

Bulletin from the

**EUROPEAN
COMMUNITY**

BELGIUM, FRANCE, GERMAN FEDERAL REPUBLIC, ITALY, LUXEMBOURG, THE NETHERLANDS

INFORMATION SERVICE • 236 SOUTHERN BUILDING, WASHINGTON, D.C. • Telephone NAational 8-5070

PROGRESS AND CONSOLIDATION

A Single Market Starts to Take Shape—Common Policies Move Forward Despite Difficulties

TWO MEASURES IN PARTICULAR are spurring the Common Market forward this year toward its goal of economic unity:

In the first place, the six member states decided, in the light of the progress already achieved and the favorable economic situation, to speed up the implementation of the Common Market Treaty by making additional tariff cuts and abolishing industrial quotas in one step, and moving faster toward common policies. The result of these measures may be to reduce the transition period from 12 years to eight.

Secondly, the first steps were taken toward working out and applying common economic policies for the Six. The difficulties met by the Common Market executive in this task proved severe but not insurmountable. They are indeed a proof of the incisive effect which the Common Market is having on the Community's economy and of the vital nature—for the whole of the 170 million persons in the six member states—of the changes which the Common Market is bringing about.

Toward a Single Market

FREE MOVEMENT OF GOODS

The speeding up of the Common Market timetable means that by the end of 1960, the cut in tariffs on goods traded across the Community's internal frontiers amounted to 30 per cent instead of the 20 per cent laid down in the treaty. By the end of 1961 it will reach 40 or 50 per cent—the actual level to be decided by the Council of Ministers by next June 30.

Moreover, by the end of 1961 all quota restrictions on trade in industrial goods between the six member countries will have been abolished—eight years ahead of the time laid down in the treaty.

During 1960, the whole complex task of working out the eventual level of the common external tariff was completed except for a small number of items. Under the decision to speed up the Common Market, the six countries made the initial alignments of their tariffs with the common external tariff the end of last year—a year earlier than planned. This was done on the basis of the latter provisionally reduced by 20 per cent. The reduction will be made permanent, moreover, if reciprocity is obtained in negotiations with other countries. →

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FREE MOVEMENT OF PERSONS

The Commission in 1960 made practical proposals to insure that by the end of the transition period workers will be able to move freely to take jobs anywhere in the Community. These proposals have already been approved by the European Parliament and are now being subjected to critical examination by the national administrations.

The Common Market Commission in 1960 submitted to the Council of Ministers a program setting out the order of priority for removal of restrictions on the right of establishment. The program envisages the removal by the end of 1963 of discrimination by nationality for entry into certain professions (various industries, wholesale distribution, banking, etc.).

FREE MOVEMENT OF CAPITAL

In May 1960, the Community 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 involving short-term capital or "hot" money.

UNRESTRICTED SUPPLY OF SERVICES

The Common Market's executive in 1960 submitted to the Council of Ministers a program setting out the order of priority for removing existing restrictions on the right of establishment for firms, branches, and agencies, and on freedom to supply services such as insurance, banking, and distribution anywhere in the Community.

Toward a Common Economic Policy

The Commission of the Common Market has been careful to keep a balance between the establishment of a single market, for which precise measures are laid down in the Treaty of Rome, the formulation and application of common rules of competition, and the achievement of economic union.

Action taken in this field has been based on the need to attain two fundamental objectives:

1. rapid economic expansion (an annual average growth rate in the gross national product of 4 to 5 per cent for the Community as a whole).
2. a rapid rise in living standards.

COMMON RULES OF COMPETITION

The Common Market Commission at the end of 1960 submitted to the Council detailed proposals for applying the articles of the treaty banning agreements between enterprises which prevent, restrain, or distort competition. Regulations to prevent dumping were adopted during the year.

COMMON AGRICULTURAL POLICY

In June 1960, the Commission submitted to the Council of Ministers the final version of its proposals for a common policy for grains, sugar, dairy produce, beef, pork, poultry, and eggs to be applied over a period of approximately seven years.

During a preparatory phase, first steps will be taken beginning in 1961 to bring prices roughly into line throughout the Community. The Commission is also drawing up proposals for rice, oils and fats, fish, tobacco, and forestry.

Its aim is to create, out of the agricultural markets of

the Six, a single, stable market with a basically common level of prices. It also aims at instituting adequate protection for the Community's farmers, while at the same time stimulating efficiency and modernization.

A broad measure of agreement has already been reached on the general principles of the common agricultural policy. The major differences between the member countries over alignment of prices and the conditions of competition were largely overcome just before the close of the year.

SOCIAL POLICY

The European Social Fund came into being in 1960 and the rules for its operation were adopted by the Council of Ministers. The fund is able to reimburse 50 per cent of the amounts spent by governments or other public authorities for readaptation of workers (occupational retraining, resettlement, and reimbursement for lost wages).

Twenty million dollars have been allotted for operations of this kind during 1961, with France and Italy the main beneficiaries.

DEVELOPMENT POLICY

The growing importance of trade-cycle and development policy was reflected in the improvement during the year of the tools at the disposal of the Community institutions for these purposes. To avoid sudden setbacks or divergences between national policies which could endanger the Community's development, increasing use was made of the Monetary Committee. A Trade-Cycle Committee was also set up as was a permanent group to coordinate export credit and insurance policies. Loans from the European Investment Bank, operating in close liaison with the Common Market Commission, were aimed at aiding development in the Community's less-developed regions.

THE DEVELOPMENT OF OVERSEAS COUNTRIES

Operations by the European Development Fund for overseas countries were sharply speeded up in 1960. By the end of 1960 it had allotted \$120 million—most of it for basic economic development, schools and hospitals.

The problem of whether those countries becoming independent would remain associated with the Community was solved during the year: all the associated countries, with the exception of Guinea, have now chosen to remain associated with the Community.

TRANSPORT POLICY

Pending the application of a common transport policy, the Community in June 1960 published regulations providing for heavy penalties against carriers who discriminate in their rates on the grounds of the origin or destination of goods.

The Common Market Commission also submitted to the governments its recommendations for developing the basic Community networks of roads, railways, and inland waterways.

ASSOCIATION OF GREECE AND TURKEY

Negotiations with Greece for association with the Community made substantial progress during the year, and an agreement is expected early in the spring of 1961.

