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Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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A Letter from Paris and Brussels

FRENCH ACTION URGENT

"It was on June 10 that General de Gaulle was relegated to the second ballot." This crack, overheard in the crowd of politicians and journalists at the Ministry of the Interior on Sunday evening, sums up the view which the General's opponents took of the polling on December 5, and they may be at least partly right. The result is by no means fully accounted for by such other factors as his relatively rare appearances during a campaign which was largely waged on television, his main opponents' youthfulness and the fact that once it thinks itself out of danger, the electorate tends to fall back into its old habits. Neither was it affected by a longing for more homes, more schools and more hospitals; nobody can be sure that any other administration would have done any better on the economic and social fronts and after all, France has enjoyed under De Gaulle undreamed political stability.

When it comes to foreign policy, most French people do not disapprove of seeking some independence of USA, of revising the NATO Treaty, of recognizing Communist China and of condemning the war in Vietnam, although they may think there is more than one way of voicing these views. The only other major subject is Europe. It is also the only point at which the opposition was unanimous in attacking De Gaulle. M. Lecanuet, backed by M. Monnet, made Europe his main plank, and all the others used it, from the Communist-supported M. Mitterand to the right-wing M. Tixier-Vignancour. So it can reasonably be assumed that a high proportion of the French electorate, by voting against the General, was also disowning his European policy.

Now the question is, what notice the General will take of the warning he has received, after he has been re-elected on the second ballot, which is not in doubt. On Sunday evening, some observers took the psychological line that, since he does not like to be pushed around or to have his hand forced, the General will adopt an even tougher attitude towards the Commission and towards France's partners; he will not think twice about making the crisis worse so as to teach a lesson to those who "have raised the electorate against him", basing themselves on what he calls "myths". Other observers, however, believe that De Gaulle will heed the wishes expressed by these millions of workers, these hundreds of thousands of traders and executives, and these thousands of businessmen. They think that he will put France back into her empty chair, asking only for satisfaction on the financial regulation for the common agricultural policy, and that (without affecting the voting procedure laid down in the Treaty) he will settle for arrangements requiring a unanimous vote of the Council whenever any members' vital interests are at stake, in order that important decisions already taken unanimously should be irrevocable. The truth may lie somewhere between these two extremes, and after he has been confirmed as

President on December 19, De Gaulle may well continue with his policy just as if nothing had happened.

With the second ballot falling on December 19 and the Christmas and New Year festivities coming almost immediately afterwards, and with some possibility of re-shuffling among the Ministries, it now looks as if France will in any case be unable to renew contact with her partners for a month or more. What the atmosphere and terms will be by then is anybody's guess, but some light is cast on them by the following despatch from our Brussels correspondent.

Getting Near the Deadlines

After the Council of Ministers' meeting on November 29 and 30 it was hard to say whether the Community was in a better position or not. More optimism was shown about the chances of getting France back into her empty chair, but some of her partners were very gloomy about finding good answers to the problems which underlie her absence. The fact is that some deadlines, which can no longer be postponed or avoided, are getting uncomfortably close. During the last six months each member country has been able to lead its own life, put out its scouts, take up positions, make demands and chalk up victories of at least electoral value, while still avoiding real contact with the enemy. Now procrastination is no longer possible and the time for skirmishing is past. Europe is having to face the hard facts and that is why there is such a strange mixture of hope and fear in Brussels today.

M. Spaak, the Belgian Minister of Foreign Affairs, is a case in point. At the latest meeting he rather surprised some of his colleagues from other countries, especially over oranges (see "The Week in the Community", page 5). Taking a political stand, he criticized the Commission strongly for having used the powers which the Fruit and Vegetable Regulation give it in order to oblige the Five to affirm that the Council of Ministers could take valid decisions without France. This was in fact the only method of reversing the decision which the Commission had taken on the reference price for oranges - a decision considered harmful by all the member countries except Italy. M. Spaak observed in effect that there is no Council of Ministers at present and that Prof. Hallstein, president of the Common Market Commission, had formally taken the lead in asking that there should be no discussion on the question whether the Council is constitutionally in order when one of its members is missing. Has he changed his mind? Does the Commission mean to make a further political advance at this stage, as it did just before June 30, 1965?

