

INTRODUCTION

I. Seven months after taking office on 6 July 1967, the Commission of the European Communities is called upon to submit its First General Report to the Parliament. Though this is too short a time for a proper assessment of the action taken, the Commission has used the opportunity offered by the parliamentary debates of September 1967 and January 1968 to describe the course being followed. There is none the less much to be said for giving a complete review of the progress made during the period covered by this Report and outlining the difficulties now being faced by the Community, primarily as a result of the disagreement that arose in December 1967 over enlargement of the Community.

This First General Report, which is a transitional one, describes not only the activities of the single Commission but, in addition, the work done by the High Authority and by the EEC and Euratom Commissions between the time when their last General Reports were prepared⁽¹⁾ and the beginning of July 1967.

II. The most important events which occurred in Community life before the merger Treaty of 8 April 1965 became effective are recorded below.

In the European Economic Community, two events of great political significance should be mentioned, as their effects will be felt for a long time to come. The first of these was the decision, reached at the Council of Ministers in February 1967, to harmonize indirect taxes in the Community and to adopt the principle of the added-value tax system. The second was the adoption by the Council, on the same date, of the first medium-term economic policy programme—a real milestone on the road to defining and fixing the aims of the Community's economic policy for the years ahead.

⁽¹⁾ End January, end February and end March 1967.

III. The successful conclusion of the Kennedy Round in May 1967 was an international achievement of great significance, in which the European Communities (EEC and ECSC) played a considerable part. Everyone has recognized the importance of their role, which provided striking confirmation of their willingness to contribute "to the harmonious development of world trade, the progressive abolition of restriction on international trade and the lowering of customs barriers," as stipulated in Article 110 of the EEC Treaty.

The tariff cuts agreed upon in Geneva are far larger than any achieved in previous rounds of tariff negotiations. Moreover, the Kennedy Round has led to some degree of harmonization among the customs tariffs of the principal trading powers and has made it possible to start dismantling non-tariff barriers in several fields, such as chemicals, where they are paralysing trade. The Kennedy Round also represents the first overall attempt to organize world markets in agricultural products, even if the results obtained, although noteworthy, are not entirely commensurate with the efforts made.

For the Community these negotiations had a further significance. It was the first time that the Community took part as one entity in international negotiations of such importance, with the Commission representing it. In this respect, the Kennedy Round was a test of the smooth working and efficiency of the Community system in external relations. The Commission must therefore stress the political and institutional importance of the success achieved at Geneva.

IV. Another event of significance before the single Commission took office was the achievement on 1 July 1967 of the single market stage for cereals, certain animal products (pigmeat, poultry, eggs) and oil-seeds. Occurring simultaneously with another general reduction in intra-Community customs duties, this represented a further advance towards the full customs union and the single market in agricultural produce, due to be completed on 1 July 1968.

V. The date of 1 July 1967 also marked the beginning of a new phase in the organization of the Communities, as the Treaty merging their institutions then came into force. The ECSC High Authority, which had carried out its duties for fifteen years, and the EEC and Euratom Commissions,

which had been in existence for ten years, were replaced by a single Commission, which has assumed all the powers conferred on the earlier bodies by the three Treaties.

This is the first major change in the institutional field since the Treaties of Rome entered into force. In view of the number, variety and in many cases the scale of the responsibilities placed on the Executives since 1952, and of the powers given them by the Council in pursuance of the Treaties, the merger is much more than a simple matter of administrative concentration. It increases both the political authority and the efficiency of the single Commission.

The single Commission, which is heir to the three institutions that preceded it, acknowledges with gratitude the substantial results achieved by its predecessors over a period of fifteen years and pays tribute to the men who devoted themselves to this work and whose names are linked with it.

VI. The first task for the new Commission was to organize its work, define the tasks of its members, begin to merge its staffs organically and rationally, and establish the new, unified administration. This is an extremely arduous task, complicated by the fact that the Commission, while responsible for the organization of its services, does not have the budgetary authority that would enable it to complete the work quickly; it is complicated, too, by the many intricate problems, that inevitably accompany any attempt to merge and to rationalize.

