

EUROPEAN ECONOMIC COMMUNITY
COMMISSION

First

GENERAL REPORT

on the

Activities of the Community

(January 1, 1958 to September 17, 1958)

SEPTEMBER 17, 1958

The President and the Members
of the Commission
of the European Economic Community
to
the President of the
European Parliamentary Assembly

Mr. President,

We have the honour to submit the first General Report on the Activities of the Community, which the Commission is required to publish in pursuance of Article 156 of the Treaty establishing the European Economic Community.

In view of the provisions of Article 122 of the Treaty, which lays down that the Commission shall, in its annual report, include a special chapter on the development of the social situation within the Community, a « Survey of the Social Situation in the Community » has been annexed to the General Report.

Please accept, Mr. President, the expression of our high esteem.

Brussels, September 17, 1958.

Walter HALLSTEIN,
President

Piero MALVESTITI,
Vice-President

Sicco L. MANSHOLT,
Vice-President

Robert MARJOLIN,
Vice-President

Robert LEMAIGNEN
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INTRODUCTION

1. The Treaty establishing the European Economic Community came into force on 1 January 1958. The Economic Community, which follows up the work of economic integration begun in the European Coal and Steel Community and which has as its complement, in the establishment of Euratom, a special effort in the field of atomic energy, is introducing a new form of economic organization in Europe. Creation of the Community opens up new prospects of progress and prosperity for the peoples of the six States, now more closely bound together, and offers all Europe the picture of a union that is becoming more and more necessary, together with the means of attaining it.

2. The first General Report, drawn up by the Commission and submitted to the European Parliamentary Assembly at its first ordinary session in October 1958, covers only nine months' life of the Community, whose start was greatly helped by the work of the Interim Committee set up by the Governments when they signed the Treaty.

3. The course of events has played as large a part as the provisions of the Treaty in deciding the main activities and problems of the Community during the first months of its existence. At the time the Treaty came into force the Governments of the Member States were engaged in difficult negotiations with the other Member States of the Organization for European Economic Co-operation concerning the plan for a European free trade area. In view of the features of the plan under discussion, which in certain respects resembled those of the Treaty of Rome, but in other respects and in political aim were completely different, in view too of the effect on the development of the Community which the execution of such a

plan could produce, it was the duty of the Member States to defend only common points of view.

Even before the Treaty of Rome had come into force the Governments of the Six had constantly striven to co-ordinate their attitudes, and as a result a sort of discussion has gradually developed between them, without however enabling them so far to overcome all differences of opinion. Ever since its formation the Commission has taken part in these inter-governmental exchanges. After a period of study the Commission has endeavoured to bring the points of view of the Governments into line by submitting to them a concept based on an overall appreciation of the interests of the Community and of the place the Community should fill in Europe. This concept, which was placed before the European Parliamentary Assembly and in June formed the subject of a major debate, is being gradually expanded by the Six as the discussions between them progress.

4. One of the most important steps for which provision is made in the Treaty has been the organization of the conference of Member States held in Stresa during the first half of July, when the varying agricultural policies of the Six were examined. The conference, which brought together members of the Governments, senior civil servants with specialist knowledge of the subject and representatives of professional organizations, proved to be a success: it went beyond mere comparison of the various points of view and made it possible to bring out certain lines which would serve as pointers in the formulation of a common agricultural policy.

In the social field the most notable activity has concerned the efforts to apply, in the form of a regulation made by the Council under Article 51, the European Convention on Social Security for Migrant Workers. Although this convention was signed in Rome during December 1957 by the representatives of the Six Governments, new difficulties have occurred. The Commission has worked unflinchingly to remove these obstacles, and now at last a favourable decision has been reached in connection with this first success in the social field.

The Treaty laid down a period of six months during which the particulars of the supply and the working of the Development Fund for the overseas countries and territories should be fixed. This time-limit has been observed, and in addition the Commission has already arranged the contacts it will need to have with the competent authorities of the associated countries and territories.

The Commission is studying and preparing all the other measures which must, under the terms of the Treaty, be taken during the first year of the Community's existence.

The Institutions have not failed to deal with certain permanent tasks laid upon them. The trend of the economic situation and the balance of payments of Member States have been accorded constant attention and have led to a first act of intervention.

By the nature of things the past months were bound to be a period of organization and preparation. Two groups of tasks have been accomplished which will have their effect on the success of future action : the establishment of the Institutions, of the organs and of their administrative services ; and also the undertaking of certain fundamental research and the collection of information on the general situation of the Community at the date on which the Treaty came into force.

5. One of the outstanding features of the Community is the major role accorded to the common Institutions ; in the last resort the success of the Community will depend on the effectiveness of the body of Institutions. The establishment of these Institutions, the decisions on their methods of work, the creating of cordial relations between them, with Governments and with the relevant organizations in the Member States as well as with the outside world — these have rightly formed one of the main activities of the Community in these early months.

The Commission, whose duty it has been to build up a new administration from scratch, has taken the greatest care in the selection of its personnel.

In getting started it has had the benefit of generous assistance from the High Authority of the Coal and Steel Community ; with the High Authority and with the Commission of Euratom it has established a close co-operation which not only helps to ensure unity of policy but also to avoid duplication of effort.

6. The Commission will not be able to perform its task efficiently unless the situations with which it has to deal are known with exactitude. It is the role of the Commission, whose duty it is to watch over the application of the provisions contained in the Treaty, to receive the requisite information from Governments ; it then examines the data placed before it and will call for any further relevant information.

But this information, while essential for immediate action, is not enough, especially when looked at from the angle of hammering out a common policy ; what is needed is to go beyond the bounds of the state and to obtain an overall picture of the situation at Community level. To achieve this purpose, which is based on the provisions of Articles 43, 122 and 245 of the Treaty, the Commission has undertaken to produce a series of general surveys ; the first of these are attached : they deal with the general economic situation and with the situation in the social field, in agriculture and in the overseas countries and territories.

7. In all these early activities and even more, no doubt, during the negotiations about the association of the other European countries with the Community, it has been possible to see clearly the true nature and purpose of the Community : it must be established not merely by using the machinery for the removal of obstacles, but far more — in line with the idea which inspired the Community and as stated in Article 2 of the Treaty of Rome — by the progressive approximation of the economic policies of Member States with the object of finally attaining true political unity. Wherever the Treaty is applied, whether in general economic policy, in monetary policy, in

policy relating to economic trends, in energy policy, in social or agricultural or transport policy or in the policy governing economic relations with the associated overseas countries and territories or with non-member states, the Community must be the expression of a policy consciously intended to be European.

The task of integrating Europe did not come to an end with the signature of the Treaties of Rome on 25 March 1957 ; the work has to be pressed forward day by day : the habit of thinking in purely national terms must be dropped by all those who in the last resort are responsible for the realization of the Community, by the Governments, the administrations, by the leaders of the economic and social world ; they will have to take their decisions from the angle of the Community. We might add that the steady progress made in this connection has proved most encouraging.

This approximation of national policies indicates the road along which the Community will, when the time is ripe, be extended to other fields ; if European integration is to make fresh advances it must become a reality both in practice and in the will of the individual.

8. The lines on which the Community is moving determine the tasks and responsibilities of the institutions and the role to be played by each of them. Far from being merely the machinery for executing a series of technical measures, they form a dynamic element which will bring about the progressive approximation of national policies and, later, the application of a common policy.

In this matter the Commission is assuming a special responsibility. It is an independent body capable of taking a broad, objective view of the Community's problems. As guardian of the Treaty it is first and foremost responsible for thinking out and formulating the main lines of the action to be taken.

The Council is the meeting-place of ministers representing the Member States, and at the same time an institution of the Community. While national interests and national points of

view are expressed in the Council — as is natural and necessary, particularly in fields where the Treaty has only laid down principles but has left to the institution the task of drawing up rulings of a general nature — the Council none the less speaks for the whole Community. The Commission shares in these activities through its proposals and also, when it takes part in decisions in the circumstances defined in the Treaty, as protagonist of the common interest.

The Assembly, composed of representatives of the various peoples, exercises democratic control over the activities of the Community. It has the right to pass a vote of censure on the Commission. This control, however, is not negative in character but rather a spur, an inspiration and a help for the activities of the institutions, and it brings the public opinion of the Community to the support of all steps or endeavours made in service of Europe.

9. While the common institutions and the Governments of Member States have a special responsibility for the attainment of the objectives of the Community, it will not be possible to attain them without the co-operation and help of the men who exercise leading functions in all fields and, in the last resort, of the active support of public opinion.

It is for these reasons that the Commission has decided to let its actions be fully known to the public, keeping in the picture the representatives of those economic and social groups concerned, consulting them, advising them, even associating them with the work where possible. In this connection the Commission attaches great value to the advice it will have to ask from the Economic and Social Committee. In its endeavours to take account of all legitimate interests, the Commission will listen to the opinions and comments submitted to it by the representatives of these interests, whether organizations or individuals.

The Commission also notes with pleasure the many endeavours that have already been made to arrange for the

exchange of ideas among those responsible for the various fields of activity in the six countries or for a better understanding of the objectives of the Community ; in the firm belief that such action will further the realization of the objectives of the Treaty and will develop a sense of community, the Commission gives them its unstinted support.

10. The progress of European integration does not depend entirely on the conclusion of new Treaties, but should come from the daily work of applying the Treaty of Rome, from the task of formulating the regulations, the decisions and the common policy which must stem from the European concept. The Commission, however, is convinced that, in addition to this broad field of activity, there is room for every possible extension of integration to further fields. With this in view the Commission is lending full support to the scheme for the establishment of a European University as a centre of common learning and culture.

11. On a number of occasions members of the Assembly have pointed to the practical difficulties arising from the name that the text of the Treaty has allotted to the Commission. The Commission itself is only too conscious of the problem ; in order to avoid confusions as far as is possible, the Commission will in the remainder of this General Report be referred to as the « European Commission ».

12. In submitting this General Report, which attempts to review the activities of the Community and to bring out certain lines for future action, the Commission is aware of its responsibility to the Assembly, and it realizes that the exercise of this democratic control is a spring from which it can draw the strength and assurance which it needs in the pursuit of its duty.

CHAPTER I

ORGANIZATION OF THE COMMUNITY

13. The execution of the tasks entrusted to the Community depends to a large extent on the institutions and on the organs provided to help them. It is therefore natural that the first General Report on the activities of the Community should open with a picture covering the installation of the institutional machinery. This picture covers :

- the creation and early activities of the institutions and organs ;
- the relations between the institutions and the other Communities as they appear in the light of the first month's work, and
- the material circumstances of the start, location and financing.

The Creation and first Steps taken by the Institutions and Organs of the Community

THE EUROPEAN PARLIAMENTARY ASSEMBLY

14. The Assembly was convened by the President of the Council pursuant to Article 243 of the Treaty and held its constituent session at Strasbourg from 19 to 21 March 1958. During this first session the Assembly, which replaced the Common Assembly of the European Coal and Steel Community, examined and approved the credentials of its 142 members. It appointed as its President Mr. Robert Schuman.

The Assembly then created 13 Committees :

- Committee on Political Affairs and Institutional Questions ;
- Committee on Commercial Policy and Economic Co-operation with Non-Member-Countries ;
- Committee on Agriculture ;
- Committee on Social Affairs ;
- Committee on the Internal Market of the Community ;
- Committee on Investments, Financial Questions and long-term Policies ;
- Committee on the Association of Overseas Countries and Territories ;
- Committee on Transport ;
- Committee on Energy Policy ;
- Committee on Scientific and Technical Research ;
- Committee on Safety, Industrial Hygiene and Health Protection ;
- Administrative Committee of the European Parliamentary Assembly and the Budgeting of the Communities ;
- Committee on the Settling of Legal Questions, on Petitions and Immunities.

The Assembly also heard an address from the President of the European Commission concerning the first steps of the Community and the lines on which it was taking action.

Finally it was decided to adopt the name of " European Parliamentary Assembly ", as it was wished to emphasize its role in the Community, the forerunner of a more closely integrated Europe.

15. The Assembly held a second session in Strasbourg in the months of May and June 1958. This session opened on 13 and 14 May, and was continued from 19 to 26 June 1958. On this

occasion, and for the first time in the history of international assemblies, members belonging to one political group sat together in the hemicycle.

After a resolution on the seat of the European institutions had been discussed and voted upon, the session was devoted mainly to discussion of the General Report on the Activities of the European Coal and Steel Community. However, the Assembly also held a special debate on problems concerning the association of other European states with the Community. In addition, it adopted its Rules of Procedure.

The Committees set up by the Assembly have started to function, and broadly speaking it can be said that they have already held a number of meetings; these have been attended by members of the European Executives.

THE COUNCIL

16. Since the coming into force of the Treaty, the Council has held nine sessions, *i.e.* an average of one per month. The constituent session of the Council was held on 25 and 26 January 1958, *i.e.* within the period of one month from the coming into force of the Treaty, as laid down in Article 241.

During these sessions the Council discussed a large number of questions. Among other things it took the following decisions:

- Establishment of a committee composed of permanent representatives of Member States, pursuant to Article 151 of the Treaty;
- Grant of temporary treasury advances intended to cover running expenses, pursuant to Article 246, paragraph 2;
- Fixing of salaries, allowances and pensions for the President, Vice-Presidents and members of the European Commission in accordance with Article 154;
- Adoption of the statute of the Monetary Committee, pursuant to Article 153;

- Adoption of the provisional Rules of Procedure for the Council, pursuant to Article 151 ;
- Drawing up of the list of " arms, amunition and war material " covered by the provisions of Article 223, paragraph 1 (b) ;
- Nomination of the members of the Economic and Social Committee, pursuant to Article 194 ;
- Approval of the conclusions of the Inter-Sessional Committee of GATT concerning the Treaty ;
- Despatch of a memorandum from the Member States to the states of Latin America ;
- Approval in principle of the Regulation concerning Social Security for Migrant Workers, pursuant to Article 51 of the Treaty.

At many of these sessions the ministers had valuable exchanges of views on the attitude to be adopted by the six Governments in the negotiations concerning the association of other European countries with the Community. Between the sessions further exchanges of views on the same subject occurred, outside of the Council, between those ministers to whom the conduct of the negotiations has been specially entrusted.

THE EUROPEAN COMMISSION

Establishment and composition

17. In accordance with Article 158 of the Treaty the representatives of the Governments of the Member States, meeting in Paris on 6 and 7 January 1958, appointed the members of the Commission. This Commission met for the first time in the Château of Val Duchesse at Brussels on 16 January 1958, when its members publicly gave the solemn undertaking referred to in Article 157.

One of the members of the Commission, Mr. Michel Rasquin (Luxembourg), died on 27 April 1958. The European Commission wishes once more to pay him its heart-felt homage. Mr. Lambert Schaus, who has been called to succeed Mr. Rasquin, took up his duties on 18 June 1958.

Procedure

18. The essential rules for the functioning of the Commission are already laid down in the Treaty itself, which provides in Article 163 that the conclusions of the European Commission can only be reached by a majority of the number of members provided for in the Treaty, *i.e.* by a majority of five votes. As regards a quorum, the European Commission has followed the example of the High Authority of the E.C.S.C. in fixing its quorum at five.

The rules governing the conditions in which decisions can be taken having been fixed in this manner, it was for the European Commission to settle the particulars of the internal system by which decisions would be prepared and their implementation supervised. In theory two extreme solutions were possible; first, the Commission could act in strictly collegiate manner, the preparation of decisions and the check on their execution being retained entirely in the hands of the Commission; or secondly, there could be a division of tasks under which each member of the European Commission would assume responsibility for a particular field.

The European Commission, basing itself on the practice of the High Authority, decided on an intermediate system. It divided its work into eight technical sections, to which must be added the further section covering administrative questions. Each of these technical sections is entrusted to a group of three or four members, of whom one acts as chairman and has a special responsibility for the section concerned. The President retains the right to put any matter before the European Commission at any time.

The division of responsibility and the membership of the groups are given in a table attached as Annex A.

Organization of the Administrative Services

19. Parallel with the groups referred to above, the European Commission has organized its services in nine Directorates-General and a Secretariat, and in addition there are other services, in particular certain services common to the three European Executives. The Directorates-General are themselves subdivided into directorates with their own responsibilities. In organizing itself on these lines the European Commission has aimed at creating the simplest possible structure ; with this in view it has striven to reduce to the greatest extent possible the number of large administrative units.

The organizational plan of the European Commission's services is attached as Annex B.

20. At the time of publication of this General Report the officers for the higher ranks of the services have been recruited and a certain number of officials engaged.

In view of the provisional character of the present administrative and financial set-up, the staff has been engaged on terms similar to those in force in the E.C.S.C. ; the European Commission hoped that this would make it possible to harmonize staffing arrangements in the three European Communities.

THE COURT OF JUSTICE

21. At the conference held in Paris on 6 and 7 January 1958 the Governments of the Member States decided to defer the appointment of members of the Court of Justice required to replace the Court of Justice of the E.C.S.C. The purpose of this delay was to avoid interruption of matters before the Court at different levels, which would have made it necessary to restart the cases being heard.

Meanwhile the Governments of the Member States have reached agreement on the composition of the new Court of Justice, which will shortly begin function.

ECONOMIC AND SOCIAL COMMITTEE

22. The 101 members of the Economic and Social Committee (see Annex C) were appointed by the Council at its session of 22 April 1958. These appointments made it possible to constitute the Committee in accordance with Article 242 of the Treaty within a period of three months after the first meeting of the Council.

The Committee held its constituent meeting in Brussels on 19 May 1958. At this meeting it selected its Committee of Elders and nominated a working party to draft its Rules of Procedure.

The Committee held a second session on 28 and 29 July; this session was devoted to approval of its Rules of Procedure, which in accordance with Article 196 of the Treaty must be submitted for approval to the Council, which shall act by means of a unanimous vote.

MONETARY COMMITTEE

23. Pursuant to Article 153 the Council at its second session, having obtained the opinion of the European Commission, laid down the statute of the Monetary Committee set up under Article 105. The members of the Monetary Committee (see Annex D) were appointed immediately after, and the Council took note of these appointments at its third session on 18 March 1958.

The Committee has already begun its activity. As laid down in the Treaty, it keeps under review the monetary and financial situation of the Member States and of the Community, and also the general payments system of Member States. It has already been consulted by the Commission and problems con-

cerning the balance of payments which have arisen earlier in the year.

CONSULTATIVE COMMITTEE ON TRANSPORT
ENVISAGED IN ARTICLE 83

24. The statute of the Consultative Committee on Transport, set up to advise the European Commission, has recently been approved by the Council.

COMMITTEE TO ASSIST THE COMMISSION IN THE
ADMINISTRATION OF THE SOCIAL FUND
(ARTICLE 124)

25. This Committee will be formed shortly.

The European Investment Bank

26. The European Investment Bank has been created under Article 129 of the Treaty, which granted the Bank legal personality and its own statute. This statute provides that the Bank shall have the following organs : Board of Governors, Board of Directors, Management Committee.

The Board of Directors consists of 24 Directors and alternates nominated by the Member States and by the Commission, which has already nominated one Director and one alternate ; their appointments were made by the Board of Governors and are for a term of five years. The complete list of Directors and of members of the Management Committee is attached as Annex E.

Organization of the Bank began in February, and is now working normally. The offices of the Bank have been located provisionally in Brussels. The Board of Directors has met a number of times in order to receive reports on the work of organization performed by the Management Committee of the Bank and to discuss the policy which it will follow.

To date no application for the grant of credits has been dealt with by the Board of Directors; the Committee has therefore not been called upon to give an opinion on such applications, as required by the statute of the Bank. Similarly the Commission has not forwarded to the Bank any applications for loans made to the Commission. Several investment plans are however under examination.

The Board of Directors is to produce, at the end of each financial year, a report covering all the activities of the Bank. This report will be submitted to the Board of Governors and, after being approved, will be published in accordance with the provisions of Article 11 of the statute.

