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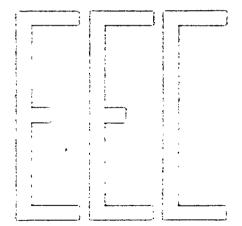
**EUROPÄISCHE** WIRTSCHAFTSGEMEINSCHAFT

**EUROPESE ECONOMISCHE GEMEENSCHAP** 

# BULLETIN

of the

**EUROPEAN ECONOMIC** COMMUNITY



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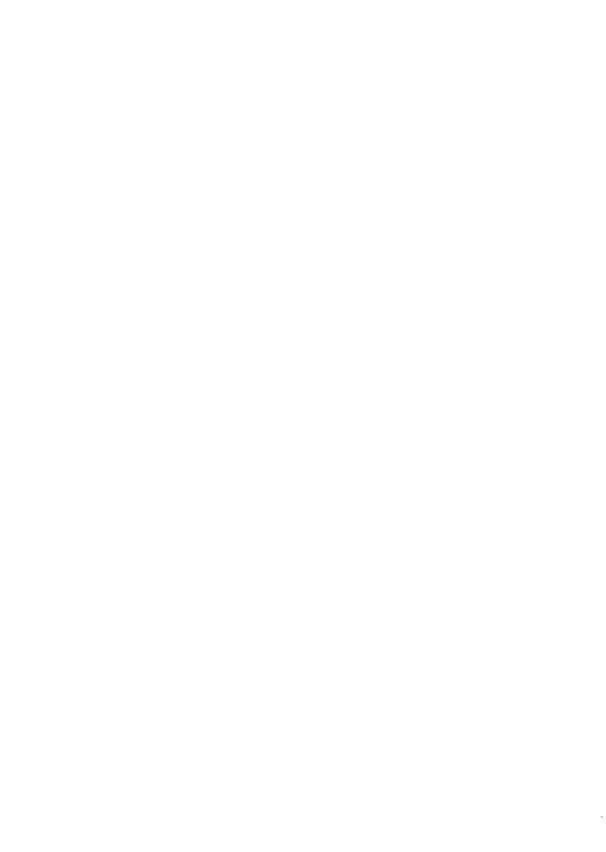
EIGHTH YEAR



# BULLETIN

of the European Economic Community

EXECUTIVE SECRETARIAT OF THE COMMISSION OF THE EUROPEAN ECONOMIC COMMUNITY



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Proposal for a Council directive concerning application by the Member States of their legislation on agricultural leases to farmers who are nationals of other Member States.

Proposal for a Council directive concerning the freedom of farmers who are nationals of a Member State established in another Member State to transfer from one farm to another.

Proposal for a Council regulation to render more effective the action of the European Social Fund.

Proposal for a Council regulation concerning Community grants towards the retraining of farmers wishing to change their occupation within agriculture.

Proposal for a Council regulation concerning Community grants towards the training of advisers to staff information services for farmers and farmworkers wishing to change their occupation.

# The economic situation of the Community in 1964 and the outlook for 1965

Address by M. Robert Marjolin, Vice-President of the EEC Commission, to the European Parliament (Strasbourg, 19 January 1965)

#### Introduction

In accordance with what has now become a tradition, I propose to analyse the economic situation of the Community as the year 1965 opens. But I will be briefer than in earlier years, and for this there are several reasons:

- 1. We have spoken of the economic situation on many occasions in 1964; most recently in September, when you were given a complete survey of the situation, which was brought up to date by a shorter statement at the colloquy in November.
- 2. Although the second half of 1963 and the whole of 1964 were dominated by an active, unceasing and unavoidable struggle against inflation, and although our efforts in this field must be continued without flagging in 1965, the position has nevertheless become more complex. The very success of our efforts, and the healthier situation which is emerging in a growing number of countries, set fresh problems. In one State at least we have reached the point where it has become possible and necessary to give some degree of encouragement to investment. It may not be long before the need for some stimulus is felt in other countries. But the choice of the fields in which efforts to get the economy moving will have to be concentrated, and of the instruments to be employed in a word the economic policy called for will commit the future and will shape it for several years to come. We are here at the point where short-term and medium-term economic policy meet, and we must perforce speak of the latter if we wish to deal adequately with the former.
- 3. In doing this we find ourselves right up against problems which cannot really be dealt with in the perspective of one year, but which in our discussions we find inextricably linked with our short-term measures. I have particularly in mind regional development, which has been engaging the attention of so many in this House, and that varied body of measures which it has become usual to call "incomes policy".

I cannot promise to speak today about these problems, which are all formidable, in a way which will satisfy everybody. This would require more time and also more work than it has yet been possible to devote to them. But I will endeavour at least to define them, to indicate the links between them, to sketch a programme of work and to specify the procedures which the Commission intends to follow or to propose in settling them.

And that brings us to the heart of our subject.

#### I. The balance-sheet for 1964 and the outlook for 1965

#### 1. Economic developments in 1964

By and large the Community's economic record in 1964 was good: growth was very considerable, in fact, greater than had been expected at the beginning of the year, and inflationary strain eased in most Community countries.

Expansion was spurred on by a distinctly more rapid growth of exports to non-member countries. This acceleration is closely connected with the upsurge of economic activity in the world. For exports of goods alone the progress registered in 1964 was 10 % (value), as against 5 % in 1963. Similarly, in the Community as a whole, investment by enterprises in the form both of stocks and of plant and equipment increased more strongly than in 1963, though in Italy these forms of investment declined and in France their expansion was very weak in industrial enterprises of the private sector.

On the other hand consumer expenditure by both public authorities and households rose less than in 1963.

As a result of the interplay of these various factors the progress of the gross national product was appreciably more rapid than in 1963 in five of the six EEC countries. In the Federal Republic of Germany the increase was double that of the previous year: 6.5 % as against 3.2 %. In the Netherlands acceleration was also spectacular (6.5 % as against 3.6 %) and in the Grand Duchy of Luxembourg too, where the growth rate was more than 6 % in 1964, compared with less than 1 % in 1963. But the growth of the gross national product also speeded up appreciably in Belgium (5 %, as against 3.6 % in 1963) and in France (5 %, compared with 4.4 %).

Industrial production (1) shows a similar speed-up. Between 1963 and 1964 it grew 8.5 % in the Federal Republic of Germany, as against 3 % the previous year, 7 % compared with 5 % in the Netherlands, 7 % in Belgium also, compared with 6.4 % in 1963, and 6.5 % in France, as against 4.3 % a year earlier.

Only in Italy was economic expansion decidedly lower than in the previous year; the gross national product seems to have increased by only 2.5 % in real terms as against 4.8 % in 1963, and the growth rate of industrial production fell from 8.8 % to 0.5 %.

I think I have already elaborated sufficiently on the causes of this particular trend in Italy, especially in my statement to the Parliament last September, and need not analyse them again.

Consumer prices in general continued to rise rapidly during the first half of 1964, although not in France and Germany. But in the second half of the year the increase, which was already moderate in these two countries, slowed down in the others also. As I propose to show later, however, this does not mean that the situation is now satisfactory in the field of prices.

The rise in production costs was also less strong, although it seems to have eased less than that of prices. In this field we have only estimates on an annual basis. These

<sup>(1)</sup> As defined in the indices of the Statistical Office of the European Communities, excluding construction, food, beverages and tobacco.

show that in the Federal Republic of Germany the increase in unit labour costs was much smaller than in 1963, in France and in Italy it was smaller, and in Belgium roughly of the same order. It was only in the Netherlands that a much more marked rise was registered, a rise which, however, occurred mainly in the first half of the year. On the other hand all the member countries have had to face a speedier increase in the cost of imported raw materials because of the rise in world prices. Furthermore, the incidence of indirect taxes on selling prices has increased slightly in several countries. On the other hand it is possible that in some countries, particularly the Federal Republic of Germany, fuller utilization of production capacity had favourable repercussions on production costs. All these factors together point to a slightly more favourable pattern of production costs than in 1963, but the forecasts for 1965 do not yet make it possible to predict that the upward movement of unit costs will end in the year ahead.

External trade and payments moved nearer equilibrium in 1964, and on this point it may be said, by and large, that the present situation is more or less satisfactory.

Although the external accounts of the Community countries are not yet available we know the trend. As you are aware, the Italian balance of current payments made a really spectacular recovery in 1964. The Federal Republic again registered a surplus, but a fairly modest one. France and the Benelux countries experienced a deterioration of their balance of current payments, but this was very small in B.L.E.U. and in France, while in the Netherlands the deficit proved to be lower than was feared at first and tended to contract as the year went on.

For the Community as a whole this means that the balance of current payments has doubtless closed with a slight surplus on current account, whereas in last year's survey I had had to predict an appreciable deficit unless more energetic stabilization measures were taken. Moreover, as I stated last September, the trend of trade within the Community is now much better balanced than it was at the beginning of the year. The spread of exaggerated increases in demand from one country to another has stopped.

### 2. Outlook for 1965

According to the most recent estimates, established both by the member countries' experts as part of their economic budgets and by the Commission, the rate of economic expansion may well be once more fairly high in 1965, although not as high as in 1964.

This loss of momentum is likely to affect all countries except Italy, where the gross national product might rise by 3 % in 1965, as against about 2.5 % in 1964. However, I would like to sress the very uncertain nature of this last forecast; although it is highly probable that economic activity will pick up in Italy in 1965, it is difficult to say exactly at what moment and, consequently, to estimate the annual growth rate with sufficient accuracy.

On the other hand the increase in the gross national product is likely to decline from 6.5 % in 1964 to less than 5 % in 1965 in the Federal Republic of Germany, in France from 5 % to 3.5 % in the Netherlands from 6.5 % to 3.5 %, in Belgium from 5 % to 3.5 %, and in Luxembourg from 6 % to 1 %. The consequence for

the Community as a whole would be a decline in the growth of gross product in real terms from a little over 5 % in 1964 to about 4 % in 1965.

I must add that all these forecasts have been established on the assumption that harvests are normal.

In most countries the weakening of expansion will be due to a slower growth in overall demand in money terms. This slackening will affect most of the elements of demand. It will apply to exports (a point to which I shall return in a few moments), to construction investment, and to consumption by households. In the Federal Republic of Germany on the other hand the prime causes of the lower rate of expansion will be limits to production capacity and manpower shortage.

The 1965 forecasts also show the persistence in most Community countries of a tendency for the rise in consumer prices to flatten out. The exceptions which should be mentioned are the Federal Republic of Germany, where it is almost certain that price strains will increase, and the Netherlands, where the recent lull is likely to give way to a new upward movement.

If we take the year 1965 as a whole, it appears nevertheless that the upward price movement will still be excessive. To give some idea of its scale, I think that in most Community countries the increase in consumer prices might again be somewhere between 3 and 4 %. Only in France does it seem possible to keep the rise below this figure, thanks partly to price freezing.

The opinion I have just given on the probable price trend also applies to unit production costs. In 1965 in all Community countries these are likely once again to be appreciably higher than in the previous year.

Another feature of our present forecasts is that we can look forward to a generally satisfactory external payments situation.

For the Community as a whole, it appears probable that the external balances on trade and current payments will not vary appreciably from 1964.

The growth of exports to non-member countries will doubtless be quieter than in 1964 because of a rather less favourable world economic situation and the measures taken by the United Kingdom. But we must also expect that imports will rise less rapidly as a result of the general slowdown in activity, the good 1964 harvests and reduced stocking of raw materials.

Intra-Community trade will continue to expand at a rapid pace in conformity with its structural trend since the Treaty of Rome came into force, and its development will be relatively balanced. In all probability, developments in the balance of payments will not pose major problems in any Community country.

# 3. Economic policy problems

Like all economic forecasts, the outlook I have just sketched necessarily involves a wide margin of error which must be borne in mind in working out the short-term policy to be pursued in 1965.

For example, in view of the latest returns of industrial production, we may well wonder whether the expansion of economic activity will be as brisk as our present

forecasts suggest. In recent months industrial production in Italy has remained virtually static, in France it has apparently advanced very slowly, in the Benelux countries distinctly more slowly than during the first half of 1964, and also less vigorously in the Federal Republic of Germany, though in this country it is still appreciable.

This loss of pace, which may be very short-lived, raises no new problems in Germany and the Netherlands, where demand is still very heavy. In the other countries the lower rates of expansion seem to be due to a certain weakening of demand. Should we conclude from this that the time is ripe or is approaching when it would be right to give a general fillip to the economy in these countries? For the time being our answer is in the negative, but we naturally reserve the right to review it in the course of the year.

In fact we are faced in several countries with a complex situation whose features are a reduced growth of production and a further rise in prices and costs. The lack of manpower is still being clearly felt.

Any premature relaxation of the policy of curbing overall demand would involve the risk of aggravating the strain which still persists in the countries concerned and stultify our stabilization drive. On the other hand a more stringent policy of restraint, designed to bring more pressure to bear on cost and price trends, would be unwise, since employment and economic activity in general might be adversely affected — unless, of course, all the other means which can be used to moderate the rise of prices and costs prove to be inapplicable or ineffective.

Looked at rationally, the best way to achieve this result is that both sides of industry and, in general, all important economic and social groups should, with the approval of the Governments, voluntarily agree to limit the increase in their incomes. In this way it would be possible to avoid clamping down for too long on the growth of demand and thus retarding economic expansion, and yet to promote the stabilization of production costs and prices.

However, changes in the mixture of policy measures prescribed in certain countries should be recommended or envisaged forthwith.

We have already stated our position in the case of Italy. We have declared that we agree in principle with the efforts of the Italian Government to get investment moving again, for it is essential that this should be given some added stimulus, not only to ensure the future of the Italian economy and afford it adequate possibilities of development, but also to raise the level of activity during the months ahead. I am moreover convinced that Italy now has a certain growth margin which makes it possible to give this added stimulus without fear of aggravating inflationary strains; but this policy ought to be applied with caution so that the economy does not get overheated again in the more or less near future.

Similarly, if it appeared that the development of productive investment in France was lagging appreciably behind the forecasts, it might be advisable to apply prudent measures to stimulate it. Here too, a strict curb on the other categories of overall domestic demand would have to be continued.

To sum up, we can say that if it should prove necessary in 1965 to stimulate the economy in those countries where the level of productive investment is low or insufficient, it is to this form of investment that first priority should be accorded. This priority should include the building of low-cost housing, provided that the necessary material resources are created at the same time and the requisite manpower is found.

### II. The European development programme

# 1. The objectives

It was my intention to submit to you today a balance-sheet of the economic evolution which has taken place in the Community since 1958. For lack of time I will not be able to do so.

I can nevertheless highlight certain of the general conclusions which could be drawn from such a balance-sheet. Some of these are very encouraging, others are disquieting.

The Community can congratulate itself in particular on the steady expansion of production and improvement of living standards in the member countries. Moreover intra-Community trade has developed very satisfactorily and trade with outside countries in an acceptable manner. However, the trend of prices and production costs has appeared on the whole in a clearly less favourable light, and the drawbacks entailed should be judged not only from the short-term economic angle but also from the point of view of their long-term effects.

In 1963 and 1964 we had to resort to emergency measures which could have been avoided with more foresight. With our backs to the wall because of the rapid development of an inflationary situation, we could conserve some degree of equilibrium in the Community only by limiting demand. The inevitable result in certain countries was a slowdown of expansion, which could become more general in the course of the year ahead.

If we had more time, we could have concentrated more on increasing production capacity and on the far-reaching structural reforms involved.

Let us not repeat this error and, as far as is compatible with the functioning of a free economy, let us endeavour to foresee and to avoid imbalances rather than have to correct them, for that is always a painful operation.

This is one of the essential objectives of the medium-term policy and of the European development programme which is to embody it and which will cover the years 1966/70.

Let us first note that the period on which we are now entering will be appreciably different from the time which has passed since 1953.

The difference will result from a change in the trend of the growth factors. The most important of these — the labour force — will in most EEC countries increase at an appreciably slower pace than in recent years. The reserves available in certain Community countries are rapidly drying up — a matter for congratulation, moreover, in so far as it reflects the success of the policies aimed at eliminating structural unemployment. Any global increase in the number of persons gainfully employed can therefore only stem from demographic changes on the one hand and immigration from countries outside the Community on the other — and it is unlikely that the latter will be able to continue at the rate registered during recent years.

But the "overheads" of our societies, in particular infrastructure expenditure, will grow more and more rapidly. Furthermore, our peoples are expecting an increasingly rapid rise in their living standards. We must therefore endeavour to maintain high growth rates, as close as possible to those of the recent past, and this we can do

only if we make up for a smaller increase in the labour force by a rapid growth of what is currently known as productivity, i.e. production per person employed.

Anybody who speaks of "maximum productivity" means by these words "the optimum distribution of productive resources between the various sectors of the economy". It is of course essential that each worker should have a job, but it is also necessary that he should be employed where the economy most needs his contribution, and where he can make best use of his abilities. The productivity increases observed in recent years were largely the result of the transfer of a part of the agricultural population to the more productive sectors of industry and services. This movement will continue, but changes in the distribution of workers should occur within the secondary and tertiary sectors also. The occupational mobility of workers will therefore be a major issue in the years to come.

No less important will be the distribution between sectors, industries and firms of the material and financial resources available to the Community for investment.

In this matter competition policy will have an essential part to play by pursuing with maximum energy the abolition of all economic malthusianism.

But it is no less essential that action by the public powers, which is recognized to be indispensable, should be stream-lined and co-ordinated. I will class their spheres of action under a few main headings: vocational training, scientific and technical research, incentives to productive investment, economic and social infrastructure, regional and sector policy.

Vocational training. Everything depends on the quality of human beings and on the training they have received. This shows the primary importance of vocational training, for which the Treaty lays down that a common policy shall be defined and embodied in a programme of the same duration as the first European development programme.

The role of the Governments is to help workers to find the most favourable employment openings by mobilizing a whole range of facilities for them, first and foremost for young people in search of their first job. They must be provided with efficient and economically sound guidance and training in an economy that is changing with increasing rapidity. Persons employed in sectors or professions which are losing ground must be offered efficient retraining paid for from public funds.

Technical and scientific research. Competition between enterprises in the leading industrial countries will be more and more a matter of the technical quality of manufactures. Scientific and technical research programmes will therefore have to be stepped up and slanted in such a way as to stimulate the development of the most dynamic sectors of production, as it is on these that the future of the Community rests. Care must be taken to ensure that industries in which competition is largely based on new inventions are not progressively outdistanced simply because the requisite action has not been taken in connection with scientific and technical research. No doubt the Community countries are taking various measures to promote research, but if their efforts were grouped this would in itself have a multiplying effect and would make it possible to re-establish the former standing of scientific research in Europe.

In this field also we should work for a Community programme closely co-ordinating public and private action, as is done in the United States.

Incentives to investment. The level of investment depends not only on the investments made by enterprises, both private and public, but also on the money spent on the economic infrastructure, which is a responsibility of the State. The latter has at its disposal sufficiently numerous resources, budgetary, fiscal and others, for an adequate volume to be used for creating instruments of production. This will be one of the essential points in the Community's medium-term development programme, which will furthermore have to promote the establishment of production units that meet the technical, economic and financial requirements of the modern world.

