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community

THE FACTS

common market • ecsc • euratom

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The European Community — 1950-1960
The Common Market
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Euratom
An Association of Free Peoples
The European Parliament
Political Unity in Europe

Community Topics :

1. The Common Market 1960-1961
2. Economic Integration and Political Unity in Europe, by Walter Hallstein
3. Guide to the Study of the European Communities
4. The Common Market and the Law, by Michel Gaudet
5. French Industry and the Common Market
6. Freedom of Establishment and Services in the Common Market

Leaflets :

The " 6 " in Figures
The European Community at a Glance
This is the European Community
Euratom

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THE FACTS

common market • coal and steel community • euratom



***europaen community
information service***

***brussels-luxembourg
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contents

	<i>page</i>
<i>The European Community - facts and figures</i>	3
<i>Partnership with Africa</i>	4
<i>The Institutions of the European Community</i>	6
<i>The first step - the Coal and Steel Community</i>	9
<i>The Common Market - towards full economic union</i>	12
<i>Euratom - the Community and atomic energy</i>	16
<i>External relations - the Community and the world</i>	19
<i>Shaping political union</i> ,	23
<i>A brief chronology</i>	24

The European Community

The European Community covers an area of 449,000 square miles. In this area live some 169 million people — nearly as many as in the United States; the active working population of some 74 million is greater than that of the United States. The population of Greece, which is associated with the Community, amounts to eight million. The associated countries in Africa, Madagascar and elsewhere number a further 53 million inhabitants.

The Community in 1961 produced 73 million metric tons of steel, and 230 million tons of coal. It is the world's second largest producer of steel and automobiles, next to the U.S., and one of the world's leading producers of farm produce (the biggest producer of milk, and third largest producer of meat). With Britain, the Community would rival the U.S. as the world's leading economic power. It would also be the world's largest market for raw materials and farm produce.

It is the fastest-growing major economic area of the Western world: between 1953 and 1961, its gross national product increased by 53%, compared with 21% for the U.S. and 25% for Great Britain. From 1958 — the year when the Common Market began — to 1961, its industrial production rose by 29%, against 13% for Great Britain and 18% for the U.S.

The Community is the world's largest trader: its largest importer and its second largest exporter. Its total imports from the outside world in 1961 amounted to \$20,453 million and its total exports to \$20,425 million.



SOME COMPARISONS:

	Community	UK	USA	USSR
Area (thousand sq. miles)	449	94	3,600	8,600
Population 1960 (millions)	169	52	181	214
Active working population 1960 (millions)	74	23	72	99
Steel production 1961 (millions of metric tons)	73	22	91	71
Steel consumption per head of population 1960 (kilograms)	345	411	509	305
Gross energy consumption per head of population 1960 (metric tons, coal equivalent)	2.6	4.9	8.0	2.9
Grain production (millions of metric tons, average 1957-60)	52	9	174	121
Meat production (millions of metric tons, average 1957-60)	7.9	2.1	16.4	8.0
Milk production (millions of metric tons, average 1957-60)	61	12	57	58*
Automobile production 1961 (thousands)	4,126	1,464	6,662	555
Imports from rest of world, 1961 (\$ millions)	20,453	12,314	14,509	} 11,667**
Exports to rest of world, 1961 (\$ millions)	20,425	10,754	20,858	
Gold and dollar reserves, Feb. 1962 (\$ millions)	15,604	3,424	16,795	—

* average 1957-59

** imports plus exports

WHAT?

The European Community is welding into one economic unit six European nations :

- BELGIUM
- FRANCE
- GERMANY
- ITALY
- LUXEMBOURG
- NETHERLANDS

These nations are already moving towards political union.

The three parts of the European Community are :

The **European Coal and Steel Community** (ECSC) : set up in 1952, it paved the way by pooling the six nations' resources of coal, steel, iron ore and scrap in a single market without frontier barriers;

The **Common Market** (officially the European Economic Community or EEC), whose institutions were set up at the beginning of 1958, is gradually (over 12 years) pooling these nations' other economic resources — in a mass market of 170 million consumers;

Euratom (the European Atomic Energy Community or EAEC) set up at the beginning of 1958, is helping to endow the Community with a powerful atomic industry pledged to the peaceful uses of nuclear energy.

WITH WHOM?

Specially associated with the European Community by the Common Market Treaty are those non-European countries which had special relations with its member states. Most of these are situated on the African continent (see opposite page); the exceptions are: Madagascar, Netherlands New Guinea, St.-Pierre and Miquelon, New Caledonia and dependencies, the French Settlements in Oceania, the Southern and Antarctic Territories, Surinam, Dutch West Indies.

Under the Treaty, the Community is gradually abolishing, over the 12-year transition period, all tariff and quota restrictions on imports from these overseas countries, which in turn are extending to the whole Community any preferential terms they formerly granted to any of its members. The associated countries can, however, still impose on Community goods fiscal duties, and tariffs to protect their infant industries. They remain entirely free as regards their trade with the rest of the world.

Under the Convention covering the first five years of association, the Community set up a special \$581.25-million European Development Fund to aid development in these countries. To this fund,

WHY?

- to end for ever the conflicts which so long divided the nations of Western Europe
- to restore the weight and importance of Europe in world trade and world affairs
- to raise living standards and speed technical progress in an expanding economy
- to abolish the outdated trade barriers which split up Western Europe into small, protected markets
- to make possible large-scale operation in the increasing number of industries in which it is essential, and particularly in atomic energy
- to make a special effort to help the less favoured areas of the Community and its partners overseas
- to set up the institutions which will form the bases for a future United States of Europe.

Germany and France each contributed \$200 million, Belgium and Holland \$70 million each, Italy \$40 million and Luxembourg \$1.25 million. The Convention expires at the end of 1962.

Since the Treaty was signed in 1957, the face of Africa has changed: all the associated African countries have achieved independence. They chose, however, to remain associated, and a new convention, to come into force in 1963, is being negotiated on the basis of complete equality between the Community and its partners. It will mean new institutions, increased development aid, and special measures to diversify production and expand the export trade of the associated countries.

The Community also makes a particular effort to help train specialists from the associated countries by providing scholarships and organizing courses. For the academic year 1962-63, the Common Market Commission has approved the granting of 1,000 scholarships to citizens of the associated countries.

Total area : 4,733,200 square miles

Total population : 53 million

Main products of the Associated Countries

	Production 1960 ('000 metric tons)	Percentage of world production
Bananas	522.0	3.5
Coffee	347.0	7.5
Cocoa	142.8	14.1
Groundnuts	1,591	12.4
Palmkernels	239.9	23.3
Diamonds (thousands of carats)	16,700	59.6
Copper (concentrates and metals)	300.7	7.3
Aluminium	43.9	1.0
Tin	10.5	5.5



The Associated Countries' share in the Common Market

Percentage of the Community countries' imports of key commodities coming from the Associated Countries, 1960.

	Bananas	Cocoa	Coffee	Groundnuts	Groundnut Oil	Palm Oil
Belgium-Luxembourg	25.7	24.3	22.6	—	17.8	89.1
France	97.7	85.0	70.1	71.8	95.4	91.6
Germany (F.R.)	0.2	14.5	1.8	0.1	—	60.1
Italy	90.4	13.0	22.2	3.0	—	60.6
Netherlands	—	34.2	1.0	0.3	1.5	—

