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Report

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1. CHAPTER I - Economic situation of member countries

1. During the second half of 1953 the recovery of industrial production in Europe gained in strength, while the progress already achieved towards 'balancing external payments, particularly with the dollar area, was consolidated. In most countries economic activity expanded without any sign or threat, of inflation. Despite the fact that since last summer the United States has been passing through a period of readjustment, similar in scope to the 1949 recession, international trade and the level of activity in Europe and other parts of the world have so far been very little affected. Any accentuation, however, of the decline in activity in the United States would certainly react unfavourably on the economic position of member countries.

1.1. SECTION 1 - Internal situation

Industrial production

2. Industrial production in Western Europe has now emerged from the stagnation which was a feature of 1952. As a result of the steady progress made the industrial production index for all member countries during the last quarter of 1953 was 8 per cent above the peak attained in the boom following the outbreak of war in Korea.

TABLE 1 - INDEX OF INDUSTRIAL PRODUCTION FOR ALL MEMBER COUNTRIES - 1950 = 100

	1951	1952	1953
1st quarter	108	112	113
2nd quarter	112	110	115
3rd quarter	110	110	116
4th quarter	111	113	121

1. Excluding building.—
corrected for seasonal
variations. Source : O.E.E.C.
General Statistical Bulletin,
March 1954.

Incomplete data for the first two months of 1954 suggest that production is still expanding.

3. All member countries experienced in 1951 or 1952 spells in which industrial production declined, or at least was stagnant. Production has recovered in all the leading countries, with variations in timing and extent. The following variations recorded between the second half of 1951 and that of 1953 : - per cent

Germany +19

Netherlands +17

Italy +16

United Kingdom + 5

Austria +.5

Sweden + 1

France — 1

Belgium — 1

All member countries +8

Production in Italy and the Netherlands has been recovering since mid-1952 ; in France, however, the recovery only began quite recently, while in Germany expansion has been resumed after a barely perceptible slow-down. For most countries, and for member countries as a whole, the rate of expansion is still slower than during the period of reconstruction and the boom which followed the outbreak of war in Korea ; on the other hand, it is now accompanied by internal financial stability.

For 1953 as a whole industrial production showed an increase of 4 1/2 per cent as compared with 1952. The average annual rate of increase for the years 1952 and 1953 is not more than 2 per cent.

Factors in the recovery

4. The recovery in demand in most parts of the world since the middle of 1952 has given a powerful stimulus to extra-European exports¹, and, consequently, to employment and industrial activity in member countries. The volume of these exports, which fell by 6 per cent between 1951 and 1952, returned in 1953 to the high level reached in 1951. In all countries, particularly in the Netherlands, Germany and Austria, higher exports have been an important factor in increased incomes. In most countries private consumer demand has been the main internal factor in expansion. Generally speaking, Government consumption and investment have been secondary factors, together with stockpiling.

Activity in individual sector

5. As a result, expansion was greatest during 1953 in the consumer goods industries, and particularly in the textile and chemical industries, which were those most affected by the 1952 recession. While the basic industries, and more particularly iron and steel, continued to prosper in 1952, their activity was slowed down in most member countries during 1953, so that there is idle production capacity in the mechanical and electrical engineering industries and, for all States of the Coal-Steel Community, in the iron and steel industries.

6. The building industry continued to prosper in 1953. The number of dwellings completed in 1953 exceeded the 1952 figure by the following percentages: - per cent

United Kingdom - 31

Italy - 26

France - 22

Germany - 16

Sweden - 11

Netherlands - 9

The number of building permits issued and houses under construction are also increasing.

Agricultural production

7. Agricultural production reached a new record level in 1953. The O.E.E.C. index for domestic production (excluding imports) was 125. in 1953-54 (pre-war = 100) as compared with 121 in 1952-53. Wheat production was 10 per cent up on the previous season, coarse grains 8 per cent, and meat and livestock products 5 per cent. The sugar beet crop was smaller.

Prices

1. Defined in the O.E.E.C. Statistical Bulletin as total exports less exports to member countries.

8. Wholesale prices either remained stable or declined slightly in all countries, but not in Greece, owing to the effects of the devaluation of the drachma. Retail prices are beginning to rise slightly in several countries as a result of slow but continuous pressure from hourly wages. In some cases, and particularly in France and the United Kingdom, price equilibrium may be threatened if labour costs increase more rapidly. After falling, until the beginning of 1953, in member countries as a whole, prices of imported goods remained stable ; similarly export prices levelled off, and the terms of trade did not vary appreciably over the last nine months of the year.

1.2. SECTION 2 - Trade with the rest of the world

9. The external trade of member countries followed much the same course as internal economic activity. The slight recession of 1952 was partly the result of a sharp fall in exports and led to a reduction in imports from the rest of the world. The recovery of production in 1953, due partly to external demand, was accompanied by increased imports of raw materials. Europe's trade balance with the rest of the world, and particularly with the dollar area, improved in 1953.

Imports

10. The value of imports was much lower than in 1951 and the early months of 1952, but this was due to the fall in prices. The volume of imports increased slightly. The present level of imports would seem to match the rate of current consumption, and there were no apparent changes in stocks. Restrictions on imports of raw materials and food products were considerably relaxed. The increase in European production explains the reduced import requirements for many essential products (cereals, coal, steel, manufactured goods).

TABLE 2 - INDEX OF EXTRA-EUROPEAN IMPORTS BY VALUE AND VOLUME - 1950 = 100

	1951	1952	1953				
	1951	1ST HALF.	2ND HALF	1ST QTR	2ND QTR	3RD QTR	4TH QTR
Value	145	146	121	129	130	123	128
Volume	111	110	104	108	112	116	116

1. Corrigé
pour
fluctuations
saisonnères.
Source:
Bulletin de
Statistiques
Générales
de l'O.E.C.E.,
mars 1964, et
Direction
Statistique
O.E.C.E.

Exports

11. Exports to countries outside Europe increased more than imports from those countries. However, if seasonal fluctuations are eliminated, almost all this increase occurred between the middle of 1952 and the middle of 1953 ; for the last seven or eight months exports have remained stationary, perhaps as an indirect consequence of the American economic readjustment, which has resulted in a fall in United States imports from South America, the overseas territories and non-member countries of the sterling area.

TABLE 3 - INDEX OF EXTRA-EUROPEAN EXPORTS BY VALUE AND VOLUME - 1950 = 100

	1951	1952	1953				
	1951	1ST HALF	2ND HALF	1ST QTR.	2ND QTR.	3RD QTR.	4TH QTR.
Value	141	145	132	138	136	153	

1. Corrected for
seasonal
fluctuations.
Source : see
Table 2.

1951	1952	1953					
1951	1ST HALF	2ND HALF	1ST QTR.	2ND QTR.	3RD QTR.	4TH QTR.	
Volume	117	116	106	112	118	121	1 2 0

1. Corrected for seasonal fluctuations.
Source : see Tablo 2.

Trade balance

12. The trade balance of member countries as a whole with the rest of the world continues to show improvement.

TABLE 4 - OVERALL TRADE BALANCE OP MEMBER COUNTRIES COMBINED (Half years at 'annual rates) - S thousand million.

1951	1952	1953			
	1951	1ST HALF.	2ND HALF.	1ST HALF.	2ND HALF.
Imports o.i.f.	20.00	20.94	17.22	18.12	17.58
Exports f.o.l). .	14.14	14.84	13.42	13.43	14.02
Balance	—6.62	—0.10	— 3.8C	—4.96	—2.96

Source : see Table 2.

The chief reason for the improvement in the position as compared with 1951 is that import prices fell more than export prices. Brit the progress made in the second half of 1953 chiefly reflects an increase in exports.

Balance with the dollar area

13. There was a particularly noticeable im-provement in the trade balance with the dollar area (North America and Central America) excluding Canada.

14. The reduction in the dollar deficit is mainly due to lower imports. Imports from the United States fell by 43 per cent between the peak reached during the first half of 1952 and the second half of 1953. Dollar imports have been replaced either by European products (wheat, coal, manufactured goods) or by imports from other sources (cotton, sugar, tobacco, coffee). This change-over was made possible by higher production outside the dollar area and the adjustment of prices in the leading producing countries ; in several cases it was favoured by the United States policy of stockpiling and market support.

