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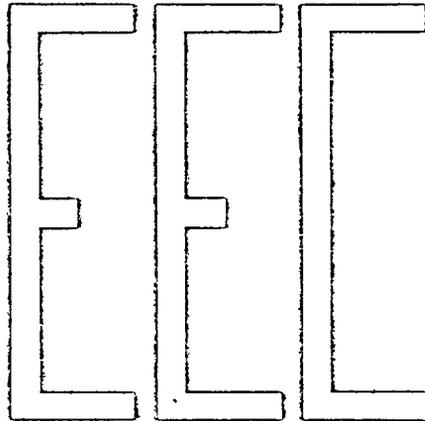


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The activities and importance of the Economic and Social Committee

by Ludwig ROSENBERG
Chairman of the Economic and Social Committee

The establishment of an economic and social committee was by no means taken for granted by all the Governments during the negotiations which led in March 1957 to the conclusion of the Treaties of Rome. The organization of the various categories of economic and social life within an institution to be consulted by both the Executive and the Legislative encounters many kinds of difficulties. Apart from the problem of defining the exact rights and duties to be vested in such an advisory organ, differences of opinion arise mainly over the question of its composition. In the Federal Republic of Germany, for example, this kind of difficulty has prevented, since the last war, the creation of a federal economic council. The other EEC Member States, however, each have a comparable organ.

The cautious attitude of the Member State towards a "fourth force" comprising organized economic and social interests is reflected in the provisions of the Treaties concerning the Economic and Social Committee (Articles 193-198 of the EEC Treaty, Articles 165-170 of the Euratom Treaty). The Committee has no right of initiative. It cannot therefore of itself take a stand on problems concerning the execution of the Treaties and it can meet only at the request of the Councils of Ministers or of the Commissions. Similarly, it cannot establish its rules of procedure independently; these rules must have the unanimous approval of the Councils of Ministers. The publication of its opinions is also the prerogative of the Councils of Ministers and the Commissions.

Despite such limitations, which do not exist as a rule for comparable national organs, the Economic and Social Committee has outstanding importance in the economic and political integration of the Community.

The members of the Committee are appointed by the Councils of Ministers on a proposal of the Governments and, according to the Treaties, they must represent the different categories of economic and social life in the Community. The Treaties also lay down that the Committee shall be composed in such a manner as to secure adequate representation of the different categories. It remains an open question whether the Committee has been made fully representative as required by the Treaty. But it is undeniable that the Governments of the Member States have proposed for membership of the Committee particularly eminent representatives

of the various economic and social interests. For this reason the Committee as at present constituted is an assembly of exceptionally well-qualified representatives of the economic, social and intellectual life of the Community. Although the advisors are appointed in their personal capacity and are bound by no mandatory instructions, the weight of their votes does not derive solely from their authority as experts. In practice they speak on behalf of the categories they represent. In this way it is possible, on the basis of opinions expressed by Committee members, to ascertain the positions of the various organized interests with respect to the measures planned by the European Executives.

It is significant that in the discussions within the Economic and Social Committee differences of opinion between the national groups are very rare (composition of the Committee: France, Italy, Germany, 24 members each; Netherlands, Belgium, 12 each; Luxembourg, five). Generally the groups representing the same interests in the various nations take up a common stand. The rules of procedure are also drawn up with due regard to this fact, which is not without its sociological and political interest. The rules enable the members to set up "groups based on the various social and economic groupings" and provide, for example, that except where the Committee decides otherwise by a two-thirds majority, the Chairman shall be chosen in turn from the representatives of the employers, the workers, and the other groups.

The three groups — the employers, the workers, and the "various interests", each of which represents one third of the total number of Committee members — are seen at work in their meetings both before and during the discussions of the working parties, the specialized sections and the plenary assembly of the Committee. The purpose of these meetings is to harmonize their opinions. In this way they are comparable with the opinion groups within a parliament. It is, however, not always possible to classify the members of the Committee in one or other of the three groups. It is obvious that it is more difficult to establish harmony of opinion within the group standing for "various interests", in which are represented agriculture, the crafts, and the liberal and other professions, than it is within the employers' and workers' groups, on account of the manifold variety of interests involved.

The formation of opinion, which is unofficial in character, based on the different groups, not only enables the Councils of Ministers and the Commissions to obtain valuable information on the attitudes to their projects of the circles directly concerned, but also constitutes a very marked feature of integration. The national points of view discernible during the examination of this or that problem are generally dropped in favour of a "European decision" when the moment comes to seek a common formula embodying the group's point of view.

The task of the Committee is to advise the Councils of Ministers and the Commissions on their drafts and legislative decisions in the framework of the provisions of the two Treaties. Such advice is given in the form of an opinion prepared by the specialized sections of the Committee and voted by the plenary assembly of the Committee. Naturally, an opinion of the Committee has all the more weight when it is approved by the plenary assembly with a convincing majority. For this reason the Committee has until now sought to draft its opinions in such a way that, even when there was not unanimity between the individual groups, they could be approved in plenary assembly by a large majority. The quest for a compromise meeting with widespread approval naturally carries with it the danger that something of the substance of the opinion may be lost. The Committee tries as far as possible to avoid this danger and to formulate opinions containing valuable and clearly expressed recommendations. The attached table gives an idea of the opinions submitted to date by the Economic and Social Committee.

An assembly that has been at work for scarcely three years, of which six months were necessarily given over to the drafting of the rules of procedure and to the organization of tasks, has of course not yet been able to evolve final forms on every point. The Committee has, however, got into its stride with surprising speed. One fact above all deserves to be singled out : in its opinions, the Committee has shown an extremely "European" attitude. It has not been unusual for it to recommend that the European Executives be given more powers than were provided for in the drafts.

The Councils of Ministers and the Commissions have given considerable weight to the recommendations of the Committee. To take an example, the EEC Commission's final proposals on the common agricultural policy differ from the first text on four essential points, two of which derive from the opinion of the Economic and Social Committee (introduction of a common social policy in the agricultural sector and institution of consultative committees for the most important groups of products and for the problems inherent in the improvement of agricultural structures).

From the attached table it will be seen that the Committee has taken four and a half months on average to formulate each opinion. The shortest period of time needed for the preparation of an opinion was a month and a half, the longest eight months. Considering the size of the Committee and the fact that some of its members live very far away, the average time taken for the work cannot be considered excessive. For an examination of normal drafts four months may be considered the essential minimum if the necessary meetings of the bureau, the working parties, the specialized sections and the plenary assembly are allowed for. This must be borne in mind when the time-limits for the submission of the Committee's opinions are being laid down (Article 198 of EEC Treaty and Article 170 of the Euratom Treaty).

The importance of the Economic and Social Committee goes far beyond the tasks expressly assigned to it by the Treaties. Quite as important perhaps as its consultative role is the fact that it represents a forum for discussion by the circles directly concerned in the measures enacted by the Councils and the Commissions. The Committee is the sole organ within which organized interests can collaborate on an institutional basis in all sectors in the implementation of the Treaties. This tempers purely interested points of view and contributes greatly to the formation of a feeling for Europe in the executive bodies of influential organizations. Under the influence of the constant discussions between the representatives of the economic and social sectors, the Committee members not only get to know the problems of other countries and categories and become accustomed to thinking in terms of economic European criteria: the insight thus acquired affects the attitudes of the categories represented. Moreover, no other organ provides the European Executives with a more effective forum in which to seek understanding for their plans than the European and Social Committee.

Unlike most comparable national institutions, the Committee is not entitled to submit advice to the European Parliament. The reason for this is that executive and legislative powers are still reserved to the Councils of Ministers and to the Commissions. If legislative powers were one day accorded to the Parliament, the Committee would then have to be recognized as having a consultative function vis-à-vis the Parliament. In cases where the Committee and the Parliament are both asked for an opinion on the same problem, arrangements should even now be made to enable the Parliament to give due regard to the Committee's opinion when formulating its own. With the exception of one case, this has moreover been the practice up to now.

The Treaties provide for obligatory consultation with the Economic and Social Committee for a whole series of cases. They also provide that the Committee may be consulted by the Councils of Ministers and by the Commissions whenever the latter think fit. Given this basic legal position, the future importance of the Economic and Social Committee depends on the role that it is called upon to play in practice. In theory, the Councils and the Commissions can limit its influence severely. It would, however, be politically unwise to take this line and to shun the advice of those without whose co-operation the Treaties and the measures for their application would be worth no more than the paper they are written on. It is much more important to strengthen the resolution to build a European Community than to draw up regulations which arouse instinctive resistance in those concerned. An essential part of the art of politics consists in awakening a spirit of co-operation and understanding towards the decisions taken in the minds of those concerned. If this is valid for individual states, in which national

feeling has already long prevailed, how much more is it true for a Community which is groping towards a European awareness.

Up to now the Councils of Ministers and the Commissions have taken advantage of the possibility of consulting the Committee even in cases for which it was not mandatory to do so. In so acting they have rendered sterling service to the cause which it is their task to guide to success and which the Economic and Social Committee, as part of the whole, also serves.

ANNEXE

Opinions formulated by the Economic and Social Committee of the European Communities concerning the EEC up to and including March 1961 ⁽¹⁾

| No. and subject | Request for the opinion | | Date of vote in the plenary assembly | Approx. length of time taken (months) |
|--|--------------------------|-------------|---|---|
| | dated | made by | | |
| 1. Secretariat of the administrative Committee provided for in Art. 43 and 44 of Regulation No. 3 concerning the social security of migrant workers | 4.12.1958 | EEC/Council | 26. 2.1959 | 3 |
| 2. Draft directives fixing the terms and conditions for the progressive implementation of the right of establishment in the overseas countries and territories and the French overseas departments | 8. 1.1959 | EEC/Com. | 28. 4.1959 | 4 |
| 3. Harmonization of certain commercial policy measures during the transition period | 29. 1.1959 | EEC/Com. | 23. 7.1959 | 6 |
| 4. Draft regulation on eliminating discrimination in the field of transport rates and conditions | 30. 7.1959 12. 8.1959 | EEC/Council | 29.10.1959 | 2 |
| 5. Draft regulation concerning the European Social Fund | 25. 7.1959 | EEC/Council | 30.10.1959 | 3 |
| 6. Draft proposals concerning the drawing up and execution of the common agricultural policy under Art. 43 of the EEC Treaty | 7.11.1959 | EEC/Com. | 6. 5.1960 | 6 |

⁽¹⁾ The Committee also formulated four opinions concerning atomic energy during the same period.

| No. and subject | Request for the opinion | | Date of vote in the plenary assembly | Approx. length of time taken (months) |
|---|-------------------------|-------------|--------------------------------------|---------------------------------------|
| | dated | made by | | |
| 7. Draft proposals concerning the working out and putting into effect of the common agricultural policy under Art. 43 of the EEC Treaty (the different product sectors) | 7.11.1959 | EEC/Com. | 30. 6.1960 | 7 1/2 |
| 8. Note concerning discrimination in the field of transport rates and conditions for traffic in goods not coming under the provisions of Art. 79 (1) of the EEC Treaty | 30. 5.1960 | EEC/Com. | 30.11.1960 | 6 |
| 9. Draft regulations and directives concerning the free movement of workers in the Community | 8. 8.1960 | EEC/Council | 30.11.1960 | 3 1/2 |
| 10. General programme for the abolition of restrictions on the freedom of establishment | 5. 5. 1960 | EEC/Council | 2. 2.1961 | 8 |
| 11. General programme for the abolition of restrictions on the free supply of services | 6. 9.1960 | EEC/Council | 2. 2.1961 | 5 |
| 12. First implementing regulations to Art. 85 and 86 of the Treaty | 8.12.1960 | EEC/Council | 28. 3.1961 | 3 1/2 |

I. The debate in the Parliament on the meeting of the six heads of State or Government of the European Community

FINAL COMMUNIQUE OF THE MEETING

“The heads of State or of Government and the Foreign Ministers of the Federal Republic of Germany, Belgium, France, Italy, Luxembourg and the Netherlands met in Paris on 10 and 11 February 1961.