Constitutionally the Commission seems to be on very firm ground and it replied energetically, claiming that it was being judged by its supposed intentions and made a scapegoat, when all it had done was carry out a unanimous decision of the Six. The argument became heated, and directly after the session Mr. Mansholt held a press conference at which he restated the Commission's views in moderate terms. It seems hardly likely that M. Spaak really meant to undermine Prof. Hallstein and Mr. Mansholt, both of whom must play key parts in the present crisis, but

he may have deliberately dramatized it with the purpose of drawing attention to the danger of the Community finding itself up against a brick wall unless there is an early and successful negotiation. The next day he told the press: "The crisis has already lasted too long. The squabble over oranges is only the latest example".

On November 30, M. Spaak was again busy trying to get early negotiation. He was not altogether successful, or at least not to the extent that the Gaullists hoped, for they were expecting the Five to make some slight gesture which would help General de Gaulle electorally. Backed by M. Werner, his colleague from Luxembourg, he did at any rate manage to get a statement produced which could not be used by the General's opponents. All this took time. The first version of the Five's communique of November 30 was drawn up over lunch between the Ministers on their own, but it was revised at the last minute in the Palais des Congres itself. This location has some significance, because as the Commission was on the premises it had to remain out of the way while the work of revision was going on. Mr. Mansholt was not exactly pleased; before the Council meeting ended he left in a huff. It was then that he told a reporter from the German radio that if the Five were also now in favour of "filleting" the Commission politically, he would not hesitate to resign.

Revision affected the last paragraph, in which the Five "regret that the French Government should not have seen fit at present to resume the negotiations which were interrupted on June 30". The original text is believed to have expressed these regrets much more bitterly, and the Five's irritation is quite understandable. Even the more moderate, like M. Spaak and M. Werner, could but agree that the way the French Government had reacted to their appeal of October 27 (see No. 329, p. 7) was lacking in courtesy. Although the French Foreign Office had protested to its opposite numbers that it had no intention of driving a wedge between them, the methods it had used were bound to give that impression. To start with, Paris had not deigned to give any written reply to the Five, even formally; everything had been done verbally and unofficially. Each one of them had been handled separately and differently by the French Foreign Minister or M. Wormser; one commentator remarked that they seemed to have been "all things to all men". Then there had been the weekly pronouncements of M. Peyrefitte, the French Minister of Information, in which nothing seemed to be either quite true or quite false; the Five have been exasperated by them, even Sig. Colombo, whose self-control is second only to that of M. Couve de Murville.

When it came to the point, the Five did manage to avoid showing their justifiable pique too openly. Perhaps more importantly, they hit on the device of empowering one man to look into the possibilities of renewed contact, Sig. Colombo, their president in office; this should put paid to France's little game of talking privately and separately to each of the member countries in turn. When Sig. Colombo speaks to the French Government, it will be "in the name of the Five Governments". The communique stresses his capacity as president of the Council of Ministers in office, so as far as the procedure is concerned, the Five are not trying to lead M. Couve de Murville into a "Community trap". Sig. Colombo's mandate is probably wider

than the communique's wording, which is "to make known to the French Government the common attitude of the Five Governments". In the first place, the president of the Council has himself stated that he means to ask France for a reply, and this time for a single and official reply which he can take back to the Five. Later he may open actual negotiations; when the Council meeting broke up, M. Spaak told the press emphatically that it would be Sig. Colombo's job to negotiate.

The word "negotiate" may not be strictly correct, because Sig. Colombo has not been empowered to make any concession. In practice, things seem to be working out like this:

(1) On the point of procedure, all the Five agree that he should let it be known that they are prepared to make some concession. They will not, however, give an inch about the final framework of any reconciliation, which absolutely must be done in the Common Market Council of Ministers. Of course, its discussions could be held in the absence of the Commission. Brussels may be too much of a Community centre for France's liking, so the Five might be prepared to meet in Luxembourg, which is also one of the Council's meeting places. Alternatively, Strasbourg could be chosen, having the advantage of being French, with strong Community links.