The Working of the Institutional Machinery

27. The smooth functioning of the Community depends to a large extent on the existence of good relations between the institutions and the organs referred to above. Over and above the rules of the Treaty which fix the powers and the authority of the various parts, a "tradition" will have to be developed, based on two principles: first, that relations between the institutions must be conducted in the spirit of co-operation which characterizes participation in a common effort; and secondly, this co-operation must spring from the wish to put the interests of the Community as a whole before all else.

Parliamentary Control and the Advice of the Assembly

28. Control by the Assembly is the outward sign of the democratic character of the Community. This supervision is given effective power through the motion of censure envisaged in Article 144. If such a motion is adopted by the Assembly by a two-thirds majority of the members of the Assembly, the members of the European Commission must resign their office in a body.

The European Commission, realizing the fact that control by the Assembly applied not only, as in the E.C.S.C., to the

General Report but to the whole of its work, will not confine itself to discussion of the Report with the Assembly and to observance of those provisions which expressly require that the Assembly be consulted ; wherever possible the Commission will obtain an opinion from the Assembly and will act on the suggestions made to it by this body concerning the preparation of reports and studies, as specifically laid down in the Treaty in respect of the social field (Article 122). In particular the Commission will use the opportunity provided by Article 149, paragraph 2, under which it may amend its original proposal as long as the Council has not acted, particularly in case where the Assembly has been consulted on the proposal concerned.

The European Commission hopes that the election of members of the Assembly by universal suffrage will be possible at an early date. It considers that the Assembly has a special responsibility for promoting and encouraging all endeavours which can further the European idea.

The Elaboration of Decisions and of the Common Policy

29. The Treaty links the Council and the European Commission closely for the performance of the executive duties involved in its application.

In the Community structure established by the Treaty, the Council, composed of representatives of the Member States, is also a joint institution responsible for carrying through the provisions of the Treaty. It interprets the representations that have to be made by the national authorities wherever certain of the general rules contained in the Treaty have to be expanded, *i.e.* where a Community policy has to be worked out.

Beside the Council the Treaty has created a European Commission as an independent body entrusted with the tasks of working out the main lines of the Community's action and of submitting them for the approval of the Council composed of national Ministers. Besides its own power of decision and its role

as guardian of the Treaty, the Commission has here its own special task : the elaboration of the Community's policy.

Close co-operation must therefore be established in practice between the Council and the European Commission. This co-operation, which must be deliberate, is also to some extent imposed by the Treaty itself, since in most cases the Council can take a decision only after receiving a prior proposal from the European Commission, and since on the other hand a proposal of the Commission can only be translated into decision on approval by the Council, acting on a unanimous or majority vote.

The Committee of Permanent Representatives, whose duty it is to prepare the work of the Council and to execute the tasks which the Council entrusts to it, has an important role to play in the development of friendly collaboration between the institutions.

The advice of the Economic and Social Committee

30. In many cases the Economic and Social Committee has a say in the elaboration of decisions. An opinion of the Committee is compulsory in those cases laid down by the Treaty. In addition the Commission and the Council may consult it whenever they consider this useful.

The Treaty gives the Economic and Social Committee consultative status, but it is obvious that its opinions, produced by highly qualified and representative persons will in every case provide important food for thought for the Council and for the European Commission.

The Commission, aware of the importance of these opinions, has endeavoured to ensure that the composition of the Committee, while corresponding to the provisions of Article 193, shall reflect an overall balance without which the opinions of the Committee would inevitably be thought to express a particular trend. With this in mind the European Commission has

proposed that a general balance should be maintained between persons representative of, or close to the world of labour and persons who are employers or connected with employers. However, the numerical representation of these trends within the Committee, important as it may be, is not a decisive factor; in every case the institutions which have to consult the Committee will have before them both the opinion of the majority and that of the minority, so that account can be taken of all views expressed.

The European Commission has also expressed the opinion that it would be desirable to avoid creating a system of deputies. While appreciating the practical difficulties of the members, the Commission considers that such a development would in practice mean doubling their numbers and would damage both the working of the Committee and the value of its opinions. On the other hand the Committee has proposed that provision should be made for the hearing of experts and qualified persons.

Co-ordination of the three European Communities

31. As the Assembly stated in its resolution of 27 June 1958, the "three European Communities stem from one political idea and concept, and form three separate elements in a single entity". On this point the Treaties of Rome provide formal guidance, since they establish one Assembly and one Court for all three Communities, and one Economic and Social Committee for the two new Communities.

However, Article 232 of the Treaty establishing the European Economic Community stipulates that the provisions of the Treaty shall not affect those of the Treaty establishing the European Coal and Steel Community in regard to the rights and obligations of Member States, the powers of the institutions of the said Community and the rules laid down by the Treaty for the functioning of the Common Market for coal and steel. The same Article rules that the provisions of the Treaty shall

not detract from the provisions of the Treaty establishing the European Atomic Energy Community. The three Communities therefore remain legally separate entities, and it must be accepted that the texts signed in Rome made no provision for any organic link between the High Authority and the new European Commissions.

32. As soon as the new Commission was set up the three Executives, realizing the fundamental unity of the European Community and determined to correct in practice the division produced by the Treaties, established regular contacts with the object of seeing what steps could be taken to ensure closer co-operation between them. With this in mind the High Authority has aided the early work of the two new Commissions by placing at their disposal considerable number of staff and quantities of material. Such assistance has been particularly valuable to the European Commission, which takes this opportunity of expressing its appreciation.

For its part the Assembly has, ever since its constituent session, given thought to the problem of co-ordinating the three Communities. The Committees it has set up are, each in its own field, responsible for following the work of all three Communities. During its June session the Assembly, acting on a proposal from its Political Affairs Committee, adopted a resolution which is referred to above. Co-ordination is also the subject of wishes expressed in most of the other resolutions devoted to the various major fields covered by the Treaties.

33. The problem of co-operation between the three Executives is first and foremost a problem of unity of policy and of action. If the steps taken were limited to the administrative level, this essential objective would never be attained; it is on the level of the executive institutions themselves that the most intimate organic co-operation must be assured.

With this purpose in view the High Authority and the two European Commissions first of all agreed that meetings of

their Presidents should be held regularly. Several meetings of the Presidents have already occurred, and it has been agreed that for the future they shall become a more or less regular "institutions". At these regular meetings the Presidents will examine all problems which are of common interest and which affect the general policy of the Communities. They will bring with them, as and when necessary, other members of the Executives.

The Executives have also reached agreement on the establishment of inter-executive groups composed of one or, if need be, more members of each institution. As a provisional measure it is planned to apply this procedure to the following problems :

- External relations,
- Economic and financial policy,
- Energy policy,
- Social problems,
- Transport,
- Press and information.

Within these groups the members of the Executives will keep under constant review these problems, plans and decisions which concern all three institutions in common, and which can influence the further development of the Community.

34. With a view of further study of the forms of mutual co-operation which they have established, the Executives have also formed a committee to which each will appoint one or two of its members. It will be the duty of this committee to keep under constant review those measures which have already been taken and to prepare proposals for further measures.

The above procedures cannot of course alter the tasks or the responsibilities of each Executive.

35. Turning to the services, co-operation has been initiated and will be steadily expanded. There are three reasons why

co-operation is essential : to enable the Executives to attain unity of policy with a minimum of difficulty, to make the unity of the Community evident to the outside world and to use in the most rational manner possible the means at the disposal of the Communities.

Broadly speaking co-operation may occur, according to circumstances, in one or other of the following forms, which may also occur in combination :

- Creation of organic links at all levels of the administration. This means the adoption between the three Executives of a procedure known on the national plane under the name of "inter-ministerial co-ordination"; it will mean meetings, exchange of information and any other form of joint effort and mutual assistance at the level of Directors and of officers responsible for the various services.
- Execution of certain tasks by a division or a service in one Executive on behalf of the other Executives. This procedure will prove of greatest value when fundamental research or other work must be carried out to serve as basis for the elaboration of decisions to be taken by the individual institutions.
- Establishment of single services for the execution of all tasks in a given field arising from the activities of the three Communities.

For the purpose of applying these concepts, agreements have been reached between the three Executives ; they are summarized later in this Report.

Economic trends

36. The Commission of the European Economic Community has assumed responsibility for the study of economic trends. The group of experts on economic trends set up in the E.C.S.C. will

in future work under the European Commission, with qualified officials from the High Authority and from Euratom sharing in the work. The studies on the particular economic situation in the field of coal and steel and perhaps those on the field of atomic energy will be made by the High Authority and by Euratom and placed at the disposal of the Commission of the Economic Community as a contribution to the picture of the overall situation.

General Economic Surveys and Basic Problems of short-term and long-term Economic Policy

37. When the three Executives or two of them find that they need to make a joint survey, they will agree on entrusting the work to one or more particular individuals and on the terms of references to be given.

Whenever the results of a survey that has been made by one of the Executives could be of value to the other two, these results will automatically be passed to them.

Of course the Executives will be entitled to call on the same scientific persons as advisers.

General Energy Policy

38. By the terms of the protocol of 8 October 1957 between the High Authority and the Council of Ministers of the E.C.S.C., the High Authority has been invited to make the surveys required for preparation of a co-ordinated general policy for energy.

The European Commission is keenly interested in this problem both because of the far-reaching effects of energy policy on the general development of the Economy and because of the fact that certain important sources of energy come immediately under its jurisdiction.

The European Commission will share in the working

out of the energy policy, particularly through the work of the joint Committee.

Social Affairs, Transport, External Relations

39. In these fields, as in those referred to above, the Executives have, as already stated, agreed to set up inter-executive groups composed of one or more members from each institution; unity of policy will thus be ensured.

In social affairs close organic links will be established at all levels of the administration. They will include consultations, exchanges of information and any other form of joint work and mutual assistance which may appear desirable when the tasks in hand are similar. In the same way collaboration will be established in connection with the surveys to be made : the services of each Executive will be able to take part in any studies or any meetings of experts arranged by another Executive ; it will be possible to call on the services of one Executive to study certain given problems on behalf of all three administrations, and it will be possible for a division of labour to come into being where the work to be done concerns more than one Executive at a time. Obviously, when one institution decides not to undertake certain work itself, it will still receive such information as it needs thanks to the part taken in the work by its officials and the chance they will have of making suggestions on the aims and methods of the work.

Similar forms of co-operation are being studied in connection with other fields : transport, external relations, market...

For external relations in particular the three institutions have further decided that whatever representation they may find it necessary to establish abroad will be common to the three Communities.

In view of the individual responsibilities undertaken by each of the Executives, it does not at present seem possible to the European Commission to plan for all services covering the same field to be regrouped in a single service under the authority of one Director.

Legal, Statistical and Information Services

40. These services will be common to the three institutions and they will each be placed under one management. The form of their organization will be made to correspond with practical requirements.

Administrative Services

41. A number of arrangements have already been made on the practical level : publication of one Gazette for the three Communities ; establishment of a joint office for examining candidates for posts as translators and secretaries, establishment of an inter-Community Administrative Committee to examine common problems of procedure, of pay, insurances, etc. ; and collaboration between officials on budget questions. In addition the two Commissions have harmonized their provisions concerning the grading of staff, and as far as possible those concerning salaries, with those in force in the E.C.S.C.

Other measures are planned and first steps have been taken in their implementation : establishment of a common statute for all employees of the Communities ; joint handling of the problems of recruitment, joint administration of pension and insurance schemes, creation of a joint staff of interpreters, joint use of services covering the following activities : distribution of publications, addressing machines, duplicating machines, wholesale purchases, stores, library.

In a resolution of June 1958 the Assembly invited the European Community to adopt a dynamic concept of the

structure of the institutions and so to attain the fullest co-ordination of the three Communities, making use of all possibilities open to it under the Treaty. This the Community will do ; but it wishes to point out that despite its desire to do everything possible to bring about the organic unity of the three institutions, the lack of a common seat is a practical obstacle to the achievement of this aim.

The Seat of the Institutions

42. Article 216 of the Treaty lays down that the seat of the institutions of the Community shall be fixed by the Governments of the Member States in common agreement.

At a conference in Paris on 6 and 7 January 1958 the foreign ministers of the six States took their decision that, while in principle they aimed at locating all European institutions of the Six in one place, the choice of the actual seat should be left to a further meeting to be held before 1 June 1958 ; various consultations would be held to prepare the choice, and in the meanwhile the Councils of Ministers would meet when convened by their Presidents, the Assembly would meet in Strasbourg and the Commissions would be given a recommendation that for practical reasons and because of the material facilities available they should hold their meetings in Val Duchesse (Brussels) or in Luxembourg.

The arrangements decided upon were carried through and there was a further meeting of the Ministers of Foreign Affairs in Brussels on 1 July 1958. For its part, the European Commission felt that in order to conform with the recommendation of the Governments it was appropriate that it should meet alternately in Brussels and Luxembourg. While for the establishment of services common to the three Communities recourse was made mainly to the services of the High Authority in Luxembourg, the embryonic administration of the European Commission undertook the major part of its work in Brussels. The Council

meets as a rule in Brussels, and here too the European Investment Bank has located its offices. The Assembly has held its sessions in Strasbourg.

The opinions that were to be sought were duly obtained ; in May and June the Assembly held major debates on this theme ; these deliberations led to a resolution expressing the views of the Assembly.

The conference of Ministers of Foreign Affairs held on 1 July 1958 did not reach a decision on the seat.

The Commission has had to draw conclusions from this situation : the practical arrangements already made in the matter of setting up its services in Brussels have been maintained ; as for the meetings of the Commission, they have from then on, for obvious practical reasons, been held in the place where the services were located.

Budget Problems

43. In accordance with Article 246, paragraph 1, the first financial year of the Community began on 1 January 1958 and will finish on 31 December. Under paragraph 2 of the same Article the Member States have made treasury advances to the Community intended to cover running expenses until the budget has been approved.

The budgets for the financial years 1958 and 1959 are now being prepared. In accordance with Article 203 the preliminary draft budgets will be laid before the Council not later than 30 September of this year ; they will be laid before the Assembly not later than 31 October. Representatives of the European Commission shared in the work done by representatives of the various institutions with a view to harmonization of the form in which all the budgets of the Communities are presented.

The financial regulations envisaged in Article 209 are in course of preparation and will shortly be the subject of a proposal by the European Commission. Similarly, representatives of the institutions have been working out the means of applying Article 6 of the Convention on Certain Common Institutions.

The European Commission has laid down regulations on control of expenditure, under which supervision of expenditure occurs at all stages. The Commission has also taken the step of asking the Council to consider the creation of the Committee of Control envisaged in Article 206 of the Treaty.

The European Commission would like to recall that the institutions of the Community set up in Brussels have greatly benefited from the valuable assistance given by the Belgian Government and the Belgian authorities, to whom the Commission would like to express its appreciation.

CHAPTER II

FUNDAMENTAL ECONOMIC PROBLEMS

44. The attainment of the objectives of the Treaty will only be possible if there is the fullest and most exact understanding of the general economic trends in individual Member States and in the Community as a whole.

From its inception, the European Commission has realized the need for a general picture of the economic situation of the Community, a picture which Article 245 of the Treaty instructs it to produce. Without loss of time the Commission has arranged that a start be made on studies whose first fruits are being placed at the disposal of the Assembly and of all concerned.

Annexed to this General Report are :

- A survey of the economic situation in which an attempt is made to review recent developments in the economic situation of the Member States of the Community and of the United States.
- A " Report on the economic situation of the countries of the Community ", the preparation of which has been entrusted to a group of experts. It constitutes a first attempt at analysis of the economic structure of the Member States.

These surveys reflect the two groups of problems which will face the institutions of the Community :

- First, in the field of short-term development, application of an economic policy which makes possible the progressive attainment of the Common Market in the conditions and at a pace fixed by the Treaty ; and
- secondly, in the sphere of long-term development, tracing of the main lines along which the Community should seek to advance.

Problems arising from Economic Trends and Co-ordination of Economic and Monetary Policy

45. The European Commission has, from early days, found itself faced with the problems which arise in attaining the objectives which the Treaty sets before each Member State, namely, maintenance of an overall balance of payments and confidence in the currency while ensuring a high level of employment and stability of prices.

The balance of payments in the franc area was seriously upset during the early months of the year. The Commission, acceding to a petition from the French Government, acted in accordance with the procedure laid down in the Treaty and suspended the issue of foreign currency allowances to persons visiting the other Member States as tourists. It is still following most attentively the development of the French economic and financial situation and, indeed, that of the other members of the Community as well.

46. Within the framework of the powers granted to it, the Commission has tried to keep itself supplied with up-to-date information on the economic situation. The importance of a regular analysis of the situation is heightened by the existing uncertainty about the trends which will prevail in the next few months, both in Europe and the United States. In such circumstances, it seems that there is particular value in examining the possibilities of ensuring co-ordination of the policies of the Member States in relation to the economic situation.

The Common Assembly of the E.C.S.C. and its Investment Committee have already found it necessary to stress the need for such co-ordination.

The means available to the High Authority in this connection, could be applied to one sector of the economy only. Those available to the institutions of the European Economic Community are certainly less clearly defined, but they include the whole economic field and all the instruments used by governments to exert their influence on this field. For its part, the European Commission intends to take full advantage of these powers.

The first objective of the European Commission in following up the work initiated by the High Authority and the Joint Committee is to collect, co-ordinate and publish all available information on such matters as stocks, order books and the investment plans of managements.

This information should not merely include statistics which would make it possible to draw a picture of the economic situation and, if possible, to forecast its short-term trend, it should also cover the means available to the authorities for dealing with an unfavourable trend. It is indeed of the greatest importance, particularly in the present economic situation, that managements should feel certain that if the need should arise, measures capable of producing quick results would be taken to inhibit the development of a situation which might lead to serious and cumulative reactions.

With this in view, the Commission will endeavour to study the means and procedures at the disposal of governments. Some approximation, if not standardization, of the form in which budgets are presented would in this connection appear to be particularly desirable.

47. In the long term, improvement of information should be of assistance towards a more active and more supple policy relating to economic trends. Such a policy assumes that the

information drawn from the various fields of economic activity, whether it be the field of production, of consumption or of investment, foreign trade or financial operations, will be put together in one general framework where the particular trend of each branch of activity is treated as an organic whole.

48. This expansion of information concerning economic trends, in which enterprises as well as governments should be interested to play as active a part as possible, will make it possible to supplement the economic forecast for each branch with synoptic pictures of each national economy and of the economy of the Community as a whole.

This will make it easier to solve the practical problems raised by co-ordination of the actions of the Member States.

49. As obstacles to the free circulation of goods, of services and of capital within the Common Market, are eliminated and as the unification of trade and tariff policy towards non-member countries is attained and subsidies which in one way or another affect the conditions of competition are suppressed, there will be progressive reduction of the degree of freedom which will be left to governments to apply an independent economic policy without compromising their balance of payments.

This interdependence of Member States is found both in Article 103 of the Treaty, which stipulates that Member States shall consider their policy relating to economic trends as a matter of common interest, and in Article 104, which defines the general objectives which each Member State must pursue.

In order to ensure co-ordination of the economic policy intended to facilitate the attainment of these objectives, Article 105 lays down that collaboration shall be instituted between the competent services of the central banks and of the administrative departments, and it establishes the Monetary Committee.

50. The efficiency with which the relevant provisions of the Treaty are brought into play is of capital importance for the

functioning of the Common Market. If, when some difficulty arises, the co-ordination provided for were to be limited to corrective action directed *a posteriori* at the various national policies, this co-ordination would not be what was intended in the Treaty. In such a case, the institutions of the Community would have, within the limits of their powers, to do no more than indicate the appropriate measures in conformity with Article 108, paragraph 1, to grant mutual assistance or to authorize, in circumstances defined in the Treaty, that measures of safeguard be taken.

The European Commission is therefore convinced that the co-ordination of economic policies in Article 105 must be understood as a preventive action intended to dispel the causes of disequilibrium.

51. For these reasons the European Commission considers it essential to apply as rapidly as possible all the means and all the procedures that can be worked out for the purpose of ensuring that the policy of the six Governments and the functioning of the national administrations shall, by suitable co-ordination, facilitate regular progress through the stages leading to full implementation of the Common Market.

In this matter the Commission intends to rely largely on the action of the Monetary Committee, which it considers to be one of the most important elements in the machinery of the Community.