Special links already unite the six countries on the economic plane and they will become even stronger as the Treaties of Paris and Rome are implemented. The six Governments are anxious to seek, in a spirit of good will and friendship, all agreements likely to maintain and develop trade with other European countries, in particular with Great Britain, and with the other countries of the world. They will attempt, in the same spirit, to find solutions to the problems stemming from the existence of two economic groupings in Europe.

It was the purpose of the Conference to seek the methods by which closer political co-operation could be organized. In establishing links in other fields, the intention is to lay the foundation of a union which would develop progressively. It will be possible for this union, limited for the moment to the Member States of the European Economic Community, to be extended later.

The establishment in Europe of a new type of relationship, based on the development of a Common Market through the abolition of all customs protection and harmonization of the economies and also on political co-operation in a spirit of friendship, confidence and equality, constitutes one of the major events of the present time. Amidst the crises and upheavals which beset the world, Western Europe, so recently ravaged by national rivalries and conflicts, is to become an area of understanding, liberty and progress. In this way, what Europe does will carry more weight in the world, which will be to the advantage of all free countries and will, in particular, lead to closer co-operation with the United States.

It was decided that a Committee of representatives from the six Governments should submit for the next session concrete proposals on the meetings to be held by the heads of State or Government and the Foreign Ministers, and on any other meeting considered desirable. This Committee will also study other problems concerning European co-operation, especially those relating to the development of the Communities.

It was decided to hold the second meeting on 19 May 1961 in Bonn.”

EXTRACTS FROM THE SPEECH BY PRESIDENT HALLSTEIN TO THE EUROPEAN PARLIAMENT IN STRASBOURG ON 9 MARCH 1961

The main reason why this communiqué pleases me and why I accept it as a good basis for understanding and doing what is right is that it expresses the joint will of the six Governments. In undertaking this intellectual and political rally which brought them to Paris, the representatives of the six Governments set out for this point of juncture from many starting positions. The contents of this communiqué have found the full approval of all six Governments.

.....

If we have raised our voice to point out that our Communities are functioning well, that they have been a success in the first three years of their life, and that the organizational structure given to them has made a major contribution to this success, we have done so not because we wished to defend our own prerogatives. We have done so for a very different reason, for a much more essential European and political reason; we have done so because we are convinced that these Communities represent a particularly progressive stage of European unification.

The structure of these Communities is so closely knit, so consolidated and of such intensity that no other political institution on the soil of Europe can compare with it. We did not wish the movement which has been launched to have the unsought result of, as it were, going back on what has been achieved. In other words, we did not wish the incorporation of what we have into a differently conceived structure to result in something which, in the end, would not mean progress but which, on balance, would be tantamount to retrogression.

.....

This at the same time means that we interpret the communiqué as saying that no one branch of the great spreading tree of European unification is to be considered more valuable than any other and that no form of growth is to be subordinated to any other. The communiqué says with sufficient clarity that both steps — that of economic policy, and the purely political one — are steps on the road to a common higher aim, which is to bring about the political unity of Europe in the comprehensive sense of the word; in that sense of the word which includes economic and social policy, the specific subjects of the Treaty establishing the European Economic Community, and policy as such, that is to say foreign policy, cultural policy and — I will go no further because it is not my place to explain what else it comprises.

.....

It is so important that our Community should work successfully because it is true that all European evolution is to some degree limited in extent and in time by

what is happening in our Community. For it is not true that there is incompatibility between the strength and the vitality of our Community and its ability to become a moving spirit for co-operation in the wider European setting. On the contrary, there exists a genuine interrelationship of conditions and their effects. The better things go with us, the more surely will we be able to solve the greater European problems.

.....

With the precise foundation which we now have, and with a method of work which is, I believe, adequate, we can now enter with reasonable expectations into a new phase of European evolution.

I need not say that the Commission is prepared to make its contribution to the extent that it is called upon to do so. I personally believe that it would be a good thing if the Executives of the European Communities were included in suitable fashion in the formative task which faces the Governments. I believe that even if the new methods of co-operation are to be restricted — as is the intention — to those fields of political unification which lie outside the framework of our Treaty, there will still remain sufficient topics of common interest for some sort of organized co-operation with the institutions of our Community to be contemplated.

Finally, I am certain that this illustrious Parliament will not withhold its contribution from this phase of European evolution, but that it will be ever present : criticizing, warning but also inspiring, through the work of all its Members. It is not only what they do during the sessions of this illustrious Assembly in Strasbourg that matters, but also — and particularly at the present stage — their critical and stimulating work in the six capitals. For it is in the six capitals that the instructions are laid down which determine what the men will do who are now endeavouring together to work out concrete proposals for the next meeting of the heads of Government.

THE DEBATE IN THE PARLIAMENT

On 9 March 1961 a debate took place in the Parliament on the results of the European summit conference which was held in Paris on 10 and 11 February 1961; the debate was attended by M. Wigny, the President in office of the Councils, and by representatives of the three Executives.

The trends which have emerged from the debate

The majority of speakers declared that in present circumstances they would, albeit unwillingly in some cases, agree with the attempt to construct Europe on “two pillars” : integration in the Community which must be continued and extended, and inter-governmental co-operation in other fields, especially that of foreign affairs.

This pragmatic approach was found to offer advantages in that it consolidates what has been achieved so far and provides a new opening for common action on the political plane in fields which are not covered by the Treaties of Rome and Paris. The deputies supporting this tendency nevertheless felt that the procedures to be adopted must ensure that these new initiatives, which themselves will evolve, shall not entail any risk of overlapping with Community activities, or of indirectly jeopardizing these. They hoped that it would be possible to consolidate the Communities and even to encourage their development by creating — until further order — a different kind of institution in the purely political field.

A certain number of parliamentarians, especially from the Netherlands, but including M. Maurice Faure, rejected this formula of unification by inter-governmental co-operation since they were convinced that though in the past this method may have permitted the creation of fleeting unions, it had never resulted in a stable political authority. Inter-governmental co-operation, they said, presupposes unanimous decisions; therefore no progress towards European unification could be hoped for unless the majority principle was established in independent or Community institutions. There were those who feared, in addition, that the inter-governmental method could impair the vital interests of the small countries because these are often faced with the necessity of accepting accomplished facts if they do not wish to use their right of veto.

Some French Parliamentarians expressed their regret that the initial plan of the French Head of State had not been adopted: basing themselves on the principle that governments are the only authorities capable of enforcing their will and of taking lawful decisions, they accepted the view that only an agreement between the Governments on the major problems could advance the cause of European unity — as in fact it had done at the time of the conclusion of the Treaties of Paris and Rome.

The debates

M. Wigny, President in office of the Councils, made a declaration on their behalf concerning the Paris communiqué.

The first part of his speech on this issue referred to the aim of the Paris decision to extend to the political field the particular links already uniting the six countries on the economic plane. This decision, he said, took the present process of economic integration as the starting point for political co-operation. It further called for a strengthening of European influence in the Atlantic alliance.

Nevertheless, the Paris meeting found that though it was urgent to establish a nucleus of political organization, the complete fusion of interests which was taking place in the economic field could not be introduced at one stroke in the political field. For this reason the union envisaged by the Six would initially deviate from

the "orthodox" line of integration. However, it must be looked upon as reflecting a desire to continue the present endeavours at building a bridge between the Six and the Seven.

M. Wigny declared that "the governments will do all in their power to increase trade with non-member states and especially with the United Kingdom".

An inter-governmental committee would study the methods by which the principles adopted might be put into practice. This committee, which was to begin its work on 16 March, would present its own report on 19 May in Bonn and it was to be hoped that the same degree of unanimity would be found on the methods as had emerged in Paris on the principles.

The conference planned for 19 May in Bonn would not, any more than that of Paris, have to deal with economic problems, which fell within the competence of the European Communities. The intention of the Governments was neither to abolish nor to replace the obligations flowing from the Treaties of Rome. They stated their resolve to remain loyal to the Treaties of Rome and to go ahead with the progressive implementation of these in such a way as to further strengthen the special bonds already linking them. The conference must also eschew problems of defence, for which NATO was the competent forum. "Many of us, and I would even say with assurance all of us, are anxious to avoid any weakening of the Atlantic alliance."

The Ministers expected the experts to draft provisions for the development of the European institutions in the field of education, and to suggest measures for the rationalization of the work of the Executives and perhaps for even wider issues such as that of European elections.

The President of the Councils was of the opinion that the Paris conference had marked a step forward on the road to political co-operation. He hoped that "such meetings will accustom those responsible on the highest levels to work together, to understand one another's point of view and not to take their decisions in isolation."

He concluded in saying that "when, by continuing the effort initiated more than 10 years ago, we are able at the same time to demonstrate our strength and our prosperity, this will be all the better for the Europeans but also for their partners throughout the world."

M. Poher ⁽¹⁾, speaking after M. Wigny, said on behalf of the Christian-Democrat group, of which he is the chairman, that the Paris conference had not been a success but that it had also not been a failure. It had brought about a rapprochement between points of view and had given a new political start to the Europe of the Six. For this reason it was right to feel optimism for the immediate future.

M. Poher felt that "as before Messina, there is at the moment a 'relance' in the air." He accepted the creation of new institutions, but on condition that they did not

(1) Senator, France.

impair the existing Community institutions. There must never be any question of weakening the Europe on which work had already begun and the new organisms must not run counter to the Europe of the Communities.

"We are ready to accept extensions but we refuse interference." The Europe of the Communities must not be emptied of its political substance. Nor must political co-operation among the Six sap military co-operation in NATO.

M. Poher was of the opinion that the new institutions should be brought under the authority of the European Parliament and the Court of Justice. "We must be able to discuss before the Ministers represented on these benches any political agreements which may be reached in the highest places."

M. Poher also emphasized the need to continue the policy defined in the Treaty of Rome. "One gesture which should be accomplished is first to implement the existing Treaties before drawing up new ones." It was necessary, he felt, to provide a new impetus to the political action of the Communities, and even to impel their political will forward. He recalled that the European Parliament had set itself the short-term aims of elections by universal suffrage, the increase of its powers, the merger of the three European Executives, and the establishment of the European University.

Speaking on behalf of the Socialist group, M. Dehousse ⁽¹⁾ associated himself with a formula of complementary political co-operation on the inter-governmental level proposed by the French Government, because he felt that at present no other solution was possible. "If we want to be realists", he said, "we must take President de Gaulle's proposals as our basis."

M. Dehousse believed that the establishment of a new body of the inter-governmental type was necessary for the maintenance and the development of the Communities. In fact, the political climate and foreign policy — which in his view ought to be co-ordinated — had a great influence on the life of the Common Market. Nevertheless, M. Dehousse felt that many questions remained unanswered. He felt uneasy about the term "union" used in the communiqué, because in international public law a "union" was no more than a simple juxtaposition of states, without any abandonment of sovereignty.

Would the inter-governmental organ which would doubtless be created have any links with the existing Communities ?

M. Dehousse recalled that in November 1959 the Strasbourg conference had decided that "the Commission and the High Authority of the European Communities will be informed, within the framework of their terms of reference, and may be invited to participate in the consultations of the six Ministers." He therefore called on the six States to remember their political and legal obligations "to inform the

Executives of the Communities and to invite them to participate in the consultations of the six Ministers.”

What would be the role of the European Parliament ?

What would be the powers of the new organization, especially outside the field of foreign policy ?

“Originally”, the speaker pointed out, “defence problems and cultural problems had been mentioned; I think the defence problems have been dropped.”

Turning to the possible participation of the United Kingdom in the political consultations of the Six, M. Dehousse said that this ought to occur in the framework of the Council of Europe and not in that of the Western European Union.

He declared finally that the Socialist group attached great importance to the question of European elections, to the merger of the Executives and to the European University.

