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FRANCE ENDS COMMUNITY BOYCOTT

Normal Council Activity to Begin Again

FRANCE HAS ENDED ITS BOYCOTT of Community institutions. Work on all current questions held up during the seven month crisis will start again in February.

The extraordinary meeting of the Council of Ministers begun in Luxembourg on January 17 and 18 and continued on January 28 and 29 resulted in agreement among the Six to continue to apply the Rome Treaty without change.

The member governments agreed that every effort should be made to reach decisions unanimously on matters of vital importance to their countries. France expressed the view that talks should continue in such cases until unanimous agreement is reached.

The ministers also agreed on improving relations between the Council and the Commission without reducing the Commission's rights of initiative in making proposals to the Council.

France Asks For Guarantee

The French Foreign Minister Maurice Couve de Murville raised two political questions during the first part of the extraordinary meeting. He called for a guarantee that Council decisions would not be taken by a qualified majority vote in cases where a member country held that its vital interests were at stake. He also proposed a 10 point list of ways the style of the Commission should be changed. In addition he suggested a timetable for the settlement of outstanding Community problems including 1966 budgets, the agricultural financing regulation and ratification of the treaty merging the executives of the three Communities.

Five of the delegations opposed any settlement which gave a member state the permanent right of veto. A compromise proposal by Paul Henri Spaak, Belgian Foreign Minister which would have allowed three readings in the Council before a majority vote was possible, did not meet French wishes.

On the ten points concerning the style of the Commission, the ministers agreed that steps could be taken to improve relations between the Commission and the Council and that certain of the points appeared acceptable. No agreement was reached, however, and the extraordinary session was temporarily suspended until January 28-29.

In the days preceding the second part of the meeting, the European Parliament in Strasbourg and the German Bundestag

supported the five countries' insistence that the Treaty provisions on majority voting not be changed. Ministers attending the extraordinary session of the Council also presented their views at the European Parliament meeting on January 20 and 21 (see story page 3). The Permanent Representatives of the six governments met in Luxembourg on January 26 and 27 to discuss the matters raised in the first part of the Council meeting.

Unanimity To Be Sought, Majority Rule Stands

Again under the chairmanship of Luxembourg's Prime Minister Pierre Werner at the second part of the extraordinary session on January 28-29, the Council decided on two texts. On the question of majority vote, the ministers agreed on a four point document which reaffirmed their intention to continue to develop the Community without using the qualified majority vote against the very important interests of one or more members. The four points were:

1. When in the case of decisions which could be taken by a majority vote on proposals by the Commission, very important interests of one or more partners are at stake, the members of the Council will try to achieve within a reasonable period solutions which can be adopted by all the members of the Council while respecting their mutual interests and those of the Community in accordance with Article 2 of the Treaty.

2. As regards the preceding paragraph, the French delegation considers that when it is a question of very important

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interests the discussion must continue until a unanimous agreement has been reached

3 The six delegations note that a divergence of views persists about what should be done in cases where conciliation cannot be completely achieved

4 The six delegations nevertheless consider that this divergence of views does not prevent the work of the Community from being begun again according to normal procedures

The ministers reportedly also agreed that decisions which would have been made by unanimous vote in 1965 will be taken unanimously in the future

Council Commission Relations To Be Improved

The ministers also approved a list of seven points on improved relations between the Council and Commission. These will be discussed by the Commission and the Council in accordance with Article 162 of the Rome Treaty

The Six adopted seven of the original 10 points proposed by Mr Couve de Murville after revising them considerably. Two other points were dropped since they related to the Council's own power of decision and not to relations between the two organs

The seven points were

1 It is desirable that the Commission before adopting a proposal of particular importance should make appropriate contacts with the governments of the member states through the Permanent Representatives without this procedure affecting the right of initiative which the Commission derives from the Treaty

2 The proposals and all other official acts which the Commission addresses to the Council and the member states shall only be made public after the latter have formally taken cognizance of them and have the texts in their possession

The Official Gazette should be organized so that acts having a binding force appear distinctly. Methods for publishing texts whose publication is required will be decided in the framework of the current work on the reorganization of the Official Gazette

3 Letters of credence of heads of missions of states accredited to the Community shall be presented to the President of the Council and the President of the Commission meeting together for this purpose

4 Complete information will be exchanged rapidly on approaches on matters of substance made either to the Council or to the Commission by representatives of non member states

5 In the framework of the obligations of the Article 162 the Council and the Commission will proceed to consultations on the advisability, methods and nature of links which the Commission might establish with international organizations according to Article 229 of the Treaty

6 Cooperation between the Council and the Commission on Community information which was examined by the Council on 24 September 1963 will be strengthened so that the program of the press and information service will be defined and its execution followed jointly according to procedures to be defined later and which might include the creation of an *ad hoc* organ

7 The Council and the Commission will define in the framework of the financial regulations for the establishment and the execution of the Communities' budgets means of increasing the efficiency of control over obligations, payment orders and expenditures of the Communities

Backlog Presses Council

The protracted and difficult discussions resulted not only in agreement on the two texts but also in a French decision to again appear at the Community table for the conduct of regular business. With the exception of the extraordinary meeting the French have not attended Council meetings since June 30 of last year.

