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COMMUNITY SELF-FINANCING PLAN CONSIDERED

Farm Policy Proposal To Increase Parliament's Powers

THE EEC COUNCIL OF MINISTERS is considering a set of Commission proposals for fundamental changes in financing the European Community's activities.

The proposals, submitted to the Council April 1, cover:

- Immediate and long-term measures for financing the common agricultural policy.
- Payment of import levies and customs duties directly to the Community to finance its operations.
- Budgetary control by the European Parliament.

The recommendations arose from a Council request December 15, 1964 for Commission proposals to finance the Community agricultural policy from July 1965 to June 1967 and after the creation of a single market by the introduction of common prices for all agricultural products. They are also linked to the Commission's Initiative 1964, yet to be adopted by the Council, for the establishment of a complete industrial customs union and a single agricultural market by July 1, 1967.

How the Farm Policy Is Financed

The original regulation for financing the common agricultural policy expires on June 30, 1965. The regulation established the European Agricultural Guidance and Guarantee Fund to finance the following farm policy costs:

- Community purchase of surplus farm produce.
- Aid (refunds) for exporting farm surpluses to non-member countries at world prices.
- Improving agricultural structure and increasing productivity.

The Fund has been meeting these expenditures in increasing proportions—from one-sixth of the total costs since its creation in 1962 to one-half this year, while the member states have paid the remainder. The Commission now proposes that the Fund bear two-thirds of the total cost in 1965-66, five-sixths in 1966-67, and the entire cost beginning July 1, 1967. At that time, it is expected that expenditure for the farm policy will reach approximately $1.3 billion. In addition, the Community will grant $44 million to farmers in Germany, Italy, and Luxembourg between 1967 and 1970 as compensation for reduced grain prices.

Member states have contributed directly to the Fund since its inception in 1962. Eighty per cent of these contributions have been paid according to the Rome Treaty scale for general budgetary contributions and 20 per cent according to the amount of the member states' net agricultural imports from non-Community sources. For 1965-67, the Commission proposes the following percentages for member states' financial contributions:

	1965/1966	*1966/1967*
Belgium	7.96	7.96
Germany	32.35	30.59
France	32.35	30.59
Italy	18	22
Luxembourg	0.22	0.22
Netherlands	9.12	8.64

Percentages listed for Italy, Belgium and Luxembourg were adopted by the Council last December.

Single Farm Market Proposed for 1967

In addition, the Commission proposes that the single agricultural market become effective on July 1, 1967. The original regulation for financing the farm policy specified that proceeds of all agricultural levies shall accrue to the Community when the single market comes into existence. Levy proceeds presently go into the treasuries of the member states.

The Commission has anticipated that funds additional to the levies would be necessary to finance the agricultural policy after the end of the transition period. Therefore, it suggests that proceeds from both agricultural levies and

IN THIS ISSUE

Democratic control: The 142-member European Parliament meets in Strasbourg. Its members, divided into four political groups, are elected by and from the legislatures of the Community's member countries. Plans for its election by direct universal suffrage and Commission proposals for increasing its powers are now before the Council of Ministers.

customs duties on industrial products go directly into the Community treasury to finance all Community expenditures, including the common agricultural policy.

The Commission points out that in order to ensure the balanced development of the Community the removal of barriers to intra-Community trade cannot remain confined to agricultural products. In its Initiative '64, the Commission proposed the elimination of intra-Community customs duties and the application of the common external tariff to all industrial and agricultural products by July 1, 1967. The Commission also says that the Community would be faced with the problem of any customs union. Unhampered by internal duties, traders will import their goods via the most efficient trade routes. Consequently, the place of entry of imports will coincide less and less with the country of destination. It is therefore illogical, the Commission points out, for revenues collected at a certain port of entry to be credited to that member state.

The Commission proposal is also based on the Rome Treaty, Article 201, that "the Commission shall study the conditions under which financial contributions of member states . . . may be replaced by other sources of the Community itself, in particular by revenue accruing from the common customs tariff when the latter has been definitely introduced."

The transition from the payment of contributions from the member states to Community would take place gradually. A percentage of customs duties would begin flowing into the Community treasury on July 1, 1967. (Receipts from duties and levies usually represent over 10 per cent of the member governments' revenues.) The percentage of customs revenue would be increased until 1972, at which time the full amount would accrue to the Community.

Total revenue from levies and customs duties is expected to provide $2.3 billion income for the Community. The Community would become independent of budgetary contributions from member states for all its expenditures. Community expenditure for 1967 is estimated to reach $1,237 million.

Should the Community's revenue exceed its normal needs, the Council will decide, on the basis of a Commission proposal, to allocate the available funds for special Community tasks or redistribute the excess revenue among the member states. Present estimates indicate that revenue will exceed expenditure in 1967 and from 1971 on.

Increased Powers Proposed for the Parliament

The acceptance of these proposals would give the Community revenue from sources no longer controlled by national parliaments. The Dutch Parliament by a unanimous vote bound its government not to accept a solution for the financing of the farm policy which did not allow for democratic control by strengthening the powers of the European Parliament.

Under Rome Treaty, Article 201, all changes in the means by which the Community obtains its revenue must be unanimously approved by the Council after consulting the European Parliament and ratified by the national parliaments of the member state governments. The Commission's plan would amend Article 201, in the case of any future changes for the Community's revenue, to enable Council adoption of the Commission proposals by qualified majority if approved by two-thirds vote by a majority of the Parliament's members. These changes would still require ratification by the national parliaments until such time as the European Parliament is directly elected.

The Commission also proposes amending Article 203 to give the Parliament powers to control the Community's financing activities. The original article provides that the Commission draft the Community budget subject to change or approval by the Council after consulting the Parliament. However, adoption of the budget is not dependent on Parliamentary amendment or rejection.

The Commission proposal provides the following procedures for approving the budget:

- Preparation of the preliminary draft by the Commission.
- Approval of the draft by a qualified majority of the Council.
- Parliamentary approval or tacit approval, if no comment within one month, followed by Commission acceptance within 15 days and Council adoption within 20 days; or,
- Amendment by a simple majority of the Parliament, if accepted by the Commission, can be adopted or rejected by a five-sixths majority vote of the Council.
- Amendment by a simple majority of the Parliament, if rejected by the Commission, can be adopted by qualified majority vote of the Council or rejected by four-sixths majority. The Council could also reject both the Commission's proposal and the Parliament's amendments by a five-sixths majority.

Council's Task Outlined

The Commission's proposals will require considerable study before they can be adopted by the Council. The first discussion was expected to begin this month. On the basis of these proposals, the Council is faced with the following decisions before July 1, 1967:

- Full Community financing of the farm policy.
- Common prices for all major farm products. These have been decided only for grains.
- Removal of all intra-Community duties. Thirty per cent of the basic 1957 duties are presently in effect.
- Full application of the common external tariff.
- Designation of all levies on agricultural imports to the Community budget.
- Increasing contributions of revenue from customs duties to the Community budget until January 1, 1972.
- Effective Parliamentary control over the Community budget.

SIX SIGN TREATY TO MERGE COMMUNITY EXECUTIVES AND COUNCILS

THE SIX SIGNED April 8 in Brussels a treaty creating a single Council of Ministers and Commission for the three European Communities—the European Economic Community, the European Coal and Steel Community, and the European Atomic Energy Community.

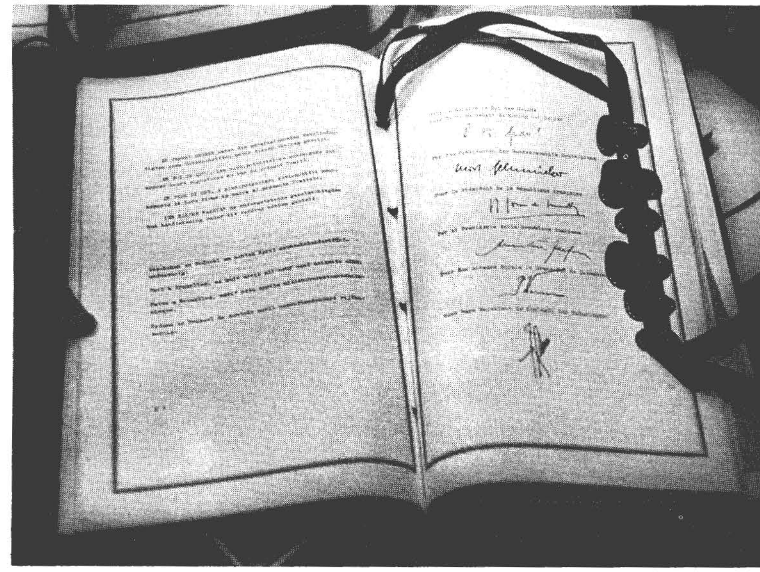
The signing took place at a conference of the government representatives of Belgium, France, Germany, Italy, Luxembourg and the Netherlands.

The treaty, a prologue to the fusion of the three Communities, provides for the merger of the EEC and Euratom Commissions and the ECSC High Authority. The Councils of Ministers, previously three separate entities, will become a single body to decide policies for the three Communities. The treaty will enter into effect one month after all member states have deposited the instruments of ratification.

EEC Commission President Walter Hallstein hailed the agreement as a 'political gain' for the three Communities. "It is an extraordinary and moving privilege for the Commission to witness an act leading to its own obsequies," he said. "However, the Commission exercises this privilege because it believes in the resurrection.

"The economic integration of the three Communities is an important part of the political integration of Europe. The reorganization to be caused by the fusion is just one advantage of this integration. The gain is, above all, political. From now on, the three Communities will have common institutions. . . . Technically, a single executive will make the differences between the Treaties of the three Communities less important."

The treaty deals with three aspects of the fusion—the constitution of the Council and the Commission, the single administration of the Communities, and a single budget.



The powers and competences conferred on the original institutions by the Paris and Rome Treaties are not modified by the agreement but merely concentrated in a single executive and a single decision-making body. The Permanent Representatives of the six member states, a working group which prepares the activities of the Common Market and Euratom Councils of Ministers, will be responsible for coal and steel matters previously handled by the ECSC Coordinating Committee.

The Commission will permanently consist of nine members after the merger of the three Communities' Treaties or three years following the ratification of the executive fusion agreement by the member state governments, whichever occurs first. Until that time, fourteen members will compose the single Commission.

A common budget will be established for the three Communities. However, the financial lending operations of the ECSC and the Euratom research and investment budgets will have to be administered separately. The new financial arrangement retains the ECSC practice of a levy on the production of coal and steel, which will provide $18 million annually for the Communities' operations.

The Commission, the European Parliament and the Council of Ministers will become the budgetary authority for the three Communities and a single budgetary committee will be created to supervise the financial activities.

The Commission will be responsible to the Parliament which can force its resignation by a motion of censure.