After President Hallstein’s address (see above, p. 14), M. Malvestiti, the President of the High Authority, stressed his faith in the policy of integration, both on the political and on the economic plane which, in his view, it was difficult to separate. Perhaps a confederation would make it possible to achieve political unity in Europe, but the road would be long and hard. M. Malvestiti hoped at least that meetings such as those in Paris would be frequent and that the European Executives could take part in them.

The High Authority would not object to a merger of the Executives, subject to its supranationality and financial independence being safeguarded and the system of co-optation being maintained as far as possible in the nomination of its Members.

For M. de la Malène ⁽¹⁾ the creation of a political authority “is all the more necessary since the further we advance the more we see that the economic incentives to integration are losing their drive.”

He felt that “everybody was agreed that this political authority will not grow out of a further development of the economic Communities.” The difficulty lay in agreeing on the form and on the powers of the new body. “Unless we replace the economic driving force for integration by a constant and firmly expressed political will, there will simply not be any economic integration.”

M. de la Malène criticized the attitude taken at the Paris Conference by M. Luns, the Netherlands Foreign Minister. M. Luns had objected to regular consultation amongst the heads of Government of the Six without the participation of the United Kingdom.

(1) French, Liberal and associated Group.

M. de la Malène said that no European policy could be made without Great Britain but if it was a question of conferring political power on the European Communities, Britain was not needed. The only solution was, as usual, to make a beginning without Great Britain, and to keep the door open for her.

M. Blaise (1) said that the attitude of M. Luns was perfectly clear : economic integration must lead to political integration. The new form of collaboration proposed by President de Gaulle was contrary to this aim. What was really behind the French proposals was to turn the European Executives into a kind of technical secretariat. Such a concept was not acceptable to the Netherlands Government, who had gained the impression of having been confronted with a *fait accompli*.

M. Blaise said that the Netherlands Government was not opposed to the idea of regular consultations between the heads of Government or between the Ministers responsible for various fields, but it intended to participate in these on the basis of perfect equality and to defend the dynamic character of the existing Communities.

The Government of the Netherlands particularly wished to see the merger of the Executives and elections to the Parliament by direct universal suffrage. Therefore, the European resolve of the Netherlands could not be questioned.

The results of the coming conference of the Six in Bonn did not primarily depend on the attitude of the Netherlands.

M. Vredeling (2) pointed out that the views of M. Luns were not shared by all members of the Netherlands Parliament.

M. Maurice Faure also felt that the formula of inter-governmental co-operation represented a step backwards. The establishment of a European political authority was the main issue for those who wished to build Europe. Anything which impaired political integration was at the same time prejudicial to economic integration. If, therefore, the heads of Government or the Ministers of Foreign Affairs or the Ministers of Education met, owing no one an account of their activities, everybody knew what the result would be; it would be the same as had come out of such meetings during the past months or years, namely relatively little.

“Why was it not decided to have our Community represented at GATT by one representative only ? Why was the same decision not taken with reference to OECD ? Why cannot we decide that the various Ambassadors shall maintain particularly close, co-ordinated and institutionalized contacts in the countries where they are accredited ? Why was it not decided that apart from the establishment of a European University, which in all likelihood would remain symbolic because of the relatively restricted number of students, all our universities shall be European universities ? Why not harmonize very quickly our curricula for

(1) Netherlands, Christian-Democratic Group.

(2) Netherlands, Socialist Group.

elementary, secondary and higher education ? Why not agree that in order to obtain a certain level or diploma either in the field of science or the arts, our young men and women shall be obliged to spend one year in a university of one of the other five member countries ? Why refuse election by universal suffrage to the European Parliament, an election which in my mind would draw its main justification from the fact that it would stimulate these inter-governmental meetings ? I could quote many more examples, but I will leave it at that."

Like M. Dehousse, M. Maurice Faure stressed the necessity for rapid action because the world was moving at a speed never before known. At present Europeans were outnumbered by three to one in the world and soon they would be outnumbered by seven to one. What would happen if they failed to unite ?

"Nowadays" concluded M. Maurice Faure, "the peoples of Europe must uphold the torch handed down from their ancient history for the sake of their very 'being'. This is what makes our task difficult, perilous and onerous, but also exalting."

However important the relations between France and Germany, declared M. Van Dijck (1), it had to be remembered that the Community was composed of six members and not of two. M. Van Dijck also deplored the weakening of the Community idea.

M. Kopf agreed with the tendency expressed in the communiqué. He nevertheless felt that the new formula could not be applied to solve all questions of foreign policy but only to those common to the six countries.

M. Birkelbach, Chairman of the Socialist Group, supplemented the statements made by M. Dehousse and also associated himself with the proposals contained in the communiqué, on the understanding that they should have as their purpose the completion of what already existed; he also demanded that in any case the new political institution should be subject to parliamentary control and that when the time came to extend the terms of office of the members of the Executives, only really independent personalities should be appointed.

M. Margulies (2) voiced a somewhat more sceptical opinion. In his view the Paris conference had merely led to the preparation of a further conference. It often seemed as if a politician was a man who was trying zealously to settle difficulties which but for him would never have arisen. The political will to overcome specific interests seemed to have been lacking in Paris. The hopes of the peoples of Europe were clear : they expected their representatives to set up the United States of Europe.

M. Schuijt (3) demanded that the European officials should be called in to work with the national officials in preparing the new European summit conference.

(1) Netherlands, Liberal and associated Group.

(2) German, Liberal and associated Group.

(3) Netherlands, Christian-Democratic Group.

M. Peyrefitte (1) regretted that the Paris conference had clearly gone back on President de Gaulle's initial proposals: the establishment of a supreme council of the heads of Government, meeting at regular intervals had been abandoned. The idea of a permanent secretariat guaranteeing the continuity of the meetings of the heads of Government had been rejected.

"The third retreat related to the referendum which was stillborn." The referendum should never have been brought into conflict with elections by universal suffrage: "on the contrary, a referendum could have prepared the ground for such elections. The fourth retreat consisted of dropping the idea of a common defence organization. The fifth is that an attempt has been made to undo the initial proposal by which the union of the Six, which has already been so successful on the economic plane, was to be developed on the political plane. In trying to get the United Kingdom in, this proposal has been pruned to such a point as to make it virtually ineffective."

M. Peyrefitte did not believe that all these retreats could be explained by the working of a "European spirit". He nevertheless did not wish to be pessimistic and hoped that the conference of Paris, like that of Messina, would come to be considered in the light of later events as the starting point of a European "relance".

"For the past fifteen years", he said, "we have never achieved anything in the building of Europe except when the Governments have agreed amongst themselves."

M. Battista (2), Chairman of the Political Committee, drew attention to the great problems of the European elections, the merger of the Executives and the European University; he felt that these problems were ripe for immediate decision on the part of the six Governments. He pointed out that apart from the great issues which had to be solved in Bonn, there were concrete proposals which the Parliaments had laid before the Councils.

M. Burgbacher (3), Chairman of the Energy Committee, supported M. Dehousse's view that it was necessary to organize meetings with the other European partners, and the United Kingdom, the United States and Canada in the OECD and the Council of Europe rather than be content with discussions with Great Britain in WEU.

M. Hirsch, President of the Commission of the EAEC, fully associated himself with M. Maurice Faure, especially with what the latter had said about how vital and urgent it was to set up a European political authority. One of the conditions for such an authority was to have a group of men who did not receive instructions from their governments and who would work in the common interest to prepare and study decisions. M. Hirsch further stressed the necessity to maintain the prerogatives of the Community institutions and especially those of the Councils.

(1) French, Liberal and associated Group.

(2) Italian, senator, Christian-Democratic Group.

(3) German, deputy, Christian-Democratic Group.

M. Wigny wound up the debate, speaking on his own behalf and answering the various speakers. He said that in his view the communiqué was only a draft which had not been completed and which had been laid before the Parliament for it to fill in the blank spaces.

In reply to M. Peyrefitte, M. Wigny said that all previous efforts at political collaboration had come to grief because decisions had to be taken unanimously.

He did not share M. de la Malène's opinion that the Communities could not bring about European unity: he felt that success was more difficult to achieve when a solution had to be reached by inter-governmental rather than by Community means.

The failures experienced at the Community level were also in most cases due to the fact that the problems concerned had to be decided by unanimous vote. He felt that the two methods should be set side by side. As for the Community, the Executives must be co-ordinated or, in other words, merged; this must not be mistaken for a centralization of the administrations or of competences. If there remained sufficient energy, the same importance would have to be attached to the elections and the University. For the political establishment of Europe the political will of the Six must first be defined in the field of foreign affairs.

Whilst regretting that the idea of a political Community was still premature, M. Wigny admitted that Europe was advancing too slowly towards its unity and stressed the role of the European Parliament, which was to incite the Governments to speedier action.

II. Position of the Community in the Committee on Trade Problems ⁽¹⁾ and in the study group

The decision taken on 10 June by the Committee on Trade Problems, by recalling that the Committee would continue its discussion of the long-term aspects of trade relations between the EEC and EFTA, left the study group, which is open to all members of the Twenty-One, to seek for immediate short-term solutions. The group's terms of reference are :

- a)* To co-ordinate the positions of members of the Committee in connection with the next tariff negotiations in GATT so as to facilitate the granting of maximum reciprocal concessions. The effect of these concessions should be to temper on a general level the severity of the problems arising from the establishment of two regional European organizations;
- b)* To propose ad hoc solutions wherever, despite the general measures mentioned above, there would be the danger of difficulties arising in particular sectors.

The study group met four times : on 7 and 8 July, on 6 and 7 October, on 27 and 28 October and on 24 and 25 November 1960.

At the first meeting of the group, the Commission's representative, speaking on behalf of the Community and keeping closely to the group's terms of reference, pointed to the three types of measures likely in future to meet all difficulties in intra-European trade :

- a)* Across-the-board tariff reductions in accordance with the decision taken by the EEC Council of Ministers on 12 May 1960 (20 % reduction subject to reciprocity);
- b)* Co-ordination of the positions adopted by the EEC and by its partners in the Twenty-One; particularly those in EFTA, in view of the coming Dillon negotiations;
- c)* Supplementary measures going beyond the maximum results of the Dillon negotiations (and so beyond 20%) in specific cases.

The Commission's representative stressed the practical significance to the non-member countries of the 20% reduction in the calculation of the first approximation. He pointed out that once the principle of reciprocity was accepted, the counter-concessions to be granted to the Community could be made flexible, either by means of differentiations according to the level of national tariffs or by phasing,

⁽¹⁾ Also known as the Committee of Twenty-One, set up in Paris on 14 January 1960 by the representatives of the 20 OEEC member and associated governments and the EEC Commission.

so that the progressive nature of the implementation of our common tariff could be taken into account.

The offer of reciprocal concessions between the Six and their partners, made across the board and so affecting the entire tariff, was renewed by the Commission's representative during the other meetings of the study group, without however arousing any more response than at the first meeting. Similarly, the offer to examine concrete cases and to provide for supplementary measures for them was left without an answer.

The opinion expressed by the EFTA delegations was that they were not ready to accord reciprocity on the basis of a common tariff that they had not yet recognized. Such an attitude doubtless reflected the hope that the Community would be obliged in any case to lower its tariff in the framework of the negotiations under Article XXIV (6).

Taking a stand on one of the "considerations" of the decision of 12 May 1960 (maintenance and development of trade between the two groups), the Swiss representative insisted that the group should begin by working out an exact definition of intra-European trade. The British representative was also in favour of fuller statistical studies. To meet these two requests, the group has had to undertake statistical research, making more short-term concrete work difficult, for the statistical and tariff enquiry has, on the basis of three programmes of work, extended to nearly 600 tariff items and sub-items which are said to play an important role in intra-European trade. Eight lists of items were drawn up (one by the EEC, the others by the Seven) and the items were then classified in accordance with the percentage of total imports represented by the quantities imported from the European members of the study group (excluding trade within the two groups) during a given reference year.

