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The views expressed by contributors do not necessarily reflect the policies of the European Community.
EVER SINCE OUR BIRTH AS A NATION, close ties of history and inship have bound America to Europe. But since World War I, we have also been bound by new ties of vital national interest. The Atlantic Alliance—formalized in the North Atlantic Treaty Organization—has been the cornerstone of our own network of defensive alliances and the world’s strongest bulwark of peace.

“But the structure born of necessity in the bitter aftermath of World War II has fallen on days of neglect. The United States has been preoccupied in Asia. Many of our European partners have been caught up in their own concerns, or grown dissatisfied with the functioning of the Alliance, or changed their estimates of the Soviet challenge.

“The Atlantic Alliance has suffered from American neglect. There has not been a NATO summit since President Eisenhower went to Paris in 1958. Actions have been taken by the United States which vitally affected the security of our European partners, without even the courtesy of prior consultation. In its preoccupation with bilateral détente with the Soviet Union, the Administration has had to jeopardize their interests, without having those interests represented.

“It’s time we began paying Europe more attention. And if our ideals of Atlantic interdependence are to mean anything in practice, it’s time we began lecturing our European partners on listening to them more. What we need is not more proclamations and declarations, but a greater attention to what our Allies think.

“One of the chief values in having allies is the access it gives to their ideas. Too often, America’s world view has been arrowed to the view from a Washington window. What we need from our NATO partners is not only their strength, but their experience and their judgment.

“The world has changed; the Soviet Union has changed; Western Europe, too, has dramatically changed.

“Since World War II, Western Europe has seen its empires dismantled and its pre-eminence in power taken by others. Yet at the same time, its economies have been rebuilt, its societies restructured, a new set of political relationships pioneered.

“After centuries of intense nationalism, new international organs have sprung into being in Europe on a scale unmatched in the world, and unmatched in history: The Western Europe Union, the European Coal and Steel Community, the Common Market, the European Free Trade Association, Euratom, the Organization for Economic Cooperation and Development, and many more—not least of them NATO itself.

“The result is that Western Europe today is self-assured, strong, and growing stronger. If a greater measure of European union can be achieved, its potentials for development are almost limitless. It has the resources, the skills, and the educated people to make it another superpower.

“Some argue that we should not encourage further European unity, precisely because Europe does have so great a power potential. But a strong, independent Europe within the Atlantic Alliance could make for a healthier Atlantic Community, at the same time providing a strong negotiating hand with the Soviet Union.

“What we should recognize that the shape of Europe’s future is essentially the business of the Europeans. If greater European unity is to be achieved, it will have to be through European initiatives and on European terms; it is not our place to meddle, to prescribe, or to sponsor schemes to bring it about. We can, however, cooperate with initiatives the Europeans take. . . .

“A revitalized NATO, a strengthened European Community, a new spirit of cooperation between the U.S. and Europe—all these together can contribute to a stronger defense, to the concerteding of new initiatives for peace, and not least to the coordination of effort needed for crisis prevention. . . .”

President Richard M. Nixon
Campaign Speech  CBS Radio, Detroit  October 13, 1968

Assurances of Cooperation on Common Problems

Jean Rey, President of the European Communities Commission, sent the following telegram to President Richard M. Nixon on January 20:

“On behalf of the Commission of the European Communities I offer you our sincere congratulations on your inauguration as President of the United States and extend our good wishes to you and to the American people for the years ahead.

“We are confident that you and your administration are with us in viewing the unity of Europe as essential for advancing peace in the world and for assuring cooperation between the United States and Europe. Only through such cooperation, in this age of interdependence, can we work out constructive solutions to the common problems we face. You will find that the European Commission is ready to participate with you in this effort.”

President Richard M. Nixon replied to President Jean Rey’s message on January 31:

“Thank you for your thoughtful message. As you know, the United States government has long supported the vision of a united Europe, for we know that it is an essential element in building a stable and peaceful world.

“I value your offer of cooperation and look forward to working with the European Commission in seeking constructive solutions to our common problems.”
IT WAS A YEAR of turmoil and strife for Europe. After a gradual thaw in East-West relations, the Soviet invasion of Czechoslovakia shocked West Europeans into realizing how fragile the détente still was, and how little control their governments individually had over events on their doorstep. A wave of student demonstrations, often breaking into violent clashes with the police, swept across Europe. In France, the student revolt sparked a nation-wide general strike which paralyzed the country. Two severe currency crises created near panic in financial circles and helped compel two major European countries, France and Britain, to adopt severe austerity policies. Fears grew of a protectionist revival in Europe and the United States.

Within the European Community, 1968 saw the full customs union come into effect. The Six made progress in working out a common policy for transport, and for beef and dairy products but made little headway in overcoming the crisis in the European Atomic Energy Community or in coping with mounting food surpluses. Despite the many government initiatives to seek a compromise solution, the Six were unable to move closer together on the key issue dividing them: the enlargement of the Community by the membership of the United Kingdom, Ireland, Denmark, and Norway.

These were some of the main events in Europe in 1968:

January

18. United States and Soviet Union submit revised draft treaty on non-proliferation of nuclear weapons to 18-nation disarmament conference in Geneva.
27. Benelux Governments propose consultation procedure and technological cooperation between Six and applicants for membership in the Community.
31. Germany resumes diplomatic relations, severed in 1957, with Yugoslavia.

February

5-9. Commission President Jean Rey visits United States for talks on U.S. proposals to reduce its balance-of-payments deficit and on carrying out decisions made in the Kennedy Round negotiations under the General Agreement on Tariffs and Trade.
16. In Paris, German Chancellor Kurt Kiesinger and French President Charles de Gaulle announce their willingness to see the European Community conclude trade agreements with applicant countries, including tariff reductions on industrial products.
23. Italian Government urges greater economic cooperation between Six and applicants, to facilitate applicants' eventual membership.
24. France's Federation of the Democratic and Socialist left and French Communist Party publish joint declaration on future cooperation; agree to diverge on attitude toward Community.
26-27. Finance ministers of the Six, in Rome, decide on concerted action to maintain stable interest rates.

March

9. Council of Ministers fails to agree on German plan for trad arrangements with applicants for membership.
11. Italian Parliament dissolved at end of its five-year term.
15. Major European stock and foreign exchange markets (except Paris) close.
16-17. Following unprecedented demand by private buyers for gold, central bank governors of seven "gold pool" countries meet in Washington and agree on two-tier gold price system and end of gold pool.
19. Austerity budget announced in Britain.
20. General de Gaulle repeats earlier calls for return to gold standard.

April

2. German Bundestag unanimously adopts four Monnet Committee resolutions, including demand for rapid entry of United Kingdom into the European Community.
5. Council of Ministers fails to agree on Commission proposals for establishing trade links between EC and applicants.
9. Finance and economics ministers of the Six agree to accelerate Kennedy Round tariff reductions and permit United States to defer its second stage of cuts if the United States abandons American Selling Price system and renounces protectionist measures.
30. German Bundestag adopts law granting Government special emergency powers in case of war or extreme internal disorder.

June

25. French Government confirms it will carry out custom
nion and Kennedy Round obligations, but asks European
commission's authorization to impose temporary import quotas
on a wide range of goods as an emergency measure necessitated
by the May disturbances.

uly
1. European Community's customs union achieved: all industrial
tariffs between the Six completely abolished, 18 months
head of Rome Treaty deadline. Community's common external
tariff comes into full operation together with first Kennedy
round cuts in external tariffs. Agricultural common market all
ut completed.
2. German Foreign Minister Willy Brandt suggests closer co-
operation between Community members and the United King-
don in the Western European Union.
8-19. Council of Ministers adopts first five regulations of the
common transport policy.
6. Community signs association agreement in Arusha, Tan-
ania, with Kenya, Tanzania, and Uganda.
9. Council of Ministers adopts regulations ending remaining
strictions on mobility of workers in Community.

August
5. First French hydrogen bomb exploded in the Pacific.
7. Central banks agree in Basle, Switzerland, on arrangements
for gradual withdrawal of pound sterling from its reserve-
rency role.
8. General de Gaulle, at press conference, says supranational
community would entail domination by United States; France
gratefully opposes United Kingdom's entry because of conse-
quent risk of "Atlantic absorption."
9. Italian Government agrees on extensive university reforms.
20. French Government adopts draft law to reform universities.
6. New Communist Party launched in Federal Republic of
Germany.
7. France, in session of Council of Ministers, rejects Brandt
plan for strengthening links between the Community and United
Kingdom.
8. Community member governments sign convention on jurisdic-
tion and enforcement of judgments in civil and commercial
cases.
9. In referendum, new Greek constitution receives majority
approval.

October
1. Belgian Foreign Minister Pierre Harmel proposes coopera-
tion between the Community and the United Kingdom in West-
n' European Union framework on subjects outside scope of
Some Treaty, including defense and technology.
2. Germany's nuclear-powered merchant-vessel Otto Hahn
sails with financial aid from European Atomic Energy Com-
unity) enters service.
21. At Western European Union Council of Ministers meeting
in Rome, France turns down Harmel plan.
24. Britain's three political parties join Jean Monnet's Action
Committee for a United States of Europe.
25. After initial resistance from French Government, Fiat and
Citroën agree to merge.
30. Luxembourg Government resigns.

November
5. French Foreign Minister Michel Debré proposes to the
Community's Council of Ministers nine-point plan to strengthen
Community and trade and technological agreements with appli-
cants and other European countries.
8-9. Hague Congress of European Parliamentarians urges sum-
mit meeting to advance European integration.
13-15. European space conference in Bonn agrees to merge
ELDO and ESRO.
18. Following intense speculative flight from French franc into
German mark, French Government announces austerity meas-
ures, including cuts in government expenditures.
19. Germany announces reduced tax rebates on exports and
reduced compensating taxes on imports.
20-22. "Group of Ten" monetary powers meet in Bonn. Ger-
many refuse to raise value of mark. Five Community members
subscribe half of $2 billion loan to help France.
23. General de Gaulle states that franc will not be devalued.
24. France introduces further austerity measures, including
severe exchange control.
25. Commission approves maintenance of value of mark and
franc.

