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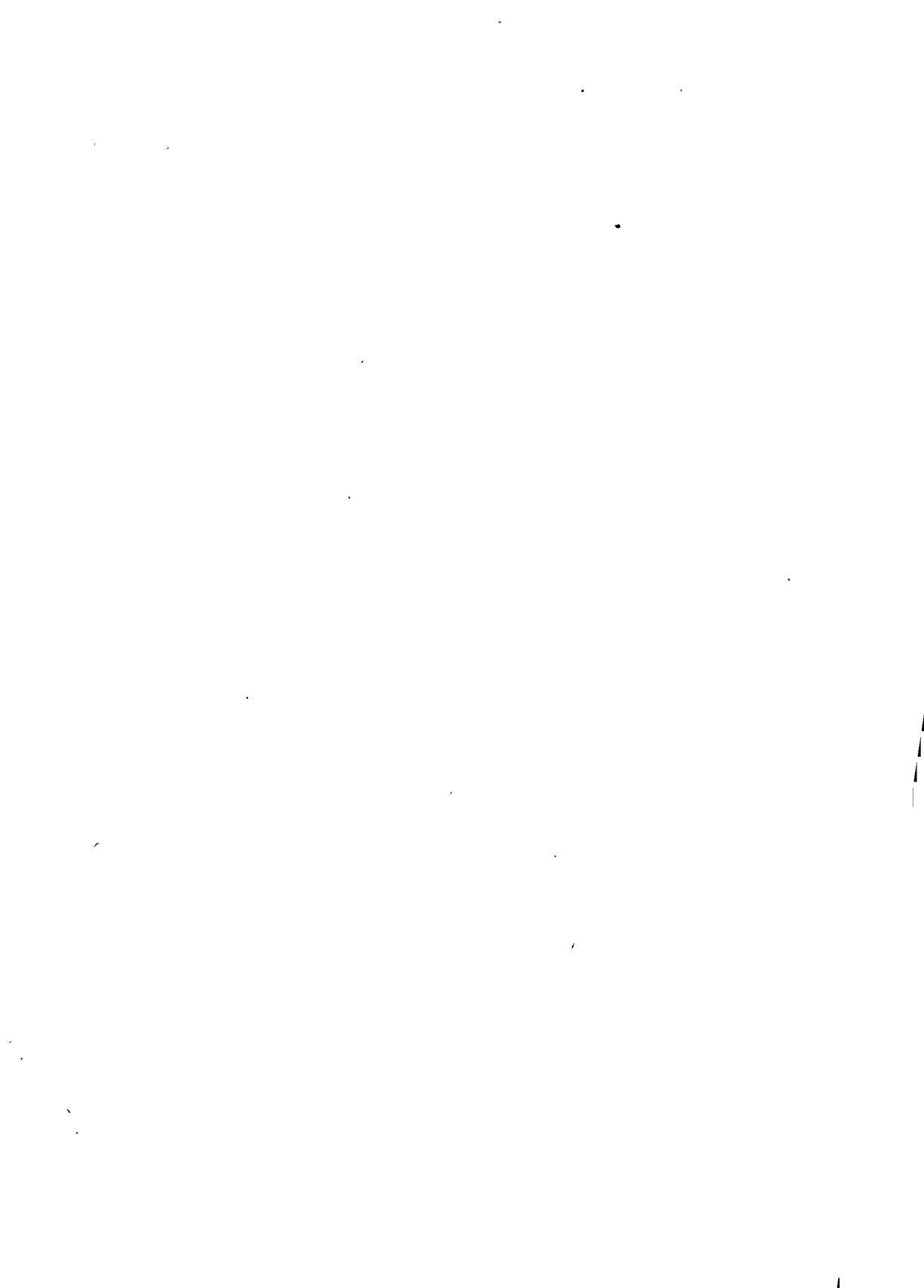


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Supplement

Approximation of legislation — Work undertaken between 1 January 1958 and 31 March 1966

Address introducing the Ninth General Report on the activities of the Community

made by Professor Dr Walter Hallstein,
President of the Commission of the European Economic Community,
in the European Parliament

The most important event during the period covered by the Report, the crisis, has already come up for discussion in this House in September, October and November of last year, and in January and March this year, generally as part of the discussion on draft resolutions or of debates on the activities and situation of the Community. There is therefore no need for me to deal with this subject today. It is in any case too early to pass final judgment on the crisis, as we are still involved in its repercussions and cannot yet consider what happened with the requisite detachment.

The annual report which I have the honour to present to this House comes at a time when we inevitably look back at the second stage in the establishment of the Common Market, a stage which now lies behind us. The House itself expressed a wish that we should do so; it also considered it desirable that this report should contain, "in addition to a summary of what had been achieved in the second stage, an action programme for the Community during the third stage".

Today I can endeavour to meet only the first part of this wish. It would be premature at this point for the Commission to try to give a comprehensive picture of how the Community will have to develop during the third stage and of the matters on which the Commission will concentrate. It goes without saying, however, that the Commission will keep the wish of this House in mind.

I hope you will therefore allow me today to concentrate mainly on what has already been achieved — to try, that is, to assess our progress in the light of the Action Programme of October 1962, which is still as valid for us as it ever was.

The Community — and this is the first point of the assessment — has completed the second stage, and on 1 January of this year it entered the third stage. Under the Treaty, this was the earliest possible moment — a result which was not perhaps so entirely a matter of course. In spite of the crisis, then, in spite of disagreements on political and institutional matters, we have lost no time in starting the final stage of the transitional period.

At the beginning of the assessment, a further point deserves to be stressed: in the second stage the Community institutions and organs, and the co-operation required of them, have been equal to the tasks laid upon them by the Treaty. Even more, it has become clear that they are absolutely essential for the development and administration of the Community. Either they function as required by the Treaty, in which case the Community is able to advance, or else they do not function at all, and then the Community stagnates — and subsequent experience has only served to confirm this dictum. There is no other way.

Constitutional co-operation between the Community organs has stood the test, particularly in the recent negotiations which led up to the successful outcome of 11 May and in which my friend M. Marjolin and my colleagues in the Commission played a particularly important part. This gives us reason to look to the future with some confidence. Although the Treaty on the merger has not yet come into force, the institutions, after the break from June to January, are again playing the part assigned to them by the Treaty — this is what really matters and much of the rest is secondary! Of course, the experience of the European constitutional crisis suggests that careful attention should be paid to further institutional development. The supervisory function of the Parliament, sensibly and clearly exercised, is essential in this respect, even though it has not yet been strengthened as hoped — certainly through no fault of the Commission!

In keeping with established practice, I shall begin the next part of my review of the state of the Community with the customs union, which is of course the whole basis of our undertaking. We have now come to the end of this tradition, in that there will in future be nothing more to say on this subject except that customs union will be complete on 1 July 1968. Of all the important decisions taken by the Council on 11 May of this year, this is one of the most significant.

With the entry into effect of this decision, the process of completing the European customs union will have taken nine and a half years. For some, this pace is too rapid; for others, the period is too long. The Commission should really be counted among these others, because in its Action Programme it had suggested completion by 1 January 1967; subsequently, however, in its latest proposal on the subject, the Commission itself had to put forward 1 July 1968 as a compromise solution.

It is hard to say how far postponement of the date for customs union is the result of the crisis. The negotiations on the financing of the agricultural policy, and thus also on customs union, could undoubtedly have been concluded earlier than in May 1966 if the disagreement on institutional questions had not intervened. But whether this would necessarily have meant an earlier date for the free movement of goods is not certain. The completion of customs union cannot be separated from the free movement of agricultural products; but the latter depends on common prices, and it has become clear that a period of one to two years is necessary before these can be introduced.

The impatient and the waverers should however both bear in mind that the postponement of the date can be measured not in years but in months, and that the fact of a date having been fixed at all for the completion of customs union is more important than certain variations in timing. European business circles can now make their plans in the knowledge that the Community has fixed a definite starting-point for its subsequent policy. There can be no doubt that this date for the completion of the European customs union will be a milestone in the history of European unity.

As far as the customs union goes, then, we have good reason to be satisfied with the second stage.

The Community has not been able to make such spectacular progress in eliminating tax frontiers, the second general obstacle to the free movement of goods. From the beginning it was to be expected that progress in this field would be slower — as the Commission did indeed point out in its Action Programme.

As a result of the work done during the second stage the Council was, however, able to take a decision of principle on this subject on 11 May, to the effect that the Common Market would not be fully established until all economic barriers had been eliminated, and that this involved the progressive elimination of tax frontiers.

It has not yet been possible to fix a date for the dismantling of tax frontiers. The Council has merely agreed that by the beginning of next year it will take a decision on the Commission's two proposed directives on the introduction of a harmonized system of tax on value added. The Commission is confident that this will be the breakthrough which will have to be made in the tax field.

On the thorny question of indirect frontier barriers — such things as “charges having an effect equivalent to customs duties”, “measures with effect equivalent to quantitative restrictions”, and all the other items which make up what we know as the “administrative frontier” — the Commission has during the second stage met with some success, even though it has not been able to keep exactly to what was suggested in the Action Programme.

On the great question of giving up the control of goods at frontiers, however, there has been no progress worth mentioning. The crisis is not to blame for this; fundamental misgivings and psychological inhibitions of government departments when faced with the prospects of the State “withdrawing from the frontiers” lie at the root of the lack of progress so far registered in this field. A fundamental proposal that has just been submitted by the Commission will, I hope, help us to make progress here too. The same applies to the question of government monopolies.

Freedom of movement for workers and their families — one of the fundamentals of the Common Market — has already been practically attained. The arrangements adopted by the Council in March 1964, on a proposal from the Commission, ended the system of priority for home labour markets and placed all Community workers on an equal footing as regards access to vacant posts and in respect of working and living conditions. The individual's right to choose to work in another Member State, if he thinks his prospects may be better there, is one of the main social advantages which the Community has brought for workers in the Member States.

As regards freedom of establishment and freedom to supply services, the task is proving more difficult. Since the beginning of the second stage, the Commission has laid before the Council 34 proposals for directives, 16 of which have been adopted. A proposal recently submitted to the Council concerns the important sector of insurance; further Commission proposals will follow in the course of this year. This is a good start, and what is done here will have important economic effects.

In the large European market created by the establishment of these various freedoms, competition plays a decisive part in guiding the economic process. The problems of competition policy are therefore among the most important in the Community.

One aspect of these problems is the transformation of economic structures, particularly as regards the size of firms. In our Action Programme we tended to look at these things defensively, i.e. from the point of view of preventing amalgamations harmful to the Community and the abuse of dominant positions. This is, of course, still our aim.

Beyond this, it has, however, become increasingly clear that a unified European market provides a new background against which the scale of enterprises must be viewed. In many cases, competition within the Community and competition outside make it advisable, and sometimes even vital, to increase the scale of enterprises by means of amalgamation, merger, holdings or the creation of subsidiaries — especially since technical progress often depends on the size of an undertaking.

For this reason, the Commission's rather defensive line on competition problems, as set out in the Action Programme, has since been supplemented by a more positive line, which consists in creating the new, supplementary conditions necessary for such amalgamation. Here I would mention in particular the Commission's memorandum on company law.

In the spring of 1965 one Member State, France, gave a powerful impetus to this work. Since, after this, the ball was with the Commission, the crisis hardly hampered the work at all. The Commission's memorandum in no way detracts from the importance of continuing the other work being done on company law, but in addition puts forward for discussion the question of creating a European type of company. The idea is that it should be possible to institute European enterprises on this legal basis, which would give them equal access to production factors in all Member States, and which would mean that they are no longer governed by the law of one State only. I shall refrain from going into details here, as this House will be dealing with the subject fully on a future occasion.

The opening of markets and the transformation of economic structures are defensible only if the conditions of competition between the six Member States are sufficiently harmonized. This work of harmonization is the second aspect of competition policy.

The fields in which harmonization is called for under the Action Programme are still relevant today. I would mention for example State aids, the ending of discrimination and distortions of competition in connection with taxes on consumption and direct taxes, distortion of competition due to differences in social legislation, and those due to discrimination in the award of public contracts.

In addition to competition policy, there is a second, and at least equally important, field of measures which cover the whole economy, namely the various aspects of overall economic policy. Here too — for the Community's short-term, medium-term and long-term economic policies — the establishment of the Community has provided a completely new background for our work. The vital tasks — rapid expansion, price stability, the reduction of economic fluctuations and of national and regional imbalances — have from the outset been given careful attention by the Commission, and in October 1962 they were made a key feature of its Action Programme. Consequently, substantial progress was made in this field in the second stage.

The series of programmes to implement medium-term economic policy for which the Commission called in its Action Programme have begun to materialize. The Commission recently submitted to the Council the first draft for a programme to cover the years 1966 to 1970. Preliminary work on it was slowed down by the crisis but not seriously handicapped.

This programme is the first step towards providing the Community with the instruments that will gradually enable it to pursue a better co-ordinated and rationalized economic policy, seeking optimum growth under optimum conditions. I need not go into details over the Commission's draft today, since this House will shortly be dealing at length with this matter too.

The economic difficulties that arose during the second stage in 1962 and 1963 made it clear that a common short-term economic policy for the six Member States is in the long run indispensable. We now have quite a catalogue of individual measures to show that this work is in hand. Our main concern was the fight against inflation.

At Community level talks have been held in the Monetary Committee, the Short-term Economic Committee and the Budget Policy Committee between the authorities in the Member States responsible for those fields. The views expressed by these Committees help considerably to widen our knowledge of the current situation. Various reports and surveys undertaken by the Commission have been completed. The Council's recommendations to the Member States in 1964 and 1965 were the first direct steps in the field of short-term economic policy, and represented a considerable success for the Community.

In the co-ordination of economic policies, then, progress has been greatest with short-term policy. Our task now is to build upon this foundation. The job of working out a common economic policy and of co-ordinating the economic behaviour of the Member States is therefore bound to keep us very busy in the years ahead.

Among the points in the Action Programme that have come to fruition in the field of monetary policy are the establishment of a Committee of Central Bank Governors, in which useful work is being done on the alignment of economic, monetary and financial policy, and a Council decision providing for co-ordination between the Member States on international monetary questions. Progress made in monetary policy and the liberalization of capital movements has, however, lagged behind what was envisaged in the Action Programme. Political obstacles beyond the Commission's control were the main reason for this.

The Community's regional policy has not yet really got under way. The Commission has put in hand a number of studies and it submitted a comprehensive recommendation to the Council in May 1965. Our special thanks are due to this House for the interest it is showing in this matter.

A third field that involves the whole economy is social policy.

I have already referred to the satisfactory progress made during the second stage towards freedom of movement for workers. This was facilitated by the co-ordination of the various social security systems where they apply to migrant workers.

Vocational training is one of the bases of the common social policy. On the Commission's initiative, the principles on which a common training policy should be based were adopted by the Member States in 1963.

The scope of the European Social Fund, however, still needs to be expanded and its procedure simplified. The Commission has submitted to the Council proposals intended to achieve this end.

One of the objectives set out in the Treaty is the constant improvement of living and working conditions. To achieve this aim the Commission collaborated

closely with Member Governments and both sides of industry in working out the main lines of a programme to tackle the general problems of labour and social security. Bilateral and tripartite talks have been held to gather information on wages, hours worked, holidays with pay, collective bargaining and social security systems.

These talks will bring out the major differences between the regulations now in force in the Member States and facilitate their future harmonization.

As you know, the Treaty sets comparatively narrow limits for the Commission in matters of social policy. In particular, Governments tend to deal with social matters at national rather than at Community level. The Commission, however, will continue and intensify its efforts; for social conditions in the Community as a whole make further progress essential, notwithstanding the favourable developments we have seen so far.

Let us now leave the broader policy issues and take a look at specific fields.

Rapid progress has been made in agricultural policy, more rapid at times than was foreseen in the Action Programme. This is true in particular of policy on prices. Shortly after the Action Programme was published, it became clear to the Commission that the gradual alignment of farm prices originally envisaged could not produce the desired effect. It therefore adopted a new approach in its proposal on cereal prices in 1963 — alignment in a single step. This new principle, first implemented on an important scale in the Council decisions of 15 December 1964, has since been proposed by the Commission for the alignment of all the principal agricultural prices, and now underlies the current thinking of the Council.

Progress in working out the common organizations for the various markets has been uneven. As a result of the crisis we lost eight months in which the Council could certainly have made headway with the arrangements for a number of important markets. But this delay does not explain why we have forged ahead in some fields and lagged behind in others. This is due to the uneven pace of work in the Council and to the great difficulty involved in working out Community policy on such items as tobacco and wine. However, the Council decisions of 11 May took account of certain delays and laid down a balanced timetable for the various commodities.

The third main theme of the common agricultural policy — financing — has for political reasons been in the forefront of attention, as you well know. After many vicissitudes a successful outcome has been achieved, and the matter is now settled in detail until 1969.

In the improvement of agricultural structures, the Commission has concentrated on the structure of the markets.

We have also moved ahead with the common transport policy during the second stage, though not as far as was expected under the Action Programme.

The slow pace at which transport is being integrated is not due to differences of opinion between the Member States concerning political and institutional matters. In addition to the economic difficulties, there is a lack of a steady and general political urge to rapid unification. We have constantly stressed how dangerous it would be for the balanced development of the Common Market if the integration of transport were to lag behind integration in other branches of industry. And this House has always supported us.

At the end of 1964 the common transport policy had landed in a blind alley. However, after protracted negotiations between the Council and the Commission, agreement on the organization of the transport market was reached in June last — just before the crisis. The principles embodied in that agreement now have to be put into statutory form.

One of the most important Commission proposals to this end — for a regulation on transport rates — has been before the Council since last October. Once adopted, it will facilitate the introduction of the price policy based on competition that the Commission has always advocated.

As regards access to the transport market, it is over a year since the Council completed essential parts of the work. The formal enactment of this regulation is now a matter of urgency.

In May 1965 the Council adopted an outline decision on the harmonization of conditions of competition in transport, the implementation of which will take several years.

Finally, the Council last year also issued a decision on consultations in the field of investment in transport infrastructure.

And now I can turn to the Community's external relations.

During the second stage the Commission pursued the principle of a liberal and outward-looking Community enunciated in the Action Programme. True, our efforts in this field have not always led to the desired goal; but our major achievement is that we have succeeded in engaging the Community in the Kennedy round. Here we have learned something important: European integration and independence from outside powers — that is, equality of status — go closely hand in hand. The crisis caused some delay in this work, but things are now well on the move again. The Commission is sure that the Kennedy round can be brought to a successful conclusion. The outcome of these negotiations is of fundamental importance to the expansion and intensification of world trade, the strengthening of trade relations inside Europe and the improved competitiveness of Community firms.

The expected geographical broadening of the Community has unfortunately not materialized during the second stage either. The concern for the Community's existence that was felt during the crisis in European countries outside it has shown that these countries too are coming more and more to consider the Community as the only possible form of constructive economic integration in Europe. This development is a political factor, even if it has not yet produced any quantifiable and measurable results. Only one tangible success was vouchsafed us in this field — the association of Turkey. We hope that a further success will be forthcoming in the not too distant future — the conclusion of the current negotiations between the Community and Austria.

The expansion of the Community, and particularly the entry of Britain, has remained a topical issue. Prognostication is always difficult, particularly in matters such as these. As we are all aware, what the future holds in store depends in part on a number of political questions; but it also depends on solutions being found for certain very difficult economic problems. These are being considered by all concerned. Thinking on these matters is undoubtedly in course of evolution, and the Commission is glad to see this. It will be pleased if our British friends make another attempt to adhere to the Rome Treaty.

In developing the instruments with which to apply the common commercial policy, we have already achieved a measure of co-ordination as regards trade in farm products which is having considerable economic and political consequences.

In the commercial field, of course, we are far behind. Although many of the problems here are largely technical, there is nevertheless a perceptible distaste for the co-ordination of foreign commercial policy in certain Community quarters because it forms part of foreign policy. Here, then, we are faced directly with basic political questions. To date, only multilateral relations in the customs field have been made a Community affair to the extent required by the Treaty. Commission proposals on the various matters involved have been put before the Council — some of them quite a long time ago. As the Council stated explicitly on 11 May that it would shortly take decisions on these proposals, we may expect some developments in this field at any rate some time in the future.

During the second stage we took a major step forward in development policy. Negotiations with seventeen African States and Madagascar were successfully concluded in the form of a five-year Association Convention that came into force in 1964. Experience so far with this novel undertaking has been good on the whole, despite a number of teething troubles. In the foreseeable future another African country, Nigeria, will be added — on the basis of a different convention — to the list of Associated States. The Commission also continued its negotiations on the Community's relations with Tunisia and Morocco.

So much for the progress made during the second stage and our present position. The Commission thinks, as we have already said, that it would be premature to decide at this point on which issues it should concentrate during the third stage. However, some observations on what matters must shortly come to the fore as the current situation develops are inescapable.

A whole complex of questions concerning common agricultural policy measures and decisions to proceed with the Kennedy round is now before the Council. The Council has linked these pending decisions with the negotiations that ended on 11 May — yet another reason for doing our utmost to ensure that they are taken soon, before the summer vacation.

Even if the trade problems outstanding in this complex are solved, the Kennedy round will continue to keep us busy, particularly during the last stages of the negotiations in which we hope we will soon be engaged in Geneva.

The same applies to agricultural policy. A great deal of work still has to be done to implement the decisions of 11 May — there is talk of several hundred regulations — and here we count on the constant support of this House.

We shall also have to give special attention to trade in industrial goods. Only part of the job is done when customs union is achieved, unless there is parallel progress in harmonizing customs legislation and administrative practices. It will depend on the results of work in this field whether customs union really fulfils its purpose — an internal market without impediments to trade.

Economic union with its various facets is the second main object of our work. Here, completion of customs union and agricultural union will encourage us to keep moving. The Commission will take every opportunity for pressing ahead with economic union in the various spheres.