The problem at the moment lies in the use to be made of the results of the enquiry. The Commission's representative did not fail to emphasize that since the group had refused to accept the Community's suggestions, it now found itself faced with manifest difficulties: the list of the intra-European products which has been fixed is too short to be serviceable unless a balance sheet is first proposed which would show the concessions entailed. This work would be very delicate. At the same time the list is too long for it to be possible to avoid the problem of the reciprocity to be obtained from the countries which are members neither of the Community nor of EFTA, too long also to allow of much progress in the process of tariff reduction. At the last session of the study group, the Commission's representative, recalling the solutions he had put forward at previous meetings, suggested that the across-the-board method be combined with the item-by-item method. A general reduction covering the whole tariff has the advantage of establishing an automatic balance. Though it is true that this general across-the-board approach limits the volume of duty reduction to a reasonable figure (20%, for example), there is nothing to

prevent more far-reaching measures being taken in the cases of certain items or sub-items where there are particular reasons for doing so.

Most of the delegations were not able to take a stand on the use to be made of the results of the tariff and statistical enquiry. Consequently they requested that the group's decision on this problem be postponed to give them time for reflection. Precise proposals would have been presented at the next meeting of the group on 31 January 1961, had it not been postponed. No date for the meeting has yet been fixed. An interim report on the state of the work has been prepared for submission to the Committee on Trade Problems.

III. The Activities of the Community

THE COMPOSITION OF CERTAIN GROUPS IN THE COMMISSION

1. On the occasion of M. Levi Sandri's ⁽¹⁾ taking up his functions, the Commission has made the following changes in the composition of certain of its Groups :

External Relations Group :

M. Caron, a Vice-President of the Commission, will from now onwards be a member of the External Relations Group.

Economic and Financial Affairs Group :

M. Levi Sandri, a Member of the Commission, will be a member of the Economic and Financial Affairs Group, taking the place of M. Caron.

Overseas Development Group :

M. Levi Sandri will be a member of the Overseas Development Group, taking the place of M. Caron.

EXTERNAL RELATIONS

The Community and GATT

The Tariff Conference

2. The re-negotiations with various Contracting Parties under Article XXIV (6) of the General Agreement were resumed in January after a brief pause. The delegation of the Commission, which is negotiating on behalf of the Community, has reviewed the progress made and examined to what extent the offers of the Community made at the beginning of the re-negotiations should be supplemented or modified in order to meet those requests from non-member countries which appeared justified. In January and February the Commission several times consulted the Special Committee set up to assist it in the negotiations. This Committee, which is composed of representatives of the Member States, gave opinions on the problems put to it. In agreement with the Council, the delegation of the Commission has submitted to various Contracting Parties a series of supplementary offers comprising not

⁽¹⁾ See Bulletin No. 2-1961, page 7.

only bindings of duties in the common tariff, but also reductions of duty rates for a certain number of tariff items. These new offers are at present being discussed in Geneva with the Contracting Parties concerned.

The association agreement with Greece

3. Since the arrival in Brussels of a Greek delegation at the end of February the negotiations with Greece have been going on without intermission, and all the Directorates-General of the Commission concerned with the agreement have been in contact with the Greek delegates.

The points raised in the last Bulletin but one (safeguard clauses, the common agricultural policy and agricultural exports, the financing of Greek development) have been the subject of thorough discussions, of which some have led to constructive solutions.

It can reasonably be hoped that the Council of Ministers, which at its meeting on 23 February dealt principally with financial matters, will at one of its next meetings be able to consider the agreement as a whole.

4. The Working Party for the association of Greece with the EEC, set up by the European Parliament, heard a statement by M. Rey, a Member of the Commission, on the progress made in the negotiations with Greece and in particular on the reasons which have made these negotiations difficult. M. Rey requested the Parliamentary Working Party to inform him whether the Parliament was considering co-operation between the European Parliament and the Greek Parliament after the entry into force of the agreement. If such contacts were desired they might take place in the Parliamentary Working Party for the association of Greece.

Relations with international organizations

The Economic Commission for Asia and the Far East (ECAFE)

5. The Commission was represented at the 4th session of the Trade Committee of ECAFE which was held in Bangkok from 17 to 25 January 1961.

At this session the effects of the existence of the European Economic Community on the trade of the members of ECAFE were discussed and gave rise to a thorough debate. Though some countries registered their doubts about the evolution of trade between the Community and the countries of Asia, most delegations adopted a "wait and see" attitude vis-à-vis the Community, and some put questions relating to a number of specific products. The French delegation, acting as spokesman for the Community, reviewed the Community's development and showed that trade between the Community and the countries of Asia had expanded satisfactorily.

At the end of this discussion, the Trade Committee of ECAFE decided to instruct its secretariat to continue its study of the progress of economic integration in Europe, to submit an annual report on the trade of the ECAFE countries with the EEC and, if necessary, to seek the co-operation of the EEC Commission.

The Economic Commission for Africa (ECA)

6. The Commission was represented at the meeting of the Special Committee which was held in Addis Ababa from 23 to 27 January 1961. At this meeting the problems of the Common Market's effects on the economy and the industrial development of the African countries were discussed in great detail on the basis of a report drawn up by the secretariat of ECA; the staff of the Commission had assisted in the preparation of this report.

It has emerged from these discussions that a large number of African countries wish the efforts of the European Community on behalf of the African countries to be continued. Certain other countries on the other hand desire the African countries to adopt an attitude of reserve towards the Community, because they fear the birth of a kind of neo-colonialism.

At the third session of ECA which was held in Addis Ababa from 6 to 19 February 1961, and in which 15 recently independent countries associated with the EEC were represented, discussion of the problem of the effects of the European Economic Community on the economy of the African countries was resumed on the basis of the conclusions reached by the Special Committee. With the exception of a certain number of countries which are opposed to any relations between the EEC and Africa, most of the member countries of ECA adopted a very realistic attitude.

At the end of the debate on this point two resolutions were adopted by the Committee. In the first, which deals with monetary and financial studies, the Economic Commission for Africa instructs its Executive Secretary to carry out a detailed review and analysis of the various monetary systems used in Africa, from the angle of their influence on intra-African trade in particular, and on the problems of African economic development in general, and to submit this study to the Commission as soon as possible.

In the second resolution ECA invites the Executive Secretary to keep himself and the Member States of the Commission informed on the constant evolution of the influence exerted by the European economic grouping on the economy of the African countries, and to study the various means by which regional markets may be created to support industrialization in Africa with a view to the establishment of an African Common Market calculated to promote general development in that continent.

The Executive Secretary of ECA made it known that in view of the importance of these problems he proposed to establish official relations with the EEC.

Another resolution adopted by the Economic Commission for Africa provides for the creation, as part of this Commission, of a permanent Trade Committee and instructs the Executive Secretary to set up in 1961, or as soon as may be thereafter, a special Trade Committee for Africa, to study the commercial and other measures which could be considered for the African countries as a whole.

Inter-European trade problems

7. After a meeting of the examining committee set up by the Committee on Trade Problems, and in preparation for the next meeting of the study group, which had been postponed and was to take place on 16 and 17 March, the staff of the Commission prepared various studies to establish the value of the imports of certain categories of products on the list of the EEC and on the lists of the EFTA countries, and to ascertain the total customs yield from the EEC list. These studies can help in reaching an agreement on the best way to use the tariff and statistical information acquired in the search for solutions to the short-term problems of inter-European trade.

Establishment by the associated countries of missions at the seat of the Community

8. It is to be expected that in the near future missions will be established by several associated overseas countries at the seat of the EEC. The Commission has already given its agreement to the appointment of M. Djime Momar Gueye as the representative of the Republic of Senegal. The procedure required for the appointment of the representative proposed by the Gabonese Republic has been completed; that for the representatives proposed by the Republic of Togo and the Somali Republic is in train. The governments of other associated overseas countries have also intimated that they intend to establish direct missions at the seat of the EEC.

The establishment of missions from non-member countries at the seat of the Community

9. On 24 February 1961 the new Heads of Mission of Ireland and Japan, Ambassador Francis Biggar and Ambassador Takeso Simoda, presented their letters of credence to President Walter Hallstein.

Moreover, the appropriate institutions of the EEC have accepted the request of the Government of Uruguay to establish diplomatic relations with the Community. The Head of Mission has not yet been nominated.

ECONOMIC AND FINANCIAL AFFAIRS

Note on economic trends

10. No. 2 of the 1961 series of the Graphs and Notes on economic trends in the Community was published at the end of February.

The information available at that time showed a slight quickening in the expansion of industrial production in the Federal Republic of Germany and in the Netherlands, where the implementation of large investment programmes is making increasingly available more up-to-date productive capacity, making it possible to raise output at a brisk pace, although there are physical limits to its expansion. In France and in Italy, on the other hand, the weakening of external demand brought about a certain decline in the rate of expansion. In Belgium, this same factor even entailed an almost complete standstill of industrial production at the end of the year, whereas in the Grand Duchy of Luxembourg the stabilization of the level of production seems to have been due to the full use of capacity.

The rate of growth of the Community's imports from non-member countries again fell off slightly. The change was however most noticeable in Belgium and to a smaller degree in France and Italy, whereas imports continued to increase at a lively rate in the Federal Republic of Germany and in the Netherlands.

The deterioration in the trade balance of the Community over recent months was largely seasonal in character. In fact, although imports continued to rise whilst exports increased at a slower pace, the terms of trade showed a slight tendency to improve.

Continued expansion in the Community, the rate of which varies from country to country, is in the first place due to internal demand. Investments continued to grow and private consumption remained very considerable.

The increase of consumer expenditure by households over the whole of 1960 may even be assessed in real terms at 6 %. This growth was largely due to the considerable increase in the incomes of wage-earners. In the fourth quarter of 1960 this continued to rise in the Federal Republic of Germany, where increases were stimulated by tightness on the labour market, and in France and even in the Netherlands, where the stability of basic wages concealed an increase in actual earnings caused by the improvement in fringe benefits. In the other countries these trends towards higher wages are less pronounced and in Italy there is even a certain decline because movements in the cost-of-living index have not, in recent months, led to any adjustments under the sliding-scale system.

Consumer prices continued their tendency to rise in most member countries, although in the various countries the causes are to be found in different sectors. In France and Italy the rise in the index of consumer prices was largely due to the increase in controlled rents. The cost of the other services also continued to rise in most of

the Member States. The price of foodstuffs went up in Italy, France and the Federal Republic of Germany, but this was in part due to seasonal influences only. Prices for industrial products were well maintained in all six countries and even rose considerably in the Federal Republic of Germany, where the pressure in the economy remained particularly high.

The revaluation of the German Mark and the Dutch Guilder

11. The Federal Republic of Germany decided to reduce the dollar parity of the German Mark from 4.20 to 4.00, which is tantamount to a revaluation of approximately 4.75 %. The Commission was informed of this project as soon as it had reached the stage of decision.

In the Monetary Committee and in the Committee on Policy relating to Economic Trends this decision had been preceded in June 1960 by thorough discussions of the problems caused by the balance-of-payments surplus in the Federal Republic of Germany. In the course of these discussions the representatives of the Commission and of the Member States had an opportunity to state their views on these problems. It will be remembered that Article 107 of the Treaty says that "each Member State shall treat its policy with regard to exchange rates as a matter of common interest."

Basing itself on the opinions expressed by the Monetary Committee and the Committee on Policy relating to Economic Trends, the Commission had found that the continuous large balance-of-payments surplus justified the view that there was a lasting disequilibrium between the Federal Republic of Germany and the rest of the world. It was considered that if there were no revaluation of the Mark, the inevitable adjustment of the German economy to the requirements of external equilibrium would take the form of a rise in the level of German prices, even if the considerably increased export of capital were taken into account.

Since the Netherlands were facing certain problems analogous to those of the Federal Republic of Germany and have particularly close commercial links with Germany, the Netherlands Government, too, informed the Commission of its decision to revalue the Guilder in line with the Mark.

The Commission has welcomed these decisions taken by the German and Netherlands Governments as making a contribution to the maintenance of internal stability in the Member States and to the re-establishment of international monetary equilibrium.