December
10. Commission submits proposals for a ten-year program to
reform agriculture in the Common Market.
20. Council again defers decision on Euratom's future, for six
months.
Trade Problems Face U.S. in 1969

by RICHARD LAWRENCE

The Nixon Administration faces a formidable trade policy challenge. It must act to reestablish the U.S. trade balance but keep channels of commerce open, and at the same time improve on the efforts of the Kennedy-Johnson Administrations to help domestic industries overcome competition from low-priced imports.

Richard M. Nixon takes office before the United States can forget its worst trade balance in a decade. Righting the balance of payments will be one of his highest priorities in the economic field, requiring vast improvements in 1969 net commercial transactions.

Export growth will have to be maintained or, if possible, enhanced and surge of imports ended. The new Administration, however, will have to use special care in choosing its methods of influencing trade patterns. Foreign governments will react swiftly to any U.S. move that might hint of protectionism, while many U.S. industries will impatiently await measures for import relief.

An economic slowdown in the United States, combined with accelerated expansion in some key trading nations, would do much to ease the Republican burden. The U.S. trade balance would then be virtually certain to improve as American export business picked up and imports settled down. Still, President Nixon is bound to feel strong pressures—from steel, textiles, footwear, and other industries—for a new, tough approach to trade questions. Not only will these interests demand a tight rein on imports but they will also insist that the U.S. Government compel other countries to liberalize their import policies.

American industry is becoming increasingly sophisticated about trade matters. Instead of relying solely on tariffs and quotas, it now makes more subtle proposals such as market sharing arrangements. It also has recently found a new use for a 1930 law on countervailing duties and takes an intense interest in European border taxes and other non-tariff barriers around the world.

American industry is using its new expertise to advantage in Congress. This past year it mounted one of the strongest legislative campaigns ever for trade restrictions. This drive, from present signs, will be equally imposing in 1969. The Nixon Administration, then, will be up against the threat of Congress enacting import controls unless something is done to neutralize trade pressures.

If trading nations work with the new Administration, they will have a chance to help make this neutralization possible. It is felt that this is especially true of the European Community and Japan. Should the Community settle the border tax issue to U.S. satisfaction, for example, it could help blunt U.S. protectionist demands. If the Community would relent on its agricultural export subsidies, the Nixon Administration could better argue for liberal trade back home. Action by Japan to liberalize its import quotas would provide a similar boost for an outward-looking U.S. policy.

Import Policy Options
The Republicans can be expected to press hard on all these fronts. They may also feel obliged to propose changes in the U.S. trade law so that industries, or selected firms groups of workers, can actually receive Federal help to a just to import competition. Not since 1962, when the prex law was enacted, has anyone obtained import relief, so specific and limited are the qualifying criteria in the Trade Expansion Act. Even officials in the Johnson Administrations conceded that this situation should be corrected.

The Nixon Administration will have to decide how much of a correction is warranted. How stiff should be the criteria for granting an industry tariff increases or import quota? What justifies extending financial and technical aid to companies or firms claiming damage from foreign goods? How much adjustment aid is necessary? These questions will doubtless be put to the new President.

The President will also be forced to weigh whether or not to take new courses in administering the antidumping act applying the countervailing duty law. Record numbers of dumping and countervailing duty cases have been filed with the Government in recent months. Perhaps the most interesting is a U.S. Steel Corp. petition demanding that countervailing duties be levied against most European Community steel exports, to compensate for special tax write-offs giving foreign producers an economic advantage.

The Johnson Administration has been trying to handicap dumping cases as diplomatically as possible. Usually the Treasury Department dismisses charges after foreign exporters agree to raise prices. It is less than certain that the new Administration will pursue the same liberal policy in avoiding the application of antidumping duties. If the Republicans adopt tougher methods, it could endanger the recent international antidumping agreement.

The countervailing duty law might easily be the more explosive of the two issues. Foreign countries contend that this law is not in keeping with the spirit of the General Agreement on Tariffs and Trade, since it calls for duty penalties without requiring any proof of injury to domestic produce. Nevertheless, the United States is legally entitled to promulgate the law, since the statute predates GATT.

For years, the Treasury Department declined to carry out the countervailing duty law, because its strict enforcement could obviously trigger a highly destructive trade war. In the past year, however, the Department has had recourse to this law, though it still distinguishes carefully between the kinds of foreign tax incentives subject to countervailing duties. Most importantly, it has refrained from retaliating against a Community's tax rebates on exports. A word from the White House could, however, change the Department's philosophy The Nixon Administration might try to use this possibility to persuade the Community to agree to changes in both tax rules under the GATT if other arguments fail.

Another policy option facing the new President conceals the use of the national security clause to impose import quotas. This clause has been invoked only once, to establish restrictions on oil imports; but the ferro-alloys industry filed for quota relief on national security grounds, and the textiles industry has a similar petition pending. Even steel industry has at times considered applying for quotas under the national security clause. The President has it within his power to invoke any quota he finds serves security interests.

Mr. Lawrence is Washington correspondent for The Journal of Commerce.
ptions for Expanding Exports

questionably, Mr. Nixon will review varied recommendations now being made to expand U.S. exports. Proposals run from export tax-incentives, to freight rate reductions and the dismantling of foreign non-tariff barriers. The export tax-incentive suggestion is tied, at least partly, to the current talks on border taxes. The new President must decide whether such incentives are good in principle and, if so, how to create them.

One possible course is to propose a sweeping Federal sales tax, similar to the value-added tax in the Community, and use it as a base for border taxes and export rebates. A more likely alternative, however, is for the United States to insist on a change in the GATT rules so that border adjustments be made not only for sales taxes, as is now the case, but also for such "direct" taxes as corporate income taxes, which are not eligible for border adjustments under the current rules.

Still another option available to the new President is the creation of an export rebate on existing Federal, state, and local sales taxes. It could be done without changing the GATT rules, but the rebate would amount to only 2 per cent, which many officials feel would be less than meaningful.

Recently, the U.S. Government took a major step in the freight rates area when the Federal Maritime Commission ordered a British-based ocean freight rate conference to reduce its charges to American exporters. The conference has had to comply, pending a final U.S. court ruling. There are other conferences that allegedly charge U.S. exporters more than foreigners, and the Nixon Administration, if it is so inclined, might try to force these shipping groups, too, to make reductions.

Non-Tariff Trade Barriers

Inevitably, the Republicans will have to hammer out a policy on non-tariff trade obstacles, an issue that has assumed considerable importance since the completion of the Kennedy Round of GATT negotiations. As tariffs go down as a result of the Round, it is an increasingly popular belief that non-tariff barriers will rise. It is believed widely enough so that the Government may be forced to make a show of waging an all-out assault on these barriers.

The Community’s border taxes and its common agricultural policy are the two items at the head of the U.S. list of undesirable trade practices. Under President Johnson, the United States has argued for border tax reductions and fixed limits beyond which the taxes cannot be increased. The Nixon team is expected to follow approximately the same approach.

The United States seems most disturbed, however, about the Community’s agricultural policies. The Johnson Administration even resorted to the tactic of fighting fire with fire—witness U.S. export subsidies on poultry, lard, and possibly barley—to counter Community subsidies. Worried over a possible Community tax on products processed from certain fats and oils which could affect U.S. exports of soybeans, soybean oil and cake, U.S. officials are already hinting that if the tax is adopted the United States will raise tariffs on a wide range of Community exports. President Nixon will inherit these problems and, quite likely, others in the unusually complicated agricultural area.

Major trading nations, except for Japan, have relatively few import quotas on industrial products; but non-tariff barriers to U.S. exports exist in other guises, U.S. officials maintain. Health regulations and various technical standards can be, and sometimes are, used to discourage imports. Procurement policies may shut out U.S. bidders. It will be up to the Republicans to decide how to negotiate these obstacles.

ASP and Presidential Negotiating Authority

The United States may discover that non-tariff negotiations will be difficult as long as it keeps the American Selling Price (ASP) system of assessing duties, mainly on benzenoid chemical imports. Europe regards ASP as its American bête noire. Until its removal, other countries will have an excuse to retain their own non-tariff barriers.

Related to the ASP issue is the problem of restoring presidential authority to reduce tariffs. Since July 1967, the President
The Johnson Administration asked Congress to return these powers, on a modest scale, but received nothing. The Nixon Administration may also want tariff cutting authority, if only to compensate other countries for restrictions. As of now, the United States has not had this authority, the longest such period in decades. The Johnson Administration professed support of preferences, little progress has been made in negotiating with the less-developed nations, and Chairman of the Council of Economic Advisors points out that the new Administration will probably insist on concessions from the United States unless they provide for the eventual entry of those countries into the Community. In the same vein, the Nixon Administration opposes the preferential pact about to be renewed between the Community and its 18 African associates.

Mr. Nixon will not be committed to these positions. He could take a more lenient view of any proposed tariff pact between the Community and other European countries, or he might decide to fight the Community's special ties with Africa more vigorously than the Johnson Administration. The new Chief Executive's ideas about how generally to help the less-developed nations will influence this decision. During the presidential campaign, Mr. Nixon mentioned the possibility of the United States granting trade preferences to Latin America. By pursuing this course, Mr. Nixon would recognize and promote economic spheres of influence, in effect leaving Africa to Europe, while the United States attended to Latin America. Mr. Nixon reference to Latin America could have been made, however, in the context of general preferences to all developing nations which the Johnson Administration favored. Despite the Johnson Administration's support of preferences, little progress has been made in negotiating with the less-developed nations. The opportunity will be present for Mr. Nixon to try to break the deadlock.

From all accounts, the Republicans will toughen the U.S. position on East-West trade. The new President will be urged by some groups in his party to discontinue dealings with Eastern Europe, but his remarks indicate that the current volume of trade will be maintained but little effort made to expand it. The Nixon Administration will probably insist on concessions from Eastern Europe in return for U.S. tariff reductions. The U. S. Export Control Act will be up for renewal in 1969, and the legislation may provide a first test of the new Administration intentions toward East-West trade.

