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EXECUTIVE MERGER STILL UNDECIDED

Ministers Postpone Decision On Work Calendar, 'Initiative '64'

THE EEC COUNCIL OF MINISTERS hopes to decide at its March 2 meeting in Brussels a number of questions taken up during its February meeting.

The questions to be discussed are executive fusion (of the EEC and Euratom Commissions with the ECSC High Authority); the Commission's modified "Initiative '64"; fiscal harmonization; and a common trade policy with Eastern countries. The Council was unable to reach agreement February 2 on any of these matters.

The Council, however, approved a new mandate enabling the Commission to continue negotiations with Nigeria for an association "sui generis" with the Community.

Merger Occupies Council

The major portion of the Council's debate February 2 centered on the problems of the executive merger. The merger of the three executive branches of the European Economic Community, European Atomic Energy Community and the European Coal and Steel Community has been discussed for 18 months. The executive fusion, originally scheduled for January 1, 1965, has been delayed to find adequate compensation for Luxembourg's projected loss of the ECSC High Authority. The High Authority would join the other Community commissions in Brussels.

EEC Commission President Walter Hallstein told the Council that, in his view, the debate had lasted too long and a positive solution would have to be found to the merger question. The transfer of the European Parliament's sessions, he said, is no longer possible in view of the assembly's vote at the end of 1964 to remain in Strasbourg.

He pointed out that Luxembourg is presently the seat of one of the important Community organizations, the Court of Justice, and has also been offered working parties of the future merged Council of Ministers. In addition to these political concessions, the services of the Community in Luxembourg, such as the Parliament's secretariat, could be extended to include the European Investment Bank and a number of services of the unified Commission, he said.

President Hallstein also pointed out that the future evolution of the Community will offer several other possibilities for material compensation, in particular in the field of applying the common external tariff. However, he advocated

the organized transfer of the administrative units to Luxembourg in accordance with the wishes of that country.

The Council directed the Permanent Representatives of the six member countries to the Community to prepare a merger proposal for Council adoption at the beginning of March. This is the latest date possible for decision to enable the proposal to be ratified in 1965 and effected January 1, 1966.

Work Calendar Postponed

The Council's work calendar for the first half of 1965 was also discussed. The Council referred the Commission's modified "Initiative '64" (see box, page 13) and the question of fiscal harmonization to the Permanent Representatives for further examination. At the request of the German delegation, discussion on a common trade policy toward the Eastern countries was also postponed for Council debate in March.

Agriculture will also be included in the Council's semester work calendar. The timetable for these decisions will be discussed February 25-26 by the agriculture ministers of the Six.

The ministers decided January 25-26 that dates resulting from earlier agriculture decisions must be binding (such as the modification before March 1 of the fruit and vegetable regulation, the presentation and adoption before July 1 of the new system for financing the common farm policy). Dates suggested for adoption of such measures as common prices for milk, dairy products and beef and veal, a new

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market organization for fruits and vegetables, and the common organization of the sugar markets, will only be working targets.

Farm Timetable To Be Included

The agricultural ministers also agreed that the agricultural timetable must be integrated into the general timetable for the Council's work and that June 30, 1967 would be considered a target for the completion of the common agricultural policy.

The Council adopted a provision to widen the scope of consultation in the fields of credit insurance, guarantees and financial credits and a directive to harmonize laws, regulations and administrative practices in the member states

relating to patent medicines.

The directive specifies that a patent medicine may not be marketed in a member state without prior permission from a competent authority and gives conditions for marketing permits. The directive also fixes the standards required for labelling and label information. The member states must conform with the provisions of the directive within 18 months from its notification date. The regulations will be progressively applied over five years to patent medicines which received marketing permits under earlier provisions.

The Council also examined provisions for the progressive establishment of a common market for sugar and a provisional progress report on the work on the Commission's fruit and vegetable regulation proposals.

EXECUTIVE MERGER CALLED MAIN 1965 COMMON MARKET TASK

Agriculture, Customs Union Head Community Agenda

THE EEC COMMISSION has outlined a new series of difficult tasks to be undertaken by the Community during 1965.

A number of decisions have top priority on this year's agenda, "Prospects for 1965." They concern agriculture, the Community customs union, foreign trade policy, monetary policy, the Kennedy Round and relations with other countries.

Merger Called Main Task

The merger of the Community executives, while not on the agenda itself, is considered the main Common Market task for 1965 by EEC and Euratom Presidents Walter Hallstein and Pierre Chatenet. Both men stressed the need for a solution to the merger question on January 12 to the heads of the 62 diplomatic missions accredited to the Community and to the Permanent Representatives of the Six.

The problem of merging the three executives, President Hallstein said, "is ripe for decision. It is not only a part of a rationalization operation. It is the first step in the regrouping of all the economic and social policy in the shape of one Community which, in its course, is the first realization of union in other areas—general foreign policy and defense policy."

The Council will resume discussion of the merger in the early months of 1965. The question was considered in December and decision was postponed in order to examine Luxembourg proposals on the location of the ECSC High Authority.

Major Agriculture Decisions Remain

Agriculture also reserves one of the highest priority places on the agenda. The EEC Commission is aiming for a complete common market for all farm products by July 1, 1967, the date of the entry into force of common grain prices. Consequently, a number of measures must be decided by the Council.

The Council is expected to decide formally at the end of February changes in the fruit and vegetables regulation agreed to in principle during the December marathon. The revised regulation provides for countervailing charges in

addition to customs duties. The charges will be attached when the free-at-frontier price of goods imported from a non-member country is lower than the Community reference price for fruits and vegetables. The Commission's decision will be required to impose the charges. The need to prove serious market disturbance as a reason for applying the supplementary charge would be abolished. At the same time, the Council is likely to set the target price for milk and guidance prices for beef and veal for the year 1965-1966.

Other agricultural questions will probably be settled in the following order:

- Financing the farm policy. The Commission plans to submit to the Council before March proposals on how the cost of financing the farm policy is to be shared by the member countries. The new system, to be decided by the Council before July 1, will be valid for two years. The Council has also requested the Commission to propose a method for financing the farm policy after July 1967, when the common price



Walter Hallstein
President
EEC Commission

levels and free trade in farm produce will be in force.

This is perhaps the biggest single outstanding problem in the Community's farm policy. It raises the question of whether the receipts from levies on imports into the Community should be paid directly into the Community's budget, once common prices apply. Member states have been contributing directly to the Guidance and Guarantee Fund since its inception in 1962. These contributions have been based partly on the Rome Treaty scale and partly on the member states' net imports from non-Community sources. Direct payment of levies into the Community's budget would also involve the question of control by the European Parliament over this source of income.

- Fats and oil regulations. The Council must also adopt the basic regulation establishing a common market for fats and oil proposed by the Commission in December.
- Sugar regulation. The basic regulation for the common organization of the sugar market, now before the Council, is likely to be adopted by early summer.
- Fruit and vegetables marketing system. The Council must adopt draft regulations extending the system presently in force to allow for market intervention.
- Common price levels. Common prices for pork, eggs and poultry, dairy products, beef and veal, rice, sugar, and olive oil must be fixed so that the common agricultural policy can come into effect on July 1, 1967. The decisions must be made as soon as possible to ensure a complete and balanced common agricultural market on that date.

Customs Union Speed Up Proposed

The Commission proposed on January 18 a new timetable for achieving the Community customs union by July 1, 1967 to maintain the fundamental balance between agriculture and industry in the Community's progress. The Commission's Initiative 1964, published in October, was revised to account for the cut of 10 per cent in internal tariffs rather than the 15 per cent proposed. The new timetable would reduce present duties 10 per cent on July 1, 1966. All remaining duties would be abolished on July 1, 1967. The third and final alignment of national tariffs on the common external tariff would be made on July 1, 1967.

Foreign Trade Policy Needed

The prospect of a completed customs union will add impetus to discussions for a common foreign trade policy. Early in 1964, the Commission proposed to the Council the following measures for trade liberalization with non-Community countries:

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

Farm Prices Key to Monetary Union

The Council's decision to set common farm prices, applicable from 1967 on, in units of account (U.S. dollars) will

necessitate a close coordination of monetary policies. The prices in units of account will virtually rule out devaluation or revaluation of the member states' currencies because of the effect on the relationship between farm wages and food prices and industrial wages and prices. It marks the first step in the establishment of an effective monetary union between the Six.

