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EURATOM, UNITED STATES SIGN FAST REACTOR AGREEMENT

Secretary Rusk Calls Accord 'Concrete Example of Atlantic Partnership at Work'

THE EUROPEAN ATOMIC ENERGY COMMUNITY (Euratom) and the United States Atomic Energy Commission (AEC) signed May 27 a 10-year agreement to exchange information on the development of fast reactors and for the supply of United States plutonium and enriched uranium to the Community.

Secretary of State Dean Rusk called the agreement "a concrete example of Atlantic Partnership at work" and expressed great satisfaction with the increasingly close relationship that has come to exist between the United States and Euratom since the Community's establishment in 1958. He also said that these new cooperative arrangements held exceptional promise for realizing common long-term objectives of producing abundant and inexpensive nuclear power for peaceful purposes.

The cooperation will take place within the framework of the Additional Agreement for Cooperation concluded between the United States government and Euratom on June 11, 1960, as amended. The cooperative effort provides for a comprehensive fast reactor information exchange as well as terms and conditions under which the AEC will supply Euratom with plutonium and enriched uranium needed for the Community's fast reactor program.

Energy To Be Increased

The fast reactor research, to provide the Community with increased nuclear energy resources, is being conducted under three association contracts with: the French Commissariat à l'Energie Atomique (CEA), the German Gesellschaft fuer Kernforschung and the Italian Comitato Nazionale per l'Energia Nucleare (CNEN). The Euratom Commission has allotted \$73 million for the research over five years, 1963-1967. Contributions from the associates are expected to bring the total research expense to approximately \$200 million. During the same time, the AEC plans to spend an approximately equal amount in its fast reactor program. The principal objective of both the United States and Euratom efforts is the development of technically and economically feasible nuclear power plants of the fast breeder reactor type which produce as much or more fissionable material than they consume.

Under the information exchange arrangement, Euratom

and the AEC will exchange information on all fast neutron reactor programs used for civilian central power stations and on fast reactor research and development programs during the 10-year period, 1964-1974. The arrangement defines the areas of technology on which AEC and Euratom will exchange information. It also specifies patent arrangements.

In recent years, technical teams have exchanged visits between the Community and the United States. As a result of the visits and subsequent staff discussions, the AEC and Euratom agreed through an exchange of letters that a comprehensive fast reactor information exchange would be developed and set out guidelines for later negotiations.

U.S. To Supply Fuel

To facilitate the information exchange, the cooperative arrangement also provides for the United States to supply plutonium and enriched uranium to the Community's fast reactor research program. The parties will proceed with negotiation of a contract for Euratom's purchase of approximately 350 kilograms of plutonium from the AEC at the established United States domestic base price applicable at the time of delivery. The plutonium will fuel the SNEAK and MASURCA critical experiment facilities in Karlsruhe, Germany, and Cadarache, France, respectively.

The AEC will also supply the U-235 needs of the Community's fast reactor program, as now foreseen, under a

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COMMUNITY OUTLINES ITS GOALS IN KENNEDY ROUND

EEC Commissioner Rey Predicts Negotiations Will Last Two Years

PARTICIPANTS IN THE KENNEDY ROUND TRADE NEGOTIATIONS will submit their exceptions lists November 16 in Geneva. (The lists will name those products which each participating country wishes to except from negotiation).

The November 16 date—agreed on at a May 29 meeting—supersedes a September 10 date established at the opening session of the GATT negotiation on May 4.

Before November 16, the subcommittees of the Trade Negotiation Committee will continue to work on the problems of disparities, non-tariff barriers, agriculture and trade with developing countries.

"To bring the Kennedy Round to a safe harbor is not only the task of everyone," EEC Commissioner Jean Rey told the conference participants May 4. "It is also the last and greatest homage that we can pay to the memory of the great statesman who gave his name to it and whose death has been such a great loss not only to our American friends but to all those who believe in the value and the future of the free world."

The EEC hopes for the following result from the negotiation, Commissioner Rey said:

- Substantial reduction in obstacles to world trade.
- Better organization of world markets for agricultural products and the development of agricultural trade.
- Contribution to the solution of problems arising in intra-European trade.
- Better conditions for exports of developing countries.

Two-Year Meeting Forecast

Mr. Rey estimated that the preparatory work of the Kennedy Round in discussing disparities, exceptions, agricultural problems, non-tariff barriers, and problems of developing countries would continue through 1964. "The first half of next year," he said, "must be devoted to the elaboration and negotiation of general solutions and of technical and political compromise, so that the negotiations might be completed toward the summer of 1965."

"The scope and complexity of the problems to be resolved are considerable," he said. "For this reason, one must not be astonished that the preparatory work of the conference has been long or that it revealed a few difficulties. The contrary would be surprising.

"Certain difficult problems—for example, the one of exceptions or the one of non-tariff barriers—are still scarcely explored. One must be neither astonished nor disturbed. Even less must one, with each unresolved difficulty, doubt the success of the whole exercise itself. It is in the course of the negotiations, and after all problems have been explored, that it will be possible to elaborate the general solutions and the necessary compromises."

Mr. Rey declared EEC support for linear tariff reductions of 50 per cent as a working hypothesis of the negotiation.

"The Community has proposed a new approach to the agricultural problems," he said. "She hopes . . . to convince her partners of the realistic and efficient nature of

her proposals. The Community is aware . . . that she herself must still arrive at internal decisions in this area and she will devote all her political energy to succeed in due time." (See story page 5)

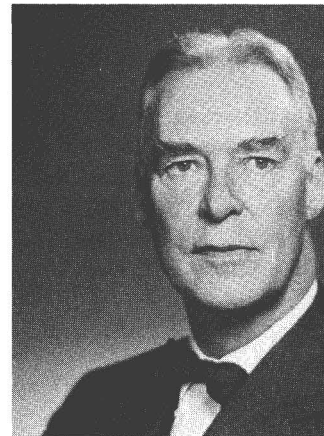
Herter Urges Quick Action

On the same day, Governor Christian Herter, President Johnson's Special Representative for Trade Negotiations, urged the GATT members to take prompt, effective action in solving the remaining problems of the negotiations.

"It is now our joint responsibility to move ahead, more rapidly and successfully than in the past, to fill the remaining gaps," he said. "The longer the rules are left open, the longer we procrastinate in setting the formulas by which these negotiations will proceed, the more we risk the success of the entire trade negotiations.



Jean Rey



Christian Herter

"This sixth round of GATT negotiations, which we are formally opening today, can be the most comprehensive and productive in its history," he said. "Building upon its solid record of success—and taking into account the changes in the world and particularly the importance of the developing nations' playing a greater role in international trade—GATT can move forward into new and wider areas of service."

President Johnson Seeks Success

Governor Herter opened his remarks with a message from President Lyndon B. Johnson, which said in part: "We in the United States look upon these negotiations as an important opening to a better world. If we act together with dedication and purpose, all can gain and none need lose. Not only the major commercial nations, but all the countries of this shrinking world—poor and rich alike—have the right to expect success from our endeavors.

"For the United States, I can assure you that we shall spare no effort in seeking to help bring this meeting, and

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the meetings which will follow, to a happy and fruitful conclusion.”

In supporting trade liberalization as a major goal of the Kennedy Round, Governor Herter said, “. . . consumers will gain readier access at reasonable prices, to a wider variety of goods . . . our businessmen and industrialists will have a clear picture of the new challenges and new opportunities in international trade, and will be stimulated to respond to them . . . producers and consumers alike will benefit from an increased international flow of an abundant supply of reasonably-priced food . . . the developing countries will gain wider opportunities to earn through exports the funds needed for their development programs. These negotiations—and GATT itself—can promote the expansion of their trade on a practical and workable basis.”

Working Program Approved

Following the opening speeches, the ministers examined reports of the Trade Negotiation Committee’s subcommittees on the year’s preparatory progress and approved a declaration of the program and goals of the Kennedy Round. The declaration contains the following objectives:

- The rate of 50 percent as a working hypothesis for linear tariff reduction.
- Ultimate agreement on tariff reduction based on the hypothesis linked with the solution of other problems arising in the negotiations such as tariff disparities, agricultural problems, exceptions and non-tariff problems and, in general, with the achievement of reciprocity.
- Submitting by September 10, 1964 lists containing a

bare minimum of exceptions based on the 50 per cent working hypothesis.

