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COVER: Despite growing demand for steel, investment plans of major companies seem to point to a steel glut (story on page 9). Belgian electricity producing companies are carrying out an intensive investment policy. The photo shows massive circuit breakers for use in electricity plants. PHOTO: Courtesy the Belgian Consulate General, New York.

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# The Deeper Meaning of 'Atlantic Partnership'



**ATTILIO CATTANI**

*The following are excerpts from the testimony of Ambassador Cattani, former Secretary General of the Italian Ministry of Foreign Affairs, before the Subcommittee for Foreign Economic Policy of the Joint Economic Committee of the U.S. Congress on March 16. Ambassador Cattani is now President of General Electric Information Systems Italia.*

ECONOMIC INTEGRATION in Europe has been a major factor responsible for spurring economic development. The spreading of prosperity among all layers of the population has undoubtedly helped to contain movements of social unrest which might otherwise have arisen.

Politically our achievements have been much less conspicuous. . . . For a variety of reasons and historical circumstances, our efforts to achieve more institutionalized political cooperation among European countries have failed so far. However, this apparent absence of specific political action should not lead one to believe that Europe has not gotten closer to unity. There can be no melting of six or ten national economies into one economic union without a substantial amount of political cohesion among the countries concerned. The creation of the Common Market has been an essential factor in eliminating the century-old distrust and enmity between the Western European powers, especially France and Germany. But our task is far from being accomplished. At the Hague conference in December, 1969, the Governments of the European Communities reiterated their resolution to go ahead with the task of unifying Europe. We shall progressively tackle highly sensitive issues that touch the basis of national sovereignty, like monetary union. . . . The Community will have to accomplish essentially four tasks in the seventies:

- define its outer boundaries, i.e. settle the long pending problem of enlargement
- create a modern agriculture able to compete in the world market with a minimum of government interference and avoid surplus problems, thus contributing to an orderly world market in agricultural products
- shape the instruments and institutions for coordinating or unifying basic economic policies within the Community, particularly in the monetary and industrial fields
- apply trade policies which take into account the important responsibilities of the Community in world trade
- set up coordinating machinery in political areas not presently covered by the Treaties.

If, as I am confident it will, the Community succeeds in achieving substantial progress in each of these areas, this will have an important bearing on U.S.-European relations. To the extent that the European countries harmonize or unify their policies, . . . the United States will progressively be confronted with a single position only, instead of six or ten. Technically this will undoubtedly simplify our dealings, but it does not necessarily imply identity of views. As long as six or ten European countries acted more or less independently of each other, they were likely simply to adapt their policies to whatever measures were taken by the United States.

This adjustment mechanism worked satisfactorily because of the imbalance of power between the United States and each European country individually. However, when the European countries get together to decide certain things in common, such decisions may have repercussions on policy formulation. Indeed, the mere fact that European countries decide in common on certain questions will give such decisions a substantially greater weight even outside Europe. Suppose we already had some kind of monetary union within the Community, as is presently envisaged for the late Seventies, and all Central Banks within the Community decide to raise their re-discount rates to the same level. . . . The impact of such a decision on monetary policy would be substantially greater than if only Belgium or Italy raised its rates. This example indicates the new type of reciprocity, or the interdependence, which will evolve in U.S.-European relations as a consequence of a higher degree of economic and political integration within Europe. Some may regret the days when there was essentially only one decision center in the Western World and when the United States was free to give not too much weight to the policies followed by other nations. But it should not be overlooked that the new relationship which is gradually developing between the United States and Europe will, at least in certain fields, bring about that sort of power sharing that the United States hoped for when it supported European unification. . . .

We simply have to realize that our views are bound to differ in certain fields and that in a growing number of economic policy issues neither side can dictate its solution to the other. To the extent that common solutions may be required or desirable, they will have to be agreed upon in a dialectical process of challenge and response. This appears to me to be the deeper meaning of any "Atlantic partnership" concept.

# Common Industrial Policy

## COMMISSION'S MEMORANDUM TRACES OUTLINES

CONTINUED NATIONAL CONCENTRATION in industrial mergers, together with takeovers by firms outside the Community, could wreck any common European industrial development policy, the European Communities Commission warned in a memorandum released on March 21.

The memorandum, the first giving an overall analysis of the problems of industrial development in the Community, outlined possible ways of removing legal, fiscal, political, social, and psychological barriers so as to encourage the development of truly multi-national European companies.

The measures advocated by the Commission would speed up action on such matters as: the removal of technical barriers to trade, the liberalization of access to public contracts, the elimination of tax frontiers, formation of a European capital market, and the enactment of a statute for a European company. The Commission also made proposals for new initiatives and procedures, particularly for strengthening Community solidarity in economic relations with non-member countries. As customs duties gradually lose their importance as instruments of trade policy, the Commission explained, joint action was imperative in such matters as foreign investment, export credit and aids, non-tariff barriers, and international technological cooperation. The Commission also considered that European legislation to protect the natural environment was indispensable.

### Industrial Development Unsatisfactory

Industrial development in the Community remains far from satisfactory twelve years after the start of the Common Market, the Commission said. In 1968 the growth of gross domestic product per person employed in Community industry, in terms of real purchasing power, amounted to 61 per cent of the U.S. increase. Average wages and salaries, in 1968, were more than 40 per cent lower than in the United States. Industrial mergers in the Community tended to occur between companies incorporated in the same country or with companies from outside the Six (largely American) rather than with other member countries' companies.

The Commission felt that the development of a common industrial development policy to promote a European industrial network was indispensable for Western Europe's economic unity and its eventual political unity. In addition, progress in the field of industrial policy was essential for the future enlargement of the Community.

The Commission proposed working along five basic lines: completing the Community's single internal market; unifying the legal, tax, and financial framework; restructuring companies; taking measures to organize change or adjustment, and extending Community solidarity to cover external economic relations.

### Completion of the Single Market

As the first requirement of an industrial development policy all firms and industries must benefit fully from the existence of a large market. Completion of the Community's domestic market calls, in particular, for free access to public procurement contracts and the removal of technical barriers to trade. Progress on technical barriers has been slow, though the

Council has adopted a general harmonization program. The work must be speeded up because these barriers put a burden on industry and sometimes impede the expansion of trade.

Regarding free access to public contracts, the practice of reserving public contracts for companies in the awarding country deprives key Community industries of the advantages of a common market. Particularly hard hit are the capital goods and public transport equipment industries and industries manufacturing many types of technologically advanced equipment. These practices have been illegal since January 1, 1970, but the effectiveness of the Community directives to ensure free access to public contracts requires the full cooperation of the purchasing agencies. To see how successfully these directives are working, the Commission said it would assemble statistics on public contracts awarded by one member state to bidders in another. For technologically advanced industries, such as nuclear power plant builders and manufacturers of aviation equipment, public agencies are a company's best prospective customers. In these industries, fragmentation of the market precludes open tendering and makes compliance with the Common Market Treaty difficult to ensure. Thus, the Commission suggested coordinating purchasing policies in these sectors, with the participation of private buyers, with an eye to alleviating restraints to which buyers are now subject and avoiding new restraints.

### Unified Legal, Fiscal, and Financial Context

Harmonization and unification of the institutional context in which companies operate should be considerably accelerated. In the legal field, the Commission said:

- Work should be resumed on the European company statute so that it can be adopted as soon as possible.
- All member states should enact laws governing corporate groups (now existing only in Germany).

The Commission said it planned to study possibilities for:

- granting industries outside the nuclear field "joint enterprise status" to promote industrial cooperation, especially between public enterprises. Joint enterprise status entitles a company to privileges including preferential tax and loan rates.
- having all member states adopt a law governing *groupement d'intérêt économique*, organized at Community level. Of the member countries, only France now has this kind of law which provides for local or regional associations of companies for a specific purpose, such as marketing dairy products, in return for tax or other advantages.

In the field of taxation, the most urgent need is Council enactment of the tax law directives submitted by the Commission on January 15, 1969, concerning mergers and the arrangements for parent and subsidiary companies. Also needed is progress on tax harmonization—first on the value-added tax and then on excise and direct taxes.

