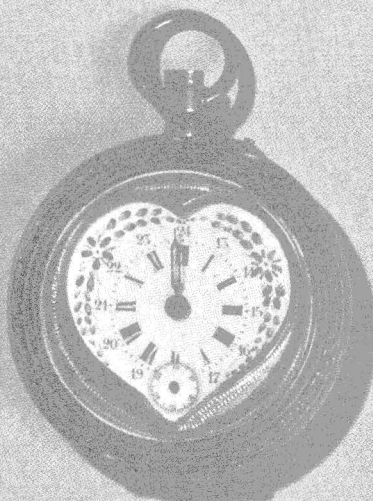
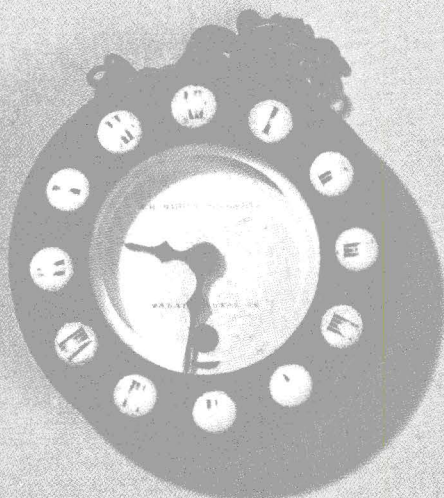
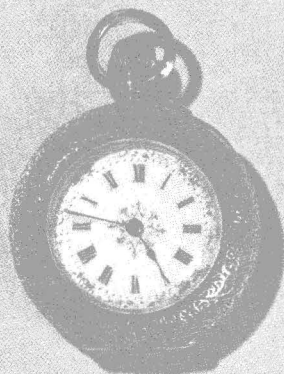


JUNE 1968 NO. 113



European Community

COMMON MARKET • COAL AND STEEL COMMUNITY • EURATOM



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The views expressed by contributors do not necessarily reflect the policies of the European Community.

This month the European Community looks to July 1, the long-awaited date for the coming into effect of the customs union. The union has taken more than ten years to complete. Although a few procedural decisions must be taken before it becomes fully operative, the stones are in place for the customs union and they, in turn, form the foundation for the economic union of Europe which is still building.

In this issue of the EUROPEAN COMMUNITY, *H. Peter Dreyer* and *Alexis Dubois* discuss what the customs union is and what remains to be done; President *Jean Rey* says what July 1 means to the Community. *Astrid Lulling* looks at the Community from a consumer's vantage point; *Jacques-René Rabier* surveys the change of attitudes of German and French youth on exchange visits, and *Kenneth F. Chapman*, discusses the history of "Europa" stamps.

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*"It is up to us to undertake the construction of a reconciled and united continent . . .
that a young person will think deserves his work and commitment."
A meeting during the student demonstrations in May at the Free University of Belgium, Brussels.*

European Unity—A Duty

July 1, 1968, the European Community will complete its customs union a year and a half ahead of the Rome Treaty timetable. The last remnants of customs tariffs inside will vanish, the common external tariff will be in place, and the first two tariff reductions negotiated last year at Geneva will be made. This great economic, psychological, and political event will bring home to Europeans the importance and the urgency of the second stage of European unification, the economic union. The task is enormous.

Now the Community must put all its energy into the construction of economic union. At a time when our continents have so many difficulties and conflicts, Europeans should set an example of wisdom, unity, and strength. Europeans should move towards unity to assure the independence of their continent, to equip it to meet the challenges of our time, and to do its part for developing countries. It must be done; it is our duty as men *vis-à-vis* the next generation.

Looking at the current disturbances in our universities, let's not waste time wondering whether professional agitators or fanatical revolutionaries have subverted our student bodies. Let's ask ourselves, instead, whether the face of our society—as we show it—pleases young people today, and whether we can't do something to make it more attractive. "Make your God greater for us, if you want us to adore him," said Voltaire to a Christian of his day. It is up to us to undertake the construction of a reconciled and united continent, a continent that a young person will think deserves his work and commitment. JEAN REY, *President of the European Communities Commission.*

July 1, 1968

A Landmark, but One of Many

by H. PETER DREYER

AMONG THE SEVERAL dates since 1958 highlighting the progress of Common Market integration, July 1, 1968, deserves to be considered the most important. Two major developments are scheduled for this day. First, what is still left of industrial tariffs between the Community's six members will disappear. Second, from that moment on, a common external tariff (CET) will encircle the Common Market. Whether merchandise from the United States, Britain, or Japan is landed in Hamburg, Rotterdam, or Genoa, the same amount of duty will be charged.

Two other elements add emphasis to the occasion.

- It occurs a full 18 months ahead of the Rome Treaty schedule. Vigorous business expansion in the Community's early years of existence permitted the acceleration of internal tariff cuts and with it, of the corresponding adjustments to the CET.
- The joint tariff that goes into effect on July 1 will be generally lower than anticipated some years ago as a result of the 1967 Kennedy Round accord within the General Agreement on Tariffs and Trade. These tariff negotiations stipulated that tariff reductions, amounting to 50 per cent for a large variety of goods, be carried out in five annual stages. Rather than be saddled with tariff changes on January 1, 1968; again on July 1; and once more on January 1, 1969, the Community chose to combine the first two steps, and take them on July 1. At this move, customs administrations and traders everywhere must have breathed sighs of relief.

Landmark that July 1 promises to be, ushering in conditions which a generation ago would have seemed totally unbelievable, its impact, however, should not be overrated. Goods will not yet be shipped as freely from Paris to Milan, or Brussels to Stuttgart as they now are from one Belgian province to another or from New York to New Orleans. Their flow will remain hampered by a multitude of restrictions. Of these, some may disappear in the not too distant future. Others may still stay around for a number of years.

Customs duties separating the member countries have been whittled down steadily during the past decade, often at annual intervals and mostly in 10 per cent slices. They are now a mere 15 per cent of what they were on January 1, 1958, when the Common Market began. If at the time, for instance, France levied a 30 per cent duty on a given product, the tariff on the same product from a partner country now would only be 4.5 per cent. That, too, will disappear on July 1.

Is the Last Tariff Cut the Hardest?

An old argument, still not settled, is which "part" of a duty really matters. Some experts maintain that, with 85 per cent of the protection gone, what is left is in fact irrelevant. Yet a case is also made for the opposite view, that the bulk of a tariff often only serves to assure the manufacturer of larger profits, that only the last few per cent count and, once removed, might impede his competitiveness.

In any case, not only has trade within the Community steadily grown faster than trade with the outside world, and seems still to do so, but it is also quite evident that, where in-

dustrialists still shielded by a tariff wall worry over the approaching July 1 date, their concern relates less to conditions within than outside the Community. By and large, the achievement of the CET appears to weigh heavily on their minds.

One reason is that this move, reinforced by the Kennedy Round concessions, often implies more incisive cuts than those left to be made in intra-Community dealings. Another is that action here involves more competition with a large number of countries, including some of the world's most efficient industrial producers, instead of just the other five Common Market partners.

The nature of the CET adds to the difficulties, real or apparent, which some manufacturers dread. All in all, it represents an average of the original, mainly high, French and Italian tariffs and the distinctly lower German and Benelux rates. The two previous alignments each amounted to 30 per cent of the difference between each country's initial national tariff and the CET. Thus there remains a final adjustment of 40 per cent to the CET, or more precisely to the CET minus the first two Kennedy Round reductions.

American exporters, eyeing post-July 1 customs duties in Germany or Benelux, will probably find that changes have been on the small side. Adjustment of the CET will generally mean higher rates, but much, and occasionally all, of this rise will be offset by reductions under the GATT agreement. For France and Italy the picture is altogether different. For them, CET adjustment almost invariably results in a sizeable drop in duties, the results of the Kennedy Round will make that drop larger still. On many industrial items, rates will come down by almost one-half.

Non-tariff Barriers

It's impossible to tell now whether the apprehensions of some producers about these imminent cuts are justified. Ten years ago, the fear was common that manufacturers considered "less efficient" in some countries would be wiped out by "more efficient" competitors elsewhere, once intra-Community tariff protection had gone. Even now, such worries have not completely disappeared, but the clamor has become more subdued. Moreover, the countless administrative and other barriers left still serve to shield domestic industries, against both the outer world and the other Common Market countries.

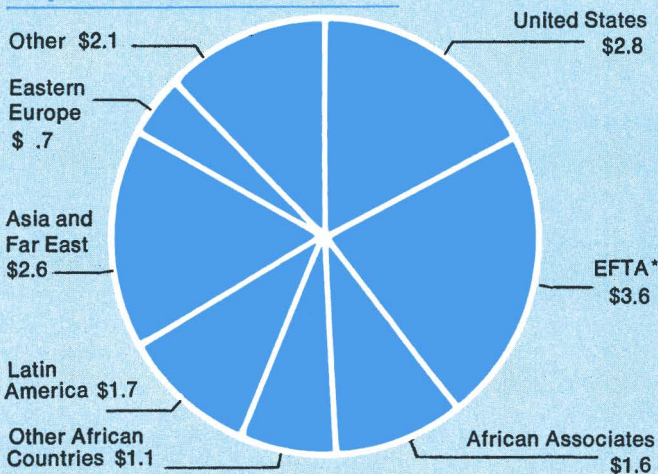
Inside the Community the elimination of some of these restrictions has become a specific objective. Relevant proposals have been, or are being submitted to the Council of Ministers by the Commission. Even in the cases where the Ministers may not act before July 1, there is hope that they may do so not too many months later. Harmonization measures, for instance, are needed for customs problems such as duty free zones and free ports; customs warehouses; transit trade; and duty exemptions for certain merchandise, such as that intended for maritime ships and airplanes.