Peace and Trade

"...we must continue to support efforts in regional cooperation. Among those efforts, that of Western Europe has a very special place in America's concern. The only course that's going to permit Europe to play the great role, the world role that its resources permit, is to go forward to unity. I think America remains ready to work with the united Europe, work as a partner on the basis of equality.

"For the future, the quest for peace, I believe, requires that we maintain the liberal trade policies that have helped us become the leading nation in world trade; that we strengthen the international monetary system as an instrument of world prosperity....""

LYNDON B. JOHNSON, President of the United States
State-of-the-Union Message, January 14, 1969

The United States and Regional Preferences

Other broader issues confront Mr. Nixon and his aids. For one he is likely to review, if not revise, U.S. policy toward the Community's trade ties with other countries. Preferential tariffs for the less-developed countries and East-West trade policy are two other major questions due for rethinking.

The next year or two should provide enough tests for U.S. attitudes on the Community's relations with the rest of the world. The United States now stands flatly against proposed preferential tariff agreements between the Community and Britain plus other nations unless they provide for the eventual entry of those countries into the Community. In the same vein, the United States opposes the preferential pact about to be renewed between the Community and its 18 African associates.

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President Nixon is sure to hear suggestions for closer trade links with Britain and Canada, and perhaps other countries, what is called a North Atlantic Free Trade Area. For the President to propose such a course would be precedent-shattering but Mr. Nixon will find little pressure in favor of that proposal. Even advocates of a North Atlantic Free Trade Area admit there is not much political or economic advantage in it for the United States.

A clue as to how the incoming Chief Executive will tackle these issues is being provided in the men he selects to help make trade policy. His choices for Secretaries of State and Treasury and Chairman of the Council of Economic Advisors point an international view. The man tapped as the new Special Representative for Trade Negotiations will further reveal Nixon's probable leanings on trade policy.
You Get Toys at The Common Market?

Toys are sold the whole year 'round and a child is not likely to be fussy about when he gets one or why. Least of all does he care where his toy comes from—whether from the Common Market, the United States, Japan, or elsewhere.

It's a small world when it comes to toys and the market is highly international. With buyers traveling each year to the many toy fairs held all around the world, few toys remain the monopoly of one country. Like fashions, new toys are avidly spied or imported by other nations. Books on the history of toys have credited toy fairs and widespread trade in toys with helping to break down the barriers between countries in Europe as early as the thirteenth and fourteenth centuries. Toys and dolls accompanied more mundane merchandise, such as wool cloth, in medieval times.

At F.A.O. Schwarz, the long-established New York City toy store, imported toys are prominent. Shoppers are struck by the collection of stuffed animals from Germany—all sizes, shapes, reeds, and prices. These animals are one of the store's most popular items for all ages. Ernest Thauer, the store's vice president, recounts the time a man drove up to the store entrance in a rented truck, walked in, and struggled out with a giant stuffed giraffe in full view of customers, staff, and guards. He was a shoplifter.

Toy is for All Seasons and Ages

A toy is hard to define. A dictionary says it is a plaything for children and others; something contrived for amusement rather than for practical use; a model or imitation of ordinary objects used as a plaything. Toys also appeal to collectors who buy expensive toys to display on shelves and to most adults whose tastes often dictate those of their children. Most games, but not sporting goods, are considered toys. Then too, some toys qualify as works of art.

The 1969 F.A.O. Schwarz catalog has 156 pages showing more than 1500 "toys:" games, dolls, building sets, children's clothes, and games for adults. A third, or about 500, of these things are imports, 275 of them from the Common Market. A quick look at U.S. import figures for 1966 shows that the Common Market supplies only a little more than 10 per cent of U.S. toy imports as does the United Kingdom, while Japan supplies an unstuffed lion's share of about 53 per cent.

Production figures for the toy industry in Europe are not readily available, but trade figures put out by the European Communities Statistical Office show that Common Market toy exports have burgeoned. From 1962 to 1967, Common Market exports of toys and dolls to the rest of the world practically doubled—from $60 million to $108 million. These figures include exports of rocking horses, pedal cars, scooters, and other vehicles for children; dolls, and other toys and scale models.

European Community toy exports to the United States show a similar increase between 1962 and 1967, doubling from $6.1 million to $12 million. Italy showed the largest growth among the Community countries, and the Netherlands, too, has made strides in its exports of toys. For example, Italy's total exports of wheeled toys, dolls, and other toys grew from $1,333,000 to $4,471,000 in the five-year period. The Netherlands increased its exports to the United States in the category of "toys and A History of Toys by Antonia Fraser, Delacorte Press, 1966, P96.

Tin cans become toys, when treated with imagination. PHOTO: Inter Nationes/UPA. Courtesy of the German Information Center, New York.
models” by almost ten times, from $67,000 to $657,000.

Toy-making first developed as an industry in Germany. Ger-
man toys have been popular for centuries, and Germany remains
one of the world’s leaders. The F.A.O. Schwarz catalog gives
an idea of the scale of imports an American store handles and
shows that Germany heads the list as the country with the
largest number of listings included, 100 followed by England, 84; France, 24; and Italy, 15.

Each Country Has Its Own Specialty
F. A. O. Schwarz doesn’t buy toys abroad if the United States
makes the same ones better, but certain countries seem to make
certain toys more skillfully than anyone else.

For example, Germany, the largest and best manufacturer
of stuffed animals, is also known for its fine model electric
trains. However, since the Second World War, the popularity
of electric trains has declined; reflecting contemporary life, toy
trucks, cars, planes, and rockets have replaced the traditiona-

tion iron horse. Germany also excels in mechanical toys, such as
electric steam engines; a leading German item last year were
sets from which a child can build models ranging from a simple
push toy to complex operating machines with motors.

France has a conglomeration of specialties. The French push
out a number of model service-station-type toys with friction-
propelled model cars and, if the station includes a helicopter
model for boys.

Adult games, such as puff billiards or horse racing games, are
also French specialties. These are catalogued as “very adult
games” and have a very adult cost: the puff billiards sells for
$44.50, and the horse race game—a roulette with horses or
circular tracks put in motion by a crank—costs an eye-opening
$75. But France also exports some of the more usual “break
and butter” toys—inflatable rubber balls, model soldiers, and
gyroscopes (complete with Eiffel Tower stand).

The most warlike toy F. A. O. Schwarz sells is an impor-
from France—a model of a U.S. Army missile base with office
buildings, repair shops, radar and searchlight towers, an oper-
ating missile launcher which fires missiles six feet in the air, four
two-stage missiles, warning buzzer, American flag, and soldiers

Italy makes the best dolls today, according to the toy store executive. He pointed out that the Italian dolls, as do the German stuffed animals, have better features and color than their American counterparts. American toys of this sort, he said, tend to be formless and lack character. Italy also seems to do well in exporting electric cars and pedal vehicles large enough for a child to sit in and race along a sidewalk at a respectable ip. The electric Lotus Racer made in Italy runs on batteries. 

is for 4- to 8-year-old children, has one forward and one reverse gear, goes 4 m.p.h., and costs $175. Italy has its upper crust, as does every country, which can afford such toys. Schwarz admittedly also caters to the “upper crust.”

Holland, not listed in the 1969 catalog, is best known for its manufacture of puzzles, especially children’s jigsaw puzzles. Belgium, while unrepresented by a toy per se, does a brisk trade in rugs illustrated with Disneyland characters for children’s rooms.

ads Fail to Alter Basic Market

he toy market doesn’t change much from year to year. Although there is something new every year, stores continue to carry and sell the basic lines, such as dolls, soldiers, and games, he toy industry in Europe, as elsewhere, has been changing over time. Toymakers can no longer afford hand operations and production-line toy has become the rule more and more; so as the use of plastics.

If some trends can be spotted, they would include the growth in the popularity of old toys as antiques and the shift away from electric trains to racing autos and road racing sets, remote control cars, planes, and space vehicles. The last three or four ears has also seen a sharp drop in the popularity of war toys. Schwarz, like other toy stores, has deliberately de-emphasized war toys since the Viet Nam War became so controversial. Model soldiers still remain, mostly with historical uniforms, but the vast array of model tanks and guns are gone.

The United States imports a considerable number of games and toys from Eastern Europe, but Mr. Thauer explained that there were none at F.A.O. Schwarz. Toys made behind the Iron Curtain in such countries as East Germany or Czechoslovakia, by and large, tended to be similar to those made in Western Europe without enjoying reduced tariff rates.

European Community Exports of Toys

Cars such as this remote-control Ferrari are becoming more popular than electric trains. PHOTO: Courtesy of the French Embassy Press and Information Division, New York.


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Africanders seek association changes

by Charles Schiffman

Hamani Diori, President of the Niger Republic, introduced himself as "the spokesman for Africa's peasants," during his tour of Community capitals last fall. As spokesman for the 17 African states and Madagascar associated with the European Economic Community by the Yaoundé Convention, he told the six Community member governments, the Commission, and business leaders that the Eighteen want to renew the association after the Convention expires on May 31, 1969, but that they also have important changes to propose.

The signatories are about to begin negotiating the renewal of the Convention and have, since the beginning of 1968, been hard at work preparing for the talks. They have formed national committees and held ministerial meetings in Niamey and in Brussels. With the help of a young Malian, Seydou Djim Sylla, the eighteen ambassadors in Brussels have been coordinating the work. For the second time, they chose the President of Niger, as emissary to stimulate the interest of the Community.

The Eighteen's 65 million inhabitants have an annual per capita income of less than $100. Experts predict that at the present rate of economic advance it would take them three centuries to reach the living standards of industrialized countries. However, their governments do not count on global solutions to poverty, such as those advocated at the United Nations Conference on Trade and Development in New Delhi at the beginning of 1968. Mr. Diori often repeated during his tour of the Six that the Eighteen prefer to renew their trade and aid association with the Community, but that they would also like to improve it.

