

Brussels, January 1964

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INFORMATION MEMO

A number of items on the EEC Commission's agenda for 1964 are already decided. This memo is intended to keep the press abreast of developments.

Economic and financial affairs

During the January 20-25 session of the European Parliament, M. Marjolin will make his annual speech summing up the economic situation in the Community in 1963 and the outlook for 1964.

The Commission's proposals to the Council on monetary and financial matters and on medium-term economic policy will be studied by the Parliament and the Economic and Social Committee in the early months of the year. A third directive on capital movements is also envisaged.

The reports of the three working parties on regional policy will be ready in the spring, and some action will probably be taken on their recommendations.

Work on energy policy will proceed in collaboration with the two other Executives, but the Commission will itself go ahead with matters still pending in its own field, particularly the fixing of customs duties on oil products (List G).

Customs problems, internal market

There is no deadline for customs disarmament in 1964; the next reduction in internal customs duties is scheduled for January 1, 1965.

However, the Commission has a great variety of tasks ahead of it in the internal market:

- (a) The first of these relate to the establishment of a true customs union : the elimination of charges with effect equivalent to customs duties, the elaboration of common rules to ensure the uniform application

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of the common customs tariff and the free movement of goods, the quest for Community solutions to quota problems. This first series of tasks will be in addition to the work of administering the tariff resulting from the numerous changes of rates for various items.

- (b) The second series concerns the abolition of quantitative restrictions maintained by measures with effect equivalent to quotas or by technical regulations liable to hamper trade. The relaxation of government monopolies also comes under this head.
- (c) The third relates to the preparation of the directives provided for in the general programmes for the liberalization of establishment and services and to studies dealing with the structure of industrial sectors.

A. Establishment of the customs union

It is intended to set up three semi-permanent panels of experts - to draw up general customs regulations (suspension or abolition of duties), to determine the method of calculating customs value and to draw up explanatory notes for the application of the common external tariff.

B. Customs aspects of negotiations under the Trade Expansion Act

This work, which began in 1963, will be actively pursued in 1964. It consists of detailed studies to determine the impact of customs duties on the various products and the semi-tariff and non-tariff obstacles encountered in the principal sectors.

C. Preparation of directives on liberalization of establishment and services

The Commission's programme of work covers the two years from January 1, 1964 to December 31, 1965. Some thirty directives should be issued during this time, dealing with public contracts, wholesale trade, occupations serving industry and transport, banks and other financial establishments, journalists, architects, agriculture, retail trade, accountants, the food industries, engineering, mining and quarrying, and manufacturing.

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In the case of other directives on activities which are not to be liberalized for some time (recognition of degrees, diplomas, and other certificates, co-ordination under Article 57), the preliminary harmonization of national legislation and regulations should be put in hand.

D. Harmonization of technical regulations

This refers to provisions which, though justified on grounds of general interest, nevertheless constitute obstacles to the movement of goods. Among the most typical are those relating to the quality, composition, packaging, marking and inspection of foodstuffs and pharmaceuticals. Work will proceed on the preparation of a European pharmacopoeia.

E. Studies

These are chiefly intended to keep the Commission informed when it is examining specific problems (e.g. safeguard clauses); to supplement the customs section of files prepared for negotiations connected with the Trade Expansion Act by analysing the economic impact of possible tariff cuts on various industries; and to provide the Commission with the basis for a Community solution to problems relating to given sectors.

Agriculture

Fruit and vegetables

With effect from January 1, 1964 quantitative restrictions and measures with equivalent effect were abolished in intra-Community trade in Class I products. On the same date the Member States ceased to rely on Article 44 of the Treaty (minimum prices) with respect to these products.

Not later than June 30 the Council will also have to draw up Community rules for the operation of the markets and for commercial transactions.

Cereals

Under Article 6 of Regulation No. 19 target prices must be brought gradually into line during the transition period and fixed by the Council before July 1 every year. The Commission has put before the Council a

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proposal to effect this alignment in a single operation during the 1964/65 marketing year.

The "cereal" component of the levy on processed products (such as flour, groats, meal, malt and starch) is revised in step with progress towards a common level of cereal prices; the other component (protection for the processing industry) will again be cut by two fifteenths on July 1, 1964 (reaching a total reduction of two fifths).

Pigmeat, eggs and poultry

The intra-Community levies on these livestock products are also being gradually reduced. The part of the levy resulting from the effects on feeding costs of the difference between feed-grain prices is reduced in step with the alignment of cereal prices. The component representing protection for the industry will again be cut by two fifteenths on July 1.

On the same date that part of the levy on imports from non-member countries which maintains Community preference will be raised from 1% to 4%.

Joint financing

In pursuance of Regulation No. 25 the contribution of the Agricultural Guidance and Guarantee Fund to expenditure on refunds and market intervention will be increased from one sixth to one half of total expenditure for 1964/65. The Fund will derive 80% of its total revenue from Member States' contributions calculated in accordance with the scale laid down in Article 200 (1) of the Treaty and the other 20% in proportion to the net imports of each Member State.