Obviously, customs classification must be the same throughout the Community. According to whether an ashtray is listed as a smoker's requisite, a glass product, or an object of art, it might be dutiable at varying rates. It is essential that it, or any other product, be put in an identical group in every one of the six countries. Much the same is true of the customs value assessed on any one item. Failure to attain such conformity

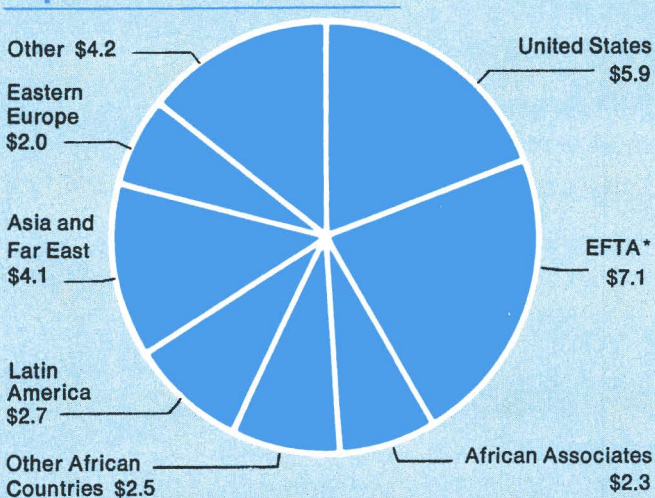
COMMUNITY'S FOREIGN TRADE

(in billions of dollars)

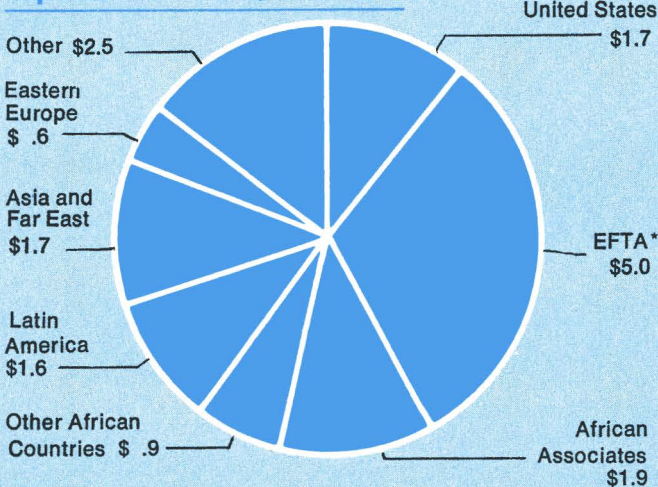
Imports 1958 \$16.2 billion



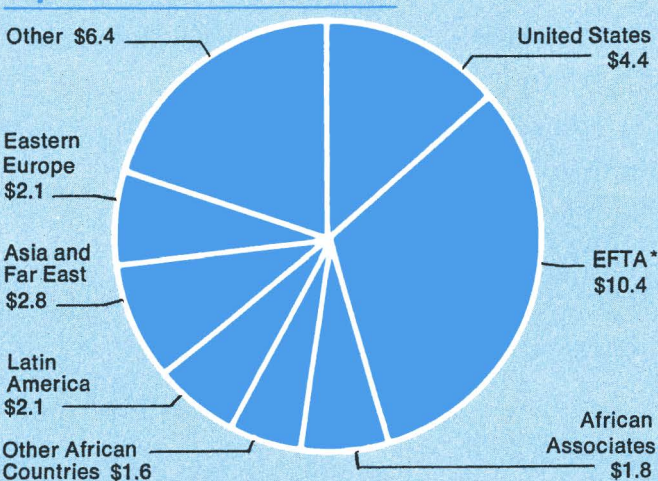
Imports 1967 \$30.8 billion



Exports 1958 \$15.9 billion

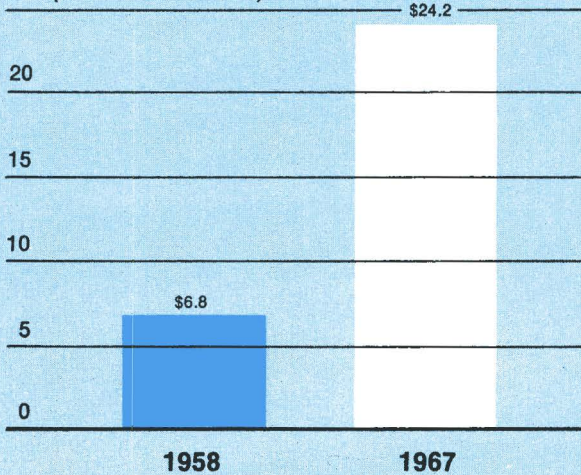


Exports 1967 \$31.6 billion



Intra-Community Trade Up 254%

(in billions of dollars)



would mean differing duty payments in different countries on the same type of merchandise, opening the door to trade distortion.

Common Commercial Policy: A Distant Target

This kind of harmonization work is moving ahead. But after it has been completed, the free and uncontrolled circulation of goods throughout the Community will remain a somewhat distant target. To achieve it, broadly speaking, greater "interference" with member countries' sovereign rights is required than they seem willing to concede right now.

Some form of control, at borders or elsewhere, is made mandatory by the existence of different taxation systems. Even the introduction of identical turnover tax systems, as members are committed to by January 1, 1970, will not be sufficient. They must also adopt the same tax rates to obviate controls, thereby abandoning a vital element of their financial autonomy.

Leaving aside the vast number of border restrictions now in use (on military, health, technical, and other grounds), leaving aside, as well, the state monopolies operating in various member countries, the absence of joint Community policies also dictates continuing border supervision. As long as member countries pursue individual commercial policies *vis-à-vis* third countries, like those of Eastern Europe, the totally free movement of goods is not feasible. Otherwise, a product liberalized by one country but not by another could enter the second country through the first.

Needed, too, is a system for the common collection and distribution of customs duties. As long as this does not exist, the member nation for which the imported merchandise is intended will probably insist on levying the payment, rather than leave this job to some other member through whose territory the goods happen to enter the Community.

It is evident that these and related obstacles will not easily budge. Seeing how formidable they are, and how much they interfere with the smooth working of a genuine customs union, it might perhaps be asked whether July 1, 1968, is indeed as important a date as was stated here initially. The answer, as must always be the case on such occasions, depends on each

individual's approach. If he considers (or considered) European integration as something that would rapidly and completely supersede centuries of national developments, the true state of affairs is bound to disappoint him deeply. But if he sees each step as preparing for, and leading to, the next one, the July 1, 1968, date deserves to be singled out. Everything else being equal, it holds the potential for generating more pressures working towards integration than any other event in the Community so far.

LOWERING THE COMMON TARIFF

At present the average customs levied on industrial products from non-member countries is: France 14.4 per cent, Italy 13.8 per cent, Benelux 11.2 per cent, and Germany 11 per cent. The common external tariff to be introduced on July 1 would have been 12.8 per cent. But as the Community is also carrying out the first two installments of the Kennedy Round tariff reductions on July 1, the average level will in fact fall to 10.7 per cent. When all five installments have been carried out—by the beginning of 1972—the average Community tariff level will be 7.5 per cent.

POST-KENNEDY ROUND INDUSTRIAL TARIFFS

(Per cent ad valorem, in 1972)

SITC*	United States	United Kingdom	European Community
51 Chemical elements & compounds**	9.4	8.8	6.8
52 Crude chemicals	3.9	6.0	2.2
53 Dyestuffs and Coloring materials	11.8	6.9	6.9
54 Medicinal & Pharmaceuticals	10.3	7.8	6.7
55 Essential Oils & Perfumes	7.8	10.6	6.1
56 Manufactured Fertilizers	4.6	4.6	3.0
57 Explosives	4.7	8.3	7.3
58 Plastics	10.5	6.4	7.5
59 Other Chemicals	8.8	6.4	6.0
5 All Chemicals	9.2	8.1	6.4
61 Leather manufactures	7.8	9.7	5.8
62 Rubber manufactures	6.9	8.5	5.7
63 Wood & Cork manufactures	8.2	7.5	7.3
64 Paper & Board manufactures	8.9	12.6	11.0
65 Textile Yarn & Fabrics	18.6	16.3	10.5
66 Non-metallic Mineral manufactures	10.5	9.1	6.5
67 Iron & Steel	8.7	9.0	7.2
68 Non-ferrous Metals	12.2	7.4	6.3
69 Other manufactures of metal	12.7	11.5	7.9
6 Manufactures classified by materials	12.3	12.0	8.0
71 Machinery—Non-electric	5.8	8.8	5.7
72 Electrical machinery	8.1	10.4	7.9
73 Transport equipment	7.2	10.5	8.5
7 Machinery & Transport equipment	6.7	8.8	6.8
81 Sanitary, Plumbing, Heating	14.9	11.5	9.0
82 Furniture	10.1	12.5	8.1
83 Travel goods	13.0	17.5	11.3
84 Clothing	22.6	19.9	11.8
85 Footwear	11.8	19.6	10.7
86 Professional & Scientific instruments	15.4	13.6	8.6
89 Miscellaneous manufactures	10.9	8.9	7.4
8 Miscellaneous manufactured articles	14.7	10.5	8.5
5-8 AVERAGE TARIFF ON MANUFACTURES	11.2	10.2	7.6

*Standard International Trade Classification

**Assumes abolition of ASP

SOURCE: Maxwell Stamp Associates. The Free Trade Area Option: Opportunity for Britain, *The Atlantic Trade Study*, London, 1968, page 40, "Comparison of Average Tariffs by Standard International Trade Classification Divisions."



Shell Italiana installation, Rho, Italy. The Community's tariffs on chemicals will average 6.4 per cent in 1972, as compared with an average U.S. tariff of 9.2 per cent if the American-Selling-Price system of customs evaluation is abolished, according to the Maxwell Stamp study.

When Is A Customs Union Not A Customs Union?

by ALEXIS DUBOIS

A COMMON TARIFF on imports from outside is the first sign of a customs union. But for it to work efficiently on July 1, goods imported from outside the Community must be handled the same way at all customs ports. At the moment, the application of the common tariff, the speed at which goods pass through customs, the facilities offered for storing goods in bond, and other aspects of customs processing all vary. These differences could distort trade and customs revenue.

To bring the member countries' customs regulations into line, the Commission recently put before the Council of Ministers a number of proposals that are now in different stages of the legislative process.

How the Common Customs Tariff Works

In the first place, it is essential for customs officers to apply the common tariff in the same way. All the member states belong to the Customs Cooperation Council (CCC), an international organization with headquarters in Brussels, and are contracting parties to its nomenclature. This nomenclature forms the basis of the Community's customs tariffs and enables customs officers to decide in which category an imported product belongs.