- Possible reductions larger than 50 per cent or complete elimination of duties on particular products.
- Early establishment of rules and procedure for agriculture negotiations to provide acceptable conditions of access to world market for agricultural products for a significant development and expansion of world trade in such products.
- Negotiating not only tariffs but also non-tariff barriers for which the Committee will prepare soon the necessary procedures.
- Reducing barriers to exports of less-developed countries and the possibility of making cuts deeper than 50 per cent or eliminating completely duties on products of special interest to these countries. The Committee noted the intention to entrust to a special body the task of examining and coordinating issues arising in the negotiations of special interest to the less-developed countries. The Committee will pursue further the question of trade in tropical products to work out arrangements and procedures for their treatment in the negotiation.
- Allowing countries with special economic or trade structures such as Canada, Australia, New Zealand, and South Africa to negotiate trade concessions of equivalent value to linear reductions.
- Examination of proposals to be submitted by Greece and Portugal for participation in the negotiations.
- Early conclusion of discussions on the practical arrangement for Poland’s participation in the negotiations.

EEC, Israel Conclude Three-Year Trade Agreement

Representatives of the European Economic Community Commission and Israel initialled a three-year trade agreement on May 6 in Brussels.

The agreement represents the second non-discriminatory commercial accord negotiated by the Community with a non-member country. The first such contract was concluded between the Community and Iran in October 1963.

The agreement, covering Israeli exports of 283 agricultural and industrial products, provides the following:

- Temporary reduction of the Community’s common external tariff for 21 Israeli products, ranging from 40 to 10 per cent of current tariffs. Some of the products included are:

	<i>% Current Tariff</i>	<i>% Proposed Tariff</i>
Fresh Grapefruit	12	7.2
Grapefruit Juice	19	17.1
Avocados	12	8.0
Synthetic Stockings	22	17.6
Bathing Suits	20 and 21	16.0 and 16.8
Synthetic Outer Garments	20	16.0
Greenhouse Window Glass	10	8.0

Tariffs on certain chemical and aluminum products tariffs will be lowered about 20 per cent.

- Immediate reduction of member countries tariffs to the common external tariff for the 283 products.
- Immediate alignment of the member states’ internal

tariffs to the common external tariff for seven product headings such as oranges, natural citrus fruit juice, certain processed vegetables and asbestos thread.

- Partial or total import liberalization by certain Community countries for an additional seven products. The measure would concern natural fruit juice and grapefruit sections imported into France and certain bromides and potassium sulphate imported into Italy.
- Israeli declaration of intention to increase imports from the Community.

A joint committee of representatives of the Community and Israel will supervise the application of the renewable agreement. The Committee will also examine possible repercussions of future accords concluded by the Community with non-member countries producing oranges in large quantities.

The agreement was initialled by Axel Herbst, director general of external relations in the EEC Commission, and Amiel Najar, head of the Israeli negotiating delegation. The two delegation leaders also exchanged letters containing a declaration of intention stating that the Community will consider Israeli exports during the Kennedy Round trade negotiation.

The agreement was concluded by the two delegations April 13. Negotiations began December 1962. Formal signature of the new agreement by the member states and Israel is scheduled for July.

EEC COUNCIL OF MINISTERS TO CONTINUE GRAIN PRICE DEBATE

Progress Achieved on Other Agriculture Rules, Oil Tariffs, Trade Policy

THE EEC COUNCIL OF MINISTERS was scheduled to discuss June 1 and 2 revised proposals by the Commission for a uniform grain price and the Community's future relations with Nigeria.

The Six's agriculture ministers met twice a month during April and May in an effort to break the deadlock on the Commission's proposals for a single Community grain price. The ministers failed to reach agreement on the price but disposed of several technical agricultural problems.

At the April 29-30 session, the Council of Ministers made substantial progress on detailed provisions needed for implementation of the EEC Commission's proposed regulation for rice, beef and dairy products, approved in draft form last February. The Council approved two sets of regulations concerning the levy system to be applied to rice and broken rice and adopted a plan for support intervention on the beef and veal market. Proposals for Community-produced butter supports were also discussed and submitted in amended form to the Special Agriculture Committee.

Grain Price Still Undecided

The major portion of the April meeting, and that of May 19-21, was devoted to continued debate on the Mansholt Plan for a uniform grain price. The ministers examined revised proposals submitted by the Commission to satisfy German objections to the original plan. The proposals suggested that a single price-level for wheat and other grains be applied in the harvest year 1966-67 instead of the current selling period, as proposed last November.

To account for possible changes in market conditions such as purchasing power, production or consumption trends, or world market prices and demand, the Commission proposals included a revision clause allowing the proposed price levels for 1966-67 to be changed by unanimous Council vote until September 1965. (The Rome Treaty provides for qualified majority voting after January 1966 on most major issues.) The Commission also advocated adoption of the 1966-67 single price level by June 30. Cereal prices for the harvest year 1964-65 would remain at their present level except for an increase in the lower limits, bringing the prices to the level applied in the low-price Community countries in 1963-64.

The German government continued to object to the Commission proposals, especially regional price levels, harmonization of state aids to farmers, and special transport rates for agricultural produce.

In the absence of a decision on the grain price for 1966-67, Vice President Sicco Mansholt, speaking on behalf of the EEC Commission, refused to propose maintaining the 1963-64 price levels. "There must be a move to narrow the gap between the upper and lower price levels," he said.

Oil Tariff Levels Fixed

At the general meeting May 8, the Council fixed the level of the Community's common external tariff for oil products—the final product heading for which the tariff was to be decided under the Rome Treaty. The products include light oils such as petrol; medium oils such as diesel

oils; gas oil; fuel oil; lubricating oils; petroleum gases such as butane and propane; and natural gas.

For each product group, the Council set a formal level of duty to be reduced in the Kennedy Round trade negotiation and a lower level to be actually applied by the member countries when the common external tariff becomes effective as scheduled January 1, 1967. The Council also granted partial or total suspension of the tariffs for certain products.

Approval of both a formal and applicable tariff level, enables the Community to apply a liberal trade policy, while maintaining bargaining power in the GATT negotiations. (For example, the formal level of the common external tariff for gas oil and fuel oil is 10 per cent while the level actually to be applied is 3.5 per cent. The levels for medium oils are 14 per cent and 6 per cent respectively. The Community will therefore be able to cut its external tariff for these products to the level actually being applied).

The ministers also examined a report of the member states' experts on the Italian sulphur industry. The Council will direct the Commission to submit proposals for improving the efficiency of Italy's sulphur industry.

The Council renewed the duty-free import quota of 375,000 tons of newsprint granted to Germany last year and allowed France a quota of 60,000 tons. Under the Rome Treaty, the Council of Ministers must decide each year on the size of individual countries' tariff quotas for newsprint in consideration of Community production.

The ministers also examined the Community's future relations with Nigeria and directed the Commission to continue exploratory discussions. Five member state governments are prepared to give the Commission a mandate to negotiate a form of association with Nigeria similar to the Community's present Association Convention with the 18 independent African countries. France declared that the mandate must contain specific guarantees to protect the interest of the countries presently associated with the Community.

Foreign Trade Policy Approved

Early in April, the Council approved a program to strengthen the Community's common foreign trade policy. The program, proposed by the Commission, provides the following measures for trade liberalization with non-Community countries:

- Removal of quota restrictions.
- Harmonizing commercial relations of the Six toward Japan and the Communist countries of Eastern Europe.
- Harmonizing export aids.
- Standardization of export restrictions.
- Conversion of bilateral agreements into Community agreements.

The proposals give priority to the harmonization of member states' trade relations with Japan and Communist countries, and Community countries' protective measures against unfair trading practices. The Council will prepare a mandate by June 1 for the EEC Commission to negotiate

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Common Grain Price Needed For Kennedy Round

THE SIX adopted January 14, 1962 and December 23, 1963 common rules for 85 per cent of the Common Market's agricultural production, laying the foundation for the common organization of farm-produce markets.

However important these decisions may have been, they are not sufficient by themselves to solve the problem of European agriculture. Common machinery is not a common policy. The moment has now arrived for Europe to choose its agricultural policy. She can do so immediately by fixing common grain prices proposed by the Common Market Commission November 1963.

The decision, which the Council of Ministers still must make on our proposals for fixing a single price for grain, will determine the direction of the Community's entire agricultural policy. We shall have gained nothing from our common agricultural policy in Europe if it results in the continued separation of markets. Price levels determine the level of protection and the establishment of a common market depends on the harmonization of prices. At the same time, the gradual alignment, which was first envisaged, has proven impractical.

