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on

E U R A T O M

Note:
This is an unofficial translation of Part II of the Brussels Intergovernmental Committee's Report which has been submitted to the Governments of the six member-nations of the European Community for Coal and Steel for treaty action.

Part II

EURATOM

The power of the atom revealed itself to the world in a terrifying form. Ten years later it appears as the essential resource over the long range for the development and the renewal of production and for progress in peaceful endeavors. A new technical revolution is in sight. If Europe does not act urgently to overcome the serious delay that it has faced from the beginning, its share in this development may well be permanently jeopardized.

I.

The necessary means are no longer within the reach of individual European countries. One example will clearly show the waste and the delay that could result from the pursuit of isolated efforts. The United States is today studying the operation of thirty models of different reactors. Such is the order of magnitude of the research and investment that must be undertaken if the most fruitful solutions are not to be overlooked. It is difficult to imagine any single European country having the possibility of working on that scale; even assuming that several might have the means of doing so separately, one can imagine the frightful loss of resources. Moreover, the atomic energy field is evolving extraordinarily rapidly, and whatever is to be undertaken might prove in vain if begun too late. Any delay would mean letting a new period of development pass by without taking part, and the appearance of new techniques in the subsequent period would find the European countries without the experience, the means and the technicians necessary for meeting the challenge. Hesitation would be all the more unjustifiable since in this field there are still few positions and vested interests or artificial barriers. The longer the wait the more difficult it will be to take action.

Although it is very difficult to cite figures, certain orders of magnitude considered probable by the experts will enable the Governments to appreciate the scope of the problem. It can be estimated that the United States has devoted until now about $15 billion to nuclear energy and Great Britain the equivalent of about $1.5 billion. On the basis of a very rough estimate of expenditures earmarked for military equipment, the balance devoted to industrial nuclear energy would be $3 billion in the United States and the equivalent of $500 million in Great Britain. Likewise, France has spent the equivalent of $200 million over a nine year period. All these figures represent Government spending and do not include private financing.

Although the enormous expenditures made have produced results that are now public knowledge, they show clearly enough the magnitude of the resources that the European States will henceforth have to find if they are unwilling to be permanently dependent on those who are so far ahead of them in this field. Whereas the production and the technical development of nuclear energy have been largely financed from military budgets, the problem is just the reverse today: concentration on the peaceful use of atomic energy seems indispensable.

The effort to be accomplished must take into account the conditions for supply of essential, natural or treated materials, which have been largely influenced by the historical circumstances of what began as a military development, and are not those of a free market. The natural resources are very closely controlled by a small number of countries which are producers or have become buyers. There are only three world powers--the United States, the Soviet Union, and Great Britain--which enrich uranium in order to increase its fissile properties.

An essential requirement is to ensure against the risk of a destructive or a careless use of nuclear materials. There will be no development of the atomic industry unless security conditions are established that avert perils to the life and the health of labor and populations, and guarantee that nuclear materials will not be diverted to uses other than those for which they are destined. It is these conditions that will permit a free and frank exchange of acquired knowledge thanks to the creation of a spirit of confidence that is fundamental in Europe with its background of centuries of strife.

Essentially than Europe must provide itself with rapid and substantial

means of carrying out these aims, assure equal treatment and regularity in the supply of essential materials, and establish in common the conditions for security in atomic development.

The characteristics of the atomic energy field make it evident that these tasks cannot be accomplished without a common organization.

II.

There is a rapid growth in European requirements for energy which in the near future threatens to become much rarer and more expensive. Atomic energy must contribute to overall energy supply as soon as possible if this shortage and rise in cost is to be avoided. Atomic energy will rapidly appear all the more economical since other sources of energy will on the contrary be more expensive. The creation of this new source of energy therefore seems to be much more of an imperative necessity for Europe than for the United States, for example. In addition, it will make possible the development of certain regions that have suffered because of their distance from traditional sources of energy.

Yet if it were only a question of covering energy requirements, theoretically this could be done by importing the nuclear materials and the necessary equipment. But the task at hand is a far broader one: a nuclear industry must be developed in Europe itself, without which the European States would be condemned to a permanently subordinate position among the atomic powers. The creation of this industry will envelop the entire European economy in a new technical revolution. It should be emphasized at the outset that nuclear energy is not limited in its applications to a certain few large industries. Even now it interests very diverse industrial sectors and techniques, and the number will not fail to become progressively larger.

