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I.- THE COMMON AGRICULTURAL POLICY

Article 43(2) of the Rome Treaty stipulates that the Commission shall consult the Economic and Social Committee before submitting to the Council its proposals for the common agricultural policy. The Commission therefore sent its proposals to the Committee on November 7, 1959 and fixed a time-limit of one month for the latter to submit its opinion, in accordance with the second paragraph of Article 198.

Since, however, it was impossible for the Economic and Social Committee to give a judgement on so complex a matter in so short a time, the only purpose of invoking Article 198 was to enable the Commission to lay its proposals before the Council on the expiry of the time-limit which it had given to the Economic and Social Committee and without waiting for the latter's opinion. The Commission tabled its proposals on 11th December, thus conforming with the requirements of the Treaty under which these proposals had to be submitted within a period of two years after the date of the entry into force of the Treaty of Rome.

At the same time the Commission stressed the great importance which it attaches to the opinion of the Economic and Social Committee and informed the latter that it reserved the right to amend its own proposals, even after they had been transmitted to the Council, in the light of the Committee's opinion, provided this were made available before 1 March next. The Economic and Social Committee has agreed to this procedure.

This article summarizes the proposals of the Commission as submitted to the Economic and Social Committee on 7 November 1959, and to the Council on 11th December 1959.

By the Treaty of Rome the Member States of the European Economic Community agreed to include in the Common Market agriculture and trade in agricultural products. This means in particular that agricultural products, like all other goods, shall progressively be allowed to circulate freely throughout the Community. At the same time the Treaty lays down that this shall be accompanied by the establishment of a common agricultural policy among the Member States. The agricultural policies

of individual Member States, which sometimes differ greatly, will therefore have to be fitted into this common agricultural policy or replaced by it.

The Treaty fixes the following aims for the common agricultural policy:

- a) to increase productivity by technical progress, by the rationalisation of production, and by optimum utilisation of the factors of production, particularly labour;
- b) to ensure thereby the standard of living of the agricultural population, particularly by increasing individual earnings;
- c) to stabilise markets;
- d) to guarantee regular supplies; and
- e) to ensure reasonable prices to consumers.

In shaping the common agricultural policy, the Community's institutions are confronted with a situation and with trends resulting from a long historical development and the application of agricultural policies which have hitherto been independent and even divergent. The task of the common agricultural policy is therefore not only to make possible the gradual establishment of a common market for agriculture; it is also to find solutions for the problems already facing agriculture, by making use of the new possibilities offered by the establishment of the Community.

I.

At present, farmers' incomes are lower than those of other comparable occupational groups. In a number of important agricultural markets, the balance between production and outlets is threatened.

There are various reasons why farmers' incomes have lagged behind those of other occupational groups, but one particular reason is the structural deficiencies of agriculture. More than two-thirds of all the farms in the Community are less than ten hectares in area. Agricultural labour is relatively immobile and equipment is deficient, particularly in the smaller farms. To this must be added a generally unfavourable trend in the ratio between prices received for agricultural products and prices paid by farmers for the means of production and the services which agriculture requires. Finally, the elasticity of both supply and demand is low, and this has an unfavourable influence on market outlets. The only exception is the case of certain high-grade foodstuffs.

Agricultural production has increased considerably since before the war and food consumption has risen also. However, this rise has been concentrated on high-grade foods, such as animal products, sugar, fats, vegetables, and fruit, while the consumption of a number of basic foodstuffs has remained stationary or even fallen. But even among the high-grade foodstuffs, only in the case of beef and eggs has consumption increased more rapidly than production. Taken all round, the output of the Community covers about 87% of its requirements. However, the Community's output of individual products, with the exception of coarse grain, citrus fruit, fats (except butter) and oils, practically covers or exceeds its requirements.

Despite a relatively high degree of self-sufficiency, the Community has an important role in world agricultural markets, accounting for almost one-third of all agricultural imports. This makes it the world's leading agricultural importer. Agricultural exports from the Community represent 10% of the world total, placing the Community second only to the United

States as an agricultural supplier, though quite a long way behind.

On the main world markets in agricultural products, the balance between the growth of supply and demand backed by ability to pay has been lost, or can be maintained only by artificial measures. As a general rule, both importing and exporting countries have isolated their internal prices from world market prices, and stocks of agricultural products are growing, especially in the United States. More than ten per cent of the world's annual agricultural production is at present stockpiled. For some products the stocks represent many times the volume of annual exports.

For social reasons, the agricultural policies of Member States have tended more and more to support and raise agricultural incomes. In all Member States there exist binding regulations for the protection of agricultural markets and prices. A great variety of methods is used, both internally and at the frontiers, to enforce this protection. Since it has recently become apparent that excessive support for prices and markets easily leads to over-production, it is easy to see the limitations of price policy as a means of under-pinning incomes. This is not the least of the reasons why Member States are anxious to improve the structure of agriculture. Although the range of possible methods is everywhere the same, there are great differences in the emphasis placed on the various aids and in the intensity and direction given to the measures taken.

II.

The Commission's concept of a common agricultural policy is based on the premise that agriculture - as already

emphasized at the Stresa Conference - must be considered as an integral part of the economy and an essential factor in social life. As agriculture progresses and makes increasing use of modern methods of organisation and production, the inter-relation between it and the other fields of the economy becomes closer. It follows from this that the grave problems facing agriculture in the Community cannot be solved in isolation. Developments in other fields of the economy must play their part, and in this respect the overall economic situation is as important as the economic development of agricultural regions themselves. A common agricultural policy will have to be backed up by the economic policy of the Member States and by a policy of regional development.

III.

In the long run, the problems of agriculture cannot be solved without thorough structural alterations and improvements. These will succeed only if the general economic structure of agricultural areas can be developed. This is in the interest not only of agriculture, but also of the other sectors of the economy, since increasing industrial concentration accompanied by a general flight from the land, in particular from the areas where the structure of agriculture is unfavourable, would be to the disadvantage of both sides.

The aim of the Commission is therefore that the various sectors of the economy should develop harmoniously, both as a whole and in the various regions of the Community.

The improvement of the economic infrastructure - in particular of transport, the expansion of schools and of higher education, and the development of centres of industry and services - must go hand in hand with the improvement of the structure of agriculture in the strict sense. It will

then be possible for some of those employed in agriculture to transfer to other and better paid occupations without having to leave home. A more favourable relation will thus be established between the agricultural land available and the number of agricultural workers who remain on it, and improvement of the general agricultural structure will be made easier. Simultaneously, the overall economic activity of the agricultural areas will benefit from this transfer of labour.

Where a poor soil and an unfavourable climate make farming difficult, the land should gradually be transferred from farming to other uses, in particular forestry.

In the process of improving the structure of agriculture the emphasis should be on modern forms of farm, which allow the farmer to retain his full independence and personal responsibility and, at the same time, to enjoy satisfactory living conditions and participate in technical progress. Such farms would have to attain steady profits and high productivity by applying up-to-date agricultural methods. Within such a healthy agricultural structure there would be complementary farms of varying forms and sizes, family farms always maintaining a central position. Under European conditions, specialisation of agricultural production can take place only by an improved adaptation of farming systems to the existing conditions of soil and climate and to the market situation, and not by the excessive expansion of single-crop farming.

The reduction of trade barriers within the Community will lead to sharper competition between farms and will throw the structural deficiencies of agriculture into even sharper relief. It is in the Community's interest to remedy these deficiencies as quickly as possible. Three immediate possibilities

suggest themselves for common action by the Member States.

The first need is to co-ordinate policy and measures to improve the structure of agriculture in the Member States, in accordance with the aims of the common agricultural policy. The Commission proposes that an annual report on the co-ordination of agricultural structural policy should be made to the Council on the basis of thorough investigations and of permanent contact with Governments; at the same time, proposals for further measures for guiding and harmonising national structural policies would be submitted to the Council.

Secondly, the Commission would make recommendations to the Council on the basis of the annual report; these would include proposals for more action and financial aid by individual Member States.

Finally, the Commission considers that financial aid by the Community is both necessary and just. This aid should be additional to that already accorded by the Member States. With effect from 1961, a European Fund for structural improvement in agriculture should make payments to subsidise lower interest rates or to extend the redemption period of credits accorded by the European Investment Bank or public or private authorities in the individual States, regions or localities. The resources of the Fund should only be available for agricultural projects which are part of a general programme for the economic development of a region and whose aims tally with the basic principles of the common agricultural policy. The Fund would be financed through the budget of the Community, i.e. by contributions from the Governments, and also perhaps through the participation of the European Agricultural Alignment and Guarantee Fund, which is being set up in the framework of the common organization of

agricultural markets. The administration of the Fund would be the responsibility of the Commission.

IV.

The policy for structural improvement in agriculture and for the regional economic policy will only bear fruit slowly and cannot alone solve the problems of agriculture in the Community. Market policy for its part must take due account of the obligations arising from the implementation of the aims of the Treaty. It is in fact essential that both structural and market policy be co-ordinated with each other and with trade policy.

Nevertheless, it will not always be easy to compare the effects of different measures of agricultural policy. In certain circumstances, the application of the common market policy, in given areas or in given types of farm, may lead to special problems relating to living standards. In such cases, special aid, to maintain incomes in the areas or enterprises affected, may be justified by social considerations or required by the length of time it takes to convert farms or improve their structure. The grant of such aid, which may help the transition to a common agricultural market policy, must naturally be subject to precise conditions.

V.

The aim of the market policy must be to establish a common market in agriculture between the Member States. In view of the difficulties caused by permanent over-production, the market policy must attempt to balance production and sales possibilities inside and outside the Community. The development

of production and demand in the Associated Countries and Territories and the external trade of the Community with non-member countries must also be taken into consideration when working out the market policy.

While the market policy should never lose sight of general economic considerations, it must ensure that agricultural produce gives farmers a fair rate of income approaching those earned in other sectors of the economy. This policy should lead to stability in the agricultural market in order to avoid excessive price swings, with their unhappy effects on farmers' incomes, but it should not give complete shelter from all economic risks and thereby discourage adaptation to any changes in demand.

The common organisation of agricultural markets must establish a common level of agricultural prices. In doing this, it must allow regional differentiations of price to develop, corresponding to the differences in marketing conditions. The prices for many products at present vary greatly; their approximation must be undertaken step by step and, in general, should be completed within six years.

