JANUARY 1965 NO. 77

european community

COMMON MARKET • COAL AND STEEL COMMUNITY • EURATOM

COMMON PRICE DECISION STRENGTHENS COMMON MARKET

Kennedy Round, Economic Situation and Agriculture Were Major 1964 Issues

THE YEAR 1964 was a successful one for the European Community.

The grain-price decision of December 15 (see story page 6) was without doubt the most important event in the Community during the year.

In the agricultural sector, 1964 was marked not only by the continual discussions and final adoption of the Mansholt Plan, but also by detailed work enabling the farm policy machinery to be extended to three new product groups: beef and veal, dairy produce, and rice.

Common Farm Policy Extended

In February the Council of Ministers adopted a series of decisions giving formal shape to the agreements reached in the 1963 eve of Christmas "Marathon."

The February decisions established the basic regulations for beef and veal, dairy produce, and rice—thus bringing the proportion of Community farm production covered by the common policy to over 85 per cent.

At the same time, the Six approved a text enabling the financing machinery for the whole farm policy to come into operation.

With the basic texts approved, the Community needed the period from February to July to work out and approve the detailed implementation. After a last minute crisis at the end of July—arising over German imports of Tilsitt cheese from Denmark—the new regulations came into force on time: on September 1 for the rice market, and on November 1 for dairy products and for beef and veal.

Economic Difficulties Faced

The economic situation was in 1964 one of the Community's primary concerns. The development of the economies of the six countries began in 1963 to diverge appreciably, rapid growth in Germany contrasting with heavy inflationary pressures in Italy, France and the Netherlands. The Community was in a state of financial and economic disequilibrium. The six countries' reaction was not to withdraw into isolation but to close ranks and find a Community answer to their difficulties. On April 14, 1964, the EEC Council recommended to the governments of the member states a series of measures on the economic policy to be followed over the coming year. The recommendation's aim was to master the inflationary trends that could easily endanger the Community's competitive position on world markets.

Six months later EEC Commission Vice President Robert Marjolin was able to report that the member countries were faithfully observing the recommendations. This first step toward coordinating policy, not to satisfy a Treaty obligation but because the situation required it, was called by the Commission in its annual report "the birth certificate of a Community economic policy." However, the Community fight against inflation will continue in 1965.

Economic Policy Instruments Settled

During the same Council session a decision was taken for coordination of medium-term economic policies. Under it, all available data will be gathered about the way the Community economy can be expected to evolve over the coming years. A committee of national experts will advise the Commission and the Commission will make recommendations to the member governments. Governments and private enterprise will be enabled to base their decisions on knowledge of the future developments of the Community as a whole.

The Council also further extended and strengthened the existing machinery of consultation. It set up a Committee

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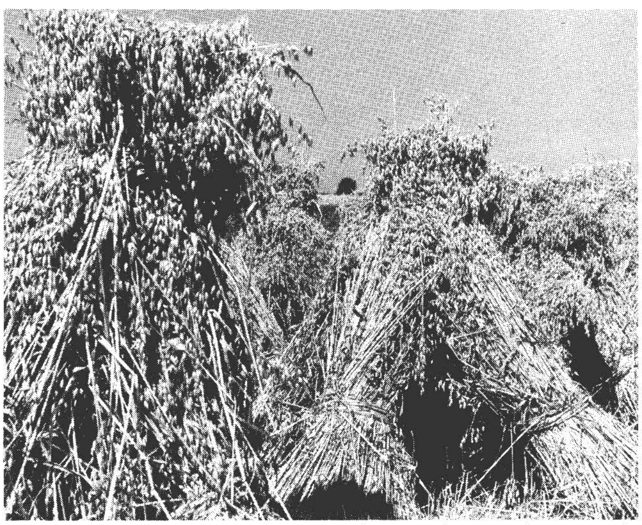
of Central Bank Governors and a Budgetary Policy Committee, and extended the responsibilities of the Monetary Committee, instructing it also to work out a formula for compulsory consultation on exchange-rate changes.

Following these decisions, the Commission itself edged forward the frontiers of Community cooperation in the economic field by its action over the Italian inflationary crisis. During April and May, according to Article 108 of the Treaty, the Commission advised the Italian government about the measures to take in order to reestablish Italian economic and monetary balance and Mr. Marjolin established a precedent by his consultations with the Italian cabinet.

A Good Start for the Kennedy Round

At the same time as it pressed on with its internal progress, the Community faced its commitments toward the rest of the world.



Grain price agreement: The December 15 decision for a single grain price was not only of great internal importance for the Community but should also facilitate undertaking of Kennedy Round agricultural negotiations.

The year 1964 saw the formal start in GATT of the Kennedy Round trade negotiation. Starting in the summer, a long and complex operation of consultation, ending in the mid-November Council of Ministers meeting, enabled the Commission to present on November 16 in Geneva the Community list of proposed exceptions from across-the-board-tariff-cutting. Other principal parties to the negotiation tabled their lists on the same day.

The Six were also present in 1964 at another international encounter: the United Nations Conference on Trade and Development also in Geneva.

On this occasion, the members of the Community took part individually. Despite the EEC Commission's efforts, little coordination of policies was achieved. The Community as such had the status of observer.

Meanwhile, 1964 brought rapid growth of the Community network of bilateral commitments or contacts. A trade agreement with Israel was signed in June, and association with Turkey came into force on December 1.

The Community continued negotiations with Lebanon and held exploratory talks with Algeria, Morocco and Tunisia. In addition, after long debate, the Council gave the EEC Commission a mandate to discuss with Spain the problems raised for this country by the creation of the Common Market.

For the Community's relations with Africa, 1964 was an important year. With the second Association Convention being applied, negotiations were opened with Nigeria, which is seeking a parallel association, and the Commission received a mandate to conduct similar talks with the East African Commonwealth countries (Kenya, Uganda and Tanganyka).

Lastly, the Council approved the principle of negotiating an arrangement with Austria, but for many subsequent months the Six were unable to agree on the directive the Commission should be given for the talks.

Workers' Rights Extended

The background to the major events was in 1964 the steady implementation of the Rome Treaty in a whole range of less dramatic fields. Last year saw, for instance, the extension of the fields in which workers are ensured equal rights throughout the Community. Work continued to advance on extending the free right of establishment and the right to supply services to new professions and groups.

A significant body of case law began to emerge as the Commission took its first series of decisions on the 36,000 agreements submitted to it under its anti-cartel legislation.

Finally, in October, in its document "Initiative 1964" (see "European Community," No. 75, 1964) the Commission proposed to the Council of Ministers rapid completion of the customs union; its proposals will come up for decision early in 1965 (see story page 8).

Decisions on the ways and means of merging the three Executives (Commissions of the EEC and Euratom; High Authority of the ECSC) will continue. The main problems still to be resolved are the strengthening of the role and powers of the Parliament—notably in budgetary matters—and the physical location of the Community institutions.

Common Market Reduces Internal Duties

In accordance with the provisions of the Treaty of Rome, a new 10 per cent reduction in customs duties on trade within the Common Market was made on January 1.

Customs duties on trade in industrial products within the Community were brought down—by this reduction—to 30 per cent of the base level of 1957.

Duties on most liberalized agricultural products moved to 50 per cent of 1957 levels. For other agricultural products, the reduction was to 45 per cent of 1957 levels.

Tariff reductions that the EEC member states accord each other are also applied to imports into the Community from the Associated African States and Madagascar.

The EEC Commission has proposed to the six member states that all internal duties be abolished by the end of 1966 (see "European Community" No. 75). In the event that such a decision is taken, the customs union between the Six will come into effect on January 1, 1967—three years in advance of the date set for the end of the Community's transition period.

ECSC IN 1964: FIRST EFFECTIVE STEPS TOWARD ENERGY POLICY

High Authority Wants to Keep Supranational Powers in Any Merger

FOR THE EUROPEAN COAL AND STEEL COMMUNITY, 1964 was dominated by the prospect of a merger of the three Community Executives, agreed in principle but still not definitely decided.

The High Authority repeatedly stressed the need to preserve the Community powers embodied in the ECSC Treaty—in particular the existing Parliamentary powers of control over the High Authority's budget—which it believes should be extended also to the other two Communities.

In the field of energy, the first effective steps toward a common policy were taken when the protocol agreement on energy was signed on April 21 in Luxembourg (see "European Community" No. 71, page 14). By this protocol the member governments committed themselves to framing and carrying out a common energy policy in the context of the merger of the three Community Treaties.

Meanwhile a progress report on the growth of energy demand showed that the 1961 estimates—which forecast that oil would equal coal in its share of the energy market in 1965—were on target.

Coal Subsidies Plan Proposed

The High Authority took the first step to translate the protocol into action on December 10 when it submitted to the Council of Ministers proposals for instituting a Community system of state-aids to the coal industry (see story page 9). It proposed measures, which cover the Common Market transitional period up to December 31, 1967, to help speed modernization and rationalization of the mines and ease integration in a general common market for energy.

With a provisional figure of 228.7 million metric tons, Community coal output in 1964 remained stable—the difference of 5 million tons as compared with 1963 (223.4 million tons) was almost wholly the result of the French miners' strike. Pithead stocks rose by over 5 million tons to reach an estimated end-of-year figure of 16.5 million tons. Productivity rose to approximately 2.35 metric tons per man shift by the end of the year, compared with an average output of 2.27 tons in 1963. The proportion of total output mined mechanically reached 67 per cent in 1964, some 6 per cent higher than the year before; this proportion is expected to rise by a further 5 per cent in 1965.

Steel Demand Higher than Consumption

It was a record year for Community steel. Total crude steel output for the year was estimated as 82.5 million tons, against a stable output ranging from 72 to 73.5 million tons, over the previous four years. Order books were full at the end of the year, and approximately 89.5 per cent of total capacity was being used. Demand in the Community was however higher than real consumption, and the High Authority urged caution on the steel producers to lessen the impact of a probable reduction in demand in the coming months.

The long term structural problem of an over-capacity of 67 million tons per annum in the world steel industry remained a matter of concern. At the beginning of the year the severe drop in steel prices on the Community market resulting from low-priced imports had led the High Authority to recommend a temporary increase to an average of 9 per cent in Community duties on steel imports. The High Authority also banned price alignments on imports from the Eastern Bloc and imposed quotas on these imports.