Balanced expansion also presupposes efficient arrangements by which saving is organized and investments are financed. Within the Common Market it cannot be sufficient merely to liberalize capital movements, as provided for by the Treaty. Steps must be taken to facilitate the financing, particularly through the capital market, of the private investments needed for the growth of the économy. This is indispensable for the expansion of European companies, which are often handicapped in international competition by inadequate finance. Pending the creation of a big European capital market, a reform of the conditions in which the capital markets in the Member States operate and an examination of the repercussions of the tax systems on self-financing are needed so that European companies may have sufficient financial resources available to face on equal terms the competition offered by the major economic units.

Regional policy. Maximum productivity requires that the best possible use be made of the Community's territory and particularly that there should be rational distribution of activities between the different regions. Our aim should be a veritable reorganization of the Community territory aimed, inter alia, at the industrialization of the outlying regions where the density of population is high, the conversion of regions where declining industries are concentrated, the progressive merger of the economies in the frontier regions, and the creation of markets for enterprises situated along the Iron Curtain.

Sector policy. The medium-term programme should not concern itself with industries which do not pose any special problems: that is the field of competition. But there are some sectors which have to face particularly fierce competition, and their number is likely to increase as the markets of the countries which have long been industrialized are opened up to goods from the developing countries or from countries where wages and social conditions lag far behind ours. This is the case today for shipbuilding and tomorrow it may apply to other activities. Modernization and conversion operations are or will be necessary, and as far as possible they should be undertaken as part of a Community plan.

In the months ahead the Commission intends to state its position and publish its proposals, as regards both regional policy and certain other structural problems whose solution is a precondition for the harmonious development of the Community and the welfare of all its inhabitants.

But I would now like to say a word on a more fundamental question which will dominate the studies on the first European development programme. I refer to relations between the economic and social spheres. No productivity policy is possible without an ambitions social policy. My colleague and friend Levi Sandri is working actively on this. He will not be put out if I impinge a little on his field; it is impossible to make any watertight division between economic affairs and social affairs.

As I have already said, the maximum increase in productivity is one of our aims and it calls directly for the most highly developed system of education possible. It also demands an active policy of low-rent housing to promote the mobility of workers.

These two examples show that we will have to be ambitious in the matter of social equipment and of public infrastructure investment in general.

This brings us to what must be another essential task of the development programme: it must lay down plans extending over several years, and integrated into a general programme of state expenditure and revenue, for the more important of our joint economic and social facilities.

It is only by gaining a comprehensive and long-term picture of this kind that it will be possible to show clearly what choices are open to our peoples and to make, in a true democratic process, that is to say in the full light of day and in an atmosphere of general understanding, the fundamental choices which will determine the future of our civilization.

In allocating the extra tax revenue resulting from economic expansion, high priority should be given to the development of public investment and, in certain countries, to low-cost housing. Care must be taken that lack of foresight does not in a few years time lead Europe to a type of society aimed solely at the satisfaction of individual consumption requirements, to the detriment of such matters as education, health, social facilities and transport infrastructure.

All the questions I have just discussed have three things in common:

- 1. Their solution requires action by public authorities, even if only in the form of co-ordination or stimulation.
- 2. The right answer will not be found unless they are seen in the context of overall economic development.
- 3. In all cases a satisfactory solution will take several years.

These questions therefore come under the medium-term programme which the Community is drawing up and are actually the nub of this programme. They will all be dealt with in that context.

The same applies, of course, to the Community policies.

Progress in integration is opening new avenues to European economic policy. In 1964 a number of decisions were taken in the Community which have successfully completed the customs union and make it possible to get down to the more advanced stages of integration. The December decisions are the starting point for a genuine common agricultural policy.

This first common policy will of course have to be fitted into the Community's general economic policy. I do not here need to dwell on the closeness of the links between these two policies when we are dealing with production or employment, economic structure or international trade.

The same will apply to the other Community policies as and when they take shape.

So far I have spoken of only one objective: expansion, including its social aspects. But there are others which are inseparable from it.

First of all stability. There can be no lasting expansion except in conditions of, and by means of, internal stability and external equilibrium.

Stability depends primarily on the behaviour of governments and monetary authorities. We must endeavour to define certain standards for the growth of public expenditure and of the volume of credit which would be applied in future not only in the short term, as was the case with the Council recommendations of April 1964, but in the medium term, it being understood that the administration of public finances must be sufficiently flexible to be adapted to the needs of the economic situation.

The balance of external payments presupposes the maintenance of a surplus on the balance of current transactions in order to cover the necessary exports of capital, in particular to the developing countries. This applies to the Community as a whole in its relations with the outside world, but is not necessarily applicable to individual Member States and even less to individual regions within the different States. In particular it would seem reasonable to us that Italy, which is less developed than the other parts of the Community, should benefit for several years at least from long-term capital movements from the other member countries. This is an operation which is difficult to carry out in view of the lack of organization or, rather, the insularity at present obtaining on most of the Community's financial markets. But it is a task to which we intend to bend our efforts.

I now come to what is called in modern economic language "incomes policy", a term which I do not like because it is ambiguous and covers all sorts of ideas which vary greatly in character and in degree of attraction.

But one essential point is that the increase in nominal demand should not outstrip to any appreciable extent that of goods available and that savings should be on an adequate scale to finance the very heavy investments which will be necessary.

This objective of stability will only be achieved if it is considered of major importance, not only by the Community Institutions and the States, but also by the main economic and social groups in the Community.

For this purpose two conditions must in my opinion be fulfilled:

- 1. The sharing of the fruits of expansion must be efficacious and fair; efficacious, because, as the Community economy gradually moves forward, the foundations of future development must be laid; fair, because it is essential that each individual should feel himself a partner in a great undertaking and not the object of decisions ignoring his legitimate interests;
- 2. Both sides of industry should be consulted when major economic policy decisions are taken which will determine the scale of the national product or Community product and its utilization, even if in many cases the final decisions must be taken autonomously by the public authority representing the general interest.

A few further points on the novel — I would even be tempted to say the absolutely original — nature of the experiment by which we are attempting to establish a common development programme, integrated for the six Community countries.

This experiment is original politically, because a programme worked out in common by the members of an economic grouping in process of integration is something very different from a national programme. First of all the methods of arbitration and of execution which are inevitably involved are entirely different.

The experiment is also original technically, for it comes at a time when the national plans or programmes that are being followed in the Community are undergoing profound and still ill-defined changes to adapt them to the twofold uncertainty resulting from the liberalization of foreign trade and from speedier economic development and when, in other countries, the need to rationalize economic policy is being increasingly felt.

For these reasons I should like to warn the Parliament against expecting the impossible in the way of progress. We are advancing quickly, more quickly than could have been hoped even a few months ago, but the problems to be solved are formidable. The whole economic, financial, monetary and social management of six modern States have to be grasped and understood in detail. Six sets of law, six sets of regulations and six sets of administrative practices must be co-ordinated and guided towards the achievement of common aims. We will proceed as rapidly as possible, but only some of the problems I have mentioned can be dealt with this year. Do not criticize us too harshly if there is some delay here and there.

#### 2. Procedure

The medium-term programmes will cover a period of about five years. Action to implement the first phase of the first programme, which will probably apply to the period 1966-70, has already been initiated. The Group of Experts on medium-term forecasts under M. Kervyn de Lettenhove has held three meetings and is preparing an initial report for the Medium-term Economic Policy Committee. This report will first describe the chief features of the member countries' development since 1950 and then present a set of projections for 1970 leading up to proposals on the rates of expansion of our economies. In addition to dealing with the demographic trend, these projections cover the balance of supply and utilization of goods and services together with a breakdown of this balance into main categories of goods and services and main sectors (agriculture, industry, services). To establish these projections certain hypotheses on economic policy had to be formulated; they will make it possible to have a first round of discussions in the Medium-term Economic Policy Committee.

This Committee held its first meeting on 11 December and elected as its chairman M. Langer, State Secretary in the Ministry of Economics in the Federal Republic, and as deputy chairmen M. Masse, Commissaire général du Plan in France, and M. Brouwers, Secretary General of the Netherlands Ministry of Economics. In the first half of this year the Committee will hold frequent meetings in order to complete the preliminary draft of the programme as rapidly as possible.

I should like to add that there is shortly to be a meeting of the Committee on Budgetary Policy, also set up last year, and whose members will be the senior treasury officials responsible for budgets in the Member States. What I said a while ago concerning the need for a programme of the financial operations of the State to

cover several years is sufficient to show the major contribution which this Committee will make to working out the first European programme of economic development.

Before we leave the field of procedure, a further important point must be stressed. While the programme is of course intended to give practical expression to the medium-term aims being pursued in the Community, it would be dangerous to imagine that the programme will lay down a policy that must be rigidly adhered to for five years. Human behaviour and economic developments involve a wide margin of uncertainty, and the actual course of events may destroy the validity of this or that aspect of the hypotheses or of the general lines of advance that had been agreed on. Medium-term policy cannot therefore be limited merely to establishing a programme.

The projections will be renewed annually for the five following years. The programme will have to be reviewed every year and adapted where necessary.

In addition, the Council's decision gives the new Committee two further tasks. On the one hand it must plot each year the actual trend and look for the causes of any divergence from the forecasts made. It can also issue at any time opinions on this or that aspect of the economic policy of the Community or of a Member State. Thus the work on medium-term policy will serve as something more than a yardstick, and it will be able to guide and influence the decisions of the public authorities without infringing the freedom of action of economic transactors.

Finally, the monetary implications of integration are becoming more and more evident. In this connection I am happy to be able to tell you that the Committee of Governors of the Central Banks of EEC has been meeting regularly for more than six months, with a member of the Commission sitting in, and that the Monetary Committee has found in the widening of its powers a new source of activity.

#### Conclusion

I would not like to leave this platform without stressing something which I hope will already have become clear as my speech proceeded. I mean the political significance of what we are trying to do in the field of general economic policy.

To put the whole thing in a nutshell, I would say that the economic committees which we have set up in the past year constitute a complete administrative unit which, with the support and sometimes the guidance of the Commission's staff, could in the near future become the policy-making and policy-implementing bodies in this field of a modern European State, whether federal or confederal.

Senior officials of Government departments responsible for economic, financial and monetary affairs and Commission representatives are now meeting regularly and, more effectually than we would have dared to hope only a few months ago, are analysing, comparing and contrasting their experience and the decisions, laws, regulations and administrative practices of the different Member States.

Inexorably, as we find ourselves in the half-light between the still extensive sovereignty of the individual States and the dawning sovereign rights of a united Europe, some

measure of co-ordination of national economic policies is emerging from these lengthy discussions.

And that is the process we want to develop most during this preparatory period. We shall endeavour, with the support of the Parliament, to induce the States to accept, in all economic, social, financial and monetary matters, common rules and standards spelled out as precisely as possible, and in figures wherever appropriate.

In this way we shall be ready for the day when a federal or confederal Europe will shine forth. Meanwhile we shall not have been idle; we shall, I trust, have done good work.

# I. Common definition of the origin of goods

#### Proposed Council Regulation

On 29 December 1964 the Commission submitted to the Council a draft regulation on a common definition of the concept of the origin of goods (1). This regulation is an important step towards a common body of customs legislation for the six Member States and has been drawn up in response to requests from business circles in the Community.

The provisions proposed contain important innovations in relation to the rules and practices hitherto followed in the various Member States; they take into account the progressive integration of activities in the Common Market and the Community's position as a purchaser and supplier of products in every country of the world.

Rules on origin are a means of implementing the future common commercial policy in the proper manner.

#### A common concept of origin: its scope and purpose

Despite the progress made in standardization and liberalization in international trade, especially thanks to GATT and OEEC, no country in the world treats goods imported from other countries in a uniform manner. National commercial policies lead either to differentiated tariff protection (autonomous, conventional or preferential customs duties, general tariff duties) or to selective application of other measures such as embargoes, quotas, exchange controls, etc.

Such measures are aimed at the products of a particular country or group of countries. To make them effective it must be possible to apply them to all the goods concerned and only those goods. But this calls for precise determination of the origin of imported goods. It is also necessary to determine origin in applying other import measures such as those relating to the protection of human and animal health and the compilation of foreign trade statistics.

Despite the efforts of various international organizations, there is still no definition of the origin of goods on the international plane. The Member States of the Community still apply quite different rules, dictated by their own needs and their policy on trade with non-member countries.

The desirability of common rules on origin has already been demonstrated in the practical application of measures decided by the Council (for example, retaliatory duties). It is therefore necessary to establish immediately a common definition of origin to replace the definitions in force in the Member States. The common definition would also be useful in drawing up certificates of origin for goods to be exported from the Community; these certificates are often required by non-member countries which themselves apply selective measures to imports, and should be drawn up under the same conditions for all exporters in the Community.

<sup>(1)</sup> See supplement to this Bulletin

Lastly, these Community rules could be introduced in any trade agreements between the Community and non-member countries so that such agreements would be implemented as far as possible on the basis of Community rules of origin, since this would give EEC exporters the advantage of knowing exactly how their product would be treated in the importing country.

#### Definition of the origin of goods

Goods produced entirely in one country and incorporating no imported materials derive totally from the economy of that country and consequently originate from it. The draft explains in detail what is to be understood by goods produced entirely in one country.

This first rule will cover a large part of trade with non-member countries.

But the difficulty of defining origin arises in a second class of goods: those produced in a given country from raw materials, semi-finished products or even finished articles imported from other countries. This class is constantly expanding because of the growing international division of labour and specialization of industrialized countries in manufacturing processes requiring highly skilled labour. It therefore often happens that goods are successively processed or finished in two or more different countries.

Goods can properly be considered as originating from a country when the foreign products used in their manufacture have been processed or finished to such a degree that they may be held to be integral to that country's economy. In other words, the processing or finishing must be substantial enough to mean that an entirely new product is manufactured or must represent a major part of the manufacturing process which can be carried out only in enterprises "equipped for this purpose".

This rule has the advantage of being sufficiently flexible to be adapted to all manufacturing conditions which may arise in the various branches. On the other hand, the necessarily very general wording presents a twofold risk: in certain cases it may lead to differences of interpretation prejudicing the uniform application of the rule in the Community; and it may tempt exporters in non-member countries to take advantage of its elasticity to circumvent measures taken by the Community as part of trade or tariff policy. The rule must therefore be made more precise to cover "marginal" cases which may arise. It must also be accompanied by a clause enabling abuses to be remedied.

# Two criteria could be adopted:

- a) The acquisition of origin by products imported from non-member countries could be made to depend on a certain minimum of value added in the processing stages;
- b) Lists could be made of processes deemed to confer origin.

There is no doubt about the usefulness of such criteria. But to give them definite form in Community rules would have serious drawbacks:

i) Making lists of processes and deciding on suitable percentages of added value in each industrial activity would have necessitated lengthy studies, without any certainty that all the possibilities had been catered for;

ii) The criterion of added value, which is reckoned by the cost of the foreign products utilized, favours the acquisition of origin in a given country by goods which are produced there from semi-finished products bought at abnormally low prices.

With this criterion, moreover, there is a risk of arriving at solutions contrary to those sought through the principal rule when factors unconnected with manufacture, such as profit margins, transport costs, etc., play a part, especially in the value added. In these cases there is great danger that the main rule will be abandoned in favour of the subsidiary rule, which is of more categorical application.

It consequently seemed wiser and more effective to clarify the general rule, wherever necessary, by common implementing regulations.

#### **Origin of Goods Committee**

The regulation provides for the setting up of an Origin of Goods Committee.

Its task is purely advisory. It is to render opinions on cases where there is the risk of divergent implementation in the Member States. In this way it will gradually establish a common doctrine on origin in tune with economic realities and circumstances.

In the interest of the Community the proposed procedure must preserve the elasticity of the definition. But it will allow the necessary refinements to be made within the desirable time-limits and ensure at any moment that the definition is applied uniformly.

# Certificate of origin

Where required, the origin of imported goods is attested by the production of a certificate of origin. But, apart from the International Convention relating to the Simplification of Customs Formalities signed in Geneva on 3 November 1923, which does little more than provide for the mutual recognition of authorities and bodies empowered to issue such certificates, there are no international rules on the form and content of certificates of origin. It was therefore necessary, in the interest of exporters in non-member countries and in order to facilitate checks on origin, to fix the minimum conditions to which these certificates must conform in order to be accepted as means of proof. The conditions contained in the proposed regulation will also apply to certificates made out in the EEC.

It must be noted that a certificate answering these conditions does not prevent the customs authorities from exercising their own judgment; they remain fully entitled to check the real origin of goods and can require any other necessary evidence. It is necessary that they should have this freedom of judgment for the simple reason that certificates are issued according to the rules on origin applicable in the exporting countries, whilst the customs authorities base their appraisal on their own national rules.

Certificates in respect of goods originating from a Community Member State must certify that they are of "EEC origin". This rule, however, is not an absolute one. It should be noted that the draft provides for the creation of a Community model of

certificate which, in principle, is to be used only from the end of the transition period.

# How far the definition applies

It is necessary to exclude from the scope of the present definition preferential trade between the Member States and countries linked to them by special agreements derogating from the most-favoured-nation clause — for example, preferential trade within a customs union or free-trade area, or resulting from exemption granted to the Contracting Parties on the basis of Article XXV or by virtue of Article I (2 b) of the General Agreement. The rules on origin in these various preference areas are designed for purposes very different from those of the concept of origin defined in this draft. In the former case it is a question of deciding precisely which products may benefit from total removal of customs duties and quantitative restrictions; both the definition and inspection methods are established by common accord between the Parties, which give each other the necessary assistance. In relations with non-member countries, rules on origin constitute an independent instrument of customs policy.

# II. Internal activities

#### INTERNAL MARKET

#### Customs matters

#### Tariff quotas

- 1. On 25 January 1965, the Commission, acting under Article 25 (3 and 4) of the Treaty, increased from 3 000 to 4 000 tons the tariff quota, at a duty of 3 %, granted to Federal Germany for the period 1 January 1964 31 March 1965 for imports of piked dogfish (squalus acanthias), fresh, chilled or frozen, from non-member countries (Heading 03.01 B I c) (1).
- 2. On 28 January 1965, the Commission, acting under Article 25 (1 and 4) of the Treaty, proposed to the Council that the 1965 Federal German tariff quota, at a duty of 4 %, for imports of iron or steel powders from non-member countries should be raised from 8 000 to 9 650 tons (Heading 73.05).
- 3. The Council adopted this proposal on 2 February 1965. It also authorized Italy to suspend, from 15 February to 30 June 1965, all duties on imports from non-member countries of live cattle of unit weight not exceeding 340 kilogrammes. (2)

Acting on a proposal from the Commission, the Council laid down and allocated Community quotas for 1965 imports of turpentine and rosin (including the darker varieties known as brais résineux). (2)

# Customs legislation

4. Definition of the origin of goods: On 29 December 1964, the Commission laid before the Council a proposal for a common definition of the origin of goods entering into trade with non-member countries (3).

# Movement of packaged goods

5. On 8 January 1965, the Commission adopted a decision on the issue of DD1, DD3 and DD4 movement certificates for packaged goods (4).

The purpose was to obviate the difficulties which customs administrations in the Member States have in clearing Community goods in non-Community wrappings. Duties on wrappings are normally based on those charged on the goods themselves, with the result that non-Community wrappings have benefited improperly from the degressive tariff system applicable to Community goods.

<sup>(1)</sup> See official gazette of the European Communities, No 24, 11 February 1965

<sup>(2)</sup> ibid., No 22, 9 February 1965

<sup>(3)</sup> For comments on this proposal see Ch. I of the present Bulletin.

<sup>(4)</sup> See official gazette No. 6, 21 January 1965.