THE INSTITUTIONS OF THE EUROPEAN COMMUNITY

ECSC

EUROPEAN COAL AND STEEL COMMUNITY

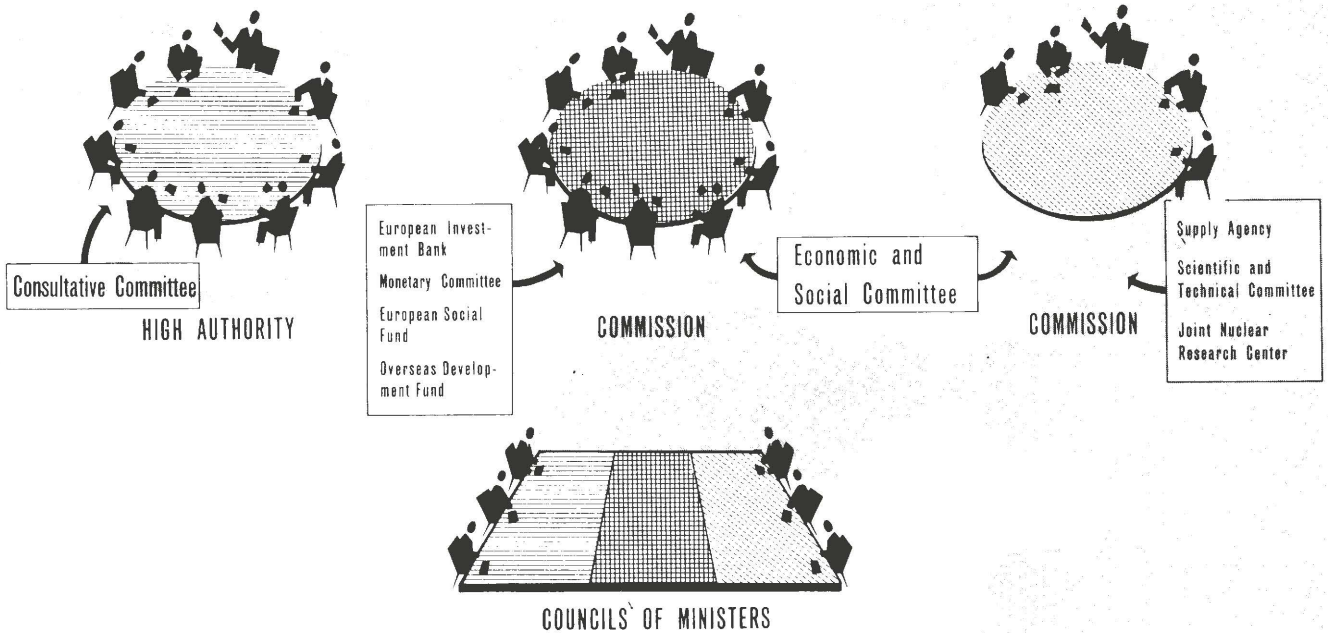
COMMON MARKET

EUROPEAN ECONOMIC COMMUNITY

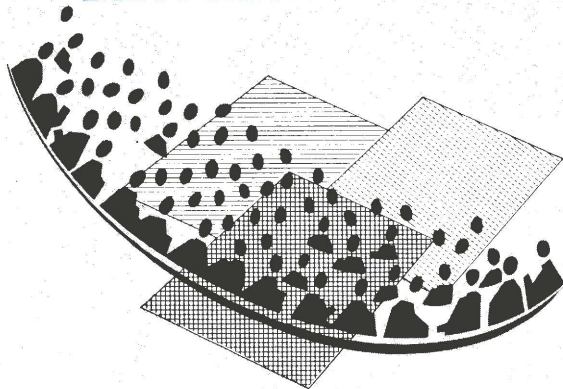
EURATOM

EUROPEAN ATOMIC ENERGY COMMUNITY

THE EXECUTIVES

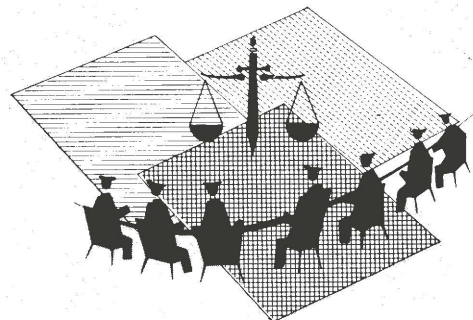


DEMOCRATIC CONTROL



EUROPEAN PARLIAMENT

JUDICIAL CONTROL



COURT OF JUSTICE

INSTITUTIONS

The Coal-Steel Community (ECSC), the Common Market, and Euratom share the same institutional framework. Their separate Executives, whose members are pledged to independence of governments and sectional interests, take their decisions by majority vote, in the general interest of the Community, and are subject to a common parliamentary and judicial control. Major policy decisions are normally taken by the Council of Ministers, on the proposal of the Executives.

THE EXECUTIVES

THE ECSC HIGH AUTHORITY Nine members, whose decisions are directly binding on the industries concerned. The High Authority's initial task was to establish a common market for coal, steel, iron ore and scrap, by abolishing all trade barriers, discrimination, subsidies and other distortions. It now supervises the smooth working of this common market, ensures that the Treaty rules of fair competition are observed, stimulates investment and research, and aids workers threatened with unemployment. In cooperation with the other two Executives, it has worked out proposals for a common energy policy.

THE COMMON MARKET COMMISSION Nine members, whose essential task is to supervise the gradual establishment of a full Common Market, in which trade restrictions of all kinds will be abolished and all goods, services, labour, and capital will circulate freely. The Commission is also working out and — after adoption by the Council of Ministers — implementing, common policies for agriculture, transport, and external trade. With the Council, it is working towards common economic, monetary, and labour policies. In addition to its specific executive powers, the Commission is an initiator of Community action, a mediator between the Governments, and the guardian of the Common Market Treaty.

THE EURATOM COMMISSION Five members, who can in a number of cases issue directly binding regulations. The Commission's task is to help create within the Community a powerful industry for the peaceful use of atomic energy, to stimulate scientific research and the training of specialists, to help administer a Supply Agency through which all nuclear fuel can be channelled, to supervise the nuclear common market, to inspect and control the use of fissile material, and to safeguard both workers and the population at large by laying down basic standards for the protection of health.

THE COUNCILS OF MINISTERS

The only Community institution whose members are national representatives. A member of each national Government sits in each Council, the actual Minister concerned depending on the subject under discussion. For **coal and steel**, the role of the Council of Ministers is chiefly limited to giving an opinion before the High Authority takes decisions: on certain fundamental questions, however, the approval of the Council is required before decisions become binding. For the **Common Market** and **Euratom**, the Councils of Ministers in most cases take the final policy decisions, but can only do so on the proposal of the respective Commission, and only modify such proposals by unanimous vote. The Council's decisions on coal and steel are mainly taken by majority vote. For the Common Market and Euratom, decisions had usually to be unanimous in the early stages; majority voting is gradually being introduced, however, except for fundamental matters of policy. For most majority decisions, votes are weighted: France, Germany and Italy have four votes each, Belgium and the Netherlands two each and Luxembourg one. On Commission proposals, twelve votes suffice; in other cases, the twelve votes must include those of four countries. The Councils of Ministers ensure coordination between the policies of the national Governments and those of the Community as a whole.

Their meetings are prepared by a Committee of Permanent Representatives for the Common Market and Euratom and by a Coordinating Committee for the ECSC.

THE EUROPEAN PARLIAMENT

A 142-man Community Parliament, whose members are at present elected by and from the legislatures of the member countries. The Treaties envisage direct universal suffrage in the future; plans for this have been drawn up by the Parliament and are now before the Council of Ministers. The three Executives must report annually to the European Parliament, which can oust them by a motion of censure, voted by a two-thirds majority. For the Common Market and Euratom, the European Parliament must be consulted before certain specific decisions are taken, and it has a right to scrutinize the Community's budget. The Parliament holds frequent plenary sessions, and maintains 13 standing committees which closely follow the Executives' work. Its members, who are divided into three political groups (Christian Democrats, Socialists, and Liberals), put frequent parliamentary questions to the Community Executives. The members of each political group sit together in the Chamber irrespective of nationality.

THE COURT OF JUSTICE

A supreme court of seven judges having the sole power to decide whether the acts of the Executives and the Council of Ministers should be upheld or quashed. The Court's judgments have the supreme force of law throughout the Community and are directly binding on all parties, whether individuals, firms, national governments, or the Community's executive bodies themselves. So far (by July 1, 1962) 213 cases have been submitted to the Court, which has handed down 149 judgments.

In addition to these Community institutions, a number of consultative bodies aid the Community's work. These are:

- The 101-man **Economic and Social Committee** which advises the Common Market and Euratom Executives and Councils of Ministers on behalf of employers, workers, consumers and others;
- The 51-man **Consultative Committee** which carries out a similar task for the ECSC's High Authority;
- The **Monetary Committee** which advises the Common Market's Executive and Council of Ministers on monetary problems;
- The **Trade-Cycle Committee** which aids the Six in coordinating their day-to-day economic policies and in maintaining a steady, healthy rate of economic expansion;
- The **Transport Committee** which advises the Common Market's Executive on transport problems;
- The **Scientific and Technical Committee** which advises the Euratom Commission on nuclear problems.

A European Community

NOT JUST AN INTERNATIONAL ORGANIZATION

- 1 - The Community's Executives can act in many cases without obtaining the prior approval of the Governments of member states.
- 2 - The Councils of Ministers, the only institutions representing member governments, take many of their decisions by a majority vote which avoids the national veto.
- 3 - Community decisions are directly binding in the territory of member states without having to be embodied in national legislation or decrees.
- 4 - In specific cases, the High Authority and the Common Market and Euratom Commissions can impose heavy fines for infringement of Community regulations.
- 5 - The High Authority's inspectors, the Euratom Commission's inspectors of nuclear fuel, and the Common Market Commission's cartel investigators and transport-rate inspectors have direct access to the company books of Community firms.
- 6 - The Community's Executives are responsible not to the national states but to the European Parliament.
- 7 - The judgments of the Court of Justice are final and binding on all parties within the Community, including the national governments, individuals, firms, and the Community Executives.
- 8 - The Community Executives, the Court, and the staff of the Community institutions are expressly prohibited from receiving instructions from national governments.

