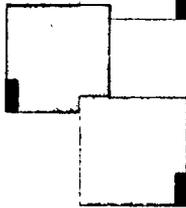


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EUROPESE
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I. The spectacular expansion of the trade of the Six since January 1959

by Giuseppe CARON
Vice-President of the Commission

“... Trade among the countries of the European Economic Community represents the largest and most expansive sector of intra-western European trade”. Thus the United Nations Economic Commission for Europe in a recent study on the development of European trade.

In fact the first phase in the implementation of the Common Market has been accompanied by a fresh advance in external trade, and particularly in intra-Community trade; along with the general recovery of economic activity, this advance has been both a factor in the process of integration and an effect of the entry into force of the Treaty of Rome.

All Community countries and all sectors of the economy have benefited in varying degrees by this advance, which has also been registered, although to a less appreciable extent, in relations with non-member and associated countries and which has helped to throw into relief the decisive role in world trade played by the Community.

Strictly speaking, the introduction of the Common Market only accentuated a trend which already existed.

During the years which preceded the entry into force of the Treaty of Rome intra-Community trade had in fact already been expanding regularly; we need only recall that between 1953 and 1957 this trade had grown from \$ 3,954 to \$ 7,032 million. In 1958 this trade was indeed affected by the general downward trend, but to a much smaller extent than trade with third countries. Whereas the total imports of the Community fell by 7.5% in relation to 1957, intra-Community trade, which had reached 6,790 millions dollars, declined by only 3.4%.

The year 1959, which coincided with the application of the first measures of quota and tariff disarmament, witnessed a distinct improvement in intra-Community trade. This increase began in the early months of the year and grew to considerable proportions from April onwards. Between 1958 and 1959 the value of intra-Community trade increased by 19%, while the growth in volume from one year to the next was 24%, the average value of the goods exchanged having stabilized itself in 1959 at about 5% below the 1958 level.

During the first six months of 1960 the figures showed an increase of about 34% over the first half of 1959 (Table 1).

However, in order to arrive at a valid comparison between the first six months of 1959 and of 1960, the official figures for France and Germany must be corrected to allow for the effects of re-incorporating the Saar economically into the Federal Republic. This can be done by leaving out of account the trade of the Saar with EEC countries both in 1959 and 1960. When these adjustments have been made the increase in intra-Community trade is seen to be around 31.6%. It should be noted, however, that the rate of increase in the second quarter was lower than in the first : it is thought that the restocking process was completed during the summer of 1960.

TABLE 1

Development of intra-Community trade

	1958 (millions of \$)	1959 (millions of \$)	Percentage increase 1958/1959	1960 (millions of \$)	Percentage increase 1960/1959
1st quarter	1,687	1,717	2	2,405	40
2nd quarter	1,674	1,960	16	2,513	28.1
3rd quarter	1,619	2,009	25		
4th quarter	1,806	2,392	29		
Year	6,790	8,082	19		

Whatever the factors in this development may be, we can observe that :

- a) a very considerable increase of intra-Community trade has taken place since the introduction of the first quota and tariff disarmament measures ;
- b) this increase has been more noteworthy than that of West European trade in general and also than the development of trade between Member States and non-member countries ;
- c) the result is a greater concentration of regional trade, since the flow of trade tends to become more intense within an industrialized area like the Common Market in process of unification.

A first remark is called for : all the countries have shared in the expansion of trade which began in 1959. If some were behindhand at one point, they have all made up their leeway (Table 2).

The Federal Republic had already considerably increased its trade with the other Community countries between 1958 and 1959 : for imports the increase (from \$ 1,896 to \$ 2,460 million) was proportionately higher than for exports (from \$ 2,406 to \$ 2,733 million), i.e. 29.7% as against 13.5%. During the first half of 1960 this trend became more marked. Imports increased over the first half of 1959 by 37.3%.

TABLE 2

Intra-Community trade (Metropolitan EEC countries)

(millions of \$)

	Imports			Exports		
	1958	1959	1960 (6 months)	1958	1959	1960 (6 months)
Germany	1,895.9	2,460.3	1,470.9 1,313.6 (¹)	2,406.1	2,732.7	1,600.4 1,419.8 (¹)
France	1,226.5	1,362.0	911.3 739.3 (¹)	1,136.8	1,523.6	1,022.2 858.2 (¹)
Italy	683.6	889.0	614.2	606.4	792.5	528.9
Netherlands	1,517.9	1,749.5	1,003.4	1,336.7	1,597.2	889.9
B.L.E.U.	1,461.6	1,616.4	917.2	1,377.3	1,522.2	933.7

(¹) Excluding Saar.

exports by 27.% (or by 36.6% and 20.3% respectively if the figures for the Saar are disregarded. This trend has led to a reduction of the surplus in the Federal Republic's trade balance with the other Member States.

If it is further remembered that Germany's imports and exports represent about a third of all intra-Community trade, it will be understood how decisive is the role played in the Community by the Federal Republic's trade and how great an influence it exerts for the improvement of the trade balance of the other Member States.

In 1959 the trend towards increased trade with Community partners was initially less marked in France than in the other Member countries ; imports

increased by about 11% over 1958. However, this trend, which was due to a slower economic recovery and to the effects of the devaluation — which slowed down imports and increased export opportunities — was later made good, and French imports from Community countries increased by 49.6% between the first half of 1959 and the first half of 1960 (or by 40.5% if the figures for the Saar are left out of account).

In the export field, the increase between 1958 and 1959 reached more than 30%, and 45.6% (or 49.5% if the figures for the Saar are disregarded) between the first half year of 1959 and the corresponding period of 1960. France's trade balance with its Community partners, which was in deficit before 1959, has become positive since the entry into force of the Treaty of Rome.

This trend of French trade with the other Member States was influenced by the economic recovery but even more by the effects of the currency devaluation, which restored the balance of prices and stimulated sales abroad.

The country whose trade with its EEC partners has shown the most marked change is Italy. Between the first half of 1959 and the first half of 1960 imports increased by around 55.4%; they had already risen 30% from 1958 to 1959. The increased requirements of production and industrial development explain this trend after the pause in 1957.

At the same time exports to the Community went up by 30% between 1958 and 1959, and by 57.7% between the first half of 1959 and the corresponding period of 1960. Their trend has thus been more favourable than that of imports (unlike Germany but like Benelux and France).

None the less, Italy's trade balance vis-à-vis the Community is adverse (first six months 1960 : imports \$ 614.1 million, exports \$ 528.9 million : balance, — \$ 85.2 million). This is particularly the case in trade with France and the Federal Republic.

Italy is therefore experiencing a very great expansion of external trade, which is increasingly concentrated on the industrialized partners and accompanied by a deterioration in the country's already adverse balance of trade.

The trade of the Netherlands with other Community countries has followed the general upward trend; imports and exports went up from 1958 to 1959 by 15% and 19% respectively and by 21.2% and 24.6% between the first six months of 1959 and the corresponding period of 1960.

This country has profited from the new openings offered by the Common Market and developed its trade harmoniously in a climate of economic

expansion. It still has a deficit on its trade balance with Community countries and towards the outside world, but a trend towards equilibrium is becoming evident.

The economic recovery in BLEU was somewhat slow compared with the other member countries.

From 1958 to 1959 imports from Community countries increased by only about 11%, as did exports (10.5%). In fact in 1959 the consequences of the economic recession and the coal crisis were felt with particular severity in Belgium. In 1960 expansion was on a larger scale : imports increased by 18.4% (which is, however, the lowest rate of increase among the Community countries) and exports went up by 31.2%. The relatively greater increase in exports in relation to imports enabled BLEU to achieve a surplus on trade balance with the Community countries in the course of the first half of 1960 (+ \$ 16.5 million) whereas there had been a deficit in 1958 (— \$ 84.3 million) and 1959 (— \$ 94.2 million).

The economic development of the Community countries in the present phase of the business cycle had led to an important increase in the imports of raw materials. In addition, certain bad harvests have meant that there was increased trade in agricultural products. But it is mainly finished goods which have profited from the favourable economic trend and will profit even more when the restocking process is completed.

The following information may be given for the various groups of products. Intra-Community trade in agricultural and food products increased by 23.8% between 1958 and 1959 and 23.6% between the first half of 1959 and the first half of 1960. This trend — which is accompanied by a less marked increase in trade with non-member countries — is partly due to the poor harvests of 1959. In order to prevent price increases, countries like the Federal Republic and France opened their frontiers more widely to foreign products. The possibility is not to be excluded that the improvement in living standards and a consequent increase in demand also played a part in this development.

The level of trade in energy products between the Member States remained stable in 1959 and increased by about 15% between the first half of that year and the corresponding period of 1960 (this is the lowest increase registered among the various groups of products).

The contraction in the coal trade between Community countries is small despite the coal crisis (whereas it is considerable in the case of imports from non-member countries), and it has been offset by the increase in trade in other energy products.

In view of the favourable way in which the economy is developing it is not surprising that there has been a large increase in trade in raw materials. In fact intra-Community trade in this group of products increased by 27.3% between 1958 and 1959 and by 41.7% between the first half of 1959 and the first half of 1960. This is the most marked rate of increase, in relative value, among the different groups of products during the period under consideration. Nevertheless, trade in raw materials within the Community accounts for only a small part of total Community imports of these materials. The proportion was 14% during the first half of 1960.

TABLE 3

Breakdown of the internal trade of the Community

	1958 (mil- lions of \$)	1959 (mil- lions of \$)	Per- centage in- crease, 59 over 58	1959 (6 months) (mil- lions of \$)	1960 (6 months) (mil- lions of \$)	Per- centage in- crease, 60 over 59
Food, beverages and tobacco	908.8	1,126.0	23.8	467.0	619.5	32.6
Energy products	744.5	747.5	0.4	365.2	419.7	14.9
Raw materials	622.2	792.4	27.3	350.9	497.2	41.7
Chemicals	486.1	584.6	20.2	273.2	366.1	34.0
Machinery and transport equipment	1,514.4	1,771.0	16.9	853.1	1,092.3	28.0
Other manufactured goods	2,457.5	2,996.9	21.9	1,338.7	1,890.7	41.2

For chemicals the increase in intra-Community trade was around 20% between 1958 and 1959 and 34% between the first half of 1959 and the same period of 1960.

In 1959 in BLEU and France, where the industrial recovery was more tardy, the increase in purchases has been on a smaller scale, but in the first half of 1960 France stepped up its imports from Community countries by 44% over the corresponding period in 1959. On the other hand in BLEU the increase was 17%.

As regards machinery and transport equipment, intra-Community trade increased by 17% between 1958 and 1959 and 28% in the first half of 1960 in relation to the first half of 1959. In 1959 the chief increases in imports were registered by those countries where the economic recovery had been

most rapid (Germany + 50%; Italy + 24%). In 1960 the increase was still great in Italy (+ 58%) and in Germany (+ 32%), but rather less marked in Benelux and France. On the other hand this latter country greatly increased its exports to the Community (+ 56%), and so too did Italy (+ 71%). This expansion is due in large part to the wider opportunities which these two countries found for disposing of their transport equipment on the European market.

Trade in other manufactured goods showed the same favourable trend. In 1959 the increase was about 22% and nearly twice as great between the first half of 1959 and 1960 : 41%. At first this development was probably the result of restocking by traders; afterwards increased demand following on higher incomes played a part. In this sector too, development was more tardy in France and BLEU. However, French imports of these goods increased by 96% between the first half of 1959 and the first half of 1960, the chief gainers being Germany and Italy. Only BLEU continues to show a relatively moderate rate of increase (+ 22%).

It must be expected that trade in this group of products will continue to expand if the economic trend remains favourable.

During the first half of 1960 imports from non-member countries and associated overseas countries showed an increase of 22.4% over the first half of 1959. If we remember the relative stability of imports between 1958 and 1959, this increase is particularly striking. It would appear that the favourable business trend has benefited not only the Member States but also — albeit with a certain time-lag — the non-member countries. The latter have been able to export to EEC greater quantities of finished products and above all of raw materials which, along with energy products, had suffered most from the repercussions of the recession.

It is interesting to note the spectacular recovery of imports from the United States, which went up by 45.7% between the first half of 1959 and the corresponding period of 1960, whereas they had fallen by 15% between the first half of 1958 and the first half of 1959 and by 29.3% between the same periods in 1957 and 1958. This recovery has brought them up to 90% of the record level reached in 1957. But we should not leave out of account the 24% increase which took place in imports from the associated overseas countries and the rise of 15.3% in those from EFTA. The fact that this increase is relatively smaller for the countries of the Little Free Trade Area is explained by the circumstance that raw materials accounted for most of the increased imports into the Community.

Community exports to non-member countries had increased by 4% between 1957 and 1958 and by 7.1% between 1958 and 1959; between the first six months of 1959 and of 1960, they went up by 21.4%, i.e. at the same rate

as imports. In all the main areas except the United States, whose purchases from EEC increased by only 6.8%, the rise is even higher than this overall rate; the EFTA rate, for instance was + 24.7%. In practice we have witnessed a reversal of the trend of trade with USA. In 1959 the Community's exports increased appreciably, while imports fell. In 1960 a large increase in imports as a result of restocking was coupled with a fall in the rate of increase in exports caused principally by the reduction in sales of steel and the flattening out of sales of cars. The increase in Community exports to the associated overseas countries was 20.8% between the two half-year periods considered.

To sum up :

- a) The relative stability of imports into the Community in 1959 was followed by an appreciable increase of purchases from non-member countries in 1960, while the Member States strengthened their competitive position on non-member markets and expanded their sales;
- b) Trade with non-member countries has not been handicapped by the first measures for the establishment of the Common Market. On the contrary, these countries have profited from the favourable trend of the economy, although the recovery of their trade with the Member States was more tardy and on a lesser scale than the development of intra-Community trade.

TABLE 4

Community trade with non-member countries
(including associated countries)

(millions of \$)

	Imports	Exports
1958	16,156	15,911
1959	16,206	17,050
1959 (6 months)	7,891	7,957
1960 (6 months)	9,662	9,658

- c) The establishment of two trading areas in Western Europe does not so far seem to have had unfavourable repercussions on trade. Tariff reductions within the Community are still too small and the field of application of liberalization is too wide for this to be otherwise.

The share of the Community countries in world trade is very great. In 1958, 23.1% of world imports went to these countries and they supplied

24.2% of world exports (whereas the United States' share for example was of the order of 12.9% and 18.8% respectively). In 1959 the member countries accounted for 23.3% of total imports and 25.2% of all exports.

These figures alone suffice to show the growing importance of the Community countries as clients and suppliers for the entire world and the decisive role they play in the economy of the world.

For the last few years the overall trade balance of the Community (Table 5) has been constantly in deficit, but chiefly so during 1956 and 1957. This deficit was narrowed in 1958, since the slowdown of economic activity affected imports to a greater extent than exports. In 1959 for the first time the overall trade balance of the Community showed a surplus. Although imports increased by 5.8% they did not reach the 1957 level, whereas exports rose by 10.7% over 1958 and by 12.3% over 1957. As a result of the appreciable growth of imports, however, external trade was practically in balance during the first half of 1960, the surplus in the first quarter having been offset by a deficit in the next three months.

If we note that intra-Community trade accounts for about one third of the total external trade of the member countries and that this share is tending to increase, and when, too, we observe that the total external trade of the Member States represents about a quarter of world trade, it may be claimed that intra-Community trade has exercised a not insignificant influence on the trend of international trade since 1958.

TABLE 5

World trade and total trade of the Community

(millions of \$)

	Imports		Exports		Balance for the Community
	World	EEC	World	EEC	
1953	75,600	14,918	73,300	14,095	— 823
1954	78,900	16,630	76,100	13,788	— 842
1955	88,100	19,269	82,700	18,355	— 914
1956	97,100	22,353	92,000	20,077	— 2,276
1957	106,500	24,816	98,900	22,440	— 2,376
1958	99,400	22,946	94,200	22,775	— 171
1959	104,500	24,288	99,800	25,218	+ 930
1960	28,800	14,580	27,300	14,613	+ 33
	(3 months)	(6 months)	(3 months)	(6 months)	

CONCLUSIONS

After having noted the favourable trend of Community trade we may ask what have been the determinant causes and whether the practical establishment of the Common Market is likely to have appreciable repercussions on relations with other countries.

It is indisputable that the improvement in general economic conditions has been the essential factor in the expansion of trade. After the recession of 1958 economic activity picked up more or less quickly in all the member countries. It is sufficient to remember that the general index of industrial production (1953 = 100) rose from 147 in 1958 to 158 in 1959 and 177 during the first half of 1960. Imports of raw materials have increased and overall demand has grown for both investment and consumer goods. The number of unemployed has fallen and there is even a shortage of manpower in certain countries. In addition the unfavourable weather conditions of 1958 encouraged trade in agricultural and food products. The expansion of external trade followed the business recovery and was one of its supporting elements.