The new decision stipulates that customs authorities in the exporting country will henceforth issue DD1, DD3 and DD4 forms for the goods in question only if the wrappings too are eligible for intra-Community treatment in the importing Member State.

# Freedom of establishment and freedom to supply services

Proposals for directives on farm leases and on movement to other farms

6. On 20 and 21 January, the Commission put before the Council two directives relating to farming (1).

The first proposal is that each Member State should remove all restrictions concerning farm leases in the case of individuals and companies from the other Member States engaged in or setting up in order to engage in agricultural activity in its territory.

The second lays down that where individuals or companies from other Member States have been engaged in agricultural activity on its territory for more than two years there should be no restriction on their freedom to move from one farm to another. Many of these farmers do not enjoy such freedom at present, being required by the host country to work a given farm or area of derelict land. Transfer will now be allowed without regard to the type of activity pursued on the old farm or the new.

These measures should help to promote greater "mobility" in the use of Community farmland.

The restrictions in question come under two heads:

- i) Those which, under legislation, regulations or administrative provisions, have hitherto denied the beneficiaries of the directives the same rights as nationals or have subjected them to special conditions;
- ii) Those resulting from certain administrative practices which in effect discriminate between nationals and the beneficiaries of the directives.

Agricultural activities in these two proposals means the activities referred to in Schedule V to the General Programme for the removal of restrictions on freedom of establishment:

- a) General agriculture, including growing of vines, fruits, nuts, seeds, vegetables and flowers both in the open and under glass;
- b) Raising of livestock, poultry, rabbits, fur-bearing and other animals, bees; and the production of meat, milk, wool, fur, eggs and honey.

The Member States are to put into effect the measures needed to conform with these directives within six months of being notified of them and must inform the Commission immediately of the measures they have taken.

<sup>(1)</sup> See supplement to the present Bulletin.

Industry, crafts and wholesale trade

7. On 12 January 1965, the Commission adopted two recommendations (1) under Article 155, calling on Member States to use a standard form for the certificates of employment provided for in Article 4(2) of Council directives Nos. 64/222 and 64/427 dated 25 February and 7 July 1964 containing transitional measures for (a) wholesale trade and intermediary occupations serving commerce, industry and the artisan sector (2), and (b) manufacturing and crafts.

The two recommendations supplement the liberalization measures introduced by the three Council directives dated 25 February 1964 (2) on the wholesale trade and intermediary occupations and the two directives of 7 July 1964 on manufacturing and crafts (3).

Articles 54(3a) and 63(3) of the Treaty provide that as regards freedom of establishment and freedom to supply services, priority should go to industrial and commercial activities, since liberalization here would make a specially valuable contribution to the development of production and trade and to the rationalization of production costs.

These transitional measures laid down by the Commission and the Council will be followed by an alignment of regulations and mutual recognition of qualifications, which are the ultimate objectives (Article 57 of the Treaty).

Opinion of the European Parliament on the proposal for a second directive on the film industry

8. At its session of 18-22 January 1965, the European Parliament had before it a proposal submitted to the Council by the Commission for a second directive in pursuance of the General Programmes for removing restrictions on freedom of establishment and freedom to supply services in the film industry. M. Scarascia-Mugnozza presented a report on behalf of the Internal Market Committee. After the debate, in which one of the speakers was M. Colonna di Paliano, member of the Commission, the Parliament adopted a resolution approving the proposed directive (\*) and calling for the speedy establishment of a Community policy for the film industry and the alignment of legislation in this field.

Opinion of the Economic and Social Committee on the proposed directive relating to self-employed persons in estate agency and business advisory services

9. At its session of 27-28 January, the Economic and Social Committee approved the above proposal which has reference to the activities of groups 640 and 839 in

<sup>(1)</sup> See official gazette of the European Communities, No. 24, 11 February 1965.

<sup>(2)</sup> ibid., No. 56, 4 April 1964.

<sup>(3)</sup> ibid., No. 117, 23 July 1964.

<sup>(4)</sup> Extracts from the resolution are given in the Annex to the present Bulletin.

the International Standard Industrial Classification. The Committee expressed the hope that the Council would speedily adopt the proposal and suggested adding to it a list, not necessarily exhautive, of the advertising activities involved.

Opinion of the Economic and Social Committee on the proposal for a directive on arrangements to introduce freedom of establishment and freedom to supply services in respect of the press

10. At its session of 27-28 January, the Economic and Social Committee approved the above proposal, stressing, the significance of the political and cultural aspects of press activities as well as their economic and social importance. The Committee regretted that it was not yet possible to draw up a single regulation covering all information media and urged that Member States should hold consultations as soon as possible with a view to the harmonization of the liberalization measures required in the various branches of reporting.

In view of the mobility required for certain press activities, the Committee also deemed it advisable to make as flexible as possible the provisions in Article 4 of the proposal, which are intended to make it easier for members of the press to pursue their profession in Member States where permission to do so depends on the fulfilment of specific conditions.

#### COMPETITION

# Application of Article 85(3) to classes of agreements and concerted practices

11. At its session of 25-26 January 1965 the Council adopted, subject to linguistic emendation, a regulation concerning the application of Article 85(3) to classes of agreements and concerted practices.

This regulation empowers the Commission to grant block exemption to specified classes of agreements by declaring the provisions of Article 85(1) inapplicable to them pursuant to Article 85(3). The agreements concerned are mainly exclusive dealing agreements and agreements concerning the acquisition or utilization of industrial property rights.

A summary of this regulation with commentary will be given in the next Bulletin (1).

#### Taxation

Harmonization of turnover taxes

12. At its meeting of 12-14 January, the panel of experts from the national revenue departments and from the Commission (2) again considered the draft of a second directive on implementing procedures for a common added-value tax system.

<sup>(1)</sup> The proposed regulation, submitted to the Commission on 28 February 1964, was published in the supplement to Bulletin 4-64.

<sup>(\*)</sup> See Bulletin 1-65, Ch. IV, sec. 19.

The panel concluded its examination of the draft and attached commentaries. Both parts of the directive, together with a report, will be laid before the Standing Committee of heads of national revenue departments, which will meet on 25 February 1965 in Brussels to discuss the directive so that it can be submitted to the Council by the Commission before 1 April 1965.

#### International taxation matters

13. Working Party No. V on international taxation questions, which is studying the possibility of concluding a multilateral double taxation convention between the six member countries in the field of direct taxes met again in Brussels on 25-26 January 1965.

Using the OECD's Standard Convention for the avoidance of double taxation as a basis, the Working Party continued its discussion of the various kinds of income for which rules could be worked out and incorporated in the convention.

The mains items discussed were the taxation of dividends and interest. Referring to the principles in the Standard Convention, the Working Party considered whether the right of taxation should go to the State of source or the State of residence and examined the question of privileges to be accorded to holdings at international level.

#### Abolition of tax frontiers

At one of their regular meetings, held on 25 January 1965 in Antwerp, the Ministers of Finance of the member countries considered the section in "Initiative 1964" dealing with the elimination of tax frontiers in the Common Market. Most of the Ministers took the view that the elimination of tax frontiers was a necessary objective if a true common market was to be created. The Netherlands delegation stated, however, that they could adopt no firm position on this matter until the economic and social consequences could be assessed.

# Approximation of legislation

# Bankruptcy law

15. The government experts in this field continued their consultations on 19-22 January under the chairmanship of Professor A. Bülow, State Secretary in the Federal Ministry of Justice. Some tentative conclusions were reached.

For example, it was decided that the convention would not create a new kind of "European" or "international" bankruptcy. National decisions to open bankruptcy proceedings would be recognized under the convention and their effects would extend without further procedure to the territories of all contracting States. The inclusion of a right to appeal against these decisions with a view to rendering them inoperative in individual countries was considered.

The convention would contain provisions on the international jurisdiction to be conferred on the courts.

Good progress was made on the question whether bankruptcy procedure could be made effective in respect of persons working on own account under the cover of a company (Article 446 of the French Commercial Code).

The experts will meet again in July of this year.

#### Criminal law

16. The Working Party on the approximation of certain provisions of criminal law held its fourth meeting on 15, 16 and 17 December 1964 to discuss the terms of an agreement on the investigation and punishment of infringements of EEC regulations or offences in matters governed by EEC directives.

It studied in particular certain questions of principle arising from the preliminary draft, notably the scope of the agreement and the question of the mutual recognition and enforcement of judgments in criminal matters within the Community.

The Working Party also considered a preliminary draft received from the Drafting Committee concerning the position in criminal law of the staffs of European institutions. The Committee was instructed to introduce the necessary amendments and to finalize a text, which would then be transmitted to the interested institutions. It was also decided to await the results of the current examinations, now almost concluded, of the sanctions embodied in Community provisions before adopting a final position on this question.

### Pharmaceutical products

17. Despite the dynamic character of the pharmaceutical industry and the increasing consumption of its products, intra-Community trade in this sector has remained at a relatively low level during the first years of the Common Market.

In order to protect public health, the authorities in all the Member States have issued numerous regulations on pharmaceutical products. They differ on many points from country to country, and this has tended to isolate markets and limit the free movement of such products. Disparities between laws in the various countries, owing to the influence they exercise on production and distribution costs, cause distortion of competition between manufacturers in the Community.

Hence the importance of the directive on branded pharmaceuticals adopted on 26 January 1965 by the Council of Ministers. It is a first step in the progressive alignment of laws on pharmaceuticals in the six member countries. The object is to stimulate this branch of trade, placing producers on equal terms as regards competition while protecting public health.

This directive requires the Member States to incorporate in their legislation, within eighteen months from notification of the directive, a number of rules which can be summarized as follows:

- a) No branded pharmaceutical can be offered for sale without a licence.
- b) The issue of licences will be subject to a number of formalities and conditions:
- i) Formalities: an application accompanied by certain particulars and documents must be submitted;

- ii) Conditions: the authorities must refuse to issue a licence:
- if the pharmaceutical appears to be harmful under normal conditions of use;
- if it does not have the therapeutic potency claimed for it or if such potency is not adequately substantiated by the applicant;
- if the nature and quantity of its ingredients are not in conformity with those stated. The licensing procedure may not exceed 120 days from the date of application, save in exceptional cases.
- c) The licence can be suspended or withdrawn if, subsequently, it is found that the branded pharmaceutical is harmful, that it does not have the therapeutic potency claimed for it or that the nature and quantity of its ingredients are not in conformity with those stated.
- It is of particular interest to note that the Council of Ministers has been able to reach agreement on the question of therapeutic potency, which had caused difficulties and given rise to lengthy discussions among the experts.
- d) The directive also contains detailed rules on labelling. This is to ensure that branded pharmaceuticals offered for sale in any EEC country bear the same particulars considered essential from the point of view of public health.

Alignment in this matter is undoubtedly of considerable interest to both producers and consumers.

This directive will be followed by other measures; indeed a proposal for a second directive, which to a certain extent supplements the first one, has already been submitted to the Council of Ministers.

It deals with the supporting documents, concerning tests, which must accompany the application for a licence, the manufacturers' obligations in respect of testing their products, and the inspections of conditions of production and sale to be carried out by the national authorities.

Further proposals are in preparation. One on the use of colouring matters in drugs and another concerning advertising have reached an advanced stage.

#### Article 101

18. After the consultation meeting of representatives of the Member States to discuss Italian Law No. 639 (1), a draft report to the Commission is nearing completion. It gives an account of the consultations and contains proposals to be laid before the Council with a view to the elimination of the distortions found to exist.

Technical obstacles to trade (various products)

- 19. The Working Party on technical obstacles to trade (various products) held its fourth meeting on 3-4 December 1964. It discussed three draft directives concerning:
  - i) Measuring appliances;

<sup>(1)</sup> See Bulletin 12-64, Ch. III, sec. 12.

- ii) The elimination of radio interference caused by motor vehicles;
- iii) Braking systems for certain types of motor vehicles.

The Working Party also exchanged views on a working document prepared by the Commission concerning the rules, as set out in directives issued pursuant to Article 100, governing merchandise imported from non-member countries.

#### ECONOMIC AND FINANCIAL POLICY

#### Short-term economic policy

Quarterly Survey of the economic situation in the Community (October-December 1964)

20. The EEC Commission recently published its Quarterly Survey 4/1964 of the economic situation in the Community.

This presents a preliminary balance-sheet of the Community's economic activity in 1964. It shows that production continued to grow, and even at a more lively pace than in 1963, and that there were signs of improved economic equilibrium, due mainly to the stabilization policy.

The effects of this policy are also analysed in the account of the economic activity of each member country, which brings out the cyclical changes in the situation noted in 1964 in relation to the previous year.

For the Community as a whole and for the various member countries the report also studies the outlook for 1965 and the problems of short-term economic policy involved.

Finally, the opinion rendered by the Short-term Economic Policy Committee on 4 January 1965 on economic budgets for 1965 is given in an annex.

As regards the overall situation in 1964, the Commission states that the real gross product of the Community rose by a good 5 % compared with 3.9 % in 1963. A year ago the Commission's staff had forecast a rise of 4.5 %.

Since 1958, when the first measures for the establishment of the Common Market came into force, the gross product of the Community has grown by 38 % (United States 28 %, United Kingdom 21 %).

The higher rate of economic expansion in 1964 than in 1963 is partly due to a special factor — much better weather conditions. This was particularly important for construction and the allied industries and for farming. But genuinely economic factors of expansion also gained momentum during the first part of the year with the result that they too helped to increase the annual rate of expansion, though they subsequently gave way to a tendency for it to slacken.

Certain changes took place from one year to the other in the trend of overall demand: external demand rose appreciably more vigorously and domestic spending rather less.

The expansion of external demand (i.e. actual exports of goods and services) gathered momentum, firstly because of the stronger upswing in world business, and secondly because of the Community stabilization drive. Visible exports from the Community

to non-member countries will have risen about 9.5 % (value) and 7 % (volume) on the 1963 figures, compared with 5 % in 1963 for both value and volume. The expansion of exports was particularly marked in the first quarter of 1964, and it remained brisk during the rest of the year, apart from a sharper seasonal dip in the summer.

The expansion of domestic demand was a little less substantial than in 1963. This does not apply, however, to investment, for which the annual growth rate was up in terms both of value and of volume. Much of the gain was due to investment in construction, which benefited from the better weather. Investment in plant and equipment seem again to have grown quite appreciably; although in Italy there was a distinct decline and in France the trend in private industry was rather weak, investment in the Federal Republic of Germany and in the Netherlands grew appreciably more than in 1963.

The growth of investment in stocks was decidedly more vigorous. This was because of the bumper harvests and of a build-up in stocks of raw materials and semi-finished goods which was partly cyclical in nature and was connected with the trend of prices on world markets.

In the Community as a whole the expansion of consumption expenditure declined: largely because of the anti-inflation efforts made by governments, the total of public spending on goods and services grew less rapidly, although in the Netherlands and Luxembourg outlay under this head rose at a much increased pace.

The growth rate for private consumers' expenditure — at some 8.5 % — was also rather lower than for 1963, when it was approximately 10 %. Real private consumption probably rose by about 4.5 % — compared with 5.5 % for 1963. From 1958 to 1964, then, the real growth of consumption per head in the Community was some 24 %.

The main reason for the slight loss of momentum in the expansion of private consumers' expenditure must be sought in a decline (largely due to the stabilization drive) in the growth rate of the money incomes, particularly from wages and salaries, earned by households in France and Italy. For the Community as a whole this decline was not quite offset by the annual increase registered in the Netherlands, where it was particularly sharp, and in the Federal Republic, where it was also quite vigorous.

As already mentioned, supply from domestic sources grew faster in 1964 than in 1963. Farm output was appreciably more abundant and the expansion of services was maintained at the previous fairly brisk rate; but even more remarkable was the growth rate for the Community's industrial production. As defined for the index of the Statistical Office of the European Communities, industrial production in 1964 will have risen some 6.5 %, compared with 5 % in 1963. A further comparison with the situation when the Community was founded shows that from 1958 to 1964 the industrial production of the Community expanded by 50 % (the comparable figures for the United States and for the United Kingdom, drawn from US and UK indices, are 40 % and 27 %).

Within the year, the expansion of industrial production was particularly sharp in the first quarter, after which it tailed off, largely owing to the slackening of output in Italy. Severe strain persisted on the labour markets in most of the member countries; only in Italy was there an actual decline in the total number of hours worked, and in France there were some signs that the situation was easing.

Community imports again rose. The 1964 growth rates for visible imports from non-member countries were probably 6 % (volume) and 8.5 % (value) — compared with figures of 10.5 % for both volume and value in the previous year. The decline in these rates was mainly due to the weaker import trend in Italy.

In general the relationship between demand and supply was better than in the previous year; at just under 4 %, the rise in prices was a little less than it had been for 1963 (5 %, implicit price deflator — gross Community product), and part of the 1964 increase was a purely statistical consequence of 1963 movements; as the year advanced the quieter trend of prices became increasingly evident.

The improvement in the internal balance of the Community is reflected even more distinctly in the development of intra-Community trade: the inflationary bulge in the purchases of certain member countries subsided, and with it the growth of exports of other countries, which had for a time been excessive; none the less, visible trade between Community countries probably increased by about 15 % (value), compared with 17 % for 1963.

The steady deterioration that had marked the Community's external trade balance since 1959 did not continue. The deficit will have been about \$3,000 million (customs returns, cif-fob), approximately the same as in 1963. Within the year the trend continued downward during the first quarter, but in the third quarter there was a quite distinct recovery.

The balance of current payments as a whole probably yielded a small surplus for 1964. No sufficiently reliable figures are yet available on capital movements; the official gold and foreign currency reserves of the member countries improved in the first ten months of 1964 by \$727 million, but the net foreign currency holdings of the commercial banks almost certainly deteriorated a little.

All the signs are that economic growth will continue in the Community in 1965. Expansion is likely to continue at the slower rate recorded in the second half of 1964.

Sales to abroad are likely to increase less in 1965 than in 1964, mainly because of less growth in world business activity — but stronger domestic demand in Germany and a recovery of domestic demand in Italy might also play a role. Other factors would be the measures of protection taken in the United Kingdom and perhaps some loss of competitiveness by the industries of certain member countries.

The growth rate of investment will also be lower, but by and large the loss will be confined to investment in construction — if the weather is normal — and to investment in stocks. Investment in plant and equipment, on the other hand, should be heavy enough — taking the Community as a whole — to yield at least the same growth rate as for 1964; its expansion will probably remain rapid in the Federal Republic of Germany, recover in Italy, remain much the same in France and lose some momentum in the Benelux countries, notably the Netherlands.

Lastly, the growth of consumption expenditure will again fall a little short of the figure for the previous year. This does not apply to public consumption, which in

all likelihood will rise as much in 1965 as it did in 1964; but the expansion of private consumers' expenditure may well decrease further, although hardly to the same extent as in 1964. Since the upward price trend is also slowing down further, the growth rate for private consumption in terms of volume might actually reach much the same figure for 1965 as for 1964.

Some decline in the expansion of domestic supply is also expected. Given normal weather, growth in farming and in building and construction will be less than in 1964. The progress of industrial production will probably be slower, since demand will be less dynamic, notably in the Federal Republic of Germany, and since physical obstacles to expansion — such as production capacity and manpower shortages — are becoming more serious. In general, the Commission's staff now forecast a growth of some 4 % in the real gross Community product.

The growth of imports, too, is expected to decline a little once again, and in 1965 the Community's deficit on trade is likely to be of much the same order as in 1964.