As for finance, Community companies' capacity for growth is hampered by the fragmented state of the Community capital market. A true common capital market must be created. In addition, the Commission:

- recalled the need to modernize banking and financial mechanisms in most member states
- said it was studying improvements in tax arrangements for



*Air France's new Boeing 747 jumbo-jet. More than 76 per cent of aircraft belonging to Community members have been produced in the United States, a sign of industrial weakness that the Commission's industrial policy is intended to rectify. PHOTO: Air France, courtesy France Actuelle.*

financing in the form of risk capital

- recommended an increase in the volume of capital from "Euro-issues" placed at the disposal of Community firms via national and Community financing agencies.

### **Restructuring Companies**

An increase in concentration is needed in many industries and should be allowed, provided that competition is maintained. A powerful movement is already under way in the Community, a trend the Commission welcomed, while pointing out, however, the danger of a merger movement if confined within national boundaries.

Europe's lag in industrial development as compared with the United States and keen competition from outside companies—either through direct exports or through their subsidiaries in the Community—make the creation of transnational European firms essential, particularly in the advanced technology industries.

In the Commission's view, the European Investment Bank, which aids investment in the Community's underdeveloped regions and finances modernization activities, could provide immediate help by offering financing for the combination of companies in different member states. The Commission has also decided to use for this purpose under the Coal and Steel Community Treaty, the proceeds of production levies which it administers.

In the advanced technology industries, where the size of the public contracts puts increasingly heavy responsibilities on the public authorities, the Commission suggested the introduction of Community development contracts with priority given to companies that have decided to engage in transnational ventures.

The Commission condemned the "fair return" principle, whereby each nation insists on getting out of a venture advantages proportionate to its investment, but said balance had to be maintained between member states' industrial interests. If the member states agreed to balance out their interests on the widest possible basis, it would still improve the current situation. The Commission therefore suggested that mergers (in progress or planned) be examined at the request of a member state or the Commission.

### **Measures to Encourage Change or Adjustment**

Among measures conducive to change or adjustment, the Commission mentioned:

- **Employment.** Considerable changes have already occurred in the pattern of employment, but they will grow more pronounced in the future. As a result, many workers will have to change jobs. However, it should also be possible to improve working conditions, earnings, and skills of many workers.

An energetic and extensive policy will be needed to hold the painful effects of these changes to a minimum and to ensure that maximum benefit is derived from them. The Commission stressed the importance of forecasts and the value of negotiations between management and labor, the importance of regional policy, and the reform of the European Social Fund (administered by the Commission to aid workers' retraining and re-employment).

- **Industrial applications.** Dynamic industrial growth and adequate job creation depend on prompt industrial exploitation of the results of scientific research. The memorandum contained a number of concrete suggestions for improving use of research knowledge.

- **Business management.** The Commission outlined some basic principles of modern management and called on Community companies to take the initiative in creating and financing a "European Management and Training Foundation." This center, closely linked with universities and specialized institutes, would do research into modern management techniques, train management specialists for industry, and develop contacts at Community level between industry and universities.

### **Joint Action Needed in New Areas**

The Commission said the Six should take joint action in new areas affecting economic relations with the rest of the world. In particular, the Community should act on: export credit and subsidies, barter operations and investment in state-trading countries, non-tariff barriers, protection of the natural environment, raw materials and energy supplies, promotion of investment, statute for multinational companies, and technological cooperation.

The memorandum also included in its introduction a number of objectives which the Commission proposed to deal with again in a later document. These were: working conditions for industrial employees, worker participation in selection of development targets and the day-to-day running of enterprises, improving the general level of education and culture, protecting the natural environment, and development aid to the "Third World."

# New Mediterranean Accords

## NON-PREFERENTIAL TRADE AGREEMENT WITH YUGOSLAVIA

The European Community and Yugoslavia signed a three-year non-preferential trade agreement on March 19 in Brussels. It comes into force on May 1 in the form of a regulation, which does not have to be ratified by the national parliaments.

Thus ended a procedure begun in January 1965 with exploratory talks between the Community and Yugoslavia. Negotiations opened on October 15, 1968. The second round followed, on November 10, 1968, after the Council had authorized the Commission to make concessions on beef and veal, a main Yugoslav export. The third round which opened on February 2, 1970, ended with the initialing of the texts on February 6. This is the first negotiation concluded since the Community's common commercial policy went into effect on January 1 of this year.

### Concessions on Baby Beef

The agreement consists of a preamble, ten articles, two annexes on tariff reductions, a protocol and its annex on the adjustment of the Community levy on mature cattle and beef, and five letters, clarifying certain aspects of commercial relations between the Community and Yugoslavia. Both parties decided that tariff reductions for certain agricultural and industrial products agreed upon in the Kennedy Round of negotiations within the General Agreement on Tariffs and Trade (GATT) should come into effect immediately. This provision covers a relatively small part of the trade between these two countries: \$6 million-worth of Yugoslav exports to the Community and \$1.9 million worth of Community exports to Yugoslavia.

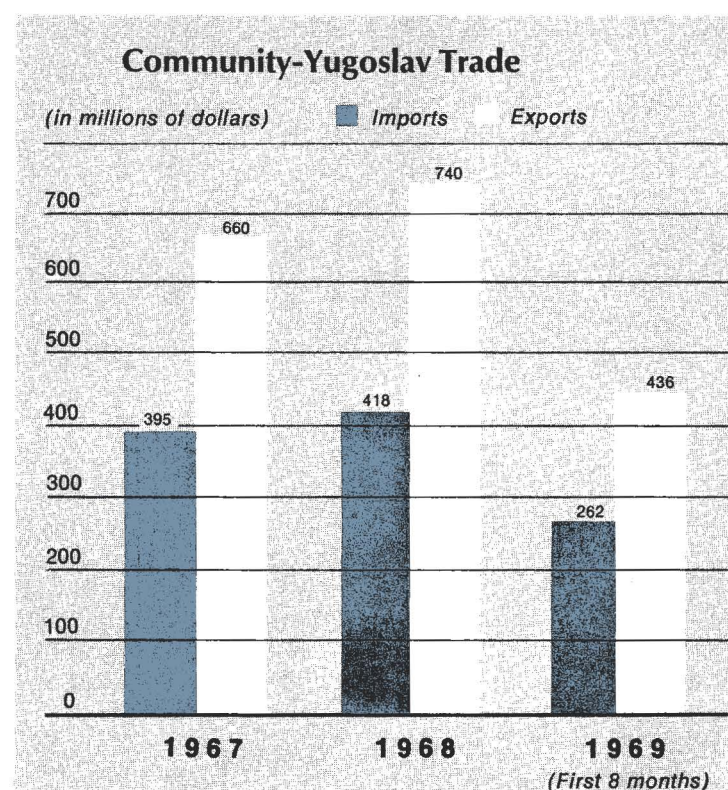
In addition, according to an agreed schedule, the Community will adjust the levy on certain types of high-quality beef (baby beef), in some cases by as much as 25 points. However, in order not to give Yugoslavia a marketing advantage over other beef-exporting countries and Community producers, the agreement commits Yugoslavia to charging a free-at-frontier price high enough to offset the reduction in the Community levy. In this way, Yugoslav exporters reap extra profit equivalent to the amount of reduction in the farm levy that would have accrued to the Community. The agreement provides for consultations between Yugoslavia and the Community in the event of disturbances of the Community meat market and allows the Community to take safeguard measures.

Within the context of the most-favored-nation clause of the General Agreement on Tariffs and Trade (GATT), the Community and Yugoslavia agreed to grant each other the most liberal treatment that they normally apply to other GATT members. Yugoslavia will thus benefit from liberalization arrangements for 885 full tariff headings, and these benefits will gradually be extended to other products. To ensure the compatibility of the Community agreement with the bilateral agreements previously concluded by Yugoslavia and individual Community members, in cases of conflict, the Community agreement takes precedence. A joint committee has also been established to supervise the agreement. For products, such as textiles, corn, wine, and tobacco, mutually satisfactory solutions have not yet been found, but they will be discussed again once the Community has a common position on them.



Yugoslavia has long been a trading partner of the Community and, because of its beautiful seacoast and cultural attractions, a favorite vacation land for Community tourists. PHOTO: Courtesy Embassy of Yugoslavia.

The agreement provides not only for specific industrial and agricultural concessions but also defines the legal context of economic relations between the Community and Yugoslavia. It thus marks the beginning of a new period during which relations with Yugoslavia will increasingly be governed by the Community's common trade policy.



