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## CONSULTATIVE ASSEMBLY

### REPORT

to the Consultative Assembly  
of the Council of Europe  
on the activities  
of the European Parliament

- I. The European Community after ten years  
- An economic and political assessment
- II. Activities of the European Parliament  
from 1st May 1966 to 30th April 1967

(Rapporteur: Mr. Mario PEDINI)

In accordance with Rule 51 of the Rules of Procedure, the Committee of Chairmen, on 10th May 1967, appointed Mr. Pedini as Rapporteur to prepare the annual report to the Consultative Assembly of the Council of Europe on the activities of the European Parliament.

By agreement between the Bureaux of the European Parliament and the Consultative Assembly, the subject for discussion at the joint meeting of the two Assemblies was worded as follows: "Ten years of activities of the European Communities and the objectives to be achieved to bring about the economic and political unity of Europe and more efficient co-operation in the field of science and technology".

The Rapporteur dealt with this subject in the political section of his report.

On 21st June 1967, the Committee of Chairmen unanimously approved Mr. Pedini's draft report for transmission to the European Parliament.

Present:

Bureau of the European Parliament:

Mr. POHER, President;  
MM. METZGER, BATTAGLIA,  
FURLER, WOHLFART,  
BERKHOUWER, CARBONI  
and DEHOUSSE,  
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Mrs. ELSNER,  
MM. SABATINI (for Mr.  
Mr. BOSCARY-MONSSERVIN),  
MULLER, DERINGER, LAAN,  
SCHUIJT and  
MOREAU de MELEN.

Chairmen of Political Groups:

Mr. ILLERHAUS, Chairman of  
the Christian Democrat  
Group; KRIEDEMANN, Acting  
Chairman of the Socialist  
Group, de LIPOWSKI,  
Chairman of the European  
Democratic Union.

The report was approved by the European Parliament at its sitting on 23rd June 1967 and transmitted to the President of the Consultative Assembly by the President of the European Parliament. It is to be discussed at the joint meeting of the European Parliament and the Consultative Assembly to be held on 21st and 22nd September 1967.

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POLITICAL SECTION

The European Community after ten years -  
An economic and political assessment

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Introduction

The Rome Treaties have opened up new horizons for Europe, for they are at present the most comprehensive political and legal expression of the process of integration and interdependence now taking place among the European peoples.

The European nations were brought to this process by their common painful experience of war, by the need to unite in defending their freedom and by the dictates of technical progress with its demand for wider markets for increasing industrial investment. The European nations which signed the Treaties of Rome then wanted to seek new political dimensions in a "community" experiment which, today, still seems the best suited to the social development of their peoples and which, better than the old national autarchies, guarantees, with economic progress, the freedom of citizens in the security of a democratic system.

It is through this community dimension, and by developing it, that the European nations can not only consolidate democracy in the modern State but make Europe once more an active force in the shaping of a world policy which we were all too inclined to contract out of in the post-war period and which, without Europe, will become more and more the reserved domain of the nuclear super-powers. (And the recent crisis in the Middle East has shown how little weight Europe carries, even in areas which are of vital importance to it, unless it succeeds in co-ordinating and unifying its nations' political actions on community lines.)

Although the European Economic Community is the most coherent expression of this movement towards solidarity among the European nations, it is not the only one. Organisations such as EFTA and COMECON (the latter, admittedly, in a different form, lacking in democratic substance) are manifestations of the same trend, namely, that of transcending

the national States, in some of their powers, by more extensive organisational structures endowed with wider powers. In the Treaty of Rome, this process was given legal form and, above all, a democratic system. For EEC is concerned not only with achieving customs union among its six member countries: the result of a spontaneous and free movement towards closer relations among peoples, it also sets in motion a process of co-existence between national law and a slowly emerging community law, between national institutions and institutions which are community institutions, at least in their objective.

Hence EEC's difficulties and crises, but also its undoubted historical importance. Therein lies its contribution to our civilisation in which the law of peoples, not confining itself to regulating juridical relations among peoples or ensuring that the law is not violated, becomes a "positive" law whose function is to determine the institutions common to different peoples, establish legislation that transcends and integrates the various national laws, and extend the democratic system to relations among peoples.

So the Treaties of Paris and Rome have opened up for Europe - and not only for the signatory States - wide prospects for economic and political development. The member States of the European Communities have set themselves specific objectives which, it is true, may at times have lost something of their original clarity in the eagerness for action and the dogged pursuit of everyday activities.

In order to gauge the Community's progress, we must not only measure the distance covered; we must see what has been achieved and compare it with the objectives specified in the Treaties of Rome and subscribed to by the signatory countries.

We should therefore consider:

1. how far the economic objectives (trade promotion, stability, integration of national economies) have been achieved;
2. what has been done to cultivate the political objectives (achievement of a common policy in the various fields and consolidation of the Community's capacity to act) which represent the final aim to be attained through the economic and commercial objectives and are essential for making the Community's democratic foundation secure.

## I. Economic integration

1. The progress of Western Europe's economic integration is encouraging. Most of the economic objectives laid down in the Treaties have been achieved, some of them earlier than planned and others despite all the (not unfounded) pessimistic forecasts and fears. (Many were they who proposed a longer period for the implementation of the Treaty, and even the pessimists who proposed a 12-year transitional period allowed a safety margin with the possibility of extending the time by three years.)

Among the main targets achieved before the end of the prescribed transitional period we may mention:

- (i) Customs union for industrial products: under the EEC Council's decisions of May 1966, this will be achieved before the set date. Intra-Community customs duties, which were to have been lifted on 1st January 1970, will, by a Council decision, be totally abolished on 1st July 1968. The common external tariff, which was to have been applied at the end of the transitional period, will also, under a Council decision, be applied on 1st July 1968. For industrial products, therefore, customs union will be achieved without extending the transitional period and even 18 months before the expiry of the shortest time prescribed.
- (ii) Free movement of goods (1) for cereals and many agricultural products will, under the Council's decisions, be introduced on 1st July 1967 instead of 1st January 1970; for the other agricultural products, the date fixed by the Council is 1st July 1968; with the sole exception of wine, for which the time limit is 31st October 1969. The agricultural common market will thus have been achieved one and a half years (and even, for some products, two and a half years) earlier than planned.

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- (1) For agricultural products, free movement of goods means the abolition of customs duties and intra-Community levies and the fixing of a common rate for customs duties and levies at the Community's external frontiers.

(iii) Free movement of workers: this is also being achieved in accordance with the Treaty, which provides for the abolition of any discrimination based on nationality between workers of the member States as regards employment, remuneration and other working conditions; it is to be introduced between now and the end of 1969. It can be expected that the final measures for implementing full freedom of movement for workers will also come into force by 1st July 1968.

All this, as has been said, is concerned with the targets reached ahead of the schedule laid down in the Treaty. This is due to a "dynamism of expediency" which received the assent of the six member States and was often impelled by resolute pressure from the EEC Commission, which has now gone down in history as the "Hallstein Executive".

In numerous sectors the Community has been achieved as a result of strict observance of the Treaty's schedule. This was the case with the establishment of a common competition policy which, under Article 87 of the Treaty, was to be arranged within three years from the Treaty's entry into force. The basic regulations were adopted within the prescribed period.

That is not all. Apart from the targets attained ahead of schedule or on time, there are - and this is very important as evidence of vitality - certain "objectives of common interest" which, although not proposed or prescribed in the Treaties, have been or are in the process of being achieved.

The problems raised by the integration of markets have made both necessary and possible measures which were not provided for in the Treaties and have, in some cases, provoked very lively discussions in the Community. This was the case with the "medium-term economic policy programme", which lays down the principles of an economic policy in keeping with the very nature

of the European Community, a community which is thus different from the others even its economic principles. (1)

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- (1) Even in a liberal economy, such as the Western economy, programming is essential. It is an instrument of growth that is also "moral", since it is based on a balanced relationship between the individual and the community.

The European Community's programming differs fundamentally - for that very reason - from the central plan of the Eastern bloc countries. Community programming is, in practice, co-ordination with the aim of contributing to the achievement of the objectives of economic policy by avoiding the contradictions. Hence community programming cannot, and must not, bring about too sweeping state intervention in economic life. On the other hand, the community programmes form a framework, a set of general rules to be observed in economic quarters. Moreover, such rules are aimed at preventing the various forms of economic action from producing contrary effects and at obviating physiological "bottle-necks" in the national economy. (In this connection, the Swedish economist Myrdal, speaks of a "created harmony".)

European programming provides for the replacement of a large number of interventions in partial sectors by a limited number of general rules and state actions applying nevertheless to all the major sectors of economic life. The advantage of this form of programming is that it allows great economic freedom. The democratisation of the economic process is thus fostered; economic and social democracy is helped to assert itself in a world where each man, as a worker, becomes actively responsible for economic affairs. That is why the choice is not between planning and full economic freedom but between democratic order in the social State and a dictatorial State with paternalist anarchy.

The European Parliament undoubtedly made a decisive contribution to this "autonomous germination" of community life, convinced as it was that it was precisely through economic programming and special cyclical interventions that the executive Commission was opportunely elaborating an economic "order" typical of our Community. This order also covers the "incomes policy", which the Commission defined as being in conformity with the interests of the society of the Community. It is for that very reason that it can be said that the objective of the common economic policy is harmonious balance between individual and society, between economic freedom and collective economy, between interests and duties, between competition and discipline. It is thus a synthesis of the conceptions which, even though they recur elsewhere, have their origins in the history and thought of European society.

2. Despite the fears expressed in the initial stage, the specifically economic development of the Communities has been more favourable than expected. This is evidenced by the fact that the harmful effects which it was feared the integration process would have on the European economies have been avoided (it is sufficient to note that the assistance requested from the Social Fund for the conversion of undertakings and the retraining of workers has been much less than expected) and the fact that, in the Community, there is now better regional balance, a more rational and promising relationship among the primary, secondary and tertiary sectors of the economy, and better specialisation of the production of national markets.

It was thanks to all this that, in the observance of the aims laid down in Articles 2 and 3 of the EEC Treaty, the advantages of community development were not confined to the economic sector: between 1958 and 1965, private consumption in the Community, for example, increased by one-third, while the number of unemployed fell from 3.6 to 1.7% of the working population; wages rose faster than in most other industrial countries, and the net annual incomes of industrial workers advanced by an average of 40% in real terms.

The Community's economic and social progress is also seen to be considerable when subjected to comparisons:

- (a) From 1958 to 1965, gross national product increased
  - in the Community, by 45%
  - in EFTA, by 34%
  - in the United Kingdom, by 29%
  - in the United States, by 38%
- (b) From 1958 to 1965, industrial production increased
  - in the Community, by 56%
  - in the United Kingdom by 31%
- (c) From 1958 to the end of 1965, intra-Community trade rose by 238% (whereas trade among the EFTA countries rose by 112% between 1959 and 1966) and the Community's external trade increased by 153%.

3. The rapid growth of the Community's industrial production and exports has automatically had important consequences for the structure of world economy, and all this confirms that the European common market did not originate as an autarchic phenomenon but as an "outward-looking" commercial and economic structure aiming at the widest collaboration.

The Common Market is now a reality of world importance, as is shown by its share in general trade and the growth of its exports of capital goods in the world. For:

- (a) The Community has become the biggest partner in world trade. Its share in total world exports (16.1% in 1955) reached 18.8% in 1965, whereas in the same year Great Britain's was 7.4% and the USA's 14.5%.
- (b) In 1954, 25% of total exports of capital goods were from the United States, 20% from Great Britain and 15% from West Germany. In 1965 the USA's share was down to 19.8% and Great Britain's to 13%, whilst Germany's share alone reached 19.8%. (The Community's three largest countries - the Federal Republic, France and Italy - accounted in 1965 for 35% of world exports of industrial products and the community countries' share in world exports of industrial goods is at present twice the USA's.)

The Community has not therefore been practising a restrictive policy in relation to the rest of the world. Its trade with third countries is further proof of this. Although this trade has developed less rapidly than intra-Community trade, it has not decreased and has even increased faster than the world average (between 1955 and 1965, EEC's imports from third countries rose by 109%, whereas imports in the world as a whole rose by only 83%). (1)

4. It is true that the establishment and success of the Common Market occasioned some fears and apprehension, mainly because of one of its special features - the fixing of a common external customs tariff with all its potential discriminatory effects.

But the successful conclusion of the Kennedy Round is calculated to dispel most of the fears and gives reason to hope that the favourable impact of the Community's creation will go on increasing. Precisely as a result of the Kennedy Round, the European Economic Community will be able to participate more effectively in the general shaping of world trade policy and, at the same time, fit better into that great Atlantic regional area which has obvious responsibilities towards the developing countries in the context of the imminent UNCTAD conference on world trade.

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(1) This general assertion is confirmed by the following facts:

1. Between 1958 and 1966 the Community's imports rose as follows:

from EFTA, by 100%

from the USA, by 115%

from Eastern Europe, by 167%

2. The Community's trade with developing countries shows a much greater increase than that of the other industrialised countries:

EEC	imports + 66%	exports + 30%
United States	" + 33%	" + 44%
Great Britain	" + 18%	" + 11%

(Moreover, the Community's share in the exports of its main trade partners is constantly increasing. Thus, its share in the exports of the EFTA countries rose, between 1958 and 1965, from 22.7% to 26.4% and in the USA's exports from 13.6% to 18.2%.)



The Kennedy Round - despite all the limits imposed on it and its diminished political substance in relation to the original proposal of 1963 - has been beneficial to the cause of better collaboration among the great economic areas (including EEC, which, among other things, found at the Geneva negotiations its first opportunity to present itself as a community negotiating for all its member States).

The attempt to achieve production and market discipline at regional level induced the interested parties to reconsider the validity of all world economic relations, particularly in terms of external trade policy and development policy. The outcome of the Kennedy Round also made it possible to mitigate the consequences of the division of Europe into three main markets, especially since in the negotiations, all the partners expressed themselves ready to adopt a rational attitude on commercial policy and reduced their import duties on industrial products by an average of 30 - 40%.

5. To sum up, no EEC country can any longer be suspected of protectionist or autarchic tendencies; the Community is even regarded as a low tariff area. The creation of the Common Market in Western Europe has, moreover, at the same time as the Kennedy Round, helped to promote a more reasonable attitude throughout the world and do away with the barriers to world trade as a whole.

The Community's establishment and its successes were not, however, the direct cause of another, even more radical, change in the structure of world economy, but they did act as a stimulus; they led to similar attempts in other areas, beginning with Europe.

There is no need for me to examine in detail the correlation, in the political and commercial fields, between the creation of EEC, EFTA and COMECON: for the correlation is sufficiently well known.

Whereas it was feared that the concentration of member States' trade on the new Common Market might produce negative effects on the outside world, it was this very concentration of trade, together with integration, which compelled the trade partners concerned to seek fresh solutions - in other words, to come to an agreement, or create something similar. In Africa and Madagascar, the Common Market has strengthened the desire to be associated with the Community; it has helped

the associated countries to co-operate amongst themselves, so that the arrangement between EEC and the Associated African States and Madagascar is now seen as the most comprehensive and modern form in the world of organising relations of interdependence between highly industrialised and developing countries. In other words, it is seen as Europe's answer, in a modern form, to the disturbing problem of regional underdevelopment. In Europe, the Common Market has led Greece (1) and Turkey to become associated with the Community with a view to speeding up their economic development and qualifying for full membership of the Community. Integration, once wrongly considered as a source of division, has thus resulted in efforts to transcend the now inadequate national markets, led to the creation of EFTA, and induced certain European countries to apply for the second time in five years to join the Community and others to seek association with it.

What then has the creation of EEC meant? The propulsion of history into an age made for the "dialogue of continents". An inducement to establish in the rest of Europe an economic and political structure in keeping with the needs of the 20th century. This inducement will remain as long as the Community exists. It serves to achieve the objectives set out in the preamble of the Treaty, which is "to establish the foundations of an ever closer union among the European peoples".

## II. The reason for the success: the Community's political nature

6. Apart from the factors to which these successes are attributed - whether they be regarded as the consequence of the commercial facilities provided or, what is more likely, the consequence of the prospects for economic development opened up by a common market which covers a whole continent - the circumstance that the Community has been created and that the interested parties - States and undertakings - have placed their trust in it as a political and economic "fact" has been a decisive element in its development.

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(1) Political events have since occurred in Greece which jeopardise the future development of her association.

The success - in the sectors where it has occurred - derives from the Community's political nature, from the "political investment" made by the member States in signing the Treaty, with the institutions it provides for and the promise to achieve its objectives.

The Community is progressing thanks not only, as many believe, to the abolition of "artificial trade barriers" but also to the removal of economic relations among the Six from the sphere of politics and their reorganisation on the simple basis of the "laws of economic reason". In the history of peoples, economic criteria have always been based on political assumptions. The criterion of economic reason varies according to the political objectives pursued; there is no natural economic law that is objectively and universally valid. The "artificial trade barriers" were in the past, and still are, political barriers. In other words, they are the expression and the instrument of a national policy, of a choice through which the national economy is placed in the service of clearly defined national objectives.

For a national economy, national policy is a decisive factor. A political will formed through the common institutions imposes on the divergent interests of the production sectors of the different areas that cohesion which ensures that the countless production and market factors crystallise into a national economy.

Unless that political will is effective and possesses appropriate instruments to impose itself, the whole national texture suffers. The result is instability, market distortions and economic and political decline. This is the case, now more than ever, with the economies of the highly industrialised countries; and it still applies more to the powerful national economies than to the smaller.

The divergent interests which coexist in the process of integrating the six national economies could have had and could still have diametrically opposed effects; if a sufficiently strong political will had not resisted them, they could have led to a disastrous competitive struggle and brought about economic chaos in the community system.

It is for that very reason that the essential objective of the Treaties is to procure the means to enable the community political will to act effectively in the Community and to co-ordinate, regroup and moderate, if need be, the national political wills which may depart from the community principles.

It is in the light of these principles, of this physiological balance between the nations and the Community, that we must now judge the political prospects of the EEC venture and the main stages of economic unification, as well as the deficiencies which have become or are becoming apparent in the venture.

We deplore, just when we are passing judgment on integration (which is to endow the Community with an institutional legal harmonisation as the foundation of the future community State where the six States will complement one another), that there are, side by side with these successes, serious difficulties and grave deficiencies which were even intensified in the days of the Community's notorious political crisis.

7. The policy of integration has not had the same success in all sectors. In some sectors, the Community is clearly in retreat; in others, there has been no substantial progress as regards either the needs arising from the establishment of the customs and tariff union mentioned earlier or the implications of the Treaty and the means it provides for achieving the various objectives.

Here is not the place to give a detailed opinion on each sector of economic integration: the few facts given should suffice to show what I hold to be the reasons for the successes achieved and what I regard as the causes of the delay in implementing the Treaties (it must not be forgotten that some delays and inadequacies are also attributable - as will be seen later - to gaps, silences and vaguenesses in the Treaty of Rome).

The most notable progress has been achieved in the fields for which the Treaty does not simply define the general principles of a future policy but lays down a compulsory schedule and specifies in positive terms the measures to be taken to implement those principles. It can thus be said that customs union, free movement of workers, the common agricultural policy and the competition policy have been achieved. For these four fields the Treaty defines in detail the decisions which the Council, on the proposal of the Commission, is to take in the first three stages of the transitional period.(1)

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(1) See Articles 14, 23, 40 et seqq. and 87 of the EEC Treaty.

By contrast, in other fields, such as transport policy, business cycle policy, monetary policy, medium-term economic policy and commercial policy, action in the matter of regulations has been very slow.

For some sectors, as already said, a compulsory schedule for the transitional period is lacking, and in other sectors the Treaty simply states general principles without prescribing the measures or means for implementing them.

Examples are the right of establishment and the free supply of services. These have not yet been achieved and, by the very logic of the Common Market's development, ought to have become a reality with the establishment of customs union, that is to say of free movement of goods. True, the Council did draw up for this purpose in 1961 a general programme and timetable and, in October 1964, adopted the initial directives (at present 14 in number) for the implementation of the programme. But the effectiveness of the directives was diminished by the fact that member States' legislation differs substantially on the exercise of occupations in a self-employed capacity and, above all, because the directives are binding on member States only so far as the general results are concerned and not as regards the means to be used to achieve them.

Nor have common solutions been found for certain partial sectors of commercial policy; there are still national disparities as regards trade in industrial products, for example. Tariff policy is indeed conducted by the Community, but any trade not yet liberalised is still the sole responsibility of national governments. The need for common lists is becoming more and more urgent. For many political reasons, a common commercial policy is essential; the Treaty prescribes the end of the transitional period as the final date for these policies.

These, then, are cases where lack of achievement is backed by imperfections in the Treaty. They confirm how important - when it is not obstructed or engulfed by disagreement in the Council of Ministers - is the Commission's role of promoter, and also the prompting and stimulating role of the European Parliament and, within its limits, of the Economic and Social Committee.

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Let us consider, for example, certain other important sectors of economic integration for which the Treaty's provisions are general in character. It will be seen that for general economic policy (including business cycle policy, monetary policy and medium-term economic policy), it would not have been possible to achieve the positive results already attained but for the Commission's initiative and wealth of ideas. Typical in this respect is the medium-term economic policy programme, which was not provided for in the Treaty - even though it is essential for co-ordinating national policies and implementing a common policy - but has been approved by the Council of Ministers.

The situation is different in the field of social policy. Despite the Commission's diligent efforts and its many proposals and recommendations, notable success has been achieved only in limited sectors such as the regulations for the free movement of workers.

What does this situation prove? That the Commission's determination by itself is not sufficient without the agreement of the Council of Ministers. Thus, in the field of social policy also, the member States proceeded, so it seems, from the principle that economic integration can be achieved even without social integration.

The Treaty's provisions on the subject are vague and non-mandatory, and it is very difficult for the Commission, on the strength of its own powers alone, to make recommendations with which Governments may or not comply. (Recently, the European Parliament had occasion to deplore the fact that the Ministers of Social Affairs had not held a single meeting in two years.)

8. All in all, therefore, success has been achieved only in cases for which:

- (i) the Treaty prescribed specific obligations for the implementation of the community policy by providing the means for preparing, programming and executing it;
- (ii) it is realised by national Governments to be in their common interest to implement a community policy.

With specific reference to the possibility of an extension of the Community, I think that I should point out that it was when there was divergence, and even conflict, between the member States' interests that the position of the Community institutions proved difficult and that the persistence with which certain member States defended their interests had a decisive influence on the development of the situation. Thus one member State asserted, not without reason, that the common agricultural policy could scarcely have progressed as it had done unless that State had emphasised, by resorting to political means, the importance it attached to the achievement of a common agricultural market. On the other hand, progress in transport policy has been very modest, even though the Treaty lays down a clear-cut schedule and despite the Commission's drive, precisely because of divergence of interests among certain member States. The same is unfortunately the case (this is particularly regrettable now, with the Middle East crisis and its implications for oil) with the common energy policy; instead of committing the three Communities, energy policy is still subject to different rules in the various Treaties, even though it is an essential part of the Communities' external policy.

Can the merger of the Executives, in that case and in others too, offer hope that the present state of uncertainty will be resolved? It already amounts to a great deal, but it cannot be a decisive factor; the difficulties inherent in the common energy policy (and in other political sectors) are, ultimately, the consequence of the gap between community responsibilities and the responsibilities of the member countries, between the progressively strengthened community interest and the national interests of the different States, at least in cases where the States believe that those interests are involved.

Hence the Community's "political crisis", which I should like to define as a crisis "of growth or maturation". It is certainly a serious, difficult and crucial crisis; but we should not be over-surprised at it. The transition from "nation" to "community State" cannot be free from difficulties, even when it is in such a State that the interests of individual country are best realised; the transition from one age to another cannot be free from "tension", even when it is in keeping with the economic and cultural dimensions of the time.

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### III. Political activities

9. This tension is not negative. Quite the contrary: it is the product of a conception of integration which derives from the Rome Treaties and which, in the words of Professor Hallstein, constantly increases the pressure on the States to decide between the Community and a return to the sovereign national State.

There is every reason to believe - and I wish to emphasise this particularly - that the economic communities will be fact be achieved and that there will come into being a kind of community of property governed by common rules of procedure, an economy of wide areas obeying the same laws and subject to the same terms of competition. It is possible, and moreover desirable, that other countries should join the Community.

Both the consolidation and the extension of the Community will inevitably, therefore, bring this Community increasingly up against the problem of its political coherence:

- (a) The further the Community progresses towards its fulfilment in the field of economic policy, the greater the need will be to draw up a common policy in other sectors besides those covered by the Treaty;
- (b) The larger the Community's membership and the wider the field to be jointly regulated, the more imperative will be the need not only to set common objectives but also to create common instruments, i.e. common institutions through which those objectives can be achieved.

But it is also important to be aware of the extent of the difficulties which arise:

- (c) The greater the demands of a common action and the more urgent the need for common instruments (i.e. institutions) capable of conducting it, the greater will be the tension between the need to act in the community field and the need to act in the sectors which are still the responsibility of the States (a tension which is incidentally the root of the crisis of the modern State).

10. The growing conflict between national responsibility and community responsibility is one of the side-effects of the policy of integration which was to have been expected. It is the very substance of the crisis which has characterised the Community's



political development in recent years. This crisis is not primarily the result of wrong or hasty political decisions, but stems inevitably from the integration policy itself.

Instead of cherishing illusions, we ought to prepare ourselves politically to take the necessary steps, for, as certain facts show, the crisis is destined to flare up again in the years ahead.

Think, for example, of the problems raised by the common commercial policy (it was not by chance that the procedure of deliberation prescribed in this matter was one of the main factors in the Community's crisis in 1965). The dynamics and logic of integration lead straight to a common commercial policy; customs union is already a substantial part of that policy, since in bilateral negotiations it no longer leaves the member States any room for manoeuvre as regards the level of tariffs.

At the same time, commercial policy is one of the chief instruments of every member State's external policy. Since the States do not yet pursue any common policy in this field, each Government retains sole responsibility for its action and will not easily agree to practise a common commercial policy. It would be disingenuous on my part not to present the problem in its true light. In my opinion, the problem can be solved only with the help of a common external policy, but its seriousness is even more apparent if we look further afield. It is sufficient to think of Euratom's delicate position in face of the proposals in the Treaty on non-proliferation of nuclear weapons drawn up in Geneva by the United States, the Soviet Union and Great Britain.

Obviously, a European Community, if only to equip itself with a modern industry, must have full freedom in nuclear research for peaceful purposes. But if the Community's structure were to be weakened through a lack of political will, by the partners' renunciation of their community rights, each European nation would become subject to international supervision which would in practice be incompatible with the supervisory powers given by the Euratom Treaty to the Members of the Community (this assessment of the situation was presented in a European Parliament resolution of 17th March 1967).

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11. The effect of this lack of synchronisation, in terms of integration, between national external policies and the common economic policy has been aggravated by a radical change, in relation to the time at which the Communities were created, in Europe's position in the pattern of international politics, where the world powers' cold-war policy has been replaced by a policy of détente. It is this very change which is - in part at least - the cause of the fact that the Community's political development is no longer going hand in hand with its economic development.

This change in the international political climate has had the effect of disturbing Western Europe's unity which had been achieved under the pressure of outside forces. In the Community's early days, the member States' foreign policies raised few special problems; they were co-ordinated within the Atlantic Alliance, which was itself based on the partners' conviction that Europe's interests were identical with America's. The effects of this co-ordination were felt in the most significant fields of economic policy, for instance in external economic relations. To give only one example, it was thus that NATO co-ordinated our policy on trade with the Eastern bloc.

The shift which a change in the armaments situation brought about in America's and Russia's policies and which was first reflected in the conclusion of the nuclear agreement subsequently enabled the two world powers to discover in the enemy of yesterday the contracting partner of today and the associate of tomorrow in a binding agreement of world application.

Such is the origin of the détente between the world powers. It is undoubtedly a useful détente, even to Europe, since it opens up many new possibilities of peaceful development and at the same time offers an opportunity for a rapprochement between Eastern and Western Europe.

