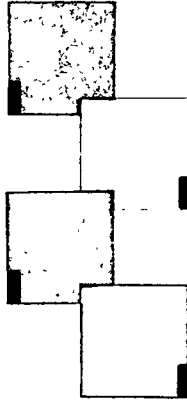


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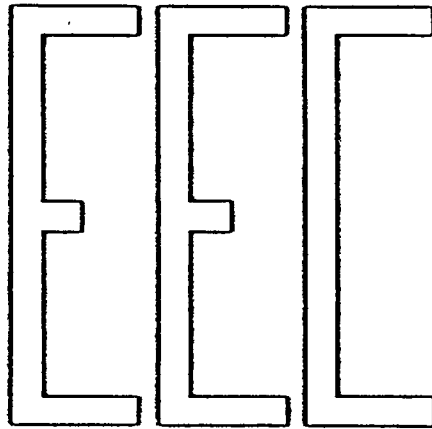
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# The conclusion of the Association Agreement with Greece

The Athens Agreement of 9 July last associating Greece with the Community is not only a milestone in the history of the EEC but also marks a significant stage in the building of Europe. This Agreement bears witness to the power of attraction which the young Community is already exercising and to the co-operative spirit of the six States and their determination to succeed despite the difficult problems which the Agreement involved and which explain the rather protracted negotiations. More generally, the Association Agreement between Greece and the six countries is of political significance : it strengthens the political and spiritual links between Western Europe and Greece and gives them concrete form. It aims at making our friend and ally Greece in the full sense an economic partner. A definite time-table has been agreed to between the Six and Greece for the stages in the necessary economic transformation of that country.

The rather long time-lag between the Greek application and the conclusion of the agreement is explained not only by the difficulties inherent in the economic situation of Greece or in its relations with the Six, but also by the fact that this was the first time Article 238 of the Treaty of Rome came into operation. The Article allows of various solutions among which a choice had to be made. This choice was of particular importance since it would inevitably be regarded as establishing a precedent.

The details of any association between the EEC and other European countries must of course take account of the economic structures of the latter and of their relations with the Six. The primary aim of the agreement with Greece is to improve that country's economy by creating links similar to those between the Six. However, it must in no case hamper the functioning of the Community, on whose prosperity its very success depends. We may confidently hope that the clauses adopted after the debate in the European Parliament and the ratification by the seven countries — which we hope will be rapid — will be such as to further the aims of the negotiations.

This Association Agreement enables an under-developed European country to seize the opportunities offered by customs and quota disarmament in the Common Market, whilst avoiding the danger that contact with more powerful partners might cause dangerous imbalances in the economy. The agreement provides outlets for important Greek products on the market of the Six

without any real threat to the Community's agricultural production and without seriously upsetting the existing pattern of trade. Finally the financial aid provided for by the Agreement, which was indispensable to speed the growth of the newly associated country, will ease the strains of the transition period.

The satisfaction manifested in government and parliamentary quarters, in business circles — both management and trade unions — and by Greek public opinion is a sign that the association agreement is meeting with a favourable reception and responds to deep-seated aspirations on the Greek side. No less important is the awareness, clearly expressed in Greece, that while it procures substantial benefits for the Greek economy, the association will also be a new challenge to producers, who will have to step up their efforts, particularly if the Community's financial aid is to be fully effective. In this respect Greek private capital will be able to look to the future with more confidence and the execution of the Greek five-year plan will greatly benefit from technical co-operation with the industrially more advanced countries.

Greater trade with the Common Market countries will enable Greece to concentrate less on markets in the Iron Curtain countries and to turn openly towards the Western countries, thus redressing the previous balance. (In 1960 the EEC countries which had until then been Greece's chief market fell back to second place behind the Eastern countries.) Greece has every reason for satisfaction that the danger of too close dependence on the East, particularly for agricultural markets, is receding. The threat of disequilibrium in Greek external trade is thus averted. Greek business circles are unanimous that the association with the Six will in time procure for their country improved living standards, wider markets, a better balance of payments, economic expansion and greater industrial development.

If the Association Agreement enables Greece gradually to attain all these objectives without any harmful effects on the expansion of the trade of the Six in and outside the Community, we can acclaim it as a victory for Europe. The provisions it contains justify the hope that there will be no slowdown of the present expansion and, in particular, that agricultural production in the EEC countries will not be threatened.

The pragmatic solutions worked out for tobacco, raisins, olives and other products reconcile the autonomy of the Community with the need to assure Greece that the specific advantages conceded will not be cancelled out in practice. They are also satisfactory to the Six. We may, therefore, expect that the progressive alignment of Greek tariffs with the common external tariff will be effected without difficulty for Greece and without hitch among the Six.



As regards the elimination of quantitative restrictions, the stand still and then the increase of quotas will enable these to be completely eliminated on the Greek side by the end of the transition period. Greece will bind vis-à-vis the Community a certain percentage of its trade with the Six. This percentage is fixed at 60% on the entry into force of the Agreement and will be raised to 75% in the course of the following five years.

For agriculture the essential feature of the special system instituted is the harmonization of Greek agricultural policy with that of the Community. Pending this harmonization, the advantages which the Six grant each other will be extended to Greece in respect of certain exports. For a few of these products (citrus fruits, fresh grapes, wines, etc.) limits have been fixed in order to avoid disturbance of Community markets. Unilateral disarmament measures have been provided for in favour of certain products which the Six export to Greece (products in the second category) since for the products in the first category, Greece is almost the only beneficiary of the tariff disarmament. It should be emphasized here that specific advantages (speedier reduction of customs duties) have been provided for in the case of tobacco and raisins, and that commitments to purchase tobacco have been undertaken by Italy and France, two countries where the tobacco trade is a State monopoly and the effects of tariff reductions are felt less than in other countries.

But the Association Agreement is not limited to a customs union in which Greece would enjoy all the rights without for the time being — because of her special situation — assuming all the obligations. It extends to other matters dealt with in the Treaty; the movement of persons, services and capital, the right of establishment, transport and rules of competition. As for economic policy, which is to develop to some extent in step with the provisions of the Treaty of Rome, the Council of Association has been given the task of establishing the conditions and details of implementation. This Council of Association, which comprises members of the Greek Government and members of the EEC Council and Commission, will have a very important part to play, particularly in the early stages.

The agreement contains very important provisions which aim at establishing a commercial policy based on uniform principles. Safeguard measures have also been laid down to palliate the effects that accession to or association with the Community or other country might have on the association with Greece. These measures also have in view the adjustment of trade between Greece and any new member or associate countries.

A special article of the Preamble mentions the possible accession of Greece to the EEC at a later date, should the operation of the Agreement make it possible for that country to contemplate accepting the obligations of the Treaty in their entirety.

The Agreement signed in Athens on 9 July constitutes a victory for perseverance and common sense. Its successful implementation in the years to come will depend both on the boldness with which Greece takes advantage of the benefits accorded to her in developing her economy and on the confidence shown by the EEC countries in the future of Europe. The expansion of the economic area of the Common Market consequent on the association of Greece is a first manifestation of this confidence and at the same time puts an end to the isolation of a country whose backwardness renders her particularly vulnerable to certain dangers which the existence of turbulent neighbours was apt to make more acute.

As President Karamanlis pointed out when the Agreement was being signed in Athens, Greece was the first country to seek association with the European Economic Community because "it was inspired by a deep faith that the economic unification of Europe will lead to de facto European unity and through this to the strengthening of democracy and peace throughout the world."

# I. The debate in the European Parliament on the Berlin situation <sup>(1)</sup>

(Strasburg, 19 October 1961)

In the communiqué published on 19 July 1961 after their meeting in Bonn, the six heads of State and Government stated that they had decided to have a study made of the resolution passed by the European Parliament on 29 June concerning political co-operation among the Member States of the Community, and that they wished "to give public opinion a greater share in the work... by inviting the European Parliament to extend its deliberations to new fields."

It was with these developments in mind that the Parliament included a debate on the Berlin situation in its agenda for the session of 16 to 20 October. The intention was to show the interest taken in the Berlin question and to emphasize that the problem is considered as primarily one for Europe as a whole.

The debate was opened by the President, M. Hans Furler, who recalled that the Political Committee of the Parliament had been in Berlin on 8 and 9 October to study the situation on the spot. The Committee had seen the spontaneous enthusiasm of the West Berliners for freedom and also the inhuman methods by which freedom was being strangled on the other side of the city. At the time when the Treaty of Rome was signed the Member States had recognized the particular situation of the city and undertook in a common declaration to use their good offices within the Community in order that all necessary measures might be taken to ease its economic and social situation, to promote its development and ensure its economic stability.

M. Furler declared that Berlin today symbolized the right to self-determination and liberty not only for itself, but for all the peoples of Europe and for the free world.

In the name of the Christian Democrat group, M. Alain Poher stated that the Parliament shared the anxieties of the Berlin population. This problem could not be isolated from the others and had to be seen in a general context.

"Self-determination is not a principle valid only for Asia or Africa but a real and universal human right. The Communist world, which is so ready to condemn colonialism, should also obey the principles which it so often proclaims.

"Of course we here are still for peace; we want peace; the Berliners also want peace. Nobody is refusing to negotiate... We will save our liberties by seizing the initiative from our adversaries, by proclaiming that self-determination must be recognized for all men and by greatly widening the negotiations... As for us,

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(1) The next Bulletin will contain an account of the debates at the plenary session of the European Parliament from 16 to 20 October 1961.

Europeans of the Six, let us have no doubt that everything would be different in Europe and in the world if we had already completed the building of Europe. Let us go ahead at greater speed in building the political Europe... In this way we will be able to give the Berliners more effective help in regaining the basic rights flouted by the wall erected at the Brandenburger Gate."

On behalf of the Liberal group, M. Jarrosson recalled that Berlin had been a point of contact and comparison for the two opposing worlds. If today this "shop window" was walled up, this was not the fault of the West. After emphasizing the human aspect of the question, M. Jarrosson stated that the European parliamentarians would have to face up to their responsibilities in their respective national Parliaments and concluded by observing that "if we are to avoid the repetition of trials like the one being faced in Berlin, Europe must cease to be a geographical expression and become a political expression and its aspirations, in which all hearts are already one, must find expression in a single will".

M. Birkelbach, chairman of the Socialist group, stated that the threat of an armed conflict was weighing upon the world simply because of a unilateral violation of the rights of man. You must see the Berlin wall with your own eyes, said M. Birkelbach, to realize the human tragedies which it has caused. But although the wall prevents people from passing, the cries of distress which it cannot stop are the expression of the outraged conscience of humanity. On the West of this wall there are notices asking the East Berlin police to fire to miss if they are obliged to use their weapons. Such a situation was unprecedented, M. Birkelbach added.

The speaker reminded the House that Berlin was an industrial city, free access to which was of vital importance, and that this must not be forgotten in any future negotiations.

M. Battista, chairman of the Political Committee of the Parliament, emphasized that a great city had been rent asunder in defiance of the principle of self-determination solemnly affirmed by all governments. While the peoples of Asia and Africa had been and attaining freedom, in Berlin, on the contrary, an arbitrary occupation system was maintained. Today the free world cannot ignore this essential problem, whose political aspects cannot and must not hide the distressing human aspects. M. Battista added that the problem was one which affected the whole of Western civilization and was a primary concern of the Community, which aims at guaranteeing peace and the right of the peoples to freedom.

The negotiations must lead to a clear and final solution which recognizes the legitimate claim of the inhabitants of Berlin to live in freedom.

Speaking in the debate M. Hallstein, President of the EEC Commission, made the following statement :

"I have the honour to speak in the name of the three European Executives : the High Authority of the European Coal and Steel Community, the Commission of the European

Atomic Energy Community and the Commission of the European Economic Community. We, too, would like to associate ourselves at this time with those convinced Europeans who speak with the voice of liberty and proclaim their solidarity with those who have already lost or are threatened with the loss of their freedom.

On the historic day when on the Capitol in Rome the instrument which has come to be called the Treaty of Rome was signed, chance placed me in the chair at the Governmental Conference which adopted the declaration on Berlin annexed to the basic charter of the European Economic Community. The feelings which animated us at the time have not changed, they are even more lively than ever; those who live on the gravely threatened frontiers of our Community must not be less near to our heart, our conscience and our action than other cities, other countries and other regions. On the contrary, we are particularly happy that those provisions of our Treaty which govern the European Investment Bank have already given us the opportunity to help ease the economic and social situation of Berlin and to ensure its stability, thus following up the points made in the declaration on Berlin. For this declaration is much more than a simple gesture of political solidarity : by its reference to the measures needed to implement its aims, the declaration places upon the European institutions responsibility for concrete action. This concerns the Executives even more than the other Institutions.

The basic law of Europe is freedom. Our Community, too, is entirely based on freedom. The spirit of freedom imbues every provision of our Treaty, our regulations, our decisions and all the acts of our Institutions. That is why we too can cry to the population of the European city of Berlin — that population whose attitude so compels our admiration — You are not alone. You too are members of the great European family. We hope that certainty on this point will lend you strength and give you new reserves of courage."

M. Friedensburg, speaking as a Berliner, thanked all who had spoken in the debate and emphasized the importance of the Parliament's attitude for the morale of Berlin. He stated that the future would not be determined by the tanks which the allies had agreed to send or by the funds placed at the disposal of the city of Berlin, but by the attitude and the resolution of the Berlin population itself, which needed the support of all European peoples.

Nor must they forget the peoples living in countries beyond the Iron Curtain who look towards Berlin, and must not be disappointed. At the very time they were debating, thousands of men and women in those countries were talking of their enemies with bated breath.

The United Nations, he added, had sent tanks and parachutists to Africa to safeguard a unity which was not forged by history. But Berliners would not expect M. Nehru or M. Nkrumah to intervene in the same way to restore the unity of Germany. There was talk of making Berlin a free city. But Berlin did not need any such proposal : it was already a free city and intended to remain one.

The speaker finally recalled that Berlin was a European city in which Germanic, Slav and Latin elements were fused. Berlin would continue to be worthy of its vocation and hold out against all adversaries.

M. Furler wound up the debate by emphasizing the unanimous will of the Parliament never to flag in the struggle to defend freedom and promote the unity of Europe.

## II. Conference on the Social Aspects of the Common Agricultural Policy

(Rome, 28 September to 4 October 1961)

A Conference on the social aspects of the common agricultural policy<sup>(1)</sup> was held in Rome from 28 September to 4 October 1961. The Conference has been called to study social problems arising from the implementation of the common agricultural policy and to consider the possible consequences of changes in agriculture upon social policy.

It was a consultative conference and no resolutions were voted.

The Conference drew the Commission's attention to the conclusions reached by the working parties; these will assist the Commission in implementing the common policy and in laying plans to deal with its social and farming aspects. The conclusions referred to will appear in the next issue of the Bulletin.

The Conference discussed the following subjects :

- 1) The social problems of family farming, especially living and working conditions, social security, and the family problems of tenant farming under the "métayage" system (Rapporteur : M. Anchisi, COPA) ;
- 2) The social problems of hired farm workers (living and working conditions, social security, etc.) (Rapporteur : M. Vredeling — ICFTU) ;
- 3) Occupational mobility, migration, the free movement of workers, "métayage" (Rapporteur : M. Haniquaut — IFCTU) ;
- 4) Educational and cultural life on the land in the member countries of the EEC (Rapporteur : M. von der Schuldenberg — COPA).

The Conference was attended by delegates of trade organizations (40 representatives of the farmers from the Committee of Agricultural Organizations (COPA) and 40 representatives of farm workers from the trade unions — the Food and Agriculture working party of the International Federation of Christian Trade Unions and the working party on European Federations of Farm Workers, in the International Confederation of Free Trade Unions), observers from the European Parliament, from the Governments of the Member States, the secretariat of the Council, the Economic and Social Committee and the trade organizations established at the Community level.

In opening the Conference, Prof. Walter Hallstein, President of the EEC Commission, said that agriculture must also share in the benefits of our large and expanding Common Market with its stabilizing forces, its rapidly rising prosperity and its firm solidarity. "The times are propitious for us to establish by democratic methods, a

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(1) See Bulletin 4/61, Chapter IV, sec. 33.

modern, large-scale, stable and, above all, social pattern for our agriculture... The future agricultural policy does not only mean a drawing together of national policies, but, in accordance with the resolve expressed in the Treaty, it must aim at ensuring higher individual incomes and an adequate standard of living for the agricultural population. The rising productivity which must be a feature of modern agriculture is unthinkable without a whole series of social and political prerequisites."

M. Hallstein added that social policy for the rural population must form part of general social policy. Its task was to see that agriculture should make up its leeway in many fields.