A group of German financial experts appointed by their government to study the economic problems of the next five years argue, however, that flexible exchange rates within the Community are preferable. The flexible rates, they contend, would aid price stability without hampering economic integration.

Kennedy Round Progresses

The Community will devote much of its attention throughout 1965 to the progress of the Kennedy Round negotiation in Geneva. Work on the industrial side of the negotiations began on January 19 with the examination of exceptions lists by the participating countries. The Community's grain-price agreement will enable serious discussions to begin on agriculture.

The Community also faces a number of important decisions concerning its relations with the rest of the world. The Council must still decide on the terms of reference for a mandate enabling the Commission to begin negotiations with Austria on her application for association with the Community. A Council decision is also required for further progress in negotiations for an association "sui generis" with Nigeria.

The Commission was to submit, at the end of January, to the Council a report on exploratory talks with Algeria. The Council will then be able to discuss the Community's possible association with Algeria, Morocco, and Tunisia. The Italian government requested a general doctrine on the Community's relations with the Mediterranean countries before making further commitments. Exploratory talks with Spain will be pursued and negotiations on a commercial agreement with Lebanon will be resumed.

Future Hopeful for Transport Policy

The Commission is optimistic that measures will be adopted in 1965 which will be important for the future of the common transport policy. The Council will continue to examine Commission proposals for a common transport policy. The proposals include:

- Establishing a rate bracket system for goods transported by rail, road and inland waterway.
- Instituting and operating a Community quota for the transport of goods by road within the Community.
- Standardizing procedures for issuing licenses for road haulage between the member states.
- Harmonizing certain provisions affecting competition in rail, road and inland waterway transport.

The Council will also consider a new series of proposals concerning transport infra-structure investment, international passenger transport by road, the elimination of double taxation, and the scope and methods of surveying infra-structure costs in transport. The ministers must adopt before the end of 1965 a regulation to apply the rules of competition to transport by rail, road and inland waterway.

EEC VICE PRESIDENT PREDICTS SLOWER ECONOMIC GROWTH

EEC COMMISSION VICE PRESIDENT Robert Marjolin predicted January 19 in Strasbourg a Community gross product growth of 4 per cent in 1965, compared to the 5 per cent growth attained last year.

Vice President Marjolin's remarks were part of his annual message to the European Parliament on the economic state of the Community.

Mr. Marjolin, EEC Commission member responsible for economic and financial policy, placed responsibility for a smaller increase in gross product on slower growth of economic demand in most countries. The Vice President said, however, that any "premature relaxation of the policy of restraining overall demand would stultify the EEC's stabilization drive."

Mr. Marjolin told the Parliament that the Community's economic record in 1964 was a good one. "Growth has been considerable," he said, "in fact, greater than forecast at the beginning of the year."

"The EEC gross product," he said, "rose by about 5 per cent in 1964. The increase in gross national product in the Federal Republic of Germany and the Netherlands was 6.5 per cent and in Italy 2.5 per cent."

Italian Balance-of-Payments Improved

Mr. Marjolin also pointed out the "spectacular" recovery of the Italian balance of payments in 1964. He predicted a 3 per cent increase in the Italian gross national product. However, he said that this growth rate might be higher in case of an expected spurt in Italian economic activity.

Vice President Marjolin said that the aim of medium-term economic policy would be to forestall the rapid development of an inflationary situation such as developed in 1964. "In this way," he said, "measures to curb demand could be avoided."

Mr. Marjolin also outlined the main problems to be tackled in the first Community medium-term program. Two problems, he pointed out, are the sharp decline in the growth rate of the Community labor force and the drain upon such manpower reserves as still exist in certain countries. If a high rate of economic expansion is to be maintained, he said, a more rapid improvement in productivity will then be needed. This means not only that more labor must be drawn from the land to man the more productive sectors of industry and services but also that changes in employment patterns within those sectors are necessary.

Although the competition policy has a vital role to play in the optimum distribution of the factors of production, he said, it is no less essential that the action of public authorities should be streamlined and coordinated in such fields as vocation training, scientific and technical research, incentives to investment, regional policy, and policy relating to other sectors.

Expansion Is Policy Object

Vice President Marjolin stressed expansion as the objective of the medium-term policy which could only be achieved in conditions of internal stability and external equilibrium. "For this purpose," he said "two conditions must . . . be fulfilled:

"The distribution of the fruits of expansion must be



*Robert Marjolin
Vice President
EEC Commission*

effective and fair; effective, because, as the Community economy gradually moves forward, the foundations of future development must be laid; fair, because it is essential that each individual should feel himself a partner in a great undertaking and not the object of decisions ignoring his legitimate interests."

"Both sides of industry should be consulted when major economic policy decisions are taken which will determine the scale of the national product or Community product and its utilization, even if in many cases the final decision must be taken autonomously by the public authority representing the general interest."

Mr. Marjolin described the present work of the economic policy committees and his hopes for their future role. "The economic committees which have been set up in the past year constitute a complete administrative unit, which, with the support and sometimes the guidance of the Commission's staff, could in the near future become the policy-making and policy-implementing bodies in the field of a modern, federal or confederal European state."

Experts Make Progress

"Senior officials of government departments responsible for economic, financial and monetary affairs and Commission representatives are now meeting regularly and, more effectively than we would have dared to hope only a few months ago, are analyzing, comparing, and contrasting their experiences and the decisions, laws, regulations and administrative practices of the different member states.

"Inexorably, as we find ourselves in the half-light between the still extensive sovereignty of the individual states and the dawning sovereign rights of a united Europe, some measure of coordination of national economic policies is emerging from these lengthy discussions. And that is the process we want to develop most during this preparatory period. We shall endeavor, with the support of the Parliament, to induce the states to accept, in all economic, social, financial and monetary affairs, common rules and standards spelled out as precisely as possible and in figures wherever appropriate.

"This way we shall be ready for the day when a federal or confederal Europe will shine forth. Meanwhile, we shall not have been idle. We shall, I trust, have done good work."

1965 COMMUNITY ENERGY NEEDS TO EXCEED PREDICTIONS

Energy Report Forecasts Greater Dependence on Imports and Oil

THE COMMUNITY WILL REQUIRE more energy in 1965 than previously expected, according to an advance report on the Community's energy situation.

The report, prepared by the High Authority of the European Coal and Steel Community in cooperation with the EEC and Euratom Commissions, predicts that energy needs will rise by 4.7 per cent to 607 million metric tons coal equivalent in 1965 compared to the 3.4 per cent rise to 580 million metric tons in 1964.

Original 1962 estimates predicted that the Community would consume 570 million metric tons coal equivalent—a figure already exceeded in 1964. These estimates appeared in *Etude sur la Conjoncture Energétique de la Communauté*. The experts, however, caution that increases in energy demand can occur in spurts followed by periods of slower growth.

More Imports Needed in 1965

The report of the Inter-Executive Committee on Energy to be published this month also forecasts that the Six will be more dependent on imported power in 1965. Of the total 607 million metric tons estimated for this year's internal consumption, approximately 305 million metric tons of energy will be provided by imports. The imports will satisfy over 50 per cent of the 1965 energy consumption compared to 48 per cent in 1964, 27.4 per cent in 1960, and 9.2 per cent in 1950.

Drilling for oil: 1964 petroleum production increased by 17 per cent in the Community compared to 1963. Oil will surpass coal as Europe's main source of power.

The Community supplied only 6 million metric tons coal equivalent to meet the 19 million metric ton increase in energy needs in 1964. The remaining 13 million metric tons was provided by imports. Approximately 280 million metric tons coal equivalent was imported by the Community in 1964 against 247 million metric tons in 1963.

In 1965, energy supplies from Community sources are unlikely to increase more than 5 million metric tons coal equivalent. The expansion of natural gas production, especially in the Netherlands, is likely to slow the future growth rate of imports, the report points out. However, production will not advance far enough in 1965 to affect energy imports significantly.

The year 1965 will not only be a milestone in the course of energy imports but also in the oil industry's battle to dominate the energy market. Coal, the traditional basis of Europe's industrial strength, will be surpassed by oil this year as the Community's main source of power. The oil industry, having increased its output of petroleum products by 17 per cent in the Community in 1964, should continue to make rapid progress in 1965, the report says. With coal output slightly down, oil should provide some 43 per cent of the Community's energy against 39 per cent for coal. Coal provided 42 per cent of the Community's total energy in 1964 and oil supplied 41 per cent.