The immediate consequence of this conclusion is that the development of atomic energy must not be limited to a few establishments; on the contrary, an effort must be made to adopt the broadest and most flexible system in order to ensure the largest possible number of European industries' benefits from these technical advances. In particular, the organization must be able to establish arrangements equally well with public organizations and private industry, with centralized and decentralized economic systems, and lastly make possible mixed ownership arrangements which will undoubtedly prevail in a great number of cases. Whereas absolute control by the public authorities accompanied the military phase of nuclear development, the time has now come when the rise of the industry will depend on the skill and the perseverance with which the public authorities and the common organization are able to create the basic conditions permitting industry as a whole and free initiative to play their essential role.

Hence, the purpose of the common organization is to contribute to the formation and the rapid growth of a nuclear industry as well as to the application of nuclear development in industry and the economy as a whole:

1. By developing research and ensuring the broadest dissemination of knowledge and techniques;

2. By establishing and seeing to the enforcement of uniform safety norms for the protection of the labor force and of the general population;

3. By facilitating its investments and creating the fundamental installations which cannot be undertaken by isolated industries or by individual countries;

4. By providing it with security and equal treatment in its conditions for supply of nuclear ores and fuels; and

5. By assuring it wide outlets and the best technical means by the merger of markets as regards materials, supplies and specialized equipment, and by the unrestricted migration of specialists.

The organization for which the name EURATOM has been put forward will therefore have to develop its activity along these five main lines. The organization will rest on the Council of Ministers, the Court and the Assembly which are provided elsewhere in this report for the common market, and which

will exercise their functions and their control according to the same rules; a European Atomic Energy Commission shall be created along analogous lines to the European Common Market Commission.

This Community will naturally be open to all European countries which will accept its rules. In any case it will seek an especially close association with Great Britain. The diversity of the tasks to be accomplished makes it possible to measure the diversity of the relations that could be established between the Community and countries that did not believe themselves able to join in; these relations will embrace such different areas as the exchange of information and knowledge, supply of materials, participation in the establishment and in the use of industrial installations, technical supplies. Far from being contradictory, this Community and cooperation among the different countries within the Organization for European Economic Cooperation complement and strengthen one another.

The Community will develop a permanent liaison within the OEEC with other European countries, just as it will with the rest of the world through the International Atomic Energy Agency now in the process of creation.

Chapter I

The Development of Research and Exchange of Information

The atomic energy field is above all the one in which industry depends on science, that is, on research, specialists and the dissemination of knowledge.

The magnitude of the means necessary for research and for the training of specialists implies action in common.

The common organization will itself ensure the carrying out of only a fraction of this research. It is advisable therefore to provide elsewhere ways of avoiding duplication leading to wasted efforts in independent research programs and ways of best assuring the dissemination of knowledge and technology.

Section 1 - Action to be taken by EURATOM. The European Atomic Commission, assisted by an economic and scientific committee composed of specialists, will create a research center and schools for the training of specialists, both of which will work in liaison with existing institutes.

The main function of the research center would be to complement the research pursued by national, governmental or private bodies. In addition, it should ensure standardization and the establishment of uniform terminology, set up an international system of measurement and form a central bureau for nuclear measurements working in collaboration with existing countries.

Schools for training specialists should operate in liaison with the center and cover the following subjects in particular: mining prospecting; the production of very pure nuclear materials and the treatment of these metals following irradiation; engineering in the atomic energy field; the production and the use of radio-isotopes. Europe is far behind as regards the number and the degree of specialized training of its technicians. Decisive action is necessary to overcome this shortage. The school and the research center could form the foundations of a European university where scholars from the different countries would teach together and which like any university should have recognized autonomy.

Other more dispersed or more occasional activities will prove necessary at certain moments, such as the formation of specialized teams for drawing up plans for research or power reactors, and teams for aerial prospecting in order to discover ore deposits.

The European Commission will ensure liaison with the European Nuclear Research Center.

Section 2 - Cooperation in Research. The greater part of research will continue to be carried out in each country by public or private institutes or by the industries themselves. Research is not an activity that can be carried out strictly according to plan without losing the benefit of achievements resulting from sudden inspiration or chance. It

is only a question of avoiding wasted efforts: this is one of the most effective aspects of action in common under a non-centralized form.