The representatives of the member state governments also adopted and signed decisions relating to the provisional location of certain institutions and services of the Communities. The decisions will become effective with the ratification of the executive fusion agreement. The EEC and Euratom Councils of Ministers agreed March 3 to locate the single executive in Brussels and to move various judicial and monetary agencies to Luxembourg.

The representatives of the member states gave the single Commission a mandate to use all necessary measures to reorganize its services within a year and to report its progress periodically to the unified Council. A new protocol outlining the privileges and immunities of the Communities was annexed to the executive fusion treaty.

Carrelli Appointed Euratom Vice President

Government representatives of the Community member states April 8 in Brussels appointed Professor Antonio Carrelli to succeed Enrico Medi as vice president of the Commission of the European Atomic Energy Community.

Professor Medi resigned from the Euratom Commission on March 1.

Professor Carrelli is presently the chairman of the scientific committee of the Italian national committee of UNESCO and vice president of the Southern Finance Company.

Born in Naples in July 1900, he taught at Naples University where he has occupied the chair of experimental physics since 1932. He was vice president from 1946 to 1955 and president from 1955 to 1959 of Italian Radio and Television.

Professor Carrelli also served for four years as president of the Microlamba electronics company and the glass manufacturing company, Filotecnica Salmoiraghi. He is a member of the Lincei Academy, the highest ranking cultural organization in Italy, and chairman of the national committee for physics of the National Research Council.

COUNCIL OF MINISTERS EXAMINES EXTERNAL POLICY PROBLEMS

Economic Health Measures Formally Approved

THE COMMUNITY'S RELATIONS with the outside world occupied the EEC Council of foreign ministers April 8 in Brussels.

Future negotiations with Morocco and Tunisia, special association of Nigeria and proposals for a world cereal agreement to be negotiated in GATT were discussed and were also expected to engage the Council May 13 and 14. Recommendations by the finance ministers March 30 to relax anti-inflationary curbs in several member states were formally adopted.

Italian Memo Debated

Under the chairmanship of French Foreign Minister Maurice Couve de Murville, the Council debated the Italian government's May 1964 memorandum concerning the Community's relations with third countries. Italian Foreign Minister Amintore Fanfani repeated his country's request that the Community have a consistent overall policy regarding its economic relations with other countries.

The Council instructed the Permanent Representatives of member states to draft a negotiating mandate for the Commission to begin formal talks with Morocco and Tunisia. The decision represented the Council's intention to open negotiations with these two countries. The Council hopes to approve the mandate at its May meeting or at the latest in June.

The ministers also instructed the Permanent Representatives to begin examining the Commission's report on its exploratory talks with Algeria. Progress to date in the Commission's negotiations with Nigeria was discussed and a new round of talks was approved for the end of April.

The Commission informed the Council on the progress of the Kennedy Round negotiations in Geneva and its proposals for a world agreement on cereals. Such an agreement would follow the general lines of EEC Vice President Mansholt's proposal November 1963 for agricultural negotiations in the Kennedy Round. It would involve binding support levels and establishing a world reference price, stockpiling arrangements and rules for aid to the developing countries.

Investment Measures Urged

On March 30, the finance ministers of the Six recommended the easing of certain anti-inflationary restrictions in Belgium and Luxembourg and new measures to stimulate investment in France and Italy.

The ministers, however, issued an overall warning that member state governments should continue to enforce during 1965 stabilization policies recommended by the Council in April last year. The Council stressed that prices and unit production costs have continued to rise even in countries which have eliminated or reduced excess demand. "If increases in monetary incomes do not remain within the limits of increase in productivity, the tendency toward stagnation and recession could be reinforced," the Council cautioned.

The German government was advised to continue applying the Council's anti-inflationary measures in order to check the widening imbalance in the growth of internal supply and demand.

The Council, however, approved the Italian government's policy of encouraging internal demand and recommended the easing of bank credit. The encouragement of demand, the ministers said, should be conducted so as to slow down the rise in unit production costs and be effected through investment spending, particularly on construction. The Council also agreed to allow Italy to exceed the earlier limitation of 5 per cent on public spending.

In addition, the ministers urged the Italian government to ensure that the growth in expenditure did not lead to higher private consumption and warned again against new permanent commitments involving increased public expenditure. The budgetary deficit should be financed by normal means and not by recourse to the issuance of more currency by the central bank, the Council said. It also warned that the measures to stimulate the economy should be reviewed immediately if prices and costs tend to rise again.

The Council also approved measures taken by the French government to encourage investment in private industry through fiscal concessions and recommended the relaxing of short-term credit restrictions. A careful slackening of controls on public and private investment was urged for Belgium and Luxembourg.

The agriculture ministers of the Six adopted on April 12 a regulation to extend last year's cereal prices for the 1965/66 marketing year and postponed decisions on common threshold prices for rice and broken rice imported by non-producing member states.

Building Materials Firms End Restrictive Business Practices

A group of building materials firms in Belgium, Germany, and the Netherlands ended restrictive business practices April 1 under penalty of fine by the Commission of the European Economic Community.

The action resulted from a Commission decision in September 1964 that certain agreements between these firms violated EEC anti-trust policies. The Commission warned the firms that they were subject to fine unless the offending agreements were dissolved or changed within a specified time-limit.

Under Council regulation No. 17, the Commission may impose fines from $1,000 to $1,000,000 on firms or associations of firms which willfully or through negligence have infringed Article 85 of the Rome Treaty relating to the prevention, restriction or distortion of competition.

A group of producers and an association of dealers in Belgium and the Netherlands had formed a closed sales system through reciprocal arrangements for exclusive sales and purchases of specific building materials. The agreement was supplemented by provisions for area protection, market-sharing and fixed prices. The collective system also stipulated that only the dealers' vehicles should be used to transport the building materials.

Independent producers of the same building materials paid a penalty to the collective producers in order to sell merchandise to dealers otherwise obligated to buy from the manufacturers within the system. A dealer outside the system lodged a formal complaint with the Commission against the members of the dealers' group.

ECSC HIGH AUTHORITY ISSUES THIRTEENTH ANNUAL REPORT

1964 Energy Policy Protocol, Steel Market Measures Stressed

THE 1964 ACTIVITIES of the High Authority of the European Coal and Steel Community focused mainly on major problems in the energy and steel sectors, according to the recently published Thirteenth General Report.

The High Authority report emphasized the adoption of the Protocol on Energy Problems and retention of corrective steel market measures as main 1964 achievements. In addition, adoption by the Six of a common negotiating position for steel in the Kennedy Round remedied to a great extent one serious deficiency in the ECSC—its lack of a common external tariff and a common commercial policy, the report said.

Energy Protocol Approved

The member states agreed April 21 on a Protocol on Energy Problems, initiated by the High Authority, to counteract the changes in the Community's energy supply position. (In 1950, coal provided 74 per cent of total power needs. This proportion dropped to about 43 per cent by 1964, and coal is expected to provide only 30 per cent of power needs after 1970. Growing energy demand is being met increasingly from other sources, particularly by imported oil. The Community has thus changed from virtual self-sufficiency in energy to an increasing dependence on imports. An estimated 45.5 per cent of total consumption was provided by imported fuels in 1964.)

The energy protocol marked the first real advance toward a common market for energy, the report said. It indicated the following measures to be adopted by the future merged executive: a common commercial policy, including coal, a system of state subsidies, harmonized rules of competition, and Community consultation procedures regarding national regulations.

On the basis of the protocol, the High Authority established with the unanimous agreement of the Six a Community system of state subsidies for the ECSC coal mining industry. The French and German governments are presently consulting on proposed action for additional aid to the coal industry, and the High Authority has submitted to the Council of Ministers a study on the special problems of the supply of coking coal.

The report predicted that the coal sector in 1965 will be affected by last year's overproduction. Forecasts for 1965 suggest an additional contraction of 3 per cent in the consumption of hard coal and a continuing large increase in that of oil and natural gas.

Only 6 million metric tons (hard coal equivalent) of the 19 million ton increase in energy consumption in 1964 came from internal Community production. Net imports totaled 280 million metric tons of coal equivalent, 48 per cent of total consumption. The report predicts that the Community's dependence on imports for its energy supplies will increase.

Coal Consumption Falls

The abnormally severe winter of 1963 caused exceptionally large coal sales. However, consumption rates fell steadily in 1964, and petroleum products continued to gain ground. Power stations are the only users still needing increased amounts of coal, the report pointed out.

A drop in consumption produced a large surplus of coal in 1964. Production totaled just under 235 million metric tons, an increase of 5 million tons over the previous year. Consumption, however, decreased by 8 million metric tons to 254 million. Imports, mainly of coking coal and anthracite, remained at the same level as in 1963. Consequently, pithead stocks of hard coal rose by about 6 million metric tons compared to 9 million metric tons the year before. Imports of hard coal from third countries remained almost as high as in 1963 (the highest since the Suez crisis) at 32 million metric tons. United States coal accounted for 21.2 million metric tons of the total.

The adoption of the Protocol on Energy Problems will enable the High Authority this year to prepare its forecasts, General Objectives for Coal. The ECSC executive also plans during 1965 to frame a new set of General Objectives for Steel for 1970. Basic studies for this report are almost completed.

Steel Production Record Reached

Community crude-steel production rose in 1964 to 82.8 million metric tons. Output increased 13 per cent over the fairly stable level of 73 million metric tons registered from 1960 to 1963. The Community exported 13.9 million metric tons of steel in 1964. This figure was larger than the 12 million metric tons exported in 1963 but did not reach the 14.4 million metric ton level of 1960. The report attributed the increase over 1963 to improved world market conditions. However, the High Authority said that, as most countries' steelmaking capacity still exceeds their home requirements, there was a substantial surplus on offer in the world market, resulting in a notably low level of world prices.

The growth in steel production from 1963 to 1964 varied

considerably in the different Community countries, as shown in the following table:

Crude-Steel Production, 1963-64

('000 metric tons)	1963	1964	Increase	% increase
Germany (F.R.)	31,597	37,338	+5,741	+18.2
France	17,554	19,779	+2,225	+12.7
Italy	10,157	9,782	− 375	− 3.7
Netherlands	2,342	2,646	+ 304	+13.0
Belgium	7,525	8,724	+1,199	+15.9
Luxembourg	4,032	4,559	+ 527	+13.1
Community	73,206	82,828	+9,622	+13.1

Temporary Steel Measures Retained

Due to the world imbalance between supply and demand, the High Authority asked the Council of Ministers to extend to 1965 the corrective measures adopted for 1964, especially regarding commercial policy.

The High Authority's actions temporarily raising Community import duties on steel products from non-member countries to the level of 9 per cent and applying a specific duty of $7 per metric ton on foundry pig-iron imports have helped steady the steel market, the report said.

In addition, the High Authority issued a number of exemptions permitting member countries to charge former rates on limited tonnages for one year. Exemptions granted for 1964 have been continued for 1965 with only minor changes since the High Authority considered that the circumstances in which they had been issued had not altered appreciably.