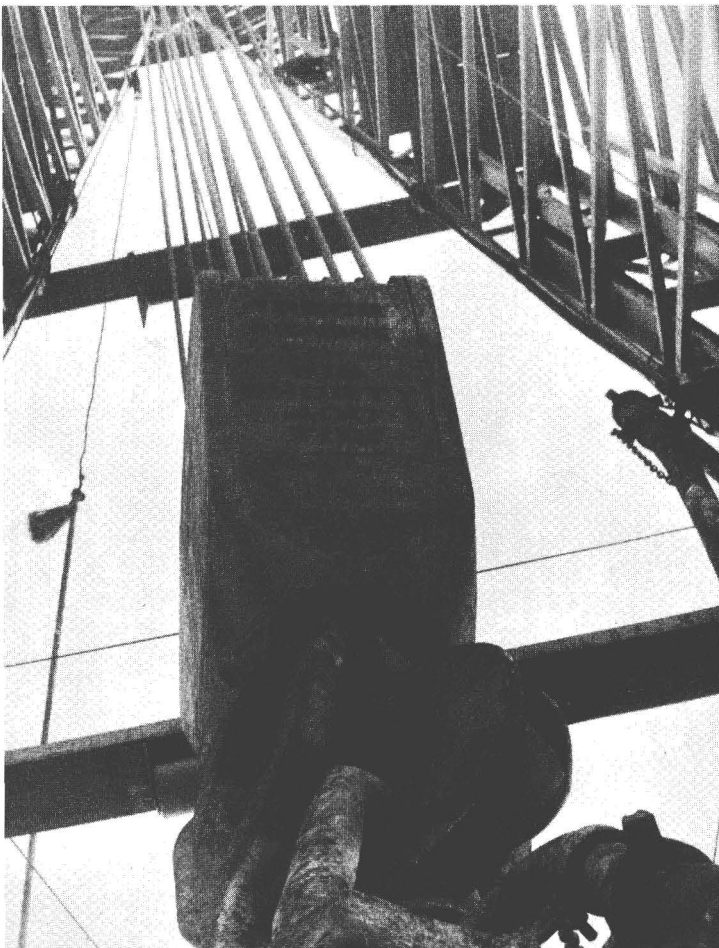
Coal Surplus Forecast

A potential surplus of about 8 million metric tons of coal and coke is likely to be created in 1965 and stockpiling may be necessary, the report says. Reduced demand will be alleviated by about 4.5 million metric tons through reduced output. Very cold weather or governmental measures could also reduce the extent of the coal surplus. Pit-head stocks, now approximately 17 million metric tons, have just reached a level considered adequate by the High Authority after the severe 1962 winter.

The relative competitive position of coal is likely to deteriorate further, according to the Community experts. Productivity is not expected to improve more than 3.5 per cent in 1965, whereas wage rises of 6 to 8 per cent have already been accepted or are under discussion. German collieries have announced price increases to absorb the ensuing higher costs. However, any increase in the price of coal can lead to substitution by other forms of energy. Consequently, it is unlikely that the collieries will be able to cover all their increased costs through higher receipts.

Greater oil refining capacity presently covers more than the expected increase in energy demand. The strong competition on the oil market should keep prices steady or lead to further reductions. Prices were cut considerably in 1964. They were reduced by about 25 per cent in Germany, Belgium and the Netherlands for the lighter grades of fuel oil.

The major trends predicted by the long-term forecast for energy in the Community have been confirmed by the recent report. Those trends were the rapid increase in energy demand, decreasing role for coal in the supply of energy, and the increasing importance of petroleum products.





"The first word I give you here today is Europe."

SIR WINSTON CHURCHILL HELPED BUILD A UNITED EUROPE

SIR WINSTON CHURCHILL, who died on January 24 in London at the age of 90, was one of the first to recognize the need for a united Europe following World War II. His speech at Zurich University September 19, 1946, which called for the establishment of the Council of Europe and partnership between France and Germany, is considered a basic text for European unification.

Excerpts from his speech follow:

"I wish to speak to you today about the tragedy of Europe. This noble continent, comprising on the whole the fairest and the most cultivated regions of the earth, enjoying a temperate and equable climate, is the home of all the great parent races of the western world. It is the fountain of Christian faith and Christian ethics. It is the origin of most of the culture, arts, philosophy and science both of ancient and modern times. If Europe were once united in the sharing of its common inheritance, there would be no limit to the happiness, to the prosperity and glory which its three or four hundred million people would enjoy. Yet it is from Europe that have sprung that series of frightful nationalistic quarrels. . . .

Urged Recreation of Europe

"Yet all the while there is a remedy which, if it were generally and spontaneously adopted, would as if by a miracle transform the whole scene, and would in a few years make all Europe, or the greater part of it, as free and as happy as Switzerland is today. What is this sovereign remedy? It is to recreate the European family, or as much of it as we can, and provide it with a structure under which it can dwell in peace, in safety and in freedom. We must build a kind of United States of Europe. In this way only will hundreds of millions of toilers be able to regain the simple joys and hopes which make life worth living. The process is simple. All that is needed is the resolve of hundreds of millions of men and women to do right instead of wrong and gain as their reward blessing instead of cursing.

"I was very glad to read in the newspapers two days ago that my friend President Truman had expressed his interest and sympathy with this great design. There is no reason why a regional organization of Europe should in any way conflict with the world organization of the United Nations. On the contrary, I believe that the larger synthesis will only survive if it is founded upon coherent natural groupings. There is already a natural grouping in the Western Hemisphere. We British have our own Commonwealth of Nations. These do not weaken, on the contrary, they strengthen the world organization. They are in fact its main support. And why should there not be a European group which could give a sense of enlarged patriotism and common citizenship to the distracted peoples of this turbulent and mighty continent and why should it not take its rightful place with other great groupings in shaping the destinies of men? In order that this should be accomplished there must be an act of faith in which millions of families speaking many languages must consciously take part.

"We must all turn our backs upon the horrors of the past. We must look to the future. We cannot afford to drag forward across the years that are to come the hatreds and revenges which have sprung from the injuries of the past. If Europe is to be saved from infinite misery, and indeed from final doom, there must be an act of faith in the European family and an act of oblivion against all the crimes and follies of the past.

Franco-German Partnership Urged

"I am now going to say something that will astonish you. The first step in the recreation of the European family must be a partnership between France and Germany. In this way only can France recover the moral leadership of Europe. There can be no revival of Europe without a spiritually great France and a spiritually great Germany. The structure of the United States of Europe, if well and truly built, will be

such as to make the material strength of a single state less important. Small nations will count as much as large ones and gain their honor by their contribution to the common cause. The ancient states and principalities of Germany, freely joined together from mutual convenience in a federal system, might each take their individual place among the United States of Europe.

"But I must give you a warning. Time may be short. At present there is a breathing-space. The cannons have ceased firing. The fighting has stopped: but the dangers have not stopped. If we are to form the United States of Europe or whatever name or form it may take, we must begin now.

"In these present days we dwell strangely and precariously under the shield and protection of the atomic bomb. The atomic bomb is still only in hands of a state and nation which we know will never use it except in the cause of right and freedom. But it may well be that in a few years this awful agency of destruction will be widespread and the catastrophe following from its use by several warring nations will not only bring an end to all that we call civilization, but may possibly disintegrate the globe itself.

"I must now sum up the propositions which are before you. Our constant aim must be to build and fortify the strength of U.N.O. Under and within that world concept we must recreate the European family in a regional structure called, it may be, the United States of Europe. The first step is to form a Council of Europe. If at first all the states of Europe are not willing or able to join the union, we must nevertheless proceed to assemble and combine those who will and those who can. The salvation of the common people of every race and of every land from war or servitude must be established on solid foundations and must be guarded by the readiness of all men and women to die rather than submit to tyranny. In all this urgent work, France and Germany must take the lead together. Great Britain, the British Commonwealth of Nations, mighty America, and I trust Soviet Russia—for then indeed all would be well—must be the friends and sponsors of the new Europe and must champion its right to live and shine."

Community Pays Tribute

THE EXECUTIVE BRANCHES of the European Economic Community, the European Coal and Steel Community, and the European Atomic Energy Community, sent telegrams January 24 to Lady Churchill, British Prime Minister Harold Wilson, and Sir C. O'Neill, ambassador and head of the United Kingdom mission to the European Communities.