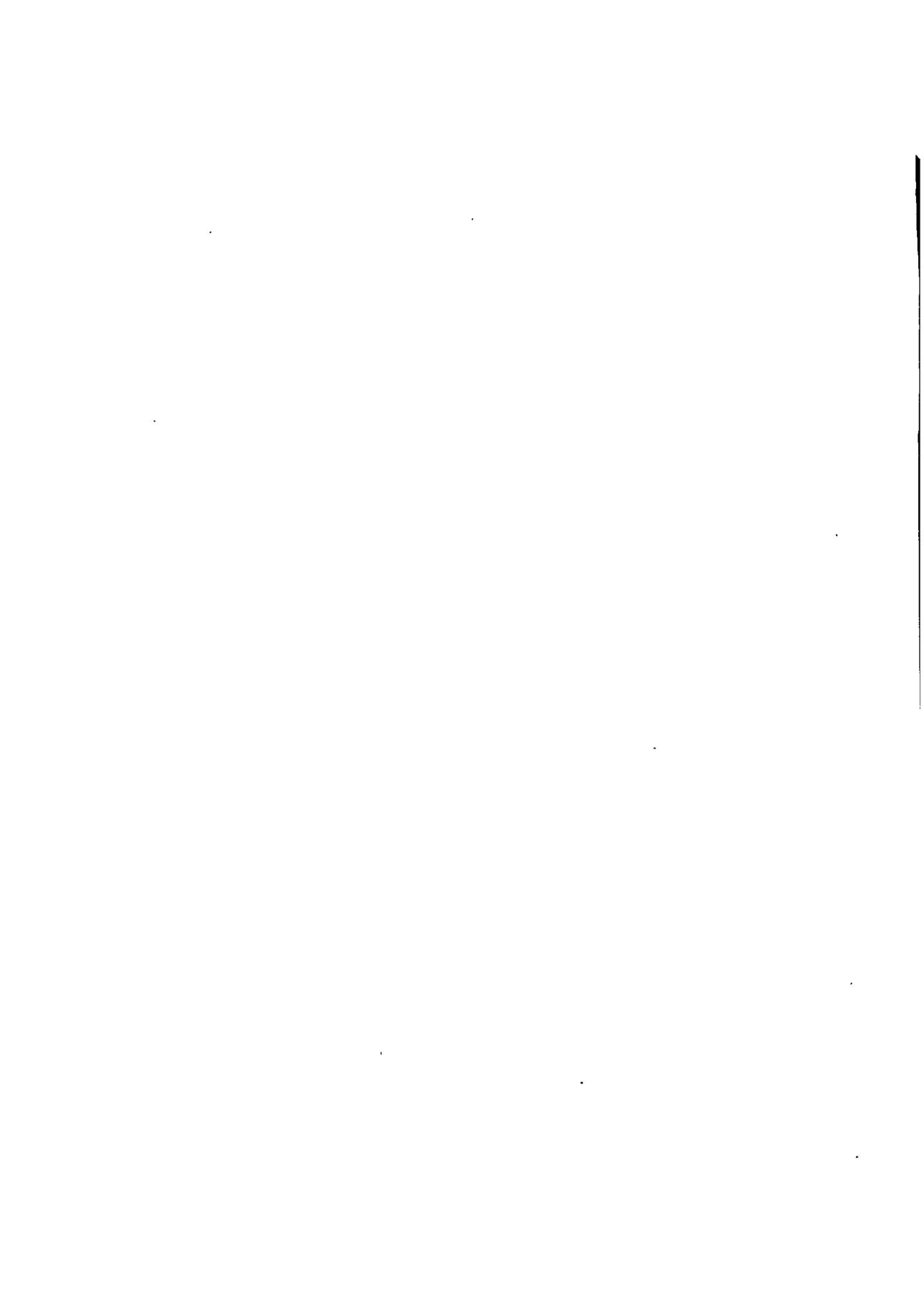
It was against the background of this favourable business trend that the first tariff and quota disarmament measures under the Treaty of Rome were taken. They have without doubt contributed to the increase in intra-Community trade, but the margin of preference which the Member States had granted each other by 30 June 1960 was too narrow to have been an important factor in this development. Moreover, the tariff reductions were very small and were in part extended to non-member countries. Except in agriculture quantitative restrictions have been maintained only in certain sectors of industry, where trade with countries outside the EEC has very largely been liberalized. The widening of those quotas which still exist, while it has obviously provided greater opportunities for imports into the Member States, is far from corresponding to the rise in the volume of trade.

It is rather in the psychological effect of the introduction of the common market that a determining factor should be sought. Faced with this new economic entity in process of establishment, producers have shown more interest in this vast European market where, sooner or later, all obstacles to trade will be removed. There is greater competition between the producers of the six countries and this has led them to refrain from restoring certain price reductions made during the period when business was slack, or to mark down their products to promote sales. More vigorous business relations have been established, more frequent contacts made by business people and their organizations, which are preparing both to face up to the requirements of this new market and to benefit by these advantages. But differences in the level of economic development of each country have probably so far constituted a more important factor in the trend of trade during

the 18 months reviewed than the direct or indirect effects of the implementation of the Treaty of Rome.

Does this mean that the speedier achievement of the customs union and the greater integration of the economies will not have repercussions on the external trade of the Community? If trade with non-member countries has so far continued to expand, we can suppose that this favourable trend will persist. No doubt the pattern of trade will undergo some change, for this is unavoidable when such large national markets are unified. It is, incidentally, often forgotten that similar readjustments are also going on within the six EEC countries. However, in view of the essential interest of the Member States in world trade and their determination to follow a liberal policy, it is certain that trade with non-member countries will continue to develop favourably.

November 1960.



II. The colloquy between the Institutions

As last year, the "colloquy" of the Institutions has provided an opportunity for the representatives of the Councils, the European Parliament and the Executives to take part in a wide discussion.

The colloquy was opened in the morning of Monday, 21 November by M. Furler and closed in the evening of Tuesday, 22 November. There were more than forty speakers.

Two subjects had been set for discussion : the foreign policies of the Member States as they affect the European Communities and their relations with the non-member countries, and the question of the merging of the Executives.

A. The debate on the foreign policies of the Member States as they affect the European Economic Community

In opening the debate in his capacity as President in office of the Councils, M. Luns delivered a comprehensive address in which he recalled the regular quarterly consultations between the Governments of the Member States, and reviewed the major problems which the Community has had to face in the field of external relations and the decisions or measures it has taken.

M. Dehousse, the rapporteur on the first subject, presented his report and then put a number of questions, asking for more details about the plans for a political secretariat (the possible establishment of a "political secretariat", the problem of parliamentary control, the link between the proposed new structures and the Institutions of the Communities, and so on). There were many contributions to the debate on this first subject. They dealt in essence with the following points :

a) The position of the existing Institutions.

Practically all the speakers stressed that neither the existing Institutions nor their powers must be allowed to suffer. They demanded, on the contrary, that every opportunity to develop these institutions in the economic sphere be fully utilized. Most of the speakers emphasized the value and the general importance of the principle of integration which underlies the Communities.

b) Political co-operation.

A large number of speakers referred directly or indirectly to the problems arising from the political measures proposed by the French Government. There was fairly widespread agreement on the need for the development of political links between the Six and on the idea of regular meetings between the Heads of Government (subject to certain constitutional problems to which this may give rise in one of the countries, namely the Netherlands). On the other hand many doubts and

reservations were expressed both on the spirit underlying such measures and on the institutional framework in which they would have to be set.

Many speakers emphasized that even if it were difficult to go beyond simple co-operation in the immediate future, the new steps to be taken should not imply any abandonment of the methods of integration which had already proved their value, and should not even indicate any doubt concerning them. In this context several speakers pointed to the importance of the proposals for elections to the European Parliament on the basis of universal suffrage, and for the merging of the Executives, which had already been debated in the European Parliament in connection with reactivation of European policy.

Most of the speakers considered that for the proposed political co-operation the framework of the Communities should be retained. The Institutions of the Communities were, they believed, flexible enough to permit any adaptation or extension required for new activities in the political field. For instance, the Council of Ministers could very well meet at the Heads of Government level, which would make it possible to call in the Executives on the points for which they are responsible and to have the help of the secretariat of the Councils.

However, certain speakers were of the opinion that new permanent bodies should be set up to ensure the proposed political co-operation.

c) Democratic control.

Several speakers stressed that it was essential to ensure parliamentary control over the proposed political co-operation. All speakers agreed that no new Assembly should be called into being and that the appropriate powers should be vested in the European Parliament.

d) The association of the overseas countries and territories and of non-member countries.

The problem of the association of the overseas countries with the Community figured amongst the other questions discussed. Several speakers brought out Europe's duty towards these countries. These speakers felt that maintenance of the existing association with those overseas countries which had acceded to independence was indispensable and in accordance with the wish of the countries themselves.

Other speakers drew attention to the importance they attached to the rapid conclusion of the negotiations for the association of Greece with the Community.

The question of the relationship between the European Community and the other European countries was also raised, and it was hoped that satisfactory solutions would be found.

Finally, some speakers criticized the functioning of the Institutions of the Community. In particular, they charged the Council with excessive caution and felt anxiety about the strict maintenance of the balance of powers between the Councils

and the Executives as required by the Treaty. Others regretted that more progress had not been made in the common policies for several important sectors, such as relations with the overseas countries, cartels or energy.

Each of the Ministers present stated the position of his Government.

M. Couve de Murville gave certain explanations on the content of the French proposals for political co-operation and stressed in particular that they were intended to add something new to what existed already. He went on to point out that these proposals had been partly inspired by the anxiety caused by the failure of the Summit Conference and, recalling the beginnings of co-operation between the six Governments, he declared that " what is needed first and foremost is to turn our efforts to international policy, to foreign policy ".

M. Piccioni reviewed the principal problems of foreign policy within the Community, in particular the relations between the Six and the Seven and those with the countries in course of development; he outlined the position of the Italian government on these points. M. Piccioni also stressed the need for stable relations of economic, technical and cultural co-operation to be established between the countries of Latin America and the European Economic Community.

M. von Merkatz emphasized the importance which the German Government attaches to Franco-German reconciliation and to the growth of friendly relations with France. European integration, he said, was a further pillar of German policy. The German Government supported the development of political bonds among the Six. He felt that it would be wrong to believe that political unification could be the automatic result of progress in economic unification. Consequently, M. von Merkatz stated, the German Government was glad that proposals had been made in this field, but reserved the right to discuss the particulars of these proposals.

M. Walter Hallstein, President of the Commission of the EEC, recalled the role of the Executives, the essence of which ought to be both safeguarded and extended; he then dealt with the particular subject of relations with the countries in course of development. He raised the following three points :

a) What are the sources of our obligations in the field of development policy? To this the President of the Commission replied that they sprang from the factual solidarity which linked us to these countries.

b) What are the criteria of these obligations to be? They correspond, continued M. Hallstein, to the degree of integration of the Community and its economic potential.

c) In what form, and in particular how soon, will we be able to fulfil these obligations? In answer to this question M. Hallstein stated that it was necessary to consider the special interests resulting from historical development and geographic position.

Speaking on behalf of the High Authority, M. Wehrer reviewed the history of the foreign policy of the ECSC and recalled the special problems with which that Community is faced pending the elaboration of a common commercial policy.

M. Hirsch, the President of the Commission of Euratom, drew attention to the action of the EAEC in co-operating with the United States, the United Kingdom and Canada in the nuclear field. He also stressed the importance of the plan for European unity, underlining that Euratom was the embodiment of science in Europe and emphasizing that it must radiate outwards.

B. The merger of the Executives

M. Maurice Faure, the rapporteur on the merging of the Executives of the Communities, presented the main lines of his draft on 21 November and stressed that there was no question of a sweeping reform of the Institutions, but that there was an eminently practical attempt at rationalization. He wanted the merger to become effective by the end of 1961 and that the future Executives should be invested by the Parliament and liable to dismissal by vote of no confidence. M. Faure reserved his attitude on the number of the members of the future Executive, stressing that the figure mentioned in his report (15 members) was meant to be no more than an indication and that other solutions would certainly also be acceptable.

M. Hirsch, who opened the debate on the second subject, said that since their establishment each Executive had constantly been faced with problems of interest to the others and that collaboration between them, however good, could never be the same as collaboration in a single body. He said that the Commission of Euratom would do all in its power to ensure that the single Executive would take up its function at the expiry of the present mandates.

Subsequently, the views of the various political groups were expressed by a number of speakers. The Christian-Democratic group was strongly in favour of the merger, provided that it in no way prejudiced the question of the seat or detracted from the powers conferred by the three Treaties.

One deputy of this group, speaking on his own behalf, suggested the use of a certain amount of pressure by the European Parliament, including the possibility of a vote of no confidence.

The Socialist group also warmly defended the merger plan.

Very few speakers expressed doubts concerning the immediate merger of the Executives, either because of their concern about the seat of the Institutions, or because they would prefer a prior merger of the Communities.

The suggestion was put out that a merger of the Executives should be accompanied by a merger of the Councils so as to ensure the unity and the homogeneity of all the Institutions.

A number of Members of Parliament made personal contributions to the debate, stressing that the single Executive should be responsible to a Parliament elected by direct universal suffrage and that the merger, which was an administrative act, should be fitted into a vast long-term political design.

M. Malvestiti, the President of the High Authority, presented a comprehensive analysis of the supranational powers of the Executives and of the political problems to which their merger would give rise.

M. Eugène Schaus, Foreign Minister of Luxembourg, voiced the disquiet of the Grand Duchy of Luxembourg on the plans for the merger of the Executives.

M. Piccioni, on the other hand, had confirmed on the previous day that the Italian Government was in favour of the merger.

For his part, M. Couve de Murville indicated that the French Government had not yet adopted a position on this problem and stressed that the merger plan raised a question of form and not of principle, and that the cardinal point was to know whether the reform of the Institutions was to be carried out "from outside or from inside".

This statement by M. Couve de Murville led the Socialist group to express its fear that a "reform from the outside" would be tantamount to "the complete revision of the Treaties".

On this subject M. Luns, in the statement he had made the previous day, had said that the Councils had not yet adopted any filial attitude on the problem of the merger and that the whole question would have to be examined by the governments in the light of the political, legal and technical implications and of the general situation.

C. The end of the colloquy

At the end of the afternoon of the 22 November M. Luns summarized the points which had been raised by the rapporteurs and the various speakers. He repeatedly stressed the agreement existing between the Council and the Parliament and clarified a number of points which he had brought up in his inaugural address, especially with regard to the relations between the Six and the Seven, the association with Greece and the association of the overseas countries and territories.

He also took up the question of the conference of the Head of Governments of the Six on 5 December 1960; recalling the "pertinent questions" raised by M. Dehousse, he said that the present Treaties must be implemented "in the letter and the spirit", and that economic and financial integration must be pressed forward. Speaking in his capacity as Foreign Minister of the Netherlands, M. Luns declared that the maximum use should be made of the existing structure and that the present institutions could take on new responsibilities without any need to replace the existing institutional framework.

At the end of his speech M. Luns added that the Government of the Netherlands felt that the movement for unification should neither be reduced to the economic plane nor limited to the Six and that there could be no division between the political and economic aspects of integration. So far as the merger of the Executives was concerned, the Government of the Netherlands confirmed its favourable position but, said M. Luns, it would not be possible to take such a decision other than unanimously.

Closing the debate, M. Furler emphasized the political importance of the colloquy and thanked all the speakers for their contributions; he stressed the importance of the European Parliament in the implementation of the Treaties establishing the three Communities and in the maintenance of good relations between the Institutions.

III. Activities of the Community

EXTERNAL RELATIONS

The Community and GATT

The Tariff Conference.

1. The Fifth General Tariff Conference, which opened on 1 September ⁽¹⁾ in Geneva, is continuing its work. The delegation of the Commission negotiating on behalf of the Community has begun the re-negotiations which, under Article XXIV (6) of the General Agreement, it must undertake with the other Contracting Parties.

It follows from Article XXIV of the General Agreement that the general incidence of the common external tariff must not be higher than the average incidence of the tariffs it replaces. Paragraph 6 of this Article provides for compensatory adjustments in cases where it is recognized that a Contracting Party has been injured by the increase of a previously bound duty.

The Community has submitted its tariff which it considers to conform with the rule contained in Article XXIV (5). The divergences concern the method of calculation.

Negotiations have been started under the terms of Article XXIV (6) on the list of offers submitted by the Commission.