Harmonized Expansion and Regional Policies

52. In the problem of the long-term expansion of the economy of the Member States, which is dealt with in the "Report on the Economic Situation in the States of the Community" annexed to this General Report, one fact of fundamental importance stands out from the start : it is the difference in the economic structure of the different Member States.

This facts finds concrete expression in the vocational distribution of the population, in which there is considerable diversity; in Belgium, for instance, the working population includes some 13 per cent farm workers, while the figure in Italy rises to more than 37 per cent. France, Germany and the Netherlands are in an intermediate position. For purposes of comparison, the working population of the United Kingdom comprises 5.3 per cent agricultural workers and the United States 12.5 per cent.

These differences would be considerably greater if it were possible to take into consideration the main regional subdivisions of the member countries instead of their national averages.

There are also differences, less pronounced it is true, but none the less considerable, in the percentages in the working population engaged in the supply of services. They vary from 29 per cent in Italy to 46 per cent in the Netherlands. The percentages of the working population engaged in industry varies from 33 per cent in Italy to 50 per cent in Belgium.

53. The fact that the Member States, and even more their main regional subdivisions, reflect such differences in the distribution of the working population has the immediate result that harmonized expansion cannot possibly be envisaged *a priori* as a process which is uniform in character and speed and in which regional difference will be fully maintained.

There is certainly no reason to go the other extreme and to suppose that the Member States are destined to bring their structure exactly into line and to attain a common level of income. But the gaps between them must be reduced.

Harmonized economic development will then be a development with nuances, varying in the different member countries and in their major regions both in the speed of the overall expansion and in the vocational redistribution and the structural changes to which they will lead.

54. In point of fact the problem of harmonized economic growth would have arisen in Europe in any case and would have called for solution even if the Common Market had not been established. Its establishment however changes the outlines of the problem.

First, it increases the urgency of the problem by bringing the economies more closely into contact with each other. In addition, by enlarging the market, it will open the door to solutions which offer greater economic advantages. Finally, from the institutional point of view, the Treaty recognizes the legitimacy of regional policies; in this connection it accords clearly defined powers and functions to the European Commission and to the European Investment Bank.

Use must be made of this situation, not only to overcome any crisis that may arise, but above all for the maintenance of a balance between the diverse factors which go to make up the expansion.

55. It is none the less true that the definition of the contents, of the scale and of the internal unity of regional policies is an extremely delicate task because of the diversity and complexity of the relevant situations.

The European Commission is aware of the need to collect information which will make it possible to obtain an overall view of regional economic problems in Europe and of the measures at present being taken in Member States with the object of finding a solution.

Reconversion Problems

56. In the field of long-term economic policy, a second problem arises: that of the economic specialization of the Member States and of the reconversion of any enterprises or branches of activity reduced to marginal value by the Common Market.

This problem overlaps that of regional development to such extent as it may prove that enterprises which are reduced

to marginal value are concentrated in clearly defined regions. This will however not always be the case, perhaps not even the normal case.

57. The scale of reconversion that will be required because of the Common Market cannot at present be assessed.

The Benelux experiment has, it is true, shown that specialization within a custom union tends to work itself out at the level of enterprises or small groups of enterprises and does not involve the whole of a branch of activity of any size. There is no reason to suppose that it will be otherwise in the Common Market.

None the less, this is only a plausible hypothesis and not a formal conclusion. In particular it is not impossible that in the matter of the size and productivity of enterprises, there may be very great regional differences which are concealed by existing statistics. If this be so, there could be regional concentration of the necessary conversions, as suggested above.

58. Be this as it may, the first essential for an efficient policy in this field is improvement of the available information. The European Commission intends to support all efforts made by Member States in this connection. It is particularly interested in the possibility of organizing an industrial census on a common basis, so that the returns can be really comparable.

Such a census would throw light on regional problems and at the same time reveal the existence of the main reconversion problems among the various industries which already exist in the Community. It would also provide means of tackling the difficult problems of expansion of trade between Member States and of the structural development to be expected in this field. Such a census would therefore be of great value both to managements and to the public authorities. It seems most desirable that it should be made possible to carry it through with the minimum of delay.

59. The European Commission intends furthermore to proceed immediately to the making of thorough studies of those industries which, like textiles, seem to be exposed to specific difficulties. The assistance of experts will be called in for the compilation of these studies.

Investments

60. It is not necessary to stress further the fundamental importance of investments for economic expansion and social progress. But from the viewpoint of this General Report it seems important to mention that the success of the Common Market in the matter of adaptation and of harmonization of economies and of the speed of their progress would depend at least as much on good distribution of investments in the sense of making the most economical use of the factors of production as on endeavours to expand the total volume.

This is above all a consequence of the points made earlier concerning the differences in rates of expansion from region to region and between one branch of industry and another, differences which are essential if the Community is to experience harmonized growth.

Finally, the intensification of trade between Member States and the specialization which goes with it implies that capital shall be invested in comparatively new ways.

61. The European Commission will take action in this connection, not only under the powers bestowed upon it by the Treaty in respect of the approximation of the various bodies of legislation, but also by encouraging research and the publication of useful economic information. This applies in particular to the problems raised by regional distribution of investments.

The European Commission feels that searching and co-ordinated enquiries into the possibilities of expansion or of regional or inter-regional reorganization would be desirable. They would serve to guide the European Investment Bank and

the European Commission itself in the application of those clauses of the Treaty which deal specifically with regional interests.

In this delicate and complex field a decisive part will undoubtedly rest on the shoulders of managements. The European Commission considers therefore that it should do all that is in its power to ensure that the leaders of industry should be placed in the most favourable position possible, especially in the matter of information concerning probable future developments. Studies which would make possible the drawing of a fairly detailed map of zones of economic development in Europe together with their potential would be of particular value.

Energy Problems

62. Availability of energy is, of course one of those factors affecting the siting of industry which will influence both long-term expansion and the distribution of activities between regions. Energy problems will therefore be of major importance in the structural problems of the Community.

Barely 50 years ago the great source of supply of primary energy was coal. There is no need to explain the decisive influence which deposits of coal have exerted on the siting of heavy industries and of many processing industries.

The influence of the sources of energy on the siting of industry have however undergone a few changes in the last few decades. The sources of primary energy have grown more varied, both in the type of fuel and in its geographical origin. This trend is the result of technical progress made simultaneously in the field of research and use of mineral oils and in transport, particularly transport by sea. The advent of atomic energy is a further factor widening the choice of sources of energy.

These facts explain the existence of an economic problem concerning energy : it consists essentially in making a choice

between sources of energy which differ in their economic characteristics because of their different physical features and the diversity of their origin.

63. The march of progress is providing economic policy with new problems in this field. They can be resolved on the European level only by the perfect co-ordination of the activities of the Executives of the three European Communities and of the Governments of Member States.

From the angle of harmonized regional expansion, the diversity of the available sources of energy offers new opportunities which it would be well to exploit. Fortunately, Europe is in this respect no longer subject to the same technical limitations as in the past. The regional approach seems however to be one of the most promising methods of integrating energy policy in the general economic policy.

Trade with the Outside World

64. The European economy exercises a large-scale influence on world trade and on the economy of non-member countries because Europe is both a centre of production and a very important centre of consumption.

As a centre of production Europe buys very large quantities of raw materials. In 1956 the Community imported \$11,800m. worth of foodstuffs and raw materials. For comparison, the United States imported \$7,500m. worth and the United Kingdom \$8,300m. worth.

The make-up of these imports is changing considerably with the passing of time. The relative importance of metalliferous minerals and above all of fuel has increased greatly, particularly since the war. On the other hand imports of other raw materials have not expanded to the same extent and their relative importance has fallen significantly in a certain number of cases.

A similar picture is presented by foodstuffs, for which the demand is relatively inelastic, and whose production is being expanded in Europe itself, thanks to improved fields in agriculture and in cattle breeding.

Among foodstuffs, tropical products, in general, form an exception; they have benefited directly from the rise in the standard of living in the European populations and it is likely that this situation will continue in the future.

In addition, imports of certain categories of manufactured goods seem to be growing and this trend may harden further as availabilities from non-member countries and purchasing power in Europe expand.

These changes obviously produce great effects on non-member countries and in particular on the economic development of the under-developed countries. This in turn must in the long run be of fundamental importance for the future of European exports.

65. The creation of the European Economic Community means that for the first time a European authority will take an overall view, not only of the interests of the six States, but of their economic responsibilities towards non-member countries. From this point of view the signature of the Treaties of Rome unquestionably constitutes a notable institutional advance.

The Commission is convinced of the interdependence of the fundamental economic interests of the Community and the non-member countries and that in the long run these interests will coincide. It considers that within the limits of the powers allotted to it by the Treaties its duty is to pursue at all times a line of conduct which, far from dissociating the European economy from the world economy, will integrate the former and the latter to the benefit of both. From this angle it will watch not only the expansion but also the stability of the pattern of trade.

CHAPTER III

THE OPENING OF THE MARKETS

Preparation of the first Measures of Tariff and Quota Disarmament

66. The implementation of the Common Market in the field of the movement of goods is not a spectacular affair. The first really perceptible signs of the establishment of the Customs Union — a first reduction of customs duties, conversion of bilateral quotas into global quotas, and first increase of quotas, including the measures in regard to low or non-existing quotas — will not become apparent until 1 January 1959.

The year 1958 is nevertheless more than just a year of transition : it is marked by the consolidation of commercial and customs relations between the Member States, and the preparation of measures which will go into effect at the beginning of the following year in the trade between the six countries and of those longer-term measures which concern the common external tariff.

Quantitative Restrictions

67. In the course of 1958 the Member States consolidated those commercial advantages which they had previously accorded each other. The consolidation took two forms :

a) For liberalized products, the obligation to consolidate applies, pursuant to Article 31 of the Treaty, to the level of liberalization attained in application of the decisions of the

Council of the O.E.E.C. of 14 January 1958. This was done by submitting to the European Commission lists of those products for which a suspension or abrogation of liberalization will in future be possible only under the conditions in which the Treaty allows the escape clause to be invoked. This measure has had no practical effect in France, where liberalization had been suspended since 18 June 1957, *i.e.* prior to the entry into force of the Treaty.

b) Pursuant to Article 32, the Member States are in future to refrain from making more restrictive the quotas in existence at the date of the entry into force of this Treaty.

This obligation to consolidate, although as binding as in the case of the liberalized products, does not require the same formalities, *i.e.* notification to the European Commission. This is due to the fact that on the one hand this obligation is of wider scope — it is not limited by any provision comparable with Article 31, paragraph 2, and so does not require any selection and is more easily implemented, since it applies essentially to bilateral quotas, the operation of which is not under the sole control of the Member State which grants them.

The main purpose of this consolidation is to provide — by ascertaining the situation on 1 January 1958 — a starting point for the increase in quotas envisaged in Article 33 of the Treaty, and to furnish the initial data therefor.

For this twofold reason — *i.e.* to survey the obligations arising from Article 32, paragraph 1, and to obtain the basic data for the increases envisaged in Article 33 — the European Commission has asked each Member State to notify the Commission of its commercial agreements with other Member States.

68. The preparation of measures for the elimination of quantitative restrictions devolves principally upon the Member States.

Logically, it is at the end of this stage of preparation by national administrations that the European Commission is requir-

ed to intervene ; it must fix by means of a decision an appropriate quota where there is no such national production ; it must approve beforehand the lines on which the Member States include, within the total yearly increase of 20 % laid down in Article 33, paragraph 1, the amount of their autonomously liberalized imports. It must above all examine whether the application of the provisions relating to the increase of quotas, and in particular to the percentages, really ensures the progressive elimination of quantitative restrictions.

Actually, however, the European Commission considered that it is its duty to intervene even before the Member States have taken up final positions and settled the measures which will become effective on 1 January 1959. The Commission acted thus with the twofold purpose of encouraging the Member States to reach a detailed agreement on a concerted implementation of those articles of the Treaty which aim at the elimination of quantitative restrictions, and of inducing them to harmonize the methods they would follow in this very delicate matter, in which the wide freedom of action left to each Member State must not result in too great divergences in the execution of the Treaty.

The Commission has therefore called for September an exploratory conference which will take place under its aegis and at which both these problems will be examined. This will provide an opportunity for the Commission to gather information on the progress the various Member States have made in preparing the increase in quotas scheduled for 1 January 1959.

69. The elimination of measures having the equivalent effect of quotas presents a special case. Here, the responsibilities of the European Commission are far more direct, since its directives will determine the procedure and the according timing by which such measures shall be abolished between Member States.

Probably the most difficult problem is to list a string of regulations and administrative practices which vary from one state to another and whose protectionist effect is not always evident to those who operate them.

The Commission has enlisted the help of the Member States in order to have at its disposal all information required in this field. Its administration is endeavouring to complete this inventory in due time for the exploratory meeting on quantitative restrictions to be held at the end of September ; this will enable the Commission to decide its action in the light of the fullest possible exchange of ideas with the administrations concerned.

Customs Duties

70. The measures of tariff disarmament to become effective on 1 January 1959 are more or less automatic in character ; in respect of each product the Member States are to bring into force between themselves a duty equal to the basic duty *i.e.* the duty applied on 1 January 1957) less 10 per cent.

It is improbable that the application of this provision will raise many difficulties or that the European Commission will have to turn frequently to the Council with proposals for the settlement of special problems (Article 14, paragraph 5).

In any case, the European Commission intends to ask the Member States for notification of the measures taken by them in application of the rules concerning the reduction of duties sufficiently early to enable it to appreciate the technical difficulties likely to arise and to seek solutions in good time.

In respect of customs duties of a fiscal nature, none of the Member States have so far communicated to the European Commission the list of such duties now in effect. This list is actually scheduled to be submitted only by the end of the first year after the entry into force of the Treaty. *A fortiori*, no Member State has so far asked the Commission's authorization for retention of duties, the substitution for which of an internal charge, in accordance with the provisions of Article 95, would meet with serious difficulties (Article 17, paragraph 4).

71. As in the matter of quantitative restriction, the European Commission is also to fix by directive the timing of the abolition of charges having an effect equivalent to customs duties.

An inventory of these charges is at present being drawn up with the collaboration of the Member States, who were asked to submit a list of all charges of this type now in force.

The European Commission intends to issue its directives before the end of the first year, in accordance with the spirit of the Treaty which lays down (Article 13, paragraph 2) that the Commission is to be guided by the rules mentioned in Article 14, paragraphs 2 and 3 and by the directives issued by the Council in application of this paragraph 2. (These directives of the Council, acting on a proposal of the Commission, are to fix the timing of the reduction of customs duties left to be carried out in the course of the third stage.)

72. The action of the European Commission in the matter of tariff and quota disarmament can be separated neither from the provisions on processing traffic and on goods freed from or not subject to customs control, nor from the working out of the common external tariff. These problems form a complex of measures mutually justifying themselves and permitting the achievement of a completely and truly free movement of commodities.

Processing Traffic and Goods freed from or not subject to Customs Control

73. Article 10, paragraph 2 of the Treaty charges the European Commission to :

- Lay down the methods of administrative co-operation to be adopted for goods freed from or not subject to customs control,
- To lay down the provisions applicable, as regards trade between Member States, to goods originating in another Member State in whose manufacture products have

been used on which the appropriate customs duties or charges with equivalent effect in the exporting Member State have not been levied or which have benefited by a total or partial drawback on such duties or charges.

Both questions — processing traffic and goods freed from, or not subject to, customs control — raise technical problems as well as economic and financial problems. Among the latter the most difficult to solve are perhaps those which spring from the progressive achievement of the free movement of commodities (under the Treaty, the Commission will for example have to take into account the rules for the elimination of customs duties within the Community and for the progressive application of the common customs tariff) and from the differences in commercial policy during the transition period.

The difficulties awaiting solution are numerous and substantial. They were thoroughly discussed with the experts appointed by the Member States at two meetings in July and in early September. On this basis the European Commission is working out the directives which must become effective before the end of 1958.

The Common External Tariff

74. The elaboration of the common external tariff was undertaken by the Interim Committee at the end of 1957, at least as regards that part of the duties calculated on the basis of the arithmetical average. The dovetailing of the various tariffs and the establishment of a preliminary plan were entrusted to an *ad hoc* group of customs experts.

This work is now being carried on by the European Commission along similar lines; the Governments have agreed to help by placing experts at the disposal of the services of the Commission.

The dovetailing of the national tariffs, like the preparation of a preliminary draft, meets with numerous difficulties

which are due to the structural differences of the four tariff systems. The main problem arises from the need of having to reduce some 20,000 positions and sub-positions, obtained by the simple juxtaposition of the basic documents, to 6,000 or 7,000 positions and sub-positions. It is in fact indispensable to create the most concise working instrument possible, since a common external tariff composed of more positions would no longer be manageable either, by industry or by the customs services.

This requirement greatly complicates the apparently simple problems, connected with the calculations of an arithmetical average ; instead of a purely mechanical operation, it necessitates delicate decisions in the economic and customs field.

In spite of the complexity of the work in hand, it is progressing satisfactorily. Twenty-nine chapters are already finished and were transmitted to the Governments for comment. Those of the comments which bear on customs technicalities will be re-examined by the same group of experts which is working the preliminary draft tariff ; the others (those of an economic nature) will be examined by a wider group of experts including also economists.

The European Commission hopes to be able to submit to the Council in good time proposals which will have been worked out in close contact with the Governments and in full cognizance of their problems.

75. Besides setting up that part of the common external tariff which is based on the arithmetical average, the European Commission is also engaged in preparing the negotiations on List G, which must be undertaken before the end of the second year after the date of entry into force of the Treaty.

This work must be done with scrupulous care. It requires a whole series of economic and statistical studies and the preparation of a "negotiation file" which will have to be transmitted to each Member State. It is only when this work is well under

way that a meeting to compare viewpoints will serve a useful purpose.

Free Movement of Capital and Services The Right of Establishment

76. The right of establishment and the free movement of services and capital are the necessary complement of a complete liberalization of the exchange of goods which their absence would no doubt jeopardize ; they are a prerequisite for the rational division of labour within the Community — especially for industrial specialization — and form an important element in genuine competition.

77. In regard to the services and the right of establishment, the European Commission has arranged the distribution of the complicated problems called for by the preparation of the measures envisaged in the Treaty. In regard to capital, the implementation of the rules on current payments affecting the movement of capital, such as the transfer of interest and dividends, does not seem to present any great difficulties. The study of the legislation on the capital market in the six States, will, however, require some time.

It is on the basis of these studies that the European Commission will draft the measures referred to in the Treaty.

These measures will include those intended to avoid — as long as co-ordination of the monetary policies of the Member States is not complete — discrepancies between the national currency regulations causing diversions in the flow of capital. In this connection, the European Commission does not intend to intensify the already numerous and sometimes burdensome controls in this field but rather — in accordance with Article 70, paragraph 1 of the Treaty — to hasten the adoption by the Member States of measures aiming at the highest possible degree of liberalization.

In regard to the implementation of Article 72, the Commission intends to organize on the simplest possible basis the communication of information on the movements of capital to and from non-member countries.

The Competitive System

78. The aim of the Treaty is not only to stimulate competition by the suppression of the obstacles to international trade, but to establish a system of fair and healthy competition as the indispensable condition for the achievement of a rational division of economic activities and for ensuring an equitable basis of operations for the productive forces. This is a delicate field involving powerful interest, where a system of automatic implementation could not be expected to work. Pursuant to the principles and rules set forth in the Treaty, the institutions of the Community, and in particular the Commission, whose tasks are here more direct than in any other parts of the Treaty, will have to achieve the enforcement of the regulations and, by a series of separate decisions, to bring about the conditions intended by the Treaty.

79. The rules established by the Treaty are manifold; they relate to the control of measures which, as such, distort or could distort the conditions of competition — understanding, abuses of economic power, dumping, subsidies, certain fiscal practices — as well as to the standardization of the working mechanism in which the economies function by straightening out distortions and by approximating legislative provisions affecting the establishment or the working of the Common Market. This multiplicity of provisions and means of action cannot conceal the fundamental unity of the problem of competition. The provisions of the Treaty will have to be applied as one whole and in a concerted manner.