The CCC nomenclature has 1097 headings arranged in 99 chapters and contained in 21 sections. Goods are usually classified by the material they contain. Most chapters start with raw materials and progress to finished articles. Contracting countries, nonetheless, remain free to create their own sub-headings for products or product categories to be accorded special treatment. The Community's nomenclature actually consists of 3000 headings. To ensure that each of these classifications will be uniformly interpreted at the Community's frontiers, Community officials, with the help of experts of the six national administrations, have been writing explanatory notes for each heading and subheading. This has been a difficult and tedious task in view of the complex composition of many modern manufactured products, especially in the field of chemicals and electronics. So far the notes for about forty chapters have been completed.

Uniform Assessment

In a customs union, uniform classification of imports is not enough; customs officers must assess customs duties on each type of import in the same way. Even though all six Community members are contracting parties to the CCC convention, on the valuation of goods for customs purposes, they have not applied it in the same way, and important divergencies have become evident in the Six about interpretation of "value for customs purposes."

An example of what must be avoided would be the case of an American car imported into the Federal Republic of Germany. The dutiable value of the car in Germany is the price of the car plus the cost of transport and insurance to the German frontier. If, when the customs union comes into force, the importer paid the duty at a point of importation into the Community, at Rotterdam for example, transport and insurance

costs would be lower and as a result, so would the duty. Since such a situation would distort trade and customs receipts, the value of the car for customs purposes has to be made identical at every point of the Community's borders.

For this reason the Commission proposed that customs value include transport and insurance costs only up to the Community's external frontiers (see *European Community* 109, page 15). In the example given, no customs duty would be levied on transport and insurance costs between Rotterdam and the Netherlands-German frontier. In other words, there would be no incentive for the German importer to go through customs at Rotterdam, Geneva, or Marseilles, rather than at Hamburg or a point on the German border. The Commission also suggested the establishment of a Customs Valuation Committee of experts from the member countries to help customs officers resolve specific problems of valuation.

Bonded Warehouses

The Community members also have different regulations for assessing duties on imports that are temporarily stored in bonded warehouses. Some of them let importers pay the lowest duty that prevailed during the storage of the goods; other countries use the duty rate in force when the goods leave the warehouse.

Clearly importers would tend to use those bonded warehouses with the most liberal procedures. According to the Commission's proposals, all member countries would apply the same procedure: goods taken from bonded warehouses will pay the duty then in effect (*European Community* 109, page 15).

Deferred Payment

Normally importers are supposed to pay customs duties when they take possession of goods, and in Italy they do. Belgium, the Netherlands, and Luxembourg allow importers to postpone payment for a week. Some member countries give importers three months' credit free of interest. Others extend credit or allow installment payments but collect interest. In addition, the rate of interest varies according to the countries' bank rate.

Since these variations would distort trade, the Commission has suggested that, after a transitional period, all importers be allowed to postpone payment for 30 days before they are charged interest, at the rate then prevailing on the country's money market. This directive will not, however, apply to other taxes, such as the added-value tax, which are also levied at the frontier.

Customs procedures also vary between individual member countries, and result in considerable differences in the time it takes to clear shipments. The Commission has worked out detailed common rules to overcome these variations and to provide for rapid customs processing of goods (*European Community* 109, page 15). For example, imports will have to be assigned a customs procedure within ten weeks after they are brought to customs if they have come by ship, and within two weeks if they have come by other means.

The Commission has also prepared common rules for the Community's free ports, such as Hamburg, Bremen, Trieste, and Genoa. The Commission does not object to free ports in the Community, but it wants to ensure that the facilities available should be the same everywhere, that member states wishing to

Mr. Dubois, director of the department that handles customs questions for the European Communities Commission, explains some of the problems still to be ironed out after the "completion" of the customs union on July 1.

open new free ports should be able to do so, and that the free ports should be exempt on similar terms from application of the common external tariff. The Commission hopes that its proposals will be ready shortly.

Processing Traffic

Of all the problems tackled in the sphere of customs legislation, the system of processing traffic is certainly the most delicate. This system enables industrialists who can take advantage of it to import goods temporarily from a non-member country without paying customs duties, process those goods, and re-export the finished products to external markets.

The advantage of the firm is obvious; it can sell in external markets on a better competitive footing, as the customs duties are not applied and therefore do not affect the price. This system also makes it possible to produce custom-built goods and to comply with the wishes of customers who want finished products manufactured in materials or with parts of a specific origin. Textile firms for example (in particular for bleaching and printing) often use this system when permitted to do so. Some countries, however, may refuse these facilities because they want the firm to use local materials. As a result, certain member states have been more liberal than others in permitting freedom of operation: the Netherlands and Belgium authorize any production of this kind that can be supervised at customs level. In view of its economic effects and, in certain industries, its social consequences, harmonization of national systems is, although one of the most difficult tasks, an essential condition of the customs union. The Commission has, therefore, prepared and submitted to the Council appropriate Community rules (see *European Community* 112, page 18).

Other Frontier Controls

Besides customs checks, the Commission has found that health, fiscal, statistical, and many other controls are applied at intra-Community frontiers, often by the customs officers themselves. It would be absurd if, after July 1, prolonged delays were imposed on goods because of these other controls. It would be especially illogical if the customs officers who now carry out these duties were replaced by officials, such as statisticians and quality inspectors. In the end, intra-Community movement would be more complicated than movement in trade with non-member countries, since in the latter case non-member country's goods may circulate under existing international transit systems.

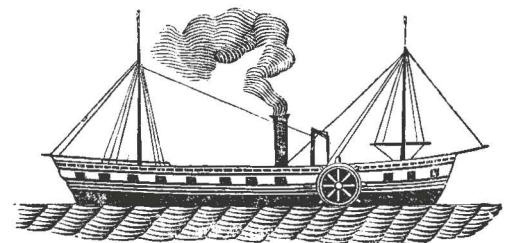
To prevent such discrimination the Commission has proposed that, when accompanied by a document that is fairly simple to complete, Community goods may move from departure point to destination without break of loads and with only a short stop at one of the two customs offices usually found between two member states. The fiscal and other formalities and various inspections would be postponed until the goods arrived at their destination, so that there would be no delay in transit. A similar procedure would also apply to merchandise coming from non-member countries.

Duty-free Materials

All member states allow certain products to be imported duty-free. In some cases, this exemption has considerable economic effects and concerns specific industries, notably construction

and repair of aircraft and ships. The prosperity of these two industries and their competitive positions in relation to those of non-member states depend to a large extent on the customs facilities they are granted. The Community's ship and aircraft builders should therefore be placed on the same footing: that is, customs exemptions should be harmonized. The Council has already agreed on the suspension of customs duties on some material for servicing and repairing aircraft weighing more than 15 tons, but agreement has not yet been reached on aircraft weighing less than 15 tons (*European Community* 112, page 18).

Most member states already help their shipyards to compete with foreign shipbuilders by exempting from duty all material for the construction of sea-going ships. The Commission is now considering ways of ensuring that Community shipyards compete on equal terms—both with one another and with yards outside the Community. So far, five member states have stated that the exemption from duty should continue. Finally, there is the question of exempting imported armaments for national defense. The sums involved in arms purchases, and the economic consequences of such orders, are enormous. Here, too, a common solution needs to be worked out.



WHAT HAPPENS TO CUSTOMS RECEIPTS?

Mr. Dubois leaves unanswered one important question: what happens to customs receipts after July 1? Does the country in which goods are landed or the one in which the goods are used keep the customs proceeds, or are they deposited in a common fund?

Article 201 of the Common Market Treaty provides that income from the common customs tariff can accrue to the Community, replacing the member states' contributions to the budget after the establishment of the common customs tariff. No official proposals along these lines have been made since the crisis of June 30, 1965. The crisis began when the Council of Ministers failed to reach unanimous agreement on the Commission's proposal to create an equalization fund for redistribution of customs receipts and to increase the European Parliament's budgetary powers. It ended seven months later, when the Ministers of the Six, meeting in Luxembourg, "agreed to disagree" on certain issues that were at the root of the crisis. One of the issues not resolved was the disposal of customs receipts after the establishment of the customs union.

European Unity in Stamps

by KENNETH F. CHAPMAN

Mr. Chapman is editor of the British publication Stamp Collecting.

MOST COUNTRIES belong to the Universal Postal Union (UPU), without which international mail and telecommunications would strangle in miles of national red tape. The UPU, however, has no control over its members' domestic mails; and there has been talk of giving supranational control of all Western Europe's mail to a European postal union. Such a union would set basic postal rates and issue postage stamps of uniform design, denominated according to a common currency that would be acceptable in post offices throughout Western Europe, and, preferably, bearing no mark of national identity.

This ideal still remains an ideal. Nationalism is the major stumbling block, though some of the more militant advocates of a "European Postal Union" have successfully promoted the idea of "Europa stamps." In 1956, Belgium, France, Italy, Luxembourg, the Netherlands, and the Federal Republic of Germany, already joined in the European Coal and Steel Community, issued the first Europa stamp series. The stamps bore a single symbol of European unity, but they still had each issuing country's name and currency on them.

The six Community members again issued Europa stamps in 1957 but with differing designs for each country. In 1957, Germany also issued stamps similar to its own Europa stamp for the Saar where, at that time, French currency was still in use. Greater uniformity in Europa stamp designs prevailed in 1958 and 1959.

CEPT Formed with 19 Members

Until 1959, when the *Conférence Européenne des Administrations des Postes et Télécommunications* (CEPT) was formed,

the Six were the only issuers of Europa stamps. That year, the Six first incorporated the letters "CEPT" in their stamp designs in recognition of the new forum where Western European countries could discuss their postal affairs. Nineteen countries joined the new organization: the Six, together with Austria, Denmark, Finland, Great Britain, Greece, Iceland, Ireland, Norway, Portugal, Spain, Sweden, Switzerland (with Liechtenstein), and Turkey. Essentially a consultative and advisory body, the CEPT has no legislative powers, national or international.

