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MARJOLIN STRESSES POSITIVE EEC BALANCE-OF-PAYMENTS ROLE

THE DEVELOPMENT OF THE COMMON MARKET'S TRADE in the past five years has been a major factor in reducing the disequilibrium in the free world's balance of payments, Robert Marjolin, Vice President of the EEC Commission, told U.S. lawyers meeting in Brussels September 24.

In an address, "The Common Market and the Expansion of World Trade," Mr. Marjolin described the European Economic Community as just as "outward looking" as any other major economic power in the free world and cited its trade policies as making a definite contribution to the balance of payments situation.

Mr. Marjolin, speaking before an American Bar Association conference, hailed the U.S. Trade Expansion Act as a new measure in freeing world trade consistent with U.S. policy in support of European integration which began with the Marshall Plan.

The Common Market Vice President took issue with critics who at times "have accused the Community of being protectionist or autarchic," declaring that in recent years "the EEC has been the most powerful factor in the growth of trade in the free world." He added that the Common Market has and will continue to play a key role in the reduction of world trade barriers.

Mr. Marjolin acknowledged that unusual economic circumstances have made necessary certain EEC exceptions to the overall pattern of liberalization. But he stressed that these measures were comparable to steps that the EEC's free world trading partners would have taken to meet similar conditions.

EEC Imports Outpace Exports

As evidence of the EEC's contribution to free world trade and payments, Mr. Marjolin cited the fact that Common Market imports from non-member countries have increased more rapidly than those of any other major trading unit. Between 1958 and 1962, the Six's imports rose 39 per cent. During these five years, U.S. imports increased only 27 per cent and those of the United Kingdom about 20 per cent. This trend has continued unabated since the beginning of 1963, he pointed out. On the other hand, Common Market exports to the rest of the world only increased by 29 per cent in the same period.

United Kingdom exports to the Common Market rose 75 per cent. EEC imports from the United States increased 58 per cent. Additional imports meant a larger trade deficit for Europe, Mr. Marjolin said.

The deficit rose from $245 million in 1958 to $1,689 million in 1962. This pattern has been confirmed recently since it rose to $1,574 million during the first half of 1963 as against $985 million in the same period in 1962. In trade with the United States, the EEC balance showed a $2 billion deficit in 1962 as compared with $1,544 million in 1958. The figures for Common Market-U.S. trade in the first six months of 1963 showed an EEC deficit of $1,300 million as against $1,064 million during a comparable period in 1962.

Mr. Marjolin said the evolution of the EEC's trade during the past five years had been a positive contribution to "the economic health of the West."

Lower Tariffs Since 1958

The rapid expansion of European imports is mainly due to the unusual prosperity enjoyed by the Six for several years, Mr. Marjolin said.

The progressive establishment of the Common Market has helped create the conditions favoring greater imports, he said. Quotas on industrial goods have been virtually abolished in EEC trade with countries having achieved a comparable level of development.

"The original common external tariff represented, on the average, a much lower level of protection than the pre-existing national tariffs—in fact, more than 12 per

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cent lower," Mr. Marjolin declared. "Adjustments resulting from EEC compensation to its GATT partners and from the 'Dillon round' have further lowered the common external tariff so that it is now considerably lower than the British tariff and slightly lower than the American tariff."

Mr. Marjolin recalled that in 1960, the EEC had unilaterally lowered by 20 per cent the tariffs on industrial products, expecting that the U. S. "Dillon Round" of tariff negotiations would confirm this reduction. Although the negotiations did not achieve all the reductions hoped for, the suspension of these tariffs was kept in force in 1963 in expectation of the results of the "Kennedy Round."

The EEC Vice President said that a tariff is much more protectionist when it varies considerably from product to product.

"The EEC external tariff does not suffer from this shortcoming of high-low disparities and can be considered the most homogeneous tariff in existence," he said.

Rising Agricultural Imports and Chickens

The Common Market's trade policy in agriculture, Mr. Marjolin said, has been the EEC policy under strongest attack from the outside. However, he cited trade figures to refute charges of agricultural protectionism. From 1958 to 1962, he said, the Common Market's total agricultural imports rose more than 20 per cent. There was an 18 per cent increase in imports of fruits and vegetables and a 60 per cent rise in foreign grain purchases. Poultry imports increased 226 per cent during the five-year period. United States sales of poultry to the Community rose from \$2.8 million in 1958 to \$52 million in 1962—18.5 times above their former level.

The present U.S.-Community poultry dispute has been an "unfortunate incident," Mr. Marjolin said. An overly-rapid expansion of imports had led to a stoppage of trade flow that was probably too sharp, he said.

He then posed the question, "What country, no matter how liberal, which had undergone such a huge increase of foreign sales on its market, would not have used one of the safeguard clauses found in the international trade agreements?" The same problem would have arisen even if the EEC did not exist, he said.

Mr. Marjolin cautioned that it was too early to judge the effects of the common agricultural policy which entered into force last year. "Nevertheless, the fact that hundreds of thousands of workers must leave the farm each year is proof that EEC agriculture is not overly-protected," he said.

"The Common Market has given enough proof of its liberalism to be believed when it declares it intends to take full account of the interests of friendly non-member countries in the final working out and implementation of its common agricultural policy," Mr. Marjolin declared. "In view of the will to liberalize and expand world trade which today exists on both sides of the Atlantic, the course of the Geneva negotiations ('Kennedy Round' in GATT next year) . . . can be envisaged with confidence."

Poultry Dispute Still Unresolved

The member countries of the European Economic Community were expected to reply this month to an American offer to submit to arbitration the determination of market lost to United States poultry exports because of EEC levies.

The United States has estimated this loss at \$46 million a year; the Common Market Commission has set it at a maximum of \$19 million. The determination of a correct sum will affect the amount of trade retaliation which the United States might undertake against the EEC because of its claimed loss.

Ambassador John W. Tuthill, head of the United States Mission to the European Communities, proposed arbitration in GATT framework to "minimize the trade repercussions of the poultry issue." At the same time, he announced American rejection of a September 24 Community offer to negotiate a final settlement of the problem through a reduction in the overall levy on poultry imports from non-member countries.

The Common Market Council of Ministers gave the EEC Commission a mandate to end the dispute by offering to reduce the levy—reportedly by 11 pfennigs per kilo (1.3 cents per lb.). Governor Christian Herter, the President's Special Representative for Trade Negotiations, stated that the proposed reduction would be insufficient to restore reasonable access for the United States poultry to the Common Market.

At publication time, the United States had not announced a list of goods for retaliation pending the EEC answer to its arbitration offer.

EEC and Iran Initial Agreement

The first bilateral commercial agreement between the European Economic Community and a third country was initialed on September 25, in Brussels, by Ambassador M. Khosrow Hedayat, Chief of Iran's Mission to the EEC, and by Gunter Seeliger, Director General for External Relations of the EEC Commission.

This trade agreement becomes effective on January 1, 1964, when formally signed as scheduled in mid-October.

It is the first of its kind to be negotiated by the Community under Article 111 (coordination of relations with third countries for a common policy in external trade) of the Rome Treaty.

The agreement does not embody the concept of a customs union or of technical assistance from the Community. It provides for temporary non-discriminatory reductions of the common external tariff and tariff quotas for exports of particular importance to Iran, such as carpets, caviar, and dried grapes and apricots.

Contacts between the Iranian Mission and the EEC Commission started in Summer, 1962. Formal negotiations began in April, 1963, and were concluded in July, 1963.

MINISTERS DISCUSS MERGER OF THREE EXECUTIVES

THE COUNCIL OF MINISTERS of the European Economic Community on September 24 asked the member states to decide as soon as possible on a merger of the three executives—the Common Market and Euratom Commissions and the High Authority of the Coal and Steel Community.

The member states also were asked to consider a merger of the Councils of Ministers of the three Communities.

The unification of the three executives would be a prelude to the actual fusion of the three Communities. The decision on the initial step would have to be accompanied by a decision on the timing of eventual full fusion, which in turn would involve new treaty drafting and ratification procedures.

The ministers instructed their permanent representatives to the Communities to study all aspects of the proposed mergers and make proposals to the Council by the end of this year. Their studies will also cover the problem of the seat of the various Community institutions. While they study the merger of the institutions, the permanent representatives will also examine the fusion of the Communities themselves.

Soviets Offered Conditional Concessions

The Council of Ministers, at its September 23-24 meeting, made a tariff concession offer to the U.S.S.R., contingent upon Soviet recognition of the Common Market as a trading unit. The EEC would reduce the level of the common external tariff on vodka (to the same rate as the whiskey tariff), caviar and canned crab.

Since the Netherlands Minister currently heads the Council, the Dutch Ambassador in Moscow has conveyed the offer to the Soviet government. Whether the reductions are actually put into effect depends on a favorable reply from the Soviet Union.