## PREFERENTIAL TRADE PACT WITH ISRAEL

BY SUMMER, the five-year preferential trade agreement concluded on February 13 between Israel and the European Economic Community, should be signed. Its predecessor, signed in 1964 for three years, was not preferential.

Israel's Foreign Minister Abba Eban visited the Commission's headquarters in Brussels on February 18 to discuss the accord with Commission President Jean Rey and Commission Member Edoardo Martino, who is responsible for external relations.

### Terms of Agreement

Over the five-year period the Community will grant phased tariff reductions of up to 45 per cent on a wide range of Israeli industrial and agricultural goods, as well as an immediate 40 per cent tariff preference for citrus fruits. A quota of 300 tons annually has been set for Community imports of Israeli cotton textiles.

In return, Israel will grant tariff preferences ranging from 10 per cent to 25 per cent for industrial and processed agricultural products imported from the Community. At the same time, Israel has agreed to abolish its 15 per cent import deposit requirement by the end of this year for Community goods.

The Community's reduction in its duties on Israeli products will be 30 per cent of present tariff levels when the agreement comes into effect, with the 45 per cent cut applying from January 1, 1973. The tariff cut on oranges, which make up 40 per cent of the Community's imports from Israel, will also apply to oranges from other Mediterranean countries. If Israel imposes a duty on goods that now enter freely (about half of the Community exports fall into this category)—to protect a developing industry, for example—the Six will automatically receive a 15 per cent preference over other outside suppliers.

### Community Buys 30% of Israeli Exports

Since the early 1960's Israel has sought to strengthen its links with the Community, which accounts for about 30 per cent of Israel's visible trade.

As a result of Israel's geographical position, the West European market has become Israel's first source of supply for capital goods of all kinds, raw materials, and semi-manufactures and, on the other hand, has proven of prime importance as a market for Israeli finished goods and for much of its agricultural produce.

Israel's dependence on trade with Europe is further increased by its limited domestic market, which makes mass production on a competitive scale impossible. Israeli industry is forced to concentrate on manufacturing high-quality, capital-intensive products which require expert technical know-how and have good prospects of competing with those of technically advanced countries. Europe is an ideal customer for these goods.

### Chronology of Community-Israeli Relations

The first, three-year, non-preferential trade agreement came into force on July 1, 1964. It provided for tariff reductions on a number of goods imported from Israel without, however, granting Israel exclusive preferences. The Israeli Government considered the 1964 agreement as only the first step towards a comprehensive agreement with the Community: it hoped that



*Citrus fruit is one of Israel's most important exports. Here, Jaffa oranges are being loaded for sea shipment. PHOTO: Courtesy Embassy of Israel.*

the economic bonds might lead to an association in accordance with Article 238 of the Rome Treaty.

Israel gradually found that the 1964 agreement did not come up to its expectations; it covered grapefruit, avocados, clothes made of synthetics, and chemical and aluminum products. In October 1966 the Israeli Government requested replacement of the existing agreement by an association agreement.

In December 1966 the Council of Ministers instructed the Commission to conduct exploratory talks with Israel, to report on Israel's wishes, and to put forward proposals. In June 1967 the Commission recommended the opening of negotiations with Israel on the question of association.

For some two years thereafter, the development of Israel's relationship with the Six remained blocked. Meanwhile, the Six unilaterally renewed the 1964 accord on a year-to-year basis after it expired on June 30, 1967.

On October 17 last year, the Council authorized the Commission to negotiate a preferential trade agreement with Israel. At the same time, the Six decided that they should seek a trade balance in the Mediterranean by offering to hold talks with interested Arab countries.

At present the Community has association agreements with Turkey and Greece (though the latter has been "frozen" at the stage reached in April 1967 at the time of the *coup d'état*), with the prospect of the eventual entry of these countries into the Community. A trade agreement with Spain was completed on March 12. The Community in March and April 1969 signed partial association agreements with Tunisia and Morocco, while a trade and technical assistance agreement with Lebanon has been in force since 1965. Recently, the Community has been holding talks with the United Arab Republic.

# Social Advance Lags Behind Economic Progress

Social progress has not followed the pace of economic progress, the European Communities Commission said in its annual survey of living and labor conditions in the Six.

Presented to the European Parliament on March 11 by Commission Vice President Lionello Levi-Sandri, the report covered the trend (in the Community as a whole and in each member state) of employment, occupational training, wages, housing, labor relations, and social security.

The Commission said that in 1968 the civilian working population of the Community fell by 0.4 per cent to under 74 million (39.8 per cent of the total population). Women represented about 32 per cent of the working population while the proportion of wage-earners increased to 75.5 per cent. Agricultural employment shrank from 21.6 per cent of the employed in 1960 to 14.3 per cent in 1968.

## Year of Troubled Labor Relations

The report recalled that 1969 was a year of labor unrest, with important strikes in Germany, France, and Italy. In the Netherlands, two of the three main unions decided to withdraw from institutionalized consultations. The Commission suggested that the priority given everywhere to the economy and technology may be leading to a relative neglect of human and social problems. In its opinion, social progress has not kept up with economic progress.

The Commission survey expressed satisfaction with the development of social relations at Community level. Transformation into European federations of the European secretariats of the free and Christian labor union movements was an important step towards integration within the labor movement, the Commission said. This was partly because decisions in the new federations would be made by majority vote.

Other points made in the survey included:

- **Representation of workers at shop-floor level.** The development noted in 1968 was not continued everywhere. In Germany, discussions were pursued on extending equal co-

management to other industries than steel and mining, but the new coalition Government formed in October 1969 had not formally taken up the question. In Luxembourg, co-management was on the Government's program. In the Netherlands, after long discussions, an agreement was reached which would increase workers' voice in running companies. The Commission, however, detected a certain hardening in 1969 of relations between governments, employers, and workers, possibly due to a feeling of uneasiness about the absence of regulations on the distribution of incomes.

- **Labor laws.** Most member countries were concerned with the protection of workers affected by mergers. The working week showed a tendency to fall to 40 hours.

- **Wages.** The Commission pointed to an appreciable speeding up of wage increases in all member countries but France. The increase from the end of the first quarter of 1968 to the end of the second quarter of 1969 was 6.3 per cent and 6.7 per cent for workers in Germany and Belgium (as compared with 3.9 per cent and 4.8 per cent in the previous year), and 8.5 per cent and 8.2 per cent from the end of the second quarter of 1968 to the end of the second quarter of 1969 in the Netherlands and Italy (as compared with 6.9 per cent and 3.8 per cent).

- **Housing.** To solve this problem, two million dwellings would have to be built every year in the Community during the next ten years. The constant increase in building costs and the price of building land calls for effective measures, the Commission said.

- **Social security.** The Commission has studied financial problems of social security for 1958-70, the first study of its kind carried out in the Community. A further study covering 1971-75 has been started. During the last ten years the policy of extending social security coverage to all categories of the population and for the main risks has almost reached its goal in most member countries. More effective and more adequate welfare should be the next aim, according to the Commission.

*Social progress has lagged behind economic progress. The modern, computer-run control room at the Community's Joint Research Center at Ispra, Italy, contrasts sharply with the old coal-burning stove in this Belgian farmhouse.*





# Europe's Gambling Steelmen

RICHARD K. SHEPHERD

IF A PRIZE WERE OFFERED to the industry that repeated past mistakes most quickly, the European Community's steel companies would be hard to beat. Steelmakers seem to have forgotten the lean years of the mid-Sixties when prices collapsed under the weight of a huge investment program in the first few years of the decade.

The new decade finds steelmakers off on another spending spree that throws a shadow of massive overcapacity across the mid-Seventies. The Community's steel companies greeted last year's unexpectedly strong economic boom by filling in the Commission's investment notification forms with the biggest figures in the 17-year history of the European Coal and Steel Community.

## Stampede to the Seashore

One of the strongest features in the investment picture is that the leisurely trend to coastal plant location is turning into a stampede to the seashore. The rush to have the "biggest, soonest" is welding new partnerships among old rivals. (This part of the picture brings smiles of pride to the architects of Community industrial policy in Brussels.) In January, the Commission confirmed its encouragement, announcing that by 1975 it hoped to see the Community steel industry run by ten or so huge groups.