Exploratory talks with the Turkish Government for the association of Turkey with the Community were resumed in the fall after having been interrupted by the change of government in that country.

COMMUNITY GNP CLIMBS SEVEN PER CENT



Community's growing economy stimulates both imports as well as exports. Here goods are being unloaded at the port of Amsterdam.

THE GROSS NATIONAL PRODUCT of the European Community rose by seven per cent in 1960 over 1959 in terms of constant prices. By comparison, the President's Council of Economic Advisers estimated that the United States GNP rose 2.7 per cent for the same period in terms of constant dollars.

Reviewing the 1960 expansion of the Community's economy in a speech before the European Parliament in Strasbourg on January 19, Robert Marjolin, Vice President of the European Economic Community, estimated that the Community's GNP increase for 1961 will run between four and five per cent. The first quarter, he said, should show continued expansion but at a somewhat slower rate than last year.

"Recent years have brought the Community into full economic expansion," Mr. Marjolin said, "with its industrial production growing at a much more rapid rate than that of other areas of the western world." Industrial production within the Community went up by 12 per cent in 1960 over the previous year. Since the Treaty of Rome establishing the Common Market went into effect three years ago, industrial production has expanded by 25 per cent.

Following are percentage increases for each of the six member countries in terms of GNP and industrial production, 1960 over 1959:

Country	GNP Increase	Industrial Production Increase
Belgium	4 %	6 %
France	5.5%	10 %
Germany (F.R.)	8 %	11 %
Italy	7.5%	15.5%*
Luxembourg	6 %	10 %
Netherlands	8 %	13 %

* Agricultural production in Italy declined 3 to 4 per cent.

The Common Market Vice President noted that monetary reserves in the member countries increased by three billion dollars and that the volume of fixed capital investment went up by 11 per cent in 1960 over 1959.

Part of the Vice President's speech was devoted to the economic situation in the United States. Text of that section of the address follows.

"The moment has perhaps come to say a few words about the situation in the United States which will certainly influence—although it is difficult to say how far—the development of the situation in the community. A recession is at present occurring in the United States. It is still slight, but its existence is indisputable. It can be calculated that since the middle of last year—since July—industrial production there has sagged by around five per cent.

"What are the prospects for the expansion of American economic activity? I should here like to express a feeling of reasoned confidence in a satisfactory expansion of business in the United States. On the one hand, the American recession is so far very mild; on the other hand, the new administration has made no secret of its firm intention of taking all necessary measures to bring to a very early end the decline which has just been observed.

U.S.A.—Forward March

"It may, therefore, be reckoned that in a few months American production will resume its forward march.

"However, I would not wish to leave this matter without saying a few words about the uneasiness which has become apparent here and there regarding the deficit on the balance of payments of the United States Government, a deficit which in 1960 topped three billion dollars. →

EEC Vice President Marjolin expressed confidence in "the basic (economic) situation of the United States."



"Our Commission considers that this uneasiness is greatly exaggerated, and a certain number of facts may be advanced in support of our opinion. In the first place, in 1960 the surplus in the United States balance of goods and services was higher than ever and, in fact, considerably greater than in 1959. During the third quarter of last year, this surplus, calculated of course on an annual basis, reached the considerable figure of seven billion dollars. It is difficult to entertain serious doubts about the currency of a country whose balance of goods and services shows a surplus of such dimensions. In the second place, the balance-of-payments deficit in the years prior to 1960 had been caused by United States aid to the rest of the world, by their military expenditure abroad and by the investments of American enterprises outside the national frontiers.

Reducing the Gap

"The total volume of all this expenditure was appreciably higher than the surplus in the balance of goods and services. This gap was considerably reduced in 1960 and even seems to have disappeared or practically disappeared during the third quarter of last year—the last one for which we have figures—although we cannot yet be certain whether this success will be maintained in the future.

"Finally, the 1960 deficit was due essentially to short-term capital movements partly because of the difference in interest rates between the United States and Europe, the European rates being higher than the American, which has been caused in part by the belief of certain speculators—an unfounded belief—that the price of gold might be raised. Such movements cannot continue very long in the face of the determination of the American Government, supported by considerable gold reserves and even greater foreign exchange holdings, not to indulge in an operation which would not solve any problem.

"The decision taken by President Eisenhower to prohibit the holding of gold abroad by American citizens is striking proof that the two great parties in the United States are in complete agreement on monetary policy. In addition, the divergences in interest rates between the United States and Europe have already been greatly narrowed and will be further reduced in 1961.

Rapid Expansion to Come

"It is therefore clear that the basic situation of the United States is strong and will be further consolidated when the American economy is again on the road of rapid expansion.

"All this, however, does not mean that no further efforts are needed to consolidate the monetary situation of the western world and that the countries of Western Europe in particular—with the community in the forefront—are not required to examine how they might, by applying a particularly liberal commercial policy, help the United States to surmount present difficulties without, for the time being, complete reciprocity being demanded from it.

"In so doing they would only be modeling themselves on the conduct of the United States towards Europe during the years after the war."

New Year's Resolutions

In accordance with the decision of the Council of Ministers on May 12, 1960, to accelerate establishment of the Common Market, a series of tariff and quota adjustments went into effect on New Year's Day. In general the new measures operate like this:

TARIFF ADJUSTMENTS

Industrial products, internal market—Supplementary reduction of 10 per cent, making total cut in internal duties to date 30 per cent of the base duty (duty in effect on January 1, 1957).

Industrial products, external market—First step toward the common external tariff made on basis of provisional 20 per cent reduction of CET. National tariffs above common tariff level not to drop below it, and national tariffs below common tariff less 20 per cent not to rise above that level. Only 50 per cent of German "cyclical tariff cuts" made since January 1, 1957, need be restored at this time.

Agricultural products, internal market—Supplementary reduction of 5 per cent for non-liberalized products, bringing total tariff cuts to 25 per cent of the duty in effect January 1, 1957. Products concerned include some meats, fish, fruits, vegetables, potatoes, and processed products such as canned foods.

Agricultural products, external market—So far no move toward the common external tariff, except for a few products—timber, wool and cotton, for example—to which the schedule for industrial products applies.