At the beginning of December such negotiations with the Commission had been begun by twenty countries : Australia, Austria, Canada, Ceylon, Czecho-Slovakia, Denmark, Finland, Ghana, India, Indonesia, Japan, Nigeria, New Zealand, Norway, Rhodesia and Nyasaland, Sweden, Switzerland, the Union of South Africa, the United Kingdom and the United States.

These re-negotiations (*re*-negotiations because they concern the undertaking of new commitments for products which have already been the subject of negotiations with GATT) are carried out in conformity with the procedure laid down in Article XXVIII of the General Agreement. The method unanimously adopted for the first stage consists of systematically eliminating from the negotiations with each country those products for which the trade between the Community and the country concerned is of no great significance, and those products which for other reasons should not be the subject of negotiations. Subsequently, the delegation of the Commission examined with each country in turn the items of the Community's common tariff which are to be the subject of discussion.

(1) See Bulletin 6 & 7/60, Chapter I, and Bulletin 8-9/60, Chapter III, sec. 7 .

The Seventeenth Session of the Contracting Parties

2. The Commission took part in the Seventeenth Session of the Contracting Parties to the General Agreement on Tariffs and Trade, which was held in Geneva between 31 October and 29 November. One of the points on the agenda for the session was the "Treaty of Rome", included on the request of the Community.

When this point was discussed, the representative of the Commission gave a survey of the work of the institutions of the Community since the previous session of the Contracting Parties in June of this year. In his statement, he referred to the second 10% reduction of customs duties applied to trade between the Member States and the associated countries, and to the tariff measures which will be taken at the next stage, due at the end of 1960. He explained that in making the first approximation of national tariffs towards the common tariff the Member States would in most cases take the common tariff reduced by 20% as the basis of calculation. The reduction thus granted to non-member states would be provisional, but the Community would abide by these reductions subject to reciprocal concessions from the non-member states in the course of the multilateral negotiations which were to take place in 1961. The representative of the Commission ended his statement with a reference to the work of the ad hoc committee examining the problems of aid to countries in the course of development, this being a field of the Community's activity to which many Contracting Parties attached very special importance ⁽¹⁾.

The other work of GATT

3. The Commission has continued to participate in the work of Committee II and Committee III set up by the Contracting Parties in 1958 to further the expansion of international trade.

Committee II, which examines agricultural problems, has continued its consultations with all the Contracting Parties on the subject of their agricultural policies. So far, 33 countries have taken part in the consultations. Without waiting for the programme of consultations to be finished the Committee has, on the basis of the results obtained so far, analysed the effects of the national agricultural policies and systems on a number of products entering importantly into international trade. At its October meeting the Committee dealt in this way with the situation of dairy products, meat and grain. The small working party set up by the Committee to study ways of assessing the degree of agricultural protection has begun its work. Having agreed on certain methods which, in its opinion, hold out the best prospects of success, the working party has decided to establish through experiment the possibility of applying these methods in practice.

4. At its September session Committee III, appointed to seek means by which the export earnings of the countries in course of development can be expanded,

(1) The next issue of the Bulletin will contain a report on the work of the session.

continued its study of the special difficulties which these countries meet in exporting a number of products selected at an earlier stage. The Committee studied in great detail the commercial policy measures applied to trade in products contained in a second list, which contains a number of industrial products exported by countries in the course of development. The fourth interim report of the Committee, which was submitted to the Contracting Parties at their Seventeenth Session, contains the results of these studies and invites the Contracting Parties to examine their tariffs, quota and fiscal systems with a view to taking measures calculated to assist exports from the development countries. The report registers the encouraging progress made by the industrialized countries in relaxing the quantitative restrictions applied to some of the products examined at a previous session; on the other hand it shows little progress so far as the reduction of customs duties on these same products is concerned.

Relations with non-member states and international organizations

5. The Preparatory Committee set up by the Ministerial Resolution of 23 July 1960 met from 14 September to 15 November under the chairmanship of M. Kristensen, Secretary-General designate of the OECD. It has completed the main tasks entrusted to it, which were the following :

- (a) To prepare the final draft of the Convention;
- (b) To consider which of the Acts of the OEEC should be retained, modified or allowed to lapse;
- (c) To define the structure of the new organization.

The results of the Committee's deliberations are contained in a report which, together with the draft Convention, is to be communicated to the governments and to the European Communities in readiness for the ministerial meeting of 13 and 14 December 1960, at which the draft convention should be signed.

The ministerial meeting will have to vote on a draft resolution approving the report of the Preparatory Committee and accepting its recommendations. This resolution was considered necessary because it would confirm the determination of the twenty governments that the subsequent work of the Preparatory Committee and the OECD would be carried out in accordance with the recommendations of the Preparatory Committee.

The report of the Preparatory Committee is divided into four parts :

- (a) Text of the Convention,
- (b) Structure of the OECD,
- (c) Acts of the OEEC,
- (d) Relations with other international organizations.

a) The convention

The new organization will be called the Organization for Economic Co-operation and Development (OECD). This name reflects the double purpose of the member countries, which is to continue the effort of co-operation which was the principal object of the OEEC and to set themselves a new aim, namely the development not only of countries which are members, but also of those which are not.

Article 1 lists three aims :

- (a) Economic Growth,
- (b) Aid to countries in the process of development, whether members or not,
- (c) Expansion of trade.

Article 15, accompanied by a Memorandum of Understanding, establishes the link between the old OEEC and the new OECD. It lays down that the Acts of the OEEC shall require the approval of the Council and the new organization to be effective after the coming into force of the new Convention.

In order to give the Member States of the former OEEC the greatest degree of certainty on the subject of the retention in the new OECD of those Acts of the OEEC which the Preparatory Committee has recommended for retention, and on the other hand to ensure for the new members a certain latitude with regard to these Acts, a special procedure has been established. This is laid down in the Memorandum of Understanding on the Application of Article 15.

b) Structure of the OECD

(i) *The Council*

The new organization will be governed by a Council which will meet either at ministerial level or at the level of the Permanent Representatives in the same way as the Council of the OEEC has done.

The validity of the Acts of the Council will be the same regardless of the level at which they are taken.

At the level of the Permanent Representatives the Council will be presided over by the Secretary-General, and at the ministerial level by the Chairman designated each year by the Council.

(ii) *The main committees*

The main committees will correspond to the three aims of the new organization :

- (a) The Economic Policy Committee, assisted by a Committee for the study of the economic situation and for development,
- (b) The Development Assistance Committee (DAG),

(c) The Trade Committee and the Payments Committee, both assisted by the Committee for Invisible Transactions and the Board of Management of the European Monetary Agreement.

Apart from these major committees, there are committees dealing with the following subjects: agriculture and fisheries, scientific and technical personnel and scientific research, energy and industry (assisted by vertical committees to be defined later), maritime transport, manpower, tourism, insurance, fiscal affairs, restrictive business practices, and the European Nuclear Energy Agency.

Under Article 9 of the Convention the Council may establish such subsidiary bodies as it considers necessary.

c) The Acts of OEEC

The Preparatory Committee distinguishes between four categories of Acts:

(i) Those Acts which are recommended for retention without modification of substance. These Acts require approval of the OECD Council. After the signature of the Convention the Preparatory Committee will deal with the purely formal aspects of this matter. Of these Acts the most important is the European Monetary Agreement.

(ii) Those Acts which are recommended for retention but which require modifications of substance. They need approval by the Council of the OECD, including the amendments contained in the report of the Preparatory Committee. The wording of these amendments has not always been specified but their general sense has been given in the report. This category might, for example, include the Code of Liberalization of Invisible Transactions, which would have to be amended before its benefits could be extended to all the countries adhering to the International Monetary Fund.

(iii) Those Acts which are not recommended for retention, but whose contents should be the subject of further study by the Preparatory Committee or by the new organization; for example, the Acts relating to export aids.

(iv) Those Acts which, by virtue of Article 15, will lapse as soon as the Convention comes into force.

The report of the Preparatory Committee contains a list of those Acts of the OEEC which are not recommended for retention. In accordance with the decision taken by the Ministers on 23 July 1960, the undertakings of the Code of Liberalization of Trade will not be continued in the OECD.

The report makes it clear, however, that it is not the intention of Member States to go back on the degree of liberalization already attained but that, on the contrary, they propose to continue their efforts for the expansion of trade.

It has been agreed that the European Monetary Agreement and the Acts of the OEEC relating to it will be retained in the OECD. The retention of the European Monetary Agreement does not require the approval of the Council, since it is a multilateral instrument subject to ratification by each of the signatories. It is, in fact, not strictly speaking an Act of the Organization.

The Preparatory Committee has recommended to the Ministers that they should widen its terms of reference so that it could study and review the provisions of the Code of Liberalization dealing with current invisible operations and the Code of Liberalization of Capital Movements; one main purpose of this is to make it possible for the advantages offered by the International Monetary Fund to be extended to all members on a non-discriminatory basis, and for all the Member States of the OECD to be able to accede to these Codes.

The Preparatory Committee suggests that work in the field of agriculture, fisheries and food be strengthened and closely integrated with the other activities of the OECD.

Inter-European trade problems

6. The study group of the Committee on Trade Problems held its third meeting on 27 and 28 October 1960 in Paris. It examined the documents drawn up by the Community and by the Member States of the EFTA to show the importance, in a given list of products, of European trade in relation to world trade. The tariff items shown in this list had been classified according to the percentage of overall imports represented by imports from the European countries which are members of the group.

At this meeting the study group established certain quantitative and tariff criteria intended to shorten the list; on the basis of these criteria the Community and the member countries of the EFTA would be able to suggest the deletion of certain products so far as they were concerned.

After a co-ordinating meeting held in Brussels on 7 November 1960 with representatives of the six Governments and the Commission, a list showing the items which the Community wishes to see deleted has been prepared by the staff of the Commission and forwarded for distribution by the secretariat of the Committee.

The corresponding lists drawn up by the Member States of the EFTA were studied at a co-ordinating meeting between the government experts and the Commission in Brussels on 14 and 15 November in order, amongst other things, to establish those items which the Seven wish to have deleted but which the Community would require to be retained, mainly for reasons of its export interests.

The examining committee established by the study group at its meeting on 27 and 28 October met in Paris on 21 to 23 November, the Commission representing

the Community; representatives of the EFTA and the other European countries which are members of the Committee on Trade Problems took part in the meeting. At the end of its work the committee submitted to the study group a report dealing in particular with the problems which it had not been able to settle.

The study group met on 24 and 25 November in Paris. The representative of the EEC made concrete proposals concerning the way the tariff and statistical material should be used; certain member countries of the EFTA were not yet in a position to state their views on this problem. The group decided to prepare an interim report on the state of the discussions for submission to the Committee on Trade Problems and to defer until the next meeting, which will take place on 31 January and 1 February 1961, the decision on the use to be made of the lists.

The study group decided that the next meeting of the examining committee should take place on 9 January 1961; it will then deal with the remaining problems and study the comments of the exporting countries on the new lists of deletion.

Association of Greece and Turkey with the Community

7. The negotiations between the Commission and the Greek delegation progressed further. The Commission's proposals on the last outstanding problems were submitted to the Council, which discussed them at its session of 6 and 7 December.

This discussion led to agreement on most of these questions and enabled the points of view to be brought closer together on the rest, which will be further studied and come up for final examination by the Council at its session of 19 and 20 December 1960.

8. The Commission informed the Council at its session of 17 and 19 October of the recent conversations with the Delegation of the Turkish Government.

Safeguards applied under Article 115

9. It has been pointed out earlier ⁽¹⁾ that, after examining the individual cases, the Commission has recognized as legitimate the use made by certain Member States of the provisions of Article 115.

The list of products which, because of the differences in the regulations affecting imports by Member States from certain non-member states, do not receive Community treatment when imported into the Member State concerned, was published in No. 76 of the official gazette of the European Communities, dated 30 November 1960.

(1) See Bulletin 6 & 7/60, Chapter III, sec. 16.

Relations of the Community with non-member states

10. The competent institutions of the European Economic Community have given their approval to the requests made by the Governments of the Union of South Africa and of Spain that they might establish missions to the Community.

Agreement has also been given to the appointment of Ambassador G. R. Jordaan as Head of the Mission of the Union of South Africa to the European Economic Community. Mr. Jordaan has presented his letters of credence to the President of the Community.

On 15 December 1960 the following twenty-one countries had diplomatic missions established with the EEC : The United States of America, Greece, Denmark, Japan, Sweden, Switzerland, the United Kingdom, Norway, Ireland, Austria, Canada, New Zealand, Israel, Australia, Brazil, Morocco, the Union of South Africa, Spain, Portugal, Mexico and Columbia.

In the case of the last three countries the procedure for the accreditation of the Heads of Mission has not yet been completed.

ECONOMIC AND FINANCIAL AFFAIRS

Economic trends

11. On 30 November the Commission published No. 11 of the 1960 series of the Graphs and Notes on economic trends in the Community. This publication shows the current economic situation in the Community.

Industrial production in the Community has made further advances in recent months. Nevertheless, the rate of expansion has continued to slacken when compared with the corresponding period in the previous year. Not only has the increase of activity — that is to say the number of workers employed and the total of hours worked — slowed down, but the rate of increase of productivity is also registering a tendency to fall, although investment has on the whole progressed. Almost half of the increases in output at the beginning of the year as compared with the corresponding period in the preceding year is due to a rise in activity. This high proportion would seem to indicate that expansion of industrial production will largely depend on the possibility of increasing the number of hours worked, at least while present economic trends continue.

The slight easing noted in October on the labour market of the Federal Republic of Germany and the Netherlands is due to purely seasonal factors and there is little reason to hope that in these countries any levelling out of activity can be offset by a more rapid increase of productivity. On the other hand, the advances in industrial output will be less hampered in the other countries, such as Italy in

particular, which still have manpower reserves at their disposal. In fact, the situation on the labour market, except for skilled labour, will not be an obstacle to the expansion of activity in Italy or even in certain areas of France.

Whilst external demand is hardly showing any trend to expand further, the various elements which make up internal demand have continued to advance; this applies in particular to private consumption, the increase of which is reflected in higher retail sales. These have risen considerably in all the Member States, especially for durable consumer goods. In France, however, this does not apply to all products, and this had led the authorities to ease the granting of consumer credits. In the Federal Republic of Germany, the very clear quickening of the pace at which wages have risen as a result of increasingly boom-like conditions explains in large measure the particularly vigorous rise in retail sales, which reached a far higher level in the third quarter of this year than in the same period of 1959.

Of recent months the expansion of imports has shown a certain tendency to slacken. This is partly due to a slight weakening in the trend of purchases of raw materials, and partly to the bumper harvests in all Member States except Italy, which have reduced the import requirements for agricultural produce. The trade balance of the Community improved slightly in September and this movement has probably continued in October, but it is essentially seasonal in character. Nevertheless the deterioration in the Community's trade balance as compared with the same period in 1959 amounts to some \$550 million for the first nine months of the year, and it does not seem that the movement observed in September and October shows any fundamental change of this trend.

Under the influence of the movement of agricultural prices and raw material prices on the world market, wholesale prices in all the Community countries with the exception of France have been consistently weak in recent months. Nevertheless, the prices for industrial products have remained stable and in the Federal Republic of Germany they have even shown a distinct tendency to rise.

At present, however, the index figures for consumer prices give only an imperfect picture of the economic trends. Prices for food products are in fact influenced by the results of the harvest and by agricultural policy. The overall index number can at times conceal considerable cyclical rises in prices for industrial products and services. This is the case in the Federal Republic of Germany, where the October index number has fallen below that recorded in October 1959. In Italy, on the other hand, where the harvest has been less good, it has risen by 2.5% over the level of the previous year.

Meeting of the Inter-Executives Working Party on Energy

12. The Inter-Executives Working Party on Energy met on 22 November in Strasbourg under the chairmanship of M. Lapie, a member of the High Authority of the European Coal and Steel Community.

The Working Party had before it information on the marked rise in the consumption of fuel in the various countries of the Community during 1960.

The Working Party studied the draft survey of the initial measures to co-ordinate the energy policies of the Member States. It reached agreement on a large number of points. Other issues are still under study and will be discussed subsequently, in particular the introduction of the safeguard clauses. The group is to meet on 22 December to settle this question.

Policy on economic trends

13. The Committee on policy relating to economic trends met on 21 October under the chairmanship of M. Müller-Armack, Under-Secretary of State in the Ministry of Economic Affairs of the Federal Republic of Germany. It examined the way in which trends were developing in the Community and heard statements by the members of the Committee on their countries' policies in this field. The Committee considered it particularly necessary to follow with attention the future development of exports of the Member States to non-member countries and the private investment trends within the Community, in order to find out to what extent the slowing down of economic developments which seems to be occurring in the United States is likely to affect Europe.

The Committee further had an initial discussion on the instruments available for dealing with economic developments in the European Economic Community.