To facilitate a coordinated development of research, the European Commission will forecast objectives for nuclear energy production that will situate the effort to be undertaken within the framework of the realities to which it must correspond. Moreover, these objectives can be drawn up only through cooperation between the Atomic Commission and the European institution to be given a responsibility for estimating resources and requirements in the energy field. It is proposed elsewhere that this task be confided to the High Authority of the European Coal and Steel Community. The definition of objectives for energy of nuclear origin would result from a reciprocal adjustment of estimates on energy requirements to be met and on the possibilities of doing so by means of the new technology. This common task will be executed all the more effectively since the meetings of the appropriate institutions at which this is discussed will be attended by formally designated members of the other institution.

The communication of research programs to the Commission will enable it by means of reasoned opinions to discourage useless duplication or to redirect efforts towards insufficiently explored areas, for example in the field of fusion of light elements.

The different public or private research centers would regularly hold meetings for consultation and exchange of information under the sponsorship of the Commission.

Lastly, coordination of work will result from the very conditions under which knowledge and techniques would be placed at the disposal of the entire Community.

Section 3 - Dissemination of Knowledge. A substantial part of the knowledge acquired through research conducted in secret over the years was revealed to other countries by the more advanced countries at the time of the Geneva Conference on atomic energy problems. A still greater mass of documents incorporating the results of research has just been made available to be consulted freely by interested parties. In addition, information is communicated under bilateral agreements. Those of the member States which on this basis have obtained privileged access to certain information will place this information at the disposal of the entire Community subject to the consent of their partners in these agreements, which consent these member States agree to endeavor to obtain.

For the rest, the progress of the European nuclear industry will be all the more rapid if knowledge acquired and techniques developed in Europe itself can be more widely applied. This is a fundamental necessity. In the atomic energy field, the United States has instituted a special system wherein the results of all research are communicated to the Atomic Energy Commission. It is one thing to ensure that the authors or owners of inventions are generously remunerated for the purpose of encouraging research and to protect them against use of their discoveries by others without appropriate compensation. It is another thing, however, if this protection is permitted to become a means of restricting or even halting the application of new techniques for the purpose of retaining profits from monopoly.

To the fullest extent possible a way of reconciling the rights of inventors or owners of discoveries and the interests of the Community will be sought through voluntary cooperation, for example, by promoting agreements on the use of patents. In any event, the holders of patents will be fully indemnified for the granting of licenses with no expropriation having to be envisaged.

Nevertheless, it appears indispensable to provide for complementary measures in cases of necessity.

(a) EURATOM will be granted the option of utilizing all patents belonging either to the States and public institutions or to private enterprises which will be necessary for the conduct of its own research and the operation of its installations. The organization would also have the option of granting sub-licenses whenever it must entrust work or orders to organizations or enterprises in order to satisfy its own requirements. In this respect, patents under public and private ownership will be treated on the same footing, the only difference being the procedure giving the common organization the option to use them. In the case of patents which are the property of States, the granting of licenses to the common organization will result from the very commitments of the States. In the case of private

persons or legal entities, it will be necessary to have recourse to non-exclusive licenses, which would be obligatory in the absence of a contractual agreement;

(b) If a patented invention is of essential importance for the development of atomic energy in the Community and by his own production or by the granting of licenses the owner of the invention does not cover the Community's requirements within a reasonable period, he can be requested to place non-exclusive licenses for this invention at the disposal of other bodies or enterprises. In this case, or when an owner of a patent offers voluntarily to grant a license, the member States on their side must abstain from restrictive measures provided for under their respective legislation with reference to inventions.

(c) Patents belonging to EURATOM, whether the result of its own research or acquired by the organization, will be placed upon request at the disposal of member States and enterprises under their jurisdiction by means of non-exclusive licenses in exchange for appropriate indemnification.

The decisions of the Commission, particularly as regards whether a technical process or a discovery is considered essential, can be appealed before the Court.

The rules provided apply only to cases in which a patent has been obtained or at least requested. It goes without saying that knowledge acquired in common research will be placed at the disposal of States and interested parties.

The common organization shall in addition organize a procedure by which the research centers or enterprises may deposit with the Commission the results of their research with the proviso that the Commission shall communicate these results only to such other centers and enterprises which are in the same field of research and are prepared to accept a reciprocal obligation.

Chapter 2.

Security Norms and Controls.

An absolute protection of the labor force and of the general population against the risk of radioactivity is a fundamental necessity for the peaceful use of atomic energy.

This problem has already been the subject of important international studies. A special radiation committee has been created by the United Nations organization and will present its report in 1958. An international committee for protection against radiation is attempting to determine the amount of radioactivity the human organism is able to support. The International Labor Organization has already presented a report on the protection of workers. Finally, the World Health Organization has taken up this problem.