The Eighteen give four main reasons for wanting to revise their association with the Community:

- Although the associates enjoy certain privileges, they supply only 4 percent of the EEC's total imports (4.3 percent in 1964, 4.2 percent in 1967).
- EEC imports of their agricultural produce, which make up 60 percent of the total exports of the Eighteen, have fallen both in quantity and value.
- Unfavorable terms of trade have aggravated this situation. Prices for cotton, coffee, and other raw materials have fallen, but prices for manufactured goods have increased. Mr. Diori gave this example: 220 pounds of African cotton could buy four blankets and eight yards of cloth in 1958, but only one blanket and three yards of cloth in 1967.
- Since 1958 the Community has given the Eighteen almost $1.3 billion in direct aid grants from its European Development Fund, or 20-25 percent of the total aid received by the African states. However the population of the associated states is increasing by 2.5 percent annually, and the prices of imported industrial goods are rising by 3-3.5 percent a year. To maintain effective aid at its present level, the Eighteen argue that the resources of the Fund should be increased by 5-6 percent.

Problems: Volume vs. Value

In trade the Africans have a twofold objective: to increase the volume of their exports and to obtain more favorable prices. They therefore think the Community should abolish or reduce the remaining barriers to their associates' agricultural produce.

The Yaoundé Convention stipulated that the Six, in making agricultural policy, "shall take the interests of the associate states into consideration." The imprecise nature of this provision has not helped the Africans. Today they want a system of benefits for their own farmers similar to the one Community farmers have, and at least one that offers some protection against competition from non-member countries. Such a system should also apply, they feel, to processed agricultural produce, because processing is a major route to industrialization in Africa.

The Africans are infuriated by the fact that the excise tax levied per pound of coffee in some Community countries is larger sum than the coffee planter himself receives. They therefore want decreases in taxes on tropical products which, the insist, should not be treated as luxury goods.

Prices are the thorniest problem. The Yaoundé Convention granted the associates financial aid (which has decreased amount each year) to improve production techniques and keep prices down. This aid has been supplemented by provisions for subsidies for some products. The five-year period (1964-69) covered by this arrangement has proven too short to show results.

Moreover, the Africans say that they will never be able to beat subsidized "world prices" at which competing products are sold in Europe for they are in reality knock-down prices valid only for surpluses sold outside national or regional market organizations. If world agreements fail to end this situation, the African states want the Community to create a stabilization fund for their tropical produce. The annual cost of such a fund is estimated at $200-$300 million, a figure Mr. Diori compares with the $2 billion now paid out by the Community's Agricultural Fund.

Development Aid Generally Satisfactory

The Africans are satisfied on the whole with the Convention's provisions for financial and technical cooperation. They are still an effective and unprecedented example of development aid for economic and social infrastructure investment, production, crop diversification, and technical training.

The Convention's drafters may have overestimated the debt:The Commission President Jean Rey welcomed Nigerian President Hamani Diori to Brussels last October.

Charles Schiffman is a correspondent for the French news agency, Agence France-Presse, in Brussels.
rrying capacity of the associated states. A large portion of the nds reserved for reimbursable loans ($33 million out of $64 million from the European Investment Bank and $11 million out $46 million in the special loans section of the European Development Fund) has not been used because the terms were yond the means of the associated states. Mr. Diori has there- re warned his European partners against the tendency to re- ice the volume of grants in order to increase the amounts available for reimbursable loans. He has also said that the Fund could increasingly favor directly productive sectors, such as ticultural modernization and industrialization.

dustrialization

til now the African states have used only 8.5 per cent of mmunity aid for industrialization. The new Convention, Mr. iori believes, should increase the importance of European stitutions as promoters of African industrial development. nican leaders seem to regard the measures adopted by the mmunity countries in their own under-developed regions— ity, Wallonia, Brittany—as a possible model.

Mr. Diori has suggested the financing of economic and tech- cal research and market prospection so that projects can be lected for submission to potential investors. Community aid uld then encourage investors to build factories in Africa. The Eighteen hope the European Development Fund or the Euro- pean Investment Bank will help finance African companies by granting them equipment bonuses and favorable interest rates and reducing risks to investors. To allay investors' fears, the omunity could create a fund to guarantee private investments, which would complement national investment codes and funds that several associated states already have.

Hamani Diori began his European tour both confident and anxious. Although he knew he could count on support from certain member governments and the Commission, he also knew that he would have to convert some governments—those attracted by buying on the world market or those conscious of advantages that an industrialized nation can obtain from its own bilateral aid program.

At the end of his tour, Mr. Diori drew up a provisional bal- ance sheet. He said he had met with "understanding on the part of most European leaders," support from the Germans, the Italians, the Luxemburgers, and the French, and encourage- ment from the Belgians. In the Hague, Mr. Diori had, in his own words, "the pleasant surprise" of meeting Dutch leaders determined to continue the association. Since the British appli- cation began to harm Community relations, the Africans feared they would be the ones to suffer. Today this fear has vanished, partly as a result of Mr. Diori's astute diplomacy.
NEW PLAN TO MODERNIZE AGRICULTURE MINIMIZEs
PRICE SUPPORTS, FAVORS FARMER EDUCATION

A memorandum concerning the means of modernizing agriculture and proposals to lower prices in the current marketing year were put before the European Communities Council of Ministers on December 10. If followed through, the modernization plan according to the Commission, would help farmers share in the Common Market's wealth and curtail the spiraling costs of help farmers share in the Common Market's

A memorandum concerning the means of price support.

planned to have an initial exchange of views on the memorandum as well as on the price proposals.

Sicco L. Mansholt, Commission Vice President and chief architect of the Community's current farm policy, explained to the Council the Commission's reasons for proposing the ten-year agricultural reform program. Agriculture has always been a problem, he said, one on which a great deal of money has already been spent. Farm productivity has risen, but farmers still have not received a fair share of today's rapid increases in prosperity, and the gap between the quality of life on the farm and in urban areas continues to widen. Commenting on tensions in the farming community, Mr. Mansholt said many people see no way of escaping from this situation.

Too many people are still working too many small farms. As many as 80 per cent of farms in the European Community are too small to provide enough work for one man using modern techniques and facilities. A common market and common price policy alone cannot correct this situation. Mr. Mansholt said that production quotas were no solution to keeping production in line with consumption. In addition to causing technical and administrative difficulties, such quotas, Mr. Mansholt said, discourage specialization, one of the main advantages the common market offers. Production cutbacks, unless coupled with other measures, merely lower the producer's income. He can only compensate for this loss by raising prices or expanding production of other products, which again distorts the market.

Price and market policy can neither assure a decent living for the farming population nor guarantee balance in the market unless the pattern of production also changes. For these reasons, the Commission wants to remove economic and legislative obstacles to increases in the size of farms, promote changes in land use, and encourage labor mobility. While the primary burden of adaptation will fall on the farming community, only through the Community at large can the problem be solved.

The Reform Package

The key to the farm reform lies in the concentration of production in well-managed farms that are large enough to allow the use of modern techniques, take advantage of improved investment opportunities, and reduce the farmer's hours of working more nearly to the normal work week of a normal week for other types of workers.

New jobs in manufacturing and services will continue to attract workers from the land, but not quickly enough to improve the rural standard of living. Between 1960 and 1970, 4.7 million people will stop farming. Five million more will give it up between 1970 and 1980, 2.5 million of them retiring because of their age and the others taking industrial jobs. In 1980, 6 per cent of the Community's total working population will still be on the land, as compared with 20.7 per cent in 1960, and 15.7 per cent in 1965.

Economically viable production units, in the Commission's view, should consist of no less than 200 acres of arable land for grain farmers, at least 40 cows for dairy farms, or 10,000 laying hens for poultry farms. "Modern agricultural enterprises," the most highly developed type of farm, could be formed by combining production units. To encourage the formation of these units, the Commission would like to see the:

- removal of legal and tax barriers now hampering an increase in the size of farms
- institution of financial assistance or allowances to help production units get started
- granting of investment subsidies and guarantee loans
- orientation of the Community member governments' agricultural improvement expenditures toward the achievement of these new objectives.

Modern agricultural enterprises would employ fewer workers than the farms from which they have grown. Older farmers would be offered financial help to retire if they did not want to continue working.

Farmers older than 55 who decided to retire and who made their land available for the structural reform program would receive appropriate financial compensation. Some younger people, too, would have to be induced to leave farming through offers of financial assistance, training for other jobs, or scholarship awards.

To adapt the Community's total agricultural acreage under cultivation to the requirements of domestic and export consumption of farm produce, no new land should be used for agriculture and marginal land would have to be withdrawn from use.

These measures would reduce the Community's farm acreage from 173 million in 1970 to 160 million in 1980. The 10 million acres thus made available would be used for recreational facilities and planted with timber.

Prices—1969/70 Marketing Year

Mr. Mansholt expressed the Commission's alarm about the Community's large surpluses and high prices. Present difficulties arose, he said, from the discrepancy between supply and demand, particularly in dairy, grain, and sugar. The solution lay in structural reform, he emphasized, but action must be taken immediately to restore short-term equilibrium by the use of subsidies and the reduction of prices:

- Dairy. The Commission considered the butter surplus particularly alarming, since it: no action were taken it would grow by 300,000 tons a year. If it continued to accumulate, there would be no storage facilities left, making impossible effective action on market and price policies. To use up the butter surpluses, the Commission proposed to deliver butter to specific food industries and to areas of the Community where butter consumption could be increased, to export dairy produce to developing countries to add butter to calf feed, and to deliver concentrated butter to consumers. In any way, the Commission hoped to reduce the butter surplus by 20,000 tons a year.

- More than half of the Community's farms are small dairy farms, and milk prices constitute a significant part of farm income. The Commission thus suggested that the milk price be left at its current level this year but that the price of butter be cut 30 cents a pound to discourage further production. In addition, the Commission suggests the payment of cheese and skim milk powder subsidies to discourage marketing of liquid milk.

- Beef and veal. The Commission recommended a reduction in the number of dairy cows from 22 million to 19 million in four years. For two years, a slaughter subsidy would be paid $3000 per animal to farmers who slaughter all their cows. In the mean time, the Commission urged the Community member governments to terminate any measures to maintain or increase their dairy herds. Fattening subsidies of $5 per 100 pounds livestive were mentioned as possible means of encouraging production of beef and veal which were still in short supply.