Such is the origin of a détente which has also had side-effects which Europe has not yet succeeded in assimilating, of which Europe is only beginning to become slowly aware, and which is occurring partly at the expense of the community spirit. The States have been compelled to deal increasingly and directly with their external policies. It was natural, therefore, that governments should attach high importance to securing the greatest possible freedom of action; it was also natural that they should be reluctant to transfer responsibilities to supra-national

organs which were not in a position to support the member States' foreign policy projects. It can be seen why a tendency to "renationalise" European policy has ensued and why there has been a return to the idea that the national paths also lead to Europe.

12. Although I cannot disregard the reason for the trends which have led the member States - whether they like it or not - to return to national courses, it is, I feel, the duty of us all to remind the politicians responsible that - even in the world context - there has been no real change to affect the political attitudes which gave rise to European integration ten years ago. No change, at any rate as regards the conditions of a European policy.

The détente has in no way altered the fact that a European State, as such, can no longer provide the soil favourable to the emergence of a modern social policy, the optimum development of their highly industrialised economies, or the continued security of their populations in the remaining thirty years of the twentieth century. Moreover, like ten years ago, their opportunities for pursuing autonomous national policies are limited and are still conditioned by the international political situation. Striking proof of this has been provided by the recent tragic events in the Middle East.

The fact that Europe does not yet possess a state organisation which meets the conditions of the twentieth century as regards its political, economic and social autonomy and provides its inhabitants with the means of taking their political destiny in the world into their own hands should not be a reason for resignation, nor induce acceptance of the status quo. On the contrary, it must be seen as a challenge and, now more than ever, this should persuade us to seek roads which lead to unity of political action for the Europeans.

To this end, organised international co-operation (and I have no hesitation in emphasising, in company with the European Parliament, the need to foster it), could serve as an excellent beginning. But such co-operation cannot bring success unless the parties involved bear in mind that it is bounded by hard-and-fast limits and that, in this respect, the objections of ten years ago are still valid. The President of the French Republic, with his acute sense of politics, has said so clearly: "Among States there is no friendship, there are only alliances!"

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But alliances are not sufficient for Europe's needs and their operation runs into the obstacles typical of all international collaboration: governments remain bound by their special national interests and domestic policies rather than by international undertakings. Asserting themselves in terms of domestic policy is the very basis of their power - as well as the sine qua non of their policies (and in practice the crisis which the other community, Euratom, is at present experiencing - a serious crisis despite the important results achieved - is also primarily attributable to the rivalry between national programmes and community nuclear programmes).

If then today, in the face of the world responsibilities for peace, collaboration among States is necessary, co-operation among sovereign States can function only where a federalising power is capable of reconciling the interests of each or where the political situation of the States concerned exerts a federalising influence. Earlier, at the time when Europe was experiencing extreme political tension, this function was in practice fulfilled by the United States. Nowadays, despite its undoubted political superiority over all its partners, the United States has but a limited opportunity to guide, and hence to co-ordinate, the foreign policies of its European allies. But it is also true that among the member States of the Community there is not one that is capable of replacing America in this function.

What is the result? The federating impetus can come only from the general political situation in Europe and from the communities which that situation has brought into being. It is, moreover, those communities which, by creating the first instruments for finding common solutions to common problems, have endowed Europe with a dual political function, namely of strengthening community consciousness through common, and hence more palpable, action and extending it to fields still essentially within the sole jurisdiction of the State.

13. Let us take, as an example, the scientific and technological sector. There is no need to emphasise the rôle and importance

of technology in highly industrial economies. (1) It is enough to note that the supremacy of the American economy, its greater efficiency, its position in the vanguard of technical progress, are primarily due to an optimum political organisation, since a whole continental area is subject to a uniform political system. In short, American supremacy results from the fact that most of the North American continent forms one State. This enables effort to be apportioned over an enormous geographical area and gear all economic resources to identical political objectives, to one and the same political will. This is what makes possible those vast projects which, nowadays, have a decisive influence on the progress of a whole economy, such as space research and nuclear research.

Co-operation among national States does not achieve the same results and cannot, for us Europeans, serve as a stop-gap solution. The search for the vast financial resources needed to carry out modern scientific and technological projects conditions economic development and national budgets for years, even decades, and the commitments which these projects require will often outlast one or other of the contracting governments.

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- (1) According to the estimates of certain American economists, the growth of the American economy is 60 - 80% due to renewal efforts; in the aircraft and space industries the percentage is even higher, viz. 90 - 95%. In 1962, more than 17,500 million dollars was spent on these activities in the United States, compared with only 3,200 million in EEC. Even if one adds Great Britain's technological expenditure, which, compared with that of the EEC countries, is fairly high (representing at present, according to a British Minister, 70% of the expenditure of the Community as a whole), the total for 1962 was only 5,000 million dollars. Even allowing for the fact that the purchasing power of the dollar in the United States does not correspond to its rate of exchange in relation to European hard currencies, the gap in absolute terms is still impressive. The disparity is further increased because the political conditions in which research is carried out are not the same on both sides of the Atlantic. The USA's superiority over Europe is not a quantitative one: the population of the United States (195 million) is only some ten million more than that of EEC. On the other hand, in 1965, the USA's gross national income, at nearly 700,000 million dollars, was more than twice that of EEC, which scarcely reached 300,000 million dollars.

Such long-term commitments cannot therefore be conceived - still less performed - without a common political will. If the States collaborating in a programme are jealous of their sovereignty, if their economic, social and political development follows diverging paths, there can be no proper continuity, in the long run, in the execution of the programme. Any alteration in the economic, social or political conditions (as a result of a change of government, for example) inevitably has negative repercussions, as is shown by past attempts at technological co-operation in Europe. (We need thereby recall the fluctuating fortunes of the ventures conducted jointly by two or more States, such as the Concord and ELDO projects). (1)

In the present situation, the success of close co-operation in research and technology is undoubtedly bound up with factors relating to foreign policy and defence policy. In the absence of foreign and defence policies concerted for the duration of the major technological programmes, any attempt at large-scale technological co-operation in Western Europe will be clouded by doubt as to whether the original agreement will be observed by all the partners throughout the period of co-operation.

All this appears in an even more serious light if we consider that community co-operation in the technological field is only the preparation for co-operation of a wider and increasingly urgent kind, namely, that which is to unite the peoples of the European Community in the construction, at least in the principal sectors, of community-type industries and services.

This co-operation is the only path to a community economy, a path which should be taken at the earliest opportunity, since it is impossible to achieve customs union or liberalise trade in the Community and simultaneously maintain industries at a size geared to national markets.

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- (1) It is not a question of good or ill will. As the European Parliament's Rapporteur, Mr. Catroux, said last year:  
"Inevitably projects of this size ... have a profound effect on the actions of each of the governments concerned: each government's freedom of action is affected - indirectly but significantly - in relation to economic policy, social policy and defence policy... In principle, this problem is scarcely any different from that arising in connection with any international agreement; but in this particular case it is more acute, because the undertaking given affects a sector of the greatest importance for economic policy, and perhaps even for foreign policy and defence policy."

What is needed today are a motor industry, a chemical industry, an energy industry (etc.) of European dimensions. The Treaty provides for company mergers and for legal means of promoting combination and the harmonisation that should ensue on the legislative level.

This process of combination is thus the objective towards which the integration of EEC must now be directed; failing that, the Common Market will gradually get bogged down and the Community ultimately become incapable of competing commercially with the two giants of the world economy, the USA and the USSR.

Technical co-operation at community level is thus both the prerequisite and the touchstone of this economic and industrial integration; hence its fundamental value, too, in the political context of EEC and its rôle as a testing ground for co-operation between EEC and other European areas with which we hope to be able one day to be united. (And Great Britain's application for membership meets everybody's wish, for one thing because it would provide the Community with the greatest technological potential in Europe, not counting the Soviet Union).

However, the precondition of the success of these efforts is an agreement on political objectives and, in consequence, the existence of institutions enabling this agreement to be reached.

14. The question of the political organisation of European co-operation is thus of overriding importance. It is not - as has been said - a difference of quality in research or management which gives an advantage to American industry in numerous sectors and in the economy as a whole, but above all a difference of dimension in political organisation. It is not a technological gap which threatens to make Western Europe dependent, but, to borrow a concept recently mooted in Germany, a political gap.

The present conditions for the conduct of technological co-operation - a preliminary to any change in the scale of the enterprise - clearly show that the path to be followed lies through community procedures. I do not deny that there are obstacles across the path. But this is neither the place nor the occasion for specific proposals. (The purpose of the discussion between the members of the two Assemblies can only be to define the objectives and indicate the conditions in which they can be achieved.)

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Our main objective should be, then, a European Community capable of acting both externally and internally, possessing a sense of its responsibilities, and fitted to enter into alliances but not dependent on its alliances. It is in relation to that objective that we should now be seeking the appropriate means and procedures and translating into positive terms the political crisis of growth which EEC is at present experiencing.

15. There is no reason to believe - in view of what has been said earlier - that the Community's political objectives have receded into the background. Quite the contrary: they are becoming more and more conspicuous. Never has it been more clearly understood (on the strength of facts and not just academic arguments) that the Community cannot be carried through unless it is amplified on the political level.

The ways and means to be adopted for this purpose remain to be determined. The European Parliament has already said clearly that unity of action can be achieved only through an institution capable of acting by virtue of its having direct democratic responsibility. What has been accomplished in the economic Communities leaves no doubt on this point, and the most notable deficits in the balance sheet of the Community's development lead us to the same conclusion. A witness who cannot be suspected of partiality (1) was not mistaken, therefore, when he said recently:

"The European Parliament's right to take part in deliberations has been left far behind by the whole evolution, and this is a gap which is being felt more and more as integration progresses. The initial arrangements for direct elections to the European Parliament should already have been made and we should long ago have agreed on an extension of Parliament's right to take part in the deliberative process. These are delays which we cannot afford and which public opinion cannot in the long run approve."

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(1) From the address given by Mr. Luns, Netherlands Minister for Foreign Affairs, on 4th May 1967 at the presentation of the Charlemagne Prize at Aachen.



What is true of the European Parliament is also true, in the end, of the Community institution responsible to it - the Commission. Their futures are closely bound together and the difficulties of both confirm the need for enrichment of the political substance and extension of the rôle of the EEC institutions.

I am fully aware that a process similar to that which is at present taking place in the Economic Community cannot be applied in the same way - even less, directly - to all the other fields of activity, beginning with external policy and defence policy. In those fields, clearly, transitional stages and intermediate forms are necessary; it is equally essential that the States should initiate co-operation in them and that discussion of the objectives of European policy should take place not only between governments but also among European public opinion. (In this respect, the outcome of the Rome Conference of Heads of State or Government may be regarded as a felicitous prelude.)

But however different the forms of co-operation may be from those now established by the Economic Community, one essential element remains unalterable: the object to be attained; and the conditions for achieving it are progressive political integration and an executive capable of pursuing consistent action to that end within the Community.

It will also be necessary to consider the ways which can lead us to that objective or to reopen the question of co-operation among the States. But it is unlikely that anyone can offer a ready-made solution.

On the other hand, one fact is certain: the European Economic Community is a democratic community and, in consequence, its unity of action depends on the consent of the people of Europe. There can therefore be no unity of action so long as the peoples remain largely excluded from the process of shaping the Community will and so long as they cannot express their own will through a common organ, namely, the European Parliament.

As the Parliament has repeatedly stressed in its reports to the Consultative Assembly of the Council of Europe, customs union is not viable unless it is supplemented by economic union. Equally, economic union and a common external commercial policy cannot be achieved in acceptable and secure conditions unless they are handled by organs responsible for the whole Community and invested with appropriate powers of decision.

However, the community institutions can be given such powers only provided that the member States achieve a broad consensus of opinion on external trade, foreign policy and defence policy. This applies both to the Community of the Six and, even more so, to an enlarged Community, such as the Parliament has been recommending for several years. As the number of problems increases (which will certainly be the case in an enlarged Community), the greater will be the need to give the institutions of that Community wider powers of political decision.

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In short, the results of the application of the Rome Treaties over the past ten years can be summed up as follows: In the future, Europe cannot be independent unless the work begun by the Communities is carried through. There can be no lasting common policy without common institutions capable of drawing it up, implementing it and making it compulsory for the whole Community. In any event, whatever the ways and means chosen, that objective cannot be achieved unless something more than safeguarding common interests is aimed at.

In substance, the Community must politically encompass at once all the sectors which are affected by economic union and those which exert an influence on economic union.

What must be realised is that there can be no more waiting: the tragic Middle East crisis made it clear that the political union of Europe was the need of the day. It is important that we should dedicate ourselves to this task with the same spirit and perseverance as was shown by our best men in devoting themselves to economic union.

Some may consider these projects too ambitious. They are, however, but the translation into practical terms of the objectives defined in the Rome Treaties, whose aim is precisely the creation of a European community informed by a spirit of collaboration towards all peace-loving peoples, towards peoples who are free and those who aspire to freedom, a Community concerned with the social progress of the peoples who compose it, anxious to satisfy the needs and ensure the progress of mankind as a whole by contributing towards the construction of a new world economy.

DOCUMENTARY SECTION

Activities of the European Parliament  
from 1st May 1966 to 30th April 1967

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Chapter I : POLITICAL QUESTIONS

1. During the period under review, Parliament was concerned with various political problems. At its October session, it discussed the Community's recent institutional development and, more especially, its own position among the institutions. At its May session, it discussed the question of its members' terms of office.

At its March session, on the basis of an oral question, Parliament debated the implications of a treaty on the non-proliferation of nuclear weapons for the activity of the European Atomic Energy Community. Euratom's activity under the single Executive was also the subject of a special debate.

At the same session, Parliament discussed the Conference of the Heads of State or Government of the Community's member countries which was held on the occasion of the tenth anniversary of the signing of the Rome Treaties, and the hopes placed in the conference for the Community's political development.

1. The European Parliament's position in relation to the recent institutional development of the Communities

2. On 20th October 1966, Parliament debated a report on its position in relation to the European Communities' recent institutional development (1).

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(1) Doc. 118/66: Illerhaus report on the position of the European Parliament in relation to the recent institutional development of the European Communities.

3. In its resolution (1), Parliament noted with regret that the transfer of important powers from national States to the Community was taking place without any satisfactory parliamentary supervision. It was inconceivable that the principles, recognised in the six member States, of a constitutional conception based on democracy and the rule of law should not also be applied to the construction of the European Community.

Parliament reiterated the demands it had made in a resolution (2) on 27th June 1963 concerning its prerogatives and powers, and urged the EEC Council and Commission to support the implementation of the resolution as a matter of priority.

It urged the EEC Commission to ensure that Parliament was consulted on all major political questions, whether or not such consultation was expressly provided for in the European treaties. In this connection, it stressed that, under the Treaty, the EEC Commission was required to inform Parliament again whenever proposals were submitted to the Council which had previously been laid before Parliament with a different or contrary substance.

Parliament decided to include regularly the following clause in its resolutions whenever they amended the Commission's proposals: "The European Parliament request the EEC Commission to endorse the following proposed amendments in accordance with Article 149-2 of the Treaty". In the case of important Commission proposals, the resolutions could include the following clause: "The European Parliament requests its competent committee to note carefully whether or not the EEC Commission incorporates in its original proposal the amendments proposed by Parliament, and, where appropriate, to report to it on the matter". Parliament asked that, whenever its proposed amendments were not accepted by the Council, it should be informed of the reasons for the Council's decision and, where applicable, the reasons for which the Commission had submitted a draft that departed from Parliament's proposals.

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- (1) Resolution of 20th October 1966, Official Journal No. 201, page 3465/66.
  - (2) Resolution of 27th June 1963, Official Journal No. 106, page 1916/63.

Parliament reminded the Commission that it was politically responsible to Parliament for its attitude at sessions of the Council. It urged the Commission, in accordance with its position under Article 149 (1) of the Treaty and in the interests of clear demarcation of responsibilities at Council negotiations, to oppose solutions for which it could not accept political responsibility and wait, if necessary, until the Council was in a position to amend its proposals unanimously. Where the Commission considered that an amendment of its proposals was necessary and justifiable, its duty was to amend the proposals itself and not leave it to the Committee of Permanent Representatives to draw up new ones.

In conclusion, Parliament called on the national parliaments to use their influence to strengthen **fundamental** democratic rights in the six member States so as to increase Parliament's powers in the institutional construction of the European Communities.

## 2. Termination of members' mandates

4. The European Parliament is composed of **representatives** of the peoples of the States united within the Community (1). Delegates are appointed by the national parliaments in accordance with the procedure laid down by each member State (2). The European Parliament thus has no say in the method of appointment of delegates by the national parliaments, and the European mandate is not, under the Treaty, dependent on continuance of the national mandate.

That is why the European Parliament's rules of procedure also stipulate that a member whose mandate in his national parliament has expired may keep his seat in the European Parliament until his successor is designated, provided that his mandate in the European Parliament has not also expired (3)

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- (1) Article 20 of the ECSC Treaty, Article 137 of the EEC Treaty and Article 107 of the Euratom Treaty.
  - (2) Article 21 of the ECSC Treaty, Article 138 of the EEC Treaty and Article 108 of the Euratom Treaty.
  - (3) Rule 5 (2) of the European Parliament's Rules of Procedure.

As there has for some time been a case of this in one of the delegations to the European Parliament, the Legal Committee proposed to Parliament, following a motion for a resolution submitted on behalf of the Socialist Group (1) that a period be fixed within which the national Parliament concerned must appoint a successor to the European Parliament member whose electoral mandate had expired (2).

As no vote could be held in the first debate on the matter, owing to the lack of a quorum (3), the motion for a resolution did not obtain the majority required under Rule 53, para. 2 of Parliament's rules of procedure.

5. The Legal Committee also drew up an opinion on a motion for a resolution tabled by the Socialist Group on the extension of parliamentary responsibility and the demarcation of the functions of the various EEC institutions (4). The opinion was appended to the report presented on behalf of the Political Committee on the European Parliament's position in relation to recent institutional developments in the European Communities (5).

3. Implications for Euratom of the Treaty on the non-proliferation of nuclear weapons

6. At its March 1967 session, Parliament discussed an oral question put to the Euratom Commission by the Political Committee (6).

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- (1) Motion for a resolution tabled by Mr. Kreyssig on behalf of the Socialist Group (Doc. 76/65).
  - (2) Doc. 62/66: Thorn report on the motion for a resolution (Doc. 76/65) amending Rule 5 of the European Parliament's Rules of Procedure on the termination of members' mandates.
  - (3) Debates of the European Parliament, sittings of 12th and 13th May 1966.
  - (4) Motion for a resolution of 13th May 1966, tabled by Mrs. Strobel (Doc. 65/66).
  - (5) Illerhaus report, Doc. 118/66.
  - (6) Oral question No. 2/67.

The question was concerned with the implications which a treaty on the non-proliferation of nuclear weapons might have for Euratom's functions and activities. The Political Committee asked the Euratom Commission whether, and in what form, it had been apprised of the drafts for a treaty on non-proliferation of nuclear weapons or any of their articles. The Committee wished to know also what the Commission's attitude was and what steps it was thinking of taking.

7. At the end of its debate, Parliament passed a resolution (1) in which it emphasised its readiness to make an effective contribution towards preventing the proliferation of atomic weapons, but pointed out that, at the same time, all the interested States must be guaranteed an opportunity to use nuclear energy for peaceful purposes. It approved the Euratom Commission's view, as stated by the Commission's President, that all the member States of the Community must adopt a common position. The question had a very important bearing on the Community's functioning and future development.

There must be solidarity among all Euratom's member States so as not to prejudice the development of nuclear industries using energy for peaceful purposes.

As discussion of the subject had not yet been concluded Parliament instructed the Political Committee to keep the development of these matters under close review and report back as soon as possible.

#### 4. Euratom's activity within the single Executive

8. At its sitting on 18th October 1966, Parliament instructed the Political Committee to draw up a report on Euratom's activity within the single Executive and the need to preserve the special features of the Euratom Treaty in the single Executive (2).

9. The Political Committee's report was debated by Parliament on 16th March 1967 (3). In it, the Committee deplored the fact that member Governments had not yet agreed on the application of the treaty of 8th April 1965, which had

(1) Resolution of 17th March 1967, Official Journal No. 63, page 1001/67.

(2) Resolution of 18th October 1966, Official Journal No. 201, page 3454/66.

(3) Doc. 9/67: Schuijt Report on the activity of Euratom in the single executive.

already been ratified by the national parliaments. The situation was especially regrettable in view of its specific bearing on Europe's "backwardness" in scientific research and technology.

Parliament's resolution urged that the special features of the Euratom Treaty and its specific functions, which would not be assimilated with those of other sectors, be preserved. Research and technological development should be placed in a suitable setting which also took account of economic and industrial interests. The experience gained by Euratom since its foundation almost nine years earlier was the common property of member countries.

The Treaties of Paris and Rome had provided the Community with only limited means in the field of scientific research. However, the Communities had succeeded in making maximum use of those means and Euratom, in particular, had established a number of important structures and programmes. For that reason, the Communities should be given increased powers and responsibilities in this field.

10. In the debate, the Euratom Commission referred to the position of Euratom and EEC in the system of integration. Whereas EEC's aim was, in accordance with the GATT provisions, to set up a preferential area within world trade, i.e. a customs and economic union, Euratom was constructing something completely new and had the function of establishing the necessary external relations for disseminating in Europe the knowledge gained in the rest of the world. One of the single Executive's hardest tasks would be to differentiate reasonably between the responsibilities of the member States and those of the Community.

The Euratom Commission had studied proposals for including research in the medium-term economic policy. It had considered this difficult, if only because it had not been clearly defined how long "medium-term" meant. Furthermore, research always began with fundamental research. However, it could never be foreseen when fundamental research would give results; it was therefore impossible to plan for its inclusion in a medium-term economic policy. Yet the results of research and technical development were elements of economic policy. One of the difficulties to be solved therefore was to transfer nuclear technology and, in particular, the construction of



reactors from research to industry, so that, in the framework of the energy policy, it would become an element of economic policy.

In the debate, the Christian Democrat Group pointed out that Europe's financial resources were modest compared with America's. Euratom must be kept in some form or other in the single Executive because of its special position in nuclear research and industry; a centralised agency of that type was more efficient than the various research institutes of member States. The Group expressed itself in favour of all research products being directed on a joint basis, so that scientific work could be promoted at European level. This also applied to joint documentation and practical applications in the construction of rocket engines.

The Liberal Group recalled a resolution of 1964 (1) in which Parliament had asserted that the Executives could not be merged unless the Euratom Commission kept all its powers and its administrative autonomy. The new draft resolution was not altogether in line with the wish expressed by Parliament in October 1966, despite the opinions given by the Energy Committee, the Research and Cultural Affairs Committee and the Budget and Administration Committee.

The Liberal Group deplored the fact that the Political Committee's draft resolution did not take account of the views of the Research and Cultural Affairs Committee and proposed amending it.

The Socialist Group also pointed out that the opinions expressed by the other committees departed from the Political Committee's opinion on certain points. Parliament must take particular account of Euratom's role and the activity of its research workers. As this was not mentioned in the Political Committee's report, the report must be amended or referred back to the Political Committee for reconsideration.

The rapporteur rejected the Liberal Group's proposal on the ground that the Political Committee regarded the autonomy of certain services as dangerous. He also expressed surprise that the spokesman for the Socialist Group had proposed that the report be referred back to the Political Committee, since some members of the Socialist Group had voted for the draft resolution.

(1) Resolution of 23rd September 1964, Official Journal No. 153 of 6th October 1964, page 2441/64.

After further statements by the Liberals, who endorsed the Socialists' proposal to refer the report back to the Committee, and by the Rapporteur, who opposed it, Parliament decided to refer amendment No. 1 and the report back to the Political Committee.

5. The Conference of Heads of State or Government of the member countries

11. On 16th March 1967, Parliament discussed the report on the outlook for the forthcoming conference of the Heads of State or Government of the Community's member countries and on the motion for a resolution (1) tabled by the Liberal Group concerning joint programmes in the field of scientific research and technological development (2).

12. In its resolution (3), Parliament commemorated the tenth anniversary of the signing of the European Treaties and expressed, in the name of the European peoples, its gratitude to the promoters and authors of the Treaties.

It declared its conviction that, at the conference, the Heads of State or Government of the six countries would make further progress towards an organised, democratic and autonomous Europe. It was moreover the Community's duty to encourage by every means the participation of other European countries sharing its ideal.

Parliament earnestly appealed to the Heads of State or Government for an early solution within the framework of the Treaties to the more urgent problems, in particular, the future of Euratom and the settlement of ECSC's present difficulties in the spirit which had informed the decisions taken in Luxembourg on 16th February 1967. Parliament emphasised that the merger of the Executives was the basis for strengthening the institutional structures and Community powers. The single Executive must be given the task of drawing up concrete programmes to safeguard Europe's economic independence in the field of scientific research and technological development. Other States, especially the United Kingdom, might possibly take part in the implementation of such programmes before their hoped for accession to the Community. The forthcoming conference should also help to

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- (1) Doc. 170/66.
- (2) Doc. 7/67: Edoardo Martino report on the outlook for the forthcoming Conference of Heads of State or Government of the Community's member countries.
- (3) Resolution of 16th March 1967. Official Journal No. 63, page 985/67.

speed up the procedures for the complete application of the EEC Treaty and work out a common policy, particularly a commercial policy.

Parliament was ready, as invited by the Heads of State or Government at the end of the Bonn Conference in 1961, to collaborate in the achievement of European unification in the very near future.

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Chapter II : THE COMMUNITY'S ASSOCIATIONS AND  
EXTERNAL RELATIONS

L. Association with Greece and Turkey

13. During the period under review - the fourth year of association with Greece - the EEC/Greece Joint Parliamentary Committee submitted to Parliament recommendations on the Association Council's third annual progress report. These were the subject of a report which the Committee for Associations presented to Parliament at its November/December session in 1966. At its January/February session in 1967, Parliament debated a supplementary report by the Committee for Associations on the regulation of trade in oils and fats between the Community and Greece.

In the second year of association with Turkey, the EEC/Turkey Joint Parliamentary Committee, set up under a resolution adopted by Parliament in May 1965 (1), submitted to Parliament recommendations on the Association Council's first annual progress report. These were the subject of a report which the Committee for Associations presented to Parliament at its March 1967 session.

Association with Greece

14. On 2nd December 1966, Parliament discussed the recommendations of the EEC/Greece Joint Parliamentary Committee on the Association Council's third annual progress report (2), on the basis of a report presented by the Committee for Associations (3).

Parliament unanimously passed a resolution (4) accepting the Joint Parliamentary Committee's recommendations on the Association Council's third annual progress report; these recommendations had already been adopted in the report of the Committee for Associations. In the resolution, Parliament stressed the need to ensure that the Association Council's report was not published too long after the period to which it referred. (The third progress report, for the period 1st January - 31st December 1965, was not transmitted to the

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- (1) Resolution of 14th May 1965, Official Journal No. 96 of 2nd September 1965, page 1703/65.
  - (2) Doc. 48/66: Third annual progress report of the EEC/Greece Association Council (1st January - 31st December 1965).
  - (3) Doc. 142/66: Scarascia Mugnozza report on the recommendations of the EEC/Greece Joint Parliamentary Committee on the third annual report of the Association Council.
  - (4) Resolution of 2nd December 1966, Official Journal No. 232 of 16th December 1966, page 3924/66.

European Parliament and the Greek Parliament until 20th April 1966, and the full statistics were not published until September 1966.) Parliament also advocated more frequent contacts between Rapporteurs of the Greek Parliament's delegation and those of its own delegation, so as to facilitate the preparation of the Joint Parliamentary Committee's meetings. Parliament found that, on the whole, the institutions of the association had functioned properly and that customs union had been achieved as planned (1).

