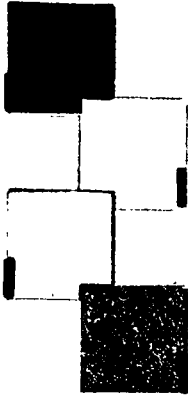


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I. Introduction to the Third General Report on the Activities of the Community

The first two General Reports dealt mainly with the setting up of the Institutions and their initial activities : the adoption of the procedural decisions required by the Treaty, the organization of relations between the Institutions and, more generally, their mutual co-operation, the establishment of the Commission's services, the first application of the provisions of the Treaty, and so on. The negotiations on the Free Trade Area and the crisis which accompanied them in December 1958 was to lend an element of drama to these developments, while the successful opening of markets on 1 January 1959 added considerably to the reputation of the Community in and outside Europe. (1)

In many of its aspects, the period covered by the third General Report may appear by comparison a time of transition. The machinery is installed, some parts of it are already in operation and others are ready. In each of the six countries and outside them, among public authorities and in business circles, the existence of the Community is an increasingly important factor in choices which have to be made. However, although the customs union is continuing to take shape, the decisive steps which will bring our six countries, via the path of economic union, to the stage of a genuine Community endowed with a single economic and financial policy have not yet been taken. Important preparatory work has indeed been accomplished, but the common policies remain to be defined and implemented during the years ahead.

If the period is one of transition, it is also one of consolidation : the reality of the Community has indeed asserted itself with ever-increasing force. The invitation extended to the European Commission to take part in the "informal meetings" of January 1960 in Paris, at which the foundations of the new Western economic structures were to be laid, was one sign among many that the Community has asserted its reality in the eyes of the outside world. It has proved its internal reality by the spectacular development of intra-Community trade, and by the interest which industry and commerce,

(1) The Third General Report on the Activities of the Community, drawn up in conformity with Article 156 of the Treaty establishing the E.E.C. was submitted to the President of the European Parliament on 9 June 1960. It covers the period from 21 March 1959 to 15 May 1960. This Report will be more widely distributed in the coming weeks. The current Bulletin (4-60) brings the situation up to date at the time of the publication of the General Report, taking into account the information on the activities of the Community already furnished in the preceding numbers of the Bulletin.

agricultural circles and the trade unions are showing in the Community. Proof of its institutional reality is to be seen in the fact that the role played and the authority exercised by the Institutions have constantly grown in importance with the ever greater significance of the decisions they have had to make.

When, in response to a wish expressed by the Governments, the European Commission on 26 February 1960 submitted recommendations for speedier implementation of the Treaty, it had to draw the conclusions, both technical and political, from this situation. The Council's decision, on the eve of the publication of this report, is the strongest assertion of the reality of the Community in every field since the Treaty came into force.

The chapters of this report will give a detailed description of the Community's activities in the various sectors of its competence. Here our purpose is to stress certain essential aspects which will then help to bring out clearly some of the main lines of the Community's future action.

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From the very beginning of its existence, circumstances brought the Community face to face with its international responsibilities, and the earliest difficulties met by the Common Market came from outside. The first tasks which had to be accomplished were to take the sting out of attacks, to grasp the initiative in creating conditions for co-operation with non-member states in a spirit of mutual confidence, in other words, to practise a dynamic external policy, to establish its liberal character and to make its content increasingly clear, and so to make the personality of the Community stand out against a world setting.

In this difficult enterprise the European Commission had to accept special responsibilities. The Governments gave proof of their confidence in the Commission and of their resolve to work with it in finding a common standpoint when, on 16 March 1959, they entrusted to it the chairmanship of the Special Committee to study the problem of relations between the Community and other European countries, and when, in 1960, they extended the terms of reference of this Committee to cover all the questions of trade policy discussed at the Paris meetings.

In the two memoranda which it has drawn up, the European Commission had a double purpose. First, it wished to change the very climate of the discussions by concentrating on the study of the concrete problems rather than on discussion of theory. This attitude, coupled with awareness of the need for close links with the partner states in Europe, led the Community

to accept the Commission's recommendation that it should propose that a Contact Committee made up of representatives of the Community and of its European partners, be established to examine specific difficulties.

It was also necessary — and this was perhaps the most important element — to adapt the external policy of the Community to the new realities of the world economy, particularly to the changing commercial and financial relations between Europe and America. The European Commission stressed the point that a Community of 170 million people clearly possesses greater authority, resources, and responsibilities than those of the constituent countries. It can and must strive for the solution of the world problems of economic balance, expansion of trade and the development of young countries, in close association with the United States, Great Britain and the other industrialized nations of the free world.

The Council recognized the cogency of these views and announced its support for them on 24 November 1959 at a session held in Strasbourg; in December, following a visit to Europe by the United States Under-Secretary of State, Mr. Dillon, the United States made it clear that it intended to create the conditions required for closer Atlantic economic co-operation. The communiqué issued by the four heads of State and Government on 21 December 1959, the meeting held in Paris on 12, 13 and 14 January, the report of the "Four Wise Men" in April, were stages along the road towards this new economic policy for the free world. Europe is no longer being given assistance. Its recovery has been completed, and successfully, thanks to the generous help of America, and this now enables it to collaborate with the United States on a footing of complete equality, to the great satisfaction of the United States itself.

It is still too early to pronounce a final judgement on these events and to forecast the results of the negotiations initiated last January, in particular in the Committee on Trade Problems, which provides a new forum for the examination of relations between the Community and the Member States of EFTA and other countries in the free world. Is it not legitimate to think that the existence of the Community is largely the cause of that closer economic solidarity among the free nations which is taking shape before our eyes?

In its very first decisions, the Community had given proof of its resolve to follow a liberal commercial policy. It has on a number of occasions been able to give striking illustration of its attachment to this line of thought, and has thus emerged as an important factor in more vigorous action to reduce obstacles to trade on the world plane: in this connection we may mention the full support given by the Community to the American move for a new world tariff conference in GATT, its active policy of quota disarmament.

ment in the industrial field, and finally the proposal for a provisional reduction, which could later be consolidated, of 20% in the common external tariff.

It should finally be mentioned that a growing number of non-member states, by accrediting diplomatic missions to the Community, have expressly shown that they recognise its separate individuality and the role of its Institutions. At the same time the Community has been negotiating with two European countries, Greece and Turkey, with a view to their association.

The Community has increased its contacts with the leading world organizations and has often encountered interest, sometimes reserve, but never indifference. Today it is no longer possible to ignore or deny the presence of the Community on the world stage.

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Along with this assertion of the Community's position vis-à-vis the outside world, there has been an increase in internal strength, due more perhaps to the setting up of the Treaty's machinery and the work done by the Institutions than to the approval and the support given by the public and by all sides of the business world to the implementation of the common market.

The Institutions have gone deeply into all matters covered by the Treaty. Some of the important results achieved should be mentioned, particularly the adoption of the Community's common customs tariff and the fixing of duties for the List G products. Thanks to the good will of the authorities in the Member States, and also, it must be said, to the hard work done by the Commission's staff, a considerable task, which all specialists in these matters will appreciate at its true worth, has been carried out in record time. The Community has thus been provided with one of the chief tools for the implementation of its commercial and its economic policies.

Other measures too, are worthy of mention. The action planned for 1 January 1960 for the enlargement of quotas was carried out without major difficulties. Practical steps have been taken in various fields to set in motion the approximation of legislation or the harmonization of regulations with the aim of eliminating indirect obstacles to trade, and for the patient elaboration of the means of action required by the Institutions if they are to deal with understandings, concentrations and state aids. In the interest of increased productivity and a better division of labour within the Common Market, the Council has just adopted a first directive for the freeing of capital movements, particularly for direct investment.

The near future will see the installation of the European Social Fund and also the adoption of regulations to eliminate a first batch of discriminations in transport. The Commission has worked very actively, in co-operation with the High Authority and the Commission of the European Atomic Energy Community, at the elaboration of a co-ordinated energy policy. The action of the Development Fund for the Overseas Countries and Territories has grown in scope and the first projects financed by the Fund have reached the stage of execution.

Although intentionally incomplete, this dry enumeration nevertheless illustrates the multiplicity and the positive nature of the tasks for which the Community is responsible. To these should be added, as far as the European Commission itself is concerned, the preparatory work for more long-term action. The foundations have had to be laid for the common policies : the policy on economic trends and regional policy, competition policy, social policy and agricultural policy. It has also been necessary to settle the content of the Community's commercial policy, the general direction of which, as we have seen, has been defined on several occasions. The preliminary studies for determining the principal elements of the common transport policy, just concluded, will place the Community in a position to define at an early date the general direction which it intends to propose for this policy.

These preparatory studies have reached different stages of completion. The Commission's proposals on the common agricultural policy have been laid first before the Economic and Social Committee, and then before the Council and the Parliament. The Economic and Social Committee recently expressed its support in principle for the Commission's proposals as a whole.

Similarly the Council, the Assembly and the Economic and Social Committee have been informed of the social policy which the European Commission intends to develop. After favourable opinions from the Economic and Social Committee and the Assembly, and on a proposal of the Commission, the Council recently adopted the Regulation for the Social Fund. A Committee on policy relating to economic trends has been instituted, and patient and tenacious work in co-ordinating the commercial policies of the Member States goes on without interruption. In this way the foundations for the Community's work during the years to come will have been laid.

Meanwhile, 1959 was marked by spectacular developments which show the interest of business circles in the Common Market and their confidence in its future. First and foremost, there was a considerable expansion of intra-Community trade; in 1959, the value of this trade in relation to the corresponding periods of 1958, after having been stationary in the first

quarter, was up 16% in the second, 22% in the third, and 29% in the fourth quarter. It is interesting to note that this increase was not to the detriment of trade with non-member countries which, for 1959 as a whole, was 8% in value above 1958 — after all, a fairly considerable rise.

How is this difference in the rates of growth to be explained? It is not justified purely by the economic expansion of the member countries nor by the special conditions created in the Community; the tariff reduction of 1 January 1959 was widely extended to non-member countries and the same was done for a large number of liberalization measures. Rather must we note that business circles anticipating in a way the implementation of the Treaty, are "putting their money on the Community" and increasingly tending to establish development programmes and trade circuits appropriate to a fully effective Common Market. Doubtless this general remark needs qualifying to some extent in the light of the particular reactions of this or that profession or country. Nevertheless, a trend is making itself felt. Interest in the Common Market is also manifested in other ways. Occupational groupings representing the six countries have multiplied both in industry and agriculture, and most of them show real vitality. By co-ordinated studies and action to support the measure initiated by the Community, they are making an effective contribution to the achievement of the Common Market.

Interest is no less marked on the workers' side : the two chief central groupings of free trade unions have set up European organizations, held congresses at which their members in the six countries were represented and laid the foundation of closely concerted action between their national confederations. Even those unions under communist influence, despite their declared hostility, have found themselves obliged in their turn to establish a co-ordination Committee representing the six countries — recognition of the reality of the Common Market from an unexpected quarter. The overseas countries have continued to pay growing attention to the Community. Heads of Governments and Ministers, trade union organizations and leading businessmen have made contact with the European Commission and its staff for the purpose of laying the foundations of confident, lasting and fruitful co-operation.

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The Community is not simply a trading agreement or an economic agreement, but one element in a wider political construction, that construction which was begun on 9 May 1950 and sprang from the initiative of Robert Schuman and Jean Monnet; it is the expression of the common resolve of the peoples of the six countries "to establish, by creating an economic community, the foundation of a broad and independent community

among peoples long divided by bloody conflicts and to lay the bases of institutions capable of giving direction to their future common destiny ”.

The Institutions of the Community are an expression of this common resolve. Their proper operation and the increase in their strength condition not only the health of the Common Market but the development of Europe.

The Commission believes it can be claimed that the reality and vitality of the Institutions have made themselves evident throughout the period covered by this Report. The authority of the European Parliament, which inherited proved methods of work from the Assembly of ECSC, has constantly increased. It is to this Parliament that the Executives make their most important political statements and within it that political relations are established, in annual colloquies, between the Councils and the representatives of the peoples of the Community. Its Committees have kept ever closer watch on the activities and the policy of the Community, watching the Executives, lending them support and urging them on or inspiring their action.

The Court of Justice is now installed. Although up to the present it has only had to deal with minor cases as far as the EEC is concerned, its very existence is a permanent assurance for the citizens of the Community and a reminder for the Institutions that they must conform strictly to what is legal under the Treaty.

The Council now has important problems to deal with and is thus called upon to play to the full the role allotted to it by the Treaty. Its co-operation with the European Commission has become ever closer. In the light of practical experience it has become clear that the Commission has a double task : to work out proposals in preparation for Council decisions, and to put these decisions into practice. It has been found that — as the Treaty requires — a proposal made by the Commission is something more than just a compromise of the sort normally aimed at by an international secretariat; it is an autonomous political act by which the Commission, speaking with complete independence, expresses what it considers to be the general interest of the Community. Thus the Commission has thrown its authority into the scales on several occasions when major problems, particularly of relations between the Community and the other European countries, were at issue. It has had the satisfaction of seeing the Community rally in the end to its proposals.

The procedures chosen for the negotiation of association agreements with Greece and Turkey illustrate the role played by the Commission, which carries out the exploratory talks and, on the basis of general instructions from the Council, conducts the negotiation, in the name of the Community in co-operation with the Representatives of the Governments.

The rules on majority voting in the Council of Ministers have already been called into play in 1960. It is only rarely that majority decisions are provided for during the first stage of the Treaty. It was therefore all the more important that cases of their use should arise at this time.

The development of the activities of the Council and of co-operation between the Council and the Commission, and between the Commission and the other bodies set up by the Treaty, has gone forward in strict respect of those provisions of the Treaty which fix the balance between the Institutions. In this connection, the European Commission can only congratulate itself on the relations of mutual confidence which it has established with the Permanent Representatives of the Member States through their common concern for the general interest.

