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FARM OFFERS MARK RESUMPTION OF KENNEDY ROUND TALKS

GATT Negotiators Face Heavy Bargaining Schedule

THE KENNEDY ROUND TRADE TALKS were formally resumed on September 16 in Geneva following the summer recess with the presentation of agricultural offers in GATT (the General Agreement on Tariffs and Trade).

Countries meeting the fall deadline were Argentina, Australia, Austria, Canada, Denmark, Finland, Great Britain, New Zealand, Sweden, Switzerland and the United States. The negotiating packages of Austria and New Zealand also contained tariff offers on industrial products.

The EEC Commission was unable to submit its offers due to the present deadlock in the Community over the method of financing the farm policy.

Japan declared its intention to present offers, delayed for technical reasons, at the end of September. Norway will follow suit after the formation of its government. Poland and Czechoslovakia will also participate in the agricultural negotiations under special GATT arrangements.

EEC's Offer Delayed

An EEC Commission spokesman said that "for reasons beyond its control," the Community could not submit its offers but hoped its obligations could be fulfilled at a later date. The Greek delegation pointed out that commitments under its country's association with the Community also prevented its presentation of offers at the moment.

Despite the EEC delay, participants in the Kennedy Round expect to be occupied until December with the technical and procedural details of industrial and agricultural bargaining.

The Commission will continue to participate in the discussions on industrial products and a world cereal agreement under mandates from the EEC Council of Ministers given prior to the July impasse. The industrial negotiations will proceed on the basis of bilateral justification of exception lists and multilateral sector talks.

Bilateral talks began early this year following a multilateral examination of the participating countries' lists of products to be excluded from a full 50 per cent linear tariff cut. The purposes of the discussions are to further explore reasons for a country's exceptions and to clarify the nature of the exempted products.

The negotiations are still far from finished. However,

Eric Wyndham White, GATT Executive Secretary, repeated on September 16 his request that these talks be terminated at the end of 1965 to enable the decisive phase of the negotiations to begin.

Multilateral sector discussions have been concentrated primarily on textiles. Preliminary steel talks have also begun. In addition, sector groups will be formed to determine the maximum amount of tariff cuts possible in the chemical, paper and pulp, and metallic-base products industries.

Grain Discussions Continue

The cereals group will continue to study the technical aspects of a possible world grain agreement. The studies began in June following the submission of grain proposals by the EEC, the United States and five other countries. Offers on agricultural products other than grains will be examined by the countries that presented negotiating bids.

The developing countries are also scheduled this fall to present negotiating offers to the GATT. Thirteen of the 24 developing countries, which indicated an intent to participate in the Kennedy Round, are expected to submit their offers on October 16.

The slow progress in discussions on non-tariff barriers to trade is expected to continue. Negotiators have said that additional work in this field should wait until more progress has been made on other aspects of the negotiations. However, a group on anti-dumping practices is scheduled to

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VICTOR LEEMANS ELECTED EUROPEAN PARLIAMENT PRESIDENT

Hallstein Says, "Treaty Establishes Fair Balance of Interests"

VICTOR LEEMANS, Belgian Christian Democrat, was elected president of the European Parliament on September 24 in Strasbourg over the opposition of the Socialist group.

Mr. Leemans was elected by a vote of 58 to 0 with 39 abstentions to succeed Belgian Christian Democrat Jean Duvieusart. The Parliament members also nominated Joseph Wohlfahrt, Luxembourg Socialist, as its eighth vice-president to replace Jean Fohrmann, recently co-opted as a member of the ECSC High Authority.



*Victor Leemans
President
European Parliament*

The newly-elected president has been a member of the Parliament since March 1958. Born on July 21, 1901 in Stekene, he holds a doctorate in social sciences. He has served on the Parliament's internal market, energy, budget and administrative committees. Mr. Leemans was a member last year of the Parliament's Bureau, an administrative body composed of the president and eight vice-presidents elected for one year. He is also a senator in the Social-Christian group of the Belgian Parliament.

Hallstein States Commission's Views

EEC Commission President Walter Hallstein, in congratulating Mr. Leemans, explained the Commission's position on the present situation in the Community.

"... You are accepting this office in an exceptional situation for our Community," President Hallstein said. "Despite every disinclination to dramatize matters, I think that the word 'crisis' is the proper one to describe this situation."

The Commission, he pointed out, is unanimously convinced that law is the basis of the Community. "Nothing more important or profound can be said about the particular nature of this new path followed in Europe since the end of the Second World War with the aim of uniting the continent politically and economically.

"It is in fact a Copernican revolution in efforts to unite the continent. It is a renunciation of the methods of the past, today designated by the somewhat surprising words 'the efforts of the federators', those methods whose essence was the use of power politics—the use of force to put it in simpler and cruder terms.

"It would also be a strange contradiction if we were to be forever citing among the primary aims of European unification the need to see that this Europe did not become the political plaything of other powers but at the same time, when creating a new order in Europe, did not make all

those affected by it equally responsible for the shaping and functioning of this scheme of things.

"What we have so far achieved on this new basis, which seems to increase our burden, is indeed very much. It shows that this order is not only a good but a useful one.

"The whole world has followed this development with respect and admiration. It is probably not an exaggeration to say that this is the greatest success which has fallen to the free world since the end of the last war.

Community Success Based on Treaty

"This success is based on the fact that the Treaty of Rome—a practical manifestation and application of the law of nations—does two things. It establishes a fair balance of interests, under which—I repeat—each gets his due. It creates an organizational system, which leaves full powers of decision in the hands of the member state governments but, on the other hand, embodies the Community interest in an independent institution and gives this institution its proper share in forming the collective will in Community affairs.

"The confidence of the Commission of the Economic Community in the cogency and vitality of this new order is unshaken. We will continue to do our duty in the new situation in which it is more than ever necessary not to neglect the daily tasks. We will do this by closely following the evolution of the crisis, which is a process rather than a static condition, at all times, using every permissible means to restore that harmony of all its members which is a necessity for this Community."

Parliament Supports Commission

Following President Hallstein's remarks, the Parliament unanimously adopted, with the Union for a New Republic Party members abstaining, a resolution endorsing the actions of the EEC Commission. The resolution stressed that no member country has the right to deviate from the commitments made under the Rome and Paris Treaties. It reminded the member countries of their obligations to observe the provisions of the Treaties and appealed to the national parliaments to ensure that their respective governments honor these policies.



*Walter Hallstein
President
EEC Commission*

WESTERN COUNTRIES URGED TO ALIGN EAST-WEST TRADE POLICIES

Colonna Stresses Common Approach to Export Credits

GUIDO COLONNA DI PALIANO, member of the Commission of the European Economic Community, on September 23 urged Western European countries to adopt uniform rules for trade with the Eastern bloc.

Mr. Colonna's appeal was directed particularly to the Community countries represented at the joint meeting of the European Parliament and Consultative Assembly of the Council of Europe in Strasbourg.

He asked that the countries in defining a common policy for East-West trade pay particular attention to export credits.

"Various attitudes exist in the Western countries toward this matter with actual competition for advantageous positions vis-a-vis Eastern markets," he said. "Such competition may prove dangerous for the Western economies and, as far as the Community is concerned, can hardly be reconciled with irreversible commitments which the member states are obliged under the Treaty to assume reciprocally in all sectors of their economies."

The progressive development of East-West trade, he said, has resulted partly from the readjustment of Eastern economic thought. He attributed this reorientation to the new balance of military power in the world. He pointed out that "there could be no talk of the balance of power in the world if the Atlantic Alliance, despite its difficulties, had not existed and did not still exist."

The new economic emphasis in Eastern Europe, the EEC Commissioner said, has given a fresh impetus to production in the civilian sectors, and in particular, that of consumer goods. He pointed out that new tendencies have also arisen in the last few years in the management of industry which assign to the profit motive a determining influence in official policy.

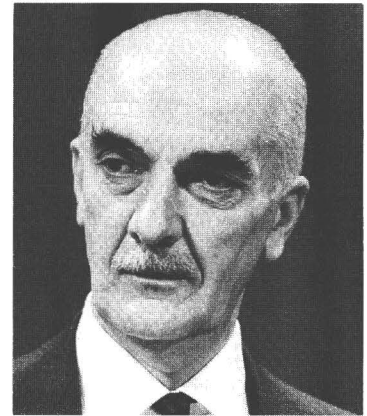
Mr. Colonna indicated that the gradual movement of the Eastern bloc economies toward greater diversification would increase the influence of purely economic considerations on the governments' political positions.