The First Step – Coal and Steel

The European Coal and Steel Community (ECSC), pilot plant for a united Europe, was set up in 1952. In its coal-steel common market it has eliminated trade restrictions across some 1,700 miles of land frontier within the six-nation area.

Within the Community, it has abolished for coal, steel, iron ore and scrap :

- customs duties;
- quantitative restrictions;
- the dual-pricing system, whereby prices charged on exported coal or steel differed from those charged to home consumers;
- currency restrictions;
- discrimination in transport rates based on the nationality of customers, and the special frontier charges which made international transport of these goods within the Community dearer than transport within national frontiers.

It has applied :

- rules for fair competition, and
- a harmonized external tariff for the whole Community.

Production

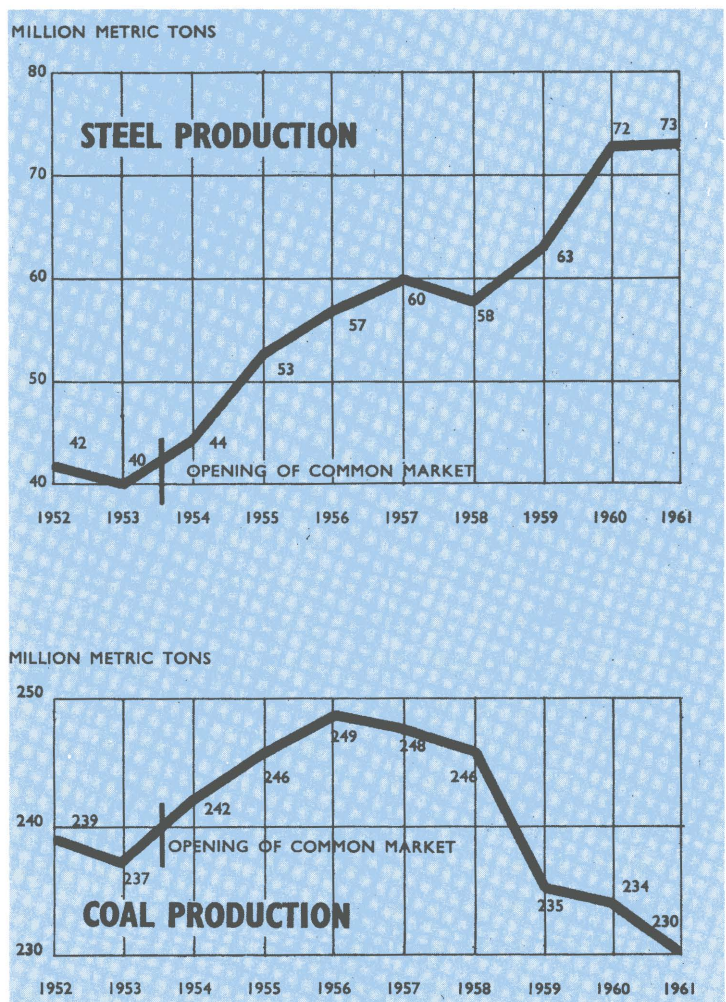
● Steel output soars

Since the start of the Common Market for coal and steel, the Community has been passing through a period of major economic expansion, with only two minor recessions (in 1953-54 and 1958-59), and a slight slackening of expansion towards the end of 1961. In these conditions, steel output expanded at an unprecedented rate — by 74 %, from 42 million metric tons in 1952 to 73 million tons in 1961. The action of the High Authority and the operation of the Common Market aided this development by bringing price stability, facilitating scrap imports, easing distribution arrangements for coal in the boom, encouraging new sources of iron-ore supply, providing new markets, and stimulating competition.

● Reorganization for coal

The coal industry, however, after expanding initially in conditions of acute energy shortage, found that a growing share of the energy market was being won by oil: in 1962, coal provided only 47.5 % of total energy consumption, compared with 52.9% in 1960 and 72.5% in 1950. In this situation, the High Authority's task is to ensure the orderly retreat of coal at a pace which precludes social or economic dislocation. Uneconomic pits are being closed and others regrouped and reorganized so that coal can continue to compete with other forms of energy. Average productivity in the Community rose from 1.4 tons a man-shift underground in 1953 to over 2.1 tons in the opening months of 1962.

So far, since the start of the crisis at the end of 1957, roughly 240,000 miners have left the Community's coal industry. The ECSC Treaty's readaptation provisions (see below) have greatly eased this major adjustment; an amendment to the ECSC Treaty agreed on in January 1960 gave the High Authority wide powers to apply readaptation measures throughout the 50-year duration of the Treaty. The High Authority is also promoting industrial redevelopment in the areas until now mainly dependent on coal-



mining for their livelihood. Extensive plans for the reorganization of the Belgian coal industry, under the direct supervision of the High Authority, were announced in December 1959; by 1963, they will have cut back output capacity by roughly one-third, from 30 million to some 20 million tons.

Towards a coordinated energy policy

Experience has shown that the coal problem can only be solved as part of a general Community policy for energy, including oil, gas, atomic power, and hydro-electric resources. To provide this framework and to ensure a sound base for the Community's future economic expansion, the High Authority, together with the Common Market and Euratom Commissions, drew up initial proposals for coordination of policy for all forms of energy. Proposals for an immediate-action plan and for dealing with sudden emergencies were forwarded to the Council of Ministers in January 1961, and a plan for a common import policy for coal in October 1961. By 1962 it had become clear to the Community Executives and the member states that, in order to create the effective common market for energy indispensable to the efficient operation of the general Common Market, a definite timetable was necessary. Their proposals for a common policy, with a timetable to ensure its full implementation by 1970, were first examined by the ECSC Council of Ministers in July 1962. They envisage an open market for oil, and support, preferably in the form of subsidies, for coal.

Increased trade

Trade in ECSC Treaty products across national frontiers within the Community has expanded sharply for all products except coal (see graph).

Finance

The operations of the ECSC are financed by a direct levy on the value of coal and steel production, which gives the High Authority full financial independence. This tax, at present standing at 0.20%, is levied on a global output now valued at some \$9,500 million annually. The power to raise its own tax, together with a Guarantee Fund of \$100 million, constitutes the High Authority's credit standing.

Investment and industrial research

The High Authority guides investment by publishing General Objectives, which outline the output likely to be required in coming years and the steps needed to ensure its achievement. It aids projects in line with the General Objectives by relending the proceeds of loans which it raises on favourable terms.

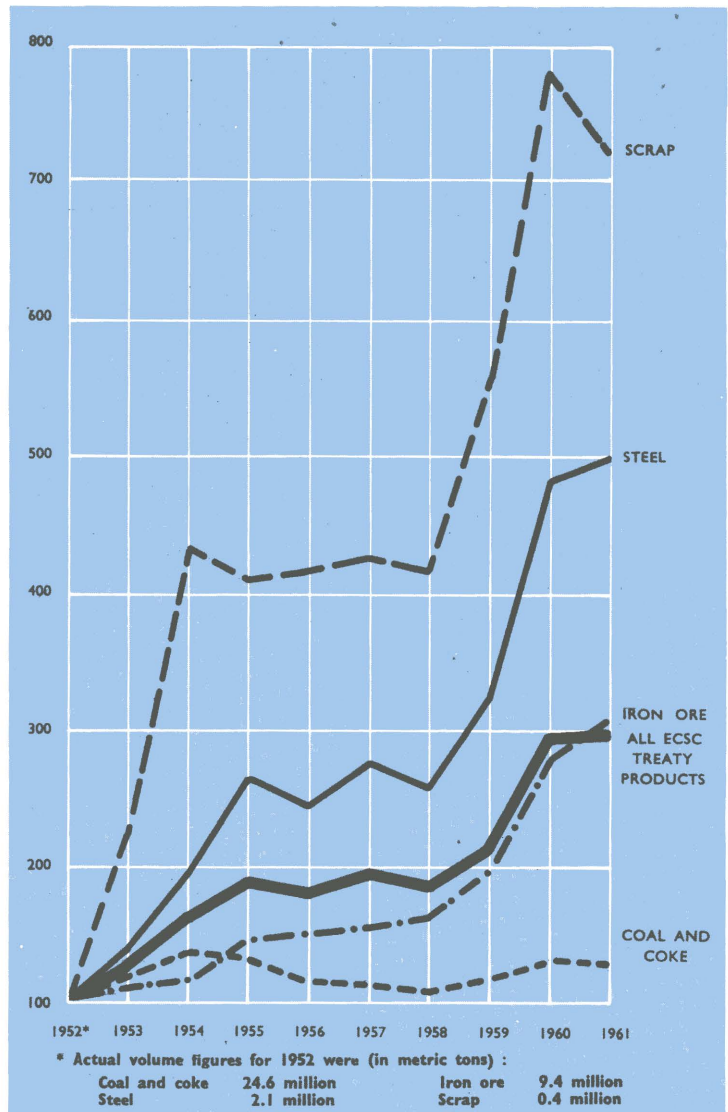
Spurred by increased competition in the Common Market and by general economic expansion, investment in the ECSC industries has risen steadily. Total planned investment in 1961, at \$1,782 million, was about 75% higher than the annual average amount spent on investment in 1952-56 (roughly \$1,000 million). A spectacular boom in steel industry investments was indicated by the total value of major steel investment projects declared to the High Authority in 1960 and 1961: \$1,802 million and \$1,361 million, compared with \$495 million in 1959 and \$410 million in 1958.