The Treaty gives the European Commission the ungrateful but necessary role of watch-dog. It must supervise the implementation of the rules of the Treaty and of the arrangements made by the Institutions under the Treaty. It has had to deal with infringements committed by Member States and to initiate the procedure laid down for these cases in Article 169 of the Treaty. It has endeavoured to act with both understanding and firmness, but always strictly observing the provisions of the Treaty, which are sacred as the basis of action for both the Institutions and the States. In a great number of cases, the Commission has persuaded governments to amend or correct measures which they had taken and to repair the infringement committed without having had to bring to bear all the means available to it under the Treaty. By giving the Commission special tasks in ensuring that the measures for the speed-up of the Common Market shall be taken without upsetting the internal balance of the Treaty, the Council has now reinforced the powers of supervision and initiation already conferred upon it by the Treaty.

Thus the institutional reality of the Community has become constantly more evident throughout the last year. This is a very important achievement. Stable institutions which are becoming stronger, together with common rules which are respected, guarantee that the Community will continue to exist whatever the difficulties and accidents encountered. At the same time, they give the Governments of the Member States, the enterprises and the workers, the certainty that it is in a new framework that they must act and plan.

In presenting its third General Report to the Assembly, the European Commission would not wish to limit itself purely to the balance sheet of past activities, but would like also to bring out some of the main lines of its general policy for the future.

The establishment of the Community results in the first place from the almost automatic machinery set up by the Treaty. It is in this way that the customs union will be established. It results also, indeed chiefly, from a common will to attain objectives which the Treaty only defines in outline while often leaving the ways and means to be chosen by the Community's Institutions and the Governments.

The national economies of our six countries are today advancing on parallel lines. The measures of economic re-organization taken by France in December 1958 and the new direction given to economic policy in that country have greatly contributed to bringing about this favourable situation. It is the responsibility of the Institutions, and in particular of the European Commission, to take the best possible advantage of this situation.

How long would it in fact be possible to keep frontiers open for the movement of goods, services, capital and workers unless not only co-ordination but the concurrent harmonization of national policies is achieved and rapidly followed up by a common Community policy ? There would further be reason to fear that the advantages accruing from the liberalization measures would be partially cancelled out by divergent, if not contradictory, national decisions, and by restrictive practices on the part of enterprises ; the general principles laid down in the Preamble and the first articles of the Treaty would thus be robbed of all substance.

The European Commission is of the opinion that the Governments and the Community should endeavour during the coming years to maintain expansion of production at a more rapid rate than would have been possible for each Member State if the Community had not been set up. From this angle an annual average increase of 4 to 5% in the gross national product seems to the Commission feasible. In this way, the Community could prove to its constituent peoples the advantages of integration and at the same time assume vis-à-vis the countries in course of development, particularly those associated with it, the responsibilities which are the lot of the wealthy.

What are the means of achieving this general objective, in the light of which the Community intends to define the overall economic policy into which its policies in the various fields of its competence are to be fitted ? Governments and public administrations, like enterprises, must from now on make their forecasts and organise their action in relation not to the national framework alone but to the new economic entity formed by the Community. It is for the European Commission to give substance to this global vision of the evolving economy of a body of 170 million producers and consumers and to watch that expansion is accompanied by monetary stability and is of benefit to all classes of the population.

The aims of the Commission's action will therefore have to be to ensure full use of resources and means, to further the channelling of the necessary

savings into those branches of activity on which the development of the Community's economic potential depends and also into the less developed regions of the member countries, and to facilitate the adaption of industries and enterprises which might encounter difficulties following the opening of the frontiers. For these purposes the instruments available to the Community, such as the Social Fund or the Fund for Agricultural Structures proposed by the European Commission, should be so used that expansion will profit all sectors of the economy equally and no social class, economic branch, or region is sacrificed. The activities of the European Investment Bank since its establishment are calculated to further this balanced expansion. For this reason, it is the constant concern of the Community to associate the Bank ever more closely with its tasks.

It is the intention of the Commission, working in co-operation with experts from the national administrations and from business and trade union circles, to perfect its knowledge of the basic problems facing each of the member countries and of the long-term development possibilities open to the Community. Only by the exercise of such forethought can the governments come to rational decisions in their fields of action and the Institutions guide these decisions in the interest of the Community.

In this connection, the European Commission wishes to emphasize the valuable help provided by the Monetary Committee under the chairmanship of Jonkheer E. Van Lennep, both in its work on the freeing of capital movements and in its analyses of the financial and monetary situation of the Member States. The recently created Committee on policy relating to economic trends, which has elected Professor Müller-Armack as its Chairman, completes the instruments at the disposal of the Community to ensure co-ordination of business cycle policies.

It is in relation to its general economic line that the European Commission has undertaken the task of defining in detail the common policies for which the Treaty provides in several sectors.

In particular, the implementation of the common agricultural policy cannot be isolated from this pursuit of a better economic balance. The aim of the proposals submitted to the Council by the European Commission before the end of 1959, and which constitute the first test of a Community will, is not only to create in the shortest time possible a single market for agricultural products which will place all Community products in the same position vis-à-vis Community demand, but will make it possible to solve on a wider plane problems and contradictions which, on the national plane, have often proved insuperable. The gradual adjustment of the protective arrangements which, under various forms and authorities, cover agricultural

production in each of the six countries — as indeed, in all the great industrialised countries of the world — must not be effected to the detriment of the agricultural populations, who are an essential factor in the social life of the Community and in the economy as a whole. The Commission is therefore anxious that, pending the final decisions on the implementation of this common policy, agricultural products should benefit from the development of trade and that there should be no abusive use of any measures of safeguard taken.

The rapid development of the economy which has followed the mere setting up of the Community cannot be isolated from social progress in the form of the progressive improvement of living and working conditions. In particular, it makes it still more essential that migratory movements be guided on the Community level, that measures be taken to further the elaboration of a Community programme for occupational training, and that facilities be provided rapidly for the readaptation of labour affected by the new organization of economic structures. No doubt the Treaty opens only a limited field for direct action by the Commission, and it would be presumptuous for the latter to attempt to replace governments and professional circles in their legal or contractual functions. By intervening indirectly, as it is empowered to do, the Commission in fact disposes of wide liberty of choice — more perhaps than in other fields where provisions are more specific — and it intends to make full use of this freedom. It will thus be possible, through close voluntary co-operation between the public authorities, the European Institutions and business organizations, to take positive action to ensure that European integration shall not be effected at the expense of the less favoured social groups.

For these same reasons, the Commission considers that the work undertaken would be robbed of much of its meaning if public or private interventions were to have an adverse effect on competition in the Common Market. Doubtless expansion is in itself a guarantee against economic malthusianism and the danger is not as great today as in a stagnant economy. Even more, the opening of frontiers, with the consequent creation of a large economic area, makes it desirable to have specialization agreements and other rationalization measures between industries which are too dispersed both within each country and on the level of the Six. However, it would be contrary to the objectives of the Treaty, to healthy expansion and to an improvement in the living standards of the population, if control of the market in the main industrial sectors, were in the hands of cartels or of a very small number of enterprises. The Commission will implement as soon as possible a common policy on understandings and “ dominant positions ”, so that the difficulties which will inevitably accompany the integration of the economy shall not provide a pretext for abandoning healthy and

effective competition. However great the Commission's vigilance and its firmness, unreserved support from the European Parliament and the Governments will be indispensable if it is to carry out this task.

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The Commission is aware of the difficulties and the obstacles which the tasks ahead will present for its Institutions. The "goodwill" of the six countries towards the Community has made it possible, since 1958, to obtain its first results, but only an unflinching political will, backed by the European Parliament and the national Parliaments, and borne forward by the approval of the public and the action of business circles, can make it possible to transform the national policies in such a way as to define and apply a joint policy.

As we have said above, it is in this spirit and sure of this support that the Commission, noting the anxieties expressed by the Governments of several Member States and what has been achieved in the two years during which the Treaty had been in operation, addressed recommendations to the Council of Ministers for its speedier implementation. The just aim of these recommendations, which are at present being studied by the Institutions of the Community and the Governments of the Member States, is to achieve during the coming months appreciable progress in the elimination of obstacles to internal trade and the adoption of a liberal policy towards non-member countries. When they encourage the expansion of the Community's economy, these recommendations both assure and render necessary the more rapid adoption of the common policies which alone can transform the customs union into an economic union. The Commission has been concerned to safeguard the balance between the different sorts of provision contained in the Treaty and will spare no effort to attain this objective.

Over and above the economic advantages expected from it, both for the Community itself and for its partners in the western world, the Commission wishes to emphasise the political importance it attaches to this acceleration. The internal strengthening which it proposes and which it expects will permit a decision to be taken on 1 January 1962 substantially shortening the transitional period, is intended to reinforce, by leaving behind national divergences, that movement towards union which the six States began when they signed the Treaty of Rome. Their high resolve must be constantly refreshed as they search for new solutions befitting the conditions and the possibilities of the day. At a time when the new forms of co-operation between the western nations are taking shape, it is urgent that the Community should be in a position to emphasise still more its unity and its individuality, not in opposition to anybody nor to destroy the solidarity

which has grown up in more than ten years of co-operation, but to occupy the place and fulfil the role conferred upon it by the Treaty and recognized by its partners.

The political and economic developments of recent years, by underlining the importance of the aid which the industrialised countries must give to the development countries, impose on the Community special duties which it cannot escape : Africa is the first of these duties, since the Treaty of Rome laid the foundations for co-operation between the two continents. The action of the Institutions in the framework of this Treaty has already, over the two last years, furthered the establishment of closer links between the Community and the associated countries. But political changes since 1958, which have led or will lead a large number of these countries to full sovereignty, have modified their special relations with certain member countries and call for a new definition of their relations with the Community. It is important that this major problem, which is rightly preoccupying the Commission, the Member States and the associated countries, should be dealt with as soon as possible and, in any case, before the expiry of the Implementing Convention, so that the effort for economic and social development may be continued in common.

This year the Communities are celebrating the tenth anniversary of the historic declaration of President Robert Schuman. They can derive from this the comfort which comes from the memory of difficulties surmounted, the spectacle of results achieved, and the support of great masses of population. The European Commission hopes that this celebration will above all strengthen the resolve of the peoples, the Governments and the Institutions to move forward, not to falter before the tasks ahead, and to assemble their forces in order to make a reality of economic Europe while laying the firm foundations of political Europe.

II. Activities of the Community

Speedier implementation of the Treaty

1. At its Session of 10, 11 and 12 May the Council, acting upon a recommendation submitted by the Commission in accordance with Article 155 of the Treaty (1) adopted the following decision on the implementation of the Treaty of Rome :

“The Representatives of the Governments of the Member States of the European Economic Community, meeting in the Council,

Considering the provisions of the Treaty establishing the European Economic Community,

Considering the recommendation submitted by the Commission,

Decide :

I

Article 1

— *Without prejudice to the implementation of the reductions stipulated in Article 14 of the Treaty, the Member States shall, as from 1 July 1960, apply among themselves for each product a customs duty equal to the basic duty reduced by 30%.*

Under Article 14 of the Treaty the reduction to be effected on 31 December 1961 will amount to no less than 10%. Before 30 June 1961 the Council shall decide whether, in view of economic developments, a further reduction of 10% will be possible on 31 December of the same year.

— *At the latest on 31 December 1960 the Member States of the European Economic Community shall undertake the first approximation to the common external tariff in accordance with the particulars contained in Article 23 (1a and b). The approximation will be made on the basis of the common external tariff reduced by 20%, but the duties to be applied may not thereby be reduced to a level below that shown in the common external tariff.*

— *The commodities on List G shall be subjected to the procedure outlined in paragraph 2 above. Nevertheless, upon request of a Member State, the Commission may decide that for the particularly sensitive commodities of List G the approximation towards the common external tariff shall be effected on the basis of the duties fixed on 2 March 1960.*

Article 2

— *Without prejudice to the implementation of the reductions provided for in Article 14 of the Treaty, the Member States shall take the steps necessary to ensure the application*

(1) See Bulletin 3-60, Chapter II.

of the measures outlined in Article 1 (1, sub-paragraph 1), (2) and (3) not later than 31 December 1960.

— For the Federal Republic of Germany, the approximation to the common external tariff to be made on 31 December 1960 in accordance with Article 23 of the Treaty need involve the restoration of only 50% of the cuts in certain duties made to meet economic developments.

Article 3

— The various tariff reductions benefiting non-member states shall be of a provisional nature.

— The European Economic Community declares its readiness to discuss with the countries concerned the terms of any reciprocity which could be granted to it.

— The Member States shall be entitled to extend the national reductions to all countries, within the limits of the common external tariff, account being taken of the reciprocity granted by the non-member states. Any extension to all countries already granted will also have to be taken into account.

— At the tariff negotiations to be held in GATT at the beginning of 1961, action will be taken to consolidate, wholly or in part, the 20% reduction used in calculating the approximation to the common external tariff.

Article 4

— Without prejudice to the provisions of the Treaty, the Member States shall, in accordance with their obligations under the General Agreement on Tariffs and Trade and with due regard to the pertinent recommendations of the International Monetary Fund, abolish as soon as possible all quantitative restrictions on the import of industrial goods.

On 31 December 1961 all Member States shall in any case abolish all quantitative restrictions on the import of industrial goods from the other Member States of the EEC.

II

AGRICULTURE

Article 5

— The measures provided for in the Treaty but not yet implemented shall be put into effect before 31 December 1960.

— In compliance with Article 38 (4) of the Treaty, preparation of the common agricultural policy will be pressed forward with a view to speeding its implementation.

— Subject to the particulars below, the provisions of Articles 6 and 7 shall, without prejudice to measures resulting from the application of the Treaty in the agricultural sector, enter into effect on 1 January 1961.

— By 31 December 1960 the Council shall hold one or more sessions to consider the proposals concerning the common agricultural policy referred to in Article 43 (2) of the Treaty, particularly with a view to working out a first solution on the Community level for the difficulties caused, in the agricultural and foodstuffs sectors, by different conditions of competition due to differences in general agricultural policy.

— To this end the Council hereby lays down the following timetable for work on the common agricultural policy:

— Submission of the Commission's final proposals before 30 June;

— First general discussion by the Council before 31 July;

— Immediately after this general discussion, creation by the Council of a special committee to prepare its decisions;

— First report of the special committee to the Council before 15 October.

— Before 31 December 1960 the Council will review the progress made on the points referred to in paragraph 4, sub-paragraph 1.

In the light of this review the Commission shall draft such proposals as may be necessary for the execution or revision of the provisions listed in paragraph 3 above.