The first full CEPT conference was held in 1960 at Montreux, Switzerland, and all 19 members issued commemorative stamps. It was Britain's first Europa issue; and, in common with her partners (except for independent-minded Austria and Liechtenstein) she made use of the Conference symbol—a 19-spoke wheel which formed an ornamental O in the word "Europa." The symbol was the work of a Finnish designer, Pentti Rahikainen. Seventeen countries used it practically unaltered, placing "CEPT" below the wheel.

Britain was a little more adventurous. Its stamps included the symbol, but this was "topped and tailed" by ribbands bearing the full title "Conference of European Postal and Telecommunications Administration" in English. There was also the Queen's portrait, an indispensable part of any British stamp design in view of the traditional absence of the country's name from its stamps.

The other 1960 variants from the standard included the stamps of Liechtenstein, designed by a local artist, L. Jaeger, showing a section of a honeycomb with the letters of Europa spaced out in the honeycomb cells. Austria chose an ionic column



design, surmounted by the word Europa, the design of a native artist, J. Pilch. Curiously, neither of these countries had taken part in Europa issues before, and yet neither made any reference to the CEPT which, after all, was the *raison d'être* for these stamps.

The British Post Office was host to the next CEPT conference, at Torquay, Devon, in 1961. The symbol this time was a flight of 19 doves so arranged as to form the outline of a single dove. Most CEPT members adopted the design, by T. Kuper-shock a Dutch artist, outright. Austria did not issue a stamp. Liechtenstein's second design was as individual as its first. Britain stressed the CEPT link and omitted "Europe" which all the other stamps featured.

Europa stamps, designed to further the cause of European unity, continue to appear annually in many Western European countries. They now include issues from San Marino, Monaco, and other European postal administrations whose political impact in Europe may not be very important but whose impact on the pockets of stamp collectors has been very long-standing.

Collectors Build on "European" Theme

In addition to these stamps with a direct CEPT interest and the earlier Europa issues back to 1956, there have been many issues related in one way or another to European affairs. Issues have commemorated the meetings of the Council of Europe and other gatherings of European leaders of industry and commerce. These, together with the Europa and CEPT issues, form a compact group which many philatelists collect as a unit, building their collections around the theme of Europe, irrespec-

tive of the issuing country. Such a collection would naturally include the small group of EFTA stamps. These were issued by the members of the European Free Trade Association (excepting Austria, but including the associate member Finland) in 1967 to mark the final abolition of import duties on industrial trade between them.

Europa and CEPT stamps are popular with stamp collectors, especially those on the Continent. Printings were comparatively small, at first, when the 1956 stamps inaugurated the series. Later, realizing the demand from collectors, the issuing countries gradually increased their printings, thereby stimulating an even greater demand. Latecomers among collectors of Europa stamps have called heavily on stocks of earlier issues and are finding the market hardening against them.

The complete collection to date comprises 337 different stamps from 34 postal administrations and costs more than \$120.00. Seven stamps in the group account for almost half this amount. Two of the seven, Luxembourg's 1956 and 1957 issues are now extremely scarce. Luxembourg's administration printed for postal—as distinct from philatelic—demand in the early years, whereas the more generous printings of the other Community members included provision for collectors. The first Liechtenstein Europa stamp (1960) has also risen steeply in price.

The number of special catalogues and price lists on these and other issues associated with European affairs clearly shows their continuing popularity and will help to maintain demand for them among future collectors. As dealers' stocks must eventually dwindle, prices should rise steadily. The future of Europa stamps looks assured.



The Common Market: Its Meaning to Consumers

by **ASTRID LULLING**

A HUNDRED AND EIGHTY-FOUR MILLION consumers live in the Common Market, yet they remain almost entirely voiceless in representing their own interests.

In comparison with the large, effective lobbies that trade associations, farmers, industry, and labor maintain in Brussels, consumer representation in the European Community still is alarmingly underdeveloped. Although organizations interested in consumer questions (national consumer associations, consumer cooperatives, family associations, and labor unions) have met regularly in a Contact Committee of consumers in the Community, they have not been able to raise enough money even to establish permanent representation in Brussels. The Committee is trying to make up for its lack of material resources with exceptional activity; but when consumers cannot even afford a typist, their powerlessness in face of the powerful lobby of producers, dealers, and farmers is hardly surprising. While there are omissions in the European Community's handling of consumer affairs, shortcomings are equally to be found in the behavior of the consumers themselves.

Does the Common Market Benefit the Consumer

It is widely assumed that consumers will "naturally" benefit from the Common Market's spin-off effects, and that it is unnecessary to consider consumers' interests separately when working out common organizations or drafting other regulations.

The balance of ten years of Community activity is, of course, not purely negative for the consumer: the variety of goods on the market has increased and will increase further after the completion of the customs union on July 1. People are less surprised than before to find industrial and agricultural products from all six member countries in their own markets. The Kennedy Round tariff reductions on trade with non-member countries will also ensure that the selection of goods from those countries will not decrease, at least not in the industrial sector. An increased offering gives consumers a wider choice and improves their chances of finding better qualities at lower prices. Keener competition and an enlarged market, comprising six national economies and 184 million consumers, has also given consumers at least some of the advantages the Common Market was supposed to offer.

Rationalization of production (and a lower wage level) enabled the Italian refrigerator industry to produce quality merchandise at reasonable prices and gave it the competitive edge over the French. But in Germany, too, the Italians exerted enough pressure on prices to lower them significantly.

In the textile industry, there is already a kind of division of labor whereby manufacturers specialize in the type of product that they are best equipped to manufacture. Thus, Germans concentrate increasingly on high quality men's and ladies' wear, while the Italians specialize in knitted goods, particularly the more popular lines.

Specialization can and must go further, and the Commission's policy makers will have to assist and guide this process both in industry and agriculture.

Miss Lulling, a Luxembourger, is a member of Luxembourg's Chamber of Deputies and is also a member of the European Parliament's Socialist faction.

Disadvantages of the Agricultural System

The lack of harmony in the sale of agricultural products in the six countries (prices aside) leaves much to be desired. Artichokes, for example, can be bought in Germany only in delicatessen shops, and at very high prices. Melons, eggplants, and oysters are still not available at reasonable prices, both because the German consumer is not accustomed to these products and because they are neither offered at reasonable prices nor promoted by modern advertising methods.

As a result of agricultural policies, individual agricultural products such as frozen Argentine meat and Danish pork, cheeses, and eggs no longer enter Community territory, or else the prices are not as reasonable as previously. Denmark and the Eastern European countries now receive quotas only for certain quantities of certain items (for example geese from Poland at Christmastime).

The import of citrus and other tropical fruits into Germany is also undergoing a change. Jaffa oranges from Israel do not enjoy the same preference as Italian oranges. Some of the states associated with the EEC can demand, on more or less good grounds, that the Federal Republic should no longer buy all the bananas it consumes from Guatemala, Colombia, and the Canary Islands.

The change in the pattern of trade brought about by the Common Market can have, as the above examples show, both advantages and disadvantages. It is up to the Commission and the organizations representing the consumer to see to it that the advantages predominate.

The common agricultural policy suffers all too much from supposedly "national" interests. Actually the difficulties of a numerically small producer class are being used as a yardstick for the Community's common policy on markets, prices, and structure, although developments such as the vast butter surplus show that these run counter to the legitimate interests of the Community and of all who live and work in it. This in turn hampers the establishment of a viable agricultural system and the betterment of farm incomes.

Every Aspect of Economic Policy Affects Consumers

To subsidize moribund and structurally weak branches of the economy instead of spending the same money on industry and research is bad policy, especially for the Common Market's 184 million consumers. Such a policy jeopardizes full employment and economic expansion, which are, after all, the source of wealth and the means to a higher standard of living.

The Community's policymakers must become consumer oriented both in theory and in practice. There is no better way of making Europeans aware of the Community as a living reality than doing away with national barriers and customs chicaneries. The abolition of duties between the member states is not enough.

Tax frontiers are another difficult problem. Export products still receive customary tax relief at each member countries' frontiers. Turnover taxes that have been collected in the exporting country are refunded, and the turnover tax of the importing country then paid. Taxation rates vary, but usually they give domestic products an advantage over foreign goods, which have greater difficulties anyway in foreign markets.

Taxes, state levies, and social charges lead to varying degrees



Two attentive consumers in a super market in Brussels scrutinize the label on a jar of pickles in front of a display of Kellogg's Rice Krispies, "Krispi" in French.

of burden upon the individual enterprises. As customs duties disappear administrative barriers become more and more important. The general impression is that governments and national administrations see the frontier as the last chance of helping their national producers and create difficulties there for goods from abroad, from other Community countries, which provide unwelcome competition: enforcement of regulations concerning infectious diseases, veterinary and police rulings, and provisions on the proper loading of trucks.

As long as the Community has no supra-national authority, and more particularly as long as the European Parliament has no legislative power, harmonizing and assimilating the Community members' laws to make a European law will be a Sisyphean labor. It will take the Council of Ministers years, if not decades, to accomplish the task. To a great extent the work is left to the national bureaucracies, who respond more readily to the desires of business in their own countries than to the need for a larger, modern, rationalized economy.

Community v. National Bureaucracies

The national administrations even drag their heels about making it easier for citizens to get their own personal luggage across a frontier. As early as December 18, 1964, the Council adopted a recommendation whereby Community goods may cross the frontier duty free, either in travelers' personal luggage or in small consignments worth less than \$60; but the member states exceptions' list remain lengthy, and tax barriers remain intact.

It's hard for a German to believe in the Common Market when he has to pay \$22.77 in tax, customs, warehouse fees, and

other charges on a gift of 24 bottles of wine sent to him by a friend in France who bought it for \$14.50. The Common Market is hard to explain to the parent of a Belgian child who has to disclose the cost of a Christmas toy sent to a friend in Luxembourg so that duty can be paid on it at the frontier. When a traveler has to pay customs duties on food he has just bought just across the frontier in a neighboring country, there is a good chance consumers will feel sold out as citizens of the Community.

Solemn speeches extolling the completion of the customs union on July 1 and about the almost completed, if not perfect, agricultural policy aren't going to help overcome this feeling! Nor are speeches on a united Europe enough to blind the consumer to the fact that the average gap between the highest and lowest price for one and the same product is still in the vicinity of 59 per cent. In the case of food the difference is as high as 72 per cent and for radio and television sets 69 per cent.

