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## EEC COUNCIL OF MINISTERS TAKES STAND ON CRISIS

### Ministers Urge France To Return to Council Table

THE EEC COUNCIL OF MINISTERS invited France to resume its place in the Community institutions in a communiqué issued October 26 in Brussels.

The Council met for the first time since the end of July to discuss the Community crisis and farm financing policy. France has not participated in any Council meetings since July 1 when the ministers were unable to reach agreement on the method of financing Community agriculture.

Following is the official text of the Council's statement:

"1. During the Council of Ministers meeting held at Brussels on October 25 and 26, a thorough exchange of views took place on the contents of the memorandum submitted by the Commission on July 22, 1965, and on the general situation of the Community since the Council meeting of June 30.

"2. The governments of the Federal Republic of Germany, of Belgium, of Italy, of Luxembourg and of the Netherlands solemnly reaffirm the necessity of continuing to implement the Treaties of Paris and Rome in accordance with the principles contained therein, in order to achieve the progressive merger of their national economies in both the industrial and agricultural sectors. This is the only policy which can enable Europe to develop, to raise the standard of living of its population and to guarantee its influence in the world. The governments consider that the solution of the problems confronting the Communities must be found within the framework of the treaties and their institutions.

"They are convinced that the negotiations interrupted on June 30 must be resumed as quickly as possible. To this end, the delegations examined the suggestions contained in the two parts of the Commission's memorandum. They noted their agreement on the fundamental principles which, in their opinion, should enable negotiations among the Six to succeed. They instructed the President of the Council to inform the French government of this and to appeal urgently to it to resume its place in the Community's institutions. They are convinced that it will then be possible, following the Community procedures, to adopt the regulations required in order to complete the common agricultural policy within the harmonious development of the Community.

"3. Taking into account the statement made by the Presi-

dent of the French Republic on September 9 and by the French Minister for Foreign Affairs on October 20, the delegations also instructed the president of the Council to invite the French government, within the framework of the Treaty of Rome, to join them in a special meeting of the Council of Ministers at Brussels. As an exception to the usual practice, this meeting could be held with only the ministers present, as provided for by the Council's rules of procedure. The agenda should be restricted to an examination of the general situation of the Communities.

"It would be highly desirable that this meeting should be held as soon as possible."

The joint declaration by the Five followed a statement by French Foreign Minister Maurice Couve de Murville on October 20 before the French National Assembly calling for an "overall revision" of the conditions under which the member countries cooperated (see page 3 and reactions by members of the European Parliament, on page 2).

The Council's statement embodies the proposals made in September by Belgian Foreign Minister Paul-Henri Spaak for an extra-ordinary meeting of the Council in order to solve the crisis.

Under the chairmanship of Emilio Colombo, Italian Finance Minister, the ministers examined the EEC Commission's July memorandum on financing the common agricultural policy and agreed on the basic principles for a settlement. The Council is scheduled to meet again on November 29-30.

#### IN THIS ISSUE

- page 2 Hallstein Criticizes Empty Chair Policy
- 3 France Demands Political Accord Prior to Farm Talks
- 4 Industry and Political Groups Back Treaty
- 5 British Speculate About Relations with EEC
- 7 Euratom Commission To Issue Nuclear Target Program
- 8 Europe's Trade Boom Explained
- 10 Rome Treaty Defines Majority Voting
- 12 Six Consider European or International Patent
- 13 Community's Success Influences East-West Relations

# PRESIDENT HALLSTEIN CRITICIZES EMPTY CHAIR POLICY

## European Parliament Conducts Stormy Debate on Crisis

EEC COMMISSION PRESIDENT WALTER HALLSTEIN told the European Parliament in Strasbourg that the current Common Market crisis had been caused by the decision of a single government to remain absent from the Council of Ministers.

President Hallstein spoke during the European Parliament's heated debate on October 20 over a resolution on the EEC Commission's Eighth Annual Report. The discussion resulted in the suspension of one session and two walk-outs by the European Democratic Union members (French Union for a New Republic (UNR) representatives). The European Democratic Union members comprise one-tenth of the European Parliament.

"The crisis in the Common Market," President Hallstein said, "has been provoked by the fact that one member of the Council, contrary to what the Rome Treaty expects of the Council members, is not attending its meetings. These are the facts."

### "A State . . . May Obtain Redress"

"Even if," he continued, "we assume as a hypothesis that the Commission acted wrongly in presenting its proposals, or in its means of presenting them, the need for any Council member to absent himself does not follow. This affair is described as if this absence were normal, but the decision is inadmissible. . . . The Treaty provides all the means necessary whereby a state feeling its interests damaged may obtain redress. France can take advantage of these means. If the Commission's July 22 memorandum was a good basis for discussion, a retaliatory attitude now is unjustified."

economy of the six Community countries, and above all its own would be directly and severely affected."

He also urged the Six to support the Treaty of Rome as the means to attaining a political Europe. "Above all," he said, "the six countries, in the interest of all, must respect the Treaty of Rome in its letter and its spirit according to prior commitments and given signatures. This and common sense practically binds one to work to accomplish a political Europe. It becomes less and less possible to disassociate economic integration from political integration."

### Europe Faces Two Choices

Mr. Charpentier offered two choices for the future of Europe. "One way of political withdrawal, of bilateralism, of egotism, and of nationalistic pride, and the other, a higher, wider and broader way . . . of history . . . of the future, which would lead one day, as it is distant, to the inclusion of all men in one and the same family. Between the two ways," he said, "whatever the sarcasms of the blasé, the sceptics, or the nationalists, I will always choose the way of federated Europe and hope."

Following Mr. Charpentier's remarks, spokesmen for the Parliament's four political groups presented their views of the crisis. Among them, Paul Kapteyn (Dutch Socialist) compared the Gaullist position toward Europe to that of Metternich at the end of the Napoleonic Wars, with the difference that Metternich was prepared to treat each of the great powers of Europe as Austria's equal. Mr. Kapteyn's criticism of France resulted in the exit from the assembly of the European Democratic Union members.

### Commission Blamed for 'Excess of Logic'

Jean-Noël de Lipkowski (French UNR), on behalf of the EDU members, called Mr. Charpentier's speech "extremist and shocking." In analysing the Community crisis, he blamed the Commission for its "excess of logic and perfectionism." The Commission, he said, had been over-ambitious in its agricultural finance proposals which "infringed on the political sphere."

He also criticized the Commission for not fulfilling its role as conciliator and demanded that the executive revert to its role as honest broker between the member states.

During Mr. de Lipkowski's statement, extracts of French Foreign Minister Maurice Couve de Murville's speech to the French Assembly (see page 3) were circulated to the Parliament members. René Pleven (French Liberal) asked for a suspension of the session to enable members to ascertain the full importance of Mr. Couve de Murville's remarks particularly his statement that "a general revision which will define the normal conditions of cooperation between the Six is indispensable."

The resolution was adopted the next day by the Parliament (the EDU members having again left the assembly prior to the vote). In the resolution, the Parliament desires "that the actual crisis be rapidly overcome and addresses a solemn appeal to this effect to other Community institutions, to the governments and to the public opinion of the Six."



President Hallstein

René Charpentier

Jean-Noël de Lipkowski

President Hallstein's remarks were made soon after the resumption of the session in the evening. Earlier in the day, he reviewed the technical aspects of the farm financing problem and the Commission's July memorandum.

The session opened in the afternoon with a discussion of the resolution on the Commission's annual report. French Christian Democrat René Charpentier introduced his resolution by appealing for a solution of the crisis and the resumption of the Community's progressive development toward a federal Europe.

Speculating on the economic consequences of the crisis, Mr. Charpentier said that "the country, whichever it may be, which takes responsibility for halting the march toward European integration knows, or ought to know, that the

# FRANCE DEMANDS POLITICAL ACCORD PRIOR TO FARM TALKS

## Couve de Murville Asks for "Overall Revision"

*Following are excerpts from French Foreign Minister Maurice Couve de Murville's speech on October 20 to the French National Assembly in Paris:*

“. . . Political Europe is still pending. Only time, which always brings experiences and consequently lessons, will make it possible to determine whether it is a matter of a mere delay. In the meantime, and doubtless to a large extent because the political aspect did not follow, economic Europe is now experiencing a crisis. . . .

"If the political climate had been different among the Six of the Common Market, it would have been difficult to imagine that the discussion of problems which had to be settled before July 1, 1965 would lead to a general disagreement in such conditions that no discussion on the substance of the matter could at any time be seriously begun. . . .

"Formerly, in similar circumstances, we had been able to come to a conclusion, either because another goal, namely passage to the second stage, was simultaneously at issue and as a result our partners desired to conclude, or because we had exerted maximum political pressure in advance so that the consequences of a failure would be weighed. This was proof that, in the state of minds and habits, it was impossible to ensure the Common Market's development in suitable conditions, that is, failing threats and crises. How could we agree to continue in this way?