A diversified pattern of agriculture with enterprises of all types and sizes was dependent on the existence of a class of skilled farm workers, who must be offered living conditions consonant with the service they render and its importance to the community. Farmers and agricultural workers were quite right in their desire to be on the same social footing as workers in other sectors. In agriculture, too, rationalization and mechanization of enterprises and, consequently, a reduction of manpower, was a prerequisite for increased productivity and thus higher incomes and an improvement in social conditions as a whole. It was a one-sided way of looking at things to regret that the economic upsurge in EEC offered the agricultural population greater possibilities for more productive and better paid work in other industries. The general improvement of living standards which resulted from this would also benefit agriculture in the shape of greater purchasing power and more demand for its higher quality products. President Hallstein concluded by saying that the economic aims and the social policy aims of the Community were indissolubly linked.

M. Pella, the Italian Minister of Finance, recalled the Stresa Conference of July 1958 which had helped to define and take in hand the problems of agriculture, and the Conference which had taken place in Rome at the national level in order to go more deeply into the complex issues of rural life and agriculture in Italy; he said that with the Treaty of Rome agriculture in our six countries accepted the process of European integration.

M. Pella then turned to the question of changing the agricultural structure and to the technical problems of production and marketing which must be tackled with a clear understanding of the social consequences involved. M. Pella concluded: "We must remember that the ultimate objective of the Treaty of Rome is in the broad sense social; its economic plans serve to further its social policy. Article 117 of the Treaty sets forth the aims of that policy when it speaks of improving the living and working conditions of labour, levelling these conditions upwards. Article 118 confirms this where it prescribes that the Community shall promote close collaboration between Member States in the social field."

In his address Professor Levi Sandri, a member of the Commission of the EEC and Chairman of the Social Affairs Group, said that the Community's work in the social field was a "policy" in the fullest sense of the word. "There is an imperative need



for a resolute and consistent social policy, going hand in hand with progress in production and ensuring a fair distribution of wealth and profits so that the European Community may truly become an instrument of social justice.”

M. Levi Sandri then spoke of the characteristic features of agriculture from the social point of view, which gave rise to serious problems in this sector; in 1960, 15 million people were engaged in farming in the Community countries, i.e. more than one fifth (21.4%) of the total working population. The percentage ranged from 7.6% in Belgium to 31.9% in Italy. M. Levi Sandri went on to review working conditions in agriculture and the great variety of legal systems by which employment was governed; he spoke of the delay in the progress of living conditions for the farming as compared with the urban population. The speaker analyzed the farm wage situation as compared with that in the industrial sector and referred to working hours, stability of employment and disparities between social security provisions as between agriculture and the other sectors.

What could be done to establish normal conditions in this sector? Professor Levi Sandri said that the first requirement was to provide more public utilities and services in order to improve living conditions in general so that proper attention could be paid to the education and training of the rising rural generation. He emphasized the need for a sound vocational training policy which would promote the vocational mobility of agricultural workers and help to put the principle of the free movement of manpower into practice.

After recalling that in a recent Commission memorandum, the general principles for a common policy on vocational training there were certain parts of special interest to agriculture, the speaker emphasized the link between vocational training and the vocational and geographical mobility of labour the result of which would be a greater equilibrium between the various sectors of production.

Professor Levi Sandri also spoke of the many other problems raised by the four reports submitted to the Conference, such as the need to bring farm wages in line with those paid to workers in other comparable sectors, the need to harmonize social security systems — the Community could do a great deal in this direction — and the use of the European Social Fund in training or retraining farm workers.

Addressing himself directly to the delegates, Professor Levi Sandri hoped that their joint endeavours might produce solutions firmly anchored in reality, since this was not only necessary but was also their duty towards those who were waiting for the economic integration of Europe and the establishment of an order which should ensure work, freedom and peace.

### The work of the Conference

The chairman of the Conference was provided by the Commission. President W. Hallstein, M. Levi Sandri and Vice-President S.L. Mansholt took the chair at the plenary sessions. The subjects were discussed by four working parties, each composed of an

equal number of representatives of farmers and farm workers, except working party No. 1, 4/5ths of whose participants were farmers and 1/5th farm workers. Representatives of the trade organizations presided over the working party meetings as follows : working party No. 1, M. E. Parri (farm workers' unions) ; No. 2 M. Berns (COPA) ; No. 3, M. Forget (COPA) ; No. 4, M. Machielsen (farm workers' unions). The conclusions of the Conference were addressed to the Commission.

The conclusions of working party No. 1 concern problems of employment, establishment, the protection of family farming, the harmonization of social policy amongst the Member States, the extension of social security to workers on family farms, the encouragement of co-operative or mutual schemes, relieving women of heavy agricultural work, and the flight from the land which threatens to deprive agriculture of its rising generation, etc.

The conclusions of working party No. 2 refer to farm incomes and wages (maximum provisions considered equitable as compared with other sectors), protection of labour (rules concerning the protection of labour, prohibition of work for children of school age, social security arrangements), the problem of under-employment (establishment at the EEC level of a Committee to enquire into these problems and draw up general directives) working hours, which should be statutorily the same as those in other sectors, holidays, the use of the Social Fund, housing, the representation of farm workers' unions when social questions are under discussion, etc.

Working party No. 3 rendered opinions on such problems as regional economic affairs, transfers of manpower, re-training and the right of establishment in agriculture.

Working party No. 3 further expressed the hope that the Commission would soon conclude its study on "métayage" and that structural changes in agriculture would not be hampered by unprofitable methods of exploitation. An active investment and long-term credit policy with appropriate conciliation machinery is recommended.

The report of working party No. 4 emphasizes the importance of vocational training in agriculture and of general education in rural areas : it draws attention to the various aspects of this education (studies, buildings, guidance, selection and training of teachers, types of training, etc.).

Further recommendations relate to adult education, the dissemination of agricultural information as a means of facilitating the free movement of workers, and cultural life in rural areas.

#### Conclusions drawn by M. Mansholt

M. Mansholt, a Vice-President of the Commission of the EEC, said in a closing address that social policy in agriculture must be directed at bringing social systems in line with those in other sectors of the economy. This was a better means than price policy for giving farmers a greater measure of security.

"In the Community", M. Mansholt said, "the price level for a large number of products is too low by comparison with production costs. In addition, each of the member countries has its own price and marketing policy which, now that the European Economic Community has been established, must give way to a common marketing and price policy."

M. Mansholt considered it perfectly legitimate for prices of a certain number of products to be higher than those obtaining on the world market; this was a fact which had a considerable influence on the living standards of the farming population. However, it must not be considered the only means of attaining a certain social level. Efforts must also be made to bring down production costs by improving structure, rationalizing production and extending the co-operative system.

There were limits to what could be done in attempting to reach a fair price level ensuring the widest outlets and avoiding surpluses. They should not try to influence the prices of all products; this was impossible in certain sectors. Absolute guarantees existed only for some products, such as grain and sugar. "Nevertheless", M. Mansholt explicitly emphasized, "price policy is an important element in ensuring a fair standard of living for the farming population. It is by such a policy that we must seek to attain a standard of living in agriculture equivalent to that of other sectors.

Social legislation such as that affecting health insurance or old age pensions, was of special importance to the farming population.

M. Mansholt was particularly glad that the Conference had given special attention to the position of women and young people in rural areas. "Family farming which cannot be carried on without women having to do heavy work on the land is socially indefensible".

On the problem of the younger generation, M. Mansholt said that old-fashioned, patriarchal attitudes were one cause of the flight from the land. There were young people who wanted to take their share of responsibility in running the farm. Social and financial politics must be directed towards satisfying such aspirations.

There was a need for a regional development policy coupled with effective education and information.

In conclusion M. Mansholt said he was glad to see that the Conference had issued precise directives on several matters, pointers which would serve as a basis for the Commission in preparing the proposals it would submit in this field.

But this was not a matter of interest to the institutions of the Community only, because permanent co-operation with those directly concerned would also be necessary on a number of specific subjects. The Commission would pay special attention to this. It considered that an advisory committee should be set up, on which these interested circles should be represented.

### III. The political and economic situation of Surinam

Like the Netherlands Antilles and the Netherlands themselves, Surinam is one of the three "Parts" of the Kingdom of the Netherlands. It is not an independent State, although it has achieved complete social and economic autonomy. It plays its part in the general affairs of the Netherlands (independence of the Kingdom, defence, foreign relations, etc.) through plenipotentiaries who are members of the Council of Ministers of the Kingdom. Any agreement with other powers and with international organizations which affects its interests must be submitted to the Surinam Parliament. In addition, Surinam has the right to dissociate itself from international agreements in the economic and financial fields concluded by the Netherlands: its Government may, after stating the reasons why these links would be prejudicial to it, issue a declaration against such participation.

Up to the present Surinam has not been associated with the Community. In a special protocol annexed to the Treaty of Rome it had been agreed that the Government of the Kingdom of the Netherlands would only ratify the Treaty for the Kingdom in Europe and for Netherlands New Guinea (this territory, unlike Surinam and the Netherlands Antilles, is not constitutionally a separate part of the Kingdom). However, in a Declaration of Intention<sup>(1)</sup> the six Governments declared their readiness, upon the entry into force of the Treaty and at the request of the Kingdom of the Netherlands, to open negotiations with a view to concluding conventions for the economic association of Surinam (and the Netherlands Antilles) with the Community.

Surinam covers an area of 143 000 sq. km. between French and British Guiana. Of this vast territory only 4 800 sq. km. are permanently settled. The population is around 250 000 inhabitants, and is made up of very heterogeneous elements (Creoles, half-breeds, Indonesians, Indians, etc.). Demographic expansion is very high (natural increase is 3.5 to 4% per annum).

More than half the population is engaged in agriculture, chiefly the growing of rice (1959 production: 78 000 tons) and citrus fruit, but also coffee, cocoa, bananas, etc. In addition to agricultural products in the strict sense, forestry gives work to a part of the population and constitutes one of the main sources of the country's natural wealth.

However, the agricultural sector including forestry represents only 14% of the national product, the major part of which is drawn from mining.

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(1) Annex to the Final Act of the Treaty.

This is in fact the main source of Surinam's natural wealth, which consists essentially of bauxite. Surinam produces an average of 3 500 000 tons annually, or about 20% of world production if the USSR and China are left out of account. This bauxite is worked by companies in which American investors have the majority holdings. Moreover, it is exported to the United States and constitutes one of the main sources of that country's supplies.

There is relatively little industry (about 12% of the national product). Apart from food products it consists of by-products of wood (sheets of reconstituted wood, pre-fabricated houses, etc.).

Surinam has a deficit on trade. In 1958 and 1959 exports amounted to US dollars 32.5 and 40.3 million respectively against 37.9 and 45 million dollars for imports.

### Breakdown by products

Between 50 and 63% of total exports consist of raw materials (bauxite accounts for 90% of these, the remainder being wood). Next come agricultural products (6% to 8%, chiefly rice, fruit and vegetables, and a little coffee and cocoa). Finally, a few industrial goods which are mainly products of the veneering industry.

In imports the leading place is taken by the finished products which Surinam lacks (50 to 60% of the total figure, chiefly machines, transport material and textiles). Next come agricultural products (on average 13% of imports: dairy produce, fruit and vegetables, fish, etc.). Fuel represents about 7% of imports, then come very modest amounts of raw materials and semi-finished products.

### Breakdown by countries

The United States is the biggest buyer of Surinam exports: 75 to 80% of the total. This is explained by the fact that practically all the bauxite worked with the assistance of American capital goes to supply American aluminium factories.<sup>(1)</sup> The Community (mainly the Netherlands) takes between 8 and 12% of Surinam's exports. The rest goes to the neighbouring islands, the Antilles, the Caribbean Islands, etc.

One-third of Surinam's imports come from the United States and another third from the Community (again mainly from the Netherlands, although Germany does a certain amount of business), the final third is shared by a great number of suppliers, each of which accounts for only a modest part (with the exception of the United Kingdom and Trinidad). The deficit on the trade balance is offset by the contributions of private capital and long-term public credits, so that the balance of payments is tending towards equilibrium.

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(1) Up to now all the bauxite has been exported. There is, however, a scheme for building an aluminium plant of 55 000 tons capacity.

The association of Surinam with the Community would bring appreciable advantages to this territory and help forward its ten-year development plan :

1. Surinam products would find increased outlets in the Community ;
2. The increase in investment would hasten industrialization and so absorb more manpower, thus solving at least in part the problem posed by the vigorous demographic expansion referred to above.
3. In addition to investment for production, a more extensive infrastructure — land improvement, a better road network, the provision of a certain number of small aerodromes, the building of dams, etc. — could be planned by the Surinam authorities. If for the purposes of association Surinam is treated as an Overseas Country and Territory, i.e. as if it were included in Part IV of the Treaty, it will be able to call on assistance from the European Development Fund for the Overseas Countries.

## IV. Activities of the Community

### EXTERNAL RELATIONS

#### Accession of the United Kingdom to the EEC

The meeting between the Six of the EEC and the United Kingdom on 10 October

1. On 10 October 1961 representatives of the Six countries of the EEC and of the United Kingdom met for the first time in Paris in the Salon de l'Horloge at the Ministry of Foreign Affairs; a delegation of the Commission of the European Economic Community was present at this meeting.<sup>(1)</sup>

The British delegation was led by Mr. Edward Heath, Lord Privy Seal, and included Sir Pierson Dixon, British Ambassador in Paris, Mr. Erick Roll, Deputy Secretary in the Ministry of Agriculture, Fisheries and Food, Sir Rodrick Barclay, Deputy Under-Secretary in the Foreign Office and Mr. Arthur H. Tandy, Head of the United Kingdom Mission to the European Communities.

The German delegation was headed by M. Ludwig Erhard, Federal Minister of Economics, and consisted of M. von Brentano, Minister of Foreign Affairs, M. Lahr, Secretary of State in the Ministry of Economics, Ambassador Harkort, Permanent Representative of the Federal Government with the European Communities, M. Jansen, Ministerialdirektor in the Ministry of Foreign Affairs and M. Meyer-Cording, Ministerialdirektor in the Ministry of Economics.

The Belgian delegation was led by M. P.H. Spaak, Minister of Foreign Affairs and consisted of M. Fayat, Deputy Minister of Foreign Affairs, M. Brasseur, Minister of Foreign Trade, who were accompanied by their executive secretaries, and Ambassador van der Meulen, the Permanent Representative of Belgium with the European Communities. The French delegation was led by M. Couve de Murville, Minister of Foreign Affairs, (at times replaced by M. Baumgartner, Minister of Finance), M. Wormser, Director of Economic and Financial Relations in the Foreign Ministry, M. Clappier, Director of External Economic Relations in the Ministry of Finance and Economic Affairs, Ambassador Boegner, Permanent Representative of France with the European Communities, M. Ortoli, Secretary-General of the inter-ministerial Committee for questions of European co-operation and M. François Valéry, Head of the Delegation to OECD and Vice-President of the Executive Committee of OECD.

The Italian delegation was led by M. Segni, Minister of Foreign Affairs and consisted of M. Colombo, Minister of Industries and Trade, M. Catani, Secretary-General of the Ministry of Foreign Affairs, M. Ortona, Director-General for Economic questions in the Ministry of Foreign Affairs, Ambassador Venturini, Permanent Representative of Italy with the European Communities, M. Guazzaroni, Head of the European Section

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(1) See Bulletin 9-10/61, Chap. I.

in the Directorate-General for Economic questions in the Ministry of Foreign Affairs and M. Mosca, Counsellor of Embassy, in the Italian Mission to the European Communities.

The Luxembourg delegation was led by M. Schaus, Minister of Foreign Affairs and consisted of M. Elvinger, Minister of Economic Affairs and Ambassador Borschette, Permanent Representative of Luxembourg with the European Communities.

The Netherlands delegation was led by M. van Houten, Under-Secretary of State and consisted of M. de Pous, Minister of Economic Affairs, M. Marijnen, Minister of Agriculture, Ambassador Linthorst Homan, Permanent Representative of the Netherlands with the European Communities, M. van Ittersum, Head of the European Department of the Ministry of Foreign Affairs, and M. Brouwers, Secretary-General of the Ministry of Economics.

The delegation of the Commission was headed by M. Walter Hallstein, President of the Commission, and consisted of M. Caron, M. Mansholt and M. Marjolin, all Vice-Presidents of the Commission and M. Rey, a Member of the Commission; they were assisted by two senior officials of the Commission.

M. Erhard, the President in office of the Councils, welcomed the delegations. Mr. Heath, Lord Privy Seal, then gave the representatives of the member countries of the Community of the Six a full statement of the British position.

Mr. Heath said that the United Kingdom shared the objectives of the Community and wished to join in the bold and imaginative venture of the Six and so to help in promoting through the European Economic Community the widest possible measure of European unity. The United Kingdom's application had been made in a positive spirit, and he hoped that his statement would amply demonstrate their determination to bring the negotiations to a successful conclusion.

The United Kingdom was fully ready to subscribe to the aims and objectives of the Community, and in particular, they were ready to accept the objectives laid down in Articles 2 and 3 of the Treaty of Rome. The United Kingdom were also ready to play their full part in the institutions established under the Treaty and in the development of the Community generally.

