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Community News

EC Unilaterally Reduces Citrus Tariffs, Pending Decision by United States on Rest of Trade Package

The Common Market has unilaterally reduced tariffs on American oranges exported to the Community in an effort to improve the trade climate.

On July 27, the Council of Ministers authorized the reduction of tariffs from 15 per cent to 8 per cent on American oranges entering the Community between June 1 and September 30, the peak period for the U.S. crop. During that time, 80 per cent of the American oranges are exported. In the past, their sale to the Common Market has netted more than $7 million annually.

The tariff cut was authorized for a year, with continuation of the reduction contingent on an agreement's being reached between the EC and the United States on other trade proposals unveiled in Brussels in early June. At that time, the Community had offered to lower the orange tariff, but only as part of a package which stipulated mutual concessions between the United States and the EC on chicken and lard exports.

The Community's most recent action was taken despite the absence of a U.S. response to the package as a whole.

Common Market officials lowered the tariffs in response to complaints by American fruit exporters that they were being discriminated against by EC preferential arrangements with orange producers in Morocco, Tunisia, Israel, Spain and Turkey. The United States objects in principle to these preferential agreements, contending they violate the most-favored-nation clause of the General Agreement on Tariffs and Trade (GATT). According to that provision, any tariff concession granted to one GATT signatory must be granted to all.

The Offer

Other aspects of the Community's trade offer still under discussion with the United States are:

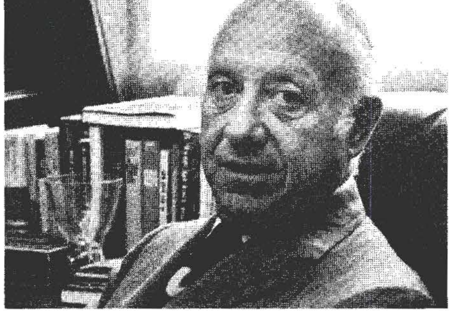
- *Oranges.* The Common Market would reduce tariffs on American oranges from 15 per cent to 8 per cent between June 1 and September 30 each year.
- *Chicken.* The Community would reduce subsidies on chicken exports to certain markets such as east of the Persian Gulf, the Pacific area and the American continents if the United States lowered its own subsidies on its chicken exports to Switzerland and Greece. This action would end the chicken-price war in those areas.
- *Lard.* The Common Market would reduce its subsidies on lard shipments to Great Britain on October 1, if the United States would do likewise. The Community has unilaterally lowered its lard subsidy on three previous occasions and would take further action if the United States cut its subsidies to a maximum level of 80 cents per 100 kg.
- *Tobacco.* The Community said it would discuss any documented complaints by the U.S. tobacco industry regarding inequitable treatment in Western Europe. However, Common Market officials emphasized that American tobacco growers would not be harmed by the Community's tobacco policy.

Enlarged Common Market Urged by Senator Javits

Senator Jacob K. Javits (R-NY) feels that the proposed expansion of the Common Market is in keeping with fundamental foreign policy aims of the United States.

In remarks printed in the June 23 issue of the Congressional Record, the Republican Senator lauded proposals for an enlarged Community as a means of bolstering the Atlantic Alliance, anchoring West Germany to Western Europe, and strengthening ties between the United States and Europe. For Britain, Senator Javits thinks that the long-range economic and political benefits of EC membership will more than outweigh short-term hardships, such as higher food prices.

He urged the United States, in pursuing its own economic interests *vis-à-vis* the Community, to concentrate on the positive aspects of trade with the Common Market. He cited the consistent US trade surplus of over $1 billion in each of the last ten years, and annual income from the more than $10 billion directly invested in the Community.



Court Upholds Commission's Right to Negotiate

In the first legal dispute between the Commission and the Council of Ministers, the Court of Justice of the European Communities has upheld the Rome Treaty provision that negotiations with non-member countries involving Community rules should be conducted by the Commission and approved and concluded by the Council of Ministers.

Nevertheless, the Court rejected the Commission's case of May 19, 1970, against the Council, on the specific issues involved. It upheld the right of member states to negotiate with other countries within the framework of the 18-nation European agreement of 1962 on working conditions in road transport (ERTA). On this issue, the Court ruled against the Commission, because the negotiations had begun in 1962, while the relevant Community rules were not adopted till 1968 and only came into force in 1969.

The amended ERTA accord scheduled to come into force next year limits to nine hours a day the time that truck and bus drivers may spend at the wheel. The Community provisions set a limit of eight hours a day.

ERTA negotiations

One problem for the six Community member governments was that ERTA includes some East European governments which do not legally recognize the Community. Rather than endanger the negotiations by insisting on recognition of the Commission as their spokesman, the Six sent representatives from Belgium, the country which held the chairmanship of the Council at the time. The Commission appreciated the practical needs of the situation but felt that on principle it had to defend its rights under the Rome Treaty.

After the Six had negotiated the amended ERTA agreement, the Council asked the Commission to make proposals to amend the Community regulations so that member states could sign the agreement in March 1970. The Commission refused, and filed suit against the Council, alleging usurpation of the Commission's negotiating power under the Rome Treaty. The Commission had wanted both systems to co-exist, so that on Community territory the Six and other ERTA signatories would have followed the Community's more stringent rules on driving time.

Powers at Issue

The dispute arose over the divergent interpretation of Articles 75 and 228 of the Rome Treaty. The first article stipulates that the Council should, on the proposal of the Commission, adopt common rules for international transport starting or finishing in a member state, or crossing one or several member states. The second says that, where the Treaty provides for the conclusion of agreements between the Community and one or several states or an international organization, these agreements should be negotiated by the Commission and concluded by the Council.

The Commission argued that the legal basis for an agreement like the ERTA was contained in Article 75, and that the procedure to be followed for negotiating and concluding such an agreement was defined by Article 228. The Commission held that it would be unreasonable to lay down a common policy in so vast a field as transport without giving the Community the means for appropriate action in external relations, particularly, as transport, by its nature, frequently has an international aspect going beyond the Community framework.

The Commission said that the Council itself in certain regulations had recognized the Community's power to negotiate with nonmember countries, but the position was different when these agreements had an immediate effect on existing measures, which was the case with the Geneva road-transport agreement. The Commission accepted that it was the Council's role to decide whether there were grounds for concluding an agreement with non-member countries, but not that the Council could decide whether it should be done intergovernmentally or through the Community.

Council's View

The Council maintained that Article 75 did not give the Community the exclusive power to take agreed measures in the field of transport. Article 75 did not provide for the conclusion of international agreements, and referred narrowly and clearly to unilateral Community measures. While certain matters went beyond the terms of the Rome Treaty, this was no reason for a transfer of power for external relations, unless unambiguously provided for (e.g. in foreign-trade policy).

It was essential that in each case the Council should decide whether a matter should be solved by each state individually or by agreed Community-level measures. In the case of common measures, the Council should decide whether the international agreement should be concluded by the Community or by the member states. If the Commission thought that it derived directly from the Treaty the power to hold negotiations on behalf of the Community, it would be in contradiction with itself if it did not use this power to submit a proposal to modify existing Community rules for maximum hours at the wheel.

The Court's Reasoning

In its ruling of March 31, 1971, the Court rejected the Commission's appeal, but pointed out that every time the Community adopted common rules, in any form whatsoever, the member states were no longer entitled, individually or collectively, to contract obligations with non-member countries which affected these rules. Any initiative taken outside the framework of the Community institutions was incompatible with the unity of the Common Market and the uniform application of Community law.

The Court said that a new distribution of negotiating powers within the Community in 1970 would have endangered the success of the Geneva negotiations. The two Community institutions should have agreed to cooperate to ensure the effective defense of Community interests.

As the Court did not contest the validity of the Geneva agreement, the member states can ratify it after the Commission has proposed amendments to any Community provisions which may be incompatible.

The Court's ruling reaffirms the legal personality of the Community vis-à-vis the rest of the world when common policies are involved.

If new negotiations in the field of transport were to open later with non- member countries, for example with the countries which have signed the Mannheim Agreement for access to the Rhine, the Commission would be able to assert its rights as Community negotiator, as long as Community provisions are involved.

For the Court, the Community's competence vis-à-vis non-member countries results either from an explicit assignment of powers by the Rome Treaty, for example Articles 113 and 114 on tariff and trade agreements, Article 238 on association agreements, or from the fact that common provisions have been adopted by the Community institutions. The Court held that internal Community measures cannot be separated from external relations. Even if, in the field of transport, Article 75 does not explicitly authorize the Community to conclude international agreements, the fact that the Community lays down provisions in this field empowers the Community to conclude agreements on points governed by these provisions.

Three African Nations to Receive EDF Grants

Three African nations will receive about $9 million from the European Development Fund for completion of three projects, the Commission of the European Communities announced in Brussels on June 8.

New Airport, Telephones, Water

A grant of $3,547,000 to the Republic of Mali will allow construction of the new airport at Bamako to continue. This aid supplements a 1968 EDF grant of $7,393,000, which was insufficient as a result of currency devaluations in Mali in 1967 and 1969.

The Democratic Republic of Somalia will receive $2,500,000 to finish two new urban telephone systems. A rise in the costs of labor and raw materials necessitated this additional grant.

A $2,827,000 grant will help the Republic of Dahomey finish a water supply extension for the capital city of Cotonou. The project's goal is to modernize and enlarge Cotonou's present system, by installing a new water main and other modern systems of pumping and water distribution.

Common Market, Argentina to Sign Trade Pact

The Common Market will sign its first non-preferential trade agreement with a Latin American country, Argentina.

Community and Argentinian negotiators reached agreement on July 1 concerning liberalized trade regulations covering numerous items. These products include Argentinian beef which accounts for 80 per cent of the meat imports into the Six.

A committee of Community and Argentinian representatives will be established to promote smooth trade relations between the two powers. Ways to reduce other EC tariffs and Argentinian import duties will be examined.

Discussion leading to the agreement occurred in Brussels from June 28 to June 30. Previous meetings between Community and Argentinian representatives had taken place in January and April of this year.

New OECD Group Forming to Study Trade Problems

Liberalization of international trade and reduction of tariffs on a world scale will be subjects of study by a new group of high level trade experts to be created within the Organization for Economic Cooperation and Development (OECD).

Acting on an American initiative, the OECD ministers, meeting in Paris June 6-7, agreed to work through the new group towards free, non-discriminatory trade, in concert with policies of the General Agreement on Tariffs and Trade (GATT).

Presiding over the meeting was Secretary of State William P. Rogers who urged more widespread recognition, especially from Japan and the Common Market nations, of the burden the United States bears in contributing economically and militarily to the security of the free world. He said that U.S. international obligations, "in particular our $5 billion balance-of-payments costs for military expenditures overseas, consistently have exceeded the size of our basic payments deficits, even when foreign military expenditures in the United States are subtracted."

Secretary Rogers also praised the quickening movement towards enlargement of the European Community. In addition, he noted the "unprecedented growth" of Japan, and expressed hope that Japan would participate actively in the liberalization of world trade.

Speeches by U.S. Deputy Undersecretary of State for Economic Affairs Nathaniel Samuels, and by Herbert Stein, member of the President's Council of Economic Advisers, corroborated Secretary Rogers' position.

More Cooperation

Ministers agreed to work toward greater OECD cooperation in several areas:

- reducing the rate of inflation. Ministers urged that member countries attempt to coordinate strategies for cutting inflation which take account of both their own situation and the interests of other countries.
- stabilizing the international monetary situation. In the area of balance of payments problems, ministers instructed the OECD to give special attention to causes of unduly large short-term capital flows.
- environmental policies. Ministers praised the recently established procedure for consultation among OECD countries on means to control substances endangering man and his environment.
- development policies. The OECD will try to work out an approach combining domestic economic and social goals with the objectives of aiding the developing world. Ministers agreed that member countries should pursue efforts to increase the volume of financial aid to developing nations and to improve the quality of assistance. There was wide agreement on the principle of untying both multilateral contributions and bilateral loans from restrictive conditions. Ministers also noted progress made towards introducing a system of generalized tariff preferences in the near future.
- economic planning. Ministers resolved to use OECD machinery to facilitate coordination of short and medium-term economic policies of member countries.