Parliament observed that the association had helped to expand trade, but expressed anxiety at the deficit in Greece's trade balance. (Greece's imports from the EEC countries were three times higher than its exports to those countries.) As regards financial problems, Parliament observed that the procedures provided for in the Statute of the European Investment Bank were very protracted and that the funds which could theoretically be used for industrial investment purposes were seldom drawn on, as only a limited number of projects qualified for consideration. It seemed possible and desirable that the Bank's assistance and the procedures for awarding loans should be co-ordinated with parallel action by the Greek Government and the Greek Bank for Industrial Development. As regards the harmonisation of agricultural policies, Parliament proposed setting up, with financial help from the Community, a Greek agricultural fund on the same lines as the

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- (1) The tariff reductions made by the EEC countries on industrial products from Greece were raised to 70 per cent from 1st January 1965 and to 80 per cent from 1st January 1966. Greece reduced by 10 per cent duty on the products listed in Annex I to the Association Agreement (chemicals, products of the food industry, iron, steel, glass, etc.) and by 30 per cent that on other products. On 1st November 1965, Greece made the first approximation to the common customs tariff for industrial products not listed in Annex I; the first approximation for products included in the Annex will not be made until 1st May 1970. On 1st November 1965, Greece increased by 10 per cent the quotas opened on 1st November 1963; it also continued to draw up the liberalisation list, which comprises products liberalised and bound in relation to the Community; these products represent 60 per cent of Greece's imports from EEC for 1958.

European Agricultural Guidance and Guarantee Fund (EAGGF); this would permit better co-ordination of the two associated partners' agricultural policies. Parliament laid particular stress on the need for a joint tobacco policy. In the interests of the free movement of persons and freedom to supply services, a programme for technical assistance in the vocational training of Greek workers ought to be drawn up as soon as possible: co-operation between the EEC Economic and Social Committee and the corresponding Greek body would facilitate the achievement of this objective. Lastly, Parliament stressed the importance of developing the tourist trade, increasing private investment in Greece and co-ordinating action with a view to the organisation of agricultural markets in the Mediterranean basin.

15. On 30th January 1967, Parliament adopted without debate the resolution attached to the supplementary report by the Committee for Associations on the regulations of trade in oils and fats between the Community and Greece (1).

Regulation No. 162/66/CEE on trade in oils and fats between the Community and Greece (2) provides that, in respect of oil seeds and oleaginous fruit, flours of oil seeds and oleaginous fruit, fish fats and oils, vegetable oils, margarine and olives, the member States shall apply in trade between the Community and Greece the customs duties resulting from the application of the Association Agreement. On the other hand, as regards olive oil, the Regulation makes a distinction between refined and unrefined oil. Imports of unrefined olive oil are subject to a levy equal to the difference between the threshold price and the free-at-frontier price; this difference is reduced by a certain fixed amount which was set at 0.5 u.a. per 100 kg. for the 1966-67 marketing year. Imports of refined olive oil are subject to a levy comprising an adjustable element and a fixed element. The adjustable element is equal to the difference between the threshold price and the free-at-frontier price; the fixed element applicable to the 1966-67 marketing year is equal to 40 per cent of the fixed element as determined in accordance with Article 14 of the basic regulation for oils and fats (3), which will be progressively reduced and will disappear altogether on 1st November 1969.

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- (1) Doc. 168/66: Faller supplementary report on the regulation of trade in oils and fats between the Community and Greece.
  - (2) Official Journal No. 197 of 29th October 1966, page 3393/66.
  - (3) Regulation No. 136/66/CEE, Official Journal No. 172 of 20th September 1966, page 3025/66.

In its resolution (1), Parliament noted that Regulation No. 162/66/CEE was in line with the opinion it had expressed in its resolution of 23rd November 1965 (2) in the light of the proposal submitted to it (3). It accordingly approved the EEC Commission's policy on the subject, but urged the Commission to ensure that Article 149 of the Treaty was applied in such a way that its provisions were fully observed and to inform Parliament of any amendments before final arrangements were adopted.

#### Association with Turkey

16. On 16th March 1967, Parliament debated, in the light of a report by the Committee for Associations (4), recommendations by the EEC/Turkey Joint Parliamentary Committee on the Association Council's first annual report. In its resolution (5), passed after a brief discussion, Parliament stressed the importance of the contribution which the parliamentary institution set up under the Ankara Agreement could make to the development of the association, and expressed the hope that within the framework of wider co-operation with the Association Council and Committee, the Joint Parliamentary Committee might be provided with more detailed material to supplement the Council's annual progress report.

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- (1) Resolution of 30th January 1967, Official Journal No. 28 of 17th February 1967, page 438/67.
  - (2) Official Journal No. 209 of 11th December 1965, page 3117/65.
  - (3) Doc. 26/65: Proposal by the EEC Commission to the Council for a regulation on imports of oils and fats from Greece.
  - (4) Doc. 5/67: Brunhes report on the EEC/Turkey Joint Parliamentary Committee's recommendations on the Association Council's first annual report.
  - (5) Resolution of 15th March 1967, Official Journal No. 63, page 978/67.

It recommended that steps be taken within the Association Council to ensure the widest possible application of Article 6 of Protocol No. 1 to the Association Agreement, which is aimed at fostering the diversification of Turkey's agricultural and industrial exports to the Community.

Parliament noted that collaboration between the Turkish Government and the European Investment Bank had enabled the financial protocol to be satisfactorily applied, and recommended speeding up the procedures for the practical implementation of the projects already approved.

It stressed the importance of Turkish manpower problems, particularly the migration of Turkish workers to the Community countries and the question of their vocational training. It would later be re-examining all aspects of the problems connected with the situation in the Community of manpower from associated countries.

## 2. Association with the African States and Madagascar

17. Parliament gave particular attention to three reports on relations between the three European Communities and the Associated African States. The reports were debated at Parliament's June session. The report on the meeting of the Parliamentary Conference of the Association, held in Abidjan, was presented to Parliament at its March session in 1967.

### Relations between the Associated States and ECSC

18. On 1st July 1966, a report (1) was presented to Parliament on behalf of the Committee for Co-operation with Developing Countries on relations between the European Coal and Steel Community and the Associated States. In the report, the Committee expressed its conviction that the provisions of the ECSC Treaty were quite inadequate in this respect.

Parliament passed a resolution (2) urging the High Authority to define more specifically its policy and the

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- (1) Doc. 75/66: Carcassonne report on relations between the European Coal and Steel Community and the Associated African and Malagasy States.
- (2) Resolution of 1st July 1966, Official Journal No. 130, page 2452/66.



action it intended to take both now and later to stir up and activate Europe's sense of responsibility towards the developing countries, particularly in the matter of technical assistance. The High Authority should, moreover, provide all necessary information on the policy it intended to pursue as a result of the mine prospecting it was financing in the Associated States. It must exert its influence on the six member States in order to secure the implementation of a concerted commercial policy towards the Associated States for those sectors which concerned it. Lastly, Parliament recommended that, with the merger of the three Communities, ways and means should be found of extending the association to the fields covered by the Treaty of Paris.

#### Technical and cultural co-operation

19. At the same sitting on 1st July, Parliament debated the problems of technical and cultural co-operation in the context of the association of EEC with the African States and Madagascar. The debate was based on a report (1) presented on behalf of the Committee for Co-operation with Developing Countries, in which the Committee welcomed the EEC Commission's activity in this field but pointed out that, in view of the great needs of the Associated States, more of the available resources should be devoted to action in the field of technical co-operation.

20. After a short debate, Parliament passed a resolution (2) in which it recommended organising activities in the sector of technical and cultural co-operation and intensifying vocational training in the associated countries by providing more on-the-spot instruction and training and improving the current educational grants scheme. Parliament also stressed the need to programme training according to the latest requirements. The Community must support all efforts which enabled European youth to make an active and direct contribution to progress in the associated countries and make budgetary provision for sending young Europeans to the associated countries to carry out studies

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- (1) Doc. 16/66: Moro report on current problems of technical and cultural co-operation in connection with the association between EEC and the African and Malagasy States.
  - (2) Resolution of 1st July 1966, Official Journal No. 130, page 2459/66.

and research. Lastly, Parliament emphasised the importance of co-ordinating, at Community level, the bilateral technical co-operation relations between member States and associated States.

21. The third report (1) on the agenda of the sitting on 1st July 1966 was concerned with Euratom's activities in the field of assistance to developing countries. It was presented by the Committee for Co-operation with Developing Countries, which welcomed Euratom's initial steps in this field.

After the Euratom Commission had unreservedly supported the report's conclusions, Parliament passed a resolution (2) in which it welcomed Euratom's growing interest and activity as regards the elaboration of nuclear techniques whose application could be of significant value to the associated African countries and Madagascar, particularly in the improvement of food supplies. Parliament noted with satisfaction that the co-operation between the Euratom Commission and the EEC Commission for the study and implementation of the first four projects involving the development of nuclear techniques had produced encouraging results. It requested the Euratom Commission to inform the Committee for Co-operation with Developing Countries, as soon as possible, of proposed action on the projects selected for consideration.

### 3. Meeting of the Parliamentary Conference of the Association

22. On 15th March 1967, Parliament debated a report (3) by one of its committees on the third meeting of the Parliamentary Conference of the Association, held at Abidjan from 10th to 14th December 1966.

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- (1) Doc. 74/66: van Hulst report on the activities of the European Atomic Energy Community in the field of assistance to developing countries.
- (2) Resolution of 1st July 1967, Official Journal No. 130, page 2460/66.
- (3) Doc. 16/67: Scarascia Mugnozza report on the Third Meeting of the Parliamentary Conference of the Association, Abidjan, 10th-14th December 1966.

The Abidjan proceedings had been prepared, as usual, by the EEC-Associated States Joint Committee. The three reports drawn up at the preparatory meetings were presented to the Conference. These were a report (1) on the second annual progress report of the Association Council, a report (2) on the operational accounts of the Conference for 1965 and the draft estimates for 1967, and a report (3) on an amendment to Rule 6 of the Conference's rules of procedure.

Discussion concentrated on the problems dealt with in the detailed and well-documented report on the Association Council's second annual progress report (4).

23. The report of the Committee for Co-operation with Developing Countries (5) pointed out that, despite the serious crisis of the European Community between July 1965 and February 1966, co-operation between the EEC and the Associated States had continued. The Yaoundé Convention had been applied without difficulty. The Conference had especially welcomed the dynamism of the Development Fund, which had already entered into commitments considerably exceeding two-fifths of the total resources available for the five-year period of the new convention. The Conference had been particularly concerned this year with the problem of trade, whose unfavourable trend was a matter for anxiety.

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- (1) Doc. 12/66: Sissoko report on the Second Annual Progress Report of the Association Council.
  - (2) Doc. 11/66: Ebagnitchie report on the annual operational accounts of the Parliamentary Conference of the Association.
  - (3) Doc. 13/66: Damas report on an amendment to Rule 6 of the Rules of Procedure of the Parliamentary Conference of the Association.
  - (4) Doc. 9/66: Second Annual Progress Report of the Association Council.
  - (5) Doc. 16/67: Scarascia Mugnozza report on the Third Meeting of the Parliamentary Conference of the Association, Abidjan, 10th-14th December 1966.

In the resolution (1) passed at the end of the debate, Parliament welcomed the largely positive results of the Association's first years of activity, while regretting the temporary decline in the trade sector in 1965. It endorsed the Conference's conclusions in its resolution of 14th December 1966 on the second annual progress report of the Association Council, and drew the attention of the EEC Commission and Council to the need for the Community to prepare itself effectively and in good time for the important stages that would shortly be reached both as regards the association with the African States and Madagascar and in a wider international context.

#### Association with the Republic of Nigeria

24. On 30th November 1966, Parliament debated the Agreement setting up an association with the Republic of Nigeria, on the basis of a report (2) presented by Mr. Moro on behalf of the Committee for Co-operation with Developing Countries. The Agreement was signed at Lagos on 16th July 1966. In the resolution it adopted after a brief debate (3), Parliament welcomed the conclusion of the agreement as a reaffirmation of the European Community's awareness of its growing responsibilities towards developing countries. It approved the main lines of the agreement, but expressed reservations on the way in which it (Parliament) was to be consulted on matters relating to Nigeria's association. It reserved final judgment on the application of the agreement's provisions for establishing contacts with the parliamentary representatives of the Nigerian people.

#### 4. The Community's economic relations with non-member countries

25. In the year under review, EEC's action in the field of external relations was farreaching.

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- (1) Resolution of 15th March 1967, Official Journal No. 63, page 975/67.
- (2) Doc. 134/66: Moro report on the Agreement setting up an association between the European Economic Community and the Republic of Nigeria.
- (3) Resolution of 30th November 1966, Official Journal No. 232/66, page 3909.

The ending of the Community's crisis by the Luxembourg agreements enabled the EEC delegation to the multilateral negotiations in Geneva (Kennedy Round) to submit, at the end of June 1966, the Community's offer on industrial and tropical products, as well as the draft of a world agreement on cereals, and, on 1st August, its proposals on agricultural products.

Negotiations on Austria's association with EEC were continued, but have not yet been completed. At the end of the first stage of the negotiations with the Austrian Government, from April 1965 to February 1966, the EEC Commission submitted two reports on the results to the Council. The first covered the creation of a preferential area, agricultural problems and Austria's relations with the Eastern bloc. The second discussed the question of the harmonisation of economic policies in the light of Austria's neutral status, and the institutional problems. The Council discussed these reports at its session on 25th and 26th October 1966 on the basis of a report by the Committee of Permanent Representatives and instructed the Committee to carry on its work; the Commission was asked to draw up a preliminary draft mandate for resumed negotiations with Austria on questions relating to agriculture, trade with the Eastern bloc and the establishment of a preferential area for industrial products between the Community and Austria. The Commission did so in November, and the Council approved the new mandate at its session on 6th and 7th November 1966. On the basis of this mandate, the second stage of the negotiations between EEC and the Austrian Government began (13th-16th December 1966 and 30th January-2nd February 1967).

The Community established close contacts with Denmark, Ireland and Norway with a view to their possible entry; in the present circumstances their accession depends on Great Britain's. The problem of Britain's accession was raised once more by the British Prime Minister, Mr. Wilson, when he announced in the House of Commons, on 10th November 1966, his intention to hold a series of exploratory talks in the EEC capitals. The British Premier approached the EEC Commission in Brussels on 1st February 1967 and the ECSC High Authority in Luxembourg on 8th March.

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The talks between the Commission and Spain ended in July 1966. At its session on 6th and 7th December 1966, the Council discussed the Commission's report on the talks and instructed the Committee of Permanent Representatives to draw up the agreement with Spain.

At its session on 21st and 22nd December 1966, the Council studied the Commission's report on the Community's relations with the Maghreb countries (Algeria, Morocco, Tunisia). In November 1966, the exploratory talks between EEC and Kenya, Uganda and Tanzania with a view to association with the Community entered their second stage.

On 4th October 1966, the State of Israel, which has already concluded a trade agreement with the Community, applied for association. At its session on 6th and 7th December 1966, the Council asked the Commission to begin talks, whose first stage took place from 23rd to 26th January 1967.

At its session on 26th and 27th October 1966, the Council decided to extend by one year from 1st December 1966 the trade agreement of 14th October 1963 between EEC and Iran. This took effect with the exchange of letters of 2nd December 1966.

At its meeting on 24th November 1966, the Council instructed the Commission to continue talks with the Latin-American countries which had asked for a permanent liaison committee to be set up. In December 1966, the Commission submitted to the Council a report on the second stage of the talks between the contact group of the Latin-American delegations accredited to EEC and the Community services.

As regards the common commercial policy, the Council, at its session on 13th and 14th June 1966, held an exchange of views on the question of export credits for State-trading countries and the Soviet-occupied zone of Germany. At its session on 21st and 22nd December 1966, the Council decided, by a resolution (1), to extend to 31st December 1967 Regulation No. 3/63/CEE (2) on trade with State-trading countries in certain agricultural products subject to an organised market.

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(1) Regulation No. 225/66/CEE, Official Journal No. 240 of 27th December 1966, page 4042/66.

(2) Regulation No. 3/63/CEE, Official Journal No. 14 of 29th January 1963, page 153/63.

26. The European Parliament's activity was no less intensive. At its June session, it held a debate on the progress of the GATT negotiations (Kennedy Round), a matter which was the subject of an oral question at its March session in 1967. At its November-December 1966 session, Parliament, again on the basis of an oral question, discussed relations between EEC and Tunisia. Parliament also dealt, during the period under review, with numerous problems relating to the implementation of a common commercial policy. In May 1966, it discussed two proposals by the EEC Commission for regulations on a common definition of the origin of goods and on the gradual establishment of common procedure for the administration of quotas for imports into the Community. At its June-July session in 1966, Parliament discussed the stabilisation of world markets for raw materials in connection with the United Nations Conference on Trade and Development. At its January-February session in 1967, it discussed the regulation on common procedure for the administration of quotas for imports into the Community.

27. On 29th June 1966, Parliament discussed, on the basis of an interim report presented by the External Trade Committee (1), the progress made in the GATT negotiations (Kennedy Round).

In the report, the Committee expressed the opinion that, after the EEC Council's session on 13th and 14th June 1966, Parliament ought to reiterate its view on the Geneva negotiations before they entered their decisive stage, but without going into details of the decisions to be taken.

At the end of the debate, Parliament unanimously passed a resolution (2), in which it expressed satisfaction at the decisions of the Council of Ministers in the agricultural sector, noted the efforts of the Commission and Council to co-ordinate as soon as possible the Communities' views on the agricultural decisions still to be taken, and called on all participants in the Kennedy Round to be mindful of their common responsibility.

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(1) Doc. 90/66: Kriedemann interim report on the progress of the GATT negotiations (Kennedy Round).

(2) Resolution of 29th June 1966, Official Journal No. 130 of 19th July 1966, page 2443/66.

28. Parliament again discussed the Kennedy Round on 15th March, on the basis of an oral question with debate (1) put to the EEC Commission on behalf of the External Trade Committee. The Commission was asked to answer the following questions:

1. How much are the tariff reductions and what is the list of exceptions?
2. What are the problems in certain specific sectors, such as agriculture and the chemical industry?
3. What will happen if the time-limits prescribed by the Trade Expansion Act cannot be observed?
4. What legal and institutional problems will arise from the practical application of agreements?

The Commission's reply was optimistic, because of the extension of the mandate which the Council had given it for the negotiations.

As regards the progress of the negotiations, the Commission said that, although it was convinced of the contrary, the British and Americans held that there was still no balance between the different groups of countries. They had therefore taken the far-reaching decision to draw up withdrawal lists; this had seriously impaired the atmosphere of the negotiations. The situation was different for the Scandinavian countries; their withdrawal lists were justified, as most products in which they were interested (aluminium, paper, iron alloys, fish, etc.) had been excluded from the outset from the negotiations on tariff reductions.

In the Commission's view, most progress had so far been made on industrial products. There had been few results in the agricultural sector; this was partly due to the fact that it was hard for the Community to be very generous in its liberalisation proposals after it had had great difficulty in recently agreeing on a common agricultural policy.

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(1) Oral question No. 1/1967 to the EEC Commission on the progress of the GATT multilateral negotiations (Kennedy Round), tabled by Mr. Pedini, Mr. Kriedemann and Mr. Mauk on behalf of the External Trade Committee.



The Commission was also optimistic about the progress and chances of success of the negotiations in the two industrial sectors which raised the most problems, namely chemicals and textiles. But it pointed out that not too much hope should be placed in the Kennedy Round. It would be wrong to expect solutions to problems as wide as development aid and food aid: the negotiations were concerned with tariff reductions only and the key to a solution to development problems did not lie in the customs sector.

As regards the progress of the negotiations over coal and steel, the High Authority said that agreement had fairly soon been reached on a 50% reduction in duty on coal. With steel it was a different matter, because ECSC had always applied its duty at the very low level of the Benelux countries' tariff, without securing any substantial quid pro quo. For that reason, it could agree only to a slight reduction in its tariffs.

In its resolution (1) at the end of the debate, Parliament was pleased to note that the progress of the negotiations was satisfactory in view of the difficulty of the problems and that the EEC Commission was convinced that it had adequate powers to contribute, in the final stage as well, to a successful conclusion of the negotiations. Parliament also confirmed its previous statements regarding the importance of the Kennedy Round.

Parliament expressed to the EEC Commission its appreciation of the efforts made and hoped that in the rest of the negotiations the Commission would use every opportunity available to it to ensure a satisfactory outcome. It was important to show - if possible in the Kennedy Round, otherwise at the earliest opportunity in other international negotiations - that the Community was fully prepared to take part in working out measures to solve world food problems.

29. Relations between EEC and Tunisia were the subject of a member's oral question (2) to the EEC Commission on 30th November 1966.

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(1) Resolution of 15th March 1967, Official Journal No. 63, page 978/67.

(2) Oral question with debate No. 5/66 by Mr. Dehousse.

The Commission was asked for particulars of the negotiations on the establishment of an association arrangement between the Community and Tunisia, which had made application on 8th October 1963. On 15th June 1965, the Council had given the Commission a mandate to open negotiations. The Commission had requested an extension of the mandate after finding it inadequate in the talks of 6th to 8th July 1965. The Commission was also asked what the new mandate would comprise and when it would be approved by the Council.

In its reply, the Commission said that the length of negotiations on Tunisia's association with the Community depended on a number of special factors, including the Community's crisis and the restrictive nature of the mandate. Further, the Commission considered it more expedient to deal with Tunisia's problems in conjunction with Algeria's and Morocco's. The Council agreed with the Commission and, after lengthy discussions, the latter reached a unanimous agreement on the subject, on which the Council took a decision at the end of February 1967.

30. On 13th May 1966, Parliament studied the EEC Commission's proposal to the Council for a regulation on a common definition of the origin of goods (1), on the basis of a report by the External Trade Committee (2).

The report noted that the political importance of the regulation proposed lay essentially in the introduction of Community certificates of origin for Community exports, side by side with the national certificates of origin. The Community certificates would become compulsory for goods processed in more than one member State.

The Committee regretted that the Community had not succeeded even now, after eight years of existence, in working out, under a uniform energy policy, a common definition

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- (1) Doc. 153/64: Proposal by the EEC Commission to the Council for a regulation on a common definition of the origin of goods.
- (2) Doc. 49/66: Bading report on the proposal by the EEC Commission to the Council (Doc. 153/64) for a regulation on a common definition of the origin of goods.

of the origin of oil products. It suggested amendments to various clauses of the proposed regulation, in particular extension of the powers of the Origins Committee and provision of fuller information for Parliament and the public.

After debate, Parliament unanimously passed a Resolution (1) approving the proposed regulation, asking the EEC Commission to take the suggested amendments into account, stressing that the regulation should serve to promote fair and open trade relations between the Community and non-member countries and urging the Commission and the Council to help work out uniform international regulations on the origin of goods and the form and use of certificates.

31. On 13th March 1966, Parliament, on the basis of a report by the External Trade Committee (2) debated the EEC Commission's proposal to the Council for a regulation on the gradual establishment of common procedure for the administration of import quotas for goods entering the Community (3).

The report noted that the Community's policy had always been directed towards the most complete possible abolition of quantitative restrictions. Only in so far as that objective could not be fully achieved did the Committee accept a policy of import quotas, it being understood that national quotas must in any case be replaced by Community quotas. The Committee recommended, in the present case, the setting up of quota administration committees and the early establishment of a common liberalisation list by the EEC Commission and Council.

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- (1) Resolution of 13th May 1966, Official Journal No. 96 of 28th May 1966, page 1539/66.
  - (2) Doc. 50/66: Vredeling report on the proposal by the EEC Commission to the Council (Doc. 79/1965-1966) for a regulation on the gradual establishment of common procedure for the administration of import quotas for goods entering the Community.
  - (3) Doc. 79/65: Proposal by the EEC Commission to the Council for a regulation on the gradual establishment of common procedure for the administration of import quotas for goods entering the Community.

At the end of the debate, Parliament unanimously passed a resolution (1) approving the submission of the proposed regulation, which was an important instrument of the common commercial policy. It stressed that the regulation must be applied with a view to promoting fair and open trade between the Community and non-member countries, and urged the EEC Commission to do everything in its power to ensure that similar arrangements were adopted in the near future for tariff quotas. Parliament hoped that the Council of Ministers would adopt and implement without delay the Commission's proposals on the establishment of a common liberalisation list, and called on the Commission to adopt the amendments proposed by Parliament.

32. On 1st July 1966, Parliament discussed the stabilisation of world commodity markets in connection with the United Nations Conference on Trade and Development, on the basis of a report by the External Trade Committee (2).

The report maintained that the changes in world trade were due to the radical transformation, to which two world wars had contributed, of the international political and economic structure. Its most obvious consequence was development policy, which was designed to speed up changes in the world economic structure, giving countries which were at present exporters of raw materials a broader production basis and thus a more secure position in world trade. On a long-term view, the problem of stabilising the markets of developing countries, while urgent in itself, came second to structural problems. The new international political situation hinged on two world economic powers - the United States and the Soviet Union - which, within their own frontiers, had ideal conditions for the division of labour and were largely self-sufficient in raw materials, and on a third world power now taking shape - EEC - which was still dependent on imports of basic commodities.

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- (1) Resolution of 13th May 1966, Official Journal No. 96 of 28th May 1966, page 1546/66.
  - (2) Doc. 76/66: Kapteyn report on the problem of the stabilisation of world commodity markets in connection with the United Nations Conference on Trade and Development.

For the former colonies that exported raw materials this situation had had a positive and a negative result - increased political independence and deterioration of their trading position. The Committee therefore considered that a policy for the stabilisation of world raw material markets was necessary so as to diversify the production structures of the present exporters of raw materials. Market stabilisation arrangements should not be directed at consolidating existing structures and trade patterns but at altering them and promoting progress in the former colonies. The task of EEC whose economy still relied on imports of essential commodities was to guarantee stable prices for such products, since on that the economic and political equilibrium of the exporting countries depended. Moreover, this stability could be brought about only through an intensive universal trade and development policy. Finally, the report noted that GATT, the regional organisations and the specialised agencies of the United Nations, particularly the Conference on Trade and Development, could help to transform the production structures of developing countries, but that it was above all the industrialised countries which should give them financial support and accord them a priority position.

After a full discussion, Parliament unanimously adopted a resolution (1) noting that the development of world trade had a disadvantageous aspect for developing countries and recommending that the industrialised countries give them a preferential position regardless of reciprocity. It was important to adapt the production structures of the developing countries to the new economic and political situation in the world; for this purpose, the diversification and regional reorientation of their economies were essential. The industrialised countries ought to gear their industrial and agricultural policies to this objective, and Parliament advocated granting developing countries supplementary financial aid should the modernisation of their economies be jeopardised by a widening of the disparity between the prices of commodities and of manufactures. It recommended the immediate establishment of international market organisations in order to stabilise the prices of tropical produce and thought the accession of the United Kingdom and other European countries would reinforce the political action which

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(1) Resolution of 1st July 1966, Official Journal No. 130 of 19th July 1966, page 2458/66.

EEC ought to take, in collaboration with the United States, to find a solution to those problems in keeping with the new world situation.

33. On 30th January 1967, Parliament adopted without debate a resolution accompanying the External Trade Committee's supplementary report on the EEC Commission's amended proposal to the Council for a regulation on the gradual establishment of common procedure for the administration of import quotas for goods entering the Community (1).

In the resolution (2), Parliament noted with satisfaction that, in its amended proposal to the Council, the EEC Commission had adopted, in either letter or spirit, virtually all the amendments which Parliament had proposed at its May session in 1966. Parliament therefore decided not to press the other amendments it had proposed.

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(1) Doc. 153/1966-1967: Vredeling supplementary report on the amended proposal by the EEC Commission to the Council for a regulation on the gradual establishment of common procedure for the administration of import quotas for goods entering the Community.

(2) Resolution of 30th January 1967, Official Journal No. 28 of 17th February 1967, page 437/67.

Chapter III: SUPERVISION OF THE ACTIVITIES OF  
THE COMMUNITIES

34. At its constituent sitting in March 1966, Parliament adopted a resolution (1) on the procedure for considering the general progress reports of the European Communities.

1. Fourteenth General Report on the Activities of the  
European Coal and Steel Community

35. On 30th June and 1st July 1966, Parliament discussed a report on the Fourteenth General Report on the Activities of ECSC drawn up by the High Authority (2). The Rapporteur observed that the difficult times experienced by EEC the previous year had affected the activities of the other Communities; this clearly showed that, although juridically and institutionally distinct, the three Communities were politically integral parts of a whole.

36. At the end of the debate, Parliament adopted the draft resolution submitted by the Rapporteur, with amendments tabled by the various political groups (3).

In the resolution, Parliament noted with satisfaction that the difficulties of EEC, which had also affected ECSC's policy, had been overcome and that all the Community's institutions had resumed their normal work. It approved the High Authority's activity and hoped that the merger of the Executives would not lead to a tacit surrender of the High Authority's rights.