### "Revision . . . to Define Normal Conditions"

"An overall revision was required, one that would make it possible to define the normal conditions for cooperation between the Six, with, of course, due respect, as far as France was concerned, for its vital interest, and first of all its agricultural interests.

"Quite obviously, what was at issue was the very functioning of the institutions in Brussels, and therewith the so-called supranational concept. What then was to be done? Certainly not to contest that for France the Treaty of Rome, like any international agreement, and the arrangements made afterward for its implementation, entailed a limitation of its sovereignty. Any obligation, just because it obligates, is a restriction on the right of free decision. But it is a restriction freely and consciously agreed to.

### "Supranationality . . . A Very Different Notion"

"Supranationality, in European jargon, is a very different notion. Essentially, it is to make it possible for decisions that concern a country to be taken by authorities other than the authorities of that country. Such is the case when this sort of decision can be the act of an international organization or of foreign governments. Such is the case, in other terms, as far as France is concerned, if we leave a verdict up to a Commission in Brussels or a majority of governments to which France is not a party. The serious question raised by the June 30 failure is whether such a situation is conceivable, and whether it is compatible with the normal management of France's affairs. . . .



*French Foreign Minister Maurice Couve de Murville*

### "Escape from the Unanimity Rule"

"Perhaps the situation would have been different if, as France has suggested for five years, it had been possible to institute the beginnings of regular political cooperation between the Six. Then the climate of relations would doubtless have been quite different. Then frequent meetings, including meetings at the highest government levels, would have made it possible to discuss everything in trust; to try, on a political basis, to bring the viewpoints closer together; in short, to avoid conflicts, to reach agreement and to see that the clause permitting escape from the unanimity rule would remain in the realm of theory. . . .

### "Political Accord Is Necessary"

"It is first on political grounds that it (France) is led to take a stand. It is up to the responsible governments, to all the governments and to them alone, to debate this and to seek agreement among themselves. France has already made it known publicly that she would certainly not refuse the contacts that would be suggested. Nor would she refuse discussion, once they were carefully prepared and would be held at a time, in a place and within a context that would be appropriate. In her view, political accord is necessary before the debates on the concrete and technical problems can be resumed. . . .

### "Everything Happened Differently"

"Here our adversaries—and even our partners—stop us and say: since France is so interested in agriculture and its financing, why does she refuse to resume negotiations on the basis of the new proposals that the Commission presented on July 22 and that are precisely along the lines of the former French suggestions?

"Allow me to say that this would be too easy. Oh, if such proposals had been made on June 28, 29 or 30 . . . then we would have been happy to start the discussion, and nothing says that we would not have succeeded. But everything happened differently. It is because, once the failure was established, the French government drew the conclusions from it, noted that the crisis was grave, refused to participate in new debates and requested that the indispensable political measures be taken in order to prevent a recurrence of this at every new opportunity. . . ."

# COMMUNITY INDUSTRY AND POLITICAL GROUPS BACK TREATY

## Rapid Settlement of Crisis Urged

SUPPORT FOR THE PRINCIPLES of the Rome Treaty was reaffirmed in recent weeks in meetings of Community industrial and political groups.

Statements and resolutions issued by these groups called for a settlement of the crisis to further the cause of European unity.

### Unions Voice Concern

The Bureau of the EEC Transport Trade Union Committee expressed concern on September 28 in Brussels over the continuing Community crisis. The committee, representing the unions of the Six affiliated to the International Transportation Federation of Free Trade Unions, said that the political situation in Europe demanded the unification of its peoples and that the present crisis was jeopardizing this goal. "The transport unions feel grave concern about the crisis . . . which is liable to endanger the Treaties of Rome."

On the following day, the executive committee of the International Confederation of Free Trade Unions' liaison bureau in Brussels adopted a motion urging the end of the crisis. The committee resolved to:

- Strongly renounce the resort to procedures contrary to the Treaty and democratic practice which consists of taking . . . unilateral decisions about the very existence of the Community without consulting the other member countries.
- Consider the Paris and Rome Treaties as the solid and unshakeable basis of the efforts to unite Europe politically and economically. . . .
- Undertake vigorously to defend respect for the Treaty and the maintenance of supranational powers exercised by Community institutions.
- Take joint action against any attempt to bring back the system of bilateral or multilateral intergovernmental relations, which weakens the Community institutional structure.
- Urge the governments and all progressive bodies in Europe to do everything in their power to end the crisis as soon as possible, and to ensure the further development of the Community in its present form.

### Social and Economic Committee Suggests Cures

Spokesmen for the three groups represented in the EEC Social and Economic Committee (workers, employers and the self-employed) also presented their views of the crisis and suggested possible solutions on September 30 in Brussels.

Louis Major, Belgian president of the workers' group, said "We cannot accept that anyone, whatever his country and whatever his function, would hold up the unification of Europe or seek to reduce it to nothing." The trade union representatives, he pointed out, felt that a settlement of the crisis must be found quickly but only on the basis of an agreement in keeping with "the letter and the spirit of the Rome Treaty."

His viewpoint was reiterated by Torello Giunti, Italian president of the employers' group. "We are particularly earnest in our hope that appropriate contacts will be pro-

moted . . . to give a concrete and stable form to a Community action program which will permit further implementation of the Rome Treaty as it was ratified by all our Parliaments," he said.

Fritz Meyvaert pledged the support of self-employed workers to the Rome Treaty. The Belgian group president said that the Treaty "forms an irreversible movement. We do not want to change the European powerhouse."

### Industry Urges Continued Economic Unity

The Council of the Union of European Community Industries (UNICE) on October 7 in Brussels called for the application of the Rome Treaty in its entirety and criticized "political interference" in the Common Market. Leaders of the Chambers of Commerce of the Six expressed regret on October 6 that agricultural policy had not been subject to an adequate and durable settlement, particularly in regard to fixing price levels, which would not increase the Community's self-sufficiency. The Chambers of Commerce joined the UNICE in urging that additional moves toward harmonizing economic and fiscal policies be taken in order to keep these aspects of the Community in line with reductions in customs duties.

### European Movement Defends Institutions

The Community Treaties and institutions were also defended in resolutions adopted on October 4 by the European Movement in Cannes. The resolutions said in part:

"The European Movement, meeting in an extraordinary Congress, proclaims that respect for the spirit and the letter of the Treaties is the only hope and guarantee for the future of Europe and that, in particular, to renounce the dialogue between the Council and Commission—which is the guarantor of the general interest of the Community, and of the interests of the member states—or to prolong the right of veto beyond the date fixed by the EEC Treaty, would be fateful surrender, blocking the indispensable establishment of a common social and economic policy.

"The European Movement . . . demands urgently that the governments: should restart immediately, even with one member state not present, the regular meetings of the Council, which should take all the decisions, particularly as regards budgets, called for and permitted by the Treaty; should immediately, with the Council, examine the most recent proposals of the EEC Commission, in order to arrive as quickly as possible at a decision on the financial regulation, and on the outstanding problems of agricultural policy; should, in designating members of the Executive, safeguard the guarantees of their independence provided for by the Treaty. . . .

"The European Movement . . . calls upon the EEC governments, to endeavor to reach early agreement on the admission to the Community of such other democratic European countries as are willing and able to assume the obligations of the Treaty of Rome . . . stresses that, if the nations of Europe are to exercise an effective influence in the world, they must be able to speak with one voice on matters of defence and external affairs, and that a positive

start should accordingly be made on the task of political integration. . . .

## Parliament Groups Discuss Crisis

Two multinational political groups in the European Parliament also met during October to consider the Community crisis. The presidents and secretaries general of the Christian Democratic parties, to which belong 62 out of the Parliaments' 138 members, urged on October 12 in Brussels a return to the Community dialogue.

Mariano Rumor, Italian president of the European Federation of Christian Democrats, said, "The European Christian Democrat movement will strengthen and coordinate its undertaking on the completion of the work of economic and political integration . . . our policy is based on the inviolable nature of the Rome and Paris Treaties and a determined search for agreement between the Five, in anticipation of persuading France to return to the Community dialogue. . . ."

The Socialists, numbering 36 in the Parliament, reaffirmed

on October 17 in Strasbourg their support of the Community Treaties. Gérard Jacquet, French chairman of the Liaison Bureau, issued the following statement: "The Socialists consider that the pursuit of a common political action by all the governments, whose representatives remain willing to take part in the ministerial meetings of the European Communities, is essential to the solution of the present crisis. If there is no other settlement of the crisis, France's five partners should be ready to carry on the work of European integration in order to prevent the dislocation of the Community."

The Socialists, the statement continued, "call on the EEC Council and Commission to resume, without delay and whatever happens, their discussions on the financing of the common farm policy, on the basis of the July 22, 1965 Commission Memorandum, to adopt 1966 budgets for the EEC and Euratom, to push forward economic union in all areas and to solve the problem of Community trade policy. The Socialists reject any solution of the crisis which would call the very foundations of the Community into question."