(2) As to date, the Five are prepared to wait a bit longer, say until mid-January, on condition that the French Government meanwhile should make the moves which are essential if the Community is not to be virtually paralyzed. At his meeting with M. Couve de Murville in Rome on December 8, Sig. Colombo must have been emphatic that France ought to be represented in Brussels at least sufficiently to allow the Community's operating budgets to be approved, a new solution to be found for the orange problem, and the tariff changes due to take effect on January 1, 1966, to be passed (see "The Week in the Community"). This does not seem a lot to ask. The Five were particularly cheese-paring about the budgets (as France would have been had she attended the meeting), and M. Spaak put on the pressure, arguing from his own Government's policy of "budget austerity". France suffers under the present arrangements for oranges, so she would serve her own interest if she helped forward the work of the special Agricultural Committee which has been charged with looking further into that problem. This only leaves the tariff cuts (in practice, lowering duties within the Community by 10% and aligning on the adjusted Common External Tariff); some French industries have objections, but these moves are unlikely to make serious economic difficulties for France (on the contrary, opening the French market more widely to imports should help the government in its attempts to restrain rising prices). The technical difficulties should not be great, for the French customs are said to have new internal tariffs ready for use. By refusing to move at all, France can land the Community "in an inextricable jam", as a senior official of the Commission has described it, unless the Six simply ignore the Rome Treaty's tariff revisions, which would be a very serious step to take. If

France will not budge, the crisis will quickly become much more acute.

(3) Sig. Colombo will repeat that the Five unanimously "continue to believe that the questions at issue should be settled in accordance with the Treaty rules and within the framework of the Institutions". This means that he will put forward the settlement which the Five propose, just as he will listen to the French Foreign Minister's reactions, which will have to be constrained until the present political uncertainty in France is resolved. Is not this tantamount to negotiating? Diplomatic circles emphasize that all concerned hold strong views, but that they are open to consider an agreement which is honourable for all of them. If France's wishes are in line with General de Gaulle's statements on November 30 (making the common agricultural policy a reality, on condition that it could not be thrown back into the melting pot by the Commission, nor by a majority vote of the Council), why should she not say so officially? Playing with words and details can only defeat the efforts of any honest broker: M. Spaak yesterday, Sig. Colombo today, and perhaps M. Werner tomorrow.

With important deadlines so near, any further hesitation by the French Government would tend to the conclusion that General de Gaulle has been playing for time so that at the most favourable opportunity he can bring about a decisive trial of strength. Some people say flatly: "He wants the Common Market to disintegrate as well as NATO. He is not going to change his mind. There is no point in arguing with him any longer". Fortunately, not everybody is as pessimistic as that, but for a long time there has been a fear in many minds, including that of M. Spaak, that the twin crises of the European Community and the Atlantic Alliance may have a combined effect and eventually take General de Gaulle much farther than he really meant to go.

This explains why M. Spaak is now in a hurry to negotiate. He wants to see discord in the Community give way to harmony, or at any rate the beginnings of harmony, before controversy gains too much ground within the Western Alliance. If the Six can achieve reconciliation, and if that can be seen in the clear light of day, the atmosphere will be much improved in NATO, especially as the Atlantic crisis is also a crisis in Franco-German relations. M. Spaak is not alone in this thinking. One observer has remarked "In the talks between the Five there has been no hint of a holy war. Even the Netherlands will not wage one unless France does." So the crisis still awaits a solution, and as M. Spaak himself remarked on another famous occasion: "It is not too late, but it is high time."

times reached 100% (he quoted a German example) and that the difference in price could be absorbed in that quarter.

* * *

Two European Budgets Approved

Both the European Institutions' operating budget and the Euratom research and investment budget were approved by "the Five" on November 29. M. Spaak had to consult the Belgian government which favoured an "austerity budget", but after that he withdrew his objections. The most difficult hurdle now remains to be cleared: that of obtaining French approval, using the written procedure. Because so much time has been lost already by using this procedure, the European Parliament will probably refrain from questioning the Ministers' decisions',except on a minor point.

The budget for the European Agricultural Guidance and Guarantee Fund amounts to $234 million and that for the Social Fund comes to $21 million. These figures were arrived at almost automatically and should not meet with any objection from France, especially as she benefits far more than any of the others from the agricultural fund. The Commission's operating budget at $41.7 million is slightly more than France initially considered acceptable. The difference is due to the cost of installing the Commission in its new buildings and the French may well jib at this expense, which they consider excessive. The Commission is receiving for its operating expenses $9.6 million, which it finds reasonable and which appears modest enough to satisfy the French. In the research and investment programme, half the credit balance for the second five-year plan, or $90.5 million of the credits promised, have been allotted. The Commission says it is satisfied with this"judgment of Solomon". On the other hand, the figure of $102 million of credits, intended to discharge debts contracted or still to be contracted, seems to be calculated very finely indeed although it still believes it can manage without too much difficulty. Lastly, the Commission now has permission to take on two hundred more employees instead of the 300 it asked for, but it pointed out that it had been authorized to take on 600 new employees between now and the end of 1967 and that at least 250 new "recruits" were needed every year to keep up with its programme. So it is 50 short but there does seem to be some hope that they can be obtained next spring providing the situation requires it and providing, of course, the Commission gets the money to pay them.