This, then, is my report on what the Community has done and where it now stands in relation to our own programme. It is not for me, but for the members of this House to make a qualitative assessment of the facts I have reported. But I will take the liberty of saying one thing about their character. Although this is a sober account — even more so than other reports I have had the honour to present in years gone by — it would be unfair, to regard it simply as the retailing of mechanical and purely technical facts with no regard for the ultimate, lofty aims of our work of European unification. As things stand, work on the common economic and social policies, work that has been entrusted to the Community's institutions, is the hard core of European unification today — whatever else we hope for in our heart of hearts. We must not imagine that all the problems still outstanding can be decided today by words. They will be decided tomorrow by actions. Today, let us do our duty, coolly, thoughtfully and resolutely. We must be faithful to our task, to which there is really no alternative. Supporting us we have the law, the obligations of international treaties, the convergence of vital interests, the common convictions of our peoples — for what we felt when we put our names to the Treaties on the Capitol in Rome is still true: we believed that our shrinking world now had to be measured by different yardsticks; that neither Europe nor the world can really prosper without a powerful Europe taking an active part in international affairs; that the European way of life itself is being threatened by the fragmentation of our Continent; that Europe's only chance of being an independent partner of the world powers on an equal footing lies in unity; that to persist in the fragmentation and the internal conflicts that would make us the Balkans of the world, would constitute a permanent invitation to the other, the great powers, to intervene and create order in Europe for their own security.

Nothing would be more dangerous than to belittle and push aside economic and social matters as purely "technical". No, the quality of this work is, following the original design of our common endeavours, a solid basis for the complete unification of Europe. The establishment of economic unity is not an end in itself. For what is historically decisive is not that material interests should be better satisfied, but that Europeans should more and more regard the ordering of their collective needs as a joint task, that they should therefore become accustomed to accomplishing this task together. Integration is action. Co-operation is the essence of European politics, as it is the essence of all politics. This we are told by no less an authority than Plato himself when in an immortal dialogue he describes as supreme achievement of statesmanship the royal craft of weaving on the loom of public life that finest of fabrics made from the warp and woof of human characters.

I. Draft of the first medium-term economic policy programme

(Submitted to the Council on 29 April 1966)

Bulletin 7-66 reported that on 29 April 1966 the Commission had submitted to the Council its draft for a first medium-term economic policy programme ⁽¹⁾. A summary of this programme is given below. Worked out by the Member States and the Community Institutions, the programme covers the five-year period 1966 to 1970. Its establishment represents a very important step along the road to European economic integration.

Press conference statements by M. Langer and M. Marjolin on 6 May 1966

After the distribution of the draft Programme at a press conference on 6 May 1966, M. Langer, State Secretary at the Ministry for Economic Affairs in the Federal Republic of Germany and Chairman of the Medium-term Economic Policy Committee, and M. Marjolin, Vice-President of the EEC Commission, stated that its establishment was a vital contribution to the economic integration of Europe.

For the first time since the founding of the EEC, said M. Langer, an overall economic policy programme had been prepared jointly by the Member States and by the Commission, and in many instances this programme covered fields of economic policy which were almost exclusively within the jurisdiction of the Member States. The responsibility of the Member States remained unimpaired, but as the Common Market was progressively built up economic policy objectives and instruments had, said M. Langer, to be brought more closely into line.

The Six were agreed that a large number of decisions could only be effective when they were taken jointly and when they were applied in a co-ordinated manner. To conform with the decision taken by the Council of Ministers, the programme set no quantitative objectives, giving only guidelines and recommendations. These were intended to maintain a high level of employment and of internal and external stability, to raise the standards of living of all sections of the population, to create optimum conditions for steady and balanced economic growth, and to improve social and regional equilibrium. Taking as a basis the work of the Group of Experts on medium-term forecasts, the Committee had endeavoured to predict what strains might emerge and to work out guidelines. For example, it had been established that in the years ahead the labour force would probably increase by a pretty slender margin. This being so, the mobility of labour in the EEC must be promoted, both from area to area and from trade to trade, and care must be taken to avoid a reduction in the number of hours worked. Improved productivity was, after all, the key to economic expansion.

M. Langer was convinced that conditions must be created in which the public authorities and industry could embark on the investment needed (roads, schools, canals, regional development), with public investment rising perhaps twice as rapidly as gross

⁽¹⁾ See Ch. II, sec. 13.

domestic product. He pointed out that the pace at which productivity, and consequently economic growth, could advance would depend more and more on the results obtained from scientific and technical research. In addition, action would have to be taken to eliminate all obstacles which prevented enterprises reaching "economically rational sizes" consonant with modern economic conditions and the larger European market.

In addition, M. Langer called for progress in the establishment of the incomes policy and for longer-term guidance on the trend of public finances in the form of budget forecasts or programmes covering several years. He concluded by observing that the most important task now was to induce the Member States actually to follow the general lines of economic policy on which they had agreed. This required not only that the national authorities should be induced to concert their efforts, but also that the guidelines of the programme should be brought home to the public in the six countries.

M. Marjolin began by pointing out that the Commission was virtually in complete agreement with the conclusions of the Committee. The Commission had, however, thought it important to emphasize certain hazards or dangers created by the current situation and to emphasize the need for action in certain fields to be co-ordinated at Community level.

Summarizing the "observations" made by the Commission, M. Marjolin said that specific decisions at Community level appeared indispensable for certain sectors such as textiles and shipbuilding. Similarly, the mere "confrontation" of Member States' action in the field of regional policy could prove inadequate. Co-ordination at Community level would make for greater efficiency in this field. With regard to public finance, it would be better to speak of "programmes" rather than mere "forecasts".

M. Marjolin stressed the need to contain the upward movement in prices per unit of output, which was liable to jeopardize economic expansion. Turning to the question of the geographical mobility of workers, he thought that the right policy was wherever possible to create work at places where manpower was available.

Lastly, he stressed the need for the Community to make up ground lost in the scientific and technical field — failure to catch up here might force the Community to drop out of many industries on which the future depended. In the first part of the document, the Commission had expressed its concern over the fragility of the Community's economic equilibrium in the next few years; the present situation involved serious hazards: productive investment was inadequate and costs were increasing very rapidly. In his conclusion, M. Marjolin voiced his satisfaction at the remarkable concordance of views obtained in the joint examination of concrete problems — not only objectives and methods, but also the requisite co-ordination of national economic policies.

Content of the draft programme

The draft of the first medium-term economic policy programme falls into two parts:

- i) The first gives the views of the Commission on certain major problems connected with the economic development of the Community in the next five years;
- ii) The second is the preliminary draft programme drawn up by the Medium-term Economic Policy Committee. The Commission has given a general endorsement to this draft.

In the Commission's note, which is the first part of the programme, the Commission begins by summarizing the fundamental problems connected with the economic development of the Community and makes certain comments. It stresses in particular the need to maintain price stability, to seek balanced progress in the solution of social and regional problems and to put in hand a comprehensive scheme for the advancement of scientific and technical research. In addition, the Commission stresses the fragility of the economic equilibrium likely to be achieved and draws the attention of the authorities to the dangers of an excessive increase in private consumption and public expenditure.

The Commission points to the role played in the development of the Community since its inception by the competition that has developed between the economies of the six countries, and has been the main factor in the economic progress achieved since. This expression of view by the Commission backs up the opinion upheld by the Committee throughout its proposals, namely that the development of competition is vital to the attainment of the objectives set.

Be this as it may, the danger is great that the successes thus attained and the hopes founded on them may mask certain unfavourable trends which, although they may be concealed from view will inevitably affect the pattern of developments in the years ahead.

As the Commission points out, Europe is more prosperous than ever; but this only makes more intolerable the situation of those of its inhabitants left behind in the general march forward. Moreover, areas and industries lagging behind the rest are already a burden for the Community as a whole and will be a brake on future development. In making it the duty of the Community to promote the harmonious development of economic activity throughout its territory, the Treaty of Rome sets not only an economic objective, but also a social objective, which is referred to in Article 117, where stress is laid on the need to improve living and working conditions of labour so as to permit their equalization in an upward direction.

Another point is that the main obstacle to more rapid growth in the next five years, and consequently to higher living standards, will lie in the inadequate facilities for the retraining of workers. Lack of geographical mobility could also prove a problem, for where all else fails workers may have to move to new areas to find new jobs. The task now incumbent on the authorities is not only to make good the time lost in the establishment of proper facilities for general and technical education and retraining and for receiving workers from other areas, but also to see that infrastructure in this field is abreast of requirements. An effort must be made to eliminate progressively the hardships suffered by workers who have to move to a new area to find work.

The need for such an effort is particularly marked in respect of that growing fraction of the farming community which in its own interest must, at least in the long term and because of the requirements of general development, accept retraining and resettlement for this group feels more keenly than others the discomfort and distress involved.

The Commission emphasizes the fact that the progress of any modern society is geared to that of the sciences and their technical applications. What science and technology mean to the economies of today is similar to what the presence of raw materials and energy sources meant to the economics of the past. Research is the most refined form of investment. On the quantity and quality of research will depend, in the long run, the capacity of the economies to develop and to compete.

It is probably impossible at the present time to assess accurately the scale of what has been achieved by the Community and to establish what its impact on growth has been. No study is more urgent than one which would throw light on the current situation and on the trend of which it is a part.

Comparison with certain industrial countries brings out sharply the way in which the Community is lagging behind. Its growing inferiority in the scientific and technological fields spells danger for the future. If the six countries are to remain, as they have probably been for a generation, the world's main importer of discoveries and principal exporter of intelligence, they will condemn themselves to a cumulative process of underdevelopment which will soon render their decline incurable.

The Community must therefore embark at the earliest possible moment on a comprehensive capital operation — in both the private and public sectors — to develop research and on a comprehensive scheme to reorganize its industries.

The main threat to the future stability of the economy is the excessive expansion of overall monetary demand, mainly in the form of personal demand.

It is possible that the monetary demand of households may continue throughout 1966-70 to advance at much the same rate as has ruled in the Community during the last few years. The effect of this would be that during an initial period there would be an apparent gain in real consumption on the rates shown in the projections, but such a trend would be at the expense either of external equilibrium or of the progress of the other components of internal demand (productive investment or public expenditure on goods and services).

It is clear that external disequilibrium could not be allowed to continue for long and that the internal adjustments which it would necessitate would affect directly the internal growth both of private consumption and of the other components of demand.

A slowdown in productive investment would also jeopardize growth potential and the outlook for the competitiveness of the economies. There would then be no certainty as to the overall growth rate of the economy during the latter part of the five-year period.

It would therefore be unrealistic to expect the real consumption of households to grow faster, over the period as a whole, than is shown in the projections.

If the progress of private consumption were to attain a higher rate, early in the five-year period the authorities would inevitably be obliged to curb its growth relatively sharply later on, and the undesirable, even painful consequences of this, notably for employment in certain industries, would by far outweigh any initial advantages.

It is therefore evident that the expansion of private consumption must be kept within bounds during the next few years.

It must, however, be stressed that the main guidelines of economic policy have been expressly devised so as to minimize the sacrifices imposed on consumers by the requirements of general equilibrium and by measures designed to ensure a better future for all.

The second part of the draft programme is the Committee's preliminary draft. It comprises an introduction and six chapters, beginning with a description of the general concept of medium-term economic policy. There follows an analysis of the general conditions which will govern growth in the period 1966 to 1970, coupled with a broad picture of the medium-term economic outlook. The document then puts forward preliminary general suggestions for the various spheres covered by medium-term economic policy. Specific fields, such as employment and vocational training policy,

budget policy and regional policy, are dealt with in greater depth in the chapters which follow.

Annual adjustments to the programme are planned and the Committee intends to use the opportunities thus provided to expand its contribution to questions that have not yet been studied in sufficient detail. The problems involved in making a coherent whole out of the national policies and Community policy will at the same time be examined more thoroughly and priority will be given to such matters as research, sectoral structures in industry and in agriculture, the size of firms, public finance, incomes policy and the capital market.

The Committee thought it desirable to begin (Chapter I) by outlining its views on the exigencies of the situation within which the medium-term economic policy has to function and the tasks before it — the establishment of optimum conditions for steady and balanced economic growth while a high level of employment and internal and external stability are maintained. Success in this will improve the chances for a rapid advance in standards of living and for the less developed regions to reduce the gap separating them from the others.

A medium-term economic policy is needed in order that all economic policy decisions liable to affect economic growth should form an internally consistent and rational whole in relation to medium-term objectives, and that a sound balance between private initiative and Government action should be found. The co-ordination of medium-term economic policy throughout the Community cannot therefore be a once-and-for-all operation, it must be a continuous process, and so it is planned to adapt the programme each year.

General growth prospects (Chapter 2)

This analysis is based mainly on the results — published in an annex to the programme — of the projection work of the Group of Experts on medium-term forecasts. For Germany, however, the Committee has relied on a projection made by the German authorities; it differs on a few points from that prepared by the Group of Experts.

The projections have two main features: they are hypothetical, i.e. they rest on a body of assumptions set out in the programme or in the Group of Experts' report, which could well prove correct but which will not necessarily do so, and they contain no quantitative objectives. They represent an estimate of how big or how small growth might be on certain assumptions, and they specify at the same time the fundamental problems which will face those responsible for medium-term policy in the coming year.

For the Community as a whole an annual growth of 4.3% in real Community product is projected for the period 1965 to 1970, compared with an annual growth of 4.9% for 1960 to 1965. In almost all the countries the overall economic growth rate that is expected corresponds to the maintenance of the trend observed over the last five years. Only in Germany, where the labour force will not increase, is the annual growth rate likely to fall from 4.9% for 1960/65 to 4.3% in 1965/70.

Overall productivity (gross domestic product per worker) should rise by 3.8% in the Community as a whole in the coming five years, which will mean that it will have doubled in less than 20 years.

However, the projections highlight a number of difficulties which economic policy will have to overcome in the next few years.

Even including a high level of immigration, the number of available workers in the Community will rise more slowly than in the preceding five years, and in Germany it will even level off. Hence the key to economic growth will be improvements in productivity. Growth on the scale envisaged therefore assumes a vigorous investment drive, both public and private, which raises spending under this heading faster than gross domestic product increases.

Consequently, the tendency for private consumers' expenditure to increase its share of gross domestic product can no longer be maintained without jeopardizing the bases of future growth. The projections are based on an annual growth in real private consumption in the Community of 4.1% (3.3% per head). This means that private consumption per head will none the less have doubled in a little more than twenty years.

The Committee stresses that the risk of the economy suffering from overstrain in the coming years will require increased attention; steps will have to be taken to obviate a general increase in prices and costs which, in the Committee's view, would entail a serious threat to the competitiveness of Community industry, to external equilibrium and consequently to economic growth.

The guidelines for the economic policies of the Member States and of the Community Institutions, laid down in Chapters III, IV and VI of the programme, make no claim to provide cut-and-dried detailed solutions for all problems; but, for the various fields of economic policy, they do supply the necessary framework into which the measures taken by the Member States and the Community Institutions will have to be fitted. The guidelines given in the programme are not confined to purely economic factors, but take into account the requirements of social policy also; they deal first with action to step up supply, and then with measures affecting demand.

Policy designed to step up supply

This policy is made up of a set of measures in different fields of economic policy but which must complement each other; the fields involved are employment and vocational training policy, public and private investment, scientific and technical research, the alignment of legal and tax provisions, action to ensure workable and effective competition and measures to foster optimum-size enterprises and economic structures balanced between both sectors and regions.

In regard to employment and training, the Committee sees no reason, despite the labour shortage, to curb the tendency for the school-leaving age to rise, as a result of which the average age at which young people start work is of course also rising. On the other hand, the Committee recommends a vigorous immigration policy and measures to encourage more women to seek employment: the elimination of tax obstacles and social insurance disincentives would be of great assistance in this respect. The Committee also feels that in view of the overall economic situation there should be only a moderate shortening of the working week. At the same time, it emphasizes the great importance of a structural employment policy and in particular the need for greater efforts in regard to vocational training for young people and to measures that will enable adults to move more easily from area to area and especially from trade to trade.

In the field of investment policy, the main aim should be to establish conditions in which the public authorities and private firms can make the investments needed to build up production capacity in Europe. In this connection, the Committee believes,

Member States must take steps to facilitate the financing of investment through an appropriate tax policy and measures to improve the machinery of the capital market, and they must ensure that enterprises dispose of sufficient capital resources of their own.

Scientific and technical research

As improvements in productivity and consequently in the pace of economic growth will depend more and more on the results of scientific and technical progress, the efforts of Member States must not lag seriously behind the efforts in this field being made by other highly industrialized countries; in other words, a major build-up will be needed in the years ahead. At the same time the conditions for the prompt exploitation of discoveries yielded by research must be improved. The Committee also proposes that the funds earmarked by the public authorities for research should be fixed for several years in advance. At the same time the Member States should establish without delay appropriate criteria for the selection of the fields in which research would be concentrated; this would allow funds to be deployed as efficiently as possible. The Committee also stresses the need for close co-operation between Governments, universities and the business world, and proposes that there should be an early inquiry to establish whether, how far and in what fields of research and development common or co-ordinated operations are necessary at Community level in order to achieve more rapid and better results.

Competition, industrial structure and regional development

So that the fullest benefit may be gained from the division of labour, the Committee recommends that laws and tax provisions still impeding the easy movement of production factors between Member States should be increasingly aligned.

It also emphasizes the great contribution an active competition policy can make to the success of the medium-term economic policy. In those concrete cases where intervention at specific points is deemed necessary, the aim of the intervening authority should be to fit the sectors concerned into an effective system of competition.

At the same time economically reasonable adjustments of the scale of enterprises to modern technical and economic conditions should be facilitated by such measures as the removal of artificial obstacles — notably in the shape of tax and company law requirements — to industrial combination.

The Committee feels that in the coming years particular importance will attach to policy on the structure of industry. This does not mean that existing structures or unprofitable sectors should be kept artificially alive: the aim will be to facilitate any necessary adjustments and to create favourable conditions for the development of dynamic industries. Intervention should in all cases be temporary, and where possible a time-limit should be set from the start. In addition, where weak industries are given support, the burden this places on the economy should be brought out clearly.

In addition, the Committee stresses the need for improving the balance between regions, and in particular for efforts to help the less favoured areas reduce the gap separating them from the others. In this connection the transport infrastructure is of particular importance, and a valuable contribution can be made by development poles in which there is an organic group of enterprises that can develop under their own momentum after initial help. Such development poles would also facilitate the establishment of "secondary centres". The Committee's proposals include a number

of directives for increasing the effectiveness of subsidies from the Member States and the Community Institutions. Where measures are intended to cover long periods, they should be in the form of flexible programmes covering a number of years in which the priorities to be accorded to the various schemes and measures are co-ordinated.

Demand

The main objective of policy in connection with demand is to reconcile rapid economic growth with satisfactory trends in prices and in the external balance. For this purpose the Committee feels that a set of measures in various fields of economic policy — notably finance policy, monetary, credit and capital market policy and incomes policy are necessary.

Public finance policy

In this field the first — very tentative — estimates suggest that in most Member States two main problems will arise in the next few years: that of gearing public demand to what is economically feasible, and second, the problem of mustering the funds needed to cover this demand.

The Committee favours keeping the upward movement of public expenditure within reasonable limits, and points out that this policy will need to be implemented with proper regard to priorities established in advance. In this connection, expenditures already approved should be reviewed to see if they are still necessary, while more and more must be done to ensure that public utilities and public transport pay their way.

The Committee rejects the idea, however, that all the financing problems of the public authorities can be solved by this sort of limitation on specific items of expenditure. It is against any form of inflationary financing. Consequently, where public expenditure is to be covered by borrowing, this should be done through long-term bonds issued at home. The Committee would not be against heavier taxation, but the taxes should be such that they affect industrial investment and private saving as little as possible and should be consonant with the plans for harmonizing the tax system in the various States of the Community.

In this connection stress is laid on the great importance of budget programmes or previews covering a number of years and setting out the priorities as to what should be done, when and where. These would make it easier for Parliaments and Governments to take their budget decisions by showing the longer-term effects the decisions would have on the volume and balance of the budgets and by allowing unavoidable expenditure increases to be offset by economies on less urgent items. The programmes or previews would constitute at the same time an important instrument for the co-ordination of the budget policies of the Governments with those of the local authorities.

The Committee is also in favour of a monetary, credit and capital market policy ensuring that the expansion of monetary demand is reconciled with the exigencies of the economic situation as a whole, and recommends that the machinery of the capital market be so improved that it can attract an adequate share of savings.

Incomes policy

In the Committee's view, a key factor in ensuring balanced growth is the extent to which incomes policy is successful in curbing the upward movement of money incomes and makes it possible to develop a pattern of incomes which will allow of sufficient investment.

From the economic point of view, the main aim of the incomes policy must therefore be to prevent recent inflationary trends from persisting, and to do this by bringing the overall expansion of money incomes into line with what is economically possible.

One proposal which the Committee has made in this connection is that there should be regular contacts with unions and managements to work out guidelines for the growth of the various types of income; firms and individuals would then be able to take their decisions freely within the limits imposed by these agreed guidelines.

In a further proposal the Committee stresses that unions and managements cannot be expected to maintain discipline in wage negotiations unless the other conditions for internal stability are also fulfilled and Governments use all the means available to them to contain the expansion of the other types of income within reasonable bounds; in this connection the Committee stresses the special importance of price and competition policy alongside that of credit policy and tax policy. In addition, the Committee proposes that incomes policy should be linked to the promotion of private saving, and suggests tentatively that in this connection Member States might evolve a policy on property which would reconcile the desire of workers to benefit increasingly from the fruits of production with the need to step up investment.

The Committee is well aware that a thorough investigation into many of the questions broached in the preliminary draft is still necessary. This in no way affects, however, the value and the scope of the guidelines it proposes for the economic policies of the Member States and of the Community Institutions.

II. Internal activities

ESTABLISHMENT OF THE COMMON MARKET

Customs matters

Tariff quotas

1. On 9 June 1966 the Commission, acting under Article 25(3) of the Treaty, granted the following tariff quotas for the period 1 May to 31 August 1966 ⁽¹⁾.

Member State	Tariff heading	Description of product	Quantity (m.t.)	Duty
Germany	17.03 B III	Sugar cane molasses for the manufacture of citric acid	10 000 t	5.7 %
B.L.E.U.	17.03 B III	Sugar cane molasses for the manufacture of citric acid	5 000 t	5.7 %
Netherlands	17.03 B III	Sugar cane molasses for the manufacture of citric acid	5 000 t	5.7 %
Germany	17.03 B IV	Other molasses, not specified	50 000 t	20 %
B.L.E.U.	17.03 B IV	Other molasses, not specified	35 000 t	19.5 %
Netherlands	17.03 B IV	Other molasses, not specified	45 000 t	19.5 %

2. On 16 June 1966 the Commission, acting under Article 25(3), granted the following tariff quotas for the period 16 June 1966 to 14 February 1967 ⁽²⁾.

