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EUROPEAN PARLIAMENT

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Documentation and Information

This publication deals with problems relating to the progress of European integration: it analyses noteworthy attitudes taken and articles written on these issues. It also reports on the efforts pursued by the European Parliament, the Parliaments of the Six Member States and by other European parliamentary bodies with a view to achieving the aim of uniting Europe.

For further information on some of the problems tackled by the European Communities and, in particular, on the work of the Executives, readers are referred to the following official publications :

Bulletin of the European Coal and Steel Community
Bulletin of the European Economic Community
Euratom-Bulletin of the European Atomic Energy
Community

The Council of Ministers issues a press release at the close of its sessions. Its activities, however, are also covered in the Community Bulletins.

C O N T E N T S

P a r t I

DEVELOPMENT OF EUROPEAN INTEGRATION

	page
I. GENERAL PROBLEMS	1
1. Visit of President de Gaulle to the Federal Republic	1
2. The Association of the Friends of R. Schuman awards a gold medal to Chancellor Adenauer ..	2
3. The European policy of the French left and the Centre démocrate (Democrat Party of the centre)	3
4. Mr. Ernst Majonica, Member of the Bundestag, on European solidarity	5
5. European Christian Democrat leaders and the development of the Community	5
II. ECONOMIC POLICY AND ECONOMIC SECTORS	11
1. An energy policy for Western Europe	11
2. Foreign investment in France in the EEC context	12
3. The application in France of the EEC Council directives on freedom of establishment and freedom to supply services	15
4. The CNPF and the completion of the customs union	16
5. German views on the agricultural decisions taken by the EEC Council of Ministers on 23 and 24 July 1966	17

	page
6. The 'Deutsche Industrie- und Handelstag' (German Chamber of Industry and Commerce) and European Integration	19
7. The attitude of the German Textile Industry Federation to the Common Market ..	20
III. EXTERNAL RELATIONS	23
1. Anglo-French talks and European affairs ...	23
2. Franco-Soviet relations and European problems	23
3. Switzerland and European integration	24
4. The Warsaw Pact countries and European security	25

P a r t II

PARLIAMENTARY ACTIVITY

I. EUROPEAN PARLIAMENT	27
Work of the Committees in July	27
II. NATIONAL PARLIAMENTS	33
a) Italy	33
Statement by Mr. Fanfani to the Foreign Affairs Committee of the Chamber of Deputies	33
b) Netherlands	34
1. Debates	34
2. Written Questions	38

P a r t I

DEVELOPMENT OF EUROPEAN INTEGRATION

I. GENERAL PROBLEMS

1. Visit of President de Gaulle to the Federal Republic

On 21 July 1966, President de Gaulle came to Bonn for routine consultations within the framework of the Franco-German Treaty; he was accompanied by Mr. Pompidou, Prime Minister, Mr. Couve de Murville and Mr. Messmer.

On the occasion of President de Gaulle's visit, the Federal Government stated in the bulletin of its Press and Information Office that the dominant feature of relations between France and Germany was the attention, reason and respect for each other's interests brought to their discussion. If this awareness prevailed on both sides, then the policies of both States could be shaped to their mutual advantage and to the benefit of Europe. It would therefore also be possible to find a solution to any question regarding which the views of both sides did not fully coincide.

Following a conversation with Federal Chancellor Erhard, President de Gaulle stated in an after-dinner speech: 'There can be no united Europe unless Germany is united. I speak of that which appears possible today and which has for all too long been impossible. I speak of a Europe that would gradually find its identity again, first in an easing of tension and then in co-operation. I am speaking of the whole of Europe in which the whole of Germany has an important part to play and neither can be separated from the other'. He further emphasized that his contacts with the East European countries implied no rejection or dissolution of the Atlantic Alliance or of existing treaties of friendship. It was simply a matter of adjusting to a changed situation. He further emphasized that there could be no progress in Europe if France and Germany were not of one mind. 'When we, on behalf of our peoples, signed the Treaty, it was our resolve to achieve agreement between our two countries'.

After the departure of his French guests, Federal Chancellor Erhard spoke of their meeting as a positive one. Mr. Majonica, President of the German Council of the European Movement, spoke of a 'revival' of the Franco-German Treaty. Mr. Fritz Erler, President of the SPD Group, was skeptical and saw little sign of progress. Lastly, the FDP made no comment. (Bulletin of the Press and Information Service of the Federal Government, No. 95, 20 July 1966 and No. 97, 26 July 1966. Information Service of the German Council of the European Movement, Nos. 13, 14 and 15/1966, 10 August 1966)

2. The Association of the Friends of R. Schuman awards a gold medal to Chancellor Adenauer

On 4 July, the Association of the Friends of R. Schuman awarded its first gold medal to Chancellor Adenauer for his work for Europe and for peace. Several speeches were delivered on this occasion; Mr. Pflimlin, Mr. Poher, Mr. J. Monnet and Chancellor Adenauer were among those who spoke.

Addressing the Chancellor, Mr. Pflimlin expressed certain reservations and some concern about the future of the European idea: 'In the thinking of R. Schuman and of yourself, the European idea meant building a political Community, without prejudice to national entities, which would be responsible for shaping and conducting a common policy in every sector, including defence. The chances of achieving this end seemed to have grown smaller in recent years. Yet it is essential, in one way or another, to introduce ever-closer political co-operation between the Six, and especially France and Germany, until such time as circumstances enable us to take the final step which will lead us to the United States of Europe.'

Mr. Poher also spoke of Europe. He said: 'The making of Europe is our objective even though it may take a long time. What we do not want to do is to go back down the steps that we have so laboriously climbed.'

Mr. Jean Monnet concluded with these words: 'The Schuman plan and the Common Market were the first practical application to European relations of those principles of civilization which have brought progress in relationships between men: equality and the acceptance of common institutions and regulations.'

Although economic unification is in progress, however, the external and military policies of our countries are today divergent. We are not yet at the beginning of political and military unity in Europe. The common European institutions did not derive from universal suffrage.

There are many to whom the obstacles, that must be overcome before we reach the stage of the United States of Europe, appear, at present, insurmountable. In view of the changes that are taking place in the East and West, they ask whether the time has not come to try and settle the military and political problems of our time by recourse to separate national policies. To guide these changes towards a constantly peaceful transformation in an age of nuclear armaments, should the nations of Europe return to the ideas and patterns of conduct that they had when they dominated the world and which in turn led to two world wars? It is clearly essential to organize a strong and united Europe if we are to co-operate in equal partnership with the United States, which is so powerful; it is essential so that we may organize peaceful co-existence between East and West to guarantee the essential interests of all against unilateral action and make it possible to bring together again the Germans at present separated.'

Chancellor Adenauer then compared the situation in Europe 20 years ago with that of today, with Europe standing between the USSR, the USA and China, the world's three giants. 'Everything had to be done,' he went on to say, 'to make Europe into a genuine power. It made no difference what name it was given; nor if this or that country was not yet ready to follow suit. When Europe was firmly built, those countries that had stood back would then join in of their own volition. When this unity was achieved, it would be possible for Europe to say a word on behalf of peace in the world at large.' (Le Monde, 5 July 1966)

3. The European policy of the French left and the Centre démocrate (Democrat Party of the centre)

The Political Council of the Centre démocrate met on 25 June. It called for 'an early conference to be held between the Heads of Government of the Six countries of the Common Market. Its purpose would be to lay the foundations of a Federal Europe that would be politically united, eco-

nomically powerful and diplomatically independent. It would also work out a common policy for defence. The Political Council asked that a study be made of the possible ways and means of extending to the East European countries the benefit of some of the Common Market structures in economic, commercial, technical and cultural relations. The Council asked that negotiations be initiated between the Europe of the Six and the United States to establish a basis for a "shared-responsibility" association.'

