



# *europa* *community*

COMMON MARKET • COAL AND STEEL COMMUNITY • EURATOM

## COUNCIL TACKLES MAJOR COMMUNITY ISSUES

### Six Discuss Agricultural Problems and Kennedy Round

THE EUROPEAN ECONOMIC COMMUNITY resumed normal operation in March with a number of agreements aiming at the completion of the full customs union next year, two and one-half years ahead of schedule.

The EEC Council of Ministers agreed at its meeting February 28-March 1 to a target date of July 1, 1967 for achieving the free movement of industrial and agricultural goods throughout the Community. As a necessary step in completing the customs union, the Commission proposed to the agriculture ministers on March 7 common prices for most agriculture products. The ministers then adopted a timetable for establishing common agricultural prices and remaining market organizations (see page 2).

The February meeting marked the first regular Council session with all six member countries represented since France's boycott of the Community institutions eight months before. The resumption of normal activity was made possible by an extra-ordinary Council session in Luxembourg January 17-18 and 28-29 which resulted in the end of the Community crisis.

The ministers discussed financing the common agricultural policy and the Kennedy Round trade negotiations. Meeting as a conference of representatives of member states' governments, they also considered the merger of the executive institutions of the three Communities (EEC, Euratom and ECSC).

#### Farm Financing Debated

The discussions of farm financing resumed where they had broken off last June 30. The Council debated the financing on the basis of the Commission's July 22, 1965 memorandum, which replaced its original March 31, 1965 proposals, a Council document on "general lines" for farm financing, and a report of the permanent representatives.

(The document, adopted by the Five on October 26, proposed that full coverage by Community funds of farm policy expenditure begin on July 1, 1967 and that the gradual take-over of financial responsibility by the Community's agricultural fund be continued until then. The Five also agreed that Community expenses should be financed by the Community's own resources beginning in 1970.)

The Council approved the final part of the document which called for early consideration of pending proposals on tax harmonization, and commercial, social and regional policies to ensure the "balanced development" of the Community. The permanent representatives will study the effects on competition among Community companies of national policies on extending credits to state-trading countries. These agreements are contingent on a formal decision on all aspects of farm financing.

The Dutch delegation submitted a proposed declaration of intention on independent revenues and the powers of the European Parliament to be included in the final farm financing decision. The delegation asked the Council to insure that levies on farm imports be treated as a part of the Community budget from January 1, 1970 and to examine measures to strengthen the influence of the European Parliament over Community policy.

#### Supplementary Meeting Scheduled

The ministers also reviewed the progress of the industrial and agricultural trade negotiations in the Kennedy Round on the basis of a Commission report submitted in January. The Council authorized the Commission to inform the Community's partners in the General Agreement on Tariffs and Trade of its intention to submit partial offers for chemicals on April 15.

The delegations expressed their continuing support for the successful completion of the GATT negotiations and

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*Reunion of the Six: EEC Commissioners and representatives of the member states' governments converse in Brussels on February 28 during the first regular Council of Ministers meeting since the Community crisis ended. In the foreground are (left to right): French Agriculture Minister Edgar Faure; Commission Vice President Sicco Mansholt; Commission President Walter Hallstein; Commission Vice President Robert Marjolin; and French Foreign Minister Maurice Couve de Murville.*

agreed to a supplementary Council session on April 4-5 devoted essentially to the Kennedy Round. The Council instructed the Commission, the Committee 111 (composed of leading trade policy officials of the member state governments), and the permanent representatives to continue preparing proposals for this session.

Agriculture ministers of the Community countries were scheduled to consider on March 28 proposals for a world reference price for grains, methods of international financing and selling of grain surpluses, and rules relating to marketing of eggs imported from non-member states.

### Guide Prices Adopted for 1966/67

On March 8, the agriculture ministers adopted upper and lower guide prices for milk, beef and veal for the 1966/67 marketing year, beginning on April 1. The minimum and maximum limits of the Community price brackets compared to 1965/66 will be as follows: \$8.62 and \$10.30 per 220 pounds of milk compared to \$8.25 and \$10.30; \$60.50 and \$64.25 per 220 pounds of liveweight beef compared to \$57.50 and \$61.25; and \$80 and \$86.75 per 220 pounds of veal compared to \$78 and \$80.

Milk in Belgium, Germany, Italy and Luxembourg will be sold at their current price levels while France and the Netherlands will not charge more than \$9.46 per 220 pounds. Germany will reduce its milk subsidies by \$7.50 per 220 pounds at the beginning of the marketing year and apply a second reduction after the Council adoption of the common target milk price. Milk subsidies in the Netherlands will be cut \$11 per 220 pounds.

### Massive Work Schedule Remains

The Council was scheduled to meet on March 21-22 to continue its discussion of farm financing in an effort to clear the way for other outstanding problems. The ministers must decide on extending the 20 per cent reduction in the common external tariff unilaterally adopted by the Community in the Dillon Round trade negotiations in 1960-62.

The authority for the tariff suspension expired at the end of 1965. However, the reduction was retained temporarily pending Council action for the purposes of the Kennedy Round negotiations and to maintain the level of

hundreds of national duties which have been aligned toward the lower level.

Other questions regarding the Community's external relations which must be resolved are the continuation of negotiations for possible EEC association for Austria,

## Ministers Adopt Agricultural Schedule

The EEC Council of Ministers adopted on March 8 in Brussels a timetable for agricultural policy decisions. The program of work, approved by the agricultural ministers of the member states, is as follows:

<i>Common Policy Decisions</i>	<i>Date for Council Decision</i>	<i>Date for Application</i>
Market organization for starches	July 1, 1966	October 1, 1966
Market organization for sugar	July 1, 1966	two months after Council decision
Common organization for fats and oils	July 1, 1966	July 1, 1967
Supplementary market organization for fruits and vegetables	July 1, 1966	January 1, 1967
Common prices for milk, beef, rice, sugar, oil seeds	June 1, 1966	July 1, 1967
Common prices for olive oil	June 1, 1966	November 1, 1966
Common competition policy	July 1, 1966	July 1, 1967

The following dates must still be studied by the permanent representatives:

Market organization for tobacco	April 1, 1967	July 1, 1967
Guidelines for fish policy	April 1, 1967	July 1, 1967
Market organization for hops	April 1, 1967	July 1, 1967
Regulations for other products comprising fish, wine (supplementary), seedlings textiles, and sheep		July 1, 1967 if possible
Structure survey	June 1, 1966	October 1, 1966

Tunisia and Morocco and approval of an association treaty with Nigeria.

In addition, the Council must still approve the Commission modifications to proposals for the common organization of transport in the Community. The amended proposal would establish a parallel system of binding and reference rate brackets to be put into effect over a six-year period ending December 31, 1972.

The Commission has also submitted to the Council a new regulation covering the social security systems of all wage earners who move within the Community and their families. This regulation would improve the coordination of the social security systems of the member countries and would consolidate all Community regulations on this subject made since 1959.

Hundreds of other proposals, ranging from the location of license plates on cars to the right to purchase stock on any Community market, are awaiting Council decision.

### Merger Treaty Still To Be Ratified

Another problem awaiting settlement is the ratification of the treaty signed in April 1965 on the merger of the

three Communities' executives. The merger was originally scheduled to take place on January 1, 1966 and now is targeted for July 1.

The parliaments of all six member countries must complete the ratification process and the governments have to deposit the instruments of ratification before this treaty can come into effect.

Only the French and German parliaments have completed ratification, but the instruments have not yet been tabled. In Belgium, ratification has been completed by the Chamber of Deputies but not by the Senate. The Belgian government has stated that it will not deposit the ratification instrument until the composition of the single Commission is known.

In the Netherlands, no start at all has been made with the ratification process, and the government has given a similar commitment. The Luxembourg Council of State has expressed a favorable opinion on the ratification bill, while the Chamber of Deputies has yet to give its decision. In Italy, the Chamber of Deputies has approved the ratification, but the Senate's decision is still pending.

## LUXEMBOURG PACT DRAWS EUROPEAN—ATLANTIC COMMENT

### Political Leaders and Press Welcome End of Community Crisis

(Following are excerpts from statements by European political leaders and the press on the outcome of the Luxembourg Council meeting. The extra-ordinary meeting of the Council of Ministers in Luxembourg on January 17-18 and 28-29 resulted in an agreement between the Six to end the Community's seven-month crisis.)