The European Investment Bank

12. The Board of Directors of the European Investment Bank held one of its regular meetings on 24 February 1961.

It approved three loan operations involving a total of approximately 27 million units of account.

With two of these operations the Bank is taking its first step in the field of transport to finance infrastructure projects for the modernization and strengthening of the Genoa-Modane-Chambéry line, the most important railway link between Italy and France.

A loan of 21 million units of account was approved to assist with the changes being made by the Italian Railways in the type of current used on the Genoa-Modane line. The new system of traction, which is more economical, will also make possible a considerable increase of the line's capacity and will contribute to the unification of electric traction on the Italian railway network.

A parallel project involving 4 million units of account was also approved, under which the French National Railways are to extend the stations at Modane and St. Jean de Maurienne and improve certain installations on the Modane-Chambéry line. The two projects will considerably increase the capacity of this line, so that it will be able to cope with the rapid growth of traffic.

A loan of some 2 million units of account was approved for the construction by the Société Progil-Bayer-Ugine of a factory near Grenoble to produce certain chemical products for the manufacture of synthetic foam plastics and varnishes. This new installation establishes at Common Market level an association of the capital as well as of the technical and commercial know-how of German and French companies. It also amounts to an effort at decentralization on the part of the German company, whose installations in Germany are particularly highly centralized.

THE INTERNAL MARKET

The freedom of establishment and the free supply of services

13. As reported in the previous Bulletin, the Council has submitted to the European Parliament and to the Economic and Social Committee the general programmes on the freedom of establishment and the free supply of services.

The Economic and Social Committee gave its opinions on 1 and 2 February. In the main, the general programmes have been approved, subject to some remarks, suggestions and amendments which chiefly concern handicraft activities, public tenders, agricultural activities and the timetable.

The Economic and Social Committee wishes to see specific mention in the general programme of the fact that, when one and the same group of activities is freed, different directives will be drawn up according to whether industrial activities or activities of handicraft character are concerned. This leads to certain difficulties, the chief of which arises from the absence of any definition of handicrafts common to the six countries.

As regards public tenders, the Economic and Social Committee requests that the same regulations be used both for freedom of establishment and for the supply of services and that restrictions be eliminated in the two fields simultaneously, to prevent any evasion with the aid of arbitrary legal jugglery.

As for the timetable of liberalization, the Committee considers that it is inadvisable to distinguish between public and private orders and that, consequently, public tenders should be given their place in the timetable planned for the various activities in the two general programmes and not only in that on establishment.

Nevertheless, as an exception to this principle, the Economic and Social Committee wishes to see a special solution for public tenders concerning "public buildings and public works", covering both the services and the establishment aspects of the problem.

It proposes that a committee of experts be set up to show, before 30 June 1961, what problems will have to be solved if restrictions in this field are to be abolished, and to submit to the Commission, before the end of 1962, solutions to these problems on the basis of which the Council may make its decisions.

The Economic and Social Committee suggests that the Council, after having consulted the European Parliament and the Committee itself, should, before the end of 1963, pronounce on the solutions necessary for an initial co-ordination, and that with effect from 1963 liberalization should be gradually introduced and be completed before the expiry of the transition period.

In the timetable, which was adopted with a few changes, the Economic and Social Committee proposes some acceleration on certain specific points, such as the construction of locomotives and the pharmaceutical and tobacco industries.

14. On 10 March the Parliament adopted the opinion for which it had been asked on the general programme for the abolition of restrictions on freedom of establishment.

In this opinion, which on the whole approves the proposals of the Commission, the Parliament "stresses the need for taking into account, when applying the right of establishment, the problems connected with long-term economic policy, the free movement of workers, the harmonization of wages and the free movement of capital, as well as the need to fit the right of establishment into the general framework of agricultural, transport and development policy."

The Parliament also commented on the proposal for a general programme concerning the problem of public tenders. It asked that care should be taken to ensure that the right of establishment for nationals of overseas countries and territories should not be limited to those activities freed before 31 December 1962.

On the same day the Parliament finalized its opinion on the Commission's proposed general programme for the abolition of restrictions on the free supply of services.

In this opinion the Parliament requests the Council to adopt this general programme without delay and asks the Commission to submit to the Council the implementing directives as they are worked out. The Parliament's opinion modifies the proposal on several points, especially with regard to the timetable, to insurances (an exception is requested for re-insurance firms) and cinematography.

In its opinion on the general programme, the Parliament also introduced a new heading on working conditions.

15. The Council, for its part, has begun the technical study of these two programmes.

As part of the work being done prior to a decision by the Council on these two programmes, the sub-group on freedom of establishment and services in connection with public works, which was set up at the last meetings of the mixed Working Party on public contracts, held its first meeting on 9 and 10 February.

The national delegations were unanimous in accepting the principle of a progressive liberalization of services in the field of public works. Close attention was given to a proposal that there should be freedom to bid for all public works contracts and that progressive percentages in relation to the overall amount of contracts awarded in the course of one reference year be laid down. Each Member State would be free to exceed these percentages.

Most of the delegations believe that this system of liberalization could come into force before the end of 1963.

Problems of trade and distribution

16. On 28 February the Commission called a meeting of the heads of the departments responsible for trade and distribution in the Member States. They were addressed by M. Ortoli and M. Verloren van Themaat on the problems created by commercial activities in the light of the Treaty of Rome, and each head of delegation in turn explained the commercial problems existing in his country.

It emerged that the commercial structures in the six Member States differed widely, but that the developments now becoming visible seem to follow the same trend everywhere. Closer co-operation could be introduced between the staff of the Commission and the national administrations in order to arrive at a better understanding and a modernization of distribution, especially with regard to the cost of distribution, basic research, vocational training and further training and consumer information.

Harmonization of customs legislation

17. Since the common customs tariff provides that rates will be charged by weight for certain products, either permanently or from case to case (products liable to

an ad valorem duty coupled with a minimum charge based on gross or net weight), the Commission has drawn up a draft recommendation defining the terms "gross weight" and "net weight", which will make it possible to apply uniformly the duties laid down in the common tariff. Moreover, certain products contained in List G are subject to duties calculated by weight. The Commission's recommendation for the approximation of statutory and administrative regulations in the customs field will make it possible to calculate these duties.

The recommendation defines "gross weight" as the combined weight of the merchandise and all its wrapping. The term "net weight", the definition of which varies in the different countries, is defined as the weight of the merchandise as such, without any of its wrapping.

COMPETITION

State aids

18. On 24 January 1961 the Commission called a meeting of government experts in order to define, for purposes of indirect taxation, the scope of the list of existing aids drawn up by the Commission under Article 93 (1) of the Treaty, and to discuss the scope of the Commission's action in the field of aids, and the publicity to be given to it.

On the first point, the Member States will provide the Commission with supplementary information which will be studied by an ad hoc working party.

A further meeting is planned to take place in March; this will also deal with certain matters of principle and method raised by the implementation of the provisions on aids contained in the Treaty, especially in connection with the interpretation of the expressions "aids granted by States" and "State resources" referred to in Article 92 (1). There will also be discussion of the conditions under which it will be possible to investigate the aids given under arrangements made in accordance with outline laws.

19. The two Working Parties set up to facilitate and make use of the inquiry into export aids met on 11 January and 16 February 1961 respectively to study the measures of export financing and other related guarantees; they met on 26 January 1961 to consider other export aids. As a result of these meetings it has been possible to sketch certain ideas for the further examination procedure in view of what has been undertaken elsewhere. Steps have been taken to harmonize the work of these two groups with the work of the Group for the co-ordination of policy on credit insurance, guarantees and financial credits, established with the Secretariat of the Council.

Italian aid to shipbuilding

20. In conformity with the first sentence of Article 93 of the Treaty, the Italian Government on 11 August 1960 drew the attention of the Commission to a draft law amending the system of aid to Italian shipbuilding (Tambroni Bill). The draft law in question provides for a certain increase in aid to shipbuilding. The Italian Government justified these measures by the very serious crisis which Italian shipbuilding is undergoing and by the economic and social problems caused by the surplus of labour in the Italian shipyards.

The staff of the Commission and experts of the Member States have carefully studied this draft law. The Commission has declared the draft compatible with the Common Market under the provisions of Article 92, which says that aids intended to facilitate the development of certain activities or of certain economic regions may be deemed to be compatible, provided that the Italian Government carries out the rehabilitation programme proposed for shipbuilding and that it takes the necessary measures to ensure that these aids shall not cause appreciable prejudice to the competitive position of shipyards in the other Member States. The Italian Government must, within six months after the entry into force of the law, submit to the Commission a final rehabilitation programme for shipbuilding. Moreover, the Italian Government will submit to the Commission half-yearly progress reports on this programme and on the methods by which the aid machinery is operated.

The Commission will see to it that the conditions set out above are fulfilled.

The other Governments of the Member States will be immediately notified of the decisions, which will also be published in the official gazette of the European Communities.

21. In the last few weeks the French Government has informed the Commission of the abolition of aids which had so far been given through the Textile Fund to staple fibre production and silk production, and to the Haute Couture. For its part, the Italian Government has declared itself ready to submit to Parliament a draft law to abolish the still existing differential rates of motor vehicle tax paid by residents in Italy according to the origin of the motor vehicles they purchase.

Provisions applicable to enterprises

Implementing regulation under Articles 85 and 86 concerning agreements

22. The proposal which the Commission has worked out for a first regulation to implement the principles laid down in Articles 85 and 86 is at present under study in the Economic and Social Committee and in the Parliamentary Committee on the Internal Market. At its plenary session from 7 to 10 March 1961, the Parliament referred the proposed regulation to the Committee on Long-Term Economic Policy

for its opinion. (This Committee has now been renamed the Economic and Financial Committee.) The Commission is engaged in bilateral discussions on this subject with the Governments of the Member States.

Dumping

23. So far the Commission has brought 11 cases under Article 91 (1). Six of these concern the chemical industry, three the foodstuffs industry and two the medical instruments industry. Six applications have been made by trade associations, two by injured enterprises and three by official authorities of the Member States. In these complaints a total of 26 enterprises have been cited as originators of dumping practices.

The proceedings have led to the following results :

- (i) In four cases no action was taken because either the complaint was unfounded from the outset or it lost its justification during the proceedings as a result of a change in the factual situation;
- (ii) In two cases the plaintiffs have withdrawn their complaint finally and in two others they have done so provisionally;
- (iii) In two cases the complaint has given rise to the despatch of a recommendation to one of the enterprises against whom the complaint had been brought, whereas the complaint was rejected with regard to the other enterprises concerned, because it had lost its justification during the proceedings as a result of a change in the factual situation;
- (iv) In one case the complaints are still under consideration.

Fiscal problems

The harmonization of turnover taxes

24. On 22 and 23 February Study Group B of Working Party No. 1 (harmonization of turnover taxes) examined the draft report proposed by the Fiscal Problems Directorate as an introduction to the reports of Study Groups B and C. In this draft preliminary report it has been possible to deal separately with certain points of a general nature and certain technical aspects common to the various fiscal systems examined in the reports of Study Groups B and C. A new draft report will be drawn up and will take into account the observations made. It will be examined at a future meeting. Study Group A has finished its review made on the assumption that physical controls at the frontiers are abolished. A draft report

for Working Party No. 1, reflecting the various opinions of the delegations, will be drawn up by the staff of the Commission and will be discussed at a future meeting.

Compensatory charges and drawbacks on exports

25. The Commission has continued its discussions with the Italian Government for a satisfactory settlement, in accordance with the provisions of Article 97, of the situation created by Italian measures concerning the raising of compensatory charges and those concerning drawbacks on exports.

SOCIAL AFFAIRS

Employment problems

A meeting of experts on employment in agriculture

26. The experts who had been requested by the Commission to carry out the study on employment in agriculture in the six Community countries met in Brussels on 3 February at the initiative of the Commission.