- Oils and fats. The Commission recommended the institution of a tax on processors. The proceeds of the levy could be used to offset the ill effects of low world prices on countries associated with the Community.
The Commission proposed the creation of Community-wide organizations to supervise each commodity or group of commodities. Farming could be reorganized only if the conditions peculiar to each area of the Community are taken into account. The Commission proposed a decentralized regional farm policy, a training policy to prepare the managers that would be needed to run modern farms, and a social policy to provide for the 800,000 farmers who were currently older than 65. In retraining young farmers, the European Social Fund should play a full part.

To Cost Millions
The ten year reform program would cost millions, but the Community members have already been spending millions on agriculture and were spending more each year. In 1967, the member governments spent $1.9 billion to improve agricultural structure, of which $1.3 billion was spent for activities like the ones the Commission has proposed. By 1980, in view of the rising trend, the member Governments’ activities could cost them much more than the Commission’s proposed program. Only drastic reform could help the Community cope with its financial, economic, and social “agricultural problem.”
The common energy policy must serve consumers. The cost of energy heavily influences both the cost of living and the competitive position of industry, the European Communities Commission stated in its "Guidelines for a Community Energy Policy," submitted to the Council of Ministers on December 18.

The Commission said that the common policy must assure a dependable, abundant, and cheap supply of energy. Competition should continue to be the basic determinant of price; and when intervention cannot be avoided, it should be carried out in such a way as to enable market forces to operate effectively. The Commission's proposals thus gave priority to market supervision, rather than intervention.

Problems of Energy Policy

The Community institutions have been working on a common energy policy since their inception but have faced three major difficulties:

- Responsibility for energy was divided between the European Coal and Steel Community's High Authority and the Commissions of the European Atomic Energy and Economic Communities. This problem was partly overcome with the merger of the three executives in July 1967. However, the three Treaties contain different provisions for different forms of energy. Only when they are replaced by a single treaty will this institutional barrier completely disappear.

- The wide variations in national policies, reflecting the differences in structures and attitudes in the member countries, have made it difficult to find common ground. Italy, for instance, lacking indigenous coal deposits, imports coal at world market prices, instead of using higher-priced Community-mined coal of inferior quality. France, through its national petroleum monopoly, has tried to control its petroleum supplies.

- Radical changes in the structure of the energy market, particularly the decline in the use of coal and the increasing demand for oil, have also hindered progress. The social implications have compelled governments of coal-producing member states to introduce state aids for their coal industries.

Energy Costs Distort Competition

In its report, the Commission called for the removal of the present distorting factors in the energy sector. It noted that the Community energy market, unlike those for farm and industrial products, is still seriously hampered by various fiscal and technical obstacles. Unless a common policy is adopted soon, the integration already achieved in this energy sector will be endangered.

The report stressed the need to overcome the risks inherent in the Community's dependence on imported energy supplies, and to diversify these supplies. Imports now supply more than half of the Community's energy. A common approach would best enable the Community to negotiate from strength on world markets and provide sure basis for external supplies.

Different national policies lead to variations in energy costs which, in turn, distort the competitive position of major industry energy consumers and handicap certain regions when big investment decisions are under consideration. National efforts to remedy this situation—uneconomic subsidies, varying rates of taxation, and increasing nationalistic policies to ensure supply—ar disintegrating a common energy economy.

According to the report, energy production represents 12 per cent of the Community's total industrial production, and between 15 per cent and 20 per cent of total investments. Energy imports, $5.5 billion in 1967, represented 18 per cent of the Community's total imports.

All Forms of Energy Covered

The Commission made proposals for creating the general framework of an energy policy, the establishment of a common market in energy, and the assurance of cheap supply.

- General medium-term energy policy for costs and annual evaluation of supply and demand for energy, the Commission suggested, should be used to assure the coherence of the Community members' energy policy actions.

The Paris Treaty creating the Europe Coal and Steel Community and the Rome Treaty creating the European Atomic Energy Community already contain similar lines in their respective sectors—coal and nuclear energy. The Commission recommended that medium-term policy decisions also be made on oil, gas, and electricity which are not covered by the Treaties. Policy should include regular examination of supply conditions and the application of stockpile policy to prevent shortages.

- Like the Common Market for goods, common market in energy is needed and requires free trade of the industry's products, freedom of establishment, and common rules on competition and indirect taxation.

Technical obstacles will have to be removed to achieve free trade in energy pro
cepts and equipment for their production, transport, and use. To facilitate national policy adjustments, the Commission proposed Community action in the areas of commercial and structural policy.

Freedom of establishment in the energy sector assumes the abolition of discrimination between the Community members' nationals in the issuance of prospecting licenses and concessions and permits for operating refineries or service stations and for transporting oil and gas and transmitting electricity. In contract awards for the supply of equipment, nationality may not be a consideration.

In the area of competition, the Commission proposed an annual synchronization of aid systems to assure a cheap and reliable supply of energy. To lower its cost, only the most productive mines should then be taken. To encourage and facilitate prospecting and production in the common interest, the Commission suggested the use of the "joint enterprise status" which has worked well in the nuclear sector. Joint enterprises receive tax and customs concessions.

- Nuclear fuels. An isotope separation plant to serve Community needs should be built and Chapter VI of the Euratom Treaty amended so that nuclear fuels can be supplied according to market conditions.

In addition to the facilities now available for financing investments under all three Treaties, the Commission suggested that consideration be given to providing additional guarantees or Community financing possibilities for investments benefiting the Community.

COUNCILadopts interim EURATOM BUDGET and PROGRAM POSTPONES DECISION ON FUTURE Until JULY

The European Communities Council of Ministers will decide the future of the European Atomic Energy Community in July. In the meantime, it has passed an interim program and an operating research budget for 1969 to allow work to continue at the Community's Joint Research Center.

At a meeting that lasted long into the night of December 20, the Council managed to reach unanimous agreement, as required by the Euratom Treaty, on the 1969 research budget and program. It also decided that before July 1, 1969, it would:

- pass a new multiannual program
- examine the means of achieving a coordinated policy in the nuclear field
- select non-nuclear research activities that could be conducted at the Joint Research Center.

Euratom's 1969 program will consist of:

- a joint program, in which all six Community members participate. The $24.43-million budget for the year covers 11 research areas: nuclear fission, biology, nuclear measures and standards, dissemination of research knowledge, teaching and training, and reactor research (fast reactors, heavy water reactors, and high-temperature gas-cooled reactors).
- a complementary program, financed by the countries interested in participating (in general, the Six except France). The 1969 budget amounts to $24.2 million and covers primarily basic research done mainly at Joint Research Center facilities.
- a program for research activities related to the Commission's overall activities, for research by public or private organizations in the Community, or for retraining so that they can be used more easily in other jobs at a later date.

The Council has also provided for using the Joint Research Center for research and technology projects outside the nuclear field. It has not yet selected these projects, and the Scientific and Technological Research Policy Committee ("the Marchéj Group") was reactivated to advise the Council on this matter.

The Marchéj Group has resumed work in an excellent atmosphere, and on a tight schedule set by the Council. It will submit a written report to the Council at the beginning of March 1969 on research areas where cooperation is possible, both from the national and the European points of view, in the priority sectors designated by the Council in December 1967. These areas were: data processing, telecommunications, new kinds of transport, oceanography, metallurgy, air and water pollution, and meteorology. The scientific, industrial, and economic interest of projects proposed would be considered in assigning priorities. The financial, juridical, and procedural means of executing the projects selected would be specified. On the basis of this report, the Commission was expected to propose cooperative ventures with interested non-member countries, particularly the United Kingdom, Ireland, Denmark, and Norway, which have applied for membership.

In Brussels, the results of the Council meeting were considered a serious beginning of European cooperation in science and technology, after a slow beginning.

EC Trade Trends

Trade among European Community members amounted to $13.2 billion in the first half of 1968—an increase of 10 per cent compared with the corresponding period in 1967. EC imports from non-member countries in the first half of 1968 came to $16.2 billion, while EC exports reached $16.8 billion.
VIGOROUS ECONOMIC EXPANSION FORECAST FOR 1969
CAPITAL INVESTMENT, PRIVATE CONSUMPTION TO GROW

Nine-year-six-nine will be another year of vigorous growth, according to the European Communities Commission. Real gross Community product should expand by 5-5.5 per cent, about the same rate as in 1968.

In its last Quarterly Economic Survey of 1968, the Commission said that the Community's exports may grow more slowly this year if the expected slowdown in business activity in the United States materializes. However, internal demand, from both capital and private consumer spending, show signs of increasing.

Consumer spending, in particular, will gain momentum as employment improves and wages rise. Pressures on some member countries' labor markets may re-emerge this year. Industrial production will expand by 8 per cent, while agricultural production will show a relatively small increase.

As a result of the speculation in Deutsche marks against the French franc at the end of November 1968, however, the Commission noted that some of its forecasts may need revision. The report went to press on November 14.

1968: Economic Recovery

Summarizing economic developments during 1968, the Commission reported that despite French production losses in the May and June strikes, real gross Community product had risen by 5 per cent, as compared with a 3 per cent increase the year before.

This gain brought the Community's total growth rate since 1957 to 69 per cent, as compared with 58 per cent in the United States and 38 per cent in the United Kingdom.

The determining factor in the Community's 1968 economic recovery, the Commission said, was the rapid growth of demand, at first chiefly from exports, stockbuilding, and capital investment, and, later in the year, from private consumer spending.

The Community's visible exports expanded by an estimated 8.5 per cent, though special factors, especially in the case of sales to the United States and the United Kingdom, accounted for much of the increase. Although export demand slackened as the year wore on, internal demand displayed an increasingly steep upward trend. Consumer spending rose by 7.5 per cent, an increase that the Commission attributed largely to the increase in disposable income, which was especially pronounced in France as a result of massive wage increases following the strikes in May and June.