These proposals, which can be amended by a unanimous vote in accordance with Article 149, shall be adopted by the Council by the qualified majority stipulated in Article 148 (2), sub-paragraph 2, first alternative.

Article 6

— For the non-liberalized agricultural products the additional reduction shall amount to 5% in such a way that the reduction of duties applicable amongst the Member States in accordance with Article 1, paragraph 1, shall amount to 25% in relation to the basic duty.

— The measures for the approximation to the common external tariff, to which Article 1 (2) refers, will not apply to agricultural products since a common policy is envisaged for these.

Article 7

— The global quotas opened under Article 33 (1) of the Treaty shall be increased annually until the end of the first stage by 20% in relation to the previous year.

— All global quotas opened under Article 33 (2) of the Treaty will for the year 1961 be set at 5.2% of national production.

— For products to which the provisions of paragraphs 1 and 2 above have not been applied and for products in respect of which no contract or long-term agreement has been concluded, the Member States shall be required to allow overall imports equal to the average imports for the three years before the entry into force of the Treaty, increased by 10% each year for 1959 and 1960 and until the end of the first stage.

— The measures referred to in paragraphs 1, 2 and 3 shall no longer apply in cases where the Member States are already applying measures leading to a common agricultural policy which would involve the abolition of quotas and tariffs amongst them.

III

Article 8

The present decision shall be recorded in the Minutes of the session of the Council and published in the official gazette of the European Communities.

The Governments of the Member States shall, within one month, inform the Secretary-General of the Council whether, under their municipal legislation, special procedures are required in order to implement the present decision; where this is the case they will inform the Secretary-General without delay when these procedures have been completed."

2. The Council took its decisions with the complete agreement of the European Commission. In conformity with the wishes expressed by the Council in its Declaration of Intention concerning internal acceleration, the European Commission will shortly submit to the Council proposals on parallel acceleration of the Treaty in all economic sectors.

3. The European Commission considers the decision of 12 May as the fundamental political and economic fact in the history of the Common Market since the signing of the Treaty of Rome. The speed-up indeed showed that progress over the last two years has been such that a time-table which was considered reasonable in 1957 appears out-dated in 1960. This decision reflects the anxiety of the Institutions of the Community and of the Member States to make use of every favourable circumstance to hasten the achievement of integration. It is the expression of a political will which can be thwarted neither by technical obstacles nor by that comfortable feeling which comes from keeping to a programme laid down in advance and already accepted by all.

4. As the preparation of the decisions clearly brought out, an acceleration of the Treaty is fraught with many difficulties. It is, therefore, all the more remarkable, not only that on 12 May there should have been unanimous agreement in the Council on the procedure laid before it but also that the principle of a gesture of such great political and economic moment was never seriously contested. The

need for acceleration was felt not only by responsible officials of the Institutions, but also by businessmen and workers and, in general, by all those who play a part in the economic life of the six countries. The attitude adopted by the European Parliament, after a debate in which every aspect of the problem had been spotlighted, is symbolical of the support accorded to the acceleration plan (1).

EXTERNAL RELATIONS

Inter-European commercial problems

5. At the Conference of 14 January 1960 in Paris, representing the 20 Member and associated States of OEEC and the Commission of the European Economic Community, it was agreed that these States and the EEC Commission should set up a Committee and one or more informal working groups to study commercial problems. The Committee on Trade Problems met on 29 and 30 March 1960 in Paris under the chairmanship of the Netherlands Minister of Foreign Affairs (2).

At the end of the exchange of views which took place during this meeting the Committee instructed its secretariat to assemble factual data on the levels of the various customs duties to be applied from 1 July 1960 on the basis of measures laid down in the Treaty of Rome and the Stockholm Agreement and also on the basis of the other proposals that have been put forward, i.e. the proposals made by the European Free Trade Association (EFTA) in the Vienna communiqué of 12 March 1960 (3) and the recommendations made by the Commission for speeding up the implementation of the Treaty of Rome.

In accordance with the wish expressed by the Committee on Trade Problems, the Chairman of the Committee has had several exploratory talks during April with representatives of the various countries.

6. On 16 May 1960 the President in office of the Council of the European Economic Community, M. Eugène Schaus, Minister of Foreign Affairs of the Grand Duchy of Luxembourg, officially communicated to the Foreign Ministers of Austria, Denmark, Norway, Portugal, the United Kingdom, Sweden, and Switzerland the Declaration of Intention concerning external relations adopted by the Council at its session of 10, 11 and 12 May (4).

In his communication the President of the Council recalled the intention cherished by his Institution "to see the commercial problems arising from the existence of the European Economic Community and the European Free Trade Association

(1) See Bulletin 2-60, Chapter II.

(2) See Bulletin 3-60, Chapter III, Sec. 4.

(3) See Bulletin 3-60, Chapter III, Sec. 3.

(4) See this Bulletin, Chapter II, Sec. 1.

settled in a spirit of friendly co-operation and by liberal practices on both sides". According to the Council "the natural setting for these negotiations should be the Committee on Trade Problems".

In his capacity as President of the Council of Ministers of the European Free Trade Association, M. Gunnar Lange, the Swedish Minister of Commerce, replied on 24 May to the letter from the President of the Council of the Community. M. Lange conveyed the interest with which the Governments of EFTA had taken cognisance of the communication of the President of the Council of the Community and accepted on behalf of these Governments the Community's invitation to take up negotiations in the Committee on Trade Problems.

The Committee on Trade Problems met in Paris on 9 June.

The Association of Greece and Turkey with the Community

7. The negotiations for the association of Greece with the Community began on 21 March 1960 between a Greek delegation and the Commission (1). The state of these negotiations was discussed in the Council at its session of 10, 11 and 12 May. The Council then instructed the Commission to continue the negotiations so as to reach an association agreement as soon as possible.

Considering the phase of exploratory talks with the Turkish Government to have been concluded, the Council invited the European Committee to start negotiations with representatives of that Government with a view to investigating lines along which an association agreement might be concluded between Turkey and the Community.

The Association of the Netherlands Antilles with the Community

8. At the session of the Council held on 1 and 2 February, the Government of the Netherlands had formally requested that the Netherlands Antilles be associated with the Community in accordance with the Declaration of Intention annexed to the final act of the Inter-Governmental Conference for the Common Market and Euratom.

After a further exchange of views at its session of 9 and 10 March, the Council instructed the Commission to prepare a technical study on the problems connected with such an association and to make the necessary contacts with the authorities of the Kingdom of the Netherlands.

When it met on 10 and 11 May the Council instructed a special group composed of delegations from the Governments and the Commission to examine the memoran-

dum drawn up by the Netherlands Government and the technical study made by the Commission with a view to drafting an association agreement with the Netherlands Antilles, and to present its findings to the Council.

The Community and GATT

9. The Commission took part in the sixteenth Session of the Contracting Parties, held in Geneva from 16 May to 4 June.

As a token of its good will and its desire for international co-operation the Commission voluntarily submitted a document containing general information on the work and achievements of the Common Market, although it was in no way obliged to do so.

10. The Commission is actively engaged in preparatory work for the 1960-1961 tariff conference. A preliminary list of concessions requested has been addressed to the Government of the United States. Lists of requests to the other Contracting Parties likely to take part in the negotiations are being drafted.

In order to facilitate negotiations under Art. XXIV (6), the Commission has drawn up a table, in the nomenclature of the common customs tariff, of the items bound for each of the Member States under the General Agreement. This table also contains statistical information on the Community's imports in 1958. The Commission states in respect of each binding whether it considers it a subject for negotiation. In many cases the increased duties in certain tariffs are compensated by the reduced duties in others; frequently internal compensation exceeds the compensation actually required, and in such cases the Community must be given a credit to be set off in the negotiations on headings where the increases in duties outweigh the reductions.

The table of bound items and the other information referred to above was submitted to the Contracting Parties in the second half of May.

11. Amongst their efforts for a reduction of obstacles to international trade, the Contracting Parties in 1958 established a programme to encourage the expansion of international trade. To assist them they set up three Committees, in the work of which the Commission has shared.

Committee I drew up the rules for the tariff conference which opens in Geneva on 1 September 1960 and will be held in two separate stages: the first, from 1 September to 31 December 1960, will be set aside for re-negotiations with the Community on the question of the un-binding of duties required for the alignment of national tariffs with the common customs tariff; the second, beginning in January 1961, will be devoted to multilateral negotiations with countries wishing to accede to the General Agreement — Cambodia, Israel and Tunisia. In conformity with the Treaty, the Commission will conduct the tariff negotiations on behalf of the Community; it will be assisted in this work by a special Committee appointed by the Council.

Committee II arranged meetings between all Contracting Parties to discuss their general agricultural policies and their policies on certain commodities of importance

in international trade. So far, consultations of this kind have been held with twenty-three countries, including the Member States of the Community; they have shown these countries to have a very wide range of non-tariff measures designed to protect their agriculture and to support agriculture incomes. By the end of these meetings the Committee will be able to form an overall picture of the results of these protectionist measures and policies in the agricultural field which may make it possible to lay the foundations of a code of good behaviour in the agricultural sector and so encourage the expansion of trade on the basis of reciprocity and mutual advantage.

Committee III, entrusted with the study of other measures for the expansion of international trade and in particular to increase the export earnings of the less developed countries, has compiled data on the obstacles which stand in the way of these countries' dealings in a number of commodities in which they have an actual or potential export trade.

It has invited the industrialized countries to examine their fiscal, tariff and quota systems with a view to facilitating an early expansion of the export earnings of the less developed countries.

ECONOMIC AND FINANCIAL AFFAIRS

Policy relating to economic trends

The position in 1959 and early 1960 and the further outlook for 1960 (1)

12. In 1959, the objectives of economic policy as defined above were on the whole attained. Imbalances in the payments account of some member countries, which were still fairly marked in 1958, became much less pronounced in 1959, a year characterized by a world-wide economic expansion which benefited most European countries. In the Community as a whole, the gold and currency reserves of the official monetary institutions increased by 1,600 million dollars. This increase was less than that of the previous year, which had been around 2,500 million, and was largely attributable to the necessary reconstitution of French reserves.

The trend towards equilibrium has moreover become stronger in recent months, for, while the official gold and currency reserves of the member countries have continued to increase, an appreciable rise in the goods and services imported from non-member countries has had a marked effect on the balance of trade.

During the first quarter of 1960, purchases abroad by all member countries went up sharply. This increase is attributable to the general growth of investment

(1) A detailed examination of the economic situation in the Community and in each of the member countries is provided by a quarterly study put out by the services of the Community and published in the official gazette of the Communities. In addition, the Commission circulates monthly a brief note on economic trends containing the most recent information on economic developments in the Community.

in the Community and to the tendency for private consumption to develop more rapidly following wage increases in most member countries.

During the greater part of 1959, the growth of imports remained less marked than that of exports, but for some time now imports have been tending to rise faster than exports in certain member countries, even though external demand remains very buoyant. The expansion of the latter, which in 1959 had been particularly lively from the United States of America, has spread to the other industrial countries and, most recently, to the development countries which, thanks to more plentiful payments media resulting from the recovery of their sales in volume and value, are tending to regain the level of imports required for their development programmes.

13. On the whole the stability of price levels has not been disturbed by the lively expansion of both internal and external demand, as production has shown very great elasticity in adapting itself. The increase in the gross national product over 1958 was 6.7% for Italy, and around 6% in the Federal German Republic and the Netherlands. If it did not exceed 2.5% in France and Belgium, this was due, in the first-named country, to the slow-down in internal demand under the economic and financial re-organization programme and, in the second, to structural conversion in certain sectors, notably coal-mining. Agricultural production could not always satisfy demand, as certain crops suffered from the exceptional weather conditions of the summer months. But industrial production advanced without encountering any special difficulties — the rate of expansion being about 7% over 1958 — with all sectors participating, although in varying degree. Only coal-mining and shipbuilding experienced persistent difficulties.

This growth of production was made possible by the exceptional advances in the productivity of labour registered in 1959. The extent of these is explained by the investment effort of enterprises, particularly for the rationalization and specialization needed to adapt conditions of production to wider markets in the setting of the Community. The rate of fixed investment was about 6% for the Community, that of household consumption about 3%. The internal balance of resources and their use has thus been favoured in the various member countries by the indirect effects of the first measures to implement the Treaty of Rome.

The trend of external trade and more precisely of intra-Community trade has also contributed to maintaining price stability. The prices of imported raw materials remained at a lower level than during the preceding year and the average value of imports — like that of exports — was influenced by stronger international competition. This was considerably stimulated by the freeing of trade and reduction of tariffs in 1959 and by the rapid development of intra-Community exchanges: the exports of all member countries to other member countries have grown twice as fast as their exports to non-member countries.

Thus in 1959 there was relative price stability. Only the prices of agricultural products showed an appreciable rise last autumn, but this did not reflect any dis-

equilibrium between overall supply and demand; it resulted essentially from the accidental insufficiency of the production of certain agricultural foodstuffs. The normalization of the market for these products, partly through increased imports from member countries with surplus, made possible a reduction in wholesale and retail price levels at the beginning of 1960.

14. The expansion of business has not always brought about an appreciable increase in employment, since extra production was largely obtained by improved productivity without any increase in manpower. Thus the most appreciable advances in production have been observed in those sectors where the ratio of fixed capital to manpower is highest and where production can be stepped up without calling in large numbers of extra workers. During the preceding year, a part of the labour force had been kept at work, over and above immediate needs, in the expectation of an early recovery. Managements made fuller use of this partially idle labour capacity before taking on new hands.

However, the trend in the labour market has differed somewhat from country to country. In the Federal German Republic, which in 1958 experienced not a real recession but merely a reduction in the development of the economy, employment has continued to increase; the result, in view of the slow growth of the active population, has been a sharp fall in unemployment. Manpower availabilities became insufficient from the autumn of 1959, and tightness appeared on the labour market. In Italy, the recovery registered at the end of 1958 was consolidated in 1959, with a slightly greater increase in employment than in 1958 and a fairly appreciable fall in the number of unemployed. This trend continued in the early months of 1960. There was also a definite increase in employment in the Netherlands, where, despite a rapid increase in the active population, unemployment has appreciably receded and there has been tightness in certain sectors.

