



# europaean community

COMMON MARKET • COAL AND STEEL COMMUNITY • EURATOM

## EEC COUNCIL AGREES TO MERGE COMMUNITY EXECUTIVES

### Ministers Adopt Austrian Mandate, Monetary Report, Agriculture Measures

THE COMMON MARKET COUNCIL OF MINISTERS agreed March 3 in Brussels to merge the executives of the European Economic Community, the European Atomic Energy Community and the European Coal and Steel Community.

The merger is expected to take place at the beginning of 1966.

Other important results of the meeting were the Council's adoption of a mandate to begin negotiations with Austria, of the seventh annual monetary committee report and of an additional mandate to the Commission for agricultural negotiations in the Kennedy Round. At an earlier meeting, the agriculture ministers of the Six passed a new regulation for fruits and vegetables and set upper and lower price limits for beef, veal and dairy products.

The fusion accord was hailed by EEC Commission President Walter Hallstein as "a great forward step in the history of European unification." The EEC Commission, he said, considers the fusion decisive for political union.

#### Nine-Member Commission Planned

The ministers decided that the three executives would be fused into a permanent, unified commission of nine members. A treaty will be signed at a conference of the member countries, probably on April 8, authorizing the modifications of the treaties of Rome and Paris necessary for the fusion.

The single commission will be temporarily composed of 14 members for the period between the fusion of the institutions and the later merger of the three Communities' treaties. However, if this period exceeds three years, a nine-member commission will be designated at the beginning of 1969 which will include two members each from Germany, France and Italy and one member each from Belgium, Netherlands and Luxembourg.

The merger of the three executives has been discussed for over two years. It was originally proposed by the EEC Commission for January 1, 1965 but was delayed by efforts to compensate Luxembourg for the impending loss of the High Authority of the Coal and Steel Community. The new combined executive will sit in Brussels.

The Council decided that Luxembourg, Strasbourg and Brussels will continue to be the seats of the Community institutions. It was agreed that the single Council for the three

Communities will hold its sessions of April, June and October in Luxembourg.

The European Court of Justice will remain in Luxembourg and will be joined by other judicial organizations, including certain agencies for the competition sector. The secretariat and services of the European Parliament will also remain in the Grand Duchy, although the Parliament will continue to hold its sessions in Strasbourg.

The High Authority directorates for credit and the administration of the Community levy on coal and steel industry will stay in Luxembourg, and the European Investment Bank will be transferred there from Brussels. A liaison office between the Bank and the future commission will be created in Luxembourg, particularly to facilitate the operations of the European Development Fund. The monetary committee will meet in either Luxembourg or Brussels.

The agreement also envisages the eventual location in the Grand Duchy of other financial services of the single commission. Such a move will be the subject of an annual report by the Commission.

The ministers reaffirmed their prior decision of January 29, 1965 to install or keep in Luxembourg other Community services, including the statistical office, the office of official publications and certain services of the European Atomic Energy Community. The Commission was instructed by the Council to carry out the necessary transfers gradually in order to assure a smooth transition. *continued on page 2*

#### IN THIS ISSUE

page	
3	European Unity Necessary For Partnerships With U.S.
4	Mansholt Calls For 'International Agriculture Policy'
5	U.S. Spokesmen Seek Farm Trade Increase
7	Industrial Policy Essential For Total Integration
7	ECSC Offers Lessons For A Merged Community
9	Widening Social Fund's Powers Proposed
10	Community Ponders Film Industry's Future
12	Euratom Helps Advance Medical Research
13	Anti-Trust Regulation To Aid Agreement Clearance

## Austrian Talks Authorized

The Council also adopted a mandate enabling the EEC Commission to begin formal negotiations with Austria for an association with the Community. The mandate authorizes the Commission to discuss trade questions and fixes certain rules for the harmonization of economic policies. Austria would be associated with the Community by special institutions.

The mandate was based on a Commission report to the Council on the progress of talks between Austrian and Community representatives in Brussels in July, autumn, and December of 1963. Austria's association with EFTA posed a special problem requiring the Council to decide whether the agreement would be purely commercial or a new type of association.

## Monetary Report Adopted

The Seventh Annual Report on the activities of the EEC monetary committee was also adopted at the meeting. The report, which examined the Community's economic and monetary situation, recommended that member states coordinate their economic policies, particularly in the field of monetary and incomes policies.

As the economic situation in each member country depends on economic development in the entire Community, the report pointed out, it is becoming increasingly difficult for the authorities of a member state to influence their own economic development alone by pursuing independent monetary, fiscal or incomes policies or by altering their exchange rates.

The Community's financial group stressed the need for the Six also to harmonize their attitudes toward the world monetary problems as they affect the Community's balance of payments. It is therefore of overriding importance to put a brake on excess imports of capital from non-member countries, especially as the size and composition of monetary reserves held by the member states are already a problem which would undoubtedly be made even more acute by such a development, the report said.

## U.S. Deficit Noted

The United States balance-of-payments deficits also was discussed by the committee. As in previous years, the report said, the EEC countries' payments surpluses were matched in 1964 by continuing deficits in the United States' balance of payments, due particularly to capital exports. Proposals currently being studied for remedying this situation emphasized the need to make European capital markets more efficient, to guarantee a more balanced flow of international capital movements.

The report pointed out that a reduction in the availability of funds on the American capital markets is the key to correcting the American deficit. The committee asked to what extent EEC countries are to continue to build up short-term credits on the United States' market.

In so doing they are helping to finance a United States' payments deficit due in part to an outflow of capital toward Europe which is itself liable to hamper the stabilization drive in the Community, the report said. In 1964, the American deficit was financed largely through the holding of dollars by developing countries, which can be expected to use part of these increased funds in 1965 to augment their purchases, according to the committee.

The report suggested that a study group be created, possibly within the International Monetary Fund, to examine various proposals regarding the creation of reserve assets. ". . . this study is all the more important since there is no immediate prospect of a currency of one of the six countries assuming the function of an international reserve currency," the report said.

## IMF Quotas Studied

The committee has been studying ways to raise the International Monetary Fund quotas. Such a measure, accompanied by an additional increase in the quotas of certain Community countries, the report said, would further swell the resources which member states are currently placing at the disposal of the IMF. At the end of 1964, outstanding drawings of the IMF totaled \$2.62 billion. Of this total, \$857 million was financed by IMF sales of gold, while of the balance of \$1.76 billion, \$1.43 billion—more than 80 per cent—was in the form of drawings on Community currencies.

Progressive integration within the Community will make devaluation or revaluation of currencies increasingly difficult and unlikely, the report said. This trend will be strengthened by the establishment of a single agricultural market based on uniform prices for farm products.

The committee expressed its preference for recording prices in units-of-account (as in the case of grains) than in national currencies as an automatic safeguard should Community exchange rates change. However, the report said, the committee considered that it would still be possible for a state to adjust the exchange rate of its currency, should this prove necessary in order to safeguard, for example, the smooth working of the Common Market itself.

The Council also took major action for the progress of agriculture negotiations in the Kennedy Round. The ministers adopted a supplementary mandate enabling the Community to table its agriculture offers on September 16. This mandate adds to the Commission's original instructions approved by the Council in December 1963.

Vice President Mansholt said in Washington February 9 that the United States agreed to the mid-September date, which must still be approved by all GATT contracting parties (see story page 4). The additional mandate commits the Community to begin discussing cereals in Geneva April 1 in an effort to achieve a world accord.

## Fruit and Vegetable Measure Discussed

Community fruit and vegetable tariffs bound in GATT were also considered by the Council. The discussion resulted from the agriculture ministers' decision February 25 to modify the existing Community fruit and vegetable regulation.

The new regulation provides for a countervailing charge to be applied to third country imports when their entry price falls below the Community reference price. The amount of this charge will equal the difference between the reference price and the entry price.

The agriculture ministers decided at the 1964 December marathon meeting to adopt the new measure before February 28 in exchange for Italy's agreement on the common grain price. Italy produces the majority of Community-grown fruits and vegetables.

The regulation supplements the existing fruit and vegetable regulation which became effective on August 1,

*continued on page 15*

# HALLSTEIN URGES EUROPEAN UNITY AS NECESSARY STEP TOWARD PARTNERSHIP WITH U.S.

EEC COMMISSION PRESIDENT WALTER HALLSTEIN February 4 in Amsterdam urged that Europe complete its unification in order to shoulder the "rights and burdens" of an Atlantic partnership with the United States.

President Hallstein's remarks were made during a conference on "Europe, America and World Trade" organized by the European Movement in the Netherlands.

"European unity and Atlantic partnership are . . . the pillars of United States policy toward Europe," he said. "They are also the foundations of our policy toward America. Europe cannot be a valid and equal partner before it has completed its own unification. Only then will it be strong enough to take up the rights and burdens of partnership with this huge power and, in the last resort, be able to decide its own fate."

"Europe," President Hallstein said, "owes . . . the United States everything that an outside state can contribute to the rebirth of a political entity."