Companies spent more on stockbuilding during 1968 than at any time in the ten years since the Common Market came into force. Capital investment also expanded by 8.5 per cent.

Demand Boosted Imports and Production

Responding to the rise in demand, supply expanded vigorously and proved highly elastic throughout the year. Agricultural production rose little beyond the high level reached last year, but industrial production rose 7.5 per cent, as compared with 1.7 per cent in 1967.

Labor productivity improved and employment began to move upward during the year. In France, however, the strikes of May and June were followed by a temporary steep increase in unemployment.

Imports also grew as a result of strong internal demand. After stagnating in 1967, imports increased by about 8.5 per cent. The Community's balance of visible trade with non-member countries was expected to show almost as large a surplus in 1968 as in 1967. However, since the deficit on capital account was considerably larger in 1968 than in the preceding year, the balance of payments deteriorated sharply. The Community's official net gold and foreign exchange reserves fell by $2.8 billion during the first ten months of the year, compared with a rise of more than $1 billion during the same period of 1967.

ECSC PRODUCTION TAX SET AT .3% FOR 1969

The European Coal and Steel Community production tax was set at 0.3 per cent by the European Communities Commission decision made on December 18.

The levy on coal and steel products would yield about $37 million in 1969. These and other revenues, mainly $5.5 million from interest on investments and $9 million from ECSC reserves, will be used to finance ECSC expenditures:

- $18 million in administrative expenses
- $25 million for retraining and reemploying former coal and iron ore miners
- $8 million for technical and economic research on coal and steel production, safety in the coal and steel industries, and promotion of coal and steel consumption.

BARRE EXPLAINS COMMUNITY VIEW OF CURRENCY CRISIS

The European Communities Commission participating as an observer, was able to exert a "Community influence" during the international currency-crisis talks in Bonn in November, according to Commission Vice President Raymond Barre.

When Mr. Barre addressed the European Parliament in Strasbourg on November 27, he denied reports that ministers at the Group of Ten meeting had ignored the Commission. The German Government invited the Commission to send representatives to Bonn, he said. It was the first time the Commission has had observers at a Group of Ten meeting.

Replying to an oral question on the Commission's role during the Bonn meeting, Mr. Barre stated that the Six had held joint consultations and that even before the Bonn meeting the Commission had conveyed its view that the parity of both the mark and the franc should remain unchanged.

He said the Commission was studying the measures taken by France and Germany following the crisis. No definite judgment could yet be made, at that stage, about their compatibility with the Community rules. He noted that the French measures dealt with production, the German ones with trade, but he added that the Romex Treaty, imposed stricter and wider exchange controls in November than in May 1968, but the French Government could not have foreseen the franc's movements. Mr. Barre made no accusations or excuses, but said that there were "masses of vagabonds capital" not subject to control, such as Eurodollars.

The Bretton Woods system, Mr. Barre con
In the nineteenth century, he concluded, it was impossible to set up Community objectives without considering international policy objectives. As for Community mutual-aid procedures—which have never been clearly defined—it seemed difficult to have common reserves without unified management. A better interim system would be medium-term reciprocal credits between Community members.

World Conference

Mr. Barre said a gradual consensus was emerging about reaffirming the international monetary system. The first step should, in any case, be the achievement of economic stability in each country, without which the system would not be soundly based. He doubted whether a great international monetary conference would be the solution, particularly in a situation of speculative pressures.

In the nineteenth century, he concluded, the Bank of England had managed the international monetary system. From 1944 until 1958, it had been done by the United States. The current crisis then began to develop because the United States could no longer manage the system by itself. In the new system of management which must be found, the Community could play an essential role; but it first had to establish its own economic solidarity.

SCHOLARSHIPS AWARDED TO ECSC ORPHANS

The Paul Finet Foundation awarded 81 scholarships in 1968 to orphan children of workers in the coal mining, iron-ore mining, and steel industries of the European Community. These awards brought the total number of scholarships awarded to 209.

The Paul Finet Foundation was created by the High Authority of the European Coal and Steel Community and named after the High Authority's former president. It grants scholarships to children of coal and steel workers who have died since 1965 as a result of an industrial accident or an industrial disease.

The Council of the Foundation, which selects the scholars, is presided over by Albert Coppé, member of the Commission of the European Communities and formerly Vice President of the ecsc High Authority.

EUROPEAN PARLIAMENT QUIZZES EC EXECUTIVES

The future development of the European Community, internally and externally, was the main topic at the annual meeting between the European Parliament, the Council, and the Commission on November 26.

The financial instability in Europe was cited as proof of the need for intensifying cooperation among member states in the monetary field. Discussion focused on the closely connected issues of Community enlargement and further efforts to achieve economic union.

Then the current Council President, Italy's Foreign Minister Giuseppe Medici, outlined a series of problems which "require solution in the near future," including enlarging the Community. Speaking then as a representative of his country, he said it was essential for Britain to become a member if Europe were to play an effective world role.

In the debate that followed, Members of Parliament from all Community states but France strongly supported British, Irish, Danish, and Norwegian membership in the Community. Members of Parliament also urged "democratization" and strengthening of Community institutions and called for the direct election of the European Parliament by voters in the Six.

Rey on Need for Compromise

Commission President Jean Rey reemphasized the need to find a compromise solution to the enlargement problem. He said further internal development of the Community depended on solving this issue. He pointed out that if the Community had become paralyzed following the first breakdown of negotiations in early 1963, "all that has been painstakingly constructed since would have been lost. Instead, the stronger the Community has become, the stronger the desire of others to enter," he said. Referring to France's nine-point work program to hasten the Community's internal development, Mr. Rey said he welcomed this compilation but added that similar proposals had already been tabled by the Commission "for many months."

On the Community's world role, the Commission President said it was essential for the Community to take up early contact with the Nixon Administration in an effort to deflect protectionist pressures.

NEW REGULATIONS ADVANCE COMMON COMMERCIAL POLICY

The European Community has established a common liberalization list covering two-thirds of the items imported into the Community, decided on the gradual establishment of a common procedure for administering quantitative import quotas, and outlined a special procedure for importing certain products from certain non-member countries.

These new features of the common commercial policy are contained in three regulations passed by the Council of Ministers on December 10. They came into force January 1, 1969.

- Common liberalization list. The regulation establishing the list also specifies the non-member countries to which it applies. It forbids the unilateral revocation of liberalization measures but provides for their joint withdrawal in the event of market disturbances.

The list established covers two-thirds of the items mentioned in the common customs tariff. The remaining third of the items mentioned are still at different stages of liberalization in the member states.

- Import quota administration. This regulation establishes common rules and procedures for administering and allocating quotas for the products covered by the first regulation. It thus enables the Council of Ministers to establish quantitative quotas either autonomously or in negotiations with the member states.

- A Committee for the Administration of Quotas will be created and will consist of representatives of the member states with a representative of the Commission in the chair.

- Special procedure. This regulation gives a procedure to enable the Community to deal with special problems that might arise in connection with imports which at first can neither be liberalized nor given quotas and which originate in certain countries, mainly
state-trading countries. It provides two alternatives: on the basis of close observation of these imports, an attempt will be made to liberalize the products or assign quotas, or special arrangements will be made with the non-member countries involved, especially concerning prices and volume of the items traded. The Community institutions will have to decide on the products and countries to be included in this procedure and a Consultative Committee will be created.

Export Policy Needed
The three new regulations, together with the common tariff policy, and the anti-dumping regulation passed last April cover almost every aspect of the Community's import system. They enable the Community to pursue a liberal commercial policy, while providing the necessary assurances of effective protection in the event of market disturbances. However, they must be completed by other measures in the coming year. In particular, decisions must be made on the Community's general export policy, including harmonization of the members' policies on export aid and credit insurance. Also to be worked out is the question of "active commercial policy" concerning action to be taken in the event of discrimination by non-member countries against Community products.

THE COMMUNITY AND THE AFRICAN ASSOCIATES PREPARE TO NEGOTIATE A NEW YAOUNDE CONVENTION

Preparations for negotiating a new Yaoundé Convention associating 18 African countries with the European Community continued during December. In accordance with the decision made by the Association Council last July in Kinshasa, the ambassadors of the Eighteen and the Six met in Brussels, on December 11, to prepare for a meeting of their ministers, on December 19.

Among the procedural details arranged at the ministerial meeting of December 19 was a decision to hold negotiations at three levels: ministers, ambassadors, and experts. The next ministerial meeting may be held at the end of March, but in the meantime an effort will be made to settle outstanding points of disagreement. Those still unsettled will then be put on the minister's agenda.

The Six, under the Yaoundé Convention, have given free access to their domestic markets to exports from the associated states but permitted the African states to impose tariffs or other restrictions on Community exports to protect their infant industries. In addition, the Six agreed to give financial and technical assistance to the African associates and made $730 million available for use by the Eighteen in the initial five-year period covered by the agreement (June 1, 1964-May 31, 1969). (For an African view of the changes that should be made in the association, see page 12.)

LINKS WITH UK: ANOTHER REPORT

Britain and five of the seven members of the Western European Union—Belgium, Germany, Italy, Luxembourg and the Netherlands—have asked Italy's Foreign Minister Giuseppe Medici to draw up proposals to improve coordination, especially in defense and foreign affairs, between the Community and the four countries applying for EC membership.

The Community has already made a preliminary examination of improvements that could be made in the common customs tariff for certain tropical products. In so doing, the Community has carefully considered the interests of the non-associated developing countries and the interests of the associated states to avoid the danger of disturbing their exports to the Community. The experts' work has also provided a basis for discussing agricultural products competitive with European products and processed agricultural products. The current Convention does not deal with agriculture, since at the time it was written, the Community had not completed its agricultural policy.

Concerning preferences for finished and semi-finished products, the Community has affirmed its desire to cooperate within the United Nations Conference on Trade and Development (UNCAD) in establishing a general system of non-reciprocal preferences. When such a system is established, the Community does not intend to reopen the issue of the duty free arrangements applied to the associated states.

After signing the original Yaoundé Convention, the Community invited other African states with economies comparable to those of the Eighteen to apply for association. It considers that invitation, the "1963 Declaration of Intent," still valid.