The purpose of the meeting was to compare the statistical material available to the experts appointed by the Commission and to study the difficulties arising in the collection, interpretation and presentation of these documents. The experts were able to co-ordinate their work, and this co-ordination is indispensable to the Directorates-General (Social Affairs and Agriculture) responsible for drawing up the synoptic report, based on the experts' individual reports. The individual reports are to be addressed to the Commission by 30 June 1961.

Winter unemployment in the building industry

27. Management and labour in the building industries, represented by the ICFTU, the IFCTU and the Union of Industries of the European Community, met in Brussels on 15 February at the initiative of the Commission to examine the report prepared by the Commission's staff on winter unemployment in the building branch in the EEC member countries. A further purpose of the meeting was to decide on the advisability of extending the scrutiny to the other problems relating to employment, and examining how a more thorough study of the complementary social security systems in the building industry could be carried out.

On the whole, this meeting achieved concrete results. Those taking part were unanimous in wishing that the Commission will undertake a detailed examination of the present situation and trend of employment in the building industry and of any possible solutions to the problems arising. They also approved without reserve the Commission's decision to undertake a study of the complementary social security systems in the building industry.

Social security

A study on social security in the EEC countries

28. On 21 and 22 February 1961 the Commission convened the experts who have been entrusted with the task of drawing up a study on the state of social security in the Community countries at the beginning of the Common Market. The study is to summarize the systems in force in the six countries.

At the meeting the experts and rapporteurs reviewed the first elements of the summary bearing on factors determining the general trend, organization, categories of persons protected and financing.

Exchange of trainees between the social security institutions

29. The Commission called a meeting on 17 February of the officials in the Member States charged with co-ordinating at the national level exchanges of trainees between the social security institutions of the six countries. The Commission is organizing these exchanges in 1961 in co-operation with the High Authority.

The first part of the courses will take place with the Commission's staff (or with that of the High Authority for trainees from social security institutions serving coal-miners) and the second part in a social security institution of a country other than the trainee's own, and their special purpose is to form experts in the application of Regulations Nos. 3 and 4 on the social security of migrant workers.

After an introductory review the following points were examined : the choice of trainees and institutions, the position of the trainees and the programme and supervision of the training periods.

A staggered schedule of the training-periods for the 26 trainees in 1961 has been drawn up. The first periods will begin in April.

Complementary social security systems

30. When they were brought together in Brussels on 7 February by the Commission, the representatives of both sides of industry gave a favourable opinion on the planned study of the complementary social security systems submitted to them for examination at a previous meeting and promised their support for it.

This study will bear on all the complementary systems, whatever the risk covered, and will be undertaken initially in the following six industrial sectors : building and public works, chemicals (excluding rubber), printing, manufacture of paper-pulp, paper and cardboard, motor cars and textiles or porcelain (final choice still to be made).

The Administrative Committee for the Social Security of Migrant Workers

31. The Auditing Committee attached to the Administrative Committee for the Social Security of Migrant Workers held its second session on 9 and 10 February 1961. Draft rules of procedure and details of the statistical part of the Administrative Committee's annual report were established. The Committee also agreed on the desirability of continuing the studies undertaken on the average cost of benefits in kind.

The preparatory work on the way in which matters will be prepared for submission to the Auditing Committee was also considered by the Administrative Committee, which will continue the examination of this point at the next session.

The Social Security of Migrant Workers

32. The Administrative Committee for the Social Security of Migrant Workers held its 23rd session on 1, 2 and 3 March 1961.

The greater part of this session was devoted to a second examination, for an opinion, of the revised drafts of the complementary regulations concerning the social security of frontier workers on the one hand and of seasonal workers on the other.

A representative of the European Commission has laid before the Administrative Committee the comments made by both sides of industry at a meeting held on 23 February to obtain their views on the regulation being drawn up.

An agreement was reached on a certain number of questions of principle. Other questions will have to be decided by the representatives empowered by their Governments to do so.

The Administrative Committee has nominated a group of experts to study the legal and medical aspects of the problems of "compensation" for industrial diseases.

The Administrative Committee also discussed its programme of work for 1962 and drafted estimates of the corresponding expenditure.

AGRICULTURE

The common agricultural policy

33. The Special Committee entrusted with the task of preparing the Council's decisions on the common agricultural policy held its 10th meeting on 2 and 3 March. It continued the discussion of the levy systems which are being contemplated for grain and pigmeat. Following an initial exchange of views on the Commission's proposals for a common policy in the fruit and vegetables sector, the Committee requested the Commission to convene the government experts in this sector for

a detailed examination of the Commission's proposals. These include in particular the establishment of a common market organization based on common rules of competition, in the framework of which great store is set by the obligatory standardization of products and the abolition of government aids and trade practices which distort competition between the Member States.

The Committee also had an initial discussion on the Commission's proposals for the wine sector, particularly where they concern the opening by France and Italy of import quotas for wine in the cask, a step which is to be accompanied by market organization measures.

With this end in view the Commission will in the near future arrange a meeting of government experts on wine questions.

Meetings of government experts on grain and pigmeat took place in February. The Commission reported to the Special Committee on the main points it had worked on with the experts. In conformity with the Council's resolution on levies, the Commission will draw up, in the coming weeks, texts for submission to the Council on the application of the first measures in the two sectors concerned.

The working party set up by the Special Committee has held its first meeting. Its task is to examine the Council's draft regulation on the application of certain rules of competition to agriculture and to trade in agricultural products.

Questions concerning trade between Member States

34. The working party set up by the Council to examine the Commission's proposals on the determination of objective criteria for the application of minimum prices met on 17 February and 1 March. Bearing in mind the European Parliament's resolution on the draft decision it had presented and discussions held up to now in the Council, the Committee of Permanent Representatives and the working party, the Commission has been considering various improvements to its proposals. The resulting modified proposal is to be discussed at the Council meeting of 20 March.

The amendments bear particularly on the reference base to be adopted when intervention prices are applied, on the presentation at regular intervals of a report to the Parliament, and on the procedure to be followed in the case of the periodical revision of the criteria. One of the amendments requests that "the Member State establishing minimum prices on the basis of Article 44 of the Treaty shall adopt simultaneously the import system applied vis-à-vis non-member countries to the extent necessary to allow of the development of a natural preference among the Member States. The Member State shall notify the other Member States and the Commission of the measures it is taking in this respect."

In co-operation with the government experts, the Commission has examined the technical problems of applying a countervailing charge under Article 46 of the

Treaty to imports of honey and malt substitutes into Germany and of compound animal feeding stuffs into France.

As for dried whole milk, the Commission has adopted a decision for a countervailing charge on imports into the Federal Republic of Germany under Article 46. This decision will have to be effective on 31 December 1961. The acceleration decision is expressly mentioned.

On 8 March 1961 the European Parliament adopted an opinion on the Commission's proposal concerning a decision of the Council providing for the levy of an import charge in a Member State on certain goods manufactured from agricultural produce. Whilst the Commission's draft proposal stipulated that a Member State may levy a countervailing charge on the entry of the goods in question, the Parliament's opinion requests that the exporting Member State should be able, subject to the agreement of the importing country, to apply this charge. The opinion adds that the decision in question shall be applicable during the transition period.

Harmonization of legislation

35. In connection with work on the harmonization of agricultural and foodstuffs laws the fourth meeting of the "additives" sub-group, the fifth of the cocoa sub-group, the first of the livestock feeding stuffs sub-group and the first of the jams and preserved fruits sub-group were held in February. Work on a detailed comparison of national laws has continued with the aim of establishing a common text. Substantial progress has been made in the case of certain products.

TRANSPORT

The common transport policy

36. In February and March the Commission began the examination of a draft memorandum on the general lines of the common transport policy.

The examination of the questions concerning the establishment of common rules for international transport is being carried on in the general framework of the common transport policy.

Aids

37. A questionnaire and an explanatory note on the transport aids granted by the member countries have been drawn up and will be sent to the Governments.

It will thus be possible for the Commission to examine the measures of aid to transport and to judge their compatibility with the provisions of the Treaty. Article 77 stipulates that "aids which meet the needs of transport co-ordination or which constitute reimbursement for certain obligations inherent in the concept of a public utility shall be deemed to be compatible with this Treaty."

Transport conditions and rates

38. The preparatory work on the provisions of Article 80 (prohibiting, as from the beginning of the second stage, the imposition by a Member State of rates and conditions involving any element of support or protection in the interest of one or more enterprises or industries) has been pushed forward vigorously. The Commission's staff has continued its examination of the published transport rates and conditions which could come under Article 80. It has also endeavoured to find a procedure by which it could have cognizance of the contents of secret agreements between carriers and users of transport.

Talks are being held with the responsible services in the Netherlands where secret agreements in the railway sector are common practice.

Uniform nomenclature for goods

39. The experts entrusted with the task of establishing a uniform nomenclature for transport statistics had noted that the application of such a nomenclature in road transport raised particularly delicate problems. A special group of transport experts has been instructed to examine these.

The meeting of this group took place on 1 and 2 March 1961 in Brussels, with government experts from the six countries taking part. The Swiss Government and the International Road Transport Union each sent an observer.

The experts concentrated on two questions :

- a) The objectives of the application of the uniform nomenclature and, consequently, the definition of road transport for which statistics are to be established on the basis of that nomenclature.
- b) The examination of census methods and the fixing of the application procedure.

Since the census of internal road transport is being carried out on very diverging lines and, in several instances, by sample surveys, the organization of the enquiries and the choice of methods has been referred to a working party of specialists on sampling from the statistical offices of each country.

OVERSEAS DEVELOPMENT

Relations with the African States

40. Diplomatic representation of associated overseas countries with the EEC has already been established in some cases, and is pending in others ⁽¹⁾.

Requests for a meeting at ministerial level between the Community and the associated States

41. The Presidents of the Republics of Congo (Brazzaville), Ivory Coast and Dahomey have written to the President of the Commission recalling the decisions on the application of the speed-up to the associated countries and territories (12 May and 19 and 20 December 1960), and expressing the hope that the problems pending between the Community and the associated States might be referred to a meeting at ministerial level, such as the Council had accepted in principle on 19 October, of the representatives of the Member and associated States and the members of the Commission.

The Council has examined these requests with all the attention they deserve and at the end of its discussions was happy to be able to note that the request submitted by these associated States was made in the same spirit as that which animated the Council.

Just as its own discussions are adequately prepared at ambassadorial level, the Council agreed to suggest to the associated States that they follow the same practice for meetings to be held at ministerial level between them and the Community.

In view of the above the Council agreed to invite the Governments of the associated States to take part in a preparatory meeting at ambassadorial level with a further meeting at ministerial level in mind.

M. Léon M'Ba, President of the Gabonese Republic, has already replied to this invitation, and has named his country's two representatives.

42. At its session from 7 to 10 March 1961, the European Parliament set up a working party to prepare the basic documents for the Euro-African parliamentary conference to be held from 19 to 24 June 1961.

Right of establishment

43. At an extraordinary session on 14 January 1961, the National Assembly of Niger approved a law for the application of the directives fixing the terms and condi-

⁽¹⁾ See above, "External relations", sec. 8.

tions for the progressive implementation of the right of establishment in the overseas countries and territories, and in the French overseas departments. These directives were adopted by the Council of the European Economic Community on 23 November 1959 (official gazette of the European Communities, No.7, dated 10 February 1960). They provide for wider opportunities of access for Community nationals and for companies with their head offices in the Community.

Trade

44. The problem of the formulation of proposals for the renewal of the implementing Convention relating to the association of the overseas countries has led the Commission's staff to carry out a certain amount of research on trade in relation with the work in other sectors, such as the results of the third session of ECA at Addis Ababa and the tariff negotiations in GATT.

The studies concerning the stabilization of prices for the principal tropical agricultural products were completed and submitted for examination by the government experts at two meetings. At these meetings concrete proposals which the Commission will submit in the near future to the Council, in conformity with the decision taken on 15 December 1960, were worked out.

The projects contemplated might consist in the institution at the level of the Communities of a fund to finance short-term stabilization operations so that the associated States could enjoy more regular income from their external trade. There would be no question of production subsidies, but of repayable loans.