The High Authority also renewed for 1965 its January 1964 decision forbidding Community steel producers to cut prices to meet offers from the Eastern bloc. This measure, along with the decision to place quota restrictions on Eastern bloc imports, have contributed to a reasonably stable Community market, the report pointed out. The import restrictions were extended with several changes through 1965 in view of the steel market outlook at the end of 1964.

On November 11, 1964, the member states agreed on a common negotiating steel tariff of 14 per cent to enable the Community's participation in the Kennedy Round. The tariff was calculated to produce ultimate steel duties averaging 6 to 7 per cent following the proposed 50 per cent linear cut. The Community hopes that the talks will result in a lessening of the differences in tariff levels among the large producing and exporting countries, leading to a more balanced world steel market, the report said.

Iron and Steel Investments on Upswing

Planned investment in Community iron and steel industries rose in 1964 over the previous year. The value of iron and steel investment projects declared to the High Authority amounted to an estimated $501 million compared to $131 million in 1963. Partly responsible for this surge of investment are the planned construction of two new cooperative plants in Lorraine and changes in earlier projects for a number of Italian coastal plants. Total investment planned for the coal industry fell from $72 million in 1963 to $43 million in 1964.

Loans granted by the High Authority since its beginning in 1952 through December 31, 1964 total $579.8 million. Of this total, $442.3 million was allotted to industrial investment; $103.5 million to workers' housing projects; $24.3 million to industrial redevelopment; and $9.7 million to workers' readaptation, technical research and miscellaneous projects.

U.S., EEC PLEDGED TO KENNEDY ROUND'S SUCCESS

JEAN REY, member of the Commission of the European Economic Community, said March 30 in Washington that both the United States and the EEC are aware of the Kennedy Round's importance and the need for a common meeting ground in the agricultural negotiations.

Mr. Rey spoke at a press conference following two days of talks with U.S. administration officials about the GATT trade negotiations in Geneva.

The EEC Commissioner said that both parties (the United States and the Common Market) feel a responsibility for a meaningful conclusion of the negotiations. "The United States has indicated its dissatisfaction with the Community's agricultural proposals, but it nonetheless recognizes the need to find a meeting ground."

US-EEC Compromise Needed

Mr. Rey pointed out that some movement toward compromise on both sides is possible and necessary. "Although agreement has been reached between the United States and the EEC on procedure in agricultural negotiations," he said, "large gaps remain in questions of substance. It will be necessary to find a will for compromise of the different approaches of both sides. There is no chance that either the United States or the EEC will accept the other's proposals without concessions."

The industrial negotiations seem to be moving ahead, Mr. Rey said. He predicted that the Kennedy Round could be successfully concluded in late 1966.

"In the Kennedy Round negotiations," he said, "Community countries are divided according to their economic situation rather than five on one side and one on the other. A strong link has been formed in the Council between the Kennedy Round and the common agricultural policy." He indicated that this agreement and political goodwill for the

Agriculture in the Kennedy Round: Secretary of Agriculture Orville Freeman (left) and EEC Commissioner Jean Rey discuss the GATT tariff negotiations in Geneva during the latter's visit to the United States.

Kennedy Round's success would continue.

Mr. Rey said that he had the impression during his visit that the attitude of United States officials toward the Community had not changed. "These officials have continued confidence in Europe and in the progress of the Community despite various difficulties."

Europe is preoccupied today with three major problems, he said, enlargement of the Community, political union, and defense. "But these problems have not stopped progress in the Community due to its institutional system which makes agreements possible and spurs the will of Europeans for integration."

Institutional Problem To Occupy Community

Mr. Rey referred to French Foreign Minister Maurice Couve de Murville's speech to the European Parliament which predicted possible completion of the customs union in 1967. "This year, the discussions about the institutional problems of the Community and final decisions on the common agricultural policy will be particularly important," he said.

Questioned about U.S. monetary matters, Mr. Rey said that the United States' attempt to solve its balance of payments problem through voluntary measures was very bold. However, he pointed out that it is still too early to judge if the program will be sufficient.

Concerning East Europe's relations with the EEC, Mr. Rey indicated that a Polish delegation was participating in discussions in Brussels for the second time but only on a technical level. "There have been no signs of willingness among East European governments to recognize the EEC," he said.

In Washington, Mr. Rey met with Secretary of Agriculture Orville Freeman, Secretary of Commerce John T. Connor, McGeorge Bundy, Presidential Special Assistant for National Security Affairs; Ambassador-at-large W. Averell Harriman, Walt Rostow, Chairman of the Policy Planning Council; Ambassador William M. Roth, Acting Special Representative for Trade Negotiations. He also discussed Atlantic affairs and foreign trade with Under Secretary of State George Ball, Under Secretary of State for Economic Affairs Thomas Mann, Under Secretary of State for European Affairs William R. Tyler and Henry Owen, Deputy Counselor and Vice Chairman of the Policy Planning Council.

Mr. Rey was accompanied by Theodorus Hijzen, chief of the EEC Commission delegation to the General Agreement on Tariffs and Trade (GATT) in Geneva.

HIGH AUTHORITY PREDICTS INCREASED ECSC STEEL SALES TO U.S.

COMMUNITY STEEL EXPORTS are expected to rise from 3.4 million metric tons in the second quarter of 1964 to 4 million metric tons in the same period this year, according to April estimates by the High Authority of the European Coal and Steel Community.

The ECSC executive also predicted that Community coal imports will fall slightly in this period to 7.33 million metric tons from 7.43 metric tons in the second quarter of 1964.

The High Authority forecast indicates that the steel export expansion will be due largely to increased orders from the United States.

The report pointed out that stocks are being enlarged in the United States in expectation of a steel-workers strike. However, the ECSC executive said that an end to the strike threat or a limitation of its estimated length could lead to an abrupt drop in the level of export orders.

Crude steel imports of the Community during the 1965 second quarter are expected to total 850,000 metric tons—approximately the same level attained at the end of 1964. Steel requirements should rise in Germany by about 7.5 per cent over the second quarter of 1964 and by about 3 per cent in France and the Benelux.

Crude steel production in the Community in the second quarter of this year is expected to total 21.5 million metric tons compared with approximately 21.6 million metric tons in the same period in 1964. Output is likely to decline 3.1 per cent in France and 5.2 per cent in Luxembourg over the same period last year, while production should increase 36.6 per cent in Italy, 13.6 per cent in the Netherlands, 2.2 per cent in Germany and 0.9 per cent in Belgium.

The decreased coal imports of the Community will result from purchasing reductions in Belgium, France and the Netherlands, although Italy's needs will rise through increased iron and steel output.

Origin of Community Coal Imports

('000 metric tons)

	Second Quarter 1965 Forecast	*First Quarter 1965 Forecast*	*Second Quarter 1964*	*First Quarter 1964*
U. S.	4,800	4,770	4,914	5,402
U. K.	920	1,165	991	1,219
Poland	475	460	335	324
U.S.S.R.	750	815	898	873
Others	385	235	290	410
Total	7,330	7,445	7,428	8,228

Coal exports of the Community also are expected to fall about 15 per cent below the second quarter 1964 figure to about 650,000 metric tons. Coke exports will rise, however, to about 900,000 metric tons.

Community coal production is expected to drop 2.3 per cent below the second quarter of 1964 to a total of 56.1 million metric tons. Output should decline 5.3 per cent in Belgium, 4.9 per cent in France and 1.2 per cent in Germany.

The High Authority estimates that overall Community coal requirements in the 1965 second quarter will total 60.6 million metric tons compared to approximately 60.9 million for the same period in 1964. Coal demand should be sustained chiefly by the 15 per cent increase in power station needs while domestic heating requirements are expected to fall 8 per cent compared to last year. Demand for coke will remain high in the iron and steel industry but less will be needed by other industries, the High Authority said.

Pit-head stocks should increase 2.4 million metric tons over the first quarter of 1965 due to surplus production. Added to a 3.5 million metric ton increase in first quarter stocks, total coal stocks should reach 22.7 million tons at the end of the second quarter, compared with 16.3 million tons at the same time last year.

BRITAIN EDGES NEARER TO EUROPE

England's Political Leaders Support Stronger Link with Community

BRITAIN'S THREE MAJOR POLITICAL PARTIES advocated closer ties between their country and Europe in a series of statements last month.

Labor's leaders neared agreement with Conservative party spokesmen in urging strengthened relations between Britain and the Common Market. The Liberal party called for a British declaration of intent to join the Community on January 1, 1968.

Labor Speaks on Europe

Labor's chief spokesman, British Prime Minister Harold Wilson, declared on April 1 that England was willing to join in building a united Europe.

"Great Britain is an important European country willing to join in building a united Europe."— BRITISH PRIME MINISTER HAROLD WILSON.

In an interview with the Italian newspaper, *Corriere della Serra,* he said that "the formation of a European common market including Great Britain and the other European states which wish to join in is our long-term objective. The interest of the Commonwealth does not constitute an obstacle to this."

Referring to his recent meeting with French President Charles de Gaulle, the Prime Minister said that the question of new negotiations between Britain and the Community did not arise. As for the moment, he pointed out, there is no chance of Britain's being invited into the Community.

"We do not underestimate the political importance that the economic integration achieved so far presents for the Six," he said. "We have no desire to hinder the discussions among the Six about the matters which concern them, but the future of Europe is a wider question. The decisions affecting our common future are unlikely to be effective if it is only the Six who take them.

"Great Britain is an important European country willing to join in building a united Europe. The opportunity must also be given to our friends in the European Free Trade Association (EFTA) to play their part. One of the great preoccupations of the British government is not to deepen the divisions already existing in Europe. Our common aim is, without any doubt, to strengthen Europe. These divisions can only weaken her."

A few days later, former Labor Foreign Secretary Patrick Gordon Walker said that Britain could not turn its back on Europe.

"Our relationship with the Common Market can only be solved in the framework of an Atlantic community."— FORMER LABOR FOREIGN SECRETARY PATRICK GORDON WALKER.

"A new powerful force is arising on our doorstep which we cannot ignore and to which we must fit ourselves," he said in an article in the London *Daily Mirror.*

A summary of his remarks follows:

"The real question actually facing us is: How can we as a matter of urgency bring about the closest possible relationship with the Common Market? . . . I say bring about the closest possible relationship rather than join, because this is the only possible policy for the immediate future if you take into account the stubborn realities.

"Few people will deny these two propositions: We cannot abruptly start off the Brussels negotiations again where they were broken off. A second failure would be calamitous. We can't risk it. We cannot simply sign on the dotted line without any discussion about terms and conditions.

"What does this all add up to? This time we must start at the other end. We must set out to reach a stage at which the negotiations, when they start again, will be certain of success. This should be Britain's major strategy. This we should openly and publicly declare as our policy. . . .