On the whole the trends of current economic activity, prices and costs alone do not yet point to a restoration of economic equilibrium or, in particular, of the stability of internal costs and prices in 1965. In most member countries the trends are in the right direction, but they must be reinforced by a consistent anti-inflation policy; although of general validity, this is particularly necessary in the Federal Republic of Germany, where the situation suggests some aggravation of internal strain in the future, and in the Netherlands. Italy is the only country where limited measures, intended specifically to encourage investment, might usefully be adopted to liven up economic activity.

On 10 November 1964 the Council found that there was still a need for the Member States to continue the stabilization policy it had put forward on 14 April 1964.

# Medium-term Economic Policy Committee

21. The Committee held its second meeting on 29 January under the chairmanship of M. Langer, State Secretary in the Federal Ministry for Economic Affairs.

Rules of procedure were adopted and the Committee then resumed its work on the preparation of the first Community economic programme, concentrating mainly on questions of employment and public finance.

The next meeting was fixed for 5 March 1965.

# Energy policy

#### Oil

22. On 21 January the Parliament rendered an opinion, after a short debate, on the Commission's proposal to the Council for a directive requiring the Member States to keep minimum stocks of crude oil and petroleum products.

Presenting the Energy Committee's report, M. Brunhes, who was replacing the rapporteur, M. Rossi, said his Committee approved the proposal (1). He emphasized the importance of its Community character, a further reflection of which was the fact that the EEC Commission would act as a clearing-house between Member States and would be required to submit an annual report to the Council.

M. Brunhes added that the proposal was a first step on the road to a common energy policy, which the Parliament had been advocating for many years.

Spokesmen for the various parliamentary groups gave their support to the proposal, which they too welcomed as the first step along the road to a common energy policy.

Problems relating to the checking of the level of stocks and their financing were discussed, and the EEC Commission was asked to look further into these matters.

Speaking for the EEC Commission, M. Colonna di Paliano replied to questions raised in the debate. As to the checking of stocks, he said that it would be for the Member States to work out methods for giving effect to the Council directive, including arrangements for checking. The Commission would in any event consider this problem and inform the Council of the Parliament's concern on this point.

As for the financing of stocks, M. Colonna di Paliano said that the level of 65 days of consumption proposed for compulsory stocks raised no difficulty necessitating Community intervention and that a financial problem would arise only if this level were to be exceeded to an appreciable extent in the future: in this event the Commission would review the situation.

The Parliament then adopted unanimously a resolution endorsing the proposal (2).

# Panel of experts on capital markets

23. The panel held its third meeting on 28 and 29 January in Brussels.

The main item on the agenda was medium- and long-term loans. The panel considered, in particular, the scope for expanding international investment loans, obstacles encountered, refinancing techniques used by financial institutions and ways and means of mitigating exchange risks.

The panel also studied the use of savings deposits by certain institutions to make medium- and long-term investments. The panel examined in particular various means of lowering the barriers at national frontiers at present confining the utilization of these funds to the countries in which they arise.'

# EEC Motor Manufacturers' Liaison Committee

24. At a meeting held on 21 January this Committee studied the situation of the motor vehicle market with Commission representatives.

<sup>(1)</sup> See Bulletin 2-65, Ch. III, sec. 28 and supplement.

<sup>(2)</sup> See Annex.

They considered in particular the probable trends of supply and demand in coming years. There was a general feeling that the expansion of production in the Community would be less rapid than it had been in 1962-63, although there was no reason to fear that output would stagnate as it had done in 1964.

# Meeting of Ministers of Finance

25. The Ministers of Finance of the six EEC States held a meeting on 25 and 26 January devoted to the harmonization of taxes in the member countries and to an examination of the monetary situation in Europe. M. Marjolin and M. von der Groeben, members of the Commission, participated.

The meeting opened with a preliminary discussion of the plan to abolish tax frontiers in the Common Market. While acknowledging the difficulties involved, notably the fact that the plan would seriously impair the Member States' control of their budgets, five delegations declared themselves in principle in favour of the abolition of tax frontiers. The Netherlands, on the other hand, reserved its position on this question and on the proposal to introduce a co-ordinated system of taxing turnover in the EEC according to value added.

On monetary union the Ministers held only a brief exchange of views. The representatives of the Commission and of the Monetary Committee drew attention to the implications for monetary union of the adoption by the Six of a common cereals price expressed in units of account, pointing out that it would obviously render traditional monetary manipulation, such as devaluation and revaluation, extremely difficult in the future.

# COMMON AGRICULTURAL POLICY

# Common level of cereal prices: further developments

26. On 25 and 26 January the Council held its first session since 15 December 1964, when it fixed the common level of cereal prices.

The session was devoted to agriculture. The Council discussed certain problems involved in establishing a time-table for the decisions that will have to be taken in this field in the first half of 1965.

The discussion was resumed on 2 February 1965, when the Council took note of a statement from the Commission:

- a) Recalling the dates fixed by regulations already adopted, under which:
- i) The guide price limits for beef and veal and the common target price for milk for the 1965/66 marketing year are to be fixed by 1 March 1965;
- ii) A regulation concerning starches and certain processed products originating from the Associated African States and Madagascar and from the Overseas Countries and Territories is to be adopted by 31 March 1965;

- iii) A regulation on the financing of the common agricultural policy is to be adopted in June;
- iv) A regulation laying down supplementary provisions for the organization of the market in fruit and vegetables is to be adopted in June;
- b) Recalling the dates fixed by the Council's decision of 23 December 1963 and
- 15 December 1964 respectively, under which:
- i) A regulation establishing a common organization of markets in oils and fats is to be adopted by 1 June 1965;
- ii) A regulation amending Article 11 of Regulation No. 23 (fruit and vegetables) is to be adopted by 1 March 1965;
- c) Announcing the dates on which it intends to submit various other proposals e.g. (organization of tobacco markets).

At its session of 22-23 February 1965, the Council will again consider the time-table, taking into account the comments of the delegations.

Address by M. Mansholt, Vice-President of the Commission, to the European Parliament

27. The European Parliament devoted one day, 21 January, to agricultural questions. Addressing the Parliament, M. Mansholt, Vice-President of the Commission, explained the implications of the Council's decisions of 15 December 1964 (¹). He went on to give the Commission's views on how the common agricultural policy should be further developed and how it should operate. It was urgently necessary for the Council to take decisions aligning the prices of other agricultural products (milk, beeft and veal, rice, sugar) during the first half of 1965, and to settle the question of financing the common agricultural policy. The Vice-President said that one of the effects of the December decisions had been to strengthen the Community's position in the GATT negotiations. He added that the establishment of a common market for agricultural produce would make the Community market organizations simpler and clearer for all those concerned (politicians, government departments and business circles); it would then be possible to dispense with many of the implementing regulations, which could already be counted in hundreds, and with numerous other documents, certificates etc.

The Parliament thanked M. Mansholt for his address, and congratulated the Commission on the success achieved.

Other reports on proceedings in the European Parliament on agricultural matters will be found in later sections.

### Price policy: two new proposals for regulations

28. In January 1965 the Commission drew up two proposals for Council regulations concerning agricultural price policy. These were submitted to the Council of Ministers on 30 January and 1 February 1965 respectively.

<sup>(1)</sup> See Bulletin 2-65, Ch. I.

Proposal for a Council regulation fixing the upper and lower limits of guide prices for beef and veal for the marketing year beginning 1 April 1965

29. The basic beef and veal regulation lays down that, for the marketing year beginning 1 April 1965, the Council shall fix the upper and lower limits of guide prices for fat cattle and calves. It also stipulates that the range must be less than for the 1964/65 marketing year.

During the 1964/65 marketing year, the Member States were free to fix their national guide prices for cattle between DM 205 and DM 235 and for calves between DM 305 and DM 345 per 100 kg live weight. Consequently, for the marketing year beginning 1 April 1965, the difference between the upper and lower limits must be less than DM 30 for cattle and less than DM 40 for calves.

The average prices noted on the markets of Member States during 1964 were in fact substantially higher than the national guide prices.

Furthermore the current shortage of beef makes it necessary to encourage the production of fat cattle. In order to do this, the upper and lower limits of the guide price for fat cattle should be fixed at a level that will be sufficiently remunerative for producers, and beef should be made more profitable in relation to milk.

The guide price limits proposed by the Commission for fat cattle in 1965/66 are therefore higher than those for the preceding marketing year. The upper limit of the guide price for cattle would be set at DM 255 per 100 kg. live weight, and the lower limit at DM235, so that the range would be reduced from DM 30 in 1964/65 to DM 20 for 1965/66.

Too high a price for calves would be a disincentive to the raising of more beef cattle. The Commission therefore proposes that the upper limit of the guide price for calves should be fixed at DM 340 per 100 kg. live weight, compared with DM 345 for the preceding marketing year, and that the lower limit should be fixed at DM 312, compared with DM 305. These upper and lower limits are derived from the guide prices for calves fixed by the Member States themselves for the last marketing year.

Proposal for a Council regulation on prices in the milk and milk products sector for the 1965/66 milk year

30. Under the original milk and milk products regulation, the Council should have fixed a common target price for milk for 1965/66 by 15 January 1965. The Council should also decide by 1 March 1965 the steps to be taken by Member States to align national target prices and market prices during the coming milk year.

However, as the Commission will shortly be submitting proposals fixing the common target price for milk which will apply in a single market from 1967/68 and on which the national target prices will in the meantime be aligned, the Commission did not think it advisable at present to fix a common target price for the 1965/66 milk year, the discussions on this matter being not yet concluded.

The accepted principle being that national target prices should be gradually aligned during the transition period, the Commission proposes that for the 1965/66 milk year these prices should be fixed within limits closer than those for 1964/65. The previous year's price bracket of DM 0.3180-DM 0.4200 ex farm for 1 kg. of milk with a fat content of 3.7 % should be narrowed to DM 0.34-DM 0.4 for the 1965/66 milk year, and the national target prices should remain at the 1964/65 level provided that they do not fall outside the price limits applicable for 1965/66.

Bearing in mind the changes that have occurred in the national target prices and the fact that the original milk and milk products regulation stipulates that aids granted by Member States for milk and milk products must be reduced for the 1965/66 milk year, the Commission has proposed a harmonization of threshold prices for thirteen groups of products and for butter, Cheddar cheese and Tilsit.

The proposed regulation also provides that from the 1965/66 milk year Belgium shall reduce the aids granted for cheeses in group 11 (Camembert, etc.), and that Germany shall abolish aids for cheeses in groups 6 (blue-veined cheese) and 11. No levies will be imposed in intra-Community trade, no refunds granted, and no free-at-frontier prices fixed for products in groups 6 and 11.

### Common organization of agricultural markets

### Cereals

31. On 26 January 1965 the Council authorized a production refund on maize groats and meal used by the brewing industry (1), the reason being that the levies imposed were causing difficulties over the use of these materials in brewing.

### Pigmeat

32. At the end of December, after studying the development of the pigmeat market, the Commission's staff sent out an appeal to all pig-breeders in the EEC, urging them to aim at a more steady level of production in spite of the pig cycle (2).

In their report on the market situation at 1 January 1965, the Commission's staff set out the principles that should govern market intervention and emphasized the need for co-ordinating support measures until 1 July 1967 when Community measures come into force. To this end, with the co-operation of private experts, the Commission's staff have continued work on a system for grading pig carcasses.

### Milk and milk products

33. On 8 January 1965 the Commission adopted a regulation adjusting the free-atfrontier prices used in calculating the levies and refunds applicable to certain milk products (8).

<sup>(1)</sup> Council Regulation No. 11/65/CEE, official gazette of the European Communities No. 19, 5 February 1965.

<sup>(2)</sup> See Bulletin 2-65, Ch. III, sec. 32

<sup>(?)</sup> Commission Regulation No. 1/65/CEE, official gazette of the European Communities No. 3, 14 January 1965.

The Commission also extended until 31 March 1965 its Decision of 28 October 1964 fixing the maximum compensatory amounts for exports of milk products from the Netherlands and the amount of the subsidy for imports of milk products into the Netherlands (1).

By its Decision of 15 January 1965 the Commission fixed the free-at-frontier prices for milk and milk products (2). This decision concerns the free-at-frontier prices for milk products imported from Member States or from non-member countries, and makes adjustments to the transport costs used in computing the levies and refunds' for certain forms of powdered milk. As the text of later decisions will be essentially the same, the agricultural supplement to the official gazette of the European Communities will in future publish only the tables appended to those decisions.

On 26 January 1965 the Council adopted a regulation amending Regulation No. 114/ 64/CEE as regards the application of compensatory amounts for milk and milk products (3), and the Commission adopted a regulation amending Annex II of Regulation No. 157/64/CEE on the adjustments and corrections to be made when determining free-at-frontier prices for milk and milk products (4).

At its session of 25-26 January 1965, the Council discussed problems connected with the binding in GATT of the duties for Cheddar and Emmenthal cheeses.

### Eggs and poultry

34. In January 1965 the Commission adopted three regulations concerning the supplementary amounts to be added to the levies on eggs.

On 13 January the Commission issued a regulation increasing the levy on eggs imported from Bulgaria, Denmark, Israel, Sweden and Czechoslovakia by 0.10 u.a. per kilogram of eggs in shell (5). The reason for this regulation is that since the beginning of January 1965 these countries have been offering eggs at prices below the sluice-gate price and these offers are likely to continue.

On the same date the Commission adopted a regulation increasing the supplementary. amount for whole eggs, liquid or frozen, dried whole eggs, and dried egg yolks (6). This alteration in the supplementary amount was necessary because the egg products in question are at present being offered by non-member countries at prices below the sluice-gate price and these offers are likely to continue. The supplementary amount was fixed at 0.20 u.a. for whole eggs, liquid or frozen, at 0.750 u.a. for dried eggs and at 0.625 u.a. for dried egg yolks.

By Regulation No. 4/64/CEE the Commission fixed the supplementary amount for eggs in shell at 0.10 u.a. for imports from Hungary and Roumania (7).

### Fruit and vegetables

35. In its resolution of 15 December 1964 concerning the organization of fruit and vegetable markets, the Council instructed the Commission to submit proposals

<sup>(1)</sup> Commission Decision No. 65/13/CEE, official gazette of the European Communities, No. 7, 22 January 1965.

<sup>(</sup>a) Commission Decision No. 65/22/CEE, ibid., No. 9, 25 January 1965.
(b) Council Regulation No. 9/65/CEE, ibid., No. 19, 5 February 1965.
(c) Commission Regulation No. 5/56/CEE, ibid., No. 12, 28 January 1965.
(c) Commission Regulation No. 2/65/CEE, ibid., No. 3, 14 January 1965.
(c) Commission Regulation No. 3/65/CEE, ibid.
(d) Commission Regulation No. 4/65/CEE, ibid., No. 11, 27 January 1965.

amending Article 11(2) of Regulation No. 23 (fruit and vegetables) in such a way that the new provisions would be as effective as those under the other common market organizations (1).

The Commission accordingly submitted on 8 January 1965 a draft regulation under which a countervailing charge will be levied whenever the free-at-frontier price of a product imported from a non-member country is lower than the reference price. This charge, which will be the same for all Community countries, will be equal to the difference between the reference price and the free-at-frontier price of the product in question.

The principal change made to the present system (Article 11(2) of Council Regulation No. 23 and Commission Regulation No. 100 of 1962), is that one of the conditions for applying the measures provided is abolished. It will no longer be necessary to show that markets are suffering or are liable to suffer serious disturbances by reason of imports from non-member countries.

36. Proceedings in the Parliament: The above-mentioned proposal for a Council regulation amending Regulation No. 23 was referred to the Parliament, by whom it was debated at some length.

The Agricultural Committee endorsed the proposal, but the External Trade Committee had suggested that the discussion on it should be deferred pending further study. In plenary session, however, this suggestion was rejected and the Commission's proposal was approved by a large majority.

37. Proceedings in the Council: At the session of 25-26 January, the Chairman of the Special Committee for Agriculture, presented an interim report of its discussions on the two proposed regulations concerning the fruit and vegetables sector, one amending Article 11(2) of Regulation No. 23 (see sec. 36 above), and the other amending Article 3(1) and making quality standards applicable to fruit and vegetables marketed in the producing Member State.

The Council confirmed its resolution of 15 December 1964, by which amendments to Regulation No. 23 (Article 11, 2) must be adopted by 28 February 1965.

On 26 January 1965 the Council adopted a regulation fixing common quality standards for garlic (2). All the provisions of Regulation No. 23 (fruit and vegetables) are now applicable also to garlic. The new regulation will come into force on 1 June 1965.

### Proposed regulation on sugar

38. After the Chairman of the Special Committee for Agriculture had presented a progress report on its examination of the proposed regulation on the progressive establishment of a common organization of sugar markets, the Council discussed certain points arising, in particular the calculation of the threshold price, support measures directly applicable to raw sugar, the fixing of production targets, and structural and natural differences in Italy. The Special Committee was instructed to continue its study of these questions.

<sup>(1)</sup> See supplement to Bulletin 2-65.

<sup>(2)</sup> Council Regulation No. 10/65/CEE, official gazette of the European Communities, No. 19, 5 February 1965

39. Proceedings in the European Parliament: After two debates on 18 June and 23 October 1964 respectively, the European Parliament was also asked, at its session of January 1965, to express its views on the common organization of sugar markets.

The Parliament supported the proposal submitted by the Commission to the Council on 12 March 1964 for a regulation on the progressive establishment of a common organization of sugar markets (1), but made the following suggestions:

- i) In addition to the target price for white sugar, a target price for raw sugar should also be fixed for the transition period;
- ii) For the next marketing year the upper and lower price limits should be fixed in relation to production costs for sugar-beet;
- iii) A speciment contract between sugar-beet growers and sugar producers should be drawn up, securing for sugar-beet growers their fair share of benefit from the profits made by sugar producers;
- iv) The Community should set a medium-term production target, to be reviewed each year if necessary, and should make provision for Community stocks of sugar to be built up when the final stage of the common market was reached;
- v) During the transition period appropriate steps should be taken to compensate producers for any loss of income resulting from the common policy;
- vi) The Commission should take steps to safeguard the interests of the Associated States, especially Madagascar.

The Parliament adopted the resolution, subject to the above amendments; an amendment proposing that the production target should be apportioned among the different areas of the Community was rejected.

### Policy for improving agricultural structures

40. On 25 January 1965, the Commission addressed a recommendation to the Luxembourg Government concerning its law of 25 May 1964 on the consolidation of landholdings. The Commission pointed out the need to harmonize the measures taken in the different areas concerned, and to take all possible steps to bring about a general improvement in agricultural structures wherever holdings were to be consolidated. Particular care must also be taken to co-ordinate such measures with those affecting other sectors.

The Commission also stressed the importance of business advisory services in agriculture, which could help to ensure that the maximum benefit was derived from the consolidation of holdings.

<sup>(1)</sup> See Bulletin 5-64, Ch. IV, sec. 34 and supplement.

### Programme of surveys on farm structures: proceeding in the Parliament

41. The Parliament studied the proposal for a regulation submitted by the Commission to the Council on 11 November 1964 concerning the organization of a basic survey as part of a programme of surveys on farm structures (1). On the advice of the Agricultural Committee, it passed a resolution approving the proposal, adding that it considered such a survey indispensable.

### Approximation of legislation: proceedings in the Parliament

- 42. On 20 January 1965 the Parliament studied two draft directives concerning the approximation of legislation. These were:
- i) A Council directive on the approximation of the laws of Member States concerning anti-oxidants used in human food;
- ii) A Council directive on the introduction of Community methods of analysis in official controls of animal feeding-stuffs (2).