The unemployment trend has been less favourable in the other member countries in which recovery was more tardy, but the average level of employment at the end of 1959 in these countries was nevertheless higher than at the end of 1958. In Belgium, where unemployment continued to grow until mid-1959, an inverse trend made itself felt at the beginning of the second half of the year, and grew in strength during the first months of 1960. The situation in France, which had deteriorated in 1958, also only recovered slowly. For 1959 as a whole, the average level of employment was below that of 1958, but at the beginning of 1960 it was higher than at the corresponding period of the previous year.

15. In 1960 the general economic situation will tend to develop satisfactorily on the world plane. However, as far as the Community is concerned, greater difficulties will stand in the way of the simultaneous attainment of the objectives of the common economic policy laid down in Article 104 of the Treaty.

External demand will remain very buoyant because of continuing expansion in the industrialized countries and the improved purchasing power of the countries

producing raw materials. There may, however, be some reduction in the surpluses on the trade balance of certain countries, as higher internal demand will result in more rapid increase of imports.

Consumption by households will in fact increase more rapidly than during the last two years. It has now begun to grow, and the conditions necessary to maintain this expansion seem to be present. For several months past, wages rates in most Community countries have shown a tendency to rise appreciably more than in 1959. Demands for higher pay are based both on the favourable business trend, on the remarkable advances in productivity, and lastly on the increased cost of living, which is felt all the more keenly by wage earners as it mainly results from higher prices for food. The increase in the number of hours worked in Community countries will also swell the volume of wages in 1960. Finally, the more favourable trend of profits distributed and of the income of individual entrepreneurs in 1960 will further increase the resources of households, so that, even if the savings rate remains as high as in 1959 — which is not certain — the growth of private consumption will be appreciably greater than last year.

It is clear too that investment is likely to be on a larger scale than during the previous year. In the Federal German Republic particularly, increased orders in the mechanical engineering industry are evidence that investment programmes are being revised. Overall forecasts for 1960 in the other member countries also point unmistakably to a greater volume of investment than in 1959.

16. The simultaneous expansion of the main elements of demand will make it more difficult to keep prices stable. The remarkable increase in productivity, which gave high elasticity to production in 1959, will doubtless slow down during the months ahead. As a result of the progressive absorption of reserve productive capacity, it will be much less easy to adapt supply to demand. In certain countries, but above all in certain sectors, there is a risk that manpower shortages may cause production bottlenecks and tightness in prices.

17. The strains which have appeared on the labour market in certain member countries seem in fact to be growing more serious. Manpower requirements are specially large and urgent in the Federal German Republic — where the natural increase of the active population and net immigration have shown a tendency to decline in recent years — and will remain so for some time to come. In the Netherlands they are just as urgent but may be of shorter duration, since a sharp increase in the active population will occur from 1962 onwards; they will, however, remain high at least until that year.

By contrast, Belgium, and above all Italy, still have growth reserves in the form of idle manpower. The other countries — France and Luxembourg — are at present in an intermediate position, but in these countries also, continued expansion may well cause manpower shortages during the year in certain sectors or occupational

categories. The Commission therefore considered that it should give special emphasis to this point in working out its recommendations for measures to deal with economic trends.

18. The chief industrial countries of the West have been concerned to prevent or mitigate difficulties in their economies likely to result from the probable trend of the business cycle. Currency measures were taken at the end of 1959 in several Community countries.

To prevent the expansion of demand outrunning possible supply, the Bundesbank has twice raised the discount rate, bringing it to 4%, while the Netherlands and Belgium have fixed their rates at 3.5 and 4% respectively.

In addition, overall treasury deficits in the budgets for the new financial year, adopted or being examined by the Parliaments, are lower than those in the budgets of the preceding year, and lower in every case than those found in the actual balance sheets at the close of the financial year. A certain adaptation to the economic trend will, moreover, result automatically from the fact that fiscal revenue will be higher than anticipated in the initial estimates. In several Member States the treasury has already exercised its function as a regulator of the financial markets by floating considerable medium and long-term loans during the early months of 1960.

19. It is, however, becoming increasingly evident that care must be taken to avoid special measures adopted by the authorities of certain member countries creating difficulties for others. In particular, measures of business cycle policy, such as dearer credit, must not be allowed, through faulty co-ordination, to act as a brake on expansion in those countries which still have growth reserves. For this reason the Commission, realizing the advantages of a co-ordinated business cycle policy over isolated decisions, was led to specify the measures of economic policy which it thought were called for by the probable business trend and to discuss these with the Council at the latter's session of 1 and 2 February (1).

Development policy

20. In order to enable the Institutions, the Member States and the industries concerned to work out the long-term aspects of the harmonious development policies which they wish to further, the European Commission has requested independent experts to establish forecasts on the trend of the Community's economy up to 1970 and on the structural transformations which it is likely to undergo.

In 1958, the same experts drew up the „Report on the economic situation in the Community“; they have been meeting again since April 1959.

(1) See Bulletin 2-60, Chapter I “The economic situation and policy relating to economic trends” by Robert Marjolin, Vice-President of the Commission, and Chapter III, Secs. 16 and 17.

Working on the basis of two estimates, one high and one low, of the development of the gross national product in each country, the experts are studying, under each of these two assumptions, the trend of public consumption, of investments and of private consumption by category of expenditure.

Internal demand by category of expenditure will be broken down in terms of demand by category of products for the Community as a whole.

Forecasts of demographic trends (total population and working population) will be made for each country. All the studies going on will be broken down by countries. This work will bring out the possibilities of, and the obstacles to, the realization of the initial assumptions on the growth of the national products, enabling them to be revised if necessary.

21. The results of the studies made by the group of experts will not be a mere juxtaposition of the national forecasts, but a first attempt to formulate genuinely integrated forecasts.

The importance which the European Commission attaches to long-term economic forecasts is evidence of its resolve to do everything possible to ensure that decisions which commit the long-term future of the Community may be taken in full knowledge of the facts, as far as this is possible at the present stage of forecasting techniques.

The European Commission has not been content with setting a piece of machinery capable of providing overall forecasts. It has also called for sector or regional studies from its own staff in order to throw light on the prospects of a certain number of industries which involve or could involve special problems. These include, among others, textiles, shipbuilding, sulphur, motor vehicles, petroleum, paper and paper pulp.

Activities of the European Investment Bank

22. In 1959, the Board of Directors of the European Investment Bank approved seven financing operations for a total amount of \$52.1 million. The projects for which these credits were provided represent a total investment of \$288 million and are situated in Italy, France and Luxembourg.

The Italian projects concern the underdeveloped regions of Sicily, Sardinia and Lucania. The total credits amount to \$32 million, spread over four projects in the chemical industry and electrical energy production.

The chemical industry projects are situated in Sicily and concern two plants which are part of a petrochemical complex. The Lucanian project is for the exploitation of a lignite deposit and the building of a thermal power station which will use the fuel obtained. In Sardinia, the credits will be used to build a dam and three hydro-electric power stations.

The loans have been granted to the Cassa per il Mezzogiorno, which has also had recourse — for the loan in Sicily and in Lucania — to the financial help of IBRD. The Cassa finances the enterprises concerned either directly or through regional medium and long-term credit institutions.

The loans granted by the European Investment Bank to French firms total \$16.1 million and concern two projects in the less favoured regions of southern France. They are for the building of a petrochemical plant and a hydro-electric dam. In Luxemburg, the Bank has contributed a loan of \$4 million to the financing of a dam and a hydro-electric power station. The project is the fruit of the co-operation of Luxemburg and German interests.

When carrying out its tasks under the Treaty, the Bank must take account of the general direction of the Community's economic policy. Of special interest for the Bank, among the activities which have contributed to determining this direction during the year under review, are the measures for freeing capital movements, the study of sectors which are sensitive to the elimination of customs barriers, the study of weak, backward or declining regions, the preparation of a common agricultural policy and the establishment of the main investment priorities in the transport field. The Bank will here find elements to help it in making its choice among the projects which will be submitted for approval.

The free movement of capital

23. In accordance with Article 69 of the Treaty of Rome, the Commission has submitted to the Council a proposal for the liberalization of the movement of capital within the Community (1). At its meeting of 10, 11 and 12 May the Council drew up the final text of this first directive.

The Commission at a very early date turned its attention to the problem of liberalizing movements of capital in the common market. From the beginning it has worked in close co-operation with the Monetary Committee. After studying all the complex questions to which liberalizations of capital movements gives rise, the Commission and the Monetary Committee agreed on the necessity for the widest and most rapid liberalization possible, so that the other measures of liberalization provided for in the Treaty concerning goods, services and persons and the right of establishment might have their full effect.

24. The practical significance of this directive lies primarily in the fact that a great number of measures taken by the Member States since the introduction of external convertibility are now consolidated, that is to say, made subject to

(1) See Bulletin 2-60, Chapter III, Sec. 24.
See Bulletin 3-60, Chapter III, Sec. 18.

rules which cannot be unilaterally annulled except by applying a fixed procedure. In the light of the present situation in certain countries, the liberalization achieved through this directive represents a considerable advance.

25. This first directive is solely concerned with restrictions placed on the movement of capital by means of exchange regulations. There exist, of course, other restrictions, especially those of an administrative or fiscal nature. In order to attain genuine freedom of movement for capital in the common market, these other restrictions would also have to be abolished wherever possible. The Commission intends to submit to the Council proposals for directives dealing with these restrictions too.

THE INTERNAL MARKET

The common customs tariff and List G

26. All this work culminated, on 13 February 1960, in the approval by the Council of the draft customs tariff based on the arithmetical average and in the signing in Rome on 2 March 1960 of the agreement fixing the duties applicable to the products in List G (1); there now remain only a very few items, in fact, seventy-two, representing less than 3% of the tariff lines, for which no duty has yet been fixed. With these items the main problems are the introduction of special duties for a number of products, certain adjustments of duties under Article 21 (1), the determination of the extent to which certain duties declared by Member States to be of a fiscal nature (Article 22) are protective, and finally the settling within List G of the duty for four headings representing petroleum products. Most of the rates will be fixed before negotiations open within the framework of GATT.

27. The tariff comprises 2,893 lines, which is a relatively modest number when compared with certain national tariffs.

The level of the common customs tariff is on the whole moderate. The weighted average rate resulting from its application to all the imports of the European Economic Community in 1958 amounts to 7.4%. From this it follows that calculation of the tariff on the arithmetical average has proved more favourable to non-member states than the weighted average would have done; though many people favoured this latter method, the resulting level would have worked out at 9.1%.

The weighted rate varies from one group of products to another. It is negligible in the case of raw materials, low for processed goods (5.9%) and higher for equipment and other industrial goods (13.6 to 17.2%). The general rate drops to 5.5% if

(1) See Bulletin 2-60, Chapter III, Sec. 28 et seq.
See Bulletin 3-60, Chapter III, Sec. 21 et seq.

the total of non-agricultural products alone is considered; if raw materials are excluded, it rises to 12%.

The incidence of the common customs tariff appears to be considerably below that of the British tariff. This comparison is particularly favourable to the Community where industrial products are concerned: the weighted average of the common customs tariff duties is at least 5 points below that of the British tariff for equipment goods and 2 points below it for other industrial products.

Elimination of customs duties

28. On 1 July 1960, the Member States are required to apply amongst themselves the second reduction of customs duties provided for in the Treaty. This reduction differs from the first in that the Member States can introduce varying reductions provided they total up to 10% of the overall amount of duties and each basic duty is reduced by not less than 5% (Article 14 (3)). However, duties of a fiscal nature and those customs duties which were still over 30% after the first reduction must be reduced by 10%.

On 21 December 1959 the Commission, which felt that a linear reduction would make it easier to attain the Treaty objectives, issued to Member States a recommendation that they should reduce, with effect from 1 July 1960, the customs duties on all products by 10% of the basic duty (1). The Member States have expressed their willingness to adopt this method.

29. At the session of the Council on 10, 11 and 12 May, the representatives of the Government of the Member States decided, in connection with the speedier implementation of the Treaty, that there should be an additional 10% reduction of customs duties before 31 December 1961, thereby bringing to 30% the reduction implemented between the Member States since 1 January 1959 (2).

Customs duties of a fiscal nature

30. After the Member States had communicated a list of their customs duties of a fiscal nature, the Commission, in conformity with Article 17 (4), authorized the Federal Republic of Germany to retain duties of a fiscal nature on certain petroleum products which do not appear in the Protocol concerning mineral oils and certain of their derivatives. This authorization was granted on the condition that these duties be totally abolished not later than six years after the entry into force of the Treaty.

(1) See Bulletin 1-60, Chapter II, Sec. 22.

(2) See this Bulletin, Chapter II, Sec. 1 et seq.

Elimination of quantitative restrictions

31. A study of the quota arrangements of which the Member States have given notice for 1960 shows that on the whole the rates of increase laid down in the Treaty have been put into operation on the basis of the 1959 quotas; in each case the global increase has exceeded 20% (22% in the Federal Republic of Germany, 30% in the Benelux countries, 33% in Italy and 24% in France).

The checks by the services of the Commission in close co-operation with the experts of the Member States on the first measures of quota disarmament in 1959 and 1960 have shown that the Treaty obligations have been satisfactorily observed on the whole. At the end of 1959 the Commission made some comments and recommendations on particular points. It used the procedure laid down in Article 169 only in relatively rare instances of minor economic importance, where it found that the legal obligations contained in the Treaty had been infringed.

Certain of the terms of Article 33, in particular those referring to the calculation of quotas on the basis of national production, have not been uniformly applied; the Commission will submit proposals to the Council for a modification of the procedure laid down, so that any adjustments necessary for the progressive elimination of quantitative restrictions shall be in conformity with the legal provisions of the Treaty. The Commission has further proposed increases in the basic quotas for a number of products when it was found that the quotas fixed in the absence of clear bilateral arrangements were lower than actual imports from Member States before the entry into force of the Treaty.

National monopolies of a commercial character

32. In the provisions dealing with the elimination of quantitative restrictions, the Treaty includes a special rule under which the Member States are obliged to adjust their national monopolies in such a manner that at the end of the transition period the market will be open to all suppliers in the Community and that the consumers shall have free choice between domestic products and goods imported from Community countries.