TABLE 5 - TRADE DEFICIT WITH THE DOLLAR AREA (Half years at annual rates) - \$ thousand million.

1951	1952	1953			
	1951	1ST HALF	2ND HALF	1ST HALF	2ND HALF
Total of which :	3.266	4.276	2.074	1.614	1.630
Unit. Stat.	2.606	3.056	1.166	1.064	638
Canada	572	954	908	656	860

Source : see Table 2.

15. Despite the decline in American production, member countries exports during the second half of 195,3 to the United States were maintained at a high level and were some 17 per cent above the figures for 1951 and the first half of 1952. It is only in December that a decline was recorded which, though still slight, became more marked in the first months of 1954. There is, of course, a possibility that the effects of the American

recession on imports from member countries are being delayed by temporary factors. It is, nevertheless, most encouraging to find that, so far, both the dollar balance of payments of member countries and their level of economic activity have not been affected, as in the past, by the decline in American production.

2. CHAPTER II - Trade and payments of the O.E.E.C. area

16. This chapter first gives a few brief indications on the trend of intra-European trade¹ during 1953 and on the operation of intra-European payments since 30th June, 1953. It then mentions the various decisions taken since the 5th Report to the Council of Europe, particularly by the Council of Ministers of the O.E.E.C. in October, on the basis of which the work of the Organization is at present developing.

2.1. SECTION 1 - Trade and payments of the O.E.E.C. area in 1953

Trade in 1953

17. Intra-European trade in 1953 was slightly higher in value than in 1952 but showed a definite increase in volume.

I N T R A - E U R O P E A N EXPORTS - 1050 = 100.

	1951	1952	1953
Index of value	135	135	136
Index of volume	110	107	119

Intra-European in this text refers to trade between metropolitan member countries.

18. The above indices relate to trade between the metropolitan territories of member countries ; there is no index for the volume of trade with the overseas territories. Annex 1 shows that the value of imports from these territories was 13 per cent lower in 1953 than in 1952, largely due to lower prices. As trade between the metropolitan territories of member countries accounts for almost 90 per cent of all trade within the O.E.E.C. area, the volume of the latter must have reflected much the same trend as that of the former.

19. As regards the trend of trade in the respective member countries with the O.E.E.C. area as a whole, the main points to be noted are, as regards imports (cf. Annex 1) a considerable reduction for the United Kingdom (— 8 per cent), France (— 13 per cent) and for Austria and Greece ; a considerable increase for Italy (+ 18 per cent), the Netherlands (+ 10 for Denmark, Norway and Turkey. German imports increased by 2.5 per cent. As regards exports (cf. Annex II), the principal changes to be noted are a reduction for the B.L.E.U. (— 11 per cent), and for Norway and Turkey, and an increase for Germany (7 per cent), France (7 per cent), the United Kingdom (7 per cent), the United Kingdom (7 per cent) and for Austria, Ireland and Switzerland.

Position of member countries with regard to liberalisation of trade

20. Since 1st July, 1953, trade liberalisation has progressed, and the total liberalisation percentage for intra-European trade reached 76.7. per cent on 15th March, 1954. But when assessing this figure, it should / be noted that France's liberalisation percentage at that date was only 17.9 per cent and also that Greece and Turkey are officially at zero, although Greece applies a more or less complete liberalisation policy- on a trial basis. It should also be noted that the proportion of trade subject to liberalisation obligations increased slightly during the year as the United Kingdom and Sweden have re-classified under private imports certain imports which were formerly classified under government trading.

21. The general situation in the different member countries as regards trade liberalisation as a whole , and agricultural products, raw materials and manufactured goods respectively, is given in Annex III. When compared with the similar annex to the 5th Report to the Council of Europe this table first shows the considerable progress made in liberalisation by the United Kingdom whose percentage increased from 58.5 per cent to 79.8 per cent. The progress made by Austria should also be noted and between now and 1st June, 1954 that country will comply with the obligations of the Code of Liberalisation and apply a percentage of 75.

22. The table in Annex III also shows that progress made in liberalisation since 1st July, 1953 has tended to restore a better balance in the liberalisation of private imports of agricultural products, raw materials and manufactured goods. The general liberalisation percentages which were respectively 61.1, 73.6 and 71.1 in these three categories on 1st July, were 71.6, 83 and 73.6 on 15th March. Account should be taken of the fact that a large percentage of imports of agricultural products in some member countries is still traded on government account and is therefore not included in these calculations.

23. Moreover, it should be noted that on 31st January, Germany freed 300 new items for import. But these are items of which imports in 1949 were negligible. As it is known that the liberalisation percentages for Germany are calculated on the 1949 reference basis, these new measures of liberalisation do not reflect an increase in Germany's liberalisation percentage. The items freed are, however, of real economic importance, and if the method of calculation referred to were made on a more recent basis, Germany's liberalisation percentage would be increased. The Governments of Belgium, Luxemburg and the Netherlands forwarded to the Organization on 19th March, 1954 a single list of freed commodities. This single list, obtained by combining the separate lists of the B.L.E.U. and the Netherlands which it is intended to replace, was submitted to the Organization in accordance with the decision of these three governments on 9th December, 1953, to pursue a common policy in the field of trade in the spirit of Article 5 of the Convention for European Economic Co-operation. Lastly, on 21st April, 1954, France abolished quantitative import restrictions on a further series of commodities, thus raising from 17.9 per cent to 52 per cent the proportion of imports on private account from member countries not subject to quota. This percentage will be raised to 65 before 1st November, 1954. A special temporary tax of 10 or 15 per cent will be levied on imports of some of the commodities covered by the new measures.

Operation of the European Payments Union

24. During the nine months from 30th June, 1953 to 31st March, 1954, there has been no change in the general pattern of creditor and debtor positions in the European Payments Union ; that is to say, the countries that were creditors of the Union at 30th June, 1953 were still substantial creditors at 31st March, 1954 and similarly for the debtor countries. However, it should be noted that most creditor and debtor positions have continued to increase. The following table gives the comparative figures for two consecutive nine-monthly periods terminating on 31st March, 1954 :

NET SURPLUSES (+) AND NET DEFICITS (—) (excluding interest) - In million u(a).

Créditeur :				
1ST JULY, 1953 TO 31ST MARCH 1954	1ST MARCH 1952 TO 30TH JUNE 1953	Austria	+ 89,2	+ 27,8
B.L.E.U.	— 5,2	— 41,0		
Germany	+407,5	+ 128,2		
Netherlands	— 38,5	+ 79,3		
Portugal	— 8,8	— 14,1		
Sweden	— 15,3	— 28,4		
Switzerland	+ 45,7	+ 61,8		
Debtors :				
Denmark	— 41,0	— 31,4		
France	—119,4	—337,0		
Greece	— 16,9	— 26,8		
Iceland	— 3,5	— 4,2		
Italy	—151,2	—219,0		
Norway	— 57,0	— 53,4		
Turkey	— 63,2	— 20,9		
United Kingdom	— 19,5	+ 437,3		

25. It will be noted that during the last period all surpluses in the Union were concentrated exclusively on Austria, Germany and Switzerland, and in particular, that there was a sharp increase in the rate of surpluses developed by Austria and Germany ; other notable developments have been the reversal in the position of the'

Netherlands and the United Kingdom — which were previously running substantial surpluses but more recently have had moderate deficits — and the improvement in the case of France whose rate of deficit has declined from some 25 million u/a per month to slightly under 14 million u/a per month.

26. The development of country positions over the last 18 months has led to the complete or nearly complete exhaustion of the settlement facilities available to most member countries within their quotas. Thus on the creditor side Austria, Belgium, Germany and Switzerland have exceeded their creditor quotas and the Netherlands is very nearly at the end of hers ; on the debtor side, France and Turkey have exceeded their quotas — indeed, at 31st March last out of a total of 1,347 million u/a of credit automatically available to the existing debtor countries as a whole under their quotas only 200 million u/a still remained available.