Parliament stressed the seriousness of the Community coal situation and emphasised the need to find Community solutions regarding the policy to be pursued in the coal and energy sector. The divergent orientation of the coal

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- (1) Resolution of 7th March 1966, Official Journal No. 53, page 746/66.
  - (2) Doc. 87/1966-1967: De Winter report on the Fourteenth General Report on the Activities of ECSC.
  - (3) Resolution of 1st July 1966, Official Journal No. 130, page 2455/66.

and energy policy as regards both production and imports had already led to wide disparities in energy and coal prices; these were hampering the functioning of the common market, and any further delay in taking the Community decisions required in this sector would therefore be unacceptable. Member States must be prevented from again taking, at national level, protective measures liable to destroy the common market in coal and steel.

Parliament called on the Governments to agree as soon as possible on the Community's energy policy in application of the protocol of agreement of 21st April 1964 and on the basis of the High Authority's proposals. The common energy policy should take account of both the need to ensure supplies at optimum prices and the need to safeguard supplies in the long-term. Parliament supported the High Authority's attempt to set a quantitative coal production target for the period up to 1970, but pointed out that the authorities should not overlook the social and regional problems connected with lower coal production. To achieve the coal production targets and secure a low price for energy, Parliament advocated the application of direct financial aid for the sale of Community coal, and called on the Governments and the High Authority to enable a proper Community system to be established with common financing.

On the steel sector, Parliament deplored the imbalance between production and demand, and the ensuing fall in market prices. The iron and steel industry should in future aim not so much at expanding capacity as at modernising firms and improving quality.

Referring to the trend in Community countries towards concentration and the conclusion of agreements restricting competition, Parliament said that it expected the High Authority to enforce diligently the rules of competition laid down in the ECSC Treaty and, in its decisions on applications for the authorisation of concentrations or understandings, to take due account of the exigencies of modern technical development and the need for effective competition.

Parliament noted with satisfaction the progress made on the publication of rates and conditions of transport, but stressed the need for further determined efforts with a view to publishing rates for inland waterways, including Rhine navigation. It was important to start negotiations on the introduction of direct international rates for road haulage. Parliament also urged the High Authority to act on the important problem of the standardisation of rates.



In Parliament's view, the High Authority's work in the investment and research sector was an essential factor in the establishment of a common industrial policy. The High Authority must make even more intensive use of the means prescribed by the Treaty to influence investment, and this work must not be interrupted by the merger of the Executives. It was a matter for satisfaction that the High Authority had succeeded in extending its loans policy, despite the unfavourable conditions on the capital market. Research funds should be allocated to those economic sectors from which the most useful results could be expected. Pending the merger of the Executives, co-operation should be steadily pursued in the Inter-Executive Working Party on Scientific and Technical Research.

In Parliament's view, the social and regional problems caused by the collieries' structural crisis must not be solved at the workers' expense. The structural transformations must therefore be accompanied by the establishment of new firms. In this regard, Parliament welcomed the High Authority's proposal for a considerable increase in industrial reconversion loans on favourable terms.

Parliament thought that, despite the drop in production, the collieries would have to take on young workers. Efforts should therefore be continued to make miners' living and working conditions more attractive. For that reason, Parliament supported the proposals for the drawing up of a Miners' Charter and the efforts made by the High Authority for the inclusion of provisions on social policy in forthcoming decisions on coal policy. The High Authority's very intense activity in the previous year in the field of workers' housing should be continued, even after the merger of the Executives. Parliament thought that it would be desirable for the single Executive to include a workers' representative, and stressed the importance of co-operation between the new Executive and the trade unions.

Parliament recommended that the Mines Safety Commission now responsible for coal mines also be made responsible for iron mines. It was regrettable that the competent national authorities had not always allowed the permanent organ to make on-the-spot studies of the causes of mining disasters.

Parliament urged the High Authority to see that the Safety Commission submitted in good time the prescribed reports on its activity, and welcomed the creation of the Steel Industry Safety Commission. It also asked the High Authority to work out, in collaboration with the other Executives, a legal basis on Community lines for the standardisation of national statistics.

Parliament noted with satisfaction that the High Authority had made a start on a commercial policy. It thought that the protective measures regarding imports of pig-iron and steel should be kept because of the chronic imbalance of the world steel market. It supported the Community's action in the Kennedy Round, in particular the High Authority's view that the negotiations should include all anti-dumping arrangements and measures equivalent to customs duties; but it pointed out that the Kennedy Round must not hamstring Community efforts to work out a commercial policy for coal.

In conclusion, Parliament asked the High Authority to intensify its relations with the developing countries, particularly the overseas States associated with EEC, and to continue prospecting for ore in Africa, both in the interests of the developing countries and for the sake of the Community's long-term ore supplies.

## 2. Ninth General Report on the Activities of the European Atomic Energy Community

37. On 18th October 1966, Parliament discussed a report on the Ninth General Report on the Activities of the European Atomic Energy Community (1). The Rapporteur pointed out that EEC's political and institutional crisis had also affected the sector for which Euratom was responsible and had delayed the implementation of the scheduled programmes.

38. After adopting amendments submitted by the Christian Democrat and Liberal Groups, Parliament approved a resolution (2) deploring that the member Governments had not yet succeeded in agreeing on the application of the Treaty on the merger of the Executives.

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(1) Doc. 109/66: Battaglia report on the Ninth General Report on the Activities of Euratom.

(2) Resolution of 18th October 1966, Official Journal No. 201, p. 3454/66.

It pointed out that, within the framework of the Treaty establishing the European Atomic Energy Community, Euratom also had the aim of making nuclear energy an instrument for consolidating the process of European integration. It drew attention to the importance of the merger of the Executives for the harmonious development of nuclear energy in the context of a general economic policy and a Community energy policy.

It stressed the need, in the single Executive, to preserve the special features of the Euratom Treaty and its specific functions, which could not be assimilated with those of other sectors.

Parliament instructed its Political Committee to draw up, in consultation with the Energy Committee, the Research and Cultural Affairs Committee and the Budget and Administration Committee, and submit by the beginning of 1967 a report examining in detail all the aspects of the problem and presenting solutions.

Parliament called on the Commission and the Council to use all the means at their disposal to ensure that the Community's scientific and technical staff continued to be of the highest quality and improve working conditions at the Joint Research Centre. In view of Europe's research "lag" the member Governments must promote concentration of effort and enable Euratom's Joint Centre to play its full part by making it responsible for all sectors of research. Parliament asked its Research and Cultural Affairs Committee to draw up a report on the subject.

Parliament expressed concern for the future of the ORGEL project to which considerable resources in both funds and research staff had been allocated. It asked the Research and Cultural Affairs Committee to obtain all the necessary information and submit a report on the problem.

Lastly, Parliament expressed satisfaction at the activity of the Euratom Commission, including its work in the fields of information and documentation, external relations and relations with the developing countries. It asked the Commission to give due attention in its next General Report to the action taken on the requests in the present resolution and in the report on Euratom's Ninth Report.

3. Ninth General Report on the Activities of the European Economic Community

39. On 18th October 1966, Parliament discussed a report on the Ninth General Report on the Activities of the European Economic Community (1). The report pointed out that, by the end of the year under review - the year of EEC's crisis - one of the toughest tasks in the creation of the Common Market, viz. the elaboration of a common agricultural policy, had been broadly accomplished. The "point of no return" had now been reached; the establishment of customs union in industry and agriculture on 1st July 1968 could be regarded as assured. The Community was thus reaching the stage of the common economic policy, since the effects of the fixing of a common level for agricultural prices, the maintenance of the level in relation to the outside world and within the Community, and customs union itself called for further efforts in all the fields for which the European Economic Community was responsible.

40. At the end of the debate, Parliament unanimously passed a resolution (2) in which it expressed its satisfaction that EEC's crisis had been overcome.

Parliament welcomed the Council's decisions of May and July 1966 regarding the establishment of customs union, the common agricultural policy and certain matters relating to the Kennedy Round. At the same time, it deplored the fact that its own powers had not been extended and that no agreement had been reached on the Community's political objective. Owing to the non-application of certain provisions of the Treaty, such as the majority vote rule, and as a result of the delay in effecting the merger, EEC was still labouring under severe handicaps. Parliament could not be satisfied with the progress made in the establishment of the common market unless parliamentary democracy was achieved within the Community.

Parliament thanked the EEC Commission for its efforts during the period covered by the report and approved its policy in principle. It expected the Commission to take steps to strengthen parliamentary democracy in the Community, to develop the political content of the Community and to pave the way for advancing beyond partial integration on the

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(1) Doc. 110/66: Strobel report on the Ninth General Report on the Activities of EEC.

(2) Resolution of 19th October 1966, Official Journal No. 201, page 3462/66.

geographical and material levels. It agreed with the Commission that economic union must be established soon and, with this in view, stressed the need to deal as quickly as possible with all the time-lags which the EEC Report had revealed in almost every sector of Community policy.

There must be balanced development of all sectors of economic policy and social policy. Parliament was in favour of a Community policy that contributed to the harmonious development of world trade and to the economic expansion of the developing countries to an extent consonant with the Community's responsibility on the world political plane and with its economic power.

Parliament, for its part, would develop its own activities, express its opinion on all the major political problems and use every opportunity available to it as representative of the peoples of the European Community to serve with success the cause of Europe's unity, its democratic development and economic and social progress.

Chapter IV: THE COMMUNITY'S ACTIVITY IN THE ECONOMIC,  
SOCIAL AND CULTURAL FIELDS

1. Economic and financial policy

41. During the period under review, the Council adopted the EEC Commission's proposal for a recommendation laying down guide-lines in the field of business cycle policy. It recommended the member States to take certain steps to improve short-term statistics.

At their quarterly meetings in The Hague, the Finance Ministers of the Community countries discussed fiscal policy, capital market policy and international monetary policy.

The Council adopted the draft for a medium-term economic policy programme for 1966-70, drawn up by the Medium-Term Economic Policy Committee and submitted by the EEC Commission. The Committee later supplemented and revised the programme, for which purpose a Working Party on Structural Policy by Industries was set up. Working Parties on Incomes Policy and on Scientific and Technical Research Policy started activities.

The EEC Commission submitted to the Council an amended draft for a third directive on the liberalisation of movements of capital.

The High Authority published a memorandum on the Community's general steel objectives for 1970.

Regional policy

42. At its May session, Parliament held a debate on regional policy in the Community (1), on the basis of a report on the EEC Commission's First Memorandum on the regional policy of EEC. The report surveyed regional trends in the Community and elsewhere, studied the various forms of financial assistance, discussed regional policy methods in detail, and considered and assessed the means provided for in the EEC, Euratom and ECSC Treaties for implementing regional policy.

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(1) Doc. 58/66: Bersani report on the EEC Commission's First Memorandum on regional policy in EEC.

Parliament debated the report at the same time as the Social Committee's report on the social aspects of reconversion (1).

In a resolution (2), adopted after a long debate, Parliament urged the responsible Community authorities to show a more rigorous resolve to tackle the problem of regional policy, adapt their methods to circumstances, strengthen the machinery and augment the funds available and bring to bear a sound and closely-knit body of measures constituting a detailed programme of work which could serve as a basis for the member States' legislation. Parliament approved the EEC Commission's First Memorandum, as a first step towards the progressive establishment of a Community regional policy, but strongly urged the Council and member States to give early consideration to the problems of Community regional policy and work out a satisfactory solution to them in a wider context of the Community's medium-term economic policy.

Parliament requested the High Authority to intensify its efforts when the Executives came to be merged, co-operating more closely with regional and national authorities both in structural studies and at the practical level. It asked the Euratom Commission to regard nuclear energy policy as an element of regional policy and hence to ensure that the nuclear plant construction programmes took into account the regional industrialisation projects connected with the Community's general development policy.

Parliament recommended that the Investment Bank's structure and Statute be revised so that it could become the chief instrument in promoting regional policy. It also asked that consideration be given to the possibility of setting up a special fund to finance regional policies. The Agricultural Guidance and Guarantee Fund also played a key part in regional policy and should be given appropriate resources and responsibilities. Parliament reiterated its hope that the Social Fund would be reorganised.

It recommended setting up a central documentation and information service on regional policy problems and standardising methods of collecting and processing regional statistical data in the member States.

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(1) Doc 51/66: Pêtre report on the social aspects of reconversion.

(2) Resolution of 27th June 1966, Official Journal No. 130, 1966, page 2427.

It pointed to the urgent need to increase the EEC Commission's funds and staff and urged the Council of Ministers to take account of the Commission's proposals.

Parliament acknowledged the political value of the participation by representatives of local and regional authorities in the planning of Community regional policy and considered that the establishment of closer contacts between Community institutions and regional representatives was indispensable for achieving democratic collaboration in this field.

It was essential that the member States should make a determined effort to encourage investment in the less-favoured regions and give direct assistance of an appropriate kind to the local agencies responsible for the various aspects of regional policy at each level.

#### Movements of capital

43. The Council consulted Parliament on (a) a proposal for a directive on the collection of statistics on capital movements and (b) a procedure for consultations. Parliament discussed these questions at its October session on the basis of a report by the Economic and Financial Committee (1). In its report, the Committee approved the EEC Commission's proposals, but said that it would like to consider the matter again in the light of more precise information. It found the available data inadequate to give a proper picture and held that other factors should be taken into account, such as trends in internal movements of capital, the place of research in non-member countries' direct investments, the substance of the medium-term industrialisation policy, the European policies of the recipient countries and the investing country's contribution in terms of capital and staff.

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(1) Doc. 119/66: Baas report on the EEC Commission's proposal to the Council (Doc. 38) for a directive providing for statistics on movements of capital to and from non-member countries to be supplied to the Commission and on the Commission's recommendation for a decision laying down a procedure for consultations within the Community on national policies relating to capital movements from non-member countries.



44. In the resolution (1) it adopted, Parliament maintained that the data at present available on movements of capital to and from non-member countries did not allow a well-informed judgment to be made of the effects of certain kinds of capital movement. The information to be supplied to the EEC Commission would only partly fill this gap. Parliament asked the EEC Commission to study the various factors which could not be disregarded in an assessment of movements of capital.

The Socialist Group said that it would be opposed to a protectionist Community policy on foreign investments, particularly American investments.

#### Medium-term economic policy

45. The Council consulted Parliament on the draft for a medium-term economic policy programme for 1966-70. At its November session, Parliament debated a report (2) by the Economic and Financial Committee. While welcoming the existence of the draft programme, the Committee regretted that it covered only the chief sectors and left gaps with regard to agriculture and collieries. It also criticised the structure of the programme and the methods used; it recommended that the programme should include variants for later developments. The report also dealt with the main points of the Commission's proposal, namely the labour market, investment, public finance, private consumption and regional policy.

46. In its resolution (3), Parliament expressed the conviction that the opening of the markets, already well advanced, made it essential to direct economic development along Community lines.

In the debate, however, the European Democratic Union argued that such direction should not give the EEC Commission too much freedom of action in economic policy, for instance at regional level. The programme's only function was co-ordination in the interests of member Governments.

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- (1) Resolution of 17th October 1966, Official Journal No. 201, page 3451
  - (2) Doc. 129/66: Elsnar report on the EEC Commission's proposal to the Council (Doc. 68) on the draft medium-term economic policy programme (1966-1970).
  - (3) Resolution of 30th November 1966, Official Journal No. 232, page 3907.

Parliament took the view that increased public investment and a high level of directly productive investment were essential to ensure economic growth and maintain internal and external equilibrium. It endorsed the programme's objective of keeping private spending at a suitable level to encourage investment. It called for the establishment of public investment programmes covering several years and urged that Governments make clear their intentions regarding economic policy so that the rest of the economy could be guided by them.

Accepting an inevitable and rapid increase in public expenditure, Parliament recommended the most economical budget administration, a review of subsidies, and a fiscal policy enabling expenditure to be covered without provoking inflationary trends in the economy at large.

In the social field, Parliament advocated a policy on inheritance that would strengthen the capital market, encourage saving and assist workers to build up personal estate.

Parliament approved the employment policy regarding vocational training and the mobility of manpower, and hoped that the Council would adopt without delay the amended European Social Fund regulations.

For the future, Parliament thought that the broadening of statistics and the improvement of forecasting methods should be given priority. It also considered it essential that a Community programme should deal with structural problems and indicate the economic and social measures to be taken to help industries in difficulty. It hoped that proposals would be made for a common science and research policy and that the possibilities and procedures for a general incomes policy would be studied. There was a need for an action programme containing specific proposals for economic and social policy measures for the final stage of the transitional period.

Parliament hoped that the programme would be widely publicised. It urgently appealed to the Council and the member States to apply the programme's general principles in close co-operation with the circles concerned, especially the two sides of industry. It asked the EEC Commission to report to it at regular intervals on the execution of the programme.

### Monetary policy

47. At its November session, Parliament discussed a report on monetary policy by the Economic and Financial Committee (1). The report covered the Community's main tasks, viz. the consolidation of exchange rates, the reform of the system of payments in EEC and the integration of capital markets.

48. In its resolution (2), Parliament welcomed the Commission's actions, particularly the creation of a number of advisory bodies, but pointed out that a unified capital market and a co-ordinated monetary policy were still remote.

Parliament considered it essential and urgent to continue the liberalisation of the Community capital market, particularly for movements of short-term capital, and recommended for this purpose that the member countries' economic, monetary and budgetary policies be co-ordinated satisfactorily. It was convinced that excessive demand for capital by public authorities and certain forms of interest rebates granted by the States to the private sector could weigh upon the capital market in such a way as to cause inflationary trends. It therefore urged the EEC Commission to propose to the Council and member Governments ways of removing these disturbing factors.

In the debate, the Socialist Group took exception to the report's rather negative view of interest rebates. They had been necessary and useful during the period of reconstruction; but because procedures differed from one member country to another, interim arrangements should be made so that they could be progressively discontinued and an equitable situation thus created on the capital market.

As a first step towards a European monetary union, Parliament, in its resolution, recommended the minting of coins which would be legal tender in all Community countries. It also proposed that these coins be minted by the member States, to which the profit on minting would accrue.

Parliament felt that the member States should continue to harmonise their positions on international monetary problems and help, as a community, in co-ordinating monetary and financial policies in the framework of OECD and the International Monetary Fund.

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- (1) Doc. 138/1966-67: Dichgans report on the future activity of the Community in the field of monetary policy and the creation of a European monetary union.
  - (2) Resolution of 30th November 1967, Official Journal No. 232, 1967, page 3911.

At the end of the debate, the EEC Commission said, on the subject of international monetary policy, that it was not so much necessary to create more liquidity as to ensure that existing liquidity did not become exhausted. If the American balance of payments deficit was to continue much longer, the conversion of dollar assets into gold might destroy existing liquidity.

The Community's General Objectives for Steel for 1970

49. At its January-February session, Parliament debated a report (1) by the Economic and Financial Committee on the ECSC High Authority's memorandum on determination of the General Objectives for Steel. The report dealt with the main points in the memorandum, namely, modernisation, long-term production planning, and expansion of the capacity of the Community's iron and steel industry. The report recommended general measures, because the iron and steel industry's difficulties were due to various factors.

The report was debated at the same time as the Internal Market Committee's report on the difficulties affecting the steel market (2).

50. In its resolution (3), Parliament expressed the view that the Community iron and steel industry's present difficulties were only partly due to economic fluctuations and that the decisive factors were technical progress and market changes. A productive iron and steel industry was crucial for the Community's future economic development. The possible social effects of the current difficulties were profoundly disturbing to the sectors of the population affected and might undermine confidence in the Community and its capacity to act, unless effective measures were soon taken to deal with them. Parliament therefore urged the High Authority and the Council of Ministers to present as soon as possible a programme for adapting the iron and steel industry to the conditions of technical and economic development and to plan Community measures to avert a recession.

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- (1) Doc. 172/66: Kriedenann report on the memorandum by the High Authority of the European Coal and Steel Community on determination of the Community's General Objectives for steel for 1970.
  - (2) Doc. 173/66: Blaisse report on the functioning of the steel market and certain coal market questions in the light of the statement made by the President of the High Authority to the European Parliament on 29th November 1966.
  - (3) Resolution of 31st January 1967, Official Journal No. 28, page 440.

Parliament thought that it should keep a close watch on the development of the situation and the activity of the High Authority and the Council of Ministers. It instructed the Economic and Financial Committee to continue to discuss outstanding matters with the High Authority and submit proposals for specific decisions to Parliament as soon as possible.

### The economic situation in the Community

51. At its March session, Parliament debated a report (1) drawn up by the Economic and Financial Committee on the basis of the statement on the Community's economic situation made to Parliament by the EEC Commission at the January session. The report dealt with the progress of economic integration and the main current economic problems, namely prices, the capital market and the labour market. With reference to the short-term forecasts, it also dealt with budgetary, credit and incomes policies.

52. In its resolution (2), Parliament approved in broad outline the views expressed by the EEC Commission, while at the same time hoping that there would be practical proposals in subsequent recommendations. A return to a balanced economic growth should be encouraged by the application of a set of measures aimed not only at checking the rise in costs and prices but also at increasing productive investment, stimulating employment and reducing interest rates on the capital market.

Parliament noted with satisfaction that the Community institutions had to some extent succeeded in co-ordinating the member States' anti-cyclical policies. It nevertheless thought that the Community procedures for taking decisions in the field of business cycle policy should be expedited and that the Council should meet more often to discuss the economic situation.

Parliament recalled that, as a result of the increasing interpenetration of the member States' economies, use of the instruments of anti-cyclical policy at national level had become less effective and that anti-cyclical policy of one member State had an increasing impact on economic activity in the other member States.

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- (1) Doc. 6/1967-1968: Bousch report on the economic situation in the Community in 1966 and the outlook for 1967.  
(2) Resolution of 15th March 1967, Official Journal No. 63, 1967, page 976.

To ensure that Governments did not lose the means to intervene effectively without a corresponding strengthening of the powers of the Community institutions, a smooth transition ought to be sought from the present system to one of close co-ordination allowing for the interests of the Community as a whole. Parliament recommended to this effect that the first medium-term economic policy programme be further developed, particularly as regards the orientation of structural policy, regional policy, employment policy and incomes policy.

In view of growing unemployment, Parliament urged that, in cases of redundancy, nationals and workers from other member countries should be treated alike.

Parliament asked the EEC Commission to study the causes of inflation, including structural causes, imported inflation, and - a special aspect of the problem - the effect of land values on the rise in building costs. In reply to the Socialist Group's suggestion that over-investment be regarded as a cause of inflation, the Commission said, during the debate, that the problem did not exist at present; the danger in the years ahead was more likely to be shortage of investment.

With regard to the instruments of anti-cyclical policy, Parliament, in its resolution, rejected the idea of too restrictive a credit policy, which might prejudice the steady growth of directly productive investment; it recommended instead more frequent recourse to the weapons of budgetary and fiscal policy.

Too little use was made of national budgets to check cyclical movements, because of the enormous demand for public investment. Public investment programmes covering several years might lead to an improvement, provided that they laid down an order of priority.

Parliament asked the EEC Commission to consider the possibility of making budgetary policy more flexible.

In conclusion, Parliament called on member Governments to adhere strictly to the anti-cyclical policy guide-lines set out in the Council's recommendations.

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## 2. Agricultural policy

53. During the period under review, Parliament gave particular attention to the problems of executing and amplifying the common agricultural policy.

It examined a set of regulations adjusting various common rules already in force to bring them more closely into line with the needs which had arisen since the beginning of the integration process. It also dealt with problems connected with the establishment of a common price level for basic agricultural products and with the rules regarding competition in the production and sale of agricultural products.

In addition to these essentially internal problems, Parliament discussed the effects of the common agricultural policy on the external market, including the problem of the organisation of world markets in the context of the Kennedy Round.

### Price level of agricultural products

54. With a view to the progressive establishment of the common agricultural market, the EEC Commission submitted to the Council of Ministers a set of proposals for the establishment of a common price level for milk, milk products, beef and veal, rice, sugar, oil-seeds and olive oil as from 1st July 1967. The proposals also provide for the fixing of prices for the different Community countries and for correlating the prices of agricultural products by reference to the common cereal prices.

The proposals were considered by the Agricultural Committee (1) and subsequently by Parliament at its May session.

In the debate and in its resolution (2), Parliament dwelt particularly on the prices policy worked out by the EEC Commission and the proposals submitted. It stressed the importance of the proposals for the harmonious development of the common agricultural policy. This importance lay chiefly in the fact that the proposals enabled European farmers to have a clearer idea of

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(1) Doc. 57/66: Dupont report on the EEC Commission's proposals to the Council for Council resolutions on:

- (i) establishment of a common price level for milk, milk products, beef and veal, rice, sugar, oil-seeds and olive oil;
- (ii) special measures concerning sugar;
- (iii) special measures concerning milk and milk products.

(2) Resolution of 12th March 1966, Official Journal No. 96, page 1529/66.

the future price level and as a result, plan ahead better; in addition, they offered an opportunity to make an important contribution to the solution of commercial policy problems in the Kennedy Round.

Parliament recalled again the inadequacy of farm incomes in comparison with incomes in the other economic sectors of the Community. As regards the fears that the fixing of common agricultural prices would lead to an increase in food prices, Parliament did not think the rise in agricultural prices was the chief cause of this increase, as the price of finished products was less and less influenced by the raw materials factor, and more and more by the services factor (processing, packaging, transport etc.).

In Parliament's view, the common price level proposed by the EEC Commission ought to be raised. Moreover, the ratio between the prices of the various agricultural products must reflect the orientation of production. If overriding circumstances made a substantial fall in prices for certain producers inevitable, countervailing measures similar to those provided for when the common cereals price level had been established must be introduced. Parliament urgently requested that measures taken at national level should not result in cancelling out all or part of the price increases conceded at Community level and in destroying the effects of the common agricultural policy.

In view of the long interval between the fixing of common prices and their actual application, there should be a review clause for the products in question similar to that for cereals; decisions relating to any such revision should be based on the EEC Commission's annual report on the agricultural situation.

To ensure that the general economic and social balance in the Community was not upset, the fixing of a common price level called for faster implementation of the common policy in numerous sectors, particularly competition policy (standardisation of transport rates, investment conditions and fiscal measures) and commercial, structural and social policy.



On the question of the lack of parliamentary control, Parliament pointed out that the implementation of the common agricultural policy would remove agricultural policy and the situation regarding farm incomes from the jurisdiction of the national parliaments, whereas its own present power did not enable it to take over from the national parliaments in this respect. This gap in the Community's institutional structure made an extension of the European Parliament's rights essential, even if only a proportion of the levies on agricultural products was allocated, directly or indirectly, to the Community.

Parliament adopted the resolution by a majority vote.

The Socialist Group was unable to vote for it, on the ground that Parliament was asking for the establishment of prices generally higher than those proposed by the Commission, without allowing for their effect on the economies of the member countries or on production and hence external trade, and without considering the public expenditure, which would entail considerable supplementary appropriations on the impact on consumer prices.

The Group nevertheless approved the request in the resolution that countervailing measures be taken in favour of producers who suffered substantial losses of income as a result of the new agricultural prices.

#### Rules of competition applicable to the production of and trade in agricultural products

55. At its June session, Parliament discussed a proposal for a regulation amending Council Regulation No. 26 on the application of certain rules of competition to the production of and trade in agricultural products.

In the matter of aids, the application of those rules of competition is limited to Article 93 (1) and 93 (3), first sentence, of the EEC Treaty, whereas under most market regulations Articles 92-94 of the Treaty are applicable. The EEC Commission was therefore proposing that from 1st July 1967 the application of these provisions be extended to cover all the products listed in Annex II to the Treaty which were not then covered by a common market organisation involving the application of those articles.

The proposed regulation classified exclusively governmental aid under three heads:

- (i) Aid which can be regarded as compatible with the common market.
- (ii) Aid liable to distort competition in the long run only.
- (iii) Aid liable to distort competition more directly.

The Commission considered that there was no need to take any measures regarding the first kind of aid, while, for the second kind, it thought that it should take action for a specific period only. It felt unable to express an opinion yet on the third kind, but intended to propose to the member States a ceiling for such aids and common conditions for their grant.