Where prices under the common market policy are to be fixed by the Community's Institutions, the decisions on the common price level must also be made within this six-year time-limit. They will have to be made on the basis of experience gained after the first stage in the approximation of prices, and in conformity with the overall development of the economy and the development of agricultural markets. As far as possible the wide fluctuations of world market prices must be prevented from affecting the agricultural markets of the Community.

Furthermore, account should be taken of the fact that the conditions of production and the characteristics of farms in the Community differ from those in the extra-European countries which are large-scale agricultural exporters. In addition, the prices of agricultural products on the world market are still frequently distorted by artificial measures. This is why, generally speaking, these prices cannot be at the same level within the Community as that at present obtaining on the world market, but must be stabilized at a higher level. However, every effort must be made to improve the conditions of production and the productivity of the Community's agriculture and to bring about normalisation of conditions on the world market.

The application of a common market policy is inconceivable in the absence of a simultaneous common trade policy for the agricultural products involved. Trade policy in this sector, however, is itself a part of general trade policy. For this reason, the needs of trade policy and of agrarian policy must always be co-ordinated in the agricultural trade policy adopted. The general principles of trade policy, which aim at the harmonious development of world trade, at the gradual elimination of restrictions on that trade, at tariff disarmament and at the respect of bilateral and multilateral international obligations undertaken by the Member States, must not imperil the vital interests of agriculture. The common agricultural policy, for its part, will have to take due account of external interests which the Community cannot possibly ignore.

The principles of the common market and common trade policy for agricultural products are reflected in a series of proposals for the organisation of the principal agricultural markets. Under the system proposed by the Commission, agricul-

tural products are divided into three groups. For wheat, coarse grains, sugar and dairy produce, the Commission proposes a European Market Organisation, the salient features of which are fairly detailed intervention in the internal markets of the Community and corresponding external protection. For beef, pigmeat, poultry, and eggs, intervention on the internal market is seldom or never envisaged. Support for the markets is in this case afforded chiefly through a suitable external system which, for pigmeat, poultry, and eggs, is closely linked with that for coarse grains. In the case of fruit, vegetables, and wine, the decisive role is played by quality control and also, where wine is concerned, by measures to adapt the product to requirements.

VI.

Once the Common Market is established, the common organisation of the wheat market is to be based on a target price for the following year's crop. It is to be fixed annually by the Institutions of the Community before the autumn sowing. This target price is intended for use as a guide in a number of important trading centres in the areas of the Community in which production is insufficient to cover requirements. Monthly target prices comprising additions for storage costs and interest are to be calculated on the basis of the target price. The monthly target prices are to remain unchanged throughout the last three months of the farming year. Regional target price tables are to be published to guide producers and traders. These regional target prices are to be calculated so as to allow for the normal cost of freight to the areas concerned.

In the internal market of the Community the most important means for maintaining a market price approximately

in line with the target price consists in support purchases made during the last three months of a crop year by the central institutions of the common organisation for grain markets known as the European Grain Bureau. These support purchases are effected at a basic price corresponding to the target price for the last three months of the farming year; towards the end of that period the Grain Bureau must accept the wheat offered to it at the floor price. Should heavy supplies cause the market prices to drop unduly at the beginning of the farming year, the Grain Bureau can also effect support purchases at an "intervention" price five to ten per cent below the monthly target price. By encouraging loans on crops, however, producers are to be induced to store their crop temporarily themselves. This is intended to reduce to a minimum public support purchases.

The difference between the minimum import price, fixed on the basis of the target price, and the corresponding world price is charged as a levy at the Community's external frontier. In this way the price for imported wheat is brought into line with the target prices inside the Community. The funds accruing from the levy on imports are returned to exporters if and when the commodity is exported.

Furthermore, import certificates are issued on the basis of an annual supply programme; these are valid for three months and oblige importers to make their imports within a fixed time-limit. Should the market situation compel the Grain Bureau to intervene with purchases, the issue of import certificates can be temporarily suspended.

The European Grain Bureau is controlled by the Commission and carries out the joint measures of market co-ordination in accordance with directives from the Commission. The

measures are financed by a Stabilization Fund for the Wheat Market. This Fund draws its main income from the levies made on imports of wheat. If the revenue of the Fund is insufficient, contributions are levied from the producers.

The organisation of the coarse grain market is simpler, since the degree of self-sufficiency at 81% is considerably lower than in the case of wheat (96%), and since only approximately one-third of the inland crop is marketed and the rest is used either by the producers or in their immediate locality.

In the case of coarse grain also, target prices are fixed before the autumn sowing and they are related to the target price for wheat which is to apply at the end of the following crop year. There will be no monthly staggering of target prices.

If prices fall below a lower intervention limit after the harvest or if they exceed a higher intervention limit in the course of the crop year, the European Grain Bureau must intervene to stabilize the market. The same system as that applicable to wheat is used at the common external frontier.

The measures taken in the coarse grain markets by the European Grain Bureau are financed by a Fund for the Stabilization of Coarse Grain Markets.

The joint organisation of the sugar market is also based on a target price which is fixed before the first of October of each year for the crop of the following year. On the basis of the target price, fixed sugar prices ex-factory are prescribed for a certain number of areas; these prices apply to the quantities consumed on the internal market. It is for the Governments to decide whether they wish to fix producer prices for sugar beet on the basis of the ex-factory sugar prices.

Losses incurred in the export of sugar or in alternative uses of sugar beet are passed on to the factories and so to the growers of beet as well. This is done through an annual price equalization by the Stabilization Fund for the Sugar Market, which finances the reimbursements in case of exports or the losses resulting from other uses.

If this system should not prove adequate to discourage surplus production, the use of production quotas will have to be considered.

The organisation of the sugar market also calls for unification of the systems of sugar taxation.

The same system as that applicable to wheat is used at the common external frontier. There is also a system which permits duty-free processing traffic.

In addition to a European Grain Bureau, there is to be a consultative committee on which representatives of the Commission, the Governments, the agricultural producers, the industry, the trade, and the employees are represented in equal number.

In order to establish a joint organisation for the milk and dairy produce markets a target price for the milk produced is fixed by 30 September of each year.

The marketing of dairy milk is organised on a regional basis. Consequently it will always be for the Governments to fix sales prices for dairy milk on the basis of the common target price. Joint minimum requirements are to be issued for the measures to regulate the marketing of dairy milk.

The intervention price for butter is fixed in such a manner that the proceeds from the milk converted into butter would be about 15 % below the target price. If the intervention price for butter is not reached on the market, the European Milk Bureau will intervene. Its operations are financed by the Milk Market Stabilization Fund.

If necessary, a limitation of milk production will have to be considered in connection with the structural programme. Since such measures would only have long-term effects, subsidies to encourage the consumption of butter are sometimes necessary in order to facilitate the use of any milk surpluses.

On all dairy produce the difference between the current world market price and the minimum import price, calculated on the basis of the target price for milk, is charged as a levy at the common external frontier. In order to make possible a general survey of the quantities imported, the importers conclude licence contracts with the Milk Bureau. The Milk Bureau is entitled to grant equalization payments on dairy produce exported.

Each year, when the target price for milk is being fixed, an upper limit is also set for the Milk Market Stabilization Fund, whose income is provided partly by the levy and partly by contributions from Governments. If the money available is not sufficient, the Commission will recommend to the Council that additional funds be allocated. If the Council does not accept these proposals unanimously, the intervention price for butter has to be changed. This could, however, be avoided if the milk producers were to make a financial contribution.

The institutional procedure for the organisation of

the markets is roughly the same for all the products so far referred to. Acting on the recommendations of the Commission, the Council lays down by qualified majority the criteria for calculating reference prices of wheat, coarse grain, sugar and milk. Each year the Commission then proposes the target prices based on these criteria; these target prices are considered as accepted by the Council unless it decides otherwise within a fixed time-limit. The Commission then fixes or calculates the intervention prices and the minimum import prices and, in the case of sugar, the regional ex-factory prices.

Each year the Council adopts by qualified majority and on the recommendation of the Commission the supply plans for wheat, coarse grain and sugar.

Responsibility for carrying out the marketing measures rests with the Commission, or the European Grain, Sugar or Milk Bureaux acting in accordance with the Commission's directives. The Bureaux will be able to make use of the marketing organisations or agencies already existing in the Member States, though a certain degree of adaptation may be necessary in some cases.

VII.

For the second group of products, comprising beef, pigmeat, poultry and eggs, the market organisations of the States are to be co-ordinated and given powers of direction. There will therefore be no European marketing boards for these products. The main instrument for the stabilization of these markets is the external tariff.

On beef and veal a customs duty is levied at the external frontier. There are no quantitative restrictions on imports. A minimum import price is fixed as a safeguard. If, as a result of uncommonly low prices on the world market, the price for imported meat plus customs duty is below the minimum import price, the difference is charged as a levy.

In view of the special conditions in the frozen meat market, quantitative restrictions may in addition be introduced by Council decision.

For cattle for slaughter, the import arrangements are different. Import licences are issued on the basis of a supply plan. The customs duty is replaced by a levy corresponding to the difference between the prices of the export countries and the minimum import prices fixed in relation to the minimum import price for fresh meat.

In order to ensure the free circulation of these goods within the Community it is of particular importance that all measures for medical and veterinary safeguards shall be co-ordinated.

Price formation within the Community is not controlled. If necessary, however, steps can be taken to stabilize the beef market (temporary stockpiling or aid to exports).

The necessary financial support is furnished by a Beef Stabilization Fund.

External protection for pigmeat, poultry and eggs consists in a levy corresponding to the incidence on their production of the difference between the prices of coarse grain from inside and outside the Community. The external tariff, the

effective rate of which is fixed by the Council, is added to the levy. The customs duty only serves to protect processing and can be lower than the duty laid down in the Treaty.

As with beef, a minimum import price is fixed as a safety measure. If the price for imported meat or eggs drops below the minimum import price after the levy and customs duty have been charged, the levy is increased by the amount of the difference.

In the case of exports, a reimbursement is made which corresponds to the incidence on the production costs for pigmeat, poultry or eggs of the payments made on the import of coarse grains.

Within the Community, markets and price formation are not controlled. In order to counteract cyclical fluctuations in the price of pigmeat, the Commission can, however, decide that certain quantities of this product are taken out of the market and temporarily stored.