To examine the developments of new uses for steel, in the face of the dangers of world over-capacity and increasing competition from other materials such as concrete, plastics and aluminum, the High Authority organized an international congress in Luxembourg from October 28 to 30, attended by over a thousand experts from all over the world.

Investments Encouraged

Although 1963 was a record year for investments in the ECSC steel industry, the depressed state of the market brought new projects to the lowest level for 10 years. In 1964 to help increase the general level of investments, the High Authority raised a record amount of investment finance, totalling $127.8 million. The largest of these loans, for $30 million, was raised in 10 European countries, and the remainder on the national capital markets of the Six; they included the first public international loan raised on the French market since the end of the war. These loans were re-invested in the coal and steel industries of the Community in key projects promoting higher productivity.

Coal and Steel in GATT

After frequent consultations with the GATT partners, it was decided that both steel and coal would be included

Steel-welding in Luxembourg: This steelworker in the ARBED *factory at Esch-sur-Alzette prepares steel for commercial use.*

in the Kennedy Round and would be subject to full linear cuts. A negotiating tariff of 14 per cent was adopted for steel—this being the figure agreed to by the GATT under the waiver setting up the ECSC. Coal would participate on the basis of existing tariffs, mostly zero tariffs with the important exception of Germany where there is a 20 DM ($5) duty. The High Authority is acting as spokesman for the Six on coal and steel during the negotiations.

60,000 Workers' Houses Completed

Requests for readaptation (re-training and re-settlement) were lower in 1964 than the year before covering nearly 9,500 workers, over 7,500 of them coal miners. Readaptation aid was concentrated largely in Germany, reflecting continuing rationalization in the coal and steel industries there as well as closure of iron-mines.

Alongside direct assistance to redundant workers, the High Authority increased its efforts to help provide new jobs in the regions hardest hit by the changes in the Community's coal and steel industries. During the year it granted loans worth $19.2 million to help work on seven major development projects in regions where substantial numbers of miners had been laid-off.

The 60,000th workers' house built under the construction programs sponsored and part-financed by the High Authority was completed during 1964 at Genoa. By mid-October a total of 61,044 homes had been completed for workers in the Community's coal and steel industries, and present plans provide for rapid completion of further houses to bring the total to 85,000.

Miners' Charter in Sight

Prospects for agreement on the European Miners' Charter —intended to codify social advantages for coalminers— were improved by the signature of the protocol on a common energy policy. The introduction of a Community system of state aids for coal, as proposed by the High Authority, would bring increased security to the coal industry and thus make the Charter more feasible. High Authority President Dino Del Bo spoke in July at a mass rally of miners in favor of the Charter and has since affirmed the High Authority's support for further negotiations on it once the proposals for state aid have been accepted.

ATOMIC POWER REACHES INDUSTRIAL STAGE

For Euratom: A Year of European and Atlantic Cooperation

THE YEAR 1964 may well turn out to be the year in which nuclear power "arrived."

Electricity-producing concerns in the United States and elsewhere turned on an increasing scale to atomic energy on economic and commerical grounds, and the transition from the phase of pure research and experiment to the industrial stage of development was speeded up.

Evidence of the new trend was provided in the papers given by speakers from many countries at the Conference on the Peaceful Uses of Atomic Energy held in Geneva in September.

In the Community, the plans announced during 1964 for new nuclear power stations also point to a major upturn in interest in atomic energy. France will begin construction of one new 500-MWe power station each year during the period 1965-69, while in Germany work on two full-scale nuclear power projects began during 1964 and plans for others have been announced. By 1967, the Euratom Commission expects that around 2,700 MWe of capacity will have been installed in the Community, and that thereafter installed capacity is likely to double roughly every three years.

Commission View on Research Established

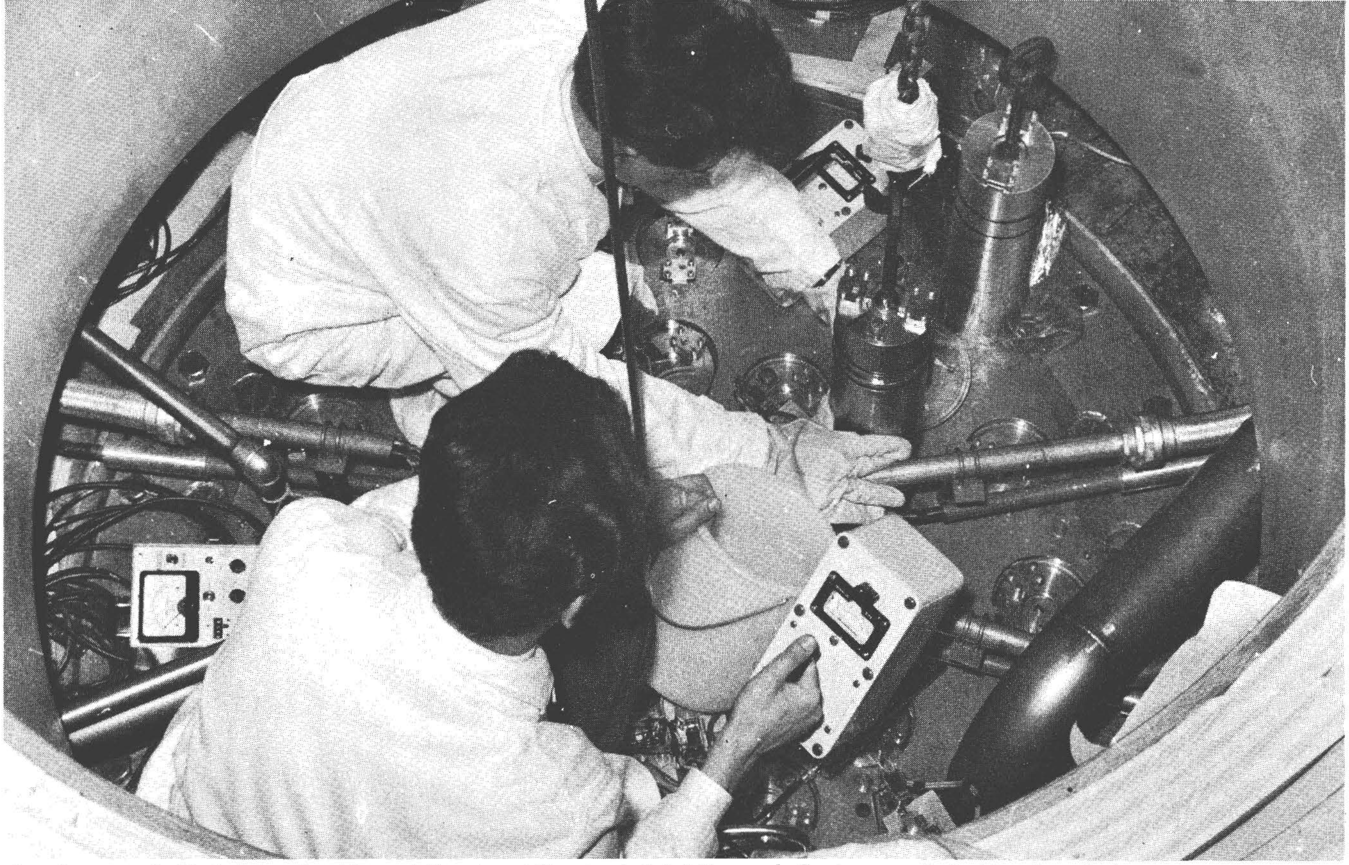
The transition to the "industrial stage" of nuclear energy was one of the factors behind the decision to give a new look to the Euratom 1963-67 research program. Another was the need to take account of the effects of inflation since the program was fixed in July 1962: this has had a severe impact both on the purchase of equipment for the research establishments and on construction costs. The future direction of Euratom research preoccupied the Commission throughout the year; between July and December, the Council of Ministers devoted five meetings to agreeing on a Community view of priorities.

By the end of the year full agreement had not yet been reached on all aspects of the program; but all the member countries had accepted without reserve the Commission's view that the fields of research, most in need of combined Community action, are the *Orgel* project (for an advanced type of heavy water reactor consuming natural uranium as fuel), fast breeder reactors, and the harnessing of thermonuclear fusion. *Orgel* represents Euratom's main contribution to the development of the advanced reactors which will tide the Community over the intermediate period from 1970 onwards until fast breeders are ready for construction on an industrial scale (probably in the 1980's). Few experts foresee the taming of fusion power until after the turn of the century.

Agreement with USAEC

In May Euratom signed a far-reaching and comprehensive agreement with the United States Atomic Energy Commission (USAEC) for cooperation in the development of fast reactors; the two sides undertook to exchange information resulting from each other's research. The USAEC also undertook to sell plutonium (350 kg) and lease enriched uranium for the Euratom program (see "European Community" No. 72, page 9). A contract covering the uranium lease was signed in November.

Earlier in the year Euratom, under its association contract with the German Gesellschaft für Kernenergie, became a partner in the construction of the American SEFOR group's fast reactor project at Fayetteville, Arkansas. With each side contributing roughly $200 million to fast-reactor



Atomic research: Technicians load Ispra-1 Reactor at Euratom's Joint Research Center, near Lake Maggiore, Italy.

research over a five-year period, this cooperation is regarded as a model of Atlantic partnership in the nuclear field.

'Pebble-bed' Reactor Progresses

An association contract with the German Brown-Boveri/Krupp group and the Kernforschungsanlage (atomic research center) was signed by Euratom in May at Jülich in Northern Germany for Euratom participation in a $20 million program to develop the 'pebble bed' reactor concept. This is a sister project to the European Nuclear Energy Agency (ENEA) *Dragon* at Winfrith Heath, Dorset, England; one of the points in common is the use of thorium as well as enriched uranium in the fuel charge. *Dragon* itself 'went critical' in August, was inaugurated at a ceremony in October, and will be operating at full power in 1965. Like *Orgel,* both these reactor concepts hold great promise for the 1970's.

Nuclear Ship Launched

Another milestone was the signature in July of an association contract with the German Gesellschaft für Kernenergieverwertung in Schiffbau and Schiffahrt (GKSS) group on Euratom participation in the construction and sea trials of Europe's first nuclear-powered ship, the *Otto Hahn* which was launched in July. In return for a $4 million grant towards the cost of the nuclear equipment, the Commission is seconding staff to the project and will reserve and distribute to interested parties information on construction and operational problems. Work is also proceeding on ship-propulsion studies under three other projects (see *"European Community,"* No. 74, page 10).

