NOVEMBER 1971 NO. 150

european community

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COVER: The United States' abrupt turn inward has left Europe feeling wronged, unjustly scorned.

European Community is published in English, French, Italian, German, Dutch, Greek, Spanish, and Turkish by the offices of the European Community Information Service. Subscriptions can be obtained from the European Community Information Service.

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Community News

EC-US Trade Grievances Aired in 2-Day talks

Sicco L. Mansholt, Vice President of the Commission of the European Communities, and Commission member Ralf Dahrendorf, spent October 21-22 in Washington discussing with Administration officials the consequences of President Richard M. Nixon's new economic policy announcement on August 15.

Some points of agreement but also some "differences of perception" emerged from the talks which are part of a series of twice yearly EC-US exchanges initiated after the Kennedy Round of negotiations in the General Agreement on Tariffs and Trade (GATT). During the inter-agency meetings under the chairmanship of Deputy Under Secretary for Economic Affairs Nathaniel Samuels, the Commission representatives met with: President Nixon's Special Foreign Economic Advisor Peter G. Peterson, Secretary of State William P. Rogers, Secretary of Agriculture Clifford M. Hardin, Under Secretary of Treasury Paul C. Volker, Special Representative Designate for Trade Negotiations William Eberle, and other Administration officials.

Accompanying Mr. Mansholt and Mr. Dahrendorf were: Theodorus Hijzen, acting director general for trade policy; Louis Georges Rabot, director general for agricultural affairs; Renato Ruggiero, chief executive assistant to Commission President Franco Maria Malfatti; Fernand Braun, deputy director general for industrial affairs; and Paul Luyten, foreign trade specialist on affairs concerning the General Agreement on Tariffs and Trade (GATT); Sjouke Jonker, chief executive assistant to Vice President Mansholt; Klaus Terfloth, chief executive assistant to Commission Dahrendorf, and Paulette Bassères, a member of the Commission's Directorate General for External Trade.

US Secretary of State William P. Rogers gave a working reception during the Common Market officials' visit. Top photo, reading clockwise from the couch facing the camera are: US Under Secretary of State John N. Irwin II; US Secretary of Commerce Maurice Stans; US Deputy Under Secretary of State for Economic Affairs Nathaniel Samuels; Common Market Commission President Franco Maria Malfatti's Chief Executive Assistant Renato Ruggiero; US Assistant Secretary of State for European Affairs Martin J. Hillenbrand; Aldo Maria Mazio, chief of the Common Market Delegation to the United States; US Under Secretary of State for Economic Affairs Philip H. Trezise; US Special Trade Representative Designate William Eberle; US Federal Reserve Board Chairman Arthur F. Burns; President Richard M. Nixon's Assistant for International Economic Affairs Peter G. Peterson; US Under Secretary of Treasury for Monetary Affairs Paul C. Volcker; US Secretary of State William P. Rogers; Common Market Commissioner Ralf Dahrendorf; Theodorus Hijzen, acting director of the Common Market's Directorate General for Trade Policy, and Common Market Commission Vice President Sicco L. Mansholt. Bottom photo, *reading clockwise from the couch facing the camera are: Mr. Rogers, Mr. Dahrendorf, Mr. Mansholt, US Secretary of Agriculture Clifford M. Hardin, and Ambassador Robert J. Schaetzel, chief of the US Mission to the European Communities.*

Europe Feels Unjustly Harmed

At a news conference in Washington on October 22, both Mr. Mansholt and Mr. Dahrendorf emphasized the unusually good atmosphere in which the exchange of views had taken place. They said they were returning to Brussels with "clarity of the American view."

Before the visit, Europe thought the United States had put the 10 per cent surcharge on imports to gain a bargaining position in world trade. As a result of the talks, the Community understood that the surcharge was instituted as a monetary measure, Mr. Mansholt said. However, both Mr. Mansholt and Mr. Dahrendorf stressed that while intended as a monetary measure, the US import surcharge unfairly affected the Community's trade. In view of its constant trade deficit with the United States, the Community could hardly be accused of protectionism against US goods; it buys more from the United States than it sells in the US market.

Despite the adverse effects of the US unilateral action, both Mr. Mansholt and Mr. Dahrendorf agreed that there had been two positive results.

- It caused the Community members to "pull together," and facilitate agreement on exchange rate relationships between themselves and on a common position for negotiations with the United States.
- It clarified the political situation, focusing attention on the underlying causes of long-standing grievances.

Nevertheless, agrement with the United States on the major issues of monetary reform, trade liberalization, and international burden sharing will not be easy. First, the political elements have to be distinguished from the economic elements and negotiated separately, Mr. Mansholt said. Trade questions also have to be separated from monetary questions, he added.

US Understanding

Questioned about the US $2 billion surplus on trade with the Community during a State Department briefing also on October 22, Mr. Samuels said that the Community was "not pressing a bilateral relationship between Europe and the United States in exclusion to the total global relationship that we have to work out . . . there are other elements." He mentioned long-term capital flows but said "that was not really a matter of any substantive discussion between us at these sessions."

Asked whether the United States would stall on removing the import surcharge in the hopes of building up its trade balance, Mr. Samuels said: "The United States has no reason to slow down any settlement of these outstanding problems. On the other hand, we have no reason to speed a settlement that would be adequate."

About the chances for an international readjustment of parities and the Community's role in it, Mr. Samuels was cautious. He said the Community thought it could agree on new relationships between the values of its members' currencies which, from the US point of view could "be either good . . . or bad." It depends on what actions take place after that."

EC Issues Report on US-EC Trade

The growth of Japanse exports to the United States is not the result of Common Market protectionism according to a European Community report.

Indeed, a larger percentage of Japanese exports went to the United States (30.7 per cent) than to the Common Market (6.7 per cent) in 1970, but the disparity was due to the heavy competition in the European market and to natural barriers, such as distance, rather than trade barriers, the report said. The report, which deals with EC-US commercial relations, was distributed in Washington on October 21 on the first day of talks between Community leaders and US Administration officials on major trade and economic issues *(see page 3)*.

Japanese and Community firms concentrate in many of the same industries and products, such as consumer electronics, small automobiles and textiles. With such heavy competition, domestic firms maintain the competitive edge by promising quick delivery and better service and maintenance, according to the Community review. For example, only Italy limits the entry of Japanese automobile imports to the Community. Despite unrestricted entry into the other five member countries, Japan exports only $30 million to $40 million in cars to the Community compared to more than one-half billion to the United States.

Some quantitative restrictions by Community member countries against Japanese products still exist just as they do in the United States, the review stated. However, it also stressed that the Community is currently negotiating a treaty with Japan designed to reduce on a reciprocal basis 75 per cent of the existing quantitative restrictions.

Six Agree to Limit Regional Aid Race

To stop outbidding on regional investment aids, the European Community countries have agreed to set a 20 per cent ceiling on the amount of aid a member government may contribute to any one investment.

This agreement was reached in Luxembourg on October 20 at a meeting of the Council of Ministers, the first devoted exclusively to regional policy.

Discouraging Congestion

Stated in a resolution, the new policy on aids to regional investments is intended to

- discourage aids to the congested "central" areas so that the less-favored regions can benefit
- end the "overbidding" whereby governments compete with each other for foreign investments.

It goes into effect on January 1, 1972, for an initial trial period of one year. The Commission will supervise the system which will be reevaluated jointly with the member states. The governments will also rearrange their aids during 1972 to make them "transparent" (i.e., so that their nature can be clearly seen and their extent clearly calculated). Aid will be given only to areas in genuine need and it will be designed to meet those needs. After the Community's enlargement, the present classification of central areas would be revised.

Albert Borschette (left), Commissioner member responsible for regional policy, and Belgian Vice Prime Minister and Minister of the Budget André Cools chat during a pause in the meeting of the Council of Ministers on regional policy.

Initial Discussion

The Council also began discussion on three other Commission proposals for

- the creation of a standing committee for regional development, bringing together governmental and Commission experts to review regional policy needs.
- the establishment of a special interest rebate fund. This fund, consisting of $50 million a year initially, would subsidize by up to three percentage points loans by the European Investment Bank and other financial institutions for investments in development regions. The first $50 million would go to priority agricultural areas, since in the present Community this is where the worst regional problems are found.
- the allocation of $50 million a year from the European Agricultural Fund to attract industry into poor rural areas. Premiums of $1,500 would be offered for each new job created for farmers, farm-workers, or their children.

The proposals (the first two are based on the Commission's 1969 memorandum) have been approved by the European Parliament, the Economic and Social Committee, and the Community's Medium-Term Economic Policy Committee.

Institutional Difference

During the Council meeting, the Commission, Italy, and Germany tried to get a formal agreement in principle on the three proposals. Belgium, the Netherlands and Luxembourg expressed reservations.

France showed great interest and seemed prepared to provide funds at a later stage, but preferred an intergovernmental to a Community framework. Thus, France suggested that the Standing Committee be composed of senior civil servants from national administrations, empowered to make proposals directly to the Council. (France has made a similar suggestion on joint control of drug trafficking and abuse; the institutional aspect is also partly responsible for the delays in agreeing on a Community industrial policy.)

Backed in particular by Italy and Germany, the Commission resisted the French approach, which would deprive the Commission of its right of initiative.

The Ministers agreed that additional funds would be needed, but Germany opposed subsidized interest rates because it could distort the operations of capital markets. Germany suggested straight premiums on approved investments, and thought the farm fund's current ceiling of $285 million a year on structural reforms should be maintained.

Germany thought the new funds should become available during the second stage of the plan for economic and monetary union. Italy suggested January 1, 1973, and France said the issue could be left to the proposed committee.

Transport Ministers to Set Priorites

Common rules for cross-frontier passenger transport will soon be applied throughout the European Community following decisions by the Council of Ministers at a meeting in Luxembourg on October 12. Revised rules on maximum driving time for short distance road transport will also soon go into effect.

During the meeting, Albert Coppé, Commission member responsible for transport policy had criticized the transport ministers' attitude of "benign neglect."

Conflicts in national policies not only adversely affected competition but also hampered full integration, since the transport sector is an important connective in an interdependent Community, he observed.

Despite these difficulties, the Ministers are expected to revive the common transport policy at the next Council session which is scheduled to take place in early December. At the end of the meeting, Mr. Coppé, speaking for the Commission, said a list of priorities and a timetable would be made and submitted to the Council.

Trend Toward Simplification

As part of the program to introduce common rules for cross-frontier road transport of passengers, the Council agreed on two regulations. One deals with regular bus service for tourists and specialized regular bus services across member states' borders.