Directly and indirectly, the High Authority from 1954 to the end of 1961 aided investments with funds totalling \$518 million, which enabled well over \$1,200 million of investments to be carried out.

The High Authority coordinates and stimulates technical research, for which it had allocated \$26.7 million by June 30, 1962.

INTRA-COMMUNITY TRADE

Volume indices : 1952 = 100

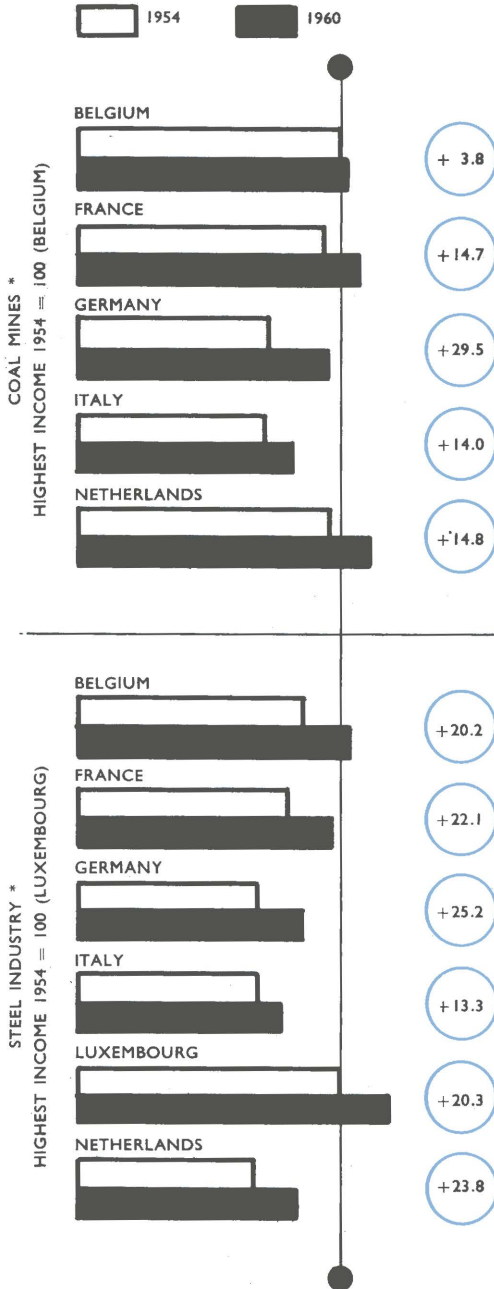


Better labour conditions

In the ECSC, labour has benefited from higher real incomes, improved housing, greater freedom to move within the Community, and special guarantees against unemployment.

Higher living standards

Real incomes 1954-1960



* These figures are for married workers with two children.

Housing

The High Authority's housing programs so far cover roughly 100,000 homes for coal and steel workers. Six programs (including two experimental programs) comprising 75,500 homes are completed or under way. Just over one-third of the homes will be owned by their occupiers and the remainder are for renting.

Total cost: \$620 million.

High Authority contribution (in direct grants, loans, and funds raised): \$154 million.

Situation on June 1, 1962:

- 75,517 financed
- 44,993 completed
- 9,294 building
- 21,230 planned

Seventh program of roughly 25,000 homes approved by the Community in July 1962.

Freedom to move

First European labour card issued September 1, 1957.

Agreement on Social Security for Migrant Workers, December 7, 1957.

Readaptation (resettlement and retraining)

From 1953 to mid-1962 the High Authority approved readaptation projects involving 130,000 workers — roughly 110,000 of them in the coal industry — and expenditure of \$47 million. The governments concerned contribute an equivalent sum. Readaptation initially eased the consequences of increased competition in the common market, and now ensures that the brunt of structural and technical change is not borne by the workers. It is playing a major part in the reorganization of the coal industry.

Readaptation provides :

- tide-over allowance between jobs (maximum two years; 90-100% of previous earnings for first four months)
- making up of pay in the new job to 100% of old wage (for up to two years)
- payment of removal and transfer costs
- free training for a new job.

Health, safety, social surveys

The High Authority has so far allocated \$8 million for research into industrial medicine and safety. Work on such problems as silicosis, pneumoconiosis, industrial noise, and rehabilitation after accidents has been coordinated throughout the Community and stimulated where necessary. The High Authority has also carried out surveys of real wages, household budgets, employment, labour mobility, and housing conditions, which have provided the first Community-wide comparative data on which trade unions and employers can base their studies and claims.

Towards Full Economic Union

The institutions of the Common Market (official title : the European Economic Community — EEC) were set up in 1958 to apply to the economy as a whole over a 12-year transition period the principles which had proved their worth in the ECSC. They have undertaken the gigantic task of unifying the economies of the six countries and abolishing trade barriers across the 1,700 miles of the Community's internal frontiers.

Removing trade barriers

Internal customs barriers and quota restrictions are being eliminated in three stages of four years each (see timetable). This transition period may be prolonged or shortened but it must not last more than 15 years. The Treaty timetable has already twice been speeded up following decisions taken by the Council of Ministers in May 1960 and May 1962. By the end of Stage 1 (at the beginning of 1962), the Community had reduced internal customs duties by 40%, and abolished quota restrictions on industrial goods, which under the Treaty were not due to disappear until 1970. On July 1, 1962, it cut internal duties by a further 10%, making the total cut at that date 50%, instead of the 30% envisaged by the Treaty.

A common external tariff

By the end of the transition period (see timetable) the Community will have replaced its members' existing tariffs on imports from the rest of the world by a single external tariff, the greater part of whose rates were published on February 13, 1960. Except for goods on which the Governments agreed to fix the common tariff through negotiation among themselves (List G), the Community's external tariff levels are based on the arithmetical average of the national tariffs in force on January 1, 1957.

The average incidence of the common external tariff is lower than that of the previous national tariffs, and also lower than that of the British and United States tariffs, whether applied to the Community, British or United States pattern of imports. The six countries made the initial alignments of their tariffs on the common external tariff on the basis of the latter provisionally reduced by 20%, and a major part of this concession was made permanent following negotiations, concluded in GATT in 1962, for reciprocal tariff cuts with other countries.

As a result of the decisions to speed up the Treaty timetable, a first alignment of national tariffs on the common external tariff was made at the end of 1961, and a second alignment will occur on July 1, 1963. By then — 2½ years ahead of schedule — 60% of the differences between the national tariffs and the common external tariff will have been eliminated.

Free circulation

— of Labour

Workers will be able to move freely to take up offers of jobs anywhere in the Community by the end of the transition period; the first regulations to this end were issued in 1961 and are now in force. They set up machinery to enable vacancies and applications for jobs to be collated throughout the Community. Priority is still given to workers from the country in which a vacancy occurs, but after three weeks vacancies are opened to workers from any Community country. After a four-year stay, workers from other Community countries are entitled to exactly the same treatment as workers of the country in which they are employed. In addition, a Convention on Social Security for Migrant Workers — covering about one million persons — has been in force since January 1, 1959. It enables workers to retain benefit rights when they move to another Community country.

— of Capital

The Community in May 1960 unconditionally freed a wide range of capital movements and conditionally freed most other types. Among major forms of capital movement, the only one not yet liberalized is that connected with short-term money movements. By the end of the transition period, restrictions on movement of capital held by residents of the six countries will have been removed. If capital movements disturb the economies of the member states, however, governments may take defensive measures, subject to authorization by the Commission and approval by the Council of Ministers.

— of Services

The Common Market provides for **freedom of establishment** (for firms, branches, agencies and individuals such as doctors, dentists, architects etc.) and **freedom to supply services** (building, insurance, banking, wholesale and retail distribution and the exercise of the liberal professions) anywhere in the Community, by the end of the transition period. Directives issued by the Community in October 1961 laid down a detailed timetable for the removal of restrictions in the different branches of activity.