U.K. Plutonium Supply Agreement

During 1964 the Supply Agency concluded a second contract with the United Kingdom Atomic Energy Authority for a 45 kg consignment of plutonium destined for the *Rapsodie* experiment at Cadarache and a first use of a plutonium-enriched fuel in the Community power reactors (the BR3 pilot reactor at Mol, Belgium).

A number of *ad hoc* conferences were held during the year, at which members of the Commission and experts met national experts working in a given field—with insurance experts at Arnhem in May to discuss problems of nuclear insurance; with industrialists, also in May, on the progress of Euratom's five power reactor participation contracts and at Venice in August on marked molecules. In September the Commission helped organize a conference with the USAEC on nuclear science information.

In September Robert Margulies, of the German Federal Republic, joined the Euratom Commission in place of Dr. Heinz Krekeler who had resigned the previous January.

Euratom Adopts Research Budget

The Council of Ministers adopted the draft research and investment budget of the Euratom Commission for the financial year 1965 during its December 12 meeting.

The decision was carried by a qualified majority (the Italian delegation not voting), and was made on the initiative of the Commission. It had asked the permanent representatives of the member states to resume examination of the 1965 budget in order to break the deadlock which developed during the most recent sessions of the Euratom Council of Ministers.

The 1965 budget provides appropriations of $76,696,000 and authorizations of $85,000,000. By this decision Euratom has been provided with the necessary working technical resources for 1965. The Council has stated that it will come to an agreement on the reorganization of the second five-year research plan before 1 April 1965 and make provision for a supplementary 1965 budget as a result of this reorganization.

COMMUNITY ADOPTS COMMON GRAIN PRICE

Decision Cements Economic Europe, Aids Kennedy Round

THE COUNCIL OF MINISTERS of the European Economic Community agreed on December 15 in Brussels on a common Community target price for grains.

The common grain price will be applied in the six Common Market member states no later than July 1, 1967.

The agreement marks the first time that a group of states have combined their national agricultural policies under a single common-price system. It also creates the most important agricultural trading area in the world.

"This success cannot be overemphasized," EEC Commission President Walter Hallstein said, following the agreement. "It is difficult to find, throughout the history of the EEC, an event of such importance."

Agreement Follows Commission Proposals

The Council of Ministers accepted the basic price proposals (the Mansholt Plan) made by the Commission in November 1963. The target price for soft wheat is set at $106.25 per metric ton (2200 lbs.). The current German price—highest in the Community—is $118.90. The French price—lowest in the Community—is $100.20.

The price set for rye is $93.75; the hard wheat price is $125. Both prices are at the level proposed in the Mansholt Plan.

Early arrivals: Maurice Couve de Murville (left), French foreign minister, and Walter Hallstein, EEC Commission President, confer before the grain-price marathon starts.

Target prices for barley and corn are lower than originally proposed by the Commission. The barley target price is $91.25; the price for corn is $90.63. These reductions were requested by the Italian government, which imports a large part of its feed grain supply. Italy was also authorized to lower its levy on barley and corn imports arriving by ship from non-member states by $7.50 per metric ton until the 1971/72 season. The levy may be reduced an additional amount, averaging $2.50 per metric ton, through the 1969/70 season on barley and corn imports from non-members into Italy.

The Commission proposals for compensatory payments to German, Italian, and Luxembourg farmers suffering losses of farm income were adopted by the Council. These digressive payments will be made over the three seasons 1967/70 and will be entirely phased out by the end of the 1969/70 season. Germany is to receive $280 million, Italy $131 million and Luxembourg $2.5 million. All six member states will contribute to these compensatory payments.

Agreement was also reached on financing the Community's Agricultural Guidance and Guarantee Fund, which will provide support payments and aid toward efficient farm production.

The Council of Ministers may only change the target price levels on the basis of a Commission proposal prior to July 1, 1966. The Rome Treaty provides that after January 1, 1966 no single member state may veto the adoption of a Commission proposal.

Grain Price Is Key Element of Farm Policy

The adoption of the common grain price makes possible the creation of a common price for conversion farm products by July 1, 1967. Free intra-Community trade and single prices will be established for pork, poultry and eggs. The grain price level will also be vital to the price levels for dairy products, beef and veal and rice.

The target prices set for grain and other farm products are used for calculating support and minimum import prices. For example the minimum import price for soft wheat would be $105 per metric ton according to the Mansholt Plan.

The utilization of common farm prices on July 1, 1967 will mean the full establishment of a common farm policy three years ahead of the schedule provided in the Rome Treaty.

Grain Decision Vital to Kennedy Round

The adoption of the grain price will enable the Community to negotiate on both agricultural and industrial products in the Kennedy Round of trade negotiations now in progress. The Commission proposed in November 1963 a negotiating plan for agriculture in the Kennedy Round closely tied to its price proposals. The EEC plan calls for all Kennedy Round participants to bind the amount or "margin" of

Pre-decision conference: (left to right) EEC Commission Vice President Sicco Mansholt, German Economics Minister Kurt Schmuecker, Commission President Walter Hallstein, and Commission Vice President Robert Marjolin, partly hidden.

Four a.m.: Members of the EEC Commission await the Council's final grain-price discussion.

support they provide for farm production.

The EEC Commission, which negotiates on behalf of the six member states, considers that the binding of the Community's support margin would be an important trade concession. It would curtail the scope of the EEC levy system in the future and would, as a result, curb the tendency of its output to expand. Such increased output will be due to greater productivity rather than the placing of more arable land under cultivation.

The common grain price and other farm prices to be based on it will indicate the margin of support the Community provides to its farmers. The Community proposals for agricultural negotiations in the Kennedy Round deal only with the amount of support rather than the kinds of support given. They stress the overall effect of all measures; each participant would be free to choose the methods of support it prefers.

The Community has also proposed that the Kennedy Round participants should conclude world agreements for the most important farm products in international trade. The agreements would cover products for which a permanent imbalance between supply and demand exists.

Mansholt Hails Agreement

EEC Commission Vice President Sicco Mansholt, principal author of the price system adopted, hailed December 15, the day on which the six countries agreed on a single grain price, as a "day of triumph for Europe."

Vice President Mansholt declared that "December 15, 1964 will be a milestone not only in the history of the Common Agricultural Policy, but also in the whole development of the European Economic Community."

The remainder of Vice President Mansholt's statement follows:

"In our countries agricultural policy has long been one of the most sensitive areas of policy: it has perforce been a 'national' field in which each country has sought to solve its own problems regardless of those facing its neighbors. Although in the last two years we had succeeded in building up a Community structure for the organization of the agricultural markets, the keystone was still lacking: a common agricultural policy based on a Community price policy.

"On 15 December the governments of the member countries burned the individual boats in which they could have

sailed home to the harbors of national agricultural policy. Henceforth, there is only a common policy, a policy of European solidarity.

"Those who still think in purely national terms have asked us which country will get most out of the decision taken at the last agricultural 'Marathon'. The question is ill-conceived. December 15 was the day of triumph for Europe.

"For the first time in the history of our continent, supranational solutions have been found to national agricultural problems. And this means that our Community is now more than ever a reality on which there is no turning back. But it would be a mistake to dwell too long on the past. Let us move on, and ask rather what we still have to do.

Agreement reached, 5:15 a.m.: Shown at news conference in Brussels following decision on a single schedule of grain prices are, from left, President Hallstein, Minister Schmuecker and Vice President Mansholt.

Decisions on Farm Policy Scheduled in 1965

"Inside the Community, the common agricultural policy must be molded into its final form. The most immediate problems are those involved in working out a Community price policy for beef and veal, for milk and milk products. Other sectors will be dealt with later. In 1965 we will also have to take important decisions on how the Community intends to finance the common agricultural policy. Finally, progress must be made in shaping our policy on the structure of agriculture and our social policy in this sphere, for these are two essential elements in overall agricultural policy.

"Not all these problems will be easily dealt with, but we shall certainly resolve them. We are over the most difficult hurdle. That is the outcome of our recent agreement.

"In its dealings with non-member countries the Community must prove that it is aware of its world responsibilities. Henceforth it is in a position to embark, properly equipped, on the agricultural negotiations in the Kennedy Round. At the same time it is becoming a magnet which attracts other European countries.

"Our Community, then, must remain open to all who wish to join us, and it is our duty to build up increasingly fruitful relations with all non-member countries which wish to cooperate in establishing economic and social equilibrium in the world."

EEC COUNCIL TO DISCUSS 'INITIATIVE 64' IN JANUARY

THE EEC COUNCIL OF MINISTERS will meet at the end of January to deal with some of the Community's major, pending problems.

At the end of 1964 the Community's efforts were concentrated on the search for settlement of the grain-price issue (see page 6). Consequently, some important questions scheduled to be dealt with in 1964 were postponed.

Among the problems to be discussed at the January Council meeting is the merger of the Community Executives (EEC and Euratom Commissions, ECSC High Authority). The question was last dealt with during the Council meeting of December 1, when the ministers decided that discussion on the location of the Community institutions should be taken up again on the basis of Luxembourg proposals.

The proposals of the EEC Commission to hasten removal of intra-Community trade barriers and the completion of the common external tariff ("Initiative 64"), presented on October 2 to the member states, will also probably be discussed in the January meeting.

On November 10, the ministers charged the Permanent Representatives (of the six member countries to the Community) to examine at earliest opportunity:

- Initiative 64 (see "European Community" no. 75);
- German Proposals toward political unity (see "European Community" no. 76);
- Italian proposals for the organization of a yearly debate to frame the action program of the Council;
- Italian proposals toward political unity made in February 1964.

The German proposals for advancing European unity were made public on November 6. The proposals include a first part for cooperation in the field of foreign policy, defense and cultural affairs and a second part concerning the speed-up of the customs union.

A yearly debate to determine the action program of the Council was proposed by the Italian representative in the Council meeting of November 10.

Agricultural Agenda Full

The next months' schedule will be particularly full in the field of agricultural policy.

The following decisions are pending:

- Adoption of common prices for beef, veal, milk and milk products (France has proposed the adoption of these prices before February 15);
- Complex decisions on financing of the common agricultural policy (France has proposed the adoption of the financial regulations before May 1);
- Decisions for implementation of fruit and vegetables regulations (French-proposed target-date: February 28);
- Common organization of the sugar market (French-proposed target-date: June 1);
- Progress toward shaping Community policy on the structure of agriculture and social policy.