80. Moreover, it is evident that the application of the provisions of the Treaty must take into account existing economic

conditions, both in regard to changes caused by the progressive attainment of the Customs Union or to specific problems of the economic sectors concerned. Transitional measures may be required to prevent disturbances of an economic and social nature and to allow certain regions or enterprises to adapt themselves to the new conditions. Furthermore, all measures will have to be based on a thorough knowledge of the structure of the sector concerned and of the particular difficulties with they are faced.

81. The European Commission has already undertaken the studies and inquiries without which no general survey of the situation can be produced. The points to be studied include the ways and means in which the Treaty can be implemented. A great deal of information will of course only become available by degrees.

The European Commission will keep in close contact with the administrations of the Member States and with the circles concerned. These circles, incidentally, will be the better able to cope with any necessary adaptation thanks to their greater knowledge of the relationship between themselves and their competitors in the Common Market.

Rules Applying to Enterprises

82. Articles 85, 86 and 90 must be applied in such a manner that certain understandings or improper practices arising from a dominant position within the Common Market shall not impede the progressive development of this Market.

However, certain problems have appeared which require an immediate solution.

83. Article 88 provides that until the date of entry into force of the provisions adopted in application of Article 87 the authorities of the Member States shall, in accordance with their

respective national laws and with the provisions of Article 85, particularly paragraph 3, and of Article 86, rule upon the admissibility of any understanding and any improper advantage taken of a dominant position in the Common Market.

In view of the necessity for concerted and efficient action in this field, the European Commission has been investigating the powers at the disposal of the competent national authorities.

Examination of the municipal legislation on understandings brings out the appreciable differences between the situations existing in the various Member States. Belgium and Luxembourg have no legislation in this field, whereas Italian law contains some broad principles and offers a legal basis for appointing an authority responsible for the implementation of Article 88 although it does not have any specific regulations on the subject of understandings and monopolies.

Germany, France and the Netherlands, on the contrary, possess detailed legislation. The principles governing the legislation of these three countries are, nevertheless, different : in Germany and France legislation is based on the principle of prohibition while in the Netherlands legislation is based on the principle of avoiding abuses, with the possibility of applying the principle of prohibition in certain types of cases.

The practical application of this principle of prohibition in Germany is, however, very different from its application in France.

The legislation of these three countries has, however, one common characteristic, *i.e.* the aim of maintaining fair competition within the boundaries of their own states ; understandings which only concern exports are, therefore, permitted. Obviously such an exception can no longer be maintained in connection with understandings on exports where these understandings do not observe the principles of Article 85 of the Treaty.

In a case where Articles 85, 86 and 90, paragraph 3 do not contain legal rulings which can be applied by the competent authorities of the Member States but only principles which cannot become effective till they have been given the appropriate form, the question arises whether such general clauses as "the general interest" or "principles recognized in international agreements" are sufficient to exclude the exception referred to above. But even if in such a case it were accepted that these clauses were sufficient, then the principles enunciated in Article 85 and Article 86 might be more or less fully enforced in one half of the Member States but not in the other half, as long as the latter had not created any legal rulings whose content was consonant with Articles 85, 86 and 90, paragraph 2. Such a situation would obviously not be very satisfactory. If and to the extent to which the aforesaid articles were to be considered — directly or through national legislation — as legal provisions having immediate force in Member States, the law governing competition would be uniform.

84. The above comparisons show the importance of the interpretation of Articles 85 *ff.* Uncertainty as to their interpretation must needs influence the activities of the European Commission which, in virtue of Article 89, must watch over the application of the principles fixed in Articles 85 and 86, study particular cases and propose means putting an end to any infringements that are observed.

Although this uncertainty can be definitely settled only by a decision of the Court of Justice in connection with a case brought before it, it behoves the Commission nevertheless to adopt a definite position on the way in which these provisions are to be interpreted. The European Commission rejects the view that Article 85 and Article 86 merely contain principles which still need to be worked out in detail before they become effective.

The European Commission is, on the contrary, of the opinion that the Treaty already renders possible action by the

Commission under Article 89 and by the competent national authorities under Article 88 against understandings and abuse of dominant positions. Nevertheless, in those states which as yet have no pertinent legislation, there remains the question of the procedures and penalties to be applied. The European Commission is inquiring what procedure it will be appropriate to use in order to achieve an efficient and concerted policy in this field.

The Community will also study the proper means of putting an end to the uncertainties still existing in regard to the legal situation of understandings until a decision about their admissibility has been reached. On this issue it will shortly contact the Governments concerned.

Dumping practices

85. The Commission is preparing the measures to implement Article 91 on dumping practices. In particular it will work out the appropriate regulations for the application of the second paragraph of this article, which relates to the re-import of products originating in one Member State into the territory of that state free of all customs duties, quantitative restrictions or measures with equivalent effect.

Aids granted by States

86. In this field, the task of the European Commission consists in controlling and preventing, in accordance with the Treaty, the grant of any direct or indirect aids by a Member State.

It will first have to concern itself with preventing the grant of new types of aids or changes in existing aids which are incompatible with the Treaty. To this effect, the European Commission will draft rules for the implementation of Article 93, paragraph 3.

After this precautionary measure, the basic action in regard to existing aids will be progressively taken in hand. The

Member States will be invited to report these aids in order that the procedures envisaged in Article 93 can be implemented. There will be constant and simultaneous examination of the system of aids and of the position in the various sectors of production.

Fiscal Provisions and the Approximation of Legislation

87. The Commission has begun the necessary studies, in particular a study of the legislative systems, differences in which might have an influence on the establishment and functioning of the Common Market.

CHAPTER IV

TOWARDS A COMMON AGRICULTURAL POLICY

88. The objectives written into Article 2 of the Treaty, *i.e.* to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increased stability, and an accelerated raising of the standard of living relate to the totality of economic activity of the Community and consequently also to agriculture. They cannot be attained without the co-operation of the agricultural population which will have to contribute their part in the certainty that they will have their full share in the results to be expected from the common effort.

Although agriculture is thus put on the same plane as the other sectors of economic activity, it is nevertheless true that, owing to its traditional situation and the conditions characteristic for farming and for agricultural work, agriculture must find its own methods of integration into the Common Market. The articles of the Treaty relating to agriculture take these special conditions fully into account. It would be wrong, however, to see in this difference of treatment a proof of a less thorough integration of agriculture into the common field of activities; it merely makes manifest the impossibility of applying systematically one type of scheme to all economic sectors, especially agriculture, without taking into consideration their inherent laws.

Those responsible for agriculture must be on their guard lest agriculture be driven out of the common fold and fail to share fully in the general development. This tendency, which is essentially discriminatory towards agriculture, is to be seen in many non-agricultural circles and is involuntarily reinforced by

agriculture itself when it advocates this special position but is worried about the structural changes which, though conceived as long-term measures, will none the less be perceptible.

This attitude, though comprehensible in one sense, is hardly consistent with the true interests of agriculture and overlooks certain considerations arising from the actual situation. Agriculture cannot afford to remain isolated, it might even be claimed that it has no right to let itself be driven into an isolation which would prevent its participation in the technical progress of production methods.

89. In addition to providing an inventory of the needs and concerns of agriculture, the Conference of Stresa has brought out one thing very clearly, and this is an awareness of the fact that a satisfactory, and above all a permanent solution can no longer be found within the framework of single states nor by means of economic policies confined to the national plane.

The choice between national solutions and joint solutions is a thing of the past.

There are different ways of reacting to this situation. The facts may even be ignored, but in the end the facts would prove stronger than wishes. Yet there can be no doubt that such wishful thinking would merely lead to increasingly serious tensions between the different sectors of the economy and to ever more serious disturbances of the political, economic and social structure. To relegate agriculture to such a position cannot be an act of reasonable policy.

Consequently, there is urgent need for the courage to seek new solutions which will go beyond those limited to the national framework and forever at cross-purposes with each other, and to initiate a common long-term agricultural policy which offers good prospects for the future.

Obviously, the realization of this common policy does not imply that certain measures of security should be abandoned, however uncertain they may have become.

90. The European Commission is perfectly aware of its duty and has repeatedly given it concrete expression, both during the Stresa Conference and on other occasions, such for example as during the fruitful contacts which it had with the Agricultural Committee of the European Parliamentary Assembly. It is called upon to settle a common policy during the transition period. Hence, it is imperative to avoid isolated steps and instead to work out this common agricultural policy in close co-operation with the Governments, the Council, the Assembly, the Economic and Social Committee and the professional organizations. The European Commission has the greatest respect for the spirit of co-operation of the groups and institutions concerned, thanks to which it will be possible to discover the best way towards an agricultural policy, which serves the common weal and the legitimate interests of agriculture. For its part, the European Commission believes that at the Stresa Conference it has already proved its willingness to participate in such co-operation. It is ready to continue along this path in the future, for it is fully aware of the complexity of the problems awaiting solution and of the absolute necessity of enlisting the close co-operation of all parties concerned.

Agricultural Policy Problems

91. The central problem is the disparity existing between the level of income in agriculture and that in other sectors of the economy. In their agricultural policy, Member States have for long been endeavouring to find a solution to this problem. In many respects this effort has not yet been successful. The establishment of the Community provides an opportunity of developing a new concept of agricultural policy in Europe. This policy can neither be the simple outcome of a struggle between the various interest groups nor must it be elaborated far from the realities of agriculture. The common agricultural policy must be supple enough to be adaptable to the steadily changing circumstances. Such an agricultural policy means a change in habits of thought and of action ; in other words, the development

of a common agricultural policy cannot be made overnight but requires years and must be carried through by the will to reach a reasonable and permanent solution of the problems involved.

It would be wrong to leave the attainment of this goal merely to the initiative of the State. In spite of the importance of an active policy furthering the evolution of, and creating satisfactory conditions for, agriculture, it is no less important so to shape this agricultural policy that it will give the safeguard to the farmer the maximum of freedom to think and to act. Within his own enterprise, only the free and independent farmer is likely to arrive at the best results. This is why the European Commission considers the family farm as the form of farming which best corresponds to the political and social evolution of the Member States. Only when there are tasks to perform which cannot be dealt with inside the individual farm is it right and expedient to resort to measures of agricultural policy.

92. Moreover, the common agricultural policy will also have to take into account the fact that agriculture has its share in relations with non-member countries. It is in the political and economic interests of the Community to maintain these relations which find their expression in a lively trade extending over the entire world. This fact alone prohibits the Community from becoming a self-sufficing entity. In the agricultural sector, as elsewhere, the Community must maintain satisfactory commercial relations. Volume and structure of this trade will be determined by various considerations which are equally to be found in the commercial policy of the individual Member States. A significant element in these considerations is the fact that the Community has to export a considerable volume of agricultural products. Even before the establishment of the Community certain Member States were known in world trade as major exporters of agricultural products. The need for exporting agricultural products will grow in the future, for production tends to increase more rapidly than consumption and this demands a corresponding attitude towards the import of agricultural products. However, this must not prevent the Community from protecting itself

against outside disturbances due to action by other countries who are procuring artificial competitive advantages for their own agriculture.

It is considerations such as these which led the European Commission to suggest that agriculture be included when other European countries are associated with the Community. These same considerations will guide the attitude of the European Commission when it has to decide on the form in which agriculture, if justice is to be done to its particular situation, will participate in the future association.

93. The development of the common agricultural policy will also have to take into account the relations with the associated overseas countries and territories. The Community assumes a particular responsibility for the development of these countries. Its policy will therefore have to attempt a harmonization between its own interests and needs and those of the associated countries and territories. In this it seems that the two parties complement each other most propitiously.

94. Apart from its trade aspects, the common policy for agriculture covers two main fields : market and price policy and policy for improving the structure of agriculture. These two fields must be considered in their functional interdependence. Improvements in the structure of agriculture lead naturally to an increase in the productivity both of labour and of the soil ; they must be so directed as to avoid an increase of those crops for which there is only a limited outlet. The European Commission will therefore have to undertake on the one hand a thorough study of the possibilities of expanding production, and on the other hand make an analysis of the trends in consumption. This will make it possible to estimate the direction in which production should be developed in the future and consequently to what extent measures of a market and price policy nature may be indicated. There is reason to hope that a favourable development of the economy as a whole will make it possible to take full advantage of the possibilities

still available for increasing consumption, especially the consumption of high-grade products, fruit and vegetables.

The market policy must also reflect the wish to facilitate increases in agricultural productivity. It would, for example, serve no useful purpose to ask for improvements in the structure in agriculture if prices were at the same time fixed at a level which enabled even those enterprises to cover their expenses, which owing to their inferior structure were producing at high costs. On the other hand, it would be just as unreasonable if the market policy ignored the situation of the economically healthy family enterprises which are so characteristic a feature of the agricultural structure of the Community.

In the past, attempts to increase agricultural incomes have been based on the too one-sided principle of increasing production. True, this has led to a marked increase of productivity per worker, especially as there was simultaneous decrease of the number of persons occupied in agriculture. However, the increase in production has led to new difficulties on the markets. In view of the fact that production of the major products is increasing more vigorously than consumption, surpluses are appearing on the various markets and their disposal is causing serious difficulties and worries.

The first rule for a market policy within the framework of a common agricultural policy must therefore be to try to create an organic equilibrium between production and a market for the products.

95. This does not, however, mean a renunciation of price policy as a means to ensuring to agriculture an adequate income. Difficult as any action of the Community in the field of price policy must seem — the price level for the main agricultural products varying sharply between the Member States — the Community will nevertheless have to make an effort to work out quick yet reasonable solutions. An approximation of the prices of basic agricultural products may serve here as a starting

point since these prices largely influence those of the processed products.

The prices of processed agricultural products are also of considerable importance for the exports of the Community in this field. Some member countries are at present exporters of products produced on a large scale and it is in the interest of the Community to maintain and develop these exports. A flourishing export depends, however, on competitive prices; the lowering of production costs is therefore an essential factor.

There are thus limits to the price policy. At the same time, too sudden a lowering of those prices which are found to be too high would be a mistake; there are indeed many ways of effecting an organic transition towards a new price structure in Europe such as the grant of regional subsidies, use of aids in the field of credit policy and investment programmes.

96. Improvement of the structure of agriculture in the broadest meaning of the term is the best single instrument for facilitating the transition towards a Common Market and creating healthy conditions in European agriculture. The differences in production costs within the Community are largely attributable to the differences in agricultural structures. To eliminate the deficiencies still found in the agricultural structure of numerous regions of the Community would contribute towards a levelling-off of production costs. But this is not the only essential point. What matters even more is to enable agriculture to partake in the accelerated rhythm of industrial development in the Community. Naturally, the methods to be chosen must be within the reach of agriculture. In view of the conditions prevailing in European agriculture, an industrialization entailing the creation of specialized big farms is largely out of question and would, moreover, not lead to the desired end.

The best economic and social form of agriculture in Europe has proven to be the general farm worked by one family. It is therefore important to put the family enterprise on a healthy basis and transform it into a modern farm. The in-

creased industrialization of rural regions will be an appreciable help ; it will make it possible to offer more remunerative employment to farmers who have abandoned farms which for natural or structural reasons are economically unprofitable.

An intelligent structural policy will necessitate broad investment programmes, one of the most important points in a constructive agricultural policy. The European Commission will make investigations to determine the investment needs in the agriculture of the Community, which will have to make use of this important weapon of the common agricultural policy not only in the interest of agriculture but just as much in the interest of the Community as a whole.

The Conference of Stresa

97. The first step towards a common agricultural policy was taken at the Conference of the Member States called by the European Commission in application of Article 43 of the Treaty. This Conference was held at Stresa from 3 to 11 July 1958. The Ministers of Agriculture of the six countries headed the national delegations, which were composed of government officials and experts of the professional agricultural organizations in each country.

In agreement with the governments, the European Commission also invited as observers the general professional international organizations, already set up among the Six. This step aroused very lively interest on the part of the professional organizations ; associations of producers and of agricultural workers, organizations of industry and of trade in agricultural and food products were thus in a position to send observers to the Conference.

In view of Article 43 of the Treaty, the participation of governments and organizations other than those of the Member States was not envisaged. The Danish Government therefore presented a Memorandum which was passed to all those attending the Conference.

98. The results of the deliberations have been incorporated in the reports of the three working parties ; the general conclusions are contained in the final resolution of the Conference.

The particular interest of the reports of the three working parties lies in the fact that they contain a comparison of the various concepts prevalent in the Member States on the most important issues raised by the application of the common market to the field of agriculture. The Conference has thus fulfilled the tasks allotted to it by Article 43 of the Treaty. Although it was not the duty of the Conference to initiate negotiations aimed at the conclusion of an agreement on the fundamental problems of the common agricultural policy, the final resolution nevertheless proves that on several important problems the views of the six delegations coincide to a large extent.

99. The following is the complete text of the final resolution adopted by the Conference.

RESOLUTION

The Agricultural Conference of the Member States convened under Article 43 of the Treaty establishing the European Economic Community,

I

Having regard to the memoranda submitted by the Member States at the Conference ;

Having heard the statements of the heads of the delegations of the Member States and of the representatives of the Commission of the European Economic Community ;

Having approved the Reports prepared by the three working Committees set up during the Conference ;

Taking account of the procedure laid down by the Treaty for the preparation of proposals by the Commission of the European Economic Community in connection with the preparation and implementation of the common agricultural policy ;

II

Considering that the implementation of the common agricultural policy provided for by the Treaty opens new prospects for the solution of existing problems ;

Considering the state of agriculture and the present agricultural policies of the Member States of the European Economic Community and in particular :

- The increase in agricultural production, which has in the last few years exceeded the increase in consumption,
- The decrease of the working population in agriculture,
- The increase in the productivity of agricultural labour,
- The comparative deterioration in agricultural incomes which has occurred despite the increase in productivity,

- The fact that action to improve agricultural earnings has frequently led to increased production, thus adding to existing market difficulties ;

Considering certain existing differences between the Member States in agricultural structure and policies and particularly market organization ;

Considering the different circumstances which govern trade in agricultural products and the agricultural processing industries in Member States ;

Considering the importance to agriculture of the links established by the Treaty with the overseas countries and territories associated with the Community ;

Considering the importance of the trade in agriculture as well as industry between Member States and non-member countries ;

III

Takes note, at the conclusion of its work, that general agreement was recorded on the following points :

1. Agriculture must be regarded as an integral part of the economy and as an essential factor in social life ;
2. The implementation of the Treaty must lead naturally to a progressive expansion of trade within the Community ; at the same time account must be taken of the need to maintain both trade and contractual, political and economic links with non-member countries and also the possibility of providing safeguards against unfair external competition ;
3. Close correlation must be established between policy on structural adaptation and market policy ; structural adaptation should help to even out production costs and to direct production into effective channels ; market policy should be conducted so as to encourage increased productivity ;
4. A balance must be sought between production and potential outlets in the light of export and import possibilities and of a specialization adapted to the natural conditions within the Community and to its economic structure ;

5. The efforts thus made to increase productivity should render possible the application of a price policy which will avoid overproduction while enabling goods to remain or to become competitive. At the same time a policy of assistance to handicapped areas or undertakings will make possible the necessary conversions ;
6. The elimination of subsidies which run counter to the spirit of the Treaty must be regarded as essential ;
7. The development of production and demand in the associated countries and territories should be taken into account when the common agricultural policy is being worked out ;
8. The improvement in the structure of agriculture should enable capital and labour to secure and maintain earnings comparable with those they would obtain in other sectors of the economy ;
9. In view of the importance of the family structure of European agriculture and the unanimous determination to safeguard this family character, it would be proper to use all possible means to increase the economic and competitive capacity of family undertakings.

An occupational readaptation of available agricultural labour and a more intensive industrialization of rural areas would make possible a progressive solution of the problems of marginal undertakings which cannot be made economic.