The regulations provide for a uniform licensing system valid for the entire journey. Member states where passengers get on and off will fix the details of regular services, but transit states will be entitled to intervene, under a Community procedure. Conditions of shuttle services will be set by the member states from which the bus leaves. Here, too, the country of destination and transit countries will have a chance to appeal against the conditions. The regulations are intended to simplify the operation of these services and enable a coach to take passengers from Paris to Bonn, for example, and pick up another group to take back to France.

Driving Times Modified

Ministers also agreed to modify the regulations on maximum driving times for short-distance road transport (up to 50 kilometers). As suggested by firms operating delivery services, breaks for loading and unloading will be excluded from the definition of driving time. The maximum driving time remains eight hours, followed by one hour's rest.

Checks on driving times will be simplified. Short-distance drivers will no longer be compelled to keep a log book. They may install a tachygraph or any other simplified method of control, approved by the national authorities and by the Commission.

School bus stop in Brides, France. One of the regulations passed by the Council sets a common rules for licensing school buses. PHOTO: French Embassy Press and Information Division, New York

Even more flexible rules are planned for vehicles used in harvesting. The Ministers agreed informally (a formal decision must await the opinions of the European Parliament and the Economic and Social Committee) that the eight-hour maximum could be extended by one hour for transport from or to a point outside the Community. The European Road Transport Agreement prescribes a nine-hour maximum. This would only need to be a temporary concession, as ERTA signatories have resolved to introduce eight-hour shifts in two years' time.

Compromise Nears on Truck Weights

While the Council failed to agree on common rules for the maximum weight and size of trucks, there were signs of an approaching compromise. Like many other highly technical features of the Common Market, the issue is of major economic importance, in this case, because the vehicle industries of France, Germany, Italy, and the Netherlands are directly affected.

At present, France, Belgium, and Luxembourg authorize a maximum load of 13 metric tons per axle, but Belgium plans to switch to 10 tons, while Germany, Italy, and the Netherlands set a 10-ton limit. Thus, the driver of a French truck could have to unload some of his goods when crossing the border into Germany. The closely integrated Benelux area is particularly affected by the disparate laws.

The Commission suggested a compromise suitable for container-transport—an 11.5 ton per axle limit by 1974. Maximum weight would be 42 tons, length 18 meters, width 2.5 meters, height 4 meters, and power 8 horsepower a ton.

Until now, the two main protagonists remained adamant. Germany said the giant trucks caused extra pollution, congestion, and wear and tear on roads. Germany also wants to shift more freight on to their railroads to help reduce operating deficits and ease road congestion. France maintained that large loads were more economical. At the same time the French heavy vehicle industry stressed that it was not properly equipped to produce smaller trucks, so that it would not be able to compete if the French law were changed. The indications are that France will agree to a lower limit, but only if the effective date is delayed long enough to allow French manufacturers to alter their assembly lines, beyond 1974. In their search for a compromise, the Six will consult Britain and the other applicants.

Market Access and Rates

On the organization of the transport market (e.g., access to the market and introduction of rate systems), Italy, Luxembourg and the Netherlands agreed broadly with the Commission's proposals. Germany thought the Community's transport network was working satisfactorily, despite the deficiencies noted by the Commission. Bonn would like the Six to give priority to harmonizing social aspects and conditions of competition. France, too, stressed the need for more equal conditions of competition. Paris thought it preferable to let member states settle transport policy details, unless the lack of Community regulations hampered cross-frontier transport.

France and Germany also attached special importance to the Commission's proposals that transport users pay for use of infrastructures (roads, bridges, etc.). This would help to equalize conditions of competition: the road transporter pays no direct charge for using roads (except the tolls for French and Italian motorways) while the railroads are expected to cover running and capital costs out of their passenger and freight revenue. However, little progress was made towards agreement on this issue.

Council Gives Go-ahead for New Social Fund

The new-style European Social Fund will become operative January 1, 1972 as a result of decisions made by the Council of Ministers in Luxembourg on October 19.

The Fund will help to retrain workers, resettle them and their families, provide unemployment allowances, and inform workers of job openings. Like the old Fund it replaces, it will allocate its resources mainly in the Community's development regions, where the worst unemployment and underemployment problems exist. Both its resources and its activities will be considerably extended. The Commission should have $50 million at its disposal during 1972, but hopes that the figure will increase to $250-300 million per year in two or three years.

Instead of acting as a relatively passive and inflexible "clearing house," financing half the cost of retraining and redeployment programs initiated by the member governments, as happened in the past, the reformed Fund will play a more active role in retraining workers threatened with redundancy before their existing jobs actually disappear. From September 1960 to December 1970, over $307 million had been spent, half contributed by the Social Fund and half by the government concerned, on retraining 1,301,100 workers.

Two Kinds of Activities

The Fund will be able to act in two separate ways:

- It will help workers whose jobs may be threatened as a direct result of continuing integration in the Community. It will cover the cost of retraining, in some circumstances, income support during retraining, and also resettlement where necessary. The precise arrangements will be decided on an *ad hoc* basis by the Council.
- It will also, jointly with the government concerned, pay for retraining and resettlement in areas of structural unemployment not resulting directly from the Community's existence. The latter are at present found mainly in poorer areas, particularly in Southern Italy.

For the first five years of its operation, up to 50 per cent of the new Fund's resources will be spent on this second type of help. The principle of an incomes guarantee under this second section has been approved, though this part of the plan will not come into operation immediately. The Council also agreed that the two sides of industry will in the future be closely associated with the running of the Fund.

The general lines of the new Fund were accepted by the Council in July 1970. The Council on October 19, 1971, adopted the detailed implementing regulations so that the Fund can come into operation on January 1, 1972.

Non-profitmaking organizations will be eligible for aid, but all requests to the Commission must come from member states. The Commission can use some of the Fund's resources to carry out pilot projects. It will act in liaison with the Social Fund Committee and the Standing Committee on Employment.

Six Want More Concrete Jobs Policy

The Six are preparing to cooperate more closely in maintaining full employment and improving working conditions in industry.

As economic integration advances, corresponding progress must be made in the social and labor field. The members of the European Communities have therefore decided that cooperation should extend beyond studies into active concentration of social policies and legislation.

New Program

A new program has been drawn up, superseding the one passed in June 1967. It calls for priority action in these sectors:

- employment, free movement of workers, training and career guidance. Improvements will be sought in methods of forecasting the size of the labor force; employment agencies; working conditions of office workers, young workers and migrants from non-member countries; and training of young and unskilled workers.
- health care and welfare. The Six will step up work on a Community-level social budget, and on various financial aspects of welfare, e.g., the cost of building and running hospitals, and the provision of social security to farmers.
- industrial safety. Experts will focus on joint efforts to curb accidents and noise in factories. Projects to help building workers and workers using compressed air have been specified.

Member states plan to intensify efforts to improve job training in the Community. The aim is to coordinate efforts on:

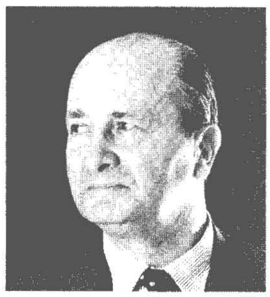
- labor problems which affect all member countries and where Community-level action is especially suitable
- helping workers in technologically advanced industries to learn new techniques, and retraining workers in depression areas, especially low-income farming regions.

Berthoin Heads London EC Delegation

Georges Berthoin has been accredited as the new head of the European Communities' delegation in London, the Commission of the European Communities announced on October 19.

Mr. Berthoin, who worked with former French Prime Minister Robert Schuman and was chief executive assistant to Jean Monnet at the European Coal and Steel Community in 1952-54, has been closely associated with the development of UK-EC relations since 1956. He succeeds Johannes Linthorst-Homan who has retired as head of the mission.

Dr. Mazio to Head EC Delegation



Aldo Maria Mazio, the head of the first permanent Common Market delegation to the United States assumed his duties October 20. Dr. Mazio handed his credentials (a letter of introduction from Ralf Dahrendorf, Common Market Commissioner in charge of external relations) to US Secretary of State William P. Rogers.

The delegation was created to strengthen US-European Community ties. The Community had maintained an information office in Washington since 1954 and a "liaison office" since 1967.

Dr. Mazio, previously Ambassador of Italy to Belgium, has severed his connection with the Italian diplomatic service to represent the Commission of the European Communities in Washington.

After graduation from the Law School of the University of Rome, Dr. Mazio studied at the Yale University Graduate School of Political Science. He entered the Italian diplomatic service in 1932 and served as first secretary at the Italian Embassy in Washington and later as consul general in New York. He was subsequently appointed ambassador to Dublin, Tunis, The Hague, and, in 1965, Brussels.

Mr. Mazio is married to Augusta Cantú, the daughter of Admiral Giuseppe Cantú who was Italian Commissioner at the New York World's Fair in 1939. They have three children.

Malfatti Outlines Goals of Summit Meeting

An overall strategy to tackle the problems raised by US attempts to defend the dollar should be mapped out at a ten-nation European summit meeting in 1972, according to Common Market Commission President Franco Maria Malfatti.

Addressing the European Parliament in Strasbourg on October 21, Mr. Malfatti suggested that this conference would bridge the gap between the signature of the enlargement Treaties by the United Kingdom, Ireland, Norway, and Denmark and their entry into force. Decisions must be made during the meeting, he said, for strengthening the Community, for accelerating the achievement of full economic and monetary union, and for presenting a common stand in negotiations with the United States to settle the current monetary and trade difficulties.

Other objectives of the meeting would be:

- a redistribution of the cost burden of European defense, possibly at a European Security Conference
- definition of the political and economic role that a ten-nation Community should play in the world.

World Trade Grows 8.5%

World trade last year remained surprisingly buoyant, but price increases outstripped volume growth, according to the annual report on development in international trade by the General Agreement on Tariffs and Trade (GATT).

International Trade 1970 said the main trade trends in 1970 were:

- the continued rapid growth (more than 14 per cent) in the value of world exports, despite relatively slow growth in the gross national product of the main trading nations
- a slowdown in the growth rate of the volume of exports (8.5 per cent compared with 10 per cent in 1969)
- a more rapid growth—for the first time—in the volume of trade in agricultural products and minerals than of trade in manufactured products
- slower growth than usual in trade under preferential agreements (intra-EEC and intra-EFTA trade were both up by about 19 per cent)
- a deterioration in the terms of trade of developing countries, reversing the improvement of 1969
- an overall increase in the trade surplus of industrial areas.

EDF Give $30 Million in Development Aid

Ten new allocations to Africa from the European Development Fund were announced by the Commission of the European Communities on October 1 and 7, 1971, in Brussels.

The allocations, amounting to a total of $30,320,000, were as follows:

- **Mali.** $522,000 to raise rice production near Sikasso.

- **Senegal.** $6,482,000 to continue construction of the Ziguinchor-Kolda highway and to asphalt the entire stretch.