Mr. Heath said that satisfactory solutions would, however, have to be found to the three problems of Commonwealth trade, United Kingdom agriculture and the European Free Trade Association. As far as he could judge at this stage these could be dealt with by protocols and should not call for amendment to any of the Articles of the Treaty. Some articles would, of course, require adaptation consequent upon the admission of new Members.

Mr. Heath thought that the European Economic Community countries shared the United Kingdom view of the value of the Commonwealth's contribution to the strength and stability of the world. He stressed the importance of the Commonwealth's trade links as one of the strongest elements in maintaining the Commonwealth Association,



and drew attention to the heavy dependence of certain Commonwealth countries on their exports to the United Kingdom. It might be that, so far as at any rate some Members of the Commonwealth and United Kingdom Dependent Territories were concerned, a solution might be found by a suitable form of association with the Community. But it would no doubt be found that association would not be appropriate for all Commonwealth countries and other solutions would have to be found for them.

As regards agriculture, in addition to the need to protect essential Commonwealth interests, there were the problems of United Kingdom domestic agriculture. Mr. Heath said that the United Kingdom and the Six started from common ground. The agricultural objectives of the Treaty of Rome were similar to those of the British Government. The United Kingdom was ready to participate with the Six in a common agricultural policy. But this would give rise to difficult problems. The systems of support used by the Six and those used by the United Kingdom showed marked differences and the United Kingdom would have to consider with the Six how the essential interests of British farmers, including horticulturalists, could be effectively safeguarded. The United Kingdom would also have to have an adequate period to make the necessary changes.

As regards the European Free Trade Association, Mr. Heath said that it had always been the British view that the present division of Western Europe into two economic groups should be brought to an end. The European Free Trade Association countries had recently concluded that each Member of the European Free Trade Association should examine the possibility of entering into a direct relationship with the Community. At their meeting in London during June the European Free Trade Association Council had, however, agreed that the Association should be maintained in being "until satisfactory arrangements have been worked out... to meet the various legitimate interests of all Members of the European Free Trade Association, and thus enable them all to participate from the same date in an integrated European market".

On the question of the Community's common external tariff, Mr. Heath said that, while some adjustments would no doubt be a necessary consequence of the admission of a new Member, he saw no need to ask for a renegotiation item-by-item. The United Kingdom was ready to accept the structure of the present tariff as the basis of the common tariff of the enlarged Community. The lowering of tariff levels necessary to make the new common external tariff acceptable to GATT and to third countries could be achieved by making a uniform cut, although some items would of course have to be singled out for special treatment.

Mr. Heath expressed the view that none of the non-commercial and non-agricultural provisions of the Treaty should be the cause of major difficulty although there were of course, points relating to their application which would have to be discussed.

As regards the European Coal and Steel Community and Euratom, the United Kingdom would be willing to enter into negotiations at the appropriate time with

the Six with a view to joining these two Communities when the United Kingdom joined the EEC.

Mr. Heath said that the United Kingdom had followed with close interest the progress of the Six towards greater unity in fields other than those covered by the EEC Treaty. The heads of State and Government of the Six had made an important declaration on this matter at Bonn on 18 July. The British Government shared the aims and objectives of those who had drawn up the Bonn declaration and would be anxious, once they joined the Community, to work with the Six in a positive spirit to reinforce the unity they had already achieved.

At a Press conference after the meeting, Mr. Heath answered a number of questions. In his view the negotiations might take months but they should not take years. Asked whether certain Articles of the Treaty would have to be adjusted, Mr. Heath said that he had in mind in particular the provisions on voting in the institutions. On the problem of the Commonwealth countries he said that association might be a solution for some of them, but that it was up to them to suggest the type of association they preferred; this might well be different for each of them. Mr. Heath did not rule out the association of overseas countries of the Commonwealth with the Community. The Lord Privy Seal said that the British Government were not asking for a standstill in the EEC's implementation of the Treaty. Speaking of the EFTA countries, he said that it was up to each of them to negotiate with the Six the arrangement they considered necessary, after which EFTA would be dissolved.

The British Government were not seeking a privileged position for the EFTA countries in relation to the other countries of the Community.

They accepted moreover the structure of the common tariff, but would prefer to see it reduced by cuts "right across the board" and would also wish to negotiate on certain items. Answering a question on the British attitude to direct general elections for the European Parliament, Mr. Heath said that once they were members of the Community the British would participate with interest in the solution of such problems.

After Mr. Heath's statement the representatives of the Six met for an exchange of views. Discussions were resumed in the afternoon between the Six and Great Britain.

In general, Mr. Heath's statement was favourably received by the delegations of the Six and of the Commission.

The negotiations proper will begin in Brussels in November.

### Resolutions adopted at the Conservative and Labour Party Congresses in Great Britain

2. Speaking at Brighton on 12 October to the Conservative Party Conference, Mr. Heath said : "Great Britain accepts the objects of the Treaty of Rome and the structure of the common tariff at its present level" but suggested that it might be necessary to make the reductions in the form of a linear cut across the board.

Mr. Heath outlined the problem of agriculture and said that a good deal of time would be needed before the present methods of agricultural subsidies in Britain could be changed. The Lord Privy Seal also pointed out that the main considerations weighing with the British Government were political. He said that since the end of the Second World War the movement towards European unity had become irreversible.

The following resolution was adopted by an overwhelming majority (of the 4 500 delegates, only some 30 voted against it) :

“That this Conference notes the strong political and economic links being forged between the Six countries of the European Economic Community, believes that it is in the interests of Britain that we should lose no time in negotiating a form of closer association with the Six compatible with our Commonwealth and European Free Trade Association responsibilities, economic and political, and our pledges to British agriculture.”

Sir Derek Walker-Smith had moved an amendment to the effect that the United Kingdom would in no circumstances consent to any relinquishment of sovereignty. The amendment was rejected.

On 5 October the Labour Party Conference in Blackpool unanimously adopted a resolution opposing British accession to the Common Market unless guarantees were obtained with regard to the Commonwealth, the countries of the European Free Trade Association and British agriculture.

“This conference does not approve Britain's entry into the Common Market unless guarantees protecting the position of British agriculture and horticulture, the EFTA countries and the Commonwealth are obtained, and Britain retains the power of using public economic ownership and planning as measures to ensure social progress within the United Kingdom.

“This conference also calls on the NEC to convene a meeting of socialist leaders of Western Europe and Commonwealth countries to discuss the effects of the Common Market.”

Mr. G. Brown, Deputy Leader of the Parliamentary Labour Party intimated, however, that he and most of his colleagues on the National Executive Committee were less critical of accession to the Common Market than of the position of weakness in which Britain found herself at the beginning of the negotiations.

Answering the “political” adversaries of the Common Market Mr. Brown said that if Britain went into the EEC she would take at least Denmark and Norway with her, and this triple accession would bring about a major change in the political composition of the European Community.

## Statement by President Hallstein at the joint session of the European Parliament and the Consultative Assembly

3. Speaking at the joint session of the European Parliament and the Consultative Assembly of the Council of Europe, President Hallstein, referring to the Commission's communiqué <sup>(1)</sup>, said : "I have nothing to add to the substance of this except that the applications for membership are by far the most important event in the short life of the Community. They are the most impressive evidence of the general recognition that we were right to build up this Community, that it is viable and full of promise.

We can repeat with satisfaction that the Community has found acceptance. This is the reward for the steadfastness with which it has followed its course. For Great Britain, the logical consequences of the events set in motion may mean a turning point in its relations with the continent of Europe... Naturally, the adhesion of such a great country as Britain gives rise to a large number of problems which are as weighty with regard to the importance of the interests at stake as they are complex in their multiplicity and in the overlapping of issues. I can at this stage name only the most important of them, without going into any detail : the agricultural problem, both internal and external ; the question of a future common external tariff ; the problems arising from Great Britain's traditional Commonwealth relations ; the question of the association of further African territories with the Community ; and the problems which an extension of the Community would entail for its institutions.

The first impression we get from this list is that they were rash who, in their impatience, inclined to interpret as a sign of arbitrary adverseness any hesitancy or doubts on the part of those who bear responsibility in Britain. The catalogue I have recited reflects the facts as they are. It recurs in the remarkable debate which was held in the House of Commons on 2 and 3 August. It runs through the at times brilliant reasoning in the leading British papers and periodicals, not to mention the political debates in the institutions of the British Commonwealth. Lastly, its essentials are contained in the very application for the beginning of negotiations submitted by the British Government.

Clearly, if these difficulties are to be overcome, the first requirement is that the British Government should put the problem in a concrete form.

The existence of the Community with its main characteristics clearly defined is bound to ease the task to be accomplished in the negotiations. Nobody wants to pretend that for the purpose of the negotiations the Community does not exist, and to re-negotiate the Treaty of Rome. Even though protracted negotiations may be necessary, the existence of our Community, the fact that it has proved itself, and the resultant power of conviction inherent in the solutions it has found, are all constructive factors of fundamental importance.

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<sup>(1)</sup> See Bulletin 9-10/61, Chapter I.

What I have just said of course also has practical significance. The conviction which we have always held and still hold unchanged is that the substantive rules and the institutional set-up of the Treaty of Rome answer to the minimum requirements that must be met if a workable system of economic integration is to be initiated and kept in operation. We look upon economic integration and the solidarity which it produces as the prerequisite and indispensable foundation for the political coalescence of our nations.

A few points stand out : the Treaty has been applied. Its application has produced good results in the political as well as in the economic sphere. The policy of making the Community ever stronger and firmer has been crowned with success. It has convinced the hesitant, the undecided and the unbelieving that the process of economic integration is a reality and will unfold irresistibly and irrevocably. In one word, this policy has created certainty and confidence. This applies not only to the past but also to the future.

Such a process cannot be halted. Neither our pledges under the Treaty nor the economic and political interests involved will allow this. By quickly entering into the coming negotiations our British friends will advance the date on which they can share in the advantages of the Community and in the great promise which it holds out to all our nations."

#### Resolutions adopted by the Consultative Assembly of the Council of Europe

4. At its session from 21 to 28 September the Consultative Assembly adopted two recommendations, one concerning European economic relations and the other European co-operation.

In the first, the Consultative Assembly calls upon the Committee of Ministers to urge that the Member Governments taking part in the negotiations be guided by the following considerations :

*a)* The proposed arrangements should not have the effect of weakening the EEC or of detracting from its character as a community. Negotiations for the accession of new countries to the EEC or their association therewith must not result in calling in question either the objectives or the basic clauses of the Rome Treaty, to which only those adaptations rendered necessary by the admission of new Members should be made. Any exceptions to certain provisions of the Treaty shown to be necessary in order to meet the specific difficulties of a given country should be governed, wherever practicable, by protocols.

*b)* The arrangements aimed at should respect the principle of reciprocity of rights and obligations as between the contracting countries, bearing in mind the stage of economic development which they have reached.

*c)* Negotiations must not be allowed to hold up the progress of the European Economic Community and its Members towards integration. The Six must be able

to proceed without interruption with the working out and putting into operation of the policies provided for in the Rome Treaty. During the period of the negotiations the member countries and institutions of EEC should establish with the countries which have applied for membership a procedure whereby such countries may be extensively informed and consulted at all levels about the implementation of the Treaty clauses, in particular the preparation of a common agricultural policy and the revision of the terms of association with the overseas countries and territories.

*d)* The negotiations, including joint negotiations, should be so co-ordinated that the agreements between the EEC and the various European countries concerned may enter into force as rapidly as possible and at approximately the same time.

*e)* The negotiations should strive to establish the closest possible links between all the participating countries. Consequently, every step should be taken to permit as many as possible of them to accede to the EEC under the terms of Article 237 of the Rome Treaty, recourse to Article 238 being appropriate for European countries which for political or economic reasons are not in a position to undertake the commitments of full membership.

The recommendation on European co-operation welcomes the decision of the Governments of Denmark, Ireland and the United Kingdom to open negotiations for membership of the European Economic Community and also the statement of the EFTA Council on 31 July 1961 that "all Member States of EFTA declare their intention to examine with the European Economic Community the ways and means by which all Members of EFTA could take part together in a single market embracing some three hundred million people".

The Consultative Assembly further recommends that Governments which have applied to join the European Economic Community and which expressly state their wish to take part in the political consultations decided upon at the Bonn Conference be invited to do so.

### The Association of Greece

5. At its session on 25 and 26 September the Council took note of the European Parliament's favourable opinion on the association agreement expressed when it met in extraordinary session on 18 and 19 September.<sup>(1)</sup> After studying in its various aspects the resolution in which the Parliament had stated its opinion, the Council concluded the Association Agreement. In conformity with Article 75<sup>(2)</sup> thereof the Agreement must now be ratified by the Parliaments of Six Member States and of Greece.

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(1) See below "Institutions and Organs — The European Parliament".

(2) See Bulletin 9-10, Chapter V, Section 5.

The President of the Council again stressed the political importance of the association of Greece with the Community and the resolve of the latter to support Greece in her endeavours to attain the same level of economic and social development as the Six.

On 26 September M. Erhard, the President of the Council, received M. Christidis, the Head of the Greek Mission to the European Communities, to inform him that the Council had concluded the agreement. The interim Committee, which the Council and the Greek Government had agreed should be set up<sup>(1)</sup> as a medium for the necessary contacts between Greece and the Community until the Agreement enters into force, will hold its first meeting in November. The "Association" Committee which is the successor to the special Committee on Greece is at present studying the first measures to be taken to give effect to the agreement.

### **The Association of Surinam**

6. At its session of 26-27 September the Council approved the assimilation of Surinam to the overseas countries and territories associated with the Community under Part IV of the Treaty. The Netherlands Government had requested such approval in a memorandum dated 7 June. Surinam will now be able to draw on the European Development Fund within the limits of the amount set aside for countries and territories having a special link with the Netherlands.

The commercial relations between Surinam and the associated overseas countries will be settled at a later date by agreement with these countries. The Council has instructed the Committee of Permanent Representatives to study as soon as possible the procedure for the association of Surinam with the European Economic Community under the conditions referred to above and to report to the Council at its next session (23-25 October).

### **The Association of the Netherlands Antilles**

7. M. Rey made a statement to the Council on 25-26 September on the progress made by the working party on the Netherlands Antilles, of which he is Chairman.

### **The Association of Turkey**

8. At its September session the Council studied the report submitted by the Permanent Representatives on the arrangements under which Turkey might be associated with the Community.

The Council instructed the Permanent Representatives to continue their examination of this question in the light of the results of its deliberations. The Council will resume the study of this matter at its next session.

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(1) See Bulletin 7-8, Chapter V, Section 2.

## The Community and GATT

### The Tariff Conference

9. The multilateral negotiations in Paris for the granting of new tariff concessions, which are known as the "Dillon negotiations" continued in September after a pause for the summer holidays. Conducting these negotiations on behalf of the Community, the delegation of the Commission resumed bilateral discussions with various contracting parties on the basis of the overall offer of an across-the-board reduction of the common tariff — subject to reciprocity — which was made by the Community in pursuance of its speed-up decision.<sup>(1)</sup>

Towards the middle of September the Commission made a full study of the value of the tariff concessions offered by the non-member countries as a counterpart to the across-the-board reduction offered by the Commission and it consulted the special committee set up under the terms of Article 111 to assist the Commission in the negotiations. This Committee which is composed of senior officials of the Governments of the Member States met the Commission on 21 September to review the course of the negotiations, especially in relation to the nature and value of the concessions which the Community may rightly expect from the non-member countries in exchange for its own reduction offer. Bilateral negotiations were then resumed with several non-member countries.

### Other work of GATT

10. Committee II which deals with the commercial problems of countries in course of development met in Geneva from 11 to 20 September. The Committee, on which the Commission is represented, continued its examination of the particular difficulties met by the less developed countries in exporting certain products and studied in detail the measures of commercial policy such as customs duties, quantitative restrictions or state trading practices, applied to such products in the importing countries.

The Committee also reviewed the progress made by the Contracting Parties in putting into practice its recommendations for the removal of obstacles to trade likely to hamper expansion of the exports of the less developed countries. A special report on the work done so far and containing a summary of the Committee's findings and recommendations has been prepared for the ministerial meeting of GATT to be held in November.

### Relations with European organizations

11. At the joint session of the European Parliament the Consultative Assembly of the Council of Europe on 19 and 20 September, M. Walter Hallstein, President of the Commission of the EEC reviewed the Community's activities during the past year.

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(1) See Bulletin 6/61, p. 18.



He also spoke of the contemplated accession of Great Britain to the European Economic Community and on behalf of the Commission expressed his satisfaction at the opening of the negotiations and his hope that they would soon come to a successful conclusion. He went on to mention certain problems involved in the accession of Great Britain to the EEC. (1)

12. The Commission was represented at the thirteenth ordinary session of the Consultative Assembly of the Council of Europe from 25 to 28 September.