## Expresses Gratitude to U.S.

Recalling post-war relations between Europe and the United States, he underlined the tremendous economic and military efforts which had made possible the reconstruction of Europe. "No European will ever forget," he said, "the courage, the wisdom and the generosity on which they rested. Behind the shield of NATO, a shield erected by America . . . the United States has consciously and consistently furthered the construction of an equal European power with which it can one day cooperate on a basis of partnership."

Following are excerpts from President Hallstein's speech:

## Cites U.S.-European Cooperation in Kennedy Round

"Discussion is the method used today to reconcile the economic interests of Europe and America. At the Atlantic level, the outstanding point of contact between the two continents this year is the Kennedy Round. There can be no disagreement about the basis of these negotiations and their ultimate aims. The European Economic Community is taking part in the negotiations with the firm intention of ensuring their success. . . . This is a hard task demanding great efforts of us all. We will only achieve the desired result if conflicting interests can be reconciled by a process of mutual give and take between all concerned. The keystone of the negotiations therefore must be the principle of full reciprocity of concessions. This rules out any measure that would give advantages to a single country at the expense of others, except in the special case of the developing countries. . . .

"The principle of reciprocity also predominates in the discussion of . . . non-tariff barriers and other obstacles (to trade) with an effect equivalent of that of customs duties. . . . We regard as an important test of the liberal attitude of all participants in the negotiations that when the mutual readiness of countries to open their markets is being assessed and bargained over, these forms of trade barrier be dealt with at the same time as customs duties themselves. In view of the complexity of national policy toward industry, tariff negotiations are no longer sufficient in themselves."



President Hallstein said that the reciprocity of rights and obligations of all partners is also the basis of the attitude adopted by the Community in the negotiations on agriculture, the other aspect of the Kennedy Round.

"This is not just an advantage," he said. "It is an essential. . . . Trade in agricultural produce is ailing. Its balance is disturbed and cannot be restored by commercial measures. The methods used today mean that no state any longer has confidence in the free play of supply and demand where agricultural products are concerned."

"The problem is to master the chaotic situation in which hunger and scarcity are rampant, while on the other hand, agricultural surpluses are mounting and markets are glutted. We must endeavor to grasp the vast scale of this problem of feeding the world and then look for an answer. . . . We shall find neither the source nor the solution of the problem in trade policy but in agricultural policy and development policy."

## Urges Economic and Monetary Cooperation

"On both sides of the Atlantic, we must pursue economic and monetary policy in contact with each other if we wish to ensure full employment and smooth economic growth in conditions of free trade. The Atlantic balance of payments problems call for new arrangements and measures to reconcile stability with the liquidity needed for economic growth and to avoid placing burdens on the monetary system of the western world. . . ."

The dialogue of continents covers questions beyond those which originate in the Atlantic area, President Hallstein said. "It is concerned with the build up and defense of the whole free world. Europe's part in this becomes greater as its unity advances. The interests of America and of the Community are already meeting in all parts of the world. The EEC has intervened energetically in the world-wide struggle for the economic and social advancement of the poorer peoples—in what is called development policy today. In so doing, it has joined the United States in undertaking a work of peace which is greater and more difficult than any other which can be imagined.

"Our common goal is clear," he said. "If we want to come closer to it, we must agree not only on the goal but on how to reach it. Agreement on this point has often been lacking. . . . We hope that, in the future, Atlantic cooperation will also

prove its worth in the organs of GATT and of the World Trade Conference. We were in complete agreement with President Johnson when he said that development help must be given selectively and must be concentrated. The principle therefore is not 'the same for all' but 'suum cuique'. Concentration . . . means abandoning the concept of a world-embracing, egalitarian development policy. Help given indiscriminately is help wasted. . . .

"The Community's future activity in the development field is not defined on a strictly regional basis. It will constantly be expanding its field of responsibility."

### Confirms Partnership as Europe's Goal

"Europe, which only yesterday was dependent on American care, is today ready to share in the dialogue between continents. Tomorrow, the rights it assumes and burdens it shoulders in the new (Atlantic) partnership will be commensurate with the strength it has drawn from unity. Atlantic coopera-

tion is the lodestar of our collaboration with the United States of America. President Kennedy outlined the principles and aims of this policy and President Johnson also declared his faith in this concept. . . . European unification and Atlantic partnership are therefore the pillars of United States policy toward Europe. They are also equally the foundations of our policy toward America. . . .

"Europe cannot be a valid and equal partner before it has completed its own unification. Only then will it be strong enough to take up the rights and burdens of partnership with this huge power and so, in the last resort, be able to decide its own fate. To get Europe into good shape for this development is the 'raison d'être' and objective of the European Economic Community also. Consequently, we Europeans unreservedly accepted the offer made by America, which is as far-sighted as it is logical. I and others have repeatedly made this point on behalf of the Commission of the European Economic Community. We must now get on with making a reality of our agreements."

## MANSHOLT CALLS FOR 'INTERNATIONAL AGRICULTURAL POLICY'

### Urges Negotiation of All Elements Affecting World Farm Trade

EEC COMMISSION VICE PRESIDENT Sicco L. Mansholt in a speech February 11 at the National Farm Institute in Des Moines, Iowa, urged acceptance of a "true international agricultural policy."

"Agricultural trade has been ill for a long time," Vice President Mansholt declared. "The Common Market is firmly convinced that we should attack the causes of the illness at their heart. We propose that in the Kennedy Round no element affecting world trade should be excluded: production in relation to demand, disposal of surpluses, prices on world markets, price policies in exporting and importing countries, and support policies."

Vice President Mansholt said that in order to resolve the world agricultural crisis, discipline must be established in agricultural protection. This discipline, he said, should involve "everyone and all products."

Tariffs in agriculture are of secondary importance, Dr. Mansholt said, to the sum effect of all kinds of protection such as levies, sluice gate prices, producer subsidies, quotas, export subsidies, state trading and monopolies.

"We propose," he said, "a binding GATT of all these elements of protection, with nothing excluded and in full reciprocity. When a country then wanted to increase domestic protection, it would have to pay for it."

### Explains EEC Negotiating Proposal

Dr. Mansholt outlined the following methods for negotiation of agricultural protection. "We say that all the elements of domestic protection have one net result: a difference in domestic price from the world market price. We in the Community, call this difference the 'margin of support.' We are willing to consolidate our margin of support in relation to a 'normal world market price' or 'reference price' to be negotiated. If the actual world market price were to fall below the reference price, both the importer and exporter would be free to increase domestic support in that amount."

The Common Market proposes an initial binding of three years, the Vice President said. Before the end of that three-

year period, the contracting parties of GATT would negotiate on the following three years. The reference price could be revised if world overproduction existed by that time. However, if only one partner was overproducing, the country would be asked to adjust its level of support.

"This method," he said, "would be an important first step toward a better world market organization. It would not mean . . . that the Community would impose its own system of protection on its trading partners. What would be on the table would be the sum of protection, expressed in amount per unit of product."

Dr. Mansholt said that the Common Market is not prepared to fix import quotas. "In the past," he pointed out, "such quotas have not solved the problems. They are not consistent with either reciprocity or a linear approach to the negotiation. They do not affect world market prices. They give no obligation to the contracting parties to adjust production to demand."

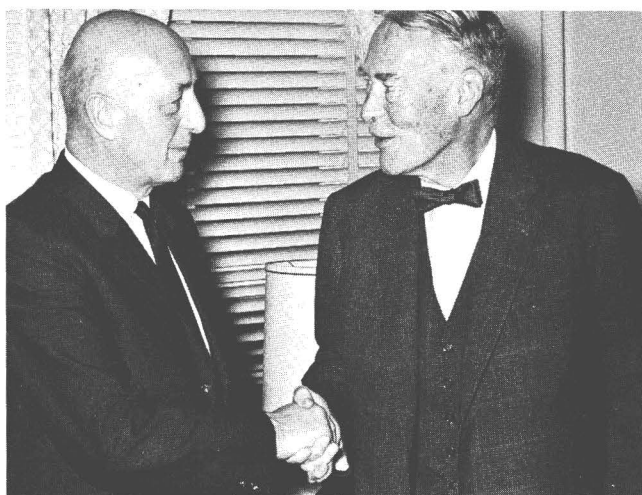
### Calls for Commodity Agreements

Dr. Mansholt also urged that commodity agreements be concluded for products such as cereals, meat, sugar and fats based on same elements already outlined. In addition, he said, the Community would propose the following:

- All contracting parties would seek to avoid surpluses not sold in normal ways.
- Efforts would be made to increase demand where there is danger of surpluses.
- In 'non-commercial' sales, there would be an obligation to follow agreements in the United Nations or other international bodies (perhaps GATT).
- Price stabilization would be sought in international trade.

There would be a commitment to apply an agreed reference price. The level of this reference price would be important. It should give fair return to efficient producers but offer goods for import at moderate cost.





Vice President Sicco L. Mansholt of the EEC Commission meets with Governor Christian Herter, Special Representative for Trade Negotiations, during Dr. Mansholt's recent visit to the United States.

• Agreement would be sought on surplus disposal and stocks, with a particular eye to aiding the undernourished.

The Kennedy Round, Mr. Mansholt said, must take into account the desperate needs of the developing world. "We in the rich West must fulfill our obligations," he said.