The following messages were addressed to Lady Churchill:

"It is with feelings of profound sadness that the Commission of the European Economic Community has learned of the death of your husband, Sir Winston Churchill. Allow me to convey to you, on behalf of my colleagues and myself, our most sincere condolences. We remember with emotion this eminent statesman who was, not only for his own country, a beacon shining in the darkest hours. His name will forever be linked with the unification of Europe. Europe will always hold him in reverent memory."—WALTER HALLSTEIN, *President of the EEC Commission*.

"My colleagues of the High Authority of the European Coal and Steel Community and myself have learned with great sorrow of the death of your husband. We would ask you to accept our deep sympathy at your loss which is equally felt by all those to whom your husband stood as a symbol of freedom and human dignity. True to these principles, his work for European survival and unification places us forever in his debt. He will be remembered forever with deep gratitude and respect."—DINO DEL BO, *President of the ECSC High Authority*.

The following messages were addressed to Prime Minister Wilson:

"On behalf of the Commission of the European Economic Community, I would ask you to convey to her Majesty's government, the British Parliament and people, our deep distress at the passing of Sir Winston Churchill. We share your sense of loss and wish to be associated in your tribute to a great statesman and great European."—WALTER HALLSTEIN, *President of the EEC Commission*.

"On behalf of the High Authority of the European Coal and Steel Community and myself, I wish to express our deep sorrow at the death of Sir Winston Churchill. His courage and example in defense of freedom and human dignity are a symbol to all men. His part in ensuring the survival of Europe and promoting the cause of European unity place us particularly in his debt. Though he has left us, his achievements will not be dimmed with time. We are honored to add our tribute to this great man."—DINO DEL BO, *President of the ECSC High Authority*.

The following message was addressed to Ambassador O'Neill:

"At the moment when the British nation has just lost one of the most remarkable personalities of its history, I am anxious, Mr. Ambassador, to present to your government and to you, the deep condolences of myself and my colleagues. Sir Winston Churchill, by his unyielding will and strong courage, was the torchbearer of the free world and the advocate of very close cooperation between the countries which belong to it. Our people owe him all their gratitude and the Euratom Commission will treasure his memory. It is for this reason that my colleagues and I wish to express before this great figure our respect and our grief."—PIERRE CHATENET, *President of the Euratom Commission*.

Ambassador E. N. van Kleffens, head of the delegation of the ECSC High Authority to the United Kingdom, represented the three executives of the European Communities at the funeral January 30 in St. Paul's Cathedral in London.



STUDY FAVORS ECSC STEEL PRICING OVER U.S., U.K. SYSTEMS

Community Policy Recommended As Answer to Present Controversy

THE STEEL PRICING POLICY in the European Coal and Steel Community compares favorably with the systems in the United States and Great Britain, according to "Steel Pricing Policies," a pamphlet published in January by the independent British research organization, Political and Economic Planning.

The 375-page booklet recounts the origins and history of the ECSC price system and describes the American and British systems. "The conclusion was reached," the report says, "that the ECSC system, despite its recent difficulties, is not only viable but superior to the other two."

The pamphlet describes the distinguishing merits of the Community system as follows: "First, it promotes competition. Each Community enterprise—whether private or public—is responsible for its own economic viability and must rely on its own efficiency to secure the necessary profits for modernization, expansion and the reward of investors. The pricing rules and the anti-cartel provisions are available to ensure that this competition is of a sort conducive to the economic good and not mere market manipulation. Secondly, it provides for a measure of outside supervision and for direct intervention to correct market collapse or market exploitation.

"Market Transparency" Achieved

". . . Thirdly, it has brought the steel industry into the open. Not only has market transparency been achieved by the compulsory publication of prices, extras and transport charges; but, as a result of the High Authority studies of such matters as investment plans, wage structures, raw material supplies and foreign trade, and as a result of the regular discussions in the Council of Ministers, in the Consultative Committee (which brings producers, consumers and workers together) and in the European Parliament, the industry is far better known to outsiders and far better understood by those who work in it. External comment and industry decisions are thus correspondingly better informed. This particular merit is perhaps the most distinctive of the three."

Community steel producers are required to publish the prices of all their products offered on the internal market. The prices are quoted at specified places (basing points—usually the main steel producing region of the seller) of the individual producer's own choosing. Member states are to provide for publication of transport rates for steel, by road, rail and inland waterway. (Although this has not yet been fully achieved, the bulk of Community steel is delivered by rail whose rates have been published in full detail since shortly after the Community began.) Consequently, a steel-user anywhere in the Community can quickly calculate the cost of the products plus transportation to arrive at the lowest price.

Non-discrimination Provided

The Community's principle of non-discrimination binds the seller to his published prices for all Community buyers. However, the seller may change his prices after giving five days notice. A steel producer may depart from the published

schedule to align his price to a lower offer from a competitor. He cannot raise his price or undercut the rival producer. By lowering his price, he can absorb part or all of the transportation cost from the point where the other producer is offering his products at a lower cost. The producer must revert to his previously published prices for future transactions unless the price has been publicly changed.

This system has not been altered essentially since the ECSC began in 1952. However, certain measures since then have given the High Authority closer control over its operations.

The ECSC system is weakest in relation to imported steel. Imported steel which is cheaper than Community produced steel can threaten the Community market with price instability, especially, during a period of world steel over-capacity.

The booklet points out that the possible reduction of steel tariffs in the Kennedy Round might counteract this weakness. "In the first place," the report says, "it is possible that the steel tariffs of the major producer countries will be reduced in the course of the Kennedy Round. Plainly the Community's interest is that its comparative level of protection is improved and this it is seeking to ensure. There is some scope for this since the Community is anxious to achieve a common external tariff for steel—the lack of one is an anomaly now that a common external tariff has been agreed for almost all EEC products—and the rules of GATT would not debar the adoption of a tariff higher even than the present temporary tariff. Thus if a higher common tariff were adopted it might be possible for all major producer countries firstly to reduce their tariffs and secondly to achieve an approximately equal tariff for all."

Price Stability Ensured

On the internal market, the report observes that the Community's principles of non-discrimination and price publicity tend to help the steelmaker by ensuring a substantial measure of price stability in a weak market as well as aiding the customer.

"The range of prices and the scope for playing off one maker against another was thus limited," the study says. "Furthermore because changes in price-lists must be notified in advance a maker must be sure of his ground before he makes a change. Thus if he raises his price he must be reasonably sure that others will follow or that his customers will continue to buy from him because there are insufficient supplies available at lower prices elsewhere. On the other hand, he will not readily lower his price in weak market conditions since other makers, made aware of his intentions, will follow suit and the net result will be a lower return without any compensating increase in order load."

The pamphlet points out a similarity between the United States and ECSC steel pricing systems. The system presently in force in the United States is the FOB mill prices.

"Different as it might seem from the ECSC system in effect it is very similar," the booklet says. "There are the same rules against price discrimination and the same resultant practice of alignment. Price publicity is not enforced, but is practiced, and transparency is aided by the greater ho-

mogeneity of the market, by the common language spoken, by the efficient information services and the trade press reporting and commenting upon trends. Furthermore, the populations are of approximately the same size and steel production is not so very different in total. This is important in that the size and efficiency of a market are closely linked."

Concentration Greater in U.S.

The one major difference is the degree of concentration, the report points out. "In the United States, almost exactly a quarter of total production in 1963 was accounted for by a single firm, United States Steel (USS). The first ten producers contributed 79 per cent of the total. Against USS production of 23 million tons, the largest ECSC producer, the newly formed ATH-Phoenix Rheinrohr, represented less than 10 per cent of the total ECSC production, while the first ten producers accounted for only 59 per cent of the total. Furthermore, USS and certain other American producers sell throughout the American market. The largest producers in the ECSC remain national producers and are thus unable to influence prices as effectively as the American giants.

"For both these reasons—the predominance of USS and the higher degree of concentration in the United States than in the Community—it is even more dangerous for a single maker to raise his prices unless he can be sure that the others will follow, and even more futile to reduce prices in the hope of gaining an advantage."

The report observes that industry self-discipline is achievable and by its exercise in a healthily functioning market a reasonable degree of price stability and price competition can be combined. However, the report points out that this industry discipline has its dangers; for it could as in the United States create the problem of excessive pricing power. "The likelihood is diminished by the lesser degree of concentration in the Community," the report says.

"Furthermore," the study says, "if industry does put its prices up too much as a result of company self-discipline, the High Authority has power to intervene by setting maximum prices; and the High Authority's power to set minimum prices in turn should encourage producers to be bolder in offering price competition, on the grounds that there is a safety net should the market really collapse. Neither of these correctives is available in the United States."