#### European Statesmen Evaluate Solution

"This agreement . . . is of great and auspicious significance. Indeed, for the first time since the Common Market affair got under way, we clearly emerged from that sort of fictional belief whereby the economic organization of the Six should come about by other means than the states, with their proper powers and responsibilities. . . . Since, following Luxembourg, the economic organization of the Six has resumed its normal course, France believes that it is more than ever appropriate to put into practice political meetings . . . If one of the states that are in the process of building with us the European Economic Community believed that . . . it should in turn take the initiative to propose a political meeting of the six governments, France would reply to it positively and wholeheartedly."—GENERAL CHARLES DE GAULLE, *President of France*.

"We can say that the European Community is starting work again, and that is what is most important from the political point of view. We have reached some agreement, come to some understanding, and defined certain practices, but the Treaty, with its rules and institutions, remains intact. It is according to these rules, and through these institutions that the life of the Community will start again. We can only express the hope that crises like (the last) . . . will not recur, thanks to the goodwill of all the members of the European Economic Community."—EMILIO COLOMBO, *Italian Finance Minister*.

"It has now become improbable that a renewed crisis can occur within the Common Market . . . It was clear that the French government wanted to reach agreement."—JOSEPH LUNS, *Dutch Foreign Minister*.

"The normal situation has been re-established . . . We shall not relax our efforts to achieve this objective (a political union of the Community countries), but it is difficult to foresee when and in what way concrete results will be obtained."—GERHARD SCHROEDER, *German Foreign Minister*.

"One cannot say that all the difficulties have been overcome, by any means, but we have succeeded in what we had to do . . . As for majority voting, we are obliged to recognize that we are not entirely in agreement. But what is essential is that we recognize that the disagreement which continues does not hinder France from coming back to Brussels, nor, therefore, the Community from resuming its activities. Why should so much mental effort, subtlety and ingenuity be devoted to solving a problem which may never arise? There is no doubt that this imaginary problem of the weighted majority—imaginary because this kind of system cannot operate properly unless there is complete confidence within the Community—has been given the solution it deserved: an imaginary solution."—PAUL-HENRI SPAAK, *Belgian Foreign Minister*.

"The main concern of five delegations was to safeguard the integrity of the Rome Treaty. The six of us have been able to agree that we had no intention of modifying the Treaty. At the present time, that question does not arise."—PIERRE WERNER, *Luxembourg Foreign Minister*.

"One of the problems which the conference considered was the cooperation between the Commission and the Council of Ministers, which was provided for in the Rome Treaty. Agreement was reached on this point. The Council has

established some proposals which form a good basis for a speedy agreement with the Commission. On the second problem, majority voting, no agreement was reached. But an important outcome was achieved, in as much as Council meetings can again take place normally with six members represented. This is more important than all the texts produced. Those who made a compromise possible therefore deserve our gratitude. It was very important at this time, for now a great deal of work faces us.”—WALTER HALLSTEIN, *President of the EEC Commission*.

### Political Leaders Look to Future

“Conditions for British membership of the European Economic Community are now much more favorable than formerly. Since the stoppage in Brussels certain changes have taken place, and British public opinion has become European.”—JACQUES BAUMEL, *Secretary-general of the Union for a New Republic*.

“... An imperfect but useful way to get the Community out of its impasse...”—HERBERT WEHNER, *Vice President of the German Social Democratic Party*.

“Necessity and reason carried the day. The result of the Luxembourg meeting confirms the continuance of the European Economic Community and the value of efforts made since 1950 to unify Europe... This proved beyond doubt that in talking, in continuing the dialogue, the Six ended up by reaching agreement. This should have been done last July. Without the Treaties or the role of the European Commission having been damaged, the Common Market, after several months of marking time, will resume its advance to everyone’s benefit. I read that the Ministers will shortly be discussing the composition of the single Community Commission... I earnestly hope that the six governments will choose capable men, for a great deal depends on the quality of the Commission. I also hope that they will guarantee the stability and the continuity of this institution. Stability and continuity, which are essential within all our countries, are even more vital to a Community of nations under construction.”—JEAN MONNET, *President of the Action Committee for the United States of Europe*.

### Atlantic Press Interprets Accord

“Europe’s future is thus once again open before it, and under better conditions than before because they have been clarified. What remains now of the crude and mendacious criticism of those who wanted our farmers to believe that their government was not interested in their fate, because it was supposed to have had enough of building Europe? By these criticisms they manage to stir up concern among some farmers and young people who are, and rightly so, supporters of a united Europe...”—*La Nation*, Paris.

“The moral of Luxembourg is that, when the General recognizes that he has been outmaneuvered by a united front of the Five, he is sensible enough to carry out a tactical withdrawal. But he has not been converted overnight into a good European, even if he decides that it will pay him to behave like one until after the 1967 general election in France. Next time he will choose his ground with great care, but this is unlikely to be his last trial of strength with the Five.”—*Financial Times*, London.

“It is true that the unending battle between General de Gaulle and the supranationalists is gradually tempering the

ambitions of the federalists. The approach to political union of the Six may well be more cautious after the general’s departure than it would have been without him. But this means greater realism by the professional Europeans rather than a victory for General de Gaulle’s conception of France’s place in a *Europe des états*.”—*The Economist*, London.

“A new unity thus is about to be achieved by the Six which is greater than merely the sum of its component parts... It is not a question of one side or the other in the argument winning. What the agreement shows is that no country among the Six can afford, or can countenance, a disunited Europe. It can hardly be exaggerating to call this one of the most important discoveries in all Europe’s history.”—*The Christian Science Monitor*, Boston.

“The issue that brought about the crisis in the Common Market last June is still unresolved. While it is certain that the drive toward supernationalism has been slowed it is not yet certain that it has been completely halted and that it may not be revived at some later date... Under the circumstances it is quite understandable that the Luxembourg arrangements can have little effect on the attitude of the British toward the Common Market. The position of Britain is still that, at some propitious moment, it will again apply for EEC membership.”—*Journal of Commerce*, New York.

## Alain Poher Elected European Parliament President



Alain Poher, a French civil engineer, was elected president of the European Parliament on March 7 in Strasbourg.

Mr. Poher has been a member of Parliament since March 1958. He is president of the Christian Democratic group and a member of the following parliamentary commissions: energy, research and culture, budgets and administration, and legal.

Born April 17, 1909 in Ablon, France, he holds degrees in law and political science. He was civil administrator of the French ministry of finance, mayor of Ablon-sur-Seine, and assistant secretary general of the association of mayors of France.

Mr. Poher was chief administrative assistant to Robert Schuman in 1945. From 1946 to 1948, he was general rapporteur for the commission of finance of the Council of the Republic. He served as secretary of state for the budget and commissioner general for German and Austrian affairs in 1948. He was also president of the international authority of the Ruhr.

In 1953, he served as president of the upper council of commerce and of the Franco-German governmental commission for the canalization of the Moselle in 1955. In 1957, he was secretary of state for the armed forces.

Mr. Poher was a member of the Common Assembly of the European Coal and Steel Community from September 1952 to March 1958.

# OIL AND GAS LEAD COMMUNITY ENERGY SOURCES

## Member States Expected to Consume More Fuel in 1966

COMMUNITY ENERGY NEEDS will rise by 5.5 per cent in 1966 with petroleum and natural gas supplying over 50 per cent of consumption for the first time.

A report, published in February by the High Authority of the European Coal and Steel Community in cooperation with the EEC and Euratom Commissions, predicted that 1966 energy consumption in the six countries will total 628 million metric tons coal equivalent compared to 596 million metric tons last year. This year's figure is more than double the 289 million metric tons consumed in 1950. The proportion of the Community's requirements to be provided by oil and natural gas is estimated at 52 per cent compared with 49 per cent in 1965. Natural gas should continue to supply about 4 per cent of the Community's needs.

### Natural Gas Output Doubles in Netherlands

Natural gas production doubled in the Netherlands last year and developed rapidly in Germany. New discoveries in the Dutch provinces of Friesland and North Holland as well as in south-west France seem to indicate an additional increase in the importance of this source of energy in the future, the report pointed out.

Natural gas supplies are displacing more traditional forms of energy for industrial and domestic use in Germany and the Netherlands. Domestic supplies of coal in 1965 were 20 per cent lower than in the previous year in the Netherlands. In Germany, natural gas has replaced coal in Lower Saxony glass and pottery industries.

The report, *La conjoncture énergétique dans la Communauté—Situation à la fin de 1965 et Perspectives 1966*, pointed out that the continuing rise in energy demand will not improve coal's future as an energy source. This year less than 200 million metric tons of Community-mined coal will be burned, providing less than a third of overall Community energy needs.

