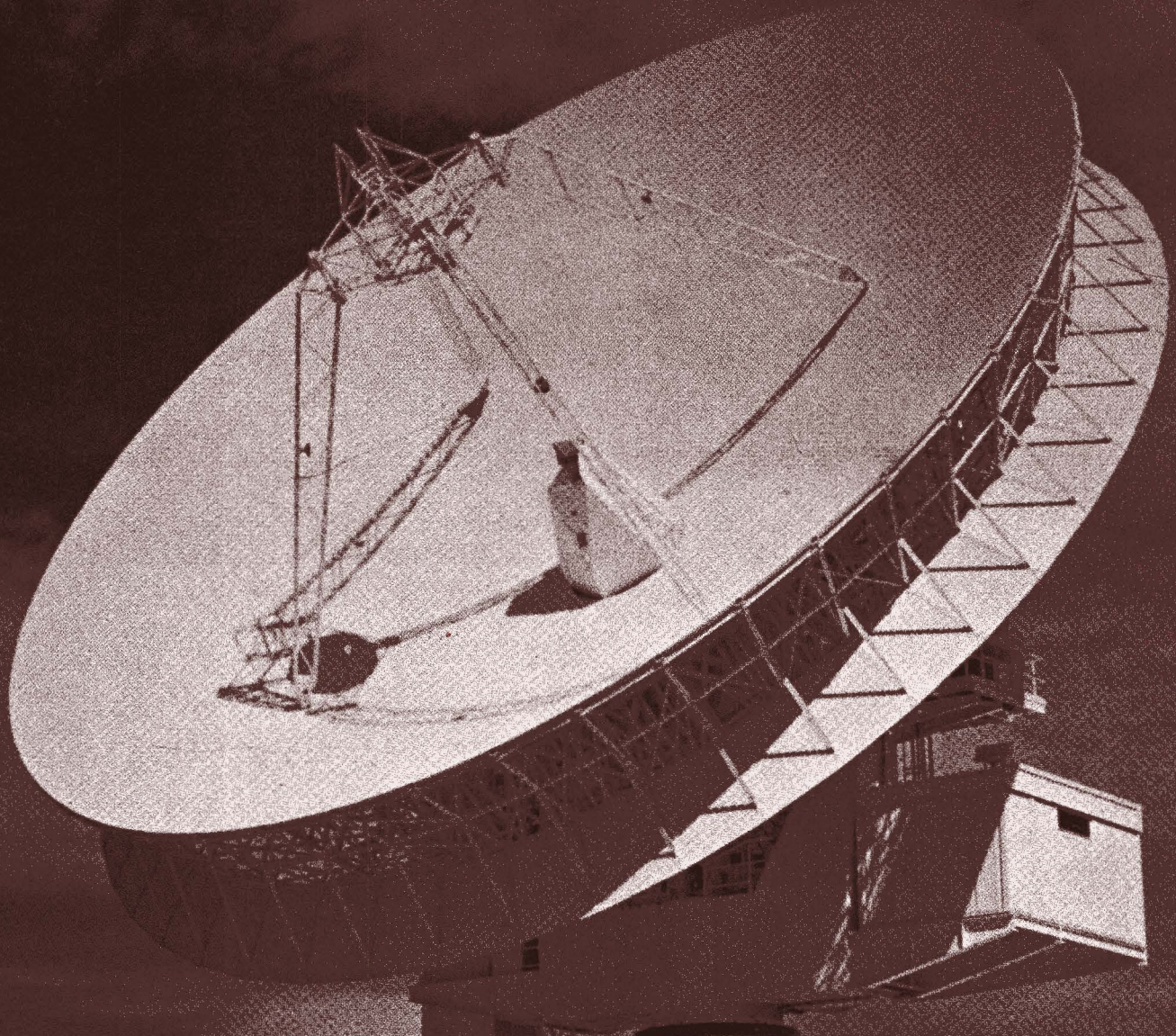


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TELESPAZIO



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COVER: Intelsat tracking station, Fucino, Italy.
PHOTO: Courtesy of the Communications Satellite Corporation, Washington, D.C.

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Letter to Young Europeans

by FERDINANDO RICCARDI

Can "Europe" still be an exciting ideal for the young? A year has passed since the Paris demonstrations of May 1968, and it's time to ask whether the construction of a united Europe seems, to a 20-year-old, worth fighting for.

Last fall, the President of the European Communities Commission, Jean Rey, commented rather regretfully that the European idea did not seem to be among the motives activating students. Commission Vice President Sicco L. Mansholt explained: "For ten years, European integration has been presented to the public in the form of tariff negotiations and market organizations, so that, naturally, it is identified solely with economic problems." Thus, when young Europeans began to protest against an economic and social system that seemed too materialistic and alien to them, they could hardly be blamed for failing to recognize the European Communities as the possible embodiment of a youthful ideal of European unity. Indeed, the Community had projected an altogether too pragmatic image of itself in recent years, issuing economic communiqués, statistical bulletins, graphs, and charts rather than information on progress toward the political goals of the Rome Treaty.

But then it was admittedly difficult to define political goals at a time when differences flared between the six member states on some essential aspects of the construction of a united Europe.

Everything blended into an image of a Common Market that offered little inspiration, or at least an image that could not satisfy youthful thirst for an ideal. Europe turned a plain, commercial face too often to the public and looked more than anything else like a new means of developing production and consumption. Is it necessary to say that such a utilitarian concept of European integration is a caricature of the objectives and intentions of the Rome Treaty's creators?

At the end of the war, rebuilding Europe, uniting in a single whole peoples and countries that had just torn each other apart, and rendering another such tragedy forever impossible represented an ideal large enough to fill the life of any twenty-year-old with excitement. To those who now accuse this Community of meanness and egotism, and who, out of generosity and need for action, seek reasons for fighting — saving the

third world or ending the war in Biafra — it could be explained that in 1946 the misery that had to be alleviated, the animosities that had to be forgotten, the schools that had to be rebuilt, and the children with staring, imploring eyes and deformed stomachs were here, in Europe. Young people who tore down frontier barriers and took up the cause of a united Europe were certainly not thinking of the number of refrigerators or cars that would be traded because of the Common Market.

What good did it do? Paradoxically, the success of the venture made the ideals and the goals of that period incomprehensible to new generations. Today prosperous European countries stand on their own feet; they appear sufficiently united to make an armed conflict between them inconceivable. The young take it for granted; it seems perfectly natural to them. They just cannot comprehend that twenty years ago people fought for exactly that cause, to achieve such a Europe.

We need new objectives today beyond growth rates. We cannot rightly hold the young responsible for the image we ourselves have too long given to the Community idea: a haggling Europe that "speechifies" instead of talking to the public:

O pool charbon-acier Benelux Euratom
nous peuplons le vacarme avec des mots fantômes...¹

So sang Aragon fifteen years before the demonstrators of May.

Is the Protest Against "Consumption" a Mistaken Quarry?

Understanding the young and their dissatisfaction does not mean giving in. Resignation on the part of adults would be as catastrophic today as self-interest and ignorance of the attitudes of the new generation were yesterday. The young were mobilized more by an indefinable feeling and a confused need for ideals than by a theory or a doctrine. At the risk of incurring disapproval from a number of young people, let's recall what Witold Gombrowicz² said about the young people of May: "At that age, it's hard not to consider yourself an instrument of history, when your picture appears on the first page of every magazine. The young thought so. They felt powerful. And the shaken adults lost their cool. What cowards! What a mess! Instead of taking these revolts for what they are — an outlet, an explosion of excess energy, we read deliberate goals into them."

Mr. Riccardi is a reporter for Agence Europe, the daily news report on European events published in Brussels.

Anyone who read what the “challengers” wrote at that time noticed in the best and most sincere of them as much pure idealism as ideological poverty. Even the most sympathetic observers of the May explosion, like Fonvieille-Alquier,³ admit that “this revolt suffered from having nothing to guide it – but a babbling, and occasionally delirious, political thought.” They were fighting for something, often generously and in good faith: but for what? “Their ‘Summer University’ was dreadful,” said Fonvieille-Alquier. Well there is nothing surprising about that. Only out of flattery or intellectual sloth can young people be credited with bringing about revolutions in the world of ideas. Whether in politics or in philosophy, in art or in science, revolutionary doctrines are mature works. From Beethoven to Freud, from Marx to Picasso, from Wagner to Marcuse, not a single creator failed to let his revolution ripen for a long time, after a period of uncertainty, timidity, and imitation – namely youthfulness. This is natural because a life is just barely long enough to complete a theory or a new doctrine.

Youth has working for it its capacity for enthusiasm and faith in the possibility of changing the world. But this élan can be spent for the worst as well as the best, and young people get excited easily about stylish ideals of any kind.

There is a good chance that, for the good of future generations, for world peace, for the betterment of Europe, the ideas of Jean Monnet, or Walter Hallstein, or Sicco Mansholt may well be more valid and more effective than those of the Summer University. Wholesale condemnation of the Common Market for its role in raising the member countries’ living standards is at least ill-considered.

Have young people perhaps mistaken their quarry by protesting against “consumption,” instead of against a certain kind of “competition”? The ability to consume is freedom from want, an old dream of every society, the aspiration of societies and nations that have not yet managed to reach this stage. The more likely kill-joy and drag on potential seems to be the unrelenting race to raise productivity and the disqualification of anyone who falls even slightly behind. It is an inhuman concept of social life as perpetual competition or challenge between individuals and countries. Couldn’t a society be happier, more free, more serene, with a growth rate a half-point below its neighbor’s? Must it be condemned for having electronic computers with a few less circuits, or slightly less deadly weapons? Where will this wild race lead?

Boris Vian, long before today’s demonstrators, answered anyone who called him a dreamer or told him it would be better for him to earn his livelihood: “Mais ma vie, je l’ai, moi, ma vie – je n’ai pas besoin de la gagner.”⁴

Europe for the New Generation

None of the goals to which young people more or less confusedly aspire can be attained without a united Europe. Only a continental dimension will permit enough balanced economic growth to avoid obsessions with challenges of every kind and the stifling of the smallest countries. For a generation that has almost completely outgrown the national frontier mentality and chooses friends for their ideas and convictions, not their race or nationality, European unity should quite naturally become a priority objective. At this point, love of country should not be confused with nationalism.

United Europe would be acceptable to young people with ideas different from ours if we knew how to explain that the Community ideal suggested to them is not incompatible with love of country, just the opposite – and that it has nothing to do with mere alliances between sovereign countries.

Young people can easily confuse nationalism with love of country. Paul-Henri Spaak had to take up his pen once again to protest this imposture. “I must say, sadly and a little painfully, that our great hopes are colliding with old ideas that are coming back to life just about everywhere. Nationalism is becoming fashionable again. Nationalism and love of country must not be confused. Just as patriotism is a valid idea, one that unites men and women in the love of a language, culture, style of life, and shared experiences, so too nationalism, which inevitably pits one people against another in the guise of alleged superiorities, as false as they are mean, is a morally despicable notion discredited by history.”

Confusion between the Community and the outmoded game of hegemonies and alliances is just as easy. We have not forgotten Mr. Hallstein’s great anger at the comparison of the Community’s commitment to unification with earlier attempts to unite Europe by Julius Caesar, Napoleon, and Hitler. Those attempts, the current president of the European Movement responded indignantly, were all based on the hegemony of a single people, Roman, French, or German. Constructions of that sort are bound to collapse, because conquered people only await the right moment to revolt. Our goal is completely different a Community of law, where all peoples are equal, subject to a common law freely accepted and to common institutions freely chosen.

Secret negotiations, political rule by two or four, assignment of spheres of influence...what ridiculous endeavors. A Europe founded on such principles would be quietly and completely ignored by the new generations. However, for a Community Europe, young people can once again find cause to fight, defining little by little their goals and their methods of action. Each generation must decide on its own reasons for living.

Above all, let’s not expect understanding or appreciation for what our generation has accomplished. Whether they are right or wrong, Europe will be made with young people, or not at all. As Alfred Jarry wrote in a sentence as beautiful as it is misunderstood, the days pass, “and there will be new young people who will find us quite behind the times and compose ballads condemning us; there is no reason why this process should end.”⁵

1. “*O Coal-steel pool Benelux Euratom
We’re swelling the din with phantom words...*”
Louis Aragon, French novelist, poet, journalist.

2. Witold Gombrowicz, Polish writer, acclaimed by the French intelligentsia for his avant garde piece “Le Mariage” and book “Le Pornographe.”

3. Fonvieille-Alquier, a French polemist.

4. “But my life, I Have it, my life – I don’t have to earn it.”
Boris Vian, young French musician, poet, writer most active 1948-50, dying at a very early age of tuberculosis.

5. “et il viendra de nouveaux jeunes gens qui nous trouveront bien arriérés, et composeront pour nous abominer des ballades; et il n’y a pas de raison que ça finisse.”

Intelsat: A Proving Ground for International Cooperation

by RICHARD L. RENFIELD

The participants in the International Telecommunications Satellite Consortium (Intelsat) are scheduled to meet in Washington on June 23 to continue discussion of the final arrangements for the global communications system. Dr. Renfield, a member of the Intelsat Affairs Division of the Communications Satellite Corporation (which has a 53 per cent interest in Intelsat) explains how Intelsat works and why its success depends so heavily on international cooperation.

The technological potential of communications satellites was evident by 1962. A satellite placed over the equator at an appropriate altitude would circle the globe at a speed that would make it appear fixed in the sky to observers on the ground. It could serve as a communications relay station in space. Such a satellite, described as synchronous, would be visible to one-third of the earth's surface. All earth stations that could simultaneously view it would be able to communicate directly with each other through it.