Mr. F. Mitterand addressed the Royal Institute of International Affairs in London on 6 July. He said that 'French and British views on the United Kingdom's accession to the Common Market may be brought closer together in the near future as a result of pressure from the democratic left in France to whose influence General de Gaulle is not unresponsive.'

He emphasized that the left in France was calling for the making of a political Europe; this even had the support of the Communist party. He added that provided the United Kingdom were willing, the French people were ready to make concessions 'to enable Britain to enter Europe.'

Mr. Mitterand made it clear that the overall direction of France's foreign policy would not change, whoever came after de Gaulle. This, he said, consisted of organizing peaceful co-existence and forming new relationships within the Atlantic Alliance. Only France's European policy would be completely changed if the left obtained power.

Mr. Mitterand was critical of the intention ascribed to General de Gaulle of wanting to base the Europe of the Six on the Franco-German 'central axis'. He said that the United Kingdom's not being in the Common Market was 'a source of grave concern in France'. The French people felt the need for a counterweight to the 'Paris-Bonn axis'. He said that the vast majority of the French people were in favour of 'the Europe of the Seven' which would have to be 'an integrated Europe', a federal Europe involving a cession of sovereign rights on defence, foreign policy and monetary matters. 'The situation in France today gives grounds for optimism about Britain's accession to the Common Market', he said in conclusion. (Forces nouvelles, 1 July 1966. Le Monde, 8 July 1966)

4. Mr. Ernst Majonica, Member of the Bundestag, on European solidarity

Mr. Ernst Majonica, Member of the Bundestag and President of the German Council of the European Movement said, with reference to the decisions of the Council of Ministers of 23 and 24 July 1966 on the common agricultural market, that these should not be under-estimated because international co-operation on agriculture was among the most difficult and complicated of problems.

While European solidarity had been preserved in the case of the agricultural policy, this could not be said of other sectors, in Mr. Majonica's opinion. Negotiations for a world-wide removal of trade restrictions, known as the Kennedy Round, were progressing very slowly. In the extremely important field of energy policy, the trend which seemed to be prevailing was to settle the relevant problems in a national context. Instead of giving preference to a Community solution, the latest ECSC Council negotiations were going in the direction of leaving it to the individual partners to solve the coal problem. Mr. Majonica emphasized that just as the Federal Republic was today faced with an almost insoluble coal problem, other partner countries might tomorrow be faced with other difficulties. In this connexion, he asked whether in that eventuality Community assistance would be withheld from them.

The President of the German Council of the European Movement argued that this was not promising from the point of view of a European Community development. When it was also seen that the problem of merging the three Communities was being further shelved and that there was no satisfactory solution in sight on the basic questions of the management of the immense sums of money in the Agricultural Fund and their being subjected to a joint parliamentary control, it could not be argued that last year's Community crisis had really been overcome. (Information Service of the German Council of the European Movement, Nos. 13, 14 and 15/1966, 10 August 1966)

5. European Christian Democrat leaders and the development of the Community

The European Christian Democrat leaders met on 17 and 18 July at the Castle of Klessheim, near Salzburg to discuss

'the development of the European Community'.

The meeting was opened by Mr. Mariano Rumor, Secretary General of the Italian Christian Democrat Party, in his capacity as President of the European Christian Democrat Union (ECDU). He said that the European Community should develop in two ways: towards a firmer unity and towards an expansion of the Community, i.e. a widening of its bounds to all those States 'which can and do share our ideals and our hopes'. The speaker added that the Christian Democrats had both the right and the duty to work towards these ends, notwithstanding the present uncertainty in the Community. He took this view because it had been the Christian Democrats who had shown Europe the path to follow, because the European idea was essentially and primarily a Christian and a democratic idea, because the peoples had entrusted to the Christian Democrats the task of achieving peace, justice and two-way co-operation. Mr. Rumor then had a word to say about the purpose of these meetings between Christian Democrat politicians. This was to discuss how they could improve and consolidate a form of co-operation which while respecting the position and the requirements of the individual did not at the same time impair the Community's mode of action or the promotion of the structures which supported it.

Mr. Klaus, the Austrian Chancellor, then spoke to stress the profound significance of these meetings which enabled European Christian Democrats to set out their various viewpoints and to draw on individual experience and gain valuable knowledge in pursuing the Community work. He also referred to the Austrian Government's request for association with the EEC and he said that while Austria would continue to fulfil all the obligations incumbent upon her by virtue of her neutral status, it would continue to consider 'beyond question' its membership of Western Europe.

The official report on the theme of the Congress was delivered by Mr. Joseph Cals, the Dutch Prime Minister. He said that the present situation in Europe was still dominated by the crisis, which was one that the January Agreement in Luxembourg and that of 11 May on financing the agricultural policy had certainly not resolved. He said that the responsibility for the crisis in Europe and the crisis in NATO was due to the French Government, in that its policy of independence clashed with the Community policy and the policy of interdependence of France's partners. He did not conceal that today it was difficult to speak of political co-operation between the

States of Western Europe. France was going its own way and the other States, while agreeing on the ultimate objective, were not agreed on the course to follow to achieve it. He said that today one thing was certain and that was that Europe would never be able to turn to the United States as it had done in the past. It would have to rely much more on itself. Indeed, the United States was far too seriously engaged in Asia and hence it was less interested in the problems of its European allies, especially since the latter had proved incapable of reaching any agreement on their relations with the United States. He added that the European allies had little to offer the United States, especially since the Kennedy Round, to which Washington attached so much importance, and which held out so many opportunities for the Europeans, was going painfully slowly. Yet the Kennedy Round had to be brought to a successful conclusion before 1 July 1967 and Mr. Cals appealed to all those present to work towards this end.

Mr. Cals then discussed the problem of the Community's internal situation. He emphasized that an independent executive power was essential in pursuing the construction of Europe and he added that such an executive power should be subject to effective parliamentary control. He said that, at present, the European Parliament lacked the powers to exercise control over the executive. What made this more serious was that many matters had now passed out of the control of the national Parliaments.

As for enlarging the European Community, Mr. Cals said it was the duty of all the member States to bridge the economic gulf across Europe. He welcomed the British Government's decision to enter the Community and he trusted that if and when negotiations took place to this end, the EEC would help to solve British agricultural problems by means of a special dispensation and a transition period. Mr. Cals said that with regard to Austria's association with the EEC, a solution had to be found which took into account that country's obligations under its Treaty of State. As for the other EFTA countries, a lot would depend on the decisions that became possible with respect to the United Kingdom. However any request for accession ought to be examined in a positive light because, he said, 'the EEC will fail to achieve its aim if it remains restricted to the countries that signed the Treaty in 1957'. As for Spain, he said that it was impossible, for political reasons, for Spain to become associated with the EEC. A possible solution might be an economic agreement. He also emphasized that the economic and social successes of the Community had awakened a new interest

in the EEC on the part of the East European countries. At a later stage, further contacts between the two parts of Europe could turn this to advantage.

Mr. Cals concluded his report by saying that despite the differences that still existed, Europe had reached a point where it was almost impossible to put an end to economic collaboration. He added that there might be crises in the Community but no final split of the sort that had occurred in the past and which had led to two world wars could be considered possible today. The Christian Democrats, he said, should work to promote European co-operation for it was their business 'to found a peaceful and creative Community of peoples. This is the only way in which we Christian Democrats can show in a real and practical way that we take the idea of Christian universalism seriously'.