- **Somali Republic.** $763,000 to build a bridge and road to connect the village of Giamana on the Giuba river with the Chisiamaio-Camsuma-Gelib highway. This road will improve the transportation of agricultural products.

- **Ivory Coast.** $522,000 to finance the first part of a government plan to increase rice production in the ill-favored savanna regions of the North and the Center. It is hoped that by 1976, local production will cover 85 to 90 per cent of estimated national consumption.

- **Togo.** $2,675,000 to help cotton production in the Central and Plateau regions. Two-thirds of the population lives in this area.

- **Rwanda.** $950,000 to build a bridge over the Nyabarongo river on the Gitamara-Ruhengeri highway. This bridge will replace the existing one which is flooded periodically because the water level has risen by 9 feet since 1945.

- **Congo Republic.** $15,960,000 to build and asphalt Kenge-Kikwit highway. This road will open up the densely populated, rich, agricultural region of Kwilu.

- **West Africa.** $108,000 was given in technical assistance by sending three Community officials to help with preparatory work on the Economic Community of West Africa. This customs union will include Senegal, Mauritania, Upper Volta, Niger, Dahomey, and the Ivory Coast.

- **Niger.** $2,038,000 to finish the construction of 16 rural health centers, and $724,000 to finish 80 storage facilities for agricultural products. These additional grants were necessary because of rising material costs.

- **Mauritania.** $300,000 as a special grant to help the Mauritanian Government control the cholera epidemic which broke out last June.

German-American Soap Accord Under Review

An American company and a German firm have submitted a proposal for joint research and development to the European Community Commission to determine whether their plans comply with Common Market anti-trust laws, it was announced in Brussels on October 12.

Colgate Palmolive of New York and Henkel of Dusseldorf, West Germany seek to cooperate in the research and development of laundry soaps and detergents. They plan to establish in Switzerland a joint research company which, after reviewing and synthesizing past research, will continue to develop commercially marketable products.

Their proposal appeared to receive a favorable response from the Commission, although official action cannot be taken until interested third parties have had an opportunity to express their views on the proposed agreement. If approved, the agreement would make the results of the research, including patents and technical know-how, equally available to both partners.

The Common Market Treaty prohibits agreements between enterprises which would prevent, restrict, or distort competition in the Community and lists specific examples of prohibited agreements. When an agreement is likely to improve the production or distribution of goods or promote technical and economic progress, however, it may be exempted from the prohibitions laid down by the Treaty.

Other cooperation agreements which have received tentative Commission approval until third parties' comments are received include:

- a reciprocal supply and specialization agreement in the field of servo-control systems concluded between the Paris company "Societé d'Optique, Précision Electronique and Mécanique" (SOPELEM) and "Alngen und Co." in Duesseldorf, West Germany.

- An agreement on sales abroad of canned vegetables manufactured by five companies in Northern France grouped together under the name "Societé Anonyme de Fabricants de Conserves Alimentaires," (SAFCO) at La Gorgue, France.

- a cooperation and rationalization agreement between the "Wild Paris" Company of Rueil-Malmaison and "E. Leitz-France" of Kremlin-Bicetre, France, for the marketing of optical microscopes and their accessories manufactured by their respective parent companies.

EIB Makes Pipeline Loan

A pipeline 275 miles long, connecting three member countries of the European Community, will be financed with a loan by the European Investment Bank.

The loan was concluded on October 7, 1971 with Aethylen-Rohrleitungs GmbH & Co KG in Marl, Germany, amounting to $4.9 million for a period of 10 years at 8.5 per cent a year. The loan will help finance an ethylene pipeline connecting several petrochemical plants located in Germany, the Netherlands, and Belgium. The pipeline, to be equipped with pumping stations, will be able to carry up to a million metric tons of ethylene annually. Total investment in the project will amount to $43.3 million.

Common Market for Seeds

A regulation establishing a common organization of the European Community's seed market will come into effect on May 1 next year and be applied as of July 1, 1972.

The common rules cover dry husked vegetables, hybrid corn, oil seeds and fruit, and other seeds for sowing. To help Community farmers, the regulation provides for production grants in the form of a lump sum per quintal of seeds produced.

The regulation establishes a single system of trade at the Community frontier, with the application of the common customs tariff as the only measure of protection for the above mentioned seeds excluding hybrid corn, for which there will be a system of reference prices with compensating charges. Member governments will also be expected to harmonize aid granted to producers.

Closer Ties Foreseen With Latin America

The establishment of official links and close economic cooperation were the main topics of discussion during Common Market Commissioner Ralf Dahrendorf's official visit to four Latin American countries from September 24 to October 7.

Mr. Dahrendorf, who is responsible for external trade, visited Brazil, Argentina, Chile, and Peru. Bad weather forced Mr. Dahrendorf to cancel plans to stop in Uruguay. He also met with officials of the Andean Group (Bolivia, Chile, Ecuador, Colombia, and Peru) which is seeking technical aid from the European Community. The Common Market concluded a non-preferential commercial pact with Argentina on June 30 and is negotiating similar agreements with Brazil and Uruguay.

Aid Responsibilities Acknowledged

In his talks with national and Andean Group officials, Mr. Dahrendorf stressed the growing importance of the Community's relations with Latin America. He also emphasized the Community's awareness of its responsibilities towards the developing world, particularly in view of the impact the US economic measures would have on young industries in the third world.

The Community's system of generalized preferences was widely acclaimed during Mr. Dahrendorf's visit. On July 1, the Community had become the first trade power to extend generalized tariff preferences on its imports from developing countries. The developing countries themselves within the United Nations Conference on Trade and Development had asked for such a plan.

Commission to Negotiate Nuclear Checks Accord

The Six have ended a two-year deadlock over outside inspection of the civilian nuclear installations in the European Atomic Energy Community (Euratom).

On September 16, the Council of Ministers authorized the Commission to negotiate an agreement with the Vienna-based International Atomic Energy Agency (IAEA) whereby the Agency will recognize Euratom's control and inspection system. It was on this condition that all Community member states except France agreed to ratify the treaty banning the spread of nuclear weapons.

Malta Asks for Revisions

Malta has told the European Community that it urgently wants to revise its agreement with the Community.

Malta has requested:

- financial and technical help for its industrialization plans
- inclusion in the list of 91 countries benefitting from the Community's generalized tariff preferences
- tariff cuts for some of its farm products (especially flowers, fruits and vegetables).

The Community's agreement with Malta went into force in July 1971 and expires on March 31, 1976. Under the accord, the Community is reducing the common external tariff by 70 per cent on Malta's exports of manufactured goods; textiles remain subject to a quota.

The new Maltese Government has pointed out that Malta has barely begun to industrialize its economy and that the agreement makes no provisions for exports of farm products.

The Month in Brief

OCTOBER 1971

7 Commissioner Ralph Dahrendorf ended a 13-day visit to Brazil, Argentina, Chile and Peru (see column one).

5 Addeke Boerma, Director General of the Food and Agricultural Organization, visited Brussels to discuss Community cooperation on aid to developing countries.

12 The Council of Transport Ministers met in Luxembourg and decided to set priorities to speed up the development of the common transport policy (see page 5).

12-13 Membership negotiations continued with the United Kingdom.

15 Membership negotiations continued with Ireland and Denmark.

14 Sangoule Lamizona, President of Upper Volta, visited the Commission in Brussels to discuss European Development Funds plans and achievements and praised the African Association.

18 The European Community Council of Ministers met in Luxembourg.

18-22 The European Parliament met in Strasbourg to discuss the Community's draft 1972 budget and other proposals (see page 7).

19 O. Vazquez Carrizosa, Foreign Minister of Colombia, visited Commissioner Ralph Dahrendorf in Brussels to discuss development of an institutional framework for Community-Andean Group cooperation and investments in his own country's economy.

20 Aldo Maria Mazio became the head of the new Community Delegation in Washington (see page 6).

21-22 Ralph Dahrendorf, Commissioner member in charge of foreign trade, and Commissioner Vice President Sicco L. Mansholt in charge of agriculture were in Washington to meet with Nathaniel Samuels, Deputy Under Secretary for Economic Affairs of the U.S. Department of State and U.S. Secretary of Agriculture Clifford M. Hardin (see page 3).

25-26 The Council of Agricultural Ministers met in Luxembourg.

27-28 The quarterly meeting of the Council of Finance Ministers was held, in Paris.

28 Commissioner Jean-François Deniau visited in Togo, where he signed two aid programs (for hydraulic energy and cotton production).

28 The House of Commons voted 356 to 244 for the United Kingdom's entry into the European Community.

World Trade and Finance Linked

RALF DAHRENDORF

President Richard M. Nixon's actions under his new economic program (NEP) shocked Europe.

The introduction of a 10 per cent import surcharge is almost without precedent in the recent history of world trade. In conjunction with the other measures announced at the same time, such as the proposed investment tax credit on purchases of American machinery and the proposal to give tax relief to Domestic International Sales Corporations (DISC) to stimulate exports, the surcharge places some imports at a 25 per cent disadvantage. The results of NEP cannot yet be measured, but it affects 87 per cent of the European Community's exports to the United States, $5.8 billion-worth of goods. These are large stakes.

The immediate effects, however, are only one side of the coin. Considerable shifts in trade could also occur as a result not only of current monetary difficulties but also from general uncertainty about the future shape of the American market.

President Nixon's surprising announcement, the imposition of the surcharge, the submittal of draft bills for the other measures, and the fact that these moves were not preceded by consultations have combined to make August 15, 1971, an historic date in world currency and trade relationships. New implications are being discovered daily. Even after the annual meeting of the International Monetary Fund, solutions seem no nearer than after the earlier consultations among the Six and in the Group of Ten.

Apart from its importance to the United States itself, the new US economic policy will adversely affect the structure of international economic relations. Nevertheless, the Community can understand a policy of drastic or painful measures. Many Europeans fully realize the gravity of US economic problems. History shows that the Free World's progress is linked to US prosperity and stability. Europeans also know that the US balance-of-payments problem goes beyond monetary and trade policies. Demands for a fair sharing of the defense burden can be heard with increasing frequency on the European side of the Atlantic, too.

Through Factual Discussion, Clarity

Only factual discussion will help us out of the present situation. Thus, immediately after President Nixon's announcement, the Community pointed out that the source of the trouble did not reside in the US trade balance. On trade with the Community, the United States is running a sizeable surplus, and there can be no question of unfair trade practices by the Community. Because any escalation of protectionism would be extremely dangerous in this situation, the Community has refrained from retaliating but reserves its right to do so until the situation is clarified.