The U.S.S.R. has until now requested bilateral negotiations with the EEC member countries. Over a long period, it has asked individual members of the Six, notably France, for most-favored-nation tariff treatment for Soviet goods on the basis of concessions granted to other Community countries. If, for the first time, the U.S.S.R. replies to an offer made by the Community as a whole, it will have indicated its recognition of the EEC as a single unit in international trade. By the end of the transitional period, the Community will have a common foreign trade policy, empowering the Commission to negotiate all agreements for the Six with non-member countries.

Nigeria Seeks Trade Talks

The EEC Commission informed the Council of Ministers that the Nigerian government has asked for talks as soon as possible on its future relation with the Common Market. A clause in the new association convention between the Common Market and eighteen African countries specifically provides that other countries in Africa may either adhere to the convention or conclude nondiscriminatory agreements with the EEC. In a memorandum delivered to the Commission in mid-September, Nigeria stated that it was chiefly concerned with oil and oil-seeds, cocoa and tropical hardwood.

Fisheries Conference Discussed

The ministers also discussed EEC participation in a British-proposed fisheries conference.

The United Kingdom has invited countries concerned with fishing in the North Sea to participate in such a conference in London beginning on December 3. The proposed agenda includes such questions as territorial water, the preservation and policy of fishing grounds, and trade in fish.

The ministers decided that the Common Market countries which had been invited would take part in the conference. However, member countries would be unable to undertake any commitments until the Common Market had worked out a fisheries policy. The Commission is due to make proposals on the common policy early next year.

Agricultural Regulations Discussed

Meeting concurrently with the ministers of foreign affairs, the agricultural ministers began examination of the Commission's draft regulations on the organization of the Community market for three more products to be placed under the common agricultural policy. These regulations, which are based on the same principles as the regulations already in force, would deal with beef and veal, rice and dairy produce.

The beef and veal regulation will provide for the gradual establishment of a common market in these commodities and a method of determining the target price. This price would be based on the shortest and most recent reference period possible. Within upper and lower price limits, the price should be set by the free play of the market to the greatest extent possible, according to the Ministers.

In an action relating to a commodity already placed under the common agricultural policy, the agricultural ministers adopted a regulation determining the feed-grain conversion factor for the production of eggs. This factor is utilized in setting the sluice-gate price for eggs, which serves to prevent dumping at prices below the world market level.

These decisions bring nearer the establishment of the common agricultural policy for nine categories of agricultural procedure. In addition to existing regulations on grains, pork and pork products, eggs and poultry, fruits and vegetables and wine, the Council must still adopt regulations on beef and veal, rice, dairy produce and sugar. Most of these regulations are scheduled to be adopted by the end of the year. Target prices are also to be established for wheat and feed grains.

Britain Asks to Join EEC Legal Studies

The British government has informed the Common Market Commission that it would like to take part in Community studies aimed at harmonizing industrial-property laws.

The Commission has already set up three committees to draft Community regulations on patents, trade marks, and the registration of industrial designs and prototypes.

INVESTMENT BANK ACTIVE DURING ITS FIRST YEARS

Independent Organization Finances Economic Advance In Six Member Countries

THE EUROPEAN INVESTMENT BANK, though not yet six years old, ranks among the major international financial institutions for the provision of long-term credit.

Founded by the six Community countries, it was established under the Common Market Treaty on January 1, 1958, as a legally independent banking organization in its own right, complementary to the banking organizations of the member countries.

One of the reasons for setting up the Bank was to adjust regional differences in economic development within the Community. The Bank's task in this field is defined in Article 130 of the Rome Treaty, which stipulates that it must employ a major part of its resources in helping to finance investment projects aimed at benefiting the Community's less favored areas (principally southern Italy, certain parts of southern and western France, some peripheral areas of Germany, and certain underdeveloped and depressed areas in Belgium and Holland).

The second of the Bank's tasks is to advance funds to Community firms when the abolition of protective measures such as tariffs, quotas, or government aid obliges them to make extensive alterations in their methods or production. This it does, however, only in cases where there is a direct connection of cause and effect between the establishment of the Common Market and the firm's need for new investment. The Bank is also empowered to assist projects intended to create new activities called for by the gradual establishment of a single market.

Another function of the Bank is to help finance projects of joint interest to two or more member governments. In particular, it provides loans for projects intended to speed the integration of markets and member countries' individual economies. This phase of the Bank's operation was established because it was felt that economic unification would require the implementation of certain large investment projects on a European scale.

Organization of the Bank

The European Investment Bank is controlled by three bodies: a board of governors, a board of directors, and a management committee.

- The board of governors is the Bank's senior body, and consists of six ministers appointed by the member governments—usually their finance ministers. The board establishes and supervises the general policy of the Bank in relation to the needs of the Common Market as a whole. It is also responsible for deciding on increases in issued capital and requests for special loans from member governments. In addition, the board approves the Bank's annual report, balance sheet, and profit-and-loss account, and may, under exceptional circumstances and on a proposal from the board of directors, extend the geographical limits of the Bank's activities.

- The board of directors is composed of 12 permanent members and 12 deputies. Germany, France, and Italy appoint three members and three deputies each, the Benelux countries between them appoint two members and two deputies, and the Common Market Commission one member and one deputy. The president of the Bank presides over the board of directors.

  The board of directors has exclusive responsibility for granting loans and loan-guarantees and fixes the rates of interest or commission for both. In addition, it supervises the administration of the Bank and ensures that its operations conform with the provisions of the Rome Treaty and the Bank's statutes, as well as with the general credit policy laid down by the board of governors.

- The management committee comprises a president (Paride Formentini of Italy) and two vice-presidents (Hans-Karl von Mangoldt-Reiboldt of Germany and Yves le Portz of France). Subject to the control of the board of directors, it supervises the day-to-day business of the Bank and prepares decisions for the directors, particularly those concerning the Bank's own borrowing and the granting of loans and guarantees.

- An audit committee, consisting of three members appointed by the board of governors, examines the Bank's records and accounts once a year and confirms that these present an accurate picture of its financial operations.

The Bank also has departments for general affairs, finance, economic studies, and legal affairs, two loan departments, and a technical adviser.

Where the Money Comes From

The Bank has been provided with a nominal capital of one billion dollars, subscribed by the six Community governments. Of this, $250 million is fully paid up, three-quarters of each country's subscription being in the national currency and one-quarter in gold or U.S. dollars.

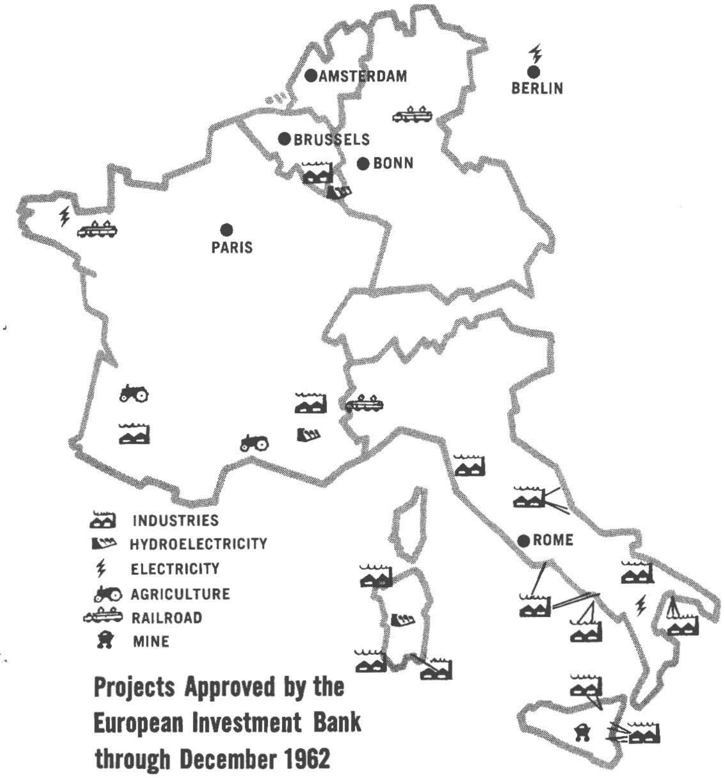
The Community countries contribute to the Bank's capital in the following proportions: Germany 30 per cent, France 30 per cent, Italy 24 per cent, Belgium 8.65 per cent, Holland 7.15 per cent, and Luxembourg 0.2 per cent.

As the paid-up capital of $250 million was primarily intended to finance the initial stage of the Bank's operations, the Bank has had to borrow on the capital market to finance its subsequent lending. The Bank's own borrowing is done either in the Community countries or in non-member countries, wherever money-market conditions are best.

The Bank's first excursion into the capital market was made in March 1961, when it borrowed $2.7 million from a consortium of Dutch banks. The loan, issued at par, was for seven years and carried 4½ per cent interest.

In July 1961, the Bank placed another loan on the Dutch market, this time for $13.2 million and open to public subscription. Issued at par, the loan was for a period of 20 years, repayable in 15 equal annual instalments, and carried interest at 4½ per cent. Later in 1961, the Bank borrowed $2.1 million from a Swiss bank for a maximum period of six years.

