West Indies Commonwealth countries. Already, in a limited but significant sector, the opening of discussions on the complete suspension of Community and British duties on tea and tropical woods is a first step in this direction. The Commission is also aware of the special problems facing Austria and has begun to study them in conjunction with the Council of Ministers."

"The major tariff negotiations envisaged for 1964 (the so-called Kennedy Round), which were regarded as the logical outcome of British membership of the Community, have taken on a perhaps greater importance after the interruption of these negotiations," the Commission said. "A substantial mutual reduction of duties in the Western world, particularly if this were accompanied by the development of international economic and financial cooperation, would help to alleviate the present tensions."

The Commission's report stressed the need to strengthen the Community's institutions as a means of ensuring the continued development of European integration. "The simple application of the Treaty's provisions will in any case lead, by . . . January 1, 1966 at the latest, to replacement of the unanimity principle by majority voting for most of the Council of Ministers' decisions. . . . The purely practical necessity of merging the Community Executives needs no further demonstration. A widening of the European Parliament's powers could be easily achieved, and its election by direct universal suffrage raises no insurmountable problems."

Community Assigns Development Aid

The European Development Fund had, up to April 1, 1963, allocated \$436.2 million to help finance development projects in African countries associated with the European Community.

This total covers 322 separate projects, of which 172 are "social" projects (including schools and hospitals) accounting for some \$156 million, and 150 are projects connected with the development of economic infrastructures (roads, harbor facilities, etc.) accounting for \$280.2 million.

Of the total sum, \$19.1 million has been allotted to Congo-Leopoldville, Ruanda and Burundi (31 projects); \$4.76 million to Somalia (4 projects); \$9.58 million to New Guinea and Surinam (6 projects); and \$402.8 million to the African associated countries of the franc zone (281 projects). Invitations for bids have already been issued for 282 of these projects, valued at \$235.4 million.

CUSTOMS UNION SPEEDS TRADE

Internal Community Trade Is Up 100 Per Cent over 1958

One of the most spectacular results of the Common Market has been a growth of almost 100 per cent in trade between the six Community countries from 1958 through 1962.

In 1958 the six EEC countries' imports from each other totaled \$6,790,000,000. In 1962 this figure rose to \$13,404,000,000.

The increase in Community trade with the rest of the world was much smaller. Imports from other countries rose only 36 per cent in the period, and Community exports to non-member countries increased by only 30 per cent.

Italy and France have been the main beneficiaries of the intra-Community increase. Italy has almost tripled its trade with other Community countries, while France, which had a trade deficit in relation to its five partners in 1958, has increased exports to Community countries by 250 per cent and imports from them by 200 per cent. The other member countries' trade with their Community partners has also expanded impressively: 97 per cent for Germany, 73 per cent for Holland, and 68 per cent for Belgium-Luxembourg.

In Business, A Revolution

The vigorous expansion of trade between the six countries since the establishment of the Common Market is explained first by the reduction of internal tariffs. (On July 1 the internal tariffs on industrial products were reduced, by another 10 per cent, to 40 per cent of their 1957 level.)

These reductions have allowed many products to become competitive in neighboring countries' markets, with the result that demand for them has increased. Since French and Italian tariffs in 1958 were generally higher than those of their four partners—and the subsequent reductions therefore greater in absolute terms—these two countries have experienced the largest relative influx of imports. In the Benelux countries, where tariff barriers were lower at the outset, the influx has been smaller, but by no means insignificant.

A second vital factor was a psychological revolution among European businessmen. In countries which had previously been strongly protectionist and where relatively little energy had been directed to foreign markets, manufacturers realized that soon there would be one large market without frontiers. They began looking for new outlets, making market studies, exploring new channels of distribution, and advertising in other Community countries. In addition, within each country, the efforts of firms and public authorities to adapt industry to the needs of the Common Market took the form of major investment projects, which in themselves helped to stimulate economic activity and trade.

Almost all products benefited from the increase in trade. The following table shows the progress made by some of the major categories.

Value of Intra-Community Trade

(\$000,000)	1958	1962	Increase
Transport equipment and materials	1,500	3,560	137%
Other manufactured goods	2,440	4,820	98%
Chemicals	480	920	91%
Raw materials	620	1,100	78%
Food products	900	1,600	78%

Trade in manufactured goods (including transport equipment and materials) recorded the biggest percentage increase over the four years, and it was in this sector that tariff reductions were greatest.

The most spectacular growth in trade in manufactured items occurred in France, where purchases from other Community countries increased from \$1,220 million to \$2,520 million between 1958 and 1962, and sales to the rest of the Community increased from \$1,120 million to \$2,720 million.

Wider Choice, Lower Prices

From the consumer's point of view, an important result of the doubling of the Community's internal trade has been a much wider range of items to choose from in the shops. In household goods intra-Community trade has increased by 73 per cent since 1958, and the effect on the electrical equipment and radio and television sectors has been particularly marked. An example of this has been the dramatic fall in French refrigerator prices, where competition from Germany and especially from Italy, has forced a formerly inefficient and highly protected industry to modernize. In all six countries, however, consumers are now offered a far greater selection of household electrical goods at appreciably lower prices than before the establishment of the Common Market.