IV

Draws the attention of the Commission of the European Economic Community to the need to undertake :

- Efforts to establish a balance-sheet of resources and requirements, based on statistics compiled on the same lines in the six countries and covering products with an identical nomenclature ; particular importance must also be attached, in the use of these statistics, to the developments and trends they represent ;
- A survey of trends in demand ;

- A survey of the reasons for the relative deterioration of agricultural incomes ;
- A list and a critical comparison of the problems posed by structural development and improvement in Member States ;
- Consultations within the framework of the institutions of the Community, before the implementation of important measures to adapt the structure of agriculture ;
- A survey of investment capital needs for the improvement of the structure of agriculture during the transition period ;
- A survey to the influence of national market organizations on production and specialization ;
- A list of the measures and factors exerting a decisive influence on the conditions of competition in agriculture within the Community ;
- A list of the trade relations and commercial agreements of the Member States ;

Draws the attention of the Commission of the European Economic Community to the urgency of the proposals to be made in connection with the common organization of markets under the terms of Article 40, paragraph 2, of the Treaty ;

Draws the attention of the Commission of the European Economic Community to the importance of the following problems :

1. Progressive approximation of the prices of basic products, particularly coarse grains ;
2. The supply of capital to agriculture under conditions consistent with the particular requirements of agriculture ;
3. Approximation of social, commercial and economic legislation.

V

Notes with satisfaction the intention expressed by the Commission of maintaining close and continuous co-operation with governments and non-governmental organizations particularly in the execution of the tasks laid down in the present Resolution.

100. This Conference has demonstrated that the situation, the trends of development, and the problems of agriculture in the six countries are very similar and that the need to recast agricultural policy is felt everywhere. This being so, it was evident that the Member States all wished to make the fullest use of the novel possibilities offered by the development of a common agricultural policy in the endeavour to solve existing problems. From various sides it was stressed that these problems could probably no longer be solved on the national plane alone.

The observations contained in the Resolution furnish a solid basis on which the European Commission can proceed with the preparing work for the drafting of a common agricultural policy. Many investigations will now have to be undertaken. In all these tasks, the European Commission will work in close and constant co-operation with the Governments and the professional organizations.

101. The text of the Resolution is, however, not the only proof that the Conference was successful. The Conference also served to create a favourable climate for future work in the field of agriculture. The personal contacts and the lively exchange of views between the men responsible for the field of agricultural policy, the officials of the Member States, the experts and observers of the national and international professional organizations and the members of the European Commission, should prove to be of great benefit for the future activities of the Community.

The echo which the Conference found in the press of Member and non-member States — (about 70 journalists were accredited to the Conference) — has done much to make public opinion aware of the true meaning of the Conference.

The European Commission is preparing a collection which will contain all the Conference documents, and this will be available shortly.

CHAPTER V

SOCIAL POLICY

102. When the signatory governments submitted to the Parliaments of the six States a treaty establishing a European Economic Community, their purpose was not to attain merely economic objectives which at a later date would have the effect of improving the living conditions of the populations; the governments allotted the Community its own role in social affairs. The first phrases of the preamble to the Treaty make it clear that the aim is to assure both economic and *social* progress and that the essential purpose is that of *constantly improving the living and working conditions of their peoples*.

From this it is clear that the objectives of a social character are placed on the same footing as those of economic character; it is from this standpoint that the future of the Community in the social field will have to be conceived and judged.

103. While in the economic field the Treaty contains obligations and directives which, taken as a whole, are precise and categorical, the legal framework of the Community's action in the social field is less rigid, except in some points more directly linked with the attainment of the Common Market. This, however, is in some sort balanced by the fact that the sphere of action of the institutions in social matters has no strict limits, the problems listed in Article 118 being in no way exclusive.

The European Commission realizes that it bears particular responsibilities in this field and intends to neglect no sphere

in which it may prove possible to " promote close collaboration between Member States " (Article 118), and it will use all appropriate procedural methods. It is convinced that in the future the Community will be judged by a large part of public opinion on the basis of its direct or indirect successes in the social field.

104. In undertaking this task the European Commission wishes to express its admiration of the work done by the High Authority of the E.C.S.C. with the support of the Common Assembly and its Social Affairs Committee. The new Parliamentary Assembly and its Committees have already shown the extent of their interest in the widest possible application of the provisions of the Treaty of Rome. At the same time close collaboration will, as stated above, be maintained with the High Authority.

The European Commission is also counting on the support not only of governments and of the international organizations but also on that of professional organizations representing the world of labour, with which it will maintain constant contact.

In this connection it greatly values the opinions which it is required to obtain from the Economic and Social Council, the creation and composition of which provide further evidence of the importance of the social factor in the life of the Community.

105. In the matter of relations with international organizations, the European Commission has negotiated an agreement for technical collaboration with the International Labour Office. This agreement was signed by the Director-General of the International Labour Office and by the President of the European Commission.

The agreement calls for regular consultations between the International Labour Office and the European Economic Community on questions of common interest, and it requires the

two organizations to make joint efforts to ensure the best possible use of the legal and statistical information at their disposal, as well as making the most effective use of their resources in the field of information. The European Commission will be entitled to apply to the International Labour Organization, whenever it considers this desirable in the execution of its work, for technical assistance on matters in the International Labour Office field.

The Social Situation in the Community

106. Article 122 of the Treaty instructs the European Commission to include in its annual Report to the Assembly a special chapter on the development of the social situation within the Community.

Pursuant to this provision the European Commission called on a group of experts to produce a study which is annexed to this General Report under the title "Survey of the Social Situation in the Community".

107. As the Treaty has only recently entered into force, the European Commission considered that this first study should be devoted, not to following the developments which have occurred in the first months of the existence of the Community, but to a discussion of the situation at the outset. To illustrate the survey, however, it has proved necessary to bring out those features whose recent trend is subjected to scrutiny by using different periods of reference for the purpose. On some points, too, the paper attempts to bring out certain prospects affecting the immediate future.

In view of the exceptional conditions in which this document was prepared, it was only possible to sketch in the major lines of the situation without going deeply into its several elements. At the same time the lack of homogeneity in part of the information sent in has made it impossible to attain the uniformity in discussion which could have been wished for.

The European Commission intends to expand and develop in its later Reports the examination of those problems which, on this occasion, have received only summary treatment, and it intends as far as possible to harmonize its supply of information.

General Labour Problems

108. In accordance with the objective laid down in the Treaty, the European Commission will direct its endeavours towards greater equality in the improvement in living and working conditions for the wage earners of the six countries.

As a start the European Commission will put in hand certain comparative studies on labour legislation, on the law as to Trade Unions and collective bargaining, and it will maintain up-to-date records on these questions.

Similar action is being taken on general policy and also for wage structures and the working week, two factors which are of particular importance. Special attention will be paid to the points covered by specific provisions of the Treaty: equal remuneration for men and women workers, holidays with pay and payment of overtime.

The problems raised by the scientific organization of labour, by new production techniques, in particular the advance of automation, and by the problems of productivity will also be subject of detailed studies.

109. In all these problems a sufficiently precise knowledge both of the present situation and of the trends in the fields stated is an essential prerequisite. This means that the information and statistics already available must be brought together and that, in addition, efforts must be made to obtain fuller knowledge on certain points by further investigation. The studies and investigations which are under consideration will make it possible to single out the measures which will have to be taken in order to attain harmonization and the improvement of living and working

conditions, to find the best solution for the problems which arise and to start future social problems on the right path.

Before deciding on the answer to these questions the European Commission will, whenever possible, call for an opinion from the Economic and Social Committee.

Manpower Problems

Employment

110. The European Commission's treatment of the employment problem must answer to two requirements: first, the need to apply the provisions of the Treaty, in particular those found in Articles 118 and 49 (*d*); and secondly, the need to produce, with as much precision and detail as possible, an up-to-date general picture of the situation in the labour market throughout the Community and of the employment problems which arise.

In practice the European Commission intends to take immediate action along two lines:

i) To take in hand detailed examination of the current situation and, so as far as this is possible, to prepare forecasts for the next few years on the manpower situation, breaking it down into sectors, branches of activity and professional groups. In making this examination account must be taken of economic factors, of demographic trends and of any technical changes that can be foreseen.

Selection of the sectors and of the branches of activity to be studied will take into account the scale, the number and the seriousness of the employment problems that will be encountered, particularly as a result of the progressive establishment of the Common Market.

The examination of the employment situation in certain particular regions or among certain groups of workers (such as the physically handicapped young persons, elderly persons,

women) will make it possible to seek solutions to the problems that exist in this connection.

ii) To ensure that employment services are in a position to meet successfully demands for labour both at national level and in the Community.

With these ends in view the European Commission is planning a series of measures covering among other matters :

- Collection, co-ordination, improvement and dissemination of employment statistics ;
- Definition and harmonization of professional classification ;
- Improvement and harmonization of employment services and in particular of the procedures for filling vacancies, so that the action taken shall be more rapid and more efficient.

Free Movement for Workers

111. According to the provisions of the Treaty, the proposals which the European Commission is to work out in this field will cover three basic aspects of the movement of workers between states : eligibility for employment, the right to move freely and the right to stay and settle in the countries where they have been given employment. The purpose of these proposals will be the progressive abolition of any discrimination against foreign workers.

These proposals, like the studies which will precede them, will of course take into account the different experiments already being made in Member States of the Community ; these include the steps taken to attain a common labour market among the Benelux countries, agreement on application of Article 69 of the Treaty establishing the European Coal and Steel Community, and the O.E.E.C. decision regulating admission and employment of nationals of Member States.

- Initially these proposals will deal in particular with :
- Issue and renewal of labour permits ;
 - Lifting of restrictions on employment ;
 - Machinery for connecting offers of employment and requests for employment.

112. In connection with the issue of initial labour permits, the fundamental objective will be to abolish or at least reduce to a minimum the time within which the decisions on issue or refusal of the permits are taken, and to restrict to reasons of public order and public health alone the grounds that can be adduced for refusal of a permit.

On the renewal of permits, the proposals of the European Commission will aim at facilitating the establishment of the most liberal system possible in respect both of the duration of the permits and of the conditions attached to their issue.

When the proposals on these questions have been settled they will have to be supported by action intended to introduce greater similarity and suppleness into the administrative procedures and regulations governing the entry and residence of foreign workers, as these are still extremely varied and complex.

113. On the lifting of restrictions on employment, apart from the special provisions in the municipal legislation of the one or the other country, the O.E.E.C. did no more in its decision than to voice a general recommendation, itself based on Recommendation N° 86 of the International Labour Organization. This provides that after five years residence and employment foreign workers should be entitled to accept whatever paid work they prefer. The measures which should be aimed at within the Community should not merely seek to have this time-limit adopted by all Member States but also to have it progressively reduced. When this problem is being examined, due account is to be taken of the special situation of the Grand Duchy of Luxembourg (Article 2 of the Protocol concerning the Grand Duchy).

114. The success of these various measures will depend, on the one hand, on the degree to which it will be possible to supervise the application and, on the other hand, on the efficiency of the machinery for connecting offers of employment and requests for employment.

On these two points the European Commission plans to submit proposals once the necessary studies have been completed. It can already be stated that action intended to improve the machinery for connecting offers of employment and requests for employment and also to make this machinery more efficient will need to have several facets. It will need to aim at the improvement of liaison between the national employment services, at the encouragement of direct contacts between employers and workers, and at ensuring that workers can make use of the employment services of the various Member States.

It also appears desirable to consider setting up co-ordinating machinery whose tasks will include :

- Following carefully the situation on the different labour markets in order to assess the need and the possibility of employing foreign manpower ;
- Collaboration, if need be, with national organizations in order that employers may look for manpower available in other Member States ;
- Ensuring the closest contact between the existing systems and studying the ways and means by which their functioning could be improved.

Social Fund and Problems of Occupational Training

The Social Fund

115. Various measures will have to be considered in order to ensure the application of Articles 123 to 127 of the Treaty, which deal with the Social Fund.

The most urgent is the setting up of the Committee provided for in Article 124 to assist the European Commission in the administration of the Fund. In addition, the European Commission will have in the next few months to work out and submit to the Council a proposal on the regulations required in pursuance of Articles 124 to 126. The Economic and Social Committee and the Assembly will have to be consulted on this proposal.

The European Commission recently approached the Governments of Member States to ask them for information on the amount of money spent or to be spent by them or by bodies under public law in 1958 and 1959 on the items covered by Article 125.

Occupational Training

116. The chapter dealing with the Social Fund gives this Fund the task of granting to Member States, in accordance with Article 125, a proportion of the expenses incurred by them for such items as occupational re-training; there is also a provision (Article 128) that the Council shall, on a proposal of the European Commission, establish the principles of a common policy of occupational training.

It does not seem possible to hope for a common policy of occupational training in the early stages; instead it will be necessary to look for co-ordination of national policies. This could cover, among other things, exchanges of information between governments and between enterprises and joint schemes of occupational training. No time must, however, be lost in initiating the study of the bases on which a common policy can be built.

The European Commission plans to establish forthwith a first programme intended to increase the opportunities for young workers to spend a period of apprenticeship abroad. In this field there are already certain bilateral and multilateral agreements between the Member States of the Community. None

the less, it appeared to the European Commission that it would be well to consider the possibility of fixing each year a joint programme of exchanges covering a considerable number of young workers.

Problems of Social Security and the Social Services

SOCIAL SECURITY AND INDUSTRIAL HYGIENE, MEDICINE AND SAFETY

Social Security for Migrant Workers

117. The European Social Security Convention, worked out with the assistance of the International Labour Office on the suggestion of the High Authority of the European Coal and Steel Community, was signed in Rome on 7 December 1957 by the Governments of the Member States. Under the terms of Article 69 of the Treaty establishing the E.C.S.C., these Governments had undertaken to renounce any restrictions on the free movement of manpower resulting from municipal legislation on the subject of social security. This convention could, however, only come into force on ratification by the Parliaments of the six Member States.

Article 51 of the Treaty of Rome provides for the establishment of measures similar to those contained in the aforesaid convention, but being part of a treaty already ratified by the Parliaments of the six States, it makes it possible for these measures to be adopted by a Community procedure, which is more rapid than the process of ratifying the Convention.

118. The European Commission, anxious that the provisions which had been agreed upon should come into force without delay, proposed to the Council in April 1958 that the Convention should be turned into a regulation, a possibility that had in fact been provided for in a Protocol annexed to the Treaty. Three Governments expressed reservations on this action. These

reservations concerned in the main the application of the regulation to frontier workers and seasonal workers, the amount of compensation to be paid if employment benefits are drawn in a country other than that of the last employment, and on retention of certain provisions included in earlier conventions. These problems were examined by representatives of the Member States, the European Commission intervening on a number of occasions to suggest compromise solutions.

At the meeting of 26 June the European Parliamentary Assembly, taking up a proposal made by its Social Affairs Committee, recorded the interest which it felt in the adoption of this regulation and expressed its regret that it had not yet been possible to reach unanimous agreement between the Governments.

On 2 July 1958 the Council decided to approve this regulation in principle. The Governments having subsequently given their final approval, the regulation is now formally adopted. The European Commission wishes to stress the importance of this decision, the first achievement of the Community in the social field.

119. Implementing regulations, prepared with the assistance of the International Labour Office, are to be adopted under the same procedure as the regulation.

The application of these rulings will be watched over by an Administrative Committee composed of representatives of the Member States assisted by technical counsellors. A representative of the European Commission and a representative of the High Authority of the E.C.S.C. will attend the meetings of the Administrative Committee in a consultative capacity, and assistance will also be given by the I.L.O.

Various duties are allotted to the Administrative Committee; these include the tasks of ensuring unified interpretation of the regulation in the different Member States, of arranging for compensation between the debit and credit account of the

social security institutions which act for each other in providing benefits outside the country in which a worker has been registered, and if need be of solving any disagreements which may arise out of the application of the regulation.

It is intended that in accordance with Article 121 of the Treaty, the Council, after consulting the Economic and Social Committee shall call upon the Commission to provide a secretariat for the Administrative Committee, which becomes part of the institutional structure of the Community.

General Social Security Problems

120. The Commission intends to start by preparing general studies covering among other things the analysis of social security legislation in the six Member States, by establishing statistical reference material and by preparing special studies on problems such as the financing of social security and state contributions and on the links between labour law and social security.

In order to bring legislation in the various Member States gradually more into line a number of measures can be suggested (standardization of administrative procedures, of age limits, of various waiting periods, a common list of occupational diseases and of the corresponding compensation...)

At a later date an effort will be made to secure the adoption by Member States of the European Social Security Code and of the supplementary protocol produced by the Council of Europe and to direct the future development of social security systems in a common direction.

It will also be possible for studies to be made of the effects produced on various aspects of social security by the working of the Common Market.

Industrial Hygiene, Medicine and Safety

121. The general studies planned in this field concern in particular :

- Improvement of industrial hygiene in enterprises ;
- Social and economic aspects of occupational accidents and diseases ;
- Their prevention (safety organization, training of personnel, influence of human factors);
- Legislation on occupational accidents and diseases and the rules governing industrial medicine, its organization and the part it has to play.

Investigations will be made with the aim of standardizing statistics on occupational accidents and diseases.

The exchange of experience and documentation on these questions will be followed up in collaboration with international and European specialized agencies. The aim will be to put forward common standards which should ensure a higher level of safety.

These efforts will also deal with protection against the risks of accident or disease for which at present no compensation is given although it ought to be, or which may appear as a result of changes in the technique or conditions of work.

SOCIAL SERVICES

122. The European Commission will take especial interest in human relations, in social service in the true sense of the word and in the various social achievements which help to improve the living and housing conditions of the workers and their families.

As these fields have but rarely been the subject of comparative studies in the Member States, it will at the start be

necessary to collect documentary material which will make possible an exact study of developments in these various services.

The trends of the development of these services in the different states will be brought out in liaison with the trade unions, the employers' organizations and specialized agencies, with the aim of fixing concrete objectives for action in these fields. Investigations on particular points can be undertaken later with the aid of experts.

It will be possible to circulate the result of these studies among the Member States by means of publications. For example, it is intended to study the conditions of training of welfare workers (syllabus, diplomas, status of schools, etc...)

The housing problem will be of special interest in its many aspects, including the psychological, sociological and statistical, particularly in connection with large towns and industrial centres.

In order to encourage the construction of dwellings for workers, the European Commission will offer every possible assistance and will search for additional means of obtaining finance.

CHAPTER VI

TRANSPORT

123. The Treaty establishing the E.C.S.C. and the experience gained in putting it into practice have provided a good example of the impact upon the establishment of a common commodity market of measures applied in the field of transport. A series of such measures, discriminations, preferential tariffs, etc., maintain or render possible restrictions on the free play of competition and they have an effect comparable with duties and subsidies.

In a broad Common Market as envisaged in the Treaty of Rome, intended above all to promote an approximation of the economic policies of the Member States, to effect rationalization and to increase the efficiency of the economic machinery, it was not possible in the field of transport to do nothing more than merely make for the free movement of goods. Transport must be considered as a separate economic sector and as an activity which should also benefit from the expansion of the market.

124. Transport is a service indispensable for the growth of all productive activity. Its peculiar characteristics — the special structure inherited from its historical past, its social and strategic role, the scale of existing and future investments, the advent and rapid expansion of new means of transport and the far-reaching intervention exercised by public authorities — all these explain why the negotiators of the Treaty of Rome were unable to lay down in detail the ways and means of integrating transport into the Common Market.

Consequently the Treaty provides first and foremost that the general objectives defined in the Treaty shall be pursued in the framework of a common transport policy, and at the same time it describes in a very precise manner certain tasks whose implementation is bound up with other parts of the Treaty or is to further the attainment of a particularly important objective.

These facts only serve to throw into relief the importance of the role entrusted to the institutions of the Community and the responsibilities devolving upon the Member States. It will above all rest with the institutions to elucidate the objectives of a common policy and to further the approximation of the national policies by suggesting ways and means of action.

125. In order to cope with its broad responsibility the European Commission can count on support from many quarters. It can rely on the support of the Assembly and on its Transport Committee which has already made a remarkable contribution to the development of ideas concerning a European transport policy. It will also have the benefit of assistance from the Consultative Committee provided for by Article 83, which will be composed of highly qualified experts. It can also consult the Economic and Social Committee and its transport section. Finally, it will be able to profit from the experience acquired by the High Authority, with which active collaboration will develop.