Direct Elections Urgent

The European Community must move quickly to direct election of the European Parliament, the Parliament's President Walter Behrendt said in London on June 15.

The Common Market Treaty obligates the Council of Ministers to arrange for direct elections, and it should carry out this duty, Mr. Behrendt said. He added that he was investigating the possibility of taking the Council to the Community's Court of Justice if there were no Community solution to the problem of direct elections. In that case, he would urge the national parliaments to take matters into their own hands and provide for direct election of their own national delegations, as they are entitled to do under the Community Treaties.

Mr. Behrendt said that in the fall he would discuss with the presidents of all the national parliaments ways of improving contacts between their legislatures and the European Parliament. The European Parliament should provide a main link in the chain between the Community and the political institutions of the national states.

The task of developing the Community institutions was part of the fundamental problem of cultivating a European democratic consciousness to link the peoples of Europe and the Community institutions. "We need European-thinking trade unions, employers' associations, and other representative bodies," Mr. Behrendt said. The development of the European consciousness would be aided by direct elections to the European Parliament and by enlarging the Parliament's powers.

On the Community's enlargement, Mr. Behrendt said that the four applicant countries' long tradition of democracy could make a vital contribution.

Ministers Hear Report on EC Education Policy

The concept of a Community education policy was discussed at the Council of Europe's seventh ministerial Conference on Education, which met in Brussels from June 8-10.

Representing the Commission of the European Community, Jacques-René Rabier, Director General of the Community's Press and Information Service, presented a report to the Conference, whose two main themes were the planning of post-secondary school education and the mobility of students, teachers, and researchers.

Related Policies Necessary

A Community education policy cannot evolve independently of economic and social policies, Mr. Rabier stated. Over the last three years, he pointed out, member countries had carried out educational reforms, particularly in the area of university exchanges and cooperation, with a view to abolishing restrictions on future cooperation. Even more complex problems are sure to arise in an enlarged Community. Article 57 of the Common Market Treaty, Mr. Rabier reminded the ministers, allows Community action in the field of education. The main goal, he said, must be to increase mobility among scientists and to promote greater cooperation in the area of university education.

Commission Turns Down German Steel Agreement

German steel producers will have to find new ways of improving the efficiency of their sales outlets.

A 1967 European Coal and Steel Community authorization allowing German steel producers to combine sales and distribution outlets into four joint regional agencies expired on June 30, 1971. As a competitive safeguard, the four agencies—Westphalia, North, West, and South—had been obliged to operate independently of one another and to keep data on savings effected by the joint effort.

To replace the old authorization, the agencies had asked the Commission of the European Community to approve a new substitute system of management, which would have taken effect July 1, 1971. The Commission decided, however, that some provisos of the 1951 ECSC Treaty had not been met, and thus refused the request. The steel producers are expected to submit new proposals to the Commission in the near future.

EC Standard May Be Set on Truck Weights

The Common Market may soon set standard weights and dimensions for trucks.

On June 17 the Commission of the European Communities sent a draft directive to the Council of Ministers proposing 11.5 metric tons as the maximum weight per axle. This weight is low enough to put the costs of road repairs within acceptable limits for all member states and high enough to allow road transport of containerized freight. An 11.5 ton standard would also allow use of plain trucks and trucks with trailers.

This proposal is the fourth attempt at setting a standard truck weight. The last proposal, submitted in 1964, resulted in a two-way split of the member states. Italy, the Netherlands, and Germany opted for a 10-ton standard, while France, Belgium, and Luxembourg prefer 13 tons.

Pressure Mounting

Pressure has been steadily mounting from truckers and builders who want standardization of truck weights and sizes. In addition, transport developments since 1965, such as improved understanding of the relation between axle weight and damage to roadbeds and the rising use of containerized freight, prompted two member states—Italy and Belgium—to press for compromise.

EIB in June Contracts Bond Issue, Two Loans

European Investment Bank transactions during the first half of June included a $32 million bond issue, denominated in Italian lire, and the granting of two loans.

A total of $20 million will go to the Italian Telephone Company for a project to install new automatic exchanges and to extend the company's urban and long-distance networks in Sicily and Calabria. Completion of the project will increase the number of telephone users in both regions by about 105,000.

New Plate Rolling Mill

The EIB will also grant $820 million to the German firm, Dillinger Huttenwerke AG, to finance the building of a new heavy plate rolling mill at Dillingen in the Saar. Construction of the mill is expected to yield benefits not only in terms of cost price, sizes and qualities of the plates produced, but also in the area of job creation. The mill will be jointly designed by Dillinger Huttenwerke and a French steel and iron company, in Lorraine.

Commission Member Jabs at Community Machinery

European Community Commission member Altiero Spinelli feels that the Common Market's decision-making machinery and not its proposed enlargement to ten members is the Community's biggest current problem.

In a speech to the Rotterdam, Holland, Chamber of Commerce on June 11, Mr. Spinelli, the Commission member in charge of industrial affairs and research, took issue with the argument that expansion of the Community would reduce it to no more than a free trade area. Acknowledging that a Community of Ten might complicate management problems, he also said that integration would be "doomed" anyway, unless the Community put some teeth into its machinery.

Praise for Enlargement

"Enlargement," he stated, "is a step forward in this respect, since it will eliminate one of the reasons for political disagreement which have so far prevented substantial progress towards a unified Europe."

Citing remarks made by French President Georges Pompidou, Mr. Spinelli urged the formation of a confederation of European States, with a central government empowered to make decisions and an administrative apparatus independent of those of member states' governments.

European Parliament Essential

He said that a greatly strengthened European Parliament must be the legislative body at the core of this government. The Parliament must be elected by universal suffrage and play a decisive role in bolstering Community machinery and establishing the confederation. It is the Commission's task, said Mr. Spinelli, to study the problems involved, set guidelines, and give impetus.

Enlarged EC's Place in Europe: Theme of EP — Council of Europe Debate

The highlight of the June 7-10 meeting of the European Parliament in Strasbourg was a joint-session with the Consultative Assembly of the Council of Europe held on June 8. The 17-nation Council includes Great Britain and the other countries currently negotiating for entry into the EEC. The debate was dedicated to the theme: "the function of an enlarged Community in the European context."

In the course of the debate, Commission President Franco Maria Malfatti acknowledged the portentous significance of the step Europe seemed poised to take while conceding that the Community was moving into a period filled with more question marks than certainties. He, nevertheless, laid down the challenge that the "reality in movement requires [the Community] to answer those very questions."

In surveying the problems that would confront an enlarged Community, President Malfatti scoffed at the old debate between the adherents of a "Europe of the fatherlands" and those of a Federalist Europe. He maintained that there was no longer any place for such a Europe of nostalgic arguments—that the Community must bring about a "Europe of initiatives"—forward not backward looking.

With an eye toward the East, Malfatti contended that an enlarged Community could no longer continue to operate under the antiquated assumptions of the Cold War era: "the 70's must see the consolidation of a new climate with the countries of Eastern Europe and new forms of cooperation in the areas of common interest." In addition, the President maintained that the Community has a definite responsibility to establish a new relationship with the members of the European Free Trade Association which are not negotiating for entry. He also noted the constructive role that an enlarged Community could play in reducing dangerous tensions in the Mediterranean area.

Generalized Preferences

The Parliament approved the Community plan for generalized preferences to be extended to the goods of 91 underdeveloped countries. The action, parallel to similar steps being considered in the United States, the United Kingdom, Japan, Sweden, and Switzerland was put into effect on July 1, 1971. In reporting on this subject, Theodorus Westerterp (Dutch Christian Democrat) maintained that, although the idea of such preferences is basically sound, they could have some negative repercussions. The Community, he contended, should thus reserve the right to take any necessary action to correct unfavorable situations that might result.

In answering queries concerning the

choice of the 91 countries, Commissioner Ralf Dahrendorf let it be known that "the door is at all times open for the inclusion of other states, but that consultations to this end would be held within the Organization for Economic Cooperation nad Development." Mr. Dahrendorf further warned the Parliament that these generalized preferences should, in no way, be confused with economic aid.

Traffic Safety

In response to an oral question, Commissioner Albert Coppé noted that traffic accidents within the Community are responsible for 50,000 deaths and 1,200,000 injuries annually. He said that the Commission plans to propose "adequate, concrete, and realistic measures" in this and related matters. Coppé reminded the Parliament of a March 22 note from its Commission on Traffic Safety urging harmonization of:

- policy on fines and suspension of drivers' licenses
- laws and enforcement procedures on drunken driving
- special speed limits for or complete banning of certain types of vehicles
- traffic signs
- vehicle inspection requirements
- requirement of a full course in driver training

The initiation of a Community-wide program of research into the cause of accidents was also recommended.

Competition Policy

In the course of a far-ranging debate spurred by a report by Cornelius Berkhouwer's (Dutch Liberal) report on Community competition policy, Commissioner Albert Borschette expressed the hope that the Commission's decisions in this area would serve as examples of the "legal and economic criteria to be used in determining the permissible standards of competition." He indicated, nonethless, that the Commission would look harshly indeed on such practices as covert agreements that split markets or fixed prices.

In dealing specifically with Article 86 of the Rome Treaty which related to abuses of a dominant market position, Mr. Borschette made reference to a 1966 memorandum that interpreted the article as "applicable to concentrated operations which would be considered abuse of a dominant position if the concerns were to eliminate competition in a substantial portion of the Common Market." This interpretation is being used for the first time to deal with a company which, with a dominant position already, acquired control of an important competitor.

Music Copyright Association Declared Illegal

The Commission of the European Communities on June 2 ordered the association controlling all musical copyrights in Germany to cease discriminatory trade practices. It was the Commission's first decision against an "abuse of a dominant position" in the Common Market. The firm accused of restraining trade, both within and outside of Germany was "Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte" (GEMA) of Berlin.

The Commission charged that GEMA, contrary to Article 86 of the Common Market Treaty, discriminated against non-nationals by stipulating that only Germans could become full voting members and by limiting non-nationals to the status of "affiliated members" with no pensions or voting rights. It also charged GEMA with effectively tying down members for life, since leaving the organization would involve large personal financial losses.

Similar to US vs. ASCAP

GEMA, which handles nearly $43 million in business annually, bears a marked resemblance to the American Society of Composers, Authors, and Publishers (ASCAP), except that the Berlin-based association is a quasi-public body which has been given jurisdiction by the state over all copyrights of musical productions and compositions in Germany. A musical artist signs up with GEMA and receives a royalty every time his work is played in public. The case against GEMA is similar to a US anti-trust case against the ASCAP in 1950.

In addition to GEMA's discrimination against non-nationals and tying its members to the organization, the Commission charged that:

- The GEMA statutes make it more difficult for German music publishers, in particular, to operate in the rest of the Six, and vice versa for publishers of the other member states to practice in Germany
- Bonuses for being a good customer discriminate against other members
- GEMA sometimes levies fees for music which is already in the public domain or does not belong to GEMA's repertoire
- GEMA charges double copyright fees on phonograph records imported into Germany by independent dealers
- GEMA demands royalties on sales of tape recorders imported into Germany higher than those on national production.

GEMA Plans Appeal

The Commission had investigated all five national copyright societies in the member states (Luxembourg is covered by the French society) but only GEMA refused to change its rules to conform with the Common Market Treaty. GEMA has said it would take the case to the European Court of Justice in Luxembourg.

The Commission noted that the decision in no way affects the cultural or social functions of the GEMA, the copyrights themselves, or the financial incomes of the authors except in trying to reestablish the rights of the affiliates vis-à-vis GEMA.

First Council of Justice Ministers

The Ministers of Justice of the six member states on June 3 met for the first time as the Council of Ministers of the European Communities. They signed protocols entrusting the Community Court of Justice with the judicial interpretation of the Convention on Recognition and Enforcement of Judgments and the Convention on Recognition of Companies and Legal Persons.

The Ministers of Justice also adopted a regulation specifying the rules for calculating terms, dates, and time limits of legal instruments. As these procedures were not stipulated in the Community Treaties, there was some uncertainty about whether or not to count holidays or only working days in figuring time limits. As a result of the new regulation, a time limit of six months now means that Saturdays, Sundays, and holidays are included unless expressly excluded.