Stabilization Funds (one each for pigmeat, poultry, and eggs) provide the money for export reimbursements and for any interventions needed on the internal market in the case of pigmeat. The necessary money is provided from the import levies and from part of the payments made on import of coarse grains.

The minimum import prices for beef, pigmeat, poultry, and eggs, which are intended as safeguards, are proposed annually by the Commission and are considered as accepted by the Council if the latter does not unanimously decide otherwise within a fixed time-limit. The Commission calculates the minimum import price and the levies on the import of live cattle, pigmeat, poultry, and eggs.

VIII.

The common organisation of the fruit, vegetable, and wine markets is founded upon the admission of standardized or classified goods for free circulation within the Community.

So far as fruit and vegetables are concerned, this presupposes obligatory verification of the observance of standards, and the introduction of common rules of competition for the trade. In addition, the markets are to be stabilized by regional corporative associations which will keep certain quantities out of the market in the case of excessive supplies. External protection is afforded by a customs duty.

In the case of wine an important factor is the long-term and short-term adaptation of production to demand. The Council is required to pass an appropriate long-term plan by qualified majority. Thereupon the Commission will take steps to put the plan into practice (clearing, clearing and replanting with new types, new planting of certain strains); these measures are financed with the help of a Wine Stabilization Fund.

An annual supply balance-sheet serves as basis for short-term adaptation. The possibility of temporarily stockpiling a proportion of the vintage with the producers and of pledging it to the Stabilization Fund is intended to enable the sale of the harvest to be spread over a certain period. The Fund is also to finance the taking-up of any surpluses through storage, export, or distillation.

A levy paid on the wines marketed by the producers will provide the income of the Fund.

External protection is assured by means of a customs duty. If necessary, quantitative restrictions may be applied to the import of wines provided restrictions are applied to home production.

IX.

The Funds for the individual markets, each of which maintains its separate accounts, are grouped in a European Agricultural Alignment and Guarantee Fund of which they constitute sub-divisions. The Commission administers this Fund. Stabilization funds are being set up for all products except fruit and vegetables, which the Commission has proposed should belong to a common organisation of agricultural markets. The income of these funds is provided out of the levies on imports, except in the case of wine, where no such levies occur. The Stabilisation Funds in the wheat and sugar markets will, in certain circumstances, also receive contributions from producers. The Wine Stabilisation Fund will draw its revenue exclusively from a levy on producers. The Milk Market Stabilisation Fund draws certain limited contributions from Governments, and the possibility of a producers' contribution is also envisaged. The stabilization funds for animal produce based on coarse grain, especially pigmeat, poultry and eggs, draw their principal resources from the Coarse Grain Stabilisation Fund. In addition, the Council can, by a qualified majority and on a proposal of the Commission, decide that transfers be made from one Fund to another or from the European Agricultural Alignment and Guarantee Fund to the European Fund for structural improvement in agriculture. Since the common organisation of markets covers Algeria and the French Overseas Departments, the Alignment and Guarantee Fund will apply to these Departments as well.

Generally speaking, the common organisation of agricultural markets, or in other words the single market phase, is in principle to come into force six years after the Council has taken its decision on the proposals of the Commission. Exceptions are beef, for which a period of only three to four years is envisaged in view of the favourable market conditions, and wine, for which a period of nine years is considered necessary because of the extensive task of preparation and adaptation.

All measures required for the transition to the single market will be taken during the preparatory phase.

Special price adaptation measures are required for the basic products, mainly grain and sugar, whose prices are at present fixed by Governments or under Government control. The Government will as a first measure abstain from increasing in any way existing price differences between the various countries; from 1961 onwards, they will gradually adjust prices in accordance with proposals to be made by the Commission.

Simultaneously, trade barriers are being reduced for all products within the Community in accordance with the provisions of the Treaty. The Commission will annually submit proposals to the Council with a view to speeding up the increase in trade between Member States in application of the Treaty.

The introduction of common rules of competition is of special importance for the free movement of goods within the Community. Practices calculated to distort competition are to be eliminated. Subsidies, reimbursements or other pecuniary aids in support of agricultural prices or markets are to be gradually adjusted or abolished.

Harmonisation of the provisions for food hygiene and veterinary inspection is an important measure so far as animal produce is concerned.

In a general way, marketing organisation measures are to be adjusted and trade relations with non-member States harmonized in close co-operation with authorities in the Member States responsible for regulating the markets.

The draft proposals which the Commission has made for the common agricultural policy and its implementation are before the Economic and Social Committee. In accordance with the time-limit set by the Treaty, they were laid before the Council before the end of 1959. The comments of the Economic and Social Committee may cause the Commission to amend or to supplement its proposals. The Council will consult the European Parliamentary Assembly on them and will then take its decision.

These proposals of the Commission will be followed by others. This applies to policy on agricultural structure in the widest sense of the word as well as to marketing policy. The new proposals will cover the implementation and supplementing of existing proposals as well as those fields or markets which could not be included in the Commission's initial proposals.

II.- THE ACTIVITIES OF THE COMMUNITY

EXTERNAL RELATIONS

The European Economic Association

1. At its meeting of 24 November, the Council studied the report of the Special Committee instructed to examine the problems relating to a European Economic Association and approved the whole of the initial proposals of the Commission contained in the Memorandum submitted to the Special Committee on 18 September 1959, with the following two main amendments:

- The extension to non-member States of the reductions in customs duties to be introduced on 1 January 1960 (where duties are higher than the common external tariff) is left optional.
- The percentage of tariff reduction to be achieved in the second tariff conference which the Community would propose in GATT will not be specifically laid down.

Consequently, the following decisions affecting the external relations of the Community have been taken by the Council:

I.

"Quota measures in the industrial field

1. The Community is determined, in view of the changes which have occurred in international economic relations, to pursue the progressive elimination of quota restrictions vis-à-vis non-member countries.

2. Within the Community, the increase of quotas shall proceed on the lines laid down in Article 33 of the Treaty of Rome.
3. As a first immediate measure, the countries of the Community, acting in the spirit of paragraph 1 above, declare their readiness to grant to non-member countries, with effect from 1 January 1960, advantages comparable with those which they will grant each other on that date.
The Governments concerned will keep each other informed of their decisions through the good offices of the Commission of the European Economic Community.
4. The European Economic Community hopes that the OEEC countries which belong to GATT and to the IMF will adopt similar measures and suggest to those members of OEEC who do not belong to these organisations that they do likewise.
5. On the occasion of this further effort, the EEC countries will adopt, vis-à-vis the countries listed below, the widest possible globalisation of quotas. They hope that the other OEEC countries will take similar steps.
6. Paragraphs 3 and 5 apply to all member countries of GATT and to those benefiting by the most-favoured-nation clause, with the proviso that in specific cases there shall be no serious economic difficulties involved.

II.

Tariffs

7. The Member States of the Community may extend the tariff reductions on industrial products (1) which they will grant

(1) With the exception of products falling under the authority of the ECSC and of those for which the reduction does not apply between the six Member States by virtue of the provisions of the Treaty of Rome.

each other on 1 July 1960, to the Member States of GATT and to other States benefiting by the most-favoured-nation clause, provided these reductions concern customs duties of a rate higher than that in the common external tariff and do not bring the duties down to a rate below that in the common external tariff (1).

These reductions would be of a provisional nature and valid for an indeterminate period.

The Member States would not make reciprocity on the part of the non-member States a pre-condition of these tariff conditions, but they would welcome similar gestures from these States.

8. On an earlier occasion the Community has already expressed its agreement with the principle of the tariff negotiations which, on the proposal of the United States Government, are to be organised as part of the multilateral GATT Conference in 1960-1961. The Community reaffirms its willingness to take an active part in these negotiations in order to give them the greatest possible effect. To achieve this end, it is ready at any time to consult its partners in accordance with the procedure set out below.
9. The Community declares here and now that it intends to follow a broadly liberal policy with regard to the member countries of GATT and the countries benefiting by the most-favoured-nation clause.
Consequently it takes this opportunity to state that, immediately after the 1960-1961 GATT multilateral tariff conference it will take the initiative in proposing, on a

(1) As regards those products for which the common external tariff is not yet known and those on list G, each Member State will determine, in implementation of the above provisions and after previous notification to the Commission, any reduction which is to be applied.

reciprocal basis, a further considerable reduction in the level of the common external tariff.

III.

European Liaison Committee

10. The Community declares its readiness to form a Liaison Committee with the other European States or groups of States.
11. The functions of the Liaison Committee will be:
 - a) to study the flow of trade between the Common Market and its partners and to determine the sectors in which the trend of trade reveals difficulties.
 - b) to propose practical remedies for these difficulties and to bring about agreements between the parties concerned.
 - c) to watch over the execution of the short-term measures in the tariff field defined above.
 - d) to carry out the tariff studies which will be necessary if the functions mentioned above are to be fulfilled.
 - e) to organise prior consultations between the participants in order that the tariff negotiations being prepared on a multilateral plane may have the greatest possible effect and deal in particular with the critical points in the Community's trade with its European partners.
12. Within the Liaison Committee the Community will act as a unit (1).

(1) The meeting place of the Liaison Committee and the detailed procedure for its work will be decided later by common agreement between the Community and the other participating countries.

IV.

Agriculture

13. The EEC countries may make tariff reductions under the same conditions as for industrial products, at least as far as non-liberalized items are concerned.
14. Discussions in the Liaison Committee may deal with agricultural products, provided the development of the agricultural policy of the Community is not hampered.

V.

Countries in the course of development and policy in relation
to economic trends

- 15a) With a view to ensuring the coherency and efficacy of all measures taken in the setting of an international programme to bring aid to the development countries, the Community is ready to hold regular consultations with the Governments of the United States, Canada, Great Britain and the other European countries desiring to participate actively in such policy; other countries or specialized agencies may be brought into these consultations.
- b) The Community is also prepared to take part in regular consultations with the countries referred to above with a view to working out a concerted policy on economic trends.

VI.

Internal strengthening of the Community

16. The more the Community is strengthened internally, the more it will be able to follow liberal policies towards the outside world. It is in this light that measures which the Community may take to speed up its integration, to hasten the working out of the common trade policy or to strengthen solidarity in monetary matters and the common policy on economic trends, should be judged."

2. The Council has requested the Special Committee to study as a matter of urgency the alternatives suggested to the above proposals of the Commission on the various points of the Memorandum and to report back without delay. In the main these alternative proposals concern the tariff measures.