The European Commission will maintain contact with the national administrations, the national and international organizations, with the European Conference of Ministers of Transport (E.C.M.T.) and with professional circles, whose views it will always be glad to hear.

Immediate Tasks

126. The Treaty envisages two groups of well-defined tasks, those intended to facilitate the establishment of the Common Market for goods (Articles 79 - 81) and those whose purpose is

to guarantee a uniform regulation of international transport and to admit the carriers of one Member State to transport services within other Member States (Article 75, paragraph 1).

In dealing with the first group of provisions, account will have to be taken of the results already obtained within the framework of the E.C.S.C. In this connection it must be observed that although on the whole the two treaties pursue the same objectives, *i.e.* the suppression of any discrimination and the prohibition of any form of assistance or of tariff protection, on particular issues there exist considerable differences.

Thus the Treaty of the European Coal and Steel Community provides expressly for the establishment of direct international tariffs at a progressively reduced level, whereas the Treaty of Rome merely provides that the charges or dues collected by a carrier for the crossing of frontiers shall not exceed a reasonable level, due account being taken of the real costs actually incurred by such crossing.

127. On the practical plane, the first task arising for the European Commission is one of information and study. Subsequently it will have to prepare, within the periods stipulated in the Treaty and in step with the implementation of the Common Market, the rules required by Article 79, paragraph 3, the regulations for the application of Article 81, as well as the provisions referred to in Article 75. Meanwhile the Commission has participated in the preparation of the statutes of the Consultative Committee provided for under Article 83 of the Treaty. This Committee will start its work on lines drawn up by the European Commission.

Development of a Common Policy

128. The Treaty does not contain any indications as to the main lines to be followed in preparing a common policy. This

policy covers an extremely wide field, the various aspects of which are interrelated.

The first problem of the common transport policy is to organize the transport sector in the light of the need to ensure its own expansion while it contributes towards a progressive reduction of the transport element in production costs. These problems of co-ordination and harmonization of transport exist in all Member States and have been the subject of numerous studies. In practice, one of the main objectives of this common policy will consist in lifting these problems to the level of the Community.

Co-ordination has been the subject of a report adopted by the Common Assembly of the European Coal and Steel Community. The European Commission will devote particular attention to the conclusions of the report at the same time as — in liaison with the representatives of the Governments and the interested parties — it takes in hand the task of working out the directives for the common policy.

129. The transport policy will, however, necessitate the study of other problems as well, especially those relating to the long-term development of transport. Article 2 of the Treaty stipulates that it shall be the aim of the Community to promote throughout its area a harmonious development of economic activities ; as a consequence it will have to devote itself to the problem of investments and modernization.

130. Finally, the common transport policy will entail the examination of the problem of creating a true common market for transport, *i.e.* of progressively eliminating the obstacles to the functioning of the Community's transport services.

As stated above, this problem is essentially the theme of Article 75, paragraph 1. Complete realization of this objective will be attained within the framework of the common transport policy.

131. To start with, the European Commission will have to undertake extensive studies in order to bring out all aspects of the present transport policy of each Member State. These studies are already in hand.

On the basis of these facts the European Commission will work out the trends along which, in their opinion, the progressive approximation of national policies will have to be effected.

CHAPTER VII

ASSOCIATION OF OVERSEAS COUNTRIES AND TERRITORIES

132. The six signatory Governments recognized during the Treaty negotiations that those Member States which carry special responsibilities towards non-European countries and territories would be ignoring their responsibilities if these countries and territories were deprived of the chances of increased prosperity and well-being offered by the establishment of the Community. In the task of attaining the Common Market, which requires that the economic policies of the Member States be progressively approximated, it was necessary to take into account existing relations not merely with non-member countries, but even more with the overseas countries and territories.

The Member States have thus shown that they are aware of the duty of solidarity with less advanced countries in process of development, a duty now accepted by the highly industrialized nations. The Community could not but accept a major role in this universal task of economic and technical advancement and of financial assistance ; it therefore seemed natural that its efforts should be directed mainly towards those countries which were already most closely related to certain of the Member States.

It is with these motives in mind that the institutions of the Community will apply the provisions of the Treaty which concern the association of overseas countries and territories. All

the measures to be taken will reflect the Community's concern for the interests of the local populations. In this connection the declarations made before the European Parliamentary Assembly at the beginning of this year are categorical.

Preparation of Ways and Means

The Development Fund

133. The Implementing Convention annexed to the Treaty laid down that the European Commission was by 30 June 1958 to submit to the Council for its decision proposals on the particulars as to calls for and transfer of financial contributions, budgeting and administration of the resources of the Development Fund.

At its session of 2 July 1958 the Council, acting on a proposal of the European Commission, approved in principle a first regulation on this matter. It can be hoped that final approval will soon be given to this decision (Regulation N° 3 of the Council). It will then still be necessary to make a regulation concerning the responsibilities of the administrators and the accountants and also an administrative regulation which will be before the European Commission in September.

The outstanding feature of these regulations is the synthesis which they provide between a budgeting system adopted for obvious control reasons and a degree of suppleness in management imposed by the diversity of conditions in the different territories and the difficulties inherent in the financing of overseas investments.

134. As to the allocation of funds for the financial year 1958, it is still too early to say how far this can become effective before 31 December. The Governments of Member States and the authorities on the spot have been requested by the European Commission to submit as rapidly as possible the schemes for which support from the Fund is sought.

Schemes have already been foreshadowed for the Belgian and Italian territories and for certain French territories. In any case such credits as have not been used will automatically be carried forward to the following year.

The Right of Establishment

135. Article 8 of the Convention lays down that the Council, acting on a proposal of the European Commission, shall determine within one year the particulars of the manner in which the right of establishment shall progressively be applied, in the countries and territories covered by the Convention, to the nationals and companies of Member States other than that State having particular relations with the country or territory concerned. This shall be done in such manner that any discrimination shall progressively disappear in the course of the transition period.

It will be noted in this connection that for the European territories of the Member States the Treaty allows the European Commission a period of two years in which to submit to the Council its proposals on the abolition of restrictions on freedom of establishment. This difference in time-limits is not without its drawbacks, because of the close links which exist between the two problems and the solutions to be found.

136. The European Commission intends to work out as rapidly as possible the proposals required of it in connection with overseas countries and territories. It must, however, await receipt of the documentary material which it has requested from the relevant offices in the Member States and which will shortly be supplied.

In fact a complete inventory must be drawn up of all the many aspects of the right of establishment, a right which covers the conditions of admission and residence, the exercise of civil rights, judicial and administrative guarantees and the right to earn money particularly through industrial, commercial, agricultural or financial activities.

As soon as the necessary documentation has been collected, the European Commission will put in hand an examination of existing discriminations by territories and by branches of activity and will suggest measures to ensure their progressive abolition. In fixing these measures priority will be given to those activities in which freedom of establishment makes a particularly useful contribution to the progress of the associated countries and territories.

In addition, and despite the fact that it is not strictly speaking a question of the right of establishment, it might at this point be well to recall Article 135 of the Treaty, which stipulates that "subject to the provisions relating to public health, public safety and public order, the freedom of movement in Member States of workers from other countries and territories, and in the countries and territories of workers from Member States shall be governed by subsequent conventions which shall require the unanimous agreement of the Member States".

Expansion of Trade

137. The European Commission has now completed the studies required to enable the first general measures of tariff and quota disarmament, which must be introduced on 1 January 1959, to be applied in the particular case of the overseas countries and territories.

In the conversion of quotas into global quotas and the increase by 20 per cent, certain technical problems, particularly problems of definition, have arisen and must be solved before the end of the year, *e.g.* questions of choice of nomenclature, of territorial or federal extension of global quotas, of small or non-existent quotas, etc...

In 1959, on the other hand, further study will have to be made of the problems raised by the abolition of quantitative restrictions, especially those concerning "measures with equivalent effect" which call for a thorough knowledge of the import system and of the practices prevalent in each territory.

Finally, it should not be forgotten that the Treaty permits the territories to "levy customs duties which correspond to the needs of their development and to the requirements of their industrialization or which, being of a fiscal nature, have the object of contributing to their budgets". The Commission is now awaiting notification of the lists of duties which the countries and territories propose to retain under these provisions.

Liaison with Authorities and Populations overseas

138. One essential problem is that of establishing liaison with authorities and populations overseas. Useful contacts have been established on the occasion of such events as the opening of the Abidjan Bridge (Ivory Coast), which the European Commission was invited to attend in March this year. The European Commission has just been invited by the Belgian Government to visit the Congo and Ruanda-Urundi. In addition, overseas investigating teams are to be organized in the last quarter of 1958.

Conversely, a great many responsible personages from the overseas territories, including African parliamentarians and members of the governments overseas, have been received at the seat of the Community; the arrival of delegates from the CEDDIMOM (Documentary and Information Centre of the overseas Mineral and Energy Industries), the reception of the Minister of Economical Affairs and Planning from the Italian Trusteeship Territory in Somaliland, the reception of the President of the Government Council and the President of the Territorial Assembly of Oubangui-Chari, and finally the arrival of the Senegalese Minister of Planning, all these have provided an auspicious start for a stream that must be cared for and expanded.

The year 1958 will be used to study the organization by the European Commission of discussions between competent European and African personalities on subjects of general interest relating to the progress of the overseas territories and countries.

Information and Research

139. Mutual exchange of information does not flow just from personal contacts : systematic studies based on methodical investigations and exact statistics must provide the foundation for the economic concepts of the Community.

The work already done in this connection by the European Commission, and in particular the drafting of the "Survey of the Situation and of the Political, Administrative, Economic and Social Structures in the overseas Countries and Territories associated with the Community" annexed to this Report, has brought to light certain shortcomings in the supply of economic and statistical information in the overseas countries and the often fragmentary nature of the available elements, not to mention their heterogeneous character.

In these circumstances the Committee's first care must be to collect and interpret the basic documentary material required for its activity. Several series of papers have already been prepared on behalf of the competent Committee of the European Parliamentary Assembly, from which it is intended to draw up a picture of the political, administrative, economic and social situations in the associated countries and territories.

In addition, contact is being made with the main agencies studying the problems of under-developed countries, so that effective co-operation can be arranged with them. Finally, particular attention is being paid, in the field of relations with international organizations, to the work of the regional economic commissions of the United Nations, particularly that concerned with Africa.

This will make it possible to make the best use of existing means, to avoid overlapping of effort and to obtain in the most favourable conditions possible those elements which the Community must have at its disposal in order to work out its overseas policy.

The Lines of Future Action

The end of the first stage of the overseas policy of the Community will be marked, in five years time, by the preparation of a new Implementing Convention : it is therefore extremely important that during this first period the Community's policy should be characterized by the greatest possible efficiency, both as regards the economic and social investments backed by the Development Fund and in connection with the expansion of agricultural markets.

Lines of Investment Policy

140. The general policy which is at present under consideration for the Development Fund can be summed up in a few points ; but academic elements must gradually be filled out on the basis of the proposals made by the overseas countries and territories and in the light of the experience, which will of course be decisive in the matter.

Intervention by the Fund being complementary to other action already taken, appreciation of the schemes must first take into account the overall situation, from the economic as well as from the financial angle, of the countries or territories concerned. In particular the situation of the ordinary budgets in the overseas territories must be taken into account ; it is therefore desirable that in connection with the economic investments efforts should be directed mainly towards projects calculated to increase the purchasing power of the inhabitants and to provide additional revenue for the public purse ; in regard to projects of purely social interest, care will have to be taken that they represent the least possible extra charge on public funds.

At the same time, investigations of the schemes and supervision on the spot of the way they are executed will provide opportunities for technicians from the Community to establish direct contacts with the technical services of the overseas countries and territories. As has already been suggested by certain

authorities in various territories, it will be possible to use these contacts to inform the technical services about the results of experiments or methods tried out in other territories and, if need be, to give them advice on the use of these methods and on the recruiting of technicians from Member States.

This work of information and advice in technical matters, added to the financial and investment schemes, can certainly exert a most beneficial influence on the co-operation which must be established inside the Community between the Member States and the overseas countries and territories.

A third point of importance concerns the encouragement given to private investment in the overseas countries and territories; such encouragement may follow from the financial support given to certain public investment schemes.

Examination of most of the schemes cannot in fact fail to bring to light a certain number of requirements in the field of productive private investments; a case in point is regional action to encourage increased production of agricultural products, which will entail an increase in transport and the establishment of further facilities for handling the crops.

In case such as these it would be a pity not to give the necessary encouragement to further efforts by private capital, whether it be a matter of steps to be taken by nationals of the Member States or whether it be possible — and this would be preferable — to call on indigenous capital.

The necessary Expansion of the Agricultural Markets

141. The problems raised by the expansion of markets for overseas agricultural products seem at first to be long-term problems, in that tariff and quota disarmament and the establishment of a joint customs tariff will not be completed in less than twelve years. They are, however, also medium-term problems since — and this is recognized in the final Resolution of the Stresa Conference — the expansion of production and of demand

in the associated territories and countries should be taken into account when the common agricultural policy is being drafted. Finally, these problems have an immediate character inasmuch as the economic situation on the world market and the difficulties liable to be met by tropical exports might produce a situation which could affect the build-up of the Community.

This state of dependence of the overseas countries and territories in the matter of external markets calls for close study of the circumstances in which their products can be marketed and of the trend of consumption, both on the world level and within the European Community; apart from this quantitative angle, the problem of qualitative adaptation of overseas production to requirements in Europe and in the rest of the world is being encountered by a number of products, among others coffee, cocoa, bananas and oil seed.

A certain number of exact studies will therefore be undertaken in the last quarter of 1958 in order to take into account this very important aspect of the economic and social development of the associated countries.

The European Commission intends to give full weight to the fact that the undoubted predominance of agriculture in the overseas economies inevitably draws the attention of the authorities on the spot towards the problems of organizing production and trade in agricultural products within the Community. Already representatives of agriculture from overseas countries have taken an active part in the work of the Stresa Conference; a study will be made of provisions which will enable them to take part in any work which concerns both Europe and the associated countries and territories.

CHAPTER VIII

EXTERNAL RELATIONS

The Community and the Outside World

142. The essential objectives of the Treaty of Rome are strictly positive in character. They strive to ensure "the constant improvement of living and working conditions" by the integration, by an increasingly close economic and political union of the Member States. It would be a mistake to consider the establishment of the Community as an act to be attributed primarily to political preoccupations with regard to non-member countries, and even more would it be inconsistent with truth to maintain that the Community was conceived for the purpose of separating the Six from the rest of the world or of discriminating against other nations, thus leading to a division of Europe. The preamble of the Treaty quoted above emphasizes on the contrary that the signatory powers are "desirous of contributing by means of a common commercial policy to the progressive abolition of restrictions on international trade".

The Community — created by the will of the six States and armed with the powers conferred upon it — intends to occupy in international relations a place corresponding to its vocation, to its statute and to the role and responsibilities which Europe must assume in the international sphere.

This means that on the economic plane — and this is its particular field — the Community will remain open and will do all it can to intensify world trade.

143. This attitude is not only expressed in the form of an intention in the preamble to the Treaty, which repeatedly stresses this wider role of the Community, it is also defined in the provisions of the Treaty itself. Article 110 affirms that the Member States intend to contribute to the harmonious development of world trade, the progressive abolition of the restrictions on international exchanges and the lowering of customs barriers. In Article 18 this principle is confirmed anew in relation more specifically to the common external tariff.

In the same spirit Article 234 specifies that the rights and obligations resulting from conventions concluded between one or more Member States on the one hand and one or more non-member countries on the other hand, prior to the entry into force of the Treaty, shall not be affected by the provisions of the Treaty. Finally, Articles 237 and 238 make it possible to extend, by means of accession or association, the advantages and obligations of the Treaty to other states, either wholly or in part.

Even more than these declarations and contractual provisions, political and economic reasons are decisive for the behaviour of the Community towards third countries.

On the political plane, the solidarity sought by the six Member States must be fitted into broader solidarities. Apart from the traditional and neighbourly relations founded on the geographical structure and the history of the Member States, the establishment of the Community must reinforce and not weaken the coherence of the free world as well as the widest possible co-operation in the world at large.

The Community has human responsibilities towards less favoured nations which it cannot ignore.

On the economic plane, the same reasons which have led the Six to seek an intensification of the trade between themselves are also valid *vis-à-vis* non-member countries since economic progress invariably presupposes acceptance of the challenge of foreign competition. At the same time it must not be overlooked that the Community will continue to depend on the outside world for certain essential supplies — raw materials as well as highly specialized products — and for the maintenance and expansion of valuable export markets. This is clearly apparent from the indications contained in Chapter II (1).

Aware of the Community's responsibility towards the world the European Commission is prepared to discuss with any non-member countries who so desire the possible prejudicial effects on them produced by the establishment of the Common Market, although the text of the Treaty has been so drafted as to respect the interests of these countries and to strive after solutions consonant with their several interests.

This wish found its first manifestation in the Memorandum of 19 March 1958 to the Latin-American countries who had repeatedly voiced the concern aroused among their exporters by the creation of the Common Market and the changes in custom tariffs which were to ensue. This Memorandum offers the conclusion of consultation agreements which the European Commission intent should permit an examination of all problems which may arise in fact.

144. As a new entity in the family of nations, the Community will maintain close contacts and relations with all those countries and organizations with which it expects closer cooperation in their mutual interest. The Treaty incidentally makes express provision for the establishment of a certain number of liaison arrangements.

145. The position of the Community in the world rests not only on the fact that it is a new legal entity, its unity will also

(1) Trade with the Outside World.

express itself in a progressive application of uniform principles in the commercial policy of the Member States which, as is indicated in Article 113, is to lead to a common commercial policy.

This common commercial policy, which embraces all aspects of the economic relations with the outside world, is not an end in itself. Like the common external tariff it is a prerequisite for the good functioning of the Common Market.

In implementation of Article 111, the Commission will shortly submit to the Council proposals regarding the procedure to be applied, in the course of the transitional period, for the establishment of common action and regarding the achievement of a uniform commercial policy.

The Association of other European Countries with the Community

146. At the moment at which the Treaty became effective, the Member States of the Community were engaged in difficult negotiations regarding the association of other European countries with the Community.

The problem facing the Community, which consists of finding a form of association with the eleven other members of the O.E.E.C., is not only difficult to solve but also one of primary importance from the economic as well as from the political point of view.

It is dominated by two considerations :

a) The signatory powers of the Treaty of Rome always considered that the new Community should not maintain an attitude of autarchy towards the outside world. This they proclaimed during their deliberations and prior to the signing of the Treaty of Rome. They reaffirmed it in a Declaration annexed to the Final Act.

The Community intends to be an element of economic progress in the world, not merely through the internal expansion which will occur and from which non-member countries will benefit, but also through its attitude of co-operation towards the outside world.

Moreover, at the time of the establishment of the Community there already existed in the economic field a particular solidarity among the European nations of the O.E.E.C. These were neighbouring countries between which commercial relations have always been very lively and between which the organization referred to instituted special forms of economic co-operation some years ago. The quantitative restrictions affecting their commercial relations were eliminated to a large degree and a satisfactory payments system was instituted.

It was thus inevitable that the Community should entertain a fundamental sympathy with any efforts by her European partners towards a greater liberalization of European trade, and it must be ready to co-operate.

b) On the other hand, in concluding the Treaty of Rome the six Member States had set themselves a clearly defined economic and political goal. They wanted to create in their midst the conditions for progressive economic integration, and to give the Europe of the Six a powerful economic fabric which could subsequently be filled in on the political plane.

It is out of the question for Member States to jeopardize this joint action : they cannot think of relinquishing any or all of the advantages of the Treaty of Rome. It would be inconceivable for them to reconsider in any way the objectives and intentions it affirms, the machinery which it provides or the freedom of action of its institutions, as the European Parliamentary Assembly declared in its resolution of 27 June 1958 : « While it is ready to approve the conclusion of an economic association with the other European states, it will not agree to the merging of the Communities in a larger whole in which they, as well as the associated countries and territories, would

lose the benefits of the economic and political integration now being undertaken ».