QUOTA ADJUSTMENTS

Industrial products—Third enlargement of 20 per cent with a 10-per-cent-minimum increase for each product. Small quotas which were enlarged to four per cent of national production on January 1, 1960, further enlarged to five per cent—a 25 per cent increase over last year. All industrial quotas to be abolished within the Community by the end of 1961, eight years ahead of treaty schedule.

Agricultural products—For all products not subjected to national market organization, quotas increased by 20 per cent over the preceding year. Small quotas on these products enlarged to 5.2 per cent of national production. For other products not subject to long-term contracts, quotas are 30 per cent higher than the average annual imports of 1955 to 1957.

COMMUNITY HEADS OF STATE DEBATE POLITICAL UNITY

THE HEADS OF STATE of the six Community countries decided in Paris on February 10 and 11 to set up a committee of high officials to make concrete proposals for closer political cooperation. The committee must report by May 19 when the heads of state will reassemble to discuss its proposals. Following is the text of the communiqué issued on February 11 after the meeting:

The Heads of State or of Government and the Foreign Ministers of the Federal Republic of Germany, Belgium, France, Italy, Luxembourg and the Netherlands met in Paris on February 10 and 11, 1961.

Special links already unite the six states on the economic plane, and they will become even stronger by the implementation of the Treaties of Paris and Rome. The six governments are anxious to seek, in a spirit of goodwill and friendship, all agreements likely to maintain and develop trade with other European countries, and, in particular, with Great Britain, as well as with the other countries of the world. They will endeavor, in the same spirit, to find a solution to the problems arising from the existence of two economic groupings in Europe.

It was the purpose of the conference to seek the methods by which closer political cooperation could be organized. In establishing links in other fields, the intention is to lay the foundation of a union which would develop progres-

sively. It will be possible for this union, limited for the moment to the member states of the European Economic Community, to be extended later.

It has been seen that the establishment in Europe of a new type of relationship, based both on the development of a single market, by the abolition of all measures of customs protection and by the harmonization of the economies, and on political cooperation in a spirit of friendship, confidence, and equality, constitutes one of the major events of the present time. Amid the crises and upheavals which beset the world, Western Europe, so recently ravaged by national rivalries and conflicts, is to become an area of understanding, of liberty, and of progress. In this way, Europe's actions will carry more weight in the world, to the advantage of all free countries, and, in particular, to the development of closer cooperation with the United States.

It was decided to entrust a committee, composed of representatives of the six governments, with the task of submitting to the next session concrete proposals on the meetings of Heads of State or of Government and of Foreign Ministers, and on any other meeting which might seem desirable. This committee will also study the other problems concerning European cooperation, in particular those relating to the development of the Communities.

It was decided to hold the second meeting on May 19, 1961, in Bonn.

COAL AND STEEL IN 1960

• Record Investments in Steel • Marked Improvement in Coal Situation

THE SPECTACULAR STEEL BOOM, the High Authority's moves for a thoroughgoing reorganization of the Belgian coal industry, and measures to restore a reasonable balance of supply and demand on the Community market, brought a notable improvement in the coal situation during 1960.

The main evidence of the improvement was provided by a steady fall in pit-head coal stocks and a sharp decrease in part-time work in the mines.

	1958	1959	1960
Stocks (millions of metric tons)	24.5	31.2	28.9*
Part-time work—equivalent in production loss (millions of metric tons)	6.3	12.3	5.7**

* end-November ** first 11 months only

The fall in pit-head stocks had been particularly marked since May 1960, when they reached a peak of 31.9 million metric tons. Similarly, part-time work had fallen to negligible proportions by the end of the year (115,000 tons loss of production in November) and was affecting only the Belgian coal field.

On the Belgian market, the High Authority's action led to the fixing of quotas for imports not only of coal from outside the Community but also of Community coal. This temporary measure is giving the Belgian coal industry the

breathing space it needs to carry through the radical reorganization now under way. By the end of 1961, Belgian coal-mine capacity will have fallen to 22.5 million tons from roughly 30 million before the coal crisis started. The closing down of uneconomic pits will be continued until 1963 when it is hoped that Belgian coal will be able to compete without support with coal from the other Community fields.

Meanwhile, during 1960, as in the preceding year, a special "ECSC allocation" aided miners on part-time work in the Belgian pits.

The Boom in Steel

1960 was the year of the most spectacular expansion of the Community's steel industry since the start of the coal-steel common market in 1953. Production rose by 16 per cent during the year—to 73 million metric tons from 63 million in 1959. Since the start of the common market, output has thus expanded by 74 per cent (1952, 41.9 million tons).

Even more impressive than the production figures was the investment boom which occurred during the year. In the first half year alone investment programs declared to the High Authority totalled \$1.092 billion, compared with

\$495 million for the whole of 1959 and \$410 million for 1958. The exceptionally high figure for the first half of 1960 was explained notably by two major investment programs for building coastal steel works.

By 1963, investments should bring the Community's steel-making capacity to close to 82 million metric tons, enabling an actual production level of 78 million tons. This will represent a doubling of output in the 10 years which the common market for steel will have been in existence.

The Coordination of Energy Policy

The High Authority has repeatedly stated since the start of the coal-steel common market that coal problems cannot be solved except as part of a general Community policy for all forms of energy (coal, oil, gas, hydroelectricity, atomic power). The main reason for current difficulties in coal is competition from oil products.

The Interexecutive Working Group on Energy, comprising representatives of the three Community Executives and presided over by the High Authority, has been hammering out proposals for the coordination of energy policy in cooperation with the six governments.

At the beginning of this year, it proposed to the Council of Ministers a series of urgent measures to start drawing together the national energy policies of the six governments and to avoid any national decisions which would cause them to diverge still further. It will also propose action for emergency situations. Long-term measures for bringing about full coordination of energy policy will be submitted later.

Labor Policy—Readaptation and Redevelopment

The radical readjustment of the Community's coal industry now under way could never have occurred without economic dislocation and acute social unrest if it had not been eased by the High Authority's readaptation policy. The coal crisis unleashed a flood of demands for readaptation projects, and by the end of 1960, the High Authority had approved projects involving 115,000 workers—nearly 100,000 of them in the coal industry. Sums allocated by the High Authority for readaptation since the start of the common market totalled more than \$43 million, matched by an equal contribution from the governments concerned.

