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EUROPEAN COMMUNITY

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U.S.-EURATOM LEGISLATION SIGNED BY PRESIDENT

The Euratom Cooperation Act of 1958 was signed by President Eisenhower on August 29 following its passage through the Senate and House in the last days before adjournment of the 85th Congress. The measure which was studied for nearly three weeks by the Joint Congressional Committee on Atomic Energy passed out of the 18-man committee on August 13 with minor modifications. The bill (HR 13749) was approved unanimously by the House on August 20 following endorsements from the floor by Representatives Carl Durham (D-N.C.), Craig Hosmer (R-Calif.), James T. Patterson (R-Conn.), and James E. Van Zandt (R-Pa.). Two days earlier, the bill (S. 4273) passed in the Senate with only one dissent. Senator Henry C. Dworshak (R-Ida.) dissented with the expressed fear that the Act would mean "opening the door" to additional expenditures on behalf of Euratom "without any opportunity for reconsideration later . . . " Senators who lent strong endorsement to the Act for U. S.-Euratom cooperation in the nuclear power field included Senators Clinton Anderson (D-N.M.), John Pastore (D-R.I.), Jacob Javits (R-N.Y.), Albert Gore (D-Tenn.), and Bourke Hickenlooper (R-Iowa).

First Steps Expected This Year

Legislative and Presidential approval cleared the way for setting up formal cooperation between the executive branch of Euratom and the U. S. Atomic Energy Commission. It was expected that a visit by Euratom President Louis Armand and other members of the Euratom Commission to the United States in October would signal the undertaking of the joint program aimed at the installation in the European Atomic Energy Community by 1963 of nuclear power plants with a generating capacity of one million k.w. Safety and health, inspection and control, research and development, training, reactor and plant design, fuel handling, and economic planning are some of the fields to be covered by joint action.

Euratom and the Unity of Europe

In recommending the U. S.-Euratom program to Congress, the Joint Congressional Committee on Atomic Energy made special note of the importance of Euratom in the unification of Europe, which the committee described as a key goal of U. S. foreign policy. The committee recognized that Euratom would "supplement (Europe's) growing energy requirements in a period when its oil supply from the Middle East is in danger."

The Joint Committee also underscored the value of the U. S.-Euratom Agreement in providing the U. S. an opportunity to demonstrate its leadership in atomic

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energy development. The committee's report noted, however, that it had received assurance that U. S. participation in the development of atomically generated electricity in the six nations would "in no way provide a basis for any lessening of effort in the domestic atomic power program."

A Concurrent Resolution

In passing on the U.S.-Euratom program, Congress actually voted upon two measures, (1) a concurrent resolution (House Con. Res. 376 and Senate Con. Res. 116) and (2) in the form of regular legislation, "The Euratom Cooperation Act of 1958." The concurrent resolutions gave Congressional sanction to the International Agreement reached between the American Government and the Euratom Commission, as required by Section 124 of the Atomic Energy Act of 1954. The legislation, which is pursuant to Section 123 of the Atomic Energy Act of 1954, enables the AEC and the State Department to implement the U.S.-Euratom program.

Eisenhower Lauds Euratom Legislation

Prior to the opening of the Geneva Atoms-for-Peace Conference, President Eisenhower, in signing the Euratom Cooperation Act of 1958 on August 29, declared that the joint program "holds great promise," not only as a means of developing the peaceful uses of the atom "but also as a means of furthering European unity." Commenting on the program, he said that the one million kilowatt nuclear power program "should prove highly beneficial to Europe and to the United States."

Joint Committee Amendments to Euratom Legislation

The Joint Congressional Committee made a number of amendments to the draft of the proposed legislation submitted by the AEC and Department of State. In Section 2 (C) the words "carried out in accordance with the provisions of an agreement for cooperation entered into pursuant to the provisions of Section 123 of the Atomic Energy Act of 1954, as amended" were inserted in the bill to stress that the implementation of the U.S.-Euratom Agreement would be reviewed, step-by-step, by the Joint Committee.

Reactor Types and Deadlines

In another modification, the Joint Committee deleted the word "proven" which had been used to describe the reactor types to be built by the utilities of the Euratom nations. The Joint Committee feared the original language would restrict the program to water-type reactors and preclude incorporation of subsequent technological advances. With the same intention, the Joint Committee extended the deadline for construction of at least two reactors in order that improved types can be brought into operation as late as December 31, 1965. It specified, however, that this extension is only "permissive" and that the greater part of the program must recognize the "goal" of December 31, 1963.

Louis Armand, President of EURATOM: ". . . Euratom must . . . serve as a catalyst to speed the modernization of our countries."

