



*Bulletin from the*

# EUROPEAN COMMUNITY

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

INFORMATION SERVICE • 235 SOUTHERN BUILDING, WASHINGTON, D.C. • Telephone NAational 8-5070

## PRESIDENT KENNEDY OFFERS HISTORIC JULY 4TH 'DECLARATION OF INTERDEPENDENCE'

PRESIDENT JOHN F. KENNEDY observed Independence Day, July 4, by declaring his readiness to join in a "declaration of interdependence" with a united Europe.

More than 85,000 persons crowded the mall in front of Independence Hall in Philadelphia, where the Declaration of Independence was signed 186 years ago, to hear the President's Fourth of July address. Excerpts follow:

"As apt and applicable as the Declaration of Independence is today, we would do well to honor that other historic document, drafted in this hall, the Constitution of the United States.

"For it stressed not independence, but interdependence; not the individual liberty of one, but the indivisible liberty of all. In most of the old colonial world the struggle for independence is coming to an end . . .

"As this effort for independence throughout the world, inspired by the American Declaration of Independence, now approaches a successful close, a great new effort for interdependence is transforming the world about us. And the spirit of that new effort is the same spirit which gave birth to the American Constitution.

"That spirit is today most clearly seen across the Atlantic Ocean. The nations of Western Europe, long divided by feuds far more bitter than any which existed among the thirteen colonies, are today joining together, seeking, as our forefathers sought, to find freedom in diversity and unity from strength.

### 'Vast New Enterprise'

"The United States looks on this vast new enterprise with hope and admiration. We do not regard a strong and united

Europe as a rival, but a partner. To aid its progress has been the basic object of our foreign policy for 17 years.

"We believe that a united Europe will be capable of playing a greater role in the common defense, of responding more generously to the needs of poorer nations, of joining with the United States and others in lowering trade barriers, resolving problems of commerce and commodities and currency, and developing co-ordinated policies in all economic, political, and diplomatic areas.

"We see in such a Europe a partner with whom we can deal on a basis of full equality in all the great and burdensome tasks of building and defending a community of free nations.

### *European Partnership . . . Atlantic Partnership*

"It would be premature at this time to do more than indicate the high regard with which we view the formation of

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this partnership. The first order of business is for our European friends to go forward in forming the more perfect union which will some day make this partnership possible.

“A great new edifice is not built overnight. It was 11 years from the Declaration of Independence to the writing of the Constitution. The construction of workable Federal institutions required still another generation.

“The greatest works of our nation’s founders lay not in documents and in declarations, but in creative, determined action. The building of the new house of Europe has followed the same practical purposeful course. Building the Atlantic partnership now will not be easily or cheaply finished.

“But I will say here and now, on this Day of Independence, that the United States will be ready for a declaration of interdependence, that we will be prepared to discuss with a United Europe the ways and means of forming a concrete Atlantic partnership, a mutually beneficial partnership between the new union now emerging in Europe and the old American union founded here 175 years ago. All this will not be completed in a year, but let the world know it is our goal.

### ***‘Think Intercontinentally’***

“In urging the adoption of the United States Constitution, Alexander Hamilton told his fellow New Yorkers ‘to think

continentally.’ Today Americans must learn to think intercontinentally.

“Acting on our own, by ourselves, we cannot establish justice throughout the world; we cannot insure its domestic tranquility, or provide for its common defense, or promote its general welfare, or secure the blessings of liberty to ourselves and our posterity. But joined with other free nations, we can do all this and more.

“We can assist the developing nations to throw off the yoke of poverty. We can balance our world-wide trade and payments at the highest possible level of growth. We can mount a deterrent powerful enough to deter any aggression. And ultimately we can help to achieve a world of law and free choice, banishing the world of war and coercion.

“For the Atlantic partnership of which I speak would not look inward only, preoccupied with its own welfare and advancement. It must look outward to cooperate with all nations in meeting their common concerns. It would serve as a nucleus for the eventual union of all free men—those who are now free and those who are vowing that some day they will be free . . .

“On this fourth day of July, 1962, we who are gathered at this same hall, entrusted with the fate and future of our states and nation, declare now our vow to do our part to lift the weight from the shoulders of all, to join other men and nations in preserving both peace and freedom, and to regard any threat to the peace or freedom of one as a threat to the peace and freedom of all.

“And for the support of this Declaration, with a firm reliance on the protection of Divine Providence, we mutually pledge to each other our Lives, our Fortunes and our sacred Honor.”