In the debate which opened on the report by Mr. Cals, many speakers took the floor, including Mr. Mario Scelba, President of the Italian National Council of the Christian Democrat Movement. He spoke of the major influence that the Christian Democrat parties had had on the development of the European Community. He added that the direction of its future development could only be an enlargement of the EEC and a deepening of the Community spirit within the framework of the Treaties of Rome. He went on to say that the accession of the United Kingdom to the EEC could become a positive factor of great significance in so far as the United Kingdom was ready to work for economic and political integration. He concluded by recalling that the policy of the Christian Democrat parties had to be dynamic, even though they were at present obliged to hold on to the positions they had attained. The object of the Community policy of the Christian Democrat parties remained the unity of Europe and the United States of Europe.

The Congress was closed by Mr. Rumor who stressed the genuineness of the renewed sense of purpose of the Christian Democrats in Europe. He then reviewed the salient features of the international scene (signs that the Warsaw Pact Alliance was beginning to disintegrate, the 'Castro bloc', the waning Communist influence in the 'third world') and he pointed out that the cause here lay in the three great ideas that were essentially peculiar to Western Europe: 1) active joint defence, not only strategically but also politically; 2) integrated security through NATO; 3) economic and political integration in Europe. Mr. Rumor concluded by stressing that the Christian Democrats had made a major contribution in

re-launching and giving greater depth to these realities and had also enabled the neutral countries of Europe, especially Austria, to play their own political rôles. (Il Popolo, 18 and 19 July 1966)

II. ECONOMIC POLICY AND ECONOMIC SECTORS

1. An energy policy for Western Europe

The West European Coal producers committee responsible for studies and the National Coal Board have issued a publication entitled 'An energy policy for Western Europe.' This deals firstly with trends in demand on the world energy market and how these are to be met during the period up to 1980. It is noted that the net import balance of ten major regions of the world would have to be covered from the energy surplus of the eleventh region, that is the Middle East. There is a great deal of uncertainty as to the energy that will be available in the world after 1980. As regards Western Europe, the gap between supply and demand is increasing all the time. In view of the increased demand for coal in the USA, it would hardly be realistic to rely on American coal supplies.

After referring to competition from the other energy importers of the world and the uncertain attitude of the Arab countries towards their European customers during periods of tension, the Committee draws the attention of the West European countries to the magnitude of their responsibilities.

'In view of the significance of these contingencies, it must be clearly understood that the first and most reliable guarantee for Western Europe is to maintain and develop its own energy resources, especially its coal and lignite production, which is its main energy source.'

'Today it is generally recognized to be desirable for each of the countries concerned and for Western Europe as a whole to continue to produce a certain tonnage of coal. The Governments concerned have given some assistance to the collieries and granted them tax concessions, but they have so far refused to take any appropriate measures to ensure the marketing of the production which they, in fact, have, furthermore, thought it desirable to maintain.'

'Whatever level production is stabilized at, this can only be accomplished if the public authorities intervene vigorously by guaranteeing a market for the collieries. Many other branches of the economy and particularly the

basic industries either enjoy measures having an equivalent effect or else they enjoy a protection at the frontiers on a scale which usually makes any other intervention unnecessary.'

'It would not be going too far therefore to guarantee a market for the coal industries production. It must be understood, however, that the coal industry, for its part, must continue its drive to become more competitive both at the production and marketing stages.'

'All the energy policy problems boil down to one of phasing. To stabilize the position of coal in an expanding economy, it would suffice to temper the growth rate of competitive energy sources to avoid irreparable prejudice to the coal industry. Whatever measures are taken, the cost to the consumer will be negligible.'

'Any objective analysis of Western Europe shows that as far as energy is concerned, one thing is certain: it is impossible to predict the future ratio of needs to supplies available either with reference to quantities or to prices.'

A definite decision is needed at once with regard to the coal industry. 'If the situation is allowed to deteriorate any further, the collieries in our countries will, in a few years time, have lost the bulk of their producing capacity and their ability to recover.' (Eurocom, Bulletin, June 1966)

2. Foreign investment in France in the EEC context

After examining the report by Mr. Charvet on foreign investments in France, the Conseil économique et social français (French Economic and Social Council) adopted the following Opinion on 24 May 1966.

I. At the Community level

A. As regards information. It is essential to have a steady flow of information on investments by third countries in the EEC broken down into regions and sectors; the information must be homogeneous and complete.

To serve its purpose, this information must be readily available, brought constantly up to date and put to

advantage without delay.

Statistical data on investments made, should be supplemented by the declarations of intent which have been brought to the notice of each of the member States.

It would be worth studying how such information could be supplemented by similar details on the investments made or planned by legal persons who are nationals of a member State but who would be considered in fact (on the basis of criteria to be laid down) as being part of a third country enterprise.

B. As regards the measures to be taken with regard to third country investments. Action to ensure that the interests and aims of the Community and its present and future common policies are not compromised (particularly by third country investments), is essential with reference to:

- 1) dumping and market control;
- 2) regional action;
- 3) research;
- 4) the employment and redeployment of manpower to meet the changing needs of the economy within the framework of a European social policy, whose aim would be a balanced improvement in living standards;
- 5) all those matters which are likely to form part of any common industrial policy.

These measures should ensure - and preferably through the use of persuasion - that third country investment is along lines that are as beneficial as possible to the Community and to the success of its common policies; harmonization of company taxation and profits distributed is, however, more necessary because there is no justification for disparities except where these are conducive to optimal localization.

These measures should come within the framework of a consultation procedure whereby an effort may be made to avoid delays and no time is wasted on investments that are on too small a scale, and as far as possible they should be based on officially agreed principles, coupled with criteria which should also be published.

C. General. Third countries and especially the USA are keen to invest in the EEC and this should induce the Community to speed up the formulation and application of

measures likely to make the firms in the member States as competitive as possible, both financially and technically.

When the European Economic Community assumes its final shape it will be desirable, if not essential for the six member States, to have a common monetary policy. It will only be against this background that it will be possible to see in its true perspective the value of foreign currency inflow especially where the money in question is considered as a reserve currency.

II. At the national level

A. An approach to a common attitude on the part of the EEC to third country investments. As the transition period comes to a close the Government should press for a discussion, on the EEC Council, of problems connected with foreign investments in order to ensure that the Council deals with the particularly important cases of foreign investment where to defer examination, until a common attitude had been worked out in detail, would be prejudicial to the Community interests. The medium-term Economic Policy Committee should also take account of these investments.

This should also prompt the Government to examine foreign investment in France and analyze its effects on employment, the financial market, research, exports etc. The Government should also have an information system that could be extended throughout the EEC once a common attitude were adopted on the problems occasioned by third country investment.

Special attention should be paid to investment not at present reflected in the national income and expenditure figures such as a breakdown of funds appropriated for research on the part of foreign-owned firms operating in France as compared with similar appropriations of other firms in every branch of the economy.

B. Increasing the effectiveness of the national legislation until a common policy comes into force. Although from a French point of view, foreign investment no longer raises quite the same problems as in 1959, the end in view remains the same: to turn foreign investment to the best advantage both qualitatively and quantitatively for the French economy.