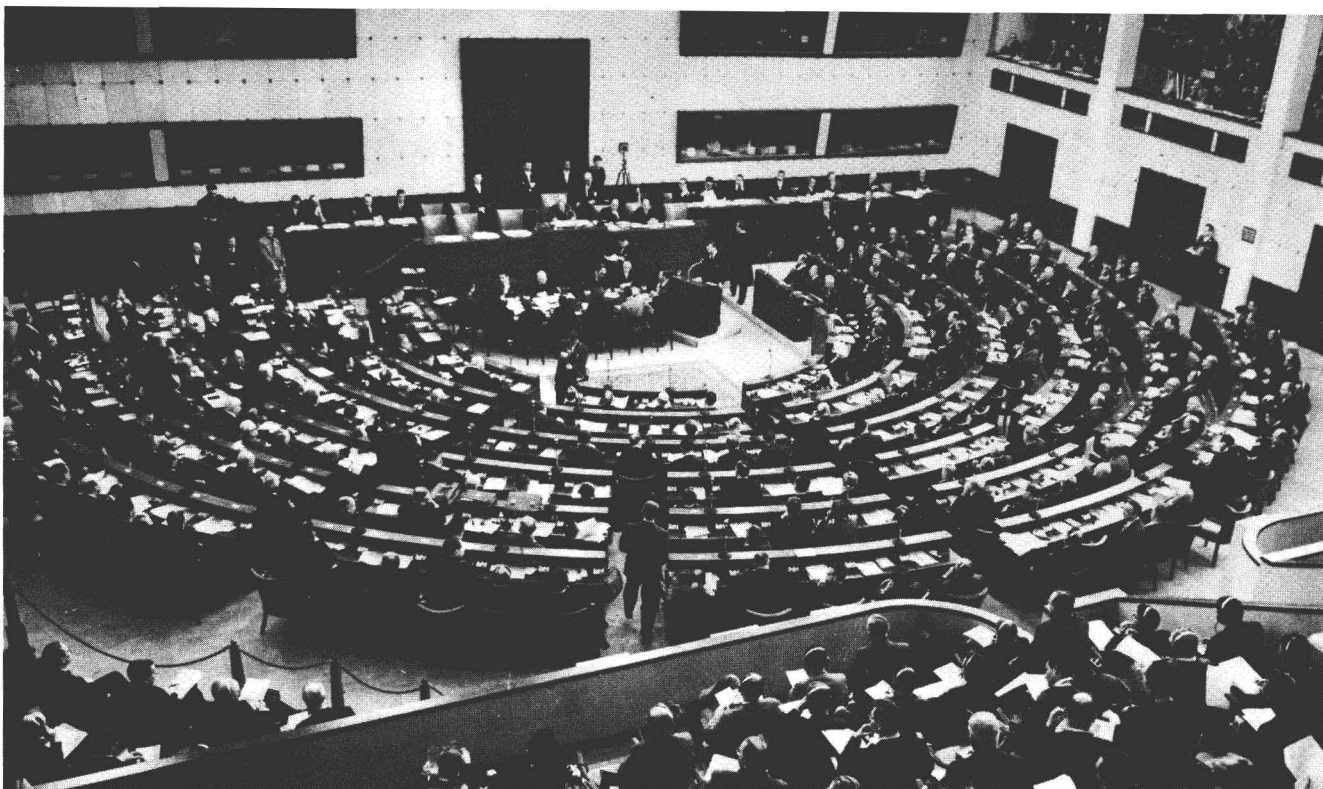
Trade in food products shows the smallest increase in the above table, partly because the Community's common agricultural policy has not yet been fully implemented. A number of products have nevertheless found wider markets across Community frontiers: The French are buying more Italian and Dutch vegetables. The Germans are enjoying more French and Italian wines, as well as butter, cheese, and chocolate from the other member states. Belgian exports of carpets and furniture to France have increased, as have German exports of cameras and plastic goods. Italy sells more clothes, shoes and jewelry to Germany, Holland and Belgium.

Prices have fallen in many sectors since the establishment of the Common Market, but most spectacularly in clothing, including textiles, shoes, and plastic garments. Competition between French, Italian and German manufacturers has forced a number of producers to modernize their techniques and to lower their prices.

Brandt Joins Action Committee

Willy Brandt, Mayor of the Western Sector of Berlin, has joined the Action Committee for the United States of Europe as a representative of the German Social Democratic Party.

The Action Committee is a high-level unofficial body presided over by Jean Monnet, one of the architects of the European Community. It includes representatives of virtually all the major political parties and most of the major trade unions (except the Communists) in the six Community countries. As its name indicates, the Action Committee's purpose is the vigorous promotion of the idea of European integration.



WILL THE EUROPEAN PARLIAMENT BE STRENGTHENED?

Resolution Proposes Widening of Parliament's Powers

THE EUROPEAN PARLIAMENT adopted on June 27 a resolution on widening its powers.

The resolution was contained in a report of the political committee given earlier in the day by Hans Furler (Christian Democrat, Germany).

The resolution was adopted after a general debate in the Parliament.

The political committee's report and the adoption of its resolution by Parliament reflect a growing feeling within the Community, following the suspension of the British negotiations and its aftermath, that the Community institutions should be strengthened.

The "Borschette Plan" for a Community working program for the rest of this year and German Foreign Minister Gerhard Schroeder's "synchronization" proposals (see *European Community*, No. 63, p. 4) both include measures toward increasing the power of the European Parliament.

The political committee's resolution purposes:

- Parliamentary participation in the appointment of the Community Executives (the nine-member Common Market Commission, the five-member Euratom Commission, and the Coal and Steel Community's nine-member High Authority).
- Consultation between the Parliament and the Council of Ministers on all important issues, even in cases where the Treaties do not specifically oblige the Council to ask for the Parliament's opinion.
- That parliamentary opinions, which are adopted by a two-thirds majority at the second reading, be binding on the Council of Ministers unless opposed by a unanimous decision of the Council.
- Parliamentary ratification of all the Community's international agreements.

- Greater parliamentary control over the Community's finances.
- Parliamentary control of the Community's budget when the Community's expenditure is met from its own resources.
- Parliamentary nomination of judges for the Community's Court of Justice, from lists provided by member governments.

At present the Parliament's actual powers, granted by the Treaties, are largely consultative.

Community's Founders Provided Democratic Control

The European Parliament officially came into existence in March of 1958. But it first took form as the Common Assembly, in April 1951, with the signing of the Treaty of Paris establishing the European Coal and Steel Community. The Treaty authors established the Common Assembly to provide a form of public control. The Common Assembly held its first session on September 10, 1952, when 78 "representatives of the peoples of the member states of the Community" met in Strasbourg.

When the Common Market and Euratom were established, a convention was signed in March of 1957 transferring the powers of the ECSC Common Assembly to a single assembly serving all three Communities.

Now called the European Parliament, its members are appointed by and from the national parliaments of the Six. France, Germany, and Italy each have 36 delegates, Belgium and the Netherlands 14, Luxembourg six—141 members in all.

In the Parliament the members sit by party and not by country, carrying out one of the first decisions of the former Common Assembly. Three political groups and their allies

—the Christian Democrats, the Liberals, and the Socialists—act according to common political views instead of on a purely national basis.

It is this arrangement above all which makes the European Parliament a parliament and not an international forum where national views are represented.

During most assemblies of Parliament, every morning members meet first in their political party sessions. On questions due for debate they formulate the views of the party. These meetings provide occasion for the personal contacts between Europeans of different nationalities and similar views which have played an important part in the movement toward European unity.