EEC-East Bloc Trade Rises

He illustrated the continuing interest of the European countries in East-West exchanges with a series of trade statistics. The member countries of the OECD (Organization for Economic Cooperation and Development) increased their volume of trade with the Eastern European countries by 87.7 per cent from 1958 to 1964. The Community countries led in this increase with a trade growth rate of 95 per cent in terms of absolute value.

"The increase in the volume of East-West trade," he said, "clearly depends on the capacity of the Eastern European countries to obtain through their exports, the means of paying for imports from the West. Therefore, we must consider the possible effects of the Community's agricultural policy on the volume of trade."

"Over a quarter of the Community's imports from Eastern Europe consists of agricultural and food products. While the Community's imports from the Eastern bloc countries of products subject to agricultural policy regulations diminished from 1963 to 1964 by 12 per cent, the Community's total imports from abroad increased by 8 per cent."



*Guido Colonna
EEC Commissioner*

Mr. Colonna pointed out that the progressive application of the common agricultural policy has not had the restrictive effects feared by some. In addition, he said that "given the non-discriminatory nature of Community agricultural regulations, the reduction of farm exports from the Eastern countries cannot be imputed to the Community."

Mr. Colonna also considered the Eastern countries' ability to supply the Community with industrial products as important for East-West trade growth. Community purchases of finished industrial products from Eastern Europe increased over 20 per cent in 1964 and imports of machinery and transport equipment grew by 19 per cent.

Commission Proposes Policy

An essential condition for solving the problems of East-West trade is the adoption by all the Western countries of a uniform approach, he said. The EEC Commission formulated in February 1964 proposals to apply, ahead of the Treaty's timetable, a common commercial policy vis-a-vis the state-trading countries.

The Commission attempted in the proposals to facilitate the entry of the majority of Eastern European products into the Community market and suggested retaining certain important controls for the remaining products, he said.

Mr. Colonna pointed out that a more intensive development of East-West trade also depends upon reciprocity between the two groups. "In Western Europe, the idea is gaining ground that in order to obtain substantial concessions from the Western countries, the East European countries must assume firm commitments in respect of an increase of their purchases from the West."

He said that a certain movement toward reciprocity has been reflected in present negotiations with Eastern countries in the Kennedy Round and in discussions on the possible membership of these countries in GATT. Mr. Colonna considered as unrealistic the expectation that Eastern European countries could assume the obligations of the General Agreement "since these obligations were conceived for trade between market-economy countries."

However, he said, "specific commitments must be sought on both sides and defined according to the characteristics of East-West trade. Ways must be found of ensuring the balance of advantages when applying the most-favored-nation clause to such trade and of affirming the principle of

healthy and fair competition and the desirability of a progressive reciprocal opening of the markets.”

Recognition of Community Urged

In addition, Mr. Colonna urged that the Eastern bloc recognize the European Community as a single trading entity. “. . . The trend of our Eastern contemporaries toward forms of economic thought nearer our own cannot but be encouraged by the success of European integration. A Community which has become the leading commercial power in the world cannot be ignored at the moment when they are about to enter the decisive stage in their economic development.

“The prospects of additional expansion of East-West trade are closely dependent on the Community’s continuing development. . . . For this reason, it is important that they should have no cause to doubt the Community’s future. . . . The change of attitude of the Eastern bloc countries toward the Community has been to a great extent dictated by a clear political choice. Consequently, the irreversibility of the trend cannot be taken completely for granted.”

The EEC Commissioner called on the Community countries to extend their common stand to commercial policy as soon as possible. “Only when a member state no longer has any reason to fear the results of commercial policy measures taken unilaterally by another member state will the conditions be created for a steady increase of the volume of such trade. . . . The Eastern European countries must recognize that special rules are needed, as part of the general pattern of international trade, to provide a stable framework for relations between countries whose trade is subject to such different norms.”

Commission Adopts Fall Working Program

The EEC Commission issued a statement on September 16 in Brussels outlining its working procedure for the coming months.

The statement, presented by the Commission’s spokesman, read as follows:

“All features of the current Community situation were considered by the Commission at its weekly meeting yesterday. The Commission discussed and adopted its working program—particularly for farm matters—for the months ahead.

“Using its powers under the Rome Treaty, the Commission will submit the proposals it considers useful to the Council. The deadlines for work covered by a time schedule will be met.

“This does not mean that the Commission underestimates the danger of a delay in the completion of various programs—particularly as regards some especially urgent points—implicit in the present situation. The Commission is resolved to do its utmost to ensure that the work for which it has responsibility is carried on normally, so that the Community institution which has the power to decide can do so at the appropriate juncture.”

The spokesman said that the “especially urgent points” mentioned in the statement concerned in particular various farm problems, the successive stages of the Kennedy Round, and tax coordination.

Socialists Urge Crisis Settlement

Socialist Party members of the European Parliament called for a quick solution to the Common Market impasse on the basis of the Community Treaties and decisions.

The declaration was contained in a statement issued to the press on September 3 in Nuremburg by Socialist group President Kate Strobel.

“The growing prosperity of 180 million people would be jeopardized should the Community cease to exist or develop. The unity which binds the member countries of the Community in the political and economic fields would be gravely compromised. If the Community does not survive or expand, it will be impossible to find a satisfactory solution to the trade relations between the different European organizations and between Europe and all the other countries seeking the quickest possible liberalization of world trade.

“The present crisis in the Community must be quickly settled, but its solution must be based on the Paris and Rome Treaties and on the past implementing decisions. The European Parliament’s Socialist group will resist with all its power any attempts to alter the nature of the Community.

“The right of the Common Market Commission to take initiatives in the legislative field and its conciliatory role must be safeguarded, and the powers of the European Parliament must be increased. A return to the system advocated by the present French government, based on a loose and impermanent inter-governmental cooperation, would be a reversion to a system which, in recent decades, has shown itself wholly inadequate to guarantee the unity of Europe.”

EEC Council Scheduled to Meet in Late October

The EEC Council of Ministers is scheduled to meet on October 25 in Brussels.

The meeting, originally planned for October 7, was postponed at the request of the Netherlands government because of the expected absence from Europe of Dutch Minister of Foreign Affairs Joseph Luns and Minister of Agriculture B. W. Biesheuvel.

The Council, meeting on July 27 before its summer recess, decided in the absence of French representatives to submit technical questions requiring immediate decision to the six governments for approval by written procedure. Six agricultural questions were adopted by this method during the summer recess. The proposals covered:

- Reduction of the levy on husked rice imports from non-Community countries.
- Refunds for maize groats and meal used by brewers.
- Extension of arrangements for refunds on starch production.
- Levies on imported pork products from non-Community countries.
- Renewal of the current egg and chick regulations.
- An additional tariff quota for imported frozen beef and veal.

Unanimous decision of the Six is required for Commission proposals to become effective. Written procedure is prescribed in the internal regulation of the Council.

COMMON MARKET BENEFITS FRENCH ECONOMY

Couve de Murville Cites Community Advantages for France

FRENCH FOREIGN MINISTER Maurice Couve de Murville said in Paris on September 11 that France had benefited from the Common Market despite an increased industrial trade deficit in 1964 with the Community countries.

Mr. Couve de Murville summarized his country's economic gains from Community membership in answer to a written French parliamentary question from Communist party leader Waldeck Rochet. Mr. Rochet referred to France's trade deficit with the EEC in urging the government to increase its trade with Eastern Europe.

Mr. Rochet pointed out that France's industrial trade deficit with the other Community countries since 1958 increased from \$70 million to \$549 million, while Germany's trade surplus with its other partners, including France, grew from \$728 million to \$1.65 billion over the same period.

He said that France's best customers for agricultural produce are outside the Community and that the Communist countries would be in the future among its most important markets. Mr. Rochet suggested that France should not "confine its foreign trade within the too narrow framework of the Common Market" and asked that the government take steps to develop trade with other countries, especially other European countries.