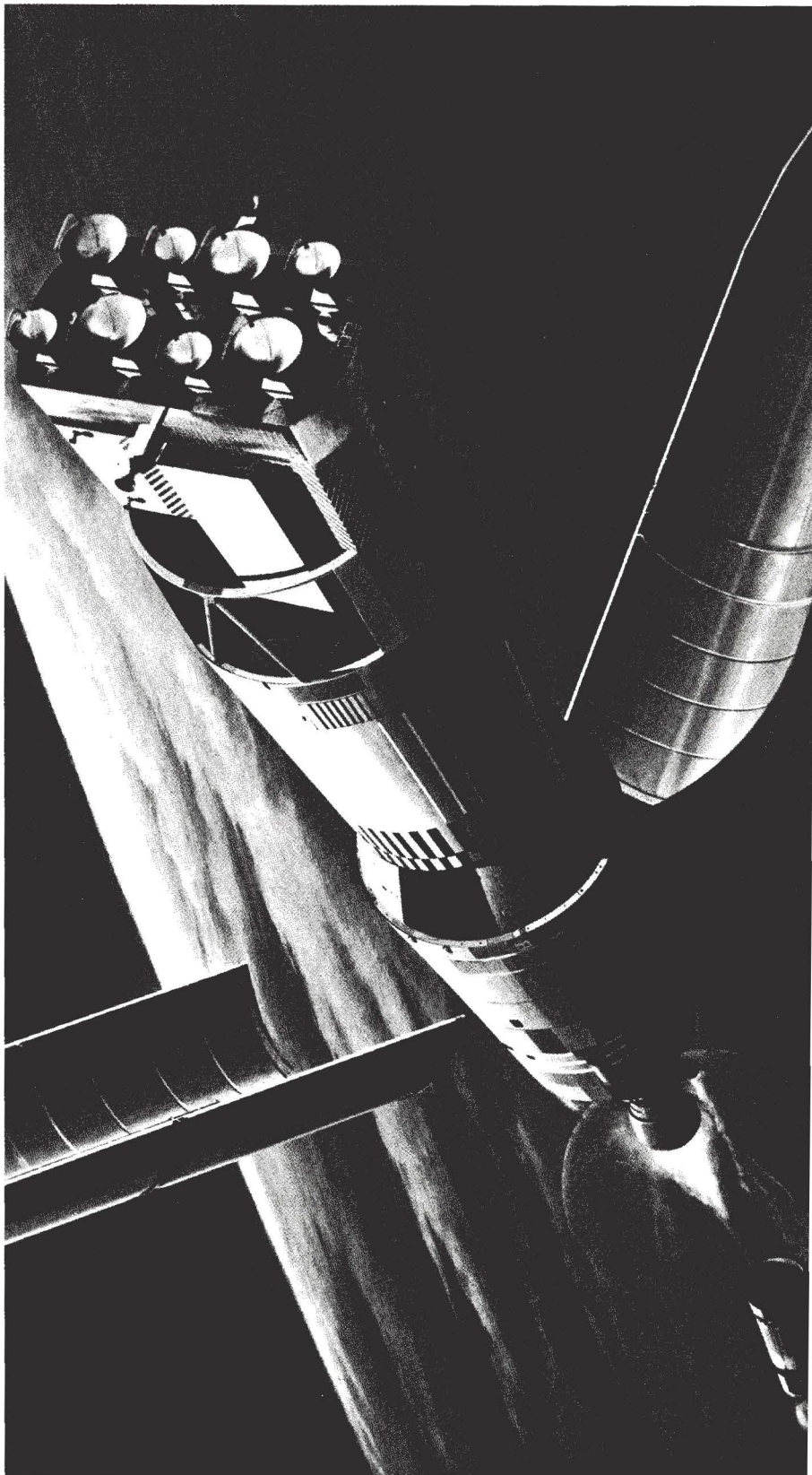
This technological feat was a considerable advance for communications. Undersea cables can connect only the points they physically link. They have been unable to provide the capacity for transoceanic television transmission. Remote jungle and mountainous areas presented too many practical problems for the establishment of microwave and land cable links in many underdeveloped countries. Long-distance international telephone and telegraph could be sent through cables only on clearly defined high-traffic routes. Communications to low-traffic areas were difficult and inadequate, for the high-frequency radio communications on which many of these areas have depended are low in reliability and in transmission performance. The synchronous communications satellite had the potential to eradicate these problems within a short time. The only requirement for being able to use a satellite was the ability to see it; three such satellites of high capacity, equally spaced along the equator, could supply the international telecommunications needs of the entire globe, at a fraction of the cost of other means.

Technological potential is one thing; the arrangements necessary to realize it are another. Transoceanic telephone cables, the first of which dates from 1956, can be laid by simple agreement between the two countries upon whose shores they land. But the potential of a satellite, unless intended exclusively for domestic traffic, would be wasted if its uses were limited to but two countries. If satellites were to realize their promise, broad international arrangements were clearly called for.

The International Telecommunications Satellite Consortium (Intelsat) is the agency charged with establishing a global communications satellite system. Intelsat was created by an Intergovernmental Agreement in 1964; each party to the Agreement also signed a Special, or operating, Agreement, or designated a communications entity, public or private, to sign it. Signatories of the Special Agreement contribute capital to Intelsat and obtain circuits for their international telecommunications needs from Intelsat.

68 Participating Countries

Among the members of the European Community, the signatories of the Special Agreement are: for Belgium, the Régie des Télégraphes et des Téléphones; for France, the Government of the French Republic; for Germany, the Deutsche Bundespost;



Artist's concept of an advanced communications satellite capable of relaying scores of television shows and thousands of phone calls at once. PHOTO: Courtesy of Lockheed Missiles & Space Company, Sunnyvale, Calif.

for Italy, the Società Telespazio; for the Netherlands, the Government of the Kingdom of the Netherlands. They were among the first members of Intelsat. The Government of Luxembourg signed the two Agreements in February 1969.

In the United States, the Communications Satellite Act of 1962 authorized establishment of the Communications Satellite Corporation (Comsat) as a private corporation intended to be the American participant in the international system. The Act empowers Comsat to "plan, initiate, construct, own, manage, and operate itself, or in conjunction with foreign governments or business entities, a commercial communications satellite system." Congress specifically intended that the new system benefit not only the developed countries but also the less developed countries.

Each of the early members was assigned a quota in Intelsat in accordance with estimates made in 1963 of its long-distance telephone traffic which could be carried by satellite in 1968. The quotas of all signatories are reduced each time a new member joins. The quota of a signatory determines its voting power and financial responsibility in Intelsat.

The Decision-making Process

Intelsat's decisions are made by the Interim Communications Satellite Committee. Any member whose original quota was at least 1.5 per cent may be represented on the Committee. In this category are Argentina, Australia, Brazil, Canada, France, Germany, Italy, Japan, Mexico, Switzerland, the United Kingdom, and the United States. Members may also band together to compile the 1.5 per cent required for representation on the Committee. The Netherlands and Belgium, Spain and Portugal, the Arab Group (consisting of 13 countries), and the Asia/Pacific Group (8 countries), exemplify the second type of representation on the Committee. Finally, some countries have asked to be represented by Committee members who possess

INTELSAT CONTRACT AWARDS

	Total Contract Value (in dollars)	Foreign Subcontract Value (in dollars)	Foreign Subcontract Value as Percentage of Total
Intelsat-1 (two craft)	9,518,866 ^(a)	—	—
Intelsat-2 (five craft)	10,070,000	289,029	3
Intelsat-3 (seven craft)	39,075,607	2,151,711	6
Intelsat-4 (four craft)	54,801,600 72,400,000 ^(b)	20,221,421	37 — 28 ^(c)

(a) Contract awarded prior to formation of Intelsat

(b) Delivery has not begun. Higher figure includes contract value plus the maximum performance and delivery incentives.

(c) Depends on incentives paid

Source: Comsat

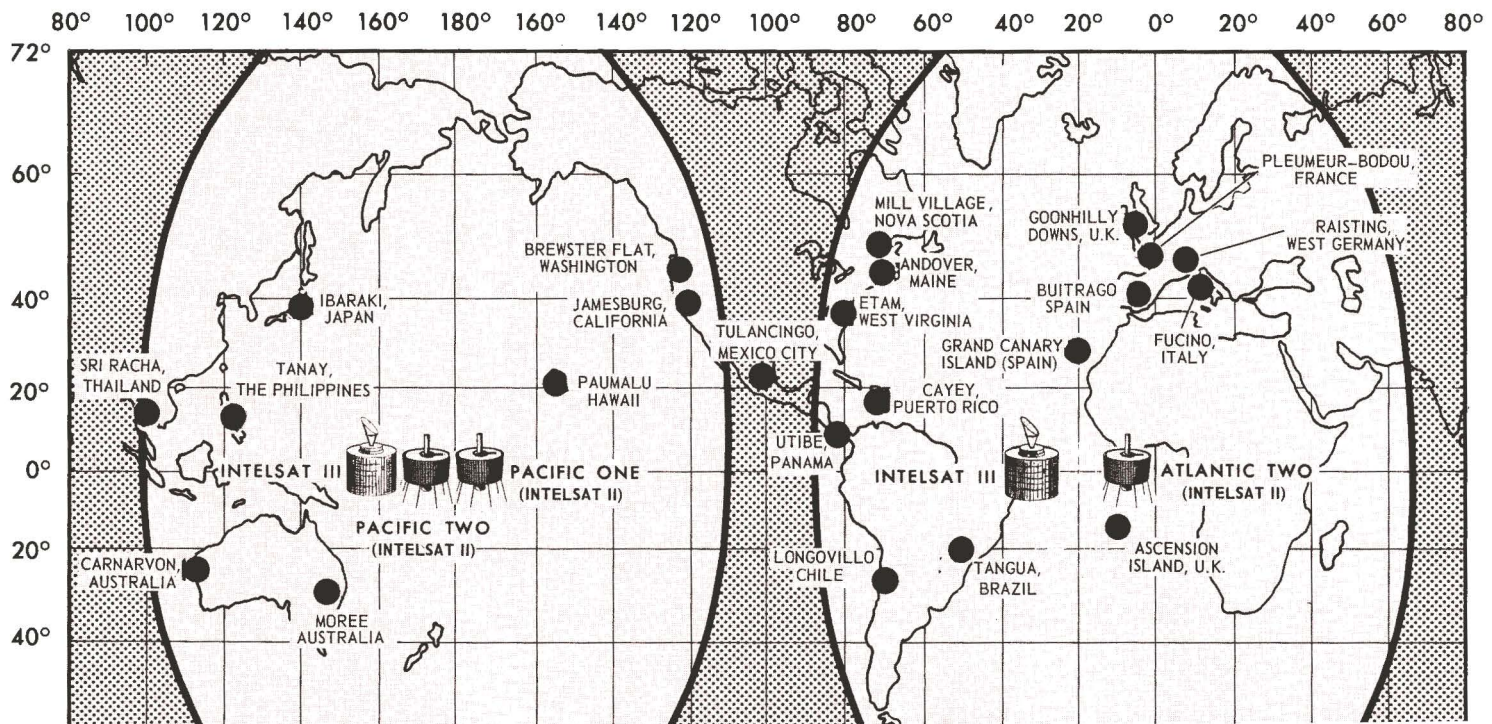
sufficient quotas to sit in their own right. Thus, the Vatican City is represented by Italy, Monaco by France, Ireland by the United Kingdom, and Austria and Liechtenstein by Switzerland. In all, the 18 men who sit on the Committee represent 48 members of Intelsat. Votes are taken if need be, but most decisions have been made unanimously.

Comsat serves as manager for Intelsat. The Committee secures expert advice also from its Advisory Subcommittees on financial, technical, and contracting matters, from meetings of earth station owners, and from ad hoc groups of experts, established as needed. The National Aeronautics and Space Administration of the United States provides Intelsat with launch services at cost, demanding no repayment for the research and development costs that have brought American rocketry to its present state.

Measuring Intelsat's Success

Intelsat's success can be measured from several aspects. One is technological. In a short five years, Intelsat has dramatically

Satellite earth stations and communications coverage areas. Ground stations (black dots) pick up signals from Intelsat satellites orbiting around the equator. PHOTO: Courtesy of the Communications Satellite Corporation, Washington, D.C.



increased the number of circuits available across the Atlantic and Pacific Oceans for telephone, telegraph, and data transmission. It has permitted the first live television broadcasts across those two oceans. It is enabling many developing countries for the first time not only to enjoy high-quality, modern, international communications but to participate in the decision-making by which those communications are established and maintained. It has established a satellite system through which those developing countries which build an earth station can communicate with each other without routing their calls through more developed countries. By February 1969, 23 earth stations were in operation in 15 nations. A satellite to be placed over the Indian Ocean this summer will make Intelsat's coverage truly global. More than 40 stations in 25 countries will be taking advantage of that coverage by the end of 1969, and almost 70 stations in 44 countries by the end of 1970. Of these 44 countries, 33 are considered developing countries.

A second measure of Intelsat's success is the growth in its membership. Sixty-eight nations, responsible for 95 per cent

of the world's international commercial telecommunications traffic, are members as of March 31, 1969.

Intelsat is currently operating under interim arrangements. A governmental conference met in Washington, D.C., in February and March 1969, to begin consideration of the definitive arrangements which are to replace them. Indicative of Intelsat's success (and of its potential for further growth) is the fact that 28 non-member nations accepted the invitation to send delegations to the conference as observers. Most of them, including the Soviet Union and other East European nations, participated actively in the deliberations.

Intelsat must also be given credit as a trailblazer in international cooperation. It is an operating international organization upon which the world relies for the development, establishment, and maintenance of a major system of international communications according to commercial principles. The success of Intelsat in pursuit of its basic objective -- to provide the world with an efficient, economical system of global satellite communications -- has already been acknowledged.

Europe's Approach to Intelsat

Representatives of 68 countries (five, members of the European Community) will meet again in Washington on June 23 to discuss final arrangements for a world system of telecommunications by satellite (Intelsat).

Since its creation in 1964, Intelsat has existed under interim arrangements. In view of the United States' undisputed leadership in telecommunications in space, the European countries, in particular, had wanted temporary arrangements to give themselves time to orbit their own satellite, thereby strengthening their negotiating hand. However, while the European Launcher Development and Space Research Organizations (Eldo and Esro) ran into difficulties, Intelsat had four good years, building and successfully launching four satellites that are still functioning.

Playing up such uncontested efficiency, the United States will try to get its partners to agree to final arrangements for Intelsat that are as close as possible to the interim arrangements. The current arrangements assure the United States a majority voice in the Management Committee, where votes are proportionate to international traffic. The U.S. share of this traffic is 53 per cent. This system thus makes the Communications Satellite Corporation the manager of Intelsat and of the Committee which distributes contracts to business. After much pressure from the European countries, 27 per cent of the Intelsat-4 contracts were awarded to companies outside the United States.

Negotiations with Enormous Consequences

For Europe, the negotiations that began in February will have enormous consequences, on the political and cultural level as well as on the technological level. Thus, last May, the European Communities Commission insisted, in a communication to the Communities Council of Ministers, that Europe should decide on its position as quickly as possible if it wanted to play a role of any importance.