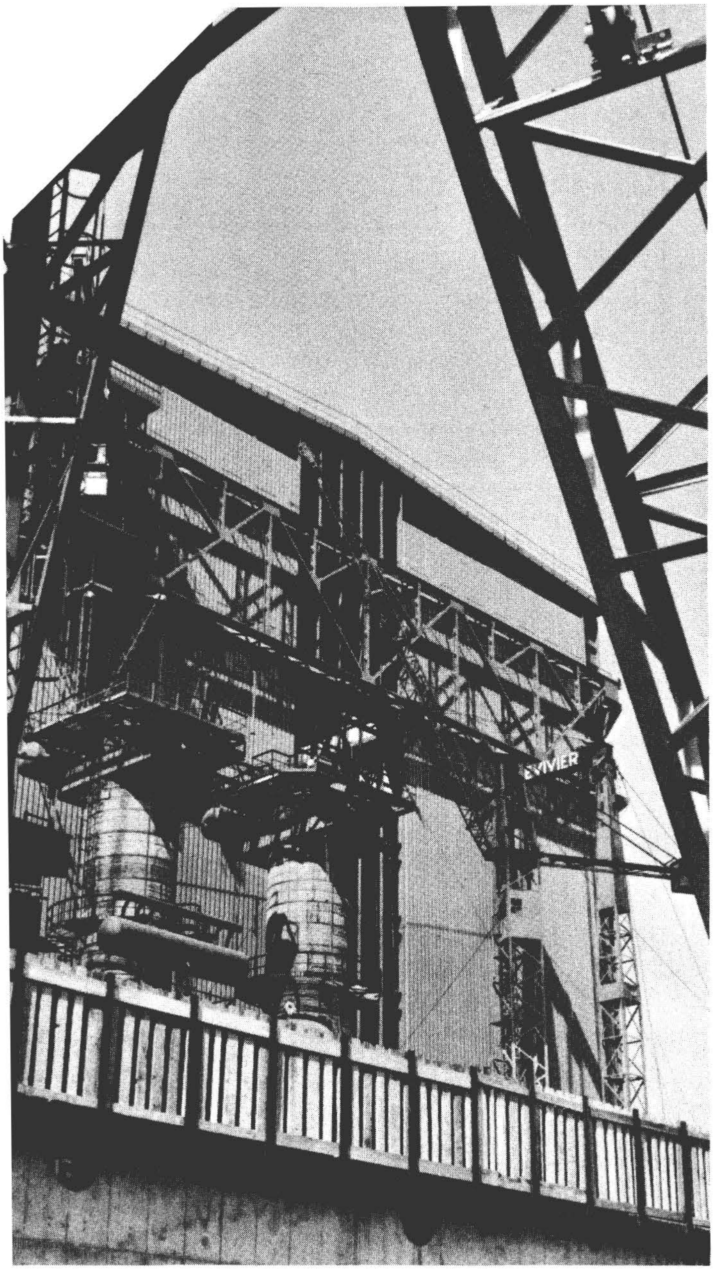
Research and Development

Section 3 of the bill passed by the Congress authorized appropriation of $3 million during the fiscal year 1959 as the U.S. contribution to the U.S.-Euratom cooperative program of research and development. The original legislation submitted to the Joint Committee envisaged authorization of $50 million for five years to match an equal contribution by Euratom over the same period, with the probability that funds of the same magnitude would also be required for the next five years of the program. The marked reduction in the authorization was not intended to threaten realization of the research and development plans but to insure that the program will be reviewed at various stages by the Joint Committee. The Euratom Bill described the $3 million figure as only an "initial authorization" for the current fiscal year.

Subsequent authorizations, the Joint Committee emphasized in its report to the Congress, will depend on "equivalent" appropriations on the part of the Euratom Commission. This proviso will not mean that every dollar must be matched for each specific project, "but only that the overall amount authorized by the Community for research and development . . . shall be equivalent to the amount authorized by the United States."

Fuel Cycle Guarantees

Section 4 of the bill enacted by the Congress authorized the U.S. Atomic Energy Commission to make guaranty



First Atomic Plant, at Marcoule. France's gas-cooled reactor is the first in the Community to generate electric power.

contracts which will "not exceed a total contingent liability of $90 million. "Again stating its determination to remain very close to the development of the U.S.-Euratom program the committee report stated: "No funds are authorized by this Section 4 of the bill, but only the authority for the (U.S. Atomic Energy) Commission to proceed with plans to make contracts. Such contracts cannot be entered into until necessary authorization and appropriation authority is obtained from the Congress."

The purpose of these contracts when given substance by Congressional appropriation is to allow the AEC "to enter into contracts which will have the net effect of guaranteeing to Euratom utility operators that fuel fabricating costs will not exceed a certain amount and that the fuel life guaranty will live up to a certain warranted performance. "This type of authority, the Joint Committee report stated, "was considered necessary and desirable in order to permit the Euratom operator to have assurance as to costs and performance of the fuel of types of reactors developed by the United States."

The Joint Committee's rewriting of this Section 4 was for the purpose of ensuring that the Euratom Bill will "encourage a strong and competitive atomic equipment manufacturing industry" and not have the effect of only benefiting "one or two of the large atomic-equipment companies." This intention was bolstered by "a safeguard" for the AEC so that it will "not be forced in all cases to accept the low bid. . . . "

The Sale or Lease of Nuclear Fuel

Section 5 of the bill authorized "sale or lease" (substituted for the word "distribution") of 30,000 kilograms of uranium 235 to the Community.

The bill also authorized "sale or lease" of one kilogram of plutonium. Where transfers are made to Euratom for which the U.S. does not receive immediate and full payment, the enacted bill provides that the U.S. Government shall obtain "the equivalent of a first lien" on that atomic material.

Liability and Damages

"Third party liability" and "damages" provisions of Section 7 were also among the parts of the bill given detailed consideration by the Joint Committee. The Joint Committee asked the Atomic Energy Commission and the Department of State to incorporate a "hold harmless" clause into the U.S.-Euratom Agreement. Such a provision appears in U.S. bilateral agreements on atomic cooperation.

The Joint Committee also eliminated two sections from the bill originally proposed by the Atomic Energy Commission. These were those parts of Sections 6 and 8 pertaining to reprocessing authority and the authority of the Joint Committee to waive the usual 30-day waiting period under Section 123 of the Atomic Energy Act of 1954, as amended. These two sections were eliminated because similar authority was already embodied in the AEC "Omnibus" Bill, enacted earlier by the Congress.

U.S.-Euratom Pact Documents Available

Mimeographed copies of the Memorandum of Understanding between the Government of the United States and the Commission of the European Atomic Energy Community, embodying the terms of the U.S.-Euratom pact, may be obtained without charge by writing to:

Information Service, EURATOM
220 Southern Building, Washington 5, D. C.

EURATOM Commission's Report on Community's Nuclear Industries

The total electrical capacity of the eight *power reactors* built, under construction, or planned in the six Euratom countries will be in the region of 660 (e) megawatts, according to the "Report on the Situation of the Nuclear Industries in the Community" at the beginning of 1958, which the Euratom Commission submitted in June to the European Parliamentary Assembly.

Of these reactors (five in France, two in Italy, and one in Belgium), the only one now in operation is experimental power reactor G-1 at Marcoule, France. The maximum installed nuclear power capacity of the Community by 1965 will probably be in the region of 3.5 to 4 thousand megawatts.