The Committee on policy relating to economic trends met again on 28 November 1960 under the chairmanship of M. Müller-Armack. The Committee analysed the latest developments in the economic situation and studied the problems of economic policy which the Member States of the Community are at present facing. It discussed the likely developments in the world economic situation.

Long-term problems or structure and expansion

14. The working party for long-term problems of structure and expansion met on 25 October 1960 in Brussels. It adopted a draft interim report prepared for submission to the Commission.

The report sketches the internal demand situation on the alternative assumptions of the gross product of the Community developing either weakly or strongly.

The working party pointed out that a second report would deal with commodities, production and the development of external trade.

The working party will meet again in mid-January 1961.

15. The Monetary Committee met in Rome on 28 and 29 October and in Brussels on 14 and 15 November.

At its October meeting it studied the financial and monetary situation of Italy.

In connection with its general study of the features of the monetary systems of the EEC countries and of the means of influencing liquidity, the Committee at its November meeting studied the French monetary system and the facilities available to the French monetary authorities for influencing liquidity.

Comparative study of budgets

16. The working party for the comparative study of the budgets of the Member States met in Brussels on 8 and 9 November. It examined the figures collected by the various national delegations in conformity with the decisions on method adopted last spring. It instructed a drafting committee to prepare a draft report on the basis of these figures for discussion by the national experts in January 1961 before being submitted to the Commission of the EEC.

Group for the co-ordination of policy on credit insurance

17. The Group for the co-ordination of policy on credit insurance held its first meeting on 18 November 1960. It agreed that pending the arrangements for the appointment of a chairman, the chair should be provisionally taken by the head of the delegation providing the President of the Council.

The Group will make separate studies of the classical type of export insurance credit, and of aid to countries in course of development. The Commission and the Member States will be able to prepare documents giving a survey of the policy pursued by each in these fields; these documents should be available before 15 December.

The Group agreed to invite the representatives of the European Investment Bank to take part in its work and to request the directors of the insurance credit institutions in the Member States and representatives of the Community's technical committee on credit insurance to attend its next meeting.

The next meeting will be held in Brussels on 13 January 1961.

The European Investment Bank

18. In conformity with Article 11 (2) of the statutes of the European Investment Bank M. Pierre Millet, Director for economic structure and development, has been appointed an alternate on the Bank's Board of Directors, to take the place of M. Duquesne de la Vinelle, who has resigned.

COMPETITION

Rules of competition applying to enterprises

19. The Commission has laid before the Council of Ministers its proposals for a first implementing regulation pursuant to Articles 85 and 86 of the Treaty of Rome ⁽¹⁾.

a) The Commission's draft confirms that the prohibition laid down in Article 85 (1) shall apply directly to cartels. Consequently no party to a new cartel will be able to invoke the exemption granted under Article 85 (3) unless the Commission has explicitly declared the provisions of Article 85 (1) to be inapplicable. Such a declaration is not made unless requested, and it takes effect from the date of decision only. To prevent a belated decision of the Commission from causing delay in putting a permissible cartel project into practice, the Commission has to object to the project within six months; the enterprises concerned can call on the Commission for a reasoned decision (from which appeal can be made to the Court of Justice). If the Commission does not raise any objection within six months, the cartel may operate provisionally until the Commission has reached a final decision. If in this decision the Commission eventually rejects the request for the application of Article 85 (3), the cartel must cease to operate or be adapted to the requirements of Article 85 (3).

Under the draft, exemption will be granted for a limited time only, but it can be extended provided the conditions required by Article 85 (3) continue to apply. In certain cases exemption can be prematurely revoked; this applies for instance where it has been obtained fraudulently or by incorrect statements.

In order to ensure uniform application of the law, the draft confers on the Commission the exclusive competence — subject to acceptance by the Court of Justice — to declare the provisions of Article 85 (1) to be inapplicable, or in other words to grant exemption from the prohibition of cartels laid down by the Treaty. For the rest, the draft does not affect the competence vested in the national authorities under Article 88 of the Treaty to proceed against prohibited cartels.

b) A provisional arrangement is envisaged for cartels already in existence when the Regulation comes into effect. This is necessary in particular to take into account the uncertainties and practical difficulties which have existed up to the present concerning the application of Article 85 (3). This provisional arrangement will, moreover, enable the Commission to collect information on existing cartels so that it may investigate their importance for the establishment of the Common Market and decide on their compatibility with the Treaty.

⁽¹⁾ See Bulletin 8-9/60, Chapter III, secs. 15 and 16.

The draft Regulation therefore makes it compulsory for certain types of existing cartels to be registered. Registration with the Commission must be effected within six months of the entry into force of the Regulation. So as to remove any doubts on what cartels are subject to compulsory registration, the draft lists the following characteristics :

All cartels which have as their object or result the regulation of imports and exports amongst the Member States, and

Any cartels which embrace enterprises from at least two Member States and have as their object or result within the Common Market :

- i) The direct or indirect fixing of minimum, maximum or fixed prices for goods or services,
- ii) The restriction of production, sales or investments or:
- iii) The sharing of markets within the Common Market by areas, customers or other characteristics.

The following are not subject to compulsory registration : price maintenance contracts, licence contracts and agreements for exclusive dealing. This means that a large number of restrictions on competition which come under Article 85 (1) are not subject to registration.

An exemption under Article 85 (3) can be applied for from the Commission in respect of all cartels registered. If such an application is made within six months, the prohibition under Article 85 (1) is suspended. Where the Commission eventually rejects the application, it will grant the cartel a period in which to adjust itself to the rules or to dissolve itself. On the expiry of this period the prohibition under Article 85 (1) will take effect. Cartels in respect of which application is not made expose themselves to the legal risks involved in a possible infringement of the Treaty. If they fall within the provisions of Article 85 (1) they are null and void, and no previous decision by the Commission is required. Old cartels not subject to registration will be considered provisionally compatible with Article 85, provided an exemption under Article 85 (3) is applied for within three years. This relatively long period will enable the Commission to deal with the most important cartels first. This does not mean that the application of Article 85 (1) is held up until the expiry of this period; the Commission may well decide now that a cartel is not compatible with Article 85 (1).

c) The draft contains further provisions enabling the Commission to carry out its own investigations in close co-operation with the Member States. The legitimate claims of enterprises to enjoy the protection offered by the law have been taken very fully into account.

The Regulation authorizes the Commission to impose fines and penalties. Fines ranging from 100 to 5,000 units of account can be imposed where enterprises refuse

to comply with the compulsory registration, where applications contain false or distorted statements, where information is given incorrectly or not within the stipulated period, or where, in the case of investigations, incomplete documents are supplied or an investigation is resisted. By fixing penalties, the Commission can prevail upon enterprises to register as required, to submit complete and correct information and to accept investigations ordered as part of a decision. Penalties ranging from 50 to 1,000 units of account may be fixed for each day of delay.

The first Regulation does not yet provide sanctions in respect of infringements of Articles 85 and 86; nevertheless, the Commission can oblige enterprises to cease any violation of these Articles once it has been established. Compliance with a decision is enforced by means of penalties.

In the case of action brought against any decision of the Commission to impose a fine or penalty, the Court of Justice is fully authorized to investigate the decision in accordance with Article 172 of the Treaty. It can rescind, reduce or increase the fine or penalty imposed.

The Regulation is so worded as to ensure the continuance of the present close co-operation between the Commission and the cartel authorities in the Member States. Before the Commission takes a decision, it must consult the national authorities, who are also kept informed during the proceedings of any applications submitted and of any action by the Commission.

Finally, the Regulation contains provisions on secrecy and on what decisions of the Commission may be published.

The first draft does nothing to anticipate the possible issue of further provisions on competence and procedure. No decision has yet been taken as to whether and in what way a consultative committee is to be brought into the cartel procedure. A later Regulation will deal *inter alia* with the imposition of fines for infringements of Articles 85 and 86.

With regard to the application of Article 86, the Regulation provides the same powers to put an end to any infringements and the same authority to order investigation, revision or sanctions as in the case of Article 85. This in itself shows that Article 86 is considered no less important than Article 85. Nevertheless, it is left to the institutions of the Community to issue detailed regulations under Article 86, taking into account the difference between Article 85 and Article 86, of which the latter does no more than prohibit the abuse of a dominant position on the market. Moreover, submission to Article 86 can be enforced through decisions taken by the Commission.

20. At its meeting of 14 and 15 November 1960 the Council discussed the problem of consulting the Assembly on the draft implementing regulation pursuant to Articles 85 and 86. The Council decided that the ministers responsible for matters of competition should meet in Luxembourg on Tuesday 29 November and that

the Commission should be represented at this meeting, the purpose of which was to define the positions of the various delegations on the problems of substance raised by the draft Regulation, so that the Council might at its meeting of 6 and 7 December give its opinion on the submission of this issue to the European Parliament.

The Council further agreed that the opinion of the Economic and Social Committee should be sought at the same time that the Parliament is consulted.

In accordance with the decision of the Council the ministers responsible for matters of competition held a special meeting in Luxembourg on 29 November 1960, in which M. von der Groeben participated.

At this session the delegations submitted a number of observations concerning the substance of the draft regulations.

Recognizing the importance of their discussion, the Ministers and M. von der Groeben felt that it would be advisable for these discussions to be continued in order to reach agreement on certain points.

At its 40th session the Council agreed to the continuation of these talks.

At the same session the Council decided, on the basis of the studies undertaken at the special session of 29 November, to transmit the proposals of the Commission to the European Parliament and to the Economic and Social Committee for their views.

The Council decided to request the Economic and Social Committee to submit its views by the end of February 1961.

Dumping practices

21. A second conference of government experts on dumping practices was held on 11 October 1960; representatives of the Directors-General of the customs departments of the six Member States attended the conference.

The conference examined the measures taken by the various Governments to implement Regulation No. 8 of the Commission, relating to Article 91 (2) of the Treaty (the "boomerang" clause). It was agreed that a concerted attempt be made to find uniform solutions for a small number of technical difficulties being met by certain administrations. The Commission then informed the experts of its experience in investigating the ten requests so far submitted to it under Article 91 (1). Unanimity of views was reached on the special problems discussed in this connection, including the contents of the recommendation to be addressed to persons guilty of dumping practices.

Approximation of legislation

Purchase incentives

22. In view of the importance attached by the governments of certain Member States to the problems connected with purchase incentives, the Commission has prepared a study of the relevant legislation in the six countries.

This study contains a systematic review of the provisions in each country and compares the various systems, singling out the difference and so bringing out the points which could be brought into line.

This analysis will shortly be communicated to the governments of the six states so that a meeting of the representatives of the ministries concerned can be called, at which the possibility of aligning these provisions could be studied.

The Hague Conference on international private law

23. In conformity with Article 229 of the Treaty of Rome which requires that the Commission shall "ensure appropriate contacts with all international organizations", it accepted the invitation issued by the Hague Conference on international private law and delegated an observer to the ninth session of that Conference on 5 and 26 October 1960.

Some problems discussed at this session were of great interest to the European Economic Community; the representative of the Commission took part, particularly in discussions concerning the draft convention on the elimination of the requirement to legalize foreign public acts and drew attention to the interests of the Community in this field.

Industrial property rights

24. The co-ordinating committee for the approximation of legislation concerning industrial property rights met in Brussels at the seat of the Commission from 10 to 14 October. During this session the committee worked out in detail a draft programme ⁽¹⁾ for the working parties dealing with patents and with trade marks. This programme deals with the possible establishment of a European patent and a European trade mark, as well as with the harmonization of legislation which is to be effected under Article 100 of the Treaty. If the programme is approved, the working parties will meet at the beginning of 1961.

For designs and models, the co-ordinating committee decided to await the results of the diplomatic conference in The Hague (14 to 28 November) for the revision of the Hague Arrangements, to which the Member States are parties.

⁽¹⁾ For submission to Governments in December.

Fiscal problems

25. The joint work of the staff of the Commission and the fiscal experts of the six countries for the harmonization of turnover tax has made notable progress.

Study group A has been instructed ⁽¹⁾ to examine whether physical controls at the frontiers between the Member States can be abolished. On the assumption that they can, existing national legislation would be maintained but the checking of goods at the frontier for the purpose of levying compensatory charges on imports and export drawbacks would be replaced by checks on the accounts of the importing or exporting enterprises. Group A has discussed from many points of view the advantages and disadvantages of such a solution, and expects to finalize its conclusions at its next meeting.

Study group B, which is studying what would happen if the Member States introduced a system of turnover tax levied at the stage prior to retail trading, has almost finished its work and will soon be able to draw up its report.

Study group C has recently finished its technical enquiry into the mechanisms of the various systems of taxation at the production stage, which might be adopted as the common system (tax levied at the final stage of production only, multistage production tax, added value tax). The group's report is being drafted.

The reports of the three study groups will be laid before the Working Party for the harmonization of turnover tax.

26. The Commission has continued its examination of the measures taken by the Italian Government in the field of compensatory taxes and drawbacks on turnover tax. After the discussions which officials of the Commission had had in Rome with the Italian authorities, a multilateral meeting was held in Brussels on 26 and 27 October and the government experts of the six countries were informed of this and asked to state their opinion.

The Commission has laid down the method by which it wishes examination of the matter to be resumed as soon as possible.

This question was discussed in Brussels between the Commission and M. Trabucchi, the Italian Minister of Finance, on 5 December 1960, when it was agreed that a thorough study be made of ten items in respect of which the rates had recently been increased in Italy. A multilateral meeting on the matter will be organized towards the middle of January 1961, and will be attended by experts from the six Member States.

⁽¹⁾ A working party was set up in May 1959 to study the possibilities of harmonizing turnover tax. It is served by study groups (A, B and C).

SOCIAL AFFAIRS

State of the labour market and occupational training

27. At the invitation of the Italian Government a special Working Party on Manpower Problems, set up by the Council at the suggestion of the Commission and consisting of government experts from the Member countries, held its first meeting in Rome on 6 and 7 October 1960. The purpose of this meeting was to work out a concrete programme of rapid occupational training for Italian workers capable of being employed in those Community countries where the economic trend is causing manpower shortages which might slow down the expansion of productive activity.

The group opened its deliberations in the presence of the Minister of Labour, M. Sullo, and the Under-Secretary of State for Foreign Affairs, M. Storchi. In his opening speech M. Petrilli, a member of the Commission, stated that the problem of disequilibrium on the labour market is now in fact a problem of skilled manpower, and he emphasized the need for a rapid and efficient solution. The group studied both present requirements in the various branches of activity (particularly in the German and Dutch economies), and the possibilities for a rapid occupational training adapted to the available Italian manpower.

At the end of the meeting the representatives of the countries concerned expressed their agreement on a first programme, which would start by training about 9,300 Italian workers, chiefly for the building and metal processing sectors in the Federal German Republic and the Netherlands. The Working Party entrusted three groups of experts on occupational training with the task of studying the situation in these two sectors and in those of services and transport; it further instructed them to examine similar imbalances in other branches of activity and to work out the technical, administrative and financial details of the programmes envisaged.

These three groups which consist of representatives of the Federal German Republic, Belgium, Italy and the Netherlands, met on 19 and 20 October 1960. Among other things they laid down the list of trades (35 in all), the level of skill to be attained in each, and the numbers of workers to be trained. These are made up as follows :

a) Metal processing industries and electrical engineering : 1,500 workers of 16 different trades (1,200 for the Federal German Republic and 300 for the Netherlands).

b) Construction : approximately 6,000 workers of 7 different trades for the Federal German Republic.

c) Services (mainly catering and household), transport and other branches of activity : approximately 1,800 workers of 12 different trades for the Federal German Republic.

The experts also fixed the content and duration of the training programmes and studied the possibility of developing the technical co-operation of the countries concerned.

28. The Working Party for Manpower Problems held its second meeting in Bonn on 11 and 12 November 1960 and adopted the conclusions and the proposals formulated by the occupational training experts. A meeting was held on 29 and 30 November in Brussels to finalize the technical aspects and lay down the dates on which the programmes should begin and how long they would last.

The Working Party has not yet been able to find a completely satisfactory solution to the financial problems involved in that part of the programme which concerns the occupational training of Italian workers for employment in the Federal Republic.

The Group noted the difficulties encountered in solving the financial problems and was unanimously of the opinion that all possible means of financing should be thoroughly investigated.

For the part of the programme concerning the training of Italian workers for the Netherlands, the Group agreed to the proposal of the Netherlands delegation that expenses should be shared on the basis of implementing the programmes in two parts — one part in Italy at the expense of the Italian Government, and the other in the Netherlands, with the Dutch Government bearing the cost.