British System Limits Competition

The British system, the report says, provides intervention through the powers conferred on the Iron and Steel Board, but little or no competition. The maximum prices fixed by the Board have in fact been regularly observed as standard prices by the producers.

This system, the report says, "makes for stability but on the other hand it minimizes the competitive tension necessary for maximum efficiency. It is impossible to apply in such a way to derive full economic advantage from each firm's equipment; and it is inflexible in the face of foreign competition."

The report suggests that a decentralized system of price determination is possible in a publicly-owned industry. "Yugoslavia," the study says, "has shown for some years that a market economy is compatible with public ownership,

and the tendency in other East European countries too appears to be in the direction of decentralization.

"It appears therefore only reasonable that the British, whose political thinking is generally so much less centralist than that current in East European countries, should examine ways of supervising the market for steel so that the objectionable features of monopoly are avoided, while at the same time the potential abuses of freedom are curbed.

"Under wholly or partly private ownership, too, a system of supervision such as that adopted by the ECSC seems preferable to the fixing of maximum prices by the Iron and Steel Board. The operation of the ECSC system . . . is therefore in many of its aspects relevant to the detailed policy that the British government will be formulating, whatever the precise form of its decisions relating to public ownership."

ECSC Policy's Future Examined

In light of the proposed merger of the Communities, the study recommends an extension of the present rules in the Paris Treaty to cover other energy industries. "These industries, like the coal and steel industries at present, would be compelled to publish prices and to adhere to these prices except in order to align down to meet but not undercut competition. A supervisory function would be exercised by an agency of the European Commission which would police the rules, watch over developments in the industry, promote standardization and establish an adequate supply of statistics and information on the industries' performance.

"However, dossiers on cartel and concentration policy could be passed to the appropriate department of the Commission; and for political reasons, in that increased supranational powers are unlikely to be readily conceded, the right to intervene directly might have to be restricted or restored to the governments as represented by the Council of Ministers. In the latter case, the Basic Industries Agency could be accorded the right in times of crisis to make recommendations to the Council who would decide on action either unanimously or, preferably, by a majority vote.

"Such an arrangement would preserve the essence of the present ECSC system. It might also represent a solution to the long-standing political conflict over ownership and control of basic industries. It would, moreover, facilitate the organization of orderly international trade in these industries by means of co-operation between two or more such regional supervisory agencies."

The conclusions of the pamphlet concerning the ECSC system are the following: The principles on which the European system is based are sound—that its failures result not from fundamental weaknesses but from minor deficiencies, some now corrected; from political difficulties arising from national differences, to be expected until greater integration is achieved; and from the inexperience of producers and of the ECSC authorities in coping with weak market conditions.

The study suggests that the ECSC system may be valid not only for steel industries elsewhere but also for industries other than steel. It also points out that in providing for active supervision as well as maximum competition, the system might prove an adequate political as well as economic solution to the steel pricing controversy.

The report was written by Alastair Forsyth, a steel economist, and published as part of a program of studies financed by the Ford Foundation.

SURVEY SHOWS RESULTS OF COMMUNITY STABILIZATION DRIVE

EEC Commission Urges Continued Anti-Inflationary Vigilance

THE FOURTH QUARTERLY SURVEY of the economic situation in the Community, published by the EEC Commission in January, serves as a tally sheet on the progress of anti-inflationary measures taken by the member states.

The preliminary report shows that production continued to grow, even at a more lively pace than in 1963, and that signs of improved economic equilibrium appeared, due mainly to the Community's stabilization policy. The effects of this policy are also analyzed in relation to the economic activity of each member country, revealing the cyclical changes in 1964 compared to the previous year.

Anti-Inflation Measures Bear Fruit

On the plus side of the sheet, the following results emerged at the year's end:

The real gross Community product rose by 5 per cent compared with 3.9 per cent in 1963. A year ago, the Commission's staff predicted a 4.5 per cent rise. Since 1958, the gross product of the Community has grown by 38 per cent compared to 28 per cent in the United States and 21 per cent in the United Kingdom.

The higher rate of economic expansion in 1964 than in 1963 was partly due to better weather conditions, particularly for farming, building and the allied industries, and partly due to purely economic factors.

The expansion of external demand, such as actual exports of goods and services, gathered momentum first because of the stronger upswing in world business and secondly because of the Community stabilization drive. Visible exports from the Community to non-member countries were expected by the Commission to rise about 9.5 per cent in value and 7 per cent in volume above the overall 5 per cent growth attained in 1963.

The growth rate of investment improved during 1964 in both value and volume. Much of the gain was due to investment in construction, which benefited from the improved weather conditions. Investment in plant and equipment also grew appreciably, especially in Germany and the Netherlands. The growth of investment in stocks was decidedly more vigorous in 1964 than 1963, the report said. This gain was a result of the bumper harvests and of a buildup in stocks of raw materials and semi-finished goods, which was partly cyclical in nature and connected with the trend of prices on the world markets.

The anti-inflation efforts made by the member governments caused the expansion of consumption expenditure to decline in the Community. The total public spending on goods and services grew less rapidly, although in the Netherlands and Luxembourg outlay rose at a greatly increased pace.

Consumer Spending Declines

The 8.5 per cent growth rate for private consumers' expenditure was also lower than the 10 per cent rise in 1963. The Commission estimated that real private consumption probably rose by about 4.5 per cent compared with 5.5 per cent in 1963. From 1958 to 1964, the real growth of consump-

tion per person in the Community was about 2.5 per cent.

The Community stabilization drive is also given credit for the slight loss of momentum in the growth of private consumers' expenditure. The growth of incomes, particularly in wages and salaries, earned in France and Italy was lower in 1964. The sharp increase in incomes in the Netherlands and Germany did not quite offset the decline for the Community as a whole.

Farm output was appreciably more abundant in 1964 than in 1963 and the expansion of services was maintained at the previous fairly brisk rate. The growth rate for the Community's industrial production was even more remarkable, the survey said. It predicted that industrial production will have risen some 6.5 per cent compared to 5 per cent in 1963. Community industrial production from 1958 to 1964 expanded 50 per cent compared to 40 per cent in the United States and 27 per cent in the United Kingdom. The expansion was particularly sharp in the first quarter, after which it slackened, due largely to the slowing of output in Italy.

Community imports rose again but not as much as in 1963. The Commission predicted that 1964 growth rates for merchandise imports from non-member countries were likely to reach 6 per cent in volume and 8.5 per cent in value compared with the 10.5 per cent growth for both in the previous year. The weaker import trend in Italy was probably responsible for the decline, the report said:

Supply and Demand Ratio Improves

The general relationship between supply and demand improved in 1964. Prices rose a little less than in 1963. Part of the 4 per cent rise in 1964 was purely a statistical consequence of 1963 increases, the report pointed out, but as the year advanced, a quieter price trend became increasingly evident.

The improvement in the Community's internal balance is reflected even more distinctly in the development of intra-Community trade, the report said. The inflationary bulge in the purchases of certain member countries subsided and with it the growth of exports of other countries, which for a time had been excessive. Merchandise trade between Community countries probably increased by about 15 per cent in volume compared with 17 per cent in 1963, the survey predicted.

The year 1964 also brought an improvement in the Community's external trade balance. The deficit, which will remain approximately the same as in 1963 (\$3 billion), did not deteriorate further as it has been doing steadily since 1959. The balance of current payments as a whole will probably yield a small surplus for 1964, the report said.

Several items appear on the minus side of the sheet along with a warning from the Commission.

The labor market continued to be strained in most member countries. In Italy, the total number of working hours declined. France's situation, however, shows signs of easing.

The expansion of domestic demand was not as substantial as in 1963. In his January 19 speech (see story page 4), Commission Vice President Robert Marjolin told the Euro-

pean Parliament that any "premature relaxation of restraining overall demand would stultify the EEC's stabilization drive."

Stabilization Drive To Continue

On the whole, the Commission said, the trends of current economic activity, prices and costs alone does not yet point to a restoration of economic equilibrium or, in particular, to the stability of internal costs and prices in 1965. In most member countries, the trends are in the right direction, but

they must be reinforced by a consistent anti-inflation policy. This is particularly necessary, the report said, in the Federal Republic of Germany, where the situation suggests some aggravation of internal strain in the future and in the Netherlands. Italy is the only country where limited measures, intended specifically to encourage investment, might usefully be adopted to liven up economic activity.