A slower rate of cutback in Community coal production is expected in 1966 than the 10 million metric ton reduction in output in Community mines in 1965. However, a surplus of 10 million metric tons will remain mostly in Germany from the 1965 production of 209 million metric tons coal equivalent (about 220 million in absolute terms). The report warned that only government intervention could prevent this high level of stocks from directly affecting 1966 coal output.

Productivity in the Community coal mines in 1965 rose in all but one major coalfield. The increases varied between 2 per cent in the Dutch Limburg coalfield to 6.2 per cent in the Belgian Campine. Wages, however, continued to rise in all mines throughout the Community. Government assistance, authorized by the High Authority, also increased, but continued to be used chiefly to help offset the coal industry's abnormally heavy social insurance charges.

The replacement of Community coal by other forms of energy in 1965 is not expected to slacken in 1966, despite slightly higher prices for oil and imported United States coal and higher oil taxes in Belgium and the Netherlands. Coal consumption is predicted to drop by 1.7 per cent, while oil



consumption should rise by 29 per cent and natural gas by 7.5 per cent.

The drop in coal demand is particularly strong in the domestic-heating sector, where coal deliveries in 1965 fell by 14 per cent compared to the previous year and oil supplies increased 16 per cent over the same period. The reduction in coal requirements for transport fuel is expected to be slightly less this year than in 1965 when the electrification of 500 miles of German railway track lowered the demand by over one million metric tons.

Other industries abandoning coal for oil or natural gas (as in the Netherlands and Germany) are cement, pottery and glass manufacturing. The demand for coal is also expected to fall next year in steel-making, and the proportion of coke required to produce a metric ton of pig-iron will be further reduced.

### Electricity Demand Up

Demand for electricity in the Community rose again last year, although somewhat less than forecast, because of a slower rate of overall economic expansion. However, coal sales in this sector fell by 2.5 million metric tons coal equivalent while oil deliveries to power stations rose by 1.6 million metric tons coal equivalent compared with 1965. High rainfall, causing greater hydro-electric production, was also partly responsible for the decrease in coal consumption.

The report predicted that electricity output will rise by 9 per cent in 1966 compared to 6.5 per cent in 1965. Sales of coal for electricity output are expected to increase by 5 million metric tons while oil deliveries should rise by 3 million metric tons. Nuclear power is expected to provide nearly 15 per cent of the electricity generated by new power installations this year.

The Community's growing energy needs should result in the importation from outside the Community in 1966 of 302 million metric tons of coal equivalent. This record amount would supply 48 per cent of the Community's total energy needs. The largest part of this imported energy is oil, although coal, chiefly from the United States, accounts for 24 million metric tons.

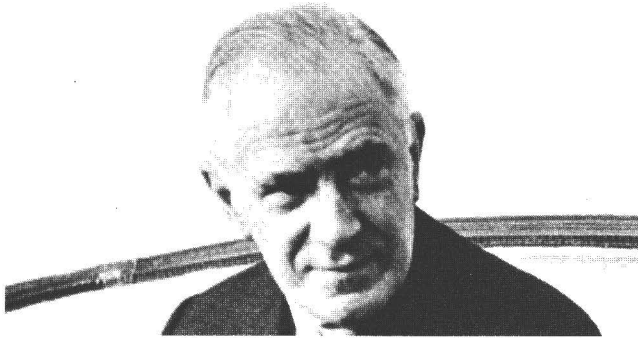
# BRITISH INTEREST IN EEC MEMBERSHIP RISES

## U.K.-Community Statements Reveal Fewer Obstacles to Wider Europe

SUPPORT FOR BRITAIN'S POSSIBLE MEMBERSHIP IN THE EEC reached a new high just prior to the solution of the Community crisis at the end of January.

Speeches by British political spokesmen and Community leaders at a conference in London on January 25-26 reflected strengthened interest in Britain's eventual position in Europe. The conference was organized by the Federal Trust for Education and Research and Britain in Europe.

Following are excerpts from remarks by British Foreign Secretary Michael Stewart, Dutch Foreign Minister Joseph Luns, EEC Commissioner Jean Rey and British Conservative Party leader Edward Heath:



### "Ready and Willing to Negotiate"

MICHAEL STEWART, *British Foreign Secretary*

"It would be of course a mistake and an over-simplification to deny that the problem of the relationship of Britain to the Community is a complicated one. For instance . . . the Community agricultural policy in its present form . . . is perhaps the principal difficulty from our point of view. If we were to adopt that policy unchanged, we could not avoid the fact that there would be adverse effects on our balance of payments and our cost of living.

"Our policy is that we are . . . ready and willing to negotiate for entry into the European Economic Community provided we can obtain the right conditions and can safeguard what are for Britain essential interests, just as the six members of the Community safeguarded certain essential interests of theirs when they embarked on the mammoth task of drafting the Treaty of Rome. . . . There are no inhibitions on our side provided adequate means can be found to protect the essential interests of ourselves and our EFTA partners and the Commonwealth, and provided the Community is willing.

"In the meantime, we do not believe that it would be right simply to stand still. . . . We have taken an initiative to promote close collaboration between EFTA and the European Economic Community. We did that because it is becoming increasingly clear that, in the very success of the two groups within themselves, there was a danger of their becoming increasingly estranged from one another. . . . We do regard wider economic European unity as essential. We shall continue to seek to work for it under the right conditions and appropriate time. We will be ready and willing to pursue this through membership of the Community together with such of our EFTA partners as wish to join us. . . .

"But we should remember that the term 'Europe' does include countries to the East as well. These include some whose contribution to the development of European history and culture has been very great and could be great once more . . . The governments of the smaller Eastern European countries, while maintaining their allegiance to Communism, have a genuine desire for closer commercial, cultural and even political contacts with the West."

### "A Welcomed Evolution"

JOSEPH LUNS, *Dutch Foreign Minister*

"Concerning the relations between Britain and the European Community . . . there is no doubt that this subject has gained increased attention these past months, both in this country and on the continent . . . Partly this is due to the crisis in the Community, partly it seems to be a development with a momentum of its own . . . The sudden upsurge of interest after the July crisis is an indication how close to the surface the issue of Britain's membership of the Community has stayed, how quickly interest in it, by this I mean positive interest, can be revived.

". . . Any idea of renewing the effort of 1962 and 1963 is still dependent on the agreement of all the members of the Community and, of course, on the determination of your country to get in. In both respects there have occurred, of late, indications of a welcomed evolution. We do, for instance, as yet not quite know the exact significance of recent remarks by the President of the French Republic to the effect that previous objections to British entry into the Community have become less cogent. Insofar as these objections in the past have resided mostly on the French side, such a statement is important, but further clarification is required before such remarks become determining factors.



"I share the feeling that problems arising from a new British request seem perfectly capable of being solved in a reasonable manner, provided political will to succeed is present on all sides. It is a fact that in some fields we are even closer together than we were before, but all this is for the future, and I hope not too distant a future, that should find us prepared and ready."

### "Prospects Are Better"

JEAN REY, *EEC Commissioner*

". . . What is the relation between our crisis in the Common Market and the position of Great Britain as seen from the



continent and by the Commission? . . . Has there been an evolution in your country since 1963 which would make the problems of membership easier? . . . Our impression is that the situation has certainly improved very much and when we hear what is said either by your government officially, or by those who represent the opposition, or by other people with responsibility in your country, we feel that there is a move which provides a much better atmosphere than was the case three years ago . . . There has been a great deal of progress at least in one problem: agriculture. . . You have begun to take steps toward our system of frontier levies, and on our side, . . . Commissioner Mansholt is bringing in deficiency payments for the farmer. . .

"But the political attitude is more important. I think that on one hand the Five have not changed their view on the need to enlarge the community and you will remember that we are at least busy . . . in negotiations with Austria, negotiations which have not been interrupted by our crisis. . . But what is much more important . . . is the French attitude. It seems evident to us in Brussels that, as regards the opinion of the French government on relations between Great Britain and the Community, the prospects are much better than three years ago. Without saying that the door is already open to resume negotiations tomorrow, we certainly may say without reservation that the situation has improved greatly on the side of the Six, that at least as soon as our crisis is over we ought really to explore the possibilities together and see if something can be done. One may question the reasons for this change. There are people who pretend that the French would be very glad to see a country inside the Community which would have the same attitude as the French government now has on supranational problems. Well, I do not know if this calculation exists, and I have no personal opinion on that, but at least I remember that when we discussed with the British delegation in 1962 and 1963 about Britain joining the Community, we never had any difficulty about institutions. . . If we were to discover that in the Europe of 1966 prospects are better for enlarging the Community than they were in 1962 or 1963, the Commission and myself would certainly be delighted. . ."