Parliament's Committee System Effective

The European Parliament meets regularly twice a year, on the second Tuesday in May and the third Tuesday in October. It also holds extraordinary sessions during the year. It usually assembles in Strasbourg, at Europe House, but it has met once in Brussels and once in Rome.

Each year the Parliament elects a president and eight vice presidents. The mainspring of the Parliament's influence is in its standing committees. There are 13 committees, whose areas are: political affairs, external trade, agriculture, social affairs, internal market, economic and financial affairs, relations with underdeveloped countries, transport, energy, research and cultural affairs, health protection, administration and budget, and legal affairs.

Every member of the Parliament is a member of at least one of the committees, sometimes of several. The committees may meet at any time.

The committee system allows small groups to prepare reports on specific areas of the Community's work. In effect, they provide working documents for the Parliament. For each Community problem that arises in its area, a committee appoints a rapporteur who draws up a report of the committee's study and discussion and, after its adoption by the committee, submits it to the Parliament.

The report is debated and put to the vote in a full session of Parliament. The debates of the Assembly and of the committees are in the four languages of the Community—Dutch, French, German, and Italian.

The committees hold periodic "hearings" with the Community Executives, providing the Community with expert information and advice when it is needed.

Reports, Resolutions, and Opinions

The European Parliament's annual handbook *Annuaire Manuel* provides a catalogue of the committees' work. The handbook for 1961-62 included more than 70 reports, more than 40 resolutions, and 14 detailed opinions on specific aspects of proposals by the Executives which the Parliament asked to have changed and for which it made proposals of its own.

- The reports, prepared by the committees as described above, are often used as the basis of discussion by the Executives when formulating policy. In Parliament's debates members of the Executives usually take an active part: Common Market Commission Vice President Sicco Mansholt may answer criticism of agricultural policies or ECSC High Authority member Pierre-Olivier Lapie may reply to members' views on an energy question.

- Resolutions are the expression of parliamentary views

on the main lines of Community policy—of what the Parliament thinks should have been done in the past and should be done in the future.

- Parliamentary opinions (*avis*) analyze problems on which the Executives have proposed regulations and have then asked the Parliament's advice.

Parliament's Present Power Limited

The resolutions and opinions, based on information in the reports and on the proposals of the Executives, are the nearest thing the Parliament now has to legislative expression.

The Treaty clause on elections says: "The Assembly shall draw up proposals for elections by direct universal suffrage in accordance with a uniform procedure in all member states." This would give the people in the six countries a more direct connection with the Community. But the Treaties give no deadline—not even "with all deliberate speed."

The Treaties do give the Parliament power to censure the Executives' activities. If a two-thirds majority, representing a majority of the members, adopted such a motion against the Executive of any of the three Communities, the Executive would have to resign in a body.

The Executives are responsible only to the Parliament. One of the ways in which this responsibility is exercised is by means of parliamentary questions addressed to the three Executives. Parliament members put numerous questions, often written, sometimes verbal, to the Executives. Through this procedure the Parliament may bring up problems which need attention or clarification and cause the Executives to re-state policies which may seem in doubt. Groups and individuals who disagree with Community programs or projects can make their views known. Parliamentary questions and the Executives' answers are published regularly in the *Journal Officiel*, the Community's official gazette.

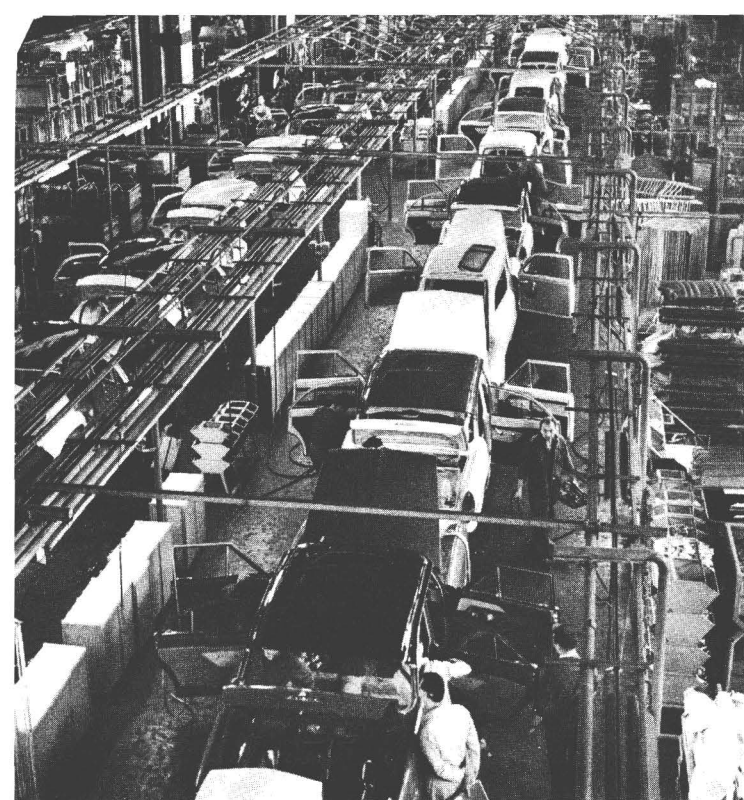
Aside from these controls, the European Parliament has no other specific rights.

In the words of Emilio Battista, President of the Parliament's political committee: "The European Parliament's power lies in the *interventions* it has made in the different fields of the Community's activity: it has stimulated the Commission and the Council of Ministers to take action in the integration of customs, agriculture, energy, free movement of workers, social security, and other areas—and to take notice of public feelings and hopes for Europe."

Last October EEC Commission President Walter Hallstein remarked that "in the work of law-giving the European Parliament is merely consulted. . . ." In March of this year President Hallstein indicated that he, speaking on behalf of the Commission, thought this limitation should be corrected.

He made his statement on an occasion which illustrates how Parliament does exercise its influence. It was after the negotiations between Britain and the Community had been suspended: Parliament had requested a report from the Commission on the state of the negotiations at the time of their suspension.

In presenting the report, which included general statements about the Community's future, President Hallstein said: "The European Parliament's position must be strengthened by means of direct elections and by increasing its share in Community and its powers of supervision. . . . We regard strengthening Parliament's role as the most essential point of constitutional progress."



VEHICLE PRODUCTION BOOMS

The Outlook: Seven Million a Year by 1965

THE COMMUNITY PROPORTION of world motor vehicle production rose from about 10 per cent in 1951 to almost one-third in 1961, according to a recent Common Market Commission study. The U. S. proportion in 1961 was about 50 per cent.