The total number of *research reactors* built, under construction, or planned is 25: nine in France, seven in the German Federal Republic, four in Italy, three in the Netherlands, and two in Belgium. Of all these, seven are at present in operation: five in France, one in the German Federal Republic, and one in Belgium.

As regards *nuclear power costs*, the report maintains that under certain conditions nuclear electricity is already competitive with conventional electricity and that it will become increasingly so.

Regarding *fuel supplies,* the uranium output at present available to the six Euratom countries is less than 700 metric tons a year, compared with 8,000 tons a year in the United States and a probable output of 10,000 to 15,000 tons per year by 1960 in Canada. But current uranium output is expected to increase greatly and the Community has access to large reserves which will reduce import needs once they are put into production.

FORUM OF THE NEW EUROPE

European Parliament's Wide-Ranging Session

It is evident that being a member of the European Community's Parliament is going to make substantial inroads upon the time of those chosen by their national parliaments to fill this role.

Now that the European Parliament is surveying the work of three executives—the High Authority, the European Economic Commission, and the Euratom Commission — its tasks have become infinitely more numerous and exacting and the members of its 13 standing committees in particular will find its calls on their time very heavy.

An indication of the work ahead was given by the second half of the adjourned May session, which was resumed on June 21. By the end of the following week, the deputies emerged exhausted from a series of night sessions and tightly-packed debates. The subjects ranged from consultation on the site of the Community's institutions, the Euratom-United States agreement on nuclear power development, the state of negotiations on the Free Trade Area, and cooperation between the executives of the three Communities, to the frequently technical and complex details of the High Authority's Sixth Annual Report and the current state of the coal and steel markets.

"The Conscience of Europe"

Probably the most solemn moment came at the opening of the Assembly's session on June 21 when members stood in silence for one minute in memory of the four leaders of the Hungarian revolution, among them Imre Nagy and General Pal Maleter, who had just been executed. The members saw in this deed a further reason for hastening the unity of Europe.

The Parliament's President, Robert Schuman, protested vehemently in the name of the Parliament, which he termed the "conscience of Europe," against this act of cold-blooded murder. The leaders of the three political groups—Christian Democrats, Socialists, and Liberals—followed by expressing their condemnation at what had taken place.

Brussels as the Community's Capital?

The Parliament's recommendation of Brussels for the site of the Community's institutions and the future captial of six-nation Europe is regarded as almost certain to be accepted. The debate drew to Strasbourg 127 of the Parliament's 142 members and large numbers of journalists expecting excitement, if not pitched battles. The debate, however, generated remarkably little heat. Except for last-ditch attempts by two Luxembourg members to convince their colleagues that it was more important to leave the Coal and Steel Community in Luxembourg rather than have all the executives together in one place, the debate was on an unexpectedly elevated plane.

The two-tier vote on the 10 competing cities—Brussels, Strasbourg, Nice, Paris, Oise (the French department north of Paris), Milan, Turin, Stresa, Monza, and

Rene Pleven, leader of the Liberal Group in the European Parliament, casts his vote for a permanent capital. Brussels won the membership's top recommendation.

Luxembourg—gave Brussels a clear lead, with 170 points, followed by Strasbourg with 161, and Milan with 155. The first stage of the vote eliminated Paris, Oise, Stresa, Turin, and Monza; the second produced the following result:

	Points (3 for first preference 2 for second " 1 for third ")	Preference 1st	2nd	3rd
Brussels	170	46	7	18
Strasbourg	161	31	26	16
Milan	155	30	16	33
Nice	153	11	46	28
Luxembourg	99	5	28	28

The Community's Council of Ministers had asked for the Parliament's advice on the choice of a site last March. Its recommendation, which is not necessarily binding, was forwarded to the Ministers immediately but so far has not produced a final decision. When the Foreign Ministers of the Six met in Brussels on July 1, the absence of an Italian Minister owing to the changes then taking place in the Italian Government caused a further postponement. The Ministers were only able to reaffirm their determination to group all the Six's European institutions in one place as soon as possible. They broke up their meeting without fixing the time of their next meeting. (A date in September is considered likely.)

European Federal District Urged

The resolution passed by the European Parliament recommended:

—The grouping of the executives of the three Communities in one place.

—The location of the Parliament's secretariat in the same place, where the Parliament's standing committees would also meet.

It also allowed that there might be reasons to hold plenary sessions of the Parliament outside the chosen place and that, while in principle all the Community's institutions should be situated in that place, the Court of Justice, the Investment Bank, and the European University could be situated elsewhere if that would facilitate the concentration of the political bodies in a single place.

The resolution also contained a recommendation, adopted unanimously as an amendment, that the capital should be a "European District," similar to the District of Columbia in the United States and the Federal District in which Canberra is situated in Australia. This could be an important means of ensuring that one of the basic features of a federal state—a federal capital on federal soil—is provided at a comparatively early stage of development.

The Problem for Luxembourg

If the Ministers follow the Assembly's advice—which, incidentally, coincides with the opinions which the European Commission's President, Walter Hallstein, and High Authority President, Paul Finet, have given to the Ministers—the three executives (the High Authority of the ECSC and the Economic and Euratom Commissions) will all have their headquarters in Brussels. The Parliament's secretariat and its 13 standing committees will also meet there. But the departure of the High Authority and the Parliament's secretariat, together with the secretariat of the Council of Ministers and possibly the Court of Justice, would be a temporary blow for Luxembourg's economy. The threat of Luxembourg's veto in the Council of Ministers on any decision which would take them away still remains. Nor is there as yet any indication that France is prepared to relinquish her support of Strasbourg or a site near Paris.

There have been suggestions that the European University, to be set up to further the training of atomic and other scientific specialists, be located in Luxembourg as a partial consolation.