COMMON MARKET

COMMON MARKET TIMETABLE

Building the customs union

Entries in blue show measures taken under the decisions of May 12, 1960, and May 15, 1962, to speed up the Common Market timetable.

DATE	INTERNAL TARIFF CUTS		QUOTA ENLARGEMENTS (total)	ALIGNMENT OF NATIONAL TARIFFS ON COMMON EXTERNAL TARIFF
	Total	Minimum for each product		Reduction of difference (up or down)
Stage 1				
1958	—	—	—	—
1959 Jan. 1	By 10%	By 10%	By 20%	—
1960 Jan. 1	—	—	By 20%	—
July 1	By 10%	By 10%	—	—
Dec. 31	By 10%*	By 10%*	—	—
1961 Jan. 1	—	—	By 20%	—
Dec. 31	By 10%	By 10%	ABOLITION OF QUOTA RESTRICTIONS ON INDUSTRIAL GOODS **	By 30% (common tariff fully applied where difference amounted to 15% or less)
<p>By end of Stage 1 : Total internal tariff cuts on each product amounted to 40%. Export duties had been abolished. This Stage ended on December 31, 1961.</p>				
Stage 2				
1962 July 1	By 10%	By 10%	—	—
1963 July 1	By 10%	By 5%	—	By 30%
1964 Dec. 31	By 10%	By 5%	—	—
1965 Dec. 31	By 10%	By 5%	—	—
<p>By end of Stage 2 : Total internal tariff cuts on each product will be at least 65%. This Stage may only be prolonged by unanimous vote of the Council on a proposal by the Common Market Commission.</p>				
Stage 3				
1966 Jan. 1	Acting on the Commission's proposal, the Council fixes the rate of remaining internal tariff cuts during Stage 3.		—	—
1969 Dec. 31	TO ZERO	TO ZERO	—	FULL ADOPTION OF COMMON EXTERNAL TARIFF
<p>By end of Stage 3 : All internal tariffs and quotas, and restrictions on the free movement of men, services and capital, to be removed. This Stage may only be prolonged by unanimous vote of the Council on a proposal by the Commission; the total transition period may not be prolonged by more than three years.</p>				

* By 5% only for agricultural products.

** Special arrangements were made for enlargement of agricultural quotas.

More than a Customs Union

The Common Market is not just an advanced form of customs union. The Common Market Treaty also stipulates that common rules be applied to ensure fair competition, and that common policies be worked out and applied for agriculture, transport and foreign-trade policy. For labour policy, investments and overseas territories, special agencies and funds have been set up.

Rules for fair competition

The Common Market Treaty bans agreements or concerted practices which prevent, restrain, or distort competition, and in particular price-fixing, market-sharing, restriction of production or of technical development, and discriminatory supply conditions, if they are likely to affect trade between the member states. (Agreements contributing to better production or distribution, or to technical progress, may however be authorized). The abuse of a dominant position in the market by a firm or firms is also banned. A first directive to implement the Treaty rules was adopted on December 19, 1961; it makes the Treaty ban automatically operative in the absence of authorization, requires compulsory registration of agreements, allows the Commission to impose heavy penalties for infringements of the rules, and gives it important powers of inspection and control.

In addition, state subsidies are forbidden, although special aid for depressed areas and important projects of Community interest may be permitted.

Common policies

— **Agriculture**

The common policy for agriculture aims at providing greater efficiency in production, a fair return for farmers, stable markets, regular supplies, and a fair deal for consumers, in a single Community-wide market with a common price level. These aims will be achieved along three main lines: common marketing policies; a common policy for external trade, replacing the present complex and widely-varying national structures of tariffs, quotas and minimum prices by a single Community system of variable import levies and minimum import prices; and a common policy for modernization and structural improvement.

On January 14, 1962, the Community decided on the basic features of the common agricultural policy and also on the actual regulations for grains, pigmeat, eggs and poultry (imports of which will all be subject to a levy at the Community's external frontier), and for fruit and vegetables and wine (for which quality control will be instituted, based on common standards). These products cover over half the Community's total production of farm produce. Regulations on rice, beef, dairy produce and sugar were to be decided on during 1962. The Common Market Commission is also drawing up proposals for oils and fats, fish, tobacco and forestry.

Management Committees composed of national experts have been set up to advise the Commission in implementing the regulations for the five product groups already dealt with; similar committees will probably be set up for several further groups. Modernization and structural improvement, together with intervention on the Community's home market (extensive in the case of grains) and refundson exports, will be financed by a **European Agricultural Guidance and Guarantee Fund**, fed by contributions from the member states.

The common agricultural policy is being put into force over a 7½-year **preparatory period** starting on July 1, 1962, and ending December 31, 1969. During that period differing national prices will gradually be brought roughly into line; levies at internal frontiers will also be permitted on certain products, though at a falling rate, to counteract price differences. **Safeguard clauses** to be supervised by the Commission will enable dislocation of the market to be avoided during times of glut.

— **Transport**

The Common Market Commission in 1961 drafted the basic principles of the common transport policy which, under the Treaty, must be adopted for intra-Community trade by the end of the transition period. In June, 1962, it forwarded to the Council of Ministers an action program with this aim in view. The Commission aims at ensuring a coordinated transport system free of discrimination by nationality and capable of meeting efficiently at the most economic rates, through a common Community investment policy, the growing needs of the Community's rapidly expanding internal trade. In this system carriers will have Community-wide freedom of operation and users an unrestricted choice of the available forms of transport.

Rules to suppress discrimination came into force on July 1, 1961. They require transport rates and conditions to be notified to the Commission and are backed by powers for the Commission to inspect books and impose heavy fines against offenders. The Community has also drawn up a transport development plan setting out the needs for main Community transport arteries (road, rail and inland waterway).

– Foreign trade

In July 1962 the Community adopted a program for applying the common external-trade policy which under the terms of the Treaty must be put into force by the end of the transition period. By then tariff negotiations, trade agreements and policy on imports and exports in general will be handled for the Community as a whole by the Commission, on instructions from the Council of Ministers. Each Community country has since July 1, 1961, offered its partners the opportunity of consultation before opening trade negotiations with non-member countries and before modifying quotas; it also undertakes not to sign any bilateral trade agreements running beyond the end of the transition period. The program adopted in July 1962 envisages an examination in 1966 of all existing trade agreements; gradual unification of trade liberalization measures and quotas in single Community lists; common protection against dumped or subsidized goods; and harmonization of export aids.

Economic and financial policy

The Treaty binds the member states to consider their economic policy as a matter of common interest, and to consult regularly on joint action in this field. They are aided by a **Trade-Cycle Committee**. Exchange-rate policy is also considered as a matter of common interest, and a **Monetary Committee** helps to coordinate monetary policy. Should grave balance-of-payments difficulties threaten a member state, the Commission will recommend appropriate measures and, if necessary, the granting of mutual aid. In a sudden balance-of-payments crisis, a Government can apply immediate provisional safeguards, but these can subsequently be modified by the Council of Ministers.

Labour policy

The Treaty's major provision in the field of labour policy is the setting up of a Social Fund for re-training and resettlement of workers (see below). The Community has proposed the general principles of a common policy for occupational training. It recognizes that an efficient technical training system is a major contribution to full employment in a rapidly developing economy. The Commission also promotes cooperation on subjects relating to employment, labour legislation and working conditions, social security, industrial health and safety, and trade-union rights. The principle of equal pay for men and women will be fully applied by the end of 1964 under a timetable adopted on December 30, 1961.