The European Community remained the world's top exporter of vehicles. The proportion of exports in the Community's total production, however, decreased from 36 per cent in 1959 to 30 per cent in 1961.

During the 10-year period, the motor vehicle production in the Community increased much faster than production in other industries, the study said.

Imports from the rest of the world also increased faster in the automobile field than in the whole of the Community economy: Between 1958 and 1961 total imports rose 35 per cent in volume, 28 per cent in value, while imports of vehicles rose 137 per cent in volume and 110 per cent in value.

Consumption Almost Trebles in 10 Years

The ratio of motor vehicles per thousand inhabitants in the European Community will increase from 80 per thousand in 1960 to nearly 140 per thousand by 1965 and some 220 per thousand by 1970, the report stated.

Compared with the United States, however, the market for motor vehicles still has a lot of ground to cover. Although between 1953 and 1960 the density of vehicles trebled in the Community, in 1960 it was still only equivalent to the U.S. position in 1920-21.

Concentrated mainly in three of the six countries—France, Germany and Italy—the Community's motor industry accounts for 2.5 per cent of total employment in these countries and 6 per cent of all fixed investment. Its im-

portance to the Community economy as a whole is further increased by the markets it provides for the steel, glass, and rubber industries and also for the increasing number of component manufacturers.

The following table shows the Commission's forecasts for growth in the total number of private and commercial motor vehicles in circulation in Community countries in the present decade (excluding utilitarian vehicles):

(thousand units)	1960	1965	1970
Belgium-Luxembourg	810	1,350	2,300
France	5,545	9,150	13,900
Germany	4,700	8,200	13,800
Italy	1,995	4,300	8,900
Netherlands	540	900	1,600
Community	13,590	23,900	40,500

The Commission stated that there is an element of uncertainty in its forecasts for 1970 because certain countries, particularly France, may reach saturation point in the demand for vehicles during the second half of the 1960's.

The European manufacturers' share of the United States market, after the setback caused by competition from U. S. compact cars, should settle down at about 5-6 per cent of the total American market for new cars, the Commission said. This would represent about 450,000 private and commercial vehicles a year by 1965.

Competition Increasing

In other industrialized countries, the demand for Community-produced vehicles is likely to slow down steadily during the coming years as a result of increased competition from the U. S., Japan and the Eastern-bloc countries, combined with rising output from local assembly industries. The Commission also believes that lack of foreign exchange and import priorities will prevent any major increase in demand from the developing countries in the foreseeable future. Total foreign orders for Community-produced vehicles are therefore expected to cover 22.5 per cent of the importing countries' needs by 1965, compared with 25 per cent in 1960, the report stated.

In spite of this relative decline, however, the Commission expects net Community exports of private and commercial vehicles to increase in absolute terms from 1,160,000 units in 1960 to 1,215,000 units in 1965. Exports of heavy commercial vehicles are likely to remain constant at about 150,000 units a year.

Community imports of private and commercial vehicles will constitute about 6 per cent of total domestic demand in 1965, compared with 3.9 per cent currently, according to the Commission. Imports of heavy commercial vehicles will account for some 5 per cent of demand, against 4.3 per cent at the present time.

On the basis of these forecasts, the Commission calculates a total annual output of between 6.5 and 7 million units for the Community motor industry by 1965. For private and commercial vehicles, this would represent an increase of 35 per cent over the 1960-61 level; for heavy commercial vehicles, an increase of 17 per cent. The Commission's report ends on a note of warning: If its forecasts of future trends in demand prove correct, the present rate of investment in the industry could possibly lead to an increase in the margin of surplus capacity—from the present 10 per cent required to absorb fluctuations in demand, to nearer 20 per cent by 1965.

TURKEY AND EEC INITIAL DRAFT ASSOCIATION AGREEMENT

REPRESENTATIVES OF THE GOVERNMENT OF TURKEY and of the Common Market Commission initialed a draft association agreement between Turkey and the European Economic Community on June 25 in Brussels.

The draft will be presented for approval to the Community's Council of Ministers, which must make its decision by unanimous vote after consulting the European Parliament. The agreement will then be submitted for ratification by the parliaments of the member states and of Turkey.

The draft agreement is based on Article 238 of the Treaty of Rome. Its aim is Turkish participation in European integration. As the most suitable instrument for attaining this objective, the negotiators chose a customs union between Turkey and the Community.

They acknowledged, however, that the very strict commitments a customs union demands of all parties could not be accepted at once by Turkey without danger of undermining the efforts for economic recovery which that country has been making for some years.

Objectives Approached In Three Stages

It was therefore decided that the objectives of the agreement should be reached in three distinct and successive stages. This gradual approach mainly concerns the practical aspects of the association link, the continuity of which is assured by the immediate establishment of the institutional machinery of the association—principally an Association Council, a joint body which will supervise and implement the agreement.

Terms of the draft agreement:

1. In the first "preparatory" phase, which in principle will last five years, Turkey, aided by the Community, will continue efforts to put its economy on a sound footing, with a view to moving on afterward to the establishment of the customs union.

In working out details of Community aid, the negotiators took into account the main needs of the Turkish economy in coming years—namely, increased export income and the participation of external sources in financing new investment under the first Turkish development plan (1963-67).

Export income will be improved by the trade preferences the Community will grant Turkey for products representing a large share (roughly 37 per cent) of her exports to Europe: tobacco, raisins, dried figs, and nuts. These concessions will take the form of yearly tariff quotas calculated at the outset on the basis of the current pattern of trade, with an option left to the Association Council to increase the quantities originally agreed from the second year onwards.

At the end of the third year after the agreement enters into force, the Association Council may also decide on measures to encourage the marketing of other Turkish exports in the Community.

Financial assistance up to a maximum of \$175 million will be granted to Turkey through the European Investment Bank in the form of loans for investment projects forming part of the Turkish development plan.

In certain cases, notably for projects yielding indirect or delayed economic results, the interest charges and repay-

ment arrangements on these loans will be particularly favorable.

In addition to these specific measures of aid to Turkey, the negotiators thought it advisable to specify, particularly in the interests of the Community, that difficulties concerning the right of establishment, the right to supply services, transport and competition arising between the contracting parties may be referred to the Association Council, which is empowered to make recommendations.

Customs Union To Be Gradual

2. The preparatory phase will be followed by a *transitional period* in which the customs union between Turkey and the Community will be gradually introduced.