Other consolation prizes which have been considered have been the Court of Justice (for The Hague?) and the European Investment Bank (for Milan?) while the European Parliament's plenary sessions might still be held in Strasbourg. The loophole in the Assembly's resolution leaves the way open for compromises of this nature. Such compromises would not fundamentally weaken the principle of a single site and might attract the necessary unanimity in the Council of Ministers.

A New Name for the Free Trade Area

The Parliament overwhelmingly agreed to a resolution approving the principle of an agreement of European

Economic Association—the name now adopted by the Six for the Free Trade Area—to cover agricultural as well as industrial products. At the same time, the resolution insisted on the inviolability of the Common Market, Euratom, and ECSC treaties and urged not only that any agreement must be conceived as an association of the other 11 OEEC countries with a Community already in existence, but also that the Community itself must be represented as such in the European Economic Association's institutions.

The resolution also gave the Parliament's almost unanimous support to the proposal of the European Economic Commission for a provisional arrangement by which the 10 per cent tariff cut which becomes effective in the Common Market in January, 1959, would be extended to the other 11 OEEC countries as far as their mutual trade is concerned.

Strong reserves expressed by several French speakers during the debate were not dispelled although only Paul-Henri Teitgen, French Catholic Popular Republican and former Minister, recorded his disagreement by conspicuously abstaining in the vote.

M. Rey Summarizes State of Free Trade Area Talks

Before the debate from the floor of the chamber, Jean Rey, member of the European Economic Commission, had given a detailed account of how the Commission viewed the state of the negotiations.

The two basic principles of the Community, M. Rey said, were that the negotiations for a European Economic Association must be brought to a positive conclusion and that the Common Market Treaty must remain inviolate. The Economic Community could never aim at achieving a position of autarchy, because that would be a negation of the principles on which it itself was based. Failure to achieve association with the other countries of the OEEC would bring serious difficulties as well as trouble within the Community itself.

Paying unreserved tribute to Britain's Paymaster General, Reginald Maudling, for the "ingenuity and patience with which he had tried to resolve the multiple problems posed," M. Rey nevertheless regretted that the British delegation had not "intervened in a more active fashion in the talks or stated its views more clearly on problems still outstanding."

M. Rey grouped these problems under four headings:

(1) External tariffs: The original proposal to avoid unwarranted shifts in trade patterns by definition of origin would have been too cumbersome to operate in practice and had satisfied nobody. Accordingly, the Carli proposal for a system of compensatory charges had been put forward and the Six had now agreed in principle on a form of this proposal, although some problems still remained to be solved. The Commission believed the system of compensatory charges should be automatic and general but that there could be exceptions to this rule for certain products. Efforts should be concentrated on the definition of these exceptions and the procedure to be adopted for their application.

(2) Agriculture: The major difficulty on agriculture for the Six, M. Rey said, was that the common agricultural policy envisaged by the Rome Treaty, which must be ready by the end of 1959, was not yet in being. It would have to be worked out before the Six could accept obligations in the wider context of a Free Trade Area. However, the Commission had set up a special working group to draft proposals for a common agricultural policy for the European Economic Association during this first stage.

(3) Specific British problems: M. Rey disclosed that the Commission regarded it as difficult to accept that Britain should continue to benefit fully and exclusively from Imperial Preference and at the same time have all the advantages of free entry for its products throughout the European Economic Association.

Moreover, if agriculture were to be included, it would be difficult to accept the maintenance of Britain's price and subsidy system in its present form, M. Rey said. The Economic Commission planned to make concrete proposals in an effort to obtain agreement on this subject.

(4) Institutions: M. Rey said that great care would have to be taken to see that the institutions did not disturb those of the Common Market. It was indispensable that the six-nation Community should be represented in the European Economic Association by delegates who would be spokesmen for the Community and not for the six individual governments.

Plan for Provisional Tariff Cuts

It was clear, M. Rey continued, that it would be impossible to solve all outstanding problems by January 1, 1959, the date when the first tariff cuts occur in the Community. Even if it were possible, ratification in the various national parliaments would be unlikely to take less than a year. The Commission therefore repeated its proposal for a provisional arrangement by which tariffs would be generally reduced by 10 per cent throughout the European Economic Association countries on January 1 to coincide with the tariff reductions of the Six. This would give a period of two years from now until the next round of tariff reductions in the

Jean Rey, the Belgian member of the European Economic Commission, stresses importance of a European Economic Association with the Common Market without tampering with the treaty.

High Authority Vice President Dirk Spierenburg hammers his point for fair competition between the Community and European Economic Association countries.

Common Market. By that time an agreement on a European Economic Association could be signed and ratified. If the negotiations fell through, each country would have complete freedom.

With regard to the objection that an agreement of this nature would be unacceptable to GATT, M. Rey said the best procedure would be to propose that all the members of GATT make a similar reduction of 10 per cent at the same time. This might be the start of the general dismantling of tariffs "which everyone hopes will one day come about." The Commission was convinced that this provisional arrangement was the only way of solving the problem of association between the Common Market and the other countries of Europe before the end of the year.

Coal and Steel in a Free Trade Area

Dirk Spierenburg, Senior Vice President of the High Authority, said the basic principles of the High Authority in the negotiations for the inclusion of coal and steel in a European Economic Association were that the Community's industries should not be handicapped in relation to the industries of other countries in the Association and that the balance between producers and consumers provided by the ECSC Treaty should be respected.

Any agreement should include: rules on prices which would ensure that Community producers (who have to publish their price lists) did not compete on unfavorable terms; a ban on direct subsidies parallel to that in the ECSC Treaty; a procedure to avoid distortions of competition, particularly as a result of government action affecting the coal and steel industries; and means of associating the other countries with any action taken by the High Authority to allocate supplies in a boom ("serious shortage") or to fix quotas in a slump ("manifest crisis").

On the provisional arrangement proposed by M. Rey, Mr. Spierenburg said that as the ECSC's external tariff had already been much reduced when the harmonized tariff came into force last February, the 10 per cent tariff cut was not justified for coal and steel for the reasons advanced by M. Rey. The question of a further cut in the harmonized tariff had still to be examined by the Governments.