The pattern is already shaping up. On a bleak patch of reclaimed land overlooking the world's largest port, Rotterdam, state-owned Hoogovens (Royal Dutch Blast Furnaces) has teamed up with Germany's Hoesch in a project that will have the first stage of an eight-million-ton steelmill on line by 1974. Not to be outshone by its North Sea rival, Marseilles is to play host to the recently merged combine Wendel-Sidelor, which gave word late last year that it hopes to have the first stage of a seven- to eight-million-ton steel-making complex operating by 1973. Back in the north at Bremen on Germany's short coastline, Klockner Stahlwerke is busy with expansion projects. North of Belgium's old trading port of Ghent, the Sidmar plant operated by a Belgian, Luxembourg, French, and Italian partnership, is moving fast towards its eight-million-ton capacity goal. Westwards on the French coast at Dunkirk, Usinor has already reached four million tons in basic oxygen steel and will go to about seven million tons within five years.

## Ballooning Investments

World steel-industry experts acknowledge that Europe is moving. Standard-size new plants start up with a capacity of two to four million tons and five years later go up to as much as ten million tons. Three or four years ago it would have been one or two million to start and an eventual target of five million tons. The targets have doubled.

Total investments announced last year by Community steel companies amounted to \$1.85 billion, nearly triple 1968's \$669 million, and more than five times larger than the 1966 total of \$338 million. Last year's figures look similar to the start of a pattern set for the first time in the Community's

history in 1960 when new projects were announced for a value of \$1.8 billion. In the next five years, actual expenditure on iron and steel plant totaled over \$5 billion, and 1965-66 production capacity jumped 16 million tons.

The investment boom has been fueled by a year of economic acceleration that has sent the gross national product of the Community racing ahead at a 7.5 per cent rate and which sent steel prices soaring as bottlenecks suddenly appeared. In Bavaria, steel traders were paying up to \$200 a ton for reinforcing bar steel on the black market. Exports slowed to a trickle towards the end of last year, and steel traffic in ports like Antwerp switched to Japanese and even American imports.

Only a year earlier, U.S. steel companies, throwing up their hands in despair, were demanding import controls on the flood of Japanese and Community steel that was rushing into the U.S. market in unprecedented quantities. The Japanese and the Europeans agreed to hold down 1969 exports to the United States to 5.2 million tons each; but, in fact, the American producers need not have worried. Community home demand clipped exports to the United States by about 20 per cent in the first nine months of last year. Indeed, the shortage grew so acute that the Commission hurriedly dropped all import duties on hot-rolled coils and several other scarce steel products.

## Memory of Steel Glut

The investment boom is not, however, the Community's reaction to current shortages. By the time most of the new plants are in operation, the scramble of 1969 will have been forgotten. In Brussels, Commission experts are hoping that Community steelmen are not so quick to forget the bad times and the lessons of the past. The lesson in question was the long depressed period that stretched from 1965 to 1967 after an almost identical investment boom that started in 1961 touched off several years of oversupply and cut-throat prices. Ever since then the Commission has been warning Community producers to phase out old plants when they invest in new ones so that they can cut costs with new and efficient plants and avoid oversupply conditions at the same time.

Although the Commission has closer ties and stronger control in steel industry affairs than in any other Community industry, it can do little more than point to the dangers. "Influence by persuasion" describes the Commission's approach to relations with companies, labor organizations, and industry federations. A concrete tool is the Commission's control of European Investment Bank loans, which can at least make it hard for a company to find cheap money for new investments. A brighter hope for the future lies in recent agreements on economic policy co-ordination which may be used to hold down over-investment in steel some day.

## Steelmen Band Together

Yet it is difficult to apply ideal economic principles to free competition. Few steel companies are willing to cut production potential deliberately. Instead, they are turning to another solution in the hopes it will strengthen them enough to face the uncertainties of the mid-1970's. By banding together and

sharing production facilities they hope to avoid being the odd man out when the test comes.

In Belgium, for example, the producers have just completed a re-organization that will allow a specialized rolling mill, Phenix Works, to keep going. Instead of fighting on its own, the Phenix plant will act as one link in the production chain owned by a group including Cockerill-Ougrée (itself newly married to Espérance-Longdoz) and Hainaut Sambre. For mass production of the high priced flat-sheet products, Cockerill and most key Belgian groups have a share in Sidmar, along with Schneider in France, the Italians, and the biggest shareholder, Arbed from Luxembourg.

In France two more specialized steel producers, Société des Forges et Ateliers du Creusot and Compagnie des Forges et Ateliers de la Loire have joined forces in the latest move in the French steel industry reconstruction. In Germany, August-Thyssen-Huette and Mannesmann have linked to produce the big steel tubes which will carry Russian natural gas into the country. The same two, along with the famous Krupp company, are toying with plans to follow Hoesch and Hoogovens to Rotterdam. They already have a joint ore-handling operation in the port and have just taken an option on an adjacent 500-acre site, one of the last patches of free ground left in the Rotterdam industrial complex. There is a chance that the three will build a rolling mill to work the semi-finished steel that will be produced by Hoesch and Hoogovens.

### New Surplus Looms

Out of the realm of chance and closer to probability are the prospects of a growing surplus on the world steel markets. Charles B. Baker, secretary general of the International Iron and Steel Institute, estimated in Tokyo late last year that world demand would reach 580 million tons this year, up

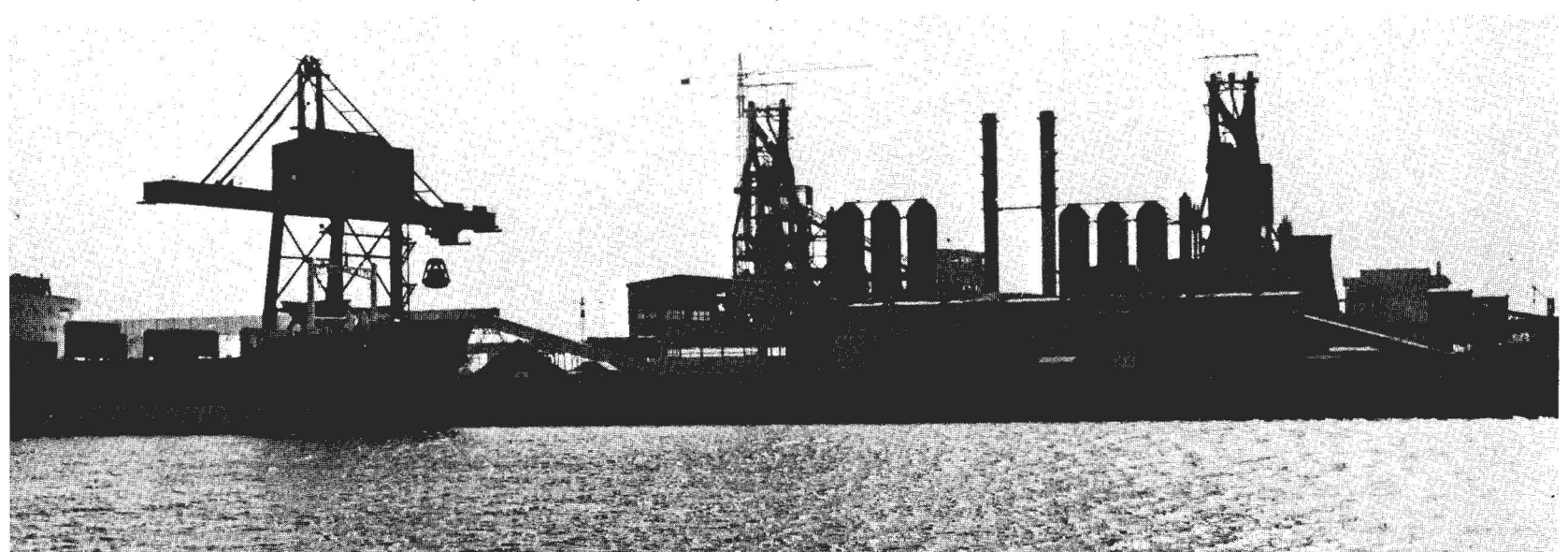
from 565 million tons in 1969. Production is expected to move faster still, topping 600 million tons. This figure will be reached even at a conservative growth rate of 5.7 per cent, the average growth rate in world steel production over the last 20 years.

His figures prompted him to warn: "If our forecast of demand is anywhere near correct, it is obvious that one year from now (late 1970) we could have steel coming out of our ears—as the saying goes—with consequences that we are all too familiar with. When the warning signs which should show up during the latter part of 1970 do appear, every steel producer should be on the lookout for them and prepare himself in advance to meet 1971 requirements on a realistic basis."