# BRITISH POLITICIANS SPECULATE ABOUT RELATIONS WITH EEC

## Labor and Conservative Leaders Comment on Community Crisis

THE PRESENT COMMUNITY IMPASSE and the possibility of British membership in the EEC figured strongly in press comments and conference speeches by Britain's Labor and Conservative party members this fall.

Many of the remarks were stimulated by the publication on October 7 of the Conservative Party's policy statement. The statement called for British membership in the European Community at the earliest favorable opportunity and proposed meanwhile bringing British agricultural and social policy in line with Community practice.

Following are excerpts of the remarks:

### Interviews Reflect Cautious Attitude

**Q.** (Manchester Guardian) "Do you agree that Britain should take 'the first favorable opportunity' to join the Common Market and to bring other EFTA (European Free Trade Association) countries with her?"

**A.** (Prime Minister Wilson) "We have always said we are ready and willing to do this if we can get the right conditions. One of these is related to the willingness of the EEC to provide safeguards for our EFTA partners, which was very much in doubt three years ago, although less so now. I think the real test is whether the conditions that could be obtained would enable us to continue our extremely important trade with the Commonwealth. This was very much in doubt in the last series of negotiations and the doubts have been, if anything, increased by the development of the Common Market's agricultural policy which would, for example, place an utterly penal levy on imports of Commonwealth farm produce. This would not only impose an insupportable burden on our imports bill, it would raise prices here and, therefore, increase industrial costs and reduce our competitiveness. And, of course, it would severely hit our two-way trade with Commonwealth countries. This, to me, is the most



British Prime Minister  
Harold Wilson



Conservative Party Leader  
Edward Heath

important question. Of course, there is no immediate prospect of a favorable opportunity. Only a year ago the Conservative leader was describing the Common Market as a dead duck, and recent developments in Europe . . . have not brought a favorable opportunity nearer."—*Prime Minister Harold Wilson in an interview in the Manchester Guardian on October 16, 1965.*

"I think it is absolutely plain that there is no point in an initiative in Europe until it is clear that all members of the Community are ready for such an initiative."—*Edward Heath, leader of the Loyal Opposition, during a press conference on October 6, 1965 concerning the Conservative Party's policy statement.*

### Reactions Vary at Party Conferences

"We must accept that for some time to come the veto of one country could bar our way . . . it would be most imprudent and unwise to take advantage of the present divisions in the Community to try to get ourselves in. . . ."—*Foreign Secre-*

ary Michael Stewart at the Labor Party Conference on September 29, 1965.

“Europe needs us no less than we need Europe, for the survival of the free world depends on sound political as well as sound economic policies, and Europe needs to be outward-looking in both thought and action. We must do all in our power to see to it that the links between Europe and America remain indissoluble and survive Europe’s present dangerous mood of introspective uncertainty. For nothing could be more dangerous than that America should again disassociate herself from Europe.”—John Harvey, Member of Parliament for Walthamstow, at Conservative Party Conference on October 15, 1965.

“The unity of Europe will not come with the wave of a wand. The early strains of the Treaty of Rome are evidence of that. But I do not believe anyone doubts in this great audience today that the pains of Europe are growing pains, and that it is here in Europe that the hardest lines of nationalism are being blurred and that interdependence is beginning to gain the day and beginning to become a reality . . . it has long been clear to me that we must cooperate in Europe to find political and economic unity if we are not to decline in wealth and influence. The economic competition from America compels it—technical advance requires it. We combine together to ‘expand’ or separately each contracts or declines in influence and authority. Unless Britain is to be a dot outside the exclusive circles of continental Europe, the United States and the Soviet Union, it is with Europe that a great part of our destiny lies. We know the difficulties and the pitfalls. It is not possible as yet to forecast how we could join the European Community. We do not know what shape the European Community will be in when the opportunity comes. We do not know what bargains will be possible or desirable. But in the meantime, I do beg of everyone not to frighten themselves with words. A united Europe will not arrive by a spectacular jump in a federal form. Europe will evolve toward closer unity and the institutions which will formalize the unity will take those forms with which the leading partners can live. It will be a process of evolution. And the sooner Britain is in on the building of it, the better for us all, for then Britain will be able to deliver the goods.”—Sir Alec Douglas-Home, former Prime Minister, at the Conservative Party Conference on October 15, 1965.

### Views Aired at Council of Europe Meeting

“I think it right to point out that the kind of Community which we in Britain have been wanting to join is the Community envisaged in the Rome Treaty and not some quite different organization. . . . Whatever views may have been held in the past, all that we have observed in the past few years, and especially in recent months, has confirmed the necessity for effective decision-making machinery. . . . I do not think that we in Britain would be particularly enthusiastic to join an association in which any one government could at all times hold up all action by its veto. We should have grave doubts about the usefulness of an emasculated Community, which was nothing more than a forum for inter-governmental discussion and disagreement and which would be incapable of taking collective decisions.”—Conservative Member of Parliament Duncan Sandys at the Consultative Assembly of the Council of Europe at Strasbourg on September 27, 1965.

“Mr. Duncan Sandys spoke of the great sympathy and understanding in Britain in regard to the recent problems of the Six. As a member of the British Labor Party, I assure you also of our great sympathy and understanding. During the last two days since I have been asked several times what I thought the EFTA countries should do. I have said, as I say now, that we should not seek in any way to take advantage of the present problems of the Six, and, in particular, we should not seek to dilute the spirit of the Community.”—Labor Member of Parliament Sir Geoffrey de Freitas at the Consultative Assembly of the Council of Europe at Strasbourg on September 27, 1965.

“So far as we in the United Kingdom are concerned, it is not a question of declarations of intention at this moment . . . We in Britain are waiting for a declaration of intention from the other side of the Channel, and I hope that this will be widely recognized and realized by the Six and by Western Europe as a whole. . . .”—Conservative Member of Parliament Robert Mathew at the Consultative Assembly of the Council of Europe at Strasbourg on September 27, 1965.

## EIB To Aid Six Industrial Projects in Southern Italy, Sicily and Sardinia

The European Investment Bank concluded on October 22 six loan agreements with the Cassa per il Mezzogiorno to help finance industrial projects in southern Italy, Sicily and Sardinia.

The Cassa is an executive agency established by the Italian government for the regional development of the South and several Central areas.

The projects cover:

- Enlarging a typewriter and business machine factory at Pozzuoli-Naples to increase production about 50 per cent. The project will cost \$4.16 million of which the Bank will contribute \$1.44 million.
- Constructing a factory at Aversa, Italy, to employ 580 workers to manufacture electro-mechanical devices used mainly in the household electrical appliance industry. The Bank will contribute \$640,000 to the total project cost of \$1.82 million.
- Enlarging a tannery at Pescara, Italy, to employ 220 workers under conditions of improved productivity. The project will cost \$24 million to raise production 20 per cent. The Bank will furnish \$12 million.
- Modernizing and extending a zinc smelting and refining plant at Crotone, Italy, to increase production of electrolytic zinc from 24,000/25,000 tons to 40,000 a year. The Bank will contribute \$2.88 million to the project cost of \$6.58 million.
- Enlarging a poly-ethylene plant at Priolo, Sicily, to increase production from 32,000 tons to 48,000 a year. The plants are part of a factory which the Bank helped to construct in 1959. The total project will cost \$2.88 million to which the Bank will contribute \$1 million.
- Constructing a caprolactam factory at Porto Torres, Sardinia, to form part of a petro-chemical complex which the Bank helped finance in 1962. The new factory will produce 10,200 tons of caprolactam a year with ammonia and hydrogen as by-products. The Bank will furnish \$3.2 million of the \$9.5 million project cost.

# EURATOM COMMISSION TO ISSUE NUCLEAR TARGET PROGRAM

## Nuclear Energy Moves from Research to Industrial Stage

EURATOM COMMISSIONER E. M. J. A. SASSEN announced on September 16 the Commission's impending publication of a target program for nuclear energy in the Community.

Mr. Sassen's remarks were made at the Energy Conference organized by the European Movement in Haarlem, the Netherlands.

### Industrial Growth Called Main Task

"Nuclear energy has now passed out of the stage of preparatory research," he said. "Euratom's primary task is not to carry out a research program but to promote the growth of a nuclear industry in the European Community."

The Commissioner declared that the time is now ripe for drawing up a target program as provided by the Rome Treaty. The program would indicate the production targets for nuclear energy and the types of investment required for their attainment.

"During the early years of the European Atomic Energy Community's existence," he pointed out, "there were still too many uncertainties to enable the various possible lines of development to be reliably assessed and a suitable choice to be made. By 1960, however, the Euratom Commission was already able to give very general indications of the probable development.

"In our Third General Report, it was estimated that in the year 1980 the countries of the European Community would possess nuclear electricity capacity of 40,000 MWe . . . equivalent to the capacity of 200 large power stations of 200 megawatts each, that is to say, eight times the present installed generating capacity of the Netherlands.