Community task forces

For three vital tasks, special agencies have been set up :

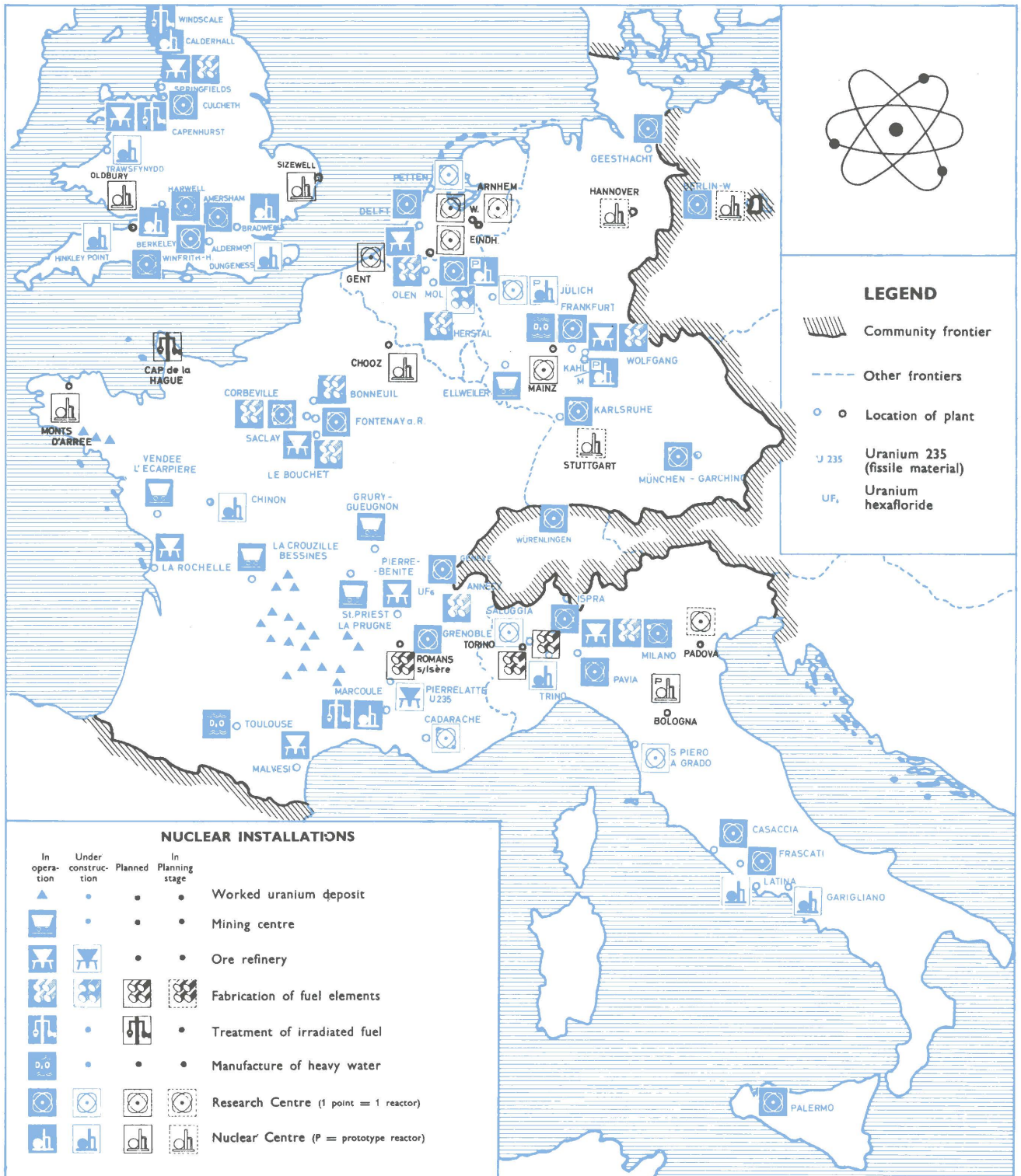
- **The European Social Fund**, attached to the Commission, promotes employment facilities and the mobility of workers within the Community. In particular, like the coal-steel readaptation fund, it assists, by means of vocational retraining, resettlement and other aids, in the productive re-employment of workers who have to move or change their jobs. It operates by refunding 50% of expenditure undertaken by the six Governments for these purposes. By the end of 1961 the Fund had paid out nearly \$26 million, of which \$18.5 million were used for retraining workers threatened with redundancy and the rest for resettlement.
- **The European Development Fund** for overseas countries, also administered by the Commission, had a capital of \$581.25 million for the five years 1958-62, to be used for social and economic investment in the overseas countries associated with the Community. It has concentrated on hospitals, schools, and training institutes, as well as specific development projects and production programs. By April 30, 1962, 251 investment projects had been approved, at a total cost of \$303 million; of the total, \$128 million (42%) were for social projects, mainly schools and hospitals, and \$175 million (58%) for economic development (transport, communications and agriculture). A further \$180 million were expected to be granted in 1962. Under the new Convention being negotiated with the associated countries, a new system of development aid is being worked out, and new institutions and procedures are being established, based on full equality between the associated States and the Community.
- **The European Investment Bank**, with a capital of \$1,000 million, aids investments in the Community's underdeveloped regions, and helps finance modernization or new activities of general Community interest. More than half of its loans, which totalled \$160.2 million at the end of 1961, have been for industrial development in backward Southern Italy.

How it is financed

The operation of the Common Market is at present financed by the member governments in the following proportions : France, Germany, and Italy 28% each, Belgium and the Netherlands 7.9% each, Luxembourg 0.2%. The Commission is, however, in due course to submit proposals for replacement of the governments' contributions by independent resources — in particular the revenue from the common customs tariff.

EURATOM

The Community's major atomic installations and ore deposits



The Community and Atomic Energy

Euratom, the European Atomic Energy Community, was set up in 1958 to help develop a peaceful nuclear industry in Europe and thereby to raise living standards, which are closely linked to the level of energy consumption.

Rising energy needs

Electricity consumption in Western Europe — at present only about one-third that in the U.S. — is doubling every ten years. On present estimates the Community will by 1980 need almost four times as much electricity as today and atomic energy will have to provide a growing proportion of the total. Indeed, by 1980 the Community may have to produce roughly as much electricity by nuclear means as it now produces in conventional power stations.

Euratom's role is to ensure that nuclear power competes with the cheapest form of conventional power as soon as possible (it will almost certainly be cheaper in most areas of the Community by 1970). In the meantime it must ensure that the Community's atomic industry obtains enough experience of power reactor construction and operation to be able to meet all needs once atomic energy is required on a large scale.

Research, training and technical information

Euratom supplements and coordinates research being undertaken in the Community, pools scientific information and promotes the training of nuclear scientists and technicians. For its first five-year research program (1958-1962), the Commission had at its disposal \$215 million; for the second five-year program (1963-67), this sum was almost doubled (to \$425 million).

Euratom promotes research:

- in its own research centres:
 - Ispra, north of Milan, Italy, where work is at present concentrated on the promising fields of experiment opened up by the ORGEL heavy-water reactor;
 - Geel, Belgium — the Central Nuclear Measurements Bureau;
 - Karlsruhe, Germany — the European Transuranian Institute;
 - Petten, Holland, a general-purpose establishment.
- by contracting specific tasks to national centres or firms, or through "association contracts" under which Euratom contributes finance and personnel to joint teams. By end-July, 1962, 290 contracts worth \$190 million had been signed.
- by joining international projects such as the European Nuclear Energy Agency (ENEA) project at Winfrith, England (*Dragon*).

Euratom has organized a large Information and Documentation Centre and has worked out a Community policy on the ownership of patents resulting from Euratom research. So far 89 patent applications have been made.

Euratom's role in industry

Euratom also encourages the development of the Community's nuclear industry. It has:

- brought into being (since January 1, 1959) a common market for all nuclear materials and equipment, and a low or suspended common external tariff towards non-member countries;
- put into force a plan for the free movement of qualified atomic workers;
- worked out an insurance convention providing joint Community coverage — supplementary to that of OECD — for large-scale atomic risks;
- earmarked funds (\$32 million) for help to power plants of special importance to the Community; the installations aided will in return pass on to the Euratom Commission their constructional and operational experience, which will then be made available to all requiring it;
- designated the first "joint enterprise" — a 200-250 megawatt power station at Chooz on the Franco-Belgian frontier. Joint enterprises must be projects of outstanding importance to the Community; they enjoy special fiscal and other privileges;
- set up a radioisotope information bureau to provide information on the rapidly increasing uses of isotopes in industry.

Health protection

To safeguard both nuclear workers and the general population, Euratom has laid down Basic Standards for health protection which are being incorporated into the laws of the Community's member states. These Basic Standards, which are among the most up-to-date and comprehensive in the world, are subject to continuous revision in the light of scientific advance. In addition, the Commission maintains a constant check on the level of radioactivity in the atmosphere, water, and soil, on the basis of data regularly supplied by the six countries' control posts.

Security control

Euratom is pledged to ensure that ores, raw materials and fissile matter are not diverted from their declared use. Enterprises submit to the Commission details of the equipment of their installations and regular returns on their stocks, transfers and transactions of materials. The Commission operates an international on-the-spot inspection system to check on the returns. Any enterprise breaking these regulations may be subjected to sanctions, but no significant contraventions have been detected up to now.

Finance

The financing of the research, investment, and supply budgets, as well as the operational expenses of Euratom, are currently met by the Community's member states, contributing in the same proportions as to the Common Market. But the Commission, which draws up Euratom's budget, must in due course make proposals for replacing these contributions by a Community tax.

The Community and the World

The European Community has, in its brief existence, made a powerful impact on the world. Its economic success, and its growing importance as a factor for strength and unity in the free world, have led Britain to apply for full membership; membership of the Common Market is also being sought by Denmark, Ireland and Norway. Austria, Portugal, Spain, Sweden, Switzerland and Turkey have applied for association. An association agreement with Greece was signed in 1961.