Shortly afterwards, in November, a European space conference in Bad-Godesberg adopted the bases for a common European position at the negotiations in Washington. It dealt primarily with the purposes and the functions of the organization that would be created, its financing, and its institutional structure. The Europeans did not want the final Intelsat system to end up as a monopoly situation, but rather as one that would give the participating countries a chance to establish domestic (national) systems or regional systems (groups of countries).

The institutional and financial structure, the European countries thought, should parallel organization in business and industry, with an international assembly, a management council, and an executive body. The assembly would be the supreme body of the organization, defining general policy, and making decisions of a political nature; each member country would have one vote. The Council would be responsible for conceiving, executing, building, launching, maintaining, and the functioning of the space network. It would prescribe each country's share of the investment which would be calculated in relation to the use it expected to make of the facilities. Votes in the Council would be distributed roughly in proportion to the member countries' quotas, but differences between two countries' voting rights should be less than that dictated by the amounts of their contributions, so that in no case could the country with the largest investment prevent or force a decision.

Finally, the European countries adopted a common position on contracts and industrial property to avoid the risk that Intelsat's final statute might discourage the development of European space industries.

Soon it will be known whether the European countries have been able to make their views felt as a result of their common stand which, hopefully, they will maintain throughout the negotiations.

Towards a European NASA?

In September 1968, European Community published an article by Kenneth W. Gatland, entitled "Crisis in European Space Cooperation." Théo Lefèvre, Belgian Minister for Science and Technology, discusses progress in space cooperation made by Europe since then and some of the continuing areas of dissent.

What is the present situation in European space cooperation?

At the Bonn conferences last November we finally agreed to create a European industry to build television satellites and to supply our scientists with satellites for studying the skies and the atmosphere. Such a program is within our means: it will cost Europe as a whole between \$144 million and \$152 million a year, or approximately 2 per cent of what Europe now spends on scientific and technological research.

We now see it was a mistake to set up in 1963 two European space organizations, Eldo, the European Launcher Development Organization, for launchers, and Esro, the European Space Research Organization, for scientific satellites, instead of creating a "European NASA" (like the U.S. National Aeronautics and Space Administration). We were also wrong in not giving these institutions precise objectives, and expressing a strong enough political will to commit the member states to achieving them. When, in 1964, applications satellites appeared, notably the telecommunications satellites, we obviously did not want to create a third institution. But since we could not agree to merge the other two, we did nothing except draft documents about applications satellites. Yet these are the most important, since they open the road to direct-relay television. We have paid for these mistakes with numerous crises.

The trouble began in 1966; Britain changed its mind about the launcher program, which it considered uneconomical. Britain's partners, on the other hand, held on to the idea for fear that the United States and the Soviet Union might monopolize this knowledge and shut Europe out of the world market for sophisticated electronic equipment. The smaller European countries were also worried that France and Germany might manufacture, sell, and exploit for their own advantage the telecommunication and television satellites which the European rocket would carry into orbit. At that time, Belgium proposed merging the two organizations, giving them a long-term main objective (direct relay television), and ensuring that member countries did not withdraw until the goals, including operation of the satellites, had been achieved.

The time was not ripe for reform as thoroughgoing as this. Eldo was patched up, and over the heads of the two organizations a European Space Conference was created with instructions to coordinate their decisions and to consider satellite applications. The Conference brought out a general program in the "Causse Report." Its objectives were valid, but it juxtaposed the programs for scientific and applications satellites without really integrating them. The programs were, moreover, too costly.

A plan was also worked out to merge Eldo and Esro, the "Bannier Report." It was based on the *à la carte* principle, the right of each country to choose the projects which it was prepared to help finance. It was a device designed to win over a large number of undecided countries. The plan had no clearly defined objectives and covered up some fundamental differences.

This brings us to the crises of 1968. In April 1968, the United Kingdom said in a memorandum that it was not interested in two main aspects of the Causse program: launchers and applications. Italy complained that European space cooperation was very expensive and was bringing few benefits to Italian industry. Belgium, France, and Germany thought the *à la carte* menu held little prospect of continuity in the use of launchers and would not further their efforts to form firmly-based industrial consortia.

Disagreement reached a peak, and the date of the third Space Conference in Bonn had to be postponed so that it could recommend something other than disintegration of the European space program.

In July 1968, the ministers of the Eldo member countries met because the financial ceiling of the Europa-2 space rocket program had to be raised. Britain refused to have it raised. France and Germany, which had in the meantime agreed to develop a telecommunications satellite called *Symphonie*, thus risked being deprived of a launcher or being dependent on the United States for one. My colleagues therefore entrusted me with a mediation mission, which I discharged at a conference on October 1. The result was disappointing. I did, however, note the desire for a common policy on industrial consortia and agreement on the need for countries to commit themselves to specific objectives.

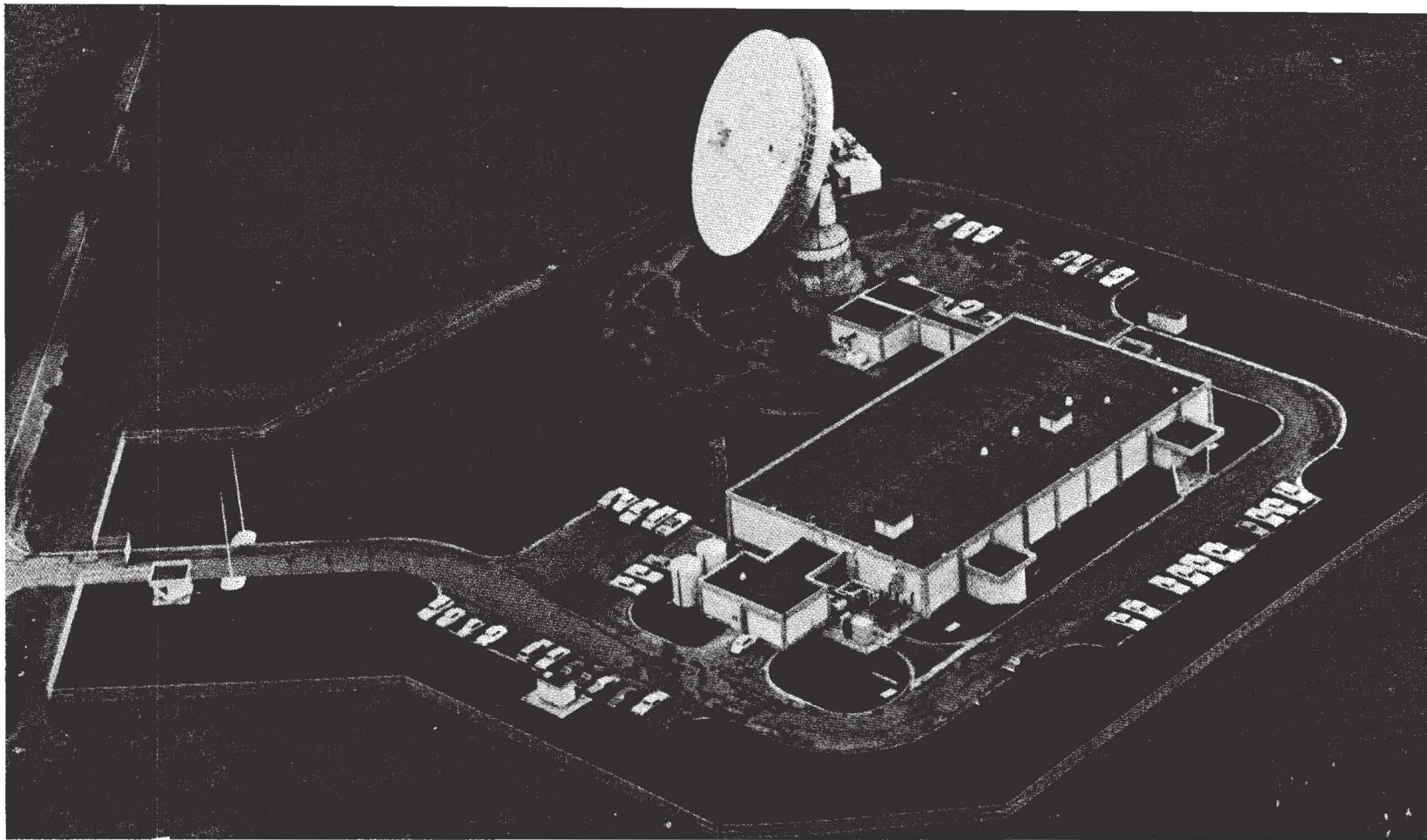
We then formed the Spaey Committee. Within a month, the Committee established that Britain and the Six had the same views on the functioning of a European NASA, the type of agreement to be concluded, the industrial policy to be pursued, and even the long-term objectives: a two-ton direct-television satellite in the 1980's and a scientific program coordinated, from the outset, with the applications program. This was obviously a broad basis of agreement.

The governments differed, however, on the need to build launchers. Britain maintained that American launchers would always be available more cheaply, while the other countries argued that it was safer to be sure of having one's own launchers before building up a satellite industry.

The majority of the Spaey Committee then proposed a compromise: within the basic program of the integrated organization there would be a minimum program excluding the launchers, but since this solution created two sets of interests, it would be necessary to determine the price at which the launchers would be "invoiced" in the scientific and applications projects. Britain wanted a competitive price, i.e. the American price. The other countries proposed a price halfway between the cost of the American launcher and the cost of the European launcher.

The Bonn ministerial conference solved the difficulties to a very great extent. The Spaey compromise principle was accepted unanimously, barring a few abstentions. The countries taking part in the launcher program will bear three-quarters, instead of half, of the difference between the American price and the European price. We also agreed to restrict the number of European launchers which *had* to be used in the scientific program.

However, a shadow still lies over this agreement: after the conference closed Britain stated that it doubted whether it could afford to commit itself to a long-term applications pro-



Aerial view of the Intelsat ground station at Cayey, Puerto Rico, showing a 10-story tall antenna and the control building. PHOTO: Courtesy of the Communications Satellite Corporation, Washington, D.C.

gram unless it was discharged from its other obligations. (see p. 23) Personally, I think that, having gone three-quarters of the way, it is hardly conceivable that the other countries should accept further financial sacrifices, however great their desire to continue to cooperate with Britain. It is, moreover, obvious that they have made every effort to reach an agreement.

My good offices mission therefore terminated in general agreement on the principles of the convention creating the European NASA, the objectives of its long-term program, and the launcher supply conditions. There are still certain difficulties, such as voting procedures for deciding on successive stages of the program.

I hope that Britain will not maintain its financial objection and will thus enable us to draft the European NASA convention and the long-term program, and commit ourselves for a transitional period to the first stage of an Esro project. We shall then be able to form industrial consortia and give them the support of a long-term European program. Our industrialists should hurry, because in the next few months we shall, I hope, decide to order the first stage of the series leading to direct-relay television.

The present difficulties in European space cooperation seem to be caused mainly by financial problems, with the United Kingdom complaining that the credits required by the European program have exceeded the initial estimates. Is any attempt being made to institute stricter financial checking in Europe's space cooperation organizations?

The cure for costs exceeding estimates is probably not to be found in stricter checking of accounts. Our difficulties are not within the competence of the criminal investigation department. If they were, they would be easier to solve. Excess costs are almost always the result of an inadequate assessment of the difficulties likely to be encountered. It is a human error to underestimate obstacles and one made in perfectly good faith. Nevertheless, it is obviously very disagreeable to the financial authorities.

The best remedy is to review the estimates of all projects at least once a year, on the basis of detailed planning schedules

covering the next 18-24 months, and of cautious estimates covering the next three or four years.

We should thus always have in front of us a sort of five-year plan reviewed and brought up to date. This method will not rule out supplements, but it will eliminate most of the nasty surprises. It will also allow us to abandon overall financing ceilings, which have often been the source of crises in European scientific cooperation. The Bonn Conference took a great step forward in adopting for the future the principle of "solidarity until objectives are achieved," instead of the principle of "solidarity as far as the ceiling," which has proved so disappointing.

A further remedy would be to conclude with industrial contractors lump-sum contracts, contracts embodying a firm price, as far as possible. The "cost plus" contract would be reserved for work where there were major cost uncertainties.

A report submitted last autumn to the Consultative Assembly of the Council of Europe named 25 scientific cooperation arrangements (excluding bilateral agreements) in which three to 32 European governments were involved. Is it realistic to hope that the Community will soon establish a single multi-sector scientific cooperation organization comprising the six countries, and perhaps a seventh?

More than a year ago the Belgian delegation came out strongly against the multiplicity of institutions, and in favor of a Community scientific, technological, and industrial policy, in which the emphasis would be on the four most important technological sectors (nuclear energy, space research, aeronautics, and computers). The instruments of this integrated policy would be industrial consortia, a Community research and development budget, and a concerted public contract policy. Naturally, it would be a Community of Ten and not of Six.

But we ought not to stay out in the cold because we are not getting the castle of our dreams straight away. The European NASA is perhaps not as ambitious and valuable as a technological community would be, but it is a big step forward, nevertheless.

Blueprint for Euratom's Future

A FIVE-YEAR RESEARCH PROGRAM COSTING \$391.6 MILLION

Four or five American nuclear power plant builders compete for world reactor sales with no less than 15 builders from the European Community whose total order books do not equal their smallest American competitor's.

This example is typical of the situation facing the European nuclear industry as a result of scattered, nationally-oriented research. To stop waste and duplication, and the steady deterioration of the nuclear industry, the European Communities Commission put before the Council of Ministers on April 23 a five-year program for the European Atomic Energy Community, which the Science and Technology Committee will review on May 20. The program follows the findings the Commission presented last October in "Survey of the European Communities Nuclear Policy" (see *European Community No. 117, page 15*).

To carry out the program over five years, the Commission has requested \$391.6 million, covering program costs and salaries for 2,464 employees at the Joint Research Center. The requested budget represents only 8.5 per cent of the total sum spent on nuclear research by the member states, the Commission pointed out, appealing to the Euratom members to make the political commitment necessary for the success of the proposed program. Unless corrective action is taken, the Community's nuclear industry will soon be squeezed out of the market.

Euratom's second five-year program (the budget was \$455 million) ended on December 31, 1967. So far the Six have failed to agree on a third long-term program, largely because some member states have said they were willing to finance only those joint nuclear projects that interested them. At present, Euratom is operating under a one-year *a la carte* program in which only some projects are being financed by all member states. The Commission rejected this non-Community approach in its new program. The budget for the second half of the 1969 program is blocked until the Six agree on a new long-term program, which they have agreed to do by July 1.

Industrial Reorganization — Multinational Consortia

The program was designed to encourage the formation of a few, competitive, multinational consortia, that can obtain a large volume of business.