This first long-term forecast was considered to be over-optimistic by many people, Mr. Sassen pointed out. "Similar reactions were discerned two years later," he said, "when more comprehensive forecasts were compiled in collaboration between the EEC, the ECSC and Euratom. These latter forecasts were published under the title 'A Study on Long-term Energy Prospects in the European Community' . . . . When this document was published, criticism was again heard from those who believed that we had made the future outlook for nuclear energy too rose-colored."

Mr. Sassen said that the criticism has now been silenced by the facts which show that Euratom's forecast erred on the side of caution rather than of optimism. In addition, he pointed out that there is a growing conviction that it is necessary to build up in Europe a nuclear industry capable of withstanding competition from the major overseas concerns.

### Industrial Policy to Supplement Target Program

Therefore, he said, the target program must be supplemented by an industrial policy to adapt industry to the structure and size of the European Community.

"The phasing-in of the various reactor strings, as provided for in the target program, will not take place automatically. Consequently, the program is pointless unless, by means of a coordinated industrial policy, the conditions are created for the realization, or at the least, the furthering of the optimum line of development."

The proposal for industrial policy which the Commission

intends to submit to the Council of Ministers would solve two kinds of problems, Mr. Sassen pointed out. First, it would offer measures to overcome the financial and legal obstacles to the economic development of industry.

These measures would attempt to harmonize standards and specifications for atomic power plants. They would also include a policy for the non-exclusive granting of patent licenses for the development of industrial property and for harmonizing the conditions for the granting and acquisition of licenses.

"In the larger countries outside continental Europe, such as the United States and Britain," he said, "the nuclear industry possesses a nuclear know-how which for the present is in advance of the knowledge and experience of the European Community. Consequently, there is a certain tendency on the part of European manufacturers to take the path of least resistance and to produce components for nuclear power plants under, say, American licenses.

"In the initial stages, there can be no serious objection to this practice, since manufacture under license provides an opportunity of 'learning the trade.' All the same, we must be fully alive to the necessity of gradually building up a know-how of our own in order little by little to reduce our dependence on other countries. . . . In particular, care must be taken that the conditions for the granting and acquisition of licenses do not stand in the way of independent development."

### Economic Prototype Encouraged

Mr. Sassen referred to the building of prototype reactors as the second problem to be solved by the industrial policy. The Commission, he said, considers that it has a duty to consult with the power-plant constructors and electricity producers in order to arrive at a policy that encourages the building and testing of prototypes and provides at least partial compensation for additional costs of operating the prototypes (see story page 15).

The Commission pointed out that this policy is important for the application of the Orgel reactor. He urged that steps be taken at the government level to enable the economic operation of a full-scale prototype when Orgel reaches this stage of technical development.

This policy, however, will require choosing for development one specific heavy-water reactor (Orgel) type and one high-temperature reactor (Dragon) type, he said. Once the choice is made more than one prototype of a given kind of reactor will be needed.

"In this connection, cooperation with Canada and the United States in the field of heavy-water reactors and with Britain and other European countries in that of high-temperature reactors can benefit the Community. . . ."

Mr. Sassen also indicated that attention must be focused on the production of fuel elements and heavy water, uranium enrichment, the reprocessing of irradiated fuel elements and the treatment and safe disposal of radioactive waste. For this purpose, he proposed establishing joint-enterprise institutions on a Community basis.

# EUROPE'S TRADE BOOM EXPLAINED

by Ann Monroe, British economics journalist, formerly member of the Economist Intelligence Unit

The views expressed in the following article are those of the writer and do not necessarily reflect the policies of the Commissions of the EEC and of Euratom or of the High Authority of the ECSC.

THE 18 EUROPEAN MEMBERS of the Organization for Economic Cooperation and Development (OECD) are divided into several trade groups, most notably the European Community and the European Free Trade Association (EFTA).

In the overall rapid growth of Western European trade between 1958 and 1964, the Community Six far out-distanced the others, while the outsiders and EFTA (excluding Britain) achieved a trade growth close to the average for all 18 countries (see Table 1). Only Britain lagged, dragging down the achievement of the EFTA Seven as a group.

**Table 1: THE GROWTH OF EUROPE'S TRADE 1958-1964**

	EXPORTS <i>to</i>			IMPORTS <i>cif</i>		
	1958 \$ 000	1964 million	% increase	1958 \$ 000	1964 million	% increase
Community: inter-member trade	6.86	18.39	168	6.79	18.04	166
other trade	15.91	24.16	52	16.16	26.83	66
total	22.77	42.55	87	22.95	44.87	96
EFTA: inter-member trade	2.84	5.32	87	3.04	5.53	82
other trade	13.29	18.69	41	15.74	24.59	56
total	16.13	24.01	49	18.78	30.12	60
total excluding UK	6.85	11.67	70	8.30	14.68	77
UK	9.28	12.34	33	10.48	15.44	47
Other OECD Europe <sup>o</sup>	1.42	2.41	70	2.38	4.78	101
Total OECD Europe	40.32	68.97	71	44.11	79.76	81
Total world*	95.80	151.30	58	101.30	158.70	57

<sup>o</sup> Greece, Iceland, Ireland, Spain and Turkey. \* Estimate; excludes trade of Soviet bloc. Sources: OECD and Community statistics.

This growth in trade has been immensely important, both to Western Europe and to the rest of the world. Its importance for the latter is obvious. Western Europe provided countries elsewhere with a large, expanding market. But for the European countries the achievement was still more valuable. The processes of economic growth are complex. However, the rise in export sales has undoubtedly been one, if not the chief factor, in the steady increase in Western Europe's recent prosperity.

Thus, it is natural to find in the Community countries the most rapid economic expansion combined with the fastest trade growth. Trade among the Six expanded most of all. By 1964 it was more than 2½ times larger than in 1958. In addition, Community trade with the other major industrial areas of the world (EFTA and the United States) increased between 70 and 90 per cent in value.

Exchanges with Eastern Europe and Japan rose faster still. However, this trade started from a very low level, so the increase can hardly be compared with the growth of Community trade with the rest of Western Europe and North America. Exchanges flourished with all but one group of countries. Community imports from the developing countries rose in value by no more than 44 per cent between 1958 and 1964; Community exports to these countries rose a bare 12.4 per cent.

## Europe Furnished Main Market

In terms of the actual value of the rise in imports and exports, the Six's trade with other parts of Europe dwarfs all the rest. Intra-Community trade rose about \$11 billion between 1958 and 1964, exports to EFTA \$4 billion and imports from EFTA \$3 billion. The countries of the Six (intra-Community exports) and the Seven together accounted for three-fourths of the total increase of \$20 billion in Community exports over that period.

They also supplied roughly two-thirds of the \$22 billion rise in Community imports. Hence, the proportion of trade conducted with other European countries rose very sharply. By and large, however, each Community member increased the proportion of its trade with other Community countries, while the share of EFTA countries in both Community imports and exports dropped (see Table 2).

**Table 2: CHANGES IN DIRECTION OF COMMUNITY TRADE**

Percentage of total trade of each country

EXPORTS				Country	IMPORTS			
To Six 1958	1964	To EFTA 1958	1964		From Six 1958	1964	From EFTA 1958	1964
45.1	62.6	15.9	12.6	Belgium-Luxembourg	49.2	53.3	13.9	13.1
22.2	38.8	13.3	16.6	France	23.7	37.4	9.2	11.6
23.6	38.0	22.1	18.2	Italy	26.2	32.7	17.3	14.3
41.5	55.7	25.2	19.4	Netherlands	45.4	52.0	13.3	13.7
27.3	36.5	27.5	27.3	Germany	31.0	34.9	19.1	18.1
30.1	43.2	21.8	20.8	Community	29.6	40.2	15.7	14.7

Source: Community statistics.

France provided the one notable exception to this pattern of a decline in EFTA countries' importance as trading partners. The reason for this is to be found in fairly drastic reorientation in recent years of French trade, away from its former colonies and above all from Algeria. The relative decline in French trade with overseas countries associated with the Community, resulting in an actual decrease in exports, has been more than compensated by an increase in French trade with the whole of Europe.