German Production Rising

Unless we fix common grain prices in the near future, the export possibilities for the producing countries of the Community, particularly France, in other Community markets will be severely affected. The level of protection enjoyed by German farmers as a result of their high prices encourages them to increase production faster and faster, as we have already seen in the case of poultry and eggs. If this continues, Germany will become entirely self-sufficient in farm produce, at a high price level, in a few years.

Community farmers must also know where they are going, what Community policy will be, and how to plan their output and investment. They cannot be left in doubt much longer. By fixing price levels and deciding the relationship between prices for different kinds of grain within the Community, we will indicate production targets and thus help the smooth essential development of Community agriculture and the changes and growth in specialization.

All Farm Sectors Affected

Finally, the adoption of a single price level would not only imply the complete and immediate establishment of a single market for grain. It would also speed the application of the common agricultural policy in all sectors, particularly in the structural improvements, at a time when a new acceleration of the industrial common market is being discussed. Community plans for raising agricultural



by Sicco Mansholt
EEC Commission
Vice President

living standards, which must be operating by 1966, depend on this decision because they are based on the financial viability of the common farm policy. Thus, the alignment of prices would be accompanied by structural improvements in the six countries' agriculture and are essential not only for agriculture but for the Community's entire economy.

Fixing common grain prices is made equally urgent by the vital trade negotiations which opened May 4 in Geneva. The negotiations will affect agricultural as well as industrial products. Agriculture will be at the very heart of the negotiations. The Kennedy Round's chances for success depend largely on the solutions found to the particular problems of trade in agricultural produce. We believe that the classic methods of tariff negotiations, for industrial products in GATT, cannot be applied in the agricultural sphere.

New Approach Proposed

For this reason, we have proposed a completely new method. It consists of negotiating not only customs duties but the results of agricultural policies in force in the various countries, including producer subsidies. To improve world market organization, the Community proposes to "consolidate"—to freeze at their present level—the "amounts of support" such as subsidies and guaranteed prices, granted to farmers under various national policies. The Community level of protection is defined by the difference between the world price and the price received by Community farmers. Therefore, the Community can only negotiate effectively at Geneva if its prices have been previously fixed at levels sufficient to ensure a fair return for producers, avoid the risk of overproduction, and maintain import opportunities for produce from the rest of the world.

Unless the Six decide their agricultural policy without delay, their farmers' fate is in danger of being decided at Geneva by others, which would obviously be unacceptable. To sum up, one can say that the future of the common agricultural policy, and, to a large extent, the outcome of the Kennedy Round, depends on the Community's decision on grain prices.

5 PER CENT COMMUNITY GROWTH RATE PREDICTED IN 1964

THE EUROPEAN COMMUNITY'S 1964 gross product is expected to increase by 5 per cent, instead of the 4.5 per cent predicted earlier, according to the EEC Commission quarterly report, "Economic Situation in the Community," published in April.

Industrial production could increase 7 per cent, the Commission estimated, and investment will also continue to rise appreciably, particularly in building and house construction. Investment by enterprises in plant and equipment will rise faster in Germany; roughly maintain its growth pace in Belgium; and increase appreciably in the Netherlands. In France and Italy, the growth of investment by companies is not likely to be very rapid, the report said.

Due to stabilization policies applied in France and Italy, domestic demand is likely to reflect a somewhat slower rise in private consumers' expenditure than forecast at the end of 1963. In the Netherlands, however, consumption will probably grow more rapidly, and in Belgium, private consumers' expenditure will tend to expand at the accelerated pace observed at the end of 1963. Expansion of consumption in Germany will probably remain modest.

Price Outlook Dim

The report, written before the member countries' adoption of the EEC Commission's 10-point anti-inflationary program, took a pessimistic view of the Community price trend. It predicted some slackening of price rises in France and Italy but sharper increases in the Netherlands and Belgium. Increases were also forecast for Germany.

Assessing the economic situation during the last quarter of 1963 and opening months of 1964, the report showed that the Community's economy continued to expand steadily while the balance-of-payments deficit increased.

Overall demand, particularly for consumer goods, rose

considerably. In the Netherlands and Belgium, domestic consumption increased rapidly. The expansion of private consumers' expenditure in France and Italy, though still pronounced, was steadier, and in Germany, the pace of purchase continued to be smooth. Throughout the Community, public and private investment was growing, the report said, notably in the building sector due to favorable weather and employment.

The industrial production index rose 3 per cent during the second half of 1963 as compared to 0.5 per cent for the second and third quarters. In the fourth quarter of 1963, the gross production index was 7 per cent higher than a year earlier.

Payments Deficit Increased

Community imports rapidly increased due chiefly to the vigorous expansion of raw materials imports. In the last quarter of 1963, imports from non-member countries rose 11.5 per cent over the same period of 1962. However, exports expanded less rapidly, the report pointed out, causing a further deterioration in the Community's balance-of-payments. In the last quarter of 1963, the deficit reached \$650 million, or \$265 million more than the same period of 1962.

Prices continued to rise throughout the Community, the report said. In France and Italy, the rate of increase, although remaining high, tended to slow down. Prices climbed more rapidly in Belgium, and, especially, in the Netherlands. The inflationary pressure was due primarily to the continuing gap between nominal demand and available supply and the closely related problem of the wage-price spiral. The Community was also affected by higher prices for various raw materials paid on world markets during the period under review and special price fluctuations affecting certain foodstuffs particularly meat.

Transport Investment Coordination Proposed

The EEC Commission proposed to the Council of Ministers, on April 15, measures to coordinate member countries' investment in transport such as roads, railways, and canals.

The proposals would give priority to projects of greatest benefit to the entire Community.

The Commission suggested the following steps:

- Preparing a program of Community transport infrastructure investment as part of the medium-term economic program.
- Preparing an annual report on major transport investment projects in the Community.
- Creating a committee of government experts to assist the Commission in examining transport investment matters.
- Establishing machinery to facilitate consultation between member governments on transport investment projects.

The Commission also envisages the possible establishment of a Community transport investment fund to help finance projects of major Community importance.

Council Adopts Young Workers Exchange Plan

The first joint program to encourage the exchange of young workers between the Community countries was adopted by the social affairs ministers of the Six on April 21.

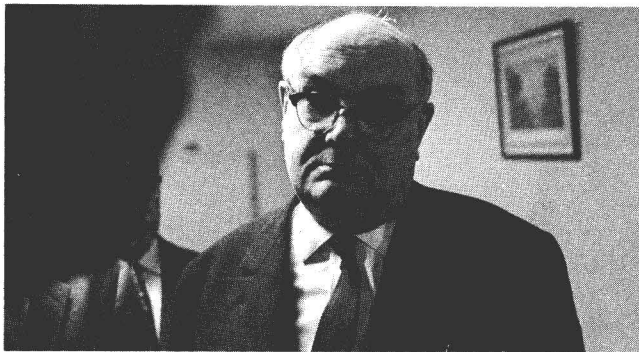
The ministers approved the Commission's proposals binding member countries to increase the number and educational value of trainee-worker exchanges. Exchanges, under existing bilateral agreements between the member countries, will not be affected by the new Community program. However, the program will ensure closer cooperation through periodic consultation between the EEC Commission and the Community countries' governments.

A vocational training consultative committee was also created. Lionello Levi Sandri, EEC Commissioner in charge of social affairs, said that the Commission would submit shortly to the committee preliminary proposals on vocational training programs to meet the Community's urgent manpower needs.

The Council also adopted a measure removing territorial limitations on the payment of social allowances to migrant workers.

COMMON MARKET FORMS FOUNDATION FOR POLITICAL UNITY

by Paul-Henri Spaak, *Belgian Foreign Minister*



WHEN WE TALK ABOUT THE SUCCESS and possibilities of the Common Market, we should not forget that in the minds of those who signed the Rome Treaty, it was not an end in itself, but rather an economic step towards the political unification and integration of Europe.

Where do we stand today? The economic success of the Community has surpassed the most optimistic expectations. Although 1963 began in difficult circumstances, because Great Britain was prevented from becoming a member of the Community, the achievements that year and the first results of 1964 have certainly been positive.