147. In the view of the European Commission there are two considerations which stand out and which must guide the Commission's actions : on the one hand to build up a policy of co-operation towards non-member countries and in particular with the European countries ; and on the other hand to defend the framework of the Treaty of Rome, which Article 155 expressly entrusts to its care both now and for the future.

A reasonable solution will thus have to be sought for for the problem of association, but this evidently does not mean that association is to be sought at any price.

The problems set by the search for association and the conditions which will have to be met, if a solution acceptable to the Community is to be found, will be discussed later.

Historical Survey

148. In recent years, the effort to abolish trade obstacles within O.E.E.C. received fresh impetus as a result of action taken by the Six, which had already proved their desire for closer union by signing the Treaty establishing the European Coal and Steel Community.

After the Conference of Messina, and especially from the time when the work of the Common Market experts in Brussels seemed to be heading for concrete solutions, the other countries of the O.E.E.C. and above all Great Britain undertook a parallel search for a wider economic co-operation. The Conference of Venice, which approved the basis of the Common Market, took place on 29 May 1956. On 17 July 1956 the Council of Ministers of the O.E.E.C. decided — on the initiative of Great Britain — to set up a Working Party (No. 17) to work out a form of suppressing obstacles to trade short of a customs union. In the report it submitted in January 1957, this group discussed the possibilities of a free trade area, referred

to the technical problems implied in such a form of association, but indicating at the same time that these problems did not seem insoluble.

The Council of the O.E.E.C. decided on 13 February 1957 to initiate negotiations for a free trade area which the Common Market of the Six would be associated with the other members of the O.E.E.C. To this end, the O.E.E.C. instituted three working parties. The reports of these working parties were submitted in June 1957. In order to hasten the work, an inter-governmental conference was established on ministerial level, and this has been meeting since October 1957 under the chairmanship of Mr. Reginald Maudling, the British Minister entrusted with the negotiations. The object of this novel departure was to reach an agreement quickly enough to permit the free trade area to become effective in line with the Common Market on 1 January 1959. However, it has not yet been possible to reach agreement on a certain number of issues.

149. The problem consists not only in concluding an agreement with the eleven other members but also in reconciling the views of the governments of the Member States of the Community. They must, in effect, adopt a common attitude in the negotiations not only because they are closely associated by virtue of the Treaty of Rome, but also because the planned association constitutes the first great act of commercial policy of the Community and will inevitably have direct repercussions upon the implementation of the Treaty.

In February 1958, the French Government submitted to the other five Governments and to the European Commission a memorandum which expressed their entire disagreement, as regards the scope of the Association and its rhythm, with the original British concepts which had served as basis for the work of the O.E.E.C. The European Commission subsequently presented, on 19 March 1958, a memorandum intended to present a viewpoint acceptable to all during the coming negotiations. This memorandum has served as basis for the work of the

delegates of the six Governments appointed to clarify the common position. The European Commission has also presented a certain number of additional suggestions on particular aspects of the negotiations.

150. From the above it becomes obvious in which way the European Commission interprets the role which it was to play in the negotiations, taking into account the circumstances in which it was able to intervene. The European Commission deems that its duty is to achieve a compromise between the divergent positions which emerge, manifesting themselves not only between the Member States but also between these States and the eleven other states of the O.E.E.C. The Commission will be guided by its first duty, which is to watch over the general interest of the Community as a whole. In adopting this attitude it will be able to appreciate more objectively the particular problems which preoccupy each of the six Member States. On the other hand it must advocate a form of association which will not impede the realization of the Community and the execution of its essential tasks. In order to accomplish this, the Commission believes it will have to play an increasingly large part in the negotiations.

151. Immediately prior to the publication of this General Report a further meeting of the Six took place in Venice in order to fix the position of the Community concerning the fundamental aspects of the negotiations. The Assembly will be kept informed of the progress made.

The negotiations being still in hand, it is of course not possible to do more than analyse the fundamental problems to which the negotiators still have to provide a solution.

Problems of Association

152. As is apparent from the above survey, negotiations were long and particularly difficult. The final form of the association envisaged has not yet been precisely fixed. In illustration of this

situation numerous problems may be cited which are still causing considerable difficulties and major controversies. Some of these problems will be dealt with more fully below. From a more careful examination of them, it will be apparent that practically all the difficulties in the various fields stem from one general problem.

153. The negotiations have shown that the eleven O.E.E.C. countries, while in favour of a complete liberalization of trade, are not prepared to accept fully the obligations ensuing therefore in other fields nor the adaptations indispensable on the institutional plane. Were it otherwise, they could obviously just become members of the Community. The reasons for which these countries find it impossible or inopportune to accept the views of the Community are diverse : there are for instance the bonds uniting Great Britain with the Commonwealth, or the fear experienced by certain countries at the idea of a possible infringement of their neutrality.

The situation outlined above is further complicated by the fact that for each country a satisfactory equilibrium will have to be found between the expected advantages and the sacrifices to be made. In the Treaty of Rome this balance was obtained on the basis of mutual concessions. But in the association envisaged, which brings into play new countries with widely different economic and political structures, it is clear that a new balance will have to be established.

It is thus apparent that the establishment of a satisfactory association capable of functioning efficiently will depend upon a broad compromise rather than upon the solution of particular difficulties.

154. As stated above, care must also be taken lest the envisaged association prevent the Community from carrying out its mission in the manner laid down in the Treaty of Rome. From the viewpoint of the Commission there can indeed be no question of association which would impede the development of a more

stable organization as a step on the way to more important results. This is a political aspect the importance of which must not be underestimated. For the members of the Community the Treaty of Rome is a starting point, a basis on which they intend to build an ever-closer unity. For this reason the Six provided in their Treaty ways and means which exceed the minimum requirements necessary for the functioning of a customs union. The Community must therefore take care that the possibilities of executing its proper tasks and of developing unity among its members are not impaired.

155. Once this has been stated, the discussion of some of the most important specific problems can be kept relatively short. Moreover, it would be superfluous to go into detail, since the negotiations are still in progress and the various elements of the situation are changing constantly.

156. The consequences for the freedom of trade which spring from *differences between external tariffs* have from the beginning constituted a grave and intricate problem, particularly from the technical point of view. Contrary to what has been decided in the Community but in conformity with the definition of a free trade area as given for instance by GATT, the plan of association rests on the principle that each partner will maintain its own external tariff. For the Community the external common tariff is a fundamental prerequisite in establishing a truly common market. If the present differences were to persist and no appropriate measures were taken, this situation would certainly cause diversions of trade. Moreover, the possibility cannot be ruled out that producers in countries with low tariffs may benefit at the expense of their competitors in other countries, since they can obtain raw materials, semi-finished products, and their means of production at a lower price.

To avoid the unfavourable consequences arising from the absence of a uniform external tariff, products manufactured wholly or in large part outside a country belonging to the

association should not benefit from the privileges associated with a free circulation of goods.

Over and above the technical difficulties which they entail, such measures clearly imply a considerable limitation on the association's field of application. The only alternative consists in a certain harmonization of the external tariffs or in the establishment of countervailing duties. The principle of the most advanced possible harmonization, supplemented by a system of compensatory duties, is at the basis of the plan which the Italian Minister, Mr. Carli, submitted in the hope of finding a solution for the difficulties indicated. The Commission is of the opinion that this plan constitutes a good starting point in the search for a solution, although it will certainly have to undergo certain modifications.

157. Closely related to the above problem is the question whether the *British system of imperial preferences* and her possible association with the Community are reconcilable. Understandably enough Great Britain is of the opinion that the imperial preferences represent so essential an element in the Commonwealth that their complete suppression is out of question. Yet these preferences must not be allowed to distort the conditions of competition. It will, therefore, be indispensable to work out special provisions on this subject.

158. A second problem as yet unsolved is that of *agricultural products*.

The question which arises from the start was whether the association should be extended to include agricultural products. Because of her trade with the Commonwealth and the situation of her own agriculture, Great Britain has already indicated that she would prefer the exclusion of these products. For its part the European Commission has stressed that there would have to be a reciprocity of advantages for the industrial and the agricultural countries in the association and that the essential differences in agricultural policies would lead to constant and appreciable price differences in industry; the Com-

mission has therefore advocated a solution which includes agricultural products. The Maudling Committee is at present guided in its work by this attitude.

Once this question of principle has been settled, a satisfactory relationship will have to be found between the development of agricultural policy in the association and liberalization of trade in agricultural products. A common agricultural policy, such as is provided for in the Treaty of Rome, is not feasible within the framework of an association. The European Commission nevertheless believes that the members of the association should be able to undertake to harmonize their agricultural policies and at the same time to liberalize their trade in agricultural products.

Such a concept must obviously not overlook the fact that the Community needs sufficient time and freedom of decision to develop its own agricultural policy. The European Commission is therefore of the opinion that any agricultural agreement should be limited to the first stage of the transition period and to certain precise measures, whereas agreement concerning the following stages should be left to later negotiations which would have to take place before the end of the first stage.

It is on the basis of these considerations that the Member States prepared a memorandum which was submitted to the Maudling Committee of 25 July.

159. The third great problem is that of the institutions. Its importance stems largely from the close correlation between the institutional problem and the question of the escape clauses and from the essential importance of co-ordinating the institutions of the association and those of the Community. As has been stated above, the European Commission starts from the principle that the proper functioning of the Common Market must not be weakened or impeded by a looser association.

The European Commission has always stressed that the association could not be the subject of a treaty concluded by

seventeen states between which there existed no prior bonds. In reality an association will have to be formed between, on the one hand, a community that already exists and has its own institutions and, on the other hand, the eleven other members of the O.E.E.C. who wish to associate themselves with the Community in the pursuit of common aims. This is expressly stated in Article 238 of the Treaty, and so the Community and its institutions must appear as such within the future association. The European Commission has submitted concrete proposals on this point which are at present under examination by the Governments of the Member States.

160. These then are the main problems at present engaging the attention of the negotiators. Here, obviously, they can neither be examined exhaustively nor can other and less essential problems be discussed at length. Nevertheless the problem of the system to be applied to those Member States of the O.E.E.C. which are still in the stage of development must at least be mentioned; a constructive solution can only be found once the main lines of the association have been defined more clearly.

161. As time passes the problem of the decisions to be taken within the framework of the seventeen countries on 1 January 1959 assumes increasing importance. The eleven others taking part in the negotiations emphatically insist that the reduction of tariffs and quotas shall proceed absolutely *pari passu* in the Community and in the associated countries.

In compliance with this wish, and in view of the fact that a complete agreement can apparently not be reached before the end of the current year, the European Commission has proposed to issue certain *provisional regulations* which would avoid the occurrence of a first difference in treatment and would gain the necessary time to conduct negotiations in an atmosphere freed from stresses and strains.

This plan provides above all for the reciprocal application among the seventeen states of the same tariff reductions as

will take effect within the Community. These proposals were explained by the European Commission at the Session of the Assembly in June 1958, and that they were approved by the latter is apparent from the resolution adopted at the time. So far these proposals have not yet been accepted by the other countries. The European Commission will persevere in its efforts to reach a conclusion which will satisfy all interested parties.

The Treaty of Rome and the General Agreement on Tariffs and Trade

162. Article XXIV of the General Agreement of Tariffs and Trade provides for a general waiver in the case of a customs union or a zone of free trade of the rules against discrimination which constitute the basic principle of this Agreement. Paragraph 7 of the same article provides nevertheless that "any contracting party deciding to enter into a customs union of free trade area shall notify the Contracting Parties". In accordance with these provisions the Member States of the Community submitted the Treaty of Rome to the Contracting Parties on 17 April 1957.

163. The President of the Contracting Parties immediately convened the Inter-Sessional Committee; this Committee met at Geneva on 24 to 27 April to hear the first reaction of the non-member countries and to draw up the procedure to be followed in examining the compatibility of the Treaty of Rome with the provisions of the General Agreement. In view of the short time available to non-member countries to undertake a thorough examination of the Treaty, the Inter-Sessional Committee decided to invite the Contracting Parties to submit in writing to the Interim Committee for the Common Market and EURATOM those points on which they desired fuller information.

The Member States for their part undertook to answer these questions and also to prepare a memorandum explaining the most important aspects of the Treaty in order to facilitate the discussions at the Twelfth Session.

This memorandum was transmitted to GATT on 29 May 1957 and the answers to the questionnaire on 23 July 1957. A specimen tariff covering about 60 % of the total trade of the countries of the Community with non-member countries was also submitted to the Contracting Parties in order to give them a preliminary idea of the future common tariff.

164. At the Twelfth Session of the Contracting Parties the examination of the Treaty of Rome was on the agenda of the special meetings reserved to discussions among the Ministers who represented their countries at these meetings. In spite of the limited time allowed to each speaker, the general debate permitted the Ministers to explain the viewpoints of their Governments on the creation of the Common Market of the Six.

The Ministers of the non-member countries congratulated the Six on having elaborated a treaty of such importance in so short a time and welcomed the attainment of a vast economic integration capable of contributing to the prosperity of Europe and the development of world trade. They nevertheless voiced certain apprehensions and formulated certain criticisms in regard to some provisions of the Treaty of Rome.

165. After this first exchange of views special committees established for this purpose by the Contracting Parties analysed in detail the provisions of the Treaty. The Member States of the Community set to work to furnish the requested explanations and to refute the criticisms. Among other points they drew attention to the following :

- The Treaty of Rome lays the foundations of a new economic and political collaboration between the Member States and creates the necessary conditions for the establishment of one vast economic area. It goes far beyond a mere customs union, since it covers not only the circulation of goods but also that of persons, capital and services ;
- The Common Market thus created will contribute to the

development of international trade owing to the general expansion entailed by the fusion of the economic systems of the Member States ;

- The Member States were also of the opinion that in accordance with the principles of the Charter of the United Nations it was their duty to promote the economic and social development of the overseas countries and territories associated with them by letting these countries and territories share in the prosperity, the rise in the standard of living and the increase in production to be expected in the Community.

The Member States have stated that while the Treaty was being worked out they never lost sight of the obligations undertaken by them within the framework of the General Agreement and that they could appear before the Contracting Parties in the firm conviction and belief that they had instituted a customs system which was fully in conformity with the letter and the objectives of the General Agreement. Article 234 moreover expresses the wish of the six Governments to respect the obligations they accepted in joining the GATT.

During the debates considerable difficulties arose from the fact that to a large degree the objections and criticisms concerned the future policy of the Community rather than the provisions of the Treaty itself. As regards the criticisms advanced against the Treaty, the Member States have always been of the opinion that the Treaty must be considered as a whole and that as such it not only satisfies the requirements of GATT in the matter of customs unions but goes even beyond these. Obviously it was not possible for the Member States to give any enlightenment as to the future policy of the Community.

166. Under these conditions it was particularly difficult to arrive at clear and precise conclusions. The Contracting Parties fortunately realized that there was no point in pursuing along these lines ; they have agreed not to prolong the discussion on

the question whether all the provisions of the Treaty were legally in conformity with GATT, a question which the Community incidentally has always answered in the affirmative.

The representative of the United States in particular recalled the importance which his Government attached to the successful operation of the Community but emphasized the concern which some of the Contracting Parties had expressed because of the fear that their vital interests might be imperilled by certain provisions of the Treaty. At the end of this meeting it was agreed to postpone all discussions of a legal nature and to seek practical and constructive solutions for the particular problems raised by the implementation of the Treaty of Rome. The Inter-Sessional Committee moreover considered that the consultation provisions contained in Article XXII of the General Agreement should be utilized to the fullest extent.

Draft conclusions to this effect were given general approval. Actually they did nothing but to put the examination of the Treaty back into the framework of methods habitually followed by GATT and did not imply any special procedure. There is thus reason to expect that the debates during the next session of the Contracting Parties will be more tranquil and more concrete.

167. The European Commission is nevertheless of the opinion that in spite of the sometimes lively controversies and in spite of the fact that no precise agreement was reached the debates of the Twelfth Session were useful. Numerous points were cleared up by the Community. Although it would no doubt be too much to claim that the uneasiness of the non-member countries had been fully cured, it is as well that the Community should be aware of their existence in order to give them in future the largest possible consideration. In any case it is fortunate that the debates have shown clearly that there is little point in continuing for the time being with discussions of a legal nature.

The European Commission is of the opinion that the road at present being followed is satisfactory. Discussions remain

on the practical plane, and it may be possible through frankness to solve the difficulties and problems which arise. The European Commission wishes to stress that, in agreement with the spirit and the letter of the Treaty, it will do everything possible to maintain excellent relations with the Contracting Parties and to continue its support of GATT in the accomplishment of its traditional task, in which appreciable results have already been obtained.

Representation and Contacts of the Community with non-Member States and with International Organizations

168. The Government of the United States, which has from the beginning shown its approval of the efforts toward European integration, has accredited a special mission to the three Communities. This mission is headed by Ambassador W. Walton Butterworth, who presented his letters of credence to the President of the European Commission on 13 March 1958. The European Commission will welcome the establishment of similar missions by other countries.

169. The European Commission is also examining the question of establishing contacts with the various international organizations in pursuit of Articles 229 - 231 of the Treaty. According to those Articles the form of these contacts may vary from case to case in order to take into account the specific aspects of the contacts to be established with each of the organizations.

As stated above, an agreement on collaboration was concluded by the European Commission with the International Labour Office. This Agreement was signed in Geneva on 7 July 1958. Contacts were also established with the Executive Secretary of the General Agreement on Tariffs and Trade (GATT) and it is expected that the European Commission will be represented at the next sessions of the Contracting Parties. Finally, contacts have been made with the Council of Europe, the Secretary General of the United Nations and the Economic Commission for Latin America.

ANNEXES

ANNEX A

INTERNAL ORGANIZATION OF THE EUROPEAN COMMISSION

Division of responsibility and composition of the groups

I. *External Relations* :

Chairman : REY
Members : MARJOLIN, PETRILLI

II. *Economic and Financial Questions* :

Chairman : MARJOLIN
Vice-Chairman : VON DER GROEBEN
Members : MALVESTITI, MANSHOLT

III. *Internal Market* :

Chairman : MALVESTITI
Members : REY, SCHAUS

IV. *Competition* :

Chairman : VON DER GROEBEN
Members : MARJOLIN, REY

V. *Social Affairs* :

Chairman : PETRILLI
Members : MANSHOLT, LEMAIGNEN

VI. *Agriculture* :

Chairman : MANSHOLT
Members : LEMAIGNEN, VON DER GROEBEN, SCHAUS

VII. *Transport* :

Chairman : SCHAUS
Members : MALVESTITI, LEMAIGNEN

VIII. *Overseas Countries and Territories :*

Chairman : LEMAIGNEN

Members : VON DER GROEBEN, PETRILLI

IX. *Administration :*

Supervised by the "Meeting of Presidents", which consists of the President of the Commission and of the Vice-Presidents.

ANNEX B

ORGANIZATION OF THE ADMINISTRATIVE SERVICES
OF THE EUROPEAN COMMISSION

DIRECTORATE-GENERAL I : *External Relations*

- 1st Directorate : General affairs and relations with international organizations ;
- 2nd Directorate : Association with non-member countries ;
- 3rd Directorate : Bilateral relations ;
- 4th Directorate : Commercial policy (negotiations).

DIRECTORATE-GENERAL II : *Economic and Financial Affairs*

- 1st Directorate : National economies and economic trends ;
- 2nd Directorate : Monetary matters ;
- 3rd Directorate : Economic structure and development.

DIRECTORATE-GENERAL III : *Internal Market*

- 1st Directorate : Movement of goods ;
- 2nd Directorate : Customs ;
- 3rd Directorate : Right of establishment and services ;
- 4th Directorate : Problems of industry, commerce and the manufacturing handicrafts.

DIRECTORATE-GENERAL IV : *Competition*

- 1st Directorate : Understandings, monopolies, dumping, discrimination ;
- 2nd Directorate : Approximation of legislation ;
- 3rd Directorate : Fiscal problems ;
- 4th Directorate : State aids and discrimination by states.