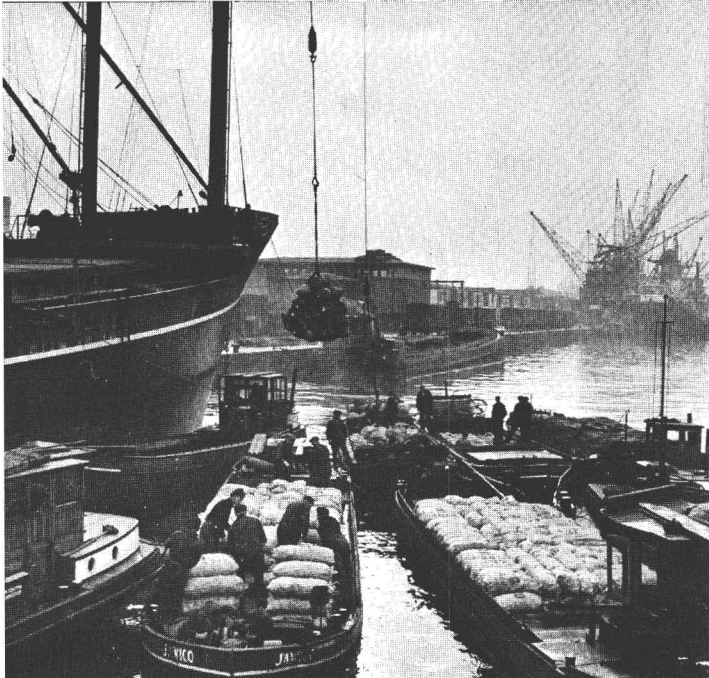
At the other extreme, Germany, having had a more diversified pattern of trade in 1958 than any other Community country, has altered its pattern of trade less. It has maintained its highly-developed contacts with the rest of the world and in particular sent proportionately little less (and even more in terms of volume and value) than before to the EFTA countries, which were and remain for it a more important export market than for any other Community member. In trade, it is the smaller countries among the Six which have been most influenced by integration.

## How Has EFTA Fared?

In three essential respects, the trade of the EFTA countries has followed the Community pattern, although the changes have been less dramatic:

- Intra-EFTA trade has increased more rapidly than trade by EFTA members with other areas.
- Trade with industrial countries has grown faster than trade with developing areas.
- Western Europe as a whole looms increasingly large in





the trade of most members (with some minor exceptions in regard to imports).

With total trade growing less rapidly than in the Six, the sluggishness of EFTA's exchanges with the developing countries is also particularly noticeable. This sluggishness, like several other features of EFTA trade, is due entirely to what has happened in Britain where, as in France though less drastically, trade with former colonies is becoming relatively less important. Generally, the changes in Britain's trading habits are more fundamental and of a different kind than those in the rest of EFTA, even if they are proceeding with painful slowness. So if Britain is not considered, the manner in which EFTA's trade is developing resembles more closely the way that the Community's trade has grown.

But there are two major divergencies from the Community pattern that cannot be credited to Britain. One is that the growth of EFTA's exchanges with Eastern Europe has lagged behind, not surpassed, the growth of trade with industrial countries, chiefly because it started from a relatively more substantial base. The second is that most of the Seven still depend more on trading with the members of the Community than with their own EFTA partners.

Table 3 shows that, as in the Community, every EFTA country reveals increased dependence on its own trading group and that the smaller countries tend to exhibit the greatest increase in the proportion of inter-member trade. It is perhaps noteworthy that Austria (so heavily dependent on the German market), Denmark and Portugal (the major agricultural exporters) are the only three EFTA countries to send a lower proportion of their total exports to the Community in 1964 than in 1959.

**Table 3: CHANGES IN DIRECTION OF EFTA TRADE**

Percentage of total trade of each country

EXPORTS				Country	IMPORTS			
To EFTA 1959	To EFTA 1964	To Six 1959	To Six 1964		From EFTA 1959	From EFTA 1964	From Six 1959	From Six 1964
11.6	18.4	49.1	47.5	Austria	11.7	14.4	57.1	58.8
40.5	46.3	30.4	27.2	Denmark	37.8	38.3	37.8	36.5
38.9	43.1	26.0	26.2	Norway	36.3	40.5	35.1	28.9
17.4	25.1	22.7	20.6	Portugal	20.7	21.4	39.0	33.1
33.7	36.7	31.0	31.6	Sweden	24.4	30.0	41.2	37.4
15.3	18.2	39.9	40.5	Switzerland	12.7	14.7	60.2	62.0
10.2	12.9	14.7	20.6	UK	9.9	11.3	14.0	16.8
17.9	22.3	23.2	27.0	EFTA	16.2	18.8	28.0	30.3

Source: OECD statistics.

But the really remarkable figures are those for Britain. EFTA's share in Britain's total imports increased by 1.4 per cent between 1959 and 1964, while the EEC's grew by 2.8 per cent over the same period. At the same time, the Six's slice of Britain's total exports rose by 5.9 per cent, while EFTA's share was only 2.7 per cent higher in 1964 than in 1959. Once again, Britain's performance makes it impossible to distinguish any certain trend for EFTA.

## Integration Is Not Sole Influence

Setting aside the distortions introduced by the exceptional (in a European context) development of British trade, it might be argued that everything so far points to the creation of the Community and to a lesser extent of EFTA as the chief influence not only on the direction of European trade but on its growth since 1958. To do so would, however, very seriously overestimate the influence of European integration on trade. It has promoted trade within the Six and the Seven, diverting it from elsewhere; it has encouraged the growth of trade by creating new flows where none existed; but there have been other and in some ways more powerful influences working toward the same ends.

A comparison of the trend of imports from different areas with the timing of tariff changes shows that no clear-cut relationship exists between changes in tariffs and the amount of trade. The largest increases in intra-Community trade relative to the rise in purchases elsewhere came before any significant tariff changes. It was not until 1963 that the pace of expansion in inter-member trade in EFTA surpassed the rise in imports from the Six.

Long before 1958, the European countries found that they were each other's best customers. European manufacturers hungry for wider export markets discovered their richest opportunities lay in the increasingly prosperous neighboring countries where the pattern of demand growth was very similar to that at home.

On the other hand, although no casual connection between tariffs and trade in this case can be discerned from trade statistics, undoubtedly the knowledge that such reductions would occur and that the Six (and the Seven) would form larger markets had a major psychological effect upon industry throughout Western Europe.

The expectation during 1961-62 of early membership in the Community led to a substantial British sales effort in the Six in anticipation of an eventual British "home market" from the North Cape to the Straits of Messina. A similar psychological stimulus was also clearly at work in the Six from at least 1957 on as evidenced by new investments, joint manufacturing and sales agreements between firms in different member countries and mergers between formerly competing countries within the national markets.

However, the improving prosperity of the industrial countries explains why the Six and the Seven have developed trade with each other despite the rising tariff wall between them and, at least in part, why trade between the Community Six has boomed; why too the United States and Japan have been good suppliers and customers for Europe. Equally, it explains the trend of Europe's trade with the developing countries. The latter are supplying goods for which demand in most European countries is growing relatively slowly, while they remain only small markets for the products of the most expansionary European industries.

# ROME TREATY DEFINES MAJORITY VOTING

## Hallstein Explains System for Community Decisions

*The adoption of decisions by weighted majority vote, rather than by unanimous agreement, is scheduled by the Rome Treaty for wider use in the EEC Council of Ministers beginning January 1, 1966. The following article explains the Treaty provisions for weighted majority voting and the extent to which this principle is now in practice:*

EEC COMMISSION PRESIDENT WALTER HALLSTEIN summarized the intention and the operation of the voting system provided by the Rome Treaty early this year in an address at Kiel, Germany.

"The voting rules of the Council are such as to make it impossible for one state to dictate to the others or wield supreme power," he said. "This will be evident after January 1, 1966, when voting by qualified majority becomes the rule."

President Hallstein pointed out that "the three big countries (France, Germany and Italy) each have four votes, Belgium and the Netherlands two each, and Luxembourg one. In all matters that must be passed by qualified majority and for which the Treaty requires a proposal from the Commission, 12 votes are needed.

"This means," he said, "that the majority of the 'big three' is effective only when they support the line put forward by the Commission. Otherwise, the 12 votes must be drawn from at least four member states. . . . A proposal from the Commission cannot be rejected simply by one member state or by the Benelux countries together. . . . On the other hand, unanimity is required to amend a proposal presented by the Commission."

### Provisions Contained in the Treaty

General rules for majority voting appear in Rome Treaty Articles 148, 149 and 150, which read as follows:

*"Article 148:*

1. Except where otherwise provided for in this Treaty, the conclusions of the Council shall be reached by a majority vote of its members.

2. Where conclusions of the Council require a qualified majority, the votes of its members shall be weighted as follows:

Belgium	— 2	Germany	— 4	Luxembourg	— 1
France	— 4	Italy	— 4	Netherlands	— 2

Majorities shall be required for the adoption of any conclusions as follows:

—twelve votes in cases where the Treaty requires a previous proposal of the Commission, or

—twelve votes including a favorable vote by at least four members in all other cases.

3. Abstentions by members either present or represented shall not prevent the adoption of Council conclusions requiring unanimity."

*"Article 149:*

When, pursuant to this Treaty, the Council acts on a proposal of the Commission, it shall, where the amendment of such proposal is involved, act only by means of a unanimous vote.

As long as the Council has not so acted, the Commission may amend its original proposal, particularly in cases where the Assembly has been consulted on the proposal concerned."

*"Article 150:*

In case of a vote, any member of the Council may act as proxy for not more than one other member."