29. The experts met in Brussels on 25 October 1960 to discuss employment in the agricultural sector; there was an exchange of views with the representatives of the Commission (Social Affairs and Agriculture). It was agreed that the experts would submit their report by 31 March 1961.

European Social Fund

30. The Social Fund Committee held its initial meeting on 25 October in Brussels. M. Giuseppe Petrilli, a member of the Commission of the European Economic Community, was in the chair.

The Committee set up two working parties, one to deal with the preparation of its rules of procedure, the other to study what implementing measures are required to meet retroactive requests for reimbursement. These requests may concern the repayment of expenditure incurred by Member States or bodies under public law for re-training and resettlement since 1 January 1958. For this purpose the Community's budget provides, in a special chapter, a sum of 500 million Belgian francs for 1960, while for 1961 1,000 million Belgian francs are earmarked.

In his opening speech M. Petrilli emphasized the fundamental role of the Social Fund in the general balance of the Treaty. The Fund is the chief instrument of

direct action available to the Community to further measures encouraging harmonious development of economic activity step by step with the establishment of the Common Market.

On 22 November the working parties of the Social Fund Committee met in Brussels and began work on the tasks allotted to them by the Committee.

Social Security of Migrant Workers

31. The European Economic Community's Administrative Committee for the Social Security of Migrant Workers held its 19th meeting on 27 and 28 October 1960. The Committee adopted four decisions concerning

- a) The incidence on family allowances payable by the employing country of any amendment with retroactive effect made to the statutory provisions governing family allowances in the country where the children reside;
- b) The calculation of family allowances when the children reside in one Community country and the head of the family is working in another;
- c) The fixing of the amounts of benefits in kind which the institution to which the worker is affiliated must re-imburse to the institution supplying them in the place of residence;
- d) The calculation of certain Belgian and Dutch pensions.

The members of this Committee were received by President Hallstein to whom the first annual report of the Committee was presented.

The administrative Committee has also examined the problems arising from the amendments to be made to the annexes to Regulations No. 3 and No. 4 and from the social security situation of workers subject to obligations of military service in their country of origin.

Finally, the Administrative Committee approved the report of the preparatory working party on the establishment of the auditing committee.

Complementary systems of social security

32. A first meeting of representatives of trade union and occupational organizations on the European level (ICFTU, IFCTU, CIC ⁽¹⁾, Union of Industries of the European Community) was held in Brussels on 26 October 1960 for the purpose of defining the bases on which the studies of the complementary social security systems could be undertaken.

In fact the harmonization of social security systems provided for in the Treaty calls for an exact knowledge of the protection accorded to workers, both by legal systems of social security and, in varying forms, by the complementary systems

The participants studied the following points :

- a) definition of the complementary systems,
- b) choice of the sectors of industry to be included in the study,
- c) content of the study,
- d) method.

33. The Commission was represented at the IVth International Congress of the International Confederation of Cadres (15 and 16 October 1960).

Exchange of views on the problem of industrial medicine

34. On the initiative of the Commission a meeting devoted to industrial medicine in the Community countries was held on 18th and 19th November. The ECSC, Euratom and the International Labour Office were represented. Representatives of the employers' and workers' organizations also took part.

The discussion resulted in unanimous agreement on the recommendations of the International Labour Office. The desire was expressed that in the Community countries these recommendations should be implemented in full.

The hope was expressed that EEC would complete the study of problems such as the training and status of works medical officers.

Finally the meeting expressed the hope that as a result of this study the Commission would be able to encourage the Member States to complete their action in the framework of the recommendations made by the International Labour Office.

Free movement of workers

35. Proposals concerning a regulation and directives on the free movement of workers, prepared by the Commission in accordance with Articles 48 and 49 of the Treaty, were studied by the European Parliament at two meetings (13 and 15 October 1960); the background of the debate was provided by a report adopted by the Commission on Social Affairs at a meeting on 23 and 24 September and presented in the Parliament by M. Rubinacci.

M. Petrilli spoke in the debate and replied at length to a number of speakers; he expressed his satisfaction with the constructive nature of the Parliamentary Committee's report.

At the end of the debate the Parliament adopted the opinion drafted by the Committee on Social Affairs, with some amendments which did not affect its substance. This opinion supports the proposals made by the Commission.

At its 13th plenary session on 30 November the Economic and Social Committee considered the opinion it should give on the Commission's proposal.

Before the Committee began its discussions, it was addressed by M. Rey, who emphasized the most important aspects of the Regulation proposed by the Commission.

The Committee had before it a report from its Section for Social Affairs, submitted by M. Russe, and a draft opinion prepared by the Section.

At the end of the discussion the Committee unanimously approved the report of the Section and also, with minor amendments, the draft opinion. The opinion adopted by the Economic and Social Committee supports the Commission's proposal, subject, however, to certain amendments and additions which are almost exclusively of an editorial nature.

The draft Regulation on the free movement of workers in the Community includes a preamble and four parts.

The first part lays down the principles which shall govern, during the first stage, the entry into another Member State, and employment in that State, of workers wishing to take up paid employment; it also lays down the exceptions to these principles. It further defines the particulars of their implementation and the arrangements for the families of workers.

The second part, which deals with the action required to link the demand and supply of labour, lays down rules for common action and the particulars of co-operation between the employment services of the Member States, and between these services and the Commission.

The third part deals with the organs whose duty it will be to ensure the closest co-operation between the different Member States, and between the Member States and the Commission.

The fourth part contains the final provisions which concern mainly the maintenance of rights already acquired. This part covers the implementation of the principle that priority shall be given to workers from the Community labour market, the provisions on the transfer of wages and the prohibition of new restrictions or discrimination.

The Regulation is supplemented by directives. These are intended to ensure that, while due allowance is made for the special circumstances and the manifold provisions in this field to be found in the Member States, obstacles to the workers' freedom of movement shall gradually be eliminated.

The Commission is at present engaged in finalizing these provisions for submission to the Council.

AGRICULTURE

The common agricultural policy

36. The Special Agricultural Committee met on 27 and 28 October, 8 and 9 November and 23 and 24 November under the chairmanship of M. Staf, a former Dutch Minister and head of the Netherlands delegation.

It completed its debate on the main principles of the common agricultural policy and put its conclusions in writing.

The Committee continued its work on the levy system and especially on levies which the Commission proposes shall apply, during the preparatory stage, to trade between Community countries and imports from non-member countries. The first results of this work were also put in the form of conclusions. On the request of the Committee the Commission convened several meetings of experts from the Member States to study the main methods by which the levy system can be implemented in the grain and pigmeat sectors.

The initial findings of the experts were discussed and will be the subject of further meetings.

The Committee dealt with the problem of distortions of competition due to divergent general agricultural policies in the Member States. It considered certain general aspects of this problem; the delegations were fully agreed that no complete solution can be found for this problem until a common agricultural policy has been introduced.

In this general setting there are certain specific difficulties which affect in particular the Federal Republic of Germany, because of distortions of competition occurring in the case of certain products referred to in the agricultural provisions of the acceleration decision of 12 May 1960. On the request of the Committee the Commission studied these questions as well, and convened a meeting of the Government experts of the Member States. The Commission's conclusions were discussed by the Special Committee before submission to the Council.

The Special Committee continued the general discussion on the price system for the common market phase proposed by the Commission. It gave special attention to the system of target price combined with intervention prices. This system seems to have been welcomed by the representatives of the Member States; examination of it will be continued product by product.

37. At its meeting of 14 and 15 November the Council of the ECC examined the second report of the Special Committee (the first report had been before the Council at its meeting of 17 to 19 October 1960). The report, which gives an account of the work done and shows the first results attained, contains the conclusions drawn by the Special Committee from the discussions on the principles of the common agricultural policy, and from those concerning the levy system. It has been approved

by the Council. The main principles will serve as a guide for the common action to be taken during the preparatory stage and in the common market stage. The levy system is looked upon as one of the principal measures to be adopted in the preparatory stage to ease transition towards the common organization of the agricultural markets.

Before the end of the year the Council will convene two further meetings, one on 6 and 7 and the other on 19 and 20 December, when it will discuss the proposals for a common agricultural policy with the primary purpose of finding a preliminary solution at Community level for the difficulties caused, in the agricultural in food-stuffs sectors, by differing conditions of competition due to differences in general agricultural policy.

Under the decision of 12 May the Council must, before 31 December 1960, review the progress made in this field.

In the light of this review the Commission will draft such proposals as may be necessary for the execution or revision of the provisions of the decision of 12 May 1960 on the reduction of customs duties and the increase of quotas for non-liberalized agricultural products.

In view of these meetings the Council has requested the Special Committee to submit a report on its work on the difficulties which the German delegation has reported as arising in connection with certain products owing to distortions of competition; the Council has also asked for a report on the work concerning the levy system.

38. On 29 November 1960 the Commission submitted to the Council a document on the progress made towards the common agricultural policy since 12 May 1960, especially with regard to the difficulties resulting from unequal conditions of competition.

This document comprises :

(a) A restatement of the conclusions on the main principles of the common agricultural policy and the levy system, which were approved by the Council at its meeting of 14 November 1960;

(b) A proposal by the Commission that the Council should draw up a first regulation on the extent to which certain rules on competition shall apply to the production of and trade in agricultural products, as required by Article 42 of the Treaty;

(c) A restatement of the Commission's decision of 27 July 1960 on the levying under Article 226 of the Treaty of an import charge on processed agricultural goods;

(d) The conclusions reached by the Commission on the note from the German delegation concerning certain distortions of competition in the case of goods which, on importation into the Federal Republic of Germany, are affected by the acceleration decision of 12 May 1960.

In these conclusions the Commission declares its readiness in implementation of Article 46 of the Treaty to fix countervailing charges for certain dairy products, artificial honey and vanillin sugar imported into Germany.

The Commission intends very shortly to make recommendations to the Member States for the supervision and regulation of certain export aids in the meat and the fruit and vegetable sectors. With regard to the problems of trade in wine in casks among the Member States, the Commission requests the Council to deal at an early date with the proposal on the subject included in the proposals on the common agricultural policy dated 30 June 1960. This will enable the Commission to submit at an early date proposals to settle the problem of the wine trade as part of the first measures for a common organization of the wine markets. In conclusion, the Commission finds that some of the difficulties pointed out by the German delegation can be solved in the conversations which the Member States concerned have declared themselves ready to begin;

(e) A declaration of intention of the Commission on the subject of direct and indirect export aids;

(f) A proposal by the Commission for a decision by the Council on the institution of Committees of Directors for grain, sugar, milk and dairy produce, livestock and meat, eggs and poultry, fruit and vegetables, and wine.

(g) The Commission also submitted to the Council on 6 December a document completing that of 29 November. It is a draft Council resolution on the principles to be laid down as the basis of future proposals for the establishment of a levy system for certain products (especially grain, sugar, pigmeat, eggs and poultry) which is to operate in trade between the Member States and between them and non-member countries. Within the Community this system will imply that, apart from the safeguard clauses, no other measures of protection will be employed, and the levies will be progressively reduced to zero by the end of the preparatory stage of the common agricultural policy.

39. At its meeting of 6 and 7 December 1960, the Council held a first discussion of the documents submitted to it for review by 31 December. It instructed the Special Committee to prepare the decisions which it will have to take on 19 and 20 December and to examine in particular the Commission's conclusions on the German note concerning certain distortions of competition, the declaration of intention concerning export aids, and the draft resolution on the levy system. The Council confirmed the decision taken at its meeting on 14 and 15 November immediately to consult the European Parliament on the draft regulation under Article 42 of the Treaty concerning the rules of competition in agriculture. On the other hand, the draft decision for the establishment of the Committees of Directors will not yet be submitted to the Parliament, since the Commission intends to modify its proposals in the light of discussions on this subject in the Council, where it

was felt that, as the common agricultural policy itself has not been more closely defined, some more supple institutional form should be found for the necessary co-operation between the Commission and the national authorities responsible for the execution of agricultural policy measures.

Minimum prices

40. At its meeting of 14 November 1960 the Council decided to instruct a group of agricultural experts to study the proposal submitted to it by the Commission on 28 October 1960 concerning the definition of objective criteria on which to establish a system of minimum prices and to fix such prices. This group, which met for the first time on 25 November 1960, will report to the Committee of Permanent Representatives, which will then lay its conclusions before the Council.

TRANSPORT

Maritime and air transport

41. The Commission recently transmitted to the Council a memorandum on the applicability to transport of the rules of competition set out in the Treaty establishing the EEC and on the interpretation and application of the Treaty in relation to sea and air transport.

The Commission hoped that the Council would discuss these questions with it, in conformity with Article 155 and 162, so that a common position on the problems involved might be worked out.

The aim in adopting this common position would be to facilitate the work of the Community in the field of transport, particularly in relation to the establishment of the Common transport policy.

In its memorandum the Commission expresses the opinion that the rules of competition concerning understandings, monopolies, dumping practices and state aids set out in Articles 85 to 94 of the Treaty should also be applied to transport, including sea and air transport, except where otherwise provided in the Treaty itself or decided by the Council acting in execution of the Treaty.

The Commission is also of the opinion that the general provisions of the Treaty do not apply to rail, road and inland waterways transport only, but also in principle to sea and air transport. This applies in particular to the provisions relating to the free movement of workers, the right of establishment, the approximation of legislation, social policy and the European Investment Bank. The Commission's memorandum specifies that maritime and air transport do not on the other hand fall under the particular provisions for transport (Articles 74 to 83) nor under those on the free movement of services (Articles 59 to 66).

However, because of the actual situations existing at world level in sea and air transport, the Commission feels that the application of certain provisions of the Treaty to these two sectors may give rise to special problems.

For this reason the Council will have to decide on the extent to which special provisions will be required for sea and air transport. It will be necessary to examine whether, pending a general settlement which would adapt the rules of the Treaty to these branches, it might not be advisable that, as far as these two means of transport are concerned, the application of the rules on competition be suspended by a decision of the Council.

Transport infrastructure in the Community

42. In the field of transport infrastructure the Commission is continuing its action to ensure the implementation of the projects concerning which it submitted, on 21 June 1960, recommendations to the Governments of the Member States (1).

In the course of a debate in the European Parliament on 18 November 1960, the Commission confirmed its plan of action for the European infrastructure of transport. It pointed out in particular that it was studying the problems of regional policy with a view to completing the first part of its infrastructure plan, which appears in the recommendations of 23 June, and that it was examining the possibility of securing Community finance for some of the projects suggested. The Parliament unanimously adopted a resolution giving full approval to the Commission's moves in this field and inviting it to pursue them in order to achieve rapid results.

The problem will also be the subject of a discussion between the Ministers of Transport and the Commission at the Council Meeting of 6 December 1960.

43. On 18th and 19th October 1960 the Commission organized a study session with the unions of transport workers affiliated to IFCTU in the six countries.

The reports submitted by the Commission's staff dealt among other things with policy on transport rates, the concepts of "service public" and "Gemeinwirtschaftlichkeit", and on the problem of publishing the rates and conditions of transport. The unions submitted reports on social problems, on the harmonization of transport and on the development of pipelines and its social repercussions.

The discussion on these reports was very thorough and lively.

44. As regards transport rates and conditions involving elements of support in the sense of Article 80 of the Treaty the Commission, wishing to obtain a statement of the position taken up by the Governments of the Member States, has sent them two lists of transport rates and conditions for certain products. The first list covers

(1) See Bulletin 5-60, Chapter III, secs. 78 and 79.

inter alia agricultural and consumer products, and the second stones, earth and building materials as well as products of the chemical and petroleum industries. A third list will probably be sent to the Governments before the end of the year. Meanwhile two Governments have made known their position on the first list.

Establishment of a uniform nomenclature for goods

45. The group of experts entrusted with the establishment of a uniform nomenclature of goods for use in the transport statistics of the European Communities met on 22 and 23 November in Brussels.

The experts completed the nomenclature prepared in the two previous meetings held in May and June last, and the second part of the meeting was devoted to the study of problems relating to its implementation. Discussions on this point led to an agreement on the different questions which arise.

The working party agreed that from 1 January 1962 onwards the nomenclature would be applied in drawing up statistics requested by the Commission.

A further meeting of the experts is planned for the end of March 1961, at which the wording of the analytical and alphabetical lists which complete the nomenclature will be finalized.

In conformity with the wish expressed by the experts, the Commission will shortly request the Governments to set up a special group of experts to study the problems of drawing up road transport statistics on the basis of the uniform nomenclature.

OVERSEAS DEVELOPMENT

46. At its meeting of 18 and 19 October 1960 the Council went fully into the general problem of relations between the Community and the overseas countries and territories acquiring independence (1).

Two points of agreement emerged :

- 1) All the Member States are of the opinion that association with the Community of the countries and territories becoming independent should be maintained by common agreement and until further notice if these countries express the desire to maintain it.
- 2) The Council unanimously recognizes the need for a practical re-adjustment of relations with these countries.