Member State	Tariff heading	Description of product	Quantity (m.t.)	Duty
Germany	ex 03.01 BI a 2	Herrings (<i>harengus clupea</i> and sprats (<i>clupea sprattus</i>) fresh, chilled or frozen	31 000 t	nil
			50 700 t	0.5 %
B.L.E.U.	ex 03.01 BI a 2	Herrings (<i>harengus clupea</i> and sprats (<i>clupea sprattus</i>) fresh, chilled or frozen	700 t	nil
			1 100 t	0.5 %

⁽¹⁾ See official gazette of the European Communities, No. 111, 23 June 1966.

⁽²⁾ *ibid.* No. 133, 22 July 1966.

Management of Community tariff quotas : Commission memorandum to the Council

3. On 6 June 1966 the Commission transmitted a memorandum to the Council on the general principles for management of Community tariff quotas. The Commission notes that Article 28 and Articles 111, 113 and 114 of the Treaty, which provide the legal basis for autonomous and contractual Community tariff quotas, do not allow exceptions from the common character of the external customs tariff. The Commission's proposal aims at the immediate applicability of management procedures which respect as far as possible the Community nature of the quotas. The memorandum mentions the types of management generally applied by Member States. The "general principles" submitted endeavour as far as possible to reconcile the exigencies of practical application with those arising from the Community nature of the tariff quotas in question.

Suspension of CCT duties

4. At its session of 13-14 June 1966 the Council agreed, in conformity with its decision of 3-4 April 1966, to reduce until 30 June 1967 ⁽¹⁾ certain duties under the common customs tariff vis-à-vis non-member countries. These concerned 475 headings relating to industrial products, to which 15 others had been added in the meantime.

Countervailing charges (Art. 235)

Extension of the Council decision of 4 April 1962 on certain goods manufactured from agricultural produce

5. On 4 April 1962 the Council, acting under Article 235, took a decision to levy countervailing charges on certain goods manufactured from agricultural produce. Article 4 of this decision stipulated that it would apply for three years, i.e. until 3 April 1965 inclusive.

This decision was amended and extended for the first time on 29 March 1965 and a second time on 15 June 1965 until 31 October 1965. On 26 October 1965 it was again amended and extended until 30 June 1966.

Since the reasons which justified the adoption and then the prolongation of this decision are still relevant, and since a Commission proposal to replace the measures pursuant to it by other arrangements is still under study in the Council, it was important to extend once more the Council decision of 4 April 1962 in its modified version of 26 October 1965.

On 9 June 1966 the Commission therefore submitted to the Council a proposal to extend the decision in question until 31 October 1966, at the same time advocating that the European Parliament be consulted.

Reference was duly made to the European Parliament, which on 27 June 1966 endorsed the Commission's proposal but urged that the second Commission proposal

⁽¹⁾ See official gazette No. 114, 27 June 1966.

to the Council to replace the measures pursuant to the decision of 4 April 1962 by other arrangements should finally be implemented, with due regard to the Parliament's opinion on the matter.

With the opinion of the European Parliament before it, the Council decided, at its session of 28 June - 1 July 1966, to extend its decision of 4 April 1962 until 31 October 1966 as proposed by the Commission ⁽¹⁾.

Community financing for exports of processed agricultural products not listed in Annex II

6. On 23 June 1966 the Commission submitted a memorandum to the Council on the Community's financial responsibility for processed agricultural products not listed in Annex II and exported to non-member countries.

This memorandum includes a draft Council resolution which may be adopted at the same time as the proposed regulation instituting a trading system for certain goods manufactured from agricultural produce.

The aim is to enable the provisions on Community financing to be applied to agricultural commodities even when they are exported to non-member countries in the form of products not listed in Annex II. In this way the sale under this form of agricultural products of Community origin would not be at a disadvantage in relation to commodities originating in non-member countries and entering as processing traffic.

Under the terms of the draft resolution, arrangements must be made within each common market organization to ensure that commodities in the sectors of cereals, milk and milk products, sugar and eggs, or substitutes for them, are made available to users at world prices where they are exported to non-member countries in the form of goods which do not come under Annex II of the Treaty and are shown on a list of 22 tariff headings or sub-headings which include in particular: confectionery, chocolate, bread, communion hosts, ship's biscuit, beer, glucose and dextrin.

The expenditure resulting from this arrangement will be chargeable to the Guarantee Section of the European Guidance and Guarantee Fund.

The Council has not yet made a decision on this proposal, but has begun to examine it.

COMPETITION

Rules applicable to enterprises

Compensation for damages arising from infringements of Articles 85 and 86 of the Treaty establishing the EEC

7. At the request of the EEC Commission, professors of law from the six Member States have made a study of civil liability under municipal law for infringements of Articles 85 and 86 of the EEC Treaty. The study is intended to be a source of information for students and lawyers. It was published by the Commission in June 1966

⁽¹⁾ Council Decision No. 66/385/CEE, official gazette No. 117, 29 June 1966.

as No. 1 in the Competition series, and is the work of Professors Coing, Kronstein and Schlochauer of the Institut für ausländisches und internationales Wirtschaftsrecht, Frankfurt; Professors Dabin, Del Marmol, Limpens and Rolin for Belgium, and Professor Weber for Luxembourg, all of the Centre interuniversitaire de droit comparé, Brussels; Professors H. Batiffol and R. Houin of the Faculty of Law, Paris; Professor Rotondi of the Istituto di diritto comparato commerciale, industriale e del lavoro Angelo Sraffa, Milan, and Professors H. Drion, and J. Drion and I. Samkalden of the Europa-Instituut, Leyden.

The opinions expressed are those of the Commission's consultants, and not necessarily those of the Commission.

While the legal consequences of the nullity of an agreement are settled directly by Article 85, the award of damages lies within the domain of municipal law. The rule governing recognition of a claim for damages are not exactly the same in all the Member States; in practice, however, the differences are hardly likely to be of great importance.

The experts show that where there is an infringement of Articles 85 or 86, persons injured have a right to redress under municipal law. In addition to damages, an injunction can be sought if the infringement is likely to continue, and in most of the member countries the law requires publication of the judgment as a form of sanction.

In Germany and the Netherlands, rights to compensation could be limited by the fact that not all infringements are deemed to be acts requiring the person responsible for them to make good any damage done. In those two countries, compensation is due only when the illegal act has infringed a rule designed to protect individual interests. It is not impossible that French case-law may reach the same conclusion by another route.

The study gives a good view of national rules of liability in cases of infringement of economic legislation. The civil courts of the Member States have already handed down a large number of judgments on the civil consequences of infringements of the competition rules of the Treaty. So far decisions have dealt mainly with the legal consequences of nullity, but problems connected with compensation for damages inflicted will doubtless come to the fore in the future. The study is therefore of immediate interest to firms and lawyers in the Common Market.

Publication under Article 19 (3) of Regulation No. 17 (machine tool industries)

8. The Commission intends to grant the European Committee for Co-operation of the Machine Tool Industries negative clearance or exemption from the Treaty ban on cartels in respect of the Committee's decisions concerning organization of the European Machine Tool Exhibitions. It has published the "essential content" of the agreement in the official gazette of the European Communities ⁽¹⁾, inviting all interested parties to submit their comments within two months (Article 19 (3) of Council Regulation No. 17).

The decisions of the Committee, which has its headquarters in Brussels, lay down terms and conditions for participation in the European Machine Tool Exhibitions, which are held every two years, in the odd year, rotating between Paris, Hannover, Brussels and Milan. The Committee represents the national associations of the machine tool

⁽¹⁾ See official gazette, No. 103, 10 June 1966.

manufacturers of the six countries and of Austria, Denmark, Great Britain, Sweden, Switzerland, Spain and Portugal. Machine tools for the working of metal are the principal items shown at the exhibitions. Exhibitors must be either designers and manufacturers, designers and dealers, or manufacturers and dealers. The exhibiting firm must be resident in one of the thirteen countries and must manufacture the products it deals with, or have them manufactured, in one of these countries. Manufacturers exhibiting machine tools must undertake not to exhibit their wares during the same year, either directly or indirectly, in any other fair, exhibition or salon in any member country of the European Committee. Failure to observe these requirements may lead to exclusion from the next exhibition and the loss of any advance payments made as a guarantee to cover costs.

Applications to exhibit are submitted to an admissions sub-committee of members of the main Committee, who accept or reject the application without appeal and are not required to give reasons for their decision. The allocation of stand space is decided on by the organizing national association by agreement with the admissions sub-committee. This association also fixes rent for the stand space.

Approximation of legislation

New draft directive on pharmaceutical products: permissible colouring agents in branded pharmaceuticals

9. The EEC Commission has submitted to the Council a draft directive on the harmonization of Member States' laws and regulations concerning pharmaceutical products. The directive relates to colouring agents which may be added to branded pharmaceuticals.

So far two proposed directives on branded pharmaceuticals have been laid before the Council; the first, adopted by the Council in 26 January 1965 ⁽¹⁾, concerned their marketing and labelling and the second, submitted to the Council in February 1964, concerned the quality controls with which the drug industry must comply ⁽²⁾.

The dismantling of customs duties and other restrictions on imports would fail in its effect if the flow of trade were still to be obstructed by disparities in laws and regulations on specific types of merchandise. For reasons of public health and safety, there are many rules of this kind for branded pharmaceuticals. Most drugs now sold are in fact of this type, and intra Community trade in them is already considerable. It has become clear that this trade can also be hampered by differences in legal requirements not covered by the first two directives — where, for instance, a drug manufactured in one member country contains colouring agents prohibited in another. The disparities between Member States' laws on colouring agents used in branded pharmaceuticals constitute such a barrier to trade that the Commission thinks it essential they should be harmonized.

The present proposal mainly follows the directive on food colouring matters adopted on 23 October 1962 (as amended 25 October 1965) ⁽³⁾, but it includes a list of dyes that may be used in the Member States, only for the colouring of branded pharmaceuticals. The new directive follows the pattern of the measures concerning colouring

⁽¹⁾ Official gazette, No. 19, 5 February 1965.

⁽²⁾ See Supplement to Bulletin 4-64.

⁽³⁾ See Bulletin 12-65, Ch. III, sec. 31.

agents in food, and takes advantage of the work of other international organizations. The Commission's main concern has been the effective protection of public health, though economic requirements and the views of the drug industry have been given proper consideration.

In selecting the permitted colouring agents, the Commission took into account the latest toxicological findings in order to guarantee the harmlessness of the drugs. Certain other colouring agents are to be permitted for three years; these are in current use and have not been shown to be toxic in the short term, but information on long-term toxicity is still inadequate. The names of the permitted and provisionally permitted colouring agents are given in two annexes to the Commission's proposal. A third annex sets out the general and specific purity standards to be adhered to in all six countries in deciding whether a colouring agent is toxic.

The Member States will have to align their statutory provisions according to the directive within eighteen months of being notified of it. Firms will be given a further six months in which to conform to it.

Finally, with a view to preventing requirements on pharmaceutical products from again diverging in the future, the Member States will be obliged to inform the Commission of all laws and regulations they propose to enact in the fields covered by the directive.

Postal services and telecommunications

10. The sub-group on postal services set up at the meeting of the main Working Party on postal and telecommunication services met for the first time on 22 and 23 June 1966.

In the course of this meeting the sub-group dealt with picture postcards, settling questions connected with postal charges at Community level. In addition, a general discussion made clear the Member States' intentions with regard to the standardization of sizes of envelopes, etc., for a number of correspondence categories.

As regards the harmonization of rates, the possibility was discussed of provisionally charging the domestic rates for letters of the second weight category (20-40 grammes) sent anywhere within the Community.

Taxation

Standing Committee of heads of revenue departments

11. The Standing Committee of heads of revenue departments met in Brussels on 16 and 17 June 1966 under the chairmanship of M. von der Groeben, member of the Commission.

The Committee decided that harmonization work on excise duties must be speeded up.

It then held a thorough discussion of principles, choices and methods for the harmonization of direct taxes. Certain specific problems were raised for the first time, including double taxation of company profits and dividends paid to private shareholders and the role and form of tax at source on investment income.

Questions of principle in connection with a multilateral convention for the avoidance of double taxation, which the Working Party concerned had submitted to the Standing Committee, were dealt with, and the Working Party can now continue its task.

International taxation

12. The Working Party on international taxation held its 17th meeting in Brussels on 24 and 25 May 1966.

The main item on the agenda was a discussion of the possibility of establishing a multilateral convention for the avoidance of double taxation. The experts began with Article 21 of the OECD standard convention ("income not expressly mentioned"), dealing in particular with ways and means of applying this article to trilateral and other multilateral relationships. Speakers referred both to cases in which all the States concerned are members of the Community and to cases in which one of the States involved — whether as country of origin or host country — is not.

The experts examined in detail arrangements for a "mutual agreement" procedure for cases in which international double taxation is not fully eliminated by the convention.

An amended version of Article 25 of the OECD standard convention, which deals with the same subject, will probably be proposed.

Most of the delegations have recommended mutual assistance between the Member States in the exacting of payment on final tax demands. No such administrative assistance is provided for in the standard convention.

Tax arrangements for officials of diplomatic and consular services in the country of origin and in the host country were also discussed in detail (Article 27 of the OECD standard convention).

Harmonization of excise duties

13. The Working Party on indirect taxes other than turnover taxes held its 13th meeting in Brussels on 6 June 1966. The main item on the agenda was the abolition of measures of discrimination relating to excise duties on coffee and sugar.

With regard to the excise duty on coffee, a number of administrative and technical measures whereby the desired result could be achieved were compared; a "short list" of three measures was agreed, and these are to be examined by the departments concerned in the Member States. The Working Party requested that it be kept informed so that it could decide in favour of one of the measures at its next meeting, planned for October 1966.

With regard to the excise duty on sugar, the chemistry experts from the other member countries explained for the benefit of the Italian delegation the general and special methods they had adopted for calculating real sugar content; the Italian authorities intend to introduce an ancillary arrangement for the imposition, according to this criterion, of excise duty on imported sweetened products.

Countervailing charges on imports and drawback on exports

14. The Working Party on problems relating to the application of Articles 95 to 97 of the Treaty in respect of turnover taxes met in Brussels on 13 June 1966.

At this meeting, further examination took place of the changes contemplated by the Italian Government with regard to countervailing charges on imports and drawback on exports.

The measures introduced by Italy in the wool industry, under Law No. 1309 of 4 December 1965, were also discussed; the results of this discussion will be referred to the Commission.

Changes in countervailing charges and drawback which the Netherlands Government is proposing to introduce in the near future were also examined, under the prior consultation (standstill) procedure laid down by decision of the representatives of the Member Governments meeting in the Council (21 June 1960).

FREE MOVEMENT OF PERSONS

Freedom of establishment in the direct insurance sector

15. On 17 June 1966 the Commission sent to the Council a proposal for a first directive on the co-ordination of laws and regulations governing activities in direct insurance other than life insurance.

This proposal is based on Article 57(2) of the Rome Treaty and its aim is to co-ordinate arrangements for the control of private insurance. According to the general programme for the removal of restrictions on freedom of establishment ⁽¹⁾ such co-ordination is a prior condition for abolishing restrictions on the setting up of agencies or branches within the Community.

The final aim of co-ordination in this sector is to establish a common insurance market based on mutual recognition of the controls exercised by the various Member States. To this end, the proposed directive endeavours to define the aim and methods of these controls as exactly as possible.

Under the proposal all enterprises, with the exception of a few clearly specified cases, will be subject to control by the competent authority of the Member State in which they have their head office. This control will cover all their activities; the authorities of the State in which an enterprise has set up agencies or branches will co-operate with those of the country of the head office and will exercise supervision only within their own area.

The directive imposes on insurance companies legal, technical and financial conditions, the latter being by far the most important. They make it compulsory:

a) To build up adequate technical reserves; the procedures (particularly the arrangements for calculating these reserves and those concerning categories of investment and methods of evaluation) remain provisionally subject to domestic legislation;

b) To constitute a margin of solvency to meet contingencies. A company will have to show that, in addition to the technical reserves, it has unencumbered assets at least equal to an amount corresponding to a particular solvency index. These assets are represented by the total financial resources available to the company to meet obligations falling upon it if the technical reserves should prove inadequate (registered capital and uncommitted reserves).

(1) See official gazette No. 2, 15 January 1962.

However, the enquiries already put in hand on the compulsory solvency margin imposed by the proposal for insurance companies in the Community will be extended. The Commission will communicate the results to the Council before the proposed directive is drawn up.

Special measures, considered as minimum conditions, are laid down for branches or agencies of companies whose head offices are outside the Community.

ECONOMIC AND FINANCIAL POLICY

Short-term Economic Policy Committee

16. The Committee met on 17 June 1966 with M. Schöllhorn in the Chair. A full exchange of views held on a proposed Council recommendation concerning the short-term economic policy to be followed by the Governments during the second half of 1966 and on the initial decisions to be taken for 1967.

Committee of experts on economic trends

17. On 8 June the Committee held its second quarterly meeting for 1966 to study the economic situation and prospects of the Community. On the whole the experts agreed with the analysis and details in the draft report drawn up by the Commission's staff. In all probability the Community's economic expansion will continue in the second half of 1966 at an appreciable pace, and perhaps even accelerate. In conformity with the forecasts for the full year 1966 published in the previous quarterly report, the rate of growth in real terms of the gross Community product between 1965 and 1966 may still be estimated at 4.5%. This is also the rate which the Commission's staff consider plausible as an initial forecast for 1967.

Medium-term Economic Policy Committee

18. The Committee held its 15th meeting on 7 June 1966. It decided on the procedure to be followed in the periodic surveys of Member States' medium-term economic policy called for in Article 3 of the Council decision of 15 April 1964 setting up the Committee.

Debates in the European Parliament on the EEC's regional policy and on the social aspects of industrial conversion

Regional policy

19. On 27 June 1966 the European Parliament held a debate on the Commission's first memorandum on regional policy in the EEC, at the conclusion of which it unanimously passed a resolution giving general support to the policy advocated by the Commission ⁽¹⁾.

⁽¹⁾ The resolution is given in the Annex to this Bulletin.

Speaking before the vote on the resolution, M. Marjolin, Vice-President of the Commission, thanked the Parliament for its encouragement to the Commission's efforts in the regional policy field.

M. Marjolin agreed with the Parliament's opinion that regional policy had an essential Community aspect and pointed out that the Commission had asked the Governments to allow Community action to be co-ordinated in Brussels and also to try out several regional programmes.

Practically all the machinery for action in regional policy matters was in the hands of the Governments; consequently the Commission could act only indirectly. M. Marjolin gave an assurance that the Commission would regularly submit proposals to the Governments to induce them to act in matters where they might perhaps be tempted to abstain.

Social aspects of industrial conversion

20. The social aspects of industrial conversion were debated by the Parliament in conjunction with European regional policy, since conversion measures were part and parcel of such a policy.

In a resolution at the conclusion of the debate on 29 June the Parliament stressed the long-term social aim essential to any regional and conversion policy and suggested what should be done to this end. The Parliament also noted with satisfaction the contribution already being made by the European Communities to conversion operations, particularly in the fields of employment and vocational retraining.

COMMON AGRICULTURAL POLICY

The Council session of 28 June - 1 July 1966

21. Discussion at this session was mainly concerned with the common market organizations for fruit and vegetables (supplementary arrangements) and sugar and fats, and with the common price level for milk and milk products, beef and veal, sugar, olive oil and rice.

The Council reached agreement in principle on certain main lines for the application of quality standards to fruit and vegetables marketed in the producing Member State.

As regards the establishment of common market organizations for the products in question, the Council again examined questions left in abeyance but did not arrive at final conclusions. However, the chief problems of a common organization in the fats sector were solved. It will therefore be possible to adopt the whole of the relevant regulation in the near future.

The lines of thought which emerged in the debates on the above questions enabled the Commission to draw up a general memorandum on the problems outstanding to serve as a basis for the Council's decisions at the session of 13 - 14 July.

The Council also received a report from the Commission on developments in the cereals sector since the decision of 15 December 1964. After various comments the Council took note of the Commission's conclusions that developments since the above date did not call for any revision of the common prices fixed on 15 December 1964 and applicable from 1 July 1967 ⁽¹⁾.

Common organization of agricultural markets

Cereals and rice

22. *Council decisions on the review clause for common cereal prices from the 1967/1968 marketing year onwards:* On 15 June 1966 the Commission submitted a report to the Council on developments in the cereals sector since the Council decision of 15 December 1964. This was done in pursuance of the review clause adopted by the Council on 15 December 1964 as part of the decisions on the common cereal price level. This clause provides that, before 1 July 1966, the Council shall re-examine, on the basis of a Commission report which also covers costs and prices, the basic target prices fixed in the first paragraph with a view to adjusting them to any new developments.

In its report the Commission concludes that nothing has happened and no trend has emerged in the cereals sector since 15 December 1964 which was unpredictable at the time of the decision and would have given the Commission ground to propose to the Council that it revise the common cereal prices fixed on 15 December 1964 to take effect from 1 July 1967.

The Council discussed this report in detail on 28 June 1966 and decided that the prices fixed on 15 December 1964 with effect from 1 July 1967 would remain in force. These will be as follows:

Wheat other than durum	106.25 u.a./t
Barley	91.25 u.a./t
Maize	90.63 u.a./t
(Minimum intervention price: 77.00 u.a./t)	
Rye	93.75 u.a./t
Durum wheat:	
Basic target price	125.00 u.a./t
Minimum price guaranteed to growers	145.00 u.a./t

The following are the main points of the Commission's report:

a) Production, consumption and trade with non-member countries have continued to develop in accordance with the trend which motivated the Council decision of 15 December 1964. No new elements or material changes have emerged.

⁽¹⁾ See following section.