56. Parliament approved the Commission's conclusions, which had been set out in a report (1) by its competent committee, but, in a resolution (2), expressed reservations on the time-limits for granting of such aid. It pointed out that there were sectors for which the aid policy met a permanent need and that, in certain sectors faced with special difficulties, there might be overriding reasons for resorting to an aid policy whose justification was not merely economic.

On a more general level, Parliament expressed the view that the Commission's proposals were essentially a legal basis for the policy to be pursued on government aid to agriculture, and that the policy should enable agriculture to become an integral part of the general economy. Parliament considered it essential that the Commission, in evaluating government aid, should take into consideration the degree of harmonisation achieved among the Six in such sectors as taxation, credit and transport, and the effects such aid might subsequently have at the marketing and processing stages. It was necessary to adopt an arrangement which, while avoiding distortions of competition among producers in the member States and any hindrance to rational planning of production, enabled agriculture in areas faced with difficulties to become adjusted to the market conditions produced by the free movement of goods among the Six.

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- (1) Doc. 88/66: Briot report on the EEC Commission's proposal to the Council for a regulation to amend Council Regulation No. 26.
  - (2) Resolution of 1st July 1966, Official Journal No. 130, page 2461/66.

Parliament approved the classification of aids under three headings. It pointed out, however, that in numerous cases aids of types I and II were intended for operations which complemented one another and that it would therefore be logical for the Commission to treat both in the same way. With regard to type III, Parliament asked the Commission to propose additional criteria based on the points made by Parliament regarding the general attitude to be adopted towards government aids to agriculture.

#### World cereals agreement

57. During the year under review, the Parliament several times discussed the problems relating to a world agreement on the agricultural products covered by the Kennedy Round negotiations.

Following the Brussels agreements of 11th May on the common agricultural policy and the EEC Council decision of 13th and 14th June on the Community's position in the Kennedy Round negotiations on agricultural problems, Parliament, on the basis of an interim report (1) by the Agricultural Committee, approved a resolution (2) pointing out that the structural imbalance between supply and demand had led to increasing deterioration in the prices of agricultural as compared with industrial products. Parliament thought that the imbalances on world agricultural markets could not be eradicated merely by the application of commercial policy measures, as such measures were partly conditioned by the agricultural or economic policies of the various States.

In its resolution Parliament also stressed the need to stabilise world agricultural markets through the conclusion of world agreements incorporating comparable rights and obligations. In this connection it advocated a method where the binding of support **levels** in relation to a world reference price formed the essential element of the international agricultural agreements on which, for certain key products (cereals, sugar, vegetable fats, meat and dairy produce), negotiations had been started.

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- (1) Doc. 89/66: Lückner interim report on problems relating to a world agreement on cereals already under negotiation in the Kennedy Round.
  - (2) Resolution of 28th June 1966, Official Journal No. 130, page 2432/66.

It welcomed the fact that, in the Kennedy Round, negotiations for a world agreement on cereals had already begun, and approved the standards proposed by the Community for establishing the world reference price level. It nevertheless thought that, in view of **general** economic trends, consideration ought to be given to the possibility of binding support levels for two years instead of three, and asked in this connection that the common cereal prices fixed on 15th December 1964 should be re-considered before the support level was finally bound. Lastly, Parliament expressed the hope that world agreements would contain provisions on the stocking and disposal of surpluses and the financing of these operations, and that they would at the same time lead to the organisation and financing of concerted food aid to developing countries. It thought that contracting parties' financial contributions ought to be fixed in relation to their degree of self-sufficiency.

58. Although opposed by the Socialist Group, the resolution was adopted by a majority vote.

While welcoming the Community's active contribution to efforts to solve these world problems, the Socialist Group expressed reservations on the shortening of the time for which support levels would remain bound, the revision of the common cereals price, and financial contributions towards food aid for the developing countries. In the Group's view, a reduction of the period of bound support levels would upset the very balance which ought to be preserved for the harmonious economic development of the Community countries; the same applied to the revision of the common cereals price, which neither the EEC Commission nor the Council of Ministers wanted. The Socialist Group accordingly proposed deleting the two relevant paragraphs from the resolution. The Group also considered it open to criticism that the degree of self-sufficiency should be made a criterion for financial contributions towards food aid for the developing countries.

The amendments proposed by the Socialist Group to the resolution were negatived.

59. At its November-December session, Parliament gave further consideration to the problems concerning the organisation of a world cereals market. On the basis

of a report by the Agricultural Committee (1), it adopted a resolution (2) recalling the need to stabilise world agricultural markets by binding support levels. It considered the world reference price proposed by the Community for wheat too low and suggested that it be revised. There should be a more accurate price ratio between wheat and coarse grains. Parliament drew attention once again to the fact that a binding of support levels for three years meant freezing the common cereal price level fixed on 15th December 1964, and stressed the disturbing effects this might have economically and socially.

Parliament recommended that the world cereals agreement be applied for an initial period of two years, pointing out that, in the light of intervening developments, prices ought to be revised before the agreement was initialled. As regards food aid to the poorer countries, Parliament approved the Community's proposal that the contracting parties should draw up the multilateral food aid programme, to be placed under their joint financial responsibility, on the basis of the degree of self-sufficiency fixed by agreement among the parties for each of them.

Despite the abstention of the Socialist Group, the resolution was adopted.

60. The Socialist Group explained its abstention by the request in the resolution for a revision of world reference prices; in the Group's view, it was for the Community's representatives in the Kennedy Round, and not for Parliament, to express an opinion on the subject.

The Socialist Group also criticised the view expressed in the resolution regarding food aid to the developing countries. It reproached the EEC Commission with failing to achieve any positive result, having decided not to intervene until the Community's member countries exceeded a specified level of self-sufficiency. In the Socialist Group's view, there was no contradiction between the granting of aid and a world agreement on wheat; it was therefore useful and necessary that the Community should abandon the provisions on self-sufficiency and pursue an active and direct food aid policy towards the poorer countries.

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- (1) Doc. 136/66: Lücker report on problems concerning the organisation of world markets in agricultural products, particularly cereals.
  - (2) Resolution of 1st December 1966, Official Journal No. 232, page 3916/66.

Replying to the Socialist Group's criticism, the EEC Commission said that the food aid problem could be solved only in the framework of the United Nations, FAO and UNCTAD; it could not therefore be dealt with in the GATT negotiations. The Community had laid down a precise limit for self-sufficiency and had declared itself willing to make over any surpluses to necessitous countries. This policy was in line with the objectives of GATT since it prevented surpluses from causing disturbances on the world market. The Commission was ready to alter its view on the world reference price, but an appropriate price ratio should be established between wheat and coarse grains, since in any case the present ratio had to be improved.

### World sugar market

61. Continuing its examination of the problems relating to the world agreement on agricultural products, Parliament, at its January-February session, debated problems regarding the organisation of the world sugar market (1).

In its resolution (2), Parliament welcomed the directives which the Council had given to the EEC Commission on 6th December 1966 for the negotiation of a "general arrangement on sugar" in the Kennedy Round. This showed the Community's desire to negotiate a world sugar agreement, especially as other major countries had not yet submitted any offer. Parliament noted, however, that the Community's offer, based on two elements: world reference price and binding of support levels, was not adequate to bring about a really effective agreement to stabilise, and ultimately rehabilitate the world sugar market in accordance with the accepted principles for the improvement of world trade, including agricultural trade. These objectives could not be attained unless the partners were jointly responsible for surpluses and specific measures were taken to help the developing countries.

Parliament therefore deemed it necessary that, apart from the Community's offer, the negotiations should also cover: (a) rehabilitation measures worked out for each party to the agreement on the basis of a degree of self-sufficiency to be fixed by contract; and (b) the creation of an international sugar fund, which would be maintained mainly by levies, the resources thus constituted being, exceptionally, set against the development aid provided by the industrialised countries whose contribution to the fund was particularly large.

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- (1) Doc. 175/66: Lücker report on problems relating to the organisation of the world sugar market.
  - (2) Resolution of 1st February 1967, Official Journal No. 28, page 450/67.

In addition, Parliament recalled that, to achieve the objectives of the agreement, the obligations of the industrialised countries should be equivalent but those of the developing countries differentiated. It once again stressed the importance to be attached to the fact that the agreement would make it possible effectively to promote the execution of multilateral programmes for development aid and food aid.

Lastly, Parliament expressed the opinion that the "general arrangement on sugar" ought to be negotiated within the framework of GATT; this must not, however, prevent the Kennedy Round from being concluded on time. The Kennedy Round should at least provide a definition of the essential objectives, principles and elements which would subsequently make it possible for agreement to be reached at a world sugar conference.

#### World market in cattle products

62. At its March session, Parliament again debated problems relating to the organisation of world markets in cattle products (1). In the resolution (2) adopted at the end of the debate, it approved the objects of the Community's offer to conclude, in the course of the Kennedy Round "general arrangements" for dairy produce, beef and veal with a view to the stabilisation and long-term rehabilitation of the markets in those products.

It reiterated that long-term rehabilitation of world agricultural markets could not be achieved unless the importing and exporting countries were willing to adapt their national policies to a common international organisation. The Kennedy Round provided an opportunity to control trends on the world agricultural markets, for each contracting party was required to assume equal or at least equivalent obligations for each product, in the industrial and agricultural sectors alike. Nevertheless, Parliament expressed concern that, contrary to what had been previously decided and envisaged, it had been necessary, partly through lack of time, to forego or adjourn negotiations on certain basic products (sugar, oils and vegetables). As a result, there was a danger that not only the balance within the agricultural sector but also the balance between the agricultural and the industrial sectors would be upset. This would jeopardise the intended long-term improvement of the international division of labour in the agricultural sector.

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- (1) Doc. 27/67: Lückner report on problems relating to the organisation of world markets in cattle products (dairy produce, beef and veal).  
(2) Resolution of 16th March 1967, Official Journal No. 63, page 979/67.

Parliament therefore asked that no effort be spared, in the Kennedy Round, at least to reach an understanding for those markets on the objectives, principles and chief elements which would subsequently serve as a basis for the conclusion of world agreements.

Parliament supported the general tendency shown in the Community's offers on dairy produce, beef and veal, which consisted in formulating those world agreements more flexibly as regards essential machinery and reciprocal commitments, as little experience of organised international co-operation had yet been gained in those fields. It thought that the following criteria must prevail in fixing international reference prices:

- (i) The level of those prices must ensure throughout the world - without subsidising prices or production - an adequate income for the most efficient dairy and cattle farmers, and help to balance supply and demand on those markets in the long term.
- (ii) They must reflect a relationship between the price of milk and the price of beef or veal which stimulated production of meat.
- (iii) The prices for dairy produce must correspond to a supply and demand situation that reflected an appropriate relationship between the use of milk fats and of milk albumen.
- (iv) The prices should take due account of the special importance of differences of quality on those particular markets.

Parliament also pointed out that the present agreement, which was based on quotas, would no longer have any justification once a world agreement had been concluded. It stressed the Community's desire, which was particularly apparent in its offer on dairy produce, to make proper efforts to assure the necessary supplies of animal albumen (lactoalbumen) in connection with food aid. It regretted in this connection that the Community's offer did not mention the "degree of self-sufficiency" among the criteria to be observed in the adoption of the contracting parties' rehabilitation measures, including food aid (powdered milk), and that there was no joint financial responsibility for these measures.



Finally, Parliament pointed out that it was essential that the state-trading countries should assume equivalent obligations, particularly for the world agreements in these sectors, and expressed the view that a number of problems connected with Great Britain's accession to the Community would be simplified by the conclusion of such world agreements.

European Agricultural Guidance and Guarantee Fund

63. The application of the Regulation, issued by the EEC Council in December 1963 on the grant of aid from the EAGGF, continues to raise some difficulties; these are due in part to shortage of staff and the resultant inability of the competent departments of the EEC Commission to deal with applications within the specified time-limits. The Commission was consequently obliged to ask for an extension of certain time-limits for the grant of aid from the Guidance Section of the Fund.

At its May and November sessions 1966 and its February session 1967, Parliament examined three proposed regulations on the subject, on which the Council had requested its opinion (1).

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(1) Doc. 56/66: Vredeling report on the EEC Commission's proposal to the Council for a regulation extending certain time-limits for aid from the Guidance Section of the European Agricultural Guidance and Guarantee Fund in 1965.

Doc. 148/66: Vredeling report on the EEC Commission's proposal to the Council for a regulation waiving certain clauses of Council Regulation No. 17/64/CEE concerning aid from the Guidance Section of the European Agricultural Guidance and Guarantee Fund for the years 1966 and 1967.

Doc. 165/66: Vredeling report on the EEC Commission's proposal to the Council for a regulation extending the time-limit laid down in Article 20 (1) of Regulation No. 17/64/CEE concerning aid from the Guidance Section of the European Agricultural Guidance and Guarantee Fund in 1965.

While endorsing the proposed regulations in its resolutions (1), Parliament nevertheless pointed out that their effect would be to postpone the exercise of democratic control over the operations of the Guidance Section of the EAGGF. It further deplored the absence, to date, of any real structure policy and of a social policy in agriculture, although these policies, like the market policy or the commercial policy, constituted two of the four pillars of the common agricultural policy. It urged that applications for aid for the year 1968 should be submitted as part of Community programmes, which should be adopted by the Council as soon as possible, after consultation of Parliament. Lastly, Parliament asked the EEC Commission to submit a report on the aid granted by the Guidance Section of the EAGGF, with particular reference to the way in which it had applied the criteria laid down in Regulation No. 17/64/CEE. This report, by summing up past experience, would make it easier for Parliament to express an opinion on the Community programmes before the Council took a final decision.

64. The European Agricultural Guidance and Guarantee Fund was again discussed by Parliament in November 1966 (2) in connection with the catastrophic floods which devastated certain areas of Italy, causing serious damage in all economic sectors and in the agricultural sector in particular. To meet the situation, the EEC Commission submitted a proposal to the Council for a regulation providing for an EAGGF contribution to repairing the flood damage. Parliament passed a resolution (3) unanimously adopting the proposed

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(1) Resolution of 12th May 1966, Official Journal No. 96, page 1535/66.

Resolution of 2nd December 1966, Official Journal No. 232, page 3920/66.

Resolution of 2nd February 1967, Official Journal No. 28, page 455/67.

(2) Doc. 150/66: Vredeling report on the EEC Commission's proposal to the Council concerning a regulation on the EAGGF contribution to repairing the damage caused by catastrophic floods in certain regions of Italy in the autumn of 1966.

(3) Resolution of 1st December 1966, Official Journal No. 232, page 3913/66.

regulation. However, it considered the proposed regulation submitted to it as a first step towards aiding the stricken areas; without prejudice to the concrete measures taken in other sectors affected by the disaster, it called for further Community action from which agriculture could also benefit.

With regard to long-term measures, Parliament considered that exceptional resources should be made available to the Guidance Section of the EAGGF so that the Fund's normal activities might not be hampered; it requested the EEC Commission to submit, within three months of the lodging by the Italian Government of an inventory of the damage, a report on the situation and on the action to be undertaken in agreement with that Government. Parliament further expressed the wish that a special Community programme should be drawn up by the Council for the stricken areas; it considered that the measures taken would help the Italian authorities to carry out a plan of restoration not only to repair the damage suffered but also to provide, as far as possible, against any similar catastrophe.

#### Health protection

65. In connection with measures designed to implement and complete the common agricultural policy, Parliament also dealt with a number of human and plant health protection problems associated with the organisation of various markets.

At its June session, it approved a directive on the esterification of olive oil for culinary uses (1).

The directive, which fills a gap already mentioned by the United Nations, prohibits the marketing, for human consumption, of olive oil treated by esterification or synthesis and harmful to health.

While expressing a favourable opinion on the directive, Parliament nevertheless proposed various amendments in its resolution (2): the prohibition should cover not only the

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- (1) Doc. 72/66: Carboni report on the EEC Commission's proposal to the Council for a directive on the esterification of olive oil for culinary uses.
- (2) Resolution of 30th June 1966, Official Journal No. 130, page 2449/66.

marketing, under any form whatsoever, of olive oil treated by esterification or synthesis, but also the production, sale or stocking thereof. It requested that the directive should also apply to olive oil treated by esterification or synthesis, which had been imported from third countries for consumption within the Community.

66. At its June session, Parliament also examined two proposed directives amending the Council directives of 26th June 1964 on health control in intra-Community trade in cattle and pigs and on health requirements for intra-Community trade in fresh meat.

The amendments included changes in some of the rules for determining the health of livestock and in the form of health certificates and provided for the possibility of waiving certain Community provisions governing trade in calves. The suggested amendments to the second directive concerned the freezing of meat, the form of health certificates and the provisions on the colouring matters authorised for the stamping of fresh meat.

In its resolution (1) based on a report (2) by its Agricultural Committee, Parliament unanimously approved the two directives. It proposed, however, that stamping in ink, as provided for in the second directive, should be abandoned in favour of branding, which leaves a more durable mark and precludes any risk of contamination.

67. At its November-December session, Parliament rendered an opinion on a proposed directive extending until 30th June 1967 the Council directive of 5th November 1963 on the approximation of member States' legislation on preserving agents (diphenyl and similar products) authorised for use in food for human consumption (citrus fruits).

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- (1) Resolution of 1st July 1966, Official Journal No. 130, page 2466/66.
  - (2) Doc. 95/66: Sabatini report on the proposal for a Council directive amending the Council directive of 26th June 1964 on health control in intra-Community trade in cattle and pigs and on the proposal for a Council directive amending the Council directive of 26th June 1964 on health requirements for intra-Community trade in fresh meat.

Parliament had already extended this directive to 31st December at its November session 1965. Although the Commission pursued its work throughout 1966, it was unable to submit a final proposed directive by the date fixed and therefore suggested a further extension.

Parliament approved the principle of this extension in the light of a report by its competent committee (1), but urged the Commission, in its resolution (2), to submit the final directive for examination as soon as possible.

68. In the light of a report (3) by its Agricultural Committee, Parliament expressed an opinion, at its January session, on the EEC Commission's proposals for directives on the control of wart diseases in potatoes and potato root eelworm.

The two directives provide for the application of minimum standard provisions to combat these plant pests. The measures adopted include a prohibition on growing potatoes in contaminated soil and on putting in such soil certain seedlings intended for transplanting.

These parasites can also be effectively combated by preventive processes, but as these are very expensive and substantially increase production costs, the report suggests that provision be made for a Community contribution towards financing them.

Subject to these comments, Parliament unanimously adopted the directives (4).

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- (1) Doc. 149/66: Kriedemann report on the EEC Commission's proposal to the Council for a directive amending the Council directive of 5th November 1963 on the approximation of member States' legislation on preserving agents authorised for use in foodstuffs for human consumption.
  - (2) Resolution of 1st December 1966, Official Journal No. 232, page 3922/66.
  - (3) Doc. 166/66: Estève report on the EEC Commission's proposals to the Council for directives on the control of wart diseases in potatoes and potato root eelworm.
  - (4) Resolution of 2nd February 1967, Official Journal No. 28, page 454/67.

69. On the basis of reports submitted by the Agricultural Committee (1) and of an opinion rendered by the Health Protection Committee, Parliament adopted, at its March session, an EEC Commission proposal for a directive laying down common standards for the ingredients, manufacturing specifications, packaging and labelling of jams, marmalades, jellies and chestnut paste.

Endorsing, in its resolution (2), the conclusions drawn in these documents, Parliament pointed out that it would be desirable to take not only Article 43 but also Article 100 of the EEC Treaty as the legal basis for the directive.

With reference to the health protection problems arising in connection with the directive, Parliament proposed that citrus fruits used in manufacturing the products concerned should be peeled if they had previously been treated with diphenyl or its derivatives and that the use of peel be prohibited in the manufacture of quince marmalade. Parliament also reduced from seven to five years the period during which member States could still authorise the manufacture of jams from fruit pulp preserved with sulphur dioxide, and proposed that products containing sulphur dioxide in the permissible quantities should be marked "standard quality".

The other amendments proposed by Parliament concerned labelling, sampling procedures and the methods of analysis employed in checking the ingredients and the compliance with manufacturing specifications of products covered by the directive.

#### Agricultural products and related problems

70. In the light of a report (3) by its Agricultural Committee, Parliament adopted unanimously and without debate, at its June session (4), the EEC Commission's proposal to the Council

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- (1) Doc. 104/66: Herr report and supplementary report on the EEC Commission's proposal to the Council for a directive concerning jams, marmalades, fruit jellies and chestnut paste.
- (2) Resolution of 16th March 1967, Official Journal No. 63, page 986/67.
- (3) Doc. 86/66: Naveau report on the EEC Commission's proposal to the Council for a regulation concerning levies on mixtures of cereals, of rice and of broken rice.
- (4) Resolution of 1st July 1966, Official Journal No. 130, page 2464/66.

for a regulation concerning levies on mixtures of cereals, of rice and of broken rice. The purpose of this regulation was to extend the rules applicable to mixtures of cereals to cover mixtures of rice or broken rice falling under certain categories or processing stages, in order that imports of these products might be subject to the same rules in all member States.

71. At its October session, Parliament also adopted unanimously and without debate (1), in the light of another report (2) by its Agricultural Committee, a proposed regulation on the provisions applicable to imports of rice from Madagascar and Surinam.

In a regulation adopted in 1964, the Council had laid down general provisions governing imports of rice and broken rice from the Associated African and Malagasy States and from the overseas countries and territories, and other special provisions governing imports of rice from Madagascar and Surinam, whereby, until 31st August 1965, imports into France of rice originating in Madagascar, and imports into any of the non-producer member States of rice originating in Surinam, should be effected free of levies up to a given amount. The regulation further laid down that from 1st September 1965, within the specified quantity, the fixed component should be equal to nought. In pursuance of this regulation, import quotas were opened for the marketing year 1964-1965. Once these quotas were used up, the general system for the Associated States would be applied.

When it became apparent, however, that such a system was incapable of guaranteeing the interests of Madagascar and Surinam, the EEC Commission submitted a proposed regulation providing that, from 1st September 1966 to 31st August 1967, imports of rice originating in these countries should be free of levies up to a given amount.

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- (1) Resolution of 17th October 1966, Official Journal No. 201, page 3450/66.
  - (2) Doc. 121/66: Lardinois report on the EEC Commission's proposal to the Council for a regulation to amend Regulation No. 121/64/CEE on the system applicable to imports of rice from Madagascar and Surinam.



72. Consulted by the Council at its December session, Parliament unanimously adopted (1) the EEC Commission's proposal for a regulation instituting a common trading system for egg albumen, on the lines of the regulation applicable to egg yolks and to milk albumen. However, the new regulation applies solely to egg and milk albumen intended for human consumption and not for industrial purposes (2).

73. At its January session, Parliament adopted a resolution agreeing to the EEC Commission's proposal to the Council for a regulation on interim measures for the application of common prices in the cereals sector. The Commission proposed that these measures be adopted to prevent the transition from the current price system to a common system from seriously disrupting trade flows and consumer supplies. The proposed regulation applies only to cereals and to products processed from cereals (3).

In its resolution (4), Parliament consequently stressed the need, as regards certain animal products processed from cereals (pigmeat, poultry, eggs), to provide for periods of adjustment to the common market, during which the current levy system would remain in force.

74. In the course of the same session, Parliament discussed a proposal for a regulation (5) amending Regulation No. 14/64/CEE (Phased introduction of a common organisation of the market in beef and veal) as regards the determination of the import price and calculation of the levy for derived products. The proposed amendments

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- (1) Resolution of 2nd December 1966, Official Journal No. 232, page 3922/66.
  - (2) Doc. 137/66: Dupont report on the EEC Commission's proposal to the Council for a regulation instituting a common trading system for egg albumen and milk albumen.
  - (3) Doc. 180/66: Dupont report on the EEC Commission's proposal to the Council for a regulation on interim measures for the application of common prices in the cereals sector.
  - (4) Resolution of 2nd February 1967, Official Journal No. 28, page 452/67.
  - (5) Doc. 169/66: Richarts report on the EEC Commission's proposal to the Council for a regulation amending Regulation No. 14/64/CEE as regards the determination of the import price and calculation of the levy for products derived from beef and veal.

are aimed at protecting the market against imports at "dumping" prices and at adjusting the import price of derived products to the situation on the other markets, in order to achieve a better balance in imports between cattle on the hoof and meat; these amendments were unanimously adopted by Parliament (1).

75. At the same session, Parliament also adopted a resolution concerning an EEC Commission proposal to the Council for a regulation amending, with regard to France and Italy, the regulation providing for a basic survey within the context of a programme of surveys of farm structures. The proposed amendments were based on the fact that, whereas four member States were on the point of completing their basic surveys according to the schedule laid down in the regulation, Italy and France had not yet been able to carry out theirs (2) - Italy on account of the floods which afflicted the country at the time the survey was to be started, and France because of technical problems which were apparently underestimated at the time of the Council's decision.

While approving (3) the proposed regulation, Parliament regretted that the basic surveys could not be completed simultaneously in all the member States; this would put implementation of the common agricultural policy in the market and price sectors still further out of phase with that in the structure and social policy sectors.

76. Lastly, at its January-February session, Parliament examined (4) the proposed regulation on certain measures for a common organisation of the market in sugar for the 1967-1968 marketing year. This draft regulation provided for the

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- (1) Resolution of 2nd February 1967, Official Journal No. 28, page 454/67.
  - (2) Doc. 179/66: Bading report on the EEC Commission's proposal to the Council for a regulation amending, with regard to France and Italy, Regulation No. 70/66/CEE providing for a basic survey in the context of a programme of surveys of farm structure.
  - (3) Resolution of 2nd February 1967, Official Journal No. 28, page 455/67.
  - (4) Doc. 182/66: Dupont oral report - under Rule 15(4) of the Rules of Procedure - on the EEC Commission's proposal to the Council for a Council regulation on certain measures for a common organisation of the market in sugar for the 1967-1968 marketing year.

freezing of national prices, the imposition of levies in accordance with rules allowing for Community preference, the allocation of refunds, the reorganisation of the market by applying special conditions to sales to certain destinations, planned production, the limitation of stocks carried forward to the 1968-1969 marketing year, EAGGF subsidies for sugar subject to the provisions of the regulation and the appointment and functioning of a management committee.

In its resolution (1), Parliament expressed surprise that the Council had not thought fit to publish the resolutions of 24th July 1966 relating to the sugar sector, although Parliament had been asked for its opinion and although the texts now before it were based on those resolutions. While approving the proposed regulation, Parliament nevertheless asked the EEC Commission to consider the possibility of offsetting against the quota for the 1968-1969 crop year any stocks carried forward in excess of the percentage laid down and to make an inventory of sugar stocks held by the refiners and traders.

77. At its March session, Parliament examined the proposed regulation amending the regulation on the phased introduction of a common organisation of the market in beef and veal. The new proposal would extend until 31st March 1968 the authorisation given to the Grand Duchy of Luxembourg to grant aids in the beef and veal sector. Parliament approved this extension, but pointed out that as from 31st March 1968, the date on which the common market in beef and veal would come into operation, no further aids could be authorised (2).

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- (1) Resolution of 3rd February 1967, Official Journal No. 28, page 457/67.
- (2) Doc. 32/67: Richarts report on the EEC Commission's proposal to the Council for a regulation amending Regulation No. 14/64/CEE in respect of aids granted by the Grand Duchy of Luxembourg in the beef and veal sector.

Resolution of 17th March 1967, Official Journal No. 63, page 999/67.

78. At its March session, Parliament also examined a proposed regulation amending the regulation on the common organisation of the market in milk and milk products in respect of unconcentrated, unsweetened fresh milk and cream. This regulation was designed to remedy certain omissions in the basic regulation which had given rise to practices rendering the common market organisation ineffective (1).

Approving the proposed amendments, Parliament drew attention to the fact that this problem again highlighted the drawbacks of not giving simultaneous effect to Community regulations on the various production sectors, or on groups of products falling within the same production sector (2).

79. Lastly, Parliament examined, at the same session, a proposed directive requiring member States, as from 1st July 1967, to charge customs duties not exceeding 25% of the basic duty on intra-Community imports of agricultural products hitherto subject only to the provisions concerning tariff disarmament (3).