Nevertheless, the Community insists on the removal of the discriminatory import surcharge and in this demand does not stand alone. The working party formed by the Council of the General Agreement on Tariffs and Trade (GATT) right after the Nixon announcement has held that the import tax is not only incompatible with the rules of the GATT but also inappropriate for the purpose of alleviating the US balance-of-payments deficit and that it puts a heavy load on US trading partners.

Developing countries in the Council of the United Nations Conference on Trade and Development (UNCTAD) have expressed fears that the generalized preferences plan seems jeopardized by the import surcharge which is its antithesis. It would be too bad if the countries towards which Europe had the greatest political responsibility were the major victims of a situation which they did the least to bring about.

More than a short-term solution must be found. There must be a global settlement covering both world finance and world trade. This crisis has shown that world trade and world monetary questions can no longer be treated separately.

The European Community will do its share to put its relations with the United States on sound footing in the long-term.

Commissioner Ralf Dahrendorf (foreground left) was entertained at a reception given by US Secretary of State William P. Rogers (foreground right) during his October visit to Washington (story page 3). In the background are (left) Commissioner Vice President Sicco L. Mansholt, responsible for the Community's agricultural policy, and US Secretary of Agriculture Clifford M. Hardin.

Mr. Dahrendorf is responsible for trade on the European Communities Commission.

From Dependence to Partnership

RICHARD DUNN

Between 1919 and 1945, the United States moved from isolationism to total involvement in European affairs. The US withdrawal in 1919 had proven disastrous. In 1945 the security, strength, and unity of Europe was therefore seen as a vital American interest.

As the greatest power in the world, the United States assumed formidable new world responsibilities. When the "Iron Curtain" came down, threatening a third world war, it confirmed American involvement in Europe indefinitely.

The first concrete expression of this attitude was Marshall Aid, which was a plan of unprecedented generosity to provide large-scale financial and material assistance to the European nations that had been engaged in the war. To this offer, however, the Americans attached a rider that was an important indication of their postwar policy for Europe: the initiative for allocating aid must come from Europe by means of agreement among the individual nations.

It was a plan, not for the recovery of France, Germany, Britain, Italy, or other isolated nations but rather for the recovery of the European continent. Recovery was closely associated with the idea of integration; however, an amendment to the legislation in the Congress, stating that it was US policy to encourage the political integration of Europe, was held to be premature and failed to obtain a majority.

Under the Marshall Plan, recovery did not proceed at the same pace in every country, but all beneficiaries made rapid progress. Partly because of the Korean War, the slump which, under the classical theory might well have followed the postwar boom, proved to be little more than a slight slackening of growth.

US Encouraged Economic Unification

If the first aim of the Marshall Plan was to rescue Europe from bankruptcy, its second aim was economic unification. Paul G. Hoffman, US administrator of the Plan, urged Europe to form a single, large market by dismantling tariff barriers and eliminating restrictions on non-frontier payments.

US support for the Schuman Plan of 1950 was immediate and firm. President Harry S. Truman described the Plan to pool Europe's coal and steel resources under a supranational authority as an act of "constructive statesmanship." The US Congress agreed. Some commentators, even at that early date, saw that the Plan could create an economic power vying with that of the United States itself. However, America chose to foster unification to benefit from the existence of a prosperous trading partner and from the support of a political ally of world strength. Communist penetration in Eastern Europe and China, and later in Korea, confirmed the wisdom of that choice.

The Joint Defense Effort

The North Atlantic Treaty, signed on April 4, 1949, was a mutual security pact between western Europe and North America. However, one western European country which was staging a remarkable economic recovery, was conspicuously absent: Germany. Bringing Germany in NATO would have meant rearming yesterday's bitterest enemy.

The solution seemed to lie in a European Defense Community, a project to establish a joint European army under a unified command, including the indispensable German units. Had it materialized, it would have contributed both to the security of western Europe and to European integration. As events unfolded, after the French parliament had rejected the EDC, Germany, under American sponsorship, became a full member of NATO in May 1955, and thus got an army anyway. US direct pressure during the EDC debate contrasted with America's discreet and cautious role when the Six had formed the European Coal and Steel Community. President Dwight D. Eisenhower's Secretary of State, John Foster Dulles, declared that failure to ratify the EDC would force the United States into an "agonizing reappraisal" of basic foreign policy. However, the "reappraisal" that followed in no way affected the general conviction in Washington that the European economic, political, and military integration was good for Europe, and for the United States.

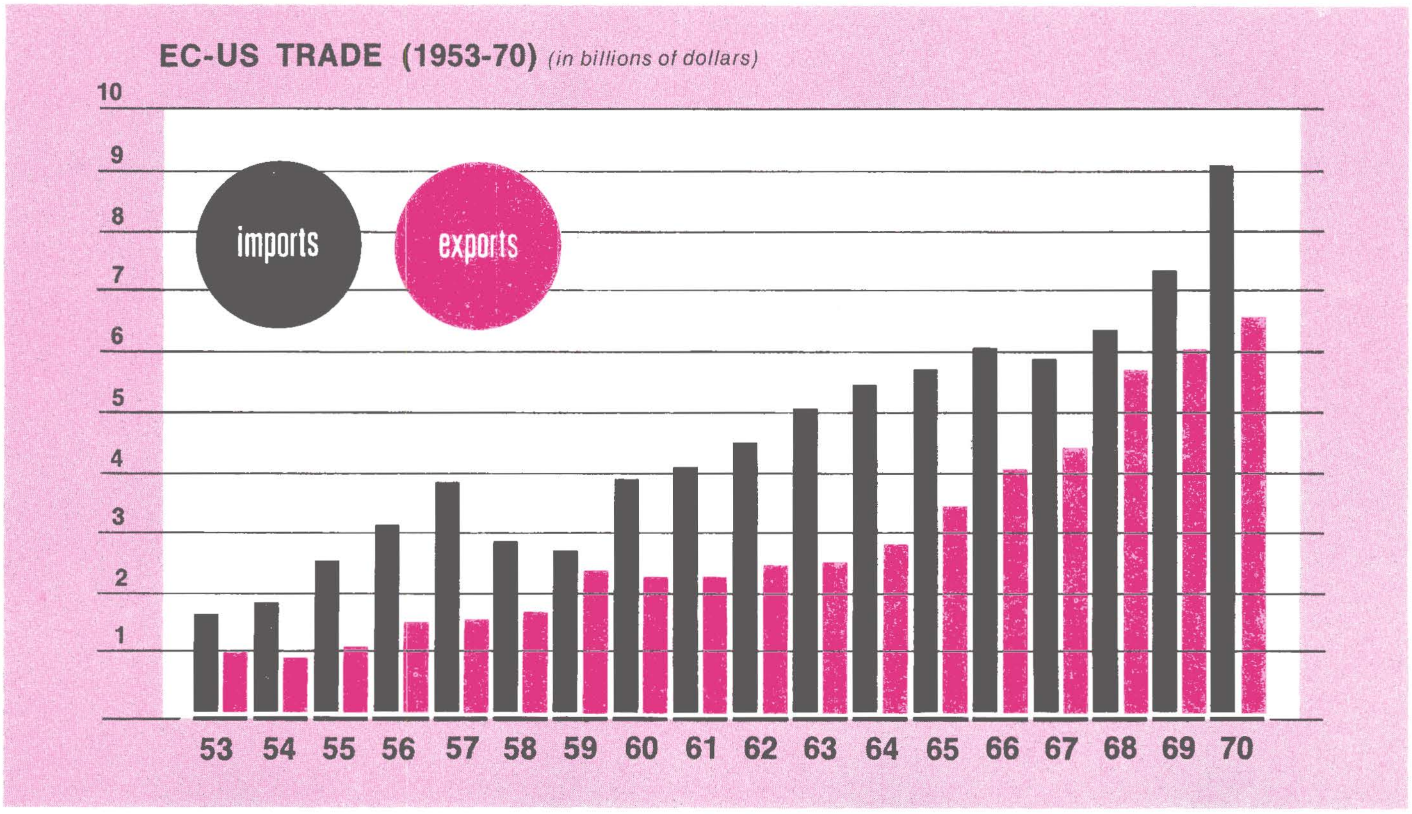
Growing Role for Economic Considerations

Thus, the European Economic Community and the European Atomic Energy Community, created in 1958, enjoyed US backing from the outset. Eisenhower was especially eager to help Euratom in the field of peaceful uses of atomic energy.

The Eisenhower Administration for a time favored not only an inner European Common Market, but also a free trade area of outer European countries, which would trade tariff-free with the Six, but apply their own tariffs (not the Common Market's) in trade with the rest of the world. This view marked a change from earlier US attitudes

Even after the post-war recovery and the formation of the Common Market, the members of the European Community have imported more from the United States than the United States has imported from them. The Community's deficit on trade with the United States has averaged nearly $2 billion a year since 1958.

Richard Dunn is a former Commission official.



and showed that the United States would accept trade sacrifices, in the hopes of offsetting them with political advantages. However, the State Department stayed aloof from the free-trade area negotiations and proved reluctant to mediate when they came to a halt in November 1958. The many US commitments abroad were beginning to strain the US balance-of-payments, giving trade an importance which it had not had in the past as a policy element. Henceforth, economic and monetary considerations would play a growing role in US-Community relations.

The Creation of EFTA

The alternative to the free trade *area* was the European Free Trade *Association* of the "Outer Seven," set up in 1960 with Britain as its most important member. In the British attempt to "build bridges" between EFTA and the EEC, the United States supported the EEC Commission's view that close trade ties between EFTA and the EEC, without corresponding commitments by the Seven to other Community policies, was a case of having one's cake and eating it.

John F. Kennedy's accession to the US Presidency in January, 1961 marked the beginning of even closer US relations with the EEC Commission, headed by Walter Hallstein.

Kennedy's Grand Design

American excitement over Europe's search for unity found its fullest expression in President Kennedy's Grand Design for an Atlantic Partnership between the new Europe and the United States. The President thus summed up the mood of the times: "We do not regard a strong and united Europe as a rival but a partner . . . capable of playing a greater role in the common defense, of responding more generously to the needs of poorer nations, of joining with the United States and others in lowering trade barriers, resolving problems of commerce and commodities and currency, and developing coordinated policies in all economic and diplomatic areas. . . .

"The United States will be ready for a declaration of interdependence. . . . We will be prepared to discuss with a united Europe the ways and means of forming an Atlantic partnership . . . between the new union emerging in Europe and the old American union founded here 175 years ago."

Kennedy's "thousand days" spanned the period of Britain's first attempt to join the Community which the Administration strongly favored. It also tried to boost world trade by an all-around reduction of tariffs. The Trade Expansion Act, based on the assumption that Britain would soon be a member of the Community, was approved by Congress in 1962. Clearly, trade had become an essential element in relations between the two continents. "We must either trade or fade," declared Kennedy. The act was the practical expression of Kennedy's "Grand Design," and useful progress was made in the Kennedy Round tariff negotiations. But the collapse of Britain's first entry application in January 1963, the retirement of Konrad Adenauer, the resignation of Harold Macmillan, the assassination of Kennedy, and the low state of morale in the Community after the French veto cast a deep shadow over the prospects for the Atlantic Partnership.