Furthermore, it is still too early to discern any reaction to the decision of 15 December 1964. As far as can be foreseen at present the 1966 harvest (areas sown), the divergences which may occur in the long-term trend (reduction in the area under winter cereals; increase in spring sowing of cereals, particularly in France) will be due to weather conditions during the 1965/66 sowing.

b) As regards growers' prices for wheat, the differences between the highest level (Germany) and the lowest (France) have widened a little. However, this is not due to any change in prices and incomes policies but to special circumstances in the two member countries.

c) It is noted that, although in certain cases cost factors increased in 1965 over 1964, in others there was no change and in a few cases, they fell. Wages have gone up in all the countries. As a result, the prices of means of production in agriculture continued their well-established upward trend at roughly the same pace as in the preceding years. Conditions as regards production costs are therefore no different from those which were known or foreseeable when the decision was made.

d) As far as it is possible to estimate them, the costs of financing the common market organization for 1967/68 will be about 340 million units of account assuming the cereals prices fixed on 15 December 1964.

A rise in cereals prices in the Community on 1 July 1967 would lead to an increase in this amount even if it had no effect on production and consumption (because of a higher rate of export refund. If increased prices led to higher production — and this can be assumed — the result would also be extra costs for refunds or support of the internal market.

23. *Regulations and decisions adopted* ⁽¹⁾. On 7 June 1966 the Commission issued a regulation on refunds applicable to exports of processed cereal and rice products ⁽²⁾. This regulation is intended to facilitate understanding of Commission Regulation No. 92, amended and supplemented on several occasions by various regulations since 1962, by consolidating it, and to align the faulty German text of its Article 3 on those in the other Community languages.

On 14 June 1966 the Council adopted a regulation on price limits for cereals for the marketing year 1966/67 ⁽³⁾. As several Member States have aligned prices towards the common target prices at present fixed, the lower limits need to be adjusted accordingly. They are therefore raised for non-durum wheat and rye.

On 10 and 11 June 1966 the Commission also took two decisions fixing the premium to be added to levies in intra-Community cereals trade ⁽⁴⁾.

⁽¹⁾ Chapter III, Sec. 50 gives the Council decisions of 14 June 1966 concerning the Commission's terms of reference for the GATT negotiations on the world cereals agreement.

⁽²⁾ Commission Regulation No. 60/66/CEE, official gazette No. 103, 10 June 1966.

⁽³⁾ Council Regulation No. 67/66/CEE, *ibid.*, No. 109, 20 June 1966.

⁽⁴⁾ Commission decision No. 66/360/CEE, *ibid.*, No. 106, 15 June 1966 and Commission decision No. 66/380/CEE, *ibid.*, No. 111, 23 June 1966.

24. At its session of 28 June - 1 July 1966 the Council adopted in the Community languages:

a) A regulation extending until 30 September 1966 the present system under Regulation No. 130/65 as regards refunds to producers of maize groats and meal for the brewing industry ⁽¹⁾.

b) A regulation containing special measures for refunds on the export of malt to Member States ⁽²⁾. This regulation will enable Member States which do not pay compensation for brewer's barley remaining in stock on 30 June 1966 to grant for malt exports to Member States in July and August 1966 a refund calculated on the threshold price applying in June 1966 in the exporting State.

c) A regulation amending Regulation No. 142/64 concerning the refund on production of starches ⁽³⁾. This regulation amends Article 1(1)(a) of Regulation No. 142/64/CEE to allow for the fact that the marketing year for maize begins on 1 July in the non-producer Member States. When calculating the production refund applicable to starch products in these States, the threshold prices which come into force on that date must be allowed for.

d) A regulation amending Regulation No. 141/64 on the system governing products prepared from rice and other cereals (Italian version) ⁽⁴⁾.

At the same session the Council adopted a decision authorizing Italy to maintain for the coming marketing year the measures it took in 1965/66 regarding durum and non-durum wheat ⁽⁵⁾.

Finally, on 29 June 1966, the Commission adopted a regulation containing special measures for refunds on exports of malt to non-member countries ⁽⁶⁾.

25. *Council resolution:* On 14 June 1966 the representatives of the Member States' Governments meeting in the Council adopted a resolution on the harmonization of threshold prices for cereals not subject to a target price ⁽⁷⁾. The same terms and margins as in the current marketing year are adopted for the coming year.

Beef and veal

26. On 28 June 1966 the Commission adopted a regulation amending the annex to Regulation No. 161/64/CEE concerning the world market price of frozen meat ⁽⁸⁾. To allow for the wide variations which the world price has undergone, the Commission has amended the price previously fixed.

On the same day the Commission agreed to a regulation extending Commission Regulation No. 40/66/CEE of 6 April 1966 fixing the maximum refunds on exports to non-member countries of frozen beef and veal which had not been the subject of

(1) Council Regulation No. 73/66/CEE, official gazette No. 117, 29 June 1966.

(2) Council Regulation No. 74/66/CEE, *ibid.*

(3) Council Regulation No. 75/66/CEE, *ibid.*

(4) Council Regulation No. 76/66/CEE, *ibid.*, No. 118, 30 June 1966.

(5) Council decision No. 66/386/CEE, *ibid.*, No. 117, 29 June 1966.

(6) Commission Regulation No. 81/66/CEE, *ibid.*, No. 118, 30 June 1966.

(7) Resolution No. 66/371/CEE, *ibid.*, No. 109, 20 June 1966.

(8) Commission Regulation No. 71/66/CEE, *ibid.*, No. 117, 29 June 1966.

market support ⁽¹⁾. Regulation No. 40/66/CEE was to lapse on 3 July 1966. Since this was not long enough to solve the problems posed by the lack of prices valid for frozen meat withheld from the market, the date of 4 July 1966 in Article 2 of Regulation No. 40/66/CEE was replaced by 3 October 1966.

Pig meat

27. At its session of 28 June - 1 July 1966 the Council adopted three regulations in the Community languages:

a) Fixing the intra-Community levies for pigs, pigmeat and pigmeat products ⁽²⁾. This is the annual review of intra-Community levies. They were reduced by reason of the alignment of threshold prices for feed grains and the diminution of their fixed component.

b) Fixing the levies on imports of pigs, pigmeat, and pigmeat products from non-member countries during the third quarter of 1966 ⁽³⁾. This is the annual fixing of levies in trade with non-member countries, effective from 1 July 1966. The levies are reviewed on the basis of the trend of threshold prices for cereals grown in the Member States and of world market prices for feed grains.

c) Amending the nomenclature used for certain pigmeat products in Annexes II A and B of Regulation No. 85/63 ⁽⁴⁾. This regulation gives the exact nomenclature of certain pigmeat preparations.

On 29 June 1966 the Commission also adopted a regulation adjusting and fixing sluice-gate prices for imports of pigs and pigmeat products in the third quarter of 1966 ⁽⁵⁾. This is the annual review of sluice-gate prices for pigmeat.

Finally, on the same day, the Commission issued a regulation amending the nomenclature of certain pigmeat products listed in Annex II of Regulation No. 96/63/CEE ⁽⁶⁾. This regulation contains an amendment made necessary by the change in the nomenclature of certain pigmeat products.

Milk and milk products

28. On 2 June 1966 the Commission issued a regulation on the calculation of levies and maximum export refunds for certain milk products in intra-Community trade and rescinding Regulation No. 149/64/CEE ⁽⁷⁾. This regulation recasts the system of calculating levies and refunds on exports to Member States. It also makes various changes which have proved necessary as regards powdered skim milk.

The Commission decision of 10 June 1966 fixing the supplementary amount which may be refunded on the export of certain cheeses to non-member countries and revoking the decision of 26 March 1965 ⁽⁸⁾ determines the supplementary amount of the refund

⁽¹⁾ Commission Regulation No. 72/66/CEE, official gazette No. 117, 29 June 1966.

⁽²⁾ Council Regulation No. 82/66/CEE, *ibid.*, No. 119, 29 June 1966.

⁽³⁾ Council Regulation No. 83/66/CEE, *ibid.*, No. 119, 30 June 1966.

⁽⁴⁾ Council Regulation No. 84/66/CEE, *ibid.*

⁽⁵⁾ Council Regulation No. 85/66/CEE, *ibid.*

⁽⁶⁾ Council Regulation No. 86/66/CEE, *ibid.*

⁽⁷⁾ Commission Regulation No. 59/66/CEE, *ibid.*, No. 98, 3 June 1966.

⁽⁸⁾ Commission decision No. 66/361/CEE, *ibid.*, No. 106, 15 June 1966.

which can be granted on exports of Emmental and Gruyère cheeses from certain Member States to non-member countries. It had become necessary to adopt the arrangements under the decision of 26 March 1965 to the changes made in the calculation of refunds on exports to non-member countries by Commission Regulation 56/65/CEE.

On 22 June 1966 the Commission took a decision authorizing Germany to sell butter from public stocks at reduced prices ⁽¹⁾. The aim was to enable this Member State to market winter butter, large quantities of which are still in public stocks, at lower prices which could increase consumption by attracting new categories of consumers.

Finally, at the same date, the Commission adopted a regulation temporarily waiving certain provisions of Regulation No. 97/65/CEE as regards the criteria for altering the levy when powdered milk is imported from non-member countries ⁽²⁾.

Eggs and poultry

29. On 15 June 1966 the Commission issued five regulations concerning eggs and poultry:

i) A regulation amending the supplementary amount for poultry eggs in shell ⁽³⁾. The supplementary amount of 0.1250 u.a. per kg. previously applicable to imports from Denmark, Rumania and Hungary was extended to imports from Israel, Bulgaria and Yugoslavia.

ii) A regulation increasing the supplementary amount for liquid or frozen egg yolks and for dried yolks ⁽⁴⁾. The supplementary amount was increased from 0.375 u.a. to 0.45 u.a. per kg. for liquid and frozen yolks and from 0.875 u.a. to 1.0 u.a. per kg. for dried yolks. The supplementary amount for liquid and frozen yolks applied to imports from all countries, whereas that laid down for dried yolks is chargeable only on imports from Argentina, Denmark, Great Britain, Yugoslavia, the People's Republic of China, Sweden and South Vietnam.

iii) A regulation increasing the supplementary amount for slaughtered chickens and hens and for halves or quarters of chickens and hens ⁽⁵⁾. Under this regulation the supplementary amount for chickens 83% and 70% prepared for sale rose from 0.1 u.a. to 0.125 u.a. per kg. for imports from all non-member countries. The supplementary amount for birds 65% prepared rose from 0.08 u.a. to 0.1 u.a. per kg. for imports from these countries.

The supplementary amounts for halves and quarters of chickens and hens were increased to 0.1 u.a. per kg.

iv) A regulation increasing the supplementary amount for poultry backs and necks from 0.1 u.a. to 0.125 u.a. per kg. for imports from all non-member countries ⁽⁶⁾.

⁽¹⁾ Commission decision No. 66/397/CEE, official gazette No. 124, 9 June 1966.

⁽²⁾ Commission Regulation No. 69/66/CEE, *ibid.*, No. 111, 23 June 1966.

⁽³⁾ Commission Regulation No. 62/66/CEE, *ibid.*, No. 108, 16 June 1966.

⁽⁴⁾ Commission Regulation No. 63/66/CEE, *ibid.*

⁽⁵⁾ Commission Regulation No. 64/66/CEE, *ibid.*

⁽⁶⁾ Commission Regulation No. 65/66/CEE, *ibid.*

v) A regulation fixing a supplementary amount of 0.075 u.a. per kg. for slaughtered ducks and halves or quarters imported from Hungary ⁽¹⁾.

At its session of 28 June - 1 July 1966 the Council also adopted a regulation fixing the amount of intra-Community levies applicable to slaughtered hens, chickens and turkeys in the case covered by Article 3(2) of Regulation No. 22 ⁽²⁾.

Finally, on 29 June 1966, the Commission issued three regulations:

a) Fixing the intra-Community levies for poultry eggs in shell, live poultry not exceeding 185 grammes in weight and slaughtered poultry imported from 1 July 1966 onwards ⁽³⁾. This is the annual review of intra-Community levies, to apply from 1 July 1966 to 30 June 1967.

b) Fixing the levies and sluice-gate prices for live poultry exceeding 185 grammes in weight and for slaughtered poultry ⁽⁴⁾.

c) Adjusting and fixing for the third quarter of 1966 sluice-gate prices and fixing levies on eggs and poultry imported from non-member countries ⁽⁵⁾. This is the quarterly review of sluice-gate prices for imports from non-member countries.

Fruit and vegetables

30. On 8 June 1966 the Commission adopted a regulation fixing reference prices for tomatoes grown in the open ⁽⁶⁾. The prices in units of account per 100 kg. are fixed as follows for Class "I" products under the common quality standards.

June (second ten-day period)	23.2
(third ten-day period)	20.2
July	13.7
August	11.6
September	11.7
October	12.9
November	11.8
December (from 1 to 20)	13.5

This regulation will apply until 30 April 1967.

At its session of 28 June - 1 July 1966 the Council agreed in principle on certain main lines for application of the quality standards.

Financing of the common agricultural policy

31. On 14 June 1966 the Council adopted a regulation extending certain time-limits for aid from the European Agricultural Guidance and Guarantee Fund (Guidance Section) for 1965 ⁽⁷⁾. The time-limit for decisions on Guidance Section projects for 1965 was extended from 31 December 1965 to 31 July 1966.

⁽¹⁾ Commission Regulation No. 66/66/CEE, official gazette, No. 108, 16 June 1966.

⁽²⁾ Council Regulation No. 77/66/CEE, *ibid.*, No. 118, 30 June 1966.

⁽³⁾ Commission Regulation No. 78/66/CEE, *ibid.*

⁽⁴⁾ Commission Regulation No. 79/66/CEE, *ibid.*

⁽⁵⁾ Commission Regulation No. 80/66/CEE, *ibid.*

⁽⁶⁾ Commission Regulation No. 61/66/CEE, *ibid.*, No. 103, 10 June 1966.

⁽⁷⁾ Council Regulation No. 68/66/CEE, *ibid.*, No. 109, 20 June 1966.

Competition in agriculture

32. Acting under Article 23 of the Treaty, the Commission has expressed an opinion on various aid measures contemplated by certain Member States and has informed them that it had no comment to make on the following:

France: Extension of measures for the stocking of potatoes.

Netherlands: Four decisions (Nos. 6, 7, 10 and 12) of the Development and Reorganization Fund for Agriculture.

Italy: Draft law of the Trentino-Alto Adige region concerning aids to improve and develop output of quality farm products.

The Commission confirmed its earlier objections to the following aids:

Germany: Refund on exports of pedigree cattle to Member States.

France: Extension of aids to exports of certain fruits to non-member countries (except Scandinavia) and to the preparation for market of stored potatoes.

The Commission also amplified its earlier opinion concerning aids to the establishment of groups of egg and poultry producers in France.

33. At its session of 28 June - 1 July 1966 the Council took up the study of the points raised by the Commission in its memorandum on criteria for the establishment of a common policy on aids to agriculture. It recognized that this question was important and urgent for the entire common agricultural policy if trade between the Member States, regulated by the common market organizations, was not to be distorted by domestic measures. The Council instructed a working party to draw up, on the basis of information supplied by the Commission, a document enabling the Council to make a definite decision at its next session.

Information on farm accounts

34. On 29 June 1966 the Commission issued a regulation concerning the selection of farms whose accounts will be examined with a view to ascertaining farm incomes ⁽¹⁾.

This regulation is the first of a number of arrangements to be made before the network for the collection of information on farm accounts provided for by Council Regulation No. 79/65/CEE of 15 June 1965 can be set up.

The provisions of the regulation in question are addressed more particularly to the Regional Committees responsible for selecting farms in each of the 36 territorial subdivisions of the information network. The regulation outlines the method by which the Committees will determine the classes of farms in their areas and fix the number of farms from which information will be drawn in each class and area. It also contains instructions on how Committees will report the list of farms. A further regulation is to be issued concerning the farming card on which data on the farms observed will be shown, while a third regulation will describe the procedures for collecting the cards and transmitting them to the Commission. These last two regulations will be approved very shortly, so that the Regional Committees and accounting offices can begin to function at the end of 1966.

⁽¹⁾ Commission Regulation No. 91/66/CEE, official gazette, No. 12, 4 July 1966.

Survey on the pattern of farming

35. At its session of 13 - 14 June 1966 the Council drew up the regulation arranging for a basic survey as part of a programme of surveys on the pattern of farming ⁽¹⁾.

The primary aim of this survey is to find out what the Community produces and how. Answers are needed to the following questions: What is produced? Where? In other words, what does the Community grow, from what farms and regions does the produce come and, finally, under what conditions is farming carried on in the Community.

Data on the structure of farms, collected in the six countries according to a uniform time-table, concepts, methods and definitions, will be provided to facilitate the implementation of the common agricultural policy. The statistics at present available to the Community to work out its agricultural policy are largely not comparable and do not meet Community requirements.

To remedy this state of affairs and furnish the Community with the indispensable statistical material for the future development of the common agricultural policy, decisive steps had to be taken in these fields at Community level.

However, the information needed is so far-reaching and varied that it cannot all be obtained at once. It was therefore decided to lay down a programme in stages extending over the years 1966 to 1970. This is divided into two distinct periods and two sorts of inquiries, i.e.:

- i) A basic survey to gather the essential information on the broad pattern of farming and guide the work in the second stage.
- ii) A series of specific surveys confined to clearly determined structural aspects and the farms directly concerned. These will be closely linked with the basic survey and will supply detailed information for a thorough analysis of the structural elements.

The basic survey will yield information on the following aspects of the structure of farms:

- a) Geographical situation
- b) Status of the farmer
- c) Farming methods
- d) Agricultural training of the farmer
- e) Accounting
- f) Use of land
- g) Livestock
- h) Machines, tractors and agricultural installations
- i) Farm labour
- j) Processing of products on the farm itself
- k) Membership of agricultural co-operatives
- l) Contracts for sale of produce.

⁽¹⁾ Council Regulation No. 70/66/CEE, official gazette, No. 112, 24 June 1966.

The specific surveys, with a view to which the basic survey is to provide pointers and data for the composition of samples, will furnish details on the following points:

- i) Agricultural labour
- ii) Agricultural financing and credit
- iii) Land tenure
- iv) Contractual links and co-operation
- v) Mechanization
- vi) Pattern and conditions of plant production
- vii) Pattern and conditions of livestock production

The subdivision into basic and specific surveys was mainly adopted in order:

a) To obtain from the outset sufficient data for an initial analysis of the chief production factors and their essential relationships within the farms without having to wait for the whole programme to be completed. The initial survey will not only create a statistical instrument but also give information of immediate service for the common agricultural policy;

b) To establish bases for an economic classification of the farms (system of exploitation);

c) To keep to a minimum the number of farms to be observed in the specific surveys (filter questions);

d) To focus the specific surveys on particular aspects or problems brought to light by the basic survey.

The number of farms concerned in the basic survey will be within the following limits:

Germany	270 000 - 330 000
France	320 000 - 400 000
Italy	400 000 - 500 000
Netherlands	45 000 - 55 000
Belgium	40 000 - 50 000
Luxembourg	1 600 - 2 000

The farms to be surveyed are chosen by the random sampling method. The sampling rates for each territorial area and stratum are determined according to their size and diversity.

The basic survey will be carried out between 1 November 1966 and 31 March 1967. Member States will take all appropriate action for this to be done in their respective territories.

To facilitate the implementation of the arrangements envisaged, close co-operation between Commission and Member States will be maintained through the Standing Committee on Agricultural Structure.

Harmonization of legislation

Directive on the marketing of seeds and seedlings

36. At its session of 13 - 14 June 1966, the Council adopted the first directive on the marketing of beetroot, forage, cereal and potato seeds and forestry reproductive material and also the decisions setting up the Standing Committee on agricultural, horticultural and forestry seeds and seedlings ⁽¹⁾.

The directives concerning agricultural seeds and seedlings must be incorporated in domestic law by the Member States by 1 July 1969 at the latest.

These directives provide that in future only high quality seeds, officially certified according to the basic principles of the directives, may be put into circulation or marketed in Member States. Qualification as basic or certified seeds or seedlings is only possible if a guarantee exists as regards identity and conformity to varietal type and if certain standards concerning external quality (for example specific purity and germinating capacity) have been observed. Special rules concerning packaging and official sampling, sealing and labelling will ensure the identity of the seeds and seedlings. From 1 July 1968 seeds and seedlings which fulfil the conditions laid down in the directives will no longer be subject to any market restrictions based on their characteristics or on measures concerning inspection, packaging, sealing or labelling.

The choice of varieties is provisionally excluded from these regulations since, pending the establishment of an EEC catalogue of varieties, Member States may allow the sale only of varieties of seeds and seedlings entered on a national list in view of the value their cultivation and utilization presents in the territory of a Member State. According to the above-mentioned directives, the EEC catalogue of varieties is to be established by 1 January 1970 at the latest.

Special rules apply to forestry reproductive material (seeds and seedlings of the most important species of trees). Their transposition into domestic legislation must take place gradually — according to the type and species of material — from 1 July 1967 onwards. The directive specifies that in future only forestry reproductive material of high genetic value may be put into circulation in the Community. The guarantee of genetic qualities is ensured by an official choice of the basic materials which can be harvested. The conformity to type of the reproductive material will be guaranteed by special rules concerning labelling and control up to the stage of the forestry enterprise.

All these directives have clauses under which the Council may note the equivalence of seeds and seedlings harvested in the Community and others from non-member countries wherever the latter apply systems of certification equivalent to the EEC system.

The Standing Committee set up by the Council of Ministers must first give its opinion on the measures for which the Commission is competent. It decides by qualified majority and may demand a Council decision. It can also deal with any problems concerning directives.

The Commission's future work on the harmonization of legislation will aim at the establishment of an EEC catalogue of varieties of agricultural plants and the framing of directives on the marketing of reproductive materials for vines, vegetable seeds and seeds of oil-bearing and vegetable fibre plants.

⁽¹⁾ See official gazette No. 125, 11 July 1966.

Health requirements for trade in fresh meat, pigs and beef cattle

37. On 8 June 1966 the Commission submitted to the Council two proposals for directives amending those of 26 June 1964 on health inspection in intra-Community trade in beef cattle, pigs and fresh meat.

Some of the earlier rules need to be reviewed in the light of experience, technical progress and new scientific knowledge. However, the changes do not affect the essential intention of the directives, and in the course of the preparatory studies for these new directives neither the Member States' experts nor the representatives of the trade saw any reason to change the main clauses of those of 26 June 1964.

As regards the directive on health inspection in intra Community trade in cattle and pigs, the changes chiefly concern practical difficulties or the absence of any absolute need to impose certain vaccinations and tests for some categories of young animals, and the adaptation of the Annex with special reference to control on farms and in the countries from which the animals come, taking into account progress in combating tuberculosis and brucellosis.