Community Progress Charted

Though the atmosphere has occasionally been rather strained, we have succeeded in making another reduction in internal customs duties. We have completed another stage in the harmonization of our external tariffs. We have put the treaties of association with Greece and Turkey into practice; and we have made substantial progress in that most difficult of all sectors—agriculture. Barring accidents, which I do not foresee, the Community Executives (the Common Market and Euratom Commissions and the ECSC High Authority) will be merged by the end of this year or the beginning of next. Within a year or two, the Communities themselves will be fused.

This remarkable progress proves conclusively that the economic Community is now indestructable. It is a reality which must be recognized in the future. Unfortunately, however, other aspects of the picture are less impressive. The ideal of a politically united Europe, or a politically integrated Europe, is proving difficult to attain.

There is opposition between two divergent ideas. Some people favor what has been called the "Europe of the fatherlands," others a "supranational Europe". But I am not sure that the difference between the two ideas is very clearly portrayed by these labels. In practice, it seems to me, one group wants a Europe *without* institutions, while the other want a Europe *with* institutions. I place myself unhesitatingly in the second group.

Institutions Needed

A Europe without institutions would probably be composed of politicians, heads of state, heads of government, or foreign ministers meeting periodically. They would discuss current problems without making joint decisions. They would each return to their capitals and, there, would continue to carry out their own policies. This sort of Europe seems to me inadequate, and, to a certain extent,

I regard it as dangerous.

I do not believe that any political organization can live without some measure of authority. While countries will not accept the normal and basic rule of democracy—while they will not bow to the will of the majority—bodies to which they belong, whether they are universal like the United Nations, international like NATO, or European like the Community, will not be able to function effectively.

Moreover, in a Europe of the fatherlands, which would be nothing more than a European alliance, small countries would find themselves in an extremely difficult position. In the absence of institutions, and consequently of all rules and guarantees, they would find themselves in opposition to the larger countries. If small countries want to retain some influence for their particular viewpoints, they need organizations in which all the members are treated as equals. Only organizations with institutions can ensure this equality. As long as this condition is missing, the European ideal will not be attained.

Even if we leave aside the problems of Great Britain's possible entry into the Common Market, and the increasingly grave and important question of our relations with the United States, we must accept the fact that at present there is little chance of further progress towards political unity in Europe. The difference in approach is so great and so profound that it is difficult to conceive of anyone proposing a compromise, let alone accepting one. This is just not the time.

Common Market Provides Basis

I am not too pessimistic, however. We have the Common Market and its achievements to grasp. It provides a solid rock to which we must hold fast and on which, in the time of political crisis through which we are passing, we must build our hopes for the future. If, in the economic sphere, we continue to make progress at the same rate as in the last few years, if we succeed in establishing a single Commission to control the three Communities, there will be good reason to hope that the tying together of our economic interests will one day make clear to everyone the absolute necessity for a political authority.

I do not like a policy of waiting, except when it is imposed on me, but I believe that this time history is with us and that it is leading us unavoidably to unity. Thus, in the present situation, we must push ahead as fast as we can with the economic development of the Community and extend as far as possible the authority of the new, single Commission. In this way, without losing too much time, we shall perhaps achieve an ideal which one day is likely to be regarded as the noblest and most effective ideal of recent years: the restoration of Europe's strength and influence, so that she can spread through the world her own particular message of peace and civilization. To do this, to rescue our continent from decline and decadence, not by power or violence, but by appealing solely to the intelligence, reason and wisdom of men, is something well worthy of our efforts.

Guest authors and speakers cited in *European Community* express their own views and are presented to enlarge the forum of Atlantic opinion.

EURATOM ANNUAL REPORT STRESSES RELATIONSHIP WITH U.S.

Nuclear Power To Be Competitive Energy Source By 1970, Report Says

THE DEVELOPMENT OF EURATOM'S power reactor and fast reactor programs have opened new possibilities for more extensive cooperation between the Community and the United States and Great Britain, the Commission of the European Atomic Energy Community said in its Seventh General Report, issued April 23.

The report, covering Euratom's activities during the period February 1963 through January 1964, underlined "the persistent vitality of relations between Euratom and its oldest partners, the United States and Great Britain."

Euratom Commissioner E.M.J.A. Sassen, in making the report public, predicted that it would be the last issued by the Euratom Commission in view of the merger of the three European Executives proposed for 1965. "The merged Community executive will provide greater scope for nuclear development in the framework of a common scientific policy," he said.

U.S. Supply Increased

The year 1963 saw an extension of the United States-Euratom Agreement to provide additional quantities of fissionable materials for Community power reactors until 1995 and the addition of the German KRB and the Franco-Belgian SENA plants to the Italian SENN project approved earlier under the United States-Euratom Joint Program, the report pointed out.

During 1963, the U.S.-Euratom Joint Research and Development Board authorized 27 contracts for research in the Community and 23 contracts in the United States to be partly financed by United States and Euratom matching funds. By February 1964, the end of the first five-year joint research program under the U.S.-Euratom Agreement, nearly \$40 million had been allocated for projects, \$21.5 million to be spent in the Community and \$18 million in the United States. The reports point out the value of "the rapid transmission of information from its own program by the United States Atomic Energy Commission and the strong contribution of the United States centers to important objectives of the joint program: plutonium recycling and the study of a two-phase flow system," the Commission said.

Negotiations are underway between the Commission and its associates with both the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority for fuel and exchange of information and personnel in the fast reactor field, the report pointed out. (See story page 1)

The United Kingdom-Euratom Continuing Committee meeting, May 1963 at Ispra gave "new impulse" to the cooperation under the U.K.-Euratom Agreement, the report said. Various possibilities for strengthening the cooperation were enacted or studied for the reciprocal exchange of information on research programs, in addition to projects in the fields of fast reactors, biology and radioisotopes. Along with the supply of plutonium for the Rapsodie reactor at Cadarache, France, negotiations during 1963 on the retreatment in the United Kingdom of irradiated fuels from Community reactors are in progress.

Nuclear Power To Provide Future Energy

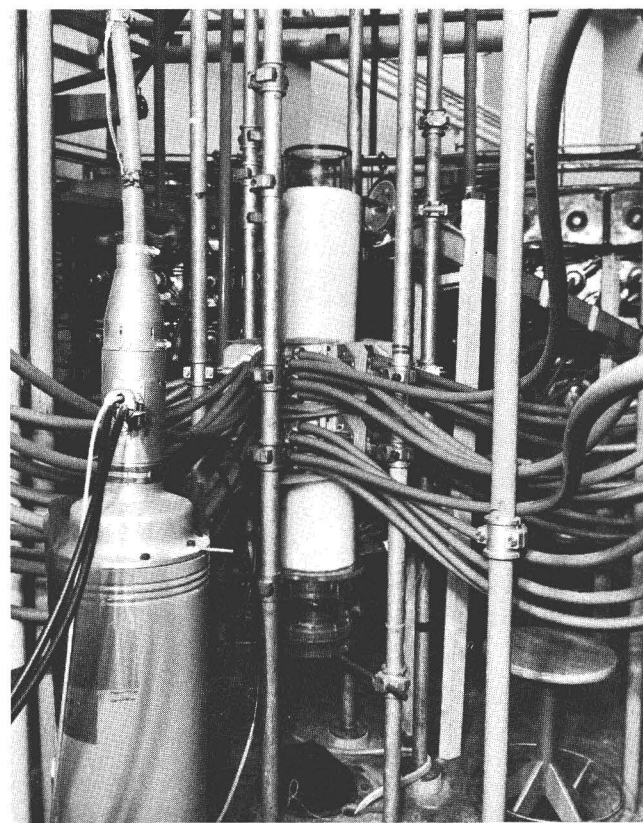
After 1975, the report forecast, the increasing use of atomic energy should slow the rise in fuel imports into the Community. Although atomic energy will not cause an absolute reduction in the Community's dependence on imported oil in the near future, it still offers a better long-term solution to energy problems than any other currently known source.

Europe's known resources of hydrocarbon fuel (coal, oil and natural gas) represent between five and six per cent of the world's total, the report said. However, these reserves take mainly the form of coal of which the Community possesses about eight per cent of the known world deposits. Coal is becoming increasingly noncompetitive in relation to oil or natural gas and the Community will therefore be obliged to import additional oil to cover its expanding energy requirements. Oil imports, accounting for about five per cent of the Community's total energy needs before World War II, rose to 27 per cent in 1960. By 1970, oil imports will probably supply 47 per cent of the Community's total needs and 52 per cent by 1975.