The negotiators did not think it feasible to set down now such detailed arrangements for this period as time limits within which both parties must discharge commitments, safeguard clauses, and other measures. Precise provisions of this kind could only be drawn up, they said, in the light of the economic and legal situation of the parties at the time of transition from one period to the other.

It was considered essential, however, that the main outlines of the arrangements for trade and other economic aspects for this period should be stated at the outset.

In the *field of trade*, both the principles of the customs union and the time limits for its introduction have been agreed. The customs union covers trade in all commodities, with Turkey adopting the Community's common external tariff. It is to be completed in 12 years, subject to exceptions that may be agreed on but must not in any case prevent its introduction within a reasonable period. Special arrangements have been made for farm products to take account of the Community's common agricultural policy.

In the *other economic fields* covered by the Treaty of Rome—such as free movement of workers, freedom of establishment and right to supply services, transport policy and antitrust rules—Turkey will align its economic policy on that of the Community. A special procedure will ensure the coordination of the contracting parties' trade policies vis-a-vis non-member countries.

Implementing details of the transitional period are to be adopted by the Association Council—in principle five years after the entry into force of the agreement, or, if this time limit cannot be met, after a maximum extension of a further four years. The transitional arrangements will take the form of a supplementary protocol which, on ratification, will replace the provisional protocol and financial protocol now annexed to the agreement to specify arrangements for the preparatory phase.

The negotiators felt that they should bear in mind the possibility of the supplementary protocol's not being established even after the maximum time limit of nine years. They therefore gave full latitude to the Association Council in this event to make arrangements for the period after the preparatory phase. These would apply from the tenth year onwards.

3. The last *definitive phase* will be based on the customs union introduced in the preceding phase by the application

of the supplementary protocol and will also involve increasingly close co-ordination of the economies of the parties to the association.

This phase will therefore represent the conclusion of the process by which Turkey will be integrated with the Community in an association framework. The possibility has been left open, however, for a further step later, when Turkey will be able to apply for full membership in the Community and accept all the obligations of the Rome Treaty.

Association Council To Be Formed

The Association Council provided for in the agreement will be composed of members of the Turkish Government on the one hand and of the EEC Council of Ministers, Commission, and member states' governments on the other. Each side will have one vote. This Council will be empowered to take decisions in cases specified in the agreement

and may also make recommendations.

Disputes arising from the application of the agreement will be referred to the Council. During the preparatory phase it may settle them itself or transmit them to another tribunal such as the Court of Justice of the European Communities. When the implementing details for the transitional phase are being settled, an arbitration procedure will be written into the supplementary protocol.

As soon as the agreement enters into force, the Association Council will also have the task of adopting all necessary measures to promote contacts between the European Parliament and the Turkish Parliament. From the beginning of the transitional phase these contacts may include the Community's other organs, such as the Economic and Social Committee, and their Turkish counterparts.

An association agreement between the EEC and Greece went into effect last November 1.

COMMON MARKET MAKES BREAKTHROUGH ON FARM POLICY

Poultry and Grain Decisions Reached by Council of Ministers

THE COUNCIL OF MINISTERS OF THE EUROPEAN ECONOMIC COMMUNITY made a limited but significant breakthrough in the development of the Community's agricultural policy at its meeting in Brussels June 17-21.

Despite major difficulties in reaching agreement, the ministers decided on some moves toward eventual harmonization of grain prices throughout the Community—an essential element of the agricultural policy.

The Council also decided to reduce the sluice-gate price applied to poultry imports from non-member countries, although the reduction was less than that recommended by the EEC Commission and desired by the United States.

There were in fact two Council meetings in June—one of agricultural ministers and one of foreign ministers. In addition, there was a separate meeting of finance ministers of the Six.

U.S. Poultry Exports Discussed

The foreign ministers met on June 17-18. They were expected to discuss the Community's working program for the rest of 1963—an agenda submitted by the Permanent Representatives and intended to restore the momentum lost within the Community after the suspension of negotiations with Britain (see *European Community*, No. 63, p. 11).

Because certain foreign ministers were unable to attend the June 17-18 meeting and were represented by deputies, discussion of some of the major points of the working program was postponed until the Council meeting scheduled for July 10-11 (see page one).

The foreign ministers did, however, empower the Commission to meet U.S. Government representatives in Geneva on June 25 to hear American complaints concerning the Community levy on poultry imports.

(Because U.S. exports of poultry to the Community have declined since the application in July 1962 of the Common Market's poultry regulations under the common agricultural policy, the U.S. Government had asked for negotiations with the Community under the General Agreement on Tariffs and

Trade. The U. S. request was made on the basis of an agreement reached in 1962 at the close of the last GATT tariff negotiations. This agreement states that the Community undertakes "after adoption of the agricultural policy for . . . poultry . . . to enter into negotiations with the United States on the situation of exports of these products by the U.S.")

The Commission was not to conduct actual negotiations with the U.S. representatives in June but to report to the Council on American proposals made at the meeting.



SICCO MANSHOLT Vice President
EEC Commission

Agricultural Ministers Meet a Deadline

At their June 18-21 meeting the agricultural ministers revised some grain prices and made changes in quality standards which will have the effect of narrowing differences between grain prices in the member states.

By these decisions they met an important deadline. Under the original agreement on the common agricultural policy, reached by the six member countries in January 1962, it was decided that upper and lower limits for Community grain prices should be fixed by the Council in time for the 1963-64 selling period, which began July 1.

For soft wheat, the price range will remain the same for the 1963-64 selling period as it was in the previous year—\$89.43 to \$118.92 per metric ton.

For barley and rye, existing upper price limits remain unchanged, but acceptance by Germany and Luxembourg of different quality standards means a price reduction in practice in these countries.

The lower price limit per ton for barley was raised by \$.75 and for rye by \$2. throughout the Community. The new price ranges are: \$72.17 to \$103.07 a ton for barley; \$67.71

to \$108.17 a ton for rye.

The existing lower limit of maize prices was raised to \$65.60 a ton.

The agricultural ministers also decided on the principle for fixing minimum import prices for grains imported from non-member countries. These come into play when the importing country has no guaranteed price on the grain in question for its own farmers to govern import price levels.

According to the Council's decision, import prices will be keyed to the agreed range of barley prices currently being applied in the member countries. For example, Germany will be able to set the import price for sorghum in a range of 90 to 105 per cent of her prevailing barley price. For other imported grains, the percentages vary, but the same principle of keying these grains to the barley price will be followed.