### "A Fresh Balance Between the United States and Europe"

EDWARD HEATH, *British Conservative Party Leader*

". . . What is the next stage after the Community has resolved its problems? It is then to move on to the end of the transition stage. This, of course, in the Treaty is due to be brought about by 1970. I have always hoped that it could be brought about by January 1, 1968. . . at which time the Community would then be prepared to negotiate the question of new memberships with other countries. . . . I have grave doubts as to whether the members of the Community are prepared to negotiate with new members until they get through the transition period. . . This, though we might regret it, I find fully understandable. I was always acutely aware during the negotiations that . . . the Community was engaging a vast

amount of its energies in settling its own policies and developing its own internal organization.

". . . This does not alter the fact that we in Britain ought to state our own position very clearly indeed. . . . I can speak for my own Party. . . . We have said we shall take the first favorable opportunity for seeking membership of the Community . . . . We accept the European Economic Community as the basis of the future unity of Europe and we accept the Community—as it is and as a developing organism.

"I hope that nobody is going to persevere with the idea that if we want to become members of the Community we can in the process change the whole nature, organization, rules and constitutions of the body which we are asking to join. This must be made absolutely clear without doubt as we did in Paris in 1961.

". . . One of the major problems for the world in the next few years is to create a fresh balance between the United States and Europe in three main spheres. First of all in trade, secondly in finance, and thirdly in defense, and I do not believe this can be done unless we can achieve a much closer European Community.

"In trade, it is now being tackled through the Kennedy Round; I do not wish to be disparaging, but I do not think one could argue that the Kennedy Round has yet got off the ground after three years. It is very important for us that the



Kennedy Round should proceed. There are, of course, internal difficulties in the Community, but I do not think the negotiations have been interrupted so far. What is important is that one should get a realistic appreciation of the real balance of advantage between the two sides of the Atlantic and between the two European trading blocs, and in my view the negotiations are not so far being based on this.

"The second sphere is finance. The international financial arrangements in the world are today largely as they were created after 1945; and here too, I believe that, after 20 years, an adjustment is necessary. This requires the realization on both sides of the Atlantic that a new balance has to be brought about. . .

"The third sphere is the sphere of defense, and this, of course, brings in the whole question of the future of NATO. Now here I believe there is a damaging tendency just to let things run. Where there are differences, in my view, they ought to be thrashed out, so that everybody can perceive where there is a genuine difference of approach to the future of the Western Alliance and the organization which serves it. . .

"Thus in these three very important spheres of trade, finance and defense, the balance on the two sides of the Atlantic has to be redressed, and it can best be done by ourselves working, wherever possible, in partnership with other Europeans. . . ."

# RESEARCH AND DEVELOPMENT: A MAJOR ATLANTIC ISSUE

## OECD Report Presents Pros and Cons of Technological Disparities

SCIENCE AND TECHNOLOGY OFFICIALS of the OECD member countries (Organization for Economic Cooperation and Development) decided in January to study ways to bridge the gap in research and development between the United States and Western Europe.

The OECD ministers agreed in Paris on the need to examine national policies affecting the migration of scientists, the flow of technical information between countries and the influence of government research and development policies on industrial competition. The recommendation was based on the findings of a recent OECD publication, "The Research and Development Effort in Western Europe, North America, and the Soviet Union."

The report compared the amount of financial and human reserves devoted to research and development, known in industry as R & D, on the basis of statistics available in 1962. Western European countries included in the study were Belgium, France, Germany, Great Britain and the Netherlands.

The findings were considered experimental and tentative because data in this field have only been recently collected and national procedures still vary. Due to differences in research costs, the report used a "research exchange rate" for effective expenditure comparisons.

### U.S. Spending Tops Western Europe's

At official exchange rates, the United States spent in 1962 about four times as much on research and development as Western Europe and probably about three or four times as much as the USSR. However, at the research exchange rate, the United States spent only about two and a half times as much as Western Europe and perhaps only about 20 per cent more than the USSR.

The scale of resources committed to space and military research was stressed by the report as one of most important factors in comparing U.S. and European research expenditure. Approximately, 60 per cent of the total U.S. expenditure was devoted to space and military research compared with about 33 per cent in Western Europe.

France's expenditure approached the proportion of United States' spending in this area. Expenditure in the United Kingdom amounted to about 40 per cent. Germany spent about 10 per cent, and the proportion was even lower in Belgium and the Netherlands.

Some "spin-off" effects from space and military research and development are expected to benefit normal civil research objectives, the reports said. However, considerable controversy exists over the extent of these indirect gains. "It is in fact probably much too early to make any satisfactory estimate as, at least in case of space research, the effects are likely to be long-term rather than short-term."

The report pointed out, however, that heavy expenditure was not alone a guarantee of success since efficiency of research and quality of research manpower could vary greatly. "Some American sources have suggested that the efficiency of basic research is higher in Europe but that development work is more efficient in the United States," the study said.

The greater size of large American firms, compared with their European competitors, gives the United States a signifi-

cant advantage particularly for large scale or expensive development work requiring highly specialized equipment. The report said, however, "that some economists and scientists believe that the large firm is an unfavorable environment for successful research and that the small firm has significant advantages, at least in the early stages of basic and applied research."

On the other hand, possible economies may be obtained in a large, single country, such as the United States or the USSR, which cannot be gained to the same extent in the separate states of Western Europe, the report pointed out. "There are no doubt a number of research functions normally performed more economically by a single European government agency than by independent states. Examples are meteorological research, building research, and research into testing of materials."

### Efforts May be Duplicated—Even in U.S.S.R.

The study suggested that the possible duplication of research efforts is even more likely between competitive business firms in the same industries than between European governmental agencies. A considerable amount of duplication has been evident in the Soviet Union, despite its centralized and state-run economy.

An article in *Pravda*, for example, said that the examination of research plans of over 2,000 organizations showed that 900 projects were duplicated and that 500 had previously been performed by other institutions. But, the report pointed out that Soviet economists recognize some advantages in "parallel" efforts in research and development.

Percentage of gross national product devoted to research and development and the number of R & D personnel per 1,000 workers were also considered as partial guides to a country's research expenditure (Table 1). Approximately a million persons were engaged in research and development

TABLE 1 — R & D EXPENDITURE 1962

	Total at official exchange rates (\$ millions)	Spending per head at official rates (\$)	Total as % of gross national product (at market price)	R & D personnel per 1,000 working population
United States	17 531	93.7	3.1	10.4
Soviet Union	na	na	na	7.3/10.4*
Belgium	133	14.8	1.0	3.5
France	1 108	23.6	1.5	3.8
Germany	1 105	20.1	1.3	3.9
Great Britain	1 775	33.5	2.2	6.1
Netherlands	239	20.3	1.8	4.5

\* "conservative estimate" and "project assumption" respectively. n.a.—not available

in the Soviet Union in 1962, excluding the Project-Design organizations; nearly one and a quarter million in the United States and about a million in Western Europe.

Definitions of "scientists and engineers" varied somewhat, but there were about 436,000 "full-time equivalent" scientists and engineers in the United States, about 415,000 in the USSR, and 148,000 in Western Europe.

Research activities were classified into four sectors: business, general government, higher education and private non-







## The Brain-Drain

profit (Table 2). These international definitions, agreed at a conference in Frascati, Italy, in 1963, are economic and legal, so that a business such as a railway or coal mine is classified under its form of ownership (private, public, or mixed).

**TABLE 2 — WHO PAYS AND WHO SPENDS**  
Percentage of total expenditure in 1962

	Sources of funds			Areas of expenditure		
	Business	Higher Education	Government*	Business	Higher Education	Government*
United States	35	2	63	71	10	19
Belgium	63	n	37	65	13	22
France	30	†	70	48	14	38
Germany	60	n	40	61	20	19
Great Britain	36	n	64	63	5	32
Netherlands	65	n	35	60	14	26

\* includes non-profit sector

n—negligible

† included in "government"

### U.S. Business Provides Most Financing

In these terms, the United States business sector accounted for nearly three-quarters of all research and development expenditure in that country, although many of these funds came from government grants. In Western Europe, the business financing and performance proportions were much smaller. Only in France and Britain did direct governmental activity reach significantly high proportions.