Following is Mr. Couve de Murville's statement:

"The development of the French trade balance with the Community countries is only one of the indices for measuring the effects of the Common Market on French economy. To reach an objective judgment of the consequences of the implementation of the Rome Treaty one must also consider the balance of French payments with the other member countries, the expansion of both industrial and agricultural production in France, and also the effects of the gradual opening up of our frontiers on the reorganization of the structure of French industry and on the prices of major durable and non-durable consumer goods, such as cars, household electrical appliances, and textiles. In all these fields it is difficult to deny that the French economy has benefited from the existence of the Common Market through its exposure to foreign competition.

"If one only considers trade between France and the rest of the European Community, the first conclusion one draws is that it has shown a remarkable growth since 1958—a much faster growth than France's trade with the rest of the world. Our exchanges with the Common Market now represent almost a half of our total trade outside the franc zone, which has expanded greatly since 1958. This trade within the Community, from one year to another according to the economic situation in both France and her partner countries, has sometimes shown a favorable balance and sometimes an unfavorable one.

Agricultural Sales Have Risen

"As regards farm produce, sales to our partners, especially to Germany, have risen. But it is only when the Common Market is complete, that is to say, when common prices have been fixed for all major products (and obstacles to trade abolished) that we can count on a really appreciable growth in trade in foodstuffs, for in spite of their recent expansion, exchanges of these products between the

Community countries remain well below their potential level.

"Already the financial mechanisms have been worked out by which our partners join in the financing on a Community basis of that part of the costs involved in support for the agricultural market, and, in particular, exports to countries outside the Community. As we know, it was over disagreement about the way this system was to operate for the period 1965-70 that negotiations broke down on June 30.

"It is equally true that the countries of Eastern Europe, and China also, buy important, and at times, growing amounts from us. But this trend is not confined to France, for the majority of the major grain exporting countries have experienced this same growth, which obviously results from the chronic inadequacy of agricultural production in the Communist countries.

"As for industrial products, the experience of the last six years shows that, contrary to what was commonly said at the time of the negotiations for the Rome Treaty, French industry has generally managed to stand up to competition from our partners. That does not mean that it can relax its efforts in any way, for the spectacular rise in German, and even more in Italian sales in France in recent years demonstrates—if it were really necessary to do so—the need for a constant improvement in our industrial productivity and for a perpetual quest by French companies for new sales outlets abroad.

French Trade Balance Improved

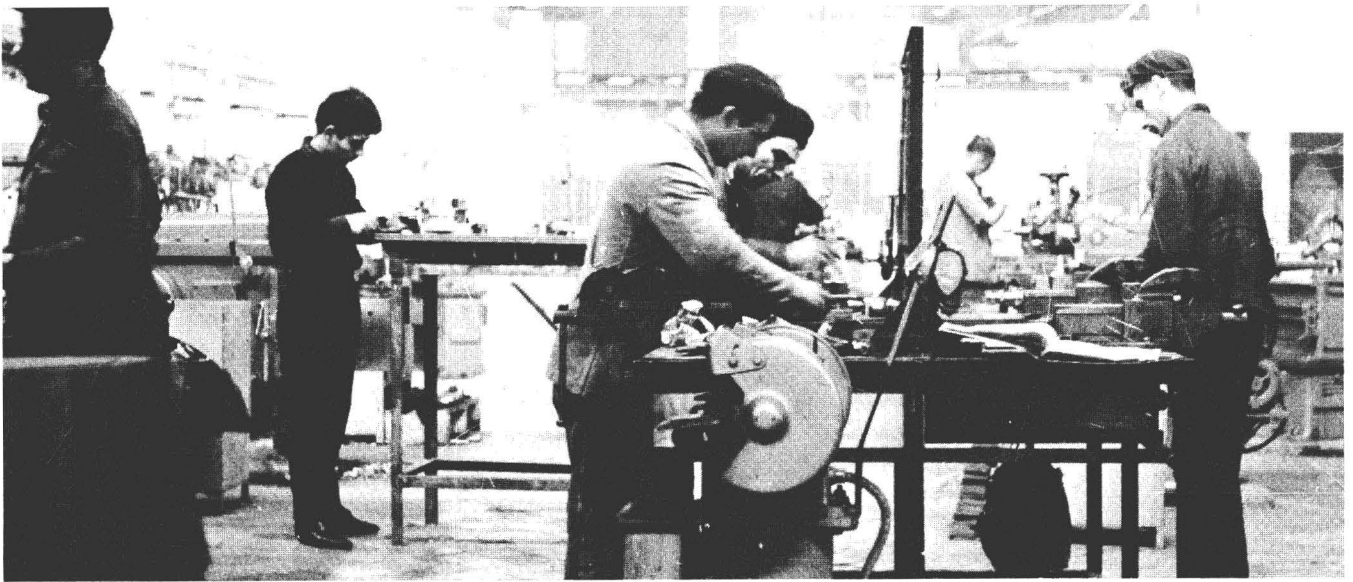
"The government is aware of the problems and has promoted an export drive directed not only at the markets of our main partners in Europe but at the whole world. Although it is unwise to draw too hasty a conclusion from recent statistics covering only a short period, it is interesting to note that since May the French trade balance with Germany, which was highly unfavorable, has moved into equilibrium and in July was actually showing a favorable balance.

"This outcome is all the more worth emphasizing because Germany is on the one hand by far the leading customer of and supplier to this country and, on the other hand, the only industrial country, apart from the United States, with a constantly favorable trade balance.

"The recent recovery of our trade balance, which is, admittedly, not necessarily permanent and which supposes constant vigilance on the part of industry, farmers and the authorities alike, is in large measure the result of the government's stabilization policy. To make this policy succeed fully it is essential that industry must seek to sell a growing proportion of its output to foreign countries, whether they are members of the European Community or not."



*Maurice Couve de Murville
French Foreign Minister*



Retraining workers: Former coal and steel workers learn mechanical skills under readaptation programs financed partly by the ECSC High Authority.

ECSC READAPTATION HELPS WORKERS FACE CHANGING ECONOMY

High Authority Allots Additional Aid for Retraining

TWO-THOUSAND YEARS of iron-ore mining in the Siegerland district of Germany ended on April 1. This event to some persons meant merely the end of an historic tradition, but to the men who worked the mines, it signified possible unemployment.

The final mine shutdown in the Siegerland was not a sudden event. It was the last stage of a long program of closures, particularly frequent in the last two years. It was a typical example of a steady trend throughout Europe's coal and steel industries as locally-mined ore is replaced by imports of richer quality, as coal is superseded by other forms of energy, and as small local iron and steel plants are supplanted by large, better-situated ones.

Treaty Protects Workers

The social problems caused by such changes were foreseen in the Paris Treaty of the European Coal and Steel Community. One of the Treaty's chief aims was to stimulate change, assuring "the most rational distribution of production at the highest possible level of productivity." However, this result was not to be obtained at the workers' expense.

This pledge resulted in a series of special arrangements for the retraining and re-employment (known as readaptation) of redundant workers. Coal and steel workers, who had lost jobs, were not only given the right to normal unemployment benefits but also the following assistance:

- Compensation for lower wages in new jobs.
- Retraining aid.
- Re-settlement allowances.
- Subsidies for daily long-distance commuting.

The alleviation of temporary unemployment thus became a task to be shared by the entire Community through matching funds from the national governments and the ECSC High Authority. The system was also designed to forestall rather than alleviate crises. Unemployment compensation, based on workers' previous wages, resulted in higher unemployment benefits and required no financial contribution from the workers.

The provisions for readaptation were contained in a Convention to the Treaty to cover the Community's five-year transition period. Their purpose was to help workers unemployed as the result of the creation of a common market for coal and steel. The Convention expired in 1960.

Conditions for Aid Broadened

At that time, the Treaty's provision for readaptation aid was found to be insufficient to meet the needs of the workers. Readaptation aid had been granted by the Treaty to workers affected by technological change. The aid was subject to a number of conditions thus limiting its application.

Following the European coal crises in the late 1950's and early 1960's, mines were closing more as a result of sudden change in market conditions, particularly the challenge of oil and United States coal, than of the operation of the common market or even technological change. Consequently, the Treaty was amended in 1960 to permit readaptation aid for workers whose jobs were threatened by general market changes, as well as by modernization or automation.