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- (1) Doc. 3/67: Dupont report on the EEC Commission's proposal to the Council for a regulation amending Regulation No. 13/64/CEE in respect of unconcentrated, unsweetened fresh milk and cream.
  - (2) Resolution of 17th March 1967, Official Journal No. 63, page 999/67.
  - (3) Doc. 33/67: Carboni oral report on the EEC Commission's proposal to the Council for a directive concerning the first reduction during the third stage of customs duties between the member States on certain products listed in Annex II of the Treaty.

While approving the proposed directive (1), Parliament nevertheless pointed out that such a cut in duties might be fraught with difficulties for certain sectors, in particular for those in which a market organisation was planned or might be envisaged. It asked the EEC Commission to propose measures to ease the transition from the current systems in member States to the Community system and so enable the Council to reach a decision in due course and urged it to submit, as soon as possible, the market organisation proposals which were planned or would have to be settled in principle before 2nd July 1967.

### 3. Energy policy

80. In the absence of an overall policy, the common energy policy must be considered sector by sector.

During the period covered by this report, the European Parliament dealt with two questions relating directly to the energy policy: Euratom's first target programme and the Community's petroleum and natural gas policy. Parliament also discussed the coal crisis and the decisions taken by the ECSC Special Council of Ministers.

#### A target programme for Euratom

81. In its report (2), examined by Parliament on 30th June 1966, the Energy Committee, after assessing Euratom's target programme against the background of a common energy policy, dealt with the main points of the programme and reviewed the problems it would raise in practice: the problem of reserves, dependability of electricity supplies, financing, co-operation between the public and private sectors. The Rapporteur concluded by stressing the need for co-operation within the Community to promote exchange between the member States.

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- (1) Resolution of 16th March 1967, Official Journal No. 63, page 991/67.
- (2) Doc. 77/66: Hougardy report on Euratom's first target programme.

In its resolution (1), Parliament took cognisance of the first target programme but emphasised that there were certain things the Community would have to do before it could be carried out: frame a Community policy for industry and technology; step up and direct technological and scientific research based on collaboration between the private and public sectors; train the necessary manpower and supervisory staff; systematically study the social implications of the development of nuclear energy. Parliament also emphasised that, if the programme were to be carried through efficiently, constant attention would have to be paid to such questions as reserves, dependability of supplies, financing, collaboration between the public and private sectors and co-operation at Community level. It agreed with the Euratom Commission that it was more necessary than ever to make balanced forecasts for Common Market supplies of crude oil, natural gas and coal in order to enhance the utility of the indicative programme. Parliament advocated that the medium- and long-term forecasts be corrected whenever necessary and hoped there would be automatic revisions.

#### Petroleum and natural gas

82. At its sitting on 20th October, Parliament discussed a report on petroleum and natural gas.

This report (2) dealt with the Community's petroleum and natural gas policy as outlined in an EEC Commission memorandum addressed to the Council. The Commission laid stress on how the Community could secure adequate supplies of oil and natural gas at advantageous prices. The parliamentary Committee considered that the Commission's proposals were still only a first step towards implementing a Community oil and natural gas policy. Only a Community policy embracing all energy sources would show the Community's determination to secure its energy supplies on equal terms with the major world powers and ensure its success in putting an end to the adverse conditions prevalent on the internal energy market.

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(1) Resolution of 30th June 1966, Official Journal No. 130, page 2446/66.

(2) Doc. 106/66: Leemans report on the Community petroleum and natural gas policy.

Parliament adopted a resolution (1) in which it asked that the possibilities be investigated of working out a plan for exploiting petroleum and natural gas reserves in the Community. It hoped that a careful study would be made of developments in the different modes of fuel transport and that the appropriate conclusions would be drawn as regards supply and stocking policy. Parliament considered that, in view of the rôle played by such groups as OPEC (Organisation of Petroleum-Exporting Countries), the international companies and the European firms, it was essential to study how the merged European Executive could promote supplies to the Community in such a way as to ensure its economic development. It requested that the EEC Commission's proposals be amplified as soon as possible on the lines suggested in the report and that all action connected with energy policy be guided by the Community's general energy policy. It considered that Europe's fuel and power supplies could be assured only by a Community energy policy covering all sources of energy. Noting with disquiet that energy policy measures in the Common Market reflected diverging tendencies, Parliament called on the Council to demonstrate its willingness to apply a European energy policy in which a Community oil and natural gas policy would have its full place.

83. At the same sitting, Parliament discussed a report (2) on the situation in the coal industry. Concerned about the trend emerging in the coal sector and the adverse effects which this trend might have, the Energy Committee urged the Council to take immediate and vigorous action in the matter of energy policy.

In the resolution (3) adopted at the close of the debate, Parliament again noted, and deplored, that there had been no progress with the merger of the Executives and consequently of the Communities. It saw no reason for postponing a Community energy policy until the amalgamation of the Treaties and referred to the Protocol of Agreement of 21st April 1964,

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- (1) Resolution of 20th October 1966, Official Journal No. 201, page 3467/66.
  - (2) Doc. 117/66: Burgbacher report on the urgent need for energy policy measures to assist certain sectors of the European coal industry.
  - (3) Resolution of 20th October 1966, Official Journal No. 201, page 3468/66.

whose sole purpose was to provide a provisional solution to energy problems pending the merger of the European Communities. Parliament asked that an interim solution be found for Community coke. It supported the High Authority's endeavours to work out such interim solutions and appealed to member Governments to recognise how essential it was to resolve the coke problem at European level if the ultimate prosecution of a common energy policy was not to be hampered. Lastly, Parliament stressed the need for European regulations on coal for domestic consumption.

#### Decision concerning the marketing of coking-coal

84. Following the adoption by the ECSC Special Council of Ministers of a Protocol on coke and coking-coal for the iron and steel industry, the Energy Committee presented a report (1) to Parliament at its sitting of 14th March. In a draft resolution (2) which was passed by Parliament the Committee commented on the decision taken by the High Authority on the basis of this Protocol of Agreement.

Parliament regarded this decision as an important addition to the range of coal policy measures and thought it would make it possible to pursue the rationalisation of collieries in a way beneficial to social and regional policy interests. Parliament was convinced that lasting solutions to the problems of the European coal industry would be possible only within the framework of a general Community energy policy.

#### 4. Transport policy problems

85. In the year under review, the Council issued a regulation on common rules for international passenger transport by motor coach or omnibus. This regulation, which exempts such transport from licensing by member States other than that in which the vehicle is registered is applicable, in the initial stage, to the international transport of passengers from one member State to a point in the same or another member State and to the transport of workers on own account by an enterprise using its own vehicles.

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(1) Doc. 4/67: Burgbacher report on the decision taken by the High Authority to facilitate the marketing of coking-coal and coke for the Community steel industry.

(2) Resolution of 14th March 1967, Official Journal No. 63, page 969/67.



The Commission subsequently drew up a regulation on the establishment of models of certain control documents referred to in the aforesaid Council regulation.

86. In accordance with a suggestion by the Council of Ministers, the EEC Commission submitted, on 27th October 1965, "amendments to the proposed Council regulations introducing a bracket-rate system for goods transport by rail, road and inland waterway" (1).

Having asked to be consulted again on the EEC Commission's document, Parliament presented a report on the said document, on 17th January 1966, without waiting for the Council's decision to consult it.

By letter of 23rd March 1966, the Council recognised the advisability of consultation and asked the European Parliament for its opinion on the EEC Commission's document.

On 27th June 1966, Parliament presented a supplementary report and adopted a resolution (2) confirming its previous conclusions (3).

87. During its February session, Parliament discussed a report (4) on the EEC Commission's proposals to the Council for directives relating to the approximation of legislation on motor vehicle traffic indicators and on the braking systems of certain categories of motor vehicle.

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- (1) Doc. 40/66: amended proposal by the EEC Commission to the Council for a regulation on the introduction of a bracket-rate system for goods transport by rail, road and inland waterway.
  - (2) Resolution of 27th June 1966: Official Journal No. 130, page 2429/66.
  - (3) Resolution of 19th January 1966: Official Journal No. 23, page 361/66.
  - (4) Doc. 128/66: Drouot l'Herminie report on the EEC Commission's proposals to the Council for:
    - a directive on the approximation of legislation on motor vehicle traffic indicators (Doc. 19);
    - a directive on the approximation of legislation on the braking systems of certain categories of motor vehicle (Doc. 39).

In a resolution (1) passed unanimously, Parliament deplored that it had not been consulted about proposals on the alignment of motor vehicle legislation as a whole. It adopted the Commission's two proposals without amendment, abstaining from any technical judgment on their provisions.

88. At its February session, Parliament also discussed a report (2) on the EEC Commission's proposal to the Council for a directive to harmonise provisions governing duty-free entry of fuel in the tanks of commercial motor vehicles. The Committee considered that certain amendments should be made to the Commission's text for technical and political reasons. In 1964 and 1965, Parliament itself had expressed more generous wishes and adopted decisions which went further than the proposed directive of 1967. In its resolution (3), passed unanimously Parliament asked the EEC Commission to accept its proposed amendments to the draft directive.

89. On 17th March 1967, Parliament discussed a report (4) by its competent committee on an EEC Commission proposal to the Council (5) for a regulation harmonising certain social provisions in the road transport sector. The Committee said that the Commission's proposal would promote the reorganisation of road transport and effect a considerable improvement in social conditions in that sector, which too often left much to be desired. It was pointed out in the report that this was the first proposed regulation applicable to social conditions in a specific branch of the economy.

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- (1) Resolution of 3rd February 1967: Official Journal No. 28, page 458/67.
  - (2) Doc. 178/66: Jozeau-Marigné report on the EEC Commission's proposal to the Council (Doc. 101) for a directive to harmonise provisions governing duty-free entry of fuel in the tanks of commercial motor vehicles.
  - (3) Resolution of 3rd February 1967, Official Journal No. 28, page 459/67.
  - (4) Doc. 31/66: Laan report on the EEC Commission's proposal to the Council for a regulation harmonising certain social provisions in the road transport sector.
  - (5) Official Journal No. 185 of 17th October 1966, page 3195/66.

Parliament passed a resolution (1) approving the proposal subject to certain amendments. It proposed, among other things, that for a transitional period of two years a two-driver crew should be required when the distance covered between two consecutive daily rest periods exceeded 450 km. It also considered that the provisions governing the daily driving period and the daily rest period should be applicable with a certain flexibility.

Parliament hoped that the Joint Advisory Committee on social problems in road transport would establish Community standards for access to the occupation of driver of a passenger or goods vehicle and asked the EEC Commission to submit proposals in this sense before 1st July 1968.

Parliament advocated that it be made compulsory for drivers to have a certificate of physical and mental aptitude and that only persons who had driven a goods vehicle for at least a year, or had undergone vocational training which might be considered as conferring an equivalent qualification, should be authorised to convey passengers, whether as principal or as agent.

Parliament expressed concern that the proposed regulation did not offer adequate guarantees for the strict observance of its provisions. It urged that it should be compulsory for all vehicles registered after 1st January 1969 and covered by the draft regulation to be equipped with some mechanical control device and for all other vehicles covered by the regulation to be so equipped as from 1st January 1970.

## 5. Internal market problems

90. During the year under review, substantial progress was made in the free movement of both persons and goods within the Community. In the harmonisation of legislation, the Community took the first steps towards framing a European taxation policy and continued its studies of company law. The Coal and Steel Community, which was faced with a disturbing situation in the steel sector, worked out a system of aids for intra-Community trade in coking-coal, designed to enable the European steel industry to compete with producers in non-member countries.

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(1) Resolution of 17th March 1967, Official Journal No. 63, page 993/67.

Free movement of goods

91. The customs union is well on the way to completion. On 26th July 1966, the Council decided that member States would remove the customs duties still existing between them on industrial products by reducing the duty on each product to 15% of the basic duty on 1st July 1967 and by abolishing these duties altogether on 1st July 1968. On the same date, the common external tariff rates applicable to industrial products would be unified and all quantitative restrictions on imports from other member States would be abolished. On 7th November 1966, the EEC Commission, for its part, adopted and published two directives requiring member States to abolish, at the beginning of 1967, laws, regulations and administrative practices imposing discriminatory conditions on industrial imports. The Commission also submitted a proposal for the simplification of formalities in intra-Community trade.

92. Parliament was consulted by the Council on a further extension of the Council's decision of April 1962 providing for a countervailing charge on certain processed agricultural products. This proposal, which extended the validity of the said decision from 30th June to 30th October 1966, was approved by Parliament (1) after it had heard an oral report on the subject (2). The Council subsequently adopted the proposal and on 27th October 1966 issued a regulation introducing a trading system for certain processed agricultural products.

The regulations provided that the new system would come into force on 1st April 1967. In view, however, of the delays in its implementation by the various member States, the Commission proposed that the Council defer the

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- (1) Resolution of 27th June 1966, Official Journal No. 130, pages 2426/1966.
- (2) Doc. 92/66: Blaisse oral report on the EEC Commission's proposal to the Council for a decision to extend, for a further period, the decision of 4th April 1962 providing for a countervailing charge on certain processed agricultural products.

entry into force of the regulation until 1st May 1967. Consulted on this proposal, Parliament approved it at its sitting on 17th March 1967 (1).

#### Free movement of persons

93. The implementation of the general programmes on freedom of establishment and freedom to supply services was continued throughout the period under review. Parliament examined the text of certain proposed directives, and in December 1966 the Council adopted a directive to introduce freedom of establishment and freedom to supply services in self-employed activities in the sectors of real property, business and services to firms. The Council also transmitted to Parliament a proposed directive entitling farmers to receive various forms of aid; this forms part of the special programme on freedom of establishment in agriculture. The Council had already consulted Parliament, on 1st March 1966, on another proposed directive, under this programme, entitling farmers already established in the host country to join co-operatives.

94. Parliament noted, from the report on the latter proposal, that the co-operative movement had made notable progress in farming circles but that laws and regulations had given it rather different forms in the various member States (2). It did not request the immediate co-ordination of legislation or even the introduction of common legislation, although certain legislative texts and certain practices might sometimes appear to constitute a disguised nationality clause. It thought the Commission's proposal, by bringing farmers into the system applicable to nationals, was a first necessary and important step towards removing restrictions on

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- (1) Doc. 23/67: Berkhouwer report on the EEC Commission's proposal to the Council for a regulation postponing the date of entry into force of a trading system introduced by Council Regulation No. 160/1966/CEE of 27th October 1966 and rescinding Article 2 of Regulation No. 167/64/CEE of 30th October 1964.  
Resolution of 17th March 1967, Official Journal No. 63, page 1001/1967.
- (2) Doc. 122/66: Bersani report on the EEC Commission's proposal to the Council for a directive entitling farmers who are nationals of one member State and are established in another to join co-operatives.

freedom of establishment in agriculture. This initial directive could not be completed by the approximation of legislation until the results already obtained in implementing the special programme for the establishment of farmers were known. To this end, Parliament asked the EEC Commission for a detailed report on the effect given by member States to the various directives already in force under the general programme for removing restrictions on freedom of establishment.

This report was presented and discussed at the public sitting of 21st October. The EEC Commission declared its readiness to inform Parliament or its Internal Market Committee of progress in implementing the directives on freedom of establishment in each of the six States. The resolution passed by Parliament at the end of the debate repeated the gist of the arguments set out in the report and endorsed the text of the draft directive submitted for its opinion (1).

95. Again in accordance with the general programme on freedom of establishment in agriculture, the Council submitted to Parliament for opinion a proposed directive allowing farmers access to the various forms of credit. In its report, Parliament endorsed the Agricultural Committee's opinion on the subject (2). It seemed appropriate to exclude from the various forms of liberalised credit those in any way involving aids linked with the credit operation.

It thought it desirable that credit operations should be harmonised as soon as possible and that free access to credit should be accompanied by real freedom of capital movements and standardisation of loan terms. The Economic and Financial Committee, whose opinion was sought, regretted that the draft directive was not supported by information showing the effect of the general programmes on the establishment of farmers nationals of other member States.

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- (1) Resolution of 21st October 1966, Official Journal No. 201, page 3473/1966.
  - (2) Doc. 116/66: Breyne report on the EEC Commission's proposal to the Council for a directive giving farmers who are nationals of one member State and are established in another freedom of access to the various forms of credit.

Such particulars would make it possible to form an idea of the foreseeable effects of the draft directive, particularly as the question of access to credit was very important. The Committee hoped for the growth within the Community of a large European private capital market to which all farmers could apply on a footing of equality.

This report was presented and discussed at the sitting of 21st October. The resolution passed by Parliament at the end of the debate repeated the main arguments in the report and approved the draft directive (1).

96. On 14th May 1965, the Council submitted to Parliament for an opinion a draft directive on ways and means of achieving freedom of establishment and freedom to supply services in self-employed forestry activities. This proposal was coupled with a draft amendment to the general programme on freedom of establishment, aimed at advancing the date of liberalisation of these activities by including them in the same category as activities ancillary to farming, due to be liberalised by the end of the second stage of the transition period.

Parliament agreed, in its report, on the need to advance the date for liberalising forestry activities (2). The Community was not producing enough wood and, to palliate this difficulty, a plan had been put in hand to co-ordinate the forestry policies of the member States; the liberalisation of forestry activities would serve as a useful adjunct.

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(1) Resolution of 21st October 1966, Official Journal No. 201, page 3474/66.

(2) Doc. 54/66: Jarrot report on the EEC Commission's proposals to the Council for:

- a directive on ways and means of achieving freedom of establishment and freedom to supply services in self-employed forestry activities, and
- an amendment to the Council's general programme for the removal of restrictions on freedom of establishment.

Furthermore, there seemed to be less and less justification for making a sharp distinction between sylviculture and agriculture and for liberalising them at different dates. Parliament also drew attention to various market organisation measures which should form part of a co-ordinated policy, including stock-piling facilities and the institution of timber exchanges. Asked for its opinion, the Agricultural Committee advanced further arguments in support of the EEC Commission's proposals. Agricultural and forestry policies ought to be co-ordinated as part of regional planning; there could be no question of dissociating them by making them subject to different management principles.

Parliament passed a resolution at its sitting on 11th May approving the two draft directives (1) and even urging closer co-ordination of the forestry policies of member States. However, owing to the delay in submitting the directive, it was too late to include forestry activities in Annex II of the general programmes, which had expired on 31st December 1965; they would have come in Annex III, which continued until 31st December 1967.

97. At its October session Parliament gave an opinion on an EEC Commission proposal to the Council for a directive abolishing restrictions on freedom of establishment and freedom to supply services in self-employed activities connected with banks and other financial institutions (2). It approved the proposed directive after endorsing several comments made in the report by its Internal Market Committee (3). The Committee had noted that, in practice, the proposed directive would do little to change the conditions of access to, and exercise of, banking professions in the six Community countries. For example, activities involving the exercise of public authority were excluded from the directive. The Committee regretted that the directive

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- (1) Resolution of 11th May 1966, Official Journal No. 96, page 1509/66.
  - (2) Doc. 105/66: Leemans report on the EEC Commission's proposal to the Council for a directive abolishing restrictions on freedom of establishment and freedom to supply services in self-employed activities connected with banks and other financial institutions.
  - (3) Resolution of 21st October 1966, Official Journal No. 201, page 3472/66.



included no proposals for co-ordinating laws, regulations and administrative provisions, which differed widely from country to country. It also expressed surprise that the EEC Commission had submitted its proposals so far behind the schedule laid down in the general programmes for the abolition of restrictions on freedom of establishment and freedom to supply services. Asked for its opinion on the proposal, the Economic and Financial Committee had rendered an opinion to the same effect as the report of the Internal Market Committee.

During the plenary debate, the EEC Commission said that it would probably still be able to submit in 1966, in response to Parliament's wish, a proposal on the co-ordination of laws, regulations and administrative provisions governing the conditions of access to the activities in question.

98. On 1st March 1966, the Council sought Parliament's opinion on two proposed directives concerning the self-employed activities of transport auxiliaries, travel agents, customs agents and warehousemen. The first directive relates to the removal, in accordance with the general programmes, of restrictions on freedom of establishment and freedom to supply services; the second lays down transitional measures pending the co-ordination of laws and regulations on access to the above-mentioned activities and the mutual recognition of diplomas, certificates and other qualifications.

Asked for its opinion, the Transport Committee defended the view it had held for several years, namely that the question of transport auxiliaries freedom of establishment and freedom to supply services should not be settled until like measures were taken for transport firms - not before 31st December 1967 and not after the end of the transitional period - in the context of the common transport policy.

The Internal Market Committee felt it was necessary to distinguish between the technical services connected with transport and the transport auxiliaries whose commercial rôle seemed preponderant (1). Technical services would come under the arrangements affecting transport, while commercial auxiliaries would be subject to the special rules of the Treaty

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(1) Doc. 99/66: Kulawig report on the EEC Commission's proposals to the Council for a directive on the removal of restrictions on freedom of establishment and freedom to supply services and a directive on transitional measures concerning the self-employed activities:

1. of certain transport auxiliaries and of travel agents (group 718 ISIC);
2. of warehousemen (group 720 ISIC);
3. of customs agents (ex-group 839 ISIC).

governing freedom of establishment and freedom to supply services. The Internal Market Committee noted that, under the general programmes, the activities of transport auxiliaries should have been liberalised by 31st December 1963 at the latest. It had no wish to defer this limit date to 31st December 1967, when transport activities proper and technical services were to be liberalised nor, a fortiori, to a still uncertain date when the common transport policy would be implemented. For these reasons, it approved, subject to a few minor amendments, the two draft directives submitted for its opinion.

During the debate on 21st October 1966, the EEC Commission supported the view upheld by the Internal Market Committee, believing that the course advocated in the general programmes was logical and politic, and should be adhered to if the agreement on the right of establishment and freedom to supply services was not to be jeopardised. Endorsing the opinion of its Internal Market Committee, Parliament approved the two draft directives submitted for its opinion (1).

#### Harmonisation of legislation

99. As integration progresses and the customs union nears completion, the economies of the member States are feeling more and more keenly the need to abolish distortions of competition caused by differences in economic and social legislation. The EEC Commission has consequently pursued its efforts to harmonise laws and regulations, although not always in a way that has met with Parliament's full agreement. In February 1967, for example, the Council adopted two initial directives on the harmonisation of turnover taxes and thus laid the first foundations of a European taxation policy.

At the sitting of 14th March 1967, the Council announced that it has instructed the Commission to submit, by the end of 1968, additional proposals as to how and when the harmonisation of turnover taxes could attain its ultimate objective, namely the abolition of taxation at the

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(1) Resolutions of 21st October 1966, Official Journal No. 201, pages 3476/66 and 3477/66.

import stage and of tax remission at the export stage in trade between member countries. The Council's long-term aim was the abolition of tax frontiers and it was now contemplating steps to remove certain distortions caused by excise duties and taxes on capital movements. The Socialist Group recalled that, when Parliament adopted the text of the first two directives, it had stated that consultation could not be considered complete until proposals had been submitted to it on the position of agriculture in relation to the common added-value tax. It could not but note that once again Parliament's advice had not been followed. The Christian Democrat Group, for its part, stated categorically that it could not agree to direct and indirect taxes being harmonised by a series of bilateral agreements between member Governments.

100. In connection with the harmonisation of legislation, Parliament was led to give its views on the co-ordination of company law. At present, various proposals for the creation of European companies are under consideration. There is first of all the proposal which led, in 1966, to the appointment, within the EEC Council, of a working party to enquire whether it is expedient to create European companies and, if so, to study the problems which this would entail. Such companies might take the form either of European companies under municipal law or of European companies under European law. The Council had already presented to Parliament, in March 1964, an EEC Commission proposal for a directive to co-ordinate, with a view to making them equivalent, the guarantees required of companies, in member States, for the purpose of protecting the interests both of their members and of third parties. The draft directive proposes the co-ordination, on the basis of Article 54 (2) of the EEC Treaty, of national provisions governing the publication of particulars of companies, the validity of their commitments and the causes of their nullity.

In a report (1) by its Internal Market Committee, Parliament made known its views in the matter and made a comparative survey of the main legislative provisions in force

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(1) Doc. 53/66: Berkhouwer report on the EEC Commission's proposal to the Council for a directive to co-ordinate, with a view to making them equivalent, the guarantees required in member States of companies within the meaning of Article 58 (2) of the Treaty for the purpose of protecting the interests both of the members of such companies and of third parties.

in the member States on joint stock companies, partnerships limited by shares and limited liability companies, and examined the various articles of the draft directive.

Replying to a question from the Christian Democrat Group about the interpretation of Article 54 (3) (g) of the EEC Treaty, the Commission stated that this provision was aimed solely at eliminating discrimination against foreigners, which was not enough in itself. Besides this negative phase of the harmonisation of laws, there was the positive phase to be tackled, namely the creation of European economic citizenship.

Following this discussion, Parliament passed a resolution (1) asking the EEC Commission to prepare an outline of the restrictions on freedom of establishment under company law and hoping that the co-ordination of company law would follow a programme based on the conclusions of this outline and submitted to Parliament for opinion. It felt that it would have been pertinent to inform Parliament of the principles by which the Commission intended to be guided in this matter and the areas of company law which would be the subject of future directives. It recommended the Commission to start work, as soon as possible, on the harmonisation of provisions governing publication with a view to introducing a single publication system in the six member States.

Before approving the text of the directive, Parliament added to the draft resolution two sub-paragraphs proposed by the Liberal Group. In the first, the Commission was asked to submit, as soon as possible, a general table of the measures it intended to propose to the Council and Parliament for the co-ordination of company law. In the second sub-paragraph, Parliament trusted that the necessary co-ordination of company law might be carried through in a single stage.

Passing to the text of the directive, Parliament considered nine amendments to the text as already amended by the Internal Market Committee. Three of these were accepted.

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(1) Resolution of 11th May 1966, Official Journal No. 96, page 1519/66.

101. Other proposed directives for the approximation of legislation affecting the internal market were also submitted to Parliament for its opinion. On 30th June 1965, the Council referred to Parliament an EEC Commission proposal for a directive approximating member States' legislation on postage rates for letters weighing up to 20 grammes and for postcards.

In its report (1), Parliament first underlined the favourable psychological effects which this harmonisation measure was bound to have, even though it covered only letters in the first weight category (up to 20 grammes). Parliament therefore approved the proposed directive, subject to certain amendments concerning, in particular, the conditions in which the harmonised rates would be raised. The EEC Commission had proposed that, pending harmonisation, of the operating accounts of the postal services, a variation of 15% in personnel costs alone should be deemed sufficient justification for raising or lowering postal charges. Parliament preferred the current operating accounts to be taken as the criterion rather than personnel costs, even if the accounts were drawn up on different principles. If changes in postage rates were to depend on variations in personnel costs, member States might be tempted to make wage increases subject to changes in postage rates. Asked for its opinion, the Transport Committee stressed the importance of the directive both for users and for the postal services themselves.

At the end of the debate held on 10th and 11th May 1966, Parliament passed a resolution (2) approving the directive and hoping that it would shortly be followed by proposals on mail weighing over 20 grammes and by directives on the approximation of rules governing the size, packing and handling of postal consignments.

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- (1) Doc. 43/66: Berkhouwer report on the EEC Commission's proposal to the Council for a directive approximating member States' legislation on postage rates for letters weighing up to 20 grammes and for postcards.
  - (2) Resolution of 11th May 1966, Official Journal No. 96, page 1506/66.

102. Another draft directive concerned wheeled farm tractors; Parliament approved the text in its report (1). However, in agreement with the Transport Committee, whose opinion was sought, Parliament took advantage of this directive to urge the Commission, in its resolution, to draw up, as soon as possible, a rational programme for the application of Article 100 of the EEC Treaty, so as to give priority to harmonising those laws of the member States whose divergences clearly had the most pronounced incidence on the establishment and functioning of the Common Market. With regard to the directive itself, Parliament asked the Commission, in its resolution (2), to define the maximum length and width of loading surfaces of farm tractors and to revise the actual definition of this form of transport, making it as complete as possible.

103. Parliament approved, without debate, a draft resolution tabled after presentation of the Internal Market Committee's report on a Commission proposal for a directive to approximate legislation on the suppression of radio interference caused by motor vehicles. In this resolution, it approved the text of the proposal without commenting on the technical provisions it contained (3). Asked for its opinion, the Transport Committee observed that

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- (1) Doc. 167/66: Wohlfart report on the EEC Commission's proposal to the Council for a directive approximating member States' legislation on wheeled farm tractors (maximum speed, additional seats, loading surfaces).
  - (2) Resolution of 3rd February 1967, Official Journal No. 28, page 462/67.
  - (3) Doc. 154/66: Berkhouwer report on the EEC Commission's proposal to the Council for a directive to approximate legislation on the suppression of radio interference caused by motor vehicles.