The private non-profit sector was not greatly significant in either of those countries, unlike Germany and the Netherlands where such institutions as the Max Planck Institutes are important. Such differences in national practices also affected the United States higher education sector, which includes the Federal Contract Centers financed by the government (Table 2).

The amount of government finance for research and development in the private sector varied appreciably, but was highest in the United States, Great Britain and France, where it reflected substantial expenditure on military purposes. Until recently, public expenditure in the business sector in Germany was small, but this situation has been changing rapidly since 1962, the report said.

### R & D Measured by Payments Flow

The results of industrial research and development in a particular country can be judged to some extent by the flow of payments outside the country for technological know-how and royalties (Table 3), the report said. "It would be rea-

**TABLE 3**  
**"TECHNOLOGICAL BALANCE OF PAYMENTS"**  
(\$ millions, at official exchange rates)

	Receipts	Payments	Balance	Ratio of payments to receipts
Transactions with all countries				
United States (1961)	577	63	+514	0.1
France (1962)	40	107	-67	2.7
Germany (1963)	50	135	-85	2.7
Transactions with U.S. only				
France (1962)	11	53	-42	4.8
Germany (1963)	10	52	-42	5.2
Great Britain (1961)	17	86	-69	5.1
Western European five (1961)	45	251	-206	5.6

sonable to expect that an under-developed country would have negligible receipts but significant outlays, depending upon the scale and speed of its development plans, and would thus have a substantial and long-term 'deficit' in its 'technological balance of payments' until it reaches industrial and scientific maturity.

"A developed country on the other hand would normally have substantial receipts as well as payments as a result of its own successful research and development work. A persistent 'favorable balance' would be an indication of reasonable success in developing new processes and products, arousing demand for licenses and know-how from abroad."

### U.S. Has Favorable Balance

The United States possesses a very large and growing "favorable balance," the report said, while the principal Western European countries have a large "unfavorable balance." Furthermore, the "unfavorable balance" of the Western European countries arises principally from their heavy and growing deficit with the United States; two-thirds of the total French deficit and half the total of the German deficit were due to this, the report pointed out.

Payments to the United States by the Western European countries of \$250 million exceeded receipts by \$206 million in 1961. This compares with a deficit of \$111 million in 1957. The ratio of payments to receipts for Western Europe as a whole in its transactions with the United States was 5.6.

The "technological balance of payments" figures also give some indication of those industries in which the United States lead is most marked, the report pointed out. For example, the United States' overall ratio of receipts to payments with Germany was highest in electrical machinery and electronics (receipts 30 times as big as payments), in other machinery (22 times), motor vehicles (11 times), and other transport equipment (6 times). In chemicals and petroleum

**TABLE 4 — "THE BRAIN DRAIN"***Migration of scientists and engineers to the United States in 1956-61*

Country of last permanent residence	Migrants as ratio of 1959 output of science and engineering graduates		
	Scientists	Engineers	Both groups
Canada	12.5	48.0	32.3
Switzerland	10.6	22.4	17.0
Norway	3.4	23.8	16.2
Netherlands	7.9	21.8	15.1
Greece	3.6	20.7	10.2
Sweden	1.3	16.3	8.8
Germany	6.0	9.8	8.2
Great Britain	2.6	17.2	7.4
Italy	0.9	1.7	1.3
France	0.5	1.2	0.9

products, the ratio was only 3 compared with an average of 6 for all industries.

### Patents Furnish Rough Guide

Patent statistics (Table 5) provide additional, but less conclusive, information on the results of research and development efforts, the report said. However, only the proportion of patents within a particular country taken out by nationals of that country and by foreigners, compared to total patents registered, serves as any indication of research "output." Small or less-developed countries tend to have a large proportion of their patents registered by foreigners, for example, 90 per cent in India and 93 per cent in the United Arab Republic.

**TABLE 5 — PATENTS 1957-61**

	Total patents taken out	% taken out by foreign applicants	% taken out by U.S. applicants	% of patents taken out in U.S.
Belgium	57 904	85.1	17.2	0.2
France	157 700	59.4	17.1	1.7
Germany	103 076	32.4	11.5	4.2
Great Britain*	218 995	47.0	18.4	3.6
Netherlands	16 352	74.5	17.7	0.8

\* applications, not issues

Between 1957 and 1963, the United States' share of patents registered in the Western European countries was 17 per cent compared with 10 per cent of United States patents taken out by nationals of these five countries. In addition, during the 1950's the American share of European patents was increasing faster than the European share in United States patents.

In 1961, French patents in the United States amounted to two per cent of the number of domestic patents, while American patents in France were equivalent to 45 per cent of the number of domestic patents. The comparable figures for Germany were 5 and 21 per cent, and for the United Kingdom, 4 per cent and 21 per cent (of applications).

Statistics on the Soviet Union's "technological balance of payments" with foreign countries do not exist. However, the report considers that the Soviet Union is probably in a similar position in relation to Eastern European countries as a source of technical knowledge as the United States is in relation to Western Europe.

The USSR has recently purchased technical data in Western Europe on a fairly considerable scale, particularly in the chemical industry, and has established a licensing authority to sell its technical knowledge abroad. No estimates are available of the total value of these operations.

### U.S. Attracts Brainpower

The greater concentration of resources on research and development in the United States has resulted in the attraction of foreign scientists and engineers to research projects in that country. As Table 4 shows, the greatest migration of technologists to the United States in recent years has been from (excepting Canada) the smaller European countries and has been more marked among engineers than scientists. Emigration from France and Italy has been slight.

It is evident, the report said, that some countries face a serious and continuing net loss of scientific manpower. "Furthermore, there is evidence that the drain is more serious in terms of quality than in terms of quantity. Probably only about 5 per cent of the total stock of American scientists and engineers were trained abroad, but 21 per cent of the 631 members of the United States National Academy of Sciences were born abroad and 18 per cent were trained abroad."

The total emigration to the United States from four out of five countries in Western Europe considered by the report amounted to 6,500 scientists and engineers from 1956 to 1961, probably equivalent to about 6 per cent of Western European new graduates in science and engineering during those years. The latest available figures for 1963 suggest a renewed increase in such immigration to the United States after a falling off in 1961-62, the report said. The largest increase was in immigrants from Asia, which rose from 520 in 1962 to 1,262 in 1963. Immigrants from all Europe increased from 1,684 in 1962 to 2,232 in 1963.

It is quite natural, the report said, that the most capable young research workers should gravitate toward those research centers which offer them the greatest opportunities for their work, both in terms of material rewards and scientific excitement. The report also pointed out that this international working experience would benefit in general their fields of technology.

### Brain Drain Increases Regional Imbalance

However, this migration also tends to accentuate regional concentrations of research activity. These favored areas exist in all large European countries as well as in the United States, despite strong counteracting policy measures adopted by the central and local governments. Over 70 per cent of all personnel working on research and development in France are concentrated in the Paris region. Over 70 per cent of Soviet scientists and engineers are in the Leningrad and Moscow regions. Over 30 per cent of United States research and development scientists are found in California, while their British counterparts are grouped in London and southeastern England.

On an international level, this concentration benefits the United States and the Soviet Union, where, the report estimates, probably over two-thirds of all the research and development scientists and engineers in the world are now working. But, the report pointed out that "the differences between the United States (or USSR) and Western Europe pale into insignificance by comparison with the gap between all these countries and the less-developed countries of Asia, Africa and Latin America."

"These three areas probably account for over 80 per cent of the world's research and development manpower, but they contain less than 20 per cent of the world's population. On the other hand, areas containing more than half the human

race probably account for only five per cent of scientific and engineering manpower."

The report pointed out that the decision to remove the disparity between technological manpower in Western Europe and in the United States (and the USSR) should depend on each country's science policy.

In addition, the report said that the goal of closing the gap with the United States in real per capita outlays in some or all Western European countries might be realizable,

although a difficult and long-term objective in the case of civil research.

But, it warned that the "gap" of four to one or more in the space and military fields would be more difficult to close because of Europe's distance behind the United States and the USSR in provision for higher education. "Even if the present ambitious plans for expansion are realized the available resources in the 1970's are still likely to be smaller than those of the United States or USSR."

## SCIENCE EXPERTS CITE EUROPE'S RESEARCH LAG

(The following interviews with Carlo Arnaudi, former Italian Secretary of State for Scientific Research and Technology, and Alain Peyrefitte, French Minister for Scientific Research and Atomic and Space Questions, were conducted by Andre Lilti, economic journalist for "Entreprise," a French weekly magazine.)