1) The Government should be more definite in its approach to foreign investment and its action should be

geared to the following principles:

- a) to provide the best safeguards for French economic interests and ensure that highly productive investment is not diverted to neighbouring countries which could be the bases for operations in France; this would mean avoiding procedural delays and ignoring irrelevant considerations;
- b) to obtain technical and financial assistance conducive to the completion of the Fifth plan under optimum economic and social conditions by paying special attention to the long-term expansion opportunities of the various sectors of French production;

2) Action should be taken to find the best possible solution to the economic and social problems which might arise as a result of Government decisions;

- a) it should authorize or encourage investment likely to accelerate the necessary adjustments in the French economy.
- b) it should decline for other reasons to accept foreign investment assistance in sectors or regions whose position might as a result be prejudiced.

(Journal officiel, Avis et rapports du Conseil économique et social, 28 June 1966)

3. The application in France of the EEC Council directives on freedom of establishment and freedom to supply services

An Act of 14 December 1964 authorized the French Government to take the necessary measures to give effect in France, pursuant to the Rome Treaty, to the EEC Council directives to introduce freedom of establishment and freedom to supply services; these measures were to take the form of ordinances and were to be of a kind 'normally regarded as coming within the scope of the law' (see Monthly Bulletin, No. 1, 1965).

The French Government, however, issued no ordinance under this Act which had therefore lapsed without having been applied. This was why on 7 June the National Assembly, and on 24 June the Senate, passed a bill empowering the Government once again to issue the necessary ordinances before 1 January 1970. (Journal officiel,

Assemblée Nationale, Débats, 8 June 1966; Sénat, Débats, 25 June 1966)

4. The CNPF and the completion of the customs union

In his report to the annual general meeting of the Conseil national du patronat français, (National Council of French Employers) on 14 June, Mr. G. Villiers noted that 'the end of the EEC transition period will be a point of departure rather than a conclusion.'

He expressed regret at the fact that the completion date for the Customs Union had been brought forward to 1 July 1968, i.e. eighteen months before the time-limit laid down in the Treaty. He said 'that unless a real effort is made during the next two years, 1968 will bring us face to face with a Customs Union that is not properly completed and an Economic Union that is barely under way. The Customs Union will mean an abolition of internal customs duties and the application by the Six of a Common Customs Tariff at the Community's perimeter. If this is to have any substance, then two conditions must be fulfilled. The first is that obstacles other than customs duties must not be allowed to hamper or restrict the free movement of goods within the Common Market. The second is that the rules applied to imports from third countries must be identical throughout the EEC and this means standardizing the customs systems.' He added that the Six would have to have a common trade policy, particularly 'on relations with the East European countries and States where cost prices are low; this should deal in particular with quotas and terms of credit. It would, no doubt, be foolhardy to assert that the Economic Union will come about quickly and without delay and the CNPF does not ask that the economic and social policy of the Six should come under a single authority at once. Opportunities for co-operation and harmonization provided for under the Treaty will not be exhausted for some time.'

Mr. Georges Villiers pointed out that European industry had to be concentrated and added that to achieve the general aim of economic union 'we shall also have to make progress in other spheres such as in the free movement of capital, company law, research policy and on the difficult question of fiscal harmonization.'

It was not, he concluded, a matter of moving into a new

and larger form of traditional protectionism. It is because we believe that the EEC has an international responsibility as the world's leading importer that we have a real interest in the Kennedy Round at which we are determined to play an active part. This does not in any way reduce the need for a "Community-in-the-making" to avoid concluding agreements with the other industrial powers that are already firmly established, except on the basis of parity of concessions and strict reciprocity of benefit.' (Le Monde, 1 July 1966)

5. German views on the agricultural decisions taken by the EEC Council of Ministers on 23 and 24 July 1966

The agricultural 'package deal' which the EEC Council of Ministers agreed on in the early hours of 24 July, brought the common market for agriculture a step nearer to completion. The decisions taken in July make it certain that within two years at the latest, common market regulations and prices will obtain in the Six countries of the Community.

In detail, the decisions concern the common market regulations for sugar, vegetable fats and oils and an amplified market organization for fruit and vegetables as well as common prices for milk and milk products, beef, rice, sugar, oil seeds and olive oil. These are to come into force between mid-1967 and the Spring of 1968. By mid-1968 the Industrial Customs Union is also to be completed so that the free movement of goods within the Community will then be effective as will common protection measures vis-à-vis third countries.

The significance of the latest Council agreements was stressed in Bonn where it was pointed out that they determined 50 per cent of the EEC's income. Special satisfaction was expressed that it had been possible to give even greater emphasis to the point, made by Chancellor Erhard in his request to the four European Secretaries of State for expert advice, that there must be a limit to the financial obligations involved. Since the appropriations for structural improvements had already been limited to a set yearly amount, financial ceilings had also been set directly with respect to fruit and vegetables and indirectly, in the form of production quotas, with respect to sugar. It was also pointed out in Bonn

that the drawbacks paid on fruit and vegetable exports would be limited to the level of the increased import duties charged on similar products.

In Landshut on 24 August 1966, Mr. Höcherl, Minister for Food, addressed a congress of farmers from Lower Bavaria organized by the Bavarian 'Bauernverband' (Farmers' Union). He stressed that although the results of the negotiations on 24 July were not outstanding, they could still be described as reasonable from the standpoint of German agriculture. It now remained to hammer out the details of the decisions on principles, to eliminate the disparity between agriculture and the rest of the European economy and to remove the obstacles existing with respect to freight charges, and the ratio of fiscal and other charges borne. With reference to the sugar market regulations, Mr. Höcherl said that the introduction of quotas represented a great success because the sugar market would never be subject to price control. The agreed quota for Germany of 1.75m. tons was satisfactory because this figure had only been attained three times in the last ten years.

The German 'Bauernverband' (Farmers' Union) considered that the EEC Council decisions would mean a substantial shortfall in German farm incomes. In a preliminary statement of attitude from the Bauernverband, the equalization payments were described as an unsatisfactory solution. The prices so far decided, they stressed, had to be adjusted to the development of the economy as a whole. They felt, moreover, that the common market regulation for fruit and vegetables, passed by the Council of Ministers, was particularly favourable to Italy. Fruit and vegetable growing in Italy was bound to be stimulated while German growers would lose their existing positional advantage. Furthermore, Italy would still be allowed to pay grants towards the transport of fruit and vegetables in the future. The market regulation for sugar was, on the whole, welcomed by the Bauernverband although it was felt that the production quota for Germany was insufficient.

The German Angestellten-Gewerkschaft (Employees' Trade Union), stated in a first statement of their attitude that it would be the consumer who would have to pay for the completion of the Common Market. The new market regulations would inevitably mean definite increases in price for the West German consumer and therefore were an obstacle to the Government's efforts at achieving price stability. The union emphasized that it was unable to

understand that negotiations for a common European market for agriculture had clearly been conducted, on the German side, exclusively from the point of view of the 'Grüne Front' (German Farmers' Association). (Frankfurter Allgemeine Zeitung, 25 and 26 July 1966; Die Welt, 25, 26 and 27 July 1966; Neue Zürcher Zeitung, 25 July 1966)

6. The 'Deutsche Industrie- und Handelstag' (German Chamber of Industry and Commerce) and European Integration

In a statement made in Bonn on 9 August, the DIHT stressed that any rise and fall in German customs duties vis-à-vis third countries as a result of the completion of the EEC Customs Union ahead of schedule and of the Kennedy Round must be avoided in the interests of the German economy, particularly its import trade. The timing of the abolition of customs duties must be so arranged that any increase in the German rates to bring them up to the Common Customs Tariff level are, from the outset, set off against reductions due to become operative at a later date and brought into effect ahead of schedule.