The Common Market has also given a sharp stimulus to liberal, expansionary trading policies by making other countries desirous of sharing in its rapidly expanding trade and ready to cut their own tariffs in order to obtain reciprocal concessions.

In the Soviet Union it has provoked on the one hand violent attacks by leading statesmen, and on the other the calling together of the Committee of Mutual Economic Aid (COMECON) in Moscow in June 1962 with a view to providing advantages similar to those of the Common Market for the Communist countries of Eastern Europe.

THE COMMON MARKET

Impact on world policies

Britain's application for membership

Since October 1961 negotiations have been in progress for what may prove to be the most momentous development in the Community's history — full British membership. Earlier that year, on July 31, the British Prime Minister, Harold Macmillan, had announced to the House of Commons that Britain would ask for negotiations to see if conditions acceptable to both sides could be worked out. The announcement was welcomed by the six Community countries and by the Common Market Commission. Britain has stated that she accepts the Community institutions and the general principles and political implications of the Common Market Treaty. The points at issue fall into three main groups:

1) Britain's economic links with the Commonwealth — notably, ways of maintaining the trade of Commonwealth countries, which are heavily dependent on British markets for certain products, without irreparably breaking the Community's common external tariff and economic unity, and without prejudicing other countries' export prospects;

2) A satisfactory solution for Britain's partners in the European Free Trade Association (EFTA)*, which Britain has stipulated as a condition of entry;

3) Satisfactory conditions for British agriculture.

Britain's decision put an entirely new complexion on the Community's relations with the other countries of Western Europe. The Republic of Ireland, Denmark and Norway applied for full membership of the Common Market. The three EFTA countries — Austria, Sweden and Switzerland — which from choice or obligation pursue a policy of neutrality in world affairs, sought association, as did Portugal and Spain.

A second path — association

For countries which feel unable to accept all the obligations and implications of Common Market membership, association presents a possible alternative. Association permits a limited agreement on specific matters. The Common Market's first association agreement was signed with Greece in Athens on July 9, 1961; it enters into force on November 1, 1962.

The Agreement of Association with Greece is based on the formula of a customs union and envisages eventual full membership for Greece. Over a transition period of 12 years, extended to 22 years for certain Greek imports, customs duties

* Austria, Denmark, Norway, Portugal, Sweden and Switzerland; Finland became associated with the EFTA in July 1961. The seven-member EFTA was set up in November 1959, after the breakdown a year earlier of the negotiations for a comprehensive European Free Trade Area (similar to a customs union, but lacking a common external tariff), to associate the other members of the Organization for European Economic Cooperation (OEEC) with the Common Market.

and quota restrictions between Greece and the Community will gradually be abolished and Greece will adopt the Community's common external tariff. Provision is made for free circulation of persons, capital and services along the lines of the Common Market Treaty, and commercial, agricultural, economic and transport policies will be coordinated. Finally, the Community grants Greece credits of up to \$125 million over five years for the development of her economy.

With Turkey, who asked for association with the Community on July 31, 1959, the Community has resumed talks after an interruption due to the change of government in that country.

The requests for association made by Austria, Portugal, Sweden, Switzerland and Spain are being considered by the Community.

New look in US trade policy

A further spectacular result of the Common Market's success has been the adoption of the United States' Trade Expansion Program, which represents a striking reinforcement of the liberal trend in U.S. foreign-trade policy. In January 1962 the U.S.

Administration forwarded to Congress a bill asking for powers to make drastic across-the-board cuts in the U.S. tariff: the American President John F. Kennedy made it clear in his accompanying message that the main impetus behind the bill had been the need to negotiate mutual tariff concessions with the European Community.

The bill, which was approved by the House of Representatives by 298 votes to 125 in June 1962, and by the Senate, by 78 votes to 8, in September, gives the U.S. Administration powers:

- 1) to reduce existing tariffs by up to 50% over the next five years in reciprocal negotiations;
- 2) to negotiate with the Common Market reductions or elimination of duties on product groups where the U.S. and the Community together account for 80% or more of world trade;
- 3) to reduce or eliminate all tariffs or other restrictions on imports of tropical products from the "friendly less-developed countries", provided the Common Market did the same.
- 4) to grant "trade-adjustment" assistance to enable U.S. industries to adapt themselves to changing tariffs and trade.

Liberal trading policies, worldwide cooperation

From the start, when the ECSC harmonized the six countries' steel tariffs at rates averaging less than half their previous level, the European Community has aimed at the most open, liberal policy compatible with its internal cohesion and strength. The Common Market Treaty pledges the member countries to promote the development of world trade, the gradual removal of restrictions and the lowering of customs barriers.

The Community's external tariff

The most important aspects of the Community's liberal external policy have been the rapid completion of the common external tariff and the efforts made to lower it and thus encourage imports from other countries. The common external tariff was completed two years ahead of schedule and is one of the simplest tariffs in the world. As reduced by the latest GATT negotiations (see below), the average incidence of the Community tariff has been estimated at 5.7%, against 7.1% for the U.S. tariff, and 9.1% for the weighted average incidence of the six member countries' national tariffs applied before the Common Market. The incidence of the common external tariff as a whole is also appreciably lower than that of the British tariff.

Moreover, parallel with the conclusion of a new convention for association with the 18 African states

(see page 4), the Community proposed to reduce its common external tariff by 40% for coffee, tea and cocoa and by 15-20% for various other tropical products, thus benefiting exporters of these commodities in all other parts of the world.

Worldwide tariff cuts in GATT

The existence of the Common Market and the Community's moves towards adopting the common external tariff, together with its offer to cut this tariff by 20% subject to reciprocity, provided the main stimulus for the most substantial worldwide tariff cuts agreed on in this century. In May 1959 the U.S. Administration proposed negotiations in the General Agreement on Tariffs and Trade (GATT) — the so-called Dillon negotiations, named after the then U.S. Under-Secretary of State; the following November the Community proposed that these be followed by fresh negotiations aiming at further substantial tariff cuts.

Long negotiations, first to compensate for the withdrawal, through application of the Community's common external tariff, of some concessions previously granted by the Six to the other member countries of GATT, and then for the Dillon round of cuts, were finally concluded on July 16, 1962. They brought tariff concessions on world trade totalling over \$5,000 million.

The Community signed major tariff-cutting agreements with the United States, Britain, Switzerland, Australia and Canada; other agreements were signed with Chile, Haiti, Japan, New Zealand and Peru. During the negotiations the Common Market participated for the first time as a unit in worldwide tariff negotiations.

Most of the tariff cuts granted by the Community were of 20%; some were greater, however, and others smaller. All the cuts were extended to the other member countries of GATT under the most-favoured-nation clause.

The United States Administration estimated that in its agreement with the Community it had obtained total new concessions on \$2,500 million worth of U.S. exports annually. In the first stage of the negotiations it received tariff concessions on an annual trade volume of \$2,700 million, to replace concessions withdrawn or modified on a volume of \$1,600 million. In the Dillon round the U.S. obtained tariff cuts affecting \$1,600 million of U.S. exports to the Community, against its own cuts covering annual imports of \$1,200 million worth of Community goods.

"The commercial importance of the negotiations was matched by their political significance," said the official U.S. announcement, "since they constituted the first test of whether the U.S. and the Common Market would be able to find a mutual basis for the long-run development of economic relations critical to both areas."

The agreement with Britain brought Community tariff cuts on \$664 million (£237 million) worth of British exports and British cuts on \$322 million (£115 million) worth of Community goods. Under the agreement with Switzerland tariff cuts were made on nearly \$150 million worth of trade in either direction.

The Community's offer of a further round of substantial tariff cuts remains open.

Meanwhile the trend towards removal of quota restrictions on imports into the Community has continued: by the end of 1961 the percentage of

imports from all sources freed from quantitative restriction had reached close on 100%, and discrimination against dollar goods had been reduced to negligible proportions.

Atlantic partnership

The Community has cooperated fully in the moves towards new forms of wider cooperation which were first worked out at a special economic meeting held in Paris in January 1960.

It takes part in the new Atlantic body, the Organization for Economic Cooperation and Development (OECD), which has replaced the Organization for European Economic Cooperation (OEEC) and in which the United States and Canada are full members. OECD provides a forum for consultation aimed at speeding economic development, aiding the less developed countries of the world, and expanding world trade.