"So let us say to the members of the Common Market: 'We are ready and eager to launch with you a whole series of actions designed to bring us closer and closer, and to make any future negotiations a sure and certain success.' Of these actions, the most important would concern tariffs. We must make our tariff as close as possible to the Common Market external tariff. If necessary, we must be ready to do this in part unilaterally . . . We should aim to bring our tax system closer to that of the Common Market. . . .

"At the same time, I want to see a reorganization of NATO that will give the European members a real share and partnership—on the basis of equality—in framing the strategy of the Western alliance, including nuclear strategy. Our relationship with the Common Market can only be solved in the framework of an Atlantic community."

Conservatives Publish 'One Europe'

More immediate measures for Britain's direct participation in European affairs were urged in a pamphlet published in April by the "One Nation" group of Conservative members of Parliament. The pamphlet, "One Europe," called for the Conservative party, upon its return to power, to adopt a policy to join Europe.

The pamphlet was signed by 18 members of the group, including nine former government ministers, but not by the five "One Nation" members in the Shadow Cabinet. However, British sources believe that the pamphlet was sanctioned and even revised by the Conservative party's leaders.

The Conservatives' statement stressed the need for a larger base of operations for British industry, especially those of the most modern industries. The alternative to cooperation with other European countries in such fields as aircraft, space research, electronics, and nuclear energy is technological starvation, it said. "Investment of this kind must be justified by widespread sales outlets which can only be found in the wider market that Europe as a whole can provide."

The pamphlet also warned that Britain should not be frightened of political union with the Continent. "By joining in the work of the Community we can wield our influence on its policies as a whole," it said. "We need not take sides . . . between the federalists and the confederalists, even though we might prefer a loose association to start with. Once we are members, we can share with the others in working out the solution to this problem.

"Britain's contribution to a powerful European Community might be of more avail in the councils of the world than an isolated Britain speaking from dwindling power and resources."

Britain's future membership in the Common Market was also endorsed by Duncan Sandys, "Shadow Minister" on Commonwealth affairs at a Young Conservative conference April 10. He told the participants that Britain should join the Common Market as soon as the next opportunity occurs.

However, he said "it is no good trying to re-open negotiations until there is good reason to believe that they will succeed. In the meantime, there is much to be done to prepare the way. The most important of all is to make it absolutely clear to our friends on the Continent that we regard Britain as part of Europe, and that we want to build our future in partnership with them."

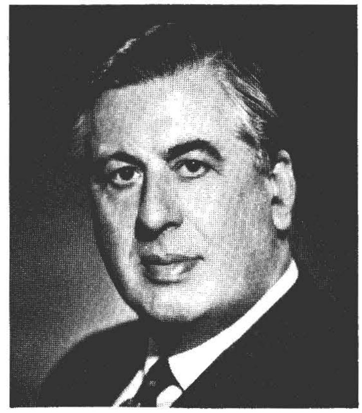
"We regard Britain as part of Europe, and we want to build our future in partnership with them."—CONSERVATIVE "SHADOW MINISTER" DUNCAN SANDYS.

Mr. Sandys said that while he welcomed proposals for cooperation between Britain and France on aircraft production, limited arrangements of this sort touched only the fringe of the problem. "It is not satisfactory to put the resources of our most technically advanced industries into the European pool, without any say in shaping Europe's overall economic policies."

He also warned Europe that if her industries did not keep abreast of scientific progress, she would become a mere satellite of the United States—"a backward area from which American companies will recruit brains and skill and in which they would establish subsidiary companies. Only by putting together all its brains, all its money and all its purchasing power could Europe hope to compete on equal terms."

Economic Gains Stressed

The economic implications of Britain's exclusion from the Common Market were also emphasized on April 7 by Sir Peter Runge, President of the Federation of British Industries. Britain, he said, would soon be the only great manu-



"The effects of our isolation from the European Economic Community are beginning to bite hard in many sectors."—SIR PETER RUNGE, PRESIDENT OF THE FEDERATION OF BRITISH INDUSTRIES.

facturing country without a home market of between 100 and 200 million people providing more opportunity for specialization and mass production.

"We cannot afford not to be continually alive to the present division in Europe both in the short term and the longer term," he said. "The hard fact remains that the effects of our isolation from the European Economic Community are beginning to bite hard in many sectors."

In a statement issued April 13, the Liberal party called for a British declaration of intent to join the Common Market unconditionally on January 1, 1968. "In the interval," it said, "we should make every effort, it would be hoped, in cooperation with the Brussels Commission, to adapt our economy so as to make the process of joining as easy as possible for ourselves and our allies."

The Liberal party also advocated a public British acceptance of the Rome Treaty's political implications, "including the establishment of an autonomous political and defense community which would, within the Western alliance and with suitable democratic control, build up Western Europe . . . as a valid partner of America."

Discussions toward this goal could begin at once, the statement said. It suggested accepting "the principle of full nuclear sharing under the Community by Britain and France, on the clear understanding that France was willing to abandon her nuclear testing and to sign the test ban agreement."

However, the Liberals said that a European deterrent would be credible for a long time and "to create two centers of nuclear control within the Western alliance would be inherently dangerous."

"We should make every effort . . . in cooperation with the Brussels Commission to adapt our economy to make the process of joining as easy as possible for ourselves and our allies."—LIBERAL PARTY LEADER JOSEPH GRIMOND.

SLOWER COMMUNITY GROWTH RATE PREDICTED FOR 1965

Commission Reports Improved EEC Trade Balance

ECONOMIC EXPANSION IN THE COMMUNITY will continue during 1965 but its tempo will be decidedly slower, according to the Quarterly Survey of the Economic Situation in the Community, published in April by the EEC Commission.

The report confirms predictions made by Commission Vice President Robert Marjolin in January to the European Parliament of a slower Community growth rate this year. However, the Commission now expects a 1965 Community gross product growth of 3.5 per cent rather than the 4 per cent forecast earlier. The Community attained a 5 per cent gross product growth in 1964.

Expansion Rate Declines in Mid-1964

The Commission pointed out that the overall economic activity of the Community continued to grow before and after January 1, 1965. However, the rate of expansion, which began to decline about mid-1964, continued to weaken.

Exports to non-Community countries progressed during the last three months of 1964 due partly to favorable world market conditions. The value of the Community's visible exports rose 13.5 per cent over 1964.

The report predicted a possible decline in external demand for Community exports in 1965 due to the following international developments: a possible slackening of economic expansion in the United States; import restrictions presently in force in the United Kingdom; and the first effects of the drain on foreign exchange available to the developing countries.

The slower expansion of internal demand in 1964 affected the trend of the Community's imports from non-member countries. The year-to-year increase in the value of merchandise imports for the final quarter of 1964 reached only 7 per cent.

The trend in the expansion of imports from non-member countries is likely to remain modest in 1965. The report pointed out that, since the speed at which exports are growing is also expected to decline in the course of the year, the tendency of the Community's trade balance to improve will weaken.

Improved Exports Strengthen Balance

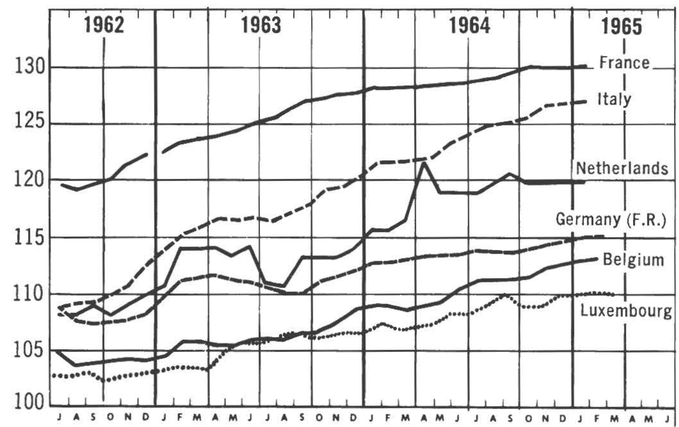
The slowdown of imports and the dynamic expansion of exports led to an additional improvement on the Community's trade balance in the last quarter of 1964. The unadjusted external trade returns show a Community trade deficit of $311 million, $338 million less than for the fourth quarter of 1963.

On capital transactions, there was once again a considerable surplus, partly due to the movement of capital resulting from the sterling crisis. The official gold and foreign exchange reserves of the monetary authorities swelled by $944 million in the last three months of 1964. Over the same period, the net foreign exchange position of the commercial banks deteriorated, mainly because of seasonal movements. However, the decline was not as great as the growth in official reserves.

For the Community as a whole, the upward movement of prices lost momentum compared with the last period of 1963. Consumer prices on the average remained practically stable in France and the Netherlands. The price rise in Italy slowed down but was still considerable. In Belgium and Luxembourg, upward price trends continued practically unabated and gathered additional speed in Germany.

Consumer Prices

1958 = 100



NOTE: Germany: cost-of-living index for consumers in medium income group. Belgium: retail prices and prices of services. Netherlands: cost of living for manual and office workers. France: from January 1963, a new consumer price index was applicable for the entire country. Any comparison between the curves for the various countries must take into account alterations in exchange rates since the beginning of 1958.

The report indicated that upward price movement should again slow down during 1965 in a number of countries, particularly Italy and Belgium. Price increases in France will probably remain steady except for certain public service charge adjustments and certain increases in food prices resulting from the government's farm policy measures. The trend in rising prices will probably gain additional strength in the Netherlands and continue at a faster pace than last year in Germany.

Spending Likely To Increase

Private consumers' expenditure may continue to mount slowly in the coming months of 1965, the Commission said. Private spending will probably soar in the Federal Republic of Germany and continue to increase in the Netherlands, while remaining at the same growth pace in France and Italy.

In the last few months, the strain on labor markets has eased somewhat in France and in Belgium. Unemployment has been rising distinctly in Italy. On the other hand, strains on the labor market have again become more severe in Germany and continued with little change in the Netherlands.

The report warned that any substantial relaxation of the Community's stabilization drive would be unwise. However, the Commission suggested several measures, adopted March 30 by the Council, to stimulate internal demand in Belgium, France, Italy and Luxembourg (see page 4). In Germany and the Netherlands, the report urged that anti-inflationary recommendations, issued by the Council in April 1964, be followed more closely in order to check the growing danger of overall economic imbalance.

NATURAL GAS TO MAKE INROADS INTO COMMUNITY FUEL MARKET

Community Reserves, Imports To Supply 10 Per Cent Total Energy Needs

THE COMMON MARKET COMMISSION expects natural gas to capture a sizeable share of the Community fuel market in a few years.

A Commission report, "Natural Gas in the EEC: Problems and Prospects," predicts that natural gas will supply at least 10 per cent of the Community's total energy needs by 1975. The forecast, published in March, is based on conservative 1963 estimates and does not consider present prospecting in the North Sea.