The Political Winds Shift

Among the main recent factors which have altered US-European relations is the Vietnam war. It made Europe relatively less important for Washington. The war helped to aggravate the US balance of payments deficit. A consequence of that deficit was the increasing quantities of Eurodollars" which enabled US companies to expand their European subsidiaries and buy out old-established European firms. Europeans gradually became alarmed at the "technological gap" between the United States and themselves.

Jean-Jacques Servan-Schreiber's best-seller *The American Challenge,* while not anti-American in tone, suggested that the European nations would be even more dwarfed by the United States unless they made a joint effort to promote their industrial development. Prime Minister Harold L. Wilson in Strasbourg told fellow Europeans that only by increasing economic integration could they avoid the risk of becoming "helots" of the United States. While Americans criticized what they considered to be protectionist and discriminatory aspects of Community policies, Europeans complained about the failure of the United States to implement its Kennedy Round undertakings to repeal the American Selling Price system of assessing customs duties on certain chemicals. In isolation, France attacked the non-Communist world's dependence on the dollar as the reserve currency. There was also anxiety at the sustained pressure for protectionist legislation. Europe and Asia were relieved when the Mills Bill failed to get through Congress last year.

Hamburg harbor. Ports such as this have their huge volume of exports threatened by the new US Economic Policy. PHOTO: Courtesy German Information Center, New York.

Even at the highest political level, there were official warning signals that Washington was revising its traditional foreign policies. At Guam, President Nixon announced that while the United States would help to defend and develop its allies, it would not "conceive all the plans, design all the programs and undertake all the defense." The United States would help where it was considered to be "in our interest." Over the months, the President called for a sharing of responsibilities. At the same time, he sensed the changed mood in Europe; for too long, the United States has led without listening, he admitted.

From the start, the Nixon Administration sought new ways to help US industries, firms and workers to adjust to competition from exports, and authority to retaliate against other countries, if their trading practices were thought to impinge unfairly on US exports in world markets.

Mr. Nixon saw his task as leading the United States through a transition in foreign policy, from the era of US predominance to one where partnership was "physically and psychologically imperative." He and his advisers were presumably influenced by the increasingly independent diplomatic line taken by France and Germany, and Prime Minister Edward Heath's intention that British interests should determine British policies.

Mr. Nixon, on February 25, 1971, reaffirmed support for European unity, but with a significant qualification. "For years it was believed uncritically that a unified Western Europe would automatically lift burdens from the shoulders of the United States. The truth is not so simple. European unity will also pose problems for American policy, which it would be idle to ignore.

"For our closest friends are now developing a collective identity and collective policies separate from us. And unity happens to be coming fastest in the economic sphere—the area of policy in which competition seems to have the least immediate penalty and our common interest will take the most effort to insure. Each of us maintains restrictions on agricultural trade which limit the export opportunities of the other. America's main restrictions are on dairy products; the European Community's common agricultural policy restrains our exports of grains. The Community's preferential trading arrangements with Mediterranean countries are a problem for American citrus exports.

"The common interest requires the prosperity of both. This means freer and expanded trade and restraint in protecting special interests. We must negotiate a reduction in our trade restrictions. We must work toward a more equitable worldwide trading system which is based upon most-favored-nation treatment among all industrial nations and in which all of them accord the same tariff preferences to the entire developing world."

In the spring of 1971, the Community unilaterally made trade concessions on US citrus exports, but it became clear that the United States regarded these as inadequate, and the issue remains unsettled. Nevertheless, both the Community and the United States agree on the need to travel from dependence to partnership. Both appreciate that it is not any easy road.

US-EC Relations: View From Abroad

H. PETER DREYER

The shock therapy administered by President Richard M. Nixon on August 15 may or may not have ushered in a new era in US relations with Western Europe. Time alone will tell, but the announcement of the new economic policy immediately heightened the awareness on both sides of the Atlantic of some deep-seated tensions between the United States and the European Community.

These tensions originated years ago but have been ignored by some people and only dimly perceived by others. Admittedly, the notorious 1963 "chicken war" looks trifling in retrospect. No longer is the public's blood pressure apt to rise much over the "peaks and valleys" tariff structure controversy that took up so much time in the Kennedy Round of negotiations within the General Agreement on Tariffs and Trade. Countless other complaints and counter-complaints neither reached nor were comprehensible to more than a handful of officials, yet they occurred all along. This is no revelation. There is probably only one way of eliminating all friction and causes of friction between two trading units as huge as the United States and the Common Market: it is to stop them from doing any business at all with each other.

A Stretching Grievance List

Lately the situation has moved well beyond the unavoidable irritation level. It frankly was bad for some time before mid-August, but the problems seem to have become more serious. For a long time, these difficulties have not been limited to trade issues, important as they are. The area of conflict, actual and potential, overt and tacit, has expanded steadily and incisively.

At this point the US grievances and disappointments, both real and imagined could simply be listed. However, this approach would be one-sided, pallid, and unsatisfactory for an observer who has witnessed events from Europe. There is one overriding aspect, after all. All along, the United States and the Community have not been operating each in a watertight compartment of their own. Action and reaction have alternated and intermingled.

A little episode might illustrate this point. In late 1967 after the grueling Kennedy Round of GATT negotiations had ended, I met in Washington with Ambassador William M. Roth, US Chief Negotiator who had remained in office as the President's Special Trade Representative. Involved at that moment in beating back a barrage of protectionist motions in the Congress, this seasoned negotiator looked haggard. One of his chief worries, Common Market "export subsidies" on Italian canned tomatoes and tomato paste, had provided first rate ammunition for his Congressional opponents. They pounced on the issue as proof of the Community's nefarious designs and full justification of their own desires for protection in numerous areas totally unrelated to tomatoes.

Walling-Off Urge Persists

To speak of an international protectionist conspiracy would perhaps be an exaggeration. Still, the urge to wall off less efficient domestic operations from tough foreign competition has survived almost everywhere in one form or another. Protectionist lobbies reinforce each other's efforts, however unwittingly, and usually can produce plausible and politically expedient arguments in defense of their attitude. In algebra, two minuses make a plus. In trade, they do not. The situation brings to mind some mediocre drivers who constantly criticize every other road user's mistakes (possibly quite real) but who consider themselves perfect motorists.

This frame of mind enabled US legislators, presumably supported by large segments of the public, at one and the same time to push the virulently protectionist "Mills Bill", and with equal fervor to rail against the Community's "outrageous" common agricultural policy (CAP).

This dichotomy has been an irritant. Both sides trot out endless trade statistics to prove or deny the CAP's adverse impact. This seems a somewhat futile exercise, considering that the Community's farm imports must, and do, vary substantially year after year depending on crop conditions. Nevertheless the CAP does contain a sizeable protectionist component, and it has, on the average, damaged American produce exports both to the Common Market and to third country markets.

New "Bêtes Noires"

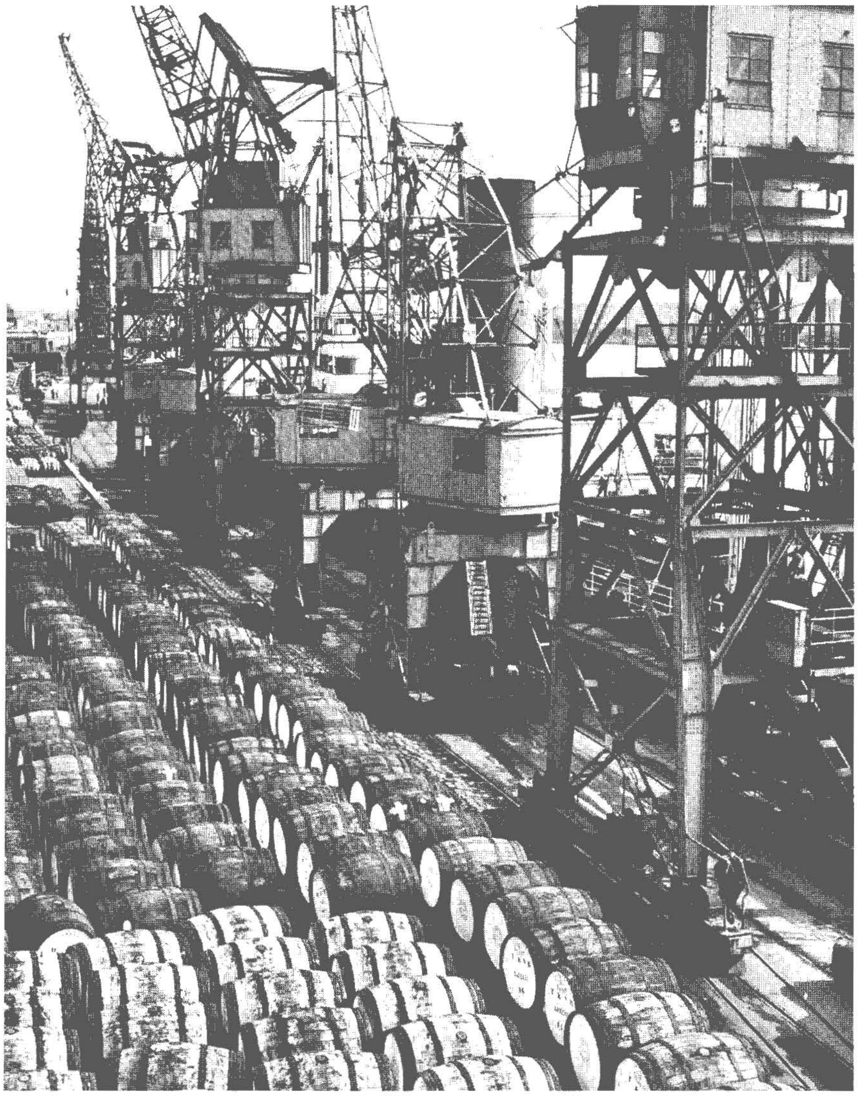
The CAP, favorite old "bête noire" of European integration, has had company in the past couple of years. Loudly, incessantly, but so far futilely, Washington has objected to the series of preferential accords which the Community has either signed or is negotiating with countries around the Mediterranean. The US considers these agreements in violation of GATT rules.

In view of the extensive and costly US defense commitments in the Mediterranean, the Community's justification of its policy as a contribution to the region's threatened stability has fallen on deaf ears. The United States may once have been willing to accept one or a few agreements, but it now sees a direct threat to individual trade interests and senses a potentially greater danger in this multiplication of Community trade agreements with other countries.