Less Fuel Imports Needed

Atomic energy will provide three to five per cent of the Community's total energy requirement by 1970, the report said. Without this contribution, although still small, the Community would be dependent on imported oil and some imported natural gas for at least 55 per cent of its total energy requirements by 1975, the report said. Although

Nuclear Power Production: This tube and discharge spool are used for experiments in thermonuclear fusion conducted by the Nuclear Research Center, Frascati, Italy, in association with the European Atomic Energy Community.





*E.M.J.A. Sassen,
Euratom
Commissioner*

this major dependence on imported fuel would not necessarily prove a serious obstacle to industrial expansion in the Community, any reduction of the relative importance of imports would lessen the risk of economic paralysis due to an interruption of supplies, the Commission said.

With the Community's electricity consumption rising more rapidly than energy consumption as a whole, nuclear power becomes a key factor, the report said. Electricity, representing one-quarter of total Community energy consumption, is expected to rise to one-third by 1975.

Since 1950, demand for electricity in the Community has been rising by an average of eight per cent a year, compared with an increase of four per cent in total energy demand. The Euratom Commission estimated that Community electricity consumption will rise by an average of 7.5 per cent yearly from 1960 to 1965, by 7 per cent a year from 1965 to 1970, and by 6.5 per cent a year from 1970 to 1975.

The Commission stated that the production cost of nuclear power in Europe is presently about 50 per cent above that of electricity produced in conventional power stations of comparable size, built at the same time under similar financial conditions. For example, the cost of electricity produced by the Italian 200 MWe SIMEA nuclear power station is 1.2 cents a kilowatt and electricity produced by the Italian 150 MWe SENN nuclear plant costs about 1.14 cents a kilowatt, both assuming a load factor of 7,000 hours a year.

Nuclear Energy Costs Decreasing

However, nuclear energy costs are falling, the report said. Two plants to enter service in 1966, the German 237 MWe KRB plant and Franco-Belgian 266 MWe SENA plant, will produce electricity at about .95 cents a kilowatt—only about 25 to 35 per cent above the costs of electricity produced by conventional plants of similar capacity. Today, the Commission estimated that 500 MWe nuclear plants entering service in 1968-1970 would produce electricity at between .5 and .7 cents a kilowatt.

The Commission therefore forecast that large-scale nuclear power stations will become competitive with conventional power stations between 1968 and 1970, with a utilization rate at or above 6,000 hours a year. Moreover, the report said, reductions in the cost of nuclear electricity will continue after 1970. With nuclear techniques scarcely beyond experimental stage, it is probable that "a very low level of costs" will be achieved, the report said. "From the beginning of the next decade, it will be more economical to equip power stations with nuclear reactors than with fuel-oil or high-quality coal-fired boilers."

Research has continued on the four 'stages' of nuclear power production techniques, the report pointed out. The

stages are 'proven' water and gas-cooled reactors, now coming into service; 'intermediate' reactors such as the Orgel critical assembly, promising a considerable improvement over 'proven' reactor; 'fast breeder' reactors; and the eventual use of thermonuclear fusion.

In issuing the report, the Commission said that "sufficient equilibrium between national efforts and Community activities does not exist at the moment. A healthy situation in Europe will not be possible until all the nuclear efforts in the Community are grouped harmoniously around the Community effort of which Euratom's five-year (research) plans form the center of gravity."

Euratom Contributes To United States Research

THE EUROPEAN ATOMIC ENERGY COMMUNITY (Euratom) is participating for the first time in financing fast breeder reactor research in the United States under a contract signed May 14 with the U.S. Atomic Energy Commission and 17 private power utilities joined in the Southwest Atomic Energy Associates (SAEA).

The contract provides for research and development of a fast reactor test facility, South Experimental Fast Oxide Reactor (SEFOR) to be constructed by the Southwest Atomic Energy Associates, 17 miles southwest of Fayetteville, Arkansas.

Gesellschaft fuer Kernforschung, operating the German Karlsruhe Research Center, will provide \$5 million to which Euratom will contribute 40 per cent for construction of the facility. The SAEA will furnish \$5.9 million of the \$12,350,000 construction cost and the General Electric Company, San Jose, California, will pay the remaining amount. In addition to \$12.7 million for research and development, the U.S. Atomic Energy Commission will provide certain materials and experimental facilities located at its National Reactor Testing Station in Idaho.

The SEFOR facility will include a 20,000 thermal kilowatt, sodium-cooled reactor fueled with a mixture of uranium and plutonium oxides. The contract calls for a program to demonstrate that large fast breeder reactors fueled with ceramic elements composed of a plutonium and uranium oxides mixture can be built with reliable and safe operating conditions.

The research program will include a detailed examination of the physics and mechanical characteristics of the experimental facility relating to reactor behavior under operating conditions. A major objective will be to establish and measure the means by which a fast ceramic core can limit power excursions under abnormal conditions.

The research program will be performed under the U.S. Atomic Energy Commission's program to develop economic fast reactors to meet long-term energy requirements and the conservation of the nation's uranium resources. The development of breeder reactors, which produce more fissionable material than they consume, will be a principal objective of the U.S. Atomic Energy Commission over the next two decades.

Nuclear technology developed and demonstrated in the SEFOR project is expected to help the development of breeder reactor systems and will be made available by the Atomic Energy Commission to the reactor industry in the United States and Europe. Construction of the reactor is expected to take about three years.

KENNEDY ROUND SHOULD AFFIRM 'OPEN' COMMUNITY, DEL BO SAYS

THE KENNEDY ROUND TRADE NEGOTIATION should affirm the 'open' nature of the European Community and result in shared benefits with the rest of the world, European Coal and Steel Community High Authority President Rinaldo Del Bo told the European Parliament May 13 in Strasbourg.

"The Kennedy Round should show the Community's desire that the well-being attained by the Community should not be reserved for itself but . . . all the peoples of the world should have access to it," President Del Bo declared. He also stressed the need to strengthen the European Parliament itself in increasing democratic control of the Community.

Here are highlights of President Del Bo's speech, made during the Parliament's yearly debate on the High Authority's annual report.

"The proposed merger of the three European Communities must not cause any interruption or . . . omission in the integration of the six member states. The merger not only affects the three executives and the Councils of Ministers but also the Treaties. It is therefore necessary to see what is still of value in them and what needs to be changed or completed.

"Some aspects covered by the ECSC Treaty, such as foreign trade policy in coal and steel products, would probably be dealt in a more complete way under a system akin to that of the Rome Treaty. The very real supranational power accorded to the High Authority under its Treaty is, however, an irreplaceable asset not only for economic integration but as a starting point and fundamental principle for political integration.

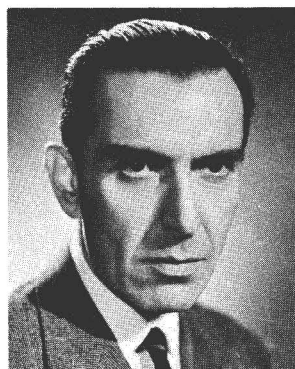
Parliament's Powers Defended

"If the forthcoming re-grouping is to constitute the first concrete phase in the creation of a Community system of government for Europe, then the dialogue between the national governments and the Community executives should find its source and direction in the supreme will of the European Parliament. With the support of the other two executives, the High Authority is concerned with defending the existing powers of the Parliament, notably its approval of the ECSC budget (which if it were to be lost must at least be compensated by an equivalent counterpart).

"However, it is even more important not only to defend the existing powers of the Parliament but to strengthen them. . . . Without this, the majority wish of the six countries to see that European integration has a satisfactory democratic structure will not be met."

Community Benefits Should Be Shared

"The Kennedy Round negotiation should show the Community's desire that the well-being attained by the Community should not be reserved for itself but that it should be diffused to the greatest extent possible and that all the peoples of the world should have access to it. It is also very important for the basic industries of the Community to be able to compare themselves with those of other countries. The Kennedy Round negotiations are of fundamental importance for this. The Coal and Steel Community lacks a common external tariff, however, despite the importance



*Rinaldo Del Bo
President
ECSC High Authority*

of this for a strong negotiating position. The High Authority is therefore trying hard to persuade the member governments to adopt a single tariff which would facilitate negotiations in view of the target which they have already accepted—namely, a satisfactory harmonization of levels of protection and non-tariff obstacles to trade among the major steel producing countries of the world."