It also became apparent that industrial redevelopment needed to be coupled with readaptation aid. As early as 1956, the High Authority recognized that jobs must be brought to the workers, following an unsuccessful attempt to transfer coal miners from Centre-Midi, France, to Lorraine. The High Authority inaugurated its industrial redevelopment program in 1963.

This program enabled the High Authority to grant loans encouraging new industries to locate in declining or depressed areas, thus creating new jobs. These provisions have been used increasingly in recent years, especially in areas too dependent on a single industry or somewhat isolated from the main development regions. Typical redevelopment areas are the Borinage, in southern Belgium, and the small coal-fields in south-western France.

Coal Miners Receive Major Aid

Approximately 196,500 workers have been aided to date by nearly \$100 million from the High Authority and the na-

tional governments. (Total employment in the ECSC industries amounted to 1,360,000 on September 30, 1964.) The majority of those helped (about 160,000) were coal miners, who had worked Belgian or German pits. The rest had been employed mainly in the Italian iron and steel industries. Recently, the number of aid requests from iron-ore workers has grown following the closure of mines in Germany and Lorraine.

The High Authority received few requests for readaptation aid during the period of strong activity in the Community's coal and steel industries up to 1958. However, the coal crises and resultant measures required a rash of readaptation projects to lessen the difficulties involved in changing jobs and to alleviate temporary unemployment.

The job of readaptation in the coal industry was eased somewhat by the strong demand for labor in higher paying, less dangerous industries. Nearly 13 per cent of the underground workers left mines voluntarily between 1960 and 1961. The Community's tight labor market also enabled many coal miners to find new jobs quickly by moving to another pit. In other cases, occupational training programs have been instrumental in teaching miners new skills. Advanced retirement has provided a solution to the unemployment of older workers.

For instance, the closing of three large coal mines in the Ruhr in 1964 affected 3,100 workers. About 70 per cent of these men found jobs in other pits, 15 per cent moved to the

metal working and building industries, and the remaining workers, mostly over 55 years old, received pensions.

Iron-ore and Steel Workers Helped

The total number of persons employed in the Community's coal mining industry dropped by about 312,000 to 735,000 between September 1958 to September 1964. No reduction on this scale has occurred in the iron-ore or iron and steel industries of the Community but, locally, as in the case of the Siegerland, the effects have often been as great. The Coal and Steel Community's training and re-employment system has enabled these changes to occur with minimum hardship and social disturbance.

The High Authority allotted on June 24 an additional \$1 million for the readaptation of German, Italian and Belgian coal miners and steelworkers affected by closures.

Over half of the High Authority's contribution, matched by the member state governments involved, will be used to retrain miners for re-employment in the modernized Carbo-sarda coal mines in Sardinia. Italian steelworkers, laid off by the closing of plants in Lesegne, Bergamo and Milan, will also learn new skills under this program.

The readaptation funds will assist approximately 1,000 German miners unemployed by the closing of two Ruhr coal mines and a Saarland coking plant and miners from the former St. Albert pit in the central Belgian coalfield.

Member States Directed to Remove Intra-Community Trade Obstacles

The EEC Commission has instructed the Netherlands, Germany and Italy to abolish certain charges considered non-tariff barriers to trade.

The directives were issued before the summer recess in accordance with Article 13, paragraph 2 of the Rome Treaty (the progressive elimination during the transition period of charges having an effect equivalent to customs duties).

The Commission examined each customs case individually to determine those charges used as protective devices. It ruled to abolish charges noticeably affecting intra-Community trade, especially those intended to offset the price difference between an imported item and a similar domestic product.

Charges covered by the directives are as follows:

- Taxes on horticultural seeds and animal feed in the Netherlands.
- Taxes on sugar, fats, cereals and fodder, livestock, meat and products having a meat base, as well as a license fee on all farm or food products subject to an import duty in Germany.
- An import license charge for certain merchandise in Italy. A "verification charge" on imported firearms was exempted from the directive in that Italian-produced weapons are subject to the same charge.

The Commission is presently investigating taxes imposed in the Netherlands on dried fruits, agricultural seeds and animal and vegetable fats. Proceedings have begun in the case of Dutch charges for farm products under a Community market organization such as livestock, meat, and certain animal feed products including cereals.

EEC-Austria Talks to Continue in November

EEC Commission and Austrian delegations will continue to discuss in November the coordination of Austria's economic policies with those of the Community.

The principles and procedure of economic harmonization were examined in Brussels from September 28 to October 1 during the fourth round of negotiations for Austria's possible association with the Community. Earlier talks were devoted to matters of trade and agriculture.

The Commission said during the discussions that it considers necessary the harmonization of certain Austrian economic policies with the corresponding Community measures to avoid distortion of competition and hindrance of trade. The Austrian delegation pointed out that the principles of harmonization should be contained in a treaty on economic relations between Austria and the Community. The individual sectors of economic policy to which the principles would be applied were not discussed.

Medium-Term Economic Studies to Continue

The EEC medium-term economic coordination committee will continue in October to draft a Community economic program for 1966-70.

The Committee decided in mid-September to proceed with its schedule for submitting the draft plan to the EEC Commission by the end of 1965. The study and working groups are expected to continue examining various aspects of the Community's economy such as growth and employment prospects, structural policy, and wages and incomes policy.

French government representatives did not attend the September meeting.

DE GAULLE PRONOUNCES VIEWS ON EEC DEADLOCK

French President States Conditions for Reopening Talks

Following are excerpts from President Charles de Gaulle's reply at his press conference on September 9 in Paris to the question "What, in your opinion, are the causes of the Common Market crisis and how do you think it can be ended?:"

"Crisis Inevitable"

"What happened in Brussels on June 30, with regard to the agricultural financing regulation, highlighted not only the persistent reluctance of most of our partners to bring agriculture within the scope of the Common Market, but also certain mistakes or ambiguities in the Treaties setting up the economic union of the Six. That is why the crisis was, sooner or later, inevitable.

"This Embryonic Technocracy"

"The three Treaties, which respectively set up the ECSC, Euratom and the Common Market, were concluded before France's recovery in 1958 . . . They each instituted an executive structure in the form of a commission independent of the member states, although the members were appointed and paid by them, and a legislature in the form of an assembly composed of members from the various national parliaments, yet without their electors having given them any mandate that was not national. This embryonic technocracy, for the most part foreign, destined to infringe upon France's democracy in settling problems that dictate the very existence of our country, obviously could not suit our purposes once we were determined to take our destiny into our own hands. . . .

"A Fair and Reasonable Community"

". . . What we wanted yesterday, and what we want today, is a Community which is both fair and reasonable. Fair: that means that, allowing for their particular circumstances, agricultural products should be subject to the Common Market at the same time as industrial products. Reasonable: that means that nothing of any importance, either in the initial planning or the later operation of the Common Market, should be decided, and certainly not applied, except by the responsible authorities in the six countries, that is, the national governments controlled by the parliaments.

"A Different Concept"

"Now we know—heaven knows that we know—that there is a different concept of a European federation in which, according to the dreams of those who have conceived it, the member countries would lose their national identities, and which, moreover, for want of a federator such as Caesar and his successors, Charlemagne, Otto I and Charles V, Napoleon and Hitler each tried to become in the West—in his own fashion—and such as Stalin tried to become in the East, would be ruled by some sort of technocratic body of elders, stateless and irresponsible.

"A Future Entente of All of Europe"

"One knows also that, in opposition to this project devoid of all realism, France proposed a plan for organized cooperation between the states, evolving, no doubt, toward a confederation. This plan alone seems to France to correspond to

what the nations of our continent really are. This plan alone would one day permit the adherence of countries such as England and Spain which, like ours, could in no way accept the loss of their sovereignty. It alone would make a future *entente* of all of Europe conceivable.

"They Refrained from Excessive Infringements"

". . . While observing that the cumbersome international machinery built at great cost around the Commission frequently duplicated the qualified services of the six governments, we recognized the competence of these officials on the basis of their work and noted that they refrained from excessive infringements on the only powers that were valid, that is, those of the states.

"This Financial Regulation"

"It was too good to last. In Brussels, on June 30, our delegation came up against a serious stumbling-block concerning the final definition of the financial regulation in accordance with previous commitments. Shortly before, the Commission, suddenly emerging from its political reserve, had formulated terms in connection with this financial regulation to give itself its own budget, which would have amounted to as much as \$4 billion, with the states turning over to it the levies and custom receipts which would have made it literally a great independent financial power. It is true that, according to the authors of the draft, this enormous budget, which the states would supply at the expense of their tax-payers but which they would not control, would be subject to examination by the European Assembly.