Association of Greece and Turkey with the Community

3. At the session of 13 and 14 October, the Commission reported to the Council on the results of the first exploratory conversations which have taken place between Greece and the Commission and between Turkey and the Commission (1).

The Council agreed with the Commission that it was still necessary to continue the exploratory talks in order to define clearly the range of different forms which an association agreement could take. A second round of exploratory talks with a Greek delegation therefore opened in Brussels on

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

16 November. On 2 December, the representatives of the Commission and the Turkish delegation resumed their exploratory discussions.

4. At the end of the second phase of exploratory talks between Greece and the Community the following communiqué was published:

"In the course of the second phase of exploratory conversations which took place in Brussels from 16 to 20 November, the delegations of Greece and the Commission went more thoroughly into the problems posed by an association agreement.

"The questions of the overall balance of the agreement, the financial problems, the institutional aspects and, more particularly, the Greek proposals for agricultural products (in the first place tobacco) were broadly examined, and the study will go on without interruption.

"Taking this fact into account, the two delegations were of the opinion that the stage of exploratory conversations had progressed sufficiently and that, with the approval of their competent authorities, they could envisage the stage of negotiations for association."

5. At the session of the Council on 23 and 24 November, the Commission reported on the status of the preliminary talks with the Greek Government. The Commission stated that in its opinion the exploratory talks were now concluded and that it was for the Council to draw up the directives concerning the time-table and agenda of the negotiations. The Council noted these statements and instructed the Committee of Permanent Representatives to work out, in collaboration with the Commission,

terms of reference to be given to the Commission, so that it may begin negotiations with the representatives of the Greek Government on the lines indicated in Article 111 of the Treaty of Rome.

6. M. HALLSTEIN, President, M. MARJOLIN, Vice-President, and M. REY, a member of the Commission, were the guests of the Greek Government on the occasion of a courtesy visit paid to Athens on 16 and 17 October at the invitation of the Government; they will later pay a courtesy visit to Ankara at the invitation of the Turkish Government.

The Community and GATT

7. The Fifteenth Session of the Contracting Parties of the General Agreement on Tariffs and Trade, held in Tokyo from 26 October to 21 November, provided an opportunity for Member States and the Commission to make statements on the commercial policy of the Community and to explain in general terms the economic situation and trend of trade in the Community.

8. The Session began with a first phase devoted to a discussion at ministerial level on points included in the agenda:

- Various plans for regional economic integration;
- Action to be taken to ensure a greater expansion of international trade;
- The trade possibilities opened up for the Contracting Parties as a result of the reestablishment of convertibility for several currencies;
- Measures to enable the countries in the course of development to find outlets in the industrialized countries, both for their basic commodities and for their manufactured products.

The attitude of the Community to these various problems was explained in a message from M. REY, a member of the Commission. This message states that the EEC looks with sympathy on the efforts of countries which, like the Community itself, are setting out on the path of regional integration, provided that their motives and their purposes are a vast expansion of the economy which will prove beneficial to the world at large. As regards the reduction of tariffs, the Community has taken all the organisational steps required to facilitate its active participation in the coming tariff conference.

The Community is likewise determined to play its part in the effort which will be necessary if quantitative restrictions are to be progressively abolished and discrimination eliminated. Finally, the Community considers that a programme of aid to the countries in course of economic development will have to be drawn up; in this connection it is suggested that conversations should take place at the highest level between responsible leaders of the major economic powers of the free world and all the Specialized Agencies. These conversations should produce concrete and practical proposals which could rapidly provide the countries in the course of development with means to organise their economies on foundations which are healthy, efficient and lasting.

In this connection, Signor SPAGNOLI, the Italian Under-Secretary for Commerce and spokesman of the Member States, announced that an ad hoc committee had been set up in Brussels to study the general problem of the steps which could be taken by the Community to support the countries in the course of development.

The measures to be taken in support of these countries

include action to expand their export earnings by granting their products a larger share of the markets in the industrialized countries. This raises the further problem of imports from countries with relatively low wage levels. The problem has been put on the Agenda of the Sixteenth Session for next May, but the Secretariat of GATT has already been instructed to draw up, after consultation with Governments, a detailed report on the measures taken by certain states to prevent mass imports of goods produced in countries with low wage levels.

9. At the ordinary session, when the agenda item concerning the Treaty of Rome was discussed the Commission's representative reviewed the activities and the success of the Community since the beginning of 1959, dealing in turn with tariff and quota disarmament between the Member States, with work done on the common agricultural policy, on the rules of competition, in social affairs and in the field of finance. He also gave a broad picture of the economic situation in the Community and the trend of trade with non-member countries - from which it appears that the improvement in the business situation within the Community has been reflected in a perceptible increase of imports from non-member countries.

All the Contracting Parties welcomed the spirit of international co-operation shown by the Community and expressed great satisfaction at the amount of information made available to them. Although some of this information has revived the apprehension they feel over the implementation of the Treaty of Rome, especially in the agricultural sector, they expressed the hope that future sessions will be no less reassuring.

Relations with non-member countries and international organisations

10. Baron LAGERFELT (Sweden), Mr. A.H. TANDY (Great Britain), M. A. SOLDATI (Switzerland), M.O. KILDAL (Norway), Mr. D.R. Mc DONALD (Ireland) have been appointed as heads of their countries' missions to the Community.

H.E. Ambassador WAJIMA, head of the Japanese mission to the Community, presented his credentials to President HALL-STEIN on 19 October (1).

11. Under working arrangements agreed between the Office of the Secretary-General of OEEC and the services of the Commission, the Commission has been invited to send a representative to the Council and to the Executive Committee of OEEC. In addition, it may be invited to send an observer to the Technical Committee and its sub-committees, as well as to other OEEC bodies whenever they have to deal with matters of common concern. Finally, a representative of the Commission will be able to attend meetings of the Steering Board for Trade, of the Committee for Invisible Transactions and of the Managing Board of the European Monetary Agreement.

12. Under the working arrangements established for collaboration between the Commission and the United Nations Food and Agriculture Organisation, representatives of the Commission have attended the following meetings of the F.A.O.: Committee on Commodity Problems (31st session), Council (32nd session) and Conference (10 th session), all held in Rome during October and November 1959.

Observers from the Commission were also present at

(1) See Bulletin 4-59

the following meetings organized by the United Nations Economic Commission for Europe: Timber Committee (17 th session, 12-16 October 1959) and Committee on the Development of Trade (8th session, 26 October - 4 November 1959).

In addition, representatives from the Commission attended the 6th session of the ILO Committee on Building, Civil Engineering and Public Works, from 19 to 30 October 1959 in Geneva.

The Commission was also represented at the first session of the Olive Oil Council held in Madrid from 6 to 16 October 1959 and the meetings of the International Wheat Council in London from 17 - 19 October 1959.

THE COMMUNITY AND COUNTRIES IN THE COURSE OF DEVELOPMENT

13. The Ministers of Foreign Affairs of the Member States and the Presidents of the European Executives met on 13 and 14 October in Brussels and discussed at length the problem of countries in the course of development (1).

The Ministers agreed that an ad hoc Committee should go into all aspects of the problem and study the main lines of an action programme to be implemented within the Communities. The Executives of the three Communities are to be associated with the work of this Committee, which was expected to start towards the end of November.

Immediately after the meeting of the Ministers of Foreign Affairs, the Commission speeded up the work it already had in hand on the subject of aid to the countries in course of development, so that when the Ministers met in November it

(1) See Bulletin 4-59, Chapter IV, Sec. 63

could put before them its point of view, at least in preliminary form, on certain aspects of the problem. At the same time, studies were initiated by the Council with the intention of drawing up a "descriptive catalogue" of the problems on which the Ministers were required to decide their position.

At their meeting in Strasbourg on 23 November, the Foreign Ministers confirmed the establishing of an ad hoc Committee and settled its composition. The chair will be taken by the chairman in office of the Committee of Permanent Representatives, and the ad hoc Committee will include the Permanent Representatives themselves, senior officials of the various countries and experts from the three Executives. The Ministers have passed to the Committee the "descriptive catalogue" prepared by the Permanent Representatives, and this document will serve as the Committee's terms of reference. The Committee will collect all information that is relevant and will be able to provide the Ministers with studies and interim suggestions which may in turn lead to further directives which would be sent to the Committee at a later date.

ECONOMIC AND FINANCIAL AFFAIRS

Brief note on economic trends

14. The upward trends noted in the Community since the beginning of the year continued unchanged during the summer. The increase in industrial production during the first three quarters of the year is the more remarkable since, under the influence of the tendency to reduce the working week, a reduction of about four per cent in man hours was noted for the Community as a whole in relation to the corresponding period of 1958. The increase of over five per cent in production

during the same period was therefore made possible by enormous advances in productivity. Activity in the services sector has also developed appreciably, but agriculture, owing to the drought which has affected all North West Europe, made practically no contribution to the increase in the Community's gross domestic output.

The sharp rise in the level of activity throughout the Community has led to a considerable fall in the number of unemployed, the sharpest decreases being noted in the Netherlands and in the German Federal Republic. Both these countries have practically exhausted the reserve of idle manpower available for further expansion.

External demand has been an important factor contributing to the improved business situation in the Community. The volume of exports, which in the second quarter of 1959 was 20% up on the corresponding period of 1958, has probably progressed by about a further 15% during the third quarter. This advance is due chiefly to demand from other industrialized countries, in particular the United States. While for the first six months of 1959 the increase in the value of exports to the OEEC countries was four per cent over the first half of 1958, the corresponding figure for the United States was 51%. However, this exceptionally high rate is partly attributable to accidental factors: the long duration of the US steel strike and the resultant scarcity affecting numerous users of steel. These factors will continue to make themselves felt during the months to come.

Another important factor of expansion in the Community, the tendency to restock, had sent the level of imports up sharply in the second quarter, but seems to have ceased

exerting an influence on the volume of purchases made abroad during the summer, demand being at present rather for finished products. In fact, increased incomes stimulate imports of consumer goods, and the stepping-up of investment programmes those of capital goods. Liberalisation of trade and reductions in customs duties have also helped to increase the relative share of finished products in the total imports of the Community countries. This trend is reflected in increased buying from other member countries of OEEC and in a greater volume of intra-Community trade. The volume of imports of raw materials has no doubt also increased. However, the value of purchases from the primary producing countries has fallen off slightly in relation to 1958, as a result of the low prices ruling for their products.