In the Community, genuine state monopolies exist in the Federal Republic of Germany, in France and in Italy only. Their economic importance varies greatly, and even the potential trade in their products represents no more than a fairly restricted part of overall trade.

In the Federal Republic of Germany, matches and alcohol are subject to a monopoly. In France, the State has fiscal monopolies, commercial monopolies and buying organizations for tobacco, matches, alcohol, explosives, petroleum, potash and newsprint. In Italy the autonomous administration of state monopolies is responsible for industry and trade in tobacco, salt, matches, lighter flints, cigarette paper.

Finally, there exist in some member countries national marketing organizations for agricultural products. In conformity with Article 38 and the immediately following Articles of the Treaty, they will be adjusted to fit into the common agricultural policy.

33. The Commission has analyzed the extent to which the arbitrary power of state monopolies can have discriminatory effects and has informed the Member States of its views and general comments on the implementation of Article 37. The first steps for the adjustment of monopolies were taken in 1959.

As a result of the Commission's action, a number of legislative and administrative steps were taken in Italy with regard to the tobacco monopoly and its discriminatory actions have as a result been practically eliminated. Nevertheless, import facilities are still linked with a discriminatory condition in that minimum sales quantities are laid down. Any brands failing to reach the minimum sales figure during the first twelve months will be excluded from entry thereafter. The Italian Government has also consulted the Commission on the measures it proposes to take in connection with its other monopolies.

The French Government has submitted detailed proposals with regard to the adjustment of its tobacco monopoly. After a study of these the European Commission concluded that some of the measures proposed were not compatible with the Treaty and suggested to the French Government that it bring its proposals into line with the rules contained in the Treaty.

So far as the petroleum monopoly is concerned, the French Government has for a period of two years reduced from 90% to 50% the percentage of finished products released for consumption which import licence holders must obtain directly from domestic refineries. As a result, anyone able to sell a given quantity on the French market can now import 50% of that quantity, as against 10% previously. Measures in respect of other monopolies are under consideration.

The free supply of services

34. Following the same procedure as that applied to the freedom of establishment (1), the Commission will shortly lay before the Council a general programme and commentary on the abolition of restrictions on the free supply of services (Article 63, (1)). Once again, there arise the problems of defining the services and the restrictions and of settling the order in which these should be abolished.

35. The definition is largely negative; it concerns "services normally supplied for remuneration, to the extent that they are not covered by the provisions on the

free movement of goods, capital and persons" or by those concerning transport. This somewhat residual definition explains the lack of uniformity in this concept and the difference between it and what is accepted by economists and statisticians.

36. The Treaty provides for the free supply of services "within the Community" and the supplier of the service must be "established in a State of the Community other than that of the person to whom the services are supplied" (Article 59, first sub-paragraph). Service therefore represents a link across a frontier which can result from :

a) The supplier moving to the recipient of the service : Services supplied by the liberal professions in the wide sense of the word (consultations, expert opinions, entertainments) by industrial engineers (mounting, repairing or maintenance of machines) and by those in certain ancillary activities (travelling representatives, market research workers, maintenance services), or by certain craftsmen or agricultural workers who are relatively rare and almost always frontier workers. This type of service differs from establishment in the temporary character of the independent activity in the receiving country.

b) The recipient moving to the supplier of the service : Services supplied on the arrival of the recipient for personal reasons (tourism, family visits, study), for business or for medical or para-medical care in the Community country where the service is supplied.

c) The service itself being moved (the supplier and the recipient remaining in their own country). This may apply to goods into which the service is "incorporated" (processing, finishing, testing, analyses and so on), the essential element of the service being moved (certain banking, insurance or publicity services or services provided by the liberal professions in the form of written papers, supply of information and so on).

As in the case of the right of establishment, one form of restriction on the supply of services is represented by any differential treatment based on nationality. These are obstacles discriminating against the professional activity of the supplier of the service when he goes to the recipient of the service. There are other restrictions which are absolute, such as barriers to the movement of the article or essential element of the service itself or of the material required, or prohibitions on payment for the service. As already indicated, these all come within the scope of the chapter on service insofar as they are not governed by the provisions on the free movement of goods and capital.

37. Article 36 (3) of the Treaty provides a criterion for priorities in abolishing these restrictions which is similar to that applicable to the right of establishment; the time-table is analogous to that used for the right of establishment, but the rhythm is faster. In certain circumstances it may be possible to issue implementing

instructions dealing with a particular activity both from the point of view of establishment and from that of the supply of services.

COMPETITION

The rules of competition for enterprises

38. Effective and uniform application of the rules governing competition in respect of enterprises depends in large measure on there being national arrangements for their application. Those Member States which do not yet have such legislation at their disposal have continued their efforts to establish it, in order to create the conditions which will have to exist before a common policy can be put into practice⁽¹⁾. In Belgium, the bill on abuse of economic power has been passed by both Chambers after some amendments made to take into account certain suggestions by the Commission.

In Italy, a bill has been put before Parliament by the Government after consultation of the National Economic and Labour Council. The Commission has been able to study the bill and to submit comments to the Italian Government.

In Luxembourg, the provisions of the Treaty of Rome can be implemented to a limited extent by invoking the price laws. However, a preliminary draft for a bill on the regulation of understandings is being prepared.

39. The Commission, having seen that it will be necessary to apply the rules of competition to public undertakings as well as to private, has initiated discussions with the Member States on the application of Article 90. The first task which the Commission must complete with the help of experts is to provide examples or to settle criteria for interpreting such concepts as "enterprises charged with the management of services of general economic interest", "enterprises... having the character of a fiscal monopoly", or the concept "measure" in the clause "Member States shall, in respect of public enterprises and enterprises to which they grant special or exclusive rights, neither enact nor maintain in force any measure contrary to the rules contained in the Treaty".

40. The draft of a first regulation to be issued under Article 87 for the implementation of Articles 85 and 86 is at present being prepared by the staff of the Commission.

In addition the Commission, in an endeavour to simplify the work which it has to perform in the field covered by Article 85 and the following Articles, will collect and centralize, with the support of Member States, information which will make

it possible to spot understandings and dominant economic positions on the international plane and to evaluate their economic significance.

41. So far the work of the Commission and the experts who have helped it has been concerned mainly with legal definitions and the interpretation of Article 85 and the immediately following Articles, with the establishment in the six countries of a legal situation which will make possible uniform application of the rules governing competition, and with the establishment of an effective procedure for cooperation. This working basis has made it possible to move on more successfully to examination of individual cases. The decisions rendered in these cases will help companies to see more clearly which practices are compatible with the Treaty.

The Commission has already begun the investigation of several of these cases. In connection with an exclusive trading agreement between a manufacturer in one Member State and a group of traders in another, intervention by the Commission and the government of the country sufficed to put an immediate stop to this concerted practice. It is just at this stage of the development of the Common Market that cases of exclusive purchases and deliveries, of dividing up markets and of fixing prices may lead to protests. Several cases of this type are under investigation.

State aids

42. The procedures laid down in the Treaty concerning plans liable to institute new aids or modifying existing ones have been the subject of discussions between the staff of the Commission and experts from the Member States. These discussions were mainly concerned with the methods of notifying projects to the Commission in accordance with the provisions of Article 93 (3).

It has been accepted that the responsibility placed upon the European Commission to judge whether measures of the kind referred to above are or are not compatible with the aims of the Treaty does not lessen in any way the Member States' obligation to inform the Commission of their plans. The Commission must also be allowed sufficient time to work out its position. It is difficult to lay down a definite time for this task, since it is not always possible to assess in advance the length of time needed for a thorough investigation.

The Commission recognises that the legitimate interests of the Member States demand that their plans should be put into action speedily and it hopes, therefore, to have the fullest support of governments in attaining correct use of the procedure laid down in Article 93 (3). Here it should be noted that it is in the interest of the States themselves to leave sufficient time for the matter to be examined in advance. Thus there will be no need of recourse to the procedure expressly laid down in Article 93 (2), and the suspended implementation of the project in question.

43. Under the procedure laid down in Article 93 (3), the Commission has been informed of certain government activities in connection with State aid.

The examination of several such plans has shown that since these provisions are of a very general nature and merely establish the principle of measures of aid whose aim appears to conform with the general objectives of the Treaty of Rome, or define the administrative procedure to be used in granting the aid in question, a final judgement on whether the measures adopted are compatible with the common market can only be given in the light of the way in which they are applied. In dealing with such outline laws it is the primary duty of the Commission to ensure that no misuse is made of them (Article 93 (1)).

Fiscal problems

44. The staff of the Commission has given increasing attention to the problem of how turnover taxes can be harmonized.

Three working parties, set up after meetings of senior government officials of the Member States, have been instructed to work out the basis for harmonization. They will give careful consideration to the following practical possibilities :

- a) Maintenance of existing municipal legislation, the control of goods at the frontier being, however, abolished in view of countervailing duties on imports and the granting of drawbacks on exports — these checks could be transferred to the accounting offices of import and export firms;
- b) Adoption of a single general tax levied at the stage immediately before the goods reach the retailer — this could be combined with a small additional tax on retailers, related to the requirements of each Member State;
- c) Adoption of a common tax levied at the production stage and combined with an autonomous tax levied at the distributive stage;
- d) Adoption of an added value tax combined, where necessary, with a tax levied at the distributive stage.

45. The Commission has recognized that, pending harmonization of turnover taxes, it will be necessary to settle the conditions underlying the application of Article 97 of the Treaty introducing a supplementary provision to the basic rule in Article 96 in order to offset the internal fiscal charge, which contains the provision that, in States where turnover tax is calculated by a cumulative multistage system, countervailing duties may be levied on imports and drawback granted on exports on the basis of the average rates for specific products or groups of products.

Since the entry into force of the Treaty, several Member States have amended the rates of countervailing duties and drawbacks. In view of the psychological

effects, the Commission feels that such measures are harmful to the progressive establishment of the common market.

The European Commission considers that, so long as turnover taxes cannot be harmonised, there is need for close co-operation between the governments if the advantages gained from the initiation of the Common Market are not to be endangered. It is in this spirit and in expectation of this harmonization that the European Commission has proposed to the Council a provisional solution under which the Member States would refrain from modifying the present situation unless they had convinced the Commission by previous consultation of the particular reasons justifying the modification they propose.

46. A working party consisting of senior government officials of the Member States has recently begun to study the problems raised by indirect taxes other than turnover taxes. These are charges such as excise duty, where there are often considerable differences between Member States and where harmonization would, therefore, be most important.

The question of turning customs duties into excise duties and of the unfortunate psychological effects on public opinion which can result, was raised once again. In this connection, the specific case in which the Benelux States turned fiscal duties on wine into excise duties was examined. The Commission felt that it was mainly a question of whether this excise duty could give indirect protection to other beverages. On the basis of the information gathered by its staff, the Commission decided that there was not sufficient evidence of a violation of Article 95 (2) to justify invoking the procedure under Article 169. Also the staff of the Commission have been instructed to find solutions which, taking into account the proposals being made for the implementation of the common agricultural policy, appear to be economically necessary.

47. The Commission is also studying the economic repercussions of direct taxes in the European Economic Community. It intends to prepare proposals which will lead to some harmonization of legislation where this is considered necessary. The Commission has already put in hand various studies in sectors which seem to be of particular interest from this angle. An example which may be quoted is the influence of taxation on the movement of capital, on agriculture, on public enterprises, on amortization and on the supply of energy.

SOCIAL AFFAIRS

Labour problems

48. The European Commission considered that an enquiry into the cost of manpower and the income of workers in the six countries was required before certain provisions of the Treaty could be fulfilled. This enquiry will cover both direct

wages and the compulsory social charges borne by the employers, as well as charges resulting from benefits granted voluntarily.

The enquiry will be carried out in 14 branches of industry (1).

A regulation based on Article 213 of the Treaty, and laying down the limits and conditions in which the information required will be gathered by the European Commission, has recently been approved by the Council. Under it, all enterprises within these branches of industry employing a minimum of 50 workers will be invited to furnish the information necessary to determine the cost of manpower and the income of wage-earners. The information will be based on the accounting figures for the year 1959.

49. The Executives of the three Communities are at present preparing a "Conference on the economic and social consequences of the new techniques and of the rationalization of work", to take place in Brussels in the autumn of 1960. The purpose of this conference is to gather detailed information on the present situation and on the probable trend in the near future. The conference will work in several seminars.

Employment and manpower problems

50. The special working party set up in February 1960 to study the problem of the cyclical imbalances which have recently occurred on the labour market in several countries of the Community adopted its final report on 27 April (2). The report confirms that the effects on employment of the present boom conditions are generally a very pronounced increase in manpower requirements and a decrease in availabilities — which are almost exhausted in certain cases — so that shortages have appeared and are spreading. This is the situation particularly in Germany, Luxembourg, and the Netherlands, while the phenomenon is much less pronounced in Belgium and in France. By contrast, there are still important manpower reserves for a large number of occupations in Italy.

Certain conclusions have been drawn from these facts. First, emphasis has been laid on the need to develop between the countries rapid occupational training courses for adults, so as to provide, by means of courses lasting four to six months, manpower to fill the gaps occurring in a great number of branches. The working party has also suggested certain improvements in the present arrangements for the migration of workers between member countries.

With regard to long-term policy, a study has been made of the trend of employment in the Member States between 1954 and 1958 in the general setting of demographic

(1) See Bulletin 2-60, Chapter III, Sec. 40.

(2) See Bulletin 2-60, Chapter I,
See Bulletin 3-60, Chapter III, Sec. 39.

evolution and economic development (1). From this study it has emerged that there exist in the Community wide divergences in the structure, level and rate of development of employment, divergences which appear even more clearly on the regional than on the national plane. Community action appears necessary if all useful elements for the promotion of a more harmonious expansion of employment possibilities are to be assembled.

The persistence of widespread under-employment in certain regions of the Community poses a problem on which the European Commission would wish to be better informed. A pilot study of this phenomenon has been initiated, and it will serve as a basis for a general enquiry.

In addition, precise information has been assembled by the Commission on aid to the unemployed, and on the provisions used in the various States to combat unemployment and to deal with the special problem of seasonal unemployment in the building industry.