The nuclear industry, like most other advanced technology industries, has so far scarcely benefited at all from the Common Market. The abolition of customs duties has not ended the compartmentalization of national markets because the actions of the public authorities have had a greater effect on the development of advanced industries than does the normal working of the laws of supply and demand. Even today, a European nuclear power-plant builder can sell more easily to a non-member country than to another Community country.

Thus, the reorganization of industry on a multinational basis is essential, both for the creation of a Common Market for nuclear products and for the development of healthy competition. To accomplish these aims, the Commission proposed that:

— partial financial guarantees be given against the unusual number of unknowns in the market for nuclear power, provided that calls for bids are open and suppliers form multinational consortia

— Community or national aid be granted for the development of advanced designs, to help one or more (depending on the sector) multinational groups

— assistance at Community or national level be coordinated to promote the reorganization of the reactor components industry on a Community basis

— an attempt be made to unify technical and safety standards, to prevent new obstacles from hampering the creation of the market and industrial reorganization.

Choice of Reactor Types for Development

By granting selective aids for the development of certain reactor families, the Community would encourage the concentration of resources on common techniques and methods for research and production of fast-breeder, high-temperature, and heavy-water reactors. Aids could include partial guarantees against certain risks of plant start-up, financial aid for head-of-line advanced power reactors, and participation in research and development. The Commission also suggested abandoning efforts to perfect organic liquid-cooled gas reactors (ORGEL) since other reactor types offer better commercial prospects.

Joint Policy on Fissile Materials

To assure reactor builders in the Community of a sure supply of nuclear fuels on satisfactory terms, the Community must encourage exploration for resources, both at home and abroad, systematically diversify its external sources of supply, and review the provisions governing the operation of its Supply Agency. The Commission said it planned to send shortly to the Council of Ministers proposals for the construction of a uranium enrichment plant in the Community.

Coordination of National Nuclear Research Programs

To cut down on duplication of effort, which is still prevalent, the Commission proposed close coordination between national and Community research laboratories. Coordinating committees would be formed to discuss programs in various branches of nuclear research.

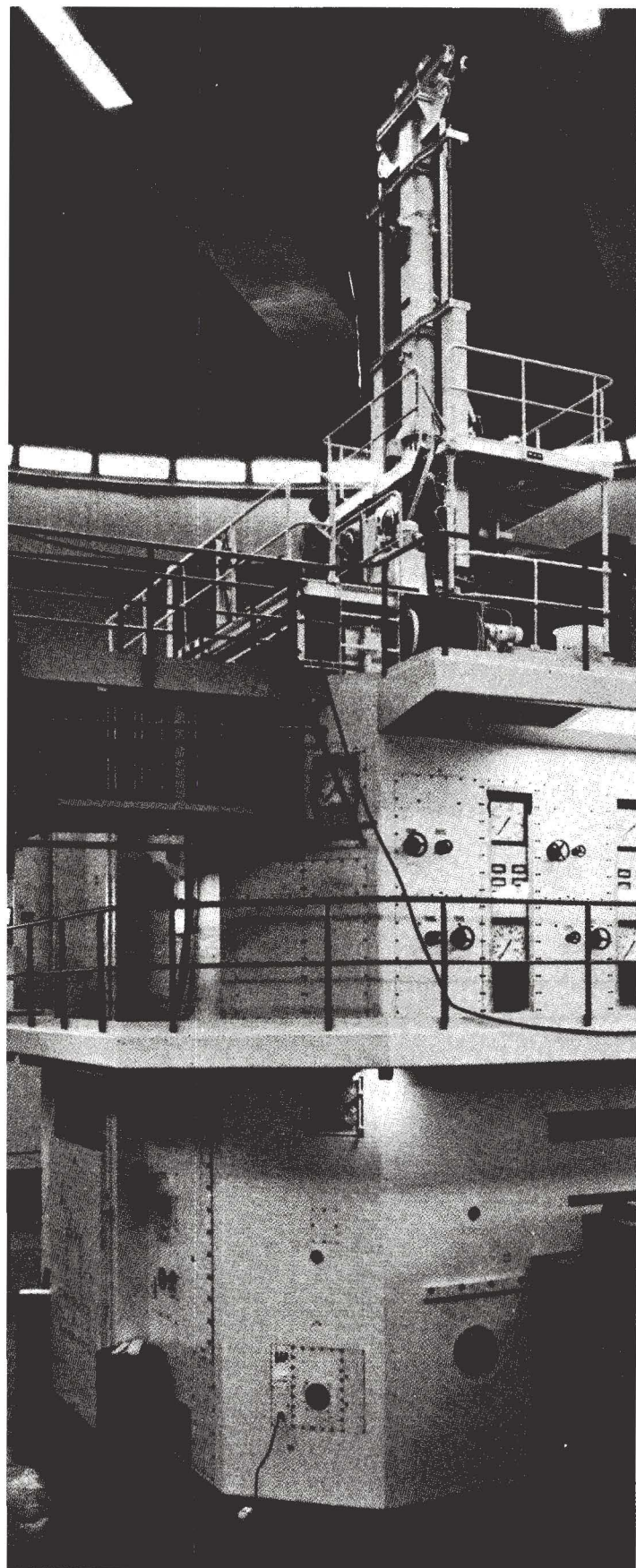
Euratom's Research Work

Euratom's own research would concentrate on:

— Support for reactor development work. This part of the program would absorb 850 Euratom staff members and \$130.1 million, about a third of the total manpower and budget proposed for use in the five years of the program. Research would be directed towards precise objectives, chosen on the basis of long-term industrial considerations.

— General problems of fuel cycle. This part of the program would absorb 220 Euratom staff members and \$25.3 million. The Commission said that because of their wide range, these problems were particularly suited for activity at Community level.

— Intensification of public service activities in the nuclear field. Euratom's traditional activities in this field would require 655 staff members and \$114.1 million. They include: operation of the Central Bureau for Nuclear Measurements, the Scientific Data Processing Center (CETIS), and the high-flux reactor for irradiation purposes; development of methods



for the control of fissile materials; promotion of nuclear plant safety; study of biology, health and safety, and industrial applications for radiation; dissemination of information, and training and instruction.

In addition to that work, the Commission proposed that the Joint Research Center do work on request and for payment for third parties, public authorities or industrial undertakings. These services would require 128 Euratom staff members and \$12.9 million.

– Basic research in thermonuclear fusion and plasma physics, and condensed state physics. This part of the program would employ 274 Euratom staff members and cost \$74.7 million. The Commission proposed the construction of a pulsed reactor (SORA) which would give Community researchers a modern instrument for the study of matter in the condensed state.

Reorientation of Research towards Non-Nuclear Fields

Last, the Commission proposed the gradual reorientation of the Joint Research Center potential towards non-nuclear fields. As nuclear projects reach the production stage, it will free some research potential, enabling slight cutbacks in Euratom's staff. Some employees could, therefore, transfer to the new jobs created in industry by Community research. The Commission strongly recommended that non-nuclear, as well as nuclear, activities be performed by the Joint Research Center, in accordance with the wishes of the Council of Ministers. The non-nuclear projects that the Joint Research Center is now equipped to handle are for the time being confined to:

– data processing (with the development of software and certain hardware components) and the abatement of nuisances (increasing the protection of man and his environment). These are two of the seven research areas designated by the Council of Ministers as priority areas for the development of broader-based scientific cooperation.

– creation of a Community Bureau of Standards, which would provide the Community with the technical instrument it needs to harmonize its member countries' technical standards. Persistent differences in standards for many products still hamper intra-Community trade.

The Prognosis

Eleven years have passed since the European Atomic Energy Community began to function, but no powerful nuclear industry has developed within the Community. The Commission said the Community had missed its major objective not for lack of funds or scientists and technicians but rather because of fragmentation in the six Community members' individual research activities. The Commission's new program would make it possible to remedy the situation if each Community member backed it up with the political will to focus on joint objectives.

FR-2 testing heavy water reactor in Karlsruhe, Germany. The reactor is owned and operated by Kernreaktor Bau-u. Betriebsgesellschaft mbH, a company financed 50 per cent by private interests, 30 per cent by the German Government, and 20 per cent by the state government. The German subsidiary of the American company Babcock - Wilcox supplied the reactor's heat exchangers.

Technical Standards: “Invisible Tariffs”

As the twentieth century extended its influence on the economy, governments enacted hundreds of regulations that were not intended to protect local industries, but that often have had such an effect. They are regulations to protect consumers as for instance those to ensure that food is produced under hygienic conditions, that electrical equipment is safe, that textiles are correctly labeled, or that shopkeepers' scales are accurate. However, trouble arises when some countries insist on three-point electrical plugs while others regard grounding as dispensable, or when “pure wool” may mean 95 per cent or 85 per cent, wool content, or when some countries control less strictly than others the addition of artificial sweeteners to fruit drinks or the use of artificial colorings in foods.

Many traders who expected the accomplishment of the customs union last July to herald a truly common market are disappointed. They find that although the abolition of customs barriers has simplified and stimulated trade between the Six, it has also highlighted the numerous and complex technical obstacles to trade that remain in force. The situation should improve soon after the end of next year, however, when the Council should have passed directives to harmonize the Community members' regulations on health, safety, and other specifications in manufacturing industrial products and foodstuffs.

The Community's Program

The Commission called attention to the significance of technical obstacles to trade as long ago as 1962. Apart from taxes and measures that lead to quantitative restrictions, the main non-tariff brakes on trade in the Community are the differences in the member countries' technical regulations on industrial articles, pharmaceuticals, agricultural produce, and foodstuffs. Because they affect production costs, these technical obstacles to trade have the same effect as customs duties. They often hinder and, in some cases, prevent trade between member countries. They also lead to competitive restrictions and distortions. If retained, barriers of this kind would impede the establishment of a unified common market. They may not stop imports, but they force export-minded firms to make costly changes in their manufacturing processes. These local and national differences have often been called “invisible tariffs.”

In March 1968, the Commission presented to the Council of Ministers a general program for eliminating technical obstacles to trade that result from disparities in member countries' laws and, in January this year, followed it up with a program for eliminating technical obstacles to trade in foodstuffs. (Pharmaceuticals and farm produce are being handled separately. Foodstuffs are, generally, products processed for human consumption – *(see box)* and farm produce is generally unprocessed products directly from the farm, such as fruits and vegetables.) Both programs provide for the mutual recognition of supervision systems and the adaptation of harmonized regulations to technical progress. The Council adopted both Commission documents on March 25, 1969. In doing so, it set January 1, 1971, as its target date for adopting the individual directives requiring the member states to align their national legislation on technical standards for industrial goods, in three stages, and for foodstuffs, in five stages.

In the interim, the Six agreed that member governments should not compromise the program by enacting any new regulations. If a country plans to do so, it will have to inform the Commission, which could ask that the country amend or postpone the new rules in return for the Commission's agreement to give priority to proposals for harmonizing legislation in the fields involved.

The Six adopted two additional resolutions, one on mutual recognition of supervision systems and the other on adapting directives to technical progress. For the latter, there is a flexible procedure: powers are delegated to the Commission, which will work together with an intergovernmental committee. If the Commission and committee fail to agree, the issue may be referred to the Council; but if the Council makes no decision, the Commission's proposal will normally go through.

Both programs are based on Article 100 of the Common Market Treaty, according to which “the Council, acting by means of a unanimous vote on a proposal by the Commission, shall issue directives for the approximation of such statutory and administrative provisions of the member states as have a direct incidence on the establishment or functioning of the common market.”

Proposals Illustrate Difficulties

The draft directives that the Commission has sent to the Council illustrate the problems involved in carrying out this Treaty provision:

Textiles: A comparative study of the regulations in force in the member countries revealed appreciable differences in the description of fibers, the determination of composition, and the labeling of textile products. The proposed directive, therefore, provides that regulations must apply to all fibers, not only to some luxury fibers such as wool, silk, or flax. Specific names must be used for each fiber and only that fiber. Textiles must be labeled, and labels must give only essential information.

Motor vehicles: The directive states that member countries will control the motor vehicles and trailers. They will test certain items of equipment, specifications, and complete vehicles. Current obstacles to trade result from the disparities between compulsory technical requirements in different member countries and from the repetition of checks when motor vehicles are imported into another country. Aligning the various technical requirements and mutual recognition of tests will not only benefit trade and fair competition but is also expected to promote road safety.

The intention is that an authorization to distribute a certain model in one member country should be valid in all the others. Mutual recognition of tests will also apply to cars from non-member countries if they are manufactured in accordance with Community provisions.

So far, the Commission has sent to the Council an outline directive on the approval of motor vehicles and trailers, including special directives on: turn signals, elimination of radio interference, rear license tags, lighting and signaling equipment, permissible noise levels and mufflers, fuel tanks and rear

bumpers, electrical connections, brakes, steering equipment, ease of access and exit, field of vision, driving mirrors, and windshield washers and wipers.

Agricultural tractors and machinery: The problems here are similar to those for cars. In addition, however, governments tie tax relief and exemptions to certain specifications, such as maximum speed, seats for passengers, and loading surface. The Commission has therefore proposed an outline directive on the approval of tractors and one on tractor equipment and specifications.

Crystal glassware: Current provisions differ on the composition and designation of products. The proposed directive specifies the principles, distinctive features, designations, labeling procedure, and chemical and physical malities of crystal glassware.

Electrical machinery and equipment: Technical standards compiled by organizations representing the main groups involved are of major importance in this industry. The Commission believes that the best solution would be to harmonize laws so that only certain general safety principles would be compulsory. In all other cases, the organization standards of the six member countries would apply. All electrical equipment that meets the harmonized standard requirements should then be recognized as conforming to the general safety principles and therefore able to move freely through the Community.

Oil pipelines: Safety requirements for constructing and operating oil pipelines differ considerably, particularly in the methods used for calculating capacity and regulations on the use and assembly of materials and equipment. In countries having legislation in this field, the laws require strict observance of technical regulations or industrial standards, so that Community manufacturers are forced to diversify and thus lose the benefit of economies of scale which the possibility of trading on a wider market would secure. Most existing legislation is based on the need for public safety and thus the Commission sees no reason for eliminating it. Consequently, harmonizing statutory provisions seems to be the best means of reducing the disadvantages caused by the differences between them.

Measuring instruments: In the interests of consumers, all member states subject measuring instruments to strict but varied controls. As these controls vary from country to country, they put manufacturers in a difficult position, forcing them to modify their products to requirements in each member state. The Commission has therefore submitted to the Council a general directive specifying certain principles and definitions, harmonizing various methods of control, and outlining the necessary legislation for carrying out controls at the Community level.