In this connection the Council expressed agreement on the following :

- a) The direct submission by the overseas countries and territories of their economic and social investment projects under a new procedure to be fixed.

- b) The establishment of arrangements by which, under procedures to be laid down, those countries which so desire may send representation to the Community.
- c) The possible organization of ad hoc meetings between these representatives and the Committee of Permanent Representatives, with delegates of the Commission taking part.
- d) The possible organization of periodical ad hoc meetings once or twice a year between the Council and the responsible Ministers of the associated countries, with the participation of the Commission.

It is for the associated overseas countries which have acquired independence to decide themselves whether they wish to maintain direct relations with EEC and to establish, under procedures to be defined, direct representation with it or whether they still prefer to be represented for the time being by a Member State.

47. By letter dated 15 October 1960, the President of the Commission has replied to M. Houphouët-Boigny, Head of State of the Republic of Ivory Coast, who had informed the Commission of his Government's desire to maintain association links with the Community ⁽¹⁾. The letter from the President of the Commission gives a favourable reply to M. Houphouët-Boigny's request and expresses the hope that it will be possible later to discuss with the Government of Ivory Coast and the other African Governments the developments occurring in the countries in question and the measures that will be required if full account is to be taken of these developments. The EEC notes the terms of M. Houphouët-Boigny's letter of 30 August 1960, according to which the Permanent Representative of France with the European Communities will continue to watch over the interests of Ivory Coast pending the appointment and *agrément* of the representative of its Government as part of the adjustment of relations envisaged in the letter.

The President of the Commission has sent similar replies to :

- M. Hamani Diori, Prime Minister of the Republic of Niger
- M. Maurice Yameogo, President of the Republic of Upper Volta
- M. David Dacko, President of the Central African Republic
- M. Philibert Tsiranana, President of the Republic of Madagascar
- M. Léon M'Ba, Prime Minister of the Gabonese Republic
- M. l'Abbé Fulbert Youlou, President of the Republic of Congo (capital : Brazzaville)
- M. François Tombalbaye, Prime Minister of the Republic of Chad.

⁽¹⁾ See Bulletin N° 6 & 7/60, Chapter III, Sec. 42.

As mentioned in the previous Bulletin ⁽¹⁾, the Presidents of these Republics had expressed the wish of their Governments to maintain association links with the Community.

In a letter dated 24 October to the President of the Council of EEC, the Government of the Republic of Senegal expressed its wish to continue the association of the now independent Republic of Senegal with the European Economic Community. On 17 November the President of the Commission replied favourably to M. Mamadou Dia, Prime Minister of the Republic of Senegal, in a letter similar to that sent to the Governments of the other African States which have recently become independent.

By a letter dated 10 November the Government of the Republic of Mali (the former French Sudan) expressed to the President of the Commission its wish to maintain direct relations with the Community.

48. The Commission was represented at the celebrations marking the independence of the Islamic Republic of Mauritania on 27 and 28 November 1960 and at those for the independence of the Republic of Congo (Brazzaville).

Establishment of a Technical Assistance Group for the development countries

49. At its meeting of 19 October the Council decided, on a proposal of the Commission, to set up a Technical Assistance Group to promote active collaboration between the Member States and the Commission in working out joint solutions to the special problems arising in this field. This important decision marks the success of the work which the Commission has been carrying on for several months in connection with technical assistance to development countries.

The Council's decision is based on the need, arising from the disproportion between the requirements of technical co-operation and the means available to meet them, to make the best use of the financial and human resources at present available and to avoid duplication of work. Among other important work the group will have to exchange information on technical assistance activities in the Europe of the Six, set the resources available against the known requirements, study requests for technical co-operation in order to find the best means of meeting them and, if need be, harmonize the methods and techniques used by the various national bodies.

It is intended that the Group shall meet at regular intervals: the first meeting was fixed for Monday, 28 November.

Inventory of means available within the Europe of the Six

50. With a view to improving the means made available to the development countries by EEC, the Council has requested the Commissions of the European Economic Community and Euratom to prepare for each of the Member States, a complete inventory of existing activities and places available for the training and teaching of experts and scholarship holders and also for research and study. In the light of this inventory the two Commissions will be able to attack the problem of establishing a European development institute.

The European Development Fund

51. In October the Council, on the proposal of the Commission, approved the financing by the European Development Fund of the following economic projects :

1) In the Republic of Senegal :

Building of a fishing quay in the port of Dakar, for a provisional commitment of 661,000 units of account (c. 163 millions frs. CFA).

The port of Dakar has no berthing accommodation specially designed for the fishing fleet, which at present numbers 58 medium-sized tunny boats and is growing constantly with the expansion of tunny fishing.

A totally unsuitable quay has been set aside for fishing operations and it does not offer the necessary open space for developing a quayside canning industry.

The project is for a quay wall about 270 metres long and an open space of 30,000 sq. m., planned to meet the requirements of a large fishing fleet and with an eye to the establishment of a processing industry on the spot.

2) In the Republic of Mali :

Asphalting of the San-Mopti road, for a provisional commitment of 2,431,000 units of account (c. 600 millions frs. CFA).

The San-Mopti road is the stretch common to the Mopti-Segou-Bamako (railway station on the Dakar-Niger line) and Mopti-Faramana axes, which with the Bamako-Sikasso axis form the basis of the Mali road system.

The economic development of vast regions is held up by difficulties due in the main to the uncertainty of transport during the rainy season.

For this reason the Mali authorities have for several years been engaged on a programme for the improvement of the road network; the project financed by the fund is a part of this programme. It provides for the carrying out of all the work necessary to give the San-Mopti road 168 km of single-lane asphalted surface.

3) In the Republic of Madagascar :

a) Hydraulic and agricultural development of the Soavina area, for a provisional commitment of 734,000 units of account (c. 181 millions frs. CFA). The Soavina area, which is situated on the left bank of the river Mania in the Fianarantsoa province, consists of a particularly marshy plain of about 1200 hectares bordered by hills. The project is for the development through drainage and irrigation of about 1,066 hectares, partly hill and partly marsh. This work should lead to a considerable increase in agricultural production in the district concerned and also to the development of new crops, which will be introduced in the reclaimed areas.

b) Lengthening of the goods quay at Diego-Suarez harbour, for a provisional engagement of 1,216,000 units of account (c. 300 millions frs. CFA).

By tonnage handled the commercial port of Diego-Suarez ranks third in Madagascar after Tamatave and Majunga; it is the principal port serving the northern region of the island. However, the present quay allows only one or two ships to load or unload at a time; any others present in the port must tranship their cargo. The result is considerable loss of time and increased handling costs, while the floating equipment for transshipment operations, being provided for rush periods only, is not rationally utilized and is uneconomic.

The project which the European Development Fund is requested to finance is to increase the capacity of the commercial port by lengthening the quay from 120 to 300 metres. It should result in a notable reduction of present lighterage rates.

4) In The territory of Ruanda-Urundi :

A tranche of the preparatory programme for opening up the Mayaga-Bugesera region for a provisional commitment of 374,000 units of account (c. 18,700,000 Congo francs).

This project is in two distinct parts. The object of the first is the study of the various aspects of the water cycle in the region in order to obtain the indispensable hydrological data for its development. The second part provides for the installation in the Mayaga-Bugesera hill country of a pilot farm settlement in connection with a campaign against sleeping sickness.

52. During the same month the following financing conventions were concluded :

a) Financing convention with the Republic of Senegal, covering one economic project, with a provisional commitment of 4,922,000 units of account.

b) Two financing conventions with the Islamic Republic of Mauretania, covering two social projects and one economic project, with a total provisional commitment of 2,343,000 units of account.

**OPERATIONS OF THE EUROPEAN DEVELOPMENT FUND
FOR THE OVERSEAS COUNTRIES AND TERRITORIES**

Financing approved — Situation on 31 October 1960

(in thousands of units of account)

Countries and Territories	Number of Projects	Total amount	Payment authorizations 1958 and 1959
Congo (Leopoldville)	6	6,554	3,300
Ruanda-Urundi	8	2,260	2,126
Total	14	8,814	5,426
Cameroon	5	4,788	4,788
Central African Republic	3	710	710
Comores	1	81	81
Congo (Brazzaville)	4	2,768	2,768
Ivory Coast	5	4,398	4,398
French Somali Coast	1	742	742
Dahomey	5	1,077	1,077
Gaboon	3	1,018	1,018
Upper Volta	5	2,290	2,290
Madagascar	14	13,455	10,589
Mali (ex Sudan)	9	3,185	3,185
Mauritania	3	2,343	2,343
Niger	2	7,290	5,633
New Caledonia	4	273	273
Polynesia	2	2,769	570
Senegal	3	9,837	7,422
Chad	6	8,067	6,858
Togo	8	3,704	2,077
Federation of Mali Group of States	1	426	426
Total	85	72,462	58,848
Somali Republic	1	1,950	1,125
Netherlands New Guinea	4	8,708	5,557
Total	104	91,934	70,956

c) Two financing conventions with the Republic of Congo (Brazzaville), covering one social project and 3 economic projects, with a total provisional commitment of 2,768,000 units of account.

d) A financing convention with the Republic of Dahomey, covering one social project with a provisional commitment of 87,000 units of account.

e) A financing convention with the Central African Republic, covering an economic project, with a provisional commitment of 179,000 units of account.

EEC scholarships programme

53. On 22 October 1960, 21 scholarship holders (15 belonging to the first batch and 6 to the second) arrived in Brussels under the programme for the grant of scholarships to African nationals by the European Economic Community ⁽¹⁾.

Training periods for nationals of the Associated Overseas Countries and Territories

54. The first training period under the programme described in the previous issue of the Bulletin ⁽²⁾ began on 3 October 1960 with 12 trainees from the Associated Overseas Countries and Territories. The training of the officials concerned by participation in the activities of the Commission will be completed by study seminars and facilities for attending courses and training periods organized by establishments of higher education and specialized institutes.

Trade

55. The Commission is having a draft prepared on measures to improve the stability of the export revenue of the associated overseas countries. This is a problem which may jeopardize the progress made in the direction of internal freeing of trade and of the development of trade with non-member countries.

The Commission has examined the various methods used by the Member States in this field. Without infringing the freedom of commercial transactions the draft under study would obviate the need for local stabilization agencies to immobilize heavy sums of capital, and at the same time it would leave the associated countries free to operate the machinery of their choice. The Commission has asked the Council for a mandate to work out, with the assistance of a group of experts from the Member States, concrete proposals for submission to the Council as soon as possible.

⁽¹⁾ See Bulletin 8-9/60, Chapter III, Sec. 44.

⁽²⁾ See Bulletin 8-9/60, Chapter III, Sec. 47.

As regards agricultural policy the Commission has specified the products of interest to the associated countries which call for a common policy on the part of the Community's institutions.

56. In dealing with the world problem of unstable prices for primary products, the Commission has directed its chief efforts to the search for possible measures to reorganize the markets for coffee and cocoa.

Colloquies

57. During the period 13 October to 30 November 1960, a certain number of colloquies were organized by the Commission's services :

1. 13 and 14 October : Colloquy in Brussels for American trainees of the International Cooperation Administration.
2. 26 and 27 October : Colloquy in Paris for students of the Institut des Hautes Etudes d'Outre-Mer.
3. 22 and 23 November : Colloquy in Brussels for teachers in the French Agricultural Cooperatives, as part of a study trip organized in cooperation with the Centre National de Coopération Agricole (France).
4. 28 and 29 November : Colloquy in Brussels for a group of African and Malagasy students.

ADMINISTRATIVE AFFAIRS

The budget of the Community

58. At its 38th session on 17, 18 and 19 October the EEC Council drew up the Community's draft budget for the financial year 1961 on the basis of the preliminary draft budget submitted by the Commission.

This draft provides credits as follows :

Parliament	FB	75,767,332
Council	FB	66,306,000
Commission	FB	1,047,241,000 ⁽¹⁾
Court of Justice	FB	16,991,666.

⁽¹⁾ To this sum must be added the credits for the European Social Fund amounting to FB 1,002,650,000.

The Council transmitted the draft budget to the Parliament on 26 October 1960, and on 8 November the text of the accompanying explanations.

After a debate on 23 November, the Parliament adopted on 24 November a resolution amending the draft budget.

In this resolution the Parliament stated that it could not fully approve the credits shown in Chapter I of the preliminary estimates of the two Executive Commission and of the Court of Justice, in particular because of the lack of an administrative and financial statute for the members of these Institutions. It also noted that the dispersion of the institutions of the European Communities involved expenditure which could be avoided if the Representatives of the Governments meeting in the Council would at last agree to fix the definitive seat of the Institutions.

As regards the problem of joint representation in non-member countries, the Parliament requested that a token credit be entered in the budget for the expenses of the Missions of the Communities in London and Washington, on the understanding that the necessary credits would be covered in supplementary provisional estimates " if possible during the financial year 1961 " .

Dealing with the projected expenditure of the European Social Fund for the financial year 1961 and noting that this is estimated at FB 1,500,000,000 on the basis of provisional data compiled in the Member States and relating to expenses declared for the years 1958, 1959 and 1960, the Parliament proposed an increase of 1 FB in the credit of 1,000 million FB in item 900, as a token of the possibility open to Member States of submitting, until the end of March 1961, applications for reimbursement in respect of past financial years.

As far as the credits for the Parliament itself are concerned, note was taken of the assurance given by the President of the Councils that — when they finally agree the budgets — the Councils would provide adequate sums to enable the Parliament to carry out to the full its supervisory, deliberative and consultative functions as required by the Treaties.

The Parliament recalled the wish which it had already expressed to have at its disposal information on the real income of workers in the Member States, and urged that the credits available for the inquiries into wages be so increased that Parliament could rapidly be provided with the information required.

As regards the proper place of the operational credits for the Economic and Social Committee, the Parliament requested that these be distributed in equal parts in the provisional estimates of each Commission instead of being shown in the provisional estimates of the Councils.

Finally the Parliament expressed regret that the Executives had not yet formulated proposals for providing EEC and Euratom with financial resources of their own.

Financial regulation

59. At its 39th session on 14 and 15 November 1960 the EEC Council adopted the texts, in the four official languages of the Community, of the financial regulation on the establishment and implementation of the budget and the responsibility of pay-commissioners and accountants.

Statute of Service

60. At its 38th session on 17, 18 and 19 October 1960 the EEC Council agreed on the procedures for the payment of pensions and for the adjustment of these in relation to changes in salary scales.

On 24 November 1960 the European Parliament adopted the interim report on the draft statute of service submitted by M^{me} De Riemaecker-Legot on behalf of the Administrative Committee of the European Parliament and the Budgeting of the Communities. The Parliament expressed regret that on numerous points the draft statute diverges from the provisions of the ECSC statute, and stated that it could not give a final opinion until the Council had transmitted to it all the regulations fixing the position of officials and employees of the Community (Statute of service, Regulation applicable to "other employees", Regulation on the Community tax).

IV. Institutions and Organs

A. THE EUROPEAN PARLIAMENT

The European Parliament met in plenary session from 12 to 18 October 1960 under the presidency of M. Hans Furler.

The deliberations of 12 October were devoted to an important debate, reported in the previous Bulletin ⁽¹⁾, on the effects on the role of the European institutions produced by the recent exchanges of views between the governments of the Six; these exchanges of views had given rise to the question tabled by M. Birkelbach, M. Pleven and M. Poher.

The agricultural debate

The European Parliament then opened the debate on agriculture. The debate was opened by M. Boscary-Monservin who presented a report by the Committee on Agriculture and a draft resolution which accompanied it. Speakers in the debate were specially concerned with the problem of the approximation of national agricultural prices towards a common price level and with the system under which agricultural products would be imported from non-member countries.

Several members spoke in favour of a policy of agricultural expansion aimed at specific objectives which would increase agricultural productivity; the price level should, in their view, be higher than the arithmetical average of the national prices and should tend towards the present price level in the Community country which is the greatest buyer of agricultural products, namely the Federal Republic of Germany.

Other members wished to know what economic reasons could justify the proposal that the common price level should come close to the prices applying in the Federal Republic of Germany. In the view of these members, this could entail a considerable rise in the cost of living in certain Community countries, and also an increase in the cost of processed goods which would impede their exports.

On the import procedure, certain members found that it amounted to an accumulation of restrictive measures for trade with non-member countries; others, however, felt that the Community had no reason to apply to non-member countries a more liberal policy than that which the various Member States had been following so far.

Speaking on the various problems raised, M. Mansholt, a Vice-President of the Commission, pointed out that the Commission was in agreement with the principle that in the approximation of prices account must be taken of the flow of trade,

⁽¹⁾ See Bulletin 8-9/60, Chapter II, pp. 19 to 26.

but he had doubts about the proposal that the approximation of prices should be carried out on the level of prices in Germany, which were the highest in the Community : such an alignment would have very serious consequences, in particular for France and Italy.