ECSC DECIDES AID SYSTEM FOR COAL

Ministers Favor High Authority Proposals

THE COAL AND STEEL COMMUNITY has decided to apply a system of aid to the coal industry of its member countries.

Meeting in Luxembourg on December 10, the ECSC Council of Ministers reached "agreement in principle" on proposals put forward by the High Authority for a Community system to cover subsidies to the coal industry.

The proposals cover three main categories of subsidy. The first—aid through social-security—must simply be made known to the High Authority. If the latter should conclude that the form of aid is such as to distort conditions of competition, it can address a binding recommendation to the government concerned.

The second category covers subsidies concerned with rationalization, whether by reorganization or by closing pits. Such subsidies would require authorization by the High Authority after consultation with the Council. In the case of pit closures, whether total or partial, aid could be given only for strictly defined purposes, such as exceptional charges for advance retirement of miners, speeding up reductions in the labor force, safety measures underground, and residual fiscal charges. Aids for rationalization through reorganization—through concentration or mergers, for example—could only be authorized subject to guarantees of a major increase in productivity and the possibility of continuing exploitation of the pits concerned for three years, with reserves available for 20 years at least. The High Authority could also authorize subsidies for recruitment, training and adaptation of personnel. This is considered of major importance in view of the revolution in techniques for modernization of coal extraction.

The third category of subsidies covers cases of exceptional difficulties where special temporary help is needed. Unanimous approval by the Council would be required, as well as the High Authority's authorization. This aid would be authorized for one year only, with the possibility of extension.

Regular control by the High Authority would ensure that the conditions it attached to aid to the coal industry were respected.

The proposals will now be examined in detail by the Special Committee of Government Energy Experts under the High Authority's chairmanship, and the Committee will draw up a final draft for submission to the Council at its next meeting on February 4.

Measures to Make Coal Competitive

The new proposals are the first step toward applying the Protocol on Energy Policy signed on April 21 last year. They cover an interim period only ending December 31, 1967, by which time a common energy policy covering all forms of energy in the Community should have been drawn up. In the meantime the proposals are intended to ease the application of measures to make Community coal more competitive with other forms of energy, and to make sure that this is done as part of a common, Community-wide system.

As subsidies are expressly forbidden by the Treaty, the High Authority has put forward its proposals under Treaty Article 95, which has already been used for "cases not provided for in the Treaty." Any proposals put forward under this article require unanimous approval by the Council, as well as consultation with the Consultative Committee, representing the Community's workers, consumers and producers; the latter have already endorsed the subsidy proposals.

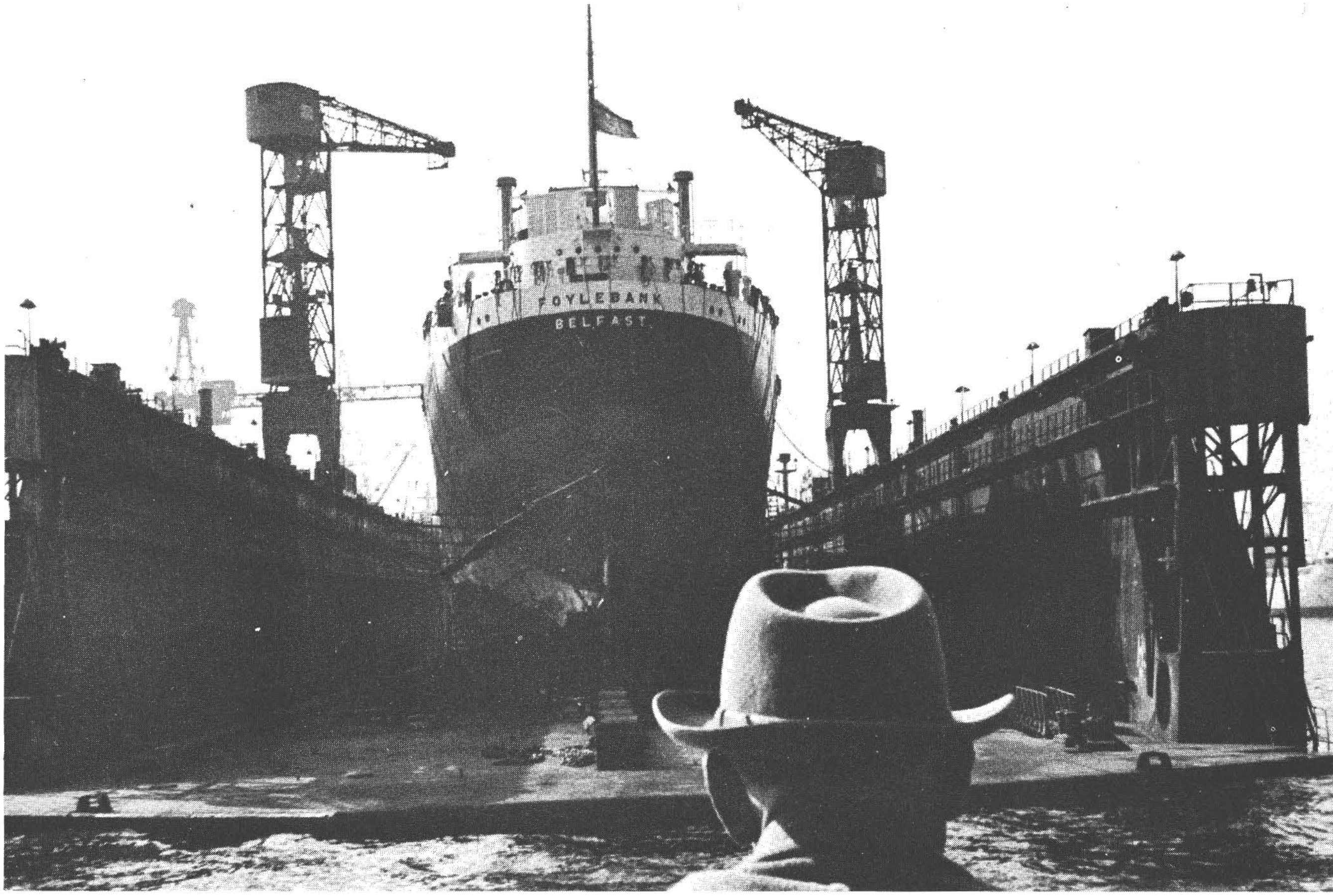
Changing Patterns in Energy

The new policy involved in the proposals has been made necessary by the radical changes which have occurred in the Community's energy supply position. In 1950, when the ECSC Treaty was being negotiated, coal provided 74 per cent of total power needs; in 1964 this proportion had dropped to about 43 per cent, and after 1970 coal is expected to provide only 30 per cent. Growing energy demand is being met increasingly from other sources and in particular from oil, almost all of which is imported. From being virtually self-sufficient in energy, the Community has thus come to depend increasingly on imports: in 1964 an estimated 45.5 per cent of total consumption was provided by imported fuels, and this proportion is certain to increase.

These changes only seriously affected the coal industry from 1958. Until that time coal was in short supply, but then in the course of two years while over-all energy demand continued to rise, coal consumption dropped by 13 per cent and coal stocks rose to nearly double their normal size. Remedial action took the form of protection of coal by national governments against imported energy and a special program of pit closures in Belgium carried out with the support of the High Authority. Improved demand and much higher productivity (up 53 per cent in Germany and 44 per cent in Belgium between 1958 and 1963) has eased the situation, but it has been calculated even so that by 1975 only half the actual coal output of the Community could be maintained if coal were to be deprived of all protection and subsidies.

Such a radical change in the energy market was not foreseen by the ECSC Treaty, drawn up in the circumstances of acute shortage which prevailed in 1950. The major concern then was to ensure fair competition free of national discrimination, between the coal producers who dominated the energy market. The Treaty applied to coal strict rules of competition—including the requirement to publish prices—to which other sources of energy were not subject. It banned subsidies to the industries covered by the Treaty, and at the same time left foreign trade and fiscal policy largely in the hands of the six governments.

Thus coal's competitive position became weaker and weaker. With subsidies forbidden under the Treaty, governments have used import duties, fuel oil taxes and other measures—varying from one country to another—to protect the coal industry. In certain cases even subsidies have been allowed. For example, in accordance with Article 95 of the Treaty, the High Authority in 1958 authorized aid toward the costs of stock-piling; and in 1959, under the same article, it provided special funds for Belgian miners working on short-time.



COMMUNITY SHIPBUILDING INDUSTRY FACES COMPETITIVE CRISIS

THE EEC COMMISSION is attempting to find a common shipbuilding policy and to coordinate the separate efforts of the member states to better the shipbuilding industry's competitive position.

Market saturation and growth of efficient new capacity in such countries as Japan has caused a crisis in the Community shipbuilding industry, according to a recent Common Market publication, *"L'Industrie de la Construction Navale dans les Pays de la C.E.E."*

The crisis in the Community shipbuilding industries has the same origin as the difficulties which the industries of Great Britain and the United States have also been facing for some years, the study says. The boom of the immediate postwar years, which saw a heavy demand for ships to replace war losses and to meet the needs of expanding world trade, ended some years ago.

The growing industrial power of such countries as India, Brazil, Spain, Poland and Yugoslavia has enabled ship owners in those countries to seek suppliers other than the traditional European shipbuilders, the report says.

The study points out that this trend has frequently been encouraged by national shipping policies. Japan has concentrated its postwar energies on obtaining a major proportion of the world market in ships. Including orders on hand, Japan is currently building 40 per cent of the world tonnage. Technical advances, such as larger and faster vessels, and faster turn-around resulting from improved cargo handling facilities, have also reduced the demand for ships, the report says.

Orders on hand and ships under construction have fallen off faster than actual launchings due to the relatively long time between placing an order for a vessel and its launching, and even a longer period before its entry into seagoing service. Consequently, the report says, the decline in world launchings from 1959 was signaled two years earlier when orders began to fall off.

(A new committee of experts from the member countries met for the first time October 8 to prepare a common shipbuilding policy and to coordinate a Community viewpoint for the world shipping conference held in November by the Organization for Economic Cooperation and Development.