27. This exhaustion of the credit facilities in the Union has been the subject of constant attention in the Organization and, in particular, the rapid development of the Austrian and German surpluses have necessitated the adoption of a series of special decisions for their settlement. The present situation in this regard is :

- a. Austria. Post-quota settlement facilities have been procured by adding a total rallowe to the Austrian quota of 60 million u/a, i. e. provision has been made for the settlement of Austria's cumulative accounting surpluses up to 130 million u/a on a basis of 50 per cent gold and 50 per cent credit. The cumulative accounting surplus of Austria at 31st March, 1954 was 113.4 million u/a.
- b. Germany. When the Union was renewed at 30th June, 1953 a rallowe of 150 million u/a was agreed to for the German quota (500 million u/a). It became clear, however, in the autumn of 1953 that this rallowe would be insufficient and it was agreed to increase it by 50 million u/a. But this increased rallowe was rapidly exhausted, and in view of the very large surpluses still developing further measures were necessary. It was felt, however, that this problem was of such magnitude that a final and satisfactory solution of it could only be reached in the general context of the changes that might be made in the rules of the Union in connection with its prolongation after 30th June, 1954. The German Government has requested a higher gold percentage in the settlement of its surpluses exceeding 140 per cent of its quota. However, pending a general solution, it was agreed that all German surpluses beyond the rallowe, of 200 million u/a should be settled provisionally on the basis of 50 per cent gold and 50 per cent credit. This arrangement applies to all surpluses arising up to 31st May, 1954, and it has further been agreed that the final settlement terms in respect of these surpluses, namely those exceeding 700 million u/a, would be subject to reconsideration and possibly revision.

The German cumulative accounting surplus at 31st March, 1954 was 990 million u/a.

28. In addition to the series of decisions referred to above in connection with the settlement of Austria and German surpluses beyond the quota, the Council also decided to increase the rallowe of the B.L.E.U. from 75 million to 125 million u/a and thus to increase the settlement facilities for B.L.E.U. surpluses from 406 million u/a to 456 million u/a. The B.L.E.U. cumulative accounting surplus at 31st March, 1954 was 398 million u/a.

29. Tables summarising the position of the various member countries in the Union at 31st March, 1954 are given in Annexes IV and V.

2.2. SECTION 2 - Principal decisions of the O.E.E.C. since the Fifth Report to the Council of Europe

30. Since the Fifth Report to the Council of Europe was prepared, the O.E.E.C. has taken a series of important decisions in the field of trade and payments, in particular at the meeting of the Council of Ministers held in Paris on 29th and 30th October, 1953.

31. As regards payments problems, the O.E.E.C. had been aware since the previous Council of Ministers, meeting in March 1953, of the views held by the United Kingdom Government on convertibility. Moreover, it had to be ascertained whether, and in what conditions, the Agreement on the European Payments Union should remain in force after 30th June, 1954. In general, it appeared that the time had come to think of making progress in the field of payments, but that the necessary conditions for taking a decisive step forward had not yet been fulfilled. With a view to making progress towards convertibility, member countries would have to make a concerted effort to achieve full liberalisation of intra-European trade and payments, to reduce restrictions on imports from the dollar area and to continue their joint action to improve existing methods of settling international payments, whether by increased cooperation between the International Monetary Fund and the European Payments Union, or by modifications in the machinery and functioning of the European Payments Union, so that the Union might effectively assist member countries to move towards convertibility.

32. The Council therefore adopted two decisions on 30th October. One prescribed the elaboration of proposals to assist the Council in deciding the conditions under which the Agreement for the Establishment of a European Union could remain in force until 30th June, 1955. The other prescribed a study of the problems which might arise for intra-European trade and payments in the event of one or more European currencies being made convertible, and the methods that might be adopted for ensuring an orderly transition in such circumstances from the present form of the Union to a wider multilateral system of trade, payments and credits. This resolution was based on the idea that progress by member countries towards convertibility should not be achieved by sacrificing further liberalisation of intra-European trade and payments. It is, moreover, worded in very general terms and does not refer to the hypothesis of a specific system of convertibility being applied by a given country. On the contrary, the preamble emphasises that this decision is adopted, bearing in mind the fact that problems affecting intra-European trade, and payments will arise whenever and in whatever form a move towards convertibility is made by one or more member countries.

33. It was clear that the possibility of decisive progress by member countries in the financial field largely depended on the existing situation in trade, and here it was recognised that further progress was necessary and possible. The fact that the exports of countries which had largely abolished quantitative restrictions were not given a comparable degree of liberalisation by all their partners might well in the long run affect their commercial and financial situation. The position of Italy had already deteriorated considerably owing to this fact. It was to be feared that, in the event of adverse economic trends, other creditor countries might suffer more severely than at present from the maintenance of quantitative restrictions in certain member countries. The O.E.E.C. was therefore faced with the danger of a retreat from liberalisation of trade, and in any case the disparity between the level of liberalisation achieved by the various member countries might check further progress. A further stage in the liberalisation of trade was clearly a necessary condition for safeguarding the results achieved and also the best means of assisting the most backward countries to catch up with the others. The fact that the United Kingdom was able at the Council of Ministers in October to announce its return to the statutory liberalisation percentage of 75 per cent (since then exceeded), of course, considerably altered the position. Nevertheless, the nature of the problems, if not their urgency, will remain unchanged as long as France is unable to make a similar effort.

Relaxation of quantitative restrictions on intra-European trade

34. In the light of these considerations, the Council of 30th October reaffirmed the objective of proceeding, as part of the general process of freeing trade on a world-wide basis, to the complete abolition of quantitative import restrictions between member countries, in accordance with the provisions of the Code of Liberalisation, and of taking in the early future further concrete measures to attain this objective.

35. It is clear that such an objective can only be reached, as the Council has stated in its Decision, if a number of conditions are fulfilled in order to assure member countries of reciprocity in their liberalisation efforts. The fact which is most frequently to blame for the disparity of the achievements of the various member countries with regard to liberalisation of trade has been the persistent resort to the escape clauses enabling a member country in balance of payments difficulties to suspend all or part of the liberalisation measures imposed by the Code. As the text stands at present, there is no limit on the period for which these escape clauses can be invoked. But it is clear that if a country does avail itself of these clauses for too long a period the spirit of the liberalisation policy, if not the letter of the provisions governing it, is not observed. Accordingly, the Council has made any further progress in liberalisation subject to the adoption of provisions likely to avoid any excessive recourse to these escape clauses and has asked that proposals to this effect should be submitted to it. In any case, further progress in liberalisation would not be possible if the principal member countries did not take part. Accordingly, another previous condition for the achievement of further progress is that France again complies with her common liberalisation obligations. Lastly, the system of liberalisation of trade is necessarily based on a suitable multilateral payments system and further progress could therefore only be accomplished insofar as such a system was in force.

36. As regards the nature of the progress which might be made in the field of liberalisation of trade and the methods for achieving it, provided the above conditions are fulfilled, the Council did not feel able to specify these objectives until it had made a complete survey of the position of member countries in this respect. In this connection it has merely asked all member countries to notify the quantitative restrictions which they would maintain even if there were no balance of payments difficulties, and to give reasons therefor. Only when the O.E.E.C. has been able to make a detailed study of member countries' notifications will the Council decide on the nature of the further liberalisation measures to be taken.

37. The considerable work involved in the examination and discussion of the notifications submitted by member countries has not yet been completed. This examination is being made in order to ascertain from the justifications submitted on what conditions the various member countries could proceed to eliminate the quantitative restrictions still in force. This work involves not only an examination with the representatives of the countries concerned of the justifications submitted, but must also involve bilateral or multilateral negotiations whenever it appears that a member country could proceed to abolish quantitative restrictions on the import of a given commodity if one or more member countries were prepared to take certain action, e. g. to reduce or eliminate on their side any obstacle to the import of any particular commodity. Lastly, whenever it is clear that negotiations affecting the commercial policy of member countries could not lead to the abolition of certain quantitative restrictions, the O.E.E.C. will ascertain by what means it would be possible to take concerted action to secure the gradual relaxation of the restrictions in question.

Liberalisation of invisible transactions

38. Following the liberalisation measures in this field adopted in 1953 and referred to in the Organization's Fifth Report to the Council of Europe, certain progress has been made recently. In particular, member countries have undertaken further liberalisation commitments in respect of travel for education, advertising, commercial road transport, individual purchases of books, records and musical publications, newspapers and periodicals, etc. Moreover, several of the reservations which certain member countries had maintained on some particular category of invisible transactions have been withdrawn. In its connection special mention should be made of Germany, which has adopted important liberalisation measures relating to the transfer of capital earnings, and Austria, which following the improvement in its balance of payments situation in 1953, is now applying the provisions of the Code. Lastly, several countries have made further substantial increases in foreign exchange allowances for tourists. Apart from these specific points, it was decided to set up a special Group of Experts, in order to give the liberalisation of invisible transactions the fresh impulse which the Council at its meeting on 30th October, 1953, agreed was necessary. This Group is examining the restrictions on invisible transactions and transfers which are still in force and will submit to the Council proposals for their elimination or relaxation.