Proven Reserves Estimated

Proven natural gas reserves in the Community at the end of 1963 totaled 1,500 billion cubic meters: 1,100 billion in the Netherlands; 148 billion in France; 130 billion in Italy and 105 billion in Germany. The thermal equivalent of this quantity of gas represents almost three and one-half times the amount of energy consumed in 1962 and about seven times the coal output in the same year.

The Groningen deposit in the Netherlands, the largest in the Community, is expected to yield 30 to 35 billion cubic meters a year. One half of this production will be consumed by the Netherlands and the rest exported to other Community countries. Following the construction of a pipeline, the Groningen deposit should eventually supply all regions of the Netherlands. Prices have been fixed to make the natural gas economical for heating and industry.

The Lacq installation in France is producing 5 billion cubic meters of gas per year. The yield from deposits in Italy's Po Valley is expected to decline gradually. However, recently discovered deposits in central and southern Italy and in Sicily are now being exploited. New discoveries of natural gas have brought Germany's reserves to a level near those of France and Italy.

New Sources Explored

The search for new sources is being vigorously pursued in several Community countries. Surveys suggest that additional large quantities of gas may exist in the Netherlands, Germany, and on the North Sea continental shelf.

The Community is also looking toward non-member countries as possible suppliers of natural gas. A pipeline planned for construction in the next few years could provide the Community with 20 to 30 billion cubic meters of gas in 10 to 15 years from Hassi R'mel deposits in Algeria, presently exporting gas to the United Kingdom. Deliveries to France of liquid gas in methane tankers began in March 1965. Transport of gas by ship from Libya, the Persian Gulf, the eastern shores of the Mediterranean and Venezuela is also being considered.

The report estimates that in about 10 years the Community will dispose of not less than 70 billion cubic meters of natural gas equal to 85 million metric tons of coal.

Markets for gas from the north of the Community and for gas from the Sahara Desert differ greatly in character. Groningen is near the main industrial areas of Europe, which are densely populated and have generally high standards of living. These areas also produce virtually all the Community's coal. Most of the areas which can be served by Algerian gas are more sparsely populated and less economically advanced.

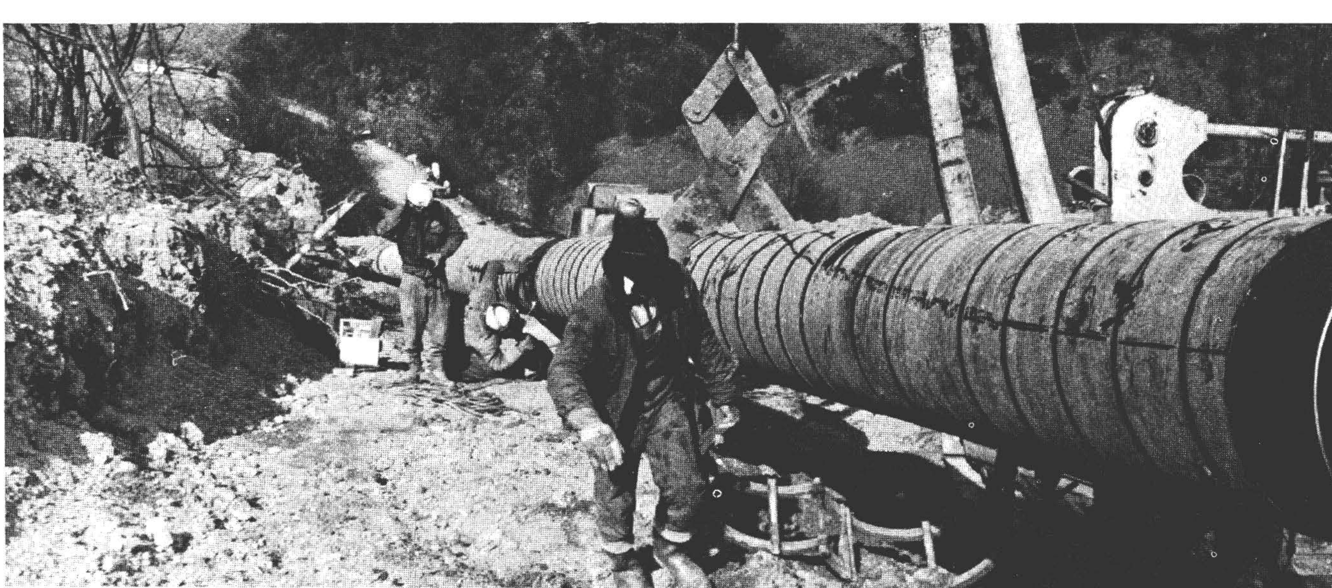
Manufactured Gas Market To Suffer

In any event, the introduction of the natural gas is bound to affect the conventional gas industry and the coking industry. Natural gas will first be mixed with town gas and piped through the national grid. However, in many cases, the grids will be adapted to transport only natural gas which has twice the heating power of manufactured gas.

Natural gas' effect on the coal and oil markets will depend on the price policy pursued by gas suppliers. If offered at the same price, natural gas will probably replace other forms of energy on a large scale, the report said.

Imports of coal for household use may be scaled down. Natural gas may even encroach on two previously guaranteed markets for Community coal output, the steel industry and electric power stations. The invasion of the energy market by natural gas will cause permanent changes in equipment. Consequently, the Community will require guarantees from outside countries that supplies will not be interrupted.

The expansion of natural gas supplies in the Community also raises economic policy problems which must be related to the requirements of energy and regional policies, the report said.



UNITED STATES-EUROPEAN COMPETITIVE POSITIONS COMPARED

Community Companies Lag in Sales and Research Spending

ANNUAL SALES FIGURES of the 20 largest companies in the United States equal Germany's entire gross national product, according to a business survey published in April by the Union des Industries de la Communauté Européenne (UNICE).

In addition, the report found that the annual sales of the five largest United States companies alone are equivalent to the gross national product of Italy.

The report analysed the size of companies in the major industries of the free world to assess Europe's industrial strength in the face of increasing outside competition. The originator of the report, the UNICE, represents the industrial federations of the Six at the Common Market headquarters in Brussels.

General Motors Sales Exceed Germany's Budget

The sales of General Motors, the largest company in the world, exceed the German federal budget and equal the combined sales of Germany's 13 largest companies, the report said. In addition, its car production rivals that of the entire European Community automobile industry.

The report noted that of the 500 largest companies in the world (classified by 1963 sales figures), 306 were American, 53 British, 38 Japanese, 33 German, 25 French, 13 Canadian, 7 Italian, 6 Swedish, 6 Swiss, 4 Dutch (plus two Anglo-Dutch companies), 3 Belgian, 3 Australian, 2 South African, 1 Luxemburgian, 1 Mexican and 1 Indian. The UNICE used *Fortune* magazine's directory of companies, published in April 1964, as a source for its comparisons.

The European Community, whose population of 177 million is comparable to that of the United States, provided only 74 of these companies (one-fourth as many as furnished by the United States), while the European Free Trade Association (population: 91 million) accounted for 66 of these major companies.

Apart from the two large Anglo-Dutch companies, Royal Dutch/Shell and Unilever, the next Community company appears in the 33rd place among the top businesses on the list. This position is held by Philips Gloeilampenfabriek, followed by the Germany's largest company, Volkswagenwerk in 34th place and Siemens in 37th.

The largest French company, Rhône-Poulenc is only 74th on the world list with Charbonnages de France in 78th and Renault in 79th place respectively. Italy's position does not fare much better with Fiat appearing as 42nd, Finsider 86th and Ente Nazionale Idrocarburi (E.N.I.) 105th. Belgium's largest company, Petrofina, ranks 140th and its second largest company, Cockerill-Ougrée, 326th.

European Firms Found at Competitive Disadvantage

Because of their advantageous financial position, large companies more often resort to self-financing and also have easier access to the capital market, the UNICE said. Thus, the larger companies can more easily increase their investments in materials and their know-how to improve their technical and commercial leads. In contrast to the opportunities for growth open to the largest United States' companies, most European firms cannot attain the economies of scale desirable nor reach the level at which their research expenditure can be really effective, the study pointed out.

Few accurate or comparable statistics are available about research expenditures in Europe. However, 1959 spending per person on fundamental and applied research in leading industrial countries was calculated by the report as follows:

United States	$67.00	Great Britain	$28.00
Germany	$14.00	France	$10.00
Belgium	$ 7.50		

The role of larger concerns in promoting technological advance may be gauged from the fact that (in 1958) 85 per cent of total expenditure on industrial research in the United States was made by firms employing over 5,000 people, and (in 1959) 93 per cent of British research was performed in companies employing over 2,000, the survey said.

European Mergers Increase

Europe's competitive situation has resulted in recent years in a trend toward greater concentration, a subject of keen controversy, the report said. The survey pointed out that the process has probably progressed further in Britain than in the Common Market. Mergers in the United Kingdom during 1958 to 1962 amounted to 3,384 compared with approximately 1,000 in the Six in the same period.

A total of 3,354 mergers occurred in Japan between 1956 and 1962 and 4,358 took place in the United States from 1954 to 1958. In both Great Britain and the United States, the rate of concentration has increased sharply since 1959, the former showing a 100 per cent rise in comparison with years 1954 to 1958 and the latter a 30 per cent rise. The number of mergers in Japan increased 40 per cent to 1000 between April 1963 and the end of March 1964.

The UNICE report emphasized that the trend toward concentration should not be artificially stimulated, although the legal and psychological barriers which might hinder it should be removed. It said that this trend will not be felt equally throughout industry, but in those sectors which provide the major stimuli to technological advances, the movement does appear to be particularly necessary.

The report, however, warned that "With few exceptions, the largest (companies) have reached dimensions corresponding to the size of their national markets, and they could only with difficulty base further expansion on external markets which the whim of tariff policies could close to them at any moment. It is only through consolidating a wide internal market that they can, today, formulate in new terms development policies calling for the enlargement of production units, research and distribution.

"Expansion in size alone is neither a universal nor a uniform requirement in an enlarged market. It is more or less desirable—and can even be undesirable—according to the technology of the industry in question, the incidence of transport costs on final product costs, the degree of standardization of product, the discrimination in the customers' requirements and the degree of specialization."