Resolution of 3rd February 1967, Official Journal No. 28, page 463/67.

the Commission had again confined itself to dealing with secondary problems and that even so its solution was timid and still left a great deal to national legislation.

104. Parliament also adopted, without debate, the EEC Commission's proposals for the approximation of member States' legislation on weights and measures (1).

#### Coal and steel market

105. During the period under review, Parliament subjected matters relating to the coal and steel markets to particularly careful examination, as in the debate occasioned by an oral question put up by the Liberal Group concerning the existence of a cartel in the steel plate sector (2). The High Authority's reply to a previous written question on the subject had been considered too evasive. At the public meeting of 10th May 1966, the High Authority replied that it was careful to keep Parliament informed of developments relating to competition policy and had kept in close touch with iron and steel industry representatives over the organisation of the steel sector. It stressed the difficulty of organising thorough and effective checks but undertook to communicate to the Internal Market Committee, as soon as possible, the findings of the research which it meant to pursue. The Chairman of the Internal Market Committee signified his confidence in the work

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(1) Doc. 14/67: Berkhouwer report on the EEC Commission's proposals for the approximation of member States' legislation on:

- (a) measuring instruments in general;
- (b) clinical maximum mercury-in-glass thermometers;
- (c) 5 kg to 50 kg block weights in the medium limit of error category;
- (d) 1 gr to 10 kg cylindrical weights in the medium limit of error category.

Resolution of 16th March 1967, Official Journal No. 63, page 982/67.

(2) Oral question with debate No. 2/66.

done by the High Authority, and the Liberal Group expressed satisfaction that the questions raised would lead the High Authority to carry out special checks.

106. During a debate in January 1967 on a report by its Internal Market Committee on the operation of the steel market and certain matters affecting the coal market (1), Parliament noted that there had been some unsuccessful attempts to form cartels and that international agreements existed which might have adverse effects on the Community's internal market. These initial conclusions had led the High Authority to continue its enquiry.

The report drew attention to the problems of supplying the iron and steel industry with coking-coal and the difficulties of adapting Community iron and steel production to actual demand.

Parliament examined these questions at its sitting of 31st January 1967. It noted that the state of the Community's common market in steel was disturbing and supported the High Authority's endeavours to restore the balance between production and consumption by appealing to producers' self-discipline and good sense to take the High Authority's forward programmes into account. Parliament considered that, in the present circumstances, production policy should be based primarily on the indirect measures prescribed in the Treaty; if these proved insufficient, it would be necessary to resort immediately to Article 95, which laid down a special procedure for cases not covered by the Treaty, rather than to Article 58, which provided, in the case of a decline in demand, for a rigid system of production quotas. Parliament requested the High Authority to supplement these measures to rehabilitate the market by starting application of the price rules, by pursuing the commercial policy it had initiated and by apprising those concerned of ways and means of increasing consumption. The External Trade Committee

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(1) Doc. 173/66: Blaisse report on the operation of the steel market and on certain matters affecting the coal market, following upon the statement made by the President of the High Authority to the European Parliament on 29th November 1966, Docs. 172 and 173 (Appendix): Opinion drafted by Mr. Bech on behalf of the Internal Market Committee.



expressed similar views. It believed that the introduction of a system of aids to intra-Community trade in coking-coal would enable the European steel industry to compete with producers in non-member countries. The Energy Committee signified its agreement with the temporary introduction of such a system, but regarded it as only one element of a coal policy embodied in a wider European energy policy.

The solutions advocated by Parliament concerned not only the adjustment of supply to demand, but also the structure of the European steel industry. It recommended that further rationalisation and modernisation measures be taken in order to reduce costs, to strengthen the Community steel industry's foothold on the world market and devise means of promoting the necessary productivity investments. The question should be considered whether and according to what criteria obsolete installations might be wholly or partially closed down. The market should be reorganised by improving production and modernising installations; this implied grouping firms into larger production units and promoting specialising with a view to fulfilling the aims of the Treaty while observing the rules of competition it laid down.

Asked for its opinion, the Economic and Financial Committee said it was convinced of the need for more effective co-ordination of investment in the iron and steel sector and for greater harmonisation between medium-term economic policy objectives and sector objectives, in this case the "steel" objectives of the member States.

The report of the Internal Market Committee was submitted and discussed along with the Economic and Financial Committee's report on the ECSC High Authority's memorandum on the Community's General Objectives for steel up to 1970 (1).

During the debate, a member of the European Democratic Union, expressing the view that the interpenetration of trade was progressing too quickly, suggested blocking intra-Community trade temporarily at the present level. Some members of the Liberal Group criticised the High Authority's attitude for the inadequacy of the solutions it was advocating; one even

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(1) See Kriedemann report, p. 68 above.

proposed that Parliament should not express its confidence in the High Authority's work.

In its reply, the High Authority defended its policy of asking firms to control their production themselves. It rejected, as incompatible with the essence of a common market, any idea of restricting trade between the member States. It did not have at its disposal all the means it would require in order to influence investment; it agreed with Parliament's suggestions for closer co-ordination in this sphere. The High Authority was more than ever convinced of the need to pursue a reconversion policy in order that the necessary changes in the coal and steel industry might be effected without detriment to the workers, executives or areas concerned.

At the end of the debate, Parliament expressed its confidence in the High Authority's ability to solve the problems confronting it and asked it to submit, in due course, a report on the results obtained or on any difficulties still unsolved (1).

#### 6. Activities in the social field

107. The most important social policy event for the Community took place in the last month of 1966. When the Council of Ministers resumed its activities in this sphere on 19th December, after an interval of over two years, the EEC Commission submitted to it, on 22nd December, a memorandum on the "guidelines for its work in the social sector", in which it set out the social policy aims and measures planned up to the end of the transition period.

Around the same time, Parliament studied the European social policy outlook in the light of the Council of Ministers' meeting of 19th December. It also examined the EEC Commission's annual review of the social situation in the Community, the social aspects of redevelopment, the application of Article 119 of the EEC Treaty, problems affecting redundant Italian sulphur miners, maternity benefits, and social security for seamen.

#### European social policy outlook

108. The views of the Social Committee and the Health Protection Committee on the social policy outlook following the resumption of activity by the six Ministers of Social

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(1) Resolution of 31st January 1967, Official Journal No. 28, page 441/67. ./.

Affairs were set out in a report (1) by the Chairmen of these two Committees. The report was approved by all the groups during the exhaustive debate which it occasioned; however, the European Democratic Union proposed an amendment to the draft Resolution, asking the EEC Commission to carry out an enquiry in the six countries into proposed mergers and concentrations which might lead to unemployment in industrially backward areas.

At the end of the debate, Parliament adopted a Resolution (2) embodying the aforesaid amendment, in which it qualified the results of the meeting as disappointing in the sense that the only formal decision taken to assist redundant sulphur-mine workers departed considerably from the opinion previously rendered by Parliament and that no decision had been taken on a number of important and urgent measures, including the reform of the Social Fund. It vigorously protested against the tendencies which had become apparent during the meeting of the Council of Ministers and were liable to lead to a deterioration of Community social policy machinery: this deterioration would be inevitable if the intervention of the Committee of Permanent Representatives were generalised and its powers extended, if insufficient account were taken of the opinions and proposals of the European Parliament and of the other Community bodies or if preference were given to "ad hoc" bilateral or multilateral procedures rather than to Community measures. Parliament hoped that, at its next meeting, the Council would draw up a solid programme of priority action in the social and health protection sectors.

### Social situation in the Community in 1965

109. At its November-December session, Parliament examined, in the light of a report (3) by its Social Committee, the EEC Commission's review of the social situation in the Community in 1965. The Social Committee's report comprised five chapters. The first dealt with economic expansion generally, with special reference to the gross national product, employment and the standard of living of wage-earners. The second chapter concerned

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- (1) Doc. 171/66: Troclet/Dittrich report on European social policy prospects following the meeting of the Council of Ministers of 19th December 1966.
  - (2) Resolution of 1st February 1967, Official Journal No. 28, page 445/67.
  - (3) Doc. 130/66: Müller report on the EEC Commission's review (Doc. 66-III) of the social situation in the Community in 1965.

training and education. The Committee feared that, despite the Commission's efforts, the realisation of the free movement of workers, required by the Treaty, might be hampered if action in this field were delayed. The third chapter dealt with social security problems. Here again, the main criticisms were levelled at the Council of Ministers whose inaction was preventing the resources of the Social Fund from being used to improve social security and social services for migrant workers. The fourth chapter covered problems relating to the Community's housing and family policy. Although the member States had taken numerous measures in this field, there was a regrettable absence of Community action. In the fifth and last chapter, the Committee analysed the effects on social policy of the crisis which occurred in June 1965. In its opinion, the crisis was by no means over as regards social policy.

During the debate, the European Democratic Union said it would abstain from voting on the draft Resolution because it considered unjustified the violent reproaches levelled at the Council for inaction in the social sphere.

In the Resolution (1) passed unanimously by those voting, the European Democratic Union having abstained, Parliament noted with regret that the effective action taken by the Commission had not been sufficient to implement a positive social policy and that, in social policy, co-operation between the Governments had been totally insufficient. Parliament expressed particular concern over the Council's inertia and did not exclude the possibility of a charge of default if the Ministers of Labour and Social Affairs did not resume their activity without delay. If they persisted in their present attitude, social disparities would become accentuated and persist even after the expiry of the transition period. Parliament was particularly concerned by the delays in the following six social policy sectors:

- (i) Reform of the Social Fund.
- (ii) Accelerated vocational training leading to the freer movement of workers.
- (iii) Improvement of the social situation of seamen by the extension of Regulation No. 3 to them.

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(1) Resolution of 1st December 1966, Official Journal No. 232, page 3918/66.

- (iv) Measures to redeploy manpower affected by conversion in the sulphur mines.
- (v) Equal pay for men and women workers.
- (vi) Improvement and alignment of legislation on medical protection and on industrial safety and health.

#### The social aspects of redevelopment

110. On 27th and 29th June, Parliament examined simultaneously two reports on regional policy problems and the social aspects of redevelopment. The first report, presented by the Economic and Financial Committee, considered the problem mainly from the angle of regional policy (1) while the second (2), drawn up by the Social Committee, was more concerned with the social aspects.

The Social Committee's report contained a summary of the conclusions drawn from on-the-spot studies of regional policy problems carried out by its "Redevelopment" Working Party between November 1964 and April 1966. The report also analysed the redevelopment possibilities afforded by the Treaties of Rome and Paris. In the Committee's opinion, the most serious obstacle to concrete action was that the Community authorities could not give their assistance without the formal agreement of the government concerned. The Committee expressed surprise that the EEC Commission, in its "First Memorandum on Regional Policy", had considered regional policy solely from the economic angle and not from a social standpoint.

In its Resolution (3) on the social aspects of redevelopment, which was passed unanimously, Parliament asked that special attention should be paid in a European regional policy to regions which were in decline or were experiencing difficulties in some of the main branches of their economy and to regions where development was hampered by artificial political frontiers. Any redevelopment policy must have a long-term social objective and it was preferable to bring new industries into areas affected by redevelopment rather than move the labour elsewhere. Parliament asked that all redevelopment measures should be integrated into comprehensive programmes and dovetailed with social, cultural and

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- (1) Doc. 58/66: Bersani report on the EEC Commission's First Memorandum on Regional Policy in the EEC.
  - (2) Doc. 51/66: Pêtre report on the social aspects of redevelopment.
  - (3) Resolution of 29th June 1966, Official Journal No. 130, page 2441/66.

economic measures. Although the European Communities had only a complementary rôle in carrying out a redevelopment policy, they nevertheless had responsibilities imposed by the social aims of the Treaties. Lastly, Parliament stressed the importance of the principle embodied in Article 125 (1) (b) of the EEC Treaty, whereby workers whose employment is temporarily reduced or wholly or partly suspended as a result of the conversion of an enterprise, are entitled to maintain the same wage-level pending their full re-employment.

#### Equal pay for men and women

111. On 31st December 1964, the EEC Commission laid before the Council a report on progress made in the implementation of Article 119 of the EEC Treaty. Its enquiries had shown that equality had not yet been fully achieved in any of the Community countries. The same conclusion was reached by the Social Committee in its report (1) presented to Parliament on 29th June 1966. Although women's pay had increased at a faster rate than men's pay in recent years, there were still very considerable disparities. It was for Parliament, therefore, to supervise the bodies responsible for carrying out the provisions of the Rome Treaty in this respect.

During the discussion, the Christian Democrat Group drew attention to the extensive interpretation given to Article 119 in the EEC Commission's Recommendation of 1960 and confirmed in the Resolution of the Conference of member States on 30th December 1961. The Socialist Group regretted that, following the strike by female workers at Herstal, the Commission's finding was merely that there had been inaction and not violation of the Treaty.

In the Resolution (2) which it passed unanimously, Parliament noted that progress had been made in all States in applying the principle of equal pay for men and women workers, but that neither Article 119 of the EEC Treaty nor the Resolution of the member States of 30th December 1961 was being universally or fully implemented. It made an urgent appeal to Governments, Parliaments and both sides of industry to do everything in their power to secure enforcement of the

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(1) Doc. 85/66: Berkhouwer report on the implementation of Article 119 of the EEC Treaty.

(2) Resolution of 29th June 1966, Official Journal No. 130, page 2439/66.

Resolution of 30th December in toto. It urged Governments in particular to institute procedure without delay for protection of the principle of equal pay by the courts. Parliament likewise asked the EEC Commission to submit concrete proposals to guarantee universal and total observance of the principle of equal pay in the Community. The Commission should also continue to make annual progress reports on the implementation of Article 119 in order to hasten the establishment of equality of remuneration and disclose the obstacles standing in its way.

#### Redundant Italian sulphur miners

112. In 1965, the EEC Commission had submitted proposals to the Council for a decision whereby the EEC would help finance measures to assist redundant Italian sulphur-mine workers. In its Resolution of 18th October 1965, however, Parliament had asked the Commission to make certain amendments to its proposals.

At its sitting on 13th May 1966, Parliament examined the Social Committee's supplementary report (1) on the EEC Commission's amended proposals. In this report, the Committee expressed satisfaction that the Commission had accepted most of the amendments proposed by Parliament. Parliament's main requests were that the maximum age for obtaining a severance grant be raised from 50 to 55, that the monthly allowance in respect of the period of anticipated retirement be raised to 50%, that this allowance be payable also to workers between the ages of 55 and 60 and that scholarships be awarded to children of paid-off workers. The Committee warned against the dangers of resorting to intergovernmental agreements instead of Community measures.

In reply to this warning, Mr. Levi Sandri, Vice-President of the EEC Commission, said that these dangers had not escaped him but that Article 128 of the EEC Treaty prohibited such agreements.

In its Resolution (2), passed at the end of the debate, Parliament urged the Council to adopt the EEC Commission's proposals as soon as possible. It was imperative to seek a

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- (1) Doc. 45/66: Vredeling supplementary report on special social measures to assist redundant Italian sulphur miners.
  - (2) Resolution of 13th May 1966, Official Journal No. 96, page 1550/66.

comprehensive solution for the Italian sulphur industry and consequently to incorporate the social measures in the rehabilitation programme for this sector and in a general economic development programme for the area. Parliament deemed it absolutely essential to make use of "Community provisions" in implementing the proposed solutions and drew the public's attention to the serious consequences, and not only for the social sector, of any attempt to use ad hoc arrangements not provided for in the Treaty, such as the conclusion of an intergovernmental agreement, since any procedure of this kind would endanger the Community's very foundations.

### Maternal welfare

115. On 27th June, Parliament examined a report (1) by its Social Committee on the EEC Commission's draft Recommendation to member States on maternal welfare. In the Social Committee's view, domestic legislation presented the problem of the working woman wrongly by treating her as a dependant, whose physical strength and intellectual capacity were open to question, instead of focusing on the real problem: motherhood. Although inadequate, on account of the fragmentary nature of domestic legislation for the protection of mothers, the Recommendation was acknowledged by the Social Committee as a first step towards more advanced regulations.

In its Resolution (2), passed at the end of the debate, Parliament considered this attempt to spread progress equally as merely a first step towards new and improved regulations making appropriate provision for the working woman and removing all obstacles to her access to employment, to her rights to equal working conditions and career prospects and to her full integration in society. Parliament further hoped that the EEC Commission would draw up a complete list of ~~existing~~ practices and discriminations, whether in the social, human, moral or legal spheres, which prevented woman's complete integration into the economic life of the community and would take appropriate action in close collaboration with all interested circles. Lastly, Parliament asked the Commission to consider certain proposed amendments including the following:

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- (1) Doc. 69/66: Lulling report on the EEC Commission's draft Recommendation to member States on maternal welfare.
  - (2) Resolution of 27th June 1966, Official Journal No. 130, page 2422/66.



restriction of the hours worked by expectant or nursing mothers to not more than 80 hours a fortnight (the Commission had proposed a maximum of 90 hours); a still greater reduction in nightwork for expectant or nursing mothers than that advocated by the Commission.

#### Social security for seamen

114. On the basis of a report (1) by its Social Committee, Parliament gave its opinion on the EEC Commission's proposal to the Council on social security for seamen. This proposal came shortly before a proposal for the general revision of Regulation No. 3 (to be followed by a similar proposal concerning Regulation No. 4), which was designed to consolidate in a single text the provisions contained in various regulations amplifying Regulations Nos. 3 and 4. Thus uniform arrangements for all categories of migrant wage-earners would be established.

After stressing the advantages of the new Regulation over existing arrangements, the Social Committee drew attention to two important problems: the first concerned the choice of flag, the criterion used in determining the applicable legislation, the second concerned workers employed on floating islands.

Parliament adopted a Resolution (2) asking the Commission to study forthwith the possibilities of harmonising social security benefits and to ensure, by establishing co-operation with the other international organisations and parties concerned, that the social security provisions applicable to seamen were respected.

#### 7. Health protection

115. The effects of the 1965 crisis were also felt, during the year under review, in the health protection sector. Although the Ministers of Social Affairs resumed their activity on 19th December 1966, after a break of more than two years, they did not settle any of the outstanding problems in the sphere of health protection. As emerges from the report drawn up jointly by the Chairmen of the Social Committee and the Health Protection Committee, the Council of Ministers has still not taken

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- (1) Doc. 47/66: Bersani report on the Commission's proposal to the Council for a Regulation amending and amplifying certain provisions of Regulations Nos. 3 and 4 on social security for migrant workers (sea-going workers - seamen).
  - (2) Resolution of 13th May 1966, Official Journal No. 96, page 1551/66.

a decision on numerous proposals relating to health protection, some of which date back to 1964 and 1965. In addition to these problems, Parliament examined the Commission's Recommendation on industrial medicine, health problems arising in connection with imports of animals and meat from non-member countries, the approximation of regulations on preserving agents and colouring matters, and problems relating to industrial accident prevention.

### European social policy prospects

116. On 1st February 1967, Parliament debated social policy prospects in the light of a report drawn up for the Social and Health Protection Committees (1). In this report, the Health Protection Committee deplored the inactivity of the Council of Ministers which had still not taken decisions on five important Commission proposals, on most points of which Parliament and the Economic and Social Council had already expressed an opinion.

In its Resolution (2) Parliament hoped that the Council would take decisions at its next meeting on all the health protection proposals now before it. These included draft directives in the following subjects:

- (i) Approximation of laws, regulations and administrative provisions applicable to the manufacture and use of cartridge-operated stud-drivers (submitted 15th October 1964; opinion of Parliament 18th January 1965).
- (ii) Health requirements and inspection in trade in meat products (submitted 5th February 1964; opinion of Parliament 18th June 1964).
- (iii) Health requirements in trade in fresh poultry-meat (submitted 5th February 1964; opinion of Parliament 18th June 1964).

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- (1) Doc. 171/66: Troclet/Dittrich report on social policy prospects following the meeting of the Council of Ministers on 19th December 1966.
  - (2) Resolution of 1st February 1967, Official Journal No. 28, page 445/67.

- (iv) Approximation of legislation on anti-oxidants authorised for use in foodstuffs for human consumption (submitted 21st September 1964; opinion of Parliament 20th January 1965).
- (v) Approximation of laws, regulations and administrative provisions applicable to dangerous substances and preparations.
- (vi) Approximation of laws, regulations and administrative provisions on the classification, labelling and packaging of dangerous substances (submitted 15th June 1965; opinion of Parliament 26th November 1965).

### Industrial medicine

117. On the basis of a report by its Health Protection Committee (1) Parliament rendered an opinion, at its June session, on the implementation of the EEC Commission's Recommendation to member States on industrial medicine. This Recommendation, dating from 20th July 1962, asks member States to inform the Commission every two years of measures taken in the sphere of industrial medicine. The Commission draws up regular reports based on the information supplied. The Health Protection Committee's report was based on the first report of this kind prepared by the Commission. Anticipating the merger of the Executives, the report covered the situation in the other two Communities as well as in the EEC. It surveyed the development of legislation in the various member States and compared the obligations laid on firms, the number of factory doctors in each country and the operation of industrial medical services in general.

In its Resolution (2), Parliament noted that the Commission's Recommendation on industrial medicine was not yet being applied by all member States. While statutory regulations in four member States - France, Belgium, the Netherlands and Luxembourg - were, by and large, in line with the Commission's Recommendation, those of the Federal Republic of Germany and Italy fell short of requirements. Parliament therefore requested the Commission to

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- (1) Doc. 73/66: Bernasconi report on the EEC Commission's Recommendation to member States concerning industrial medicine.
  - (2) Resolution of 29th June 1966, Official Journal No. 130, page 2440/66.

urge those countries which were behindhand to take the necessary legislative action without delay. It further asked the Executives of the three Communities to take appropriate steps to ensure that the attention given by the future unified Executive to health protection was commensurate with the importance of this question for the health of workers.

Health problems arising in connection with imports of cattle, pigs and fresh meat

118. On 17th October, Parliament examined a report (1) by its Health Protection Committee on EEC Commission proposals for a directive concerning health regulations for cattle, pigs and fresh meat imported from non-member countries, and a decision to set up a Veterinary Committee. In the report, the Committee advocated strengthening the controls provided for in the EEC proposal. However, Mr. Mansholt, Vice-President of the Commission, having opposed the suggested amendments, Parliament decided to refer the report back to the Committee.

At its November session, Parliament debated all these problems in the light of a supplementary report by its Health Protection Committee (2).

In its Resolution (3), passed on 2nd December, Parliament decided to press most of the amendments suggested by the Committee and, contrary to the EEC Commission's proposals, urged that a ban be placed on imports from non-member countries of cattle and pigs which had been treated with antibiotics and oestrogenic or thyrostatic substances, and of fresh meat from such animals. Parliament insisted that protection of the Community's population and livestock should always take precedence over the economic interests of non-member countries.

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- (1) Doc. 70/66: Hansen report on the EEC Commission's proposals for a directive concerning health regulations for cattle, pigs and fresh meat imported from non-member countries, and a decision to set up a Veterinary Committee.
  - (2) Doc. 139/66: Hansen supplementary report on the EEC Commission's proposals for a directive concerning health regulations for cattle, pigs and fresh meat imported from non-member countries, and a decision to set up a Veterinary Committee.
  - (3) Resolution of 2nd December 1966, Official Journal No. 232, page 3925/66.

Preserving agents and colouring matters in food for human consumption

119. On the basis of a report by its Health Protection Committee (1) Parliament examined, at its sitting on 17th October, three proposals concerning the approximation of legislation on food for human consumption. The proposals concerned a decision to set up a Committee of Foodstuffs, a directive amending the Council Directive of 5th November 1963 approximating member States' legislation on preserving agents authorised for use in food for human consumption and a directive amending the Council Directive approximating member States' regulations governing the colouring matters authorised for use in food for human consumption.

Parliament adopted the report and Resolution, which contained no controversial points.

In the Resolution (2), in which it agreed to the setting up of a Committee on Foodstuffs, Parliament stressed that the Committee must be purely advisory and must not encroach on the competence of the EEC Commission which had to take decisions on its own responsibility. Parliament requested the Commission to create conditions enabling the Committee to do useful work, by presenting proposals in other sectors of food legislation, for instance regarding application of the harmonised regulations of member States on anti-oxidants, cocoa and chocolate.

Industrial accident prevention

120. At its sitting on 1st February 1967, Parliament discussed problems relating to industrial accident prevention. After hearing a report (3) drawn up on behalf of the Health Protection Committee, Parliament passed a Resolution (4) calling on the

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(1) Doc. 71/66: Lenz report on the EEC Commission's proposals for a decision to set up a Committee on Foodstuffs, a directive amending the Council Directive of 5th November 1963 on the approximation of member States' legislation on preserving agents authorised for use in food for human consumption and a directive amending the Council Directive on the approximation of member States' regulations governing the colouring matters authorised for use in food for human consumption.

(2) Resolution of 17th October 1966, Official Journal No. 201, page 3446/66.

(3) Doc. 155/66: Hansen report on accident prevention and industrial safety in the Community.

(4) Decision of 1st February 1967, Official Journal No. 28, page 446/67.

EEC Commission:

1. to organise European meetings, at regular intervals and in collaboration with the International Labour Office, to discuss problems of industrial accident prevention;
2. to adopt directives and recommendations to standardise arrangements for the individual protection of workers in the various trades;
3. to instruct a committee to establish uniform Community standards for the inspection of safety arrangements and draft provisions for new forms of inspection;
4. to issue standard regulations for the introduction and use of safety signals;
5. to set up a panel of experts to make periodic studies of all questions relating to films on industrial safety, and to take appropriate action on its conclusions.

Use of colouring matters in pharmaceuticals

121. In the light of a report by its Health Protection Committee (1), Parliament discussed, at its March session, the use of colouring matters in pharmaceuticals. In its report, the Committee approved the list of authorised colouring matters drawn up by the EEC Commission. It was not satisfied, however, with the grounds on which the selection criteria were based, since it considered that health protection should take precedence over the economic interests of producers.

At the close of the discussion, Parliament passed a Resolution (2) stressing that, in determining the colouring matters to be authorised in pharmaceuticals, health protection requirements must take precedence over economic interests. The only colouring matters that should be authorised

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- (1) Doc. 13/67: Van der Ploeg report on the EEC Commission's proposal for a directive on the approximation of member States' legislation on permitted colouring matters in branded pharmaceuticals.
- (2) Resolution of 13th March 1967, Official Journal No. 63, page 962/67.

were those which could be proved to be innocuous in the long-term and whose use met a real need on the part of the patient. Parliament asked the EEC Commission to continue examining the colouring matters included in the list in order to establish whether and to what extent it was really in the patient's interests to use them in pharmaceuticals. Lastly, Parliament requested the Commission to examine forthwith the problems involved in extending the directive to veterinary medicine.

#### Use of colouring matters in food for human consumption

122. Parliament discussed this question on 13th March 1967 in the light of a report by the Health Protection Committee (1).


In its Resolution (2), passed without debate, Parliament wondered whether the preliminary requirements for granting final authorisation to use colouring matters in foodstuffs had been fulfilled, for it had to be proved that the colouring matters were innocuous, by scientific analysis, and that their use was necessary for economic reasons. Parliament referred to its preceding opinions expressing concern at the increasing number of colouring matters authorised for use in food and advocating that it be reduced. Lastly, Parliament recalled the strong objections made by the Health Protection Committee to permitting the use of erythrosin and wool green BS in foodstuffs.

#### Application of the right of establishment to activities in the health field

123. On 13th March Parliament examined, in the light of a report by its Health Protection Committee (3), the progress of the EEC Commission's work on the application of the right of establishment to activities in the health field.

The said report had been based on a brief survey of its work in this field, prepared by the EEC Commission at the request of the Health Protection Committee.