## **EEC Reply to the President**

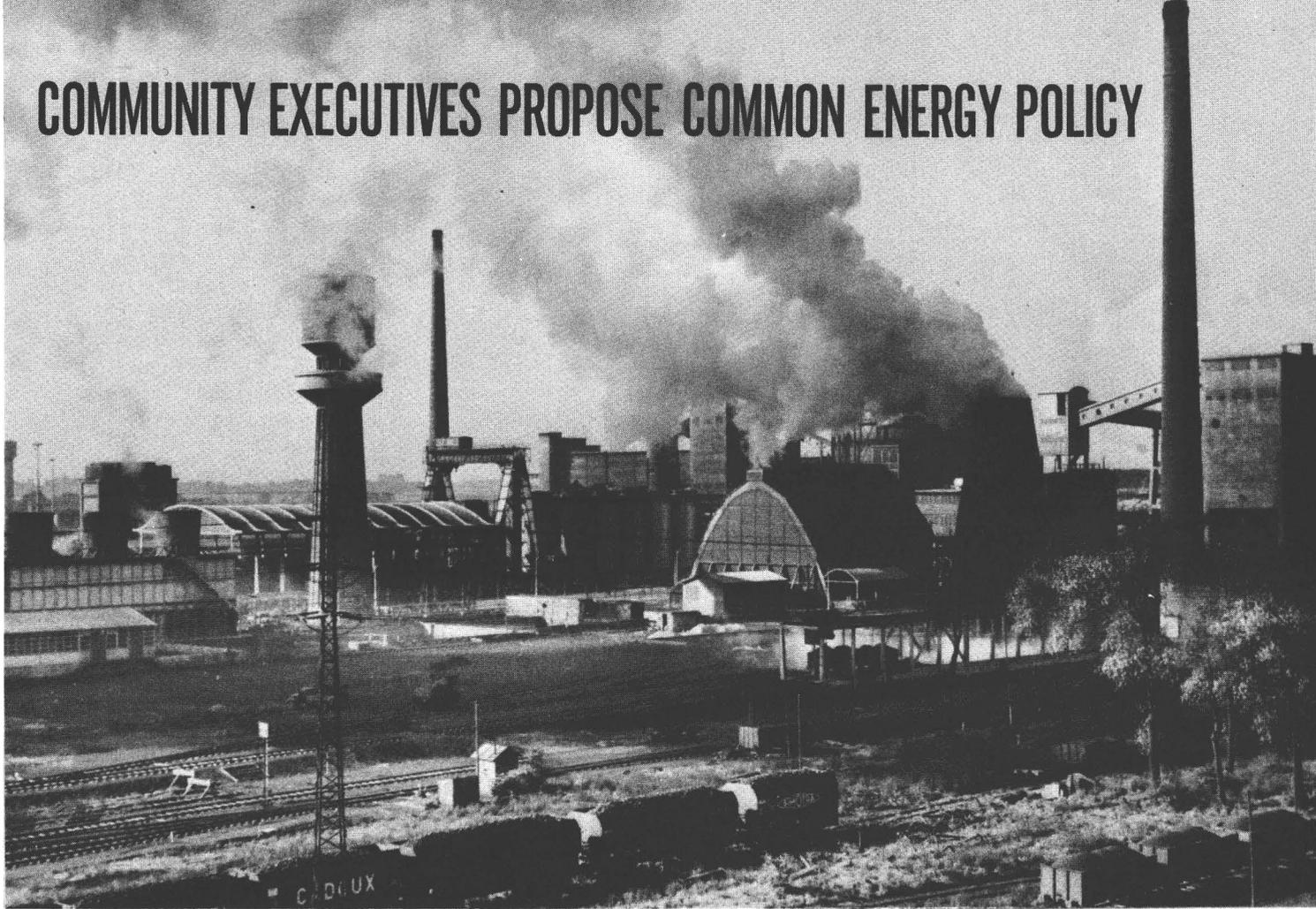
THE EUROPEAN ECONOMIC COMMUNITY issued a statement hailing President Kennedy’s Fourth of July speech in Philadelphia as “a challenge to accept great opportunities of our age.”

The statement from the EEC’s Official Spokesman in Brussels read as follows:

“The declaration made by President Kennedy on Independence Day was received with real satisfaction in the Commission of the European Economic Community.

“In President Kennedy’s reference to the historic significance of European progress toward unity and the need to build a free world under just and orderly conditions, the Commission sees more than a renewed affirmation of the European undertaking. President Kennedy’s words are also a challenge to accept great opportunities of our age—to move forward swiftly and directly to the achievement of full European unification and thus to lay the foundations of an Atlantic partnership, a partnership which takes into account a responsibility to the entire free world.”

# COMMUNITY EXECUTIVES PROPOSE COMMON ENERGY POLICY



*Despite busy mines like this one in France, the decreasing consumption of coal is a primary factor considered in the Community's energy proposals.*

A COMMON ENERGY POLICY that will take into account the European Community's increasing requirements for low-cost power may be in full operation by 1970.

This is the date set in new energy proposals which the Council of Ministers of the European Coal and Steel Community first examined at a meeting in Luxembourg on July 17.

The proposals were submitted to the Council on June 25 by the Community's Inter-Executive Energy Committee, which groups representatives of all three Community Executives—the ECSC High Authority and the Commissions of the Common Market and of Euratom—under the chairmanship of Pierre-Olivier Lapie. (In general, the Common Market Commission is directly responsible for petroleum, natural gas and electricity, the ECSC High Authority for coal, and the Euratom Commission for nuclear energy.)

The proposed common energy policy, which is in line with the Community's adoption of a common agricultural policy and the first outline of a common transport policy, will require five major political decisions, according to Chairman Lapie. These will involve:

- 1) The creation by 1970 of an open Community-wide market for fuel and power, not subject to restrictions and national protection.
- 2) The fixing of maximum levels of aid to internal production (particularly coal).
- 3) The definition of a common oil policy.

- 4) Special arrangements in the transition period for adaptation of the present energy market.

- 5) Adoption of a definite timetable for the different phases of the transition period.

## ***Transition Period Proposed***

A common energy policy has been under discussion since October 1957 when the six member countries' governments first asked the High Authority to draw up proposals. Since then there has been considerable disagreement on the best way of introducing such a policy.

Now, however, the Inter-Executive Committee has suggested a definite timetable which allows for a preparatory period lasting until about 1964 and a transition period lasting until 1970. The Committee intends that the common policy will replace the national energy policies by then and that temporary national arrangements for the protection of coal will have been clarified and co-ordinated on a Community basis.