Turning to the Common Market's farm policy, Vice President Mansholt said, "European agriculture is in fact undergoing a revolution. And during this revolution we are merging six separate market organizations into a single organization under our common agricultural policy.

"The basic objectives of our common price system are to provide fair income for efficient European producers and at the same time to establish a 'balanced market,' that is, a market without surplus domestic production and with room for imports from efficient overseas producers.

### Grain Price Leaves Room for Imports

"The Common Market Commission said at the time we made our grain price proposals that we believed they would, if adopted, leave room for ample imports from overseas producers. . . We certainly expect a big continuing market for U.S. feed grains and for a variety of reasons not all associated

with Community prices. In fact, U.S. feed grain sales to Europe may rise in volume over their present level. But they will not continue to hold their present percentage of the European market—most largely because of more efficient and mechanized European production techniques."

Vice President Mansholt expressed Europe's willingness "to begin our Atlantic partnership in the field of economics" and called for continued cooperation and interdependence across the Atlantic.

Prior to his Des Moines speech, Vice President Mansholt met in Washington with United States Administration officials and attended a luncheon in New York with the Council on Foreign Relations.

Vice President Mansholt said at a press conference in Washington February 9 that the United States and the Community had tentatively accepted the date of September 15, pending approval of GATT partners, for tabling offers in the Kennedy Round agricultural negotiation.

Dr. Mansholt said that the United States regretted the necessity to delay the start of the actual negotiations on agriculture until the September date but realized that the Community could not present its offers until common prices had been established for its major agricultural products. He also said that a "good and increasing understanding" of problems existed on both sides.

### EEC Would Begin Negotiating Grains

The Community is willing, Vice President Mansholt said, to begin negotiation immediately on cereals. In addition, agreement has been reached to begin on April 1 the presentation of all elements of national support policies by the contracting parties of GATT, he indicated.

While in Washington, Dr. Mansholt met with Vice President Hubert Humphrey; Secretary of Agriculture Orville Freeman; Governor Christian Herter, Special Representative for Trade Negotiations; Under Secretary of State George Ball; McGeorge Bundy, Presidential Special Assistant for National Security Affairs; William R. Tyler, Assistant Secretary of State for European Affairs, and Walt W. Rostow, Chairman of the State Department Policy Planning Council.

## U.S. SPOKESMEN SEEK INCREASE IN AGRICULTURAL TRADE

A PLEA FOR EXPANDED EXPORT MARKETS was voiced by three United States spokesmen February 11 at the National Farm Institute in Des Moines, Iowa.

Vice President Hubert Humphrey, Irwin R. Hedges, agriculture trade specialist in the Office of the Special Representative for Trade Negotiations, and Sherwood O. Berg, Dean of the Institute of Agriculture, University of Minnesota, agreed that agricultural trade must be increased but offered different methods for accomplishing this goal.

Excerpts of their speeches follow:

VICE PRESIDENT HUBERT HUMPHREY

"Expanded export markets . . . offer the greatest area of hope for growing American agricultural production and for increasing farm income. . . . Since 1960, we have raised them (farm exports) from \$4.8 billion to over \$6 billion last year. . . . Without this great asset of our productive agriculture, we could not have helped the balance of payments in 1964 to

the tune of over \$4 million in farm exports for hard currency. . . . We're not content with the gains that have been made in world markets. I've told some of our foreign visitors in Washington that we intend to go after these markets in a respectable, responsible, and constructive manner—but we're going to compete. . . . Food production . . . is not keeping pace with food requirements on a world wide basis. The demands for food and fiber by an exploding population are completely outstripping the supply available. . . . There can be no peace in a world ravaged by hunger. And there can be no progress. . . . Countries with great masses of population with the greatest need for food today are the least able to pay for it today. So it's against this background that our Food for Peace program assumes new promise as one of the most versatile and important weapons in our foreign aid arsenal. We must find markets where most of the consumers exist. The most consumers in the world today live in countries struggling to reach the status of sustained economic growth. Our experience

shows that such economic growth can be achieved and wherever that happens, our agricultural exports are retrieved for dollars. . . . Quite frankly I'm a little disappointed we don't do a better job of selling. . . . But with the export market development program we are beginning to show signs of improvement. And then we must conclude that farm policies and farm production must be continually guided toward serving that national interest by encouraging shifts in production to maximize exports. In other words, we must produce what people want to buy. Let's not merely have a Food for Peace program or export program that deals only in surpluses. We ought to gear our production to a market and we ought to help develop markets geared to our production. . . . It's no longer enough for us to be concerned about domestic farm problems alone. We need to take a broader look. We need to encourage everything your government is doing to expand consumption at home and abroad. We need to be aware that this great agricultural asset of ours must be looked upon as an asset and not as a problem. But most of all we need to understand the vast potential of new markets in developing areas of the world."

IRWIN R. HEDGES, *Agricultural Trade Specialist, Office of the Special Representative for Trade Negotiations.*

"There is no provision in the Community's proposal for the reduction of any barriers to agricultural trade. Indeed, in many cases where fixed tariff bindings, or even zero bindings, now exist, the Community's proposal embodies the possibility of increased protection—by introducing reference prices, and therefore the prospect of import levies if offering prices fall below the reference price. We have already seen a sharp increase in the Community's levies on poultry because offering prices have dropped below the gate price or minimum import price provided in the regulation. . . . Under the system proposed by the Community (such as freezing grain protection) the job of adjusting supplies to market outlets would fall entirely on third countries. The United States and other grain exporters would become residual suppliers in the Community market. The Community says its proposal covers the totality of agricultural support policy measures. However, it does not affect indirect aids to agriculture, and it gives no recognition to the very large effort the United States continues to make to adjust supply to market outlets. . . . The United States and a number of the other contracting parties (to GATT) have suggested that a pragmatic approach be used in the agricultural negotiations. Under this approach we suggested that the negotiations aim at reductions in effective trade barriers in whatever form they exist. Where fixed tariffs are the only form of protection, the aim would be to reduce and bind such tariffs. Where measures other than fixed tariffs are the effective barriers to trade, the aim would be to achieve significant liberalization in these forms of protection. We have repeatedly said that under this approach we would be willing to discuss our own domestic agricultural policies where these affected international trade—provided we were offered benefits by our trading partners which justified doing so. For certain commodities—notably cereals, meats and possibly dairy products—the GATT Ministers directed that efforts be made to negotiate world wide commodity arrangements. In our view, commodity arrangements should be directed at the objectives established by the GATT Ministers—acceptable conditions of access and expanded trade. . . . As you see, these negotiations are likely to be complex and at times difficult. We continue to believe, however, that their

success will be in everyone's interest—not just for the United States and the European Economic Community, but for all the developed countries and particularly for the less-developed countries, which have a great stake in agricultural trade."

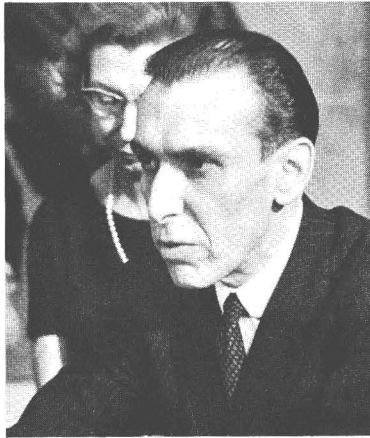
SHERWOOD O. BERG

*Dean, Institute of Agriculture, University of Minnesota.*

"A somewhat amazing development is that the growth in our agricultural trade has taken place in spite of an increase in agricultural protectionism. The amount of protection has increased significantly in the last two decades. This is particularly true among industrialized countries as, for example, in Western Europe after the end of the Korean War and by the United States through its PL480 surplus disposal program beginning in 1954. In fact, a new agricultural protectionism has arisen in almost every part of the world since World War II. This has come about as nations seek food self-sufficiency and pursue farm-income bolstering programs. . . . However, there is one very important departure from the past in present day agricultural protectionism. Pre-world War II emphasis (in the United States) had been on tariffs. The governmental regulation was on the import side. The more recent phenomenon has been the creation of government sales or trading monopolies. This is governmental regulation on the export side. . . . The United States is not the only nation in which economic and political developments that are important to agriculture create uncertainties and concerns. The relationship of farm programs to international trade is one of the real enigmas of the present negotiations with the EEC. In essence, the common agricultural policy of the EEC will be basically a trade and agricultural policy. The price and income goals for farmers will be sought through the manipulation of international trade by variable import duties and export payments. There are likenesses and differences in EEC and U.S. approaches to assist their farmers. The EEC has chosen to achieve increases in farm income through price supports rather than direct income subsidy. Thus, its actions are like those of the United States. Moreover, the EEC reasons for supporting its farmers are for much the same reasons as our pursuit of domestic farm price programs. On both sides of the Atlantic, one of the fundamental problems is that farm productive capacity is expanding more rapidly than demand, and farm incomes are depressed below those of the rest of the economy. Thus, the EEC overriding objective is not one of achieving agricultural self-sufficiency . . . when in fact self-sufficiency is a by-product rather than the main goal of EEC farm policy. The major difference in our and Common Market policies is in the means or programs being employed to restrict marketing and to lift the level of farm prices. As an exporting nation, we have resorted to programs of production control, land retirement, storage and disposal activities and restricting imports. As an importing area, the EEC can achieve the same results by merely limiting imports. Thus, the EEC runs a supply management program, but it is one in which the restrictive effects of control are felt largely by producers in non-member countries. Moreover, the EEC doesn't have to incur the wrath of politically sensitive production control programs or expensive storage programs. . . . If present and future trade negotiations are to be successful, the close interrelationships between farm programs and trade require that the negotiators concern themselves with price support levels, direct and indirect subsidies and other provisions that tend to encourage output increases."

by Dino Del Bo

*President of the ECSC  
High Authority*



THE PARIS TREATY, on which the High Authority's powers are based, will be 13 years old this year. During this time, it has undergone the test of changes in the economic and market structure of the six member countries.