* * *

Tariff Changes

New Year's Day 1966 marks a double step forward for the Common Market. In the first place, the Treaty of Rome envisages another 10% reduction in tariffs between the member countries, thus bringing the level down to only a fifth of what it was in 1958. Tariff reductions already made, ahead of the Treaty dates, have not deterred the Five from deciding to move on to the next stage. This was done tacitly, without requiring that France should follow their example. France seemed unlikely to remain inactive, not

only because that would be an open breach of the Treaty, but also because it would create a really impossible situation and harm the French economy as much as any other. Besides, the French are believed to be ready to put the adjusted internal tariffs into operation, but they have to wait for the political "green light". As far as Algeria is concerned, the Commission and four of the delegations are of the opinion that she should not this year benefit from tariff reductions. Germany has not committed herself on this, so the Five may still be open to argument on this small point. By contrast, they were unanimous in refusing to allow the 10% reduction on tobacco for which their Greek associate asked, at any rate for the time being.

The second tariff question to come up is about the aligning of national tariffs on the Common External Tariff, or, to be more precise, the exact method of achieving this alignment. The second alignment of 30% took place at the time of the accelerated cuts in 1963, but was not complete, except for agricultural products not subject to levy and for the so-called "sensitive" products in list G. For a very large number of individual items, agreement had been reached to anticipate the results of the Kennedy Round talks, which were expected to end about now; considerable customs concessions between the GATT partners were hoped for. These might have brought a larger number of Common External Tariff levels down below the levels reached, by means of two separate movements towards the Common External Tariff (that is to say, 60%) by the low tariff countries, West Germany and Benelux. Then, after increasing customs duties, it would have been necessary to reduce them again. To avoid such a pointless operation, it was agreed that the second step in 1963 should be calculated on the Common External Tariff duties envisaged by the Treaty but reduced by 20%. Thus if the Kennedy Round were to be fully implemented (giving a 50% tariff reduction), its provisions would be put into operation "X" years ahead of time by the low tariff countries, and the last 40% stage to reach the Common External Tariff, at the end of the transitional period, could be cancelled by an agreement within GATT. To compensate for this in the case of high tariff countries, it was agreed that the second movement towards "CET less 20%" should not bring their level of duties below that of "final CET".

Unfortunately, this group of measures is not applicable until December 31, 1965 and it is now clear that at that date the Kennedy Round will still be a long way from its conclusion. However, the Five have agreed that the Community itself must take a good share of responsibility for the delay and that it would certainly be unfair to make outside countries suffer when they so obviously benefited from the decision taken to reduce external tariffs in 1963. They have therefore decided to maintain the status quo. More precisely, they have asked their Permanent Representatives to set up a "working party" to study what is involved in maintaining the status quo. For they must heed Article 23 of the Treaty, which obliges them to complete the second stage of alignment on the Common External Tariff. Fortunately the Treaty itself provides other solutions, in Articles 26 and 28. The second of these says that the Council can decide, though only if the decision is unanimous, to suspend the application of the Common External Tariff. For this to happen, France would have to be present and agree before December 31. Article 26 allows the Commission to grant a suspension of customs duties to member-

-states only, up to 5% of the value of their total trade with outside countries. Officials of the Commission believe that this last provision can solve a good many of the problems, provided that, at the worst, the duties applied under Article 23 rose by not more than three points. However, Article 26 does not allow the Commission to act of its own accord, but only if the member-states present it with a request concerning the tariff duties in question. Once again, the problem of the "empty chair".

Technically the problem is extremely complex. Politically it is more difficult still, not only inside the Common Market but in relation to the world outside; for bearing in mind the difficulties it would cause in the event of the Kennedy Round talks being successful, a refusal to agree to the status quo, could be interpreted, especially in the USA, either as a gesture of defiance or as complete scepticism on the outcome of the Geneva negotiations.

* * *

EFTA

Tariff Cuts

On New Year's Eve the eight EFTA countries will be making another 10% cut; when they do, they will have wiped out 80% of the tariffs as they stood in 1960. The last 20% will disappear all at once on December 31, 1966, or three years ahead of the Stockholm Convention's time-table.