The States themselves have begun to establish legislation and regulations in this field. It will be necessary for such regulations to meet certain common norms. To this end, the fundamental principles should be the subject of a Convention annexed to the Treaty and ratified in the same fashion.

On this basis the Commission will have the task of working out more precise norms for the Community as a whole. These will be submitted to a vote of the Assembly before their adoption by the Council of Ministers. They will be imposed on the States as minimum norms. They will deal with installations, storage conditions, transport conditions and the method of treating materials and nuclear fuels.

It is on the basis of these norms that the organization shall exercise a specific control over installations consuming or transforming nuclear fuels. This control will refer to whether the installations conform to security conditions for personnel and populations and to the operating conditions in order to ascertain the consumption of nuclear materials and the transformations they undergo. Any installation consuming nuclear fuels shall be reported to the Commission and its fundamental characteristics described to permit the above questions to be answered. The Commission can rule against an installation only for reasons of security. Creation

of an installation in violation of this procedure would entail the refusal or the prohibition of supply of nuclear fuels.

Although it is the duty of the Commission to exercise this control over projects, it will leave to the States the regular surveillance over security conditions and the protection of health and will ensure that such surveillance is effective.

Chapter 3.

The Development of Investments and Common Installations.

Section 1 - Investments. Just as research undertaken by EURATOM will be only complementary--though essential--to the over-all research effort, the largest share of investment in the atomic energy field will continue to be the responsibility of public and private enterprises. The principle will be to promote initiative on the part of the enterprises by guiding their action by means of program forecasts and the dissemination of the results of research and by providing them as the case may be, with the necessary financial assistance.

The investments of the industries could be assisted by loans from the investment fund under the conditions and according to the rules provided for the operation of the fund. The projects concerning atomic energy development will be submitted by the Commission or will be transmitted to it for opinion.

The Organization will have no power to direct investments, and in particular no power to pronounce on the economic justification or the location of installations.

Its role in this respect will be similar to that it will fulfill in matters of research.

Section 2 - Common Installations. Although industrial developments will take place mainly in the enterprises concerned under the stimulus and, as the case may be, with the assistance of the Community, one of the justifications for this Community is to make possible the creation of installations that would be beyond the means of the enterprises or even individual States.

Common installations are not to be confused with installations financed from a common budget, but include those which the industry itself would carry out under cooperative arrangements or by mixed ownership solutions including both public and private interests. The principle is to carry out investments on a public basis to the extent that the initiative or the possibility of private industry singly or in common appears likely to be insufficient.

The Organization can contribute to common installations by participating therein or it may even finance the installations entirely. It will have initiative in this field.

The relation between the Commission and the common installations administered by it or in which it participates must be sufficiently flexible to permit the association of other participants, either public or private or even from third countries. In any case, the rights and duties inherent in the production of concentrated fissionable material must be exercised by EURATOM. The Commission must therefore have a service for industrial administration and it will be represented on the boards of directors of the corporations in which it participates on the same basis as any other participant, whether member States, industrial corporations, or even, in certain cases, third countries or foreign shareholders.

Among the installations the joint creation of which must be envisaged without delay, attention centers principally on a uranium isotope separation plant and a plant for the chemical treatment of irradiated uranium.

The first, by permitting the enrichment of uranium and an increase in the amount of the fissile isotope or uranium 235, would provide a sure source of supply for a fuel which is due to constitute the fundamental basis for the operation of reactors in the phase of technical development now opening; in view of the prospects for the use of other nuclear materials or the production of energy by the fusion of light elements, this phase may last only a limited number of years. Hence, this project would make

sense only if it is carried out sufficiently soon. A preparatory organization is being created to examine the different possible techniques. It is essential to emphasize the contribution that the construction and the existence of such a plant would make toward progress in the atomic industry through the experience acquired by the companies participating in the construction and by the technicians who would be trained in this way.

The other project refers to a plant for treating irradiated uranium with a view to the extraction of plutonium.

With techniques changing rapidly, it is not possible to specify in advance the fields in which common installations might have to be created or the methods by which this would be accomplished. The greatest freedom of action should therefore be provided for the future.

Chapter 4.

Supply of Nuclear Ores and Fuels

Section 1. Purchase Priority (la priorite d'achat). Certain of the member States have sizeable resources of uranium and thorium ores at their disposal on their territory or in their dependencies. In addition, uranium 235 will either be obtained from other countries or produced in a common isotope separation plant. The production of plutonium and uranium 233, however, will be developed slowly through the actual operation of certain types of reactors.