As regards the directives on health inspection in intra-Community trade in fresh meat, the amendments chiefly concern practical difficulties in applying the directives and the standard health certificate.

Basic principles of a common fisheries policy

38. On 22 June 1966 the Commission adopted and referred to the Economic and Social Committee a report on the fishing sector in the EEC Member States and basic principles of a common policy. After receiving the opinion of the Committee, the Commission will submit a proposal to the Council for a regulation and the European Parliament will be consulted.

The analysis of this voluminous document will be held over to the next number of the Bulletin.

Proceedings of the European Parliament

39. At its session of 27 June - 1 July 1966 the Parliament held debates on agricultural matters and passed several resolutions:

i) In the fats sector the Parliament passed a resolution containing its opinion on the proposed Commission directive concerning the esterification of olive oils for culinary use; it asked the Commission to make certain amendments.

ii) As regards intra-Community competition in agriculture and state aids the Parliament passed a resolution embodying its opinion on the proposed regulation amending Council Regulation No. 26. In this resolution the Parliament, having studied the Commission's proposals on "criteria for establishing a common policy on aids to agriculture",

"Notes that the Commission's proposal constitutes a legal basis for policy on state aids to agriculture;

(...)

Considers that (...) this policy should enable agriculture to be an integral part of the general economy;

Believes that such integration calls for incentives to increase agricultural productivity, and that, generally speaking, such incentives cannot be provided by price policy alone;

Deems it indispensable that the EEC Commission, when appraising state aids, should take into consideration the degree of harmonization achieved between the Six in such sectors as taxation, credit and transport;

(...)

Considers that account must also be taken, when examining aids to agriculture, of their repercussions at the later marketing and processing stages, for such aids must not distort competition between trading or processing enterprises”.

The Parliament approved the classification of aids into three categories as proposed by the Commission, but requested the latter to lay down further criteria.

The Parliament also rendered an opinion approving the proposals for a Council regulation concerning the levies applicable to mixed cereals, rice and broken rice.

Finally, in the field of health inspection in trade in animals and meat, the Parliament adopted a resolution on the proposals for a Council directive to amend the Council directives of 26 June 1964 concerning health inspection in intra-Community trade in beef cattle and pigs, and on the proposal for a Council directive to amend the Council directive of 26 June 1964 on health requirements for intra-Community trade in fresh meat.

The Parliament approved these proposals subject to one minor amendment.

COMMON TRANSPORT POLICY

Commission memorandum to the Council on Rhine navigation

40. On 22 June 1966 the Commission sent to the Council a memorandum on the proposed union for the international navigation of the Rhine (UNIR plan) and on the regulating of inland waterway freight capacity.

At its session of 9 March 1965 the Council had already studied a Commission statement on the UNIR plan and agreed that Member States would consult each other before undertaking any examination of questions concerning the plan in the Central Commission for the Navigation of the Rhine.

In its memorandum of 22 June the Commission again referred this question to the Council along with its comments on the UNIR plan and mentioned certain legal and institutional problems involved in the measures which would have to be taken to ensure Community regulation of inland waterway freight capacity under the common transport policy.

After mentioning economic and legal objections to the UNIR plan, the Commission suggests the main lines of Community rules for inland waterway freight capacity which it intends shortly to submit to the Council.

The Commission considers that a market organization for internal waterways is necessary and that, in particular, measures are required to correct short-term imbalances and,

where necessary, to prevent long-term disequilibrium and achieve an improved market structure with supply better adapted to demand. These measures must be taken by the public authorities.

The essential short-term measures would be the laying up of vessels for a certain time on a purely voluntary basis when there is temporary excess capacity. To provide compensation for tonnage laid up there would be equalization funds supplied from dues charged on all shipping for the issue on renewal of registration certificates.

The rates of compensation would have to be fixed at such a level that a sufficient percentage of the registered tonnage to restore balance between supply and demand is laid up.

The long-term measures would need to be taken on the basis of a tentative programme for the expansion and modernization of the fleet drawn up in the light of the forecasts of the trend of demand and of inland waterway transport requirements, and taking into account the foreseeable effect of the short-term measures on the structure of fleets. This programme would extend over a sufficiently long period but would be periodically reviewed. It would be dovetailed with the Community's medium-term economic policy.

Should the competent authorities note that permanent capacity in excess of the programme figures exists or is building up, they would have to take steps to ensure a more balanced development of fleets. Such measures, which would be exceptional and for a specified period, may include:

a) Payment of a contribution for any new vessels commissioned, such contribution accruing to a common fund to cut back excess carrying capacity by compensating owners prepared to withdraw part of their tonnage;

b) Limitation of investments in inland waterways equipment by making the building and commissioning of new vessels subject to authorization.

Of course these exceptional measures would have to be taken with the idea of encouraging investments for the modernization of capacity and the replacement of old by new vessels. In particular they would have to make it possible to bring new vessels into service when an enterprise scraps old vessels of equivalent tonnage.

In order to ensure the effectiveness of the system and uniformity in the Rhine navigation system, the Commission considers that the consent of Switzerland must be obtained.

In conclusion, the Commission requests the Council to invite the Member States concerned, i.e. Belgium, Germany, France and the Netherlands to put off any decision concerning the approval of the UNIR plan. It asks that the question be examined by the Council as soon as possible.

Enquiry into infrastructure costs

Expenditure in 1966

41. Article 1 of Council decision No. 65/270/CEE of 13 May 1965 ⁽¹⁾ places on the Commission responsibility for technical co-ordination of all the studies required of Member States as part of the inquiry into infrastructure costs in rail, road and inland waterway transport.

(1) See official gazette No. 88, 24 May 1965.

At the invitation of the Commission the specialist working parties for the various modes of transport met in Brussels on 27 May and 1 June 1966 respectively to examine arrangements made by Member States to establish an account of infrastructure expenditure for 1966. The delegations agreed to send the Commission further information on how these accounts would be drawn up in their respective countries.

Censuses and sampling checks on the utilization of infrastructure

42. The expert group on statistical problems in the Committee of government experts assisting the Commission in studies of transports costs met in Brussels on 2 June 1966. It examined problems arising in the implementation of Commission decision No. 65/258/CEE of 27 April 1965 ⁽¹⁾ with special reference to complementary checks to enable the movement of heavy vehicles to be broken down by load categories and subdivisions of axle loads, and also to the evaluation of traffic on local roads.

Barge-building standards

43. A meeting of the Working Party on standards for inland waterway vessels, consisting of experts from standardization institutes, took place in Brussels on 7, 8 and 9 June 1966.

The first two days were devoted to the study of standards for gear and equipment in current use on inland waterway vessels. Some of these standards were agreed upon and will be communicated to the competent bodies for their approval.

On the third day the standardization of electronic equipment on inland waterway vessels was taken up with experts in attendance. The discussion bore on the range to which the standards would apply, their basic requirements, currents, voltages, frequencies and power supply.

Transport matters in the European Parliament

44. At its session of 27 June - 1 July 1966 the Parliament passed a resolution on amendments submitted by the EEC Commission to the proposed Council regulation on the introduction of a rate-bracket system in goods transport by rail, road and inland waterway.

The Parliament had already given an unsolicited opinion on these amendments at its session of January 1966. When consulted subsequently by the Council it merely confirmed its previous resolution ⁽¹⁾ and expressed its satisfaction that the Council had recognized as valid the reasons for further reference to the Parliament.

(1) See official gazette No. 82, 12 May 1965.

(2) See Bulletin 3-66, Ch. III sec. 37.

SOCIAL POLICY

European Social Fund

45. On 30 June 1966 ⁽¹⁾ the Commission adopted three decisions granting aid from the European Social Fund to Belgium, France, Germany, Italy and the Netherlands.

The total amount of aid under these decisions is 7 239 719 u.a. It covers half the expenditure incurred by the countries concerned for vocational retraining and resettlement operations which have enabled 51 000 unemployed persons to find new jobs.

The aid was distributed as follows between the countries:

Country	Aid in u.a.	Number of workers
Belgium	596 540	1 017
France	1 364 579	8 623
Germany	53 498	5 057
Italy	3 749 543	34 563
Netherlands	1 475 559	1 840
	7 239 719	51 100

Social security of migrant workers

46. The Administrative Committee for the social security of migrant workers held its 76th session in Brussels on 26 and 27 May 1966.

The Committee adopted a decision under which persons entitled to sickness and maternity benefits in kind retain their rights even when the definition of the term "member of the family" in the law of the country of temporary stay is more restrictive than in the country of normal residence.

Exchange of young workers

47. As part of the first joint programme for the exchange of young workers in the Community, the Commission arranged on 13 June 1966 in Brussels an end-of-stay meeting for a group of young farmers from various Member States who had just finished a training period in a country other than their own. The aim was to offer

⁽¹⁾ See official gazette No. 140, 29 July 1966.

them an opportunity to recount their impressions of their stay abroad and, consequently, to draw lessons which would help to develop Community action in the youth exchange field.

On 27 June 1966 the Commission held a meeting with representatives of organizations which assist trainees or are concerned in exchanges to inform them of the results so far achieved in implementing the first programme, to obtain their suggestions for future action to increase the number of exchanges and, in a general way, to strengthen co-operation between these organizations and the Commission.

The text of a brochure drawn up by the Commission informing young people about exchanges within the Community was submitted to the meeting, which discussed its contents and how it should be distributed.

Seminar on the prevention of industrial accidents

48. On 14, 15 and 16 June 1966 a seminar was arranged by the Commission in Brussels on the psychological and educational aspects of industrial accident prevention.

More than 100 experts representing the Member States' Governments, employers' and workers' organizations and national safety agencies and institutes took part. The other European Communities, the European Parliament and the Economic and Social Committee were also represented.

The fourteen reports submitted, which had been drawn up by highly qualified experts, dealt with three groups of basic problems: the use of means of prevention, the results of large-scale national anti-accident campaigns, and specific problems in the prevention field with respect to migrant workers.

The detailed discussions issued in very constructive conclusions and suggestions which will serve to guide future action to develop greater awareness of risks among workers.

The seminar included an exhibition of industrial accident prevention posters from Member States and the projection of films on accident prevention.

Proceedings of the European Parliament

49. At its session of 27 June 1966 the Parliament debated and passed three resolutions concerning:

- 1) The draft EEC Commission recommendation to Member States on material welfare ⁽¹⁾;
- 2) Medical services in factories; -
- 3) Equal pay for men and women.

In the first of these the Parliament expressed its satisfaction that the Commission had recommended to the Member States certain measures to align in an upward direction the different regulations for protection of mothers in force in the Community. However, the Parliament proposed certain changes in the rules on working hours and security from dismissal.

⁽¹⁾ See Bulletin 3-66, Ch. III, sec. 43.

The Parliament also hoped that the EEC Commission would take steps to promote a complete rethinking of the problem of the employment of expectant and nursing mothers.

In its resolution on medical services in the factory the Parliament noted that the Commission recommendation had not yet been acted on by all Member States; it therefore requested the Commission to urge those which were behindhand to take the necessary legislative action.

In its resolution on equal pay for men and women the Parliament noted that there had been progress in the different Member States in applying the principle of equal remuneration, but that neither Article 119 of the EEC Treaty nor the Member States' resolution of 30 December 1961 had been generally and completely implemented. It therefore made an urgent appeal to the Governments and Parliaments of the six Member States and to both sides of industry to do all that lay within their power to have Article 119 put into effect without further delay.

III. External relations

GATT

Trade negotiations

EEC Council decisions

50. At its session of 13 - 14 June 1966, the EEC Council took a number of important decisions concerning the multilateral trade negotiations in GATT.

In the industrial sector, the Council adopted directives enabling the Commission to complete the Community's offers regarding paper and paper pulp and aluminium and derived products. In working out these directives, which affect very sensitive branches of the Community's economy, the Council took into account the wishes of the non-member countries to whom trade in these products is especially important, including several European countries, as well as the interests of the Associated States. The offers finally decided upon are in line with the wishes of these countries. They involve sizeable reductions in customs duties and the binding of tariff quotas at nil or reduced duties.

The Council also studied the state of the negotiations on chemicals, and gave particular attention to the working arrangement which the United States delegation recently suggested to the other delegations at Geneva as a way out of the difficulties caused by the American Selling Price.

The Council instructed the Committee of Permanent Representatives and the special Committee on Article 111 to speed up their study of the implications of this suggestion and to submit a report containing all the information necessary to enable it to form an opinion on the matter.

In the agricultural sector, the Council took an important decision concerning the negotiations for a world cereals arrangement. It supplemented the instructions given to the Commission in 1965 by clarifying its position on two fundamental points: the level of the international reference price for cereals, and the steps that should be taken to reorganize the international market.

Taking the recent directives as a basis the Commission will submit its offers at Geneva as soon as a number of internal matters have been settled, and negotiations on the questions concerned can then be actively resumed.

Resolution of the European Parliament

51. On 29 June 1966 the European Parliament adopted a resolution on the present state of the Geneva negotiations, welcoming the important decisions taken by the Council, which enable the Commission to continue to play an active part in the talks.

The Parliament noted with satisfaction the statements by the Commission to the effect that it would submit proposals in the next few weeks concerning the decisions still to be taken in the agricultural sector, and that the Council of Ministers had agreed to deal with these decisions in time to enable the Community to make its contribution in the later stages of the Geneva negotiations.

Other business in GATT

52. The GATT working party on the British import surcharges met in Geneva on 9 June 1966 to study a communication from the United Kingdom stating that the surcharge would be removed on 30 November 1966, and to make the necessary arrangements for submitting a report to the GATT Council. The Commission's representative recalled the position adopted by the EEC at previous meetings with regard to the British measures and welcomed the decision to terminate the surcharge. He expressed the hope that trade between the EEC and the United Kingdom would not be impeded again by measures designed to restore balance-of-payments equilibrium.

BILATERAL RELATIONS

Nigeria

53. At its session of 28 June to 1 July 1966, the Council approved the text of the Association Agreement between the Community and Nigeria, the text of the three annexed Protocols, and the text of the final act and the internal procedure agreement ⁽¹⁾. In addition, it appointed as its plenipotentiaries M. Luns, the Dutch Foreign Minister and current President of the EEC Council, and M. Rochereau, a member of the EEC Commission.

The Association Agreement will be signed in Lagos, the capital of Nigeria, on 16 July 1966.

Israel

54. The Joint EEC - Israel Committee set up by the trading agreement of 4 June 1964 held its second meeting in Brussels from 22 to 24 June 1966. It considered the development of trade between the Community and Israel, particularly the problems arising for exports of the principal Israeli products to the Community.

Denmark

55. On 3 and 4 June 1966 M. Haekkerup, the Danish Foreign Minister paid a visit to the Commission in Brussels, accompanied by senior officials from the Danish Ministries of Foreign Affairs and Agriculture. Matters discussed included agriculture, the development of trade between Denmark and the Community, general problems connected with European integration and the present state of the Kennedy round negotiations.

Spain

56. At its session of 13 and 14 June 1966, the Council requested the Commission to submit a report on the exploratory talks which it had held with a Spanish delegation in accordance with the instructions given on 2 and 3 June 1964.

⁽¹⁾ See Bulletin 7-66, Ch. III, sec. 37.

RELATIONS WITH INTERNATIONAL ORGANIZATIONS

Western European Union (WEU)

Assembly

57. The WEU Assembly held the first part of its 12th ordinary session in Paris from 13 to 17 June 1966, under the chairmanship of M. Carlo Schmid (Socialist, Germany).

The discussions concerned the building of Europe and its geographical scope, the annual report of the WEU Council of Ministers, the present state of European space research, and disarmament.

In his opening speech, the President of the Assembly, M. Schmid, said that WEU's two main concerns at the present time ought to be to support all efforts towards maintaining the solidarity of the West and to create favourable political conditions for the building of Europe. The cohesion of the West, he said, was not only a military necessity but also a precondition for fresh progress towards united Europe, since European union could only come about as the expression of a political will.

The debate on the "building of Europe" was based on a report prepared by M. Bohy (Socialist, Belgium). He pointed out that there had been a considerable change since 1963 in the French attitude to the United Kingdom's request for membership of the European Economic Community, and that the present British Government has expressed the wish to take steps towards a closer relationship with the Community. M. Bohy also pointed out that the five points which the British Government had again put forward as the conditions for its entry were less formidable now than when they were first enunciated.

At the end of the debate, the Assembly unanimously adopted a recommendation requesting the WEU Council:

- i) to continue its quarterly consultations in the economic field with the EEC Commission present, and to create conditions that would favour the reopening of negotiations for the United Kingdom's entry into the Common Market, as a prelude to the possible entry or association of other Western European countries;
- ii) to encourage all efforts to get closer to the East bloc countries as part of a concerted policy in the Council;
- iii) to increase technical and financial aid to the developing countries.

During the session Mr. Thomson, the British Minister for European affairs, spoke of his country's growing interest in Europe, and said that the United Kingdom was ready to join the EEC provided its essential interests were safeguarded.

The Council

58. The ministers of the seven WEU countries met in Brussels on 27 and 28 June. M. Rey, the member of the Commission responsible for external relations, represented the Commission at the part of the session devoted to economic questions.

The speeches made mainly concerned the situation in the Community, in EFTA and in the United Kingdom, and the prospects for the Kennedy round.

COMMON COMMERCIAL POLICY

The European Parliament

59. At its session of 27 June to 1 July 1966 the European Parliament adopted two resolutions on world trade:

- i) Resolution on the proposed world cereals arrangement which is being discussed in the Kennedy Round;
- ii) Resolution on the stabilization of world markets in raw materials in conjunction with the UN Conference on Trade and Development.

In its resolution on the world cereals arrangement, the Parliament stressed the need to stabilize world agricultural markets, particularly by concluding world agreements for certain products; it favoured making the main feature of the agreements the bound margin of support linked to a world reference price.

The Parliament also expressed its opinion on certain specific points such as the binding of support margins and the common cereals price. As the Socialist group was not in favour of the inclusion of these two points, its members voted against the proposed resolution ⁽¹⁾.

In its resolution on the stabilization of world markets in raw materials, the Parliament recommended that immediate measures be taken to achieve this, in particular by establishing international market organizations for tropical agricultural products ⁽¹⁾.

Export credits

60. At its session of 13 and 14 June 1966, the EEC Council discussed the question of credits for exports to State-trading countries and the Soviet zone of Germany.

At the end of the debate, which mainly concerned the policies pursued in this field by the EEC Member States and other OECD countries, the Council instructed the Committee of Permanent Representatives to continue its examination of the subject in the light of the facts and opinions expressed during the debate, and to prepare a report for the Council session of 22 and 23 July.

⁽¹⁾ Extracts from the resolution are published in the Annex to this Bulletin.

IV. The Community and the associated States

ASSOCIATION OF GREECE WITH THE COMMUNITY

Association Council

61. The Council of Association held its 18th meeting on 24 June 1966, at ambassadorial level. It decided that the provisional arrangements for trade in certain agricultural products should apply until 31 December 1966, instead of 30 June 1966 as originally envisaged. Under these arrangements, which arise out of the Association Council's Decision No. 4/65, Greece enjoys intra-Community treatment for a number of agricultural products.

Application of the financial Protocol

62. The financial Protocol annexed to the Athens Agreement provides for the sum of \$125 million to be made available to Greece for the first five years from the entry into force of the Agreement, in order to finance loans for investment projects in industry and for infrastructure.

The first instalment of this aid, amounting to \$50 million, is almost exhausted, and the EEC-Greece Association Council, at its ministerial session of 23 March 1966, therefore assured Greece that the Community would at once make internal arrangements to release the second instalment of aid amounting to \$75 million, so that there should be no break in financing.

Accordingly, the President of the Council of the European Economic Community sent a letter dated 23 March 1966 to the Chairman of the Board of Governors of the European Investment Bank asking to be informed of terms on which the financing of aid to Greece could be continued.

On 21 June 1966, the Board of Governors decided to authorize the Bank to continue its operations in Greece for a further instalment of \$75 million, making a total of \$125 million, provided the following conditions were fulfilled:

- a) The mandate given by the Member States to the European Investment Bank by the letter from the President of the Council dated 24 October 1962 should be amended so that:
 - i) the total amount is increased from \$50 million to \$125 million, to be granted in five years instead of two; and
 - ii) the present resolute clause is rescinded.
- b) Each Member State should open its market to loans floated by the European Investment Bank, so that the Bank's various resources would be sufficient to cover the whole of its financial requirements in the Community and the Associated States.
- c) Failing a satisfactory inflow of capital under (b) above, the Member States would have to take the steps provided for in the aforementioned exchange of letters.

At the EEC Council session of 28 June - 1 July 1966, the representatives of the governments of the Member States endorsed the decision taken by the Board of Governors of the European Investment Bank.

ASSOCIATED AFRICAN AND MALAGASY STATES

The European Parliament

63. At its session of 27 June - 1 July 1966, the European Parliament adopted a resolution on current problems connected with technical and cultural co-operation within the framework of the Association between the EEC and the African and Malagasy States.

While welcoming the progressive development of technical co-operation in the context of the Association, the Parliament recommended that operations under this head should be further extended, and hoped in particular that more would be done to provide vocational training for staff in the Associated States by means of new projects for training and instruction on the spot and by improving the present scholarship system.

In addition, the Parliament stressed the need to draw up a training programme in the light of the new requirements resulting from the execution of schemes financed by the Fund. It also asked the Community to support efforts to enable young Europeans to make a direct contribution to the progress of the Associated States, and requested the inclusion in the Community's budget of funds to enable young Europeans to be sent to the Associated States for purposes of study research.

EUROPEAN DEVELOPMENT FUND

Financing decisions

64. After approval had been given by the EDF Committee, the EEC Commission decided on 29 June 1966 to finance a further eleven schemes by grants from the EDF totalling 29 505 000 units of account.

i) Second annual instalment of the programme of aid to production in Mali: 407 900 000 Mali francs, or some 1 652 000 u.a. This instalment will provide price support for Mali's three main agricultural products (cotton, groundnuts and rice) and finance structural improvements in respect of these crops (fertilizers, insecticides and training of supervisors).

ii) Modernization of the roads linking Bobo-Dioulasso in Upper Volta with Koutiala and Kimparana in Mali: 1 370m. Mali francs (5 550 000 u.a.) plus 930m. Frs CFA (3 767 000 u.a.), making a total of 9 317 000 u.a.