Coal Miners' Code Supported

"The protocol agreement (on energy policy) recently signed by the representatives of the member states is partly the result of the Parliament's insistence that the Community executives should resign their responsibility for drawing up proposals in this field if agreement is not reached by Spring. This is the first time that a timetable has been provided for implementing a common energy policy by linking it to the gradual establishment of the wider common market.

"The development of a common energy policy and the recognition that coal could be subsidized within the common market—although these subsidies are meant for modernization and rationalization purposes and should thus in general be phased out—would bring added stability to the coal mining industry. As a result the trade unions' demand for a European miner's code, bringing greater security to this hard and dangerous profession, is more than ever justified. It is only right that the workers are so important to the safeguard and continuity of coal production should share in the fruits of the protocol of agreement on energy policy."

Community Achieves New Monthly Steel Record

Community steel output set a new record of 7,019,000 million metric tons in April, surpassing a previous high of 7 million metric tons produced in one month, according to figures released by the High Authority of the European Coal and Steel Community.

All Community countries except Italy shared in the increase. Germany recorded the largest increase by producing from January to May 1,869,000 tons more steel than in the same period of 1963—a 18.3 per cent increase. Dutch output rose by 20.4 per cent, Belgian by 16.9 per cent, Luxembourg by 11.3 per cent, and French by 11.9 per cent. Italian output fell by 4.9 per cent. Total Community production in the first third of 1964 reached 27,142,000 metric tons—13.1 per cent higher than in the first third of 1963.

EEC Council of Ministers to Continue Grain Price Debate

(continued from page 4)

a Community trade agreement with Japan.

In approving the proposal, the member governments agreed to achieve a common commercial policy by the end of the transition period—December 31, 1969—the time stipulated by the Rome Treaty when all tariff negotiations, trade agreements and general policy on imports and exports will be handled by the Commission on instructions from the Council of Ministers. German and French ministers pointed out that the creation of a full customs union and steps toward economic union make a single foreign trade policy essential.

Settlement of commercial relations with Japan and subsequently with other low-cost industrial countries, is a prerequisite for success in the Kennedy Round tariff negotiations, the Commission said. Consequently, it proposes the establishment of a short negative list of products for low-priced Japanese imports which would seriously endanger Community producers and a general safeguard clause for remaining Japanese exports. "The measures would pave the way for liberalization of imports of Japanese-produced goods in all GATT countries," the Commission said, "and would limit the application of internal safeguard clauses by individual Community countries."

Policy To Be Applied Gradually

Since immediate transition to a common policy toward the state-trading Communist countries would create major difficulties for several Community countries, the Commission proposes that gradual harmonization take place over a number of years. With exports to these countries currently under scrutiny, the Commission recommends early agreement on credit facilities. For imports from the Communist countries, the Commission proposes a two-stage coordination of the Community countries' policy. Member countries would harmonize the conditions of their national bilateral agreements with Communist countries and these harmonized national agreements would be converted into Community agreements.

The application of a single commercial policy for the Community will not affect the traditional trading links which exist between the various Community countries and non-member countries in the world, the Commission said. However, the instruments of trade policy such as treaties, trade restrictions, and anti-dumping rules, will be applied for the whole Community so that member countries will not restrict the free circulation of Community goods under separate commercial trade policies, the Commission said.

(Article 115 of the Rome Treaty allows individual Community member countries to restrict trade within the Common Market for goods from non-member countries if the original importing country applies different trade rules from the country imposing the restriction. As customs barriers to intra-Community trade fall, however, this sort of restriction assumes growing importance—for many products are involved—and which could seriously lessen the value of the full customs union envisaged for the end of 1966).

Under the Commission's first set of proposals on external trade policy, which became effective July 1, 1961, the Community governments agreed to consult their partners before opening trade negotiations with non-member countries and before modifying quotas. They also

agreed not to sign any bilateral trade agreements running beyond the end of the transition period. In July 1962, the Community also adopted a general program for applying the common commercial policy. This program envisaged an examination in 1966 of all existing bilateral trade agreements entered into by Community countries, gradual unification of trade liberalization measures and quotas in single Community lists, common protection against dumped or subsidized goods, and harmonization of export aids.

Euratom, United States Sign Fast Reactor Agreement

(continued from page 1)

combination of normal and special short-term lease arrangements at the prevailing United States domestic use charge for such material. At the end of the short-term lease period Euratom will have an option to purchase the material or return it to the United States.

All atomic reactors produce plutonium whose previous primary use has been for weapons purposes. However, plutonium can also be used as a reactor fuel in the same way as U-235 in thermal and fast reactors. Recycling of the plutonium in thermal reactors is one of the main objects under study in the framework of the existing United States-Euratom cooperation agreement. "Conventional" reactors fueled with natural uranium use only one-half to one per cent of the fissionable energy contained in uranium, while fast-breeder reactors will increase this proportion to 50 or 60 per cent. The reactors are expected to provide power on a large scale in the 1970's.

Euratom is also engaged in discussions with the United Kingdom Atomic Energy Authority (UKAEA) in the framework of the existing U.K.-Euratom cooperation agreement. Under the agreement, 45 kilograms of plutonium were purchased for the first core of the Rapsodie fast reactor project in Cadarache, France. An additional 45 kilograms will be purchased shortly. Consultations are currently being conducted with British experts for fast reactor information exchange between Euratom and the UKAEA.

Joint Euratom-USAEC Committees will administer the detailed exchange of information on all fast reactor research facilities both in the United States and the Community. They will also supervise planned exchanges of personnel and technical consultations.

EEC, Norway Begin Exploratory Trade Talks

Exploratory trade talks between the European Economic Community and Norway began May 11 in Brussels with the visit of Norwegian Foreign Minister Halvard Lange.

EEC Commissioner Jean Rey presided at the talks between Mr. Lange and Commission representatives on the Kennedy Round trade negotiation, tariff quotas, and the Community's economic and financial policy. The talks were followed by technical discussions between Norwegian and Commission officials. Ministerial and official contacts will be continued.

Accompanying Mr. Lange were the following Norwegian officials: Ambassador N. A. Jorgensen, head of the Norwegian mission to the European Communities; Ambassador S. Ch. Sommerfelt, Geneva representative; J. Halvorsen, director-general of the foreign ministry; and T. Stokke, director-general of the ministry of trade.

HOUSING SHORTAGE ALMOST OVERCOME IN COMMUNITY COUNTRIES

by Andre Lilti, French Correspondent for "Enterprise"

EUROPE'S HOUSING SHORTAGE has nearly abated, but residents must continue to search their wallets to pay for suitable lodgings becoming more costly due to land speculation, higher living standards, and prosperity.

The following profile of Europe's housing situation emerges from a compilation of public opinion polled in the six Community countries.

Does a housing shortage exist in the Community?

World War II left a chronic housing shortage in all Community countries. In Germany, over one-fifth of all dwellings, 2.3 million out of 10 million, were razed. Homes destroyed or damaged amounted to over 50 per cent in larger cities and 85 per cent in certain other German towns. The German housing problem was also aggravated immediately after the war by the influx of more than 13 million refugees from the East.

War damage and the return of 200,000 Dutchmen from Indonesia left the Netherlands 320,000 dwellings short by 1949. Five-hundred thousand of France's 15 million houses and apartments were destroyed completely and one million were damaged. Destruction was also severe in Italy.

Wartime devastation was one cause of the European housing shortage in the immediate postwar years. Rent control policies, applied since the late 1920's in most European countries, tended to divert private capital to more profitable fields, so that house building lagged behind demand.

At the war's end, all Community countries faced similar housing difficulties. However, their success in meeting these problems varies. Germany overcame its crisis by constructing 7 million houses between 1949 and 1963. By building an average 550,000 houses a year, the Germans set a world record—an annual average of 10.3 dwellings per 1,000 inhabitants.

The Netherlands gained similar success. Although the population rose from 8.8 million in 1940 to 12 million in 1963, the housing shortage is almost past. A million homes and apartments have been built since the war and one out of three Dutch houses are of postwar construction. Belgium saw the fastest rate of recovery, however. Its housing shortage ended as early as 1954.

Despite the construction of 3.3 million houses and apartments since 1951 in Italy, progress varies considerably between regions. More houses have been built in Rome and northern Italy than in the underdeveloped areas of the south. However, Italy presented the second best record in the Community with a total of 380,000 houses completed in 1963. It is now becoming relatively easy to find an apartment in Milan, Genoa or Rome—towns which until recently suffered from serious housing shortages.