The Council also reacted favorably to consultations being held between the member states on matters dealt with by international organizations responsible for legal matters. The primary purpose of these arrangements is to reduce the possibility of the member states concluding separate conventions with non-member countries.

The Ministers discussed infringements of Community law, particularly fraud. Subsequently, the Council instructed the Permanent Representatives' Committee to study the problems raised by: prosecutions for infringements; the exchange of assistance between member states in matters covered by Community regulations, directives, and decisions; and matters related to economic penal law. The Commission was asked to make proposals on this subject as soon as possible.

EC Offers EFTA "Six" Free Trade Plan

Two approaches have been suggested to settle an enlarged European Community's trade relations with the six members of the European Free Trade Association which are not seeking full membership. The Commission made these suggestions in an opinion, dated June 16, to the Council of Ministers.

At present, there is free trade in manufactured goods between the four applicants —Britain, Ireland, Denmark and Norway— and the other six—Iceland, Sweden, Finland, Switzerland, Austria and Portugal.

One Commission suggestion is that a free trade zone for manufacturers be established over five years between the 16 countries, but not for farm produce. Harmonization of trade and economic policies would not be obligatory, and there would be no institutional links between the Ten and the other six states.

The alternative would be to keep the *status quo* during the two years following the entry of the four new members, that is in 1973 and 1974. This would enable Swedish cars, for example, to enter Britain duty-free and vice versa, but trade between the six "non-candidates" and the Community of Six would be subject to duties, as at present. A permanent arrangement would be negotiated in 1974.

One problem is that, while Portugal and Iceland are members of the North Atlantic Treaty Organization, the other four are neutrals in East-West relations. Another difficulty is that the wishes of the non-candidates themselves conflict.

Partly because of its close links with Denmark and Norway, Sweden would accept the common agricultural policy, and Community regulations on competition and free movement of labor, and, possibly, the Common External Tariff. Switzerland would also accept many Community rules and policies but is unwilling to renounce freedom of action in external relations, or to take part in the Community decision-making machinery. Austria wants broad cooperation with no formal institutional links. Finland would, it is thought, accept no more than free trade for industry. Iceland and Portugal present particular problems because of their undeveloped economies. The nature of Portugal's system of government would also be a major factor in working out a solution.

Common Market President Sees New Role for "Ten"

Common Market President Franco Maria Malfatti has called on Europe to shed its role as spectator and become an actor on the world scene. He said an enlarged European Community would have a political as well as an economic role and it would have to assume responsibilities not only on the European Continent but also in relation to the Mediterranean and Eastern Europe.

Speaking before a joint session of the European Parliament and the Consultative Assembly of the Council of Europe in Strasbourg on June 8, the President of the European Communities Commission said that an enlarged Community (assuming the entry of Britain, Ireland, Norway, and Denmark in January 1973) could not help but assume more influence on the international scene. To meet this new challenge, President Malfatti outlined the areas for which the Community of Ten would have a natural responsibility—areas, he said, that were primarily political.

First, he said, the European Community was not a Europe of discrimination and of Cold War—it had a role to play in advancing the world toward a détente, preventing the formation of a power vacuum, and thus furthering world peace.

An enlarged Community's role in the Mediterranean will grow, enabling it to help diminish the tensions in that part of the world so important to Europe's interests. A new chapter is opening in relations between Europe and the Mediterranean countries, he said.

Not least, the enlarged Community will be defining new relations with Eastern Europe. The Community has a duty to convince these countries of the enormous advantages a Community of Ten will have for them. A new climate and forms of cooperation will have to be developed in the Community's relations with Eastern Europe. This will be particularly true when the European Community's common commercial policy becomes fully operational on January 1, 1973.

In conclusion, President Malfatti said, an enlarged Community can at last give Europe a role corresponding to its aspirations and tailored to its needs: all that is necessary is the will and subsequent action to meet these new opportunities.

The Community also had a major responsibility for establishing entirely new relations with the countries of the European Free Trade Area that have not asked to join the Common Market, he added.

Mediterranean Talks Held

The Commission held talks in May and June with the Mediterranean countries linked to the European Community by preferential trade agreements. The discussions centered on the consequences for these countries from enlargement of the Community. In the industrial sector, they should benefit from preferential outlets in an enlarged Community. In the agricultural sector, however, access to the British and Scandinavian markets could become more restrictive for some countries.

One significant example is citrus fruit. Spain, Israel, Morocco, and Tunisia now sell their citrus fruit to Britain, Norway and Denmark at either zero or very low duties (2 or 3 per cent). When the new members apply Community duties, the tariff on oranges (in winter, the full Community duty is 20 per cent; preferences are 40, 50 or 80 per cent of this duty) will be between 4 per cent and 12 per cent.

Mandate Sought

In the agricultural sector, Turkey and Greece, which benefit from full association with the Community covering almost all products, should gain when Britain enters in 1973. Morocco and Tunisia may find that they are at a disadvantage for some products. But in August 1973, negotiations are to start on strengthening the associations, and difficulties could be resolved in this context.

Malta will continue to trade with Britain as before, by virtue of arrangements made in the membership negotiations.

During the discussions, the Commission asked these countries to present assessments of their gains and losses as a result of enlargement. The Commission and the four applicants for membership will study how the "Four" should apply the association agreements' preferential trade provisions.

After the Commission has proposed solutions to the Council, it hopes to receive a mandate to negotiate agreements with the seven Mediterranean countries.

EC and Latin Americans to Increase Cooperation

A new phase of harmonious relations between the Common Market and Latin America is anticipated as a result of the June 18 meeting in Brussels. The Commission of the European Communities and the ambassadors of the Six met at that time with Latin American ambassadors of the 22 countries belonging to the Special Latin American Coordinating Committee (CECLA).

The gathering was a direct consequence of the Buenos Aires declaration of July 1970 in which the Latin Americans expressed their desire to work out a joint policy towards the Common Market and to strive for closer contacts with the Community. *(See European Community No. 146, page 27.)*

The Latin Americans are seeking to correct what they believe is the Community's discriminatory stance towards their exports as a result of EC trade preferences extended to African nations.

Regularly Scheduled Meetings

Guidelines for a system of cooperation were laid down, which will enable all members of the Community and CECLA to:

- examine possible solutions to problems arising from trade and economic relations.
- seek non-preferential trade agreements. It is generally agreed that preferential accords are out of the question for the time being.
- establish a permanent dialogue to improve relations between the Community and CECLA, without endangering bilateral relations between individual countries.
- study questions affecting both sides which are usually dealt with by international organizations. Care would be taken not to interfere in the normal activities of such organizations.

The ambassadors agreed to meet on a regular basis at least once a year. They will also be able to propose meetings at the ministerial level. Finally, the Community and CECLA will be empowered to set up a joint committee of experts to study in depth certain problems.

EC Standards to Be Set for Biodegradable Soap

In an effort to coordinate member states' programs to combat water pollution, the Comission of the European Community, on June 17, proposed a directive to the Council of Ministers concerning Community-wide standards of biodegradability of laundry detergents.

Ecological Damage

Non-biodegradable detergents can do great ecological harm to aquatic plants and animals. They raise the toxic level of other agents already present in the water and cause a dangerously accelerated growth of algae, which interferes with oxygen exchange.

Biodegradability is the decomposition of an active chemical into a stable substance. Once decomposed, it ceases to affect the environment.

80% Minimum

The Commission's directive would ensure a level of biodegradability of at least 80 per cent for four types of detergents: anionics, cationics, ampholoytes, and non-ionics. Anionic detergents alone account for about 85 per cent of European synthetic detergent production.

Of the six member states, Germany, France, and Italy have already passed national legislation establishing standards and methods of biodegradability.

Individual Control

As for biodegradability control on a Community-wide level, the directive would leave to individual member states the control of methods already in use. A Community procedure would be set up for questionable or disputed methods, whereby each case would be submitted to a test approved by the Organization for Economic Cooperation and Development (OECD).

Finally, the directive would institute a committee to study new techniques. It would promote cooperation between the Commission and member states in this area.

EIB Grants Three Loans to France and Senegal

France and Senegal will be beneficiaries of three European Investment Bank loans concluded on June 22 in Luxembourg.

Extension of a ferromanganese plant in Boulogne-sur-Mer, France, will be financed by an EIB loan of $5.4 million. High population density combined with the declining textile and mining industries now make the Boulogne-sur-Mer area a target of industrial adaptation grants, such as the Bank loan. The project is expected to create about 300 new jobs.

The Western Regional Development Fund will receive the second loan to France, totalling $2 million. The grant is intended to fund the growth of small and medium-sized enterprises in the Loire Valley. French authorities are trying to spur industrial development in the Loire region, whose economy currently relies chiefly on agriculture.

In its first tourist operation in Africa, the Bank will issue a third loan for $1,444,000 to the Republic of Senegal for construction of a luxury hotel in the capital city of Dakar.

The Month in Brief

June 1971

1-3 The Community held talks in Brussels with Israel, Tunisia, and Malta as part of exploratory discussions on problems that the Community's enlargement could raise for the Mediterranean countries.

3 The Ministers of Justice of the six members of the European Community met for the first time as the Council of Ministers (see page 7).

3-6 Commissioner Ralf Dahrendorf visited Morocco to discuss economic relations.

7 Membership negotiations continued in Brussels with the United Kingdom, Ireland, and Denmark. The Community held exploratory talks in Brussels with Spain about possible consequences of enlargement.

7-12 The European Parliament met in Strasbourg to discuss enlargement (see page 6).

8 At the annual meeting of the Organization for Economic Cooperation and Development in Paris, U.S. Secretary of State William P. Rogers continued the Nixon Administration's attack on trade barriers and reminded OECD members that the United States bears the major share of the Western defense load.

15 German Chancellor Willy Brandt and President Richard M. Nixon met at the White House. Berlin and the limitation of conventional forces in Europe were the main topics of discussion.

17-19 Commission President Franco Maria Malfatti made an official visit to Ireland.

21-23 Membership negotiations continued in Brussels with Norway and the United Kingdom.

24-27 Commission President Franco Maria Malfatti made an official visit to Yugoslavia.

Common Market Accepts United Kingdom

Champagne corks popped at 5 a.m. on June 23, celebrating the United Kingdom's acceptance into the Common Market after nearly a decade of negotiations. During the night, two important issues had been settled: the size of the UK's contribution to the Community budget and the volume of the enlarged Community's dairy imports from New Zealand. Just a year after the historic "second negotiations" had opened in Luxembourg, the only major unsettled question was the issue of access to coastal fishing grounds. The British Parliament is expected to vote this fall whether or not to accept the terms of Community membership.

The Final Package

The final "package" agreement consists of the following:

• *Transition period.* There will be a uniform transition period of five years, 1973-1978, for both industry and agriculture to allow the four new members to align their economies gradually with the Community's.

• *Customs union.* There will be a customs union for industrial products by July 1, 1977, four and a half years after entry. Internal tariffs among the Six will be cut in five stages between April 1, 1973, and July 1, 1977, with reductions of 20 per cent being made at each stage. At the same time, the four new members will align their tariffs vis-à-vis the rest of the world with the Community's common external tariff in four steps: a 40 per cent reduction on July 1, 1974, and three other cuts of 20 per cent each on January 1, 1975, January 1, 1976, and July 1, 1977.

For 13 products (12 industrial raw materials, plus tea), Britain can continue to import over 90 per cent of its requirements virtually duty-free.

June 24 Statement

The Commission of the European Communities considers that the negotiations with Great Britain on its application for membership in the European Economic Community have now been completed at a political level. It is convinced that the outstanding problems will be settled rapidly and that the negotiations with the other three candidate countries are bound to enjoy the same success.

For the enlargement of the Community, the Commission has mobilized all its energy and determination. The event is one of world importance, for expansion of the Community will strengthen its already considerable influence in international trade and spur a new start towards economic and monetary union.