Coordination of Three Communities

At the end of the session the Assembly adopted unanimously a resolution urging the three executives to overcome the failure of the treaties to provide an organic link among them and thus achieve the unity implicit in their conception by taking a "dynamic view" of the structure of the institutions. The Assembly asked its Committee for Political Affairs and Institutional Questions to examine the problem with the three executives and to draw up a report for the next session; meanwhile it charged it with keeping a close watch on the development of relations among the various institutions.

Earlier, Professor Walter Hallstein, President of the European Economic Commission, speaking on behalf of the three executives, had announced a wide series of measures designed to achieve a degree of coordination among them at all levels. At the top, the Presidents of the three executives had already held several meetings; these were now to be held regularly, he said, and would be devoted to the general policy of the Community. In addition, inter-executive groups, comprising one or more members of each executive, were to be set up for external relations, economic and financial policy, energy policy, labor questions, transport, and press and information.

At operational level, the three executives would aim at action to permit political unity, a united front toward other countries and the most rational use of the means at the Communities' disposal, Prof. Hallstein said. At all levels tasks could be carried out by a department or service of one Community on behalf of another and various joint services would be set up.

The Economic Commission would take the main responsibility for studying the state of economic activity, while the High Authority of the ECSC would be responsible for the coordination of energy policy. In both cases, the other two executives would participate in the work undertaken. The three executives had also agreed on joint representation in foreign countries.

Prof. Hallstein also announced a series of measures to unify the Communities' administrative services, including uniform conditions for all employees; joint recruitment, pensions and insurance schemes; a single translation and interpretation organization; and joint publications, duplication, and distribution services.

High Authority's Sixth Annual Report

For the remainder of the session, the Parliament was immersed in debate on the reports of its standing committees on the various sections of the High Authority's Sixth Annual Report. A resolution adopted on the operation of the Common Market for coal and steel urged:

For coal:

- *That the High Authority aid in finding a solution to the problem of coal stocks, which are now at a particularly high level, and also examine the long-term* *prospects of the coal industry with particular reference to the Community's growing energy needs.*

- *That the reorganization, rationalization, and modernization of the Belgian coal mines be speeded up so as to make the Belgian industry competitive in the Common Market.*
- *That the High Authority watch closely the coal-selling organizations of the Ruhr, especially their price policy, and use the opportunity presented by its impending renewal of their authorization to insist on full observation of the treaty rules against cartel practices.*

For steel:

- *That Governments stop their unilateral action on steel prices and come to an agreement, among themselves and with the High Authority, in the Council of Ministers, if in any particular country the price trends threaten economic development.*

On mergers:

- *The Parliament warned of the dangers which vertical integration could bring with regard to the curtailment of supplies coming onto the market and also urged the High Authority to take into account the possible political consequences of mergers.*

On labor questions:

- *The Parliament adopted unanimously a resolution which called on the executives of the three Communities to work out in cooperation with the six Governments a joint policy for stability of employment; urged the High Authority to work out again with the Governments a miners' charter; congratulated the High Authority on its third housing program plans; and asked for special housing and vocational training programs for migrant workers.*

COMMUNITY STEEL MARKET TURNS UPWARD-June Orders Soar

The Community's recession in steel production will probably end in the third quarter of this year, High Authority Member Roger Reynaud predicted before the ECSC Consultative Committee in Luxembourg early in July. In forecasting an end to the slump which has affected steel production for several months, M. Reynaud pointed to several favorable factors: the uninterrupted rise in steel consumption; a revival of orders from non-Community countries in the hard-hit Benelux market; and the steadying of international prices.

M. Reynaud's analysis has subsequently been given additional credence by a series of clear signs of an upturn. One factor credited by observers to be of real significance is that June orders placed with Community producers for rolled steel products shot up to a total of 3,450,000 metric tons—the highest since October, 1957, when 3,596,000 metric tons of orders were received. The sharp rise in orders from non-Community countries to an all-time peak of 1,281,000 metric tons was particularly encouraging to European economists. The previous record for non-Community orders was for 945,000 metric tons back in July, 1956.

The brisk export activity was, in part, accounted for by substantial orders from Communist China and from the Soviet Union, both of whom made their first appearance in the Community's market after considerable trading inactivity. The Chinese interest was attributed to the non-renewal of the Sino-Japanese trade agreement. According to past practice, Russia came into the market apparently because she believed prices to be at the bottom of the curve. But even without these sales to the East, export orders in June would have equalled the previous record.

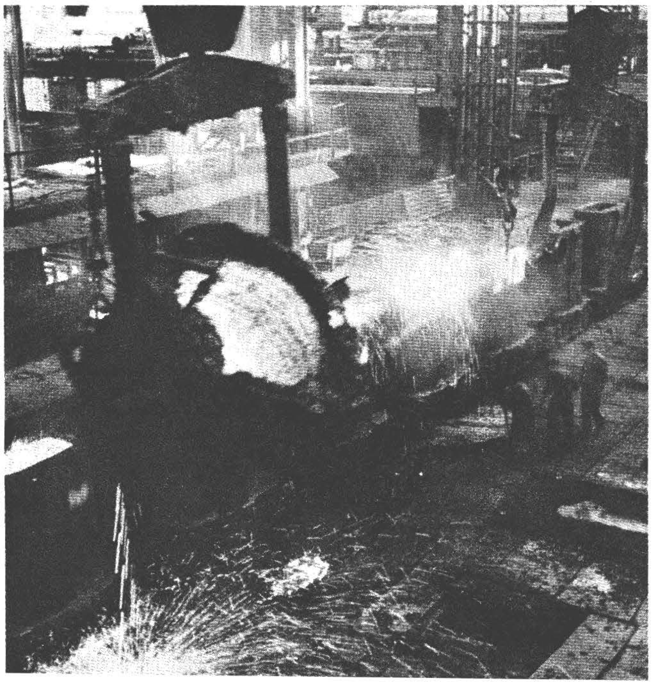
Other factors stimulating the market included:

—The steadying of prices beginning in mid-May—a trend which has brought the price of reinforcing rods, for example, up to \$82 a ton from a low of \$76.