The major industries of the free world were broken down as follows:

Rubber Manufacturing

Company	Country	Sales ($ million)
Goodyear Tire & Rubber	USA	1,593
Firestone Tire & Rubber	USA	1,278
US Rubber	USA	1,007
General Tire	USA	960
Goodrich	USA	812
Dunlop Rubber	Britain	753
Pirelli	Italy	583
Michelin	France	425

These eight rubber manufacturing companies have aggregate sales of $7,411 million distributed by nationality as under:

Country	No. of. firms	Sales	% of total
United States	5	5,649	73.9
Britain	1	753	9.9
Italy	1	583	7.6
France	1	425	5.6

Motor Manufacturing

Company	Country	Sales ($ million)
General Motors	USA	14,640
Ford Motor	USA	8,090
Chrysler	USA	2,378
Volkswagenwerk	Germany	1,596
Fiat	Italy	1,262
Daimler-Benz	Germany	1,176
American Motors	USA	1,056
British Motor	Britain	871
Renault	France	750
Citroen	France	558

The 18 motor companies with sales of over $250 million a year aggregate sales of $35,-500 million, distributed by nationality as under:

Country	No. of. firms	Sales	% of total
United States	5	26,529	74.7
Germany	2	2,771	7.9
France	4	2,121	6.4
Great Britain	3*	1,599	4.5
Italy	1	1,262	3.5
Japan	2	856	2.4
Sweden	1	364	1.0

**Excluding British Ford*

Mechanical Engineering

Company	Country	Sales ($ million)
IBM	USA	1,925
General Dynamics	USA	1,899
Int. Harvester	USA	1,838
Martin Marietta	USA	1,195
Sperry Rand	USA	1,183
Hawker-Siddeley	Britain	916
Caterpillar Tractor	USA	827
Borg-Warner	USA	659
Singer	USA	631
National Cash Register	USA	564

The 28 engineering companies with sales over $250 million each have aggregate sales of $18,738 million, distributed nationally as under:

Country	No. of. firms	Sales	% of total
United States	21	15,335	81.8
Britain	3	1,654	8.9
Canada	1	551	2.9
Sweden	1	472	2.5
Japan	1	387	2.1
Germany	1	338	1.8

Petroleum

Company	Country	Sales ($ million)
Standard Oil (New Jersey)	USA	9,537
Royal Dutch/Shell	GB-Neth	6,022
Socony Mobil Oil	USA	3,933
Texaco	USA	3,272
Gulf Oil	USA	2,836
Standard Oil of California	USA	2,150
Standard Oil (Indiana)	USA	2,147
British Petroleum	GB	2,010
Shell Oil	USA	1,961
Philips Petroleum	USA	1,245

The 30 petroleum companies with annual sales of over $250 million have aggregate sales of $46,452 million distributed by nationality as under:

Country	No. of. firms	Sales	% of total
United States	21	34,463	74.1
Britain	1½*	5,022	10.6
Netherlands	½*	3,011	6.4
Germany	2	1,183	2.5
France	1	831	1.8
Italy	1	572	1.2
Mexico	1	540	1.2
Belgium	1	535	1.2
Japan	1	326	1.0

**Including one Anglo-Dutch Company*

Steel

Company	Country	Sales ($ million)
United States Steel	USA	3,469
Bethlehem Steel	USA	2,072
Republic Steel	USA	1,050
Fried. Krupp	Germany	1,040
August Thyssen	Germany	1,029
Armco Steel	USA	919
Mannesmann	Germany	915
Finsider	Italy	844
Gutehoffnungshutte	Germany	838
Rheinischer Stahl	Germany	811

The 39 steel companies with annual sales of over $250 million have aggregate sales of $26,646 million, distributed by nationality as under:

Country	No. of. firms	Sales	% of total
United States	9	10,654	40.0
Germany	10	7,056	26.5
Britain	6	2,384	10.5
Japan	5	2,234	8.4
France	4	1,343	5.0
Italy	1	844	5.0
Luxembourg	1	700	2.6
Australia	1	413	1.6
Canada	1	307	1.2
Belgium	1	263	1.0

Chemicals

Company	Country	Sales ($ million)
Du Pont de Nemours	USA	2,436
Union Carbide	USA	1,631
ICI	Britain	1,621
Procter & Gamble	USA	1,619
Monsanto Chemical	USA	1,063
Eastman Kodak	USA	1,056
Bayer	Germany	1,004
Rhône Poulenc	France	993
Dow Chemical	USA	926
Allied Chemical	USA	869

The 45 chemical companies with annual sales over $250 million each have aggregate sales of $28,147 million, distributed by nationality as under:

Country	No. of. firms	Sales	% of total
United States	23	16,326	58.1
Germany	6	3,451	12.3
France	5	2,726	9.7
Britain	3	2,532	9.0
Switzerland	3	922	3.3
Italy	2	895	3.2
Netherlands	1	553	2.0
Japan	1	385	1.3
Canada	1	318	1.1

Electronics & Electrical Engineering

Company	Country	Sales ($ million)
General Electric	USA	4,793
Western Electric	USA	2,762
Westinghouse	USA	1,955
Radio Corp. of America	USA	1,743
Philips	Neth.	1,529
Siemens	Germany	1,350
General Tel. & Tel.	USA	1,328
Intern. Tel. & Tel.	USA	1,090
Hitachi	Japan	955
Tokyo Shibaura	Japan	796

The 34 electrical and electronic firms with annual sales over $250 million each have aggregate sales of $29,341 million, distributed by nationality as under:

Country	No. of. firms	Sales	% of total
United States	14	17,586	60.0
Japan	5	3,171	10.8
Germany	3	2,638	9.0
Britain	6	2,561	8.6
Netherlands	1	1,529	5.2
Sweden	2	602	2.1
Switzerland	1	587	2.0
France	1	405	1.4
Canada	1	260	0.9

Food Processing

Company	Country	Sales ($ million)
Unilever	GB-Neth	4,136
Swift	USA	2,495
Armour	USA	1,859
Nestlé	Switz.	1,829
Nat. Dairy Products	USA	1,821
General Foods	USA	1,189
Borden	USA	1,048
Corn Products	USA	803
Wilson	USA	712
Campbell Soup	USA	592

The 43 food and beverage companies with annual sales of over $250 million each have aggregate sales of $29,618 million, divided nationally as under:

Country	No. of. firms	Sales	% of total
United States	29	18,965	64.0
Britain	7½*	4,662	15.8
Netherlands	½*	2,068	7.0
Switzerland	1	1,829	6.1
Canada	2	854	2.9
Sweden	1	554	1.9
Australia	1	345	1.2
Japan	1	341	1.1

**Including one Anglo-Dutch Company*

Link to the Sea: A conveyor belt connects the Taranto steelworks to the industrial harbor. Construction of the steelworks was aided by funds from the ECSC High Authority and the European Investment Bank to lift the economy of the under-developed Taranto-Bari area of southern Italy.

COMMUNITY TO EXPERIMENT WITH NEW ANTI-POVERTY PLAN

'Development Pole' Studied To Bring Additional Industry to Italian South

ITALY'S "APPALACHIA," the *mezzogiorno* area, has experienced an economic surge in recent years through the introduction of large basic industries.

However, this initial investment has not proved sufficient to revitalize the southern half of the Italian boot. The Common Market Commission and the ECSC High Authority are therefore helping to finance a study for a type of development previously untried in Europe.

The study directed by Professor Emanuele Tosco, former director of EEC regional planning commission, examines the feasibility of establishing a "development pole" in the heel of the boot (the Bari-Brindisi-Taranto triangle) to attract secondary manufacturing industries.

Preliminary data shows that two types of industries presently exist in the *mezzogiorno* (South) region. They are: industries protected geographically by local markets for food, beverages, furniture, clothing, cement and other building materials, repair workshops and construction; and the basic industries, such as petrochemicals, iron and steel, which have moved south for easy access to raw materials. Manufacturing industries, especially state-controlled firms, are only represented to a limited extent.

Employment, Products Provided

The arrival of important basic industries in the *mezzogiorno* has provided employment and a local source of primary products. However, few manufacturing industries using these products are likely to spring up there during the next few years, according to the advance report. On the contrary, ties between the basic and manufacturing industries have been relaxing.

While the basic industries tend to locate near the raw material sources, the more dynamic manufacturing industries are becoming more intimately associated with one another through technological advances and progressive specialization. Consequently, the study points out, it is even more important for the manufacturer to be near both the component-supplying industries and the customer which remain mainly in the northern Italy.

Industrial firms developed in the south either perform the intermediate processes themselves or seek the aid of other major firms in the area. The latter companies are organized vertically to perform all production processes from obtaining and processing the raw material to manufacturing the finished product or they have recourse to industrial supplies in the north. In each case, however, the data shows that costs are substantially increased and the quality of products impaired.

Intermediate and associated companies supplying components or services to larger firms must reach a certain size to operate economically. On the other hand, the individual major firms can absorb only a limited amount of industrial components. These limitations create a vicious circle in the Italian south in that companies can hardly be encouraged to establish a plant in the area without satellite industries nor can a supplier economically serve only one firm regardless of its size.

The advance data suggests that some large plants could obtain component products from their associated companies in the north for four or five years aiding the latter companies to operate at full capacity. In some cases, the data indicates that the most economical solution would be to concentrate only on assembly in the south while relying on the north and other areas for components. However, this does not help industrial integration in the *mezzogiorno*.

'Poles' Offer Solution

The only way to hasten the industrialization of southern Italy, according to the report, is to transform the present existing groupings into poles based on the most dynamic processing industries and a satisfactorily-operating industrial network. Industries based on local market needs can only expand through the demand created by increased industrial development.

The "industrial development pole" would enable the basic industries, which could operate in the south at competitive costs, to manufacture for the national, Community and international markets which they have not yet been able to exploit. However, the data indicates that production lines requiring a high percentage of skilled manpower must be excluded because of the lack of trained workers available in the south. The steadily improving infrastructure of the *mezzogiorno* could offer considerable advantages to firms moving into such markets through its human resources, geographical position in the Mediterranean basis, and fiscal and financial incentives.

Engineering, Textile Plants To Be Established

The "development pole" project is being prepared by the Italian development consulting firm, Italconsult, at the request of the EEC Commission and ECSC High Authority. During the first proposed stage, the basic technical and economic structure of the development area would be provided by mechanical engineering firms, spinning and weaving mills for synthetic and mixed fibers, and various petrochemical processing industries. The area presently contains the largest and most modern Italian steel plant (the fourth Italsider complex) and a European-scale petrochemical plant (Monteshell) as well as some important local industries.

A sufficient number of plants with similar capacity would be set up for the mechanical engineering and synthetic fibers industries to keep the essential intermediate and ancillary firms fully-employed. The number of plants would also depend on the possible demand of firms presently operating in the area. The intermediate and associated companies would be limited to those which can be located in the neighborhood of the main plant for the latter's competitive operation. This would exclude, during the first stage, intermediate firms normally found in large concentrations but which, in these circumstances, do not offer appreciable advantages in terms of processing and in storage time and costs.

The composition of an integrated industrial grouping, especially mechanical engineering, is a complex consideration. The final selection of individual firms will depend on the results of detailed surveys concerning technical and commercial feasibility being prepared as part of the study.