The enlarged and reinforced Community is called upon to shoulder special responsibility in relations between the industrialized countries and the developing countries and to make a decisive contribution to the process of détente in Europe and the world. To achieve this aim, the Commission is determined to pursue a forward course of action in conformity with the Community Treaties and the spirit of The Hague summit conference.

• *Agriculture.* Britain has accepted the Community's existing common agricultural policy. The only unsettled issue is fishing rights and the common fisheries policy on which discussion will continue after the August recess.

Britain will align its agricultural prices with the Community's during the five-year transition period with the system of Community preferences going into force immediately upon entry (1973). British prices will be raised to the Community level in six steps, starting at the beginning of each crop year in 1973.

Tariffs on horticulture will be dismantled in five steps of 20 per cent at the end of each December, starting in 1973 and finishing in 1977. From the beginning of 1975, some flexibility will be allowed in the horticultural tariff reductions, provided that the deviation is no more than 10 per cent of the agreed move. A similar arrangement will operate for farm prices in general.

The UK may take special measures to support the income of Britain's 17,000 hill farmers. The UK can continue to use its current system of grants and subsidies to improve hill-farming incomes, as long as it conforms with Community policy.

• *Coal and Steel Community.* Britain needs no transition period for applying the rules of the ECSC, except for the gradual alignment of tariffs on coal and steel products, which the UK has suggested be done at the same rate as the alignment of industrial tariffs. Britain has also asked for permission to introduce controls on scrap exports during the transition period, if necessary.

The Community has said that the size and organization of the British Steel Corporation and the National Coal Board (both nationalized industries) are compatible with Community rules. Britain has agreed to contribute $57 million in three annual installments to the ECSC coffers.

• *Atomic Energy Community.* Britain will become part of Euratom's common market for nuclear energy, research, and nuclear energy over a one-year transitional period. That will permit an alignment of tariffs on goods.

• *Budget contribution.* Beginning at the end of the five-year transitional period, Britain accepts the Community's "own resources" system of financing. Under this system, the Community is phasing in over the period 1971-77 the provision of its funds by automatic payments from the member governments. These payments consist of the revenue collected in import levies on farm produce, import duties on all other goods, and the proceeds of up to 1 per cent of revenue from the tax on the value-added (TVA) at each stage of production and distribution, up to the retail level. Britain will introduce this system of taxation on January 1, 1973. From 1978 on, the Community will have its own financial resources.

During the first year of membership, 1973, Britain's maximum contribution to the Community budget will be 8.64 per cent of the total. This figure is estimated to be equivalent to a gross British contribution of $288 million in 1973, or a net contribution of $240 million. This is based on the assumption that the Community's budget would be about 10 per

Press conference following agreement in Luxembourg on the political terms of the United Kingdom's membership in the Community. Left to right from center: Britain's Chief Negotiator Geoffrey Rippon, French Foreign Minister Maurice Schumann, French Ambassador to the Community Jean-Marc Boegner, and Christian Calmes, Secretary General of the Secretariat of the Council of Ministers. The people on Mr. Rippon's right are unidentified.

cent higher than it is now, or about $3.3 billion for 1973.

The UK contribution will rise during the five-year transitional period according to the following maximum percentages of its contribution to the total budget: 1974, 10.85 per cent; 1975, 13.34 per cent; 1976, 16.02 per cent; 1977, 18.92 per cent. The 18.92 per cent given for 1977 corresponds roughly to the UK share of gross Community product.

To avoid any sudden jump between the end of the transitional period and the final amount of the UK contribution to the Community budget, two additional years will be allowed during which the increase in Britain's full contribution will be limited. The increase will be equivalent to two-fifths of the difference between Britain's normal contribution (as determined by the "own resources" financial system) and the amount paid the previous year.

In 1980, the UK will have completely transferred to the Community's system. Thus, beginning in 1980, the UK, like every other member country, will hand over all revenue from customs duties and farm import levies, as well as a percentage of TVA revenue.

• *Common trade policy.* The Four have accepted the Community's common commercial policy and have agreed to include in all their bilateral trade treaties with third countries that may be concluded before entry a clause reserving the right to adjust to the Community's commercial policy.

• *The Pound Sterling.* Britain has assured the Six that it will gradually phase out the pound as a reserve currency. No time table has been set.

• *Commonwealth sugar.* An agreement has been reached that effectively safeguards Commonwealth countries' sugar interests after the current Commonwealth sugar accord expires at the end of 1974 (which determines the amounts and prices at which sugar will be imported by the United Kingdom).

• *Commonwealth ties.* Association with the Community will be offered Great Britain's dependent territories (including the Franco-British condominium of New Hebrides) as well as certain independent Commonwealth countries in Africa (Gambia, Ghana, Kenya, Malawi, Nigeria, Sierra Leone, Tanzania, Uganda and Zambia and the grouping of Botswana, Lesotho, and Swaziland). Appropriate solutions will be sought for the trade problems arising from enlargement affecting certain developing countries in Asia (India, Pakistan, Ceylon, Malaysia, and Singapore). In addition, a special arrangement was agreed upon for Hong Kong.

• *New Zealand dairy products.* The Common Market will guarantee outlets for 71 per cent (milk equivalent) of New Zealand's dairy exports to Great Britain (80 per cent of the present market for butter, 20 per cent for cheese) until the end of 1977, at which time the guarantees for cheese will be abolished. After three years, in 1975, the butter situation will be reexamined to consider any progress towards a world agreement on dairy products and also New Zealand's success at diversifying its economy.

• *Interim arrangements.* The target date for signing the Treaties is January 1, 1972, with entry into force a year later. To involve Britain and the other candidate countries (Denmark, Ireland, and Norway) in the Community's work during 1972, the negotiators agreed that common procedures would be put into effect so that decisions made by Community institutions would take into account the interests of the candidate countries, and consultations would take place before the adoption of any important decision. Similarly, the candidate countries would have to hold prior consultations with the Six on any national decisions that affect their eventual obligations to the Community.

Thus, the political arrangements have successfully been concluded except for house-keeping details, such as preparing the texts in the proper legal forms.

After the August recess, talks will continue with Ireland, Denmark, and Norway. In addition, solutions must be found for trade with the countries of the European Free Trade Association that are not applying for Community membership (Sweden, Austria, Switzerland, Finland, Portugal, and Iceland).

Then, it remains for the parliaments of the ten governments to ratify the Treaties of Accession during 1972.

EC Gives "Seventy-Seven" Generalizec

COMMON MARKET FIRST TRADE POWER TO ACTIVATE LONG-DISCUSSED PLAN

On July 1, the Common Market became the first world trade power to put into effect a plan to give generalized tariff preferences to imports from developing countries.

The decision to put this plan into effect was made by the European Communities Council of Ministers on June 22 in Luxembourg. The system of tariff preferences covers manufactured and semi-manufactured products and some processed farm products. Beneficiaries, initially, are the 91 developing countries belonging to the "Group of 77" within the UN Conference on Trade and Development (UNCTAD). The list of beneficiaries may later be lengthened, depending on the outcome of discussions to be held with other major trading powers. The Council has set July 1972 as the target date for this decision.

Franco Maria Malfatti, President of the European Communities Commission, said that the Council's decision, culminating eight years of work, was the most important international step that the Community had taken since the conclusion of the Kennedy Round. He pointed out that the Community would be the first industrialized power to carry out its offers of generalized preferences. He said that the action was but the beginning of a more active policy for dealing with the problems of world development.

UNCTAD Secretary General Manuel Perez-Guerrero welcomed the Community's prompt action. During a visit to Commission headquarters in Brussels on July 16, he expressed the hope that other industrial powers would soon follow the Community's example.

Equality Via Inequality

The idea for the industrialized countries to grant generalized tariff preferences to developing countries is based on the theory that between unequal trading partners, equality oppresses while unequal treatment restores justice. Tariff preferences involve giving up all or part of the customs duties levied on goods imported from specific countries. These preferences are not reciprocal, since the beneficiary countries do not have to reduce their own customs duties on imports from industrialized countries. They are non-discriminatory as they are granted to all developing countries and generalized because they are to be granted by all developed countries.

The plan for granting generalized tariff preferences is a departure from the principles of non-discrimination and reciprocity which have characterized international trade for more than a century. This rule, codified at the Havana Conference of 1947, is embodied in the "most-favored-nation" clause of the General Agreement on Tariffs and Trade (GATT) which states that any concessions made by one signatory to another must be extended to every other GATT member. Exception was made in the case of preferences extended to developing countries such as those in the British Commonwealth and the French Union. These preferences were the result of historical ties which antedated attempts in the late Fifties to boost all of the developing countries' trade so that their export earnings would narrow the gap between receipts from trade and economic aid and their expenditures on capital goods needed for their further development.

The Long Preparations

In 1958, a GATT report first urged the developed countries to refrain from protecting their industries from manufactured goods imported from the developing countries. This idea gradually overcame the resistance of several GATT members against giving up the most-favored-nation clause. By 1964, at the first United Nations Conference for Trade and Development (UNCTAD), most participants agreed that the industrialized countries should grant tariff preferences. By 1967, the United States, the last major opponent of the plan, began to come around. Finally, in 1968 at the second UNCTAD Conference, in New Delhi, agreement was reached on the general lines of a plan for introducing a mutually acceptable and generalized system of non-reciprocal and non-discriminatory preferences in favor of the developing nations. The United States, however, conditioned its approval of the system on the abolition of Commonwealth and Community preferences to African territories and associates. Not until October 1970, under pressure from the Commonwealth members and the countries associated with the Community by the Yaoundé Convention, did the U.S. relent.

On June 26, the GATT member governments voted to grant waivers from the "most-favored-nation" clause to the countries that had requested permission to introduce generalized preferences in favor of the developing countries. This request was made by Austria, Canada, Denmark, Finland, Ireland, Japan, New Zealand, Norway, Sweden, Switzerland, the United Kingdom, and the United States, as well as by the European Communities and its members (Belgium, Germany, France, Italy, Luxembourg, and the Netherlands).

The Community's Offer

The Common Market's offer was designed to give the maximum advantage possible to the beneficiary countries without jeopardizing the interests of industry in the Community and its associated states. It distinguishes between agricultural products and semi-manufactured goods.

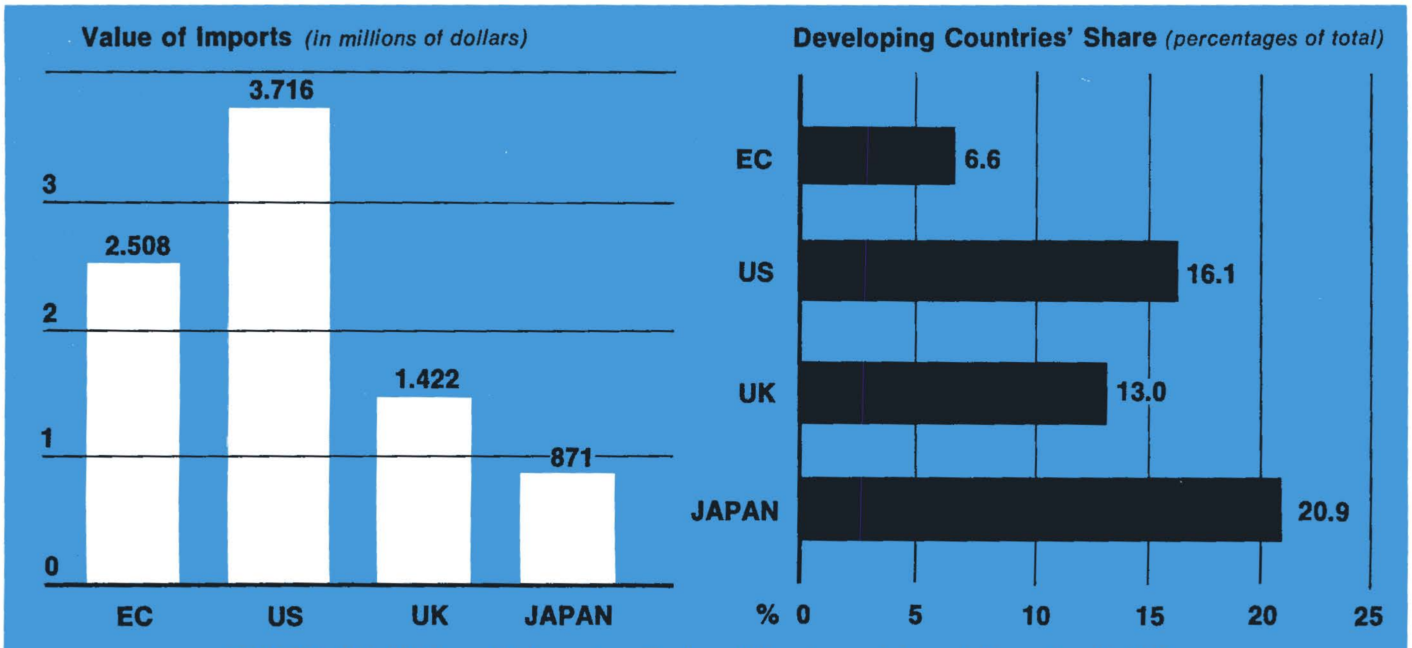
- *Processed agricultural goods.* Tariff benefits are granted on about 150 processed agricultural products (Chapters 1 to 24 of the Brussels Nomenclature) imported from developing countries, valued at about $30 million. The preferences will consist of partial reduction in customs duties or levies, and imports will be admitted without volume limits.