There are exceptions for some goods (mainly agriculture and fisheries), some duties (revenue raisers), some industries (mostly Portuguese) and for Finland, which joined the club a year late. All the exceptions put together do not amount to a serious fraction of total EFTA trade so in 13 months' time free trade in industrial goods will be virtually accomplished among the Area's 100 million people.

SHIP-BUILDING IN THE COMMON MARKET & BRITAIN I

For several years the European ship-building industry has been going through a recession: most ship-yards are working well below capacity and some of them are closing. It is all the more serious in that ship-building is the main industry on parts of the coast.

The slump stems from a lack of balance between supply and demand of ocean-going freighters, which has brought about a steady increase in freight rates over the last few years. This slump continues, largely because certain Eastern bloc and newly-developing countries are taking advantage of the exceptionally low prices and extended credit terms for new ships to establish merchant shipping fleets.

This excess of tonnage can only be rectified by concerted action on the part of the ship-building countries, especially Britain, West Germany and Italy, which dominate the industry in Europe.

The tonnage of merchant ships launched by European countries increased up to 1958, but since then has fallen off sharply. The relative importance of the Six and Britain in world ship-building has steadily diminished, while that of Japan has steadily risen, going from 10% in 1950 to 28% in 1963, in which year its output was equivalent to that of all the Common Market countries together. British ship-building has declined since the post-war period when it reached a very high level indeed (51% of world launchings) due to the need to re-build a merchant fleet seriously depleted during the war.

TABLE A
SHIP-BUILDING IN THE COMMON MARKET & OTHER COUNTRIES
(Percentage of Total World Launchings)

Year	Common Market	Britain	Scandinavia & Portugal	USA	Japan	Others
1931	31	31	16	13	5	4
1948	19	51	17	5	1	7
1950	21	38	15	13	10	3
1951	26	37	17	5	12	4
1952	28	29	15	11	14	3
1953	34	26	15	10	11	4
1954	37	27	15	9	8	4
1955	36	28	15	1	16	4
1956	33	21	12	3	26	5
1957	32	17	13	4	28	6
1958	34	15	14	8	22	7
1959	33	16	16	7	20	8
1960	33	16	14	6	21	10
1961	30	15	17	4	23	11
1962	28	13	17	5	26	11
1963	28	11	18	3	28	12

In the Six, Germany builds most ships, both "dry" cargo vessels (40%) and oil tankers(45%); next come either the Netherlands, France or Italy according to the year. Britain was overtaken by Germany in 1956, since when the two countries' output has been about the same.

Japanese ship-building has made great strides at the expense of its European competitors. Its oil tanker production already exceeds that of the whole Common Market, and it is catching up in dry cargo.

TABLE B
LAUNCHINGS OF OCEAN-GOING MERCHANT SHIPS
(100 Gross Tons and Above)

i) Dry Cargo-vessels and Mail-ships
(in thousands of tons gross)

Year	West Germany	France	Italy	Nether-lands	Belgium	Britain	USA	Japan
1950	145	125	107	140	32	711	86	232
1951	292	212	94	140	25	507	139	263
1952	349	180	51	173	33	659	268	330
1953	488	96	61	183	26	555	188	230
1954	519	71	14	168	34	695	79	280
1955	685	108	87	155	34	826	22	434
1956	931	195	230	307	67	865	19	974
1957	983	184	260	310	39	878	69	1054
1958	938	196	220	313	56	825	88	890
1959	858	179	169	225	92	844	75	811
1960	691	247	131	327	72	713	214	1138
1961	732	265	255	355	49	798	187	1149
1962	617	342	267	284	47	670	386	1323
1963	549	213	332	242	76	558	177	1067

ii) Oil Tankers

Year	West Germany	France	Italy	Nether-lands	Belgium	Britain	USA	Japan
1950	10	55	-	88	34	614	351	116
1951	26	11	18	77	47	834	27	71
1952	171	32	81	123	24	643	200	278
1953	330	139	201	158	35	762	340	328
1954	444	196	148	242	91	714	398	133
1955	243	218	81	241	47	648	51	395
1956	70	104	128	143	25	518	150	773
1957	248	245	225	167	76	535	290	1379
1958	492	255	331	243	83	577	644	1176
1959	344	229	350	383	73	529	522	912
1960	401	347	303	240	58	618	271	593
1961	230	181	79	216	30	393	156	651
1962	393	138	81	135	30	403	63	861
1963	422	234	160	134	32	369	118	1301

The number of very large ships (of more than 20,000 tons) is growing, but small ships of less than 1,000 gross tons still account for more than 50% of all ships built. Greater size is especially noticeable in the case of oil tankers; some exceed 50,000 tons dead-weight capacity. This trend is less marked in Europe, where Germany especially continues to build many ships of medium tonnage.