So far, the Commission has made proposals on measuring instruments in general, certain clinical thermometers, and various block weights and cylindrical weights used to measure tanker tonnage. It plans to make proposals soon on instruments for measuring liquids other than water and on non-automatic weighing equipment.

TIMETABLE FOR ELIMINATING TECHNICAL BARRIERS TO TRADE

Industrial Products

STAGE 1. Deadlines: Commission sent all proposals to the Council by July 1, 1968. December 31, 1969, for Council decisions

Products: motor vehicles, crystal glassware, electrical machinery and equipment, measuring instruments, dangerous substances, oil pipelines, textiles.

STAGE 2. Deadlines: December 31, 1969, for Commission proposals; July 1, 1970, for Council decisions

Products: motor vehicles, agricultural tractors and machinery, measuring instruments, precious metals.

STAGE 3. Deadlines: July 1, 1970, for Commission proposals; December 31, 1970, for Council decisions

Products: motor vehicles, agricultural tractors and machinery, metal scaffolding, measuring instruments, pressure devices, electrical machinery and equipment, non-electrical (heating, cooking, and water-heating) appliances, fertilizers, dangerous preparations, gas pipelines, welding and metal cutting equipment, lifts and other lifting machinery, miscellaneous.

Foodstuffs

STAGE 1. Deadlines: Commission sent all proposals to the Council; June 30, 1969, for Council decisions

Products: antioxidants, prepared meat, cocoa and chocolate, jams, sugar, butter, food extracts, macaroni and spaghetti, margarine.

STAGE 2. Deadlines: March 31, 1969, for Commission proposals; September 30, 1969, for Council decisions

Products: emulsifying and stabilizing agents, materials and objects coming into contact with foods, dietetic foods, fruit juices and nectars, emulsified sauces, ices, sugar confectionery, wine.

STAGE 3. Deadlines: June 30, 1969, for Commission proposals; December 31, 1969, for Council decisions

Products: labeling of foodstuffs, sugars, preserved milk, refreshing drinks, chocolate confectionery, ordinary bakery items, cookies and other fine bakery items, casein, honey.

STAGE 4. Deadlines: December 31, 1969, for Commission proposals; June 30, 1970, for Council decisions

Products: flavorings and essences, sampling procedures, starches, fish and prepared fish, products of the milling industry, vinegar, beer, mineral waters, spices and condiments.

STAGE 5. Deadlines: June 30, 1970, for Commission proposals; December 31, 1970, for Council decisions

Products: oils and fats, cheese, spirits, aromatised wines, coffee and tea extracts and essences, malt extract, tapioca and sago, yeasts.

Free Trade Unions Form European

by THOMAS BARRY-BRAUNTHAL

Mr. Barry-Braunthal, press officer of the International Confederation of Free Trade Unions, explains how and why Europe's free trade unions have moved significantly closer to their main goal – a single workers' bargaining force throughout the Community.

An act of faith in the Community as a political entity, an awareness of the need to meet changes in economic patterns by a concentration of forces, and the will to give a new impulse to European integration – these motives clearly emerged as the main reasons for the formation of the European Confederation of Free Trade Unions in the Community, at a congress in The Hague on April 23-25.

Ludwig Rosenberg, congress chairman and president of Germany's powerful labor federation DGB, commented that some people might wonder how unions in the Community could find "the courage and the hope to take this step at a time when...[the] political unity of Europe had been reduced to a minimum." He answered: "It is specifically up to us, who are so frequently called materialists, to repeat constantly and tirelessly that only a politically united Europe can achieve the tasks and aims which we face together, namely, to safeguard and to increase the material welfare of Europeans by political unity and strength in this free part of the world."

The newly created body consists of labor union organizations affiliated with the International Confederation of Free Trade Unions (ICFTU) in the six Community countries. With 12 million members, it represents the largest part of organized labor in the Community. Although the name chosen for the new organization by the 150 assembled delegates is more a token of intent than the effective single bargaining force it implies, its creation marks an important stage in the process that has brought the Community's labor federations towards that goal.

These same federations had belonged to the European Trade Union Secretariat since 1958. (Their miners' and metalworkers' unions had organized common representation at the European Coal and Steel Community even earlier.) The main purpose of the European Secretariat was to act as the lobby of the free labor unions in the Community. Its chief task was coordinating labor union policy in the Economic and Social Committee, but also in other Community committees such as those for labor mobility and vocational training. Throughout this period, the free trade unions worked closely with the Christian labor unions with which there has been a large measure of agreement over European policy goals.

Harsh Criticism

To understand the often harsh criticism of the Community during the Hague assembly, it has to be appreciated that both the ICFTU member organizations and the Christian unions have been pace-setters in European integration. Commission President Jean Rey fully acknowledged this point, stressing that Europe could not be built from Brussels alone. At all times the struggle had to be carried on not only in the Community's institutions but also in the national capitals. In this campaign, the unions had a major role to play. Mr. Rey recalled the Community's responsibilities towards the rest of the world, especially the developing countries, and welcomed the congress's insistence that the Community assume the polit-

ical role to which its economic power entitled it.

Commission Member Wilhelm Haferkamp also said that the Commission could be proud to have the free trade unions for allies at this difficult hour. The growing tendency for companies to operate on a European scale had to be matched by a similar development by the trade unions.

Criticism was not purely negative. The unions' decision to change their structure from a secretariat into a confederation was proof of their determination to do something about what they considered the Community's shortcomings. From the start, the unions had set their goals high – but events had often disappointed them. They had hoped for a political Community – a Common Market had emerged. They had expected that their industrial strength on the national level would be reflected on the European level – so far, it has not. Above all, they had hoped for the enlargement of the Community into a United States of Europe and had looked forward to a progressive democratization of the Community's institutions. Instead, as Harm G. Buitter, ICFTU General Secretary, pointed out, they had found that more and more far-reaching decisions were being made in the Community behind closed doors in Brussels, while labor union influence in the decision-making process was also diminishing. "It is our task to use our united strength to ensure that the interests of the workers inside and outside the Community will not be sacrificed," he said.

Labor's European Policy

The resolutions adopted by the founding congress therefore demanded a Parliament elected by direct universal suffrage, a Commission with supranational competence and responsible only to this Parliament, and the strengthening of the Community's consultative bodies. To this end, the congress proposed the formation of joint management and labor bodies for each branch of industry with equal representation for both sides. The congress insisted on management and labor organizations' being granted the right of consultation at all stages of the decision-making process in the Community, so as to make this process more democratic.

A fundamental concern expressed at the congress was the governments' tendency to set national interests so far above the Community's interests as to endanger all progress towards effective integration. The European Secretariat's biannual activity report presented by Belgium's Theo Rasschaert (who was elected General Secretary of the new Confederation) clearly exposed the political considerations that had kept Britain out of the Community. The report, which reaffirmed the European Unions' consistent stand in favor of British membership, included a significant passage on Britain's role in world affairs and its value for the Community: "To ascribe the withdrawal of British troops from east of Suez, or every lessening of the importance of sterling as a world currency, as another step by Britain towards the Community seems to us to be extremely fanciful. On the contrary, we consider that each of these decisions is an abandoning by the whole of Europe of its place in the world." The congress demanded the opening of negotiations with the democratic countries of Europe that have requested association. But it said that countries under dictatorial rule such as Greece, Spain, and Portugal should be excluded.

Confederation

Mass Force

To obtain positive action, the European free trade unions have now put into effect plans, on which they had been working since 1966, to create a more united and more effective force. As the Confederation can lead at grass-roots level a mass force in the six countries and exert considerable pressure in public life through associated political parties, it should also have far greater means of exercising influence as a united body at the highest Community levels. However, much more than the political unity of Europe is at stake for the unions. They are also profoundly concerned with the growing power of international or multinational companies.

As Andre Kloos, president of the Netherlands' free trade union federation, pointed out, the growing international interdependence of economies inside and outside the Community is decreasing the ability of national political organs to regulate and control international companies. Governments are vying with each other to induce multinational companies to locate in their respective countries instead of achieving the essential political unity that would counterbalance the growing concentration of power of these companies. Governments were offering them concessions, low rents, cheap power, and other incentives. Mr. Kloos noted that these concessions cost the Community considerable sums and were in effect an important contribution towards the companies' profitability. All this showed that there was no real chance for shaping a genuine, integrated manpower policy without a supranational authority to coordinate economic, monetary, and employment policies. Mr. Kloos, who was elected President of the new Confederation, appealed to delegates to use the united strength of their labor unions to bring about the necessary changes.

Commission Vice President Sicco L. Mansholt argued that to achieve democratic control there was room not only for a labor union grouping at European level but also for a political grouping. Parties might well be formed at supranational level, but they should not reflect the sectarian pattern of national politics. He envisaged two major political movements, one progressive and one conservative, and asked for trade union support for the creation of a broadly-based, progressive European party.

Structure Reveals Intentions

How will the new confederation reach all of its objectives? The structures adopted give a good indication of the unions' intentions. The new body is a confederation of national labor federations with an executive that will make decisions by majority vote. An important role is given to committees of representatives of individual unions in the same branch of industry – transport, agriculture, metal-working, food, and catering. These committees will expand their activities with the ultimate objective of engaging in collective bargaining on the European level. The European Confederation of Free Trade Unions plans to match companies operating on a multinational basis by organizing for labor union action across national borders. To achieve such a goal, the unions must adapt their often out-dated structures to new needs; it remains to be seen how far the will expressed in The Hague will be translated into deeds.

A further consideration is how far the free trade unions are



To match the large multinational companies in strength, the Community's free trade unions have reorganized, so that eventually all unions in an industry – coal or steel, for example – will engage in collective bargaining at European level.

ready to work with Community unions affiliated to the Christian International (now called the World Confederation of Labor) and to the communist World Federation of Trade Unions (which in practice means the French CGT and the Italian CGIL communist labor unions). The appeal for closer cooperation with the Christian unions, which the free trade unions made in The Hague, has already been answered positively by the WCL's European Congress in Brussels the first week of May. Closer links may be expected shortly, perhaps in the form of joint meetings.

If the European Confederation of Free Trade Unions, with 12 million ICFTU members, worked with the 3.5 million WCL members, they would form a weighty partnership. The free trade unions' attitude to the CGIL and the CGT is much more reserved: on this subject the resolution adopted at The Hague merely charges the Confederation's executive committee to watch developments and to maintain its entire independence while furthering the realization of a democratic Europe.

The free trade unions are firm believers in European integration. At The Hague, their leaders once more bore witness to their belief in a European Community whose destiny lay in the hands of its citizens, ready to be shaped into an instrument for the welfare and social progress of all. These aims would be achieved much more readily – they feel – by a Community that included Great Britain and the Scandinavian countries, whose strong democratic traditions and powerful labor movements would shift the balance in favor of Europe's free trade unions.

First Congress of EC's Christian Unions



At its first congress in Brussels on May 7-9, the 3.5 million-member European Organization of the World Confederation of Labor (former Christian trade union movement) resolved to cooperate with its European counterpart in the International Confederation of Free Trade Unions. It also decided to examine its relations with the communist unions in the Six (France's CGT and Italy's CGIL), particularly because the Commission had recently decided to maintain contact with these unions.

August Cool, president of the organization, told the congress that the Christian trade union movement favored a supranational Europe and the admission to the Community of Britain and other European democracies. "We hope that the next French Government will alter its European policy," he said.

Jean Kulakowski, secretary general of the WCL's 11-year-old European body, said the Six were making little progress in adopting common policies; the lack of a common social policy particularly worried the unions. The labor movement should work in this direction by acting at Community-level in its relations with employers and governments. Commission President Jean Rey told the congress that he doubted whether trade unions had used their power sufficiently to further European integration.

Commission Vice President Lionello Levi Sandri welcomed the unions' efforts to adapt their structure to a European scale, the transformation of the WCL's traditional European conference into a congress, and the decision to adopt majority voting.

The reality of Community Europe had led other organizations hitherto rather indifferent, if not hostile, to integration, to ask to be associated in the Community's work. Mr. Levi Sandri said the French and Italian communist unions' new

attitude represented "a success and a victory for democratic trade unionism — which did not wait until the eleventh hour before making its contribution to the work of integration."

Despite delays in social policy, there have been achievements. Labor mobility had been definitely introduced, and it constituted the beginning of a European nationality. A European agreement on working hours in agriculture had been signed. While credit for it belonged to labor unions and management, the Commission had also taken a lively interest in its preparation.

Progress has also been achieved on equal pay for men and women and on the general principles of a common vocational training policy. The Commission would soon propose reforms in the European Social Fund so that it would become a genuine instrument of an active employment policy.

Nucleus of Democratic Control

Commission member Guido Colonna di Paliano argued that there was not wide enough participation in building the Community. Until now it had been largely an "elite affair," but the Community structure contained the nucleus of democratic control. He urged the labor movement to take the initiative in strengthening their Community-level bodies. Today, the idea of Europe should be identified more closely with a new socio-economic model, adapted to the realities of a modern industrial society. The European idea implied opposition to sterile immobilism, but public opinion was not sufficiently aware of this. Even though we have managed to create a market of continental dimensions, he said, our production structures were generally still confined to the national scale, and the vision of people in positions of economic responsibility remained largely national.

The DAF automobile factory in Eindhoven, the Netherlands, is proof that the Community has achieved labor mobility across frontiers. Out of the plant's 6,000 employees, 1,000 are Belgian.



Morocco and Tunisia Sign with the Community

The European Community has taken the first step to full association with Tunisia and Morocco, after five years of negotiations. Council President Gaston Thorn (Luxembourg Foreign Minister) and Commission President Jean Rey, for the Community, signed association agreements with the two countries in Tunis on March 28 and Rabat on March 31, respectively. The five-year accords provide for mutual trade preferences and for resumption of talks on enlarging and advancing the associations by the end of the third year.

Speaking at the signing ceremony in Tunis, Mr. Thorn said that the Community wanted to cooperate closely with the countries bordering on the Mediterranean and that there was no intention of isolating the other two Maghreb countries, Algeria and Libya. Algeria had been in contact with the Community, and its future association was being prepared. So far, Libya had not expressed any wish to be associated with the Six.

Trade Preferences for Tunisia and Morocco

Tunisia and Morocco benefit from tariff-free entry for most of their exports to the European Community. Tunisia in 1967 sent 61 per cent of its exports to the Community (including 41 per cent to France), and Morocco sent 52 per cent of its exports to the Community (28 per cent to France).