1960 also marked the entry of the High Authority into the field of industrial redevelopment. While readaptation of miners who lose their jobs avoids the social consequences for the miners themselves, only industrial redevelopment can save from decay and dilapidation those regions which have previously been entirely dependent on coal mining for their existence.

In September 1960, the High Authority called together a governmental conference on industrial redevelopment. The experience of the governments in this field has now been compared and summarized and will aid the High Authority in its plans to speed up industrial redevelopment of the hard-hit mining areas. The High Authority has already stated that it is prepared to devote \$10 million from loan funds for this purpose.

Competition in the Coal-Steel Common Market

The High Authority in 1960 refused to authorize the setting up of a single sales agency for all the coal-mining

firms of the Ruhr, maintaining that such an arrangement was incompatible with the ECSC Treaty. The Court of Justice, to which the Ruhr mining companies have appealed against the High Authority's decision, will make the ultimate decision.

Meanwhile, following various proposals for easing the treaty provisions on prices and on agreements and mergers between firms, the High Authority has set up a study group to examine possible modifications of the treaty without detracting from its main aims and principles.

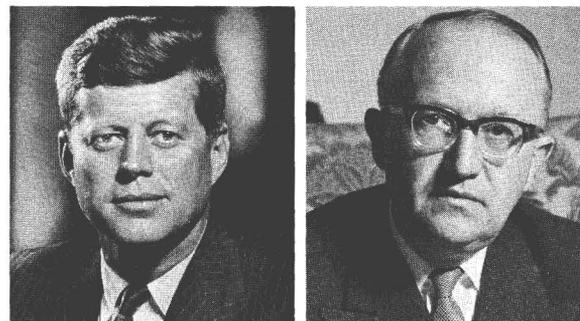
Kennedy Pledges "Steadfast Support"

In an exchange of cablegrams with Professor Walter Hallstein, President of the Commission of the European Economic Community (Common Market), President John F. Kennedy stated that the goals of the Treaty of Rome represented "an objective to which the United States will continue to lend its steadfast support." He stated that the United States Government anticipates "close collaboration with the Commission of the European Economic Community."

Texts of the two cables follow:

PRESIDENT HALLSTEIN TO PRESIDENT KENNEDY:

"On the occasion of your assumption of office, may I, on my own behalf and on that of the Commission of the European Economic Community, convey our warmest good wishes for the challenging years that lie ahead and for your success in tackling the manifold tasks that face us all. For our part we look forward to a continuing, ever more fruitful friendship between the United States and the European Community."



PRESIDENT KENNEDY TO PRESIDENT HALLSTEIN:

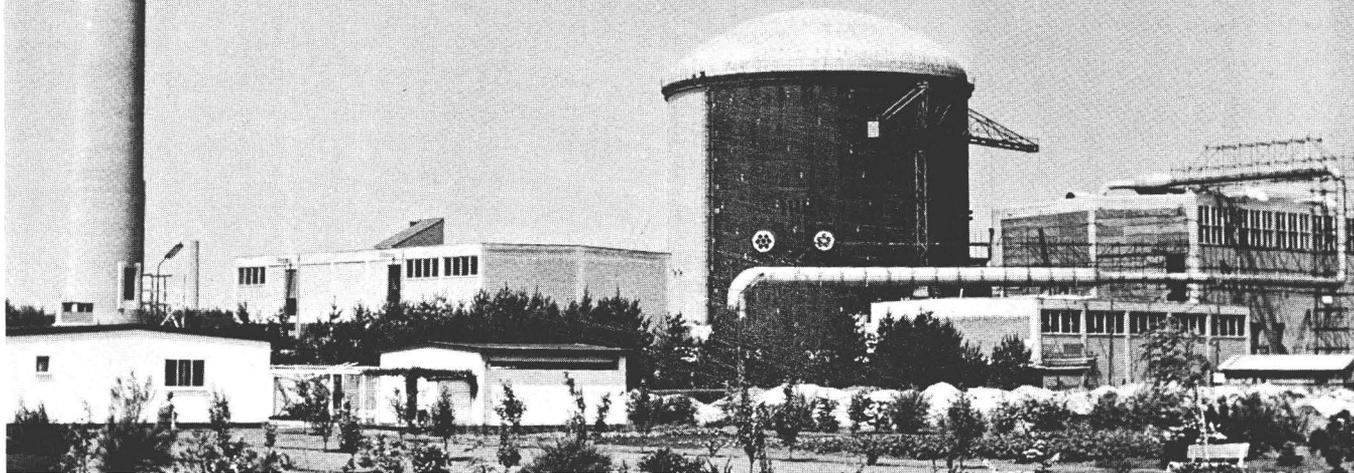
"I deeply appreciate the kind expression of good wishes extended on behalf of yourself and the Commission of the European Economic Community."

"It is my sincere hope that the years to come will see further steady progress toward the goals envisaged by the Treaty of Rome, an objective to which the United States will continue to lend its steadfast support."

"The Government of the United States looks forward to close collaboration with the Commission of the European Economic Community, and to the development of relationships between the European Economic Community and the United States, as well as other countries, which will redound to the benefit of the entire free world."

A FULL YEAR FOR EURATOM

- U.S. - Euratom Power Program Launched
- Three Joint Research Centers Under Way



Exterior shot of Euratom's BR2 reactor at the Mol Research Center in Belgium.

IN 1960, Euratom went far toward creating the instruments for its future activity. The abundant supplies of conventional forms of energy meant that the production of nuclear electricity at any cost was no longer necessary or feasible. Euratom's operations therefore concentrated increasingly on preparing European industry for the atomic age. This meant primarily the development of nuclear research and the spread of nuclear knowledge with the aim of obtaining nuclear power at the lowest possible cost. At the same time, however, the U.S.-Euratom power program in Europe got under way.

1 Joint Research Centers

Euratom in 1960 laid the foundations for the joint research centers which will be the Community's main instruments for coordinating and supplementing national research. Two joint research centers are already in operation; an agreement for construction of the third was signed at the end of the year, and negotiations for a fourth center are already far advanced.