Community budgets are to be adopted by written procedure before the middle of February and the Council will meet before the end of the month to begin consideration of work that has built up during the months of crisis. Attention will be given to financing the common agricultural policy and at the same time discussions will begin on a further mandate for the Kennedy Round and on aligning national tariffs on imports from non member countries prior to the common external tariff coming into effect.

The ministers also agreed that talks would begin at the same time on the membership of the future merged Commission and that efforts would be made to have the merger take place by the beginning of July. An earlier French proposal calling for merger by mid April was rejected by the other Five since it imposed a time limit on ratification of the merger treaty, a matter not in the hands of governments but the responsibility of national parliaments.

How Majority Voting Works

The Treaty of Rome is a framework treaty outlining in general terms the tasks and responsibilities of the Community institutions. It is a Commission task to make proposals regarding policy, implementing legislation and regulations which fill in the Treaty's outline.

The initiatives of the Commission in the form of proposals are tabled before the Council of Ministers for acceptance or rejection. Articles 148 and 149 of the Treaty govern the Council's voting procedure on Commission proposals. They are as follows:

Article 148

1 Except where otherwise provided for in this Treaty the conclusions of the Council shall be reached by a majority vote of its members.

2 Where conclusions of the Council require a qualified majority the votes of its members shall be weighted as follows:

Belgium — 2 Germany — 4 Luxembourg — 1
France — 4 Italy — 4 Netherlands — 2

Majorities shall be required for the adoption of any conclusions as follows:

—twelve votes in cases where the Treaty requires a previous proposal of the Commission or

—twelve votes including a favorable vote by at least four members in all other cases.

3 Abstentions by members either present or represented shall not prevent the adoption of Council conclusions requiring unanimity.

Article 149

When pursuant to this Treaty the Council acts on a proposal of the Commission it shall, where the amendment of such proposal is involved, act only by means of a unanimous vote.

As long as the Council has not so acted the Commission may amend its original proposal particularly in cases where the Assembly has been consulted on the proposal concerned.

PARLIAMENT HEARS SPECIAL COUNCIL REPORT

Members and Ministers Reaffirm Support of Rome Treaty

EUROPEAN PARLIAMENT MEMBERS and government representatives of the member states reaffirmed their support of a Community based on the Rome Treaty on January 20 in Strasbourg

Their statements were made during the Parliament's annual debate on the accomplishments of the Community institutions during the past year. The assembly's traditional colloquy occasioned a report by member state ministers on the January 17-18 special Council meeting in Luxembourg (see story page 1). Five of the six member state governments were represented by their ministers.

Luxembourg's Prime Minister Pierre Werner said on behalf of the Council that the discussions had begun specifically to start the Community moving again. The meeting, he said, was not a matter of revising the Rome Treaty nor of altering the powers and responsibilities laid down in the Treaty for either the Council or the Commission. However, he pointed out that remaining differences between the member states on questions of majority voting and Council-Commission relations necessitated the January 28 meeting.

Parliament's Powers Questioned

Parliament members were particularly interested in the powers of the assembly in view of 10 points proposed by French Foreign Minister Maurice Couve de Murville to reform the Commission's style. Italian Liberal group leader and former Parliament President Gaetano Martino expressed concern about parliamentary control in the Community should the independent Commission be replaced by a technical body.

German Socialist group leader Kate Strobel said that any reduction in the Commission's powers of initiative would also mean a reduction in the powers of the Parliament. She said that the Socialist group would accept nothing less than what had been agreed in the Rome Treaty.

Jean Noel de Lipkowski, French Union for a New Republic group leader, pointed out that the principle of majority voting had been conceived at a time when the way to political unity was thought to be open. Since this unity has not occurred, it is now necessary to modify the majority rule, he said. He added that Mr. Couve de Murville's timetable was not an ultimatum but a series of suggestions born of a sincere desire to reach a settlement.

Netherlands Rejects Veto

The latter statement was welcomed by Dutch Foreign Minister Joseph Luns, who denied that the Council had been forced into a defensive position. He explained that the veto power would not only affect France but could become the weapon of any pressure group in the Community to ensure its own interest.

Mr. Luns said that the Netherlands would support the Rome Treaty. He pointed out that any agreement between the Council and the Commission must be by their common consent according to Article 162 of the Rome Treaty.

Paul Henri Spaak, Belgian Foreign Minister, also backed the view that the Council and Commission must settle their own relationships. He reminded the Parliament that the

Rome Treaty does not allow anyone to give orders to the Commission.

I believe that the majority voting system in the Europe which I have wanted for many years will be a necessity, he said. If the crisis lasts for another few weeks or months, the process of disintegration which has already been taking place since July will affect the very existence of the Community.

Germany's position on the majority vote question was also presented at the meeting. State Secretary Rolf Lahr considered that the question concerned other member states as well as France.