A safeguard clause, based on Article XIX of the General Agreement on Tariffs and Trade, is included allowing partial or complete reimposition of the duty or levy when the quantity or price of the imports risks causing grave harm to Community production of similar or directly competitive goods. The safeguard clause will apply only to the country or countries causing the harm, thus protecting non-offending recipient countries.

- *Industrial products.* Basic industrial products (Chapters 25 to 99 of the Brussels Nomenclature) are not covered by the Community's offer, but almost all imported industrial raw materials already come into the Community duty-free; only 0.6 per cent of such goods imported from developing

Preferences

MANUFACTURED AND SEMI-FINISHED IMPORTS FROM DEVELOPING COUNTRIES (1968)



SOURCE: United Nations Conference on Trade and Development, Report, December 10, 1969.

countries ($44 million of a total $700 million) are still dutiable. Of this 0.6 per cent, the Community opens tariff quotas with nil or reduced duties on certain non-ferrous metals.

Ceilings, Exemptions, and No Exclusion

The Community's offer, as it applies to semi-manufactured and manufactured goods, has three features: a ceiling system, duty-exemption, and no excluded products.

The ceiling system limiting the volume of preferential imports is counter-balanced by duty-exemption, the fact that no goods are shut out, and the lack of a safeguard clause.

A ceiling is fixed each calendar year for each product. In general, the ceiling is calculated according to the following formula: the basic amount (level of imports, c.i.f. EC, from recipient countries in 1968) plus an additional amount (5 per cent of the value of imports, c.i.f. EC, from non-recipient countries, i.e. industrialized countries, in the last year for which statistics are available). This method results in a raising of the ceiling every year, because the "additional amount" will grow as Community trade with industrialized countries increases.

Preferential exemption from duty is to be granted by the Community on all manufactured and semi-manufactured products.

No products are to be shut out. The Community's offer, as distinct from others, makes no exceptions.

The Recipient Countries

The Community's offer applies, in the first stage, to the 91 developing countries which belong to the "Group of 77" of the UN Conference on Trade and Development and to dependent territories of non-member states (including Hong Kong). The Community, in consultation with other industrialized countries, is studying the possibility of extending preferences to some countries outside the "Group of 77".

The Community's offer for processed agricultural products is not particularly bold, mainly because not all donors have accepted the idea of granting generalized preferences for these products. The Community is also limited by its internal organization of agricultural markets which narrows the possibilities of reducing duties or levies.

By contrast, the Community's offer for industrial products is decidedly advantageous to the recipient countries. Of all the donors, the Community is practically the only one granting tariff preferences on textiles, which all industrialized countries consider "sensitive." The connection between the validity period of the International Long-Term Cotton Textile Agreement and the calculation of ceilings has been worked out so as to give the recipient countries additional export earnings while avoiding abrupt flooding of the Community market which could hurt domestic manufacturers. Thus, for sensitive textile products, ceilings opened for the first year are only about $115 million on imports of approximately $110 million.

In the case of less sensitive products, the situation is much the same. Developing countries, the Community's main suppliers of these goods, are very competitive. The first annual ceilings opened for sensitive products (number about 40) amount to about $195 million on approximately $150 million of imports from beneficiary countries. Ceilings for the slightly less sensitive products (also number about 40) are in the region of $35 million on $20 million of imports.

For most other non-sensitive products, the first annual ceilings are about $660 million on imports of approximately $170 million.

Import Growth Assured

The first annual ceilings opened by the Community amount to more than double the value of imports from the Third World in 1968, i.e. more than $1 billion (total ceilings) as against $450 million (basic amounts) for dutiable products covered by preferences. This jump of $550 million over imports shows the size of the "additional amounts" (5 per cent of the value of imports from non-benefiting countries). The Community is using the "additional amount" to establish a link between the growth of its trade with industrialized countries and the increase in its trade with the Third World. As the Community's imports from developed countries increase, the value of the additional amount in the following year will also rise, pushing up the ceilings for preferential imports.

The Community's arrangements for exempting semi-manufactured and manufactured exports of the developing countries from tariffs would apply to more than $1 billion-worth of goods during the first year. The photo shows goods being loaded for export in Nouakchott, Mauritania.

The sensitive and slightly less sensitive products mentioned are items which industrialized non-member countries supply in very small quantity to the Community. Thus, the ceilings opened will not be much above the level of imports from developing countries and the additional amount will be very small. For the remaining, non-sensitive products already being exported ($170 million) and products which developing countries are not yet exporting to the Community, the additional amount acts as an incentive to production and exportation and a spur to industrialization.

All manufactured and semi-manufactured industrial goods covered by the Community's offer are subject to a ceiling set by law. In practice, however, ceilings will be strictly applied only to sensitive products.

For sensitive products, the Community's tariff quota constitutes the ceiling which is divided up between the six member states. For the less sensitive products, the ceiling is not apportioned between the member states; when the ceiling is reached, importation at preferential rates will cease. Imports from the developing countries will still enter the Community, but customs duties will be paid on them. The preferential arrangements will resume at the beginning of the following calendar year.

For all other non-sensitive products—the vast majority—there will be neither tariff quotas nor special safeguard machinery. In practice, preferential imports will be allowed to exceed the ceilings. The Community chose the ceilings system rather than safeguard clauses for industrial products because it facilitates planning. The ceilings system allows industrial producers in the Community to assess in advance the effects of preferential competition, while the benefiting developing countries can count on regular outlets.

For sensitive products, the ceilings system gives every beneficiary country, no matter how under-developed, a chance to sell in the Community market, since it limits the most competitive beneficiaries' access at preferential duty rates. The Community's offer specifies that no single recipient country may supply more than 50 per cent of the ceiling for most products. For some products, the ceilings are 30 per cent and 20 per cent. This is the so-called "buffer-clause."

Generalized preferences neither promise every beneficiary country the same advantages nor will they miraculously solve all of the Third World's development problems. In the immediate future, only a few of the more advanced developing countries, like Yugoslavia, Iran, India, Pakistan, Brazil, Venezuela, Mexico, Argentina, and the United Arab Republic, will be able to derive substantial advantages from the privileged opening of Community markets. Nevertheless, generalized preferences will open up additional export opportunities which all developing countries can utilize for the advancement of their interests.

$500 Million Rural Development Plan

In a major bid to develop the Community's backward rural region, the Commission has urged the Six to spend $100 million a year over the next five years to:

- modernize and develop new infrastructure
- retrain workers, especially farmers who leave the land
- promote productive investment in industry, services and handicrafts.

The Commission proposals were submitted to the Council on May 26 and explained to the press in Brussels on June 4 by the Commission member responsible, Albert Borschette. He said a Community regional policy, which should complement national policies, had become urgent because the gap between rich and poor areas was growing. With the opening of frontiers, new factories would tend to be located in highly developed areas, thus increasing the imbalance and aggravating problems of concentration such as pollution and congested traffic. As "ghost" towns had to be prevented for social as well as economic reasons, the Commission had emphasized that jobs had to be created in rural areas where farmers were likely to leave the land.

One Part of the Package

Help for backward farming regions is one of the Community's plans to promote balanced development. Experts are working on measures to help other areas likely to be affected by the application of common policies, such as frontier areas (e.g. bordering on East Germany) and declining industrial regions (the coal mining area in Southern Belgium and Northern France).

The Commission called for joint regional policy measures in agriculture regions which have been severely affected by changes in farming. As part of its plan, the Commission put forward to the Council two draft regulations:

- One calls for the Community's farm fund to finance individual projects that fit into overall development plans in these priority agricultural regions.
- The other draft would create a European Interest Rebate Fund to reimburse interest on loans to finance productive investment and infrastructure when part of development plans in priority agricultural regions.

Recycling Farmers

This move is in line with the Commission's 1969 proposal for the organization of Community action to encourage regional development. Part of the Community's Third Medium-Term Economic Policy Program, the proposals are in line with the Council resolution of March 25 expressing the member states' political commitment to reforming the structure of agriculture.

The proposals are intended to help surplus farm workers find jobs in other sectors of the economy. Persons leaving agriculture would be offered jobs in their own region, thus avoiding further congestion in large cities. Around 600,000 farm workers under the age of 55 might leave the land in the next five years, half of them staying in predominantly agricultural regions. Community action should give priority to these ex-farmers, the Commission said.

These priority agricultural regions would be designated by the Commission, once it had consulted expert committees, on the basis of these criteria:

- Agricultural employment in the region should be above the Community average.
- Industrial employment in the region should be below the Community average.
- The per capita gross domestic product at factor cost should be below the Community average.

Improved Coordination

Development plans would include a coherent set of measures to retrain farm workers and to create new jobs and would be financed not only by the member states but also by the Commission and the European Investment Bank. This joint responsibility should improve coordination in the use of the techniques available both at national and Community levels, especially of the European Agricultural Fund, the proposed European Interest Rebate Fund, the European Social Fund and the European Investment Bank.

For those projects in industry, handicrafts or services which came within the scope of the development plans, the European Farm Fund would pay $1,500 for each job created and held by a farmer or one of his children. To cover this, a sum of $250 million over a period of five years would be set aside. The European Interest Rebate Fund would provide rebates of up to 3 per cent for a period of 12 years for loans to finance productive investment projects and infrastructure, particularly in the priority agricultural regions. The estimated cost of this measure in the first five years of the Fund's operation is $250 million.

Part of the money to be used for financing agricultural reform would be used to attract industry to rural regions, such as this one near the Pyrenees.
PHOTO: Courtesy French Embassy Press and Information Service, New York.

The Tourism Tangle

RICHARD NORTON TAYLOR, *Special Correspondent in Brussels,* The Washington Post

Tourism problems have given such headaches to the individual members of the Six that a Community approach has been decided upon as the best aspirin.

Traffic jams, border delays, and other difficulties accompanying Europe's fast-growing tourist trade have increased beyond the capacity of individual countries to cope effectively with them.