This difficult task has not yet been completed, but the Commission intends to bring it to a satisfactory conclusion even ahead of the time-limit fixed by the Merger Treaty.

VII. In the internal field the Commission wishes that, while Community policies are pursued in the normal way, especially in the agricultural sector, particular attention should be paid to the points which follow.

One of the first concerns of the Community must be to end the doubts about Euratom's future. When the single Commission took office, the budget for the current financial year, 1967, had not yet been adopted. The Commission successfully urged the Council to take an immediate decision. As Euratom's second five-year programme was to expire at the end of 1967 and the Council had given no further consideration to any

new plan such as the one suggested by the Euratom Commission, the single Commission had no alternative but to submit to the Council a tide-over programme for 1968. The Commission deplores the restrictive attitude adopted by the Member States with regard to this programme and notes with satisfaction that its views have been in large measure shared by the European Parliament.

Even more important, in the Commission's opinion, is the task of deciding upon Euratom's future activities; it feels bound to stress the importance of the tasks incumbent on and of the means available to this institution, which it sees as one of the Community's first major moves in the field of research and technology. It would be paradoxical to jeopardize what is being done here just when the need for Europe to redouble its efforts in this field is universally recognized.

VIII. The Community's activities with regard to general research and technology are in fact a further point about which the Commission is concerned. If the economic union is to be established and if Europe's position in the world is to be enhanced, there must be a Community drive to expand research and development. The Council's discussion of this subject on 31 October 1967 was a welcome result of the efforts that the three former Executives had long been making. The Council's first resolution in this field could do no more than express a political will and give some general indications; it is the Commission's intention to translate these intentions into a coherent programme that will include co-ordinated or joint activities.

IX. The precise and effective way in which the solidarity of the Six showed itself in monetary matters last November is worthy of note. On this occasion the sterling crisis did not find the Member States unprepared, and the Community machinery devised and adopted by the Council in 1964 worked in an entirely satisfactory manner, both in the conference of Ministers of Finance and in the Monetary Committee.

X. The Commission and the Council have been able to get the common transport policy moving again, on the basis of a limited but concrete programme which the Commission will endeavour to have implemented in full before 1 July 1968, so that entry into force of the customs union may be accompanied by real progress in this sector too.

XI. For some months past the internal and external politics of the Community have been dominated by the problem of its enlargement. The Commission has clearly stated its support for enlargement without, however, concealing the difficulties that would have to be overcome or avoiding reference to the conditions that would have to be fulfilled. The Opinion adopted on 29 September 1967, after describing both the advantages and the obstacles, suggests a course that could be followed; this course might have provided the basis of an understanding among the Six had they devoted more effort to reaching agreement than to recording their differences.

It was and is the Commission's view that in order to remove the uncertainties which still persist, particularly on certain fundamental points, there should be negotiations, by the most appropriate procedures, with those States which have applied for membership; this would enable those concerned to make the necessary study of the problems highlighted in the Commission's Opinion and to see whether solutions can be found which would satisfy the conditions that must be fulfilled if the cohesion and dynamism essential in an enlarged Community are to be assured. To hear the countries concerned and to negotiate with them in order to examine the chances of arriving at solutions acceptable to all seemed, and still seems, to the Commission to be the line that should have been adopted.

XII. Following the Council session of 18 and 19 December 1967, the Commission declared that opportunities must be sought for resuming the movement towards enlargement of the Community which had been temporarily interrupted. While it is deeply sceptical about the usefulness, or even the possibility, of isolated action by some Governments with the countries that have applied for membership, and could take no part in any such moves, the Commission is convinced that there are real possibilities for action by the Six and the Community. It is for the Community to explore them, to agree about the steps to be taken, and to make suggestions to the United Kingdom and the other countries concerned. Action of this kind must not be a substitute for membership, nor prejudice subsequent negotiations; it must of course be taken within the Community framework and by Community methods.