Fuel is expensive in Europe. The cost of producing coal is almost three times as high in Europe as in the United States; and natural gas, the U.S. industries' cheapest form of energy, is scarce in Europe.

In addition, total Community energy consumption will continue to rise at a considerable rate in the next 15 years. Total energy consumption in the Community stood at 474.9

million tons in 1960, but it is expected to be nearly two-thirds greater by 1980. As a result, the countries of the Community will be using an ever larger proportion of cheaper imported energy, to the disadvantage of coal, the principal source of energy produced in Europe. Thus both producers and consumers have a common interest in an energy policy which will protect them against steep increases in prices or loss of supplies.

### ***Community's Coal Plans***

While the price of imported energy is likely to remain steady or even to fall, coal will become more expensive as labor costs in the mines rise along with general labor costs in the Community, yet without a corresponding rise in productivity. The Community therefore must find new means of providing cheap coal. The Inter-Executive Committee proposes subsidies for coal and the limitation of the coal market to foreseeable needs.

To have a regular flow of cheap energy from a variety of sources and to maintain security in the Community's energy supply, the Committee advocates subsidies which will gradually become Community subsidies instead of national subsidies, or other forms of protection and support for coal. These will also serve as a means to avoid causing hardship and economic distress while the common energy policy is being put into effect.

During the expected decline in the consumption of coal in the next few years, the Community will need to continue its program in readaptation (resettlement and retraining) of miners and in the closing down of uneconomic mines. The Inter-Executive Committee also proposes a system of financial aid to unemployed workers from closed mines. This policy of rationalizing the coal industry would be based on the goal of a common market for coal by 1970.

### ***An Open Market for Oil***

Chairman Lapie stated that by 1970 the Community hopes to have achieved an open market for oil, with free movement of oil products throughout the Community and the harmonization of internal taxes on oil. To achieve this, his committee has proposed:

- 1) The freeing of all crude imports from customs duties and quota restrictions (with the exception of Community quotas for imports from the Communist bloc).
- 2) The establishment of Community rules on stockpiling.
- 3) The publication of prices.
- 4) The application of the Community rules on competition.
- 5) Consultation between the governments on the oil industries and particularly on their investments.

According to the proposals, customs duties on imported oil products would be incorporated in the Common External Tariff at a fairly low level, while internal Community taxes on oil refining would be reduced and harmonized. The only important limitation in this open market would be the fixing of quotas, to be reviewed from year to year, on imports into the Community of oil and coal produced by nationalized industries in non-member countries.

### ***Community Action in the Near Future***

The Inter-Executive Committee has asked the Council of Ministers to reach agreement as rapidly as possible on the basic principles of the common energy policy and also on the limits to be set on Community aid to fuel production within the Community. As soon as the governments reached agreement, the preparatory period suggested by the Committee would begin, and the procedure for carrying out the policy, together with a detailed timetable, would be prepared.

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## **MONNET COMMITTEE URGES POLITICAL UNION, UK MEMBERSHIP**

THE ACTION COMMITTEE for the United States of Europe, headed by Jean Monnet, one of the architects of the European Community, has urged the early admission of Great Britain to the Community and the establishment of an Atlantic partnership between the Community and the United States.

The Committee issued its declaration on June 26 in the capitals of the six member countries of the European Community. The declaration was signed by all the Action Committee members, who together represent virtually all the major political parties (except the Communists) and most of the major trade unions in the six Community countries.

The text of the statement follows:

The Action Committee for the United States of Europe, which groups the vast majority of political parties in our six countries, as well as the free and Christian trade unions representing 10 million workers, considers that only through the economic and political unification of Europe, including the United Kingdom, and the establishment of a partnership between equals of Europe and the United States, can the West be strengthened and the conditions created for peace between East and West.

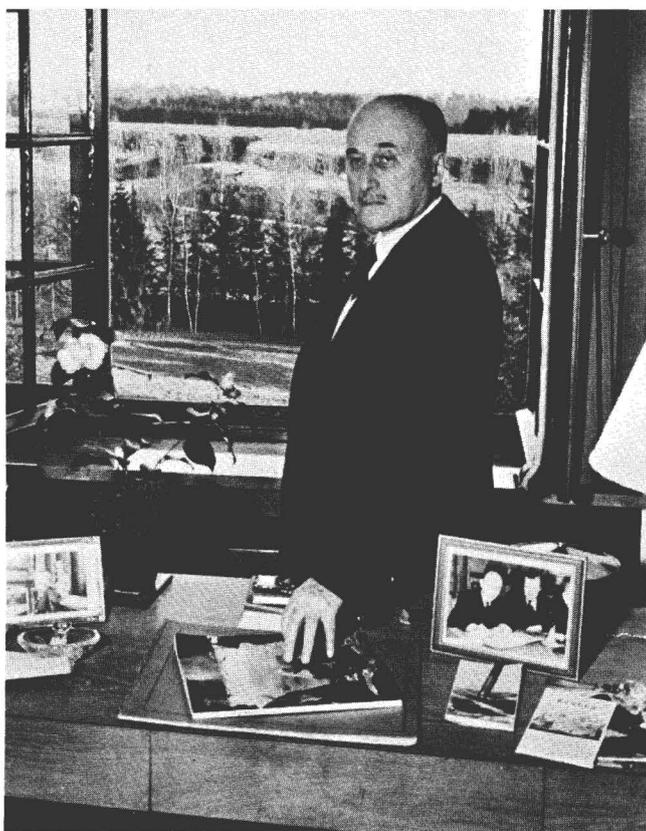
Although progress in this direction may be slow and fraught with difficulties, it is nevertheless inevitable and the only sure path. The committee believes that any other course would involve our separate countries in profitless adventures and preserve that spirit of superiority and domination which not so long ago led Europe to the brink of destruction and could now engulf the world.