Stability of liberalisation measures

39. Apart from the study of measures to prevent any misuse of the provisions under which liberalisation measures may be suspended in case of balance of payments difficulties, the Council felt that the Organization's action in this field could be strengthened to some extent without making any change in the existing legal texts. On 30th October, therefore, it approved a series of principles for action which can be summarised as follows :

- a. The withdrawal of liberalisation measures should be prevented as far as possible by allowing the Organization to draw the attention of the governments concerned to the necessity of eliminating the causes of any disequilibrium which might arise, to recommend measures to be adopted by, or in favour of, the countries concerned and, if necessary, with the agreement of those countries, to propose financial arrangements within the Union to safeguard the liberalisation position of the countries in question.
- b. Any decision of the Council formally ratifying the invocation of Article 3 (c) of the Code by a member country, and any recommendation made by the Council to other member countries in favour of the country taking such action, should not remain in force for more than six months unless renewed by the Council.
- c. Member countries which find themselves obliged to suspend their liberalisation measures should, when applying their restrictions, observe certain principles which would prevent unduly serious damage being done to the economic and commercial interest of the other member countries.

Liberalisation of trade in the overseas territories

40. A recommendation has been circulated to member countries listing various measures likely to increase the liberalisation of trade in the overseas territories. The results of the steps taken to give effect to these recommendations will be reviewed at the beginning of 1955. It has been decided to include the overseas

territories in the work now being done on visible and invisible trade and payments. The Organization will also examine any obstacles which exports from member countries to the dependent overseas territories of other member countries might encounter, which are reported to the Organization.

Other trade problems

41. On the same date the Council approved the execution of a number of tasks by the Organization in sectors other than the removal of quantitative restrictions and more particularly State trading, customs tariffs and artificial aids to exporters. The gradual removal of such restrictions means that the effects of other obstacles to trade become more and more noticeable.

State trading

42. On the basis of the reference year (1948) State trading represents almost 9 per cent of all imports of member countries, with wide variations from country to country (ranging from nil to roughly 20 per cent). Such imports are, of course, not necessarily subject to quantitative restrictions and often consist of raw materials or essential food and agricultural products, so that liberalisation would not of necessity affect the volume of the imports which in many cases are already needed to cover consumption requirements. If, however, State trading can under certain circumstances be used to restrict imports, it is gratifying to see that member countries are now showing an increasing tendency to dispense with this system of purchases. The Council decided by a resolution of 30th October and two subsequent resolutions that member countries should notify the Organization whenever commodities hitherto imported on private account are transferred to the government sector, and should give reasons for any such transfer. At the same time, the necessary amendments were made to the Code of Liberalisation of Trade. It should be added that member countries were requested, in accordance with existing provisions, to submit a list of imports subject to State trading when giving notice of quantitative restrictions maintained for reasons other than those connected with the balance of payments.

Customs tariffs

43. In March, the Council decided that the possibility of lowering customs barriers which unjustifiably restrict intra-European trade should be studied in consultation with representatives of other international organizations concerned. In fact most member countries are required, either as Contracting Parties to G.A.T.T. or under bilateral agreements, to apply the most-favoured-nation clause regarding tariffs to a large number of non-European countries, so that any proposal to reduce tariffs on intra-European trade would have to be integrated in a wider scheme to reduce tariffs within G.A.T.T. It was suggested that it might accordingly be desirable for member countries to ensure that any contribution they might be able to make to a world scheme which would be fully supported by all the main Contracting Parties, should be concentrated on products which are major items in intra-European trade, provided that a reasonably balanced list of such products could be drawn up and that any action taken by European countries should form part of such a world scheme.

44. As a preliminary attempt to determine which commodities are of special importance in intra-European trade a list was drawn up, divided provisionally into the following three categories : products imported by member countries almost wholly from other member countries ; products involving a special tariff, problem in the sense that non-member European countries which are not in the dollar area are exporters of them ; products which, while specially important in intra-European trade, are also of interest to the export of the United States.

45. Since it would not be easy for member countries to adopt a firm policy as regards products in the second and third categories until they know what reciprocal benefits might be offered by non-member countries reaping the advantage of such reductions, it was suggested in October that any further investigation of these commodities should be deferred until the studies now being made by G.A.T.T. have yielded definite results. As regards the commodities in the first category, the next step should then be to improve the list by applying certain additional criteria and then make a study of the tariffs at present applied by each member country to the commodities on the list in order to determine what rates might be regarded as unduly restricting intra-European trade. It was therefore proposed to the Council that the preparation of the list of European products should be continued on the lines laid down in paragraph 44 and that the Council should recommend member countries, when seeking to reduce tariffs, to pay particular attention to the "European commodity list" as it will emerge from these further studies, so as to be able to reduce tariffs on commodities which are of particular importance to intra-European trade.

46. The Council approved this proposal and decided that a preliminary list of commodities which are almost exclusively imported by member countries from each other should be prepared. This work is now being done.

Measures of artificial aid to exporters

47. On instructions from the Council a study of the means of eliminating artificial aids to exporters which tend to distort the normal pattern of competition had been undertaken in March, 1953. In view of the lengthy and arduous studies that will have to be carried out before a line of action can be proposed, the Council decided in July to request member countries to refrain, throughout the period required for the completion of this work, from taking any action which would make it more difficult for the Organization to act once the studies had been completed. In October, 1953 the attention of the Council at Ministerial level was once again directed to this problem in particular by two statements, one by a member of the Council at the meeting and the other submitted by the Council of European Industrial Federations. The Council instructed that these two statements should be taken into account when carrying out the work which it had previously begun and on which it was still engaged.

Relaxation of quantitative restrictions on dollar imports

48. The resolution, adopted by the Council of Ministers on 30th October, with regard to the relaxation of quantitative restrictions on dollar imports and the decisions subsequently adopted with regard to its implementation provided that various bodies of the Organization could make studies in this field. What the Organization is called upon to determine is whether and to what extent joint action might usefully be taken towards relaxing the restrictions on imports from the United States and Canada. Such action is considered as an essential step towards improving the competitive power of member countries and helping them to attain the ultimate goal of convertibility. The activities of competent bodies of the Organization in this field are still being continued.

3. CHAPTER III - Activities of the organisation in various sectors

3.1. SECTION 1 - Expansion of production

Selective expansion

49. The Working Party set up by the Council to examine and to make recommendations on the problems of selective expansion of production has almost completed its work on the lines laid down in its mandate as described in paragraphs 52-54 of the Fifth Report to the Council of Europe. In accordance with the principles and methods described in this Report to the Council of Europe the Working Party examined a very detailed report on the problems encountered by Turkey in its large-scale expansion of cereal production. The Working Party has also considered other agricultural products which are potential substitutes for dollar imports, such as cotton from the dependent overseas territories and from Turkey, Oriental tobaccos from Greece and Turkey, American and Oriental-type tobaccos from Italy and the dependent overseas territories, sugar and timber in member countries and the dependent overseas territories.

50. The Working Party has also received reports from several technical committees on industrial raw materials, and manufactured goods which are important either from a dollar-earning or a dollar-saving point of view, or because they are of key importance in the development of the European economy. The Working Party has considered reports from technical committees on non-ferrous metals, synthetic fibres, petroleum chemicals, the capital equipment and transport industries and the electricity sector. It has had a preliminary report from the Pulp and Paper Committee and has also considered the problems of coal, steel and housing.

51. The Working Party's survey has covered a vast field which includes about three-quarters of Western Europe's imports from the dollar area. The report now being drafted will give a description of the method of investigation, the recommendations for the various products and the general problems raised by the policy of selective expansion. The replies received to the questionnaire will also be published. The report will be accompanied by an appendix including the documentation received by the Working Party in answer to its questions.