On the economic issue the debates turned on European economic relations and on the negotiations for the entry of Great Britain into the Common Market. Two resolutions were adopted on this subject. (2)

The Assembly also adopted a resolution in reply to the Fourth General Report on the Activities of the European Economic Community, in which the Assembly thanked the Commission of the EEC for the transmission of its Fourth General Report and congratulates it and the Member Governments of the Community on the success with which the Rome Treaty has been implemented in the twelve months under review :

Considers as evidence of the progress of the Community the acceleration of the reduction of customs duties among its member States and the first alignment of the national tariffs on the common customs tariff as well as the decision that Member States shall abolish all quantitative restrictions on the imports of industrial goods from each other by 31 December 1961 ;

Welcomes the signing on 9 July 1961 of an Association Agreement between the European Economic Community and Greece ;

Congratulates the Commission on the progress made towards the establishment of the free movement of workers and of capital within the Community and towards the elimination of obstacles to the establishment of the Common Market.

Notes with interest the efforts made by the European Economic Community in the co-ordination of energy policies ;

Notes with interest that the European Commission has continued to work on the elaboration of the regional policy to ensure the harmonious development of the Community and in particular raise the economic and social levels of the less favoured regions and asks the Commission if it would agree to inviting observers of all the Member States of the Council of Europe to participate in the Conference on the problems of regional economy and regional policy within the Community which it plans to hold in 1961 ;

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(1) See extracts from M. Hallstein's address in Chapter IV, sec. 3 "The Accession of Great Britain to the EEC".

(2) See extracts from these resolutions, Chapter IV, sec. 4.

Notes with interest that in the field of social policy the European Social Fund has now reached the stage at which it is able to play the part for which it is designed and congratulates the Commission on the successful implementation of a programme of quick occupational training of 10 000 Italian workers for whom employment is to be found during 1961 in the Federal Republic of Germany and the Netherlands ;

Notes with satisfaction that the gross national product for the Community as a whole increased by about 7% in volume in 1960 as compared with 1959 and that private *per capita* consumption at constant price appears to have increased by 5% and that, on the whole, price stability has been maintained ;

Notes with satisfaction that the industrial production of the Community in 1960 exceeded that of 1959 by about 12% and was accompanied by a 7% increase of production per hour of work ;

Notes that trade within the Community expanded by 24% in volume in 1960 as compared with 1959 — a higher rate of increase than in any earlier year with a comparable industrial output — and that the volume of purchases from non-member countries increased by 21% ;

Welcomes the decision of the European Economic Community to renegotiate the arrangements with its sixteen African associates which have acceded to independence on the basis of a new mutually agreed model convention ;

Notes with interest that the Commission is actively exploring ways and means of securing greater stability for the export earnings of the associated countries and expressed the hope that these investigations will make a positive contribution to the question of increasing the marketing possibilities of other developing countries ;

Notes that as regards the intra-European trade issue the action of the European Economic Community has been almost wholly concentrated on its short-term problems, believes that the developments referred to in this Resolution constitute added evidence of the urgent need for all Members of the Council of Europe to seek in concert a solution of the problem of forming a single European Market and therefore welcomes the statement in the Report that the different institutions of the Community are unanimous in their intention to pursue actively the search for a final solution to the question of the economic relations between the Community and the other European States.

## Relations with International Organizations

### O E E C / O E C D

13. The Commission was represented at the last Council meeting of the OEEC and the first Council meeting of the OECD which took place in Paris on 29 and 30 September respectively.

The closing session of the Council of the OEEC was devoted to the last outstanding questions.

At the formal opening session of the Council of the Organization for Economic Co-operation and Development (OECD) a number of appointments were confirmed: M. Kristensen was appointed Secretary-General of the organization, M. Adair and M. Cottier were appointed Deputy Secretaries-General, M. Kreiser, M. Giretti and Mr. Downie, Assistant Secretaries-General.

M. Roger Ockrent, was appointed Chairman and M. Valery, Vice-Chairman of the Executive Committee.

#### The Committee on the Development of Trade of the United Nations Economic Commission for Europe

14. The existence of sub-regional economic groupings and their effects on international trade were the main subject of discussion in the Committee on the Development of Trade at its tenth session, at which the Commission was represented, held in Geneva from 11 to 19 September.

There has been a change of attitude of the part of the East European countries towards such economic groupings as the EEC and EFTA. Hitherto the delegations of the Eastern countries had attacked the formation of regional economic organizations, but at this most recent session they no longer questioned the right of nations to join together in order to improve their economic and social conditions. They were more concerned with the practical repercussions which such organizations could have on the development of East-West trade.

The Hungarian delegates announced that their Government had introduced a two-column tariff. The tariffs shown in the second column were specially intended as a retaliation for those countries, including the Community, which did not apply the most-favoured-nation clause.

The delegates of the USSR and Romania also announced the intention of their Governments shortly to introduce a two-column customs tariff for the same purposes. These countries asked that discussions be held to seek pragmatic solutions to the problems arising in their external trade as a result of present trade developments in the Western countries.

The Resolution, unanimously adopted by the countries represented on the Committee on the Development of Trade after the discussion of the effects of sub-regional economic groupings on international trade, reflects the desire, which was manifest throughout the session, to discuss the practical aspects of the existence of regional organizations rather than to engage in sterile polemics.

## ECONOMIC AND FINANCIAL AFFAIRS

### Quarterly report of the economic situation of the Community

15. The Commission of the European Economic Community has just published its quarterly report on "The economic situation of the Community in mid-1961 — and the outlook for the future". This report brings out the essential features of the present economic situation and analyses the outlook from now to the end of 1961 and for early 1962, and also the problems of current economic policy.

The Commission notes that the expansion of economic activity in the Community continued throughout the second quarter of 1961 and — as far as can now be seen — on into the summer months. But according to the Commission some slackening of the pace of expansion cannot be overlooked even if allowance is made for the fact that the restrictive influence of mid-year seasonal factors is growing from summer to summer. In any case, this slackening was making itself felt even before the summer.

The reduction in the tempo of expansion in real terms is doubtless attributable only to a very small extent to the reduction in demand. Be that as it may, tendencies in this direction made themselves felt in particular branches — with an intensity which varied from one country to another. Physical limitations were the most important factor in this loss of impetus : the more acute shortages of manpower and the full use already being made of available capacity in certain member countries.

The recent recovery in Community exports is a particularly noteworthy aspect of the way in which demand has been developing. Demand from abroad has been expanding again after levelling out in the first quarter, a major reason being that the vigorous economic upsurge in the United States has already had a tonic effect on the economic situation throughout the world. In the second quarter the value of exports to non-member countries was 6% higher than in the same period of 1960.

Home demand increased further. As at the beginning of the year, expenditure on investment by enterprises continued to show the highest growth rates. There may however have been a slight weakening in the expansion of investment, although the trend has varied from one member country to another : in France the rate of investments may even have increased. The growth of private consumers' expenditure has also continued. In some member countries — France, the Federal Republic of Germany and perhaps also Italy — this increase, influenced by larger rises in pay, was even a little more rapid than at the beginning of the year. In the Benelux countries, on the other hand, particularly Belgium, the expansion was probably on a smaller scale, in the Netherlands a certain slowing down of the growth of private consumption was noticeable at times.

Domestic supply rose only slowly during the period under review. In the June quarter the adjusted figure for industrial production was about 1% higher than in the March quarter, when the corresponding increase was still 2%. However, the level of production was up about 6.5% on April-June 1960 — after a year-to-year rate of increase of 8% in the two previous quarters.

This slowdown is all the more remarkable as the number of persons in employment seems again to have increased appreciably — particularly in the Federal German Republic, where larger numbers of foreign workers were recruited and the influx of refugees from the Soviet occupation zone increased. All these have immediately found work, and yet the adjusted figures show no increase in production in Western Germany; it is evident that output per worker has declined, particularly because of the reduction in the number of hours actually worked. A similar situation exists in the Netherlands, where there has also been little increase in output.

Agricultural production in the Community was marked by the continuing expansion of livestock products, whilst crops were sometimes smaller than in 1960.

Imports, which had remained stable in the first quarter, rose a little in the second. They were up 8% in value and about 9% by volume on the second quarter of 1960.

They were no longer growing faster than exports, so that the balance of trade, apart from seasonal variations, probably remained unchanged, and the deterioration hitherto observed has not continued. Owing to the large influx of short-term capital the balance of payments showed a surplus. Between the end of March and the end of July, total gold and foreign currency reserves of the monetary authorities in the member countries went up \$ 445 million.

The Commission considers that for the remaining part of the year 1961 no important changes are to be expected in these trends. The estimates made at the beginning of the year for the whole of 1961 — a rise in the gross national product of about 5%, with industrial production increasing by 6 to 7% — may well be fulfilled.

According to the Commission, the favourable economic situation and full employment are expected to continue in early 1962, when the expansion of total demand may well be further boosted by orders from abroad. In some countries domestic investment demand may tend to fall off, but private demand for consumer goods should on the whole continue its rapid expansion. In several countries the shortage of manpower seems likely to serve as a continued brake on the expansion of production, even if new capacity coming into service is sure to make a somewhat more rapid pace possible.

The Commission considers that for those who decide on current economic policy, this outlook means that no general measures of expansion seem to be called for. In some countries attention will rather have still to be concentrated on curbing the expansion of home demand, or some slow-down may even be regarded in these countries as definitely welcome in view of trends and prices at home. On the other hand, the Commission considers that the growth of domestic investment must not be allowed to weaken so much that the surplus on current account again becomes too heavy. In any case the policy of directly increasing supplies by encouraging imports and intra-Community trade should be continued and intensified. Not the least important reason for this is the need to counter the recent slight, but fairly wide-spread, tendency for prices to rise in almost all Member States.

## Policy relating to economic trends

### 16. Note on economic trends at the end of September 1961

#### COMMUNITY

		March	April	May	June	July
Industrial production (1)	1960	118	118	119	120	121
	1958 = 100	1961	127	127	127	128
Imports from non-member countries cif (2) in million \$	1960	1 701	1 575	1 643	1 603	1 647
	1961	1 825	1 710	1 758	1 741	1 602
Export to non-member countries fob (2) in million \$	1960	1 784	1 562	1 633	1 568	1 609
	1961	1 830	1 653	1 661	1 727	1 697
Trade balance (2) in million \$	1960	+ 83	— 13	— 10	— 35	— 38
	1961	+ 5	— 57	— 97	— 14	+ 95
Trade between member countries (3)(2) in million \$	1960	885	828	859	827	858
	1961	1 063	938	989	1 017	991
Gold and foreign exchange reserves (2) (4) in million \$	1960	11 860	12 246	12 516	12 954	13 250
	1961	15 119	14 559	14 807	15 258	15 564

(1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

(2) The German Mark and the Guilder were revalued by 5% at the beginning of March 1961.

(3) Calculated on the basis of imports.

(4) Amount held by the monetary authorities at end of month.

In July the expansion of industrial production was again no more than moderate, mainly because of purely physical obstacles — in particular shortage of manpower — which hampered growth in the Federal Republic of Germany and the Netherlands. In the other member countries, however, the appreciable increase in demand — much of it from abroad — resulted in a considerable increase in output.

Imports from non-member countries rose very slowly, particularly in Western Germany, where imports of raw materials and semi-finished products expanded somewhat more slowly because of a slight drop in the expansion of production. Exports on the other hand were clearly on the increase, so that in July trade with non-member countries for the first time in many months showed a surplus. Trade between member countries continued its vigorous expansion.

Chiefly as a result of the inflow of private capital, the official gold and foreign exchange reserves again went up perceptibly in July.

GERMANY

		April	May	June	July	August
Industrial production (1)	1960	119	120	121	121	122
	1958 = 100	1961	129	129	129	.
Orders received	1960	137	147	135	143	141
	1958 = 100	1961	137	142	145	.
Number of unemployed	1960	188.8	153.2	134.4	119.4	113.1
in thousands	1961	131.1	111.5	99.2	93.3	98.4
Turnover in retail trade	1960	116	111	104	112	103
	1958 = 100	1961	116	122	115	118
Price to consumers	1960	102.1	102.8	102.6	102.8	102.3
	1958 = 100	1961	104.1	104.8	105.6	105.5
Import cif (2)	1960	817	854	862	867	801
in million \$	1961	913	936	934	930	869
Export fob (2)	1960	893	948	902	971	850
in million \$	1961	1 099	1 012	1 108	1 058	1 016
Gold and foreign exchange reserves net (3) (2)	1960	4 800	4 988	5 536	5 623	5 934
in million \$	1961	6 405	6 478	6 605	6 523	6 150

(1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

(2) On 6 March 1961 the German Mark was revalued by 5% (1 \$ = 4 DM).

(3) Held by the Deutsche Bundesbank at the end of the month.

In August economic activity seems once again to have increased relatively little beyond the high level already reached.

Although new orders from abroad have been declining since March, the value of exports in DM was up nearly 14% on August 1960.

Output in the steel construction, machinery and electrotechnical investment goods section — between 10 and 20% above the same period last year — is a clear indication that investment continues to run at a high level. The increase in private consumption, which is benefiting more and more from rising wages, was particularly vigorous; retail trade turnover was 14% in value and 10% by volume above that of August 1960.

In August the index of industrial production, in which the year-to-year growth rate had fallen in the previous month to 3.7 was 4.7% higher than in August 1960. The slight rise in the number of unemployed in August is attributable to the closing down of a car factory in the North, and cannot be regarded as a sign that strain on the labour market is easing. Calculated in DM, imports were again only slightly up on the previous year (3.2%); although their volume was about 8% greater.

Price movements in August were again uneven. Producer prices for investment goods again rose slightly, while for consumer durables the decline which had begun

in April continued. If allowance is made for seasonal falls, consumer prices again rose slightly and were 3.2% higher than a year earlier.

There was again a very large surplus on trade — at \$ 147 million it was three times as large as in August 1960 — but the convertible gold and foreign exchange reserves of the Bundesbank fell by \$ 375 million, mainly as a result of special payments (Great Britain's DM drawing on the IMF).

In pursuance of its credit policy, which aims at correcting the balance-of-payments situation, the Bundesbank reduced the minimum reserve rate in August and again in September by 5% on each occasion.

#### FRANCE

		April	May	June	July	August
Industrial production (1)	1960	110	111	112	114	114
	1958 = 100	1961	118	119	120	.
Number of persons seeking employment (2) in thousands	1960	130	126	123	127	128
	1961	108	105	106	109	.
Turnover of large retail stores Paris	1960	120	117	119	107	89
	1958 = 100	1961	123	133	140	114
Prices to consumers (Paris)	1960	109.9	109.6	109.5	110.0	110.9
	1958 = 100	1961	111.9	111.6	111.4	112.2
Imports cif	1960	540	539	499	515	449
	in million \$	1961	576	575	607	514
Exports fob	1960	556	575	553	564	429
	in million \$	1961	562	619	640	610
Trade balance (with foreign exchange areas)	1960	— 16.2	+ 6.5	+ 17.4	+ 2.6	— 46.0
	in million \$	1961	— 20.9	+ 23.1	— 2.0	+ 54.7
Gold and foreign exchange reserves (3) in million \$	1960	1 932	2 026	1 987	1 988	2 098
	1961	2 472	2 606	2 777	2 965	2 811

(1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

(2) End of month figures seasonally adjusted.

(3) Amount held by the monetary authorities at end of month.

In August the general trend of economic development was again encouraging.

The seasonally adjusted total for exports continued to rise. The improvement was, however, confined to foreign currency areas, whilst deliveries to the franc area again showed a tendency to fall off. Internal demand, too, rose appreciably. Investment activity seems not only to have expanded more strongly in private industry, but to have livened up in agriculture too of late. With hourly wage rates rising somewhat faster, and employment again increasing, the growth of private consumption continued.

It is true that there was no great increase in retail turnover but expenditure on services, including tourist travel, probably went up considerably.



Statistical data on how industrial production shaped in the two summer months of July and August are not yet available, but partial indicators suggest that the prevailing trend was upwards.

Consumer prices again rose in August. The increases occurred mainly in foodstuffs, but prices for industrial finished goods also crept up a little. To combat the upward push of prices, a second — albeit moderate — reduction of customs duties for a number of industrial products was introduced with effect from 15 September.

Although there was again a surplus on current account, official gold and foreign exchange reserves declined by \$ 154 million in August, as over \$ 300 million of external debt was paid before the due date.

#### ITALY

		March	April	May	June	July
Industrial production (1)	1960	126	127	128	131	133
	1958 = 100	1961 135	137	138	139	141
Number of unemployed in thousands	1960	1 710	1 580	1 481	1 406	1 418
	1961	1 506	1 412	1 347	.	.
Internal trade turnover (2)	1960	120	120	129	118	134
	1958 = 100	1961 139	129	144	137	.
Cost of living	1960	101	102	102	102	103
	1958 = 100	1961 104	105	105	105	105
Imports cif in million \$	1960	409	387	416	372	433
	1961	468	427	467	426	434
Export fob in million \$	1960	333	304	330	288	321
	1961	367	323	335	328	380
Official gold and foreign exchange reserves (3) in million \$	1960	2 835	2 863	2 876	2 898	2 992
	1961	2 936	2 948	3 003	3 108	3 232
Yield on fixed-interest-bearing securities in %	1960	5.29	5.27	5.20	5.20	5.16(4)
	1961	5.02	4.92	4.97	4.98	4.99(4)

(1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

(2) Calculated on the basis of revenue from turnover tax.