France built 3 million houses and apartments between 1950 and 1963 while its population increased from 41 to 48 million. During the 13 postwar years, an average of 5.4 dwellings were provided per 1,000 inhabitants while the Community averaged 7.2 per 1,000. Since 1959, approximately 320,000 houses have been completed each

year. Today, France is the only Community country in which a severe housing shortage persists, particularly in Paris and other large cities.

Do Community residents rent or buy homes?

The proportion of home owners is increasing throughout the Community, but considerable differences still exist between countries. The national percentages of houses or apartments owned by the occupants are as follows: the Netherlands, 29.3 per cent; Germany, 35.6 per cent; France, 40 per cent; Italy, 47.3 per cent; Luxembourg, 54.7 per cent; and Belgium, 60 per cent. In the Netherlands and Germany, houses and apartments-to-rent are fairly plentiful while house hunters in France and Italy must often purchase their lodgings to have a roof over their heads. In Luxembourg, the government encourages individual home-ownership. The unrestricted rents in Belgium often makes owning a home more profitable than paying relatively high rents.

How high are rents in the Community countries?

All Community countries, except Belgium, exercise some form of rent control. As a result, Belgians spend a greater proportion of their total income on rent than other Community citizens. Community residents spend the following per cent of their income on rent: Belgium, 12.2 per cent; Germany, 12 per cent; the Netherlands, 8.1 per cent; Italy, 7.7 per cent; and France, 5.8 per cent.

The apparent fact that less is spent for housing in France is an illusion. In practice, rents of new houses and apartments are not controlled and their scarcity often forces prices to very high levels. A new apartment with three main rooms plus a kitchen, bathroom, central heating and telephone costs about \$180 a month, if located in a medium-price residential district of a large French

Wartime Destruction: Bombed houses of miners at Allenessen, Germany, reflected the housing scarcity following World War II.



city. The same apartment would average about \$65 a month in Dusseldorf; \$70 in Brussels; \$72 in Rome and \$50 in Amsterdam.

How much do houses cost in Europe?

An average house (650 square feet of floor space, two bedrooms, a livingroom, kitchen and bathroom in a medium-priced residential area) will cost more in Paris than in other large European cities—nearly \$30,000. A similar home in Rome or Milan would be priced at a little over \$20,000. Price in a large German city would vary between approximately \$12,000 to \$14,000. In Brussels or Amsterdam, the house would cost about \$12,000.

Which Community country has the largest and most comfortable homes?

United Nations statistics show that homes in France and Italy are smaller and more crowded than in other Community countries. The average number of persons living in one room are as follows: Belgium, .68; the Netherlands, .77; Germany, .88; France, .96; and Italy, 1.15. Dwellings completed in 1960 with five main rooms or more accounted for 17 per cent of the total housing in France compared with 21 per cent in Italy, 27 per cent in Germany, and 82 per cent in the Netherlands. The average number of main rooms per newly constructed house in 1960 was 3.51 in France, 3.55 in Italy, 3.94 in Germany, and 5.09 in the Netherlands.

Several million homes in Europe are due to be demolished and replaced in the near future because of inadequate facilities. At a December European housing conference, Community country representatives sought a common definition for slums. In Belgium, all unsanitary or decaying houses—13 per cent of total housing—are considered slums, including houses in which one or more of the following conveniences are missing and cannot be added: running water, toilet, bath, electricity, gas or central heating. Based on Belgium's definition, 8 per cent of all Italian housing would also be classed as slums.

The Dutch have designated 400,000 of their total houses as slums because of "non-improvable technical or socio-

economic defects." In France, slums are defined as dwellings which constitute a real and immediate danger to the health or safety of occupants—5.5 per cent of the French total housing. However, many French authorities consider this definition too timid. A recent report by the French National Building Federation estimated that half of all French housing (7 million dwellings) would have to be replaced before the end of the century.

Are building projects publicly or privately financed?

Public funds finance a sizeable portion of housing development in Community countries, accounting for 34.7 per cent of all new housing in France, 28.5 per cent in Germany, 23.6 per cent in the Netherlands, 17 per cent in Italy, and 14.3 per cent in Belgium.

In France, subsidized building is carried out by a state-financed organization, the Habitations à Loyer Modéré (HLM). In Germany, approximately 150,000 houses are built yearly with government assistance through a special public utility company in operation for 25 years. Two public housing organizations exist in Belgium, the Société Nationale du Logement (SNL), financing the construction of houses and apartments to be rented in urban areas, and the Société Nationale de la Petite Propriété Terrienne (SNPPT), assisting rural home purchase. The two organizations finance between 6,000 and 9,000 living units a year.

In the Netherlands, home building is financed partly by municipal authorities and partly by non-profit construction companies. The companies are semi-public organizations or cooperatives formed by the occupants or future occupants of particular building estates. Funds are provided through state-secured loans. The National Insurance Institute finances most subsidized housing projects in Italy. Its major funds go to local, autonomous Institutes for Workers' Housing. Other Italian public organizations such as the National Institute for Public Employee's Housing, also subsidize housing projects.

How do Community governments help private builders?

In addition to housing projects directly controlled and subsidized by public authorities, most Community govern-

Homes For Europeans: Private and governmental building programs have provided homes for most Community residents. This apartment development was built by the Dalmine steelworks, near Bergamo, Italy, for its workers.



ments encourage private developers through capital loans or outright grants, and fiscal relief. The Dutch government, for example, grants private developers up to \$400 on houses for rent, provided the rent does not exceed just under \$28 a month. In addition, the government can furnish occupants of leased houses up to \$84 a year to offset rental costs. Dutch builders can receive up to \$500 per house, if the total sale price does not exceed \$7,000.

Is building land scarce?

Throughout Europe, building land prices have spiralled in the past few years. Land is scarce in the center of most cities and the recent downward trend of share prices in Europe has turned prospective stock market investors to real estate speculation for a faster rate of return.

Building land prices have exploded in major Italian cities and in seaside, thermal and winter resorts. In downtown Milan, land costs about \$200 a square meter. To offset the cost, builders are creating skyscrapers to make maximum use of every available square inch of land. (A 65-story office building project has just been announced.) In mountain resorts, the cost of land has risen twenty-fold in 10 years. Land price inflation has been accentuated by the new-found prosperity of many Italians, due to their country's remarkable economic expansion, and by the city dweller's increasing desire for "a weekend place in the country."

Land speculation has produced considerable profits for French investors in recent years. In 1950, a square meter of land in the Rond-Point de la Defense on the western outskirts of Paris sold for about \$10. Today, the same land is worth nearly \$400 a square meter. A suburban plot costing about \$5,000 in 1959 now sells for nearly three times as much. Over five years, the price of a house in the country within 60 miles of Paris has doubled. The price of building plots in Paris has risen by 50 per cent in the last year.

The same inflation exists in Germany. In Bonn, building land sells at about \$20 a square meter, 100 times more

than in 1950. Land prices have doubled since 1955 in the heart of Frankfurt. In Hamburg, land for office buildings now costs nearly \$500 a square meter. The same prices are being asked and paid in Amsterdam, Brussels, Lyon and Dusseldorf.

Do Community citizens prefer houses or apartments?

Houses account for 70 per cent of all construction in Belgium, 56 per cent in the Netherlands, 49 per cent in Germany and 32 per cent in France. However, a 1963 public opinion poll showed that 80 per cent of all Frenchmen would prefer to live in their own homes. Unfortunately, this desire becomes a pipe-dream in most cases because of the building land shortage in cities proper, the suburban commuting problem, and, moreover, town planners' affinity for collective housing.

Will housing continue to be a problem in Europe?

Although the housing shortage is disappearing in much of the Community, other housing problems will persist for some time. Population growth in Community countries will necessitate a high rate of building for many years. It has been calculated that 400,000 new dwellings will be required throughout the Community in 1964 to meet population expansion. The need is expected to increase each year along with the rising demand for urban renewal. The economic prosperity enjoyed by Europe during the last 15 years is completely revising housing standards. Millions of houses and apartments considered acceptable today will be classed as near-slums in a few years. A comfortable home is no longer regarded as a luxury, but as indispensable to a decent life. By encouraging the rise in living standards, the Common Market is also contributing to the changing outlook on housing.

The following organizations conducted the public opinion poll on which most of this article was based: Verbands-geschäftsstelle, Hamburg; L'Office des Propriétaires, Brussels; John Arthur Tiffen, Paris; Immobiliare, Rome; and Nederlandsche Bond van Bouwonderneemers, The Hague.