Poultry Sluice-Gate Price Reduced

In addition, the agricultural ministers decided to reduce the sluice-gate price applied to poultry imports (by \$.015 per kilo, or \$.007 per lb.) to \$.71 per kilogram (\$.32 per lb.). This decision was taken on the basis of a change in the "conversion factor" (the number of kilos of poultry feed needed to produce one kilo of chicken meat). The Council dropped the old factor of 2.7 kilograms and instituted a new one of 2.6. The Commission had recommended 2.5, which would have meant an even lower threshold price.

The new reduction of the threshold price has the effect of modifying an earlier decision taken by the ministers at their May 30-31 meeting. (At that time they decided to raise the supplementary levy on poultry imports into the Community by 10 pfennigs to a total of 30 pfennigs a kilo (\$.075). This reversed a provisional decision of the Common Market Commission which had given preferential treatment to U.S. poultry exports by reducing the levy on imports from the U. S. from 20 to 15 pfennigs a kilo (\$.0375), while increasing the levy to \$.075 a kilo for imports from all other sources.) Recognition of the new conversion factor also affects the supplementary levy, reducing it now from 30 to 24 pfennigs a kilo (\$.027 lb.).

The agricultural ministers also decided to abolish Community tariffs on tea and tropical hardwoods, to take effect on January 1, 1964, provided the Community's new association agreement with the 18 independent African countries has been signed by them.

Another Community decision of interest to the United States was reached at the meeting of the Community countries' finance ministers on June 11 and 12 in Spa, Belgium. The ministers decided to ask the Common Market Commission to continue its study of American investment in Europe (see *European Community*, No. 62, p. 8).

The study is being undertaken in conjunction with the governments of the six member countries. The ministers also agreed that, apart from national measures, any possible control of U.S. investment in the member countries could be carried out through the Community's common regulations on competition, now in effect. These regulations ban agreements or concerted practices which prevent, restrain or distort competition in trade between Community countries.

Community's Future Contacts with Britain Unresolved

One of the points held over for discussion at the July 10-11 Council meeting was the question of the future pattern of Community contacts with Great Britain.

The problem was discussed at length at the Council's May 30-31 meeting. The ministers of Germany, Netherlands, Belgium, Luxembourg, and Italy urged that there should be periodic meetings between the Community countries' Permanent Representatives in Brussels and the head of the British Mission to the European Community, the recently appointed Sir Douglas Walter O'Neill.

This proposal was opposed by French Foreign Minister Maurice Couve de Murville on the grounds that it would give Britain a voice in the Community's internal discussions without the obligations of membership. M. Couve de Murville said that he was in favor of maintaining contact with Britain but that this should be done through existing channels—principally contacts between the Common Market Commission and the British Mission in Brussels.

The question of contacts between Britain and the Community was also raised in Paris on June 5, at the assembly of the Western European Union (WEU), the only body currently uniting the Six and Britain. Lord Privy Seal Edward Heath, in a speech to the assembly, said that the WEU Council should hold a meeting at ministerial level in the near future. French Secretary of State for Foreign Affairs Michel Habib-Deloncle stated that the French Government would not oppose a ministerial meeting in principle, providing prior agreement were reached on an agenda which did not include questions, within the jurisdiction of other organizations. Most observers took this to mean that the French Government would veto any discussion on matters affecting the European Community as such.

Common Market Commission President Walter Hallstein said, during a press conference in Brussels on June 17, that the most effective solution would be to increase bilateral contacts between the British Mission in Brussels and the Commission acting for the Community thus emphasizing that the Community is a single unit.

Whatever the outcome of the Council of Ministers' meetings in the near future, President Hallstein continued, the Commission would stand by its "action program." (see *European Community*, No. 58) which had received the full support of both the European Parliament and the Community's Economic and Social Committee. "In this way, the Council's difficulties will not paralyze the Community's normal business: The Council will still have to pronounce on the proposals of the Executive [the Commission] in accordance with the Treaty rules," President Hallstein concluded.



Euratom Research Helps to Produce Better Crops

EURATOM AND DUTCH SCIENTISTS are working together on the use of atomic radiation in agriculture.

The research began two years ago under a 20-year association contract between Euratom and the Dutch ITAL Institute at Wageningen, near Arnhem, where a 70-member staff recruited by the two partners is now at work.

ITAL is equipped with its own special reactor which went into action in April 1963. The reactor, aptly called BARN, is the only one in the world devoted entirely to the application of atomic radiation to agriculture.

Plants and seeds to be subject to neutron radiation are placed in a small chamber in which temperature, humidity, and light conditions can be regulated to simulate all European climatic conditions. A television camera sweeps the chamber continually so that the controllers of the experiment, situated behind a 15-ton door, can keep a continuous watch on developments.

In addition to the reactor, the Institute possesses a large number of other radioactive sources, specially prepared fields, and greenhouses.

The Institute is carrying out three main types of research. One type is the study of radioisotope behavior in the soil, in plants, and in animals. ITAL is primarily concerned with the study of radioisotopes originating from atomic fallout or radioactive waste.

A second field of research concerns the ways in which plants, vegetables and fruit can be made to undergo funda-

mental physical changes through radiation. It has been found that the resistance of certain plants to cold can be strengthened so that it may be possible to prevent crops from being injured by abnormal weather conditions. The pure and applied research being undertaken at ITAL on plant improvement through genetic mutations is being made available to the other European institutes for further development. At a later stage, the possibility of using similar methods to produce new species of animals will be studied.

ITAL's third field of research is in the uses of atomic radiation in the preservation of food. Despite the progress made in various methods of food storage using either heat or refrigeration, it is difficult to keep fresh such perishable items as strawberries, plums, raspberries, and tomatoes for more than a very short period of time. Atomic radiation, however, is able to keep strawberries fresh for eight to 20 days, compared to four days' maintenance by traditional methods. Raspberries can now be kept for eight days instead of four; apricots for 20 to 30 days instead of 15; and tomatoes for two months instead of one. Preservation by atomic methods does not affect the flavor of the fruit or make it dangerous to eat. Bulbs and tubers, when subjected to radiation, can also be preserved for far longer periods; potatoes, for example, can be kept in this way for over a year. (It is estimated that Europe now loses 14-19 per cent of the 120 million tons of potatoes it produces annually through germination trouble which radiation would prevent.)