This decision was made on November 15, at the time of the ministerial meeting of the North Atlantic Treaty Alliance in Brussels. France, which did not take part, will be invited to the Western European Union Council meeting in Luxembourg next February at which Mr. Medici's proposals will be discussed. Mr. Medici will be aided by an international committee of experts. He was chosen because he was at the time chairman of both the Community's and the WEU Councils of Ministers.

TURKEY TO RECEIVE FIRST EC FOOD AID

Turkey, an associate of the European Community, will receive the first food aid given by the Community under the Food Aid Convention of 1967.

In view of Turkey's urgent need for assistance, the European Communities Council of Ministers, meeting on January 16, said it planned to donate 50,000 metric tons of wheat to Turkey as quickly as possible under the Community's 1968/69 Food Aid Program.

The Food Aid Convention

The European Community and eleven other participants in the Kennedy Round negotiations in the General Agreement on Tariffs and Trade agreed to supply developing countries with 4.5 million tons of grain a year as food aid or the equivalent in cash. The Community's share of this aid amounts to 23 per cent—1,035,000 long tons of grain a year or $66 million at the agreed international reference price of $63.56 a ton.

The Food Aid Convention, which is part of the 1967 International Grains Arrangement runs for three years, from July 1, 1968, to June 30, 1971. It covers wheat and secondary grains intended for human consumption, such as corn, sorghum, and barley. It allows the developed countries to supply the food aid on soft terms, either by grants or for local currency.

Community Administration of Food Aid

The Commission, in defining the Community program, tried both to satisfy the needs expressed by the developing countries and to fulfill its food aid commitment with Community grain.

Rather than sell the grain for local currency, the Commission said it preferred the donation method of administering food aid since it offered political and administrative advantages without causing any major inconveniences. In the case of donations, the recipient country would establish a counterpart fund equivalent to the value of the gift and would commit itself to using the money only for development projects approved by the Community. Appropriate projects, in the Commission's view, would improve the recipient country's production and marketing of foodstuffs, processing of agricultural products, or manufacture of the means of agricultural production.

In the case of sales of grain for local currency, the Community would hold counterpart funds generated by the sale but would accept the obligation of using them within the recipient country and for its benefit.

At its meeting on December 9-10, the
ABOR COSTS DIFFER MORE BY SECTOR THAN COUNTRY

Unpower costs between industries in any single Common Market country differ more aply than those between countries for a ven industry. This finding was published by the Euroan Communities' Statistical Office in its Supplement to the Statistical Studies of Surveys series in November. The study polled all industries for a single reference period and included all wages, salaries, and cessary charges borne by industrial employers in the Community. Similar studies previous years dealt with a selected numner of industries during several years. The preliminary results of the new survey broken down into fifty industrial categories, with the total cost of manpower r hour given for manual laborers and per nth for employees. To aid interpretation, the tables were accompanied by supplenentary data on manual and white collar manpower covered by the survey and by infor- mation on the average number of hours worked in 1966 per worker and per industry. The study covered more than 13 million manual workers and 3.7 million office workers. In 1966, hourly manpower costs for work- ers (all industries) were highest in Luxem- burg ($1.76). After Luxembourg came Ger- many ($1.60), Belgium ($1.52), the Nether- lands ($1.48), France ($1.38), and Italy ($1.26). In the manufacturing industry as a whole e order was the same, but the order anged in the mining and quarrying in- dustry, Luxembourg, at a $2.40 per hour. j. Next came the Netherlands ($2.16), an- ce ($2.08), Germany ($1.96), Belgium ($1.94), and Italy ($1.64). In construction, Germany ($1.76) carried the heaviest manpower costs, followed by e Netherlands ($1.70), Belgium ($1.64), an- ce ($1.36), Italy ($1.28) and Luxembourg ($1.24).

Office Workers
For office workers, the order of countries was different from that of manual workers for industry as a whole. Luxembourg paid the highest average monthly salary to office workers ($495.32), followed closely by France ($464.58), Belgium ranked third ($441.70); Italy, fourth ($414.70); the Netherlands, fifth ($381.04), and Germany, last ($374.12). This order was repeated in the manufacturing industries; but in mining and quarry- ing, Belgium ranked sixth, after Germany. In construction, manpower costs, for em- ployees were highest in France and Bel- gium. After them came the Netherlands, Germany, Italy, and Luxembourg in a group. The survey showed that the annual time worked by manual workers in industry as a whole was longest in France (2,078 hours). The other countries followed in this order: Luxembourg (2,019), the Netherlands (1,983), Belgium (1,908), Italy (1,877) and lastly Germany (1,860). This first publication of the total results will be supplemented later by a detailed analysis of manpower costs.

UNIONS SEEK WAGE TALKS AT COMMUNITY LEVEL
The Executive Committee of labor unions in the European Community affiliated with the International Confederation of Free Trade Unions, has urged the establishment of Community-level machinery for collective bar- gaining and for guaranteeing full employ- ment. The Committee has also stipulated certain conditions before agreeing to take part in a conference on employment proposed by the Commission. It demands that it should not be an inter-governmental conference, and that the conference be organized in cooperation with the Community's labor unions and employers' organizations.

SCOTT PAPER TO ALTER LICENSING AGREEMENTS
The Commission has approved two license agreements after the firms involved agreed to alter provisions which tended to impair competition within the Community. The agreements between Scott Paper Company of Philadelphia and its subsidiaries, Scott Continental of Brussels and Burgo Scott of Turin, were trademark and know-how li- censes covering the production and sale within the Common Market of absorbent pa- per products, such as paper towels, facial tis- sues, and waxed paper. Scott Continental, a fully-owned subsidi- ary of Scott Paper Company, manufactures the parent company's products and markets them under the parent company's trade- marks in all Community countries except Italy. Burgo Scott, in which the American parent company and an Italian company each have a 50 per cent interest, holds a li- cense for Italy, France, Germany, Austria, Switzerland, and Liechtenstein. Although the parent company granted non-exclusive li- censes, it refused to let any other company in the licensing areas use its trademarks. The companies had stated, however, that they did not impede the sale of Scott prod- ucts imported by wholesalers from the other licensee, either by invoking their trademark rights or in any other way. After the Commission challenged certain restrictive aspects of the agreements, the firms agreed to delete them.

BENELUX REMOVING NTB'S
Belgium, the Netherlands, and Luxembourg have set January 1, 1971, as the deadline for the removal of all non-tariff barriers to trade in their economic union. The Benelux countries will hold an inter- governmental conference—attended by prime ministers and foreign ministers—in the Hague next March to draw up plans for removal of the barriers. They will also study plans for cooperation in foreign policy, technology, jus- tice, and culture.

RECORD GRAIN HARVEST
The Community's 1968 grain harvest reached a record of 69.4 million long tons, compared with 68.7 million tons in 1967. Since the creation of the Common Market in 1958, France has increased its share of the Community's grain harvest from 37 per cent to 46 per cent. Germany's share has risen from 26 per cent to 27 per cent, while Italy's has declined from 30 per cent to 21 per cent.
EIB MAKES FOURTH BOND ISSUE IN BELGIUM

The European Investment Bank has made its fourth public bond issue in Belgium and has granted six new loans.

The total value of the 14-year bond issue is BF 750 million ($16 million). The EIB will use the proceeds of the issue to finance its general lending activities.

The following loans were granted:
- **Belgium:** a 20-year loan of $10 million at 6.87 per cent yearly interest to *Fond des Routes*, a public institution.
- **Gabon:** a 9-year loan of $405,000 at 6.5 per cent yearly interest to the *Société Industrielle Textile du Gabon*. The proceeds of the loan will be used to construct a textile printing factory in Libreville at a total cost of $1.9 million.
- **Italy:** a 10-year loan of $4 million at 6.5 per cent yearly interest to the *Instituto Mobiliare Italiano*—IMI which will re-lend the money to *ATES—Componenti elettronici*, an electronic company with headquarters in Catane. IMI will use the loan to improve its production and laboratory facilities, at a total cost of $8.5 million.
- **Italy:** a 20-year loan of $24 million at 6.87 per cent yearly interest to the *Società Autostradhe Romane e Abruzzesi*.
  The loan will help finance the *Gran Sasso*, the first transverse road in the Italian superhighway network in central Italy. The road and tunnel through the *Gran Sasso* mountains, costing $99 million, will connect Rome and the Tyrrhenian Sea with the Adriatic.
- **Italy:** a $1-million 9.5-year loan at 6.5 per cent yearly interest to the *Société des Ananas de la Côte d'Ivoire*. SALCI, a pineapple processor, will use the proceeds of the loan to expand capacity, at a total cost of $3.2 million.
- **Turkey:** a loan of $1.35 million to the Turkish Industrial Development Bank. These loans are usually made for 30 years at 4.5 per cent yearly interest. The Turkish Industrial Development Bank will re-lend the money to *Karon Sanayii ve Ticaret AS*, "Kartosan", for the construction of Turkey's first plant for making chromo cardboard (a type of cardboard) at a total cost of $3.72 million. The EIB is making the loan under the financial clause appended to the Association Agreement between the Community and Turkey.

DISTRIBUTION OF TOXINS TREATED BY COMMISSION

Proposals to secure the right of establishment and freedom to supply services in the distribution of toxic products are now before the European Communities Council of Ministers.

One proposal, in the form of a directive, covers the distribution and professional use of all toxic products except pharmaceuticals, ionizing substances, and morbific agents. Th other deals with transitional arrangements.

They complement directives passed by the Council on July 7, 1964, regulating activity connected with the manufacture of chemical other than drugs and pharmaceuticals.

When the Council passes these directive nationals of the six Community countries or companies incorporated under the law of member state having registered offices, her offices, or principal places of business with the Community will enjoy the same rights as member states of that country or companies of that state. Under transition arrangements, a person may perform such a tivities in countries where there are rules on the distribution and professional use of tox products, provided that he has performed the same services, either in a self-employed c pacity or as head of an enterprise, for fit consecutive years in a Community count other than the host country.