Under the joint scheme submitted by Mali and Upper Volta, two asphalted roads, 308 km long, will be built to link Bobo-Dioulasso in Upper Volta with Koutiala and Kimparana in Mali via Faramana and Kouri. This is therefore an inter-state operation joining the main highway systems in the two countries, 118 km of the new roads being in Upper Volta and 190 km in Mali. It was economically necessary for both countries, in particular for the south east of Mali and north-west of Upper Volta, that permanent and satisfactory roads links should be provided both within and between their territories.

iii) Construction of two bridges in Lower Casamance, Senegal: 145m. Frs CFA, or about 587 000 u.a. Two bridges will be built across rivers on the Bignona - Selety road which forms part of the highway from Ziguinchor, the principal town of Casamance, to Bathurst, the capital of Gambia. From the angle of regional development,

the operation is one of the steps being taken by the Senegalese Government, chiefly with EDF aid, to remedy the geographical isolation of the Casamance area and launch economic integration with Gambia.

iv) Training centre for girls in Ouagadougou, Upper Volta: 105 300 000 Frs. CFA, or about 427 000 u.a. A centre will be built in Ouagadougou, the capital of Upper Volta, to provide a yearly intake of 100 girls or so with training in embroidery and carpet-making combined with general education.

v) Road surveys in Burundi: 22 750 000 Burundi francs, or some 260 000 u.a. Stretches of the two principal roads in Burundi will be surveyed with a view to improvement, viz. the road from Bugarama to the Rwanda frontier (80 km), and the Muramvya - Gitega stretch (49 km) of the Bujumbura - Gitega road.

vi) Geological and mineral exploration in Rwanda and Burundi: 42m. Rwanda francs (420 000 u.a.) and 35m. Burundi francs (400 000 u.a.), making a total of 820 000 u.a. In Rwanda the exploration will be mainly for cassiterite in the parkland of Kagera; in Burundi exploration will be carried out in the sedimentary formations of the Ruzizi plain, which may contain hydrocarbons, coal, salt, etc.

vii) Agricultural development in Katanga in Congo (Kinshasa): 477 400 000 Congolese francs, or 3 183 000 u.a.

The scheme is to develop Katanga's agriculture, in particular tobacco and a number of food crops.

The operation will last five years and affect 8 500 families, a total of about 38 000 persons. It will involve the training of farmers by four technical assistance teams comprising eleven experts; distribution of agricultural equipment, pesticides and fertilizers; establishment of a centre to train 140 Congolese supervisors and 125 high-grade farmers; and an investigation into the possibility of mechanizing tobacco cultivation as an experiment among 400 selected growers.

A Katanga rural Development Company will be set up to carry out the scheme and market the products; the company may subsequently become a co-operative. It is reckoned that by the end of the fifth year the marketable output will total 1 625 tons of tobacco, 5 500 tons of maize and 1 600 tons of manioc. As these crops will lead to a reduction in imports from the neighbouring countries, the saving in foreign exchange will amount to 378m. Congolese francs by the fifth year, and 444m. Congolese francs from the eighth year on.

viii) Construction of the Mbujimayi - Mwene Ditu road in South Kasai in Congo (Kinshasa); 1 050m. Congolese francs or 7m. u.a.

A 126-km asphalted road will be built to link the mining centre of Mbujimayi with the station of Mwene Ditu on the Fort Francqui - Elisabethville railway. At present the two centres are linked by an unmetalled road which it is difficult and costly to maintain and which is not at all suited to the heavy traffic it carries.

The whole province of South Kasai, of which Mbujimayi is the capital, depends on the road for its supplies and exports. Half the traffic is provided by the Mbujimayi diamond mines, which, with their output of 15 million carats, account for 75% of the world's supply of industrial diamonds. Furthermore, there is a heavy concentration of population along this road — about 500 000 — reaching in certain areas a density of 200 per sq. km, which is exceptional for Africa. As a result there is considerable passenger traffic and trade is brisk.

ix) Water supply for Bouar and Bambari in the Central African Republic: 405m. Frs. CFA, or about 1 641 000 u.a. A water distribution system will be installed in the town of Bouar at a cost of 160m. Frs. CFA, and all the necessary construction work will be undertaken to supply water to the town of Bambari, at a cost of 245m. Frs. CFA. A normal drinking-water supply will be provided for these two urban centres, which have developed so much in the last few years that they should become the two growth "poles" in the Central African Republic.

x) Comoro Islands: ringing of coconut palms in the Archipelago: 140m. Frs. CFA, or about 567 000 u.a. The object is to protect the coconut palm plantations against damage by rats, and thus increase the production of copra by at least 25%. The ringing operation, which consists in affixing a smooth band of plastic material to the trunks of the coconut palms, will be carried out on about 2 000 000 coconut palms in the course of a five-year programme.

xi) Extension of Pointe des Galets harbour in the island of Réunion, a French overseas department: 1 000m. Frs. CFA, or some 4 051 000 u.a.

Under this scheme, the only harbour in the island, at Pointe des Galets, will be enlarged, as it is not big enough to cope with present-day traffic.

The indispensable improvements to the harbour installations will be undertaken by the EDF on the one hand, and by Réunion's Chamber of Commerce and the French FIDOM on the other. The EDF's contribution to the scheme will cover the building of a dock for cargo ships, with two berths for ships up to 190 metres long and clear spaces 120 metres wide, and of another dock for fishing boats.

With these new decisions the total commitments of the second European Development Fund have reached some 301 103 000 u.a., for 142 projects.

This set of decisions marks the beginning of the third year of application of the Yaoundé Convention, which entered into force on 1 June 1964.

Second EDF commitments at 29 June 1966

(beneficiary States, countries and territories)

(in '000 u.s.)

Beneficiary State, country or territory	Economic and social projects	Aid to diversification	Aid to production	Technical assistance linked with investment	General technical co-operation	Emergency aid	Total	Advances to price stabilization funds
A. A A M S								
Burundi	320	2 200	—	1 763	400	—	4 683	—
Cameroon	11 019	749	4 372	431	—	—	16 571	6 076
Central African Republic	6 903	—	3 668	1 138	150	—	11 859	—
Congo (Brazzaville)	3 403	5 169	—	406	—	—	8 978	—
Congo (Kinshasa)	29 424	—	—	418	1 506	—	31 348	—
Ivory Coast	211	34 814	—	30	—	8	35 063	—
Dahomey	5 700	—	1 965	526	2	—	8 193	—
Gabon	—	—	—	2 378	—	—	2 378	—
Upper Volta	5 661	—	—	1 134	30	—	6 825	—
Madagascar	33 979	284	8 552	795	66	—	43 676	—
Mali	9 985	41	2 847	957	—	—	13 830	—
Mauritania	10 092	1 357	—	35	—	—	11 484	—
Niger	6 272	—	2 030	350	—	—	8 652	—
Rwanda	900	4 448	—	1 246	435	—	7 029	—
Senegal	6 367	1 025	21 963	81	—	—	29 436	—
Somalia	6 419	—	—	722	1 068	1 850	10 059	—
Chad	18 228	—	2 985	969	68	—	22 250	—
Togo	1 013	—	991	633	—	—	2 637	—
Total A A M S	155 896	50 087	49 373	14 012	3 733	1 850	274 951	6 076
B. OCT/Overseas Departments								
Netherlands Antilles	3 065	—	—	—	—	—	3 065	—
Comoro Islands	790	—	—	154	—	—	944	—
French Somaliland	606	—	—	16	—	—	622	—
Guadeloupe	375	—	—	—	—	—	375	—
Réunion	9 102	—	—	—	—	—	8 102	—
Surinam	—	—	—	188	—	—	188	—
Total OCT and Overseas Depts.	12 938	—	—	358	—	—	13 296	—
Aid not distributed or not broken down	—	—	—	4 298 ⁽¹⁾	8 558 ⁽²⁾	—	12 856	—
Grand total	168 834	50 087	49 373	18 668	12 291	1 850	301 103	6 076

⁽¹⁾ This refers to the part of the two overall amounts (5 million and 4 million u.s.) which have not yet been used by the EDF's principal certifying officer to finance surveys and supervision of works.

⁽²⁾ This consists mainly of the overall totals allocated under the heading of scholarships, in-service training, seminar and information programmes which it is not possible to break down as between the beneficiary States and countries.

Second EDF commitments at 29 June 1966

(Sectors of activity)

(in '000 u.s.)

Sectors	Amounts	%
0. AGRICULTURAL PRICE SUPPORT	26 843	—
1. DEVELOPMENT OF PRODUCTION		
12. Structural improvement of existing production	24 338	
13. Agricultural diversification	49 989	
14. New agricultural developments	26 220	
15. Livestock and fisheries	3 998	
16. Development of co-operatives	1 211	
17. Rural and pastoral water supply	8 568	
18. Industrial diversification	5 246	
19. Trade promotion	215	
Total 1	119 785	44.40
2. MODERNIZATION OF ECONOMIC INFRASTRUCTURE		
21. Ports	9 934	
22. Roads and bridges	71 160	
23. Railways	1 145	
24. Telecommunications	4	
Total 2	82 243	30.50
3. SOCIAL DEVELOPMENT		
31. Training of staff	9 137	
32. Education	20 020	
33. Public health	22 112	
34. Urban water supply	8 950	
35. Urban drainage and sewerage	5 309	
36. Electrification	5	
Total 3	65 533	24.30
4. MISCELLANEOUS		
41. Development programming	1 714	
42. Information	225	
43. Emergency aid	250	
Total 4	2 189	0.80
Total 1 + 2 + 3 + 4	269 750	100.00
+ Commitments not yet allocated ⁽¹⁾	4 510	—
+ Agricultural price support	26 843	—
= Total commitments	301 103	—
Stabilization of prices of agricultural products ⁽²⁾	6 076	—

⁽¹⁾ This refers to that part of the overall amounts available under the heading of technical assistance linked with investment and general technical co-operation (studies) not yet used by the EDF's principal certifying officer to finance individual operations.

⁽²⁾ Price stabilization advances are financed from the liquid assets of the EDF (Convention, Art. 20) and their total need not be added to that of commitments.

V. Institutions and organs

THE EUROPEAN PARLIAMENT

A plenary session of the Parliament was held from 27 June to 1 July 1966, with M. Poher in the presidential chair.

A report on the activities of the Councils was presented by their President, M. Werner, and this was followed by an exchange of views between the Parliament, the Councils and the Executives of the Communities.

M. Hallstein, President of the EEC Commission, introduced the Ninth General Report on the Activities of the Community ⁽¹⁾.

Several questions were debated and resolutions were adopted on agriculture, regional policy, multilateral GATT negotiations, social affairs and transport.

The President opened the session by paying tribute to two prominent Europeans who had died in May: M. Léon Daum, a former member of the High Authority of ECSC, and M. Lodovico Benvenuti, a former Secretary-General of the Council and member of the Common Assembly and Under-Secretary of State in the Italian Government.

M. Poher recalled the early days of Europe of the Six and M. Jean Monnet's term of office as President of the High Authority, when he was supported by M. Léon Daum. He also recalled the boldness of M. Benvenuti's opinions and his devotion to the work of building Europe, particularly at the time when the constitution for a political community was being drafted.

The Parliament observed a one-minute silence in memory of these two leading personalities.

During the session the Parliament also observed a minute's silence in memory of the victims of the recent pit disaster in the Ruhr. M. Dino del Bo, President of the High Authority of ECSC, associated himself with this tribute.

On behalf of the Parliament the President congratulated M. Gaetano Martino, a former President of the Parliament, on his recent appointment as Rector of the University of Rome.

The President informed the Parliament that the Bundestag of the Federal Republic had appointed M. Springorum a member of the German delegation in succession to M. Philipp, deceased.

A vote was taken by roll-call on the draft resolution which followed M. Thorn's report (for the Legal Committee) on amendment of Rule 5 concerning the termination of members' term of office. The proposed amendment failed to obtain the majority required under paragraph 2 of Rule 53 (majority of the members of the Parliament).

A debate was held and two resolutions adopted on the estimates of the Parliament's expenditure and receipts for the financial year 1967, with a further resolution on the supplementary EEC budget for 1966.

⁽¹⁾ See the editorial of this Bulletin.

At the sitting on 1 July M. Catroux presented the Parliament's report to the Consultative Assembly of the Council of Europe on the widening of the Community, its political responsibility in the world, and the Parliament's activities from 1 May 1965 to 30 April 1966.

Report on the activities of the Councils

On 28 June M. Werner, President of the Councils, presented a report on the letter's activities.

M. Werner gave a summary of the Council's activities during the last six months, with special emphasis on two matters: the scope and political significance of the agreements of 11 May 1966, and the multilateral negotiations in GATT.

After informing the Parliament of how the implementation of the Treaty merging the Institutions was progressing, M. Werner concluded by saying that the balance-sheet of these recent months must be regarded as satisfactory. The difficulties outstanding were not insurmountable if the present pace of work could be maintained and the common will to achieve results, which had prevailed recently, continued to make itself felt.

A debate ensued in which the speakers were M. Illerhaus, on behalf of the Christian Democrat group, M. Vals for the Socialist group, M. Pleven for the Liberals, M. Schuijt (Christian Democrat, Netherlands), M. Aigner (Christian Democrat, Germany) and M. Bersani (Christian Democrat, Italy).

The majority of the speakers congratulated M. Werner for all he had done during his term of office and welcomed the solution of the Community crisis and the agreements of 11 May 1966 on the financing of the common agricultural policy.

However, criticism was expressed and questions put on the following subjects:

a) Economic

As regards the establishment of a single market, M. Illerhaus said that, although free movement of agricultural and industrial products was possible by 1968, there were still obstacles to trade which should be removed. He mentioned several problems which needed rapid solution so that the Community might move on from customs union to economic union. In this context he urged the Council to reach a decision on the Commission's turnover-tax harmonization proposals and to press forward the work on freedom of establishment.

In the social field, M. Illerhaus, supported by M. Vals and M. Bersani, deplored the delay in elaborating a social policy. M. Vals found it regrettable that the Council had not yet taken a decision on the Commission's proposals for a common rapid vocational training programme and for aid to redundant sulphur-mine workers. M. Bersani regretted that there had been no meeting of the Ministers of Labour since October 1964.

As to relations with non-member countries, several speakers expressed their satisfaction at the conclusion of an association agreement with Nigeria, adding that the Community was open to countries wishing to join or become associated with it, provided they accepted its essential political premises. M. Aigner and M. Pleven pleaded for an agreement with Spain.

All the speakers voiced their satisfaction at the agreements regarding common agricultural policy reached on 11 May in Brussels, but M. Vals and M. Schuijt regretted that the Parliament had not been consulted in the final phase of the negotiations, and that the problem of financing the common agricultural policy had been dissociated from that of independent revenue for the Community. M. Vals further regretted that some market organizations provided for had not yet begun to function, with the result that the Council had had to allocate funds to certain countries to compensate for the resultant disadvantages.

Other fields of Community activity were referred to by various speakers, three of whom stressed the need to establish a common energy policy as soon as possible, while others expressed the same desire regarding a common commercial policy.

b) Institutional

Almost all the speakers expressed lively concern over the development of the Community Institutions.

Speaking on behalf of his group, M. Illerhaus said that the Luxembourg agreements did not suffice to obviate all difficulties in the event of a dispute over the operation of the majority rule. He thought that in this field, as in all others, the Communities should adhere strictly to the Treaties.

Another point of these agreements which caused some anxiety in the Christian Democrat ranks was relations between Council and Commission. M. Illerhaus wanted to know why the seven points adopted in Luxembourg under this head had not yet been discussed with the Commission and urged that in no case should their application limit the latter's powers and competence. Following the same line of thought, M. Illerhaus advocated that the composition of the new Commission resulting from the merger of the Institutions should be decided in a European spirit.

M. Vals, M. Illerhaus, M. Schuijt and M. Pleven laid stress on the problem of strengthening the Parliament's powers. M. Vals regretted that the Luxembourg agreements contained no decision on this point, although the Council itself, on 23 December 1963, had emphasized the great importance it attached to strengthening the Parliament's budgetary powers. M. Pleven said that anyone who favoured a constitution based on the separation of powers must also support the maintenance of a balance of powers. But this balance had been somewhat disturbed in comparison with what was in the mind of the sponsors of the Rome Treaty, — that each Institution should possess the means of truly exercising its prerogatives.

At the close of the debate, and before the President of the Councils replied, M. Marjolin, Vice-President of the EEC Commission, once again briefly stressed the part played by President Werner in the agreements of 11 May and expressed his gratification at these agreements, in which the Commission had fully exercised its powers. The agreements had the great advantage that they enabled European farmers to export their products, not at world prices — "often knock-down prices", but at European prices, and industrialists to learn the dates fixed for the completion of customs union.

Although the Commission regretted that its initial proposals (financing of the common agricultural policy, independent revenue, and powers of the Parliament) had not been adopted, it did not feel that its disappointment justified abstaining from the negotiation of the financial regulation itself and the agreements for the free movement of industrial and agricultural products.

Reply from the President of the Councils

Before replying to questions, M. Werner made certain general observations on the conduct of Community affairs in the last six months. They must look back to the factual situation on 1 January of this year, and against this background the overall achievement must be considered positive.

M. Werner also thought that the agricultural policy would make it possible to work out an overall economic policy in successive stages, as had already been demonstrated by the progress made in preparing for the GATT negotiations. He added that the economic community was being built up step by step. It was a great mosaic to which a few pieces had, if possible, to be added every day.

M. Werner then turned to the questions put to him.

As to the various fields of activity where delay had been criticized, the President pointed out that the Council was so much aware of these delays that, in the agreements of 11 May, it established a calendar and accepted commitments for the settlement of many of these matters, such as the harmonization of turnover tax, regional policy, social policy, and so on. However, in view of the multiplicity of the matters to be dealt with, the Council felt obliged to fix an order of priority; this it had done at its Luxembourg session.

In the energy field the Councils realized the difficulties inherent in the definition of a common policy, of which the April 1964 Protocol was the first stage. These problems were now the subject of studies in the ECSC Council, and the President hoped that these would shortly lead to decisions which would be a further step towards the definition of a common energy policy.

As to social policy, M. Werner recalled that the Treaty did not provide for any common policy in this field but simply for co-operation between Member States. Within these limits, however, a certain number of problems were under study and arrangements had been made to expedite the work.

On the subject of commercial policy, M. Werner reminded his hearers that certain decisions had recently been taken by the Council. As the interests of the Six became more closely interwoven this policy would of necessity make progress.

The President then replied to questions on institutional problems. The matter of the Parliament's powers had been brought up many times in the Council, but other problems had priority and it had not been possible to go into this matter thoroughly.

The balance between the powers of the different institutions would have to be examined when the question of the Community's independent revenue came up for discussion.

On relations between the Commission and the Council, the President recalled the Luxembourg agreements and said that the Council had not yet decided when it would begin talks with the Commission.

As to broadening the Community, M. Werner recalled that negotiations were in progress with Austria, while several members of EFTA were considering whether they should not seek agreements with the Community. The question still undecided here was whether these countries would or would not feel able to accept the rules of the Rome Treaty, as Parliament desired.

In conclusion the President observed that it was not always easy to draw the dividing line between the economic and the political fields. He felt sure that the ever-increasing interdependence of the economies and the interests of the Six would carry the Member States a long way further along the road to European unification. If any good had come of the last crisis, he added, it was precisely that it had shown the links which had been forged between the Six to be indissoluble.

Resolutions

At this session the Parliament passed a number of resolutions:

Free movement of goods

A resolution on the Commission proposal to the Council concerning a decision further extending the Council decision of 4 April 1962 imposing a countervailing charge on certain goods manufactured from agricultural products (see Ch. II, sec. 5).

Regional policy

Resolution on the Commission's first memorandum concerning regional policy in EEC (see Ch. II, sec. 19 and Annex to this Bulletin).

Agricultural policy

- i) Resolution on the Commission proposal to the Council concerning a directive on the esterification of olive oil for culinary uses;
- ii) Resolution on the proposed regulations amending Council Regulation No. 26 on the application of certain rules of competition to production of, and trade in, agricultural produce (see Ch. II, sec. 39);
- iii) Resolution on the proposed Council regulation concerning levies applicable to mixed cereals, rice and broken rice;
- iv) Resolution on:
 - a) the proposed Council directive amending the Council directive of 26 June 1964 on health control problems in intra-Community trade in cattle and pigs, and
 - b) the proposed Council directive amending the Council directive of 26 June 1964 on health requirements for intra-Community trade in fresh meat.

Transport policy

Resolution on the amendments submitted by the EEC Commission to the proposed Council regulation introducing a rate-bracket system for goods transport by rail, road and inland waterway.

Social affairs

- i) Resolution on the proposed EEC Commission recommendation to the Member States on maternal welfare;
- ii) Resolution on the implementation of Article 119 of the EEC Treaty;
- iii) Resolution on industrial medicine in the framework of the three Communities;
- iv) Resolution on the social aspects of industrial conversion.

External relations

- i) Resolution on a world cereals agreement being negotiated in the Kennedy round (see Ch. III, sec. 59 and Annex to this Bulletin);
- ii) Resolution on the progress of the GATT negotiations;
- iii) Resolution on the stabilization of world commodity markets in connection with the United Nations Conference on Trade and Development (see Ch. III, sec. 59 and Annex to this Bulletin).

Association between EEC and AAMS

Resolution on the present problems of technical and cultural co-operation in the framework of the association between the EEC and the African and Malagasy States (see Ch. IV, sec. 63).

Budget matters

- i) Resolution on the draft supplementary EEC budget for 1966 established by the Council;
- ii) Resolution on the estimates of receipts and expenditure of the European Parliament for 1967;
- iii) Resolution concerning adjustment of the allowances provided for under item 108 of the estimates of receipts and expenditure of the European Parliament.

THE COUNCIL

188th session (13 and 14 June 1966)

The Council held its 188th session on 13 and 14 June 1966, under the chairmanship of M. Werner, Prime Minister and Minister for Foreign Affairs of the Grand Duchy of Luxembourg.

In this session the Council dealt in particular with the following matters:

Multilateral trade negotiations in GATT: the Council made a certain number of decisions on the progress of the multilateral trade negotiations; these concern both industrial products (paper and pulp, as well as aluminium and derived products) and agriculture (expanding the instructions given to the Commission in respect of the negotiations for a world agreement on cereals) (see Chap. III, sec. 50).