On November 10, 1964, the Council found that there was still a need for the member states to continue the stabilization policy it recommended on April 14, 1964.

Community Extends Trade and Aid To Developing Countries

THE COMMUNITY IS ASSISTING developing countries in Africa and Latin America with trade as well as aid, according to a recent Information Service bulletin.

The bulletin, published in January, is the first in a series to be prepared by the European Community Information Service in cooperation with the Overseas Development Directorate-General of the EEC Commission.

Nearly a quarter of the imports from outside the Community come from the developing countries in Africa and Latin America and over one-fifth of the Community's exports go to these countries, the bulletin points out.

In 1963, the Community imported from non-member countries products valued at \$24.6 billion. Of these imports, \$988 million (4 per cent) were from the 18 associated African countries and Madagascar; \$2.6 billion (10.6 per cent) from other African countries; and \$2.3 billion (9.2 per cent) from Latin America. The Community exported to non-member countries, during the same year, goods worth \$21.6 billion. The African associates received \$726 million (3.4 per cent); other African countries \$2.2 billion (10.3 per cent); and Latin America \$1.6 billion (7.3 per cent). The Community ran a substantial adverse trade balance with all three regions, the bulletin said, without accounting for the capital outflow from the Six in grants, loans and investments.

The Community conducts only about a quarter of its total African trade with the associated countries and Madagascar. A larger proportion of trade is with Tunisia, Algeria and Morocco, presently negotiating with the Community for a more formal trade relationship. The following table shows the origin of Community imports from Africa in 1963 and

the destination of its exports, expressed in both cases as percentages of total trade.

COMMUNITY TRADE WITH AFRICA

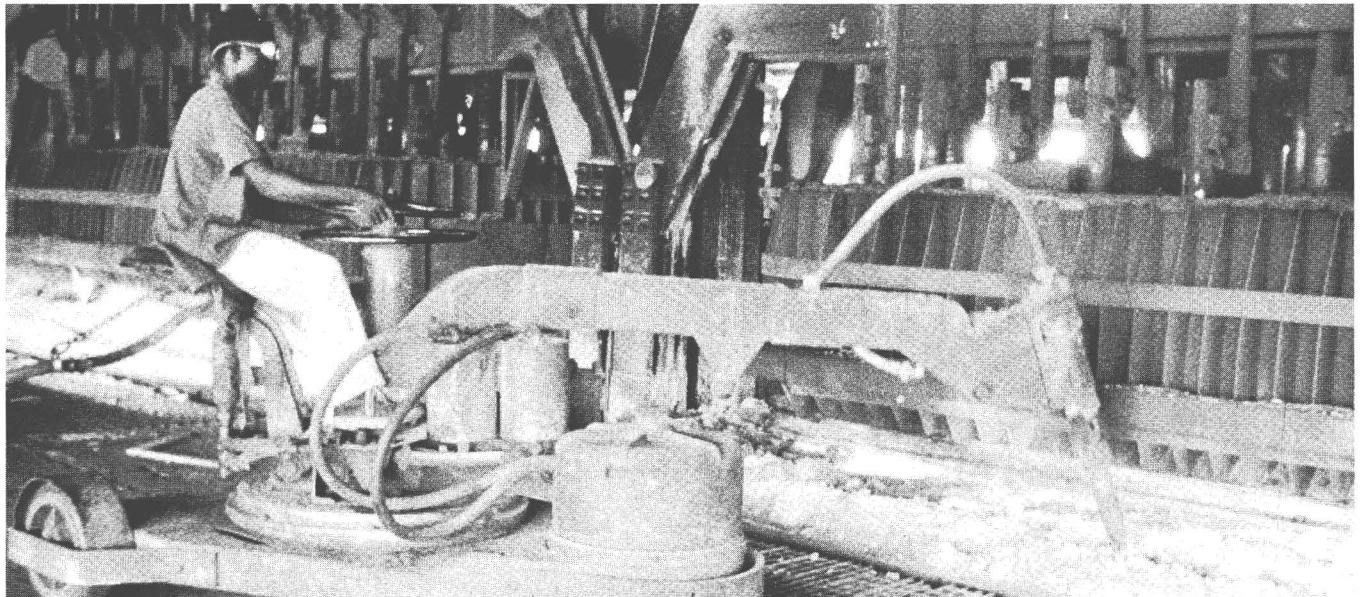
	Imports from Africa	Exports to Africa
Total	100.0	100.0
Associated countries	27.5	24.6
Other African countries	72.5	75.4
Sterling Area	15.4	10.5
South Africa	9.2	12.0
Tunisia, Algeria, Morocco	31.6	32.9
Other countries	16.3	20.0

The Convention of Yaoundé, signed in 1963, envisages the granting of \$730 million aid by the Six to the 18 African associates during 1964 to 1969.

The committee of the European Development Fund (see story page 15) will meet 10 times during 1965 to consider a large number of financing proposals, including aid required under several of the associated countries' five-year plans. Fourteen hundred scholarships, two-thirds financed by the European Development Fund, will also be granted in addition to short training courses for African officials. Increasing emphasis is now being placed on training with Africa and on such methods of instruction as correspondence courses.

Exports from the associated countries also benefit from the gradual reduction of the Community's internal tariffs now 30 per cent of their 1957 level. Community tariffs on tea, mate and tropical hardwoods have been abolished under an agreement with Great Britain.

Community funds at work: This young African is laboring in an aluminum extraction plant in Cameroon.



ECSC HIGH AUTHORITY CONFIRMS 1964 STEEL PRODUCTION RECORD

Community Steel Output Reaches Highest Point in Six Years

ESTIMATES OF A RECORD Community crude steel production for 1964 were confirmed in January by the High Authority of the European Coal and Steel Community.

In addition, Community coal and iron-ore production for 1964 increased slightly over the previous year.

Community crude steel production in 1964 reached 82.8 million metric tons—a 13.1 per cent increase over the 73.2 million metric ton mark attained in 1963. The 1964 production figures also surpassed those of the previous five years as shown by the following table:

CRUDE STEEL PRODUCTION ('000 metric tons)

1959	1960	1961	1962	1963	1964
63,354	73,068	73,503	73,002	73,206	82,828

Germany achieved the largest increase in 1964 by producing 18.2 per cent more crude steel than in 1963. Increases occurred in all Community countries except Italy where output dipped 3.7 per cent lower than the previous year. The following table shows the crude steel production per country over the last two years:

1963-64 CRUDE STEEL PRODUCTION ('000 metric tons)

	Germany (FR)	France	Italy	Neth.	Belgium	Lux.	Community
Dec. 1964	2,892	1,737	935	241	749	383	6,937
Nov. 1964	3,169	1,779	875	233	744	361	7,160
Dec. 1963	2,578	1,582	808	211	662	331	6,120
Jan./Dec. 1964	37,338	19,779	9,782	2,646	8,724	4,559	82,828
Jan./Dec. 1963	31,597	17,554	10,157	2,342	7,525	4,032	73,206
Increase in tons	5,741	2,225	-375	304	1,199	527	9,622
% Increase	18.2	12.7	-3.7	13	15.9	13.1	13.1

The decline in December steel output over November resulted not only from numerous holidays but also from steel producers' efforts, particularly in Germany, to reestablish



equilibrium between supply and demand. Steel produced for the Community markets and imports from non-member countries exceeded consumers' requirements. Steel orders also slackened during the later months of the year.

Steel orders received in December 1964 showed an improvement over the preceding months. Total orders for rolled steel products in December amounted to 5.31 million metric tons as compared to 4.78 million tons in November 1964 and 4.93 million tons in December 1963. Export orders from outside the Community continued to rise in December 1964. The order book that month showed a 1.27 million metric ton gain over December 1963. Total orders for finished steel products in 1964 amounted to 61.5 million metric tons, a 13.5 per cent increase over 1963.

1963-64 ORDERS FOR ROLLED PRODUCTS ('000 metric tons)

	National Markets	Other ECSC Countries	Non-Member Countries	Total
Dec. 1964	3,112	924	1,272	5,308
Nov. 1964	2,818	813	1,152	4,783
Dec. 1963	3,016	953	960	4,929
Jan./Dec. 1964	38,928	11,400	11,172	61,500
Jan./Dec. 1963	34,056	10,392	9,720	54,168
Increase in tons	4,872	1,008	1,452	7,332
% Increase	14	9	15	13.5

In 1964, Community countries produced 228,494,000 metric tons of coal. Production remained stable in all member countries except France. However, the 11 per cent increase in French coal output was due entirely to the 1963 reduction in coal output caused by a miners' strike.