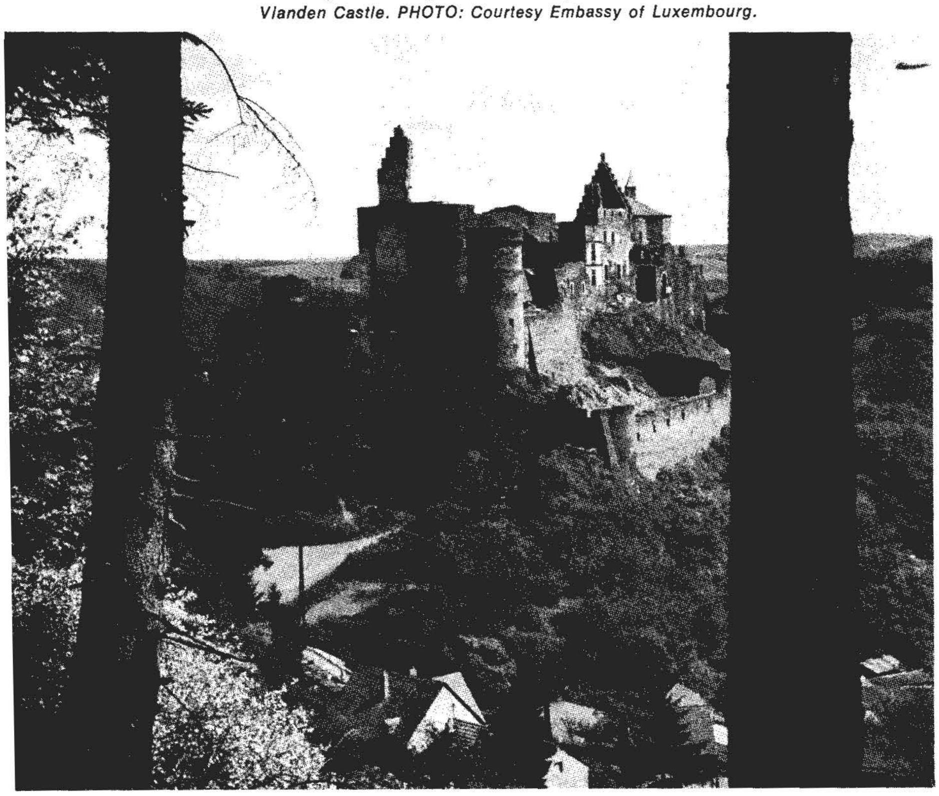
For this reason and to help strengthen its image of unity in the eyes of the outside world, the European Community has decided to mount a comprehensive, concerted effort in the tourist field. In the past, each country dealt with its tourist matters, or occasionally, the Community intervened in piecemeal fashion—such as harmonization of customs law.

There is also impetus for Community action in this area since tourism problems relate to other Common Market policies such as industrial and regional development and transportation. Even agriculture is involved in the sense that farm reform will free rural areas for use as parks and other recreational purposes.

A Belgian Initiative

Last year Belgium initiated the Community's involvement in tourism by inviting top tourist officials from the Six member states to a "think session" in the Chateau de Val Duchesse on the outskirts of Brussels. Early this year, the Common Market Commission for the first time appointed one of its members, Altiero Spinelli, responsible for tourism. Mr. Spinelli is in charge of a group of Commission officials who have made a list of some of the Community tourist industry's most pressing problems. A group of national experts, appointed by the Council of Ministers, is also working on ideas to ease peak-season congestion, ranging from the staggering of vacations to the harmonization of national laws on the use of pleasure boats.

Americans and Community nationals alike flock to Luxembourg during vacation, drawn by the country's natural beauty and tourist attractions such as Vianden Castle. PHOTO: Courtesy Embassy of Luxembourg.



The July-August Crush

Statistical information on the tourist industry is regarded by the Commission as one area where harmonization among the Six is urgent. The Organization for Economic Cooperation and Development (OECD) defines a tourist as a temporary visitor of more than 24 hours to a foreign country. According to the OECD, the greatest increases in vacationers last year were in German tourists travelling to Italy, Portugal, Britain, and Austria, and in French tourists to Italy, Portugal and Britain. In 1969, the latest year for which the Commission has figures, tourists added over $1 billion to Italy's foreign-exchange earnings, while France and Germany benefited nearly as much. Foreign visitors spend about as much in the Six as Community vacationers spend in non-member countries.

As much as 40 per cent of the total German population were away from home during the summer vacation period in 1969, and by the end of the decade two-thirds of them will be travelling in another country during July and August, according to the Commission. Corresponding 1969 figures were 42.8 per cent for France, but only about 26 per cent for less prosperous Italy. Overloaded transportation facilities, the shortage of hotel space, crowding at favorite tourist spots during the peak seasons, and the prospect of further congestion have increased public interest in an old proposal to stagger school and factory vacations.

Both the Community and the OECD are looking into pricing policies (such as special off-peak reductions), product variation (such as the promotion of cruising and sailing outside the favorite areas) and other new forms of tourism. In addition, the winter tourist season is beginning to experience the same difficulties encountered in the summer months.

The EC's Peripheral Involvement

A German Socialist Member of the European Parliament, Horst Seefeld, recently asked the Commission to take the initiative to relieve "the chaotic traffic conditions on Europe's main roads during the summer vacation period." The Commission replied that the national governments alone had power to act in this area. The German Government is studying the possibility of staggering vacations and is in touch with neighboring countries, such as the Netherlands and Belgium. Belgian legislation prevents a factory from closing for vacation between the end of September and the beginning of May.

The staggering of the vacation period would greatly benefit Europe's tourist areas. Most of them depend on income earned during only a few months of the year; unemployment there either rises steeply during the off-season months, or a large segment of the active population emigrates. In addition, the attraction of many tourist spots lies in their location in undeveloped areas.

The beach at Knokke is a popular resort with Community officials as well as visitors to Belgium. PHOTO: © Dubinsky, Courtesy Belgian Tourist Bureau, New York.

Summertime "toboganning." This hill, "Monte Kaolino" near Amberg, is made of Kaolin, a waste product of the china industry. PHOTO: Courtesy German Information Center, New York.

The Alpes, here near Morzine, are perfect for active vacationers who like climbing and hiking as well as for more sedentary types who just enjoy the fresh air and scenery. PHOTO: Courtesy French Embassy Press and Information Service, New York.

Fishing, here near Vissen, offers an escape from highway congestion at the height of the summer season. Traffic on Community waterways has increased but not enough to become a problem. PHOTO: Courtesy Netherlands Embassy.

"Democratize" Tourism

The Commission's Mansholt Plan for reforming agriculture foresees the reduction of farm land and a corresponding increase in parkland or woodland "for relaxation and public health." The Commission has also called for a coordinated development and investment policy for the tourist areas (frequently regions which cross national frontiers). One of the priority aims of new investment should be to "democratize" tourism. There is a strong potential demand for inexpensive hotels and guest houses able to accommodate large families, for camping and caravan sites, and for youth hostels. The Commission feels government must help in promoting such developments, both in the form of direct investments and as aids to tourist agencies.

The lack of uniformity in legislation affecting the tourist industry throughout the Six, impedes tourist development. Freedom of establishment throughout the Community for tourist agencies has yet to be approved by the Council of Ministers. The Commission has proposed a European statute for travel agencies and suggested that agencies from the Six cooperate in non-member countries, both to attract more tourists to the Community, and to make it easier for Community nationals to discover what is being offered in other countries. Some road and rail transport cooperation agreements have been signed, but national rules still differ for public and private tourist traffic.

Another strictly legal problem concerns the financial and contractual relations between tourists and travel agents, touring companies, and hotels.

None of these measures would amount to much unless the prospective tourist receives full and accurate information on all the available services. Besides improvements in statistical information, the Commission would like the Six to coordinate their hotel and tariff classifications, encourage the young to travel within the Community, and harmonize special offers for groups and children.

Border Checks

Together with information and freedom of establishment for tourist firms, frontier controls rank as one of the priority problems stressed by the Commission. Citizens of the Six may find them somewhat eased this year. With the introduction in June of compulsory car insurance in Italy, following the example of her five Community partners, and most other European countries, "green card" insurance checks at national borders could be eliminated for Community nationals. The Commission has proposed a directive to this effect. Customs inspectors themselves have tended to relax checks at the border, especially during the summer, although there are still reports of undue strictness by overzealous officials who levy turn-over taxes on purchases made while on vacation. A Luxembourger returning to the Grand Duchy from neighboring France recently had to pay sales taxes on a small shopping-basket full of goods.

In 1969, the Council of Ministers passed a directive allowing Community nationals to transport gifts and goods worth up to $75 tax free across a Community frontier if bought in another Community country, and $25 worth if bought elsewhere. However, the Six have not acted on a Commission recommendation to abandon systematic frontier controls and to check cars only in "exceptional circumstances."

Finally, the Commission wants rules on exchange control aligned as liberally as possible at Community level. Exchange restrictions would be allowed only when severe economic difficulties justify recourse to the Common Market Treaty's safeguard clauses. At the moment, the French and Italian Governments limit—albeit at a generous level—the amount of money tourists can take out of the country each year.

The practical problems facing Community tourists are, then, at last being tackled on a continental basis, although few results of the new initiatives are likely to be felt this summer.

International Park

Early this year, a good example of how countries can cooperate for the benefit of Community tourists was presented when Belgium and Germany signed an agreement to develop a park extending across their respective borders. Similar agreements to protect parkland have been made by Belgium and Germany with Luxembourg, and by Germany with the Netherlands.

The area covered by the Belgo-German accord includes the north-west Eifel plateau, the area around Monschau, and the valleys and dams of the Ruhr and Urft. In Belgium, the park covers the Hautes Fagnes plateau, the valley of the Our, the Malmédy-Saint Vith area and the Ommerwald forest to the south. The German north Eifel area was classified as a reserve 12 years ago. Now the Belgian side will have the same protection. Recently the Belgian Province of Liège voted 2,000,000 Belgian francs ($40,000) for tourist facilities and measures to protect the environment. An association has been set up to "protect the flora and fauna, hunting resources, the character of the villages, and the purity of the air and water." As one official said: "We are working for European union on the ground itself."

"Madison Avenue" Helps Upper Volta's Hungry

CHARLES SCHIFFMANN, Agence France Presse, *Brussels*

Madison Avenue's mass psychology and motivational research techniques have been used successfully in Upper Volta to alleviate a chronic food shortage.

To reduce damage to seeds from parasites after sowing and during storage, the European Development Fund (financed by the six Common Market countries) and the Government of Upper Volta jointly publicized the use of a pesticide in the form of a "red powder" and a "white powder." The drive was followed up by a public opinion poll to gauge its effectiveness and shortcomings.

One of Africa's Poorest Countries

With income per person averaging less than $50.00 a year, landlocked Upper Volta is one of the poorest of the Community's African associates. Upper Volta's farms feed five million people, growing sorghum, millet, corn, rice, niebe, vouandzou beans, sesame, and peanuts. Insects cause $7 million in damage to the two annual sowings. The farmers eat most of the harvest themselves, but some peanuts and cotton are exported. Livestock exports itself unaided and without profit, as it wanders off on foot into neighboring countries.

Rather than provide a few privileged farmers with modern machinery, the Upper Volta Government is gradually modernizing the entire farming system, preserving tradition wherever practicable. First, farming methods are improved and fertilizers and plant protection popularized. Later more sophisticated farming techniques will be introduced.

Promotion and Distribution

As the Upper Volta Government already had a plant protection service and an ample stock of pesticides before turning to the European Community for help, nothing was needed but a well-organized promotional drive. The cost of this campaign was estimated at more than $1 million for four years, a relatively low figure considering that the cost of the 700 projects financed by the EDF has averaged twice that amount.

The Fund decided to back a twofold action: promotion and distribution of the pesticides. Five mobile teams, showing films in the bush and organizing discussion groups with farmers, reinforced Upper Volta's efforts.

The campaign began in February 1968 with the distribution of a "red powder" to protect seeds after sowing and a "white powder with an unpleasant smell" for use during storage of crops. Local distributors sold packets of the pesticide at about $0.01 each to peasants, who already knew why and how to use them. Radio stations broadcast special programs, prepared with the help of EDF experts. The five EDF mobile teams, equipped with trucks and generators, showed their films throughout the country, already covered with posters and leaflets.