The committee agreed that some form of public aid would still be necessary for the Community shipbuilding industry, taking into account the competitive position in the world market. The experts also began studying the various cost components of the Community's shipbuilding industry to determine the industry's actual needs. Commission draft proposals explored the possibility of some member countries continuing their own forms of aid for an interim period while also introducing any Community aids that might be recommended.)

Orders Decrease

On June 1, 1957, the report points out the world's order book for shipping reached a peak of 35 million metric tons, of which 13.3 million metric tons were placed with Community shipbuilders. The world's orders had slumped by June 1963 to 17.7 million metric tons, including the Community total of 4.6 million metric tons. The last figure represents only about two years' orders and work on hand at the recent reduced rates of launching. The reduced rates of launching are due to the limitation of some shipyards' building activities or their complete closure.

As the relative importance of the Community shipbuilding industry has declined, the proportion of the world merchant fleet flying Community flags also has decreased. In 1939, 14 million gross metric tons of shipping were registered with Community countries (22 per cent of the world total). The 1963 Community fleet, nearly 22 million metric tons, represented less than 17 per cent of the world fleet, which had doubled in size to 130 million metric tons in the intervening quarter century. The British merchant fleet declined over the same years from 27½ per cent to 17 per cent as a proportion of the world total.

Despite the growth of shipbuilding in Asia, Latin America and elsewhere, the Community has remained a net exporter of ships, providing one-third of world shipping sales. But in 1963, Japan, for the first time, exported more vessels than all the Community countries combined. In recent years, the Community's best customers have been members of the European Free Trade Association (EFTA), including Great Britain, which became a net importer of ships in 1959 and later.

Sales and Purchases by Member Countries of New Vessels

(in gross metric tons)	*Exports*	*Imports*
1950	117,000	129,000
1958	1,463,000	88,000
1960	1,248,000	9,000
1961	1,017,000	79,000
1962	1,230,000	54,000
1963	1,229,000	32,000

Considering trade in second-hand ships, the Community showed a net export balance of $297 million in 1958; $468 million in 1960; $439 million in 1961; and $327 million in 1962.

Germany and the Netherlands are the Community's principal ship-exporting countries. Germany accounts for more than half the net export value and the Netherlands for an additional 20 per cent.

Flexibility Proves Advantageous

The structure of the Community's industry varies appreciably from country to country. In Germany and the Netherlands, the leading shipbuilding companies also do some three-quarters of the ship repair work in those countries. The division of labor in Italy and France is greater with repair work normally done by specialized companies. German and Dutch yards have an additional advantage over their Italian and French counterparts, the report pointed out, in being less specialized in the types of vessels they construct. This flexibility has been a particular advantage in recent years when orders for new vessels have been scarce. However, the recent condition of the market has not profoundly affected the degree of specialization or of concentration, the report said.

An equal degree of concentration exists in most of the Community countries, comparable to the British shipbuilding industry. In both Germany and France, six leading companies account for 75 per cent of national tonnage output, and seven companies produce a similar proportion in the Netherlands. In Italy, 75 per cent of national output comes from three state-owned concerns. Including the 30 per cent of German tonnage built by nationalized undertakings, firms in Italy account for the 30 per cent of Community shipping tonnage produced by publicly-owned enterprises.

Investment in the Community shipbuilding industry of $460 million in the period 1958-63 represented 0.8 per cent of the total gross capital formation of the member countries during those years. Only in the Netherlands did investment at 3.3 per cent of the national gross capital formation differ appreciably from the Community mean.

The Netherlands alone escaped reducing its shipbuilding manpower appreciably in recent years. In 1963, total Community employment in shipbuilding was 162,000 or 15 per cent less than in 1957, while total industry employment (including repairs) was just over 250,000. Trimming the labor force has proved especially difficult in France and Italy, where shipbuilding centers have offered little alternative employment. The problem has been met mostly by turning shipyards over to repair work and partly by introducing boilermaking and other engineering work.

Manpower costs in the shipbuilding industry are among the highest in the Community, particularly in Belgium and the Netherlands.

Only France and Italy give direct subsidies to their shipbuilding industries, though Germany grants its shipbuilders credits at reduced interest rates, and now plans direct subsidies as well.

Commission Rules on Subsidies

The Common Market Commission has considered whether or not the subsidies infringe the Rome Treaty. It found that the Italian subsidies were compatible with the Treaty, considering the social problems of the Italian shipbuilding industry. It permitted their continuation until 1964, provided that a program of shipyard reorganization had taken place by that time. At present, the Italian government plans to introduce aid of another $33 million in its 1965 budget, but will submit its proposals to the Commission before then.

The Commission has suggested that the French subsidies should be progressively reduced as customs duties were lowered according to the Common Market program. These aids have also been limited to a total of 400,000 gross metric tons of shipping a year to encourage the conversion of shipyards to other activities.

The present incidence of these aids on the value of contracts is estimated at 14 per cent in Italy and 16 per cent in France, the report said.

In Germany, low interest loans (at about 1 per cent under market rate) have been available to shipbuilders since 1962. Now the Federal government plans to introduce subsidies of up to $9 million for shipping and new building.

Deliveries of new ships are considered by most Commission countries as exports (regardless of the owners' nationality), the report said, and thus exempted from turnover tax. Various other tax advantages are also granted, especially in Italy.

The Commission seeks to construct a uniform Community system from this varied collection of subsidies and other inducements to shipbuilders and shipowners (which, incidentally, are paralleled to a greater or lesser degree in almost every country in the world). At the same time, the Commission encourages the rationalization of Community shipyards to ensure concentration of industry into the most efficient units and thus compete in the world market.

JOHNSON, HALLSTEIN REAFFIRM ATLANTIC PARTNERSHIP

President Johnson In Washington

President Hallstein in London

Following are excerpts from President Johnson's December 3 speech ("The Atlantic Community: Common Hopes and Objectives") at Georgetown University in Washington.

FOR ALMOST THE FIRST TIME, the interdependence of nations is not a remote goal or a ringing slogan. It is a fact which we neglect at our own peril. . . .

Nowhere is this more true than in our relations with the nations of Western Europe. Since World War II, we have sought a Europe growing in intimacy and unity with America. If we look beyond the clamor of daily reports and the voluble doubts of skeptics, we can see that this effort has been the greatest success story in the history of the West. Because from desolation has come abundance. From division has come a degree of unity not achieved in a thousand years or more. From weakness and vulnerability have come stability within and increased security from without. From the ashes of holocaust has emerged the second strongest industrial civilization in the history of the world.

So this is the triumph of the people of Europe, and it is a tribute to the generosity of America. But most of all it stems from those men of vision who saw that the interests of their own people lay in increased unity and in partnership with the United States of America.

It was perhaps fortunate that the greatest threat came when the memory of past failures was still fresh. Out of the common experience of disaster and the on-rush of new danger came the course that we have charted. So we must not now let success and prosperity strengthen the forces of inertia, or dull the sense of urgency.

Our very success opens the door to the revival of the ancient rivalries which have so often torn the fabric of our society. We are not joined together by expedience or convenience in pursuit of temporary goals. European unity and Atlantic partnership are based on deeply shared values and dangers, and interests, and the wise pursuit of the interest of each will strengthen the connection among all our nations.

The United States has no policy for the people of Europe, but we do have a policy toward the people of Europe. And we do have common hopes and common objectives shared

(continued on page 17)

Here are excerpts from EEC Commission President Walter Hallstein's December 4 address ("False Problems in Relation to the EEC") at Chatham House in London.

. . . IS THERE A HEGEMONY within the Community, or does it rest upon a balance of power?

The question dates from the pre-Community stage of European politics. It belongs to the days of the European system of nation-states, that precarious balance of power between strictly sovereign states with exclusive control over their internal affairs and total resource. . . .

In the European Community, the concepts on which this view of the world is based have lost their reality. The idea of integration has dissolved them. In place of the ever-changing pattern of coalitions and alliances depending upon the shifting interests of states, we now have an institutional order which is the expression of a unity designed to last. The Economic Community is a new corporate entity, a new personality in international law and international politics. It grows out of the fusion of markets and—much more important—out of the amalgamation of economic and social policies. All government influence on market operations in particular and on economic and social matters generally in the member states is merged. It has been put into the hands of Community institutions. The Community order is so designed as to maintain the equilibrium agreed to in the Treaty of Rome, and hegemoney is thus excluded.

'Little' or 'Great' Europe?

. . . In the eyes of many observers the problem of European integration can be reduced to a choice between "greater" and "little" Europe.

This is wrongly put, if only because the two are by no means mutually exclusive. Our practical experience has shown that the two Europes are complementary and indeed depend on one another. It was only the success of the Common Market that led to the foundation of EFTA, and then to the dialogue on the accession or association of European neighbors, and finally in the pending GATT negotiations, to new opportunities for the EEC and its European partners to move close together in economic matters.

(continued on page 17)

COMECON FACES CHANGE

The "disorganization of Comecon," the Soviet bloc's economic coordination body, was one of the accusations made by his successors against Nikita Khrushchev.

How far new Soviet leadership is ready to accept the looser relationships in Eastern Europe which resulted from Mr. Khrushchev's "false policies" is not yet clear. But the indications are that any retightening of the bonds within the Soviet bloc would be unwelcome to the small countries.

Eastern Europe has changed radically in recent years, economically as well as politically. Its countries are no longer the peasant societies which most of them predominantly were a generation ago. Their industrialization has been making giant strides. Josef Danubius, an Austrian writer, describes the current condition of Comecon and recent industrial developments in Poland, Czechoslovakia, Hungary, Rumania and Bulgaria.

by JOSEF DANUBIUS

COMECON—the Council of Mutual Economic Cooperation—was set up in 1948 to counteract the pull of the Marshall Plan upon the Eastern European countries. Initially it included Poland, Czechoslovakia, Hungary, Rumania and Bulgaria; later these countries were joined by the Soviet Union, the Soviet-occupied zone of Germany, and Albania. The last has now again been excluded.

Comecon's first job was to repair war damage and reconstruct the national economies with substantially smaller funds than those of the Marshall Plan. Its second was to promote economic cooperation between its members. Yet it was not until 1964 that a multilateral currency-clearing arrangement (the International Bank for Economic Cooperation) was introduced to facilitate this cooperation.