Social Affairs

Free movement of workers

It is likely that by the end of January 1964 the Council will have approved the regulation replacing Regulation No. 15, which expired at the end of 1963.

The Commission's draft embodies substantial amendments to Regulation No. 15, in particular on the following points:

- (a) abolition of the principle of priority for the domestic labour market;
- (b) reaffirmation of the principle of priority for the Community labour market;
- (c) accelerated assimilation of migrant workers to nationals as regards employment;
- (d) right of migrant workers to be elected to representative bodies in the enterprise;
- (e) right of certain members of a worker's family to take up residence with him.

The Advisory Committee for the free movement of workers, on which governments, trade unions, and employers' associations are represented, will renew its membership in the coming months.

Social Security

On February 1 the regulations on social security for frontier and seasonal workers will come into operation.

A regulation on social security for seamen is to be prepared in the course of the year.

A study is also to be made of problems in co-ordinating social-security schemes for self-employed persons as the programme on freedom of establishment is progressively put into effect.

Vocational training

During the second half of the year the Commission is to organize a European conference to study certain practical problems of vocational training.

The members of the Advisory Committee for vocational training (whose constitution and rules were approved last December) will be appointed by the end of February; the Committee's first meeting has been fixed for March. This tripartite committee, which has thirty-six members, will present to the Commission, at the latter's request or on its own initiative, considered opinions on matters of general importance or of principle concerning vocational training.

Meetings between the Commission and experts in the Member States will be held in 1964. There will be further sessions to study the alignment of training standards for certain trades, particularly those which are significant from the standpoint of freedom of movement; there will also be a new series of meetings dealing with the training of instructors.

Exchange of young workers

Early in the year a Council decision can be expected on the Commission's proposal for measures to promote the exchange of young workers inside the Community as part of a common programme for the implementation of Article 50 of the Treaty.

Implementation of Article 118

Conclusions will have to be reached during the year on the basis of studies now in hand in collaboration with both sides of industry and Government experts on working conditions and industrial health and safety.

Studies will be put in hand on the basis of a programme to be undertaken immediately to harmonize certain specific aspects of social security.

Equal pay

All discrimination between men and women workers is to be eliminated by December 31, 1964. The Member States had agreed to take steps to introduce equal pay according to the following time-table:

- (a) disparities of more than 15% to be reduced to that figure by June 30, 1962;
- (b) disparities of more than 10% to be reduced to that figure by June 30, 1963;
- (c) all disparities to be eliminated by December 31, 1964.

Transport

In the course of 1964 the Council is to begin examining the five proposals submitted by the Commission at the end of May 1963.

These were for:

- (a) a regulation establishing a rate bracket system for goods transport by road, rail and inland waterway;
- (b) a regulation on the institution and operation of a Community quota for road haulage;
- (c) a directive on the standardization of procedures for issuing licences for road haulage;
- (d) a decision on the harmonization of certain provisions affecting competition in road, rail and inland-waterway transport;
- (e) a decision on the organization of a survey on infrastructure costs in road, rail and inland-waterway transport.

These proposals are already being studied by the Economic and Social Committee and the European Parliament, both of which are to render formal opinions during the first three months of the year. The Council itself will then be able to consider these texts. If the Council adopts them by the end of the year, this will constitute a basis for the common transport policy. The Commission's proposals relate to the most important aspects of transport policy, i.e. the free movement of transport services, the organization of the market and the harmonization of competitive conditions. Moreover, these initial proposals will be supplemented later in the year

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by others dealing with passenger transport, the removal of double taxation on road vehicles and the co-ordination of infrastructure investments.

The application of the common policy to traffic on the Rhine will have to be settled at the same time. The Commission will shortly submit a memorandum to the Council on this matter to assist the Council in taking its decisions.

By June 30, in accordance with Council Regulation No. 141, the Commission will put forward a proposal for applying the rules of competition to road, rail and inland waterway transport.

Competition and tax matters

Harmonization of turnover taxes

On October 17, 1963 M. von der Groeben addressed the Parliament in Strasbourg on the Commission's proposals for a directive dated November 5, 1962, saying that there could be no economic union until tax frontiers were eliminated.

The **finance** Ministers of the Six will discuss the harmonization of turnover taxes when they meet in Rome in February. The Ministers will have before them a report from the Standing Committee of heads of revenue departments on how the common added-value tax system proposed by the Commission might be applied and the effects it would produce. The Council will consider the proposed directive in the spring.

European patent

Discussions on the preliminary draft convention on a European system of patent law, published in November 1962, have reached a decisive stage. On December 10, 1963 the State Secretaries competent in matters of industrial property, meeting under the chairmanship of M. von der Groeben, decided on a proposal of the French delegation to submit to the Member States a report on the questions of principle still outstanding. This report will presumably be adopted by the State Secretaries in February 1964 and then passed on to the Governments of the Member States.