The DIHT, moreover, considers that the Kennedy Round will - despite the offers made by the EEC - involve further difficult negotiations on agriculture, particularly within the Community.

In a statement of its attitude on the present state of progress in European economic integration, the DIHT found it regrettable that the latest EEC Council decisions still included no time limit for harmonizing customs laws. Despite the risk that as a result regulations favourable to the German economy might, on some point or other, be toned down, the Federal Republic must support an acceleration of the harmonization of customs legislation. The delays in forming the Customs Union were also regretted; now that the pressure of an agricultural regulation pending settlement had been removed, this could be further consolidated.

To what extent unification on agriculture was to be carried through at the expense of the consumer would de-

pend decisively on what the general price level would be when the price increases decided upon in Brussels came into force in 1967 and 1968. As compared with the heavy German payments into the Agricultural Fund, the limitation of the financial burden in respect of fruit and vegetables and to some extent also cereals, was only a minor compensation. The high payments into the fund stemmed primarily from the high price level which the Federal Republic had also been in favour of. They could not therefore be criticized by those who would have advocated high prices. With the high price level, the system of export drawbacks also remained in existence in the agricultural sphere; German industry had long opposed this as inconsistent with a market economy. A particular shortcoming of the new agricultural regulation was the proposal for product organizations which the DIHT had rejected.

An effective European energy policy, the DIHT concluded, would become possible when the three Communities were merged. The Federal Government therefore had no special interest in any further deferment of the merger of the Executives. As a result of the merger and of the subsequent fusion of the Treaties, there would be a better chance of giving effect to many of the wishes expressed by the German coal and steel industries. The ECSC and Euratom had not so far been in a position to solve the problems arising in their sectors. (VWD-Europa, 9 August 1966)

7. The attitude of the German Textile Industry Federation to the Common Market

On 8 July 1966 Mr. N.H. Schilling, Deputy Chairman of the Bremen Wool-combing Works and President of the General Federation of the Textile Industry said that the Federal Republic must try to bring about the closest possible approximation of taxation, both direct and indirect within the EEC. Fiscal disparities would become more accentuated as the abolition of customs duties progressed. Mr. Schilling, speaking on the twenty-fifth anniversary of the General and Textile Market Economy Research Centre at the University of Münster, warned the Federal Government not to put off the taxation problem any longer; to harmonize taxation, fiscal legislation would also have to be harmonized.

Mr. Schilling also criticized the structural policy of the EEC member States. The object of this policy ought to be to augment economic productivity; yet the viability and productivity of individual firms were still the decisive criteria from the structural policy standpoint. Simply because there were some areas of Europe without textile factories, public funds were employed to establish them, even though the EEC's textile capacity was optimally sufficient.

In advocating an EEC structural policy, however, he himself recognized its limitations. Even the soundest fiscal policy would serve no purpose if there were no common policy for trade. A special problem, he said, was development policy. The textile industry realized that the emergent nations needed to have textile industries of their own if they were to meet their domestic needs. This was even more to the point when the countries concerned also produced textile raw materials. No-one should overlook the fact that the German textile industry was making a substantial sacrifice in looking on in silence as these countries applied customs duties to draw a profit from markets that were growing and which were therefore becoming attractive. It did not make sense either for the industrial or the developing countries when the prices quoted for exports are below cost, with the result that the developing countries become poorer rather than wealthier. Such manipulations would also have a disturbing effect on the domestic markets of the industrialized countries. (Die Welt, 9 July 1966)



III. EXTERNAL RELATIONS

1. Anglo-French talks and European affairs

At the close of the talks between Mr. Pompidou and Mr. Wilson held in London from 6 to 8 July, a communiqué was issued which stated, inter alia on the subject of European questions: 'The two Prime Ministers discussed the situation resulting from the United Kingdom's belonging to one European economic grouping and France to another. They recalled that a successful conclusion to the Kennedy Round would help to attenuate the effects of this.'

Mr. Harold Wilson repeated that the United Kingdom was ready to join the European Economic Community provided its essential interests were safeguarded. Mr. Pompidou recalled that there was nothing to stop the United Kingdom entering the Common Market if it accepted the Treaty of Rome and the provisions subsequently taken. It was agreed that the two Governments would keep in touch both with each other and the Governments of the EEC member States for further talks on these matters.' (Le Monde, 10-11 July 1966)

2. Franco-Soviet relations and European problems

The President of the French Republic referred, on several occasions during his visit to the USSR, to a Europe stretching from the Atlantic to the Urals and he discussed European problems with the Soviet leaders. In a communiqué issued at the close of Franco-Soviet talks, it was stated: 'European questions were the main points discussed by General de Gaulle and the Soviet leaders. These problems are, of course, of fundamental importance both for France and the Soviet Union because normalization of the situation in Europe depends on their solution as indeed do the hopes of a real and lasting peace. As far as they were concerned, European security and the German question were the main issues which were discussed.'

The two Governments agreed that the problems of Europe had firstly to be seen against the European background.

They felt that the States of Europe had to devote their efforts to creating conditions conducive to future agreements and to an easing of tension between all countries in the East and the West. Such a climate would be conducive to rapprochement and hence to an examination and resolution of the problems arising.

For France and the Soviet Union the first objective was to normalize and then gradually to develop relations between all European countries while respecting the independence of each and practising non-interference in the domestic affairs of others. These principles had to be applied in every sphere whether economic, cultural, technical or indeed political.

It was noted with satisfaction, on both sides, that appreciable progress had been made towards normalizing the situation in Europe. This work had to be continued with a resolve to open up the way to fruitful co-operation throughout Europe.

France and the Soviet Union agreed that co-operation between them could be a decisive contribution in this direction. They noted with satisfaction that in recent years they had made major progress in their own relations, the climax to which had been General de Gaulle's trip to Moscow and the talks he had on that occasion with the Soviet leaders. They were resolved to continue along this path endeavouring, as time went by, to associate all the countries of Europe in their common endeavour.' (Le Monde, 2 July 1966)

3. Switzerland and European integration

In reply to the question addressed to the Federal Council by Mr. Duft, Mr. Schaffner, President of the Swiss Confederation, discussed Switzerland's standpoint on European unification.

He explained that in his view a fundamental change had occurred in the integration process. The political objective, although not expressly enunciated in the Treaty of Rome, was brought right into the foreground by certain Governments when the Treaty came into force; today it had lost this significance and was no longer regarded as the primary aim of economic integration. Moreover, the supranational authority of the EEC bodies had been weakened. Mr. Schaffner went on to say that today integration was proceeding at the more down-to-earth econom-

ic level in a form more akin to traditional co-operation between sovereign States and the usual reciprocal foreign trade concessions.