General expansion of production

52. To promote the economic development of member countries and find ways and means of ensuring the swiftest possible expansion of production are some of the permanent functions of the Organization. They constituted the major theme of the Fifth Annual Report of the O.E.E.C. published in January 1954. In order to obtain the close co-ordination of national policies needed to secure a satisfactory rate of economic expansion, the Organization consulted, in September, 1953 and April, 1954, a group of government experts. These consultations, which enable direct exchanges of views to be held between representatives of the authorities responsible for economic policy in Europe and the United States, will be renewed.

3.2. SECTION 2 - Stabilisation of primary product prices

53. In the Fourth Annual Report of the O.E.E.C, reference was made to the problem of stabilising the prices of primary products. It was suggested that international agreements " offer one way of dealing with this difficult problem, and their applicability to major international raw materials should be fully explored"² although it was recognised that many practical difficulties have to be overcome and that the case of each commodity must be considered separately. The references in the Fourth Report³ to the problem of stabilising the markets in primary products emphasize the undesirable effects of marked instability, the wide range of possible measures to reduce such instability, and the need for a thorough examination of the methods of overcoming the various obstacles to stabilisation. It was also suggested that action in this field may not necessarily be confined to multilateral agreements but may usefully include bilateral or even unilateral measures.

54. A resolution of the Council of the O.E.E.C. was passed on 16th July, 1953, instructing the Economic Committee to amplify, within the context of the general considerations set forth in the Fourth Report of the Organization and with, such further explanations concerning the facts of the problem as may be necessary, the suggestions submitted⁴ in that Report, with a view to avoiding market fluctuations in those raw materials and foodstuffs, trade in which affects the world balance of payments and the economic stability of countries within the European Payments Union area. The Working Party entrusted with this task by the Economic Committee started work in November, 1953 and will shortly submit its report to that Committee.

3.3. SECTION 3 - International Financing of Investment in Europe and the Overseas Territories

55. The enquiry into the liberalisation of capital, movements between member countries, announced in the previous report to the Council of Europe (paragraph 50), has now been made. The Managing Board of the E.P.U. has made a detailed investigation of the procedure applied in member countries as regards imports and exports of capital, and is shortly to discuss the practical measures which might be recommended to facilitate such movements.

56. Last February, the Organization convened a meeting of private and government experts at which American business interests concerned with capital investment in member countries and their overseas territories, Member Governments, and business circles in various member countries were all represented. The United States delegation stated the views of investors in the United States and submitted a number of suggestions to stimulate private investment. The representatives of member countries described the treatment given to American investment in their respective countries and explained the attitude of their Governments in this respect. The exchanges of views which followed the comments and suggestions of the American delegates will help to shape the conclusions of the report which is shortly to be submitted to the Council.

3.4. SECTION 4 - Activities of the Vertical Committees

57. The Organization now includes seventeen vertical bodies which deal with certain special branches of economic activity. Thirteen of these are concerned with industrial questions : the Coal, Electricity, Oil, Iron and Steel, Machinery, Textiles, Chemical Products, Non-Ferrous Metals, Timber, Pulp and Paper Committees and the Working Parties on Cement, Hides and Skins and Glass ; one deals with agricultural questions, the Food and Agriculture Committee, and three are concerned with certain services : Maritime Transport, Inland Transport and Tourism Committees.

58. The principal activities of these bodies have been described in the Fifth Report prepared by the O.E.E.C. for the Council of Europe (Chapter IV, paragraphs 63 to 73). The Organization recently reviewed the activities of the Vertical Committees in order to bring them more into line with present requirements. Economic

2. "Europe - The Way Ahead", Fourth Annual Report of the O.E.E.C, January 1953, paragraph 4S.

3. Ibid ; paragraphs 393-399.

conditions have changed considerably since the Vertical Committees were set up in 1948 mainly to consider the import programmes of dollar goods. Other problems arising from the shortage of certain products, the study of which had been entrusted to the Vertical Committees in 1951, now no longer exist. The salient feature of the present situation is the existence, in numerous sectors, of idle production capacity or excessive stocks. It was natural that the Organization should feel the need to review the activities of the technical committees in the light of the problems now confronting it.

59. As a result of this review, the Vertical Committees will be called upon in the future to co-operate more closely with the bodies of the Organization which deal with the economic and commercial sectors. On the one hand, they will follow closely the trend of the economic situation in their own sectors, and prepare annual reports which will, as a general rule, be published for the information of interested circles and at the same time represent the contribution of each Vertical Committee to the preparation of the general report of the Organization. On the other hand, some of the Vertical Committees, will be called upon by the Steering Board for Trade to help in the examination of obstacles to trade, in particular of quantitative restrictions on private imports maintained for reasons other than balance of payments difficulties.

60. Finally, in connection with the efforts made by the Organization in favour of increased productivity in Europe, each Vertical Committee will be required to help in the operation of the European Productivity Agency by proposing, practical projects and suggesting suitable action for following up projects of interest to their sector.

61. In the course of this review it appeared advisable to allow the Vertical Committees more latitude in the conduct of their work so as to bring out more clearly, in the context of economic co-operation between member countries of the Organization,, the special problems of the sector falling within their competence,

62. It was therefore decided that experimentally and for a period of one year, the Vertical . Committees could decide, on a simple majority of the members represented and present, to undertake new studies, to request information, from member countries on this matter and to set up working parties to report to them. This amendment in the procedure will give the Vertical Committees greater latitude in the study of questions of interest to their sector. But the decisions of the Organization resulting from their activities will still be taken unanimously. For the same purpose the Vertical Committees have been requested to develop contacts with the private sector. These contacts enable the Committees better to assess the position in their sector and help to make non-governmental circles more familiar with the objectives and activities of the Organization ; in this way, the Organization can make full use of the frequently considerable resources of information and research which- are at the disposal of the non-governmental organizations;

3.5. SECTION 5 - Inland Transport

63. In pursuance of a Resolution of the Council of the O.E.E.C, the Ministers of Transport of 17 European countries⁴ met in Brussels from 12th to 17th October, 1953, on the invitation of the Belgian Government. After ratifying the various proposals which were submitted to them in the Report drawn up by the preparatory conference organized by the O.E.E.C. in the spring of 1953, the Ministers of Transport set up a European Conference of Ministers of Transport and adopted its Rules of Procedure.

64. The purpose of the Conference is to take whatever measures may be necessary to achieve, at general or regional level, the maximum use and most rational development of European inland transport of international importance and to co-ordinate and promote the activities of international organizations concerned with European inland transport, taking into account the work of supra-national authorities in this field.

65. The Conference consists of a Council of Ministers and a Committee of Deputies. These two bodies are assisted by an Administrative Secretariat which is administratively integrated in the O.E.E.C, the latter being responsible for the material means required for the proper working of the Conference. The Administrative Secretary of the Conference is under the sole operational control of the latter. Agreements concluded between the Conference and the O.E.E.C. provide for close co-operation between the two organizations. On the basis of these agreements, the O.E.E.C. may ask to be consulted by the Conference whenever it considers that a question studied by the Conference is of general economic importance; the Conference may equally request, under the same conditions, to be consulted by the O.E.E.C. on problems falling within its own competence. Lastly, it may, in certain special cases, transmit its findings to the O.E.E.C, with a unanimous request that they should be adopted in the form of OEEC decisions.

4. Member countries of the O.E.E.C. (except Ireland and Iceland) and Spain,

3.6. SECTION 6 - Manpower

66. The principal achievement of the Organization in recent months in the field of manpower is the adoption by the Council of a Decision governing the employment of nationals of member countries. The Decision represents a compromise between the views of certain countries, aimed at the speedy abolition of individual permits for the employment of foreign workers, and the views of other countries which wish to preserve their economic and social equilibrium by a more gradual elimination of the restrictions existing in this field.

67. The Decision constitutes, as it were, a Code governing the policy of member countries, as from 1st January, 1954, in regard to the grant and renewal of permits to foreign workers where it is deemed necessary to employ them. The intention is to facilitate the entry and employment of the nationals of other member countries. By means of a system of periodical reports the Organization will be able to watch how this Decision is being implemented in the member countries. The questionnaire on the basis of which the first half-yearly reports are to be submitted, covering the period ending 30th June, 1954, has just been issued,

68. It is advisable in the first place to draw a distinction, between the main provisions of the Decision dealing with the entry of foreign workers and those providing for the renewal of workers' permits. As regards the initial grant of a permit, the Decision provides that, at the request of an employer, governments must authorise a national of another member country to take up employment on their territory if no suitable candidate has been found in that country within a given period. Two conditions are attached to the grant of the permit, namely that :

- a. there is no undercutting of wages and conditions of employment ;
- b. industrial peace is not endangered.