COMMUNITY COAL PRODUCTION

	Germany(FR)	France	Italy	Neth.	Belgium	Community
Dec. 1964	12,081	4,247	35	967	1,860	19,190
Nov. 1964	11,957	4,716	40	999	1,804	19,516
Dec. 1963	11,514	4,350	43	897	1,901	18,705
Jan./Dec. 1964	142,180	53,027	468	11,483	21,276	228,434
Jan./Dec. 1963	142,116	47,754	585	11,509	21,418	223,382
Increase in tons	64	5,273	-117	-26	-142	5,052
% Increase	—	11	-20	-0.2	-0.7	2.3

Provisional figures for 1964 reveal a slight 1.5 per cent increase in Community iron-ore production over the previous year. A three million metric ton increase in French output compensated for reductions in the other member countries to give a total production of 81.4 million metric tons, 1.2 million metric tons more than in 1963.

Community iron-ore production is generally declining as shown in the table below:

COMMUNITY IRON-ORE PRODUCTION

	1961	1962	1963	1964	% reduction
Germany(FR)	18,866	16,643	12,898	11,612	38.5
France	67,395	67,117	58,476	61,472	8.8
Italy	2,065	1,983	1,709	1,570	24.0
Belgium	115	81	96	61	47.0
Luxembourg	7,458	6,507	6,990	6,680	10.4
Community	95,899	92,331	80,169	81,395	15.1

German production in 1964 was 10 per cent less than the year before. Italy produced 8.1 per cent less. Iron-ore output in the Benelux countries fell 4.9 per cent.

Euratom Contributes To Community Atomic Shipbuilding

THE EUROPEAN ATOMIC ENERGY COMMUNITY is contributing to the development of atomic shipbuilding through four related projects.

The most recent project is the German "Otto Hahn," the Community's first atomic ship. Euratom is contributing \$4 million toward the cost of the pressurized water reactor for the 15,000 ton deadweight ship. The contract was signed July 30, 1964 with the German firm, Gesellschaft fuer Kernenergieverwertung in Schiffbau und Schifffahrt (GKSS). Under another contract with the same firm, experiments are being conducted on the behavior of reactor parts at sea and protection problems.

Euratom is also participating in a series of studies, promoted by the Italian Fiat and Ansaldo firms and backed by the CNEN (the Italian government nuclear authority), on the choice and design of a pressurized water reactor for a 50,000 ton tanker. The fourth contract, with various organizations in the Netherlands, involves research on another variant of the pressurized-water reactor system.

A number of other experiments are associated with the studies on reactor design. The most spectacular perhaps are the collision tests undertaken by Fiat and Ansaldo firms. These experiments are being coordinated with similar tests at the GKSS center near Hamburg. Tests have been conducted with a test rig in which a truck equipped with the

bows of the striking vessel runs along a ramp to hit the anti-collision barrier model of the rammed vessel. These tests have provided information on the importance of the plating required in relation to the other components of the anti-collision structure.

Euratom participates in these projects in various ways. It assigns Community research personnel to the project, promotes as wide an exchange of information as possible, and gives financial backing to the work, provided the results are made available to the Commission and interested firms in the Community. On the other hand, it does not construct any vessels. Its responsibility is limited to ensuring that the scale and scope of the research are adequate in the Community.

Size presents one of the main problems. Nuclear reactors, normally huge pieces of machinery, must be made as compact as possible in ships. The intricate reactor machinery must then be able to withstand the pitching and tossing during a storm at sea. Efficient protection is also required because of the radiation dangers from the reactor not only at sea but during spells in harbor.

Nearly all the Community countries are seafaring nations. Euratom's work in contributing to and coordinating the various projects should help to ensure that the Community does not lag behind in developing nuclear power for ships.

Joint Enterprise Status Requested For Obrigheim Reactor

The Kernkraftwerk Obrigheim GMBH (KWO), a German electrical company, applied January 20 to the Euratom Commission for joint-enterprise status for its projected nuclear power plant.

The Commission will examine the application and submit its opinion to the Council of Ministers for decision.

The Obrigheim nuclear power station, to be located approximately 18 miles east of Heidelberg, will cost \$82.5 million. The plant will house a pressurized water reactor and have an installed capacity of 283 MWe. It will also be the largest nuclear power plant to date in the Federal Republic of Germany.

As a joint enterprise, the Obrigheim power station would benefit from various tax and customs exemptions and thus give impetus to the drive toward bringing nuclear power costs down to the level of conventional power costs. Information gained from the development of the power plant would be made available generally to others.

The KWO company consists of 13 medium-sized and small electricity plants in the Baden-Wuerttemberg area. Its proposed nuclear plant will be constructed by European firms with only minor participation of non-Community enterprises.

This is the third application for the granting of joint enterprise status to an atomic power plant in the Federal Republic. The other approved applications were submitted on behalf of the facilities at Gundremmingen, on the Danube, and Lingen, on the Ems. A fourth joint enterprise is the Franco-Belgian nuclear power plant at Chooz in the French Ardennes.

Egg Import Levy Increased

The EEC Commission increased effective January 16 the supplementary levies on egg imports to the Community from non-member countries.

The supplementary levy was raised from 12.5 cents to 20 cents per kilogram (2.2 lbs.) for whole liquid or frozen eggs; from 50 cents to 75 cents for whole dried eggs; and from 37.5 cents to 62.5 cents for dried egg yolks. The Commission also decided to impose a supplementary levy of 10 cents per kilogram effective January 17 on imports of fresh eggs originating from Bulgaria, Denmark, Israel, Sweden and Czechoslovakia.

EEC Commission Proposes New Timetable

The Commission of the European Economic Community proposed January 18 in Brussels a new timetable for achieving the Community customs union.

The proposal is a modification of the Commission's "Initiative '64" plan to hasten the removal of intra-Community trade barriers and the completion of the common external tariff. It would continue the Six's present acceleration in dismantling intra-Community tariffs to achieve a customs union by July 1, 1967—2½ years ahead of the Rome Treaty date.

Under the new proposal, member states would reduce on January 1, 1966 internal duties on industrial products and a few agricultural products to 20 per cent of the basic duty. The remaining duties on these products would be abolished on July 1, 1967. (Customs duties on trade in industrial products within the Community were lowered 10 per cent on January 1, 1965 to 30 per cent of the base level of 1957.)

EEC COMMISSION CONDUCTS 300TH MEETING SINCE 1958

THE COMMISSION OF THE EUROPEAN ECONOMIC COMMUNITY held its 300th meeting on January 6 in Brussels.

The Commission met for the first time on January 16, 1958 in the Chateau de Val Duchesse, in a wooded park on the outskirts of Brussels. This quiet stately mansion was the site for the Rome Treaty negotiations and, consequently, the creation of the Commission.

The Commission began setting up its organization and some months later moved into the institutional office building at No. 23, avenue de la Joyeuse Entrée. Although this provisional headquarters is almost overflowing with Commission departments, it still remains the official address of the executive branch.

The executive body was established to safeguard the interests of the Community, make decisions, and to initiate and advocate detailed Community legislation needed to carry out the Treaty's principles. This role was entrusted to nine men first appointed in Paris in January 1958. The President, three vice presidents and five Commissioners are appointed for four years by unanimous agreement of the member governments. Throughout their terms of office, they act in complete independence of the governments and the Council of Ministers. The Council has no power to dismiss the Commission. It can only be unseated by a motion of censure passed by the European Parliament.

To assist the Commission in its role, 2,192 officials are presently employed, excluding non-established staff and local employees. The Commission has nine directorates-general: external relations, economic and financial affairs, internal market, competition, social affairs, agriculture, transport, overseas development and administration. In addition, it is also served by the secretariat and the spokesman's group. The Commission shares three joint services with the other two Community executives (the Euratom Commission and the ECSC High Authority): the legal services, the statistical office and the joint press and information service.

Guardian of the Treaty

The Commission is the watchdog of the Treaty. It sees that the Treaty and the decisions of the Community institutions are properly enforced. The Commission investigates com-

plaints, forms an impartial decision and, when appropriate, prescribes corrective measures to be taken by the member states. The Treaty specifies strict procedure for dealing with infringements.