Ispra, Italy: Following ratification of an agreement signed between the Italian Government and Euratom, Euratom is now taking over by stages the Italian nuclear research center at Ispra, on Lake Maggiore, which will be the main Euratom joint research center. The Community will spend \$24 million on equipment and \$15 million on the operation of Ispra by the end of 1962. By that time, 1,500 people are expected to be employed in the center's 40 laboratories.

Mol, Belgium: The main installation at Euratom's second research establishment at Mol is the central nuclear measurements bureau which carries out research on nuclear measurements and studies on the improvement of standards for the nuclear industry. The staff of 50 already at work in the measurement bureau will be increased to 170 by the end of 1963.

Karlsruhe, Germany: On December 21, 1960, Euratom signed agreements for construction of its third research

center, at Karlsruhe, to be known as the Transuranian Elements Institute. The new center, which will deal mainly with research into industrial uses of plutonium, will cost \$12 million and will eventually employ about 400 people. The first research team of about 45 people will be at work by the end of 1961.

The fourth joint research center will be set up at Petten in the Netherlands and negotiations to this effect are at present being conducted with the Dutch Government.

2 Research Contracts

Fuelling and performance are the central targets in Euratom's research program which covers three main fields: the use of nuclear energy for power production, controlled thermonuclear reactions, and the use of radioactive isotopes and radiations. For this wide field of operations Euratom uses not only its own laboratories but also existing national research centers.

In 1960 it signed approximately 50 research contracts with industrial firms, government bodies, and university institutes in the Community, covering a total of approximately \$7 million. Among the most important of these are:

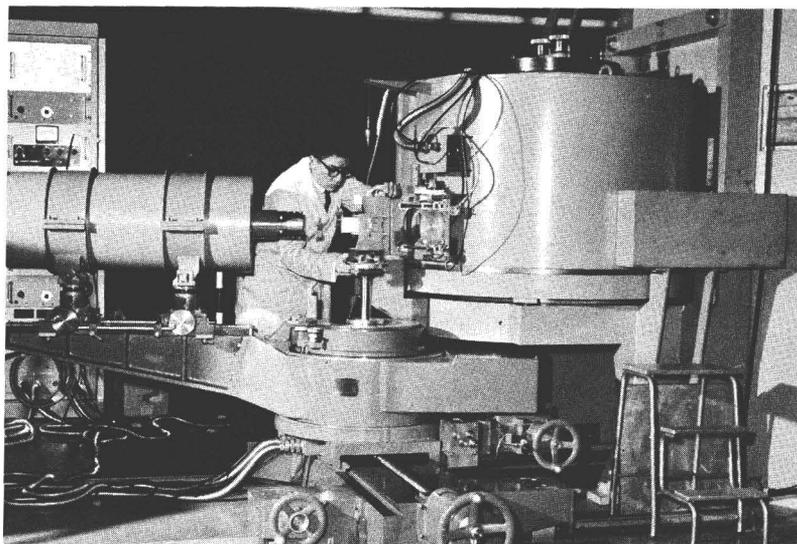
- a 20-year contract to share in the operation of the Belgian high-flux materials-testing reactor BR2 at Mol, Belgium. This 50-megawatt reactor possesses the highest neutron flux of any reactor in Europe and is one of the most powerful in the world. It is due to go critical in April 1961.
- a contract with KEMA, Netherlands, for work on a 250-kw homogeneous aqueous reactor.
- a German venture into research on ship propulsion.
- contracts with the French Atomic Energy Commission for studies of fusion.

Euratom is also participating in such important international projects as the Halden boiling-water reactor in Norway and the Dragon high-temperature, gas-cooled reactor in Britain.

3 Nuclear Electricity on an Industrial Scale— The Euratom Power Program

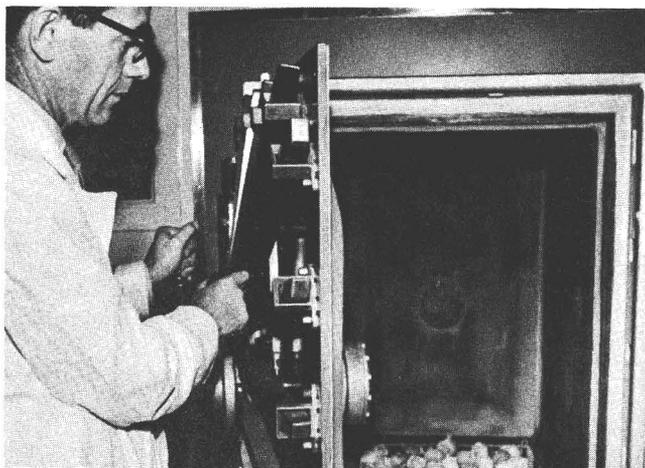
Though the main accent is on research, Euratom is fully aware that a degree of experience of operation on an industrial scale is essential if the atomic revolution is not to lag behind in the Community.

In 1960 two firm projects were decided on, providing together approximately 400 megawatts of generating capacity. One of them is the Senn project for a 149-megawatt plant to be built on the Garigliano River 40 miles north of Naples, Italy, which will start operation in 1963. The second is the SENA project for a 240-megawatt plant to be built by Electricité de France and the Compagnie Belge d'Electricité Centre-Sud at Chooz on the Franco-Belgian frontier. From 1965 onward it will supply electricity for France and Belgium. Because of its importance to the Community, Euratom has designated it a joint enterprise, and it will thus benefit from various taxation and investment concessions.



PROGRESS IN RESEARCH

Euratom has placed great stress on research programs of various types. Photographs here illustrate two examples. The neutron selector shown above is used in Euratom's Joint Research Center in Ispra, Italy, to study the nature of matter. By the end of this year, 900 scientists and technicians will be doing research for Euratom at this center. Photo below illustrates the hygienic methods employed in raising mice in a germ-free environment at the Dutch institute T.N.O. Euratom has a contract with this center for biological research aimed at studying the effects of radiation on living cells.



NUCLEAR MARINE PROJECT

Euratom officially entered the nuclear ship field on January 27 when a contract was signed between the European Atomic Energy Community and two German firms in Hamburg. The contract calls for the construction of a propulsion unit of the organic moderated and cooled type. It is planned to install the reactor in a new research vessel of about 22,000 tons.

This is in line with one of Euratom's objectives to coordinate the various efforts being made within the six countries of the Community in the field of nuclear marine propulsion and to stimulate exchange of information.