This relative weakness of import prices has contributed greatly to maintaining the stability of the general price-level in the Community since the beginning of the year. In addition, supply has become very elastic as a result of the high rationalisation investments in 1958, so that it is possible to increase production rapidly in step with the increase of both external and internal demand.

Nevertheless, the gradual disappearance of unused production capacity in certain sectors, and of manpower reserves in several countries, notably the Netherlands and the German Federal Republic, may well put a brake on the rate at which production is expanding. In some cases the expansion of demand is already resulting in swollen order books and longer delivery periods. At the same time, the retail price index has tended to move upwards as a result of increased prices for certain foodstuffs. It is in the Netherlands and the Federal German Republic that the increase in the cost of living seems

most marked. In these two countries the September index was above that of the corresponding period of 1958 by 3.4% and 2.5% respectively. France, it is true, shows an increase of 4.9%, but this is in part attributable to the currency measures adopted in December 1959.

Although the rise in gold and currency reserves has continued during recent months and has resulted in pronounced liquidity of the monetary and financial markets, the trend has been towards higher interest rates in most member countries following the rapid expansion of demand for credit, both for the public sector and to finance restocking and fixed capital investments by enterprises. The rise in interest rates will probably lead the private banks, particularly in the Federal German Republic, to reduce their holdings abroad. In this event, certain liquid assets previously deposited abroad may be repatriated, thus further increasing the reserves of the central banks.

Up to the present the strains which have made themselves felt in the Community have not been alarming. With the reserves of international payments media in the Community at their present level, there is no difficulty in meeting the expansion of internal demand by measures in favour of imports. At the same time, greater mobility and a better distribution of manpower reserves between the member countries would make it possible to ensure more latitude for growth.

15. At the session of the Council on 23 and 24 November 1959, M. MARJOLIN, Vice-President of the Commission, presented a brief report on the work of the Commission in the economic and financial field and announced that the Commission would very shortly submit to the Council proposals dealing with

co-operation on policy relating to economic trends. These will be based on proposals made at an earlier stage by M. MUELLER-ARMACK, Under-Secretary of State in the German Federal Ministry of Economics.

Movements of capital

16. In collaboration with the national experts on foreign currency legislation, the Commission's services have carried out a preliminary examination of the draft of a proposed common nomenclature on the movement of capital for use by the Member States. This draft, whose purpose is to sketch out a classification and an organic definition of the various categories of capital movements mentioned in Article 67 of the Treaty, was produced by the services of the Commission. These will resume their examination of the draft on the basis of the suggestions made by the experts, and with an eye to existing practice and legislation in the Member States. As soon as possible, the revised draft will be sent to the Governments of the Member States for approval.

At the Session of the Council of 23 and 24 November 1959, M. MARJOLIN, Vice-President of the Commission, announced that the Commission would shortly submit to the Council proposals concerning the free movement of capital.

Problems related to the possible application of Article VIII of the IMF

17. During September and October, there were discussions between the Commission's services and senior officials of Member States on the problems which would arise for the European Economic Community if the Member States abandon the provisional

post-war system laid down by Article XIV of the Statutes of the International Monetary Fund in favour of the system defined in Article VIII. These discussions were held after the session of the International Monetary Fund and took into account the deliberations on this matter in Washington.

The conclusion was reached that the transition from the system envisaged in Article XIV to that laid down in Article VIII would make it advisable to study the means of reducing to a minimum the risk of any conflict between the obligations under the statutes of the International Monetary Fund and those deriving from the Treaty of Rome. With this end in view, the representatives of the Governments fixed the detailed procedure for increased co-operation between the Member States of the Community.

The essential difference between the system in Article VIII and that in Article XIV of the IMF is that the former requires that the opinion of the IMF be obtained before a member country of this Organisation may apply exchange restrictions. It should be further pointed out that, unlike GATT, the International Monetary Fund Agreement does not allow exceptions to its rules in favour of customs unions.

Regional development

18. In conformity with the decision taken at the meeting, held on 25 September, of those responsible for regional policies in each country, a working party of national experts on regional problems held an initial meeting on 16 October 1959 (1).

The discussions dealt with the problem of delimiting

(1) See Bulletin 4-59, Chapter III, Sec. 18

regions in the Community both from the angle of economic development, of common policies and of co-ordinated policies in their regional applications, and also from the angle of the provisions specifically laid down in the Treaty.

The experts considered that the study of the above problems should be undertaken in the framework of large socio-economic regions.

The experts will meet again in Brussels in January 1960 to study criteria and methods for delimiting large regions in the Member States.

Comparative study of the budgets of the Member States

19. On 5 and 6 November a group of experts met in Brussels to carry out a comparative study of the budgets of the Member States. A first meeting had already been held in July.

The group studied drafts for the economic classification of public revenues and expenditure which had been prepared for the financial year 1957 by the various delegations in accordance with a lay-out suggested by the Commission.

The discussion led to a clearer definition of the technical problems which need to be solved before a coherent table for economic comparisons can be drawn up.

COMPETITION

Rules applicable to enterprises

20. As it is anxious to have the implications of Articles 85 and those that follow clearly defined, the Commission again made the study of Articles 85, 86 and 90 the central theme at

the Fifth Conference on Understandings held in Brussels on 8 and 9 October 1959 (1).

With regard to Articles 85 and 86, the discussion begun at the Fourth Conference on Understandings continued with an examination of the degree of importance which should be attached to the proof that one of the factors enumerated in these Articles does in fact exist. It was unanimously agreed that in the case of Article 85 the existence of such a factor was of importance only if competition is thereby prevented, restricted or distorted and, in the case of Article 86, if the advantage taken of a dominant position is such as to be considered improper. Besides, the other conditions necessary for the application of the prohibitions under the two provisions must be present. However, it proved difficult to find a theoretical reply to the question whether, in such a case, it would be right to admit that the free play of competition is hindered, restricted, or distorted, or alternatively that there is an improper advantage, or whether there would be grounds for requiring further proof of this. In general practice, however, this question should not occasion any difficulty, as in most cases the mere existence of such a factor should of itself constitute sufficient proof.

In addition, the means by which the Commission can fulfill its obligations under Article 89 and within the framework of Article 86 and the help required to this end from the Member States, were studied. As far as Article 89 is concerned, the Commission cannot be content with simply waiting for complaints; on the contrary, it is bound *ex officio* to watch over the observance of this prohibition. The task of studying the

(1) See also Bulletin 4-59, Chapter III, Sec. 30.

practical details of how to implement this control, including the necessary means for gathering documentary material, has been entrusted to a working party which has held a meeting and drawn up, in preparation for the Sixth Conference on Understandings, concrete proposals for initiating the work.

Article 90 was then thoroughly analyzed. There was general agreement that paragraph 2 of this Article limits the basic rules of Articles 85 and 86 to the extent required by the special tasks entrusted to the enterprises mentioned in these provisions, but that these enterprises are for the rest subject to the prohibition contained in Articles 85 and 86. It was further agreed that this limitation of Articles 85 and 86 applies only where it does not result in any excessive restrictions on international trade. It will be necessary to determine for each enterprise separately the extent to which the above considerations allow it to be exonerated from observing Articles 85 and 86.

The discussion brought out the need for specifying which enterprises should be considered as charged with the management of services of general economic interest. A working party was set up to study this question; it has now met and will propose to the Sixth Conference on Understandings practical means of recognizing these enterprises without, however, attempting to give a valid theoretical definition of them.

With regard to paragraph 1, the question arose as to what should be understood by "public enterprises" and what measures were referred to in these provisions. The working party was also requested to study this problem; it has been able to define the concept of "public enterprises" up to a certain point, but has not yet arrived at a final definition of the nature of

the measures covered by Article 90 (1). The Sixth Conference on Understandings will have to resume the study of this problem, paying special attention to the means of checking whether the provisions are being observed.

21. The Commission has continued its efforts to ensure that Italy and Luxembourg lose no time in passing legislation to implement Article 88. Whereas in Belgium a draft adequately covering the essential points of these provisions has been submitted to the legislative bodies, this has not yet been done in the two Member States mentioned above. These have, however, prepared draft laws, and the Commission is in constant touch with their Governments in order to ensure that the work is pressed forward rapidly.

In addition, the Commission is examining cases submitted to it. In two of these, it has been able to begin an investigation under the terms of Article 89. In consultation with the competent national authorities and by mutual agreement with the enterprises concerned, it proved possible to deal with a third case. In other instances preparations are being made to take action under Article 89.

Dumping practices

22. The Commission has continued to study cases of dumping referred to it. One of these has been examined jointly with representatives of the Member States and of the enterprises concerned, and the Commission will shortly make known its decision. Study of another case is well advanced and there will also be a decision in the near future. All these cases have been examined in the light of the GATT definition of dumping practices to be condemned.

Approximation of legislation

23. On the invitation of the Commissions of the EEC and Euratom, representatives of the Member States met in Brussels on 19 November 1959 at the Under-Secretary of State level, for the purpose of setting in motion work on the approximation of legislation in the field of industrial property rights.

Herr von der GROEBEN, a member of the EEC Commission, was in the chair and in his introductory remarks stressed the need for harmonisation of legislation in the field of patents, trade-marks, registered models and designs or models.

After commenting on the Commission's proposals to the Member States, he pointed out that one of the essential tasks of the European institutions was to establish freedom of movement for goods, at present hampered to varying degrees by the multiplicity of provisions governing industrial property rights. He therefore suggested that the protection of holders of patent rights, trade-marks or registered models or designs should be harmonised and extended to cover the whole area of the Common Market. He stressed the need to simplify the procedure by which these rights are granted and the conditions of their exploitation laid down.

M. de GROOTE, a Member of the Commission of Euratom, emphasized the extent to which the work to be done interested his Commission.

At the end of the discussion which followed these statements, decisions were taken concerning the practical organisation of the work. Three working parties were set up, to deal with patents, trade-marks, and models or designs respectively. The chairmanship in these working parties will be

exercised by representatives of the Member States.

A co-ordinating Committee has been instructed to co-operate closely with the Commission in establishing a schedule of work and to co-ordinate the studies of the three groups at their various stages.

Progress reports will be submitted at regular intervals to the Under-Secretaries of State concerned in the six countries.