Both countries will now be able to sell their manufactured products to the Six free of duty and without quantitative restriction (except for cork and iron and steel products, which represent only a small volume of trade). The Community reserves the right to reimpose duties on some refined petroleum products should they cause major difficulties in one or more Community countries' markets or if imports from either country exceed 100,000 tons a year. The 15 per cent fixed tariff on pasta and on couscous flour is waived, but Tunisian and Moroccan exports of these products to the Six still pay the variable duty.

Non-agricultural products covered by these concessions comprise 40 per cent of Moroccan and 55 per cent of Tunisian exports to the Community.

Although Morocco and Tunisia are relatively small exporters of manufactured goods, the Community concessions could encourage firms to invest in industrial projects there, because they now have assured access to the Community market.

For the two countries' agricultural products, which constitute the major part of their exports, the Community's concessions vary. The Community had to protect its own producers and avoid disrupting the competitive position of other non-Community producers in the Mediterranean region. The concessions are substantial for olive oil, most fresh and preserved fruit and vegetables, fish products, and Moroccan hard wheat. Morocco and Tunisia must not sell olive oil and citrus fruit below a fixed price; on citrus fruit they receive a preference of 80 per cent of the common external tariff. At the same time, a 40 per cent preference is granted to Israeli, Turkish, and Spanish citrus fruits. Wine, some vegetables, and certain sugar-based preserves are excluded from the Community preferences, but retain privileged access to the French market.

In return, Tunisia grants the Community a preference equal to 70 per cent of the preference accorded France on products



representing 40 per cent of Tunisia's imports from the Six. These concessions are to be carried out over a 36-month period, to lessen their impact on Tunisian industry. Tunisia is to consolidate existing quotas for member states' exports and to open up new ones to the Community for a number of products.

Because the 1906 Act of Algeiras* is based on the principle that Morocco refrain from granting preferences, the kingdom will make a 25 per cent tariff reduction on a range of imports, irrespective of their origin. It will also consolidate existing quotas and open new ones for the Community.

Both Tunis and Rabat may reimpose protective quotas if they liberate an equivalent volume of trade in other sectors.

Chronology of Negotiation

When the Six signed the Common Market Treaty in March 1957, they declared their readiness to conclude economic association conventions with independent countries of the French franc zone.

Tunisia took its first initiative in 1959, but then the Tunisian and Moroccan Governments decided to wait until Algeria became independent (July 1962) before approaching the Community. Tunisia and Morocco presented their formal requests in October 1963 and December 1963, respectively.

During exploratory talks in 1964, Tunisia and Morocco asked for mutual trade preferences that would make allowances for the less-developed state of their economies. They also sought financial and technical assistance and freer movement of their workers to the Community.

When negotiations began in July 1965, the Commission's mandate was limited to trade, and then only to some of the two countries' exports. In October 1967, the Council enlarged the mandate to include hard wheat and food preserves. At the same time, both North African countries decided that, as a first step, it would be more realistic to accept a partial agreement. As a result, the agreements signed last month exclude financial aid, technical assistance, and provisions concerning the free movement of labor.

An association council, consisting of the Community Council and Commission members and representatives of the associated country's government, will supervise each agreement. The association councils have powers of recommendation only.

Safeguard clauses allow Morocco and Tunisia to withdraw concessions which could hamper their industrialization efforts, but they must then make equivalent concessions. Both sides can take safeguard measures to protect their balance of payments or to cope with regional and sectoral difficulties.

**The Act, signed by the Great Powers, reaffirmed the independence and integrity of Morocco following the "first Moroccan crisis" of 1905-1906 and in effect established the Open Door in that country.*

COMMUNITY NEWS

WILSON: "WE SHALL PERSIST"-COUNCIL OF EUROPE'S 20TH ANNIVERSARY

"The British Government has persisted and will continue to persist in their application for full membership in the European Communities, in the conviction that their enlargement and development provide the obvious, the natural and the best way forward. We have been right to persist. When that persistence is rewarded by the enlargement of the Communities, as it will be, the road to a united Europe will again be open."

In these words, Prime Minister Harold Wilson reaffirmed Britain's determination to enter the Community, when he spoke at a May 5 ceremony in London marking the 20th anniversary of the founding of the Council of Europe.

The Queen presided at the ceremony, in the Banqueting Hall, Whitehall, which was attended by ministers, members of parliament, ambassadors and other guests from the 18 member countries of the Council of Europe. The anniversary was marked by extensive ceremonies throughout Britain, and especially in London, where the Statute of the Council was signed on May 5, 1949.

Paying tribute to the achievements of the Council of Europe, Willy Brandt, German Foreign Minister and current chairman of the Council's Committee of Ministers, pointed out that there was still no European peace system

and that Western Europe was still far from that measure of unity which, 20 years ago, seemed the proper answer to the horrors of the past.

Not All Political

The Council of Europe's Secretary General, Peter Smithers, stressed that not all obstacles in the way to European unity were political and that indeed the ultimate objectives of unity were the problems of living in the modern world itself.

"The new technology is creating problems in society faster than solutions for them are being found. The present decision-making machinery of governments themselves is quite inadequate to enable them to use the existing international organizations efficiently for finding solutions.... If at the end of another two decades our water is unusable, our air is unbreathable, our food uneatable and our urban society intolerable to its members, it will matter little to the citizen whether he lives in the Communities or the non-Communities, or in an eastern- or a western-style democracy...."

"I therefore hope that in the next 20 years our governments will concentrate their attention mainly upon the problems themselves, most of which have no international political content, and not exclusively upon the political structure which surrounds them...."



Before Westminster Cathedral, the President of the Council of Europe's Assembly Sir Geoffrey de Freitas gave out copies of the Council's charter to cyclists who then took them from London to the mayors of Cardiff, Newcastle, Southampton, and Bury St. Edmunds as part of the Europe Week celebration. The Mayor of the City of Westminster, wearing his chain of office, looks on.

COMMON SYSTEM OF CUSTOMS TAX EXEMPTION APPROVED

Life will soon be simplified for Community residents who travel.

On May 12, the European Communities Council of Ministers approved a directive for the harmonization of the member countries' rules for exempting turnover taxes and excise duties on goods bought in another country for personal use and carried by travelers in their baggage. Community residents traveling from one member country to another will receive tax exemptions on up to \$75.00-worth of goods. Member states are allowed to reduce this exemption for children under 15 years of age to \$20.00.

One of the main purposes of the directive was to dramatize for the general public in the Six the existence of the Common Market and to give the man in the street direct and tangible benefits from the customs union. The directive also set quotas for the following products:

Tobacco: 200 cigarettes, or 100 cigarillos, or 50 cigars, or 250 grams of pipe tobacco

Alcoholic beverages: 1 liter of liquor containing more than 22 per cent alcohol or 2 liters of sparkling wine, cordials, liqueurs, or other distilled or fermented beverage containing less than 22 per cent alcohol, and 2 liters of still wine

Perfumes: 50 grams, and ¼ liter of toilet water

Coffee: 500 grams, or 200 grams of coffee extracts and essences

Tea: 100 grams, or 40 grams of tea extracts and essences.

Children under 15 years of age receive no tax-free allowances for these products. The member countries are permitted to continue applying their current quotas for these products to non-European travelers.

Travelers who reside outside the Community will be allowed to bring into the Community \$25.00-worth of goods without paying turnover taxes and import duties on them. The directive leaves the Community members free to reduce this exemption for children under 15 years of age to \$10.00.

COMMUNITY TO GIVE FOOD AID TO BIAFRA

The European Communities Council of Ministers decided to give food aid to the people of Biafra at its foreign affairs meeting in Luxembourg on May 12.

The aid will consist of 14,006 metric tons of wheat semolina, pearl barley, corn semolina, and rolled oats, an amount equivalent to 25,000 tons of raw cereals. Arrangements for transporting and distributing the food were completed on May 14 by the Community, the International Red Cross Committee, and Joint Church Aid.

COUNCIL DEBATE CONTINUES ON FARM REFORM PLAN, PRICES DECIDED FOR CURRENT MARKETING YEAR, CHANGES SUGGESTED IN FRUIT AND VEGETABLE MARKET

Debate continues within the European Communities' institutions, lobbies to the Community, as well as within the six member governments on the long-term plan for reorganizing farming in the Community (*European Community* No. 119, page 14). In the meantime, since no immediate decision is either possible or expected on so complex and controversial a venture, prices have been set by the European Communities Council of Ministers and the Commission has made proposals to limit surpluses of some kinds of fruits and vegetables and to deplete dairy surpluses in the current marketing year.

Price Decisions

The Council of Ministers met twice in Luxembourg to discuss agricultural matters, on April 22 and May 13. It agreed to maintain prices at their current level for cereals (except corn and barley), rice, sugar, and oilseeds during the 1969/70 marketing year.

Target prices for corn and barley will be increased by \$1.00 per metric ton. (The target price is the base price determined in the marketing center of the area with the least adequate domestic supplies in the Community.)

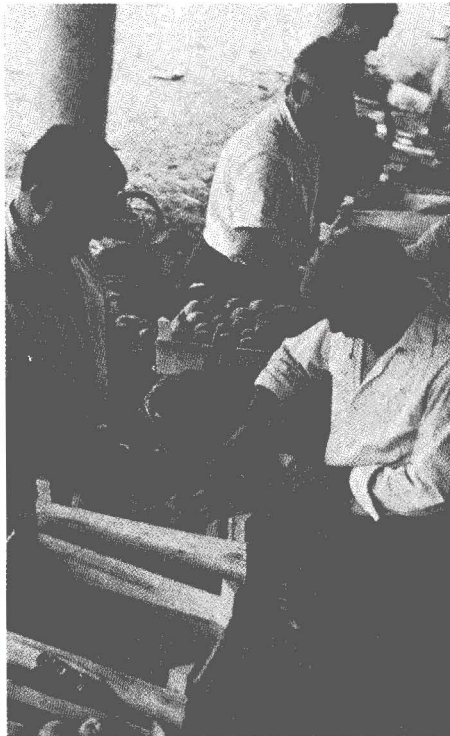
On May 13, the Council adopted the following 1969/70 threshold prices (used as the basis for calculating import levies): (price per metric ton) soft wheat and meslin, \$104.38; rye, \$95.63; barley, \$93.19; corn, \$93.69; durum wheat, \$123.13; oats, \$87.60; buckwheat, \$88.53; sorghum, \$89.93; millet, \$88.53; and canary seed, \$88.53.

In the sugar market, in addition to keeping last year's prices, the Council agreed to maintain the same processing quota, 6,352,500 metric tons. To facilitate marketing of sugar produced in the French Overseas Departments, the Council on May 13 passed a regulation allowing the French Government to grant aid under specific conditions to refineries in Nantes, Bordeaux, and Marseilles while they rearranged their production in accordance with the rules of the common sugar market.

Beef and Veal

Discussions are scheduled to take place before the end of June, but the Council has already indicated that it favors any measures necessary to encourage dairy farmers to switch production into beef and veal. In the meantime, to limit the dairy surplus and restore balance to the market, the Council noted its agreement on a regulation proposed by the Commission for subsidizing the use of whole milk powder in compound feeding stuffs for calves. In addition, the Council formally approved two other regulations proposed by the Commission:

- authorizing the Commission to make arrangements to encourage disposal of butter held by intervention bodies



- providing for the trial sale, until June 30, 1969, of skim milk powder held by intervention bodies as of April 1 at special prices for use in the manufacture of compound feeding stuffs for pigs and poultry.

The Council also invited the Commission to make proposals for including milk products in the Community's food aid program.

Fruit and Vegetable Surpluses

At the request of the Council, the Commission prepared and submitted a report on the organization of the fruit and vegetable market at the Council meeting of May 12-13. The Council's Special Committee on Agriculture is examining the report, which contains recommendations for changes in Community regulations to limit supplies of certain fruits and to modify the financing rules.

Apples, pears, and peaches are the main fruits in surplus. The Commission thus proposed that the member governments stop granting aid for the creation of new orchards and that the Community's farm fund grant premiums for uprooting certain orchards.

In the event of oversupply of any product subject to the common price system, the Commission said that inferior products should be withdrawn from the market first. Because of gaps in the regulations, the best produce has been withdrawn first. The Commission said it was thinking of increasing the minimum calibration provided in the common quality standards

or prohibiting the marketing in the fresh state of products that do not meet at least Grade II standards. (The inferior-quality products would remain available for processing.) The Commission plans to take prices for Grade II products as the sole basis for calculating withdrawal premiums and support prices, even if products of superior quality are withdrawn.

Because of local difficulties in the fruit and vegetable market, intervention prices for various products are set by the member countries at different levels. To eliminate the current disadvantages of the system, the Commission proposed that these prices apply in the future throughout the Community. It also suggested that the member countries be required to grant financial compensation to producers' organizations which withdraw products. To strengthen and develop the role of producers' organizations, the Commission proposed to eliminate the formal declaration of crisis situations and allow the organizations to intervene as soon as market conditions warrant.

Concerning the ultimate disposal of products removed from the market, the Commission proposed that fresh or processed produce be distributed free of charge to the needy and that the Community's farm fund pay the distribution or processing costs. It also suggested that farms should be encouraged to use surplus products.

PRODUCE REMOVED FROM THE MARKET

(Provisional Figures for 1968/69 Marketing Year)

	Metric Tons	Per Cent of Production	Estimated To Cost Farm Fund*
Cauliflower	5,598	0.40	\$ 223,920
Tomatoes	1,880	0.04	75,500
Peaches	100,284	5.40	8,842,944
Pears	183,497	8.10	9,335,591
Apples	16,522	0.35	657,929

*Excluding packing

EUROPEAN AIRLINES REACH TECHNICAL ACCORD

Five European airlines - Air France, Union des Transports Aeriens (UTA), Alitalia, Lufthansa, and Sabena - have agreed to cooperate in operating and servicing their Boeing 747 "jumbos."

Each member line will be responsible for a particular aspect of maintenance and operation. Lufthansa, for example, will service engines and install a flight simulator in Frankfurt for training crews from all five companies. Air France will maintain the airframes. Alitalia and Sabena will look after important ancillary and electronic equipment.