### Majority Principle Being Employed

The general rule of Articles 148-150 does not apply fully during the Community's transition period (1958-70). The possibility of majority voting is achieved by stages. During the first stage (1958-61), qualified majority voting rule was already available for use in the following cases:

- For the application of the principles relating to the rules of competition such as rules on agreements and dominant positions. (Since January 1, 1961, Article 87:1).
  - For the prohibition of discrimination on the grounds of nationality (Article 7).
  - For the settlement of technical difficulties arising from the common external tariff (Article 21:1).
  - For the granting, in certain cases, of tariff quotas to a member state (Article 25:1).
  - For the granting of mutual assistance (Article 108:2).
  - For the exclusion of certain activities from the right of establishment (Article 55).
  - To oblige a member state to abolish certain measures restricting the free movement of capital (Article 70:2).
  - With a view to the application of the principles prohibiting state aids (Article 94).
  - To extend the right of establishment to the overseas countries and territories and to Algeria (implementing convention relating to the association with the Community of the overseas countries and territories, Articles 8 and 16), now superseded by the Yaoundé Convention.
  - To revoke an authorization granted by the Commission to a member state to take safeguard measures in the event of balance-of-payment difficulties (Article 108:3).
  - To suspend safeguard measures taken directly by a state in the event of a sudden crisis in its balance of payments (Article 109:3).
  - For the establishment and adoption of the Community budget (Article 203:3 and 203:4).
- ### Second Stage Use
- The possibility of majority voting was extended to the following areas at the beginning of the second stage of the transition period (1962-65):
- Elimination of distortions in the conditions of competition resulting from legislative measures taken by one of the member states (Article 101).
  - Implementation of the General Program on freedom of establishment (Article 54:2).
  - Implementation of the General Program on freedom to supply services (Article 63:2).
  - Mutual recognition of diplomas to facilitate the exercise of non-wage-earning activities (Article 57:1).

- Coordination of administrative provisions concerning the exercise of non-wage-earning activities (Article 57:2), with the exception of matters subject to legislative provisions and measures concerning the protection of savings, the allotment of credit, the banking profession, and medical, paramedical and pharmaceutical professions, which will still require a unanimous vote.
- The procedure for the gradual abolition of quotas between member countries (Article 33:8).

### Some Exceptions Remain

Entry into the third stage of the transition period is scheduled for January 1, 1966. This date can be altered only by the unanimous decision of the Council on a proposal by the Commission. Most decisions during this stage may be taken by majority vote. However, the Treaty requires unanimity on some matters until the end of the transition stage. There are also some questions on which unanimity is still required *after* the end of the transition period.

Additional measures subject to majority voting from January 1, 1966, include:

- Decisions on the common agricultural policy (Article 43:2).
- Pricing of agricultural products (Article 44:5).
- Legislation regarding foreign nationals (Article 56:2).
- Free movement of capital (Article 69).

- International transport crossing member states' borders (Article 75:1).
- Common commercial policy (Article 111).
- Harmonization of export aids (Article 112:1).
- Trade negotiations with non-member countries (Article 113).
- Powers to conduct trade negotiations (Article 114).

### After the Transition Period

After the end of the transition period the unanimity principle will continue, as specified in the Treaty, to apply to:

- Extension of common transport policies to sea and air transport (Article 84).
- Harmonization of turnover taxes, excise duties and other indirect taxes (Article 99).
- Harmonization of member countries' legislation which has a direct incidence on the establishment or functioning of the Common Market (Article 100).
- Action necessary for the achievement of the Common Market although not specifically provided for in the Treaty (Article 235).
- Admission of new members (Article 237).
- Association with other countries, unions of states or international organizations (Article 238).

## Community Social Security Spending Is Twice U.S. Outlay

Social security expenditure by the six Community countries is more than double the amount spent by the United States, according to a study paper of the joint economic committee of the U.S. Congress.

The report, published in September, compared the social security programs in England, Sweden, and the Common Market countries with the United States system.

The study pointed out that the Community countries spend between 12 and 14.4 per cent of national income on social programs while the aggregate outlay of the United States is 4.8 per cent. "The narrow range of difference (among the Six) reflects the close similarity of the programs in these countries," the report said. The United Kingdom spends 10.6 per cent of national income on social programs while Sweden's expenditures amount to 9.2 per cent.

The difference between the U.S.-European outlays is attributed to the inclusion in European programs of more elaborate sickness and maternity insurance benefits compared to very limited ones in the United States. The European countries also have family allowances which the United States lacks.

"The addition of medicare to the U.S. programs," the report said, "is likely to reduce the differentials between its expenditure-income ratio and those of the European countries."

Germany (as shown by the table) devoted the highest percentage of its national income to old-age, survivors, and disability insurance. In contrast, France spent 3.9 per cent of its national income for this purpose, slightly above the U.S. ratio of 3.6 per cent. Sickness and maternity insurance benefits in both France and Germany exceeded 4 per cent while the United Kingdom showed the highest relative outlay of 5.1 per cent.

Social security expenditures of Community countries, Sweden, the United Kingdom, and the United States as per cent of national income were listed by the report according to major types of coverage in 1962:

Country	Total %	Old-age survivors, disability insurance	Sickness and maternity insurance	Unemployment insurance	Work accident insurance	Family allowances
Belgium	13.4	4.7	3.6	1.1	1.0	3.0
France	13.4	3.9	4.1	0	1.1	4.3
Germany (F.R.)	14.4	8.1	4.5	.4	.8	.6
Italy	12.0	4.7	2.9	.6	.6	2.9
Luxembourg	13.7	6.3	3.1	0	1.8	2.5
Netherlands	12.0	5.7	3.6	.6	.4	1.7
Sweden	9.2	5.1	2.2	.2	.2	1.6
United Kingdom	10.6	4.2	<sup>2</sup> 5.1	.3	.3	.6
United States	4.8	3.6	<sup>3</sup> .1	.7	.3	—

<sup>1</sup> For 1961; total includes 0.3 percent for expenditures not classified under any of the 5 branches.

<sup>2</sup> Includes expenditures for National Health Service as well as cash benefit expenditures under the National Insurance Act.

<sup>3</sup> Temporary disability insurance in 4 States and for railroad workers.

## Euratom Commission To Begin Preliminary Talks With Israel

The Commission of the European Atomic Energy Community informed the Council of Ministers in October of its intention to begin preliminary negotiations with Israel for a nuclear research cooperation agreement.

Israeli government officials have proposed the possible exchange of information and personnel in such fields as the use of the *Orgel* project for sea water desalination, reactor physics and chemistry, and the use of radio-isotopes.

# SIX CONSIDER EUROPEAN OR INTERNATIONAL PATENT SYSTEM

## Commission Presents Case for A Community Patent Law

U.S. PATENT COMMISSIONER EDWARD J. BRENNER predicted on October 20 that the world would one day have an international patent system, administered by an international patent organization.

Mr. Brenner spoke to an international assembly commemorating in Washington, D.C. the 175th Anniversary of the U.S. Patent System. He told the representatives of 29 countries that such cooperation would increase the effectiveness of the international system for the protection of industrial property and speed industrial development throughout the world by reducing costs, savings and time.

### Patents Promote and Protect

Patents are at the confluence of two broad streams of human activity—technical research and industry. They vest in inventors the rights of their inventions and protect them from copying and unauthorized use. Patents also imply the obligation to manufacture the invention on an industrial and commercial scale.

In addition, patents indicate a nation's degree of economic vitality and creative genius. They represent the results of research pursued by both private companies and national research bodies.

The four million patents issued throughout the world to date represent a vast encyclopaedia of the many stages of science and technology. The first patent regulations were established by the Republic of Venice, which in 1594 granted Galileo exclusive rights in a "construction to raise the level of waters in order to irrigate the land."

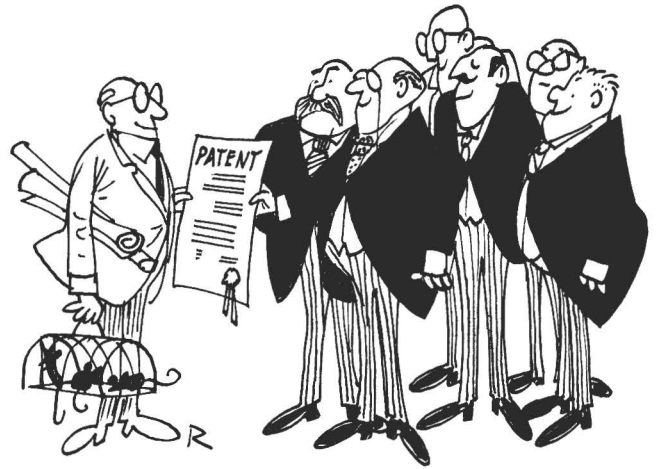
The English Parliament opposed in 1623 the arbitrary granting of patents by the king. It decreed that the Crown should be empowered to grant patents only "for any manner of new manufactures within the realm." The 1790 United States Patent Act made inventions subject to examination by the responsible administrative authority prior to granting a patent.

### Industrial Property Sees Two Trends

Patent legislation was adopted later by other countries—Russia and Prussia in 1812, the Netherlands in 1817, Austria in 1820, Sweden in 1834 and Portugal in 1837. Two different trends have been evident since in the field of industrial property. The first stems from a desire to devise international rules on patents to facilitate their application in an increasingly large geographical area.