Both proposals were approved. With regard to the first proposal, the Parliament suggested that the Commission incorporate certain amendments.

### COMMON TRANSPORT POLICY

### Inter-Executive Working Party on Transport

43. A meeting of the inter-Executive ECSC/EEC Working Party on Transport, attended by M. Albert Coppé, Vice-President of the High Authority and M. Lambert Schaus, member of the Commission, was held in Strasbourg on 18 January.

The meeting was chiefly devoted to a study of the measures which the Netherlands Government proposes taking, in pursuance of Recommendation No. 1/61 of the High Authority, with regard to the publication of transport rates and conditions for ECSC products.

The EEC Commission's Directorate-General for Transport sent its comments on this matter to the High Authority on 4 February.

<sup>(1)</sup> See Bulletin 1-65, Ch. IV, sec. 49 and supplement to Bulletin 12-64.

<sup>(2)</sup> See supplement to Bulletin 11-64.

### Consultative Committee on Transport (Article 83)

44. In the course of its meeting of 18-20 January, the Consultative Committee on Transport rendered an opinion on the "economic study of the situation of transport intermediaries in view of certain measures under the common transport policy".

This was the last of the 1963/64 meetings, since the term of office of the Committee members expired on 27 January 1965. Reviewing the Committee's activities, the Chairman, M. Stoltenhoff, pointed to the positive results achieved over the last two years. The Committee had advised the EEC Commission on highly delicate subjects of vital importance to the common transport policy, e.g.:

- a) The arguments for and utility of tariffs known as "traffic consolidation tariffs" or "tariffs fixed in the interest of the carrier";
- b) Personal qualifications required of carriers;
- c) The approach to the conclusion of an international convention on goods transport by inland waterway;
- d) Application of the rate-bracket system (price formation for transport between Member States; criteria for allowing special contracts; transport commissioners and intermediaries; hiring);
- e) Effects of common transport policy measures on the economic situation of transport intermediaries.

The Committee has gone into all these matters in detail and its opinions are fully reflected in the proposals subsequently drafted by the Commission.

The Commission requested Member States to appoint their delegates to the Committee for 1965/66 without delay. It will be remembered that each Government can appoint up to five experts (including two from the civil service) and five alternates. On 22 June 1964 the Council decided that, in the interests of continuity, the term of office of Committee members would be extended until the appointment of successors.

### Weights and dimensions of commercial vehicles

45. On 23 December 1964, the Federal German Government, in pursuance of the Council decision concerning consultation on transport problems (¹), intimated by letter that a decree amending the current regulations on the weights and dimensions of commercial vehicles was to take effect on 1 January 1965. In accordance with Article 2(3) of the Council decision of 21 March 1962, the Commission held consultations with the Member States on 8 and 11 January.

Though agreeing that the Federal German Republic had taken an important step towards the establishment of uniform transport regulations, the Commission felt that if introduced immediately the decree might create a situation which would hamper attempts to find an overall solution acceptable to all Member States, while negotiations on the whole of the Commission's proposals concerning commercial vehicles were still in progress. The Commission therefore recommended the Federal German Government on 13 January not to introduce the decree until after the next session of the Council of Ministers dealing with transport matters.

<sup>(1)</sup> See official gazette, No. 23, 3 April 1962.

### Elimination of double taxation on motor vehicles

46. On 18 January 1965, the European Parliament adopted a resolution on the Commission's proposal to the Council for a regulation to eliminate double taxation of motor vehicles engaged in international traffic (1).

Opening the debate, M. Brunhes, the rapporteur, said that the problem of taxes on motor vehicles was of paramount importance to carriers; in particular an answer must be found to the problem of fuel taxes. Pointing to what had been achieved in agriculture, he called for similar efforts in the transport sector. Summing up, M. Brunhes expressed his approval of the proposed regulation and hoped that the Council would do its utmost to establish a common transport policy.

Speakers for the three political groups supported M. Brunhes.

M. Schaus, the member of the EEC Commission responsible for transport matters, said that the harmonization of taxes was not an easy matter and would take some time. However, the final decisions on a common transport policy should be taken in 1965.

The debate issued in a resolution approving the Commission's proposal and expressing the hope that the elimination of double taxation of motor vehicles engaged in international transport would shortly be followed by other measures to harmonize taxes in the transport sector (taxes on vehicles, fuel and tyres).

### Implementation of Articles 79 and 80 of the Treaty

- 47. Meetings were held in Brussels on 6, 7, 12, 13 and 26 January 1965, at which the following matters were discussed with representatives of the governments concerned:
- a) Decisions on freight rates applied in France to certain consignments by inland waterway;
- b) The recent special tariffs published by the Deutsche Bundesbahn;
- c). Freight rates on Belgian waterways.

On 15 January, meetings were held with representatives from all the Member States, as provided for in Article 80(2) of the Treaty, to consider two requests presented by the French Government.

The first was for the maintenance of the SNCF's special tariffs for consignments of beer, cement and potatoes for Corsica.

The second was for a renewal of authorization in 1965 for reduced rates on consignments of cauliflowers and new potatoes from Brittany where the distance involved was more than 650 km, and for similar reductions in road haulage.

<sup>(1)</sup> See supplement to Bulletin 5-64.

### SOCIAL AFFAIRS

### European Social Fund

Proposed regulations to increase the effectiveness of the Fund

48. On 27 January 1965, the EEC Commission submitted to the Council two proposals for regulations to increase the effectiveness of the European Social Fund (1).

The European Social Fund was set up by the Rome Treaty and came into operation in late 1960. Its purpose is to promote within the Community opportunities for employment and the geographical and occupational mobility of workers. It refunds 50 % of the expenditure incurred by Member States or their public corporations on vocational retraining and on resettlement allowances for unemployed and underemployed workers. It makes a similar contribution to the financial aid granted by the Member States to maintain the same wage-level for workers whose employment is reduced or suspended as a result of industrial conversion. Up to 31 December 1964, the Fund had paid out a total of 24.5 million units of account, enabling over 330 000 workers to find new employment.

Though the results of the Fund's first four years have been positive on the whole, the Commission has become convinced of the need to revise its present rules on account of economic changes and the speed-up of the integration process. The Commission has therefore laid before the Council a proposal to amend Council Regulation No. 9 on the European Social Fund as amended by Regulation 47/63/EEC, together with a proposal for a supplementary Council regulation concerning the Fund.

The object of the first proposal is to enable the Fund to operate more flexibly and more promptly. The clause requiring workers to take up paid employment following retraining or resettlement will be rescinded, and the list of public corporation eligible for refunds will be revised. Secondly, the Fund will be able to make grants in advance for retraining as part of regional development or reorganization, or for rapid courses for migrant workers.

The second proposed regulation provides for contributions from the Fund in five more cases:

- a) Contributions towards the cost of training or retraining unskilled workers, or those with skills unsuited to modern methods, whose prospects of stable employment are therefore uncertain;
- b) Contributions to expenditure on maintaining the wage levels of workers who have become redundant on the closing down of a firm operating in an underdeveloped area and have been taken on by a new firm setting up in the same area;
- c) Contributions to finance the construction, extension or equipment of retraining centres in areas lacking suitable facilities;

<sup>(1)</sup> See supplement to this Bulletin.

- d) Grants to provide low-cost housing for workers who move to another part of the Community;
- e) Grants for the establishment and operation of social services for workers and their families who move from one member country to another.

The broad aim of the Commission's proposals is to associate the Fund more closely with the efforts being made by Member States to maintain the present high level of employment, to overcome shortages of skilled labour, to achieve a more balanced development of regional economies and to remove all obstacles to the geographical mobility of workers and their families within the Community.

### Additions to the list of public bodies

49. On 15 January (1), the Commission added six names to the list of public bodies authorized under Article 18 of Council Regulation No. 9 to claim grants from the European Social Fund. Of these six corporations, three are German, one French and two Italian.

### Social security for migrant workers

The Administrative Committee

50. At its 61st session held in Brussels on 20 and 21 January, the Administrative Committee on social security for migrant workers gave further consideration to the revision of Council Regulations Nos. 3 and 4 concerning social security for migrant workers, particularly in respect of disablement, and examined ways of improving the co-ordination of Member States' legislation in this field.

The Committee also studied a preliminary draft regulation extending the scope of Regulations Nos. 3 and 4 to merchant seamen.

### Industrial safety

51. On 18 January 1965, the European Parliament adopted a resolution on the proposed directive for approximating legislation, regulations and administrative provisions applicable to the manufacture, control and use of cartridge-operated stud drivers.

This directive provides for the mutual recognition of approved designs and of licences for use issued by the competent national authorities; this is in furtherance of certain aims set out in the Rome Treaty, viz:

- a) To safeguard the health of workers and the general public by improving working conditions;
- b) To promote the free movement of goods, in this case cartridge-operated stud drivers,
- c) To promote freedom to supply services, particularly in the building sector.

The European Parliament approved the directive, stressing its importance and welcoming the Commission's efforts to standardize safety regulations on stud drivers

<sup>(1)</sup> See official gazette of the European Communities, No. 23, 10 February 1965.

as a first step towards the European protection of tool and machine operators against accident. The Parliament held that the Commission's decision to take Article 100 of the Treaty as a legal basis for the directive was quite in the spirit of the Treaty.

### Housing

52. At its session held on 27 and 28 January, the Economic and Social Committee rendered an opinion on the draft recommendation to Member States on housing for migrant workers (1).

The Committee unanimously supported the Commission's initiative, adding that direct Community action was the only way to end the housing shortage and that one answer might be to alter the structure of the European Social Fund, providing for grants to finance housing for migrant workers. The Committee also felt that immediate consideration should be given to the possibility of financing housing projects through loans from the European Investment Bank or from other sources (e.g. a special Community fund).

Observing that migrant workers were still at a disadvantage compared with nationals of the host country, the Committee considered that Member States should take immediate steps to remedy this situation and that the Commission should make new proposals and suggestions.

### Social services for migrant workers

53. On 22 January, representatives from employers' and workers' associations met in Brussels under the auspices of the Commission. Discussions centred on the initial steps taken by Member Governments in pursuance of the recommendation regarding social services for migrant workers (2).

The delegates stated their views on the implementation of this recommendation and on future programmes for extending the services in question. It was felt that although positive results had been achieved, further efforts were required from the Member States in co-operation with both sides of industry.

### Exchanges of young workers

54.- On 18 January 1965, the Commission held a second meeting with representatives of the Member Governments to study the problems involved in introducing the first joint programme to promote the development of exchanges of young workers.

It was decided that a total of 4500 trainee exchanges would be arranged in 1965. A further point discussed was the amount of aid to be provided by each Member State, (either as host country or, in a few cases, as country of origin) in the form of travel allowances, wage compensation, perquisites or language instruction. The Commission will advise the Member States of the results of those discussions.

Agreement was reached on the methods to be used in collecting statistics on the exchanges carried out under the first joint programme.

<sup>(1)</sup> See Bulletin 9-10/64, Chap. II, sec. 56. (2) See official gazette of the European Communities, No. 76, 16 August 1962.

### III. External activities

### GATT NEGOTIATIONS

### Trade negotiations

55. On 19 January, the group of countries taking part in the trade negotiations with a view to a linear reduction of industrial tariffs initiated the procedure for justifying their exceptions lists.

The five lists tabled will be examined on the following dates:

United States .	10.22 }
_	19-22 January
' Japan	26-29 January
United Kingdom	1-3 February
, Finland	4-5 February
EEC	9-12 February

The object is to weigh the economic arguments advanced for invoking "overriding national interest" to justify each departure from the general rule of linear reduction.

On 27 January, the Executive Secretary of GATT, as chairman of the Trade Negotiations Committee, called on the Agricultural Committee to find ways of getting the agricultural negotiations moving again and made several suggestions regarding procedure which are being examined in the various capitals.

### GATT Council

56. The GATT Council met on 28 January. After reviewing the agenda for the 22nd session of the Contracting Parties due to take place from 2-26 March, it adopted the Executive Secretary's proposals for procedure to deal with the case of Argentine, Iceland, Ireland, United Arab Republic, Tunisia and Jugoslavia, six countries which, for various reasons, are still not full members of GATT. Under those proposals, the Trade Negotiations Committee will arrange for these countries to take part in the Kennedy round with a view to membership in GATT and a recommendation will be made to the Contracting Parties to set up appropriate machinery to study other points in the conditions for membership.

### BILATERAL RELATIONS

### Relations with Austria

57. Relations between the Community and Austria were further discussed by the Council on 2 February 1965.

The Committee of Permanent Representatives was instructed to co-operate with the Commission in preparing, for the Council session of 2 March, terms of reference for negotiations with Austria at the earliest possible date.

The Committee of Permanent Representatives has since set up an ad hoc working party to determine in what economic fields, and to what extent, harmonization of Community and Austrian policy to avoid distortion of competition would be essential if an agreement based on Article XXIV of GATT were signed with Austria removing all barriers to trade. The working party's report is to be submitted to the Committee of Permanent Representatives by 15 February 1965.

### Relations with Great Britain

58. Under arrangements for periodic contacts between the Commission and the British authorities, Mr Douglas Jay, President of the Board of Trade, paid a visit to the Commission on 12 January, returning the visit to London in April 1964 by M. Rey, the member of the Commission responsible for external relations. The topics discussed were the Kennedy round and problems arising from the 15 % import surcharge levied by the United Kingdom.

### Relations with Ireland

59. Under arrangements for periodic contacts between the Commission and the Irish Government, Mr Haughey, the Irish Minister of Agriculture, paid a visit to the Commission on 26 January. The subjects discussed included the implementation of the common agricultural policy.

Mr Haughey reaffirmed Ireland's wish to reopen negotiations to joint the EEC as soon as circumstances permitted.

### Missions of non-member countries to the Community (January 1965)

60. The European Economic Community gave its agrément to the appointment of His Excellency Mr Wilfred Andrew Rose as the new head of the Trinidad and Tobago Mission and that of His Excellency M. José Piñera as new head of the Chilean Mission to the European Economic Community.

### The role of the European Parliament in the conclusion of trade agreements

61. During the January session of the European Parliament, M. van der Goes van Naters presented a report on behalf of the Political Committee' on the Parliament's role in the procedure for concluding trade agreements between the European Communities and non-member countries or foreign institutions, a role for which no provision had been made in the Rome Treaty.

M. van der Goes van Naters said though the role proposed was a modest one it would in fact enable the Parliament to exercise effective control.

The proposed procedure involves four phases:

### A. At committee level:

- 1. The appropriate parliamentary committees hold discussions, attended by one or more representatives of the Commission, on the advisability of an agreement and the negotiators' terms of reference;
- 2. The Commission informs the appropriate parliamentary committee(s) of the matter, which may then be debated;
- 3. The parliamentary committee to which the matter has been referred submits a report to the Parliament if thought fit.
- B. In plenary session:
- 4. The Commission raises the matter in the Parliament; it must then be referred back to the appropriate committees, accompanied if thought fit by the formal opinion of the Parliament.

Speaking on behalf of the EEC Commission, M. Rey broadly approved the proposed procedure, adding that much of it was already the regular practice.

He nevertheless advocated a little flexibility in applying it; since undue strictness in this regard might well complicate or frustrate the negotiations and procedures involved.

On behalf of the Euratom Commission, M. Sassen expressed agreement with what M. Rey had said and requested that the procedures be brought into line with the provisions of the Euratom Treaty, in which commercial agreements were virtually confined to trade in fissionable material or uranium ores.

The resolution (1) was adopted on 20 January 1965.

### RELATIONS WITH INTERNATIONAL ORGANIZATIONS

### Council of Europe

62. The Consultative Assembly of the Council of Europe held the fourth part of its 16th ordinary session from 25 to 29 January 1965 in Strasbourg. The chief topics debated were the general policy of the Council of Europe, European political union, European economic problems and agricultural policy, East-West relations, and the free movement of workers in Europe.

The Assembly voted in favour of admitting Malta to the Council of Europe, bringing the membership to eighteen.

#### Political debate

63. The political debate opened with reports by M. Finn Moe (Socialist, Norway) on the general policy of the Council of Europe and by M. de la Vallée Poussin

<sup>(1)</sup> See annex.

(Christian Democrat, Belgium) on European political union. The first of these dealt mainly with the control of nuclear weapons and the problems currently facing the United Nations. The second was concerned with recent proposals for revitalizing the idea of European political union and attempted to circumscribe the basic problems involved. The last-mentioned points formed the substance of the debate, which was marked by a dispute as to whether political union should be limited to the six members of the Communities or extended to other countries, particularly Great Britain.

M. de la Vallée Poussin stoutly upheld the claims of the six power group, stressing that it at any rate existed and had won success in the economic field. He did not think a country which had not joined the Community could take part in political union: the other members of the Council of Europe should be kept fully informed of the progress of negotiations but should not take part in any way which would influence the shaping of new institutions. Other parliamentarians of the EEC countries concurred.

Other speakers stressed that the governments should adopt a cautious approach to the talks on political union planned by the Six in order to prevent any widening of the gulf between the EEC and EFTA. Some were even opposed to any policy which would draw closer the links between the Six but leave aside the other European countries, and held that the United Kingdom and other Council of Europe members should be brought into the discussions.

The debate revealed that the overwhelming majority of parliamentarians from the six EEC countries were in favour of the six governments' resuming negotiations on political union as soon as possible; if the gulf dividing Europe thereby grew wider, it was up to the other European countries to bridge it.

M. Klaus, the Federal Chancellor of Austria, seconded by M. Wahlen, current chairman of the Committee of Ministers, wished to see a form of political union in which there was room for all European countries, including the neutrals.

The debate issued in a recommendation, which will be found in the annex to the present Bulletin, approving the plans for a provisional form of European political union, and calling for negotiations on as broad a basis as possible between the governments of interested Member States of the Council of Europe. It was recognised however that, as matters now stood, a start could hardly be made otherwise than among the Six.

The Assembly adopted three other recommendations, the first of which, adopted unanimously, called on the Six and the Seven to use the Committee of Ministers of the Council of Europe as a forum.

### General economic debate

64. The economic debate was opened by M. Czernetz (Socialist, Austria) who reported on European economic problems. This was followed by an interim report by M. Hagnell (Social Democrat, Sweden) on trade relations between the countries of the Council of Europe and Eastern Europe.

After remarking that economic expansion was common to all European countries and that the outlook for 1965 was promising, M. Czernetz analysed the monetary situation

in Britain in relation to economic problems in Europe as a whole, and commented on the possibility of a reform of the international monetary system. Summing up, he stressed the need for an organic link between the EEC and EFTA in order to forestall serious divergences between the two groups and to bring the Kennedy round to a successful conclusion.

The debate closed with the adoption of a recommendation calling on the governments of the Member States to pursue the co-ordination of their economic and financial policies with an eye to a stronger international monetary system, to begin discussion of agricultural produce in the Kennedy round and to continue talks on industrial products with a view to an early agreement with as few exceptions as possible.

### Debate on agricultural problems

65. The debate on agricultural policies in Europe opened with a report by M. Federspiel (Liberal - Denmark), who began by remarking that although a European agricultural policy was taking shape in the EEC, the EFTA countries were still contenting themselves with pragmatic measures and bilateral agreements. There was no doubt in the speaker's mind that economic integration in Europe should also cover agriculture. He remarked that the trend apparent almost everywhere towards fewer but larger farms was both necessary and irreversible. We must aim, he said, at making production profitable and opening up the world market.