If a world surplus does emerge this year, a good part of it may well be in the Community, where six million tons of new capacity is due in a period when the rate of expansion in gross national product will slip back to normal, around 4.5 per cent, according to the Commission's latest estimates. The big capacity growth is likely to come in 1973-74, according to the investment figures from last year. However, steel industry experts in Brussels are already estimating that the Commission's own estimate of 132.2 million tons for 1972 should have been closer to 140 million tons.

Beyond the mid-1970's the investment rate may slow dramatically, and not only because of the pressure of a glut. By that time, rival materials, such as plastics and fiberglass, may begin to encroach on steel's traditional territory. Hoesch in Germany is already moving into plastics, and advances in prefabricated concrete elements in all kinds of construction applications may trim steel's growth. Some experts in Luxembourg say the overall investment growth rate for the decade 1970-80 is likely to move at an average of only 3.5 per cent annually, against 5.5 per cent in the period 1952-68.

*A seagoing cargo ship lies at harbor mere feet away from the Usinor steel company's plant at Dunkirk, ready to take the steel where it is needed without any delays of inland shipment. Coastal location allows steel companies to export steel without thinking about delays that might arise between factory and port of export, which is one reason for the "stampede to the seashore" and heavy investments in seaside capacity. PHOTO: Courtesy French Embassy Press and Information Division, New York.*



# Europe's Steelmakers Fight Pollution

HENRI DELCOURT

THE THREE MAIN CAUSES OF AIR POLLUTION are the accelerated growth of the population, the increase of urbanization, and the development of new technology. Only a few centuries ago, in the year 1600, there were scarcely a half million people on earth, and most of the globe was uninhabited or untouched by human activities. In our day, the world has seven times as many inhabitants, and man's influence has reached almost every part of the planet.

Environmental pollution poses the most serious threat to city-dwellers. In France, for instance, 80 per cent of the country's population will live in cities by 1985. Numerous studies have been done on the causes and the extent of urban pollution. In Paris, where 16 per cent of the French population is crowded together (12,300 to the square mile), sulphur dioxide and soot from domestic heating systems are the main pollutants. Automobiles with carbon dioxide, lead, hydrocarbon, and nitrogen dioxide exhaust fumes, pose a less deadly threat. Factories contribute relatively little to air pollution except in industrial centers, near cities, where anti-pollution regulations still have some way to go before they will be able to cope with the problem.

Los Angeles smog results from a number of special conditions: sunny climate, still winds, enormous number of automobiles (3.5 million tailpipes pour 10,000 tons of chemical waste into the air every day). It was no coincidence that California was also the pilot state for regulations limiting automobile exhaust fumes.

In Europe, more attention has been given to reducing pollution from heating fuels, especially coal, by reducing their sulphur content and regulating home furnaces. Nevertheless, most European countries have also adopted requirements similar to the U.S. anti-pollution regulations for automobiles, requiring recycling of exhaust gases, setting a 4.5 per cent maximum carbon content after January 1, 1970, for every vehicle equipped with a carburetor less than ten years old, and limiting carbon monoxide exhausts after September 1, 1972.

## Visible and Invisible Waste

Badly planned or controlled industrialization and lopsided application of technology are directly responsible for many serious environmental problems. With the increasing use of modern techniques has come a surge in the volume of waste products that pollute the environment. In the United States alone, 142 million tons of harmful gases are poured into the air each year. Other industrialized countries have a comparable volume of pollutants.

In Europe, the steel industry was one of the first incriminated of air pollution because of its readily apparent waste fumes. There are many other sources of less visible, but much more toxic, pollution: from gasoline and diesel motors and furnaces in private homes.

Nevertheless, the steel industry is trying hard to find solutions. As a result of technically difficult, prolonged, and tedious research, the sources and effects of waste fumes from steel are now known, and some of the ways they spread have been

identified. Some anti-pollution controls have also been put into service at a high cost but with very satisfactory results.

## Community Research Grants

The steel industry's struggle against pollution is carried on at the factory level as well as on the national and international levels. In the international sphere, the European Community since 1958 has devoted large credits to research on the nature and extent of air pollution and practical means of controlling it. To aid the steel industry's anti-pollution efforts, the Community has contributed \$3 million for projects in the six member countries, while companies interested in specific projects have spent an additional \$900,000. For the second research program, now in progress, \$4 million has been earmarked. These programs also deal with the health of people living near factories and workers in the plants who are more directly exposed to fumes and dust.

In the process of steelmaking, annoying dust and gas wastes are thrown off. The main air pollutant gases are carbon monoxide, sulphur dioxide, and hydrogen sulphide. Carbon monoxide is toxic when released in a confined space, but coming out of a stack of the kind most steel plants have, it disperses quickly into the atmosphere, becoming harmless in the process. Sulphur dioxide, however, changes into sulphuric acid on contact with moisture in the air and is caught in little pockets in the midst of fog and smog. In steelmaking, there is not much sulphur dioxide waste except from cokeres which process coal for use in steel furnaces.

Satisfactory solutions have been found for a number of pollution problems. In new installations for the preparation of iron ore, integrated purification systems have been built right into the plant. In addition, systems for purifying gases by cyclone precipitators or electrofilters have been technically perfected. For blast furnaces the problem has been practically solved in a way that answers both the needs of public health and the interests of industry. Today the dust and carbon monoxide laden fumes released from stacks are considered a valuable source of energy in modern power plants.

"Brown smoke," the most obvious fumes, come from the converters of oxygen furnaces which operate at temperatures of more than 2,000° C. At this temperature iron first vaporizes then oxidizes into a very fine dust (with a mean diameter of 300 millimicrons) which drifts off in a light, chocolate-colored cloud visible for more than a mile. The ferric oxide powder in these clouds either falls in the immediate vicinity of the mill, forming what is called "roof waste," or the finest particles travel long distances in the wind.

The European Community has financed nine projects to curtail brown smoke, the most difficult air pollution problem that the steel industry has had to solve. Today, as a result of this research, oxygen furnaces are equipped with effective dust traps which make it possible to reduce the powder content in brown smoke from 125 grams per cubic meter of nitrogen gas to less than 0.1 gram/Nm<sup>3</sup>.

Nevertheless, it should not be assumed that the steel industry has solved all its pollution problems. These problems are complicated, both technically and in their economic and social implications. The struggle continues.

*Mr. Delcourt is a Belgian free-lance journalist who writes on technology.*

# The College of Europe:

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## PROMOTER OF EUROPEAN VALUES AND BELIEFS

### WERNER FELD

THE COLLEGE OF EUROPE, one of several European centers for the study of European integration, differs from the others in that it is an independent institution and uses a comprehensive approach in its study program. Most other centers are tied to universities and focus only on specific aspects of the integration process.

Founded in 1949 as the first specialized center for European study after World War II, the College is located in Bruges, Belgium, whose well-preserved medieval charms reflect one of the great periods of European history. It is a postgraduate institution, primarily for students of economics, political science, and law. It has been, since its founding, under the stewardship of Professor Henri Brugmans, an outstanding academician and early leader in the European unification movement. The multinational academic and administrative staff of the College is devoted to the promotion of the "European idea." In recent years, an American professor annually has been part of the faculty. In 1966 the George C. Marshall chair was established which is occupied by a visiting American professor.

The College, independent of any national government, is governed by an autonomous Board of Administration representing the national governments and European organizations which provide financial support for its operations.

### Enrollment

When the College opened in the fall of 1950, 35 students were enrolled. To ensure optimum conditions for intensive study, enrollment for the nine-month course of instruction was never allowed to rise above 56, and until the 1968/69 academic year, the average enrollment was 42. The student-faculty ratio is a highly favorable 2:1, including the faculty residing in Bruges and the instructors traveling regularly to the College from neighboring institutions of higher learning and the Commission of the European Communities in nearby Brussels.

The students have come from all West European countries except Spain and Iceland. An increasing number has come from Eastern Europe in recent years. Almost every year a few Americans and Canadians join the student body plus a number of students from other non-European countries. Since the College was established, France and West Germany have furnished the largest number of students (114 for both countries). The next three countries scoring highest in number of students enrolled are: Italy (98), Great Britain (93), and Belgium (85).