24. The services of the European Commission have undertaken a comparative study of the different systems of tender for public works in the six Member States, both from the angle of legislative and statutory provisions and from that of administrative practice.

25. Since the Treaty establishing the EEC came into force, the Commission's attention has repeatedly been drawn to the obstacles to trade between the Member States arising from differences between the legislative and administrative provisions in force in the six countries; these are among the factors determining the quality, composition, packaging, and preserving of certain commodities.

The Commission is of the opinion that many of these obstacles could be eliminated by approximating the provisions in question. It would seem that in the case of food products this harmonisation should be undertaken without delay, and the Commission contemplates calling a conference on the matter towards the end of the year.

26. The Commission is aware how important for the efficient operation of the Common Market is the reciprocal recognition

and execution of judicial decisions in Member States. It has therefore taken advantage of Article 220 of the Treaty to invite Member States to work out in common a uniform convention of execution applicable both to civil and commercial cases, and a note to this effect has been sent to the Governments.

Fiscal problems

27. On 29 and 30 October, tax experts of the Member States examined at the invitation of the Commission certain draft solutions worked out by the latter with a view to harmonising legislation on turnover taxes. The working party will meet again at the beginning of December to finalize proposals on the basis of the Commission's drafts.

28. Another group of experts met on 27 and 28 October in Brussels to study how Articles 95 and 97 of the Treaty should be applied. These are the articles laying down the rules to which internal charges levied by Member States must conform if they affect the products of other Member States; they also cover drawback on internal charges when commodities are exported from one Member State to another. The experts recognized the need, pending harmonisation of legislation on turnover taxes, to fix a common method by which compensatory charges on imports and drawback on exports should be calculated. They agreed to furnish the Commission with a practical explanation of the methods by which this calculation is made for certain products in their respective countries. Prior consultation in the event of any modification of compensatory charges on imports or drawbacks on exports was also discussed at the meeting of 27 and 28 October. This question will be taken up again at a future meeting.

State aids

29. The Commission's attention has been drawn to steps taken by certain Governments, and it has asked for further information with a view to determining more exactly the nature of these steps in relation to the provisions of Article 92 and the following articles of the Treaty.

In addition, the system of accelerated amortization introduced in France by a decree of 28 May 1959 has been examined in the light of the procedure laid down in Article 93(1) and (2) of the Treaty.

The French Government Decree of 28 May 1959 has made accelerated amortisation possible for the users of certain equipment goods. This advantage was, however, restricted to equipment goods manufactured in metropolitan France.

Under the procedure laid down in Article 93 of the Treaty, the Commission submitted the provisions of this Decree to the examination provided for in the Article, and on 29 November the French Government published a Decree, dated 27 November, modifying the original provisions mentioned above by abolishing the restriction in favour of equipment goods manufactured in metropolitan France.

Experience has shown that the implementation of the provisions of the Treaty on State aids, notably those concerning examination of the new measures of aid, is still attended by certain difficulties, and a meeting with the Government experts took place in November.

30. A questionnaire has recently been submitted to the Member States, to serve as basis for an inventory of State aids

of a financial character currently in force in the various territories; this is the first stage in the examination of existing State aids which the Commission must undertake in conformity with Article 93 of the Treaty. Although they appear incomplete in certain cases, the Governments' answers are at present being evaluated. Tables drawn up country by country and summing up by categories of aid the information received have been submitted to all the Member States for their comments. The practical details of the first stage in the examination of the aids included in this inventory are at present being studied and it is intended that they should be discussed in the next few weeks with the Government experts.

SOCIAL AFFAIRS

The European Social Fund

31. The Economic and Social Committee, to which the Council had transmitted for an opinion the draft rules of the European Social Fund worked out by the Commission in application of Article 127 of the Treaty, finalized an opinion at its session of 28, 29 and 30 October. After voting on certain proposed amendments to the Commission's draft, the Committee adopted with amendments the opinion of the Section for Social Questions by 85 votes to 0, with 2 abstentions. In the main the Commission's draft was approved by the Economic and Social Committee.

The Council has also referred the rules to the Assembly for its opinion. This will be adopted by the Assembly at its session on 15 and 16 January 1960.

The consultations provided for in Article 127 must precede the establishment by the Council of the rules governing the European Social Fund.

Social security of migrant workers

32. The Administrative Committee for the Social Security of Migrant Workers met in Rome on 23, 24, 26 and 27 October 1959. Among other business the Committee

- Prepared its first annual Report
- Approved draft decisions and recommendations concerning certain questions of interpretation or administration
- Carried out an initial examination of the definition of the concept of temporary employment, required for the implementation of Article 20(3) of Regulation No. 3
- Discussed questions in connection with family allowances.

33. A working party of statistical experts set up by the Administrative Committee has prepared draft directives for the calculation of lump sum reimbursements to be made by the institutions responsible for the insured to those of the place of residence which provide sickness and maternity insurance benefits in kind.

The free movement of workers

34. On 14 and 16 October 1959, two meetings were held at the invitation of the Commission. They were attended by experts nominated by the European Secretariat of the International Confederation of Free Trade Unions (ICFTU), the European Secretariat of the International Federation of Christian Trade Unions (IFCTU) and by the Secretariat of the Union of Industries of the European Community (UIEC).

There were preliminary discussions on the way in which the Commission's services intend to apply the provisions of the Treaty on the free movement of workers (Articles 48 and 49). Article 49 instructs the Commission to submit to the Council, after consulting the Economic and Social Committee, draft directives and regulations with a view to effecting progressively the free movement of workers. These discussions with the two sides of industry will be continued at a later date.

Remuneration of men and women workers

35. At the invitation of the Commission, representatives of the Ministries of Labour and of Social Security in the Member States met at the Commission's headquarters on 7 and 8 October to exchange views on the interpretation of Article 119 concerning equal remuneration for equal work as between men and women workers. It was clear from the discussions that the six delegations were close to each other in their way of thinking on the matter.

In addition, the Commission's services on 14 October brought together representatives of employers' organisations in the Member States and, on 15 October, representatives of the trade unions affiliated with the ICFTU and the IFCTU for discussions on the launching of an enquiry into the ratio between wages for men and women in collective bargaining agreements.

The representatives of the employers and labour organisations made concrete proposals concerning such matters as the choice of the branches of industry and of other sectors of the economy to be covered by the investigation.

The Commission's services have again examined in collaboration with experts the part played by collective agreements

as instruments of a policy aiming at improvement and harmonisation of working conditions. A plan for a study of this subject was finalized and details for its execution laid down.

TRANSPORT

36. At a meeting held on 29 October, the Economic and Social Committee gave the opinion on the draft rules for the elimination of discrimination in transport rates and conditions for which it had been asked by the Council. The draft rules, worked out by the Commission pursuant to Article 79 (3) of the Treaty, were presented to the Economic and Social Committee by M. SCHAUS, a Member of the Commission, and were given a favourable reception.

The full text of the Committee's opinion was put to the vote, and was adopted by 75 to 19, with 1 abstention.

The Economic and Social Committee has decided that the institutions concerned should also be informed, by means of an annex to its opinion, of the amendments that had been rejected by the Committee.

Under Article 79 (3) the Council, having received the opinion of the Economic and Social Committee, must in principle establish these rules before the end of the year.

37. The Commission was represented by observers at the 13th session of the Sub-Committee on Rail Transport of the Inland Transport Committee of the Economic Commission for Europe, at the meetings of the Rhine Navigation Economic Conference and at the International Conference on Brenner Traffic.

ASSOCIATION OF OVERSEAS COUNTRIES AND TERRITORIES

The Development Fund

38. In October the Commission decided to make available from the Fund money to finance the following financial development schemes:

a) In the Sudanese Republic

- The establishment of seasonal schools, with a provisional commitment of 92,000 units of account (22,700,000 Frs CFA);
- Construction of a hospital unit at Nioro, with a provisional commitment of 143,000 u.a. (35,100,000 Frs CFA);
- Construction of an anti-tuberculosis dispensary at Sikasso, with a provisional commitment of 47,000 u.a. (11,500,000 Frs CFA);
- Construction of a maternity clinic at Goundam, with a provisional commitment of 39,000 u.a. (9,600,000 Frs CFA).

The first of these projects is intended to speed the change-over of the local peasantry to modern production methods by giving practical training to young farmers. In this way it will help to improve productivity and raise the living standard of the Sudanese population, almost all of which is agricultural. The four schools will be built in different administrative districts and will allow for the housing of 20 pupils in each school for each crop year.

The three other projects fit into a programme intended to complete the essential infrastructure of the health service and at the same time to tackle on a broad front the endemic diseases, such as malaria, tuberculosis and sleeping sickness.

b) In the Republic of Upper Volta

- Construction of 10 health units with a provisional commitment of 426,000 units of account (about 105 million Frs CFA);
- Construction of a hospital pavilion at Koudougou with a provisional commitment of 84,000 u.a. (about 20,500,000 Frs CFA);
- Construction of 50 primary schools with a provisional commitment of 1,115,000 u.a. (about 275 million Frs CFA)

The first two of these projects are intended to provide 10 modern health units for larger built-up areas (five of these units will replace existing units built of temporary materials) and to set up a new 56-bed hospital at the important centre of Koudougou.

The third project is intended to meet the need to increase the proportion of children attending school and to cope with the continual rise in population.

c) In the Comores

- Building of four maternity clinics with a provisional commitment in the form of payment authorizations amounting to 81,000 u.a. (about 20 million Frs CFA), all to be booked against the financial year 1958.

This project is intended to increase the capacity of the two existing maternity homes and to equip with new maternity homes two islands which at present have none. This will give the territory 40 additional beds.

d) The Republic of the Niger

- School buildings with a provisional commitment of 2,781,000 u.a. (approximately 686 million Frs CFA), with a first tranche of 1,810,000 u.a. in payment authorizations, booked against the financial year 1958, and the balance in the year 1959.

This scheme forms part of a 5-year programme to increase the numbers attending school in the Republic of the Niger and has been developed in order to improve the educational standard of the population and to prepare sufficient middle-grade supervisory staff; the scheme provides for the construction of buildings to house 116 primary classes and 6 courses of further instruction.