Euratom Signs Contract For German Reactor Research

The Commission of the European Atomic Energy Community signed May 22 in Brussels a joint association contract with the German Brown-Boveri/Krupp (BBK) group and the Kernforschungsanlage Juelich (KFA) for research on the thorium-high temperature reactor concept (THTR).

The research program, covering 1963-1967, will cost \$20 million of which Euratom and the German agencies will each contribute 50 per cent. Under the association, the Euratom Commission will gain access to experimental equipment in service or under construction, particularly the AVR reactor, entirely financed by German funds. The AVR reactor is now being constructed at Juelich for the Arbeitsgemeinschaft Versuchsreaktor GMBH.

The joint program will study the development of a thermal reactor fueled by a thorium-uranium mixture arranged in a 'pebble-bed' core and cooled with high temperature helium. The AVR reactor, to be operated by the association, will serve as a test-bed for fuel elements.

The program will also involve the engineering assessment

of a large power station operating on the thorium-high temperature concept and the design of a prototype THTR. The project will be directed by a steering committee consisting of three Euratom representatives, and one representative each from the KFA, the BBK and the Federal Ministry for Scientific Research.

Research is presently being conducted on high-temperature gas-cooled reactors by Euratom in participation with member states in the Euratom Nuclear Energy Agency 'Dragon' project. Coordination between the two projects will be carried out by Euratom staff.

EEC, Lebanon Conduct Trade Talks

Negotiations for a trade agreement between the European Economic Community and Lebanon began May 13 in Brussels.

The EEC delegation is composed of Commission and Community member state representatives. EEC Commissioner Jean Rey, in charge of external relations, and Lebanese Foreign Affairs Minister Fouad Announ presided at the opening meeting.

Jean Duvieusart Elected Parliament President



Jean Duvieusart, a Belgian Christian Democrat, was elected president of the European Parliament March 21, defeating Dutch Socialist Paulus Kapteyn by a vote of 57 to 51.

Chosen by secret balloting of the Parliament's members, Mr. Duvieusart succeeds, for a two-year term, Italian Liberal Gaetano Martino, who served as president from 1962 to 1964.

On the day of his election, President Duvieusart said that the European Parliament's first task is to ensure the gradual unification of Europe in all fields. "The Parliament also has the responsibility of imbuing the European institutions with the democratic spirit of the national parliaments," he said. "The Parliament has a double character. It is European and it is democratic. The Parliament has asked for, is asking for, and will continue to ask for new and increased powers. Its mission is to take wider and wider responsibilities in the knowledge that it is the true representative of the peoples of Europe."

Mr. Duvieusart, 64, has been a vice president of the European Parliament since 1962 and a member since March 1958. He has served in the Belgian Senate since 1949. From 1947 to 1950, Mr. Duvieusart held the position of Belgian economics minister and was prime minister from 1952 to 1954 and for a period during 1950.

The defeated candidate, Mr. Kapteyn, was appointed a vice president of the Parliament along with seven others. Reelected were Luxembourg Socialist Jean Fohrmann, German Christian Democrat Hans Furler, French Liberal Jacques Vendroux, and Italian Christian Democrat Leopoldo Rubinacci. Newly appointed were Italian Liberal Edoardo Battaglia, German Socialist Gerhard Kreyssig, and French Liberal Julien Brunhes.

Alleged Fertilizer Cartels To Be Investigated

The EEC Commission will initiate new cartel investigations in the fertilizer industry. Fertilizer firms in several member countries have applied, under article 85 of the Rome Treaty, for clearance of particular agreements fixing prices, quotas and sales areas. The Commission has also received a number of complaints concerning the agreements.

German cartel expert Professor Willi Albers said, in a report to the Commission, that price competition had almost ceased between the three main West German fertilizer producers. "Changed market conditions have meant a considerable increase in profits for the nitrogenous fertilizer industry, and . . . for other sectors of the fertilizer industry," he said.

Industry Participates in Euratom Meeting

More difficulties have been encountered in conventional than in nuclear parts of power plants, Community engineers told over 200 representatives of European industries concerned with nuclear energy development at a European Atomic Energy Community conference May 14-15 in Brussels.

Reports on the construction and operation of five nuclear power plants in which Euratom is participating under contracts with member countries were presented at the meeting. The following plants were discussed: the Italian SENN on the Garigliano River and SIMEA at Latina, the Franco-Belgian SENA at Chooz, France, the German KRB at Gundremmingen, and the Dutch SEP at Doodewaard.

The Euratom Commission urged greater exchanges of engineers between its power reactor plants and those of private industry. The Community participation in the five power reactors, the Commission pointed out, furnished a substantial volume of information, amounting to approximately 700 reports available to nuclear industry representatives.

Germany, Luxembourg Ratify Convention

The German and Luxembourg governments ratified in May the new Association Convention between the Community and 18 independent African countries.

France, Belgium, and 16 of the associated countries have also ratified the agreement. The Convention will become effective when ratified by all six Community countries and at least 15 of the associated countries.

Germany Plans Major Tariff Cuts

The German government announced May 13 its intention to reduce tariffs on industrial goods from Community and non-member countries.

The tariffs are being cut "to keep the country's growing export surplus within bounds lessening the risk of importing inflation," the German government said.

Effective July 1, German tariffs on industrial goods from Community countries will be halved, except for tariffs of 4 per cent or less which will be abolished completely. In addition, tariffs on industrial goods from non-member countries will be aligned immediately to the final level envisaged for the common external tariff—affecting approximately 300 items. The German government will also ask the EEC Council of Ministers to reduce the proposed level of the common external tariff by 25 per cent in anticipation of the successful outcome of the Kennedy Round trade negotiation.

The Community's internal industrial tariffs have been reduced to 40 per cent of their 1957 level and are scheduled to be abolished completely by January 1, 1967. Member countries have also reduced the differences between their national tariffs and the common external tariff by 60 per cent.

PUBLICATIONS AVAILABLE

THE ECONOMIC SITUATION IN THE COMMUNITY, Commission of the EEC, Brussels, December 1963, 119 pages \$2.00

Fourth quarterly survey for 1963. Analyzes 1963 developments in the economies of the member states and forecasts developments in 1964.

BASIC STATISTICS OF THE COMMUNITY: COMPARISON WITH SOME EUROPEAN COUNTRIES, CANADA, THE U.S.A. AND WITH THE U.S.S.R., Statistical Office of the European Communities, Brussels, November 1963, 165 pages \$1.00

CONVENTION OF ASSOCIATION BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND THE AFRICAN AND MALAGASY STATES ASSOCIATED WITH THAT COMMUNITY AND ANNEXED DOCUMENTS, 19 pages free
Full text and protocols of the convention signed at Yaoundé on July 20, 1963.

BULLETIN FOR THE EUROPEAN COAL AND STEEL COMMUNITY, High Authority, Luxembourg.

Published in French, German, Dutch, and Italian. French edition in stock. Other editions available on order. Single issue 60 cents; annual subscription \$2.00

Issue No. 46 contains a 55-page chronology of the Coal and Steel Community from May 9, 1950, through December 31, 1963.

EURATOM, European Community Information Service and the Official Spokesman of the Euratom Commission, Brussels, 1964, 32 pages free

An illustrated brochure on the work of the European Atomic Energy Community.

SUMMARY OF EURATOM SEVENTH GENERAL REPORT (March 1963-February 1964), Press Release of April 24, 1964, European Community Information Service, Washington Office, 9 pages (mimeographed) free

THE INSTITUTIONS OF THE EUROPEAN COMMUNITY, European Community Information Service, 1964 (reprint) free

A wall chart in color showing the functional relationship between the Executives, the European Parliament, the Councils of Ministers and the Court of Justice.

STATISTICAL INFORMATION, 1963, No. 4, Statistical Office of the European Communities, Brussels, 127 pages (French/German/Dutch/Italian/English) \$2.00

Contains the following articles in the languages indicated after the title with summaries in the four other languages shown above:

- SAMPLE SURVEY METHOD USED IN BELGIAN STATISTICS ON AGRICULTURAL MANPOWER (German)
- SHARE PRICE INDICES IN THE EEC COUNTRIES (French)
- YIELD ON FIXED INTEREST SECURITIES IN THE EEC COUNTRIES (French)
- THE STATISTICAL MEASUREMENT OF INDUSTRIAL CONCENTRATION (German)



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