### Former Italian Secretary of State Carlo Arnaudi

**Q.** *Is Europe really lagging far behind the United States in research?*

**A.** It depends on the field. In space, our lag is obvious, American achievements, like the Russian, have been spectacular. European knowledge in the nuclear field is not much less than that of either the Americans or Russians. We are also nearly at the same level as the Americans in chemistry.

As a general rule, the two "giants" are ahead of Europe wherever advances in scientific knowledge and achievement are linked to the use of very costly but nearly outmoded equipment. However, backwardness on our part is not evident in the basic sciences and fundamental research.

**Q.** *Some commentators assert that average-size countries like Italy or Britain do not possess sufficient financial or human resources to undertake everything desirable in research. What do you think should be done?*

**A.** We could either give up all research, and accept the status of an American colony, or we could organize European cooperation. I am very optimistic about the latter: if Europeans learn to work together—and there is no reason why they should not—we shall not be lacking in men of talent, if not of genius.

*Western European scientists, such as these at Grenoble, France, are being attracted in increasing numbers to research centers in the United States.*

**Q.** *How could such cooperation be organized?*

**A.** Several formulae are available. Work can be done jointly (as at CERN, the European Nuclear Research Center at Geneva) or the different countries could share major scientific specialties. One can also envisage committees of scientists preparing very detailed research projects which would then be carried out in different European countries.

**Q.** *To which fields would you give priority for a joint European scientific program?*

**A.** I have recently submitted proposals to the other ministers for science in Europe and North America for a joint research program in food technology. Public health is seriously threatened by the effects of insecticides and fertilizers on food.

**Q.** *Are you optimistic about prospects for Europe cooperation?*

**A.** Very optimistic. For one simple reason: I do not believe that the nations of Europe want to commit suicide; they would much prefer to cooperate with each other.

### French Minister Alain Peyrefitte

**Q.** *Can you provide a few figures on the relative research potential of the countries of Europe and the United States?*

**A.** Every time Americans spend \$1,000 on research, the British spend \$100, the French \$75, and the Germans \$50. There are 435,000 research workers in the United States, 418,000 in the Soviet Union, and only 28,000 in France.

**Q.** *Is it possible to bridge the gap between the United States and Europe?*

**A.** The laws of the market are as pitiless for nations as for men: the rich become richer and the poor poorer. We must therefore intervene in this market. The countries of Europe must become aware that brainpower is the key to the wealth of nations. We need a sort of common market in intelligence.

**Q.** *Can the countries of Europe increase the resources which they devote to research?*

**A.** The amounts they spend are increasing by 15 per cent a year, which means the sum doubles every five years. But the individual countries cannot do everything alone. International cooperation is vital. A research project cannot be performed by one country. It must be done by several.

**Q.** *Does the presence of American companies in Europe help to narrow the technological gap between the two sides of the Atlantic?*

**A.** Yes, but only if American capital in Europe is invested in research facilities and not only in production units.



# PARLIAMENT STUDIES EEC TRADE RELATIONS WITH AFRICA

THE YAOUNDE ASSOCIATION has increased trade between the Community and the 18 African states, including Madagascar, but additional measures are needed to improve the associates' export positions, according to a European Parliament report.

The report, prepared by Georges Spenale, French Socialist member of the parliamentary committee for cooperation with developing countries, was presented at the end of November. The parliamentary study arose from recent criticism that the association of 17 African states and Madagascar with the Community has not increased the associated states' trade with the Six to the degree expected.

The associated countries, in particular, have charged that the EEC customs privileges provided by the Yaoundé Convention have not proved a sufficient stimulus to African commodity exports. The report pointed out that the Yaoundé Convention was concluded "with a view to promoting an increase of trade between the associated states and Community countries, and to strengthening their economic relations and the economic independence of the associated states. . ."

Trade relations between the Community and the 18 associates are beset by two problems, the report said. They are: how to increase the volume of the associates' exports and how to ensure reasonable prices for those exports.

## Exports Decline Solely in Congo

The 1960-63 trade statistics for the 18 together show a slight fall in exports to the Community member states (see tables). But, the committee said, examination of the statistics revealed that the decline in exports to the Six from the Congo (Leopoldville) was entirely responsible for this apparent trend. The Congo's exports declined from \$280 million in 1960 to \$121 million in 1963, while the trade of the other 17 associates increased substantially.

Trade figures published by the European Communities Statistical Office demonstrate that exports from the other 17 associates to the Six rose from \$444 million in 1960 to \$587 million in 1963, representing a 30 per cent increase.

However, the committee noted the following possible considerations for future trade:

- Customs concession, previously granted by France to ex-colonies, have not appreciably changed the distribution of the 18 associates' exports.
- Alignment by low-tariff countries such as Germany on the Community's common external tariff has often given the associated states an advantage over non-associated countries in these markets.
- Associates may receive considerable benefits from the application of the Community's common oils and fats policy, which will apply to such exports as groundnut oil and palm oil.

Increased trade does not depend solely on tariff concessions, the report pointed out. Exports of tropical products subject to fluctuating demand and value on world markets must be aided in other ways. "Preferences help a product get into a market, but cannot, on their own, encourage a subsequent increase in sales," the report said.

## Six Urged to Reduce Taxes

The Committee advocated government support of "a realistic policy to conquer markets." This policy, the report pointed

out, is often encouraged more by governments than is popularly thought. However, the substantial reduction by some Community countries of internal taxes on tropical products is essential for increasing trade. "In the case of coffee, excessive taxes are being fought not only by developing countries, but also by certain trade organizations within the Community. Greater efforts are needed in this direction."

The Committee also stressed the need for publicity campaigns in the industrialized states to promote the associates' products and suggested that the associated countries improve conditions for the production, processing, and marketing of exports. The committee recommended that the associates exhibit their major exports at every important international trade fair. These exhibits should be staffed by persons not only knowledgeable about the products but also able to order them.

## International Agreements Considered Essential

Prices remain a problem, particularly for agricultural commodities, the report said. International commodity agreements have proved difficult but essential, as in the case of coffee and cocoa. In addition, the committee considered limitation of production as necessary for the diversification of African economies.

The report urged that western states help developing countries open up the new markets of Eastern Europe which it referred to as "an economic iceberg just beginning to show signs of thawing. As this slow thaw begins, western countries must be the advocates, and if need be, the agents for tropical products. In any case where foreign exchange is granted to the East for purchases in the West every effort must be made to include the re-exportation from the Community of a certain proportion of tropical products."

## GATT Measures Praised

The committee also emphasized the new chapter to the General Agreement on Tariffs and Trade (GATT) as an important step in organizing world trade in tropical products. The chapter specifies that industrialized states should not expect reciprocity in trade matters from developing states and should do all in their power to lower their internal taxes on tropical products.

The report said that diversification provided one answer to the problems of developing countries, but was no panacea. "The real diversification of the African economy depends fundamentally on industrialization."

Not only does industrialization allow value to be added to raw materials through processing into semi-finished or finished, the report said, "it also adds real value to the commodity itself. For the prices of finished products, unlike prices of raw materials, do not deteriorate."

The committee examined the present state of industrialization in the associated countries and its possible promotion. Large differences exist between the associates. Only five of the associated states (Congo, Ivory Coast, Senegal, Cameroon and Madagascar) have a gross national product over \$500 million, while industrial production is concentrated almost entirely in these countries and Gabon. Mining and semi-processing account for the major part of the industrial activity.

Industrialization is limited in the developing countries by the following major obstacles:

- Absence of large markets.
- Lack of human skills.
- High cost of investment.
- Political and economic stability.

### Security Needed for Capital

The last obstacle can only be overcome by the governments of the associated countries, the report pointed out. However, more could be done to encourage investment-guarantee codes for foreign capital.

The Committee suggested that the Community prepare two or three models of investment codes for discussion and possible adoption by groups of associates. The report pointed out that existing guarantee plans "have not been effective in the associated states."

It advocated a plan capable of drawing and directing investment to those states. This plan, it said "would have to apply only to industrialization programs worked out between the Community and the interested associate, or better still, between the groups of associates in a regional common market or customs union."