At the beginning of 1962 it raised a 15-year debenture loan of $24 million in Italy, carrying interest at 5 per cent and open to public subscription. Finally, in December 1962, the Bank floated a second public loan in



Projects Approved by the European Investment Bank through December 1962

Holland, this time for $7.9 million. Issued at par, the loan matures in 20 years and carries interest at 4¾ per cent.

The public loans raised by the Bank in Holland and Italy were made under the same conditions as similar loans floated by the International Bank for Reconstruction and Development. Their success shows that the European Investment Bank has already proved its credit standing in the international capital market despite its short history.

By the end of 1962 the Bank's consolidated debt stood at $53.7 million. Total loans made by the Bank, at $254.3 million, now exceed its paid-up capital and represent three-quarters of its total resources, comprising paid-up capital, borrowed funds, and operating profits.

If the Bank is not able to obtain from the capital market, under appropriate conditions, the funds it needs for a particular project, the member governments have declared themselves ready to make special interest-bearing loans. These loans, on which the Bank pays 4 per cent interest, must not exceed a total of $400 million, or $100 million in any one year, and their maximum maturity is fixed at 20 years.

Where the Money Goes

The European Investment Bank is a legal entity in its own right, unlike the Community's Overseas Development Fund and the European Social Fund, which are administratively dependent on the Common Market Commission. This independence is necessary to enable the Bank to tap the resources of the international capital market.

Legal independence does not mean, however, that the Bank has a completely free hand. On the contrary, in order to fulfill the role assigned to it by the Rome Treaty, it must cooperate closely with member governments and with the Common Market Commission.

The Bank's statutes stipulate that each project which the Bank wishes to assist must be approved by the government on whose territory it is to be carried out. In addition, the Bank is obliged to ask for the Commission's opinion to ensure that the project conforms to the aims of the latter's economic policy.

Geographically, the Bank's field of operations covers the European territories of the Community countries. However, the board of governors can, by unanimous decision, extend this field to other countries and territories. This enables the Bank to finance not only investment projects situated in a member country's European territory, but also projects which are situated elsewhere in Europe or in other countries. A decision of this kind was taken in the case of Greece: The association agreement between Greece and the Community provided for financial aid totaling $125 million for investment projects, and the Bank is lending $50 million of this sum out of its own resources.

The recent association agreement with Turkey also envisages Community aid over a five-year period totaling $175 million—another project in which the Bank will play a major part. Similarly, the Common Market's new association agreement with the 18 independent African countries envisages Community aid for these countries totaling $730 million over the next five years; of this amount the Bank will provide loans from its own resources up to a limit of $64 million.

'Nationality of No Importance'

The Bank's operations so far, in the form of loans and loan-guarantees, cover all sectors of the economy: basic industry, manufacturing industry, transport, and agriculture.

The nationality of the borrower is of no importance to the Bank. Community firms are not the only ones eligible for loans, and firms from non-Community countries can also receive help from the Bank, provided their investment projects are situated in the Community and fulfill the Bank's normal conditions. The Bank may ask its borrowers to open their tenders for materials and labor to international competition.

One of the basic rules of the Bank's operations is that it provides only complementary finance. It participates in a project only if the necessary funds are not available in sufficient quantity from other sources within the Community—such as the enterprise's own reserves or the capital market. In principle the Bank may not acquire any capital participation in a borrower's business, nor may it assume any managerial responsibility.

As the Bank's capital consists of subscriptions from the six member governments and loans raised on various capital markets, its resources are in several different currencies. The Bank makes its loans in these various currencies, and repayment is made in the same currency. When the Bank first began to operate, it charged interest at 5⅝ per cent on its loans. This has recently been raised to 5⅞ per cent.

The Bank is concerned with long-term investment, and the period of its loans therefore varies between seven and 20 years. The time allowed for repayment is usually fixed in relation to the nature of the project and the normal amortization period for the industry concerned.

The part played by the Bank in financing a particular project varies with each project, but at present its average contribution is roughly 20 per cent of the total investment involved. The total value of investment projects to which the Bank has contributed now stands at considerably more than one billion dollars.

TURKEY ASSOCIATES WITH EUROPEAN ECONOMIC COMMUNITY

THE SIGNATURE OF AN ASSOCIATION AGREEMENT with the European Economic Community in Ankara, September 12, marked the entry of Turkey into Europe.

The agreement will not become effective until it is ratified by the parliaments of the EEC member states and of Turkey.

Representatives of the government of Turkey and of the Common Market Commission initialed a draft association agreement on June 25 in Brussels. The draft was then presented to the Community's Council of Ministers, who approved it unanimously after consulting the European Parliament.

"Turkey is a part of Europe," declared President Walter Hallstein of the EEC Commission in a speech in Ankara the day of the signing. "And here we think first and foremost of the stupendous personality of Ataturk, whose work meets us at every turn in this country, and of the radical way in which he recast every aspect of life in Turkey on European lines."

A Natural Unity

"What then could be more natural than that Europe . . . and Turkey should show themselves to be as one in their actions and reactions—in the military, the political and the economic spheres?", President Hallstein asked.

He emphasized that the relationship of Turkey with the Community was based on the concept of evolution. "Turkey, too, is facing difficult problems: industrialization, which has been set in motion, must be pressed forward; the country's raw materials must be put to their best use; agriculture must be extended," he said.

To preserve the economic recovery efforts made by Turkey, the ultimate objectives of the agreement (the establishment of a customs union between Turkey and the Community) will be arrived at by three distinct and successive steps. They are:

1. A five-year *preparatory phase* in which Turkey, aided by the Community, will continue to puts its economy on a sound footing by expanding its exports to the European Economic Community and extending its productive capacity.

2. A *transitional period* in which the customs union between Turkey and Community will be gradually introduced; and

3. The last *definitive phase* which will be based on the application of a supplementary protocol. This step will also involve increasingly close co-ordination of the economies of the parties to the association.

Association Council Provided

The agreement provides for an Association Council. It will be composed of members of the Turkish government on 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.

President Hallstein summed up the actions of the Council and the implications of the association in saying: "We are, then at the outset of an era of close co-operation between Turkey and the Community. The two sides will meet in the Council of Association where, as equal partners, they will discuss their problems and will endeavor in this new spirit to settle any difficulties that may arise.

"Inspired by the same ideas," he continued, "they will consider together how these can be translated into reality in the framework of association. And one day, the final step is to be taken: Turkey is to be a full member of the Community. This wish, and the fact that it is shared by us and our Turkish friends alike, is the strongest expression of our community of interest."

EEC Allows Cartel Notification Corrections

Many notifications filed under EEC anti-trust regulations have been submitted improperly, revealed Pieter Verloren van Themaat, Director General for Competition at a meeting of government cartel experts in Brussels, September 18.

"However, the enterprises concerned will be allowed to correct these errors and complete their notifications (of agreements with other enterprises)," he said. "Notifications corrected before a given deadline will be treated as duly filed before the date originally appointed."

Many of the forms filed before September 10 had not been fully completed nor had contracts or translations been enclosed, Mr. Verloren van Themaat pointed out. Some of the contracts, such as licensing contracts, multilateral contracts and contracts including a clause forbidding exports, had been mistakenly filed on the wrong form, he added.

By August 1, 1963, proceedings had been initiated in 51 cases of notifications, applications or complaints filed with the Commission.

Commission Objects to French Produce Aid

The Common Market Commission has informed the French government that it considers aids to French fruit and vegetable growers incompatible with the Rome Treaty.

The subsidies, announced by France on August 7 and 12, became effective on August 15. Consequently, the Commission also objected that it was not given "reasonable time" in which to submit observations as required under Article 93 of the Treaty.

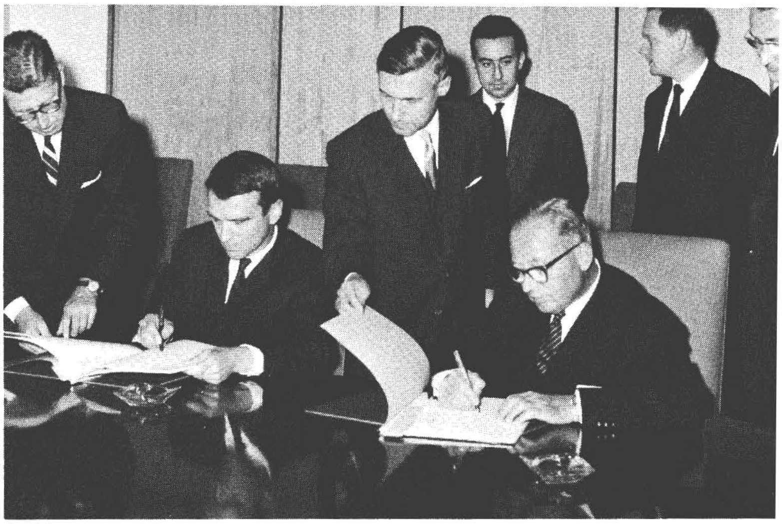
The subsidies take the following forms:

- rebates of 50 per cent of transport costs on exported tomatoes, young carrots, plums, melons, summer pears, table grapes and cauliflower;

- government purchase of potatoes and peaches to be donated to charities or the developing countries;

- direct subsidies to producers' associations. Although, there is some question as to legality where aid is intended to encourage particular sectors or regional development.