39. On a proposal of the Commission, the Council of Ministers in October approved the use of the Development Fund to finance the following economic development projects:

a) In the Republic of Madagascar

- Irrigation scheme in the Anony Delta, with a provisional commitment of 1,620,000 u.a. (400 million Frs CFA), with a first tranche of 365,000 u.a. (90 million Frs CFA) in payment authorizations to be drawn on the financial year 1958, the rest being spread over the two years following.

The Anony Delta is a vast plain in Tamatave Province, bordering Lake Alactra. The perimeter covers some 8,000 hectares of excellent soil, of which some 7,000 hectares are at present under cultivation as rice fields, so far as changes in the level of the river allow.

The scheme, which will be financed from the Fund, aims at improving the agricultural conditions of the areas

already under cultivation, and at bringing into use about 1,000 hectares of additional land. The temporary construction works include the building of dykes along the river, the protection of the perimeter against water, running down from higher ground, construction of four main drainage canals, building a barrage for the storage of the water required for irrigation, and the construction of two main irrigation canals. The second stage provides for the construction of secondary and tertiary drainage and irrigation canals.

- Irrigation scheme in the Tuléar plain with a provisional commitment of 1,944,000 u.a. (480 million Frs CFA) of which a first tranche of 283,000 u.a. (70 million Frs CFA) in form of payment authorizations will be drawn on the financial year 1958, the balance being spread over the two years following.

The Delta, which lies at the mouth of the Fiheranana, is an extensive plain across which the river flows. On this plain there are 36 villages and the town of Tuléar, with a total population of 29,000. Altogether the plain covers about 6,000 hectares of extremely dry land of which some 2,200 are at present under cultivation, and 1,800 will be available for cultivation when the scheme has been completed. The work is intended to provide the region with the necessary irrigation by creating a new water supply, by building new supply channels, and by improving and extending the present network of ditches.

- Foundation work and tarring of the Amboanio road, with a provisional commitment of 365,000 u.a. (90 million Frs CFA) all against the 1958 budget.

The Amboanio road, which is 17 kilometres long, serves an area containing industries of some importance, such as the

Madagascar Cement Company. As the road is frequently used by heavy vehicles, it is quickly and regularly damaged to such an extent that in the rainy season it has to be completely closed to prevent its total destruction.

This project is intended to turn this road into an all-season road by giving it a metalled surface. The plans provide for a widening of the existing road-bed, construction of sub-foundations and foundations and asphalt surfacing. A reduction in transport costs is expected, which should benefit the goods produced in the region, particularly those of local industries, which at present have to meet very high transport costs.

b) In the French Settlements in Oceania

- Construction of a berth for coastal vessels at Papeete with a provisional commitment of 295,000 u.a. (26,500,000 Frs CFA), all against the 1958 budget.

This project is for the construction of a berth for coastal vessels and a levelled strip behind, which would lower freights by reducing the turn-round of the vessels plying between the islands. The port of Papeete on the island of Tahiti, which is the geographical and economic centre of the French Settlements in Oceania, has at present only one quay to serve inter-island shipping and ocean-going vessels, which have priority over the inter-island boats. Traffic between the islands is carried in some 30 schooners and coasters and serves the distribution of goods and the collection of local products from the other islands before they are exported from the Archipelago.

40. In October a new Finance Convention was signed, dealing with projects on the French Somali Coast, for which capital

is supplied by the Community under the 1958 programme of the Development Fund. This Convention dealt with financing by the Fund of infrastructure work on the future housing estate at Djibuti, known as the "stadium".

Among the six native areas on the outskirts of Djibuti, two are without the necessary infrastructure and suffer periodically from floods. The provision in the immediate neighbourhood of these two areas of building estates with a suitable infrastructure and the establishment of a building society to put up permanent dwellings will make it possible to free certain plots which will then be provided with an infrastructure and returned to use. This project is merely a pilot scheme for a wider action and is intended to provide the infrastructure of an area large enough to permit the construction of 380 dwellings.

The total amount under the Convention has been fixed provisionally at 741,600 u.a. (158,400,000 Frs Djibuti) with a first tranche of 400,000 u.a. (86,500,000 Frs Djibuti), out of the funds available in 1958.

TABLES SHOWING OPERATIONS OF THE FUND
31 OCTOBER 1959
Projects submitted for the financial year 1958
and commitments authorised

(in '000 units of account)

Countries and Territories	Total projects submitted		Projects finally approved by the Council or the Commission	
	Number	Amount (a)	Number	Amount (b)
<u>Belgian Area</u>				
Belgian Congo	4	2,098	4	2,054
Ruanda-Urundi	12	2,410	4	1,406
Total	16	4,508	8	3,460
<u>French Area</u>				
Senegal	5	44,162		
Mauretania	19	6,385		
Sudan	21	5,899	4	321
Ivory Coast	24	7,280	3	2,270
Dahomey	7	4,452	3	396
Upper Volta	15	4,588	3	1,625
Niger	16	9,259	1	2,781
Togoland	6	1,156	5	659,9
Cameroon	8	6,046	4	3,896
Gaboon	7	4,656	2	612
Congo	11	4,163		
Central Africa	11	1,491		
Chad	10	47,933	2	1,300
Somali Coast	1	742	1	741,6
Madagascar	30	23,662	10	8,021.7
Comores	3	662	1	81
New Caledonia	5	338		
Settlements in Oceania	1	295	1	295
Total:	200	173,169	40	23,000.2
<u>Italian Area</u>				
Somaliland (Italian)	3	2,450	1	1,950
<u>Netherlands Area</u>				
New Guinea	4	8,270		
GRAND TOTAL	223	188,397	49	28,410.2

(a) Amounts shown purely for guidance

(b) Exclusive of the administrative costs incurred in carrying out the projects.

Development of Trade

41. The provisional statistics on trade between the Member States and the Associated Overseas Countries and Territories during the first quarter of 1959 show a slight fall in trade between France and the countries and territories with which it has special relations, and between B.L.E.U. and the Belgian Congo and Ruanda Urundi.

Little change has been observed between the trade of the Federal Republic and of the Netherlands with the Associated Overseas Countries and Territories, but there is evidence of appreciable expansion in the trade between Italy and the associated overseas countries as a whole.

42. The Commission has requested the French Government to recalculate the global quotas for goods from the other Member States of the Community, which had been opened in those overseas countries with which France has special relations.

The French authorities have informed the Commission of the amount of the credits provisionally opened in those overseas countries which have special relations with France for the issue of licences covering the second half of 1959, and also of the opening of an extraordinary credit of 303 million French Frs granted to the Cameroon in addition to the general import programme for 1959.

43. The services of the Commission have arranged a series of meetings to follow up the action taken to apply the measures adopted by the Member States for elimination of quantitative restrictions on imports from the associated countries.

The services of the Commission appreciate that tariff preferences and the abolition of quotas cannot by themselves solve the problems confronting the marketing within the European Community of the goods produced in the associated countries, and they have therefore intensified market research on certain products of the first importance for the economic life of the associated countries.

The Commission is endeavouring to find formulas which would make it possible to expand outlets for the products of Overseas Countries while ensuring that the African producers receive a fair income.

With these problems in mind the services of the Commission have started investigations on the marketing in the European Community of vegetable oils produced in the associated countries and territories and on development in the coffee and cocoa markets.

The services of the Commission have also been examining how it will be possible, against the background of a co-ordinated agricultural policy, to assist the expansion of trade in tropical produce from the associated overseas countries and territories.

Right of establishment

44. At its session of 23 and 24 November the Council, acting on a proposal of the Commission, issued the directives concerning the method by which the right of establishment of natural and juridical persons possessing the nationality of one of the Member States shall gradually be introduced in the Overseas Countries and Territories. These are the first directives

issued by the Council of the European Economic Community.

They will shortly be published, for information, in the Official Gazette of the Communities.

Official visits

45. On 29 October the Mayor of Berlin, M. Willy BRANDT, was received in Brussels by members of the Commission of the European Economic Community. His visit to the seat of the Commission was at the invitation of the President of the Commission, Professor Walter HALLSTEIN. The visit of the Mayor of Berlin was the occasion of a thorough exchange of views on all problems facing the "Land" Berlin as a result of the entry into force of the Treaty establishing the European Economic Community. Problems of regional policy peculiar to Berlin and questions concerning in particular the study of investment plans for Berlin and the participation of the "Land" in the development of the internal market were also discussed in detail, as well as the possibility of action by the European Social Fund.

The conversations between the Mayor of Berlin and the Commission took place in a very friendly atmosphere.

III.- INSTITUTIONS AND ORGANS

A. THE EUROPEAN PARLIAMENTARY ASSEMBLY

46. The Assembly met for a plenary meeting on 20 October 1959 at the Maison de l'Europe in Strasbourg. At that purely formal meeting it heard a statement from its President, M. Robert SCHUMAN, and adjourned until 20 November. The Committee of Presidents of the Assembly had found that the business to be dealt with did not justify a session of normal duration, but that the Treaties of Rome obliged the Assembly to hold a meeting on the third Tuesday in October.

47. The Assembly resumed its annual session on 20 November.

The Assembly heard the report of M. JANSSEN on the draft budgets of the European Economic Community and Euratom (operational budgets for EEC and Euratom and research budget for Euratom) and, at the end of the debate which followed, voted a resolution amending the draft budgets in respect of the fiscal year 1960. Among other things, the Assembly decided that

"The draft operational budgets of EEC and Euratom shall be amended as follows:

- The total credits for the operation of the joint Information Service to be increased from 75 to 85 million Belgian francs.
- A special credit of 15 million Belgian francs to be made available for the exclusive purpose of increasing,

on the national plane in the six countries, public awareness of the existence and activities of the European Communities, in particular by developing the training of youth in a European spirit."

The Assembly further decided to delete the article and the item in the provisional estimates of the Councils concerning the operating expenses of the Economic and Social Committee and to share the credits in question between the provisional estimates of the Commissions of EEC and Euratom.

As far as concerns the statute of service for the staff and the various financial regulations laid down by the Treaty, it is the Assembly's intention that these "be put into effect very shortly".

Finally, the Assembly invited the Commissions of EEC and Euratom to expedite the studies which they are required to make under the Treaties so that the contributions of the Member States may shortly be replaced by other resources of the Community itself.