Most students at the College hold scholarships and are recruited by selection committees in their respective countries. Funds come mostly from national governmental institutions; the College itself grants scholarships only in exceptional cases. The financial assistance provided covers the full cost of tuition, room, board, and study trips. Each student has a private room in the Students' Home, a former 19th century hotel, where some faculty members also live. Meals are taken in the Home's dining room, and a number of comfortable furnished rooms with television, radio, and a representative selection of newspapers are available for recreation, discussion and parties.

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*Werner Feld, professor of government and department chairman at the University of Louisiana, New Orleans, was a visiting professor at the College of Europe last year.*

The instructional languages are French and English; in the Students' Home both languages alternate each day as the official language to be used by the students.

### The Curriculum

The academic year of the College is divided into three terms, and the instructional program carried out through three departments: law, economics, and political science. In the first term all students attend general introductory lectures on the history, basic concepts, and the institutions of the European Community. A few specialized lectures in the three disciplines are offered during that period. In the second term, the emphasis shifts to the legal, economic, and political aspects of the Community and integration in general, and most of the instruction takes place within the three departments.

While majors in the three disciplines normally pursue the bulk of their studies in their own fields of concentration, they may also take optional courses in other fields. Much of the educational experience during this term is in the form of lectures, but each student must also enroll in a seminar in which he begins preparations for writing a "major paper." The final term is devoted mainly to completing this paper and presenting summaries in the seminar sessions. The result achieved in the paper weighs heavily in the final grade.

### The Continental Classroom

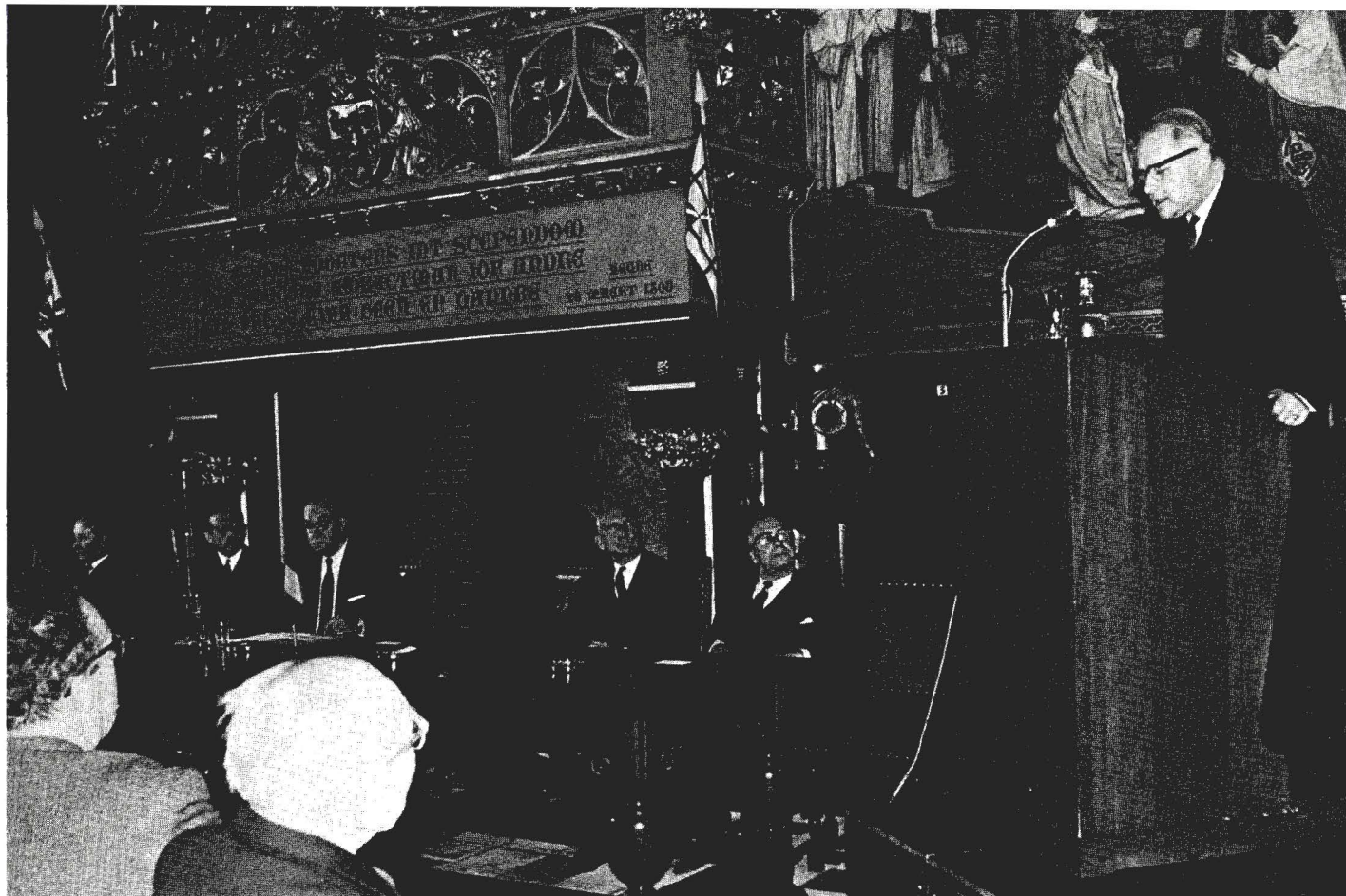
Following the custom of Continental universities, the lectures have usually been formal, with little discussion encouraged or permitted during the class period. Only in the seminars could the students express their views freely and engage in an intellectual give-and-take and freeflowing discussion in the classroom. This traditional, *ex cathedra* lecture method was one of the main targets of the wave of student protests that swept Europe in 1968 and 1969. The students at the College of Europe were no exception, and although their protests, led chiefly by the "Anglo-Saxon" students of the College, were mild and well-mannered, they insisted on more discussion and fewer formal lectures in class. Most faculty members readily complied with their wishes, and by the end of the 1968-69 academic year a distinct change in instructional methods had taken place.

Another target of student protest in Europe, the sacrosanct position of the professor and his inaccessibility to students was not relevant for the College. In view of the very small size of the College student body, professors are easily approachable and on easy, personal terms with the students. Of course, this kind of relationship is much easier to maintain for professors residing in Bruges. However, even the itinerant faculty members seem to make an effort to make themselves available for consultation with the students when they are at the College.

The prestige of the College attracts guest lecturers who are outstanding intellectuals, active in the European movements, and top-level officials of the European Community and other European organizations. Most of these lectures are held in the Students' Home, thus providing opportunities for informal conversations between guests and students.

### Preparation of Students

All students enrolled in the College are graduate students, but their educational background and previous experience vary



*Henri Brugmans, rector of the College of Europe, addresses faculty and student body on the opening day of a new academic year at this institution which uses a European rather than national approach to the study of law, political science, and economics.*

greatly. Most students from Continental Europe have completed a program which has focused on the acquisition of a professional skill. They either have a law degree similar to our LL.B. or a degree in economics approaching our M.A., since it is based on more intensive and extensive study of the field than the American B.A. in economics. Only degrees in political science are more or less similar to the American B.A. in this field. However, the few universities on the Continent that have political science departments tend to place more emphasis on history, constitutional law, and political philosophy than on political behavior, which has preoccupied many American departments in the past ten or twenty years. A few students with law degrees also show a marked interest in political science and have enrolled in the political science department of the College rather than in the legal section.

The American students' academic training more closely resembles the academic preparation of British and Irish students than it does the Continental background. However, the general educational level of British, Irish, and Continental high school graduates is often higher than their American counterparts; and their "high school" years are longer and their education broader and deeper, especially in the humanities and history.

Despite these differences in educational levels and preparations, American and British political science and economics students often displayed better research capabilities than their Continental colleagues. Only the Continental law students seemed to possess a uniformly higher level of research skill and a strong commitment to investigate all sources available at the College. In this connection, legal education in Continental European universities devotes considerably more time to legal philosophy and history than do most American law school curricula and, without neglecting case law, put much greater stress on legal principles.