No government wishes to have decisions imposed on it which are against its fundamental national interests, he said.

Use of a majority vote should not and cannot be anything but a last resort in exceptional circumstances when it has proved impossible to reach unanimity.

Parliament colloquy: Dutch Foreign Minister Joseph Luns addresses the European Parliament on January 20 in Strasbourg.



POLITICAL QUESTIONS DOMINATE COMMUNITY IN 1965

Progress Made Prior to Crisis

THE EUROPEAN COMMUNITY began 1965 with great optimism and a heavy work schedule but ended the year in the most serious political crisis of its existence

At the start of 1965 the Community faced the task of consolidating broad internal institutional economic and social changes in preparation for its entry into the third and final transition stage at the beginning of 1966 However France's boycott of Community institutions during the last half of the year hampered progress in many important areas

Executive Merger Approved

The major achievement during 1965 for all three Communities was the Council's agreement in March to merge the executive branches and Councils of Ministers of the EEC ECSC and Euratom The merger treaty was signed by the representatives of the six governments in April but has not been ratified by all member state parliaments

Throughout 1965 the medium term policy committee composed of national economic advisors and Commission experts met frequently to prepare the Community's economic policy for the period 1966-1970 The policy to be submitted early in 1966 will provide the framework for Community activities in such fields as agricultural policy regional development and vocational training for the next five years

The Community's economic record for 1965 showed a gross product growth of 4 per cent as compared to 5 per cent in 1964 Industrial production was down 1.5 per cent and internal trade increased 2.5 per cent Commission Vice President Robert Marjolin in a speech to the European Parliament on January 18 attributed the leveling off of economic growth to lagging investments and cost and price rises (See story page 13)

Internal Tariffs Cut

Member states reduced tariffs on intra Community trade by 10 per cent on January 1, 1965 as prescribed in the Rome Treaty The duties on industrial goods were thus lowered to 30 per cent of their level in 1957 those on liberalized agricultural products to 50 per cent and tariffs on other agricultural goods to 45 per cent An additional 10 per cent reduction of internal tariffs was foreseen by the Treaty for January 1, 1966 which took place as scheduled

The EEC Commission in January 1965 proposed a new timetable to accelerate the transition to a full customs union The proposal provided that all duties on intra Community trade would be completely abolished by July 1, 1967—two and one half years ahead of schedule No decision was taken on this proposal by the Council

By July 1, 1965 all member states had upon a Commission recommendation abolished duties in intra Community trade on small consignments and goods in travelers' luggage up to a value of approximately \$60 Other charges such as purchase taxes and countervailing duties are still payable

Anti Trust Work Advances

The development of competition rules continued in order to protect fair competition in the Common Market The Council adopted in January a regulation empowering the Commis-

sion to grant block exemptions (from anti trust action) primarily to exclusive dealing agreements and to agreements on the utilization of industrial property rights

In addition Commissioner Hans von der Groeben presented in June a five point program to spur competition The proposals elaborated by the Commission in February 1966 included the establishment of a European patent law, a European corporation law and the harmonization of legislation in the field of fiscal policy (see story page 16)

Wider Role Planned for Social Fund

The social development of the EEC continued in 1965 A new proposal was made in February to extend the scope of the European Social Fund which from 1960 through 1965 shared costs for retraining 450,000 workers at an expense of \$32 million The Fund would aid in building workers housing establishing vocational training centers raising substandard wages and providing counseling and vocational services for migrant workers The proposal was linked to the needs of regional planning and suggested that the Fund be empowered to contribute toward the cost of guaranteeing incomes to workers awaiting employment in new factories

The Commission took steps during 1965 to ensure harmonious development by reducing economic differences between regions and mitigating the backwardness of the less favored as provided in the Treaty Gradually the instruments for achieving this goal are being acquired as the Social Fund the European Investment Bank and the European Agricultural Guidance and Guarantee Fund coordinate their operations

Mr Marjolin proposed on May 31 an order of priorities for regional development based on Commission studies The priorities covered vocational training of the local workforce the improvement of local infrastructures (roads gas water and electricity housing and schools) and fiscal and other inducements to industry to settle in backward or declining areas

Regional Policy Proposed

The first Commission memorandum on regional policy recommended the formation of new development poles as the nuclei of new industrial regions on the basis of the experience gained by the individual member states The Bari-Brindisi-Taranto triangle in southern Italy is the first such development pole to be subject to a Commission study

After four years of negotiations the Council of Ministers agreed in June on the basis for a common transport policy for the Community The agreement comprises a two stage transitional period ending on December 31, 1972 but does not define the system to be introduced after that date The main feature of the transitional arrangements for the first two stages is the use of two systems of rate brackets with upper and lower limits

In the compulsory system rates must be kept within the limits except for special contracts In the reference bracket system the limits are only indicative but firms that do not abide by them must report their rates to special agencies for publication On October 28 the Commission proposed several amendments to its initial proposal of May 10, 1965