Certain escape clauses permit countries not to apply the decision in full if they have special reasons. In particular the period of one month for finding suitable labour within the country may be extended to two months if a member country proves that by reason of practical necessities the normal time limit is too short in its case. In addition, the obligation to grant the permit does not apply when the member country considers that " for imperative reasons of national economic policy ", it is against its interest to increase, or even to maintain at its existing level, the number of workers in particular industries or occupations by the admission of foreign workers.

69. As regards the renewal of permits, the Decision of the Council distinguishes between workers regularly employed in a foreign country for over or under five years. In the second case the member country concerned must renew the permit " unless in any given case it is clear that owing to a change in the employment situation since the original permit was issued, its renewal would operate to the immediate detriment of national workers or foreign workers with a longer period of residence in that country". If the worker has been regularly employed for more than five years the country shall renew the permit in all cases " unless imperative reasons of national policy necessitate an exception ".

70. As indicated above, it is provided that countries shall report periodically to the O.E.E.C. on the implementation of this Decision. They shall state the number of permits granted or refused and the number and nature of cases in which they have refused permits under some of the special provisions of the Decision. If a country has refused permits for " imperative reasons of national economic policy, " it shall state the nature of these reasons. The reports submitted to the Organization in this way will provide member countries with the data required for ensuring a degree of coordination of policy in this field. These periodic reports will be studied by the Manpower Committee after prior examination by a Group of Experts appointed by the Council and serving in their individual capacity.

71. The Decision also requests all countries to reconsider their policy immediately with a view to reducing to the minimum the number of years of regular employment which must elapse before foreign workers are freed from employment restrictions. The results of the review undertaken in this connection will be notified by 30th June, 1954, to the Organization, which will thus be able to continue its study of the problem on the basis of full and up-to-date information.

72. The Decision has been adopted by all OEEC countries except Turkey and Portugal, which means that nationals of other countries cannot invoke the clauses of the Decision to obtain employment in these two countries, but neither will they benefit Portuguese and Turkish nationals.

73. Very recently (March, 1954), the Council also decided that the authorities of member countries shall grant to refugees officially recognised as such in another member country, at the time when the rules of the Decision are applied, the same treatment as to each other's nationals, provided that they have the right to return, to that country.

74. The Organization is continuing to deal with other problems in the manpower field, some of which are referred to in paragraph 58 of the Fifth Report to the Council of Europe. Mention may be made in particular of the work on manpower statistics, long-term population trends, vocational training and the development and strengthening of employment services in member countries.

3.7. SECTION 7 - The European Productivity Agency

75. The European Productivity Agency, the origin and general aims of which have been discussed in paragraph 77 of the previous report to the Council of Europe, took over the financing and, in close contact with other sections of the O.E.E.C, the organisation of several missions, conferences, training courses, etc., which were in various stages of preparation or execution when it started functioning. But its first main task was to draw up a programme of action for the current financial year, which was approved finally by the Council on 21st December, 1953. This programme lays down guiding principles and basic methods of action to be followed by the E.P.A. and outlines the subjects to which it devotes particular attention.

76. Increased productivity of all input factors is conceived, not as an end in itself, but as a means for securing higher standards of living for producers and consumers alike. While the basic conditions for such increases (expanding production, stable currencies and liberalisation of trade and payments) are objects for governmental action, the E.P.A. is mainly concerned with stimulating productivity efforts by individual and social groups, and lays predominant emphasis on the "changing of attitudes". With this in view, it helps research concerning the various factors affecting productivity, and tries to disseminate the results of such research to as wide a circle as possible. Another guiding principle of the E.P.A. is that it does not itself undertake work which is not clearly appropriate for international action, but rather seeks to help national endeavours in the field of productivity. Above all, its role is to assist the Productivity Centres or similar institutions in European countries.

77. Some examples of EPA projects falling under each of the six main headings, into which the programme is divided, will give a picture of the kind of work undertaken :

- a. Specific economic and legal problems Setting up in E.P.A. a specialised advisory service on all subjects relating to productivity measurement ; publishing of essays on concepts of measurement, practical methods and actual results; study of the effects of restrictive business practices on technological development, the effects of taxation on productivity and industrial credit.
- b. Management in industry and commerce Technical Assistance mission to study the functions of industrial associations in the United States ; seminars, with the participation of American and European monitors to discuss, initiate the most up-to-date practices in production planning and control ; seminars in several European countries on statistical quality control; study by consultants on the possibility of using prefabricated parts in the building industry; also research in modular co-ordination in building ; intra-European mission to study problems of productivity in the wholesale trade ; seminars, with the participation of American experts, to advise European retailers on up-to-date techniques of retail trade.
- c. Human factors Courses by American and European experts on methods of vocational training in industry; conference in Lille on the training of young people in industry; exchanges of European trade unionists to study problems raised for trade unions by participation in productivity programmes.
- d. Applied research and technology A symposium at Nancy on the administration and organization of research, and the cooperation in this field between national research organizations, universities and industry ; study to determine whether there is in various countries a shortage or an over-supply of scientific and technical personnel in each special field ; study courses in the United States for 150 young European research workers to study methods of translating research into practical economic results ; intra-European mission on the recovery of methane from coal mines.
- e. Food and agriculture . Demonstration of farm machinery testing and certification ; studying methods of improved control of the storage of grain and other foodstuffs ; introduction of European standards for fruit and vegetables; participation in the European Grassland Conference organised in Paris ; training course for experts in the production and marketing of high-quality milk ; course on the use of radio in farm advisory work and farmer education ; - exchange of technical publications in agriculture between European countries ; • Food and Agriculture Technical Information Service-: issue of a monthly bulletin for farm and home advisory and information workers in Europe and of a newsletter to liaison units in Europe.

f. General action covering several fields Selection and training of simultaneous interpreters to provide a pool of such persons for conferences and study sessions ; production of technical films to be used in training courses, etc., as well as of films for the dissemination of productivity ideas to wider circles ; preparation of a bibliography of publications in the field of productivity.

78. A paramount role in the formulation of the Agency's policy and plans of action belongs to its Advisory Board. Its members are well known personalities from agriculture, industry and labour appointed by the Council to serve in their individual capacities. The Board first met in January, 1954. It agreed that the " human factors " of productivity, and an information and publicity drive for convincing people of the need to increase productivity, were of the first importance. It also selected certain problems in the field of agriculture, distribution, housing and industrial engineering, to which it assigned priority.

79. In order to deal with projects greatly varying in their nature, many different methods of action are being used. An EPA project may mean a mission of experts to the United States or to European countries ; the dispatch of teams of specialists to several countries where they impart new techniques to selected persons ; the organization of an international conference or of a training course ; financing the production of a productivity film ; arranging for special research by a university or other institution ; study and publication of a report by experts ; advice to member countries and service by specialists in a particular field, etc.

80. The methods of action often include general examination by a Committee or Subcommittee of the O.E.E.C, and a preparatory meeting of experts in Paris. Sometimes a consultant is temporarily engaged to make a particular study; or a research contract is passed with a university. The carrying out of a given project may also be entrusted, through a contract, to another international organization which may have specialists on its staff and experience in the field. A method sometimes used is to appoint a " project manager " who visits the countries interested, and prepares with national experts each country's participation in a group of related projects. This variety of action and method, of work show that the Agency intends to adapt projects closely to national needs, and to provide effective support to national initiatives

81. Finally, perhaps one of the most important aspects of the functions of the E.P.A. is the fact that it provides a meeting-ground for the parties most directly interested in the problem of increasing productivity, namely, Governments, industry, trade unions and the National Productivity Centres. E.P.A. is in constant touch with European industrial bodies and also with the body representing European trade unions recognised by the O.E.E.C.⁵. The success of its work is closely linked to the fulfilment of this role, which is that of a forum where the different interests, concerned in this same problem of productivity from different sides, can be brought together.