For each product involved in such operations, the fund would make payments during slack periods to be repaid when business improved. There would be no interference in commercial dealings, and the consequences of this non-intervention would be that the action proposed would be free of any taint of discrimination. The operating expenses of the body suggested would be covered by repayments from the associated States when prices were on the upward surge of the wave. Nor would there be any interference in the fiscal aspects of agricultural trade policy in the beneficiary States. Aid would be granted on the express request of these States. The field of application of these operations would be limited to the exports of plant products, at least at the present stage.

In the framework of the systematic study of the problems of marketing tropical goods, the Commission is continuing its work on roasted and raw coffee, cocoa, bananas and tropical woods.

The opening of tariff quotas for tropical woods has been studied at expert level and the special case raised by the Italian banana monopoly is being examined with particular care by the services concerned.

Work has also continued on the question of opening, in the associated overseas countries and territories, quotas for those products, in iron, steel and castings for which the ECSC is competent.

The European Development Fund

45. In February the Commission approved the financing by the European Development Fund of the following two social projects :

In the Department of Réunion

Sanitary improvements at Saint-Denis, with a provisional commitment of 697,000 u.a. (about 172,000,000 frs. CFA).

Drainage arrangements at Saint-Denis are at present extremely precarious. The waste water goes into cesspools, soil-tubs and septic tanks and the rain water is carried away through a makeshift network of drainage streams which is very incomplete and quite inadequate in periods of average or heavy rain. The rapid growth of population and the density of dwellings are making the situation steadily worse.

The project, which is for an operation that is technically independent of other work and has been given priority over it, will permit improved sanitation in the most thickly populated part of the town and fit in with a recently approved town-planning scheme.

In Netherlands New Guinea

An aerial survey of Netherlands New Guinea, with a provisional commitment of 3,099,000 u.a. (about 11,775,000 guilders).

The work, which will cover about 80% of the area of the territory, is part of the general reconnaissance programme of the country, under which the European Development Fund has already financed missions for geological and demographic study. Only when this research programme is completed will it be possible really to get down to the problem of developing Netherlands New Guinea.

During the same period the following financing conventions were signed :

a) A financing convention with the Republic of Senegal, for two economic projects, with a provisional commitment of 2,545,000 units of account.

b) Two financing conventions with the Republic of Mali, for two economic projects and one social project, with a provisional commitment 2,795,000 units of account.

**OPERATIONS
OF THE EUROPEAN DEVELOPMENT FUND**

Financing approved — Situation on 28 February 1961

(in thousands of units of account)

| Countries or Territories | Number of projects | Total amount |
|--------------------------|-----------------------|--------------|
| Congo (Leopoldville) | 8 | 9,384 |
| Ruanda-Urundi | 9 | 2,297 |
| Total | 17 | 11,681 |
| Cameroun | 8 | 7,322 |
| Central African Republic | 8 | 3,372 |
| Comores | 1 | 81 |
| Congo (Brazzaville) | 4 | 2,768 |
| Ivory Coast | 6 | 5,188 |
| French Somali Coast | 1 | 742 |
| Dahomey | 7 | 1,595 |
| Gaboon | 5 | 5,070 |
| Upper Volta | 7 | 4,781 |
| Madagascar | 14 | 13,282 |
| Mali (ex Sudan) | 12 | 5,980 |
| Mauritania | 3 | 2,343 |
| Niger | 2 | 7,290 |
| New Caledonia | 4 | 273 |
| Polynesia | 2 | 2,769 |
| Senegal | 6 | 13,656 |
| Chad | 6 | 8,067 |
| Togo | 9 | 5,204 |
| Réunion | 1 | 697 |
| Group of States | 2 | 5,251 |
| Total | 108 | 95,731 |
| Somali Republic | 1 | 1,950 |
| Netherlands New Guinea | 6 | 12,487 |
| Total | 132 | 121,849 |

- c) Two financing conventions with the Republic of Ivory Coast, for one economic project and one social project, with a provisional commitment of 1,702,000 units of account.
- d) One financing convention with the Republic of Togo, for an economic project, with a provisional commitment of 1,500,000 units of account.
- e) One financing convention with Netherlands New Guinea, for a social project, with a provisional commitment of 680,000 units of account.

46. In a letter addressed to the President of the Commission, the Permanent Representative of France with the Community has informed the Commission that the French Government, drawing the appropriate conclusions from the achievement of independence by the associated overseas countries, will no longer be a co-signatory to the financing conventions concerning : the Republic of Cameroun, the Central African Republic, the Republics of Congo (Brazzaville), of Ivory Coast, of Dahomey, of Gaboon, of Upper Volta, of Madagascar, of Mali, of Mauritania, of Niger, of Senegal, of Togo and of Chad.

(The original procedure, which was applied to non-autonomous territories, laid down that a financing convention had to be signed by the local Government and the Government of the member country having special relations with the country concerned.)

Visits

47. During a visit to Brussels on 8 February, M. Rabemananjara, Minister of State responsible for economic affairs in the Government of the Malagasy Republic, met President Hallstein, M. Lemaigen, a member of the Commission and President of the Overseas Development Group, M. Hendus, Director-General of Overseas Development, and the experts of the European Development Fund.

M. Coco Hospice, Finance Minister of Togo, was received on 20 February in Brussels by M. Robert Lemaigen.

48. M. Robert Lemaigen made a tour in Senegal at the beginning of March during which he examined with the Senegalese Government the different problems raised by the European Overseas Development Fund, and signed two conventions concerning, first, a project for an anti-tuberculosis campaign and, secondly, a Dakar-Niger railway project.

Student symposia

49. On 27 and 28 February the Commission organized a symposium for about 20 European and African students from the Institut d'Etudes Politiques of the University of Paris.

Technical Assistance

Washington meeting of DAG experts on technical assistance (20 to 24 February)

50. On the invitation of the United States Government a meeting of experts on technical assistance was held in Washington from 20 to 24 February 1961. A delegation from the EEC Commission and many observers from the United Nations and from the Specialized Agencies attended. M. Kristensen, Secretary-General designate of OECD, was in the Chair.

The experts' work was divided between two groups: one of these groups dealt with questions of terminology, statistics and the exchange of information on technical assistance, the other tackled problems raised by the evaluation of the development countries' requirements in human resources, and the confrontation of these requirements with the planned technical assistance programmes.

51. The technical assistance working party, which met within the framework of the Council, with the Commission taking part, exchanged views on the results of the meeting of the group of experts in Washington. It finalized a certain number of decisions on exchanges of information between Member States and on questions of technical assistance. These decisions give provisional approval to the Commission's proposals pending the results of DAG discussions.

52. An account of the Commission's work at the ECA meeting at Addis Ababa from 6 to 9 February 1961 is given in the Chapter on external relations ⁽¹⁾.

ADMINISTRATIVE AFFAIRS

Statute of service

53. As part of its work on the establishment of the Statute of service for the officials of the Community, the Council adopted at its 43rd meeting on 23 February 1961, at the first reading, the proposals concerning the system for "other employees".

In conformity with the provisions of the Treaties of Rome, this text will be submitted for an opinion to the European Parliament and to the Court of Justice of the European Communities.

Management of the Joint Services

54. The rules of administrative and budgetary management of the Joint Services, which had been adopted by the three European Executives, came into force on 1 February.

Publication of balance sheet

55. The European Economic Commission and the European Atomic Energy Commission have just published two volumes the first of which contains, separately by Communities and Institutions, the balance sheets and accounts covering budget operations for the financial year 1958. The second volume contains the report of the Committee of Control of the EEC and of the EAEC concerning the accounts for the financial year 1958.

This is the first report drawn up by the Committee of Control, which has been functioning only since July 1959. It covers the financial activities of the first budget year of the two Communities.

IV. Institutions and Organs

A. THE EUROPEAN PARLIAMENT

Re-election of the Bureau of the Parliament

The fourth constitutive session of the European Parliament opened on 7 March 1961 under the presidency of M. Granzotto-Basso, the senior member of the Parliament.

In his opening speech, the senior member, after recalling the fundamental progress achieved by the Community in 1960, emphasized the contribution the Parliament had made to it.

The Parliament confirmed in their office, for the parliamentary year now commencing, the members of the Bureau elected in March 1960.

The Bureau of the Parliament is therefore made up as follows :

President : M. Hans Furler (Germany — Christian-Democrat)

Vice-Presidents : MM. Fohrmann (Luxembourg — Socialist)

Janssens (Belgium — Liberal and associated group)

Rubinacci (Italy — Christian-Democrat)

Battaglia (Italy — Liberal and associated group)

Vanrullen (France — Socialist)

Kalbitzer (Germany — Socialist)

Vendroux (France — Liberal and associated group)

Blaisse (Netherlands — Christian-Democrat).

Speaking after his election, M. Furler pointed out first of all that the parliamentary year is beginning in a phase of European politics in which national interests seem to be coming once again into the foreground. In his opinion the first and most important task of the Parliament should be to combat this tendency and to stimulate the Governments to effective action to convince public opinion of the irreversible nature of European integration.

The speaker stressed the importance of the Parliament's achievements to date in strengthening the bonds between the European Community and the African States which have achieved independence.

Underlining the success of the preparatory meeting, held in Rome for the Euro-African parliamentary conference, M. Furler affirmed his conviction that the joint work of the European and African parliamentarians would have profound repercussions on all the States which participate in the renewed association.

Referring to the co-operation in foreign policy which is being established between the six Community Governments, M. Furler pointed out that the Parliament will strive to guide this collaboration along a path calculated to enhance the integration so far achieved.

During this session, which ended on 10 March, the Parliament held a number of important debates and adopted three opinions and three resolutions.

On 9 March the Parliament held an important political debate on the conference of heads of Government held in Paris on 10 and 11 February ⁽¹⁾.

Lastly, the Parliament debated the statement made at the preceding session by M. Marjolin, Vice-President of the Commissions, on the underlying economic trend in the Community at the end of 1960 and the outlook for 1961 ⁽²⁾.

The opinion on the Commission's proposal on a general programme for the abolition of restrictions on freedom of establishment

On 10 March the Parliament adopted an opinion on the proposal presented by the EEC Commission for a general programme to abolish restriction on freedom of establishment. In this opinion, the Parliament :

“

2. . . . stresses the need for taking into account, when applying the right of establishment, the problems connected with long-term economic policy, the free movement of workers, the harmonization of wages and the free movement of capital, as well as the need to fit the right of establishment into the general framework of agricultural, transport and development policy;

.

4. . . . draws attention to the fact that the solution of the problem of public tenders depends essentially on the extent to which the abolition of restrictions on the free supply of services is satisfactorily achieved, and that it is more especially important in this respect to synchronize the introduction of freedom of establishment with that of the supply of services;

.

7. . . . approves the general programme, proposed by the EEC Commission, for the abolition of restrictions on freedom of establishment, on the condition that the considerations and recommendations set out in its report by the Internal Market Committee be taken into account. In particular the Commission's desire that

⁽¹⁾ See above, Chapter II, page 13.

⁽²⁾ The text of this statement appeared in Bulletin I-1961.

the right of establishment for the nationals of overseas countries and territories should not be limited to those activities freed before 31 December 1962 should be borne in mind.

.....”

The opinion on the Commission's proposed general programme for the abolition of restrictions on the free supply of services

The Parliament also gave an opinion on the Commission's proposal concerning the free supply of services, in which it

“.....

8. ...requests the EEC Commission to re-examine the extent to which Articles 61 and 84 of the EEC Treaty exclude from the free supply of services air and sea transport, taking very special account of the fact that, under Article 106 (3), payments for transport services in general — i.e., including payments for sea and air transport services — are to be included in the general programme;

9. ...requests Member States to transmit to the EEC Commission and to the other Member States before their adoption drafts for the introduction or amendment of provisions on the supply of services in independent activities within the meaning of the Treaty, and to include in any new provisions of the same kind the conditions in which they shall be applied to suppliers of services referred to in the Treaty.”