These spectacular price differences for like or comparable products in the individual countries are caused not just by customs and taxes, but also by differences in production costs, sales structures, and profit margins.

The reason for these and the many other large price differences for comparable, if not identical, products should be constantly probed by the Commission. Its investigations should consist of continuous studies of prices for specific, comparable products; publication of the results would give the consumer a highly valuable source of information.

The Grundig-Consten Lesson

The Community must step in and not just by eliminating customs duties and harmonizing taxes. Its competition policy, for instance, should try to wipe out agreements that give sole rights to sell in one member state to a single agent. Such an attempt was made by the Commission in the Grundig-Consten case. Grundig products from Germany were to be sold in France only through Consten, with a very high profit margin. Another French firm bought Grundig products on the Belgian and German markets and offered them to French consumers at considerably lower prices.

This incident eventually went to the European Communities Court of Justice in Luxembourg, which ruled that absolute territorial protection for an entire member country was incompatible with the Common Market. Such protection would allow individual firms to rake in huge profits. The German producers of branded goods will also have to adapt. Resale price maintenance exists only in Germany and has, fortunately, no place in the Common Market.

The investigation of the entire tertiary sector (sales structure, trade, services) will also require a strong authority at Community level. To improve the consumer's position in this respect will require a firm political will, backed up by consumer representation as strongly organized as the industry associations. The consumer must also want the Commission to be as independent and strong as possible, so that it can enforce its will despite lobbies and "national interests."

We in the Community have to find ways of bringing the Common Market closer to the consumer, and the consumers have to keep working for a rational and a humane economic policy. It is not yet too late.

Do Exchange Visits Create Good Europeans?

by JACQUES-RENE RABIER

"The Germans are aggressive."

"The French are frivolous."

"The Germans are the most musical nation in the world."

"The French are gayer than the Germans."

Stereotyped attitudes such as these still seem to be common, although more French and German youths visit each other's countries than ever before.

Since its foundation in 1963, the Franco-German Office for Youth has arranged the visits of 600,000 young Germans to France and 500,000 French boys and girls to Germany. Have these trips, educational courses, and stays in holiday camps broadened the minds of the participants?

Despite the difficulty of "measuring" attitudes, surveys conducted four years ago among German and French youth between 15 and 24 years old suggested that the old stereotype had not disappeared, even if they had been watered down a little. Germans still considered the French likeable but lazy, vivacious but superficial; and the French still thought the Germans hard-working but aggressive, courageous but cold. Exchange visits, it was found, could even be a two-edged weapon. After visiting France and meeting young French people, young Germans tended to like the French more than before—but they also became more aware of what they regarded as their unattractive characteristics.

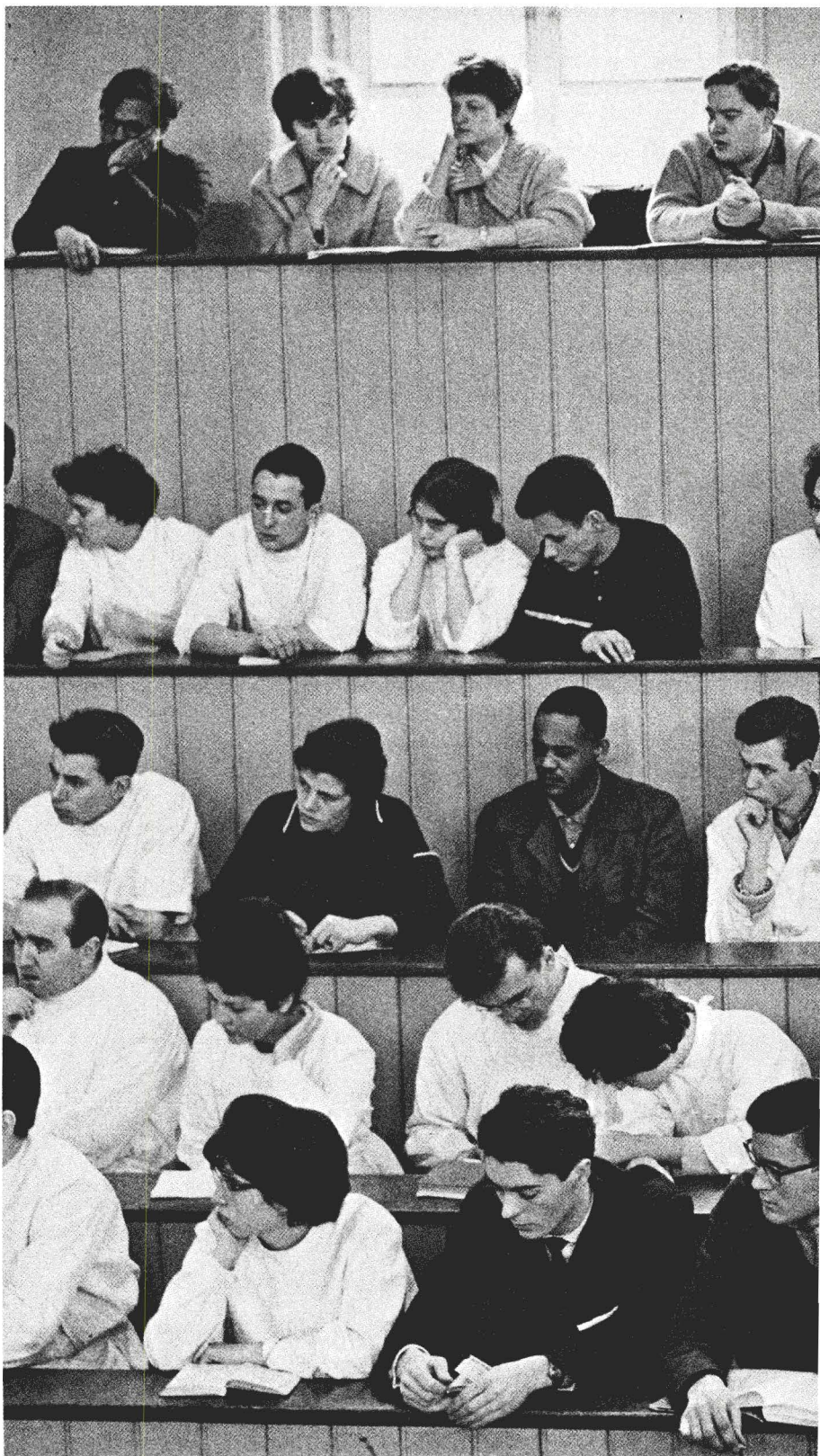
More recently, Yvon Bourdet, a young French psychosociologist at the French National Scientific Research Center and lecturer at the Sorbonne, has reported on a survey he made in the summer of 1966 of a thousand French and German boys and girls from 11 to 18 years old who attended holiday camps together. (His study, *Préjugés français et préjugés allemands*, is being published this year by the Franco-German Office for Youth, but it is not available to the general public.)

Mr. Bourdet examined the youngsters' attitudes to war and the army, the United States and Russia, the family, communism and capitalism, Jews, and historical personalities and events. He found, for example, that more Germans than French condemned militarism but that more French than Germans reacted unfavorably to less abstract words connected with war, such as "officer" and "soldier."

Germans More Hesitant

He also presented the young French and Germans with a series of assertions—reflecting traditional prejudices—asking them to say whether they thought the statements "true," "doubtful," or "false." The results (see table) left the general impression that the Germans were less inclined than the French to reply with a definite "true" or "false." According to Mr. Bourdet, "this reflects their unwillingness to commit themselves to a decision on a matter about which they are ignorant, whereas the French are much more ready to pass judgment."

Asked what attributes they associated with France, most of the Germans (56 per cent) said "elegance." Next came "individuality" (27 per cent) and "logic" (10 per cent), followed by "frivolity" (15 per cent) and "boasting" (12 per cent). A large majority of the French (76 per cent) thought Germany was characterized by "discipline." Nearly a third (29 per cent)



A university class in the Federal Republic of Germany. A child begins to understand other cultures first in the home and then in primary school. Student exchange visits later supplement this basic training but cannot, and do not, take the place of it. PHOTO: © Foto Robert Häusser GDL, DJV, Mannheim-Käfertal.

Mr. Rabier is a director of the European Community Information Service.



A Belgian child examines posters of two German musicians, Karl Böhm and Wolfgang Schneiderhan. Stereotyped attitudes, such as "The Germans are the most musical nation in the world," still seem to be common, according to the poll of exchange students. Photo by twelve-year-old Christiaan Couwenberg of Diegem, Belgium, a prize winner in a Community photo contest.

opted for "pride." Other supposed attributes of the Germans were "romanticism" (22 per cent), "slowness of wit" (16 per cent), and "aggressiveness" (12 per cent).

The survey also showed that if they were to change nationality, both the Germans and the French would choose to become American citizens. Only 18 per cent of the German boys would choose French nationality, but 31 per cent of the French boys would opt for a German passport.

Mr. Bourdet concluded that:

- Young French people, regardless of age, decide more quickly "for" or "against" than do young Germans. This fact may be interpreted either as a sign of maturity or as reflecting a certain impulsiveness.
- Differences of opinion by sex are minimal. This observation suggests that mental attitudes are following the same evolution as hair styles and fashions in clothes.
- Despite the desire young people often express for more freedom, today's youth are anxious to find security and aspire to a prosperous, well-ordered, and peaceful society.
- Although boys and girls made a conscious effort to show that they had neither racist nor nationalist prejudices when they realized the slant of a question, the indirect questions revealed a large proportion of stereotyped reactions.

The work so far accomplished should, Mr. Bourdet urges, be followed up, not only on representative samples of the population as a whole (young people and adults), but by improving the tests.

Family and School

He also underlines the important way the family background and more particularly the school can help to reduce the most blatant prejudices. The teaching of history is of capital importance. Most of the deepest, least conscious and thus most dangerous prejudices result, in Mr. Bourdet's view, from national—or nationalistic—stories which still pervade text books. The author suggests the abolition of the teaching of national history in all French and German primary schools. "As part of advanced studies," he writes, "research into history can greatly contribute to understanding between the two peoples, but elementary education, with its necessarily schematic approach, and the textbooks available on the market, can hardly avoid creating more or less subtly nationalist, if not racist, prejudices."