In 1964, the Commission dealt with 24 cases of infringement. The file was closed in five cases after the member state concerned submitted its comments having immediately corrected the matter. The Commission is awaiting comments in eight cases and has issued opinions in seven cases. One of these decisions has been accepted by the member state. Four cases have been referred to the Court of Justice, one of which was withdrawn when corrected by the member state. Two cases were ruled in favor of the Commission and the fourth case is pending.

Commission Is Community's Executive Branch

The Treaty and the regulations made in pursuance of its objectives confer wide executive powers on the Commission. The Commission makes regulations under the Treaty or under Council enactments.

During 1964, the Commission adopted 124 regulations and one directive. Most of the decisions addressed to governments or private individuals are also made by the Commission. Decisions addressed to governments may authorize safeguard measures under various Treaty articles such as adjust or prohibit state aids, grant or refuse tariff quotas. The most frequent decisions addressed to individuals or firms relate to restrictive practices. The Commission has sole power to exempt any agreement from the general anti-trust policy ban of the Treaty under certain conditions. Apart from tariff quotas, the Commission made 205 decisions in 1964. It also addressed 25 recommendations and 40 formal opinions to the member states.

Funds provided for in the Treaty or set up since then are administered by the Commission. The 1964 budget of the European Social Fund totalled \$23,197,860. The Agricultural Guidance and Guarantee Fund will total \$700 million. The European Development Fund has been provided from 1964 to 1969 with \$800 million for overseas countries, \$730 million of which are managed by the Commission and the rest by the European Investment Bank.

Initiating Community policy: Seated at the conference table are the following members of the EEC Commission (left to right): Vice President Sicco L. Mansholt (holding pipe), responsible for agriculture; Henri Rochereau, overseas development; Vice President Robert Marjolin, economic and financial affairs; Lambert Schaus, transport; Vice President Lionello Levi Sandri, social affairs; Guido Colonna, interior market; Hans von der Groeben, competition; President Walter Hallstein; Emile Noel, chief of the Commission Secretariat; and Jean Rey, foreign affairs.



Commission Acts as Policy Initiator

The Commission initiates Community policy and gives expression to the Community interest. The Treaty, chiefly in its provision concerning economic union, leaves a wide margin for the formation of common policies within certain guidelines. The Commission drafts and presents to the Council for discussion proposals for Community legislation.

It executes this role of motivator of Community policy both by working out comprehensive policies and by preparing texts relating to specific problems. For instance, the essence of the common agricultural policy was contained in the Commission's memorandum to the Council of December 11, 1959, the main lines of which were approved by the Council on December 20, 1960. Since then, all the agricultural decisions up to the recent agreement on a common grain price have been taken on the Commission's initiative within the framework of the 1959 memorandum.

The Commission receives assistance from a number of high-level committees set up under the Treaty or by Council decision such as the monetary committee, the short-term and medium-term economic policy committees and the advisory committee on transport.

The Commission presented to the Council during 1964 156 proposals and 96 other communications. The Council adopted 80 regulations, 14 directives and 55 decisions on the Commission proposals as well as an important recommendation to the six governments to combat inflation.

The role of initiator stretches into the field of external relations. As the negotiator for the Community, the Commission, under Council directives, represents the Community in the GATT trade negotiations in Geneva. The Commission negotiated the association agreements with Greece and Turkey on behalf of the Community and member states and



Common Market headquarters: Avenue John Kennedy leads to the offices of the EEC Commission on Avenue de la Joyeuse Entrée, Brussels.

used a relatively new technique of exploratory talks with a number of countries seeking trade or association agreements. These talks enable the parties to examine the possibilities of a future link thus enabling the Council to give the Commission appropriate instructions for negotiation.

The Commission has one other role that cannot be assessed mathematically, that of an "honest broker" and mediator in the Council. Here it can facilitate or even compel decisions by throwing the full weight of its political authority on the scales.

EEC Commission Allocates Development Aid To African Associates

THE EEC COMMISSION allocated \$15,352,000 on January 22 to finance eight projects approved by the European Development Fund at its fifth meeting January 8.

The aid will be used for the following projects:

- Production in Dahomey. The first annual installment of about \$1,027,000 represents part of a five-year program of aid to production and diversification provided by the Yaoundé Convention.
- Sinking 150 wells in Niger. Approximately \$2,005,000 will be used to supply water to a population of 80,000. This project supplements an earlier program for 395 wells financed by the first European Development Fund.
- Construction of nine dams and installations in East Mauritania. The project, which will benefit 18,000 inhabitants of Assaba and Hodh, will cost about \$1,357,000. It is an extension of a previous European Development Fund project which built five dams in the Brakna area.
- Diversification in Rwanda. Approximately \$88,000 will provide 400 apiaries, four honey extraction centers, skilled staff, and the training of instructors.
- A total of \$5 million is allotted for surveys relating to investment projects to be submitted for European Development Fund financing and for general surveys on the problems of the associated states and prospects for diversification.
- Management and supervision of European Development

Fund projects. The \$4 million allotment will allow the Commission to promptly provide technical personnel, at the request of the associated states' governments, to help supervise investment projects.

- Technical surveys for the future port of Owendo in Gabon. Approximately \$811,000 will be provided for a deep-water harbor and a terminal for a railway from the substantial iron deposits at Mekambo. The project, which will benefit the mining sector and improve communications, is receiving the attention of the World Bank, the United Nations Special Fund and several private international groups.
- Technical assistance in operating the new hospital at Mogadishu in Somalia. This hospital, constructed and equipped through the first European Development Fund, will be supplied with 69 medical assistants, ward sisters, midwives, and technicians for two and a half years to assist the 31 doctors and specialists presently employed. The present staff was provided as part of the coordinated technical assistance supplied by the Community and, on a bilateral basis, by the member states. Approximately \$1,064,000 is allotted.

These decisions bring the total commitments authorized under the new European Development Fund to \$39,378,000 since the Yaoundé Convention became operative on June 1, 1964. The Convention envisages the granting of \$730 million aid by the Six to the 18 associated countries from 1964 to 1969.

PUBLICATIONS AVAILABLE

EUROPEAN COMMUNITY AT A GLANCE, European Community Information Service, Brussels/Luxembourg, November 1964 free

A leaflet describing the aims and accomplishments of the Common Market, Euratom, and the Coal and Steel Community. Contains economic statistics for the Community, U.K., U.S., and the U.S.S.R.

LABOR IN THE EUROPEAN COMMUNITY, No. 6, December 1964, 16 pages free

The feature article of this issue is "The Labor Market in the West African Associated States of the EEC," by Adhemar Byl.

CONFÉRENCE EUROPÉENNE SUR LA SÉCURITÉ SOCIALE, Brussels, 1964, Volumes I and II, 759 and 348 pages respectively \$10.00

Report on a conference sponsored by the EEC, the ECSC, and Euratom, held in Brussels December 10-15, 1962.

ORGANIZATION OF WORLD MARKETS FOR AGRICULTURAL COMMODITIES, *Agricultural Series Study No. 15*, EEC Commission, Brussels, 1964, 52 pages \$1.20

An analysis of existing imbalances in the world's markets for agricultural commodities and a discussion of possible ways to reorganize world agricultural markets. Prepared for the EEC Commission by Dr. Albrecht Kruse-Rodenacker of the Technische Universität, Berlin.

MAP OF COMMUNITY STEEL FIRMS as of January 1, 1964, High Authority of the ECSC, Luxembourg, 1964 \$2.00

A 34"x47" map showing names, location, types of steel produced, and production of steel firms in the ECSC countries. *Legends are in French, German, Dutch, and Italian.*

RESULTS OF THE BUSINESS SURVEY CARRIED OUT AMONG HEADS OF ENTERPRISES IN THE COMMUNITY, EEC Commission, Brussels, November 1964, 15 pages ... \$.70

Published three times a year. The November issue analyzes results of monthly surveys made from April through September 1964.

EUR 1887.e, SITUATION AND TRENDS OF NUCLEAR ENERGY IN THE EUROPEAN ATOMIC ENERGY COMMUNITY, by H. Michaelis, European Atomic Energy Community, Brussels, October 1964, 126 pages ... \$3.50

This report discusses the trends which are emerging for nuclear energy as it enters an industrial phase. It makes a forecast of the power which will be installed between now and 1980 in the Community. Costs and supply problems are outlined. The report is available from The European Community Information Service (limited quantity) and from Presses Académiques Européennes, 98, Chaussée de Charleroi, Brussels 6, Belgium.

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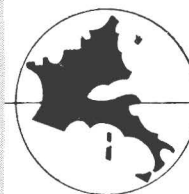
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