The second has arisen from divergences between the two systems of issuing patents: after examination for novelty in Germany, the Netherlands, Great Britain, Switzerland, the United States and the Scandinavian countries; and without examination in France, Belgium, Luxembourg, Italy, Spain and Greece.

The need for international legislation on industrial property was first considered in 1879 during a conference held on the occasion of the Paris universal exhibition. In 1883, an international convention was signed establishing in Geneva the *Union pour la protection de la propriété industrielle*. The Union, composed of 48 member countries, eliminated discrimination in the granting of patents by nationality



so that foreign inventors could enjoy the same patent rights in a member state as a national.

### Commission Proposes Project

A number of international patent projects have been suggested, such as the Scandinavian plan studied in 1950 by the Nordic Council and various European Conventions prepared and adopted by the Council of Europe. In November 1964, the EEC Commission submitted to the Community governments and certain international organizations a report for a possible European patent law.

This project, containing a single body of rules applicable to various countries, is more comprehensive than the previous projects. However, it encounters difficulties concerning the principles for issuing patents. The prior examination of inventions in Germany and the Netherlands calls for complicated machinery which is not needed in the other Community countries.

In addition, Italian and French legislation specifies that the invention must have novelty and industrial utility and obligates the patent holder to develop it on an industrial scale. Under Italian law, the patent ceases to be valid if the invention is not used within three years. German law requires as a third condition a certain amount of inventiveness which is also needed to obtain a patent in the Scandinavian countries and the United States.

### International Versus Community Patent

The six member states must first decide between an international or Community patent law in order to simplify the patent procedures in the Six. An international patent would be created by a convention of as many countries as possible. This system would be limited in substance to establishing a uniform procedure for the granting of national patents.

The Community member states could then draft a second convention combining the national patents into a single patent valid throughout the Community. It would also cover any problems left outstanding by the international convention. This proposal is favored by the Netherlands.

A Community patent law would create a single patent for the Six through an exclusive convention between the

member states. The convention would include special provisions for the association of non-Community countries. In such cases, the Community patents would be valid not only in the territory of the Six but also in the non-member countries which have granted them as national patents.

### Commission Backs Community Patent

The Commission favors the Community patent as the simplest and most effective means of attaining integration in the Six. The length of time needed for the creation of an international patent would be to the disadvantage of the Six because of the pressing need to provide uniform protection throughout an area becoming more and more economically united. In addition, the international patent system would require an international patent office, court and separate administrative board.

The Community patent, on the other hand, would necessitate only a Community patent office. The Community's existing institutions, including the Court of Justice, would supervise and operate the system. The important regulations would be decided by the Council of Ministers, while the Commission would supervise the administration and finance and perhaps nominate the senior officials of the Community

Patent Office. The non-member states' views would be presented to an advisory committee, composed of representatives of both the member and associated countries.

The Community patent would also extend protection throughout the territory of the Six. A patented product would circulate freely throughout the Community once it was marketed in one of the member states. This arrangement would also apply to the rights of the licensee preventing him from splitting up the operation of the patent or license within the Common Market.

This is presently permitted by the existence of national patents. The holder of a national patent issued by the authorities in one country may prevent the importation of products from another country causing closed markets within the European Community. In the absence of provisions allowing the free circulation of patented products, the license or patent holders can adopt widely differing policies on each national market, particularly concerning prices.

The Community plan also provides for a joint authority to grant compulsory licenses in the case of insufficient or non-development of a patented invention in order to meet the combined needs of the member countries.

## Community's Success Influences East-West Relations

by Dino Del Bo, *President of the High Authority of the European Coal and Steel Community*

THE PROCESS OF DESATELLIZATION in Eastern Europe, in my opinion, is linked closely with the formation and the success of the European Community. It is thus a determining influence in the relations between the Community and the Eastern European countries—an influence whose importance is likely to increase.

At the beginning of the integration process, the Communist parties and their sympathizers in the Community countries remained scrupulously faithful to the Kremlin's orders. The formation of the Common Market was held to be a capitalist structure, destined inevitably to widen the gap between the proletariat and the other social classes, and guaranteed to result in a rash of monopolies, cartels and restrictive commercial practices.

This cliché of Marxist-Leninist propaganda was denied by the facts, and did not have the slightest appeal to the majority of working men. Economic integration proved to be a natural means to greater wealth benefiting particularly the blue and white-collar workers, the peasants and all those who depend on their own efforts for their livelihoods and their families' welfare.

A particularly favorable economic situation facilitated and even accentuated the achievement. However, the gradual disappearance of quantitative restrictions on trade and the

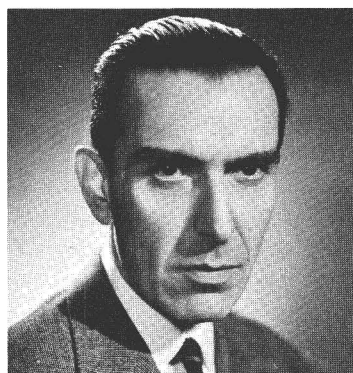
reduction of custom barriers encouraged production, maintained employment at a high level, and increased the trade unions' awareness of their opportunities for exerting economic and, indirectly, political pressures.

The Soviet Union has also seriously considered the advantages of economic integration and has established its own common market in the form of Comecon. But the differences between the economic integration achieved by the Paris and Rome Treaties and that pursued by Moscow have escaped neither the peoples of the satellite countries nor those leaders less subservient to the Kremlin.

The differences are both economic and political. Few of the satellite countries had benefited from an industrialized economy or had known even an elementary stage of industrialization. In addition, the Soviet Union intended to make it difficult, if not impossible, for the satellites to gain complete political freedom or any real national independence.

It was in the interest of the Soviet leaders, in these circumstances, to apply an essentially formal conception of economic integration; to decide what each Comecon member state would be authorized to produce exclusively (considering the country's raw material and basic products resources, technicians, and workers) so that each country was guaranteed both comparative and absolute superiority in its field.

The increase in reciprocal trading contacts between the two sides of Europe will inevitably encourage many Eastern European states to seek financial, economic, and technical aid from the Community to step up industrialization hampered until now by obstacles of Soviet origin. That fact should be the principal motivation for the European Community to encourage the industrialization of the Eastern European countries, and to show itself as an "open" Community, ready to recognize the right of all people on this continent to a firmly-rooted justice.



*Dino Del Bo*  
*President*  
*ECSC High Authority*

# 4 ECSC HIGH AUTHORITY APPROVES COAL MINING SUBSIDIES

## Community Aid System Provides Step toward Common Energy Policy

THE ECSC HIGH AUTHORITY made further progress toward a Community energy policy by approving member states' 1965 subsidies to coal mining on September 15 in Luxembourg.

The financial measures were declared to the High Authority under the terms of its decision of February 17, 1965 to establish a Community system of state aids to the coal industry. This decision was one of the first applications of the Protocol of Agreement on energy policy adopted on April 21, 1964 by the ECSC Council of Ministers.

Three forms of subsidies are permitted: financial assistance for extra social costs borne by the coal industry, for modernization and for special emergency situations. Approximately 90 per cent of government assistance to coal mining is given to offset social security costs.

The year's social assistance should total \$4.6 per metric ton in Germany, \$4.7 per metric ton in France, \$5.4 per metric ton in Belgium and \$0.85 per metric ton in the Netherlands. The subsidies are calculated on the basis of estimated coal production for 1965.

### Belgium Grants Highest Subsidy

Social security costs are more heavily subsidized in Belgium than in other Community countries because of the higher proportion of retired miners in relation to those actively employed in that country. The social security system in the Netherlands permits funds from social insurance contributions to be invested on the capital market. Consequently, less direct government assistance is needed.

Social welfare benefits for the miner in all Community coal producing countries are subject to special state measures separate from the general social security program. The extra burden of social costs in declining industries is borne under the general program by the expanding industries.

However, the number of active workers is declining rapidly in the collieries. The proportion of older workers receiving retirement benefits compared to those paying contributions is much higher in coal mining than in general industry. In Germany, for instance, the number of sickness

and old-age beneficiaries under the mining system is actually higher than the total of those contributing. Under the general social security system, industrial workers contributing to the program are more than twice as numerous as those receiving benefits.

In the absence of state subsidies, the cost of paying the much heavier burden of social charges would fall directly on the coal industry. The Community system therefore allows the member states to pay the difference between the average level of costs borne by general industry and the much higher costs carried by the coal industry.

### Other Subsidies Are Marginal

The remaining subsidies for modernization and emergency situations are of marginal importance. They total \$0.2 per metric ton of coal produced in Germany and \$0.8 per metric ton in France and Belgium. This form of subsidy does not exist in the Netherlands.

The higher figures for France and Belgium reflect the greater need for worker's retraining and industrial redevelopment in those countries, particularly in areas such as the Borinage coal field in Belgium and the Centre-Midi in France. Opportunities for alternative employment are still limited for miners in those areas.