—The return of consumers to the market.

—Continued demand from some sectors of the economy relatively untouched by the recession such as the building industry.

An ARBED steel mill in Luxembourg. Including steel in the proposed European Economic Association was discussed at the European Parliament's latest session.



Common Market Nations Map Common Agricultural Policy

An eight-day conference of Common Market Commission members and agriculture ministers of the six Community countries this summer marked a practical start to the problem of harmonizing the agricultural policies of the Community's member nations.

Meeting at Stresa, Italy, from July 3 to 11, representatives of the member countries and Commission members convened under terms of Article 43 of the Common Market Treaty to discuss their viewpoints. Eight main points resolved during the conference were:

(1) Agriculture can no longer be isolated but has to become an integral part of the economy as a whole.
(2) Agriculture must endeavor to strengthen its foundations.
(3) All policies should be directed toward a sound family farming system.
(4) The improvement in the structure of agriculture must not be separated from the development of the industrial structure.
(5) All agricultural policies must work toward the social and cultural integration of the agricultural population.
(6) Production and demand must be correlated.
(7) The Community does not aim at self sufficiency—its object is to achieve harmonious trading relations with the rest of the world.
(8) The conference demonstrated a full understanding of the problems of the overseas territories which were closely bound up with the Community.

The Common Market Commission's Vice Chairman, Sicco L. Mansholt, who served as Chairman of the conference, stressed that the Stresa meeting was the beginning of the European Economic Community's efforts to cooperate on a Europe-wide scale with all persons and organizations interested in Europe's agricultural problems.

The President of the Common Market Commission, Professor Walter Hallstein, at the end of the conference, expressed deep satisfaction with the proceedings and results. He declared that Stresa was the Commission's first big representative occasion and that the task undertaken had been successfully accomplished.

High Authority Modifies Scrap Equalization System

The High Authority has modified its arrangements for price equalization of imported scrap, following a Court of Justice decision which stated that the existing arrangements diverged in various respects from European Coal and Steel Community Treaty requirements.

The Court's decision found that the High Authority has delegated to the Brussels scrap importing agencies (the Scrap Consumers' Joint Office (OCCF) and the Import Equalization Fund) certain powers, notably its powers of decision over the amounts of scrap to be subject to price equalization, the amount of the levy and the level of equalization, which the treaty did not permit it to delegate.

Accordingly, in July, the High Authority revoked these powers and itself assumed full responsibility for decisions on these questions.

In addition, the High Authority also modified, in such a way as to remove certain difficulties of interpretation and practical operation, its decision of January 1957 imposing a penalty rate of levy on increases in scrap consumption over the level of a reference period (See Bulletin No. 22 of February-March 1957).

Finally, in a third decision, the High Authority prolonged its system for equalization of the price of imported scrap, in its newly modified form, until October 31.

All three decisions were approved by the Community's Council of Ministers at the end of July.

The three decisions thus leave in being the machinery for import equalization and for penalization of increases in scrap consumption. The High Authority stated that it would subject to equalization 215,000 tons of scrap already bought in the month of July, but that for future purchases it reserved the right to decide whether equalization should or should not be applied.

The High Authority still has to decide on the method by which its decisions will be applied in practice.

Meanwhile, should individual firms wish to make their own purchases of scrap in third-country markets without benefiting from equalization, there is no High Authority regulation preventing them from doing so. Indeed, there has never been any ban on such purchases. However, in most cases it was impractical for firms to make these purchases when the price of scrap imported through the Brussels organization was lowered to the Community's domestic level by the import equalization.

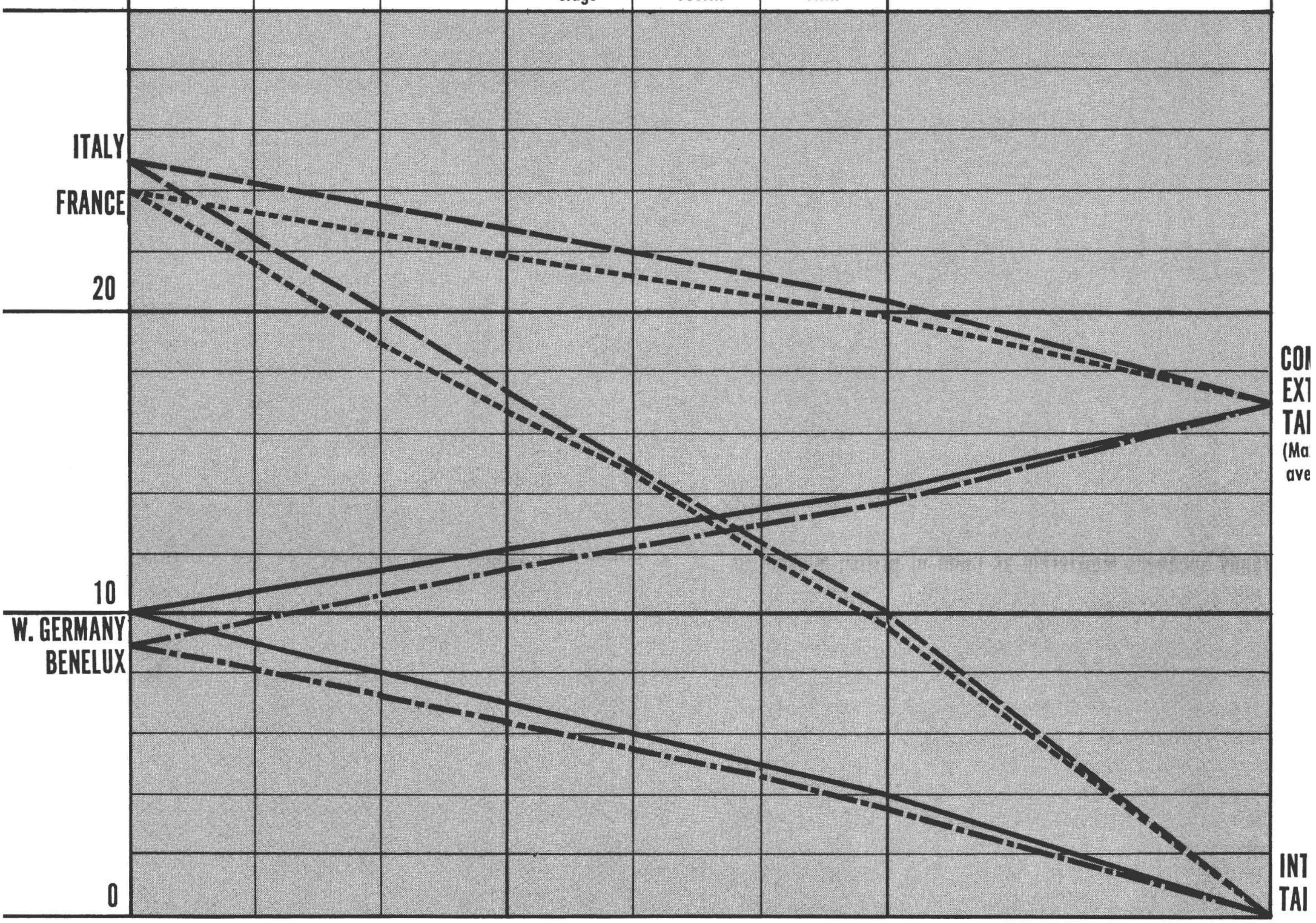
The OCCF, which under the new decision will still be able to submit proposals to the High Authority on all matters connected with scrap imports, notably the amounts of tonnage and rate of levy, recently prolonged its existence until November 20, 1958.