Three other contracts are being negotiated with the following organizations:

1. The French Atomic Energy Commission for construction of a gas-cooled, high-powered ship reactor of a type that also shows promise for use in land-based nuclear power plants.
2. Fiat and Ansaldo of Italy for construction of a light water-cooled ship reactor operating on enriched uranium.
3. Various organizations in the Netherlands for construction of a pressurized-water ship reactor.

The German contract provides that Euratom will contribute 4.48 million Deutsche marks (\$1,066,667) or about 40 per cent of the cost of the total project. Working designs are expected to be completed by the end of the year. German shipyards have until January 31, 1961, to submit proposals for the nuclear ship, but no decision on the actual construction is expected before 1962. The ship will take between two and one half years to build and is expected to cost 35 million Deutsche marks (\$8,333,333).

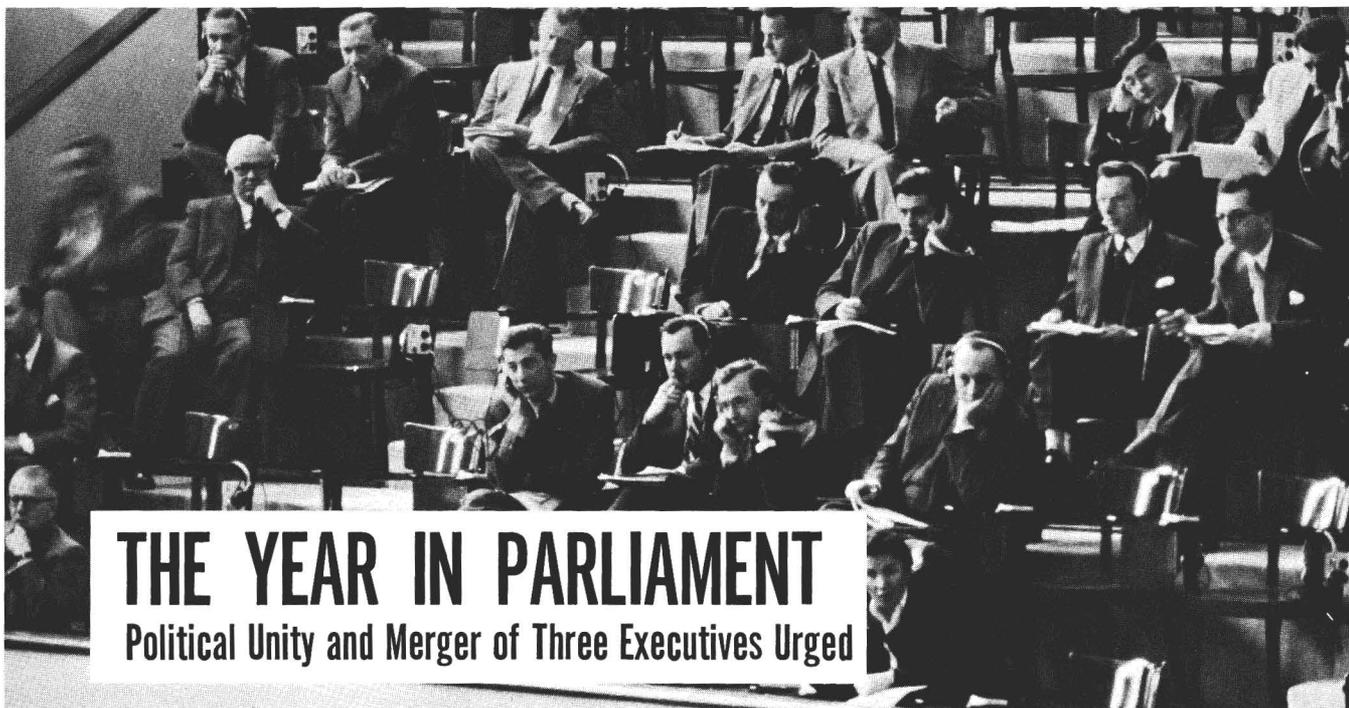
The contract was signed by the European Atomic Energy Community (Euratom), the Gesellschaft fuer Kernenergieverwertung im Schiffbau und Schifffahrt MBH, and also by the firm of Interatom (Internationale Atomreaktorbau GMBH, Bernsberg/Cologne). Commissioner Paul de Groote signed on behalf of Euratom.

Parliamentarian Killed in Accident



CORNELIUS PIETER HAZENBOSCH, Vice President of the European Parliament, was killed in a car accident near Bastogne, Belgium, on January 10.

Mr. Hazenbosch, a member of the Netherlands Anti-Revolutionary Party, had been in the Dutch Parliament in 1953 and presided over its Nuclear Energy Committee. He was named a member of the ECSC's Common Assembly in 1955 and was elected Vice President of the European Parliament in March 1958. He was an active member of three standing committees and also of the Bureau of the Parliament's Christian Democrat Group. He had just been asked to act as Secretary General of the European Parliament.



THE YEAR IN PARLIAMENT

Political Unity and Merger of Three Executives Urged

Gallery of the European Parliament fills with visitors when major policy questions are debated in Strasbourg.

EVER SINCE its earliest operations as the Common Assembly of the European Coal and Steel Community, the Parliament of the Six has played a central role in urging the governments toward further unification. Throughout 1960, in its reports, its debates, and its resolutions, it continued to support these same policies.

It drew up and adopted by an overwhelming majority a project for direct election of the Parliament by universal Community suffrage. After important political debates, at which the foreign ministers of the member countries were

present, it adopted by a large majority a resolution in which it charged Parliament President Hans Furler to invite the Council of Ministers and the Community executives to take steps to enable the merger of the three executives by the end of 1961.

Less important, perhaps, but even more likely to make an impression on the public mind, was the Parliament's resolution urging the Council and the three executives to hold a contest for a design for a Community flag.

A CRUCIAL YEAR

By MAURICE FAURE, *Former French Secretary of State for Foreign Affairs, Member of the European Parliament*

SINCE THE ROME TREATY came into force on January 1, 1958, the process of economic integration which started with the European Coal and Steel Community has advanced with giant strides.