In the course of the ensuing debate, the parliamentarians from the EEC countries upheld the principles underlying the Community's agricultural policy.

The Consultative Assembly went on to adopt a recommendation on agricultural policies in Europe, calling on the governments of the Member States to take various measures to promote a vigorous policy for improving farm structures in order to ensure that optimum use is made of resources and that family holdings are made more profitable in all areas where they constitute the most appropriate form of agricultural undertaking.

### Debate on social problems

66. Following a short debate on social problems, which opened with a report by Mlle Kok (Popular-Catholic, Netherlands) on the first steps towards the free movement of workers in Europe, the Consultative Assembly unanimously adopted a recommendation urging the Council of Europe to take similar measures to those contained in EEC Regulations Nos. 15 and 38/64 regarding the free movement of workers.

### IV. The Community and the associated States

### ASSOCIATION OF GREECE WITH THE COMMUNITY

67. The EEC-Greece Association Committee held its 19th meeting on 25 January.

The main topic discussed was the harmonization of the agricultural policies of the EEC and Greece. The existing proposals were studied in detail, so that a report on them might be presented when the Council of Association next meets on 9 February.

The Greek request for a new reduction of duties on imports of Greek tobacco into the Community was also given careful study.

The Committee concluded by examining certain topical questions such as duties on imports of rosins and turpentines into the Community, the abolition of quotas, the application by Greece of Article 18, and the increase of wine quotas in 1964.

# ASSOCIATION OF AFRICAN STATES AND MADAGASCAR AND OF THE OVERSEAS COUNTRIES AND TERRITORIES WITH THE COMMUNITY

Debate in the European Parliament on the Parliamentary Conference of the Association (Dakar, 8-10 December 1964)

68. At its January session, the European Parliament discussed the report on the first Parliamentary Conference held at Dakar from 8 to 10 December 1964, which was presented by M. Carcassone (France, Socialist) on behalf of the Committee on Co-operation with the Developing Countries.

Introducing his report, M. Carcassone said that it was highly important that the EEC Commission should be represented in the Associated States; he also stressed the significance of the twelve paragraphs on trade contained in the resolution adopted at the close of the Conference (1). He hoped that the Parliament would express its views as soon as possible on the points raised in this resolution, particularly with regard to tropical products, the opening of markets to processed products, and technical co-operation.

M. Pedini (Italy), speaking for the Christian Democratic group, said that the success of the Association marked a step forward towards the building of Europe.

The Dakar Conference had made it possible for relations between Europe and these countries to be established on a new human footing. Particularly noteworthy was the proposal by the three European Communities that they should work together in fulfilling their responsibilities in Africa. This proposal was highly important, the speaker added, because it showed that Europe recognized the vital role that energy resources and the steel industry could play in the development of African States.

<sup>(1)</sup> See Bulletin 2-65, Ch. III, sec. 71.

- M. Carboni (Italy, Christian Democrat) stressed the need to familiarize Europeans with African problems, which were often not well understood in Europe. He urged the Commission to make grants for young Europeans to go and study certain African problems on the spot during the coming year.
- M. Troclet (Belgium, Socialist) hoped that the Commission would turn its attention to the transport of African goods. It was not enough, he said, to increase production in the African countries; provision must also be made for distribution or processing if the goods were not to perish on the spot.
- M. Armengaud (France), for the Liberal group, spoke of the practical conclusions to be drawn from the Dakar Conference, and enjoined the Parliament not to call in question the pledges given at Dakar, either in the discussion or in the resolution.
- M. Levi Sandri, Vice-President of the EEC Commission, speaking for M. Rochereau who was unable to be present, said that on most points the Commission heartily supported the resolution of the Dakar Conference.

The Commission attached great importance to the work of the Joint Parliamentary Committee set up at Dakar; it should, however, study its problems more closely and place them in order of priority.

Turning to the role of the European Investment Bank, M. Levi Sandri said that, by agreement with the Commission, it was engaged in working out the financial procedures which would soon enable it to begin operations on behalf of the Associated States.

In conclusion, M. Levi Sandri underlined the political significance of the Conference, which had demonstrated to world opinion that the Community and its African and Malagasy Associates were able to hold a democratic exchange of views and had set up institutions for the purpose in which the interests of all parties were fully respected.

- M. Margulies, a member of the Euratom Commission, announced that, in response to a wish expressed by the Associated States, the Euratom Commission was studying the possibility of making use of nuclear science in these States for the production of energy and in biological research and prospecting.
- M. Thorn (Luxembourg, Liberal), Chairman of the Committee on Co-operation with the Developing Countries, wound up the debate, urging the European Parliament to do everything in its power during this first year of the Association to get it off to a good start and help forward this grand design of partnership between Europe and Africa.

The Parliament adopted a resolution (1) endorsing the conclusions of the Dakar Parliamentary Conference.

### System applicable to certain processed products originating in the AASM and OCT

69. On 9 December 1964 the Commission submitted to the Council a proposal for a Council regulation concerning the system applicable to certain processed products

<sup>(1)</sup> See Annex.

originating in the Associated African States and Madagascar and in the Overseas Countries and Territories (1).

The aim of this proposal is to establish permanent rules for imports of manioc flour, meal and starch, in the more general framework of a special system applicable to all products originating from the AASM and OCT and governed by Regulation No. 141/64/CEE (2) concerning the system applied to processed cereal and rice products.

Under the Convention of Association between the European Economic Community and the African States including Madagascar associated with the Community, which came into force on 1 June 1964, the Community undertook, in framing its common agricultural policy, to have due regard for the interests of the Associated States in respect of products similar to and competitive with European products. By a Council Decision of 25 February 1964 this undertaking was extended to the Overseas Countries and Territories.

The relevent provisions of the proposal for a regulation lay down that the obligation undertaken by the Community shall be fulfilled, as a general rule, by granting imports of the products concerned the benefit of a reduction in the levy, the fixed component being lowered. This system will allow processed products imported from the AASM and the OCT the same commercial advantage as is granted between Member States.

Special measures are laid down for products which present individual problems. For manioc flour, meal and starch, the proposed regulation provides that the fixed component shall henceforth be nil.

This measure, which grants a supplementary advantage, is justified by the existing situation, for it would not be logical economically if imports which at present enjoy total exemption from levies were subjected to a levy higher than that to be applied at the end of the transition period.

### Missions of associated countries to the Community (January 1965)

70. The European Economic Community took note of the appointment of His Excellency M. Mohamed Scek Hassan as representative of the Republic of Somalia.

### EUROPEAN DEVELOPMENT FUND

### Emergency aid

71. The Prime Minister of Somalia has appealed for international aid to mitigate the effects of the present famine in his country. Emergency aid from the Fund for deliveries of food is being considered, and the Commission's decision is expected in the near future.

<sup>(1)</sup> For this proposal see supplement to Bulletin 2-65.

<sup>(2)</sup> See official gazette of the European Communities, No. 169, 27 October 1964.

### Financing decisions approved

72. The Commission has decided to finance eight projects approved by the EDF Committee, to a total of 15 352 000 units of account:

For Dahomey: First annual tranche of aid to production of 253 580 000 Frs. CFA or about 1 027 000 u.a. This is part of a five-year programme of aid to production and diversification approved under Article 28 of Protocol No. 5 to the Yaoundé Convention.

For Niger: Sinking of 150 wells: 495 000 000 Frs. CFA or about 2 005 000 u.a. This undertaking, which will supply water to a population of some 80 000, is supplementary to a programme financed by the first EDF, under which 395 wells were sunk.

For Mauritania: Construction of nine dams and installations at two springs in East Mauritania: 335 000 000 Frs. CFA or about 1 357 000 u.a. The project, which will benefit 18 000 inhabitants of Assaba and Hodh, is an extension to a previous project, financed by the first EDF, under which five dams were built in the Brakna area.

For Rwanda: Aid to economic diversification amounting to 4 400 000 Frs. RW or some 88 000 u.a. This project concerns the installation of 400 apiaries, four centres for the extraction of honey, the provision of skilled staff and the training of instructors.

For Gabon: Technical surveys for the future port of Owendo in Gabon: 200 000 000 Frs. CFA or some 811 000 u.a. The scheme, which combines harbour works with town-planning, is for a deep-water harbour which will be the terminus of a railway from the substantial iron deposits at Mekambo. This complex project, which will benefit the mining sector and improve communications, is receiving the attention of the World Bank, the UN Special Fund and several private international groups.

For Somalia: Technical assistance in the running of the new hospital at Mogadishu: 7 600 000 Somali shillings or about 1 064 000 u.a. This hospital, which was constructed and equipped through the first EDF, will be supplied with a specialist staff of 69 (medical assistants other than doctors, ward sisters, midwives and technical staff) who for two and a half years will supplement the team of 31 doctors and specialist personnel already provided as part of the co-ordinated technical assistance supplied by the Community and, on a bilateral basis, by the Member States.

Fort surveys: An overall allocation of 5 000 000 u.a. for surveys relating to the presentation and execution of investment projects submitted for EDF financing, and for general surveys on diversification prospects in the Associated States and on problems concerning these States as a whole.

For technical assistance: A total allocation of 4000000 u.a. for directing and supervising works carried out with EDF aid. This will enable the Commission to take prompt action, at the request of the Governments of the Associated States, whenever they find it difficult for lack of technical personnel to supervise investment projects financed by the EDF. It thus comes under the heading of technical co-operation associated with investment projects.

### Financing decisions approved as at 31 January 1965

### (Second Fund)

Amount in u.a.

	,	•	Amount in u.a.
Aid to production			,
Cameron		2 604 000	
		•	
	•		
Dahomey		1 027 000	
•	Total	8 326 000	
,	-		
Technical assistance (TA)			
General allocation for surveys General allocation for directing		8 000 000	
and supervising works		4 000 000	}
TA Gabon		811 000	
	Total	12 811 000	
		<del></del>	
General technical co-operation			
Scholarships		2 917 000	
		217 000	
		225 000	
		1 440 000	
TA Somalia		1 064 000	
1	Total	5 863 000	
Toward business			
invesiment projects			
Rwanda		1 888 000	Į
		160 000	_
Cameroon		6 158 000	·
Chad		810 000	
Niger		2 005 000	
Mauritania		1 357 000	
	Total	12 378 000	
G	rand total	39 378 000	
	Cameron Chad Central African Republic Niger Dahomey  Technical assistance (TA) General allocation for surveys General allocation for directing and supervising works TA Gabon  General technical co-operation Scholarships In-service training Information programme TA Congo (Leopoldville) TA Somalia  Investment projects Rwanda Burundi Cameroon Chad Niger Mauritania	Cameron Chad Central African Republic Niger Dahomey  Total  Technical assistance (TA) General allocation for surveys General allocation for directing and supervising works TA Gabon  Total  General technical co-operation Scholarships In-service training Information programme TA Congo (Leopoldville) TA Somalia  Total  Investment projects Rwanda Burundi Cameroon Chad Niger Mauritania	Cameron

### V. Institutions and organs

### THE PARLIAMENT

The Parliament met in plenary session in Strasbourg from 18 to 23 January 1965, M. Duvieusart presiding.

M. Marjolin, a Vice-President of the Commission, spoke on the economic situation of the Community and on development prospects (1). His report was not followed by a debate, but the Chairman of the Economic and Financial Committee spoke briefly in reply.

The debates and the resolutions adopted were concerned mainly with restrictions on establishment and services in the film industry, the results of the Dakar Conference, the Parliament's role in the conclusion of certain trade agreements, stocks of crude oil and petroleum products to be held in the Member States, and European political union.

The Parliament also heard a statement from M. Mansholt, a Vice-President of the Commission, on the decisions taken by the Council of Ministers in December in the field of common agricultural policy and on the political and economic implications of these decisions for the Community's future development. There was no debate.

### Debate on M. E. Martino's report on European political union

M. Eduardo Martino (Italy, Christian Democrat) presented an interim report on this subject on behalf of the Political Committee.

The report recalled the reasons for which the Parliament had decided to debate this question now, and quoted the draft resolution presented in November by the Chairmen of the political groups, together with the amendments to it that had been proposed at that time.

The Political Committee recognized that there were still numerous problems to be solved, particularly as regards the form that political union should take and the objectives it should pursue. After proposing that a detailed report, including the contributions made by the present debate, should be presented at the next session of the Parliament, the Political Committee called upon the European Parliament to adopt a draft resolution containing a solemn appeal to the Member States, urging them to "give a real impetus to the building of a democratic Europe" (1).

In presenting his report, M. Martino devoted particular attention to this point in the resolution. It was a positive and hopeful sign, he said, that Parliament was unanimous on the need to urge the governments of Member States to do something to get the political construction of Europe moving again.

<sup>(1)</sup> See Ch. I of this Bulletin.

<sup>(</sup>i) For the text of this resolution see annex.

The rapporteur also underlined the need to decide how Europe's political development could be resumed within an Atlantic setting, to fix the stages by which political union could be achieved, and to define the role of the future European Parliament, elected by universal suffrage.

Opening the debate, M. Battista (Italy), speaking on behalf of the Christian Democrat group, said that progress during the last three years in the matter of European political union had been practically nil; it was urgently necessary to re-open the discussion and above all to break new ground. For this, the most important task — before there could be any practical results — was to decide on the common policy to be pursued, and to make the governments aware of their responsibilities in this field.

Mme Strobel (Germany), on behalf of the Socialist group, said that European union could only develop to the full if foreign policy and certain aspects of cultural and defence policy were also integrated.

After declaring that no geographical limit should be set to integration, since only a wider Community would be able to stand beside the United States as an equal partner, the speaker said she supported the view that the powers of the existing institutions should be widened to include foreign policy. Such an extension, followed by the merger first of the Executives and then of the Communities, would give much better results than the establishment of entirely new institutions.

Referring next to the recent Franco-German talks at Rambouillet, Mme Strobel said that, though everyone must welcome the strengthening of Franco-German friendship, they must not regard an agreement between two states as an alternative solution to the real building of Europe.

In conclusion, Mme Strobel expressed the hope that the new British government's desire to participate in the negotiations on political union would meet with a favourable reception.

Speaking on behalf of the Liberal and allied group, M. Rossi (France), said that a clear distinction must be made, during the preparatory period, between the coordination of policies and the negotiation of a new Treaty. For the first purpose, it would be enough for the governments to be assisted by a secretariat staffed by national officials; for the second, M. Rossi proposed a solution on the lines of a "Committee of wise men". In any event all measures that would jeopardize the working or political future of the European Economic Community should be flatly rejected; "the Community", he declared, "must remain not only the model but also the focal point of any new venture".

Speaking for the European Democratic Union group, M. de la Malène (France), advocated a Treaty to give concrete form to the will for political union; he considered that the establishment of new machinery would give the process of unification fresh and powerful impetus, and there would then be wider possibilities of action. A new political system of this sort, he added, would aim at rounding off — and not at capping — the existing Communities; the latter, being no longer paralysed by differences of opinion, would then be able to make rapid progress.

Voting on three amendments submitted respectively by M. de Lipkowski (France, European Democratic Union), M. Gaetano Martino (Italy, Liberal), and M. Vals (France), the latter speaking on behalf of the Socialist group, the Parliament referred

the first two back to the Committee and adopted the third, which proposed that in the resolution the word "federated" should be replaced by "federal".

Numerous speakers took part in the discussion on these amendments. Finally the Parliament adopted the resolution with M. Vals' amendment.

The Parliament adopted several other resolutions:

- i) Resolution expressing the opinion of the European Parliament on the proposal of the EEC Commission to the Council for a regulation on the abolition of double taxation of motor vehicles engaged in international traffic;
- ii) Resolution expressing the opinion of the European Parliament on the construction and use of cartridge-operated stud-drivers;
- iii) Resolution on the proposal to amend Article 36(5) of the rules of procedure of the European Parliament (1);
- iv) Resolution expressing the opinion of the European Parliament on the EEC Commission's proposal to the Council for a regulation amending Article 11(2) of Regulation No. 23;
  - v) Resolution expressing the opinion of the European Parliament on the proposal of the EEC Commission to the Council for a regulation on the progressive establishment of a common organization of sugar markets;
  - vi) Resolution expressing the opinion of the European Parliament on the proposal of the EEC Commission to the Council for a regulation relating to the organization of a basic survey for a programme of surveys on farm structures;
  - vii) Resolution expressing the opinion of the European Parliament on the proposal of the EEC Commission for a directive to introduce Community methods of analysis in official controls of feedingstuffs;
  - viii) Resolution expressing the opinion of the European Parliament on the proposals of the EEC Commission to the Council for a regulation instituting a trading system for certain goods resulting from the processing of agricultural produce and for a regulation listing the goods to which the latter regulation applies.

### THE COUNCIL

### 157th session

The 157th session of the Council was held on 25 and 26 January, M. Pisani, the French Minister of Agriculture, presiding.

The Council dealt with the following matters:

"Initiative 1964": The Council decided to consult the European Parliament on the proposal for a decision abolishing intra-Community customs duties, introducing the

<sup>(1)</sup> In future the number of members required to form a political group will be 14 instead of 17.

common customs tariff duties and prohibiting quantitative restriction between the Member States.

It also decided to transmit the following texts to the European Parliament:

- i) A draft Council resolution on accelerated customs reduction for certain agricultural products;
- ii) A draft decision on the abolition of frontier controls between the Member States;
- iii) A draft decision on the harmonization of customs legislation;
- iv) A draft decision on certain aspects of social policy.

Agriculture: The Council officially adopted the measures to be taken to establish a common level of cereal prices (by formally approving the extract from the minutes of its 156th session).

The Council discussed the time-table and took certain decisions of which details are given in Chapter II, section 26.

The Council agreed to deal with the substance of these questions at its meeting on 1 and 2 February.

The Council took the following decisions:

- i) Temporarily reducing the duty for the Community tariff quota of 22 000 tons of frozen beef and veal;
- ii) Concerning the Community tarif quota of 20 000 head of cows and heifers of certain mountain breeds.

The Council formally adopted the following regulations:

- i) Fixing common quality standards for garlic;
- ii) Amending Regulation No. 114/64/CEE on implementing procedures concerning compensatory amounts in the milk and milk products sector;
- iii) On the granting of production refunds on certain maize groats and meals used in brewing.

The Council issued, in the official languages of the Community, a directive establishing specific purity standards for permitted preservatives in human food.

(For details of the agricultural decisions, see Chapter II, "Common agricultural policy").

Approximation of legislation: The Council issued a directive on the harmonization of laws and regulations governing branded pharmaceuticals.

Tariff questions: The Council decided to reduce to 10 % the common customs tariff duty on frozen beef and veal under sub-heading ex 02.01 A II (from 1 February to 31 March 1965), and on frozen meat under sub-heading ex 02.01 A II, intended for processing under customs control (from 1 April to 30 June 1965).

Credit insurance: The Council adopted a decision on the procedure for consultation in the fields of credit insurance, guarantees and financial credits.

### 158th session

The 158th session of the Council was held on 2 February, M. Couve de Murville, the French Minister of Foreign Affairs, presiding.

The following matters were dealt with:

The Community's work in 1965 and the agricultural time-table: The Council held an exchange of views on the proposals concerning the work to be done by the Community during 1965, particularly "Initiative 1964". As regards the agricultural time-table, it took note of a statement by the Commission recalling the dates fixed by previous decisions. The Council will continue its examination of this time-table on 22 and 23 February.