TABLE C
AVERAGE TONNAGE OF SHIPS LAUNCHED - COMMON MARKET
(In Tons Gross)

Year	West Germany		France		Italy		Netherlands		Belgium	
	I	II	I	II	I	II	I	II	I	II
1950	840	9,900	2,610	13,875	6,325	-	1,260	9,780	4,050	11,300
1953	2,385	8,455	4,170	13,920	2,450	13,420	1,410	9,310	1,555	11,600
1956	2,515	1,450	2,675	17,315	4,030	14,255	1,825	15,880	3,960	12,500
1958	3,170	5,345	4,090	19,585	4,070	17,415	2,205	12,780	4,660	16,620
1960	3,155	11,470	6,025	26,715	2,730	17,835	1,910	14,140	5,530	19,235
1961	3,210	6,775	4,425	30,115	8,800	9,890	2,260	27,040	4,445	30,100
1962	3,315	8,185	4,333	27,660	6,510	8,130	1,985	16,825	5,875	29,700
1963	3,610	12,785	2,630	33,435	7,730	13,320	1,705	22,455	6,905	31,920

Note: I = Dry cargo
II = Tankers

Production Factors

A breakdown of the cost price of ocean-going vessels shows very little difference from one country to another.

TABLE D
SHIP-BUILDING COSTS

Cost Factor	West Germany	France	Italy	Netherlands
(i) Raw materials	58%	55%	60%	56%
(ii) Value added	42%	45%	40%	44%
Analysis of (ii):				
Labour	28%	31%	35%	26%
Taxes	4%	5%	)	)
Depreciation	3%	5%	) 5%	) 18%
Interest	) 7%	2%	)	)
Overheads	)	2%	)	)

a) Labour: The labour force available for ship-building in Europe rose steadily until 1957, but since then it has fallen, except in the Netherlands.

b) Capital: Ship-building took 3.3% of the gross fixed capital raised for manufacturing industries in the Netherlands, but the level is generally around 1%. Investment seen as a percentage of the industry's turnover is around 4%, lower than for engineering as a whole. Fixed capital plays a relatively small part (especially in the Netherlands) in capital outlay.

Structure of the Industry

The degree of combination in the ship-building industry is about the same in the Common Market, Britain and Japan, but decidedly lower than in USA and Sweden. The large ship-yards of the Six are owned by as many as 50 firms and in the years 1959/1960 the three largest of them were responsible for only one-fifth of the total launchings: in the USA and Sweden the three largest firms launched three-fifths of the total.

There is more specialization in French and Italian ship-yards: this is a disadvantage, because it prevents them from carrying on at the same time the more profitable business of ship-repairing.

Prices

All over the world the ship-builders have been obliged to reduce prices and to offer ship-owners better terms of payment and shorter delivery times. For oil tankers of 50,000 tons dead-weight, with an index figure of 100 to indicate the market price per dead-weight ton in 1955, the index reached the record figure of 210 in 1957, fell to 80 in early 1963 and rose again to 90 in 1964. Market prices for "dry" cargo ships have followed a similar trend.

Japan and Sweden lead the price-cutting: the former has even been able to offer oil tankers at around $90 (= £32) per ton.

TABLE E
PRICES OF OIL TANKERS BUILT RECENTLY

Britain			Japan		
Deadweight capacity	Horse power	Price £'000s	Deadweight capacity	Horse power	Price £'000s
100,000	Turbine 26,5/28000	5,000	132,334	Turbine 28,000	5,025
70,000	Turbine 20,000	3,750/4,000	70,700	Turbine 20,000	2,750
55,000	Diesel 18,000	3,400	54,000	Diesel	2,220
47,000	Turbine 16,000	3,000/3,250	46,000	Turbine 17,500	1,950
32,000	Diesel 14,000	2,250	32,000	Diesel 9,000	1,825
18,000	Diesel 8,500	1,150	20,000	Diesel 7,500	1,250

All countries now provide good credit payment facilities. The shipbuilding companies themselves ask for around 30% of the selling price in cash, the remainder to be paid over five to eight years. Alternatively, through more or less official agencies, buyers can obtain long-term loans, up to 20 years, roughly corresponding to the ship's own "life".

(To be continued)