After Brussels completes negotiations with Britain, Ireland, Denmark, and Norway for Community membership and with non-candidate members of the European Free Trade Association, the United States will face a huge bloc of nations stretching from the North Cape of Norway to the northern border of South Africa, held together by a large variety of agreements. Irrespective of whether these agreements comply with international accords and regardless of their possible political implications, they discriminate against all outsiders.

Perhaps none of these developments would be upsetting had not the threads of many-hued emotional attitudes, woven conspicuously into the fabric of American-European relations, tended to mar rather than embellish the picture in recent years. Here again, cause and effect, moods and impulses intermingle so powerfully that neither side's attitudes can properly be appraised and judged separately.

Mr. Dreyer writes on Community affairs for The Journal of Commerce.



The port of Bordeaux. European countries do not expect the US import surcharge to affect their exports of specialty products, such as fine wines. PHOTO: French Embassy Press and Information Division, New York

Growing U.S. Dischantment

Nevertheless, the basic trouble, as far as Americans are concerned, is growing disenchantment. In the Common Market's early days, many Americans cherished a vision (however unrealistic) of a United States of Europe, modeled on their own United States. This dream is still far from being fulfilled and may never be. Disappointment has been fed by the material clashes mentioned earlier and by the mounting suspicion that the Community might be inward-looking and protectionist. But mainly the public (and not just on the US shore of the Atlantic) has been dismayed at the emergence of a complicated administrative machinery and at the internal debate, both almost entirely beyond its comprehension. The ardently hoped for political gains seem few and far between.

Long before the Nixon declaration, Americans were constantly being asked by European friends whether the US view of European integration, once so encouraging and favorable, had changed. Officially, of course, it has not. But these eternal "Do you still love us" questions overlooked two things:

- Indifference to integration developed no faster in the United States than it did within most Community nations.
- Year after year, it became painfully evident that, if by a miracle such "love" had weathered all disillusionment, it would decidely have been a one-way affair.

Mote in Europe's Eye Too

On the European side for quite some time now, the feeling that the United States could do almost nothing right frequently has turned up in private conversations but not in official utterances. This is not the place to differentiate valid from spurious reasons behind the ever-lasting criticism, or to decide how much of it is due to events like the Vietnam war, or to subtle (and unsubtle) propaganda from sources both East and West, or to psychological revulsion from the immediate post-war years when all Western Europe lay at the feet of the United States and did not seem to mind. For whatever reason, the fact remains that Europe's reaction to many US moves, including those in the economic sphere, has often been a case of "damned if you do and damned if you don't." The rapid growth of US corporate investments in Europe has made many Europeans unhappy, but so too did Washington's measure to curtail them. For years, the United States was lectured on the evils of its easy money policy, but when it was replaced by tight and expensive credit, Europeans were seriously and vocally shocked by the impact on their own economies, just as they were once again when money policies were later reversed.

This shift in European opinion has escaped neither leaders nor the public. Being as ready as anyone else to behold the mote in their brothers' eyes rather than the beam in their own, Americans may have judged the Community's plan for full economic and political union primarily as a European effort to become independent of the dollar, and the introduction of the Community's tax on the value-added (TVA) as a means of discriminating against US exports.

Awareness But No Easy Solution

Such impressions have added up to the feeling that Western Europe, having gained unprecedented prosperity with American help, is indifferent to US economic difficulties and to sharing the political and military burdens.

The Nixon declaration brought this mood sharply into focus and made everyone conscious of the existing tensions. Yet they have dragged on for quite some time. Europeans are as vexed with Americans and vice-versa. The Nixon message has added fuel to the flames, and there is no easy way out.

Nothing will be gained by minimizing or ridiculing real or imagined problems, as has been done in the past. Any hope of settlement lies in the fact that the conflict is between countries which are allies and which, in the final analysis, have basic interests in common. However, this communality neither guarantees a quick solution nor promises that matters will not turn worse before they become better.

Where the US Measures Could Hurt

ROBERT TAYLOR

President Richard M. Nixon's August 15 package to defend the dollar makes it more difficult to sell European Community goods in the United States. It has sharpened competition in other markets between the Six and non-member countries, and among EC member states themselves.

Not all member states are affected to the same extent by Washington's measures. Germany and Italy each sell about 10 per cent of their exports to the United States and are, therefore, more seriously affected than France and the Benelux countries, for which the American market represents between 5 per cent and 6 per cent of their total exports.

Germany: Cars, Chemicals, Machinery

The United States buys 10 per cent of Germany's exports, and 90 per cent of these sales will be subject to the import surcharge, without counting the impact of the proposed tax concessions to US firms. The hardest hit sectors are engineering products, cars, optical instruments, and chemicals. For them, the American restrictions come at a bad moment and will further depress their earnings. The German car industry expects its earnings to fall by 25 per cent this year, despite higher turnover. For the chemical industry, although sales have gone up by 5 per cent, earnings will drop by an estimated 20 per cent.

German industry is confident that specialized products for which it has carved out a market in the United States will continue to sell there, despite the new barriers. The situation in other markets is more worrisome, because the mark is already floating higher than any of the currencies of Germany's main competitors (Japan, Britain, Italy, and France).

France: Impact Cushioned

France is not unaffected by the American package, but the impact is likely to be less than for other member states. France does a comparatively small proportion (5.3 per cent) of its total trade with the United States, and because the franc remains tied to the dollar for commercial transactions, the price of its goods has not changed in other markets. By contrast, prices have increased for exports from countries whose currencies have floated upwards from their official parities.

Nevertheless, France should begin to feel the pinch early next year. Each $10,000 drop in US imports will mean a direct loss of $340 for French exporters. As an indirect result of the Nixon program, France will probably find it harder to sell elsewhere, especially in Germany, which now takes 20 per cent of French exports.

Italy: Capital Goods, Footwear, Textiles

The United States is Italy's third biggest customer after Germany and France. About 70 per cent of Italian products sold in the United States will bear the full brunt of the 10 per cent surcharge, while about 20 per cent will be taxed at rates of from 5 per cent to 8 per cent. The rest will enter without being subject to the new restriction. The principal Italian exports are capital goods and machinery, footwear, textiles, motor vehicles and spare parts. Overall, the surcharge is expected to raise export prices by 8 per cent, calculated at the 1970 level.

Robert Taylor covers European Community affairs for the Reuters News Agency in Brussels.

Hyacinths near Lisse. In the Netherlands so far, the bulb exporters seem to be the only people to have suffered from the US import surcharge. PHOTO: Courtesy Netherlands Government Information Service, New York

The Italian engineering industry will be particularly hard hit if the planned tax rebates are granted to American firms for purchases of local goods. Italian industrialists also fear that German and Japanese exporters will turn more and more to other markets for outlets, leading to an inevitable sharpening of competition. For Italy, the August 15 bombshell came when the economy was already softening, and the effects could be greater than statistics would suggest.

The Netherlands: Flower Bulbs, Canned Meat

The Netherlands fears indirect consequences of the US measures more than their immediate effect on Dutch sales to the United States. The main exports to the US market are flower bulbs and canned meat; so far, bulb exporters seem to be the only people to have suffered from the surcharge. On the other hand, the Dutch expect Japan and other Far Eastern countries such as Taiwan, Hong Kong, and Singapore to step up their efforts to sell in Europe. If so, Dutch manufacturers of electronic equipment, precision instruments, and textiles could find it harder to boost exports.

Belgium and Luxembourg: Steel Construction

For Belgium, too, the indirect effects are the most important considerations. The country exports three-quarters of its production, much of it as material for manufacturing industries in other countries. If these industries abroad are hit by US protectionism, Belgian exports will suffer. In addition, countries unable to sell to America are likely to turn more and more to traditional European markets and intensify their sales campaigns in Belgium.

As for the direct consequences, the restrictions will fall hardest on the steel industry in Belgium, but especially in Luxembourg whose economy is heavily dependent on steel exports. Like Germany, both countries hope that specialized products which have made a name for themselves in the United States and are not easily replaced will go on selling there, despite the surcharge.

Confrontation or Cooperation?

UGO PICCIONE

The United States and the European Communities may be on a collision course leading to a major trade war, with dire consequences for world incomes, employment and economic growth. This pessimistic conclusion seems justified by the wide differences that, despite last month's meetings in London and Washington, still divide the United States and Europe on solving the dollar crisis stemming from the chronic US balance-of-payments deficit.

The crisis was brought to a head in mid-August when, unilaterally discarding the International Monetary Fund and General Agreement on Tariffs and Trade rules, President Richard M. Nixon decided to:

- abrogate the 22-year-old US pledge to exchange dollars for gold
- introduce a series of protectionist measures including a 10 per cent import surcharge, a 10 per cent tax credit for investments in US-made equipment, and substantial subsidies (in the form of tax exemption to certain American exporters).

Mr. Nixon's decision to sever the dollar-gold umbilical cord and suspend conversion of foreign-held dollars into gold was designed to force Europe and Japan to revalue their currencies against the dollar—a move that would both curtail European and Japanese exports to the United States and boost American sales abroad. To make its ultimatum for foreign revaluations even clearer, Washington announced that the 10 per cent import surtax would be removed only after a "substantial and fundamental" improvement in the US balance of payments, and provided that other industrial countries agree both to remove alleged trade barriers against American products and pick up a larger share of the Western world's defense burden.

The key objective of the Nixon administration is to eliminate the United States' huge and persistent balance of payments deficit which, Washington contends, is mainly due to the "unfair" economic, commercial and monetary policies of its major trading partners.

In fact, analysis of the US balance of payments reveals that the chronic deficits result from large government expenditures abroad (military and foreign aid), and overseas investment by American companies. In the last 22 years of overall deficit (since 1949, with the exception of 1957 and 1968), the US trade balance has always shown a comfortable surplus. In 1965-70, the US trade surplus averaged \$2.7 billion a year, as compared with a \$6.8 billion average annual deficit for government expenditures abroad and \$3.2 billion average annual outflow for US corporate investments.

Conveniently ignoring these factors, US Treasury Secretary John M. Connally, at the September 15 London meeting of the "Group of Ten," demanded that other countries proceed to a sharp revaluation and everything else necessary to enable the United States to achieve, by next year, a \$13 billion turnabout—from a projected \$5 billion deficit to an \$8 billion surplus—in its basic balance of payments (trade, services, and all other transactions except short-term capital flows). As for the United States, Mr. Connally was adamant: Washington would never agree to devaluate the dollar in terms of gold.