High Authority Plans Vast Coal Research Program

THE HIGH AUTHORITY of the European Coal and Steel Community is planning a vast program of basic research into the physical and chemical structure of coal.

The program, which would cost more than \$2.2 million, has been submitted to the Council of Ministers for approval. The national coal research centers in the four coal-producing countries of the Community (Germany, France, Belgium and the Netherlands) have assisted in preparation of the program, and the High Authority has agreed to cover 80 per cent of the cost. It was felt that Community cooperation in a program of this scale was essential, since its scope, duration and cost would be far greater than those of any research program ever before undertaken in this field in the Community. It would take about two years to carry out the studies.

Importance of Research Recognized

The new program is in line with the High Authority's general policy of encouraging and coordinating research in the coal and steel industries. In the Community's *Journal Officiel* of May 9, 1963, the High Authority published a statement outlining the procedure governing applications for aid to research and the conditions in which the aid is generally given.

In addition to research intended to improve the efficiency of ECSC industries, the High Authority has sponsored research into ways of combatting industrial diseases and of improving the health and social conditions of ECSC workers.

These studies are carried out either by specialized institutions selected directly by the High Authority or by general

research centers which apply for aid under one of the High Authority's programs. Three such programs have been financed by the High Authority since 1955 to provide a framework for research.

Wide Range, Wide Participation

For the first program, which ran from 1955 to 1960, the High Authority provided a fund of \$1.2 million to study industrial physiology and pathology. The other two programs, started in 1957 and 1960 with funds of \$3 million and \$2.3 million respectively, are concerned with the prevention of dust in mines and steelworks, the human factor in industrial safety, the readaptation of workers affected by industrial accidents or diseases, and industrial medicine.

Research programs are prepared by the High Authority with the aid of three committees: the workers' and producers' committee for industrial medicine and safety, made up of representatives of the industries themselves; the government experts' committee, whose regular industrial inspections give them an intimate knowledge of prevailing conditions; and the research committees which run the programs and make sure that results obtained are publicized.

In June scientists and technicians from the four coal-producing countries of the Community were scheduled to meet in Luxembourg to discuss fire-damp and means of fighting it. The results of research on mine gases (some of which has been financed by the High Authority) were to be presented at this meeting and will subsequently be published.

President Kennedy *continued from page 2*

of responsibilities, and an equal level of sacrifice. I repeat again—so that there may be no misunderstanding—the choice of paths to the unity of Europe is a choice which Europe must take. . . .

The Atlantic community will not soon become a single overarching superstate. But practical steps toward stronger common purpose are well within our means. As we widen our common effort in defense, and our three-fold cooperation in economics, we shall inevitably strengthen our political ties as well. . . .

Partnership is more than a sharing of power. These are, above all, great human adventures. They must have meaning and conviction and purpose—and because they do, in your country and in mine, in all the nations of the alliance, we are called to a great new mission.

Newsbriefs

Common Market
Euratom
Coal & Steel Community

EEC Commission Publishes First Details from 'Negative Clearance' Requests

The Commission of the European Economic Community published for the first time in July details from 'negative clearance' applications made by business firms under the Common Market's antitrust policy.

(Under EEC antitrust policy, private firms may apply for such 'negative clearance' on agreements made with other firms, thus making sure that these agreements are not deemed antitrust violations by the Commission.)

Both applications are by French firms. Both concern agreements with companies outside the Common Market.

One of the published applications concerns a mutually exclusive dealing agreement for plastic products concluded between Grosfillex of Arbent (AIN), the French company, and Messrs. Fillistorf of Zurich, a Swiss firm, whereby the Swiss firm is forbidden to export products covered by the agreement to the Common Market or non-member countries, or to produce or deal in competing products. The agreement also entails price and discount control on Swiss territory.

The second agreement is between Nicholas Freres of Chatou, a French firm, and Vitapro (UK) Ltd. of London, a British Company. Under the agreement, the French firm, a manufacturer of hairdressing articles, has sold part of its assets to Vitapro for use in countries outside the Common Market. The assets sold include goodwill, commercial marks and trademarks, right to use a certain name, and know-how. The contracting parties have also undertaken to consult each other on technical questions for a certain period. The agreement also contains restrictions on the parties' freedom of trade which are tantamount to a form of market-sharing.

The Commission published the details of the applications so that any interested third parties could notify it of objections to the agreements. This was to be done within a 35-day period.

The publication implies that the Commission intends to

President Hallstein *continued from page 2*

The second element of what is known as the political union is a constitutional reform of our Community. That [this need] is generally recognized is shown by the revival of the discussion about organizational improvements to our Community. By this I mean that the question of a unified Commission for all three Communities has again been brought to the fore and that in this meeting we still have before us the weighty report on behalf of the Political Committee on the strengthening of the competence and powers of the European Parliament.

Whatever all these suggestions and efforts may lead to in the immediate future, one thing is certain: We will need to gird up our strength to the utmost and act in the closest solidarity if we are to stand the test which faces us at this halfway point in the 12-year building of our Community.

issue the 'negative clearances' requested, unless objections by third parties or new facts throw new light on the applications.

The published applications are significant beyond themselves. The EEC Commission has been informed of several hundred exclusive dealing agreements concerning markets outside EEC countries, and these two cases can be considered as setting precedent for future decisions on similar agreements.

Wire Rod Dumping Charges Dismissed

The United States Tariff Commission rejected U. S. steel industry complaints against imports of hot-rolled steel wire rods from Belgium, Luxembourg, and West Germany, ruling unanimously in three decisions during June that rods from these countries were not being "dumped" in the U.S.

The Tariff Commission made its ruling on imports from Belgium and Luxembourg on June 19 and on similar imports from the German Federal Republic on June 23, refuting claims of injury brought by eight major U. S. steel companies. A similar claim against French exports of hot-rolled steel wire rods was to be decided by the end of August.

The Treasury Department had earlier ruled against a contention that Japanese steel rods, which form the bulk of these imports into the U.S., were being sold at less than fair value, finding that prices were not under levels charged in Japan. The three European exporters' prices, the Commission found, "have not been a significant factor in the situation."

Under the present Anti-Dumping Act in the U.S., a fee is levied against imports which are sold at less than fair value and cause or threaten injury to U.S. producers.

ECSC Rules on Steel Imports from Eastern Bloc

The Community countries have agreed to take measures to control steel imports into the Community from countries with state-run economies.