Social problems in agriculture

51. At the request of the Social Affairs Committee of the European Parliament, a detailed report has been drawn up on the social situation of wage-earners in agriculture.

At the end of 1960, the Commission will invite delegates from farming organizations and observers from the Governments of the Member States to a Conference on the social aspects of the common agricultural policy.

The free movement of workers

52. The staff of the Commission has prepared a series of proposals intended to provide a framework for the gradual application of Articles 48 and 49 of the Treaty, on the free movement of workers, and to cover the measures that will have to be taken during the first stage. These provisions were carefully studied in 1959 with government experts and representative trade union organizations (2). The Commission intends to submit preliminary proposals to the Council very shortly.

The European Social Fund

53. On 11 May 1960 the Council, acting upon a proposal of the Commission, adopted the rules of the European Social Fund (3). At the same meeting the Council

(1) See Bulletin 2-60, Chapter III, Sec. 41.

(2) See Bulletin 5-59, Chapter II, Sec. 34.

(3) See Bulletin 3-59, Chapter III, Sec. 40 and 41.

See Bulletin 4-59, Chapter III, Sec. 31.

See Bulletin 5-59, Chapter II, Sec. 31.

See Bulletin 2-60, Chapter III, Sec. 38.

adopted a draft status of the Fund Committee. The total membership of the Committee was fixed at 36, one-third to be government representatives, one-third representatives of trade union organizations and the remainder representatives of employers' associations.

In February, the Commission gave the opinion for which it had been asked and expressed itself a favour of a tripartite set-up for the Committee with equal representation for all concerned; the Council accepted this formula.

AGRICULTURE

The common agricultural policy

54. On 6 May, the Economic and Social Committee gave the opinion requested by the Commission on the text of "the proposals concerning the working out and putting into effect of the common agricultural policy". The vote on the draft opinion as a whole showed 73 in favour and 19 abstentions. In its opinion, the Committee approves the main lines of the Commission's proposal and makes the further suggestion that a social policy be implemented in the agricultural sector simultaneously with the structural, market and commercial policies. The Economic and Social Committee has still to give the Commission its opinion on that part of the proposals which deals with the various agricultural products.

55. At its Session of 10, 11 and 12 May in which it took the decision to accelerate the implementation of the Treaty, the Council laid down the following time table for the work relating to the common agricultural policy (1) :

- Submission of the Commission's final proposals before 30 June;
- First general discussion by the Council before 31 July;
- Immediately after this general discussion, creation by the Council of a special Committee to prepare its decisions;
- First report of the special Committee to the Council before 15 October.

The Council has decided to hold one or more sessions by 31 December 1960 to consider the Commission's proposal notably on a first solution at the Community level for the difficulties in the agricultural and foodstuffs sectors caused by differing conditions of competition consequent upon differences in general agricultural policy.

56. On 16 and 17 May, the Ministers of Agriculture held a last unofficial Meeting to examine problems in relation with the common agricultural policy. In future the Ministers of Agriculture or their representatives will examine problems relating

(1) See this Bulletin, Chapter II, Sec. 1 et seq. for all the decisions taken in the agricultural sphere in the context of the agreement to speed up implementation of the Treaty.

to the common agricultural policy with their colleagues of other departments, or their representatives, in the special Committee which the Council is to set up.

57. The Commission is at present finalizing its proposal in order to be able to submit the definitive text to the Council as soon as possible. At the same time or immediately afterwards, it will submit to the Council draft regulations, directives or recommendations.

TRANSPORT

58. The overall study of the transport situation in the six Community countries considered necessary by the Commission for the common policy to be worked out in the full knowledge of the facts has been virtually completed.

The comparative analysis of the transport situation in the six countries has covered the transport policies of the Member States, the organization of the profession of carrier and the studies carried out on cost prices. This examination of the situation shows that although the transport systems of the six countries have several features in common, the differences between them are much more numerous and deep-seated.

59. In the six countries, the public authorities attach great importance to the role of transport in the general economy and draw the conclusion that the State must intervene in one form or another in the organization of transport. Moreover, the burden of a very important part of investment in transport — that for infrastructures — falls more or less completely upon the States. Finally, the business structures and, to some extent, the administrative situations of individual enterprises in the different modes of internal transport are more or less comparable in the six countries: there are close links between the State and the railways and the other two modes of transport are in the hands of a great number of private companies, many of them individual enterprises.

But we note that from other angles the transport situation presents marked disparities. These appear first of all in the policies pursued by the Member States in organizing transport. These policies are all based in varying degrees on two opposing trends: the one seeks to manage transport in the general interest, while the other prefers to place it as far as possible in a situation comparable to those of any other industrial and commercial sector. The measures taken to harmonise and co-ordinate modes of transport vary with the relative importance attached to one or the other of these great principles, which they sometimes endeavour to conciliate; in fact, they differ greatly from country to country. These differences can be seen in the systems underlying tariffs, both in the regulations applicable to rates and conditions of transport and in the principles and the methods used to establish rates. Nevertheless, there is a general trend, which seems to be increas-

ing in strength, towards a greater approximation between the rates and tariffs practised and the cost price of the services rendered.

However, the application of the principles of calculating rates in relation to cost prices presupposes that tested and generally approved methods exist for establishing the latter. This is, however, not the case. In view of the decisive importance of a better knowledge of cost prices, both for this field and for the implementation of other provisions of the Treaty, such as Articles 78, 79 and 80, the Commission considers that studies should be made at Community level in order to overcome these difficulties.

60. Under Article 76, until such time as the common transport policy is established, it is incumbent on the Commission to see that no Member State applies the various provisions on transport in such a way as to make them less favourable, in their direct or indirect effect, for carriers of other Member States than for its own national carriers. The Commission has carried out investigations on this point, but up to the present it has not found any infringement which would justify its intervening with Member States.

ASSOCIATION OF OVERSEAS COUNTRIES AND TERRITORIES

The European Development Fund for the Overseas Countries and Territories

61. In March 1960, the Commission decided to make available from the Fund money to finance the following social projects :

a) In Netherlands New Guinea

— A demographic research programme, for a provisional commitment of 655,000 units of account;

— A geological research programme, for a provisional commitment of 4,737,000 units of account.

b) In the Central African Republic

— Construction of several buildings for public health purposes, for a provisional commitment of 276,000 units of account;

— Construction of rural occupational training facilities, for a provisional commitment of 255,000 units of account.

c) In the Gabonese Republic

— Construction of 3 apprenticeship centres, for a provisional commitment of 406,000 units of account.

d) In the Republic of Chad

— Drainage of the Saint-Martin basin at Fort-Lamy for a provisional commitment of 1,014,000 units of accounts;

— Reconstruction of 50 bush-schools for a provisional commitment of 912,000 units of account.

e) In the Sudanese Republic

— Irrigation work at the Agricultural Technical College of Katibougou, for a provisional commitment of 74,000 units of account;

— Installation of presses at Karité, for a provisional commitment of 66,000 units of account.

f) In the Republic of Dahomey

— Construction of an auxiliary hospital at Parakou for a provisional commitment of 594,000 units of account.

62. In March, April and May, the Council approved, on the proposal of the Commission and in accordance with Article 5 of the Implementing Convention relating to the Association with the Community of the Overseas Countries and Territories, the financing by the European Development Fund of the following economic projects :

a) In Ruanda-Urundi

— An overall study for the development of Ruanda-Urundi, for a provisional commitment of 130,000 units of account.

b) In the Belgian Congo

— Construction of bridges over the Lubilash and Luilu rivers, for a provisional commitment of 500,000 units of account;

— Construction of a stretch of road from Mambasa to Bunia, for a provisional commitment of 4,000,000 units of account.

c) In the Republic of Senegal

— Improvement of roads in Casamance, for a provisional commitment of 4,922,000 units of account.

d) In the Sudanese Republic

— Drainage and irrigation work for the grazing industry for a provisional commitment of 142,000 units of account.

e) In Cameroon

— Purchase of a dredger for the port of Duala, for a provisional commitment of 892,000 units of account.

f) In the Republic of Upper Volta

— Construction of wells (irrigation for grazing and water supply) for a provisional commitment of 365,000 units of account.

g) In the Islamic Republic of Mauritania

— Construction of cattle vaccination stations, for a provisional commitment of 154,000 units of account.

h) In the Central African Republic

— A cattle-raising project for a provisional commitment of 179,000 units of account.

i) In the Republic of Chad

— Irrigation and village water supplies for a provisional commitment of 2,977,000 units of account.

63. In March, April and May, the following 16 new financing conventions were signed :

— two conventions with the Republic of Togo, the first relating to two economic projects totalling a provisional commitment of 458,880 units of account (1), the second to three social projects for a total provisional commitment of 201,040 units of account (2);

— a financing convention with the Republic of Madagascar relating to two economic projects for a provisional commitment of 3,483,000 units of account;

— a financing convention with the Comoro Archipelago relating to a social project for a provisional commitment of 81,000 units of account (3);

— two financing conventions with Cameroon, the first relating to three social projects for a total provisional commitment of 331,000 units of account (4), the second to an economic project for a provisional commitment of 3,565,000 units of account;

— a financing convention with the Gabonese Republic relating to two social projects for a total provisional commitment of 612,000 units of account (6);

(1) See Bulletin 3-59, Chapter III, Sec. 64.

(2) See Bulletin 3-59, Chapter III, Sec. 62.

(3) See Bulletin 5-59, Chapter II, Sec. 38.

(4) See Bulletin 3-59, Chapter III, Sec. 62.

(5) See Bulletin 4-59, Chapter III, Sec. 52.

(6) See Bulletin 4-59, Chapter III, Sec. 59.

- a financing convention with the Republic of Chad relating to two social projects, for a total provisional commitment of 1,300,000 units of account (1);
- a financing convention with the Republic of Niger relating to a social project for a provisional commitment of 2,781,000 units of account (2);
- a financing convention with the Republic of Upper Volta relating to three social projects for a total provisional commitment of 1,625,000 units of account (3);
- a financing convention with Netherlands New Guinea relating to three social projects for a total provisional commitment of 7,418,000 units of account (4);
- a financing convention with Belgium relating to social projects to be carried out in Ruanda-Urundi for a provisional commitment of 350,000 units of account (5);
- a financing convention with Belgium for two economic projects to be carried out in the Belgian Congo, for a total provisional commitment of 4,500,000 units of account (6);
- three financing conventions with the Republic of the Ivory Coast, the first relating to an economic project for a provisional commitment of 600,000 units of account (7), the second to two social projects for a total provisional commitment of 1,670,000 units of account (8), and the third to a social project for a provisional commitment of 1,216,000 units of account (9).

OFFICIAL VISITS

64. Their Royal Highnesses the Grand Duchess of Luxembourg and the Prince of Luxembourg paid an official visit to the Commissions of the European Economic Community and the European Atomic Energy Community on 29 April 1960.

(1) See Bulletin 4-59, Chapter III, Sec. 59.

(2) See Bulletin 5-59, Chapter II, Sec. 38.

(3) See Bulletin 5-59, Chapter II, Sec. 38.

(4) See Bulletin 1-60, Chapter II, Sec. 54, Bulletin 2-60, Chapter III, Sec. 58 and this Bulletin, Chapter II, Sec. 61.

(5) See Bulletin 1-60, Chapter II, Sec. 54.

(6) See this Bulletin, Chapter II, Sec. 62.

(7) See Bulletin 4-59, Chapter III, Sec. 52.

(8) See Bulletin 3-59, Chapter III, Sec. 62.

(9) See Bulletin 1-60, Chapter II, Sec. 54.

III. Institutions and Organs

A — THE EUROPEAN PARLIAMENT

65. The Parliament met in plenary session in Strasbourg from 10 to 17 May, 1960. The President of the Parliament and the leaders of the political groups paid homage to President Schuman who, in his declaration of 9 May 1950, laid the very foundations for the construction of Europe.

On this occasion, the Assembly passed a resolution stating that " Robert Schuman, Honorary President of the European Parliament, has served Europe well ".

66. MM. Battista, Dehousse, Faure, Schuijt and Metzger presented reports on the proposal for elections to the Parliament by direct universal suffrage.

After the ensuing debate, the Parliament on 17 May passed by a large majority a resolution adopting the draft convention on election to the Parliament by direct universal suffrage, drawn up in accordance with Article 138 (1). The draft will be submitted to the Council which, in conformity with Article 138 (3), shall determine what provisions they will recommend to Member States for adoption. The Council will decide on this matter by unanimous vote.

In Article 1, the convention lays down that " the representatives of the peoples in the Parliament shall be elected by universal direct suffrage ".

The States shall have the following number of representatives : Belgium 42, Germany 108, France 108, Italy 108, Luxembourg 18, the Netherlands 42.

During a transitional period, a third of these representatives shall be elected from their respective Parliaments in accordance with a procedure ensuring fair representation of the various political groups. The transitional period shall commence at the time of the entry into force of the convention. Its date of expiry shall be fixed by the European Parliament and may not be earlier than the end of the third stage of the establishment of the Common Market, as defined in Article 8 of the Treaty.

Under the draft convention the representatives are to be elected for five years, with the exception of those appointed by the various Parliaments whose term of office shall expire when they cease to be members of their national Parliaments or at the end of the period for which they were nominated by these.

The convention defines the various impediments to membership of the Parliament (such as membership of a government or European executive, appointment as a judge in the European Court of Justice, membership of the Economic and Social Committee or of the Consultative Committee of the High Authority, employment on the staff of one of the European Communities and so on).

Under the terms of the draft convention, the voting age is 21 and the age of eligibility 25.

The Parliament has further passed a resolution on procedure (submission of the draft convention to the Councils and liaison with the national authorities), a resolution concerning the preparation of public opinion for the European elections based on universal suffrage (notably by wide dissemination of the draft convention), and a declaration of intention concerning the association of the parliamentary representatives of the Overseas Countries and Territories with the work of the elected Parliament, stating that this assembly will meet at least once a year with these overseas representatives.

67. The long-term economic policy of the Community was the subject of reports presented by MM. Deist (common policy on economic trends), Geiger (structural problems), Armengaud (establishment of a working party for the promotion of a long-term economic policy) and Motte (regional economies within the Community).