Only after the death of Stalin did Comecon begin to show any real signs of integration. The member states' plans were coordinated as far as possible, with their focus on alignment with the Soviet production program. The aim became to organize gradually, by extensive standardization and specialization, the international division of labor within the Eastern bloc, instead of the Stalinist policy of discouraging direct relationships between the individual Eastern European countries and concentrating on their bilateral links with Moscow.

The Hungarian uprising and the Polish bid for independence in 1956 ended another Stalinist bond: the export to Russia of Eastern European products at prices far below those prevailing in world markets. Even so, the remodeled 1957 export price scale is a great handicap to the free flow of trade in Eastern Europe, for export prices cannot be treated entirely in isolation from "capitalist" world markets nor, now, from transport and production costs.

Economic Planning Coordination Sought

One respect in which Comecon has contributed to integration in the last few years has been the progressive transition from short to long-term trade agreements, and the coordination of the national economic planning systems with a global program looking 15 to 20 years ahead. Under the new articles of Comecon conferring upon it full legal status, but not, as yet, supranational powers, this coordination is due to be stepped up when the next round of plans becomes operative at the beginning of 1966—despite the nationalistic strains from which the whole organization is now suffering. At present, the Eastern Europe states do some two-thirds to three-quarters of their foreign trade with other members of the Eastern bloc.

Other measures of integration within Comecon include the oil pipeline system built by the Soviet Union to supply Hungary, Czechoslovakia, Poland and the Soviet occupied zone of Germany, and the electricity grid established early in 1964 to link all the member countries. In air transport, the Polish, Czech, East German, Rumanian and Bulgarian civil air fleets have been pooled and last year a single standard scale of fares—one-third cheaper than previously, because of heavy subsidies—was instituted. Only by the middle of 1964 did the Eastern European countries succeed in establishing a railway wagon pool.

Other economic arrangements between the Eastern European countries, such as intergovernmental agreements (usually bilateral) for particular industrial developments, and the utilization of raw material resources, cannot be counted as "integration," since they are part of normal international economic practice.

All the Comecon countries base their economic development on periodic plans. The year 1965 will see the completion in each country, except Czechoslovakia, of the current plan, which will have run for six years in Rumania and for five years in Poland, Hungary and Bulgaria. Czechoslovakia's targets for 1961-65 were set so unrealistically high that at the end of 1962 the plan had to be withdrawn and a transitional program substituted.

Heavy Industry Expansion Stressed

Common to all these plans is the continuing emphasis on the expansion of heavy industry, steelmaking and energy supplies to keep pace with the progress of industrialization. Large-scale thermal power stations are being built throughout Eastern Europe, normally using lignite or brown coal as fuel, and with capacities ranging up to 1400 MW. In addition, on the river Arges in Rumania, a 220 MW pump storage station is being built, while Bulgaria has several hydroelectric stations totaling 114 MW on the Arada, and one of 500 MW capacity at the Vacha Falls in the Rhodope Mountains.

The riparian countries of the Danube—Hungary, Czechoslovakia, Rumania, Bulgaria—are at work on programs under their next plans for harnessing its water energies on a cooperative basis; aggregate output of electricity will be shared, though the different countries' actual generating capacities will be kept strictly separate. The biggest project of all, a power station of some 2000 MW at the Iron Gate, coupled with improved navigability of the Danube, is based on a separate agreement between Rumania and Yugoslavia, and is outside the framework of Comecon itself. (Yugoslavia has recently been given observer status in Comecon.) →

Following the installation of the new oil pipeline network, joint plans are in hand for expanding the Comecon countries' refinery capacity. Poland plans to increase the capacity of its Plock refinery on the Vistula from the present two million metric tons to six million by 1970; Czechoslovakia aims at a six million metric ton capacity at Slovnaft at Bratislava by next year; Hungary's plans are for one million metric tons at Szöny and another million metric tons, to be raised later to three million, at Szaszhalombatta. Rumania, with its substantial indigenous oil production (12.2 million metric tons in 1963) has already a total refinery capacity of 13 metric million tons. But it is building more which will also furnish raw materials for its petrochemical industry. Bulgaria at present produces only 200,000 metric tons of petroleum a year but expects as a result of recent discoveries to raise this above the million mark. It has recently brought on stream a large refinery with a present capacity of two million tons, though aiming at an eventual six million tons capacity

One big international cooperative scheme which has been discussed since the First World War, and partly implemented during the Second, is the construction of a Danube-Elbe-Oder canal, a counterpart of the western Rhine-Main-Danube waterway. The latest information is that Czech engineers are now studying such a project to handle vessels of up to 1500 tons.

Apart from the common emphasis on heavy industry, energy, chemicals and trunk transport in the Comecon countries' respective plans, each country is at the same time following a definite line of its own and in many cases with a clear eye to national needs and wishes. This tendency is not always liked by Comecon in general or the Soviet Union in particular. Today, Comecon's major problems are a series of contradictions: between the striving for unity in the economic field and the existence of several different centers of Communism in the political field; between Soviet claims to hegemony and the principle of equal status for all members laid down in the Comecon articles; and between the divergent interests of the highly industrialized and the less developed states.

COMMUNITY PRESS REMAINS DIVERSE

Its Future Role Is Undefined; Commission Proposals Studied

by BERNARD VOYENNE

ONE SIMPLE AND EFFECTIVE MEANS of measuring the "intensity" of newspaper reading in a community is to take the consumption of newspapers for a given number of inhabitants.

This calculation, which is independent of absolute circulation figures and permits valid comparisons between large and small countries, shows that in the European Community the press is most highly developed in the smaller countries. The smallest country of all, Luxembourg, has the highest circulation rate in the Community—429 newspapers for every 1,000 inhabitants. This is one of the four highest rates in the world.

The circulation rates per 1,000 inhabitants in four other countries follow each other closely, though far behind Luxembourg's exceptional figure; Germany, 326; the Netherlands, 227; Belgium, 272; France, 242. Only Italy lags well behind with a rate of 122/1,000, which is only a little above the world average of around 100.

The general conditions of operation for journalism are much the same in all six countries: complete freedom of the press, with radio and television subject to public control or supervision.

These differences reflect two stages in evolution in European life. The form taken by the press is still directly linked to the ideological struggles of the 18th century and to 19th century liberalism; the newer information media reflect the trend toward increasing intervention of public powers, a hallmark of our time.

Even if France can take pride in being the first Community country to proclaim the principle of freedom of the press, the Netherlands appears to be the country where that freedom was earlier and most durably implanted in practice. It was also, among the Six, the first country to have a press, as the existence of information sheets in Amsterdam before 1620 indicates. In the 17th and 18th centuries the Netherlands as one of the rare places where printers were virtually free to print what they liked, so that the entire clandestine press of Europe was printed there. Constitutionally, freedom of the press in the Netherlands has existed continuously since 1848, whereas in France it did not really reassert itself until 1881. In Germany and Italy, the present conditions of press freedom were reestablished after World War II.

Bilingualism in Belgium

The position and role of the daily press varies appreciably from country to country in the Community, in spite of some marked similarities. Only one of the six countries—Belgium—has a problem of bilingualism and it is of such magnitude that there are two distinct presses which share between them a total daily circulation of 2½ million copies. The Flemish language papers, which enjoy a slight predominance in sales, are less numerous, and so have a higher average circulation. However, the most widely read newspaper of all—*Le Soir* of Brussels—appears in French; its circulation of 300,000 is a little ahead of that of *Het Laatste Nieuws,* the big Flemish paper also produced in the capital. These relatively large circulations are exceptional; those of other newspapers in Belgium are less than 200,000 and very often much below 100,000.

France and Germany Compared

The structure of the daily press in France and the German Federal Republic presents a fine catalog of contrasts. The French press is much more centralized, with Paris still able to boast 11 dailies and almost all the major periodicals. In Germany, by contrast, there are only two dailies of national importance, and neither of them is published in the capital. These two, the *Frankfurter Allgemeine Zeitung* (Frankfurt) and *Die Welt* (Hamburg), are both newspapers of high standing and have circulations of less than 300,000. In France, however, the privileged position of the capital is declining. Out of a total daily circulation of 11 million copies, the Paris press accounts for 4 million; in 1938, the proportions were exactly reversed, and only four of five Paris papers are now of national influence.

Another apparently striking difference between Germany and France is the disparity between the number of daily newspapers: 635 in Germany and 110 in France. But the difference is more in form than in reality: the local press in Germany is made up of small papers, each with its own masthead but based on one master edition; in France, the local press is composed essentially of great regional newspapers with a single name, but which appear in as many as forty editions aimed at different localities. If concentration seems to have gone less far in Germany in terms of mastheads, this is not true in terms of circulation. One paper alone—the *Bildzeitung* of Hamburg—sells more than three million copies a day, or 20 per cent of total German daily newspaper sales.

In France, the largest circulation—*France Soir*—accounts for only 10 per cent of the daily newspaper circulation.

One-hundred Dailies in the Netherlands

In the Netherlands, nearly 100 dailies—almost as many as in France—sell a total of three million copies. But in the Netherlands, too, the key lies in the grouping under different mastheads of what are, in fact, different local editions of the same newspaper. Thus, *Het Vrije Volk,* the Labor Party organ, owns six other small newspapers to which it supplies the bulk of the contents. It is also the most important paper in the country, with sales exceeding 300,000. Competing with it is *De Volkskrant,* the Catholic paper selling 170,000 copies, while *Het Parool* (160,000) and *De Telegraaf* (210,000) are two independent papers which set the tone.

The Dutch press is also mainly an evening press (there are only five morning papers, four of them in Amsterdam). In addition, it has the advantage—at least from the point of view of the circulation managers—of being sold to the extent of 97 per cent by subscription. This is the highest proportion in Europe and probably in the world; only the Japanese press comes anywhere near this figure.

Italian Press Differs in North, South

If Belgium has two presses differentiated by language, Italy also has two presses equaly distinct from one another. In this case, the language is virtually the only thing that the newspapers of the north have in common with most of those of the south. The former are great newspapers, produced by industrial methods, and rivaling the best in Europe. Outstanding among them is the *Corriere della Sera* which is, despite its name, a morning paper. The southern papers are produced by simple, artisan methods, have small circulations, few pages and marked opinions, rather like the newspapers which other countries knew in the 19th century. In all, 109 daily newspapers share a circulation of five million copies.