With reference to the Community's internal difficulties, Mr. Schaffner emphasized that the EEC had not had sufficient time to deal with external relations. Switzerland had noted that the EEC was able to find little time to consider the proposals of its best customers in the sphere of trade policy even when the wishes of these customers were limited in scope. As for the EFTA proposal for building a bridge between the two economic groups the EEC had made no reply. Under the circumstances there would be little point in a Swiss approach to the EEC; in any event the Swiss Government remained in favour of an all-European solution. It would not resolve the basic issues for any EFTA country to go over to the EEC. For all that, Switzerland considered that the economic links with the EFTA countries had reached the point of being next door to actual integration. In the years ahead, it was essential to achieve ever closer co-operation in Europe; the prospects were favourable and Switzerland's policy to date had in no way impaired the possibilities of a solution, for her basic outlook was one in which realities assumed the greatest importance. (Agence Europe, 29 August 1966)

4. The Warsaw Pact countries and European security

In a statement issued at the close of their meeting in Bucharest on 8 July, the Warsaw Pact countries put forward several proposals for easing tension in Europe:

- 1) to develop 'good neighbour' relations between all the European countries on the basis of the principles of independence and national sovereignty, of equal rights and non-interference in the domestic affairs of others and of the two-way benefits of peaceful co-existence;
- 2) the concomitant abolition of existing military alliances to ease tension in Europe. The present situation would allow for this;
- 3) the adoption of partial disarmament measures to ease military tension: the closing-down of foreign bases, the withdrawal of all troops stationed on foreign soil and the creation of de-nuclearized zones;
- 4) efforts to be made with a view to preventing the

Federal Republic of Germany from obtaining nuclear weapons;

- 5) the inviolability of frontiers as the basis of lasting peace in Europe;
- 6) a peaceful settlement of the German question. The security of Europe was impossible except on the basis of realities and recognition of the fact of the existence of two German States. As for the problem of the re-unification of the two German states, the course to be followed to achieve this objective implied a gradual rapprochement between the two German sovereign States;
- 7) the calling of a general European congress with a view to examining problems relating to guaranteeing European security and co-operation generally. This would be a very constructive step. The agreement in which the Conference culminated could be expressed in a European declaration on co-operation in the interests of maintaining and consolidating European security. (Le Monde, 10-11 July 1966)

P a r t II

PARLIAMENTARY ACTIVITY

I. EUROPEAN PARLIAMENT

Work of the Committees in July

Political Committee (1)

Meeting of 8 July in Brussels: Examination and adoption of the draft Opinion by Mr. Luecker on those parts of the Ninth General Report of the EEC coming within the terms of reference of the Committee.

Examination of the draft Opinion by Mr. Terrenoire on the draft Resolution put forward by Mr. Gaetano Martino on behalf of the Liberal and Allies Group on a Community policy for science.

Joint meeting with the Committees for Co-operation with Developing Countries and for External Trade held on 11 July in Brussels: Discussion with the EEC Council on the draft agreement for an association between the EEC and Nigeria.

Agricultural Committee (3)

Meeting of 7 July in Brussels: Discussion on the present state of progress with the common agricultural policy. Mr. Mansholt, Vice-President of the EEC Commission, was present. Examination and adoption of the draft Opinion by Mr. Blondelle on those parts of the Ninth General Report of the EEC that come within the terms of reference of the Committee.

Meeting of 20 July in Brussels: Examination and adoption of the report submitted by Mr. Herr on the EEC Commission proposal to the Council for a directive concerning jam, marmalade, fruit jellies and chestnut paste. Examination of a draft report by Mr. Luecker on problems connected with the signing of a world agreement on cereals.

Social Committee (4)

Meeting of 15 July in Brussels: Examination and adoption of the draft Opinion submitted by Mr. Müller on the Ninth EEC General Report. Appointment of Mr. Bersani as Rapporteur on the medium-term economic policy programme and of Mr. Müller as Rapporteur on the Ninth Report on the social developments in the EEC.

Internal Market Committee (5)

Meeting of 15 July in Brussels: Discussion of the action to be taken following on the reference back to the Committee, decided upon by the European Parliament, of the report on rules of competition and the position of the European enterprise in the Common Market and international economic trends. Examination of a draft Opinion on the Ninth General Report of the EEC. Representatives of the EEC Commission were present. Examination of the draft Opinion submitted by Mr. Scarascia Mugnozza on the Ninth General Report of the EAEC. Representatives of the Euratom Commission were present.

Meeting of 19 July in Brussels: Examination of and vote on the draft report by Mr. Kulawig on a directive on the abolition of restrictions to freedom of establishment and freedom to supply services and on the interim machinery in the sphere of non-wage earning activities: certain travel agents and transport factors, warehousemen and customs agents. Representatives of the EEC Commission were present. Examination of and vote on the draft Opinion by Mr. Bech, to be referred to the Transport Committee, on a directive on the approximation of laws on brakes for certain categories of motor vehicles. Representatives of the EEC Commission were present. Examination of and vote on the draft Opinion on the Ninth General Report of the

EAEC. Representatives of the Euratom Commission were present.

Economic and Financial Committee (6)

Meeting of 21 July in Brussels: Statement by Mr. Marjolin, Vice-President of the EEC Commission on the draft recommendation submitted to the Council on restraining inflation. Approval of the amended draft Opinions on those parts of the Ninth General Report of the EEC that come within the terms of reference of the Committee (Draftsman: Mr. De Winter). Examination and approval of the draft Opinion by Mr. Van Campen on an EEC Commission proposal to the Council for a directive on removing restrictions to freedom of establishment and to provide services for those in non-wage-earning banking and other financial activities. First discussion, in the light of an outline report by Mr. Baas, of an EEC Commission proposal for a statistical study of the flow of capital from third countries and on a common policy in this field. First discussion of the draft Report by Mr. Dichgans on the Community's future activities in the field of monetary policy.

Committee for Co-operation with Developing Countries (7)

Meeting of 11 July 1966 in Brussels: Further discussion on measures to be considered to ensure closer relations between Parliamentarians in the Association and co-operation between them. Examination and adoption of a draft Opinion submitted by Mr. de Lipkowski on those parts of the Ninth EEC General Report on the activities of the Community that come within the terms of reference of the Committee. Representatives of the EEC Commission were present. Appointment of a member to examine problems arising in connexion with relations between the EEC and the Maghreb countries (Tunisia, Morocco and Algeria).

Transport Committee (8)

Meeting of 11 July in Brussels: Adoption of an Opinion drafted by Mr. De Gryse on those parts of the Ninth General Report of the EEC that come within the terms of reference of the Committee. Report by Mr. Schaus, a member of the EEC Commission, on a Council statement on a plan of the International Rhine Navigation Union to introduce regulations on waterway traffic.

Energy Committee (9)

Meeting of 7 July in Luxembourg: Preliminary examination and adoption of the Energy Committee Opinion on those parts of the Ninth EEC General Report on its activities that come within its terms of reference. (Draftsman of the Opinion: Mr. Kulawig). Examination of those parts of the Ninth Euratom Commission Report that come within the terms of reference of the Committee and instructions to the General Rapporteur. Examination and adoption of a draft report on the Community's policy for petroleum and natural gas. (Rapporteur: Mr. Leemans).

Research and Cultural Affairs Committee (10)

Meeting of 12 July in Ispra: Discussion on the stage reached in the Orgel Project. Representatives of the Euratom Commission were present. Examination and adoption of the draft Opinion by Mr. Merten on Euratom's activity in the fields of research and the dissemination of information. Discussion on the draft Resolution put forward by Mr. Gaetano Martino on a Community policy for science. Examination and adoption of the draft Resolution appended to the report by Mr. Oele on technological progress and scientific research in the European Community. Examination and adoption of the draft Opinion submitted by Mr. de Clercq on the activity of the EEC Commission in the fields of culture and research.

Health Protection Committee (11)

Meeting of 8 July in Brussels: Examination and adoption of the draft Opinion submitted by Mrs. Gennai Tonietti for the Social Committee on a draft Commission recommendation for a common definition of the degree of invalidity giving eligibility for benefits. Representatives of the EEC Commission were present. Examination and adoption of the draft Opinion submitted by Mrs. Gennai Tonietti on the work of the EEC in the field of health protection, industrial health and safety at work. Representatives of the EEC Commission were again present. Examination and adoption of the draft Opinion submitted by Mr. Bernasconi on the work of Euratom in the field of health protection, safeguards and controls. Representatives of the Euratom Commission were present.