In the light of these developments, some of its clauses were shown to be too rigid and others have proved inadequate. On the whole, however, the experience of the Paris Treaty's application provides invaluable lessons which we ignore only at our peril. The merger of the three Communities, which will occur one day, must not mark the end of the experience gained by the Coal and Steel Community but should lead instead to its continuation and extension.

It has been said often that the difficulties which the ECSC has sometimes encountered were due to the narrow scope of an integration limited to two major industries. The conclusion was drawn that integration by sectors was not the best way of advancing toward an all-embracing Community.

This is confusing integration by sector with the partial integration of one sector. Integration by sector is, on the contrary, a perfectly valid method of reaching full integration. The economic unity of each one of our countries could not have been achieved otherwise and this applies equally in every detail to the development of European integration.

The economic and social policy of the Community starts from an over-all conception of full integration but follows as many different paths toward this goal as there are economic sectors. In the Rome Treaty (establishing the Common Market), these appear under the names of transport policy agricultural policy, short- and medium-term economic policy, competition policy and commercial policy.

The High Authority believes that industrial policy must be added to this list. It considers that the ECSC Treaty provides the basic requirements of such a policy and thus fills the gap in the Rome Treaty.

Faced with mounting world competition and firms of ever-increasing size, it is only natural that the European Community should be engaged in formulating an industrial policy for its own producers. Leading features of this policy would be joint research, the creation of larger business units, an agreed policy on investment, the preparation of production objectives, assistance and credits for business firms, industrial redevelopment, and retraining and re-employment of workers.

An embryo of this kind of industrial policy is found in the ECSC Treaty and has been applied by the High Authority in the coal and steel industries for the last 12 years. Its value has been confirmed by the results. The High Authority regards it highly desirable to extend this experience in the future to all of the Community's industry.

## ECSC OFFERS LESSONS FOR A MERGED COMMUNITY

### High Authority Report Urges Retention Of Coal And Steel Community's Powers And Financing

THE EUROPEAN COAL AND STEEL COMMUNITY'S powers over industry and its financial independence should be retained in a merged Community, according to a 12-year progress report published in February by the High Authority.

The report, requested by the European Parliament, stressed the need for a Community policy applicable to all industries in the six member countries and for genuine democratic control by the Community's parliamentary body.

#### Common Industrial Policy Is Main Goal

The major objective of the Community merger should be to integrate energy and steel policies in a wider common policy for all basic industries, the report said. The High Authority pointed out that the Common Market Treaty contains few specific provisions for industrial development, while the ECSC and Euratom Treaties explicitly aim at launching an industrial expansion policy.

The Common Market's development of medium-term economic policy will undoubtedly involve many aspects of industrial policy, the report said. However, the lack of appropriate power under the Rome Treaty will mean reliance by the single commission on the voluntary coordination of gov-

ernment action. The High Authority stressed the advantage of extending to all basic industries those instruments of industrial policy which have proved valuable in the coal and steel and nuclear sectors.

The report suggested that the following ECSC practices be applied to a common industrial policy:

- Coordinating and stimulating research.
- Common economic forecasting and investment policy.
- Uniform pricing and competition rules.
- Readaptation of workers and industrial redevelopment aid.

#### Extension of Joint Research Asked

A Community research policy, based on a common budget, is presently possible only in the nuclear field and in coal and steel, the report pointed out. The High Authority urged that joint research be extended to other basic industries.

The High Authority also called for the extension of both short and medium-term economic forecasting to industries other than coal and steel. The general forecasts provide valuable information for industry and permit long-term program-



ming of output and investment, the report said. They are prepared by the High Authority in collaboration with the governments, consumers, producers and workers of the six member countries.

On the basis of these predictions, the High Authority issues opinions on investment projects and assists some of them with long-term loans. High Authority industrial loans over the past 10 years total approximately \$500 million. Although this figure represents only about 5 per cent of total coal and steel investment over the same period, it serves as a primer for projects in the Community's general interest, the report said.

The direct application of Community rules to individual firms, under the ECSC system, is vital for merging national markets into a genuine Community market, the report pointed out. The publication of list prices and transport rates, which in turn aids the elimination of discrimination, has been a major element in creating an open market for coal and steel.

The High Authority stressed that disparities between the three Communities' rules of competition must be ironed-out in the merger of the Treaties. Businesses are required to submit trade agreements and mergers to the High Authority for prior authorization. The report pointed out that this practice enables more competition in highly oligopolistic sectors, while allowing companies to adapt their size to the growth of the market and technical progress. The Common Market Treaty is less strict concerning competition than the ECSC Treaty. However, the Paris Treaty has proved too rigid regarding aids and subsidies, according to the report.

The report also urged that ECSC Treaty provisions for financing readaptation of redundant coal and steel workers and industrial development in declining areas should be maintained or extended in an overall industrial policy. The High Authority described these provisions as "the most original of the innovations contributed by the Treaty to economic and social policy." The Coal and Steel Community's action, financed partly by the Six and partly by the High Authority, has frequently tempered results of industrial and regional change for both the individual and society, the report said, and has served partly as a model for the Common Market's policy.

### Parliament's Powers Emphasized

The importance of the European Parliament was also emphasized. "Only provided the Parliament has the ability to act, on the basis of definite powers, can there be . . . genuine democratic control. The furtherance of the Community cause cannot be confined to mere exchanges and discussions. It cannot therefore, sidestep the question of Parliamentary powers."

The Parliament's powers under the ECSC Treaty are as follows: A two-thirds majority of the Parliament is needed for minor revision of the Treaty. The Parliament's president sits on the Committee of presidents of the Community executives to approve the High Authority budget. The disappearance of this rudimentary budgetary control would be in the opinion of the High Authority a "retrograde step."

### Action Program Proposed

The High Authority also presented an action program for the next few years to help solve the problems of coal and steel. The basic problem for coal, the report said, is deciding the



*Workers' readaptation: These three miners are training for one year to become carpenters at a readaptation center in Maurange, Belgium. The center was created in a former coal mine with ECSC High Authority financial aid.*

production to be maintained for reasons of regional policy or for security of energy supply. New difficulties have arisen for steel despite the doubling of output in 10 years. These problems have resulted from changes in the supply of raw material, location of plant, techniques, optimum size, and the growth of competition in world markets.

The following major tasks are envisaged by the High Authority:

- Long-term forecasts. General objectives will be prepared for coal on the basis of the energy policy protocol, and steel targets for 1970 will be issued later this year.
- Commercial policy. The High Authority will continue its efforts to equip the ECSC with a common foreign trade policy.
- Energy policy. Immediate measures will focus on coal, state aids, and a special drive to improve productivity, marketing and fuel efficiency. An inter-executive study will attempt to determine the potential competition from natural gas.
- Steel Action. The High Authority will include in its quarterly forecasts additional details on the development of short-term market disturbances. Special attention will be given to foundry pig-iron production. The ECSC executive will continue to promote steel utilization through a second international steel congress in 1965 and conduct a series of important research projects.
- Workers' readaptation and industrial redevelopment programs will continue, with emphasis on a more systematic policy for the latter through cooperation with national experts, the Common Market Commission and the European Investment Bank.
- European Miners' Charter. The High Authority will seek agreement on the elements of a Miners' Charter.
- Other social questions. The High Authority hopes to extend the functions of the joint employers' and workers' committees on living and working conditions and to promote new training methods to meet the needs of automation and technological progress. A sixth workers' housing program is also planned.
- Cartels and concentrations. The High Authority will be chiefly concerned with optimum size and structure of businesses.



# EEC COMMISSION PROPOSES WIDENING POWERS OF SOCIAL FUND

by **Lionello Levi Sandri**

*EEC Commission Vice President responsible for Social Affairs*

THE EUROPEAN SOCIAL FUND began operating effectively at the end of 1960. Its task, as specified by the Rome Treaty, was "promoting within the Community employment facilities and the geographical and occupational mobility of workers."

The Fund is now faced with a much different situation than existed at the time of its foundation. To meet this new situation, the Common Market Commission has proposed to the Council of Ministers a number of changes in the mandate and rules governing the Social Fund.

In four years of operation, the Social Fund contributed half the cost of financing the occupation retraining and the re-employment of more than 322,000 Community workers. These workers, previously out-of-work or under-employed, have been able to find new paid positions. The total cost of this program up to the end of 1964 was \$24.5 million.