" . . . Premeditated or Not . . . "

"But intervention by this Assembly, which is essentially advisory and whose members have never been elected for that purpose, would only aggravate the usurpatory character of what was demanded. Be this as it may, the combination—

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DE GAULLE'S COMMENTS CAUSE MIXED REACTIONS

European Leaders and Press Respond Strongly

President Charles de Gaulle's press conference remarks on the Common Market impasse elicited the following comments from European political leaders, French professional groups and the press on both sides of the Atlantic.

European Leaders Discuss Statement

"The Federal Government maintains its position on the Treaties setting up the Communities. It notes with satisfaction that General de Gaulle envisages a renewal of negotiations at Brussels. The Federal Government, for its part, declares itself ready to contribute toward a practical solution of the problems . . . The Federal Government is pleased to observe that General de Gaulle is also in favor of political cooperation between European states . . . and it associates itself with General de Gaulle's words about Franco-German cooperation. The Federal Government will continue to work for a united Europe."—*an official comment from a government spokesman in Bonn for the Federal Republic of Germany.*

"General de Gaulle's declarations are disappointing . . . The General reiterated, in strong words, the idea he is known to have about purely intergovernmental cooperation between the Six; this idea cuts across the principles of the Community. The declaration attacks the crux of the European Treaties, and includes: rejection of the majority decision rule contained in the Treaty, which is to come into force on January 1, 1966; and denial of the functions, also written into the Treaty, of the independent executive institutions. I am forced to think that to all intents and purposes General de Gaulle no longer feels bound by the European Treaties, or at least by these very important facets of them. I would like to say that the French President acts as if the Treaties make insufficient allowance for French interests. I would like to point out—and I believe that I can draw on a fund of experience, for I played a certain role when these Treaties were established—that the Treaties were framed by normal and objec-

tive negotiations which made considerable allowances for French wishes; the Treaties certainly do not treat France more harshly than her five partners."—*Dutch Foreign Minister Joseph Luns in a televised interview in the Netherlands.*

"What is most striking about General de Gaulle's press conference is the nationalistic attitude which he takes toward the world's affairs, thus inevitably encouraging the rebirth of nationalism in other countries, in Germany, in particular. Secondly, he repeats that collective action by the peoples of Europe can be organized by cooperation between states, although experience has shown us that cooperation is an outmoded form, incapable of bringing about the unity of the European nations. The European Communities, established by Treaties ratified by six parliaments, have proved that they are effective means to that end. For almost fifteen years the 'Community method' had gradually evolved. This is a permanent dialogue between a European Commission, responsible for proposing, in the common interest, solutions to problems, and the national governments, represented by the Council of Ministers, who express the national points of view and take the final decisions. This Community method is the peaceable federator of Europe."—*Jean Monnet, President of the Action Committee for the United States of Europe.*

"The French farmers' leaders who so readily reproach the government for not accepting a 'solution at any price', would be the first to reproach this same government for not having adequately defended them against the pretensions and demands of some of our partners—those who are in favor of Europe when it is useful to them, but who are hostile to move toward a united Europe when it disregards their own national interests."—*Jacques Baumel, secretary-general of the Union for the New Republic Party in France.*

"General de Gaulle has pronounced the funeral oration of the Common Market . . . In refusing to apply the essential provisions of the Rome Treaty—on voting procedure and the powers of the Commission—he is in fact demanding a major revision of the European Community. Has such a revision any chance of being accepted by our partners? I do not believe so. The crisis deliberately provoked by France will therefore become worse. As the Common Market withers, the gulf dividing France from her partners will widen."—*Maurice Faure, President of the French Radical Party and the European Movement.*

"General de Gaulle has . . . condemned the parliamentary regime which is today adopted by all advanced European peoples, pilloried the advocates of an integrated Europe, including our five partners in the Common Market, and refused the United Nations the right to act in Cyprus, the Congo or elsewhere. Once again, he has condemned at the same time what he calls the hegemony of both the United States and of the Soviets. . . . That is how we have lost the long-standing and precious friendship of the most powerful nation of the world. One of the great and difficult tasks facing France in the years to come will be the struggle to regain it."—*Paul Reynaud, former French Prime Minister.* →



French Farmers Concerned Over Agriculture's Future

"The President of the Republic has given us no inkling of when negotiations can be resumed. No concrete suggestion for ending the crisis has been made. Such a situation full of uncertainty and risk will aggravate the unease in the French farming community. . . ."—*Statement of the Fédération nationale des Syndicats des Exploitants agricoles (FNSEA)*.

"It is quite astonishing to me, who spent many hours in 1956 and 1957 with Maurice Faure and Robert Marjolin preparing the Treaty of Rome, to hear it said that the Treaty contains nothing about agriculture. It is easy to look up Article 39, which defines the objectives of the common agricultural policy, in order to demonstrate quite the contrary and to realize that the common agricultural market is not a creation of the Fifth Republic . . . I am concerned for the future of agriculture, for the outcome of our activity is now linked with a revision of the Treaty and a complete questioning of its philosophy. Thus I do not see how the agricultural negotiations can be resumed. For us farmers, it is a catastrophe."—*René Blondelle, President of the Permanent Assembly of Chambers of Agriculture (APPCA) in the "Sud-Ouest" newspaper.*

". . . (President de Gaulle) left the door open for a re-assumption of negotiations."—*Francois Guillaume, President of the National Association of Young Farmers (CNJA)*.

Industry and Labor Comment on French Economy

"The best that one can say is that the statement of the Head of State about the Europe of the Six is hardly of a nature to dispel the uncertainties and anxieties which weigh heavily on the future of the French economy."—*André Jeanson, French Confederation of Democratic Trade Unions (CFDT)*.

"If the President's remarks about the Common Market mean putting a stop to European economic integration, it would be extremely serious for the future of French industry and for those working in it."—*Robert Valentini, President of the Centre des Jeunes Patrons (young employers)*.

"It is highly desirable that the Community institutions be developed and consolidated. The embryo technocracy which General de Gaulle deplores could be easily balanced by parliamentary control on a Community basis."—*Force Ouvrière, French labor unions affiliated to the International Confederation of Free Trade Unions (ICFTU)*.

Press Interprets Meaning of Remarks

"The federated Europe which has been the great drama of the past twenty years has been postponed until the Gaullist Kalends, which will last a lot shorter time than the Greek Kalends; for the direction in which history is moving is irreversible. The entire political philosophy of the General portrays a nationalistic vision of the future of his country, but (he) refuses to break out of the nineteenth century of his thoughts into the world as it is today, when 200 million Americans, 230 million Russians and 700 million Chinese write history."—*Le Peuple, Brussels*.

"Never has he left so little room for interpretation: there will be no doubt in future about his intentions in foreign

affairs. Everything must be sacrificed to independence, even the tightest bonds which unite France with her allies, the same as French political traditions have had to be sacrificed to the pursuit of greatness . . . That said, so clear is General de Gaulle's vision of the world, so precise are the thoughts that inspire it, so noble are the aims that he assigns to France, that yesterday's declaration bears witness to a complete disregard for reality."—*Combat, Paris*.

"General de Gaulle does not contemplate returning (to Brussels) until after a long delay and an extensive modification of the Rome Treaty. . . . That Treaty, whose harmfulness the president of the Republic denounced today, bears the signature of our country. The General knew it when, in the name of the same Treaty, he intervened to prevent the entrance of Great Britain in the Common Market."—*L'Aurore, Paris*.

"General de Gaulle is going to keep the European Common Market in the deep freeze until France's partners give up their supranational hopes. . . . France's partners will have to resign themselves to sticking to the classic concept of co-operation among sovereign states. This, General de Gaulle argued, should 'one day' help the admission of new members—and here he bracketed Britain and Spain. It would be naive to think, on this score alone, that General de Gaulle would be happy to welcome Britain into a looser common market. His present strategy seems to be to prevent too close a collaboration between Britain and Germany, which might reduce French dominance within the Six."—*The Economist, London*.