XIII. Being convinced that the Member States will reach a reasonable solution to the problems posed by the enlargement of the Communities, and resolved to contribute to this result, the Commission would not wish to end this introductory statement without a glance at the future.

A general report is not an action programme. There can therefore be no question, in this introduction, of describing in detail the policies the Commission intends to pursue in the various sectors. All that can be indicated here is the general line to be followed.

Now that we are on the point of achieving full customs union, it is more and more necessary to press forward the establishment of economic union. The Commission has inherited the rich legacy left by its predecessors. The regrouping of forces and powers that the merger has permitted should enable more effective action to be taken in several sectors, whilst tariff disarmament and the elimination of frontiers increasingly underline the need for common policies.

Implementation of a common policy is becoming unavoidable now that customs frontiers are disappearing, to be followed soon by technical and fiscal frontiers. Co-ordination by the Member States of their short-term economic policies and elaboration by the Community of a medium-term economic policy are the first results to be seen. For the Community Institutions themselves, the fact that common policies are being developed in certain fields (starting with agriculture) makes it essential to adopt an overall policy such that the steps taken in individual sectors may be coherent and fully effective.

In agriculture, particularly, the Community has in recent years given priority to gradual establishment of the single market; it is now the fundamental problems of structure that will have to be tackled. Economic and financial needs will have to be reconciled with the fundamental requirements of social progress, which include narrowing the difference in living standards which divides many of those who work on the land from the rest of the population.

Elaboration of this general policy is a matter to which the Commission intends to devote more attention each year.

XIV. The merger of the Institutions will help to intensify the Community's action in the social field.

Thanks to the legal and material means at the disposal of the High Authority, the ECSC has gained, in those sectors for which it is competent, experience which will provide a useful model for activities of wider scope.

Moreover, as economic integration is achieved and the common market established, and as very far-reaching changes occur in the structure of

production and the size of enterprises, the effort made in the social sector will have to be increased in order to keep social progress abreast of economic progress and to assist the levelling upward of living and working conditions which is one of the fundamental aims of the Treaty of Rome.

The Commission will spare no effort to achieve these aims, in the conviction that it is thereby helping to gain the support and participation of the working people of the Community for the task of building Europe.

XV. The Commission is also determined to exploit to the full the other possibilities opened up by the merger, particularly in regional policy, industrial policy, research policy and energy policy. Its internal organization and the structure of its unified administration have been devised in the light of this objective. The experience gained by and the means available to the ECSC make it possible to give a new dimension to the work being done on regional policy and industrial policy. Where energy policy is concerned, the merger gives the single Commission the overall view and the control of all Community means needed for elaborating a common policy and having it accepted by the Governments and by the Community. In addition, the great events that have recently affected international policy in the financial and monetary field—the devaluation of sterling and the American plan of 1 January 1968—have been and must continue to be an opportunity for tightening the links between Community countries; the demonstration of solidarity given both before and after the devaluation of sterling has shown the importance of the Community in the international monetary field and how great its influence will be once monetary union has been established.

XVI. While our Communities have had to live through a succession of crises—the ECSC crisis, the Euratom crisis, the EEC crises of 1963, 1965 and 1967—great progress has been made from year to year: customs union will have been established faster than originally envisaged, common policies have been developed, and the Community has continued to do all that is possible within the framework of its association with certain African countries and Madagascar and, on a broader plane, for the developing countries generally.

The role of the Commission is to stimulate and accelerate these developments. The Commission does not consider that it can act in opposition to the Member States but, on the contrary, that it should work in constant

collaboration with them on a basis of mutual trust, under the permanent supervision of the European Parliament. Nor does it consider that its role is to act in opposition to non-member countries but, on the contrary, to co-operate with them increasingly. To complete the common policies, to merge the Treaties, to enlarge the Community, to increase the part it plays in the world—these are the objectives that the Commission has set itself in order to help forward the building of a united, independent Europe that will be a force for peace and progress in the world.