COUNCIL EXTENDS MANDATE OF REY AND VICE PRESIDENTS

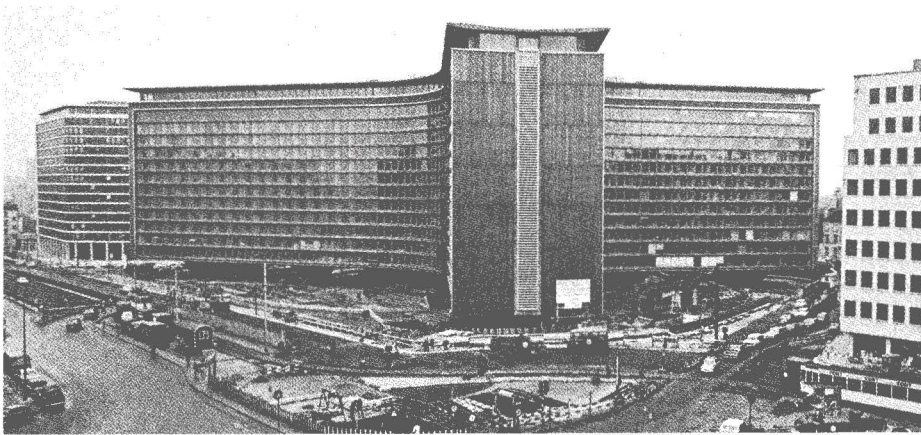
The European Communities Council of Ministers on May 12 decided to extend for one year the mandates of the Commission President and four Vice Presidents, which expire July 1969.

Thus, Commission President Jean Rey and Vice Presidents Raymond Barre, Fritz Hellwig, Lionello Levi Sandri, and Sicco L. Mansholt will continue in office until July 1, 1970, at which time either a new Treaty for the European Community will have been signed or the current 14-member Commission will be replaced by a 9-member body.

On July 1, 1967, a treaty providing for the merger of the three executive bodies of the three Communities – the European Economic Community, Coal and Steel Community, and

Atomic Energy Community – into a single Commission came into force, and on that day the current Commission took office. The merger treaty also formally replaced the three legally distinct Councils of the Communities by a single Council of Ministers. The executive merger was the prelude to the eventual merger of the three Community Treaties themselves.

Under the merger treaty, the President and Vice Presidents of the Commission were appointed for a term of two years (from July 1, 1967), which was renewable. The 14-member Commission, as well as the terms of the other Commission members, was to last until a new European Community Treaty was drafted but no longer than three years (until July 1, 1970).



When the Communities' executive bodies were merged, their staffs were also merged and streamlined. The Berlaymont Center is one of the new buildings that will house the Commission's staff in Brussels.

RESTRICTED COMPETITION IN TRADE FAIRS IS JUSTIFIED

A limitation on participation in trade fairs by machine-tool manufacturers in the European Community and seven other European countries is not contrary to the Community's competition rules, according to a Commission ruling in March. It was the first time the Commission had taken a position on an international agreement on the supply of services, as distinct from the supply of goods.

European Machine-Tool Exhibitions are held every two years in Brussels, Hanover, Milan, and Paris, in turn. The rules of the European Committee for Cooperation by Machine-Tool Industries (CECIMO) prohibit member companies of the Committee's 12 national associations from exhibiting their products at other trade fairs or exhibitions in the alternate years. The national associations comprise the leading machine-tool manufacturers in each country.

The Commission considered whether this ban:

– restricted competition, in that organizers of non-specialized fairs had their offers of exhibition space in the alternate years refused by

machine-tool manufacturers and distributors

– limited trade in machine-tools, in that every other year these products could not be freely displayed at European fairs.

The Commission concluded that, even if competition on these two counts were restricted:

– The present proliferation of trade fairs and exhibitions was often uneconomical, and European Machine-Tool Exhibitions help to minimize duplication and waste.

– The Machine-Tool Exhibitions offered considerable advantages, not only to machine-tool manufacturers, but also to their customers who, every two years, could acquaint themselves, in one place and under the same conditions, with the whole range of machine-tools produced in Europe.

– The rules restrained competition only to the extent necessary to obtain the desired rationalization. In addition, there was effective competition between the organizers of trade fairs and between the sellers of machine-tools in the Common Market.

YUGOSLAV LABOR LEADERS VISIT COMMUNITY HEADQUARTERS

A delegation from the Central Council of the Confederation of Yugoslav Trade Unions (CSY) paid an information visit to the European Community on March 26-29.

During their stay in Brussels, the Yugoslav labor union leaders met with senior officials of the Commission. They examined Community policy in various sectors, but particularly agriculture, trade, and industry, the most important in relations between the Community and Yugoslavia. With Lionello Levi Sandri, Commission Vice President with special responsibility for labor and social affairs presiding, they also took part in a round table discussion of the Community's social policy and had an exchange of views with a delegation from the European labor union lobbies in Brussels.

PHILIPS ENDS BAN ON RE-EXPORT SALES BY EC SUBSIDIARIES

Philips, the Dutch electrical and electronic firm, agreed to allow its Common Market subsidiaries to re-export its products, following intervention by the European Communities Commission.

Previously, Philips' general selling conditions for its subsidiaries forbade them to re-export Philips products outside their sales territories. For some time, however, this ban had not been applied to sales to other parts of the Community. Now, the parent company has issued selling conditions that conform with the de facto position.

Although the re-export ban still applies to Philips' subsidiaries outside the European Community, it does not constitute an appreciable restriction of competition under Article 85 of the Rome Treaty.

COMMISSION TAKE ITALY TO COURT FOR DISCRIMINATORY TAX

The Commission took the Italian Government before the Community Court of Justice on March 27 for imposing a higher tax on brandy imported from other Community countries than on the local product.

The Italian Government now taxes imported brandy on the basis of a standard alcohol content of 70 per cent, whereas Italian brandy is taxed according to its real strength. This procedural difference violates Article 95 of the Common Market Treaty, which forbids member countries to impose, directly or indirectly, any internal charges on another member country's products higher than those applied to like domestic products.

On May 7, 1968, the Commission asked the Italian Government to end the violations within a fixed period. When the Italian Government failed to comply, the Commission submitted the case to the Court of Justice.

REPORT FROM STRASBOURG: COMMISSION TO PRESENT REGIONAL POLICY PLANS SOON; BARRE PLAN, U.S. PROTECTIONISM DISCUSSED

The European Community cannot carry out its common policies without an active regional planning policy, Commissioner Hans von der Groeben told the European Parliament in Strasbourg on May 6.

Mr. von der Groeben, who is the Commission member with special responsibility for regional questions, said his colleague Vice President Sicco L. Mansholt's plan to restructure Community farming (see *European Community* No. 119, page 14) was a striking example of the way in which the success of a common policy depends on the prior solution of regional problems. Since the completion of the customs union, this correlation has preoccupied the Commission, Mr. von der Groeben said.

Primary responsibility for harmonious development of the regions lay with the member governments, but the desired balance could not be achieved if each member state pursued a policy related only to its national goals. To help underdeveloped regions, member governments were competing with one another in the amount of government aid they offered investors. This escalation showed what happens when there is no coordination. Mr. von der Groeben announced that the Commission would soon submit to the Council of Ministers a detailed program for regional development. Coordination of regional aid would be among the chief recommendations.

Barre Defends His Reserve Pool Plan

On the same day, there was a major debate on the state of the Community's economy and on the plan Commission Vice President Raymond Barre presented last February for improving coordination of the member countries' economic policies (see *European Community* No. 121, page 12). A highlight of the Barre plan was the proposal to create a pool of currency reserves from which member countries with balance-of-payments problems could draw automatically. A report by the German Christian Democrat Clemens Riedel and a resolution adopted by the European Parliament criticized the plan on the grounds that such an automatic first-aid mechanism was dangerous as long as the member countries did not coordinate their economic policies.

Mr. Barre replied that the Commission's memorandum had to be considered in its entirety. He pointed out that automatic help would be given for only three months at a time and that once a member country pushed the first-aid button, it was obliged to consult its partners on its economic problems. In addition, the memorandum called for the drafting of a common medium-term economic policy and a system of preliminary consultation on the member governments' economic actions.

He said he thought plans to "recycle" speculative capital unsuited to the Community's

problems and completely unrelated to the issue of economic coordination. The Commission Vice President said experts considered the proposals made in the memorandum technically feasible.

Commenting on the Community's economic situation, Mr. Barre said there was no need to devalue the French franc. The French Government had managed to stabilize its trade balance, the country had considerable foreign exchange reserves, and extensive credits were available to it.

If a realignment of currency parities became necessary, a multilateral solution was to be preferred, but nothing was more dangerous than thinking currency policies alone could end financial instability. In Mr. Barre's opinion, a multilateral realignment was not opportune at the present, nor was it a substitute for correct national economic policies and effective international coordination of policies.

Thorn on U.S. Protectionism

Presenting the Council's annual activity report, current Council chairman Luxembourg Foreign Minister Gaston Thorn on May 7 expressed uneasiness over protectionist pressures in the United States. He mentioned restrictions on steel imports and campaigns to restrict imports of woolen textiles, cement, and sheet glass. Reviewing the application of the Kennedy Round tariff agreement, Mr. Thorn said he hoped the new Nixon Administration could hold these pressures in check and abolish the American-selling-price system of customs evaluation which artificially raises the price of some of the Community's chemical exports to the United States.

Although the Council Chairman thought the problems facing the Six should not be underestimated, he saw no reason for giving in to pessimism. He told the Parliament that despite existing political differences, the Community had proven its ability to overcome crises. In the past year, the Council had enacted four times as many regulations as in 1965.

In debate, the chairmen of the Parliament's four political groups expressed doubts about whether General Charles de Gaulle's withdrawal from politics would significantly change the

immediate outlook for European integration. For the Gaullist group, Raymond Triboulet said that the departure of an "illustrious man" would in no way change the real problems of enlarging the Community. Both he and Joseph Illerhaus (German Christian Democrat) argued that the French attitude had until now provided the other member countries with an alibi.

Rene Pleven (French Liberal) and Lucien Radoux (Belgian Socialist) urged another "Messina" meeting or summit conference to get the political unification of Europe moving again. In reply, Mr. Thorn said that in his capacity as a Luxembourg Minister he fully shared their opinion and pledged his support.

Greece: Put Association on Ice

With the Gaullists abstaining, the Parliament passed a resolution urging the Commission not to develop the association with Greece until parliamentary democracy had been restored. It reserved the right to take initiatives to revise or suspend the agreement, which came into force on November 1, 1962, if the present repressive regime were not ended.

Speaking for the Commission earlier in the debate, Eduardo Martino had stated that only the trade provisions of the Athens agreement were now being carried out. Since 1961, Greece's exports to the Community had almost tripled, while its exports to the rest of the world had not even doubled. Its agricultural exports had risen by 150 per cent, compared with 78 per cent for the rest of the world. Its industrial exports were becoming more diversified. Greece's imports from the Six had risen by 91 per cent since 1961.

The future development of the association had been suspended, together with negotiations on harmonizing farm policies, Community help in developing an industrial axis in Greece, and other measures of technical assistance. No new financial accord had been made to replace the one that expired in October 1967 with \$55 million left of the \$125 million credit made available to develop the Greek economy. Mr. Martino explained that the agreement was in abeyance because it had a political as well as an economic significance: to prepare Greece for full membership in the Community.

COMMISSION ASKS COURT REOPEN CASE OF ITALIAN EXPORT REFUNDS

The European Communities Commission on March 20 asked the Court of Justice to reopen a case against the Italian Government concerning export refunds on engineering products.

The Commission first took the Italian Government to the Court in 1964. In its decision of December 1, 1965, the Court upheld the first part of the Commission's case (tax refunds in contravention of Article 96 of the Rome Treaty) and reserved its decision on the second part (illegality of the Italian system of standard-rate

refunds). Article 96 forbids member states to refund internal charges on exports in excess of the amounts actually paid on them.

The Court also called on Italy to prove that the tax refunds did not exceed the taxes actually imposed. It was left open to the two parties to request the subsequent reopening of the case on the second point. After further examining the refund system, the Commission decided to ask for the reopening of the oral procedure on the second point of its submission.

COMMON MARKET ECONOMY BOOMS, AIDED BY U.S. DEMAND

Last year's monetary crisis and the protective measures taken by some Common Market countries to meet the crisis have not significantly affected the Community's overall economic growth, according to the European Communities Commission.

The Commission reported these findings in its first Quarterly Report for 1969 on the Economic Situation in the Community. The Commission said it expected U.S. demand for Community exports to continue since the U.S. economy was not likely to cool off, despite measures to slow inflation.

Despite the November 1968 crisis, the Common Market's economy was growing more vigorously at the end of 1968 and in early 1969 than it had in previous months. The expansion of internal demand was held largely responsible. Gross fixed asset formation, private consumption, and export demand showed particularly rapid expansion.

Demand Expected to Grow in 1969

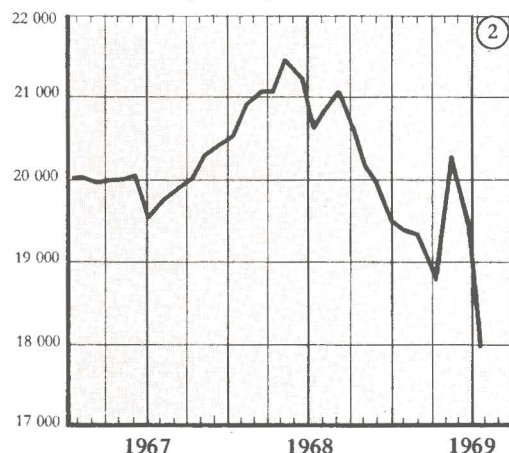
The Commission noted that another large factor in this growth was that measures taken in the United States and the United Kingdom to dampen inflation had had little effect on demand in these countries and, consequently, little effect on their imports. Demand for Community exports in the coming year would not slow down as expected, because inflation in the United States was not likely to slacken enough to have an effect on Community exports.

Despite the rapid expansion of internal supply in the Community, internal demand has grown faster, boosting imports. However, as exports also rose, no major change occurred in the Community's visible trade balance.

Price Rises Reported

Internally, employment and demand for additional labor increased, and the actual working time per person employed lengthened. As a result unemployment declined. However, the

Gold and Foreign Exchange Reserves
(in millions of dollars)



Commission said that while the trend of wage costs was considered favorable, prices in the Community were rising, largely due to the introduction of the tax on value added in the Netherlands, an increase in TVA rates in France, and a general rise in food prices.

The Commission predicted an even greater growth of internal demand in 1969 than it had predicted last year. Real gross Community product will expand by 6 per cent, and industrial production by 9 per cent, the Commission estimated.