*Lionello Levi Sandri, Vice President, EEC Commission*

This figure is noteworthy, especially if one considers that a sizeable proportion of aid requests are still being considered and will lead to additional payments. The outstanding applications amount to approximately \$23.5 million. The Social Fund acts, in effect, on the geographical plane rather like public welfare bodies operate at the personal level in transferring income to persons faced with misfortune.

But there is more. The Social Fund, by the nature of its functions, and also through the exchange of views and information within its committees and the conclusions reached by Commission officials with the national authorities, undoubtedly contributes to the growth of a European consciousness. The need for the national authorities to adopt gradually the working practices of the Social Fund aids the harmonization of the administrative arrangements in the six Community countries.

## **Economy Undergoes Rapid Change**

Although the results of the Social Fund's operation have been satisfactory, the need for a change has become increasingly evident. The Fund was founded at a time when many Europeans feared that the gradual establishment of the Common Market would greatly affect the level of employment by eliminating less-competitive businesses. Consequently, it was assigned the primary mission of fighting unemployment, mainly through occupational retraining and placing workers in new jobs.

But now, apart from several hard-core areas of unemployment situated principally in less-developed regions, the labor market in the European Community is characterized by a shortage of skilled manpower, brought about by the growth of the economy and technological developments. The main problem is no longer the elimination of unemployment but the maintenance of a higher level of employment.

The major concern today is to meet skilled manpower requirements and to provide a proportion of the work force—especially in the agricultural sector faced with structural modernization and the reduction of employment—with occupational retraining for new jobs in industry and services. Under these conditions, it is essential that the Social Fund keep in step with the entire Community.

The Common Market Commission has therefore proposed that, first, the Social Fund should help in the retraining of employed workers—and not just the out-of-work and under-employed—to enable them to acquire qualifications corresponding to the new demands for manpower. In this way, workers without any skills or with inadequate skills—and therefore threatened with redundancy and unemployment in the near and more distant future—could occupy higher positions and be guaranteed stable employment.

## **Regional Development Promoted**

On the other hand, the Community economy is still subject to a measure of regional disequilibrium. The need to remedy this imbalance becomes more urgent the closer the Community approaches conditions of free movement for workers, services, goods and capital across national borders.

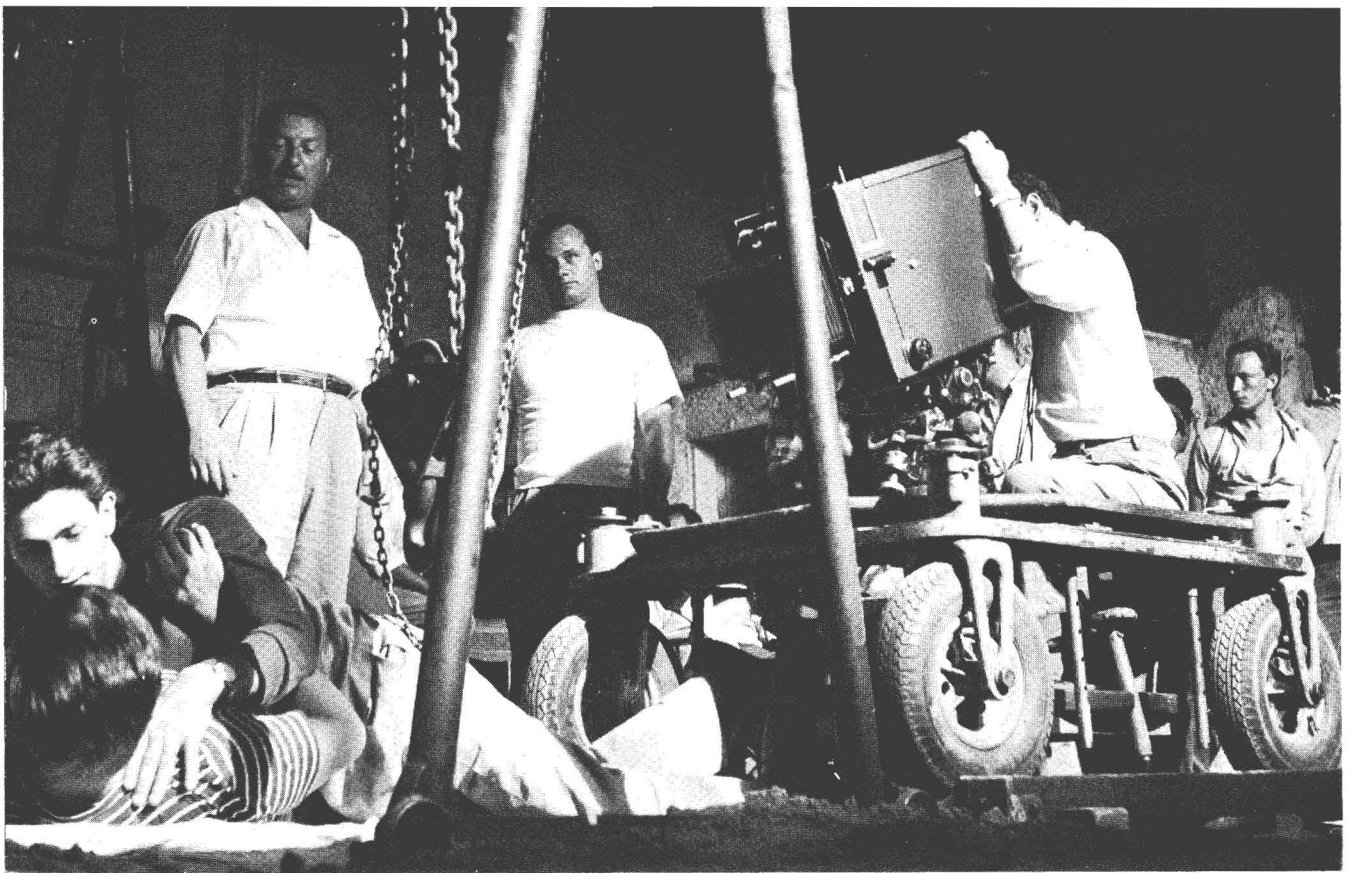
Solving the unemployment problem is closely linked to the question of promoting the development of underdeveloped or declining areas. Consequently, the Commission has submitted a second series of proposals to the Council of Ministers to extend the Social Fund's activities in regional matters.

These proposals provide for the Fund to assist in guaranteeing the income level of workers in the underdeveloped regions, who have lost jobs due to business closures and have had to accept employment at lower wages in new companies in the area. In addition, the Social Fund would help finance the building of vocational retraining centers in areas where they are presently absent.

Finally, the Fund would be empowered to grant loans for training programs to stimulate regional growth or for migrant workers, instead of the present system of reimbursing program expenses. This is very important for certain areas which lack adequate resources to undertake the necessary operations themselves.

In addition, the Social Fund is being called upon to extend its responsibilities substantially under a third set of Commission proposals. The Social Fund would participate in financing public housing projects and social services for migrant workers and their families.

So, in a hardly spectacular but nonetheless substantial manner, the Fund is developing in step with the European Community. . . . I am sure that it will be asked to advance further and become even more definitely one of the essential instruments of social progress employed by the Community for the well-being of its citizens.



## COMMUNITY PONDERES FUTURE OF FILM INDUSTRY

### EEC Commission Examines Proposals, Meets with Government Experts

THE COMMON MARKET COMMISSION is studying a third set of proposals to aid the Community's ailing movie industry.

The proposals, to be submitted soon to the Council of Ministers, would remove national restrictions from the activities of Community film distributors.

These measures would also represent an additional step toward fulfilling the demands of the Community's general program for removal of restrictions on freedom to supply services. The program specifies that all national discriminations against films and film personnel from other Community countries must be eliminated by 1970.

#### First Directive Adopted

On October 15, 1963, the EEC Council of Ministers paved the way for removal of these inequalities by adopting the Commission's first film directive. The directive defined the nationality of films and allowed member states to exchange freely movie shorts, newsreels, and educational, cultural, or scientific films and films made in co-production or with the participation of nationals from another member state.

However, this directive also had the effect of increasing film quotas between member countries. Consequently, a second directive was submitted to the Council on February 7, 1964. This directive, if adopted, would abolish the following:

- Restrictions on the establishment of foreign film theaters in the Community countries.
- Film import quotas between Community countries by 1966.
- National screen quotas (which oblige movie houses to show a fixed proportion of domestic films) by 1966.

- Restrictions on dubbed films.

The elimination of these restrictions would remedy the effects of certain national legislation which in practice favors films from non-member countries more than films from other member states. The directive will also contribute to the creation of a common film market.

The Commission in its 1962 action program set a timetable for a Community film policy. The Commission said that it "will establish, before the end of the second stage (1970), a common policy at the Community level for the film industry, based on a constructive answer to its problems."

#### Competition Adds to Problems

The film industry's problems are complicated by disparities between market regulations, state subsidies, political and cultural repercussions on movies, and public policy requirements. These problems are further aggravated by the difficulties currently besetting the film industry, namely competition from other forms of entertainment.

The Community film industry has been in trouble for several years. The crisis, however, has affected the individual countries differently. All the Community countries have film distribution industries but only Germany, France, and Italy have industries capable of producing full-length feature films.