Our countries have advanced gradually toward their goal, namely the creation one day of the United States of Europe, which will advance the consolidation of the West. The concrete problems of economic integration have been tackled (European Coal and Steel Community, Euratom, Common Market). Our countries have never attempted to solve everything all at once.

Further headway is now possible and necessary. The points at issue are the accession of the United Kingdom to the European Community and the conclusion of a treaty initiating a political union.

The political parties and trade unions represented on the Action Committee for the United States of Europe consider that the negotiations—for the United Kingdom's entry into the European Community on the same basis as the Six; for the establishment of a treaty initiating a political union—should be rapidly concluded.

*M. Monnet, photographed when he was  
the ECSC High Authority's first president.*



### **'A Completely New Approach'**

The prospects open to Europe today are the outcome of the decision of European countries not to treat their economic problems as national ones but as common to them all. To solve these problems, they have adopted a new method of collective action.

After a period of trial and error, this method has developed into a regular interchange, between a European body responsible for suggesting solutions to common problems and the Governments of member countries, which put the national points of view.

This is a completely new approach. It does not create a central government. But it does result in Community decisions being taken within the Council of Ministers, notably because the proposal of solutions to common difficulties by the independent European body makes it possible, without risk, to give up the unanimity rule. The Parliament and the Court of Justice underline the Community character of the whole.

This new method is the real unifying factor in Europe.

The entry of the United Kingdom into the European Community on a basis of equality under the conditions laid down in the Rome Treaty will reinforce the unity of Europe. The union will then comprise 240 million people. It will enable all its members to achieve greater economic growth. The Commonwealth countries, among others, must benefit by this expansion.

Britain's participation in the beginnings of a European political union will increase the influence Europe can exert on the world's affairs. Separately neither the United Kingdom nor our countries could exercise such an influence.

As a member, the United Kingdom will want to contribute to the effectiveness of a community which confers such a role on Europe, and which will henceforth be just as much her own as ours. Entry into the Common Market will necessarily bring with it changes in the attitude of the United Kingdom as it has for each of our six countries.

### **Outmoded Forms Changed**

Just as we have had to change outmoded forms of national economic relations in order to arrive at a European Common

Market, so the forms of national political relations will have to be gradually changed before a unified political outlook is achieved.

At present it is still not possible to apply to foreign policy rules and institutions such as are suitable for dealing with the material problems of the economy.

Any agreement organizing the system of cooperation that will be necessary at the outset must clearly guarantee the continuity and future of economic integration, which is the basis of political union. This economic integration cannot be called in question, either now or in the future.

Thus, when heads of state and government confer together about questions which are matters for the Communities they must necessarily be bound by the rules and procedures adopted under these treaties drawn up by the member states.

It should now be made clear that after the initial period of cooperation the revision of the commitments entered into by the states should provide for the gradual adaptation to the political sphere of the method which has already made it possible to achieve the economic integration of Europe.

### **Natural Partnership**

While the economic unity of Europe is being consolidated and a start made on its political unification, the cooperation that has already grown up between the United States and European countries should gradually be transformed into a partnership between a united Europe and the United States.

The partnership between America and a united Europe must be a relationship of two separate but equally powerful entities, each bearing its share of common responsibilities in the world. This partnership is natural and inevitable because the peoples of Europe and America share the same civilization, based on freedom, and conduct their public life in accordance with common democratic principles.

Just as European unity is the result of progress step by step on concrete questions by the countries of Europe, so the new partnership of Europe and America will develop as the outcome of patient and practical efforts to tackle together the problems they have in common.

There is no doubt that the West is coming up against an ever-increasing number of economic problems which neither America nor Europe can solve on its own.

The application of a policy of continued economic expansion, the monetary stability of the West, the issues raised by agriculture in an increasingly industrial civilization, aid to the less-developed countries and relations with those in the process of industrialization—all these problems call for solutions by America and Europe together, for only together have they the necessary resources to deal with them.

The partnership between Europe and the United States must not be merely economic. It is necessary that it should rapidly extend to the military and political spheres. Both are faced with common risks, the chief of which stems from the conflict with the East.

This conflict between East and West, and more particularly the question of disarmament, cannot be solved without a change by both sides in their conception of the future. While the West gives the impression that it can be divided, the U.S.S.R. will not be disposed to come to agreements, in the belief that it can always upset the world balance of power.

But when America and Europe have made it clear to everyone that the West is changing by its own will from within but cannot be changed by outside pressure, that it is consolidating its unity on a long-term basis, then the conditions will be created for a lasting peaceful settlement between East and West.

# A PLAN FOR EUROPE ?

M. Marjolin



*What is the role of the Plan in countries' economies today? This is proving to be a stimulating and controversial question—not only among economists and not only in Europe, but in the United States and throughout the world. Because of current U.S. interest in the French Plan in particular and in the question in general,*

*the views of Robert Marjolin, vice president of the Common Market Commission, on the question of a Plan for Europe are presented herewith, in extracts from an address he made on May 25 at the French National Confederation of Agricultural Mutual Insurance, Co-operative and Credit Organizations.*

. . . It is clear that the manifold and profound changes which are now being wrought in the economic structure of our countries and which in days to come will go beyond anything we can possibly imagine, cannot and must not come about blindly. In every instance we must watch them; often we may have to set them in motion; sometimes we may have to keep them in bounds, slow them down, or steer them the way we want them to go. . . .