Undue Emphasis on Trade

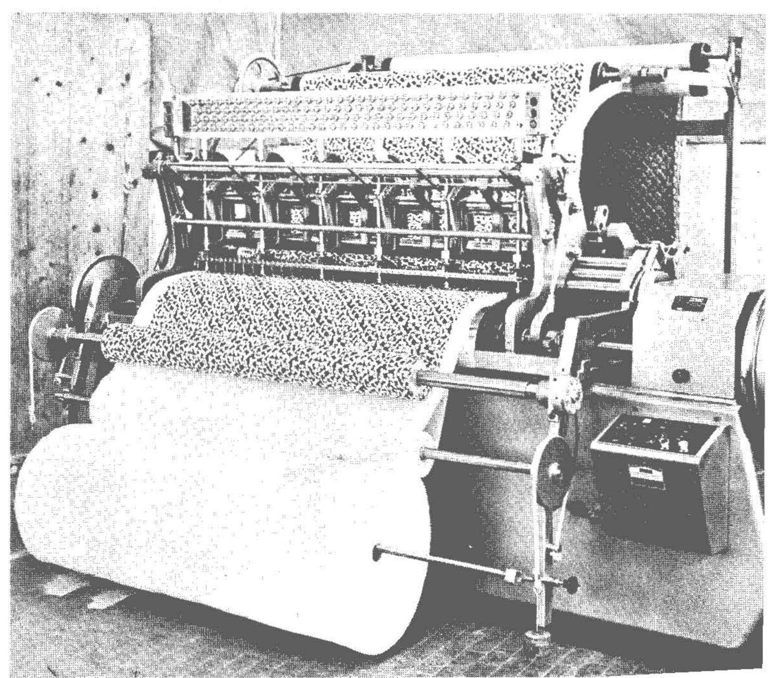
While ready to help the United States to improve its external account, EC countries, Japan and the other members of the "Group" disagreed with Washington on the method: presenting a united front against the United States, they called for devaluation of the dollar, a gradual reduction of the reserve role of the US currency, and the removal of the 10 per cent import tax as a precondition for a realignment of their currencies.

According to this rationale, though US authorities alone bear direct responsibility for their country's balance-of-payments position, the "beggar-my-neighbor" strategy of Mr. Nixon would shift onto the rest of the world (including the less-developed countries) the economic burden of readjustment that the United States should shoulder itself.

Indeed, a \$13 billion improvement in the US external position could be achieved, in the short period of one year, only at the price of recession in other countries. As envisaged by Washington, the "turnabout" should be accomplished exclusively through a massive surplus in the US trade balance, without any restraint on US government expenditures abroad or private direct investments overseas. It is hard to see how the United States could expect strong-currencies alone to suffer the disruptive economic effects of monetary adjustments. Recognizing that 19 years of deficits have weakened the dollar, Washington wants its currency to be devaluated enough to get a strong balance-of-payments position. Just as other countries agree to revalue, the United States should be willing to devalue the dollar against gold.

For EC countries, an eventual revaluation raises considerable problems: their exports would become less competitive not only in the United States but throughout the world.

Textile plant in Milan. Europe views with alarm the proliferation of "voluntary" restraints on US imports, such as textiles and steel. PHOTO: Courtesy Italian Government Travel Office, New York



Ugo Piccione writes for the Milan business daily Il Sole—24 One from Brussels.

The situation is further complicated by the aggregate impact of the US protectionist "package" (i.e., the import surtax, the 10 per cent investment tax credit, the export subsidies) which will keep many European industries out of the US market while exposing them to unfair US competition both in their own and in third country markets.

According to a study prepared by the EC Commission *(see European Community No. 148, page 12),* the import surcharge effectively doubles the average level of American duties (already higher than the European Communities' common external tariff), thus nullifying the duty concessions negotiated at the Dillon Round (1962) and the Kennedy Round (1967). The surtax raises US tariffs on industrial products to an arithmetic average of 19.5 per cent, as compared to the EC's average of 6.9 per cent. Nearly 87 per cent of EC exports to the United States are affected by the surtax, with the greater impact to be felt by automobiles, chemicals, machinery, textiles, shoes, steel, and foodstuffs.

Coupled with the surtax and the "de facto" revaluation of most European currencies, the 10 per cent tax credit on investments in US-made equipment is expected to increase by up to four times the degree of protection already enjoyed by US producers of capital goods, thus practically barring from the American market European-made machinery and equipment. Finally, the proposed direct tax exemption to certain US companies (the so-called Domestic International Sales Corporations—any firm deriving 95 per cent or more of its gross profits from export activities) would provide US industry with a major export subsidy that would give American products a considerable price advantage on all international markets, considering that the US corporate tax rate is currently 58.4 per cent.

The US "package" will deepen the EC's aggregate trade deficit by an additional $2 billion per year: other short-term consequences are a much lower growth rate of the EC's external trade (from 8 per cent to 4 per cent a year), reduced employment and industrial competitiveness.

EC: Fastest Growing US Market

The "package," which runs afoul of international GATT rules, was justified by the US President as necessary to "create jobs in the United States," provide "the strongest incentive to investments in US-made machinery and equipment," and "make sure that American products will not be at a disadvantage because of unfair exchange rates." US trading partners are being asked to confront all the economic, social, and political problems that Mr. Nixon's "new deal" seeks to eliminate from the US economic scene.

From the EC standpoint, this approach is objectionable, since the profound structural modifications caused by the inception of the Common Market have had no major adverse consequences for the rest of the world in general and the United States in particular.

The European Communities, indeed, has been the most rapidly growing market in the world for the United States: total American trade with the European Communities now exceeds $16 billion, over three times the 1958 level. In the last 12 years, US exports to the Common Market rose 215 per cent, while US sales to the countries in the European

Cheeses soaking in brine prior to storage. Cheese is one of the milk products on which the United States maintains import quotas. Other US quantitative restrictions on farm products apply to wheat, sugar, cotton, peanuts, beef, and mutton. PHOTO: Courtesy Netherlands Government Information Service, New York

Free Trade Association increased by only 146 per cent and to the rest of the world by 167 per cent. In 1970, American exports to the EC climbed 21 per cent to $9.04 billion, compared to an 11 per cent increase in US sales to both EFTA and the rest of the world. Since 1958, the United States has constantly registered a large trade surplus—averaging $2 billion annually—with the Common Market; last year, the EC trade deficit with the United States stood at a sizable $2.4 billion.

US Companies Expand in EC

The analysis of US-EC trading relations would be incomplete without mentioning how widely American exports to the Common Market have been replaced by EC-based manufacturing plants of US companies, due to the high differential between US and European production costs. This phenomenon explains both the moderate downward trend in the growth of US exports to the EC and the relatively faster increase of EC sales to the US. Last year, the "book" value of US direct investments in the EC—which to a very large extent are financed by European capital—was $13 billion, up 27 per cent over 1969 and a six-fold increase over the 1959 level. EC subsidiaries of US companies are estimated to account for about 16 per cent of all new industrial investments in the Common Market: in 1968, their sales rose to $14 billion, 2.5 times the aggregate value of direct US exports to the European Communities. The fast growth in the number of these "EC insiders" contributes to the steady erosion of American exports to Europe and the growth of US imports; conversely, through the repatriation of dividends, interest and royalties, these investments contribute significantly to reduce the size of the US balance-of-payments deficits: last year, dividend remittances by EC subsidiaries of American firms were $1 billion.

For all these reasons, it is hard to see how the European Communities can be blamed for the US economic and monetary difficulties which, as admitted by Under Secretary of State Nathaniel Samuels, are due to the fact that "US costs of production have risen sharply over the years, productivity gains have not been as large as required, and protracted unemployment and inflation, side by side, have bedeviled us."

The special international role of the dollar has enabled Washington to postpone the economic readjustments which its chronic balance-of-payments deficits would have otherwise forced upon the United States: this has led to an overvaluation of the dollar which, in turn, is one of the prime causes of the relative deterioration of the US balance of trade. It is highly questionable whether the Nixon "package" will provide an adequate solution to these problems. European experiences have repeatedly proven that a devaluation, no matter how it is achieved, succeeds only if accompanied by severe and lasting austerity measures and provided that domestic industry is not shielded from foreign competition. This is not the course followed by the US Administration.

Domestic political considerations seem to have prevailed upon basic economic theories and led to measures that underscore the return by the United States to a neo-mercantilist approach to international trade. The resurgence of protectionism in the United States is basically due to the largely unjustified belief that other countries have not gone as far in the direction of free trade as has the United States. For the Americans, it is not the United States that is at fault but all other countries, notably the Six, whose restrictive trade policies deny a fair competitive treatment to US products.

Disregarding its constant surplus on trade with the Community, Washington maintains that US exports have been harmed by the Common Market's farm policy, the EC's preferential agreements with African, Mediterranean, and other European countries, and a series of non-tariff trade barriers (i.e., the tax on the value-added (TVA), public procurement rules).

From Europe's vantage point, the claim that the United States is the most "open" market in the world is hard to substantiate. More than 20 per cent of all US imports are subject to voluntary or mandatory quotas (i.e., steel, cotton textiles, wool, petroleum, sugar, meat, wheat, dairy products, wool, ceramic tiles); as for non-tariff trade barriers, the US market is hedged with a formidable ring of such devices as the Buy American Act, the American Selling Price, the Fair Labor Act, and the countervailing duty statute.

A Different World

Complaints can be listed on both sides of the Atlantic; the real question is whether the United States is ready to recognize that the world has changed considerably since the end of World War II. Today, the United States no longer dominates the international economic scene; in the last 10 years, the economies of EC countries and Japan have grown faster than the US economy and made substantial progress in technology and production efficiency. American firms, particularly those operating in labor-intensive industries, are now doing business in a new international environment in which they face stronger foreign competitors. It would be dangerous for the United States and the whole world for Washington to assume that it can modify this situation and restrict foreign imports without feeling adverse effects on its exports; a US move towards protectionism would find a worldwide response in the same direction.

Today, power relationships are in a continuous state of mobility. "The game has changed," *The New York Times* has written. "Allies as well as adversaries will be speaking more boldly and more bluntly, whether the United States likes it or not. The United States cannot compete more intensively with stronger allies and still receive quite the same deference it once enjoyed. It will have to convince more than it can command."

Recent events seem to indicate that the United States is unwilling to acknowledge these truths, and wants to go its own way, regardless of whether or not it hurts the interests of other countries. For, despite Mr. Nixon's rhetorical statements to the effect that "the United States has always been, and will continue to be, a forward-looking and trust-worthy trading partner" or that "the interest of the United States and of the whole world will be best served by moving towards freer trade," one truth is self-evident: the US "new look" is nationalistic, endangers multilateral trading rules, and opens the door to the threat of a worldwide trade war.

Washington does not realize that Europe today is not the same Europe of 25 years ago, and that America too has changed. Europeans are no longer willing to accommodate themselves to the political obligations or to the campaign promises of a US president, and still less so to the economic privileges that America claims in international trade.