"What is most disturbing in the General's new pronouncement about the future . . . is the indication that he no longer feels bound by his commitments of the past. Before he returned to office in 1958, General de Gaulle pledged repeatedly that he would 'respect the text' of the Common Market Treaty But yesterday, in attacking the powers of the Brussels Commission and the approach of majority voting in the Council of Ministers, he made it clear that France would not abide by the key articles of the Treaty that require evolution in a federal direction. . . . By boycotting the Common Market and threatening a withdrawal from NATO, President de Gaulle has . . . raised the question of . . . what concessions to the French view they (the allies) are prepared to offer. In so doing, he now has opened a general crisis in the Western Alliance."—*New York Times*

"President Charles de Gaulle in his tensely awaited press conference today left observers debating as to whether his statement on the Common Market indicated any change or softening in the French stand. . . . Some observers here . . . felt he had renewed his challenge to the five others to present a compromise acceptable to France. . . . One interpretation was that he practically sounded the death knell for the European Common Market and for prospects of European political unity. . . . Others cited Mr. de Gaulle's statement that 'France is ready to resume her place in Common Market talks as soon as an agricultural agreement has been genuinely adopted' as a hint that the French government was prepared to discuss farm financing policy informally so a consensus could be reached."—*The Journal of Commerce, New York*.

De GAULLE PRONOUNCES VIEWS ON EEC DEADLOCK

(continued from page 8)

premeditated or not—of the Commission's supranational demands, of support that several delegations declared themselves ready to give them, and finally of the fact that some of our partners at the last moment went back on their commitments, forced us to bring the negotiations to a close.

"Forced in Any Economic Matter"

"I must add that in the light of this event we more clearly assessed the position in which our country would risk finding itself if some of the provisions initially provided for by the Rome Treaty were actually applied. Thus, in the terms of the text, the decisions in the Council of Ministers would, beginning January 1, 1966, be taken by majority vote; in other words, France would be prepared to see her hand forced in any economic matter—therefore social and often even political—in particular, all that has been achieved in the agricultural area could be threatened at any moment, despite her.

"Sovereignty Belongs to the French People"

"In addition, after that date, the proposals made by the Commission in Brussels would have to be accepted or not in their entirety by the Councils of Ministers, without the states' being able to change anything, unless miraculously they were unanimous in drafting an amendment.

"We know that the members of the Commission, although appointed by agreement among the governments, are no longer responsible to them, and that, even at the end of their mandate, can only be replaced by the unanimous consent of the Six, which in effect, makes them irremovable. We see where we could be led by such a denial of ourselves and our Constitution, which stipulates that 'French sovereignty belongs to the French people, which shall exercise it through its representatives and by means of referenda,' and does not provide for an exception.

"France Ready to Participate"

"That is where things stand. Undoubtedly, it is conceivable and desirable for work to start again one day on that great undertaking, the Community. But this will happen, possibly, only after a delay whose extent cannot be foreseen. For who knows if, when and how the policy of each of our five partners—considering, of course, certain electoral or parliamentary situations—will finally be adapted to the requirements that have, once again, just been evidenced?"

"Whatever the case, France, for her part is ready to participate in all exchanges of views that would be proposed to her on this subject by the other governments. Should this occasion arise, she envisages resuming the Brussels negotiations once the inclusion of agriculture into the Common Market is truly adopted and there is a desire to put an end to the claims that abusive and utopian myths are raising against common sense and reality."

World Peace through Law: Pictured in front of the European Community exhibit at the Washington Hilton Hotel are (left to right): Michel Gaudet, director-general of the EEC Commission's legal service; Robert Lecourt, President of the first chamber of the European Court of Justice; and Albert van Houtte, clerk of the European Court of Justice. The Community officials were in Washington from September 12 to 18 to attend the World Peace Through Law Conference.

Court of Justice Annuls Commission Decision

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The European Court of Justice for the first time annulled an EEC Commission decision addressed to a member state on an appeal by a private firm.

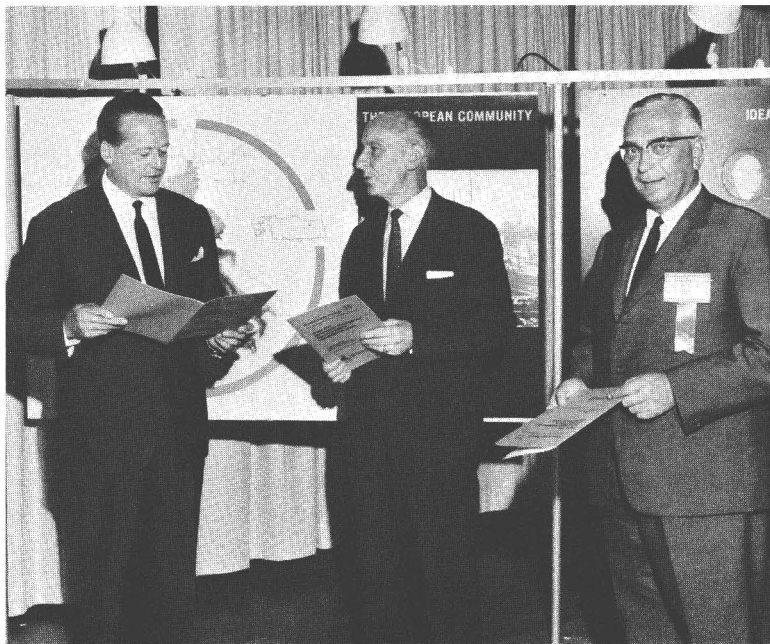
The case concerned the request by 23 importing firms on October 1, 1963, for licenses to import 126,000 tons of corn into Germany duty-free. The German government refused on October 3 to grant the licenses by applying a safeguard clause permitting the collection of a special levy. The EEC Commission retroactively authorized Germany's use of the safeguard measure.

Two German importing firms filed an appeal two months later for annulment of the Commission's decision under Rome Treaty Article 173 (right of a person to appeal against a decision addressed to him or against a decision which, although in the form of the regulation or decision addressed to another person, is of direct and specific concern to him). The Commission pleaded that the appeal was inadmissible since, in the light of previous Court rulings, the decision challenged was neither of direct nor specific concern to the applicants.

The Court ruled in July that the appeal was admissible on the basis of Article 22 of the Community agricultural regulation 19. This article provides that the Commission's decision regarding safeguard measures "shall take effect immediately." The Court said that a Commission decision to amend or abolish safeguard measures concerns the party as directly as the measures it replaces. A decision to maintain safeguard measures not only authorizes the measures but gives them validity.

The Court also found that the only persons affected by the measures were the importers who had applied for the licenses on October 1, 1963. The importers were therefore differentiated from all other persons and were specifically concerned by the directive.

The Court also decided that the use of the safeguard measure was not justified. It said that the import licenses would not have "seriously disturbed" the corn market in Germany and that any disturbance would have been too short-lived to threaten market stability or the living standards of the agricultural population.





Aid to education: African children gather outside one of 46 primary schools being built in Mauritania with European Development Fund aid. Mauritania's illiteracy rate is currently 92.7 per cent.

DEVELOPMENT FUND STRENGTHENS EEC TIES WITH AFRICA

THE COMMUNITY'S TOTAL AID to its 17 African associates and Madagascar is equivalent to about \$2.50 a year for every man, woman and child.

This aid is distributed through the European Development Fund (EDF), a Community institution created in 1958 by a Protocol to the Rome Treaty to finance economic and social development projects in the Community's then dependent overseas countries and territories.

Endowed with \$581 million for the first five-year period of association, the Fund had two notable features. Its grants supplemented the aid given by the Six independently and came exclusively from the national budgets of the Community's member states.

These features also characterize the second Fund created under the Yaoundé Convention for the period 1964-1969. Under the second Fund, the financial contribution by the Six was increased to \$800 million. Of that total, \$730 million was allotted to the 18 independent associated countries, having a combined population of approximately 60 million. The remaining \$70 million was slated to aid the overseas countries and territories of the Community.

First Fund Considered Inflexible

The first Fund had a rigid form. The Protocol of the Rome Treaty fixed the distribution of the funds by zones and established a definite yearly timetable for their allocation. The Protocol also stipulated that the grants could be used only for financing general non-profit development projects. A directive of the EEC Council of Ministers recommended a broad division between economic investments (70 to 75 per cent of the total) and social investments such as schools and medical facilities (25 to 30 per cent of the total).