### **Successful Alumni**

Hope of obtaining a position with a Common Market institution or another European organization is a prime motivation for many students who study European integration. Their hopes have been largely fulfilled. Of the College's 797 stu-

dents between 1950 and 1969, 14 per cent are employed by the European Communities and the Council of Europe, some of them now in high, policy-making positions. Quite a few have also taken jobs in different international organizations in Europe, such as the Organization for Economic Cooperation and Development (OECD) and the International Labor Organization (ILO). Twenty-four per cent of the alumni are employed in industry, commerce, and news media with some of them working for multinational companies and others engaged in activities of a trans-national nature. Fourteen per cent are active in national administrations and political life. The alumni, therefore, form an important elite which tends to spread its European-oriented values and beliefs in the organizations and countries where they work.

The organization formed by the alumni of the College has an important feedback effect upon the administrative and instructional activities of the institution. Through close contact with students currently enrolled, the alumni, recalling their own experiences, often try to stimulate curriculum changes. If the proposed changes are accepted as useful by the current student body, they are then promoted later through meetings with the faculty. Such meetings were institutionalized during the 1968-69 academic year and have proven very useful as a safety valve for the normal frustrations of students in a new environment.

During the 1968-69 academic year the students also devoted much thought and discussion not only to the improvement of teaching methods but also to rendering the curriculum more effective and evolving new general goals for the College. There was particular interest expressed in making the college more research-oriented and in developing it perhaps into *the* center for extensive research on integration methods and theory. The faculty received these recommendations with an open mind and appreciation, adopting some quickly and referring others to special faculty committees for further study. Clearly, this healthy interaction between students and faculty reflects the faculty's and the administration's recognition of the important contribution that the students can make to the effective functioning of an academic institution.

# COMMUNITY NEWS

## LIMITS ON DDT USE NOT YET DUE FOR BROADENING

The European Community has no immediate plans for reducing the maximum permissible DDT residues on fruit and vegetables, but the Commission and the member governments' authorities are studying the question.

The Commission made this comment on April 4, answering a written question from Jacob Boerma, Dutch Christian Democratic member of the European Parliament, and Wilhelm Dröschner, German Socialist.

The Commission said that it was not ruling out the possibility of banning the use of DDT in the future if warranted by studies now in progress or future evidence. Denmark and Sweden are the only European countries so far to prohibit the use of DDT, for a trial period of two years.

According to the U.S. Department of Agriculture, the United States now has federal restrictions on inter-state trade in DDT for use in households, on tobacco, in forests, and in aquatic areas, and a proposal is pending to prohibit all uses but those for which there is no alternative. At state level, 24 of the 50 states control the use of DDT and other chlorinated hydrocarbons. One state, Arizona, has banned the use of DDT completely during 1970 and will make a decision about its future use before the end of the year. Delaware is issuing licenses for people to use pesticides and California has given the Director of its Agriculture Department authority to ban any pesticide whatsoever.

## EUROPEAN COMPUTER PLAN

International Computers Ltd. of Britain (ICL) has made proposals to five major European computer companies for a united computer industry in Europe.

The companies are Siemens and AEG-Telefunken of Germany, Compagnie Internationale pour l'Informatique of France, Philips of the Netherlands, and Olivetti of Italy. Some details of the plans were disclosed in March to the British House of Commons' Select Committees on Science and Technology.

ICL suggested that its plan could put the proposed European computer group in a position strong enough to stand up to competition from outside of Europe. "Concerted action by the European computer industry combined with a unified European governmental purchasing policy could eventually put the industry on a footing similar to that of IBM," the firm said.

## NEW PROPOSALS MADE FOR PROTECTING STOCKHOLDERS

The European Communities Commission sent to the Council of Ministers on March 9 new proposals for protecting European stockholders as part of current efforts to standardize company law among the Six. The proposals attempt to create equivalent guarantees among member states in the formation of limited companies and in the maintenance and modification of their capital.

The proposals would harmonize disclosure requirements on the capital of newly-created companies and coordinate measures to safeguard this capital. They would also coordinate regulations for capital increases and measures to protect shareholders and creditors in the event of capital reductions.

At a meeting in Brussels on April 14, the Council of Ministers agreed to consult the European Parliament and the Economic and Social Committee about this draft directive.

## FINNS WANT EC LINK

Finland has informed the Commission of its interest in establishing a trade arrangement with the European Community if it can be done within the scope of the Finnish policy of neutrality.

The Finnish Ambassador to Brussels, Reino Honkaranta, told Commission President Jean Rey of his country's desires on April 6.

## COPPE: EUROPE SEEKS ITS WAY TO UNITY

Europe is seeking its way to political unity according to Albert Coppé, member of the European Communities Commission, though no consensus has yet emerged on the road to be followed or the speed.

Mr. Coppé spoke in New York at a luncheon of the European Community Chambers of Commerce in the United States, on March 19.

Since the Hague Summit Conference last December, he said, Europe sees its economic objectives and geographical boundaries more clearly, but no one yet knows the exact shape of a united Europe. "Unlike those who consider that the enlargement of the Community must necessarily entail some sacrifices in the matter of political union," Mr. Coppé said, "I think there are good grounds for taking a hopeful view."

## COMMON MARKET RETHINKS ASSOCIATION WITH GREECE

The Commission of the European Communities issued a statement on April 16 condemning the violation of human and civil rights in Greece and announcing that it would have to reconsider the working of its Association Agreement with Greece.

The Commission said it was following developments in Greece with a growing uneasiness intensified by the recent trials in Athens and the arrest of respected public figures. These events do not indicate the return to the normal democratic life that the European public has been expecting with increasing impatience, the Commission said. Repeated violations of human and civil rights have led the Commission to reconsider the functioning of the Community's Association Agreement with Greece, which has been beset with difficulties since the coup d'état on April 21, 1967.

The Agreement is intended to lead to full Community membership for Greece. However since the coup d'état only those provisions of the Agreement and decisions of the Community-Greece Association Council entailing clearly defined obligations have been applied, principally in the area of customs arrangements and trade. There has been a minimum of meetings at ambassadorial level and none at all at ministerial level. As Greece has no parliament, the Joint Parliamentary Association Committee between Greece and the Six has not been able to function.

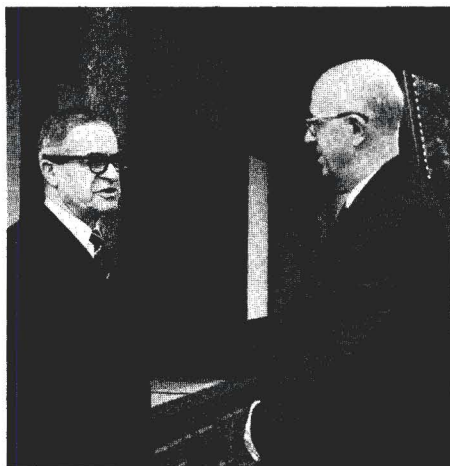
The Commission said that it particularly deplored the situation in Greece because, now more than ever before, the full participation of the Greek people was desirable in the efforts for European integration.

## STEEL MAKERS ARE WARNED OF OVER-INVESTMENT

Guido Colonna di Paliano, Common Market Commission member in charge of industrial affairs, warned European steel producers against over-investment in the present climate of demand.

Speaking in Luxembourg in March, he told the European Coal and Steel Community's Consultative Committee, grouping representatives of steel producers, users and workers, that it was important to avoid overproduction. Investment policies must become more "anticyclical," he declared.

Steel consumption had continued to grow, he noted, with marked shortage of heavy plate, rolled coils, and machine wire. However, supplies of raw products, particularly coking coal, were in short supply, he said.



Commission President Jean Rey and Belgian Foreign Minister Pierre Harmel visit Kyoto after ceremonies marking "Europe Day" at Expo '70.

## EUROPE DAY AT OSAKA

Through its pavilion at the Osaka World's Fair, the European Community has introduced itself to an Asian public, Commission President Jean Rey said at Osaka on March 25, "Europe Day" at EXPO '70.

"We should like this public to know that we are not a closed entity driven exclusively by our own interests, but that the Community is aware of what is required of it in view of its position in the world. Its aim is to be not just a factor, but the motor of progress and peace on our planet," Mr. Rey said.

## OCTOBER MEETING SET ON RADIATION IN BUILDING

A conference on uses of radiation and isotopes in the building industry will meet in Brussels on October 28-29 at the invitation of the European Communities Commission.

About 200 participants from the Six and other countries are expected to take part. They will be mainly users, industrialists and research workers, engaged in the application or testing of radiation in the building industry.