EEC Commission Proposes Coordination

Progress toward unity of the six Community countries is less evident in the press than in other economic or cultural fields. This is not entirely surprising when one remembers that linguistic and political factors and many other national characteristics are particularly important in this sphere. In particular, trade in publications is extremely small, and what there is affects periodicals: its scale may be judged by the $1.4 million worth of German publications sold annually to France, and the $550,000 worth sent in the reverse direction. Nor has any serious effort been made (except by advertising) to increase this trade, or even less to unify legislation or develop editorial cooperation.

Not only are there as yet no Community achievements in the press field, even in the planning stage, but the development of the Common Market itself raises some potentially serious difficulties. The Common Market Commission set these out in its draft directive of July 6, 1964, with a view to remedying them. As they affect vested interests, it is not surprising that the Commission proposals have aroused discussion.

Freedom of establishment, first of all, worries many newspaper writers; they make play of national susceptibilities and political dangers. But there are other problems as well. In providing for the gradual abolition of all economic discrimination based on nationality, the Rome Treaty conflicts on a question of principle with the publication and dissemination of press matter, which is obviously not merchandise in the usual sense. Notably in France, a system of aids—subsidies for newsprint, newspaper equipment and printing machinery, aid for export—tax and postal concessions make the press a privileged sector, whose economic foundations are built on this basis. Currently, a protectionist movement is afoot, claiming quite simply that the press should be kept outside the workings of the Treaty.

Undoubtedly, special measures will have to be taken, but in the long run a purely defensive attitude is untenable. It would deprive the press of the member countries of very real opportunities for expansion and, in addition, it would be a mistake to argue solely in economic terms, precisely because the press is not an ordinary industry.

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

Low-cost lodging: Three-room apartments, near Bergame, Italy, house workers and personnel employed by the Dalmine steelworks.

EEC COMMISSION PROPOSES END TO HOUSING DISCRIMINATION

THE EEC COUNCIL OF MINISTERS is considering a draft recommendation obliging member states to end housing discrimination toward migrant workers in the Community.

The Common Market Commission proposes that the member governments take the following steps:

- Account for the needs of migrant workers and their families, including workers likely to migrate in the future in planning and financing low cost housing projects;
- Examine migrant workers' actual housing conditions and check the extent to which rules on non-discrimination are observed in practice;
- Cooperate with other member governments in promoting low-cost housing plans for areas of acute shortage and where substantial immigration is expected;
- Apply housing standards recommended by the International Labor Organization;
- Take steps to help establish social contacts between migrant workers and the local population;
- Inform migrants in their own languages, at their arrival, of housing conditions, rent levels, availability of public authority accommodation and arrangements made for families in the country where they are going to live;
- Ensure migrant workers' contracts specify the location, cost and other details of any accommodation supplied by employers;
- Prepare an annual report to the Commission on the government's action in applying these policies.

Community regulations now virtually ensure that migrant workers can work in member countries other than their own under the same conditions as local workers. One of the essential requirements for a migrant's satisfactory settlement in another country is the availability of adequate housing. Such accommodation is often difficult to find because of continuing housing shortages in some of the Community's main industrial areas. Migrant workers in all Community countries by law have the same rights as local workers to accommodation in public authority housing or to loans and other financial aid in obtaining housing. However, other discriminations remain. Some local authorities, for example, demand a minimum period of residence in their areas before granting accommodation in municipal housing plans.

President Johnson

(continued from page 12)

with most of the people of Europe. Answers to our common problems must emerge from the consent of free countries, and that consent, in turn, will be based on discussion and debate and respect for the ideas and the proposals of all. But there must be progress.

. . . We must all seek to assist in increasing the unity of Europe as a key to Western strength and a barrier to resurgent and erosive nationalism.

. . . We must all work to multiply in number and intimacy the ties between North America and Europe. For we shape an Atlantic civilization with an Atlantic destiny.

Atlantic Alliance in the Midst of Change

. . . The Atlantic Alliance is not in the midst of crisis, as some alarm mongers would have you believe. But it is in the midst of change. Every important period of progress has been marked by the same kind of discussion and debate that is now in progress. The Coal and Steel Community, the integration of Germany into NATO, the Common Market itself, raise some blood pressures among excitable people, arouse question and concern and warning. And we were told that such steps might be against the interest of America. We were told that it might become harder to deal with the Soviet Union. We were told that we might encourage German militarism. We were told that we might divide Europe or arouse hostilities. To change patterns of thought or the shape of institutions is never very easy. Today's discussion and debate, the flow of ideas and proposals, is proof of coming change and a spur to continuing action.

The agenda for future progress does not consist of an isolated or a single dramatic step. It is made up of action—action across the whole range of common interest, which is the bedrock of our Alliance. We have a common interest in the defense of the West. For 20 years the atomic might of the United States has been the decisive guard of freedom. Ours remains the largest strength and ours a most awesome obligation. But we recognize the reasonable interest and concerns of other allies, those who have nuclear weapons of their own and those who do not. We seek ways to bind the Alliance even more strongly together by sharing the tasks of defense through collective action, and meeting the honorable concerns of all.

President Hallstein

(continued from page 12)

On this basis we can assert one thing with confidence: that it would have been a mistake to desist from the highly intensive integration policy of the Six because not all European states were parties to it from the beginning.

. . . The European Community is the work of the countries which were the first resolutely to turn their backs on a tradition of discord and to place what is common above what divides. . . .

Partnership Has No Alternative

. . . Europe belongs entirely to the free world. Its dialogue with America is of vital significance to the free world. Our objective is therefore to work in partnership with the United States—as President Kennedy was the first to put it—on the basis of complete equality in all tasks for the strengthening and defense of the free nations. President Johnson confirmed America's offer when on April 3, 1964 he made a speech under the title "Toward Closer Partnership" and in it said: 'We welcome the new strength of our transatlantic allies. We find no contradiction between national self respect and interdependent mutual reliance. We are eager to share with new Europe at every level of power and responsibility.' On the same lines, Senator Humphrey stated that it is as an equal partner of the United States that a reemergent Europe is coming into its own.

Partnership means the opposite of a monolithic Atlantic community in which the European states would play the part of a bridgehead toward the East, as were the Hellenic settlements in Asia Minor.

. . . Free Europe must develop its own personality in order to become a partner for America and to serve as a magnet for the countries of Eastern Europe.

Atlantic partnership is no alternative to the unification of Europe, but assumes that such unification has occurred.

Atlantic partnership is a long-term aim. Nonetheless—or rather because of this—we must begin forthwith to approach it step by step. The point is not to lose sight of the basis of partnership, no matter whether we are making commercial policy decisions in the Kennedy Round or discussing how responsibility for the defense of the free world can be better distributed.

Community Crude Steel Output Sets Record

The 1964 crude steel output in the six member states of the European Coal and Steel Community will total between 82 and 83 million metric tons (metric ton = 2200 lbs.), a new record for the Community, according to ECSC estimates.

The 1964 crude steel production will be 12 per cent above the previous record set in 1961. Production this year will be 97 per cent above output in 1952, when the ECSC was established and 13 per cent above last year.

The Federal Republic of Germany had the most spectacular increase of crude steel production of any Community country in 1964. Production totaled 37 million metric tons, approximately 18 per cent over last year.

Italy is the only Community country not to share in this record increase. Italian output in 1964 was 5 per cent below the 1963 level.

For other member countries, France and Benelux, the output increase varies between 12 and 16 per cent.

Community Crude Steel Output *(in thousand metric tons)*

	1952	*1963*	*1964*	*Change 1963/64*
Germany	18,629	31,597	37,400	+18.4%
France	10,867	17,554	19,800	+12.8%
Italy	3,635	10,157	9,600	− 5.5%
Netherlands	693	2,342	2,700	+15.3%
Belgium	5,170	7,525	8,700	+15.6%
Luxembourg	3,002	4,032	4,500	+11.6%
ECSC	41,996	73,206	82,700	+13.0%

Newsbriefs

Common Market
Euratom
Coal & Steel Community

Euratom Vice President Resigns

Professor Enrico Medi resigned his posts as Vice President and member of the Euratom Commission on December 10.

Professor Medi, an Italian, became Vice President of the Commission when it was established on January 7, 1958. His resignation is expected to take effect on March 1. According to the Euratom Treaty, the Community member states will designate a successor to Professor Medi.

Euratom, USAEC Sign Supply Contracts

The Euratom Supply Agency and the U.S. Atomic Energy Commission signed December 18 in Paris two contracts on nuclear supplies for the SENA (Societé d'Energie Nucléaire Franco-Belge des Ardennes) Company's 266 MWe power reactor under construction at Chooz (France).

The USAEC will provide up to 8,000 kg of contained U235 for the SENA reactor, according to the first contract. SENA will return to the USAEC and receive credit for unconsumed U235 contained in U.S.-supplied fuel irradiated in the reactor. The fuel supplied is valued at approximately $75 million and will be delivered over a 20-year period. The contract also provides a system of deferred payments over a ten-year period for the operating inventory of the reactor.

The U.S. will repurchase up to 1,100 kilograms of plutonium over the first ten years of operation if it is no longer required by Euratom, according to the second contract.

The Euratom Supply Agency and SENA signed a supplementary contract on the use and consumption of the fuel. This contract also covers the supply by the agency to SENA of the U235 obtained from the USAEC and SENA's return of unconsumed U235 in irradiated fuel elements.

Similar contracts were signed in November 1962 for fuel supplies for the Italian SENN project and others are under negotiation for the German KRB project. All of these projects are part of the joint U.S.-Euratom power program. The U.S.-Euratom Cooperation Agreement of November 1958 covers the fuel supply for reactors constructed under the power program. The projects are also included in the Euratom power participation program under which the Community contributes to the cost of beginning reactor operations, manufacturing fuel elements of purchasing reactor parts.

The contracts were signed by Mr. C. F. Schank, the USAEC's representative in the United States Mission to the European Communities, and by Mr. Fernand Spaak, Director General of the Euratom Supply Agency.

Oil, Gas Reports Published

For the third consecutive year the Common Market Commission has published two reports on the oil and natural gas industries. The first *(Imports of Crude Oil and Oil Products into the Community from Non-Member Countries in 1962-63 and Forecasts for 1964)* states that the six countries in 1963 imported 165 million metric tons of crude oil (18 per cent more than in 1962) and 26 million metric tons of refined products (20 per cent more than in 1962).