MANSHOLT URGES SUMMIT CONFERENCE ON NEW POLITICAL COMMUNITY IF EC MEMBERSHIP STALEMATE IS NOT BROKEN

Vice President Sicco L. Mansholt of the European Communities Commission has urged European nations willing to form a new, supranational political community to meet at the summit to discuss its foundation if the Community's current impasse continues.

He attributed the European Communities' stalemate to the political opposition that has developed over the enlargement of the European Community. Mr. Mansholt made these remarks, which amplified earlier proposals (see European Community No. 118, page 23), in Eindhoven, the Netherlands, on November 15.

He rejected the argument that the European Community was free to choose between enlargement or reinforcement; and it was misleading to suggest that if the Six could not achieve one, then they must go ahead with the other. In a situation as frustrating as the present one, Mr. Mansholt said, it was "unrealistic" to think "ordinary work could go on as if nothing were wrong."

Questioned about his pessimistic tone, Mr. Mansholt replied that while the European Community was becoming an integrated economic entity, no corresponding political integration had occurred. "A political initiative is necessary," he said, "if we want to reestablish balanced economic and political development not only in Europe's own interest but also in the interests of the developing countries and Eastern Europe."

Although he believed a summit conference should be held, he was not optimistic about the prospects of its success since the Hague Congress of the European Movement on November 8-9. Mr. Mansholt said that a strong minority of delegates to the Congress, many of them conservative Britons, still were resisting the supranational objectives set twenty years ago.

The Hague Congress was organized by the European Movement to commemorate the twentieth anniversary of the Hague Congress of May 1948 which marked the beginning of the postwar campaign for the political integration of western Europe. The commemorative conference in November was attended by 500 members of parliament from 15 European countries.

The European Declaration adopted by the 1968 Congress stated that the best way to build a United Europe would be to enlarge the Community by admitting the four applicant countries (Britain, Ireland, Denmark and Norway) and to increase its political power. The resolution stated that as long as Europe remained divided, its position as world political power would continue to decline.

If disagreement continued to prevent political unification, all governments that recognized the pressing need for European unit should seek to integrate policies outside the Community's competence. In particular, if the proposed conference of heads of government should examine cooperation in foreign affairs, defense, arms procurement, and monetary questions.
RUCKERS GET FIRST COMMUNITY LICENSES
The first quota of European Community licenses for truckers came into force on January 1, 1969. The license amounts to a “Community passport” for international trucking, which allows a trucker to deliver goods in 11 member countries with one license. Previously, he would have needed six licenses. The Commission places Community licenses at the disposal of the member states’ authorities to issue in accordance with their procedures. Community license holders may transport goods for profit with any kind of vehicle anywhere in the Six. A French trucker, for instance, can begin a trip from Bordeaux, his home, with a load of wine for Antwerp, Belgium; unload the wine in Antwerp and take load of bananas for Cologne, Germany; then unload the bananas in Cologne and travel empty to Coblenz, where he can pick up textiles for Luxembourg. After unloading in Luxembourg, he can go to Liège, Belgium, take on a load for Limoges, France, and from there return empty to Bordeaux.

MARGARINE, PESTICIDE STANDARDS PROPOSED
A proposal for uniform purity and packaging standards for margarine marketed in the Community was published by the European Communities Commission on December 2, 1968. They would not apply to margarine exports.

The proposed regulation defines margarine as “the product obtained by emulsification of edible fats, particularly water-in-oil emulsification.” The proposal specifies the required composition of, and lists all permissible additives to, ordinary margarine as well as confectioners’ margarine. Among the packaging standards proposed is the requirement that the word “margarine” and the date of manufacture appear on the label. The date can be coded.

In another proposal made on December 2, the Commission specified the permissible chemical pesticide residues on fruits and vegetables marketed in the Community. Certain chemical residues are completely forbidden.

EDF ANNOUNCES SIX FINANCING DECISIONS
Total commitments of the second European Development Fund were raised to $567,761,000 by six financing decisions of the European Communities Commission on November 7. The new decisions involve a total amount of $8,254,000:

- Central African Republic: a grant of $393,000 to eliminate the tsetse fly through sterilization of the male fly by irradiation.
- Somalia: a grant of $3,275,000 to provide a modern telecommunications network.
- Mauritania: a loan, on special terms, of $2,754,000 to extend the wharf at Nouakchott and to equip it to handle copper ore exports and future increases in commercial traffic.
- Niger: a grant of $732,000 for structural improvements in groundnut and cotton farming and $10,000 in cotton price support.
- Congo (Kinshasa): a grant of $980,000 to train 220 middle-management officials for the Congo Transport Office and provide further instruction for 332 senior officials trained under a prior Ec-financed project.
- The sixth decision made available $120,000 to provide information on the European Development Fund’s activities and achievements and extended the first information program financed by the EDF in 1964.

URKEY-EC ASSN. COUNCIL AGREES NEGOTIATIONS WOULD BEGIN IMMEDIATELY FOR “SECOND STAGE”
The Turkey-European Community Association Council met in Brussels on December 9 to consider questions connected with Turkey’s request to begin the second stage of the association. After detailed discussion, the Association council noted its agreement that negotiations should be started immediately for the changeover to the transitional stage and for renewal on a new financial protocol. The Association Council noted with satisfaction the positive results achieved in the first four years of the association and under Turkey’s first five-year development plan.

The Ankara Agreement associating Turkey with the Community provides for three stages: a preparatory stage of at least five years allows Turkey, with the Community’s assistance, to strengthen its economy so that it may assume the obligations of the transional stage. The Community gives assistance in the form of development loans, of up to a total amount of $175 million during the first five years of the agreement, and preferences for Turkey’s principal exports: raisins, tobacco, dried fruits, and figs. Since 1967, the Community has also granted tariff quotas on some cotton textiles.

- a transitional stage during which the Community and Turkey establish a customs union. This stage will last at least 12 years, longer if Turkey needs more time to align its tariffs and policies with the Community’s. In this respect, the resolution issued by the Association Council on December 9 stated that the principle of reciprocal and balanced obligations of the transitional stage of the association will be adapted to the evolution of the Turkish economy, so that it would not be damaged by “sudden confrontation” with the Community members’ economies.
- a final stage for strengthening coordination of economic policies.
PUBLICATIONS AVAILABLE


Annual report on the manpower situation in the Community.

CRITERES A LA BASE DE LA FIXATION DES SALAIRES ET PROBLEMES QUI Y SONT LIES POUR UNE POLITIQUE DES SALAIRES ET DES REVENUS. Serie Politique Sociale, No. 19, Commission of the European Communities, Brussels, 1967, 98 pages $1.60

Describes the basic incomes policy in the Community member states, includes incomes statistics for 1955-1965, and treats the problems of establishing an incomes policy in the Common Market.

RESTRICTIVE AGREEMENTS AND DOMINANT POSITIONS. Information Memo P-56/68, Commission of the European Communities, Brussels, November 1968, 15 pages free

A list of measures implementing Articles 85 and 86 of the EEC Treaty. This is the fourth revision and makes the list current to November 1, 1968.

ETUDES ET ENQUETES STATISTIQUES, 1968, No. 4, Statistical Office of the European Communities, Brussels, 149 pages $2.00

Contains harmonized statistics of gross hourly wages and length of work week for October 1967. Some earlier statistics included. (French/German/Dutch/Italian)

ETUDES ET ENQUETES STATISTIQUES, 1968, No. 5, Statistical Office of the European Communities, Brussels, 211 pages $2.00

Contains statistics on the cost of manpower and wages of workers in the coal, iron, and steel industries for 1966, with statistical summaries of 1955-1966. (French/German)

INTRODUCTION A QUELQUES PROBLEMES POSES PAR L'AUTOMATISATION DES BLOOMINGS. By Roger Petitetian, High Authority of the European Coal and Steel Community, Luxembourg, June 1967, 136 pages $2.00

A technical study on certain problems of automation in the steel industry, especially in laminating.

ETUDES ET ENQUETES STATISTIQUES, 1968, No. 3, Statistical Office of the European Communities, Brussels, 297 pages $2.00

This issue contains the following articles in French/German/Dutch/Italian:

- SOCIAL STATISTICS: THEIR DEGREE OF COMPARABILITY AND THE DIFFICULTIES ENCOUNTERED IN THEIR HARMONIZATION

- ACCIDENTS IN THE IRON AND STEEL INDUSTRY 1960-1966

- THE NUMBER OF STUDENTS IN THE COMMUNITY COUNTRIES.


Reproduces the memorandum on the general objectives for steel for 1970 already published in the OFFICIAL JOURNAL of December, 1966. Part II analyzes the market, raw material, and manpower situation for steel in the future. Also available in German.

RAPPORT SUR LE CHOIX DES METHODES DE COMPARAISON DE LA CHARGE FISCALE EFFECTIVE QUE SUPPORTENT LES ENTREPRISES DANS LES DIVERS ETATS MEMBRES DE LA CEE. Serie Conjoncture, No. 7, Commission of the European Communities, Brussels, 1967, 37 pages $2.00

A study by Professor Gerhard Zeitel on different methods of comparing taxes on companies in the EEC member states.


English edition of the new Commission’s annual report. This report replaces the annual reports of the EEC Commission, the Euroato Commission, and the High Authority which were merged to form the Commission of the European Communities.


A statistical compilation which includes data on population, labor, national accounts, agriculture, industrial production, trade, finance, balance of payments, incomes, and standards of living.

SURVEY OF THE NUCLEAR POLICY OF THE EUROPEAN COMMUNITIES. Commission of the European Communities, Brussels, October 1968, 64 pages $3.50

The Commission’s “white paper” on nuclear development within the Community. Part I discusses the Commission’s general aims and proposals for this sector.


Report on the energy situation in 1967 with perspectives for 1968. Also available in German.

TENDANCES ENERGETIQUES MONDIALES. Serie Energie, No. 1, Commission of the European Communities, Brussels, 1968, 153 pages $3.00

Discusses the long term perspectives of production and consumption of energy in the world and the availability of imports to the Community of the principal forms of energy. Also available in German.