(3) Amount held by the monetary authorities.

(4) August 1960 and 1961: 5.11 and 4.97 respectively.

In July economic development was still definitely upward, while the cost of living fell slightly for the first time in almost a year. The seasonal expansion of exports was particularly vigorous, thanks in part, no doubt, to the good harvest. The year-to-year growth rate rose from 15% in June to 22%. The value of domestic sales of building materials, machines, apparatus and electrical equipment can be estimated to be 25% higher than a year earlier, so that the growth of investments has probably also continued. The sharp increase of total incomes in the previous months makes it likely that there was an appreciable rise in private consumption.

The year-to-year growth rate of industrial production rose from 7.4% in June to 8.5% in July. For steel the increase over the previous year was even a good 16%; in August, however, it fell to 3%. In July the value of imports, which in May-June was still 13.5% up on the corresponding level of the previous year, remained at the level of July 1960 — probably as a result of smaller imports of foodstuffs.

As a result of the seasonal fall in food prices the cost of living yielded a little for the first time since September 1960 and was in July only 2.4% higher than a year previously. Despite the fact that demand for credit was probably once again very lively, the liquidity ratio of the bank did not fall any further in August. This was no doubt because the balance of payments situation and public spending once more tended to improve the level of liquidity rapidly. In July official gold and foreign exchange reserves went up by no less than \$ 124 million, the highest monthly rise for the last two years.

#### NETHERLANDS

		April	May	June	July	August
Industrial production (1)	1960	127	129	129	129	129
	1958 = 100	1961	132	132	132	131
Number of unemployed in thousands	1960	51	38	35	39	35
	1961	32	26	24	29	27
Retail sales (value) 1958 = 100	1960	115	112	110	124	109
	1961	119	120	116	130	.
Price to consumers 1958 = 100	1960	104	103	103	103	103
	1961	103	104	104	105	105
Import cif (2) in million \$	1960	351	372	384	388	339
	1961	400	418	447	399	399
Export fob (2) in million \$	1960	312	330	322	326	306
	1961	330	347	342	338	336
Trade balance (2) in million \$	1960	— 39	— 42	— 62	— 62	— 33
	1961	— 70	— 71	— 105	— 61	— 63
Gold and foreign exchange reserves (3) (2) in million \$	1960	1 374	1 364	1 446	1 458	1 450
	1961	1 645	1 641	1 693	1 743	1 699

(1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

(2) On 6 March 1961, the Guilder was revalued by 5% (1 \$ = 3.62 fl.).

(3) Held by the Nederlandsche Bank N.V. at end of month.

Shortage of manpower and of productive capacity continue to be salient features of the economic situation.

In August the value of exports (expressed in guilders), which for several months had only just reached the level of the corresponding period of the previous year, was a full 4% above the level of August 1960. Investment continued to expand rapidly. Despite the restrictive measures which the government had to take in July, the number

of housing permits issued again increased by fully 10% in August; they were thus up more than 50% on the figure for August 1960. Private consumption was again increased by the overall growth of incomes.

Industrial production again showed no advance in July, since there was not sufficient labour or productive capacity available. On the other hand the value of imports (in guilders), though in July still below the corresponding period of the previous year, was in August up 13% on August 1960.

The pressure of aggregate demand on available supplies caused prices to move definitely up again. To combat this trend it is now proposed that the reduction in income tax that was to have been made this year should be postponed till July 1962. In order to step up the supply of female labour certain tax reliefs are also proposed for married women at work.

Official gold and foreign exchange reserves, which had been rising since June, were again somewhat lower in August.

#### BELGIUM

		April	May	June	July	August
Industrial production (1)	1960	112	112	112	112	112
	1958 = 100	1961	117	117	.	.
Number of unemployed in thousands	1960	115	104	97	95	92
	1961	93	84	78	72	70
Number of non-residential buildings put in hand	1960	492	530	540	559	541
	1961	585	572	635	523	.
Turnover of large retail stores 1958 = 100	1960	115	109	106	116	105
	1961	110	111	116	.	.
Price to consumers 1958 = 100	1960	101	101	102	101	101
	1961	102	102	103	103	103
Imports cif in million \$	1960	313	323	317	307	308
	1961	337	354	351	324	319
Exports fob in million \$	1960	325	313	317	301	262
	1961	336	330	340	314	284
Gold and foreign exchange reserves (2) in million \$	1960	1 277	1 261	1 267	1 189	1 109
	1961	1 089	1 079	1 075	1 101	1 157

(1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

(2) Held by the Banque Nationale de Belgique at end of month.

In August business activity again increased slightly, mainly owing to the rather more lively activity in the investment sector and improved demand from abroad.

The year-to-year growth rate of the value of exports rose from barely 6% in June - July to 8.5% in August. The growth of investment seems to have continued : at any rate the number of buildings other than dwellings for which permits were issued in July was up 9% on July 1960. Industrial production continued to increase in July

and August, though the pace was probably at best the same as in the second quarter when according to the IRES index, the figure was about 4% above that for the corresponding period of 1960. In July and August the trend of steel production changed and output fell below the corresponding figures for 1960. The rate of growth recorded in the value of imports was lower in August than a year earlier, despite the fact that purchase of investment goods continued at a high level. The rate was 3.6%, as against 8% in June - July.

The decline in unemployment continued and in certain quarters there were complaints about lack of skilled workers. Wholesale prices — particularly for industrial products — were slightly lower but retail prices remained unchanged despite the fact that food-stuffs were somewhat dearer.

Official gold and foreign exchange reserves again increased in August; for the first time for some while they were higher than at the same period in 1960.

Thanks mainly to the more favourable balance of payments, it proved possible to reduce the bank rate from 5 to 4.75% at the end of August.

#### LUXEMBOURG

		April	May	June	July	August
Industrial production (1)	1960	114	113	114	115	114
	1958 = 100	1961	117	118	118	.
Output of pig iron in thousand tons	1960	308	305	300	318	305
	1961	322	327	326	335	320
Output of crude steel in thousand tons	1960	338	331	334	350	329
	1961	341	349	361	359	346
Price to consumers	1960	100	100	101	101	101
	1958 = 100	1961	101	101	101	101

(1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

In the summer months economic developments were again satisfactory on the whole.

While export prices tended to move downward, and the volume of export orders in the iron and steel industry shortened slightly, the backlog of orders was still perceptibly greater than at the same time a year earlier. Investment activity, which remained lively, received a fillip from the beginning of work of the Moselle canal. An increase in transfer incomes may have made a considerable contribution to a further rise of private consumption.

The index of industrial production was on 4 July 1/2% above the figure for July 1960. There was probably another strong increase in August : at any rate steel production was in that month once again up considerably on the corresponding period of 1960. As a result of high revenue from taxation the cash position of the financial authorities has developed so favourably that this year the State loan will not be floated as usual at the beginning of autumn, but later.

## The Committee of Experts on Economic Trends

17. The Committee of Experts on Economic Trends held its third quarterly meeting on 15 September 1961. It studied recent developments in the business situation in the world, and more particularly in the Community countries, and the outlook for the coming months.

On the whole, the experts agreed with the views expressed in the Commission's quarterly report on the economic situation (see section 10 above).

## The Economic Policy Committee

18. The Economic Policy Committee met on 12 September 1961 under the chairmanship of Under-Secretary of State Müller-Armack to examine the probable future trend of business and the policies of the Member States in this field. The Committee also studied certain means of combating inflation, particularly in the sphere of price and wages policy.

## Abolition of restrictions on the movement of capital (Article 67)

19. In May 1960 the Council approved a draft directive from the Commission for the implementation of Article 67 of the Treaty concerning the liberalization of capital movements within the Community.

This directive resulted in the abolition of restrictions affecting certain categories of capital movements, in particular direct investments, real property investments, commercial credits and transactions in stocks and shares. It also provided for an annual examination by the Monetary Committee of the remaining obstacles to the free movement of capital with a view to their gradual abolition.

The first of these annual reviews was made in recent weeks and a report transmitted to the Commission. After studying this report the Commission drew the attention of Member States to its conclusions and to the advisability for some States to take further measures to facilitate the movement of capital within the EEC.

Among other things, the Commission has pointed out that it would be advantageous to open the capital markets of the Member States more widely to issues made by concerns in other EEC countries.

## Inter-executive Working Party on Energy

20. The Inter-executive Working Party on Energy met on 2 October under the chairmanship of M. P.O. Lapie.

This meeting was preceded on 21 September by a preparatory session of the ad hoc Group.

The Inter-executive Working Party on Energy first studied a note from the High Authority of ECSC on the co-ordination of policy in the coal trade. The High Authority proposed the setting up of a small committee of representatives of the six Governments with the task of determining targets for imports from non-member countries. On the basis of this committee's proposals the Council would fix annual quotas for duty-free admission into each importing country.

This document will be sent to the Council of Ministers of ECSC for discussion at its next meeting on 26 October.

The Inter-executive Working Party then studied problems of the harmonization of the rules of competition between coal and oil. It studied a memorandum summing up the proposals made by ECSC and EEC respectively for authorizing the alignment of coal prices on those of petroleum products and arranging for public announcement of petroleum prices.

After a full discussion, the Inter-executive Working Party instructed the ad hoc Group to work out at administrative level the detailed machinery for the publication of petroleum prices and to study the effects on the coal market of an authorization to align on these prices.

#### Conference on regional economies

21. The Commission of the European Economic Community has called a conference on regional economies from 6 to 8 December 1961 in Brussels. <sup>(1)</sup>

The main purpose of the conference, which will be presided over by M. Marjolin, Vice-President of the Commission, is to enlighten member Governments and the Commission on certain guiding principles of regional policy.

It will review the efforts made in the six countries to attain more harmonious regional development, bringing out certain aspects of regional problems which are of mutual interest, including the effect thereon of the Common Market, and suggesting solutions.

The conference will be opened by Professor Hallstein, President of the Commission, and introductory reports will be presented by M. Marjolin and M. Formentini, President of the European Investment Bank.

There will be twenty working papers submitted by leading personalities responsible in various ways for working out and implementing the Member States' regional policies. These papers will deal with experience gained in each Member State which may be of interest for the other Member States and for the Community.

For convenience in discussion they will be presented in two sets by two specialised committees. The first, presided over by M. L.S. Mansholt, a Vice-President of the

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<sup>(1)</sup> See Bulletin 7-8/1961, Chapter V, sec. 14.

Commission, will study problems of certain peripheral agricultural regions and certain frontier regions of EEC and examine possible contributions to the solution of such problems (occupational training, simultaneous development of different economic activities). The second committee, under the chairmanship of M. von der Groeben, a member of the Commission, will concentrate on methods of regional survey and development (the establishment of programmes, government intervention) and in particular on problems connected with the industrialization of regions (centres of development, conversion).

At the final plenary sitting, M. Mansholt and M. von der Groeben will comment on the work of their respective committees, after which M. Marjolin will present a report summing up the conclusions of the studies and discussions.

## THE INTERNAL MARKET

### Right of establishment and services

22. The working party of the Council and the Committee of Permanent Representatives have continued their studies on the general programme for the introduction of the right of establishment and on the programme relating to services.

Agreement has already been reached on the major part of these two general programmes which will be on the agenda for the Council meeting of 23 to 25 October.

### Tariff quotas

23. In June 1961 the Commission's staff, in consultation with the relevant government departments, drew up a time-table for the lodging and study of applications for tariff quotas in 1962. The Commission and the Council will thus be in a position to make their decision before 1 January 1962.

According to this time-table applications were to reach the Commission before 15 July 1961, supporting material before 10 August and any comments by 10 September. As a sufficient number of applicants had observed these time limits, the experts from the member countries were convened for two meetings on 26, 27 and 28 September and 10 and 11 October, when about 100 applications were studied in the light of explanations furnished by the applicant States and the comments of the Member States.

These applications are based on Article 25 (1, 2 and 3) and on certain protocols annexed to the list G agreement.

The Commission is now in a position to study a large number of applications, but in certain cases further information is required.

A preliminary discussion also took place on questions arising in connection with tariff quotas for tropical woods and for the products referred to in the Agreement of association with Greece.

Further meetings are planned for October.

## COMPETITION

### Rules applying to enterprises

#### Conference of government experts on understandings

24. On 14 September, a conference of government experts on understandings met under the chairmanship of the Director-General of Competition.

On the basis of a working document prepared by the Commission's staff various problems relating to the interpretation of Article 85 (1) of the Treaty were studied, in particular the definition of the word "enterprise"; the concept of "concerted practices"; the effect of vertical understandings on third parties; the nature and extent of restrictions on competition and of the prejudice to trade between Member States required for Article 85 to be applicable. The national delegations agreed to all the solutions proposed by the Commission, but it will be possible, however, to review these when a sufficient number of concrete cases have been studied to bring out clearly the difficulties in interpreting and applying rules for competition.

25. The draft regulation on understandings pursuant to Article 87 is on the agenda of the next session of the Parliament from 16 to 20 October. It will be remembered that M. Deringer's report <sup>(1)</sup> was approved by the Internal Market Committee of the European Parliament, which made certain comments.

### State aids

#### Abolition of indirect aid to the Italian motor industry

26. The Commission's action in the sphere of state aids has resulted in the abolition of the aid measures in force in Italy which contained discriminations on grounds of the origin of the products concerned.

The first measure concerns credit facilities granted to purchasers of agricultural machinery of Italian manufacture. The limitation on the origin of the machinery constituted a discrimination against foreign producers. The Commission had suggested to the Italian authorities that this discrimination, which was contrary to Article 7 and Article 92 (1) of the Treaty of Rome, should be abolished.

The Italian Government has taken positive action on the Commission's recommendations and has abolished the discrimination. Under Article 12 of the law of 2 June 1961 (the Italian "Green Plan" law) low-interest loans are granted to purchasers of agricultural machinery irrespective of the origin of the latter.

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(1) See Bulletin 9-10, "Activities", sec. 23.



27. The second measure concerns road taxes. The Provisions of Article 10 of the Italian law of 17 January 1949 exempted Italian purchasers of new cars from paying the road tax for a period of six months, but only if the vehicles bought were of Italian origin. As a result of representations made by the Commission pointing out that the arrangement in question could constitute an indirect aid to the Italian motor industry, the Italian Government abolished this exemption with effect from 15 September (a similar provision concerning heavy vehicles has also been abolished).

#### Aid to the Sicilian sulphur industry

28. On 31 August 1960, the Italian Government, acting in conformity with Article 93 (3), submitted to the Commission a scheme for aid to the Sicilian sulphur industry.

The method of aid planned would consist in fixing annually a guaranteed minimum price in favour of the Sicilian industry, thus according substantial support to the less profitable mines. Thirty per cent of the necessary funds would be provided by the regional government of Sicily and 70% by the central government.

On 29 September 1961, the Commission replied to the Italian Government in terms which take account of the economic background, in particular the recent decision under Article 226 on safeguard measures for the same industry.

Provided that the Italian Government is able to guarantee that Italian sulphur will not be sold below world prices either in Italy or abroad, the Commission considers that during the one-year period of isolation of the Italian market the criteria of incompatibility laid down in Article 92(1) do not apply to the aid scheme notified. The Commission will judge the plan for setting the sulphur industry on a sound footing, which is to be submitted to it by the Italian Government, in the light of all the measures taken in favour of this sector.

Since the planned aid machinery appears ill-suited economically to a reorganization of the industry, the Commission has requested the Italian Government, if it intends to include a system of aid in the rehabilitation scheme, to organize this in such a way that it furthers the adaptation of the Italian sulphur industry to the Common Market and thus conforms with the provisions of the Treaty.

#### Approximation of legislation

##### Trade marks and patents

29. At their meeting of 19 December 1960, the Under-Secretaries of State of the EEC countries who are responsible for industrial property matters agreed that an advance draft of a convention establishing a European Law on trade marks should be prepared. This law would exist alongside national law.

Their directives to the Working Party on Trade Marks indicated that the European trade mark would confer an autonomous right giving maximum security to the holder, that registration with an independent European body would be the only way of obtaining this right and that in the event of litigation the solutions to be studied should be similar to those contemplated for patents.

The Co-ordinating Committee on industrial property rights met in Brussels on 23 and 24 September and 5 October 1961 to study the report drawn up by the Working Party on Trade Marks in conformity with these directives. On the basis of this report the Committee has worked out proposals which will shortly be put before the Under-Secretaries of State.