Early in 1962, President Kennedy suggested that his Trade Expansion Program could be the start of an "open partnership" between the United States and Europe. Common Market Commission President Walter Hallstein took up the suggestion in one of the Clayton Lectures which he delivered at Tufts University, Massachusetts, on April 18, 1962, urging "a close partnership... open to the participation of other countries in the free world..." Two months later the influential Action Committee for the United States of Europe — presided over by Jean Monnet and including leading representatives of almost all the Community's major political parties and trade unions except the Communists — advocated a partnership between the two separate but equally powerful entities, "each assuming its share of common responsibilities towards the world." On July 4, 1962, President Kennedy announced that the U.S. would be ready at a future date to sign a declaration of interdependence with the growing union emerging in Western Europe.

All six Community countries are members of the North Atlantic Treaty Organization (NATO).

Other nations establish diplomatic links

The need for diplomatic links with the new power rising in Europe has brought many new missions and delegations to Brussels. The following 37 countries have accredited missions or delegations to the European Economic Community: Australia, Austria, Brazil, Canada, Central African Republic, Ceylon, Chad, Colombia, Congo (Leopoldville), Dahomey, Denmark, the Dominican Republic, Gaboon, Greece, India, Iran, Ireland, Israel, Ivory

Coast, Japan, Madagascar, Mauritania, Mexico, Morocco, New Zealand, Norway, Senegal, Somalia, Spain, Sweden, Switzerland, Togo, Union of South Africa, United Kingdom, United States, Upper Volta, Venezuela.

Of these missions, 14 are also accredited to the High Authority of the ECSC and 14 to Euratom (see below).

THE COAL-STEEL COMMUNITY

Relations with Great Britain

The Community and the United Kingdom signed on December 21, 1954, an Agreement of Association setting up a Council of Association, composed of United Kingdom and High Authority representatives, which meets regularly at ministerial and committee level. Its task is to lower trade barriers, promote joint consultation and coordinate action, particularly on long-term development and in times of slump or boom. It has also ensured continuous cooperation in technical, scientific and health matters. Its major achievement to date is an agreement with Great Britain, signed on November 25, 1957, to reduce steel tariffs. The United Kingdom applied for full membership of the ECSC on March 2, 1962.

Consultation and rail transport agreements

The High Authority and the Swiss Federal Council signed an Agreement of Consultation on May 27, 1956. The Agreement set up a permanent Joint Committee, which first met on February 8, 1957. On July 28, 1956, the High Authority signed a rail agreement with Switzerland extending to Community coal and steel in transit through Switzerland the direct international through rates in force on Community territory. A similar agreement with Austria was signed on July 26, 1957.

Missions and delegations

The following countries have missions or delegations accredited to the High Authority in Luxembourg: Austria, Canada, Denmark, Greece, Israel, Ivory Coast, Japan, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, United States.

EURATOM

Agreements with US, UK, Canada, Brazil

The United States Government and Euratom on November 8, 1958, signed an Agreement for Nuclear Cooperation involving a \$350-million, 1,000-mega-watt joint program for building nuclear power plants and a \$100-million joint research and development program.

A Nuclear Cooperation Agreement with the United Kingdom covering exchange of information and training, and reactor and fuel supplies, was signed on February 4, 1959. A Ministerial Committee ensures continuous cooperation.

Cooperation agreements with Canada, covering a 5-year, \$10-million research and development program, were signed on October 6, 1959. A

cooperation agreement with Brazil was signed on June 9, 1961.

Euratom is participating in two joint reactor projects sponsored by the European Nuclear Energy Agency of the OECD: the Norwegian heavy-water reactor at Halden, and the Dragon high-temperature, gas-cooled experimental reactor at Winfrith, England, to the cost of which it is contributing 43%. The United Kingdom applied to join Euratom on March 5, 1962.

Missions and delegations

The following countries have missions or delegations accredited to Euratom: Austria, Canada, Denmark, Israel, Ivory Coast, Japan, Norway, Portugal, South Africa, Spain, Sweden, Switzerland, United Kingdom, United States.

Shaping Political Union

Europe will not be built all at once, or through a single comprehensive plan. It will be built through concrete achievements, which will first create a *de facto* solidarity... These proposals will build the first concrete foundations of the European Federation which is indispensable to the preservation of peace.

— Robert Schuman, then French Foreign Minister, making the statement of May 9, 1950, which led to the setting up of the Coal-Steel Community.

Resolved to substitute for historic rivalries a fusion of their essential interests; to establish, by creating an economic community, the foundations of a broader and deeper community among peoples long divided by bloody conflicts; and to lay the bases of institutions capable of guiding their future common destiny...

— The ECSC Treaty, Paris, April 18, 1951.

Determined to establish the foundations of an ever closer union among the European peoples...

Resolved to strengthen the safeguards of peace and freedom by combining their resources in a single unit, and calling upon the other peoples of Europe who share their ideal to join in their effort, have decided to create a European Economic Community.

— The Common Market Treaty, Rome, March 25, 1957.

The three European Communities are but parallel roads towards the single objective of European unification laid down when the French Government proposed the first European Community for coal and steel in 1950. Their field of action is economic, but their aims are political and are achieved through political measures. To take yet another concrete step in the same direction, the Six are now moving towards a treaty of political union.

The Bonn Declaration

On July 18, 1961, in Bonn, capital of the German Federal Republic, the six Community countries followed up months of patient negotiation by re-stating their determination to achieve the political union implicit in the Community treaties, to continue the work of the Communities, and to increase their cooperation until it became possible to formulate a common policy and to set up political institutions. To this end they decided:

1) To hold regular meetings of Heads of State or Government, to continue with regular meetings of Foreign Ministers, and to hold periodical meetings of the Ministers responsible for education, cultural matters and research;

2) To ask a Committee (initially known as the Fouchet Committee and later as the Cattani Committee, after its chairmen) to work out proposals for giving a statutory character to political union.

The Six also decided at Bonn to study a European Parliament resolution of June 29, 1961, which urged political cooperation on condition that:

- the Community Executives participated in discussing any question concerning their own tasks;
- the existing Communities should be strengthened and their powers not encroached on;
- such cooperation furthered the direct election of the European Parliament and the merging of the Community Executives.

At the same time the Six decided to associate public opinion more closely with the work being done by inviting the European Parliament to extend the range of its debates.

Finally, in a Declaration on Cultural Cooperation, the Six envisaged setting up a council on cultural relations, and the negotiation of conventions on exchanges between Community universities, on establishment of a European University in Florence, Italy, and on the setting up of European institutes for university teaching or scientific research, either by creating new bodies or by designating existing institutes or universities.

The discussion continues

The Bonn Agreement left many points of detail still to be worked out. While the French Government viewed political union as an association of sovereign nations in which decisions would be

EXTERNAL RELATIONS

subject to the veto of individual governments, the Dutch and Belgian Governments in particular wished to ensure its future development towards a more closely integrated or "Community" type of union.

By mid-April 1962 the Six had reached agreement on most of the outstanding problems, particularly on the relations between the new political union and the existing Community institutions, and the relationship between a common Community defence policy and the six Governments' obligations as members of NATO.

Two major problems remained:

1) the question of inserting in the treaty of political union a provision for its eventual revision;

2) the stage at which Britain, who was in any case being kept fully informed, should be actually brought into the talks — whether immediately or only after her entry into the Common Market became certain (Britain's own view was that she would like to be consulted after the Six had reached general agreement but before they concluded a final treaty).

No agreement was reached on these issues when the six Foreign Ministers met in Paris on April 16, 1962. Community statesmen resumed bilateral contacts in the summer of 1962 in an effort to reach agreement. Meanwhile, all six Governments stressed their desire to move as rapidly as possible towards a closer union of the European peoples.

A BRIEF CHRONOLOGY

1946	September 19	Winston Churchill, in Zurich, urges Franco-German reconciliation within "a kind of United States of Europe".
1947	June 5	General Marshall proposes American aid to stimulate recovery in Europe.
	October 29	Creation of Benelux — economic union of Belgium, Luxembourg and the Netherlands.
1948	April 16	Signature of the Convention for European Economic Cooperation — the birth of OEEC.
1949	May 5	Signature of the Statute of the Council of Europe.
1950	May 9	Robert Schuman makes his historic proposal to place French and German coal and steel under a common Authority.
1951	April 18	The Treaty setting up the European Coal and Steel Community (ECSC) is signed in Paris.
1952	August 10	ECSC High Authority starts work in Luxembourg under its first president, Jean Monnet.
	September 10	ECSC Common Assembly holds its first session in Strasbourg, and elects Paul-Henri Spaak as its first president.
1953	February 10	ECSC common market for coal, iron ore, and scrap is opened.
	May 1	Opening of the ECSC common market for steel.
1954	December 21	An Agreement of Association between United Kingdom and ECSC is signed in London.
1955	June 1-3	Messina Conference: the Foreign Ministers of the Community's member states propose further steps towards full integration in Europe.
1956	May 7	Consultation Agreement signed between the Coal and Steel Community and Switzerland.

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