Behind the crisis lies a long history of falling box office receipts. Competing forms of entertainment, primarily the television set and automobile, have been enticing moviegoers away from the movies in increasing numbers. Between 1953 and 1956, movie attendance in the six Community countries

rose from 2 billion to 2.2 billion. However, audiences have fallen steadily since 1956 so that in 1962 only 1.6 billion persons attended movies. This 25 per cent decline in audiences does not account for the increases in population since 1956.

Total feature-film production in the Community has remained relatively stable. During the last few years, 300 to 350 full-length films have been produced annually. This average tops the number of feature films produced by the United States by about 100 a year. United States audiences, however, are larger. Approximately 2.3 billion movie tickets are sold each year compared to less than 1.7 billion tickets purchased in the Community. The Community's financial gain is also less. The Community film industry takes in about \$600 million a year as compared with \$1.4 billion grossed in the United States.

The apparent stability of total Community film production does not apply to all three main producing countries. While the number of Italian films continues to increase each year, French production has been falling since 1962 and the number of films produced by Germany has been cut in half since 1955.

### Foreign Films Win Large Profits

The Community film industry also has its foreign film problems. Imported films reap almost half of the total cinema receipts in the Community. American films alone take 37 per cent of total profits. General measures to remove restrictions on the supply of services have helped somewhat to increase the potential Community market for domestic films. However, films from other Community countries still account for only 5 per cent of total box-office receipts in Italy, 9 per cent in France, and 16.7 per cent in Germany.

The French and Italian percentages of total box office receipts could be doubled to account for co-productions considered national films by each country. However, these figures would still be dwarfed by the proportion of total receipts gained by films from the United States which in 1961 accounted for 46, 29, and 34 per cent of the proceeds in Italy, France and Germany respectively.

The European film industry feels that good foreign films are not only culturally and artistically desirable but also counteract public indifference and the closing of theaters. The movie industry has introduced numerous technical improvements such as color films, wide-screens and stereophonic sound and has produced a few "epics" to combat the crisis and win back audiences.

These innovations, combined with increases in salaries and artists fees due partly to the production of American films in Europe and the dearth of specialists, have caused a considerable rise in the average cost of films in recent years. European producers generally have not supplemented their incomes by making special television films—a prevalent practice in the United States. They are prevented from doing so in some cases, for example France, by television statutes.

### Ticket Prices Raised

All Community countries have been raising ticket prices to recoup their losses from falling box office receipts. Admission fees have risen on an average of 10 to 15 per cent and have doubled in France thus discouraging the client even further.

The European film industry is also caught between seemingly

contradictory government policies of subsidies and taxation. Industry representatives and member state authorities consider assistance one of the chief problems of the movie industry. Most governments have assisted their movie industries through automatic subsidies or 'quality' bonuses. This aid has usually been financed by a tax on movie profits. Total expenditure by the individual Community countries to aid their film industries in 1962 was: Italy, \$18.8 million; France, \$15.3 million; Germany, \$2 million; the Netherlands, \$250,000; and Belgium, \$200,000.

In most Community countries, the industry is subject not only to the direct and indirect taxes imposed on all industrial and commercial enterprises but also to certain special state or regional taxes. The following amounts were levied in 1961 in the three major producing countries: Italy, \$44.9 million; France, \$31.7 million; Germany, \$20.5 million. These taxes are levied on the receipts from both domestic and foreign films. However, the taxation on domestic films alone still amounts to slightly more than the subsidies.

### Italian System Proves Best

The Italian system of aid for its film industry has proved most effective. The Ministry of Tourism pays subsidies equal to 16 per cent of an Italian film's receipts during the first five years of distribution on the home market. Pro rata payments are also made for the Italian portion of co-productions. A similar system began operating in France last year.

The Rome Treaty considers government aid which distorts competition by favoring certain firms or products as incompatible with the ideals of the Common Market and envisages the gradual abolition of subsidies. It is widely recognized, on the other hand, that the French, German and Italian film industries might cease to exist without government support. Consequently, the EEC Commission permitted the French government last summer to institute its new Italian-style system of aid for a limited period or until the adoption of a Community film industry policy.

Representatives of the Six and members of the EEC Commission's general directorates of the internal market and competition met January 8 to exchange views on a Community approach to the film industry's problems. The meeting was the first step in a joint effort by the participants to find a Community policy for the film industry.

### EEC, Yugoslavia Conduct Trade Talks

Technical talks on the development of trade between Yugoslavia and the Community were conducted in Brussels from January 25 to 29.

Petar Zomic, director in the federal secretariat for foreign trade, led the Yugoslav delegation. The Common Market Commission delegation was headed by Wolfgang Ernst, director in the directorate-general of external relations.

The talks mainly concerned goods of trade interest to both Yugoslavia and the Community. Another meeting will be scheduled for further study of these products.

Yugoslavia's main exports to the Community in 1963 were livestock, frozen and refrigerated meat, shaped wood, and non-ferrous base ores except uranium thorium. The Community exported to Yugoslavia during the same year primarily certain types of machinery, plate and sheet iron, motor vehicles, non-electrical motors and fertilizer.



# EURATOM HELPS FINANCE ADVANCEMENT OF MEDICAL RESEARCH

## Research Program Funds Promote Wider Market for Labelled Molecules

THE EUROPEAN ATOMIC ENERGY COMMUNITY has earmarked approximately \$500,000 of its Second Five-Year Research Program funds to promote a vital medical aid—labelled molecules.

This portion of the \$499 million total budget is being used for studies, research contracts, scientific conferences, and the exchange of information.

A molecule is labelled by introducing into it a rare nuclide causing radioactive rays by which it can be easily recognized. These molecules are high precision instruments employed by researchers in most fields of basic or applied science.

Marked molecules are valuable in chemistry to provide detailed knowledge of the mechanism of a reaction and thus aid the plastics, hydrocarbon and other industries. In agriculture, they have enabled scientists to study the penetration and assimilation of fertilizers to understand the nitrogen cycle. They have also permitted the exploration of plant hormones to the advancement of veterinary medicine and improvement of milk production.

### Medicine, Biology Aided

However, they are most beneficial to biology and medicine. Scientists can now follow the progress of a marked molecule from one cell or organ to another in either a human being or isolated organism and study the processes by which it degenerates, becomes reconstituted or combines with other substances. Labelled molecules have led to the detection of tumors and may someday be used internally to destroy malignancy.

Marked molecules have caused a revolution in research methods in the corresponding basic sciences and have provided valuable knowledge and the development of new concepts. Forty to 50 percent of the articles published on bio-chemistry (about one-fourth of all scientific literature) concern the work accomplished with labelled molecules.

However, the diverse possibilities for using these molecules creates a number of problems. Approximately 3,000 types of labelled molecules are currently prepared by the chemical industry and research laboratories. This figure falls far below the amount required by potential users. It has been estimated that less than 10 per cent of the marked molecules are produced on a regular and economic basis.

The relatively small number of users limits the range and quantities available, resulting in high prices and delayed delivery. In addition, molecules cannot be stored more than a few days before being destroyed by their high level of radioactivity. A more serious problem exists in that research workers frequently require compounds which have never been produced by either public or private laboratories.

Although specialized laboratories are attempting to improve this situation, only one laboratory in the United States and one in Great Britain produce labelled molecules on a profitable basis. All others including those in the Community, operate on government or private grants or simply supply products made in non-member states.

Euratom has been trying for two years to solve these problems and encourage cooperation between the member states and between the Community and outside organizations. It has questioned over 7,000 specialists and polled research

laboratories developing marked molecules for their own use so as to ascertain the Community's requirements. This information has enabled Euratom to establish a "bank" to coordinate supply and demand. Certain laboratories now make available their excess stocks to workers in laboratories in the Community and non-member countries.

Euratom has also concluded 42 research contracts resulting in the development and improved production of over 200 compounds. The inclusion of these products in the "bank" has stimulated wider use and interest. Consequently, some commercial suppliers have begun producing these products on an industrial scale.

### Meetings Attract Scientists

In addition, Euratom conducts periodic information meetings attended by scientists from Community and non-member countries. Approximately 180 experts participated in the first international conference on methods of preparing and storing marked molecules November 13-16 in Brussels. The conference on bio-medical applications of marked molecules in Venice August 23-29 attracted 160 biologists, chemists and doctors from 16 countries. Similar international conferences are also being prepared.

A smaller meeting in Brussels November 1964 between the representatives of marked molecule consumers and producers in the six Community countries resulted in the following resolution: "Foreseeable discoveries of the next few years will unquestionably be made in fields where marked molecules are indispensable. The sciences principally concerned with the use of marked molecules now stand at the place occupied by nuclear physics in the 30's. It appears both desirable and possible, considering the moderate sums involved, for Euratom to do even more to promote the exchange of ideas, information and knowledge among men of various origin and training, and to encourage those pioneering in this field."

*Medical research: This scientist at the Netherlands research organization, T.N.O., sterilizes bottles of serum to be used in animal genetic studies. T.N.O. is employed, under an association contract with Euratom, in the preparation, storage and supply of marked molecules.*





# New Anti-Trust Regulation To Aid Agreement Clearance

A NEW EEC REGULATION enabling group clearance of certain business agreements marks an important step toward a common European competition law.