At the end of the debate on these reports, the Parliament passed a resolution inviting the Commission of the European Economic Community :

1^o To set up a Council on economic trends, composed of independent and highly qualified experts, to be at the disposal of the organs of the Community for consultation and especially instructed to bring about the conditions for exact diagnosis and forecasts concerning economic trends, and to keep in touch with policy in this field;

2^o To set up a consultative regional economic committee, composed of experts appointed by the Member States and by public, semi-public and private organizations and instructed to make enquiries and analyses in view of better co-ordination of the work of the EEC Commission in the field of regional economic problems, and to submit its recommendations to the Member States;

3^o To encourage the establishment in all countries of institutions for the co-ordination of anticyclical policy on the national level;

4^o To organize close co-operation between the Institutions of the Community and those specialized in the field of regional policy, especially organic co-operation between the Investment Bank and the finance institutes concerned in the various countries (intermediary services);

5^o To instruct the working party to draw up a summary of the resources in manpower, raw materials, equipment goods and financial availabilities in the main economic branches — showing existing disparities — to enable the EEC Commission to explain to the Member States and to trade and industry, in the knowledge of all the facts, the common objectives and the investment programmes required for the expansion which the Community can and must achieve;

6° To draw up a minimum programme for provision of the statistics essential to a co-ordinated economic policy, and to present appropriate proposals to the Council of Ministers in accordance with Article 123 (2) of the Treaty.

On 17 May M. Eugene Schaus, President in office of the Councils, laid before the Parliament the decisions taken by the Council of the EEC at its session of 10, 11 and 12 May. These concern the association of Greece and Turkey with the Common Market, the European Social Fund, and the speedier implementation of the Treaty. With regard to this last matter, M. Schaus stressed the internal strengthening to be expected from acceleration. He believed that as a result of this the Community would be in a position to pursue an open and liberal policy vis-à-vis the outside world.

M. Hallstein, President of the Commission, also emphasized the political importance of the speed-up decisions with regard to both the internal and external strengthening of the Community. He thanked the Governments for their co-operation and the Community spirit they had shown, and the Parliament for the support it had given in the search for a solution to the problem of acceleration.

68. The President of the Parliament announced that M. Schaus would make a statement at the June session *on the subject of the seat of the Institutions in general and of the Parliament in particular*.

B — THE COUNCIL

69. The European Parliament considered a draft supplementary budget amounting to BF 20 million for the Joint Information Service drawn up by the Council and referred to the Parliament for its opinion; the Parliament expressed its satisfaction with the Council's decision.

70. The Council met for its 32nd session on 10 and 11 May in Luxembourg and on 12 May in Brussels under the chairmanship of M. Eugène Schaus, Minister of Foreign Affairs of the Grand Duchy of Luxembourg. Its principal decision was to speed up the implementation of the Treaty on the basis of a recommendation submitted by the Commission (1). The Council also dealt with the following points :

— *Association of Greece and Turkey with the Community* : After an exchange of views with the Commission, the latter was instructed by the Council to proceed with the negotiations with a view to concluding an association agreement as soon as possible.

With regard to Turkey, the Council was of the opinion that the phase of exploratory talks with this country could be regarded as closed and invited the Commission

(1) See this Bulletin, Chapter II, Sec. 1 et seq.

to enter into negotiations with representatives of the Turkish Government to study possible details of an association agreement between Turkey and the Community.

— *Freeing of capital movements* : Voting on a proposal of the Commission, the Council unanimously agreed the final text of the first directive for the implementation of Article 67 of the Treaty (1).

The Council decided that Articles 67 to 75 of the Treaty and the provisions of Article 106 concerning capital movements shall be applicable to Algeria and to the French Overseas Départements.

— *Association of the Netherlands Antilles* : The Council has decided to instruct a special group consisting of delegations from the Governments and the Commission to examine the Netherlands Memorandum and the Commission's technical report with a view to working out the substance of an association agreement and to submit its conclusions to the Council. The special group is to begin its work in the first week of June.

— *Rules of the European Social Fund* : The Council, composed on this occasion of the Ministers of Labour or of Social Affairs of the Member States, heard a statement by M. Petrilli, a member of the Commission, on the social policy of the Community and in particular on the Social Fund.

On the proposal of the Commission the Council adopted the rules of the European Social Fund (2).

The Council also adopted the regulation enabling the Commission to undertake an investigation into the wages of workers in certain industries in the six countries of the Community (3).

— *The European University* : The Interim Committee for the European University has presented its final report on the establishment of the University, on the recognition of the European status of existing institutions of higher education and research, and on university staff and student exchanges.

The Interim Committee proposes that the European University should receive students who have already completed three or four years of study in existing

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- (1) See Bulletin 2-60, Chapter III, Sec. 24.
See Bulletin 3-60, Chapter III, Sec. 18.
See Bulletin 4-60, Chapter II, Sec. 23 et seq.
- (2) See Bulletin 3-59, Chapter III, Sec. 40 and 41.
See Bulletin 4-59, Chapter III, Sec. 31.
See Bulletin 5-59, Chapter II, Sec. 31.
See Bulletin 2-60, Chapter III, Sec. 38.
See Bulletin 4-60, Chapter II, Sec. 53.
- (3) See this Bulletin, Chapter II, Sec. 52.

Universities. In the first year it should be able to take 250 students and at the end of the first five-year period it should be in a position to complete the academic education of approximately 500 students each year. It would confer the degree of Doctor of the European University.

For the first five-year period there would be six departments: Law, Economics, Social Science and Politics, History and the Development of Civilizations, Pure and Applied Mathematics, and Pure Physics.

Certain highly specialized institutions could, upon their request, be recognized as European institutions of higher education and research.

European non-member states would be allowed to adhere to the Statute. European or non-European non-member states could be associated.

The President of the Council took note of the report of the Interim Committee on behalf of the Councils and stated that he would submit the text to the Parliament.

— *Budget matters*: The Councils have passed the supplementary budget for the Joint Information Service, amounting to FB 20 million.

C — THE ECONOMIC AND SOCIAL COMMITTEE

71. The Economic and Social Committee met in plenary session from 3 to 6 May. It heard reports from M. Genin, Chairman of the Agricultural Section, instructed to prepare the draft opinion of the Committee on the Commission's proposals for a common agricultural policy. The Committee also heard the reports of M. Anchisi, the rapporteur of the same Section, and of M. Braun, rapporteur of the Economic Section. The three rapporteurs informed the Committee of the work done by the two sections.

At its meetings of 5 and 6 May, the Committee studied the amendments and voted on the draft opinion.

The vote on the draft as a whole showed the following result: 73 in favour and 19 abstaining.

The Committee will meet again in plenary session at the end of June, when it will adopt the draft general report and the draft supplementary opinion on specific questions concerning various agricultural products.

D — THE MONETARY COMMITTEE

72. The Monetary Committee held its 19th session on 16 and 17 May. In compliance with its rules of procedure, it confirmed its officers for a further period of

two years. Jonkheer E. van Lennep, Treasurer-General of the Netherlands, was re-elected President of the Committee. M. P. Calvet, first Deputy-Governor of the Bank of France, and M. O. Emminger, a member of the Board of Directors of the Deutsche Bundesbank, were re-elected Vice-Presidents.

At this session the Committee examined the monetary and financial situation of Belgium and Luxembourg. It also studied the new tasks entrusted to it in the field of capital movements by the directive recently issued by the Council of Ministers of the EEC and laid down its programme of work in consequence.

ANNEX

Organization of the European Commission and of its administrative services

A — The Commission

1. Walter HALLSTEIN, President
Swidbert SCHNIPPENKOETTER, Head of Private Office
Karl-Heinz NARJES, Deputy
Klaus MEYER, Deputy
2. Sicco L. MANSHOLT, Vice-President
Alfred MOZER, Head of Private Office
Willem VAN SLOBBE, Deputy
3. Robert MARJOLIN, Vice-President
Jean-Claude RICHARD, Head of Private Office
Jean FLORY, Deputy
4. Giuseppe CARON, Vice-President
Achille ALBONETTI, Acting Head of Private Office
Beniamino OLIVI, Deputy
5. Robert LEMAIGNEN, Member
Jacques FERRANDI, Head of Private Office
Henri VARENNE, Deputy
6. Jean REY, Member
Pierre LUCION, Head of Private Office
Alex HOVEN, Deputy
7. Hans von der GROEBEN, Member
Ernst ALBRECHT, Head of Private Office
Erich WIRSING, Deputy
8. Giuseppe PETRILLI, Member
Romolo ARENA, Head of Private Office
Luigi GIRARDIN, Deputy
9. Lambert SCHAUS, Member
Lucien KRAUS, Head of Private Office
Henri ETIENNE, Deputy

Secretariat of the Commission

Executive Secretary : Emile NOEL

Deputy Executive Secretary : Alex HERBST

Division

- | | |
|---|---------------------------------------|
| 1. Office of the Registrar | Frans DE KOSTER,
Head of Division |
| 2. Liaison with Directorates General | Jacobus STEMPELS,
Head of Division |
| 3. Liaison with other Institutions of the European Communities
and the European Assemblies | Tullio DONDE,
Head of Division |
| 4. General Report and other regular reports | Fernand BRAUN,
Head of Division |

Special adviser to the President : Pierre BOURGUIGNON

B — Composition of the Groups and administrative organization

I. External relations

Chairman : Jean REY
 Head of Private Office : Pierre LUCION
 Deputy : Alex HOVEN
 Members : Robert MARJOLIN
 Giuseppe PETRILLI
 Director General : Günther SEELIGER
 Assistant : Götz SCHOFFER

Directorate	Division	
<p style="text-align: center;">A</p> <p>General Affairs and Relations with international organizations</p>	<ol style="list-style-type: none"> 1. General Affairs and Relations with monetary organizations 2. Relations with customs and commercial organizations 3. Relations with other organizations 	<p>Theodorus HIJZEN, Director</p> <p>Gerhard BERGHOLD, Head of Division</p> <p>Frédéric DONNE, Head of Division</p> <p>Franco GIANFRANCHI, Head of Division</p>
<p style="text-align: center;">B</p> <p>Association with non-member countries</p>	<ol style="list-style-type: none"> 1. Multilateral association (European Economic Association), General Affairs 2. Multilateral association (European Economic Association), Special Problems 3. Membership and bilateral association 4. Relations with European Communities and Institutions 	<p>Jean DENIAU, Director</p> <p>Berndt VON STADEN, Head of Division</p> <p>Guido MILANO, Head of Division</p> <p>Georges MATRAY, Head of Division</p> <p>Adolphe DE BAERDEMAEKER, Head of Division</p>

Directorate	Division	
<p style="text-align: center;">C</p> <p>Bilateral Relations</p>	<ol style="list-style-type: none"> 1. West European Countries 2. East European Countries 3. North America 4. Other Countries (America, Africa, Asia and Australia) 	<p>Robert FANIEL, Director</p> <p>Marc COLOMB DE DAUNANT, Head of Division</p> <p>Mario BOLASCO, Head of Division</p> <p>Hugo DE GROOD, Head of Division</p> <p>Philip MASSERER, Head of Division</p>
<p style="text-align: center;">D</p> <p>Commercial Policy (Negotiations)</p>	<ol style="list-style-type: none"> 1. Principles of commercial policy 2. Secretariat for Negotiations 	<p>Wolfgang ERNST, Director</p> <p>Mattia DI MARTINO, Head of Division</p> <p>Johannes MOULIJN, Head of Division</p>
<p>Director for Co-ordination</p>		<p>Riccardo LUZZATTO, Head of Division</p>

II. Economic and financial affairs

Chairman : Robert MARJOLIN

Head of Private Office : Jean-Claude RICHARD

Deputy : Jean FLORY

Deputy Chairman : Hans von der GROEBEN

Members : Sicco L. MANSHOLT

Giuseppe CARON

Director General : Franco BOBBA

Assistant : Gorrado MALAVASI

Directorate	Division	
<p>A</p> <p>National Economies and Economic Trends</p>	<p>1. Economic Trends</p> <p>2. France</p> <p>3. Germany</p> <p>4. Italy</p> <p>5. Benelux</p>	<p>Pierre MILLET, Director</p> <p>Horst STEFFE, Head of Division</p> <p>Hildegard AHRENS, Head of Division</p> <p>Gerrit VAN DUYN, Head of Division</p> <p>Lothar FLOSS, Head of Division</p> <p>Roland DE KERGORLAY, Head of Division</p>
<p>B</p> <p>Monetary Matters</p>	<p>1. Current Monetary Matters</p> <p>2. Movement of Capital</p> <p>3. Co-ordination of Economic and Monetary Policies</p>	<p>Leonhard GLESKE, Director</p> <p>Alain PRATE, Head of Division</p> <p>Edmondo BRESSAN, Head of Division</p> <p>Jacques CHASSEPOT, Head of Division</p>

Directorate	Division	
<p style="text-align: center;">C</p> <p>Economic Structure and Development</p>	<p>1. Economic Structure</p> <p>2. Regional Development</p> <p>3. Commercial Policy</p> <p>4. Energy</p>	<p>Louis DUQUESNE WATELET DE LA VINELLE Director</p> <p>Anton SMULDERS, Head of Division</p> <p>Emanuele TOSCO, Head of Division</p> <p>Adolfo COMBA, Head of Division</p> <p>Georges BRONDEL, Head of Division</p>

Secretary of the Monetary Committee : Alain PRATE, Head of Division

III. — Internal market

Chairman : Giuseppe CARON
 Acting Head of Private Office : Achille ALBONETTI
 Deputy : Beniamino OLIVI
 Members : Jean REY
 Lambert SCHAUS
 Director General : François ORTOLI
 Assistant : Michel HIRIGOYEN DE COURCY

Directorate	Division	
<p style="text-align: center;">A</p> <p>Movement of Goods</p>	<p>1. Quantitative Restrictions (excluding State Monopolies)</p> <p>2. Quantitative Restrictions (State Monopolies)</p> <p>3. Abolition of Customs Duties</p>	<p>Vincenzo MINUNNI, Director</p> <p>Joseph SCHNEIDER, Head of Division</p> <p>Karl SCHILLING, Head of Division</p> <p>Andries ADRIAANSE, Head of Division</p>
<p style="text-align: center;">B</p> <p>Customs</p>	<p>1. Common External Tariff (excluding List G)</p> <p>2. List G</p> <p>3. Customs Legislation</p>	<p>Alexis DUBOIS, Director</p> <p>Vincenzo FIZZAROTTI, Head of Division</p> <p>Wolfgang SCHOLZ, Head of Division</p> <p>Roger TOUZELET, Head of Division</p>
<p style="text-align: center;">C</p> <p>Right of establishment and services</p>	<p>1. Right of establishment</p>	<p>Werner SCHOLZ, Director</p> <p>Willem VERBERNE, Head of Division</p>