Do we need European planning of the kind that we now have in France and that will probably soon exist in Italy, Belgium and the United Kingdom, not to mention the Dutch Plan which, though very different from the French, is also an attempt to look into the future and mold it so far as is compatible with free enterprise? Should we recommend that such Plans be drawn up where they do not yet exist, so that we may later merge them into one which will take in the whole of the activities of the EEC?

In order to answer this fundamental question we must be quite clear about the nature and scope of French planning.

## **French Plan Not Authoritarian**

In the first place, it is not an authoritarian Plan. It sets the objectives, but does not in general say anything about

the means by which they are to be attained. The objectives set for the various industries are not broken down into accurately defined targets for each enterprise. No sanctions are threatened if the Plan is not put through. In other words, it is not a matter of orders to be carried out, but rather of the State and the people deciding on what is necessary and desirable.

Further, what we call the "Plan" is in other countries called a "program" without this terminological distinction denoting any basic difference of content. Over and above differences as to method and detailed forecasting, all the national plans I have mentioned have one thing in common: they represent an attempt at assessing the problems with which we are faced or with which we are ineluctably going to be faced.

I have no hesitation in saying that such an assessment is no less essential at the Community level than in each individual country. In fact, I shall show that in the absence of a Community-wide effort of this kind the national attempts at predicting the future will also come to naught. . . .

It would be Utopian to try to set European targets for each branch of industry; but it will not be Utopian to seek to define the maximum growth of output during the next five or ten years, having regard to the necessary reduction

## A French department store shows what

A French vacuum cleaner, \$46 in 1958, costs \$22 today. An Italian raincoat that cost French shoppers \$22 in 1958 now costs \$8. A Dutch blouse, \$5 in 1958, is now \$2.50. And a German camera, \$73 in France in 1958, is \$50.

These were graphic illustrations of what the Common Market means to the consumer, dramatized this spring by a Paris department store, Galeries Lafayette.

Here were the fruits of lower tariffs and increased competition. For French consumers the tangible results of anti-trust legislation, tariff cuts, and other Community efforts were dramatically demonstrated. On the goods shown the average price reduction since the first year the Common Market went into operation was 40 per cent.

*Along Boulevard Haussman in front of Galeries Lafayette the exhibition "France and the Common Market" is advertised on packing-case billboards.*



of working hours, and the contribution by each of the main economic sectors, industry, agriculture and services, to the general growth.

### Planning Provides Framework

Nor would it be Utopian to attempt to define the economic and financial policies which will have to be adopted at a European level and in each member nation in order to achieve this optimum rate. . . .

Planning on these lines will provide a framework within which Governments and the Institutions of the Community will work, and a touchstone by which they can check whether what they are doing is efficient or whether additional means should be employed. . . .

Clearly it will only be possible in a program of European action to size up the difficulties and problems of Europe's agriculture and find a solution to them. Only an assessment of the situation at the Community level and covering the whole of the Community's economy will enable us to forecast the trend of demand for agricultural produce over the next few years and, in the light of planned or foreseeable imports and exports, to lay down guiding lines for the Community's work in agriculture.

### Full Employment Sought

Only an analysis at the Community level will help us to predict how many jobs will be created in the coming years, and to decide whether they will be sufficient to provide work for young people entering the labor market and for workers becoming redundant in sectors where manpower requirements will be reduced.

Such an analysis will have to go right down to the regional level, because wherever possible the balance between labor supply and demand should be sought within each region.

Should it turn out that the number of jobs created is insufficient, that would mean that the projected rate of growth is itself inadequate and that a greater effort is called for. But in view of the solidarity which the Common Market is establishing amongst the six economies, this must

### "The dynamic attitude of businessmen"...

*"The Commission considers that the expansion of trade between member states is attributable not only to the favorable economic situation and the direct effects of tariff and quota measures but also, and perhaps primarily, to the attitude adopted by businessmen who have been led by the prospects of increased competition to seek new outlets in other member states.*

*"The heads of business establishments, thinking in terms of the common market, have often moved ahead of the rate at which the Treaty was being implemented, so that the first speed-up—decided on May 12, 1960—looked in many respects like an effort to catch up on the advance made in business circles on the practical introduction of the common market.*

*"The dynamic attitude of businessmen has been particularly evident in the field of specialization which has made remarkable strides, and also in the way investment has grown and holdings in foreign firms have expanded. Increasing specialization will probably remain one of the most important structural consequences of the common market."*

—Excerpt from the Report by the EEC Commission on the Execution of the Treaty, January 1958—January 1962.

be a joint effort. . . .

Lest there should be any misunderstanding, I should like to repeat that to my mind there will not be any authoritarian planning at the level of the individual undertaking, but rather an exercise in intelligence and determination on the part of government and industry, that will determine the future of Europe and of the nations it comprises.

## e Common Market means to European shoppers . . .



"Champions of Europe" in all varieties were chosen for their design, price, and quality. Items were tagged with both today's prices and 1958 prices.



Road and rail transport in Paris: a highway to encircle Paris, now under construction, and, in the background, an SNCF viaduct and Gare Montparnasse.

## PROGRAM FOR COMMON TRANSPORT POLICY CONSIDERED BY EEC

THE EUROPEAN COMMUNITY is progressing toward its goal of a unified transport system. In June the Commission of the European Economic Community submitted to the Council of Ministers a program to implement a common transport policy among the six member countries.