According to the study, an integrated industrial grouping could offer the following advantages: It would contribute considerably to industrialization. Preliminary data on mechanical engineering alone indicates that the firms set up in the mechanical engineering could provide about 15,000 jobs in the Bari-Taranto-Brindisi triangle. It would enable companies, particularly medium and small-sized firms, presently operating the region, to become more efficient and competitive. Most important, it would provide operating conditions similar to those in the north for companies to be set up at a later date by creating previously non-existent investment incentives.

Demand Determines Selection

Besides the mechanical engineering and textile groupings, plans are being made to provide the *mezzogiorno* triangle with various petrochemical processing firms. These companies would be selected on the basis of the immediate demand and projected needs especially from elsewhere in *mezzogiorno*.

All firms forming the industrial groupings would have to be set up simultaneously. Thus, private businessmen interested in investing in the south must be acquainted with the detailed surveys mentioned. These contain so-called "safe" projects which guarantee markets and sure profits. Any investment gaps would be filled by state-controlled enterprises. The completion of these projects and the improvement of the technical and social infrastructure, especially labor training, will create conditions enabling the area to develop through the simple play of market forces.

The success of the program would also create a new means of additional industrialization in the *mezzogiorno*. It would provide a greater spur to industrial production and employment in the south and give businessmen the benefit of improved and more secure prospects for investment. In addition, it could be applied in other regions which lack industrial poles on which to base a process of industrialization, for example, the predominantly agricultural and densely-populated areas in western France and the peripheral regions of the Community.

Industrial Remedy: The Italsider steelworks, completed in 1961, will form the nucleus of the industrial complex planned for the development of the Taranto area of southern Italy.

ECSC REDEVELOPMENT POLICIES FORM BASIS FOR WIDER ACTION

by ROGER REYNAUD
Member of the ECSC High Authority

THE INDUSTRIAL REDEVELOPMENT of declining areas in the European Coal and Steel Community was initially intended as a means of coping with a social problem.

It is now increasingly required as an instrument of economic policy. It is an essential part of ECSC activity and, in all probability, will soon be a major concern of the Common Market in its much wider field of responsibility.

Healthy competition in an enlarged market was the main instrument of the ECSC for stimulating higher productivity and economic growth—the objectives set out in the Paris Treaty. However, in recognizing that social problems would inevitably arise, two forms of action were provided—the retraining of workers and industrial redevelopment. The former has a social rather than economic character. It afforded redundant workers a decent income until they were re-employed, helped to train them for new jobs, and, if necessary, moved them and their families to places providing employment.

Until 1958, such social needs were localized and retraining proved an adequate remedy. Since then, the coal crisis has entirely altered the situation. Unemployed miners in predominantly mining areas cannot always find work locally.

The High Authority therefore turned to the second form of action, equally social as to its ends but more economic in its means. The ECSC executive began to grant aid for the introduction of new economic activities offering employment to discharged workers from the coal and steel industries. The last five years have seen the steady evolution of new methods around this central idea of area redevelopment.

The High Authority's redevelopment work is still in the early stages. Apart from preparatory studies, it has partly financed only eleven individual projects. Its total contribution of $28 million represents about 25 per cent of the total capital being invested in these projects. Approximately 7,000 men have been relocated in new jobs, a large proportion of them former miners.

However, a glance at the member countries' own current headaches—Germany's worries over the industrial future of the Saar, Bavaria and the Siegerland; Belgium's concern over the Borinage and Centre coalfields and the Liège area; France's troubles over various coal and iron-ore fields—indicates the scale of the industrial redevelopment programs in which the single Community executive will sooner or later have to act.

Financial Aid Is Main Tool

The High Authority's main tool for redevelopment is financial aid. It can furnish loans and guarantees, over and above those granted by national governments, by drawing on the considerable funds borrowed in the international money market. Since these funds are raised on advantageous terms, they can be relent at interest rates 1 per cent to 2 per cent lower than normal, with first redemption installments due several years later. High Authority loans are often a major and sometimes overriding consideration for companies in deciding on a particular investment project.

Apart from financial facilities and concessions, two other means of attracting investment exist. They are the provision of basic services ("infrastructure") and the establishment of key activities around which others will grow. Sometimes the basic services are already present. In other cases, all infrastructure must be provided. Such a case is the industrial park at Liège, which the High Authority is helping to equip with water, gas and electricity. Communications are also essential. The new fast road from the Blanzy area (in the Le Creusot mining region of France) to the Paris-Marseilles motorway, and the Borinage canal improvements will play their part in the recovery of these two areas.

High Authority Aids Sardinia

In some cases, the provision of basic services is not enough to attract investment and the growth point itself must be created. A leading example is the Sulcis coalfield in Sardinia. The High Authority assisted this project at an earlier stage by providing approximately $13 million for modernization and $2.8 million for retraining redundant workers. However, Sulcis remained a problem, due to its remote location and the high cost of transporting coal. Action was urgently needed to make the coalfield more efficient, partly by reducing the labor force. However, this measure would have removed a major source of employment in southern Sardinia.

The solution was found in the construction of a large thermal power station which would run economically on Sulcis coal. The Italian government asked the High Authority for a loan to modernize the mine and to build the power station with three 250 MW sets which would absorb all the coal produced. Some miners will continue in their old jobs, while others will work in the power station.

The project's most important result, however, was that a number of manufacturers decided to set up factories on the island to use the current generated by the power station. This new investment should provide employment for nearly 4,000 workers in the first stage of the project alone. Moreover, the benefits of the project will not be confined to Sardinia. Surplus current will be transmitted via Corsica to the national grid on the Italian mainland.

New Approaches Needed

The High Authority's experience to date has shown that, with the increasing need for industrial redevelopment, three forms of additional action are required to increase the mobility of labor, to improve financial arrangements, and to popularize entirely new concepts and approaches to the problem of industrial decline and change.

Miners are frequently reluctant to leave their jobs because they risk losing special professional benefits. While these benefits are a necessary inducement to new entrants to mining, it is also essential, in other cases, to persuade miners to leave the industry. One solution might be to grant ex-miners these benefits for a period proportionate to time worked in the pits, either through a gratuity or a graduated pension plan.

Re-employment would also be facilitated by the extension of inter-industry transfers of workers. These transfers are presently possible within integrated groups (for example, the Lorraine steel plants employ men laid off by its iron-ore mines). Movement from one industry to another also presupposes adequate retraining facilities. The importance of retraining for miners will diminish with the spread of mine mechanization. Miners will be forced to become mechanics and thus be partially prepared for other occupations.

Measures Suggested for Single Executive

Particular problems arise for older workers which the single European Executive should be able to meet by granting generous severance pay. The lump-sum compensation would enable these workers to obtain work in small industries or commercial services. This principle, already applied by the High Authority in individual cases, could be established on a wider scale.

The High Authority's experience in financing housing for coal and steel workers could also serve as the basis for similar policies to provide accommodation for workers transferred from declining areas.

The most effective financial inducements to establishing new industries would be the reduction of interest rates on redevelopment loans and larger advances to investing companies. The scale of ECSC borrowing could be further expanded to build up an adequate reserve of funds.

The dissemination of new ideas also plays an essential part. The High Authority has been conducting a survey of new product lines and has made thorough market surveys available to companies interested in establishing factories in development zones.

Although the High Authority is responsible only for limited sectors of the Community, it cannot confine its perspective to these. With the merger of the three Community executives due by the beginning of next year, redevelopment must be viewed in relation to the entire economy. Specific social measures will still be necessary for individual sectors and declining areas.

However, action can and should be increasingly coordinated as redevelopment becomes a permanent element in economic policy throughout the Community. Joint action between the six governments and the Community institutions should one day lead to a common general and regional development policy.

EEC Medium-Term Economic Policy Launched

THE MEDIUM-TERM ECONOMIC POLICY COMMITTEE expects to submit a preliminary draft for a Community five-year economic program to the EEC Commission by the end of the year.

The Committee discovered at its fourth working session in Brussels in early April that preparatory work for the coordination of the medium-term economic policies of the member countries had progressed satisfactorily. The Committee was established by the EEC Council of Ministers April 15, 1964 to outline for the next five years the economic policies of the member states and the Community's institutions.

The Committee's work will be based on the detailed forecasts of the economic development of the member states and Community prepared by a separate committee of independent experts appointed by the Common Market Commission. The Committee will first study governmental activities having a decisive effect on long-term growth and the economic structure. The purpose of the medium-term economic program will be to establish a coordinated policy of economic stabilization in order to ensure balanced growth throughout the Community.

The Committee has already begun work on the following subjects:

- Basic objectives for medium-term policy.
- An analysis of the Community growth prospects.
- Harmonization of policies on vocational training, investment, and the promotion of technical and scientific research.
- Trends in public expenditures, incomes, saving and the financing of investments.

The Medium-Term Policy Committee has consulted the Community's budget policy committee for information on trends in the national budgets from 1960 to 1964 and on the foreseeable development in budgets during the next five years.

The Committee operations will involve a number of national civil servants in the process of coordination at the Community level. A number of special working groups have also been established including one on structural policy in various economic sectors and another for wages and incomes policy.

Chairman Wolfram Langer, German state secretary, told a press conference April 9 that the Committee would not recommend measures for a Community wages policy at this stage. He emphasized that the aim of the Committee is to establish a picture of the medium-term development of the Community economy and recommend policy. However, he said, the Committee's task was not to venture into the field of quantitative planning.

Committee member Pierre Massé, general commissioner for French planning, said that the committee's work would enable the Six to detect economic difficulties in advance and, therefore, to tackle them more effectively.

EIB Floats First Loan in the Netherlands

The European Investment Bank floated a loan of 40 million guilders ($11.2 million) April 21 in the Netherlands.

The 25-year bonds carry a 5¾ per cent yearly interest rate. This issue is the first EIB loan raised in the Netherlands. The net proceeds will be used by the Bank to finance its general lending operations.

Newsbriefs

Common Market
Euratom
Coal & Steel Community

Two Restrictive Business Agreements Banned

The EEC Commission in April notified a group of Belgian and Dutch detergent manufacturers and a number of sanitary ware manufacturers, importers and wholesalers in Belgium that their business agreements violated Common Market anti-trust policies.

In the first case, the detergent manufacturers agreed not to sell their product, even indirectly, on the domestic markets of their partners. They also forbade their customers any form of resale which would impair this market sharing arrangement. The agreement included a threat of penalties for any infringements.

The Commission ruled that the agreement violates Article 85 of the Rome Treaty banning restrictive agreements which do not contribute to the improvement of production or distribution of the goods. The Commission found that the agreement is liable to affect trade between Belgium and the Netherlands and has as its object or result the restriction of competition within the Community by market sharing.

Under the second agreement, a number of manufacturers and importers and a larger number of dealers agreed to exclusive business dealings, to common price fixing and price concessions. The agreement's rules also limited the number of manufacturers and importers who could be party to the arrangement and specified that three-fifths of them must possess Belgian nationality and have their main business in Belgium.