U.S.-EURATOM SIGN CONTRACT



More U-235 for Community nuclear power stations: Mr. Russell Fessenden (left), Deputy Chief, United States Mission to the European Communities, and Mr. Heinz Krekeler (right), member, Euratom Commission, signed a new amendment to the U.S.-Euratom agreement August 22 in Brussels. The amendment removes the 30-ton limit to the quantity of enriched uranium (U-235) to be made available by the United States Atomic Energy Commission to Euratom under the terms of the agreement.

THE UNITED STATES ATOMIC ENERGY COMMISSION signed, September 25, in Brussels a contract with the Supply Agency of the European Atomic Energy Community (Euratom) providing for the nuclear fuel supply of the SELNI (Societa Electro-nucleare Italiana) pressurized water reactor, now under construction near Milan.

Similar contracts are now being negotiated to provide fuel for the SENA pressurized water reactor in France and the German KRB reactor. The 20-year fuel requirements for these three reactors as well as for the Italian SENN reactor, for which contracts were signed in 1962, are valued at more than $200 million.

Following the signing of the AEC-Euratom agreement, Euratom contracted with SELNI on the use and consumption of the $73 million worth of fuel which will be delivered over a 20-year period. Under the Euratom Treaty, the Community retains ownership of all special fissionable materials in the Community. The Supply Agency has the exclusive right to conclude supply contracts for all such materials in the Community.

The AEC-Supply Agency contract provides for the supply of up to 8,000 kg of contained U.S. U-235 uranium for the SELNI reactor. It includes a system of deferred payments over a 10-year period for the operating inventory of the reactor. The Euratom-SELNI agreement covers the responsibilities of the two parties growing out of the transfer of the U.S. uranium to SELNI. The Italian company would return residual U-235 in irradiated fuel elements.

These transactions are taking place under the terms of the 1962 amendments to the 1958 US/Euratom agreement and the Additional Agreement concluded in 1960 which permit the use of 30 tons of fissile materials for a wide range of peaceful projects in the Community.

Recently an amendment to the Additional Agreement was signed which extended by 10 years, to 1995, the period during which this fuel may be supplied.

Fernand Spaak, Director-General of the Euratom Supply Agency and John Erlewine, Senior USAEC representative and Deputy for Euratom Affairs in the U.S. Mission to the European Communities, signed the basic contract. The contract with SELNI was signed by I. G. Valerio of SELNI and Mr. Spaak.

REGIONAL DEVELOPMENT STUDIES GUIDE COMMUNITY ACTION

THE COMMON MARKET COMMISSION is currently studying various underdeveloped areas in Europe to determine future Community action in the field of regional development.

The largest regional study concerns industrialization of the Taranto-Bari region of southern Italy, where several steel companies have been established. A fairly restricted area was chosen for the study which had sufficient material and labor resources to support a major industrial complex.

The Commission and the European Coal and Steel Community High Authority are now in the process of assessing the exact level of investment required to make the area economically self-sufficient.

A second study concerns the common problems of two areas separated by a frontier—the border region between France and Belgium. Their joint problems—water supply, labor training, communications, frontier formalities, and attraction of new investment—have been eased by cooperation between the public authorities on both sides of the frontier. The Commission is encouraging and channeling this cooperation.

These and other studies resulted from a regional development conference held in Brussels at the end of 1961 to define procedures and coordinate national and community action. The conference created three special committees to find solutions to the following regional problems:

- Speeding economic development in underdeveloped areas;
- Restoring economic impetus in depressed industrial areas;
- Encouraging firms to locate in these areas without running counter to the Community's policy of fair competition.

The results of the Committee's work will instruct Community institutions as to the best use of their financial resources such as, loans from the European Investment Bank, the European Social Fund and the European Fund for Structural Improvements in Agriculture.

Areas of greatest economic growth in the Community are concentrated on a north-south axis extending from the Netherlands to northern Italy, via the Rhine and Rhone Valleys. This region, which comprises only 30 per cent of the Community's land area, accounts for 45 per cent of its population and 60 per cent of its total production. In general, the productive capacity of other regions diminishes the further they lie from this central zone.

COAL MINERS GAIN IN WAGES, VACATIONS AND SOCIAL SECURITY

THE LIVING STANDARD of the Community coal miner has improved significantly since the establishment of the European Coal and Steel Community, according to a High Authority report, "Social Events in the Community."

Covering a period from January to May of this year, the report, just released, enumerates the miners' benefits in purchasing power, working hours, vacations, and social security coverage in all five coal-producing countries.

By 1961, the report shows, the purchasing power of the miners had equalled or passed that of Belgium—boasting the highest recorded level of real income for its miners in 1954. Dependent on the miners' work and marital status, actual income gains during 1961 were as follows: Germany from four to nine per cent; France from three to six per cent; Italy from two to eight per cent; the Netherlands from four to six percent; and Belgium from four to five per cent.

Fringe Benefits Increase

In all the Community coal-producing countries, miners' working hours decreased between 1953 and 1963. In 1953, the working week consisted of 48 hours in Belgium, France and Italy, 46 hours in the Netherlands, and 45 hours in Germany. The Netherlands and Germany have adopted a 40-hour, five-day week and Belgium is approaching this goal. In France, miners now work alternate weeks of 40 hours (five days) and 48 hours (six days). Italian underground workers will receive a 40-hour week beginning January 1, 1964.

After a day's work, coal miners return to better homes because of increased social benefits throughout five Community coal-producing countries.

Comparison of vacation benefits is complicated by the system in some Community countries of granting miners extra holiday days on a basis of seniority or efficiency, the report says. However, miners have obtained substantial improvements in three of the five countries—France, Belgium and the Netherlands. In France, ordinary holidays have increased by 50 per cent while extra leave based on seniority has remained the same. Belgium has increased both ordinary vacations and the amount of days given on the basis of efficiency. Vacations have remained the same since 1953 in both Germany and Italy.

Miners in Germany, France, Belgium and the Netherlands now receive special social security coverage in addition to plans which also insure workers in other occupations, the report states. The special plans provide accident benefits, death and old-age insurance and compensation for certain categories of sickness.

During the last few years, the development of special social security coverage for miners has been affected by economic problems facing the entire industry, the report continues. These problems are due to the increase in the number of beneficiaries compared with the amount of contributors and the changes in the age structure of the mine labor force.

New Pension Plans Adopted

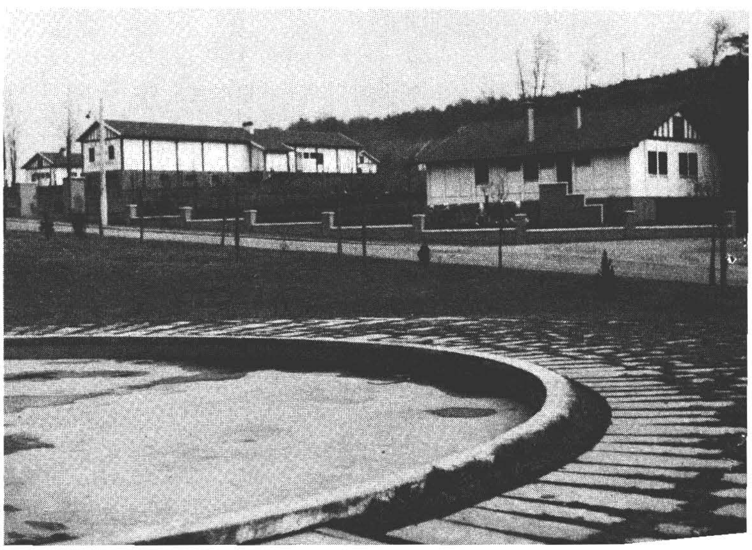
A new concept of pension insurance for miners was introduced by official legislation in Germany, May, 1957. The report defines this plan as operating on a sliding scale related to the increase of salaries in the coal mining industry.

Belgian miners are also receiving larger pensions as the result of legislation introduced in May, 1958. Formerly, pensions were calculated on the basis of contractual agreements. Now, miners receive an annual pension of 75 per cent of their total daily wage (if married) and 65 per cent (if single) multiplied by 300.

Although France has legislated no changes in social security for miners since 1946, various improvements have been made through contractual agreements. In 1960, a complementary pension plan was adopted and, in February, 1961, the miners' union signed an agreement with the government which improved their rights to unemployment benefits.

The first step toward a special social security system for Italian miners was taken in 1960 with the establishment of a complementary old-age insurance plan. In other areas of social security, miners are included in the general coverage open to other industries, the report points out.