EURATOM could therefore make a decisive contribution to the development of nuclear industries in Europe through the priority it will be granted for the purchase of uncommitted resources of the member States or their dependencies.

The purchase priority has a dual consequence.

The determination of prices should be the responsibility of an objective body that will not seek to derive abusive profit from the purchase priority, but which on the contrary will preoccupy itself with the question of the production conditions assuring long-term supply. For this reason, if purchase prices cannot be fixed on a purely contractual basis it will be the responsibility of the European Atomic Comission, aided by a joint committee including producers and users, to arbitrate on prices by means of decisions subject to appeal before the Court. Price policy is itself linked to prospection and production policy. Therefore, procedures must be created such as the establishment of concerted production programs or long-term contracts.

In addition, it is not conceivable that EURATOM could disinterest itself in the conditions of use and security to which would be subject sales of quantities over which the Commission itself did not choose to exercise this purchase priority. Commercial negotiation by producers should therefore be accompanied by political negotiation by EURATOM on the security guarantees given by external buyers and on related advantages, in the form of technical information or supplies, for example, that could be obtained for the benefit of the Community in exchange for these deliveries.

The purchase priority thus defined constitutes a fundamental advantage for all users in the Community, which cannot be imposed on producers except in favor of a common organization. The common organization can itself honor the obligations associated with this purchase priority only by the principle of supply of all users through its channel.

The purchase priority and exclusive supply through the channels of the organization are related. These two principles hold for all nuclear ores and fuels at all stages of their transformation. If the establishment of coherent investment programs is not to be jeopardized, these principles must not prevent fissile materials produced through transformation in installations that are not common installations from being used by the enterprise producing them or by other enterprises for which they are destined by virtue of an agreed program (du fait d'un programme lie) which has been communicated in good time to the common organization.

Section 2. - Conditions for placing nuclear materials at the disposal of users. The procedures whereby nuclear ores and fuels are placed at the disposal of consuming installations must satisfy the requirement for equal access to resources and control over their use. These procedures will be subject to regulations on security, prices and allocation.

1. Security regulations

(a) Each installation is subject to control of quantities stocked,

quantities used and materials transformed, under conditions permitting the Organization to learn the characteristics of the installation.

(b) Any quantity of materials earmarked for a user and not actually used in his installation must be placed in depots directly controlled or controllable by EURATOM.

(c) Materials shall be taken back from the user in case of violation of the security standards of the Community or of diversion from the uses for which they are destined in the request or declaration filed with reference to these materials.

(d) At the end of the transformation process the materials shall be returned to installations belonging to EURATOM or controlled by it, for reprocessing or for disposal of dangerous, permanently useless wastes.

2. Regulations on Conditions of Payment.

Materials are placed at the disposal of users under uniform conditions on the basis of average supply costs. Supply costs are determined as follows:

-by the price policy defined by the Commission in the case of supply of natural materials originating in territories coming under the jurisdiction of the member States;

- by the conditions under which obtained in the case of materials originating in third countries;

- by compensating for the value added by transformation in the case of materials obtained through transformation in installations located within the Community.

3. Regulations on Restrictive Allocation.

(a) In all circumstances, fuels are placed at the disposal of users without discrimination.

(b) If the Organization declares itself unable to deliver within a reasonable period because of a shortage of supplies, it is obliged by that token to recognize that a shortage exists and to carry out restrictive allocation. The allocation is made on the basis of current needs and not past reference periods.

(c) Fissile materials produced in installations that are not common installations are reserved even in case of allocation for the enterprise producing them or those for which they are destined under the program binding these enterprises. Available surpluses can be ceded only to the Organization.

(d) In order to encourage the search for resources, the users to whom the Organization declares that it cannot deliver because of insufficient supply have the right to make use of the offers that they have received from third countries; this right may be exercised under conditions to be defined, which preserve in any case the exercise of a strict control by the Organization. In fact, this hypothesis has small chance to be realized under the actual supply conditions.

These fundamental rules must in every case be respected in the operations by which the Organization places nuclear ores and fuels at the disposal of the user.

These conditions may normally be satisfied even if the Organization buys, resells and repurchases after transformation or at the end of the process. However, it would make a practice of establishing a lease contract:

- for materials it has itself obtained by lease;

- for materials sold to it under condition of non-resale;

- if the user chooses to lease rather than to buy;

- lastly, by decision of the Commission in the case of products such as fuels that are highly enriched or particularly dangerous for any other reason; this decision taken for reasons of security with the agreement of

the Council and subject to appeal before the Court applies to all users without discrimination. In fact, the security rules and the conditions for allocation described above will in the last analysis make the distribution of materials to users the subject of truly sui generis contracts.