## TALKS TO EXTEND UK-EURATOM ACCORD

The European Communities Council of Ministers, at its March 2-3 meeting, authorized the Commission to negotiate, with the British Government, a two-year extension of the Euratom-United Kingdom cooperation agreement on the peaceful uses of atomic energy. The agreement expires on February 3, 1971.

## COMMUNITY TO SUPPLY DAIRY PRODUCTS TO WORLD FOOD PROGRAM

Powdered skim milk and butteroil from the European Community's stocks will again be given to developing countries this year, if the Council of Ministers approves a proposal made by the Commission on April 15.

Under the Community's 1969 program, 35,000 metric tons of butteroil and 120,000 tons of powdered skim milk were put at the disposal of the World Food Program, which is run by the Food and Agriculture Organization of the United Nations. These products were to be donated and delivered f.o.b. port of export. The World Food Program agreed to take the responsibility for shipping, insuring, and distributing these products in the country of destination. To help defray these costs, the Community agreed to contribute \$55.00 per ton of powdered skim milk and \$63.00 per ton of butteroil.

### New Requests

The Red Cross has now asked for a further supply and applications have also been received from Joint Church Aid and ten developing countries: the United Arab Republic, Ceylon, Indonesia, Lebanon, Mali, Niger, Pakistan, Sudan, Tunisia, and Turkey. To meet these requests, the Commission has asked the Council to authorize donations equivalent to an additional 50,000 metric tons of butter (approximately 43,000 tons of butter are needed to produce 35,000 tons of butteroil) and 40,000 metric tons of powdered skim milk.

The food itself is worth \$37,000,000. Consignments in most cases will be f.o.b. port of export. Inland transport and processing of butter to butteroil will cost \$1,675,000. Except in emergency cases, the Community is providing this food as a gift to be sold in the recipient countries. Proceeds will be used to finance development projects.

## NEW SOCIAL SECURITY BENEFITS FOR MIGRANTS

The improved and simplified Community regulations adopted by the Council last November on social security for workers who move from one Community country to another are likely to come into force in 1972, according to a reply from the Commission to a written question from Walter Behrendt and Horst Gerlach, German Socialist members of the European Parliament.

The new regulations dealt with family allowances and sickness, maternity, and unemployment benefits. Work is still under way on welfare provisions for handicaps, old age, and death.

## FRENCH INDUSTRIAL POLICY PLAN EXPLAINED IN MEMO

French Foreign Minister Maurice Schumann on March 20 submitted to his five colleagues in Brussels a memorandum calling for joint action in advanced nuclear technology, computers, and electronics.

Mr. Schumann proposed the removal of obstacles to mergers of Community industries and the creation of a European-type corporation to promote multinational corporations. He said a Community advisory bureau should be created to counsel small and medium-sized firms and possibly mergers.

Euratom should be used to build large prototypes of advanced reactors, particularly fast-breeder reactors. The Community's electricity producers and industry should work on this together, while governments should meet extra costs.

Mr. Schumann urged the governments of the Six to give preference to buying computers built in the Community to agree with other European countries on promoting a European electronics industry.

## DUTY-FREE QUOTAS FOR PAKISTANI SILKS

Pakistan is now eligible for duty-free quotas on its silk, silk waste, and hand-woven cotton textiles exported to the European Community.

At its March 20-21 meeting, the Council of Ministers made a decision concluding an agreement to this effect in the form of an exchange of letters between the Community and Pakistan.

## DENIAU VISITS URUGUAY AND ARGENTINA

Jean-François Deniau, member of the European Communities Commission in charge of external trade, visited Argentina on April 6-9 and Uruguay on April 10-11.

Both countries asked the Community for commercial agreements, Argentina on February 12, 1969, and Uruguay on December 12, 1968. Following exploratory talks with Argentina, the Commission on March 13, 1970, reported on them to the Council of Ministers and requested authorization to open negotiations for a non-preferential trade agreement. Shortly before Mr. Deniau's departure for Latin America, the Commission told the Council of Ministers that it thought exploratory conversations should be held with Uruguay.

## PUBLICATIONS AVAILABLE

RESEARCH AND TECHNOLOGY AND THE EUROPEAN COMMUNITY. European Community Information Service, Brussels, 1969, 23 pages .....free

*Brochure outlining the need of coordinated European efforts in science and technology. Contains reprints of pertinent resolutions of the Council of science ministers.*

EXPOSE SUR L'EVOLUTION DE LA SITUATION SOCIALE DANS LA COMMUNAUTE EN 1969. Commission of the European Communities, Brussels, 1970, 260 pages .....\$2.40

*Annual report on social and labor developments in the Community. Includes information about population, employment, vocational training, labor law, salaries, housing, social services, social security, occupational health, and health protection. Also contains a section on the Commission's activities in the social sector and a statistical annex.*

EXPOSE ANNUEL SUR LES ACTIVITES DES SERVICES DE MAIN-D'OEUVRE DES ETATS MEMBRES DE LA COMMUNAUTE. Commission of the European Communities, Brussels, 1968, 122 pages .....\$1.00

*Supplements LES SERVICES DE MAIN-D'OEUVRE DES ETATS MEMBRES DE LA COMMUNAUTE, Social Policy Series No. 16, which compared the organization and methods of manpower services of the Community countries. This report covers the years 1965-1967 and discusses any new developments in legislation, organization, personnel, activities, budget, and research in manpower services.*

THE COMMISSION ADOPTS A MEMORANDUM ON THE COMMUNITY'S INDUSTRIAL POLICY. Press Release IP(70) 57, Commission of the European Communities, Brussels, March 19, 1970, 6 pages .....free

*Summary of the Commission's memorandum on industrial policy.*

FOREIGN TRADE: ANALYTICAL TABLES—CST, January-December 1968, Statistical Office of the European Communities, Brussels, 1969. Import Volume, 417 pages .....\$3.00  
Export Volume, 829 pages .....\$5.00

*Published in a single French-German edition. Contains:*

- *summary of Community imports and exports by area and four-digit commodity groups*
- *imports and exports by commodity (five digit groups) broken down by country of origin and destination*
- *imports and exports by country of origin and destination, broken down by commodity (three-digit groups).*

FIRST PRELIMINARY DRAFT OF A CONVENTION ESTABLISHING A EUROPEAN SYSTEM FOR THE GRANT OF PATENTS. Inter-governmental Conference for the Setting up of a European System for the Grant of Patents, Luxembourg, 1970, 105 pages .....\$2.20

*German/English/French text of a preliminary draft convention on European conditions and procedure for the grant of patents. The countries taking part in the work of the meeting were the member states of the European Communities and Austria, Denmark, Spain, Greece, Ireland, Norway, Portugal, the United Kingdom, Sweden,*

*Switzerland, and Turkey. The Commission of the European Communities, the United International Bureaux for the Protection of Intellectual Property, the Council of Europe, and the International Patent Institute took part in the meeting as observers. The draft is accompanied by a commentary in the form of a report. See the following item.*

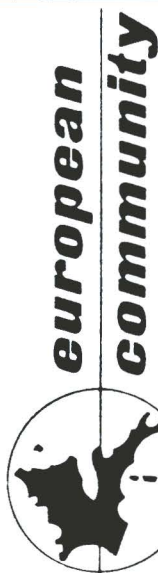
REPORTS ON THE FIRST PRELIMINARY DRAFT CONVENTION FOR A EUROPEAN SYSTEM FOR THE GRANT OF PATENTS. Inter-Governmental Conference for the setting up of a European System for the Grant of Patents, Luxembourg, 1970, 31 pages .....Included in price of preliminary draft. Additional copies of the report can be obtained for \$.90.

*Available in German, English, or French.*

PREMIER AVANT-PROJET DE CONVENTION RELATIVE AU BREVET EUROPEEN POUR LE MARCHÉ COMMUN. Council of the European Communities, Brussels, 1970, 30 pages .....\$1.40

*Available in French or German. Preliminary draft convention relative to a European patent for the Common Market. It is parallel to the Convention for a European system for the grant of patents and is a European patent convention applicable only to the territory of the European Economic Community. The draft also contains a report by M. Savignon, Director of the National Institute for Industrial Property, Paris.*

A REVIEW OF ECONOMIC AND TRADE RELATIONS BETWEEN THE UNITED STATES AND THE COMMUNITY. Information Memo P-8/70. Commission of the European Communities, Brussels, February 1970, 11 pages .....free



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