Dutch miners enjoy special arrangements for invalid, old-age and dependents pensions. However, their social security benefits have not increased significantly in recent years, the report points out.



'PARTNERSHIP FOR PROGRESS' CHARTS U.S.-EUROPEAN RELATIONS

INCREASING EUROPEAN UNITY makes economic partnership between Europe and the United States essential, states "Partnership for Progress," an economic report issued last month by the Atlantic Institute.

The report was prepared by Pierre Uri, the Institute's director of studies.

The study, which plots the future course of transatlantic relations, recommends the establishment of a joint economic program for Western Europe and North America.

The report points out that 12 years have elapsed since the Schuman Declaration, which was the forerunner of much wider European cooperation under the Common Market, and that President Kennedy's Declaration of Interdependence in Philadelphia on July 4, 1962, was the logical outcome of the Community's development. President Kennedy's declaration, it states, contained three essential elements:

- "It recognized that the United States is no longer the sole great power in the Western World. It recognizes that another great power is being born still far behind the United States in actual volume of production but nevertheless of comparable size.
- "It accepts the principles of equality of responsibility and of joint authority for making decisions, accompanied by an equitable sharing of burdens.
- "It expresses the will to ensure that the two partners, far from setting themselves in opposition to each other, will strive together to accomplish great tasks in the interests not only of themselves but of the whole world."

Atlantic Partnership Defined

"The emerging partnership between Europe and America is different from an association grouping a number of countries of the most diverse size," the report states. "It must be based on concerted action by two large units—two equal partners—who will have to work with a host of other countries or groups of countries."

- "Negotiations between these two partners must be conducted in the context of a world policy," the report declares, "since all moves toward freer trade inevitably raise still larger problems of action.
- "As soon as agricultural products are involved—as they immediately are in trade negotiations—the domestic agricultural policies of the two partners must necessarily be considered. Nor is this enough. The world-wide implications must also be dealt with.
- "Mutual development policies must also be rethought, having in mind that the 'most-favored nation' clause applies to the less developed as well as to the industrialized countries.
- "Furthermore, policies of full employment and industrial growth also become involved, since experience makes it abundantly clear that freedom of trade cannot be long maintained unless expanding economies ensure full employment and economic growth—and unless, moreover, acceptance of competition is not called in question by balance-of-payments crises."

Partnership Tasks Outlined

Therefore, Atlantic Partnership, which the success of the Common Market has made both possible and necessary, must deal not only with freer trade but with all the essential aspects of economic policy, the study emphasizes.

The tasks of the partnership are envisaged by the study as follows:

- "To ensure that European expansion maintains its healthy pace of recent years.
- "To regain for the United States the conditions for an American rate of expansion comparable to that of Europe.
- "To put the monetary system of the West on a basis which reconciles the conditions needed for expansion and for stability.
- "To open new vistas for agricultural policies which have everywhere reached deadlock.
- "To coordinate all actions towards the developing countries along lines which will ensure that they are in fact effective."

A steering committee composed of leading economists from both sides of the Atlantic assisted in the preparation of the study. They were Raymond Aron and Rene Mayer (France), Ernst van der Beugel (Netherlands), Kurt Birrenbach and Ludger Westrick (Germany), Will Clayton and Gabriel Hauge (United States), Enrico Cuccia (Italy), Fernand Dehousse (Belgium) and Sir Oliver Franks (Great Britain). This panel was aided by groups of European and American experts on trade, agriculture, monetary and institutional problems.

Community Meat Consumption Rises

Average meat consumption in the European Community increased from 101.1 pounds per person in 1955-56 to 117.9 pounds per person in 1960-61, according to a recent report of the Community Statistical Office.

Although the increase in individual consumption varied according to types of meat, no great changes in relative preferences have occurred aside from the growing taste for poultry. The following table shows meat consumption per person:

COMMUNITY MEAT CONSUMPTION
(Average 1957-58 to 1959-60)

	Germany (F.R.)	France	Italy	Netherlands	Belgium & Luxembourg	Community
Total per person (lbs)	123.4	153.3	56.5	90.2	123.4	110.0
Meat types (%)						
Beef	29.3	29.7	41.5	36.8	33.8	32.0
Veal	3.1	10.7	5.7	4.3	4.0	6.4
Pork	52.2	27.9	25.9	43.1	37.4	37.8
Poultry	5.6	11.3	10.8	2.8	9.7	8.6
Other	2.3	10.3	9.1	4.8	7.5	6.8
Offal	7.5	10.1	7.0	8.2	7.6	8.4

Community meat production accounts for about 95 per cent of requirements, the report states, but the degree of self-sufficiency varies greatly between countries and kinds of meats. The trend of production is keeping pace with rising consumption, the report concludes.

ITALY'S 'ECONOMIC MIRACLE' PROLOGUE TO GREATER EXPANSION

by Emanuele Gazzo, *Agence l'Europe, Luxembourg*

THE ITALIAN "ECONOMIC MIRACLE" is just beginning, and the description will only be justified in the long run if it heralds a new period of expansion.

This expansion, in the period 1965-1975, must enable the most important aim of Italian economic policy (and also a major aim of Community policy) to be achieved. This aim is equilibrium between northern and southern Italy and the elimination of disparities in income and rate of economic growth between the two regions.

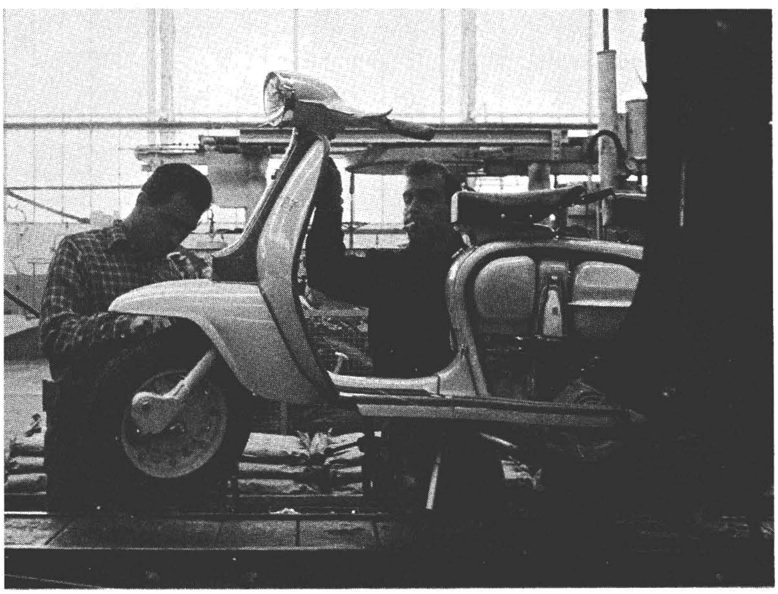
Italy, today, with 53 million inhabitants and an area of 131,000 square miles, has a population density of about 390 people per square mile—double the European average. The total population is divided as follows: 38 per cent in the south, accounting for 21.2 per cent of the national income; 62 per cent in the center and north, accounting for 78.8 per cent of the national income.

Italian economic development since the war is summed up in the following facts and figures, which should be measured against the fact that by 1945 a third of the national resources existing in 1938 had been destroyed:

- *National income* did not regain its 1938 level of $17 billion until 1950-1951. The immediate post-war years were devoted solely to the most urgent tasks of reconstruction and reunification of the country—Italy having been cut in two for 22 months. The second phase, 1948-1951, saw the success, thanks partly to Marshall Plan aid, of efforts to stabilize the currency.

It was not until the 1950's, therefore, that Italy was able to undertake the major task of transforming its economy. The results were soon visible. National income reached $29.1 billion in 1957, and now stands at almost $37.8 billion.

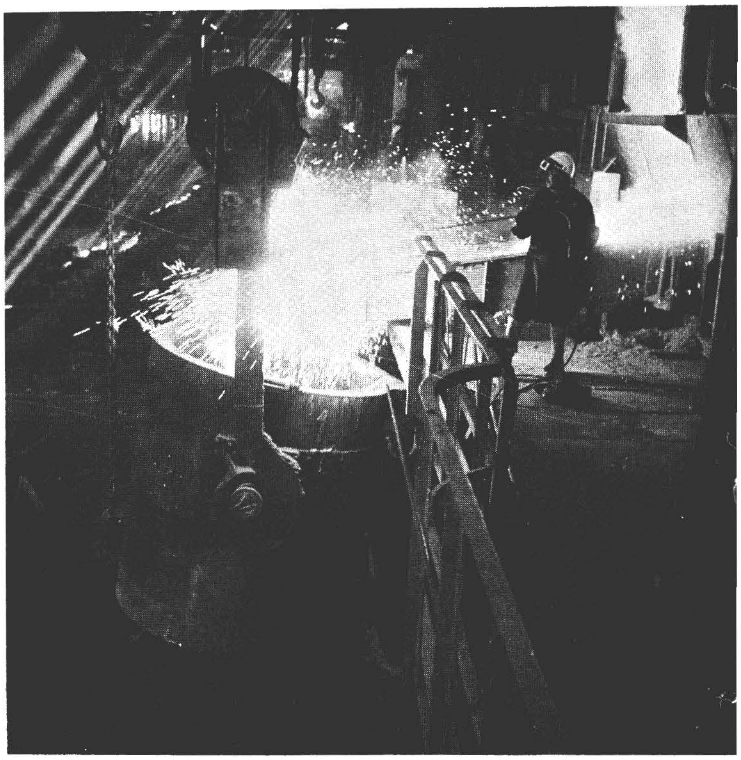
- *Industrial production*, counting the 1953 level as 100, reached an index of 237 in April 1963.