URANIUM ENRICHMENT PLANT WOULD ASSURE EUROPE'S LONG-TERM NEEDS AT COMPETITIVE PRICES

A uranium enrichment plant in the European Community would assure the Six of an adequate supply of nuclear fuel at prices competitive with those now charged by the U.S. Atomic Energy Commission, \$26.00 per kilogram unit of separative work.

The European Communities Commission made this statement in answering a written parliamentary question from Hendrikus Vredeling (Dutch Socialist). The estimated cost of uranium enriched in a European separation plant was based on a plant capacity of several million kilogram units of separative work a year and the use of the gas diffusion process of isotope separation. ("Separative work" is a measure of the amount of effort required to separate the isotopes of uranium. The number of units is directly related to the amount of resources — plant, labor, utilities — required and depends on the process used and its efficiency.) This estimate was given in a report by a subcommittee of the Community's Consultative Committee on Nuclear Research in a report given to the CCNR on March 24.

According to the report, by 1980, the Community will need between 5 million and 8 million kilogram units of separative work of

enriched uranium. These needs, the report said, would justify the construction of enrichment facilities in the Community, especially since existing American and British plants will not be able to meet the needs of the entire western world. No judgment was passed on the relative merits of the gas diffusion and ultracentrifugation processes of isotope separation.

The Commission commented, in answering Mr. Vredeling, that the United States' experience had shown that there were advantages in using both methods and having different factories specialize according to the desired degree of enrichment of the fuel.

Mr. Vredeling also asked whether the Community was planning on coordinating its efforts to have an enrichment plant built in the Community with the venture announced on March 11 by Germany, the Netherlands, and the United Kingdom (see *European Community* No. 122, page 19). The Commission indicated that it could not comment at that time. Although the German and Dutch Governments had informed the Commission of their exploratory contacts with the United Kingdom, they had not yet informed the Commission of their decision to build the plant.

EC BANKERS CALL FOR INCREASE IN FINANCIAL INTEGRATION

A call for increased efforts toward financial integration among the Six was made by the European Community Banking Federation in its 1966-68 report.

The report said that progress was necessary at three different levels:

- National capital markets should be strengthened through measures to stimulate savings and structural improvement in financing methods.
- Preparations should be made to create a single European capital market by the "progressive interpenetration" of national markets.
- Concrete action is needed in sectors related to the activities of banks, even if they are not

monetary matters in the strict sense of the term. These sectors include such issues as the removal of tax barriers to international mergers, the harmonization of rules on the publication of information by companies, and the creation of the "European company."

The Federation, whose members are representatives of the professional banking associations in each of the member states, emphasized the need to encourage private savings and suggested that tax incentives might be useful, since they would not be too costly and would have important psychological advantages.

The Federation noted that it had continued to work with the British Bankers' Association, "thus underlining the importance it attaches to disappearance of differences of opinion among the Six over the Community's enlargement."

BELGIAN CHEMICAL COMPANY BORROWS \$1.5 MILLION FROM EIB

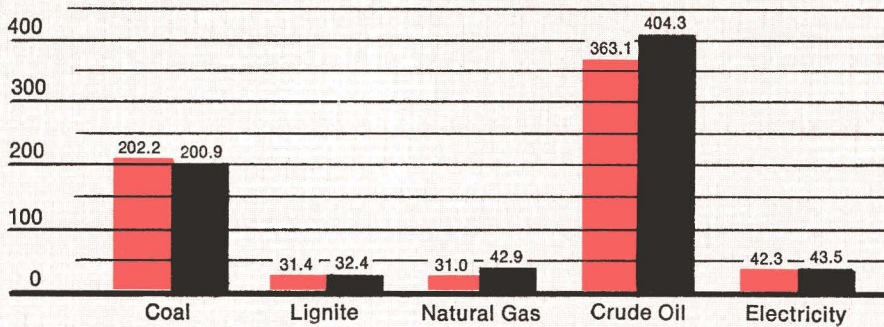
Kali-Chemie AG of Hanover, a German company owned by the Belgian group Solvay, has borrowed \$1.5 million from the European

Investment Bank to build a plant in Nienburg/Weser to manufacture enzymes for detergents under license from a Japanese company.

The loan was concluded on April 14. The project will be executed at a total cost of \$4 million.

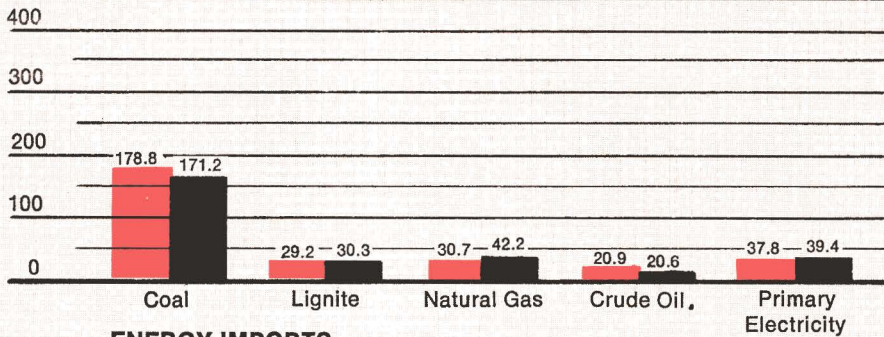
ENERGY CONSUMPTION

in millions of tons, coal equivalent 1967 Total = 669.9 1968 Total = 724.1



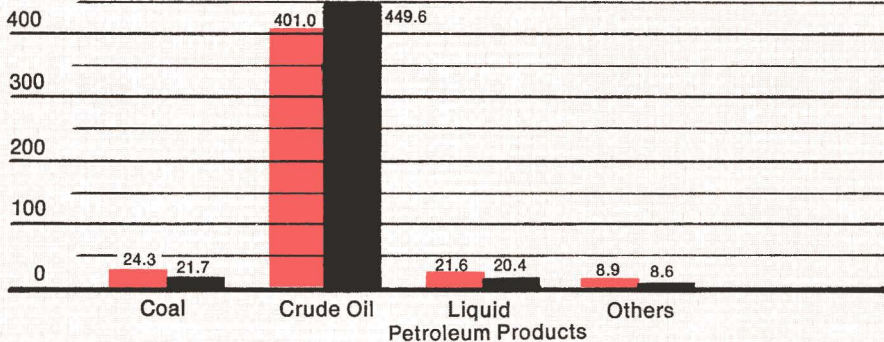
DOMESTIC ENERGY PRODUCTION

in millions of tons, coal equivalent 1967 Total = 297.5 1968 Total = 303.7



ENERGY IMPORTS

in millions of tons, coal equivalent 1967 Total = 455.7 1968 Total = 500.3



RECOVERY PUSHES ENERGY CONSUMPTION TO NEW PEAK

A sharp rise in consumption of natural gas, a smaller increase in crude oil consumption, and a fall in the use of coal were again the main energy trends in the Community in 1968, according to provisional figures prepared by the European Community Statistical Office.

Energy consumption rose by 8.1 per cent in 1968, compared with 4.5 per cent in 1967. It was the largest increase since 1962-63 and reflected the recovery of economic activity in the Community. Gross Community product rose in real terms by 5 per cent last year. The economic revival in Germany — where the gross national product rose by 7 per cent in real terms — was the main influence.

The Community's industrial production rose by 7.5 per cent last year, and growth was particularly marked in such industries as steel and chemicals, which are responsible for 25 per cent

and 22 per cent, respectively, of industrial energy consumption. Output of pig iron and crude steel rose by 9.5 per cent and of chemicals by 10 per cent.

Expansion in demand was also substantial in the transport sector, where consumption of motor and aviation fuels rose by 8-9 per cent.

Private demand increased in 1968 because of the cold weather and improved domestic heating standards.

Imports of energy rose by 9.8 per cent as a result of increased imports of crude oil, which accounted for 90 per cent of the Community's energy purchases from abroad.

Community exports of fuel rose from 52.9 million tons, coal equivalent, in 1967 to 56.9 million tons in 1968 — an increase of 7.5 per cent. Liquid petroleum products and coal were the main products.

RESTRICTIVE PRACTICE ENDED BY INSURANCE COMPANIES

Insurance companies in four Community countries have agreed to end a restrictive trade agreement which concerned rate increases and information exchange, following intervention by the European Communities Commission.

Through their national trade associations, companies selling special forms of insurance had agreed on increased premium rates when a company in one country took over a contract already made by an insurance company in another country. These premium increases were

abolished after a first intervention by the Commission.

Their agreement, however, also provided for a comprehensive exchange of information when responsibility for covering a risk was transferred from one country to another. The company taking over the risk was required to ask the previous insurance company for information normally treated as business secrets and not exchanged among competitors, such as the premium charged, the effective rate obtained,

and the financial results of the contract's being taken over.

As the supply of such information was liable to distort competition between companies engaged in these special lines of insurance in the Common Market, the Commission notified the organizations of its objections. At the companies' general meetings, it was decided to cancel the agreement entirely.

DUTCH STEELMAKERS URGE INDUSTRIAL STREAMLINING

A group of Dutch steel manufacturers sent a memorandum to the European Communities Commission in April calling for coordination of member countries' steel plans and relaxation of price control.

The group, which includes Hoogovens, the Netherlands' biggest steel firm, said non-viable companies were being kept alive by special grants, while the development of efficient ones was being hindered. It supported the current trend towards the creation of larger companies and said that a good competition policy should combat conservative cartels without preventing healthy cooperation between firms.

It asked the Commission to coordinate national steel plans and to put details of the plans at the disposal of governments and industries in the member states. Consultation on future investments on the basis of data submitted to the Commission would eliminate over-production, it stated.

On prices, the group advocated a relaxation of regulations on the publication of steel prices, required by Article 60 of the Paris Treaty setting up the European Coal and Steel Community. The publication of indicative, rather than fixed, price schedules should eventually lead to a system based on a wide freedom in the choice of prices.

UK EXCUSED \$16.8 MILLION ELDO PAYMENT

Britain's request to be released from paying \$16.8 million of its contribution to the European Launcher Development Organization was granted at an Eldo ministerial meeting in Paris on April 15.

Similarly, Italy was excused payment of \$1.3 million. The other members (France, Germany, the Netherlands, and Belgium) agreed to share the extra cost of the current program to launch the Europa-2 rocket by 1971.

The decision should help to resolve the financial crisis which arose last year when Britain refused to continue financing Europa-2, which carries a 400-pound communications satellite, and said it would withdraw from Eldo in 1971. Both Britain and Italy claimed that changes in the program, to save funds, meant that they were no longer obliged to continue paying their contributions. However, Britain is still bound to contribute \$240 million towards the program until 1971.

U.S. TRADE AIDE SEEKS TO LOWER NON-TARIFF BARRIERS

The European Community has the right to impose an added-value tax and to adopt a common agricultural policy, but the United States is entitled to urge the Community "to take appropriate action to avoid the serious trade distortions which are showing up in actual operation."

Carl J. Gilbert, President Nixon's nominee for the position of chief U.S. trade negotiator made this statement on May 5 when he testified before the Senate Foreign Relations Committee. He said non-tariff barriers by other nations would become his primary target and that he would initiate "full scale efforts" to open up to American goods foreign markets now limited by barriers to international trade.

Increased strength by America's trading partners in the past two years - and especially since the Kennedy Round trade negotiations' agreement signed on June 3, 1967 - required that the United States initiate "a new firmness" in its trade negotiations, he added.

"The course of events," he said, "has placed greater emphasis than ever before on the importance of the so-called non-tariff barriers to trade, including the trade distortive effects of border tax adjustments.

"Significant restrictions still exist in certain countries of the world with serious trade limiting results." Solving these problems, Mr. Gilbert said, would not be easy and would require "a delicate combination of forcefulness and restraint" to avoid triggering a trade war.

PUBLICATIONS AVAILABLE

EURATOM'S FUTURE ACTIVITY, Information Memo P-24, Commission of the European Communities, Brussels, April 1969, 5 pagesfree

Summary of the new proposal for a multi-annual research and training program for the European Atomic Energy Community.

RESEARCH AT ISPra '61-'67. General Directorate Dissemination of Information, Commission of the European Communities, Brussels, 1968, 721 pages \$6.00

A three-volume study describing research at the European Atomic Energy Community's Ispra Center, Italy. One volume is devoted to each of the following branches of research: physics, nuclear materials, and engineering.

ELIMINATION OF TECHNICAL OBSTACLES TO TRADE: GENERAL PROGRAM AND DESCRIPTION OF PHASE I Information Memos P-19 and P-20, Commission of the European Communities, Brussels, April 1969, 9 pagesfree

Summary of the Community's program for the elimination of technical obstacles to intra-Community trade in industrial products and foodstuffs. Phase I concerns motor vehicles, crystal glassware, electrical machinery and equipment, measuring instruments, dangerous substances, oil pipelines, and textiles.

LES RELATIONS ENTRE EMPLOYEURS ET TRAVAILLEURS SUR LE PLAN DE L'ENTREPRISE: FORMES ET FONCTIONS.

Collection du droit du travail, High Authority of the European Coal and Steel Community, Luxembourg, 1967, 276 pages \$3.60

Reports of a study conference held in Luxembourg October 4-6, 1965, concerning relations between employers and workers. Laws and practices are discussed.

ECONOMIC UNION: THE SECOND PHASE OF EUROPEAN INTEGRATION. By Jean Rey, President of the Commission of the European Communities, *Community Topics* No. 31, European Community Information Service, Brussels, November 1968, 12 pagesfree

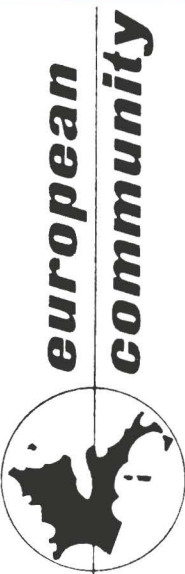
Adapted from a speech before the European Parliament in Strasbourg on May 15, 1968.

SIGNING OF THE ASSOCIATION AGREEMENTS WITH MOROCCO AND TUNISIA ON MARCH 28, 1969, IN TUNIS AND ON MARCH 31, 1969, IN RABAT. Information Memo P-16, Commission of the European Communities, Brussels, March 1969, 7 pages . . .free

Background and analysis of the agreements.

REPORT BY THE COMMISSION TO THE COUNCIL ON COKING COAL AND COKE FOR THE COMMUNITY'S IRON AND STEEL INDUSTRY. Information Memo P-18, Commission of the European Communities, Brussels, April 1969, 2 pagesfree

The French text of the full report is available on a lending basis for a period of three weeks.



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