The customs union, which is one of the aspects of the Common Market is being achieved much more easily than some people had expected. Thus it has been possible, thanks to the institutions of the European Community, to speed up the rate at which this treaty is being put into practice. This speeding up is of capital importance since it constitutes a solemn assurance of the irreversible reality of the Common Market and of the will of the Six to go all the way to the final goal—the economic integration of Europe.

It enables us to hope that by the end of 1961 half of the journey toward the abolition of customs barriers will have been completed, four years earlier than the deadline originally laid down. Anything which endangered acceleration would be a direct blow at the Common Market.

The Common Market is already a living reality. We only have to look at industry and trade which, well in advance of the treaty deadlines, are tending increasingly to base their development programs and their selling organizations on a Common Market in full operation.

Yet, at the turn of the year, we see clouds over this

bright horizon. Here and there we can even observe signs of wear and tear in the structure.

Problems of Political Unity

If the customs union is being brought into being so far without real difficulties, economic union (the application of common agricultural and economic policies)—without which there can be no real Community—presents a series of difficult problems. The latter are aggravated by the uncertainties connected with the achievement of political unity in Europe.

It was long thought that political union would result automatically from economic union, but today it has become clear that the difficulties met by economic union can only be overcome by fresh progress toward political union.

Thus, the full achievement of economic integration in Europe, the beneficial effects of which are already being felt on the situation in our countries and will soon be felt in the living standards of every European, depends finally on the development of European political integration.

That is why 1961 will be a crucial year. Either it will be marked by real progress toward political union along Community lines, or the difficulties of the Common Market will become increasingly grave.

Points Put to Parliament

High-level diplomats from three Community countries represented various views toward future policies when they spoke before the European Parliament in November. J.M.A.H. Luns, Foreign Minister of the Netherlands (below, left), summed up for the Council of Ministers when he said that the movement toward European unity should not be limited to the economic field nor only to the Six. Maurice Couve de Murville, French Foreign Minister (photo at right), expressed this attitude toward political unification: "It is a problem of organization rather than a fundamental problem. (It) merits close study, and the French Government has not yet made any final decision on the subject. In any case, a reform of the present structure of the executive bodies of the Community should not lead to a simple crystallization of the *status quo*—reforms are necessary." Attilio Piccioni, Deputy Prime Minister of Italy, maintained that the pursuit of a policy for a united Europe was fundamental and added: "The Italian Government is in favor of the merger of the executives and of direct elections to Parliament. These initiatives, inspired by a spirit of wise and progressive realism, can contribute to the unification of Europe. All political cooperation among the Six must aim at the strengthening of the Atlantic alliance."



Guide to Legislation on Restrictive Business Practices

The third volume of the European Productivity Agency's *Guide to Legislation on Restrictive Business Practices*, including sections on the European Coal and Steel Community, the European Economic Community, Austria, Canada, and Portugal, has just been published. As in the case of volumes I (covering Denmark, France, Germany, Ireland, and Italy) and II (covering Netherlands, Norway, Sweden, the United Kingdom, and the United States of America), each section in volume III includes historical background, the texts of the treaty or legislation in force, reports of important administrative and court decisions, and a bibliography. The guide, which is loose leaf, is being kept up to date by supplements.

Copies of all three volumes may be obtained at \$6 per volume by writing to the OEEC Mission, Publications Office, 1346 Connecticut Avenue, N.W., Washington 6, D. C.

Newsbriefs

Common Market

Euratom

Coal & Steel Community

New Commissioner Named to Common Market

Lionello Levi Sandri, a member of Italy's high court, the Council of State, was appointed to the nine-man Commission of the European Economic Community on February 9. He replaced Giuseppe Petrilli who resigned from the Common Market executive branch in November to become President of Italy's Institute for Industrial Reconstruction.

The new member has long been active in Italy's Social Democratic Party. He has been a member of the party's Central Committee since 1948, and between 1946 and 1950 he was city councilman of Brescia. He has been a professor of labor law at the University of Rome since 1940 and is the author of numerous articles on legal subjects.

Mr. Levi Sandri has participated in several international conferences including the preparatory conference on the Marshall Plan in 1947, and the Conference on Human Relations in Industry in 1956. He was born in Milan October 5, 1910, and following graduation from law school, he held various positions with the Italian Government. During the war (1943-45) the new Commissioner was a member of the resistance movement commanding a division of Italian partisans known as the "Green Flame" in the province of Brescia.

Industrial Production Climbs 12 Per Cent

Economic expansion in the European Community continued at a high rate through 1960 and is expected to maintain momentum into 1961. A sharp rise in industrial production within the six countries of the Community was coupled with an increase in imports from third countries. But exports have begun to fall off including sales to the United States.

Industrial production climbed 12 per cent in 1960 over the previous year as compared with a rise of 7.5 per cent in 1959 over 1958 and only 3 per cent in 1958 over 1957.

The fourth quarterly report of the Commission, *The Economic Situation of the Community at the End of 1960 and Prospects for Early 1961*, attributed the expansion to an increase in consumption of consumer goods, growth in the service industry, and further development of fixed investments. While the economy has spurred ahead, no appreciable rise in prices took place except in the German Federal Republic where a tendency toward higher prices for industrial products and services has been noted for some time.

The Community's trade balance vis-à-vis the United States showed a one billion dollar deficit for the first nine months of 1960 because of the high rate of imports from the U. S. But the Community's over-all balance of payments remained favorable mainly because of an influx of capital attracted by higher interest rates and other investment opportunities. Although imports of finished products have continued to increase, purchases of raw materials

and agricultural products from third countries have been more unsettled.

The Commission forecast that total demand will continue during the first months of 1961. It is hoped that a slowing down of exports by the Community will be offset by increased investments and private consumption. Industrial production is expected to grow but at a slower rate.

European Social Fund Meets

The European Social Fund at a two-day meeting in Brussels January 19 and 20 adopted its internal rules and fixed the procedure for handling requests from member states, which have originated since the establishment of the Common Market on January 1, 1958, until establishment of the Social Fund last year.

The meeting of the 36 representatives of the member governments and representatives of labor unions and man-

agement was chaired by E. E. C. Vice President Giuseppe Caron who, since the resignation of Giuseppe Petrilli, has been designated as interim president of the group for social affairs within the Common Market.