Groundwork had already been laid in a series of studies and decisions made within the Common Market. One such basic decision, established by the Council of Ministers on March 21, 1962, rules that the member states of the Community, before adopting new national transport laws, regulations, or administrative measures, must submit them to the Common Market Commission. The Commission will then decide whether the proposed regulations are compatible with the developing Community-wide transport policy.

Recent moves have also been made toward developing a network of Community arterial roads, adopting a European highway code, standardizing vehicle equipment and parts, and providing freighting goods stations for truck drivers.

### *Commission's "Action Program"*

The program which the EEC Commission submitted to the Council deals mainly with transport by rail, road and inland waterways; but sea, air and pipeline transport are also considered. It is based on four main principles:

- 1) Abolition of discrimination based on firms' nationality, including the payment of subsidies.
- 2) Community-wide freedom of action for carrier firms.
- 3) An unrestricted choice of the various forms of transport for users.
- 4) A common Community policy for transport investment.

### *Access to the Market*

The program proposes measures to integrate transport policy by the end of the transition period. The measures aim at early elimination of discrimination on grounds of nationality, easing of quantitative restrictions now imposed on carriers, and supervision of transport capacity. Laws and regulations governing admission to the market in the six member countries would be standardized.

It is proposed that bilateral quotas be gradually replaced by a Community quota, open to carriers irrespective of nationality. This would be a five-year transition beginning in 1964, to be completed in 1969 by the introduction of a common procedure for managing the Community quota.

The program also proposes a flexible and gradual solution to the problem of admitting carriers from other Community countries to the domestic road and inland waterway services of the members. For road transport, carriers holding an authorization under the Community quota would be able to participate in the domestic traffic of other Community countries from 1964 onward, according to rules to be determined jointly.

### *Transport Rates*

The Commission has proposed a system of tariff brackets, subject to prior publication, for all types of transport and for essential traffic categories, to be introduced by stages. Starting on July 1, 1964, member countries would supply rate brackets on the basis of common principles but using their own procedures. In 1966 the national systems would be standardized, to make possible the establishment of a common tariff system throughout the Community by 1969. In addition to increasing the stability of the transport market, the system is expected to favor division of labor

between types of transport in accordance with their costs and natural advantages.

### ***Harmonization in Tax, Social, and Technical Fields***

To accelerate and complete the harmonization of transport conditions, it is proposed that:

- a. Limited measures should be taken, particularly in international road transport, to eliminate double taxation and to unify the rules governing duty-free entry of fuel in the tanks of motor vehicles, the basis of assessment for vehicle tax, and the taxes on fuel. Before the end of the transition period, equal fiscal treatment of the three types of transport will be ensured, particularly by the fair distribution of overhead costs.
- b. Working conditions and social security benefits should, by the end of the transition period, be equalized, both within any given type of transport and between the three types primarily considered in the program (rail, road, and inland waterways).
- c. Technical requirements, especially those concerning vehicle specifications and compulsory insurance rules, should be made uniform.

### ***Coordination of Investments***

To develop a genuine Community transport network adapted to the trend of the economy, the program proposes a procedure of Community notification and consultation to coordinate national decisions in the field of infrastructure investment, applying to the through-routes linking the entire Community.

It is proposed to give greater freedom in commercial matters to the railways so they can adapt themselves to the keener competition which will result from the widened market and new system of tariff brackets. The Commission is also in favor of encouraging modernization of road and inland-waterway transportation.

### ***Other Recommendations***

The program reviews the measures needed to abolish discriminatory treatment in rates and conditions, subsidies, and other practices incompatible with the Common Market Treaty. It also reviews steps to lessen the burden on traffic crossing frontiers within the Community and deals with the application to transport of the Treaty's antitrust rules.

Another section of the Commission's program suggests methods for a study of transport costs on which to base the implementation of the program, the gradual establishment of the new system of transport rates, and the standardization of competitive conditions.

### ***Action by the Council of Ministers***

On June 14 the Council of Ministers had its first exchange of views on the Commission's proposals. After the meeting the Council published a decision which will have the effect of removing restrictions on some types of road transport by the end of this year. Though limited in application, the Council's decision represents a practical step toward a common transport policy.

Under the decision all restrictions will be removed before the end of 1962 from the following categories of traffic, when transported by road by specialist carriers for third parties:

- Frontier traffic in a zone extending 15 miles on either

### **.. "an inevitable economic necessity"**

"Although the Treaty of Rome does not lay down a specific timetable for the establishment of a common transport policy, the Commission believes that action in this sector must not be allowed to lag behind Community action in the rest of the economy. This is why it has just presented its program of action, based on the ideas which it outlined to the Council of Ministers in April 1961.

"The program is concerned mainly with regulating access to the market, prices and the harmonization of social, fiscal, and technical conditions in order to foster competition and to ensure the coordination of investment.

"This action must be undertaken gradually and in a balanced manner so as not to create difficulties for the individual national economies. Thus it is essential that application of the different measures should go ahead along parallel lines.

"Starting with six different national transport policies, we shall create by the end of the transition period a transport market organized on a Community basis. This market must be able to meet the growing needs of the Community and to ensure the abolition of all discrimination based on nationality. In this framework, transport services will be able to operate freely within the Community. The rules of establishment will ensure the integration of intra-Community services with the national systems of member countries.

"Introduction of a common transport policy is not just an obligation imposed on the Community countries by the Common Market Treaty; it is also an inevitable economic necessity."