Export credits for state-trading countries and the Soviet occupied zone of Germany: the Council debated the practices used in this connection both by Member States of the Community and by the other countries in OECD. It instructed the Committee of Permanent Representatives to continue the studies being made on this subject.

Relations with Spain: the Council invited the Commission to report on the tentative discussions which it had had with a Spanish delegation in accordance with the mandate given it on 2 and 3 June 1964.

Tariff questions: the Council made a decision providing for partial suspension of certain common customs tariff duties until 30 June 1967.

Agricultural questions ⁽¹⁾: under the chairmanship of M. Jean-Pierre Buechler, State Secretary at the Ministry of Agriculture of the Grand Duchy of Luxembourg, the Council continued its work on the problems posed by the proposed regulations for the gradual creation of a common organization for the markets in fruit and vegetables (supplementary provisions) and in sugar.

The Council approved a regulation on the upper and lower limits for the target prices of cereals (wheat, barley, rye(maize) for the year 1966/1967.

It adopted a regulation extending to 31 July 1966 the date when the Commission must make a basic decision on requests for aid from the European Agricultural Guidance and Guarantee Fund, "Guidance" Section, for 1965.

The Council adopted, in the official languages of the Community, directives on the marketing of beet seed, herbage seed, cereal seed, seed potatoes and forestry reproductive materials.

It also adopted a decision setting up a Standing Committee on Agricultural, Horticultural and Forestry Seeds and Seedlings.

In addition, the representatives of the Governments of Member States, meeting within the Council, adopted a resolution on the harmonization of threshold prices of cereals.

189th session (28, 29, 30 June and 1 July)

The Council held its 189th session from 28 June to 1 July 1966 under the chairmanship of M. Buechler, State Secretary at the Ministry of Agriculture of the Grand Duchy of Luxembourg.

During this session, the Council dealt with the following matters:

Agriculture: for this point see Chapter II, "The Common Agricultural Policy".

Relations with Nigeria: The Council approved the text of the Association Agreement between the Community and Nigeria, the three protocols appended to it, the text of the Final Act and the Internal Agreement on Procedure.

EEC-Greece Association: the representatives of the Governments of the Member States meeting within the Council gave their agreement to the decision of 21 June 1966 by which the Board of Governors of the European Investment Bank authorized the Bank to provide aid in Greece, under certain conditions, with a further instalment of \$75 million (see also Chap. IV, "Association with Greece").

GATT: The Council decided to conclude the negotiations on the accession of Switzerland to the General Agreement on Tariffs and Trade and authorized the Commission's representative to sign the Protocol of Association.

The Council also made three other decisions concerning the extension of arrangements under GATT and the conclusion of tariff negotiations carried out bilaterally on the accession of non-member countries to GATT.

(1) See also Chap. II "The Common Agricultural Policy".

COURT OF JUSTICE

Cases pending

Case 22/66: Alfred C. Toepfer KG, Hamburg, v. EEC Commission.

Case 23/66: The firm of C. Schwarze, Bremen, v. EEC Commission.

These two applications for damages ⁽¹⁾ have been made to the Court of Justice under Article 215, second paragraph, of the Treaty as a result of the Court's judgment of 1 July 1965 (consolidated cases 106 and 107/63) concerning maintenance of safeguard measures on imports of maize into Germany.

The cases are parallel to consolidated cases 5, 7 and 13-21/66 (Kampffmeyer et al. v. EEC Commission), which are already before the Court.

Judgments

Consolidated cases 52 and 55/65: Federal Republic of Germany v. EEC Commission

These two applications by the Federal Republic of Germany are for annulment of two EEC directives fixing the time-table for removing the charges imposed by the Federal Republic of Germany on imports from other member countries of sheep for slaughter and of mutton (case 52-65) and on imports of farm and food products subject to import licence (case 55-65).

On 16 June 1966 the Court rejected these applications as inadmissible.

The directives challenged were based on Article 13(2) of the Treaty, which empowers the Commission to issue directives in order to abolish charges in force between Member States having an effect equivalent to customs duties on imports.

Case 57/65: Alfons Lütticke GmbH v. the Head Customs Office, Saarlouis
On 26 November 1965 the tax tribunal (Finanzgericht) of the Saar applied to the Court of Justice for a preliminary ruling on the interpretation of Article 95 of the EEC Treaty, in particular the second and third paragraphs.

In a finding dated 16 June 1966 the Court endorsed the view of the Commission that:

1. the first paragraph of Article 95 of the EEC Treaty is directly applicable and creates for individual citizens specific rights which must be upheld by the municipal courts;
2. under the third paragraph of Article 95, the first paragraph of the same article is applicable only from the second stage onwards to legal provisions already in force when the Treaty came into effect.

(1) Official gazette, No. 122, 7 July 1966.

The finding is of major significance because it establishes that Article 95 is not applicable exclusively to the Member States but that it also creates rights for the individual. This preliminary ruling is in line with previous findings of the Court, which has already ruled Article 12 (customs duties), Article 37(2) (state monopolies) and Article 53 (limitations on freedom of establishment) to be directly applicable.

Case 56/65: Société Technique Minière (LTM) v. Maschinenbau Ulm (MBU)

On 7 July 1965 the Paris Court of Appeal applied to the Court of Justice for a preliminary ruling on the interpretation of Article 85 of the EEC Treaty. The Court of Justice gave its finding on 30 June 1966, ruling that the incompatibility with the common market, by virtue of Article 85(1) of the Treaty, of contracts that contain a clause "conceding an exclusive selling right" does not depend solely on their character. However, such a contract may, when taken individually, be found to fall under the ban of Article 85 owing to the factual situation or to particular clauses, where certain conditions specified in the Court's ruling are fulfilled.

In addition, the Court ruled that the nullity prescribed in Article 85(2) refers only to the clauses in the contract that are incompatible with Article 85(1). Consequently, any provisions in the contract which are not voided under the ban are not affected by Community law.

Case 61/65: M^{me} Vaasen (née Göbbels), widow, v. Central Committee of the Beamtenfonds voor het Mijnbedrijf (Mineworkers' Fund), Heerlen

The Scheidsgerecht van het Beambtenfonds voor het Mijnbedrijf, a Dutch body set up to arbitrate in disputes arising between the Mineworkers' Fund and persons affiliated to it, had requested the Court for a preliminary ruling on the interpretation of certain clauses of Regulation No. 3 concerning social security for migrant workers.

The Court first ruled that the request for an interpretation was admissible, declaring that, in view of the manner of its establishment and functioning, the Scheidsgerecht might be regarded as a "court or tribunal" in the sense of Article 177 of the Treaty, although it was not a court in the strict sense under Dutch law.

On the merits of the case, the Court found that an arrangement constituting a special social security scheme was indeed legislation within the meaning of Articles 1(b) and 4 of Regulation No. 3, and fell within the scope of this regulation despite the fact that the body that made the arrangement and was responsible for its application was a private institution, since in several Member States certain social security systems are administered by institutions other than the public authorities.

Furthermore, giving its interpretation of Article 22 of Regulation No. 3, the Court ruled that territorial restrictions cannot be applied against workers or their survivors unless the Regulation expressly provides for this.

ECONOMIC AND SOCIAL COMMITTEE

The Committee held its 54th session on 28 and 29 June 1966. Since this was the opening session of its third four-yearly term, the Committee elected unanimously for two years M. Louis Major (Belgium) as Chairman, M. Germozzi (Italy) and M. Kramer (Germany) as Vice-Chairmen, and the twelve other officers.

M. Major, who has been a member of the Committee ever since it was set up, is General Secretary of the Belgian Federation of Labour (FGTB).

Before electing its officers the Committee heard an address by M. Brand, its senior member, in his capacity as Chairman of the opening session; a message sent by the President of the Councils; and a speech of welcome by M. Colonna di Paliano on behalf of the EEC and EAEC Commissions. Both the President and M. Colonna di Paliano paid tribute to the constructive and co-operative spirit shown by the members of the Committee and their devotion to the Community.

With its new Chairman presiding, the Committee re-established its specialized sections and sub-committees and planned its future operations. It decided to hold an extraordinary session on 13 July 1966 for a general debate on certain agricultural problems, especially subsidies.

After his election, M. Major emphasized that the great effort required of all members of the Committee depended on their having the means to do the job. He stated that it was essential to increase the financial resources available and to streamline the working methods both of the Committee and of the sections. Here adoption by the Councils of the revised rules of procedure was a matter of urgency.

MONETARY COMMITTEE

The Monetary Committee held its 83rd session on 9 and 10 June 1966 with M. van Lennep in the chair. Since the mandate of the officers had expired, the Committee re-elected them: M. E. van Lennep, Chief Treasurer at the Netherlands Ministry of Finance, was unanimously re-elected Chairman, and M. B. Clappier, Deputy Governor of the Banque de France, and M. O. Emminger, Member of the Directorate of the Deutsche Bundesbank, Vice-Chairmen.

In the course of its periodical reviews of the situation in the Member States, the Committee examined the monetary and financial situation of Italy and adopted a report to the Council and Commission. Preparatory work for the examination had been done by a working party that met in Rome on 3 June under the chairmanship of M. Emminger.

At this session preparations were also made for the conference of Ministers of Finance which took place in Rome on 20 and 21 June.

The Committee held its 84th session in Rome on 21 June 1966 with M. van Lennep in the chair. It examined a proposal, which the Commission is shortly to put before the Council, for a recommendation on the short-term economic policy to be pursued during the second half of 1966 and on the first decisions to be taken for 1967.

ADMINISTRATIVE AFFAIRS

Staff movements

M. Raymond Craps, Head of the Division for Improvement of Social Conditions in Agriculture, has been appointed Head of the Division for Co-ordination of National Structure Policies and for Community Agricultural Guidance Programmes in the Directorate for Structure of Agriculture in the Directorate-General for Agriculture.

Budget matters

At the Council session of 25-27 May 1966, agreement was reached on action to be taken to combat the danger to livestock in the Community from the epidemics of foot-and-mouth disease in Turkey and African swine fever in the Iberian peninsula, and the Commission therefore submitted to the Council on 8 June 1966 a preliminary draft supplementary budget for 1966 amounting to 3 001 100 u.a.

At its session of 13 and 14 June 1966, the Council approved the draft and referred it to the European Parliament.

The Parliament endorsed the draft supplementary budget by a resolution adopted on 29 June 1966.

VI. The European Investment Bank

Annual Meeting of the Board of Governors

The Board of Governors of the European Investment Bank held its Annual Meeting in Rome on 21 June 1966, under the chairmanship of M. Michel Debré, Minister of Economic Affairs and Finance of the French Republic.

In a joint meeting with members of the Management Committee, of the Board of Directors and of the Audit Committee, the Board of Governors approved the eighth Annual Report of the Bank, as well as the Balance Sheet and the Profit and Loss Account for the financial year 1965. These documents were submitted by the President of the Bank, M. Paride Formentini, on behalf of the Board of Directors.

The Board of Governors decided to renew the term of office of M. René Bresson, as a member of the the Audit Committee.

The Board of Governors proceeded to the appointment of members of the Board of Directors in order to replace

- M. Fritz Feichner, former Ministerialdirektor, Director,
 - M. André de Lattre, Inspecteur des Finances, Director, and
 - M. Alain Prate, Director-General at the EEC Commission, Alternate,
- who have resigned.

On nomination by the Federal Republic of Germany, M. Hans Rannow, Ministerialdirektor at the Federal Ministry of Finance, has been appointed Director.

On nomination by the French Republic, M. François Bloch-Lainé has been appointed Director. M. André Postel-Vinay, General Manager of the Caisse Centrale de Coopération Economique, has been appointed Alternate to M. Maurice Pérouse.

On nomination by the EEC Commission, M. Michel Albert, Director of Economic Structure and Development in the Directorate-General of Economic and Financial Affairs at the EEC Commission, has been appointed Alternate to M. Franco Bobba.

In addition, the Board of Governors, addressing themselves to the Council of Ministers of the EEC, stated the terms under which the Bank could continue financing aid to Greece provided for by the Association Agreement (see Ch. IV, Association of Greece with the Community).

As from 22 June 1966, M. Emilio Colombo, Italian Minister of the Treasury, will be Chairman of the Board of Governors, for a one-year mandate ending at the next Annual Meeting.

Summary of the Annual Report for the financial year ending 31 December 1965, approved by the Annual Meeting

Economic evolution in the Community and the associated countries

As in previous years, the first part of the Annual Report of the European Investment Bank gives details of the evolution of economy, in terms of national product and investment in the member countries and in the associated countries where the Bank has intervened during the year under review.

Comparison is made between the rates of investment in relation to the national product and the amount invested, per inhabitant. This study brings to light the many problems which have still to be solved concerning the development of Southern Italy and the problems posed by the inequality of investments between the different countries.

The Report includes a review of the conditions existing in the capital markets of the Community and in the European International Capital Market, which is sometimes called the "Euro-Issue Market". The Report also deals with the evolution of available external resources for the financing of economy and the movements of capital within the Community and between the EEC and the rest of the world.

The Report concludes with a study of the problems of industrial development in Turkey.

The activities of the Bank

During 1965, the Bank approved a total of 32 loans totalling 150.8 million units of account (1 u.a. = US \$1) as against 18 loans for 106.8 million, or an increase of 41%, in comparison with 1964.

Loans granted by the European Investment Bank in 1965

	Amounts of the loans (million u.a.)	Part in the total engaged (%)
<i>Member countries of the EEC</i>	98.56	65
Important agricultural amelioration schemes	24	16
Agricultural industry	8.91	6
Motorways	24	16
Electricity and natural gas	20	13
Other industries	21.65	14
<i>Associated African countries</i>	3.44	2
Industries	3.44	2
<i>Turkey (Special section)</i>	48.77	33
Electricity	30	20
Important agricultural amelioration schemes	15	10
Industries	3.77	3
Total	150.77	100

Since being founded the Bank has participated in investments amounting to a total of 2.8 thousand millions, the Bank's share in the financing of these projects having averaged 22%.

The breakdown of loans approved by country and by sector is given in the two tables below.

Ordinary operations covered by the Bank's own resources — derived from capital, reserves and borrowing on the market — reached a total of 102 million. The number of loans approved increased to 25 as against 16 in 1964.

Italy, where considerable sums have been invested since the creation of the Common Market, the South and the Islands are still the most backward regions of the Community and for this reason the Bank devoted the largest part of its interventions to these regions: 17 loans for a total of 81 million as against 12 loans for a total of 74 million in 1964.

One of the most important loans (24 million) concerns the amelioration of three agricultural areas, totalling 43 000 hectares, of which 33 000 hectares in the Metaponto plain are to be irrigated.

Another loan of the same proportions was approved for the construction of the Val d'Aosta motorway which is 47 kilometres in length and links the network of Italian motorways with the access routes to the Grand-Saint-Bernard tunnel on the Swiss frontier and the Mont Blanc tunnel on the French frontier; this completes the linking up of Italian communications with two of the most important transalpine routes.

A loan of 15 million was approved for the construction of a thermo-electric power station at Salerno with a production capacity of 300 MW. This project is of the utmost importance in the plan to increase the availability of energy in the Mezzogiorno.

Fourteen loans totalling 18 million were approved in favour of industrial enterprises in the mechanical, chemical and metallurgical sectors as well as in various industrial sectors in the South. Two of the loans were in favour of projects in Sicily and Sardinia.

The Bank intervened twice in France for a total of 8.9 million in favour of the extension and modernization of two important agricultural co-operatives in Brittany and Normandy.

In Germany, three loans were approved in favour of the rehabilitation areas of Schleswig-Holstein and Lower Saxony, totalling 8.8 million. Two of them were for the development of the industrial sector and the third concerned the transportation and distribution of natural gas.

The year 1965 saw the first interventions of the Bank in the associated African countries: in the Cameroons and the Ivory Coast.

The project approved in the Ivory Coast is for the creation of the necessary industrial installations for the preparation and exportation of bananas.

In the Cameroons, the Bank intervened in a project for the setting up of a textile complex in collaboration with German and French promoters and in the installation of a rolling-mill which will be able to handle part of the first fusion aluminium, previously exported.

The Bank also intervened in Turkey for account of and under the responsibility of the member countries through the Special Section. Seven loans were approved totalling

48.8 million. The financial year was the first to correspond with a full year's operation of the Treaty of Association between the Community and Turkey, which came into force on the 1 December 1964.

The most important project was for a loan of 30 million for the construction of a dam and hydro-electric power station on the Euphrates at Keban and the electric power lines up to the distribution points. This power station, with a final output of 620 MW, will be sufficient to cover the major part of the new needs of Turkey for electric energy for several years to come. The currency costs of the project, 135 million out of a total investment cost of 340 million, are being financed on an international level by the World Bank, the European Investment Bank and the governments of the United States of America, Germany, France and Italy. For the organizing of the financing and the details of the project, a consortium has been set up the co-ordination of which is the responsibility of the European Investment Bank, the World Bank and the American Aid Administration.

The other important amelioration project financed in Turkey was the irrigation and amelioration of the Gediz valley in the West of the country. The project covers an area of 90 000 hectares.

The five other interventions were for the construction, the enlargement and the modernization of industrial enterprises whose production will take the place of imports thus reducing the deficit in the balance of payments.

Loans

Four loans were issued in 1965 totalling 65 million bringing the total amount of the consolidated debt to a total of 217.2 million at the end of 1965, as against 153.7 million at the end of 1964.

	Issue price	Interest rate	Reimbursement at par as from	Duration
Fl. 40 million (11 million u.a.)	100.0 %	5.75 %	1976	25 years
US \$20 million (20 million u.a.)	99.5 %	6 %	1971	20 years
Lit. 15 thousand million (24 million u.a.)	96.0 %	6 %	1969	20 years
Bfrs 500 million (10 million u.a.)	99.0 %	6.50 %	1969	12 years

The Balance Sheet and the Profit and Loss account

The balance sheet total on the 31 December 1965, for ordinary operations only, was 665.2 million as against 584.9 million at the end of 1964.

The assets included effective loans totalling 488.5 million (394.5 at the end of 1964) of which 365.6 million had been disbursed (273.6). Liquid assets amounted to 168.5 million (186.1).

Liabilities included up capital of 250 million (subscribed capital 1 million), reserves and provisions amounting to 65.7 million (54.6), medium and long-term loans 217.2 million (153.7); the engagements of the Bank in the form of undisbursed balances of effective loans totalled 122.9 million (120.9).

The operating receipts for the financial year amounted to 25.8 million and after deduction of 14.8 million for administrative expenses, financial expenses, interest and charges on loans etc., and the transfer of 5.5 million to provisions, a balance of 5.5 million was transferred to the statutory reserve, which rose from 26.6 million to 32.2 million and the various provisions from 28 million to 33.5 million.

Special Section operations are shown separately.

Loans of the European Investment Bank

Breakdown by country

(at 31 December 1965)

(Ordinary and special loans)

Country	Number of projects	EIB loans (million u.a.)	Each country's part in the total (%)
I. Ordinary loans			
<i>Member countries</i>			
Belgium	1	4.8	1
Germany	6	41.2	7
France	13	79.8	13
Italy	74	389.6	63
Luxembourg	1	4.0	1
	95	519.4	85
<i>Associated countries</i>			
Greece	8	36.8	6
Cameroons	2	2.4	—
Ivory Coast	1	1.0	—
	11	40.2	6
Total	106	559.6	91
II. Special loans			
Turkey	9	54.2	9
Grand total	115	613.8	100

Loans of the European Investment Bank

Breakdown by economic sector

(at 31 December 1965)

(Ordinary and special loans)

Sector	Number of projects	EIB loans (million u.a.)	Each country's part in the total (%)
Agriculture improvements	6	72.8	12
Transportation	12	156.2	25
Power	14	129.6	21
Telecommunications	1	16.0	3
Industry :	82	239.2	39
— Mining	2	2.0	
— Iron and Steel	3	48.9	
— Non-ferrous metal	2	4.1	
— Building materials	8	13.7	
— Glass and pottery	4	6.4	
— Paper pulp and paper	4	17.5	
— Mechanical engineering	17	30.8	
— Chemicals	18	86.6	
— Textiles and clothing	7	7.2	
— Foodstuffs	13	20.9	
— Other manufacturing industries	4	1.1	
Total	115	613.8	100

Loans granted

On 21 June 1966, the Bank concluded with the Cassa per il Mezzogiorno the contracts regarding the granting of 11 loans, destined for the financing of an irrigation project, an electrical power station and nine industrial projects in Southern Italy.

The total amount of the loans granted is equivalent to Lit. 30 300 million (48.4 million units of account) out of a total fixed investment cost of Lit. 106 100 million (169.7 million u.a.).

The eleven projects financed by these loans are as follows:

Irrigation of the Metaponto Plain

The Metaponto Plain is situated between the Appenines and the Ionian Sea on the coast of the Gulf of Taranto and covers an area of 84 800 ha. The project being carried out concerns the public works for land improvement, especially the basic

installations for the irrigation of three areas covering about 43 200 ha of which more than 33 300 ha can be irrigated usefully. The land will be developed by the private owners with the financial aid of the Cassa per il Mezzogiorno.

The Cassa per il Mezzogiorno, to which the loan has been granted, is responsible for the carrying out of the project. The cost of the above-mentioned public works will total Lit. 57 550 million (92.08 million units of account) to which the Bank will contribute with a loan equivalent to Lit. 15 000 million (24 million units of account).

Electric Power Station

This project is one of the main elements of the plan for the development of the electrical equipment of the Mezzogiorno. It will be carried out by the Ente Nazionale per l'Energia Elettrica (ENEL), a public utility company, which is responsible for the production and distribution of electric energy in Italy. The project envisages the construction of a 320 MW thermal power station near Salerno (Campania) which will be the first stage in the building of a new power station with a total installed capacity of 640 MW, not including further extensions.

The cost of the first stage and the general construction works of the second one, which form part of the project, will be about Lit. 33 000 million (52.8 million units of account) to which the Bank will contribute with a loan equivalent to Lit. 9 370 million (15 million u.a.).

The funds made available by the Bank to the Cassa per il Mezzogiorno will be re-lent directly to the ENEL.