#### THE 18 ASSOCIATES' EXPORTS

(\$ millions)

	To all countries			To the Community		
	1960	1963	1964	1960	1963	1964
Mauretania	(4)	15.2	45.8	(4)	12.1	30.0
Mali	(4)	10.6	0.6(5)	(4)	2.2	0.6(5)
Upper Volta	4.3	8.1	(6)	0.2	1.4	(6)
Niger	12.6	21.6	21.3	8.9	14.6	13.8
Senegal	112.9(4)	110.5	122.5	94.5(4)	98.1	102.4
Ivory Coast	151.2	230.3	302.1	102.3	161.9	208.4
Congo	14.5	18.3	3.2	11.5	13.6	21.6
Ghana	16.5	12.8	13.2	14.0	10.9	11.6
Cameroon (2)	97.0	118.3	121.7	81.8	98.9	101.4
Madagascar	13.3	33.7	26.5	9.5	15.3	17.4
Central African Republic (3)	13.9	22.0	28.9	10.7	11.8	16.5
Libya	47.9	73.3	90.1	36.8	49.5	59.7
Congo (Brazza)	17.9	41.6	47.4	14.1	31.1	29.3
Congo (Leo)	469.3	377.5	240.2(5)	280.2	120.9	90.6(5)
Sierra Leone	23.0	31.8	26.2(5)	13.0	15.9	(6)
Madagascar	74.9	82.1	91.8	46.2	50.0	55.5
Total	1069.3	(1196.8)	(6)	723.8	708.3	(6)

#### THE 18 ASSOCIATES' IMPORTS

(\$ millions)

	From all countries			From the Community		
	1960	1963	1964	1960	1963	1964
Mauretania	(4)	30.0	15.7	(4)	22.5	10.5
Mali	(4)	34.3	27.4(5)	(4)	13.7	10.4(5)
Upper Volta	8.2	37.1	(6)	6.0	20.3	(6)
Niger	13.0	22.7	25.0(5)	6.9	12.9	17.1(5)
Senegal	172.1(4)	156.1	171.7	132.8(4)	116.0	120.4
Ivory Coast	120.0	169.8	245.1	95.0	129.1	178.8
Congo	26.1	29.0	41.7	16.9	14.1	20.8
Ghana	26.9	33.4	31.4	19.9	23.5	21.1
Cameroon (2)	84.5	108.3	115.8	56.6	74.1	85.0
Madagascar	25.3	29.1	34.6	16.3	18.4	21.6
Central African Republic (3)	20.1	26.4	29.9	14.5	20.0	22.3
Libya	31.7	48.1	55.7	21.8	34.5	39.8
Congo (Brazza)	70.1	61.9	64.8	52.4	46.2	48.8
Congo (Leo)	178.9	316.1	182.2(5)	88.4	132.3	94.8(5)
Sierra Leone	30.2	(6)	41.0(5)	10.2	(6)	(6)
Madagascar	112.0	127.5	135.5	86.4	104.2	110.4
Total	919.1	(1270.0)	(6)	624.1	(795.0)	(6)

1) No figures available for Rwanda and Burundi

2) Eastern Cameroon Only

3) Central African Republic

4) In 1960, Mali and Mauretania included in Senegal

5) First nine months 1964 only

6) Not available

If such investments were seized by national governments, the report said, "all aid to the state or union concerned would be suspended until the finance involved had been recovered."

The committee made additional suggestions for aiding industrialization in the developing countries: reducing the cost of loans to the developing countries, increasing facilities for training technicians, and studying the possibilities of regional industrialization.

### High Authority Launches Retraining Program

The ECSC High Authority will provide \$3.3 million toward the cost of retraining and re-employing 13,000 workers affected by the closure of uneconomical mines and steel works.

The new retraining program represents a substantial addition to the amount previously spent on the readaptation of Community workers affected by industrial change. From 1961-65, the High Authority helped 103,441 redundant workers in the coal and steel industries find new jobs at the cost of \$26.2 million.

The High Authority contribution will be matched by the member governments in countries where the closures occur. The workers will also receive social security payments.

Most of the workers under the current program are coal-miners. The other laborers were employed in a Dutch coking plant, two Italian steelworks and two German iron-ore mines.

A total of 2,810 German miners will be unemployed when the Kaiserstuhl pit at Essen-Altenessen closes as scheduled by August 31, 1968, leaving 22.5 million metric tons of coal reserves unmined. An additional 4,000 miners will be jobless following the complete or partial closure of three other pits in the Essen area.

Nearly \$1.25 million of the total High Authority aid will go to 4,361 Belgian miners affected by the closure of three pits, two in the Borinage area of southern Belgium and the third near Liège. A total of 1,500 workers will be unemployed by the closing of the Maurtis coking-plant in the Limburg area of southern Netherlands.

The High Authority will contribute an average of \$926 per worker affected by the closure of steelworks in Milan and Modena, Italy. A total of 844 men from these plants will be jobless as the result of competition from more modern and economical steelworks.

### Additional Community Coal Mines Shut Down

Twenty-two Community coal mines closed last year leaving 240 pits producing coal in the member states compared to 416 in 1957.

The closures are part of a Community program to eliminate uneconomical mines to enable coal to compete more effectively with other sources of energy. In Germany, 107 mines are being worked this year compared to 172 in 1957. Ninety of the German mines are located in the Ruhr area.

Fifty-three mines are operating in Belgium, following the closure of six mines in 1965, compared to 120 pits producing coal in 1957. Forty-seven of the remaining Belgian mines are in the south and six (including Zwartberg) in the Campine.

Seven mines closed in France last year, bringing the current total to 68, of which 38 are in the Nord-Pas-de-Calais area, 23 in the Centre-Sud and 7 in Lorraine. Eleven coal mines exist in the Netherlands following the current merger of two Dutch pits, and production is still being streamlined at Italy's one significant coal field at Sulcis, in Sardinia.

# ECSC SYSTEM RECOMMENDED FOR OVERALL ENERGY POLICY

THE CONSULTATIVE COMMITTEE of the European Coal and Steel Community called in January for the extension of the ECSC system for coal to all forms of energy in a merged Community.

The proposal to apply ECSC practices to oil, natural gas, and nuclear energy was contained in a report adopted unanimously by the Committee in Luxembourg. The Committee is composed of representatives of Community producers, workers, and consumers.

## Communities Share Duties

Responsibility for energy policy is currently divided between the three European Communities. The ECSC is concerned with coal, Euratom with nuclear energy, and the EEC with oil and natural gas. The report, *Rapport du Comité Consultatif sur la fusion des Communautés Européennes*, suggested that energy be treated as a single sector such as agriculture or transport and its provisions listed in a special chapter in a treaty merging the Communities.

The Committees urged that the following ECSC measures be applied to energy policy:

- General objectives for coal and steel.
- Anti-trust provisions of the Paris Treaty.
- Publication of prices.
- Executive emergency powers.

## Where To Study In Europe—I

### European Studies Degree Offered in Brussels

The Institute of European Studies, established in January 1964 by the Free University of Brussels, offers a two-year postgraduate course in European Affairs.

The course, leading to the degree of "*Licence spéciale en études européennes*," is divided into three sections—economic, legal and political. Each section covers about 20 subjects. The teaching program includes both regular classes and seminars. In addition, a series of conferences is given by eminent European experts.

The Institute is also equipped with a documentation center and a library. Research work is conducted under the guidance of a research director in each of the three sections.

In each section, study groups meet periodically to discuss and appraise particular subjects such as "Treaty-Making Power of the European Communities, Legal Aspects of Economic Relations between Europe and America, Economic Policy and European Integration, and Energy Policy and European Integration."

A new program has recently been created within the Institute for the study of the law of the Council of Europe.

Additional information concerning the activities of the Institute can be obtained from: Institute of European Studies, 39 avenue F.D. Roosevelt, Brussels 5, Belgium.

The basic methods for applying energy policy should be those of the Paris Treaty, the report said. It urged that medium-term and long-term production guidelines, based on the general objectives for coal and steel, be prepared for all forms of energy as part of the Community's general economic policy.

The Committee suggested that the future single Community executive retain the ECSC High Authority's powers to influence investment. Under present rules, coal and steel firms must declare all major investment plans to the High Authority for its advice. The ECSC executive branch also aids key projects by raising funds for reinvestment.

The report urged that the rules of competition, applied to coal under the ECSC Treaty, be extended to the producers of other forms of energy, who would thus be required to publish prices and end all discrimination. Energy sources would consequently be submitted to the more rigorous ECSC control over cartels and company mergers.

The High Authority's powers to intervene in emergencies such as a serious drop in demand or an acute shortage of supplies should also be maintained, the Committee said. These powers to fix prices, production, or sales quotas, have only been used once—to regulate coal prices. The report pointed out that the conditions governing the use of these powers should be made more flexible to facilitate their application.