30. The Working Party on Patents, set up by the Governments of the six Member States of EEC as part of the work for the approximation of legislation on industrial property, held its third session from 25 September to 6 October 1961, when it continued the studies it began last April on an advance draft of a convention on a European patent law.

At this meeting the Working Party studied the problems of appeals against the decisions taken in the first instance by a joint patents office as part of the procedure for issuing a European patent. Such appeals would go before a higher authority within the same office.

The working party also studied principles on which to adopt procedures for granting compulsory licences for European patents, for their cancellation and for dealing with imitations of European patents.

#### Administrative and technical obstacles to trade

31. As part of the enquiry into obstacles to trade resulting from provisions of a technical nature, an interim reply from the Netherlands Government and the reply of the German Government have reached the Commission.

#### Fiscal matters

#### Belgian and Dutch measures concerning export drawbacks and countervailing charges on imports

32. The Belgian and Dutch Governments having informed the Commission that they were planning to introduce further increases in the "transmission" tax on imports and drawbacks on exports<sup>(1)</sup>, a multilateral meeting with government experts from the member countries was called on 20 September in Brussels. The chief purpose of this

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(1) See Bulletin 6/61, sec. 33.

meeting was to interpret the notion of fiscal technique as it results from the agreement reached in the Council of Ministers on 21 June 1960.

At the same time the government experts gave an interim opinion on the calculations furnished by the Belgian and Netherlands Governments to justify the rates envisaged; their final opinion was to reach the Commission before 5 October. This meeting followed bilateral consultations between the Commission and the Governments concerned.

(It will be recalled that the Commission had examined an application from the Belgian Government to increase the rate of "transmission" tax on imports in accordance with the agreement reached on 21 June in the Council, and had made no comment on this measure.)

#### H a r m o n i z a t i o n o f t u r n o v e r t a x

33. The fifth meeting of Study Group C (for the study of a common added-value tax combined, if necessary, with a tax levied at the marketing stage) took place on 21 and 22 September.

The meeting was to have taken place in March, but was postponed to permit the completion of the work of Study Group B (on the possibility of introducing in the six countries a single general tax levied at the stage prior to retail trading : tax at the wholesale stage). This Group has completed its report on the system of taxation in question.

Group C has drawn up its report on a single tax at the production stage to be charged in one operation, i.e. when the finished product leaves the manufacturing stage (tax on the last stage of production).

(It will be recalled that the three Study Groups (A, B and C) were set up in April 1960 after a meeting of high officials of the national administrations and that their task was to find a basis for the harmonization of turnover taxes.)

#### T h e F i s c a l a n d F i n a n c i a l C o m m i t t e e

34. On 14 and 15 September the Fiscal and Financial Committee met to discuss the first part of the report drawn up by its chairman Professor Neumark. This part deals more particularly with the general aspects of the harmonization of public finances in the Member States, including disparities in overall fiscal burdens and disparities by tax and type of tax.

The Committee discussed the recommendations to be made to the Commission on the harmonization of the various types of taxes. It will deal with the second part of the report and the recommendations in December.

## SOCIAL AFFAIRS

### Application of Article 119

35. The Working Party <sup>(1)</sup> set up by the Commission in agreement with the Council to study how far Article 119 of the Treaty of Rome (equal remuneration as between men and women workers) was being applied in the six countries held its third meeting in Brussels on 8 September 1961 under the chairmanship of M. Levi Sandri, President of the Social Affairs Group of the Commission.

In his opening statement M. Levi Sandri informed the Working Party of the reports on the present situation with regard to equal pay as provided for in collective agreements in certain sectors. The Commission has received these reports from both sides of industry.

The Working Party then prepared business for the joint meeting with the representatives of the employer and trade union organizations scheduled for 18 September 1961. At this meeting there was a broad exchange of views on the way in which Article 119 should be implemented, particularly with regard to collective agreements in the six Common Market countries.

A first report on the implementation of Article 119 will be submitted by the Commission to the Council at its session of 23 to 25 October. In this report the Commission will set out the first results obtained by the Working Party.

### European Social Fund

36. The Working Party on Occupational Training of the Administrative Committee of the European Social Fund held its third meeting on 18 September 1961. It began the examination of the draft reports concerning retroactive applications for reimbursement, which have been submitted by all the Member States with the exception of Luxembourg. <sup>(1)</sup>

The Working Party will meet again on 6 October.

### Social security

#### Administrative Committee for the social security of migrant workers

37. On the proposal of the delegate of the Federal Republic of Germany, who is chairman in office, the Administrative Committee of the EEC for the social security of migrant workers held its 27th session in Berlin on 13, 14 and 15 September 1961.

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<sup>(1)</sup> See Bulletin 9-10/1961, Chapter V, sec. 40.

M. Weisse, Senatsdirigent, took the chair at the opening meeting. Speaking on behalf of the Berlin Senate, M. Weisse expressed the interest which it takes in the work of the European Communities in the social security field.

On the proposal of the Commission, the Administrative Committee had placed on its agenda a request from the Italian Government for the revision of the following provisions of Regulation No. 3 on the social security of migrant workers :

1. Three-year limit on the provision of medical attention for families residing in an EEC country other than the one in which the breadwinner is employed (Article 20).
2. Three-year limit on payment of family allowances in respect of children residing in a Community country other than the one in which the breadwinner is employed (Article 40).
3. 30-month limit on allowances in respect of orphans and children of persons drawing pensions or annuities (Article 42).

The Administrative Committee has considered various possible solutions to these problems and will shortly inform the Commission of its opinion.

Representatives of management and labour were also consulted, at a meeting held on 19 September in Brussels, concerning this request from the Italian Government. There was a broad exchange of views on the proposed revision and various ways of dealing with the situation which gave rise to the Italian application were considered.

The Administrative Committee has also drawn up directives for the Working Party studying procedures to guarantee compensation for industrial diseases contracted during periods of employment in more than one Member State. This Working Party will convene on 4, 5 and 6 October.

### Round table discussions with the two sides of industry

38. On the initiative of the Commission two inforamatory round table discussions on EEC social policy were held on 14 and 15 September in Turin. They were attended by representatives on the European level of the trade union organizations ICFTU and IFCTU and the responsible leaders of the employers' organizations UNICE (Union of Industries of the European Community), COPRA (Committee of Agricultural Organizations) and COCCEE (Committee of Commercial Organizations in the countries of the EEC).

Under the chairmanship of M. Levi Sandri, the two meetings dealt with the principal social problems which arise in the Community setting and which concern the European Social Fund, social security and especially the harmonization of social systems in the member countries.

In his introductory statement, M. Levi Sandri stressed the importance of social conditions in achieving the economic and political integration of Europe. The free movement

of workers could be considered as the first aspect of a European citizenship and the regulation which came into force on 1 September 1961 must be kept constantly in mind.

Professor Levi Sandri also emphasized the economic and political importance of helping developing countries to train their own supervisory personnel for the various branches of industry.

### Information meeting with the two sides of industry

39. As part of the work on the enquiry into wages in 14 industrial branches in the Community countries, the Statistical Office of the European Communities, on 7 September 1961, submitted the findings of this enquiry to a meeting of representatives of workers and employers.

After a general discussion on the methods of interpreting and elaborating these findings, both sides of industry unreservedly accepted the results submitted by the Office.

## AGRICULTURE

### The Common agricultural policy

40. In September certain bodies of the Community examined the proposed regulations for a series of agricultural products in order to prepare the first decisions to be taken at the end of 1961.

The Special Committee for Agriculture met on 12 and 15 September and on 3 and 4 October. It discussed article by article the draft regulations, on grain and on pigmeat which are to be discussed by the Council at its session of 23 to 25 October. The main points which will be submitted to the Council will be, for grain : the system of target prices, the abolition of quantitative restrictions and measures with equivalent effect, Community preference and lump sum reductions; for pigmeat : the method of calculating the levy, the abolition of quantitative restrictions and measures with equivalent effect, and the amount to be refunded on exports. Some problems common to both drafts will also be submitted to the Council, notably the questions of Community responsibility and of the establishment of guidance and guarantee funds at the preparatory stage.

After a preliminary discussion of the draft regulations concerning eggs, poultry meat, fruit and vegetables, and wine, the Committee set up working parties to prepare the ground for discussion of these four products.

The Special Committee began the product-by-product examination of the legal and institutional problems involved in these drafts, and also continued its examination of the draft regulation for the application of certain rules of competition to agriculture pursuant to Article 42 of the Treaty.

The Committee on Agriculture of the European Parliament met several times to prepare the opinions that the Parliament is proposing to render, at its session of 16 to 20 October, on the draft regulations for grain, pigmeat and poultry meat. Under the procedure laid down in Article 43 of the Treaty the Council had tabled the Commission's drafts in the Parliament for consultation.

The Section for Agriculture of the Economic and Social Committee, to which the draft regulations were sent for information purposes, also made a thorough study of the drafts, and drew up reports on grain and pigmeat to be transmitted to the Commission.

Moreover, the Section has prepared the report and draft opinion on the Commission's proposals for a common policy on rice, in order to submit them for adoption to the plenary session of the Economic and Social Committee on 25 and 26 October.

### Social policy in agriculture

41. The Consultative Conference on the Social Aspects of the Common Agricultural Policy was held in Rome from 28 September to 4 October 1961. Convened by the Commission, which provided the Chairman, the Conference brought together representatives of the agricultural producers' and workers' organizations, grouped at Community level. Observers from the various Community institutions and from the Governments of the Member States also attended.<sup>(1)</sup>

### Harmonization of legislation on agriculture and food-stuffs

42. The Commission convened the group of experts on "methods of analyzing cattle feeding-stuffs" and the sub-group on "potato seedling" of the working party on regulations concerning agricultural and horticultural seeds and seedlings.

The Commission has also continued its work on the preparation of drafts concerning veterinary arrangements for intra-Community trade in fresh meat and certificates covering trade in cattle and cocoa.

The Committee of Permanent Representatives has examined the proposed directives presented by the Commission concerning the approximation of Member States' regulations on colouring matters used in food-stuffs and the campaign against bluemould in tobacco.<sup>(2)</sup>

In particular, the Commission has studied the question of the procedure for the optional consultation of the Parliament and of the Economic and Social Committee on the regulation concerning colouring matters and for the obligatory consultation of the Parliament and the optional consultation of the Economic and Social Committee on the bluemould regulation. The Council of Ministers is to give a ruling on these questions at its session of 23 and 25 October.

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(1) For details of this Conference, see Chapter II, page 13.

(2) See Annex to Bulletin 9-10/61 (published separately).

## TRANSPORT

### The Common Transport Policy

#### Examination of the Commission's memorandum by the Committee of Permanent Representatives

43. At its session of 26 June 1961 the Council had instructed the Committee of Permanent Representatives to examine the Commission's Memorandum in the light of the views expressed at this session and in co-operation with senior officials of appropriate government departments. The representatives were asked to prepare a document to serve as a basis for discussion in the Council.

Two meetings, in which representatives from the Commission took part, were held on this subject in September.

On 15 September the working party on transport problems <sup>(1)</sup> drafted a report which was examined on 22 September by the Committee of Permanent Representatives assisted by senior officials from the national ministries of transport. After a discussion, the Committee decided to entrust to this working party, which would work alongside senior officials from the appropriate government departments, the task of preparing the ground for the next session of the Council, in which the Ministers of Transport will take part. The working party will put forward problems which might be discussed in the Council together with the comments of the various delegations.

#### Discussions with the representatives of transport circles on the Memorandum of the common transport policy

44. In accordance with the programme for consultation with the representatives of the various sectors active in the field of transport, the European liaison committee of forwarding agents and transport ancillaries in the Common Market (CLECAT) was consulted for the first time on 18 September.

M. Lambert Schaus, a Member of the Commission and President of the Transport Group, opened the meeting with an introductory statement in which he discussed the role of forwarding agents and ancillaries in the transport economy. The Memorandum was fully discussed, and the CLECAT delegation asked the representatives of the Commission for further information on the question of the application of the right of establishment to the various categories of forwarding agent and transport ancillaries and on that of the effects on these activities of the common policy measures recommended by the Commission.



It was agreed that the CLECAT would submit to the Commission a detailed report on its position with respect to the Memorandum on the common transport policy.

### **Consultative Committee on Transport (Article 83)**

45. The two working parties set up by the Consultative Committee at the meeting of 27 and 28 June 1961 met in Brussels on 19, 20 and 21 September. They continued the work they had begun at their sessions on 13 June and of which details were given in the last number of the Bulletin.

The first working party resumed its study of bilateral agreements and quota systems in international road transport for hire or reward and the second working party that of problems connected with transport on own account.

The next meeting of the two working parties will take place about the middle of October. The full meeting of the Committee is planned for the middle of November.

### **Inquiries into working conditions and wages in road transport**

46. The Commission has undertaken an inquiry into wages and working conditions in road transport which is being carried out in co-operation with the governments of the Member States and with the workers' and employers' organizations.

The results of this inquiry will enable the Commission to make proposals when the time is ripe, as it is indicated in the "Memorandum on the common transport policy", for the adoption of certain harmonizing measures in international road transport, particularly in relation to the length of time spent at the wheel and other conditions of work for drivers.

## **DEVELOPMENT AID**

### **Technical assistance for developing countries**

47. The Technical Assistance Group for the Developing Countries, set up in October 1960 by the Council and comprising experts from the six countries and representatives of the EEC Commission, held its fifth meeting in Brussels on 30 June 1961.

The Group discussed the comparability of the first statistics submitted by its members in accordance with the system of periodical exchanges which it had decided on previously and which has been approved by the Councils.

The Group has also finished its examination of the important joint technical assistance project presented by the Commission at the previous meeting of the Group.<sup>(1)</sup> It will be recalled that this project concerns a joint scheme for dealing with rinderpest

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(1) See Bulletin 6/61, sec. 52.

over a vast area covering parts of three EEC associated overseas States (Niger, Chad and Cameroun) and one Commonwealth country, the Federation of Nigeria.

It is planned that about three quarters of the total cost (2.5 million dollars) will be covered by the Community through the resources of the European Development Fund. The remaining quarter will be borne by the Government of the United States of America. The EEC Member States will offer to make available senior personnel (veterinary surgeons) needed for the scheme.

This scheme, which will take three years and concerns eight million head of cattle, will be the responsibility of the national technical services of the four States, and will be co-ordinated at the regional level by the Commission for Technical Co-operation in Africa south of the Sahara (CCTA) (under whose auspices the projects has been planned) in co-operation with FAO.

### European development institute

48. At their session of 18 and 19 October 1960 the Councils had instructed the EEC and Euratom Commissions to draw up an inventory of facilities for technical co-operation available in the member countries (finding and training experts and scholarship holders) and to prepare in the lights of this inventory more detailed suggestions on the establishment of a development institute.<sup>(1)</sup>

The inventory requested was submitted to the Commissions at the beginning of July by the study bureau to which it had been entrusted, and an inter-executive working party made up of experts from the EEC and EAEC Commissions, the ECSC High Authority and the Joint Legal Service studied this document during the summer.

The working party prepared a report drawing conclusions from the inventories of available facilities and making several suggestions as to the structure and working methods of the future development institute.

This report was transmitted to the Executives of the three European Communities in September.

### Meeting of Directors of Schools of Economics

49. The Commission was represented at the meeting of Directors of Schools of Economics organized by the OECD in The Hague from 11 to 14 September 1961.

The purpose of this meeting was to compare the facilities available for training in economic development and the real needs of the developing countries. The meeting also considered how far training programmes might be adapted to these needs.

It agreed on a programme of work to be proposed to the OECD, which would include the following points :

- a) The publication of a bulletin of information on the Schools and their syllabuses ;
- b) The establishment of a list of existing teaching and research institutes ;
- c) The sending of officials to the Schools where they can study and, if possible, improve methods, in particular by establishing the system of statistics needed at the various development stages in the countries requiring assistance ;
- d) The establishment of a teacher exchange system, not only between developed and developing countries but also among the latter : this would make possible comparisons of methods and results ;
- e) The organization of a meeting at least once a year of the Directors of Schools of Economics to enable them to co-ordinate their work.

### Meeting of experts to determine conditions for establishing a macro-economic planning model <sup>(1)</sup>

50. The EEC Commission has consulted an independent panel of experts on arrangements for establishing a macro-economic planning model intended for the African countries in course of development. This model will provide an additional instrument for guiding development policies in the different countries.

The experts met in Brussels on 19 and 20 September 1961. They agreed that such a model would be highly instructive and of great value for the new countries. Certain conditions were essential for the success of the project : the work could only be undertaken by agreement with the governments of the countries in question and in full co-operation with local statistical services. The EEC would have to offer the services of specialists in this field, recruited from outside, to get the necessary studies under way, after which the work should preferably be taken over by the local economic research services.

The Commission is now studying ways and means of giving effect to these proposals.

## OVERSEAS DEVELOPMENT

### Trade

#### International Study Group on Coffee

51. Observers from the Commission attended meetings of Committee No. 1 of the International Study Group on Coffee which were held in Washington from 25 to 29 September.