Application of Article 85(3) of the Treaty: The Council adopted, subject to linguistic editing, a proposal for a regulation concerning the application of Article 85(3) of the EEC Treaty to certain classes of agreements and concerted practices.

Negotiations with Nigeria: The Council gave the Commission further instructions with a view to the resumption of negotiations with Nigeria.

Economic policy: The Council took note of the Short-term Economic Policy Committee's opinion on economic budgets for 1965, and drew the Member States' attention to the measures recommended.

Tariff measures: The Council took several decisions granting or increasing tariff quotas or reducing duties (iron or steel powders, spirits of turpentine, live cattle and calves). See Chapter II, "Internal market".

Consultation of the European Parliament and the Economic and Social Committee: The Council referred to the European Parliament and to the Economic and Social Committee the following draft directives:

- i) Allowing farmers who are nationals of a Member State and who are established in another Member State to move from one farm to another;
- ii) Concerning the application of the legislation of Member States in the matter of rural leases;
- iii) Concerning indirect taxation on capital contributions.

### THE COURT OF JUSTICE

### Cases pending

Cases 1/65 and 5/65: (officials of the EEC Commission v. EEC Commission)

On 7 January (1) and 26 January 1965 (2) respectively, two suits were filed with the Court of Justice seeking annulment of the Commission's decision refusing the applicants' request to be placed in higher grades.

### Rulings

Case 7/64: (Kingdom of Belgium v. EEC Commission) (1)

The applicant having withdrawn the suit, the Court, by its decision of 20 January 1965, ordered this case to be struck off.

### THE ECONOMIC AND SOCIAL COMMITTEE

The 43rd session of the Economic and Social Committee was held in Brussels on 27 and 28 January 1965. The chair was taken by M. Giustiniani.

The Committee rendered the following opinions:

1) Opinion on the proposal for a Council directive on procedure for introducing freedom of establishment and freedom to supply services in activities connected with the press (see Chap. II, sec. 10).

The opinion was adopted unanimously.

The Council had referred this proposal to the Committee on 31 July 1964.

2) Opinion on the proposal for a recommendation to the Member States concerning housing for migrant workers in the Community (see Chap. II, sec. 52).

The opinion was adopted unanimously.

The Commission has referred this proposal to the Committee on 16 July 1964.

3) Opinion on the proposal for a Council directive introducing freedom of establishment and freedom to supply services in respect of self-employed persons engaged in dealings in real estate (Group 640 ISIC) and business services (Group 839 ISIC) (see Chap. II, sec. 9).

The opinion was adopted unanimously.

The Council had referred this proposal to the Committee on 21 September 1964.

M. Mansholt, a Vice-President of the Commission, presented a progress report on the common agricultural policy.

#### THE MONETARY COMMITTEE

The 68th session of the Monetary Committee was held on 28 and 29 January 1965 with M. van Lennep in the chair.

<sup>(1)</sup> See official gazzette of the European Communities, No. 15, 1 February 1965.

<sup>(2)</sup> Ibid., No. 28, 17 February 1965.

The Committee adopted its 7th annual report. By virtue of Article 4 of the first Council directive concerning the implementation of Article 67 of the Rome Treaty (1), the Committee examined the restrictions still existing in the field of capital movements, on which it adopted a report to the Commission.

The Committee discussed a draft opinion to be rendered to the Council on the definition of the unit of account for uniform cereal prices within the EEC.

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### **MISCELLANEOUS**

### Two addresses by Professor Hallstein

1. On 25 January 1965, following a luncheon in Bonn at which he was the guest of the foreign press, M. Walter Hallstein, President of the EEC Commission, surveyed the main problems arising at present in European integration.

After reviewing the progress achieved in this direction, M. Hallstein went on to explain the Commission's position with regard to European political union; he said that the Commission was convinced of the absolute necessity of improving co-ordination and of extending it to defence and foreign policy, the leitmotiv and final aim being a federal, not a confederal State.

Regarding the pursuit of unification, he said that the Commission was for encouraging the trend and against anything that might destroy what had already been achieved. The Commission considered that efforts to bring about unification could not be successful without machinery in the EEC through which to represent the interests of the Community vis-à-vis private interests. Such was the Commission's role. It was not necessary for a completely identical body to be created to co-operate in political unification, but it should be able to play an analogous role so that unification could succeed by transcending private interests.

In conclusion, M. Hallstein recalled that the Community was still at the preparatory stage of political unification and for that reason should adopt a pragmatic attitude; lastly, he proposed the same procedure for political as for economic unification, namely that the transition period should be of limited duration.

2. On 4 February 1965 President Hallstein, Mr Christian Herter, the American President's Special Representative for Trade Negotiations, and M. L. de Block, Netherlands State Secretary for Foreign Affairs, discussed relations between Europe and America and world trade at a meeting arranged by the European Movement in Amsterdam.

A summary of M. Hallstein's address is given in the annex to this Bulletin.

<sup>(1)</sup> See official gazette of the European Communities, No. 43, 12 July 1960.

### Address by M. Colonna di Paliano in Oslo

On 1 December 1964 M. Guido Colonna di Paliano, member of the EEC Commission, delivered an address at the "Polytekniske Forening" in Oslo on the subject: "NATO: A Defence Coalition or an Atlantic Community?"

The speaker drew upon his own experience of international politics gained in OEEC, as Deputy Secretary-General of NATO, and as a diplomat in various continents.

After comparing the international organizations created in the free world since the end of the Second World War and their various roles. M. Colonna set himself the following questions:

1) Was the Western world heading towards some form of Atlantic partnership or was it to remain divided into various parts, with Europe as one of them, entirely self-centred?

### 2) What was to be meant by Europe?

After reviewing in detail the events of the last twenty years or so that have marked economic and political relations between Europe, the USA and the USSR, the speaker recalled the various phases of European co-operation on the economic and political planes, from OEEC and the Council of Europe to the abortive European Defence Community and later WEU, from ECSC to the Rome Treaties.

Concluding this survey, the speaker observed that in Europe since the end of the last decade the movement towards unification had been stimulated by various factors, which so far had not been strong enough to bring about co-ordination in defence and in foreign policy outside the economic sphere.

M. Colonna went on to stress various aspects of world events in the last five years (conflicts between concepts of defence strategy in the Western world; interruption of the UK-EEC negotiations; relations between the USSR and USA since the Cuban crisis) and expressed the opinion that it was now difficult to conceive of the Communist bloc being brought back to the situation of monolithic cohesion which existed in Stalinist days. After pointing out that the West, while possessing immense resources and strength, was not yet united in complete solidarity, he described the various paths along which it was possible, progressively and patiently, to arrive at greater cohesion of Western Europe both in itself and as part of the overall equilibrium of the free world. In this connection, M. Colonna briefly referred to the special role of the EEC Commission which, though without formal competence in matters of European political unification beyond the economic field, was one of the mainstays of Western equilibrium.

The speaker then touched on the problems raised by the Kennedy round, to which the EEC Commission had contributed effectively and in which it was keenly interested because it saw in the negotiations a solid bridge between nations and continents.

In conclusion M. Colonna expressed the hope that there would be no interruption of the dialogue between the governments of the Alliance, whether in the Alliance itself, in Western European Union or in any ad hoc arrangement that would facilitate understanding between the various members of the Western world.

### M. Rey's visit to Denmark

On 4 and 5 February 1965 M. Jean Rey visited Copenhagen as a representative of the Commission. During his stay, M. Rey conferred with the Danish Prime Minister, M. Jens Otto Krag, with officials from the Foreign Ministry and the Ministry for Economic Affairs, and with representatives of the leading Danish political parties.

Although during the discussions the possibility was not excluded of reopening the negotiations between Denmark and the EEC, which were suspended in January 1963, this must nevertheless be considered as a routine visit under existing arrangements for contacts between the Six and Denmark.

### Exchange of views between Mr Herter and the EEC Commission

On 1 February 1965 Mr Christian Herter, the American President's Special Representative for Trade Negotiations, had an exchange of views with M. Walter Hallstein, who was accompanied by M. Robert Marjolin, M. Sicco Mansholt and M. Jean Rey. The discussions, whose object was to reconcile the viewpoints of Americans and Europeans in the Kennedy round, dealt in turn with trade in industrial products and, above all, in agricultural products, on which views on the two sides of the Atlantic still diverge greatly despite the recent statements by the American delegation in Geneva.

### Visit by M. Tschombe, Prime Minister of the Congo Republic, to the EEC Commission

M. Moïse Tschombe, Prime Minister of the Congo, was received on Tuesday, 2 February at the headquarters of the EEC Commission by M. Rochereau, President of the Overseas Development Group.

M. Tschombe urged the Commission to intensify and speed up its technical and financial aid to the Congo under the Association Convention.

### Berlin "Grüne Woche 1965"

The Berlin "Grüne Woche", the international agricultural fair and exhibition, at which over 25 countries were represented this year, opened on 29 January 1965 with an address by Professor Hallstein, President of the EEC Commission.

M. Hallstein surveyed the place and future of agriculture in the present-day world and, in particular, of agriculture in the Community countries: "Everywhere, both East and West, agriculture is a key problem. Everywhere, agriculture is in process of profound change. It is no longer a world unto itself. It must dovetail into modern industrial society".

M. Hallstein then commented on the recent decisions taken by the EEC Council on the common level of cereal prices: "What is true of German agriculture applies equally to European agriculture as a whole. Only a common agricultural policy can put it in a position to compete with the great agricultural markets of the world". [...] "But we maintain that our approach is necessary; the decision on the cereals price now enables us to go beyond a theoretical and hypothetical policy for European agriculture to achieve a real and practical policy which will have concrete form thanks to the fixing of prices, and we will now be able to present ourselves, armed with this policy, for the proposed confrontation of agricultural policies".

### European documentation centre at Toulouse

Following the centres at Grenoble, Aix-en-Provence, Rennes and Nice, a further European documentation centre was inaugurated on 18 December 1964 at Toulouse. The Toulouse Centre, set up in co-operation with the Faculty of Law and the Institute of Political Studies, has three aims:

- i) To become a study centre at the disposal of any person, of university standing or not, interested in matters of European law;
- ii) To provide a small research laboratory on European ideas and law;
- iii) To propagate a fuller knowledge of European matters both in the University and outside and to provide more information thereon.

### International Centre of European Studies and Research in Luxembourg

The International Centre of European Studies and Research (CIERE) was set up in October 1964 in the International University of Comparative Sciences in Luxembourg and is directed, at academic level, by a "Curatorium" of personalities from circles interested in European integration.

The Centre has four main types of activity: post-graduate courses for persons qualified in law, economics or political science; public lectures on contemporary European problems; symposia; and research, both individual and by study groups:

The Contre's spring session, to be held from 3 to 27 March 1965, will be directed by M. Raymond Baeyen, Director of the Legal Service of the European Executives.

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### ERRATUM to Bulletin 2/1965

Page 26, Ch. III, sec. 3, third paragraph, second line: Read 55 to 65 % for 55 to 60 %.

#### ANNEX I

### THE EUROPEAN ECONOMIC COMMUNITY AND THE UNITED STATES OF AMERICA

# Summary of the address by Professor Walter Hallstein, President of the EEC Commission before a conference organized by the European Movement (Amsterdam, 7 February 1965)

Yesterday United States tutelage, today dialogue of continents, tomorrow Atlantic Partnership — these are the three aspects which President Hallstein brought out in an address given in Amsterdam. "Europe owes America much. One might say it owes the United States everything that an outside State can contribute to the rebirth of a political entity", said President Hallstein. Looking at the history of post-war relations between Europe and America, he stressed the tremendous economic and military efforts which had made possible the reconstruction of Europe. No European would ever forget the courage, the wisdom and the generosity on which they rested. Behind the shield of NATO, a shield erected by America, the reconstruction of free Europe Far from regarding the moved ahead. unification of Europe as a threat to America's supremacy, the United States had consciously and consistently furthered the construction of an equal European power with which it could one day co-operate on a basis of partnership.

Discussion was the method used today to reconcile the economic interests of Europe and America. At Atlantic level the outstanding point of contact between the two continents this year was the Kennedy round. There could be no disagreement about the basis of these negotiations and their ultimate aims even though a variety of difficulties impeded their course from time to time. The European Economic Community was taking part in the negotiations with the firm intention of ensuring their success. This was a hard task demanding great efforts of us all. We would only achieve the desired result if conflicting interests could be reconciled by a process of mutual give and take between all concerned. The keystone of the negotiations had therefore to be the principle of full reciprocity of concessions. This ruled out any measure that would give advantages to a single country at the expense of others, except in the special case of the developing countries.

The President then discussed the two aspects of the Kennedy round, trade in industrial goods and agriculture. talks on trade in industrial goods covered the general principle of tariff disarmament, the question of disparities and non-tariff barriers and other obstacles with an effect equivalent to that of customs duties. The President explained that the Community's working hypothesis was a linear reduction of duties by 50%. This was in our own European interest, and for this reason we had submitted only a short list of exceptions. But, said President Hallstein, "in our view no real reciprocity would be achieved by halving the two tariffs indiscriminately" Since the Trade Expansion Act did not allow of a more than 50 % reduction in the case of some headings in the United States tariff, the only solution was to reduce the low rates less once it was acknowledged that a real disparity in trade existed. It was in this direction that we were now looking for an answer.

The principle of reciprocity also predominated in discussion of the dismantlement of non-tariff barriers and other obstacles with an effect equivalent to that of customs duties. We regarded it as an important test of the liberal attitude of all those taking part in the negotiations that when the mutual readiness of countries to open their markets was being assessed and bargained over, these forms of trade barrier should be dealt with at the same time as customs duties themselves. In the words industry, tariff negotiations were no longer sufficient in themselves.

The reciprocity of rights and obligations of all partners was also the basis of the attitude adopted by the Community in the negotiations on agriculture, the other aspect of the Kennedy round. This was

not just an advantage; it was a necessity. Trade in agricultural produce was ailing. Its balance was disturbed and could not be restored by commercial measures. The methods used today meant that no State any longer had confidence in the free play of supply and demand where agricultural products were concerned. The problem was to master the chaotic situation in which hunger and scarcity were rampant, while on the other hand agricultural surpluses were mounting and markets were glutted. We must endeavour to grasp the vast scale of this problem of feeding the world and then look for an answer. shall not find the source of the problem in trade policy but in agricultural policy and development policy. The solution would, have to be found in agricultural policy.

In this connection President Hallstein again mentioned the possibility of discussing agricultural matters in the Kennedy round with some chance of success, since the negotiations covered the entire range of agricultural products and were attended by the main exporting and importing countries.

The Community had proposed a new method, the essence of which was the "margin of support", a reference figure by which to measure the extent of agricultural protection. Margins of support should be bound at their present level. thinking on the agricultural portion of the Kennedy round was new and bold, perhaps revolutionary. No wonder that the Community had encountered doubts and opposition in this connection; but no one had found any alternative. With the decision on cereal prices taken on 15 December 1964, EEC had established one of the most important conditions for using this approach at the conference table. The common agricultural policy of the European Economic Community and its approach to the agricultural portion of the Kennedy round could be taken as a basis for international co-operation in agriculture.

President Hallstein pointed to the common problems of economic and monetary policy as the second point at which our interests and those of the United States met in the Atlantic setting. "We must pursue economic and monetary policy in contact with each other on both sides of the Atlantic if we wish lastingly to ensure full employment and smooth economic growth in conditions of free trade". The President went into the problems raised on both sides of the Atlantic by the balance of

payments, and said that these called for new arrangements and measures to reconcile stability with the liquidity needed for economic growth and to avoid placing burdens on the monetary system of the Western world. He added that a certain amount of long-term foreign investment in the Community was welcome, provided it benefited all sectors of the economy without excessive concentration in any single branch. Such investments were the counterpart of the Community's own capital holdings abroad. At the same time he hoped that the United States would find ways and means of expanding its imports more strongly, and that when discussing the deficit in its overall balance of payments it would keep its exports of capital in mind.

dialogue of continents covered questions going beyond those which ori-ginated in the Atlantic area. It was concerned with the building up and defence of the whole free world. Europe's part in this became all the greater as its unity advanced. The interests of America and of the Community were already meeting in all parts of the world. The EEC had intervened energetically in the world-wide struggle for the economic and social advancement of the poorer peoples — in what was today called development policy. In so doing it had joined the United States in undertaking a work of peace which was greater and more difficult than any other which could be imagined.

Our common goal was clear; if we wanted to get closer to it we must agree not only on the goal but on how to reach it, but agreement on this point had often been lacking. We hoped that in future Atlantic co-operation would also prove its worth in the organs of GATT and of the World Trade Conference. We were at one with President Johnson when he said that development help must be given selectively and must be concentrated. The principle therefore was not "the same for all" but "suum cuique". Concentration in development policy meant abandoning the concept of a world-embracing, egalitarian policy. Help given indiscriminately was help wasted.

The Community's future activity in the development field was not defined on a strictly regional basis. It would constantly be extending its field of responsibility.

In the third part of his speech in Amsterdam President Hallstein pointed to the way history was developing: Europe, which only yesterday was dependent on American care, was today ready to share in the dialogue between continents: tomorrow, the rights it assumed and the burdens it shouldered in the Atlantic partnership would be commensurate with the strength it had drawn from unity. Atlantic co-operation was the lodestar of our collaboration with the United States of America. President Kennedy had outlined the principles and aims of this policy and President Johnson too had declared his faith in it. European unity and Atlantic partnership were therefore the pillars of United States policy towards Europe. They were also the foundations of our policy towards America. Europe could not be a valid and equal

partner before it had completed its own unification. Only then would it be strong enough to take up the rights and burdens of partnership with this huge power and so, in the last resort, be able to decide its own fate. The United States of America offered us partnership. To get Europe into good shape for this development was the raison d'être and objective of the European Economic Community also. Consequently we Europeans had unreservedly accepted the offer by America, which was as far-sighted as it was logical. "I and others have repeatedly made this point on behalf of the Commission of the European Economic Community. We must now get on with making a reality of our agreements".

#### ANNEX II

#### RESOLUTIONS OF THE EUROPEAN PARLIAMENT

Resolution of the European Parliament on the EEC Commission's proposal to the Council for a directive requiring the Member States of the European Economic Community to keep minimum stocks of crude oil and petroleum products

The European Parliament

Having examined the proposal for a directive requiring the Member States to keep minimum stocks of crude oil and petroleum products,

- 1. Notes that the EEC Commission, acting under Article 103 (2 and 4) of the Treaty, has taken a step in conformity with the Protocol of Agreement;
- 2. Acknowledges that the EEC Commission, in submitting this directive, is making an approach towards a common policy on the stocking of hydrocarbons;
- 3. Considers that the EEC Commission's proposals are, for the moment, adequate

as regards the quantitative aspects of security of supplies of oil and petroleum products;

- 4. Approves the directive, but regrets that, for want of an overall view of European energy policy, the European Executives have to confine themselves to measures having a partial effect;
- 5. Calls upon the Executives to submit to the Council further proposals based on the provisions of the Protocol of Agreement and on which the Parliament must be consulted;
- 6. Instructs its President to transmit these observations to the EEC Council.