In practice, this balance was generally respected. On the other hand, the EEC Commission was soon asked by the recipient countries to make the financial machinery more effective. It also became apparent that the aid needed to be spread more widely. Consequently, the second Fund was broadened to cover all forms of aid such as grants, loans, and mixed financing with the African governments and other sources of international capital.

Technical Assistance Provided

The Fund was also expanded to supply the associates with technical assistance, particularly in preparing and carrying out their development projects. The assistance also covered advice of experts and technicians, economic surveys, and aid for vocational and professional training.

Moreover, the second Fund provided an entirely new means of helping the 18 attain economic independence. Of the total \$730 million, \$230 million is allotted for diversifying the associated countries' production and for improving the output and marketing of their farm products.

Many of the associated countries which had been French colonies received higher-than-world prices for their major products. The second Fund now grants these independent nations production aid to ease the transition in marketing these basic tropical products at world prices. Support-price measures will be gradually reduced and abolished in 1969 when the Yaoundé Convention expires. In addition to these compensatory subsidies to producers, grants are made for structural improvements in farm acreage.

These two types of aid are divided among the 18 as follows:

Production and Diversification Aid	\$ millions	Diversification Aid Only	\$ millions
Senegal	46.7	Burundi	5.25
Mali	5.6	Rwanda	5.25
Niger	6.5	Congo (Leopoldville)	15.00
Ivory Coast	46.7	Somalia	6.50
Dahomey	5.5	Mauritania	5.0
Togo	5.7	Upper Volta	6.0
Cameroon	15.8	Gabon	4.0
Chad	5.7		
Central African Republic	6.8		
Congo (Brazzaville)	6.4		
Madagascar	31.6		
Total	183.0	Total	47.0

Countries receiving both production and diversification grants can apply only three-quarters of the total to production aids. On the other hand, they are free to devote the total assistance to diversifying their economies. Thus, an important measure of administrative autonomy is left to the recipient countries.

Administration of the Fund

The overall policy of the EDF is laid down by the EEC Commission subject to the approval of the Council of Ministers. However, the Council of Association of the Yaoundé Convention establishes the general lines of financial and technical cooperation after considering the EDF annual report. The Council, under alternate European and African chairmanship, is composed of the members of the EEC Commission and Council of Ministers and a representative of each associated country.

The Community tries to assure that its aid complements that from other sources, without duplication. In several cases, projects have been financed jointly with other institutions such as the World Bank and the United Nations Special Fund. An example of such joint action is the building of the Trans-Cameroon Railway. The actual projects are requested by the associates.

Fund Concentrates on Infrastructure

More than half of the total EDF credits granted have been allocated for improving economic infrastructure such as roads, railways, ports, telecommunications and urban development. A total of \$283 million has been given to date. An additional \$138 million has been granted for modernizing agricultural production.

The activity of the EDF in the field of education was first directed at the primary school level. But it also extends to other levels of education, including technical and vocational training. Since the Association came into effect, the Common Market Commission has financed from its budget 1,400 grants for studies at all levels by nationals from the associated states. Furthermore, 65 Africans and Madagascans have been trained in the administrative departments of the Commission and 5,000 have participated in seminars or study weeks organized by the Community. Such activities amounting to \$88 million in the past can henceforth be financed directly by the EDF, which will permit an extension of all these various training schemes.

Public health is not only a social concern but an economic problem as well. The EDF's contribution for eradicating disease, \$51 million to-date, consists both of helping to modernize hospital services in the towns of Africa and of increasing the numbers of mobile health units in rural areas. The modernization of sanitation and sewage disposal systems has also been aided.

Bettering communications: European Development Fund aid is being used to improve the Dakar-Thies-Tambacanda railway in Senegal.



Community Member States Asked To Improve Migrant Workers' Housing

The Commission of the European Economic Community recommended to the member states on July 15 measures to improve housing for migrant workers and their families.

The measures were suggested to help stabilize the migrant work force.

Member states were requested to:

- Consider the migration of workers in assessing present and future housing needs and in planning programs for financing home building.
- Report all measures adopted to abolish direct or indirect discrimination in housing.
- Cooperate with other member states in promoting home

building, particularly in areas suffering a housing shortage and expecting considerable immigration.

The recommendation pointed out that member states can receive aid from the European Investment Bank by fulfilling the following conditions:

- Informing migrant workers of the actual housing conditions and possibilities, especially for families, existing in the host country.
- Including precise clauses in workers' contracts pertaining to housing provided by the employer and conditions for moving.

Newsbriefs

Common Market
Euratom
Coal & Steel Community

Commission Issues Foreign Investment Figures

Total foreign private investment in the Community countries from 1959 to 1963 amounted to approximately \$9.1 billion. The statistics, based on the balance of payments and capital movements figures from the Six, are as follows:

Foreign private investment in Community countries, 1959-63

(in \$ millions)	Germany	France		Italy		Neth.	Belg., Lux.
	1959-63	1959	1960-63	1959-60	1961-63	1959-63	1959-63
Investment in securities	2,136	419			1,273	1,216	72
Direct investment	416	439	756	769	891	211	n.a.
Long term credits, loans	504		492		486	190	n.a.
Other	-114				38	24	n.a.
Total	2,942	2,106			3,456*	1,641	—
From other Community countries	947	528			n.a.	307	n.a.
From non-member countries	1,995	1,578			n.a.	1,334	n.a.

* including transactions in Italian capital located abroad.

Small Goods Now Move Duty-Free

Small shipments of goods to individuals and goods up to \$60 carried in travellers' luggage are now exempt from customs duties at frontiers within the Community.

The exemptions were adopted on or before July 1 by the Community countries in accordance with a Commission recommendation addressed to the member states in December 1964. The duty-free measure applies to non-commercial goods of Community origin.

Frontier charges other than customs duties such as turnover taxes and turnover adjustment taxes are still payable on import. The measure also does not affect procedures such as the inspection of meat and plants at member state borders.

Member states have reserved certain goods from the exemption. France has maintained custom duties on cameras, radios, television sets, clocks and watches. Duty is charged in the Benelux on alcoholic beverages, tobacco, medicines, perfume, toilet articles, cosmetics, carpets, binoculars, telescopes and photographic equipment in addition to used cars and motorcycles in the Netherlands. Italy has excluded from the exemption goods under government monopoly such as tobacco, cigarette papers, matches and lighters.

High Authority Approves Housing, Research Aid

The ECSC High Authority plans to contribute approximately \$29 million to workers' housing and research in the Community's iron-ore, coal and steel industries.

A total of \$20 million from the High Authority's special reserve fund will be used to launch a sixth housing program for Community coal and steel workers. The money, along with funds raised elsewhere in the Community, will be granted in the form of reduced interest loans for housing development until the end of 1968.

The program, to begin early next year, will provide accommodations for workers in new industrial development areas,

miners forced by mine closures to relocate, and workers particularly affected by the housing shortage. The latter group includes workers separated from their families, foreign workers, long-distance commuters and those sharing a house or apartment with another family.

The High Authority has provided to date \$206 million toward workers' housing programs costing a total of \$748 million. On January 31, 1964, 64,179 of the 97,187 houses scheduled under the programs had been completed.

The High Authority will also grant \$9.25 million for 10 research projects in the Community's industries.

A total of \$5.75 million will be used to finance six projects in the steel industry to increase steel consumption and productivity, improve production methods and encourage automation. The projects for increasing steel consumption resulted from the First Steel Utilization Congress in October 1964 in Luxembourg. (A second Congress will be conducted this month in Luxembourg.)

Coal industry projects will cover fundamental research into the mechanical properties of coal and coke, the desulfurization of coal gas, and mine ventilation. The High Authority has allotted \$2.6 million for these three projects.

The remaining \$897,000 will be spent on research for the development of a fully-mechanized iron-ore mine. The results of the 10 projects will be made available to all interested persons in the Community.

Standard School Examinations Planned

An international examination for a secondary school diploma is being planned to standardize university entrance requirements throughout Europe.

Three institutions studying the projected examinations are the Oxford University Institute of Education in England, the International Schools Examination Syndicate in Geneva, and the Atlantic College in South Wales.

The history examination has been compiled and tested. Linguists from all the European countries will meet in autumn to prepare a syllabus for modern languages. Conferences are also scheduled to plan mathematics, geography, biology and science examinations.