—LAMBERT SCHAUS, *Commissioner of the European Economic Community.*

side of the frontier, providing that the total length of the journey does not exceed 30 miles as the crow flies.

- Transport of merchandise to or from an airport as the result of diversion of a flight.
- Transport of passengers' baggage to and from airports for normal flights.
- Transport of mails, damaged vehicles, refuse and litter, carcasses for skinning, bees and young fish, and funeral transport.

A number of other categories of road transport will still require specific authorization but will be freed from all quota restrictions by the same date. They include frontier traffic up to 15 miles from the frontier, goods carried in vehicles with a total laden weight not exceeding 6,000 kilograms (approx. 13,200 lbs.), transport of works of art, transport of material for publicity or information purposes, household removals, and transport of equipment and animals for theatrical, radio, television, or sporting purposes.

The Council of Ministers also compiled a list of measures to be put into effect during the next three years and asked the Commission to submit detailed proposals on them



*The Trans-Europe Express "Northern Star"*

before the Council's next meeting on transport policy scheduled for September 27.

### **Data for a Common Policy**

Meanwhile the Common Market Commission's working party on traffic forecasts, composed of experts from the six member countries, held its first meeting on June 6.

The working party operates under the Commission's auspices in close cooperation with the national authorities and specialized research institutes. It will provide the basic information needed to draw up long-term programs for major traffic arteries. One of its special tasks will be to study the changes in the pattern of traffic that the gradual disappearance of economic frontiers will cause.

### **New Highway Code**

An earlier development in the transport field may enable a Western European highway code to be ready by the end of 1963. This is the result of an April meeting in Paris which included not only the transport ministers of the six Community countries but also representatives of Austria, Denmark, Norway, Sweden, and Switzerland. The ministers agreed to incorporate immediately in their national highway codes measures recommended by the experts who are drawing up the new European code, without waiting for agreement on problems still outstanding.

## **FIFTH GENERAL REPORT CHARTS EEC PROGRESS**

THE PERIOD April 1961 to March 1962 saw a further strengthening of the European Community institutions, according to the Common Market's fifth General Report, issued at the end of June.

The report, which summarizes the wide range of the Common Market Commission's work, points to the implementation of the common agricultural policy and of the first cartel regulation as perhaps the Community's most important and difficult decisions. It states that, as a result of bringing into agreement the different positions of the member states on these decisions, "new structures were created and new procedures adopted to meet the requirements of an integrated Community of 170 million people."

The report reflects the optimism of the Common Market Commission as it enters the second stage of its task of creating a full economic union of its members. The requests of Great Britain, Denmark, Norway and Eire to become full members and the applications for various forms of association received from Austria, Switzerland, Sweden, Spain and Portugal reflect the success of the European Economic Community, the report says.

For the future the Commission intends to pursue its work toward forging common policies for energy and foreign trade while maintaining the pace of economic integration, particularly in competition and social affairs.

### **Range of Achievements**

In the last year the Community adopted:

- the first regulation on the free movement of workers between member states,
- a new program for effective equal pay for men and women,
- general programs for the abolition of restrictions on freedom of establishment and the right to supply services throughout the Community.

The progress toward the customs union continued, as laid down in the Rome Treaty and in the acceleration decision

of May 12, 1960, to speed up the Common Market timetable.

The report stresses the scrupulous way in which the six member countries have carried out the agreed reductions in internal customs duties and have aligned their national tariffs on the Common External Tariff. It also emphasizes the importance of the further internal tariff reduction which came into force on July 1 of this year, bringing the total reduction to 50 per cent. As a result, the Common Market's customs union is two and a half years ahead of the schedule originally outlined in the Rome Treaty.

On the political side, the Commission has been attentive to the six Governments' discussions on the establishment of some form of political union. The report says that the Commission is convinced that any treaty to this effect should set the planned Union on a course basically similar to that followed in the Treaties of Paris and Rome.

### **"The Atlantic Partnership"**

In international affairs the Commission looks forward to the possibility of a partnership with the United States, not only in a tariff agreement, but also in organizing markets for major agricultural products and in ensuring fair competition in industry. "The United States Trade Expansion Act [now before Congress] was drafted with a view to discussions with an expanded Community, and it could be the basis for new economic relations between the industrialized countries of the free world," the report says.

The Commission also asks for a joint Community-U.S. effort in giving technical and financial aid to the developing countries and in organizing the commodity markets. The report reviews the part the Community continued to play during 1961-62 in giving aid to the associated African Countries and Malagasy through the European Development Fund and expresses the Commission's hope that a new Convention of Association, which is due to come into force by the beginning of 1963, will be agreed on shortly between the Community and its African partners.

## U.S.-Euratom Board Accepts SENA Proposal

The U.S.-Euratom Joint Reactor Board announced on June 29 the acceptance by the Euratom Commission and the U.S. Atomic Energy Commission of a proposal from the Franco-Belgian Society for Nuclear Energy of Ardennes (SENA) for the construction of a power plant utilizing a pressurized water reactor.

The SENA proposal was the first to be received in response to the second-round invitation issued in September 1961 by the AEC and the Euratom Commission for construction of nuclear power plants to be ready for operation by December 31, 1965.

SENA comprises a group of French and Belgian utility companies. Its proposal is for construction of a nuclear power plant at a site near Givet, France, on the Franco-Belgian border. The electricity produced will be distributed to the interconnected French and Belgian networks. The plant will have an initial capacity of 210 MWe with a possible subsequent increase to 242 MWe.