The regulation, adopted by the Council of Ministers February 2, empowers the Commission to sanction classes of exclusive dealership agreements and licensing contracts. In the past the Commission could approve such arrangements only on an individual basis. The classes of agreements which are cleared will be specified in Commission regulations. Such agreements must fulfill the following conditions of Article 85, paragraph 3, of the Rome Treaty:

- Contribute to the improvement of the production or distribution of goods or to the promotion of technical or economic progress, while allowing consumers an equitable share in the resultant benefits.
- Neither impose on the enterprises concerned restrictions not indispensable to the attainment of these objectives;
- Nor enable the enterprises to eliminate competition in respect of a substantial proportion of the goods concerned.

The Commission must publish, prior to adoption, the essential content of an exemption regulation for opinions from Community firms. Once the regulation has been adopted, businesses will no longer be required to notify the Commission of agreements which fall under the class exempted. However, businesses may still apply for approval of individual agreements under EEC anti-cartel Regulation 17

to have certainty of clearance.

The Commission can withdraw the group clearance for an individual agreement which is incompatible with the conditions of Article 85 or make its clearance subject to compliance with specified conditions or stipulations. Block exemption granted for a given period may be altered or withdrawn in the event that the competitive situation changes appreciably.

The Commission's original proposal to the Council permitted group clearance for all types of restrictive agreements, subject to the Treaty requirements, but the regulation finally accepted confines Commission action to exclusive dealership and licensing agreements.

The regulation will contribute to "simplifying administrative control" as required by the Treaty and ease the Commission's work in ruling on numerous exclusive dealership agreements. Approximately 31,000 exclusive dealership agreements and about 4,500 license contracts have been notified to the Commission.

The Commission, ruling on individual agreements, has generally cleared "pure" exclusive dealership agreements. Three "negative clearances" have been granted to date to exclusive dealership arrangements between Community firms and companies in non-member countries (Nicholas Frères and Vitapro Ltd., Grosfillex and Fillistorf, and Mertens and Straet and Bendix). In a fourth case, Community pottery producers modified a collective system of exclusive dealerships upon Commission recommendation.

## High Authority Plans Second Steel Congress

A second steel congress is planned for next October by the High Authority of the European Coal and Steel Community.

The Congress topics will be the transformation of steel, including methods of assembly, the protection of steel against corrosion, and industrial design.

The first steel congress was held in Luxembourg October 28-30, 1964. The meeting was attended by over 1000 scientists, architects, industrialists, and government representatives from 25 countries. At that time, High Authority President Dino Del Bo said that the problems of steel utilization were of great importance to many countries and too vast to be tackled by the Coal and Steel Community alone.

He also pointed out that proposals of the first congress would form the nucleus of an action program to rejuvenate the Community's building and construction industry. The program, he said, would not only be a responsibility of the High Authority but would become an equal obligation for a single merged executive.

The High Authority examined February 5 a program for the development of steel consumption. The program, resulting from the steel congress, included up-dating by member states of security regulations in building; standardization of steel products and of building units; organization of the second steel congress; publication of the papers and conclusions of the first congress and manuals on steel building; and specific research projects.

## Six Approve Long-Term Statistical Program

The heads of the member countries' statistical offices approved February 3 in Luxembourg a long-term program for 1966 and discussed two important surveys to be conducted soon by the Statistical Office of the European Communities.

The Statistical Office's program had been discussed for some time by the countries' directors and the directors-general in the three Community executives. The directors also considered the planned wage structure and farm structure surveys.

The wage structure survey is expected to yield the first reliable figures on the relationship between men's and women's salaries in the Community and the farm structure study will provide the basic facts to complete the technical background of the Community's common agricultural policy.

The attendance of Sir Harry Champion, director of the United Kingdom central statistical office, at the conference dinner marked the beginning of a systematic exchange of experience between Britain and the Community in the field of statistical methods. Sir Champion also visited the Community statistical office directorates in Luxembourg and Brussels.

The conference was followed by a meeting of the board of governors of the European center for training economic statisticians from the developing countries.

# TWO ANGLO-DUTCH FIRMS JUDGED LARGEST IN COMMUNITY, U.K.

TWO ANGLO-DUTCH COMPANIES, Royal Dutch/Shell and Unilever, head a list prepared by the High Authority of the European Coal and Steel Community of the 50 largest firms in Great Britain and the Community.

British Petroleum appears third, followed by the National Coal Board. Another state-owned firm, the Italian Istituto per la Ricostruzione Industriale (IRI), dealing in shipbuilding, steel, engineering and transport, ranks fifth.

The list is based on the published turnover figures of companies in the iron and steel, electrical and mechanical engineering, and chemical industries. Figures represent gross turnover including tax unless otherwise indicated. However, the definition of gross turnover differs according to country and company as shown by the footnotes.

The relative volume of turnover consequently is not strictly comparable nor is the order of firms necessarily definitive. Some companies might appear higher or lower on the list if uniform laws on the publication of balance sheet information existed in all seven countries. In the absence of these laws, double counting occurs in some cases, for example, Finsider (23) belongs to the IRI group (5) and Deutsche Unilever-Gruppe (42) is part of Unilever (2).

Companies, which are not ranked for 1962, either did not publish figures for that year or were not yet large enough to be included in the previous list.

## Fifty Largest Companies in Community, U.K.

Rank		Organization	Country	Turnover (\$'000)
1962	1963			
1	1	Royal Dutch/Shell petroleum)	GB-Neth	9,221,089
2	2	Unilever (fats, detergents)	GB-Neth	4,297,513 <sup>1</sup>
4	3	British Petroleum	GB	3,233,440
3	4	National Coal Board	GB	3,171,280 <sup>2</sup>
5	5	I.R.I.-Istituto per la Ricostruzione Industriale (steel, engineering)	It	2,424,000 <sup>3</sup>
6	6	Imperial Chemical Industries	GB	1,747,567 <sup>3,4</sup>
8	7	Philips Lamps (electrical)	Neth	1,722,099 <sup>1</sup>
7	8	Volkswagen (vehicles)	Ger	1,710,625 <sup>1</sup>
10	9	Fiat (vehicles, steel)	It	1,491,200 <sup>3</sup>
9	10	Siemens (electrical)	Ger	1,462,500 <sup>1,4</sup>
11	11	Electricité de France	Fr	1,430,221
12	12	Saint Gobain (glass, chemicals)	Fr	1,249,341
16	13	Cie. Française de Raffinage (petroleum)	Fr	1,134,292
15	14	Farbenfabriken Bayer (chemicals)	Ger	1,110,000 <sup>1</sup>
13	15	Friedrich Krupp (coal, steel, engineering)	Ger	1,062,503 <sup>1</sup>
21	16	British Motor Corporation	GB	1,058,400
	17	Esso Petroleum	GB	1,039,654 <sup>1</sup>

<sup>1</sup> Gross turnover excluding internal transactions

<sup>2</sup> Net turnover

<sup>3</sup> Gross turnover including internal transactions

<sup>4</sup> Consolidated balance sheet

Rank		Organization	Country	Turnover (\$'000)
1962	1963			
14	18	August Thyssen-Hütte (steel)	Ger	998,625 <sup>1,4</sup>
	19	Ford Motor	GB	971,432 <sup>1</sup>
20	20	Daimler-Benz (vehicles)	Ger	952,250 <sup>1</sup>
19	21	Hawker Siddeley (aircraft, engineering)	GB	940,800
17	22	Mannesmann (steel, tubes)	Ger	937,750 <sup>1</sup>
22	23	Farbwerke Hoechst (chemicals)	Ger	935,500 <sup>3</sup>
	24	Esso AG (petroleum)	Ger	922,250
18	25	Charbonnages de France (coal)	Fr	922,220
25	26	Gelsenkirchner Bergwerk (coal, petroleum)	Ger	903,000 <sup>1</sup>
30	27	Renault (vehicles)	Fr	902,039 <sup>1</sup>
24	28	Gutehoffnungshütte Aktienverein (steel, engineering)	Ger	870,500 <sup>1</sup>
23	29	Finsider (steel)	It	851,686 <sup>3</sup>
27	30	AEG (electrical)	Ger	846,750 <sup>3,4</sup>
32	31	Petrofina (petroleum)	Bel	840,000
29	32	Shell Française (petroleum)	Fr	822,969 <sup>1</sup>
	33	Deutsche Shell (petroleum)	Ger	812,750
33	34	Badische Anilin und Sodafabrik (chemicals)	Ger	794,750 <sup>3</sup>
26	35	Rheinische Stahlwerke (steel)	Ger	785,000 <sup>3</sup>
34	36	Guest, Keen and Nettelfolds (steel, engineering)	GB	771,515 <sup>1</sup>
	37	Adam Opel (vehicles)	Ger	767,250
36	38	Rhône Poulenc (chemicals)	Fr	757,748
	39	VEBA — Vereinigte Elektrizität und Bergwerke (coal, electricity)	Ger	749,250 <sup>1</sup>
35	40	Montecatini (chemicals)	It	734,312
31	41	E.N.I.—Ente Nazionale Idrocarburi (petroleum, natural gas)	It	728,000
39	42	Salzgitter (coal, steel)	Ger	660,000 <sup>1</sup>
	43	Deutsche Unilever Gruppe (fats, detergents)	Ger	651,250 <sup>1</sup>
41	44	Citroën (vehicles)	Fr	646,749 <sup>1</sup>
28	45	Tube Investments (steel, aluminum)	GB	630,000
38	46	Esso Standard (petroleum)	Fr	622,645 <sup>1</sup>
43	47	Hibernia (chemicals, coal)	Ger	610,500 <sup>1,4</sup>
	48	RWE — Rheinische Elektrizitätswerk	Ger	606,000
37	49	Associated Electrical Industries	GB	593,434
40	50	English Electric	GB	583,281

1962. Under the original regulation, fruit and vegetable imports were subject to member states' tariffs to be gradually aligned on the common external tariff by 1970.