Workers construct Lambretta scooters at Innocenti factory in Milan.

- *The working population* was distributed as follows in 1950: agriculture 44.8 per cent; industry and services 55.2 per cent. In 1962, agriculture absorbed only 24.5 per cent of the working population, and industry and services 75.5 per cent. This massive transfer from agriculture to industry and services has brought Italy much closer to the position in the highly industrialized countries, where agriculture normally accounts for less than 20 per cent of the active population.

- *Unemployment,* a chronic structural problem in Italy, is disappearing. Unemployment figures hovered around the two million mark for several years after the war, in spite of a high level of emigration. In 1950-51, only some 200,000 to 250,000 new jobs were offered. Today, vacancies are advertised at a rate of more than 600,000 a year. The reduction in unemployment has been very rapid in the last few years and, by May, 1963, the total number of unemployed had fallen to 460,000 (2.3 per cent of the working population). According to estimates, full employment will be achieved and emigration will stop by 1970.



One of the largest manufacturers of tubes in Italy is the Dalmine ironworks at Bergamo.

- *The Italian balance of payments,* traditionally in deficit despite the importance of invisible receipts, improved markedly in the mid-1950's. By the end of 1962, reserves stood at $3 billion, an amount sufficient to pay for seven months' imports at the current rate.

Growth Reduces Regional Gap

There are significant differences between Italy's growth rate and that of the European Community as a whole.

These differences explain how the gap between Italy and the more industrialized European countries is being steadily reduced—thus achieving one of the Common Market's objectives.

• Gross output per head in Italy increased by 5.2 per cent a year between 1950 and 1960 (compared to Community increase of 4.6 per cent). In the period 1960-1965, it is expected to grow by a further 5.3 per cent a year (Community 4.1 per cent), and between 1965 and 1970, by 5.1 per cent a year (Community 3.8 per cent).

• Energy consumption in Italy represented 9.1 per cent of the Community countries' total in 1950, 14.2 per cent in 1960, and should account for some 19.5 per cent in 1970.

• Steel production in Italy accounted for eight per cent of the European Coal and Steel Community total in 1953 (two per cent in 1938). It now represents 13 per cent, having increased from three to 10 million tons in ten years. Despite this increase in output, Italy now imports more steel than in 1953.

What has stimulated this unprecedented expansion of the Italian economy since 1945—an expansion without equal among European countries?

The basic reason for the "Italian miracle" is in my opinion a psychological one. It has allowed the Italian people and its government to make a choice of decisive importance for their economic development. This psychological factor has been the rejection of all that was basically wrong in the economic theories of Fascism.

Economy Turned Inward

For 20 years, under the Fascist regime, the Italian economy was directed toward self-sufficiency: foreign trade was reduced to a minimum; uneconomic production was encouraged; industry was strongly protected; and the market was restricted. As a result, production costs were high in spite of low wages, national income stagnated for 20 years, and Italian development slowed down enormously compared with the rest of the world.

An Austin is finished every seven and one half minutes at Innocenti factories in Milan.

Italians are now fully aware that this policy was the major cause of their troubles, and have become allergic to anything which smacks of self-sufficiency or which restricts their trade with other countries. This explains their strong allegiance to the ideals of the Common Market and their opposition to any attempt to isolate this market. For the same reasons, they are engaged in a courageous policy of rapid liberalization of their trade and foreign payments.

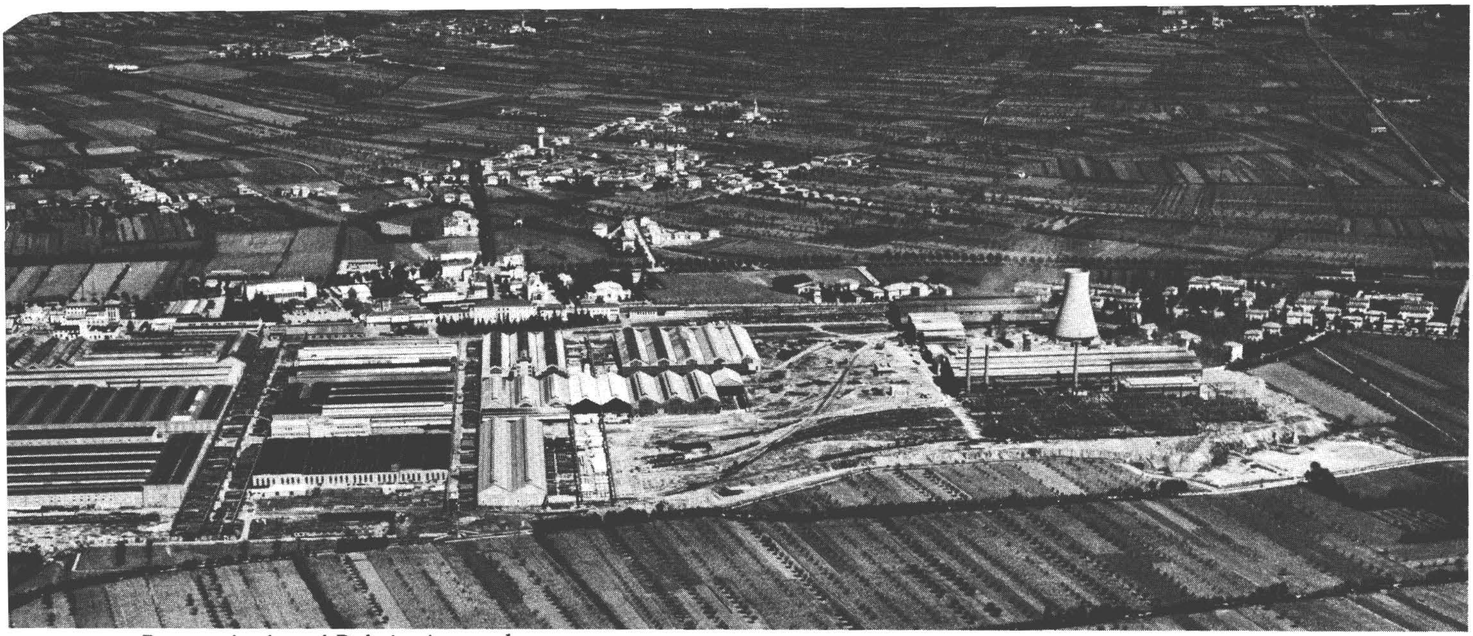
This new outlook has enabled them to benefit considerably from the general expansion of world markets in the ten years, 1950-1960. They have also been helped, on the one hand, by a labor force easily adaptable to modern techniques and the rapid increase of productivity. On the other hand, they have been aided by the arrival of new sources of energy—natural gas, discovered in the Po valley, and imported crude oil. (Italy now refines 46 million tons of crude oil a year—as much as Germany and more than France.) This also explains Italy's hostility to any policy resulting in higher prices for energy. Italy's energy requirements will be enormous for the next phase of her economic development: the industrialization of the south.

Italian women concentrate on packaging pastries at Alemagna factory in Milan.

Exports Serve Expansion

Italian exports increased by 16 per cent a year in the period 1953 to 1961, and as a result Italian industry has been able to expand rapidly and to modernize, particularly in those branches where technical progress has been most marked. The Italian economy is also well placed for further and greater expansion in an open and prosperous world, but it will not be able to expand under a protectionist system. This system would be the very negation of the Italian economy's role as a transformer of raw materials—as it would be the negation of the economic roles of the other European industrialized countries.

Why is the Italian miracle only beginning? First, because



Panoramic view of Dalmine ironworks.

some grave economic problems, characteristic of the Italian situation, have not yet been solved. Secondly, because the extraordinary expansion of the last 12 years has provided no more than the foundation for the removal of economic disequilibrium between the north and the south, and, to a lesser extent, between different social groups. In fact, the second phase of the "miracle" must bring about the completion of this essential task.

Until now, industry has expanded predominantly in the north, through either the extension of existing plants, or establishment of new activities in the same areas. This expansion has also been mainly directed to satisfying export demand. The problems inherent in this situation were outlined in the Vanoni Plan of 1954. Although several objectives of this plan have already been achieved, in establishment of a development policy and a determination to grapple effectively with the problem of the south, together with the otherwise healthy state of the Italian economy (declining unemployment and increasing total output) make it reasonable to believe that these vital structural changes will be made in the coming years.