## The Six Study Companies' Legal Rights

Government experts of the Common Market countries met in Brussels in late June to discuss legal questions regarding companies located in the Common Market, as related to provisions of Article 220 of the Treaty of Rome.

At the meeting, held at the invitation of the EEC Commission, topics discussed included the recognition of companies, maintenance of their legal personality on the transfer of their registered offices, and the possibility for companies subject to the municipal law of different member states to form mergers.

In preparation for the meeting, the Commission had submitted to the six governments a detailed study of the member states' present laws relating to these topics. After a study of the questions, the experts agreed to hold further meetings to make a more detailed study.

According to Article 220, Paragraph 3, of the Treaty, the member states of the European Economic Community will ensure: **1)** the mutual recognition of companies; **2)** the maintenance of their legal personality in cases where the registered office is transferred from one country to another; **3)** the possibility for companies subject to the municipal law of different member states to form mergers.

## U.S.-Euratom Agreement Amendments in Force

Two amendments to the United States-European Atomic Energy Community cooperation agreement were placed in force on July 9.

The first amendment makes it possible for Euratom to lease fissionable materials from the U.S. Atomic Energy Commission for use in reactors to be built under the existing U.S.-Euratom Joint Program. Previously these materials had to be bought outright.

The second amendment puts at the Community's disposal—by either purchase or lease—the unused proportion of the 30,000 kg. quota of fissionable materials earmarked

for the Joint Program. This can be used either for research purposes or the fueling of new power reactors.

The Joint Program began operation in November 1958 and was supplemented by further U.S.-Euratom agreements in June 1960 and May 1962. It provides for general cooperation in peaceful uses of atomic energy.

## EEC Studies Insurance Taxing

Representatives of the six member governments and the Commission of the European Economic Community met in June to discuss, for the first time, questions arising from differences in indirect taxation on insurance contracts in the Common Market countries.

At present the same branch of insurance is subject to different rates of tax in the six member states. It is feared that, without standardization, competition between insurance companies will be distorted when restrictions on the supply of services have been lifted. Double taxation for the same insurance can also amount to a restriction on the supply of services.

Exchanging views on whether and to what extent such taxes should be standardized, the participants discussed double and multiple taxation, differences in the basis of assessment, and differences in tax rates on insurance and tax reliefs.

It was decided that the Commission should draw up working documents for a second meeting this fall.

## Euratom Contracts in France, Holland

The European Atomic Energy Community concluded two contracts of association in July—one with the French atomic energy establishment (CEA) for research in fast-neutron reactors and one with a Netherlands firm for plasma physics research.

Covering a period of five years, the new Euratom-CEA association will be concerned with the design, construction, and operation of the sodium-cooled fast-neutron "Rapsodie" experimental reactor and also of a fast-neutron critical assembly. Euratom's financial participation will amount to about 35 percent of the total \$90 million project. The CEA has been conducting these studies since 1958. Fast-neutron reactor research is an important part of Euratom's second five-year research program.

The plasma physics studies, a phase of Euratom's nuclear fusion research, will be conducted under a three-year contract of association with a Netherlands firm, F.O.M. (Stichting voor Fundamenteel Onderzoek der Materie).

## Euratom Bulletin in Five Languages

The Commission of the European Atomic Energy Community is now issuing a Bulletin on Euratom's progress, based on the Community's four years of work and research in the useful applications of atomic energy.

The Bulletin appears quarterly in five language editions, Dutch, English, French, German, and Italian. Orders may be placed with A. W. Sythoff, Post Box 26, Leiden, Netherlands; a year's subscription costs \$3.50, single copies \$1.

# COMMON MARKET STUDIES RELATIONS WITH LATIN AMERICA

THIS FALL the Council of Ministers of the European Economic Community (Common Market) will hold a general discussion to define a Community attitude toward Latin America.

The discussion will be based on a report which the EEC Commission recently submitted to the Council at its request, outlining the present status of relations and economic ties between Europe and Latin America and presenting proposals for the future.

The Commission's report stresses the need for a more direct and systematic exchange of views on the economic developments and problems of the two continents and proposes that frequent reciprocal study-visits be made. These informative exchanges would serve, as do similar informational aids placed at the disposal of the Community institutions by the member states, to assist the Community in forming decisions.

## *Cooperation between Continents*

Such decisions would be in the areas of commercial policy, financial policy, and technical cooperation. The report suggests courses of action to be examined by the Council.

These steps have been taken because, in view of the long-term prospects opened by the Alliance for Progress and the beginnings of a Latin American common market, the Community has felt the need for adoption of a common attitude toward Latin America; for, according to

Community spokesmen, "that continent, in its striving for unity and progress, may benefit by the aid and experience of a Europe which has had to grapple with similar problems."

Representatives of the Organization of American States and of the Community have met several times during 1962 for discussion, and the OAS announced recently that it will open a Paris office which will maintain contact with the Common Market.

## PUBLICATIONS AVAILABLE

BASIC STATISTICS FOR FIFTEEN EUROPEAN COUNTRIES, Comparison with the United States of America and with the Union of Soviet Socialist Republics, Statistical Office of the European Communities, November 1961, 133 pp. . . . . 80¢

ANNUAIRE-MANUEL DU PARLEMENT EUROPÉEN, 1961-62, European Parliament, 1962, 734 pp. . . . . \$5.00

STATISTICS OF ENERGY, 1950-1960, by V. Paretti and G. Bloch, *Informations Statistiques*, Statistical Office of the European Communities, 1962, 204 pp. . \$1.50

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