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Cartel policy

The first decisions on individual cases in European cartel law will be made in 1964. It is also intended to settle the problem of the numerous exclusive-dealing agreements notified to the Commission, as far as possible by general measures.

Associated African States and Madagascar

The new Association Convention with the associated African States and Madagascar did not come into force on January 1, 1964 because the requisite conditions had not been fulfilled. Article 57 of the Convention specifies that it comes into operation when the instruments of ratification of the six Member States and at least fifteen of the associated States and the instrument notifying the conclusion of the Convention by the Community have been deposited. These conditions are likely to be fulfilled towards the beginning of the spring.

In view of the delay in the ratification of the Convention, it has been necessary to extend the provisional arrangements which were to lapse on December 31, 1963.

The Commission has decided to ask the Council to extend until the Convention comes into force measures intended:

- (a) to eliminate customs duties and charges with equivalent effect in accordance with the system in force on December 31, 1962;
- (b) to maintain reciprocal import quotas at the level fixed for 1962, subject to arrangements that may be made by the EEC under the common agricultural policy;
- (c) to take into consideration, in the framework of the common agricultural policy, the interests of the associated States as regards products similar to or competing with European products;
- (d) to maintain the situation concerning freedom of establishment resulting from the application of the Treaty up to December 31, 1962.

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Until the Convention comes into force it would also be appropriate for the Council to authorize the Commission to finance, from its budget, 200 extra scholarships, resident training periods for nationals of the associated States and short training courses.

Trade conferences and relations with non-member countries

During the year the Community will take part in two trade conferences -- the Kennedy round of multilateral negotiations in GATT and the United Nations Conference on Trade and Development.

As was agreed by the GATT Ministers in May 1963, the Kennedy round is to begin on May 4, 1964. The Contracting Parties are still in favour of this date in spite of fears that the complexity of the preparatory stage may cause some delay.

The Trade Negotiations Committee set up by the GATT Ministers to prepare the conference is to meet in Geneva, probably during the week beginning February 10, 1964. On the basis of the reports presented by its various sub-committees, the Committee will prepare its own report for the Contracting Parties. The report will sum up the progress made in deciding the procedure to be followed in the Kennedy round.

Contracting Parties will receive the Committee's report at their meeting beginning in Geneva on February 24. (This meeting will be attended by ministers' deputies). The meeting will last about three weeks and will also deal with other GATT business. Although the Trade Negotiations Committee will not submit definitive procedural arrangements, there is no reason for a further meeting of Contracting Parties since the Committee is empowered to make them itself.

The United Nations Conference on Trade and Development will open in Geneva on March 23. It is intended to be the highlight of the United Nations Development Decade and was decided upon by the General Assembly in December 1962. The Preparatory Committee met in January-February and May-June 1963, and a further meeting is scheduled for January 1964.

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The Conference will deal mainly with trade problems concerning the developing countries. It will inevitably overlap the work of the GATT conference, and the Eastern bloc, which took the initiative in convening the UN Conference, will surely attempt to bring out the superior effectiveness of the latter.

The Conference may set up a new international body to deal with trade and development, and this would put the future of GATT in the balance.

The Community as such, as well as the Member States, will be represented at the Conference. In December 1963 the Commission put before the Council a memorandum on the constructive measures the Community might propose during the Conference.

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Negotiations and exploratory talks are to be held shortly with a number of non-member countries. The terms of a possible association agreement with Austria will be studied further. Negotiations for the conclusion of a commercial treaty with Israel, which began in 1962, will be resumed. The same applies to Nigeria. Talks with Tunisia are in progress, and preparatory discussions are to be held with Morocco and Algeria. The application for a form of association submitted by Kenya, Uganda and Tanganyika is also on the Commission's programme.

The Association Agreement with Turkey will come into force during 1964 after ratification by the signatories.

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Time-table for common agricultural policy

As a result of the decisions taken by the Council on December 23, the following points should be added to Information Memo P/1.

Cereals: By April 15, 1964 the Council will fix cereal prices for the 1964/65 marketing year on the basis of the Commission's proposals.

Dairy produce and beef and veal: The common policy comes into operation on April 1.

Rice: The common policy comes into operation on July 1.

Fats: By June 1 the Commission is to put forward a draft regulation based on principles laid down by the Council. The latter must come to a decision by November 1.

In addition, the Commission must submit draft basic regulations concerning the sugar market and a proposal for Community rules regarding quality wines produced in certain areas. The Council must also take decisions on four proposals by the Commission on the alignment of health regulations (concerning intra-Community trade in fresh meat, cattle and pigs, fresh poultrymeat and meat products) and on the proposal for the harmonization of legislation on cocoa and chocolate.