DIRECTORATE-GENERAL V : *Social Affairs*

- 1st Directorate : Social policy ;
- 2nd Directorate : Manpower ;
- 3rd Directorate : Social fund and occupational training ;
- 4th Directorate : Social security and social services.

DIRECTORATE-GENERAL VI : *Agriculture*

- 1st Directorate : General affairs and external relations ;
- 2nd Directorate : Agricultural markets ;
- 3rd Directorate : Agricultural structures.

DIRECTORATE-GENERAL VII : *Transport*

- 1st Directorate : General affairs ;
- 2nd Directorate : Development and modernization ;
- 3rd Directorate : Cost of transport.

DIRECTORATE-GENERAL VIII : *Overseas countries and territories*

- 1st Directorate : General affairs ;
- 2nd Directorate : Research ;
- 3rd Directorate : Investments ;
- 4th Directorate : Trade.

DIRECTORATE-GENERAL IX : *Administration*

- 1st Directorate : Personnel ;
- 2nd Directorate : Budget and finance ;
- 3rd Directorate : Domestic affairs.

SECRETARIAT OF THE COMMISSION :

- Office of the Registrar ;
- Liaison with the Directorates-General
- Administrative liaison with the other institutions of the Community, with the other Communities and the European Assemblies.

ANNEX C

COMPOSITION OF THE ECONOMIC AND SOCIAL COMMITTEE

- 1) Jean Maurice AICARDI Secretary-General of the "Commissariat au Plan" FRANCE
- 2) Jacobus Anthonius Gerardus ALDERS Secretary of the "Katholieke Arbeidersbeweging" NETHERLANDS
- 3) Tanoh Lambert AMON Overseas trade unionist, member of the Committee, Director of the "Union Générale des Travailleurs de l'Afrique Noire (U.G.T.A.N.)" FRANCE
- 4) Luigi ANCHISI Secretary-General of the "Confederazione Nazionale Coltivatori Diretti" ITALY
- 5) Guido Maria BALDI Lawyer ITALY
- 6) André BAUDET Confédération Française des Travailleurs Chrétiens Syndicalistes Agricoles FRANCE
- 7) Hermann BEERMANN Member of the Federal Council of the "Deutscher Gewerkschaftsbund"; head of the Social Policy Section GERMANY (F.R.)
- 8) Mathias BERNS Secretary-General of the "Centrale Paysanne" LUXEMBOURG
- 9) Corrado BERTAGNOLIO Secretary-General of the "Confederazione Generale del Commercio" ITALY
- 10) Vittorio DE BIASI President of the "Associazione Nazionale Industriali Distributori Energia Elettrica" ITALY
- 11) Barend Willem BIESHEUVEL Secretary of the "Nederlandse Chr. Boeren- en Tuindersbond" NETHERLANDS

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| 12) Dr. Bouwe BOELGER | Director of "N. V. Handelsmaatschappij Stokvis en Zoon"; President of the "Verbond van de Nederlandse Groothandel" | NETHERLANDS |
| 13) Pieter Clemens Wilhelmus Maria BOGAERS | Director of the Scientific Office of the "Katholieke Arbeidersbeweging" | NETHERLANDS |
| 14) Corrado BONATO | Professor of Agrarian Economy at the Catholic University of Milan | ITALY |
| 15) Constant BOON | Technical adviser to the Secretariat of the "Boerenbond"; Member of the Central Economic Council | BELGIUM |
| 16) Maurice BOULADOUX | Trade unionist in the "C.F.T.C." | FRANCE |
| 17) Maurice BOULLAND | Craftsman; "Confédération Nationale Artisanale" | FRANCE |
| 18) Albert BOUSSER | President of the "Fédération Nationale des Cheminots et Travailleurs du Transport Luxembourgeois" | LUXEMBOURG |
| 19) Theo BRAUN | Trade unionist; Vice-President of the "C.F.T.C."; Member of the Economic Council | FRANCE |
| 20) Georges Jean BREART | Representative attached to the "Assemblée Permanente des Présidents des Chambres d'Agriculture" | FRANCE |
| 21) Otto BRENNER | Chairman of the "Industriegewerkschaft Metall" | GERMANY
(F. R.) |
| 22) Pierre BROUSSE | Chairman and Director-General of the "Compagnie de Navigation française Rhénane" | FRANCE |

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| 23) Fritz BUTSCHKAU | Director of the "Rheinische Girozentrale und Provinzialbank", Düsseldorf; President of the office of the "Deutscher Sparkassen- und Giroverband e. V.", Bonn | GERMANY
(F.R.) |
| 24) Giovanni CANINI | Secretary of the "Confederazione Italiana Sindacati Lavoratori" | ITALY |
| 25) Henri CANONGE | General representative of the "Confédération Nationale de la Mutualité de la Coopération et du Crédit Agricole" | FRANCE |
| 26) Giuseppe CANTONI | Commissioner of the "Ente nazionale Risi"; Vice-President of the "Confederazione Generale dell'Agricoltura Italiana" | ITALY |
| 27) Mario DE CESARE | Formerly General Director of the "Ente Nazionale Industrie Turistiche" | ITALY |
| 28) ENZO DALLA CHIESA | National secretary of the "Unione Italiana Lavoratori" | ITALY |
| 29) Otto CLAUSEN | Agronomist; Executive secretary of the "Bauernverband Schleswig-Holstein" | GERMANY
(F.R.) |
| 30) Auguste COOL | President of the "Confédération des Syndicats Chrétiens"; Vice-Chairman of the Central Economic Council; Vice-Chairman of the "Conseil National du Travail" | BELGIUM |
| 31) Epicarmo CORBINO | Professor of Economics at the University of Naples; expert in problems of nuclear economics | ITALY |
| 32) Emile CORNEZ | Chairman of the "Conseil Economique Wallon" | BELGIUM |

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| 33) Angelo COSTA | Chairman of the Standing Committee on Economic Problems of the "Confederazione Generale dell'Industria Italiana" | ITALY |
| 34) André Jérôme DEVREKER | Professor at the University of Ghent; Secretary of the Committee of Belgian Academic Economists | BELGIUM |
| 35) Fritz DIETZ | Consul; owner of the firm "Gebrüder Dietz" (import and wholesale trade in sugar); member of the Council of the "Gesamtverband des Deutschen Gross- und Aussenhandels" | GERMANY
(F.R.) |
| 36) Pierre Charles DUMONT | Former President of the Paris Chamber of Commerce | FRANCE |
| 37) Dr. med. Paul ECKEL | Specialist in radiology; Chairman of the Atomic Committee of the "Deutsche Ärzteschaft" | GERMANY
(F.R.) |
| 38) Ernst FALKENHEIM | Member of the Managing Committee of "Deutsche Shell-AG"; member of the Council of the German Federation of Industry | GERMANY
(F.R.) |
| 39) Jean Marcel FONTANILLE | Vice-President of the Paris Chamber of Commerce; Vice-President of the "Conseil National du Commerce"; member of the managing committee of the "Conseil National du Patronat Français" | FRANCE |
| 40) Wilhelm GEFELLER | Chairman of the "Industriegewerkschaft Chemie, Papier, Keramik"; member of the Parliamentary Committee on Atomic Questions in the second Bundestag | GERMANY
(F.R.) |

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| 41) Dr. Wilhelm GEILE | Director of the shipping company "Braunkohle GmbH."; Chairman of the "Zentralausschuss der Deutschen Binnenschifffahrt" | GERMANY
(F.R.) |
| 42) Albert GENIN | Secretary-General of the "Fédération Nationale des Syndicats d'Exploitants Agricoles" | FRANCE |
| 43) Domenico GENOESE-ZERBI | Chairman of the "Unione Provinciale Agricoltori-Reggio Calabria" | ITALY |
| 44) Manlio GERMOZZI | Secretary-General of the "Confederazione Artigianato"; member of the Economic and Labour Council | ITALY |
| 45) Torello GIUNTI | Expert on Transport Questions | ITALY |
| 46) Piero GIUSTINIANI | Managing Director of "Montecatini" | ITALY |
| 47) Antonio GRANDI | Chairman of the "Cassa Risparmio di Reggio Emilia" | ITALY |
| 48) Heinrich GUTERMUTH | Chairman of the "Industriegewerkschaft Bergbau" | GERMANY
(F.R.) |
| 49) Pierre HALLE | General Representative of the "Comité de Coordination des Assemblées Spécialisées de la Fédération Nationale des Syndicats d'Exploitants Agricoles" | FRANCE |
| 50) Hilaire F. G. VAN HOORICK | Chairman of the "Centrale Chrétienne des Travailleurs des Industries de l'Energie, de la Chimie, du Cuir et Divers; member of the Central Economic Council | BELGIUM |

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| 51) Dr. Willem JONKER | Director of "Nederlandse Rijnvaartvereniging"; member on board of governors of "Centraal Bureau van de Rijn- en Binnenvaart" | NETHERLANDS |
| 52) Andries Hein KLOOS | Secretary of the "Nederlands Verbond van Vakverenigingen" | NETHERLANDS |
| 53) Dr. Irmgard LANDGREBE-WOLFF | Housewife and expert on questions concerning consumers | GERMANY
(F. R.) |
| 54) Wilhelmus Hendrik VAN LEEUWEN | Managing Director "Kon. Nederl. Gist- en Spiritusfabrieken"; chairman of the "Contactgroep Opvoering Produktiviteit" | NETHERLANDS |
| 55) Antoine LETEMBERT-AMBILLY | Overseas Trade Unionist (French Equatorial Africa) | FRANCE |
| 56) Louis MAJOR | Secretary-General of the "Fédération Générale des Travailleurs de Belgique"; member of the National Council of Labour | BELGIUM |
| 57) André MALTERRE | Trade Unionist, Chairman of the "Confédération Générale des Cadres"; Treasurer of the Economic Council | FRANCE |
| 58) Maurice MASOIN | Chairman of the "Groupeement Professionnel de l'Energie Nucléaire"; Professor at the University of Louvain | BELGIUM |
| 59) Comte Richard MATUSCHKA GREIFFEN-CLAU | Winegrower, Chairman of the "Deutscher Weinbauverband" | GERMANY
(R. F.) |
| 60) Marcel Joseph Ernest MEUNIER | Member of the National Council of the "Patronat Français" | FRANCE |

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| 61) Fritz MEYVAERT | Chairman of the "Section Interprofessionnelle de l'Union Nationale des Classes Moyennes"; Member of the Central Economic Council | BELGIUM |
| 62) Youssef OULID AISSA | Directorate of Agriculture, "Gouvernement Général", Alger | FRANCE |
| 63) Enrico PARRI | Secretary of the "Confederazione Italiana Sindacati Lavoratori" | ITALY |
| 64) Prof. Dr. Franz PATAT | Director of the Institute of Applied Chemistry at the Technical High School of Munich | GERMANY
(F.R.) |
| 65) Dr. jur. Hans-Constantin PAULSEN | Managing Director of "Aluminium-Walzwerke Singen GmbH"; Chairman of the "Bundesvereinigung der Deutschen Arbeitgeberverbände"; member of the Council of the "Wirtschaftsvereinigung Nichteisenmetalle e. V." | GERMANY
(F.R.) |
| 66) René PEETERS | Trade Unionist in the "Force Ouvrière" | FRANCE |
| 67) François PEUGEOT | Chairman of the "Fédération Nationale des Industries Mécaniques" | FRANCE |
| 68) Dr. Wolfgang POHLE | Member of the Board of Directors of "Mannesmann AG" | GERMANY
(F.R.) |
| 69) Jean DE PRECIGOUT | Chairman of the "Syndicat français des textiles artificiels" | FRANCE |
| 70) Rosario PURPURA | Expert on cooperative questions | ITALY |
| 71) Quinto QUINTIERI | Vice-Chairman of the "Confederazione Generale dell'Industria Italiana" | ITALY |

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| 72) Jules Alphonse RAZA-FIMBAHINY | Madagascar Trade Unionist; "Confédération Française des Travailleurs Chrétiens", Madagascar | FRANCE |
| 73) Edmund REHWINKEL | Farmer; chairman of the "Deutscher Bauernverband" | GERMANY
(F.R.) |
| 74) André Gilles RENARD | Assistant Secretary-General of the "Fédération Générale du Travail de Belgique"; Vice-President of the Central Economic Council; member of the National Council of Labour | BELGIUM |
| 75) Emile ROCHE | President of the Economic Council | FRANCE |
| 76) Derk ROEMERS | Vice-Chairman of the "Nederlands Verbond v. Vakverenigingen" | NETHERLANDS |
| 77) Raymond ROLLINGER | Secretary-General of the "Fédération des Artisans" | LUXEMBOURG |
| 78) Ludwig ROSENBERG | Member of the Federal Council of the "Deutscher Gewerkschaftsbund"; head of the Political Economy Section; member of the German Atomic Energy Commission | GERMANY
(F.R.) |
| 79) Aride ROSSI | Secretary-General of the "Unione Italiana Lavoratori Terra" | ITALY |
| 80) Hermann Josef RUSSE | Diploma in economics; Director of Educational Activities in the "Sozialausschüsse der Christlich-Demokratischen Arbeitnehmerschaft" | GERMANY
(F.R.) |
| 81) Dr. phil. Hermann SCHAEFER | Retired Federal Minister | GERMANY
(F.R.) |

- 82) Willy SERWY Secretary of the "Communauté des Organisations Nationales des Coopératives de Consommation du Marché Commun"; member of the Central Economic Council; Secretary-General of the "Société Générale Coopérative" BELGIUM
- 83) Dr. B. J. M. VAN SPAENDONCK Secretary of the "Wolfederatie"; Secretary of the "Vereniging van Lederfabrikanten"; Secretary of the "Kamer van Koophandel en Fabrieken Tilburg" NETHERLANDS
- 84) Rolf SPAETHEN Diploma in economics; member of the Council of the "Deutsche Angestellten-Gewerkschaft"; head of the Office for Economics and Works Legislation (Volkswirtschaft und Betriebsverfassung) GERMANY (R. F.)
- 85) Roger Marin DE STAERCKE Managing Director of the "Fédération des Industries Belges"; Vice-President of the Central Economic Council BELGIUM
- 86) Bruno STORTI Assistant Secretary-General of the "Confederazione Italiana Sindacati Lavoratori" ITALY
- 87) Prof. Dr. Jan TINBERGEN Economic Counsellor; member of the Social and Economic Council; Professor of Econometry at the "Economische Hogeschool" of Rotterdam NETHERLANDS
- 88) Pieter TJEERDSMA Secretary of the "Christelijk Nationaal Vakverbond in Nederland" NETHERLANDS

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| 89) Sergio TODISCO | Employee of the
"S.O.R.I.N." (Nuclear
Research Company) | ITALY |
| 90) Franz UMSTAETTER | Engineer; Chairman of
the "Deutscher Familien-
verband e. V." | GERMANY
(F.R.) |
| 91) Charles VEILLON | Trade Unionist of the
"Force Ouvrière" | FRANCE |
| 92) Georges Maria VELTER | Director-General of the
"Fédération des Entre-
prises de l'Industrie des
Fabrications Métalliques"; Member of the
Bureau of the National
Council of Labour | BELGIUM |
| 93) Prof. Dr. Gérard Ma-
rius VERRIJN STUART | Chairman of the Board
of Governors of the
"Amsterdamse Bank";
Member of the Social
and Economic Council;
Professor of Political
Economy at the Municipal
University of Amsterdam | NETHERLANDS |
| 94) Léon WAGNER | Chairman of the "Confé-
dération Luxembour-
geoise des Syndicats
Chrétiens" | LUXEMBOURG |
| 95) Maria WEBER | Member of the Federal
Council of "Deutscher
Gewerkschaftsbund";
head of the Women
Workers Section and of
the Vocational Training
Section | GERMANY
(F.R.) |
| 96) Paul WEBER | Chairman of the Cham-
ber of Commerce | LUXEMBOURG |
| 97) Walther WETZLER | Retired Ministerial- di-
rektor; Chairman of the
National Selection Board
for Senior technical civil
servants; Chairman of
the Committee on Cost
Prices of Transport Un-
dertakings | GERMANY
(F.R.) |

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- 98) Joseph WILD Master baker; chairman of the "Zentralverband des Deutschen Handwerks" GERMANY (F.R.)
- 99) Nabi YOULA Farmer (French West Africa) FRANCE
- 100) Ugo ZINO Vice-Chairman of the "Istituto Nazionale Assistenza Sociale" of the "Confederazione Italiana Sindacati Lavoratori" ITALY
- 101) Gian Carlo ZOLI Representative of "Enti Locali" ITALY

ANNEX D

COMPOSITION OF THE MONETARY COMMITTEE

1. Germany (F.R.)

Members : Rolf GOCHT, Ministry of Economics
Otmar EMMINGER, Member of the Management Committee of
the Federal Bank of Germany

Alternates : Dr. Max STAHLBERG, Federal Ministry of Finance
Günther SCHLEIMINGER, Federal Bank of Germany

2. Belgium

Members : FRANZ DE VOGHEL, Vice-Governor of the National Bank of
Belgium
Maurice WILLIOT, Director-General of the Treasury at the
Ministry of Finance

Alternates : Jacques MERTENS DE WILMARS, Counsellor, Head of the Re-
search Office at the National Bank of Belgium
René LOMBA, Head of the Office for Foreign Financial Re-
lations in the Ministry of Finance

3. France

Members : Jean SADRIN, Director of Foreign Finance, Ministry of Fi-
nance
Pierre CALVET, Deputy Governor of the Bank of France

Alternates : RENAUD DE LA GENIERE, Inspector of Finances at the Ministry
of Finance
Henri FOURNIER, Director-General of the Crédit Banque de
France

4. Italy

Members : Dott. Amedeo GAMBINO, Professor at the University of Roma,
"Osservatorio" at the Ministry of Finance
Dott. Paride FORMENTINI, Director of the Bank of Italy

Alternates : Dott. Mario CARDINALI, Ministry of Foreign Trade, Directo-
rate-General of Foreign Currency
Dott. Alfredo VERNUCCI, Director of the Italian Exchange
Office

5. Luxembourg

Members : René FRANCK, Commissioner for Banks, Ministry of Finance
Paul BASTIAN, Member of the Council of the I.B.L.C.

Alternates : Robert WEBER, Management of the "Caisse d'Epargne de l'Etat"
Michel SCHMIDT, Head of the Budget Office, Ministry of Finance

6. Netherlands

Members : Jonkheer E. VAN LÉNNEP, Chairman of the Monetary Committee, Ministry of Finance
Dr. S. POSTHUMA, Director of the Bank of the Netherlands

Alternates : A. W. R. Baron MACKAI, Deputy Director of the Bank of the Netherlands
J. GROOTENS, Ministry of Finance

7. Commission of the European Economic Committee

Members : Franco BOBBA, Director-General, Economic and Financial Affairs
Leonhard KLESKE, Director in the Directorate-General of Economic and Financial Affairs

Alternates : Pierre MILLET, Director in the Directorate-General of Economic and Financial Affairs

ANNEX E

EUROPEAN INVESTMENT BANK

Membership of the Board of Directors

Directors

Franco BOBBA
Leo DE BLOCK
Jean-Paul DELCOURT
Raymond DENUCE
Roberto DUCCI
René LARRE
Herbert MARTINI
Alfred MUELLER-ARMACK
Pasquale SARACENO
Pierre-Paul SCHWEITZER
Stefano SIGLIENTI
Joachim VON SPINDLER

Alternates

Louis DUQUESNE DE LA VINELLE
Sjoerd BOOMSTRA
Roger BOYER
René FRANCK
Mario PENNACHIO
François BLOCH LAINE
Walter DUDEK
Ernst VOM HOFE
Alberto CAPANNA
Maurice PEROUSE
Giuseppe DI NARDI
Hans SKRIBANOWITZ

Management Committee :

Pietro CAMPILLI, Chairman
Hans-Karl VON MANGOLDT-REIBOLDT, Vice-Chairman
Claude TIXIER, Vice-Chairman

Organizational Plan of the Bank

Directorates :

Central Secretariat
Directorate of Loans
Directorate of Finance and Treasury
Directorate of Research
Directorate of Legal Affairs.