The Commission ruled that the object of the agreement was to confine the sales of goods in Belgium to manufacturers of that nationality resulting in an elimination of trade between the member states. The agreement also gave the manufacturers and importers the power to abolish competition almost completely due to the scale of operations of the wholesalers on the Belgo-Luxembourg market and the nature of the collective exclusive dealership arrangement.

The participants in both agreements are now subject to fines of $1000 to $1,000,000 unless the arrangements are dissolved or the offending clauses changed.

Relief Proposed for Community Shipbuilding

The EEC Council of Ministers is considering Commission proposals to aid the Community shipbuilding industry.

The proportion of new shipping launched from Community yards declined from 45 per cent of the world total in 1955 to 22½ per cent in the first nine months of 1964. Community shipbuilding is suffering from increased competition from non-member countries, particularly Japan. Government subsidies and other forms of aid have also multiplied in principal shipbuilding countries in recent years resulting in a sharp drop of prices for vessels.

The Commission's proposals would enable member states to meet this competition by subsidizing up to 10 per cent of the cost of building new ocean-going merchant and fishing vessels weighing 3,000 gross tons and over. Ship conversion would also benefit from aid under the Community proposal. The aid program would be effective from January 19, 1967 at the latest to December 31, 1969. The proposal could be renewed on the latter date.

In keeping with this proposal, the Commission has recommended that the Italian government reduce existing aid to its shipbuilding industry to 15 per cent in 1965-1966, to 12.5 per cent in 1967-1968, and to 10 per cent in 1969. However, the Commission authorized the French government on April 29 to extend to January 1, 1966 its aid system for ship construction. This program differs from the Italian by aiming exclusively at reconverting and modernizing shipyards. Eighty per cent of the program has been achieved.

Common Market To Help Italian Sulphur Workers

The EEC Commission submitted three proposals in April to the Council of Ministers to aid 4,200 workers, mainly in Sicily, affected by the planned modernization of the Italian sulphur industry.

The first proposal would provide Community financing through the European Social Fund for half of Italy's $11.2 million expenditure for:

- Grants to sulphur workers who leave the industry voluntarily.
- Interim allowances, based on previous earnings, to workers laid off from work.
- Monthly allowances to workers aged 50 to 55 until they find new jobs or retire at the minimum pensionable age of 55.

The Commission's second proposal would allow exceptions to the rules governing assistance from the Social Fund in order to provide increased benefits to sulphur workers. (In the past, workers in less developed regions of the Community have received Social Fund aid to move to more prosperous areas. The Commission has recently proposed widening the Fund's operation to help maintain wage levels of workers unemployed due to conversion or closing of industries in the less developed regions.)

Three-year scholarships for vocational training would be awarded under the third proposal to children of the unemployed miners aged 45 and over.

Under these proposals, the Common Market would contribute for the first time to industry reorganization. The proposals also mark a step toward the application of the Community's regional development program.

Euratom Opens Fourth Research Establishment

Euratom's fourth research establishment, the Transuranium Elements Institute officially opened April 6 in Karlsruhe, Germany.

The Institute will conduct studies on the properties of plutonium and its compounds and on the behavior of plutonium fuels under reactor conditions. The latter neutron physics studies will be performed under association contracts between the European Atomic Energy Community and other Euratom research centers.

Research results on the Institute's preparation of plutonium fuel elements will be made available to nuclear industry. The Institute will also manufacture the prototype fuel elements for the Masurca critical assembly at Cadarache, France, and will conduct test irradiations for the Euratom/Gesellschaft fuer Kernforschung Association at Karlsruhe.

Euratom's Joint Research Center is composed of three other establishments located at Ispra, Italy; Geel, Belgium; and Petten, the Netherlands.

Community Moves To Harmonize Postal Rates

The Common Market Commission submitted to the Council of Ministers in April its first proposals for aligning the Community countries' postal charges.

The Commission recommended that a letter weighing up to 20 grams (a little over a half ounce) carry a stamp worth 18 gold centimes (about 6½ cents). The charge for sending a postcard within the Community would be 13 gold centimes (about 4½ cents).

The proposed charges are based on present post office costs in the six member countries. However, the proposal provides for varying the rates in the event of changes in expenses, particularly labor costs. Commission experts calculate that approximately four-fifths of all letters and postcards sent within the Community would be affected.

Community Exports to EFTA Up in 1964

Community exports to the seven member countries of the European Free Trade Association (EFTA) rose 11 per cent in 1964 compared to the year before.

EFTA sales to the Six increased only 7 per cent compared to an average annual rise of 15 per cent during the previous five years.

The Community exported $8.8 billion worth of goods to EFTA during 1964 compared with $7.9 billion in 1963, amounting to 30 per cent of EFTA's import needs last year. EFTA's exports to the Community rose from $6.2 billion in 1963 to $6.6 billion last year.

Agriculture Is Topic of May EEC-Austria Talks

The second round of negotiations concerning Austria's possible association with the European Economic Community will be devoted to agricultural questions.

The negotiations are scheduled for May 17 to 21. Another set of talks is expected to open June 21.

Austrian and EEC Commission delegations met for the first time from April 21 to 29 in Brussels to begin formal negotiations. The talks dealt with the reduction of obstacles to trade between Austria and the Community, harmonization of Austria's tariff with that of the Common Market, and other related problems.

EIB Grants First EEC Association Loans to Greece

The European Investment Bank (EIB) concluded April 12 in Brussels two 12-year loans totaling $3.5 million for industrial projects in Greece.

These are the first loans granted by the EIB under the association agreement between Greece and the European Community.

The first loan of $1.5 million will be used to extend a cement plant employing over 800 persons at Eleusis, near Athens. The construction of a new furnace will increase the yearly production of cement by 370,000 metric tons. The International Finance Corporation and the Greek National Development Bank are helping finance the $4.17 million project.

The second loan for $2 million will help pay for the construction of a factory near Salonica which will produce annually 125,000 metric tons of nitro-phosphate fertilizers.

High Authority Grants New Aid to Industry

The High Authority of the European Coal and Steel Community will loan Community industry $41.2 million for investment projects.

An additional $6.6 million will be reserved for future requirements.

The loans will be used for the following projects:

- Improving coal extraction at five mines in the Ruhr and the supply of oxygen for steel processing at several steel works at Charleroi, Belgium.
- Developing or improving a coal washing plant, a coking plant, and pit-head power stations in the Ruhr and in Italy.
- Developing the production flow at Italsider's Genova works.
- Modernizing the rolling plant at two steel mills in Italy and Germany.

The funds are being provided from loans recently raised by the High Authority on international capital market. A total of $559 million has been raised since 1952.

ECSC loans are also being used to introduce new industries into declining industrial areas. During the past month, the ECSC provided a loan of $400,000 to build a factory for road trailers, railway equipment and engineering products in Neitersen, Germany. The new factory is expected to employ 200 to 230 miners recently jobless through the closure of an iron-ore mine.

Community Unemployment Falls in 1964

Unemployment in the Community declined sharply from 2.5 per cent at the beginning of 1964 to 2.1 per cent at the end of the year.

The Community's jobless amounted to 1,496,000 on December 31, 1964 compared to 1,788,000 on January 1, 1964. The number of unemployed registered in France and the Netherlands last year increased slightly. However, more persons found work in Italy, despite the application of restrictive economic measures in that country.

Country	Working Population ('000)	Job Offers Jan. 1, 1964	Job Offers Dec. 31, 1964	Unemployed Jan. 1, 1964	Unemployed Dec. 31, 1964
Belgium	3,600	14,000	7,000	62,000	60,800
France	19,300	42,100	21,600	111,200	125,900
Germany	25,600	500,700	501,100	337,000	202,100
Italy	19,800	4,637	887	1,237,000	1,062,800
Luxembourg	128	961	441	0	0
Netherlands	4,300	111,000	117,000	41,400	44,900

NOTICE

In accordance with the Securities and Exchange Commission regulations, the High Authority has published on April 14, 1965 its Balance Sheet as of December 31, 1964 and its Statement of Revenues and Expenditures for the calendar year, 1964. This information has been published in connection with European Coal and Steel Community bonds issued in the United States under applications:

A—16929 dated April 16, 1957
A—17648 dated July 7, 1958
A—19218 dated October 18, 1960 and
A—20452 dated May 15, 1962

This supplemental information to bond holders has been deposited with The Chase Manhattan Bank, New York.

PUBLICATIONS AVAILABLE

THE EURATOM JOINT NUCLEAR RESEARCH CENTER *Community Topic No. 16,* European Community Information Service, Brussels, 16 pages .... free

Describes the Center which consists of four research establishments: Ispra (Italy), Petten (The Netherlands), Central Nuclear Measurements Bureau (Geel, Belgium), and the European Transuranium Institute (Karlsruhe, Germany).

SOME OF OUR "FAUX PROBLÈMES", *Community Topic No. 17,* European Community Information Service, Brussels, 15 pages .... free

A speech by Professor Walter Hallstein, President of the EEC Commission, the Fourteenth Sir Daniel Stevenson Memorial Lecture of the Royal Institute of International Affairs, Chatham House, London, December 4, 1964.

THE EUROPEAN PARLIAMENT, European Community Information Service, Brussels and General Secretariat of the European Parliament, Luxembourg, 16 pages .... free

A revised edition of an earlier brochure. Describes the role, representation, and future prospects of the European Parliament.

THE COMMISSION, A NEW FACTOR IN INTERNATIONAL LIFE, address by Professor Walter Hallstein, President of the EEC Commission, given at the British Institute of International and Comparative Law, London, March 25, 1965, 22 pages (mimeographed) .... free

TRADE RELATIONS BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND THE ASSOCIATED AFRICAN STATES AND MADAGASCAR, address by M. Rochereau, Member of the EEC Commission, to the European Parliament at Strasbourg, March 23, 1965, 15 pages, statistical annex—7 pages (mimeographed) .... free

BASIC STATISTICS OF THE COMMUNITY: COMPARISON WITH SOME EUROPEAN COUNTRIES, CANADA, THE UNITED STATES OF AMERICA, AND UNION OF SOVIET SOCIALIST REPUBLICS, Statistical Office of the European Communities, Brussels, 1964, Fifth Edition, 196 pages $1.00

SALAIRES C.E.E.—1962, Statistiques Sociales 1964, No. 5, Statistical Office of the European Communities, Brussels, 1964, French/German text, 520 pages $2.00

The final results of the EEC's survey on wages in 1962. The survey covered fifteen industries in the Common Market.

BULLETIN DE LA COMMUNAUTÉ EUROPÉENNE DU CHARBON ET L'ACIER, No. 53, The High Authority, Luxembourg, 1964, 75 pages $0.60

Describes the activities of the High Authority from July 31, 1964 to January 1, 1965. Contains a lead article entitled "Une Expérience de Reconversion: Carbosarda en Sardaigne," by M. Roger Reynaud, member of the High Authority.

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