EUROPEAN COMMON MARKET Overall Tariff Level Changes (Internal and External) During the Transition Period

January 1, 1958 to January 1, 1970 or not later than January 1, 1973

FIRST STAGE			SECOND STAGE			THIRD STAGE
Begins 1/1/58—ends between 12/31/61 and 12/31/63**			Begins at end of First Stage—ends 4 or 5 years later			Begins at end of Second Stage—ends 4 or 5 years later
Required intra-Community tariff reductions*** by end of First Stage: 30% minimum overall average reduction; 20% minimum reduction for any single item.			Required reductions of intra-Community tariffs by end of Second Stage: 60% minimum overall average reduction; 50% minimum reduction for any single item.			All intra-Community tariffs and quotas to be eliminated. Common external tariff level to be reached by end of Third Stage.
First Change	Second	Third	Fourth	Fifth	Sixth	Timing of Third Stage to be fixed by the Council on proposal of the Commission.
January 1, 1959	June 30, 1960	December 31, 1961	18 months after First Stage	18 months after Fourth	one year after Fifth	

Average ad valorem rates of a cross section of 28 import categories*



* The 28 categories chosen present a representative sample of dutiable items. Source: "Britain and Europe," Economist Intelligence Unit, Ltd., London, December 1957.

** Up to two years extension shall be allowed for the completion of First Stage, if required.

*** Member states shall be free to reduce duties more rapidly than required by the Treaty.

Newsbriefs

Coal & Steel Community
EURATOM
Common Market

African Representatives Visit High Authority

Heading a group of African representatives who visited Luxembourg on July 18, Jules Ninine, President of the French National Assembly's Committee for the Overseas Territories and Deputy for the Cameroons, told members of the High Authority that the peoples of the overseas territories hoped that with the help of the Community they would be able to realize their great aspirations.

The African countries, he said, were young countries with immense economic needs and the will to improve their living standards with the aid of France and the Community with which they are associated. These countries are convinced that the European peoples, after having long regarded them merely as a source of raw materials, now see them in a fundamentally different perspective.

The group, which included Senators from Madagascar and Chad, the President of the Gaboon Territorial Assembly, the Prime Minister of Middle Congo, Ministers from the Upper Volta and French Sudan Governments, was received by High Authority President Paul Finet, Vice President Dirk Spierenburg, and other members of the High Authority. In his speech of welcome, M. Finet said that to acquire its full significance, cooperation between Africa and Europe must develop to the benefit of both communities in the cultural and spiritual as well as the economic fields "to prevent Europe from falling prey to the temptation to turn in upon herself, and to enable Africa to develop its scientific and cultural standards."

Tandy Succeeds Meiklereid as Chief of British Mission to ECSC and EURATOM

The British Government has appointed Arthur Harry Tandy, C.B.E., as Head of the United Kingdom Delegation to the High Authority of the European Community for Coal and Steel and British representative to the Euratom Commission, it was announced in Luxembourg on July 18th. He presented his credentials to High Authority's President Paul Finet on September 8. Mr. Tandy succeeds Sir William Meiklereid, K.B.E., C.M.G., who is retiring from the Foreign Service after having held his present post since August, 1955. Like his predecessor, Mr. Tandy will have the personal rank of Ambassador.

The new delegation chief was previously British Minister (Commercial) in Buenos Aires and during the late forties served with the Secretariat of the OEEC.

Community Coal Stocks Still Rising

Pit-head coal stocks in the Community rose by a further 3 million tons in June and July to reach 19.7 million at the end of the month, according to provisional figures published by the High Authority's Statistics Division. This total compared with 16.7 million at the end of May and 6.5 million at the end of July, 1957.

In the two month period, further substantial increases occurred in Germany (Federal Republic)—from 4.9 to 6.0 million tons (against 0.7 a year earlier), and in Belgium—from 4.5 to 5.3 million (0.5 million).

By the end of August, pit-head stocks in the Community were known to have passed 21 million tons.

Austria Replaces Chief of Delegation to High Authority

The new head of the Austrian Delegation to the High Authority, Dr. Friedrich A. Kolb, presented his credentials to H. A. President Paul Finet on June 28th in Luxembourg. Dr. Kolb's predecessor as delegation chief was Dr. Carl H. Bobleter.