WEU Advocates Closer Community-EFTA Links

The political committee of the Assembly of Western European Union (WEU) adopted a report on September 14 in Paris calling for the exchange of permanent representatives between the European Community and EFTA to harmonize the activities of the two groups.

The report, passed by a 13 to 1 vote, will be presented to the WEU Assembly in November. The Union is composed of representatives of the Community countries and the United Kingdom.

Presented by Great Britain Labor party member Maurice Edelman, the report regretted "the consequences of the decision by the French government to break off the negotiations" in Brussels. It said that "the attitudes expressed by General de Gaulle at his press conference on September 9 have made it more urgent than ever that the member countries of EFTA and of the Community should clarify their opposition to actions which could result in the disintegration of Europe." The unity of Europe can best be achieved, the report pointed out, by extending the membership of the European Community to other countries wishing to join.

EIB Floats Bonds in New York

The European Investment Bank offered on September 15 a \$20 million bond issue in the United States.

The 20-year bonds, carrying a 6 per cent yearly interest rate, are priced for the public at 99½ per cent. Due to the United States interest equalization tax, the price for U.S. citizens amounts to 108.33 per cent. The bonds will be redeemed beginning September 15, 1971 at par in 15 substantially equal annual installments.

The underwriting group (an international syndicate of 66 banks, 48 of which are European) is managed by Kuhn, Loeb & Co. Incorporated, the First Boston Corporation, Lazard Frères & Co. and a European banking group consisting of the Amsterdam-Rotterdam Bank N.V., Banca Commerciale Italiana, Banque de la Société Générale de Belgique S.A., Banque de Paris et des Pays-Bas, Deutsche Bank AG, and the Caisse d'Epargne de l'Etat, Luxembourg.

Application has been made to list the bonds on the New York Stock Exchange.

The net proceeds from the sale of the bonds will be used by the European Investment Bank for its general lending operations. The Bank's outstanding bonds, including this issue, totaled approximately \$183.2 million as of September 16, 1965.

New Therapy Invented With Euratom's Aid

Radiolesions, a nuclear disease previously considered incurable, has been mastered as the result of a discovery by the Euratom Commission's medical department.

This finding was presented at the eleventh World Congress on Radiology on September 22-28 in Rome by Professor Susanne Simon of Brussels University. Professor Simon described in her report approximately 100 cases of radiolesions cured over the last five years. A complete cure was observed in almost, if not all, of the cases treated.

Radiolesions most frequently result from the treatment of cancer by irradiation. External irradiation of a brain tumor, for example, often causes purulent ulcers on the head which could prevent the patient from leading a normally active life.

In the past, nuclear maladies were treated only by specific methods such as surgery and skin grafting. However, the Euratom Commission's medical department in 1960 discovered a new use for a glandular extract, known for its abilities to form scar tissue since 1935.

Research on the results of this new therapy was financed by the European Atomic Energy Community as part of its program to encourage and study the development of new treatments.

Scholarships Available at Turin Institute

Scholarships are still available for this year's course in European integration at the *Institut Universitaire d'Etudes Européennes* in Turin, Italy.

The study program beginning in November consists of a series of regular courses and special lectures. The regular courses, given in French by professors of various nationalities, deal mainly with European economic, historical, juridical, and political problems.

Additional information can be obtained from the Institut Universitaire d'Etudes Européennes, Corso Vittorio Emanuele 83, Turin, Italy.

Recent Books on Community Topics

Valentine, D. G., *The Court of Justice of the European Communities*, Fred B. Rothman and Co., South Hackensack, N.J., 1965, 2 volumes, pp. 1475.

A comprehensive study of the structure, procedure, and decisions of the European Court of Justice since its inception. Volume I, Jurisdiction and Procedure, describes in detail the organization and working of the Court. It presents an exhaustive analysis and comparison of the articles of the Communities Treaties conferring jurisdiction on the Court and references to these articles in decisions. Volume II, Judgments and Documents, contains translations of all judgments handed down by the Court in the years 1954-60 arranged in chapters according to subject. Each chapter includes a summary of the developments leading to court action as well as the administrative and legislative acts being challenged. An extensive series of tables permits reference to particular judgments and treaty articles.

Scheingold, Stuart A., *The Rule of Law in European Integration*, Yale University Press, New Haven, Connecticut, 1965, pp. 331.

An assessment of the role of the European Court of Justice and of judicial review in European integration. Professor Scheingold evaluates the contribution of the Court to the success of the European Communities through an analysis of the first ten years of its case law, primarily that involving the European Coal and Steel Community.

FARM OFFERS MARK RESUMPTION OF KENNEDY ROUND TALKS

(continued from page 1)

meet in October to consider Great Britain's proposal for an international code.

Confidence in an early and successful conclusion of the negotiations was expressed by Michael Blumenthal, Deputy Special Representative for Trade Negotiations, in a speech on September 16 to the National Council of American Importers in New York.

Mr. Blumenthal said that "we are today making the most attractive offer to reduce farm trade barriers the United States has ever tabled in 30 years of trade negotiations."

The United States, he pointed out, is seeking acceptable access to world markets to further development and expansion of world trade. "To achieve this, we have been discussing not only direct trade barriers, but all of the elements of domestic support and regulation affecting international trade."

"The difficult non-tariff barrier field is being discussed multilaterally with the expectation that mutual concessions can also be achieved in this sector. Special effort has been made to give maximum tariff reductions to the exports of the developing countries. In particular, the requirements of fully reciprocal concessions have been waived in their case.

"We have had our share of frustration and delay in the Kennedy Round. Success in such complex and far-reaching matters is seldom quick or easy. But we have also made substantial progress, and there is every hope that the Kennedy Round will result in a significant advance toward trade liberalization."

PUBLICATIONS AVAILABLE

STATISTICAL INFORMATION, 1965, No. 1, Statistical Office of the European Communities, Brussels, 167 pages \$2.00

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

- DESCRIPTION AND STUDY OF THE PRINCIPLES AND MODERN PROCEDURES APPLIED TO PLANNING PROBLEMS (French)
- 1965 INDUSTRIAL SURVEY: DATA COLLECTED; SURVEYS IN THE MEMBER STATES; PUBLICATION OF RESULTS (German)
- INQUIRY INTO THE COMPLETENESS OF THE FRENCH POPULATION CENSUS OF 1962 (French)
- FINANCIAL ACCOUNTS CONSIDERED AT AN INTERNATIONAL LEVEL (German)
- PRODUCTION PROGRAMS, INPUT AND PROCEEDS IN THE COAL MINES OF THE COMMUNITY (German)

ANNUAIRE DE LA COMMISSION DE LA COMMUNAUTÉ ÉCONOMIQUE EUROPÉENNE, EEC Commission, Brussels, 1965, 36 pages \$.50

A yearly classified directory of the Commission of the European Economic Community. It shows the basic organization of the Commission in chart form and includes the names of the chief personnel.

SOCIAL DEVELOPMENTS IN THE COMMUNITY IN 1964, INFORMATION MEMO, EEC Commission, Brussels, mimeographed, 14 pages free

A summary of the eighth yearly report of the European Economic Community's social situation.

RESULTS OF THE BUSINESS SURVEY CARRIED OUT AMONG HEADS OF ENTERPRISES IN THE COMMUNITY, July, 1965, EEC Commission, Brussels, 36 pages single issue \$.70
..... annual subscription \$2.00

Starting with this issue, the report on the business survey of the Community is to be presented in a new form. It will have four main chapter headings; industry as a whole; consumer goods production; capital goods production; production of intermediate goods. Each chapter consists of comments on the appropriate sector, illustrated by diagrams and tables displaying the relevant data for each participating country and for the Community as a whole. The data relating to specific industries are given only for the entire Community. All the Community countries except the Netherlands cooperate in the survey. The report is published three times a year.

SOCIAL SECURITY IN THE EUROPEAN COMMUNITY, "Community Topic No. 18," European Community Information Service, Brussels, 15 pages free

A revised version of an article by Jacques Jean Ribas, Director for Social Security and Social Services, EEC Commission. It describes the characteristics of the social security systems in the Community countries and outlines Community social security policy and future prospects.

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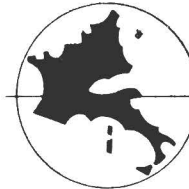
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