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<sup>(1)</sup> This expression denotes a framework showing the relationships prevailing between the sectors of a particular country's economy, enabling an assessment to be made of results of any given development policy.

It is known that the Commission is much concerned with the problem of structural imbalance on the coffee market, of which a feature is overproduction leading to the decline of prices and the hardening of the terms of trade against the principal producer countries. The short-term agreement between the producer countries, which has just been renewed for a year until 30 September 1962, is no more than a palliative.

In Washington all the countries represented in the Group's Committee No. 1 agreed that the only lasting solution to this question lay in a series of measures to be taken jointly by the producer and consumer countries. These measures would be connected with export quotas, higher productivity in coffee plantations, the conversion of certain crops, the gradual running down of stocks and a world-wide propaganda campaign to increase coffee consumption.

A working party is to draft a long-term agreement to serve as a basis for negotiations.

The Commission's delegation had the opportunity to express its views at the meetings of Committee No. 1 and it stressed the importance of the problem and the importance the Community attaches to its solution.

#### Meetings with representatives of associated overseas states

52. On 19 September the Permanent Representatives of the Six held their periodical meeting with the representatives of the associated overseas states accredited to the Community. Delegates from the Republics of Congo (Leopoldville), Dahomey, Ivory Coast, Gabon, Senegal, Somalia and Chad were present.

The representatives of the African States were informed of the applications for membership of the European Economic Community made by Great Britain, Denmark and Ireland. The representatives of several Member States voiced the hope that at the next meeting the representatives of the African States would give the opinions of their respective governments on the association of African Commonwealth countries with the Community.

#### Training periods and symposia for nationals of associated overseas states

53. Three symposia were organized by the Commission in September. The first brought together in Brussels on 13 September 50 African and European students who were participating in a EUROPE-AFRIQUE meeting organized in Bruges by the College of Europe. The second, on 15 September, devoted to the problem of education, was for 100 African teachers, and the third, again in Brussels, on 28 and 29 September, for 25 African students from social security services in Paris and 6 Congolese trainees studying in Belgium.

**OPERATIONS  
OF THE EUROPEAN DEVELOPMENT FUND**

Financing approved - situation on 30 September 1961

*(in thousand units of account)*

Countries or territories	Number of projects	Total amount
Congo (Leopoldville)	8	9 384
Ruanda-Urundi	9	2 583
Total	17	11 967
Cameroun	16	15 150
Central African Republic	11	4 398
Comores	5	2 069
Congo (Brazzaville)	5	6 009
Ivory Coast	10	17 495
French Somali Coast	1	742
Dahomey	10	7 692
Gaboon	9	8 058
Upper Volta	8	14 806
Madagascar	22	25 563
Mali (former Sudan)	14	7 529
Mauritania	5	4 879
Niger	2	7 290
New Caledonia	4	273
Polynesia	2	2 769
Senegal	7	13 859
Chad	10	11 851
Togo	11	8 060
Réunion	3	1 682
Martinique	1	2 542
Groups of States	1	2 010
Guadeloupe	2	970
Algeria	7	17 680
Total	166	183 376
Somali Republic	2	2 170
Netherlands New Guinea	6	12 487
Grand Total	191	210 000

## European Development Fund

54. In September 1961 the following financial agreements were signed :

- a) An agreement with the French Republic to finance a social project in the department of Martinique, with a provisional commitment of 2 542 000 units of account.
- b) An agreement with the French Republic to finance a social project and an economic project in the department of Guadeloupe, with a total provisional commitment of 970 000 units of account.
- c) An agreement with the territory of Comores to finance an economic project and three social projects, with a total provisional commitment of 1 988 000 units of account.
- d) An agreement with the Republic of Cameroun to finance three social projects and five economic projects, with a total provisional commitment of 7 828 000 units of account.
- e) An agreement with the Republic of Chad to finance an economic project, with a provisional commitment of 648 000 units of account.
- f) An agreement with the Republic of Dahomey to finance a social project with a provisional commitment of 2 046 000 units of account.

## ADMINISTRATIVE AFFAIRS

### Budget problems

P r e l i m i n a r y d r a f t o f t h e E E C b u d g e t f o r t h e f i n a n c i a l  
y e a r 1 9 6 2

55. On 15 September 1961 the Commission adopted the preliminary draft budget for the financial year 1962 together with its opinion on the estimates for the other Community institutions to be attached to the draft.

In accordance with Article 203 (2) of the Treaty, the Commission submitted these documents to the President of the Council on 19 September 1961.

On 25 September the Council's Budget Committee began its examination of these documents, which will be continued at the beginning of October. The Council will examine the draft at its session of 23 to 25 October.

D r a f t s u p p l e m e n t a r y a n d a m e n d e d b u d g e t f o r t h e  
f i n a n c i a l y e a r 1 9 6 1

56. At its 52nd meeting, held on 25, 26 and 27 September 1961, the Council approved the preliminary draft of a supplementary amended budget for the financial year 1961.

It covers the appropriations necessary for the development of the scholarship programme for nationals of associated countries, appropriations for the purchase of a building in Bonn to house press and transit offices and larger appropriations for fees payable to experts taking part in the study and the preparation of economic and social financing projects. The budget also includes appropriations to maintain the level of the Commission's budget expenditure despite the revaluation of the German Mark and the Netherlands guilder.

The Council then submitted the draft supplementary amended budget to the Parliament for an opinion, which will be rendered at the session of 16 to 20 October.

#### Report from the Committee of Control on the financial year 1959

57. In September 1961 the Budget Committee examined the report from the Committee of Control on the financial year 1959 in the presence of representatives from the Commission.

#### Visits

58. On 12 September M. Kishi, former Prime Minister of Japan (1957-1960) paid a visit to M. Hallstein, President of the EEC Commission.

On the same date, M. Skaug, Norwegian Minister for Economic Affairs and Agriculture, had a talk with President Hallstein, mainly on the subject of relations between Norway and the Six.

On 14 September M. Arturo Perez Galliano, President of the Bank of Guatemala, accompanied by M. Rodolfo Stahl, representing Guatemalan coffee producers paid a visit to the EEC Commission. The unofficial talks bore essentially on the problem of Guatemala's exports and on EEC activities in the field of aid to developing countries.

M. Hale Boggs, Chairman of the Foreign Economic Sub-committee of the Joint Economic Committee of the United States Congress, paid a visit to the EEC Commission, where he was received by the President, M. Hallstein, by M. Rey and by a number of senior officials.

#### Publications of the Statistical Office of the European Communities

59. The Statistical Office of the European Communities has published in its quarterly bulletin of industrial statistics No. 2-1961 the provisional edition of the "Nomenclature des Industries établies dans les Communautés Européennes" (NICE). This nomenclature has been drawn up by the Statistical Office in co-operation with the national statistics offices of the Community Member States and with the Union of Industries of the European Community (UNICE); it will provide framework for all the Community industrial statistics broken down into industrial sectors.

This is not a completely new nomenclature : it is an adaptation of the international nomenclature of industry drawn up by the United Nations (International Standard Industrial Classification of Economic Activities — ISIC) to the structure of European industry as it really is, for systematic comparison of the United Nations classification with the national nomenclatures of the Community countries had shown that the lines of demarcation implied in the UN classification do not always correspond to those prevailing between the different branches of the national industries, and they differ appreciably on several points from those accepted in European countries.

In order to make these differences clear and to provide a convenient working instrument, there have been included in this edition :

- 1) A list of divisions, major groups and groups ;
- 2) A comparison between the NICE and the national nomenclatures of the Community countries ;
- 3) A comparison between the NICE groups and those of the international nomenclature ;
- 4) A comparison between the NICE and the national nomenclatures in use before 1960 in the Community countries.

In its present form the NICE is a three-figure nomenclature, but provision has already been made to establish in close co-operation with industrial and trade associations more detailed subdivisions, at least for a certain number of industrial divisions.

The NICE has been brought out in the four official Community languages. <sup>(1)</sup>



## V. Institutions and organs

### A. THE PARLIAMENT

Special plenary session : 18 - 20 September

An extraordinary session of the European Parliament was held from 18 to 20 September. It was devoted mainly to the problems raised by the Association Agreement between Greece and the EEC.

M. Müller-Armack, representing the Council of Ministers of the Communities, M. Hallstein, President of the EEC Commission, M. Mansholt, a Vice-President and M. Rey, a Member of the Commission, were present.

Opening the session, M. Hans Furler, President of the Parliament, outlined the political events which had occurred since the last session of the Parliament, referring in particular to the Berlin crisis. Of the conference of heads of State or Government held at Bad Godesberg on 19 July, M. Furler said that the decisions taken there represented an important step forward in the status of the Parliament, which could and should call for wider powers.

Four reports on the Association Agreement between Greece and the EEC were presented by :

- a) M. Battista, on the procedural aspects of the Agreement ;
- b) M. Kreyssig, on the economic and financial aspects ;
- c) M. Bégué, on problems connected with Greek and Community agriculture ;
- d) M. Duvieusart, on institutional aspects.

M. Battista, Chairman of the special temporary Parliamentary Committee on the Association Agreement with Greece, said that the procedure followed by the Council when consulting the Parliament was an infringement of Article 238 of the EEC Treaty: by its very nature consultation implied that it must take place prior to a decision if it were to be useful. The procedure adopted was unacceptable, since it was pointless for the Parliament to express an opinion after the event. M. Battista said that it was essential to fix appropriate procedure for the association of other countries without delay, and at the same time to lay down in precise terms the powers and competence of the Parliament with respect to future negotiations. He made a distinction between ratification, which takes place after the signature of treaties and may only either approve them or reject them in toto, and consultation, about which he called for clarification. However, M. Battista added, his reservations were solely on the procedure followed and not on the substance of the Agreement itself.

M. Kreyssig, second rapporteur, discussed the financial and economic aspects of the Agreement. He regretted that the financial assistance granted to Greece by the Community was not coupled with more precise stipulations as to the ways in which it was to be used.

M. Bégué, presenting the report on the agricultural problems raised by the Association, spoke of the difficulties arising from the fact that the agricultures of Europe and Greece are competitive rather than complementary. He pointed out, however, that it was essential to grant Greece substantial concessions in the field of agricultural exports, since agriculture remained the basis of Greek production and trade: therefore the lasting value of the Agreement depended on how far, in terms of quantity and quality, it might promote an expansion of the Greek agricultural economy.

M. Bégué also stressed the need to harmonize the agricultural policies of the Six with that of Greece. Referring to the fears voiced in some quarters that such harmonization might in the end favour Greece at the expense of the Six if it were carried out product by product, he recalled a statement of the Commission that harmonization might be requested for the whole range of products. This would restore the balance if ever it were really in jeopardy.

M. Duveusart, presenting the report on the institutional aspects of the Agreement, hoped that contact would be established between the European Parliament and the Greek Parliament so that political control could be exercised over the development of the association with Greece. To this end, he urged that a competent committee of the European Parliament should periodically hold meetings with delegates from the Greek Parliament.

M. Hallstein, President of the EEC Commission, said that accession was not the only way in which the Treaty allowed non-member countries to link themselves with the Community: "There is a variety of legitimate reasons why a non-member country may feel unable to fulfil the necessarily demanding, strict and not very flexible requirements of full adherence under Article 237... Association is more than only a commercial treaty or a mere bilateral trading arrangement. Though it leaves the associated country its complete political independence, it nevertheless provides an opening for a structural link with us. Our Agreement with Greece gives proof of this. (This association) has equal value as an instrument of European unification ... it allows of a very wide variety of solutions. Some of these draw but little on the content of the Treaty of Rome, whereas others are almost tantamount to complete acceptance of the Treaty provisions. This means that our Agreement with Greece does not constitute a model for association under Article 238, but only one example amongst many possible ones of this provision's adaptability to particularly problematic situations."

President Hallstein went on to stress the conciliation work accomplished on both sides by the delegations in order to reach an agreement having due regard for Greece's particular economic problems and at the same time the internal development of the Community, which must not be impeded and within which certain economic

sectors in individual Member States must be safeguarded from serious dislocation. In conclusion, he said that it had proved possible to remove all difficulties without compromising any of the Treaty's fundamental principles.

M. Rey, in his capacity as the Member of the EEC Commission directly responsible for the negotiations, spoke of the procedure which had led up to the conclusion of the Agreement, its scope and content and its intention. He drew attention to the following points :

a) The EEC Commission had asked the Council to consult the Parliament as soon as the negotiations were concluded at the end of March 1961, but the Council had not thought fit to accept this suggestion.

b) That the negotiations had been long drawn out was due to the complexity of the problems involved. It had been difficult for the Member States to accommodate their respective interests fully since the impact of the agreement was not the same for all.

c) As for the Community procedure for the negotiations, M. Rey was pleased with its smooth working, both from the angle of the Commission and from that of the Council: the Commission had acted as far as possible on the Council's opinions, whilst at the same time preserving its freedom to manoeuvre, of which it had made use on two occasions, for the first time in January by negotiating directly with the Government of Athens in order to break the deadlock of the previous September, and the second time when it drew up the final concessions in order to bridge the gap between the standpoints of the two delegations.

As for the content of the Agreement, the Commission, said M. Rey, had noted with satisfaction the Parliament's opinion approving the concessions granted to Greece in various fields: common policy, external tariffs, quotas and special agricultural products.

Replying to M. Kreyssig, who had expressed surprise in his report at the lack of indications as to the use to which financial aid granted by the Community to Greece would be put, M. Rey pointed out that it was not for the Community to impose an economic plan on the Greek Government: Community interests would be adequately safeguarded through the European Investment Bank, which would judge according to its own criteria the projects to which it should give its assent. In addition, the Commission would always be consulted before any operation.

M. Müller-Armack,<sup>(1)</sup> in his capacity as spokesman for the Council, discussed the problem of the procedure for consulting the Parliament. He said that the Council had applied Articles 228 and 238 of the Treaty in the light of generally accepted international law. The signature, which concluded the negotiations subject to the opinion of the Parliament, constituted the first procedural stage; it did not commit

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(1) Under-Secretary of State at the Federal German Ministry for Economic Affairs.

the Community but had the sole purpose of establishing a final text to which later procedures were applied. The Parliament's opinion was the second stage, and the conclusion of the Agreement, which corresponded in international law to the exchange of instruments of ratification, was the third. It was not possible to apply to an international act, like the Agreement with Greece, the same yardstick as to the internal acts of the Community, with which the Council dealt only after the Parliament had given its opinion on a proposal of the Commission. Any other procedure would have had the effect of bringing the Parliament into the negotiations, and in international law it was well-known that texts were never tabled in Parliament before their signature.

M. Müller-Armack went on to deny that the Parliament's opinion at the present time was less important. The opinion constituted a political act, whereas a prior opinion would have been solely a technical act covering certain special aspects of the Agreement. The Council, he said in conclusion, did not consider that there had been a breach of the Parliament's prerogatives as a result of the procedure adopted.

During the debate which followed the presentation of the four reports on the Association Agreement of Greece with the EEC, and after speeches by President Hallstein, M. Müller-Armack, and M. Rey, a number of speakers took the floor, among them M. Schuyt (Netherlands) for the Christian-Democrat Group in the Parliament, M. Kapteyn (Netherlands) for the Socialist Group, M. Janssens (Belgian) for the Liberal Group, M. Carboni (Italian — Christian-Democrat) and Jonkheer Van der Goes van Naters (Netherlands — Socialist), M. De Bosio (Italian — Christian-Democrat), M. De Block (Belgian — Socialist), M. Filliol (French — Liberal), M. Battaglia (Italian — Liberal), M. Graziosi (Italian — Christian-Democrat), M. Kreyszig (German — Socialist), M. Poher (French — Christian-Democrat), M. Vanrullen (French — Socialist), M. Birkelbach (German — Socialist), M. Pleven (French — Liberal), and M. Posthumus (Netherlands — Socialist).

Though the Members of the Parliament were unanimous in approving the Association Agreement with Greece, the consultation procedure for this purpose was condemned with the same degree of unanimity. M. Janssens, in particular, pointed out that the arguments used by the Council and explained by M. Müller-Armack were based essentially on a subtle distinction between the initialling, the signature and the conclusion of the Treaty. Recalling a step taken by M. Battista and himself, he said their approach to M. Spaak, then President in office of the Council, had, to all intents and purposes, been dismissed without further consideration, and this had been confirmed by a letter to President Furler two days later. M. Janssens voiced his disappointment that legal quibbles of, to say the least, doubtful validity, were being used to conceal the fear that consultation of the Parliament before the signature of the agreement would have dangerously delayed, to no good purpose, the conclusion of the negotiations and the entry into force of the Agreement. He thought this attitude was a mark of the Council's distrust — "unjustified and undeserved" — of

the Parliament, though he did not go as far as other speakers, who claimed that the procedure adopted by the Council was an infringement of Article 238 of the Treaty of Rome.