In this opinion the Parliament also requests the Council to adopt the general programme without delay, and calls on the EEC Commission to convey to the Council, as they become available, the directives for the execution of the programme once adopted, so that the Council will always be able to consult the Parliament in good time.

This opinion entails several amendments to this programme, particularly with respect to the timetable: if the restrictions on freedom of establishment were to be eliminated sooner than provided for in the timetable, the free movement of services would have to be brought into effect at the latest simultaneously with the freedom of establishment. The opinion makes an exception for reinsurance companies.

Lastly, the Parliament's opinion introduces into the general programme a new section on working conditions. Undertakings supplying services as defined in the general programme must pay the labour employed for this purpose in another country at least the same wages as those prevailing in their own countries.

On 7 and 8 March, during the debate preceding the vote on this opinion, the Parliament had discussed M. Kreyssig's report on the general programme for the

abolition of restrictions on the freedom of establishment and a report by M. Thorn on the general programme for the abolition of restrictions on the free supply of services. In this debate M. Schaus referred to the problems which arise for transport under the two general programmes and gave further details.

M. Caron wound up the debate by affirming in particular that freedom of establishment would constitute an important step along the road to European unity. It will favour very many occupational groups, to whom it will give access to a vast European market.

The opinion on the levying of an import tax on certain goods manufactured from agricultural products

On 8 March the Parliament adopted an opinion on the EEC Commission's proposal with respect to a Council decision providing for the levying of a tax on the import into a Member State of certain goods manufactured from agricultural products ⁽¹⁾.

The resolution on the social situation of agricultural wage-earners

On 8 March, after the presentation of M. van der Ploeg's report and speeches by several members and by M. Levi Sandri, the Parliament adopted a resolution in which it voices in particular "its satisfaction that, in the proposals concerning the common agricultural policy, the EEC Commission has taken as a target better pay for agricultural workers through the elimination of the disparities prevailing in comparison with other occupational groups;

"heartily approves the European Commission's initiative for the convening of a conference with employers' and workers' representatives on social problems in agriculture and urges the European Commission to organize this conference as soon as possible on the basis of equal representation of all categories of farmers and agricultural workers;

.....

"considers that, generally speaking, an average working week no longer than the commonly accepted standards in other sectors of activity, and particularly in industry, should be introduced in agriculture;

"is of the opinion that the European Social Fund has an important task to carry out with respect to the readaptation and re-employment in other sectors of workers who cannot find work in agriculture, and requests the European Commission to see that the European Fund always acts in time;

.....

(1) See above, Chapter III, Agriculture, sec. 34.

“Again urges the establishment of a consultative committee on social affairs for agriculture in which the organizations of all the categories of farmers and agricultural workers set up in the framework of the Community would be represented on an equal footing.”

The resolution on the European Development Fund

Following a debate in which certain members of the Parliament voiced their concern at long delays occurring between the lodging of applications for financing and authorization for the European Development Fund to make payments, and after M. Moro's report, the Parliament adopted a resolution in which it “decides in particular to invite its responsible Committee to entrust one of its members with the carrying out of an information and study mission on the functioning of the Development Fund, the member in question to inform the Parliament as soon as possible of the results;

“Requests the EEC Commission to do everything in its power to aid this study and information mission.”

The draft implementing regulation pursuant to Articles 85 and 86

The draft of a first implementing regulation pursuant to Articles 85 and 86 of the Treaty has been referred back for an opinion to the Committee on long-term Economic Policy, Financial Questions and Investments (now called the Economic and Financial Committee).

The resolution on the financial year 1960

On 10 March, the Parliament adopted unanimously, on the basis of a report by M. Vals, a resolution concerning the closing of the Parliament's accounts for the financial year 1960.

The conference with the Parliaments of African States and of Madagascar

A working party has been set up to prepare the basic documents for the debate at the conference between the Parliament and the representatives of the Parliaments of the 15 African States and of Madagascar. This conference will take place at Strasbourg from 19 to 24 June next. The documents assembled by the working party will be submitted for an initial examination to the Euro-African Parliamentary Liaison Committee, set up at the Rome preparatory conference, which will meet in Bonn from 3 to 5 May. This working party comprises all the members of the Political Committee and of the Committee for co-operation with the development

countries. In conformity with the regulations, it has the status of a temporary special committee.

The resolution on the new names for the Parliamentary Committees

Lastly, the Parliament decided to alter the names of its Committees as follows :

1. The Committee on Political Affairs and Institutional Questions will be known henceforth as the "Political Committee".
2. The Committee on Commercial Policy and Economic Co-operation with Non-Member Countries will be known henceforth as the "External Trade Committee".
3. The Committee on Agriculture will not change its French and English names.
4. The Committee on Social Affairs will be henceforth known as the "Social Committee".
5. The Committee on the Internal Market of the Community will be known henceforth as the "Internal Market Committee".
6. The Committee on long-term Economic Policy, Financial Questions and Investments will be known henceforth as the "Economic and Financial Committee".
7. The Committee on the Association of Overseas Countries and Territories will be known henceforth as the "Committee on Co-operation with the Development Countries".
8. The Committee on Transport will not change its French and English names.
9. The Committee on Energy Policy will be known henceforth as the "Energy Committee".
10. The Committee on Scientific and Technical Research will be known henceforth as the "Research and Cultural Affairs Committee".
11. The Committee on Safety, Industrial Hygiene and Health Protection will be known henceforth as the "Health Protection Committee".
12. The Administrative Committee of the European Parliament and the Budgeting of the Communities will be known henceforth as the "Administration and Budgets Committee".

13. The Committee on the Settling of Legal Questions, Rules of Procedure and Immunities will be known henceforth as the "Legal Committee".

The debate on the economic situation in the Community in 1960 and the outlook for 1961 (statement by M. Marjolin on 19 January 1961)

Following the statement made by M. Marjolin on 19 January 1961 on the economic situation in the EEC in 1960 and the outlook for 1961, the Parliament on 10 March held a debate on the economic situation in the Communities.

Speaking as Chairman of the Economic and Financial Committee, M. Deist ⁽¹⁾ took the view that subject to reservations on certain developments in Belgium the underlying trend in 1961 remains favourable. In 1960 the national income of Belgium increased by only 4 % as against 8 % in the Federal Republic of Germany and the Netherlands. Referring to the problems raised by the deficit in the United States balance of payments, he thought that this problem was as important for the European economy as for the entire Western alliance. It could only be solved by the joint action of Europe and America. It was Europe's duty to show its solidarity, but this was also its own interest.

Referring to the recent revaluation of the Mark and of the Guilder, M. Deist regretted that there had been no consultations between the Federal Republic and the Netherlands prior to these operations.

For the same reasons M. Kapteyn ⁽²⁾ criticized the measures taken by Germany. M. Stark ⁽³⁾ replied that revaluation was inevitable. It was under the pressure of international circumstances that the German Government had had to modify the exchange rate of the Mark. M. Stark recalled that the Government of the United States had long been advising Germany not only to revalue its currency but also to increase its production costs.

Replying to the speeches, M. Marjolin said that he was still optimistic as to the business trends, as he had been in January. He declared that during the first two months of this year manifest growth in demand had continued in Germany, particularly in the capital goods sector. Vacancies are well above the number of unemployed, who represent about 1 % of the working population.

In the Netherlands the same trend may be discerned, although it is less pronounced.

Since the last months of 1960 a marked tendency for private investment to develop has been recorded in France. This constitutes a very favourable factor, in view of the ground lost by France last year to the other countries of the Community.

⁽¹⁾ Germany, Socialist.

⁽²⁾ Netherlands, Socialist.

⁽³⁾ Germany, Liberal.

Referring to the American measures for economic expansion, M. Marjolin affirmed his conviction that the resolve of the American administration will not simply be to halt the recession; it will not be satisfied with the restoration of economic activity to a level which would be too palpably beneath the capacity of the American economy.

As far as the revaluation of the Mark was concerned, M. Marjolin pointed out that "the Commission has asked the Monetary Committee to examine the situation and submit a report. The opinion of the Monetary Committee was followed a few months later by a report from the Committee on policy relating to economic trends. On the basis of the conclusions of these two committees, on which sit the best qualified men from the central banks and Finance Ministries of the Community countries, the Commission informed the German Government of its opinion on the situation confronting the Federal Republic."

The Commission "concluded that, without the revaluation of the Mark (which was for the German Government to decide), the result sooner or later would inevitably be an increase in production costs and prices in Germany, which would re-establish the equilibrium that had been upset."

"The revaluation of the Mark and the Guilder", M. Marjolin added, "will make it more difficult for Germany and the Netherlands to export, and facilitate their imports. From the Community point of view both these results are desirable."

"What seems obvious to me in any case," concluded M. Marjolin, "is the need to strengthen monetary co-operation, not only between our six countries, but between our six countries and the rest of the world."

"In this respect, we set great store by the establishment of the OECD which seems to us to be the setting in which it will be possible for the Common Market, the United States, the United Kingdom and the other countries of Europe and North America to maintain a constant exchange of views on the questions I have just been discussing."

B. THE COUNCIL

The Council of the European Economic Community held its 43rd session on 23 February 1961 in Brussels under the chairmanship of M. Pierre Wigny, Belgian Minister for Foreign Affairs. It dealt with the points set out below.

Association of Greece with the Community : The Council examined the few outstanding problems still causing difficulties in relation to the association of Greece with the Community.

Its discussions enabled it to draw up new instructions for the Commission likely to allow the points of view of Greece and of the Community to be brought closer

together and thus to make it possible for the final phase of the negotiations to be opened.

Associated overseas countries : with reference to the provisions concerning the adjustment of the association system fixed by the Council at its October 1960 session, several associated States — Ivory Coast, Dahomey and Congo (Brazzaville) — requested that a meeting at ministerial level should be organized between the associated States and the Community.

The Council examined these requests with all the attention they deserve, and at the end of its discussions was happy to be able to note that the request submitted by these associated States was made in the same spirit as that which animated the Council.

Just as its own discussions are adequately prepared at ambassadorial level, the Council agreed to suggest to the associated States that they follow the same practice for meetings to be held at ministerial level between the associated States and the Community.

In view of the above the Council agreed to invite the Governments of the associated States to take part in a preparatory meeting at ambassadorial level with a further meeting at ministerial level in mind ⁽¹⁾.

Tariff quotas

The Council has been informed of the state of work on the granting of tariff quotas under Article 24 (1) of the Treaty establishing the European Economic Community. It agreed to resume the examination of this question at its next session.

Negotiations relating to Article XXIV (6) of the GATT

The Council heard an account from the chairman of the Special "Article 111" Committee and from M. Rey on concessions to be offered by the Community to allow the negotiations under Article XXIV (6) of GATT to be brought to a conclusion. The Council then discussed the subject and decided on certain instructions for the delegation from the Commission which is conducting the negotiations.

The Statute of service

The Councils agreed on the special arrangements concerning the scientific or technical staff of Euratom.

⁽¹⁾ See Chapter III, sec. 4.

The texts agreed on will be transmitted, in conformity with the provisions of the Treaties of Rome, to the European Parliament for an opinion.

The Councils also agreed in principle on a draft regulation on the Community tax.

G. THE MONETARY COMMITTEE

The Monetary Committee met on 10 and 11 February 1961 with Jonkheer van Lennep in the chair. It examined the monetary and financial situations of Belgium and of Luxembourg. As part of its comparative studies on instruments of monetary policy available to the Common Market countries it analyzed the means of influencing liquidity which are available to the Netherlands monetary authorities.

Further, in conformity with the decisions made at the meeting held in The Hague on 13 and 14 January 1961 by the EEC Ministers of Finance, the Committee decided to set up a panel of experts to study the problem of international liquidity.

The Monetary Committee also met on 1 March with Jonkheer van Lennep in the chair. It drew up the third annual report of its activities, which will shortly be transmitted to the Council and to the Commission. This document will contain a summary of the Committee's conclusions on the monetary and financial situations of the member countries, as well as on general problems of monetary policy co-ordination.

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