Legal Committee (13)

Meeting of 7 July in Brussels: Discussion of the report submitted by Mr. L. Worms on compensation for prejudice suffered at the time of the scrap iron frauds. Appointment of Mr. Merchiers as Draftsman for the Opinion. Discussion of the draft resolution submitted by Mrs. Strobel for the Socialist Group on widening the powers of the Parliament and defining the responsibilities of the EEC institutions. Representatives of the EEC Commission were present. Appointment of Mr. Jozeau-Marigné as Draftsman for the Opinion. Discussion on those parts of the Ninth General Report of the EEC that come within the terms of reference of the Committee. Representatives of the EEC Commission were present. Appointment of Mr. Dehousse as Rapporteur. Resumption of the discussion of the implications for the Rules of Procedure of the European Parliament of the institution of a single Council and a single Commission of the European Communities. Appointment of Mr. Bech as Rapporteur.

II. NATIONAL PARLIAMENTS

a) Italy

Statement by Mr. Fanfani to the Foreign Affairs Committee of the Chamber of Deputies

On the occasion of a debate on the Foreign Affairs Committee of the Chamber of Deputies, Mr. Fanfani stressed that he had, at his meetings in London and Copenhagen in May and in Stockholm and Bonn in June, again pledged Italy's support for enlarging the Community to embrace all European countries ready to accept the obligations emanating from the Treaties of Rome.

With particular reference to the accession of the United Kingdom to the Common Market, Mr. Fanfani said that he had noted the political resolve of the United Kingdom to join the Community and that even on the French side there now appeared to be a distinctly more favourable climate in regard to this question.

He then stated that in his discussions with Italy's Community partners, in Brussels and elsewhere, the accent had been placed, on the Italian side, on the need to achieve the merger of the Executives of the three European Communities and to overcome the unresolved difference of opinion between France and Germany with regard to the Presidency of the single Commission. Mr. Fanfani also said that the possibility of resuming progress towards a political union had been stressed as soon as a comprehensive agreement had been reached on all the problems currently under discussion in the Community context.

Mr. Fanfani went on to say that although progress had been made, it was desirable to draw the attention of those who worked in the Parliament, in the administration, in economic organizations and in the country at large, to the urgency of not delaying the work of bringing Italy's productive, distributive and administrative structures into line with the exigencies of a Community life. It would serve no purpose to press Italian diplomacy to promote further developments in European integration without creating new structures in Italy that were commensurate with the exigencies implicit in the Community.

In reply to an intervention by Mr. Gaetano Martino, he said that a more rational scientific co-operation between the Six and a transformation of Euratom would not suffice to make good the Community's technological leeway in relation to the United States. For this reason he had in June proposed to the Atlantic Council that a comprehensive plan be drawn up for co-operation between all the allies of the United States of America which would foster the balanced technological progress of all countries. Pending such a wide-ranging joint effort, of course, there was no reason for not carrying through a transformation of Euratom within the Community context in order to create a sector embracing all the activities relating to energy policy and scientific research (whether in the nuclear sphere or not).
(Chamber of Deputies, 'Bollettino delle Giunte e delle Commissioni Parlamentari', 11 and 12 July 1966)

b) Netherlands

1. Debates

Ratification of the Treaty on the merger of the Executives

On 21 June 1966 the Second Chamber of the States General ratified the Treaty signed in Brussels on 8 April 1965 on setting up a single Council and a single Commission for the European Communities and the protocol on the privileges and immunities of these Communities. Ratification was preceded by a short debate.

The spokesmen for the various political groups referred in particular to the composition of the single Commission. During the debate the following motion submitted by Mr. Schuijt was passed:

'The Chamber

takes cognizance of the Government's statement on the nomination of members of the Commission of the European Communities;

considers that the merger of the Executives will have the desired effect only if there is a politically strong Commission to direct the action taken by the merged

Executives;

trusts that the Government will not table the instruments of ratification until it is as certain as it is possible to be that the composition of the new Commission offers adequate guarantees concerning the balanced development of the European Communities.'

(Debates of the Second Chamber, 21 June 1966, pp. 2040 ff.)

The European policy of the Netherlands

On 23 June 1966, the Foreign Affairs Budgetary Committee dealt with the Dutch Government's report on the implementation of the Treaties of Rome and the financing of the common agricultural policy; sixty-two members of the Second Chamber were present at what was an open session.

Speakers from various parties asked whether it was politic to continue with economic integration at a time when the political disagreements between the Six were becoming increasingly pronounced. Mr. Luns, the Foreign Minister, replied as follows:

'The Government remains convinced that it is pointless to make a new move on European political co-operation while disagreement on points of principle remains as definite as it now is. Such a move would only aggravate it. I would point out that four of our partners share this view. The arrangement we came to in January in Luxembourg has not lessened but increased the political disagreements which had emerged since negotiations with the United Kingdom were suspended. They carried in them the seeds of further clashes. It has, however, ... been possible to make further progress economically. If one were to try, at any given moment, to obtain a decision on vital political issues at any price, I am sure we should run the risk of final split. I share the view of all those who have spoken so far that such a policy would be ill-advised at least at this juncture.'

'Indeed no change in the pattern of alliances can be expected at the moment,' Mr. Luns went on to say. 'If such a change did occur, it would no doubt be in favour of a new grouping which would include the United States of America, the Federal Republic of Germany, the United Kingdom, Italy and, probably, the Benelux countries.'

The Dutch Government felt that the economic expansion of the EEC must continue.

During discussions on institutional developments in the Community since the Luxembourg Agreement, the Budgetary Committee criticized the fact that the EEC Commission was liable increasingly to be supplanted as initiator by the Permanent Representatives to whom the merger Treaty entrusted the responsibility of preparing the ground for the Council's work and of discharging mandates received from the Council. These 'mandates' were already beginning to incorporate tasks which should normally be entrusted to the EEC Commission. There was therefore a real danger that well-meaning Europeans would shortly take over the Commission's functions; yet the Commission was a European institution whereas the Permanent Representatives, while being highly competent, continued to receive their instructions from their Governments. The Permanent Representatives' Committee, whose influence was in fact growing all the time, could be given any independent power of decision. It is unreasonable that the legislative work of the Council should not be performed in public or at least that no minutes of their debates should be published.

Mr. Luns felt that there had been no change either in the position of the permanent representatives or in that of the Commission, although it had to be recognized that the Commission had failed to make the most of its rights. Mr. Mansholt's illness had certainly been a contributing factor. As for publishing details of the Council's work, Mr. Luns added that the Dutch Government had for a long time been pressing for the publication at least of the votes taken on the Council. 'Whether it succeeds or not in getting the minutes published remains to be seen, but I have my doubts. Personally I see no objection especially as far as its legislative activities are concerned ... although ... the Chamber is not kept informed ...'

Financing the common agricultural policy (agreement of 12 May 1966) this touched off another clash between the Government and the Budgetary Committee over Article 6 of the law ratifying the Treaties of Rome. This provides that conventions giving effect to the Treaty must be approved by the States General. Mr. Blaisse (Catholic People's Party) stated that the main issue 'is whether or not the Chamber can intervene to approve or reject very important measures such as the agreement on financing agriculture' and whether, in fact, it could exercise Parliamentary control over the law-making activity of the Council. This question arises quite frequently in the

Dutch Parliament because the powers of the European Parliament have not been brought into line with the development of the Community.