3.8. SECTION 8 - Relations of the O.E.E.C. with International Organizations

Relations with the Council of Europe

82. The existing close collaboration between the Council of Europe and the O.E.E.C. has been still further strengthened in recent months. In November, 1953, the Council of the O.E.E.C. and the Deputies of the Ministers of the Council of Europe adopted a text supplementing on a number of points the agreements previously reached. The aim of the new text is to facilitate the exchange of observers between the two Organizations and it provides for various methods of strengthening co-operation between the two Secretariats-General. The most interesting provisions are those determining the procedure by which the O.E.E.C. may maintain close contact with the Council of Europe in examining recommendations by the Consultative-Assembly transmitted to it by the Committee of Ministers of the Council of Europe. This has made it possible to have a fruitful exchange of views with representatives of the Committee on Economic Questions before drafting the Organization's comments on the Strasbourg Plan.

O.E.E.C Relations with E.C.S.C.

83. Relations with the E.C.S.C. have developed in accordance with the conditions laid down in the agreement referred to in paragraph 80 of the Organization's Fifth Report to the Council of Europe. Their development has been facilitated by the presence in Paris of a permanent Mission from the High Authority and by personal contacts at Luxemburg itself made by various officials of the Organization. At the general level, the High Authority closely follows discussions in the Council and Executive Committee whenever the subject of these has a bearing on its own work. At the technical level, the High Authority is represented at meetings of the Coal and the Iron and Steel Committees, or of any other technical committee dealing with a

5. The E B P Trade Union Advisory Committee.

question in which it is interested. Close contacts are maintained on manpower questions, and very thorough collaboration is also being instituted on all questions relating to productivity. A study is being made of questions of common interest to the European Productivity Agency and the High Authority in the matter of productivity and scientific research. Apart from the contacts resulting from the presence of an observer for the High Authority at meetings of the Iron and Steel Committee, the latter's officers recently had the opportunity of holding an exhaustive discussion with the High Authority on the various subjects for study on the Committee's programme. A similar discussion should shortly be held between the officers of the Coal Committee and the High Authority.

Non-Governmental International Organizations

84. During the past few months, the O.E.E.C. has been devoting increasing attention to the development of its relations with nongovernmental international organizations, with a view to associating industrial and trade union circles more closely in its work, and obtaining in those circles a wider audience for its aims and achievements.

85. It was decided by the Council last year to set up a Liaison Group to examine the practical problems involved in relation with the nongovernmental organizations recognised by the O.E.E.C. Consultations are held from time to time between this Group and each of the four organizations which have been formally recognised by the Council : Trade Union Advisory Committee of the European Recovery Programme; the special European Committee of the International Federation of Agricultural Producers; the Council of European Industrial Federations and the European Council of Independent Enterprises, Trades and Crafts.

86. In addition, all the Technical Committees of the O.E.E.C. have been requested to examine, each in its respective sector, the possibility of developing and improving contacts with industrial circles.

ANNEXÉ I IMPORTATIONS INTRAEUROPÉENNES EN 1953 - \$ million. En millions de dollars.

	VALUES	CHANGEMENTS INTERVENUS DEPUIS 1952	TOTAL	VALUES	CHANGEMENTS INTERVENUS DEPUIS 1952	TOTAL
	IMPORTATIONS EN PROVENANCE DES PAYS MEMBRES	IMPORTATIONS EN PROVENANCE DES T.O.M. DES PAYS MEMBRES		IMPORTATIONS EN PROVENANCE DES PAYS MEMBRES	IMPORTATIONS EN PROVENANCE DES T.O.M. DES PAYS MEMBRES	
Allemagne	1,834.9	300.5	2,135.4	89	— 38	51
Autriche	327.3	12.7	340.0	— 54	10	— 44
U.E.B.L.	1,362.1	87.5	1,449.6	86	— 15	71
Pays-Bas	1,297.5	198.4	1,495.9	155	— 4	151
Danemark	818.8	5.6	824.4	74	0	74
France	1,143.7	272.4	1,416.1	— 98	— 73	— 171
Italie	1,069.8	172.5	1,242.3	240	— 12	228
Irlande	352.1	19.0	371.1	33	2	35
Islande	26.7	7.1	33.8	1	— 2	— 1
Grèce	197.7	5.3	203.0	— 12	— 6	— 18
Norvège	633.4	36.8	670.2	57	— 5	62
Portugal	185.4	19.0	204.4	11	1	12
Suède	1,018.0	110.1	1,128.1	— 12	— 15	— 27
Suisse	740.3	33.4	773.7	18	— 1	17
Turquie	342.7	10.0	352.7	— 69	— 4	— 73
Royaume-Uni	2,238.5	214.2	2,452.7	— 150	— 52	— 212
TOTAL	13,590.»	1,505.»	15,094.»	370	— 215	— 155

1. A

l'exclusion de
ses territoires
d'outre-mer.

ANNEXE. II EXPORTATIONS INTRAEUROPÉENNES EN 1953

EXPORTATION S A DESTINATION DES PAYS MEMBRES	EXPORTATION S A DESTINATION DES T.O.M. DES PAYS MEMBRES	CHANGEMENT S INTERVENUS DEPUIS 1952 TOTAL	EXPORTATION S A DESTINATION DES PAYS MEMBRES	EXPORTATION S A DESTINATION DES T.O.M. DES PAYS MEMBRES	TOTAL	
Allemagne	2,714.8	160.4	2,875.2	178.6	23.1	201.7
Autriche	348.1	13.5	361.6	22.0	8.1	3.0.1
U.E.B.L	1,374.1	68.6	1,442.	—140.9	— 12.9	—153.8>
Pays-Bas	1,289.6	144.9	1,434.5	0.4	11.2	11.6
Danemark	677.8	26.3	704.1	36.7	2.5	39.2
France	1,535.7	57.0	11,592.7	120.2	—12.4	107.8
Grèce	87.0	1.4	88.4	— 5.6	0,2	— 5.4
Irlande	302.3	2.3	304.6	39.3	0.2	39.5
Islande	19.1	1.1	20.2	— 2.6	0.6	— 2.0
Italie	730.2	101.4	832.1	48.6	- 3.6	45.0
Norvège	313.0	17.2	330.2	— 39.4	2.3	— 37.1
Portugal	82.9	10.9	93.8	— 6.3	— 1.6	— 7.9
Suisse	623.6	32.7	656.3	62.6	- 1.9	60.7
Suède	984.0	28.2	1.012.2	— 22.5	— 2.9	— 25.4
Turquie	202.2	0.7	202.9	— 23.5	— 1.2	— 24.7
Royaume-Uni	2,253.5	126.2	2,379.7	163.5	—12.5	—151.0
TOTAL	13,538.7	792.8	14,331.2	431,3	— 0.8	430.3

1. A l'exclusion
de ses
territoires
d'outre-mer
propres.

ANNEXE III POSITION OP LIBERALISATION OP TRADE AT 15TH MARCH, 1954 SITUATION DE LA LIBÉRATION DES ÉCHÉANCES AU 15 MARS 1954 Values in \$ million. Valeurs exprimées en millions de dollars.

COU NTR Y	COM MER CE INTR A- EUR O- PÉEN TOTA L	COM MER CE D'ÉT AT	BAS ES DE CAL CUL	OMM ERC E PRIV É LIBÉ RÉ	PAY S											
COU NTR Y	COM MER CE INTR A- EUR OPÉ EN TOTA L	COM MER CE D'ÉT AT	COM MER CE PRIV É	CAT ÉGO RIE I	CAT ÉGO RIE II	CAT ÉGO RIE III	TOTA L	PAY S								
COU NTR Y	COM MER CE INTR A- EUR OPÉ EN TOTA L	VALE UR	%	CAT. I	CAT. II	CAT. III	TOTA L	VALE UR	%	VALE UR	%	VALE UR	%	VALE UR	%	PAY S
	1	2	2+1	3	4	5	6	7	7+8	8	8+4	9	9+5	10	10+6	PAY S
Germ any	801	55	6.8	267	276	203	746	212.3	79.4	269.5	97.8	190.8	93.7	672.6	90.1	
Austri a	384	5	1.3	59	194	125	378	29.9	50.9	98.4	50.7	63.2	50.4	191.6	50.6	
(Bene lux)	(1,46 9)	(0)	(-)	(207)	(534)	(728)	(1,46 9)	(132. 3)	(63.9)	(523. 1)	(98)	(630. 3)	(86.6)	(1,28 5.8)	(87.6)	
B.L.E. U	980	49	5	227	293	411	931	138	60.8	292.5	100	381	92.7	811.5	87.2	
Nethe rlands	908	10	1.1	63	317	518	898	53.7	85.4	315.6	99.5	462.4	89.2	831.7	92.6	
Denm ark	445	2	0.4	58	163	222	443	46.4	80	156.5	96	133.6	60	336.5	76	
Franc e	853	187	21.9	129	282	254	666	10.3	8	84.9	30.1	24.1	9.5	119.4	17.9	
Italy	331	14	4.2	86	151	79	317	86.1	99.8	150.9	100	78.6	99	315.7	99.7	
Befer ence year : 1948 (for Austri a 1952) .or Germ any 1949)																