The fund was set up, within the Common Market structure, to develop employment facilities and the geographical and occupational mobility of workers in the Community. It can finance occupational retraining, resettlement allowances and subsidies to workers whose wages are reduced when they have to change their jobs.

African Countries Send Experts to Brussels

Twelve specialists from countries associated with the Common Market are presently taking part in a study mission at EEC headquarters in Brussels. The study mission which began October 1 will continue to June 30, 1961.

The countries represented are: Central African Republic, Cameroon, Congo (Brazzaville), Dahomey, Gabon, Mali, Niger, Ruanda-Urundi, Somalia, Togo, Upper Volta.

Euratom Signs Agreement With I.L.O.

A cooperation agreement on the protection of workers against ionizing-radiation dangers was signed January 26 by the Commission of the European Atomic Energy Community (Euratom) and the International Labor Organization (I.L.O.). The signatories were Herr Heinz Krekeler, Member of the Euratom Commission, and Mr. David A. Morse, Director-General of the I.L.O.

The forms of collaboration provided for under the agreement include consultation on questions of common interest, the possible participation of observers in meetings organized by either side, the exchange of legal and statistical data, and technical cooperation in the application of the agreement.

"Transatom" to Distribute Nuclear Literature

The European Atomic Energy Community, the United Kingdom Atomic Energy Authority, and the United States Atomic Energy Commission have agreed to pool their efforts to collect and disseminate information concerning translations of nuclear literature, especially from such languages unfamiliar to Western readers as Russian and Japanese. A central information office, "Transatom," has therefore been established at Euratom's Brussels headquarters. It will function in two ways:

First, by publishing from December 1960 onward a monthly *Transatom Bulletin* which will list existing translations recently reported to the Brussels office as well as new translations planned by international or national institutions and private firms in the European Community, United States, the United Kingdom, and in other countries.

Secondly, all data relating to translations, including those made before the establishment of "Transatom," are being collected and recorded in a master file system at Brussels. Copies of this card file have been offered to appropriate institutions in countries with great interest in the nuclear field.

Contacts have been established in order to avoid duplication of work when the European Translation Centre, to be established at Delft, Holland, is set up. The scope

Spectacular Increase in Intra-Community Trade

The most spectacular evidence of the impact of the Common Market in 1960 was provided by the increase in trade across the Community's dwindling internal frontier barriers. First estimates indicate a rise of about 25 per cent over the level of the previous year; it was all the more impressive since it followed a rise of 19 per cent in 1959 as compared with 1958.

The biggest percentage increases in exports to other Common Market countries were recorded by France and Italy.

The Community's trade with outside countries also expanded sharply in 1960 though not as fast as trade within the Community. Imports from the outside world rose by roughly 23 per cent to an estimated \$19.7 billion, while exports rose by some 14 per cent to an estimated \$19.6 billion. These figures are an indication that the establishment of the customs union and, in particular, anticipation of its full effects by the business world are having the expected results.

Trade with the seven countries of the European Free Trade Association (EFTA) shared in the general expansion, but for these countries the Common Market's export performance was considerably more impressive than for its exports as a whole. Community exports to European Free Trade Association countries rose by 21 per cent and imports from European Free Trade Association countries by 15 per cent.

Estimates of European Economic Community Trade, 1960 (in billions of \$ based on results of first 9 months)

	Imports			Exports		
	1958	1959	1960	1958	1959	1960
Community's internal trade	6.8	8.1	10.0	6.8	8.2	10.0
Community's external trade (incl. associated overseas countries)	16.2	16.2	19.7	15.9	17.0	19.6
Community's trade with EFTA countries	3.6	3.9	4.4	5.0	5.4	6.5

of this institution is much wider: it will cover all scientific and technical material in the field of exact sciences.

The bulletin is available on a subscription basis from Transatom, c/o Euratom, 51 rue Belliard, Brussels, Belgium, at \$8.00 a year by surface mail or \$16 by air mail.

Reference Material

The library of the European Community Information Service, Washington Bureau, has available for research in the Bureau one set of the French edition of reports by the following working parties. The papers were prepared for the Conference "Progrès Technique et Marché Commun":

- Groupe de travail "Emploi"
- Groupe de travail "Concurrence"
- Groupe de travail "Formation professionnelle"
- Groupe de travail "Investissements"
- Groupe de travail "Industrie" (in 2 parts)
- Groupe de travail "Industrie mécanique"
- Groupe de travail "Industrie textile"
- Groupe de travail "Bâtiment"
- Groupe de travail "Industrie Electrotechnique"
- Groupe de travail "Transports"—sous-groupe "Routes"
- Groupe de travail "Transports"—sous-groupe "Chemins de fer"
- Groupe de travail "Transports"—sous-groupe "Transports aériens"
- Groupe de travail "Transports"—sous-groupe "Navigation maritime"
- Groupe de travail "Transports"—sous-groupe "Voies navigables"

PUBLICATIONS AVAILABLE

INVESTMENT IN THE COMMUNITY COAL MINING AND IRON AND STEEL INDUSTRIES. Report on the 1960 survey, published September 1960, 84 pp. . . . \$1.00

THIRD GENERAL REPORT ON THE ACTIVITIES OF THE COMMUNITY (21 March 1959-15 May 1960). Report of the Commission of the European Economic Community, 255 pp. . . . \$1.20

SUMMARY OF DRAFT OF COMMON MARKET'S FIRST ANTITRUST REGULATION. The Commission's proposal for the first regulation concerning application of Articles 85 and 86 of the treaty, 4 pp. . . . free

FOREIGN TRADE BY COUNTRY, 1953-1958. Foreign trade statistics by country of origin and destination. Includes volume and price indices for EEC trade with principal areas of origin and destination. Tables have French/German legends but an English translation of headings and notes is annexed to the report, 188 pp. . . . \$4.00

THE LEGAL FRAMEWORK OF THE COMMUNITY. An address by Michel Gaudet, Director General of the Joint Legal Service, September 29, 1960, 10 pp. free

THE ROLE OF THE COMMUNITY INSTITUTIONS IN EUROPEAN UNIFICATION. Statements of the President of the Commission of the EEC, the President of the Commission of Euratom, and the President of the High Authority of the ECSC before the European Parliament, October 12, 1960, 6 pp. . . . free

NO. 44

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