The ECSC Council of Ministers, meeting in Luxembourg on June 6, took its decision on the basis of a proposal by the High Authority to coordinate the six countries' policy on steel imports, along the lines of the trade consultations already in effect in the Common Market.

Under the new decision, steel import quotas in existing agreements between member states and Communist coun-

tries, or the level of traditional imports, will be regarded as quantitative ceilings. Italy and France will be allowed to exceed the quotas by a fixed amount to take into account the traditional flow of imports from those countries.

The Council decided that imports into member countries in which complete liberalization of steel imports from the eastern bloc now exists should be limited by quotas, effective July 1.

The Council also decided that a safeguard clause should be included in all agreements to import steel from Communist countries, allowing Community countries to block further imports at any time if they wish to do so. It agreed that member governments would consult the High Authority before applying any further measures on steel imports from countries in the eastern bloc.

The High Authority has for some time been pressing for a decision on such imports, since it considers that abnormally large imports of low-cost steel from the Communist countries have been an important factor in the weakening of the Community steel market.

US/EURATOM Program Includes KRB Project

The Euratom Commission and the German KRB Company (Kernkraftwerk RWE-BAYERNWERK) signed July 13 the basic contract setting forth the terms and conditions for the participation of KRB in the joint nuclear power program under the Euratom-United States Agreement for Cooperation.

The KRB Company was established in 1962 by the Electrical Utilities Rheinisch-Westfaelisches Elektrizitaetswerk AG (RWE) and Bayernwerk AG for the purpose of the construction and operation of a nuclear power plant to be built at Gundremmingen (Bavaria) on the upper reaches of the Danube, which will be provided with a boiling water reactor of a net electric output of 237 MW. The equipment will be supplied and the plant constructed by the firms International General Electric Operations SA (IGEOSA), Allgemeine Elektrizitaets-Gesellschaft (AEG) and Hochtief AG.

The KRB project is the second power reactor to be included in the Euratom-United States joint program, the first being that of the Societa Elettronucleare nazionale (SENN), of a net electric output of 150 MWE, located at the mouth of the Garigliano river, between Rome and Naples. Negotiations are now proceeding with the Societe d'Energie Nucleaire Franco-Belge des Ardennes (SENA) toward the signature of the basic contract covering the inclusion of the power plant this firm is building near Givet, at the Franco-Belgian border, and which will have an output of 210 MWE, with a possibility of increasing the output to 242 MWE.

Community Scholarships Increase

In the 1961-62 academic year the Common Market Commission provided scholarships enabling 312 students from the Community's associated countries to continue their academic or technical education in Europe. This figure compares with 70 scholarships provided by the Commission in the previous year.

Nearly half the scholarships were awarded for technical subjects, a third for studies in economics, and a fifth for agricultural studies. The Commission described as satisfactory the results obtained by just over 85 per cent of the stu-

dents in their final examinations.

The Commission's scholarship plan, which was approved by the Council of Ministers in 1960, was inaugurated to foster economic and social development in the associated countries through the encouragement of academic and vocational training in economics and finance, agriculture, and technology.

Taking Europe Into Space

Eurospace, a group of 99 Western European firms, has made proposals to launch a system of 14 communication satellites as a part of Europe's effort in the world communications industry.

The space industries of nine countries (Belgium, France, Italy, Norway, Holland, Switzerland, Germany, Sweden, and the United Kingdom) are associated with the project, which envisages two telecommunications systems. The first would comprise 12 satellites orbiting at an altitude of about 7,500 miles; the second would include two "fixed" satellites (orbiting at a speed equivalent to the earth's rotation, thereby maintaining the same relative position to the earth's surface) at an altitude of about 19,000 miles.

EIB Loans Total Over \$250 Million

By December 31, 1962, the European Investment Bank had made loans totaling \$254.3 million to aid industrial development projects throughout the Community, the Bank's just-published annual report discloses. The breakdown of these loans by country and economic sector is shown in the following tables:

Country	No. of projects	Value of loans (\$'000,000)	% of Bank's total loans
Belgium	1	4.8	2%
Germany	2	27.4	11%
France	8	54.0	21%
Italy	25	164.1	64%
Luxembourg	1	4.0	2%
	37	254.3	100%
Sector	No. of projects	Value of loans (\$'000,000)	% of Bank's total loans
Agriculture	2	10.5	4%
Transport	4	66.2	26%
Energy	6	42.6	17%
Industry	25	135.0	53%
	37	254.3	100%

A large proportion of the Bank's total loans went to projects in southern Italy and southern France—a reflection of the Community's policy of paying particular attention to industrial development in Europe's economically less favored areas.

A copy of this material is filed with the Department of Justice, where, under the Foreign Agents Registration Act of 1938, as amended, the required registration statement of the Information Office, European Community, 808 Farragut Building, Washington, D.C., as an agent of the European Economic Community, Brussels, the European Atomic Energy Community, Brussels, and the European Coal and Steel Community, Luxembourg, is available for public inspection. Registration does not indicate approval of the contents of this material by the United States Government.

PUBLICATIONS AVAILABLE

PUBLICATIONS JURIDIQUES CONCERNANT L'INTÉGRATION EUROPÉENNE, Court of Justice of the European Communities, October 1962. A legal bibliography. Materials are listed in language in which they were published. Price includes Supplements 1 & 2. 444 and 75 pages\$6.00

EURATOM—A YEAR OF ACTIVITY: APRIL 1962-APRIL 1963. A 32-page brochure based on the 6th General Report of the Commission of the European Atomic Energy Community. free

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OBJECTIFS GÉNÉRAUX "ACIER", High Authority, 1962. Memorandum on the general objectives for steel in 1965, including reports submitted by groups of experts. 540 pages\$4.00

DOCUMENTS DE LA CONFÉRENCE SUR LES ÉCONOMIES RÉGIONALES, Commission of the EEC. Report on a conference held in Brussels 6-8 December 1961. Papers contain valuable material on regional problems in the Community countries, the methods used by national governments to solve them, and the Community's contribution to balanced regional development. Two volumes, 457 and 241 pages. . \$9.00

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SALAIRES CEE—1960 (*Statistiques Sociales*, 1963, No. 1), Statistical Office of the European Communities. A study of labor costs and incomes in eight branches of industry. 384 pages\$1.50

SALAIRES CECA—1961 (*Statistiques Sociales*, 1963, No. 2), Statistical Office of the European Communities. Labor costs and incomes in the coal and steel industries. 203 pages\$2.00



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