Assessment of Results

Sales figures proclaim the success or failure of an advertising campaign for a new detergent, but the EDF had no such convenient measure of its "red powder" operation. In

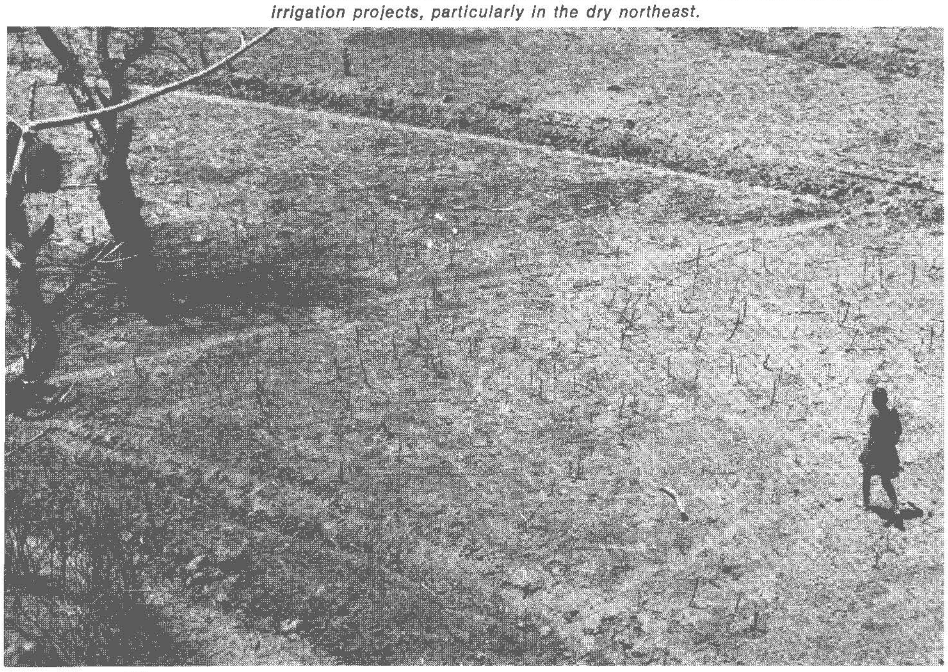
"Abundance and gaity" were the rewards promised for using pesticide in a promotion and distribution campaign partially financed by the Community. Radio broadcasts, posters, leaflets, and movies were also used to persuade farmers to use the pesticide and to show them how.

Distribution of the pesticide. Directions, printed on each packet, proved too complicated, according to a survey made after the first campaign. Thus, the instructions will be revised to reduce the margin of error.

the first place, farms in Upper Volta are measured in terms of production, by the number of baskets of grain harvested on the farm rather than by the yield per acre. The EDF enlisted the aid of a firm specializing in opinion polls and market research in Africa. The company, Marcomer, cooperates with the French Public Opinion Institute and belongs to the Gallup network.

To obtain fuller information of the country's 430,000 "farmers" (i.e. heads of households, averaging nine people), the company questioned 2,000 carefully chosen

The Community has also helped Upper Volta finance soil conservation and irrigation projects, particularly in the dry northeast.



representative heads of farms. The questionnaire, tried out first on a smaller sample, consisted of 100 questions.

Just before the rainy season in April-May 1970, a hundred African interviewers spent six weeks collecting data. It was not easy: some villages were known by several names, others had disbanded after exhausting the surrounding land, still others had been newly formed. Pollsters first ascertained the correct locations and sketched maps. The day before the survey, they assured the village elders that their answers would be treated confidentially, that the questions had nothing to do with taxation, and explained why some farmers and not others were being interviewed.

The question was "Can something be done against the insects and diseases that spoil the seeds you sow?" *Thioral*, the name of the pesticide, was not used, unless the farmer mentioned "red powder" without prompting. To determine the size of the harvests, the interviewers measured the capacity of the baskets used as well as the kind of grain collected in them.

Results Well Worth Cost

More than 200,000 replies were sorted, cross-checked, and compared with the help of a large capacity, third generation computer. The computer needed two long sessions, of 35 and 40 minutes, to process the information fed into it. The results showed that the campaign had been more cost-effective than expected. Used as directed, the 750,000 packets of pesticide distributed in 1969 would have increased the yield by at least 20 per cent. Half of Upper Volta's farmers used the recommended product and a quarter of those who did so followed the directions. In 1969 the latter obtained increases in yield estimated at $600,000 for five crops (millet, sorghum, corn, peanuts, and niebe). Increases in major crop yields from 1969 to 1971 will total $2.4 million while the EDF's promotional drive cost only $1 million.

Other data provided by the poll allowed correction of some deficiencies of the promotion drive. Some farmers had improvised on the directions. "A packet per half-tine" (a tine equals 20 liters) had been recommended, but some people used a packet per tine, while others had confused the terms and used a half-packet for a tine. Thus, the pollsters recommended rewriting the instructions to emphasize proper proportions and changing the size of the packet so that one packet would be added to one tine.

Same Applications

The poll has also opened the way to more refined surveys of the cost-effectiveness of aid projects. According to the poll, 75 per cent of the farmers had been influenced directly by radio, films, and posters, or indirectly through their neighbors. Some groups of farmers were identified as being particularly sensitive to innovation and potentially influential in spreading modern techniques quickly.

The European Development Fund's trial balloon in Upper Volta could contribute towards a theory on "the spread of innovation in rural communities." Techniques used to sell soap and toothpaste might also be used to "sell" the Mansholt farm-reform plan to European peasants.

Pollution in an Enlarged EC

ROBERT TOULEMON, ***Director General, Industrial Division, Commission of the European Communities***

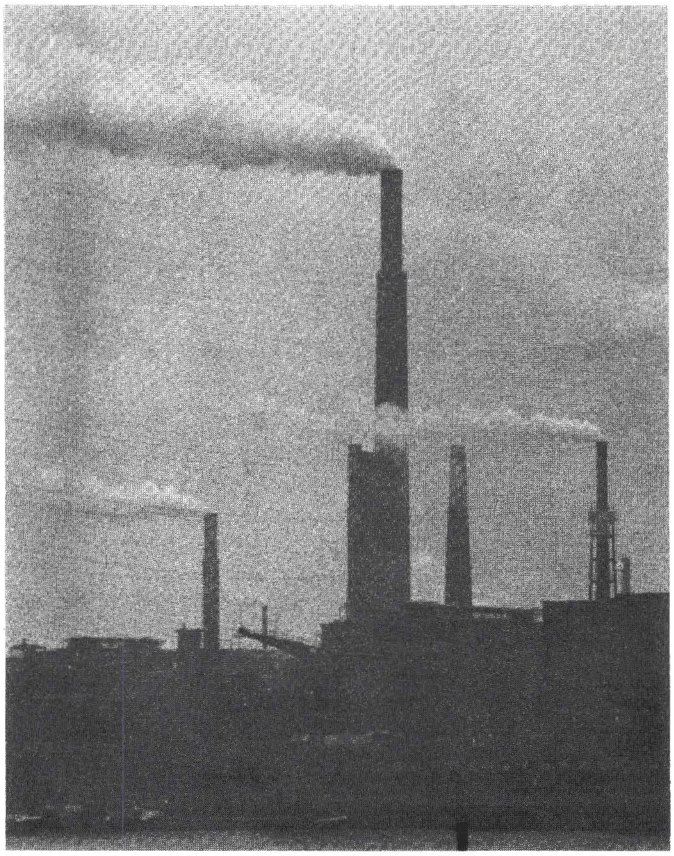
Europe, less wealthy and less developed economically than the United States, is also less aware than America of environmental problems.

Despite Western Europe's high population density, the threat to its environment is still smaller than in the United States, mainly because it consumes only a third as much energy. Energy production is a major factor in pollution and one of the most difficult to clean up. Moreover, Europe's large rural population and the persistence of traditional farming methods have so far spared it soil erosion and depletion and climatic changes which have appeared elsewhere. Urban problems are also less acute in Europe than in the United States.

Because of their geographical proximity and because of the existence of the Common Market, each European country is immediately affected by what happens in the others. It is not just a matter of air and water crossing frontiers. The main factor is that legislation to combat pollution also affects the capacity of Europe's industries to compete. Thus, no European country can hope to protect its environment by acting in isolation. This is one reason why Europeans have been so slow to organize this protection.

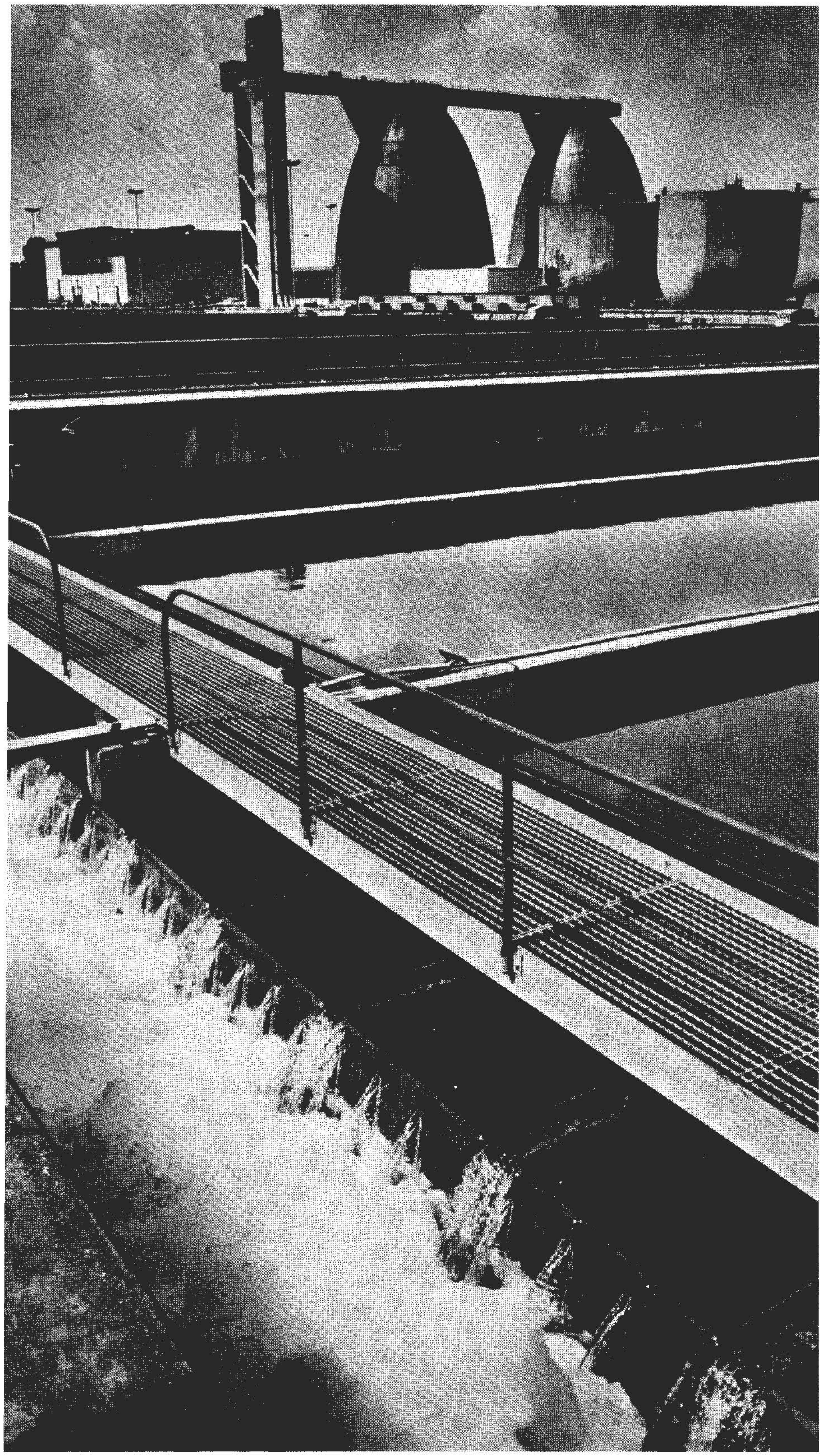
Community Could Act as Coordinator

Most countries have tightened their legislation to combat some types of pollution and have created inter-ministerial bodies to study problems and to coordinate action. However, not one country in Europe has yet developed a comprehensive environment policy. Here, the European Community could play an important role by what it does itself and by collaboration with non-member countries and with international organizations. The Community Treaties,



In the Ruhr Valley, one of the oldest industrial regions in the Community, many metal-working companies use as fuel locally mined high-sulphur content coal that severely contaminates the air. Duisburg Copper Works. PHOTO: Courtesy German Information Center.