Although their effects will not be seen immediately, these changes are in fact already under way. Industrial investment in the south, which totalled $148 billion in 1953 (13 per cent of total national industrial investment), reached $486 billion in 1961 (19 per cent). It should average $96 billion a year in the period 1962-1965. This last figure represents 35 per cent of the total Italian industrial investment of $11.2 billion forecast for the four-year period.

To be effective, however, this investment must be accompanied by an enormous effort in the field of industrial training, so that productivity will increase sufficiently to allow wages to rise without affecting the competitive position of the new manufacturing industries. Competitive ability is the corner-stone of the potential expansion, and the only way of making the Italian economy capable of taking in its stride an eventual weakening of export demand.

In order to build on stronger foundations, Italian industry must succeed in achieving a better equilibrium between internal and external demand—an equilibrium which will be both the incentive and the product of the economic development of the south.

Community Groups Discuss Pharmaceutical Laws

Two proposals for the approximation of pharmaceutical laws received general endorsement from organizations attending a fact-finding meeting in Brussels in mid-September.

The group discussed a proposed directive on the approximation of rules and regualtions governing licenses for sale and labeling of new branded pharmaceutical products. Doctors, pharmacists, consumers and trade union representatives viewed the requirement of therapeutic potency essential as a condition for licensing. Representatives of industry disagreed. This proposal is being considered by the EEC Council of Ministers.

A second proposal, which will be submitted to the Council in the near future, deals with administrative procedures for the grant of licenses, testing by manufacturers and supervised by government department. The organizations concurred with the Commission's progress to date on this directive.

UK-EEC Suspend Tea, Mate, Hardwoods Tariffs

The European Economic Community and the United Kingdom will simultaneously suspend their customs duties on tea, mate and tropical hardwoods for a two-year period effective January 1, 1964.

This recent tariff agreement, negotiated by the Common Market Commission on behalf of the EEC, was signed in Brussels September 10. It was approved by the EEC Council of Ministers on July 29, 1963.

Currently, the Community's common external tariff on tea is 18 per cent, on mate 25 per cent, and on tropical woods 5 to 10 per cent, according to category. For tea imported in packages of more than 7.5 pounds, the present duty of 23 per cent will be reduced to 5 per cent.

The tariff suspension, which represents a major trade liberalization, was made to safeguard the economic interests of the EEC-associated African countries and Madagascar, and the developing countries of the British Commonwealth.

COMMISSION SEEKS INTEGRATION OF SOCIAL-ECONOMIC POLICIES

Social Development Report Warns of Inflationary Trends

THE COMMON MARKET COMMISSION, in its sixth annual report on social developments in the Community, issued in July, has advocated the integration of economic and social policies to ensure social progress in the face of inflationary trends.

The outstanding social development in the European Economic Community in 1962 was a new and vigorous rise in money wages contrasting with a generally slower economic expansion, the report states. The wage increases were accompanied by further reductions in the working week in several countries, particularly Italy.

These improvements largely reflected advances in productivity, the report continues. While consumer prices rose at a much faster rate in 1962 than in the previous year, increases in workers' real incomes, although noteworthy, were appreciably less. This reduction, the report says, was partly the result of higher ceilings for social security contributions and progressive income tax.

Labor Supply and Demand Considered

In order to accomplish a balance between economic and social progress, the Commission felt that an agreement was needed which would consider both labor supply and demand within each of the Community's main regions. This policy would ensure optimum employment by utilizing labor potential and satisfying the workers themselves, who would have a better chance of finding jobs in their own areas.

Unemployment hit a record low in the Community during 1962, the Commission reports, with 72.4 million persons employed. This increase of nine per cent over 1961 created 640,000 new jobs for unemployed workers.

The increase in employment has been accompanied by certain shifts in its breakdown between three sectors of activity—agriculture, services and industry. Employment in Community industries and services rose to over a million, while working population in agriculture fell by about 400,000. The following table shows the change in employment distribution in these categories since the Rome Treaty.

Major Activity Areas (%)	*1958*	*1962*
Agriculture	22.7	19.5
Services	35.3	37.4
Industry	42.0	43.1

Demand on the still-existing manpower reserves, particularly skilled industrial workers, has continued strong and is still acute in most areas of the Community, the report points out. Consequently, the remaining unemployed consist mainly of unskilled men, who are hampered in finding jobs by their lack of technical skills, age and geographical distribution.

The Commission found that the average negotiated wages rose during 1962 about ten per cent in Germany and the Netherlands; five to six per cent in Belgium; and 26 per cent in Italy (11 per cent in industry and 15 per cent in agriculture). In France, the minimum wage was raised twice to a total of more than seven per cent.

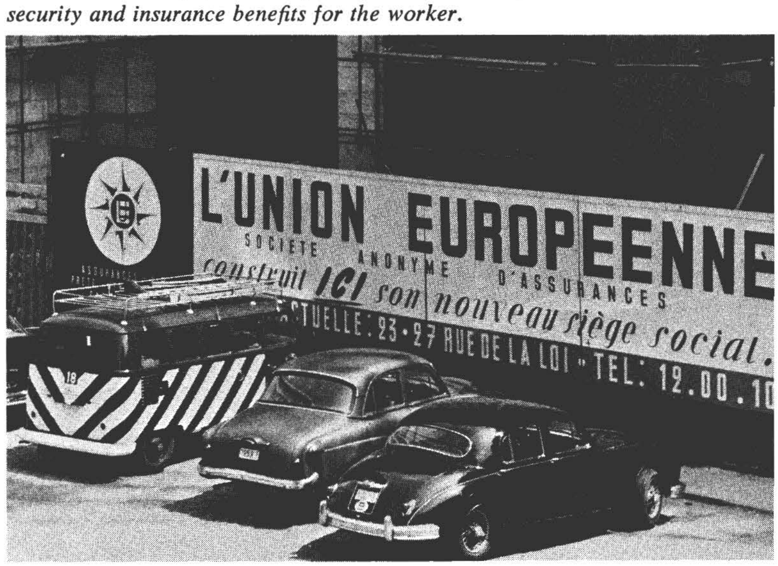
Actual wages rose faster than negotiated wages in most Community countries during the year in review. Gross hourly earnings of industrial workers increased 15 per cent in Italy, 12 per cent in Germany, nine to ten per cent in France and the Netherlands and six to seven per cent in Belgium and Luxembourg.

Further Vocational Training Needed

In a subsequent and more detailed report, "The Problems of Manpower in the Community in 1963," the Commission stresses the importance of the vocational training policy adopted by the Council of Ministers on April 2, 1963, but urges the need for further action including:

- A new examination of opportunities for the rapid implementation and for a common policy between the interested countries in collaboration with the European Community, of additional programs for speeding up vocational training in certain professions, especially in the construction field.
- Measures for medium and long-term training of highly skilled workers and technicians.
- Cooperation between member states in the field of vocational training.
- Wider dissemination of statistics on the needs and resources at hand which would provide information on available positions and employment demands. The Commission has undertaken an elaboration of information for workers seeking employment in various member states in order to diffuse the free circulation of workers.
- A study by member states, in cooperation with interested professional organizations, of the effects of shorter working hours and the surplus of over-production with concern to maintaining harmonious economic growth in pursuing social progress.

The European Union Insurance Company under construction in Brussels exemplifies attempts of the Six to improve social security and insurance benefits for the worker.



ATLANTIC FORUM...

From Europe

Sicco Mansholt
Vice President
EEC Commission

"The bridge which is to link Europe with America must rest on two pillars, each of which merits our attention in this discussion for the very reason that only if they are strong will it be possible to cope with the tasks we have to face together. . . . If Europe is not to become a pawn in the decisions of new power groups; if it wishes to solve its own problems according to its own lights and be its own strength—whilst remembering its responsibility towards the rest of the world—then it must move towards unity because only as a unit can it again play a part in the world. . . . Americans too may forget the original design of the Trade Expansion Act. . . . It was one of the main aspects of that design to show that the partners were conscious of their common responsibility towards the developing countries. It would be a poor policy of self-preservation to base oneself on the assumption that it is sufficient to let the strong grow stronger and rich richer. Together we must be ready to give something if we are not ready to lose all. . . . We need a more closely knit Europe, with a larger membership. We need a kind of Atlantic co-operation which does not cackle about chickens but acts sensibly in order to prevent others from acting foolishly. We must help the less-favored regions of the world, and support the development of their people so that they and we and all our children may live in peace and human dignity upon this earth."—DR. SICCO L. MANSHOLT, *Vice-President of the Commission of the European Economic Community, before the Congress of the European Movement in the Hague, September 18, 1963.*

From the USA

The Honorable
Dean Acheson

"American interest in European unity runs very deep indeed. And it is not the interest of a detached benevolent, albeit interfering friend. The American people have a direct and poignant concern with the affairs and with the quarrels of Europe. Over four centuries they have affected North America as much, though not always in the same way, as they have affected Europe itself. . . . In America, as I believe in Europe, the hope has been that a Europe strengthened by the habit and practice of acting jointly upon its problems, seen as common problems, would raise its vision still further to conceive itself as part of a still larger whole. Within this larger field of vision, problems presented to Europe and to North America, would, by reason of the same habit and practice, be dealt with as common problems requiring joint action to reach solutions in the common interest. . . . The nation which emerges from the coming round of negotiations having skillfully limited its tariff concessions will not be the gainer but the loser. The round offers a rare opportunity to both the Community and the United States to dispose of self-imposed handicaps upon economic growth. . . . These trade negotiations are a crucial test for the European Community. Is it to be a major constructive and clarifying force in Europe, or one more piece of complicated machinery whose only role in this vital field of trade policy will be to enthrone the expert and bureaucrat? Is the Community to have leadership or only administration? The decision is one which only Europeans can make. But it is one in which we Americans have quite as large a stake as you have. In this respect it is one of a long list of instances where all of us suffer from the folly of each who believes that he has a separable interest."—THE HONORABLE DEAN ACHESON, *at the Hague, The Netherlands, September 18, 1963.*

Italy Enlarges Community Butter Quota

The Italian government has accepted the Common Market Commission's "reasoned opinion" concerning butter imports from the Community countries.