Section 3 - Supply Agency. To carry out its supply functions, the Commission will establish a commercial administrative agency (agence à gestion commerciale) having financial autonomy but directly under the Commission's authority.

The necessary operating funds would normally be covered by capital subscription from the users to be supplied by this agency. The number of shares could be increased with the number of users, as is the case with a company with variable capital (société a capital variable). The current administration of the agency would be entrusted to a director-general or to a directing committee, appointed by the European Commission after consultation with a council formed by representatives of the users.

This council would be consulted on decisions pertaining to imports from third countries, exports to third countries, and the increase or the reduction of stocks.

EURATOM may participate in the capital, in particular in order to finance the building up of reserve stocks.

Chapter 5.

The Common Market for the Nuclear Industry

The establishment of a common market for materials, supplies and specialized equipment, special facilities for the unrestricted investment of capital in the nuclear industry, and unrestricted migration of specialists are the indispensable conditions for the expansion of nuclear production in Europe, the development of atomic energy and a rational expansion of the industry.

Measures taken for that purpose should anticipate the establishment of the general common market and be placed in effect without delay. The industry is a new one in which vested interests have not yet crystallized. Under the circumstances and contrary to the other economic sectors where the elimination of trade barriers can only be progressive, restrictions will be all the easier to eliminate the sooner and the quicker this is done.

A practical problem of demarcation will inevitably exist as long as the common market is not established for most products. On the basis of a general delimitation of the field in question such as that already prepared by the work of the experts, and which would be approved by the Council, the European Commission would have the responsibility of certifying the "nuclear" character of a given production, investment or category of specialists, subject to a possible appeal to the Court. Unrestricted trade in products could be materially assured on the basis of an accompanying document issued by the Commission.

To offset the risk that the inevitable delay in the establishment of the common market for the nuclear industry might cause increased difficulties, standstill measures are necessary in the form of a "Standstill Agreement" whereby the States envisaging the formation of EURATOM will agree not to increase import or export duties, quantitative restrictions and discriminatory measures or practices.

In order to permit the harmonious development of new production there should be concerted action by the member states in the tariff field which would make it possible in particular for them to defend themselves against dumping.

In addition, the problems of the common market for the nuclear industry fall within the scope of the solutions adopted for the general common market. in which the former will ultimately be incorporated, even if these problems must be solved in anticipation of that development. In this way cooperation will necessarily be established between the two European Commissions.

Chapter 6.

Institutional Aspects

The description of the objectives and the tasks of EURATOM has made it possible in passing to determine the appropriate procedures. It has brought into evidence the variety of functions, namely:

- powers of decision as regards materials and security controls;

- commercial activities as regards supply;

- industrial administration functions as regards common installations;

- a role involving studies and advice for the coordination of research, the establishment of program forcasts, and opinions on investment projects.

Such diverse and continuing responsibilities can be exercised only if the current administration of the atomic Community is confided to a permanent body capable of taking rapid action, i.e. a European Commission whose members, who would be as limited in number as possible and be appointed by agreement among the governments, will have independent authority and a common mandate.

This Commission will be responsible before the Assembly, to which its budget will be submitted for approval before being adopted by the Council acting by qualified majority vote.

The Council plays its part in all problems in general policy and participates in certain decisions under conditions already defined.

The budget will cover in particular the operating expenditures of the services, the expenses of the research and measurement center, the costs of participation in common installations, and other research assistance. The budget will be prepared annually within the framework of a program covering several years; it must be of a total size sufficient to meet the requirements indicated above.

Without excluding the possibility of loans to cover certain of the expenditures thus defined, it is necessary to provide for contributions by the States which could be determined either on the basis of their total consumption of energy or on the basis of an arbitrary formula respecting both economic realities and political principles.

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The Heads of Delegation consider that they have thus replied to the question which was posed to them by the Messina Resolution, and which concerned the peaceful development of atomic energy.

They have considered that the problem raised by the possibility of the use by certain states of atomic energy for military purposes presents a political character such that it goes beyond the limits of their competence. They have not believed they should answer it in the present report.

This question has important technical aspects, but the Heads of Delegation believe it possible to work out a solution which would maintain the effectiveness of the system they propose and one of whose essential traits is an air-tight control.