Resolution of the European Parliament on the EEC Commission's proposal to the Council for a second directive to implement the provisions of the General Programme for the removal of restrictions on establishment and the supply of services connected with cinematography

The European Parliament

a) Convinced of the need to establish a common film market;
[...]

c) Noting that there are cultural and economic aspects of the common film market that are of considerable importance;

 $[\ldots]$ 

- e) Reaffirming the need for a common film market which will permit a broad exchange of films between the Member States and eliminate the restrictions at present in force, thereby making decisive contribution to the development of a European consciousness;
  [...]
- 1. Calls upon the EEC Commission to give a more precise definition of "specialized cinemas";
- 2. Approves the EEC Commission's proposal to the Council for a second directive concerning cinematography, subject to the amendments proposed in Article 6 (1):
- 3. Hopes that all the problems of the film industry within the Common Market may be solved as rapidly as possible, so that a common policy in this field may be worked out and national laws and regulations harmonized;
  [...]

Resolution of the European Parliament on procedure by which the European Parliament can take part in the conclusion of trade agreements between the European Communities and non-member countries or institutions outside the Community

### The European Parliament,

Having regard to the report of the Political Committee on procedure by which the Parliament can take part in the conclusion of trade agreements between the European Communities and non-member countries or institutions outside the Community (doc. 119);

- 1. Approves the suggestions contained in that report;
- 2. Considers that:
- a) The competent parliamentary Committees should be able to hold discussions with the Commission from the outset of talks with non-member countries or institutions outside the Community, and in any case before the Commission makes the recommendations provided for in Article 113 (3)

of the Treaty establishing the European Economic Community;

- b) During these negotiations, the Executive Commission should keep the competent parliamentary Committees informed so far as may be necessary on the main questions that it is called upon to study;
- c) As soon as the negotiations are concluded and before the agreements are signed, the Executive Commission should inform the European Parliament to this effect;
- d) After examining the terms of an agreement, the competent parliamentary Committee should, if it thinks fit, submit a report to the Parliament, which should be free to give its opinion on the content of the agreement;

  [...]

# Resolution of the European Parliament on the first meeting of the Parliamentary Conference of the Association held in Dakar from 8 to 10 December 1964

### The European Parliament,

Having regard to its resolution of 16 September 1963 concerning the Convention of Association between the European Economic Community and the African States and Madagascar associated with that Community;

(1) Concerning the special difficulties encountered by the German Federal Republic.

Having been informed of the results of the talks that were held, in pursuance of that resolution, between its President and the parliamentary institutions of the Associated States, concerning the implementation of Article 50 of the Convention;

Having regard to its resolution of 18 June 1964 on the preparatory meeting for the Parliamentary Conference of the Association; Having regard to the outcome of the inaugural session of the Parliamentary Conference of the Association held in Dakar from 8 to 10 December 1964;

Having regard to the report on this subject presented by its competent Committee (doc. 133);

- 1. Expresses its satisfaction with the first session of the Parliamentary Conference of the Association and with the excellent atmosphere in which it took place;
- 2. Supports the conclusions of the Conference as expressed in its resolution of 10 December 1964;
- 3. Calls upon the Councils, the EEC Commission, the ECSC High Authority

and the Euratom Commission to give it their most careful attention;

- 4. Instructs its competent Committee to follow closely the implementation of the present resolution;
- 5. Requests the Joint Committee set up by the Conference to take every step to ensure that the next session of the Conference is thoroughly prepared;
- 6. Instructs its President to transmit the present resolution and the report of its competent Committee to the Councils, to the EEC Commission, to the ECSC High Authority, to the Euratom Commission and to the Presidents of the Parliaments of the Associated African States and Madagascar.

# Resolution of the European Parliament on problems connected with European political union

#### The European Parliament,

- a) Recalling that the heads of State or Government at the Bonn Conference of 18 July 1961 undertook to strengthen the political, economic, social and cultural links between their peoples within the framework of the European Communities, and to move on towards European union;
- b) More than ever convinced that the future of the countries of Europe can lie only in unity;
- c) Recalling its resolution of 19 September 1961 in which it expressed its readiness to co-operate with the Governments of the Member States in seeking the best way by which true political unity can be achieved;
- d) Welcomes the agreement reached within the Council of Ministers on the unification of cereal prices;

- e) Believes that this agreement demonstrates the existence of a political will, which should enable progress to be made with other aspects of the building of Europe;
- f) Considering that this political will has been displayed, inter alia, in the new proposals on foreign, cultural and defence policy that have been put before the Governments;
- g) Having the intention of examining at its next session any special aspects of problems connected with European political union that arise from these proposals,

Addresses a solemn appeal to the Governments of Member States, urging them to meet at an early date in order to give a real impetus, in conformity with the treaties already in existence, to the building of a democratic and federal Europe, which is the repeatedly expressed desire of the Parliament and the people.

#### ANNEX III

### CONSULTATIVE ASSEMBLY OF THE COUNCIL OF EUROPE

### Recommendation 408 (1965) on European political union

The Assembly,

- 1. Recalling Recommendation 390 which was adopted at the conclusion of the debate, in April 1964, on the report on European political union;
- 2. Faithful to its mission of defining a common European will;
- 3. Believing that it is essential to strengthen the union already achieved among the

Six in the economic and social fields and to bring the Six and the other Member States of the Council of Europe closer together;

- 4. Welcoming the proposals of the Belgian, Federal German and Italian Governments for the re-opening of the negotiations on European political union among the Six which reached deadlock in April 1962, and in particular the suggestion of creating a body or committee independent of the Governments and representing the higher interests of Europe and which would engage in a continuous dialogue with the national Governments of the Six;
- 5. Welcoming also the declared wish of the Government of the United Kingdom to participate from the outset in any discussion of future political unity in Europe;
- 6. Expressing the hope that the recent agreement among the EEC member countries on the difficult agricultural problems will facilitate progress towards a wider political unity,

#### Α.

7. Calls for the opening of negotiations on a European political union, on as wide a basis as possible, between such Governments of Member States of the Council of Europe, whether members of EEC or EFTA or of neither, as are ready and willing to take part.

#### B.

- 8. Considering that there is still insufficient cohesion to allow a treaty of political union to be concluded at present,
- 9. Gives its support to the idea, put forward in the recent Belgian, German and Italian proposals, of experimenting with a provisional form of European union prior to establishing a genuine community.

- 10. Recalling Recommendation 403, adopted in November 1964, wherein it expressed the belief that the European Communities would continue to be the nucleus and driving force for the integration of the whole of Europe;
- 11. Reaffirming that its objective is to achieve a European union that is as close as possible with regard to relations between European countries and as broad as possible with regard to the frontiers of Europe,
- 12. Considers that closer union among the Six will make it more necessary than ever to pursue a liberal policy of economic co-operation with the rest of Europe and with other parts of the world; accordingly recommends that the beginnings of political union among the Six should be accompanied by new efforts to secure membership of or economic association with the European Communities in accordance with Articles 237 and 238 of the Treaty of Rome, for those member States of the Council of Europe which so desire;
- 13. Declares that, while it may seem difficult to avoid in the present situation that an attempt to achieve political unity should begin among the six member countries of EEC, it is nonetheless indispensable that the Community organ of political union as outlined in the Belgian, German and Italian proposals must take into consideration the fact that a political union which corresponds with the wishes of the Council of Europe can only be reached with the participation of its other Member States and expresses the wish that this organ should leave open the possibility of consultations and contacts with other members of the Council of Europe;
- 14. Recommends the Committee of Ministers of the Council of Europe to take advantage of every opportunity available to it to conclude agreements and pursue a policy which will pave the way for the political union of all Europe.

### PUBLICATIONS OF THE EUROPEAN ECONOMIC COMMUNITY

A. Items concerning the activities of the European Economic Community published in the official gazette of the European Communities between 21 January and 12 February 1965

#### EUROPEAN PARLIAMENT

### Written questions and replies

Nº 91 de M. Vredeling à la Commission de la C.E.E. Objet: Livraison de blé français au gouvernement chinois (No. 91 by M. Vredeling to the EEC Commission: Sales of French wheat to the Chinese Government)	No. 12	28. 1.65
Nº 102 de M. Troclet à la Commission de la C.E.E. Objet: Egalité des rémunérations entre les travailleurs masculins et féminins (No. 102 by M. Troclet to the EEC Commission: Equal pay for men and women)	No. 12	28. 1.65
Réponse complémentaire de la Commission de la C.E.E. à la question écrite nº 13 de M. Troclet (EEC Commission's supplementary reply to M. Troclet's written question No. 13)	No. 23	10. 2.65
Nº 51 de M. Burgbacher à la Commission de la C.E.E. Objet: Aménagement progressif des monopoles nationaux à caractère com- mercial (No. 51 by M. Burgbacher to the EEC Commission: Modi- fication of government monopolies)	No. 23	10. 2.65
Nº 88 de M. Verdeling à la Commission de la C.E.E. Objet: Déchargement de bateaux de pêche dans les ports français (No. 88 by M. Verdeling to the EEC Commission: Landings of fish at French ports)	No. 23	10. 2.65
Nº 104 de M. Mauk à la Commission de la C.E.E. Objet: Organisation du marché des fruits et légumes (No. 104 by M. Mauk to the EEC Commission: Organization of the fruit and vegetable market)	No. 23	10. 2.5
Nº 101 de M. Dichgans au Conseil de la C.E.E., au Conseil de la C.E.E.A. et au Conseil spécial de ministres de la C.E.C.A. Objet: Questions financières des Communautés européennes (No. 101 by M. Dichgans to the EEC Council, the EAEC Council and the ECSC Special Council of Ministers: Financing of the European Communities)	No. 26	12. 2.65
Nº 115 de M. Pedini à la Commission de la C.E.E. Objet: Initiatives à prendre pour faire mieux connaître l'association entre la C.E.E. et les pays africains et malagache (No. 115 by M. Pedini to the EEC Commission: Wider publicity for the Association between the EEC		
and the African States and Madagascar)	No. 26	12. 2.65

#### COUNCIL AND COMMISSION

### Regulations

Règlement nº 4/65/CEE de la Commission, du 26 janvier 1965, relatif à la fixation d'un montant supplémentaire pour les œufs de volailles en coquille (Commission Regulation No. 4/65/CEE of 26 January 1965 fixing a supplementary amount for poultry eggs in shell)

No. 11 27. 1.65

Règlement nº 5/65/CEE de la Commission, du 25 janvier 1965, modifiant l'annexe II du règlement nº 157/64/CEE relatif aux ajustements et corrections à effectuer lors de la détermination des prix franco frontière dans le secteur du lait et des produits laitiers (Commission Regulation No. 5/65/CEE of 25 January 1965 amending Annex II of Regulation No. 157/64/CEE concerning adjustments and correc-		
tions to be made in determining free-at-frontier prices for milk and milk products)  Règlement nº 6/65/CEE du Conseil, du 26 janvier 1965, portant	No. 12	28. 1.65
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No. 10 27.15.65

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Recommandation de la Commission, du 11 janvier 1965, adressée aux Etats membres en vertu des articles 155 et 115 au sujet du régime d'exportation à appliquer vers les pays tiers pour certains catégories de peaux brutes (Commission Recommendation of 11 January 1965 to the Member States pursuant to Articles 155 and 115 concerning arrangements governing exports of certain categories of raw hides and skins to non-member countries)

Recommandation de la Commission, du 11 janvier 1965, adressée aux Etats membres, en vertu des articles 155 et 115 au sujet du régime d'exporation à appliquer vers les pays tiers pour certains déchets et cendres de métaux non ferreux et des méthodes de coopération administrative entre les Etats membres (Commission Recommendation of 11 January 1965 to the Member States pursuant to Articles 155 and 115 concerning arrangements governing exports of certain kinds of non-ferrous metal scrap and ash to non-member countries and methods of administrative co-operation between the Member States)

Recommandation de la Commission, du 12 janvier 1965, aux Etats membres relative aux attestations concernant l'exercice de la profession dans le pays de provenance, prévues à l'article 4 paragraphe 2 de la directive 64/427/CEE du Conseil, du 7 juillet 1964, relative aux modalités des mesures transitoires dans le domaine des activités non salariées de transformation relevant des classes 23-40 CITI (industrie et artisanat) [Commission Recommendation of 12 January 1965 to the Member States on the certificates concerning occupation in the country of origin referred to in Article 4(2) of Council Directive 64/427/CEE of 7 July 1964 on the details of transitional measures in respect of self-employed activities coming under ISIC Major Groups 23-40 (industrial and artisan activities)]

Recommandation de la Commission, du 12 janvier 1965, aux Etats membres relative aux attestations concernant l'exercice de la profession dans le pays de provenance, prévues à l'article 4 paragraphe 2 de la directive 64/222/CEE du Conseil, du 25 février 1964, relative aux modalités des mesures transitoires dans le domaine des activités du commerce de gros et des activités d'intermédiaires du commerce, de l'industrie et de l'artisanat (Commission Recommendation of 12 January 1965 to the Member States on the certificates concerning occupation in the country of origin referred to in Article 4(2) ot Council Directive 64/222/CEE of 25 February 1964 on details of transitional measures in connection with wholesale trade and intermediary activities serving commerce, industry and crafts)

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No. 24 11. 2.65

## European Development Fund

Consultation publique nº 396 de la république fédérale du Cameroun pour un projet financé partiellement par la C.E.E. (Notice of call for supply tender No. 396 issued by Cameroon for a project financed in		
part by the EEC)	No. 6	21. 1.65
Avis d'appel d'offres no 397 lancé par la République malgache (Notice of call for tender No. 397 issued by Madagascar)  Avis d'appel d'offres no 398 loggé par la territoire de Company (No. 308 logge par la territoire de Company (No. 308 logge	No. 11	27. 1.65
Avis d'appel d'offres nº 398 lancé par le territoire des Comores (Notice of call for tender No. 398 issued by the Comoro Islands)  Modificatif à l'appel d'offres nº 392 (Amendment to call for tender	No. 11	27. 1.65
No. 392)	No. 15	1. 2.65
Avis d'appel d'offres nº 399 lancé par le territoire de la Nouvelle-Calédonie (Notice of call for tender No. 399 issued by New Caledonia)  Avis d'appel d'offres nº 400 lancé par la république de Haute-Volta	No. 15	1. 2.65
(Notice of call for fender No. 400 issued by Upper Volta)	No. 17	4. 2.65
Approbation de projets et programmes financés par le F.E.D. (Dahomey, Niger, Mauritanie, Rwanda, Gabon, Somalie) [Approval of projects and programmes financed by the EDF (Dahomey, Niger, Mauritania, Rwanda, Gabon and Somalia)]  Approbation d'investissements de caractère social et économique (Côte-d'Ivoire, Suriname, Sénégal, Dahomey) [Approval of social and economic investments (Ivory, Coast Surinam, Senegal and Dahomey)]	No. 23 No. 26	10. 2.65 12. 2.65
	110.20	12. 2.03
General		
Avis de concours no CEE/488/A (un administrateur) [Notice of competitive examination No. CEE/488/A (administrative officer)] Consultation et avis du Comité économique et social au sujet de la communication de la Commission au Conseil et aux Gouvernements des Etats membres "Iniative 1964" (Reference to the Economic and	No. 9	25. 1.65
Social Committee of the Commission's communication "Initiative 1964" to the Council and the Governments of the Member States) Consultation et avis du Comité économique et social au sujet de la proposition d'un règlement du Conseil concernant les vins de qualité produits dans des régions déterminées (Reference to the Economic and Social Committee of the Proposition of the	No. 14	30. 1.65
and Social Committee of the proposed Council Regulation concerning quality wines produced in specific areas)  Liste des organismes de droit public visée à l'article 18 alinéa 2 du règlement nº 9 du Conseil concernant le Fonds social européen, telle qu'elle résulte des décisions de la Commission du 13 décembre 1961, du 28 mars 1963 et du 15 janvier 1965 (List of public bodies, referred to in Article 18, second paragraph, of Council Regulation No. 9 concerning the European Social Fund, brought up to date following	No. 14	30. 1.65
Commission decisions of 13 December 1961, 28 March 1963 and 15 January 1965)	No. 23	10. 2.65
COURT OF JUSTICE		
Communications		
Radiation de l'affaire 7-64 (royaume de Belgique contre Commission de la C.E.E. [Case 7-64 (Belgium v. EEC Commission) struck off)]	No. 15	1. 2.65

No. 15 1. 2.65

#### ECONOMIC AND SOCIAL COMMITTEE

Modifications intervenues dans la composition des organes du Comité économique et social (Changes among officers of the Economic and Social Committee and members of its specialized sections)

No. 23 10. 2.65

B. Issues of the agricultural supplement to the official gazette containing the tables appended to the Commission's decisions fixing cif prices, premiums to be added to levies, the amounts to be added or deducted in computing refunds for cereals, and free-at-frontier cereal prices:

Supplement No. 4 of 3 February 1965 Supplement No. 5 of 10 February 1965 Supplement No. 6 of 17 February 1965

### C. Recent publications of the European Community (1)

### Non-periodical publications

8125\*

ETUDES - série économie et finances

Nº 2 — Les recettes et les dépenses des administrations publiques dans les pays de la C.E.E. (STUDIES — Economic and financial series

No. 2 — Revenue and expenditure of public authorities in the EEC countries)

1965. 306 pp. (f,d,i,n). £1.12s.6d.; \$4.50; Bfrs. 225

5833/IV/64

Rapport concernant l'"Assiette des impôts" sur les bénéfices des entreprises (Report on the basis of assessment for taxation of business profits)

1964. 65 + 12 pp. (f,d,i,n). Limited distribution

8137\*

Publications 1965. (Catalogue of EEC publications) 1965. 40 pp. (f,d,i,n; e: in preparation). Free

### Periodical publications

4002

Graphs and Notes on the Economic Situation in the Community. Monthly. No. 2/1965. Three bilingual editions: f/i, d/n, e/f. Price per issue: 3s.6d., \$0.50, Bfrs. 25 Annual subscriptions: £1.16s.0d., \$5, Bfrs. 250.

<sup>(1)</sup> The abbreviations after each title indicate the languages in which the documents have been published: f = French, d = German, i = Italian, n = Dutch, e = English.

### D. Publications by the joint services of the three Communities

### Joint Information Service

Publications by offices in capital cities

Bonn: Europäische Gemeinschaft No. 2, February 1965.
The Hague: Europese Gemeenschap No. 68, February 1965.
Paris: Communauté européenne No. 2, February 1965.
Rome: Communità Europea No. 2, February 1965.

London: European Community No. 2, February 1965 Washington: European Community No. 77, January 1965

### Statistical Office of the European Communities

General Statistical Bulletin. No. 2/1965

Statistical Information. No. 3/1964

Commerce extérieur — Statistique mensuelle — No. 2/1965

(Foreign Trade: Monthly Statistics - 2/1965)

Commerce extérieur: Tableaux analytiques — Importations, janvier-juin 1963

(Foreign Trade: Imports Tables January-June 1963)

Commerce extérieur des AOM:

- a) Tchad
- b) Gabon
- c) Centre-Afrique

(Foreign Trade of the Overseas Associated Areas:

- a) Chad
- b) Gabon
- c) Central African Republic)

Statistiques sociales — No. 1/1965

"Salaires nominaux dans les mines de houille et la sidérurgie comparés avec ceux des autres industries" (1953-1963)

(Social Statistics - No. 1/1965

"Nominal wages in coalmining and the steel industry compared with those in other industries" [1953-1963])

Statistique de l'énergie - No. 1/1965

(Energy Statistics — No. 1/1965)

Sidérurgie - No. 1/1965

(Iron and Steel — No. 1/1965)

Statistiques agricoles — No. 7/1964 (Agricultural Statistics — No. 7/1964)