The Commission objected to Italy's widening her import quotas for non-member countries, particularly the Eastern-bloc, without simultaneously widening quotas available to Community countries—an infringement of Article III of the Rome Treaty.

The Italian government has calculated new quotas for butter imports from the Community countries in 1963 on the basis of the Commission's proposals.

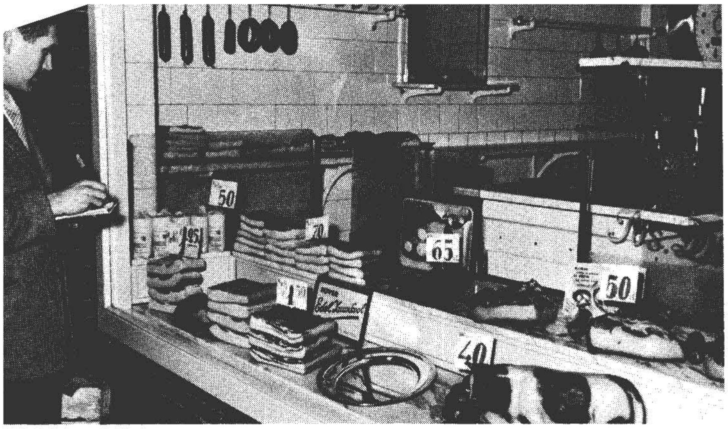
Commission Regulates French Oil

The Common Market Commission has made a second recommendation to the French government on the reorganization of the French state oil monopoly under Article 37 of the Rome Treaty (removal of discriminations based on nationality from the terms of state monopolies).

The Commission urges that France:

- increase her imports of oil products from other Community countries from the 1,400,000 tons of last year to 1,650,000 tons in 1963;
- grant a greater number of import licenses for oil on a non-discriminatory basis;
- increase import quotas for gasoline petrol and lubricating oils.

The Commission's first recommendation on oil monopoly was directed to France in April, 1963, and further recommendations are expected late this year.



Consumer benefits: European buyers are now offered competitive prices and greater selection of goods.

COMMUNITY BENEFITS CONSUMERS

THE EUROPEAN CONSUMER is becoming more and more like his American counterpart.

A study contained in the EEC Commission's 6th Annual Report shows that for consumers—in other words, all the Community's 172 million people—incomes have risen not only in wages but also in real terms, the choice of goods is wider, and prices have fallen for important categories of goods in the past five years.

The purchasing power of family incomes in 1961 (the latest year for which figures are available) was nearly 25 per cent higher in Germany and Italy, approximately 15 per cent higher in France and the Netherlands, and 10 per cent higher in Belgium, than in 1958.

The value of goods exchanged within the Community has risen in all sectors. The rise has been greatest, however, in consumer goods for which the Commission's report gives the following figures:

VALUE OF CONSUMER GOODS IMPORTED IN 1961[1]

$ million	Germany (Fed. Rep.)	France	Italy	Belgium & Lux.	Netherlands	EEC
Total imports	2,158	1,242	559	653	708	5,320
From Community	1,100	376	192	454	505	2,625
From outside[2]	1,058	866	367	199	203	2,695

CONSUMER GOODS TRENDS SINCE 1958

	Germany (Fed. Rep.)	France	Italy	Belgium & Lux.	Netherlands	EEC
Total imports	+60%	+ 13%	+40%	+19%	+70%	+41%
From Community	+86%	+132%	+58%	+26%	+83%	+73%
From outside[2]	+36%	− 8%	+32%	+ 6%	+51%	+20%

[1] Latest year for which figures are available.
[2] Including associated territories.

The volume of goods exchanged between Community countries has thus risen faster than private incomes.

As intra-Community trade has increased, so has the range of goods from which the shopper can choose. The Commission says in its report that the most spectacular price decreases have been in household electrical goods, textiles, shoes and plastic garments.

The EEC Commission plans to undertake a new study this year, with the cooperation of large private firms, into the final purchase price of about 100 products. The results will be known in 1964. These same private firms have also agreed to cooperate with the Commission on a yearly survey of intra-Community trade in consumer goods and their prices.

Court Upholds Commission Decisions

The Court of Justice recently upheld and annulled decisions at the EEC Commission in two separate cases.

The Court upheld a Commission decision which followed the French government's request for safeguard measures, under Article 226 of the Rome Treaty, against refrigerator imports from Italy. The Commission justified its decision, granting the French request, on the grounds that French refrigerator output was declining in spite of increased home demand. The safeguard measure—a gradually decreasing export levy on Italian refrigerators entering France during the period ended July 31, 1963—was designed to enable the French refrigerator industry to reorganize its manufacturing operations.

The Court annulled a Commission decision on a quota for German wine imports on the grounds that the Commission did not give adequate reasons for its decision, as it is required to do under the Rome Treaty.

The case concerned a German government request for a tariff quota for 1962 of 450,000 hectolitres of non-Community wine for distilling purposes. In May 1962 the Commission granted a quota for 100,000 hectolitres only. The German government therefore appealed to the Court against the decision to grant a smaller quota than the one requested.

Moselle Canal Ready Next Spring

Completion of the Moselle Canal between Thionville, France and Coblenz, Germany is scheduled for Spring, 1964.

The canalization of the Moselle will cost approximately $196,000,000 of which France will bear roughly two-thirds and Germany will provide one-third.

The project will involve the construction of 13 dams (nine in Germany, two where the Moselle forms the frontier between Germany and Luxembourg, and two in France), 14 lock systems and five canal ports (four in Germany and one in France).

The decision to link French iron ore and German coal with Dutch North Sea ports by a 170-mile waterway was reached on October 27, 1956 by France, Germany and Luxembourg.

Swedish Officials Visit Euratom

A Swedish government delegation visited the Commission of the European Atomic Energy Community from September 5 to 10.

German Zinc, Lead Aid Proposal Approved

The German government's plan for state subsidy of its lead and zinc mines has been accepted by the Common Market Commission.

The Commission has emphasized, however, that it regards assistance for lead and zinc at the national level as merely a temporary substitute for a coherent Community policy for these industries. The Commission also has requested the German government to submit a six-monthly report on the amount of subsidies paid out and the amount of output, imports and exports of lead and zinc.

Benelux Asked to Remove Customs Duties

Benelux governments have received directives from the Common Market Commission requesting the removal of various non-tariff obstacles to trade between Community countries.

Under the directives, both the Dutch tax on imported beer and the tax on imported gingerbread levied by Belgium and Luxembourg must be cut by 60 per cent by January 1, 1966. Each of these taxes has been considered to have an effect equivalent to that of a customs duty. The gingerbread judgment was made by the Court of Justice.

Each directive carried a related recommendation suggesting that the tax be reduced at an even faster rate in keeping with the accelerated development of the Community's customs union.

PUBLICATIONS AVAILABLE

INVESTMENT IN THE COMMUNITY COALMINING AND IRON AND STEEL INDUSTRIES: REPORT ON THE 1963 SURVEY, High Authority of the European Coal and Steel Community, July 1963, 91 pages $2.00

SIXTH GENERAL REPORT ON THE ACTIVITIES OF THE COMMUNITY (March 1962-February 1963), Commission of the European Atomic Energy Community, March 1963, 298 pages $1.50

EURATOM'S SECOND FIVE-YEAR RESEARCH PROGRAM: 1963-1967, European Community Information Service, January 1963, 11 pages . . . . free

GUIDES No. 6, No. 7 et No. 8 CONCERNANT LA SÉCURITÉ SOCIALE DES TRAVAILLEURS MIGRANTS, Administrative Committee for the Social Security of Migrant Workers, European Economic Community, 1963, free

Handbook No. 6 deals with eligibility for health benefits.

Handbook No. 7 deals with family allowances.

Handbook No. 8 deals with unemployment benefits.

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