It emerged from the debate that a distinction had to be made between (a) the Council decisions, (b) the political agreements reached on the Council on future decisions and (c) the decisions taken by representatives of the Governments of the member States meeting on the Council (1).

Decisions taken by the Council under the Treaty could not be considered as implementing agreements. The same applied, Mr. Luns felt, to political agreements. The political agreement of 12 May 1966 on financing agriculture implied that when decisions were taken by those empowered to do so by the Treaty, there was in principle an agreement between the Council and the Commission on the substance of the decisions to be taken. Legally, every member of the Council has the right to reject a proposal having a pre-agreed substance - the relevant regulations having still to be passed - and so the political agreement was not a convention in the constitutional sense nor was it an implementing agreement in the sense in which that term was used in Article 6 of the law ratifying the Rome Treaties.

'If the Chamber were to reject the agreement on agriculture, this would be equivalent to a vote of no confidence in the Government's policy on a major issue.' Although, legally, the Government has ways and means of opposing the application of this regulation, it is unwilling for political reasons to do so.

Mr. Luns also felt that in certain important matters the Government could not, as a matter of course, give any undertaking which was to be subject to subsequent ratification by the States General. 'It is not difficult for the Chamber to record its opinion on the Government's policy without recourse to this procedure. The Chamber could call a full session of Parliament after a Committee meeting and express its disapproval of the policy followed by my colleagues and myself, for example, on the financing of agriculture. Regulations issued on the basis of the Brussels decision are a direct and foreseeable consequence of these decisions. In other words this

(1) With reference to the latter, see in this issue the reply given on 26 July 1966 by Mr. Cals, Prime Minister and Interim Foreign Minister to the questions put by Mr. Blaisse and Mr. Vredeling on 5 July 1966.

Chamber has all the political rights that it could possibly wish to exercise.'
(Second Chamber, Foreign Affairs Budget Committee, 1965-66 session, meeting of 23 June 1966)

2. Written Questions

The States General endorse decisions taken by the EEC Council of Ministers

On 5 July 1966 Mr. Vredeling (Labour Party) and Mr. Blaisse (Catholic People's Party) asked the Prime Minister if the decisions 'taken by the representatives of the governments of the EEC member States on the Council' were inter-governmental decisions in which case they were a matter for the legislature and should be submitted for approval by the States General.

They also asked if the Government was ready to consult the Chamber on important EEC Commission proposals prior to the EEC Council's taking any legally binding decision.

In his reply on 26 July 1966, Mr. Cals, Prime Minister and Interim Foreign Minister, explained that in his opinion it was better that the outcome of the Council's discussions should be embodied in a 'convention' provided, however, that it was not exclusively a matter of settling problems which were the Government's responsibility and provided that the outcome of the negotiations did not constitute either a Council decision or a measure preparatory to such a decision. If this formula were accepted by the Governments of the five other member States, it would naturally have to be submitted to the States General for approval, in compliance with the constitution and with the ratification procedure laid down in the EEC Treaty.

Decisions taken by 'representatives of the Governments of the member States meeting on the Council' were not, in the majority of cases, 'conventions' in the constitutional sense. If, however, they were to be considered as such, they would be subject to approval by the States General, whether or not they came within the purview of the legislature.

The Government was also ready, wherever possible, to consult the parliamentary committees concerned on major EEC Commission proposals. Decisions taken by the Council under the EEC Treaty, however, could not be submitted to the States General for approval. Indeed, Article 67 of the Dutch Constitution delegated to the Council the power to take such decisions.

The Government did not feel it was advisable to consult the Chamber on whether such comprehensive agreements as that of 11 May 1966 on financing agriculture contained features that brought them under the heading of 'implementing agreements'. These could only be regarded as a political agreement on the broad policy lines of decisions to be taken by the Council at a later date. Such agreements were not legally binding and thus they would never be conventions in the sense in which that term is used in the provisions on ratification.

The following did, however, come into this category: agreements anticipated in Articles 20, 135 and 220 of the EEC Treaty and certain conventions not anticipated in the Treaty, such as internal agreements between the EEC member States on measures to be taken and the procedure to be followed in giving effect to the Yaoundé Convention and agreements on financing and managing the assistance given by the Community to the Associated States. (Appendix to the debates of the Second Chamber, session 1965-66, p. 1233)

Anglo-French talks on the United Kingdom's accession to the EEC

In a communiqué issued on 8 July 1966 following the talks between Mr. Wilson, British Prime Minister, and Mr. Pompidou, President of the French Council, the latter stated that nothing prevented Britain's entry into the Common Market provided that it accepted the Treaty of Rome and the agreements subsequently signed. According to certain sources, Mr. Pompidou is also said to have made a rehabilitation of Britain's financial situation a condition for entry. In this connexion Mr. Joeekes (People's Party for Freedom and Democracy) asked on 13 July 1966 whether the Governments of the other EEC member States had empowered Mr. Pompidou to negotiate, with the British Government, on their behalf, the conditions for the United Kingdom's possible accession to the

Community.

On 16 August Mr. Diepenhorst, Interim Foreign Minister, replied that while it was wrong to regard the United Kingdom's accession as being entirely dependent on France's goodwill, the fact remained that the principal difficulty was the position adopted by France.

Mr. Pompidou had not been empowered by the other member States to negotiate, with the British Government, on their behalf, the conditions for Britain's possible accession to the EEC. Mr. Diepenhorst did not think, however, there was any evidence that such negotiations had actually taken place.

The British Government, the EEC partners and the European Economic Commission were fully aware that the French viewpoint, as set out in London by Mr. Pompidou, was certainly not fully shared by the Dutch Government; the latter would do its utmost to facilitate the accession of the United Kingdom.

(Appendix to the debates of the Second Chamber, session 1965-66, p. 1313)

The European patent system

In reply to a question by Mr. Oele (Labour Party) of 14 July 1966 on the reasons for the deadlock in negotiations on introducing a European patent system, Mr. Bakker, Secretary of State for Foreign Affairs, stated that the discussions had been suspended in June 1965 in view of political difficulties in the EEC and that they had not yet been resumed. Under the EEC Council decision of 11 May 1966, the Council and the Governments of the member States would resume the study of problems connected with European patent law as soon as possible.

When the discussions were broken off in June 1965, there were some very strong differences of opinion, especially concerning the position of third countries with respect to the European patent and, as a result, on the subject of the form that the agreement should take. The EEC Commission had proposed that the convention be restricted to the EEC member States. Other countries could subscribe to the system but only on the basis of association treaties so that, generally speaking, they would only be able to have a limited influence on the policy adopted.

The Dutch view was that a distinction had to be made between the granting of the European patent and the legal implications of so doing.

In each of the member States the patent should be granted by a joint patent council on the basis of a special convention to which third countries ought to be able to subscribe on an equal footing. The legal implications of the patent (which would theoretically be a matter for the national legislatures of the member States) would be dealt with at the Community level in a second convention between the EEC member States. Hence non-member States would be able to have their say when patents were granted and they would be fully entitled to do so.

A second controversy had arisen about whether third country nationals could obtain a European patent ('restricted access' as opposed to 'free access'). The Dutch Government felt that to limit access to the European patent to Community nationals - a procedure advocated by a minority of the EEC member States - would be inconsistent with Article 2 of the Treaty of Paris concerning the protection of industrial property.
(Appendix to the debates of the Second Chamber, session 1965-66, p. 1147)