Student exchanges help but by themselves are not enough to teach people to understand and work together.

TRUE, FALSE, OR DOUBTFUL

Percentages

	True		Doubtful		False	
	French	German	French	German	French	German

The French are more peaceful than the Germans. 36 8 53 72 11 20

The French are gayer than the Germans. 35 44 39 40 23 21

German women are better dressed than French women. 10 40 37 40 53 21

France has more great sport champions than Germany. 29 4 35 28 35 68

The Germanic tribes were more courageous than the Gauls. 27 40 45 54 27 6

German children are better brought up than French children. 33 28 47 56 20 15

The German nation is the most musical in the world. 49 13 35 52 17 35

Another war between France and Germany is impossible. 39 37 40 52 21 10

COMMUNITY NEWS

COUNCIL TRIES TO CLEAR BACKLOG IN TIME FOR CUSTOMS UNION DEADLINE

Unfinished business crowds the agenda of the European Communities Council of Ministers.

With the July 1 deadline for customs union fast approaching, proposals for a common transport policy and for the final organization of the dairy and beef and veal markets were still under debate at the end of May.

These were among the items which the Council broached in Luxembourg at two concurrent meetings on April 29-30, one attended by the six Ministers of Agriculture, the other by the Ministers of Transport, Communications, and Public Works. Two meetings were scheduled for the end of May: an agricultural Council on May 27-29, and a foreign affairs Council on May 30-31.

Transport: An Open Link

The choice of a common transport policy, though essential for free trade and customs union, has proven to be one of the most difficult decisions for the six Community members. Each member country owns its national railroad; in other modes of land transport their vested interests vary. (The Common Market Treaty excludes air and ocean transport from the common policy).

In February 1967, after the Commission's original proposal had been before the Council for two and a half years, the Commission presented the Council with an analysis of the situation and a new plan for a coherent, two-stage transport program (see *European Community* No. 109, page 9). In December 1967, the Council agreed to adopt certain of the Commission's proposals before July 1.

On April 29-30, the Council discussed an amended proposal by the Commission for the application of the Community's competition rules to rail, inland waterway, and road transport and instructed the Committee of Permanent Representatives to continue drafting the regulation in the light of comments made during the meeting. So that the regulation can be adopted before July 1, the Council said it planned to review the proposal at its next transport meeting.

The Council continued to examine the Commission's proposals for harmonizing social provisions in road transport by prescribing the uniform minimum driving age, the maximum permissible driving time between rest stops, and the number of drivers per truck. The Council asked the Committee of Permanent Representatives to resume work on this subject and report back at the next Council meeting. Other problems discussed related to the establishment of a system of bracket-rates for road haulage of goods and for the establishment of a quota system for truck driver licenses valid anywhere in the Community.

The Council adopted a directive establishing a common method of calculating the average rate of turnover tax levy. The countries now having turnover tax systems will use this method of approximating import levies and export rebates until the Community's value-



*Farmers picket against proposed price reductions for dairy products, beef, and veal in Brussels on May 27, 1968, during a meeting of the Council of Ministers. The sign, addressed to French Minister of Agriculture Edgar Faure, who presided over the meeting, reads: "Edgar—we want NO MORE promises." At the meeting, the Council agreed on a milk price and limited the Community's responsibility for financing dairy, beef and veal policies. Eligible expenditures in the milk and milk products sector for the 1968/69 marketing season will be reduced by \$170 million and will be distributed proportionately to the quantities of butter held in stock on April 1, 1968. Further details of the agreement will be given in the next issue of *European Community*.*

DAIRY FARMERS PICKET COMMUNITY BUILDING

Lobbyists have for the first time gone directly to European Community headquarters in Brussels to protest a policy proposal, instead of demonstrating in the national capitals or in the regions affected.

A hundred and fifty representatives of dairy farmers in France, Belgium, Luxembourg, and the Federal Republic of Germany demonstrated on March 11 outside the building where the Council of Ministers was considering the Commission's proposal to reduce the butter surplus. The two countries that would be affected least by the proposal were not represented: the Netherlands, the most efficient dairy producer in the Community, and Italy, a small producer of butter.

Earlier efforts to curtail this surplus centered on the promotion of butter consump-

tion. The new system will allow exact calculation of import levies and export rebates (see *European Community* 111, page 12, and 110, page 10).

Agriculture: Grain Compensation Set

The Council adopted regulations setting compensation for grain in stock at the end of the 1967/68 marketing year. For domestic stocks, compensation was set at \$9.50 per long ton of soft wheat, \$3.90 per ton of bread-making quality rye, and \$1.69 per ton of corn.

For export stocks, compensation was set at \$9.50 per long ton of soft wheat, \$10.50 per ton of durum wheat, \$2.81 per ton of barley, and \$1.69 per ton of corn. These premiums will be paid only to holders of 500 long tons or more and will be added to the tax rebates given at the time of export.

After exploring the Commission's proposals for dairy products and beef and veal, the Council agreed to continue discussions on May 27-29 in Brussels. At that meeting, the Council will deal with a compromise proposal from Council President in Office Edgar Faure, French Minister of Agriculture. (France holds the Council presidency until June 30, 1968, when it passes to Italy for the next six months.) When compromise proposals come from the chair, instead of from the Commission, the Rome Treaty requires the unanimous approval of the Council for enactment.

Among other agricultural regulations passed by the Council were: a regulation setting monthly basic and purchasing prices for cauliflower from May 1 through October 1968, a regulation amending basic and purchasing prices for sweet oranges, and a regulation concerning refunds on sugar exports of the chemical industry.

The Commission's new proposal attempts to reduce the surplus by lowering the target price for milk, thus making milk production less profitable and less attractive. The Commission also proposed reductions in the price for butter, smaller subsidies for skim milk, and incentive payments to farmers who give up small dairy farms (five cows or less) or switch from dairy farming to beef production.

Background of the Crisis

The common market organization for milk was introduced in November 1964. Last July, the Council of Ministers set common prices which were scheduled to come into effect on April 1.

According to the Commission's calcula-

tions, the common policy for milk would cost the Community \$800 million during the 1968/69 marketing season, when the butter surplus would reach 900,000 metric tons. Between 1969 and 1972, the surplus would grow by 40,000 tons a year. During that period, the Community's expenditures to maintain the dairy market would amount to \$350 million a year, assuming the success of efforts to promote the sale of subsidized butter.

To put dairy market expenditures into perspective, the Community's total dairy expenditures for the 1967/68 season will

amount to \$370 million, as compared with \$535 million for grains (excluding rice), \$2 million for beef, and \$195 million for vegetable oils. The Common Market's entire 1968 budget amounts to \$2,157,000,000, of which \$2,045,000,000 has been allocated for farm expenditures, including \$1,313,000,000 for price supports.

However, 1967/68 dairy levies are likely to be only \$60 million, compared with \$500 million for grains, so that the net burden on the Farm Fund for milk products would be \$310 million, but only \$35 million for grains.

REY SPEAKS ON PRIORITIES FOR ECONOMIC UNION: INDUSTRIAL, ENERGY, AND REGIONAL POLICIES

A pressing appeal to the governments of the Six to reach agreement on enlarging the Community to speed up the unification of Europe was made by Commission President Jean Rey when he addressed the European Parliament in Strasbourg on May 15.

He called the accomplishment of the customs union a great economic, psychological and political event which would bring home to the public the importance and urgency of the second phase of European integration—creating an economic union.

Mr. Rey reviewed three elements of economic union: industrial, energy, and regional policies.

Industrial Policy: Viable Business

Although firms would have to adapt to changing conditions in the Community and on world markets, it did not imply that the creation of giant companies was needed. Small and medium-sized firms would also have their place. The aim was to make companies more dynamic, more competitive, and better managed. President Rey cited a Community patent and company law, removal of tax obstacles, and better business training as examples of what had to be done.

Recourse to state aid should be the exception. In the Commission's view, government intervention should be considered mainly to help alleviate the social problems brought about by declining industries, and to encourage the growth of industries in which technological research played an important part. The Commission could stimulate member governments to work out priority projects which the Six could undertake jointly.

"In preparing a policy which would favor tomorrow's industries," Mr. Rey continued, "the Community should remain aware of the need to cooperate as frequently and as fully as possible with certain European countries, in particular Great Britain. The Community is already too small for some research efforts and the market it offers too limited to ensure an adequate return. For that reason the ap-

plication of a joint technological policy between the Community and certain of its European partners seems most desirable for the success of the industrial policy."

Energy Policy: Common Needs

The President warned that without a long-term energy policy based on the interests of the Community as a whole, completion of the economic union would not be possible.

The Commission, he said, intended to draw up an overall inventory for all forms of energy, and it hoped to submit proposals this year. He noted that the proportion of fuel which the Community imported had risen from 27 per cent of total energy consumption in 1960 to 52 per cent in 1967. A common policy would have to bear in mind the interests of consumers and the need to ensure an adequate level of Community production. He recognized that member states' requirements and policies diverged considerably, and that this would make a common policy difficult to achieve. But Mr. Rey nonetheless appealed for a show of political determination to reach what was basically a harmony of interests.

Regional Policy: Development Aid

The President said the benefits of the Common Market had been unevenly distributed geographically. He said the Community's regional policy should give priority to:

- Predominantly agricultural regions near the Community's external borders. Well-placed for export, they should concentrate more on products which could compete on world markets.
- Declining areas, many of them dependent on coal, steel, and textiles. These regions already had valuable stores of capital, in the form of infrastructure and dense population. There was no need, Mr. Rey said, to condemn existing economic activities. The need was rather to complement them with new types of industry.

- Zones along intra-Community boundaries which were particularly affected by the abolition of frontiers between the Six. The Community should try to regard and develop these areas as geographical entities, an approach that made imperative the coordination of national regional programs.

Enlargement: New Vigor Needed

President Rey said it was essential to overcome the present discord over negotiations with the countries which had applied to join the Community.

"A way out must be found," he said, "because the Community cannot see its internal and external activities paralyzed at a time when, having achieved its customs union, it must pursue with all its vigor the construction of its economic union." Solving the problem of enlargement would also enable Europe to play its full role in world affairs, and would help to remove the discontent among Europe's youth. The President of the Commission appealed to all six governments, and in particular to the Council President in Office, to make a new effort to reach an accord, and so to allow the Community to regain its momentum.