Jonkheer Van der Goes van Naters also felt that Article 238 of the Treaty had been infringed. This was not the first time that one of the few treaty rights of the Parliament had been ignored.

On behalf of the Council, M. Müller-Armack proposed that a thorough legal study of Article 238 of the Treaty be made. In the meantime, the resolution presented by M. Battista<sup>(1)</sup> was adopted. (An amendment moved by M. Janssens to replace the words "infringement of the Treaty" by the words "mistaken interpretation of the Treaty" was defeated).

The opinion given by the Parliament on the substance of the Association Agreement with Greece was then adopted unanimously save for one abstention.<sup>(2)</sup>

A resolution moved by M. Van Rullen, M. Pleven and M. Poher on behalf of the three political groups in the Parliament concerning the procedure to be followed for the conclusion of accession agreements was referred to committee.

After the debate on the Association Agreement with Greece, the Parliament heard an interim report by M. Battista on political co-operation between the Member States of the European Communities. A resolution was adopted unanimously.<sup>(3)</sup>

### Joint meeting of the Consultative Assembly of the Council of Europe and the European Parliament

On 19 and 20 September the Consultative Assembly of the Council of Europe and the European Parliament held their eighth joint meeting.

At the opening session, M. Hans Furler, President of the Parliament, and President of the session, paid a tribute to the memory of M. Dag Hammarskjöld, Secretary-General of the United Nations, who lost his life tragically on mission in the Congo. M. Furler expressed the sympathy of the Members of the Assembly and the Parliament with Sweden and with the UN in their loss.

M. Kapteyn<sup>(4)</sup> presented a report on the activities of the European Parliament for the period 1 March 1960 to 1 May 1961.

M. Junot<sup>(5)</sup> presented a report on the activities of the Consultative Assembly of the Council of Europe and dealt first with the negotiations to be opened on the accession

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(1) See Annex.

(2) Ibid.

(3) The text of this Resolution is given in the Annex.

(4) Netherlands — Socialist.

(5) French.

of Great Britain to the Common Market and then with the problems to be solved to iron out the special difficulties connected with the Commonwealth and British agriculture. Examining the questions discussed in M. Kapteyn's report — direct elections by universal suffrage of the Parliament and the merging of the Executives — M. Junot said that it was essential to reach these objectives without delay.

M. Malvestiti, President of the ECSC High Authority, expressed his satisfaction that the negotiations between Great Britain, Denmark and Ireland and the Community of the Six were soon to begin.

After a statement on the ECSC report for the past year, M. Malvestiti voiced the hope that the links already established between the Coal and Steel Community and Great Britain would be strengthened: "The High Authority also views with great interest the progress of the association between the EEC and the African States. It has followed very closely the work of the Euro-African Parliamentary Conference and the Authority has had the opportunity in the course of discussions to stress the importance of the products falling within its competence, and in particular steel, in the industrialization of the countries now in the course of economic development."

The President of the EEC Commission, M. Walter Hallstein, recalled the aims and importance of the Community and the remarkable contribution it had made and was destined to make in future to the economic expansion of the world. He, too, expressed his satisfaction that Great Britain, Denmark and Ireland wished to join the Six.<sup>(1)</sup>

The President of the Euratom Commission, M. Etienne Hirsch, presented a review of the European Atomic Energy Community's activities, and gave further information as to the use to be made of 215 million units of account which will be committed (if the Council and Parliament approve the proposal) for the programme of the second five-year period.

In the cultural field, the President of the Euratom Commission welcomed the decision taken at the "summit" meeting of the Six in Bonn on 18 July 1961 to entrust the Italian Government with the task of establishing the European University in Florence. He hoped that the University would open at the beginning of the academic year in the autumn of 1962.

The sitting of 20 September, at which M. Per Federspiel, President of the Consultative Assembly of the Council of Europe, took the chair, was devoted to a reading of a report from the Economic Committee of the Consultative Assembly presented by M. Gustafson (Sweden).

The Joint Assembly heard speeches from Mr. Hynd (Great Britain), M. Heckscher (Sweden), M. Czernetz (Austria), M. Moutet (France), M. Kreyssig (Germany), M. Toncic (Austria), Mr. Albu (Great Britain), M. Santero (Italy), M. Petersen

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(1) See Chapter IV The accession of Great Britain — M. Hallstein's speech.

(Norway), M. von Merkatz (Germany), M. Kaekkerup (Denmark), Mr. Maurice Macmillan (Great Britain), M. Duynstee (Netherlands), M. Bournias (Greece), M. Margue (Luxembourg), M. Hagnell (Sweden), M. Le Hodey (Belgium), and M. Preti (Italy).

M. Rey, on behalf of the EEC Commission, replied to the speeches and to certain criticisms made by a number of speakers. He also gave further information on the negotiating machinery to be used between Great Britain and the Six.

### **Appointment of the new Secretary-General of the European Parliament**

On 21 September the Bureau of the European Parliament, presided over by M. Hans Furler, appointed M. Hans R. Nord, to be Secretary-General of the Parliament. M. Nord will take office on 16 September 1961, in succession to M. de Nerée tot Babberich.

M. Nord is one of the founders of the European Federalist Movement. He was a member of the Netherlands Council of the European Movement and of the Executive Bureau of the European Movement. Since 1955 he has been President of the European Federalist Movement and after the reorganization of the latter was appointed President of the European Movement in the Netherlands.

## **B. THE COUNCIL**

The Council of the European Economic Community held its 52nd session on 25, 26 and 27 September in Brussels. M. Ludwig Erhard, Vice-Chancellor and Minister for Economic Affairs of the Federal Republic of Germany, was in the chair, and the president and Members of the Commission were present.

The Council dealt with the following questions:

### **Applications for membership of the European Economic Community submitted by the Governments of Great Britain, Denmark and Ireland**

*The British application.* The Council examined the application submitted in a letter from Mr. Harold Macmillan dated 9 August 1961 suggesting the opening of negotiations for the accession of the United Kingdom of Great Britain and Northern Ireland to the Treaty of Rome. The Council approved the terms of the reply to be sent to the British Government.<sup>(1)</sup>

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(1) See Bulletin No. 9-10, Institutions and Organs — The Council.

*The Danish application.* The Council also approved the terms of the reply to the application to accede, under Article 237, to the Treaty of Rome made by the Danish Government in its letter of 10 August 1961.<sup>(1)</sup>

*The Irish application.* The Council held a preliminary discussion of the application made on 31 July 1961 by the Irish Government. The Council decided to resume the examination of this application and of the problems it raised at its next session. In the meantime, the Council has requested the opinion of the Commission as provided for in the first paragraph of Article 237 of the Treaty.

*Procedural problems.* When considering the replies to be given to these three applications, the Council also discussed certain procedural problems.

*Association of Greece with the Community.* In view of the favourable opinion expressed by the European Parliament at its extraordinary session of 18 and 19 September on the Agreement associating Greece with the Community, the Council, on behalf of the Community, concluded this Agreement, which had been signed in Athens on 9 July 1961.

*Association of Turkey with the Community.* The Council examined the report submitted by the Committee of Permanent Representatives on the various ways in which Turkey could be associated with the Community. At its next session it will resume consideration of this question on the basis of the report to be submitted by the Committee of Permanent Representatives.

*Association of Surinam with the Community.* The Council gave its assent to the assimilation of Surinam with the overseas countries and territories associated with the Community and to its consequent admission to all the benefits of the association system laid down in the Implementing Convention and in Part IV of the Treaty.

*Association of the Netherlands Antilles with the Community.* The Council heard a statement on progress made towards associating the Antilles with the Community. M. Rey said that he hoped to present a final report to the Council for the October session, so that the Council might then take a decision. In order to arrive at a common attitude the Council decided to resume the examination of this question at its next session.

*Implementation of Article 119 of the Treaty.* The Council heard a statement from M. Levi Sandri, a Member of the Commission, describing what is being done to attain the objective of equal pay for equal work.

The Council agreed to place this matter on the agenda for its next session.

*Agriculture.* The Council took note of the periodical report from the Chairman of the Special Committee for Agriculture on the progress made by this Committee in regard to the common agricultural policy.



On a proposal from the Netherlands Delegation, the Council agreed to place on the agenda for its next session consideration of the letter of 17 August 1961 from the Commission to the Member States on the conclusion of long-term agreements under Article 45.

*Community trends in employment in 1961* (1). The Council took note of a communication from the Commission concerning Community employment trends in 1961.

It suggested that the practical measures necessary if any action were to be taken on the final points put forward by the Commission should be examined both by the Governments concerned and, within the limits of their competence, by the committees and groups of experts already in existence or to be set up within the Community. In any event, the Council thought it useful for the Governments concerned and the Commission to carry out once again in 1961 an examination of immediate and concrete problems in order to facilitate their solution within a Community framework.

*Problems involved in the application on 31 December 1961 of the common external tariff to industrial products.* The Council agreed to insert in the minutes of its session a statement in which it notes the Federal Republic's decision to restore on 31 December 1961 all the cuts which were made to meet economic developments and which are mentioned in Article 2 (2) of the speed-up decision of 12 May 1960. The Council hopes that the negotiations now under way within GATT will be finished in time for a decision to be taken by 31 December 1961 confirming their outcome.

*EEC and Euratom Councils.* At their session of 25 and 26 September, the Councils appointed M. Carneroli to be secretary to the Chairman of the Committee of Control.

## C. THE COURT OF JUSTICE OF THE EUROPEAN COMMUNITIES

### Renewal of the terms of office of the judges and of the Advocate-General

On 26 September the representatives of the Governments of the EEC countries met in Brussels to renew the terms of office of the Judges and of the Advocate-General of the Court of Justice of the European Communities.

The terms of office of judges Delvaux and Hammes and Advocate-General Roemer were renewed: the "written procedure" regarding M. Catalano has not yet been completed.

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(1) See Bulletin No. 9-10, Chapter V, sec. 39.

#### D. THE MONETARY COMMITTEE

The Monetary Committee met on 4 September to prepare business for the meeting of the Ministers of Finance of the EEC countries held the following day in Bad Godesberg.

Most of the Committee's time was given over to establishing a common standpoint for the Member States on the matters to be discussed at the meeting of the Governors of the International Monetary Fund, which was held in Vienna at the end of September.

## ANNEX

### RESOLUTION

on the procedure followed for the conclusion of the Association Agreement of Greece with the EEC

*The European Parliament,*

*Having examined* the procedure followed by the Council of Ministers for the conclusion of the Association Agreement of Greece with the European Economic Community ;

*Reaffirms* that it attaches great importance to the final conclusion of this agreement and its entry into force at the earliest possible date ;

*Notes* that consultation with the Parliament in accordance with Article 238 of the Treaty of Rome would have had its full meaning and value only if it had taken place before the signing of the Agreement by the Council of Ministers ;

*Protests*, consequently, against this infringement of the Treaty and trusts that it will not again be placed in such a situation otherwise it hereby reserves its complete freedom of action.

Resolution concerning the consultation of the Assembly on the agreement associating Greece with the European Economic Community

*The European Parliament,*

1. Having been consulted by the Council pursuant to Article 238 of the Treaty of the European Economic Community on the agreement associating Greece with the European Economic Community, signed in Athens on 9 July 1961 ;

2. Convinced of the political importance of this first concrete application of Article 238 of the EEC Treaty, since it is a striking token of the open character of the European Community ;

3. Hoping that this association may enable Greece gradually to assume its proper place in the union of peoples within the European Economic Community ;

4. Having examined the text of the Association Agreement, the Annexes and Protocols thereto, the Final Act and Annexes, the exchange of letters of 9 July 1961, and the internal provisions for the Community to-

gether with the reports drawn up on behalf of the Special Committee by M. Kreyszig, M. Bégué and M. Duvieusart (doc. No. 60) :

#### I

*With regard to the economic and financial provisions*

*The Parliament*

5. *Notes* that the association of Greece is established on the basis of a customs union which will be supplemented on the model of the EEC Treaty by a series of provisions ;

6. *Welcomes* above all the fact that the agreement on the customs union includes a set of important provisions to be considered as the elements of a wider economic union ;

7. *Has noted* that the economic, financial and social situation of Greece has made necessary a number of special provisions in the Agreement ;

8. *Stresses* at the same time that the special circumstances of which due account had to be taken in the case of Greece cannot constitute a precedent in concluding association agreements with other countries ;

9. *Considers* it necessary to emphasize that the principle of the common customs tariff must be maintained free of all restrictions and that the exceptional regulations for Greece are warranted only in the light of its economic situation ;

10. *Regrets* that the arrangements concerning financial aid are unsatisfactory, giving no information whatever as to the use to which such aid is to be put ;

11. *Hopes*, therefore, that the European Investment Bank, entrusted with the granting of loans, will see that the objectives laid down in the Association Agreement are in fact achieved : the steady and balanced strengthening of commercial and economic relations between the Contracting Parties, the rapid building up of the Greek economy and a higher level of employment and living standards for the Greek people.

## II

*With regard to the agricultural provisions*

*The Parliament*

12. *Finds* that the absence of a final decision on a common agricultural policy for the Six caused serious difficulties during the negotiations and led to great complexity in the text of the Agreement.

*Takes note :*

13. That agriculture is included as an integral part of the Association Agreement;

14. That the Association Agreement with Greece takes as an objective the harmonization of Community agricultural policy with that of Greece;

15. That in view of the basic essentials of the Greek economy a certain number of advantages are granted in anticipation to agriculture;

16. That in return Greece will immediately accord benefits to certain products originating in the Community;

17. That the measures of tariff and quota disarmament laid down are combined with safeguard clauses which are to protect from disturbances the agricultural produce market within the frontiers of the Europe of the Six;

18. *Hopes* that the execution of the provisions of the Agreement will be carried out in such a way as to fulfill completely the human, social, economic and political objectives recalled in the preamble to the Agreement by reference to the Treaty of Rome;

19. *Recommends* all the working flexibility necessary for this purpose, but also the rigour of control needed to safeguard the legitimate interests of the two Contracting Parties.

## III

*With regard to the institutional aspects*

*The Parliament*

20. *Notes* that the Agreement establishes an association such as the particular situation of Greece at the present time made possible, but will foster developments with a view to the full accession of Greece to the Community;

21. *Approves* the institutional provisions of the Agreement in that it respects the integrity of Community Institutions and establishes the equal standing of the associated parties within the Council of Association;

22. *Stresses* the great number and variety of the tasks incumbent upon the Council of Association;

23. *Considers* that the Council cannot adequately carry out these tasks without the help of a Permanent Association Committee comprising representatives of the Greek Government on the one hand and representatives of the European Commission and Permanent representatives of the Governments on the other;

24. *Hopes*, moreover, that the European Community will carry out its work and

activities within the Council of Association and the Permanent Committee using its existing administrative services, and will not establish new and independent administrative bodies;

25. *Hopes* that wherever possible the Member States will be represented within the Council of Association by the Ministers who are members of the EEC Council;

26. *Considers* that for satisfactory operation the association will need a Parliamentary Committee comprising, on a basis of parity, members of the European Parliament and of the Greek Parliament. This committee should discuss any problems arising from the Association Agreement on the basis of an annual report which will be submitted to it by the Council of Association;

27. *Invites* the Council of Association in conformity with Article 71 of the Association Agreement to take steps at its first meeting

to set up this Parliamentary committee in co-operation with the European Parliament and the Greek Parliament.

*The European Parliament,*

28. *Having regard* to the essential differences now obtaining between the Greek economy and those of the Community member countries; stressing the fact that the provisions of the Association Agreement must be examined in this context, and that these provisions cannot therefore be considered as setting a precedent for other later association agreements, which will be judged on their own merits;

29. *Noting* that the Association Agreement is compatible with the provisions and the spirit of the EEC Treaty;

*Expresses* itself in favour of concluding this Agreement under the terms of Article 238 of the Treaty.

## Resolution on political co-operation between the Member States of the European Communities

*The European Parliament,*

Having noted the communiqué issued by the heads of States or Government, Members of the European Community, after the meeting in Bonn on 18 July;

a) *Notes* that the heads of State or Government have at length recognized the need to lend substance to the aspiration to political unity implicit in the Treaties establishing the European Communities, and that they intend to give institutional form to this unity which the Parliament has always considered as the only means of assuring the future of Europe;

b) *Expresses* its satisfaction that its resolution of 21 June 1961 is being studied and trusts that other unjustified obstacles will not delay the application of the solutions recommended;

c) *Declare* itself ready to help with its experience the Governments of the Member States in the quest for the best means of attaining genuine and integral political unity.

d) *Instructs* its Political Committee to embark at once on a thorough study of the problems;

e) *Decides* to respond without delay to the proposal that it should extend the field of its discussions to all political problems of common interest;

f) *Instructs* its President to invite the Governments of the Member States to associate themselves with this work according to the terms of the official communiqué issued after the Bonn conference and, to inform them at the same time of the present Resolution.





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PUBLISHING SERVICES OF THE EUROPEAN COMMUNITIES

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