Directorate	Division	
<p style="text-align: center;">D</p> <p>Industry, Handicrafts and Commerce</p>	2. Services	Piergiorgio PISTOJ, Head of Division
	1. Industry	Carlo HEMMER, Director
	2. Small industries and handicrafts	Carlo FACINI, Head of Division
	3. Commerce and Distribu- tion	Jean DURIEUX, Head of Division
		Etienne GAUTIER, Head of Division

IV. Competition

Chairman : Hans von der GROEBEN
 Head of Private Office : Ernst ALBRECHT
 Deputy : Erich WIRSING

Members : Robert MARJOLIN
 Jean REY

Director General : Pieter VERLOREN VAN THEMAAT

Assistant : Charles VAN AKEN

Directorate	Division	
<p>A</p> <p>Understandings, Monopolies, Dumping, private Discrimination</p>	<p>1. Legal Matters</p> <p>2. Economic Matters</p> <p>3. Special cases</p>	<p>Hermann SCHUMACHER, Director</p> <p>Roland MUSSARD, Head of Division</p> <p>Pietro SANTORELLI, Head of Division</p> <p>Helmut SCHEUFELE, Rapporteur René JAUME, Rapporteur Renato ALBINI, Rapporteur</p>
<p>B</p> <p>Approximation of Legislations</p>	<p>4. Supervision</p> <p>1. General Matters</p> <p>2. Special Cases</p>	<p>Jean DIEU, Director</p> <p>Pierre PUJADE, Head of Division</p> <p>Hans ARNOLD, Rapporteur Charles CAMPET, Rapporteur Willem VAN BINSBERGEN, Rapporteur,</p>

Directorate	Division	
<p style="text-align: center;">C</p> <p>Fiscal Problems</p>	<p>1. General Affairs</p> <p>2. Indirect Taxes</p> <p>3. Special Cases</p>	<p>Pietro NASINI, Director</p> <p>Arno SCHULZE- BRACHMANN, Head of Division</p> <p>Johannes JANSEN, Head of Division</p> <p>Gérard HUTCHINGS, Head of Division</p>
<p style="text-align: center;">D</p> <p>State Aids and Discrimination by States</p>	<p>1. General Affairs</p> <p>2. Examination of General Systems of Aid</p> <p>3. Special Cases</p>	<p>Armand SACLE, Director</p> <p>Fernand VAN PRAET, Head of Division</p> <p>Carlo GIOVANELLI, Head of Division</p> <p>Kurt FRIEDRICH, Head of Division</p>

Secretary to the Permanent Working Party on Documentation and Technical Aid :
Charles VAN AKEN,
Assistant to Director General

V. Social affairs

Chairman : Giuseppe PETRILLI
 Head of Private Office : Romolo ARENA
 Deputy : Luigi GIRARDIN

 Members : Sicco MANSHOLT
 Robert LEMAIGNEN

 Director General : Gustave DE MUYNCK
 Assistant : Yves LECOCQ

Directorate	Division	
A		
Social Policy		Wilhelm DOERR, Director
	1. General Affairs	Renzo LOMAZZI, Head of Division
	2. Labour Problems	Leo CRIJNS, Head of Division
B		
Manpower		Lamberto LAMBERT, Director
	1. Employment	Fernand BESSE, Head of Division
	2. Freedom of Movement for Individuals	Heinz HENZE, Head of Division
C		
Social Fund and Occupa- tional Training		Jacobus VAN DIERENDONCK, Director
	1. Social Fund	Giulio PEROTTI, Head of Division
	2. Occupational Training	Edgar WINKLER, Head of Division

Directorate	Division	
<p style="text-align: center;">D</p> <p>Social Security and Social Services</p>	<p>1. Social Security</p> <p>2. Social Services</p>	<p>Jacques RIBAS, Director,</p> <p>Jean HASSE, Head of Division</p> <p>Carlo RAMACIOTTI, Head of Division</p>

Secretary to the Administrative Committee for the Social Security of Migrant Workers :
Alphonse DUQUESNE

VI. Agriculture

Chairman : Sicco MANSHOLT
 Head of Private Office : Alfred MOZER
 Deputy : Willem VAN SLOBBE
 Members : Robert LEMAIGNEN
 Hans von der GROEBEN
 Lambert SCHAUS
 Director General : Georges RABOT
 Assistant : Helmut VON VERSCHUER
 Adviser : Mario BANDINI

Directorate	Division	
A General Affairs	1. Commercial Policy in Relation to Agriculture 2. European matters 3. Matters not confined to Europe 4. International governmental organizations for agriculture 5. Relations with non-governmental organizations	Martin MEYER-BURCKHARDT, Director Horst MARMULLA, Head of Division Johannes WESTHOFF, Head of Division Guillaume MOSTIN, Head of Division Georges RENCKI, Head of Division
B Agricultural Markets	1. Balances and Research 2. Development and implementation of the common policy	Berend HERINGA, Director Hans KROHN, Head of Division Guy AMIET, Head of Division

Directorate	Division	
<p style="text-align: center;">C</p> <p>Agricultural Structures</p>	3. Approximation and harmonization of legal and administrative matters concerning products	Heinrich STEIGER, Head of Division
	4. Vegetable produce and processed goods	Raymond LEONDURAND, Head of Division
	5. Livestock produce and processed goods	Carlo VALDAMBRINI, Head of Division
	6. Specialized crops and processed goods	Adolfo PIZZUTI, Head of Division
	7. Fish and tinned goods	
	8. Forestry questions	Xavier LE CHATELIER, Head of Division
		Roger GROOTEN, Director
	1. Analysis of conditions of production in agriculture	Claude BAILLET, Head of Division
	2. Expansion of productivity on farms	Paolo BOCCI, Head of Division
3. Improvement of the structure of agriculture	Adolf HERZOG, Head of Division	
4. Development of farming equipment	Hendrikus ZIJLMANS, Head of Division	
5. Improvement of the social situation in agriculture	Raymond CRAPS, Head of Division	

VII. Transport

Chairman : Lambert SCHAUS
 Head of Private Office : Lucien KRAUS
 Deputy : Henri ETIENNE

Members : Giuseppe CARON
 Robert LEMAIGNEN

Director General : Giuseppe RENZETTI

Assistant : Enrico VITTORELLI

Directorate	Division	
A General Affairs	1. General matters of co-ordination and harmonization; common policy 2. Economic development and the consequent demand for transport 3. Contacts with other international organizations; matters concerning maritime and air transport	Günter KRAUSS, Director Jacques D'ELBREIL, Head of Division Robert GOERGEN, Head of Division Paolo RHO, Head of Division
B Development and modernization	1. Railways 2. Roads 3. Inland waterways	Julien NOËL-MAYER, Director Heinrich SCHULZE, Head of Division Mario DE AGAZIO, Head of Division Joseph LEMMENS, Head of Division

Directorate	Division	
<p style="text-align: center;">C</p> <p>Tariffs</p>	<ol style="list-style-type: none"> 1. Study of tariffs applied in the three types of transport; related matters (publication of tariffs, coordination, etc.) 2. Study of prime costs in each type of transport 	<p>Andreas REINARZ, Director</p> <p>Herbert GOSSE, Head of Division</p> <p>Jacques DOUSSET, Head of Division</p>

VIII. Overseas development

Chairman : Robert LEMAIGNEN
 Head of Private Office : Jacques FERRANDI
 Deputy : Henri VARENNE
 Members : Hans von der GROEBEN
 Giuseppe PETRILLI
 Director General : Heinrich HENDUS
 Assistant : Hans von STEIN

Directorate	Division	
A General Affairs		Jakob van der LEE, Director
	1. Right of establishment	Otto von STEMPEL, Head of Division
	2. Relations with associated countries and territories	Eduard de la PARRA, Head of Division
	3. International organizations	Otto SOLF, Head of Division
B Research and Development Programmes		Jacques VIGNES, Director
	1. Programmes	Karl-Heinz DRECHSLER, Head of Division
	2. General Problems	Maurice SCHAEFFER, Head of Division
C Financial and Technical Directorate		Jacques LEFEBVRE, Director
	1. Financing of investments	Paul RIPOCHE, Head of Division
	2. Technical checks and supervision	Giovanni UGO, Head of Division

Directorate	Division	
<p style="text-align: center;">D</p> <p>Trade</p>	<ol style="list-style-type: none"> 1. Liberalization of trade 2. Expansion of trade 	<p>Enrico GAMBELLI, Director</p> <p>Pierre FAY, Head of Division</p> <p>Francesco de BENEDECTIS, Head of Division</p>

IX. Administration (under the Committee of Presidents)

Walter HALLSTEIN, President
 Head of Private Office : Swidbert SCHNIPPENKOETTER
 Deputy : Karl-Heinz NARJES
 Deputy : Klaus MEYER

Sicco MANSHOLT, Vice-President
 Robert MARJOLIN, Vice-President
 Giuseppe CARON, Vice-President
 Director General : Maurits VAN KARNEBEEK
 Assistant : Daniel STRASSER

Directorate	Division	
A		
Establishment		Bernhard von GOELER, Director
	1. Statute of service	Herbert BRUNS, Head of Division
	2. Recruiting	Marcello PARENTE, Head of Division
	3. Personnel Administration	René MORIZON, Head of Division
	4. Salaries and Expenses	Heinrich BLENKERS, Head of Division
	5. Organization	Walter ZEILMACHER, Head of Division
B		
Finance		Joseph VAN GRONSVELD, Director
	1. Budget	Francesco SCAGLIONE, Head of Division
	2. Auditing	Kurt DOMMICK, Head of Division
	3. Cash Office	Georges FRIES, Head of Division

Directorate	Division	
<p style="text-align: center;">C</p> <p>Domestic Affairs</p>	4. Accounting	Giovanni CANTONO DI CEVA, Head of Division
	5. Finance	Jean SCHWENCK, Head of Division
		Arsène MERPILLAT, Director
	1. Buildings, Furniture, Works Services, Transport	Jean MAUDET, Head of Division
	2. Reference Material and Library	Goffredo RAPONI, Head of Division
	3. Mail, Archives	Paul BUCHET, Head of Division
	4. Conference and Linguistic Services	Hans LANKES, Head of Division
5. Health service	Mario ROSSI, Head of Division	

X. Press and information

Chairman : Giuseppe CARON, Vice-President of the European Commission
Acting Head of Private Office : Achille ALBONETTI

Deputy : Beniamino OLIVI

Members : Sicco L. MANSHOLT
Robert MARJOLIN
Hans von der GROEBEN

Spokesman of the Commission : Giorgio SMOQUINA

C — Joint Services of the Executives of the European Communities

a) *Joint Information Service*

Supervisory Board

Giuseppe CARON, Vice-President of the European Commission

E.M.J.A. SASSEN, Member of the Euratom Commission

Albert WEHRER, Member of the High Authority of the ECSC

Director : Jean-Jacques RABIER

b) *Joint Legal Service*

Supervisory Board

Chairman : E.M.J.A. SASSEN, Member of the Euratom Commission

Members : Jean REY, Member of the European Commission

Albert WEHRER, Member of the High Authority of the ECSC

Directors General : Michel GAUDET

Robert KRAWIELICKI

Théodor VOGELAAR

Assistant to Director General with special responsibility for EEC affairs :
Marc SOHIER

Legal Advisors (EEC) to the European Executives :

Philippe BIAYS

Jean BRUYAS

Louis DE LA FONTAINE

Hubert EHRING

Paul LELEUX

Giancarlo OLMI

Pierre PINAY

Alberto SCIOLLA

Jochem THIESING

c) *Statistical Office of the European Communities*

Supervisory Board

Chairman : Albert COPPE, Vice-President of the High Authority of ECSC
 Members : Giuseppe PETRILLI, Member of the Commission of EEC
 Paul DE GROOTE, Member of the Euratom Commission
 Director General : Rolf WAGENFÜHR
 Assistant : Helmut REUM

Directorate	Division	
<p style="text-align: center;">A</p> <p>General Statistics</p>	<p>1. Methods</p> <p>2. National accounts</p> <p>3. Enterprises</p> <p>4. Prices, money, credit</p>	<p>Raymond DUMAS, Director</p> <p>Guy BERTAUD, Acting Head of Division</p> <p>Jean PETRE, Acting Head of Division</p>
<p style="text-align: center;">B</p> <p>Trade and transport</p>	<p>1. Trade</p> <p>2. Transport</p> <p>3. Distribution</p>	<p>Vittorio PARETTI, Director</p> <p>Marcel MESNAGE, Acting Head of Division</p>
<p style="text-align: center;">C</p> <p>Energy</p>	<p>1. Energy balance-sheets</p> <p>2. Atomic energy</p>	<p>Camille LEGRAND, Director</p> <p>Hans FREYTAG, Head of Division</p>

Directorate	Division	
<p style="text-align: center;">D</p> <p>Industry and handicrafts</p>	<p>1. Statistics of industrial and artisan activities (except iron and steel)</p> <p>2. Iron and steel statistics</p>	<p>Fritz GROTIUS, Head of Special Sector</p> <p>Gaston DUON, Head of Division</p> <p>Jacques CHARRAYRE, Head of Division</p>
<p style="text-align: center;">E</p> <p>Social statistics</p>	<p>1. Social security</p> <p>2. Salaries, living standards</p>	<p>Pierre GAVANIER, Head of Special Sector</p> <p>Silvio RONCHETTI,</p>
<p style="text-align: center;">F</p> <p>Agricultural statistics</p>	<p>1. Products of animal origin</p> <p>2. Products of vegetable origin</p>	<p>Roger STEYLAERTS, Acting Head of Special Sector</p> <p>Stephanus LOUWES, Head of Division</p> <p>Günther THIEDE, Head of Division</p>