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- (1) Doc. 25/67: Van der Ploeg report on the EEC Commission's proposal for a directive amending the Council Directive on the approximation of member States' regulations concerning colouring matters authorised for use in food for human consumption.
  - (2) Resolution of 13th March 1967, Official Journal No. 63, page 966/67.
  - (3) Doc. 1/67: Santero report on the state of the EEC Commission's work on the application of the right of establishment to activities connected with public health.
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In its Resolution (1), Parliament noted with regret that, owing to lack of staff, the EEC Commission had been unable to complete its harmonisation work within the time-limits laid down in the general programme for the removal of obstacles to freedom of establishment. It asked the Commission to keep pressing the Council to allow new posts. Lastly, Parliament urged the Council to fulfil its obligations by giving the EEC Commission the necessary staff.

Preserving agents in and on citrus fruit

124. Parliament discussed this question on 16th March, in the light of a report (2) by its Health Protection Committee. The most important point in the Commission's proposal was the authorisation of the use of diphenyl, orthophenylphenol and sodium orthophenylphenate for the surface treatment of citrus fruits. In the report and accompanying draft Resolution, the Health Protection Committee expressed grave concern over the authorisation of these preserving agents.

In the course of the discussion, a member of the Agricultural Committee proposed an amendment to the draft Resolution. Parliament approved the proposal and passed the Resolution thus amended (3).

In its Resolution, Parliament noted that the EEC Commission had established, in collaboration with experts from the member countries, that the use of diphenyl, orthophenylphenol and sodium orthophenylphenate to preserve citrus fruits involved no danger to health provided that a certain maximum dose was not exceeded. It pointed out that, over a fairly long period of the year, the market could not be supplied at reasonable prices if the use of these preserving agents was generally prohibited. Lastly, Parliament noted with satisfaction that the EEC Commission had worked out a method of analysis which made it possible to check with sufficient accuracy whether the maximum residue had been exceeded.

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- (1) Resolution of 13th March 1967, Official Journal No. 63, page 967/67.
  - (2) Doc. 24/67: Pêtre report on the EEC Commission's proposal to the Council for a directive on the use of certain preserving agents for the surface treatment of citrus fruits and on inspections to detect and identify preserving agents in and on citrus fruits.
  - (3) Resolution of 16th March 1967, Official Journal No. 63, page 990/67.



## 8. Research and cultural activities

125. In the field of research and culture, Parliament discussed the following questions among others: the establishment of a European Youth Office, technological progress and scientific research within the European Community, the common science policy, the introduction of a standard colour television system in the European Community.

### European Youth Office

126. On 9th May, Parliament discussed a report (1) by its Research and Cultural Affairs Committee on the establishment of a European Youth Office. This report followed a draft Resolution presented earlier on the subject. For linguistic reasons and also because the close relations already existing among the Six offered a good guarantee for the success of this novel project, Parliament thought the European Office should be limited to the Community countries to begin with.

In its Resolution (2), Parliament recommended that the legal structure of the Youth Office should be that of an independent foundation under public law, administered by a board composed of one or more representatives of the Executives, whose number should remain unchanged even if, as was hoped, the Executives were merged in the meanwhile. Parliament further proposed that the Administrative Board be assisted by a General Youth Council in which national youth councils would be represented according to a proportional system. It therefore called on each of the Six Governments to set up a national youth council whose members would represent the entire youth of the country concerned.

Parliament considered that the foundation could not operate satisfactorily unless it had an annual budget of at least 50 million Belgian francs, which should be gradually increased over 10 years to 500 million Belgian francs. It proposed that, pending a final solution, interim arrangements be made to determine minimum requirements without in any way prejudging future decisions.

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- (1) Doc. 52/66: Scarascia Mugnozza report on the draft Resolution (Doc. 137/1964-1965) on the establishment of a European Youth Office.
  - (2) Resolution of 9th May 1966, Official Journal No. 96, page 1502/66.

There were, in Parliament's opinion, two elements which, properly combined and exploited, might serve as a basis both for the interim arrangements and for the subsequent establishment of the European Youth Office. These were, first, Article 50 of the EEC Treaty, which enjoined member States to encourage the exchange of young workers under a common programme, and second, the "Kreyssig funds" provided for in the budget of the Joint Press and Information Service under the heading "Youth and Popular Culture".

A solid foundation could be laid for the establishment of the European Youth Office by speedily giving effect to the provisions of Article 50 of the Treaty, in other words, by including an ever larger number of young workers in the exchanges, and by increasing the "Kreyssig funds" from 15 to 50 million Belgian francs.

#### Technological progress and science policy

127. On 18th October Parliament debated two reports together, one on technological progress and scientific research in the European Community (1), the other on the common European science policy (2), both presented by the Committee for Research and Cultural Affairs. The report on problems relating to a common European science policy was drawn up following a motion for a Resolution on that subject (3).

In its Resolution (4), Parliament called attention to the wide technological gap not only between the United States and Europe, but also between the individual member States of the Community, which, according to the 1962 statistics, allocated to research amounts varying from 0.4% to 2% of their gross

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- (1) Doc. 97/66: Oele report on technological progress and scientific research in the European Community.
  - (2) Doc. 107/66: Schuijt report on the motion for a Resolution (Doc. 63) on a common European science policy.
  - (3) Doc. 63/66: Motion for a Resolution by Mr. Gaetano Martino on a common European science policy.
  - (4) Resolution of 18th October 1966, Official Journal No. 201, page 3455/66.

national income. It was therefore absolutely essential to co-ordinate science policy in the Community. Parliament also referred to the relationship between social and economic progress and scientific progress. Knowledge in the fields of fundamental research and applied research was of supreme importance for economic progress in European countries at the present time. The perfection of techniques, if strongly backed by fundamental and applied research, could promote economic prosperity.

The Community was too small, however, to be able to set the pace in technical matters and so it was increasingly vital to acquire new knowledge to exchange for the know-how of other large industrial countries. Hence the importance of the offer made by the President of the United States to co-operate in the field of scientific research and technological development.

Parliament stressed the need for a far-reaching common science policy and regretted that the letter of the European Treaties afforded little scope for the prosecution of such a policy.

Except in the case of agriculture, the EEC Treaty made no provision for research. The ECSC Treaty contained numerous clauses on financing research in the coal and steel sector out of Community funds. The Euratom Treaty, unfortunately, made provision for a science policy only in the nuclear energy sector. Parliament consequently recommended that this matter be remedied when the Treaties were consolidated. In view of the speed of technological development, it would be necessary meanwhile to devise means of progress. Parliament agreed with the EEC Commission's general remarks concerning scientific and technical research in its recent draft medium-term economic policy programme and shared the Commission's view that the development of scientific and technical research must be considered as one of the Community's three primary objectives for the next five years. Parliament welcomed the appointment of an inter-Executive Working Party on scientific and technical research to formulate general directives pending the merger of the Executives.

Parliament also advocated setting up an advanced technical university in Europe to train highly proficient research workers. Such a university might help to stop the "brain drain" to the United States and restore exchanges of scientists; it might

even become a forum facilitating the exchange of knowledge. The idea of a European University, still unrealised, might be revived.

Parliament asked the EEC Commission to prepare a scientific report as the basis for more thorough-going discussion of the science policy which must be encouraged within the Community. This report would be the first step towards the establishment of a common budget for science policy expenditure.

128. Parliament then examined the report on the draft Resolution on a common European science policy. The Resolution underlined the need to make Euratom generally responsible for research, called for the United Kingdom's immediate accession to Euratom and suggested setting up a European advisory committee composed of scientists from the Community countries.

Parliament approved the objectives defined in the draft Resolution although it reached different conclusions on a number of points. In the Resolution it adopted (1), Parliament considered that, pending the merger of the Executives, responsibility for research should continue to rest, as in the past, with the individual Communities. It noted that it would be difficult, when framing a real science policy, to dispense with the United Kingdom's experience and contribution; but it would be unwise to contemplate the United Kingdom's accession to one Community, pending its accession to all three, since this would raise serious institutional problems.

Parliament pointed out that it would not be possible, at present, to set up the European advisory committee that had been proposed, since contacts of various kinds already existed between the experts and organisations dealing with these problems. It added, however, that the establishment of a common science policy could be expedited by holding a European symposium with government and private experts.

Problems relating to the adoption of colour television in the European Community

129. Parliament discussed these problems on 14th March in the light of a report drawn up on behalf of the Research and Cultural Affairs Committee (2).

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(1) Resolution of 18th October 1966, Official Journal No. 201, page 3457/66.

(2) Doc. 11/66: Oele report on the political and cultural problems of adopting colour television in the European Community.

The Committee pointed out that there were originally three rival colour television systems: the French SECAM, the German PAL and the American NTSC. The SECAM system was subsequently modified and became SECAM-III (in France) and SECAM-IV (in the Soviet Union). At the Oslo conference in June and July 1966, an attempt was made to agree on a single system, but without avail. The European countries were divided into two camps, some favouring the SECAM and some the PAL system.

In its Resolution (1), Parliament deplored this situation: it involved serious drawbacks, for programme exchanges would be complicated for a long time to come by the additional technical adjustments entailed. The frontier areas would be principally affected since television sets were generally adapted to receive programmes from neighbouring countries. There would be similar difficulties in the case of international broadcasts such as Eurovision programmes.

Parliament consequently asked the EEC Commission to make a detailed study of the current situation and take all appropriate measures to minimise these regrettable drawbacks.

## 9. Budgetary questions

130. Parliament's supervision of the budget estimates and expenditure of the European Institutions this year involved the adoption of 17 resolutions. One of the reasons for this increased parliamentary activity was the number of supplementary budgets; these indicate, principally, the uncertainty as to the policy to be followed in the European Atomic Energy Community. Parliament also submitted several requests for an increase in its own appropriations or proposals for adjustments to the appropriations granted to it by the Councils.

### Income and expenditure of the European Parliament

131. The appropriations for staff expenditure in 1966 had to be increased as a result of the Council's decision to adjust salaries to the higher cost of living. Contributions to the independent health insurance funds were also raised. Since the supplementary estimates could be covered by receipts from the partial winding up of the Provident Fund, constituted before the

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(1) Resolution of 14th March 1967, Official Journal No. 63, page 970/67.

Service Regulations were issued in 1962, it was not necessary to ask member States to increase their contributions to the budget. Parliament passed a Resolution in this sense, setting out its supplementary estimates for 1966 (1).

At its sitting on 29th November 1966, Parliament noted that the Councils had drawn the appropriate inferences from its supplementary estimates submitting to it for an opinion two draft supplementary budgets for 1966, both of which it immediately approved (2).

On 16th March 1967, Parliament took note of its own accounts for 1966, before transmitting them to the auditors (3).

132. At its sitting on 28th June 1966, Parliament examined the report drawn up by the Budget and Administration Committee on its income and expenditure estimates for 1967 (4). The increases in its estimated expenditure were due mainly to salary adjustments made in pursuance of the Service Regulations (the number of staff remaining unchanged) and to a blocked appropriation of 290,000 units of account for rent and service charges in respect of the building erected on the Kirchberg plateau in Luxembourg to house, inter alia, Parliament's entire Secretariat.

After a short debate, Parliament passed a first Resolution approving its estimates, but pointing out that the application of the Treaty merging the Executives and Councils might necessitate a supplementary budget. It then passed a second

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- (1) Doc. 114/66: Leemans report on draft supplementary estimates of the European Parliament's revenue and expenditure for 1966.

Resolution of 21st October 1966, Official Journal No. 201, page 3471/66.

- (2) Doc. 147/66: Leemans report on the draft supplementary operating budget of Euratom and the draft supplementary budget of the EEC for 1966.

Resolution of 29th November 1966, Official Journal No. 232, page 3905/66.

- (3) Doc. 15/67: Carcaterra interim report on the European Parliament's draft accounts for 1966 (1st January-31st December 1966).

Resolution of 16th March 1967, Official Journal No. 63, page 981/67.

- (4) Doc. 84/66: Battaglia report on the European Parliament's revenue and expenditure estimates for 1967.

Resolution increasing the subsistence allowance paid to its members (1).

133. The EEC and Euratom Councils consulted Parliament by letter of 20th September 1966 on amendments they wished to propose to several items of its preliminary draft budget for 1967. These concerned, in the first place, Parliament's establishment table. Parliament pointed out, in its report, that the changes in its establishment table in the previous financial years had been very modest, whereas the Councils had created entirely new posts for themselves (2).

Parliament noted that the Councils registered no objection to the estimate for the new building for the Secretariat in Luxembourg. It expressed surprise, however, at the Councils' reservations regarding the estimate for improving the material working conditions of parliamentarians and the Secretariat during sessions at Strasbourg. It considered that this estimate in no way conflicted with the decision taken by the representatives of the member Governments on 8th April 1965 concerning the provisional installation of certain Community institutions and services.

At its public sitting on 21st October 1966 (3), Parliament consequently passed a Resolution confirming both the establishment table which it had previously laid before the Councils and its decision to distribute the appropriation for the Luxembourg building among the various heads and items of the budget once it was in possession of all the necessary particulars and decisions.

134. Parliament's estimates of expenditure for 1967 were the subject of a third report in which Parliament announced the changes it wished to make in its estimates as approved by the Council during a preliminary examination of the budgets.

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- (1) Resolution of 28th June 1966, Official Journal No. 130, pages 2433 and 2437/66.
  - (2) Doc. 115/66: Battaglia report on the consultation requested by the EEC and Euratom Councils on Section I (European Parliament) of the preliminary draft EEC and Euratom budgets for 1967.
  - (3) Resolution of 21st October 1967, Official Journal No. 201, page 3470/66.

After a short debate, Parliament passed two unopposed resolutions, the first apportioning the appropriation of 300,000 units of account for buildings, the second amending its establishment table in accordance with the proposals of the Budget and Administration Committee (1).

Budgetary questions concerning ECSC

135. The three documents dealing with budgetary questions were appended to the High Authority's Fourteenth General Report on its submission to Parliament. The first was on ECSC's administrative expenses for the financial year 1964-1965; the second was the Official Auditor's report on ECSC's accounts for the same financial year and those of the Joint Institutions for 1964; the third contained the estimates of ECSC's administrative expenses for 1966-1967. Parliament approved the accounts for 1964-1965 and the estimates for 1966-1967. It noted that, despite a substantial increase in operational expenditure - readaptation, technical and economic research, research on industrial health, safety and medicine - the Auditor had made far fewer criticisms in his report than in previous years. Scrutiny of the estimates for 1966-1967 gave Parliament an opportunity to repeat the remarks it had made the year before, with reference to the merger of the Executives, to the effect that the sum of 18 million units of account mentioned in the Treaty of 8th April 1965 might be reviewed in the light of the increased volume of ECSC's work and of the general rise in costs due to price trends.

Parliament then examined ECSC's general budget as set out in a High Authority memorandum concerning the whole range of its financial operations - a document designed to enable the competent parliamentary committees to form an opinion on the High Authority's policy and especially the rate of the levy. The memorandum showed that the readaptation operations in 1965-1966 had proved more costly than had been anticipated in June 1965. The High Authority's reserves had consequently been drawn upon and the question arose as to how the 1966-1967 financial operations, which would be no less costly, were to be covered. Despite this alarming situation, the parliamentary committees proposed that the current levy of 0.25% should not be increased for the time being, in order to avoid aggravating

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(1) Doc. 135/66: Battaglia report on the amendments to section I of the draft EAEC and EEC budgets for 1967.

Resolutions of 29th November 1966, Official Journal No. 232, pages 3902 and 3903/66.



the financial burden on the coal industry at this critical juncture. It was envisaged that 27.44 million units of account, out of an estimated outlay of 56.09 million units of account, could be covered by proceeds from the levy and 10.84 million units of account by income from investments and sundry receipts.

The Budget and Administration Committee's report on this subject was discussed at the sitting of 30th June 1966 (1). Parliament passed a Resolution in which it expressed the hope that, with careful management and providing the situation did not get worse, it would be possible to write off the 1966-1967 estimated budget deficit of 17.81 million units of account against future receipts. While approving retention of the levy at 0.25%, Parliament noted a statement in which the High Authority undertook to review the rate during the year, if necessary, and to hold talks with the competent parliamentary committees before doing so.

#### Budgetary questions concerning EEC

136. After examining the administration accounts and balance sheets of EEC and Euratom covering transactions in 1964 and the Auditors' report, Parliament dealt, in its own report, with three main questions (2).

The first concerned the financial management of the first European Development Fund. As soon as the provisions of the first Fund were carried into effect, it appeared necessary, for reasons of efficiency, to take steps regarding preparation of the files (containing details of work programmes and supplies) on the development projects to be carried out in the Associated States. The EEC Commission consequently sought the assistance of a special body - the European Co-operation Association - whose

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- (1) Doc. 79/66: Baas report on a number of budgetary and administrative questions emerging from examination of the Annexes to ECSC's Fourteenth General Report and on the rate of the levy.

Resolution of 30th June 1966, Official Journal No. 130, page 2448/66.

- (2) Doc. 112/66: Leemans report on the EEC and Euratom administrative accounts and balance sheets for 1964 and the report of the EEC and Euratom Audit Board on the 1964 accounts.

task is to check the data in these files. However, Parliament asked the EEC Commission to consider whether it should not assume more direct responsibility for the management of the Fund by assigning certain duties to its own services.

The second question related to the financial management of the Euratom Commission. Parliament noted that a satisfactory solution had been found as regards the accounting vouchers used in connection with research contracts concluded between the Euratom Commission and private individuals. The third question related to the joint Institutions. Parliament noted that the Audit Board had exceeded its terms of reference in its report by making a number of descriptive remarks or giving interpretations of the statutory rules. It accordingly asked the Auditors to discharge their duties in a manner more consonant with the provisions of the EEC and Euratom Treaties and to recast their report in the light of the Institutions' replies to their questions.

During the discussion of this report at a public sitting on 18th October 1966, the EEC Commission expressed surprise that Parliament had asked the Executive to assume more direct responsibility for the Fund's management. It considered that supervision of the local staff, in accordance with the Yaoundé Association Convention, involved sufficient work without also supervising staff employed by the European Co-operation Association. Parliament, in a first Resolution on the Auditors' report, discharged the President of the Parliament and his general secretary of their responsibility in respect of the accounts of the European Parliament as at 31st December 1964 (1).

In a second Resolution, in which it stressed its previous comments, including that concerning direct management by the EEC Commission of the budgetary operations of the Development Fund (1), Parliament recommended that the Councils discharge the EEC and Euratom Commissions of their responsibility in respect of the execution of the 1964 budgets.

137. The Council referred to Parliament, on 14th June 1966, a draft first supplementary budget for 1966. The estimates, which totalled 3,001,100 units of account, were for financial

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(1) Resolutions of 18th October 1966, Official Journal No. 201, pages 3459 and 3460/66.

assistance by the Community in stamping out certain epidemics threatening livestock in the member States. Parliament approved the draft budget at its open sitting on 29th June 1966 (1).

138. On 31st October 1966 the Council submitted the draft 1967 budget of the European Economic Community to Parliament for an opinion. This budget was characterised by a very substantial increase in expenditure from 367 million to some 605 million units of account. This increase was accounted for mainly by estimated expenditure under the agricultural policy, which rose by 79% from 300 million to 537 million units of account.

Having examined the Council's draft (2), Parliament emphasised, in its report, the importance of the Council's decisions and resolutions of May, July and September 1966. It realised that the introduction of the common agricultural policy, the establishment of the customs union on 1st July 1968 and the balanced development of the Community would entail a tremendous amount of work on the part of the Commission and the other Community Institutions in 1967. In Parliament's opinion, there was a danger that the cuts made by the Council at the first reading might prevent the Commission from making good the delays that had become apparent in certain sectors, from performing its administrative and supervisory functions efficiently and, in short, from completing the work assigned to it within the prescribed time-limits. It consequently urged the Council to reconsider the requests for staff together with the Commission, bearing in mind that, particularly until the Executives had been merged, the possibilities of reorganising departments and transferring staff were not unlimited.

In most cases, Parliament approved the appropriations authorised by the Council under the heading of general operating expenditure. It could not, however, accept the reasons given by the Council for cutting down or striking out certain of the Commission's estimates for social affairs. The Council had considered that, until it had taken a decision of principle,

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- (1) Doc. 81/66: Charpentier report on the EEC's draft supplementary budget No. 1 for 1966 drawn up by the Council.  
Resolution of 29th June 1966, Official Journal No. 130, page 2442/66.
- (2) Doc. 132/66: Charpentier report on the draft 1967 budget of the European Economic Community.  
Resolution of 29th November 1966, Official Journal No. 232, page 3899/66.

there were no grounds for including an appropriation, or even a budget entry, for measures to assist the Italian sulphur industry or for a joint intensive occupational training programme to make good shortages of skilled labour in the Community. But the Council did not appear to be doing anything to expedite the adoption of these social measures, for the Ministers of Social Affairs had not met since October 1964. Parliament therefore considered it necessary to reinsert an appropriation for these projects, which would remain blocked until 1st July 1967, by which time decisions might have been taken and become operative.

139. Parliament also discussed the problem of the democratic control of expenditure. It considered it essential that the special funds, now exceeding 500 million units of account, should be subject not only to technical control but also to genuine democratic control. It therefore asked to be consulted in good time on estimated expenditure or, at least, on rough assessments, instead of being required, as at present, to note a posteriori the financial implications of decisions already taken, particularly as at present neither the composition nor the apportioning of these funds was subject to control by the national parliaments. Supported by its Agricultural Committee, whose opinion was sought, it pointed out that the presentation of the budget should enable it to exercise its powers to the full and, in so doing, to initiate a wide-ranging debate on the future policy of the Community.

During the discussion of the report, the Socialist Group noted that, since ministerial crises were keeping many delegates in their respective countries, it would be impossible to pass the budget according to the procedure established over the previous two years, i.e. the roll-call procedure, which required the presence of a majority of the members and a two-thirds majority of the votes cast. If Parliament wanted to survive and discharge the responsibilities assigned to it, it was high time it were elected by universal suffrage. The most serious criticism of the budget itself was that, under present conditions, it was not subject to any genuine democratic control by Parliament. The Group would nevertheless vote for the budget and the proposed amendments, but only so as not to jeopardise the work of the Community.

Following the debate, the President of the Parliament put the various budget heads to the vote; three amendments had been moved. The first amendment called for the inclusion of a new budget entry entitled "Special relief measures for Italy in view of the recent disaster - token entry". The second

amendment, which concerned the EEC Commission's establishment table, was designed primarily to induce the Council and the Commission to reconsider the number of posts needed. The third amendment proposed the inclusion of an appropriation of 384,500 units of account, to be blocked until 1st July 1967 at the latest, for vocational training grants to children of workers in the Italian sulphur industry and for a joint intensive training programme to make good shortages of skilled labour in the Community. Thus amended, the draft EEC budget for 1967 was approved by Parliament (1).

140. It was learned, at the end of 1966, that large-scale frauds had been practised to the detriment of the system for financing the common agricultural policy. At its sitting on 14th March 1967, Parliament questioned the EEC Commission (2) as to the amount involved. It thought that simple statistical cross-checks by the various national customs authorities ought to have disclosed the frauds fairly quickly. The EEC Commission replied that it had still not received any of the information it had requested from the national authorities. The European Institutions could not be held responsible for the frauds since the Treaty did not give them any supervisory powers in this field. Further frauds could be avoided if the customs authorities of the member States co-ordinated their activities. The Commission, for its part, would present proposals to the Council for determining the Community's responsibility in this field. It was all the more important to establish a system of checks as the problem might arise in regard to industrial products as well.

#### Budgetary questions affecting Euratom

141. The Euratom Council transmitted to Parliament for an opinion, on 22nd September 1966, a draft supplementary research and investment budget for 1966. This draft provided for an increase of 2 million units of account in the appropriation for the DRAGON reactor. The Council had decided in May 1966 to

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(1) Resolution of 29th November 1966, Official Journal No. 232, page 3899/66.

(2) Oral question No. 3/67 of 14th March 1967, with debate.



In this connection, the Socialist Group asked the representative of the Euratom Commission about progress with the 1967 research and investment budget and the second five-year programme. In the Group's opinion, Euratom's work, which constituted a remarkable success for the member States of the Community, should not only be continued but also extended to other fields of research, since research was indispensable to economic progress. The Euratom Commission replied that the Council had been unable to draw up the research and investment budget for 1967 because no agreement had been reached on a second amendment to the current programme, suggested by the Commission. It stated that the research and education programme would be replaced in 1968 by an action programme now in the process of preparation. This action programme would probably be transmitted to the Council in September 1967 at the same time as the draft budget for 1968.

143. Under the Euratom Treaty, the Council must lay before Parliament, before the end of October each year, two draft budgets: the research and investment budget and the operating budget of the European Atomic Energy Community.

Parliament had still not received the research and investment budget for 1967 at the November session in 1966. In its Resolution, Parliament expressed keen regret that the document in question had not been submitted and that it would consequently be necessary to apply the provisional month-by-month system if the estimates were not drawn up by 31st December 1966.

Euratom's operating budget for 1967, however, was duly transmitted to Parliament within the time-limit; it included, as is the practice every second year, estimates for the joint institutions and services.

In its report on the operating budget (1), the Budget Committee first of all criticised the Council's refusal to grant the Euratom Commission all the new posts it had requested to enable it to discharge its health and safety tasks and carry out its control activities. It regarded the argument based on rationalisation expected from the merger of the Executives as **irrelevant**. The work in question would still have to be done after the merger in the same way as before. As regards the Supply Agency, Parliament recalled the Euratom Commission's proposals to

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(1) Doc. 133/66: Vals report on Euratom's draft operating budget for 1967 and on other budgetary questions affecting the Community.

Resolution of 29th November 1966, Official Journal No. 232, page 3904/66.

amend certain Provisions in the "Supplies" head and regretted that the Council had taken no decision so far, allegedly because one member State wished to see the Agency's structure altered.

Turning to the expenditure of the Joint Services, Parliament supported the Legal Service's request to include Grade B posts in its establishment table in order to relieve Grade A officials of executive duties. The enquiries planned by the Statistical Office appeared rather costly. Parliament was particularly surprised to see the Statistical Office conducting study after study, compiling statistics upon statistics and giving wide circulation to studies of interest to only a handful of initiates. The Commission recalled Parliament's Recommendation to the Executives and Councils to organise, prior to each debate on the annual budget, a detailed discussion on the nature and scale of the work of the Information Service, and it was hard to understand its expenditure being determined without a prior discussion of this kind. The Commission stressed one positive factor: in response to the wish expressed by Parliament in its Resolution of 9th May 1966, there had been an increase in the allocations for information, popularisation and participation in public events under the appropriation "Youth Adult Education". The Commission also referred to a memorandum addressed by the High Authority to the Committee of the Four Presidents recommending a new agreement on the schedule for apportioning the expenditure of the General Secretariat of the Councils among the three Communities. This new schedule might afford financial relief to ECSC at a time when its expenditure was increasing and its revenue from the levy falling. It would reflect the reduced work done by the Secretariat on specifically ECSC affairs.

During the discussion of the report at the session on 29th November 1966, the Christian Democrat Group, addressing the President of the Councils, said that the Council should act more as a Community body than it had done in the past. With reference to the research and investment budget, it warned against the dangers of the current tendency of Members to conduct their research separately. This attitude was ill-advised: member States must pool their efforts, for none had sufficient resources to fill unaided the gap that was opening up at European level. The absence of a decision showed up one of the Council's fundamental shortcomings. It had no basic policy. Considerable time and effort would be needed to remedy this. If the Council was not prepared to make this effort, there was only one way to revive the hopes placed in the European Community and that was by strengthening the Commission.



The Euratom Commission explained why it had been obliged to propose a further readjustment to the second five-year programme in relation to the research and investment budget for 1967. The appropriations for fast reactors had proved inadequate owing to an increase in construction costs. As to a third research and education programme, the Commission had refrained from encroaching on the prerogatives of the unified Commission. But when it found, during the summer of 1966, that the merger of the Executives might be delayed, the Commission immediately appointed a working party to draw up a programme.

The President of the Councils said that the High Authority's memorandum on the distribution of the expenditure of the Secretariat of the Councils would be examined. He did not, however, share Parliament's confidence that the draft research and investment budget for 1967 would be adopted in 1966.

After the debate, Parliament approved Euratom's operating budget for 1967 and the proposed amendments to its establishment table.

As regards Euratom's other expenditure, the President of the Councils said, at the sitting of 14th May 1967, that the Permanent Representatives had received instructions to put final touches to the draft amendment to the second five-year programme and to the research and investment budget for 1967, with a view to taking a decision at the meeting of the Councils in April 1967.