The Shell Italiana refinery in Rho, Italy. Petroleum supplies a growing part of the Community's energy needs and imported fuels now account for more than half of the energy consumed each year. Thus, Mr. Rey said, completion of the economic union will be impossible without a common, long-term policy for energy.

VICE PRESIDENT BARRE VISITS UNITED STATES

Raymond Barre, a vice president of the European Communities Commission, with primary responsibility for economic and financial affairs, visited the United States from June 3 to June 12. In Washington, he met with leading State and Treasury Department officials and with members of the Federal Reserve Board. He also held discussions with Pierre-Paul Schweitzer, managing director of the International Monetary Fund, and other IMF officials.

During his visit, which took him to New York and Massachusetts, Mr. Barre had opportunities to discuss international monetary and financial affairs with private economists, bankers, and business leaders. He was a guest at Harvard University's Center for International Affairs and addressed the New York Council on Foreign Relations.

NEWSWOMEN MEET WITH COMMUNITY OFFICIALS

Is the unification of Europe compatible with the advancement of women in Europe? How can the European Community interest women in the Common Market? Forty editors of leading European women's magazines accepted the invitation of the European Communities Commission to discuss these questions in Brussels on May 2-4. They represented magazines with a combined circulation of about 53 million people.

The ladies heard from members of the European Parliament, journalists of opinion, and Community officials on the role of women in the Common Market as consumers, producers, educators, and journalists. The colloquium ended with a work-shop which dealt with means of permanent cooperation between the ladies' press and the European Community's services.

THESIS IN ENGLISH WINS COMMUNITY PRIZE

An Austrian, a German, and a Frenchman have won European Community prizes of \$2,000 for their theses on problems related to European integration. The Austrian, Wahe Hagop Balekjian of Manchester University received the law prize for "Legal Aspects of Foreign Investment in the European Community," a thesis written in English. The German, Dieter Biehl of the University of Saarbruecken won the prize for the best thesis on an economic subject: "The Principle of the Exporting Country, the Principle of the Importing Country, and the Principle of the Common Market—Contribution to the Theory of Fiscal Harmonization." The

Frenchman, Edmond Jouvé of the University of Paris won the prize for the best political science thesis: "General de Gaulle and the Construction of Europe."

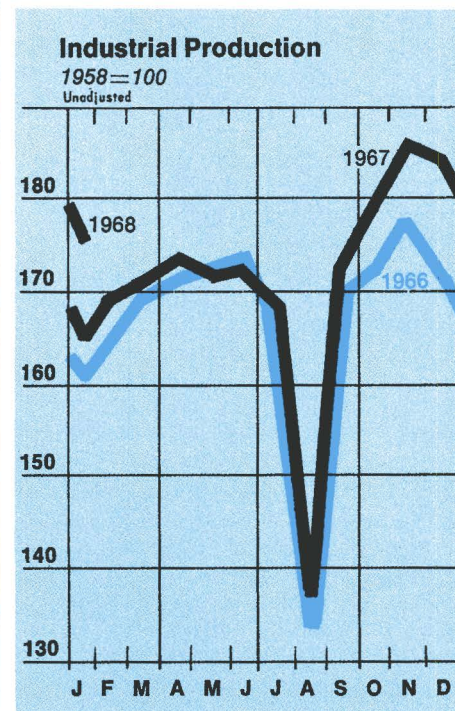
The prizes are awarded every two years in a contest open to candidates studying for advanced degrees in any country. The winners were selected by a jury from among 76 contestants.

MANAGEMENT VOICES HIGH BUSINESS HOPES

Business in the Common Market looks better now than at any time since April 1966, according to a survey of management by the European Communities' statistical office.

The survey, published in May 1968, analyzes the responses of management to monthly questionnaires sent between October 1967 and January 1968. In general, the responses were optimistic.

Recovery in the Federal Republic of Germany has stimulated the economies of the other Community members and resulted in higher production estimates than at any time since March 1964. Since last summer, French industrialists have also grown more optimistic. Industrial production in Italy has been moving at a lively pace, and the order backlog is considered satisfactory. In Belgium, production forecasts have reached their highest level since March 1966. Activity remains fairly weak in Luxembourg, which is heavily dependent on coal and steel industries, but production expectations remain good. Dutch businesses did not participate in this survey.



INDUSTRIAL PROPERTY LAWS IMPEDE ECONOMIC UNION

Conflicts and disparities in the European Community members' laws on industrial property must be resolved soon, according to the European Communities Commission. They impede free movement of goods between the member countries, and stand in the way of economic union.

On May 7, 1968, the Commission reviewed the status of its efforts to harmonize patent, company, and unfair competition laws in the Community in answering written question No. 327/67 from Norbert Hougardy (Liberal-Belgium), a member of the European Parliament.

Company Law: Complicated but Urgent

To facilitate mergers across national frontiers, the Commission has repeatedly emphasized the need for harmonization of company law. On April 22, 1966, the Commission went on record in favor of the immediate creation of a legal form for a European-type of company. In a letter to the Council of Ministers the same day, the Commission suggested that a group of experts from the member countries and the Commission be put in charge of drafting a convention for this purpose. On May 11, 1966, the Council decided to examine the problems related to both the creation of a European company and the definition of a European patent law as soon as possible with the national governments.

After a procedural discussion, on October 7, 1966, the Council organized an ad hoc group of experts, which reported to the Committee of Permanent Representatives in April 1967. The group concluded that the new juridical form could be created, and examined the principal problems it posed. The Committee of Permanent Representatives asked the group to elaborate on several problems mentioned in the report. This supplement should be ready soon, the Commission said.

To accelerate the work on company law, the Commission had asked a group of independent experts to study the problems and to draft a statute for European companies with limited liability (*sociétés anonymes européennes*). The paper was submitted to the Council at the end of 1966 and put at the disposal of the Council's ad hoc group.

On October 31, 1967, in a decision affirming its desires to complete the economic union, the Council specifically mentioned the European company statute (*société européenne*), and the European patent.

Patents: "Political Problems"

A draft convention on patents was written between 1960 and 1962 by a group composed

of experts from the member governments and the Commission, and was distributed on November 14, 1962. On March 6, 1964, the assembly of secretaries of state submitted to the member governments a report dealing with the basic problems of industrial property and their political implications. The Council of Ministers examined these problems on March 1-2, 1965, but did not reach agreement, and instructed the Committee of Permanent Representatives to continue work on the basis of a Commission proposal made at the meeting.

Unfair Competition Laws: Six Volume Study

A six-volume study of the member states' unfair competition laws will be completed only this year, but the Commission has written a summary report on the parts already finished. In it, the Commission mentions the main differences in legislation and their effects on movement of goods in the Community, and competitive conditions. The report, which contains, in addition, a series of harmonization proposals, will soon be sent to the member governments for an opinion.

The six-volume study is being done by the Max Planck Institute for the Study of Foreign and International Legislation on Patents, Copyrights, and Competition, in Munich, Federal Republic of Germany.

EDF TO HELP FINANCE EIGHT NEW PROJECTS IN AFRICA

Total commitments of the second European Development Fund were raised to \$519,090,000 in May by eight financing decisions amounting to \$17,230,000:

Upper Volta. \$2,512,000 for the construction of a dam that will increase the water supply for Ouagadougou.

Mali. \$314,000 to drill wells to supply drinking water for Timbuctoo.

Chad. \$374,000 to increase the output of gum arabic.

Guadeloupe. \$2,228,000 for the construction of a highway to by-pass Point-à-Pître.

Surinam. \$1,316,000 to establish a polder for

EIB CONCLUDES TWO NEW LOANS

Part of an international turnpike in France and a cement plant and clinker mill in Cameroon will be financed by loans recently concluded in Brussels by the European Investment Bank.

A loan equivalent to \$10,130,000 was concluded with the French national highway authority on April 23. It will be used to construct the Metz-Freyning feeder highway connecting the Nancy-Metz-Thionville super-highway with the German turnpike system. The new road will form an important link in the network of major international highways connecting the members of the Common Market. In addition, it will simplify driving in the hilly Lorraine and Saar regions where the roads now in use pass through cities, towns, and villages.

The other loan contract for the equivalent of \$1.6 million was signed on May 8 with the Federal Republic of Cameroon for the construction of a clinker mill in Douala and a cement plant in Figuil. The project will be executed by *Cimenteries du Cameroun* (CIMENCAM), a company capitalized by a Franco-Italian group of promoters and by a Cameroon public establishment.

animal grazing and orange, avocado, and rice growing in Tawajari.

Somalia. \$5,953,000 to improve the health and quality of cattle for export and domestic consumption.

Dahomey. \$1,297,000 for groundnut and cotton price support and structural improvements involving oil palms, coconut palms, and coffee.

In its eighth decision, the Community agreed to contribute \$3,236,000 to a reserve fund to assure the extension of scholarships of students from the associated countries, beyond the expiration date of the Convention of Association in 1969, until they have completed their studies.

EMMINGER SEES NEED FOR A EUROPEAN "FED"

Creation of a common Community currency is a long way off, according to Dr. Otmar Emminger, member of the German *Bundesbank* board of directors. Unless present fundamental differences between France and her partners on international monetary issues are eliminated, no progress in this direction can be expected, he said.

Speaking in Munich, Dr. Emminger emphasized that creation of a common currency presupposes setting up a joint super-

visory authority which would control the budgetary policy of individual EEC countries. Otherwise irresponsible action in one country could deal a lethal blow to both the common currency and the common capital market.

In Dr. Emminger's opinion, a European federal reserve board (similar to the U.S. Federal Reserve Board, or "Fed") with directive powers *vis-à-vis* national central banks would be an appropriate solution.

EIB TO ISSUE BONDS

A group of Dutch banks headed by the Amsterdam-Rotterdam Bank of Amsterdam has underwritten a 40 million guilder (\$1.1 million) bond issue planned by the European Investment Bank. The 20-year bonds with a face value of 1,000 guilders (\$276) each, will bear 6¾ per cent annual interest. The Bank will use the proceeds from the sale for its general lending operations. This is the Bank's fifth public bond issue in the Netherlands.