Nine industrial installations

a) Construction and exploitation of a factory for the manufacture of plaster and prefabricated plaster-cast elements at San Salvo (Abruzzi) with a production capacity of from 19 000 to 20 000 tons of plaster per annum.

The project will be carried out by the Gessi San Salvo SpA of San Salvo.

The Bank will contribute to the total fixed investments in the project which amount to Lit. 345 million (0.55 million u.a.) with a loan equivalent to Lit. 140 million (0.22 million u.a.).

b) Construction and exploitation of a factory for the manufacture of synthetic detergents at Pontinia (Latium) which will produce initially 175 000 quintals of powdered detergents for domestic use per annum.

The project will be carried out by Mira Lanza SpA of Mira (Venetia).

The fixed investments in the project amount to Lit. 3 300 million (5.28 million u.a.) to which the Bank will contribute with a loan equivalent to Lit. 1 130 million (1.80 million u.a.).

c) Construction and exploitation of installations for drying and crushing silicious sand at Sessa Aurunca (Campania) by the Sibelco Italiana SpA of Milan which will have a normal production capacity of 24 000 tons of powdered silica per annum for use in the pottery industry and in the manufacture of abrasives and detergents.

The fixed investments in the project amount to Lit. 550 million (0.88 million units of account) to which the Bank will contribute with a loan equivalent to Lit. 150 million (0.24 million u.a.).

d) Extension of a factory at Crotona (Calabria) by the construction of an installation for the production of concentrated compound chemical fertilizers with a production capacity of 120 000 tons of fertilizers per annum.

— The project will be carried out by SpA Montecatini — Società Generale per l'Industria Mineraria e Chimica, of Milan.

The total fixed investments in the project amount to Lit. 5 250 million (8.40 million units of account) to which the Bank will contribute with a loan equivalent to Lit. 2 000 million (3.20 million u.a.).

e) and *f)* Construction and exploitation at Aprilia (Latium) by the private company Aziende chimiche riunite Angelini Francesco — ACRAF Rome of

— a factory for the manufacture of paints and varnishes with a production capacity of 6 000 tons per annum;

— a factory for the production of raw materials for the pharmaceutical industry with a production capacity of about 34 000 kg per annum.

The fixed investments in these two projects amount to Lit. 900 million (1.44 million u.a.) for the paints and varnishes and to Lit. 590 million (0.94 million u.a.) for the pharmaceutical products. The Bank will contribute to their financing with loans equivalent to Lit. 350 million (0.56 million u.a.) and Lit. 225 million (0.36 million u.a.) respectively.

g) Construction and exploitation of a factory for the manufacture of telephone cables by the Alfacavi SpA of Quattordio (Piedmont) at Airola (Campania).

The fixed investments in the project will reach Lit. 2 200 million (3.52 million u.a.) to which the Bank will contribute with a loan equivalent to Lit. 950 million (1.52 million u.a.).

h) Adaptation of a project already financed by the Bank, concerning the construction of a china-ware factory at Chieti (Abruzzi) by the Società ceramica italiana Richard-Ginori SpA.

This company came into being by the merger of the Società ceramica Richard-Ginori SpA and the Società ceramica italiana (SCI) SpA. In 1963, the latter had been granted a loan equivalent to Lit. 600 million (0.96 million u.a.) by the Bank for the financing of the above-mentioned factory. On the occasion of the merger, the project was revised, particularly as regards the production programme, which is now based on finer qualities of china-ware.

This adaptation implies an increase in investment capital of Lit. 660 million (1.06 million u.a.), the total fixed investments then rising from Lit. 1 480 million (2.37 million u.a.) to Lit. 2 140 million (3.43 million u.a.).

The Bank will contribute to its financing with a loan equivalent to Lit. 250 million (0.40 million u.a.).

i) Modernization of a pulp and paper mill of the Società delle cartiere meridionali SpA at Isola del Liri (Latium).

The project will permit the modernization of the equipment and the production of finer paper grades of a higher value, the output remaining practically unchanged.

The fixed investments in the project will amount to Lit. 1 750 million (2.80 million u.a.) to which the Bank will contribute with a loan equivalent to Lit. 700 million (1.12 million u.a.).

The loans for the financing of these nine industrial projects are granted to the Cassa per il Mezzogiorno. The Cassa will re-lend the funds to the competent regional institution, the Istituto per lo Sviluppo Economico dell'Italia Meridionale (ISVEIMER), which is participating on its own behalf in the financing of the projects.

On 24 June 1966, the Bank concluded a loan agreement with the Société sucrière du Cameroun (SOCUCAM) for the financing of a sugar industry to be set up at Mbandjock (Cameroon).

Under the project a sugar-cane plantation is to be established and a factory to produce and refine raw sugar set up. In a normal year, the factory's output will reach 12 000 tons of refined sugar, to be absorbed by the domestic market of Cameroon.

The total cost of the project will be about 2 000 million francs CFA (8.1 million u.a.), to which the Bank will contribute with a loan equivalent to 500 million francs CFA (2.025 million u.a.).

The loan is covered by an unconditional guarantee of the Federal Republic of Cameroon.

The guarantee was signed by H.E. M. Daniel Masuke, Minister of Economic Affairs and Planning of the Federal Republic of Cameroon.

This loan constitutes the third operation of the Bank in the Federal Republic of Cameroon, under the terms of the Yaoundé Convention between the European Economic Community and the seventeen African countries and Madagascar associated with the Community.

Miscellaneous

Progress on ratification of the treaty merging the Executives

On 21 June 1966 the Second Chamber of the Dutch Parliament approved the treaty merging the Executives of the three Communities after M. Luns, the Netherlands Minister of Foreign Affairs, had declared that the Dutch Government would wait for the results of negotiations on the composition of the new single Commission and its powers before depositing the instruments of ratification. M. Luns also gave an assurance that the Government would not ignore any motion the Chamber of Deputies might adopt in this connection.

The Dutch First Chamber will shortly begin the ratification procedure, so that both Chambers will have completed the required procedure by the end of the parliamentary session.

The Luxembourg Parliament on 30 June 1966 approved the treaty merging the Executives of the three Communities.

The treaty has therefore been approved by the Parliaments of all the Community countries, with the exception of the Dutch First Chamber.

Official visit to Congo-Brazzaville

On 2 to 7 June 1966 M. Levi Sandri, Vice-President of the Commission, accompanied by M. Ferrandi, Director of the European Development Fund made an official visit to the Republic of Congo-Brazzaville, during which he was present at various ceremonies inaugurating projects supported by the Fund.

During his stay, M. Levi Sandri met M. Alphonse Massamba-Debat, President of the Republic, M. Ambroise Noumazalay, Prime Minister and Minister of Planning, as well as the Ministers of Economic Affairs of the five republics (Gabon, Cameroon, Congo-Brazzaville, Chad, Central Africa) which have set up the Central African Customs and Economic Union.

Visit to the Commission

Visit of Minister President of Land of North Rhine-Westphalia

On 9 June 1966 M. Walter Hallstein, President of the Commission, received M. Franz Meyers, Minister President of Land of North Rhine-Westphalia for discussions at which M. Hans von der Groeben, a Member of the Commission, was also present.

The Minister President was accompanied by M. Gerd Ludwig Lemmer, Minister of Federal Affairs of Land of North Rhine-Westphalia.

Visit of the Norwegian Minister for Foreign Affairs

On 9 June M. Walter Hallstein, President of the Commission, received M. John Daniel Lyng, Norwegian Minister for Foreign Affairs, for a courtesy visit. M. Lyng was accompanied by M. Frithjof Jacobsen, State Secretary at the Norwegian Ministry for Foreign Affairs, and by Ambassador Jahn Halvorsen, Head of the Norwegian Mission to the European Communities.

Visit of the Vice-Premier of New Zealand

On 21 June M. Walter Hallstein, President of the Commission, received Mr John Ross Marshall, Vice-Premier of New Zealand and Minister of Industry and Commerce, with whom he had discussions.

Visits of delegations from the Associated States

Three delegations from the Associated States came to Brussels to have discussions here with the directors of the European Development Fund on those projects under consideration which were of concern to their respective countries: on 10 June a Togolese delegation, on 21 June a Senegalese delegation led by M. Habib Thiam, Minister of Development, and Magade Lo, Minister of Rural Economy, on 30 June a Malagasy delegation led by M. Rabenoro, General Commissioner for the Plan.

Round table discussion on international scientific co-operation

A round table discussion on "Italy and international scientific co-operation", organized by Italy's Institute of International Affairs, was held in Rome on 27 and 28 May 1966 under the chairmanship of M. G. Guazzugli-Marini, Executive Secretary of the Euratom Commission. This round table discussion examined problems raised by the way Europe is lagging behind the United States and investigated means of catching up.

Annual session of the Union of the Capitals of the European Community

The Union of the Capitals of the European Community held its plenary session in Paris on 20 and 21 June 1966. The chairmanship, held for the last twelve months by the President of the Paris Municipal Council, passed to the City of Amsterdam for 1966/1967. The six capitals in the Union extended the term of office of the organization's Secretary General, M. Georges Chantren, for a further three years and examined the Union's programme of action. A resolution was adopted recording the financial burdens borne by the capitals which are losing income as a result of tax exemptions connected with the presence within their boundaries of certain regional, national or international organizations. The Union recommended that methods of expenditure and income distribution between states and capital cities should be investigated.

The Council of European Municipalities

The Council of European Municipalities meeting on 27 and 28 June 1966 in Como (Italy) and on 5 and 6 June in Strasbourg (IInd European Congress of Twin Towns) passed two resolutions.

In the first, the assembly of delegates of European Municipalities, representing more than 50 000 municipalities and territorial groups, while welcoming the progress made towards European unity but deploring certain delays arising from "a nationalism that was both political and economic", emphasized that without the loyal application of the treaties, the strengthening and democratization of the Institutions and the resumption of endeavours to achieve political unity, there could be no atmosphere of confidence among the Six.

The second resolution, after suggesting that for Europeans the road to peace led through unity in Europe, invited the municipalities and organizations of local authorities to stress the European significance of twinning and the contribution it makes to unification through the involvement of local councils, and to interest their citizens in the scheme. The delegates welcomed the fact that the Consultative Assembly of the Council of Europe and the European Parliament had recommended the creation of a European Youth Office. Finally, the Congress invited the international organizations of local government authorities to consider the development of exchanges with European countries which are not members of the European organizations.

Meetings in the legal sphere

A certain number of meetings were held in June 1966:

- i) From 3 to 4 June, in Rome, a conference organized by the Italian Association of European Lawyers on the powers of the Court of Justice of the European Communities;
- ii) From 9 to 11 June, in Paris, a conference on "Community law and municipal law" organized by the Bar of Paris and the French National Association of Lawyers;
- iii) On 11 June, in Leyden (Netherlands), a meeting of the Europa Institute of the University of Leyden and the British Institute of International and Comparative Law (papers on current problems of Community law);
- iv) On 14, 24 and 29 June, in Brussels, lectures organized by the Institute of European Studies for Belgian magistrates on problems of Community law;
- v) From 9 to 10 June, in Brussels, educational visit of senior Italian magistrates. The visitors, who were received by M. Levi Sandri, Vice-President of the Commission, attended a series of lectures on various aspects of Community law.

Members of the Legal Service of the European Executives took an active part in each of these activities.

ANNEX

RESOLUTIONS OF THE EUROPEAN PARLIAMENT

June-July 1966

Resolution concerning the Commission's memorandum on regional policy in the EEC

The European Parliament,

[...]

1. *Believing* that regional policy must be looked upon as a general orientation of the Community's economic policy designed to meet the requirements of regional economic development;
2. *Considering* that a sound regional policy should promote the development of all Community regions, though it may in the first place be directed towards the most backward areas (outlying areas, problem areas, areas lying on either side of common frontiers of the Member States, areas adjacent to the East German and Italian frontiers);
3. *Urges* the responsible Community authorities to show a more vigorous resolve to tackle the problems of regional policy in a practical manner, to adapt their methods to circumstances, to strengthen the machinery and augment the financial means available, and bring to bear a sound and closely-knit body of measures constituting a detailed action programme which the Member States may take as the basis for their relevant legislation;
4. *Believes* that the proposals in the Commission's memorandum will, if adopted, constitute the first step towards the introduction, by successive stages, of a common regional policy;
5. *Broadly approves* the methods contemplated by the Commission in its memorandum and is in favour of preparing certain special programmes as an earnest of the resolve to move on into a phase of effective co-operation which will have due regard to particular local situations;
6. *Urges* the Council of Ministers to examine without delay all problems of regional policy, imparting to this study the necessary determined and decisive character to reach a solution — more especially in the broader context of the Community's medium-term economic policy;
7. *Approves* the definite and positive steps taken by the High Authority of the ECSC in the field of regional policy and hopes that the High Authority will pursue these courses of action when the executives are merged, co-operating more closely with regional and national authorities both in structural studies and at the practical level;
8. *Suggests* that the Commission of Euratom should consider nuclear energy policy as an essential component of regional policy, and urges Euratom in drawing up its programme for the installation of atomic power stations to have an eye to regional industrialization plans connected with the general policy of the Community;
10. *Calls upon* the Community authorities to study the possibility of setting up a special fund to finance regional development, a fund which, in collaboration with the European Investment Bank, will make it possible with adequate means and by appropriate methods to deal with the more serious situations of regional underdevelopment and obsolescence;
11. *Recalls* in this connection that European regional policy is closely linked with policy as regards major civil engineering works, notably the improvement of main lines of communication, ports, etc.;
12. *Considers* that a vigorous policy on agricultural structures — which regrettably has only just been initiated by certain disparate measures, can make a valuable contribution to an effective policy for the development of agricultural areas in general and depressed areas in particular; and hopes that the "Guidance" section of the EAGGF will lose no time in adapting its operations to the requirements so arising, concentrating them with regional development plans, applying more funds to such purposes and modernizing its procedures;

13. *Calls for* an early reform of the European Social Fund on the lines set out in the report of Madame Elsner (doc. 53/1965-1966);

14. *Again recommends* that the Community establish a central documentation and information service for matters of regional policy and co-ordinate methods of collecting and processing regional statistical data in the Member States;

15. *Considers* it an urgent preliminary step to overhaul the staff organization and increase the funds and establishment of the existing departments in the EEC Commission so that they may meet the heavy demands arising in the administration of Community regional policy, and urges the Council of Ministers to have due regard to the suggestions put forward in Part V of the report under reference (doc. 58);

16. *Fully appreciates* the political value of participation by representatives of local and regional authorities in the planning of Community regional policy and considers that the

establishment of closer contacts between Community bodies and representatives of the regions is an essential factor for truly democratic collaboration in this sphere;

17. *Trusts* that the common transport policy which seems likely to follow from the agreement of 21 June 1965 will make a major contribution to the execution of Community regional policy;

18. *Believes* it indispensable that the Member States pursue a resolute policy to encourage investment in the less-favoured regions and to supply with appropriate funds the local authorities which, at various levels and each within their sphere, are responsible for regional policy;

19. *Hopes* that the European Executives will bear in mind the comments and suggestions made in the report under reference (doc. 58), and will periodically inform the European Parliament and its relevant committee of the progress made in matters of regional policy.

Resolution on problems relating to the world cereals agreement now under discussion in the Kennedy round

The European Parliament,

[...]

1. *Believes* that the right answer to these problems can only be found if the States are prepared to integrate their individual policies into an international system;

2. *Stresses* the need for stabilization of world agricultural markets, which for certain products must be attained by world agreements incorporating similar rights and obligations;

3. *Is in favour* of a method in which the binding of the margin of support, coupled with a world reference price, forms the essential element of international agricultural agreements, for which as regards certain key products (cereals, sugar, vegetable fats, meat and dairy produce) negotiations are in progress or contemplated;

4. *Is gratified* to note that negotiations for a world cereals agreement have already begun as part of the Kennedy round;

5. *Approves* the standards proposed by the Community for establishing levels of world reference prices for cereals;

6. *Considers* that, having regard to the general trade situation, the possibility should be examined of binding support margins, not for three years as at present proposed, but for two years;

7. *Deems it necessary,* however, that the common cereal prices fixed on 15 December 1964 should be reconsidered before the margin of support is finally bound;

8. *Considers* that world agreements should contain provisions governing the stocking and disposal of surpluses and the financing of these operations;

9. *Earnestly hopes* that, without disturbance to world agricultural trade and markets, the said agreements will also lead to the organization and financing of concerted food aid to countries where earnings are low, and is in favour of fixing financial contributions

according to the degree of self-sufficiency of the contracting parties;

10. *Instructs* its competent committees to continue their study of these problems and report in due course.

Resolution on the stabilization of world markets for raw materials in connection with the United Nations Conference on Trade and Development

The European Parliament,

[...]

1. *Observes* that the development of world trade still presents one aspect disadvantageous to the developing countries by reason of the steady deteriorations of their terms of trade and the contraction of their share in total world trade;

2. *Considers* that, for such time as the economies of the developing countries do not lend themselves to a solution on the conventional lines of liberalization and the most-favoured-nation clause, the industrialized countries must accord to the developing countries a preferential position not based on reciprocity;

3. *Regards* the new Chapter IV to GATT as an important stage along the right path;

3. *Considers* that the pattern of production in the developing countries must first be adapted to the new economic and political situation in the world and that diversification and regional reorientation of their economies are essential for this purpose;

5. *Maintains* that it is incumbent upon the developed countries to adjust their industrial and agricultural policies to this situation, and advocates further financial aid to the developing countries should the modernization of their economies be jeopardized by a widening of the gap between the prices of raw material and those of industrial products;

6. *Stresses*, however, that diversification and reorientation cannot be brought about in a short space of time and that immediate steps must be taken to stabilize raw material prices, in particular by establishing international market organizations for tropical agricultural products.

PUBLICATIONS OF THE EUROPEAN ECONOMIC COMMUNITY

Items concerning the activities of the European Economic Community published in the official gazette of the European Communities between 10 June and 9 July 1966

EUROPEAN PARLIAMENT

Written questions and replies

- No 119 (1965-1966) de M. Vredeling à la Commission de la CEE. Objet: Exportation vers les pays de la CEE via l'Allemagne orientale, de produits agricoles en provenance des pays tiers (No. 119 [1965-66] by M. Vredeling to the EEC Commission: Exports of agricultural products from non-member countries to the EEC countries via East Germany) No. 108, 16.6.66
- No 11 (1966-1967) de M. Richarts à la Commission de la CEE. Objet: Crédits d'encouragement à la constitution de sites naturels protégés européens (No. 11 [1966-67] by M. Richarts to the EEC Commission: Appropriations to help in the establishment of protected nature reserves in Europe) No. 108, 16.6.66
- No 20 (1966-1967) de M. Laan à la Commission de la CEE. Objet: Harmonisation des conditions sociales dans le domaine des transports par route (No. 20 [1966-67] by M. Laan to the EEC Commission: Harmonization of social conditions in the field of road transport) No. 108, 16.6.66
- No 23 (1966-1967) de M. Vredeling à la Commission de la CEE. Objet: Nomination de membres du Comité économique et social (No 23 [1966-67] by M. Vredeling to the EEC Commission: Appointment of members of the Economic and Social Committee) No. 108, 16.6.66
- No 24 (1966-1967) de M. Troclet à la Commission de la CEE. Objet: Egalité des rémunérations entre les travailleurs masculins et féminins (No. 24 [1966-67] by M. Troclet to the EEC Commission: Equal pay) No. 108, 16.6.66
- No 28 (1966-1967) de M. De Gryse à la Commission de la CEE. Objet: Discrimination pratiquée par l'Italie à l'égard de ses partenaires de la CEE à l'importation et à l'exportation de laine morte (No. 28 [1966-67] by M. De Gryse to the EEC Commission: Discrimination by Italy against its EEC partners in respect of imports and exports of stripped wool) No. 108, 16.6.66
- No 29 (1966-1967) de M. Sabatini à la Commission de la CEE. Objet: Commerce de fleurs entre l'Italie, l'Allemagne et la France (No. 29 [1966-67] by M. Sabatini to the EEC Commission: Trade in flowers between Italy, Germany and France) No. 108, 16.6.66
- No 17 de M^{lle} Lulling à la Commission de la CEE. Objet: Exécution de la loi d'orientation agricole luxembourgeoise du 23 avril 1965 (No. 17 by M^{lle} Lulling to the EEC Commission: Execution of the Luxembourg agricultural guidance law of 23 April 1965) No. 115, 28.6.66
- No 21 de M. Metzger au Conseil de la CEE. Objet: Reprise des négociations avec Israël (No. 21 by M. Metzger to the EEC Council: Resumption of negotiations with Israel) No. 115, 28.6.66
- No 25 de M. Dröscher à la Commission de la CEE. Objet: Amélioration de la structure économique de la région de l'Eifel-Hunsrück (No. 25 by M. Dröscher to the EEC Commission: Improvement of the economic structure of the Eifel-Hunsrück area) No. 115, 28.6.66
- No 27 de M^{me} Strobel à la Commission de la CEE. Objet: Société commerciale de droit européen ou de droit national (No. 27 by M^{me} Strobel to the EEC Commission: European type of company under European or municipal law) No. 115, 28.6.66

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Communications

Radiation de l'affaire 6-66 (Case 6-66 struck off) No. 122, 7.7.66

Recours introduit le 11 juin 1966 par l'entreprise Alfred C. Toepfer contre la Commission de la CEE (Affaire 22-66) (Suit filed on 11 June 1966 by the firm of Alfred C. Toepfer v. EEC Commission [Case 22-66]) No. 122, 7.7.66

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Avis de concours généraux nos CES/21/66, CES/22/66, CES/23/66 et CES/24/66 (Notice of general competitive examinations Nos. CES/21/66, CES/22/66, CES/23/CC and CES/24/66) No. 104, 10.6.66

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

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Supplement No. 23 of 22 June 1966

Supplement No. 24 of 29 June 1966

Supplement No. 25 of 6 July 1966

Supplement No. 26 of 13 July 1966

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- Bonn: Europäische Gemeinschaft No. 7, July 1966
 - The Hague: Europese Gemeenschap No. 84, July 1966
 - Paris: Communauté européenne No. 7/8, July-August 1966
 - Rome: Comunità Europea No. 7, July 1966
 - London: European Community No. 7/8, July-August 1966
 - Washington: European Community No. 94, July 1966
- Also Spanish edition: Comunidad europea No. 7, July 1966

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