So far, the EC, although authorized by Article XXIII of GATT, has refrained from taking retaliatory steps. However, pressure for retaliation will be too hard to resist if the United States does not withdraw its new trade restrictions: like its Canadian counterpart, European industry will press for the swift adoption of countermeasures such as export subsidies, import surcharges, limitations on US direct investments. Inevitably, this would lead to an escalation of economic nationalism and protectionism, and eventually to a serious crisis in EC-US relations.

Recent history has shown how interdependent the economies of the Western world have become, a truism which was emphatically underlined when the slow growth of world trade contributed to the devaluation of the British pound in 1967, and when the recession in West Germany had repercussions throughout Europe.

It is thus difficult to see how the long-term economic and political interests of the United States will be aided by protectionism. Certainly, the United States has to do something to reduce its balance-of-payments deficit, but, on the international trading level, this can be best done in cooperation with their major trading partners, rather than in isolation.

Protectionism would, in the end, be self-defeating.

Recent Books

European Community periodically lists books dealing with Community and Atlantic topics. Prices are also given, whenever known. This presentation does not indicate approval or recommendation of these publications which can be purchased or ordered from most booksellers...

L'idée européenne. By Edouard Gruter. Armand Colin, Paris, 1971. 96 pages with bibliography.

One of the "dossier sciences humaines" series, this little book is a collection of documents pertaining to the development of a European community over the last three centuries.

Beginning with a proposed European peace plan written by a French abbé in 1713, the editor has selected documents fitting into three broad time spans: from the seventeenth century through 1850; the pre-World War I period through World War II and European Reconstruction; and finally, the present period which began with Jean Monnet's and Robert Schuman's plan in 1950 for the Coal and Steel Community. The first period, the author maintains, was one of general agreement on the existence of a common, superior civilization by a group of separate states whose political entente was, however, of a transient nature. The early political "Europeans" were dreamers (and poets, such as Victor Hugo) fighting against the strong nationalisms which arose in the nineteenth century. Even before the political decline of Europe to a "peninsula of Eurasia," the result of World War I, the idea of a "Europe" was relegated to the background and there remained until after World War II. The last period, in which the European Economic Community came into being, was one of probing of the relations of various nations to the Community, both internal and external, and of the possible changes not only in size but also in kind of the European economic structure.

Germany in Our Time: A Political History of the Postwar Years. By Alfred Grosser. Praeger Publishers, New York, 1971. 378 pages, with index and critical bibliography. $12.50.

A detailed political history of Germany since 1945, which Grosser sees as a critical turning point, the book traces the continuity in German society from before World War II, treating first occupied Germany, then the nations emerging from it. It is Grosser's thesis that, because of past and present policy on the part of the Allies as well as the Germans, the two Germanies in their respective supra national spheres will remain separate for a long time to come. The decisions of 25 years and the emergence of a new generation on either side of the Iron Curtain have produced loyalties to their "sector" as well as to "the German nation," a concept which should not be stifled if Germany, or the Germanies, is to become a secure modern nation.

La Coopération Internationale dans les Industries Aéronautiques Européenes. By Gérard Joucla. Librairie de Droit et de Jurisprudence, Paris, 1971. 191 pages with bibliography and appendices.

Sixth of a series on international cooperation and law, the book is a study of successes and failures of economic and intergovernmental cooperation in the aeronautics industry.

The book deals specifically with the legal aspects of enterprise and governmental agreements for cooperation and international sub-contracting and discusses some of the programs undertaken such as the Concorde, the Transall, and Jaguar planes. The author stresses the need for increased European cooperation in the field to meet the American challenge and to stop the decline of the European industry. He suggests the need for a simplified legal system and rational multinational means of production and research for the manufacture of competitive machinery.

Civil Nuclear Power and International Security. Edited by Mason Willrich. Praeger Publishers, New York, 1971. 95 pages with appendices. $10.

An assessment of international security problems arising from the dispersion of fissionable materials and technology to civilian sources in the 1970's and beyond.

It is argued that nuclear technology used to generate electricity can easily be used to produce nuclear weapons. On the premise that the implications of this problem have neither been adequately recognized nor dealt with, the book tries to point out the military potential of civil nuclear industries and flaws in international safeguard mechanisms in their international political context.

Food and the Law: A Symposium. Edited by Robin L. Joseph. Republic of Ireland Branch of the Institute of Food Science and Technology of the United Kingdom, Dublin, 1971. 62 pages.

A study of food technology, marketing techniques and the rules required for consumer information and honest trading.

Taking into account the revolutionary changes in food production that have occurred in developed societies (large-scale compounding, processing, packaging and distribution of food), the book points out what is being done and why. It also shows the constant changes in the law and the debate between affected interests that precedes new law.

The Kennedy Round in American Trade Policy: The Twilight of the GATT? By John W. Evans. Harvard University Press, 1971. 327 pages plus selected bibliography, notes, index and appendix. $13.95.

An examination of post-Kennedy Round developments to determine whether they mark the culmination of the postwar system or the beginning of a new system that will change traditional negotiating techniques and objectives.

The author uses the Kennedy Round of tariff negotiations in the 1960's as a focal point in his analysis of the postwar trading system. He first traces the development of the intricate system of multilateral trading agreements that preceded the Kennedy Round and goes on to analyze the Round from the viewpoint of a participant. In addition, the author raises central questions concerning the nature and origins of the issues that the negotiations set out to resolve and the extent to which they succeeded. The trend toward regional integration, as exemplified by the European Economic Community, is also evaluated.

Migrants In Europe: Problems of Acceptance and Adjustment. By Arnold N. Rose. University of Minnesota Press, Minneapolis, 1969. 194 pages with appendices and index. $7.50.

This monograph concentrates on what the author contends is the least developed level of integration—that of people.

He approaches the topic by studying the cross-national migration of workers and their adjustment in countries of immigration. It is contended that, without increased integration of people, the effectiveness of statesmen's agreements will be limited, and if large scale rejection of such integration develops, progress toward European unity will be nullified.

The World's Economy: How it Works. By William M. Clarke and George Pulay. Praeger Publishers, New York, 1971. 208 pages plus index. $6.95.

A guide to the way the international monetary system works today and how it might work in the future. Written primarily for people without basic knowledge of economics.

The authors begin with basic financial frameworks and move on to a study of more difficult monetary systems. Past financial structures are examined, and, pointing to the future, crucial issues such as monetary crises and the role of gold are studied. The International Monetary Fund, the World Bank, the Eurodollar Market, urban monetary operations and other aspects of the world economy are explained.

Publications Available

TABLEAUX ENTREES-SORTIES: SERIE SPECIALE.
Statistical Office of the European Communities, Luxembourg, 1970, Complete Series of Six volumes $14.00
Also available individually, as follows:
Vol. 1—METHODOLOGIE COMMUNAUTAIRE DES TABLEAUX ENTREES-SORTIES 1965, 222 pages $3.00
Vol. 2—TABLEAU ENTREES-SORTIES ITALIE—1965, 151 pages $3.00
Vol. 3—TABLEAU ENTREES-SORTIES FRANCE—1965, 195 pages $3.00
Vol. 4—TABLEAU ENTREES-SORTIES BELGIQUE—1965, 167 pages $3.00
Vol. 5—TABLEAU ENTREES-SORTIES NEDERLAND—1965, 173 pages $3.00
Vol 6—TABLEAU ENTREES-SORTIES DEUTSCHLAND—1965 .... $3.00
Each volume is in French plus the language of the country concerned. Detailed input-output tables for the Community member states. All tables are preceded by a statistical analysis of resources and employment of goods and services.

THE EFFECTS OF NATIONAL PRICE CONTROLS IN THE EUROPEAN ECONOMIC COMMUNITY. *Competition-Approximation of Legislation Series* No. 9, Commission of the European Communities, Brussels, 1970, 168 pages $4.00
An analysis of the impact of the Community members' national price control arrangements in 1968. Includes an annex describing the systems of price controls and an extensive bibliography. Evaluates the consistency of national price controls in terms of the economic system of each member country and in terms of the economic system as conceived by the Community.

OPINION SUBMITTED BY THE COMMISSION TO THE COUNCIL ON THE RELATIONS BETWEEN THE ENLARGED COMMUNITY AND THOSE EFTA MEMBER STATES (INCLUDING THE ASSOCIATED FINLAND) WHICH HAVE NOT APPLIED FOR MEMBERSHIP OF THE COMMUNITY. *Supplement* No. 3, 1971, Annex to *Bulletin of the European Communities* No. 6 Commission of the European Communities, Brussels, June 16, 1971, 15 pages .... $ .20
Discusses the various problems and possible arrangements for the countries in the European Free Trade Association that have not applied for membership in the Community. Outlines the positions of Sweden, Switzerland, Austria, Finland, Iceland, and Portugal.

STATISTIQUES FISCALES 1965-1969. Statistical Office of the European Communities, Luxembourg, 1971, 111 pages $2.00
French/German/Dutch/Italian text. Provides detailed data on the taxes collected in the member states of the Community, includes over 50 different types of tax. Contains special tables for 1965 on industrial production and import tax revenue.

A REVIEW OF THE COMMERCIAL AND MONETARY RELATIONS BETWEEN THE UNITED STATES AND THE EUROPEAN COMMUNITY. European Community Information Service, Washington, D. C., October 21, 1971, 19 pages .... free
Background paper containing a current report by the Commission of the European Communities on issues confronting the United States and the Common Market.

TRAITES INSTITUANT LES COMMUNAUTES EUROPEENNES: TRAITES PORTANT REVISIONS DE CES TRAITES ET DOCUMENTS ANNEXES. Office of Official Publications of the European Communities, Luxembourg, 1971, 833 .... $7.00
Available in French, German, Dutch, or Italian. Contains the Treaty establishing the European Coal and Steel Community, the Treaty establishing the European Economic Community, and the Treaty establishing the European Atomic Energy Community. It also contains every modification in those Treaties as of January 1, 1971, including the decisions on the locations of some Community institutions and on the Community's own resources. An English edition is in preparation.

Teaching Aids

EUROPE'S CURRENCIES 1914 TO 1932. European Community Information Service, London, 1971, 5 pages .... free
Summary about the instability of the national currencies of a divided Europe after the first World War.

THE TEXTILE INDUSTRY IN BRITAIN AND THE EEC. European Community Information Service, London, 1971, 5 pages .... free
A brief history of the textile industry and its future. Includes a Chart on the Production of some major textile goods from 1958-1968.

THE EUROPEAN COMMUNITY, THE UNITED KINGDOM AND THE WORLD POPULATION TRENDS. European Community Information Service, London, 1971, 4 pages .... free
Analyses methods of forecasting population and the results to which they lead.

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