The Assembly heard MM. DUVIEUSART, PEYREFITTE and NEDERHORST, the rapporteurs of the Parliamentary delegation which visited Africa last summer; at the end of the debate on these three reports a resolution was adopted concerning the problems connected with the association of the Overseas Countries and Territories. The Assembly recommended in particular:

- "- That the multilateral character of the association be strengthened.
- That the implementing convention relating to the association be examined at an early date with a view to its renewal in the light of experience

gained up to the present, and that qualified representatives of the Associated Countries and Territories participate in this study."

The Assembly considered that, in conformity with the wishes of the peoples who inhabit the Overseas Countries and Territories, the standard of living in these countries should be constantly raised by speeding up the development of both the agricultural and industrial sectors of their economies. The Assembly therefore recommended to the Commission and the Governments responsible that they take all measures to ensure increased sales and stability of outlets on the European market of the Community for the products of the Overseas Countries and Territories, and that, in particular, they should keep prices at a level which would enable local savings to be built up. The Assembly emphasized the need to maintain and expand, in the framework of a plan jointly agreed between the Community and the Associated Countries and Territories, the volume of public and private investments overseas. To this end, it requested that measures be taken forthwith to maintain and increase the financial effort which the Member States had undertaken to make for the five first years, and that private capital should be encouraged by means of an agreed system of guarantees, to give priority to investments in the Associated Countries and Territories. In this connection, the Assembly considered that the commercial policy of the Community vis-à-vis third countries should not be allowed to conflict with the principle of preference for the associated countries.

The Assembly was of the opinion that aid to the Overseas Countries and Territories on the social plane was a necessary condition for the economic development of these countries and that it therefore behoved the Community to grant the

Associated Countries and Territories financial and technical aid to improve the training and skill of African workers. It requested the Commission and the Governments of the Member States to provide the necessary credits for the economic and social education of young people and thus to speed up the training of supervisory staff in the Overseas Countries and Territories. Finally, it invited the Council and the Commission of the EEC to grant the Overseas Countries and Territories all possible support to ensure optimum employment and so to help them combat unemployment, especially in the urban centres.

48. The November session provided the occasion for a "colloquy" in which the Assembly, the Councils, and the Executives of the European Communities took part. Three subjects had been chosen:

- Relations between the European Parliamentary Assembly and the Councils.
- Co-ordination of the external policy of the Member States towards non-member countries, especially the countries in course of development.
- Problems concerning the association of the Overseas Countries and Territories with the Community.

The discussion on each of these three subjects was introduced by a statement from the President of the Councils of the European Economic Community and Euratom, M. PELLA.

Professor HALLSTEIN, President, and M. LEMAIGNEN, a member of the Commission, spoke during the discussion which followed M. PELLA's introductory remarks. At the end of the discussion, the Assembly adopted a resolution on relations between the European Parliamentary Assembly and the Councils. It suggested among other things that "by means of a more

thorough organisation, the character of a genuine confrontation of ideas be further accentuated in future" and expressed the wish that the main political themes of the European Community should be the subject of such periodical discussions "untrammelled by any legal formalism."

The Assembly invited "the Councils to do everything possible to increase and improve their collaboration with the Assembly, in particular by taking an active part in debates, by furnishing precise replies to Parliamentary questions and by making available more information on their activities". Finally, the Assembly requested the Councils "to extend the consultation procedure to all important problems even where the Treaties lay down no obligation to do so."

49. The Assembly amended its standing orders and decided to substitute the date 1 March for 31 December in the text of Articles 3(1), 4(1), 7(1), 38(2), 49(1). In consequence of this amendment, the parliamentary year will begin with the first session after 1 March, at which session the Assembly will re-elect its officers and set up its committees.

50. The next session of the Assembly will be held from 11 to 15 January 1960.

B. CONFERENCE OF REPRESENTATIVES OF THE GOVERNMENTS OF THE MEMBER STATES

51. In connection with the session of the Council of 23 and 24 November, the representatives of the Governments of the Member States met in Strasbourg under the chairmanship of M. PELLA, the Italian Foreign Minister. They appointed

M. Giuseppe CARON a member of the Commission of the European Economic Community, to take the place of M. MALVESTITI who had been appointed President of the High Authority of the ECSC. After consulting the Commission of the EEC they appointed M. CARON Vice-President of the Commission, his term of office terminating on 9 January 1960 in accordance with Article 161 of the Treaty.

Having taken cognisance of the opinion of the Commissions of EEC and Euratom, the Ministers extended to 9 January 1962 the appointments of M. HALLSTEIN, President, and MM. MANSHOLT, MARJOLIN and CARON, Vice-Presidents of the Commission of EEC, and of M. HIRSCH, President and M. MEDI, Vice-President of the Commission of Euratom.

C. THE COUNCIL

52. The Council met on 23 and 24 November and at this session it approved the directives proposed by the Commission concerning the method by which the right of establishment of natural and juridical persons possessing the nationality of one of the Member States shall gradually be extended in the Overseas Countries and Territories (1).

The Council also examined the report of the Special Committee instructed to examine the problems relating to a European Economic Association. It has taken a number of decisions on the bases of this report (2).

The Council took note of the resolution addressed to it by the European countries which had recently formed a free trade association in Stockholm. It instructed the Committee of

(1) See Chapter II, Sec. 44 of this Bulletin

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

Permanent Representatives to submit proposals for the reply to be made to this resolution.

The Council took note of the latest exploratory talks between the Commission and representatives of Greece. The Committee of Permanent Representatives has been instructed to draw up the terms of reference which the Council intends to give to the Commission at its next session, so that the Commission, acting on lines analogous to those laid down in Article III of the Treaty of Rome, may take up negotiations with representatives of the Greek Government on a draft association agreement between Greece and the Community (1).

The Council also heard a statement by President HALLSTEIN concerning consultation of the Economic and Social Committee on the subject of the common agricultural policy. M. MANSHOLT, Vice-President of the Commission, explained to the Council the main lines of the common agricultural policy, in particular with regard to the problems of structure and of markets..

The Council heard a statement by M. MARJOLIN, Vice-President of the Commission, on the progress made in the application of the Treaty in matters of economic and financial policy (2).

After consulting the Commissions of the European Economic Community and Euratom, the Councils decided to appoint M. W.F. van TILBURG, Secretary of the "Nederlands Verbond van Vakverenigingen", to be a Member of the Economic and Social Committee; he replaces M. D. ROEMERS, who has resigned, and the appointment is to cover the unexpired period of the latter's

(1) See Chapter II, Sec.

(2) See Chapter II, Sec. 15 of this Bulletin

term of office.

53. The representatives of the Member States of the European Economic Community met in Brussels on 1 and 2 December 1959 under the chairmanship of M. Emilio COLOMBO, Minister of Industry and Commerce of the Italian Republic.

This meeting was devoted to problems in connection with the fixing of a common customs tariff for the products on List G, annexed to the Treaty.

The representatives of the Member States have expressed their desire to bear the interests of non-member countries in mind when dealing with this complex matter.

The meeting revealed a wide measure of understanding on the specific questions facing a number of States in their search for a satisfactory method of dealing with those products for which customs duties were not fixed at the time the Treaty was negotiated.

The Ministers have made substantial progress in fixing these rates. They have decided to meet again on 18 and 19 December 1959. In order to prepare the meeting they have drawn up new directives for the Plenary Negotiating Group.

D. ECONOMIC AND SOCIAL COMMITTEE

54. The Economic and Social Committee held its eighth session on 28, 29 and 30 October. After having heard Mr. SCHAUS, member of the Commission, it formally stated its opinion on the draft regulation concerning the elimination of discrimination in the field of transport rates and conditions drawn up by the Commission in accordance with Article 79(3) of the Treaty. Together with this opinion, the Committee has brought to the

notice of the appropriate institutions the text of the amendments which it had rejected before formulating the opinion (1).

After having heard M. PETRILLI, member of the Commission, the Economic and Social Committee has also expressed its formal opinion on the draft regulation for the European Social Fund and submitted it to the Council (2).

At the same meeting the Economic and Social Committee was addressed by M. MARJOLIN, Vice-President of the Commission, on the subject of economic and financial policy.

55. The Agricultural Section met on 19 October. It heard a statement by M. MANSHOLT, Vice-President of the Commission.

On 7 November the Commission submitted to the Economic and Social Committee for comment its first proposals on a common agricultural policy, drawn up in accordance with Article 43 of the Treaty (3).

E. MONETARY COMMITTEE

56. The Monetary Committee held its 13th meeting on 23 and 24 October. In the course of its regular examinations of the financial and monetary situation of the Community countries it analysed the present position in Italy and in the Netherlands.

57. The Monetary Committee held its 14th meeting on 26 and 27 November 1959. This meeting was mainly concerned with an examination of the financial and monetary situation in France and in the Federal Republic of Germany.

(1) See Chapter II, Sec. 36

(2) See Chapter II, Sec. 31

(3) See Chapter I

Subsequent to the two meetings of the Monetary Committee, reports on the financial and monetary situation in Italy, the Netherlands, France and the Federal Republic of Germany were submitted to the Council and to the Commission.

IV.- MEETING OF FOREIGN MINISTERS

58. The Foreign Ministers of the Member States met in Strasbourg on 23 November 1959 under the chairmanship of M. PELLA, Foreign Minister of Italy. During part of their deliberations M. HALLSTEIN, President of the Commission of the European Economic Community, M. HIRSCH, President of the Commission of Euratom, and M. MALVESTITI, President of the High Authority of the ECSC, were present. At the end of the discussions it was learnt that the six Foreign Ministers have agreed to hold regular consultations on international policy.

"These consultations will concern the political repercussions of the activities of the European Communities as well as other international problems.

"The six Foreign Ministers will meet at three-monthly intervals, the place of meeting being fixed by common consent. Meetings of senior officials from the foreign ministries, or of ambassadors, may be held to prepare the meetings at ministerial level.

"These consultations will be held without prejudice to those which take place in NATO and WEU. Wherever necessary these organisations will be kept informed on matters of interest to them.

"The Commissions and the High Authority of the European Communities will be informed on matters within their competence and may be invited to take part in the consultations of the six Ministers.

"The first meeting of the Foreign Ministers will be held in Rome on 25 January 1960.

"The six Ministers also considered a number of problems arising out of the strengthening and speeding up of economic co-operation within the Common Market.

"They have designated the authorities which are required to submit to them in the near future detailed proposals on the various problems.

"The six Ministers have also decided on a number of measures to improve the functioning of the Council and the effectiveness of its action."