M. Mansholt further pointed out that at the present national prices the production of wheat and sugar in the European Economic Community was already rising faster than consumption within the Community; this trend would be further emphasized if there were a general rise in the level of prices. M. Mansholt recommended that objective criteria for fixing the levels of common prices should first be worked out jointly, and that then the approximation of prices in the different countries should be taken in hand with caution and realism.

Speaking of imports, M. Mansholt stressed that in accordance with the rules of GATT the use of quotas was subject to the issue of a waiver, which could only be obtained by concessions in other fields. For that reason it was preferable for the Community to choose an import system which would avoid this difficulty.

The draft resolution was submitted to the vote on 14 October after a certain number of amendments had been made; the most important of these refer to point 20 which requires that the approximation of prices for coarse grain be excluded from the general approximation of prices towards the level of the principal consumer country in the Community. The European Parliament adopted by 45 votes to 30, with 4 abstentions, the resolution of which large extracts are quoted below.

"The European Parliament,

Considering

(a) that the ratio of the agricultural population to the total population of the six countries is high and that agriculture has an essential part to play in overall economic expansion;

(b) that, as can be seen from very many documents, there is an unsatisfactory relationship between incomes in agriculture and those in other occupational categories;

.....

Recognizing

the merit of the EEC Commission in proposing a common agricultural policy which conforms with the provisions of the Treaty of Rome and the spirit of the above considerations of principle;

Recalling

the results of the Stresa conference, the opinion formulated by the Economic and Social Committee and the Agricultural Committee's reports on the common agricultural policy;

Recommends

that the Council shape the common agricultural policy in the light of the following principles :

Basic principles of the common agricultural policy

1. Agriculture must be put in a position to rectify as far as possible its inadequate competitiveness in relation to other sectors of the economy, and to increase its productivity.

.....

3. When the average of several years is taken, income from soundly operated agricultural enterprises should at least cover expenses. These include the cost of technical equipment, fair remuneration for family and non-family labour (including contributions to a social security system) and fair interest on working capital. Measures to improve the methods of production and marketing, to reduce the cost of the technical equipment and to improve the terms of agricultural credits, and also an active social policy, can help to improve the relative competitiveness of agriculture.

4. The progressive development of family farms remains one of the important aims of structural policy; in addition to the family farms there is room for larger enterprises with paid labour. Both these types of enterprise must be considered as forms of European agricultural structure which are justified from the social and economic point of view.

.....

8. In view of the close link between market policy and the measures taken by Member States to improve the structure of agriculture, it will be the duty of all organs of the Community, and in particular of the EEC Commission, to co-ordinate, expedite and intensify these measures.

9. The aim of the market policy must be :

- (a) To improve the productivity of agriculture;
- (b) To stabilize agricultural markets with maximum possible disposal of all Community products on both the internal and the external markets;
- (c) To guarantee supplies to the whole population at reasonable prices;
- (d) To make it possible to draw a fair income from farming.

10. In the common organization of the agricultural markets the import system under which import licences are granted must be established with reference to an annual balance sheet (production, needs, imports).

.....

13. Since the common agricultural policy must be inspired by a Community principle, a Community market organization including European marketing offices must be set up after a transition stage during which the national market systems will be co-ordinated. Not only economic and social but also general political considerations require this.

.....

15. The system of variable levies at the common frontier must guarantee that internal agricultural prices rise above the present level of world market prices in order to eliminate distortions and fluctuations which are not always due to natural economic factors.

.....

17. The proposed reduction of the transition period so that it expires in June 1967 is approved in principle. Its practical implementation, however, must be closely linked to the results obtained both in the fields related to agriculture — including the harmonization of transport — and in those belonging to agriculture, above all trade in agricultural products within the Community.

.....

19. The system of levies to replace minimum prices within the Community must be applied in such a way that the amount of the levy corresponds to the difference in price noted at the points of entry into Community territory. This amount must be on a sliding scale corresponding to the progress made in the synchronization of the transitional measures.

20. The changes in agricultural prices intended to lead to a common level for these prices — except in coarse grains — must be made gradually, and with due regard for current deliveries from producing areas to consumer areas, in the light of the price level obtaining in the Community country which is the principal taker of agricultural products. This procedure would respect the principle of basing economic and social development on the highest living standard in our Community.

.....

24. The population engaged in Agriculture must be given an opportunity to make up their leeway in the social field. In particular they must be assured, in addition to all other points mentioned by the Commission, of the most regular, continuous and well-paid employment possible. ”

The Resolution of the European Parliament also refers to the special measures to be taken in various sectors, such as wheat and coarse grain, sugar, milk and dairy produce, meat, poultry and eggs, fruit and vegetables, and wine.

The debate on the free movement of workers

The Council has considered that the European Parliament should be consulted on the Commission's proposal for a regulation and directives drawn up in accordance with Articles 48 and 49.

The debate was introduced on 13 October by M. Rubinacci ⁽¹⁾ who presented his report and the draft opinion on the regulation and directives on the free movement of workers worked out by the Commission. M. van Rooy, Netherlands Minister of Social Affairs, was present during the debate.

M. Rubinacci stressed the importance of the progressive freeing of the flow of labour in Europe and stated in particular that its movement will be absolutely untrammelled in those areas or for those categories where it is accepted that there is a shortage. The rapporteur submitted an amendment to the proposed resolution, conferring on the Commission of the EEC supervisory powers which would enable the workers to appeal against improper decisions by national administration.

In the ensuing debate certain speakers regretted that no real transfer of competence to the European institutions had been made in the regulation, and suggested that the Commission should propose to the Council that joint funds be set up to finance occupational training, housing and so on. M. Scheel ⁽²⁾ doubted whether the Treaty of Rome makes it possible to accord priority to workers from the Community over workers coming from non-member countries.

Speaking for the socialist group, M. Odenthal emphasized the political aspect of the debate and asked that stateless persons and refugees should not be deprived of the benefit of free movement. Speaking for the Christian Democratic and Liberal groups respectively, M. Storch ⁽⁴⁾ and M. Motte ⁽⁵⁾ recalled the importance of the housing problem.

Winding up the debate M. Petrilli, a Member of the Commission, spoke against the argument put forward by M. Scheel: he said that just as there would be a common external tariff for trade with non-member countries once the Common Market was fully established, so too would priority be given to the Community labour market over labour drawn from non-member countries. M. Petrilli pointed out that the draft regulation would enable workers to change over progressively from the primary to the secondary sector, and that it should be backed up by a well planned vocational training policy so that full employment might be reached with a minimum of unnecessary dislocation of workers.

⁽¹⁾ Italian, Christian-Democratic group.

⁽²⁾ German, Liberal group.

⁽³⁾ German, Socialist group.

⁽⁴⁾ German, Christian-Democratic group.

⁽⁵⁾ French, independent (Liberal group).

At the end of the debate, which spread over two days, the Parliament almost unanimously (2 abstentions) adopted the opinion, given below, on the regulation and directives concerning the first measures to be taken to ensure the free movement of workers in the Community, and on the procedure and administrative practice concerning the entry, employment and residence in any Member State of the Community of workers (and their families) from other Member States :

“The European Parliament,

Having been consulted by the Council of Ministers;

Recalling the provisions of Articles 48 to 51 on the free movement of workers;

.....

Believes that the free movement of workers is one of the means capable of contributing to the attainment of the objectives of the Treaty...

Considers it indispensable that all action intended to remove the hindrances to the free movement of persons among the Member States shall be accompanied by effective measures to encourage the construction of a sufficient number of adequate workers' dwellings in the receiving countries and to promote rapid occupational training for the workers desiring to acquire the skills for which there is a demand in the labour market of a Member State other than that of which they are nationals;

Urges further that, parallel with the establishment of the free movement of workers, economic progress in the less developed regions be intensified by all the means at the disposal of the Community, and in particular through action by the Investment Bank, so that the highest level of employment shall be ensured for manpower where it is available;

Finds that the present regulation and the attached directives constitute the totality of the measures planned for a first stage in the gradual establishment of freedom of movement for workers;

.....”

From this opinion, which is favourable to the Commission's proposal, it can be seen that the Parliament wishes to strengthen the powers of the Commission in this field.

The debate on the policy for energy

The debate was introduced on Friday 14 October by M. Posthumus ⁽¹⁾ the rapporteur, and was attended by M. Jeanneney, the President in office of the Special Council of Ministers of the ECSC.

⁽¹⁾ Netherlands, Socialist group.

The debate turned on the problems of natural gas, transport, the price of petroleum and the special nature of the energy problems facing the various countries of the Community, on competition between the sources of energy and the need to organize these sources. M. Marjolin stated that the Commission of the EEC had raised the question of co-ordinating investment in the petroleum sector (1).

At the end of the debate M. Jeanneney requested the inter-Executives working party to submit as soon as possible concrete proposals for a common policy on energy.

A draft resolution will be laid before Parliament at a later stage.

The debate on the commercial policy of the EEC

The debate was opened on 17 October on the basis of the report drawn up by M. Blaisse (2). Commenting his own report, M. Blaisse made the special request that the bilateral negotiations conducted by Member States with non-member countries be better co-ordinated and that more and more importance should be given to OECD, the new organization to replace OEEC. The speakers participating in the debate stressed that the atmosphere between the Six and the Seven had improved; it was asked whether solutions were being sought on the lines of association with the EEC based on Article 238 of the Treaty, an association which could equally be sought under Article 41 of the Stockholm Convention.

The problem of the co-ordination of the commercial policy of the Six vis-à-vis the development countries was also discussed, as were the negotiations relating to the association of Greece.

M. Rey, a Member of the Commission, intervened in the debate; he pointed out, in particular, that progress towards a common commercial policy was satisfactory so far as multilateral negotiations were concerned, but too slow with regard to bilateral negotiations.

At the end of the debate, the Assembly unanimously adopted the following resolution :

“ The European Parliament,

.....

Co-ordination of commercial policies in the transitional period

Considers that consultations on commercial policy between the Member States and the EEC Commission should be intensified to the greatest extent possible;

(1) For M. Marjolin's statement see Bulletin 8-9/60.

(2) Netherlands, Christian-Democratic group.

Desires that the EEC Commission should increasingly participate in the bilateral negotiations between Member States and non-member countries pending the time when the EEC will itself be empowered to negotiate the agreements with non-member countries;

Is of the opinion that the trade policies of the Member States should be co-ordinated as soon as possible, particularly

- a) with regard to countries “ with abnormally low wages ”,
- b) with regard to countries which practise state trading,
- c) with regard to countries applying the system of multiple exchange rates;

Considers further that the object of this co-ordination should be, on the one hand, to promote trade with these countries and, on the other, to forestall disturbances which result from cost and price manipulations and are likely to injure the common market;

Relations between the EEC and the European Free Trade Association (EFTA)

Desires that close co-operation be established between EEC and EFTA in such a way that European trade shall be able to function with the two groupings existing side by side;

Urges for these reasons that consultations in the framework of the Committee of Twenty-One should be intensified and that the negotiations which have begun on a European nomenclature for merchandise should be carried on in a constructive spirit so that a result satisfactory to the two groups may be rapidly reached;

Is of the opinion that, in the search for this short-term solution, it should not be overlooked that a definitive arrangement for relations between EEC and EFTA is desirable. In particular a study should be made of the possibilities for EFTA countries to join the EEC in conformity with Article 237 or to associate themselves with it on the basis of Article 238 of the Treaty of Rome, and the possibility of association in conformity with Article 41 of the Stockholm Convention should be examined;

Relations between the EEC and the development countries

Considers that within the setting of a progressive EEC policy towards the development countries, taking account of the interests of the associated countries as expressed in Part IV of the Treaty, the granting of assistance through commercial policy is of capital importance and that its aims should in particular be :

- a) Stabilization of the prices of basic products;
- b) Reduction of import charges on primary products;

- c) Enlarging of quotas for imports from these countries;
- d) Strengthening of export credit insurance and aid in the financing of imports indispensable to the development countries;

Bilateral association with EEC

Hopes that the association agreements with Greece, Turkey and the Netherlands Antilles be concluded as rapidly as possible.

The debate on the free movement of goods

The debate was opened on 18 October by M. Kreyssig ⁽¹⁾, who presented his report, the third on the subject since the Common Market was established. M. Kreyssig's main findings were that the customs duties were too frequently replaced by internal charges and he feared that charges with an effect equivalent to customs duties had not completely disappeared. He also referred to export drawbacks and countervailing charges on imports. The ensuing debate turned mainly on the relationship between the lowering of customs duties and the reduction of prices, on cartel policy and on the need of statistics reflecting the trend of the standard of living in the Community based on real wages.

Replying to the points made by speakers, M. von der Groeben, a Member of the Commission, stressed that in the draft regulation to implement Articles 85 and 86 the Commission had gone into the question of publishing its decisions on the applicability of Article 85 ⁽¹⁾. He added that the list of customs duties of a fiscal nature had been drawn up and that the Commission would intervene whenever this type of charge was intended to protect another product.

Before closing his speech M. von der Groeben commented on the application of the rules of competition in the agricultural field.

The Parliament then unanimously adopted the following resolution :

“ The European Parliament,

Having examined those parts of the Third General Report on the Activities of the Community which deal with the movement of goods and with policy on competition, and

Having noted the report on these matters (Doc. No. 69) made by the competent Committee,

⁽¹⁾ German, Socialist group.

.....

2. Invites the EEC Commission in all appropriate cases to initiate the measures necessary for the application of the general rules on the free movement of goods, including agricultural products, as required by Article 5 of the Decision on Acceleration taken by the Representatives of the Governments of the Member States, meeting in the Council, and by points 12 and 18 of the European Parliament's Resolution of 14 October 1960 concerning the lines to be followed in the common agricultural policy;

.....

4. Recommends that the Member States should cease substituting internal charges for fiscal duties, and stresses the unfavourable effects of such measures by which consumers are deprived of certain advantages which they might justifiably expect to result from a reduction of customs duties;

5. Expects that directives will at last be issued, as required by the Treaty, for the abolition of charges with an effect equivalent to that of customs duties;

6. Urges the EEC Commission to ensure the early reform of commercial monopolies in accordance with the principles of the Treaty and to make sure that the action taken in all countries shall be similar;

7. Considers it essential that the data on external trade statistics submitted by the EEC Commission shall in future clearly show the characteristic features and the trends of trade within the Community, as distinct from trade with EFTA and trade with other non-member countries;

.....

10. Is of the opinion that the solutions found for tax problems, and especially of those arising from differences in the systems of turnover tax, are of decisive importance for the proper functioning of any common market;

.....”

The debate on the European University

The debate on the European University was opened on 13 October by M. Geiger ⁽¹⁾, chairman of the Parliamentary Committee on Scientific and Technical Research. M. Geiger reviewed the history of the problem; he recalled the reservations put

(1) German, Christian-Democratic Group.

forward by one of the six Governments and urged that the resolution submitted to the Parliament, and especially its points 5 and 6, be adopted without amendment.

In the ensuing debate all the speakers emphasized the need for agreement to be reached by the Councils, which had on 20 May 1958 approved the idea of the establishment of a European University.

M. Medi, Vice-President of the Commission of Euratom, made it clear in a brief statement that the University was to be open not only to nationals of the Six, but also to those of other countries.

At the end of the debate the Parliament adopted the following resolution :

“ The European Parliament,

.....

1. Recalls its earlier resolutions on this subject;
2. Regrets having to place on record that the arrangements for establishing a European University, after making considerable progress, have now come to a halt because no unanimity can be reached in the Councils of Euratom and the EEC;

.....

4. Stresses once more the fundamental importance of the founding of a European University for the unity of Europe;
5. Appeals to its members on their return home to do all in their power to induce their Governments and their Parliaments to remove existing reserves so that the Councils may reach a positive decision.
6. Calls on the Bureau of the Parliament to take all the steps necessary for the information of the public in this matter. ”

The European Parliament met in plenary session from 17 to 24 November under the chairmanship of M. Hans Furler.

The debate on the links with the overseas countries and territories

The Parliament devoted 17 and 18 November to a discussion on the reports on the second delegation sent to the overseas countries. M. Peyrefitte presented his report on the political and legal problems, stressing in particular the need to strengthen the economic ties with the overseas countries and territories and to adapt the financial aid of the EEC to their requirements.

The rapporteur on economic questions, M. De Block, dealt especially with the problems of agriculture and the prices of raw materials. M. Pedini, the rapporteur on social matters, stressed the need to improve productivity.