The Middle East remains the Community's main source, with 104 million metric tons in 1963, or 63 per cent of the total, though its relative share in the total supplies is in decline. African, including Algerian oil supplies are rising and reached 22 per cent of total 1963 imports. This trend continued in 1964. Oil purchases by Community countries from the Eastern bloc were 12.6 million metric tons in 1963 (of which Italy took 7 million metric tons), or under 7 per cent of the total.

The second report *(Program of Investments in the Community Oil Industry)* reviews oil prospecting, refinery, production and pipeline developments in 1963. It also gives some forecasts of oil industry developments up to 1968. By that year pipelines are expected to carry 33 per cent of Community oil products, against 26 per cent in 1961. At the end of 1963 only two refined-product pipelines were in operation in the Community. Five more under construction should raise total capacity from 6 million metric tons to 28 million metric tons.

ECSC Council Agrees on Research

The Special Council of Ministers for the European Coal and Steel Community agreed on December 10 to research expenditures totalling $7.7 million.

The major element in this total is $6 million for a second program of research into the technical problems of mine dust.

Another major item of expenditure will be $1.04 million for research into remote control operations at the coalface. The remaining funds will be devoted to hydromechanical coal-cutting and transportation ($482,000), cutting or tearing out work in tunneling, instead of drilling out rock and then crushing it ($89,000), and research into methods of injection of mixtures of coal and liquid combustibles into blast furnaces ($78,000).

The ECSC Special Council also voted $4.1 million for loans to be made for two conversion projects. Of the total $3.5 million will be lent to a French company to facilitate the financing of a new crude pig and liquid steel production unit at Lorient-Hennebont (Western France). The other loan will be of $630,000 to a German company toward the financing of a plant for the manufacture of plastic tubes and bottles at Wissen (Germany).

Medium-Term Economic Policy Committee Meets

The Community's medium-term economic policy committee met for the first time on December 11 in Brussels.

The Committee, which has 14 full members—two representing each member country and two members of the EEC Commission—elected Dr. Wolfram Langer (Germany) its chairman and Pierre Massé (France) and Prof. G. Brouwers (Netherlands) its vice-chairmen.

The Committee will help to coordinate the general economic policies of the member states. It will prepare the preliminary draft of a medium-term economic program, setting out the main lines of the policies which the member states and the Commission propose to follow over the years 1966-70, and will suggest measures of coordination.

A draft program drawn up by the Commission on the basis of the Committee's studies will be submitted to the Council of Ministers, and then referred to the European Parliament and the Economic and Social Committee.

Grundig-Consten Cartel Appeal Made

On December 11 Etablissements Consten, of Courbevoie, Seine, and Grundig Verkaufs-GmbH, of Fuerth, Bavaria, filed appeals with the European Court of Justice against the decision on September 23 of the Common Market Commission to declare illegal the French company's license as the sole concessionaire of France of the products manufactured by the German company (see "European Community No. 76, page 9).

Meanwhile, the member countries' experts on restrictive practices have drawn up draft regulations on "exemptions by category" of certain kinds of trade agreements. The Commission has asked the Council of Ministers for such collective authorizations, in order that each of the nearly 40,000 trade agreements registered with the Commission would not need to be judged separately. The drafting of this proposed regulation brought out marked differences between member countries which have yet to be resolved.

Turkish Association Group Meets

The first meeting of the Community-Turkey Association Council was held in Brussels on December 1.

The Association Council appointed an Association Committee of senior officials to conduct the general affairs of the Association, and also fixed 1964 tariff quotas for Turkish unmanufactured tobacco, raisins, dried figs and hazel nuts.

On December 8 the European Investment Bank signed a general convention with the Turkish government on loans to be made to financial industrial projects in Turkey.

This convention arises from the Association Agreement, which calls for $175 million financial aid to Turkey over five years. Loans for improving Turkey's economic infrastructure (energy, irrigation, etc.) will be made by the European Investment Bank directly to be responsible Turkish organizations. Loans for normal profit-making projects will be made directly to the Turkish state, which will relend the money to the appropriate body or enterprise.

ECSC Sets Tariff Quotas for Pig Iron Imports

The European Coal and Steel Community High Authority fixed on December 21 tariff quotas for foundry pig iron imports into the Community from non-member countries.

These tariff quotas are exceptions to the High Authority's recommendation of last January setting a temporary specific duty of $7 per metric ton on foundry pig iron imports. The recommendation will remain in force until the end of 1965.

The tariff quotas, at a reduced duty of 5 per cent, cover the following tonnages (metric tons): Germany, 71,000; Italy, 161,000; Belgium-Luxembourg, 25,000; Netherlands, 10,000; France, 10,000.

The member states benefiting from these tariff quotas are bound, together with the High Authority, to insure that the imports are divided among supplying countries on a non-discriminatory basis. They also are required to take all necessary measures to prevent the re-export to other member countries of pig iron imported under the tariff quotas.

Parliamentary Association Meets at Dakar

The first meeting of the Parliamentary Association set up under the Yaoundé Convention between the Community and 18 Associated African states and Madagascar took place in Dakar on December 8-10. Parliamentarians from the six European and 14 African countries (Somalia, Burundi, and the two Congoes were not represented) met in joint session in the National Assembly of Senegal.

EEC Commissioner Henri Rochereau emphasized the contribution that the Community is making to the development of the African countries. "The Association," he said, "is the only organization in the world which is empowered not only to respond to almost all the essential requirements of development but also to use the whole gamut of financial procedures, ranging from outright grants, bank loans and simple cash advances, to long-term free loans at low rates of interest."

European Investment Bank Issues Bonds

The European Investment Bank (EIB) reached agreement in early December with a syndicate of 67 banks, of which 50 are European, for the issue of $25 million of 20-year bonds, bearing interest of 5½ per cent.

Including this latest issue, the total consolidated debt of the EIB is some $153.7 million. These funds have been used to finance capital projects in the Community, principally in southern Italy and other regions in urgent need of development.

In Memory of Robert Schuman

The *Association des Amis du Président Robert Schuman* has launched an appeal for funds to purchase the former home of the originator of the Schuman Plan.

Born in Luxembourg in 1886, Robert Schuman grew up in Metz, at that time German territory. On the return of Alsace and Lorraine to France, he represented the Moselle Department in the National Assembly in Paris from 1919 until his retirement in 1962. He died at Scy-Chazelles on September 4, 1963.

The Plan which bears his name gave birth to the European Coal and Steel Community and to the whole movement of European integration, of which the Common Market and Euratom are part. When the Plan was signed (May 9, 1950), he was the French Minister of Foreign Affairs.

Membership in the *Association des Amis du Président Robert Schuman* is available in the following categories:

Founder membership — single contribution of 1000 francs (about $205) or more;

Benefactor membership—single contribution of 100 French francs (about $20) or more;

Honorary membership — annual contribution of 50 French francs (about $10) or more;

Active membership—annual contribution of 10 French francs (about $2).

Further details are available from the *Association* at the Mairie de Montigny-lès-Metz, Moselle, France.

PUBLICATIONS AVAILABLE

EXPOSÉ SUR L'ÉVOLUTION DE LA SITUATION SOCIALE DANS LA COMMUNAUTÉ EN 1963, EEC Commission, Brussels, July 1964, 335 pages $1.50

LES PROBLÈMES DE MAIN-D'OEUVRE DANS LA COMMUNAUTÉ EN 1964, EEC Commission, Brussels, April 1964, 111 pages $1.20

ECSC AND THE MERGER, Community Topic No. 14, European Community Information Service, 7 pages . . . . free

(Based on a speech made before the European Parliament in May 1964 by Dino Del Bo, President of the High Authority of the ECSC.)

L'EUROPE ET L'ÉNERGIE, High Authority of the ECSC, Luxembourg, 1964, 46 pages . . . . free

IMPORTATIONS DANS LA COMMUNAUTÉ DE PÉTROLE BRUT ET DE PRODUITS PÉTROLIERS EN PROVENANCE DES PAYS TIERS EN 1962, 1963, ET PRÉVISIONS POUR 1964, EEC Commission, Brussels, September 1964, 16 pages . . . . free

PROGRAMME D'INVESTISSEMENTS DANS L'INDUSTRIE PÉTROLIÈRE DE LA COMMUNAUTÉ, EEC Commission, Brussels, September 1964, 17 pages . . . . free

GENERAL REPORT ON THE ACTIVITIES OF THE COMMUNITY (February 1, 1963-January 31, 1964), High Authority of the European Coal and Steel Community, Luxembourg, March 1964, 477 pages $3.00

ÉTUDE SUR LES PERSPECTIVES ÉNERGÉTIQUES A LONG TERME DE LA COMMUNAUTÉ EUROPÉENNE, Executives of the European Communities, Luxembourg, 1964, 639 pages $6.00

Final version of a report which appeared in the December 1962 issue of the BULLETIN DE LA C.E.C.A. Includes over 400 pages of hitherto unpublished annexes.

OBJECTIFS GÉNÉRAUX "ACIER", No. 2, High Authority of the ECSC, Luxembourg, 1964, 109 pages . . . $2.00

An evaluation of achievements in the steel industry for the years from 1960 to 1963 as compared to the High Authority's forecasts of development from 1960 to 1965.

STATISTICAL INFORMATION, 1964, No. 2, Statistical Office of the European Communities, Brussels, 123 pages $2.00

This issue contains the following articles in the languages indicated. English summaries follow each article:

- THE ANALYTIC VALUE OF INPUT-OUTPUT TABLES (German)
- THE INPUT-OUTPUT SYSTEM OF THE STATISTICAL OFFICE OF THE EUROPEAN COMMUNITIES (German)
- TRANSPORT AND ENERGY IN THE NETHERLANDS (Dutch)
- THE CONCEPT OF THE SALARIED EMPLOYEE IN STATISTICS (English)
- THE CLASSIFICATION OF INDUSTRIALLY PRODUCED GOODS FOR THE PURPOSE OF GENERAL ECONOMIC ANALYSIS (German)
- OUTPUT OF THE WORLD'S EXTRACTIVE INDUSTRIES 1953-62 (French)

EUROPEAN COMMUNITY BULLETIN

EUROPEAN COMMUNITY bulletin is published monthly in English, French, Italian, German, and Dutch by the offices of the European Community Information Service. Copies can be obtained from European Community Information Service,

Washington: Farragut Building, Washington, D.C. 20006
New York: 155 East 44th Street, New York, N. Y. 10017
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