The higher subsidies are also indicative of the lower degree of the coal mining industry's integration with other industries in the two countries. In the Netherlands, 50 per cent of the turnover of the Dutch coal mining comes from activities other than coal mining. Consequently, the profits from these activities compensate for the losses in coal mining itself.

The 1964 Protocol also enabled the member state governments to develop more detailed consultation on coal policy. Estimates have been prepared on the level of future output in the Community coal fields and on measures to stimulate coal consumption. Results of these studies will be compiled in the General Objectives for Coal being prepared by the High Authority. In addition, the High Authority has been able to increase its assistance to coal research projects for modernizing extraction methods and coal valorization.

## Newsbriefs

Common Market  
Euratom  
Coal & Steel Community

### Social Fund To Offset German and Italian Retraining Costs

The EEC Commission approved approximately \$900,000 from the European Social Fund in October to reimburse Germany and Italy for workers' retraining and resettlement costs.

The amount will cover about 50 per cent of the two countries' expenditures for projects resulting in the employment of over 19,000 jobless workers. The Fund will grant

\$469,949 to Germany and \$411,480 to Italy.

The European Social Fund, established by the Rome Treaty, began operating in late 1960. The total aid granted by the Fund in its first three years of operation was almost \$25 million. More than 330,000 workers have found new jobs through retraining and resettlement programs partly financed by the Fund.

### Sand Cartel Violates EEC Anti-Trust Policies

The EEC Commission warned a number of German, Belgian and Dutch sand producers and dealers in October that their sales cartel violates Common Market anti-trust policies.

The Commission was notified of the agreements in compliance with an EEC anti-trust regulation. The cartel involves four Belgian, one German and one Dutch firms.

The first agreement fixes quotas for sales of natural sand used in ceramics and the manufacture of abrasives, soaps,

paints, and enamel on the Dutch market. The second agreement provides that the sales agents can only obtain the material, if available, from producers who are parties to the agreement. In addition, minimum selling prices are fixed by the group of sales agents. The contracting parties can be fined for not observing agreement provisions.

The Commission ruled that the cartel excludes competition between the firms involved and therefore is incompatible with Common Market regulations. The participants are now subject to fines of \$1,000 to \$1,000,000 unless the arrangements are dissolved or the offending clauses changed.

## Industrialists Discuss Orgel Prototype Reactor

Community nuclear industrialists and power producers concluded at a conference October 26-28 that the progress of Euratom's Orgel project permits the construction and design of a 100 MW prototype reactor.

The conference took place at the Euratom Joint Research Center Establishment at Ispra.

The meetings were devoted to the technological and industrial future of Orgel. Participants also visited the installations and laboratories to discuss with Euratom experts the details of their work in advanced converter reactor technology.

Construction of a prototype power reactor operating on the Orgel system was recommended this summer by the Euratom Commission. The Commission pointed out in a note to the Council of Ministers that research had progressed to the point that the building of a 80-125 MW electricity-producing reactor (costing \$60 to \$80 million) would now be desirable. It also suggested that a full-scale (300-500 MW) power reactor could be installed later.

The Orgel project represents Euratom's main contribution to advanced converter reactor technology. Nearly all the Orgel work in the Community has been performed at the Ispra center by Euratom's multinational research teams.

Preliminary studies began in 1959. A large critical assembly (ECO) is due to begin operating this year and a test reactor (ESSOR), now under construction, is expected to go critical in 1967. Work accomplished at Ispra and elsewhere indicates that Orgel reactors should be a low-cost source of power by the early 1970's. The construction of a prototype (such as the British AGR at Windscale) is an essential stage between research and large-scale investment in power-producing equipment.

## ECSC To Cut Interest Rate on Redevelopment Loans

The ECSC High Authority decided in September to reduce interest rates on loans to companies for industrial redevelopment projects.

In order to qualify for the reduced interest, the projects must be designed to employ redundant workers from the Community coal and steel industries. The loans will be granted for a period of 10 to 13 years.

High Authority loans will carry a 4.5 per cent interest rate for the first five years and 6.5 per cent for the remaining period. Repayments will begin at the beginning of the third year.

The High Authority has loaned to date \$27 million to help finance new industries providing jobs for 7,000 workers, primarily ex-miners.

## Steel Output Reaches a High in September

Community crude steel production reached a record high of 7.34 million metric tons in September compared to 6.56 million metric tons in the same month of 1964.

The increase was responsible for a 5.1 per cent rise in Community steel production during the first nine months this year over the corresponding period last year. Steel output increased from 61.18 million metric tons to 64.31 million metric tons.

Italy recorded the largest increase of nearly 29 per cent to 9.12 million metric tons in the nine-month period. Output rose 19.5 per cent to 2.33 million metric tons in the Netherlands, 5.7 per cent to 6.75 million metric tons in Belgium, 1.1 per cent to 14.57 million metric tons in France, and 0.6 per cent to 28.1 million metric tons in Germany.

However, the ECSC High Authority warned that a steel output larger than 21.6 million metric tons during the fourth remaining quarter could have a serious effect on the market. Fourth quarter effective consumption is expected to be 18.1 million metric tons. Exports are expected to reach 3.9 million metric tons, and imports are forecast at 650,000 metric tons.

The coal market is expected to be more stable in the last three months of the year, with a lower rate of stockpiling. The year's coal output in the Community is anticipated to be about 225 million metric tons compared to 231 million metric tons last year.

## High Authority Sponsors Architects' Contest

The ECSC High Authority is sponsoring an international architects' competition to promote the use of steel in home building.

The contest, designed to facilitate the faster construction of houses at reduced cost, is open to architects from all countries. Participants must submit a house design for a family of five living in the European Community.

Steel is required, at the minimum, for the load-bearing structures and door frames; and prefabricated sections must be used to allow for variety in construction. Architects must also cooperate with steel construction companies in designing the homes.

Candidates should apply before December 31, 1965. Additional information and regulations can be obtained from the High Authority of the European Coal and Steel Community, 2 Place de Metz, Luxembourg.

## NOTICE

In accordance with the U.S. Securities and Exchange Commission regulations, the High Authority has published on October 10, 1965 its Balance Sheet as of June 30, 1965 and its Statement of Revenues and Expenditures for the calendar year, 1964-65. 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

Twenty-five copies of "Supplemental Information to Bond Holders" have been deposited with The Chase Manhattan Bank, New York.

## PUBLICATIONS AVAILABLE

EIGHTH GENERAL REPORT ON THE ACTIVITIES OF THE COMMUNITY, Euratom Commission, Brussels, March 1965, 2 volumes of 105 and 248 pages . . . . . \$3.00

Report on Euratom's activities for the period March 1964—February 1965.

SUMMARY OF THE POLICY REPORT AND THE THIRTEENTH GENERAL REPORT, *Bulletin of the European Coal and Steel Community, No. 55*, The High Authority, Luxembourg, 1965, 114 pages . . . . . \$ .60

The summary of the High Authority's Policy Report examines the results of implementing the ECSC Treaty as a contribution to the work of preparing for the amalgamation of the three Community treaties.

The Thirteenth General Report Summary describes the activities of the High Authority for the period March 1964—February 1965. The complete text of the Thirteenth General Report will not be published in English.

LES ENTREPRISES SIDÉRURGIQUES DE LA COMMUNAUTÉ, High Authority, Luxembourg, 1965, 147 pages, \$2.40

A list of steel firms in the Community including a list of the steel products produced by each enterprise.

EAST-WEST TRADE RELATIONS, Address by M. Guido Colonna di Paliano, Member of the EEC Commission, at the Joint Meeting of the European Parliament and the Consultative Assembly of the Council of Europe, Strasbourg, September 24, 1965, mimeographed, 21 pages . . . . . free

COMPETITION POLICY IN THE COMMON MARKET by Hans von der Groeben, *Community Topic No. 19*, European Community Information Service, Brussels, 15 pages . . . . . free

FIRST GRANT OF ASSISTANCE UNDER EAGGF GUIDANCE SECTION, Official Spokesman of the EEC Commission, Brussels, mimeographed, 4 pages . . . . . free

This memo describes the first aid granted through the Guidance Section of the Agricultural Guidance and Guarantee Fund.

SIDÉRURGIE, ANNUAIRE 1964, Statistical Office of the European Communities, Brussels, 322 pages . . . \$2.50

Complete statistical coverage of iron, steel and scrap products in the Community. Includes information on production, orders, deliveries, and trade for the years 1952 to 1963.

RÈGLES DE CONCURRENCE ET POLITIQUE ÉCONOMIQUE, *Bulletin de la Communauté Européenne du Charbon et de l'Acier No. 57*, High Authority, Luxembourg, 1965, 21 pages . . . . . \$ .60

A summary of an address by Mr. Linthorst Homan, member of the High Authority, given at Strasbourg to the European Parliament on June 16, 1965. It concerns the importance of the ECSC competition rules in the economic policy of the Community.

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