Various speakers suggested that a special tax be introduced to create an assistance fund for underdeveloped countries and felt that the associated countries should be permanently and directly represented at the EEC. M. Ramizason, a deputy from Madagascar, emphasized that co-operation between the EEC and the overseas countries and territories must be based on equality.

Replying to the numerous speakers, M. Lemaigen, a Member of the Commission, attached particular importance to the urgency of the industrial development of the young states and assured the Parliament that he was giving close attention to the question of scholarships.

At the end of the debate, the Parliament passed a resolution on the problem of the association of the overseas countries and territories with the European Economic Community, of which extensive extracts are quoted below :

“ The European Parliament,

Noting the reports prepared by its delegation and the competent Committees after the second study and information visit to certain associated countries and territories,

.....

I. Legal and political problems of the association of the overseas countries and territories with the European Economic Community

- (a) Reaffirms that association must be based on equality of rights;
- (b) Stresses the urgency of participation by the associated countries and territories in implementing such association, and of an adjustment of its terms;

.....

(d) Considers that the associated countries can continue their association on attaining independence and that ad hoc solutions must be adopted where necessary;

(e) Urges that the negotiations for the conclusion of a new implementing convention relating to association be entered into with the representatives of the associated states at the earliest possible date;

(f) Desires that Article 16 of the implementing convention relating to the association be applied in practice to the French overseas departments;

II. *Economic problems of the association of the overseas countries and territories with the European Economic Community*

(a) Considers commercial policy to be of cardinal importance in the good functioning of the association;

.....

(c) Considers that machinery should be established to stabilize raw material prices, as this will constitute one of the most effective forms of European aid to the development of the associated countries and territories;

(d) Urgently recommends that the functioning of the European Development Fund be expedited and rendered more elastic;

.....

(f) Invites the Commission of the EEC to assume, either in whole or in part, the financial burden of the agricultural research institutes of the associated states, to the extent that these may so require, and to put at their disposal technicians qualified to advise on agricultural matters;

(g) Desires the European Economic Community and its Institutions to contribute (...) to the establishment of an overall programme covering the development problems of agriculture, industry and infrastructure in order to render more effective the economic co-operation between Europe and Africa.

III. *Social problems connected with the association of the overseas countries and territories with the European Economic Community*

(a) Stresses the close interdependence between economic development and social progress;

.....

(c) Invites the Executive of the EEC to use all the means at its disposal to contribute to a social policy (...) aimed at strengthening the sense of civic and trade union responsibility;

(d) Confirms the special importance which attaches to the widening of educational infrastructure in all its forms, with due regard to a better adaptation to local conditions and traditions;

(e) Recommends that the Commission contribute technical assistance and staff for the improvement of living conditions in the associated countries whilst respecting their ideas and institutions;

(f) Desires that the financial assistance of the Community should be used to cover the operational costs of social institutions also;

(g) Hopes that the Member States will pursue a more active policy in the granting of scholarships to students from the associated countries;

(h) Hopes that Member States will take those steps best calculated to interest European youth more and more in the problems of the associated peoples since a policy of financial, economic and social aid also requires adequate technical assistance and staff;

(i) Welcomes the action taken by the Executive of the EEC to help in the preliminary and further training of cadres in the associated countries;

The European Parliament also adopted another resolution relating to the establishment of a temporary Special Committee instructed to make a study and information visit to the overseas countries and territories;

“ The European Parliament,

.....

Considering the positive results obtained by the Parliament's temporary Special Committees during their two study and information visits to the overseas countries and territories associated with the Community,

DECIDES :

1. That in accordance with Article 38 of the Rules of Procedure there shall be established a temporary Special Committee entitled “ Delegation of the European Parliament for a study and information visit to certain overseas countries and territories ”;

2. That the third delegation be composed of :

a) The chairman in office of the Committee on the association of the overseas countries and territories, who shall head the delegation;

b) Twelve members (...);

3. That the delegation be instructed to report to the Parliament (...);

..... ”

The debate on transport

The debate on transport policy and on the problems of infrastructure was held on 18 November. M. Müller-Hermann, the rapporteur, said that the European communications network would soon be unable to meet the requirements of the economy

of the common market. In the subsequent debate there was discussion of the shortcomings in the railway, road and canal networks and of the question of ports in the Community.

Winding up, M. Lambert Schaus, a Member of the Commission, indicated that the Commission would fairly soon submit supplementary proposals.

At the end of the debate the Parliament unanimously adopted a resolution on the infrastructure of transport in Europe :

“ The European Parliament,

.....

(a) Welcomes the initiative taken by the Commission of the EEC in opening negotiations with the Governments of the Member States of the Community on development of the infrastructure;

(b) Invites the Commission of the EEC so to extend the recommendations submitted, as to take into account all the material requirements of the Community, its Member States and specifically of those regions which, due to their geographical situation, are particularly dependent for their development on transport;

(c) Invites the Commission of the EEC to ensure that the development of those regions of the Community which have hitherto been particularly neglected be promoted by making them more accessible and closing existing gaps in communications, since the equal distribution of prosperity and the avoidance of all undesirable economic concentration will be possible only when this condition has been met;

..... ”

The resolution goes on to invite the Commission to include the territory of Berlin in the linking of networks, to ensure that the communications linking the countries of the EEC to the non-member countries are included in the development plan and that the appropriate negotiations be undertaken, to devise ways of harmonizing calculation of the construction and maintenance costs of communications, and to examine how far the solution of the financing problem could be facilitated by the establishment of European companies.

Finally, the resolution invites all the governments of the Member States to give their full support to the efforts of the Commission.

The debate on industrial safety and hygiene

On 19 November 1960 the European Parliament began its debate on industrial safety and hygiene and on health protection. M. Santero presented his report and stressed the great attention which must be paid to third party liability in the nuclear sector.

A number of parliamentarians and of Members of the Commissions of Euratom and EEC spoke on this subject.

At the conclusion of the debate, the Parliament adopted a resolution on the problems of industrial safety and hygiene and health protection in the EEC and Euratom.

“ The European Parliament,

.....

(a) *With special regard to the field covered by the EEC*

.....

5. Notes the Executive's firm intention to do all in its power to conclude this work before the end of the first stage laid down in the Treaty, or at least to ensure that it shall be sufficiently advanced;

6. Urges the Councils of Ministers to provide the European Executives with the funds and the support required if the objectives of the Community are to be attained;

(b) *With regard to the development of social security in the Community*

7. Approves the action taken by the Executive of the EEC in having its staff work out statistics giving a precise picture of the evolution of the social situation in the countries of the Community;

8. Notes with satisfaction the continued progress made in the Community in protecting, by all means possible, the health and safety of workers;

.....”

The debate on the right of legation and the right to a flag

The Parliament then entered into its debate on the right of legation and the right to a flag, which was opened by M. van der Goes van Naters. It almost unanimously (two abstentions) adopted a resolution in which it is stated that the right of legation and the right to a flag had already been recognized by non-member countries who had accredited missions to the Communities. The resolution goes on to express the wish that the decision on the principle, taken by the Councils on 1 February, be translated into practice as soon as possible.

“ The European Parliament,

.....

(a) Considering the creation of a flag common to the three Communities to be a political exigency;

(b) Recommends that the Councils and the High Authority and the Commissions decide on the flag of the European Communities by means of a European competition, and after consulting the European Parliament. ”

The debate on information

The European Parliament then began its information debate, which was introduced by M. Schuyt. After several members had addressed the House, M. Caron, speaking on behalf of the Supervisory Board of the Joint Service, emphasized that there was still a shortage of staff in view of the requirements that were apparent both within the six countries and in non-member countries.

At the conclusion of the debate, the European Parliament adopted a resolution reaffirming the cardinal importance of an effective information policy, and welcoming the recent establishment of Supervisory Boards for its Joint Services.

“ *The European Parliament,*

.....

(a) *With reference to information within the Community*

.....

6. Recalls that in accordance with its resolutions of 17 May 1960 and 30 June 1960, public opinion must be prepared for European elections based on direct universal suffrage;

7. Considers ... that a special information effort is required in the following sectors :

- 1) Visual information (television, newsreels, shorts and so on),
- 2) Information conferences and visits at the seat of the Institutions,
- 3) Information for trade union leaders, workers, farmers and teachers,
- 4) Youth information work.

(b) *With reference to information in the associated overseas countries*

8. Finds that information on the European Community in the overseas countries and information on our overseas partners in the six countries is suffering as a result of a shortage of staff in the Joint Service,

9. Considers that administrative and budgetary steps to remedy this unfavourable situation should be taken without delay.

(c) *With reference to information in the non-member countries*

10. Is of the opinion that ... a special information effort is necessary particularly in those European countries which are not members of the Community, and in the countries of Latin America. "

The debate on the budgets of the Communities

On 23 November 1960 the European Parliament debated the budgets of the EEC and Euratom; the debate was opened by M. Janssen.

Among the many speakers were President Hallstein, M. Caron, M. Medi, M. Sassen, several speakers from the various parliamentary groups, and M. Luns, President of the Council. At the end of the debate the European Parliament passed a resolution amending the draft budgets of EEC and Euratom for the 1961 fiscal year ⁽¹⁾.

The statute of service

Also on 23 November, the European Parliament discussed the interim report presented by M^{me} de Riemaecker-Legot on the statute of service. During the debate, M. Hallstein stressed that the Commissions should not be held responsible for the proposals which deviate from the statute of service of the ECSC; he emphasized that the text submitted to the European Parliament was, despite its shortcomings, a step forward not only towards a statute of service for the officials, but perhaps also towards the single statute. At the close of the debate the European Parliament adopted a resolution reaffirming the necessity for a very early establishment and implementation of a statute common to the officials of all the Institutions in view of the need to ensure that their staffs should work in a Community spirit.

Resolution on the merger of the Executives

Finally, as a result of the recent extensive discussions in the colloquy ⁽²⁾ with the Councils and the Commissions, the European Parliament adopted a resolution on the merger of the Executives of the European Communities.

" The European Parliament,

.....

Convinced of the technical necessity and the political advisability to merge the Executives of the three European Communities as soon as possible into a single European Commission,

⁽¹⁾ See Chapter III, Sec. 58.

⁽²⁾ See Chapter II.

1) Considers that the authority and powers conferred on the High Authority and the Commission of the EEC and the Commission of Euratom by the Treaties establishing the ECSC, the EEC and Euratom, should be exercised by such a single Executive without disturbing the present institutional balance in the various Communities;

2) Considers further that such a merger should not prejudice the selection of the single seat of the European Communities;

3) Instructs its President to submit the report of its appropriate Committee to the Governments of the Member States, to the Councils and to the Executives of the Communities as a contribution from the European Parliament to the solution of this problem; further instructs its President to invite these authorities to take, after consulting the European Parliament, whatever action is required to allow this merger to occur at the end of 1961.

.....”

B. THE COUNCIL

Thirty-eighth session

The Council met on 17, 18 and 19 October under the chairmanship of M. J. M. A. H. Luns, Foreign Minister of the Kingdom of the Netherlands. The Council considered the following questions :

Overseas countries and territories : The Council discussed in detail the relations of the Community with the associated countries and territories.

It agreed unanimously that until further notice those countries and territories which so desired could continue their association with the Community.

The Council also recognized the necessity for practical adjustments in the relations between these newly independent countries and the Community, and agreed on certain measures to be taken ⁽¹⁾.

Association of Greece and Turkey : The Council has been informed by the Commission of the latest phase of the negotiations with the Greek Government. Since the Commission has now declared itself in the position to submit to the Council comprehensive proposals concerning the last remaining problems connected with the envisaged agreement, the Council has agreed on a procedure for the study of these proposals so that the necessary decisions may be taken as soon as possible.

The Council has likewise been informed by the Commission of the recent conversations with the delegation of the new Turkish Government.

Agriculture : The Chairman of the Special Committee on Agriculture has submitted to the Council a first interim report on the progress of the Committee's work.

⁽¹⁾ See Chapter III, sec 46,

GATT : The Council has instructed the Committee of Permanent Representatives to work out with the Commission the position to be taken by the Member States in the debates on the Stockholm Convention which will take place at the 17th session of the Contracting Parties ⁽¹⁾.

Aid to development countries : The Councils have examined the question of the establishment of a Development Institute and have instructed the two Commissions to prepare an inventory of the facilities available in each Member State for information and instruction and also for research into problems concerning development countries. The Commissions will then place before the Councils proposals for the decision they may take.

The budgets of the Communities : On the basis of the drafts submitted by the Commissions the Councils of the EEC and of Euratom have drawn up the budgets for these two Communities for the fiscal year 1961 ⁽²⁾.

The European Parliament : The Councils of the EEC and of Euratom have instructed the Committee of Permanent Representatives to study the draft convention for elections by universal suffrage drawn up by the Parliament. This subject is to be discussed between the Councils and a parliamentary delegation.

Statute of service : The Councils have decided that the provisions of the statute will apply to the officials of the Economic and Social Committee, the Supply Agency of Euratom and the Committee of Control.

The Foreign Ministers of the Member States, meeting in the Council, have approved the third interim report of the ad hoc committee examining the problems of aid to countries in the course of development and have, in conformity with the suggestions made by that committee, decided to set up a technical assistance group ⁽³⁾.

Thirty-ninth session

The Council of the European Economic Community met on 14 and 15 November under the chairmanship of M. J. M. A. H. Luns, Foreign Minister of the Kingdom of the Netherlands. The Council considered the following questions :

Agriculture : The Council approved the outline of the report submitted by the Special Committee, bearing in mind the declarations made during the debate, especially with regard to the levy system and the difficulties stemming from distortions of competition. An ad hoc working party was instructed to examine as soon as possible the Commission's proposals on minimum price systems ⁽⁴⁾. The Council and the Commission have together drawn up an order of priorities for the future work of the Special Committee.

⁽¹⁾ See Chapter III, sec. 2.

⁽²⁾ See Chapter III, sec. 58.

⁽³⁾ See Chapter III, sec. 49.

⁽⁴⁾ See Chapter III, sec. 39.

The Council also agreed to forward to the Parliament the Commission's proposals on the extent to which the rules of competition shall apply in the field of agriculture, as provided in Article 42 as soon as these proposals have been submitted.

Association of Greece : The Council examined a number of major problems which are still outstanding; these refer to institutional matters, tariff questions, agriculture and so on.

Association of Turkey : The Council agreed to examine at its next meeting the questions of procedure relating to negotiations with Turkey.

Associated overseas countries and territories : The Council held an initial discussion on the proposals laid before it by the Commission in connection with the speedier implementation of the Treaty in the field of relations with the associated overseas countries ⁽¹⁾. The Council instructed a group of experts to study the procedure proposed for speeding up the operations of the European Development Fund.

GATT : The Council took note of M. Rey's report on the negotiations going on in Geneva ⁽²⁾.

Economic and Social Committee : The Councils accepted a request by the Economic and Social Committee for a revision of its standing orders, by which the number of officers of the Committee is increased from 15 to 16. The 16th member will be a national of one of the associated overseas countries.

The Councils agreed that the chairman of the Committee should have a casting vote.

Budgets : The Councils approved in the four languages the texts of the financial regulations on the establishment and the implementation of the budget of the Communities.

European University : The Councils heard a statement by M. Colombo, the Italian Minister of Industry and Commerce, to the effect that the Italian Government is in a position to provide the building site required for a European University and that it is also prepared to seek a provisional solution for financing the initial expenditure involved.

Fortieth session

The Council met on 6 and 7 December. The decisions taken at this session will be reported in the next issue of the Bulletin.

C. THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee held its 13th plenary session on 29 and 30 November. The discussions will be reported in the next issue of the Bulletin.

⁽¹⁾ See Chapter III, Sec. 46.

⁽²⁾ See Chapter III, Sec. 2.

D. THE MONETARY COMMITTEE

The Monetary Committee held its 24th session on 14 and 15 November.

Continuing its overall studies of the characteristic features of the monetary systems of the member countries of the EEC and of their means of influencing liquidity, the Committee studied the monetary system of France and the means of liquidity policy at the disposal of the French monetary authorities.

E. MEETING BETWEEN THE FOREIGN MINISTERS OF THE MEMBER STATES

Meeting in Paris on 31 October at one of their regular consultations, the Foreign Ministers of the member countries of the EEC heard from M. Averoff, the Foreign Minister of Greece, a statement of his government's views on the association agreement of Greece with the Common Market, which the Commission is negotiating. M. Rey represented the Commission.

M. Averoff surveyed the difficulties which his country has to face at home and in foreign affairs.

M. Rey explained the considerations underlying the line taken by the Commission in the negotiations with the Greek government.

M. Couve de Murville, who was in the chair, said that an early conclusion of the association agreement was urgent. The negotiations have entered their final stage and it is to be hoped that the Council will come to a final decision before the end of the year.

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