Free Trade Unions Establish Contact with Common Market-Free Trade Area Negotiators

European organized labor made its first contacts this summer with the groups negotiating a Free Trade Area agreement—the Common Market Commission and the Intergovernmental Committee of the OEEC led by Britain's Reginald Maudling. The labor group was the Economic Committee of the European Regional Organization of the International Confederation of Free Trade Unions (ICFTU). The committee was represented by its Chairman, Ludwig Rosenberg, and its Secretary-General, Walter Schevenels. On July 14th they met with Mr. Maudling, who agreed to confer with them whenever they required information on the progress of the FTA negotiations.

The ICFTU committee on the next day worked out a similar agreement with members of the Common Market Commission, President Walter Hallstein, Vice President Robert Marjolin, and Commission Members Guiseppe Petrilli and Jean Rey.

The Economic Committee of the labor organization representing the free trade unions of 14 of the OEEC countries subsequently held another session in an effort to work out a harmonized labor union policy toward the Free Trade Area. The committee plans to continue preparing a joint memorandum in September.

New Economic Commission Member Appointed

Lambert Schaus of Luxembourg was appointed Member of the Commission of the European Economic Community to succeed the late Michel Rasquin, also of Luxembourg.

M. Schaus, 50, is an attorney who has had long service in the civic affairs of Luxembourg. Elected to the

Luxembourg City Council when only 28, he was a prisoner of the Nazis during the war and was held in Silesia. Upon his return to Luxembourg after the liberation, M. Schaus assumed the post of Secretary of the Christian Socialist Party and later was appointed Minister of Supply and Minister of Economic Affairs in the Luxembourg cabinet. In 1955, M. Schaus became Luxembourg's Ambassador to Belgium.

Joint Atomic Energy Committee Members Visit Euratom

On September 11, members of the Joint Congressional Committee on Atomic Energy attending the second Atoms-for-Peace Conference in Geneva flew to Brussels for a two-day briefing by members of the Euratom Commission. Among the committee members who visited the Euratom headquarters in Brussels were: Representatives Carl T. Durham (D-N.C.), James Van Zandt (R-Pa.), Melvin Price (D-Ill.), James T. Patterson (R-Conn.), and Senators Bourke Hickenlooper (R-Iowa) and John Pastore (D-R.I.).

High Authority Raises New $50 Million Loan in U.S.

The High Authority's second public loan in the United States was opened to subscription on the New York market on June 25 and quickly oversubscribed. The issue, which was handled by Kuhn, Loeb and Co., the First Boston Corporation, and Lazard Freres and Co., comprised:

—$35 million of 5 per cent 20-year bonds, offered at 97, giving a yield of 5.24 per cent at the issue price.

—$15 million of 4½ per cent notes, redeemable in three, four or five years, offered at 99.72, 99.64, and 99.56 respectively, giving a yield of 4.6 per cent.

Application has been made for official quotation of the bonds on the New York Stock Exchange.

This is the High Authority's second public issue on the New York market, the first, of $35 million, having been made in April, 1957. It brings to $215 million the total of loans raised directly by the High Authority for relending to Community enterprises for purposes in conformity with the General Objectives published by the High Authority.

The communique announcing the new issue stated that "the strengthening of the High Authority's credit and the current situation of the American financial market have enabled it to float the loan on terms even more favorable than those obtained in April, 1957." It listed the following advantages:

—Larger amount ($50 million as against $35 million).

—Longer maturity (20 years for the bonds, as against 18 years).

—Lower interest rate (yield of 5.24 per cent against 5.5 per cent for the bonds and 4.6 per cent against 5 per cent for the notes).

All the High Authority's loans are secured under the Act of Pledge signed between the High Authority and the Bank for International Settlements, Basel.

U.S.-EURATOM Agreement in Force

Following an exchange of letters dated August 27, 1958, between European Commissioner Heinz L. Krekeler, in the name of the Euratom Commission, and Ambassador W. Walton Butterworth, in the name of the United States Government, the International Agreement concluded between the United States Government and the European Atomic Energy Community came into force. This agreement provides the legal bases for future cooperation between the United States and Euratom.

SOURCE MATERIAL NOW AVAILABLE

The European Coal and Steel Community—Past Experience and Future Prospects, a lecture by Mr. Dirk Spierenburg, Vice President of the High Authority, April 7, 1958 .... free

Address by M. Paul Finet, President of the High Authority, to the European Parliament, Strasbourg, May 13, 1958 .... free

Address by M. Louis Armand, President of the Euratom Commission, to the European Parliament, June 23, 1958 .... free

Address by Prof. Walter Hallstein, President of the Commission of the European Economic Community, at the opening meeting of the EEC Agricultural Conference in Stresa, July 3, 1958 .... free

Report on the Conference on Safety in Coalmines (Translation of No. 1.34 in document list), March 1957 .... free

Débats sur le Traité CECA devant les Parlements Nationaux, a comparative analysis of the ratification debates on the ECSC treaty, Common Assembly, February 1958 .... $1.00

L'application du Traité instituant la CECA au cours de la période transitoire, Assemblée Parlementaire Européenne, Avril 1958 .... $2.00

Statistiques de Base de 12 Pays Européens—Comparaison avec les Etats-Unis d'Amérique et l'URSS, Février 1958 .... free

Mémento de Statistiques, 1958 .... $.70

Bibliographies de la Haute Autorité:

Bibliographie relative à la mobilité interne et aux migrations internationales des travailleurs (1900-1955) .... free

No. 13, Energie Nucléaire (1946-1957) .... free

No. 14, Energie Nucléaire, Supplément 1 (1946-1958) .... free

No. 15, Marché Commun, Zone de Libre Echange, Euratom, Supplément 1 (1955-1958) .... free

Bibliographies de l'Assemblée Parlementaire Européenne:

Le Marché Commun, Vol. II (25 mars 1957-ler janvier 1958) $1.50

Euratom, Vol I (1 juin 1955-25 mars 1957) .... $.70