NOTICE

In accordance with the U.S. Securities and Exchange Commission regulations, the European Coal and Steel Community published on March 25, 1968, its Balance Sheet as of December 31, 1967, and its Statement of Revenues and Expenditures for the year 1967.

This information is published in connection with European Coal and Steel Community Bonds issued in the United States under applications:

A—16929 dated April 16, 1957

A—17648 dated July 7, 1958

A—19218 dated October 18, 1960, and

A—20452 dated May 15, 1962.

Copies of "Supplemental Information to Bond Holders" have been deposited with The Chase Manhattan Bank, New York, N.Y.

BIG BUSINESS GETS MOST EURO-DOLLARS

Enactment of the European company statute would improve European companies' chances of raising money on the Euro-dollar market, according to the European Communities Commission.

Answering a written parliamentary question from Adriaan Oele (Socialist—the Netherlands), the Commission said on March 4 that competition on the Euro-dollar market had intensified since January when the United States announced its new program to staunch the dollar-drain.

By eliminating fiscal and other barriers to mergers and consolidation, the European company statute would improve European companies' ability to compete with large international corporations for these funds. Pending the enactment of the statute, the Commission said, European companies could borrow Euro-dollars from the European Investment Bank and the European Coal and Steel Community. Both of these Community institutions have borrowed on the Euro-dollar market.

RECENT BOOKS ON COMMUNITY TOPICS

EUROPEAN COMMUNITY periodically lists books dealing with Community and Atlantic topics. This presentation does not indicate approval or recommendation of the publications.

Collision in Brussels: The Common Market Crisis of 30 June 1965. By John Newhouse. W. W. Norton & Company, New York, 1967. 195 pages.

An analysis of the next-to-last and most severe crisis to afflict the European Economic Community. It was the head-on collision between the Commission of the EEC and France in 1965 which led to a seven-month withdrawal by France from the Community's Council of Ministers. *Collision in Brussels* is the first in a series of studies issued in the "Tocqueville Series"—a project under Twentieth Century Fund sponsorship—focusing on contemporary affairs affecting American and European relations. Mr. Newhouse's study, although it concentrates upon a single important issue in the process of the development of the European Community, gives the reader a wide perspective into the conflicts and forces that are shaping Europe.

Political Union: A Microcosm of European Politics, 1960-66. By Susanne J. Bodenheimer. A. W. Sijthoff, Leyden, 1967. 229 pages.

An evaluation, based largely on 120 interviews with European politicians, of the prospects of agreement between the six Common Market members on foreign and defense policies. In tracing the history of political union through the events of 1960-66, the author focuses on the two extreme positions, the French and the Dutch. The decline of the nation-state, she concludes, is remote, though its present form is not necessarily inalterable. The decisive factor in political union will be whether or not the Six make "a serious endeavor to focus upon the present and immediate future, and to see whether it may not be possible to make a modest beginning toward political cooperation."

European Unity: A Survey of the European Organizations. By Michael Palmer, John Lambert, et al. George Allen & Unwin Ltd., London, 1968. 519 pages.

An examination of how the European Economic Community and other European international organizations have affected relations between Western European countries over the past twenty years in political, defense, and economic affairs. The book contains a concise history of post-war Europe and attempts to

assess the success of the trans-national, particularly the Atlantic, institutions formed at that time.

This book is a revised and updated version of *European Organizations*, first published in London in 1959. The new version will be published in the United States later this year by Frederick A. Praeger, New York, under the title *A Handbook of European Organizations*.

The Structure and Development of the Common Market. By A. E. Walsh and John Paxton. Hutchinson & Co. (Publishers) Ltd., London and New York, 1968. 232 pages.

An examination of the Treaty of Rome creating the European Economic Community, and a history of the Common Market's first ten years of existence. The authors discuss Common Market institutions and examine their workings during the first ten years. The Common Market's situation today is contrasted with Britain's current situation.

The Brain Drain. Edited by Walter Adams. The Macmillan Company, New York, and Collier-Macmillan Limited, London, 1968, 273 pages including topical index. French version, distributed by Payot, Paris, *L'Exode des cerveaux*. Edited by Walter Adams and Henri Rieben, *Centre de Recherches Européennes*, Lausanne, 1968, 306 pages including statistical tables.

A collection of papers presented at the August 1967 conference on "the brain drain," Lausanne, Switzerland, sponsored jointly by the *Centre de Recherches Européennes* of Lausanne and by the U.S. Advisory Commission on International Educational and Cultural Affairs.

The contributors deal with the history of the international migration of scientists, engineers, and professionals and with its significance for the United States, Europe, and the "poorer" nations. Case studies are presented of the flow to the United States from France, Greece, the Common Market, Africa, India, and the developing countries. Other papers attempt to create an analytical framework to explain the "brain drain" and expedite its resolution.

Charles P. Kindleberger of the Massachusetts Institute of Technology treats some of the problems of foreign students from the developing countries who come to the United States to study. Appended to the article are letters that illustrate difficulties these students have returning to their homelands after com-

pleting their studies. "The brain drain is an index of the structural maladjustments in both the 'sending' and the 'receiving' countries," states the conclusion.

Legal Aspects of Foreign Investment in the European Economic Community. By W. H. Balekjian. Manchester University Press, Manchester, England, and Oceana Publications Inc., Dobbs Ferry, New York, 1967. 356 pages.

A study of the status and treatment of foreign-owned corporations under municipal law and Community law. The author compares the similarities and differences in the six Community members' laws and examines the Community's legal harmonization program in so far as it relates to foreign investment.

The author observes that current investment laws tend to deal with the flow and protection of technical knowledge, services, and personnel in addition to the flow of money as investment capital. The study also deals with Community law on foreign investments, speculates on future legal developments, and, to illustrate the climate in which foreign investment laws must operate, treats attitudes of, and towards, foreign investors in the Common Market countries.

International Regionalism: Readings. By Joseph S. Nye, Jr. Little, Brown and Company, Boston, 1968, 429 pages

"Regionalism runs the risk of becoming the latest international fad as new statesmen seek to escape from isolation . . . and deal with the serious political and economic weaknesses of their states," writes the editor in the introduction. In accepting or rejecting regionalism, nations and statesmen should be governed not by hopes or abstract principles, but rather by evaluation of its advantages and disadvantages as revealed in specific cases, according to the editor. The readings presented treat twenty such cases of regional organizations in Europe, Africa, Asia, the Middle East, and the Western Hemisphere. "It is important," he states, "that the analyst preserve an open yet skeptical attitude toward regionalism and that he try to formulate explicit propositions about its role and limits in local peacekeeping, economic development, and community building."

The World Money Maze: National Currencies in International Payments. By Robert Triffin. Yale University Press, New Haven and London, 1966, 585 pages

An analysis of international economic problems concentrating on the broad policy issues raised by such contemporary developments as: the early postwar dollar shortage and succeeding dollar glut; the International Mon-

etary Fund attempts to establish international rules for monetary cooperation and the success of the Organization of European Economic Cooperation, the European Payments Union, and the European Economic Community in developing regional cooperation as a basis for world-wide arrangements; and the recurrent crises of sterling and the dollar. The book is a collection of published and unpublished articles. Part One deals with national aspects of international imbalance and the process of "intercountry" adjustments. Parts Two and Three review the evolution of the international monetary system and the reasons leading to a growing degree of concerted policy harmonization and institutional changes and integration since World War II, both at world-wide and regional levels.

PUBLICATIONS AVAILABLE



EUROPEAN AND ATLANTIC ACADEMIC NEWS. Vol. 2, No. 1 (April 1968) European Community Information Service, Washington, D. C., 24 pages free

PUBLICATIONS JURIDIQUES CONCERNANT L'INTEGRATION EUROPEENNE 1952-66. Documentation Service, Court of Justice of the European Communities, Luxembourg, September 1966, 994 pages \$6.00
1967 Supplement \$3.00

Supplements to the 1952-66 edition will be published annually. This edition contains the volume of the same title published in 1962, the six annual supplements, and a comprehensive bibliography of legal commentary concerning European integration. Table of contents and list of key words appears in French, German, Dutch, and Italian. Index of authors is included.

SUMMARY OF THE REPORT ON THE DEVELOPMENT OF THE SOCIAL SITUATION IN THE COMMUNITY IN 1967. *Information Memo P-16*, Commission of the European Communities, Brussels, March 1968, 9 pages (mimeographed) free

PROJET D'UN STATUT DES SOCIETES ANONYMES EUROPEENNES. *Série Concurrence*, No. 6, Commission of the European Communities, Brussels, 1967, 132 pages \$6.00
Prepared by Professor P. Sanders assisted by a group of experts from the Community countries. This study contains the draft text for a European Corporation statute and examines the considerations taken by the experts in formulating each article of the draft.

THE EUROPEAN COMMUNITIES: REALIZATION OF THE AIMS OF ROBERT SCHUMAN. Address by Dr. S. L. Mansholt on receiving the Robert Schuman Prize, Bonn, May 9, 1968, 14 pages (mimeographed) free

BIBLIOGRAPHIE DE JURISPRUDENCE EUROPEENNE. Documentation Service, Court of Justice of the European Communities, Luxembourg, 1966, 290 pages \$2.00
Supplement No. 1, 1967 \$2.00
Supplement No. 2, 1968 \$2.00
Bibliography of European case law concerning Court rulings on the Treaties establishing the European Communities. Contains some legal commentary, an index of authors, and a chronological list of judicial decisions.

BASIC STATISTICS OF THE COMMUNITY. Statistical Office of the European Communities, Brussels, December 1967, 218 pages \$1.00

The eighth edition of this statistical account of the Community, its European associates, the European Free Trade Association, Canada, the United States, Japan, and the USSR. Includes data for national product, labor force, population, agriculture, energy, industrial production, external trade, social welfare, and standard of living. 1966 is the main year covered, but certain tables provide figures as far back as 1950.

RECUEIL DE TEXTES: ORGANISATION, COMPETENCES ET PROCEDURE DE LA COUR. Court of Justice, Luxembourg, 1967, 351 pages. \$3.00
Second edition, revised. Compendium of texts on the organization, competence, and procedure of the Court of Justice, with analytical index.



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