"Fight Waste Gasses" is the motto of the Hoechst AG chemical works' experimental station in Hattersheim, near Frankfurt. Here plant life is being poisoned in the search for ways of countering air pollution. PHOTO: Courtesy German Information Center, New York.



A water purification station on the Rhine. The countries bordering on the Rhine have created an international commission to enforce rules for clean water, now recognized as an international problem. PHOTO: Courtesy German Information Center, New York.

signed in the Fifties, did not give the Community general responsibilities for protecting the environment, as it was not yet a problem. Nevertheless, the Treaty establishing the European Atomic Energy Community contains enabling provisions for setting Community standards on protection against ionizing radiation. Wider in scope are the provisions in the Common Market Treaty for the harmonization of legislation and the elimination of distortions of competition. The 1967 decision to coordinate research policies may open a further path of joint action in environmental management.

To remove obstacles to the free movement of goods in the Common Market, the Community has harmonized laws prescribing safety rules for many consumer products, vehicles and capital goods. A general program was adopted in May 1969, setting time-limits and establishing principles for the elimination of technical obstacles to trade. To prevent new national regulations from creating further obstacles, the general program includes an agreement on a *status quo* arrangement under which the Commission must be informed of any new project. During this *status quo* period, the Community can work out harmonized regulations.

Comprehensive Package Planned

So far, the Community's action has been limited in the areas of distortion of competition and research, but the Commission intends to make Community plans for environmental protection. This plan will revolve around these points:

- Free movement of goods and free competition would be impaired if the member states took uncoordinated measures. In a Common Market all producers should be subject to identical or harmonized rules and restraints, but with consideration given to special local or regional needs.
- To avoid national policy divergencies and to improve the use of public funds, research should be coordinated at Community level and some costly research projects should be executed jointly.
- Joint policies should be administered by joint bodies.
- When harmonizing taxes, the Community should consider the possibility of using taxation to combat pollution.
- Member states, regions and provinces, towns and municipalities should have wide powers in environment matters where the Community's involvement should be minimal.
- Community policy on protecting the environment should cover fields other than direct campaigns against pollution. In particular, an effort should be made to improve the distribution of economic activity throughout Community territory.
- The Community should work closely with other international organizations and with non-member countries.

By the time the Community has worked out and begun to execute such a common policy, there will probably be ten member states. In environmental control, as in every other field, European integration will facilitate cooperation with non-member countries, in particular the United States.

Like collective security, protection of the environment cannot be sacrificed much longer to individual nations' maintenance of absolute sovereignty. Europe must start planning now so that protection against pollution does not turn into a source of new restrictions on trade.

Recent Books

EUROPEAN COMMUNITY periodically lists books dealing with Community and Atlantic topics. Prices are also given, whenever known. This presentation does not indicate approval or recommendation of these publications which can be purchased or ordered from most booksellers.

The Multinational Corporation in the World Economy: Direct Investment in Perspective. Edited by Sidney E. Rolfe and Walter Damm, Praeger Publishers, New York, 1970, 169 pages with appendices.
Papers presented at the May 1969 conference in Washington, D.C. on "Direct Investment in the Atlantic Area," sponsored by the Atlantic Council of the United States, the Committee for Atlantic Economic Cooperation, and the Atlantic Institute.

The multinational company's role in the international economic system and direct investment by Europeans in the United States were the two main topics of the conference. The book contains seven papers, the first is an introduction to the international corporation by Mr. Rolfe. The other papers deal with: the economics of investment in the United States, by Walter Damm; the legal aspects of investment in the United States, by J. J. A. Ellis; American antitrust policy and foreign investment, by Richard W. McLaren; U.S. direct investment in Europe, by Rainer Hellman; foreign investment in Canada, by Thomas L. Powrie. The appendices consist of a list of the major investments of foreign companies in the United States through July 1969 and a paper on foreign direct investment in the United States prepared by the U.S. Department of Commerce.

The Politics of Trade Negotiations Between Africa and the European Economic Community: The Weak Confront the Strong. By I. William Zartman. Princeton University Press, 1971, 228 pages plus annex and index. $8.50.
The first detailed study of Community negotiations with African states.

The author uses a comparative framework to analyze Community negotiations with Africa, including the two Yaoundé Conventions with the 18 Associated African states, the two Arusha Conventions with East Africa, the Lagos Convention with Nigeria, the Rabat and Tunis Conventions with Morocco and Tunisia, and related discussions with Algeria. The author employs a political rather than an economic or moral approach, focusing on the manner in which weak nations maneuver to obtain their goals in discussions with stronger states.

Transnational Business Collaboration Among Common Market Countries: Its Implication for Political Integration. By Werner J. Feld. Praeger Publishers, New York, 1970, 130 pages plus selected bibliography. $12.50
A study of transnational business collaboration in the Community over the past decade, its motivations and objectives, and the problems it has faced.

Based on extensive interviews with business executives, leaders of interest groups, and political parties, the author concludes that collaboration among businesses across national borders has helped economic integration but until now has had only a minor influence upon political integration. He also discusses the implications of British participation in transnational business cooperation for enlargement of the Community, the effect of the American challenge, and the recent Commission memorandum on industrial policy. He concludes with a discussion of integration theory and the possible future "spill-over effect" of transnational business cooperation.

Political Integration by Jurisprudence: The Work of the Court of Justice of the European Communities in European Political Integration. By Andrew Wilson Green. A. W. Sijthoff, Leyden, 1969, 500 pages with appendix and index.
A study of the contributions of the European Court of Justice to the political integration of the Community.

The author analyzes the impact of decisions by the Court of Justice on the process of political integration. Included within the study are analyses of: the expansion of the Court's area of jurisdiction, the Court's application of Community over national law, the Court's construction of a detailed system of Community law within the limits presented by the Community Treaties, the Court's construction of a detailed system of Community law within the limits presented by the Community Treaties, and the Courts' resolution of conflicts between member states.

The EEC: National Parliaments in Community Decision-Making. Number 17, European Series. By Michael Niblock. Chatham House: PEP, London, 1971. 112 pages with appendices and select bibliography. $2.40.
A survey of the relations between institutions of the European Community and the national parliaments of the member states.

The topic is examined from the point of view of how the national parliaments make use of some of their established procedures, such as the budget debate or written and oral questions to keep Community affairs under review. The author also considers the links connecting the European Parliament with the national legislative organs.

Migrants in Europe: Problems of Acceptance and Adjustment. By Arnold N. Rose. University of Minnesota Press, Minneapolis, 1969. 194 pages with appendices and index. $7.50.
This monograph concentrates on what the author contends is the least developed level of integration—that of people.

He approaches the topic by studying the cross-national migration of workers and their adjustment in countries of immigration. It is argued that, without increased integration of people, the effectiveness of statesmen's agreements will be limited, and if large scale rejection of such integration develops, progress toward European unity will be nullified.

L'Association a la Communauté Economique Européenne: Aspects Juridiques. Free University of Brussels, 1970, 353 pages plus index.
A collection of studies on the treaty-making power of the European Community.

General problems are examined in relation to the Community's international agreements, including the negotiating process, the conclusion of agreements, the subject of the agreements, and their entry into force. The authors also study some agreements in detail; these include the association agreements with Greece, Turkey, Nigeria, Kenya, Uganda, Tanzania, and the states adhering to the Yaoundé Convention.

The Future of the European Ports. 1970 Bruges Week. Edited by Rudolf Regul. College of Europe, Bruges (Belgium), 1971. 816 pages in two volumes. (French and English.)
A collection of papers presented at a symposium held in April 1970, to examine what the next two decades hold for maritime ports.

The subjects range from a comparative survey of the largest European ports to such questions as investment policy and the development of new techniques of container transport. The study concludes with a recommendation for a graduated approach to the problems raised, starting with the standardization of maritime and harbor statistics.

Decision on Europe: An Explanation of the Common Market. By Derek H. Hene. Jordan & Sons, Ltd., London, 1970, 222 pages with bibliography and index.
An introduction to European events since World War II, focusing on the creation of the European Community and its institutions.

The author proceeds from a discussion of the creation of the Coal and Steel Community, the Common Market, and the Atomic Energy Community to an analysis of the current roles of the main Community institutions. He also discusses the achievements and future plans of the Six and Britain's relations with the Community.

Publications Available

INTERIM REPORT ON THE ESTABLISHMENT BY STAGES OF ECONOMIC AND MONETARY UNION IN THE COMMUNITY. *Working Documents No. 148.* The European Parliament, Luxembourg, November 5, 1970, 15 pages, and SUPPLEMENTARY REPORT ON THE ESTABLISHMENT BY STAGES OF ECONOMIC AND MONETARY UNION IN THE COMMUNITY. *Working Documents No. 187.* The European Parliament, Luxembourg, November 30, 1970, 9 pages .... $ .25

Two reports by J. E. Bousch for the European Parliament's Economic Affairs Committee. Reviews the proposals for economic and monetary union, their economic and political implications for the development of the Community, and the role of the pound sterling in an enlarged Community. Includes opinions of the Political Affairs and Finance and Budget Committees.

SEVENTH REPORT OF THE MINES SAFETY AND HEALTH COMMISSION: 1969. Commission of the European Communities, Brussels, September 1970, 326 pages $1.00

Describes the activities of the Mines Safety and Health Commission. Contains special annexes on underground accidents in mines, organization of rescue arrangements, characteristics of electrical protection of cables supplying underground mobile machines, use of urethane underground, measurement and testing methods for ropes, coal-dust neutralization and anti-explosion barriers, and implementation of recommendations of the Mines Safety and Health Commission.

CORPORATION TAX AND INDIVIDUAL INCOME TAX IN THE EUROPEAN COMMUNITIES. *Competition: Approximation of Legislation Series No. 15.* Commission of the European Communities, Brussels, 41 pages $2.00

Study prepared by A. J. van der Temple. Analysis of three basic systems of corporate and individual income taxation used in the members states: classical (Netherlands and Luxembourg), double or split rate (Germany), and tax credit (Belgium and France). Projects implications of applying these systems at the Community level, their effects within the Community and in relations with non-member countries.

LES PROBLEMES DE MAIN-D'OEUVRE DANS LA COMMUNAUTE 1970. Commission of the European Communities, Brussels, 1970, 124 pages $1.40

Printed edition of the Commission's annual report on the Community's manpower situation, covering 1969 with forecasts for 1970. Includes information on foreign workers employed in the Community.

BASIC STATISTICS OF THE COMMUNITY: 1970. Statistical Office of the European Communities, Luxembourg, 1970, 224 pages $1.50

1969 statistical comparison of 17 European countries, Canada, the United States, Japan, and the Union of Soviet Socialist Republics on population, labor force, national accounts, agriculture, energy, industry, transport, trade, social security, standard of living, and finance. Additional data for the Community is given for education, regional products, and the iron and steel industry.

REGIME DE DECLARATION ET D'AUTORISATION APPLICABLE EN VERTU DES NORMES DE RADIOPROTECTION DE L'EURATOM DANS LES ETATS MEMBRES DE LA COMMUNAUTE AUX ACTIVITES ET OPERATIONS CONCERNANT LES COMBUSTIBLES NUCLEAIRES ET AUTRES SUBSTANCES RADIOACTIVES. *EUR 4515 f.* Commission of the European Communities, Brussels, 1970, 85 pages $2.50

Comparative study, in the form of recapitulatory tables, of the declaration and authorization system applied in the member states for nuclear materials and other radioactive substances. For each activity and operation requiring notification and authorization, the tables give the basic law, the system derived from it, and its administrators.

YEARBOOK OF AGRICULTURAL STATISTICS: 1970. Statistical Office of the European Communities, Luxembourg, 1971, 156 pages $1.50

French/German text. Statistics for the years 1967-1969 with some comparative data for the years 1956-1958. Figures cover the agricultural structure and production, consumption, trade and prices of basic cereals, meats, fruits and vegetables, dairy products, fats and oils, fish, and vine products.

ANNUAIRE DE STATISTIQUES SOCIALES: 1970. Statistical Office of the European Communities, Luxembourg, 1970, 316 pages $2.50

Current and historical statistics on each member state's population, labor force, wages, labor costs, standard of living, educational structure, social accounts, and industrial accidents.

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