COU NTR Y	COM MER CE INTR A- EUR O- PÉEN TOTA L	COM MER CE D'ÉT AT	BAS ES DE CAL CUL	OMM ERC E PRIV É LIBÉ RÉ	PAY S											
COU NTR Y	COM MER CE INTR A- EUR OPÉ EN TOTA L	COM MER CE D'ÉT AT	COM MER CE PRIV É	CAT ÉGO RIE I	CAT ÉGO RIE II	CAT ÉGO RIE III	TOTA L	PAY S								
COU NTR Y	COM MER CE INTR A- EUR OPÉ EN TOTA L	VALE UR	%	CAT. I	CAT. II	CAT. III	TOTA L	VALE UR	%	VALE UR	%	VALE UR	%	VALE UR	%	PAY S
	1	2	2+1	3	4	5	6	7	7+8	8	8+4	9	9+5	10	10+6	PAY S
Irelan d	348	1	0.3	49	74	224	347	35.4	72.9	69.9	93.9	161	71.9	266,3	76.7	
Icelan d	43	10	23	3	13	18	33	1.5	56.5	5.3	40.9	2.8	15	9.7	29	
Greec e	120	26	21.6	23	30	41	94									
Norw ay	457	26	5.6	21	105	304	431	16.7	79	93	88.5	215.5	70.8	325.3	75.5	
Portu gal	207			11	61	135	207	7.8	73.5	60.5	98.9	123.4	91.6	191.8	92.8	
Swed en	766	32	4.2	72	242	421	734	54.2	75.7	240.2	99.3	375	89.2	669.7	91.2	
Switz erlan d	586	31	5.2	104	204	246	555	64.7	62.2	204	100	239.5	97.2	508.2	91.6	
Turke y	142	7	4.9	1	17	117	135									
Befer ence year : 1948 (for Austri a 1952) .or Germ any 1949)																

COU NTR Y	COM MER CE INTR A- EUR O- PÉEN TOTA L	COM MER CE D'ÉT AT	BAS ES DE CAL CUL	OMM ERC E PRIV É LIBÉ RÉ	PAY S	COU NTR Y	COM MER CE INTR A- EUR OPÉ EN TOTA L	COM MER CE PRIV É	CAT ÉGO ÉGO ÉGO RIE I RIE II RIE III	CAT ÉGO ÉGO ÉGO RIE I RIE II RIE III	CAT ÉGO ÉGO ÉGO RIE I RIE II RIE III	TOTA L	PAY S	COU NTR Y	COM MER CE INTR A- EUR OPÉ EN TOTA L	VALE UR	%	CAT. I	CAT. II	CAT. III	TOTA L	VALE UR	%	VALE UR	%	VALE UR	%	VALE UR	%	PAY S
	1	2	2+1	3	4	5	6	7	7+8	8	8+4	9	9+5	10	10+6	PAY S														
Unite d Kingd om	1,851	201	10.9	547	732	371	1,650	474.5	86.7	578	78.9	265.3	71.6	1,317	79.8	.8														
9,222	656	7.1	1,720	3,154	3,688	8,565	1,231	71.6	2,619	83	2,716	73.6	6,567	76.7	Total	.5	.2	.2	.8											
Befer ence year : 1948 (for Austri a 1952) .or Germ any 1949)																														

ANNEX IF. CREDITORS - In million u/a.

QUOTA	CUMULATI VE ACCOUNTI NG SURPLUS AT 30 /6 / 1953	ACCOUNTI NG SURPLUS (+) ' OB DEFICIT. FOR PERIOD 1/7/1953 TO 31/3/1954	CUMULATI VE ACCOUNTI NG SURPLUS AT 31/3 / 1954	SETTLEME NTS	SETTLED	COUNTRY			
QUOTA	CUMULATI VE ACCOUNTI NG SURPLUS AT 30 /6 / 1953	ACCOUNTI NG SURPLUS (+) ' OB DEFICIT. FOR PERIOD 1/7/1953 TO 31/3/1954	CUMULATI VE ACCOUNTI NG SURPLUS AT 31/3 / 1954	WITHIN QUOTA	BÉYOND QUOTA	GOLD	CREDIT	COUNTRY	
Austria	70	24.7	+ 88.7	113.4 .	70.0	43.4	49.7	63.7	
B.L.E.U	330	400.0	— 1.6	398.4	331.0	67.4	163.2	235.2	
Germany	500	577.3	+ 412.9	990.2	500.0	490.2	445.1	545.1	
Netherlands	355	378.0	— 36.9	340.9	340.9		135.0	206.0	
Portugal	70	62.9	— 8.6	54.5	54.5		20.2	34.2	
Sweden	260	190.6	— 13.5	177.2	177.2		62.6	114.6	
Switzerland	250	258.2	+ 48.2	283.5 - 22.9	250.0	33.5	116.8 - 22.9	166.8	

ANNEX V DEBTORS - In million u /a.

QUOTA	CUMUL. ACCTNG. DEFICIT AT 30TII JUNE 1953	ACCTNG. DEFICIT (—) OR SURPLUS (+ (FOR PERIOD 1/7/1953 TO 31/3/1954	CUMUL. ACCTNG. DEFICIT AT 31ST MARCH 1954	SETTLEME NTS	SETTLED	COUNTRY			
QUOTA	CUMUL. ACCTNG. DEFICIT AT 30TII JUNE 1953	ACCTNG. DEFICIT (—) OR SURPLUS (+ (FOR PERIOD 1/7/1953 TO 31/3/1954	CUMUL. ACCTNG. DEFICIT AT 31ST MARCH 1954	WITHIN QUOTAS	BEYOND QUOTAS	GOLD	CREDIT	COUNTRY	
Denmark	195	46.7	— 41.8	41.5	88.5		19.8	68.7	
France	520	731.2	— 124.0	855.2	520.0	335.2	543.2	312.0	
Greece	(45)	1.9	2.0	— 3.9	(3.9)	(3.9)			

1. After use of "Special Resources" (14.8). - 2. Greece's debtor quota is frozen and the accounting deficit was therefore settled fully in gold.

QUOTA	CUMUL. ACCTNG. DEFICIT AT 30TH JUNE 1953	ACCTNG. DEFICIT (—) OR SURPLUS (+ (FOR PERIOD 1/7/1953 TO 31/3/1954	CUMUL. ACCTNG. DEFICIT AT 31ST MARCH 1954	SETTLEME NTS	SETTLED	COUNTRY		
QUOTA	CUMUL. ACCTNG. DEFICIT AT 30TH JUNE 1953	ACCTNG. DEFICIT (—) OR SURPLUS (+ (FOR PERIOD 1/7/1953 TO 31/3/1954	CUMUL. ACCTNG. DEFICIT AT 31ST MARCH 1954	WITHIN QUOTAS	BEYOND QUOTAS	GOLD	CREDIT	COUNTRY
Iceland	15	1.9	— 3.5	5.4	5.4		1.0	4.4
Italy	205	12.0	— 151.7	143.2 - 20.5	143.2		42.9 - 20.5	100.3
Norway	200	59.6	— 58.0	117.5	117.6		31.0	86.5
Turkey	50	120.4	— 64.1	184.5	50.0	134.5	154.5	30.0
United Kingdom	1,000	763.7	— 2S.0	791.7	791.7		247.4	544.2

1. After use of "Special Resources" (14.8). - 2. Greece's debtor quota is frozen and the accounting deficit was therefore settled fully in gold.