The Committee also proposed that the High Authority's emergency powers be adapted for use to mitigate the effects of imports should world competition threaten the internal market. In addition, the report suggested that the current ban on Community firms aligning internal prices on Communist-bloc iron and steel quotations be more widely applied.

## Similar System Urged for Steel

The Committee proposed that a similar system for steel be retained in the single Community by attaching a protocol to the merger treaty. The protocol would contain the following provisions:

- General reference objectives for production.
- Investment advice and aid.
- More flexible emergency powers.
- A system of published prices, for warehouses as well as producers, which could be reduced to meet specific competitive offers.
- ECSC Treaty anti-trust provisions which would be modified to facilitate company mergers.

Full employment should be a basic objective of a merger treaty, the report said, and continuity of employment should remain one of the major aims of economic policy in the steel and energy sectors. It urged that the scope of ECSC workers' retraining and reemployment and industrial redevelopment policies be widened in order to meet future structural changes in employment.

The Committee also asked that the future single executive retain the other ECSC social measures such as workers housing programs, research or industrial health and medicine and the joint employers-workers committees for the coal and steel industries.

## EEC and Austria Discuss Institutional Links

Institutional questions arising from possible Austrian association with the EEC were discussed from January 31 to February 3 in Brussels.

The occasion of the discussion was the sixth round of negotiations between the EEC Commission and Austrian representatives. The Austrian delegation proposed that its country and the Common Market be linked by a joint council and several specialized committees.

The Council would make decisions by unanimous vote on matters prepared by a liaison secretariat. The Austrian government also proposed that decisions concerning the seven member countries be applied through national law.

The two delegations continued to discuss the general aspects of harmonizing Austrian economic policy with that of the EEC.

## Euratom Contracts With U.S. Firm

The European Atomic Energy Community signed on December 13 in Detroit a contract with Atomic Power Development Associates (APDA) for the irradiation of approximately 80 Community fuel elements in the Enrico Fermi Fast Breeder Reactor (EFFBR).

The contract was signed by the Euratom Commission on behalf of the Community and three of its associates in fast reactor research (the CEA of France, the GFK of Germany, and the CNEN of Italy). Euratom and the three associates will pay about \$3 million for the fuel element irradiation.

EFFBR, a 200 MW (thermal) sodium-cooled fast breeder, was designed by APDA and is owned and operated near Detroit by the Power Reactor Development Company (PRDC). It is the largest fast breeder reactor in existence and is considered a most suitable instrument for the fuel element irradiation, which represents an important step in the development of such reactors. Technical characteristics of the EFFBR permit irradiations of longer test elements at a higher power level than is possible in other fast breeders.

The irradiation work will begin late in 1966 after the U.S. Atomic Energy Commission has issued the appropriate licenses.

## Lower Frozen Beef and Veal Duties Proposed

The EEC Commission submitted to the Council of Ministers on December 14 in Brussels a draft regulation which would temporarily reduce the duty on frozen beef and veal imports.

The Commission proposed a 10 per cent reduction in duty from January 1 to May 31, 1966 for frozen beef and veal imported from non-member countries. From June 1 to July 31, 1966, the duty would remain at the reduced level for frozen beef and veal intended for processing under customs control.

Levies would not be imposed on those imports from non-member countries during the two periods. Intra-Community trade in frozen beef and veal would be free of duties and levies.

## Sand Producers and Dealers Disband Cartel

A group of German, Belgian and Dutch sand producers and dealers have dissolved their sales cartel in compliance with a warning by the EEC Commission.

The Commission notified the group in November that their cartel, which fixed quotas and prices on the Netherlands market for the sale of natural sand, excluded compatible with Common Market regulations. The agreement also provided that the sales agents could only obtain the material, if available, from producers who were parties to the agreement.

## EIB Loans \$1.7 Million to Turkey

The European Investment Bank will loan nearly \$1.7 million to Turkey for two industrial projects.

A total of \$1.5 million will be contributed toward the \$3.95 million cost of a wire-drawing mill with a 5,000 metric ton annual output capacity at Izmit. The Bank will also furnish \$190,000 to help modernize a textile factory producing carded cotton cloth at Izmir. The loan represents 38 per cent of the total cost.

The loans, bearing an annual 4.5 per cent interest rate, will be repayable over 30 years with a seven-year grace period.

## Recent Books on Community Topics

EUROPEAN COMMUNITY will periodically list books dealing with Community and Atlantic topics. This presentation does not indicate approval or recommendation of the publications.

College of Europe, *Community Law and National Law*, de Tempel, Bruges, 1965, pp. 412.

This book is the fourteenth in the new series of "Cahiers de Bruges" put out by the College of Europe. It is the compilation of reports and discussions at a conference "Semaine de Bruges" held on April 8-10, 1965. The conference, which was attended by over 200 lawyers, judges, and professors, consisted of four parts: Constitutional Aspects, The Role of National Jurisdictions, The Convention of Human Rights, and the Extra-Territorial Effect of Anti-Trust Legislation. Reports in either English or French were given by such distinguished European jurists as Maurice Lagrange, Nicola Catalano, Fritz Munch, and Norman Marsh.

Institut d'Etudes Juridiques Européennes (Liège), *La Fusion des Communautés Européennes*, Martinus Nijhoff, The Hague, 1965, pp. 295.

This book presents the reports and discussions which took place at a colloquium on the fusion of the European Communities, held by the University of Liège, Belgium, on April 28-30. In addition to three speeches made by the presidents of the Euratom and EEC Commission and the ECSC High Authority, the compilation contains reports on the fusion of the institutions and powers, markets, and laws. These reports were presented by professors and lawyers from the member countries. Approximately 90 persons participated in the conference, including officials from the European Communities.

## PUBLICATIONS AVAILABLE

THE ECONOMIC SITUATION IN THE COMMUNITY, 1965, No. 4, EEC Commission, Brussels, December 1965, 167 pages ..... \$2.00

This quarterly survey reviews the economic situation in 1965 and offers perspectives for 1966.

OPTIONS DE LA POLITIQUE TARIFAIRE DANS LES TRANSPORTS, *Série Transports No. 1*, EEC Commission, Brussels, 1965, 205 pages ..... \$4.00

This report discusses possible criteria for fixing transport rates and the way in which costs should be calculated and apportioned. *An English text will be available in the future.*

STATISTICAL INFORMATION, 1965, No. 4, 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:

- WORLD INDUSTRIAL PRODUCTION: 1950-1964 (German)
- CREATION OF TRADE ATTRIBUTABLE TO THE COMMON MARKET AND ITS IMPACT ON THE VOLUME OF THE NATIONAL PRODUCT OF THE MEMBER COUNTRIES (French)
- THE EXTERNAL ACCOUNT IN THE STATISTICAL OFFICE OF THE EUROPEAN COMMUNITIES NATIONAL ACCOUNT SYSTEM (French)
- THE PLACE OF DUTCH NATURAL GAS IN THE COMMUNITY'S ENERGY SUPPLY (French)
- VALUE AND PRICE CALCULATION IN USSR NATIONAL PRODUCT STATISTICS (German)

EXPOSÉ SUR L'ÉVOLUTION DE LA SITUATION SOCIALE DANS LA COMMUNAUTÉ EN 1964, EEC Commission, Brussels, August 1965, 310 pages ..... \$1.50

The EEC's annual report on social developments.

L'ORGANISATION DU MARCHÉ DU LAIT DE CONSOMMATION DANS LES ÉTATS MEMBRES DE LA CEE, *Série Agriculture No. 20*, EEC Commission, Brussels, 1965, 50 pages ..... \$1.20

A description of the marketing of milk from the producer to the consumer in each EEC member state. Information on packaging, prices, and advertising is included.

AGRICULTURE IN THE COMMON MARKET, *Community Topic No. 21*, European Community Information Service, Brussels, November 1965, 19 pages .... free

This new brochure describes the Community's Common Agricultural Policy and summarizes the market organization for major farm products.

COMMISSION'S FIRST MEMORANDUM TO THE COUNCIL ON THE COMMUNITY'S POLICY FOR PETROLEUM AND NATURAL GAS, EEC Commission, Brussels, February 1966, 3 pages ..... free

A summary of the Commission's report on its studies in pursuance of the April 1964 Energy Protocol.

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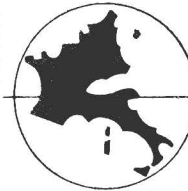
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