Some of the import tariffs for fruits and vegetables were bound under GATT rules. The import system now planned might require deconsolidation of those tariffs implying either compensation by the EEC or retaliation by the Community's trading partners. The Council referred this question to Permanent Representatives of the member states for further examination. The problem will be discussed again by the Council in April.

Under the new regulation, the reference price will be equal to the arithmetic mean of producer prices of all member states over three preceding years. The mean will be increased by a standard amount, making the reference price and prices of products imported to third countries comparable at a given marketing stage. The entry price will be determined on the basis of the lowest prices recorded on the most representative markets in the Community minus customs duties and other taxes.

### **Beef, Veal Prices Set**

The agriculture ministers advanced toward the creation of a common Community price for beef and veal at the February meeting by fixing upper and lower limits for beef and veal guidance price for the 1965/66 marketing year.

The maximum and minimum price levels for veal were narrowed from \$86.25 and \$76.25 per 220 pounds in 1964 to \$85 and \$78. The levels for beef were also brought closer together but raised slightly from \$58.75 and \$51.25 in 1964 to \$61.25 and \$57.50. The prices were increased to encourage beef production to offset an expected Community shortage. The veal "fork" was modified slightly to discourage the slaughter of calves.

Maximum and minimum prices for milk products were also decided for the 1965/66 marketing year. The prices, to become effective April 1, are set at \$10.30 and \$8.25 per 220 pounds.

---

### **EEC Handbook Is Now Available**

"A Handbook on the European Economic Community," edited by Gordon L. Weil, deputy official spokesman of the EEC Commission, is now available from Frederick A. Praeger, Publishers, 111 Fourth Avenue, New York, N.Y. 10003.

The handbook, one of the Praeger special studies in international economics, deals with the activities and policies of the European Economic Community. It also covers events and decisions in the history of the EEC through the spring of 1964.

The 479-page guide contains excerpts of basic EEC documents relating to every major aspect of the Community. Brief introductory notes for each chapter include comments on matters not covered in the documents. The selection of documents was based upon the experience of the Washington office of the European Community Information Service in providing information to lawyers, businessmen, government officials, teachers, students, farm and labor groups and other interested persons.

An extensive bibliography of EEC documents and publi-

cations is included, arranged by subject. All items listed in the bibliography are available from the European Community and may be ordered through the European Community Information Service, 808 Farragut Building, Washington, D.C. 20006.

### **EEC Budget Policy Committee To Prepare Study**

The EEC budget policy committee decided February 23 to conduct a yearly study of the member states' national budgets.

This meeting in Brussels was the committee's first since its creation by the EEC Council of Ministers on April 15, 1964.

The budget study will serve as a guide in forming a Community budgetary policy. The committee will be consulted on its findings by the EEC Council and Commission. The committee will also cooperate with the newly-formed medium-term economic policy committee and the short-term economic policy and monetary committees.

### **Radiological Protection Report Published**

The Commission of the European Atomic Energy Community published in February the proceedings of the Munich symposium in October 1962 on the radiological protection of workers.

The symposium was attended by approximately 300 representatives from the European Community countries, Latin America, Austria, Canada, the Ivory Coast, the United States, the United Kingdom, the Scandinavian countries, Switzerland and appropriate international organizations. The principal aims of the symposium were to compare experiences in the field of internal and external contamination of workers exposed to ionizing radiations to meet the need for reciprocal information exchanges and to strengthen understanding and solidarity among persons engaged in radiological protection problems.

Leading experts from Europe, the United States and Canada outlined their views on hazard definition, safety standards, measurement technique, means of prevention, and protection and accident procedures. Certain conclusions were drawn of practical importance to prevention and supervisory services.

### **EDF To Aid Three African Economic Projects**

The European Development Fund will provide \$4.5 million to finance projects in Senegal, Surinam and Dahomey.

The projects, approved by the EEC Council of Ministers January 21 are as follows:

- Dredging in the Saloum River to restore navigability at its sea mouth. An estimated \$1,175,000 is allotted for this project to provide the Kaolack and Lundiane river ports with a traffic capacity of 200,000 to 300,000 metric tons per year.
- Improving the Pad Van Wanica, a narrow road in Surinam leading south from Parmaribo through a new and densely populated industrial area. The Fund will provide \$1,626,000.
- Additional aid to a previous Fund project for a palm plantation and palm-oil plant in Dahomey. An estimated \$1,722,000 will be furnished for a cooperative, harvesting and production equipment, improvement of the industrial infrastructure, technical assistance and social development.

## PUBLICATIONS AVAILABLE

THE TRUE PROBLEMS OF EUROPEAN INTEGRATION, an address by Prof. Dr. Walter Hallstein, President of the EEC Commission, given at the Institut fuer Weltwirtschaft, University of Kiel, February 19, 1965, 33 pages (mimeographed) . . . . . free

TRANSATLANTIC FARM POLICY, an address by Dr. Sicco L. Mansholt, Vice President of the EEC Commission, before the National Farm Institute, Des Moines, Iowa, February 11, 1965, 11 pages . . . . . free

BASIC FACTS OF THE COMMON ORGANIZATION OF THE MARKET IN BEEF AND VEAL, European Communities Joint Information Service, Brussels, October 1964, 18 pages . . . . . free

A summary of the EEC's beef regulation. Includes tables showing EEC imports, exports, origin of imports, and production of beef and veal.

GENERAL SURVEY OF THE WORLD SITUATION REGARDING FATS AND OILS, *Overseas Development Series Study No. 2*, EEC Commission, Brussels, 1964, 63 pages . . . . . \$2.40

The first part of a study of the fats and oils market in the EEC being prepared for the EEC Commission by SEMA, Paris, DIVO, Frankfurt, SOBEMAP, Brussels, and SOMEA, Milan.

REGULATIONS AND RESOLUTION IN THE FIELD OF AGRICULTURE ADOPTED BY THE COUNCIL ON 5 FEBRUARY 1964 (Milk and milk products, beef and veal, cattle from Denmark, rice, cereals, fats, European Agricultural Guidance and Guarantee Fund), EEC Commission, Brussels, 1965, 62 pages . . . . . \$1.00

SEVENTH GENERAL REPORT ON THE ACTIVITIES OF THE COMMUNITY, EEC Commission, Brussels, June 1964, 366 pages . . . . . \$1.50

A report on Common Market activities from April 1, 1963, through March 31, 1964.

SUMMARY OF THE HIGH AUTHORITY'S POLICY REPORT, Spokesman of the High Authority of the ECSC, Luxembourg, February 1965, 15 pages (mimeographed) . . . . . free

An examination of (1) the organizational powers of Community institutions in the light of ECSC experience and (2) the results of the application of the provisions of the ECSC Treaty to economic and social problems.

THE ECONOMIC SITUATION IN THE COMMUNITY, EEC Commission, Brussels, December 1964, 123 pages . . . . . \$2.00

This issue of the Commission's quarterly economic report contains a review of 1964 economic developments and the outlook for 1965 for the individual member countries and for the Community as a whole.

THE EUROPEAN ECONOMIC COMMUNITY AND THE UNITED STATES OF AMERICA, an address by Prof. Dr. Walter Hallstein, President of the EEC Commission, at a conference on Europe, America and World Trade organized by the European Movement in Amsterdam, February 4, 1965, 26 pages (mimeographed) . . . free

## 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

*London:* 23 Chesham Street, SW1, London

*Paris:* 61, rue des Belles-Feuilles, Paris

*Rome:* Rome, Via Poli 29

*Bonn:* Bonn, Zitelfmannstrasse 11

*The Hague:* Alexander Gogelweg 22, The Hague

*Brussels:* Weststraat 244, Brussels

*Luxembourg:* 18, rue Aldringer

*Geneva:* 72, rue de Lausanne, Geneva

A copy of this material is filed with the Department of Justice, where, under the Foreign Agents Registration Act of 1938, as amended, the required registration statement of the Information Office, European Community, 808 Farragut Building, Washington, D. C. 20006, as an agent of the European Economic Community, Brussels, the European Atomic Energy Community, Brussels, and the European Coal and Steel Community, Luxembourg, is available for public inspection. Registration does not indicate approval of the contents of this material by the United States Government.



**europaean  
community**

Information Service

Washington Office: Farragut Building, Washington, D.C. 20006

Return Requested